

# Alsico Group Sustainability Report 2022



**alsico** group<sup>^</sup>

Global steps taken  
to making life better  
for people at work

# About this report

## Scope/ cycle/ with reference to GRI 2021

The information in this report covers the period from 1 January 2022 to 31 December 2022. Unless otherwise specified data relates to all operations owned and controlled by Alsico Group.

The report has been prepared in accordance with selected GRI-standards. This edited version contains a summary of the material topics we have reported on (see page 8-10 'Materiality'). All data collection has been done through Worldfavor® platform software. The GHG-report (see page 17-29) has been audited by SGS for limited assurance.

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For more information about Alsico Group, including our approach to sustainability and our performance, please check [www.alsicogroup.com](http://www.alsicogroup.com).



# Content

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**1** PAGE 4 - 5  
**A letter from Vincent and Gauthier Siau**

---

**2** PAGE 6 - 7  
**About Alsico Group – key figures 2022**

---

**3** PAGE 8 - 11  
**Materiality and due diligence**

---

**4** PAGE 12 - 15  
**The Alsico Group sustainability goals**

---

**5** PAGE 16  
**Actions taken in 2022**

---

**6** PAGE 17 - 37  
**Sustainability kpi's**

---

**7** PAGE 38 - 41  
**Progress on goals**

---

**8** PAGE 42 - 49  
**Alsico Group Code of Conduct**

---

**9** PAGE 50 - 53  
**GRI Content Index**

---

**10** PAGE 54-61  
**Annexes GHG report**

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# 1. A letter from Vincent and Gauthier Siau



**Vincent Siau** is the Managing director of Alsico.



**Gauthier Siau** is the CEO of Alsico Group.

Dear stakeholder,

We are proud to present you the very first sustainability report for the Alsico Group.

For the company as a Group 2022 was a very special year. It marks the year that Alsico made a giant leap in consolidating its group strategy towards a well-defined horizon. In late summer of last year members of the Group gathered to discuss the strategy goals towards 2034, the year Alsico will celebrate its 100th birthday.

The world has not become any less complicated over the course of 2022. No one will forget; we had and still have the Russian war on Ukraine, that laid bare the fragility of our energy and food supply chains. Then came one of the hottest and driest summers in history, that caused the Rhine to dry up and left 785.000ha of French woodlands in ashes (an estimated 20 bn EUR damage). Not to mention the draught in China or the floods that have left one third of Pakistan under water, displacing 4,5 million people. Or hurricane Ian that hit the US and Cuba causing 100 bn EUR of damage, making clear we are exposed to ever more extreme weather events as a result of the climate crisis.

## Strong ambitions

Stating the wish to celebrate a 100th birthday as a global company against this backdrop only is possible when it comes with the strongest of ambitions. That is why the Alsico Group, has chosen to aim for two very clear, but immensely ambitious sustainability goals for the year 2034:

1. **Net Zero +** = We want to **become Net Zero** by reducing 90% of our GHG-emissions, and offsetting the remaining 10%. All while starting up stakeholder driven biodiversity projects in Alsico-locations.
2. **Living Wage +** = We want to **monitor living wage** in all Alsico locations and close the detected gaps between paid and living wage in agreement with the local stakeholders.

We align these goals with the UN Sustainable Development Goals, in order to make them tangible in the targets we want to achieve (more on the goals and their link to the SDG's, see page 15). For the Net Zero goal we are following a similar path, as we have committed to the Science Based Targets initiative.

## Reliable emission data

However, in order to file Science Based targets for approval, we needed to have reliable emissions data for the whole Group. That is why we are so proud to present here in this report the very first GHG-emissions accounting – audited and 3rd party verified – for the whole Alsico Group.

It was not a minor undertaking to get here. In the fall of 2022 all 17 units of the Alsico Group have been trained and set up to collect data. The data entries covered a range of topics – weights, distances, kWh – that would permit us to calculate direct emissions (scope 1), indirect emissions from electricity purchase (scope 2) and all other indirect emissions from non-owned production means (scope 3). The fact that we were able to conclude this first time exercise in an organized and timely manner, has to be considered a success on its own.

## Results

The principal objective of setting a base year is to have a reliable point of comparison for our future improvements. We know now that we have emitted 406.430 tonnes CO<sub>2</sub>e over 2022. So now we know that we have to get to 40.643 tonnes if we want to achieve our long term Net Zero goal by 2034. This means a yearly reduction of at least 17%. In order to track progress, every year in between will be measured against the base year calculation.

But more important than the absolute number is that the results (see page 19-29) give us a clear indication of how we can get there. An astonishing 99% of our emissions originate from inputs meaning that they do not belong to us (scope 3). Among those the 'raw materials' we buy to make our products rank the highest (70%).



And in the raw material category we see fibers such as virgin polyester taking a major share of more than two thirds of emissions (see page 38). Also we see upstream and especially downstream transportation (what we transport to our clients) emerge as major sources of emissions, together representing 28% of our total emissions.

## Beyond CO<sub>2</sub>

As our goals make clear, we see sustainability as a strategic approach that goes way beyond carbon emission reduction. Alsico Group is reaching out continuously to its stakeholders in order to get a clear picture where our impacts lie and how we can improve them. For this first report we conducted a limited materiality exercise, based on the stakeholder contacts of each unit (see page 8-10 'Materiality') and a general survey that gives us a strong indication which topics are material and a priority to our stakeholders.

Also on those material topics we collected data; ranging from health and safety, diversity & non-discrimination to employment practices and anti-corruption policy. As is the case for the carbon emissions, the collected data are setting a base line for future improvements. We have an immensely diverse and a predominantly female workforce (78% of our workers are women). This confirms the major responsibility we have for enhancing a gender diverse working environment free from discrimination (see page 12-15 'Goals'). Actions on training and preventive surveying are being taken, we hope to report on them in detail in our next report.

## Alsi-flex

So let it be clear, we did not wait to take action until all the data had been neatly organized (see page 38 'Actions taken'). The best example is Alsi-flex, our in-house developed fabric made from an 80% recycled and biobased polyester blend with 20% cotton sourced through our partnership with Better Cotton . By developing a stretch fabric that is extremely comfortable and is able to withstand stringent industrial washing processes, we rolled out a path to replace

traditional – high emitting – polyester cotton blends (see 'Defossilizing raw materials, page 38).

In addition to that we took the first steps to set up living wage calculations (see 'Living wage calculator' page 39) and we can give a first report on progress made towards Oeko-Tex STeP certification (see 'Oeko-Tex STeP', page 41). Moreover, we were the first in our industry to have a user friendly end-of-life hub for collecting and sorting workwear and protective garments. Our clients can send us back their end-of-life garments, we collect them and sort them in a way we guide them to the best available reuse/ recycle solution.

Today we understand better than ever the size of the task we are looking at. We have set up the major drivers for carbon emissions reduction – such as a shift in raw materials. And we have now all the data we need to tackle locally specific issues under the umbrella of the UN Sustainable Development Goals and the Science Based Targets. This gives us the confidence to move full force ahead towards our 2034 goals.

We wish you a pleasant reading.

Best wishes,

Vincent

Gauthier

<sup>1</sup> **Better Cotton** is sourced via a chain of custody model called mass balance. This means that better cotton is not physically traceable to end products. However, Better Cotton farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'.

## 2. About Alsico Group

Key figures of 2022

**7.101**  
EMPLOYEES



**78%**  
ARE  
FEMALE



**12.362.365**  
HOURS WORKED



**270M EURO**  
DIRECT ECONOMIC VALUE GENERATED



**101**  
RECORDABLE WORK  
RELATED INJURIES



**1.211 EURO**  
AVERAGE EXPENDITURE FOR  
TRAINING/EMPLOYEE



**423**  
NET JOBS CREATED







**4.961.912 kWh**

TOTAL ELECTRICITY CONSUMPTION



**406.430**

TONNES CO<sub>2</sub>e FULL SCOPE GHG EMISSIONS<sup>2</sup>

1



**675**

TON CO<sub>2</sub>e SCOPE 1  
GHG EMISSIONS

2



**2.414**

TON CO<sub>2</sub>e SCOPE 2  
GHG EMISSIONS

3



**403.342**

TON CO<sub>2</sub>e SCOPE 3  
GHG EMISSIONS

<sup>2</sup> Serves as based year measurement. Only Alsico NV previously done GHG accounting (see p.17) – all emissions as stated in the Greenhouse Gas verification opinion of SGS

# 3 Materiality and due diligence

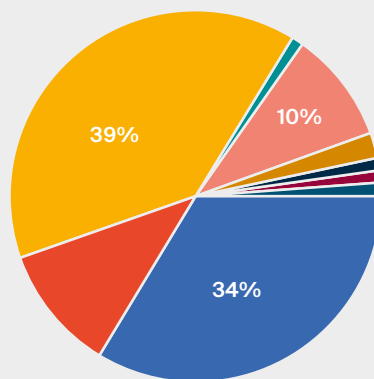
Alsico Group is committed to conducting a yearly materiality assessment based on continuous due diligence and contact with our stakeholders.

We define materiality as is stated in the reporting standards for the EU Corporate Sustainability Reporting Directive (CSRD)<sup>3</sup>. It says: "The materiality assessment of a negative impact is informed by the sustainability due diligence process. For **actual negative impacts**, materiality is based on the **severity of the impact**, while for **potential negative impacts** it is based on the **severity and likelihood** of the impact. In the case of a **potential negative human rights** impact, the **severity** of the impact takes precedence over its likelihood."

That is, for example, even a slight possibility of having child labour in the supply chain will require immediate action (see also 10, the Alsico Group code of conduct). The same applies for 'financial materiality' where the "materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the size of the potential financial effects"<sup>4</sup>.

Bearing in mind these criteria, we have asked the 17 reporting units to define a set of material topics, based on the information they have from their stakeholders. We then put together these topics in a list that we submitted again for consultation to our stakeholders through a survey<sup>5</sup>.

Which type of stakeholder are you?



- Employee
- Customer
- Supplier
- NGO
- Union representative
- Financial institution
- Member of the board
- Gouvernement institution

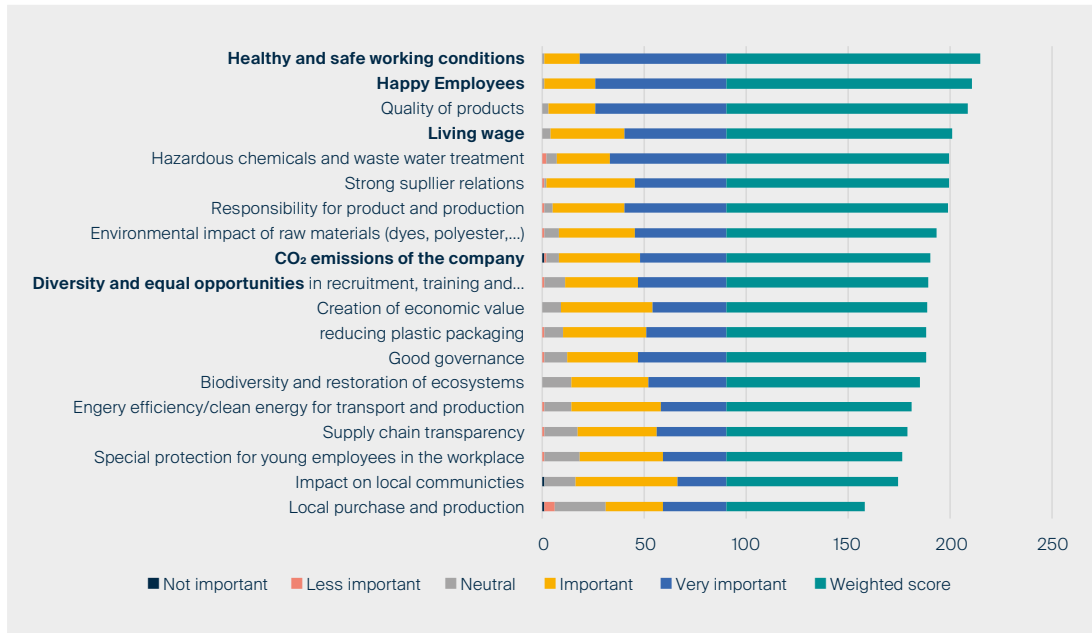
<sup>3</sup> Draft ESRS/CSRD standards were published on Nov. 22th 2022 and can be consulted at: <https://www.efrag.org/lab6?AspxAutoDetectCookieSupport=1#subtitle4>

<sup>4</sup> ESRS 1 – General Requirements, P.12

<sup>5</sup> Send out mails: 550, responses: 92, response rate: 17% with 39% of responding stakeholders being suppliers, 33% employees, 11% customers; 10% members of the board, 2% industry federation and 2% ngo and academia



These are the main material topics that have been identified:



We are very glad to see that priorities indicated by our stakeholders perfectly match our core purpose: 'making life better for people at work'. In the top five of material topics we also have a special interest in the impact of our products on people's lives. Being it through the conditions in which our clothing is made, to the protection it offers to the wearer or the effect the product can have on the environment.

It is especially comforting to see that the top material topics coming out of the survey are aligning with the Group's sustainability goals (see 5. 'The Alsico Group Sustainability Goals').

