



CSR & SUSTAINABILITY REPORT 2019

NN●7
NO NATIONALITY

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We will never compromise but always optimise for a better tomorrow

NN07 was founded in 2007 in Copenhagen with a vision of creating the Originals of Tomorrow: Classic, well-made garments that stand the test of time. Having a long-term strategy and perspective in the clothing industry is paramount and we believe that with a bold vision comes great responsibility. The year 2019 has marked our commitment to sustainability and improving our choice of materials and practices.

We are dedicated to pushing the limits of good design by creating quality garments that last. We want to ensure fairness and equality for everyone that we work with, the people with whom we rely on to succeed.

CORPORATE RESPONSIBILITY

Our priority has always been to produce high quality garments while also keeping the environment and the wellbeing of humans and animals at the forefront throughout design, development and production. We know the journey is difficult and the issues complex, however we are fully committed to putting in the work to make NN07 a truly sustainable business.

In addition to our Code of Conduct we have developed a set of policies that comply with our definition of sustainability. These serve as the basis for our behaviour as a responsible company.

The policies cover everything from human rights and animal welfare to chemical legislation, and other climate related issues. Our Code of Conduct and Policies help to strengthen our partnerships with suppliers and allow for a mutual understanding of the challenges ahead as well as solutions.

In this report we measure 2017 data alongside 2019 data. In comparing the last two years of data, we are able to highlight our progress and better understand our shortcomings. There are commitment cases where we have yet to show progress, this is because a truly sustainable business model takes time to develop and implement. Ultimately, we feel that the journey begins with transparency and a dedication toward evaluating and then revising our annual goals.



NN07's milestones help us to set a clear path toward becoming a more responsible and sustainable company. Our goals and commitments help drive pertinent change so that we are constantly improving.

To help emphasise our commitments, we have implemented the UN's Sustainable Development Goals (SDGs) as a practical framework for shaping, managing and communicating our sustainable efforts.

Our key SDG's will be revised in 2020 as we believe that five goals create more confusion than benefit. We will therefore focus on two goals and work purposefully and in-deptwith these.

NN07 KEY SDGs



1. PRODUCT

Our dedication to creating high quality products is mirrored in our promise to leave the smallest environmental footprint possible. At NN07, we use a lot of cotton, it has always been and continues to be our primary choice when it comes to fiber. Conventional cotton is hazardous in terms of chemicals and its harsh effects on biodiversity. In 2019 we joined forces with The Better Cotton Initiative to shift toward traceable and sustainably grown cotton. In 2017 63% of our fiber-choice was conventional cotton, 42% of our cotton in 2019 came from sustainable sources.

