

# ABOUT YOU<sup>®</sup>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT  
2021/2022

# ESG HIGHLIGHTS 2021/2022<sup>1</sup>



## PLANET

- We are on track to reach our **science-based targets** by 2025/2026
  - We reduced Scope 1 & 2 GHG emissions by 52.8% (target: 80%)
  - We reduced private label Scope 3 emissions per unit of value added by 5.4% (target: 35%)
  - We increased the percentage of partners with science-based targets to 46.6% (target: 90%)
- We made 2021/2022 the first full year of **CO<sub>2</sub>-neutral e-commerce operations** for us
- We increased our revenue share from **more sustainable products** to 21.8% by the end of 2021/2022



## PEOPLE

- We maintained a balanced **employee gender distribution** of 67.0% female, 32.9% male and <0.1% non-binary, as well as 49.3% female amongst lead'
- We achieved 100% **tier 1 supplier transparency** and published suppliers on the Open Apparel Registry (OAR)
- We created an **ESG due diligence framework** to manage and mitigate social risks along our value chain
- We adhere to high standards in data security and conducted our first annual **company-wide data privacy & security training**



## PROGRESS

- We set up an **ESG matrix organisation to improve ESG expertise in our business units** as part of our ESG strategy
- We established an **ESG monthly routine meeting** with our Co-CEO Hannes as the linchpin of our ESG governance
- We are one of the first companies to receive verification for the **Sustainable Apparel Coalition's Brand and Retail Module**, one of our ESG frameworks, and to report publicly on it
- We set up a **strong ESG partner network** including suppliers, influencers, industry peers, NGOs and various stakeholders to join forces on our ESG journey

<sup>1</sup> This ESG report covers our financial year from 1 March 2021 to 28 February 2022.

**ESG KEY PERFORMANCE INDICATORS<sup>2</sup>**

	Unit	2021/2022	2020/2021
<b>PLANET</b>			
<b>Greenhouse gas (GHG) emission reduction</b>			
Scope 1 & 2 absolute emission reduction from a 2019/2020 base year	%	52.8	17.4
Private label Scope 3 emissions per unit of value added emission reduction from a 2019/2020 base year	%	5.4	32.6
Percentage of partners with science-based targets	%	46.6	44.3
<b>GHG emissions</b>			
Scope 1 emissions (market-based)	t CO <sub>2</sub> e	60.8	59.3
Scope 2 emissions (market-based)	t CO <sub>2</sub> e	110.2	239.9
Scope 3 emissions	t CO <sub>2</sub> e	438,826.6	317,363.3
Thereof e-commerce operations	t CO <sub>2</sub> e	45,734.6	37,226.7
Thereof private label products	t CO <sub>2</sub> e	43,769.9	19,209.1
Thereof third-party brand products	t CO <sub>2</sub> e	349,493.1	261,226.7
Total emissions (Scope 1, 2, 3)	t CO <sub>2</sub> e	438,997.5	317,662.5
Emission intensity of our e-commerce operations	kg CO <sub>2</sub> e per order	1.14	1.39
Compensated emissions	t CO <sub>2</sub> e	71,399.9	19,209.1
Total net GHG emissions (Scope 3)	t CO <sub>2</sub> e	367,597.6	298,453.3
<b>Energy consumption (own operations)</b>			
Total energy consumption	MWh	1,878.4	1,528.3
Total share of renewables	%	43.4	18.0
Thereof share of renewable electricity	%	97.4	43.3
<b>Water impact (own operations)</b>			
Total water consumption	m <sup>3</sup>	3,293.2	3,436.0

	Unit	2021/2022	2020/2021
<b>Packaging impact (e-commerce operations)</b>			
Total packaging	t	10,838.7	7,690.3
Post-consumer recycled percentage	%	69.5	70.1
<b>More sustainable third-party brand products</b>			
Proportion of net revenue	%	21.8	18.9
Proportion of the assortment	%	13.6	8.4
<b>More sustainable private label products</b>			
Percentage of ordered private label products	%	32.0	10.9
Cotton products with organic or recycled cotton	%	54.0	27.1
Polyester products with recycled polyester	%	16.5	1.7
Viscose products with more sustainable viscose	%	37.3	8.8
Products with more sustainable leather (LWG, chrome-free)	%	42.2	24.0
<b>Circularity</b>			
Average of offered Second Love products	Number	350,616	148,936

	Unit	2021/2022	2020/2021
<b>PEOPLE</b>			
<b>Third-party brand partner engagement</b>			
Higg BRM data shared with us by previous year net revenue share	%	50.9	–
Verified Higg BRM data shared with us by previous year net revenue share	%	33.7	–
<b>Private labels value chain transparency</b>			
Tier 1	%	100.0	–
Tier 2	%	64.1	–
<b>Our employees</b>			
Total	Number	1,497	1,157
Female	%	67.0	66.6
Females in leadership positions	%	49.3	51.4
Male	%	32.9	33.4
Other	%	<0.1	<0.1
Number of nationalities	Number	80	68
International representation	%	28.5	22.6
Internationals in leadership positions	%	18.6	14.9
Employee feedback: Engagement score	Number	7.8	8.0
Employee feedback: Employee Net Promoter Score	Number	32	36

<sup>2</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.



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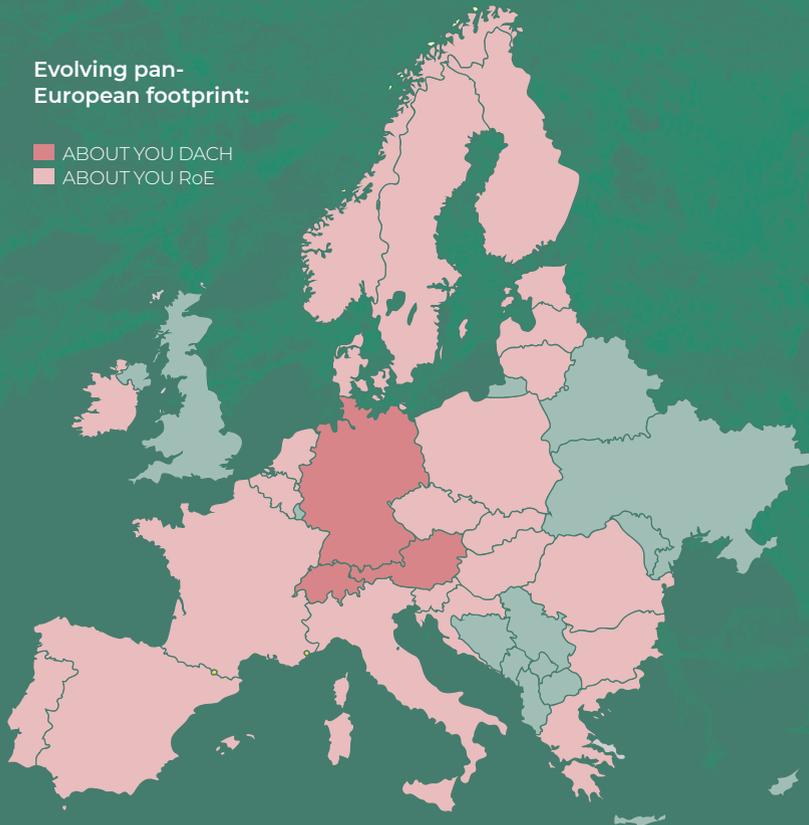
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# ABOUT OUR ESG REPORT

The information presented in this ESG report relates to ABOUT YOU Holding SE (“ABOUT YOU”), a stock corporation (Aktiengesellschaft) organised under European and German law, with its registered office in Hamburg, Germany. The shares of ABOUT YOU are listed on the Frankfurt Stock Exchange and were admitted to the SDAX<sup>®</sup> index in September 2021.

## Evolving pan-European footprint:

- ABOUT YOU DACH
- ABOUT YOU RoE



Founded in May 2014, ABOUT YOU has developed into one of Europe's fastest-growing online fashion platforms of scale over the last years. On its mission to digitise the offline shopping stroll for the young and fashion-conscious Gen Y&Z, the company blends fashion and technology to create the most inspirational and personalised shopping experience on users' smartphones. With its unique influencer-led discovery proposition, ABOUT YOU encourages its digital-native users to express themselves through fashion as they find inspiration through creative content and exclusive collections built around the company's influencer network and own labels on the platform. Over 30 million monthly active users can discover more than 500,000 products from over 3,500 brands via its website aboutyou.com and award-winning app. The hybrid model of own (1P) and third-party (3P) inventory enhances the customer experience with competitive delivery times across Europe and strong margins with mitigated inventory risk.

The company's home region of Germany, Austria and Switzerland is the core market segment of ABOUT YOU's commerce operations and constitutes the reportable segment of ABOUT YOU DACH. During the financial year (FY) 2021/2022, the company expanded to Greece, Portugal and Norway, which alongside 20 other international markets are now part of the RoE segment (Rest of Europe). ABOUT YOU currently operates in 26 markets in total and ships to

approximately 100 countries worldwide via its Global Shipping Platform, launched in December 2021.

ABOUT YOU also capitalises on its proprietary tech infrastructure and offers a software-as-a-service solution to fashion and non-fashion clients as part of its fully profitable B2B business. Additionally, ABOUT YOU offers brand or advertising formats (media) and 360° services along the e-commerce value chain. These business lines are represented in the TME segment, which stands for Tech, Media & Enabling.

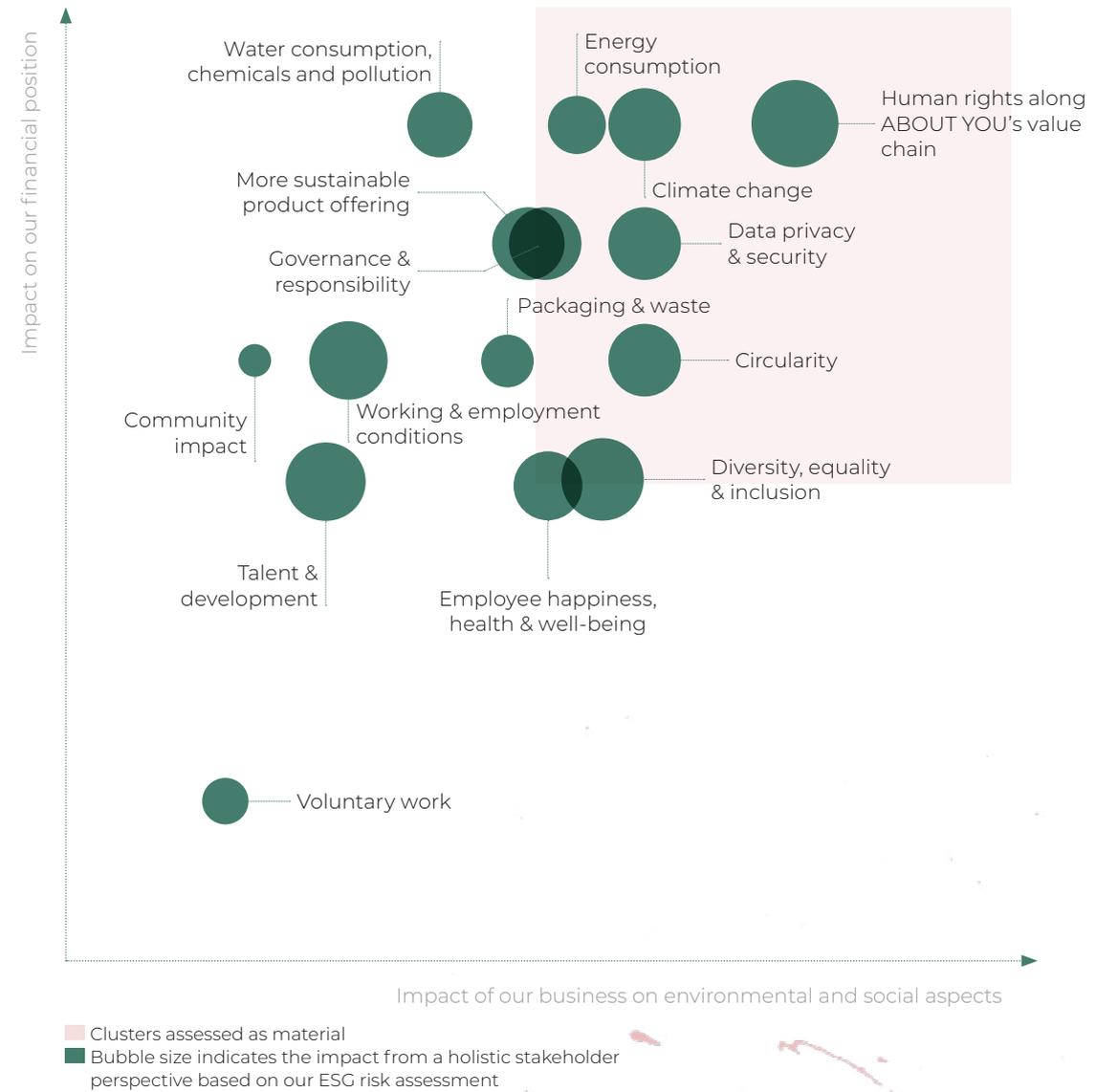


## MATERIALITY ASSESSMENT

The purpose of our materiality assessment is to define the ESG topics that are essential for us. We assessed three dimensions:

1. Impact of our business on environmental and social aspects based on our data
2. Impact on our financial position based on our corporate risk assessment
3. Impact from a holistic stakeholder perspective based on our ESG risk assessment

### OUR 2021/2022 MATERIALITY MATRIX



In 2021/2022, nine out of 15 assessed clusters were classified as material. Our material clusters are part of our non-financial group statement that is part of our Annual Report 2021/2022. We are required to report on these clusters. Within the scope of this ESG report we choose to present our efforts in additional clusters. To assess our material ESG topics, we followed three steps:

**1** Compiled a long list of 70+ topics by analysing ESG reporting frameworks, the reporting of fashion and intersectoral peers, the focus areas of multi-stakeholder initiatives, and through direct exchanges with various external stakeholders, including non-governmental organisations, and our own desk-based research

**2** Consolidated our long list of topics in 15 clusters that aim to be mutually exclusive and collectively exhaustive

**3** Prioritised along our three dimensions

To comprehensively prioritise along all three dimensions, we used tailored approaches to assess the materiality perspectives of our stakeholders:

1,000 of our customers and 1,000 additional online shoppers, who have not bought from us yet, participated in a market research study

Our employees provided feedback in anonymous monthly surveys and directly through internal channels

Our Co-CEOs and ESG experts participated in a survey, adding the perspectives of non-governmental organisations, ESG frameworks, investors and ESG analysts

Our business partners provided feedback in annual strategic meetings, in our coordinated corporate engagements and in ongoing bilateral exchanges

We participated in multi-stakeholder initiatives such as the Sustainable Apparel Coalition and amfori BSCI, annual strategic meetings and roundtable discussions

Consultancies provided perspectives on the latest regulatory developments from policy makers and regulatory bodies

We leveraged our corporate risk assessment and financial planning frameworks to assess the impact on our financial position

We conducted an ESG risk assessment that aims to reflect a holistic stakeholder perspective

Our materiality assessment is dynamic. Assessments are subject to shifts in materiality in all three dimensions whenever circumstances or perspectives change. Our materiality assessment is based on the previous year's assessment, conducted between November 2020 and February 2021. We confirmed this assessment in February 2022. Our approach is to update the entire assessment, including stakeholder engagement, every two years and to reprioritise all material topics annually.



# FOREWORD FROM THE CO-CEOs



Since our beginnings, we have always seen our mission as empowering people to express themselves through fashion. To not be afraid to stand up. To be confident, tolerant and open-minded. We believe in the just idea of doing business with a positive environmental impact and the fair treatment of all people. Therefore, we aim to operate our business with as many positive consequences for anything or anyone as possible. We take a stand for peace, tolerance and a healthy planet.

Our rapid progress, thanks to our passionate teams and valuable partners, has inspired us to create a business case study for a successful sustainability transition. We can achieve this transition by utilising our momentum, our voice and the collective power of our network of partners. As such, we believe that we can change our industry by being a role model for others and leave a measurable positive impact on our planet and people.

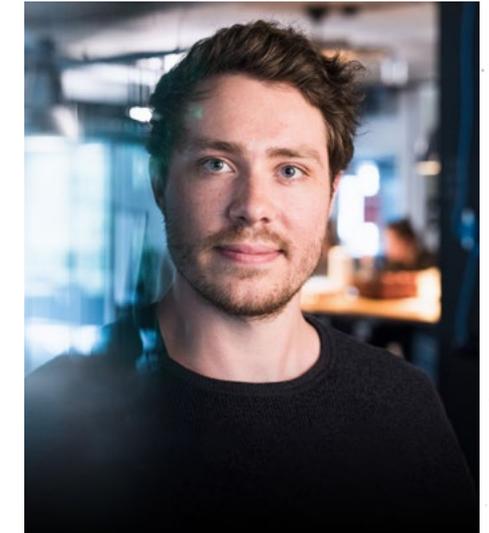
This ESG report is a milestone on our journey to become a more sustainable fashion e-commerce platform of scale. Being on a journey means that we are progressing step by step. Building on the progress we have made on our ESG roadmap in previous years, we took a great leap forward in 2021/2022. Since there are many aspects to improve simultaneously, we progressed further in some directions than in others. We prioritised, defined approaches and worked based on our materiality assessment. Reflecting our company culture will allow us to continue to adjust as we progress.



Tarek Müller, Co-Founder and Co-CEO, Marketing & Brand



Hannes Wiese, Co-Founder and Co-CEO, Operations & Finance



Sebastian Betz, Co-Founder and Co-CEO, Tech & Product



The urgency to act on ESG topics continues to increase. Compared to our Responsibility Report 2020/2021, this ESG report documents our challenges, accomplishments and approaches to engage in exchange and allow other companies to follow suit more transparently. This year, our ESG report follows the GRI reporting framework that helped us to calibrate our ESG strategy and increase disclosure. We report more holistically on our PLANET pillar; in our PEOPLE pillar, we added our new ESG due diligence framework and our efforts to increase value chain transparency; and we added the PROGRESS pillar to highlight our ambition, approaches and internal structure to empower a more sustainable future of fashion for all.

We translated the universal ESG (environmental, social and governance) framework into our PLANET, PEOPLE and PROGRESS framework.

A key enabling factor in managing our sustainability topics is our set-up as an organisation. We started as a lean, agile and digital company. Now we are working on integrating sustainability into our corporate decision-making on every level. To describe this process, we deliberately chose the word “transition”. So far, we have successfully aligned our corporate governance, risk management, strategy and financial planning processes. We have also integrated sustainability capabilities on decision-making levels into our business units. Our “sustainability leads” work inside key business units such as buying, private labels and logistics. This reduces friction, keeps us lean and increases the speed of our transition.

Our partnerships with fashion brands, suppliers, logistics partners, industry peers and more represent a key success factor. As an e-commerce platform with an asset-light business model, the environmental and social impact of our direct business partners and in the value chain surpasses our own. This impact can be quantified using metrics such as direct greenhouse gas emissions and direct employees. That means we can leverage our impact whenever any of our

approaches align with those of our partners or are also adopted by our partners. Healthy business relationships built on trust, transparency and a shared set of values form the foundation. We are grateful for our partners’ progress in 2021/2022, as well as their feedback and support of our ESG strategy.

A key challenge in our PROGRESS pillar is our high net revenue growth rate compared to our peers and the corresponding increased environmental impact and responsibility for more people. Our ambition is to outgrow our growth rate with our ESG strategy. That means that whenever we source a private label product, it should be more sustainable; whenever we develop a new business partnership, it should align with our goals; and whenever we set up a new warehouse, it should produce minimal greenhouse gas emissions. In a 2021/2022 retrospective, we increased the percentage of more sustainable private label and third-party brand products, updated our policies, achieved high partner engagement rates on key issues and reduced the greenhouse gas emission intensity of our e-commerce operations. We will intensify our efforts during the next reporting period.

As a fast-growing fashion e-commerce platform, we have major challenges ahead of us. By developing a forward-thinking governance and management approach, we are embracing these challenges and remain confident that we can manage them.

All this would not have been possible without our internal teams, business partners, customers, industry coalitions and the feedback we received from challengers and contributors. Thank you very much! We are humbled by your efforts and your support for our ESG strategy. Supporting ABOUT YOU means supporting the move to more sustainable practices in fashion e-commerce.

    
**TAREK MÜLLER**    **HANNES WIESE**    **SEBASTIAN BETZ**



# PLANET



## CORPORATE: TRANSITION TO A NET POSITIVE ENVIRONMENTAL IMPACT

The fashion industry generates significant greenhouse gas (GHG) emissions. Depending on the research approach and pre-defined boundaries, it is responsible for 3–10%<sup>3</sup> of global GHG emissions. The Apparel Impact Institute mentions “Tier 1 – Material Production” as the value chain segment that contributes the most towards value chain GHG emissions. On top of that, the fashion industry is one of the most water-, pollution- and chemical-intensive industries<sup>4</sup> contributing to transgressing planetary boundaries.

Our fashion and e-commerce partners are taking steps to reduce their environmental impact. However, we do not see complete alignment with a reduction pathway regarding GHG emissions outlined in the Paris Agreement. The goal of the Paris Agreement is to limit global warming to 1.5 °C compared to pre-industrial levels to avoid the most severe scenarios affecting the planet and people. We recognise the progress being made regarding water consumption, pollution and chemicals, but from our perspective the momentum to reduce the overall environmental impact also needs to increase.

