

TOMWOOD

Low Impact Report 2021



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INTRODUCTION

Welcome to our inaugural sustainability report, aiming to present an accurate and comprehensive account of our impact and initiatives in 2021. At the core of our brand identity lies a deep commitment to our planet, with a mission to create high quality products with the lowest possible impact. With a focus on transparency, traceability and accountability across our operations, we aim to gain a better understanding of where our impact is greatest and how we best can reduce it.

Our sustainability program, the Low Impact Project, adopts a holistic approach, taking a broad view of our organization and supply chain, aiming to lower the impact across all operations. Our sustainability practices encourage and challenge us to push for change and to do better every day. Although we are still in the early stages of our sustainability journey, we have high ambitions and defined goals on how to build an impact aware and responsible business for the future. This report is part of our commitment to strive for excellence, sharing our progress on a yearly basis.

We believe sustainable development practices are about balancing social, environmental and economic principles in the core strategy and operations of our company. We want to proactively contribute to reducing the impact of the major environmental challenges our planet is facing, such as climate change, scarcity of natural resources, loss of biodiversity, and the urgency of moving towards circular economy models. We wish to meet these challenges head on, driving innovation and positive change for the benefit of our customers, employees and industry as a whole. Our goal is to contribute to a new normal for our industry.

HOW WE GOVERN AND COMMUNICATE SUSTAINABILITY

The overall responsibility of our sustainability strategy lies with the Sustainability Manager and the Managing Director and is further approved by the Board. Our sustainability targets are integrated in our overall business strategy, and supported by our Board. Guided by our low impact framework, annual targets are set for all applicable departments.

It is our belief that a sustainability strategy will only be as successful as the people it depends on. In other words, ensuring internal communication and sharing of knowledge is key to the overall success of the project. This is ensured in part by staff training, sales training and bi-annual low impact status presentations which are held and attended by the whole company. In 2022 we will build upon this, adding internal low impact newsletters and agent training to our internal communication plan. In addition, and perhaps most importantly, we established a Low Impact Working Group, a forum in which key members from different departments meet quarterly to help drive and develop our sustainability agenda.

2021 HIGHLIGHTS

Our low impact report covers the calendar year 2021, from January 1st to December 31st. Here are key numbers of the year:

- 111 million NOK revenue
- 14 suppliers across 7 countries
- E-commerce available in 43 countries
- Opened our new 180 square meter flagship store in Øvre Slottsgate 8
- Wholesale distribution across more than 300 retailers and e-tailers in 33 countries
- 35 employees of which 27 are based in our headquarters in Oslo, seven at our flagship store and one in Paris

2021 LOW IMPACT ACHIEVEMENTS

- 76,5 % of our textile products were made with low impact materials
- 18 % of our jewelry products were made using recycled gold and silver
- Partnered with Plan A to do our first environmental footprint analysis
- Established our new Social Responsibility Strategy
- Became members of the highly recognized Responsible Jewelry Council (RJC)
- Launched our low impact packaging program

CLIMATE ACTION

We are adamant to play our part in the green transition. That means steering our efforts towards the areas where we can contribute the most – that is, where our impact is the greatest. In order to do so efficiently we have had to acquire a detailed understanding of the environmental impact of all aspects of our operations.

2021 marks the year when we for the first time calculated our Corporate Carbon Footprint (CCF) across all scopes. We have engaged ESG reporting company Plan A to empower us with impact data and analytics for continuous improvement in the field of supply chain engagement, emissions management and decarbonization.

Acquiring accurate data is the foundation which enables us to make long term strategies for impact reduction we can validate. We are committed to communicate our environmental impact ambitions as well as our performance publicly through yearly reporting. Through sharing our learnings we intend to contribute to and promote the culture of environmental impact awareness.

HOW OUR EMISSIONS ARE CALCULATED

Our Corporate Carbon Footprint (CCF) has been calculated in accordance with the Greenhouse Gas Protocol (GHGp) Corporate Standard and the Corporate Value Chain (Scope 3) Standard. According to the GHG protocol, we categorize emissions into three groups or scopes.

| SCOPE 1 | SCOPE 2 | SCOPE 3 |
|--|--|--|
| <i>Direct emissions</i> | <i>Indirect emissions</i> | <i>Indirect value chain emissions</i> |
| Emissions from owned or controlled facilities. | Emissions from the generation of purchased energy used by the organization. Examples: purchased electricity, heat and steam. | Emissions that occur in the company's value chain, including both upstream and downstream emissions. Upstream refers to emissions which derive from the activities of suppliers of the company, such as emissions from purchased goods and services, transportation of goods to warehouse and business travel. Downstream emissions are generated after a product leaves the company's ownership, such as transportation of products to customers, use of sold products and end-of-use activities. |

Source: Division of Greenhouse Gas Emissions. Source: GHG Protocol (2015)



PEOPLE

Social responsibility
and due diligence



PRODUCT

Low impact product
development



PLANET

Our environmental
impact

OUR VIEW ON CARBON OFFSETTING

As a company, we've adopted a reduction over compensation approach. We believe the effort of reducing the emissions related to our business cannot and shall not be outsourced. Carbon compensation is only utilized if we have exhausted every reduction opportunity within our own operations. Hence, compensation is solely used as a very last resort to address our impact. Buying a carbon credit (offsetting) means financing the reduction project of someone else. While this is common practice in our industry, it is not nearly as efficient as reducing emissions within our own operation. According to the GHG protocol, buying a carbon credit does not allow you to

subtract the emissions from our own GHG report. At Tom Wood, we follow this principle thereby only listing carbon offsetting as an added measure.

KEY AREAS

Measuring our impact and making strategies to reduce it, is a continuous process. At Tom Wood, continuous progress is of utmost priority. Our low impact efforts are focused on the areas where we believe we can make the most impact and drive positive change across the three pillars; people, product and planet.

PEOPLE



The mission of our low impact initiative is to create a culture of transparency, cooperation and accountability. At Tom Wood, we view social and environmental responsibility as two sides of the same coin. Behind every Tom Wood product there are people we wish to take care of. It is our responsibility to ensure fair, safe and healthy working conditions both for our team and throughout our supply chain.

OUR WORKPLACE 2021: A YEAR OF GROWTH

In 2021 we experienced a 60% growth compared to 2020, reaching NOK 111 million in gross sales. We ended the year with 35 employees, up from 23 the year

before. We opened a new flagship store and moved into our new headquarters in Grünerløkka.

The Tom Wood headquarter and showroom is located in an old award-winning factory building in the heart of Grünerløkka, Oslo. The office expands over two floors with a view over the whole city and the beautiful and historical Sofienberg Park.

In the central shopping district of the capital, you will find Tom Wood's Flagship store, located in Øvre Slottsgate 8. The store features Tom Wood's wide range of products, in-store exclusives and a staff aiming to offer the best customer experience possible.

OUR PROFILE

Our company comprises 63% women and 37% men, with the average age being 32 years. Of our 35 employees, 28 of them are full time employees. Out of these, 27 work in our headquarters and one works remotely from Paris. All of our five part time employees are retail staff in our flagship store. Out of the two employed on a temporary basis, one was a consultant and the other an intern in the ready-to-wear department.

