

Otrium Impact Report 2023

We envision
a future where
all clothing
produced
is worn.

1. Extending the life cycle of fashion

2. Climate & Nature

3. Inspiring better choices

4. Good governance

Our 2023 Impact Report

Welcome to Otrium's third Impact Report. We envision a future for fashion where all clothing produced is worn. This is an ongoing journey, and each year we assess what we've done to hold ourselves and our organisation accountable. Within these pages, we share our strides forward based on the four pillars of our impact strategy. While we celebrate the milestones achieved so far, we remain committed to continuously elevating our performance and propelling positive transformation in the fashion industry.

This report reflects a structured dialogue between our internal and external stakeholders, rooted in our [materiality analysis](#) completed in 2022. We have identified and prioritised the most significant and urgent topics, steering our initiatives towards impactful change.

Advancing progress

In 2023, we strengthened the foundations of our European operations with an aim to move Otrium into structural profitability in 2025. We have grown rapidly in recent years, creating an exciting platform for brands and customers. Now, we are in a position to convert this progress into profit. The following changes were instrumental in reinforcing our commitment to sustainability while enhancing our operational efficiency:

- Transitioning our US business to RueLaLa Gilt allowed us to consolidate our focus and resources within the European market, where we see the potential for significant sustainable growth.
- Investments in warehouse efficiency streamlined our operations and reduced our environmental footprint by minimising waste and optimising resource usage.
- By reducing marketing spending while maintaining market presence, we demonstrated our dedication to mindful resource allocation, ensuring every investment contributes meaningfully to our sustainability objectives.

Embracing our vision

We are striving for a future where all clothing produced is worn. We're taking steps to connect fashion brands and consumers to collaboratively extend the life cycle of garments. Fashion has become one of the most resource-intensive industries on the planet; its complex and opaque global supply chains have widespread and almost unquantifiable negative effects. We want to change how fashion is produced and sold by offering brands a channel to revalue their unsold items. From this starting point, we are actively exploring different solutions to transition from the current take-make-waste system to a circular and zero-waste economy which operates on renewable resources. Our vision of the future fashion industry is circular, conscious, and inclusive.

Looking Ahead

Otrium's ultimate goal is to have a net-positive impact. This means giving back more than we take through our business model and operations.

We have faced many challenges, and we are aware that more awaits. However, we embrace the fact that the sustainability journey is a marathon, not a sprint. We are on a journey of discovery, embracing the opportunity to pioneer and lead by example while continually learning how to do better. Standing still is not the solution to critical issues such as climate change, human rights, and building a waste-free fashion industry.

In this report, we provide insights into our achievements, ongoing projects, and the challenges we have encountered so far. Additionally, we outline future initiatives to transform into a fashion platform that has a net-positive impact on both people and the planet. This report covers the period from January 1 to December 31, 2023. Our 2022 and 2021 impact reports can be found [here](#) and via this [link](#).



Frank van Valderen
Chief Executive officer



Rutger van Boxtel
Chief Operating Officer and
General Counsel

1. Extending the life cycle of fashion

Our goal is to have a positive impact on the fashion industry by helping brands find homes for unworn clothing, ultimately extending the life cycle of garments.

In our current economy, we take materials from the earth, make products from them, and eventually throw them away as waste, creating a linear process. In a circular economy, the aim is to prevent waste from occurring in the first place.

Key principles of the circular economy:

- Recover waste and eliminate pollution.
- Circulate products and materials (at their highest value).
- Protect and regenerate nature.

These objectives are closely linked to the increased use of renewable energy and materials. A circular economy decouples economic activity from the consumption of finite resources. It is a resilient system which benefits businesses, people, and the environment.

Otrium is not a circular solution for clothing, but we exist to extend the life cycle of unsold fashion items. We continue to expand our services, each initiative a small but important step toward eventually closing the loop.

Our approach

Currently, the fashion industry produces an increasing number of garments each year, resulting in an estimated 92 million tons of textile waste annually. Too often, clothing is disposed of having never been used for its intended purpose. Otrium was founded to change the way we produce and consume fashion.

Our approach is simple: as an online fashion outlet, we offer unsold stock from brands such as Tommy Hilfiger, Zadig & Voltaire, and Reiss. This helps labels find new homes for collections from previous seasons, reducing textile waste and giving consumers access to high-quality fashion at lower prices.

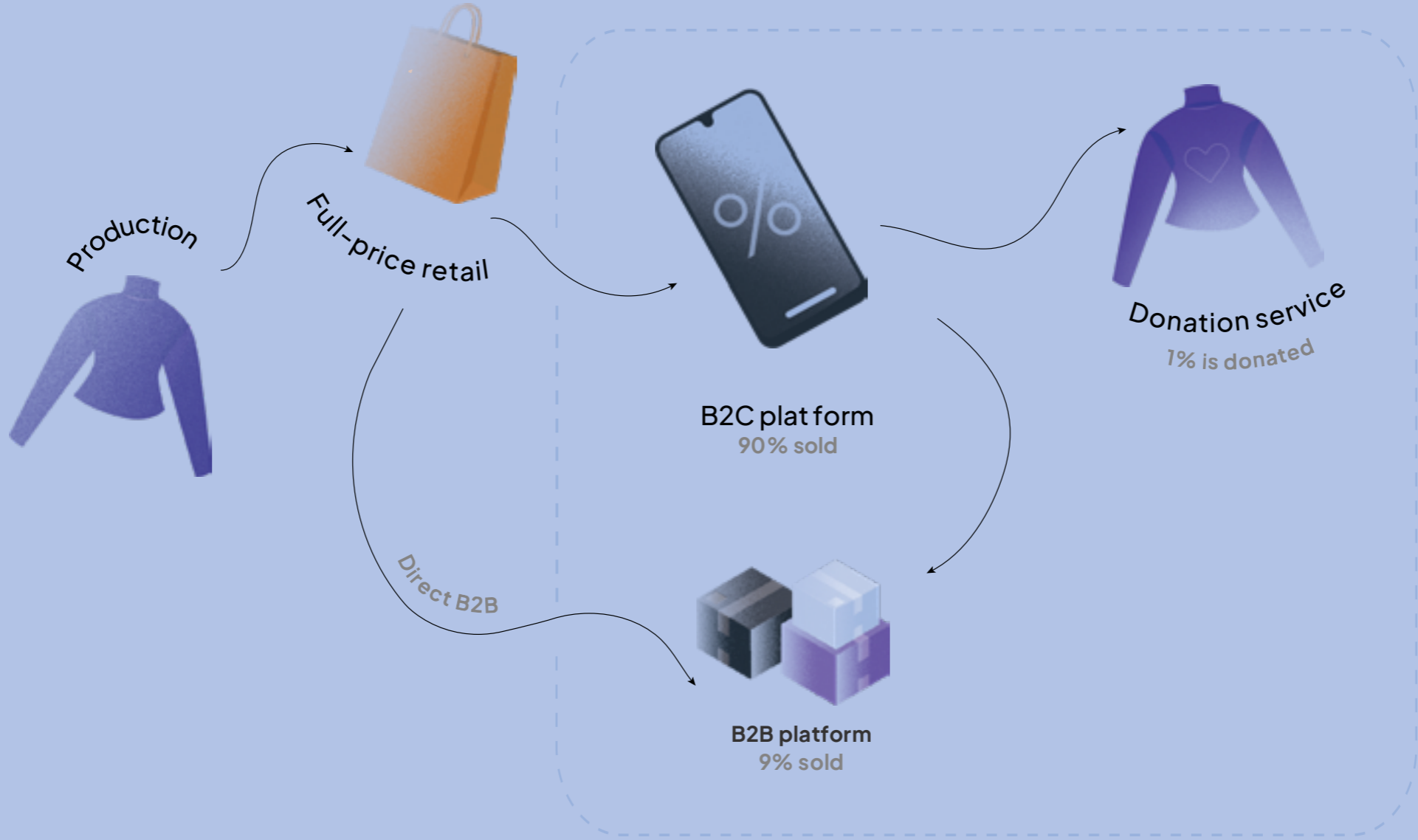
We connect a growing global community with unsold garments in new and pristine condition. While we primarily sell clothing through the Otrium Fashion App, we also offer a range of services to our fashion brand partners to repurpose their unsold products.

