

POLARN O. PYRET
SWEDEN

85
T-SHIRTS
KIMYA
MADE IN CHINA

~~HOLGER~~

Signed by

~~Jin Han~~

Sustainability Report

2021 / 2022

POLARN O. PYRET

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About this report

Polarn O. Pyret AB is pleased to present its 2021/2022 Sustainability Report. The reporting period corresponds to our financial year (1 September to 31 August) and the information in the report refers to this period unless otherwise stated.

This is Polarn O. Pyret's third individual Sustainability Report; we report on an annual basis and our previous Sustainability Report was published in November 2021. Before this, Polarn O. Pyret reported sustainability work together with the other subsidiaries of Retail and Brands AB, its previous owner. As of 2021, the company is owned by Procuritas Capital Investors VI Holding AB.

During 2021/2022, Polarn O. Pyret acquired its former partner in the United Kingdom and Ireland. Since this acquisition occurred at the end of the financial year, the internal data reported will not include these markets unless otherwise is stated in the report.

The aim of this Sustainability Report is to provide transparent information to the company's stakeholders and the report has been prepared in accordance with the GRI Standards: Core option and the Annual Reports Act (1995:1554). The information in this report has been obtained from internal monitoring systems and external service providers. At Polarn O. Pyret, sustainability work and the sustainability report is governed by the board of directors and supervised by the management team and the sustainability department. It is based on the company's sustainability strategy and the material topics presented in the materiality assessment.

LETTER FROM OUR CEO

At Polarn O. Pyret, we leave a very different financial year behind us, where we as a company have achieved several milestones to solidify our business for the future, but with fundamental shifts in the world and society around us. The pandemic has been, and still is in a large part of the world, something that has impacted us all, but with the latest mutations being less harmful the Covid focus has shifted completely. Yet what was looking to be a potentially positive, almost euphoric Post-Covid period has turned into crisis after crisis. Not least a dreadful war resulting from the invasion of Ukraine, which even though PO.P does not operate in either Ukraine or Russia is affecting us as caring individuals, as yet another armed conflict rolls out in front of our eyes.

As if this crisis wasn't enough, the inflation in all markets, on which we both purchase and sell our garments, is at the time of writing, increasing to very high levels. The higher prices put additional pressure on us as a company. Having said that, we will not let this lower our ambitions in regards of the quality of our products or our efforts to supply our customers with an improved and more sustainable collection since the climate crisis is increasingly important to tackle.

Rising inflation and the energy crisis will potentially lower consumption, but we firmly believe that they will also speed up the evolution of circular economies. For us this means that our sales of second-hand garments will increase. In the last two years, PO.P has been busy developing a successful second-hand business in our physical stores. 66% of our outerwear is used by

3 children or more and this figure is 58% for all our product categories combined. PO.P was the most-sold childrenswear brand, and the second most-sold clothing brand overall, on Sweden's leading second-hand site Tradera. This proves that we're on our way to achieving our motto of Three Children or More For Each Garment.

PO.P's target is to reduce our GHG emissions by at least 50% by 2030 to be in line with the Paris Agreement. Sustainability is hard work, and we need to share our efforts and findings with all our stakeholders for us to strive for improvements together as an industry. We have therefore intensified this work throughout the year, with two digital platforms now helping us in our sustainability work: TrusTrace for follow up and transparency at product level, and Worldfavor for our work with the aggregate KPIs of this sustainability report. PO.P is on a journey to spearhead the childrenswear industry towards becoming more sustainable and in this work transparency is key for all stakeholders to see the progress we're making together. Our aim is to soon be able to share environmental impact data at product level, so that our customers can make well-informed choices at the time of purchase.

As a company, we experienced a very important year in which we changed our entire IT infrastructure, which will now enable us to continue the digitalisation of PO.P. During the year, we also acquired our former partner in the UK and Ireland and we are so happy to include the team of PO.P UK as "Polare" and together we look forward to enhancing the presence of our brand in this important market.

We have achieved a whole range of our targets during this financial year 21/22, but we have no intention of slowing down. We will be ramping up our efforts, despite the prospect of tough times ahead, to take additional steps towards becoming a leader in sustainable childrenswear. Our previous internal goal was to have 100% sustainable fibres by 2025, but with the tough but logical decision to stop producing PU rainwear and rubber boots, we will accomplish this ahead of the target year. This is a fabulous achievement and I'm so proud of the team who attained this milestone – extraordinary work!

Let's move onwards and upwards together!



Best regards,
Johan Munck, CEO

2021/2022 Highlights

Implemented tool to increase
TRANSPARENCY & TRACEABILITY
in the supply chain

Implemented
SUSTAINABLE FUEL
on inbound deliveries

97%
audited production units with compliant score in Occupational Health and Safety

66%
of our outerwear is worn by 3 children or more

MOST-SOLD CHILDRENSWEAR
brand on
TRADERA

Second hand sales increased
370%

Content requirement for sustainable fiber is increased to
>70%

73%
GOTS-certified cotton

58%
of all product groups is worn by 3 children or more



About **POLARN O. PYRET**

Polarn O. Pyret at a glance

We make clothes designed to be loved, washed and worn. And one day handed down to the next child ... and the next. We call this design that lasts.

Polarn O. Pyret is a well-known Swedish brand for baby and childrenswear, with products that are designed, produced and distributed through online, proprietary and franchise stores. We are established on 11 markets and on 12 e-commerce platforms. Our own e-commerce accounts for approximately half of the net sales in PO.P's own operated channels. Our head office is located in Stockholm. We have a production office in Hong Kong, as well as offices in Finland and Norway, and at the end of the financial year our former franchise market the United Kingdom became part of our organisation.

We have established a position as the leading brand for childrenswear in the quality segment of the Nordic market, and our clothing is recognised for its high quality, functionality, design and sustainability. Our focus has always been on what is best for children and our vision is to make the childrenswear market more sustainable – because the Earth is a hand-me-down, our clothes should be handed down too.



670*

MSEK

NET SALES

64*+9+15

OWN + FRANCHISE
+ SHOP-IN-SHOP

STORES

7*+2+3

OWN + FRANCHISE
+ MARKETPLACE

ECOM

266*

FULL-TIME
EQUIVALENT (FTE)

EMPLOYEES

SWEDEN **52%** UK **15%**
FINLAND **14%** NORWAY **11%**
OTHER **8%**

BRAND SALES PER GEOGRAPHICAL MARKET

*Includes data for acquired markets United Kingdom and Ireland.

Value chain impact

In the different steps of our supply chain, we generate a social, environmental and economic impact. To create a positive change, we need to understand this impact and the influence we have at each stage.

1. PLANNING: The starting point of our activities, where we update the assortment plans for the coming seasons according to our sustainability strategy, reconcile conclusions from last season and evaluate new business areas. The content of this plan has an overall sustainability impact on the value chain.

2. DESIGN: Based on the assortment plan, designs are optimised and new products are developed. Specifications for functions, durability and sustainable content are set, which will have a great impact on the lifespan and thus on the product's environmental impact.

