



Sustainability Performance Report 2022



LTP GROUP



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OUR COMMITMENT TO DRIVE SUSTAINABLE MANUFACTURING

LTP Group is pleased to present a Sustainability Performance Report for 2021.

It is the first year we chose to separate the annual reporting for sustainability from the annual financial reporting. It enables us to widen the scope of disclosure and provide greater insight into our sustainability performance.

The report summarises our 2021 sustainability performance and presents our new defined 2025 sustainability strategy. This strategy is ambitious and integrated into our corporate strategy.

This report aims to provide all stakeholders with our objectives, successes and challenges. It will also guide us to stay true to our commitment and influence others to define their own journey towards more sustainable industries.

LTP Group started its sustainability journey several years ago with an initial focus on social and environmental certifications for our factories, the materials used in the manufacturing processes, and packaging for manufactured products.

This year we took important steps to further integrate sustainability by developing a new governance model and framework (the sustainability ladder). By establishing a sustainability governance model we make sustainability a topic of strategic importance, on the same level than business matters.

We commit to significantly improve LTP Group's overall sustainability performance and to drive positive change across our industries. We define our vision with two simple words: **Consciously Crafted[®]**.

Reporting practices are detailed in Appendix 3 of this report.



Consciously crafted is our commitment to drive sustainable manufacturing, with environmental and ethical accountability determining our choices in producing durable, functional, premium products.

OUR BUSINESS MODEL

LTP Group is a manufacturer serving premium sport & outdoor and furniture brands with global reach. LTP Group is a specialist in handling textiles. LTP Group is composed of a garment division and a furniture division. Our group functions and our strategic functions, including sustainability, are located in Denmark.

Garment division

The Garment division serve its customers by operating from fully owned factories and third-party production partners.

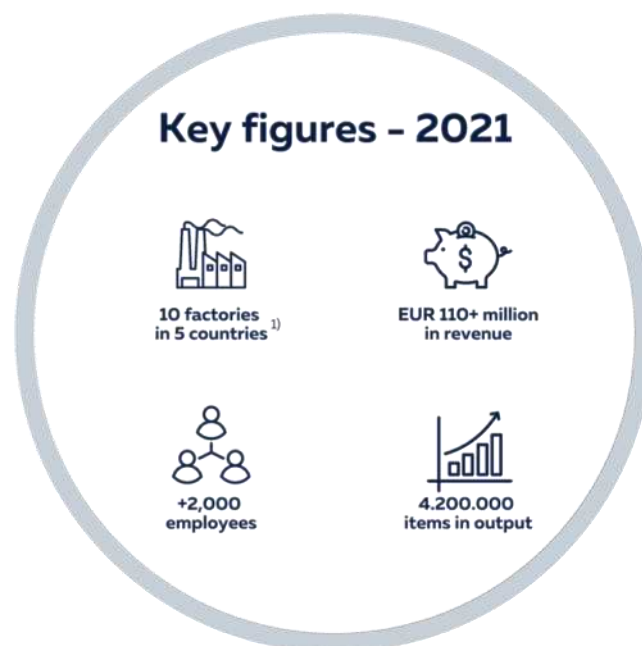
LTP Garment, consists of a regional hub in Europe and in Asia. The European hub is located in Lithuania with a local management team, who are managing factories in 3 European countries. The Asia hub is located in Ho Chi Minh City.

LTP Garment operates in 6 product categories: Active Sport, Cycling, Outdoor, Athleisure, Urban Performance and Sustainable Fashion & Lifestyle.

Furniture division

LTP Furniture offers a total supply chain solution including full assembly, packaging, and logistics.

LTP Furniture, has each of its 4 European factories in Lithuania. In late 2021, LTP Furniture opened a new furniture factory in Mexico to support existing customers in serving the North American market.²⁾



Note: 1) Countries with fully owned factories in 2021 are Lithuania, Ukraine, Belarus, Vietnam and Mexico: The full list of factories with details on location can be found on LTP website;
2) This factory in Mexico will not be fully operational before March 2022 and is not included in the 2021 results reporting.

SUPPLY CHAIN

LTP Group's position in the supply chain for both garment and furniture divisions is between material suppliers and brands. We play a critical role from the ideation stage to the delivery of the final product.

Our customers, garment and furniture brands are designing the products and sending us technical specifications for the product development, construction and manufacturing. Most of the material suppliers we source from are nominated by our customers.



STATEMENT FROM OUR SUSTAINABILITY STEERING COMMITTEE



Camilla Deichmann
CEO, Garment Division



Henrik Holmgaard Olsson
CEO, Furniture Division



Jeannett Hvidkjær
Group CFO



Karin Simondon
Sustainability Manager



'LTP became LTP Consciously Crafted.

Sustainability is a fundamental part of our corporate strategy and include ambitious goals. For this to be our everyday reality, it is essential that sustainability becomes integrated in our operations, values and culture.

We have designed a framework and governance model that ensures a delegation of responsibilities locally in the factories. Designated sustainability ambassadors are spreading knowledge and mindset to our local teams, ensuring that our priority actions will be implemented, and targets will be met.

It is our pleasure to share this information with you in this report.'

Jeannett, Camilla, Henrik and Karin

SUSTAINABILITY GOVERNANCE

As of 2022, LTP Group has defined an organisation and governance structure that provides the global and local management teams with the necessary exchange of information and delegation of responsibility to anchor and drive sustainability initiatives across the group.¹⁾

LTP Group's Board of Directors sets the functions and duties of the sustainability steering committee. It provides the steering committee with the mandate to make strategic decisions and approves the overall sustainability strategy and budget.

The Sustainability Steering Committee is comprised of LTP Group's management team and the global sustainability manager. The committee sets strategic direction and priorities, and monitors execution of the sustainability strategy for 2022-2025.

The Sustainability Management Committee is composed of the global sustainability manager, 6 local directors, and representatives from the shared services group.

The local directors are accountable for local sustainability performance, ensuring execution of the defined actions, and implementing mitigation actions from audit observations.

The representatives from shared services are responsible for supporting legal and contractual compliance as well as integrating sustainability in existing corporate culture and performance reporting.

The Sustainability Audit & Certification Committee is comprised of the core sustainability team. This team sets sustainability standards, supports the execution of the strategic initiatives, organises and follow up on audits and ensures the training and education of employees.

