

BLÅKLÄDER

SUSTAINABILITY REPORT 2019



BECAUSE TOMORROW
MATTERS



OUR HUMBLE ENDEAVOR CONTINUES

We can proudly declare that sustainability is an integral part of Blåkläder's worldwide organization, reaching out to all corners of the company. In our role as one of the leading manufacturers of professional workwear, we are truly committed to our humble endeavor to become the best and most sustainable company we can be.

It is with great pride that we note that significant progress has been made in many important areas of our business. We tirelessly continue to improve the overall sustainability performance along our entire production line. For example, one of the factories in Myanmar that produces Blåkläder's garments has during the past year received LEED Platinum, which is the highest level in LEED Green Building's certification for environmentally sustainable constructions. And in Sri Lanka, one of our factories has been certified according to STeP by OEKO-TEX®. For us, this is a confirmation that we have come a long way to where we want to be.

Blåkläder's sustainability report* encompasses AB Blåkläder and its subsidiaries** for the fiscal year 2019. It aims to provide our stakeholders with a transparent and honest presentation of where we are and the steps we are taking towards becoming a more responsible and sustainable manufacturer of workwear and personal safety equipment.

Blåkläder's core business is workwear and this constitutes the major part of our sales. Therefore, this report mostly focuses on workwear and only briefly refers to our gloves and shoes. As our sustainability efforts are common to all product groups, the disclosures in this report are also applicable for gloves and shoes.

The board of AB Blåkläder withholds the overall responsibility of the sustainability report.

Lastly, we want this report to share our successes as well as our shortcomings, and demonstrate our sincere commitment towards becoming gradually more sustainable, step by step.

*This document is not the official Blåkläder's sustainability report for the fiscal year 2019. The reviewed and approved Blåkläder Statutory Sustainability Report 2019 (following the Swedish national legislation SFS 2016:947) can be found at www.blaklader.com.

**AB Blåkläder subsidiaries are listed in "Blåkläder Business Model"





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THE WORLD NEEDS LESS GARMENTS

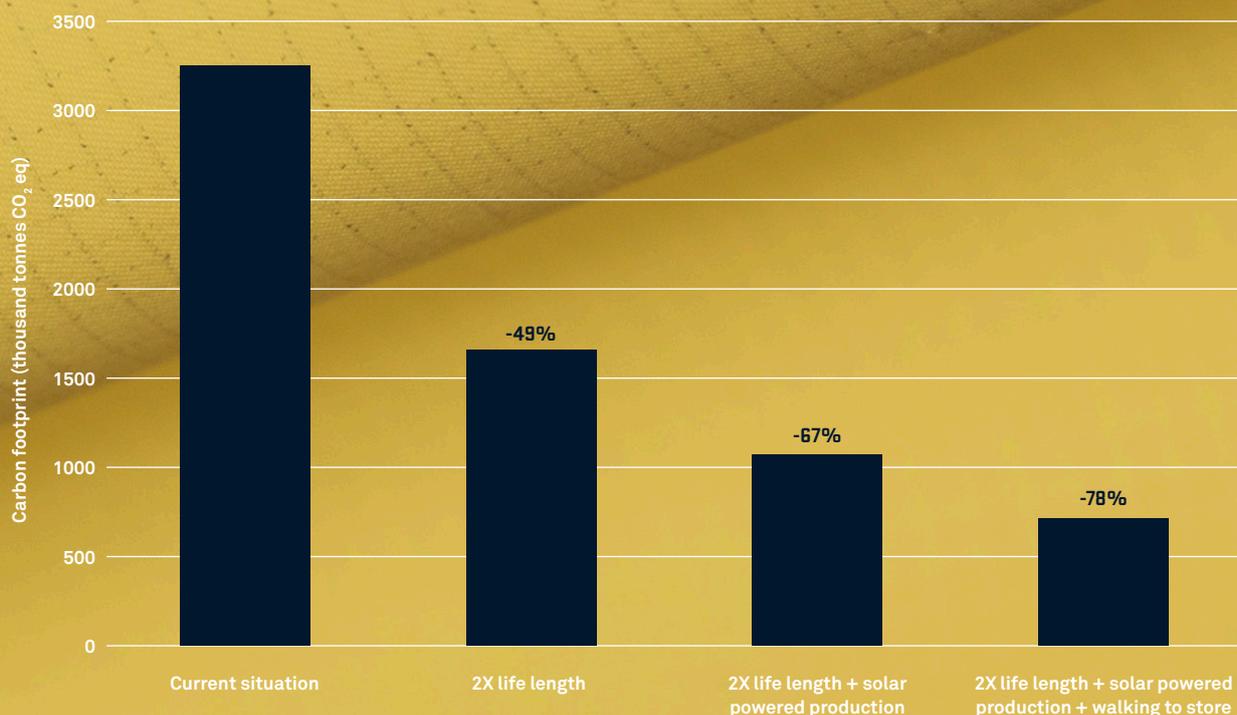
It is our firm belief that the world would benefit from a reduction in the amount of clothing produced, in favor of higher quality garments. Innovative thinking and long-term use always win in the end, at least in terms of sustainability. It is more beneficial for both the environment and the user. With a clear strategy of selling higher-quality garments in fewer numbers, we want to prove that it is possible to challenge conventional traditions using an approach that both increases the benefits to nature and maintains profitability.

Timeless designs and durable products with a long life cycle is the model for Blåkläder. We pride ourselves on our commitment to the lifetime guarantee on seams. This reflects our strong belief in our products, as well as our promise to the customer that the seams will not wear out before the garment itself becomes obsolete.

The definition of sustainability is now much wider than it was during the 1950s and 1960s. Sustainable workwear today connects to broader issues beyond the quality of the product. Just as the product itself needs to be sustainable, we need to manage the impact on people and the environment when producing it. With this in mind, Blåkläder actively works to minimize its environmental impact and ensure the wellbeing of the people producing our products. The fundamental idea to produce functional, long-lasting workwear is as much a part of sustainable thinking now as it was when we began. It's an idea that will never grow old.

Over the years Blåkläder has adapted to the growing demands of the market. Today, an increasingly large proportion of the workwear that we produce are garments that provide the user with specific protection against risks or dangers. These are classified as

“With a clear strategy of selling higher-quality garments in fewer numbers, we want to prove that it is possible to challenge conventional traditions using an approach that both increases the benefits to nature and maintains profitability”



Mistra Future Fashion - environmental assessment of Swedish clothing consumption - six garments, sustainable futures ; <http://mistrafuturefashion.com/wp-content/uploads/2019/08/G.Sandin-Environmental-assessment-of-Swedish-clothing-consumption.MistraFutureFashionReport-2019.05.pdf>

Personal Protective Equipment and their protective and functional performance is regulated by the legislative framework found in EU Regulation 2016/425. This legislation regulates the technical scope for the product, limits the options for raw materials and adds requirements for essential process chemicals. Functionality is essential even for workwear without any specific protection properties, and restricts material choices in the same way as safety clothing. This limits the choices for materials and chemical treatments. The challenge for Blåkläder is to not only provide customers with superior protection but also a sustainable choice. It's a challenge we gladly accept.

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HONESTY, TRANSPARENCY AND INNOVATION

With roots firmly planted in the heartland of the Swedish textile industry, Blåkläder has a long and proud history of clothing production for both fashion and industry. After more than 60 years in the business, this family-run company has gained a deep understanding of how to produce clothing.

We develop, produce and distribute workwear, gloves and shoes for tradesmen placing high demands on functionality, quality and design. At the same time, we stay true to our brand by respecting its heritage.

Our suppliers are essential to our success and we see close, long-term relationships with material producers and sewing suppliers as the foundation of our business.

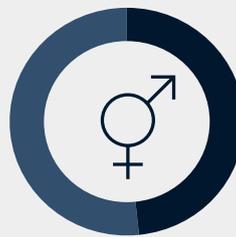
Our products are distributed through dealers and direct sales to large organizations on the international market. Our aim is to be the leading supplier in all relevant markets. Our main focus is on Europe, but in recent years, Blåkläder has introduced and expanded our business in the American, Canadian, and Japanese markets.

AB Blåkläder is the Blåkläder Group's operational parent company and is located in Svenljunga, Sweden. AB Blåkläder has several fully owned subsidiaries located in Norway, Finland, Germany, Poland, Austria, Netherlands, Belgium (branch), Estonia, Czech republic, Ireland, Denmark, France, UK, Spain, Italy, USA and Canada..

OVER
60
YEARS
IN THE
BUSINESS



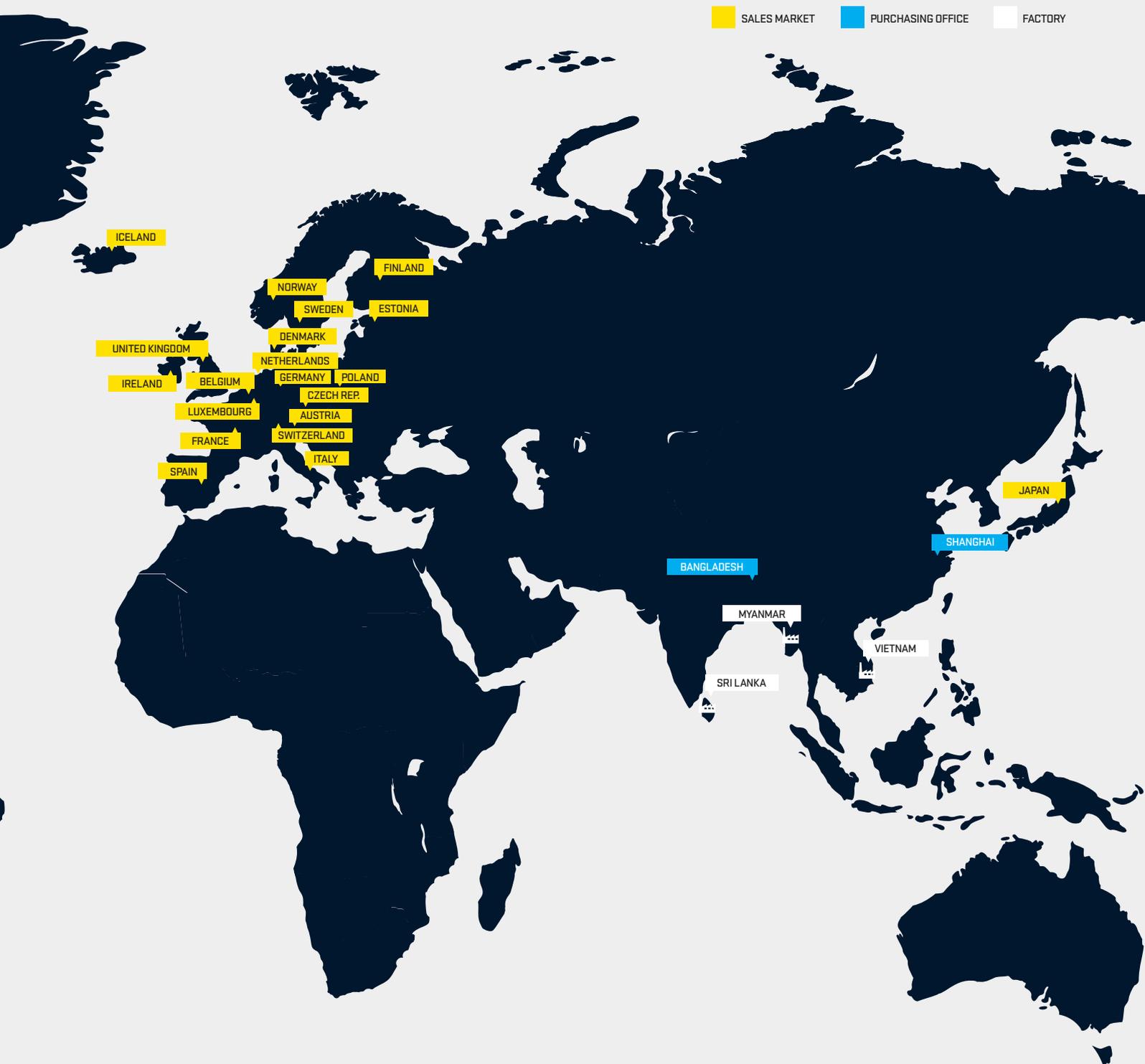
COUNTRY	RETAILERS	EMPLOYEES	FEMALE	MALE
 Sweden	1040	197	110	87
 Belgium	317	12	4	8
 Germany	570	19	6	13
 Norway	220	20	8	12
 Austria	317	7	2	5
 The Netherlands	429	8	1	7
 Finland	260	13	5	8
 France	704	16	8	8
 Denmark	350	9	5	4
 Italy	150	5	4	1
 Poland	1	2	0	2
 USA	150	4	0	4
 Canada	65	3	1	2
 Czech Rep.	1	2	0	2
 Estonia	1	3	0	3
 Spain	5	1	1	-
 Ireland	21	1	0	1
 United Kingdom	117	3	1	2
 Japan	34	-	-	-



EMPLOYEES BY GENDER:

FEMALE: **156**

MALE: **169**



“Today Blåkläder is sold in more than 4700 stores in over 20 countries worldwide”

WE DON'T BELIEVE IN QUICK FIXES TO COMPLICATED CHALLENGES

I am proud to summarize 2019 as yet another year marking Blåkläder's transition towards the use of more renewable energy in our production and less total energy consumption. We tirelessly continue to measure our environmental footprint to better understand where and how we can make the smartest improvements to achieve the largest positive outcome.

Small changes and tweaks in our production process can have a significant impact when they affect large quantities. This is one of the reasons why we are staying true to our decision to not produce unique sustainable collections, but rather focus our efforts on constantly improving the overall sustainability performance along our entire production line without reducing any of our garments' durability.

We always look at the entire lifecycle of our production. We take a long-term perspective and our motto remains the same: we don't believe in quick fixes to complicated challenges. We believe in hard work and transparent discussions about how we can reduce the environmental footprint of our entire production line in the best and most sustainable way. Included in this discussion is the importance of recognizing that sustainability work in the garment industry should not be limited to merely recycled or renewable materials. This is especially the case when it comes to the manufacturing of safety and protective clothing, where both the recycling and production process is incredibly complex. A holistic approach to sustainability is necessary, where we must also consider the speed and level of our consumption, and that is where quality and durability plays a key role.