3. PURCHASE: Our supplier base consists of suppliers with expertise in high-quality garments and certified fibres. Before purchase we evaluate the needs according to our sustainability strategies, the assortment plan and the suppliers' footprint. Negotiations take place to find the best match between product and production.

4. PRODUCTION: In production, design ideas are transformed into products. This stage accounts for the biggest impact. During production, we work closely with the suppliers to reduce our environmental impact, ensure safe working environments and assure high-quality products with the potential to be used by many children.

5. DELIVERY: Efficient transportation from production to our customers provides a foundation for our customer's shopping experience, and serves to reduce the environmental impact and greenhouse gas emissions.

6. SALES: Renewable and efficient energy sources improve the environmental impact in our stores. In our stores and online, we create customer value and communicate our sustainability work on a day-to-day basis. We provide PO.P Second Hand products in our buy-and-sell store online and in all stores in the Nordic countries.

7. USAGE: We help our customers to prolong the lifespan of our products by offering a repair service in our stores, as well as guidelines to on how to carry out repairs at home. Recommendations on how to care for materials and products also play an important role in increasing the lifespan of our products.



SUSTAINABILITY *strategy*

Strategy & focus areas

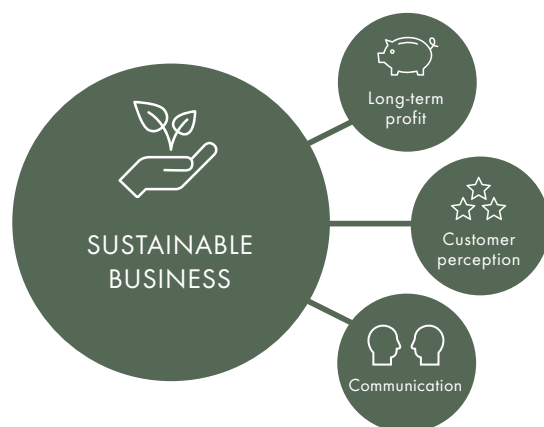
Since 1976, we have been committed to making high-quality clothes that last over time, so they can be worn by as many children as possible. We make comfortable clothes that are durable and have features to make them last, so that our customers do not need to buy more new garments than necessary, thus conserving our planet's precious resources.

The framework of our sustainability strategy is to provide sustainable quality products at attractive prices. In order to achieve this, we must develop and produce products in accordance with high quality and sustainability requirements. The current climate crisis has alerted us to the need for change in our industry, and we will have to achieve major changes in the coming years in order to minimise our impact on the planet. We must set our strategy based on existing scientific evidence and if needed revise our targets accordingly.

Our goal is to reduce our emissions by 50% by 2030, to act in line with the Paris Agreement. While our requirements often exceed legal requirements, with the increased legislative processes in our industry, which we welcome, it is important to continue developing and improving. It is essential that our sustainability work reflects Polarn O. Pyret's values, principles, ambitions and stakeholder interests, including being a leading sustainable alternative for children's clothing. This is the foundation of our strategy, together with international and local regulations, our sustainability impact and the impact of our industry.

We have divided our Sustainability Strategy into four focus areas.





SUSTAINABLE BUSINESS

Sustainable quality products at attractive prices are the framework of a sustainable business. By this we mean that the right price for the right product is a key requirement for us to be attractive to our customers – and thus exist as a company. Transparent and clear communication is the key to increasing customer awareness of our brand’s sustainable offer and to positioning ourselves as a leading sustainable alternative for children’s clothing.

LONG-TERM PROFIT

We are continuously working on resource efficiency in all parts of our business in terms of time and materials. It is crucial that we as a company create more with less, and in this way deliver products to our

customers which bring great value, while reducing the impact on our planet. Efficient internal and external working processes enable us to reduce lead times and become more flexible, resulting in a more sustainable assortment, both in terms of profitability and reducing overproduction.

An increased demand, from both stakeholders and new legislation, for transparency and traceability within the supply chain, as well as data collection, requires digital innovation. The more data points and KPIs implemented, the greater the need for well-functioning tools. We have made an important move in investing in digital support by implementing two new sustainability platforms: Worldfavor to enable accurate data collection within our organisation, and TrusTrace for transparency and traceability in the supply chain. Technology will play a major role in enabling us to achieve successful sustainability work, decision-making and deliver on the demands that existing and upcoming legislation place upon us.

”We have made an important move in investing in digital support by implementing two new sustainability platforms: Worldfavor and TrusTrace.”

This is the first year we have used Worldfavor to collect and follow up on data related to our sustainability strategy and our sustainability KPIs. The tool enables us to collect and verify data more

efficiently for our sustainability report. With the implementation of TrusTrace we started the journey to collect data from the entire supply chain, with the aim of full traceability for each individual item we produce. In addition to this, we have implemented a new ERP system which will enable greater flexibility in data collection related to our products.

Share of Wallet, which is one of the KPIs we track, represents how much a consumer regularly spends on a specific brand as opposed to its competitors. We measure this to find out how we rank in relation to our competitors, as well as our growth in different product categories. We don’t conduct this survey every year; the last survey to measure Share of Wallet was carried out by IPSOS in 2021.



COMMUNICATION

Our goal is both to inform and inspire our customers. Sustainability and quality have been part of our brand since the start in 1976. We make clothes that can be worn by at least three children and have a unique story to tell. We want to inspire and guide our customers to make more sustainable choices and extend the life of every garment by passing it on to the next child. We also want to be transparent and share the progress we are making regarding production, fibres and transport. On every product page you can find information about sustainable fibres and where the garment is produced. Our website is an important platform for transparency, and we want to help our customers to make more sustainable decisions.

We use our channels to also promote the charity organisations we support and work with. This past year we have worked with Save the Children, Nordic organisations to support work against breast cancer and WaterAid. We hope to both raise awareness and collect money that can help in their important work.

CUSTOMER PERCEPTION

We follow two larger surveys in Sweden which measure customer perception of the sustainability of brands in different categories. The "Sweden's Greenest Brand" survey is carried out by consulting company Differ. The respondents are asked to evaluate how green (sustainable) they perceive the brands to be. This year, we were listed as number 4 (1) in the "Clothes" category and are still the first

childrenswear brand on the list. The brands in places 1–3 have not been measured in this survey before.

Sustainable Brand Index is a brand study on sustainability within the business-to-consumer market in Sweden. The study is based on research among Swedish consumers and shows how brands are perceived with regard to environmental and social responsibility. We were listed as number 9 (4) in the Sustainable Brand Index industry ranking, in the "Clothes & Fashion Stores" category.

*We want to inspire
our customers to make
more sustainable choices.*





LEADING OFFER OF SUSTAINABLE PRODUCTS

Our ambition is for our clothes to have a long life: at least three children for each garment. A long lifespan reduces the amount of new clothes needed and the impact we have through producing garments. Our most important task in order to achieve this is to offer products of a high quality with a long lifespan, where each product is produced for its specific area of use. We are committed to commanding a leading position in circularity, longevity, and sustainable materials, and achieve this by new developments, services, conscious material selection, and by seeking new and more sustainable materials.

