

United Nations Global Compact

8 April 2022

Dear stakeholders

I am pleased to confirm that Zebra A/S (Flying Tiger Copenhagen) continues our support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour Rights, the Environment and Anti-Corruption. In our annual communication on progress for 2021, we outline our policies, actions, and outcomes in all the aforementioned four areas, as well as with relation to the Sustainable Development Goals.

This year we have further stepped up our actions in connection to the United Nations Global Compact by committing to the Science Based Target initiative and developing targets aligned to a 1.5°C future. The Science Based Targets have pushed the ambition of Flying Tiger Copenhagen to an even greater level, it will be a difficult challenge but, one we are confident we can reach.

We are committed, as ever, to sharing this information with our stakeholders through our main communication channels.

Best regards,
Zebra A/S



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Sustain- ability Report 2021



File organiser
DKK 30





Exfoliating glove
DKK 30



Cotton pad container
DKK 40

FSC



Face massager
DKK 20



Travel container
DKK 20



The mark of
responsible forestry

When you choose FSC®-certified goods, you support the responsible use of the world's forests, and you help to take care of the animals and people who live in them. Look for the FSC mark on our products and read more at flyingtiger.com/fsc

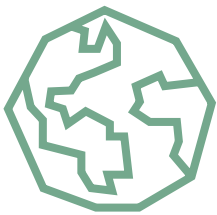
Content



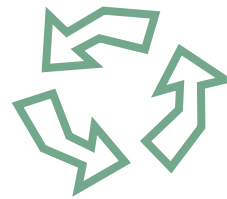
4 Our commitment



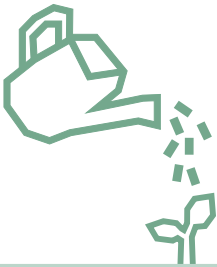
6 Climate action



10 Eco-friendly products



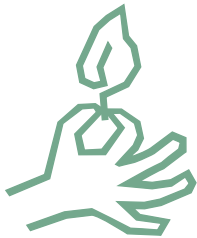
12 Circular materials



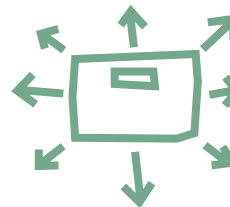
16 Healthy forests



18 Responsible packaging



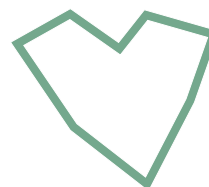
20 Responsible procurement



22 Logistics



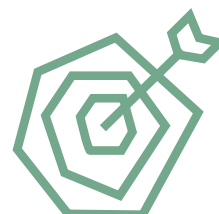
24 Conscious stores



28 Charity donations



29 Risk assessment



30 Summary of targets and progress

Our commit- ment

Our commitment to conduct our business ethically and responsibly runs through the full value chain, from sourcing, to shipping, to stores, to the end life of our products. We want our customers to know that when they buy a product from Flying Tiger Copenhagen, it has been produced in alignment with ethical, environmental, and social standards and is safe to use. This is crucial for the success of our company and for our consumers.

Our business model means a high degree of control of our value chain from product designs, packaging designs, product materials and testing to the logistic setup and the running of our stores. This also means that our green transition might be complex, but also entirely possible.

Since 2019, Flying Tiger Copenhagen has worked intensively to develop and implement a more circular mindset throughout our company. We want to be the frontrunners in the green transition of the retail industry and do our part to pass on a better globe to future generations. We want to offer affordable products which are good for the environment and ultimately end dependency on virgin fossil materials and fuels.

Our ambitious green transition means that we will reduce our greenhouse gas emissions by around 30% by 2026 and cut the consumption of plastic in our products and our packaging by half by 2025. We also want to drive the shift away from single use products by removing half of all single use items in our assortment by 2025.

In 2021, we have taken great strides in our efforts within sustainability. We signed up for and got validated by the Science Based Targets Initiative in record speed, ensuring our high ambitions within the climate agenda. The whole company has worked diligently with sustainability targets with great success and sometimes even exceeding expectations.

**We will cut the consumption
of plastic in our products and
our packaging by**

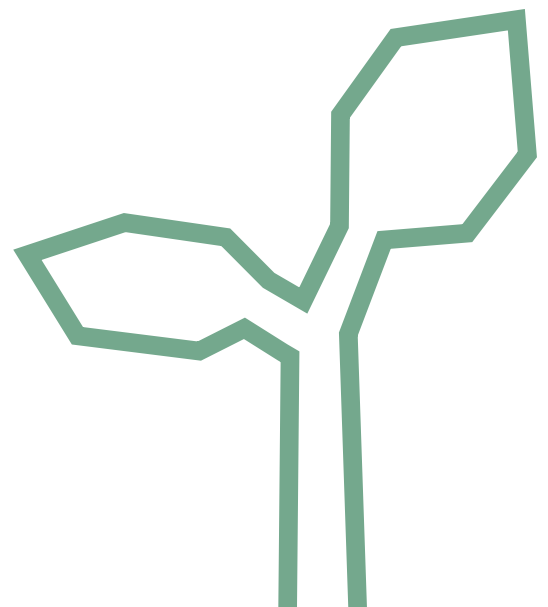
50%

by 2025

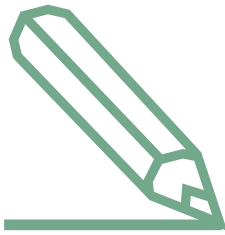
**We will reduce our total
greenhouse gas
emissions by around**

30%

by 2026



Sustainability in our value chain

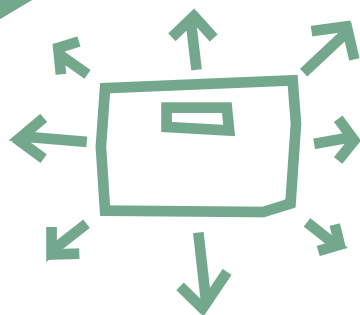
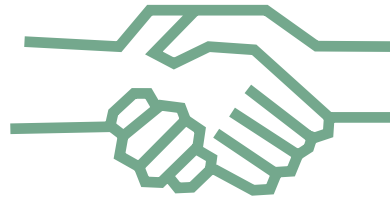


Design

We want to offer our customers fun, surprising, and creative eco-friendly choices. To achieve this, we are making sustainability an integral part of how we design our products. We focus on circular materials, design, packaging, and labelling.

Procurement

We are committed to ethical sourcing, capacity building, social responsibility, and environmental management in production. We screen and audit our suppliers and factories and all our products get the required testing.

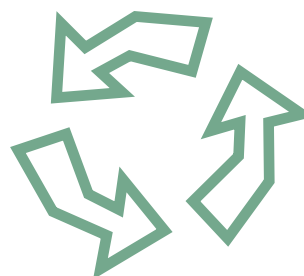


Distribution

Most of our products are shipped via sea freight, with the remaining being via road freight. We try to push our logistics suppliers to reduce their greenhouse gas emissions and we focus on minimizing the use of primary packaging as well as plastic in packaging.

Sales

We market our products responsibly ensuring safety and compliance. Our store concept reflects our work with sustainability. In our own operations: offices, warehouse and stores we focus on CO2 neutral operations and the circularity of materials



Climate action

Global warming will result in major disruptions on a global scale. It is our obligation to act quickly to decarbonise our value chain and do what we can to mitigate the negative consequences of climate change. It is a license for us to operate and for our customers to buy our products. Global legislation is moving to reflect the realities of climate change and we expect that taxation on greenhouse gas emissions will help underline the business case for a green transition.