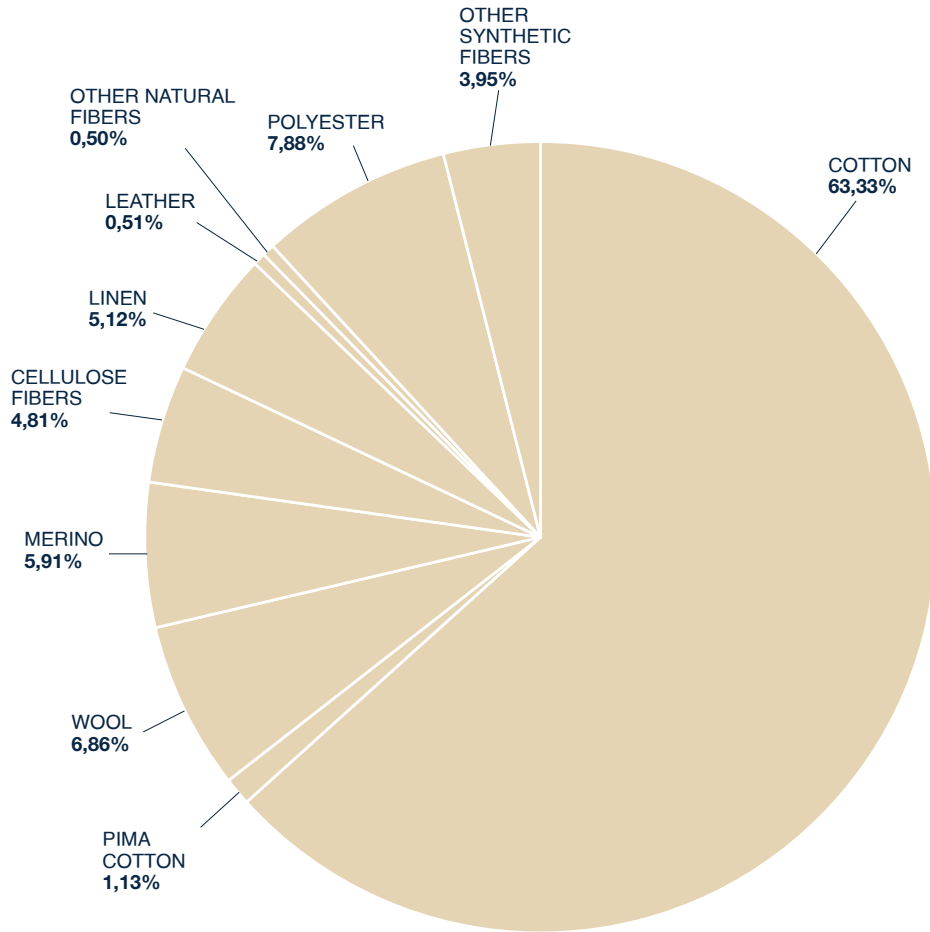
In our commitment to source more sustainable cotton, we've achieved 42% sustainable cotton in 2019 which puts us on track to source 50% sustainable cotton by 2020. In 2020, we swapped 11 of our conventional cotton styles to BCI-sourced cotton, which will add 21,9% to the total percentage of sustainable cotton. This means that the majority of new cotton styles will be sourced from Better Cotton, allowing us to revise our annual goal to 70% sustainable cotton in 2020.

Another commitment to highlight is replacing conventional polyester with recycled polyester. In 2019, we sourced the highest quality recycled polyester to keep up the longevity and durability of our product. We have worked hard to track down high quality recycled polyester. Due to high minimums it has not been possible to replace all of our polyester with recycled polyester.

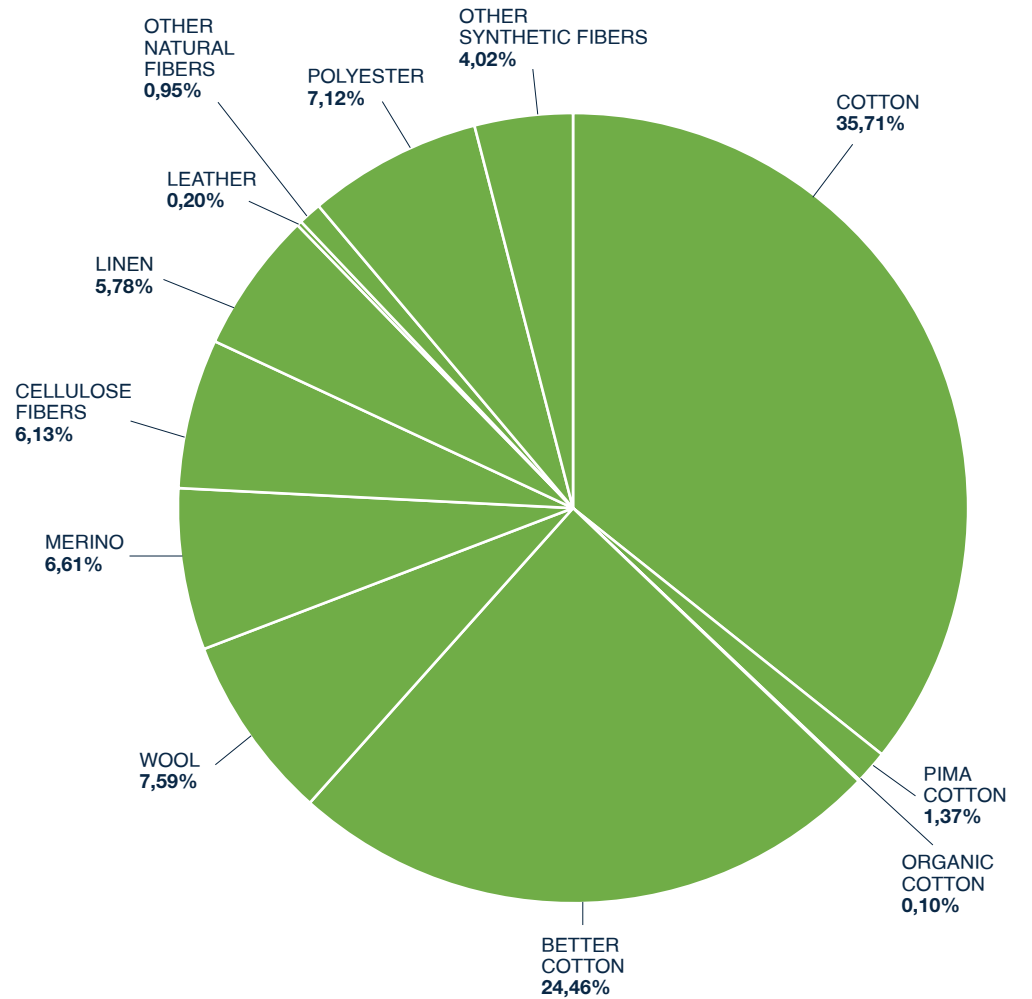
COMMITMENTS	2017	2019	2020	GOAL CORRECTION
Sustainable cotton (Incl. organic cotton, recycled cotton, Pima cotton and Better Cotton)	1%	42%	50%	60%
Recycled polyester	0%	0%	25%	
Cellulose and other sustainable materials	4,81%	6,13%	10%	
Certified down and feathers	50%	100%	100%	
Mulesing-free wool	50%	100%	100%	
Outphasing PFC	0%	27%	90%	
Recycled plastic polybags or another sustainable alternative	Research	Developing	25%	38%
Sustainable hangtags and labels	Research	Developing	25%	
Care labels with a care and repair guide	Research	Developing	100%	
Sustainable packaging	Research	Developing	40%	