SUSTAINABILITY COMMITTEES



OUR DEFINITION OF SUSTAINABILITY IN 4 AREAS

At LTP Group we visualise our sustainability journey as a 4-step ladder. Notably, we have determined that at each step it is of equal importance to work with sustainability on operational, tactical and strategic levels. We also believe that each of the 4 steps requires continuous improvement over time.

Compliance and corporate values is the base of the ladder since it is a foundation which is essential to successfully build sustainability initiatives and monitor risk.

It requires continuous work to maintain awareness and knowledge across the organisation. It also must be regularly updated to be aligned with regulatory changes.

Certifications are a useful tool to monitor sustainability progress and challenges in our different locations. It also provides us with continuous expertise from third party organisations specialised in social, OHS and environmental best practices.

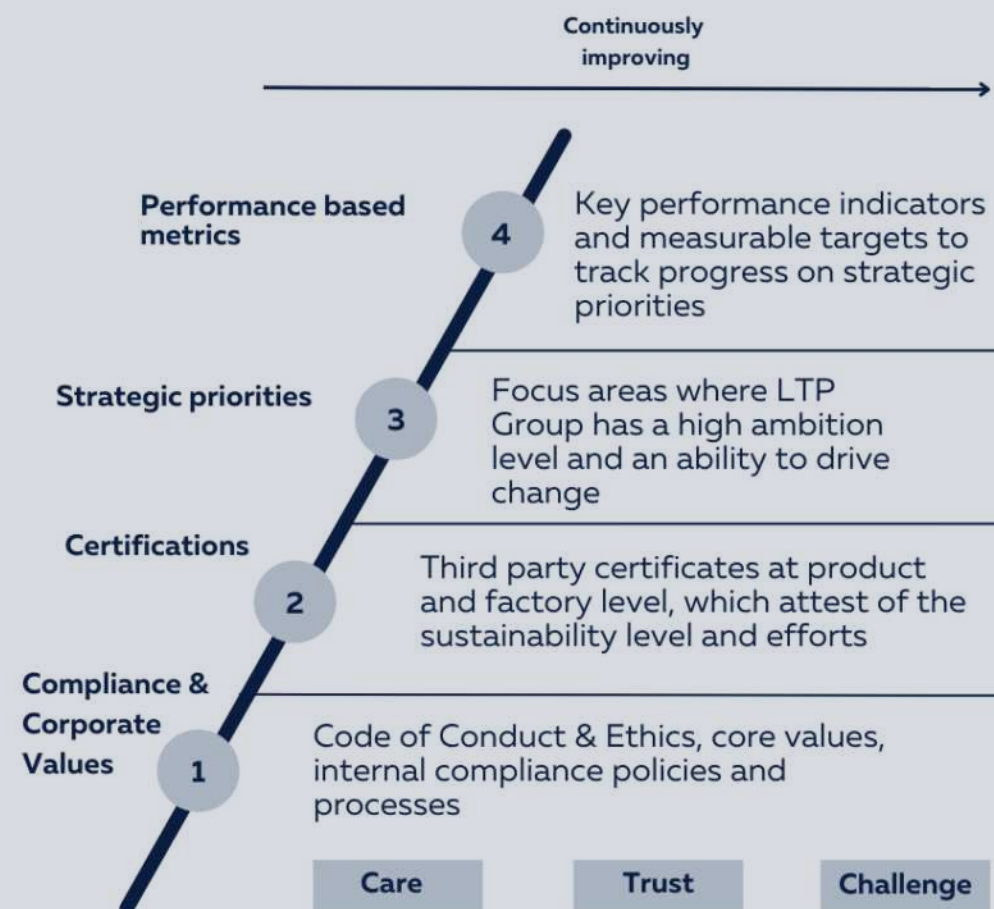
The Strategic priorities defined by end 2025 are the result of a materiality assessment and are regularly reviewed by the continuous involvement of our stakeholders.

Each strategic priority is detailed further in this report where relevant Performance based metrics and targets can be found. These metrics and targets will be followed-up on in the coming years.

You can find details about LTP Garment and LTP Furniture certifications and compliance reports in the appendices of this document.

SUSTAINABILITY LADDER

LTP Groups work with sustainability is composed of 4 key areas, illustrated in the below figure. To successfully ascend the ladder we have built out a team of sustainability professionals, each with dedicated competencies and responsibilities, all of whom collaborate and work in parallel to achieve our strategic goals.



1) B Corp Certification [Link](#)

ENGAGING OUR STAKEHOLDERS

Between May and August 2021, LTP Group conducted a materiality assessment to identify the sustainability topics which are most material and important for our business and stakeholders. The assessment engaged with 80 stakeholders, and as such formed the foundation of our 2025 sustainability strategy.

Out of this collective input we identified 9 sustainability priorities which were grouped into 4 distinct areas. These 4 areas became our 4 sustainability commitments. The sustainability commitments describe our sustainability priorities towards 2025 and the specific initiatives we commit to.

For each of the 4 commitments we have identified the underlying sustainability priorities together with their related 2022 actions and measurable targets.

The details of our approach and the prioritized sustainability material topics are described in an article publicly available:

“Sustainability insights: 9 priority sustainability topics for garment and upholstery manufacturers.”

Materiality assessment

IDENTIFICATION OF MATERIAL TOPICS (9 OF 21)



