

SON OF A TAILOR

UN GLOBAL COMPACT REPORT 2022

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Hello

We're a clothing-tech company based in Copenhagen. We make custom fit clothing for men. So far, for over 150,000 customers.

As for many entrepreneurial endeavors, the idea for Son of a Tailor was born out of frustration. Once celebrated as one of the biggest achievements in manufacturing, mass production failed the planet and people alike. On one side; mountains of unsold clothing that end up in landfills or burned. On the other side; clothing that fits here but not there and ends up being returned or thrown out.

The two co-founders, Jess and Andreas, were convinced there must be a better way and in 2014, Son of a Tailor was born.



A statement from our CEO

As a trained engineer and firm believer in the LEAN principles, I co-founded Son of a Tailor with the goal to change the clothing industry from its core. Today, we're living proof that it is in fact possible to make, sell, and consume garments in a radically different way. One that's better for both, the environment and the customer.

However, it's important to acknowledge that as a clothing brand, we're part of a system that's driven by newness and consumption. From a sustainability perspective, this is a major challenge. Our approach isn't perfect but we've come far and we're working every day to do better ourselves while inspiring the rest of the industry to do better too.

I see it as part of my role as Son of a Tailor's CEO to share our learnings and to continuously push the boundaries of the industry. That's why in spring 2022, I joined the board of Global Compact Denmark with the ambition to get more brands to work with us for a more sustainable clothing industry. At Son of a Tailor, we're proud supporters of the UN's Global Compact initiative and we look forward to sharing our experience in this report.

Jess

JESS FLEISCHER - CEO



Reengineering the clothing industry

Mission statements can be abstract so let's get concrete. Here's how we're reengineering the clothing industry:

- Produce exactly to demand with Made to Order.
- Offer perfect fit for everyone with custom fit.
- Use only high-quality materials that last, always.





SDGs are our core business

We have designed our business model to tackle some of the clothing industry's biggest challenges when it comes to human and environmental impact.

Sustainability is complex and our team is small but ambitious. Our credo is to pick the areas where you can have the biggest impact, develop smart solutions, and spread your ideas to the world.

We focus on 3 Sustainable Development Goals

- SDG 8: Decent work and economic growth
- SDG 12: Responsible consumption and production
- SDG 13: Climate action

SDG 8

Decent work and economic growth

The clothing industry is notorious for its opaque supply chains that allow for harmful working conditions. At Son of a Tailor, we only produce in the EU and work closely with our suppliers to ensure that everyone has a safe and healthy workplace. We know the names of all garment workers involved in our production and make sure that our customers do too, through our “Made by” initiative, where each garment comes signed.

Economic growth per se should not be an end goal. Instead, we see it as a means: More customers joining our made-to-order model means sustained and additional jobs for our employees in the head office and at our production partners.

SDG 12

Responsible consumption and production

SDG 12 is our main focus and sits at the heart of our business model. Our approach? Only make what has been ordered and make it last.

What sounds so simple is actually quite revolutionary. With our made-to-order system, we’re pioneering an alternative to mass production. One that’s truly scalable. That’s why we’re working on industry-wide adoption, through thought leadership but also through our B2B solution. Yes, other brands can produce with us. Want to get started? Get in touch!

SDG 13

Climate action

The clothing industry is incredibly resource-intensive. Now consider that it produces way more than it sells. 20% to be precise*. By only making what has been ordered and by making garments that last we cut the CO2 emissions associated with the production of one T-Shirt in about half.

What happens at the garment’s end of life? We opt for natural mono fibers whenever possible so the garments are not only biodegradable but also easy to recycle.

*MCKINSEY(2020): FASHION ON CLIMATE

Our supply chain

In the clothing industry, it’s not uncommon that brands struggle to identify which supplier made which garment. At Son of a Tailor, we have created a unique demand-driven supply chain that requires close collaboration with our garment manufacturing partners. This also means that we can trace every item back to the production partner and the team who made it. All our garment manufacturing partners are located in the European Union, more precisely in Italy and Portugal.

