



SPORTS GROUP DENMARK 

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# OUR RESPONSIBILITY

2024

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# SPORTS GROUP DENMARK

Foundation



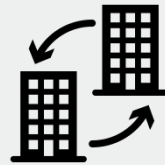
2012

Employees globally



200+

Business model



B2B

Turnover



2022: 149 million EU

Primary markets



For all sports



Number of brands

27

Styles yearly

4000+

65% carry-over styles

# WE TAKE OUR RESPONSIBILITY

The world is changing, and so is the industry for consumer goods such as clothing, shoes and sports equipment. We are facing a new way of consuming and producing, and there are new requirements for both products and companies.

In the future, production and consumption will not only be about quality and price, but about how companies take their responsibilities and make choices – both on the environmental agenda and about conditions for people in their supply chain.

ESG is another way to measure the health of a company. In the future, you cannot look at the financial bottom line only. You will also have to look at the company's ability to, e.g., reduce CO2 emissions and sick leave. You cannot only look at the product's quality and price, you also need to look at its footprint on the outside world via the consumption of raw materials, chemicals and energy, for instance.

## **ESG is an opportunity and a strategy**

At Sports Group Denmark, ESG is not just an option but an actual strategy, because it is in our DNA to do things decently. It is also something that is integrated into all work functions in the company.

Our focus will, among other things, be on resource consumption, innovative recirculation, working conditions even further back in the supply chain, and a very comprehensive documentation of products and company relations – and this while we continue to manufacture functional and durable products at a competitive price.



**ENVIRONMENT**



**SOCIAL**



**GOVERNANCE**

# PRODUCT RESPONSIBILITY

Product responsibility is about taking responsibility for the correct use of raw materials, chemistry, and energy in production. It is also about making functional goods that can last and are used for a long time. In addition, good working conditions must always be ensured.

The largest amount of energy is used in the production phase of a product's lifetime. So, the longer a product is used, the better, because a long period of use results in maximum utilization of the resources used for producing the product. Of course, it's about using as little resources as possible but also the best resources possible.

## **The use of resources**

Typically, the same amount of energy is used to make products that are used four times as for products that are used 40 times. Therefore, it is essential that we, as a manufacturer, in every way develops the products, so that they can be used for a long time. The products need to be fully functional throughout their long life, so that our customers want to keep the products for as long as possible.

## **Product testing**

One method of ensuring that the products last and are used for a long time is testing prior to selling the products. At Sports Group Denmark, many different function tests are carried out on the products. It can be a test of wear resistance and a test of waterproofness. The products are also tested for chemistry, so that there are no potentially harmful substances in the products. Here, tests are not only carried out in relation to REACH, but against AFIRMS test recommendations.

## **Good working conditions**

Product responsibility is also about working conditions for the people who make the products. We make demands on everything from hygiene to occupational safety. Factories are audited annually, where both contract and factory are reviewed.



# ESG AT SPORTS GROUP DENMARK

ESG activities are integrated into Sports Group Denmark's operations. Everyone helps to ensure optimized and recirculated use of resources, and everyone knows about our commitment and desire to ensure good working conditions in the supply chain. ESG efforts are an opportunity and a necessity. At Sports Group Denmark, the effort also comes from a desire to make a real difference.



## ENVIRONMENT

E: ENVIRONMENT IS ABOUT CLIMATE AND RESOURCES

What resources such as raw materials, chemistry, and energy are used, and how does it leave an impact on the outside world.



## SOCIAL

S: SOCIAL IS ABOUT PEOPLE IN THE SUPPLY CHAIN

Securing working conditions and employment conditions with suppliers and sub-suppliers.