Strategic priority topics

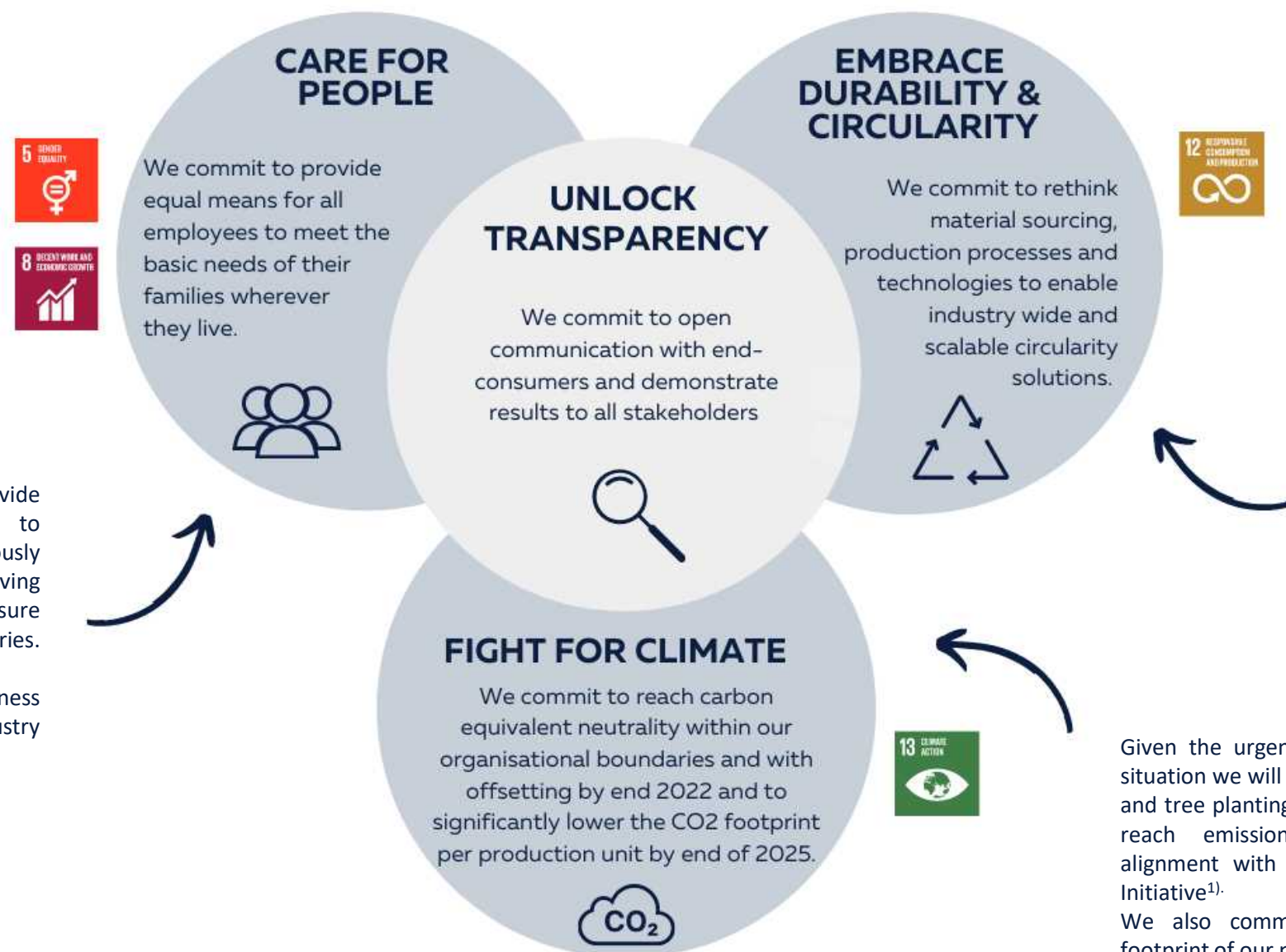


Notes:

1) Design for circularity is a design process which considers how the choice of the materials and the product construction will enable repair and maintenance of the product and recycling and reuse of parts of the product

2) Identified by looking at overlaps at the target level based on the GRI IN SDGs linkage resource

OUR 4 SUSTAINABILITY COMMITMENTS BY END 2025



It is essential for LTP to provide opportunities for our employees to develop their skills and continuously improve working, social and living conditions. We are committed to assure we have a high work safety on all factories. No one must get hurt on our shift. We also commit to involve business partners to meet high social industry standards for their own employees.

As a manufacturer for multiple garment and furniture brands, LTP takes the responsibility to collaborate with brands and suppliers on materials substitution, product development and innovation for design for durability and design for disassembly. We will promote knowledge sharing and sustainability standards to drive industry transformations. We also commit to minimise production waste and optimise recycling of waste.

Given the urgency of the climate change situation we will invest in renewable energy and tree planting locally and we will aim to reach emission reduction targets in alignment with the Science-based Target Initiative¹⁾. We also commit to share the carbon footprint of our product's full lifecycle.

LOOKING BACK AT 2021 TARGETS

For LTP Group, 2021 has been a busy year and a year of extremes - both good and challenging. We were fortunate to experience rapid growth but were also met with considerable challenges due to COVID-19.

Despite the turbulent conditions in the world, LTP Group managed to maintain the focus on achieving the defined targets and are pleased to be able to disclose a solid progress: 14 targets achieved; 5 targets on track; and 3 targets not achieved.

What have we done in 2021?

Care for people

The health and safety of our employees are of highest priority. The established procedures for ensuring safe working environments and compliance with national legislation in each of our locations are met.

Throughout the COVID-19 crisis, health and safety of our employees has been no one priority. We have established procedures for ensuring safe working environments and compliance with COVID-19 related local legislation in each of our locations.

We have faced the most challenges in Vietnam. Our factory in Ho Chi Minh has been impacted by a nearly 3-month lock-down. The LTP factory has been able to partly maintain operations. Production employees working under the lock-down have been selected on a voluntary basis. Employees who decided not to work under the lock-down have received their basic salary.

As part of our commitment, we involve business partners to meet high social industry standards for their own employees. We have prioritised to provide LTP's Code of Conduct to our production partners, which has not brought a satisfactory result for LTP Garment Vietnam. Our production partners plays a central role in conducting business ethically and responsibly, and we will maintain a strong focus to ensure that they adhere to LTP's Code of Conduct.

In 2022 LTP Group will strengthen the management of our production partners portfolio by widening the assessment framework to all production partners. Further detail on this assessment is provided in the next section under the Care for People commitment and related targets for 2022.



LOOKING BACK AT 2021 TARGETS

Embrace durability and circularity

Decreasing the environmental footprint arising from our production will continuously be a priority. It includes the selection of certified and lower environmental impact materials used in the manufacturing processes and in packaging.

In 2021 our focus has been to reduce the use of non-recyclable and non-recycled plastic and to phase out solvent-based glue in furniture production.

The aim to replace traditional plastic bags with recycled and recyclable plastic bags has been part of LTP's sustainability strategy for several years. The targets for 2021 was met for all locations except LTP Garment Vietnam.

The use of solvent-based glue has negative impact on biodiversity and is a potential threat to human health. In 2021 LTP Group succeeded to entirely exclude its usage.

Fight for climate

In 2021 we have worked on reducing CO₂e emissions with two initiatives. The sourcing of renewable electricity in Lithuania, and the alignment of our carbon accounting and carbon reduction target setting with global leading standards.

We have achieved our targets for 2021 and committed to the Science Based Target Initiative. In the coming years we will reduce further our emissions in alignment with the SBTi target setting methodology below 1.5°C.