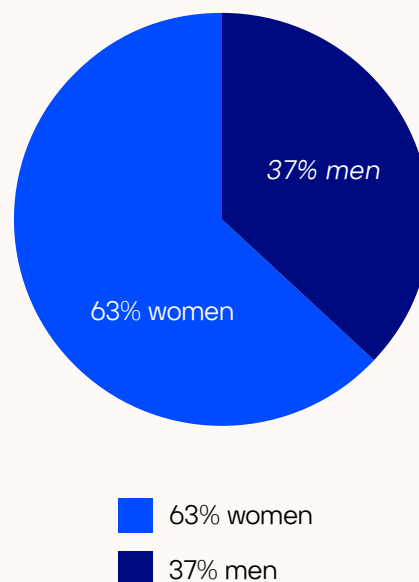
OUR CULTURE

Besides integrating environmental sustainability as a key aspect in all our operations, we have also put great effort in establishing an inclusive workplace. At Tom Wood we believe our employees are our most important resource, and we seek to create a space where employees will thrive professionally, economically and socially. This in turn is likely to increase our growth KPI's by contributing to a more innovative, efficient and satisfied workforce.

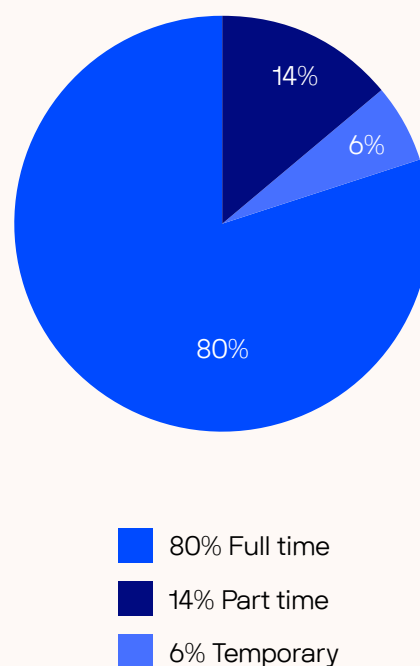
We conduct a minimum of two employee reviews (mid year and year end) per year, in addition to monthly check-in meetings for the vast majority of employees. Employee surveys are conducted twice a year to ensure that we are on the right course in relation to culture and competence development. In 2021 we also reviewed and revised our onboarding process as we believe onboarding has a direct impact on employee engagement, productivity and well-being. Onboarding new employees is fully automated via our HR-software solution, and also includes onboarding surveys after one week, one month, three months and six months in any new position.

In 2021 we established a team manager forum consisting of department managers and other key personnel in the company.

Gender



Type of employment



HEALTH & WELLBEING

The health and well-being of our team members are top priorities. During the period Norway was locked down, several of our employees switched to working from home and provided regular testing for those who could not work remotely. The office space was disinfected daily and several measures and policies were implemented to reduce the chance of contamination, such as a clean desk policy, free face masks and disinfecting gel and sprays. In 2021 we also implemented an extensive health and treatment insurance as well as private travel insurance for all our full time employees.

SUPPLY CHAIN MANAGEMENT

We value cooperation and believe the challenges of our industry need to be solved together. Only through collaboration can we accelerate sustainable innovation and systemic change that is needed for our industry to be better for future generations. Although we are a small sized company, we believe we can influence systemic change in our supply chain. If we are to expect change from others we must lead by example.

One of the key focuses of our social responsibility strategy is to continuously deepen our knowledge of our supply chain, promoting traceability, transparency and worker rights throughout it. Despite COVID-19 related challenges in completing supplier visits we still managed to gain a deeper understanding of our supply chain by expanding the scope of our data gathering activities to include all tier 1 and 2 suppliers. This enabled us to map sub-suppliers and gain further knowledge about the material manufacturing practices and processes related to our production.

TRANSPARENCY

We encourage our customers to make informed decisions about their purchases. We believe in providing as much information pertaining to every step in our supply chain as possible. To that end, we maintain full transparency regarding our evolving environmental initiatives, fair labor practices and ethical business standards.

In June 2021 Norway's Parliament passed a new law, the Norwegian Transparency Act. This Act requires companies to make sure human rights and decent working conditions are respected in their operations and supply chains. We support this fully. Although the Act does not call for sharing of manufacturers, we want to promote full transparency. To lead by example we published our supplier list online on January 1st of 2022.

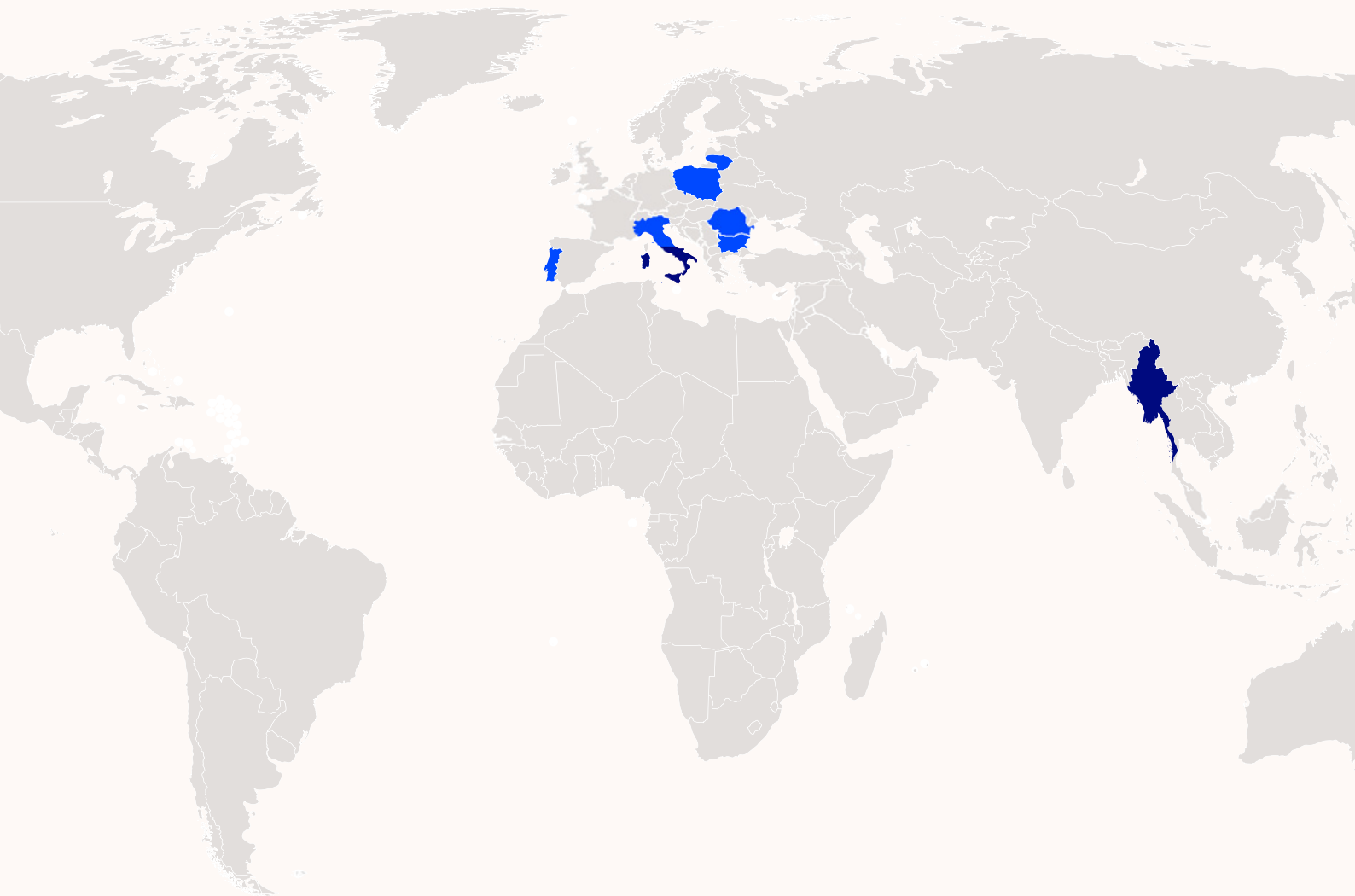
SUPPLIER OVERVIEW

RTW

Blue Line (Urbania, Italy)
Braincof (Braila, Romania)
Cottonanswer (Lijo, Portugal)
Direne (Guimarães, Portugal)
Livian (Rakovski, Bulgaria)
Outfit 21 (Arrabal, Portugal)
Polcotex (Warsaw, Poland)
Baltic Fashion (Kaunas, Lithuania)
Confezioni Raffaella (Castelfranco Veneto, Italy)