We strive to keep our supply chain as local as possible in order to reduce emissions and secure our high standards when it comes to quality as well as social and environmental performance. Therefore, all first-tier suppliers are also located in the EU, an exception being our stretch yarn supplier which is based in Japan. We have made sure that the fabric suppliers are co-located with the garment manufacturing partners that produce the respective products in either Portugal or Italy.

Our supplier for boxes, tags, and labels is located in Denmark where our head office and logistics center are based. We buy the stretch yarn for our knitwear in Japan as this is where the technology for our 3D knitting machine comes from.

- MANUFACTURING
- FABRIC SUPPLY



We're a certified B Corp

At Son of a Tailor, sustainability has always been at the core of our business model. But we don't believe in marking our own homework. This is why we decided to get certified by a third party: B Corp is the only certification that holistically evaluates a company's full social and environmental performance. It also includes a legally binding commitment to consider social and environmental concerns in all aspects of the business.

To become a B Corp, each company needs to undergo an assessment of business model and operations to confirm that it meets B Corp's high standards of social and environmental impact. To qualify for a B Corp certification you must score at least 80 across the 5 Impact Areas; Governance, Workers, Community, Environment, and Customers. The median score for ordinary businesses is 50.9. Our total score is 117.5 out of maximum 200, putting us in the top 8% of B Corps worldwide.

"We are proud to welcome Son of a Tailor to the B Corp Movement. Son of a Tailor is an archetype of a B Corp company with its approach to innovating the supply chain of the textile industry. Son of a Tailor's clothing is made from responsible materials, made to order, and made for the person wearing it – and without compromising labor rights." – Steffen Kallehauge, Head of Impact, B Corp Movement in the Nordics



We are still too few clothing brands that are B Corp certified.

As part of our B Corp announcement, we've publicly challenged the industry to get certified too, and to put our score to shame.





PEOPLE

Reengineering the clothing industry is a team effort – from production to supply chain to brand/marketing to customer success and more, we’re working hard every day to deliver custom fit at scale.

In the following chapter, we report on how we make sure to provide great working conditions to everyone involved, in our head office in Copenhagen as well as in our production in Italy and Portugal.

Head Office

Son of a Tailor was born in Copenhagen and that's also where our head office is located. We strive to be a safe, healthy, and inclusive workplace where all employees feel encouraged to be themselves and to grow.

The most important benchmark for us is employee satisfaction. For that, we use the same methodology that we also use to track our customers' satisfaction – the Net Promoter Score. Here, employees are asked to rate on a scale from 0 to 10 how likely they are to recommend our workplace to others. Subtracting the percentage of detractors from the percentage of promoters results in the Net Promoter Score. Generally, any score above 0 is considered a positive score.

Our result: 47

What we'd like to improve: We're thrilled to see that our team feels inspired by our mission and works together to reengineer the clothing industry. Son of a Tailor is more than the sum of its parts but we want to be better at recognizing individual accomplishments and at creating clear individual professional development for our employees. We also want to be better at sharing our strategy with the entire organization.



Diversity, non–discrimination & equal opportunities

It is our ambition to create a diverse organization, free from discrimination, and with equal opportunities for all. Our purpose serves as a unique source for belonging and identification, uniting the entire team.

Being a Danish company means that the universal declaration of human rights and freedom of association are guaranteed not only by our commitment but also by Danish law as Denmark is a member of the International Labour Organization (ILO).

Our Commitments

- Respect and promote diversity
- Ensure non–discrimination
- Ensure equal opportunities and pay for all genders
- Guarantee freedom of association
- No forced, compulsory or child labor

Commitments in practice

HR policies

We have a head office specific code of conduct that outlines our commitment to diversity, neutrality towards collective bargaining rights, prohibition of child labor and forced and compulsory labor as well as policies to minimize accidents.

We also make sure that all job postings state clearly that we are committed to providing an equal and diverse workplace.

Our team comprises 12 different nationalities and we have a 55/45 split between men and women, in the upper management a 50/50 split.

A safe and healthy workplace

We're committed to providing a safe and healthy work environment to all employees. For us, this also includes promoting opportunities to grow and develop skills, and to balance private life with work tasks. As a Danish company, we always comply with Danish and EU regulations.

