

SUSTAINABILITY REPORT 2022/2023



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ABOUT THIS REPORT

For many years this report has been Kentaur®'s annual Communication on Progress (CoP) report which we have been committed to publishing as part of our UN Global Compact membership. From 2023, the UN Global Compact has changed the CoP requirements to an online questionnaire which will be publicly available on the UN Global Compact's website each year. However, we are strongly committed to the ambitions outlined in our sustainability strategy, and the online questionnaire does not go into details relevant to our strategy and industry. Therefore, we will continue to make this report to evaluate and communicate our journey year by year and officially call it our sustainability report going forward.

The present report covers the entire Kentaur® Group; Kentaur® A/S, Kentaur® Norge AS, Kentaur® Poland, and Kentaur® Serbia. Kentaur® Norge AS is our sales office in Norway, while Kentaur® Poland and Kentaur® Serbia are our two production sites in Poland and Serbia, respectively. Additionally, we have also included data from our supply chain where possible. The reporting period in the present report is January 1, 2022, to December 31, 2022.

The structure of the report is built around the three main areas in our sustainability strategy: Social Responsibility, Product & Resource Responsibility, and Climate Responsibility. Each main area is subdivided into its own operations and supply chain, from which we report on our progress through targets, actions, and measurement of outcomes compared to previous years. The targets and actions in our strategy are identified and prioritized based on our daily work with corporate due diligence. The four main areas, protection of human rights, labor rights, environment, and anti-corruption, and the underlying Ten Principles in the UN Global Compact are incorporated in our due diligence and are the foundation on which we have built our sustainability strategy.

Additionally, we present specific cases from 2022 which exemplify how our sustainability work looks in practice in the section called Case Stories and Projects.

We need to point out that the data in the report have not been verified by a third party. However, we put a lot of effort into verifying the data internally.

Questions about the report can be directed to Textile & Sustainability Specialist Line Nygaard Jensen: Inj@kentaur.com

CEO STATEMENT

Kentaur® accepts the challenge to ensure that responsibility and sustainability are part of the way we do business. Therefore, we are fully committed to continuing our journey and activities within sustainability. For many years, we have worked with the principles of the UN Global Compact, respecting human rights, labor conditions, protection of the environment, and anti-corruption, as the basic sustainable fundament. Upon this fundament, we built our strategy and business. In 2020, we integrated the UN Sustainable Development Goals with a special focus on **goal 8** – Decent work and economic growth, **goal 12** – Responsible consumption and production, and **goal 13** – Climate Action.

PROGRESS DURING 2022

Our 2022 efforts have focused on making our first Life Cycle Assessment (LCA) to increase our knowledge of the environmental impact of our products. The LCA has made it possible to develop a tool measuring global warming potential, water consumption, and land use, which we can use in the dialogue with both suppliers and customers when discussing the environmental impacts of our products.

Our ambition is to take responsibility and play an active role in the circular transition of the textile industry. In 2022, we took the first important steps in the transition towards circularity by initiating collaboration with textile recyclers who can recycle our fabric cutting waste from production but also worn-out garments from our customers in the textile service industry. It is important that worn-out textile volumes, which cannot be reused any longer, are recycled. As recycling technologies develop, we must recycle these textile volumes into new textile fibers which we can use as material input in our product development and thereby reduce the textiles that are downcycled into lower value textile products today.

Besides the above activities, we have seen progress on several of our sustainability goals in 2022, some of which are presented below:

- An increased number of OEKO-TEX® MADE IN GREEN and Grüner Knopf labeled products
- Achieved EU Ecolabel certification
- Reduced carbon footprint in scopes 1 and 2

Since 2020, we have initiated activities to accomplish the ambitions and goals in the sustainability strategy outlined in the present report. Many activities are ongoing and will continue to be a part of Kentaur®'s daily work. However, the world is changing rapidly around us, and we see a need to revise and update our sustainability strategy to make sure that we are still setting ambitious goals which can drive Kentaur® forward on our sustainability journey. In 2023, we will work on updating our current sustainability strategy with an overall focus on:

- Internal and external communication
- Coming EU legislation
- Take-back and reuse.

Bernt Dahl, CEO



OUR BUSINESS

Kentaur® is primarily a B2B enterprise, designing and producing professional workwear for industrial laundries. We offer workwear in the three main segments: Healthcare & Service, Food Industry & HACCP, and HORECA & Retail. We mainly distribute our workwear through the Textile Service Industry (industrial laundries) and other professional partners in the European market.

Our focus lies on Textile Service and creating added value for the individual customer through dialogue and market knowledge. We work with logistics, quality, and user-driven innovation to meet market requirements.

Additionally, we have a close and long-term collaboration with our valued business partner ID® Identity on knitted workwear for industrial laundry. ID® Identity is also committed to UN Global Compact's Ten Principles. [ID®'s responsibility report](#).

PRODUCTION VOLUME 2022

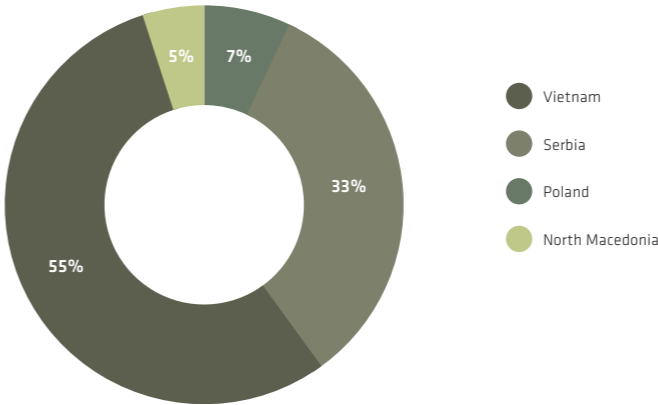
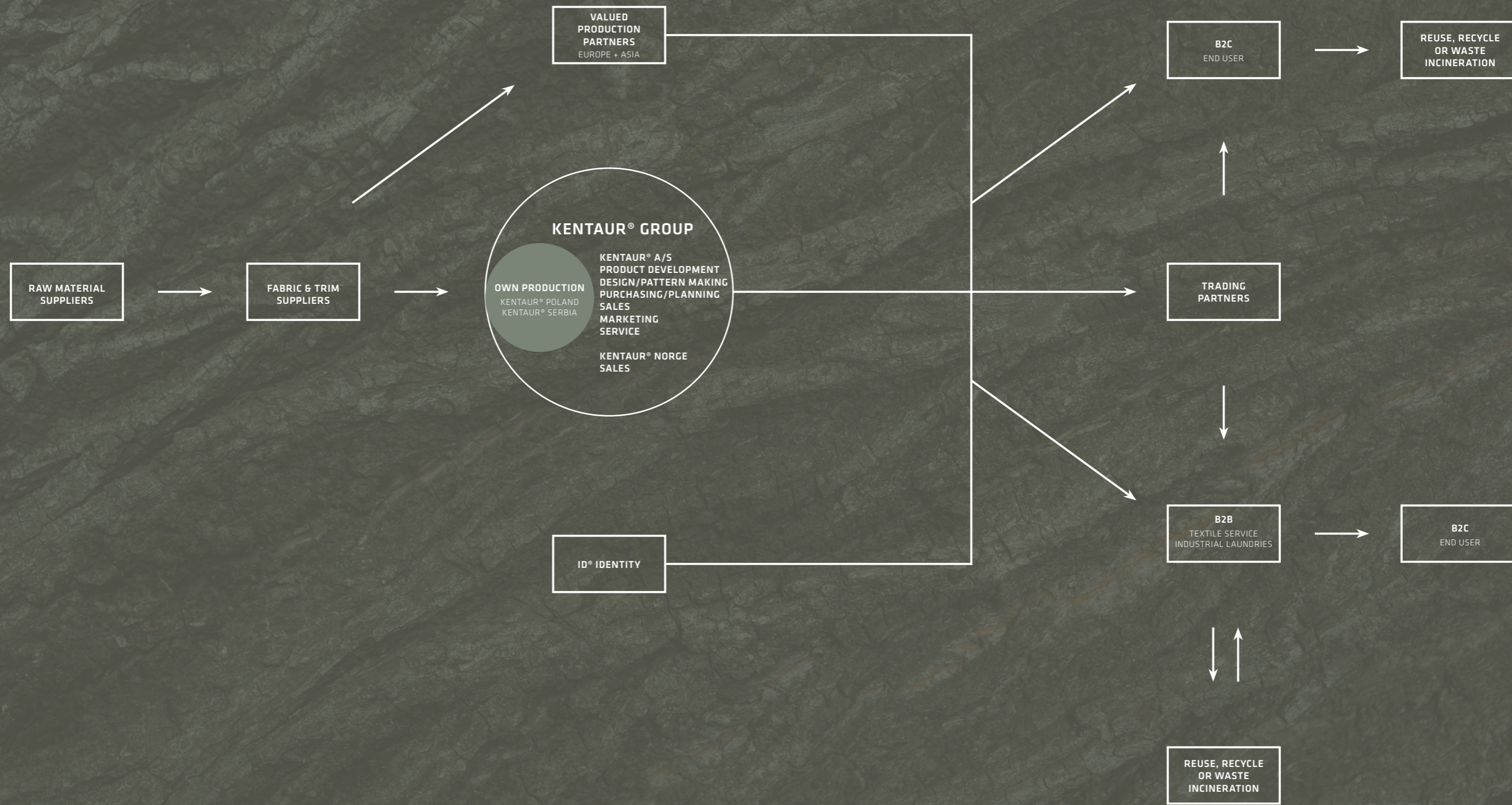


Figure 1

THE VALUE CHAIN IN
KENTAUR®'S BUSINESS MODEL



HIGH LIGHTS 2022

SOCIAL RESPONSIBILITY



75% of production sites (tier 1) audited with A score

ENVIRONMENTAL RESPONSIBILITY

Completed full **LIFE CYCLE ASSESSMENT** (LCA)



519 PRODUCTS labeled with Der Grüne Knopf and OEKO-TEX® Made in green



95% of our production volume is produced on OEKO-TEX® STeP certified production sites.



