

COMMUNICATION ON PROGRESS 2021



PWT GROUP



PWT GROUP DRESS MEN – WITH CARE FOR PEOPLE AND PLANET.

As an international company in the fashion industry, PWT Group has a great responsibility to ensure to move the world in a more sustainable direction.

PWT Group has for several years worked with sustainability throughout our business. By strengthening our CSR policies and procedures we are able to continuously identify and address risks in our business and supply chain.

Our CSR work is based on the internationally recognized principles of the UN Global Compact, the UN Guiding Principles and the OECS Guidelines for Multinational Enterprises. Working strategically with CSR enables us to strengthen our business and meet our customers' future expectations, and we are committed to continue our engagement within areas of Human Rights, Labor, Environment and Anti-Corruption.

During 2021 we continued to work closely with our top-30 suppliers on social and environmental aspects. On social issues, amfori BSCI audits is required and on environmental we have started engaging suppliers on amfori BEPI. Both BSCI and BEPI are joined on amfori Sustainability Platform used by businesses and producers.

This CoP-report is presenting our 2021-2025 CSR strategy focusing on four specific UN Development Goals that are carefully chosen for our future effort in working with CSR.

Ole Koch Hansen
CEO



CORPORATE SOCIAL RESPONSIBILITY

PWT Group is committed to reducing its negative impacts and increase the positive impacts on basic principles for social, environmental and economic sustainability. It is a long journey, and the Group continuously improves policies and procedures in order to be able to identify and manage risks throughout the business and the supply chain. The Group has developed a 2021-2025 CSR Strategy, focusing on four strategic CSR areas:

1. Responsible working conditions in the supply chain
2. More sustainable production methods and materials
3. More sustainable cotton in our products
4. Engagement in national and international initiatives and organisations

‘These priorities encompass where PWT Group sees the biggest risks but also where it may contribute positively towards the UN Development Goals. In the following paragraphs, each area of the strategy will be described.

CSR STRATEGY 2021-2025



Managing our own business

Managing our supply chain

Policies



Bill of Human Rights
ILO Fundamental Principles and Rights at work
The Rio Declaration on Environment and Development
UN Convention against Corruption
UN Guiding Principles on Business & Human Rights
OECD Guidelines for Multinational Enterprises

POLICIES

PWT Group's sustainability work is based on the UN Global Compact's ten principles and follows the approach set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGP's). The Group's CSR Policy refers to internationally endorsed principles for sustainable development, such as the International Bill of Human Rights, including core ILO labour rights, the Rio Declaration and the UN Convention against Corruption.

INTERNAL PROCESSES

PWT Group sets the same requirements to itself as to its suppliers:

- adopt policies
- conduct regular risk assessments
- draw up action plans to manage identified risks and challenges
- communicate about actions and results
- enable access to remedy through a legitimate grievance mechanism

This is a process which requires both time and resources, and the Group is continuously improving its due diligence procedures.

In order to implement the CSR Strategy throughout the company, CSR is integrated into all departments, such as Design, Purchase, Sales, Marketing, and Retail, through info meetings, communication material, etc. On a quarterly basis, CSR meetings are held with the management group.

A grievance mechanism has been set up on the Group's website, which ensures anonymity. Until now, no grievances have been received.

PWT Group wishes to combat corruption and bribery and seeks to promote openness and transparency. PWT Group has established an Anti-Corruption Policy, which is based on the UN Convention against Corruption and signed by the top management. It is included in the Employee Handbook and Supplier Manual.

Together with the policy, a 'Facilitation and Hospitality Register' has been set up in which employees register gifts. The policy is communicated internally, and the facilitation and hospitality register are monitored on an annual basis as well. During 2021, only one item was registered on the Facilitation and Hospitality List. The Group will continue to keep awareness on this subject.

GENDER DIVERSITY IN BOARD OF DIRECTORS AND MANAGEMENT (SECTION 99B)

Currently, the Board of Directors consists of 40 % women, and the Board continues to strive to find suitable female candidates when recruiting board members.