MATERIALS USED IN 2017 AND 2019, PER WEIGHT.

2017



2019



The matrix will change with time as more sustainable fibers and technologies will become available to us and other fibers and materials might be banned from the matrix. The percentage shows the use of material per rate classification in weight from 2019. Note that no materials from No use was used in 2019.

52% of the materials used in 2019 are from the Best and Preferred classification. By replacing materials from Minimum to Best and Preferred materials we will show our strong commitment to sustainability in our products.

**BEST
12%**

- Organic cotton
- Recycled cotton
- Organic hemp
- Organic linen
- Organic wool
- Recycled wool
- Responsible wool
- Alpaca wool
- Non-mulshed merino
- Tencel™ Lyocell
- Organic silk
- Peace silk
- Recycled silk
- Responsible down
- Recycled down
- Traceable leather
- Recycled leather
- Recycled polyester
- Recycled polyamide
- Recycled nylon
- Recycled elastane

**PREFERED
40%**

- Better cotton
- Pima Cotton
- Conventional hemp
- Conventional linen
- Cashmere
- Conventional wool
- Yak wool
- Tencel™ Modal
- Conventional silk
- Traceable leather
- Traceable down

**MINIMUM
48%**

- Conventional cotton
- Conventional leather
- Mohair wool
- Conventional viscose
- Virgin polyester
- Polyamide
- Nylon
- Elastane
- Acrylic
- Cupro
- Polyurethane

**NO USE
0%**

- Angora wool
- Exotic Skins
- Fur
- Bamboo viscose
- Conventional Rayon
- Acetate

ANIMAL WELFARE

When designing knitwear we always strive to source the highest quality yarn. The majority of the yarn comes from renowned Italian spinners who are both environmentally conscious and thoughtful when it comes to animal welfare. For us this means a higher price tag but it is essential to work with fibers that are strong so that the product will last. It is equally important that we know the source of the fiber and make sure that the animals are treated with respect.

As of 2018, all of our merino is 100% mulesing free. The down and feathers used in our outerwear are certified by ALLIED or RDS.

All of the chemicals used in our products must be in accordance with REACH, the European Union's legislation on chemicals. To protect consumers, workers and the environment we feel the need to go beyond the European legislation on certain chemical regulations and have therefore developed our own restricted substance list (RSL). As dedicated as we are, it is important that we help and support our suppliers in understanding, complying and staying informed about REACH and the RSL.