PRODUCT LIFESPAN

Since the beginning in 1976, we have strived to make children’s clothing of the highest quality. Clothes that can handle wear and tear, have a timeless design and can be passed on to the next generation of children. Our customers then don’t need to buy more new garments than necessary, which saves the earth’s already strained resources. Today, 58% of all PO.P clothes (excluding swimwear, socks and underwear) are passed on to three or more children. 66% (63) of our PO.P outerwear is worn by three or more children, a number that’s increasing year by year. Data regarding the lifespan of our garments is collected through annual customer surveys.

”58% of all PO.P clothes and 66% of our PO.P outerwear is worn by three or more children, a number that’s increasing year by year.”

REPAIR – Our garments need to withstand a lot of wear and tear, especially our outerwear, which is used daily by children in daycare centres and schools, as well as for other outdoor activities. That is why we offer PO.P Repairs for our outerwear. Our repair service helps customers to mend PO.P outerwear garments, no matter how old they are, at cost price and using only original spare parts. We continuously strive to develop our repair service, implement new solutions and extend the offer to more products.

PO.P is collaborating with Nimble Patch, which collects worn out PO.P jeans from actors in recycling and second-hand sales, mends them and gives the jeans a new lease of life. The products are then sold on Nimble Patch’s own website.

PRODUCT INNOVATION – Product development and design are other important aspects for increasing the longevity of our garments. Children grow fast and a garment can quickly become too small. PO.P provides features that allow a child to use the garment

KPI	2021/2022	TARGET	TARGET YEAR
Customers using outerwear garments for 3 children or more	66%	95%	26/27
Customers using garments for 3 children or more*	58%	75%	26/27
Zero tolerance for number of product recalls	1	0	Ongoing
Customer claims of products sold	0.13%	<0.1%	Ongoing
More sustainable fibers – Products**	79%	100%	25/26
More sustainable fiber – Packaging & Labels***	62%	100%	25/26
Assortment produced with best available chemicals****	50%	100%	25/26

*Underwear, socks and swimwear excluded. **Certified GOTS, RWS, Lenzing, organic and recycled fibers. ***Certified FSC mix, recycled and organic. ****GOTS.

for a longer period. To increase the longevity of our garments, we provide “growing solutions” such as roll down cuffs on sleeves and trousers and an extra row of poppers on baby bodies for room to grow. Our Flexisize solution on PO.P Outerwear allows the garments to “grow” one and a half sizes, thanks to buttonhole elastic adjustment inside the garments. When reused by the next child, these items can easily be readjusted back to the smaller size.

To keep up to date on the latest research and sustainable inventions in the industry, we have started a project group, with participants from our assortment and quality team, with the aim of staying updated on the latest innovations. Focus areas during the year have involved the sourcing of new sustainable materials, such as a sustainable PU fabric, development of new circular services, and new ways to prolong the longevity and reduce the impact of our products.

To ensure that we make use of all the expertise and good ideas within the company, we conduct an internal competition on a regular basis – PO.P Innovation. This way, all employees get the opportunity to contribute to new developments within our brand and processes, and also get the opportunity to win prizes.

SECOND HAND & RENTAL – We encourage all our customers to pass on their preloved garments. PO.P provides its second-hand service in all stores in the Nordic countries, as well as on our website. During the year, more than 48,000 garments have been sold

via our in-store second-hand service, an increase of 370% compared to the previous year. And the demand is increasing. For the coming years, we’ve set ambitious goals for the expansion of our second-hand service. To be able to reach these goals, we are continuing to increase the number of our second-hand products and finding new ways to encourage more customers to sell second hand.

The second-hand service on our website is a free-of-charge buy-and-sell service where used and loved garments get new owners. In addition to the second-hand function on our website, customers can buy PO.P clothes in several other channels.

Rentals are an important tool for increasing the lifespan of our garments. We continue to offer this service in partnership with Hyber in Sweden.

TRADERA

Polarn O. Pyret was listed as the most sold childrenswear and second most sold clothing brand in the report “Tradera Circular Brands 2022”. Tradera is Sweden’s leading marketplace for second-hand goods, with objects switching owners every third second. Over 18,000 preloved Polarn O. Pyret items found a new owner through Tradera last year.



SUSTAINABLE MATERIALS

Garments made of more sustainable fibres have less impact on the environment – this may involve less water and chemical consumption, preserved biodiversity, improved animal welfare, conservation of our planet's resources or fewer greenhouse gas emissions.

Our goal for 2025/2026 is for all our garments to be made of more sustainable fibres, meaning materials that last longer, and have less impact on humans and the environment. When this target was first introduced, our requirement was that a minimum of 50% of the product consisted of a more sustainable fibre for the product to count as a more sustainable product. We have now increased this to a minimum of 70% sustainable fibre in each product. Currently, 79% (78) of our assortment is labelled more sustainable, meaning that a minimum of 70% of these products consists of a more sustainable fibre.

We have defined which fibres Polarn O. Pyret considers to be market leading, in terms of their impact on humans, animals and the environment, while having durability properties in line with our product longevity targets. The development of more sustainable fibres is constantly evolving, and we update our fibre strategy continuously.

COTTON – At present, 99.6% (99.4) of the cotton in PO.P products is sustainable, meaning we did not reach our target of 100% sustainable cotton. 0.4%

of the cotton 21/22 is virgin cotton, which appears in material blends where organic cotton was not available. We will scrutinize our product range and continue to strive towards 100% sustainable cotton for the coming year. 73% (63) of the sustainable cotton we sourced was GOTS certified and 27% (36) was organic cotton.

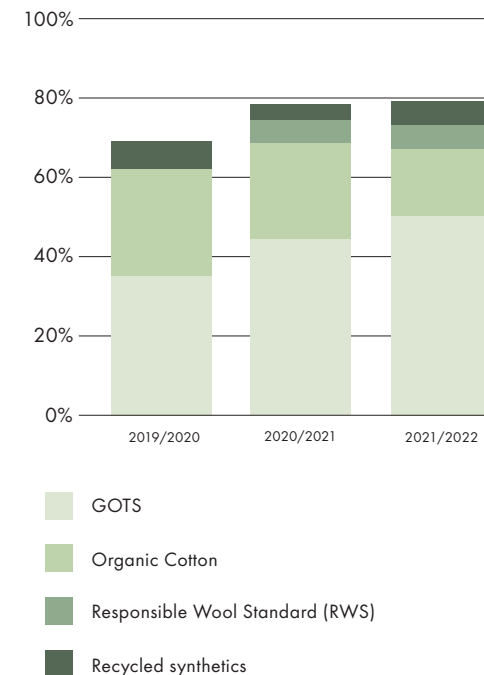
WOOL – 50% of the wool used in PO.P products is labelled with Responsible Wool Standard (RWS), a figure that is increasing year by year.