PWT Group is committed to build a workforce through the entire company, that is represented equally by both genders across both the management team and other managerial positions. However, since PWT Group are a menswear company there is an average of 83% male and 17% female employees throughout the Group. At the management level the average is 94% male managers and 6% female managers in 2021. The staff policies and HR processes are directed at retaining qualified female employees by addressing the work/life balance in order to create a desirable working environment as well as supporting personal development through performance reviews, feedback and leadership training.

In 2021, PWT Group have had a special focus on the gender distribution in the individual department when recruiting, just as the Group have focused on this in our student recruitment.

Furthermore, the policy for the Management Team emphasises diversity in the broadest sense and lays down the principle always to hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. PWT will continue to work toward increasing diversity throughout the organisation as well as in management levels.

On an annual basis, the Group conducts a risk assessment, including action plans. Next page is the latest version.



HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in out own busniess	Risks in our supply chain	Action plan
Risk of occupational hazards and injuries		A working environment committee continuously assesses the working environment and makes recommendations for improvements.
Risk of overtime work on a regular basis		Regular overtime is a common challenge for the industry, but the Group is continuously working to prevent excessive overtime. The team managers are constantly improving working processes in order to ensure a more efficient flow and hence avoid excessive overtime.
Health of employees		COVID-19: Management has followed the restrictions and guidelines imposed by the Danish government, in order to prevent the virus from spreading among employees.
		<p>During 2021, the Group conducted first aid trainings in collaboration with Falck. A defibrillator has been installed at the main office as well.</p> <p>From now on, first aid training will be mandatory for all store assistant trainees, and for all employees it will be possible to renew training on a continuously basis</p>
	Unsafe working conditions	PWT Group's suppliers must provide safe working conditions. Being a signatory member of the Bangladesh Accord, the Group is supporting safer production buildings in a country where it is a fact that building, electrical and fire safety is a major concern. It is a requirement to all suppliers that they can provide valid permits of building safety. Further to this, PWT work with the BSCI certification system to ensure safe working conditions.
	Excessive working hours	PWT Group works to ensure that its own buying practices does not contribute to excessive working hours. Orders are placed well in advance, and the Group ensures that changes are not made shortly before deadlines. The Group assesses suppliers' practices; overtime should be voluntary and limited, management should develop a contingency plan and is encouraged to set up electronic time systems, etc.
	Lack of ensuring the health of workers	Suppliers' ability to ensure the health of their employees is assessed on an ongoing basis. Indicators include proper sanitary facilities, clean drinking water, medical staff, regular health check-ups, access to medicine, proper conditions for pregnant employees, etc. Whenever possible, the Group promote and invite suppliers to relevant trainings, such as the OSH course in Dhaka where participating factories were instructed by Danish OSH experts. COVID-19: Most facilities have been temporarily closed down, and PWT Group expect all suppliers to take measures to protect their workers from the virus. Through the Accord and BSCI, suppliers are assessed on COVID-19 measures taken.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	Risks in our supply chain	Action plan
	Unfair remuneration	PWT Group does not own factories and cannot manage salaries paid to suppliers' workers. However, the Group does negotiate realistic prices in order not to contribute to unfair remuneration. PWT Group requires that all suppliers comply with national regulation, and the Group assesses suppliers' ability to support workers financially in other ways, e.g. by providing free transportation, low-cost canteens, and kiosks with low-cost provisions.
	Discrimination	Suppliers' ability to provide equal rights and payment for everyone is assessed on an ongoing basis. Indicators include recruitment and salary procedures, respectful behavior from managers towards workers, etc.
	Precarious employment and bonded labour	Production facilities should keep proper records of contracts and employee ID, and have proper notice and leave procedures in place in order to avoid precarious employment. PWT Group focuses on questioning the use of piece-rated employees and probation workers, which can be a method to keep wages down.
	Freedom of association and collective bargaining	PWT Group assesses suppliers' respect for worker associations and trade unions as well as their ability to include workers in decision-making. The Group stresses to suppliers that safety or WP committees can be very valuable and support suppliers in establishing good committee practices. Through the Accord, all Bangladeshi suppliers are required to establish Health and Safety committees, and they receive training on their rights and responsibilities in regard to committee practices.
	Child labour and the lack of protection of young workers	In general, this issue has improved among suppliers. However, the Group still considers child labour as a substantial risk within the supply chain. The Group became a member of BCI in 2019, an initiative that in addition to reducing the environmental footprint, works to improve working conditions and abolish child labour within cotton production. Among other things, the BCI trains participating farmers in the importance of children's education.