JEWELRY

Goldfine (Bangkok, Thailand)
MEO Jewelry (Nonthaburi, Thailand)
Bella Port (Bangkok, Thailand)
Cameo Italiano (Napoli, Italy)
Jewelry Planet Ltd (Bangkok, Thailand)



COMMITMENTS AND CERTIFICATIONS

COMPANY POLICIES

We monitor social and environmental risks among suppliers through risk assessments, in-person visits and third party audits to support continuous improvement. Above all we believe close collaboration and honest communication are at the core of our supplier relationships.

During the pandemic we had to change our approach to supply chain management, and it started with an internal review of our policies resulting in a revision of our Supplier Agreement and Code of Conduct.

We promote the adoption of the highest social standards across our supply chain requiring all suppliers to adhere to the principles expressed in our Supplier Agreement and our Code of Conduct. Our supplier code of conduct is based on ILO Conventions, the UN Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights. In addition, we have added a Child Labor and Animal Welfare policy as well as a Chemical Restrictions List. All our policies can be downloaded from our website.

GOTS

The Global Organic Textile Standard (GOTS) was developed by leading standard setters to define worldwide recognized requirements for organic textiles. In 2021, Tom Wood was certified for trading and retailing, thereby adhering to the environmental and social key criteria set by GOTS, such as the requirement of having a social compliance system and responsible chemical management.

RJC

In 2021, Tom Wood became a member of the Responsible Jewellery Council (RJC), the leading authority for sustainability standards in the global watch and jewelry industry. The RJC promotes responsible practices in environmental impact awareness, ethics and fair working conditions throughout the supply chain. The RJC has developed a standard of reference for the jewelry supply chain as well as reliable mechanisms making it possible to verify responsible corporate practices through an independent auditor.

By becoming a member we commit to achieving the Code of Practices (COP) certification within a two year period, reinforcing our commitment to exemplarity and transparency through its ethical, environmental and social conduct. The COP certification is the only industry standard covering the entire supply chain from start to finish of the jewelry production process. With a high focus on business ethics and responsible supply chain management, it is widely recognized as a global landmark standard.

In addition, all our main jewelry suppliers are certified RJC members, thereby securing sustainable business standards throughout our jewelry supply chain.

PRODUCT



Making high quality products is at the heart of our business. At the same time we are aware that creating products leaves behind a considerable environmental footprint. Because of this, a large part of our low impact efforts is geared towards developing strategies to reduce and minimize the impact in the design and production phases. Different product categories

require different low impact strategies. We will therefore present our low impact efforts in two separate chapters; jewelry and ready-to-wear.

JEWELRY

Each piece of jewelry is made with longevity in mind, from design through prototyping, development and final production. We value natural resources and aim to be carbon conscious at every step of the process. Our strategy for the jewelry category is largely focused on excellent craftsmanship, increased traceability of materials and accelerating the use of recycled metals, all while ensuring ethical, sustainable and transparent business practice throughout our supply chain.

Our jewelry production accounts for 11.3% of our total environmental impact. For a full breakdown of emissions related to our jewelry production, please refer to the product section in the chapter “our environmental impact”.

ETHICAL PRODUCTION & RESPONSIBLE SOURCING OF MATERIALS

As our brand expands our responsibility to lead by example only becomes greater. We are building appropriate due diligence processes which enable us to assess and mitigate risks in our supply chains. We are a proud member of the Responsible Jewellery Council (RJC), the leading authority for sustainability standards in the global watch and jewelry industry. The RJC promotes responsible practices in environmental impact awareness, ethics and fair working conditions throughout the supply chain. All our main jewelry manufacturers are certified members of the RJC, and all potential new suppliers will systematically be encouraged to follow suit, as transparency is the first step in understanding, analyzing and mitigating supply chain risks.

In addition, our manufacturers have implemented several environmental initiatives. Water used in production is purified before being released back into nature, some of our suppliers are partially solar powered and natural resources are never wasted. Metal scraps are being reused, and recycled metals are the main components in all casts. Every detail counts and we have a continuous dialogue with all our manufacturers encouraging and supporting them in their efforts to lower their environmental impact.

TRANSPARENCY AND TRACEABILITY

Transparency is the first step towards more sustainable supply chains. Only through openness can we learn, analyze the risks and mitigate them. We are com-

mitted to adopting the highest standards for transparency and traceability of raw materials and continue to work collaboratively with industry organizations and our suppliers to promote best practices across our entire supply chain.

Achieving traceability of gemstones is one of the biggest challenges, not only for Tom Wood, but for the jewelry industry at large. This is mostly due to the protectionist traditions of the industry. For hundreds of years the origins of gemstones and diamonds have been a well kept secret of tradesmen. Today, however, consumers want to know more about where their products come from and companies want to achieve greater control of their supply chain. In collaboration with our suppliers, we work towards the goal of open supply chains.



RECYCLED METALS IN A CIRCULAR ECONOMY

Silver and gold are the most utilized metals in our jewelry and therefore the most impactful place to start our journey towards circularity. In 2021, recycled content represented 18.2% of our total weight of jewelry items sold. We are committed to using exclusively recycled silver and gold in our jewelry by 2023.

Recycling and repurposing metal is one way of reducing the environmental impact of jewelry production, both in terms of improving the lifespan of the metal as well as reducing water toxicity and waste. As silver and gold are renewable resources, they can be recycled repeatedly without losing value or purity. A complete switch to recycled silver and gold will reduce our environmental footprint significantly, with our footprint analysis revealing recycled silver being 10 times less carbon intensive than conventional silver, and gold 25 times less carbon intensive than conventional gold (IDEMAT, 2022).

GEMSTONES AND DIAMONDS

Our gemstones and diamonds originate from all over the world and are sourced through our trusted suppliers, all RJC certified. Each gemstone is carefully selected and hand placed in each piece of our jewelry.

Our long term ambition for our sourcing strategy is to ensure all gemstones are sourced from RJC COP certified sub-suppliers. As gemstones were only incorporated in the RJC Code of Practices in 2019 for the first time, we suspect it will take several years for the market to adjust to the new need for traceability in the gemstone supply chains. Our hope is that through strong relationships with our long term suppliers, we can work towards full transparency and traceability of all gemstones used in our jewelry.