SYNTHETICS – Synthetic fibres, such as polyester, polyamide and elastane, are used in PO.P products for specific functions, such as strength, durability, insulation or elasticity. By using recycled synthetic fibres instead of virgin fibres, we reduce the environmental impact and our reliance on petroleum as a source of raw material. 28% of our 21/22 product range in synthetic fibers* was made with a minimum of 70% recycled fibre.

RECYCLED MATERIALS – The volume of certified recycled fibres in our total assortment 21/22 was 6% (5). We want to play a part in influencing the development of recycled fibres, hence our participation in the Swedish Trade Federation's industry dialogue Textiles For Recycling (T4RI). T4RI is working to develop good systems for collecting, sorting, reusing, and recycling textile products.

PACKAGING & LABELS – Starting from SS22 we have removed polybags used during transportation for the majority of our products. The only items packed in single polybags are products that risk being damaged during transport or handling in the warehouse. Due to a lack of recycled paper, we've had to buy virgin paper bags for our stores, which has resulted in a total share of 62% (71) more sustainable fibres in labels and packaging. A decrease compared to the previous year with 9%.

SHARE OF MORE SUSTAINABLE FIBERS



*Including all items with a minimum of 70% synthetic fiber.

Our sustainability labels

GLOBAL ORGANIC TEXTILE STANDARD (GOTS) is a world-leading standard and certification for textiles made of natural fibers. For a product to be certified and permitted to carry the GOTS symbol, it must be made from organically grown cotton and be processed throughout the entire manufacturing chain in factories that are GOTS-certified by an independent body.

GOTS MADE WITH ORGANIC COTTON For a product to be certified and labelled with GOTS Made With Organic Cotton, at least 70% of the fiber content must be organic. This is slightly lower than GOTS Organic, where the organic fiber content must be at least 95%, but otherwise the same rules apply to the entire production chain.

ORGANIC COTTON is grown without the use of synthetic pesticides or fertilizers. This cultivation process is better for the environment and better for the cotton growers.

RECYCLED POLYESTER AND POLYAMIDE Polyester and polyamide come from non-renewable sources. Using recycled polyester and polyamide reduces the use of new fibers from these sources and conserves our planet's resources. Most of our fleece garments, for example, are made from recycled polyester from post-consumer PET bottles.

RESPONSIBLE WOOL STANDARD (RWS) describes and certifies animal welfare and land management practices in wool fiber production and tracks the certified material from farm to final product.

TENCEL™ Lyocell fibers are derived from wood pulp from sustainably managed forests and are biodegradable. The production of TENCEL™ Lyocell is made in a closed loop process where 99% of the water and solvents used are reused. By reusing solvents and water the lyocell process ensure high resource efficiency and low environmental impact. TENCEL™ is a trademark of Lenzing AG.

LENZING™ ECOVERO™ VISCOSE is made from wood pulp from sustainable wood sources and its production has less impact on the environment. The fiber is certified with the official EU Ecolabel, which is awarded to products meeting high environmental standards throughout their life cycle. The production of LENZING™ ECOVERO™ branded viscose generates up to 50% lower emissions and water impact compared to generic viscose fibers. LENZING™ and ECOVERO™ are trademarks of Lenzing AG.

RECLAIMED FABRICS Garments made of leftover material from previous seasons. By creating garments from existing materials, we're helping not only to reduce waste but also to conserve our planet's precious resources. This is a resource-efficient and more sustainable way of creating clothes, without compromising on our high quality standards.



SAFETY OF PRODUCTS

Producing and selling clothes for children entails a great responsibility. Ensuring safe, durable products is one of the most important areas in our sustainability work. All PO.P products must comply with our quality, chemical and safety requirements, which are in line with international standards and regulations, and in some areas are even more stringent than the legal requirements.

All our suppliers have signed our Master Purchase Agreement, which specifies our sustainability and quality requirements, policies and restrictions. To ensure that suppliers comply with our requirements, we work with capacity building as well as performing numerous quality, safety, and chemical tests on our products. These tests are mainly carried out at accredited third-party laboratories.

We also perform development tests in-house, and ask children and their parents to evaluate our developments through wear tests.

The safety features on our garments are extremely important to us and we have zero tolerance for product recalls for child safety reasons.

As a means of ensuring this, we focus on technical solutions specially designed for children to minimise potential risks of injuries, as well as apply a precautionary approach in our risk assessments of all new product developments.

We take part in the Swedish Institute for Standards (SIS) working groups to contribute to the development of new and existing standards.

CHEMICAL COMPLIANCE – All clothing manufacture requires the use of chemicals to some extent. For example, chemicals are needed to dye the fabric or replicate a print. Our goal is to work proactively on chemical issues, which in many cases involves us going one step further than the legislation requires. Our chemical restrictions are specified in a comprehensive list which is publicly declared on our website.

We use BIONIC-FINISH® ECO on all our water-repellent outerwear, a PFAS-free technology that mimics natural water resistance. 50% of our total assortment is GOTS certified and thus confirmed to be produced with the best available chemicals. Our chemical criteria are monitored by random spot testing carried out by third-party laboratories, both during the manufacturing process and on delivered garments in our stores.

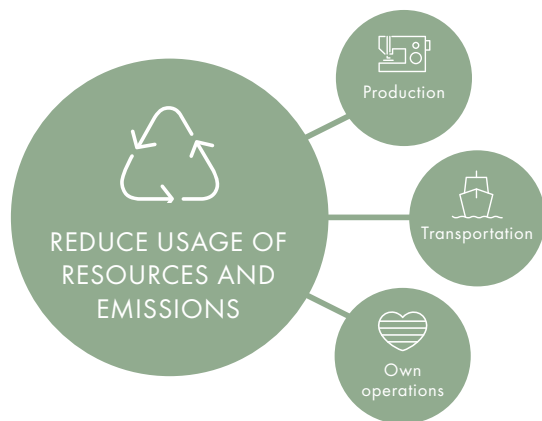
“We use BIONIC-FINISH® ECO on all our water-repellent outerwear, a PFAS-free technology that mimics natural water resistance.”

We are a member of the Chemical Group run by RISE, a network for textile and electronic companies, with the aim of spreading up-to-date information about chemical and environmental issues, acting as a support and providing tools for working on chemical issues.

During the year, we've had one product recall caused by chemical content. The recall concerned moccasins with leather soles. During our chemical spot testing, it was discovered that the product contained levels of Chromium VI that exceeded the PO.P limit. While the product itself complied with the legal requirements for Chromium VI, an internal PO.P risk assessment deemed the product unsafe for children to use. Hence the product was withdrawn from our stores and e-com, and our customers were informed and offered their money back. As a result of this, we have now removed all leather details from the PO.P assortment and updated our animal welfare policy and approved materials list accordingly.

QUALITY ASSURANCE – To guarantee the high quality of PO.P garments we conduct quality inspections during production, as well as third-party laboratory testing to ensure mechanical and physical performance. Quality inspections during production are carried out using the software Qarma. This highly efficient online tool enables our suppliers to take greater ownership of securing the quality of our products, which frees up resources. These resources can now be redirected to quality issue prevention measures.