TWO NEW CERTIFICATIONS
OEKO-TEX® STANDARD 100 Recycled certificate covering all our products containing recycled materials and the EU Ecolabel certification

CLIMATE RESPONSIBILITY

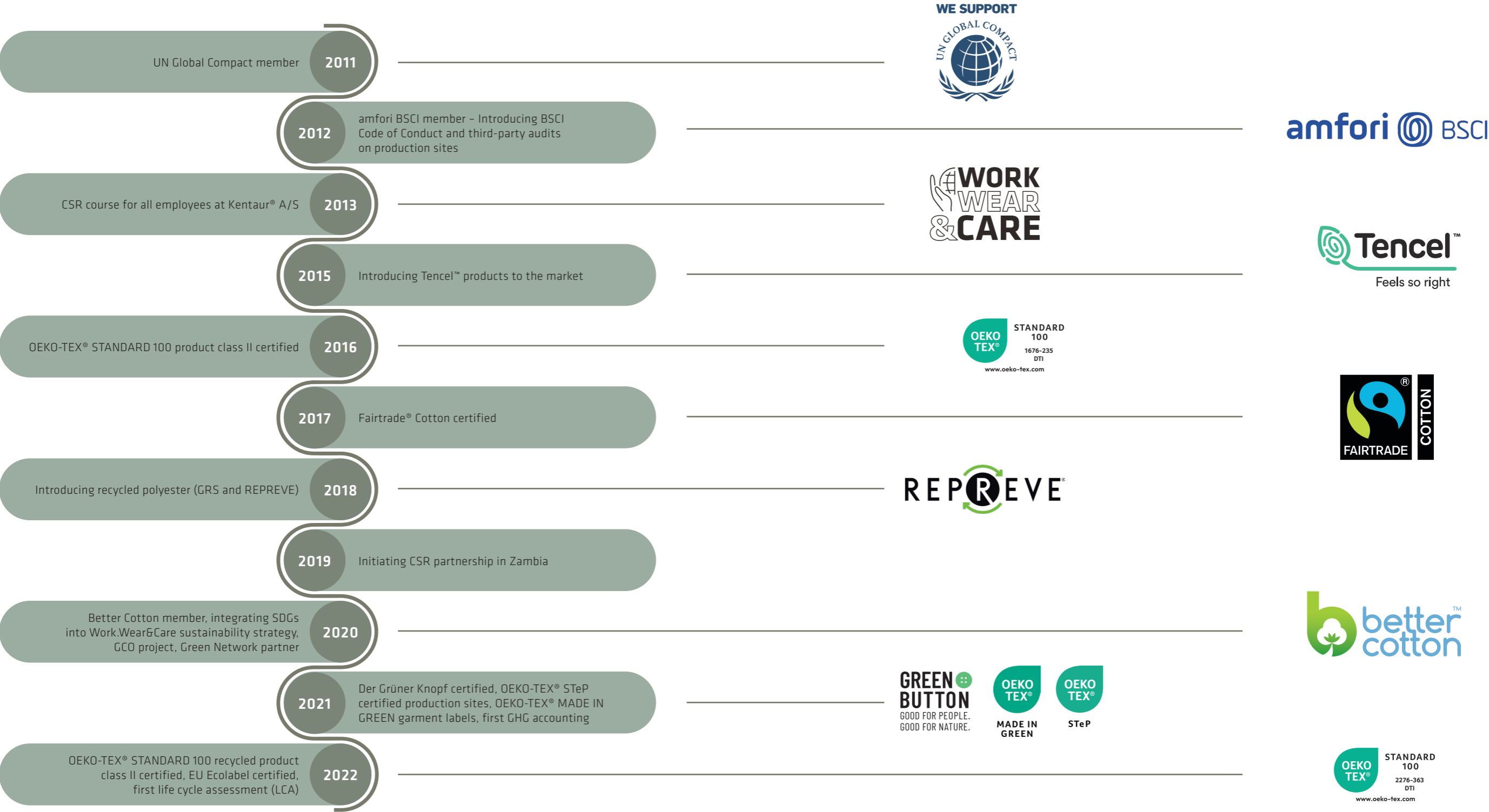


29,399 TONS CO₂E EMISSIONS

21% reduction in scope 1
28% reduction in scope 2

SUSTAINABILITY TIMELINE

2022 has been a year that has given us a better understanding of our supply chains because we made a product life cycle assessment and a tool that can generate quantitative data on greenhouse gas emissions, land use, and water consumption related to our products. See our sustainability timeline below.



WORK.WEAR&CARE



At Kentaur®, we take responsibility. That’s our Work.Wear&Care strategy. We aim to make workwear with a focus on sustainability available for everyone in the Textile Service Industry.

With workwear from Kentaur®, you can expect:

- High durability and a long lifetime (reduces waste and the demand for new products, which is beneficial to our planet)
- Timeless styles with a long product life cycle
- Socially and environmentally responsible production, working with continuous improvements of carbon footprint data
- Circular take-back solutions to make it possible to give old garments a new life

When working with sustainability, we work holistically. Therefore, we pay attention to the whole supply- and value chain in economic, social, and environmental aspects. That is why the underlying fundament of our strategy is the Ten Principles of the UN Global Compact. On top of this fundament, we have incorporated the 17 UN SDGs as a natural part of our sustainability strategy.

We want to minimize our negative impacts and improve the positive impacts in areas where we can make the most significant difference.

With our Work.Wear&Care strategy, we contribute to the 17 Global Goals towards sustainable development. We are focusing on the goals where we can make the most significant impacts, which are **goal 8** (Decent work and economic growth), **goal 12** (Responsible Consumption and production), and **goal 13** (Climate action).



HUMAN RIGHTS

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.



LABOUR

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

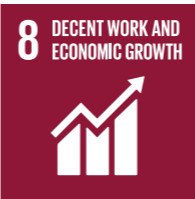
- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABILITY STRATEGY



SOCIAL RESPONSIBILITY

Target 8.5: Achieve full and productive employment and decent work with equal pay.
Target 8.8: Protect labor rights and promote safe and secure working environments.

Ambitions:

- 10% sickness absence at Kentaur® Poland and Kentaur® Serbia
- Zero work accidents
- We employ employees based on competences and want a balanced gender distribution at board- and management level in Kentaur® Group.
- We want to create financial opportunities locally – all production employees must receive fair remuneration.
- 2022: amfori BSCI audit with minimum B score on all production sites.
- All our fabric and trim suppliers must be audited or certified for social compliance according to a recognized international standard like amfori BSCI or OEKO-TEX® STeP.



PRODUCT & RESOURCE RESPONSIBILITY

Target 12.2: Achieve sustainable management and efficient use of natural resources.

Ambitions:

- 2025: 75% of Kentaur®’s self-produced goods sold are products made in preferred materials.*
- 2025: Sourcing 50% of our cotton as Better Cotton.
- Our fabric cutting waste must be reduced, used and/or recycled.
- We want to help ensure that our products are recycled by the end of their service life.

*We acknowledge the definition of Preferred Materials outlined in Textile Exchange’s “Preferred Fiber and Materials Market Report” from October 2022.



CLIMATE RESPONSIBILITY

Target 13.2: Integrate climate change measures into policies, strategies, and planning.

Ambitions:

- 2030: Net zero emissions in scope 1 and 2

CORPORATE DUE DILIGENCE - RISK ASSESSMENT

At Kentaur®, we commit ourselves to perform corporate due diligence. Due diligence is the process by which Kentaur® identifies, prevents, mitigates, and accounts for potential and actual adverse social and environmental impacts in our supply chain. Kentaur®'s due diligence process is based on guidelines on corporate due diligence published by OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, Partnership for Sustainable Textiles, and the SME Compass published by Agentur für Wirtschaft & Entwicklung. We have developed a systematic and structured system where we can analyze and assess risks in our supply chain.

Our social and environmental due diligence work covers our own and supply chain activities and is an ongoing process because risks of harm may change over time due to the evolvement of our operations and/or operating context. We always include social and environmental risks related to our products, business model, sourcing model, and countries in which we do business. To ensure we act with due diligence in our sourcing activities, we follow our Responsible Sourcing Policy. [See Code of Ethics \(kentaur.com\)](#).

Our due diligence performance is risk-based, meaning that the control measures taken are based on the severity and probability of the harm assessed through a risk analysis. The risk analyses are reviewed and revised continuously, but at least in a one-year cycle.

Our social and environmental risk analyses cover areas of human rights, labor rights, environment, and anti-corruption measured on 18 different parameters.

We prioritize the order in which we act from assigned risk ratings, which are based on the severity and probability of the incident occurring. In case of supply chain risks, we also use our buying volume in the prioritization of our actions.

In 2022, we identified the top-prioritized risks, which are present-ed on page 15

SUPPLY CHAIN GRIEVANCE MECHANISM AND REMEDIATION

The objective of our due diligence process is to identify, prevent and mitigate potential harm before they turn into adverse im-pacts. Occasionally, the risk of harm can become an actual impact. We want to take responsibility for potential and actual social and environmental adverse impacts we might have caused or contrib-uted to via our business and purchasing practices. We encourage our supply chain to notify Kentaur® about eventual grievances through our supply chain grievance mechanism. Our grievance mechanism and remediation process are described in our Supply Chain Grievance Mechanism and Remediation process description. [See Code of Ethics \(kentaur.com\)](#)

In 2022, Kentaur® has not received any grievances from our supply chain partners.



RISK

ENERGY CRISIS – UKRAINIAN/RUSSIAN WAR

The War in Ukraine and the resulting energy crisis have affected our business in 2022. In general, we have experienced increased costs in our value chain as well as customer projects that have been put on hold.

It has been difficult to implement control measures for the impli-cations of the Ukrainian/Russian War because it has a global im-pact which we are not in control of. Nevertheless, we need to nav-igate in the situation and the energy crisis has led to an increased consciousness on energy sources and how to reduce consumption. It is evident in our climate accounting that Kentaur® has been able to reduce the energy consumption.