We had our core products tested by SGS in 2019 for Alkylphenol Ethoxylates, better known as APEOS. APEOS are a class of chemicals commonly used as surfactants, which have an emulsifying and dispersing action. They are chosen for their wetting, penetration, emulsification, dispersion, solubilising and washing characteristics. However, APEOS have been found in wastewater and determined to be bio-accumulative and thus toxic to aquatic life. All of NN07's core products are free of APEOS.

Fluorinated DWR finish is a functional chemical coating containing PFCs (perfluorocarbons) which make garments water resistant. PFCs are non-biodegradable chemicals that are continuing to contaminate rivers, lakes and oceans, as well as many animals on land and water.

Due to its harmful impact all of our waterproof outerwear is coated with a PFC-free DWR. The PFC-free DWR gives the same protection from water as PFCs. By 2020 we want to phase out 90% of the PFCs used on our products. This applies to our accessories where PFCs might be used.

CHEMICALS

To help consumers navigate our responsibly made products we have developed a FSC-certified hangtag to distinguish the sustainable quality of the garment. Another on product action is our “how to care and wash” guide which will appear on all care labels. These labels also reference an extended care and repair guide on NN07.com. To further engage with our customers, a sustainability filter will be added to our website, which will make it easier to find products. We are developing a comprehensive glossary with detailed descriptions of the fibers and materials used in our products.

As of Fall 2019, we’ve updated the carrier bags in our concept stores to a recycled plastic bag. We researched and sourced different options, such as paper and biodegradable alternatives. However, we concluded that the recycled plastic bag is the best option for us due to the unpredictable weather in our main market countries.

As for the packaging from our suppliers to our warehouse in Denmark, we only use FSC-certified boxes. We will continue to innovate and find more sustainable packaging solutions. This also refers to the use of paper and plastic strings for our folded products. When ordering online we plan to develop a more circular packaging, with solutions like RePack or FSC-certified, as well as water-repellent paper mailers.

More than 90 billion polybags are used in the fashion industry each year. A big part of the problem with plastic polybags is that they end up in either a landfill or the ocean. The plastic polybag does have valuable properties, as it keeps the product dry and safe during transport from supplier to warehouse, customer to end-consumer. However, due to the negative effects we are committed to finding a more circular solution for our polybags.

In 2020, we will replace the conventional plastic polybag with a recycled plastic polybag. In order to make this a circular solution, we must work on consumer education to make sure that these polybags are recycled after use. The biodegradable poly bag options on the market are not strong enough, until we have sourced a viable alternative, we will use recycled poly bags. We have found that 38% of our products easily could be packaged in a recycled polybag with a small increase in price.

To minimise the use of plastic polybags, we have started to fold the garments in a way that compresses them and allows for more product in a single box which in turn lessens our footprint.

2. SUPPLIERS

At NN07, we believe in diversity, freedom of expression, and do our best to uphold fairness throughout the entire supply chain. In order to make great products we believe it is essential to collaborate closely with our suppliers. We must ensure that everybody is treated equally and with the utmost respect.