HUMAN- AND LABOUR RIGHTS		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL)		
Risks in our own business	Risks in our supply chain	Action plan
CO2-emissions		Since 2020, PWT Group is working with the Cemasys system to calculate CO2 emissions in a structured way, based on the GHG Protocol. Please read more in the section “More sustainable production methods and materials”.
Use of textile materials		PWT Group is reducing the number of styles and focusing on quality over quantity. Through the years, more and more organic or recycled styles have been introduced as well. Since 2019, the Group has been a member of Better Cotton. In the coming years, more sustainable materials will be introduced.
Plastic use, and packaging in general		During 2019, PWT Group replaced all packaging materials in the stores with ones made of recycled plastic and recycled carton. Plastic bags are no longer provided for free, and the surplus made from this, is donated to the Danish environmental organisation, Plastic Change. In the coming years, the Group will look into how to reduce the amount of packaging material, such as poly bags, tissue paper, carbon boxes, etc., and how to replace virgin material with recycled ones.
Transport		PWT Group specifies to suppliers that the Group prefers sea freight, and that train freight is preferred over airfreight, reducing airfreight to an absolute minimum. Furthermore, all shipments from central inventories are continuously optimized.
Textile waste		The Group does not have much textile waste, mostly scraps and cut samples. In 2019, a dialogue was started with a Danish start-up that would take all textile waste, and reuse it for making new kids clothing. However, the project has still not started. But the Group continues to be very much open to collaborations with other stakeholders on this matter.
Animal welfare		All relevant suppliers are required to sign and comply with the Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is a unacceptable practice.
	Risk of use of harmful chemicals, and of insufficient chemical management at production sites.	All suppliers are obliged to comply with the Group’s RSL, which is aligned with the EU regulation, REACH. Styles from each collection are selected for testing at Bureau Veritas, based on a risk assessment. In 2021, PWT Group accomplished to get an Oekotex certification for a range of products.



ENVIRONMENT AND CLIMATE		
Relevant policies: CSR Policy Commitment, Code of Conduct, Restricted Chemicals List (RSL), Animal Welfare Policy		
Risks in our own business	Risks in our supply chain	Action plan
	In general, poor environmental management at production facilities	In the coming years, the Group will engage with strategic suppliers about the amfori BEPI programme, in order to support them in setting up sufficient policies and processes in regard to environmental management. This includes looking at chemical handling, waste management, water and energy use, etc.

ANTI-CORRUPTION		
Relevant policies: CSR Policy Commitment, Code of Conduct, Anti-Corruption Policy		
Risks in our own business	Risks in our supply chain	Action plan
Sourcing from countries with high corruption risks		Together with the policy, a ‘Facilitation and Hospitality Register’ has been set up where employees register gifts. This register is monitored on an annual basis as well. The aim of this is to increase the awareness level internally.

THE SUPPLY CHAIN

Production takes place in several countries across the globe. PWT Group does not own any factories but cooperates with a range of suppliers, both directly at production facilities and via sourcing houses. The top-30 factories represent approx. 90% of all orders, and focus is primarily given to these.

