

SCOTCH & SODA RELEASES ITS ANNUAL IMPACT REPORT, OUTLINING THE COMPANY'S APPROACH IN LOWERING ITS ENVIRONMENTAL FOOTPRINT.

The report includes an EP&L assessment, an analysis of Scotch & Soda's progress in generating positive change for the planet and its people based on the values of the free spirit of Amsterdam.

Through its material sourcing strategy, Scotch & Soda has been able to implement more organic, recycled and regenerative materials in the reporting year, resulting in a reduced water footprint whilst aiming to decouple impact from business growth.

AMSTERDAM, November 9, 2022 – Fashion brand Scotch & Soda shares its Impact Report for the financial year 2021/2022, revealing the company's progress in generating positive change for the planet and its people based on the values of the free spirit of Amsterdam, the company's home city. The report includes the company's Environmental Profit and Loss (EP&L) assessment¹ calculated over the last 2 years, carried out in partnership with Sustainalize, a new generation of sustainability specialists based in the Netherlands.

Scotch & Soda's revenue rose to €342,5 million in the reporting year, a 23% year-to-year increase, accompanied by a 34% increase in produced material volumes. With its EP&L assessment at the core of its sustainability strategy, Scotch & Soda considers the environmental impact it causes through its direct and indirect company activities, from raw material production until the end-of-life of a product, translated into a monetary value. Based on this, the company takes accountability over a total EP&L impact of €47,1 million, a 36% increase against last year's impact, which is substantiated by the overall growth of sales, the expansion of the assessment scope to include licensee products, the replacement of average market data with enriched actual data, and the daily company operations that support the sales growth.

The EP&L assessment reveals that most of the environmental impact of Scotch & Soda is caused by the selection of materials it uses in the collections and occurs in the stage of raw material production, mainly caused by greenhouse gas emissions, air pollution and water use. Looking at the EP&L's Material Intensity metric it shows an increase of only +1% of the impact per kilogram of produced material against an absolute total EP&L increase of +36%. In regards to reducing water consumption – a key element of the company's strategy – the Water Intensity metric reveals that on an average 1,4 cubic metre is needed to produce 1 kilogram of material, a -5% decrease in comparison to last year's water footprint. These steps positively demonstrate that through Scotch & Soda's current material sourcing strategy, which further extends and scales up its uptake of organic, recycled or regenerative materials, the company sets measurable objectives to ultimately decouple the growth of business from the corresponding environmental degradation.

Frederick Lukoff, CEO of Scotch & Soda, comments: *"Sustainability has become an essential part of Scotch & Soda's strategy in the last couple of years, inspired by the values of the free spirit of Amsterdam. One of our top priorities as a team is to run our business with greater sensitivity to people and the planet, by making more responsible choices that reduce our environmental footprint. I am thrilled that this year we start seeing the positive results of the strategy that we have been implementing. Even if we have a long way to go, we can now measure our impact and follow a clear roadmap for the upcoming years. We are looking forward to sustaining this positive trend, and further decouple impact from sales in the future."*

Scotch & Soda acknowledges the fact that it operates in an industry driven by consumption and the extraction of natural resources. At the same time, through innovations and cross-industry collaborations, the company continues to take steps to a turning point of making a positive impact. The introduction of the EP&L and the brand's second Impact Report marks an important milestone in Scotch & Soda's sustainability journey to generate positive change for the planet and its people, and sets the foundation

¹ EP&L (Environmental Profit and Loss) is a natural capital measurement model designed to give valuable and precise insight into the impact a company has across the full life cycle of its products and its entire value chain looking at the emission of greenhouse gasses and the use and pollution of land, water and air.

SCOTCH & SODA

AMSTERDAM

for the enrolment of its long-term strategy, set to launch in the beginning of 2023. The long-term strategy will represent a roadmap reflecting the company's biggest ambitions, as well as a range of comprehensive targets across multiple areas Scotch & Soda aims to achieve by 2030.

Jelle de Jong, Sustainability Director at Scotch & Soda, comments: *"We have implemented the EP&L at the core of our sustainability strategy to generate a 360-degree understanding of our environmental footprint across the entire value chain, from cradle to grave. These insights support us in having maximum impact in those areas that need it the most, and allow us to establish measurable and time-bound objectives. This approach goes hand-in-hand with our work of obtaining full product traceability down to the stage of raw material production, giving us the opportunity to deal with social and environmental challenges that fit the needs of a specific location."*

Misha Elkerbout, Senior Consultant of Corporate Sustainability at Sustainalize, adds: *"Sustainalize is thrilled to have partnered with Scotch & Soda and to have created an environmental profit & loss together. EP&L information is essential in understanding the total impact an organization has on the environment. When an organization understands its overall environmental impact, it is better equipped to manage it and become a sustainable company. When using Sustainalize's EP&L methods, Scotch & Soda's relies on the most up-to-date science, data and methodologies to steer the company to become even more sustainable."*

Highlights in the 2021/2022 Impact Report include:

Planet

- Scotch & Soda increased the production of responsible garments by 80% compared to the previous year (the company considers a product to be responsible when the main material is made with a minimum of 50% responsible fibres), representing 46% of total volumes produced.
- Scotch & Soda increased its uptake of responsible cotton alternatives to 51% from the total cotton consumption, against 33% last reporting year.
- The company increased its uptake of recycled polyester to 45% from the total polyester consumption, against 26% last reporting year.
- As part of the company's material sourcing and design thinking strategy, natural renewable fibres are preferred over synthetic fibres, which is visible in the increased uptake of Forest-based fibres that have replaced products made from Polyester previously. Synthetic fibres such as Polyester are made from non-renewable resources and comes with a higher risk of micro-pollution to water in its user phase.
- In the beginning of 2022, Scotch & Soda started to use three new, promising next-generation materials: Mycel (made from mushrooms grown in fields in Vietnam), PYRATEx® element 1 (Himalayan nettle), and PYRATEx® element 2 (banana agri-waste) fabrics.
- In November 2021, Scotch & Soda partnered with TIPA® to introduce polybags made of compostable bioplastic. Currently, 16,5% of the brand's polybags are made of fully compostable bioplastic that disintegrate within three to six months. For the next reporting year, Scotch & Soda will increase the amount of TIPA®'s compostable polybags to at least 2.5 million pieces, which will further support the brand's aim to step away from conventional plastic polybags for all product groups by 2025.
- Through design thinking and industry cross-collaboration, the brand has embarked on different circularity projects: following the principles of reusing with its Eternal Blauw collection, repairing with its Blauw Repair service, and recycling as founding members of the Denim Deal.
- During this reporting year, Scotch & Soda has committed to planting 178,948 trees through its partnership with Trees for All, of which 127,614 trees have already been planted, both The Netherlands and other countries including, Spain Vietnam, Uganda, Madagascar, Bolivia and Mexico.
- In 2022, Scotch & Soda launched its Scotch & Soda x Plastic Whale boat, 'The Free Spirit of Amsterdam', collecting 1,250 plastic bottles in a year.

SCOTCH & SODA

AMSTERDAM

People

- This reporting year, Scotch & Soda has obtained transparency of where the brand's clothes are manufactured (Tier 1) and where the fabrics are made (Tier 2). The company will publish this information on the Open Apparel Registry and will continue to work on full transparency across all four tiers.
- Whilst obtaining significant supply chain transparency, Scotch & Soda has been able to conduct Human Rights Due Diligence, which resulted in a risk assessment. As a result of the assessment, the company has established the Ethical Supplier Code of Conduct and created supportive Ethical Principles and Policies.
- Scotch & Soda's became a Foundation Stage member of The Ethical Trading Initiative.
- In order to ensure access to remedy, Scotch & Soda has established a grievance mechanism that allows supply chain workers to directly reach out to the company in case of infringements.
- Consisting of 1,687 employees, Scotch & Soda's global workforce is largely represented by female employees (63%), while 37% are male. This global workforce represents a mix of at least 57 different nationalities.
- Looking at its US and Canada operations, 73% of Scotch & Soda's workforce is from ethnic and racial minorities with Black and Afro Americans and Hispanic and Latino being the most common backgrounds. Focussing on these ethnic and racial minorities is important to the business and its work culture.

Fact Sheet

- €342,5 million in sales revenue
- €47.1 million in environmental damage
- 3.9 million kilograms of textile materials used
- 5.6 million cubic metres of water consumed
- 81.8 million kilograms of Co2-eq emitted in operations
- 274 branded retail stores
- 1,687 global employees (63% female, 37% male)
- 57 different nationalities within the global workforce
- 292 Tier 1 and Tier 2 factories
- 73,254 Tier 1 and Tier 2 supply chain workers
- 127,614 trees planted to restore forests and native biodiversity
- €1.01 million in donations

Full Report

Please click [here](#) to access and download the full Scotch & Soda's Impact Report for the reporting year 2021/2022.

Visual Assets

Please click [here](#) to download a selection of Scotch & Soda visual assets.

(Photo credit: "Courtesy of Scotch & Soda")

SCOTCH & SODA

AMSTERDAM

About Sustainalize

Sustainalize is new generation of sustainability specialists that supports organisations by engineering solutions to various sustainability issues and connecting these to the business strategy, enabling the development of suitable and tailor-made sustainability strategies.

As part of the ERM group, Sustainalize also helps organisations identify and understand their impact, by making it measurable, comprehensible and transparent. Lastly, Sustainalize helps organisations engage with their key stakeholders by optimally utilising knowledge of regulations, integrated reporting and communication.

For more information, please visit: www.sustainalize.com

About Scotch & Soda

Born in Amsterdam, Scotch & Soda celebrates the free spirit of its birth city. Endlessly optimistic, the brand champions individuality, authenticity and the power of self-expression to create the unique – an attitude reflected in its designs. The Scotch & Soda collections include menswear, womenswear, kidswear, denim, eyewear, fragrances and accessories, occupying a unique space in today's global fashion landscape.

Collections can currently be found in 274 freestanding stores across Europe, North America, Asia, the Middle East, Africa and Australia, as well as in 7,000 doors in some of the world's biggest cities, including New York, London and Paris. The brand's online operations also ship to over 70 countries.

For more information, please visit: www.scotch-soda.com

Media enquiries

Daniel Urrutia | Communications Director | urrutia.daniel@scotch-soda.com