Ambitions

Ultimately, we want to end our dependency on virgin fossil materials and fuels. We have signed up to, and been validated by, the Science Based Targets initiative, and we will follow this roadmap to ensure that global warming does not exceed 1.5°C. We believe the ambition to be high, but achievable.



*Main partnerships:
United Nations Global Compact, Normative and the Science Based Targets initiative*

Progress in 2021

As a global retailer, we have a responsibility for our impact on the planet throughout the value chain. Our Environmental policy expresses our commitment to protect the environment, and the climate, by minimising our negative impact. A significant part of our impact comes from our products. Consequently, our Supplier Code of Conduct further specifies our requirements for the environmental awareness and conduct of our suppliers.

Our efforts to lower emissions are focused where Flying Tiger Copenhagen has the highest impact. This includes choosing more eco-friendly materials for our products, using less plastic throughout our value chain, sourcing sustainable forestry products, minimising packaging, using more renewable energy in our own operations and minimising food and other product waste via donations.

In 2021 we committed and got approved by the Science Based Target initiative in record speed. It was important for us to ensure that the direction we had taken on climate change years before

would prove itself sufficient when validated by experts. In practice these targets mean we will reduce our total greenhouse gas emissions (scopes 1, 2 and 3) by around 30% by 2026.

Our scope 1 emissions are mostly driven using internal vehicles so, we are focussing on transitioning to electric vehicles in this area (see Conscious stores section). We can see some change in our scope 1 emissions with an overall reduction in emissions between 2019 and 2021 being 6%. Given that we have not seen a considerable increase in our usage of electric cars so far, we believe a lot of this change may be associated with reduced travel during the covid-19 pandemic restrictions. We are satisfied with this area however, as we only introduced this target in late 2021.

We support the transition to renewable energy in our own operations. The initial target was to reach 50% renewable energy by 2022, but due to very positive development we have already reached 67% and we have a new science-based target for 84% in 2025. We want to reach 100% renewable energy in our operations however, for this we would need to be able to source renewable energy for our office in Shanghai, which is not possible today.

In our purchased goods and services target most emissions are associated with our products and packaging materials. The emissions are compared to overall profit to keep it relative to growth. Due to the considerable impact of the covid-19 pandemic, our profit was very low in 2020 hence the high emissions/profit ratio. Therefore, we have chosen 2019 as a representative base year for our Science Based targets.

We are very happy to see the positive trajectory between 2019 and 2021, with a 5% reduction in emissions. We only developed our Science Based Targets in late 2021 and given the length of our product cycle the impact from this target will truly be seen from 2022.

Regarding our logistics supplier target we can see some big changes. These changes are swayed by a few big suppliers this year who have, for the most part, signed up for the Science Based Targets of their own accord. We believe this shows a hugely positive transition in the industry. If our big suppliers in this category change at any point this could cause considerable fluctuations in our progress but, we will continue to encourage the industry in this direction.

Science Based Targets*

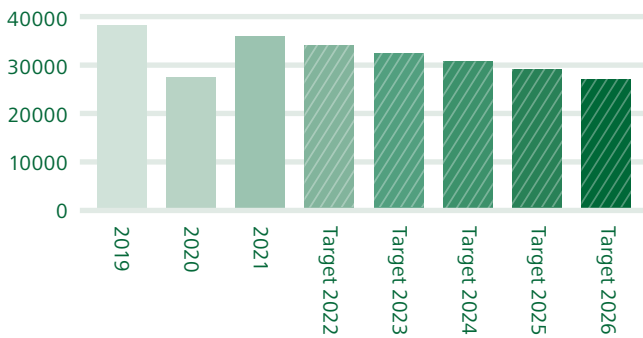
Reduce emissions from our scope 1 by about

30%

by 2026*

Scope 1 emissions

Kg's of CO₂-eq. emissions



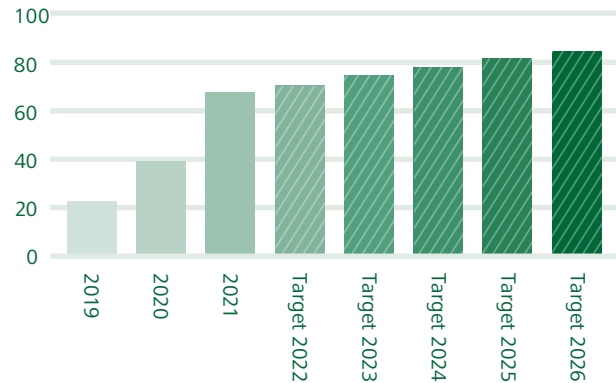
This metric is measured as total kilograms of CO₂ equivalent emissions. Scope 1 emissions cover direct emissions from our operations, such as the burning of fossil fuels for vehicles fleets, combustion engines, the burning of gas, chemical leakage, ect. For Flying Tiger Copenhagen, the main driver of scope 1 emissions are associated with the usage of company owned cars, all logistic emissions are provided by our suppliers so are reported in our scope 3 emissions.

Increase sourcing of renewable electricity (scope 2) to 50% by 2022 and

84%

by 2026*

Renewable electricity in own operations, %



Sourcing of renewable electricity is measured as kwh's of electricity consumption covered by renewable electricity/total kwh's of electricity consumption. We classify renewable electricity as from wind, solar, hydro or kinetic sources.

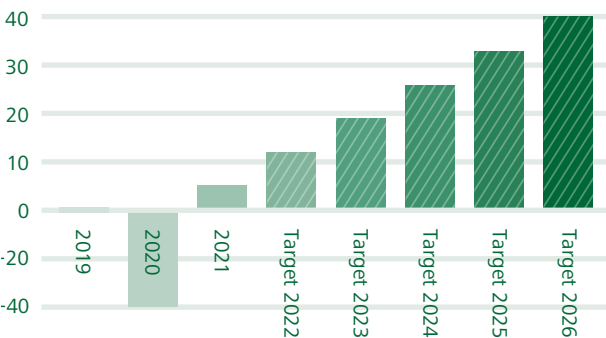
Reduce emissions from purchased goods and services (scope 3) around

40%

per DKK profit by 2026*

Greenhouse gas emissions from purchased goods and services (mostly products and packaging)

Emissions/gross profit (DKK)



This metric is measured as total kilograms of CO₂ equivalent emissions/value added (gross profit) in Danish Kroner. At Flying Tiger Copenhagen Purchased goods and services refers mostly to emissions from our products and packaging and a small amount from other purchased goods and services.