The Group’s Code of Conduct is based on Danish Fashion & Textile’s Code of Conduct and describes the sustainability minimum standards set for business partners.

PWT Group does not expect suppliers to overcome

challenges overnight but focuses on their ability and willingness to demonstrate continuous improvements. As a part of the collaboration with suppliers and garment factories, facilities are visited regularly (during COVID-19, this has not been possible).

The Group makes use of third-party audit reports, mainly through the amfori BSCI system. Considerable resources are spent on following up with suppliers on their improvement work. For Bangladesh factories, the Group continuously receives and acts upon inspection reports on the factories’ building safety, as well as fire and electrical safety, through the Accord/RSC



SOURCING COUNTRIES

The top-30 factories account for 88% of the annual orders



BANGLADESH

34%



CHINA

31%



OTHER COUNTRIES

12%



PAKISTAN

11%



TURKEY

7%



PORTUGAL

5%

FOCUS AREA 1

RESPONSIBLE WORKING CONDITIONS IN THE SUPPLY CHAIN



It is of utmost importance that textiles are produced at factories with decent working conditions. As the Group does not own any of the facilities, many resources are spent on following up with suppliers on their work on adhering to the Code of Conduct.

It is a fact that some production countries represent considerable risks of unsafe working conditions and challenged labor rights. At the same time, the textile industry creates millions of jobs, and the Group does not see it as an option to cut out countries from the sourcing loop. Instead, focus is on contributing to improvement, through the supply chain management, and through participation in national and international initiatives

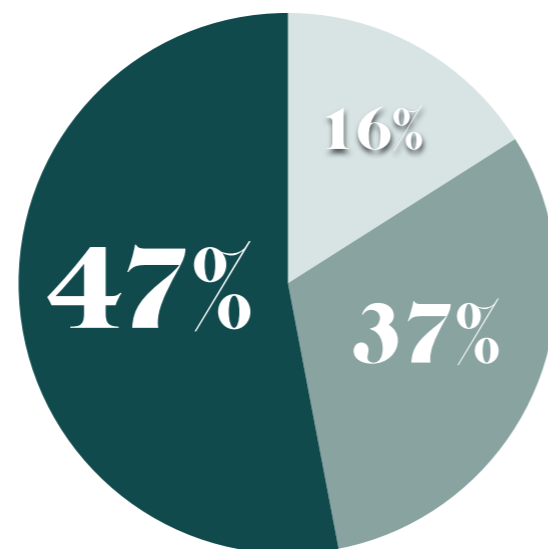
AMFORI BSCI

PWT Group has been a member of the amfori since 2013 and has used the amfori BSCI as the main social certification system for suppliers. Suppliers are expected to work with the amfori BSCI (or other system as SEDEX, or SA8000), and in cases where a factory has not yet initiated the BSCI process, they are expected to join within reasonably time. Suppliers are audited annually by third-party auditors, and audit reports are used to promote dialogue on necessary improvements.

In 2021, the amfori decided to move the BSCI to a new platform, and to join the BSCI and BEPI systems. This "relocation" process as well as understanding the new interface has required a lot of support work towards the suppliers, and still to this date, not all suppliers have managed to relocate successfully. Bearing in mind the challenges of COVID-19 as well, the Group has not been able to uphold as a continuously follow-up process as normally. Many audits have been canceled

or impossible to conduct due to imposed restrictions during the pandemic.

PWT Group expects to get back on track with its regular follow-up procedures in the coming years, in collaboration with its suppliers.



Good (A+B+SA8000)

Acceptable (C + SEDEX)

Audit expired (Due to covid-19)



THE INTERNATIONAL ACCORD FOR HEALTH AND SAFETY IN THE TEXTILE AND GARMENT INDUSTRY

PWT Group has been a signatory member of the Accord since 2013. As the latest Transition Accord expired on 31 May 2021, the Group followed the negotiations for a new agreement closely, and on 1 Sep 2021, PWT Group decided to sign The International Accord for Health and Safety in the Textile and Garment Industry. The new Accord builds on the 2013 and 2018 principles, and as a signatory, the Group commits to the health and safety work already undertaken in Bangladesh, and to the expansion of additional country specific health and safety programs.