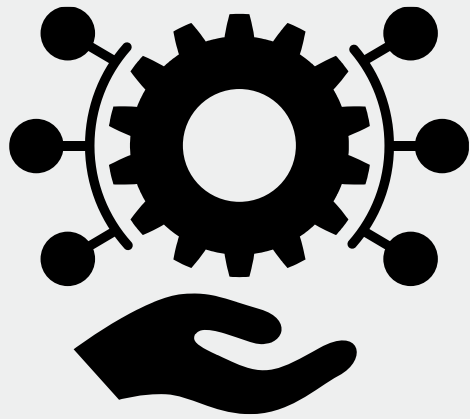
## GOVERNANCE

G: GOVERNANCE IS ABOUT CORPORATE MANAGEMENT

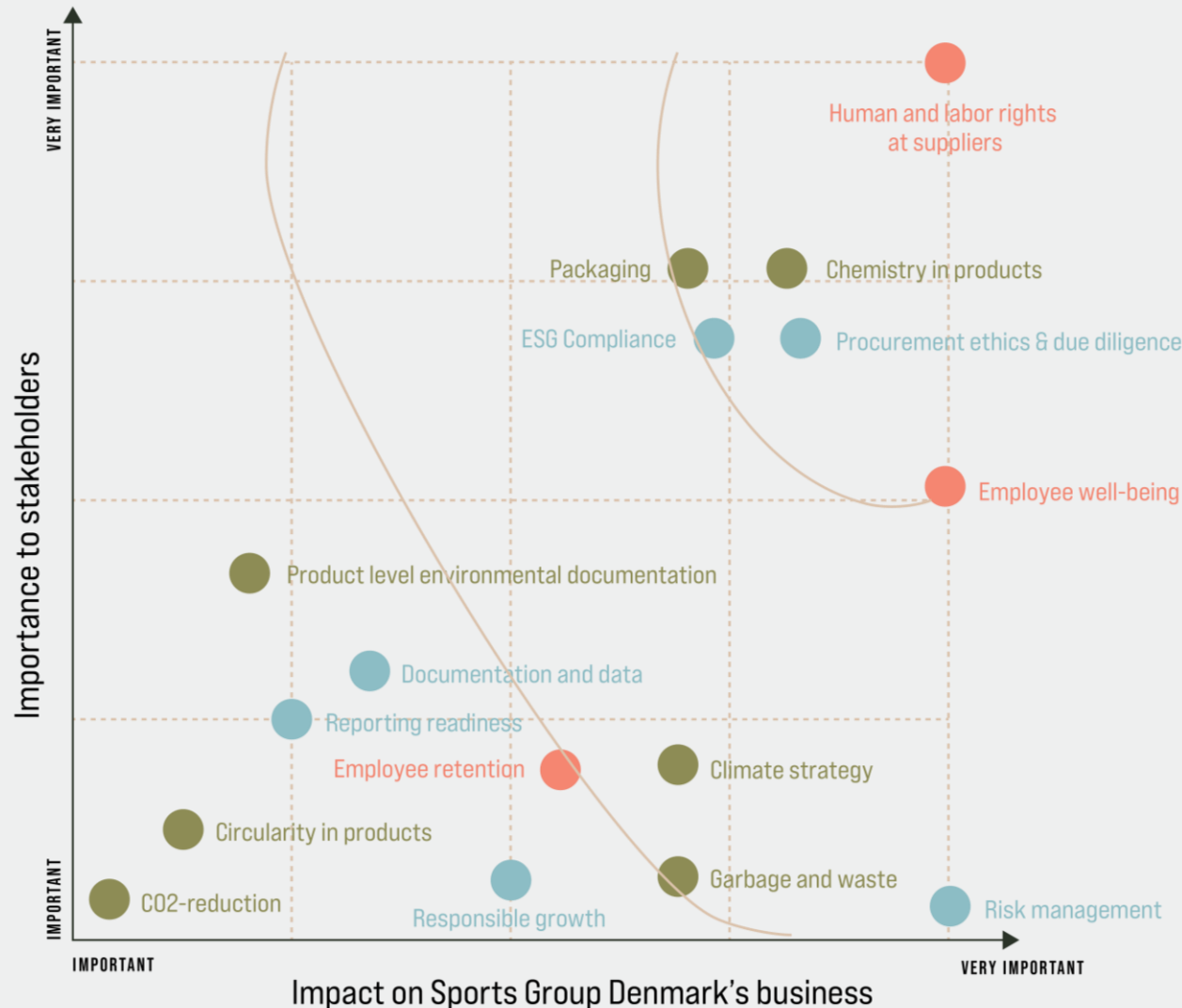
How the company manages the responsibility and ensures growth through choices that take the environment and people into account.



# ESG STRATEGY



# MATERIALITY FOR OUR STAKEHOLDERS HAS BEEN MAPPED



We see ESG efforts as an opportunity to be robust and attractive in the future. There are many areas to address, and in order to focus on the most important things here and now, we have made a mapping of our various stakeholders and their needs.

» *Mapping our stakeholders' requirements and wishes allows us to ensure that we focus on efforts that are relevant both to our customers and to us*

Our mapping and analysis identified 16 focus areas. We have assessed these 16 areas in a materiality analysis. It is this materiality analysis that forms the background for the development of our ESG strategy up to 2025.