FAIR REMUNERATION

This is a general risk in the textile industry and is a topic which Kentaur® is continuously focused on. We have a risk of being a contributor to social negative impacts in our supply chain, if the production employees' remuneration is not equal to the wage needed for decent living in their specific home country.

At our own production sites, we have a wage system containing three wage levels which ensures that all employees' competencies and efficiency are rewarded, and that their remuneration is always adjusted to the value of the work. During 2022, we have achieved a more stable work force in Poland and Serbia which has resulted in more skillful employees. This means that we see more employ-ees reaching the two highest wage levels in the wage system.

We use dialogue, third-party amfori BSCI audits, and OEKO-TEX® STeP audits for external monitoring of fair remuneration at our own production sites and at our suppliers. In case of deviations the supplier is obligated to make a corrective action plan (CAP) on how to remediate the deviation. We follow up on the CAP through dialogue with the suppliers.

ENVIRONMENTAL IMPACT OF INPUT MATERIALS

Today, we have limited knowledge and data on the environmental impact associated with the different input materials we purchase, considering the whole supply chain. Currently, many of our suppli-ers are not able to provide us with the data because they do not monitor it. It poses a risk that we do not know the quantitative environmental impact of the goods we are purchasing, because it makes us unable to know if we make the least impactful decisions in our product development.

In 2022, we made our first Life Cycle Assessment (LCA) and devel-oped an impact tool that can estimate the global warming poten-tial, water consumption and land use of our products.

Going forward we will go into closer dialogue with our supply chains to flag the importance of accessing quantitative environ-mental data from their production processes. In addition to this, we follow the work in the EU on the Product Environmental Foot-print (PEF) because it will have a massive impact on how we need to work with environmental data on the product level in the fu-ture.

RECYCLED POLYESTER MADE FROM PET BOTTLES

Since 2018, Kentaur® has used recycled polyester made from PET bottles instead of virgin polyester in new product developments as a less environmental impactful alternative. However, the cir-cular transition has come to a point today where we must recycle and circulate products and materials within their own streams. We face a risk that we will not be able to use recycled polyester from PET bottles in the future and we need to find a good alternative.

We do not have a good commercial substitute for all the recycled polyester we currently use. We are participating in projects and collaborations with recycling companies to develop fabrics with recycled polyester made from old textiles containing polyester. Nevertheless, the technologies are still not fully established.

In 2023, we will explore the possibilities of using other alterna-tives so we can avoid going back to conventional virgin polyester

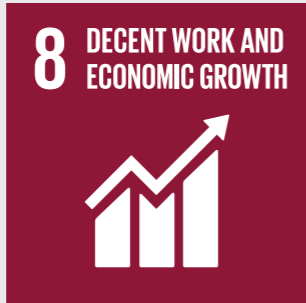
TEXTILE WASTE – PRE-CONSUMER AND POST-CONSUMER

Kentaur® produces textile products which means that we have fabric cutting waste (pre-consumer textile waste) from the man-ufacturing process. In 2022, we had approx. 101 tons of fabric-cut-ting waste in our own and external production. Additionally, our products wear out over time which generates post-consumer tex-tile waste at the industrial laundries. These two types of textile waste pose a potentially negative environmental impact if the value embedded in the materials is not reused, up-, or recycled. .

We engage in the transition of the textile industry to become cir-cular. We work on and participate in various upcycling and recy-cling projects both nationally and internationally;

In 2022, we started segregating white cutting waste at our Serbi-an production site, which is sent for mechanical textile-to-textile recycling. In 2023, our Polish production site will follow and segre-gate its fabric-cutting waste into six different fractions.

2022-2025: We participate in a national Innomission 4/Trace proj-ect called One Textile Direction, where the overall purpose is to establish a new state-of-the-art for circular design, procurement, use, and reuse of textiles for the private household, public and private professional sector.



TARGET

Target 8.5: Achieve full and productive employment and decent work with equal pay.

Target 8.8: Protect labor rights and promote safe and secure working environments.

AMBITIONS

- 10% sickness absence at Kentaur® Poland and Kentaur® Serbia.
- Zero work accidents.
- We employ employees based on competences and want a balanced gender distribution at board- and management level in Kentaur® Group.
- We want to create financial opportunities locally – all production employees must receive fair remuneration.
- 2022: amfori BSCI audit with minimum B score on all production sites.
- All our fabric and trim suppliers must be audited or certified for social compliance according to a recognized international standard like amfori BSCI or OEKO-TEX® STeP.

SOCIAL RESPONSIBILITY

Kentaur® supports and respects the protection of internationally declared human and labor rights, and we work diligently to ensure that we do not contribute to violations of these. Corporate social responsibility is not limited to covering activities within the Kentaur® Group. We are also co-responsible for the activities we initiate in our global supply chain. Kentaur®'s policies concerning the protection of human and labor rights are documented in the company's Code of Ethics. Through our membership of amfori BSCI, we impartially control that these rights are respected and complied with by our supply chain partners.

OWN OPERATIONS

SICKNESS ABSENCE

We have amended our ambition on sickness absence. Previously, our goal was to reduce sickness absence by 25% compared to 2020 in our production locations in Poland and Serbia. Today, we have defined a fixed average sickness absence of 10%, which should be the target for our production locations.

We systematically register and monitor sickness absence at each location in the Kentaur® Group. We want to have employees who thrive and feel good in their workplace with both managers and colleagues. Therefore, we evaluate the sickness absence monthly.

In 2021, we faced challenges with sickness absence due to COVID-19 infections. This was especially a challenge at our Serbian production site. The problems with sickness absence continued in 2022, and even though COVID-19 is no longer a challenge, we continue to see a rise in sickness absence in Serbia. Cultural differences are causing this challenge, as the employees in Serbia have a different approach to calling in sick than we are familiar with from Denmark.

We try to motivate the employees with salary and other social goods and events that can create increased job satisfaction and joy.

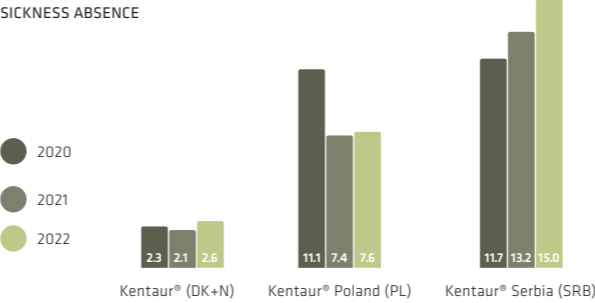


Figure 2

WORK ACCIDENTS

A large part of our social responsibility lies in ensuring that all employees have a safe and secure working environment. Our ambition is and has always been zero work accidents.

We have Health, Safety, and Environment (HSE) committees at our locations in Denmark, Poland, and Serbia. The HSE committees on the production sites have meetings as regularly as needed, while the HSE committee at our HQ has 4 annual meetings. Work accidents and near accidents are always on the agenda at all HSE meetings. To prevent work accidents from occurring again and to prevent near-accidents from becoming work accidents, we take corrective actions and preventive measures to reduce potential risks. All employees in our production sites in Poland and Serbia have received training in HSE.

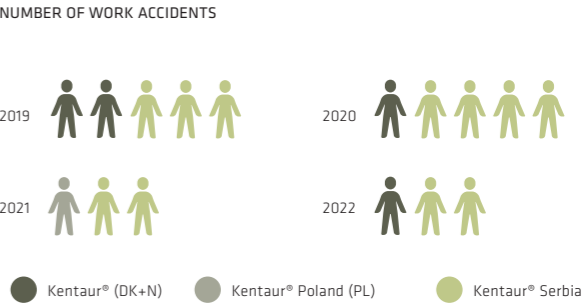


Figure 3

GENDER DISTRIBUTION

We aim to have a balanced gender distribution at the board- and management level at Kentaur® Group. Our definition of a balanced gender distribution is 60/40, regardless of which gender constitutes 60%.

Kentaur® is a modern company that employs candidates based on competencies. We want to represent competent women at all levels in the organization, regardless of our location in Denmark, Poland, or Serbia. We will continue to employ candidates based on qualifications and competencies in 2023.

In Denmark, management is defined as employees with personnel responsibility. Due to a different setup in Poland and Serbia, management is defined as the group of key employees participating in management meetings.

The pie charts show the gender distribution in the entire Kentaur® Group, the board, and the management in Denmark, Poland, and Serbia by the end of 2022, respectively.

Overall, the proportion of women in Kentaur® Group is on the same level in 2022 as in 2021. We have a balanced distribution in the Board of Directors, management level in Denmark, and management level in Serbia. The distribution at the management level has changed from 2021 to 2022, due to changes in organizational structure.

SUPPLY CHAIN

FAIR REMUNERATION

Kentaur® has an ambition to create economic opportunities and stability locally where we produce. Kentaur® will contribute to decent work with equal pay (cf. SDG target 8.5). We focus on providing equal pay for work of the same value and fair remuneration for all production employees.

We always pay the statutory minimum wage as a minimum. Although, following local minimum wages will not lead to realizing our ambition. Therefore, we implemented a wage system consisting of three wage levels on our production sites in Poland and Serbia. The wage system ensures that our employees receive a wage that reflects the competencies and value of the individual's work.

During 2022, we have achieved a more stable workforce in Poland and Serbia, which has resulted in more skillful employees. This means that we see more employees reaching the two highest wage levels in the wage system.

Since 2020, we have focused on the living wage versus the minimum wage in the industry and we have faced challenges determining a valid living wage to work from based on the third-party living wage studies accessible. These studies rarely cover the areas where our supply chains are located.

We use dialogue, third-party amfori BSCI audits, and OEKO-TEX® STeP audits for external monitoring of fair remuneration at our production sites and suppliers. In case of any deviations, the supplier is obligated to make a corrective action plan (CAP) on how to remediate the deviation. We follow up on the CAP through dialogue with the suppliers.

