




Rebelle Shades of Green assessment

February 22, 2022

 Sector: Re-commerce
/circular economy

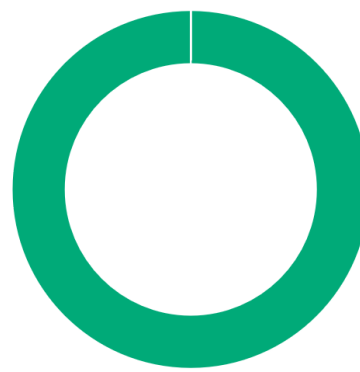
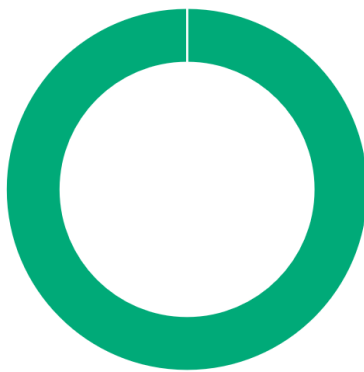
 Region: Europe

EXECUTIVE SUMMARY

Rebelle is a pureplay re-commerce company specialising in the second-hand market for luxury fashion items. Rebelle facilitates a marketplace for sellers and buyers through its digital e-commerce platform (re-commerce), with a focus on high-end fashion. Rebelle aims to provide an alternative to purchasing such items in the first-hand market.

Shades of Green by annual revenue 2020

Shades of Green by investments in 2020



■ Dark Green ■ Medium Green ■ Light Green ■ Yellow ■ Red

Figure 1: Rebelle's 2020 revenue and capex investments by Shade of Green. Operating expenditures have received shading in the same shares as revenues. The figures are aligned with Rebelle's financial

100% of Rebelle's revenues, operating costs, and capital expenditures in 2020 are shaded Medium Green². Reducing the consumption of resources is vital for a low carbon future. Rebelle's marketplace and services extend the life of textiles and other consumer goods, resulting in avoided waste, emissions, and environmental pollution from the production of new items. CICERO Green considers Rebelle's business model to contribute positively towards climate change mitigation and set an encouraging example of how circular economy principles can be applied. However, it should be noted that Rebelle does not repair or treat the second-hand items it receives. Thereby, Rebelle does not directly provide such items with an extended lifetime, which is one key aspect of the circular economy principles and would have been necessary for the Dark Green shading. The non-negligible emissions associated with the logistics of Rebelle's operations are also a consideration for the Medium Green shading. While emissions from transport are likely small compared to the production of the products themselves, these emissions still need to be managed. It would be beneficial for investors to understand the relationship between emissions from operations (scope 1-3) and avoided emissions.

Nasdaq Green Designation¹

CICERO Green assesses that Rebelle meets the requirements for Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.



¹ CICERO Shades of Green is an approved reviewer to assess alignment with the Nasdaq Green Equity Principles, [Nasdaq.com/Solutions/Nasdaq-Nordic-Green-Designations](https://www.nasdaq.com/solutions/nasdaq-nordic-green-designations)

² For the purpose of this assessment, revenue and turnover are used interchangeably, as are operating costs and OPEX, investments and CAPEX.



CICERO Green views it as a pitfall that this metric is not currently available and encourages Rebelle to begin tracking avoided emissions.

Rebelle has taken steps to lower emissions from its operations. Rebelles business model increases the transportation of good and services, as these are sent from the seller to a central warehouse, and then sent again to their final destination. Almost all parcels are transported by road within Central Europe, and the remaining 3% are transported by air. Rebelle has subscribed to carbon offset shipping programmes for most of its outbound customer deliveries to offset emissions stemming from its logistics operations. Rebelle also uses recycled packaging for all its parcels and exclusively consumes electricity generated from renewable energy sources for its operations. CICERO Green views Rebelle's efforts to reduce emissions in their operations positively and encourages a focus on mode of transport as the business grows internationally.

CICERO Green considers that Rebelle mainly fulfils the minimum social safeguards of the EU Taxonomy, as the company is planning to formalise its policies and processes. Technical screening criteria for the eligible economic activities are yet to be determined. Our preliminary assessment against the current suggested criteria for the activity 'manufacture, repair, refurbishment and resale of wearing apparel' for substantial contribution to a circular economy without significantly harming the other environmental objectives indicates that Rebelle is likely not fully alignment. (see section 2).

Rebelle demonstrates awareness of environmental concerns and has a focus on sustainability. Rebelle has assessed its carbon footprint and is planning to publish its emissions figures. Absolute or intermediate targets for emissions have not been established. However, Rebelle has indicated that it plans to establish such targets after the sustainability report has been fully developed. Additional reporting standards and frameworks are also being considered as Rebelle intends to report on broad sustainability metrics alongside its annual financial reporting going forward. According to Rebelle, the company has a clear position and established practices concerning key social and environmental considerations. However, Rebelle has yet to formalise its established practices with policies relevant to the various dimensions such as human resources, procurement and a code of conduct for employees and suppliers.

Altogether, CICERO Green considers Rebelle efforts to be fair, where climate, environmental, and social concerns have been considered. The company has strong intentions to formalize and implement fundamental policies, as well as operationalise sustainability strategy and associated activities. CICERO Green therefore expects Rebelle's governance of environmental issues to significantly improve the coming years. CICERO Green encourages Rebelle to carry out a climate risk assessment to identify key climate risks to its assets, operations, and supply chain. Finally, Rebelle should seek to report and disclose its climate risks according to TCFD recommendations.

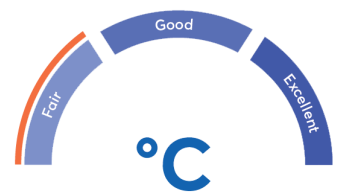


Figure 1: CICERO Green assesses Rebelle's governance structure and practices to be Fair.