As such, the Group continues to require all active Bangladeshi suppliers to work actively with the RMG Sustainability Council (RSC) (formerly known as the Bangladesh Accord program). That means 1) engaging with the Inspection Programme, 2) improving fire, building and electrical safety based on inspection findings, 3) participating in the extensive training, and 4) engaging in remediation dialogues based on the RSC grievance mechanism.

Currently, the Group has nine active Bangladeshi factories in the initiative with an average progress rate of 85 %. All nine active factories are participating in the Accord's safety committee training.

FOCUS AREA 2

MORE SUSTAINABLE PRODUCTION METHODS AND MATERIALS



PWT Group is aware that it has a substantial environmental footprint – and is committed to reducing this by continuously improving internal processes and supporting suppliers on their journey towards more environmental-friendly production methods.

MORE SUSTAINABLE PRODUCTS

The most sustainable garments are quality products that will last for many years. PWT Group has worked in recent years to reduce the number of styles and gain a better quality and durability for each garment. Until now, the Group has reached a 67% reduction of styles.

Material production accounts for 92.1% of the Groups GHG emissions, based on this year's climate report. Therefore, in order to reduce the Group's environmental footprint, it is essential to look at how to shift from conventional materials and production processes to ones that leave a much smaller footprint.

For this purpose, designers and purchasers are working with suppliers on finding more sustainable materials and production methods. The approach is to cooperate with suppliers on finding the best solution that makes sense on all parameters. This intensified focus has resulted in several initiatives, such as implementation of organic cotton, Better Cotton, recycled polyester, and greener denim production (such as the Sustainable Wash).

GREENER PACKAGING

Since 2019, all bags and gift boxes have been replaced with ones made from recycled materials. The Group is proud to cooperate with Plastic Change, the Danish environmental organisation that works to break the exponential growth of plastic pollution. As of 1 January 2020, all profit originating from the sale of bags and gift boxes is donated directly to Plastic Change.

Another considerable impact, when talking about packaging consumption and waste, is the packaging material used during transportation of our products, such as poly bags, tissue paper, and carbon boxes. The Group is continuously looking into how to reduce and/or replace existing packaging materials with more sustainable materials. In general, this is about revalidating old routines and processes, and the Group is committed to going with smarter and greener solutions, when such make sense on all parameters.

PWT Group requires all leather suppliers only to use tanneries that are member of the Leather Working Group; an initiative focussing on reducing the consumption of water, energy and chemicals.

CLIMATE REPORTING

PWT Group is measuring its carbon footprint through an online reporting system provided by Cemsys. The reporting system follows the GHG Protocol and ISO 14064, and the aim is to map the Group's emissions and track the progress on reducing GHG emissions throughout the business.



This year's climate report shows a total emission of 13,425 tons CO₂e, with material production accounting for 92.1%, transportation for 4.4 %, electricity for 2.7 % and company cars for 0.8 % of the total emissions. Bearing in mind that 2020 was a turbulent year with unusual conditions (low production and closed stores), it is more relevant to look at the total progress from 2019 (baseline year) to 2021; a reduction in emissions of 23% for material use and 32% for transportation. The over-all reduction in CO₂-emissions until now is approximately 25%. The full climate report is available in our official annual report from 2021 page 32.

NO HARMFUL CHEMICALS

PWT Group is aware of the risk of using harmful chemicals during production, and the Group is actively working to avoid them, for the sake of both local biodiversity, the environment and the health of the people working in production.