¹Circular Economy Introduction. (2024). Ellen MacArthur Foundation. Available at: <https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>.

²Waste – is it 'really' in fashion? (2019). Fashion Revolution. Available at: <https://www.fashionrevolution.org/waste-is-it-really-in-fashion>.

³Many returned and unsold textiles end up destroyed in Europe. (2024). European Environmental Agency. Available at: <https://www.eea.europa.eu/en/newsroom/news/many-returned-and-unsold-textiles>.

The journey of an unsold garment through Otrium



1. Resell: Customer-facing platform

The Customer-Facing Platform allows our fashion brand partners to open an online outlet store where they can sell past-season inventory and archive collections. Brands have full control over merchandising and visibility.

When an item arrives at our warehouse, we match it with a customer using smart technology, offering it at the best possible price. This diligent process ensures financial and environmental recovery for our brand partners and a premium experience for our members.

In 2023, we matched 3,455,668 clothing items (after returns) with new owners through our Customer-Facing Platform.

2. Reroute: Business-to-business marketplace

In 2019, we introduced the Otrium Business-to-Business (B2B) Marketplace for the items that cannot be sold on our Customer-Facing Platform. The strategic service provides an alternative platform for brands to sell leftover inventory to a network of stock buyers.

The key benefits for our partners include brand protection, maximising stock value through our competitive auction system, via buyer bidding providing instant liquidity for sellers, and being spared overhead costs as we manage the process efficiently. In 2023, we rerouted approximately 1,145,922 items via our B2B Marketplace. To learn more about how the platform works, read [this article](#).

3. Repurpose: Donation service

In addition to our B2B Marketplace, we collaborate with local charities to redistribute clothing to communities in need. In 2023, we introduced our Donation Service, adding another layer to our mission and giving unsold garments a renewed purpose. The charities we work with select items best suited to their specific beneficiaries.

We have teamed up with charities serving a variety of social groups, working to align our supply with their requirements. The process is straightforward: we streamline our inventory with their needs in mind before providing a stock list for review. Once approved, we send the selected stock to specified locations for donation. In 2023, we contributed 7,074 items to communities in need via our Donation Service.

People for People

We have teamed up with People for People, a Dutch charity that supports refugees seeking safety and asylum in the Netherlands. The foundation works to meet essential needs and build humane living conditions. One of the challenges newcomers face is the need for proper clothing, which is where Otrium comes in. We facilitate People for People as they erect small shops at asylum centres, where residents can exchange coupons for items, such as a pair of boots or a warm sweater. We believe the ability to choose their own clothing strengthens their sense of agency and belonging.

Dress for Success

We also donate unsold clothing to Dress for Success, a non-profit organisation dedicated to empowering women and fostering economic independence. The charity assists individuals seeking employment, providing them with appropriate attire and personalised interview coaching.

[In this](#) article find an explanation of Otrium's Donation Service, including how it works and detailed information on our partnership with People for People.

4. Repair: Renewed repair service

In April 2023, we teamed up with The Renewal Workshop via our logistics partner Bleckmann in the Netherlands to improve our Repair Service. Since 2020, we have worked to extend the life cycle of imperfect and damaged returns by mending flaws by hand, bringing them back to as-new condition and extending their lifespan. We then give these garments a second chance to find a home through our Customer-Facing Platform.

In 2023, we sorted and processed over 30,000 items, successfully repairing approximately 50% and recovering their original condition. Our process involves receiving damaged returns, grading and repairing them, and then reselling the restored items.

For items that cannot be properly restored, our fashion brand partners can choose to sell them to stock buyers or repurpose them at their own warehouses.

Looking forward, we plan to scale and optimise this service by integrating commercial data, physical properties, and brand input. Our goal is to reduce the time between spending on repairs and seeing a return on investment from sales. To learn more about how the Repair Service works, read [this article](#).



5 Recreate: Reproduction service

Reproduction, also known as made-for-outlet, is part of the traditional business model of the off-price industry. These items are made specifically to be sold at discounted prices. At Otrium, we see the potential of made-for-outlet clothing, especially when based on relevant data. Currently it only concerns a small part of our business (5.5% versus the industry average 25–60%).

From the customer side, these styles being available in wider size ranges means a more seamless shopping experience, prompting them to return to Otrium and discover our full range of services. Our data-led technology enables brand partners to monitor supply and demand, ensuring excess clothing isn't created in the first place. By reproducing brands' most popular items, we prevent surplus inventory from entering the supply chain. In 2023, we matched 200,571 reproduced garments (after returns) with a new owner via our Customer-Facing Platform.

Some of our smaller collections use excess fabrics to reproduce best-selling styles. We are still experimenting and evaluating whether this is an effective route towards a fashion industry free from waste. To learn more, read [this article](#).

Progress and insights

In our 2022 Impact Report, we outlined our goals for 2023 and beyond. Below, find an overview of these goals and the progress made throughout 2023.



In 2023, expand our clothing refurbishing service that aims to repair and save 25,000 pieces.

We surpassed our goal and processed over 30,000 items in 2023. In total, 20,011 pieces of clothing were reconditioned to as-new condition and given a second chance on our platform. The other items were either sold on our Business-to-Business Marketplace, donated to charities, sent back to our fashion brand partners, or are awaiting our new Recycling Service.

We launched our new [Repair Service](#) with The Renewal Workshop in April 2023, leading to a cycle of learning and better understanding options for repairing damaged garments.

2023 also saw the inception of our Donation Service and the distribution of 5,849 unsold items to people in need.



Add the carbon emissions avoided & waste saved per item on Otrium.com (for consumers) and on our partner dashboard (for fashion brands).

While we did not reach our goal of making the Environmental Recovery Value (carbon emissions avoided and waste saved per item) available to our brand partners and members, we did create a dashboard with Vaayu as a first step.

Our decision to delay publishing and sharing important data externally was carefully considered. Reporting on avoided emissions (Scope 4 emissions) and waste is relatively new, and we are dedicated to finding an effective way to communicate this information in compliance with the latest regulations and frameworks. Additionally, we believe it is our responsibility to promote positive educational outcomes.

Throughout 2023, we ran multiple tests with mock-up dashboards for our brand partners to give feedback on. This allowed us to gradually learn what was needed to provide a successful Environmental Recovery Value dashboard.

Progress and insights



Conducting further research to understand which part of our business model has the most positive impact and prioritise accordingly.

In 2024, we will publish a third report with our partner Vaayu – our most extensive report yet, reflecting on our 2023 impact. We conducted our [first round of research](#) in 2023 to understand our impact on the fashion industry, with the help of ERM/Sustainalze. We also published our [second round of research](#) and [methodology report](#), in collaboration with Vaayu, for the year 2022.