After consulting all the group units and discussing the stakeholder contacts they had over the past year, we choose to **highlight the following topics**:

**Healthy and safe working conditions**

see page 31  
'Health and safety'

**Happy employees**

see page 32  
'Employment practices'

**Living wage**

see page 39  
'Living wage'

**CO<sub>2</sub> emissions of the company**

see page 17-29  
'GHG-emissions report'

**Diversity and equal opportunities**

see page 34  
'Diversity and non-discrimination'

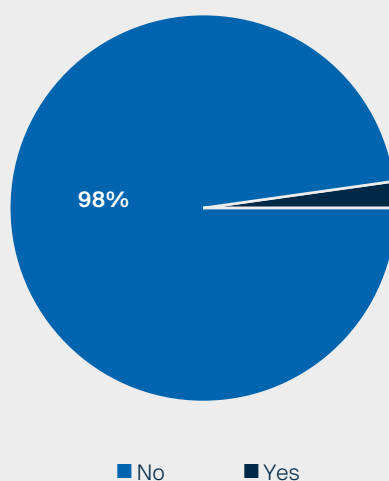
In the same survey we added a question to complete our human rights and environmental due diligence. We asked our stakeholders the following: 'As a stakeholder, have you experienced a negative impact as a result of Alsico's activity?' and 'Describe the negative impact exactly. Tell us where it takes/has taken place and who was affected by it.' These were the results:

**We had 2 stakeholders indicating they experience negative impact. When asked to specify they answered the following:**

1. *"Imports of woven and knitted fabrics or even ready-made garments from Asia when they can be easily found in Europe. The sea transports are environmentally unfriendly, but also the decrease of orders from Alsico in Europe is damaging the economy."*
2. *"Alsico might cause high CO<sub>2</sub> emissions. Alsico transports far too much air".*

The points raised regarding transportation and packaging are addressed in 6.1.5.

**As a stakeholder, have you experienced a negative impact as a result of Alsico's activity?**





# 4 The Alsico Group sustainability goals

Our company has two guiding sustainability goals that define our actions until 2034;

## 1. Net Zero +

1. Net zero +: has to lead to a reduction of 90% of CO<sub>2</sub>e emissions compared to base year 2022. **Tools** we will put in place: a yearly GHG emissions accounting and report, a net zero plan verified by the science-based targets initiative, an environmental due diligence assessment tool on the whole supply chain. Two of the **7 SMART-subgoals** will be major drivers to reach net zero:

- 100% of our products shall be eco-designed aiming at maximum lifespan, repairability and recyclability
- 100% of our raw materials shall comply with our preferred inputs list\* (compliant with the ZDHC roadmap to zero, maximal microfiber reduction, no fossil fuel-based fibers, recyclable fibers, cotton sourcing from 3rd party verified sustainable sourcing programs)

## 2. Living wage +

2. Living wage + : is aiming at continuous monitoring of living wage at all Alsico locations, closing existing gaps between paid and living wage in a timely manner and in agreement with local stakeholders. **Tools** we will put in place: a Living Wage Calculator (based on the Anker methodology) for each Alsico location, a social and human rights due diligence assessment tool on the whole supply chain. We have **5 subgoals** ranging from a hardship fund for our employees that allows them to weather unexpected situations with severe financial impact, to gender equality, including leadership programs and special protection of young employees.

Adding to that, we strive to have our processes verified in the context of external audits/assessments. We will recur to the highest standards for health and safety, environmental impact, social responsibility and quality management. By monitoring this powerful improvement cycle we can ensure we will achieve our objectives.



# Net Zero +



## Reduce CO<sub>2</sub>e emissions with 90% by 2034 (base year 2022) through:

- a yearly carbon footprint
- a net zero plan verified by the science-based targets initiative
- an environmental due diligence assessment tool on the whole supply chain

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### SUB GOALS

- |   |  |
|---|--|
| <b>1. 100% of our products shall be eco-designed aiming at maximum lifespan, repairability and recyclability</b><br>target 12.5 of SDG 12 and target 13.2 of SDG 13   | <b>as well as hydro, biomass and nuclear power depending on the definition of clean energy)</b><br>target 7.2 and 7.3 of SDG 7                                   |
| <b>2. 100% of our raw materials shall comply with our preferred inputs list* (compliant with the ZDHC roadmap to zero, maximal microfiber reduction, no fossil fuel-based fibers, recyclable fibers, cotton sourcing from 3rd party verified sustainable sourcing programs)</b><br>targets 3.9 of SDG 6, target 12.2 and 12.7 of SDG 12 and target 14.1 of SDG 14 | <b>5. 100% recycled packaging + reducing plastic packaging to a level where using plastic has lower footprint then using no plastic</b><br>target 14.1 of SDG 14 |
| <b>3. 100% of our suppliers complying with the ZDHC wastewater guidelines</b><br>target 6.3 of SDG 6, target 12.7 of SDG 12 and target 14.1 of SDG 14   | <b>6. 100% take back of our used garments at local collecting hubs</b><br>targets 12.5 of SDG 12   |
| <b>4. 100% clean energy sources** in our scope 1 and 2 (clean energy sources are: wind, solar, tidal, and geothermal power</b>  | <b>7. Partner with local organizations on expanding biodiversity in Alsico locations</b><br>targets 15.1 to 15.6 of SDG 15                                       |





# Living wage



## Monitoring living wage at all Alsico locations, closing existing gaps in due time through:

- a Living Wage Calculator (based on the Anker methodology) for each Alsico location
- a social and human rights due diligence assessment tool on the whole supply chain

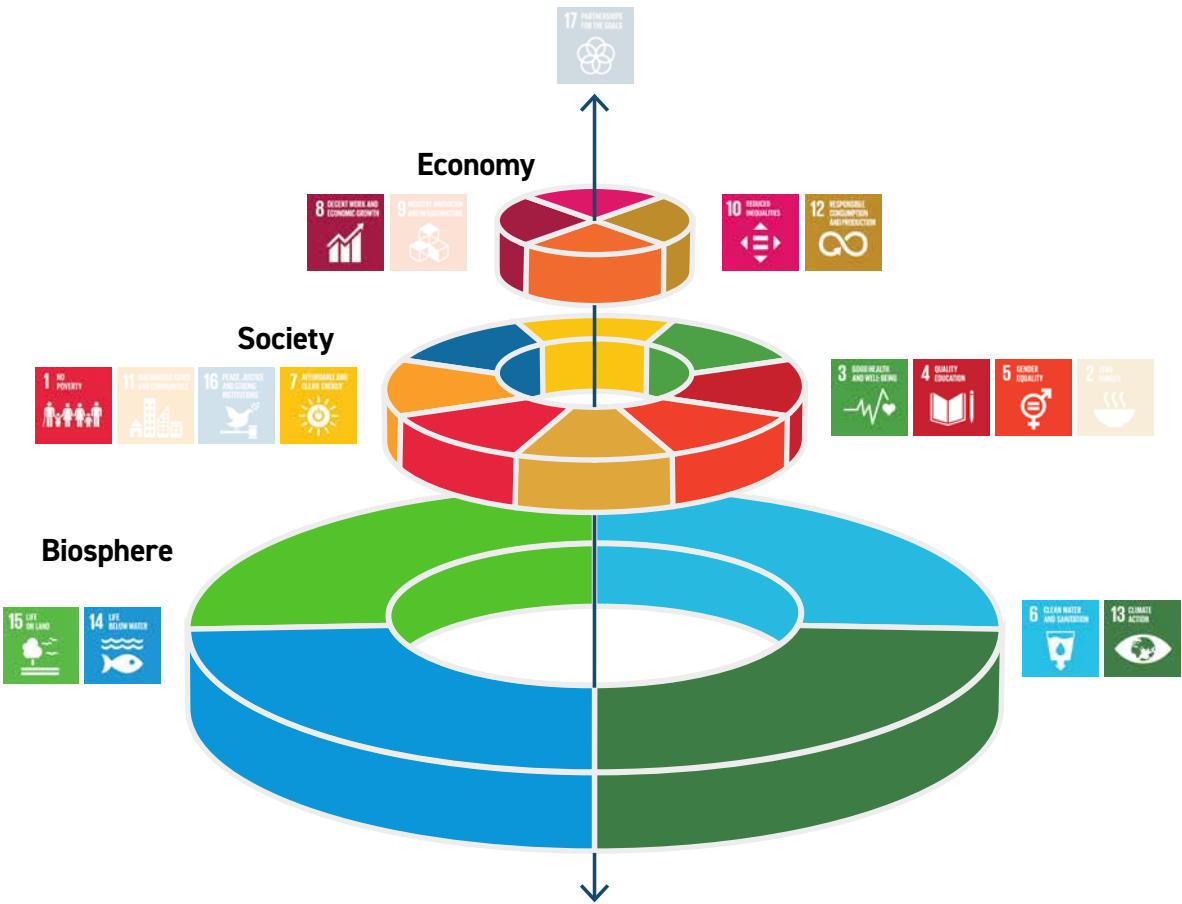
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### SUB-GOALS

- 1. Install processes to close detected living wage gaps**  
target 1.5 of SDG 1, target 3.9 of SDG 3, target 8.5 of SDG 8 and target 10.2 of SDG 10
- 2. Give all our workers access to a hardship fund that allows them to weather unexpected situations with severe financial impact**  
target 1.5 of SDG 1
- 3. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making**  
target 5.5 of SDG 5
- 4. Special protection for young employees in the work environment**  
target 5.1 and 5.2 of SDG 5 and target 8.5 of SDG 8
- 5. Ensure that children of our workers have access to quality early childhood development, care and pre-primary education**  
target 4.2 of SDG 4



The ‘wedding cake’ of the Sustainable Development Goals contains these goals at all three levels.



# 5 Actions taken in 2022

	 <b>Done in 2022</b>	 <b>Goal 2023</b>
<b>GHG-emissions report</b>	GHG-emissions report audited by SGS	Approved science based target for group CO <sub>2</sub> emissions
<b>Decarbonizing Raw materials</b>	Group wide launch of Alsi-flex, containing a 80% blend of recycled and renewable polyester	Expansion of Alsi-Flex range, permitting to replace/measure an ever greater part of the fabrics with virgin polyester
<b>Oeko-Tex STeP</b>	Certification-process started in Alsico Morocco - Rabat, Alsico Tunisia, Alsico Madagascar, Alsico Mexico and Alsico Morocco - Marrakesh	Certified production units: Alsico Morocco - Rabat, Alsico Tunisia, Alsico Mexico
<b>Living Wage</b>	Live living wage calculator for the Madagascar and Laos production unit.	Living wage calculators in all production units.
<b>Sustainability report</b>	Group wide sustainability report published, including GHG-report.	Reporting cycle based on ESRS/CSRD-standards.

# 6 Sustainability kpi's

## 6.1. GHG-emissions report

### 6.1.1. Description of the company and inventory boundary

#### 1. An outline of the organizational boundaries chosen, including the chosen consolidation approach.

The company hereby presenting the results of its GHG-accounting<sup>6</sup> is Alsico Group, owner of the 17 following units. Alsico Group chooses the control approach for consolidating GHG data at the corporate level, meaning we taken into account the full 100% of GHG of the units that Alsico Group financially and operationally controls.

**17 units:** Alsico NV (Belgium), Alsico Hightech (Belgium), Alsico UK (UK), Alsico Logistics (Belgium), Alsico CZ (Czech Republic), Alsico ES (Spain), Alsico MOR - Rabat (Morocco), Alsico HITEC (USA), Alsico USA (USA), Alsico Laos (Laos), Alsico Thailand (Thailand), Alsico TN - Monastir (Tunisia), Alsico TN - Sahline (Tunisia), Alsico MOR - Marrakesh (Morocco), Alsico MADA (Madagascar), Alsico BUL (Bulgaria), Alsico MEX (Mexico).

<sup>6</sup> **GHG accounting:** concerns the recognition and consolidation of GHG emissions from operations in which a parent company holds an interest (either control or equity) and linking the data to specific operations, sites, geographic locations, business processes, and owners (GHG-protocol)