Our goal is to keep our customer complaints below 0.1% of sold goods. Due to a change in ERP system, the follow up on this data is currently not as detailed as we would like, and we do not yet have the full capacity to analyze the data. During 21/22, the number of claims decreased to 0.13% compared to 0.19% in 20/21.



KPI	2021/2022	TARGET	TARGET YEAR
Decrease in GHG emissions in own operations compared to baseline year 17/18	-48%	Climate neutral	2030
Decrease in electricity usage (kWh) in own operations compared to baseline year 17/18*	-36%	-30%	21/22
Renewable electricity in own operations**	100%	100%	21/22
Decrease in GHG emissions in all operations compared to baseline year 20/21	+21%	-50%	2030
Products sold on discount	-23,9%	-21%	21/22
Number of air transports	5	0	Ongoing

*For all facilities including both estimates and actual data. **For all facilities where PO.P is responsible for the electricity agreement.

REDUCED USAGE OF RESOURCES AND EMISSIONS

A change is needed. The clothing industry is one of the most polluting industries in the world. And the industry’s focus on rapid trends leads to a huge overproduction of clothing. We want to change that. That is why we are reducing the number of new styles we manufacture. That means fewer new seasonal products, but a larger proportion of beloved classics. Then we, to a greater extent, produce what is in demand. By basing all product development on more resource-efficient production processes, we can significantly reduce the use of resources for the products we do produce.

Our goal is to reduce our greenhouse gas emissions by at least 50% by 2030 in scope 1, 2 and 3. With this goal, we are reducing climate emissions in line with the Paris Agreement to limit global warming to 1.5°C. And we aim to be climate neutral by 2045 in scope, 1,2 and 3.

Polarn O. Pyret follows the Greenhouse Gas Protocol methodology, meaning we cover scope 1, 2, and 3; our own emissions and emissions from the full supply chain. We have mapped our emissions in our own operations, scope 1 and 2, since our baseline year 2017/2018 and production, transportation, franchise stores and business travel, scope 3, since 2020/2021. This is done on a yearly basis, the main part of the scope 1 and 2 is based on reported data and the other part is based on average data based on Polarn O. Pyret’s reported data. For scope 3 the data consist of reported data, average data from our consultants 2050 and global standard values, such as Higg MSI.

PRODUCTION

The manufacturing of our products accounts for more than 90% of where the emissions originate from, and this is also where most of the natural resources are being used. Production is therefore the main area where we need to continue investing our resources in the coming years to reach our goals. We believe that one important thing we can do is to produce only the garments in demand and, to the greatest possible extent, only offer products that our customers need. To do this we are working with a number of activities aimed at prolonging the lifespan of each garment, such as more carry-over products, less short-lived design, growing solutions and other services and solutions to extend longevity. And, of course, we are working a lot with our second-hand offer, which is growing each year. These are important actions to reduce our emissions and to make sure that each

Polarn O. Pyret garment is used to its fullest extent. We are also following up and have targets for products sold on discount, this year our target was to sell no more than 21% at a discount. Unfortunately, the need for discount has been greater than anticipated, due to increased customer demand for reduced prices. We didn't reach our target – instead 23.9% (24.9) of our products were sold at a discount. With the potential macroeconomic crisis in front of us, this pattern will most likely be the case for the coming financial year as well.

To be able to reduce our emissions, we must first map our emissions, in order to see the effect of our activities and actions. In recent years, we have examined several tools and working methods to follow up on data related to our products and increased transparency within our supply chain. We found that the tool we were using to collect this data from our suppliers was not user friendly and did not always provide us with reliable data. Our

goal was to trace all chemicals, water and energy used for manufacturing our outerwear products until 2020/2021. Since this goal was set in line with the tool we were using, which has now been replaced, this goal is no longer relevant.

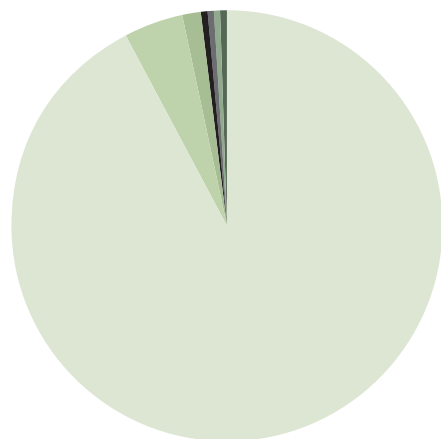
This year, we have found an efficient digital tool, TrusTrace, which has been implemented during the year. Our first goal is to trace 80% of the order value, which we are working on. During the coming years, our goal will also be to be able to increase reported data for emissions and water. Compared to last year, which was our baseline year, we have increased our scope 3 emissions with 22% in the category purchased goods and services, due to increased volumes of purchased products.

To create change in the supply chain, we need to lead by example and therefore collaboration with other brands is essential, and that is why we are a part of the Swedish Textile Initiative for Climate Action (STICA). Taking part in this initiative obliges us to set

science-based targets to reduce our greenhouse gas emissions in line with the 1.5°C warming pathway. In this platform, we will continually learn about best practices for reducing our GHG emissions, as well as tracking and reporting our progress on a regular basis and setting a roadmap to achieve our goals.

OWN OPERATIONS

Compared to the manufacturing of our products, in our own operations, we have a more direct impact and greater possibilities to make quick changes. All new company cars are electric, in all stores where we are responsible for the electricity contracts, 100% of the electricity is renewable. We have also seen an increase in renewable electricity in those stores where we are not responsible for the contract. The lighting in our stores consumes a lot of electricity, which is why a transfer to best available technical performances, such as LED, is the key to reducing electricity use. 59% (54) of our stores currently have LED installations. We have continued to map out our Scope 1 and 2 emissions, and this year we have reduced electricity by 36% (38) compared to baseline year 17/18 and emissions with 48% (26). This year for the first time, all our stores have reported on electricity use and heating. There are still challenges in tracking the data for energy consumption in our stores, and this is ongoing work that gets more precise and improved data for every year we report.



GHG EMISSIONS ALL OPERATIONS

- <1% – Scope 1
- 1.5% – Scope 2
- 92.5% – Scope 3 – Purchased goods and services
- 4.2% – Scope 3 –Transport and distribution
- <1% – Scope 3 – Electricity use within own operations
- <1% – Scope 3 – Business travel
- <1% – Scope 3 – Other

Direct

SCOPE 1

Direct GHG emissions occur from sources that are operated by our company.

Company operated cars and refrigerant leakage.

Indirect

SCOPE 2

GHG emissions from the generation of purchased energy consumed by our company.

Electricity consumption and district heating for offices and stores.

Supplemental

SCOPE 3

Indirect GHG emissions that occur in the value chain of our company.

Emissions for shipments of goods, upstream production, business travel.