Our ESG risk assessment, based on our e-commerce business model and the products we sold, identified GHG emissions, water consumption, chemicals and pollution as salient environmental risks. To better understand our impact, we quantified the impact of our GHG emissions in accordance with the GHG protocol.

To manage and reduce our environmental impact, we developed a four-step approach that we continue to shape and expand on:

- 1 Continuously measure our impact and gradually improve our analysis (we can only manage what we can measure).
- 2 Set targets, reduce our impact and coordinate improvements with our partners.
- 3 Compensate for all GHG emissions that cannot be reduced directly.
- 4 Share our progress and learnings in this ESG report.

Moreover, we set up a governance structure to empower our teams to drive the necessary transitions to reduce environmental impact themselves. We monitor the effectiveness of our management approach by tracking corporate developments with our measurement systems (including the KPIs provided in this ESG report), exchanging with our partners, benchmarking our peers, analysing stakeholder feedback, reviewing our grievance mechanism and having our reporting verified externally<sup>5</sup>.

<sup>3</sup> World Resource Institute (2021) - Roadmap to Net Zero: Delivering Science-based Targets in The Apparel Sector, McKinsey & Company and Global Fashion Agenda (2020) - Fashion on Climate

<sup>4</sup> abc NEWS (2016) - How Sustainable Brands Are Turning Their Backs on Fast Fashion Trend

<sup>5</sup> In 2021/2022 our replies to the Higg Brand and Retail Module were verified by TÜV Rheinland.

## GHG EMISSIONS – ALIGN REDUCTION TRAJECTORIES WITH THE 1.5 °C PATHWAY

In March 2021, we set science-based targets (SBT) approved by the **Science Based Targets initiative (SBTi)**, a multi-stakeholder initiative of the Carbon Disclosure Project, UN Global Compact, World Resource Institute and World Wide Fund for Nature (WWF). By building on the latest science, the SBTi works with companies to set ambitious

targets to reduce GHG emissions in line with the 1.5 °C pathway outlined in the Paris Agreement. We see an industry-changing momentum behind the SBTi. Over 2,500 companies were signed up as of February 2022, as opposed to only around 1,000 the year before. More than 1,000 companies had their targets approved by the SBTi as of

February 2022. The SBTi methodology focuses on reducing GHG emissions; therefore, no compensated emissions are counted as progress towards our targets. We incorporated our targets into our business processes and would like to provide you with the following status update<sup>6</sup>:



In 2021/2022, we continued to compensate for the e-commerce GHG emissions that we were unable to reduce through offsetting in **tangible, certified climate protection programmes**. As a result, 2021/2022 was the first full year of CO<sub>2</sub>-neutral e-commerce operations through compensation for our customers and us. We started including our private label products in our compensation scheme in July 2021, to also offer CO<sub>2</sub>-neutral private label products through compensation.

<sup>6</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.  
<sup>7</sup> Scope 1: Direct emissions from our own operations such as fossil fuel combustion (boilers, vehicles, etc.), Scope 2: Indirect GHG emissions associated with purchased heating, electricity, steam or cooling  
<sup>8</sup> Across this ESG report, we adapted our target years to our financial years (FY) from 1 March to end of February. This means we still plan to reach a previously communicated 2025 target no later than 31 December 2025, which falls in 2025/2026. We will report progress annually within our FY cycles.  
<sup>9</sup> In 2021/2022, we adapted the calculation of our GHG emissions and science-based targets from the calendar year to our financial year from 1 March to end of February. Hence, we adapted the base year from 2019 to 2019/2020. Our base year reported to the Science Based Targets initiative remains 2019 as of February 2022.  
<sup>10</sup> Scope 3: Indirect emissions in our value chain outside of our organisation  
<sup>11</sup> Equals our private labels contribution margin which equals our private labels net revenue minus private labels cost of goods sold  
<sup>12</sup> Here we have some uncertainty since we depend on our partners that would be required to set SBT. Initiatives are being implemented to create industry-wide alignment and increase efforts including assessing maturity levels towards setting SBT, one-on-one exchanges and providing dedicated training

Compared to our 2020/2021 Responsibility Report, we expanded the reporting to include all relevant Scope 3 categories in accordance with guidance from the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard to provide more transparency on

our total GHG emissions. We also included more primary data to improve model accuracy. Lastly, we adjusted the reporting to our financial year from 1 March 2021 to 28 February 2022. We therefore restate our 2019/2020 and 2020/2021 GHG emission reporting to assure a like-for-like comparison between periods.

	Raw materials	Processing	Material & component production	Product manufacturing	Transport	Procurement/ buying/ sourcing	Warehousing	Our e-commerce platform	Delivery to customer (& returns)	Customer use	End of use	
	Tier 4	Tier 3	Tier 2	Tier 1 (+ trading companies)								
Scope of GHG emissions	3							1 & 2 (mainly our rented premises)	3			
<b>Focus areas:</b>												
1) Our e-commerce operations					various <sup>1)</sup>							
2) Our private label products	Purchased goods & services				Upstream transportation & distribution					Use of sold products	End-of-life treatment of sold products	
3) Third-party brand products	Purchased goods & services				Upstream transportation & distribution					Use of sold products	End-of-life treatment of sold products	

We split our analysis into our Scope 1 & 2 emissions and our Scope 3 emissions. In the interest of transparency regarding the specific challenges of reducing GHG emissions, we report our Scope 3 emissions in three focus areas:

1. Our “e-commerce operations GHG emissions”<sup>13</sup> were the focus of last financial year’s Responsibility Report and are also highlighted in this ESG report.
2. Our “private label products” are reported separately, covering the categories of purchased goods & services, upstream transportation & distribution, use of sold products and end-of-life treatment of sold products.
3. “Third-party brand products” are reported separately, covering the categories of purchased goods & services, upstream transportation & distribution, use of sold products and end-of-life treatment of sold products.

<sup>13</sup> Includes Scope 1&2 emissions and Scope 3 emission categories purchased goods&services (packaging, call centres, water consumption, data centre usage and marketing materials) from our e-commerce operations, capital goods, fuel- & energy-related activities, waste generated in operations, business travel, employee commuting, downstream transportation & distribution (outbound and return transport, warehousing) and end-of-life treatment of sold “products and packaging” for our e-commerce operations

Due to business growth, our total GHG emissions increased to 438,997.5 metric tonnes of carbon dioxide equivalent (t CO<sub>2</sub>e)<sup>14</sup> in 2021/2022 from 317,662.5 t CO<sub>2</sub>e in the previous year: a 38.2% increase.<sup>15</sup> We increased our compensated GHG emissions to 71,399.9 t CO<sub>2</sub>e from 19,209.2 t CO<sub>2</sub>e in the previous year: a 271.7% increase.<sup>15</sup> We present a detailed overview of our Scope 3 emissions in the **APPENDIX**.

In total, our business growth is still a challenge for our overall GHG emissions. The challenge we face moving forward will be to grow our business without increasing our GHG

emissions. The positive results in our value chains where we have more operational control are encouraging. What stands out the most is the 52.8% reduction of our absolute Scope 1 & 2 emissions in 2021/2022 compared to the base year of 2019/2020. Moreover, we decreased our GHG emission intensity from e-commerce operations to 1.14 kg CO<sub>2</sub>e per order from 1.31 kg CO<sub>2</sub>e in the base year: a 13.1% decrease. Internally, our efforts to reduce GHG emissions have advanced across the company. All the teams involved are working on dedicated reduction measures. Their efforts are reported in each of the following sections.

Corporate Greenhouse Gas Emissions ABOUT YOU – by Scope <sup>15</sup>	2021/2022	2020/2021	2019/2020	2021/2022	2021/2022
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	Change YoY	Change vs base year
Scope 1 - Direct emissions (gas/heating, refrigerants), market-based	60.8	59.3	45.9	2.5%	32.5%
Scope 2 - Indirect emissions (power, district heat), market-based	110.2	239.9	316.2	(54.1%)	(65.1%)
<b>Total (Scope 1, 2)</b>	<b>171.0</b>	<b>299.2</b>	<b>362.1</b>	<b>(42.9%)</b>	<b>(52.8%)</b>
Scope 3 - Indirect emissions outside of the organisation	438,826.6	317,363.3	245,035.4	38.3%	79.1%
<b>Total (Scope 1, 2, 3)<sup>16</sup></b>	<b>438,997.5</b>	<b>317,662.5</b>	<b>245,397.4</b>	<b>38.2%</b>	<b>78.9%</b>
Thereof our e-commerce operations <sup>17</sup>	45,734.6	37,226.7	24,777.7	22.9%	84.6%
Thereof our private label products <sup>18</sup>	43,769.9	19,209.1	14,947.5	127.9%	192.8%
Thereof third-party products	349,493.1	261,226.7	205,672.2	33.8%	69.9%
Emission intensity of our e-commerce operations [kg CO <sub>2</sub> e per order]	1.14	1.39	1.31	(17.9%)	(13.1%)
E-commerce operations and private label products compensation <sup>19</sup>	71,399.9	19,209.2		271.7%	
Total net emissions with compensation (Scope 1, 2, 3) <sup>9</sup>	367,597.6	298,453.3	245,397.4	23.2%	49.8%

<sup>14</sup> Part of the data is based on projections.

<sup>15</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.

<sup>16</sup> May not add up exactly, due to rounding numbers by the last digit.

<sup>17</sup> Includes Scope 1 & 2 emissions and Scope 3 emission categories purchased goods & services (e-commerce operations), capital goods, fuel- & energy-related activities, waste generated in operations, business travel, employee commuting, downstream transportation & distribution and end-of-life treatment of sold products (e-commerce operations)

<sup>18</sup> Includes Scope 3 emission categories purchased goods & services (private label products), inbound transportation & distribution (private label products), use of sold products (private label products) and end-of-life treatment of sold products (private label products)

<sup>19</sup> Includes full scope of e-commerce operations since October 2020 and private label products purchased goods & services and end-of-life treatment of sold products since July 2021



## ENERGY – OPTIMISE OUR ENERGY CONSUMPTION

Even if the impact of our own energy consumption on our GHG emissions is low due to our asset-light business model, we identified energy consumption as material because of its significant impact on GHG emissions in our value chain through each contributor. Therefore, one way to decarbonise our products & services would be to reduce the Scope 1 and 2 GHG emissions of every value chain contributor, such as in product manufacturing.

A successful approach to value chain GHG emission reduction requires us to lead the way ourselves. We systematically analysed our energy consumption, including up-to-date market-based data where available. To optimise our energy consumption, we want to 1) use resources as efficiently as possible and 2) transition to procuring as much renewable energy as possible. That will allow us to encourage direct business partners and value chain contributors to decarbonise their energy consumption. As energy-efficient and renewable energy generation technology is available at scale, we consider switching to be an issue of technology adaptation to both.

Heating and electricity at our premises are the main drivers of our energy consumption. In 2021/2022, our total rented premises increased due to company growth, which caused our absolute electricity and heating energy consumption to increase. We operated one company car. We increased how much of our energy comes from renewable sources to 43.4%, a 25.4 percentage point increase over the previous year, by increasing the proportion of electricity and district heating from renewable sources.<sup>20</sup>

<sup>20</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.

<sup>21</sup> Assessed with World Resource Institute (2021) - Aqueduct Water Risk Atlas

## WATER – REDUCE OUR WATER IMPACT

2021/2022 was the first financial year in which we accounted for our water impact. We systematically analysed direct water consumption at our premises. In our asset-light business model, we operate a limited number of rented offices and other spaces in areas of low water stress<sup>21</sup>. Our direct water consumption in 2021/2022 was 3,293.2 m<sup>3</sup> compared to 3,436.0 m<sup>3</sup> in the previous year.

Similar to our GHG emissions, we expected the value chain water impact, including textile and raw material production, to be significantly higher compared to our direct water consumption. In 2021/2022, we analysed the water impact of our products within the reporting period, using the results to identify dedicated reduction measures. We concluded that approaches to reducing water impact and GHG emissions are interrelated. Our more sustainable product criteria already cover major levers to reduce the product water footprint. Therefore, our main lever to reduce water impact is to increase the proportion of more sustainable products. We will also engage with our partners and work on reducing the water impact together.

Energy consumption <sup>20</sup>	2021/2022	2020/2021	2019/2020
Electricity (total) [MWh]	672.8	635.1	511.6
Electricity from renewable sources [MWh]	655.5	275.0	167.2
Share of renewable electricity	97.4%	43.3%	32.7%
Heating [MWh]	1,185.6	864.8	1,059.9
Heating from renewable sources [MWh]	158.8	0.0	0.0
Share of renewable heating	13.4%	0.0%	0.0%
Car fleet (one company car) [MWh]	20.0	28.4	0.0
<b>Total [MWh]</b>	<b>1,878.4</b>	<b>1,528.3</b>	<b>1,571.5</b>
Total renewables [MWh]	814.3	275.0	167.2
Total share of renewables	43.4%	18.0%	10.6%

Packaging impact	2021/2022		2020/2021	
	Total [t]	PCR [%]	Total [t]	PCR [%]
<b>Primary packaging (outbound shipping)</b>				
Corrugated cardboard boxes and tape (paper, PP)	7,108.3	79.6%	5,300.0	79.7%
Poly mailers (LDPE)	664.2	59.9%	363.2	59.4%
Shopping bags (paper)	3.1	0.0%	no data	no data
Delivery notes (paper)	429.0	38.5%	222.7	0.0%
<b>Total primary packaging</b>	<b>8,204.5</b>	<b>75.9%</b>	<b>5,885.9</b>	<b>75.4%</b>
<b>Secondary packaging (repackaging)</b>				
Polybags (PE)	61.5	0.0%	56.4	0.0%
Value-added services (paper, PP tape)	893.3	79.4%	905.3	80.0%
Labels (paper-based)	130.9	0.0%	88.7	0.0%
<b>Total secondary packaging</b>	<b>1,085.7</b>	<b>65.3%</b>	<b>1,050.4</b>	<b>69.0%</b>
<b>Tertiary packaging (transport)</b>				
Transport packaging (paper, wood)	1,548.4	38.5%	754.0	30.8%
<b>Total tertiary packaging</b>	<b>1,548.4</b>	<b>38.5%</b>	<b>754.0</b>	<b>30.8%</b>
<b>Total packaging</b>	<b>10,838.7</b>	<b>69.5%</b>	<b>7,690.3</b>	<b>70.1%</b>

## WASTE – USE AS MUCH RECYCLED PACKAGING AS POSSIBLE

We use packaging to ship products to our customers safely. Most packaging runs linearly through a take-make-use-waste model and lacks low GHG emission and scalable circular solutions. Recycling rates of paper and plastic packaging at the end of their use phase vary in our markets. Single-use plastics are a major waste issue since they don't decompose in nature and rightfully face scrutiny by our customers and legislators in our markets.

Packaging is the largest contributor to our e-commerce operations category 1 "Purchased goods & services" GHG emissions. To reduce our environmental impact, we are working on using as much post-consumer recycled (PCR) packaging as possible while improving material efficiency. Using PCR packaging materials lowers GHG emissions and reduces our intake of virgin resources such as crude oil and wood.

In our 2020/2021 Responsibility Report, we reported the weight and percentage of PCR in the poly mailers and corrugated cardboard boxes that we had sourced. Within the scope of this ESG report, we detailed our analysis by including relevant packaging and consumables that are used in all our e-commerce operations, including warehouses operated by our partners and our drop shipping partner model. Packaging is either procured by us or our partners. In 2021/2022, the total percentage of PCR content in packaging decreased to 69.5% from 70.1% in 2020/2021 due to improvements in material efficiency. However, we worked with our partners to increase the percentage of PCR in packaging. We will account for major shifts within the next reporting period.

**Below, we present measures that we implemented in 2021/2022 to improve material efficiency and to increase the percentage of PCR in packaging:**

We reduced the weight of our corrugated cardboard boxes, improving material efficiency from 529 grams per box in 2020/2021 to 428 grams in per box 2021/2022.

We changed our inbound and returns processes to reduce the need for repackaging footwear in warehouses, resulting in a decrease from 23 shoe boxes per 100 returned products in 2020/2021 to 14 by the same metric in 2021/2022.

We increased the percentage of PCR in our customised poly mailers from 80% in 2020/2021 to above 90% in 2021/2022.



We transitioned our delivery notes to 100% recycled paper in 2021/2022 together with our warehousing partners from regular paper in 2021/2022.



We transitioned some of the polybags used in warehouses for repackaging of inbound goods from 0% PCR in 2020/2021 to 80% PCR in 2021/2022.



In 2022/2023, we will continue to work on measures in our packaging roadmap with our partners. At the time this ESG report is being written, we are working on more measures, such as:

- Switching our corrugated cardboard boxes to 100% PCR
- Increasing the transparency of the packaging and percentage of PCR used by our partners
- Transitioning all polybags to a higher percentage of PCR with our warehousing partners; this includes repackaging in our returns processes
- Adding packaging used in our private label upstream value chain, such as polybags and corrugated cardboard boxes, to our impact analysis
- Engaging with brand partners to increase PCR shares of polybags that protect the products that are delivered to us

We are also frequently asked about our textile disposal processes. In general, we try to waste as little as possible. We sell overstock or out-of-season stock through our own channels and to dedicated partners such as off-price retailers and shopping clubs. We receive returns of varying qualities, and most products can be restocked in our warehouse right away. Products that we cannot restock directly are sorted by quality. We have processes for cleaning and/or repairing products as necessary. We sell anything we cannot restock, clean or repair to dedicated partners. However, a small percentage of products need to be discarded because the products cannot be cleaned, repaired in our facilities or sold. These products are destroyed and account for <0.1% of the returns we processed in 2021/2022.

<sup>22</sup> McKinsey & Company (2020) - Consumer sentiment on sustainability in fashion

**THIRD-PARTY BRANDS – BUYING: TRANSITIONING TO MORE SUSTAINABLE PRODUCTS**

As an e-commerce platform, most of the products sold on our platform are from third-party brand partners. We see our role as an intermediary and ambassador between brand partners and customers connected via a product flow. Scaling the percentage of our more sustainable assortment and revenue is a key component of our approach to reduce our environmental footprint. We plan to meet customer demands and reduce the environmental impact of the products we sell by offering more sustainable products that meet certain criteria and seamlessly integrating them into our platform. Alignment and collaboration with our brand partners are key success factors.

Our **GHG emissions analysis** in the previous section shows that the upstream production phase of the products we sell as third-party brand products contributes the most to our overall GHG emission impact. However, GHG emissions are only one aspect. We estimate that the same is true of water consumption, chemicals and water pollution. We recognise our responsibility to reduce the environmental impact of the products we sell along with our brand partners.

We are aware that a proportion of our customers is becoming increasingly environmentally conscious and ethically minded, demanding transparency and more sustainable products. More than three in five consumers state that they factor the environmental impacts of their actions into their purchasing decisions.<sup>22</sup> In addition to this purchasing behaviour being reflected in surveys, this development is mirrored in our customers' continuously rising interest in our more sustainable assortment.

Along with growing consumer awareness of greenwashing, the credibility of sustainability communication has also increasingly been questioned.<sup>23</sup> However, there is no universal or industry-wide definition of what constitutes a more sustainable product, as the industry's brands, retailers and platforms all have different definitions and approaches.

The wide variety of interpretations is why we decided to be as transparent as possible on a product level by presenting more sustainable product labels in the shop and increasing transparency over time. Doing so allows our customers to make informed purchasing decisions as we highlight products based on environmental and social criteria when we can ascertain a lower environmental impact or lower social risk compared to a conventional product. Our criteria and communication around such products are fact-based, and our strongest criteria are third-party verified standards, such as the Global Organic Textile Standard (GOTS). To reach our goals, we developed a six-step approach that we continue to shape and expand on:

- 1 Continuously review our more sustainable product criteria.
- 2 Set targets to increase the proportion of more sustainable products.
- 3 Increase the transparency of more sustainable products in our shop by labelling them according to our criteria.

- 4 Increase the visibility of more sustainable products by providing filters and categories.
- 5 Engage with brand partners and peers to align criteria.
- 6 Share our progress and learnings in this ESG report.

We have significantly increased the percentage of more sustainable products on our platform. While growing our overall assortment compared to the previous year, we also scaled the percentage of our more sustainable product assortment. Our KPIs show that we are on track to reach our target. We added the net revenue from our more sustainable products to highlight to what extent more sustainable products sell well. We want to encourage more brand partners to offer more sustainable products via our platform.

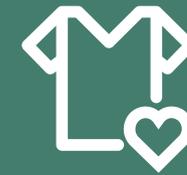
**Percentage of more sustainable products in our core assortment<sup>24</sup> [%]<sup>25</sup>**

	2021/2022	2020/2021	2023/2024 target <sup>26</sup>
Proportion of net revenue	21.8%	18.9%	25.0%
Proportion of the assortment	13.6%	8.4%	20.0%

In 2021/2022, we changed the label for our more sustainable assortment from "sustainable" to "more sustainable". This change reflects our understanding of sustainability as a process rather than a state. It also highlights that the labelled products are a more sustainable option than similar conventional products although they are not entirely sustainable. Our criteria cover major aspects of product sustainability.