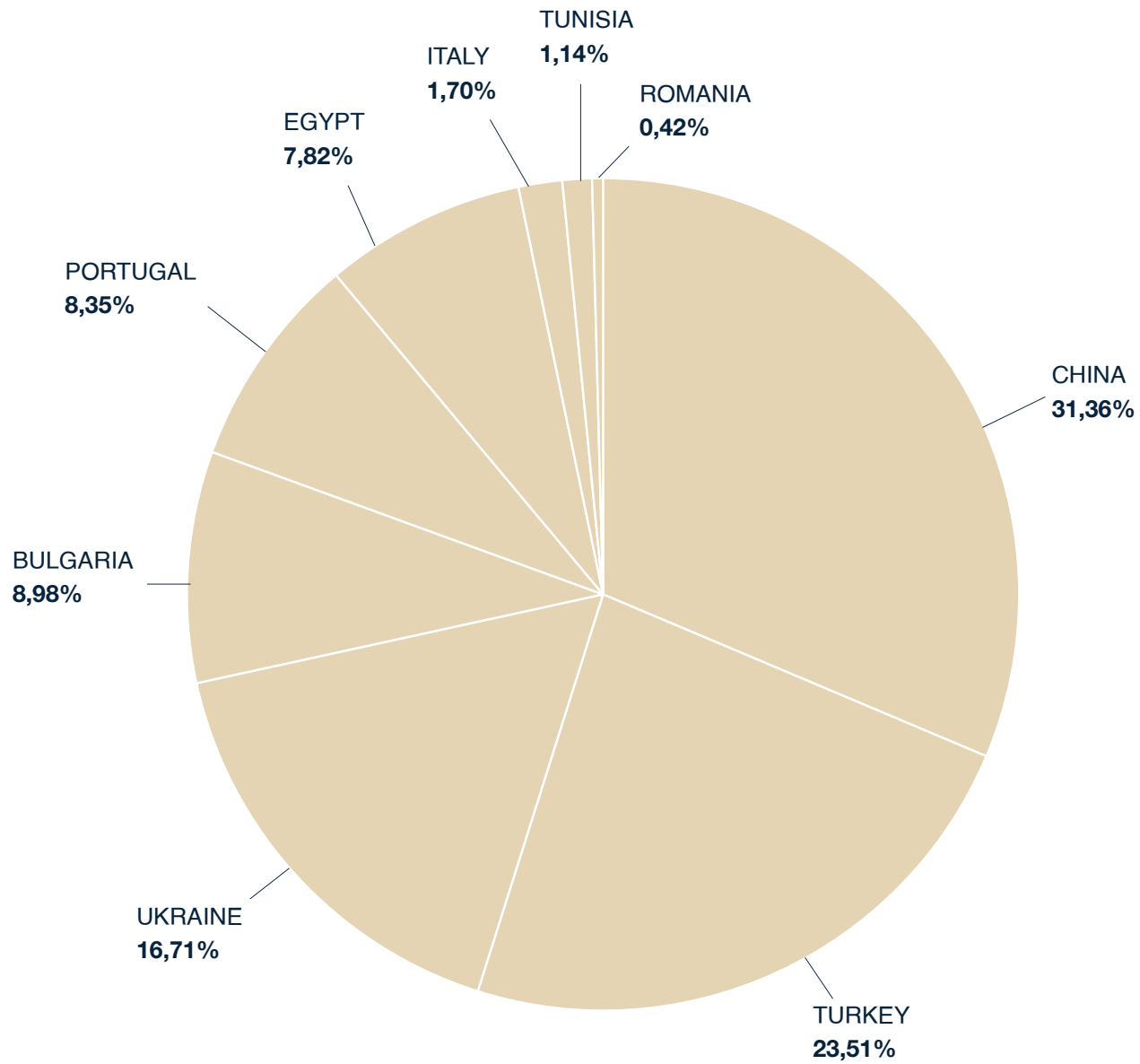
Our commitment to sustainability includes respect for universally recognised principles on human rights and anti-corruption. Therefore, we seek to ensure that our suppliers operate in accordance with the requirements outlined in our supplier Code of Conduct. Each year, we visit every supplier at least once to oversee production and make certain that they are in compliance with our code of conduct and policies.

We have developed a Supplier Responsibility Questionnaire to help evaluate the suppliers compliance on human and labour rights, as well as our environmental and sustainability policies. This questionnaire allows deeper insight and helps to pinpoint where we can collaborate to improve. Communication is crucial in this transition and each year we expect to see progress from all our suppliers on concerned areas, specific to each supplier.

The Supplier Responsibility Questionnaire is updated annually in order to get the latest sustainability and CSR information from our suppliers.

COMMITMENTS	2017	2019	2020	GOAL CORRECTION
Suppliers that have signed our Code of Conduct	100%	100%	100%	
Suppliers that have signed our Animal welfare policy	0%	100%	100%	
Suppliers that have signed our Chemical policy and chemical restrictions	0%	100%	100%	
Suppliers that have signed our Child labour policy	0%	100%	100%	
Supplier Responsibility Questionnaire filled and progress dialouge	0%	90%	100%	
Traceability in supply chain tier 1	100%	100%	100%	
Transparency in the supply chain tier 1	100%	100%	100%	
The volume produced by long-term suppliers (+4 years)	38%	52%	66%	
Suppliers based in risk countries with a valid amfori BCSI audit* (*And, or SA8000 and SMETA audit)	40%	38%	50%	63%

IN 2019 WE WORKED WITH A TOTAL OF 32 SUPPLIERS LOCATED IN 9 COUNTRIES. THE GRAPH SHOWS THE BREAKDOWN OF THE SUPPLIERS USED PER QUANTITY PURCHASED.