Materiality analysis for ESG efforts for Sports Group Denmark



# STRATEGY HOUSE FOR SPORTS GROUP DENMARK

To make way for becoming:  
**THE MOST WELLKNOWN AND  
BEST MULTIBRAND HOUSE**

## GOALS TOWARDS 2025

Recycling methods and circular materials

CO2-reduction

Environmental data on product level

Packaging reduction

Chemistry in products

Due diligence process 2.0

Well-being when scaling up

Strategic climate policy

Incorporated risk assessment – systemic & practically

Reporting readiness

## METHODS

DATA ENRICHMENT – A DATA DRIVEN ORGANIZATION

COMPETENCE BUILDING – A KNOWLEDGE-STRONG ORGANIZATION

CHANGE MANAGEMENT – AN AGILE ORGANIZATION

## CORNERSTONES

**E** Optimal use of  
materials and  
production resources



**S** Securing human  
resources



**G** Responsible  
business management



## FOUNDATION

we  
work

**AMBITIONOUSLY**

we  
act

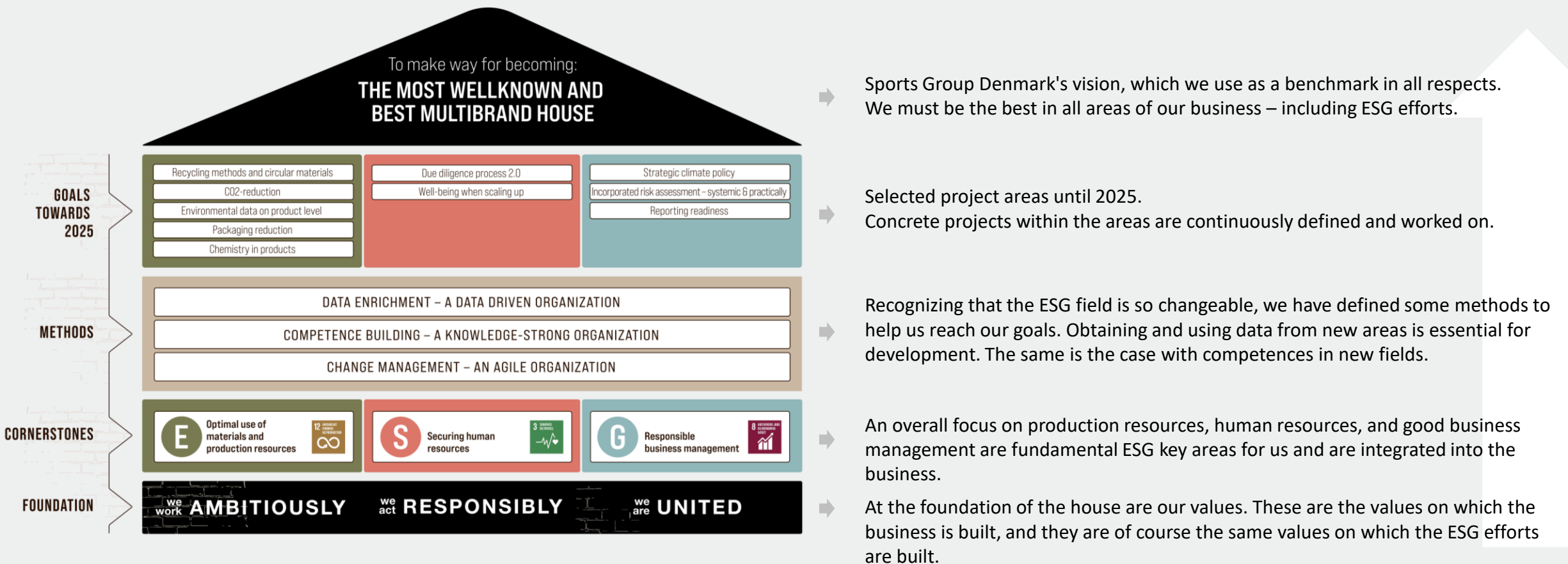
**RESPONSIBLY**

we  
are

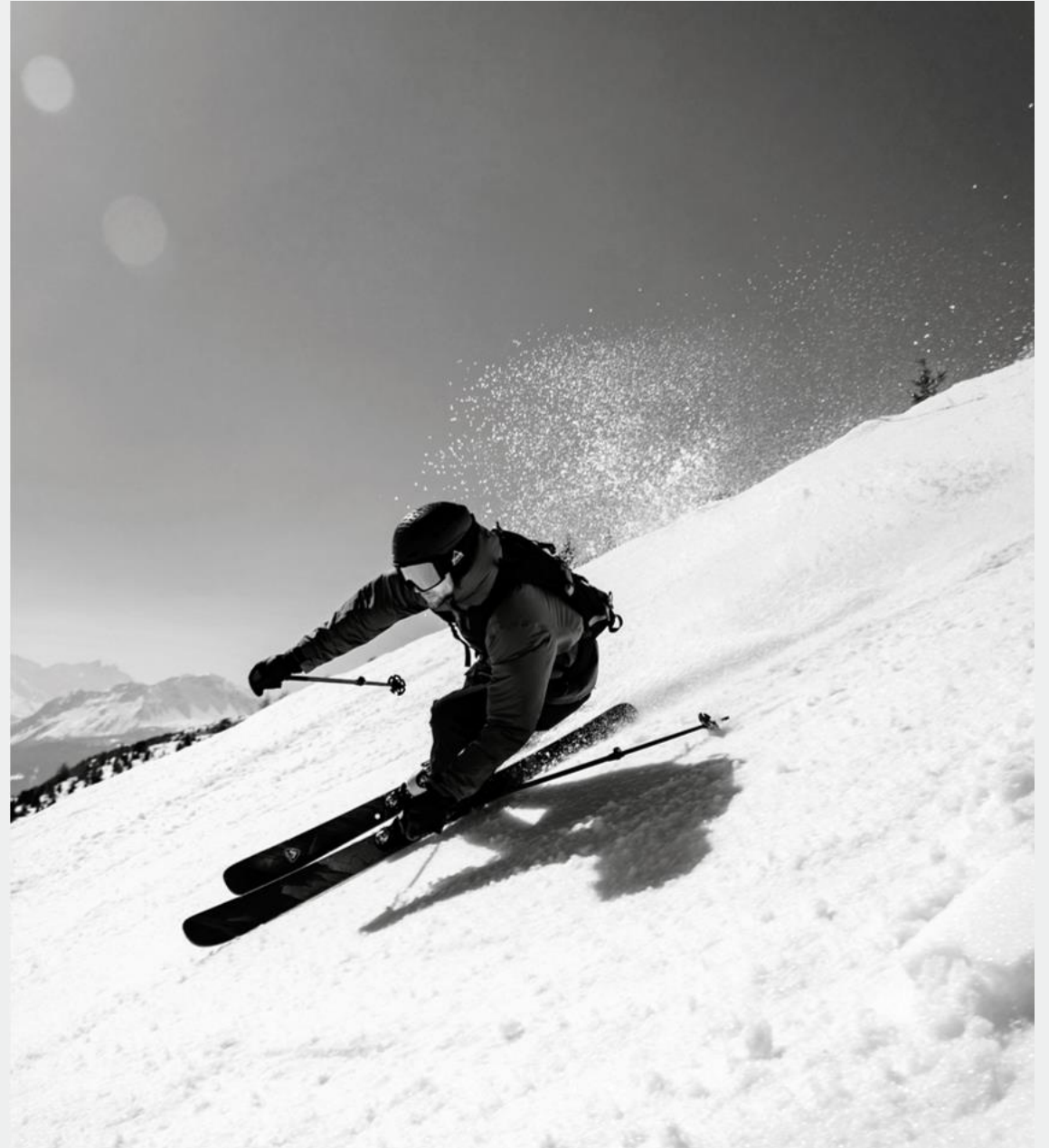
**UNITED**

# THE BUILDING BLOCKS OF THE STRATEGY HOUSE

The strategy house combines important topics with Sports Group Denmark's mission and business model. The house must be read from the bottom up.



# ENVIRONMENTAL RESPONSIBILITY



# ENVIRONMENTAL RESPONSIBILITY IS CONSUMING AND PRODUCING IN THE MOST OPTIMAL WAY

For many manufacturing companies, Sustainable Development Goal 12 is the most important global goal. And it is for obvious reasons, as our choices in production and consumption have a decisive environmental impact.

Taking the environmental responsibility includes being in control of one's supply and value chain, and thereby making the risk assessments, rectifying negative impacts and following up all the way around.

Environmental responsibility is about resources in all manners. It is the raw materials used for the company's products, the energy, chemistry, and water used in production, and what is left over, namely garbage, waste and CO2 emissions.