75%

(by spend) of our logistic suppliers covering upstream transportation and distribution, will have science-based targets by 2026*

Logistic suppliers committed to Science Based Targets initiative, %

% of Logistics Suppliers with SBT's

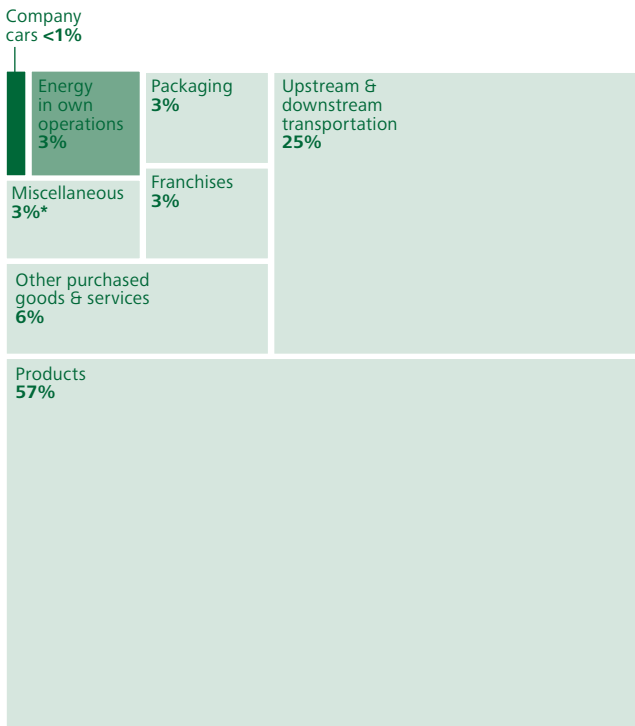


This metric is measured as company spend on upstream transportation and distribution suppliers with committed and approved SBT's/company total spend on upstream transportation and distribution suppliers.

*Base year 2019. At Flying Tiger Copenhagen emissions are tracked in alignment with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking.

Emissions share per category, %

■ Scope 1 ■ Scope 2 ■ Scope 3



Total 147m (kg's of CO² equivalent emissions)

At Flying Tiger Copenhagen emissions are tracked in alignment with the greenhouse gas protocol corporate standard as well as the greenhouse gas protocol corporate value chain (scope 3) standard. Normative software was used for tracking. This metric demonstrates the percentage of overall emissions that fall into each operational category.

*Miscellaneous covers Fuel and Energy related activities, employee commuting, end-of-life treatment of sold products, waste generated in operations, capital goods and business travel.

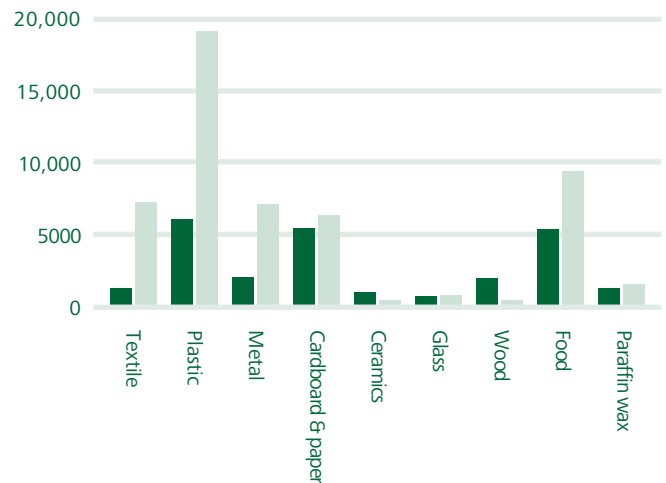
Sustainability reporting is not an exact science, but an area under constant development with still more insights being added quite frequently. We support this improvement and strive to always adjust to the latest insights and be as transparent as possible.

In 2021:

- Our scope 2 emissions increased as we have added some information on our heating, which originally was believed covered by electricity numbers.
- Our scope 3 data changed, because we changed emission database for a proportion of our data based on spend (from the world-input-output database (WIOD) to the Exiobase).
- We managed to get much more accurate data on our food items, which enabled us to do much more precise calculations in terms of both emission and packaging on this item group.
- Relevant changes were backdated into previous years emission reporting where possible and necessary.

Impact by materials in products

■ Products (thousand kg's) ■ Emissions (kg's CO₂-eq)



This metric shows product material weight in thousand kilograms and what they represent in thousand kilograms of CO₂ equivalent emissions.

Further analysis of our emissions in terms of product materials has shown us, that when it comes to lowering the emissions throughout our value chain, it is very important to target our use of both textiles (polyester and cotton being the biggest categories) and plastic. We are working on this both in terms of reductions, but also in terms of using much more recycled materials. Read more in the section on Circular materials. Some items are high in emissions but, relatively good from other angles, for example metals such as aluminium that are endlessly recyclable.



Puzzle. Wood
DKK 50



Goodbye bottle, hello bag!

Our new eco-friendly bag is made from discarded plastic bottles and is 100% recyclable.



Eco-friendly products

Being a retail company our impact on the planet is mainly driven by our products. By choosing still more eco-friendly items to offer in our stores, we take better care of global resources, we stay relevant as a company, and stay ahead of the growing amount of environmental legislation.

Ambitions

We want to offer our customers more eco-friendly, useful, fun, and inspiring products at affordable prices. Our customers should be able to clearly identify the eco-friendlier items in our stores, including being able to choose multi-use alternatives to classic single-use products.



Main partnerships:
Forest Stewardship Council, Plastic Change

Targets

To have

50%

eco-friendly products by 2025

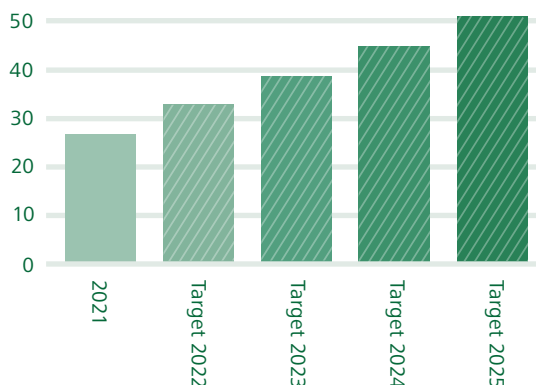
To have a

50%

reduction of single-use products by 2025

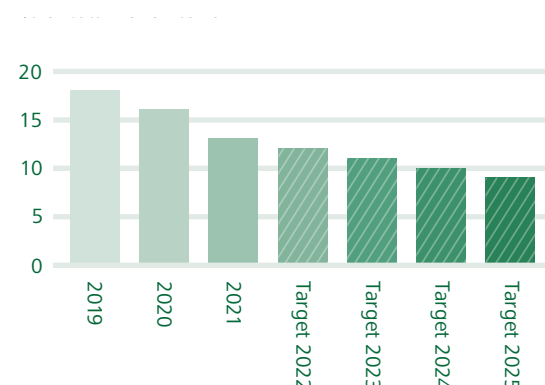
Eco-friendly products*

% of total no. of items



Single use products

% of total no. of items



This metric is calculated as number of eco-friendly products/number of total products.
*See classification of eco-friendly underneath.

This metric is calculated as number of single-use products/Number of total products.

Progress in 2021

It is important for Flying Tiger Copenhagen to be able to offer eco-friendly products in our stores. Intentionally we never use the word "sustainable" when it comes to our products because we want to be true to the definition: "when there are no negative consequences anywhere in the supply chain when making and transporting the product". That we cannot promise or offer. But we still want to offer our customers products which are better than standard when it comes to being eco-friendly. Because of that we classify eco-friendly products as:

- 95% FSC-certified and/or
- Made from recycled material (min. 80%) and/or
- Made from renewable material (min. 95%) and/or
- Made from easily recyclable materials (glass, aluminium, steel, or iron products with content \geq 95%) and/or
- A mix of the above (individually assessed by the sustainability department)

Due to the complexity in calculating the number of eco-friendly products, we were first able to gather this data from 2021 and were happy to see that we are already on 26% of our assortment. We have focused specifically on non-food products with this definition however, in the future we will consider adding an eco-friendly definition for food. We have added the eco-friendly filter to our online stores and are currently investigating how to also visualise this in physical stores as well. Thereby helping our customers make more eco-friendly choices.