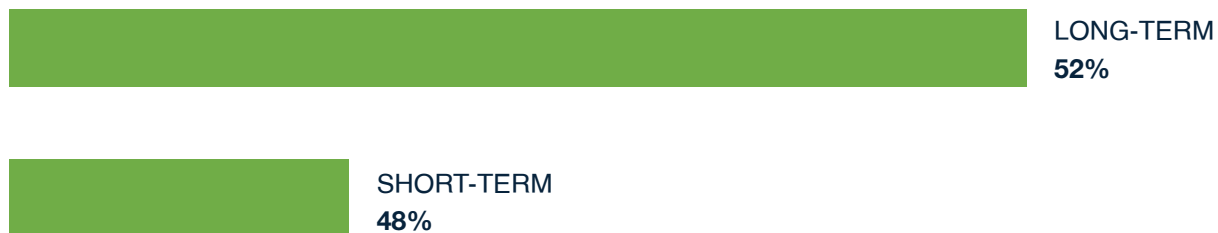
LONG-TERM SUPPLIERS

To create a strong and stable supply chain we want to maintain long-term relations with our suppliers. A close, long-term cooperation is based on honesty, trust, and mutual respect. These factors are crucial when working to reduce the many risks in the production chain.

We define a long term relationship as a four plus years of partnership. After four years, we know the team well and have established a level of trust and synergy. While long-term supplier relations are important to us, they will never come at the expense of quality, social fairness, animal welfare, or environmental concerns.

In 2019 long-term suppliers accounted for 52% and short-term 48%. By 2019 we reached our 2020 goal with +2%. This goal varies as we join forces with new suppliers and others are deferred for a period. This is often a result of their progress when it comes to sustainability related issues.

Each and every supplier we partner with has read, signed and agreed to all of our policies, our code of conduct and co-cooperation agreement.



Transparency is extremely important in an industry with numerous different processes and supplier units. To understand the negative impact and to ultimately reduce it, we need to study and evaluate the supply chain in its entirety.

Available data on supplier transparency for the end-consumers will begin with sharing the country where the product has been manufactured, also called tier 1. By 2020 this information will be available on NN07.com.

We are gathering data and information to trace our entire supply chain. At each stage of production, the risks and concerns vary but could involve a lack of factory safety, poor working conditions, exposure to hazardous chemicals and dust, animal abuse, and/or pollution of local areas. When we can pinpoint risk, it is our responsibility to take action and make the necessary change to secure conditions for workers, animals, and the environment. For now, this information will be internal.

NN07 is a small company in comparison to the industry's bigger players. This makes it more difficult to enact change quickly as we have less leverage with our suppliers and sub-suppliers. We care very much about our partnerships with all of our suppliers and value the tight-knit relationships that have been built over many years of hard work together.

Tracing our supply chain is challenging and complex work, but necessary as we pivot toward more sustainable solutions. It will take us time and we want to be transparent in our endeavour to impact each stage of the value chain.

TIER 1	TIER 2	TIER 3	TIER 4
Finished production and assembly	Material production	Raw material processing	Raw material extraction
100%	95%	in progress	in progress

In order to better monitor and improve performance and impact we've joined forces with Amfori BSCI. We endorse the eleven principles of the Amfori BSCI Code of Conduct and recognise that improving working conditions is a necessity for the overall resilience and performance of our business. We are focusing on getting Amfori BSCI audited suppliers in risk countries, due to an increased likelihood that they are in breach of the six parameters:

1. VOICE AND ACCOUNTABILITY**2. POLITICAL STABILITY AND ABSENCE OF VIOLENCE****3. GOVERNMENT EFFECTIVENESS****4. REGULATORY QUALITY****5. RULE OF LAW****6. CONTROL OF CORRUPTION**

As part of Amfori's 2030 vision they are fully committed to sustainable change and achieving the UN's Sustainable Development Goals. With this membership we are able to work directly on four of the goals we've committed to; Goal 6 Clean Water and Sanitation, Goal 12 Responsible Consumption and Production, Goal 13 Climate Action and Goal 15 Life on Land.