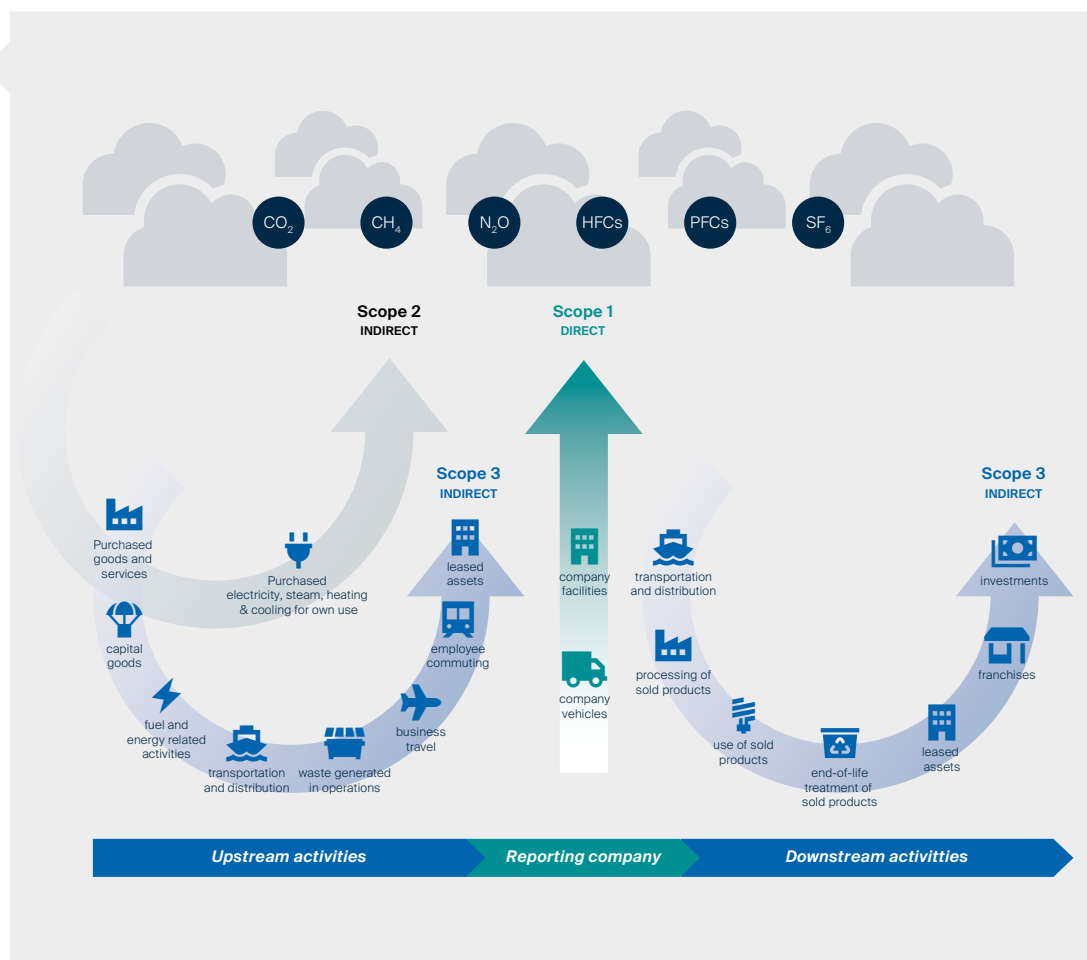


## 2. An outline of the operational boundaries chosen a list specifying which types of activities are covered.

Alsico Group has set the operational boundaries at scope 1, 2 and 3 of the units that are under its control (see the above). The company will account for and report emissions from scope 1, 2 and 3 separately. We will subdivide emissions data within scopes where this aids transparency or facilitates comparability over time. Data will be subdivided by business unit/facility, country, source type (stationary combustion, process, fugitive, etc.), and activity type (production of electricity, consumption of electricity, generation or purchased electricity that is sold to end users, etc.) in order to create a complete picture of the Group's base year emissions.

## 3. Inventory boundaries (see annex page 54-55)

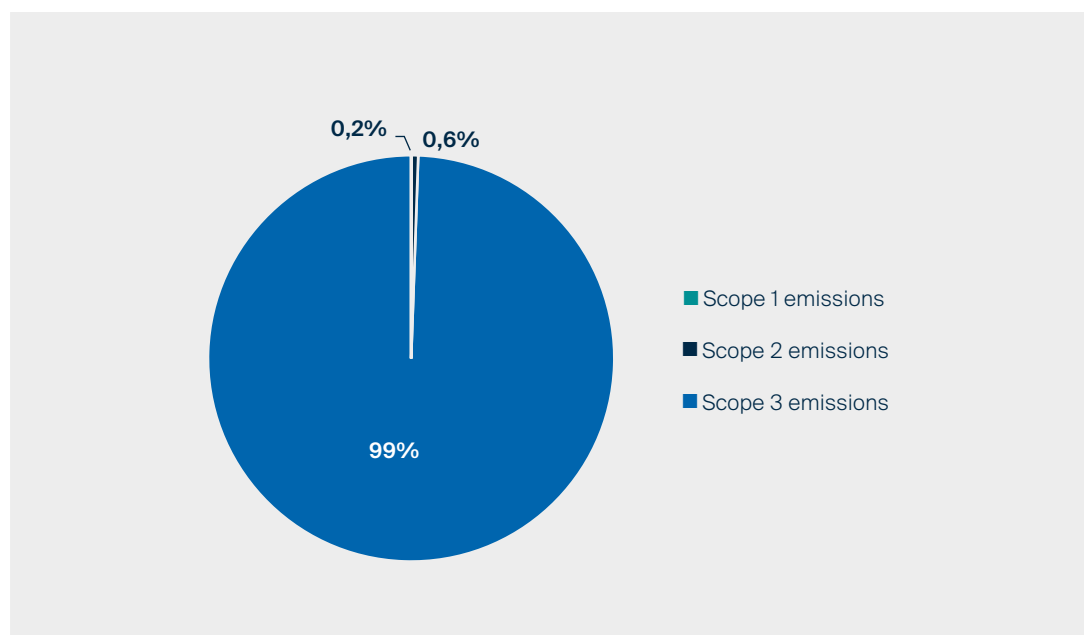
### Overview of GHG Protocol scopes and emissions across the value chain.



## 6.1.2 Recalculation policy (see annex page 56)

## 6.1.3. Alsico Group 2022 GHG emissions overview

Alsico Group	2022	share
 Full scope emissions	406.430 tCO <sub>2</sub> e	100%
 Scope 1 emissions	675 tCO <sub>2</sub> e	0,2%
 Scope 2 emissions	2.414 tCO <sub>2</sub> e	0,6%
 Scope 3 emissions	403.342 tCO <sub>2</sub> e	99%



### Alsico Group Global Emissions

Alsico Group measured its Greenhouse Gas (GHG) emissions according to the GHG-protocol (see 6.1.1. and 6.1.2.). An overall view of the results learns our GHG-emissions are almost coinciding with scope 3 emissions. It point out the nature of our business, which has a low energy intensity in manufacturing, but relies heavily on raw materials that have extensive and high emitting supply chains.

So if Alsico Group has emitted a total of 406.430 tonnes of CO<sub>2</sub>e over 2022, what does that mean?<sup>7</sup>

<sup>7</sup> **Source:**  
The Climate  
Neutral Group,  
retrieved from  
<https://www.climateneutral-group.com/en/news/what-exactly-is-1-tonne-of-co2/> on April  
25th 2023.

# 1 CO<sub>2</sub> =



**7 km**  
by bus



**50 g**  
beef



**1x**  
drying laundry



**12 min**  
showering



**100 g**  
cheese



**10**  
tullips

## 406.430 tonnes of CO<sub>2</sub> =



**406.430**

**cars (gasoline) driving from Stockholm to Rome and back**

(average km's per year with passenger car, gasoline: 9,994 km, source CBS, Dutch National Statistics).



**1.097.361**

**economy flights Brussels – Rome**

(average km's per year with passenger car, gasoline: 9,994 km, source CBS, Dutch National Statistics).



**406.430**

**electric cars (grey electricity) driving for one year**

(averaged km's per year with passenger car: 11,198 km (general average, E car average unknown, CBS, Dutch National Statistics)



**284.501**

**total electricity consumption (grey electricity) of 284.501 households in one year**

(average consumption HH: 2944 kWh, source VREG).



**CAPTURING 406.430 TONNES OF CO<sub>2</sub> EMISSION MEANS THAT...**

**20.304.000**

**TREES MUST GROW FOR ONE YEAR.**



## 6.1.4 GRI 305-1 Direct (Scope 1) GHG emissions

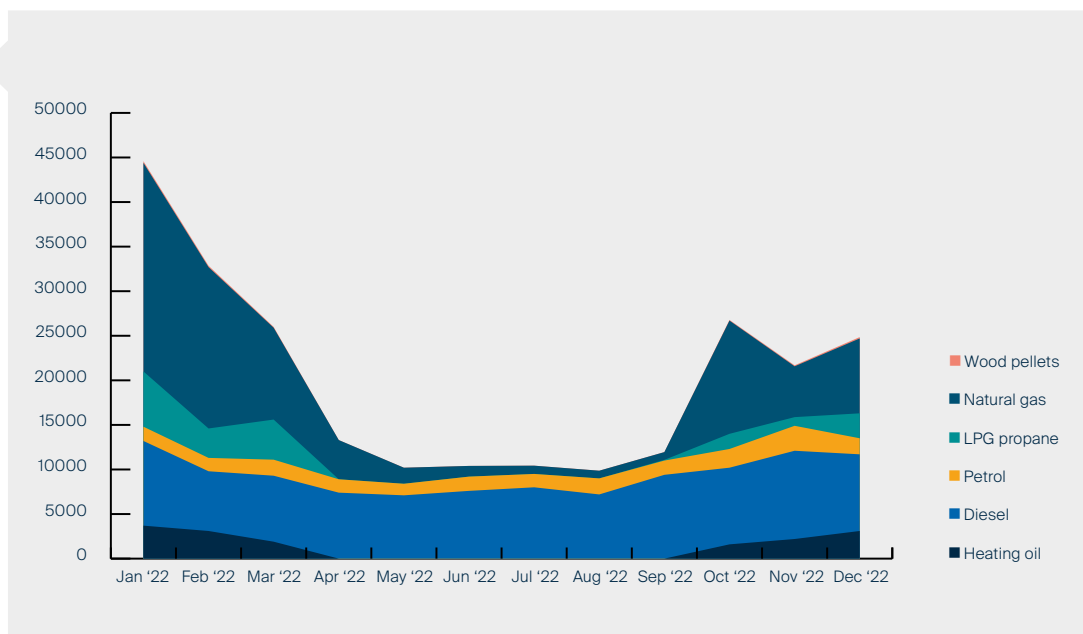
### a. Gross direct (Scope 1) GHG emissions in metric tonnes of CO<sub>2</sub> equivalent:

Alsico Group	2022	share
Scope 1 emissions	675 tCO <sub>2</sub> e	0,2%
Full scope emissions	406.430 tCO <sub>2</sub> e	100%

Alsico Group	2022	Share of scope 1 emissions
Scope 1 emissions	674,7 tCO <sub>2</sub> e	100%
 Scope 1 emissions - company cars	373 tCO <sub>2</sub> e	55%
 Scope 1 emissions - direct energy	243 tCO <sub>2</sub> e	36%
 Scope 1 emissions - refrigerants	59 tCO <sub>2</sub> e	9%

Alsico Group	2022	Share of company car emissions
Scope 1 emissions	675 tCO <sub>2</sub> e	100%
 Scope 1 emissions - company cars	373 tCO <sub>2</sub> e	100%
• Scope 1 emissions - diesel cars	312 tCO <sub>2</sub> e	84%
• Scope 1 emissions - petrol cars	60 tCO <sub>2</sub> e	16%
• Scope 1 emissions - hybrid cars	0,9 tCO <sub>2</sub> e	0,2%
• Scope 1 emissions - unknown fuels	0,6 tCO <sub>2</sub> e	0,2%

**Top 5 direct energy sources: diesel, natural gas, petrol, LPG/propane and heating oil – apart from diesel, all are for heating purposes**



Alsico Group	2022	Share of direct energy emissions
<b>Scope 1 emissions</b>	<b>675 tCO<sub>2</sub>e</b>	<b>100%</b>
<ul style="list-style-type: none"> <li>Scope 1 emissions - direct energy</li> </ul>	243 tCO <sub>2</sub> e	100%
<ul style="list-style-type: none"> <li>Scope 1 emissions - <b>diesel</b></li> </ul>	98 tCO <sub>2</sub> e	40%
<ul style="list-style-type: none"> <li>Scope 1 emissions - <b>natural gas</b></li> </ul>	89 tCO <sub>2</sub> e	37%
<ul style="list-style-type: none"> <li>Scope 1 emissions - <b>petrol</b></li> </ul>	21 tCO <sub>2</sub> e	9%
<ul style="list-style-type: none"> <li>Scope 1 emissions - <b>LPG/propane</b></li> </ul>	20 tCO <sub>2</sub> e	8%
<ul style="list-style-type: none"> <li>Scope 1 emissions - <b>heating oil</b></li> </ul>	16 tCO <sub>2</sub> e	6%

The two major contributors to scope 1 emissions are company cars (47%) and direct energy for heating purposes (31%). A major step towards reducing company cars can be taken by implementing zero emission alternatives for diesel cars (83%) of company car emissions. As well as looking for zero or low emission heating systems (40% from diesel and 37% from natural gas).

- b. **Gases included in the calculation; the CO<sub>2</sub>e used in this calculation comprises CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.**

GHG emissions	CO <sub>2</sub>		CH <sub>4</sub>		N <sub>2</sub> O		HFCs		PFCs		SF <sub>6</sub>	
	Metric tonnes CO <sub>2</sub>	Metric tonnes CO <sub>2</sub> e	Metric tonnes CH <sub>4</sub>	Metric tonnes CO <sub>2</sub> e	Metric tonnes N <sub>2</sub> O	Metric tonnes CO <sub>2</sub> e	Metric tonnes of each HFC	Metric tonnes CO <sub>2</sub> e	Metric tonnes of each PFC	Metric tonnes CO <sub>2</sub> e	Metric tonnes SF <sub>6</sub>	Metric tonnes CO <sub>2</sub> e
Scope	2447	2447	0,6	14	0,1	17	0	0	0	0	0	0

- c. **Biogenic CO<sub>2</sub> emissions in metric tonnes of CO<sub>2</sub> c. 2 equivalent:** no direct CO<sub>2</sub> emissions reported from the combustion of biomass and biofuels, as well as CO<sub>2</sub> removals associated with bioenergy feedstock
- d. **Base year for the calculation: 2022**
- full scope emissions in the base year; 406.431 tCO<sub>2</sub>e
  - the context for any significant changes in emissions that triggered recalculations of base year emissions: since we are reporting on our base year, no significant changes have taken place
- e. **Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source:** emission factors used are the revised GHG reporting Conversion Factors of the UK Government (DEFRA) for 2022: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>
- f. **Consolidation approach for emissions:** operational control (see 6.1.1. inventory boundary)
- g. **Standards, methodologies, assumptions, and/or calculation tools used:** Alsico Group is reporting according to the GHG-protocol (see 6.1.1. and 6.1.2 for inventory boundary) and has collaborated with Worldfavor for data collection and emission calculations.