CHEMICAL CONTROL

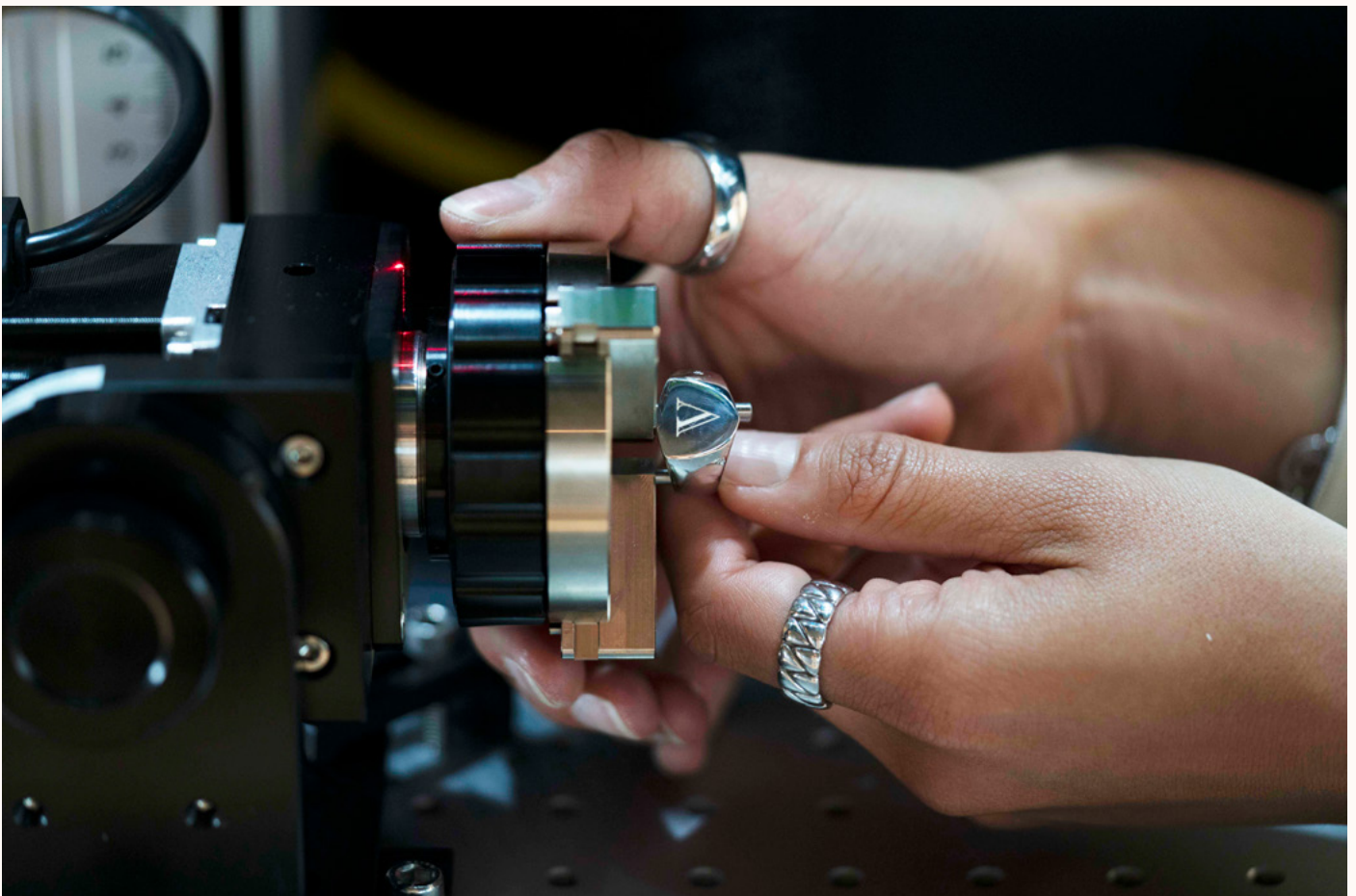
Although all our tier 1 suppliers have signed our Chemical Restrictions Guidelines, we are aware that further down the supply chain the same control may not be present. As an example, toxic chemicals and heavy metals such as sodium cyanide and mercury are known to be a common risk in conventional mining. As gold and silver are purchased from the open market it is extremely difficult to gain control over the chemical risks of mining. This is one of several reasons why we have decided to accelerate the usage of recycled gold and silver, instead of purchasing virgin materials from the open market.

TOM WOOD LAB – DIGITAL WORKFLOW

Historically, two techniques have defined jewelry making: handcrafting and lost-wax casting. Both techniques are highly time consuming, require significant technical expertise and there is potential for human error. Moreover, samples are usually flown back and forth between the brand and its manufacturer until a final sample is formed and put into production. Although we have a deep appreciation for these traditional techniques, we also see that our industry is in need of innovative solutions in order to grow, become more efficient and lower the impact on the planet. In 2020 we built an in-house lab in order to gain better control of the jewelry development process. Our lab consists of two 3D printers and a laser engraving machine.

INCREASED EFFICIENCY

Having access to 3D design software and printers in-house enables rapid prototyping and increased supply chain efficiency. With a digital workflow, our jewelry development team can use CAD software to create designs digitally and utilize our high-resolution 3D printers to produce prototypes. After a final sample is achieved the process follows the same path as traditional casting. Thanks to digital innovation, the need for time-intensive labor is reduced and the design itself is easily modified or recreated when needed.



REDUCED CARBON EMISSIONS

With traditional jewelry manufacturing, materials, parts and final products are often shipped long distances, creating significant levels of carbon emissions. Investing in 3D printing has allowed us to take part of the jewelry development process in-house, thereby reducing carbon emissions and lowering our impact on the environment.

REDUCED WASTE

Another major benefit of 3D technology is the reduction of waste in comparison to traditional jewelry techniques, such as lost-wax casting. With 3D printing, rather than cutting away parts of a larger piece of material, the product is created by laying down material layer by layer. This results in little to no waste, thereby lowering the impact of our prototyping process.

SUSTAINABLE PURCHASING PRACTICES & REUSE

The upside of working with precious metals is that the prospects of recycling are much different than textiles, as gold and silver can be remelted and repurposed repeatedly without losing quality. We are currently exploring options for creating a local closed loop system for upcycling our scraps, samples and other items that cannot be sold in our conventional sales channels. There is always an option of sending such items back to our manufacturers, but we tend to opt for local options such as sample sales, as sending them back by air would generate considerable emissions.

READY-TO-WEAR

Our greatest emission factor is our production of clothing, totaling 51.4% of our overall emissions. This is largely due to high water and energy consumption and land use associated with the production of clothing. We believe the keys to lowering the impact of the category lies in supply chain due diligence, responsible material choices, better production processes and chemical control, as well as exploring new methods and strategies around circularity.

For a detailed overview of the environmental impact of our clothing production, please refer to the product section in the “our environmental impact” chapter.

MATERIALS

The key driver of our environmental impact is the production of materials (tier 1 through 4). With more than 70 percent of the fashion industry’s GHG emissions stemming from upstream activities such as energy-intensive raw material production and processing, our choice of materials matter (McKinsey, 2020).

Assessing the sustainability of clothing is a challenging task we believe must be viewed holistically, as many considerations must be taken into account. Although we have significantly improved how we assess our environmental impact compared to previous years, expanding the parameters of our assessment to include emissions post purchase and fabric longevity will be key in increasing the accuracy of our future assessments.

McKinsey & Company (2020) *Fashion on Climate: How the fashion industry can urgently act to reduce its greenhouse gas emissions*

LOW IMPACT MATERIALS INDEX

To track our progress we have established a tool for sourcing materials. We sought knowledge from industry standards, textile experts and best practices to create our Low Impact Material Index. The index is divided into four categories: recommended, satisfactory, discouraged, and avoid, and considers a material as low impact when placed in either the recommended or satisfactory column. This indicates that at least 80% of the main material composition is third-party certified or proven to have a lower environmental impact compared to its conventional counterparts.

For all low impact materials, with the exception of deadstock, we require a third party certification to verify the integrity of the materials, such as Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), and Global Recycled Standard (GRS).