Manufacture, repair, refurbishment and resale of wearing apparel ³					
	Resold units	Scope 1 emissions	Scope 2 emissions	Scope 3 emissions	Emissions avoided ⁴
2020	134000	Preliminary estimate: 29.57 (tCO ₂ eq)	Preliminary estimate: 11.22 (tCO ₂ eq)	Preliminary estimate: 362.02 (tCO ₂ eq)	To be assessed

Table 1: Sector specific metrics

³ Suggested key performance indicators and metrics for the sector are shown in table 1. Rebelle is currently working on establishing metrics so that emissions from scope 1-3 and avoided emissions can be reported on in the future. Investors can use such suggested metrics as a way of tracking the company's progress

⁴ CICERO Green notes that a complete life cycle assessment of emissions must be conducted in order to include data on total emissions avoided per unit sold.



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1 Rebelle sustainability management

Company description

Rebelle is a pureplay re-commerce company founded in Hamburg, Germany, in 2013. Rebelle is specialized in the second-hand market of luxury fashion items, facilitating a marketplace for sellers and buyers of second-hand items through its digital e-commerce platform (re-commerce). Rebelle has embedded circular economy principles⁵ into its business model, providing a second-hand alternative to purchasing high-end fashion items in the first-hand market. Rebelle seeks to offer a select number of brands that it sells on its platform to ensure that the products are of high quality and have second-hand value. The company has informed us that they exclude fast fashion brands⁶.



Figure 2: Core elements of Rebelle's value chain of operations

Figure 2 illustrates the core elements of Rebelle's value chain. As demonstrated by the figure, the sellers of used items ship them to Rebelle. According to the company, 70-80% of such sellers are private customers, and 20-30% are business customers. Two services for selling items are offered, 'Self Seller Service' and 'Concierge Service'. For Self Seller Service, the seller lists the items directly on Rebelle's digital marketplace with text and photos. The item is only shipped to Rebelle after it has been sold. Most commercial sellers prefer this service. The other option is to use the Concierge Service, where the seller ships all the items to Rebelle before they are listed or sold. The service includes listing and content production for the items by Rebelle, such as photos and text. There is no stated limit on the number of items that can be bundled when using the Concierge Service. According to Rebelle, an average of 6-7 items are sent per shipment using this service. The seller is always responsible for preparing the items for sale, including any necessary cleaning, washing, or other treatment of the items. Rebelle earns commission for each item sold on its platform which made up most of its revenue base in 2020.

Once Rebelle receives the items, a team of experts verifies the authenticity of the received item. It ensures that it meets quality standards using proprietary software connected to an extensive database. According to the company, 20% of the received items do not pass its authenticity or quality control process, where roughly 5% of received items fail the authenticity verification, and the remaining 15% fail the quality control process. Most rejected items are returned to the seller directly. The items that pass the verification process are stored in Rebelle's warehouse in Hamburg, before being packaged and shipped to the end customer. It should be noted that Rebelle does not repair or treat items to extend the lifetime of such items directly.

The circular economy loop is closed when the customer finally sells the purchased item back to Rebelle, as indicated by the green arrow in the figure. However, Rebelle has stated that their system is currently not able to

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Suggested key performance indicators and metrics for the sector are shown in table 1. Rebelle is currently working on establishing metrics so that emissions from scope 1-3 and avoided emissions can be reported on in the future. Investors can use such suggested metrics as a way of tracking the company's progress

⁵ CICERO Green notes that a complete life cycle assessment of emissions must be conducted in order to include data total emissions avoided per unit sold. clothing produced rapidly by mass-market retailers in response to the latest trends.



track and monitor what share of bought items are also sold back to the company. Further background to the circular economy principles can be found in Appendix 2.

Rebelle subscribes to carbon offsetting programmes through its logistics partner to provide low carbon transportation of goods its customers. According to the company, such programmes enable it to offset a large part of the emissions stemming from transportation and logistics operations. Such programmes are utilised for most transportation needs, including returns of items that failed Rebelle's authenticity and quality control process. In 2020, most of the inbound and outbound parcels came via Germany. Furthermore, around 97% of the parcels were transported by road, and only around 3% were transported by air.

Rebelle does not offer free returns on the products as it operates in the second-hand market, mainly serving as a digital marketplace for private individuals with no legal obligation to provide product returns or warranties.

Rebelle is also working in partnership with Plan International to offer products that contribute directly to a child welfare cause, specifically targeting education and opportunities for young girls in least developed countries⁷. All the proceeds from items sold through this programme go directly to the initiative.

Governance Assessment

When assessing the governance of Rebelle, CICERO Green looks at the overarching structures and procedures for decision making connected to climate risk analysis, climate-related strategy, and policy formulation. Furthermore, the implementation of the policies, including sub-contractors and LCA use, handling resilience issues, and quality of reporting, is assessed. Please note that this is not a substitute for a complete evaluation of the governance of Rebelle and does not cover, e.g., corruption.

Rebelle demonstrates awareness of environmental concerns and has a focus on sustainability. Rebelle has assessed its carbon footprint and is planning to publish emissions figures according to the Greenhouse Gas (GHG) protocol on scope 1, 2 and 3. Absolute or intermediate targets for net zero emissions have not been established. Additional reporting standards and frameworks are also being considered as Rebelle intends to report on broad sustainability metrics alongside its annual financial reporting going forward. Rebelle has informed CICERO Green that they are planning to develop a sustainability strategy during the first half of 2022, where implementation will be ongoing throughout the year. Absolute and intermediate targets will be developed and established following the implementation of the strategy.

Governance roles and responsibilities have been formalised. The Chief Executive Officer (CEO) is responsible for the overall governance structure of Rebelle, whilst the Head of Operations is responsible for Rebelle's sustainability activities.