PWT Group has decided to certify a range of its products to the Oeko-tex Standard 100. This process was completed during the spring of 2021. The aim is to expand the range of certified products as we get suppliers on board with this, during the coming years. The Group has set up a Restricted Substances List (RSL) in collaboration with Bureau Veritas. The RSL applies to all garments and accessories manufactured for PWT Group. All suppliers must sign this document before starting production. The RSL is based on the Regulation (EC) No. 1907/2006 of the European Parliament, also known as the REACH regulation, and is updated on a regular basis. For each sales season, styles are picked out for testing at local BV labs, based on a risk

assessment. Occasionally, random tests are performed at the warehouse in Denmark in order to avoid golden samples.

Suppliers receive support on their chemical management systems, through online webinars and local trainings through third parties (e.g. amfori).

ANIMAL WELFARE POLICY

All relevant suppliers are required to sign and comply with the Group's Animal Welfare Policy. It states, among other things, that PWT Group only accepts leather from animals bred for the food industry, that mulesing is not accepted, and that live plucking of birds is unacceptable.

INTRODUCTION OF AMFORI BEPI PROGRAM FOR SUPPLIERS

It is essential to look at the production methods throughout the supply chain. This is a challenging area as many suppliers lack resources and knowledge on the subject. However, the Group wants to support them in this process and push for sustainable changes. PWT Group has started engaging strategic suppliers on the amfori BEPI (Business Environmental Performance Initiative) programme. Through the BEPI program, suppliers are asked to report on their energy consumption, waste management, chemicals, etc., and then work on improving their environmental performance level within priority areas.

Due to COVID-19 as well as the virtual relocation of the amfori platform, this work has been paused during 2021. The aim is to get back on track in 2022,

FOCUS AREA 3

MORE SUSTAINABLE
COTTON IN OUR
PRODUCTS

AA relatively large share of the groups material use is cotton. Considering cotton production's negative impact on the climate, the local environment and the biodiversity, it is imperative that the textile industry finds more sustainable ways of producing cotton.

Therefore, PWT Group collaborates with Better Cotton to improve cotton farming globally. PWT Group have taken this step because the group want to support a large-scale positive change within the cotton industry.

Better Cotton makes global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future.

Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers' rights and wellbeing.

PWT Group is committed to sourcing 50% of the groups cotton as Better Cotton by 2025.

Better Cotton is sourced via a system of Mass Balance and is not physically traceable to end products.

See bettercotton.org/massbalance for details.

Further to the Better Cotton membership, the Group has scaled up its use of organic cotton, and the aim is to continue this priority

FOCUS AREA 4

ENGAGEMENT IN NATIONAL
AND INTERNATIONAL
INITIATIVES

PWT Group strives to encourage co-operation and dialogue with suppliers and other relevant parties on socially, environmentally and economically sustainable solutions. Tackling global and wide-spread risks cannot be achieved by one company alone, and PWT Group collaborates with several organisations and initiatives in order to create as much positive impact as possible.

The Group sees it as imperative that the different players of the textile industry come together in order to create the most valuable and long-lasting changes that are needed.



CLIMATE REPORT
CARBON ACCOUNTING
REPORT 2021

INTRODUCTION

This report provides an overview of the organisation’s greenhouse gas (GHG) emissions. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

The input data is based on consumption data from internal and external sources, which is converted into tonnes of CO2 equivalents (tCO2e). The carbon footprint analysis is based on the international standard ‘A Corporate Accounting and Reporting Standard’, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

PWT Group wants to start measuring and accounting for its activities’ environmental footprint to be able to

take informed decisions on how to reduce its carbon footprint. By using Cemasys’ climate reporting tool, the Group ensures that the reporting is aligned with international principles.

For scope 1, estimates have been applied, as it was not possible to get data from the car leasing company. In terms of scope 2, the data includes headquarters, warehouse, showrooms and the Group’s own stores. Franchise stores are not included, as they are largely independent from the Group.

For scope 3, upstream transportation and distribution, data has been provided by the transport supplier. Some shipments are missing in this report, as the production facilities are allowed to use local truck transportation. Well-to-wheel data has been used.

The intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				466.8	112.8	0.8 %
Diesel (B5)		38,939.0	liters	413.5	100.4	0.7 %
Petrol (E5)		5,593.0	liters	53.3	12.4	0.1 %
Scope 1 total				466.8	112.8	0.8 %
Electricity total				2,885.9	360.7	2.7 %
Electricity Denmark 125		2,885,891.0	kWh	2,885.9	360.7	2.7 %
Scope 2 total				2,885.9	360.7	2.7 %
Purchased goods and services total				-	12,363.4	92.1 %
Acrylic fabric (T1-4)		15,358.0	kg	-	162.6	1.2 %
Lyocell fabric (T1-4)		794.0	kg	-	11.0	0.1 %
Bamboo fabric (T1-4)		19,265.0	kg	-	270.9	2.0 %
Tencel fabric (T1-4)		454.0	kg	-	4.5	-
Modal fabric (T1-4)		308.0	kg	-	5.4	-
Nylon fabric (6) (T1-4)		6,285.0	kg	-	106.2	0.8 %
Cotton fabric, conventional (T1-4)		697,913.0	kg	-	6,483.6	48.3 %
Nylon fabric, recycled (T1-4)		6,767.0	kg	-	61.4	0.5 %
Cotton fabric, recycled (T1-4)		599.0	kg	-	4.6	-
Nylon/Polyamide (PA) fabric (T1-4)		32,929.0	kg	-	423.8	3.2 %
Leather, cow (T1-4)		5,131.0	kg	-	188.5	1.4 %
Polyester fabric (T1-4)		180,351.0	kg	-	1,899.1	14.1 %
Elastane/Spandex fabric (T1-4)		14,316.0	kg	-	153.3	1.1 %
Polyester fabric, recycled (T1-4)		26,196.0	kg	-	226.1	1.7 %
Leather, goat (T1-4)		1,471.0	kg	-	42.2	0.3 %
Polyurethane fabric (T1-4)		856.0	kg	-	8.2	0.1 %
Wool, fine (T1-4)		25,420	kg	-	1,028.7	7.7 %
Viscose/Rayon fabric (T 1-4)		53,005.0	kg	-	771.2	5.7 %
Wool, recycled (T1-4)		2,150.0	kg	-	16.7	0.1 %
Linen (flax) fabric (T1-4)		15,177.0	kg	-	284.4	2.1 %
Upstream transportation and distribution total				-	588.0	4.4 %
Sea Container Avg load		141.0	tCO2e	-	141	1.1 %
Air freight intercontinental		299.0	tCO2e	-	299	2.2 %
Rail freight		3.0	tCO2e	-	3	-
Truck avg.		145.0	tCO2e	-	145	1.1 %
Scope 3 total				-	12,951.4	96.5 %
Total				3,352.7	13,425.0	100.0 %
KJ				12,069,808,092.0		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2020
Electricity market-based	tCO2e	1,090.9
Scope 2 market-based	tCO2e	1,090.9
Total market-based	tCO2e	14,155.1

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	2021	% change from previous year
Transportation total		184.1	146.4	112.8	-22.9 %
Petrol (E5)		16.9	14.6	12.4	-14.9 %
Diesel (B5)		167.2	131.8	100.4	-23.8 %
Scope 1 total		184.1	146.4	112.8	-22.9 %
Electricity total		818.1	505.3	360.7	-28.6 %
Electricity Denmark 125		818.1	505.3	360.7	-28.6 %
Scope 2 total		818.1	505.3	360.7	-28.6 %