### 6.1.5 GRI 305-2 Energy indirect (Scope 2) GHG emissions

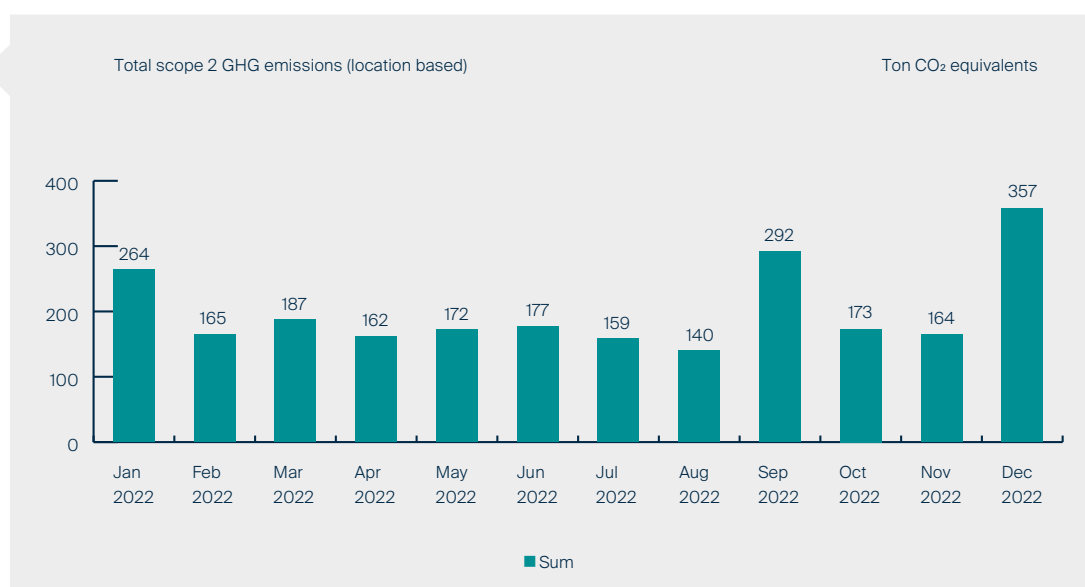
#### a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tonnes of CO<sub>2</sub> equivalent.

Alsico Group	2022	Share of full scope emissions
Full scope emissions	406.430 tCO <sub>2</sub> e	100%
Scope 2 emissions	2.413 tCO <sub>2</sub> e	0,6%

Alsico Group	2022	Share electricity consumption
Total Electricity consumption	4.961.911,5 kWh	100%
⚡ Purchased regular <b>grid electricity</b>	4.674.029 kWh	94%
🌿 Produced certified <b>renewable energy</b>	39.789 kWh	6%

A view on the Group's scope 2 emissions – indirect emissions from purchasing electricity – are mainly coming from grid electricity consumption. At each Alsico location a so called 'location based' emission factor has been applied to calculate those emissions. We need this location based approach since electricity is generated from different- both renewable and non-renewable - energy sources in each country or even region. Even then we see that major reductions in scope 2 emissions can be achieved by switching to certified renewable energy, which now only counts for 6% of total electricity consumption.

#### Monthly scope 2 emissions



- b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tonnes of CO<sub>2</sub> equivalent:** not applicable, since we adapted location based emission calculations for our globally dispersed reporting units.
- c. If available, the gases included in the calculation:** the CO<sub>2</sub>e used in this calculation comprises CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.
- d. Base year for the calculation: 2022**
- full scope emissions in the base year; 406.430 tCO<sub>2</sub>e
  - the context for any significant changes in emissions that triggered recalculations of base year emissions: since we are reporting on our base year, no significant changes have taken place
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source:** for location based emission factors we used the following sources: <https://www.aib-net.org/facts/european-residual-mix> and <https://www.iges.or.jp/en/pub/list-grid-emission-factor/en>
- f. Consolidation approach for emissions:** operational control (see 6.1.1. inventory boundary)
- g. Standards, methodologies, assumptions, and/or calculation tools used:** Alsico Group is reporting according to the GHG-protocol (see 6.1.1. and 6.1.2 for inventory boundary) and has collaborated with Worldfavor for data collection and emission calculations.
















## 6.1.6 GRI 305-3 Other indirect (Scope 3) GHG emissions

### a. Gross other indirect (Scope 3) GHG emissions in metric tonnes of CO<sub>2</sub> equivalent.

Alsico Group	2022	Share of full scope emissions
Full scope emissions	406.430 tCO <sub>2</sub> e	100%
Scope 3 emissions	403.342 tCO <sub>2</sub> e	99%

Alsico Group	2022	Share of scope 3 emissions
Scope 3 emissions	403.342 tCO <sub>2</sub> e	100%
 Scope 3 emissions – raw materials	285.636 tCO <sub>2</sub> e	71%
 Scope 3 emissions – downstream transport and distribution	85.546 tCO <sub>2</sub> e	21%
 Scope 3 emissions – upstream transport and distribution	29.443 tCO <sub>2</sub> e	7%
 Scope 3 emissions – business travel	1.626 CO <sub>2</sub> e	0,4%
 Scope 3 emissions – office and factory machinery	381 tCO <sub>2</sub> e	0,1%
 Scope 3 emissions – indirect energy	296 tCO <sub>2</sub> e	0,1%
 Scope 3 emissions – office material	236 tCO <sub>2</sub> e	0,1%
 Scope 3 emissions – well-to-tank-emissions from company cars (scope 1)	92 tCO <sub>2</sub> e	0,02%
 Scope 3 emissions – well-to-tank-emissions from consumed direct energy (scope 1)	53 tCO <sub>2</sub> e	0,01%
 Scope 3 emissions – waste	34 tCO <sub>2</sub> e	0,01%



Alsico Group	2022	Share of raw material emissions
<b>Scope 3 emissions</b>	<b>403.342 tCO<sub>2</sub>e</b>	<b>100%</b>
 Scope 3 emissions – raw materials	285.636 tCO <sub>2</sub> e	100%
• Scope 3 emissions – finished garments bought	155.245 tCO <sub>2</sub> e	54%
• Scope 3 emissions – polyester	102.366 tCO <sub>2</sub> e	36%
• Scope 3 emissions – cotton	14.068 tCO <sub>2</sub> e	5%
• Scope 3 emissions – modacrylic	6.685 tCO <sub>2</sub> e	2%
• Scope 3 emissions – recycled polyester	1.735 tCO <sub>2</sub> e	1%
• Scope 3 emissions – aramides	1.702 tCO <sub>2</sub> e	1%
• Scope 3 emissions – polyester thread	1.289 tCO <sub>2</sub> e	1%
• Scope 3 emissions – polyamide	904 tCO <sub>2</sub> e	0,3%
• Scope 3 emissions – carbon	362 tCO <sub>2</sub> e	0,1%
• Scope 3 emissions – inox	260 tCO <sub>2</sub> e	0,1%
• Scope 3 emissions – rubber/latex	239 tCO <sub>2</sub> e	0,1%
• Scope 3 emissions – plastic buttons	223 tCO <sub>2</sub> e	0,1%
• Scope 3 emissions – polyethuraan	191 tCO <sub>2</sub> e	0,1%
• Scope 3 emissions – wool	28 tCO <sub>2</sub> e	0,01%
• Scope 3 emission – other fibers	340 tCO <sub>2</sub> e	0,1%

On our path to net zero focus has to be on the scope 3 emissions, representing 99% of global emissions of the Group. Within scope 3 we see a predominance of raw material emissions, taking a share of 71%.

The considerable share of high emitting virgin polyester (36% of all raw materials) gives us a path to straight forward emissions reduction. By measuring the impact of material purchases we are able to redirect our procurement towards less emitting materials. However, emissions of the 'finished garment' category (54% of scope 3 emissions) have to be more granular in order to take focused action. For now we can work under the assumption that the finished garment category can be roughly split up in a 30% cotton and a 70% polyester share<sup>8</sup>. In this scenario virgin polyester is taking a share of 74% in raw material emissions. This offers us a fast track for defossilizing raw materials (see also page 38 'Defossilizing raw materials').

- b. If available, the gases included in the calculation:** the CO<sub>2</sub>e used in this calculation comprises CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.
- c. Biogenic CO<sub>2</sub> emissions in metric tonnes of CO<sub>2</sub> equivalent:** no indirect CO<sub>2</sub> emissions reported from the combustion of biomass and biofuels, as well as CO<sub>2</sub> removals associated with bioenergy feedstock.
- d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation** (see 6.1.1. Inventory boundary)
- e. Base year for the calculation: 2022**
  - full scope emissions in the base year; 406.430 tCO<sub>2</sub>e
  - the context for any significant changes in emissions that triggered recalculations of base year emissions: since we are reporting on our base year, no significant changes have taken place
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source:** emission factors used are the revised GHG reporting Conversion Factors of the UK Government (DEFRA) for 2022: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022> as well as ADEME for fiber specific emission factors used to calculate raw material emissions.
- f. Consolidation approach for emissions:** operational control (see 6.1.1. inventory boundary)
- g. standards, methodologies, assumptions, and/or calculation tools used:** Alsico Group is reporting according to the GHG-protocol (see 6.1.1. and 6.1.2 for inventory boundary) and has collaborated with Worldfavor for data collection and emission calculations.

## 6.1.7 Conclusion

The path towards effective GHG-emissions reduction is shown when we line up our top 5 emissions sources (together representing 95% of full scope emissions). Raw material and transportation are the emission sources that have to be tackled first. A material substitution plan for virgin polyester is already being rolled out (see 6.2.) but also replacing cotton with less emitting alternatives is a major task for the coming months and years. Looking at the list there is also a data problem still to be cracked. We need granular and verified information on the garment emissions in order to take focused action in what is now the 'finished garment' category. For that we count on our suppliers.



As important are the emissions sources related to 'downstream and upstream transportation and distribution'. We have quite some margin for improvement when it comes to low emitting transport modes and frequency of transportation. These are actions that will doubtlessly figure in the Science Based Targets we submit this year.

Alsico Group	2022	share
<b>Full scope emissions</b>	<b>406.430 tCO<sub>2</sub>e</b>	<b>100%</b>
1. Finished garments <sup>9</sup>	155.245 tCO <sub>2</sub> e	38%
2. Polyester (fiber in fabric purchases)	102.366 tCO <sub>2</sub> e	25%
3. Downstream transportation & distribution	85.546 tCO <sub>2</sub> e	21%
4. Upstream transportation & distribution	29.443 tCO <sub>2</sub> e	7%
5. Cotton (fiber in fabric purchases)	14.068 tCO <sub>2</sub> e	4%
6. Modacrylic (fiber in fabric purchases)	6.685 tCO <sub>2</sub> e	2%
<b>Total top 5 emissions sources</b>	<b>393.354 tCO<sub>2</sub>e</b>	<b>97%</b>

<sup>8</sup> We base this assumption on our latest Group cotton consumption accounting for Better Cotton, which indicates a cotton share of 30%.

<sup>9</sup> If we split the finished garment category in a 30% cotton and a 70% polyester share, the emissions from cotton increase to 60.642 tCO<sub>2</sub>e (21% of all raw material emissions) while those of polyester increase to 211.038 tCO<sub>2</sub>e (74% of raw material and more than half of global Alsico Group emissions).




## 6.2. GRI 301: Materials

	301-1	Materials used by weight or volume	<b>12.231.416 kg</b>
	301-2	Recycled input materials used	<b>223.587 kg</b>

## 6.3. GRI 306: Waste

	306-1	Waste generated	<b>6.560 tonnes</b>
	306-2	Waste diverted from disposal	<b>621 tonnes</b>
	306-3	Waste directed to disposal	<b>5.939 tonnes</b>




## 6.4. GRI 403: Occupational Health and safety

	403-8	Workers covered by an occupational health and safety management system	<b>93%</b>
	403-9	<b>Work-related injuries:</b>	
		• Fatalities	<b>0</b>
		• Work-related injuries	<b>101</b>
		• Rate of work related injuries:	<b>2*</b>
		• Numbers of hours worked	<b>12.362.365h</b>
		• Total number of high-consequence work-related injuries (excluding fatalities):	<b>6</b>
		• Rate of high consequence work-related injuries:	<b>0,1**</b>
	403-10	<b>Work-related ill health:</b>	
		• Total number of fatalities as a result of work-related ill-health:	<b>0</b>
		• Number of cases of work-related ill health:	<b>43</b>




\* (calculation = number of work related injuries/number of hours worked X 200.000)

\*\* (calculation = number of high consequence work-related injuries/number of hours worked X 200.000)