When working with responsible consumption and production, it is particularly about finding ways to reduce the use of resources, using resources that last a long time, using resources from circular sources and ensuring that the used resources can be included in a new circular loop after use.

The following seven areas have been selected as our key areas on the environmental side from 2023-2025:

- **Packaging**
- **CO2 reduction**
- **Chemistry in products**
- **Circularity in products**
- **Garbage and waste**
- **Environmental documentation on products**
- **Climate strategy**

In these areas, we must continuously measure our impact and optimize our use of resources.

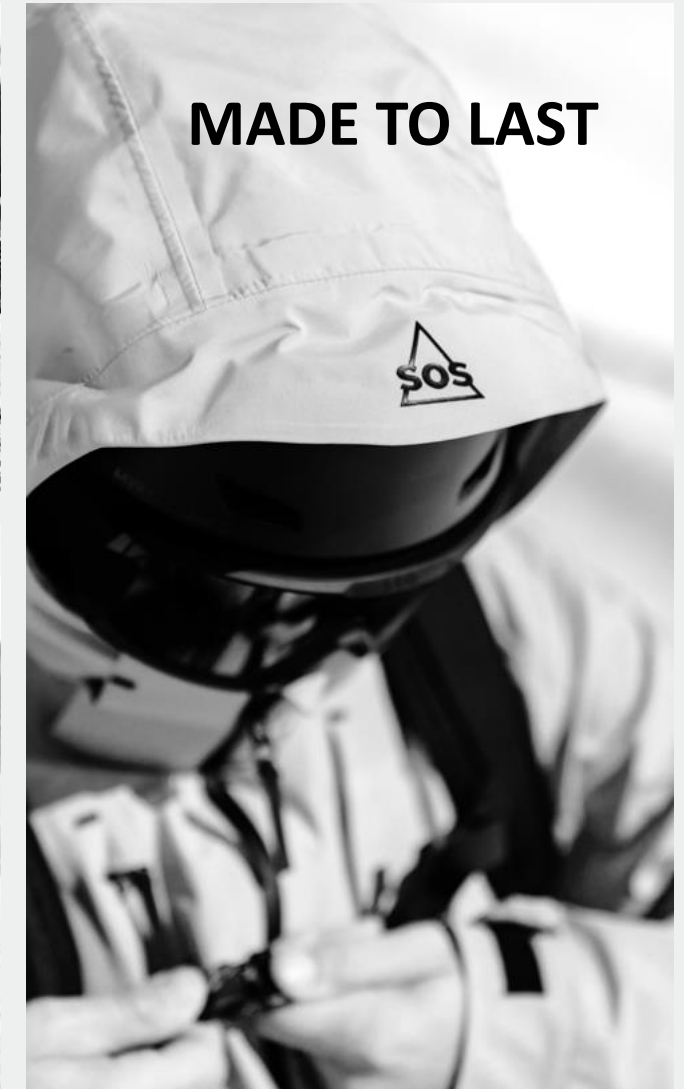


The 17 global sustainability goals were implemented in the autumn of 2015 and must be met by 2030 at the latest. This requires that all of us; countries, companies, organizations, and individuals make an ambitious plan and take our responsibility.

# LONG USE TIME IS ESSENTIAL FOR THE ENVIRONMENTAL IMPACT

Clothes that are used a few times are bad for the environment. Fortunately, sportswear, shoes, and equipment are made for long-term use.

Sportswear is made with a fit and materials that allows you to be active when wearing. It is made to be exposed to many washes. It is created and tested with the functions that are needed in the sport you perform. These are all factors that make you use your clothes many times. It is good in an environmental context compared to other garments, which you may use only a few times, but which require just as much energy, water, and raw materials to produce.





# WE ENSURE A LONG PRODUCT LIFETIME

There are many methods to ensure that clothes and shoes last a long time. Long durability is optimal both for the environment and the economy.

Sportswear is not bought for short-term use or for a single occasion. Our products are designed and tested for very long-term use.

Testing of clothes in production  
We carry out function tests and chemical tests of our products to ensure that the durability, color fastness etc. meet the best standards and to ensure that products are free of potentially dangerous chemicals. Tests are carried out by an internationally recognized third-party institute, which tests the products directly from the factory.

Long durability is ensured through:

- Function test
- Chemistry test
- Perfect fitting
- Comfortable materials
- Creating favorite clothing items

The perfect fit is essential  
At Sports Group Denmark, we work intensively to create the perfect fit for clothes and shoes. It extends the usage time and lifespan of the product, when the clothes are created keeping movement and comfortability in mind. In general, many textile products in the world are discarded because they do not fit properly. We must eliminate this kind of waste.

At Sports Group Denmark, we want to make products that customers do not want to replace, even when the clothes are well used and have been washed many times. It is a very important factor when talking about sustainability within the textile business.

We make our customers' favorite clothes  
Favorite clothes are typically the best products for the environment. These are products that are used until they are worn out. We always aim to make our customers' favorite products, as we then know they will be used for a long time.

It is bad business for the environment when clothes are only used a few times before being thrown away.





# RESPONSIBLE CHOICE OF MATERIALS

Choosing the right fabric is crucial. Not just for the comfort when wearing the product, but also for the environmental profile of the product.



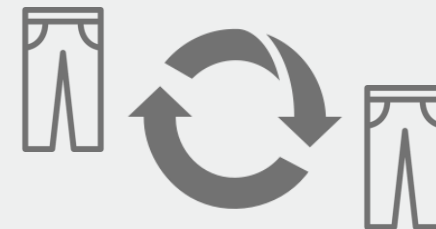
When we develop a product, we first and foremost look at what the product must be able to do for the consumer to be satisfied with the product for the situation it was designed for. The right functions also help ensure that the product is used for a long time. The pockets in, e.g., a pair of padel shorts must fit the size of padel balls and provide easy access during the game. Otherwise, the shorts will be discarded long before they are worn out.