Single-use products are products, which are thrown out after only one use. The environmental impact can be very high considering the short lifespan, which is why we want to halve our number of single use products by 2025, targeting both items with and without plastic. Since 2019 we have reduced the proportion of single-use items by 28%, well ahead our 2025 target.

The single-use items, which we have decided to keep for now are either low impact and/or have no natural replacements; like paper napkins (made from sustainable forestry) and band aid plasters (no natural replacement). We also try to make the single use items we have overall better for the environment. One example is wet wipes, which traditionally are made from plastic-based cloth. We have managed to replace the plastic with bamboo-based cloth from late summer 2022 (made from sustainable forestry), making it an eco-friendlier choice. Another example is to offer alternatives to single use products, like reusable cotton pads for make-up removal. We strive to give our customers the full range of alternatives to single use products.


FSC
Hairbrush. Bamboo
DKK 40


FSC
Toothbrush
with bamboo
handle
DKK 10

Reusable cotton
pads
DKK 30


FSC
Travel container.
Bamboo and glass
DKK 20



Circular materials

On a global scale the world is overusing on resources and producing far too much waste to handle in a sustainable way. Plastic is a particularly big issue and a shift from virgin fossil oil to renewable or highly recyclable materials is needed.

Ambitions

We want to support the transition towards a circular use of materials, where all products are designed with the goal of eventually becoming raw materials for a new cycle of usage. Renewable materials will often do this simply by decomposing and becoming nutrients for new growth, but for technical materials it is a question of the ability to separate and recycle materials. We also want to address the issues with plastic and are diligently targeting plastic reductions both in products and packaging.



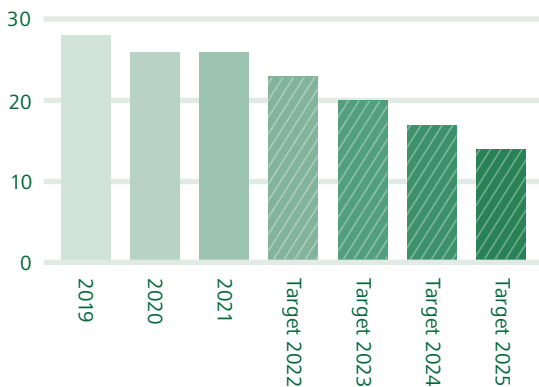
Main partnerships:
Nordic Circular
Economy Hotspot,
Plastic Change

Targets

To have a 50% reduction of plastic in products by 2025

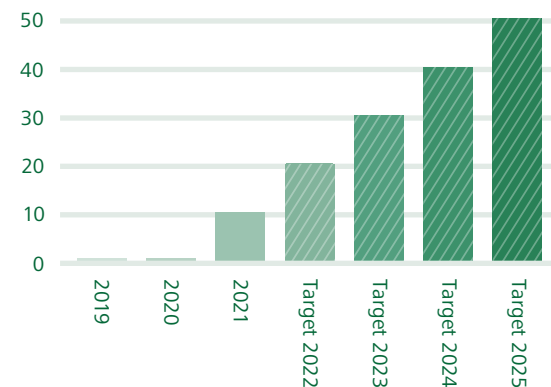
To have 50% recycled plastic in products by 2025

Plastic in non-food products*, %



This metric is calculated as total kilograms of plastic/total kilograms of all product materials.

Recycled plastic in plastic products, %



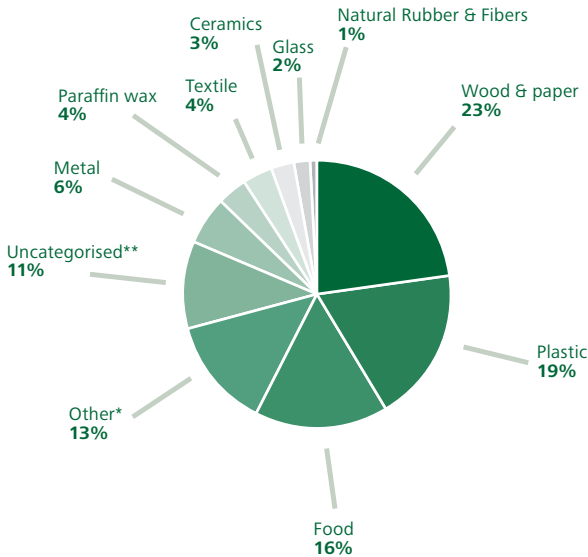
This metric is measured as total kilograms of recycled plastic/total kilograms of all plastic (in products).

*For the proportion of plastic in products we choose to exclude food from this analysis. The food category has fluctuated in size over recent years, and we believe this may sway our analysis. In this table the uncategorised data we have is also assumed to be the same mix of materials as the rest of the products. As a result of these two changes, there will be small discrepancies between the proportion of plastic product materials specified here compared to in the overall product material table (see Products Material Split table). We have presented the proportion of materials that we know to be food and 'uncategorised' in the 'Product Materials Split' table, to ensure full transparency.

Progress in 2021

In 2021, our most used product material was wood and paper, which together with food made renewable materials our biggest category, followed by fossil fuel-based materials: plastic and paraffin.

Product materials, %



This metric is measured as the proportion of product material weights that falls into each material category.

*The other category contains items such as pigments, colourants and specific materials that do not fit easily into larger material categories.

**Uncategorised data is where we do not have information on the product type, for our greenhouse gas accounting we have used an average emission volume for the weight of the item so, emissions from this category are included in our GHG reporting. We are working to rectify this issue.

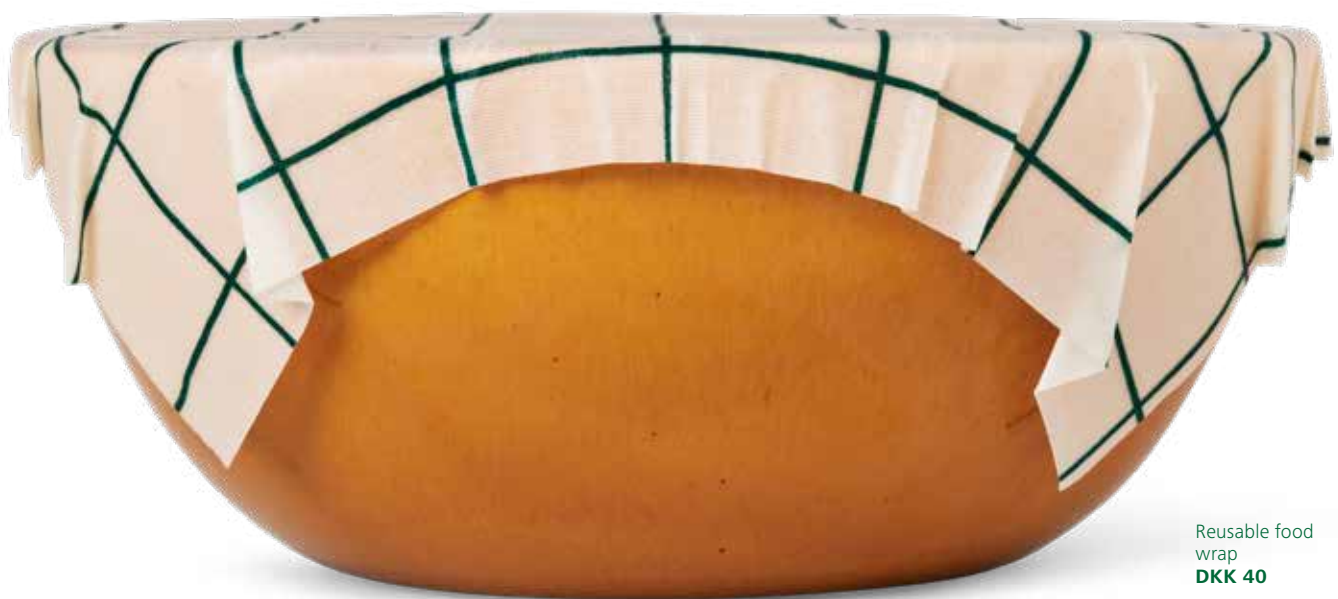
Plastic is a versatile material: It is light-weight, durable, and can be used for many different things. However, we want to be clever about how we use it; reducing the amount we use and using a lot more recycled plastic – thereby supporting the overall global reduction and more recycling of plastics. We want to help customers with their recycling of our products by embedding the recycling category into all our plastic products. From 2019 to 2021 we managed to reduce the use of plastic in our products by 7.5%, while at the same time enhancing our use of recycled plastic in products by 10% since last year. We saw the same positive development in our use of recycled textiles (both within polyester and cotton) with a 12% growth since last year. Furthermore, we also have strict reduction targets on plastic packaging. Read more in our section on Responsible packaging.