<sup>23</sup> Organization & Environment (2015) - The Means and End of Greenwash. 28 (2): 223-249  
<sup>24</sup> Excluding home, living, accessories and beauty  
<sup>25</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.  
<sup>26</sup> We set the 20% more sustainable assortment target in 2020/2021.

**MAJOR ASPECTS OF PRODUCT LEVEL SUSTAINABILITY:**



**Eco-friendly materials**  
 Using more environmentally and animal-friendly materials



**Eco-friendly production**  
 Using more environmentally friendly production processes



**Friendly & social**  
 Reducing social risks in a product's value chain

In 2021/2022, we reviewed and updated our criteria for more sustainable products more sustainable products:

- Conventional linen is no longer seen as more sustainable – only organic linen.
- We reclustered our criteria in our shop to offer a more comprehensive overview.
- We developed a dedicated logic for labelling more sustainable footwear that is a better match for their composition of upper, lining, insole and outer sole.
- We added criteria that are relevant for our assortment, including more eco-friendly materials, more environmentally friendly manufacturing processes and standards.

Cradle to Cradle Certified®



The Cradle to Cradle Products Innovation Institute drives innovation for the circular economy. The Cradle to Cradle approach aims to make products fully recyclable and thus implement a resource cycle without waste. All products are holistically tested with regard to health, reuse, emissions management and climate protection, water and soil management and social fairness, and then classified into different certification levels (bronze, silver, gold and platinum). More info at: <https://www.c2ccertified.org/>

TENCEL™ x REFIBRA™ Technology



TENCEL™ Lyocell with REFIBRA™ technology is partly made from upcycled cotton scraps. The fibres can still be identified in the end product thanks to an integrated, innovative technology. This enables proof of fibre origin and improves supply chain transparency. The REFIBRA™ technology is Lenzing's first step towards contributing to the circular economy. We only label products that consist of at least 50% of these fibres. TENCEL™ and REFIBRA™ are trademarks of Lenzing AG.

Cork (FSC® certified)



Cork can be used primarily as a natural alternative for shoes and accessories. The material is obtained through one of the most environmentally friendly harvesting processes and is very robust and resistant. We have chosen FSC®-certified cork to ensure that the material comes from responsible and resource-conserving forestry. We label products made from at least 30% FSC®-certified cork as "more sustainable". More info at: <https://fsc.org/en>

Licence number: FSC@ N003709

Recycled Leather



Leather is recycled by first shredding it and then reassembling it. However, it is no different from conventional leather, which means that recycled leather is a good resource- and animal-friendly alternative. We see products made from at least 50% recycled leather as a more sustainable alternative.

Innovative Technologies



For the special look of some products, special technologies and processes are used, some of which have been criticised in the past. This criterion recognises the development of alternative production steps and technologies that are less harmful to employees and the environment. For example, dyeing and processing methods are meant to (almost) completely avoid the use of chemicals and not be hazardous to health or the environment.

A full more sustainable product criteria catalogue can be found in the **APPENDIX**.



Aside from a product transition, our brand partners are also key partners for a value chain transformation towards more environmentally friendly practices and fewer social risks. Please read the **THIRD-PARTY BRAND BUYING section in the PEOPLE chapter** of this ESG report to see how we engage and collaborate with brand partners.

### DEEP DIVE: HIGHLIGHT PRODUCT CERTIFICATIONS

As corporate approaches vary in relevance and ambition regarding environmental and social product standards, we see added value in aligning product criteria with standards set by third parties. Selected standards include inspections by independent auditors through certification. Certification can be granted on the material, process and product level to increase the credibility of claims. The most comprehensive certifications are chain-of-custody certifications, which ensure that each step of the value chain meets the standard's criteria and is verified through an audit process. This includes raw materials that went into the product, processes such as raw material processing, component production and product manufacturing, as well as distribution of the final product. Final products can then be labelled accordingly.

One chain-of-custody certification for organic products is the **Global Organic Textile Standard (GOTS)**. The standard's social requirements are based on key requirements of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Cooperation and Development (OECD).

Each value chain contributor is certified according to the standard and upholds a valid scope certificate. Scope certificates are renewed annually through an audit by an official certification body. In 2021/2022, we obtained GOTS certification for our proprietary e-commerce processes in our second annual audit, during which our warehouses and offices were audited as part of the certification process. To ensure compliance with the standard, we set up an internal training scheme and adapted warehouse processes to accommodate the handling requirements of GOTS-certified products.

In addition to scope certificates, every trade of pre-products between value chain contributors up to the sale of a final product to an entity selling to end customers is documented by transaction certificates. These transaction certificates can only be issued by an official certification body nominated by the standard itself.

Furthermore, we received certification for compliance with the **Global Recycle Standard (GRS)** and the **Organic Content Standard (OCS)**. GRS aims to increase the use of recycled materials and reduce socially and environmentally harmful impacts. As a chain-of-custody certification, all production processes along the value chain are independently audited and certified by verifying bodies. GRS certifies products that consist of at least 20% recycled materials. We have also received OCS certification, which is a chain of custody certification for organic products and materials.

Our third-party brand buying team incorporated certified products in their more sustainable product criteria. Our private label team emphasises buying certified fabrics for our more sustainable products. GOTS, GRS and OCS certifications then enable our tier 1 suppliers and ourselves to label these products transparently for our customers.

### PRIVATE LABELS: TRANSITION INTO MORE SUSTAINABLE SOURCING

Our private labels accounted for ~7.0% of our net revenue in 2021/2022. Our private labels are EDITED, ABOUT YOU the label and several celebrity collaborations, for instance with the fashion icon Kendall Jenner. We design, develop and source from tier 1 suppliers and sell fashion products in many different categories: mainly apparel, footwear and accessories. To simultaneously transition into more sustainable practices, we established a private label sustainability, compliance and quality team. 2021/2022 was a challenging year for us because not only did we have to adapt to the Covid-19 situation, but we also had to face increasing market demand for more sustainable materials, which led to increasing prices and scarcity in most sourcing regions.

Building on the materiality assessment of our third-party brand products, we recognise our own responsibility as a multi-brand group sourcing from tier 1 manufacturers and bringing products to the market. To manage and reduce GHG emissions, water consumption, as well as the pollution and chemical risk, we developed a five-step approach that we continue to shape and expand on:

- 1 Continuously review our private labels' more sustainable material and product criteria.
- 2 Set material and product transition targets and effectively meet these targets.
- 3 Utilise certifications and audits to ensure that the reduced environmental impact is verified and approved by independent third parties.
- 4 Explicitly engage with suppliers to give/receive feedback and validate our approach.
- 5 Share our progress and learnings in this ESG report.

In 2021/2022, we made significant progress towards our target that 75.0% of the private label apparel products ordered must meet our more sustainable criteria. We monitor this percentage year on year and season on season, which best matches the planning cycles of our private label teams.

#### Percentage of ordered private label products that met our more sustainable criteria by season<sup>27</sup> [%]

	2021	2020	2025/2026 target
Apparel	32.0%	10.9%	75.0%
Apparel, spring-summer season <sup>28</sup>	36.0%	6.2%	-
Apparel, autumn-winter season	27.5%	14.2%	-

<sup>27</sup> Private label KPIs refer to the calendar year, from 1 January to 31 December.

<sup>28</sup> Please note that we order for European seasons, so for the autumn-winter season, footwear becomes heavier and apparel more insulated, whereas material compositions change to a higher proportion of plant-based fibres for the summer season.



Our private label sourcing and our third-party brand buying teams are synchronised when it comes to evaluating more sustainable product criteria. Out of our third-party brand product criteria, we selected the following relevant and impactful product criteria:

- Organic cotton, including but not limited to certification according to Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS)
- Recycled fibres, including but not limited to certification according to Global Recycle Standard (GRS) and Recycled Claim Standard (RCS)
- More sustainable viscose, either LENZING<sup>™</sup> ECOVERO<sup>™</sup> or Livaeco by Birla Cellulose<sup>™</sup>
- More sustainable leather, either containing 100% leather made by a Leather Working Group-certified manufacturer<sup>29</sup> or chrome-free leather
- More sustainable wool certified according to the Responsible Wool Standard (RWS)
- More sustainable mohair certified according to the Responsible Mohair Standard (RMS)
- Innovative fabrics, including plant-based leather alternatives, and natural dyeing (under assessment)

Our private label product criteria are based on either more environmentally friendly materials, more environmentally friendly production processes or both. To draft these criteria, we analysed life cycle assessment data, secondary data and stakeholder feedback. For each criterion, we could derive evidence for either lower GHG emissions, water consumption, chemicals and/or water pollution compared to conventional materials or production processes. Therefore, we are motivated by the fact that we can reduce our environmental impact by transitioning to products that meet our criteria.

<sup>29</sup> All of which have achieved a Gold or Silver medal rating in their LWG Audit

The minimum requirement for our private labels is that a product must consist of at least 50% (with a few exemptions) of each more sustainable material to meet our criteria. However, in most cases, we can go further. If a standard, such as GOTS, requires the in-product percentage to be higher, we meet the standard's threshold.

Out of our more sustainable product criteria for our private labels, we selected a subset of more sustainable material criteria. In our 2020/2021 Responsibility Report, we laid out our plans to replace all cotton with organic cotton, all polyester with recycled polyester and all viscose with more sustainable viscose in our private label apparel by 2025 to reach our GHG emission reduction targets. In 2021/2022, we updated our criteria by including an increased quantity of more sustainable alternatives such as recycled cotton, viscose from **LivaEco by Birla Cellulose<sup>™</sup>** and GOTS in-conversion cotton. We also added criteria for our footwear and leather products as well as certain animal fibres such as wool and mohair.

By setting 100% targets, we want to show what is possible and lead the way. This includes that 100% of our wool and mohair products will meet our more sustainable criteria, which are the **Responsible Wool Standard** and the **Responsible Mohair Standard**. We significantly increased all more sustainable material proportions compared to the previous year and consider ourselves on track to reach our 2025/2026 targets.

**Percentage of ordered private label products that met our more sustainable material criteria<sup>30</sup> [%]<sup>31</sup>**

	<b>2021/2022</b>	2020/2021	2025/2026 target <sup>32</sup>
Cotton products with organic or recycled cotton	54.0%	27.1%	100.0%
Polyester products with recycled polyester	16.5%	1.7%	100.0%
Viscose products with more sustainable viscose	37.3%	8.8%	100.0%
Products with more sustainable leather (LWG <sup>33</sup> chrome-free)	42.2%	24.0%	100.0%

We joined the **Leather Working Group (LWG)** in 2020 to support more responsible leather manufacturing. The LWG is a membership organisation comprised of brands, suppliers, leather manufacturers and other stakeholders within the leather manufacturing industry. The group has developed an auditing programme that certifies leather manufacturing facilities based on environmental compliance and performance capabilities. We added LWG as a more sustainable sourcing criterion if our leather is purchased from LWG-certified leather manufacturers, all of which have achieved a Gold or Silver medal rating in their LWG audit.

<sup>30</sup> Private label KPIs refer to the calendar year, from 1 January to 31 December.

<sup>31</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.

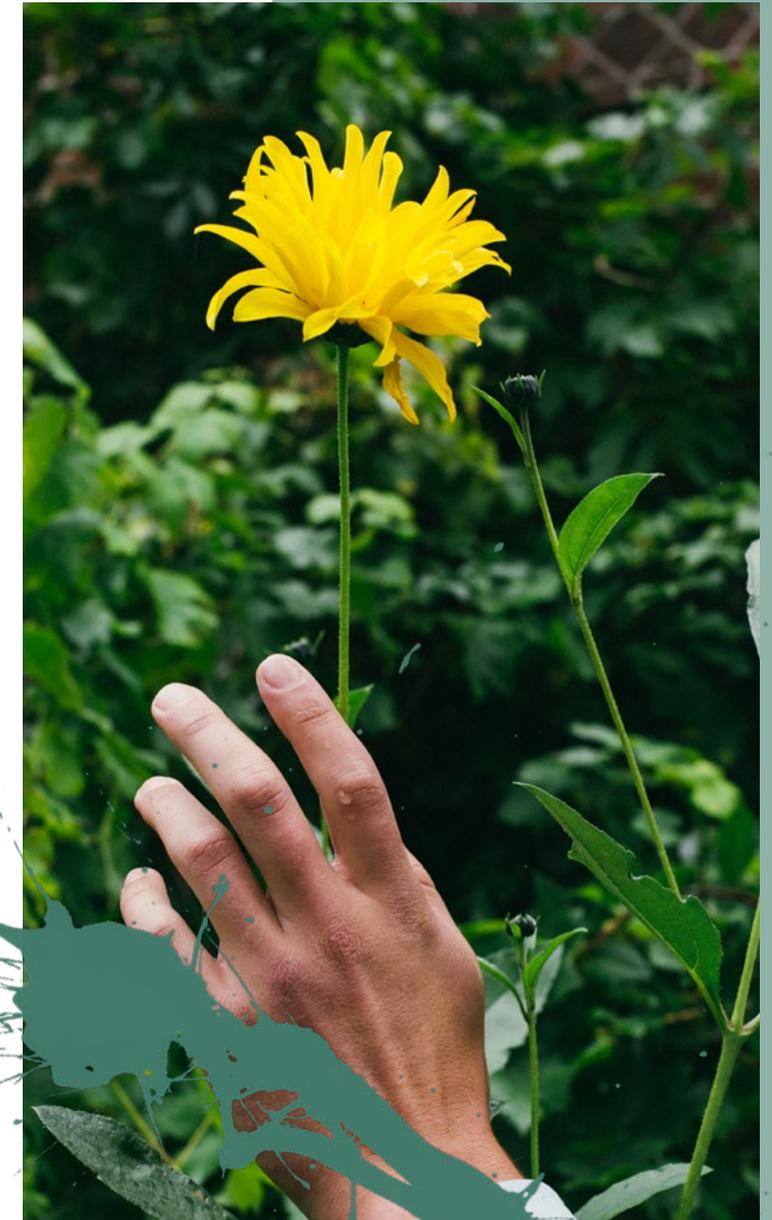
<sup>32</sup> We set the 100.0% more sustainable private label targets for cotton, polyester and viscose products in 2020/2021.

<sup>33</sup> As of 2021/2022, 42.2% of our sourced products only contain leather made by an LWG-certified leather manufacturer, all of which have achieved a Gold or Silver medal rating in their LWG Audit. We aim to increase our more sustainable leather percentage to 100% by 2025.

We will continue to evaluate our criteria regarding the **Textile Exchange set of standards**. To increase the percentage of our more sustainable products, we also started providing our private label designers and buyers with regular more sustainable materials training. One challenge standing in our way of reaching our targets will be a higher than expected demand for more sustainable materials such as organic cotton. We are approaching this challenge by broadening our supplier base and reinforcing our relationships with key suppliers.

We also directly engaged with private label suppliers to reduce their environmental impacts. In 2021/2022, we launched a pilot to onboard suppliers to the **Higg Factory Environmental Module (FEM)**, a scored self-assessment that also allows for third-party verification.

Environmental compliance for suppliers starts with meeting the minimum legal requirements to protect human health and our environment. Therefore, we require our private label suppliers to comply with our restricted substances list (RSL) on a product level. These restricted substances include hazardous and banned chemicals but also go beyond legal requirements. We ensure RSL compliance through regular random product testing. If non-compliance occurs, additional tests and training become necessary to reduce future risk. We are also working on supplier compliance with the **Zero Discharge for Hazardous Chemicals (ZDHC) Manufacturer Restricted Substances List (MRSL)**, starting with tier 1. The MRSL restricts the use of certain chemicals in factories altogether, which makes it more restrictive than our current RSL.



## LOGISTICS: TRANSFORM WAREHOUSING AND TRANSPORT

As an e-commerce platform that handles and ships products, we rely on the transport, warehousing and packaging<sup>34</sup> sectors to deliver products to our customers. Contracted partners handle all our transport and warehousing. Our GHG emission analysis attributes the largest percentage of our e-commerce Scope 3 GHG emissions to transport and warehousing. To understand whether we needed dedicated management approaches, we assessed the 1.5 °C compatibility of the transport and building sectors. Road transport in the EU, which is our largest contributor, is not on a pathway to reduce GHG emissions in line with the 1.5 °C target by Climate Action Tracker<sup>35</sup> at the macro level. Buildings – our respective warehouses – are also not on the 1.5 °C reduction pathway due to the lack of widespread use of available technologies.<sup>36</sup>

Therefore, we defined individual management approaches to reduce GHG emissions in transport and warehousing. In transport, our delivery partners usually compete with a small number of other large players in each region. Line haul transport is carried out by freight forwarders or carriers with heavy trucks running on diesel. Delivery partners use light vehicles that run mostly on diesel and an increasing percentage of electric vehicles to operate our last-mile distribution and returns. Our teams are also working on reducing return rates, however these efforts are not part of our ESG reporting.

### Our approach to reduce GHG emissions in transport

We run our **transport operations as efficiently as possible.**

We encourage **our partners to implement GHG emission reduction measures and strategies.**

### Our 2021/2022 progress

We transitioned our line haul operations from smaller sprinters to larger heavy trucks, increasing delivery and return efficiency by carrying more load per route, resulting in lower GHG emissions per tonne-kilometre. This opportunity arose as we grew in our European markets.

We continued to encourage our largest last-mile delivery partners to implement GHG emission reduction strategies and progress. We also consulted all our last-mile delivery partners about their progress towards electrifying last-mile delivery. Most of them responded that they are increasing their percentage of electric last-mile delivery.

Building on that metric, we bundled smaller transport into larger transport, increasing efficiency.

On the other hand, total transport distances increased due to business growth and further internationalisation; however, we established our first warehouse in Eastern Europe to reduce total transport distance to customers.

### Our approach to reduce GHG emissions in warehousing

We implement **dedicated GHG emission reduction measures** with current warehousing partners.

We identify criteria to grow our business without increasing our GHG emissions. **Scorecards are used to evaluate new and existing partners** regarding their GHG emission intensity, among other metrics.

### Our 2021/2022 progress

Our partners switched all our warehouses to a 100% renewable electricity supply to reduce GHG emissions.

We established a sustainability scorecard to help us, as well as our existing and new partners, to minimise the GHG emissions of all warehouse operations.

Regarding energy efficiency, our warehouses had already been equipped with up-to-date electricity efficiency measures such as LED lighting with motion sensors in previous years.

In the next section, we report on our current operations and the plans for future warehouses.

<sup>34</sup> Our approach to packaging is reported in the **WASTE** section.

<sup>35</sup> Climate Action Tracker (2018) - The highway to Paris: Safeguarding the climate by decarbonising freight transport

<sup>36</sup> Climate Action Tracker (2016) - Constructing the future: creating a Paris Agreement-proof building sector: analysis

Over the next years, we will continue our efforts as outlined below. We will establish new warehouses driven by our internal metric to reduce transport distances to customers and will, as a result, decrease our delivery and return GHG emissions. We are also planning to increase our parcel shop/locker delivery rate to reduce last-mile transport distances, which should have a similar effect. All new warehouses will be established based on our scorecard to minimise their GHG emissions. We will also continue to work with existing warehouse partners to develop dedicated GHG emission reduction measures.

**Highlights of our 2021/2022 environmental impact scorecards:**

	Warehouse 1	Return warehouses	Warehouse 2	Warehouse 3	Warehouse 4
2021/2022 status	In operation	In operation	In operation	Planned	Planned
Renewable electricity supply	100% renewable electricity supply + solar roof	100% renewable electricity supply + solar roof	100% renewable electricity supply + solar roof	100% renewable electricity supply + solar roof	100% renewable electricity supply + solar roof
Heating supply	Combined gas-powered heat & power generation on site	Gas	Gas	TBD	TBD
Alternative commute	EV company cars, free EV charging, local bus and train	None	EV charging, employee bus service	Employee bus service, local bus and train, bicycle parking & access, carpooling	TBD
Building	Existing	Existing	New	New, <b>BREEAM</b> certification	Existing

**OUR OWN PREMISES: LEAD THE REDUCTION IN GHG EMISSIONS BY EXAMPLE**

We have also identified that, as with warehousing, our premises are also making a material environmental impact in the form of GHG emissions. Our premises include rented offices, stores and employee apartments, among other buildings. The corresponding sources of GHG emissions are electricity and heating supply as well as coolant losses. Most of our premises are centrally located in Hamburg and supplied by municipal district heating with a low primary energy factor. To lead the reduction in GHG emissions from our own premises by example, we developed a four-step approach that we continue to shape and expand on:

- 1 Continuously measure our GHG emissions and gradually improve our analysis.
- 2 Set an absolute GHG emission reduction target and track progress towards that target.
- 3 Derive and implement dedicated GHG emission reduction measures along two lines:
  - a. Use resources as efficiently as possible, and
  - b. Transition to procuring as much renewable energy as possible
- 4 Share our progress and learnings in this ESG report to encourage and inspire others.