## 6.5. GRI 401: Employment

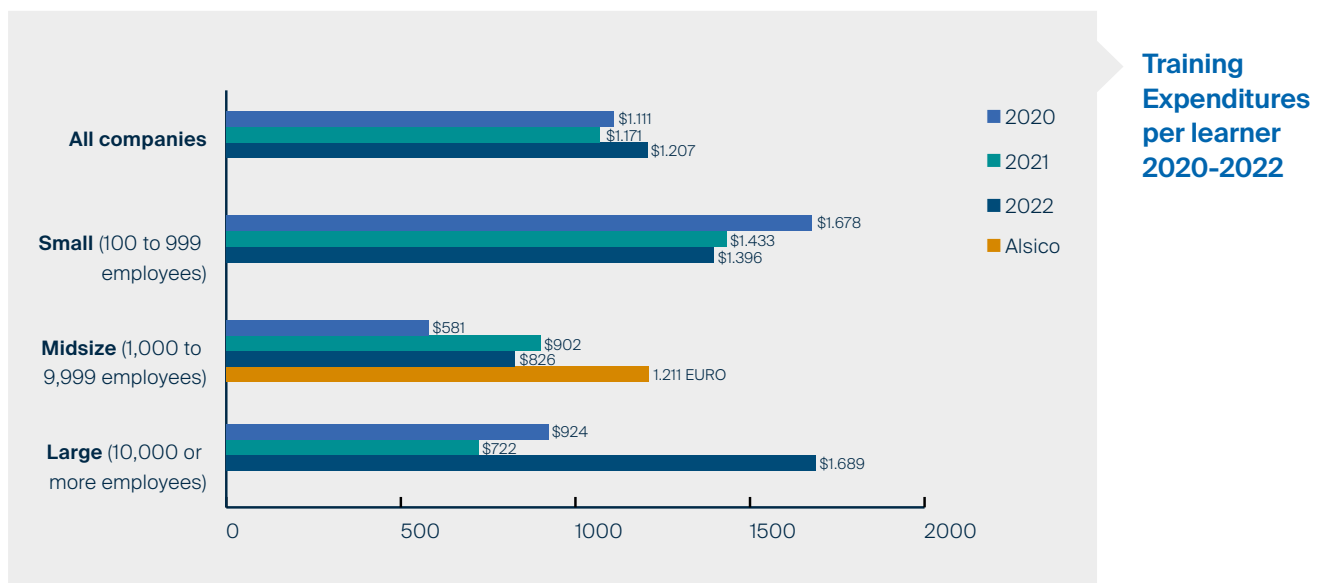
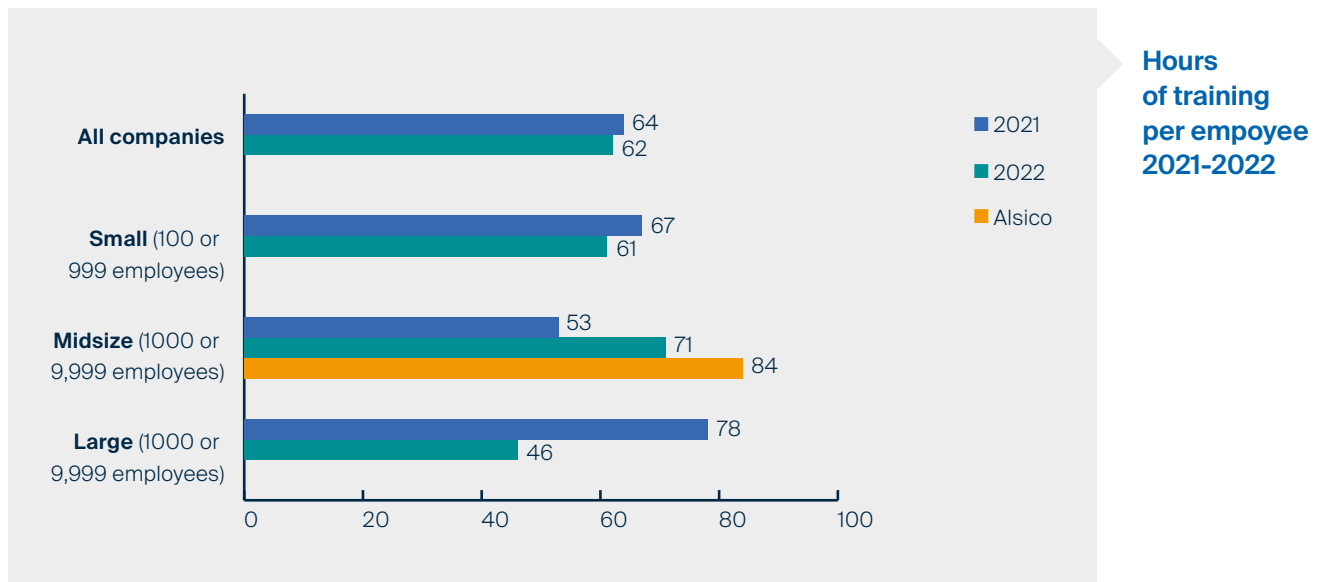
	401-1	<b>New employee hires and employee turnover:</b>	
		• Employees hired:	<b>1.539</b>
		• Number of female employee hires:	<b>1.253</b>
		• Percentage of employee hires that are female:	<b>82%</b>
		• Percentage of employee hires <30 years:	<b>57%</b>
		• Percentage of employee hires 30-50 years:	<b>48%</b>
		• Percentage of employee hires >50 years:	<b>8%</b>
	401-1	<b>Employees leaving:</b>	
		• Total number of employees leaving:	<b>1.116</b>
		• Number of female employees leaving:	<b>764</b>
		• Percentage of employees leaving that are female:	<b>68%</b>
		• Percentage of employees leaving <30 years:	<b>48%</b>
		• Percentage of employees leaving 30-50 years:	<b>46%</b>
		• Percentage of employees leaving >50 years:	<b>7%</b>
	401-1	<b>Employee turnover rate:</b>	<b>16%</b>

Based on these numbers we can conclude Alsico has been a net job creator, adding 423 people to its staff.

	401-3	<b>Parental leave</b>	
		• Number of employees that were entitled to parental leave:	<b>2030 FTEs</b>
		• Percentage of employees that were entitled to parental leave:	<b>31%</b>
	404-1	<b>Average hours of training per year per employee:</b>	
		• Average hours of training per year per employee:	<b>85h/employee*</b>
		• Average training and development expenditure per full-time employee:	<b>1.211 EUR**</b>
	404-2	<b>Programs for upgrading employee skills and transition assistance programs</b>	
		• Total number of employees who received a regular performance and career development review	<b>556</b>
		• Percentage of employees who received a regular performance and career development review:	<b>9%</b>




- \* Doing better than the average of our peers
- \*\* Doing better than the average, while equalling the average of large companies.




## 6.6. GRI 405: Diversity and non-discrimination

### Disclosure 3-3 in GRI 3: How Alsico Group manages diversity and non-discrimination

(see our diversity and non-discrimination policy in the Code of Conduct, page 44-45)

	405-1	Diversity of governance bodies and employees:	
		<b>Members of the board:</b>	<b>12</b>
		• Percentage of female members of the board:	<b>8%</b>
		• Percentage of <30y members of the board:	<b>0%</b>
		• Percentage of <30-50y members of the board:	<b>50%</b>
		• Percentage of >50y members of the board:	<b>50%</b>
		<b>Total number of employees:</b>	<b>7.101</b>
		• Percentage of female employees:	<b>78%</b>
		• Percentage of employees <30 years:	<b>25%</b>
		• Percentage of employees 30-50 years:	<b>59%</b>
		• Percentage of employees >50 years:	<b>16%</b>

Numbers on age and gender show the Alsico Group has a predominantly female workforce, which tends to rejuvenate (highest net gain in employment is in the <30y category). This underscores our material topics on 'gender equality' and 'protection of young workers'.

	406-1	<b>Incidents of discrimination and corrective actions taken</b>	<b>0</b>
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No incidents have been reported. We are aware that this is not a credible number. It is a sign we have to dig deeper, since discrimination is a topic to be watched continuously. That is why we have set up collaboration with the &Wider communication platform for preventive surveying of working conditions. A first round of surveying will be concluded in 2023. We will report on the results in next year's report.




## 6.7. GRI 205: Anti-corruption

### Disclosure 3-3 in GRI 3, 2021

(see our Code of Conduct on page 46-47 for our anti-corruption policy)

	205-1	<b>a. Total number and percentage of operations assessed for risks related to corruption.</b>	
		• Number of operations assessed for risks related to corruption:	<b>34</b>
		• Percentage of operations assessed for risks related to corruption:	<b>25%</b>
		• Number of suppliers assessed for risks related to corruption:	<b>157</b>
		• Percentage of suppliers assessed for risks related to corruption:	<b>11%</b>
		<b>b. Significant risks related to corruption identified through the risk assessment.</b>	

The number of operations (25%) and suppliers (11%) that are systematically assessed for corruption risks is fairly low. Which constitutes as such a risk. A number of suppliers is located in countries that are ranking high on the corruption index<sup>10</sup>, such as Pakistan (140/180) and Bangladesh (147/180). Also important operations are located in medium to high-risk countries such as Tunisia (87/180), Morocco (94/180), Thailand (101/180), Laos (126/180), Mexico (126/180) and Madagascar (142/180). The rate of assessed operations and suppliers shall be at 100% by 2024.

	205-2	Communication and training about anti-corruption policies and procedures	
		a. Communication	
		<ul style="list-style-type: none"> <li>Percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to:</li> </ul>	72%
		<ul style="list-style-type: none"> <li>Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to:</li> </ul>	14%
		<ul style="list-style-type: none"> <li>Percentage of suppliers that the organization's anti-corruption policies and procedures have been communicated to:</li> </ul>	14%
		<ul style="list-style-type: none"> <li>Percentage of suppliers assessed for risks related to corruption:</li> </ul>	11%
		b. Training	
		<ul style="list-style-type: none"> <li>Percentage of governance body members that have received training on anti-corruption:</li> </ul>	24%
		<ul style="list-style-type: none"> <li>Percentage of employees that have received training on anti-corruption:</li> </ul>	4%

It is fair to say that all workers that sign a contract with Alsico Group at the start of their employment get the 'Labor policy' as a mandatory read. In the document the anti-corruption policies are clearly stated. In addition some units have started to organize extra communications on anti-corruption. The same applies to 'training on anti-corruption'. That explains the – fairly low – numbers in these disclosures.

	205-3	Confirmed incidents of corruption and actions taken	
		<ul style="list-style-type: none"> <li>Total number of confirmed incidents of corruption:</li> </ul>	2*
		<ul style="list-style-type: none"> <li>Number of public legal cases regarding corruption brought against the organization or its employees:</li> </ul>	0

\* In one of the cases an employee was caught stealing from a warehouse, the other was about an employee manipulating his salary. In the latter case the employee was dismissed. General code of conduct training at this operational unit was set up.

<sup>10</sup> <https://www.transparency.org/en/cpi/2022>

# 7 Actions taken in 2022

## 7.1. Defossilizing raw materials – Alsi-Flex

Alsico NV/Belgium, one of our group units, has been carrying out a yearly carbon accounting since 2017. From its very first carbon emissions report Alsico NV came to a remarkable finding – confirmed now by our Group GHG report (see 6.1.): raw materials are causing the bulk (up to 70%) of our emissions and more specifically virgin polyester, which counts for two thirds of raw material emissions (see figure below).

Building on that knowledge Alsico Group decided to develop a fabric where virgin polyester would be replaced by a blend of recycled and biobased fibers. The emission factors we used point to a GHG-emission of biobased and recycled polyester that is up to 60% lower<sup>1</sup>. This is how Alsi-flex will spearhead our attempt to defossilize raw materials. By investing in a shift to this new material, we are looking at a potential reduction of a third of total emissions.

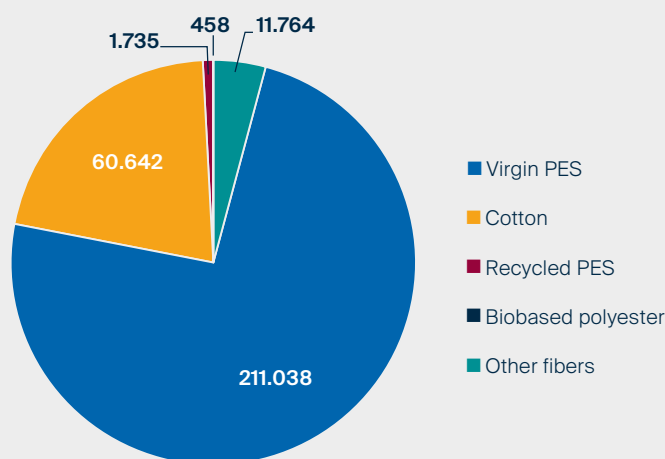
Why do we think this major shift is possible? Because Alsi-flex is a no compromise solution; we are offering a type of comfort comparable to the athleisure garments everybody is fond of but in an industrial launderable quality and made from fibers that have a documented lower GHG-emissions impact.

In 2022 we witnessed the first steps to market of the Alsi-flex garments. There is still a long way to go. As you see in this report, the rate of virgin polyester is still high in our overall fabric procurement. We expect to see a decrease in polyester over the next year, while increasing the share of recycled and biobased polyester. These will be the main indicators of our progress.

At the same time we cemented defossilization of raw materials into a wider purchase policy, by working with so called 'preferred inputs' and 'preferred fibers'. These have to be: not-fossil based AND with verifiable lower global warming potential, without harmful substances and traceable.