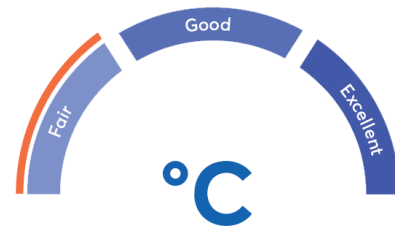
According to Rebelle, the company has a clear position and established practices concerning key social and environmental considerations. However, Rebelle has yet to formalise its established practices with policies relevant to the various dimensions such as human resources, procurement, code of conduct for employees and suppliers, sustainability, travel, etc. Altogether, CICERO Green considers Rebelle efforts to be positive, where climate, environmental, and social concerns have been considered. Going forward, the company should be able to report GHG for scope 1, 2 and 3 emissions, and demonstrate that it has established and integrated intermediate and absolute targets for emissions into its operations. However, it is a pitfall that avoided emissions from the sale of reused items is not estimated and published. It would be beneficial for investors to understand and track the

⁷ [Plan International – Because I am a Girl global campaign](#)



relationship between emissions from operations (scope 1-3) and avoided emissions. CICERO Green encourages Rebelle to consider including avoided emissions in future reporting.

To further improve sustainability governance, the company should formalise and implement fundamental policies relevant to various key dimensions, including human resources, sustainability, procurement, and travel, etc. It should seek to operationalise its sustainability strategy and associated activities. Further, it should carry out a climate risk assessment to identify key climate risks to its assets, operations, and supply chain. Finally, Rebelle should seek to report and disclose its climate risks according to TCFD recommendations.



The overall assessment of Rebelle's governance structure and process gives it a rating of **Fair**.

Sector risk exposure

The below text box highlights some key risks for the fashion retail industry and the re-commerce sector. See Appendix 2 for additional background on circular economy.



Physical climate risks. The expected increase in extreme weather events may lead to more floods and flash floods, droughts and heat stress periods, as well as storm surges and cyclones. Such events may directly affect Rebelle's warehouse operations in Germany. Moreover, this impacts key supply chains by increasing the risk of complexity and general disruption to logistics. Correspondingly, insurance premiums will increase, as extreme weather events will increase the likelihood of resulting loss and damages to key facilities.

Transition risks. The fashion industry accounts for around 4% of emissions globally, equivalent to 2.1bn metric tons of GHG emissions in 2018⁸. 70% of the industry's emissions come from upstream activities, and the remaining 30% come from downstream activities. The re-commerce business model contributes to emissions from downstream activities, primarily transport, retail operations, and packaging. European policymakers and governments are actively looking into harmful practices employed in the fashion industry, such as the destruction of unsold items. Increased scrutiny is likely to be placed on the fashion industry as the European green deal is implemented⁹.

Environmental risks. Logistic operations, including packaging, distribution, and transport, have negative environmental impacts. Special attention needs to be given to such logistics services, ensuring that sustainable practices are embedded into its operations. Re-using packaging, optimizing transportation routes, and investing in low-carbon transportation solutions are required to meet policymakers and industry regulators' demands.

Social risks. In general, the fashion industry is considered a particularly high-risk sector concerning social issues, such as working conditions and workers' rights. As Rebelle's business facilitates the recirculation of high-end fashion, also vintage products, from many different brands, the company cannot be expected to control possible social risks in that supply chain. Therefore, the focus of the evaluation of Rebelle's handling of social risks is

⁸ McKinsey: Fashion on Climate report. <https://www.mckinsey.com/industries/retail/our-insights/fashion-on-climate>

⁹ European Commission - Communication From the Commission - The European Green Deal. https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF



accordingly placed on the business relations and activities that Rebelle can be considered responsible for, such as its own employees, sourcing of packaging, and transportation.

Sustainability Management

Rebelle demonstrates a high awareness of environmental and sustainability concerns. Its overarching corporate goal is to be the leading re-commerce company of second-hand luxury fashion items in Europe.

Rebelle has informed CICERO Green that it intends to develop a sustainability strategy that will identify and prioritise focus areas where the company believes it can achieve impact. Intermediate and absolute targets for net zero emissions, as well as metrics to track progress will be established as part of the strategy. Rebelle is currently assessing its carbon footprint and has engaged professional services to support the assessment. The assessment is scheduled to be completed by the first quarter of this year and will provide Rebelle with a comprehensive overview of its scope 1,2 and 3 emissions. Moreover, the strategy will seek to identify key climate risks facing its supply chain and business operations with the aim to develop specific strategies to mitigate such risks.

Rebelle is actively seeking to limit emissions from its shipping and logistics operations and has worked closely with its main logistics partners, DHL and UPS, to offset a large part of such emissions. According to Rebelle, the premium costs of such offsetting programmes have been largely accepted by its customers. To further decrease emissions from logistic operations, Rebelle is actively working with its resellers to ensure that the authenticity and quality control standards are met to reduce the return rates.

Overproduction, wasteful practices, and highly energy-intensive processes have been persistent issues and risks facing the fashion industry in general. Furthermore, environmental concerns related to hazardous processes, such as the discharge of toxic chemicals and wastewaters into lakes and rivers or the poisonous gases produced in textile factories and general operations, are fundamental challenges facing the industry. Rebelle intends to assess how it mitigates such issues by calculating avoided emissions. Rebelle plans to calculate avoided emissions by product category, sub-category, and materials used. Various KPIs will be established based on product categories. The goal of the calculation is to determine the avoided emissions based on the prevented burden of discarded fashion items and will be an important metric in its sustainability strategy.

Governance structure

Governance roles and responsibilities have been formalised. The Chief Executive Officer (CEO) is responsible for the overall governance structure of Rebelle, whilst the Head of Operations is responsible for Rebelle's sustainability activities. According to the company, the board is kept well informed about the company's overall sustainability focus areas and measures. Essential policies are being developed. A sustainability strategy will be established after the carbon footprint assessment has been completed. Absolute and intermediate targets for when the company will reach net-zero emissions will eventually be established and implemented after key policies and strategies have been formalised. The Head of Operations will bear the responsibility of actively implementing and tracking the sustainability strategy in Rebelle's operations, and throughout its value chain.

Risk assessment

Rebelle is in the early stages of assessing its exposure to physical climate risk. According to Rebelle, the company intends to develop a sustainability strategy that will include a climate risk assessment and policies to mitigate against physical climate risk and strengthen the overall business's climate resilience. As part of this plan, Rebelle aims to conduct a materiality assessment to determine key ESG issues and risks with support from professional services. According to Rebelle, its business model and geographic location bear a low climate risk profile compared to other actors in the fashion industry.