We follow the Life Cycle Assessment (LCA) approach which involves measuring the environmental impact of each of our products while estimating avoided carbon emissions and waste within the broader fashion system. Through consequential LCA, we quantify the change in emissions and waste by considering a reality where businesses like Otrium do not exist and fashion brands must find alternative channels for unsold stock. This comprehensive approach spans the entire value chain, known as ‘cradle-to-grave’ analysis, and incorporates best practice guidelines to ensure accuracy and prevent over-representation. By employing LCA, we not only manage our influence on environmental impact categories, but also contribute to mitigating emissions and waste.

Next steps in 2024 and beyond

- In 2024, we are working towards launching a Recycling Service for clothing that cannot be repaired, sold or donated.
- In 2024, we will pilot repairing larger volumes of damaged items from our fashion brand partners to repurpose and resell. In addition, we intend to formulate a roadmap for expanding our repair initiatives into 2025.
- In 2025, we aim to launch our Environmental Recovery Value dashboard for our fashion brand partners to report on our collective environmental impact.

2. Climate & Nature

Our ambition is to reduce our carbon footprint in line with the Science Based Targets Initiative. To ultimately achieve a positive impact through our business model and operations.

Carbon and climate change are closely intertwined. A carbon footprint measures the amount of carbon dioxide (CO²) released into the atmosphere through the actions of individuals and corporations. However, CO² is just one type of emission which falls under the broader greenhouse gas (GHG) category.

GHG emissions also include methane (CH⁴), nitrous oxide (N²O), and fluorinated gases, all of which contribute to the greenhouse effect, the primary cause of global warming and climate change. To measure a company's environmental impact, these emissions are converted into carbon dioxide equivalents (CO²-eq) based on their Global Warming Potential, providing a unified metric for comparison.

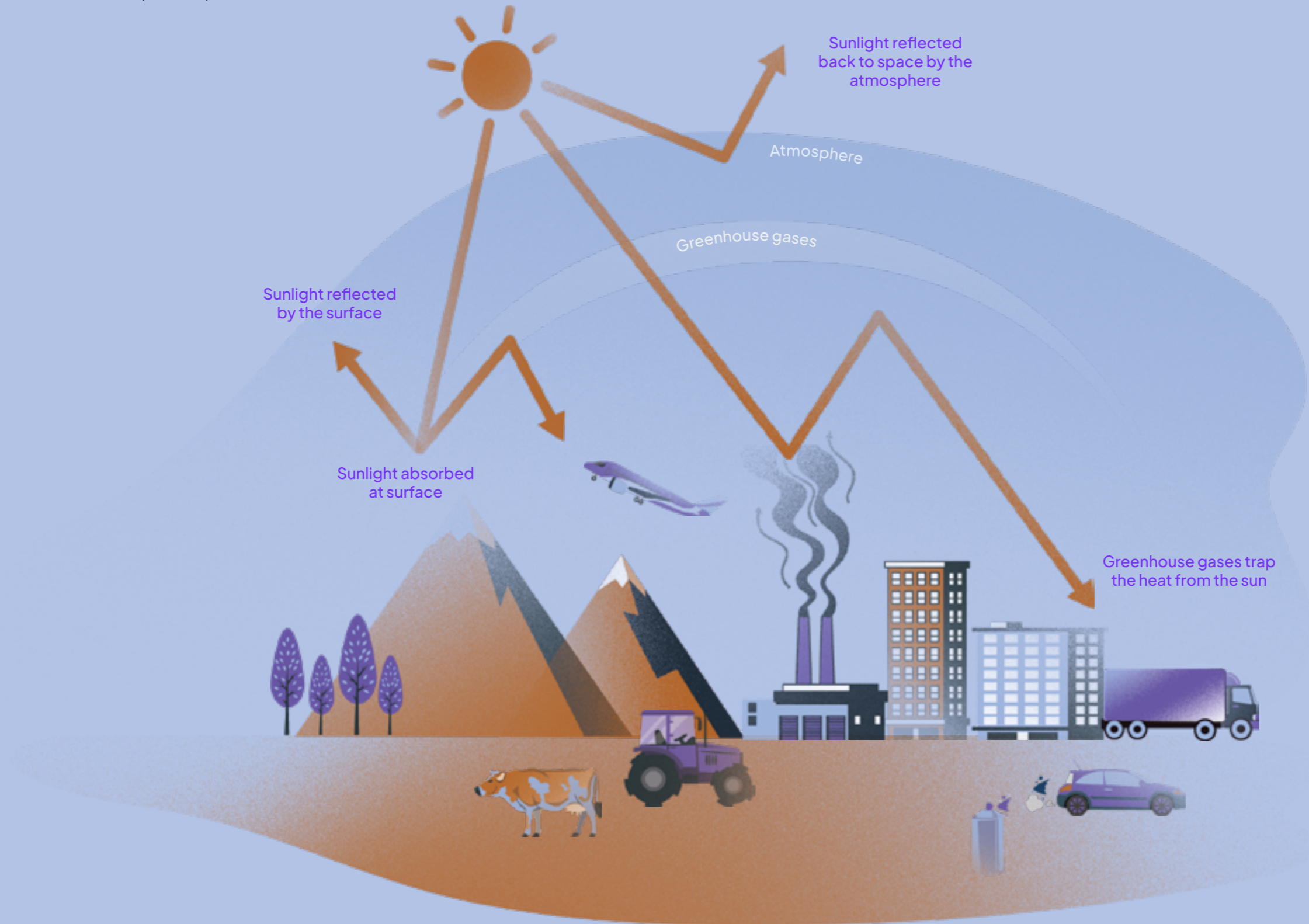
Climate change refers to long-term shifts in temperatures and weather patterns. These shifts may be natural, caused by variations in the solar cycle. But since the 1800s, human activity has been the main driver of climate change, particularly the burning of fossil fuels like coal, oil, and gas

which produce GHG emissions and trap heat within the atmosphere. Sunlight enters and the warmth it generates is unable to leave due to a 'blanket' created by fossil fuels, ultimately raising temperatures, as seen in the illustration below.

A carbon footprint represents the total volume of GHGs resulting from economic and human activity. It is measured by tons of CO²-eq, thus a smaller footprint equates to a lesser impact on the environment and climate change. Understanding the carbon footprint of specific activities is crucial in launching informed initiatives to reduce CO²-eq to the lowest level possible.⁶

⁵ Required Greenhouse Gases in Inventories. (2023). Greenhouse Gas Protocol. Available at: https://ghgprotocol.org/sites/default/files/2022-12/Required%20gases%20and%20GWP%20values_0.pdf.

⁶ Climate change is widespread, rapid, and intensifying. (2021). The Intergovernmental Panel on Climate Change. Available at: <https://www.ipcc.ch/2021/08/09/ar6-wg1-20210809-pr/>.



CFCs and Haloalkane

refrigerators
aerosols

Methane

cattle
fertilizer

Carbon dioxide

oil
coal

Nitrous oxide

gasoline
agriculture

Our approach

Otrium's ultimate goal is to have a net-positive impact. This means giving back more than we take through our business model and social initiatives. We have committed to setting Science Based Targets to reduce the impact of our operations on the environment.