ANNUAL GHG EMISSIONS

Category	Description	2019	2020	2021	% change from previous year
Purchased goods and services total		16,138.4	11,761.6	12,363.4	5.1%
Acrylic fabric (T1-4)		263.6	116.4	162.6	39.8
Alpaca fabric (T1-4)		0.3	-	-	-
Bamboo fabric (T1-4)		269.2	440.8	270.9	-38.6 %
Cotton fabric, conventional (T1-4)		8,913.2	6,506.8	6,483.6	-0.4 %
Cotton fabric, organic (T1-4)		50.4	98.4	211.0	114.4 %
Polyester fabric (T1-4)		2,641.3	1,950.7	1,899.1	-2.6 %
Leather, cow (T1-4)		507.6	391.3	188.5	-51.8 %
Elastane/Spandex fabric (T1-4)		178.6	155.2	153.3	-1.2 %
Wool, fine (T1-4)		1,495.5	866.7	1,028.7	18.7 %
Linen (flax) fabric (T1-4)		192.1	275.2	284.4	3.4 %
Lyocell fabric (T1-4)		9.6	9.9	11.0	10.6 %
Modal fabric (T1-4)		20.1	5.4	5.4	-0.3 %
Nylon fabric (6) (T1-4)		410.4	48.0	106.2	121.1 %
Nylon/Polyamide (PA) fabric (T1-4)		190.2	246.5	423.8	71.9 %
Viscose/Rayon fabric (T 1-4)		970.6	617.1	771.2	25.0 %
Polyester fabric, recycled (T1-4)		1.5	18.8	226.1	1,102.8 %
Silk fabric (T1-4)		22.3	-	-	-
Tencel fabric (T1-4)		1.8	4.4	4.5	1.1 %
Nylon fabric, recycled (T1-4)		-	7.5	61.4	715.3 %
Wool, recycled (T1-4)		-	2.3	16.7	616.7 %
Cotton fabric, recycled (T1-4)		-	-	4.6	100.0 %
Leather, goat (T1-4)		-	-	42.2	100.0 %
Polyurethane fabric (T1-4)		-	-	8.2	100.0 %
Upstream transportation and distribution total*		868.9	-	588.0	-32.3 %
Air Intercontinental freight		519.6	-	299.0	-42.5%
Sea Container Avg load		254.0	-	141.0	-44.5%
Truck avg.		88.6	-	145.0	63.7%
Rail freight		4.0	-	3.0	-25.0%
RoRo-ferry avg.		2.6	-	-	-
Scope 3 total		17,007.3	11,761.6	12,951.4	10.1 %
Total		18,009.5	12,413.2	13,425.0	8.2 %

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2019	2020	2021
Electricity market-based	tCO2e	2,320.6	1,535.8	1,090.9
Scope 2 market-based	tCO2e	2,320.6	1,535.8	1,090.9
Total market-based	tCO2e	19,512.0	13,443.7	14,155.1
Percentage change		100.0 %	-31.1 %	5.3 %

METHODOLOGY AND SOURCES

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is performed according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on the calculation and reporting of GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be taken to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased or rented assets. It also includes any process emissions, from for example chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy: electricity and heating/cooling, where the organisation has operational control. The electricity emission factors used in Cemasis are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions set out in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to 'allocate' the GHG emissions created by electricity generation to end consumers of a given grid. These are the location-based and the market-based methods. The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).

Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity, and the marked-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is, on the one hand, to show the impact of energy efficiency measures and, on the other hand, to display how the acquisition of GoOs or RECs affects the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method: The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method: The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies

that electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO2e per kWh.

However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is Norway's large export of GoOs/RECs to foreign consumers. From a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes indirect emissions resulting from value chain activities. The scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision-making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

CLOSING REMARKS

Across all four CSR areas, PWT Group have a range of future actions that it aims to onboard within the coming financial year. Among others, to develop more training material/information and conduct more training on CSR-matters across the Group, to continue to strengthen the dialogues with the suppliers, and to continue cooperating with different stakeholders. PWT Group acknowledges that the sustainability work is a long term and never-ending process requiring resources and time. The company considers the CSR agenda as a fundamental and decisive factor for operating a sound and sustainable business, and it will continue its intensified engagement within the CSR agenda.



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