In the beginning of this financial year, we took an important decision to shift to biofuels for all our inbound sea freight. A mass-balance system for biofuels were implemented in December and the transition has resulted in an emission reduction for these transports, from that time, with 67% CO₂e emissions and elimination of sulphur emissions. This shift has been the main reason we have had a 22% reduction of greenhouse gas emissions for all transports. We hope that this decision may encourage others to do the same.

TRANSPORTATION

Transportation accounts for 4% of our total emissions. Efficient transportation lays the ground for how we reduce our GHG emissions in this area. Conversely, delays of any kind cause GHG emissions to increase. This is because freight with shorter lead time, air and train freights, which can make up for these delays, releases significantly more GHG emissions than sea freights. We have a zero tolerance for air transport, which is the transportation method with by far the most impact. To achieve the aims of this policy, strict planning is needed but is not always enough when events beyond our control affect our routes. This year, 5 (5) shipments were sent by air, the same amount as the previous year. Air transportation is only used when absolutely

necessary, and our zero-tolerance policy is communicated to all suppliers. This is a reduction of 77% over the last 3 years. Our inbound transportation mainly occurs by sea routes, 97.2% (97.7), while outbound transportation mainly occurs by road freight.

“Implementation of biofuels has resulted in an emission reduction with 67% CO₂e emissions.”

INBOUND TRANSPORTATION



During the year, we have continued to prioritise fossil-free deliveries at checkout for deliveries to customers. We are continuing to study how to help our customers choose the most sustainable options for their delivery. This is a complex task to solve, since the couriers calculate their emissions in different ways. We also need to consider where our customers live and how they travel to the collection point in order to get the full picture of what would be the most sustainable option for each customer.

BUSINESS TRIPS – The number of business trips has been low in recent years, due to pandemic. During the year, we have seen an increased need of, as well as amount of business travel. Much has changed in how we work during the latest years and the number of digital meetings has increased, which we encourage.

However, we see an increased need of travelling in the coming years to visit stores, suppliers and production units. We should still travel according to our policy; the environmental impact should be considered in connection with travel, and whenever possible rail travel should be chosen.





RESPECT & SECURE HUMAN RIGHTS

At Polarn O. Pyret we believe in conducting sustainable, fair business and respecting human rights. We are committed to ensuring that fundamental rights are respected, and that people are treated with dignity and respect, regardless of race, sex, nationality, ethnicity, language, religion, or any other status, in our own operations and in our supply chain.

OUR SUPPLY CHAIN – Polarn O. Pyret doesn’t own any factories – instead we work in close partnerships with a carefully selected number of external suppliers worldwide to manufacture our garments. These suppliers are crucial to our success, which is why long-term and close relationships with our suppliers are a key factor in our production strategy. With a shared vision of a more sustainable industry, we work closely

with our suppliers to move beyond compliance and towards continually improving environmental, social, and quality performance.

There is always a risk working with external parties and not being onsite on a day-to-day basis to control working conditions and safety. We believe it is crucial to have clear requirements and are working with continual monitoring, remediation, and capacity-building to minimise risks.

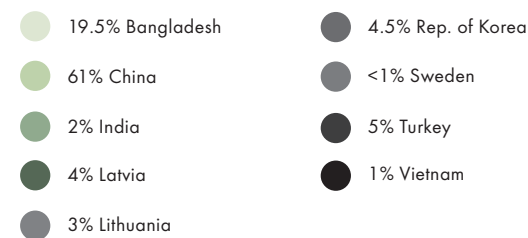
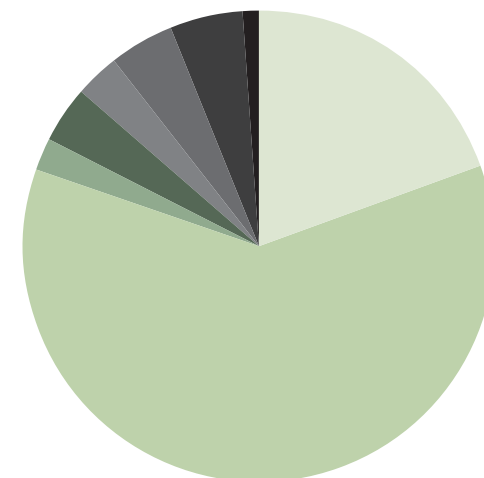
Our production office in Hong Kong monitors all our suppliers in Asia and we collaborate with an agent in Turkey who performs the same function. During the year, we terminated our collaboration with our agent in Bangladesh with the aim of increasing our own presence at suppliers and strengthening our collaboration further.

Consolidating orders and reducing the number of suppliers in our supply chain have been focus areas for the last couple of years. Narrowing down our assortment and phasing out some products, as well as consolidating volumes, have resulted in 46 (48) factories in 9 different countries, a reduction of 25% in factories over the past three years. Working with fewer suppliers gives us greater possibilities to influence each factory, as well as better control in our supply chain.

We evaluate our suppliers ahead of each season and, in line with our production strategy, we set supplier-specific plans based on this assessment. In our due diligence process, we consider social as well as environmental criteria before approaching a new market. Furthermore, factors such as product quality, on-time delivery and price are key aspects of our regular supplier screening and are included in our selection process for new suppliers.

PRODUCTION COUNTRIES

% of order value 2021/2022



CODE OF CONDUCT

Polarn O. Pyret is a member of Amfori BSCI, the leading global business association for open and sustainable trade. Through Amfori BSCI, we have been fully engaged in supply chain mapping, monitoring, remediation, and capacity building for continuous improvements in our supply chain. When becoming a supplier to Polarn O. Pyret the supplier agrees to follow the Amfori BSCI Code of Conduct.

AUDITS & INSPECTIONS – We utilise a mix of external and internal inspections, which serve different purposes.

EXTERNAL AUDITS – Amfori BSCI audits form the basis for following up on the social improvement process and account for 80% of the audits. A BSCI audit includes a physical inspection of the entire factory, a review of documentation, and interviews with workers and factory management.

INTERNAL AUDITS – Internal audits mainly apply to follow-up of the external audit results and setting corrective action plans together with the supplier, as well as ensuring social, environmental, and quality level at a potential new supplier before starting business. Internal inspections serve as a complement to the external audits and account for 20% of the audits.

Our goal is that all factories, no matter where they are located, should be audited by a third party, as we believe that serious violations of human rights can occur in any part of the world. At the end of the fiscal year, a total of 80% (79) of our factories had a valid third-party audit. Compared to last year, we have increased the number of production units with a valid audit, however we have still not reached the target

KPI	2021/2022	TARGET	TARGET YEAR
Production units in tier 1 with third-party valid social audit reports*	80%	100%	20/21
Production units in tier 1 with overall improved BSCI rating since previous audit*	22%	15%	Ongoing
Production units in tier 1 that have implemented good practice for fair wages**	95%	100%	25/26

*BSCI and SA8000. **According to BSCI or SA8000.