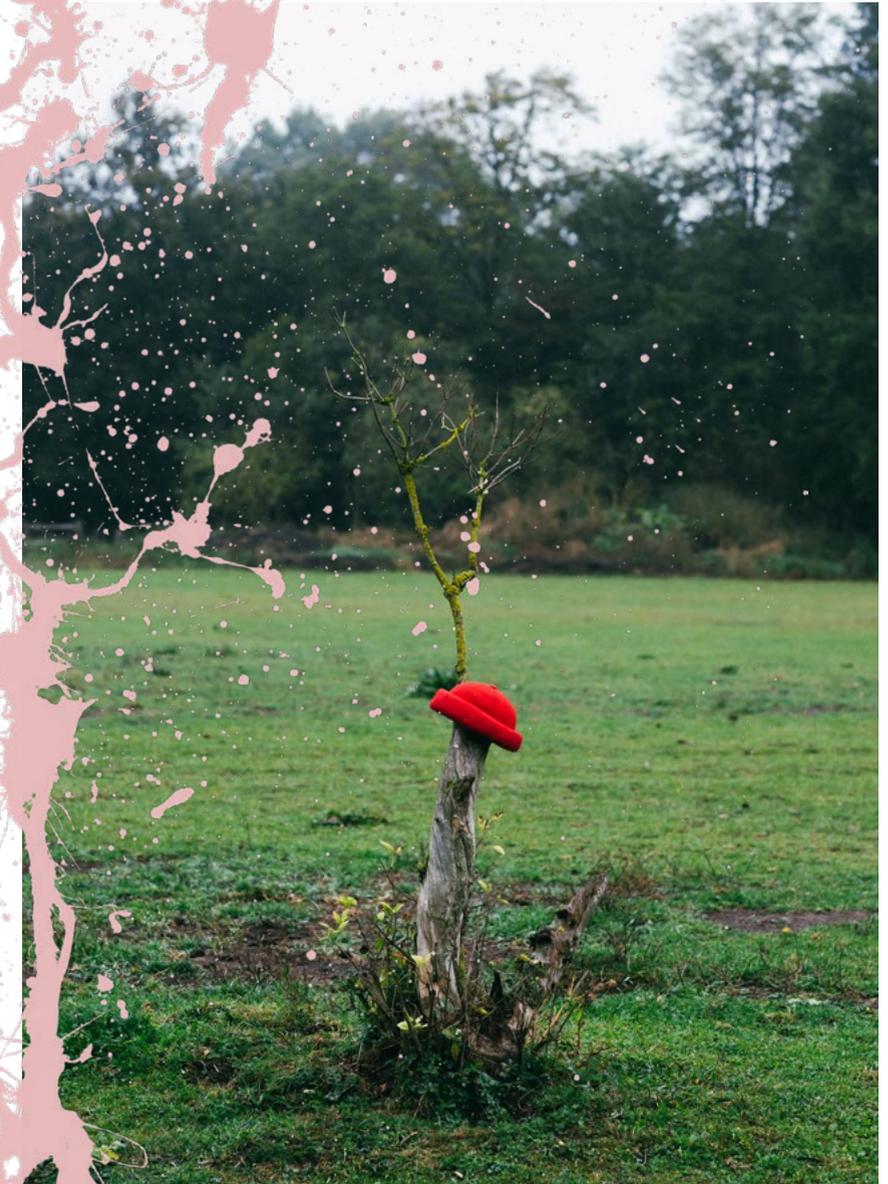
In 2021/2022, we had an accredited<sup>37</sup> third party conduct energy efficiency audits of all our premises. As part of the audit, our energy consumption from 2019/2020 to 2020/2021 was analysed. Our energy efficiency was found to be high, with state-of-the-art office and store equipment, appliances, hardware, LED lighting and motion sensors. Nevertheless, further high-level energy efficiency measures have been identified and will be implemented throughout 2022. Additionally, we increased the floor space in one of our main office buildings, which has received Gold-level certification according to DGNB (**Deutsche Gesellschaft für Nachhaltiges Bauen**), a German sustainable building standard. A factor limiting our efforts to further increase our energy efficiency is that we rent all our premises. Some potential measures will require the support of the property owners, especially if the building envelope needs to be changed.

In 2021/2022, we increased our renewable electricity supply to 97.4%. We also encourage the property owners and/or local heating suppliers to identify opportunities to use resources more efficiently and increase the share of renewables in our heating supply. As a result, 13.4% of our heating supply came from renewable sources in 2021/2022. However, options to increase that percentage are limited since we mostly rely on municipal district heating supply. In contrast to electricity supply, proof of origin certificates attesting that the heating supply comes from renewable sources are not yet available at our premises.

We continue to report very low commuting GHG emissions from our employees, as most of them choose to arrive by public transport, bike or on foot. We support this by providing a discount for public transport and permanent bicycle leases. To reduce commuting, we decided to set up a permanent 2-day home office policy for office employees in 2021/2022. Our training and awareness programme on GHG emissions – including energy, water consumption and waste – regularly informs our employees about our approaches to manage and reduce our environmental impact as a company. Employee feedback also led us to set up a waste separation scheme in our offices.

We plan to take our management approach even further during the next reporting period. To improve our analysis, we are rolling out smart electricity metering to better track electricity consumption in our locations and derive further reduction measures. We also plan to pilot smart heat metering to develop measures, especially if some of our office spaces won't be occupied seven days a week. We have identified an array of further small-scale measures that will be implemented and that, all together, will keep us on track to reach our ambitious absolute GHG emission reduction target.

We cover the GHG emission, energy and water impacts related to our own premises in the **CORPORATE** section of this ESG report. Our GHG emissions related to business travel and employee commuting can be found in the **APPENDIX**. Both sets of GHG emissions have been irregular since 2020 due to the Covid-19 measures in place.

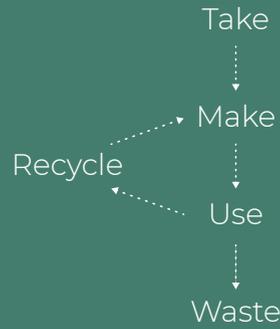


<sup>37</sup> Accredited by the Federal Office for Economic Affairs and Export Control

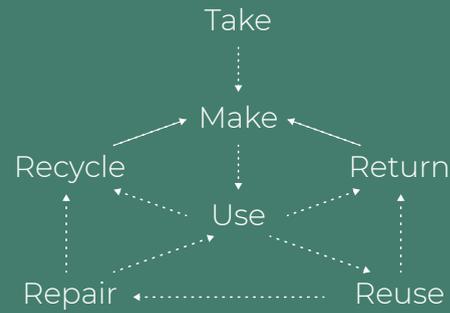
**LINEAR MODEL**



**RECYCLING MODEL**



**CIRCULAR MODEL**



**CIRCULARITY: CHANGE THE LINEAR FASHION SYSTEM**

Our circularity initiatives aim to extend the life of fashion products by deviating from the linear model and implementing reuse and repurposing measures. Fashion products in a linear model end up as waste, and their materials are not reused in most cases. In recent years, the lifespan of fashion products has even decreased in line with product utilisation.<sup>38</sup> This phenomenon increases the environmental impact since it requires more products to be made, each of which has an environmental impact and eventually ends up as waste. We want to seize the opportunity to extend the lives of products by developing circular business models with partners. The core idea of a circular business model is to generate revenue without increasing the environmental footprint by reusing products or components in a cycle.

<sup>38</sup> Average number of times a product is worn before it is discarded, from: Ellen Macarthur Foundation (2017) - A New Textiles Economy

### Second Love – Sell second-hand products

Integrating quality-checked second-hand products seamlessly and visibly into our shopping experience with partners has been our first step towards bringing unused products back into the fashion cycle. We simplified second-hand shopping for our customers through smooth checkout processes and by maintaining our offer of accessible customer service, free shipping and returns. Selling a second-hand product eliminates the environmental impact of production and disposal, radically reducing the overall impact.

In 2021/2022, we offered an average of 350,616 Second Love products of various styles and price points from partners specialising in second-hand e-commerce operations compared to 148,936 in 2020/2021. Compared to our previous reporting, we adjusted our calculation to an average of each of the last days of the past 12 months, reflecting the shifts of our assortment more precisely. We are in the process of onboarding new partners and increasing our assortment to become one of the major European retailers of quality-checked second-hand fashion. We set the target of increasing our live assortment to include 1 million second-hand products by 2025/2026.

### Plan 2022/2023 – Roll out the ABOUT YOU resale model

We are in the process of rolling out a resale model as a major circular fashion initiative to enable our customers to actively participate in the circular economy by reselling unused apparel and footwear in their wardrobes.

One obstacle to customers bringing unused products back into the cycle is that existing resale platforms require customers to enter product details, provide photos, and manage the pricing and shipping. We want to remove these barriers and offer a viable resale option via our platform. Our customers will be able to order resale shipping bags with their regular orders. We will also provide them with shipping labels and instructions. After receiving the product, we will handle the sorting, quality checks, pictures and prices. Suitable products will then be offered on our platform for resale. When the product is resold and not returned, customers can choose if they want the resale price minus the processing cost paid out or a gift card with the full resale price for our platform. Products not suitable for resale on our platform will, depending on customer preference, either be returned to the customers or be donated/recycled/discarded by specialist partners.

### Vintage Wardrobe – Experience responsible consumption

Our Vintage Wardrobe continues to prove to be an alluring way to inspire interaction with second-hand fashion. At the 2021 ABOUT YOU Pangea Festival, visitors had the chance to rent unique vintage products for the duration of the event and participate in workshops on responsible clothing care and consumption. Even at an event under Covid-19 restrictions, the more than 4,000 rented products support our hypothesis that curiosity about a circular fashion economy is growing. We see this as a confirmation that second-hand products can become a valuable addition to new products for many of our customers. We plan to continue to use our Vintage Wardrobe as a tool to raise awareness of fashion consumption and second-hand clothing throughout the 2022 festival season.



#### ABOUT YOU REBIRTH STUDIOS – Introduce upcycled products

We believe that the circular economy should reach beyond intact products. Upcycling maximises the use of resources by repurposing old fabrics and products or offcuts to create new products. We were one of the first players in the market to launch our own upcycling brand – ABOUT YOU REBIRTH STUDIOS – in September 2021. Our vision is to build a scalable solution to offer affordable but fashionable upcycled apparel accessible to a wide customer base. We included upcycled pieces in our regular assortment for a seamless experience exploring regular and circular fashion side by side. After successfully launching our new upcycled category and first brand collaborations, we are focused on further growth in 2022/2023.

#### Third-party brand cooperation model – Enable our partners to join us

We see third-party brands showing initiative to give their products a second life instead of letting them go to waste. Some are even tapping into the second-hand market. Our brand cooperation model has allowed us to take the first step to enable brand partners to participate in the resale market by providing our operational capabilities and reach. In this way, we are bringing brand partners' products back into the fashion cycle.

The ABOUT YOU x Levi's second-hand cooperation is a first pilot project where we aim to close the gap between offline and online resale: Levi's uses their brick-and-mortar stores as collection points for their customers' unused products. Customers can drop off unused products at their Levi's store and receive a voucher redeemable for the purchase of a new Levi's product in the store.

We provided support in three ways: A marketing campaign with Levi's raises awareness and therefore increases the collection rate. We also provide access to knowledge and operations around the resale value chain. Lastly, we manage the actual resale of products via our online shop. During the pilot, we will use a set of predefined KPIs, such as the number of collected products, to measure its success.

A group of people is walking through a field of tall grass and wildflowers. In the foreground, a woman with blonde hair, wearing a white t-shirt and light-colored shorts, is smiling and looking down. Behind her, a man with dark skin and short hair is also smiling. The background is filled with lush green trees and foliage. A large, bold, white word "PEOPLE" is centered in the image, set against a black rectangular background.

**PEOPLE**

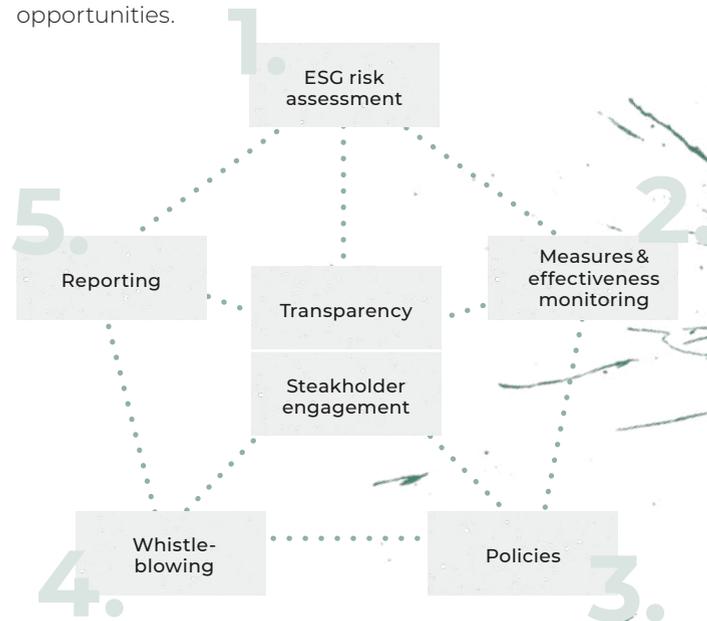
**CORPORATE: OUR ESG DUE DILIGENCE FRAMEWORK**

Fashion value chains are prone to social risk. Since the 1970s, production has been outsourced to countries with lower social and environmental standards. Moreover, the governments in those countries are less effective at enforcing those standards.<sup>39</sup> In 2013, one year before the founding of our company, the Rana Plaza factory building in Bangladesh collapsed, killing and injuring thousands of garment workers.<sup>40</sup> Incidents that draw global public attention continue to occur, most recently with the 2020 Leicester factory scandal.<sup>41</sup> Garment workers in fashion value chains – of which there are around 40 million in Asia and 60 million worldwide, with around 80% of them women<sup>42</sup> – are the most exposed to social risk.

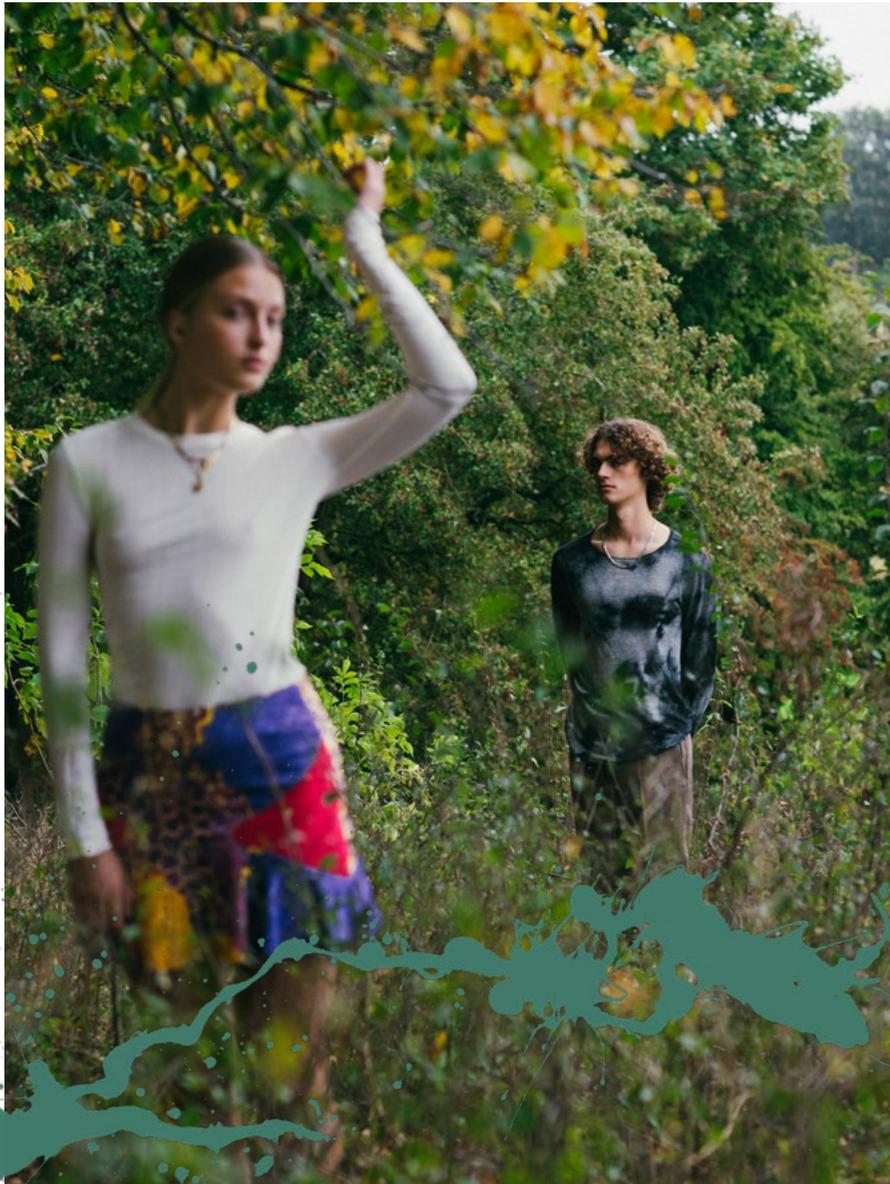
In 2021/2022, we conducted our first **ESG risk assessment** as part of our ESG due diligence framework to understand the social risks in our value chain. Out of 16 social risk factors, we identified eight as salient. These risks are predominantly affiliated with product manufacturing (tier 1). We recognise that the industry is moving towards better practices and reducing social risk.<sup>43</sup> We also perceive increasing awareness among various stakeholders and increasing regulation from government bodies, particularly EU and German supply chain laws and the **EU strategy** for sustainable and circular textiles.

At the same time, we recognise that people are the key to our everyday success. Whether working directly with us at ABOUT YOU, working for our direct partners in warehouses or call centres, or contributing to our value chain, we acknowledge that we have the opportunity and responsibility for the fair and considerate treatment of all people connected to our business. One of the topics that emerged in our 2021/2022 materiality assessment was our responsibility beyond the walls of our own organisation. Therefore, we have adjusted our ESG strategy.

To fulfil our responsibility, we created an ESG due diligence framework. Our goal is to understand, effectively manage and mitigate our social risks while taking advantage of opportunities.



<sup>39</sup> Please refer to our **ESG risk assessment** regarding primary data sources.  
<sup>40</sup> Fashion Revolution CIC (2020) - Why we still need a fashion revolution  
<sup>41</sup> The Guardian (2020) - Boohoo Report reveals factory fire risk among supply chain failings  
<sup>42</sup> International Labour Organization Regional Office for Asia and the Pacific (2015) - Employment, wages and working conditions in Asia's Garment sector: Finding new drivers of competitiveness  
<sup>43</sup> Fashion Revolution (2021) - Fashion Transparency Index 2021 Edition



By incorporating industry good practices, we want to take proactive action regarding upcoming legislation and align ourselves with frameworks such as the **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector** and the **United Nations Guiding Principles on Business and Human Rights**. Our internal value-based culture allows our employees to identify ethics-driven opportunities for us to channel. Our ESG due diligence framework reduces complexity and provides structure to reach our goals. It consists of five dimensions, with transparency and stakeholder engagement at its core:

- 1 Use our ESG risk assessment to continuously evaluate social risks and gradually improve our assessment as a basis for prioritisation.
- 2 Derive dedicated KPIs and measures across our organisation and monitor effectiveness, including engaging with direct business partners, the value chain and our employees.
- 3 Set up policies to formulate our expectations of stakeholders.
- 4 Provide access to whistleblowing channels.
- 5 Share our progress and learnings by adapting internal processes and our governance to ensure that we provide regular updates within this annual ESG report format.

The ESG due diligence framework is built around transparency and stakeholder engagement. Transparency is the precondition for each of the steps above. Through stakeholder engagement, we want to ascertain that we are doing the most relevant things right. Looking ahead, we will increase transparency, intensify stakeholder engagement and continue to progress in all five dimensions. Regarding the ESG due diligence framework itself, we will continue to shape and expand on it.

We monitor the effectiveness of our management approach by using measurement systems (including the KPIs in this ESG report) to track corporate developments, engaging with partners, benchmarking peers, analysing stakeholder feedback, reviewing our grievance mechanism (and various other channels for our employees) and having our reporting externally verified<sup>44</sup>.

<sup>44</sup> In 2021/2022, our replies to the Higg Brand and Retail Module were verified by TÜV Rheinland.

## ESG RISK ASSESSMENT

### Subsection of ESG DUE DILIGENCE FRAMEWORK

In 2021/2022, we conducted our first ESG risk assessment. This assessment complements our corporate risk assessment by focusing on environmental and social risks in our value chain. In our ESG risk assessment, we evaluated risks from stakeholders' perspectives at each step of the value chain. We segmented the value chain from raw materials to end of use as follows:

We followed the guidance of the **Sustainable Apparel Coalition**, the **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector**, the **United Nations Guiding Principles on Business and Human Rights**, the **German Global Compact Network** and industry peers to develop the following three-step methodology:



# Step 1

We evaluated which value chain segments are proprietary to us, directly contracted by us, or directly or indirectly connected to us via business partners. Due to data availability, we have the clearest picture of segments that are close to our proprietary operations.

# Step 2

We mapped our internally available primary data with secondary and tertiary data to assess ESG risks.