Our Commitments

- Provide work insurance
- Provide work equipment
- Promote a learning culture
- Provide opportunities to grow and develop skills
- Provide opportunities to shape own tasks
- Promote work–life balance
- Promote a culture of respect and empowerment

Commitments in practice

Pension scheme & insurance

We offer our employees a company pension scheme as well as an insurance package. This ensures that our employees are financially stable during illness and that they get free and fast treatment if they need physical or psychological help.

Personal & professional development

In 2022, we started working with an external coach to help team members identify and build on their strengths. We have also introduced Tailor Talks, the reversed way of doing employee development talks. Here, the roles are turned, and the employees take lead to shape their future tasks and career. The talks are voluntary so success isn't based on the percentage of talks completed, but on the progress and new focus experienced by the employees.

Strengthen team spirit

We hosted our first Son of a Tailor Team Camp, a week of workshops, shared meals, and the opportunity to get to know each other more personally as well as to align on our mission and upcoming goals.

To keep everyone up to speed on what's going on in the company and to increase transparency, we have introduced monthly all-hands meetings and weekly project stand-ups.

Looking ahead

For next year, we aim to deepen our coaching offer to guide the different teams on how to best build on each other's strengths and talents. We'll of course also make sure that we stay true to our values as we develop as a company and as a team.

Production

We work closely with our manufacturing partners to not only create garments of the highest quality but also to ensure that everyone working on our products does so under great conditions.

All our garment manufacturing partners are located in the European Union and, therefore, operate under EU law. The same is the case for all first-tier suppliers except our stretch yarn supplier which is located in Japan. All our first-tier suppliers have signed our code of conduct which includes human rights, environmental, and anti-corruption considerations.



Case: Made By

In the clothing industry, the people who make the garments often remain hidden in opaque supply chains. At Son of a Tailor, we've chosen another way: we know who makes each individual garment and we want our customers to know too. That's why each product comes signed by a member of the garment team.



Employee satisfaction

As for our head office, we measure employee satisfaction for all garment manufacturing facilities anonymously.

We always strive towards 100% when it comes to employee satisfaction. We are in dialogue with our garment manufacturing partner to discuss how we can work towards a 100% satisfaction rate together. He has also set up a suggestion box for improvements.

Work–life balance is as important in our production as it is in our head office. We always strive to accommodate family issues, doctor appointments, etc., keep extra hours to a minimum, and make sure there’s enough time for breaks.

How happy are you with your place of work?

88% “Happy” or “Very Happy”.

Can you balance your work with your private life?

96% “Yes”.

Do you have enough time for your lunch break?

100% “Yes”.

Diversity, non–discrimination & equal opportunities

Our commitment to diversity, non–discrimination, and equal opportunities is as valid in regards to our production team as it is in regards to our head office.

Our Commitments

- Work only with garment manufacturing partners in the European Union
- Visit all garment manufacturing partners regularly to ensure compliance
- Ensure that the code of conduct is communicated and respected among our first–tier suppliers

A safe and healthy workplace

Safe and healthy working conditions are, unfortunately, not standard in the clothing industry. At Son of a Tailor, they are a priority.

Our Commitments

- Ensure our garment manufacturing partners’ compliance with EU health and safety regulations
- Utilize technology to improve work tasks of our production team
- Pay all employees in garment manufacturing facilities at least minimum wage
- All garment manufacturing partners are audited for working and sanitary conditions

Commitments in practice

Selection of partners

We have a clear policy that requires that all suppliers, sub-suppliers, consultants, workers, and collaborators are selected based on their competencies and mindset, without discrimination on the basis of gender identity, sex, race, religious or cultural beliefs, or any other distinguishing characters.

We choose all partners carefully which also includes a shared commitment to good working conditions.

Guarantee good working conditions

All our first-tier suppliers are operating under EU law, an exception being our Japan-based stretch yarn supplier. In addition, our first-tier suppliers have signed our code of conduct. To ensure that everything is the way it should be, we visit all our garment manufacturing partners regularly and are in touch via calls, emails, etc. on a daily basis. Our sourcing and production lead Ana is based in Portugal and visits all partners that manufacture our garments on a weekly basis. The partnership is so close that she even has her own desk in one of the production facilities. For the rest of the suppliers, we do ad-hoc visits.