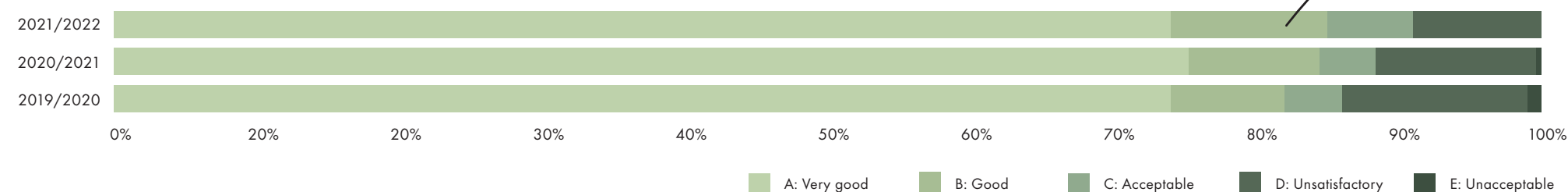
of 100% audited factories. The suppliers without a valid third-party audit are located in so called low risk countries. We are continuing our dialogue and capacity building with these suppliers regarding how to proceed with auditing. 91% (91) of the order value is from production units with a third-party audit, indicating that audited factories have been prioritised.

The pandemic is still causing lockdowns in some production countries, resulting in limitations on both external and internal audits. Due to travel restrictions, our internal audit team has only been able to visit our suppliers in China. For suppliers in other countries, a close and regular dialogue has been more important than ever. We have set a target based on continuous

improvements and during this year we have seen a positive trend in the BSCI audit results. This has been achieved through focusing on setting corrective action plans and training programs together with the factories. 22% (21) of our factories audited during the year improved their result or remained fully compliant, compared to the previous year.

BSCI AUDIT RESULT – 85% (84) of our factories received a compliant audit result, either result A or B, an increase of 3% over the past three years. No factories received a result E Unacceptable during the year.

DEVELOPMENT OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS



Areas of improvement

A BSCI audit consists of 13 subsegments, where the result is categorised from A to E, or zero tolerance. The greatest challenges our factories face include implementing fully functional management systems and reducing overtime.

DECENT WORKING HOURS – Working hours is one of the most difficult areas to improve and this year we saw a trend in the wrong direction in this area. 82% of our factories received score D in this area compared to 65% last year. We will need to continue to provide training on and information about these issues and work together with factories to improve. Optimising our internal routines and buying practices also plays an important role in reducing overtime in the factories.

OCCUPATIONAL HEALTH & SAFETY – Ensuring a safe workplace for all workers has been a focus area for many years. We have worked closely with suppliers to set corrective actions plans within this area and we are now seeing great improvement. 97% of our factories have either score A or B within this area. This is an increase of 11% compared to the previous year.

SOCIAL MANAGEMENT SYSTEMS – this has been one of our focus areas since we first implemented Amfori BSCI. During this year, we've seen a major shift of factories moving from result D to result C. During the past 3 years, the number of factories with result C increased by 49% and factories with result D decreased by 54% during the same period. This is a move in the right direction. We are continuing to train management teams in our supply chain to increase awareness of how fully functional management teams are of the utmost importance in creating long-term improvements in all other areas.

NO DISCRIMINATION – In previous years, we've had 100% compliant factories in the area No Discrimination. This year the result is 97%. One of our factories located in Bangladesh received a C in the segment No Discrimination on their previous audit. We take this seriously and are following up with the supplier responsible for the result on how to ensure no discrimination in the factory.



RISK ASSESSMENT – There is a general perception that even though the outcome of the audit results over the past years has been very good in the areas of Child Labour and Bonded Labour, there is a risk that these issues have moved further upstream in production. Another risk is that the status of the areas of Freedom of Association and Discrimination are difficult to capture in audits or in the BSCI grievance mechanism. Therefore, we need to further analyze if and where there are discrepancies that do not show up in the audits.

THE ACCORD – Bangladesh remains our second largest production country. All our suppliers in Bangladesh are within the scope of the Accord in terms of safeguarding the building, fire and electrical safety of production and have 100% remediation progress rate in all findings. Polarn O. Pyret has signed the new agreement called International Accord for Health and Safety in the Textile and Garment Industry. The agreement, like its predecessor the Accord on Fire and Building Safety in Bangladesh, is a one-to-one legally binding agreement with trade unions and brands to make Ready-Made Garment (RMG) and textile factories safe. In Bangladesh, the agreement is already implemented by the independent national tripartite RMG Sustainability Council (“RSC”) consisting of brands, unions and industry.

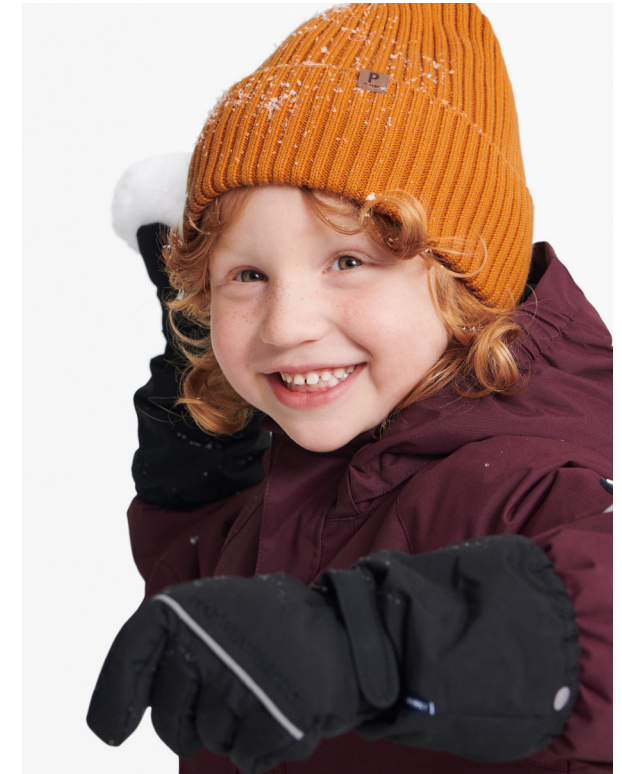
With the new agreement, we will not only continue our joint efforts with trade unions and brands to ensure safe work environments in the garment industry in Bangladesh, but also explore how the program can strengthen health and safety in new production countries and be expanded to other countries.

FAIR WAGES

We firmly believe that every worker in the supply chain, regardless of position, should earn a living wage. Through our participation in Amfori BSCI, we strive towards implementation of a living wage in all factories. In December 2021, BSCI launched an updated Code of Conduct including a clearer stance on living wages. Suppliers accepting the Amfori BSCI CoC agree to assess the pay gap accurately and work progressively towards the payment of a living wage.