Reporting

The company is currently assessing what type of reporting standard and framework to follow for its sustainability reporting and has informed us that it intends to report annually on its sustainability metrics alongside its financial reporting.

Key issues

GHG Emissions

Rebelle is currently assessing its carbon footprint, and has engaged with professional services to support the assessment. Preliminary estimates of the analysis show that ~90% of emissions stem from scope 3/indirect downstream activities as shown in table 2. This includes transportation and distribution, use of sold products, and business travel. The assessment is scheduled to be completed by end-of-year and will provide Rebelle with a comprehensive overview of its scope 1,2 and 3 emissions.

	Total (tons CO ₂ eq ¹⁰)	Scope 1 emissions	Scope 2 emissions	Scope 3 emissions
2020	402.81 (tCO ₂ eq)	29.57 (tCO ₂ eq)	11.22 (tCO ₂ eq)	362.02 (tCO ₂ eq)
Main Sources	<ul style="list-style-type: none"> • Scope 1: 7% • Scope 2: 3% • Scope 3: 90% 	<ul style="list-style-type: none"> • Company warehouse • Company vehicles 	<ul style="list-style-type: none"> • Electricity • Heating • Water use 	<ul style="list-style-type: none"> • Transportation • Distribution • Packaging • Waste generated

Table 2: The table summarises Rebelle GHG-emissions and main emission reduction targets.

Convenient free return policies offered by an increasing number of fashion brands, coupled with practical e-commerce solutions that provide an effortless shopping experience, have contributed to a rapid increase in emissions and waste stemming from product returns. Minimising returns for the fashion industry could deliver as much as 12 million tonnes of GHG emissions savings according to studies conducted, assuming that return rates decrease from current rates of 35% to 15%¹¹. As Rebelle clearly states that they do not offer free returns on their products, their customers could be more likely to purchase products when confident that they will put the product to good use. The company is continuously working to reduce the return rate by working closely with its resellers to ensure that all products sold meet Rebelle's authenticity and quality control standards.

Moreover, the product packaging Rebelle uses is locally sourced in Germany. It is made of recycled materials, such as recycled cardboard and other paper materials, further limiting emissions stemming from packaging, waste, and distribution operations. Rebelle does also not clean received items before they are resold, reducing the use of chemicals and water.

Most of Rebelle's products are shipped within Europe. In 2020 specifically, ~59% of inbound shipments came from Germany, and 65% of orders sold outbound went to German customers. The remaining orders were shipped primarily within central European countries, and a minor share of orders was shipped to non-European countries. Rebelle has also signed up for a carbon offsetting programme applied to most of its customers' orders. By way of example, Rebelle has subscribed to DHL's GoGreen programme, an emissions offsetting programme available to destinations in more than 40 countries. By using such offsetting mechanisms offered by DHL, UPS, and others,

¹⁰ CO₂e, carbon dioxide equivalent is a measurement term for greenhouse gas accounting.

¹¹ [McKinsey - Fashion on Climate report 26.08.2020.](#)



Rebelle was able to offset almost 50 tonnes of CO₂eq stemming from logistics in 2020. It used carbon offsetting shipping programmes for almost all its orders in 2020, including the returns made in connection with items that failed the authenticity and quality control process.

As a digital re-commerce company, IT infrastructure is essential, and such infrastructure could potentially be the source of considerable emissions. Rebelle has informed CICERO Green that it uses cloud services from Google for most of its IT infrastructure needs. These services are based out of data centre facilities in Belgium. According to Rebelle, the carbon footprint of this specific data centre is low compared to similar services in other regions. Furthermore, the cloud provider has committed itself to being carbon-neutral by 2030¹².

Rebelle currently has a small fleet of vehicles, including electric vehicles for its warehouse operations, and a conventional combustion engine powered van for other transportation needs.

Energy

Rebelle's energy comes from the grid, powered mainly by renewable energy sources. The heating of its facilities is a mix of district heating and other heating sources. According to Rebelle, its currently working to entirely switch over to district heating for all its facilities. The company states that it is challenging to build further renewable energy capacity, such as roof-top solar, as its currently leases its office and warehouse buildings.

Energy type	Percent of total	Comments
Natural Gas	< 1%	The natural gas that is part of the energy mix is generated using biomass which is locally produced in Hamburg, Germany.
Renewable energy	~100%	Rebelle's energy provider delivers close to 100% certified renewable energy

Table 3: The table summarises Rebelle energy mix by energy source.

As shown in table 3, Rebelle's energy mix comes from 100% certified renewable energy sources through its supplier Hamburg Energie. The energy provider does not currently provide its clients with a full breakdown of the energy source of origination for the energy provided. However, according to the provider, one-third to one-fourth of the German energy generation comes from coal, depending on conditions.

Climate Resilience

Rebelle plans to develop a mitigative strategy to strengthen climate resilience over time as the climate risk exposure mapping is completed. The company states that its operations have thus far not been impacted by any natural hazards and climate events, such as the flooding experienced in Germany during the summer of 2021. According to Rebelle, its business model and geographic location bear a low climate risk profile compared to other actors in the fashion industry. Further, the company states that its supply chain is partly decentralised, providing resiliency in the context of climate risks. Rebelle's main office building and warehouse are leased, and Rebelle has informed us that the office building has put in place safety measures to mitigate floods and relevant severe weather events.

Key social issues

Rebelle's re-commerce business model, which focuses on circular economy principles, present ethical and social concerns originating from the fashion industry to some extent. Health and safety risks, child labour, and widespread exploitation of workers seem to be persistent and key concerns for the fashion industry overall. Rebelle does not choose which products from which brands it will re-sell, and therefore, it cannot be considered a direct link between Rebelle and the working conditions of such brands or manufacturers. Moreover, Rebelle has deliberately decided

¹² Carbon free energy for Google Cloud regions. <https://cloud.google.com/sustainability/region-carbon>



to keep all its operations in Hamburg, Germany, including its warehousing and logistics operations, instead of outsourcing these to low-cost countries where social issues are more widespread.