Our carbon strategy is created in line with the Paris Agreement, a legally binding international treaty on climate change. It was adopted by 196 parties at the 2015 UN Climate Change Conference (COP21) in Paris. Its overarching goal is to keep “the increase in the global average temperature to well below 2°C above pre-industrial levels” and pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels”.⁷

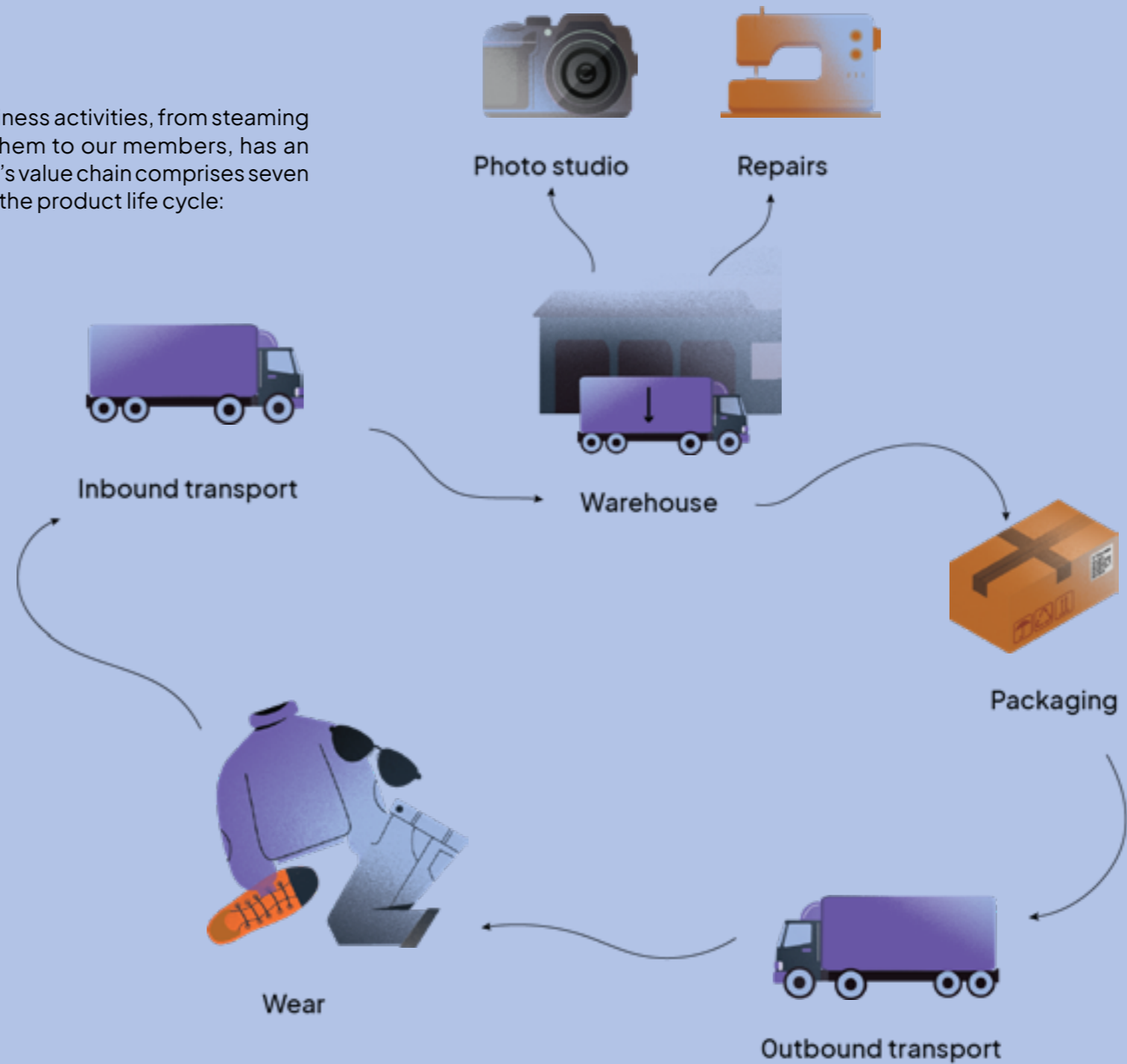
Otrium's carbon strategy involves:

- Reporting our greenhouse gas emissions (GHG) to reduce and keep track of our progress.
- Reducing our footprint by making operational changes intended to lower emissions generated by our platform, items sold, and our employees.

⁷The Paris Agreement. (2015). United Nations Climate Change. Available at: <https://unfccc.int/process-and-meetings/the-paris-agreement>.

Our value chain

We are aware that each of our business activities, from steaming the garments to shipping them to our members, has an impact on our planet. Otrium's value chain comprises seven areas of activity throughout the product life cycle:



Otrium

StyleShoots

- 1. Inbound transport:** our fashion brand partners transport unsold items to our fulfilment centre by truck. In around 7% of cases, we organise transport on their behalf.
- 2. Fulfilment services:** items arrive at our warehouse. When needed items are photographed in our studio, being cleaned and/or repaired. Those not already packaged are placed in a new, 100% recycled poly bag.
- 3. Storage and packaging:** items are then uploaded to our platform and prepared for sale. Once purchased, they are packaged for delivery.
- 4. Outbound transport:** our logistics partners deliver the sold items directly to our members or Pick-up and Drop-off points.
- 5. Wear or using phase:** our members use the items bought on Otrium. We provide care guides to encourage customers to properly look after garments in the wearing phase.
- 6. Returns:** damaged returns are assessed and, where possible, repaired. We revalue approximately 50% of the damaged items we receive from our members.
- 7. Repurpose:** damaged returns which cannot be repaired are sold to stock buyers, donated, or recycled.



Our markets

In 2023, we shipped to Austria, Belgium, Czech Republic, Croatia, Denmark, Germany, France, Hungary, Luxembourg, the Netherlands, the United Kingdom, the United States of America, Poland, Portugal, Sweden, Slovakia, Slovenia, Spain, and Italy.

Carbon reporting

We have completed greenhouse gas reports for [2022](#) and [2023](#), providing insights into our carbon emissions over the past two years. We refined our data-gathering processes throughout 2023, allowing us to complete our analysis more efficiently. These reports are important tools for defining our climate strategy moving forward, helping us identify areas for improvement and track our progress towards reducing Otrium's carbon footprint.



Changes in emissions

In 2023, our emissions increased due to several factors. The most significant are outlined below:

1. **Scope expansion:** broadening our scope under 3.1 Purchased goods and services (not for resale) and the addition of 3.3 Energy-Related Activities Not in Scopes 1 and 2.
2. **Methodology change:** transitioning from sustainable software provider Position Green to carbon and impact software provider Vaayu for carbon footprint calculations, which uses a slightly different methodology in line with the Greenhouse Gas Protocol. Choosing particular emission factors led to higher overall emissions. For example, the waste-server data emission factors had a significant impact.
3. **Increased business travel:** travelling more than in previous years due to business demands.
4. **Warehouse transition:** moving to a new warehouse in the US, resulting in a period where both warehouses were in use simultaneously.

These changes have given us a more detailed data set, allowing us to better understand our impact. Analysis has shown that our two highest CO₂-eq sources for this period were couriers (last-mile logistics) and purchased goods and services.

Changes in emissions

2020	2021	2022	2023
758.1t	2634.87 t +247.56%	1616.71 t -38.64%	10,913.01 t +575.01%

A closer look at our 2023 carbon footprint

Scope 1 relates to direct greenhouse gas emitted from sources controlled by Otrium. For example, emissions from combustion in boilers and vehicles.