2019 was a great year for Blåkläder as we reached two important landmarks in our sustainability journey; one production facility in Sri Lanka was the first in the country to get certified according to STeP by OEKO-TEX® and one factory in Myanmar became LEED

Platinum-certified. LEED platinum is the highest possible sustainability certification for buildings, and the factory is the first and only in the country achieving the LEED Platinum certificate. However, having production facilities in Myanmar and other countries is not only about opening factories with great conditions and trying to uphold the

same standards of being a good employer there as we do at home. It also entails conducting business in political systems that differ from what we may be used to. We therefore believe it is important for us to also be involved in local initiatives to fully understand how we can contribute to the development of the local society in the best way.

As I am writing these words, we are already well into 2020, a year that has brought special challenges for all of us as the Covid-19 virus affects the entire world. We have always believed that the people working at and for Blåkläder, regardless of where in the production process, are all part of the same corporate family and constitute our biggest

and most valuable asset. The efforts collected in this report are the result of our joint hard work and in times like these it's extra important to work as a team and share the pride in what we do together.

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Anders Carlsson, MD Blåkläder

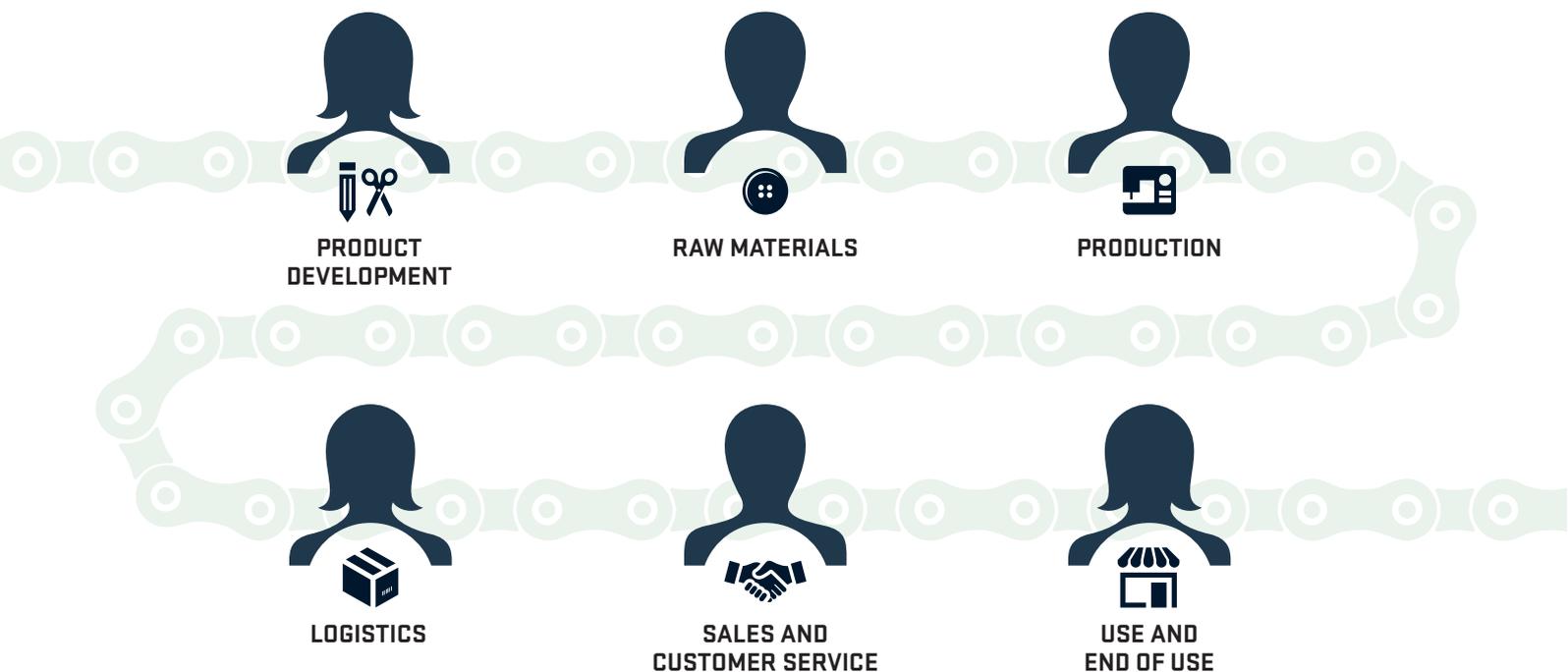


OUR IMPACT ON THE WORLD

Being part of something bigger involves actions that have both an immediate and long-term impact. Through our ongoing sustainability efforts, we fully understand the importance of sharing our approach with our partners and suppliers. By implementing our tools with sustainability in mind throughout the organization we can increase the impact of our efforts.

Our value chain makes Blåkläder a part of the global economy. It connects and affects people, the environment, and businesses all around the world. This involvement comes with a responsibility to identify and limit, or possibly eliminate, the negative impact each step of the process might have. However, our connections also create advantages that can make it possible to get more involved and contribute to more sustainable development.

Blåkläder's long-term aspiration is to maximize the positive sustainable effects of what we do and minimize any negative environmental impact through our global business connections. We aim to achieve this ambitious objective through close cooperation with our suppliers and partners, clear communication of expectations, and by supporting our supply chain contacts so they can also become more sustainable.



	MAIN OBJECTIVE	IMPACT	APPROACH
 <p>PRODUCT DEVELOPMENT</p>	<p>Create functional and long lasting products that fulfill the customers' needs and expectations as well as legal requirements and market demands in all relevant areas.</p> <p>All packaged in an appealing design and with an overall sustainable life cycle as the main objective.</p>	<p>The type of product, functionality, legal demands, market expectations and design sets the prerequisites for choices of ingoing materials, design and alternatives for production. Taking all of this into consideration, it is essential to find the balance for the most sustainable roadmap for each specific type of product.</p>	<p>Conscientious evaluations and revisions of the most sustainable alternatives for ingoing materials and design. The main objective is always to maintain the longevity of the final product, to save resources from a lifecycle perspective.</p> <p>Keeping updated with the latest research and developments in this field. Engaging in projects and initiatives to stimulate the sustainable development of the textile supply chain.</p> <p>Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear"</p>
 <p>RAW MATERIALS</p>	<p>Sourcing materials in terms of economic, environmental and social sustainability without decreasing functionality and durability of the final product.</p>	<p>The choice of raw material sources will not only define the impact of the manufacturing process but also the life span of the final product.</p> <p>Fibers of organic and renewable origin are not always feasible in favor of synthetic materials from fossil-based sources due to safety, function or durability.</p>	<p>Strive to challenge predetermined perceptions and have a life-cycle perspective when defining and sourcing materials and components. Include environmental and social aspects without losing focus on the safety and protective objectives for the end user. Conscious choices of recycled sources or organic origin provide a sustainable aspect, however the overall lifecycle in terms of durability, protection and function must always be kept in focus.</p> <p>Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear"</p>
 <p>PRODUCTION</p>	<p>Working with stable partners that provide a high quality product without jeopardizing the environment, human rights or ethical trade.</p>	<p>Many parts of the textile supply chain are personnel intensive and are therefore areas with risks of violations against humans rights which might jeopardize working conditions, worker rights, risking child labor and forced work. Poor business ethics and corruption are also possible risks.</p> <p>Environmental aspects such as energy sources and consumption, water usage and emissions from production are considered crucial risk parameters.</p>	<p>Using frequent evaluations and redefinitions we create our methodology for providing the demands we make in our choice of suppliers and partners. Continuously encourage and support suppliers and subcontractors to develop and prosper sustainably.</p> <p>Close and long-term relations with our suppliers support transparency throughout the Blåkläder supply chain.</p> <p>Methodology and approach; "Goals and strategies", "Suppliers", "Ethical trade", "Our Production", "Powered by the sun", "Blåkläder takes lead", "One step forward"</p>
 <p>LOGISTICS</p>	<p>Always identify the most suitable choice of transportation based on environmental and economic aspects. Handling of goods given environmental, social and economic conditions.</p>	<p>Complex logistics with long transportation will have a significant environmental impact. The extent of this impact is completely dependent on the chosen type of logistics.</p>	<p>Establishing a supply planning process that enables optimization of the logistic flow in terms of environmental impact and economical aspects.</p> <p>Methodology and approach; "Goals and strategies", "Logistics", "Energy and waste"</p>
 <p>SALES AND CUSTOMER SERVICE</p>	<p>Providing good customer support, short lead times, high delivery precision but limit the environmental impact and maintain the safety of traveling sales personnel as a high priority.</p>	<p>A large part of the interaction between Blåkläder and our customers takes place where the action is: in industries, on construction sites or logistics centers. This is also why our sales representatives travel so much doing their job. This has an environmental impact and raises safety issues for our co-workers on the road.</p>	<p>Blåkläder aims to provide company cars that are evaluated from both safety and environmental perspectives.</p> <p>The use of public transportation whenever feasible.</p> <p>Methodology and approach; "Goals and strategies", "Logistics", "Energy and waste", "Our blue family".</p>
 <p>USE AND END OF USE</p>	<p>Supply the market with a long-term use product that provides limited negative environmental impact during use as well as following end of use.</p>	<p>The major environmental impact during the use of a garment is the washing, which requires both use of water, chemicals and energy. When the product reaches its end of use the sustainability issues are influenced by the types and combinations of materials the product is made of as well as the possible contaminations of the product.</p> <p>These aspects in combination with completely worn-out fibers limits the choices of suitable recycling or disposal alternatives.</p>	<p>Serve our customers by providing use and care instructions to enable a long-term product life whilst preserving the protective and functional properties. Continuously strive to overcome the obstacles regarding reuse and recycling connected to our industry.</p> <p>Have the ambition to implement a higher share of renewable and recycled raw materials to limit the negative impact after end-of-life.</p> <p>Keeping updated with progress and developments regarding "closed-loop" solutions for safety and workwear.</p> <p>Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear".</p>



WHAT WE'RE MADE OF DEFINES US

We do not work alone in the process of becoming more sustainable. Our daily work is the result of a close dialogue with our partners. We are confident that this cooperation can bring us closer to our goal, step by step, one seam at a time.

What drives us is a determination to never rest in our pursuit of sustainability. We constantly drive development forward so we can gradually build a stronger approach to sustainability. The key to success is working together and therefore Blåkläder welcomes

and is responsive to all input we receive from our stakeholders. This dialogue is highly valued and vital if we are to succeed. We appreciate open and honest communication in order to further improve development.

Trust and uprightness is the foundation of our business. It runs like a thread through every aspect of our organization and is evident in every relationship we establish with the outside world.

	STAKEHOLDERS	FOCUS AREA	CHANNEL OF COMMUNICATION
 <p>CUSTOMERS</p>	<p>Blåkläder's customer base in selection consists of retail/B2B, large industries with central purchasing functions, direct customers through our E-commerce solution and business through public tenders.</p> <p>Our ambition is that all customers appreciate Blåkläder as a sustainable business partner that pursue high standards of social and environmental responsibility throughout the supply chain.</p>	<ul style="list-style-type: none"> ☉ Ethical trade ☉ Social responsibility in production ☉ User safety ☉ Chemical limitations; use and content ☉ Minimizing product global footprint from a life cycle perspective 	<ul style="list-style-type: none"> ☉ Sales representatives ☉ Direct customer dialogue ☉ Market surveillance ☉ Procurement specifications ☉ Internet, catalogues, brochures and social media ☉ Fairs and exhibitions
 <p>COWORKERS</p>	<p>Blåkläder wishes to provide a safe and healthy working environment for all coworkers. All members of the Blåkläder team shall share a good feeling about their day at work and take pride in the ambition of becoming a more sustainable business, step by step.</p>	<ul style="list-style-type: none"> ☉ Working conditions and environment ☉ Good communication ☉ Inclusion and diversity ☉ Low chemical contents in handled products 	<ul style="list-style-type: none"> ☉ Department meetings ☉ Employee surveys ☉ Daily dialogue ☉ Performance appraisal meetings ☉ Common meetings with company status reports ☉ Dialogue between employer and unions ☉ Fairs and exhibitions (meeting future co-workers)
 <p>SUPPLIERS</p>	<p>Suppliers of Blåkläder depend on our clear communication of expectations and demands, but also our assistance in terms of improvements in sustainable development.</p> <p>We wish to preserve long-term relationships with our preferred suppliers for stability and progress in CSR and environmental areas.</p>	<ul style="list-style-type: none"> ☉ Ethical trade ☉ Chemical limitations; use and contents ☉ Working conditions ☉ Origin and traceability ☉ Resources; water, energy, materials. 	<ul style="list-style-type: none"> ☉ Regular meetings and visits ☉ Frequent and clear communication ☉ Long-term relationships ☉ Local purchase office
 <p>OWNERS / BOARD</p>	<p>The growth and development of the company shall follow a strategy for sustainability alongside business priorities.</p> <p>This is to be evident both in words and actions. The sustainable awareness shall reflect on the bigger, worldwide perspective as well as the smaller, local point of view.</p>	<ul style="list-style-type: none"> ☉ Ethical trade ☉ Environmental and social concerns ☉ Energy savings and resource awareness within Blåkläder ☉ Attracting new employees 	<ul style="list-style-type: none"> ☉ Close involvement, support and dialogue with the owners ☉ Board and management meetings ☉ Periodic reports
 <p>SOCIETY</p>	<p>Blåkläder aims to contribute to society by being responsive and receptive to not only the local and general rules/regulations, but also to the outside world's unspoken expectations and requirements.</p> <p>Society includes different stakeholder organizations, politics, decision makers, the local community and all other parties affected by Blåkläder's operations.</p>	<ul style="list-style-type: none"> ☉ Ethical trade ☉ Chemicals; use and contents ☉ Logistics alternatives ☉ Energy consumption ☉ Noise, lighting or other issues directly connected to Blåkläder 	<ul style="list-style-type: none"> ☉ Close cooperation and communication with local politicians and decision-makers ☉ Members of stakeholder organizations

IDENTIFYING RISKS PER SUSTAINABILITY AREA

Blåkläder uses several tools to identify the most substantial risks for conducting a sustainable business. This overview identifies these risks for each sustainability area.