Even though textiles only represent a small amount of product materials in terms of weight, when we look at emissions, they form a considerable amount. In terms of textiles, we work to both use more recycled materials and to transition to more use of renewable materials.

Recycled materials in textiles, %

Material	%
Virgin	88
Recycled	12

This metric is measured as the total kilograms of recycled textile materials/total kilograms of all textile materials (in products).



Reusable food wrap
DKK 40



Grater.
Stainless steel
DKK 30



Jar.
Recycled glass
DKK 20



Mini greenhouse.
Wood
DKK 80



Material guideline

We use the underneath guideline when choosing materials for new products. The priorities are based on the concept of circular economy, where products will eventually become new raw materials. We have also considered the CO2 footprint and deforestation issues.

1 Use renewable/natural materials: **e.g. wood, paper, straw, bamboo, cotton, wool**
Renewable materials have the possibility to regenerate and bio-degrade to become food for new material cycles.

2 Use highly recycled/recyclable materials: **e.g. glass, metal**
Glass and metal are the worlds most recycled materials. They can theoretically be recycled infinitely without losing their qualities.

3 Use recycled plastics: **preferably PET, PP, PE**
By sourcing recycled plastics, we support the crucial development of the recycling industry and lower the emission used per kg material. Realising that the recycling industry will need to focus on certain plastic types to scale up, we prefer the most used types of plastic.

4 Use virgin plastics: **preferably PET, PP, PE**
We want to use as little plastic as possible, but it is a difficult material to replace. To do our best to support the plastic recycling industry, we prefer the most used types of plastic.

5 Unwanted plastic types: **bio-degradable plastic and bioplastic**
Bioplastic comes from oil from farmland (which in most cases could be used as food) and represents the same problems as any other plastic type. Bio-degradable plastic types will only bio-degrade in very few recycling facilities but will most often, simply disrupt normal plastic recycling systems. For these reasons we have decided not to use either material.



Assorted ceramics,
from **DKK 20**



Healthy forests

Forests keep our climate stable, regulate our water supply and are the homes for more than half of the species on the planet. The largest proportion of materials we use at Flying Tiger Copenhagen come from or have an effect on forestry hence it is important that we ensure healthy and sustainable forestry, which in turn ensures a stable industry of wood and paper products.

Ambitions

All our wood and paper products should come from sources which ensure sustainable forestry in terms of consideration for people, wildlife, environment, and biodiversity. All deforestation risk ingredients like palm oil, cocoa, soy, and coffee should come from sources which ensure no deforestation.

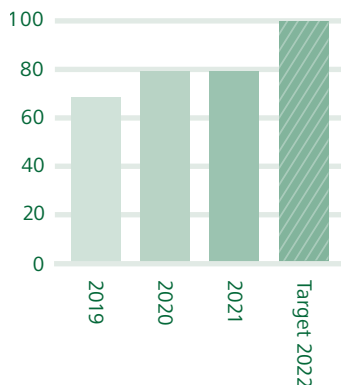
Progress in 2021

With our membership and certification of the Forest Stewardship Council (FSC), we support the promotion of well managed forests. Among other things, an FSC certification entails protection of biodiversity, and respect for the rights of local people as well as the people working in the forest: including that workers are properly trained, have decent health and safety conditions, and receive fair wages. Notebooks, gift wrapping, and napkins were an early part of our FSC-certified product portfolio. Today, our customers will almost exclusively find FSC-certified wood and paper products in our stores. When it comes to store furniture, we began to use FSC-certified wood in 2012. Since then, all new store furniture is FSC-certified, while the existing store furniture will switch to being FSC-certified according to their usual refurbishing cycle.



Main partnerships:
Forest Stewardship Council, Roundtable on Sustainable Palm Oil

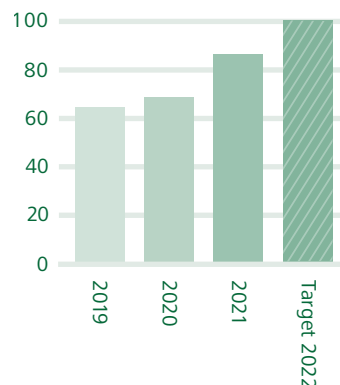
FSC certified paper and wood products*, %



This metric is measured as the total number of FSC certified wood and paper products/the total number of all wood and paper products.

*Defined as items with 10%+ wood/paper-based content

RSPO certified palm oil, %



This metric is measured as the total number of items with certified palm oil/the total number of items containing palm oil.

To have

100%

certified paper and wood products* by end 2022

To have

100%

certified palm oil in food products by end 2022

We unfortunately made no progress in our amount of FSC products from last year but are confident that there will be a big positive change during 2022. Our focus is now on the items where wood/paper is a smaller and not necessarily an obvious amount, one example being foil balloons where the paper straw used to blow them up should also be certified. We also have a focus on bamboo items, which have not traditionally been in the scope of forestry certifications. In terms of bamboo products, we are already at 70% FSC certified, and are looking to have an ambitious target defined.

Palm oil is a highly versatile oil used for many products in primarily food and beauty on a global scale. Palm oil has also been, and continues to be, a driver for deforestation. Therefore, we want to only use palm oil

sourced in a responsible manner. Since 2019, we have worked to use less palm oil in our products and to only use sustainably certified palm oil in food products. We are on track towards our goal of 100% certified palm oil in 2022 and will include palm oil used in our beauty products.

In 2021 cocoa, soy and coffee were clearly defined as ingredients with a high risk of deforestation in their value chain. We have several chocolate products, and few products containing soy or coffee, therefore, we want to ensure sustainable production in this part of our supply chain as well. For that reason, we are currently setting new targets for products with these ingredients.

Note books, paper.
DKK 10



Responsible packaging

Packaging is one of the biggest waste categories worldwide. It often has a short lifespan and a large environmental impact. We need it to protect and inform, but we will go forward using as little material as possible. This is good for the environment, and it mitigates the manifold packaging taxation schemes which are growing on a global scale. Less packaging also shows our customers that we care and helps minimise their local waste handling.

Ambitions

Our focus when it comes to packaging is:

- Use less packaging
- Remove excess/unnecessary plastic
- Make it easy to separate and recycle.