The reported CO₂e emissions included scope 1 and 2 which is composed of company vehicles, and energy consumption in our factories and offices.





Unlock transparency

As a manufacturer we believe that we also have a responsibility to share information about the value chain behind the garment and furniture products we manufacture. The various steps in the production of a product are in most cases unknown by consumers but also by value chain players. Without knowledge of those steps, it is impossible to understand the product's impact and to make the right decisions to reduce this impact.

In 2021 we focused on opening up communication towards consumers, providing insights to the product purchased and the manufacture behind it. We also organised 3 webinars on the topic of Circularity, inviting industry experts to share insights to other supply chain players.



PERFORMANCE ON 2021 TARGETS

Commitment	Priority topic	2021 Target	2021 Result	2022 Target	Committed Entity	Status
CARE FOR PEOPLE 	Injuries & accidents					
	Number of near-misses incidents	0	5	0	LTP Furniture	On track →
	Number of work-related injuries	0	2	0	LTP Garment	On track →
	Business partners portfolio management					
	% production partners signing LTP Code of Conduct and Ethics	100%	90%	100%	LTP Garment Lithuania	On track →
		100%	26%	100%	LTP Garment Vietnam	Not achieved
	% sewing production partners assessed on sustainability	N/A	88%	100%	LTP Garment Lithuania	Achieved ✓
	Fair wages and benefits					
	% full time production employees, part of the works council or a union	100%	100%	100%	LTP Furniture	Achieved ✓
		100%	100%	100%	LTP Garment	Achieved ✓
EMBRACE DURABILITY & CIRCULARITY 	Fair working conditions & Occupational health					
	Workers covered by an OHS management system	100%	100%	100%	LTP Group	Achieved ✓
	Production waste management & disposal					
		90%	100%	100%	LTP Furniture	Achieved ✓
	% of recyclable plastic bags for packaging	90%	100%	100%	LTP Garment Lithuania	Achieved ✓
		90%	15%	50%	LTP Garment Vietnam	Not achieved
		25%	26%	50%	LTP Furniture	Achieved ✓
	% of plastic bags with min 50% recycled content	40%	41%	75%	LTP Garment Lithuania	Achieved ✓
		25%	37%	50%	LTP Garment Vietnam	Achieved ✓
	Materials selection and substitution					
FIGHT FOR CLIMATE 	% of water based glue (fully exclude solvent based glue)	100%	100%	100%	LTP Furniture	Achieved ✓
	% of carboard sourced which are FSC certified	95%	95%	95%	LTP Furniture	Achieved ✓
	% of wooden frames sourced which are FSC certified	30%	11%	30%	LTP Furniture	Not achieved
	Carbon equivalent emissions scope 1 & scope 2					
	Carbon eq. emissions for scope 1 and 2	GHG protocol ¹⁾	902 kg CO ₂ e / FTE	0 kg CO ₂ e / FTE ²⁾	LTP Group	Achieved ✓
UNLOCK TRANSPARENCY 	Renewable energy sourcing					
	% of electricity from renewable sources with Renewable Electricity Certificate ³⁾	100%	100%	% not covered by the PPA ⁴⁾	LTP Garment Lithuania	Achieved ✓
		100%	87%	% not covered by the PPA ⁴⁾	LTP Furniture Lithuania	On track →
	Customers					
	Number of events organized to foster knowledge sharing across players in the industry	N/A	3 (circularity)	3	LTP Group	Achieved ✓
	Product users /consumers					
	Number of new customers to join the transparency web platform called LTP Consciously Crafted	N/A	4	5	LTP Garment	On track →

Notes:

1) Carbon accounting done according to Greenhouse Gases protocol standards;

2) LTP Group committed to reach carbon equivalent neutrality starting 2022 with offset. According our commitment to SBTi below 1.5 degrees target setting, Link, a CO2e reduction targets for 2025 will be set and disclosed in the 2022 annual sustainability report ;

3) To account for the reduced CO2e emissions from renewable electricity certificates (REC), the GHG Protocol quality criteria must be met, and consequently we cannot claim for this renewable electricity and disclose 0%. In Vietnam, we have not found the possibility yet to source renewable electricity with those certificates;

4) Power Purchasing Agreement to buy renewable energy

GOING-FORWARD: 2022-2025 STRATEGY

Our new 2025 sustainability strategy sets the new frame for reporting for the coming years, in addition to the GRI Standards.

This strategy takes into account upcoming regulations under the new EU Strategy for Sustainable and Circular Textiles. The EU legislative framework under this strategy is addressed through our 4 sustainability commitments and related priority topics (Corporate Sustainability due diligence directive, digital product passport, green claims, waste framework directive, packaging EPR & eco-design etc..).

For these 2022-2025 strategic priority topics (identified by the results of the materiality assessment), we have defined related performance metrics and 2022 targets. For climate we have also set targets for 2025 since agreements or investments started in 2022 to reduce emissions will have impact during 2023.

These targets are presented in the following pages under each of the 4 commitments to which they belong.

Most priority topics are common to our two business divisions: LTP Garment and LTP Furniture. This enables a group approach that leverages synergies between industries.

As illustrated in the above-mentioned sustainability ladder, in addition to those strategic priority topics, LTP work with sustainability covers 2 other areas:

Certifications

LTP Group factories are audited by third party companies in the context of our social and environmental certifications. The detailed list of our certifications is available in the appendix of this report

Compliance

In addition to following all legal social compliances (e.g. legal minimum wage) in all locations in which we operate, LTP Group has also developed, and regularly reviews, our own internal policies such as our Code of Conduct and Ethics. The detailed list of our internal policies and other compliance documents is available in the appendix of this report



CARE FOR PEOPLE



LTP Group has over 2,000 employees across 10 factories in 5 countries. They are performing a large variety of jobs in production, warehouses and offices. We believe in diversity and inclusion as a driver for a dynamic, supportive and open work environment.

All employees across the group are addressed by the sustainability commitment Care for People, which covers their well being including occupational health & safety (OHS), working conditions, and wages & benefits.

The topic of OHS is of highest priority. We have established procedures for ensuring safe working environments and compliance with national legislation in each of our locations.

In 2021 we have set up a whistleblowing system and reinforced the local complaint mechanism. In 2022 we will roll out trainings with employees at all levels to ensure that they are well known and understood.

In addition to LTP Group employees, we have an increasing focus on our supply chain partners and their social responsibility. The focus is on external production partners for the garment business unit.