 ENVIRONMENT	 SOCIAL ASPECTS	 PERSONNEL	 HUMAN RIGHTS	 ANTI-CORRUPTION
<p>RISKS</p> <ul style="list-style-type: none"> Waste of energy resources Energy from non-renewable sources Chemical use in production Chemical contents in products Products with high negative environmental impact Emissions from travel and logistics End of use and disposal 	<ul style="list-style-type: none"> Discrimination Low wages Child labor Health and safety 	<ul style="list-style-type: none"> Health and safety in the work place Dissatisfaction and lack of well-being Discrimination 	<ul style="list-style-type: none"> Forced labour Limitations in worker rights Violations against freedom of association 	<ul style="list-style-type: none"> Unethical business methods Bribes and extortion
<p>BLÅKLÄDERS APPROACH</p> <ul style="list-style-type: none"> Environmental Policy Supplier Audits Restricted Substance List. <p>Reference in this report; <i>"Goals and strategies"</i> <i>"Logistics"</i> <i>"Energy and waste"</i> <i>"Powered by the sun"</i> <i>"Blåkläder takes lead"</i> <i>"One step forward"</i> <i>"Sustainable materials"</i> <i>"The good and the bad chemicals"</i> <i>"The approach to workwear"</i></p>	<ul style="list-style-type: none"> Anticorruption Policy Ethical Code of Conduct Supplier Audits <p>Reference in this report; <i>"Goals and strategies"</i> <i>"Suppliers"</i> <i>"Ethical trade"</i> <i>"Our production"</i></p>	<ul style="list-style-type: none"> Work environment policy Anti discrimination policy Equality and diversity Policy Systematic work environment meetings – joint function between the employer and employees Coworker Surveys <p>Reference in this report; <i>"Goals and strategies"</i> <i>"Our blue family"</i></p>	<ul style="list-style-type: none"> Anticorruption Policy Ethical Code of Conduct Supplier Audits <p>Reference in this report; <i>"Goals and strategies"</i> <i>"Suppliers"</i> <i>"Ethical trade"</i> <i>"Our Production"</i></p>	<ul style="list-style-type: none"> Anti-corruption Policy Ethical Code of Conduct Supplier Audits <p>Reference in this report; <i>"Goals and strategies"</i> <i>"Suppliers"</i> <i>"Ethical trade"</i> <i>"Our Production"</i></p>

The Blåkläder sustainability journey is a work in progress and during 2020 quantification of key performance indicators (KPI's) connected to, and relevant for, the sustainability area will be established. Targets for these indicators will be implemented accordingly.



WE'RE NOT TAKING ANY SHORTCUTS

Our vision and the policies that guide us.

Blåkläder is dedicated to making our business gradually more sustainable, step by step, every day. We have come a long way in doing this, but there is still a perhaps even longer way to go. The transformation into a fully sustainable business is hardly done overnight, and we're not taking any shortcuts.

What we are doing requires determination, a measure of compromise, the willingness to re-evaluate accepted truths, and a commitment to questioning old habits. Every business has its share of traditions and the workwear industry is no exception. Some of the “nuts and bolts” of what workwear really is might need to be questioned and redefined in order to clear the way for sustainable development.

As said before, we can honestly say we're far from the finish line and the journey is ongoing. It's important to make clear we will continue our efforts and do whatever it takes.

EACH STEP LEADS FORWARD

Every grand ambition needs to be sliced down into its components to become a reality. With this in mind, the roadmap for our sustainability program has been incorporated into our daily business through our goals and strategies. We constantly reach crossroads where decisions can lead us in different directions. It is therefore essential to have the right tools at hand so we choose the most sustainable solution overall, both now and in the future. Our common goals and strategies help us make decisions that follow Blåkläder's way of creating sustainable development.

POLICIES

The tools and guidelines for Blåkläders sustainability work are defined in our policy program.

- ➔ Quality and Environmental Policy
- ➔ Work Environment Policy
- ➔ Anticorruption Policy
- ➔ Anti alcohol and drug policy
- ➔ Anti-discrimination policy
- ➔ Equality and Diversity Policy
- ➔ Ethical Code of Conduct

Our policies are incorporated into our daily routine through the goals and strategies of our business.

All policy documents are communicated throughout our organization using the company intranet and our management system, which holds ISO 9001 and ISO 14001 certification.

Policies are the backbone of our sustainability program and it is vital that everyone at Blåkläder is kept well informed about the guidelines. The ambition of a clear, shared agenda will require dedication and continuous follow-ups to ensure that everyone is on the same page. A team that joins forces towards the same goal can reach further and ensure that our policies are successful.

GOALS & STRATEGIES

SELECTION OF SWEDEN ENVIRONMENTAL OBJECTIVES

 REDUCED CLIMATE IMPACT	 CLEAN AIR	 NON-TOXIC ENVIRONMENT
 A GOOD BUILT ENVIRONMENT	 GOOD-QUALITY GROUNDWATER	
 A BALANCED MARINE ENVIRONMENT, FLOURISHING COASTAL AREAS AND ARCHIPELAGOS	 NATURAL ACIDIFICATION ONLY	

SELECTION OF UN GLOBAL GOALS

 AFFORDABLE AND CLEAN ENERGY	 DECENT WORK AND ECONOMIC GROWTH
 REDUCED INEQUALITIES	 RESPONSIBLE CONSUMPTION AND PRODUCTION
 CLIMATE ACTION	 LIFE BELOW WATER
 PEACE, JUSTICE AND STRONG INSTITUTIONS	 PARTNERSHIP FOR THE GOALS

STRATEGIES	ACTIVITIES	GLOBAL GOALS*	STATUS
 PRODUCTS AND MATERIALS			
Provide workwear and safety garments with optimized life cycle to limit overconsumption.	Always develop products with a focus on durability and long-term functionality through the choice of ingoing materials, components and design.	 	Implemented and ongoing.
Adapt garments for a more sustainable life cycle in terms of their care and use.	Increase the level of "Industrial Wash" approved garments in the product portfolio. Professional washing methods require less chemicals, energy and water consumption per garment than traditional household washing. Wastewater is treated industrially instead of at public water treatment plants.	  	Implemented and ongoing.
Increase the proportion of Better Cotton in Blåkläder's product portfolio. The aim is to replace all cotton with BCI products or other sustainable options.	Actively address suppliers that offer BCI products when sourcing cotton materials and products.	  	Implemented and ongoing. During 2020 80% of all cotton shall be sourced as Better Cotton.
Finding suitable alternatives to cotton; enabling a liable solution with less water, energy and chemical use without losing functionality and risking shorter time of use* for the garment. *(decreased durability cause overall higher consumption, eliminating any sustainability gain)	Approaching fiber and yarn manufacturers for alternatives, follow research and development progress in the area and perform internal trials and evaluation projects.	   	Implemented and ongoing.
Only use PFAS related treatments when this is an absolute necessity and no other feasible option is available.	During product development and sourcing the DWR functionality is carefully evaluated and only applied due to safety reasons, significant functionality of the product or when a crucial parameter for longevity and long term use.	   	Implemented and ongoing. During 2019 and forward even further targeted work to reduce and avoid the use of PFAS was introduced. (See "The good and the bad chemicals")
Further decrease the use of functionality chemicals such as anti-odor treatments generated by biocidal agents.	For prolonged use and decreased need of washing legally approved biocides have been used on a limited amount of products. The aim is to phase out anti-odor treatments without negatively affecting the global footprint of the product from an LCA point of view.	    	Implemented and ongoing.
Actively replace fibers of fossil origin with more sustainable alternatives to reduce the consumption of fossil-based resources and address the problem of microplastics in lakes and the sea.	As a part of the product development process to identify the most sustainable alternative for each application and when feasible avoid fibers and materials of fossil origin. Keeping updated with new developments, research and novel findings in this field.	    	Implemented and ongoing.
Reduce the overall global footprint for products containing synthetics by using spun dyed fibers.	By adding color to the raw material before the fiber is spun, enormous gains are made in terms of decreased use of water, chemicals and energy. However, limited availability of various types of fibers/yarns/textiles and limitations in color shades prevent a complete conversion to spun dyed fiber.	    	Implemented and ongoing. From 2019 an forward the general perspective is to strive for spun dyed synthetic fibers to the widest extent possible for new materials /developments and a continuous conversion of existing the textile portfolio when viable. (see "Sustainable materials")
To use Oeko Tex-fulfilled materials and components to the greatest extent possible.	Implement Oeko Tex fulfillment/certification as part of the material specification during sourcing. Deviations only when in absence of other feasible options.	 	Implemented and ongoing.

*CONNECTION TO UN GLOBAL GOALS AND SWEDEN ENVIRONMENTAL OBJECTIVES

STRATEGIES	ACTIVITIES	GLOBAL GOALS*	STATUS
 SUPPLIERS AND PRODUCTION			
Strive to use suppliers with an implemented and verified CSR methodology.	Always prioritizing suppliers that can show that they share our values and take responsibility such as being SA 8000 certified, SEDEX approved or BSCI audited. Encourage suppliers to develop in this area and to implement management systems that support recognized CSR standards.	 	Implemented and ongoing.
Raise the level of awareness and conservation of resources in the production process.	Include a review of areas such as water consumption, energy sources, wastewater treatment in the scope of the supplier audits. Encourage investments in this field and exclude cooperation with production facilities with poor standards and little to no ambition to improve.	  	Implemented and ongoing.
Increase the level of renewable energy sources in the Supply chain.	Encourage and possibly facilitate conversion to renewable energy amongst suppliers and production partners.	  	All sewing factories in close relation to Blåkläder have solar panels and are powered by the sun since 2019. From 2020 and forward the focus is to further increase the use of renewable power sources amongst material, component and product suppliers.

 BLÅKLÄDER COWORKERS			
Healthy co-workers.	Encourage and enable employees to make time for exercise and health in everyday life.		Implemented and ongoing. For this purpose, a gym, open for all employees, is installed in the office in Svenljunga. Joint participation in exercise events and other activities are arranged to motivate and facilitate physical exercise for all employees. All employees are granted refunding of costs connected to wellness outside the company. Since 2019 the Blåkläder Activity group is arranging joint activities for all employees, for the wellbeing of everyone.
A workplace with a good working environment and a pleasant working climate.	Provide a good indoor climate and an attractive, functional work environment.		Implemented and ongoing. Activities such as weekly company breakfast buffets, a day kennel open for employees to bring their dogs to work and joined after-work activities are a few of all actions taken to improve and maintain a good working environment and climate.
Prevention of stress and creation of a healthy psychosocial working environment.	Systematic work environment projects in cooperation between the company and the employees.	 	Implemented and ongoing.
An inclusive and non-discriminating working environment with the aim of encouraging diversity.	Systematic work environment projects in cooperation between the company and the employees.	 	Implemented and ongoing.
Strive to be a workplace characterized by diversity and inclusion.	Actively seeking to be an attractive and interesting employer for all potential new employees regardless of gender, ethnicity, origin or background.	 	Implemented and ongoing.

*CONNECTION TO UN GLOBAL GOALS AND SWEDEN ENVIRONMENTAL OBJECTIVES

FROM THE CRADLE TO THE WORLD

Deep inside the rural cradle of the Swedish textile industry lies the region called Sjuhäradsbygden. In this region you will find a small town called Svenljunga, but most importantly - the humble beginnings of Blåkläder.



SVENLJUNGA

Country	Sweden
County	Västra Götaland
Municipality	Svenljunga
District	Svenljunga-Ullasjö
Coordinates	57°29'46" N 13°6'37" E
Area	987.14 km²
Population	10 741
CET time zone	(UTC + 1)

Through the municipality the river Åtran flows in a scenic valley. It flows through the town of Svenljunga, where an old bridge crosses it.

This is the hometown of the great-great-great grandfather of Emma Stone, American actress.



Blåkläder logistics — every container is filled to the max.

It is from this hard-working and fist clinching community where we coordinate our international business. It all started here and as the years have gone by, our Blåkläder DNA and values have spread throughout the world and rooted itself in the hearts of the countries in which we are active.

Working globally means that we also manufacture globally and distribute our products to customers all over the world. This is, of course, a huge responsibility and Blåkläder is committed to limiting our consumption of natural resources and reducing our environmental footprint. With this in mind, we aim to encourage and help our suppliers and partners to continuously improve their operations.

Working globally requires long-distance logistics and the choice of transportation is key to reducing our global footprint. With logistics being such a major part of our everyday business, everything we do in some way has an impact.

LOGISTICS FROM ASIA

For the transportation of goods from the production units in Asia, the most feasible option with the least environmental impact is using direct sea freight. Through close, long-term relationships with our major suppliers we can adapt the quantities of goods to more efficiently fill the containers and thereby optimize transportation.

We work continuously to meet our supply demands without delays to achieve good customer service. This requires a constant

overview and correlation between sales, forecast and delivery situations that are handled by our planning team. The production planning is conducted using a safety margin to secure the supply of ingoing materials and to account for any interruptions in production.

Airfreight is only used when absolutely necessary, for example due to an unexpected increase in sales or severe delays from our suppliers. Alternative express delivery solutions are continuously being investigated, for instance, the option of land transport by train.

LAND TRANSPORTATION

The majority of Blåkläder's sales take place in the European market. Each order is picked, packed and distributed from our logistics center in Svenljunga. The distribution is mainly conducted using land transport. This transportation is managed by a logistics partner only using vehicles that run on fuel included in Swedish environmental class 1. All drivers have received eco-driving training.

We also make great efforts to optimize our land transportation. Continuous development of our supply chain management secures availability of the relevant stock. The right products available at the right time minimize the need for part deliveries and express transport.

WORKFORCE TRAVEL AT BLÅKLÄDER

Since we are working across the globe it is sometimes necessary to visit our suppliers' production units. However, for everyday business, these contacts are handled through e-mail, phone and online meetings. These methods are frequently used for internal and external meetings as well as for customer or supplier communication.

Our close and long term relationship with our limited numbers of partners in the supply chain is a genuine strength in terms of control and transparency. This is also the key feature in terms of keeping the need for travels and on-site meetings to a minimum; we have very few suppliers and know them well.