Shared commitments

Everyone who works with us needs to commit to internationally declared human rights and provide a safe and healthy working environment. They must ensure that no people involved with Son of a Tailor's production are subjected to any form of forced and compulsory labor or to verbal, emotional, and physical abuse or intimidation. Our garment manufacturing partners further commit to improving work tasks in order to make daily work easier for the team. All employees at the garment manufacturing partners are paid at least minimum wage in accordance with national law, the majority more. In Portugal, all employees additionally receive 13th- and 14th-month pay, in Italy all employees receive an additional 13th-month pay. A standard workweek in our production is 40 hours.

Improved workflow

This year, we implemented a new production planning system and washable labels which helps us to make work tasks easier for the team and to shorten lead times for our customers.

Case: Production visits

Our sourcing and production lead Ana is based in Portugal and visits all partners that manufacture our garments on a weekly basis. The partnership is so close that she even has her own desk in one of the production facilities.

Between March and November 2022 we had a total of 98 production visits.





PLANET

The clothing industry’s environmental impact has made headlines over the last years and with it the question – How to make and sell garments in a way that causes as little damage as possible?

In the following chapter, we report on how we have designed our business model and operations to reengineer the clothing industry for the planet; structured in “waste”, “CO2 emissions”, “materials”, and “packaging”.

Waste

While traditionally, the industry is built on overproduction and wasteful production approaches, we’re pioneering another way. We eliminate overproduction with Made to Order and leverage technology to reduce production waste.

Our Commitments

- Stay true to Made to Order
- Actively develop production techniques that reduce production waste

Commitments in practice

Increase marker utilization

This year, we have optimized the way we arrange pattern pieces for cutting in order to reduce fabric waste during production. As a result, we increased the number of T-Shirts on our markers, meaning the most efficient arrangement of pieces, by 43%.

Continuous improvement of delivery times

Delivery times are an important factor for customer satisfaction and for getting more people to try Made to Order. That's why we're continuously improving our processes to make and ship our products as fast as possible. By introducing real-time order handling and automating some pattern-making processes, we reduced the preparation time by 26% from 2021 to 2022. This applies to our cut & sew garments, so all products except our knitwear.

Made to Order for more products

In 2014, we started with just one product, the Cotton T-Shirt. This year, we have continued to apply our philosophy to more products, launching three new styles. As of this year, we now offer a total of 33 Made to Order products.