SOCIAL AUDITING AND CERTIFICATION
- GARMENT PRODUCERS (TIER 1)

Third-party auditing of our production sites in Poland and Serbia and our tier 1 producers is an essential part of our social responsibility for the value chain in that we operate as a company. Kentaur® has been a member of amfori BSCI since 2012, and we require that our own and tier 1 garment production sites sign and comply with the amfori BSCI Code of Conduct. In 2020 we decided that all production sites should complete an amfori BSCI audit with a B score as a minimum by 2022, regardless of their location in the world. See Annex I for the description of the rating system in amfori BSCI.

Especially human rights, labor rights, and anti-corruption are in focus through our work with amfori BSCI on the production sites. All production sites have signed that they comply with the amfori BSCI Code of Conduct. To guarantee that the Code of Conduct is also implemented in the daily operations on the production sites, all must be audited according to the 11 principles in the Code of Conduct, which constitute the 13 Performance Areas (PAs) in amfori BSCI. Annex II shows the list of the 13 PAs. We are in ongoing dialogue with our own and external production sites to ensure continuous improvements on all parameters in the BSCI Code of Conduct. If an audit is performed on a production site where the manufacturer has not complied with Kentaur®'s requirements, a CAP is prepared by the manufacturer and handed over to Kentaur®.

Figure 5 shows the distribution of the latest amfori BSCI audit score for own and external production sites by the end of 2022. **75% of our producers have achieved an A score** which is an improvement from 72% in 2021. In 2020, we set the goal that all

production sites should have minimum B level in 2022. Unfortunately, we have not been able to achieve this goal in 2022, because one production site that used to achieve a B score, achieved a C score in their audit in 2022. The reason for the C score was one specific finding on the installation of the sprinkler system in the production and material warehouse which was not completed correctly according to national law. Dialogue and CAP were initiated immediately with the specific production site after the audit, and a follow-up audit was scheduled and planned for Q2 in 2023.

This setback has made us revise our goal and extend the completion period for having all production sites audited with a B or A score from 2022 to the end of 2023.

We have one external garment producer which is not part of the statistics in Figure 5. This producer is audited against the Fair Wear Foundation (FWF) standard instead of amfori BSCI which we acknowledge.

Figure 6 shows the amfori BSCI scores distributed on production volume. Due to the production site which had a C score in 2022, we see that 53% of our products were produced by factories with B or A score in 2022. This is a decrease of 41 percentage points compared to 2021. In 2021, we had a low volume produced on a production site with a D score and a non-audited site. These two sites were closed in the beginning of 2021 and therefore these are not evident anymore.

GENDER DISTRIBUTION

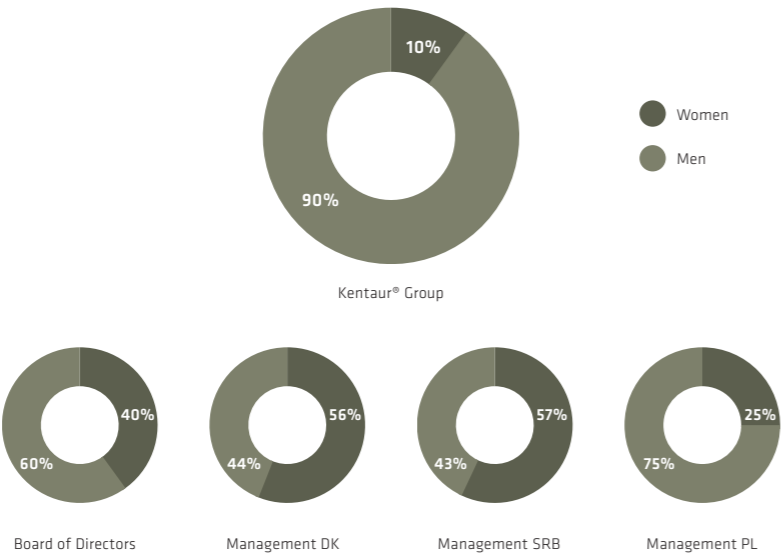


Figure 4

AMFORI BSCI AUDIT SCORE

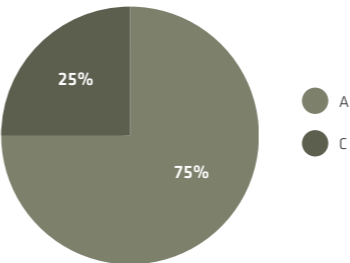


Figure 5

AMFORI BSCI SCORE DISTRIBUTED ON PRODUCTION VOLUME

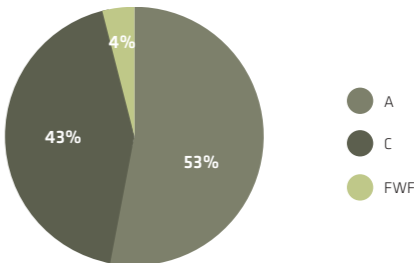


Figure 6

**SOCIAL AUDITING AND CERTIFICATION
– FABRIC AND TRIM SUPPLIERS (TIER 2)**

Kentaur®’s social responsibility covers more than producers in tier 1.

We have also set ambitions for our social responsibility further upstream in the supply chain. All fabric and trim suppliers must have a valid audit that includes social compliance according to a standard controlled by a third party. Kentaur® demands that all primary suppliers must have a OEKO-TEX® STeP certification. The certification ensures social and environmental compliance. We strongly encourage all our remaining suppliers to have the same.

Most importantly, our suppliers must have independent documentation on their work with social compliance. Annex III shows the list of standards containing social requirements we currently acknowledge.

SUPPLIERS WITH SOCIAL AUDIT/CERTIFICATION

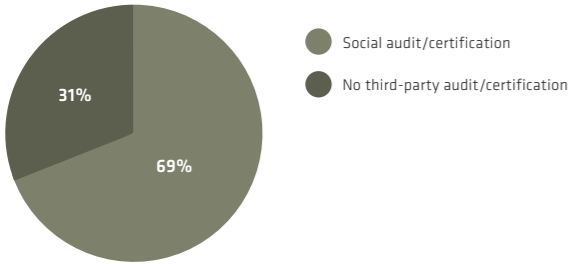


Figure 7

All our fabric and trim suppliers receive our amfori BSCI Code of Conduct (CoC), and we require a signature that they and their suppliers upstream in the supply chain comply with the principles therein. In 2022, 79% of our tier 2 suppliers have signed amfori BSCI CoC. The remaining 21% comply with their own CoC’s containing equivalent requirements to our amfori BSCI CoC.

We cooperate closely with our fabric and trim suppliers. However, we are dependent on them being able to document that they comply with our CoC in daily practice. We work actively to obtain documentation from our suppliers on the third-party social audits which are performed on their sites. Figure 7 shows that by the end of 2022, 69% of our fabric and trim suppliers could submit third-party reports and/or certificates documenting their social compliance. This is an increase of 8 percentage points compared to 2021. It is important to state that all our fabric and trim suppliers have social audits controlled by third parties when considering the share of suppliers where our buying value is more than 1% of our total buying value.

To contribute to a more socially responsible textile industry globally, we do not want to replace our suppliers who are not currently third-party audited or certified in social compliance. Instead, we make an effort and encourage these suppliers to be audited if it makes sense. This could be a slow process due to Kentaur®’s purchasing volume with some of our suppliers. However, we have continuous dialogues with the suppliers about social compliance to emphasize its importance to us.

ANTI-CORRUPTION

Corruption, extortion, and bribery are unethical business practices that hamper sustainable development. At Kentaur®, we will perform openness, honesty, and justice in all business matters. Therefore, all forms of corruption, extortion, and bribery are strictly prohibited. It also applies to Kentaur®’s partners and suppliers not to engage in such behavior.

Our Code of Ethics and our anti-corruption policy create the foundation for the Kentaur® Group to conduct business in an open and honest manner. In our daily operations, we focus on ensuring that no forms of corruption, extortion, or bribery take place through our work with the amfori BSCI CoC. As part of our due diligence process and risk analyses, we identify where there could be a risk of corruption occurring. Our partners and suppliers have committed not to engage in corruption or the like (cf. PA13 in BSCI CoC) by signing and complying with our amfori BSCI CoC or equivalent CoC. Additionally, our anti-corruption policy is sent out to our suppliers with an accompanying notice that they must familiarize themselves with the content and its criteria.

In the section *Social auditing and certification – garment producers (tier 1)* it was presented that our own and tier 1 production sites have signed the amfori BSCI CoC and are audited accordingly. In the section *Social auditing and certification – fabric and trim suppliers (tier 2)*, it was presented that all fabric and trim suppliers have signed amfori BSCI CoC or equivalent own CoCs. Kentaur® is not aware of any incidents of violation of business ethics and integrity related to our activities in 2022.



Photo: freepik.com



TARGET

Target 12.2: Achieve sustainable management and efficient use of natural resources.

AMBITIONS

- 2025: 75% of Kentaur®'s self-produced goods sold are products made in preferred materials.*
- 2025: Sourcing 50% of our cotton as Better Cotton.
- Our fabric cutting waste must be reduced, used and/or recycled.
- We want to help ensure that our products are recycled by the end of their service life.

*We acknowledge the definition of Preferred Materials outlined in Textile Exchange's "Preferred Fiber and Materials Market Report" from October 2022.

PRODUCT & RESOURCE RESPONSIBILITY

Kentaur® develops and produces workwear using natural resources. That is why we have a special responsibility to ensure that the products we bring to the world do not harm the environment. As part of the global textile- and clothing industry, we focus strongly on the environment and take responsibility by setting requirements for material choice and production processes. Kentaur®'s environmental protection policy is documented in the company's Code of Ethics.

OWN OPERATIONS

PREFERRED MATERIALS

Kentaur® has an overall ambition to work towards 100% material inputs that are renewable, recyclable, and/or reusable. Our sub-ambition to achieve this goal is that 75% of Kentaur®'s own goods sold must be products made in preferred materials in 2025, and we aim to source 50% of our cotton as Better Cotton in the same year.

Materials with a reduced impact on the environment are essential to Kentaur®. We consider more environmentally friendly materials in product development. In 2022, we developed a light impact tool together with Tekstilrevolutionen which can help us in the development process to choose fiber materials with reduced environmental impact.