In 2022, we will strengthen the management of our production partners portfolio by widening the assessment framework to all production partners. This assessment is based on social and environmental requirements. Production partners are categorised depending on their performance level according to pre-defined criteria. Any production partner in the lowest performing category has to improve within 1 year partnership to continue collaboration with LTP Group.

On the topic of fair wages & benefits, in 2022, we will release and implement a strategy with two objectives:

Objective 1: Define yearly the living wages in each of our 10 factories locations by conducting a survey among production employees

Objective 2: Assess LTP's performance compared to those living wages and initiate dialogue with selected supply chain partners where the gap is highest

LTP Group provides similar wage levels for men and women in each department for similar type of job functions. In the sewing department we employ a majority of women due to availability of skilled workforce.

Priority topic	2022 Target	Committed Entity
Injuries & accidents		
% of employees provided e-learning on OHS ¹⁾	50%	LTP Group – all countries
% of directors onboarded on new OHS governance model	100%	LTP Group – all countries
Business partners portfolio management		
% sewing production partners assessed on sustainability ²⁾	100%	LTP Garment – all countries
% of production partners reaching “Green” performance level ²⁾	50%	LTP Garment – all countries
% material suppliers signing LTP Code of Conduct and Ethics	40%	LTP Group – all countries
Fair wages and benefits		
Ratios of standard entry level wage man production employee compared to local minimum wage	120	LTP Furniture – LT
	140	LTP Garment – LT; VN
Ratios of standard entry level wage woman production employee compared to local minimum wage	120	LTP Furniture – LT
	140	LTP Garment – LT; VN
% factories involved in living wage assessment ⁴⁾	100%	LTP Group – all countries
% total employees covered by collective bargaining agreements (part of the work council within the factory or a union)	100%	LTP Furniture – LT
	100%	LTP Garment – all countries
Fair working conditions & Occupational health		
% factories filling in minutes of monthly meetings with workers representatives	100%	LTP Group – all countries
Workers covered by an occupational health and safety management system	100%	LTP Group – all countries

Notes:

1) Occupational Health & Safety;

2) We are assessing all our production partners based on a list of social and environmental requirements and depending on their final score they are categorised as red, yellow or green. Green being for the best performance. We do not reject production partners in the red category if they are improving and able to become yellow or green after 1 year partnership;

3) After one year partnership, the most important is the ability for the production partner to improve over time, not only its performance in the beginning

4) See main text explanation

“

We embrace the health, safety and wellbeing of our employees and production partners through LTP Group's core values. In 2021 we expanded the health and safety organization with additional dedicated resources with direct reference to the local directors.



EMBRACE DURABILITY & CIRCULARITY



The widely acknowledged need for scalable and innovative circularity solutions is disrupting our traditional role as a manufacturer. It is clear to us that we must play a larger role in the selection of materials and increasingly challenge those product designs which do not enable the recycling of products parts or repair and/ or reuse of products.

Circularity is thus opening new areas for collaboration along the supply chain between manufacturers like us and material suppliers and brands on the design and construction processes as well as the material selection and substitution processes. The main challenges we have identified for those collaborative projects to be successful are:

- The lack of transparency fostered by the fear of losing competitive advantage
- The cost associated with the additional time for product development
- The lack of clarity about where this new responsibility lies, and who is going to cover additional costs

The identified priority topics under this commitment require a high degree of innovation and testing from our side. They will be integrated into the R&D and testing centers in our regional offices.

We also need to focus on waste reduction and recycling of waste in our operation which is pre-consumer waste.

We do not include in our 2022-2025 strategy handling of post-consumer waste nor systemic take-back schemes. To be scalable, those initiatives must be implemented locally where the product is located after distribution.

Priority topic	2022 Target	Committed Entity
Production waste management & disposal		
% of leftover textiles technically recyclable	100%	LTP Group – all countries
Ratio of 3D samples versus physical samples	5%	LTP Furniture – LT
Ratio of 3D samples versus physical samples	25%	LTP Garment – all countries
Product manufacturing for circularity ¹⁾		
Number of projects with solution for disassembly	5	LTP Furniture – LT
Sustainable material substitution		
Number of projects with sustainable material as an alternative	5	LTP Group – all countries

Note: 1) Manufacturing for Circularity is the manufacturing of a product to facilitate integration of sustainable raw materials, the recovery of industrial waste and the EOL recycling, upcycling or downcycling

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We organised 3 webinars on the topic of Circularity, inviting industry experts to share insights on circularity. The focus areas were:

- *Describe how to integrate circularity thinking in the design process*
- *Explain how to measure & report circularity impact*
- *Present innovative circular materials.*

FIGHT FOR CLIMATE



The scientific evidence of the devastating impact of climate change on nature and people is undisputable. As a company with global manufacturing operations we are part of the problem, like any other company or organisation. Today the essential thing for us, is to know how much we should reduce our CO₂e emissions to prevent increasing temperatures above 1.5°C. In parallel we are working on identifying all available solutions to reach this reduction target.

The only methodology to calculate this reduction amount is provided by The Science Based Target Initiative. In fall 2021, LTP Group committed to submit its carbon equivalent reduction targets in accordance to the SBTi methodology below 1.5°C. Thus, LTP group is listed on SBTi website as a company taking action. The carbon equivalent emissions targets for 2022 and 2025 will be defined in the fall 2022 once they have been reviewed and approved by SBTi. They will be published in our 2022 Sustainability performance report.

In 2021 and 2022, LTP Group entities in Lithuania are sourcing renewable energy through Renewable Electricity Certificates. Going forward, LTP Group will sign power purchasing agreements whenever possible with local renewable power producers. Our objective is to support the development of additional renewable power capacity in the countries where we operate.

Carbon equivalent emissions are reported in conformance with the GHG Protocol Corporate Standard, and accordingly all scope 3 emissions are not included.

During 2022, we will also assess our 2021 scope 3 carbon equivalent emissions and reduction targets according to the Science Based Target initiative (SBTi)¹⁾. The full scope 3 emissions will be reported in our 2022 Sustainability performance report published in 2023.