More choice, less waste

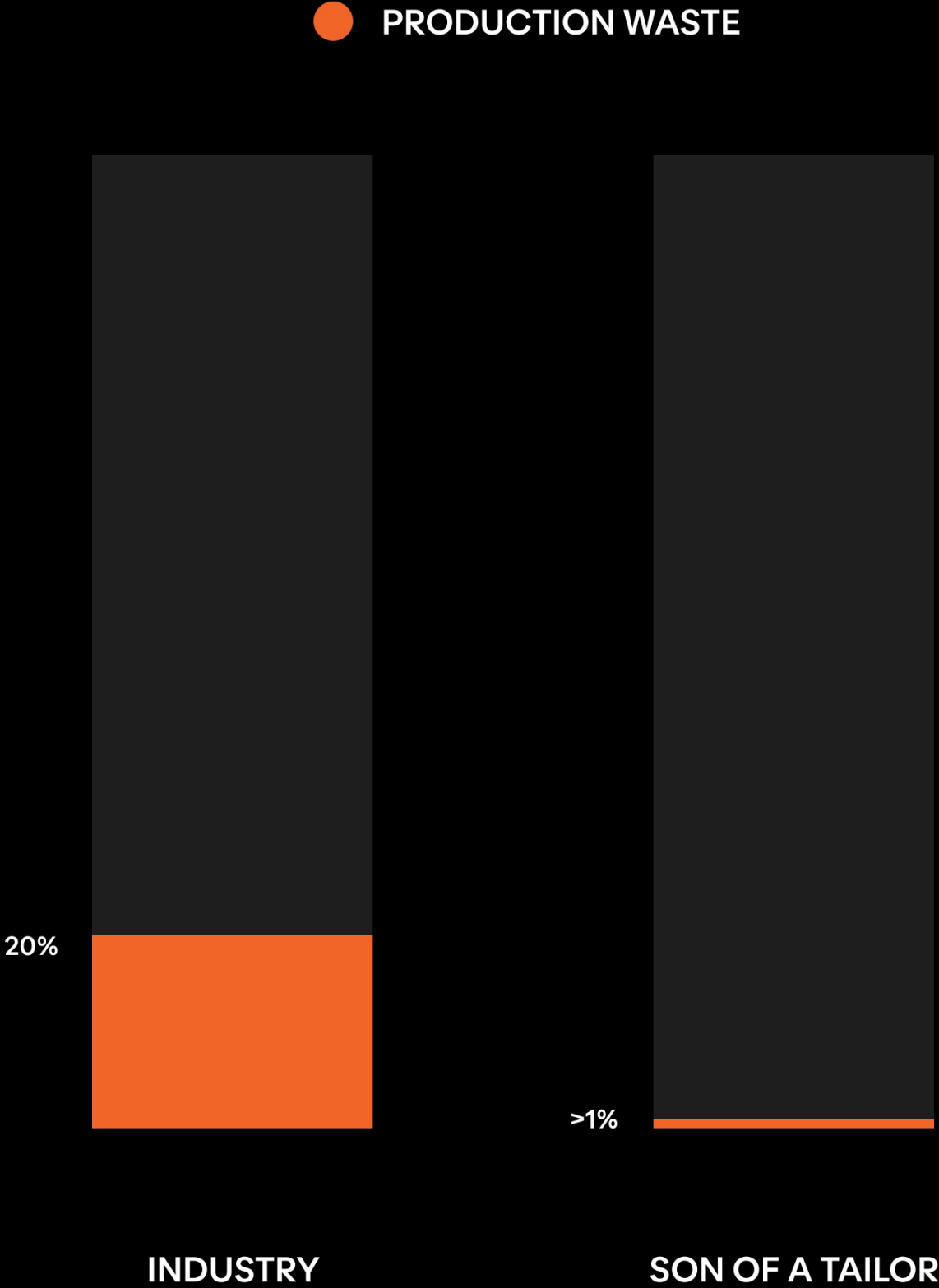
We like things colorful and launch new colors monthly. In an effort to minimize waste, these color drops are limited in quantity and expected to sell out within the given month. In fall 2022, we developed our first melange color for our Heavy Wool Sweater – by combining yarn in different colors that we already had available. The result? A vibrant new colorway without the need to produce or purchase any additional yarn.

Case: Zero Waste Knitwear Collection

Son of a Tailor is inspired by Lean Manufacturing and its relentless focus on removing waste wherever possible. By making all garments to order, we eliminate waste caused by overproduction. For our Zero Waste Knitwear Collection, we take this one step further.

We leverage 3D-knitting technology to knit the garments as a whole. This way, we reduce production waste from an industry average of ca. 20% to less than 1%*.

Since the launch of the world’s first 3D-knitted custom fit Pullover in 2019, we have worked on applying this innovative production technique to more products – most recently the Cardigan which was launched in November 2022. The Zero Waste Knitwear Collection now comprises six products, from classics like an O- and V-Neck Pullover to the sophisticated Turtle-Neck and contemporary Hi-Neck Pullover to the structured Heavy Wool Sweater and Cardigan. The entire collection is made from 100% Merino wool and of course, custom fit to the individual customer.



*Son of a Tailor (2019): White Paper Waste in Fashion

Case: “Your T–Shirt is Trash” Campaign

With our first brand campaign in fall 2022, we aimed to create awareness of the clothing industry’s huge waste problem. The campaign had an activist tone of voice: while the headline “Your T–Shirt is Trash” served as a provocative eye–catcher, the subheadline provided the necessary context, informing the audience that on average, 68% of all fabric ends up in the trash within one year.

Rather than promote doom and gloom, the campaign highlights the need and potential for change, and that Son of a Tailor wants to be part of the solution. It’s meant to inspire the audience with the outlook that a better clothing industry is possible and that they can play an active role in it.