## Recycled materials

Next, the hunt begins to find the most optimal materials. In our assortment, we have a wide range of products with recycled content from used plastic bottles. Polyester and plastic come from the same source, which makes it obvious to use this technology. And recycled content of any kind is good, as you don't have to use new materials for production. At Sports Group Denmark we also use zippers with recycled material in our products.

## Circular materials of the future

A lot is happening in the area of recycled and circular materials these years. At Sports Group Denmark, we participate and invest in various projects to ensure better recycled and circular material flow. There is no doubt that in the future the world will become better at recycling other types of plastic material. Not least polyester and polyamide, which are already found in clothing. Soon, we will be able to use the used clothes to make new clothes.



Today, it is possible to make clothes from used PET bottles. Soon we will be able to make clothes from clothes, so that we don't have to use new fibers every time.

# THE CIRCULAR FUTURE

Globally, we are moving from a linear consumption culture, where we buy products and throw them away after use, to a circular consumption, where the materials are collected, sorted and used many times.

In **linear consumption**, the bin is large, and the product's parts are only used once before they are destroyed.

When **something is recycled**, products or product parts that have been used already, are used again in a new product, e.g., plastic bottles that are recycled for polyester clothing.

In **circular consumption**, product parts are used many times. An example is paper recycling, where the paper can be collected after use and made into new paper many times. The amount of waste to be destroyed is significantly reduced.



LINEAR



RECYCLED



CIRCULAR



# CO2 MEASUREMENTS AND TARGETS

When you measure your CO2 consumption, this can be done against the GHG protocol, which is an internationally recognized standard. We have done this at Sports Group Denmark for a number of years.

All three scopes are measured  
We have chosen to report on all three scopes, and not just on scope 1 and 2. Scope 1 and 2 are the energy and the sources that you control yourself, as it is about direct consumption in the company. We work continuously to set targets for reductions and to look into alternative energy sources.

The largest emission is in scope 3  
When you are a manufacturing company, by far the largest part of your CO2e emissions is in scope 3. It is primarily the emission that occurs at our suppliers when our products are made - typically in the Far East.

It is therefore important to know the suppliers and products well, so we in cooperation with the suppliers can find new ways to produce products with lower CO2 consumption. It is an ongoing effort, and international goals have been set - goals that we must all live up to. Furthermore, from 2025 requirements on reporting is set.



## SCOPE 1

### Direct emissions

This covers all direct emissions from sources owned or controlled by the company. Typically, it is owned cars and facilities for local heat and energy production.

## SCOPE 2

### Indirect emissions

This covers indirect emissions from electricity or district heating purchased and used by the company.

## SCOPE 3

### Other indirect emissions

This comes from the company's activities, which the company itself does not own or cannot control. It includes emissions related to the entire value chain - both 'upstream' - typically related to the supply chain - and 'downstream', among other things in connection with the use and disposal of products.

# PACKAGING IS A CENTRAL ELEMENT

Reducing packaging consumption makes sense for both the economy, the environment, and customers

Until today, the world has spent unimaginable amounts of resources on packaging to protect goods. The products are expensive and the packaging cheap, and therefore it made sense to protect the products the best possible way or use excessive packaging for marketing purposes.

Today, fortunately, we look at it differently. Packaging must still be present to protect the product - but there are many initiatives to put in place to save the environment from unnecessary use of resources for packaging.

We have intensified efforts to reduce packaging  
We carry out risk assessments on packaging for our more than 30 product categories and base our work with material reduction on the following principles:

1. Can we remove packaging?
2. Can we reduce the packaging? (size, thickness, etc.)
3. Can we replace with a better material?
4. Can we use new technologies?
5. Can we switch to mono material for easier recycling?
6. To what extent can we use recycled materials in the contents of the packaging?
7. How do we facilitate the sorting of packaging after use?

Why does it make sense?  
When you reduce the packaging, there is both an environmental and an economic perspective to it. On the financial side, it is not only about the purchase of packaging, but also about the tax that you as a producer pay to get rid of the packaging after use (the extended producer responsibility). In addition, the desire to reduce packaging also comes from our customers.

Unfortunately, we cannot get rid of all packaging. It is still important to protect the product, because replacing a product due to damage typically has a greater environmental impact than optimized packaging. However, everything counts, and we can get far.





# SOCIAL RESPONSIBILITY

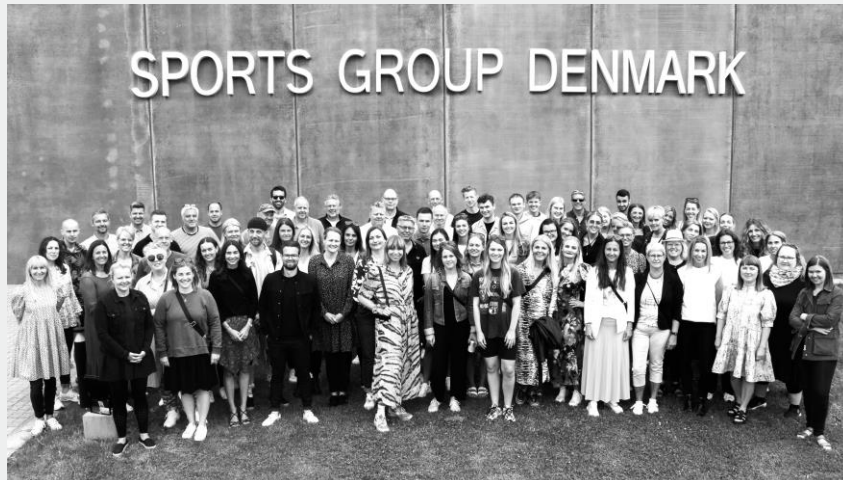


# SPORTS UNITE

So does the working day at Sports Group Denmark across countries, cultures, and other differences.

The headquarters of Sports Group Denmark is in Denmark. We also have employees in other European countries as well as a department in China and one in Bangladesh. With us, the employee is always in focus.