Priority Topic	2021 Result	2022 Target	2025 Target	Committed Entity
Carbon equivalent emissions scope 1 & scope 2				
Carbon eq. emissions from company vehicles	76 kg CO ₂ e/FTE	0 kg ¹⁾ CO ₂ e/FTE	According to SBTi ¹⁾	LTP Group – all countries
Carbon eq. emissions from electricity consumption	544 kg CO ₂ e/FTE			LTP Group – all countries
Carbon eq. emissions from heating	282 kg CO ₂ e/FTE			LTP Group – all countries
Renewable energy sourcing				
Electricity consumption MWh / FTE	2.01	2.00	Defined by energy efficiency assessment in 2022	LTP Group – all countries
Gas consumption MWh / FTE	1.38	1.35		LTP Group – all countries
% of electricity from renewable sources with REC ²⁾	100%	100%	% of not covered by PPA ³⁾	LTP Garment – LT
	0%	0%		LTP Garment – VN
	87%	100%		LTP Furniture – LT
% of electricity from renewable sources with PPA ³⁾	N/A	0%	Maximum allowed ³⁾	LTP Group – all countries
Inhouse transportation & logistic of goods				
% of new company vehicles being hybrid, or electric	N/A	100%	100%	LTP Group – all countries
Energy efficiency				
% owned buildings energy efficiency assessment & improvements	N/A	100%	N/A	LTP Group – all countries
Product carbon footprint on full lifecycle				
No of customers with product lifecycle CO2e on product invoice	N/A	10	40	LTP Group – all countries

Note: 1) For period 2022-2025 carbon neutrality with carbon offsetting. Will be a large portion in 2022 but will decrease over time when actual reduction happens. LTP committed to the SBTi, [Link](#), and will define CO₂e reduction targets for 2025 according to its methodology based on science. Targets will be shared in the 2022 annual sustainability report;

2) To account for the reduced CO₂e emissions from renewable electricity certificates (REC) they have to meet GHG Protocol quality criteria. In Vietnam, we have not found the possibility yet to source renewable electricity with those certificates;

3) Power Purchasing Agreement, with local restrictions on the share of consumption a company is allowed to cover as per the national regulation.

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With this signature we commit to reduce our carbon footprint, to keep global warming below 1.5°C above pre-industrial levels. We believe that the SBTi today is the only standard for businesses to set credible targets, to effectively address the climate crisis.



Signing the Science Based Target Initiative

UNLOCK TRANSPARENCY



One of the conclusions from the materiality assessment we conducted early 2021, and which is described above in this report, is that the need for more transparency in the textile industry requires immediate solutions.

The manufacturing industries are complex and global. They have developed in this direction with the main objective of decreasing production costs. Transparency is a strong driver to change direction and improve the social and environmental impact. New requirements from consumers and supported by upcoming regulation are pushing for transparency with the following effects:

- Concentration of orders: to reduce the amount of information to be provided and to ensure a high level of control on the information made available, value chain players are reducing the number of upstream partners and rewarding the ones taking sustainability action
- Consumers awareness: better understanding of how and where products are made is empowering consumers in making purchasing decisions rewarding the brands improving their sustainability performance and driving positive change
- Reshoring: the high share of CO₂e from transportation on products footprint and the sustainability risk level outside Europe is pushing for bringing production closer to distribution

To support this new direction, we have decided to develop different tools to unlock transparency:

Consumer friendly web-based app: we launched a digital tool to unlock external transparency with consumers. This tool is a web platform called LTP Consciously Crafted®. The web platform works like an app and is accessible online by scanning a QR code placed in the products. LTP customers also have a dedicated space in which they can share their own and joint LTP sustainability initiatives. Current content and layout is available on the app under the following link: [Link to the App](#). The content will be continually updated, with concrete sustainability actions and measurable impact.

B2B sustainability platform: in 2021, LTP Furniture developed a customer portal. The ambition is to provide sustainability information specific to the products such as CO₂e emissions on the product lifecycle.

Digital audit & document management system: late 2021 LTP Group started the development of a digital document management system for sustainability documentation and quality audits execution and follow-up. The objective of the system is to increase LTP transparency and efficiency for compliance as well as certifications documents and processes. This system will be fully developed by the end of 2022.

Priority topic	2022 Target	Committed Entity
Employees		
% employees provided e-training on sustainability	50%	LTP Group – all countries
% directors onboarded on new sustainability governance model	100%	LTP Group – all countries
Customers		
Number of events organised to foster knowledge sharing across players in the industry	3	LTP Group – all countries
Number of customers presented 2021 sustainability performance report	20	LTP Group – all countries
Product users /consumers		
Number of new customers to join the transparency web platform called LTP Consciously Crafted	5	LTP Garment – all countries
Business partners		
% of sourced materials in value providing sustainability information	50%	LTP Group – all countries

“

We strongly believe that industry players must come together to address the need for transparency. LTP Group has invested in a web-enabled app opening communication towards consumers, providing insights to the product purchased and the manufacture behind it.



RISK AND COMPLIANCE

In 2021, LTP Group conducted a business risk assessment which included compliance risks. Those risks are presented in the below table. For each risk we present the mitigation measures implemented across LTP Group during 2021 and the mitigation measures to be implemented in 2022.












Specific LTP Group compliance related policies and documents can be found on LTP website. Those documents will be revised and updated regularly.

IDENTIFIED COMPLIANCE RISK IN 2021	RISK DESCRIPTION	RISK MITIGATION – ALREADY IMPLEMENTED IN 2021	RISK MITIGATION – TO BE IMPLEMENTED IN 2022
Breach of human rights and working conditions in the global supply chain	Lack of control mechanism to prevent, identify and address breach of human rights among our business partners upstream and/ or downstream in the supply chain	<ul style="list-style-type: none"> Whistleblowing mechanism Local complaint system in every factories Code of Conduct & Ethics presented to production partners and suppliers Social third-party audits through certifications: see full list in the appendix of this report 	<ul style="list-style-type: none"> Risk assessment with focus on social and environmental topics and according to OECD guidelines on supply chain due diligence Establishment of a Sustainability supply chain due diligence policy
Risk of corruption, bribery and fraud	Lack of preventive measures and control mechanism to prevent, identify and address corruption bribery or fraud in the organisation	<ul style="list-style-type: none"> Separate risk assessment based on the inherent risk identified with support of Corruption Perception index¹⁾ Whistleblowing mechanism Ethical policy for all entities in LTP Group established and signed by all managers General anticorruption and bribery policy incorporated in factory standard Code of Conduct & Ethics presented to production partners and suppliers 	<ul style="list-style-type: none"> Establishment of a specific anti-corruption and fraud policy Training modules provided by LTP Group legal manager to all directors and critical functions: e.g. finance, purchase Tailor-made procedures based on a risk approach
Breach of Data Privacy laws	Breach of data privacy and GDPR regulations	<ul style="list-style-type: none"> Review of data in CRM On-boarding training/ information on employee's rights 	<ul style="list-style-type: none"> Optimisation of solutions for documents and information storage
Lack of focus on circularity	Risk of not leading innovative manufacturing solutions enabling circularity such as the ability to disassemble products or increasing use of materials which have recycled content, or which can be recycled	<ul style="list-style-type: none"> Materiality assessment conducted which resulted in circularity identified as a material topic. As such, it has been added in LTP Group 2022-2025 sustainability strategy 	<ul style="list-style-type: none"> See commitment Embrace Durability & Circularity under the section “2022 TARGETS” of this report for all details on 2022 priority topics and targets