Primary data, which was internally available

We gathered relevant internally available primary data per value chain segment, such as:

- Material & component production: materials used for all products
- Product manufacturing: data on our private label suppliers & factories and less granular data on our third-party brand products
- Warehousing, delivery to customers and returns: data on business partners' facilities
- Data on all our own operations

Secondary data on environmental and social risk factors

We linked the following environmental risk factors with data from recommended sources<sup>45</sup>:

GHG emissions, eutrophication (water pollution), hazardous chemicals, water consumption, animal welfare, solid waste, hazardous waste, biodiversity, land use, habitat loss, deforestation, abiotic resource depletion (fossil fuels), air emissions/pollution (non-GHG)

We linked the following social risk factors with data from recommended sources<sup>46</sup>:

Forced labour/human trafficking, child labour, wages/benefits, working hours, freedom of association/collective bargaining, health/safety, decent work, discrimination/harassment/abuse, sexual harassment/gender-based violence, bribery/corruption, access to water/sanitation, right to health, right to privacy, right to security of the person, minority/community rights, land rights

Tertiary data on governance effectiveness in respective countries

To factor in how likely occurrences could happen in the future, we included governance effectiveness and likeliness of occurrence factors<sup>47</sup> as a third dimension. Effective state and local governance is likely to have a mitigating impact on the occurrence of future risks.

<sup>45</sup> Yale Center for Environmental Law & Policy - Environmental Performance Index and World Resources Institute – Aqueduct Water Risk Atlas

<sup>46</sup> MVO Nederland (2021) - CSR Risk Check, International Trade Union Confederation (2021) – Global Rights Index, Transparency International (2021) – Corruption Perceptions Index

<sup>47</sup> Governance effectiveness factors by The World Bank - Worldwide Governance Indicators, specifically the factors on governance effectiveness, vulnerable female employment, poverty headcount ratio at national poverty lines, Gini index and secondary school enrolment. Selected primary data (e.g. remoteness of a factory) was also factored in to a small extent.

# Step 3

As a result, we identified salient environmental and social risks. Salient risks are ranked highest compared with all assessed risks, are focal points of our attention and specifically reported within the scope of this ESG report. As a result, we shifted our focus towards our value chain, especially tier 1, since we identified six salient social risks there (see below). We also identified three salient social risks in the segments

of raw materials and material and component production, respectively (see below). We can conclude that social risks cannot be seen as standalone risks. All social risks are interconnected, and any potential management approaches are interrelated or overlapping. To ensure consistency within our corporate governance, we integrated the salient social risks from our ESG risk assessment into our corporate risk process

and our materiality assessment. Environmental risks are included in our ESG risk assessment. We used the results to validate our approach outlined in the **PLANET chapter**. Please note that this ESG risk assessment is based on available primary data; therefore, it is not exhaustive. We do not have full transparency of our value chain scopes 2–4.

	Raw materials	Processing	Material & component production	Product manufacturing	Transport	Procurement/ buying/sourcing	Warehousing	Our e-commerce platform	Delivery to customer (& returns)	Customer use	End of use
	Tier 4	Tier 3	Tier 2	Tier 1 (+ trading companies)							
	Farm, ranch, forestry, resource extraction, (recycled collection)	Fibres, yarn spinning, down/hide finishing, plastic pellet creation	Yarn formation, textile formation, colouring & finishing, parts & trims, tanning	Product assembly, garment preparation & colouration, garment printing, garment washing & finishing	Inbound transport to warehouse from external warehouse or production (sea, truck, air, train)	Third-party brand products, drop shipping, private labels	Inbound, outbound, returns	Marketing, content, events, branding	E-commerce, packaging, stores, offices, customer service	Washing, usage during lifetime	Disposal, re-use
Salient environmental risks				1) GHG emissions 2) Eutrophication (water pollution) 3) Hazardous chemicals 4) Water consumption							
Salient social risks	6) Health/safety 7) Decent work 8) Bribery/corruption		6) Health/safety 7) Decent work 8) Bribery/corruption		1) Forced labour/human trafficking 2) Wages/benefits 3) Freedom of association/collective bargaining 4) Discrimination/harassment/abuse 5) Sexual harassment/gender-based violence 8) Bribery/corruption						

**MEASURES AND EFFECTIVENESS MONITORING**

Consequently, we derived dedicated mitigation measures for the salient social risks identified in our ESG risk assessment. In 2021/2022, we worked on implementing the first wave of these measures and set up effectiveness monitoring based on KPIs. We will report on the progress in each of the following sections of this chapter.

**POLICIES**

We have three core policies in place: the Culture Booklet, the Business Code of Ethics, and the Business Code of Conduct. Our Culture Booklet is a hands-on internal document that presents our mission, vision and relevant aspects of our desired company culture.

Our **Business Code of Ethics** sets our expectations and core values, provides guidelines on how we would like to do business, and forms the basis for all company policies. These core values include integrity in the way we do business, integrity in the way we treat each other, and integrity in the way we handle information. The Business Code of Ethics is intended to form the basis for the actions of all our employees. According to the Business Code of Ethics, all employees are required to comply with the law and the company policies, including anti-corruption measures, antitrust regulations, data protection standards and compliance with insider trading laws. Our Business Code of Ethics and Culture Booklet are both integral parts of our onboarding process and therefore shared with each employee.

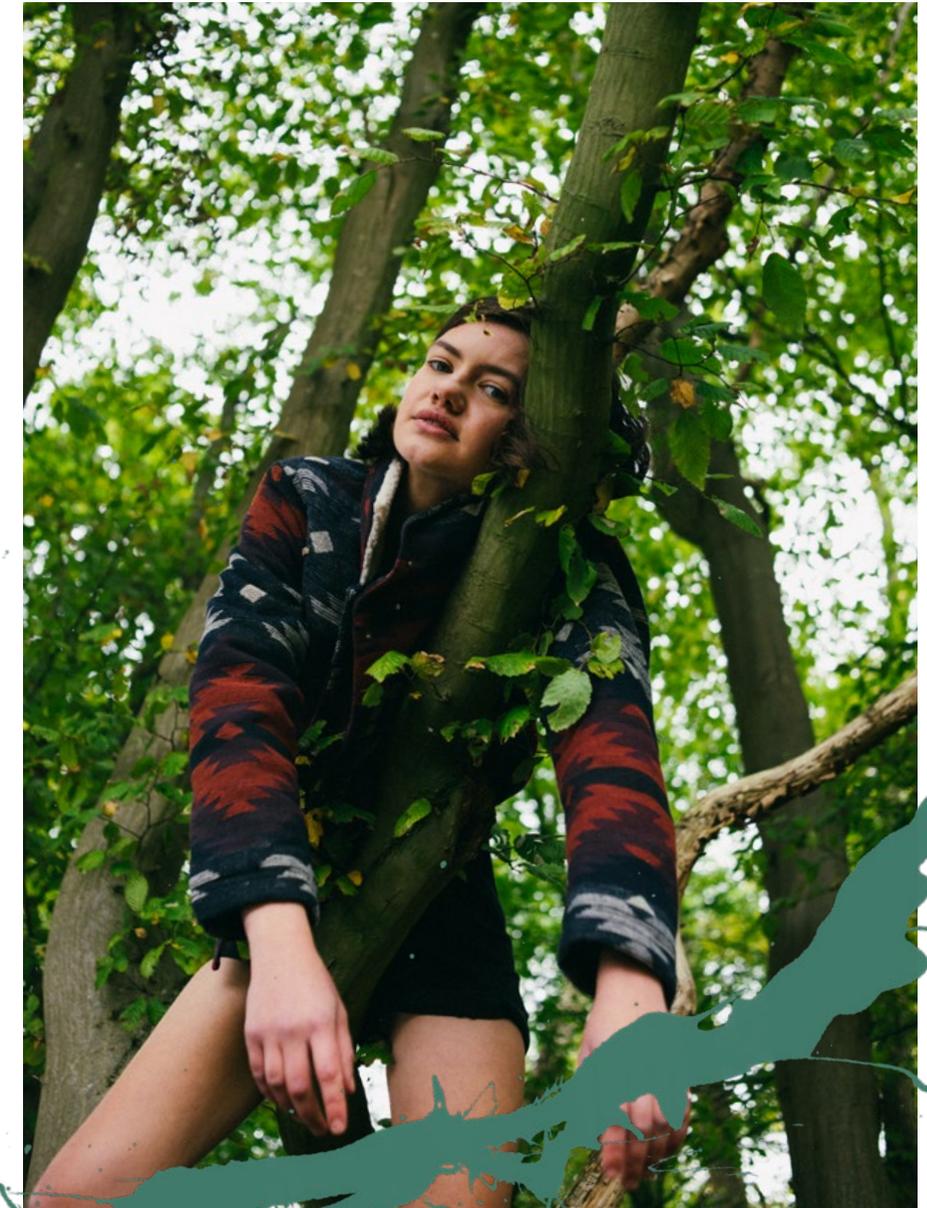
Our **Business Code of Conduct** is the cornerstone of our responsible corporate governance. It sets out the minimum standards to which business partners who produce goods or provide services for us must adhere. Our Business Code of Conduct is based on the amfori BSCI Code of Conduct, which

has been expanded by us in various places. All business partners must recognise these standards and undertake to comply with the applicable laws and regulations. It is clear from our Business Code of Conduct that any form of corruption – especially extortion, fraud or bribery – is not accepted.

Our Co-CEOs approved all three policies following their joint development led by our Legal & Compliance Department in collaboration with in-house teams. We continue to review and update our policies to reflect industry good practices. We are currently finalising our animal welfare policy, which will supplement existing guidelines and processes to set animal protection standards throughout our value chain.

**WHISTLEBLOWING**

We consider that responsible corporate governance also means providing feedback channels to ensure compliance with legal requirements, our policies and ethical standards, including general human rights. To prevent, investigate, remedy and sanction compliance violations that do occur, we have implemented a group-wide whistleblower system through which employees, business partners and third parties can contact us. Whistleblowers can either contact our Legal & Compliance Team directly or use the dedicated third-party whistleblowing system. The requirement for an open debate culture, where employees can actively engage and raise concerns or report compliance breaches, is an essential part of our culture. We underline this expectation by promising to protect anyone who reports an incident in good faith from negative consequences and not to discriminate against them. In 2021/2022, we improved the accessibility of our web-based whistleblowing tool by creating a dedicated **subsite on our corporate website**. We also initiated translations into local languages based on the locations of our private labels, logistics and customer service business partners.



**THIRD-PARTY BRAND BUYING:  
ENGAGE WITH OUR BRAND PARTNERS**

The majority of the products that are sold on our platform come from third-party brand partners. As an e-commerce platform, we aim to increase transparency and engage with our brand partners to take action regarding social risks. To effectively manage and mitigate social risks with our brand partners and in the value chain, we seek a uniform approach for the fashion industry that will allow us to reduce the complexity for our brand partners, reduce friction and accelerate the transition to better practices. Encouraging progress on this uniform approach is certainly part of our engagement.

We identified salient social risks in our brand partners' value chains because most products are manufactured in countries that score in the lower half of The World Bank's Worldwide Governance Indicators.<sup>48</sup> The top three countries of origin for our third-party brand products are China, Bangladesh and Vietnam. Moreover, the MVO Nederland CSR Risk Check<sup>49</sup> has reported social risk-related occurrences in these countries. The 2020 ITUC Global Rights Index<sup>50</sup> also reports the exposure of workers to social risk.

We recognise that a few of our more sustainable product criteria<sup>51</sup> also tend to reduce social risk. We have "labelled them accordingly as "friendly & social". accordingly. However, in most cases, the fashion value chain is covered to a limited extent, leaving other tiers exposed to risk. The Global Organic Textile Standard, Organic Content Standard and Global Recycling Standard are our only product level standards that offer chain-of-custody certification to ensure that all stages of the value chain meet certain social

requirements. However, a tiny proportion of our third-party product assortment meets these criteria.

To manage social risks effectively, we engage and collaborate with brand partners through the **Sustainable Apparel Coalition (SAC)**. The SAC offers an annual sustainability self-assessment questionnaire for brands and retailers, called the **Higg Brand and Retail Module (BRM)**, encouraging third-party verification of self-reported data. Questions focus on the management of environmental and social risks at brand partners and in the value chains.

We chose to join the SAC in January 2021 and adopt the Higg BRM to support our brand partners with this established and uniform pathway towards more sustainable practices. Our key challenges are to engage with brand partners to adopt the Higg BRM if they haven't done so, engage with them to share their data with us and ensure progress. We share our engagement effort with other SAC retailer members through participation in a retailer roundtable hosted by the SAC.

Engaging with brand partners on the Higg BRM was an integral part of our efforts in 2021/2022. Through data shared with us, we learned where our brand partners stand regarding their sustainability journeys in terms of transparency, purchasing practices and handling social and environmental risks, as well as how we could potentially support them on their journey.

As 2021/2022 was the first year we participated, we nominated a focus group of our largest third-party brand partners to complete the Higg BRM 2020 assessment and share their

results with us. As a result, 50,9% of our brand partners by 2020/2021 third-party brand net revenue shared their Higg BRM self-assessment data with us. 33,7% by the same metric shared their externally verified Higg BRM data with us. Verification was conducted by an SAC-accredited third party. We have received feedback that these shares are seen as progressive, and we met SAC retailer membership requirements two years ahead of schedule.

We also conducted a data analysis together with Higg, focusing on our salient environmental and social risks, transparency and compliance to learn where our brand partners stand and how we could support them. We shared our insights with them and we also regularly exchange with brand partners on sustainability, from strategy to specific key questions. We welcome feedback and are open to ideas, concerns and questions.

During the next reporting period, we will reinforce our Higg BRM brand partner engagement by nominating and reaching out to more brand partners as part of our goal to increase the transparency of sustainability performance. In addition to the self-assessment, we will also support brand partners in completing the verification process to verify their results. Moreover, we will develop third-party brand buying scorecards that factor in certain sustainability criteria for our third-party brand buying and procurement teams to strategically transition towards more sustainable purchasing practices. This will help us to internally pursue our mission to make informed purchasing decisions by simultaneously factoring in sustainability while also enabling our customers to do so.

<sup>48</sup> The World Bank (2021) - Worldwide Governance Indicators  
<sup>49</sup> MVO Nederland (2021) - World Map  
<sup>50</sup> International Trade Union Confederation (2020) - ITUC Global Rights Index, The World's Worst Countries for Workers  
<sup>51</sup> Please refer to the **APPENDIX** for our more sustainable product clusters.



## PRIVATE LABELS: INCREASE VALUE CHAIN TRANSPARENCY AND COMPLIANCE

We source our private label products from tier 1 suppliers (product manufacturing) in business partnerships based on contracts. If an agency is an intermediary, we have an agency agreement in place. We do not maintain business relationships with suppliers beyond tier 1, such as fabric and yarn mills.

Our ESG risk assessment identified salient social risks in our private labels value chain, similar to those mentioned in our **THIRD-PARTY BRAND BUYING** section. The top three factory regions that we sourced from in 2021/2022 are Zhejiang Province in China, Oblast Blagoevgrad in Bulgaria and the State of Uttar Pradesh in India. These regions or their respective countries score in the lower half of The World Bank's Worldwide Governance Indicators.<sup>52</sup> The MVO Nederland CSR Risk Check<sup>53</sup> and the 2020 ITUC Global Rights Index<sup>54</sup> have reported social risks-related occurrences in these countries. We recognise our responsibility to manage social risks at respective tier 1 suppliers and in the value chain.

When the global Covid-19 pandemic hit, affecting our value chains and us, we stepped up communication with suppliers to establish response processes that, at peak times, included weekly communication on factory and employee status. We did not cancel any orders but ensured that our orders could be honoured in accordance with our social compliance guidance. A limited number of production delays forced us to change shipping methods to expedite shipments so that we could deliver products to our customers on time.

<sup>52</sup> The World Bank (2021) - Worldwide Governance Indicators

<sup>53</sup> MVO Nederland (2021) - World Map

<sup>54</sup> International Trade Union Confederation (2020) - ITUC Global Rights Index, The World's Worst Countries for Workers

<sup>55</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.

## 2 PEOPLE

To manage and mitigate social risks, we implemented measures within the scope of our ESG due diligence framework and developed a four-step approach that we continue to shape and expand on:

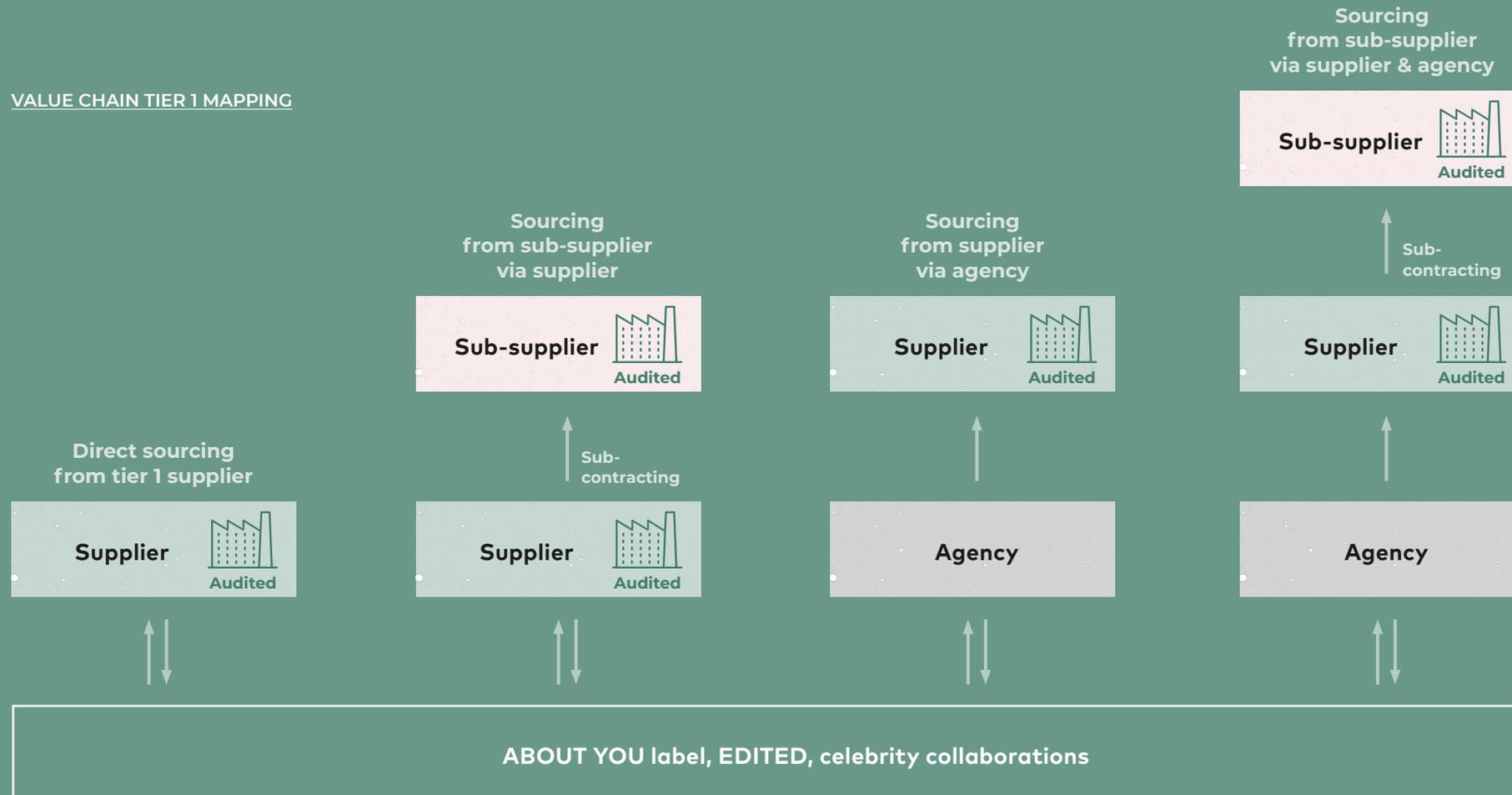
- 1 Increase transparency and data availability of tier 1 suppliers and beyond (we can manage more effectively with transparency).
- 2 Set up due diligence tools consisting of policies expressing our minimum requirements and expectations, and audits plus whistleblowing channels to support that the standards are fulfilled.
- 3 Work with suppliers to implement dedicated measures to manage social risks.
- 4 Share our progress and learnings in this ESG report.

In 2021/2022, we published 100.0% of our tier 1 suppliers on **Open Apparel Registry (OAR)** in support of the OAR's mission to improve human rights and environmental conditions. We will update the data bi-annually. On this basis, we also launched a pilot and asked our tier 1 suppliers to voluntarily share data on their tier 2 suppliers with us. We received feedback for 64.1% of the tier 2 suppliers by total purchase price 2021/2022 via the respective tier 1 suppliers.<sup>55</sup> We also published our tier 2 suppliers and will continue our transparency efforts over the next year. We plan to reach 100.0% tier 2 supplier transparency by 2023/2024.

In 2021/2022, we mapped our tier 1 value chain and set up a supplier database that highlights our business relationships with tier 1 suppliers. We indicate to our buyers which suppliers meet our criteria for more sustainable private label

products, factory chain-of-custody certifications and a factory's last audit performance. Our tier 1 mapping is shown below:

VALUE CHAIN TIER 1 MAPPING



We have developed an audit scheme for all of our tier 1 suppliers to support compliance with social standards. All of our tier 1 suppliers are covered by our audit scheme (audits by **amfori BSCI**, **SMETA** or comparable) as of February 2022. From 2024/2025 onwards, our audit scheme requires all tier 1 supplier factories to have a valid amfori BSCI audit. Until 2021/2022, we based our audit requirements on a risk/low-risk country evaluation by amfori BSCI.<sup>56</sup> We also used to accept SMETA or comparable audits based on the country's risk evaluation. Our tier 1 factories with a SMETA or comparable audit but without a BSCI audit have been requested to pass a BSCI audit by 2024/2025. Any supplier who wants to be audited by BSCI will receive our support within our capacity as a BSCI Responsibility Holder, if desired.