LOW IMPACT MATERIALS INDEX

| 01 RECOMMENDED | 02 SATISFACTORY | 03 DISCOURAGED | 04 AVOID |
|------------------------------------|---------------------------------------|-----------------------|---|
| Recycled Cotton (GRS certified) | Responsible Wool (RWS certified) | Conventional Cotton | Fur |
| Organic Cotton (GOTS certified) | Viscose (FSC certified) | Conventional Wool | Bamboo Viscose |
| Recycled Wool (GRS certified) | Recycled Polyester (GRS certified) | Conventional Cashmere | Elastane/Spandex (over 15% of total garment) |
| Recycled Silk (GRS certified) | Recycled Polyamide (GRS certified) | Conventional Silk | Conventional Down |
| Organic Linen (GOTS certified) | Natural Bamboo | Conventional Viscose | Conventional Nylon |
| Recycled Linen (GRS certified) | TENCEL™ Modal | Rayon | Acrylic |
| TENCEL™ X REFIBRA™ | Recycled Nylon (GRS certified) | Cupro | Angora |
| TENCEL™ Lyocell | ENKA® Viscose | Leather | |
| Organic Hemp (GOTS certified) | LENZING™ ECOVERO™ | Virgin Polyamide | |
| Recycled Down (GRS certified) | LENZING™ Viscose | Virgin Polyester | |
| | Deadstock Wool | Acetate | |
| | Conventional Linen | Mohair Wool | |
| | Conventional Hemp | Polyurethane | |
| | | Modal | |

MATERIAL EVALUATION – 2021

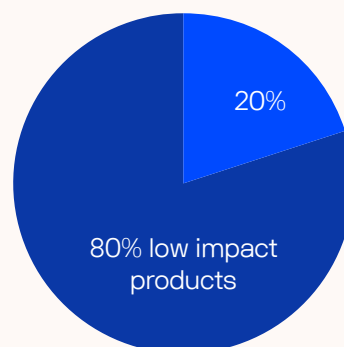
As a brand who follows the traditional slow fashion seasons, we only launch two seasons per year. We are committed to sourcing high quality materials with the lowest possible environmental impact.

To measure the progress from season to season we carry out evaluations based on our production volumes. In 2021, 76,5% of our ready-to-wear products were made using sustainably sourced materials.

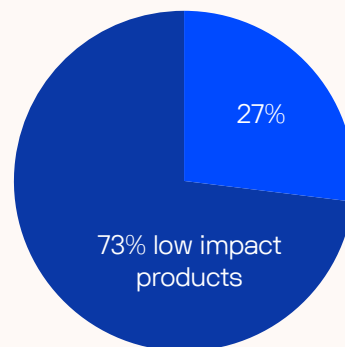
CHEMICAL CONTROL

One of the biggest risks to both worker health and the environment is the toxic chemicals used in textile processing. In order to address this, we made our own Chemical Restrictions List aligned with the European Union's REACH guidelines. REACH is universally known to be among the strictest guidelines one can adopt. Our Chemical Restrictions List has been signed by all our suppliers.

SS21



AW21



TRACEABILITY

Due to the complexity of fashion industry supply chains, traceability is a crucial component to securing sustainable production. All our clothing is produced in Europe, and it has been our experience that mapping out the different locations of production has been easier as a result of our close proximity to them. Keeping it close to home also has a double upside of reducing emissions when compared to shipping from other parts of the world. We have already achieved full traceability of Tier 1 locations, and partially Tier 2. Many of our manufacturers are relatively small and perform several of “tier tasks” under one roof. An overview over mapped suppliers is found in the “Transparency” chapter earlier in the report.

SUSTAINABLE PURCHASING PRACTICES & REUSE

As a company who takes pride in making high quality products our aim is to avoid overproduction at all cost. Each product not sold is a waste of natural resources and the passion put into making it. Based on this, we carefully plan our purchasing orders to prevent overproduction. Leftover fabrics and materials are donated to various design schools and students in our local community. When possible, we also collaborate with our suppliers to make use of excess fabrics, for example by making repeat orders with carry-over products or using leftover fabric as pocket lining in new styles.

In 2021, we also entered a partnership with Tise’s resale platform Second Chance as a means to further reduce waste. Through the platform, clothing that cannot be sold in our regular channels, such as samples, showpieces and items with small production errors, are given a new opportunity to be sold.

| TIER 1 | TIER 1.1 | TIER 2 | TIER 3 | TIER 4 |
|--|--------------------------------|---|-------------------------|-------------------------|
| Cutting, Sewing, Knitting and final product assembly | Garment treatments and washing | Material production, fabric mills and tanneries | Raw material processing | Raw material extraction |

PLANET



We understand the urgency of the global climate crisis and are committed to raise awareness both among our employees and customers about the impacts of our activities on issues such as use of natural resources, climate change and emissions of GHGs. We are proactive in our approach to adopting the best practices at all levels of our organization. Moving forward we aim to set concrete targets and objectives for our company – driving continuous improvement on environmental performance, both at business and supply chain level.

In order to do so, we needed a clearer understanding of our impact. That is why we in 2021 partnered with Plan A to carry out our first environmental impact assessment. Only through accurate measurement can we get the accurate understanding of the footprint of our organization needed to set appropriate targets to reduce our impact.

OUR ENVIRONMENTAL IMPACT

Our environmental impact has been broken down by scopes and categories per the GHG Corporate Standard and is expressed in carbon dioxide equivalents (CO₂e).

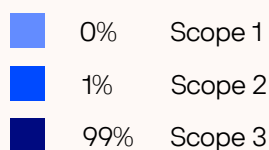
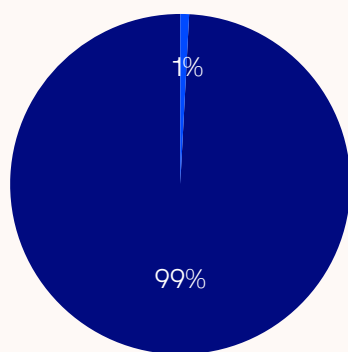
TOTAL EMISSIONS BY SCOPE AND CATEGORIES

| SCOPE | EMISSIONS | PROPORTION |
|------------------------------------|---------------|-------------|
| Scope 1 – Total | 0.00 | 0.0% |
| Scope 2 – Total | 3.21 | 0.7% |
| Scope 3 – Total | 446.66 | 99.3% |
| TOTAL | 449.87 | 100% |
| S3C1 – Clothing | 229.50 | 51.4% |
| S3C1 – Jewellery | 50.60 | 11.3% |
| S3C1 – Office suppliers | 2.12 | 0.5% |
| S3C1 – Packaging | 49.66 | 11.1% |
| S3C3 – Energy & fuels supply chain | 1.63 | 0.4% |
| S3C4 – Upstream transport DHL | 37.25 | 8.3% |
| S3C4 – Upstream transport ALPI | 2.28 | 0.5% |
| S3C4 –Upstream transport Fedex | 0.02 | 0.0% |
| S3C4 –Upstream transport Packaging | 3.29 | 0.7% |
| S3C6 –Business travel | 2.77 | 0.6% |
| S3C7 –Commuting | 3.57 | 0.8% |
| S3C7 – WFH | 2.55 | 0.6% |
| S3C8 – Leased Assets | 0.03 | 0.0% |
| S3C9 – Downstream transport | 55.05 | 12.3% |
| S3c4/9 – Other transport | 6.34 | 1.4% |

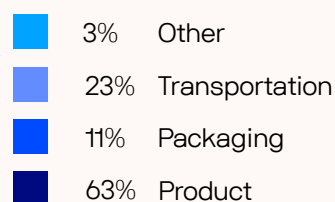
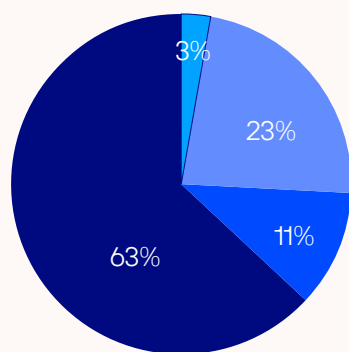
KEY CONCLUSIONS ON OVERALL EMISSIONS:

- Our direct emissions (scope 1 and 2) make up less than 1% of our overall emissions, with the majority of these emissions coming from the district heating used at our headquarters in Oslo
- Scope 3 emissions make up 99.3% of our overall emissions, predominantly from production of our products, transportation and packaging
- 62.7% of our overall emissions arise from the manufacturing of our products
- Clothing (RTW) is by far the highest emissions factor, accounting for over half of our overall emissions
- Jewelry accounts for 11.3%
- Transportation is the second highest emissions factor, estimated at 23.2%

Total emissions per scope



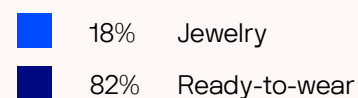
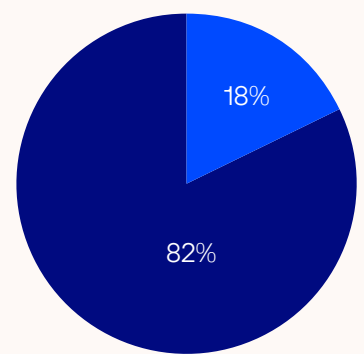
Total emissions by category



PRODUCT

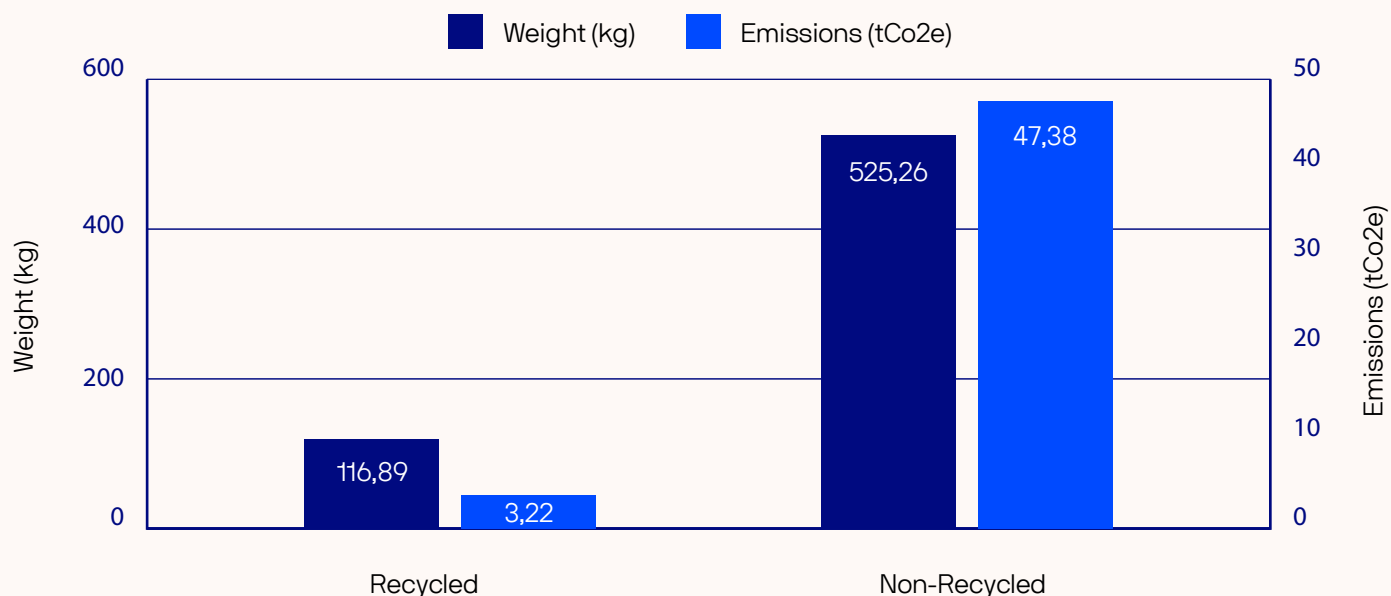
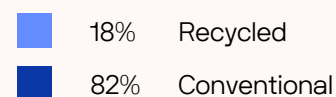
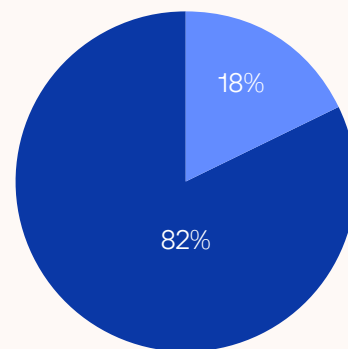
The manufacturing of our products account for 62.7% of our overall footprint making it our most carbon intensive category. Clothing is the most carbon intensive category, accounting for 82% of emissions of all products.