APPENDIX 1.1

LTP GARMENT CERTIFICATIONS

Description about each of the below mentioned certifications is available on LTP group website.

							
Description							
Focus area	Chemicals, OHS	Organic materials	Chemicals & environment	Social	Social (FSLM) Environment (FEM)	BSCI: Business Social Compliance Initiative	Social
Scope	Production facility	Material	Material	Production facility	Production facility	Production facility	Production facility
LTP Coverage							
Lithuania 	Audited	Audited	Comply	Participate	Verified + Production partner self assessed	--	--
Belarus 	Audited	--	Comply	Audited	Self assessed	--	--
Ukraine 	Audited	Audited	Comply	Audited	Self assessed	--	--
Vietnam 	Audited	--	Comply	Audited	Self assessed Verification planned in H1 2022	Audited	Selected production partners audits planned in H1 2022

APPENDIX 1.2




LTP FURNITURE CERTIFICATIONS

Description about each of the below mentioned certifications is available on LTP group website.



FSC









Description					
Focus area	Quality	Environment	Environment	Environment Social	Environment OHS Social Quality
Scope	Quality management system at production facility	Environment management system at production facility	Material	Material Production facility	Production facility
LTP Coverage					
Lithuania – furniture 	Audited	Conducted in Q1 2022	Self assessed	Audited	--
Lithuania – covers 	Audited	Conducted in Q1 2022	Self assessed	Audited	Planned in H1 2022
Mexico 	--	--	--	Audit planned for 2022	--

APPENDIX 2

COMPLIANCE REPORTS

Specific LTP Group compliance related policies and documents can be found on LTP website. Those documents are revised and updated regularly.

	 Group Code of Conduct & Ethics	 Group Factory Standard	 Anticorruption & Antibribery policy	 Whistleblowing policy and local complaint mechanism	 Health & Safety Prevention Measures	 Production partners monitoring
Scope	Value Chain: production partners	Own operations	Own operations	Own operations	Own operations	Value Chain: production partners ¹⁾
Content						
Set the requirements	Yes	Yes	Yes	--	Yes	Yes
Describe monitoring process	--	--	--	Yes	Yes	Yes
Enable reporting of misconduct/ report of concerns	--	--	--	Yes	--	--
Gather information for assessment	--	--	--	Yes	Yes	Yes
Enforcement	Part of commercial contracts	<ul style="list-style-type: none"> Internal audits Local complaint mechanism 	<ul style="list-style-type: none"> Whistleblowing system High risk functions training 	<ul style="list-style-type: none"> Whistleblowing system Local complaint mechanism 	Health & Safety committee	Part of production partners overall assessment



APPENDIX 3 REPORTING PRACTICES

This report has been prepared in accordance with the GRI Standards: Core option. It covers the reporting period calendar year 2021 from January 1st to December 31st. We made significant changes in reporting this year. For the period calendar year 2020, sustainability performance and goals were disclosed in our annual report. It is the first time that we publish a separate sustainability report.

Topic boundaries are clearly mentioned with the name of the committed entity and the countries next to each result and target listed in the tables. Any legal entity fully controlled by LTP in the mentioned country(ies) is included in the 2021 result reporting and is subject to the set 2022 target. When “*all countries*” is mentioned, it includes the following countries:

- **LTP Furniture:** Lithuania. The factory in Mexico will not be fully operational before March 2022 and is not included in the 2021 results reporting nor the 2022 target setting.
- **LTP Garment:** Lithuania, Ukraine, Belarus and Vietnam.

Report content has been defined by:

- Ensuring continuity with last year reporting in terms of topics and associated targets for the year 2021
- Presenting the newly defined 2025 strategy, the process to identify the material topics and the ambition level with associated targets for 2022

No external assurance has been conducted for this report. The carbon equivalent emissions data for scope 1 and scope 2 have been reviewed by an expert consultant from Systemize, providing advisory services to LTP Group.

The GRI content index, is available on pages 22 to 25 of this report

APPENDIX 4

GRI INDEX TABLE, GRI 102: GENERAL DISCLOSURE

Disclosure number	Disclosure title	Report name, section ref & page number / URL	Notes
Organisational profile			
102-1	Name of the organisation	Sustainability performance report 2021, page 0	Details on the group entities provided on page 3, “Our business model”
102-2	Activities, brands, products, and services	Sustainability performance report 2021, page 3	
102-3	Location of headquarters	Sustainability performance report 2021, page 3	
102-4	Location of operations	Sustainability performance report 2021, page 3	
102-5	Ownership and legal form	Financial report, page 2	
102-6	Markets served	Sustainability performance report 2021, page 3	
102-7	Scale of the organisation	Sustainability performance report 2021, page 3	
102-8	Information on employees and other workers	Sustainability performance report 2021 pages 3, 13, Financial report, page 10	
102-9	Supply chain	Sustainability performance report 2021, page 3	
102-10	Significant changes to the organisation and its supply chain	Sustainability performance report 2021, page 3 (see note) Financial report, page 10	LTP furniture Mexico factory not in operations in 2021
102-11	Precautionary Principle or approach	Financial report, page 12	Risk assessment conducted in 2021
102-12	External initiatives	Sustainability performance report 2021, page 10	Science Based Target initiative commitment in 2021
102-13	Membership of associations	Industry associations: <i>e site</i> Certifications body: see list of certifications in appendix 1.1 and 1.2	DM&T, Danish Design Cluster, Bluesgin
Strategy			
102-14	Statement from senior decision-maker	Sustainability performance report 2021, page 4	Statement from Sustainability Steering Committee
Ethics & Integrity			
102-16	Values, principles, standards and norms of behavior	LTP Consciously Crafted: Sustainability performance report 2021, page 4, 6	<u>LTP Group values’ description:</u> available on LTP website on the page “Values”
Governance			
102-18	Governance structure	Sustainability performance report 2021, page 5	Sustainability committees