Our list of preferred materials evolves as new and more sustainable and innovative alternatives to conventional textile materials enter the market. Currently, we use preferred materials such as certified recycled polyester (either GRS or Unifi REPREVE®), TENCEL™ Lyocell, Fairtrade® Cotton, and source Better Cotton. Products where these materials are sourced for or used are referred to as Responsible Choice products as they are more responsible products compared to our remaining products.

In 2023, Kentaur® will introduce a new TENCEL™ Lyocell fabric made with the REFIBRA™ technology. This fabric will be included in the list of materials made in preferred materials.

SOLD KENTAUR® GARMENTS

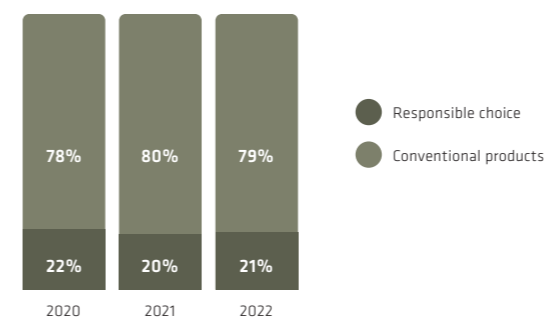


Figure 9

Also, our segment catalogs are made by a Danish printing company based in Fredericia, Denmark, which continuously improves its production to be among the most environmentally friendly printing companies. The printing company is certified by Svanemærket/Ecolabel and uses FSC-certified paper.

In 2022, sales of products in preferred materials accounted for 21% of total sales of own goods, as illustrated in Figure 9. This is an increase of 1 percentage point compared to 2021. However, it is evident in Figure 9 that over the past three years, there has been no significant increase in the share of sales of Kentaur® products in preferred materials. The share of products in preferred materials is around one-fifth of the total sales of our own products.

Based on the EU regulations entering into force over the coming years, we believe that the market will increase its purchase of products made in preferred materials. Therefore, we are still aiming for 75% in 2025. Kentaur® focuses on choosing preferred materials for all new product developments as well as replacing materials in existing products to make sure that we continuously offer the market the demanded products in preferred materials. With respect to replacing materials in existing products, we have faced challenges in 2022 due to high prices in the market, which has made it impossible to keep the target prices of the specific products.

COTTON SOURCING

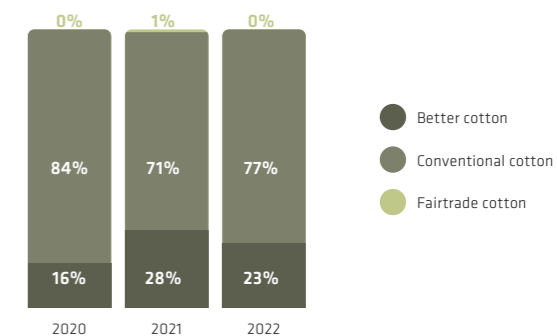


Figure 10

Figure 10 shows that we sourced 23% of our cotton as Better Cotton in 2022, which is 5 percentage points less than in 2021. The reason for this is large order volumes of fabric with conventional cotton for specific customer orders.

Figure 10 also shows that our purchase of Fairtrade® cotton is less than 1% of our total cotton purchase.

We will continue the work with Better Cotton sourcing to increase the share and are still aiming to reach 50% in 2025.

In 2023, we will start incorporating the Better Cotton we source through our partner ID® Identity in our accounting.

In 2022, we continued our journey by selling products containing recycled polyester from certified post-consumer PET bottles. We buy GRS-certified polyester and Unifi REPREVE® polyester. Figure 11 shows that **the number of bottles recycled in our sold products in 2022 adds up to 3,838,486 bottles.**

NUMBER OF RECYCLED PET BOTTLES

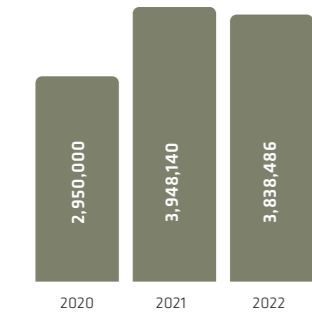


Figure 11

We have started looking into alternatives to recycled polyester from PET bottles because the PET bottles should be recycled in a closed loop, becoming new PET bottles and not turned into textile fibers. Nevertheless, recycled polyester from PET bottles has a lower environmental impact than virgin polyester and therefore Kentaur® will continue to use recycled polyester from PET bottles until we have found a better solution. Finding a suitable alternative to recycled polyester from PET bottles is an ongoing development project.

In general, we participate in the circular transition of the textile industry, which means that we will test the possibilities of using recycled cotton and polyester from pre- and post-consumer textile products to reduce the consumption of virgin material resources when developing materials for new products. We participate in different projects on textile-to-textile recycling with several external partners.

CERTIFICATIONS AND LABELS

In 2020, Kentaur® set the goal to achieve more certifications to ensure, control, and document that our sustainability journey makes a difference in both product and production. The overall results are evident in the table *Overall measurements of outcomes* on page 34-35. In the next sections, you can read about the different certifications and labels and what we have achieved within each.

EU ECOLABEL

In 2022, Kentaur® was able to add the recognized EU Ecolabel certification to our portfolio. The challenges we faced in 2021 on fabric performance due to changes of chemicals in the production processes were solved during the first half year of 2022. Thus, Kentaur® was able to obtain the EU Ecolabel certification at the end of 2022 with a fabric meeting our quality requirements. Initially, we certified a workwear collection for the healthcare and service sector consisting of 6 different styles. We will introduce the collection to the market in 2023.

OEKO-TEX® STANDARD 100

Our products are certified with OEKO-TEX® STANDARD 100, which means that the chemicals in our products do not harm human health.

OEKO-TEX® MADE IN GREEN

OEKO-TEX® MADE IN GREEN is a traceable label of textiles and leather produced under environmental-friendly and socially responsible working conditions. Moreover, the label ensures that products are free of unwanted chemicals.

In short, with MADE IN GREEN, you get products that are:

- manufactured environmentally friendly
- safe to use
- manufactured socially responsibly
- Have a transparent supply chain

Kentaur® has OEKO-TEX® MADE IN GREEN labels on our finished garment because:

- (1) the garment manufacturers are OEKO-TEX® STeP certified
- (2) the textile producer performing the wet processes is OEKO-TEX® STeP certified
- (3) the finished garment is OEKO-TEX® STANDARD 100 certified.

By the end of 2022, we were able to label 519 of our own standard products with OEKO-TEX® MADE IN GREEN.

DER GRÜNE KNOPF (DGK)

DGK is an international certification for sustainable textiles owned by the German State. The DGK standard includes both product criteria and corporate criteria on social and environmental sustain-

ability. In 2022 DGK published their new revised standard which includes requirements on material fiber level and on living wages. These new requirements will apply from August 2024. During our initial certification audit, we could label 25 products. By the end of 2022, we were able to offer 519 of our standard products labeled with DGK. DGK labeled products have accounted for 71% of our total sales (in pieces) of our products in 2022.

Table 1 shows an overview of the third-party audits, certifications and labels held by Kentaur® Group and year of introduction:

Kentaur® A/S (DK) OEKO-TEX® STANDARD 100 (2016) Fairtrade® Cotton (2017) OEKO-TEX® MADE IN GREEN (2021) Der Grüne Knopf (2021) EU Ecolabel (2022)
Kentaur® Poland amfori BSCI (2021) OEKO-TEX® STeP (2021)
Kentaur® Serbia amfori BSCI (2021) OEKO-TEX® STeP (2021)

Table 1

FABRIC CUTTING WASTE

It is important for a circular transition that fabric-cutting waste from production is not considered waste that is disposed on a landfill or incinerated without energy recovery. Therefore, Kentaur® has set a goal that our fabric-cutting waste from our own and external production sites must be reduced, reused, and/or recycled.

In production, we are continuously trying to optimize to have as little fabric-cutting waste as possible. This is beneficial from both an environmental and economic perspective. In 2022, Kentaur® invested in new software, which optimized our average fabric utilization rate by up to 5%. This means that we can make better use of the fabric and create less cutting waste. Therefore, we expect to see a decrease in fabric-cutting waste from our production in 2023.

TEXTILE CUTTING WASTE (TONNES)

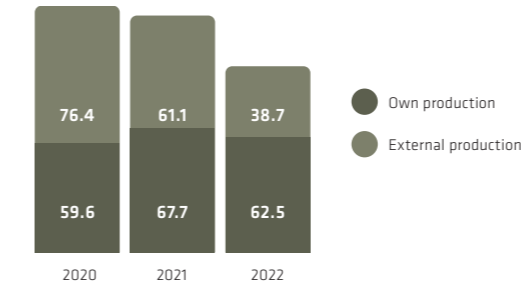


Figure 12

Figure 12 shows the amount of fabric-cutting waste we had in 2022, compared to 2020 and 2021. We see a decrease in cutting waste on our external production sites in 2022 due to significantly lowered production capacity. External production cutting waste figures from 2021 have been adjusted from 66.1 tons in our previous report to 61.1 tons in the present report, because we identified an error in the figures from 2021.

We are doing different projects focusing on recycling/upcycling of cutting waste and leftover fabrics. In 2022, we started to segregate white cutting waste at our production site in Serbia because we have found a solution where we can send it to mechanical textile-to-textile recycling. In 2023, our production site in Poland will start segregating its fabric-cutting waste into six different fractions which also will be sent to mechanical recycling.

PACKAGING MATERIALS

We set a goal in 2020 to replace all our packaging materials with more sustainable materials.

In 2021, we started replacing our cardboard boxes with FSC Mix cardboard boxes. This means that the cardboard is made of wood from an FSC-certified forest, FSC-controlled wood, and reused paper materials. By this we ensure that the wood used to make the cardboard for the boxes we purchase does not contribute to deforestation and the social and economic welfare of the workers in the forestry industry and the local community is maintained.