CO2

Overproduction in the clothing industry isn't only a waste issue. Making garments that never reach a customer requires raw materials, transportation, machinery, etc., and consequently leads to additional CO2 emissions. At Son of a Tailor, we only produce what has been ordered and, thus, eliminate not only unsold inventory but also the emissions associated with creating it.

Our Commitments

- Reduce CO2 emissions in comparison to conventional approaches
- Develop production techniques that help reduce CO2 emissions in our production
- Offset CO2 emissions caused by our head office and shipping

Commitments in practice

Lifecycle Assessment

Assessing the impact of a garment is complex, especially when taking not only every step of the value chain but the entire lifecycle of the product into account. An internationally accepted and widely used methodology to do just that is the so-called Lifecycle Assessment, in short LCA. It allows objective and scientific evaluation of the resource requirements of a product and its potential impact on the environment during every phase of its lifecycle. Earlier this year, we performed such an assessment internally and we have recently commissioned a third party to confirm the findings for us. The results will be available in spring 2023.

Carbon neutral shipping

We have customers globally. This is great because the challenges we're addressing are global and we want as many people as possible to switch to Made to Order. But this also means that shipping our products to them causes CO2 emissions.

We follow the approach: reduce emissions where possible and compensate those that can't be eliminated. We try to minimize emissions related to shipping our products to customers by bundling orders whenever possible. This happens when customers order multiple items at once but even when they place two orders within a short timeframe, our system recognizes this and merges the orders to be sent together.

We then offset all shipping-related emissions that can not be eliminated by supporting an independently validated project that conserves approximately 170,000 hectares of forest and works with 45,000 households to reduce fuelwood use, develop sustainable livelihoods, increase community resilience to climate change, and promote biodiversity.

Carbon neutral head office

Together with the emissions related to shipping, we also compensate for the emissions of our head office. While shipping causes the majority of the emissions here, we believe that every detail counts when it comes to reducing our carbon footprint. Our employees support this by primarily opting for foot and bike or public transport when commuting to the office.

Commitments in practice (continued)

Custom fit reduces returns

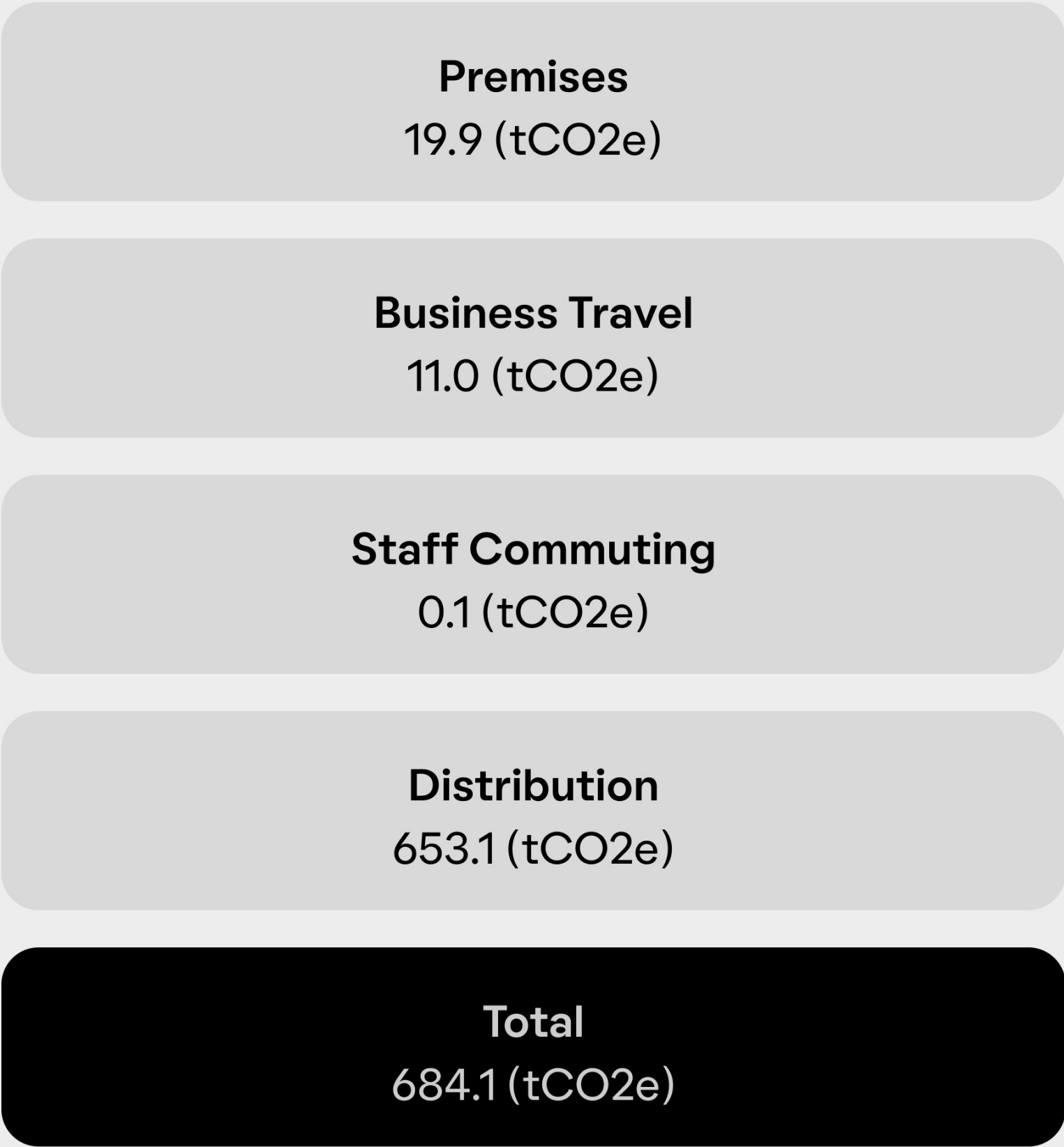
In the clothing industry, brands report return rates of up to 50%. And the wrong fit is the number one reason why people return clothing*. At Son of a Tailor, we offer perfect fit, every time as each item is made uniquely for the customer.