Main partnerships:
Plastic Change

Targets

To have a

50%

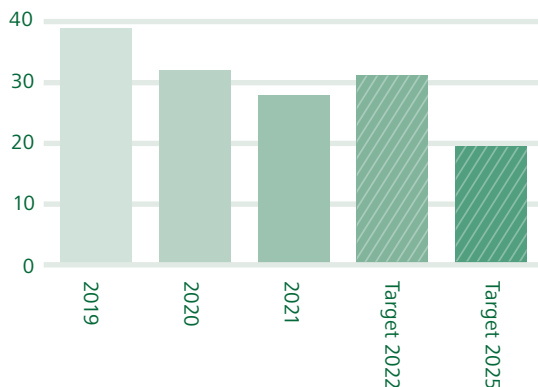
Reduction of plastic in packaging by 2025

To have

100%

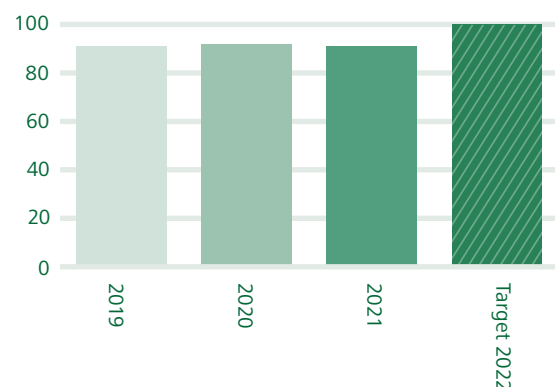
recyclable packaging by 2022

Plastic packaging material, %



This metric is calculated as the total kilograms of plastic packaging material/total kilograms of all packaging material.

Recyclable packaging, %



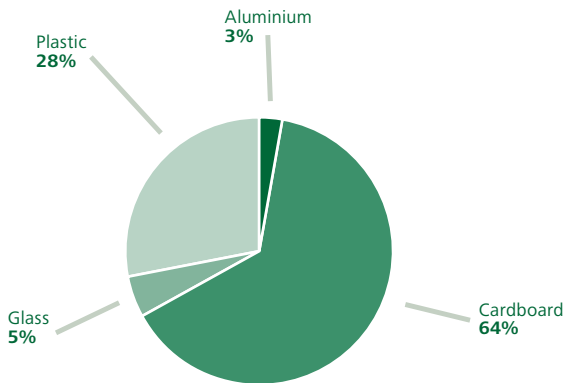
This metric is measured as the total number of products with recyclable packaging/the total number of products.

Progress in 2021

When it comes to great packaging, less is more. We strive to find the right balance between minimising the packaging, and using better packaging design and materials, while still protecting the products and communicating necessary information to our customers. In 2020, we developed a new primary packaging manual defining both brand and sustainability guidelines around the principles of clear communication, minimal packaging, and optimal recyclability. We want to make it as easy as possible for our customers to recycle packaging, and we have a target to have 100% recyclable packaging in 2022. When packaging materials are monocomponents or easily separated into waste categories, more packaging is ultimately recycled.

From last year we improved the recyclability of our packaging from 92% to 95%. We at the same time managed to include data on the packaging of our food items, which in turn added more unrecyclable packaging to our total, getting the overall recyclability number down to 91%. For some food products, the plastic is lined with metal to better protect the content, which unfortunately means that the packaging cannot be recycled in most parts of the world. This is a future focus area.

Packaging material types, %



This metric is measured as the proportion of total packaging weight that falls into each material category.

Our target to reduce the use of plastic packaging by 20% in 2022 has already been met in 2021 where we managed to reduce 28% since 2019. Due to the very positive development in this area, our packaging target has been revised and a more ambitious target is set. We now aim for a 50% plastic packaging reduction for 2025.

Our focus on reducing plastic means that we sometimes use more cardboard, which is heavier overall, thereby growing our logistic emissions. We realise that this might be a negative consequence, but still believe that plastic reductions are the right way forward, and we are happy to see that the percentage of cardboard and paper packaging is growing. However, we have also placed a heavy focus on reducing unnecessary packaging and we can see that our overall average volume of packaging per item has reduced 16% since last year. We are incredibly proud to see this transition and will continue this focus.

We clearly see that when it comes to both reducing plastic packaging and ensuring 100% recyclability, our food products represent the biggest challenge. Plastic has very good qualities when it comes to food protection, alternative packaging materials are hard to find. But we will continue to look for alternatives and expect to see the global development within packaging beginning to show positive results.

Packaging example

Our plastic packaging reductions are very much a result of many small changes. By scrutinising each packaging for optimisation possibilities, the small changes become very impactful. One example is these very popular mints. The packaging was born with an inner tray of plastic, which has now been assessed as not necessary. By removing this little piece of plastic, we have removed almost four tonnes of plastic annually which is equivalent to the removal of over 12 tonnes of CO₂eq emissions on a yearly basis.

Before:
Fresh mints packaging with an inner tray of plastic



After:
Fresh mints packaging without the inner tray of plastic



Responsible procurement

Through our purchasing decisions we have an impact on social, environmental, and economic conditions in global supply chains. Monitoring and addressing sustainability risks in our supply chain strengthens our stakeholders’ trust in our brand and increases our preparedness for rising regulatory attention on due diligence in supply chains.

Ambitions

Our focus on responsible sourcing ensures that we account for the impacts of human and labour rights on workers and communities. Through our social compliance process, we work to ensure that factories, selected for production on our behalf, can meet our requirements, and that the people producing our products are treated with respect and provided with fair and safe working conditions. Most of our direct suppliers are trading companies who source from a range of different factories, enabling us to offer a broad array of novel products across a variety of categories.



*Main partnerships:
The Centre for Child Rights and Business (The Centre), Nest*

Progress in 2021

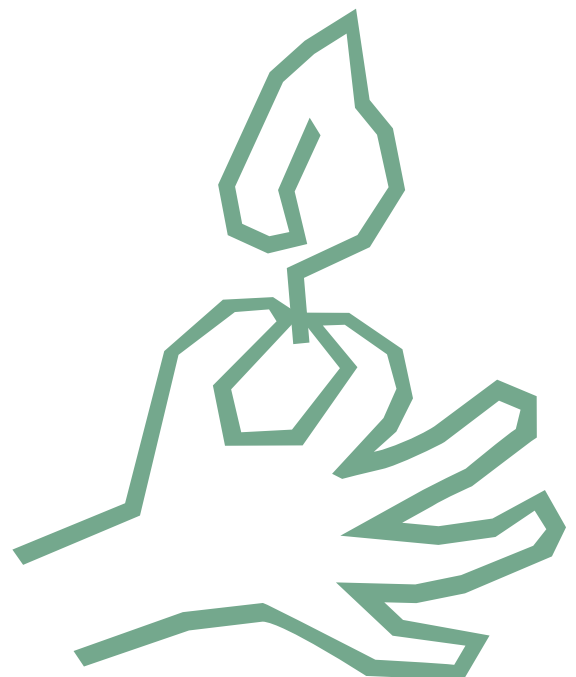
The Flying Tiger Copenhagen Supplier Code of Conduct sets out minimum requirements on responsible business practices for our suppliers (most often trading houses) and sub-suppliers (most often factory production sites), to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations.

The Code is based on international standards as defined by the United Nations (UN) and the International Labour Organisation (ILO). It defines our requirements in the areas of workplace health and safety, terms of employment, working hours, wages, environmental protection, and business ethics.