Scope 2 relates to indirect emissions from electricity, steam, heating, and cooling purchased and consumed by the company. These emissions physically occur at the facility where the energy is generated.

Scope 3 relates to emissions that occur from sources upstream or downstream in the supply chain. While they are a consequence of company activities, these emissions are not controlled by Otrium. For example, packaging and logistics between warehouse and customer.

Otrium’s total carbon footprint for 2023 was 10,913.01 tons of CO₂-eq using the market-based approach, and 10,931.30 tons of CO₂-eq using the location-based approach. These figures are broken down by scope as follows:

Scope 1, 2, and 3 emissions have been calculated, where possible, using supplier-specific data. However, this hasn’t been possible where only partial invoices were available to us, specifically relating to Scope 2. In these instances, the figure has been estimated using data from the whole year. If an asset was introduced mid-way through the year, only data for the relevant period has been considered.

Tons CO₂-eq per scope

Scope 1	Scope 2	Scope 3
0.02%	0.14%	99.84%

To calculate greenhouse gas emissions, various formulas are used for different activities. Gas and petrol usage are multiplied by specific emission factors, while electricity usage can be calculated using either a market-based or location-based approach. Emissions from employee commuting, business travel, logistics, and packaging disposal are calculated by multiplying distance, weight, and the appropriate emission factors. Similarly, emissions from customer returns and waste are calculated by multiplying the volume by the corresponding emission factor.

The following data points were added to the scope of the 2023 report:

- Purchased services including catering, legal consulting, IT support, and marketing activities.
- Purchased goods including merchandise and services not for resale such as office supplies, subscriptions, and costs related to Software as a service (SaaS).

- 3.3 Energy-Related Activities Not in Scopes 1 and 2, including emissions from energy production and distribution.
- Office waste including recycling and disposal of office materials and equipment.

In 2023, we identified and acted on three key opportunities to reduce our impact:

- **Customised packaging:** we introduced made-to-measure packaging with a new scanning machine, minimising waste and carbon emissions from packing orders.
- **Material optimisation:** we adopted thinner, unbleached, recycled, and FSC-certified materials for packaging.
- **Renewable energy adoption:** we transitioned our warehouse to solar power and encouraged couriers to switch to electric vehicles.

Tons CO2-eq per source

Purchased goods and services	Last mile logistics (incl. returns)	First mile logistics	Warehouse utilities (gas and electricity)	Waste (operations)	Packaging material	Commuting + business travel	Office utilities (gas and electricity)	Energy-Related Activities Not in Scopes 1 and 2
25.48%	20.19%	18.66%	14.26%	9.15%	8.93%	3.09%	0.17%	0.06%

Progress and insights

In our 2022 Impact Report, we outlined our goals for 2023 and beyond. Below, find an overview of these goals and the progress made throughout 2023.



Build a real-time carbon dashboard powered by Vaayu.

In 2023, we started utilising our new carbon dashboard, powered by Vaayu.

This dashboard provides an overview of generated greenhouse gas (Scopes 1–3) and avoided emissions and waste, tracking the impact of our business model and operations. It has a static component alongside real-time connectivity, allowing continuous monitoring of factors such as packaging and last-mile delivery emissions. We utilise the tool to set and monitor Science Based Targets through scenario analysis.

The automated dashboard enables us to survey up-to-date progress accurately. Previously, our evaluation was based on a yearly GHG report which made it harder to compete with other data points that determine internal decision-making.



Set validated Science Based Targets to reduce our footprint.

We are yet to finish setting Science Based Targets due to a delay caused by operational changes. In September 2023, we started preparing targets by scenario planning with our partner Willow. We expect to finalise these targets by July 2024.

Progress and insights



Reduce our carbon footprint by changing couriers to reduce our last-mile impact and introduce next generation made-to-measure packaging.

In March 2023, we introduced a new machine which scans items and creates custom packaging. This change has cut our emissions by over 50% per item shipped – specifically, 51.88%, the equivalent of 0.075 kg CO₂-eq. We have also started using finer recycled materials, reducing box sizes, and powering our warehouse with solar energy.



Remove our carbon footprint by investing in removal technologies for the year 2021.

In 2023, we successfully purchased carbon credits through investments in carbon removal projects, totalling 2,833.0 tons of CO₂-eq, helping us compensate for our 2021 carbon footprint. Since 2021, we have shifted our focus from carbon offsetting to reduction strategies and in 2023, we ceased investing in offsetting initiatives altogether. Introducing a new packaging machine is one example of how we're minimising our emissions.

Next steps in 2024 and beyond

- In 2024, we plan to improve our GHG data quality and gathering processes by migrating the static element from our partner Position Green to Vaayu. This will allow all the data to be collected, calculated, and stored in one digital location.
- We will set validated Science Based Targets and create a comprehensive roadmap by the end of 2024 to achieve these future targets.
- Our return process will be digitised in Q3 of 2024, making orders completely paperless.
- In the year 2024, have implemented a policy for the Otrium team to reduce the impact of our business travel in 2024, alongside improvements to our data-gathering processes to report more accurately on business travel.
- We have started collaborating with our partner courier companies to lower the impact of the entire last mile of our shipped orders by 2025.

3. Inspiring better choices

Otrium exists as a force for positive change within the industry, raising awareness and inspiring better choices for our fashion brand partners and members.

Transparency and traceability mean making information publicly available, accessible, and understandable. Consumers deserve to know how fibres and materials are sourced, processed, and produced through the supply chain. Improving the transparency of suppliers, working conditions, and the traceability of sourced materials is essential in enabling better decision-making and empowering industry players to reduce their negative environmental and social impact.⁸ Transparency is key to achieving systemic change in the global fashion industry.⁹

Additionally, this approach allows consumers to make better choices. If the public wants to make more ethical and sustainable purchases, they need to be informed. By holding brands accountable, the whole industry is pushed to be and do better.

It is in a brand's best interest to disclose all relevant information to its customers, as transparency naturally builds trust between the brand and the consumer.¹⁰ It also sets an example for competitors, encouraging the industry at large to reevaluate problematic processes.

⁸ Transparency & Traceability. (n.d.). Fashion for Good. Available at: https://fashionforgood.com/focus_area/transparency-traceability.

⁹ Fashion Transparency Index²⁰²³. (2023). Fashion Revolution. Available at: <https://www.fashionrevolution.org/about/transparency>.