Through sport, we want to bring joy and value to our surroundings, and we strive to inspire the world around us based on our core values.



SPORTS GROUP DENMARK **we bring people**  
**TOGETHER**

**we work** **AMBITIOUSLY**  
**we act** **RESPONSIBLY**  
**we are** **UNITED**

*Sports Group Denmark's internal code of conduct is based on the way we are, work, and treat each other. Ambitious, responsible and united.*



# SPORTS GROUP ASIA – AN INTEGRATED PART OF SPORTS GROUP DENMARK

## Sports Group Asia

Since Sports Group Denmark's start in 2012, we have operated our own office facilities in China. Today, we have more than 50 colleagues in China who work locally with quality assessments, product development, quality control, and purchasing. From 2023, we have also established an office facility with our own employees in Bangladesh.

By having our own employees in China and Bangladesh, we have a strong local presence and as part of our procedure we visit production facilities on a regular basis and always before starting up new suppliers. Visits to the production factories are part of our due diligence program.

The following areas have been selected as our key elements under social responsibility:

- **Employee health and well-being**
- **Employee retention**
- **Human rights and labor rights at suppliers**

Health, well-being, inclusion, and respect for diversity are important – regardless of where you are employed at Sports Group Denmark.



# DUE DILIGENCE IN THE SUPPLY CHAIN

Sports Group Denmark offers a wide range of products in more than 30 different product categories. It requires many different production facilities with different professional expertise. That is why we collaborate with a large supplier network primarily in China and Bangladesh.

A thorough safeguarding of proper working conditions and transparent employment conditions is essential to us.

Therefore, we have established a very comprehensive onboarding process for new suppliers (detail of our onboarding process on the next page).

Existing suppliers also have annual audits and control visits. We have collaborated with many of our suppliers continuously for many years. It provides a good flow and good product continuity, while at the same time it provides the opportunity and confidence to engage in dialogue with the suppliers about, e.g., the social factors.

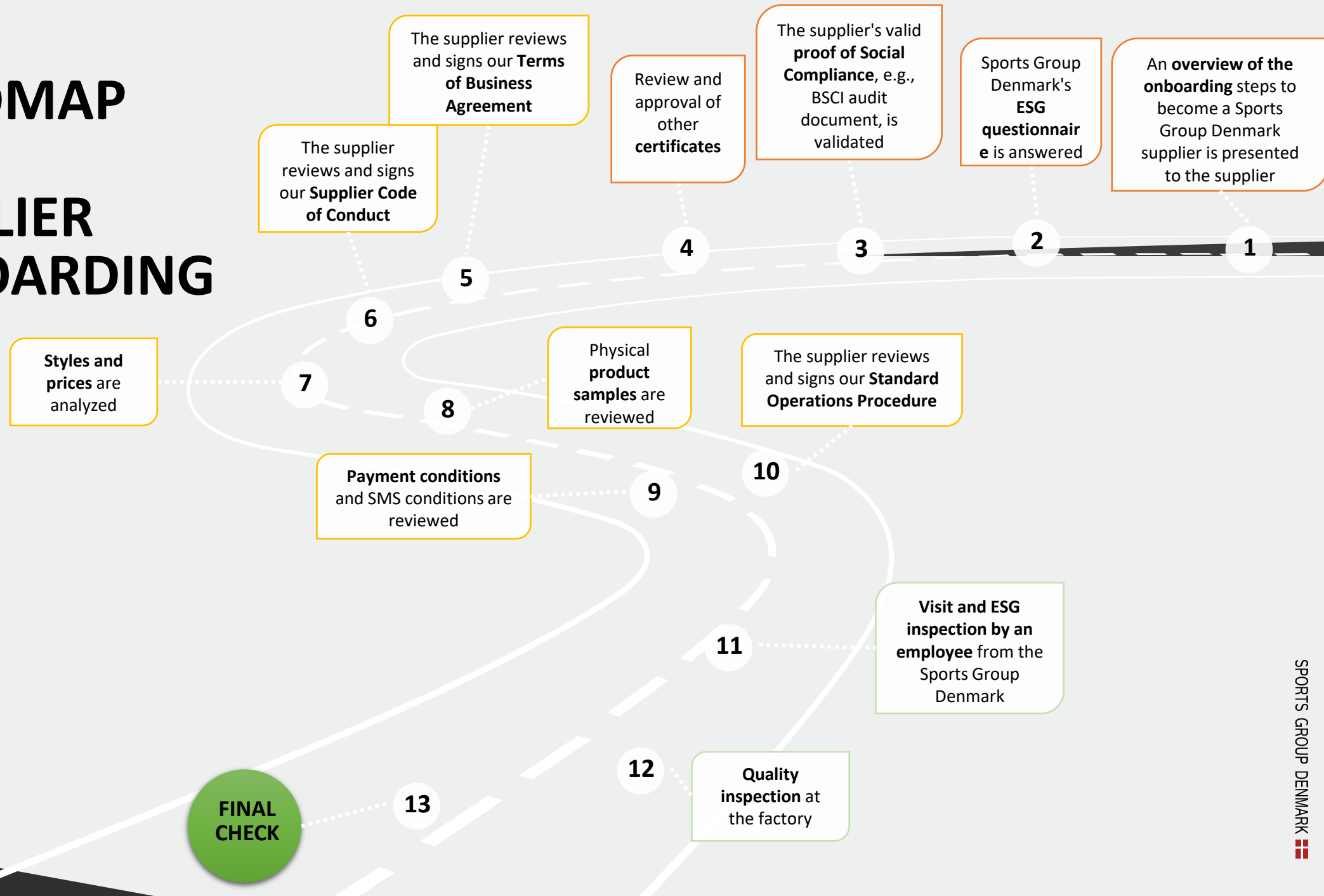
## PROCESS UNTIL 2022 – MONITORING AND FOLLOW-UP PROCEDURES:

- The supplier must sign our Supplier Code of Conduct based, among other things, on the Universal Declaration of Human Rights and the ILO Convention.
- The supplier must sign our Standard Operating Procedure and Terms of Business Agreement – including e.g., terms on audit, quality testing, and required test packages to comply with REACH.
- The supplier must complete audits and receive a factory visit by an employee from Sports Group Denmark
- The supplier must provide third-party verified social audits - either BSCI, SMETA or similar.
- The supplier must follow up on any findings and deviations in audits and visits.