GREENHOUSE GAS EMISSIONS FROM CARDBOARD BOXES

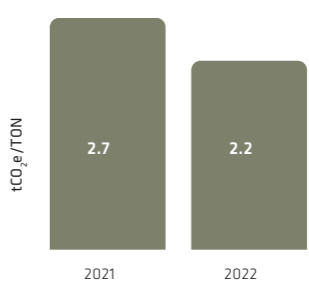


Figure 13

Changing from standard cardboard material to FSC Mix cardboard has impacted our carbon footprint, based on the assumption that up to 50% of the cardboard is recycled pre- and post-consumer paper materials. Figure 13 shows the greenhouse gas emissions per ton of cardboard material we have purchased in 2021 and 2022. Based on these figures, our impact from cardboard materials has decreased with up to 0,5 tCO₂e per ton of cardboard material purchased from 2021 to 2022.

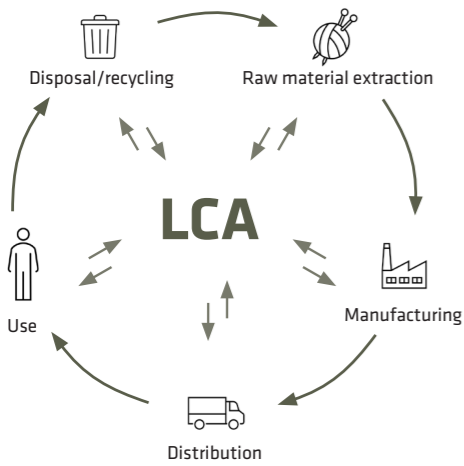
Our garments from production in Vietnam are placed in polybags inside cardboard boxes. We cannot eliminate polybags around the garments shipped from Vietnam due to the humidity difference in the air. Nevertheless, we reduce the amount of plastic needed by packing 10-20 items per polybag instead of packing the items individually. We have not been able to find a more environmentally friendly alternative to the conventional polybags which can fulfill our target price. Thus, this project has been canceled for now.

CIRCULARITY

Creating a sustainable textile industry with minimal environmental impact requires a circular business model. We feel obligated to take responsibility for the products we develop and produce. Therefore, we want to participate in the process of securing that our products are reused and/or recycled after the end of life.

Kentaur® cannot solve this huge challenge alone, but we will actively participate in networks and projects that promote possibilities and solutions for recycling worn-out textile products. The ultimate circular goal is to recycle worn-out garments into new textile fibers that can be used to produce new textile products. We participate as a brand and garment producer in national and international projects, working on mechanical and chemical recycling of post-consumer garments into new textile fibers. These projects involve collaboration with suppliers, customers, textile waste handlers, and recycling companies along the value chain.

In 2022 we worked on a life cycle assessment (LCA) in collaboration with external consultants to obtain quantitative data on the environmental impact of our products. The LCA is an essential tool in our sustainability journey because it makes it possible to compare the environmental impact of our products. Furthermore, it can be used in-house as a decision tool to ensure that new product developments have a lower environmental impact.



SUPPLY CHAIN

ENVIRONMENTAL AUDITING AND CERTIFICATION – GARMENT PRODUCERS (TIER 1)

In 2021, 60% of the garment producers we are using obtained OEKO-TEX® STeP certification, and our goal was to implement the standard and complete the certifications on the remaining 40% in 2022.

We succeeded in completing 80% in 2022. The 80% accounted for 95% of our production volume in 2022. In 2023, we will continue the work to implement and complete the OEKO-TEX® STeP standard on the remaining producers we are working with.

STeP stands for Sustainable Textile & Leather Production and is an internationally recognized certification scheme in the textile industry, ensuring production under sustainable conditions.

OEKO-TEX® STeP is a holistic, sustainable certification. It covers both social and environmental responsibility. The standard is divided into six modules: Quality management, chemical management, environmental management, environmental performance, social responsibility, and health & safety.

ENVIRONMENTAL AUDITING AND CERTIFICATION – FABRIC AND TRIM SUPPLIERS (TIER 2)

As evident above, our actions to protect the environment go beyond our own operations. We want our suppliers to be able to document their work with environmental protection through audits and certifications. Also, we are constantly seeking to uncover the actors in our upstream supply chain. Figure 14 shows the proportion of our fabric and trim suppliers who have been audited or certified according to a standard that sets requirements for environmental protection. Annex IV shows the list of standards that Kentaur® recognizes currently.

The results in Figure 16 cover Kentaur®’s total supplier portfolio in 2022. If we only consider suppliers, where our buying value covered above 1% of our total purchase in 2022, the proportion of third-party certified suppliers increases to 100%. This is an increase from 2021, where 71% were third-party audited.

We use the same approach in the context of environmental protection as with social audits/certifications of our suppliers; we require all new and primary suppliers to have an OEKO-TEX® STeP certification, while all remaining suppliers must be audited for environmental compliance by a third party if it makes sense. If a new fabric supplier is not OEKO-TEX® STeP-certified starting the collaboration, we can still do business together if the supplier aims to be certified within the first year of our collaboration

Figure 17 shows that 85% of the fabric volume we bought in 2022 were produced by an OEKO-TEX® STeP certified fabric supplier. This volume is on the same level as 2021.

GARMENT PRODUCERS

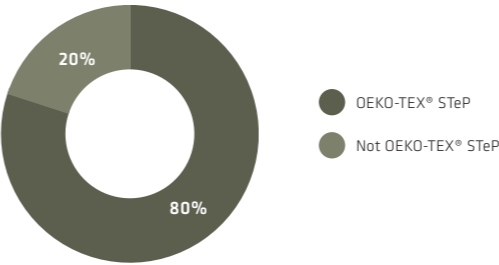


Figure 14

PRODUCTION VOLUME (PCS)

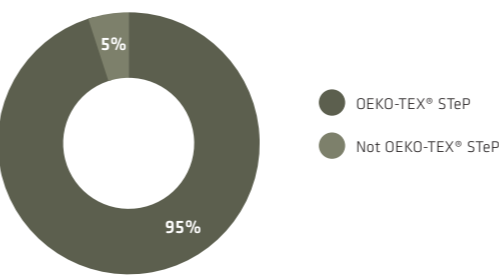


Figure 15

SUPPLIERS WITH ENVIRONMENTAL AUDIT/CERTIFICATION

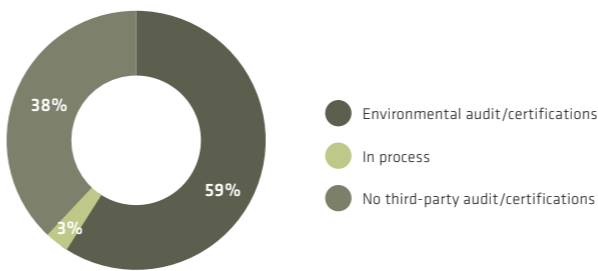


Figure 16

FABRIC VOLUME PRODUCED ON OEKO-TEX STEP CERTIFIED FACTORY

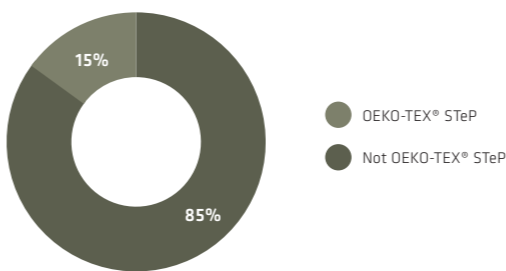


Figure 17



Photo: freepik.com

CLIMATE RESPONSIBILITY

As a product-producing company operating globally, Kentaur® has a co-responsibility when it comes to the climate. Kentaur® takes this responsibility seriously, as the consequences of not taking targeted actions are serious for our business and our planet. In 2022, we initiated actions that are going to reduce our greenhouse gas emissions in the long run.

GHG ACCOUNTING

Kentaur® wants to work actively to reduce our carbon footprint as a company. Therefore, we have set a goal of net zero emissions in 2030 in scopes 1 and 2.

Our GHG accounting covers the complete Kentaur® Group, consisting of Kentaur® Norway, Kentaur® Poland, and Kentaur® Serbia. We are continuously working on improving the quality of input data and updating emission factors to achieve ever more accurate results. Over the past years, we have faced the biggest challenges in collecting and verifying scope 3 data, simply because it is not data, we can directly monitor ourselves. Nevertheless, we continue the work with our suppliers to ensure that we can improve our accounting every year.

ACCOUNTING METHODOLOGY

Our GHG accounting is made in accordance with the Greenhouse Gas Protocol (GHGP) which is an internationally acknowledged standard outlining how to collect, process, and convey data about greenhouse gases to limit and reduce the climate footprint of the company. The GHGP covers the seven greenhouse gases CO₂, CH₄, N₂O, NF₃, SF₆, HFCs, and PFCs, which are calculated and presented in CO₂ equivalents (CO₂e) in the present report. It is necessary to have a common unit for comparability because the different greenhouse gases have different Global Warming Potentials (GWP).

We have used the operational control approach for Kentaur® Group's GHG accounting, which means that all GHG emissions from Kentaur® A/S (headquarters), Kentaur® Norway (sales office), Kentaur® Poland (production and warehouse activities), and Kentaur® Serbia (production activities) are included. The GHG emissions are divided into three scopes according to GHGP. Scope 1 covers the GHG emissions originating from activi-

ties owned or leased by Kentaur® Group, also called direct emissions. Scope 2 covers the indirect GHG emissions coming from energy purchased by Kentaur® Group. Scope 3 covers the remaining indirect GHG emissions in Kentaur® Group's value chain and up- and downstream supply chain. Scope 1 and 2 are mandatory to report, while scope 3 is voluntary, according to GHGP. Kentaur® Group's GHG accounting covers our direct emissions in scope 1 and our indirect emissions in both scopes 2 and 3. We must include scope 3 to get a realistic picture of our total climate impact because the largest amount of our GHG emissions originates from activities in scope 3.

Emission factors used in our GHG accounting are coming from the publicly available Danish tool "Klimakompasset", which The Danish Business Authority is responsible for. We have used the newest updated emission factors from 2021 in "Klimakompasset". In cases where we have more specific emission factors on hand, these factors have been used instead of the emission factors in "Klimakompasset". This is the case with the purchase of textile apparel, textile fabric, and trims where the emission factors are extracted from the database Exiobase v3.3 and our life cycle assessment report from 2022.