Blåkläders routine for the introduction of new suppliers involves on-site visits, but for regular compliance checks and follow-ups also local audit services are used.

During a product development phase, we limit the need for travelling by sending samples. The need for each sample production is carefully evaluated and the frequency of courier parcels is kept to a minimum, however this routine simplifies the development process and prevents quality issues in the long run.

PACKAGING MATERIALS

When our products are ready for dispatch from the suppliers they need to be packed for protection during transportation. In the warehouse in Svenljunga all orders are picked and then packed again. All this packing is necessary, but generates an environmental impact.

We aim to keep the number of used packaging materials as low as possible by avoiding plastics and poly bags whenever this may be excluded and by reusing cardboard cartons. We take pride in the fact that today we reuse 60% of all cardboard cartons. Only cardboard that is not fit for reuse is sorted for recycling.

The plastic used for packing is always an issue. Blåkläder try to keep plastic use to a minimum and only use polybags when absolutely necessary. Sometimes a master polybag; meaning one bag for multi packing instead of single packs, is a feasible solution when plastics cannot be completely avoided.

The main reason for using polybags is for protection from dirt and moisture. Moisture in particular is a serious issue and health hazard as moisture enables the growth of mold and causes a foul smell. Mold often requires the decontamination of goods or in severe cases the disposal of brand new garments, shoes or gloves. Polybags in combination with desiccants are used when issues with moisture are not solvable using other options.

Our packaging solutions are regularly under review and evaluation to find more sustainable alternatives with less environmental impact.

ENERGY

A consequence of Blåkläder's rapid growth in recent years has been the need for expansion and rebuilding our office and warehouse in Svenljunga. A central theme in this project has been better energy efficiency and reducing energy consumption, for example by installing a more effective ventilation and air-conditioning system and motion-controlled lighting.

After completion of the new office and major parts of the warehouse, an energy survey was conducted during the autumn and winter of 2017/2018. The results identified areas of improvement and suggested actions to reach a even higher level of energy efficiency. A number of further modifications and updates have been implemented to improve the energy use of our business in Svenljunga. Examples of these actions are additional insulation of roof and walls in the warehouse area, additional insulation of heating pipes, lowering of heating-temperatures by 2-3 degrees, using LED luminaries, installing curtain heaters, and turning off the air conditioning during the night.

By providing personnel with information we also want to raise awareness about energy saving at work and in everyday life. The source of our energy is of major significance in our overall sustainability strategy.

Just near the main office in Svenljunga, the river Ätran provides an endless source of energy. Local powerplants have used this to generate electricity for many decades. One of the oldest turbines was installed at the beginning of the twentieth century and has produced electricity for local needs for over 100 years. We think this is a great example of a genuinely sustainable energy solution.

Solar power is the energy source above all others, and we see it as the backbone of our future power supply and a pathway to a more sustainable future. Even in the northern parts of Europe the sun's energy will generate power throughout the year, although the effectiveness of this energy source is higher in warmer climates. At Blåkläder solar energy is part of our sustainability agenda, mainly for production of our products but also possibly for our local needs in Svenljunga.

However, any investment should only be made after careful evaluation as all consumption in itself also leaves a global footprint. After looking deeper into installing solar panels for the business in Svenljunga, it is clear that for the time being this cannot be sustainably motivated as the purchased electricity is already sourced as 100% renewable energy.

WHY USING PLASTICS?

There are many ways to calculate the greenhouse gas emission impact from a product or material. Many angles and many aspects to consider, however, given a mean value from several published estimates*, the total sum of CO2-eq** from the production of one cotton t-shirt equals the total emissions from at least 200-400 polybags used to protect the garments.

This means, in simple words, that every t-shirt that can be spared from damage during logistics and storage by being packed in a plastic bag it motivates the use of at least 200-400 polybags. And the other way around, if one t-shirt goes to waste at least 200-400 polybags must have been saved to equal the footprint saving.

The example is a t-shirt, but more advanced garments such as trousers and jackets have an even higher emission cost. This motivates even further the use of polybags to prevent damage during handling and storage.

*) <https://www.ecotricity.co.uk/news/news-archive/2019/the-carbon-footprint-of-getting-dressed>
<https://rainware.com/the-carbon-footprint-of-a-t-shirt/>
<https://www.naturvardsverket.se/uplod/miljoarbete-i-sammaliall/miljoarbete-i-sverige/uppdelat-efter-omrade/hallbar-konsumtion/rapport-klimatdata-foi-tekstiler-sverige-2013.pdf>
<https://timeforchange.org/plastic-bags-and-plastic-bottles-co2-emissions-during-their-lifetime/>
 **) CO2-eq is the effect of any greenhouse gas converted into the impact of carbon dioxide.

WASTE MANAGEMENT

Acting responsibly is not only about limiting the use of resources, but also enabling reuse and finally the handling of waste.

All cardboard boxes that arrive in the logistic hub in Svenljunga are reused for customer deliveries to the greatest extent possible. More than 60% of all boxes can be used again, and this is the result of defining the appropriate level of cardboard quality to optimize balance between the environmental impact of shipping the boxes from production in the first place, and then be able to reuse a significant level of cartons. It is a balance, because if the cardboard is too heavy the environmental cost will be too high in comparison to the gain of reusing packing boxes.

For a long time, the waste sorted in Svenljunga has enabled the recycling of cardboard/paper, metals and wood. Since 2019 also all translucent plastic, glass, food packages and kitchen waste are sorted for recycling and production of biogas.

AFTER END OF USE

Workwear is not replaced in the same manner as fashion garments. They are only exchanged when they are worn out or have become obsolete for other reasons. Safety clothes and workwear that are worn out can be challenging because they are often permanently contaminated with substances that cannot be part of the recycling process. Also the materials used to provide the clothing with functionality and safety properties often contains of mixes of fibers and materials, sometimes in combination with surface treatments. All of this enables a maximized time of use, but the downside is that it makes the garments less suitable for recycling.

Blåkläder has discussed this issue with companies who collect and sort clothes for recycling, reuse and upcycling. The conclusion so far has been that the challenges with workwear often prevent a circular lifecycle and that commonly the most sustainable option for the time being is still to send worn out and discarded garments for incineration.

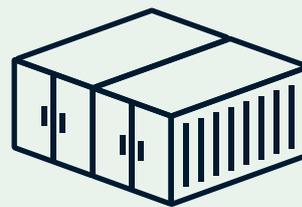
See also "Circularity challenges".

The returns department at Blåkläder sorts all incoming products based on their condition and the reason for the return. Worn and dirty items are discarded and sorted for incineration. All goods returned in unused condition are sorted for reuse either as ordinary goods or as seconds.

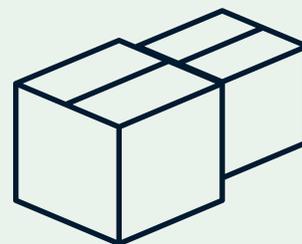
Sometimes we also need to incinerate unused clothing. The reasons for this can vary but it could be due to severe cases of mold or undesired contents of hazardous chemicals. In some cases, it might be safety products that have become obsolete due to legislative changes that prohibit the items from being placed on the market.

By better controlling materials and products throughout the supply chain, we can keep the incidences of unusable products to a minimum. With careful observation of legislation, it is also possible to minimize the risk of products in stock becoming obsolete.

Another reason for clothes being discarded is when a customized collection is cancelled by the customer. This could be due to logotype updates or changes in ownership with a new company profile. In these cases Blåkläder always tries to find a solution for using the products, however sometimes this is not possible due to legal reasons and there is no option but to discard the clothes. For this reason, projects for customers requiring unique products are assessed for risk. This is not a common problem, however Blåkläder takes all possible steps to limit the probability of it happening.



600
CONTAINER LOADS
EVERY YEAR



MORE THAN
60%
OF ALL CARDBOARD
CARTONS ARE REUSED



UP TO
500 PALLETS
OF GOODS LEAVING
SVENLJUNGA EVERY WEEK



A SHARED VISION IS KEY

Blåkläder's size and scope aren't just about numbers. We wouldn't have lasted this long without something extra that pushed and keeps pushing us on. You can see this in our awareness of the outside world, our partners and co-workers who all share our vision.

We stay true to our values so we can improve conditions for everyone involved.

A LIMITED NUMBER OF CAREFULLY SELECTED SUPPLIERS ARE THE FOUNDATION FOR A HIGH LEVEL OF TRANSPARENCY IN A SUPPLY CHAIN.



In the same spirit as we do everything else - all the way - we work in close relationships with our partners and suppliers to reduce our global footprint, use more sustainable energy and be more efficient with resources. With only close and long-term supplier relations we can make sure our supply chain is as open and transparent as possible. We're not just ticking boxes, we're trying to think outside the box.

SUPPLIERS

At Blåkläder we rely a huge amount on our suppliers and take pride in the long-term relationships with many of these partners. The sewing industries together with producers of gloves, shoes, textiles and accessories form the supplier base of Blåkläder. Many of our contacts go back over 15 years and the oldest business cooperation began almost 30 years ago. We believe this longevity creates the foundation for a sustainable business.

Approximately 85% of all garments are produced in sewing factories with a long and close relation to Blåkläder. The majority of these factories are functioning as a part of our internal process and is what we refer to as the Blåkläder sustainable production concept*. This open and transparent view of the sewing process enables two important parameters:

- Continuous selection and coordination of ingoing materials and components for all garments
- Full focus and attention to Tier 2 and beyond in the supply chain; component and material suppliers

These prerequisites make it possible to keep the number of partners in our supply chain to a minimum. We dare to say that the key to truly profound sustainable work in a supply chain is to have close relationships and access to all suppliers. A limited number of carefully selected suppliers is the foundation for a high level of transparency in a supply chain. The total Blåkläder supplier base is less than 100 partners. In our industry, it is not uncommon for companies to have 5-10 times as many.

Environmental impact, energy efficiency and the consumption of natural resources are included in the scope of sustainability at suppliers, textile manufacturers, leather and sewing production.

At our main suppliers, projects such as the installation of solar panels have been initiated and implemented*. Often electricity plants in Asia use diesel fueled generators, which provide a source of energy that is both unreliable and far from sustainable.

The key manufacturers** of Blåkläder's garments have also constructed new buildings in accordance with the LEED green building rating system***. Also, internal training encouraging smarter thinking regarding energy and water consumption has been implemented.

* see "Blåkläder production powered by the sun"
** see "Our production Blåkläder Sustainable Production Concept"
*** see "Blåkläder takes Lead"

SUPPLIERS



100 TEXTILE & ACCESSORY SUPPLIERS

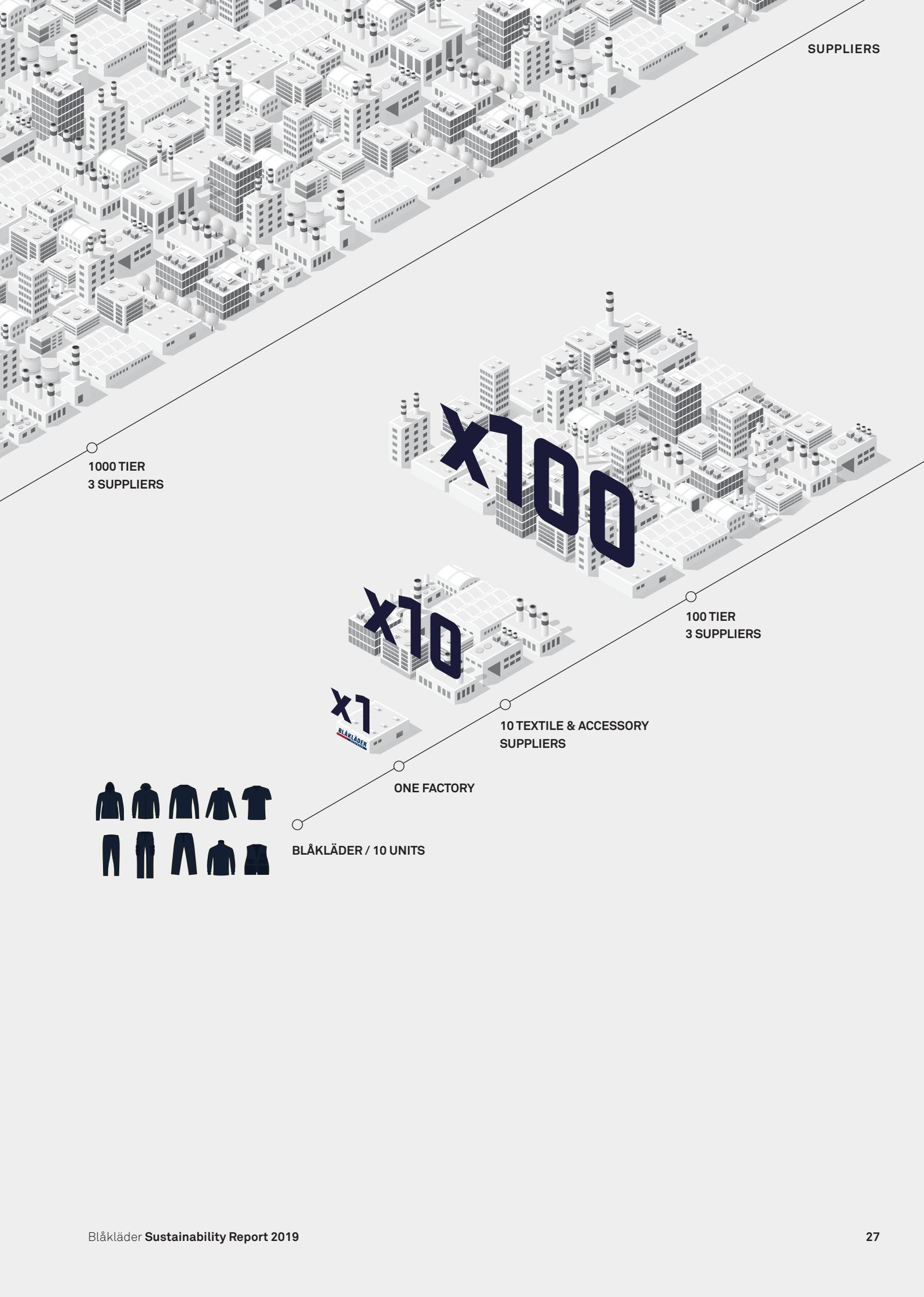
10 FACTORIES

COMPETITOR X / 10 UNITS



THE VISUAL EFFECT OF WORKING WITH **FEW VS. MANY** FACTORIES

Fewer contacts down the supply chain equals transparency and control.