APPENDIX 4

GRI INDEX TABLE, GRI 102: GENERAL DISCLOSURE

Disclosure number	Disclosure title	Report name, section ref & page number / URL	Notes
Stakeholders engagement			
102-40	List of stakeholder groups	Materiality assessment process & results described in an article available on LTP website and called: Sustainability insights: 9 priority sustainability topics	Article on LTP group website
102-41	Collective bargaining agreements	Sustainability performance report 2021, page 11	
102-42	Identifying and selecting stakeholders	Materiality assessment process & results described in an article available on LTP website and called: Sustainability insights: 9 priority sustainability topics How to run a best practice materiality assessment: (Article link)	Articles on LTP group website
102-43	Approach to stakeholder engagement	Materiality assessment process & results described in an article available on LTP website and called Sustainability insights: 9 priority sustainability topics How to run a best practice materiality assessment: (Article link)	Articles on LTP group website
102-44	Key topics and concerns raised	Sustainability performance report 2021, pages 7 and 12 to 19, Section “2022 Targets”	Material topics highlighted in the tables targets for each of the 4 commitments under section “2022 Targets”
Reporting practices			
102-45	Entities included in the consolidated financial statements	Financial report, page 27, note 20	
102-46	Defining report content and topic boundaries	Sustainability performance report 2021, page 25	
102-47	List of material topics	Sustainability performance report 2021, pages 7 to 15, Section “2022 Targets”	
102-48	Restatements of information	Sustainability performance report 2021, page 25	
102-49	Changes in reporting	Sustainability performance report 2021, page 25	
102-50	Reporting period	Sustainability performance report 2021, page 25	
102-51	Date of most recent report	Sustainability performance report 2021, page 30	Publication date of this report
102-52	Reporting cycle	Sustainability performance report 2021, page 25	
102-53	Contact point for questions regarding the report	Sustainability performance report 2021, page 30 (last page)	Karin Simondon, Global Sustainability Manager
102-54	Claims of reporting in accordance with the GRI standards	Sustainability performance report 2021, page 12 and page 25	
102-55	GRI content index	Sustainability performance report 2021, pages 26 to 29	
102-56	External assurance	Sustainability performance report 2021, page 25	

APPENDIX 4

GRI INDEX TABLE, GRI 200/300/400: TOPIC-SPECIFIC DISCLOSURE

Disclosure number	Disclosure title	Report name, section ref & page number/ URL	Material topic boundary	Notes	
Market presence (GRI 202)					
103	Management approach	Sustainability performance report 2021 Report section: 2022 targets, page 12	LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage				
Materials (GRI 301)					
103	Management approach	Sustainability performance report 2021 Report section: 2021 Result, page 10	For now only tracking plastic bags for packaging from factories		
301-2	Recycled input materials used				
Energy (GRI 302)					
103	Management approach	Sustainability performance report 2021 Report section: 2022 targets, page 14			
302-4	Reduction of energy consumption				
Emissions (GRI 305)					
103	Management approach	Sustainability performance report 2021 Report section: 2022 targets, page 14	LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022		
305-1	Direct (scope 1) GHG emissions				
305-2	Energy indirect (scope 2) GHG emissions				
305-3	Other indirect (scope 3) GHG emissions			Explained in page main text that scope 3 will be assessed in 2022	
305-4	GHG emission intensity				
305-5	Reduction of GHG emissions				
Waste (GRI 306)					
103	Management approach	Sustainability performance report 2021 Report section: 2022 targets, page 13	For 2022 targets are set for reduction of samples and recycling of fabric waste only. Other material waste will be included over time		
306-3	Waste generated				
306-4	Waste divested from disposal				
306-5	Waste directed to disposal				
Supplier environmental assessment (GRI 308)					
103	Management approach	Sustainability performance report 2021 Report sections: 2021 results, page 10 2022 targets, page 12	Production partners for the Garment business unit are being assessed on environmental topics.	With REACH & GOTS material suppliers are included, see certifications details in the Appendices	
308-1	New suppliers that were screened using env. Criteria				
308-2	Negative environmental impacts in the supply chain and actions taken				

APPENDIX 4

GRI INDEX TABLE, GRI 200/300/400: TOPIC-SPECIFIC DISCLOSURE

Disclosure number	Disclosure title	Report name, section ref & page number / URL	Material topic boundary	Notes
Occupational health and safety (GRI 403)				
103	Management approach	Sustainability performance report 2021	LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022 For Garment business unit production partners included through the assessment questionnaire	
403-2	Hazard identification, risk assessment, and incident investigation	Report sections:		
403-3	Occupational health services	2021 results, page 10		
403-4	Worker participation, consultation, and communication on occupational health and safety	2022 targets, page 12		
403-5	Worker training on occupational health and safety			
403-6	Promotion of worker health			
403-8	Workers covered by an occupational health and safety management system			
403-9	Work-related injuries			
403-10	Work related ill health			
Freedom of association and collective bargaining (GRI 407)				
103	Management approach	Sustainability performance report 2021	LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022	Not yet identified, need new risk assessment in 2022
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Report section: Risk and compliance, page 16		
Child labor (GRI 408)				
103	Management approach		LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022	Not yet identified, need new risk assessment in 2022
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability performance report 2021 Report section: Risk and compliance, page 16		
Forced and compulsory labor (GRI 409)				
103	Management approach		LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022	Not yet identified, need new risk assessment in 2022
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability performance report 2021 Report section: Risk and compliance, page 16		
Human Rights assessment (GRI 412)				
103	Management approach		LTP Group 9 fully owned factories, Mexico excluded in 2021 reporting since in full operation in March 2022	
412-1	Operations that have been subject to human rights reviews or impact assessment	Sustainability performance report 2021 Report section: Risk and compliance, page 16		
412-2	Employee training on human rights policies or procedures	Sustainability performance report 2021 Report section: Risk and compliance, page 16		



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Sustainability Performance Report 2021

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If you have questions, need help locating information, or want to find the latest on our sustainability work including strategy, goals, standards and policies, please contact Karin Simondon, Global Sustainability Manager at kasi@tpgroup.com

We appreciate your feedback.