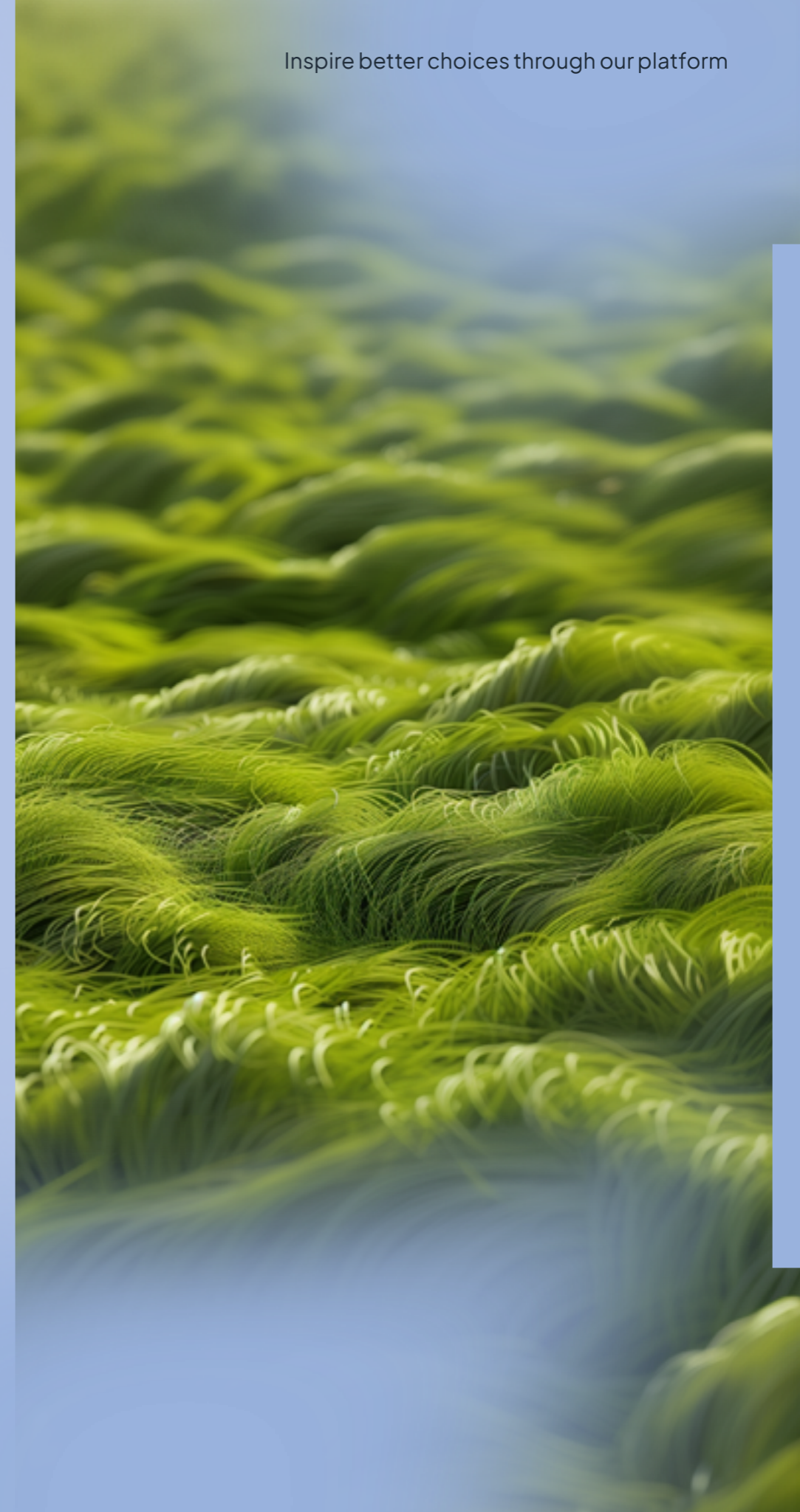
¹⁰ Rauturier, S. The Importance of Transparency in the Fashion Industry. (2021). Good On You. Available at: <https://goodonyou.eco/transparency-fashion-industry>.

Our approach

We have established two key partnerships to inspire better choices among our members and fashion brand partners. In 2021, we joined the Fur Free Retailer programme, and we continually collaborate with Good On You to offer transparent and credible ethical ratings for all the brands on our platform.

The Fur Free Retailer program

Since 2021, Otrium has been an official member of The Fur Free Retailer programme which is supported by the Fur Free Alliance (FFA), an international coalition of leading animal and environmental protection organisations. We are 100% fur-free, with no fur items on our platform now or in the future. Fur encompasses any animal skin or part of an animal with hair or fur fibres attached, either in its raw or processed state or the pelt of any animal killed for its coat. Read [this article](#) for more information on Otrium becoming a fur-free company.



Our Good On You collaboration

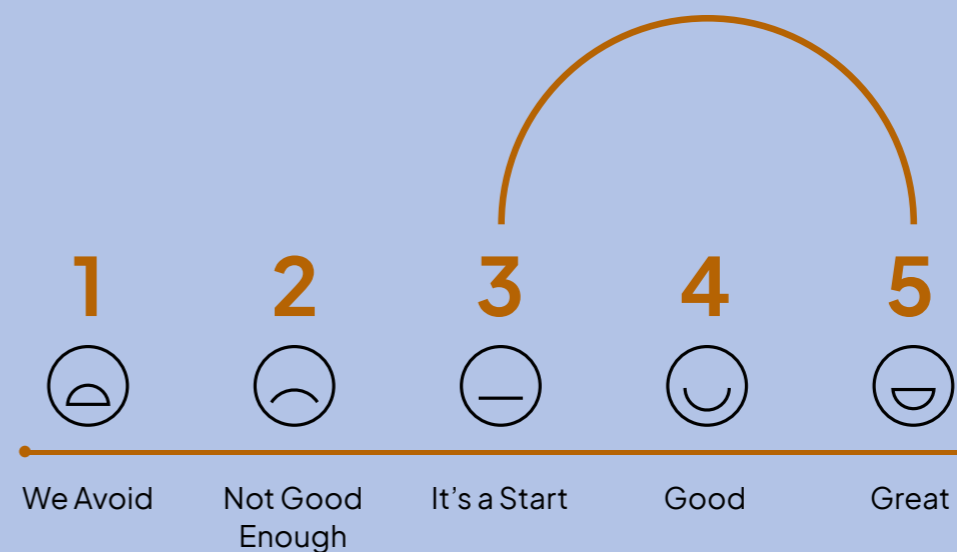
No garment or fashion brand is entirely sustainable, but we believe industry transparency encourages companies to constantly raise their standards.

With this objective in mind, we started collaborating with industry rating specialist Good On You in 2021. The partnership means we can provide an objective third-party perspective on the brands we stock. With its comprehensive understanding of accepted good practices relevant to the production and distribution of clothing, footwear, and accessories, and how they impact people, planet and animals, Good On You is valuable in helping Otrium gain credible insights and display verified ratings on our platform. We want to make it easier for our members to find items from brands aligned with their values, and support brands that are working to create a better fashion industry.

Our work with Good On You

We aim to attribute all brands on our platform with a rating from Good On You. “Ethically rated” items come from brands rated 3/5 (It’s a start), 4/5 (Good), or 5/5 (Great). The highest rating is reserved for brands with policies and practices that address people, planet, and animal welfare issues across their supply chain and demonstrate leadership in these areas.

Find more information about Good On You ratings on [this page](#). To delve deeper into Good On You’s ratings methodology, download the [ratings guide](#).



¹¹We are in the process of renaming the ratings and filter from “Conscious” to “Ethically rated brand” following advice from the Dutch Authority of Consumers & Markets not to use “Conscious”.

Progress and insights

In our 2022 Impact Report, we outlined our goals for 2023 and beyond. Below, find an overview of these goals and the progress made throughout 2023.



By the end of 2023, all fashion brands on Otrium will be rated by Good On You.

In 2023, we rated all active brands on our platform. The following anomalies were excluded:

- Fashion brands that went out of business and shipped their last inventory to Otrium. In these cases, the lack of an online presence made it impossible to attribute ratings, which are based on publicly available information.
- Fashion brands we stopped working with and were not active on our platform by the end of 2023.
- Fashion brands that are subsidiaries of a rated parent brand. Secondary brands automatically fall under the rating of their parent brand.