1000 TIER
3 SUPPLIERS

x100

100 TIER
3 SUPPLIERS

x10

10 TEXTILE & ACCESSORY
SUPPLIERS

x1
BLÅKLÄDER

ONE FACTORY



BLÅKLÄDER / 10 UNITS

ETHICAL AND SUSTAINABLE TRADE

At Blåkläder, good business ethics undoubtedly means fair wages, a safe working environment, no discrimination or child labor and respect for human rights. All our contracted partners and suppliers need to accept and abide by the Blåkläder ethical code to be approved for the manufacturing of Blåkläder products, ingoing components, textiles and leathers.

Furthermore the environmental impact of the business needs to be monitored and any negative influences must be limited and kept to a minimum. Suppliers with a chemical process requiring water need to have a water management strategy, an implemented wastewater treatment plan and a safe chemical handling routine.

We seek partners with a production process that encourages safety and pushes for improvements to labor rights. Blåkläder therefore always prioritizes suppliers that can show that they share our values and take responsibility, for example by being SA 8000 certified, SEDEX approved or BSCI audited. Suppliers are encouraged to develop in this area and implement management systems that support recognized CSR standards.

We pride ourselves on the fact that 85% of Blåkläder garments are made in SA 8000 compliant operations. This program represents a high standard of social accountability. The SA 8000 methodology is incorporated in the documented management system and one of its major

characteristics is that a continuous improvement system is implemented.

BLÅKLÄDER SUPPLIER GUIDELINES

The requirements regarding environmental and social performance are defined in the Blåkläder suppliers guide to ensure the wellbeing of people producing and handling our products throughout the supply chain. This document defines the fundamental requirements for being qualified to supply Blåkläder and includes a code of conduct, restricted substance list, specific supplier demands as well as legal and policy requirements.

The essentials in our code of conduct are based on the following: - UN Global Compact - UN Convention on the Rights of the Child (UNCRC) - The Universal Declaration of Human Rights ILO Conventions on 29 (Forced Labour), 87 (Freedom of Association), 98 (Right to Organise and Collective Bargaining), 100 (Equal Remuneration), 105 (Abolition of Forced Labour), 111 (Discrimination), 138 (Minimum Age) and 182 (Worst Forms of Child Labour).

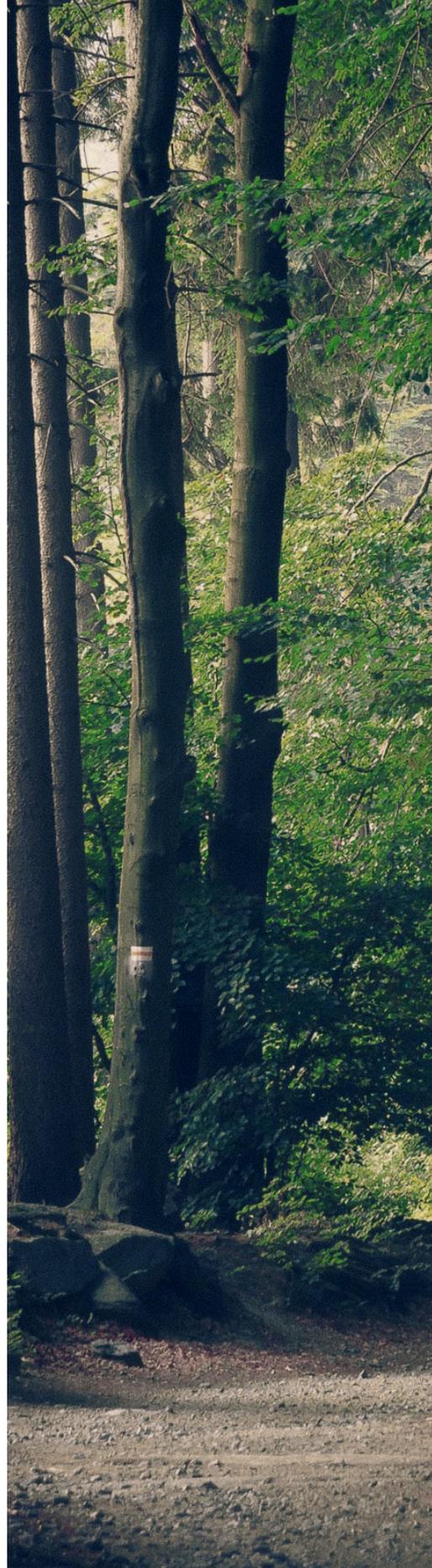
The ethical code sets the requirements for the Supplier Audit program.

SUPPLIER AUDIT RESULTS 2019

It is impossible for us to be present on every single occasion a glove is being sewn or a batch of cotton twill is being woven, but our ambition is to take responsibility and set the rules for the circumstances under which our products are being processed and made. The tools to realize this commitment are the Blåkläder Supplier Guide and our Supplier Audit Program.

During 2019, eleven of Blåkläders' suppliers and subcontractors were reviewed by our audit partner. Apart from the audits also more than thirty suppliers and subcontractors were visited/revisited throughout the year.

Photo by Lukasz Szrniel on Unsplash



The SA8000® Standard is the leading social certification standard for factories and organizations across the globe. It was established by Social Accountability International in 1997 as a multi-stakeholder initiative. Over the years, the Standard has evolved into an overall framework that helps certified organizations demonstrate their dedication to the fair treatment of workers across industries and in any country.

SA8000 measures social performance in eight areas important to social accountability in workplaces, anchored by a management system element that drives continuous improvement in all areas of the standard.



As these visits were scheduled based on the significance of the selected partners, it also means that the majority of Blåklåders' yearly volume in sold goods was covered by the visits during 2019.

We dare to say that this high rate of presence in a supply chain is very rare, but this is what enables us to have profound knowledge and transparency throughout the value chain.

The frequent visits to the sewing production in Sri Lanka and Myanmar are not included in these audit reviews. Neither are other external audits conducted based on certification standards or other initiatives such as SA 8000, BSCI, Fairtrade or second-party audits of the same.

In total, the sewing production on Sri Lanka and in Myanmar are audited and reviewed by second and third parties over thirty times per year.

The audits conducted throughout the Blåklåder supply chain during 2019 covered the following areas:
 - Social aspects - Worker rights, safety, child labor and working environment - Environmental awareness and actions - Quality Assurance - Ethical business and anti-corruption.

The audits focused on textile producers, finishing and dye houses, glove and shoe manufacturers.

The audited suppliers shared a high level of engagement in human rights, working conditions, environmental awareness, safety conditions and ethical trade.

Significant for the audited businesses was an overall ambition to improve and take things a step further towards becoming even more socially and environmentally aware.

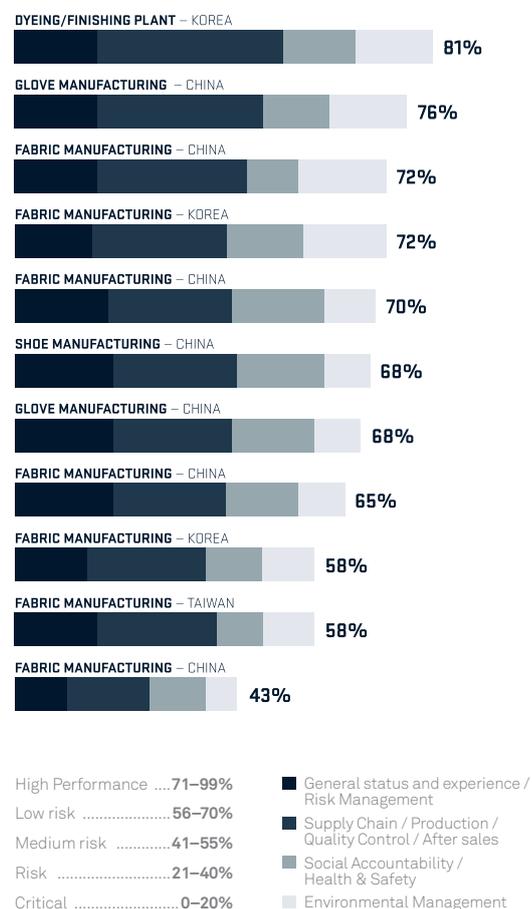
No child labor was detected or suspected, nor were signs of abuse or violation against labor rights.

The discovered remark of highest concern was related to a supplier that had not audited their subcontracted textile finishing partner. This deviation will be followed up with the next Blåklåder audit review.

Blåklåder strongly believes that helping suppliers to progress with their development will not only be beneficial for the business relationship but most of all for workers in the supply chain.

Apart from the internal Blåklåder audit program, a significant number of suppliers are also regularly reviewed through customer-initiated 2nd or 3rd party audits as well as the scheduled SA 8000, BSCI and SEDEX/SMETA inspections.

SUMMARY OF AUDIT 2019



SEDEX is a membership based platform with transparency throughout the supply chain as the main objective. This is obtained through a web-based tool that connects all parties in the chain of supply. SMETA audits are performed several times per year.



BSCI is a methodology for sustainable workplaces from a social point of view. The program includes a code of conduct, audit structure and a continuous improvement program. The BSCI standard and the SA 8000 standard are in compliance. BSCI is not a certification but a membership.

OUR SOCIALLY RESPONSIBLE PRODUCTION

Blåkläder sustainable production concept.

We have full transparency and a very elaborated collaboration with our factories in Sri Lanka and Myanmar. This means that we are confident that the production of our garments takes place in a socially responsible way and that employees have a safe work environment. Due to the close relationship with these factories, we can make sure that everything works out. And now we can prove it with the facts; one of the factories in Myanmar has received LEED Platinum, which is the highest level in LEED Green Building's certification for environmentally sustainable constructions. And in Sri Lanka, one of our factories have been certified according to STeP by OEKO-TEX®.

OUR PRODUCTION

Today, 85% of Blåkläder's garments are produced in SA 8000 compliant factories and the lion's share of all sewing production is made in factories closely related to Blåkläder, spread over three countries. The production in Vietnam started in 1992, followed by Sri Lanka in 2006 and Myanmar in 2018.

Our close and long-term relationship to the factories is an integral element of our Conscious Sustainable Production. This is a commitment we make to ourselves to have our garments manufactured to the highest social, ethical and ecological standards. This is consistent not only with national and international conventions (UN and ILO) but also with quality and sustainability standards that are verified and reviewed. It is our intention to improve the socio-economic situation for the people we work with and the communities in which they operate. This relationship provides us with invaluable access and knowledge about conditions in the production units that further enable us to deliver our commitments.

HUMAN VALUES AT THE FOCUS OF OUR COMMITMENT

We make every effort to ensure that our garments are produced under conditions that contribute to an acceptable future for the

employees. In addition, we ensure that all processes and procedures are in place as a guarantee for human rights being respected, worker safety maintained and environmental awareness raised. The factories warrant all benefits to the personnel. Extra efforts are also made to provide a good working environment and better service for employees, such as free or subsidized meals, free transport to and from work and a bonus system in addition to the usual salary.

Our philosophy is to provide the employees with a steady income and security, therefore no personnel are laid off during the low season. Instead, Blåkläder and the production units have a joint strive and cooperation to keep the production flow running on a steady level the whole year around. We dare to say that this employment security is quite unique and for the benefit of all involved parties.

STANDARDS THAT CAN LEAD TO DEVELOPMENT

To ensure the social, ethical and environmentally sustainable standard in production all units comply with SA 8000 (Social Accountability), ISO 9001 (Quality) and ISO 14001 (Environment).

During 2019, the Sri Lankan facilities were the first in the country to get certified according to Sustainable Textile Production (STeP) certification by OEKO-TEX®. See "Step forward"

Conscious Sustainable Production is our means of positively influencing the lives of our colleagues, our suppliers and their families. In this way, we are always striving to make a difference.

“Our ambition is to take full responsibility and set the rules for the conditions under which our products are being processed and manufactured”

A photograph of a male worker in a light-colored polo shirt and dark overalls, seen from the side, adjusting a control panel on a piece of industrial machinery. The background is a bright, slightly blurred factory floor. The image is overlaid with large, white, stylized numbers '00000' on the left side.

“85% of Blåkläders garments are from SA 8000 compliant production“



Guston Amava

POWERED BY THE SUN

The driving force to continuously improve and develop is in Blåkläder's nature and philosophy, all the way from product development to environmental performance. By the end of 2019, close to 50% of Blåkläder's garment production was using solar power.

Since the first solar panels were installed in the production units in Sri Lanka and Myanmar a significant proportion of the annual production of 3.9 million garments has been powered by the sun.

This is a milestone in the history of Blåkläder and an important step that underlines our progress with sustainability. The science of solar energy is moving rapidly and it is an obvious choice for us to take advantage of this development.

Solar power has reached the position where it is now seen as one of the major energy sources for the manufacturing industry. This is a direct consequence of the climate debate, but it is also driven

by the fact that solar energy systems have improved so much and today are a very cost-efficient option.

To use the natural resource of an endless energy supply available in abundance where the garments are being produced is a logical move. It is our responsibility to never sit back, but always strive to improve and become a little more sustainable step by step. Through the implementation of solar panels in production we are making important progress, but this work is never finished.

THE USE OF SOLAR POWER – A CONSISTENT MOVEMENT

Investing in solar energy is within the scope of the overall game plan of Blåkläder's sustainability agenda. Further actions taken to preserve resources and increase the sustainability focus in production is the reuse of wastewater for toilets and gardening around the factories. Natural light is allowed into the factory floor through prismatic skylights in the roof. This specific type of bubble skylight spreads the daylight evenly in the factory at the same time



SOLAR PANELS

The sun is an almost endless source of energy that is environmentally sustainable and installing solar panels is a way of transforming this energy to electricity.

Several regions of the world have their electricity produced by generators powered by fossil fuels. Not only are these power plants an environmental liability but they also provide an unreliable electricity supply.