Our dedication to make real and long-lasting change is fuelled by our partnerships with Amfori, our suppliers, and of course our customers. These partnerships allow us the opportunity to add another SDG: Partnerships for the Goals (Goal 17). Together we are stronger and better equipped to implement change that will revitalise global partnerships.

AS OF FEBRUARY 2020 NN07 IS A MEMBER OF AMFORI.

In accordance with Amfori’s Country Risk Classification, we have mapped all tier 1 suppliers which has allowed us a better understanding of their overall performance. Many of the parameters are based on the political climate of an individual country which does not necessarily mirror the working conditions of the factories. It can, however, be a good indicator of issues to come. We have used the Country Risk Classification to analyse our supplier base and will continue to use this tool to bring awareness and secure humane working conditions.

AUDIT

Audits are always objective, impartial and independent. The auditing process is well documented and standardised for all suppliers. For the purposes of the BSCI, the audits will verify social performance in the supply chain of BSCI Participants against the standards emanating from the BSCI Code of Conduct and its Terms of Implementation. They always use the appropriate methodology and auditing tools.

Due to the BSCI audits we have gained a deeper understanding of working conditions for our suppliers and sub-suppliers. The improvements are in alignment with our Human rights and Chemical policies, code of conduct and the Amfori code of conduct.

Twenty-four of the suppliers we work with are based in risk countries and nine of them have a valid audit from amfori BSCI, SEDEX and/or SA8000. Our membership with Amfori will help us reach our goal of 50% of our suppliers based in risk countries with a valid audit.

To reach our goal of 50% of suppliers in risk countries with an audit, we need three suppliers to join an audit. The suppliers are chosen by the amount of quantity bought from them in 2019. This goal will be corrected, as we find it relevant and important for more suppliers to go through an audit.



NN07's headquarters are located in Copenhagen. Everyday we make the best effort to ensure that our office is a welcoming and secure place for everyone involved in the company. Our employees are creative and hardworking, and are proud of what they do at NN07. It is our responsibility to create an office environment where all of our employees feel inspired to initiative progressive and sustainable change in the company.

COMMITMENTS	2017	2019	2020	GOAL CORRECTION
Sustainable purchasing of food products and beverages at HQ	10%	20%	45%	
Sustainable purchasing of daily necessities	20%	50%	35%	
Waste sorting	10%	15 %	25%	
Sustainability workshop (Minimum once per year)	100%	100%	100%	

HEADQUARTER

Most recently we decided to change our lunch caterer, this service prioritizes organic food and has also helped to minimise plastic consumption. Our lunch service delivers sustainable dishes and guarantees 30-60% organic meals. We implemented Green Mondays where vegetarian meals are served at the office. More than 50% of NN07 employees have committed to the vegetarian dishes the rest of the work week. This coming year we plan to add another vegetarian meal day with an ultimate goal of only serving “green” meals at the office.

At our headquarters, we are limited to recycling plastic and cardboard. However, we are in dialogue with the municipality of Copenhagen to expand to biowaste, paper, glass and metal.

We do our best to make long lasting products, however, we do receive claims from customers and consumers. The claims we receive are sorted so that we can determine if they can be passed on to the homeless, whether that be at a drop-in center, shelter or halfway house. We are always looking to aid in any way we can, recently we donated shelving to a halfway house to help with storage.

EMPLOYEES

Only with a committed and passionate team can we remain dedicated to building a truly sustainable business.

We keep an open dialogue about ambitions and challenges within the company with all employees.

We want to continue to engage all employees in our sustainability journey. At least once a year, we invite all employees to participate in a sustainability workshop. These workshops are a time where the entire team can engage and bring new ideas to the table, fostering conversation that pushes us all to do better.

Our Employee Handbook introduces the history and values at NN07, this handbook is the backbone of the company and communicates our story to all of our employees.

NN07 is required to run in accordance with our own Code of Conduct, as well as the human and labour rights that we've outlined for the suppliers we partner with.

And the journey continues