## ADDITIONAL STEPS IN 2023

- Annual ESG supplier questionnaire
- Optimized process before entering contracts with potential suppliers.
- Additional focus areas and criteria for thorough follow-up and dialogue, as well as cooperation with the factories on optimizing conditions, e.g., training programs.
- Further development of the Sport Group Denmark audit at factories.

# ROADMAP FOR SUPPLIER ONBOARDING



# RESPONSIBLE BUSINESS MANAGEMENT



# RESPONSIBLE BUSINESS CONDUCT

Responsible management has always been about managing the business safely through opportunities and challenges. This also applies in the ESG area.

Having to report on environmental conditions and having to collect information on working conditions at one's suppliers' suppliers seems complex. And it is, but we have to handle it with methods we know from other parts of the business.

There are many things that can be implemented and optimized. But it must make sense on several parameters.

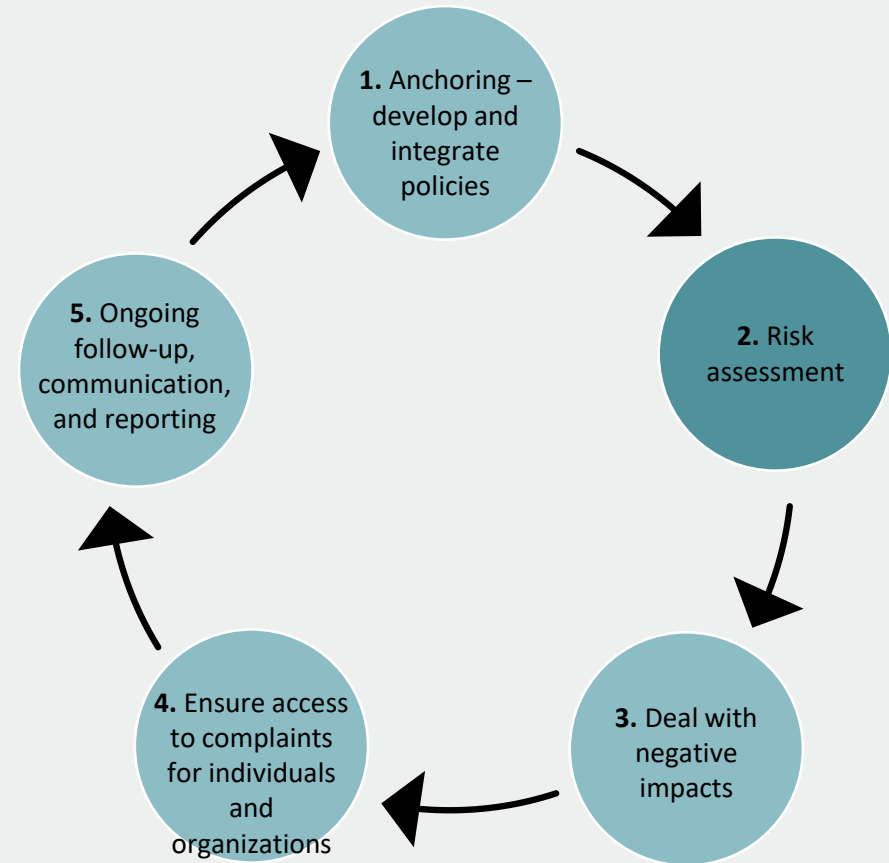
## **Risk assessment is essential**

At Sports Group Denmark, in addition to our materiality analysis, we, e.g., use the risk assessment as an effective tool to ensure a good process and a safe flow for progress. This means that we continuously follow up and adjust to all conditions. Where the materiality analysis is our tool to focus on the right things, we use the risk assessment as an effective working method for processes.

## **Data management**

We must not look too far into the future before we need more data to document the social and environmental efforts, and to use as a prerequisite for new goals and future efforts.

At Sports Group Denmark, we have been well underway with data collection for some time, and it still requires effort. But we are well equipped for the future's data-driven ESG agenda.





# READY FOR THE COMING LEGISLATION

## STORM

It is believed that at least 16 different EU legislation frameworks will affect the textile sector in the coming years. In addition, there are national laws – some of which are precursors to EU legislation in various areas.

At Sports Group Denmark, we expect to be covered by the two major pieces of legislation at operational level, CSRD and CSRD, from 2025 with reporting at the beginning of 2026. At first glance, this is some way off in the future, but we are in the process of preparing ourselves through the collection of data, storage of data and analyzes on double materiality.

We do this, of course, to prepare ourselves for the future. But we also do it to a particular extent to take our responsibility and continue to be a relevant partner for our customers and business partners.

In the area of business management, our interest analysis shows that we must ensure that we stay relevant in the following areas in particular:

- Documentation and data
- ESG compliance
- Reporting readiness
- Procurement ethics and due diligence
- Responsible growth
- Risk management

As a business, we constantly work with our responsibility to be relevant in relation to legislation and other requirements, we work with our policies and ethics, and we ensure responsible growth through data-driven decisions and risk assessments.