An installation of solar panels will provide a stable power supply and at the same time contribute to reducing environmental impact. When manufacturing solar panels there is a need for using silver and the increased production of panels has raised the price for this material. This parameter together with the waste and disposal of used panels are the only negative aspects.

as it filters the damaging UV-rays and blocks the heat. Natural light is essential for human wellbeing and it also saves energy, because the LED luminaires are automatic and only illuminate when needed.

The temperature in production is controlled using an energy-efficient water cooling system, which is completely free from cooling agents and therefore eliminates the risk of emissions of hazardous and aggressive greenhouse gasses.

We accept the challenge of gradually becoming more sustainable and will not slow down. This is our mission and, as we see it, it is the only way we will remain a trustworthy partner in the global business of workwear.

“Hopefully this initiative will be one of many similar investments made in the textile industry”

EXPANDING THE GAMEPLAN FURTHER DOWN THE SUPPLY CHAIN

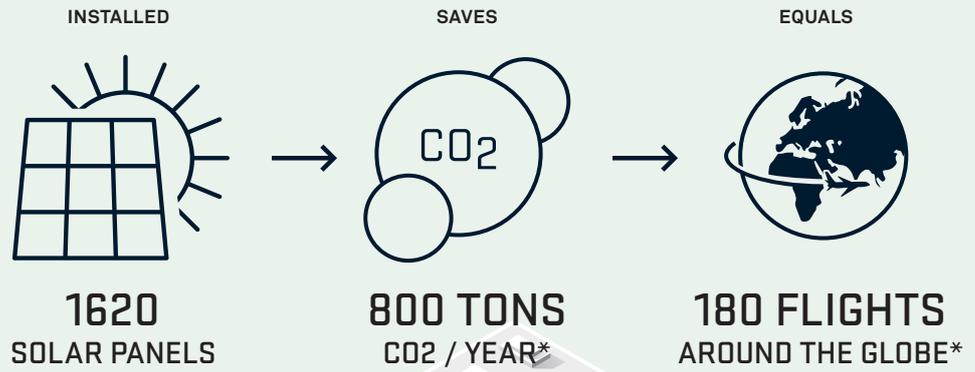
The future is spelled renewable energy and the most reliable supply of sustainable power is our closest star; Helios – the sun.

With the sewing production converted to solar power, we will continue in our strive to decrease the greenhouse gas emissions and global footprint of our products. Our next step is to approach the second and third tiers in the supply chain, to encourage a conversion to renewable energy sources further down the value chain.

This is the only viable way to a sustainable production process and this is our main objective from 2020 and forward.



 **MYANMAR**



 **SRI LANKA**



* Numbers and values are approximate estimations. Calculations based on actual measured data, local purchased energy reports, emission estimates from *2014 IPCC, Global warming potential of selected electricity sources*, <https://ghgprotocol.org/>, <https://www.carbonfootprint.com>

FIRST WITH LEED PLATINUM IN MYANMAR

Blåkläder takes LEED in Myanmar

Guston Amava, Myanmar. First with Leed Platinum Certification in Myanmar.



The production in the six factories on Sri Lanka and in Myanmar are run with sustainability as the common guideline.

In Myanmar, one of these factories received the highest award when it comes to environmentally sustainable buildings - the LEED Green building - Platinum certification. It's the first certification of its kind in the country and by the end of 2020 the second production unit in Myanmar is scheduled to follow.

This means that the construction and operation of the factory building have been evaluated on the basis of one of the world's most regarded assessment systems for environmentally sustainable constructions and building designs.

Since 2017 we also have a LEED Gold certification for one of the factories on Sri Lanka.

The LEED green building is foremost an environmental certification, but also criteria in other areas are included in the scope of the standard. Indoor climate and air quality are two important parameters, not only for the LEED performance rating, but for the benefit of the employees in the factories. In truth, it's the coworkers in production that provide the requisites for Blåkläder to supply world-class workwear. Therefore, the fact that the LEED accreditation concept also promotes a good working environment makes the certification of the factories an even greater success.

Furthermore, the daily operations in the building are also included in the certification program. All personnel undergo training to save common resources such as water and energy, and are also informed on the benefits of choosing common means of transportation to and from work.

All our measures are implemented to ensure that Blåkläder is sustainable both now and in the future.

Extracts of all implementations and effects of the LEED Green building project in the Myanmar factory;

- ➔ Solar panels; energy costs decrease by at least 50 %
- ➔ Light-controlled LED lighting
- ➔ Water-cooled air conditioning system - both energy efficient and without the risk of greenhouse gas emissions
- ➔ Prismatic skylights; lets in and spread daylight, but blocks UV rays and heat
- ➔ Roofs, walls and ground surfaces are bright and reflective to minimize the heat of the sun during the hottest hours of the day
- ➔ Reduced water costs by at least 75 % through water taps with automatic shut-off and water recycling (for use in toilets or outdoor irrigation)



- At least 55 % reduction of carbon dioxide emissions; much due to the solar panels' energy efficiency
- 30-40 % of the construction material in the construction was recycled
- Sorting of waste maximize recycling

The first of the factories to receive a LEED green building certification was in 2017 on Sri Lanka and 2019 the factory in Myanmar was the first construction in the country to achieve Platinum level. The second factory in Myanmar is scheduled for yet another LEED Platinum certification before the end of 2020, and we pledge that these certificates will be followed by more.

Because it is our strong belief, as well as science-based facts, that a sustainable supply chain is only possible if based on a safe and healthy working environment and efficient use of resources in combination with energy supplied from renewable origin.



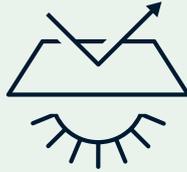
LEED GREEN BUILDINGS

LEED is short for "Leadership in Energy & Environmental Design" and is a certification program developed by U.S. Green Building Council. The program provides the guidelines for environmentally sustainable structures no matter what type of building it concerns. It covers the whole process, from design and construction, including energy efficiency and water consumption, carbon dioxide emissions, taking into account the existing environment, nature, water shortages and available energy sources.

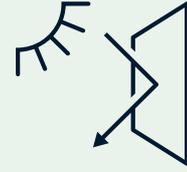
Constructing buildings in accordance with LEED does not imply automatic additional costs, which is a common misconception, but in fact leads to lower operating expenses for the completed building.



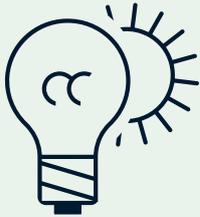
WATER-COOLED AIR CONDITIONING SYSTEM
Both energy efficient and without the risk of greenhouse gas emissions.



PRISMATIC SKYLIGHTS
Prismatic skylights lets in and spread daylight, but blocks UV rays and heat.



REFLECTIVE ROOFS & WALLS
Roofs, walls and ground surfaces are bright and reflective to minimize the heat of the sun during the hottest hours of the day.



LIGHT-CONTROLLED LED LIGHTING
Energy efficient and improved work environment.

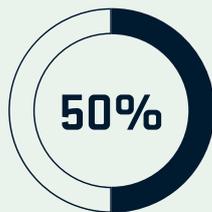
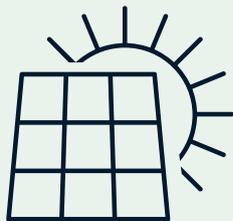


RECYCLING
Sorting of waste maximize recycling.

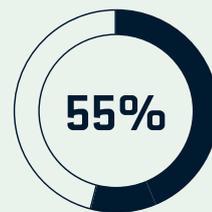
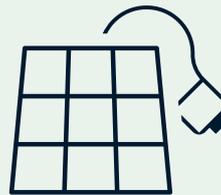


LEED PLATINUM 2019
A sign of hard work and clear goals.

“Because it is our strong belief, as well as science-based facts, that a sustainable supply chain is only possible if based on a safe and healthy working environment and efficient use of resources in combination with energy supplied from renewable origin”



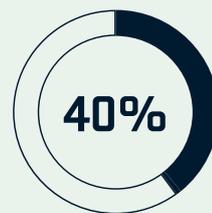
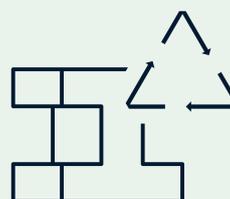
SOLAR PANELS
Energy costs decrease by at least 50%.



EMISSIONS REDUCTION
At least 55 % reduction of carbon dioxide emissions; much due to the solar panels' energy efficiency.



WATER RECYCLING
Reduced water costs by at least 75 % through water taps with automatic shut-off and water recycling (for use in toilets or outdoor irrigation).



BUILT WITH RECYCLED MATERIAL
30-40 % of the construction material in the construction was recycled.



STeP BY OEKO-TEX

In 2019 one of the sewing factories producing Blåkläders garments in Sri Lanka was approved according to STeP by OEKO-TEX®- Sustainable Textile & Leather Production. The production unit is the first business in Sri Lanka to be certified according to STeP by OEKO-TEX®.

At Blåkläder we see this as a major milestone in the strive to achieve a sustainable textile value chain. The sewing production is not only the final step in the “cradle to gate” cycle, but also where all components come together in a both energy and personnel intensive process. Maintaining high standards for health and safety as well as minimizing the use of energy and choosing power supply from renewable sources for the sewing production is crucial to enable a sustainable supply chain.

The STeP by OEKO-TEX® program takes all of these aspects into consideration, and is therefore a truly sustainable certification concept.

Therefore we see the STeP by OEKO-TEX® certification in Sri Lanka as a most important piece of the puzzle in our strive to establish a genuinely sustainable workwear production process.

This is just the first step...



STeP by OEKO-TEX®

STeP by OEKO-TEX® - Sustainable Textile & Leather Production - is an international certification system that sets the prerequisites for environmentally sustainable production processes, quality control, improved health and safety as well as socially responsible working conditions in the textile and leather industry. The main objective is on environmental aspects, but STeP differs from other certification systems since evaluation and review also include social and quality parameters throughout the production chain.

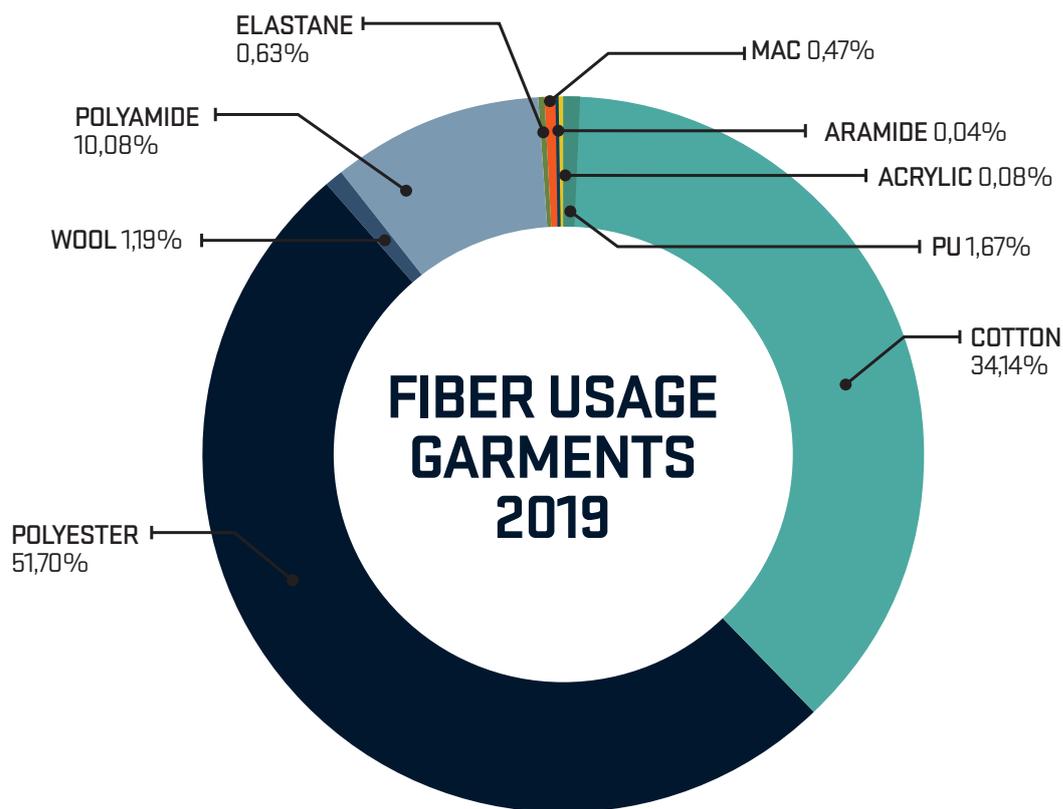
<https://www.oeko-tex.com/en/apply-here/step-by-oeko-tex>



OEKO-TEX®
INSPIRING CONFIDENCE
STeP

SEARCHING FOR LONGEVITY

Experience has taught us to tread extremely carefully when defining sustainable materials and producing sustainable garments. It's a balancing act, with materials on one side and durability on the other. Change one side and you can affect the other.



For example, let's say you switch from a virgin fiber to a recycled alternative. This only makes sense if the garment's durability isn't affected. Get this wrong and usage time can go down, sustainability gains are lost, or even worse; consumption of resources goes up. For Blåkläder it's not only about the source of raw material, it's about longevity and getting everything we can from the life cycle of the final product.

Long-term use is essential for sustainable workwear and this is also the overall objective in our evaluation when sourcing materials and components.

The optimized properties of a textile material needed for function and durability in workwear are often achieved through a mix of different fibers. These properties are what limit the recycling possibilities. A balance of function, protection, durability and environmental footprint must be found to identify the most sustainable solution. At Blåkläder we keep ourselves continuously updated with the latest research into sustainable materials and fibers.

DURABLE GARMENTS

FROM 5 TROUSERS TO 1.8

Higher quality always results in less environmental impact since it reduces the need for transportation, raw materials, and other resources.

NCC, a large European construction company is a case-in-point example of this. They started using Blåkläder's work trousers and saw the yearly usage decrease from 5 pairs of trousers per employee to 1.8.

These figures speak for themselves considering that NCC employs over thousands of workers across the Nordics.



Photo by Polina Tankilevitch from Pexels

THE POLYESTER FIBER

The durability and versatility of the polyester fiber makes it the backbone of workwear and safety clothing today, whether used on its own or with other fibers. The production process of this manmade fiber has become chemical and water-efficient which should make it a sustainable choice of material. The downside however is the fossil-based origin of this plastic.