Rebelle believes the company has a clear position and established practices concerning key social considerations. Such practices have not been formalised in writing yet; however, the company has informed CICERO Green that it plans to do so in the foreseeable future. The established practices encompass health and safety concerns, recruitment, and diversity and equality dimensions. For instance, Rebelle mentioned having an even gender distribution, from management to operations, and has also hired disabled people and actively hires people with various nationalities and backgrounds. In 2020, an independent inspection and workspace safety assessment was conducted in Rebelle's warehouse facilities and found it to be in good standing, according to Rebelle.

Key issue	CICERO Green comments
GHG emissions	<ul style="list-style-type: none">✓ Carbon offsetting shipping programmes have been selected for its logistics operations, demonstrating that Rebelle understands and is addressing its key emissions source: shipping and transportation.✓ CICERO Green finds it promising that air transport is kept at a minimum to limit emissions further.✓ CICERO Green finds it positive that Rebelle is assessing its carbon inventory and is seeking to further understand how to decrease overall emissions from its operations.✓ It would be beneficial for investors to understand the relationship between emissions from operations (scope 1-3) and avoided emissions, CICERO Green encourages Rebelle to begin tracking this metric.
Energy	<ul style="list-style-type: none">✓ Rebelle is powered by certified renewable energy from the grid. It has deliberately selected an energy provider that can source and deliver certified renewable energy, which CICERO Green finds encouraging.✓ Rebelle's cloud-services are hosted from a data centre in Belgium, which has a lower-than-average carbon footprint, partly by offsetting some of its emissions by investing in carbon offsets.
Climate Resilience	<ul style="list-style-type: none">✓ CICERO Green is of the view that Rebelle should seek to carry out a climate risk assessment to identify key climate risks to its assets, operations as well as supply chain to ensure that its operations adapt to climate change and are made resilient.
Key social issues	<ul style="list-style-type: none">✓ Rebelle has established practices concerning social considerations at the workplace. However, such practices have not been formalised and established through policies. CICERO Green is of the view that Rebelle should seek to formalise and publish relevant policies.✓ CICERO Green finds it positive that Rebelle has selected to work with logistic and packaging companies that are based in Germany/Europe with established policies on workers' rights and safety standards, further reducing associated key social risks.

Table 4: CICERO Green assessment of Rebelle's management of key environmental issues



2 Assessment of Rebelle's revenues and investments

Shading of Rebelle's revenue, operating costs and investments¹³

Shades of Green by annual revenue 2020

Shades of Green by investments in 2020

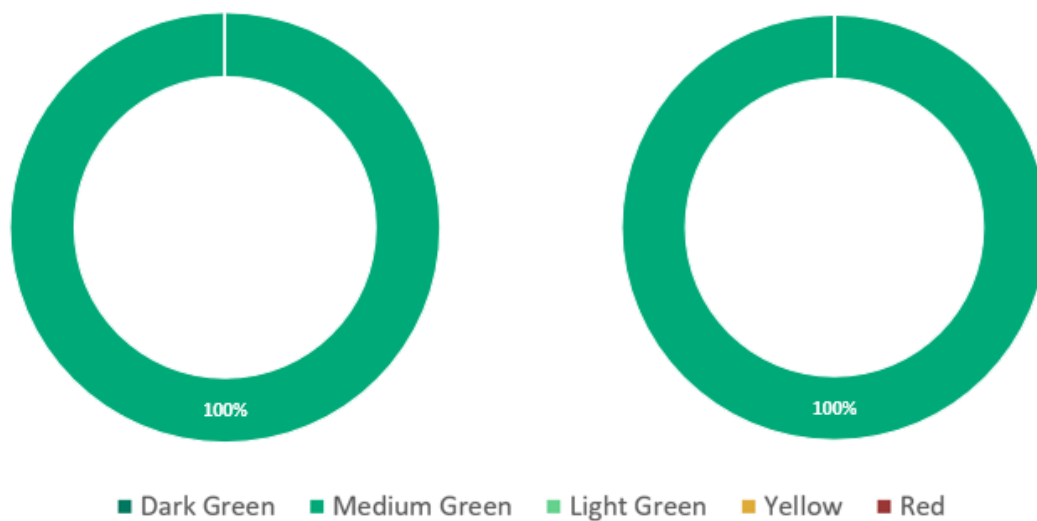


Figure 4: Rebelle's 2020 revenue and capex investments by Shade of Green. Operating expenditures have received shading in the same shares as revenues. The figures are aligned with Rebelle's financial reporting.

Reducing the consumption of resources and extending the lifespan of consumer products is vital for a low carbon future. To assess how Rebelle's revenues, operating costs, and investments contribute to that future, we have considered the related activities' position in the waste hierarchy and the products' lifecycle emissions. In the waste hierarchy (see appendix 2: Background for more information), the most favoured option is waste prevention, followed by re-use, recycling and energy recovery, with the worst option being disposal. Emissions stemming from the transportation of goods is generally small compared to those from the production phase of the fashion items that Rebelle resells. However, transportation and logistics operation still need to be well managed to reduce excess waste and emissions.

In contrast to circular economy value chains, today's textile industry is highly globalised and involves millions of producers in linear-value chains¹⁴. In aggregate, it produces large amounts of waste, generating high emissions levels, and causing detrimental pollution and chemical spills. Such linear-value chains include little or no reuse or recycling. Applying circular economy principles to the fashion industry can potentially provide several benefits and opportunities. The European Environment Agency similarly finds that the primary use of raw materials, including water, ranks fourth for the textile sector among all sectors in the EU (after food, housing and transport)¹⁵. The European Commission stresses the need to transition into a circular economy and value chain where recycling

¹³For the purpose of this assessment, revenue and turnover are used interchangeably, as are operating costs and OPEX, investments and CAPEX

¹⁴Frugal supply chains: a managerial and societal perspective. <https://www.emerald.com/insight/content/doi/10.1108/SBR-06-2018-0059/full/html>

¹⁵EEA - Textiles in Europe's circular economy. <https://www.eea.europa.eu/publications/textiles-in-europes-circular-economy>



and reuse of materials are vital considerations¹⁶. The European Commission seeks to implement a specific action plan as part of its Green Deal for the textile industry, with clear ambitions to apply circular economy principles as part of the carbon-neutral solution¹⁷. Rebelle provides a more sustainable alternative to the high-end fashion first-hand market by giving fashion items a second life, contributing towards the overall ambitions of the European Green Deal.