Expand the “conscious” data points we show to consumers, for a more transparent view of a brand’s impact.

Our plan to give members a more detailed view of individual brands’ impact is in progress, but incomplete. The process was delayed by organisational changes as well as new laws and legislation which impacted our original strategy. We expect to update the data points available on our platform by July 2024.

Progress and insights



Grow revenue generated by “conscious” rated brands to 25%.

We exceeded our goal and ended 2023 with 26.42% of revenue coming from brands rated 3/5 (It's a start), 4/5 (Good), or 5/5 (Great) by Good On You.



Equip brand partners with Good Measures, recommendations from Good On You to improve their overall scores.

In May 2023, we started to work with Good Measures, an online hub for fashion brands to view and improve their Good On You ratings so they can gain insights into areas they need to focus on. They can find tailored learnings, submit updates for review, and access support from industry experts. All so they can gain insights into areas they need to focus on.

Next steps: 2024 and beyond

- By July 2024, we will have expanded the data points we share with consumers for a more transparent view of a brand's impact. From there, we intend to update the data points annually to improve awareness of both members and brands, in compliance with the latest legislation.
- We plan to review and improve our material strategy, building on our fur-free commitment in 2025.

Good governance

We are structuring Otrium's corporate documents to ensure the promotion of positive social and environmental impact is embedded in our decision-making. We hope to integrate our overarching net-positive goal into all areas of the business.

Our approach

Being a purpose-driven company means we are committed to sustainability, even as we acknowledge the environmental impact of our activities.

We are striving to improve our operations and share what we've learned along the way. While balancing our core values and commercial needs is a challenge at times, we see the potential for these two facets to exist in harmony. As we expand our business, our operational impact grows with it, and a considered approach is required to make this impact positive.

Introducing our ESG committee

Our internal ESG committee was established to set out and shape our long-term ESG (environmental, social, and governance) strategy. The ESG committee is responsible for the ESG progress made by Otrium as a whole. Below is a summarised list of the general tasks of the committee:

- Setting yearly KPIs on a company level in line with the O-pact framework (Otrium-pact, as defined below).
- Ensuring the contribution of all departments via the annual strategy-building process.
- Reporting on, monitoring, and steering O-pact metrics monthly.

Members of the ESG committee, as of December 2023:

- Frank van Valderen, CEO.
- Rutger van Boxtel, COO and General Counsel.
- Marlot Kiveron, Director of Sustainability.

ESG reporting: first steps & materiality assessment

Companies report on their ESG performance based on internal issues which are important to and prioritised by key stakeholders.

In 2022, we formally started our ESG reporting journey by conducting a materiality assessment. This assessment is a tool to identify, refine, and address topics that are material to our key stakeholders and where we can have the greatest impact. It involved a conversation with our internal and external stakeholders to understand how these topics relate to our company.

The materiality assessment grounds Otrium's ESG strategy, aligning with our stakeholders' needs and bringing us closer to our goal: to become a net-positive company that gives back more than it takes through our business model and social and environmental initiatives.

O-pact framework

In 2022, using our materiality assessment, we produced an ESG framework to measure our impact on the environment, people, and animals. This strategic framework is named the “O-pact”, which refers to the people of Otrium. Based on 15 topics from the materiality assessment, the Otrium-pact encourages us to take responsibility and accountability for our environmental impact and engage in constant improvement.

The O-pact is based on the principle: “There is no company without a thriving society and no society without our planet. Otrium can only exist and grow within a thriving society, and this can only be if we respect planetary boundaries.”

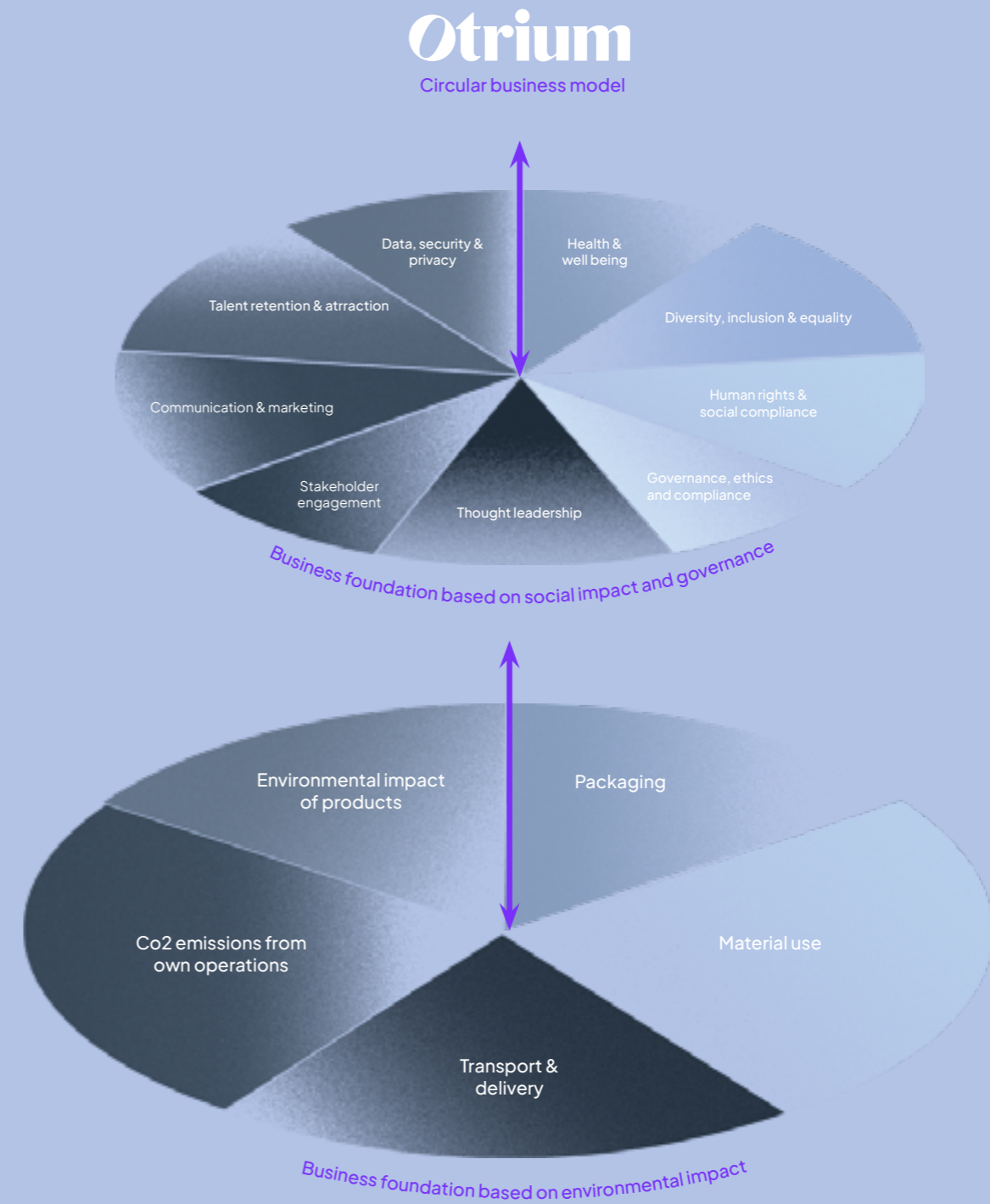
We used the following objectives to create the O-pact framework:

- 1. Strategy:** using materiality analysis to strategise, focusing on areas where we have both influence and impact, guided by our stakeholders’ needs.
- 2. Metrics:** measuring the impact of company-wide actions using simple metrics and identifying projects that may influence these metrics.
- 3. Goals:** setting ambitious goals to gain attention internally and create the momentum needed to pioneer positive changes, including those requiring new and innovative systems.