Blåkläder depends on a significant level of polyester in our products and we are continuously searching for suitable replacement materials. When polyester is the natural option, action is taken to actively rethink the choice of material. For instance, as a functional base layer, wool fiber has many desirable properties that in some aspects even exceed the functionality of polyester. A compromise must however be made regarding durability and price.

Recycled polyester is also an alternative to a virgin source of raw material. This is an area with a reason for precaution because the recycled materials from PET bottles often are part of the “greenwashing” problem. There is a large industry based around the production of PET bottles for the sole purpose of being reprocessed into polyester yarn, but these bottles have not been used prior to the recycling process.

At Blåkläder we are very careful about choosing a recycled polyester product. Even the slightest reduction in durability will risk an increase in consumption and the sustainability gain is lost. In a worst-case scenario, higher consumption creates a sustainability issue due to the increased use of all resources in the supply chain.

Long-term use is still our strategy for tackling sustainability together with replacing synthetics such as polyester wherever possible.

MICROPLASTICS

MICROPLASTICS AND OUR OCEANS

The use of plastic materials and synthetic fibers of fossil origin generates microplastics that find their way into our oceans through washing and wear of clothing. Once in the ocean, the microplastics absorb toxins and hazardous substances. Due to their micro size, the plastics get consumed by the smallest organisms in marine biology. These microplastics are introduced in the food chain by these organisms and eventually end up on the plates of humans.

WHEN WE CHOOSE SPUN DYE FOR OUR LINER MATERIAL R2002 ACROSS MULTIPLE PRODUCTS:

A POTENTIAL SAVING OF 7,4 MILLION LITERS OF WATER AND 82 TONS OF CO₂-EQ.

SPUN DYED, SOLUTION DYED OR DOPE DYED – THEY ARE ALL THE SAME

When producing synthetic fibers such as polyester and polyamide, enormous savings can be made in terms of decreased use of water, chemicals and energy, simply by adding the color to the polymer before the fiber is spun. This is spin dyeing.

The process flow of a spun dyed fiber should be compared to the conventional way of textile production where a yarn or textile is made from raw-white fibers. The yarn or fabric is then colored in a chemical intense and resource-demanding dyeing process.

When instead the color is already added to the fiber, the readymade woven or knitted textile will only have to be washed. A process that requires very little energy, chemicals and water.



However, there are obstacles preventing the possibility of converting to 100% spun dyed synthetics. The most significant hindrances are the current limitation of various types of fibers/yarns/textiles and restrictions in color shades.

This prevents complete conversion to spun dyed synthetic fiber, however, the environmental gains by using spun dyed fibers are significant so even by just converting one polyester lining material the overall sustainability impact is substantial. This is where Blåkläder's coordination of ingoing materials and components in our garments becomes evident. This enables a massive impact by just changing a small component in a garment. Simply because this small component is the same in all Blåkläder models, the total amount of material that is converted is extensive.

The sole effect of exchanging one single liner material in the Blåkläder garments to black spun dyed polyamide will provide a potential saving of 7,4 million liters of water and 82 tons of CO₂-eq.*

From 2019 and forward the main objective is to introduce spun dyed synthetic fibers to the widest extent possible for all new developments. In parallel, there is an ongoing conversion of the existing textile portfolio to spun dyed alternatives, whenever viable.

*Savings; Water Scarcity (appr. 135 l/kg textile) and CO₂-eq (appr. 1,5 kg/kg textile), source e.dye; <https://www.environdec.com>, reports No. S-P-01440, S-P-01441.

THE WORLD OF BETTER COTTON

Cotton is by far the textile fiber with the longest history in the manufacturing of workwear. It's certainly a multi-utility fiber with many areas of use. It provides heavy-duty materials, absorbs moisture, does not melt or easily ignite, is from a renewable raw-material source and is comfortable. Over the years new fibers have been introduced in the world of textiles and many of these have replaced cotton with regards to performance parameters superior to those of the cotton fiber. Nevertheless cotton is still one of the base elements of the Blåkläder collection and we love this fiber.

Cotton materials are however not produced without conflict. Even if the fiber originates from a renewable source the farming requires very fertile soil and substantial amounts of water are consumed. Growing cotton is strongly connected to heavy use of pesticides and the cultivation of cotton crops is in many ways environmentally straining. The farmers and other actors in the supply chain often pay the highest price in terms of poor working conditions and low earnings.

Blåkläder believes that cotton can be made more sustainable and even a preferred alternative from this perspective, subject to how the fiber is produced. During 2017 we therefore joined the Better Cotton Initiative. This initiative provides the farmers with education and the tools to grow their crops more sustainably and also to receive fair compensation for their product.

Better Cotton Initiative educates farmers on how to use their water resources responsibly as well as reducing the number of fertilizers and pesticides. In this way, they are exposed to fewer chemicals, create better working conditions, reduce environmental impact and save money. Farmers also receiving education in gender equality and other social aspects. All members of the BCI help farmers grow cotton in a way that reduces the impact on the local environment and at the same time improves the living standards of farmers.

Organic cultivation is in many ways the most desirable alternative, but conversion to organic cotton cultivation is very expensive. The majority of the world's cotton farmers are smallholders with little to no assets. Converting to organic farming is not possible, as this is connected to investments that cannot be realized. Better Cotton then serves as a liable alternative; improvements that can make a small step possible for each individual cotton grower. Together, all these steps will be a major improvement of the large pulp and, overall, will improve the world's cotton cultivation.

In the long run, of course, organic farming must be the goal for everyone, but the journey there is long. Better Cotton is a possible way there and everyone can join in on the journey - step by step.

BCI is not a static, final solution of making the cotton fiber sustainable, but we have confidence that the methodology of BCI provides a sustainable roadmap for one of the world's most important textile fibers.

ALTERNATIVE FIBERS

The surveillance of research and development regarding textile fibers is conducted continuously. At Blåkläder we are always eager to try and evaluate alternative options. This could be fibers and materials based on different cellulosic sources such as hemp and bamboo or regenerated fiber alternatives. In this search, we are eventually bound to make mistakes and the wrong decisions from time to time. It's a learning process and it's called "trial and error". At Blåkläder, trying beats doing nothing any day of the week. We learn from our mistakes and we continuously upgrade our product portfolio for sustainability and performance.

PLANS FOR 2020

WE ARE COMMITTED TO SOURCING 80% OF OUR COTTON AS BETTER COTTON BY 2020.

BCI strives to help with the transition to smarter cultivation methods for five million cotton growers by the end of 2020, which is 30 % of global cotton production. It will make a big difference to cotton cultivation and the environment from a global perspective.

Blåkläder's goal in 2020 is that 80% of the cotton we buy is sourced as Better Cotton.

Read more about BCI's work towards a more sustainable cotton production here:

<https://bettercotton.org/>

SUSTAINABLE COTTON

BETTER COTTON IS SOURCED VIA A SYSTEM OF MASS BALANCE.

Better Cotton is not physically traceable to the final product. This means that cotton is not kept separate from cultivation at the factory. Instead, it is part of a mass balance system that contributes to a more sustainable cotton cultivation and a faster global upscaling of more sustainable cotton.

SUSTAINABLE CULTIVATION

BLÅKLÄDER IS A PROUD MEMBER OF THE BETTER COTTON INITIATIVE / BCI.

A non-profit organization founded in 2005 that works to implement large-scale changes in the cotton industry by helping cotton growers transform their agriculture from conventional farming into a more social and sustainable cultivation.

**BCI – BETTER COTTON INITIATIVE**

The Better Cotton Initiative aims to make global cotton production better for the people who grow the crops and better for the environment where the cotton grows. This is achieved with guidelines for the following areas: minimizing the harmful impact of crop protection practices, water stewardship, caring for soil health, conservation of natural habitats, preservation of the quality of the fiber and Decent Work.

Smallholder farmers represent the major part of the cotton growers in the world. They are depending on plentiful crops for a fruitful harvest. BCI provides a viable alternative to conventional farming, with affordable techniques that also mitigate the impact on climate change. Organic farming is rarely an option as it requires investments, fewer crops and quite often of lower quality (shorter fibers). Converting to organic farming is seldom a realistic option for smallholding farmers.

BCI is not a quality mark of the physical fiber, it's a quality mark for the manufacturing process of the fiber from a sustainability perspective. Better Cotton Initiative is a sustainable step in a positive direction – a roadmap to a more sustainable world of cotton.



THE USE OF **RECYCLED MATERIALS** AND RESOURCE MANAGEMENT IN **THE SUPPLY CHAIN**

The use of recycled materials in textile products is a relevant sustainability parameter, but it is not by any means the only solution.

In plain words; just using recycled raw material does not necessarily lead to a more sustainable garment. In fact, if the recycled material has a negative impact on the durability and time of use then the positive aspect of the recycling is easily eliminated by the increased consumption. Or even worse; higher consumption leads to an even greater environmental impact and increased waste of resources.

Regarding clothing and textile products, several studies have shown that the choice of raw material may influence the total environmental impact of the finished garment by 1-10%. The remaining part of the resources originates from other sectors in the supply chain; transportation, yarn- and fabric manufacturing, textile dyeing/processing, sewing production, etc. remains the same regardless of the raw material source.

Usage of water and wastewater treatment and sources of power supply has the greatest impact on the overall environmental impact in the manufacturing of a garment (from fiber to product placing on the market). The raw material is of much lesser significance to the global footprint of the garment.

The conclusions* of these facts are simple; In rough numbers, if the use of recycled PES; that saves the resource oil, represents a maximum 10% of the total resources consumed when producing a garment, then a decreased time-of-use for the garment by less than 10% means more or less a breakeven in terms of used resources. A decrease in time-of-use larger than 10% means per definition that the overall consumption of resources has increased and the positive effect of the recycled material is lost. In fact, a sustainability problem has been created instead of being improved. Recycling and taking care of resources is a natural and important step towards a more sustainable conduct. But the recycling must always be seen in perspective to other possible effects for the specific field of use in question. It's always the sum of all resources and the consumption frequency that will provide the relevant result.

Hardly any recycling can ever motivate an increase in consumption.

*<http://mistrafuturefashion.com/sv/publikationer/> :
The Outlook Report Mistra Future Fashion Final Program Report

**“HARDLY ANY
RECYCLING CAN
EVER MOTIVATE
AN INCREASE IN
CONSUMPTION”**



CIRCULARITY CHALLENGES

The European initiative Producers Responsibility regarding textile products aims to identify and realize a circularity flow for textile materials and products; similar to metals, paper and plastics. However, there are major obstacles for circularity that are not relevant or even applicable for the fashion or sports segment, but very real for workwear and safety garments:

Worn out: Garments are only disposed of when completely worn out or the textile fibers are too damaged to be used for recycling into new textile products.

Contamination: work and safety wear are frequently exposed to substances that are permanently contaminating the product. These substances are undesirable for introduction into a recycle-/reuse scenario.

Material mixes and specific treatments: to achieve protective properties, specific functionalities and to maximize the time of use for the garments, mixes of fibers and chemical treatments are necessary for work and safety wear. The mixes and treatments limit the possibility to recycle in a traditional way.

AFTER USE

There are different initiatives and services that collect discarded textiles and garments, but most of them will not accept workwear. This is for the simple reason that most of the garments nevertheless will only be suitable for incineration (including energy recovery). However, there are exceptions. The companies that do accept workwear only offer to send them for incineration and the only sustainability aspect is that they will provide a validation document stating the energy produced when burning the garments.

LIFE CYCLE OF WORKWEAR AND SAFETY GARMENTS:



1: Professional user

2: After disposal the garments are sorted.

3: The garments suited for recycling goes back into the textile industry. Somewhat of a utopia at the moment.

4: Garments not suited as workwear is recycled as insulation, packaging or fill material. **This is our preferred open loop recycling.**

5: Garments which are contaminated and beyond repair are incinerated (including energy recovery). **For the time being this alternative is the most viable and has the least global footprint.**

In simple words; costs and logistics are added only to incinerate the textile waste. All of which could have been made already without adding more negative environmental impact in the form of additional logistics and handling.

Blåkläder's main sustainability objective is long-term use. This saves not only the raw materials the products are made of, but also all the resources that are added in the production and supply chain; from fiber production to sales of the ready-made garment. The raw materials are only a part of all resources needed to provide a garment to

the market. Blåkläder's focus is always durability, to enable less consumption of all resources from the whole LCA perspective. We are also aware of the relevant areas where our major sustainability

impact is concentrated and this is also where we are putting our utmost efforts to improve and decrease the negative impact.

From 2018 and onward, Blåkläder has engaged in several

local and national initiatives and projects to identify the key to the future of a sustainable textile industry.

“Blåkläder’s focus is always durability, to enable less consumption of all resources from the whole LCA perspective”



STICA – SWEDISH TEXTILE INITIATIVE FOR CLIMATE ACTION AND TEXTILE & FASHION 2030

In 2019 as a natural step forward, following our sustainability agenda, Blåkläder joined two leading initiatives for a sustainable development of the textile industry. These were “STICA – Swedish Textile Initiative for Climate Action” and “Textile & Fashion 2030”; an initiative to establish a sustainability platform for the Swedish textile industry assigned to the university of Borås by the government.

STICA – SWEDISH TEXTILE INITIATIVE FOR CLIMATE ACTION

The main goal of STICA is to reduce the climate impact of the Swedish textile industry, with a focus on achieving the Paris Agreement's environmental goals, a work we at Blåkläder support and want to realize.

In 2018, the UN launched the Fashion Industry Charter for Climate Action initiative, which supports the Paris Agreement, where signing companies have agreed to reduce their greenhouse gas emissions by at least 30 % by 2030.

In Sweden, the government has set goals to be climate neutral by 2050, a goal that is also shared with 26 of 27 EU member states.

The purpose of STICA is to create a common forum for the clothing and textile industry to work together to reduce the Swedish climate impact in the strive to reach the UN Global goals and, in the long run, to achieve a climate-neutral production.

STICA works objectively for companies and organizations that want to contribute to sustainable development and encourages cross-industry collaborations that strengthen Swedish competitiveness in a global market.