In 2020, Rebelle generated revenues from the sales commission of second-hand goods. Operating costs for 2020 included logistics, administrative, and sales & marketing costs. The largest share of OPEX was associated with online marketing costs. Shipping and logistics costs were the second largest by cost category. Rebelle's capital expenditure (CAPEX) investments of 2020 were relatively minor and relate to office equipment and laptops.

CICERO Green considers Rebelle's marketplace and services to support the low-carbon future by extending the lifespan of items, resulting in avoided waste, emissions, and environmental pollution from the production of new items. CICERO Green is encouraged by the example Rebelle has established on how circular economy principles can be applied. Revenue, operating costs and investments are all shaded Medium Green, which is allocated to projects and solutions that represent steps towards a low carbon and climate resilient future. Note that CAPEX investments do not include any fossil fuel elements and there are no lock in risks associated with the investments.

Restoring items through repair and maintenance is one of the vital aspects of the circular economy. Rebelle does not offer repair or treatment of the second-hand items it receives, thereby not directly providing such items with an extended lifetime. Another pitfall for the re-commerce business model, in general, is the potential for increased emission and waste stemming from the logistics of goods, given that the goods are typically sent from the seller to a central warehouse and then repacked and sent to their final destination. To qualify for Dark Green shading, efforts and activities to directly extend the lifespan of the goods sold could be established, such as repair, refurbishment, or other type of treatment.

The non-negligible emissions associated with the logistics of Rebelles operations are also a consideration for the Medium Green shading. While emissions from transport are likely small compared to the production of the products themselves, these emissions still need to be managed. It should be noted that the re-commerce business is inherently reliant on effective logistics operations. Typically, such logistics operations are energy-intensive and emissions heavy. Rebelle has taken steps to ensure that its products are transported by using carbon offsetting shipping programmes, which offsets emissions through external climate protection projects supported by the additional price premium that such services incur. Its main logistics partner, DHL, primarily transports Rebelle's parcels by road – where more than half of the orders come inbound and outbound via Germany. Rebelle is also working continuously with its sellers with the aim to reduce overall return rates, due to items not passing Rebelle's authenticity and quality control process.

The re-commerce sector may be subject to consumer rebound effects¹⁸, known as advancement in technology resulting in lower prices which could increase consumption of a particular good. This could also occur throughout Rebelle's business model. For instance, a seller might be incentivised to replace an old item with a brand-new item, if the seller can effectively get rid of the old item by selling them using Rebelle's marketplace. Such consumer

¹⁶ [European Commission - Circular economy action plan. https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en](https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en)

¹⁷ [EU Strategy for sustainable textiles. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12822-EU-strategy-for-sustainable-textiles_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12822-EU-strategy-for-sustainable-textiles_en)

¹⁸ [Indirect rebound effects on the consumer level: A state-of-the-art literature review. https://www.sciencedirect.com/science/article/pii/S2666784321000267#:~:text=A%20direct%20rebound%20effect%20occurs,of%20that%20service%20has%20increased.](https://www.sciencedirect.com/science/article/pii/S2666784321000267#:~:text=A%20direct%20rebound%20effect%20occurs,of%20that%20service%20has%20increased.)



rebound effects are uncertain, and it should be noted that such effects are challenging to assess and attribute towards the re-commerce business in general. Consumer behaviour is also outside of the scope of Rebelle's activities.

Investors should note that our assessment is based on data reported or estimated by the company and has not always been verified by a third party. We analyse revenue, operating costs and investments, however there is typically not an explicit link between sustainability and financial data¹⁹. Our shading often requires allocating line items in financial statements to projects or products, for this we rely on the company's internal allocation methods. In addition, there are numerous ways to estimate, measure, verify and report e.g. data on emissions, which may make direct comparisons between companies or regulatory criteria difficult and somewhat uncertain.

Nasdaq Green Designation

CICERO Green confirms that Rebelle meets the requirements for Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.

In 2020, 100% of Rebelle's turnover came from assets with some Shade of Green, exceeding the 50% threshold for green activities for company turnover. The sum of OPEX and CAPEX allocated a Shade of Green is 100%. This exceeds the 50 % threshold for investments, defined as the sum of CAPEX and OPEX. In 2020, Rebelle had no turnover assessed shaded Red, meeting the threshold of less than 5% of the company's turnover being derived from fossil fuel activities.

In addition, this report provides transparency on alignment of the company's activities with the EU Taxonomy and transparency on the company's environmental targets and KPIs is provided.

EU Taxonomy

Currently, no activities in the adopted delegated acts to the EU taxonomy correspond to Rebelle's activities. Hence, it is at this stage not possible to assess Rebelle's activities' alignment with any specific thresholds for substantial contribution to climate change mitigation and do no significant harm (DNSH) criteria. However, the minimum social safeguards in the taxonomy are the same for all activities. CICERO Green considers that Rebelle mainly fulfils the minimum social safeguards of the EU Taxonomy, as the company is planning to formalise its policies and processes in the near future. A further description of our methodology is given in part 3.

Even though the current adopted screening criteria of the EU taxonomy does not cover Rebelle's core business activities, the EU Commission has established a technical working group coined the Platform on Sustainable Finance (Platform)²⁰. The platform evaluates and considers new technical screening criteria to reflect and address changing EU environmental legislation or technological developments. The platform has, in August 2021, published a technical working draft with an additional set of technical screening criteria that is in part linked to activities that follow the circular economy principles²¹. Using these highly preliminary criteria, Rebelle's activities may correspond with the category: 2.21 *Manufacture, repair, refurbishment and resale of wearing apparel*.