We’re so confident in our Perfect Fit Algorithm that customers receive a free replacement should they not be satisfied with the fit of their first order. In 2022, we’ve had a claim rate of 6%. Compared to 4% in the previous year, this is an increase but we actually see this as a good thing. Why? In the last year, we’ve increased the communication about our Free Remake Guarantee and made it easier for customers to claim. Because we believe that satisfied customers will return and, thus, drive a shift in consumer behavior from mass production to custom fit. This helps us reduce CO2 emissions on an industry level.

*Shopify (2021): The Plague of Ecommerce Return Rates and How to Maintain Profitability

Emissions by the numbers

Overall, the emissions associated with our head office and shipping have increased 37% between 2020 and 2021, mainly due to an increase in inbound and outbound distribution. This is primarily attributed to an increase in sales in this period. Thus, this represents a shift in consumer behavior towards Made to Order. Given our mission to drive change on an industry level, this can be seen as a positive development even though an increase in emissions comes with sustainability challenges. It needs to be noted that the displayed emissions are from 2021 while the rest of this report focuses on the timeframe December 2021 to November 2022. This is due to the reporting period of our carbon neutral certificate.



Spotlight: Product design and materials

We're focused on proving to the world that Made to Order is a true alternative to mass production, one that is better for the environment as well as the customer. While Son of a Tailor products have a smaller environmental impact than conventional alternatives, we're ultimately still introducing new products to the world. From a sustainability perspective, this is of course a challenge. In our product design, we address this by doing everything we can to make sure that our customers wear them a lot (high utilization) and over a long period of time (long lifetime). We do this by opting for a timeless design and by using materials of the highest quality.

How we ensure the highest quality

We conduct tests to ensure that the material will serve our customers well for a long time. This includes testing for softness, durability, and fit after many washes, examining how colors last over time, and test-wearing clothes to ensure we don't produce anything that won't hold up as our customers' favorite product for years to come.

This year, we conducted a test together with the Danish Technology Institute to compare the longevity of Supima cotton with that of conventional cotton. The result? Supima cotton is 50% better than conventional cotton when it comes to fabric strength, which means the garment will last up to double as long.