For upstream and downstream transportation, in most cases we receive climate footprint reports from our distributors. Where this is not possible, we use emission factors from Ecoinvent Transport (Ecoinvent 3.6). Likewise, our business flights are a combination of a climate footprint report from our flight booking agency, and for business flights where the agency has not been used, we use emission factors from "Klimakompasset".

KENTAUR® GROUP'S CLIMATE FOOTPRINT

The table below shows our complete GHG accounting for 2020 (baseline year) and 2022. 98.9% of our total emissions come from scope 3, meaning that only 1.1% of the GHG emissions come from our direct and indirect emissions in scopes 1 and 2.

The two categories constituting the largest emission impact are 3.1 and 3.2, which are the emissions related to our purchase of goods and services. Our purchase of apparel, textiles, and trims alone accounts for over 90% of our total emissions. We cannot directly reduce these categories by implementing initiatives alone.

		2022		2020	
		Ton CO ₂ e	Share %	Ton CO ₂ e	Share %
Total scope 1 - Direct emissions		169,3	0,6	214,1	0,9
1.1	Company facilities	80,8	0,3	110,8	0,4
1.2	Company facilities	88,4	0,3	103,3	0,4
Total scope 2 - Indirect emissions from purchased electricity and heat		161,7	0,6	224,5	0,9
2.1	Market-based	150,7		194,4	
Total scope 3 - Indirect emissions related to the value chain		29.067,5	98,9	24.617,3	98,2
3.1	Purchased primary goods (apparel, textiles and trim)	26.813,3	91,2	21.354,3	85,2
3.2	Purchased secondary goods and services	1.475,4	5,0	2.799,9	11,2
3.3	Fuel- and energy related activities	52,6	0,2	71,1	0,3
3.4	Waste generated in operations	110,9	0,4	159,1	0,6
3.5	Upstream transportation	173,9	0,6	175,4	0,7
3.6	Downstream transportation	176,6	0,6	27,0	0,1
3.7	Business travels	55,3	0,2	30,4	0,1
3.8	Employee commuting	209,5	0,7	N/A	N/A
Total emissions		29.398,5	100,0	25.055,7	100,0

Table 2



TARGET

Target 13.2: Integrate climate change measures into policies, strategies, and planning.

AMBITIONS

- 2030: Net zero emissions in scope 1 and 2

We need to collaborate with our suppliers to bring down the emissions related to our purchased goods. From 2020 to 2022, we see an increase in category 3.1, mainly due to an increase in the purchase of fabric volume in 2022 compared to 2020. In the coming years, we will focus on collaborating with our primary suppliers to reduce our emissions coming from category 3.1, especially. The impact from category 3.2 has decreased from 2020 to 2022, the main reason is that we took over the factory building in Poland in 2020, where we had expenses on construction and maintenance.

Downstream transportation (category 3.6) is the transportation from Kentaur® to our customers. The impact in this category has increased since 2020 because we have been able to include data on the transportation of the workwear we trade in addition to our own produced workwear. It is the first time we have been able to include this data in the accounting.

TOTAL TON CO₂e



Figure 18

Figure 18 shows Kentaur® Group's total annual climate footprint, where it is evident that the impact has increased since the base-line year 2020. The reason for the increase is primarily due to the pandemic COVID-19. However, this will not change our ambition to reduce our impact over the coming years. Despite the total increase, we have reduced our impact in scopes 1 and 2 by 21% and 28%, respectively from 2020 to 2022.

TON CO₂e in scope 1 and scope 2

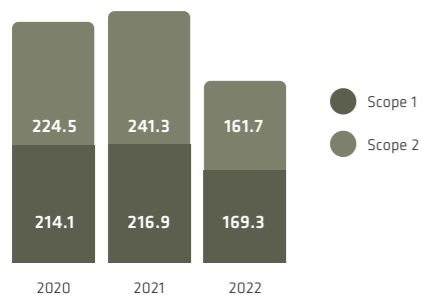


Figure 19

Figure 19 shows the annual impact of scopes 1 and 2. The reduction in category 1.1 is mainly due to reduced consumption of natural gas at Kentaur® Poland in 2022 compared to 2020. There has been an

extra focus on reducing consumption reduction due to increased energy prices. The emissions from Category 1.2 are reduced due to increased data quality. In 2020, the impact was calculated based on data inputs measured in monetary values, and today we collect data measured in kilometers instead. The reduction of 28% in scope 2 is due to lower electricity consumption at Kentaur® Poland and updated emission factors, which generally become lower due to more green energy in the electricity grid mix. The electricity consumption at Kentaur® Poland was higher in 2020 due to the construction and maintenance of the new factory building.

Scope 1 includes direct emissions from sources that are owned or leased by Kentaur® Group. In our case, scope 1 covers two categories.

1.1 company facilities, which are the combustion of oil, natural gas, and wood pellets for heating.

1.2 company vehicles, which covers the company cars.

Scope 2 includes all purchased energy for electricity, heating, and cooling. In our case, this is electricity and district heating. The total emissions from electricity are location-based, which means that we use country-specific energy mix emission factors.

2.1 Market-based is calculated like location-based emissions. However, the emissions have been adjusted to our purchase of renewable energy via Guarantees of Origin (GOs) certificates. In 2022, 100% of the electricity purchased by Kentaur® A/S was covered by a GO.

Scope 3 includes all remaining emissions related to our value chain and up- and downstream activities in our supply chain. We have included eight categories belonging to scope 3 of the total 15 categories in the GHGP. The eight categories have been chosen based on where we have the biggest impact and where it has been possible for Kentaur® to collect data.

3.1 Purchased primary goods (apparel, textiles, and trim) includes our purchase of textile apparel from external garment producers, textile fabric, sewing thread, embroidery thread, buttons, zippers, ribbons, and labels for our production. All are measured in volume (tons).

3.2 Purchased secondary goods and services includes different kinds of remaining purchases of goods and services to our offices and production sites. Mostly measured in monetary units. A few purchased goods in this category, namely cardboard boxes for packaging, plotter paper, and cutting foil, are measured in volume (tons).

3.3 Fuel- and energy related activities include all fuel- and energy-related emissions, which are not covered in scopes 1 and 2. This category contains emissions related to the extraction, production, and distribution of the fuel and energy purchased by Kentaur® Group.

3.4 Waste generated in operations includes the waste generated in offices and own production sites. Waste includes household waste, cardboard and paper, plastic, and textile. Additionally, tex-

tile waste generated in external production sites based on Kentaur®'s order volume is also included.

3.5 Upstream transportation includes transport from all production sites to our warehouse in Poland. The data is a combination of a carbon emission report from our distributor and in-house calculations. For the in-house calculations, the data is measured in ton.km, and we include Radiative Forcing Index (RFI) when calculating the emissions from our air transport. Figure 20 shows how our carbon footprint related to upstream transport is distributed between road, sea, and air.

DISTRIBUTION OF CARBON FOOTPRINT IN UPSTREAM TRANSPORTATION

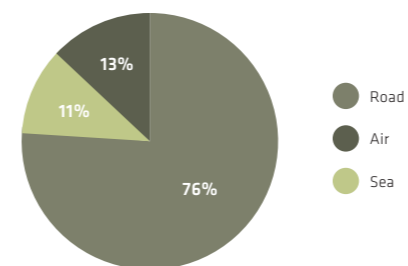


Figure 20

3.6 Downstream transportation includes transportation from the Kentaur® warehouse in Poland to our customers around the world. It is measured in ton.km, and RFI is included in the calculations. From 2022, this category also includes data from the workwear we trade, which is not own-production. This data comes from a carbon emission report from the distributor.

3.7 Business travels includes transportation related to business travels where company cars have not been used. Flights are the main post in this category.

3.8 Employee commuting includes transportation to work of employees working at Kentaur® A/S, Kentaur® Poland, and Kentaur® Serbia. In Poland, 3-4 people drive together in one car to work and in Serbia, we have arranged Kentaur® busses which our employees use to go to work.

In 2022, we wanted to investigate five different activities that could reduce our carbon footprint as a company. All five actions are evaluated below.

- Find the best solution for installing charging stations on the parking lot at Kentaur® A/S and our Polish production site. It turned out that it would not make sense to install charging stations at our Polish production site because the demand was too low. The charging stations on Kentaur® A/S's parking lot have been postponed to 2023.
- Investigate the possibility to change the oil burner to district heating at Kentaur® A/S. It was investigated and it turned out that it was too expensive to change the oil burner to district heating. Therefore, this project has been canceled for now.
- Investigate the possibility to install photovoltaic panels at our Serbian production site. This investment has been postponed to 2024.
- Today, 60% of the electricity at our production site in Poland comes from renewable energy sources, documented through the purchase of a GO certificate. In 2022, we will investigate the possibility of increasing this to 100%. It was decided not to purchase a GO certificate for the electricity purchased at Kentaur® Poland in Poland in 2022 because we invested in installing photovoltaic panels instead. We will be able to see the results of this investment in the climate accounting for 2023.
- Investigate the replacement of the heating system at our production site in Poland from natural gas to wood pellets. This project has been canceled because it was too expensive to replace the heating system at our Polish production site.

CASE STORIES AND PROJECTS



ZAMBIA PROJECT WITH CSR-PARTNERSKABET DANMARK

Our CSR project with CSR-Partnerskabet Danmark continued in 2022, where we donated money, sewing machines, and garments for a project run by CSR-Partnerskabet in Zambia.

CSR-Partnerskabet is a nonprofit organization active in Zambia. For the donated money (from Kentaur® and other donations) and equipment CSR-Partnerskabet has established a house where young people from Zambia can come and learn how to sew clothing.

The goal is to train the participants to start their own sewing businesses. CSR-Partnerskabet already experiences success with their project, as some of the participants are now earning money by producing school uniforms that are compatible with the uniforms sold in stores.