Through our participation and work with STICA, Blåkläder agrees with the initiative that this is one of the ways to systematically work to solve the climate crisis.

One of the most important commitments that Blåkläder has within STICA is to map, calculate and actively reduce our greenhouse gas

emissions starting from the baseline year 2018. In the first phase of this work, the direct carbon dioxide emissions of the business have been summed up (corresponds to Greenhouse Gas protocol Scope 1 and 2 <https://ghgprotocol.org/>), and the result showed that Blåkläder's greenhouse gas emissions are at an average to a low level. This means that there are very good conditions for improving ourselves from an already good starting point.

Blåkläder's engagement in STICA continues, in 2020 we will be focusing on mapping carbon dioxide emissions related to our entire supply chain and external logistics, which corresponds to Greenhouse gas protocol Scope 3. This is a comprehensive and complex work, but crucial for our continued journey towards a more sustainable business.

Again we will start with the baseline year 2018. We are truly excited to be able to calculate the actual savings in CO₂-eq emissions from all efforts implemented in the supply chain from 2018 and forward. Solar-powered production and conversion to materials with lesser environmental impact is just the beginning of the journey.

Read more at <https://www.sustainablefashionacademy.org/STICA>

TEXTILE & FASHION 2030

In 2019 Blåkläder joined the “Textile & Fashion 2030” initiative and has since the start participated in several workshops and “Textile Challenge” projects.

The Swedish government has given the University of Borås the task of establishing and leading “Textile & Fashion in 2030”. The objective is to create a national platform for sustainable fashion and sustainable textiles. The five-year assignment is run by Smart Textiles, part of Science Park Borås at the University of Borås, in collaboration with the University of Textiles, the Swedish Fashion Council, RISE Research Institutes of Sweden and TEKO, Sweden's Textile and Fashion Company.

Read more at <https://textileandfashion2030.se/>



THINKING DIFFERENTLY ABOUT CHEMICALS

Chemical treatments providing a specific ability for the final product may at first sound like something that should be avoided at all costs. It is, however, not that easy.

The issue of providing protection against chemicals or providing flame retardant abilities is a serious matter that means we have to think about things in a different way.

PFAS – FLUOROCARBONS

Blåkläder uses chemical treatment to provide our products with repellency towards water, dirt, oil and, in some cases, liquid chemicals. The protection provided by a treatment of fluorocarbons cannot be created any other way, so for the time being it is not possible to phase out this substance. However, Blåkläder only uses this surface treatment where absolutely necessary and uses the lowest concentration possible. We are striving to replace fluorocarbons as soon as a viable replacement is available.

During 2018 a longterm internal project was started to further review and evaluate the use of fluorocarbons in Blåkläder's products, with the aim of excluding or replacing these with non-perfluorinated compounds.

PFC/PFAS

Perfluorinated Compounds (PFC or PFAS) are a group of chemicals commonly used in outdoor clothing and workwear for durable dirt, water, chemical and oil-repellent finish (DWR).

Water repellence may be achieved through other treatments, however, oil and chemical repellency can only be accomplished by the use of perfluorinated compounds.

Perfluorinated substances, or fluorocarbons, are very persistent and last for a long period of time in the environment. Some fluorocarbon related compounds are known to have toxic effects and can disrupt reproduction in mammals.

The compounds perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA), are regulated by European chemical legislation due to their well documented long-term environmental safety concerns.

FLAME PROTECTION

Flame retardant properties are added to cellulosic fibers by using chemical treatments containing a component preventing flammability such as phosphorous. The alternative to this is using fibers with inherent flame retardant properties. However, both types of flame protections have their advantages and therefore Blåkläder offers collections with both alternatives.

The chemically treated flame retardant properties nowadays are very efficient and very little active substance is actually

required. Once applied to the material the functionality is permanent in the cellulosic fiber and will not wear off during wash or wear.

OEKO-TEX – USER SAFETY

Almost all of the materials and components in Blåkläder's products fulfill the Oeko-Tex 100 standard class 2, which is safe to wear in close contact with the skin. Exceptions are only made whenever technical functions rule out any other option.

It is not only the wearer of the final garment that benefits from the fact that there are no harmful substances in the material. The absence of hazardous chemicals is beneficial for everybody handling the materials and products in the supply chain.

RESTRICTED SUBSTANCE LIST

The tool used to communicate the required chemical restrictions and prohibitions for production purposes and contents in products is the Blåkläder Restricted Substance List (RSL).

This list of substances is excluded from European legislation. Fulfillment of all applicable European chemical regulations is required for all Blåkläder suppliers, however the RSL list is also mandatory for compliance. This list is based on the RISE's Chemicals Guidance and the common conclusion of acceptable and feasible levels of restrictions between the chemists from RISE and the stakeholders of the Chemical Group.

Blåkläder is a member of two stakeholder organizations in Sweden with the main purpose of keeping track of the research and development of chemicals connected to the textile and leather industry. These organizations are the RISE's Chemical Group and the Swedish Textile importers organization.

All suppliers of Blåkläder need to acknowledge the Blåkläder Restricted Substance List.



OEKO-TEX 100

The Oeko-Tex 100 validation program is the most common of the Oeko-Tex accreditations and is a certification for user safety. The standard focuses on human ecology and specifies substances that should be limited or prohibited in the material or product.

Even though the standard does not specifically limit the use of chemicals in production, everyone in the whole supply chain benefits from limiting chemical content in the materials.



RISE'S (RESEARCH INSTITUTES OF SWEDEN) CHEMICAL GROUP

Trade organization with chemical specialists from RISE's Research Institute and stakeholders from the textile and electronic industry in Sweden. The objective of the chemical group is to share the latest in legislation and research regarding chemical and environmental issues.



SWEDISH TEXTILE IMPORTERS ORGANIZATION

Textile importers is a trade organization for Swedish companies dealing with textiles, leather goods, clothes and shoes. The service provided to members includes trade-related legislative information, industry-specific chemical support, general news and support related to the textile importing business.



DEFYING THE TRADITIONS

We are challenging the definition of workwear.

Is it really necessary to move forward? At Blåkläder we think so, at least to a certain extent. If we don't challenge traditional workwear materials and designs, the journey towards becoming a fully sustainable business will not happen at the rate we strive for.

Blåkläder's customers depend on our products every day so it's natural that the expectations on performance and function are high. But there are also very particular expectations regarding the design and choice of materials that are bound up with tradition. This is not the same for all markets. As a manufacturer of professional garments for customers across Europe, we are very much aware that the features of a worker pant in Sweden will not necessarily appeal to a customer in France or Germany and vice versa. We need to find ways to meet the needs and expectations of all the different markets while finding ways to change traditional materials to more sustainable alternatives.

Also, the legal issues connected to the European legislation of Personal Protective Equipment are applicable to safety clothes, shoes and gloves. The protective properties are often achieved using specific materials or chemical treatments that are absolutely necessary for their function. This motivates the use of heavy textiles, unique fiber mixes and combinations of materials to optimize the protective functionality. On the other hand, it limits the options of less environmentally strained alternatives, from a production-related global footprint point of view. However, from a life cycle perspective, the consumption of more resources during the production phase is easily justified by the maximized time of use.

We will not back down our strong belief that protection and longevity is key for all our products.

Blåkläder's main objective is to always develop products with a focus on durability and long-term functionality and this always dictates our choice of materials, components and design. Our colleagues in product development are experts in finding features that can make a difference. It could be moving a seam to prevent unnecessary wear or placing reinforcements in just the right places.

The frequent dialogue and cooperation between product development and our customers is a highly valued input in our drive to create the most functional, comfortable and durable workwear. Also, the team that handles customer returns provides essential information in cases where our products do not meet the customer's needs to their satisfaction.

This connection and close dialogue with the market and our customers forms a productive loop where any deviations or flaws in products are corrected and a lesson is learned.

A low return rate is not only a measure of customer satisfaction but it also validates the quality of our products. At Blåkläder our rate of returns in 2019 was 0.18%. This is already a very low frequency, however our target is set even lower. Our aim is a rate below 0,1%. High-quality products generate longer-term use and this ultimately leads to a lower consumption of resources.

BY CHALLENGING EXISTING WORKWEAR SOLUTIONS AND CONVENTIONAL THINKING, **WE ARE CHANGING THE GAME OF WORKWEAR.**

“If the time of use for a garment made from recycled fibers is shortened by only 10%, then the sustainability gain is lost”

THE SIGNIFICANCE OF LONGEVITY

A “sustainable” raw material might have a maximum decrease of resource consumption of 5-10% for the garment value chain, but at the same time this might also include the risk of a less durable garment*. If the time of use for a garment made from recycled fibers is shortened by only 10%, then the sustainability gain is still lost. If the life of the garment is decreased even more, then the consumption of all resources is instead increased. More oil, water, chemicals, electricity and manpower will be required and an environmental problem is created, instead of the intended opposite effect.

But by focusing on durability, the garment’s time of use can be prolonged and the sustainability gain will be close to indisputable. Even if slightly more resources are required during production, the longevity of the final product still has the largest impact when it comes to saving resources.

At Blåkläder we receive testimonies of the durability of our products as validated proof of the effect of our sustainability strategy. One specific customer case showed that our pants lasted 4 times longer than the previous model that was used.

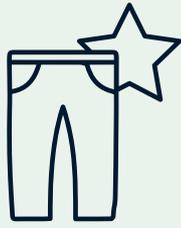
A life cycle prolonged by 300% certainly saves a substantial amount of resources; 75% to be exact.

Blåkläder’s profound belief is, and will remain, that by enabling our customers to consume fewer garments that sustainable development is within reach.

*<http://mistraturfashion.com/sv/publikationer/>;
The Outlook Report, Mistra Future Fashion Final Program Report



** According to a survey done with an anonymous construction company in Sweden during 2017



x3.7
LONGER LASTING**



0.18%
RETURN RATE



97%
DELIVERY ACCURACY





BLÅKLÄDER

FAMILY VALUES

The VIPs of the value chain is our family members.

The world of Blåkläder is changing by virtue of the most important part of the supply chain - our co-workers. Without dedicated and hardworking colleagues no garments would be made, sales be conducted or shipments dispatched.

Built into the company's DNA, is a fundamental policy to create a healthy and safe working environment, with inclusive and non-discriminatory values. It places high demands on both the social and physical work environment, with security and wellbeing as the primary focus.

Longer-term thinking is not only applied to our products, but also to the relationship between the company and our workforce. We aim to offer a workplace that is both inspiring and attractive to both our current co-workers and to all potential colleagues.

The psychosocial and stress-related aspects of the working environment are handled together with other associated work matters using a systematic work environment process. This process is a forum including representatives from both the company and employees and the main objective is to build a successful working environment from all perspectives.

As a last resort, if preventive measures prove to be insufficient, employees have access to an occupational health team at Avonova.

This service provides aid in the form of physical therapy, support from therapists and consultation.

During spring 2019 an employee survey was conducted throughout the whole Blåkläder organization. The survey was conducted anonymously on the online tool Quicksearch (<https://www.quicksearch.se/>), which was also used for the 2017 years employee survey. 89% of all employees completed the survey, which is a very high level of participation. And even though the result from two years ago was very positive, the verdict from all coworkers 2019 had improved to even higher scores.

In an employee survey perhaps the most important measure is the eNPS®; the employee Net Promoter Score®. In general, an index result over 0 is considered good, and any results between 20-30 are very good. The eNPS® score for Blåkläder 2019 was as high as 41. This indicates a high level of wellbeing amongst our colleagues and that the coworkers in Blåkläder enjoy going to work; truly a result that we receive with both humbleness and with pride.

This means that we are on the right track and it inspires us to try even harder in our efforts to create the best possible workplace.

2019 QUICKSEARCH EMPLOYEE SURVEY:



89%

EMPLOYEE PARTICIPATION



41

ENPS® SCORE

WHAT MAKES OUR BLUE HEARTS TICK

We believe a healthy workforce equals a healthy business.



“Activities to maintain good physical health are encouraged by the company”



To see the big picture, we need to pay attention to details. Since 2017, the tradition of a common breakfast buffet is enjoyed in Svenljunga every Monday morning. A small measure in the big context, but an important step in our team-building effort, and with the ambition to create a workplace characterized by openness and less distance between departments. Another unusual approach to further develop the workplace and also simplify everyday life for our colleagues with four-legged friends is the day kennel that opened in 2018. The common lunch walks that follow are enjoyed not only by the dogs and their humans, but all who tag along.

The warehouse is a working environment with important safety issues. A significant reduction in the need for forklifts and a more ergonomic pick and pack process was enabled due to the invest-

ment of an automated storage system. This provides safer working conditions for all personnel in packing and more supportive processes. Ever since 2018 even more extensive automation of the warehouse was introduced when the main warehouse operation moved into brand new facilities, specifically constructed to fulfill Blåkläder's unique needs. The forklifts are guided automatically in the lanes of the high storage, which is safer for operators and further increases the quality assurance of the process.

The development of Blåkläder's main hub in Svenljunga is a constantly ongoing process and during 2019 our department for product customization and related services underwent a facelift. The project was extensive and included major changes in the work setup as well as optimization of the logistical flow. All updates were conducted with the working environment in focus.

“our workers are, and will always be, our most valuable asset“

“creative and inspiring work environment.”



“The key to Blåkläder’s future rests on the shoulders of our team members”



“safer for operators and further increases the quality assurance of the process“



During the recent remodeling of the office and warehouse spaces in Svenljunga, one of the primary goals was to offer a creative and inspiring work environment. Large window sections offer plentiful daylight over the generous common areas and to ensure good air quality in the facilities, a new ventilation and air conditioning system was installed.

Activities to maintain good physical health are encouraged by the company and the gym is frequently used by co-workers. Amongst other activities that are initiated to inspire physical activation are common training sessions and running groups. Everyone is welcome to join in, the motto “speed rate by mate” always applies. The company also contributes to registration fees for competitions and races when a team from the company signs up together.

The Blåkläder Activity Team does not only coordinate joint physical exercises such as yoga classes for all employees, but also makes sure to keep the social agenda busy and arranges different after-work events for anyone who desires a nice night out with the workmates.

The key to Blåkläder’s future rests on the shoulders of our team members. The way our business is built and functions, our workers are, and will always be our most valuable asset. They are the very foundation of our business.



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