¹⁹ Most accounting systems do typically not provide a break-down of revenue and investments by environmental impact, and the analysis may therefore include imprecisions and may not be directly comparable with figures in the annual reporting.

²⁰ European Commission - Platform on Sustainable Finance

²¹ Platform on Sustainable Finance: Technical working group PART B - Annex: Full list of Technical Screening Criteria August 2021



More specifically, **NACE code 'G47.91 Retail sale via mail order houses or via internet'** seems to align with Rebelle's core business activities. Under the preliminary screening criteria for substantial contribution to transition to a circular economy, some of the sub-level criteria indicate that the business activities should:

- avoid the widespread practices of downcycling²² and destruction of collected used garments in the market today.
- extend the lifetime of wearing apparel already used by a customer (individual or organisation) through reselling to a new customer, including prior repair, refurbishment and/or cleaning activities of damaged garments as needed. Where selling refurbished clothing has the potential to double lifetime extension, reflecting potential brand and manufacturer collaborations around up-cycling.

Based on this preliminary assessment, Rebelle's re-commerce business appears to not be fully aligned to the listed criteria as Rebelle does not actively extend the lifetime of the items for sale, through prior repair, refurbishment and/ or cleaning of damaged garments. However, it should be noted that this preliminary assessment does not constitute a taxonomy alignment assessment. CICERO Green will have to make a new taxonomy alignment assessment when the EU Commission has adopted the technical screening criteria for the transition to a circular economy.

In the report from the technical working group on sustainable finance, the following DNSH criteria has been suggested:

- **Climate change mitigation:** If the economic activity includes on-site generation of heat and/or power, the associated energy-related GHG emissions should be lower than 270 gCO₂e/kWh.
- **Climate change adaptation²³:** Physical climate risks material to the activity should be identified (chronic and acute, related to changing temperatures effecting freshwater, marine water, permafrost, etc.), wind (cyclone, hurricane, typhoon, storms, etc.), water-related (floods, ocean acidification, sea-level rise, etc.) by performing a robust climate risk and vulnerability assessment.
- **Protection and restoration of biodiversity and ecosystems:** An Environmental Impact Assessment (EIA) or screening should be completed in accordance with national provisions
 - Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented
 - For sites/operations located in or near biodiversity-sensitive areas additional requirements apply
 - The new construction should not be built on one of the following:
 - a) arable land and crop land;
 - b) greenfield land of recognised high biodiversity value and land that serves as habitat of endangered species (flora and fauna) listed on the European Red List or the IUCN Red List

²² Downcycling is the recycling of materials where the recycled material is of lower quality and functionality than the original material.

²³ [The DNSH criteria on climate change adaptation has been formally adopted, and is part of the current EU Taxonomy](#)













3 Terms and methodology

The aim of this analysis is to be a practical tool for investors, lenders and public authorities for understanding climate risk. CICERO Green encourages the client to make this assessment publicly available. If any part of the assessment is quoted, the full report must be made available. Our assessment, including on governance, is relevant for the reporting year covered by the analysis. This assessment is based on a review of documentation of the client's policies and processes, as well as information provided to us by the client during meetings, teleconferences and email correspondence. In our review we have relied on the correctness and completeness of the information made available to us by the company.

Shading corporate revenue and investments

Our view is that the green transformation must be financially sustainable to be lasting at the corporate level. We have therefore shaded the company's current revenue generating activities, as well as investments and operating expenses.

The approach is an adaptation of the CICERO Shades of Green methodology for the green bond market. The Shade of Green allocated to a green bond framework reflects how aligned the likely implementation of the framework is to a low carbon and climate resilient future, and we have rated investments and revenue streams in this assessment similarly. We allocate a shade of green to the revenue stream and investments according to how these streams reflect alignment of the underlying activities to a low carbon and climate resilient future and taking into account governance issues.

SHADES OF GREEN	EXAMPLES
 Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.	 Solar energy projects
 Medium green is allocated to projects and solutions that represent steps towards the long-term vision but are not quite there yet.	 Green buildings with a high level of certification and energy efficiency
 Light green is allocated to transition activities. These projects and solutions could have lower emissions, but do not by themselves represent or contribute to the long-term vision.	 Substantially more efficient manufacturing of fossil fuel intensive materials
 Yellow is allocated to projects and activities that do not contribute to transition. These activities could have some emissions and be exposed to climate risks. This category also includes activities with too little information to assess.	 Efficiency in fossil fuel infrastructure
 Red is allocated to projects and activities that have no role to play in a low-carbon and climate resilient future. These are heaviest emitting assets, with the most potential for lock-in of investments and risk of stranded assets.	 New infrastructure for coal

In addition to shading from dark green to red, CICERO Shades of Green also includes a governance score to show the robustness of the environmental governance structure. When assessing the governance of the company, CICERO Green looks at five elements: 1) strategy, policies and governance structure; 2) lifecycle considerations including supply chain policies and environmental considerations towards customers; 3) the integration of climate considerations into their business and the handling of resilience issues; 4) the awareness of social risks and the management of these; and 5) reporting. Based on these aspects, an overall grading is given on governance strength



falling into one of three classes: Fair, Good or Excellent. Please note this is not a substitute for a full evaluation of the governance of the issuing institution, and does not cover, e.g., corruption.

In March 2020, a technical expert group (TEG) proposed an EU taxonomy for sustainable finance that included a number of principles including “do-no-significant-harm (DNSH)-criteria” and safety thresholds for various types of activities²⁴. In April 2021, EU published its delegated act to outline proposed criteria for climate mitigation and adaptation, which it was tasked to develop after the EU Taxonomy Regulation entered into law in July 2020. The mitigation criteria in the EU taxonomy includes specific thresholds for real estate sector activities relevant for the company²⁵.