280 tCO₂e in total



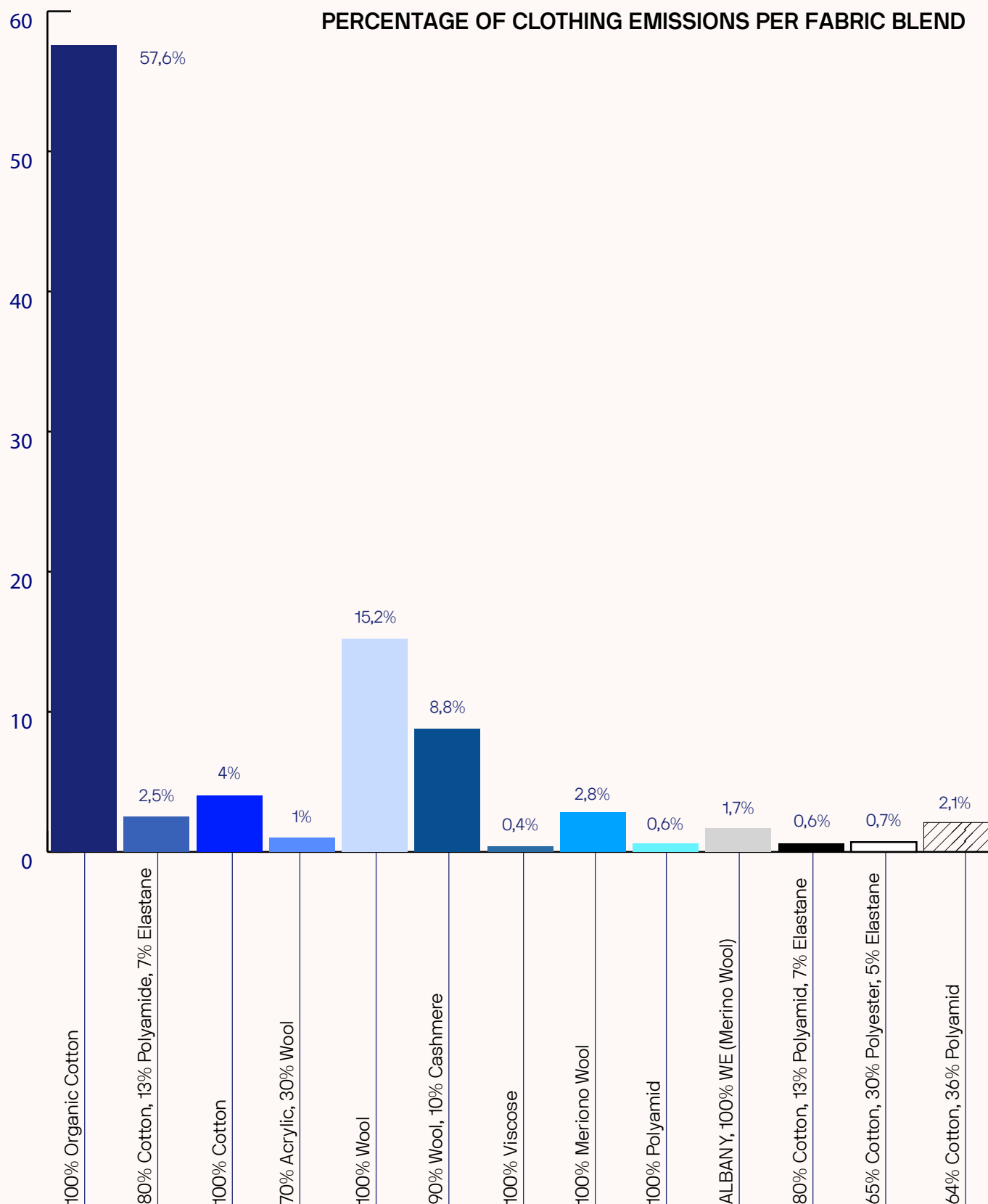
JEWELRY

- 18.02% of our items had recycled metals as their main material
- 13.29% of our items were made with 100% recycled content
- Recycled content represented 6.36% of our jewelry emissions in 2021
- Our impact analysis from Plan A revealed recycled silver is 10 times less carbon intensive as conventional silver, and recycled gold 25 times less than conventional gold (IDEMAT, 2022).
- Rhodium plating is also taken into account in our overall jewelry emissions.

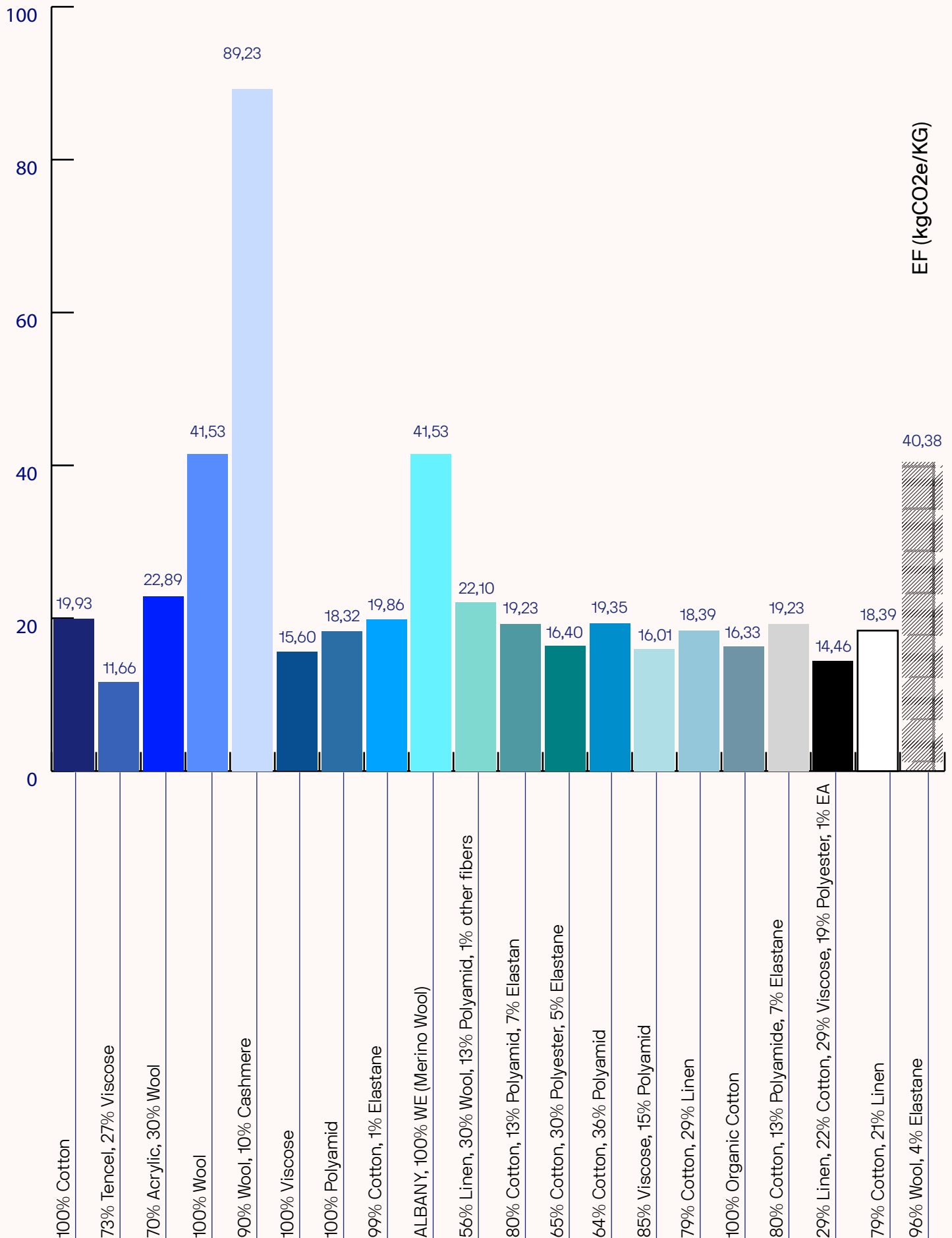


READY-TO-WEAR

- Our most utilized material is organic cotton, accounting for 70% of total material weight, and 57.6% of our overall clothing emissions
- Tencel, linen and polyester have the smallest carbon footprints per kilogram of garment
- Animal-derived materials such as wool and cashmere have the highest emissions factors



FABRIC EMISSION FACTORS



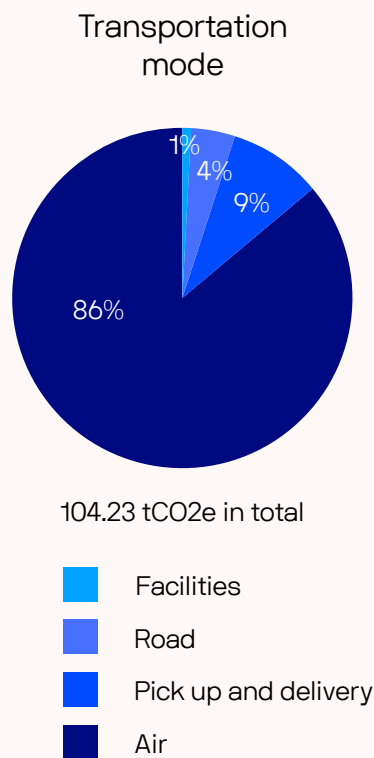
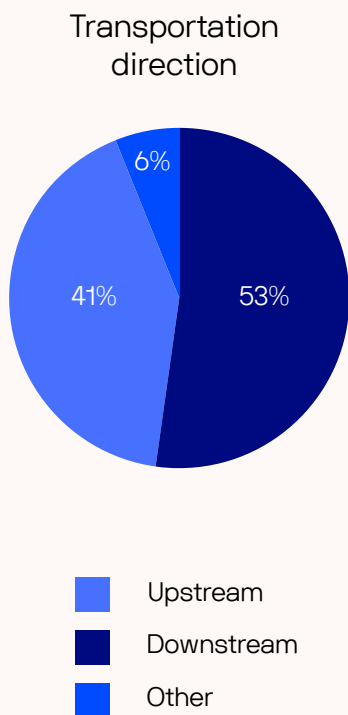
TRANSPORTATION

Our logistics operation is the source of a great deal of our total emissions, totaling at just over 23% of our overall emissions. Our breakdown of transportation modes is based on data from DHL, accounting for approximately 95% of our shipments.