Spend in regions, %

Area	% of spend
China	76
Europe	23
Rest of world	1

This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers based in each region.



In our own supply chain, we work through our Responsible Procurement Programme consisting of:

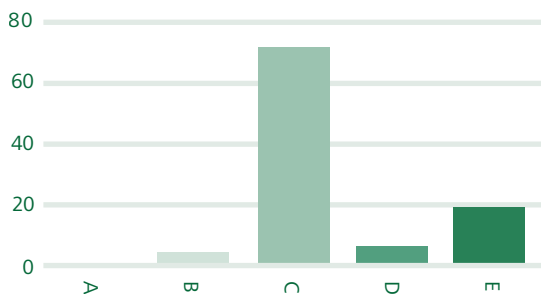
- 1 **Commitment to the Flying Tiger Copenhagen Supplier Code of Conduct**
- 2 **Screening and factory audits**
- 3 **Improvement and remediation**

All new factories are pre-screened before entering our supply chain. Once this process is over, existing factories are then selected for audit by assessing the risk based on (a) country of production, (b) purchase volume and (c) product category combined with individual assessment of: (a) brand exposure of product; and (b) audit history and performance of factory, including sub-contracting practices.

We have a zero tolerance for child labour and strict rules for young workers (between 16 and 18 years old). In 2021 we found four cases with seven affected children in China (aged 15). While the existence of child labour is unacceptable, proactively looking for child labour in our supply chain means that we can remediate and change things one case at a time. The remediation process is handled in partnership with the Centre for Child Rights and Business. The Centre are experts in these types of cases, they make sure that every case is handled with respect to the individual child's circumstances. They engage in dialogue with the family and ensure appropriate measures, like enrolling in vocational schools and monthly living stipends throughout the remediation period.

In 2021, we conducted 283 audits in our factories in China. This number was back to normal after having been heavily reduced in 2020 due to covid. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime. Our target for 2022, is to return to our usual number of audits to around 300, and to pursue greater transparency through intensified pre-screening and further capacity building of our suppliers.

Supplier ratings, %



This metric is measured as the proportion of total Flying Tiger Copenhagen suppliers in each rating category.

Supplier training

In 2021, we continued to establish a closer engagement with our suppliers. The inability to arrange larger physical conferences or training sessions due to social distancing spurred the creation and implementation of a Supplier Academy in 2020. The Academy now runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality, allowing us to provide training related to more topics and to a broader audience. In 2021 we had 12, one-hour training sessions with an average of 40 suppliers in each. All training sessions are recorded and shared, when prudent, to new suppliers during their onboarding.

Homeworkers

Recognising that we, on an annual basis, buy several products that are potentially handmade by homeworkers in the value chain, we have partnered with the non-profit Nest to better understand and support the entirety of our supply chain. To do this, we have set up a pilot project with Nest, whose overall mission is to support the responsible growth and creative engagement of the artisan & handmaker economy to build a world of greater gender equity and economic inclusion. By engaging in their Ethical Handcraft program specifically, we used the Nest Standards for Homes and Small Workshops to measure compliance outside the four-walled factory against a matrix of over 100 standards that support homeworkers' health, safety, and wellbeing.

The pilot has shown the distance between the place in the supply chain where we pay for our products (The supplier/trading house) and the homemaker (trading house – factory – middleman – homemaker), which represents complexities in addressing challenges as a single company. Through our work with Nest, we look forward to having improved visibility into the last end of the value chain and the impact our sourcing has on these workers.

Corruption

We are aware that corruption can also be a considerable issue in international supply chains. It limits free and fair methods of acting and limits sustainable development. Our audits are strict regarding this aspect, and we have a whistle-blower setup which ensures anonymous reporting if needed. This year we have enhanced our training for employees on the topic and we have also sent further correspondence to suppliers reiterating our zero-gifting policy. In 2022 we plan to further emphasize this focus with our suppliers.

Logistics

Flying Tiger Copenhagen is committed to reducing the environmental impact of our logistics. About 25% of our total carbon footprint originates from the process of transporting products from factory to distribution center to stores thus having a significant impact on our total footprint.

Additionally, we impact the environment through the energy consumption at distribution centers as well as from the waste generated in connection with our transportation and distribution center activity. All our transportation activities are operated by external partners. Of our distribution centers one is operated fully by Flying Tiger Copenhagen. The remaining are all operated by external partners. As we receive products that are “ready for store” in our distribution centers, no rework or postponement activities are done. Subsequently, most of the waste generated in connection with our transportation and distribution activities is dominated by plastic foil wrapping for pallets.

Ambitions

We aim to reduce the emissions from the transportation of our products as much as possible by optimizing the flow of our goods and influencing the logistics industry, a huge industry internationally with a considerable environmental footprint, in a positive direction. This will be done by setting high standards regarding our requirements to relevant partners.



Targets

See our section on Climate action.

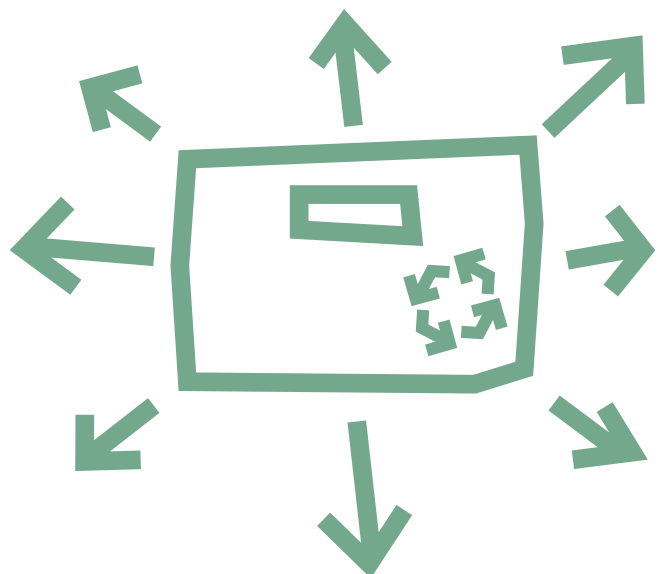
Progress in 2021

In 2021 we initiated the journey to build a more sustainable logistics process. Our priority has been to address the biggest challenge, which is to impact the industry in general. We have, in connection with our own company commitment, decided that we aim to work with logistics companies also committing to the Science Based Targets Initiative (SBTI) and thus sharing our vision of sustainability.

With operations in more than 50 countries globally the logistics process is complicated and dynamic. Despite this, we have decided to set the ambitious target that 75% of our logistics suppliers in the future should be operated by companies committed to the SBTi.

To ensure that we reach this target by 2026, sustainability has been placed on the agenda for all our logistic tenders. Not only in terms of requirements of commitment to the SBTi, but also for other relevant aspects including standards for reporting. At our own operated distribution center, we had our first full year powered with 100% renewable energy. In addition, all our reach and forklift trucks are now electric.

With the launch of ecommerce, we were able to ensure eco-friendly packaging from the very beginning and have focused on FSC certified and plastic free packaging. We have also done a lot of marketing related to further usage of the delivery boxes, for example encouraging children to create items such as puppet theatres out of these boxes. Hence, enhancing the packaging lifecycle prior to it being recycled.





Conscious stores

When you take away all products from the equation, stores in themselves also have a considerable footprint. The furniture, fixtures, electricity used, marketing material and all the practical items like receipts and wrapping used for fragile goods all have an environmental footprint. At the same time, these elements are also a physical representation of our company with the possibility of demonstrating and enhancing our commitment to sustainability.