Total raw material emissions 2022: **285.636 tCO<sub>2</sub>e**

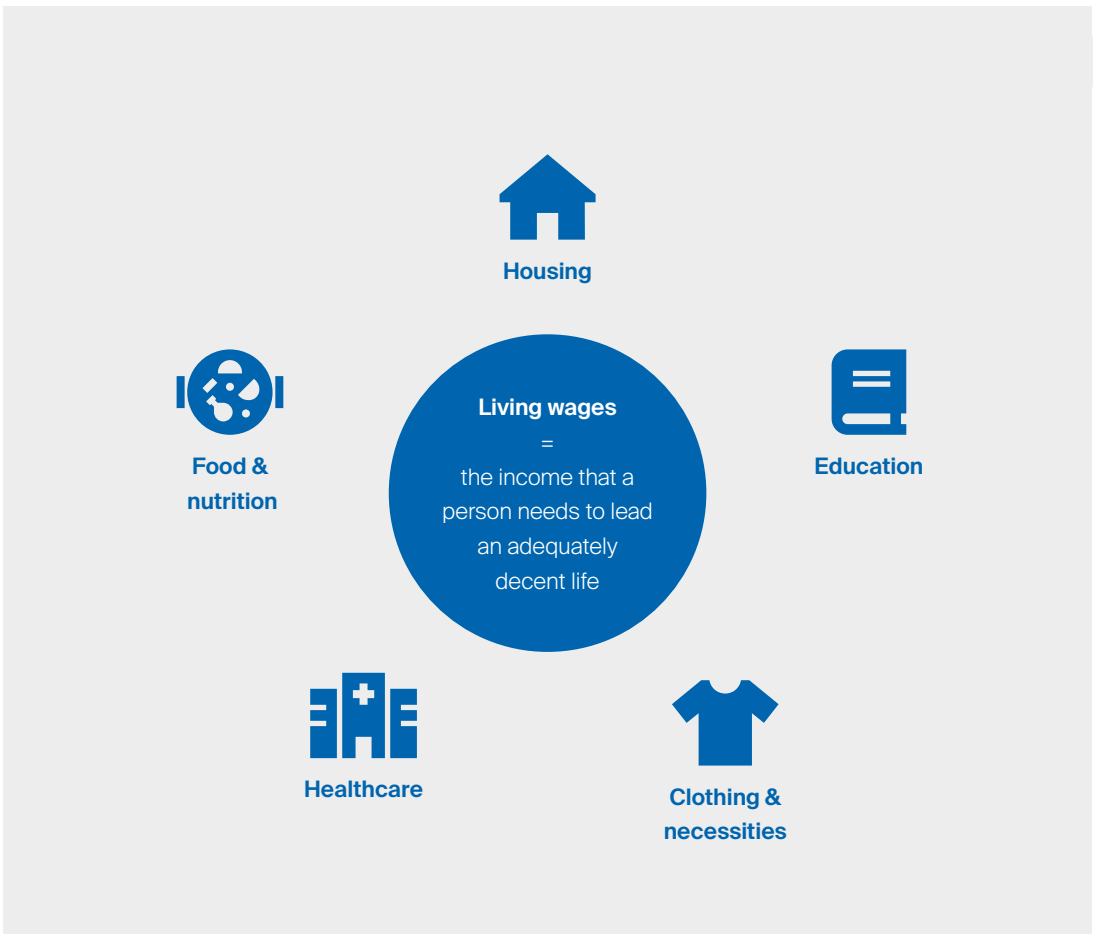
GHG-emissions  
(tonnes)  
pro fiber type -  
Alsico Group



## 7.2. Living wage monitor

Alsico Group has chosen '**Living Wage +**' (see page 14) as its second major goal towards 2034. Health and safety of our workers, gender equality and guaranteeing their wellbeing (happy employees) are major material topics (see, page 9). With over 7.000 employees of which 78% are women, mostly employed in production facilities, the company has the responsibility – and the possibility – to have a positive impact on the lives of workers in countries as different as Laos, Madagascar, Tunisia or Mexico. We choose to do so, but in a monitored and step-by-step approach. The concept of living wage offers such a path.

Living wage is a measure of the income that is needed to a worker to have adequate living standards in a given society. It is always specific to a particular economy and time. It is a wage relative to the other wages present in that economy. The wage is calculated by listing all things people should be able to afford in an area and time not to be considered poor (compared to local, not global poverty thresholds). In most countries a living wage lies far above the legal minimum wage. That is why we need to have the instruments in place to check possible gaps between the paid wage and the local living wage. We recur to the Anker-methodology to calculate the local living wage, then comparing it to the actual paid wage.



**What is a living wage?**

<sup>11</sup> Virgin PES is at 19.629kg CO<sub>2</sub>e/kg of fiber, while recycled PES is at 7.758kg CO<sub>2</sub>e and biobased PES at 3.418 kgCO<sub>2</sub>e



In 2022 we conducted living wage exercises for our production unit in Madagascar and Laos, being the countries with overall the lowest incomes. For setting up the calculator we used the Anker-methodology, including the following five items: Housing/Food & Nutrition/Clothing & Necessities/Healthcare/Education.

### First steps taken:

- Understanding of workers' current earnings (including 'in kind benefits' such as the two daily free meals we give to our workers. These are included in the 'paid wage'.)
- Knowing local expenditure on the 5 key components of household expenditure
- Create uniformity on how living wage gaps are verified

**Findings:** in **Madagascar** food cost is significant and accounts for 52% of the total Living Wage. The Madagascar production unit has anticipated on this by incorporating breakfast and lunch (warm meal) for all its workers in order to take care of nutrition, with focus on healthy nutrition facts. When it comes to comparing paid and local living wage, we see a complex picture where paid wage exceeds the living wage with 22% when two people of the same household are working at the unit. When we apply the demographic average for Madagascar (1,1 workers/household), we see a gap of 39% between paid and living wage. Most workers at our factory are in a situation where their partners have an informal day job (corresponding to a 1,3 worker/household average). In that case the gap between paid and living wage is at 20%. For this situation we need to find an approach to close the gap, taking into account the local situation and avoiding price spirals.



*Workers of the Madagascar production unit receiving lunch – they also receive a daily breakfast*

In **Laos** two thirds of the population works in agriculture. The country has a very young population (60% < 35y) that is willing to emigrate in search of better paid jobs. The Anker Living Income Reference for Laos is 89% higher than the actual family income of a standard household with two children (national average). Compared to that the net wage in Alsico Laos, our Laotian production unit with only one worker per family is **11% above the local living wage**. When we take the demographic average for Laos (1,2 worker/household) we see that the paid wage exceeds the living wage by 37%. At two workers per family we are even **121% above the living wage**.

These first results give a good indication of our weak and strong points. They also reveal that it is absolutely necessary to approach both the data and the solution from a local perspective.

#### Next step:

- Access to best practice and learning on how gaps can be reduced over time with understanding of each regions' characteristics
- Create a hardship fund for each location

**Hardship fund:** complementary to the living wage Alsico is creating hardship funds for each location. A hardship fund is a sum of money made available for people experiencing severe financial difficulties. To bridge the gap between the financial emergency and a more stable solution for a family's earnings, Alsico want to provide money from fund created for this purpose.

## 7.3. Oeko-Tex STeP



Alsico Group decided to uniformize the certification of its production units. Until now production units have worked with different audit schemes for verifying their processes on social and environmental responsibility. In order to have a 3rd party verified management system covering a maximum of areas, we decided that all our production units will become Oeko-Tex STeP. This management system is audited on site and covers Quality management, Chemical management, Environmental management, Environmental performance, social responsibility and Health and Safety.

The process of certification starts with a self-assessment that can take up to a year, followed by an on-site audit.

This is the advancement of the production locations on 1/05/2023

unit	Started assesment	Ready for audit	STeP-certified
Laos	-	-	✓
Belgium	-	-	✓
Morocco (Rabat)	-	✓	-
Tunisia	-	✓	-
Mexico	-	✓	-
Madagascar	✓	-	-
Morocco (Marrakesh)	✓	-	-

# 8 Alsico Group Code of Conduct

## 8.1. Our sustainability policy

Alsico Group is a family company that is globally active. We design, produce and distribute quality workwear and protective clothing since 1934. Our work is based on mutual trust between partners, respect and real concern for the people we work with, as well as on an long-term vision that is guided by climate neutrality and positive social impact we aim at.

We define our sustainability policy as a consistent impact management: we acknowledge and take accountability for our impacts through a continuous process of human rights and environmental due diligence (HREDD) as described in the UN Guiding Principles on Business and Human Rights. By inquiring regularly our main stakeholders – workers, suppliers, customers, local, national and international authorities and ngo's - we detect where risks of negative impact occur and whom they affect. We document the due diligence process and define tangible goals to remediate negative impact by means of a yearly action plan.

Due diligence is about identifying, preventing and reducing the risks that occur in upstream or downstream supply chains. In the end it is about choosing to reduce those risks, or to increase them by neglecting the fact that these risks exist. Alsico chooses to reduce risks by integrating due diligence in its environmental and social management systems.

For that we rely to a great extent on the information we get from our suppliers. The code of conduct you are about to read & sign offers **a framework for making the best decisions, together**. It lays the groundwork for our current en future partnership. For all the discussions we will have on risks in the supply chain.

We want you to look at this code of conduct as a fundament that permits us to partner towards our goals. Alsico Group has identified two main goals to be achieved by 2034: **Net Zero+**, reducing 90% of current CO<sub>2</sub> emissions. And **Living Wage+**, closing all detected living wage gaps at alsico productions in due time (for all goals and subgoals see table below). We will direct our purchases in such a way that we achieve these goals.

To make sure we speak the same language while entering dialogue with a partner, we aligned our requirements with existing international frameworks. These are the ILO-Conventions, the UN Guiding Principles on Business and Human Rights, the 10 Principles of the UN Global Compact, of which we are a participant, as well as on the principles of sustainable procurement – ISO20400 - and eco design – ISO14006.

We would like to stress that the followings code of conduct applies to Alsico and all our suppliers, as well as their suppliers, agents and possible subcontractors. It constitutes the fundament of our procurement policy. If you sign the code of conduct you signal that you are willing to partner with us under these conditions. Should you choose not to sign, then we cannot start a partnership.

At least once a year the supplier shall demonstrate compliance with the code of conduct by sharing requested information in the supplier interface. Non-compliance has to lead to immediate action, proving that the detected risk or non-compliance has been met with a SMART action. Progress on risks and actions defined in our due diligence will be part of our regular supplier meetings.



Reducing social and environmental risks in the Alsico Group supply chains is a work that only can succeed by having an open and transparent partnership. From our side we guarantee the following:

- **Accountability:** as an organization Alsico is accountable for its impacts on people, the economy and the environment. This applies to its direct operations as well as to the supply chains, that span the full life cycle of goods and services Alsico acquires;
- **Transparency:** Alsico seeks total production transparency in order to show the impacts of our activity on people, the economy and the environment. We want our clients to know how the clothing they wear is produced, where and by whom. Alsico will encourage its suppliers to be equally transparent.
- **Ethical behaviour:** Alsico will behave ethically and promote ethical behaviour throughout its supply chains;
- **Respect for the rule of law and international norms of behaviour:** Alsico respects the rule of law, international norms of behaviour and human rights as they are stated in the Universal Declaration on Human Rights, and will prevent actively any violations throughout its supply chains. Alsico encourages its suppliers to abide by these rules and assess and address compliance as situations require.
- **Transformative and innovative solutions:** Alsico seeks transformative solutions to address its sustainability objectives and encourages innovative procurement practices to promote more sustainable outcomes throughout the entire supply chain;
- **Focus on needs:** Alsico reviews demand, buys only what is needed and seeks more sustainable alternatives first;
- **Integration:** Alsico ensures that sustainability is integrated into all existing procurement practices to maximize sustainable outcomes;
- **Global cost:** Alsico considers not only the total cost incurred by the organization from its procurement but also considers the costs and benefits to society, the environment and the economy.

This is reflected in the following code of conduct which describes our minimum expectations towards business ethics, working conditions, human rights and environmental responsibility. These guidelines apply to ourselves, to our suppliers as well as to their suppliers, subcontractors and agents. Then, only when all partners in the value chain take accountability we can create positive impacts in line with the UN Sustainable Development Goals.

I would kindly ask to sign this code of conduct and take the opportunity to thank you for your cooperation and support for Alsico's activities.

Yours sincerely,

Vincent Siau, Managing Director Alsico nv  
Gauthier Siau, CEO of Alsico Group

## 8.2 Alsico Group Code of Conduct 2023<sup>12</sup>

**The following specific guidelines should be followed. Evidence of non-compliance will result in a demand for immediate action on – proven – remediation. Unwillingness to cooperate on resolving breaches or repeated misconduct, will result in terminating the agreements of collaboration and all or any orders without notice and with immediate effect.**

### 1. Human Rights

#### 1.1. Respect for human rights

We will support and respect the protection of internationally proclaimed human rights. As a part of several global supply chains we have the duty to comply with all applicable human rights laws, including the all articles of the **Universal Declaration of Human Rights**.

#### 1.2. Avoid complicity in abuse

We will make sure that we are not complicit in human rights abuses. We shall ensure that that our affiliates, representatives, agents, subcontractors, suppliers and employees comply with all applicable human rights laws including all the articles of the European Convention on Human Rights.

#### 1.3. Zero tolerance for sexual harassment

Alsico Group directors, employees and associated person, the company's suppliers, their affiliates, representatives, agents and subcontractors reject all forms of harassment, including sexual, psychological or verbal harassment. They shall strive to create working conditions to prevent any kind harassment. If any Alsico employee, supplier or associated person would breach the relevant provisions of this clause, or otherwise act in contravention of anti-harassment legislation or human rights law we shall have the right to terminate the agreements of collaboration and all or any orders without notice and with immediate effect.

#### 1.4. Grievance mechanisms

Alsico Group, the company's suppliers, their affiliates, representatives, agents and subcontractors shall provide low barrier grievance mechanisms where people can file anonymously complaints, such as a trusted person, a grievance box managed by a third party and/or by a designated responsible who is bound to confidentiality. Parties that have access to the mechanism shall keep record of the grievances and the treatment of the case (see also 6.2.).