- Upstream and downstream transportation of our products account for a considerable portion of footprint, totaling approximately 21% our total emissions
- Air is by far the biggest contributor to our transportation emissions, with a 85.6% share
- Downstream logistics have a relatively high proportion of air emissions to upstream transportation, largely due to emissions deriving from e-commerce

CARBON COMPENSATION

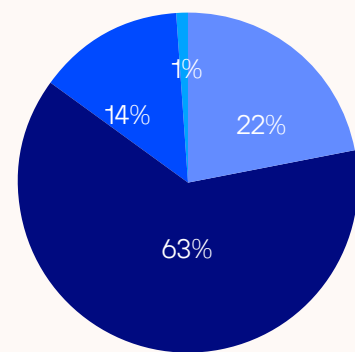
Our logistics operation is the area of our operation we find most challenging to reduce emissions. As previously mentioned, our sustainability strategy is based on the principle of reduction. However, when reducing emissions proves inexecutable, compensation is the next best option. That is why we have carbon compensated all our e-commerce shipments with **DHL Go Green since 2020**. In 2021, we offsetted 53.80 tCO2e-Wtw.



PACKAGING

Packaging has a significant impact on the overall footprint, accounting for 11.1% of our total emissions. Our packaging was redesigned and launched in 2021, with a high focus on recycled and certified materials as well as space effectiveness. Our ambition is for all our packaging to be recycled, recyclable or reusable by 2025.

- Recycled PET had the biggest total impact with 31.46 tCo2e and close to 8,000 kg of weight, representing 63% of packaging emissions. These emissions mostly stem from our jewelry boxes, all made with GRS certified **Social Plastic® from Plastic Bank**
- Plastic Bank builds ethical recycling ecosystems in coastal communities, and reprocess the materials for reintroduction into the global manufacturing supply chain. Collected material is re-born as Social Plastic® which is reintegrated into products and packaging. This creates a closed-loop supply chain while helping those who collect it
- Cellulose-based products, predominantly paper, have the second highest impact accounting for 22% of our packaging emissions. All our paper packaging, from shopping bags to shipping boxes, are FSC certified and recyclable
- Organic cotton and polyester have the highest emission factors, together contributing to 13.84% of emission with only 4.68% of total packaging weight



49.66 tCO2e in total



LIMITATIONS AND IMPROVEMENTS

Data accuracy is essential to impact measurement. Better data accuracy yields more precise impact measurement, which in turn affects the effectiveness of the initiatives we implement. As approximately 99% of our overall emissions come from Scope 3, we must prioritize improving our data quality for Scope 3 emission factors. As a general rule, the accuracy of impact assessments will increase along with the primary data we can collect. This is however quite challenging, especially the further you get in the supply chain.

Among the improvements for impact measurement accuracy we seek to explore are:

- Expanding the Life Cycle Assessments from cradle-to-gate to cradle-to-grave, post-purchase emissions may contradict or give important context to our choice of materials
- Explore methodology for using primary data over industry averages for product emission calculation to increase accuracy and lower range of uncertainty
- Acquire data on packaging used by suppliers. Today we have no data, but we consider supplier-sourcing of packaging part of our responsibility nonetheless
- Enrich product emissions data with smaller components such as trims and gemstones. This would also depend on data availability
- Explore a centralized system for our logistics operation as data richness varies significantly from carrier to carrier
- Acquire transportation data on B2B shipments organized by customers
- Automated tracking of business travel and office supplies

CHALLENGES AND LEARNINGS

THE CONUNDRUM OF SUSTAINABILITY

One of the major challenges when working with sustainability is the lack of consensus on what is sustainable. As the area is relatively new, we frequently experience challenges associated with a lack of standards, common language, rules and regulations. In our experience there is a lot of ambiguity surrounding sustainability, partly as expressions such as “sustainable”, “ethical” and “responsible” are not protected titles and are therefore open to interpretation and thereby also to misinterpretation and misuse.

That is why we have adopted a holistic approach where we accept that a simple question can have many answers and that we must be adaptable and open to changing our approach at any time. We have already done so on multiple occasions. Hence why we want to be open about our process as we go along, so that others may learn from our mistakes as much as our achievements.

DATA DRIVEN DECISION MAKING

Among our top challenges this past year is learning to prioritize sustainability initiatives based on actual effectiveness. Solutions that are carbon reducing in one aspect can be carbon inducing in another aspect. Take our efforts in replacing virgin plastic in our jewelry supply chain as an example. As our suppliers could not find any local suppliers of recycled plastic in Thailand, we ourselves would have to order it from China. Although the footprint of the plastic itself would be lowered it would add significant transportation emissions, thereby decreasing the effectiveness of the initiative. As a result this is a problem we have yet to solve.

ASSESSING THE SUSTAINABILITY OF MATERIALS

Another, and perhaps more complex challenge, is the puzzle of sustainable textile materials. As we now see governing bodies such as the EU tackling the fashion industry, materials are high on the agenda. However, the EU's recommendations have been criticized for prioritizing GHG emissions over material longevity and post-purchase emissions. In truth, polyester has one of the smallest carbon footprints per kilogram of garment. Organic materials such as wool and cashmere, on the other hand, have very high footprints. Some experts will however argue that the longevity of organic materials outweighs that of its synthetic counterparts, and most importantly does not shed microplastic particles when washing. We do not claim to have the absolute answer, but what is certain is that we regard product longevity as top priority when choosing materials.

PROTECTIONISM AND TRANSPARENCY

Lastly, we would like to address the issue of supply chain transparency. We believe transparency to be a founding principle of any sustainability strategy. Only through sharing data can one understand both the social and environmental risks throughout ones supply chain. Whereas the clothing industry has been under a close loop for years, pushing suppliers and brands towards openness, our experience is that the jewelry industry is somewhat behind. Although we undividedly are met with curious and positive attitudes, the feedback from our suppliers is that the adjustment towards full supply chain transparency is one that is going to take time. For hundreds of years people in the jewelry industry have made their living relying on their trusted networks. The hesitation towards transparency, we believe, lies in fear that sharing information will negatively affect ones business. Although we believe systemic change is necessary, this is a concern we must consider and respect. Taking into account the historic market protectionism in the jewelry industry, this is a challenge calling for collaboration across all stakeholders. We believe transparency to be non-negotiable, and will therefore work together with our suppliers to create trust and push for a new normal in the jewelry industry.

PROGRESS – LOOKING AHEAD

We are proud to be among the first Norwegian fashion brands calculating and sharing our footprint, both enabling a data driven strategy for footprint reduction but also empowering our customers to make informed decisions about their purchases.

2021 was the first year of measuring our environmental impact and will from here on out serve as our base year. The 2021 CCF results have provided us with an insight into the emission hotspots in our climate impact, and provides a basis for setting priorities in our sustainability journey. In the next year, we will explore our ultimate goal of aligning ourselves with the targets set forth by the Paris Agreement which means reducing our climate impact by at least 50% by 2030.

Approaching this target as a growing company is however a challenging task, and one we want to make sure we execute properly. We want to be bold in our target setting, but also make sure targets can be backed by data and science. Another

important consideration is our strategic decision to wind up the ready-to-wear category, making Spring–Summer 2022 our last ready-to-wear collection for the foreseeable future. This will give our company and employees the opportunity to have full operational focus on further growth and success within our jewelry products and category.

We are committed to continued investment in our sustainability program, the Low Impact project, with the ultimate goal of becoming a leader in our industry.



Adriana Klepsvik,
Sustainability & Culture Manager

TOMWOOD

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