The rationale behind the O-pact is rooted in the following:

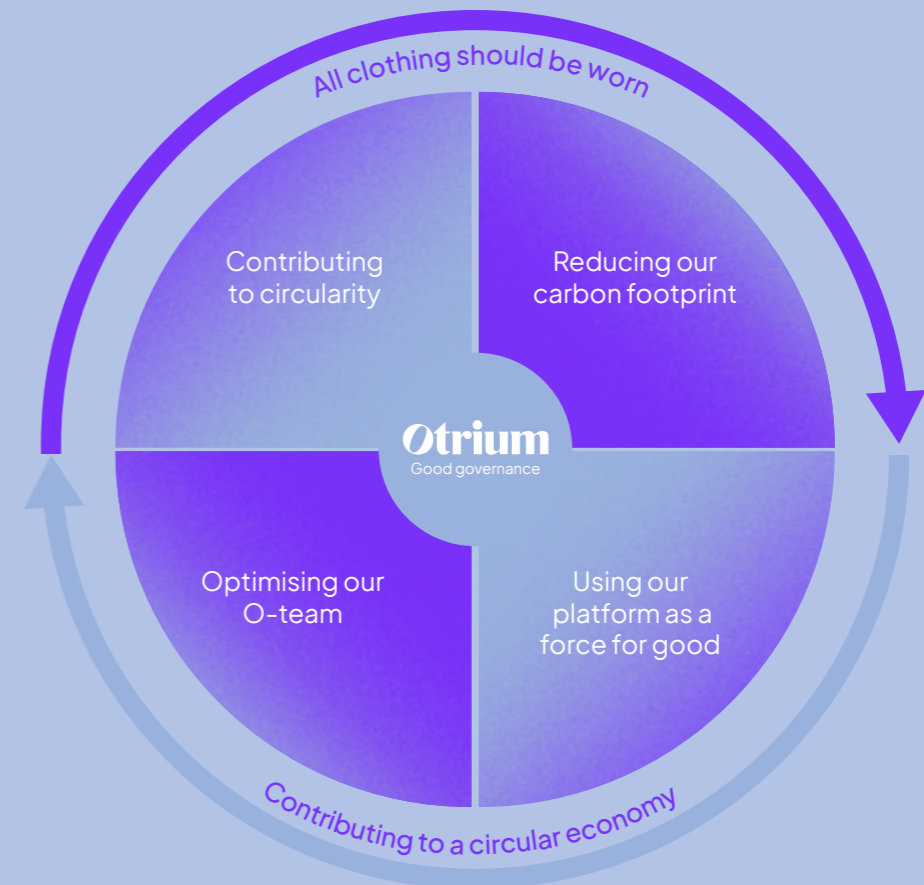
1. **Planet:** our respect for the planet forms the foundation of our O-pact framework, which establishes an operating ceiling by acknowledging and adhering to planetary boundaries.
2. **People:** the second pillar is based on our need for a thriving society, motivating us to consider our social impact as members of the O-team, brand partners, consumers, suppliers, and other workers in the fashion supply chain.
3. **Impact of our business model:** our circular business model facilitates us having a positive impact. All of the metrics that drive us are interconnected and impact one another.

Going forward, this ESG framework will be used to guide decisions and measure Otrium's success. We have also introduced a more condensed model to categorise our business activities.



The ESG committee consolidated our most important initiatives into five focus areas:

1. **Contributing to circularity** by working towards a closed-loop business model.
2. **Using our platform as a force for good** with a focus on the environmental impact of products and responsible material policies.
3. **Reducing our carbon footprint** by sourcing alternative packaging, transportation, and delivery methods.
4. **Optimising our O-team** with an emphasis on diversity, inclusion, and equality.
5. **Exercising good governance** by protecting human rights and social compliance in the supply chain.



Our policies

The following key policies are determined by our ethical principles, commitment to social responsibility, and dedication to sustainability:

- **Code of Conduct.** Our commitment to follow ethical principles and to act with integrity and a sense of responsibility, including respect for the natural environment, dignity of every individual, and compliance with laws and regulations. Find our Code of Conduct [here](#).
- **Modern Slavery Statement.** Informs our stakeholders on the steps taken to identify and prevent modern slavery, including forced labour, human trafficking, and any forms of child labour from taking place in our supply chains or any part of our own business. Find our Modern Slavery Statement [here](#).
- **Environmental policy.** Our commitment to deliver ambitious corporate climate action by continuously reducing our environmental impact and driving improvement in our value chain. Find our Environmental Policy [here](#).

Employee handbook

- **Equal Opportunity Policy.** Our commitment to foster, cultivate, and preserve a work culture of diversity, equity, and inclusion, where every individual is valued and respected.
- **Health, Safety and Wellness.** Our approach to the well-being of our employees, maintaining a healthy work-life balance, and a safe and supportive work environment with zero tolerance for any form of harassment or bullying.
- **Performance and Growth.** Our pledge to cultivate continuous growth and development opportunities for our employees, empowering them to reach their full potential.
- **Family and Leave.** Policies and benefits which aim to support employees who have or are planning to start a family.
- **Environment and Mobility.** Embracing flexibility, our work model accommodates individual needs, offering amenities like commute reimbursement and home-office equipment allowance.
- **Whistle-blowing Policy.** A process for employees to report unethical, illegal, or unsafe activities within our organisation. It ensures that such reports are investigated confidentially and appropriately, fostering a culture of transparency and accountability.

Progress and insights

In our 2022 Impact Report, we outlined our goals for 2023 and beyond. Below, find an overview of these goals and the progress made throughout 2023.



Create an ESG dashboard to report on all metrics in 2024.

In 2023, we created several automated and manual dashboards to keep track of ESG metrics internally, as well as our real-time carbon dashboard, powered by Vaayu. The next step is to align our data gathering, data systems, and due diligence processes with the Corporate Sustainability Reporting Directive (CSRD), which is included in our 2024 goals.

Implement ESG metrics as part of annual impact reporting.

Our 2022 Impact Report was the first report outlining our future goals, enabling our stakeholders to keep Otrium accountable. The 2023 publication marks our first reflective report, in which we have evaluated the progress made in the context of previously set goals. The next step is to align our annual reporting over the year 2025 with the requirements of CSRD, which is included in our 2024 goals.



Setting 2023 goals for all teams using the ESG framework.

The process of providing all Otrium teams with goals was delayed by organisational changes alongside new laws and legislation which influenced our original strategy. Currently, we divide ESG responsibilities between multiple departments, including the Logistics, People, Legal, Finance, and Procurement teams. The goals set in our 2022 Impact Report were driven by the Sustainability team and rolled out by the majority of departments.

Next steps: 2024 and beyond

- We are working towards CSRD compliance by conducting a double materiality assessment, mapping our value chain, and setting up data infrastructure and processes by the end of 2024 in order to gather data points from January 2025 onwards.
- By creating and implementing a stakeholder engagement policy, we intend to formalise our methods of collaborating with stakeholders.
- We are preparing to audit our 3PL partner on its social impact for January 2025 in line with the commitment made in our [Modern Slavery Statement](#).

Thank you