Our BSCI audit requirement is that tier 1 suppliers need to receive at least a C rating; we do not accept D ratings. An accredited third party must perform all audits. BSCI audit validity can be tracked on the BSCI platform. Every supplier receives a Business Partner Sustainability Profile that displays their audit performance and allows continuous improvements to be tracked. Suppliers are automatically notified when audits are due to expire and are requested to renew their audits to continue the business relationship.

We have been a member of **amfori** since 2020 and use their value chain monitoring tools. amfori is a membership organisation of over 2,400 retailers, importers, brands and associations that offers social and environmental services to improve the resilience and sustainability of sourcing strategies. Our factories participate in the amfori BSCI auditing programme and assessment tools. The amfori BSCI platform helps us to map our value chain, monitor the audit performance of tier 1 suppliers, schedule monitoring activities and track continuous improvements. Additionally, BSCI helps us to empower our tier 1 suppliers with training, guidance and

activities regarding compliance with the BSCI Code of Conduct. Work on continuous improvement measures is also part of the package. The amfori Academy offers e-learning sessions as well as personal consultations to improve the management of social risk. This package includes free-of-charge training and workshops on human rights in a factory's local language and legal sphere.

We have committed our tier 1 suppliers to our "Minimum Quality Requirements, Sustainability & Product Safety", which includes product requirements for chemical use, packaging and animal welfare. This formal document is shared with private label suppliers and is now one of our contractual mechanisms alongside our Business Code of Conduct. We updated this document in 2021/2022. In 2021/2022, we also continued direct and regular one-to-one discussions with our suppliers on more sustainable practices. To streamline our communication and ensure that we have up-to-date guidance and resources for suppliers available in one place at all times, we set up our own supplier engagement platform.

From February 2022, we require tier 1 and tier 2 transparency from new suppliers during the onboarding process. Transparency in this context means that suppliers must share data on facilities, valid audits and certifications relating to their product assortment before entering into a business partnership with us.

Based on our supplier database, we will develop private label buying scorecards that take into account certain sustainability criteria for our private label buying teams to make a strategic transition to more sustainable purchasing practices. This should help us and our customers to pursue our mission to make informed purchasing decisions and integrate sustainability into our purchasing processes.

## LOGISTICS: INVOLVE OUR LOGISTICS PARTNERS

In logistics, we work with direct business partners that run our warehousing and transport operations. The number of employees in our warehouses and transport operations exceeds our own and they are the backbone for smooth e-commerce operations in our day-to-day business. We recognise our responsibility to manage and mitigate social risks and support the improvement of working conditions.

Our first step is to increase the transparency that allows us to see where our business partners stand regarding their social standards and practices. Therefore, we sent a questionnaire to all our transport business partners that included questions on the implementation of social standards, their business partners' standards, labour rights violations, responsibility programmes, as well as the associated action plans and labour law compliance processes. Our goal is to have a consistent framework and management approach with our partners. We will continue our efforts and track progress during the next reporting period.

In warehousing, we maintain long-standing business relationships with our existing partners. Our teams visit their facilities regularly. In 2021/2022, we worked on social criteria that we plan to include in our due diligence processes when appointing business partners to help us expand our warehousing operations and renew contracts. The warehousing partners have signed our Business Code of Conduct<sup>57</sup>. We will continue to engage with our warehousing partners and refine our social due diligence processes.

<sup>56</sup> amfori BSCI (2022) – Countries' Risk Classification

<sup>57</sup> Contracts signed before May 2021 included the then valid version of the OTTO Group Code of Conduct for Services and Non-Merchandise Goods.

**OUR EMPLOYEES: CREATE A FAIR AND FRIENDLY WORK ENVIRONMENT FOR ALL**

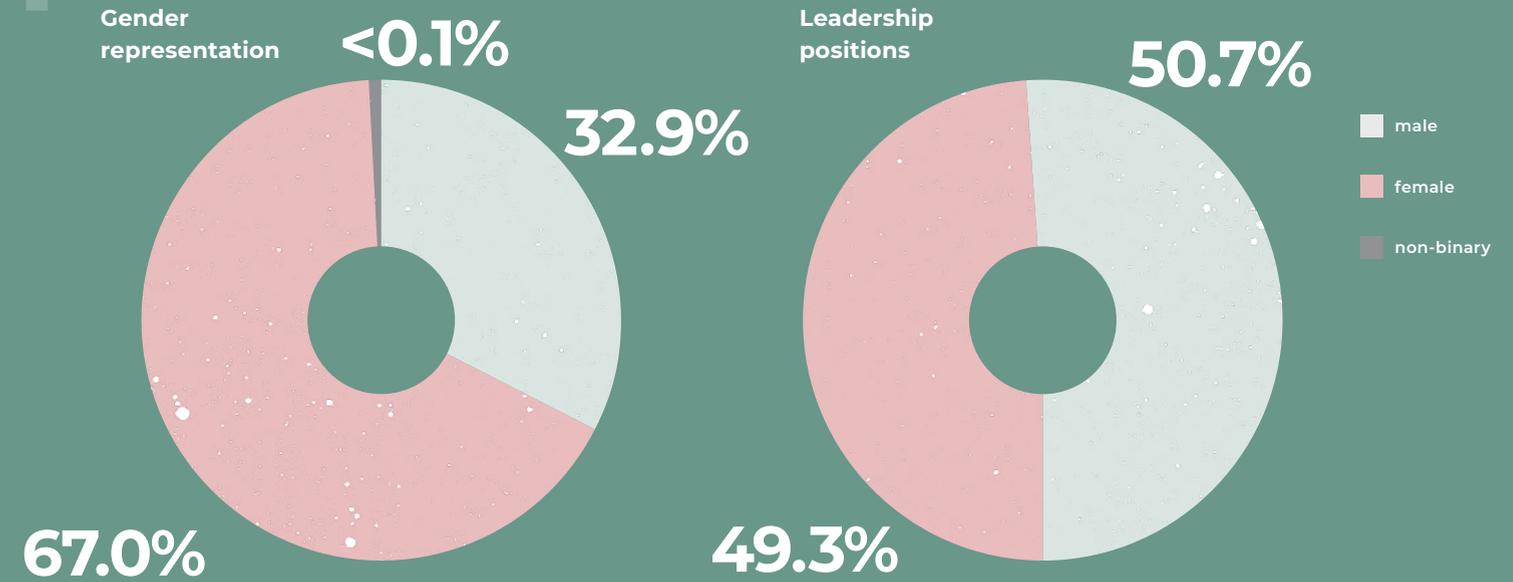
In our materiality assessment, we identified two material topics related to our employees: “Diversity, equity and inclusion” and “Employee happiness, health and well-being”. We consider these two topics to be fundamental to creating a fair and friendly work environment for all. In addition, we have chosen to highlight our “talent acquisition and development” efforts as they enable our continued growth as a company and as individuals.

All employee-related topics are interrelated for us. Our dedicated efforts to foster happiness, health and well-being are mutually reinforcing feedback loops to build employee loyalty. A value-based culture that reflects the promotion of diversity, equity and inclusion helps us to attract talent and helps employees thrive by being true to themselves. To create a fair and friendly work environment for all, we developed a four-step approach that we continue to shape and expand on:

- 1 Measure and analyse where we stand using selected KPIs and qualitative feedback tools.
- 2 Identify opportunities for improvement and derive specific actions.
- 3 Improve our current situation by implementing measures.
- 4 Share our progress and learnings internally and externally in this ESG report.

Our employee KPI highlights by headcount are:

**DIVERSITY, EQUITY & INCLUSION (DE&I)**



**INTERNATIONAL REPRESENTATION IN LEADERSHIP POSITIONS IS 18.6%**

**INTERNATIONAL REPRESENTATION IS 28.5%, WITH 80 NATIONALITIES REPRESENTED**

**ENGAGEMENT AND WELL-BEING:**

Above-average employee feedback: Engagement score<sup>58</sup> of 7.8 and an employee Net Promoter Score (eNPS)<sup>59</sup> of 32

<sup>58</sup> 2021/2022 average of the latest of our employees' responses to the engagement questions on a 0 to 10 scale  
<sup>59</sup> Percentage of promoters (scores 9 to 10) minus percentage of detractors (scores 0 to 6)

# 3

## TALENT ACQUISITION AND DEVELOPMENT

# 74.0%

OF LEADERSHIP POSITIONS  
HELD BY EMPLOYEES  
YOUNGER THAN 35

AVERAGE AGE OF

# 28.7

AND AGES RANGING FROM 18 TO 59

1,497  
employees

1,500  
1,000  
500



850+  
new hires in  
2021/2022<sup>60</sup>

To receive feedback on our employees' perception of diversity, equity & inclusion and employee engagement & well-being, we use **Workday Peakon Employee Voice (Peakon)** as a monthly pulse survey tool. We launched the tool in January 2020. Employees rate a series of questions on a scale of 0 (lowest satisfaction) to 10 (highest satisfaction) in selected categories, such as overall satisfaction, mental health and well-being, and the employer's response and actions in the face of the Covid-19 pandemic. The total percentage of detractors (scores 0 to 6) is deducted from the total percentage of promoters (scores 9 to 10) to produce the employee Net Promoter Score (eNPS). Quantitative responses are accompanied by open-ended feedback. The engagement score is an average of the most recent monthly feedback per employee from 1 March 2021 to 3 March 2022. The survey is conducted monthly to allow us to address structural issues and categories of interest adequately and timely.

<sup>60</sup> Compared to previously published information this number includes rehires, working students and interns.

## DIVERSITY, EQUITY & INCLUSION (DE&I)

We believe that each and every one of our employees is unique and should feel and be empowered to unleash their potential by being able to be their true selves at work every single day. Gender identity, nationality or ethnicity should never be a barrier. Working together in diverse teams and bringing together different backgrounds and perspectives leads to better entrepreneurial decisions and sets us apart. We are committed to building an inclusive company and our commitment to the pledge to the **Charta der Vielfalt diversity charter**. This corporate initiative promotes diversity and inclusion in corporate culture in Germany. Over 4,500 employers with more than 14.6 million employees share our commitment.

To measure whether we successfully fulfil our mission, we have integrated a dedicated "Diversity & Inclusion Module" with diversity attributes in Peakon. Our 2021/2022 Peakon engagement score regarding equity ("People from all backgrounds are treated fairly at ABOUT YOU.") is 8.9 (0.5 points above the Consumer Retailing average<sup>61</sup>), and our eNPS score is 66 (19 points above the Consumer Retailing average). We find this feedback encouraging.

In spring 2021, we launched an extension of the Peakon tool. As part of this monthly survey, employees had the opportunity to anonymously provide additional information on gender identity, ethnicity or socioeconomic status, among other factors, and to evaluate and comment on statements related to diversity, inclusiveness and non-discrimination. The scores can then be analysed in aggregate form. Doing this allows us to understand potential problems better and identify opportunities, as well as engage anonymously in a direct

exchange with employees to clarify incidents or obtain additional information.

Our data-driven approach provides us with a realistic, up-to-date and reliable understanding of how satisfied our employees are with our DE&I management and where we can improve. We are grateful for the collaboration with our legal team and our works council. We value the openness and trust that our employees have shown us in sharing their sensitive data with us to help us continually improve our DE&I initiatives.

We consider pay equity an integral part of DE&I and are committed to the principle of "equal pay for equal work" because payment should never be influenced by anything other than qualifications, performance and potential. To facilitate our employees being paid equitably, we use company-wide salary bands that determine pay based on job family, role, job-related experience, seniority and performance. The salary bands are used to determine entry-level pay and are part of our annual performance review process. Reviews and benchmarking are conducted annually and incorporate third-party benchmark data from different industries and company sizes. We are in the process of implementing additional internal governance to review pay decisions more frequently and ensure the consistent and equitable treatment of our employees across all functions

In our opinion, such treatment can only be achieved with a balanced representation of women in leadership positions, including top leadership. We have defined balanced representation as a 40/60/\* corridor whereby we aim for women and men to reach a representation between 40% and 60% in leadership positions; the asterisk (\*) included in the defined corridor refers to non-binary genders. We are committed to including talent and employees who identify as non-binary. As of 28 February 2022, 49% of all leadership positions are held by women. For a detailed report on the representation of women on our Supervisory Board, our Management Board and leadership levels below the Management Board according to Sections 76 (4), 111 (5) AktG (German Stock Corporation Act), please refer to our Annual Report FY 2021/2022.

We welcome talent from all over the world and from all backgrounds and cultures. Therefore, we place as much importance on a diverse representation of nationalities as we do on gender diversity. As a company based in Hamburg, Germany, and with most of our offices in Germany,<sup>62</sup> most of our employees are German nationals. In addition, we have an increasing percentage of international employees. As of the end of our reporting year 2021/2022, more than 80 nationalities were represented. We define international employees as all employees who do not have German citizenship or who have dual citizenship. We believe that having international employees in leadership positions is a gateway to actively promoting cultural diversity not only as part of our corporate culture but also within each team. As of 28 February 2022, 18.6% of our leads and 28.5% of our employees are internationals. Our commitment for the future is to continue to promote diversity and attract global talent.

<sup>61</sup> Compared to our 2020/2021 Responsibility Report, we changed the industry benchmarking group from Technology to Consumer Retailing due to a stronger link to our business model.

<sup>62</sup> Plus one EDITED Store in Vienna, Austria

As a basis for global talent to work with us, we are using English as a company language and offer free German and English language classes at various levels. In 2021/2022, we hosted more than 1,500 hours of language classes for our employees. In addition, our relocation team provides 360° relocation support for employees (and direct family members) who want to join us from abroad. Compared to the previous reporting period, we more than doubled our number of relocation cases.

### ENGAGEMENT, HEALTH AND WELL-BEING

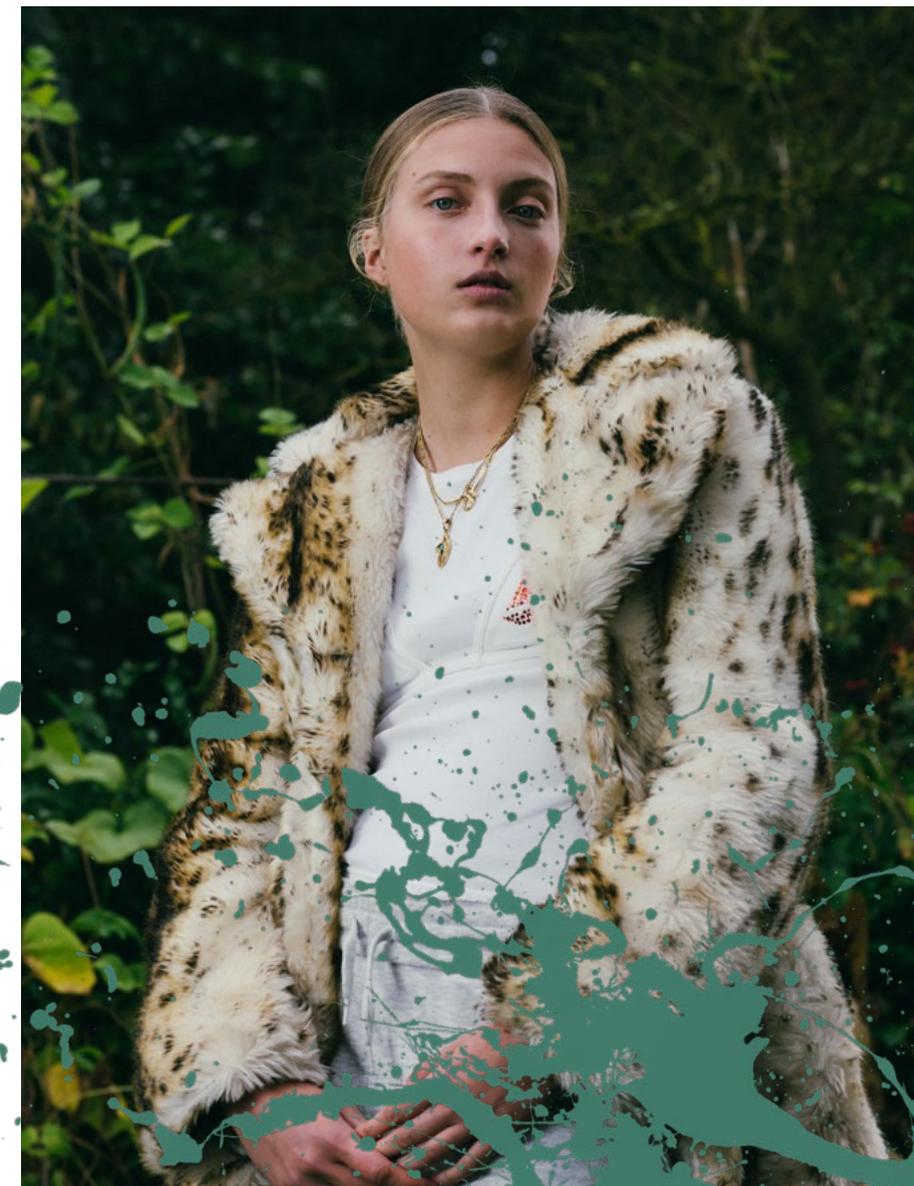
We are committed to providing an engaging and healthy work environment for all our employees. Our average Peakon engagement score, which reflects employee satisfaction in 2021/2022, remains high (score of 7.8) and decreased slightly from 8.0 in the previous reporting period. This score is 0.1 points above the Consumer Retailing industry benchmark. Our 2021/2022 eNPS score is 32 (9 points above the Consumer Retailing benchmark) and likewise decreased from 36 in the previous reporting period. This slight decrease can be attributed to overall employee satisfaction, which is primarily due to mandatory remote working and social distancing. We have addressed this issue via several measures, such as encouraging virtual collaboration and keeping the office open for those needing and preferring an office workspace.

Key drivers of our employee satisfaction are:

- A Peakon peer relationship engagement score of 8.5 (0.3 points above the Consumer Retailing benchmark) and an eNPS of 63 (26 points above the Consumer Retailing benchmark). We received positive qualitative feedback on our open, inclusive and supportive work environment, which we foster by upholding our culture from Co-CEO level and making our culture transparent in our Culture Booklet.
- A Peakon growth engagement score of 7.7 (0.3 points above the Consumer Retailing benchmark) and an eNPS of 31 (20 points above the Consumer Retailing benchmark). We received positive qualitative feedback on the importance placed on personal and professional growth as well as individual career development.

2021/2022 remained a challenging year for employee health, particularly mental health, as our employees juggled their work and personal lives during the lockdown and rapidly changing circumstances of the pandemic. Our employees brought two opportunities for improvement in particular to our attention:

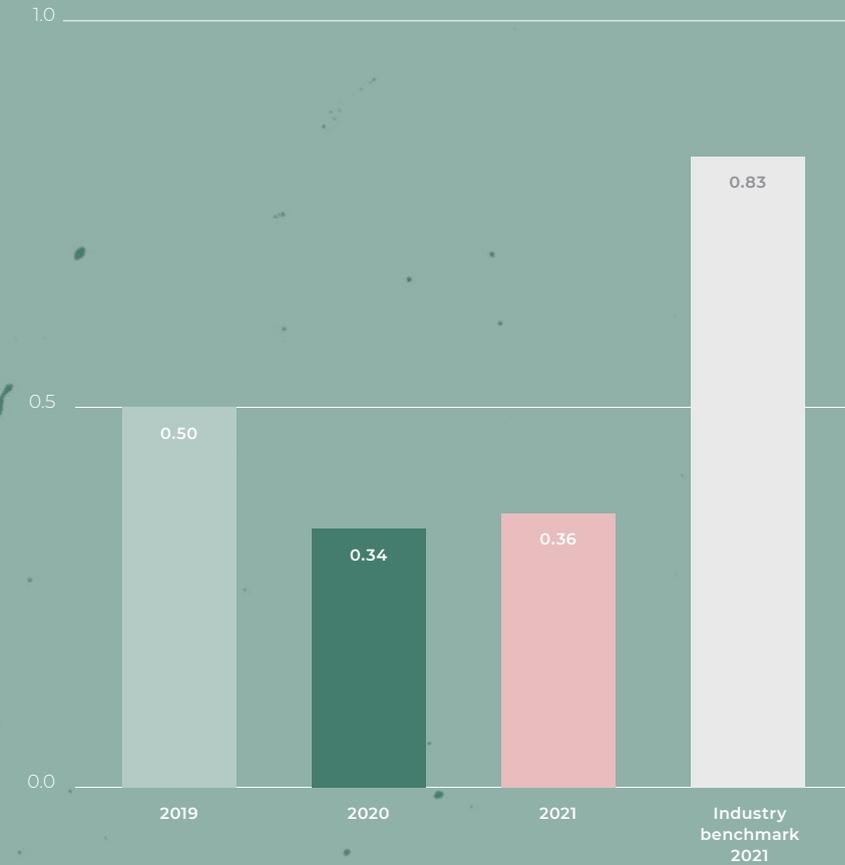
- Employees left feedback that vacation days were low compared to peers. We increased vacation days from 25 to 28 days per year in August 2021. Employees gained a net two days, as Christmas Eve (½ day) and New Year’s Eve (½ day) are no full days off any more.
- Employees asked us to allow more remote work. We followed step-by-step: Since May 2021, we have allowed remote work for certain tech roles in Germany, and since October 2021 within selected EU countries. Since September 2021, Monday and Friday have been voluntary remote working days for all other employees.