How we ensure ethical and environmental standards

We work primarily with natural fibers to ensure biodegradability, the only exception being the recycled polyester we add to our activewear. All our fabrics are OEKO-TEX STANDARD 100 certified and, thus, tested for harmful substances, as well as REACH compliant. REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.

Our Merino wool is also certified mulesing-free. An exception is the Merino wool for our Knitwear – here we work with a certificate of equivalence which means that our order value will be guaranteed to be invested in

mulesing-free wool but we are not guaranteed that the bulk we are purchasing is going to be mulesing-free. For our TENCEL™ Lyocell and Supima cotton, we work with strong brands which guarantee high quality and sustainability-related standards. We exclusively use Supima cotton for all our cotton-based products except the Oxford Shirt. Here, we use either GOTS-certified organic cotton or conventional cotton depending on the color.

How we ensure recyclability

When it comes to recyclability, the quality of the fiber is of central importance. The higher the quality of the original fiber, the higher its usability when recycled. Another important aspect is whether the fiber has been blended with another one. Fabrics made from only one fiber (mono fiber), are much easier to recycle than blends. We use mono fibers whenever possible, currently for 88% of our product portfolio.

Case: TENCEL™ Lyocell

Next to cotton and Merino wool, TENCEL™ Lyocell is the third and newest fiber in our product mix. First introduced in 2019 for our limited edition Light Summer T–Shirt, we made it part of the permanent collection when launching the Tencel™ T–Shirt in 2020. Since then we have introduced the Tencel™ Undershirt as well as the short– and long–sleeved Active T–Shirt so that we now use Tencel™ Lyocell for five of our signature products. In 2022, we increased the variety of available colors for our Tencel™ Lyocell products in order to drive a behavior change towards this environmentally preferable fiber. For next year, we’re working on introducing another product made from Tencel™ Lyocell.

But what’s so great about TENCEL™ Lyocell? It’s a cellulosic fiber, sourced from certified and controlled forests which means that it’s biodegradable. It’s also naturally unfavorable for bacterial growth. This does not only make it a great choice for hot days, but it also means that garments made from TENCEL™ Lyocell need less washing, thus, fewer resources when it comes to garment care.



Packaging

As we sell our garments through our own webshop directly to our customers, the packaging we use to ship them is of central importance. We treat our packaging with the same attention to detail that we apply to our products.

Cardboard box: 100% FSC Mix certified, 100% biodegradable

Hangtag: 100% FSC Mix certified, 100% biodegradable

Biobags: 100% biodegradable



Case: Packaging for our Oxford Shirt

When launching our Oxford Shirt in 2021, we were faced with a new challenge when it comes to packaging: traditionally, Shirts come with more packaging than casual wear like T-Shirts or Sweaters. This year, we optimized the packaging of our Shirts further, removing the inner cardboard layer as well as the plastic collar support and plastic clip.

The ambition was to remove everything that wasn't strictly necessary and to make sure that everything that stays is either biodegradable or recyclable. The Oxford Shirt now comes with a cardboard collar and silk paper, both biodegradable, as well as a metal clip that is recyclable.



Looking ahead to 2023

We're striving to reengineer the clothing industry for planet and people. Therefore, we believe that we can have the biggest impact by proving our business model, thus, becoming an example case for the rest of the industry. For next year, we'll focus on improving our processes further in order to make custom fit clothing at a price and speed that's competitive with mass production. The key priority is to establish our own Son of a Tailor production which will allow us even more access to driving change in the supply chain. It will also help us to reduce costs without negatively impacting salaries in the production.

We will further focus on materials. We're currently exploring the possibility to switch from Supima to organic cotton. In addition, we'll continue to proactively convince our customers to try the preferable fiber TENCEL™ Lyocell, for example through education and by increasing our product offering that's made from TENCEL™ Lyocell.

Another priority will be to educate our customers even more about garment care. At Son of a Tailor, all our garments are made to last. So we need to make sure we give our customers the best support possible to help them do their part in prolonging the lifespan of their items.



For any questions or comments please reach
out to support@sonofatailor.com



Sarah Schou
/HEAD OF SUPPLY CHAIN