MEMBER OF TEKSTILREVOLUTIONEN

In 2022 we became a member of Tekstilrevolutionen. By becoming a member, we have gained a business partner with an enormous knowledge and expertise which can help us move forward on our never-ending sustainability journey.

Our goal is to be among the best suppliers of workwear produced more sustainably. We are sure that our partnership with Tekstilrevolutionen will have a positive impact on reaching this goal.



BIODIVERSITY FIELD

Again in 2022, we decided to plant a large flower meadow on our 20,000 m2 field next to Kentaur® Headquarter in Denmark. We decided to use the field to attract a large number of insects and butterflies during summertime.



ANOTHER GARMENT PRODUCER CERTIFIED WITH OEKO-TEX® STeP

In 2022 another garment producer based in Serbia received the OEKO-TEX® STeP certificate. Therefore, 80% of our garment producers are now certified. Our goal for 2023 is that all our garment suppliers obtain this certification.

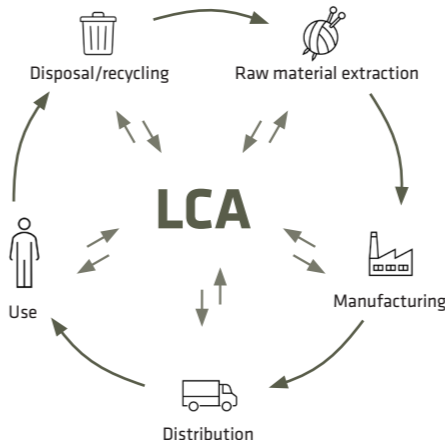
LCA REPORT

In cooperation with the Danish Tekstilrevolution and with financial support from SMV: Grøn, Kentaur® has made an LCA of our model 23401. Tekstilrevolutionen is an independent Think-Tank that wants to create a more sustainable textile industry.

We made an LCA of the chef jacket 23401, as this specific jacket can be produced by several of our garment producers. Thus, this creates a good image for the other of our articles.

In our analysis, we had two different material scenarios and three different production scenarios. These scenarios made it possible for us to compare the results.


The LCA has given us valuable knowledge that we can use going forward when selecting material and developing new products, in dialogue with our supply chain about the environmental impact of their processes, and when talking with customers about factors that influence the environmental impact of our products.



OVERALL MEASUREMENTS
OF OUTCOMES

Goal	Action 2023	KPI	Result			Related SDG target
			2022	2021	2020	
SOCIAL RESPONSIBILITY						
10% of sickness absence at Kentaur® Poland and Kentaur® Serbia	Main focus on sickness absence at Kentaur® Serbia	Sickness absence - Kentaur® A/S - Kentaur® Poland - Kentaur® Serbia	2.6% 7.6% 15.0%	2.1% 7.4% 13.2%	2.3% 11.1% 11.7%	
Zero work accidents	Continue the work with HSE committees in Denmark as well as at the production sites	Number of work accidents - Kentaur® A/S - Kentaur® Poland - Kentaur® Serbia Total	1 0 2 3	0 1 2 3	1 0 4 5	<div>TARGET 8-8</div>
Balanced gender distribution	Recruitment must continue on the basis of competencies	Share of women: - Board - Management DK - Management PL - Management SRB Total	40% 56% 25% 57% 90%	40% 36% 33% 40% 90%	40% 40% 25% 33% 87%	<div>TARGET 5-5</div>
Fair remuneration to all employees in production	Continue to monitor the remuneration and follow up on corrective action plans from suppliers	Work in progress to create fair remuneration KPI	N/A	N/A	N/A	<div>TARGET 8-5</div>
2023: amfori BSCI audit with minimum B score on all production sites	Ensure that our Viet- namese production site achieve mininum B score in 2023 and maintain and monitor social compliance in remaining production sites	Share of production sites with minimum B score	75%	72%	29%	<div>TARGET 8-8</div>
		BSCI score by volume produced: A B C D In progress Not audited FWF	53% 0% 43% 0% 0% 0% 4%	40% 54% 0% 1% 0% 2% 3%	3% 54% 0% 13% 24% 6% 0%	
Fabric and trim suppliers (tier 2) must be third-party audited or certified for social compliance, where it makes sense	Dialogue with suppliers to incentivize a social compliance audit/certification controlled by third-party	Share of fabric and trim suppliers (tier 2) with a social compliance audit/ certification controlled by third-party	69%	61%	60%	<div>TARGET 8-8</div>
		Share of fabric and trim suppliers (tier 2) who exceed 1% of our buying value, with a social audit/ certification controlled by third-party	100%	100%	100%	

Goal	Action 2023	KPI	Result			Related SDG target
			2022	2021	2020	
PRODUCT & RESOURCE RESPONSIBILITY						
2025: 75% of Kentaur®'s self-produced goods sold are products made in preferred materials	Continue sourcing fabrics with low environmental impact for all new products as well as switching to fabrics with lower environmental impact	Proportion of goods sold in preferred materials	21%	20%	22%	<div>TARGET 12-2</div>
2025: Sourcing 50% of our cotton as Better Cotton through BCI	Increase sourcing of Better Cotton all new fabrics containing cotton as well as switching to sourcing of Better Cotton on selected existing fabrics	Proportion of cotton sourced as Better Cotton	23%	28%	16%	<div>TARGET 12-2</div>
Increase polyester fiber amount coming from alternative sources than conventional virgin polyester	Sourcing recycled polyester on all new fabrics containing polyester and switching to recycled polyester on selected existing fabrics	Number of PET bottles recycled in self-produced goods sold	3,838,486	3,948,140	2,950,000	<div>TARGET 12-2</div>
Achieve certifications that promote and support the sustainable development of our business	Maintain the certifications we have achieved in 2021 and 2022	Number of certifications that support sustainable development	7	5	2	<div>TARGET 12-2</div>
Reduce, reuse and/or recycle fabric cutting waste	Send fabric cutting waste from production to mechanical textile-to-textile recycling	Fabric cutting waste in tons: - Own production - External production Total	62.5 38.7 101.2	67.7 61.1 128.8	59.6 76.4 136.0	<div>TARGET 12-2</div>
All production sites (tier 1) must be OEKO-TEX® STeP certified	Implement and complete OEKO-TEX® STeP standard on remaining production sites	Share of production sites with OEKO-TEX STeP certification	80%	60%	0%	<div>TARGET 12-2</div>
Fabric and trim suppliers (tier 2) must be third-party audited or certified for environmental compliance, where it makes sense	Dialogue with suppliers to incentivize an environmental audit/certification controlled by third-party	Suppliers (tier 2) with a environmental audit/ certification controlled by third-party	59%	54%	54%	<div>TARGET 12-2</div>
		Share of fabric and trim suppliers (tier 2) who exceed 1% of our buying value, with an environmental audit/certification controlled by third-party	100%	71%	71%	

Goal	Action 2023	KPI	Result			Related SDG target
			2022	2021	2020	
CLIMATE RESPONSIBILITY						
2030: Net zero emissions in scope 1 and 2	See “GHG accounting” section	Tons CO ₂ e - Scope 1 - Scope 2 - Scope 3 Total Average per garment (kgCO ₂ e)	169.3 161.7 29,067.5 29,398.5 15.7	216.9 241.3 25,123.5 25,581.7 14.1	214.1 224.5 24,617.3 25,055.8 15.8	<div>TARGET 13-2</div> 

ANNEX

ANNEX I

In the amfori BSCI system, the auditee is audited in 13 Performance Areas (PAs) where each PA is assigned a score from A to E. The overall rating is then determined based on the assigned scores in the individual PAs. The table below shows the rating system:

RATING	CONDITION OF ATTRIBUTION
A - Very good	Minimum 7 PAs rated A No PAs rated C, D or E
B - Good	Maximum 3 PAs rated C No PAs rated D or E
C - Acceptable	Maximum 2 PAs rated D No PAs rated E
D - Insufficient	Maximum 6 PAs rated E
E - Unacceptable	Maximum 7 PAs rated E
Zero tolerance	If a Zero Tolerance issue is identified the audit is terminated immediately and action must be taken in accordance with the BSCI Zero Tolerance Protocol

ANNEX III

Below is the list of standards containing social requirements that Kentaur® acknowledges:

- amfori BSCI
- Bluesign®
- Cradle to Cradle Certified™
- Der Grüne Knopf
- EU Ecolabel
- Fairtrade® Cotton
- Fairtrade® Textile Production
- Fair Labour Association (FLA)
- Fair Wear Foundation (FWF)
- Global Organic Textile Standard (GOTS)
- Global Recycled Standard (GRS)
- ISO 26000
- SA8000 – Social Accountability International (SAI)
- Sedex Members Ethical Trade Audit (SMETA)
- OEKO-TEX® STeP
- Worldwide Responsible Accredited Production (WRAP)
- General third-party auditing of social compliance

ANNEX II

amfori BSCI comprises the following 13 PAs for which requirements are made:

- wPA1: Social management system and cascade effects
- PA2: Workers involvement and protection
- PA3: The rights of freedom of association and collective bargaining
- PA4: No discrimination
- PA5: Fair remuneration
- PA6: Decent working hours
- PA7: Occupational health and safety
- PA8: No child labor
- PA9: Special protection for young workers
- PA10: No precarious employment
- PA11: No bonded labor
- PA12: Protection of the environment
- PA13: Ethical business behavior

ANNEX IV

Below is the list of standards containing environmental requirements that Kentaur® acknowledges:

- amfori BEPI
- amfori BSCI
- Bluesign®
- Cradle to Cradle Certified™
- Der Grüne Knopf
- Eco-Management and Audit Scheme (EMAS)
- EU Ecolabel
- Fairtrade Textile® Production
- ISO 14001
- OEKO-TEX® STeP
- Sedex Members Ethical Trade Audit (SMETA)
- General third-party auditing of environmental protection

SUSTAINABLE INITIATIVES

It is a part of our sustainability journey to participate in various initiatives that help to continuously provide us with new knowledge and improve our work with sustainability.

MEMBERSHIP

WE SUPPORT



CERTIFICATIONS/LABELS



PARTNERSHIP, PROJECTS AND NETWORKING GROUPS





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