# OUR RESPONSIBILITY

- SUMMARY -



# SPORTS GROUP DENMARK IS A STRONG COOPERATION PARTNER – ALSO IN THE FUTURE

E

We take our **responsibility for the environmental impact** by working with the reduction of resources and by promoting circular resources

Examples of our work:

- Packaging strategy and work with reduction and replacement
- CO2 measurements and strategy for reduction
- Chemistry in products is measured and regulated
- Projects around circularity in products have been launched
- Active part of sector cooperation in the textile industry to create a joint effort and greater impact
- Focus on recycling waste and garbage
- Content of recycled material in products, accessories, and packaging
- The journey towards more green energy has begun
- The durability of the products is constantly optimized through fit, materials, functions, and resource consumption

S

**Responsibility for people** is particularly about exploring supply chains, obtaining data, and not least working in a structured manner with the suppliers to achieve higher levels on different matters.

Examples of our work:

- We have described and implemented our process for supplier onboarding, which includes a focus on both social conditions, cooperation conditions, and environmental conditions
- Long-term collaborations with suppliers create room for and trust in that we can work together long-term to ensure better conditions on an ongoing basis
- We are not directly covered by, e.g., the Norwegian Transparency Act, but are happy to help our customers with data for this and other Due Diligence regulations
- Health, well-being, safety, inclusion and respect for diversity are always on the agenda.

G

We see ESG work as a **business responsibility**. By taking our responsibility, we ensure that we continue to be a relevant partner for our customers and other business partners.

Examples of our work:

- We carry out data collection and documentation in preparation for upcoming legislation such as the Digital Product Passport and CSRD
- We have risk assessments as a central element of our work
- We have an overview of upcoming legislation and are ready to report
- A responsible procurement policy and timely diligence are in focus
- We ensure responsible growth that does not compromise the social and environmental responsibility

# THE WORLD IS CHANGING

On a global level, we are in many ways in a process of transformation. We need new solutions and a different view of known areas and issues to secure the future.

*“The world is changing. We don't necessarily have to change everything around, but we will have to do familiar things in a new way and with a new mindset”*

## **In a new way**

For example, we will still design products, but we will do it with knowledge of circular resources and climate data.

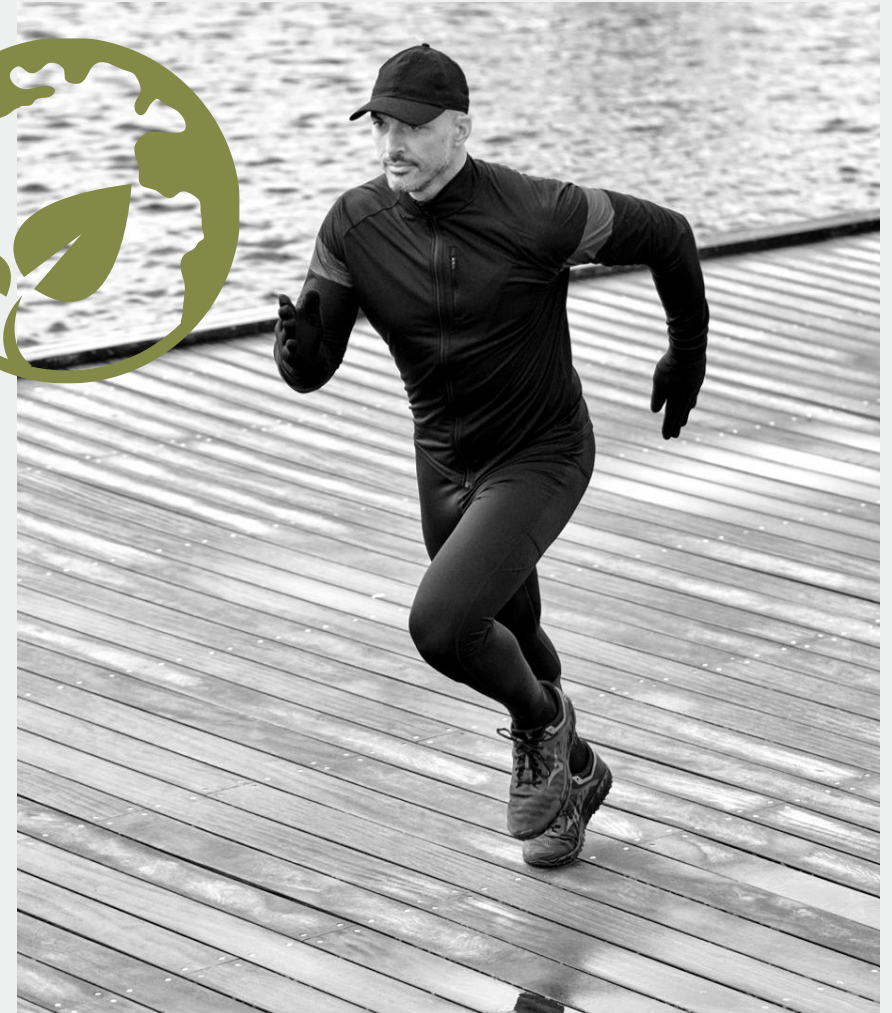
We will work with our suppliers on many other parameters than product quality. We must continue to look at financial ratios, but also understand ESG ratios when assessing the company's health in the future. We must obtain new knowledge and more data in order to make correct choices.

## **We know where we are going - but not how**

Taking responsibility is also about investing in possible solutions that benefit more – or something else – than yourself. It is, for example, about taking responsibility for moving an industry in the right direction. For the textile industry, it is particularly about taking care of resources, developing new methods for material production, and securing circular resources in the future.

We are on a journey. We know where we are going - but we don't necessarily know how we will get there in the long term, because markets, technological possibilities, legislation etc. change continuously.

The change requires cross-functional collaboration, knowledge, data collection, investments, and balancing of risks. At Sports Group Denmark, we are on our way, and we work strategically with it every day, but we are very aware that ESG is a continuous journey into the future.







Feel free to contact us for more information:

**SPORTS GROUP DENMARK** 

Sports Group Denmark A/S  
Skærskovgårdsvej 5  
DK-8600 Silkeborg  
T +45 35114555  
[www.sports-group.dk](http://www.sports-group.dk)  
VAT 3470 4074