### 2. Working conditions

#### 2.1 Freedom of Association and Collective Bargaining

We recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any association. We also respect any legal right of workers to engage in collective bargaining (ILO Conventions 87 and 98). In those situations in which the right to freedom of association and collective bargaining are restricted under law, we facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

#### 2.2. Fair remuneration

Workers shall be paid a living wage instead of just the legal minimum wage. Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131).

#### 2.3. Child Labour

We categorically reject the employment of children. Under no circumstances there shall be use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138)

#### 2.4. Special Protection for Young Workers

We commit to provide special protection to any workers who have reached the minimum age to work but who have not reached legal adult age. Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. (ILO Convention 182)

## 2.5. No forced or compulsory labour;

We do not tolerate any type of involuntary or forced labor, including indentured, bonded, prison or slave labor. There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. (ILO Conventions 29 and 105)

## 2.6. No discrimination

We reject all forms of discrimination in respect of employment and occupation. Discrimination in employment and occupation means treating people differently or less favorably because of characteristics that are not related to their merit or the inherent requirements of the job. In national law, these characteristics commonly include: race, color, sex, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership, and sexual orientation.

Recruitment, wage policy, admittance to training programs, maternity protection, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities (ILO Conventions 100 and 111). Meanwhile we have the duty to create working conditions free of sexual, psychological or verbal harassment (ILO Convention 190).

Alsico will actively monitor the grounds where discrimination in employment and occupation may occur. We put in place processes to exclude and remediate any kind of disadvantageous treatment, such as grievance mechanisms and trusted persons (see 6.1 and 6.2.).

## 2.7. Occupational Health and Safety

We must ensure a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it. In order to create a safe and hygienic working environment the best occupational health and safety practice shall be promoted.

Appropriate protective equipment shall be made available to all employees working in identified risk environments. Special attention shall be paid to occupational hazards that are specific to our branch of the industry and assure that a safe and hygienic work environment is provided for.

We shall comply with the highest standard of health and safety regulation, to prevent accidents and minimize health risks (following ILO Convention 155). In addition, employee and leadership participation

in the improvement of health and safety-processes shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

## 2.8. Working hours

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not be required to work in excess of 48 hours per week on a regular basis. They shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

## 2.9. No precarious employment

We have the duty to hire workers based on documented contracts according to the law. Apprenticeships can be used as a way to hire personnel, but the apprentices have to be offered an outlook to further employment. Younger workers shall be given the opportunity to participate in education and training programs. (ILO Convention 122)

# 3. Environment

## 3.1. Basic principles of our environmental policy

Alsico Group, the company's suppliers, their affiliates, representatives, agents and subcontractors shall abide by the following principles:

- Protect the Environment throughout the production chain according to the precautionary principle, as defined in the Kyoto Protocol, in order to exclude any harmful substance, also in case of doubt.
- Improve environmental performance in all aspects of our business and in particular to significant aspects of our operations.
- Reduce/ Reuse / Recycle materials wherever we see opportunities to do so. In a way that eco design becomes the standard for all our products.
- Minimize the environmental impact, for the full life cycle (including disposal) of all plant, equipment, and other physical assets under our control.
- Promote awareness of the specific environmental issues that are involved in our operations amongst staff, clients and other stakeholders.

<sup>12</sup> Each updated version substitutes the former. In case there is no new version presented, the last version signed maintains its validity.



- Comply with or exceed applicable legal requirements, compliance obligations, directives and guidelines, at all times.
- Establish clear, measurable and appropriate strategic goals, objectives and action plans for the detected environmental aspects relevant to our operations and supply chains;

### **3.2. Non-toxicity of production process, products and services**

We take all necessary steps in order to make sure that processes, products and services are safe for human beings and compliant with all European environmental and safety regulations as well as the local laws of the country and region in which they operate.

Alsico Group Suppliers shall cooperate with Alsico Group purchase officers to supply products that are compliant with the Group's preferred inputs list.

Alsico Group Suppliers shall be compliant with the ZDHC waste water guidelines.

Alsico Group Suppliers shall encourage their business partners to take the same precautionary approach to environmental challenges.

### **3.3. Circular approach to raw materials and energy**

We have the duty to pursue effective environmental protection using measurable data in a management system in order to reduce the environmental footprint of our products through-out their life-cycle. This comprehensive approach includes but is not limited to: reducing energy, water consumption, CO<sub>2</sub>- emissions, waste, increasing use of renewable materials and energies, sourcing locally, training people, invest in environmentally friendly technologies.

## **4. Ethical business behaviour**

**4.1. Alsico Group does not tolerate any acts of corruption, extortion, embezzlement or bribery in its own nor the Supplier's facilities nor in its supply chain. Suppliers, their affiliates, representatives, agents, sub-contractors, suppliers and employees shall comply with all applicable anti-bribery laws and regulations, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. Suppliers are expected to operate honestly and equitably throughout**

**the supply chain in accordance with local laws pertaining to:**

- Business Integrity - Anti-Corruption rules
- Disclosure of Information to stakeholders
- Protection of Intellectual Property
- Responsible Sourcing
- Respect of Company and Personal Data: compliance to GDPR
- Conflicts of interest

**4.2. Alsico Group suppliers warrant that they shall not (they shall ensure that their affiliates, representatives, agents, sub-contractors, suppliers and employees shall not) give, offer or pay (either directly or through a third party) the payment of any financial or other advantage to any third parties, which would cause us, our affiliates or any group companies or agents to be in violation of any applicable anticorruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.**

**4.3. Alsico Group suppliers shall disclose to us all payments they (and/or their affiliates, representatives, agents, sub-contractors, suppliers and employees) have made, are obligated to make or intend to make to any agents, brokers, intermediaries or other third parties in connection with the awarding of any Orders.**

**4.5. Specifically Alsico Group directors, employees and associated persons are not permitted to pay or offer to pay (directly or indirectly) bribes anywhere in the world with the intention of securing business, or an advantage in the conduct of business, for Alsico Group. Should any kind of such acts be revealed, then Alsico Group has the right to terminate the Agreements of collaboration without notice and with immediate effect. In addition, Alsico Group directors, employees and associated persons are not permitted to request, receive or accept any financial or other advantage from third parties. Bribes can include (but are not limited to) cash, gifts, electronic equipment, offers of employment, entertainment, loans, travel, charitable donations and/or political contributions.**



**4.6. Any breach of the relevant provisions of this Clause, or otherwise act in contravention of anti-corruption legislation or human rights law shall give us the right to terminate the agreements and all or any orders without notice and with immediate effect.**

## **5. Respect of company and personal data**

**5.1. Alsico Group suppliers - independently from their location or their registered office being within or outside of the EC - agree to comply fully with the stipulations of the REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data in his relations with Alsico Group and or Alsico Group customers.**

**5.2. Alsico Group suppliers will in particular comply with the stipulations of article 28 of the above mentioned Regulation: Processor, and the (in)directly derived articles from article 28 i.e. articles 31 to 36:**

- Cooperation with the supervisory authority
- Security of processing
- Notification of a personal data breach to the supervisory authority
- Communication of a personal data breach to the data subject
- Data protection impact assessment
- Prior consultation

The enumeration of the article numbers above is exemplary and not exhaustive.

**5.3. At the end of the services or on the termination of the contract Alsico Group suppliers shall return all personal data to Alsico Group whatever choice is made by Alsico Group and delete any existing copies of the personal data unless otherwise required by EU law.**

**5.4. In addition Alsico Group suppliers will make available all information necessary to demonstrate its compliance with its obligations under Article 28 and others of the GDPR, and allow for and contribute to audits by Alsico Group or another auditor mandated by Alsico Group.**

**5.5. Alsico Group and their suppliers agree that if one of both parties should be held responsible for a breach of this clause that originated from the other party, the remaining party should be paid a compensation covering all costs, damages, fees or losses that were incurred from the respective breach.**



## 6. Supply chain transparency

**6.1. We shall cooperate in building a transparent supply chain by sharing information on the location (country) and the name of suppliers. This we need in order to conduct a sound human rights and environmental due diligence. Alsico Group guarantees its suppliers the confidential treatment of any information of this kind they share.**

### 6.2 External grievance mechanism

Alsico Group maintains several internal grievance procedures, ranging from trusted persons to preventive surveying on worker conditions and possible grievances.

In addition to that we offer the possibility to our stakeholders to report on negative impact that is a consequence of our activity.

Grievance reporting is possible through our yearly stakeholder consultation or through this form, managed by BSCI amfori. Any business partner confronted with a situation that is likely to breach a law, regulations or the principles stipulated in this code of conduct may freely report this specific situation through the BSCI amfori grievance mechanism. The form is made available through the following website: <https://www.amfori.org/content/amfori-external-grievance-mechanism-form> All grievances will be reviewed by the amfori secretariat, who will seek to find a fair, timely and objective resolution.

#### Grievances can be lodged by:

- Workers/employees (that belong to the amfori members' supply chains);
- amfori members and their business partners (including subcontractors and suppliers);
- Service providers;
- Stakeholders, including third parties with explicit authority to represent a grievant.

#### The grievant should be able to provide information that is:

- A statement about a perceived or real wrong or unfair treatment,
- Related to amfori services, their members and/or services providers and
- Factual and evidence-based

The amfori secretariat owes a duty of confidentiality to the grievant. All communication and procedural steps towards remediation will not disclose any sensitive or personal information. A grievant's personal details will only be made available to amfori secretariat employees or agents involved in the grievance process. amfori complies with all obligations applicable under the EU General Data Protection Regulation.

## 7. Continuous improvement

Alsico Group commits to periodically reviewing this policy in order to continually improve, taking into consideration changes in legislation and regulation, any updates in line with best practice, any other requirements to which the Company subscribes and in order to ensure the adequacy, suitability and continuing effectiveness of the policy.

## 8. Cascading the code of conduct

We, Alsico Group suppliers, hereby declare that we will uphold these standards and cascade them down our supply chain.

# 9 GRI-content index

GRI Standard	Disclosure	Page number(s)* and/or URL(s)
<b>GRI 101: Foundation 2016</b>		
<b>GRI 102: General Disclosures 2016</b>	<b>General Disclosures</b>	
	<b>Organizational profile</b>	
	102-1 Name of the organization	58
	102-2 Activities, brands, products, and services	17
	102-3 Location of headquarters	58
	102-4 Location of operations	17
	102-5 Ownership and legal form	2
	102-6 Markets served	38
	102-7 Scale of the organization	17
	102-8 Information on employees and other workers	32-35
	102-9 Supply chain	17
	102-10 Significant changes to the organization and its supply chain	4,5
	102-11 Precautionary Principle or approach	44-49
	102-12 External initiatives	4-5
	102-13 Membership of associations	4-5
	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	4-5
	102-15 Key impacts, risks, and opportunities	4-5
	<b>Ethics and integrity</b>	
	102-16 Values, principles, standards, and norms of behavior	8, 10, 42-49
	<b>Governance</b>	
	102-18 Governance structure	34
	102-20 Executive-level responsibility for economic, environmental, and social topics	4-5
	102-21 Consulting stakeholders on economic, environmental, and social topics	8, 9, 10
	102-22 Composition of the highest governance body and its committees	34
	102-23 Chair of the highest governance body	4-5
	102-29 Identifying and managing economic, environmental, and social impacts	8, 9, 10
	102-30 Effectiveness of risk management processes	8, 9, 10
	102-31 Review of economic, environmental, and social topics	8, 9, 10

<b>GRI 102: General Disclosures 2016</b>	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	8, 9, 10
	102-42 Identifying and selecting stakeholders	8, 9, 10
	102-43 Approach to stakeholder engagement	8, 9, 10
	102-44 Key topics and concerns raised	8, 9, 10
	<b>Reporting practice</b>	
	102-45 Entities included in the consolidated financial statements	17
	102-46 Defining report content and topic Boundaries	17, 54
	102-47 List of material topics	9
	102-48 Restatements of information	n/a
	102-49 Changes in reporting	4-5
	102-50 Reporting period	2
	102-51 Date of most recent report	2
	102-52 Reporting cycle	2
	102-53 Contact point for questions regarding the report	2
	102-54 Claims of reporting in accordance with the GRI Standards	2
	102-55 GRI content index	50-53
	102-56 External assurance	57
<b>Material Topics</b>		
<b>200 series (Economic topics)</b>		
<b>Economic Performance</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	42-49
	103-2 The management approach and its components	42-49
	103-3 Evaluation of the management approach	42-49
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	6
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	36
	205-2 Communication and training about anti-corruption policies and procedures	37
	205-3 Confirmed incidents of corruption and actions taken	37
<b>300 series (Environmental topics)</b>		
<b>Materials</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	38
	103-2 The management approach and its components	38
	103-3 Evaluation of the management approach	38
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	30
	301-2 Recycled input materials used	30



Emissions		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	12
	103-3 Evaluation of the management approach	12, 13, 14
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	19, 21
	305-2 Energy indirect (Scope 2) GHG emissions	19, 24
	305-3 Other indirect (Scope 3) GHG emissions	19, 26
	308-2 Negative environmental impacts in the supply chain and actions taken	12, 13, 14, 38
Waste		
<b>GRI 306: Waste 2020</b>	306-1 Waste generated	31
	306-2 Waste diverted from disposal	31
	306-3 Waste directed to disposal	31
400 series (Social topics)		
Employment		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	32
	401-3 Parental leave	32
Labor/Management Relations		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
Occupational Health and Safety		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
Training and Education		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	32
	404-3 Percentage of employees receiving regular performance and career development reviews	32
Diversity and Equal Opportunity		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	34

Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	12, 13, 14
	103-3 Evaluation of the management approach	12, 13, 14
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	34
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	44, 49
	103-3 Evaluation of the management approach	44
Child Labor		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	44, 49
	103-3 Evaluation of the management approach	44
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	44,49
Forced or compulsory labor		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8,9, 10
	103-2 The management approach and its components	45, 49
	103-3 Evaluation of the management approach	45
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	45
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	44-49
	103-3 Evaluation of the management approach	44-49
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	44
	412-2 Employee training on human rights policies or procedures	44
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8, 9, 10
	103-2 The management approach and its components	46
	103-3 Evaluation of the management approach	46
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	46
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	46
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47



# 10 Annexes GHG report

## Annex 1. Inventory boundary

### 1) Alsico Group accounts the following emissions:

#### **Scope 1: Direct GHG emissions**

For all 17 controlled units Alsico Group reports GHG emissions from sources they own or control as scope 1. Following Direct GHG emissions are accounted for in the report:

- Generation of heat, steam or electricity.
- Transportation of materials, products, waste, and employees. (cf. company cars)
- Fugitive emissions. (cf. refrigerants)

#### **Scope 2: Electricity indirect GHG emissions**

For all 17 controlled units Alsico Group reports electricity indirect GHG emissions. These encompass GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company.