Do-No-Significant-Harm criteria include measures such as ensuring resistance and resilience to extreme weather events, preventing excessive water consumption from inefficient water appliances, ensuring recycling and reuse of construction and demolition waste and limiting pollution and chemical contamination of the local environment, as well as restriction on the type of land used for construction (no arable or forested land).

CICERO Green has assessed potential alignment against the mitigation thresholds and the DNSH criteria in the delegated acts published in April 2021.

In order to qualify as a sustainable activity under the EU regulation 2020/852 certain minimum safeguards must be complied with. The safeguards entail alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the International Labour Organisation’s (‘ILO’) declaration on Fundamental Rights and Principles at Work, the eight ILO core conventions and the International Bill of Human Rights. CICERO Green has completed a light touch assessment of the above social safeguards with a focus on human rights and labor rights risks²⁶. We take the sectoral, regional and judicial context into account and focus on the risks likely to be the most material social risk.

Our assessment of alignment against the EU Taxonomy is based on a desk review of the listed source documents against the Taxonomy Delegate Act and following our own shading methodology.

²⁴ Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020. [TEG final report on the EU taxonomy \(europa.eu\)](#)

²⁵ [taxonomy-regulation-delegated-act-2021-2800-annex-1_en.pdf \(europa.eu\)](#)

²⁶ CICERO Green is in the process of further developing its assessment method to ensure that it encompasses the object and purpose of the minimum safeguards.

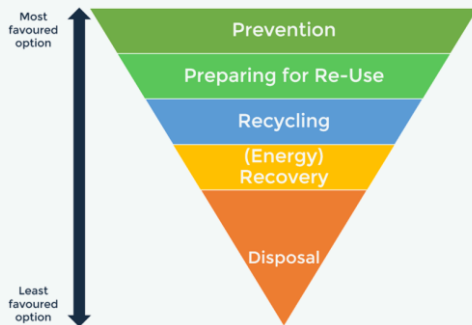


Appendix 1: Referenced documents list

Document Number	Document Name	Description
1	Rebelle company presentation submitted by Rebelle, November 2021	Company presentation to investors, dated November 2021 submitted by Rebelle in November
2	Data collection sheet submitted by Rebelle, November 2021	CICERO Shades of Green data collection sheet sent to Rebelle. Filled out and submitted by Rebelle in November 2021.
3	List of brands offered submitted by Rebelle, December 2021	List of all brands offered on Rebelle's platform, including quantity. Submitted by Rebelle December 2021.
4	Preliminary estimates for Greenhouse gas emissions according to scope 1,2,3. Submitted by Rebelle, November 2021	Data from the preliminary analysis carried out by an external firm. Submitted by Rebelle in November 2021.
5	Rebelle campaign with Plan International product information	Information on the product for Plan International charity, submitted by Rebelle in December 2021.
6	Rebelle workplace safety protocol and independent work safety assessment	Workplace safety protocol for warehouse operations as well as an independent assessment carried out by auditor. Submitted by Rebelle in January 2022
7	Energy provider information and details on electricity consumed	Information from the energy provider on electricity consumed and energy mix. Submitted by Rebelle in January 2022
8	Delivery country distribution breakdown, as of Shipping breakdown by country.	Information provided by Rebelle on the delivery distribution by country. Submitted by Rebelle in January 2022.

Appendix 2: Background

The recovery, reuse and recycling of materials is important from both a resource use and a climate change perspective. The extraction and processing of new resources are responsible for some 50 percent of greenhouse gases²⁷. Rebelle operates against a backdrop of EU regulations and national strategies related to a circular economy. The EU’s Circular Economy Action Plan²⁸ was launched in March 2020, following-up on the EU’s Circular Economy Package from 2015.



The waste hierarchy, as defined in the EU Waste Framework Directive, is important in the EU’s strategy. Rebelle’s marketplace which promotes the ‘Preparing for Re-Use’ in the waste hierarchy is the second most favoured option, as it contributes to waste prevention and to re-use of goods.

Figure 1: Waste hierarchy, visualization by ISM Waste and Recycling²⁹

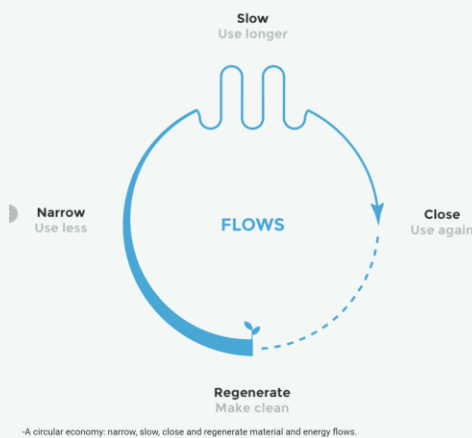


Figure 2: Visualisation of circular economy

Beyond the waste hierarchy, the circular economy features a more systemic change in material and energy flows, and in how goods are produced. There are several definitions of circular economy in research literature, but one mature definition is provided by Geissdoerfer et al. (2017): “a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops (see Figure 2). This can be achieved through long-lasting design, maintenance, repair, reuse, remanufacturing, refurbishing, and recycling”. Rebelle’s marketplace and services indirectly extend the lifetime of products, thereby contributing to the “slow” principle, while preventing the use of new raw material, thereby contributing to the “narrow” principle.

Three main principles are the pillars of circular economy: (1) preserving and enhancing natural capital by controlling stocks of non-renewable resources and balancing renewable resource flows; (2) keeping products and materials in use at most in both biological and technical cycles; and (3) designing out wastes and negative environmental externalities such as pollution (Ellen MacArthur Foundation, 2015).

²⁷ European Commission; Circular Economy Action Plan: For a cleaner and more competitive Europe.

²⁸ European Commission - Circular economy action plan. https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en

²⁹ What is the Waste Hierarchy? | ISM Waste & Recycling. <https://ismwaste.co.uk/help/what-is-the-waste-hierarchy>



Appendix 3: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green, sustainability and sustainability-linked bond investments. CICERO Green also provides Company Assessments, providing an assessment and shading of a company's revenues and investments as well as assessing the governance structure to indicate the greenness of a company. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).