To support our employees, we expanded virtual yoga and meditation classes from once a week to four times a week, accommodating different time preferences. We established a professional third-party **Employee Assistance Programme “meinEAP”**, which our employees use to receive a full range of services from traditional counselling to legal assistance.

We set the goal of being a healthy employer for our employees, including physical health. We measure this internally via employee feedback in a dedicated Peakon module, documentation of work-related accidents and sick days. Our employees predominantly work in office jobs. In 2020/2021, two work-related accidents have been reported on our premises. To support physical health, we provide ergonomic workplaces meeting all applicable regulations regarding workplace safety. We complement this with a report on employee sick days and reasons provided with our health insurance partner, **Techniker Krankenkasse (TK)** for our TK-insured employees (48.2% of all employees). Our partnership with TK includes a discussion about improvement opportunities. Our sick days per employee remain low, at 0.36 days in calendar year 2021 compared with 0.34 in 2020.

**Sick days per TK-insured employee from 2019 to 2021 and industry benchmark 2021 of mail-order and e-commerce retailing**





As the Covid-19 pandemic continued throughout 2021/2022, we had to focus our workplace safety on preventing infections. In our office locations and our stores, we operated with an active Covid-19 taskforce that developed and executed safety protocols and measures in adherence with local government regulations. Starting in summer 2021, we offered regular vaccination appointments with our company doctor. We also made rapid tests available at the offices and stores. In case of symptoms, our employees can order PCR tests to their home locations that we provide with partner laboratories. The cost is covered by us.

In October 2021, we held our first ABOUT YOU Health Day in collaboration with **move UP**, a professional health education provider, and with the support of our main health insurance company, Techniker Krankenkasse. In a fully remote format, the Health Day addressed our employees' main challenges: juggling a challenging high-growth work environment and private life while working fully remotely, following the guiding question of "How can I stay healthy and relaxed despite working from home and daily challenges and find a healthy way to manage stress?" Throughout the day, participants could choose from six online workshops, lectures and interactive training sessions around the five central themes: mindfulness, self-care, positive mindset, healthy sleep habits and working out at home. The Health Day sessions served as a kick-off and boost, followed by regular in-depth sessions that help employees to leverage and integrate newly learned skills into their daily routines. Our Health Day was attended by more than 600 employees and received very positive feedback. As a result, the concept will be expanded in 2022/2023, including a fixed "Health Module" in our internal AY Academy curriculum and two additional Health Days.

Through our employee initiatives programme, we foster an engaging, open and inclusive work environment. Our employees can initiate and lead discussions around a certain topic, which is then supported by our HR team. Employee groups shape these initiatives as advisors, sounding boards and amplifiers, and strengthen collaboration based on shared experiences and/or identities.

In 2021/2022, we further expanded our employee initiatives to now include five main employee initiatives:

- GRL PWR (Girl Power): An initiative for all female employees, featuring talks by inspiring female artists, founders, entrepreneurs and role models
- Diversity Circle: The Diversity Circle focuses on diversity topics, objectively assessing whether we are living up to our ambition of being a truly diverse, open and inclusive employer, identifying areas for improvement and initiating measures and cooperations
- Sustainability Circle: Facilitating internal sustainability initiatives, such as an internal reselling platform and reselling events
- International Circle: Initiative for internationals and especially those relocating to connect, share and plan activities together
- Internal Communication Circle: Creating transparency in internal communication and an effective flow of information between management, the departments and the employees

## TALENT ACQUISITION AND DEVELOPMENT

In 2021/2022, we welcomed more than 850 new employees, including re-hires, interns and working students, up from over 400 in 2020/2021<sup>63</sup>. Our open positions exceed 200<sup>64</sup> and we plan to hire new talent to roll out our growth plans. To secure a stable talent pipeline, we have expanded our recruiting team, adapted team structures to enable better collaboration and expanded our active sourcing team, among other initiatives. Recruiting tech talent is a critical factor for our success. Therefore, we have begun allowing remote work in certain EU countries for selected technical positions, such as development and quality assurance. In 2022/2023, we plan to build tech hubs in Central and Eastern Europe as part of our recruiting efforts.

Our turnover increased to 17% in 2021/2022<sup>65</sup> compared to 12% during the last reporting period. We conclude that this slight increase is a normalisation towards pre-pandemic levels (20% in 2019/2020) within typical ranges and partially offsets the low turnover in the last reporting year, which was primarily related to unstable market conditions overall and fewer employees changing jobs at the start of the Covid-19 pandemic.

To accelerate individual development, we offer our employees steep learning curves on the job, in-house mentoring by experienced colleagues and a training programme targeted to specific job needs. Throughout 2021/2022, we significantly expanded our training offerings through our in-house AY Academy. The AY Academy offers a curriculum of more than 30 courses dedicated to different levels of experience, starting with basic methods (such as project management, problem solving and Microsoft Office) and soft skills training for

graduate recruits through to leadership training up to the director level. In addition, we offer (mental) health training as well as free English and German language courses.

As we grow and our organisation becomes increasingly complex, we also see a growing need to foster collaboration and understanding between our different teams. Therefore, in addition to general training, our AY Academy offers more than 20 learning sessions organised by in-house teams to improve common understanding and knowledge sharing. In addition to our AY Academy programme, we recognise that our leads, in particular, face very individual areas of development that require personalised support. That is why we specifically support our leads and “leads to be” with access to mentoring from a pool of more than 50 experienced in-house mentors, external coaching opportunities, and individual annual development budgets. In 2022/2023, the AY Academy will focus on further improving and expanding the existing offering with an emphasis on on-demand virtual content via online learning platforms, an expanded leadership programme and (mental) health.



<sup>63</sup> Compared to previously published information this number includes rehires, working students and interns.

<sup>64</sup> As of 28 February 2022, including internships and working student positions

<sup>65</sup> “Permanent” employment - excluding interns, working students and temporary workers

## CUSTOMERS: SAFEGUARD DATA PRIVACY AND SECURITY

We are a data-driven company. That applies not only to the ways we work but also to the very foundation of our business model. Every customer who enters into a relationship with us entrusts us with their personal data. Our top priority is to ensure the confidentiality and security of all the data our customers share with us. Once a customer provides us with their personal data, it is stored in an ISO-certified data centre and only in encrypted databases. Access to these databases is strictly limited by dedicated approval and outplacement (removal of access) processes. In 2021/2022, we witnessed no incidents that require reporting to the authorities.

Our IT security team is responsible for data privacy and security. The team continuously assesses the latest developments in data protection and cybersecurity standards. The team reports directly to our co-founder and Co-CEO Tech & Product, Sebastian. The team's overall goal is to ensure compliance with applicable laws and regulations as well as with (self-developed) voluntary commitments. We emphasise that business objectives can only be achieved through legal and ethical means. In particular, we follow the General Data Protection Regulation (GDPR) and the German Teleservices Data Protection Act (TDDSG), as well as other applicable laws in specific countries. An Information Security Management System (ISMS) is in place, and ISO 27001 and CIS 18 central aspects are followed. Furthermore, our main infrastructure providers, such as Amazon Web Services, Google Cloud Platform and Microsoft Azure, hold ISO 27001 and SOC 1/2 certifications.

To take our data privacy and security policy a step further, we verify that all new vendors comply with current applicable legislation as well as our internal compliance, legal and security requirements. This includes security and privacy certifications, encryption standards, incident response processes, regular penetration testing, and identity and access management within the applications and/or services.

We recognise that the human factor plays a major role in data privacy and security. Our IT security team has developed a dedicated training programme for our employees to make them aware of the most significant possible breaches involving human error. All new employees are required to undergo extensive security and privacy training as part of the onboarding process, which covers the following topics: password management, online scams and phishing attacks, handling confidential and internal data, including personal data, and physical threats to information security. In addition, a mandatory annual refresher course is conducted to ensure that those working at ABOUT YOU are aware of new threats, risks and attack vectors, as well as updated processes and procedures.

Acknowledging the importance of the preventive measures described, our IT security team also continuously performs operational measures to monitor and respond to data breaches and cyberattacks. Every ABOUT YOU public-facing web application is protected by a web application firewall (WAF), and the IT security team responds to any alerts from it. ABOUT YOU's cloud-hosted infrastructure is monitored by an AI-based intrusion detection system that detects malicious/suspicious activity and notifies the IT security team through various channels. The same "detect and alert" principle is applied to many other systems, such as the email server, data sharing service and endpoint protection solution. In specific cases, automated remediation is applied to attacks, such as DDoS attacks, port scanning, credential stuffing, malware execution and suspicious logins to the email application.

In terms of incident response, our IT security team has predefined playbooks for incidents that occurred in the past, and a general incident response process is outlined. The IT security team practises and improves incident response procedures annually. We have a data breach emergency and notification process in place to ensure compliance with notification obligations under GDPR and also to facilitate reaction within the legally required times to minimise the impact on the affected data subjects.



Our cybersecurity programme is ultimately supplemented by continuous internal and external security audits as well as vulnerability testing. The internal audit is an ongoing process administered by our application security team and covers all software products. The audit follows an established structure and looks at weaknesses in the source code, the infrastructure in which it is deployed and the actual running application. The application is tested for any applicable vulnerability type, including the Open Web Application Security Project (OWASP) top ten. In addition to internal auditing, processes are in place to teach our development teams to code securely. These processes include an onboarding presentation and security training, as well as thorough guidelines. If an issue is discovered during an audit, developers are instructed on how to remediate these types of vulnerabilities in the future.

External auditing is applicable to any critical software component or infrastructure. This includes but is not limited to our e-commerce platform, our SCAYLE infrastructure that we sell to our customers and our internal network. We use a bug bounty programme on HackerOne for our e-commerce platform and their respective applications, as well as other public-facing websites. This ensures that any vulnerabilities are identified quickly and motivates researchers to report vulnerabilities they might find to us rather than misusing them or sharing them elsewhere. Any vulnerabilities reported by external parties are reviewed and assessed by the IT security team to identify similar variants of the same vulnerability (variant analysis) and to recognise gaps in knowledge about certain types of vulnerabilities.

## SOCIETY: SHARE OUR MESSAGES

To fulfil our responsibility as a positive corporate citizen, we empower people to find and express themselves through fashion. It is a priority for us to not only live up to this purpose within the confines of our company or in the interactions with our business partners and customers but also to communicate our values to our wider community. We are actively leveraging our strong reach, brand and platform to execute on this goal at scale.

As part of our digitised shopping experience, we regularly engage with our customers through media and digital content campaigns, which also regularly include members of the LGBTQIA+ community. An example is our July 2021 multi-brand shoot, which featured the celebrated Brix Schauburg, Germany's first officially out transgender actor.

Our established ABOUTYOU Fashion Week (AYFW) and the ABOUTYOU Awards (AYA) events are far-reaching platforms for communicating the messages we want to convey. In a rapidly changing age and society, something new is needed. As a pioneer in the digital industry, we have long recognised this and we offered our community a unique concept of producing a Re-Fashion Week that is much more than a fashion show alongside the Spring/Summer 2021 edition of AYFW. The event followed the slogan "RETHINK, REWEAR, RESTYLE" and turned the spotlight on relevant topics such as circular fashion and responsibility. Above all, we want to reach out to the so-called "Change Generation", who are rethinking the fashion industry and fashion culture.



To kick off and open this Spring/Summer AYFW, the ABOUT YOU show presented a new fashion culture that prioritises the value of sustainability and quality over ephemeral trends. The motto

**“The End of F\*\*\*\*g Fashion”**

symbolises a progressive new beginning that champions circular fashion and a future-oriented approach to fashion.



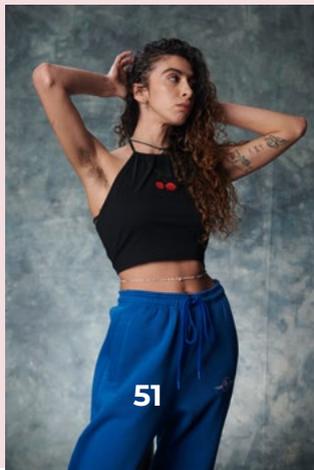
The Autumn/Winter 2021 edition of AYFW presented the message of

**“Freedom of Identity”.**

We want to break away from traditional role models, dissolve binary identities and promote tolerance. This important message was not only interpreted individually in the fashion shows but also visually and conceptually in all the venue’s spaces.



All the styles in the ABOUT YOU show are presented by models with fluid gender identities, of different sizes, sexual orientations and ethnic backgrounds. We put together the looks from current collections, combined with selected second-hand pieces from the Second Love category and unique pieces from our upcycling brand ABOUT YOU REBIRTH STUDIOS.





Not only have we established the AYA as one of the most important awards for digital designers in Europe, but we also use the platform to make a statement in the social media sphere. Therefore, we have introduced a category dedicated to empowerment. Influencers who stand up and show a strong attitude can act as moral role models and thus move people, form synergies and create lasting change. Our nominees such as Tupoka Ogette, Yusra Mardini, Lea-Sophie Cramer, Tarik Tesfu and Louisa Dellert have precisely these qualities in common, which we honoured with the AYA 2021 theme #MoreThanAttitude.



A photograph of a man and a woman standing in a field of sunflowers. The man, on the left, has curly brown hair and is wearing a light blue and white striped button-down shirt. The woman, on the right, is wearing a bright yellow bucket hat and a white cable-knit sweater. They are both looking towards the right side of the frame. The sunflowers are tall with large green leaves and some yellow heads. In the background, there are more trees and a building with a dark roof. A large black rectangular box with the word "PROGRESS" in white, bold, sans-serif capital letters is centered across the middle of the image.

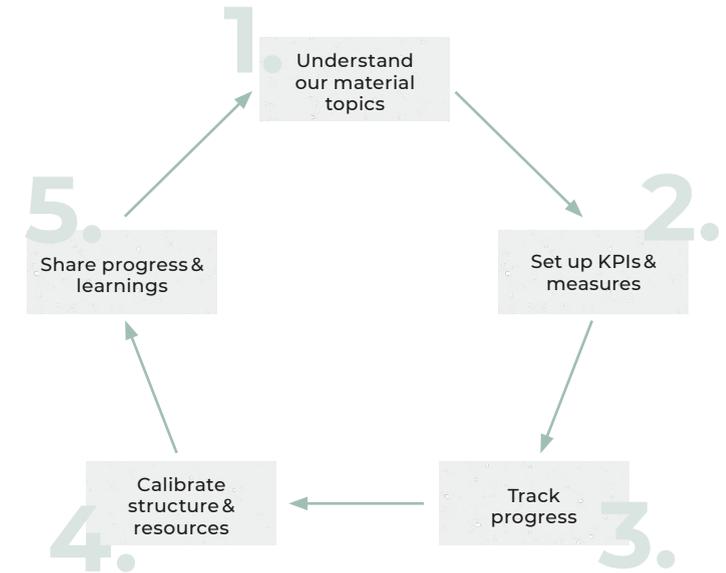
**PROGRESS**

**ESG STRATEGY: EXTEND OUR POSITIVE IMPACT**

To achieve our goal of becoming a more sustainable fashion platform of scale, we need to transition core areas of our business and increase our positive impact exponentially. In 2021/2022, we adjusted our ESG strategy to incorporate both. Essentially, we defined a set of measures and key performance indicators (KPIs). Our measures are relevant time-bound targets with a specific outcome. Our KPIs reflect medium to long-term developments towards an internally agreed-upon target and help us monitor developments of core business processes, such as how we compose our assortment. KPIs and measures were developed with our Co-CEOs and subsequently approved by them. Progress is monitored either monthly, quarterly, bi-annually or annually. In the **PLANET** and **PEOPLE** chapters of this ESG report, we shared a subset of our KPIs and measures. In addition, we are working on a roadmap that adds a detailed long-term state that we plan to achieve in the future. At the end of this process, we will check whether we defined the corresponding KPIs and measures, and adjust them if necessary.

“Governance & responsibility” is ranked as a material cluster in our materiality assessment. We devoted a whole chapter of this ESG report to our approach, as we have received positive feedback from various external stakeholders on how quickly we are getting things done. We share our ESG strategy publicly to extend our positive ESG impact beyond our company and our sector. To begin, we break down our ESG strategy into five steps and showcase how we implemented them in 2021/2022.

- 1 We understand our material topics by capturing the different perspectives of our stakeholders in our materiality assessment. This includes our ESG risk assessment, established ESG frameworks, and reports from our partners and peers. In 2021/2022, we gained a better understanding of the ESG topics that we should be working on as part of the fashion and e-commerce ecospheres.
- 2 We have established KPIs and derived measures by identifying, adapting and prioritising opportunities. In 2021/2022, we set the starting points for a clear strategic direction.
- 3 We use the KPIs and measures to monitor and initiate progress with our business units and partners.
- 4 We calibrate our ESG governance structure and resources. We report on our ESG governance structure in the following section.
- 5 We share our progress and learnings in this ESG report. We presented a subset of our 2021/2022 material topics and their limitations in our materiality assessment and the **PLANET** and **PEOPLE** chapters of this ESG report. In each section, we have outlined our management approaches, the measures we are working on, the KPIs we have established and provided an outlook on our 2025/2026 roadmap, where applicable.



Our reporting is an essential part of our ESG strategy and serves three purposes. Firstly, to present our approach, position and learnings; secondly, to give us structure; and thirdly, to serve as a retrospective tool to identify what worked well, what needs to be improved and what we need to do more of.

We are working on many ESG topics. Above all, we need to prioritise according to our assessments, while ensuring that our assessments are holistic. We see our work as a journey where we progress step by step with a clear strategic direction. We are committed to progress and to extending our positive environmental and social impact.

### GOVERNANCE: ESTABLISH STRUCTURE

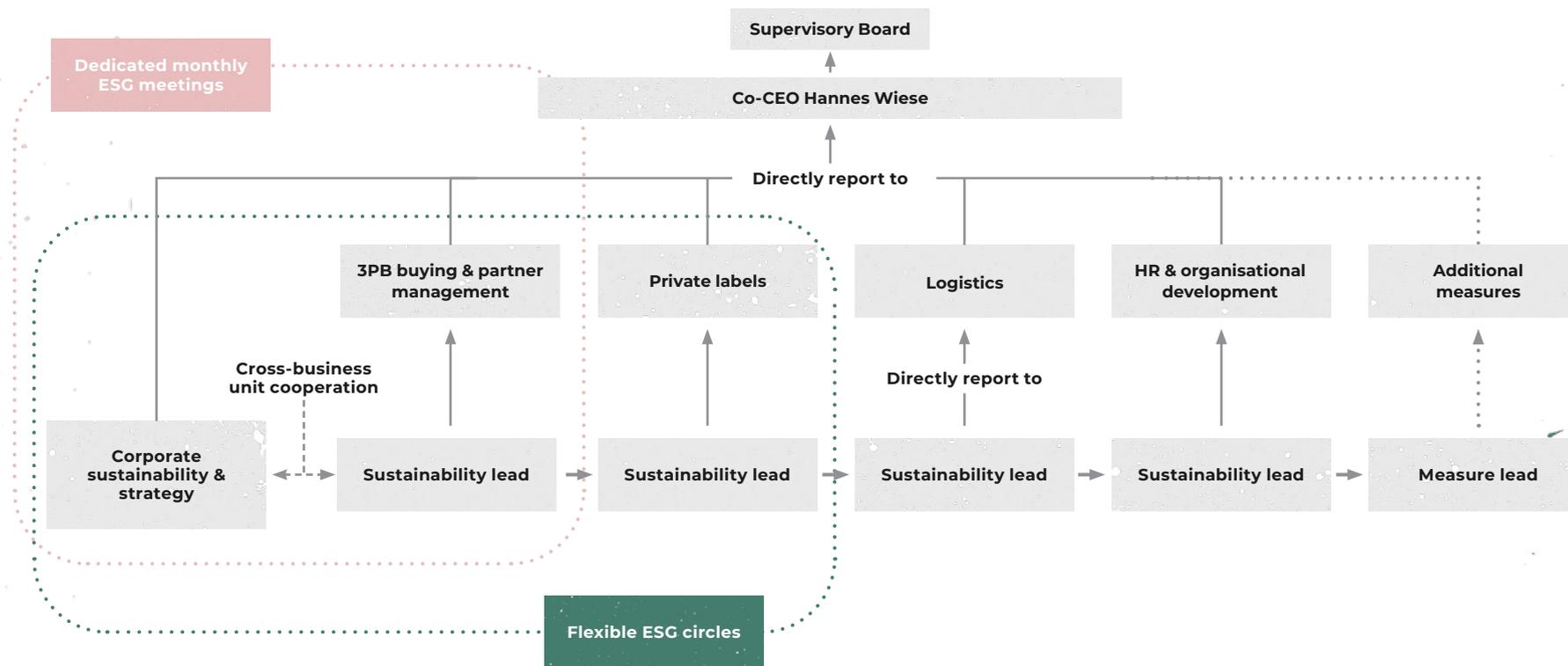
How we manage the transition towards more sustainable practices within our organisation is key to achieving our objectives. To reach our targets, we have established a corresponding governance structure. Most organisations have created separate sustainability departments that are not directly integrated into the organisation's decision-making processes and, therefore, have limited impact and are often seen as unnecessary overhead by the operating business units. In contrast, our approach is to integrate sustainability

capabilities into our established core operations and the respective process-owning business units.