#### **Scope 3: other indirect GHG emissions**

Following indirect GHG scope 3 emissions are accounted for in the report.

#### **Upstream**

- purchased goods and services
- transportation and distribution
- waste generated in operations
- business travel
- employee commuting
- **capital goods:** purchase of office machinery and supplies has been accounted for

#### **Downstream**

- transportation and distribution
- **leased assets:** this would come to emissions from property of Alsico Group that has been leased to a third party. No assets of Alsico Group have been leased over 2022.
- **franchises:** these would be emissions from an Alsico Group operation of franchises in the reporting year, not included in scope 1 and scope. No such operation exists.

### 2) The reporting period covered.

This GHG accounting report covers the calendar year 2022.

### 3) The list of all exclusions and their justifications

#### **Scope 1:**

Following direct GHG scope 1 emissions are not accounted for in the report:

- **Physical or chemical processing.** Emissions that are a result from manufacture or processing of chemicals and materials, e.g., cement, aluminium, adipic acid, ammonia manufacture, and waste processing. No such activities are taking place at our factories.

#### **Scope 2:**

Following indirect GHG scope 2 emissions are not accounted for in the report:

- **Indirect emissions associated with distribution and transmission.** No such activities are taking place at our factories.



### Scope 3: other indirect GHG emissions

Following indirect GHG scope 3 emissions are not accounted for in the report:

#### Upstream

- **fuel and energy related activities:** for Alsico Group this would come to emissions from transport of fuels. Due to lack of data we have not accounted for the distance/weight of the fuels when transported to our locations.
- **leased assets:** emissions from leased company cars are reported for under scope 1.

#### Downstream

- **processing of sold products:** for Alsico Group this would come to the emissions of all downstream processing our products. Since these are finished garments, processing is limited (unpacking, washing, ironing). No reliable data on these handling processes – at our clients – are available.
- **use of sold products:** for Alsico Group this would come to the emissions from washing and transporting garments from and to laundry and its clients. There are no reliable data on these activities, that are taking place at our clients. *We will work to include these emissions at later stage. This will most likely lead to a recalculation of the base year emissions (see 6.1.2. recalculation policy)*
- **end-of-life treatment of sold products:** this would come to the emissions from discarding garments after use. The decision when a garment is 'end-of-life' is taken by our clients. We offer them the possibility to bring back clothing for recycling, therefore, we have included the amount of products collected for recycling in the 'recycled waste' category. On the remaining part we have no reliable data.
- **investments:** debt, equity or project financing of Alsico Group have not been included the GHG accounting. Most include property, which is included in scope 1 and 2 emissions. We will consider including this category in future accountings.

## Annex 2. Recalculation policy

### Guidelines for Base Year Adjustments

Alsico Group has chosen 2022 as the base year for the greenhouse gas (GHG) emission calculations related to the 2034 climate neutrality ambition. The rationale behind that being 2022 the very first year of all scope GHG-reporting on a Group level, thus making 2022 the earliest relevant point in time for which we have reliable data (GHG protocol). In April 2023 Alsico Group has committed to the Science Based Targets and will use its base year data to submit a short and long term target for approval.

In order to accurately track progress towards our absolute GHG targets, we will adjust our base year emissions inventory to account for following specified significant changes. The 'significance threshold' is met when the changes drive an increase/decrease in emissions of greater than 5%, in accordance with the GHG Protocol guidance Tracking Emissions Over Time. We may also choose to recalculate our baseline for changes less than 5%, when structural changes occur.

### Structural changes

Structural changes that significantly impact our base year GHG emissions and may trigger the adjustment of the baseline include acquisitions, divestitures or mergers. When significant structural changes occur in the middle of a year, the current and base year emissions will be recalculated for the entire year. In the event of an acquisition, in order to ensure that full and accurate data are available, recalculation may be carried out up to one year after the structural change has occurred.

### Calculation methodology changes

Methodology changes that significantly impact our base year GHG emissions and may trigger the adjustment of the baseline include updated emission factors, improved data access or updated calculation methods or protocols.

### Data errors or other changes

We will recalculate our emissions in the event of discovery of a significant error, or a number of cumulative errors that together are significant. Significant change in our organizational or operations boundaries may likewise result in the adjustment of the baseline.

### Timeline

Baseline adjustments will occur at the end of each fiscal year if we identify any changes described above that have occurred in the reporting period which may require us to recalculate our base year. We publicly restate our baseline when we report the latest carbon footprint, typically the next annual sustainability report, which covers the previous financial year.



## Annex 3. SGS verification opinion

### Greenhouse Gas Verification Opinion

Project Number: 230183



The methodology and calculations used for the determination of the GHG inventory of **year 2022** for company:

#### Alsico Group

Zonnestraat 223  
9600 Ronse - Belgium

is verified against the requirements of:

**GHG Protocol - Corporate Accounting and Reporting Standard**

Based on our examination of the evidence, nothing comes to our attention which causes us to believe that the reported GHG emissions in the inventory of Alsico Group being

**404 804 ton CO<sub>2</sub> eq** (market-based)

**406 430 ton CO<sub>2</sub>eq** (location-based)

over the year 2022 are materially incorrect, in all material respect, except for the non-material misstatements listed below.

This conclusion is based on the criteria as described in the remainder of this verification opinion.

The GHG emissions are divided over scope 1, 2, 3 and scope 3 biomass as follows:

- scope 1: 674,7 ton CO<sub>2</sub>e;
- scope 2: 787,3 ton CO<sub>2</sub>e (market-based)  
2 413,6 ton CO<sub>2</sub>e (location-based)
- scope 3: 403 341,7 ton CO<sub>2</sub>e.

This verification opinion belongs to the addressed GHG inventory and should be read in combined with it.

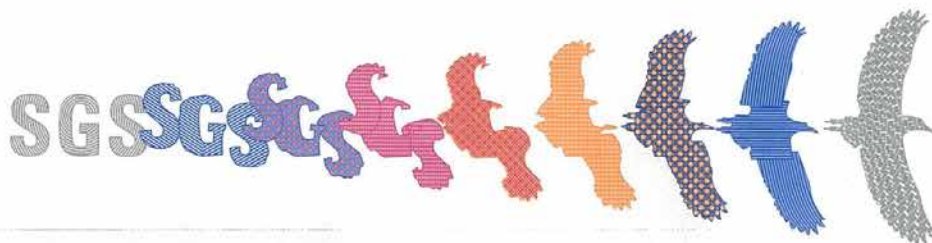
**Date of verification opinion: 10 May 2023**

Lead Auditor: Martin Bosquet

Technical Reviewer: François Ducarme

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This verification opinion is not valid without the complete scope, goal, criteria and findings, as presented on the following pages





## Greenhouse Gas Verification Opinion - continuation

Project Number: 230183



### Type of engagement

Since the GHG data to be verified are historical in nature, the type of engagement is “verification”, as defined in ISO 14064-3:2019 (process for evaluating a statement of historical data and information to determine if the statement is materially correct and conforms to criteria).

### Brief description of the verification process

SGS Belgium NV has been contracted by Alsico Group for the verification of direct and indirect carbon dioxide (CO<sub>2</sub>) equivalent emissions as provided by Alsico Group in their GHG inventory, concerning the reporting year 2022.

The assignment concerns the verification of the anthropogenic sources of GHG, inside the operational boundaries and based on the demands of the standard GHG Protocol - Corporate Accounting and Reporting Standard

The approach used by SGS is based on the outcome of a risk analysis of the reported GHG emissions and the measures taken to control these risks. We conduct our verification in accordance with ISO 14064-3:2019 (*Specification with guidance for the validation and verification of greenhouse gas statements*). This International Standard requires that we comply with ethical requirements and plan and perform the verification to obtain reasonable assurance that the onsite GHG emissions, removals, and storage in the GHG statement are free from material misstatement.

The evidence-gathering procedure included:

- sampling of supporting evidence of the reported data;
- analytical checks;
- verification of calculations;
- verification of emission factors;
- interviews with the employees involved in the development of the GHG inventory.
- Visit of 3 sites:
  - Alsico Head office (Belgium)
  - Alsico Logistics (Belgium)
  - Altvea (Czech Republic)

### Roles and responsibilities

Alsico Group is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS' responsibility to express an independent GHG verification opinion on the emissions as provided in the GHG Inventory of Alsico Group, for the whole year 2022.

### Goal

The goal of this verification exercise is, by review of objective evidence, to independently confirm that the verification criteria, as listed below, are achieved

### Criteria

The criteria against which the verification is performed are:

- The GHG Protocol : Corporate Accounting and Reporting Standard
- The GHG protocol - Scope 2 guidance : an amendment to the GHG Protocol
- The GHG protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard

### Level of assurance

The agreed level of assurance is limited.

## Greenhouse Gas Verification Opinion - continuation

Project Number: 230183



### Scope

The verification establishes conformance with the requirements of the GHG Protocol within the scope of the verification as outlined below. Data and information supporting the CO<sub>2</sub> equivalent assertion were historical in nature and proven by evidence.

The assessed data is based on invoices and internal record keeping. This engagement covers verification of emissions from anthropogenic sources of greenhouse gases included within the organization's boundary.

a) boundaries: Alsico Group (including affiliates in various countries)

b) facilities, physical infrastructure, activities, technologies, and processes:

- Activities: design, production, distribution and sales;
- Facilities and physical infrastructure:
  - o 8 business centres/offices;
  - o 8 production units;
  - o 1 warehouse

c) GHG SSRs (sources, sinks and reservoirs):

- sources : combustion of fuels (heating, cooling, vehicles...) use of electricity, all emission sources associated with the production, transport and marketing of workwear.

The scope includes:

- o scope 1: direct emissions ;
- o scope 2: indirect emissions associated with electricity/heat;
- o scope 3:
  1. Purchased goods and services;
  2. Capital goods;
  3. Fuel- and energy-related activities;
  4. Upstream transportation and distribution;
  5. Waste generated in operations;
  6. Business travel;
  7. Employee commuting;
  8. Upstream leased assets: not applicable;
  9. Downstream transportation and distribution;
  10. Processing of sold products not applicable
  11. Use of sold products: excluded;
  12. End-of-life treatment of sold products: excluded;
  13. Downstream leased assets: not applicable;
  14. Franchises: not applicable;
  15. Investments: not applicable.

- sinks and reservoirs: not applicable

d) types of GHGs: as required by GHG protocol, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>). Some of those GHG might be negligible or not relevant for the scope

e) time period: year 2022

### Materiality

The materiality required of the verification was considered by SGS to be below 5%, based on the needs of the intended user of the GHG Inventory.



## Greenhouse Gas Verification Opinion - continuation

Project Number: 230183



### Limitations

- Some data sampled during the audit regarding scope 1 emissions of Alsico Head Office could not be traced back to the source but are not material.

### Uncorrected misstatements and non-conformities

- Some marginal discrepancies remain in the electricity data of February of ALTREVA (CZ) consumption.
- Some marginal discrepancies remain in the raw material data of quantity of cotton used for ALTREVA (CZ) consumption.
- Some warehousing operations in Czech republic were omitted in the calculation.

### Recommendations

- The GHG Protocol recommends having a set of written procedures to describe the inventory process and the methodology. Alsico Group has a methodology using WorldFavor platform, but we recommend documenting the methodology.
- During the audit, it appears that several categories of fuel on WorldFavor platform was used for a same usage. Surely, a miscommunication or a misunderstanding of the usage of WordFavor categories took place despite on trainings. It resulted to different reporting depending on site. We recommend to uniformize the reporting at group level by continuing training and providing a clear user guide of the platform.
- The GHG Protocol recommends presenting emissions disaggregated per site. We recommend Alsico to do so in the next reporting period.
- The GHG Protocol recommends assessing performance against appropriate internal and/or external benchmarks. We recommend Alsico to do so in the next reporting period.
- To improve the accuracy of the monitoring for the sites where fuel oil is used, Alsico Group might consider the stock variation methodology (difference between initial stock and final stock in tank), instead of only considering the fuel deliveries during the calendar year.

Note: The findings recorded hereon are based upon an audit performed by SGS. A full copy of this verification opinion and the supporting GHG Inventory may be consulted at Alsico Group.

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