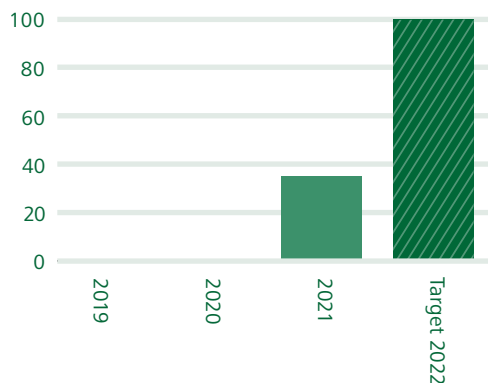
Ambitions

We want our stores to reflect our high ambitions and commitment to the sustainability agenda by minimising their footprint as much as possible using circular and responsible materials. As a result, our fixtures and fittings are made from materials of sustainable origin, a minimum of composites and can be completely disassembled and recycled at the end of their lifecycle. Most fixture elements are perfectly reusable for another full lifecycle which benefits both our company and the planet.



Targets

Eco-friendly marketing material*, %



* Eco-friendly sources refers to responsibly certified, in all cases this is FSC certification. This metric is measured as the number of marketing material items from eco-friendly sources/the total number of marketing material items.

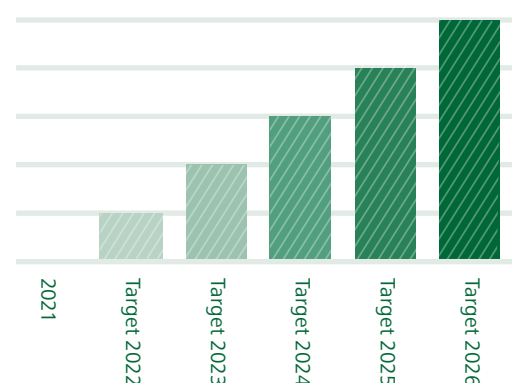
Progress in 2021

In 2021 our markets continued their journey towards 100% renewable energy in own operations, and with a result landing on 67%, which are very satisfied with. We will continue the effort to both reach and exceed our science-based targets within this area.

In terms of marketing material, across the year we have transitioned to 35% eco-friendly marketing material. However, most of the transitions were conducted towards the end of the year and from August 2021 onwards we had 85% eco-friendly marketing material, putting us firmly on track to reach 100% in 2022. In 2021 we also added both receipts and protective wrapping paper to the list of paper items made from sustainable forestry.

We developed our electric cars target in later 2021 given that most of our company cars are leased based on a 3-year leasing agreement, it is unsurprising that we have not seen much change here. Whenever such an agreement is up for renewal, we include the use of electric cars in the scope. In some countries with long distances, we know that the use of electric cars might represent a problem. But we will keep our 100% target and trust that the development within this area will help us along.

Electric company cars*, %



*This metric is measured as the number of company owned and leased electric cars/the total number of company owned and leased cars.

50% renewable energy in own operations by 2022 and

84%

renewable energy by 2025*

*See section on Climate action

To have

100%

eco-friendly marketing material by 2022

To have

100%

electric company owned and leased cars by 2025



Garden accessories, from DKK 15

Green stores



Water based
paints

Cabinets and boxes
made from certified
sustainable forestry

LED lights –
low on emissions
and heat, which also
means less air-con

Shopping baskets made from

100%
recyclable plastic

67%
of energy in stores
come from
renewable sources

Receipts printed on paper
from certified
sustainable forestry

+5 year
refurbishing cycle
for store furniture

Protective wrapping paper
from certified
sustainable forestry

35%
marketing material
made from certified
sustainable forestry

Shopping bags made from

100%
recycled and
recyclable material

Recyclable
furniture and fixtures made
from wood and metal

Cabinets and boxes
made in pallet sizes for
optimal transportation

flying tiger

copenhagen

oggi
inseguiamo
casa tua

Tutta
un'altra
luce 5€



Charity donations
































We do our utmost to donate surplus products to people in need. In doing so, we both help disadvantaged families and communities and minimise our environmental footprint. In the following we mention donations done directly from our global operation, but our local markets do many donations and NGO partnerships in addition to this.

We donate unsold food products to Fødevarebanken (Denmark), FareShare (United Kingdom), and Banc Dels Aliments (Spain), thereby minimising food waste across our value chain and making a difference to vulnerable social groups. We also donate food products close to expiration date to WeFood, a Danish supermarket only selling obsolete goods

In 2021, we have donated products to several NGOs such as In Kind Direct (United Kingdom), Red Cross (Denmark), Dons Solidaires (France) and many more. These organisations further distribute our donations to people in need. As an example, a wide range of different charities across the UK have benefitted from our collaboration with In Kind Direct, the majority focusing on child/ youth care and family welfare. This has been especially welcomed in a period where COVID-19 put extra pressure on families.

Summary of targets and progress

SDGs	Climate action	2019	2020	2021	Target 2026	Status	Comment
	Reduce emissions from our scope 1 by about 30% by 2026 Tons of CO2-eq. emissions	385	277	362	270	In progress	6% reduction since 2019. We are satisfied with this as targets were only made late 2021.
							
	Increase sourcing of renewable electricity (scope 2) to 84% by 2026 %	22%	39%	67%	84%	Ahead of target	
							
	Reduce emissions from purchased goods and services (scope 3) around 40% per million DKK by 2026 Emissions/gross profit (DKK) Reductions, %	Base year	-40%	5%	40%	In progress	5% reduction since 2019. The financial impact of the covid-19 pandemic makes 2020 an unrepresentative year.
	75% of logistic suppliers committed to Science Based Targets initiative %	0%	60%	62%	75%	Ahead of target	

SDGs	Eco-friendly products	2019	2020	2021	Target 2025	Status	Comment
  	50% eco-friendly products by 2025 %			26%	50%	On target	Data not collected in 2019 and 2020.
  	50% reduction of single-use products by 2025 %	18%	16%	13%	9%	Ahead of target	28% reduction since 2019.
SDGs	Circular materials	2019	2020	2021	Target 2025	Status	Comment
   	50% reduction of plastic in (non-food) products by 2025 %	28%	26%	26%	14%	In progress	7% reduction since 2019.
  	50% recycled plastic in products by 2025 %	0.2%	0.25%	10%	50%	On target	
SDGs	Healthy forests	2019	2020	2021	Target 2022	Status	Comment
  	100% certified paper and wood products* by 2022 %	68%	79%	79%	100%	Behind target	*Paper and wood products defined as products with more than 10% wood and paper content.
  	100% certified palm oil in food products by 2022 %	64%	68%	86%	100%	On target	
SDGs	Responsible packaging	2019	2020	2021	Target 2022/2025	Status	Comment
 	50% reduction of plastic in packaging by 2025 %	39%	32%	28%	19,5%	Ahead of target	28% reduction since 2019.
 	100% recyclable packaging by 2022 %	91%	92%	95% (91)%	100%	In progress	In previous years food packaging was not included – this data was added in 2021. If we look at non-food items packaging we are at 95% recyclable.
SDGs	Conscious stores	2019	2020	2021	Target 2022	Status	Comment
 	100% eco-friendly marketing material by 2022 %	0%	0%	35%	100%	In progress	From August 2021 onwards 85% of marketing material was eco-friendly.