Wherever we have been able to consolidate sustainability delivery needs in business units, we have created the role of a sustainability lead. Sustainability leads report directly to respective business unit leads, which in turn report directly to one of our Co-CEOs. In this way, we encourage cooperation between a sustainability role and the business units. In our experience, this reduces friction, keeps us lean and increases the speed of transition. It also speeds up

decision-making processes on ESG matters and ensures that the directions chosen have direct buy-in from the process-owning business units. Our business units hence also remain responsible for progressing towards our ESG KPIs, executing measures, creating and updating policy documents, and allocating internal resources.

With effect from January 2022, our sustainability leads, business unit leads, and Co-CEO Hannes Wiese catch up monthly in a new format consisting of dedicated ESG meetings. These meetings focus on an update of relevant KPIs, progress on





reported measures, new opportunities, as well as management decision-making and support. While the sustainability leads and business unit leads drive progress, our corporate sustainability & strategy teams facilitate the process by organising the meetings. Additionally, our sustainability leads and corporate sustainability & strategy departments meet in flexible circles to discuss key cross-business unit topics such as our more sustainable product criteria that affect our buying & partner management (both responsible for third-party brand products) and private label teams.

Our corporate sustainability and strategy teams assess our material ESG topics (including input such as ESG frameworks), support the business units with guidance and structure, calibrate our ESG strategy, and ensure continuity and consistency in our progress and reporting. They also lead the incorporation of relevant aspects of sustainability into our corporate governance, risk management and strategy processes. Several other business units, such as investor relations, legal and compliance, as well as the content and marketing teams, are also working on integrating sustainability aspects. For an in-depth overview of our corporate governance structure, including legal compliance, please refer to section 1.4.2 Corporate Governance in our Annual Report FY 2021/2022.

### ESG FRAMEWORKS: SET STARTING POINTS AND MEASURE PROGRESS

#### Sustainable Apparel Coalition

The **Sustainable Apparel Coalition (SAC)** is the world's leading sustainability non-profit alliance for the apparel, footwear and textile sectors. Its 250+ members include brands, retailers, suppliers, service partners, trade associations, non-profit organisations, NGOs and academic institutions. With the SAC, we share a vision of an industry that gives more than it takes – to the planet and its people. And we also share the SAC's mission to transform business for exponential impact through revolutionary tools, collaborative partnerships and trusted leadership for industry sustainability.

In partnership with Higg, the SAC provides a range of standardised sustainability assessment tools to measure and improve sustainability performance at the brand/retailer, factory and product level. As an apparel and footwear retailer at heart, we are committed to working with the **Higg Brand and Retail Module (BRM)** and improving our scores. In 2021/2022, we completed our first Higg BRM and received external verification. Our environmental and social scores are encouraging and we identified improvement opportunities that we are working on. We will provide an update in the next reporting cycle.

	Environmental score	Social score
Management system	75.0%	80.0%
Retailer	66.7%	28.6%
Brand	45.8%	51.4%
Stores	83.3%	73.1%
Operations & Logistics	81.0%	51.3%
<b>Total</b>	<b>70.4%</b>	<b>56.9%</b>

Our assessment of ESG frameworks revealed that the Higg BRM reflects the specific sustainability tasks at hand for us as an e-commerce platform in the apparel and footwear sectors well. It has also been the most widely adopted by our apparel and footwear peers and partners. Working with the Higg BRM and hence discussing opportunities with our business units has proven to be a boost for our internal ESG strategy.

In 2022, we will focus on:

- 1 Improving our own Higg BRM scores and thus our sustainability performance by implementing new measures in all business units
- 2 Engaging our partners to work with the Higg BRM and share their assessments with us
- 3 Sharing our progress and commitment publicly

### Cross-sector frameworks

The **Institutional Shareholder Services** group of companies (ISS) empowers investors and companies to build long-term and sustainable growth by providing high-quality data, analysis and information. In 2021/2022, we participated in the ISS ESG Corporate Rating for the first time. We appreciated the comprehensive feedback on our ESG strategy and progress from an external perspective. Based on our 2020/2021 ESG publications (previous reporting period), we achieved a C score, a high level of transparency and a decile rank of 1 (top 10%) compared to our retail peers. The first rating threshold

is a C+ score, which we aim to achieve in the next reporting period.

We analysed the **Carbon Disclosure Project** questionnaire to benchmark our efforts to combat climate change. We also evaluated **Morningstar's Sustainalytics** ESG framework to prepare for public reporting. We also analysed reports of our peers and business partners and will share an update in our next ESG report.

We analysed the **17 Sustainable Development Goals (SDG)** of the United Nations and the associated 169 targets. From our perspective, the SDGs cover a holistic spectrum of sustainable challenges from a multinational development perspective. In general, we applaud any progress made towards the SDGs. Our analysis focused on identifying any blind spots, such as the impacts of our business model on the SDGs and ESG opportunities that are not covered by our ESG strategy yet. We could not find any material ones. Hence, for us, the SDGs can only serve as a starting point that we have passed on our ESG roadmap, not a next step. As a fashion e-commerce platform, we need to dive deeper into our specific challenges. To reach our goal of having a measurable positive impact, we also need to focus. The frameworks we are working with and that are mentioned in this ESG report have delivered more added value for us as a fashion e-commerce platform at this stage.

### Textile sector frameworks

Aside from frameworks such as the **OECD Due Diligence Guidance for Responsible Supply Chains** in the Garment and Footwear Sector and the EU and German supply chain laws, we also follow the **EU strategy for sustainable and circular textiles**. Within the next reporting period, we will dive deeper and analyse the content.





### PARTNERSHIPS: MULTIPLY OUR POSITIVE IMPACT

We work with multiple partners to operate our fashion e-commerce platform, such as third-party brands, private label suppliers and partners that we work with in logistics, customer service, marketing and digital content creation. We understand that our partners, similar to us, are making progress on ESG roadmaps. We are encouraged by the alignment made and the progress that we accomplished together in 2021/2022. We remain thankful to our partners for the support we received and that in total made this ESG report possible.

Partnerships are essential for us. Where we progressed further, such as our GHG emission reduction, we reached barriers that we cannot overcome ourselves. We need partnerships, collaboration and external support to eventually reach our goals. Through analysis of the publicly available information that our peers and partners published on their ESG strategies, we have already identified industry alignment opportunities and pledged our support. Our approach is to find consensus first and then work together to get there.

For us, partnerships and collaboration include dedicated pre-competitive spaces governed by the applicable laws. In 2021/2022, we worked together on consensus and progress on a fashion sustainability roadmap with the Sustainable Apparel Coalition and on aligning our partners' GHG emission reduction targets and progress with the Science Based Targets initiative's methodology. We are open to and actively looking into further partnerships and collaboration opportunities.

Potential impact is a key aspect for us in laying out our ESG roadmap and prioritising internally. Regarding partnerships, this means that whenever we change ourselves, we will have a small positive impact; if we change our business model and include our direct business partners, we can multiply our positive impact. And if we are able to change the way our value chains and adjacent industries work, we can extend our positive impact exponentially through partnerships and collaboration.

# APPENDIX

## GHG EMISSIONS BY SCOPE (INCLUDING SCOPE 3 CATEGORIES)<sup>66</sup>

ABOUT YOU Greenhouse Gas Emissions – by Scope (incl. Scope 3 categories)	2021/2022	2020/2021	2019/2020	2021/2022	2021/2022
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	Change YoY	Change vs base year
Scope 1 – Direct emissions (gas/heating, refrigerants), market-based	60.8	59.3	45.9		
Scope 2 – Indirect emissions (power, district heat), market-based	110.2	239.9	316.2		
<b>Total (Scope 1, 2)</b>	<b>171.0</b>	<b>299.2</b>	<b>362.1</b>	<b>(42.9%)</b>	<b>(52.8%)</b>
Scope 3 – Indirect emissions outside of organisation by category					
1. Purchased goods & services	302,394.2	227,086.3	187,352.6		
Thereof our e-commerce operations	8,981.5	7,073.2	5,299.9		
Thereof our private label products	34,179.3	15,401.6	12,243.8		
Thereof third-party brand products	259,233.4	204,611.5	169,808.8		
2. Capital goods	2,497.5	1,310.7	363.0		
3. Fuel & energy related activities	134.7	143.6	137.0		
4. Upstream transportation & distribution	46,788.7	22,546.2	14,394.5		
Thereof our private label products	3,959.3	1,296.6	839.5		
Thereof third-party brand products	42,829.4	21,249.6	13,555.0		
5. Waste generated in operations	50.7	0.4	3.6		
6. Business travel	485.4	235.1	920.9		
7. Employee commuting	106.4	94.8	260.6		
8. Upstream leased assets	0.0	0.0	0.0		
9. Downstream transportation & distribution	33,011.3	27,845.4	17,274.4		
10. Processing of sold products	0.0	0.0	0.0		
11. Use of sold products (by our customers)	49,043.5	35,361.8	22,567.7		
Thereof our private label products	5,271.9	2,344.1	1,740.4		
Thereof third-party brand products	43,771.6	33,017.7	20,827.3		

<sup>66</sup> Compared to previously published information this presents the up-to-date information as per 31 May 2022.

ABOUT YOU Greenhouse Gas Emissions – by Scope  
(incl. Scope 3 categories)

	2021/2022	2020/2021	2019/2020	2021/2022	2021/2022
	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	[t CO <sub>2</sub> e]	Change YoY	Change vs base year
12. End-of-life treatment of sold products	4,314.4	2,738.9	1,761.1		
Thereof our e-commerce operations	296.3	224.3	156.2		
Thereof our private label products	359.4	166.7	123.8		
Thereof third-party brand products	3,658.7	2,347.9	1,481.1		
13. Downstream leased assets	0.0	0.0	0.0		
14. Franchises	0.0	0.0	0.0		
15. Investments	0.0	0.0	0.0		
<b>Total (Scope 3)<sup>67</sup></b>	<b>438,826.6</b>	<b>317,363.3</b>	<b>245,035.4</b>	<b>38.3%</b>	<b>79.1%</b>
<b>Total (Scope 1, 2, 3)<sup>67</sup></b>	<b>438,997.5</b>	<b>317,662.5</b>	<b>245,397.4</b>	<b>38.2%</b>	<b>78.9%</b>
Thereof our e-commerce operations <sup>68</sup>	45,734.6	37,226.7	24,777.7	22.9%	84.6%
Thereof our private label products <sup>69</sup>	43,769.9	19,209.1	14,947.5	127.9%	192.8%
Thereof third-party brand products	349,493.1	261,226.7	205,672.2	33.8%	69.9%
GHG emission intensity of our e-commerce operations [kg CO <sub>2</sub> e per order]	1.14	1.39	1.31	(17.9%)	(13.1%)
Compensated emissions <sup>70</sup>					
Our e-commerce operations compensation	45,734.6	19,209.2			
Our e-commerce operations net GHG emissions	0.0	18,017.5	24,777.7		
Our private label products compensation (excl. use phase)	25,665.4				
Our private label products (excl. use phase) net GHG emissions	12,832.7	19,209.1	14,947.5		
<b>Total compensated emissions<sup>67</sup></b>	<b>71,399.9</b>	<b>19,209.2</b>	<b>0.0</b>		
<b>Total net carbon emissions with compensation (Scope 1, 2, 3)<sup>67</sup></b>	<b>367,597.6</b>	<b>298,453.3</b>	<b>245,397.4</b>	<b>23.2%</b>	<b>49.8%</b>

<sup>67</sup> May not add up exactly, due to rounding numbers by the last digit.

<sup>68</sup> Includes Scope 1 & 2 emissions and Scope 3 emission categories purchased goods & services (e-commerce operations), capital goods, fuel- & energy-related activities, waste generated in operations, business travel, employee commuting, downstream transportation & distribution and end-of-life treatment of sold products (e-commerce operations)

<sup>69</sup> Includes Scope 3 emission categories purchased goods and services (private label products), inbound transportation & distribution (private label products), use of sold products (private label products) and end-of-life treatment of sold products (private label products)

<sup>70</sup> Includes full scope of e-commerce operations since October 2020 and private label products purchased goods & services and end-of-life treatment of sold products since July 2021

CLUSTERS OF OUR CRITERIA AND CERTIFICATIONS, UPDATED IN 2021/2022:

	Criterion Name	Eco-friendly materials 	Eco-friendly production 	Friendly & social 	Description
	Cotton (from organic farming)	✓			Organic cotton cultivation is more sustainable than that of conventional cotton. Organic farming prohibits the use of toxic chemical pesticides, fertilisers and also genetically engineered crops. The aim is to preserve the biodiversity of agricultural systems, improve soil fertility and biodiversity, and thus promote a healthy environment. We only label products that are at least 50% organic cotton.
	TENCEL™	✓			TENCEL™ is a brand of Lenzing AG. TENCEL™ fibres are characterised by their wide range of applications. The certified bio-based cellulose fibres are obtained from the renewable raw material wood and produced in an environmentally friendly production process. TENCEL™ fibres are biodegradable and compostable and can thus be completely returned to nature.
	More sustainable viscose alternatives	✓			The more sustainable viscose types are alternatives to conventional viscose. The fibres are obtained from natural, renewable resources. Compared to conventional viscose, the more sustainable fibres are produced with significantly less emissions and water pollution, as attention is also paid to environmentally friendly processes during production. We label products that consist of at least 50% viscose alternatives as "more sustainable".
	FAIRTRADE Cotton Mark	✓		✓	All cotton was grown by Fairtrade producers, certified according to Fairtrade standards. Thanks to the sale of Fairtrade cotton, smallholders and workers in the developing countries benefit from fairer trading conditions and are enabled to invest in a more sustainable future. Strict standards ensure the more sustainable development of producer communities in developing countries and promote the environmentally friendly cultivation of cotton. More info at: <a href="http://www.info.fairtrade.net/sourcing">www.info.fairtrade.net/sourcing</a>
	BLUESIGN® PRODUCT		✓		This seal indicates textile manufacturing carried out with the lowest possible impact on people and the environment, e.g. by setting limit values for chemical substances. It combines the highest level of consumer safety with the highest demands on job safety and responsible resource use. Only products that are processed to at least 90% in certified plants may bear this seal.
	Global Organic Textile Standard (GOTS)	✓	✓	✓	The Global Organic Textile Standard (GOTS) is a globally recognised processing standard for textiles made from organic fibres. As part of the certification process, the entire production chain is examined for compliance with environmentally and socially responsible manufacturing requirements. A distinction is made between two label levels: GOTS – organic and GOTS – made with organic materials. More info at: <a href="http://www.global-standard.org">www.global-standard.org</a>
	Organic Content Standard (OCS)	✓			The Organic Content Standard (OCS) identifies textile end products made from certified organic material. It also verifies the traceability of the entire value chain and, at the same time, transparently and independently verifies the organic fibre content.

	Criterion Name	Eco-friendly materials 	Eco-friendly production 	Friendly & social 	Description
	MADE IN GREEN by OEKO-TEX <sup>®</sup>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	MADE IN GREEN by OEKO-TEX <sup>®</sup> designates products made from materials tested for toxic substances, and which are manufactured in environmentally friendly factories under safe and socially acceptable working conditions. MADE IN GREEN by OEKO-TEX <sup>®</sup> offers a very high degree of transparency: the manufacture of the item can be traced using a unique product ID. For more information, visit <a href="https://www.oeko-tex.com/en/label-check">https://www.oeko-tex.com/en/label-check</a>
	The manufacturer is a member of the Fair Wear Foundation (leader brand)			<input checked="" type="checkbox"/>	This product's manufacturer holds "Leader" status as a member of the Fair Wear Foundation. Fair Wear does not certify products or brands. Instead, this independent, non-profit organisation works with brands, suppliers and other stakeholders in the textile industry to ensure compliance with social standards in clothing factories. Its members' performance is reviewed and published on an annual basis. Those who perform exceptionally well and achieve exemplary results are awarded "Leader" status.
	Support the "Cotton made in Africa Initiative"	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	Cotton made in Africa (CmiA) is an internationally recognised standard for sustainable cotton from Africa. The initiative relies on an independent verification process, which ensures that standards are met in cotton cultivation and ginning factories. Central to these standards are predetermined ecological, social and economic criteria. The purchase of CmiA-labelled textiles helps protect the environment and contributes to the sustained improvement of the lives of African farmers and their families. For more information, visit <a href="http://www.cottonmadeinafrica.org">www.cottonmadeinafrica.org</a>
	Support the "Better Cotton Initiative"	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	This brand is a member of the Better Cotton Initiative, meaning that it produces cotton products that support sustainable cotton cultivation. In other words, it is committed to purchasing a certain amount of "Better Cotton" and investing in BCI farmers. It doesn't mean that the product contains physically traceable "Better Cotton". Products bearing this label contain at least 50% cotton. For more information, visit <a href="http://www.bettercotton.org">www.bettercotton.org</a>
	Cradle to Cradle Certified <sup>®</sup>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	The Cradle to Cradle Products Innovation Institute drives innovation for the circular economy. The Cradle to Cradle approach aims to make products fully recyclable and thus implement a resource cycle without waste. All products are holistically tested with regard to health, reuse, emissions management and climate protection, water and soil management, and social fairness, and then classified into different certification levels (bronze, silver, gold and platinum). More info at: <a href="https://www.c2ccertified.org/">https://www.c2ccertified.org/</a>
	Alternative natural materials	<input checked="" type="checkbox"/>			These natural materials are more sustainable alternatives to conventional cotton, for example, and offer additional opportunities to create products from natural, renewable raw materials.

	Criterion Name	Eco-friendly materials 	Eco-friendly production 	Friendly & social 	Description
	Recycled materials	✓			Recycled materials are created from existing, used materials that are reprocessed. Recycling saves emissions in the form of waste, energy, water and resources.
	Global Recycle Standard (GRS)	✓	✓		The Global Recycle Standard (GRS) allows the labeling of products that are proven to be made from at least 50% certified recycled content. The goal of the GRS is to increase the use of recycled materials and reduce negative impacts from a social, environmental and chemical perspective in production. At the same time, environmentally friendly and socially responsible recycling is to be promoted along the supply chain. More info at: <a href="https://textileexchange.org/standards/">https://textileexchange.org/standards/</a>
	Leather Working Group	✓			The Leather Working Group (LWG) is an international, non-profit membership organisation made up of over 1,600 leather industry stakeholders. The LWG certifies tanneries based on criteria such as water and energy consumption, handling of chemicals, waste and waste water. When you buy this product, you support LWG-certified tanneries.
	Environmentally friendly tanned leather		✓		In the conventional finishing of leather – especially in tanning – many environmentally harmful chemicals are used. These end up directly in nature, as waste water is often not treated. With this criterion, we want to draw attention to the alternative practices and acknowledge them as more environmentally friendly alternatives.
	Responsible animal materials	✓			Many different materials with different functionalities can be created from animal fibres. There are always risks for animal welfare when using animal source products. There are certifications for the responsible handling of animals, which we have summarised under this criterion.
	Innovative materials	✓			The constant transformation of the industry is creating an array of new, innovative materials at the same time. This criterion is intended to recognise and highlight the innovations that aim to create more sustainable alternatives.
	Innovative technologies		✓		For the special look of some products, special technologies and processes are used, some of which have been criticised in the past. This criterion recognises the development of alternative production steps and technologies that are less harmful to employees and the environment. This includes, for example, dyeing and processing methods that (almost) completely avoid the use of chemicals and are not hazardous to health or the environment.

**GRI INDEX**

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	102-4	Location of operations	5
	102-5	Ownership and legal form	5
	102-6	Markets served	5
	102-7	Scale of the organization	5
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GRI Standard	Covered aspects	Page	Comments
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<b>Stakeholder engagement</b>			
	102-40	List of stakeholder groups	7
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	102-42	Identifying and selecting stakeholders	7
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	102-45	Entities included in the consolidated financial statements	5 See “Combined Management Report” in our Annual Report 2021/2022 for a full picture of all entities in the ABOUT YOU Group
	102-46	Defining report content and topic boundary	68
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GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	11–13	
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GRI Standard	Covered aspects	Page	Comments
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GRI Standard	Covered aspects		Page	Comments
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## IMPRINT

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## REPORT-SPECIFIC INFORMATION

This is ABOUT YOU's first ESG report since becoming a publicly listed company. The ESG report and the reported data herein cover ABOUT YOU's financial year 2021/2022 from 1 March 2021 to 28 February 2022. To align with international ESG reporting standards, the **Global Reporting Initiative's** (GRI) standards are referenced. Additionally, the GRI index is displayed in the **APPENDIX**. ABOUT YOU published a subset of material ESG information in the non-financial group statement in a separate section of the combined management report which is part of **ABOUT YOU's FY 2021/2022 Annual Report** on 24 May 2022. Between 22 April 2022 and 31 May 2022 ABOUT YOU refined, reviewed and adapted the information. This ESG Report presents the up-to-date information as per 31 May 2022.

This ESG report was created through a shared effort involving ABOUT YOU's business unit and sustainability leads, and the investor relations and corporate communications teams. The following are responsible for the ESG report itself:

Magnus Dorsch, Senior Sustainability Project Manager

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