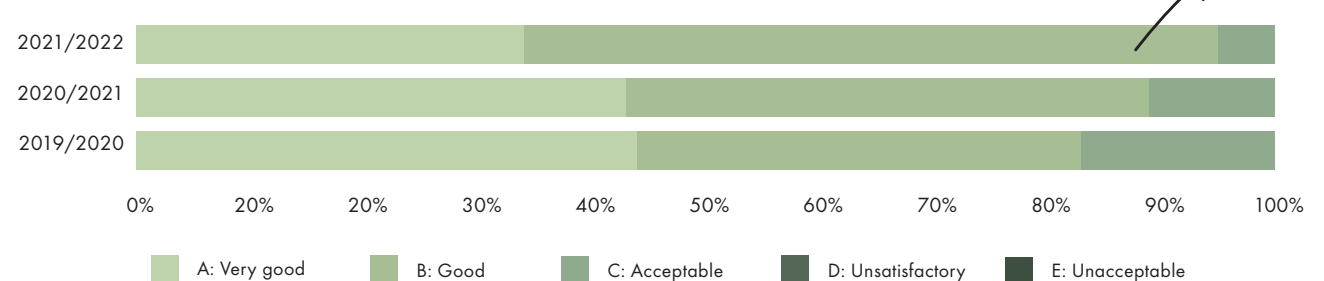
We monitor the development of the audit results of Salary & Remuneration in the Amfori BSCI audit and our suppliers attends training in Fair Remuneration. 95% of our factories have now implemented good practices for fair wages. And 100% of our range is produced in production units (tier 1) that have implemented good practices for fair wages. The two factories receiving a C on Fair Remuneration did not receive any orders during AW21/SS22.

We’ve started participating in a pilot project initiated by Shift and Capital Coalition with the aim of developing a simple, standardised model to account for and report on progress towards living wages in the supply chain. This work has just started and will continue during the coming fiscal year.



Continuous improvements

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION



TRANSPARENCY

Working with traceability and visibility in the supply chain is key to our ability to measure, monitor and ensure improvements in the factories and manufacturing facilities with which we work. It is also important for us to be transparent towards our customers and all our stakeholders by giving them insight into our business activities along the supply chain.

During the year, we have started the implementation of TrusTrace, a software that provides supply chain traceability for companies in the textile and fashion industry. With the implementation of TrusTrace, Polarn O. Pyret will gain greater insight into the supply chain and will be able to work in a more hands-on way with improvements throughout the value chain. During the coming year, we will be focusing on implementing and ensuring traceability of the key suppliers that account for 80% of our assortment.

The textile supply chain is complex. Increased transparency requires education within the supply chain, trust and a close dialogue with the suppliers. To gain full transparency within all our operations requires time and resources and is crucial to reach our sustainability targets.

As a part of our transparency commitment, we not only publish our Tier 1 Supplier list on our website, but also disclose the manufacturing production unit for each item on our e-com site. By doing this, our customers can get greater insight into where the product has been manufactured, the social audit status and if there are any environmental certifications.



Our **SUSTAINABILITY** *work*

UN Sustainable Development Goals

In 2015, the United Nations produced its Sustainable Development Goals with the aim of moving towards a sustainable world.

By mapping out 17 social, environmental and economic goals that interact and influence one another, the idea is to ensure progress that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The sustainability agenda acknowledges and points out how stakeholders from multiple backgrounds play a key role in achieving sustainable growth. We recognise the complex structure of the retail industry and work towards ensuring a long-term perspective. We recognise that the agenda is interconnected, and that our work includes and influences the full range of SDG goals. Accordingly, we have identified eight goals that influence our work on a day-to-day basis.



Collaborations



We believe that our targets can only be realized with strong partnerships and cooperation on all levels. This may be global, regional, national or local.

Our partnerships are built on common principles and values, a shared vision, and shared goals placing people and the planet at the centre.

Our collaborations are built on different aspects. This may be shared resources, technology and innovation, capacity building, trade or systematic issues.



*Together,
we can make
a difference.*

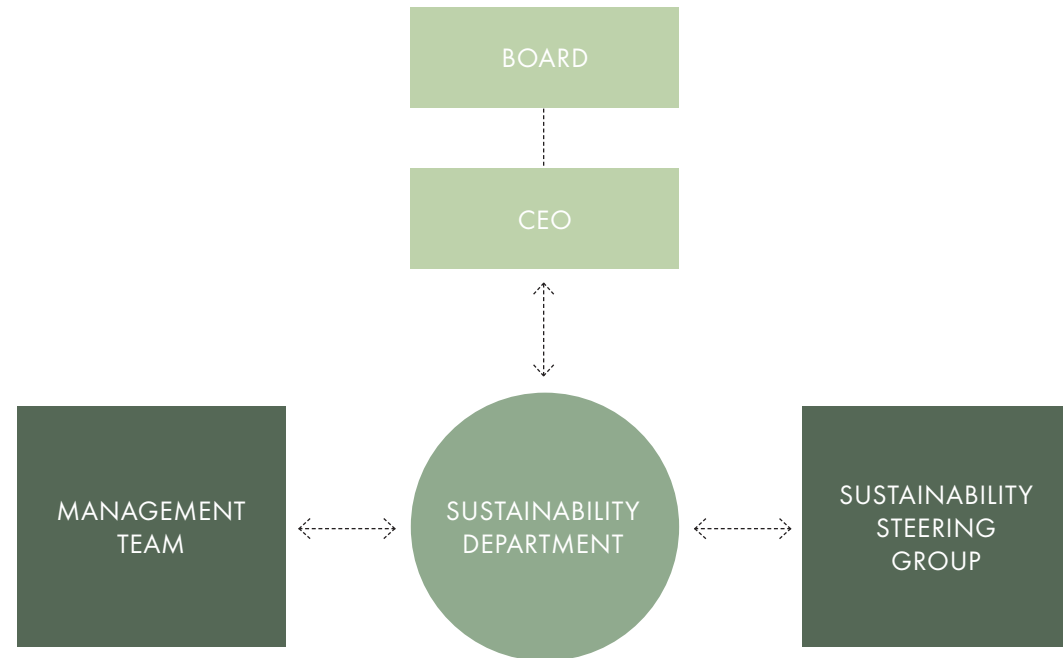


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Sustainability governance

The Sustainability & Quality Department at Polarn O. Pyret consists of three full-time employees, who are responsible for quality and safety, as well as social and environmental compliance. Together with different departments, the Sustainability & Quality team manages the work related to sustainability within the company. The Sustainability & Quality Manager reports directly to the CEO.



Sustainability is a team effort! To create a positive impact, we turn our Sustainability Strategy into action through clear KPIs, targets and roadmaps within each department of our organisation. This is how it is governed:

The Sustainability & Quality team develops the Sustainability Strategy and KPIs in consultation with the Management Team. The members of the Management Team implement the strategy in line with the established KPIs and are responsible for managing the relevant

action plans for their fields and their area of operations. The team supports the entire organisation in the implementation of our sustainability strategy. Our Sustainability Steering group, managed by the Sustainability & Quality Manager and with members from relevant positions within PO.P, holds monthly meetings. The purpose of this group is to define priorities based on the sustainability strategy performance, business intelligence, market research and innovation.

Stakeholder engagement

Polarn O. Pyret's business must be viewed in the context of our stakeholders, who both affect and are affected by our business.

While we aim to collaborate with all Polarn O. Pyret stakeholders, our prioritised stakeholders and the ones to whom we consider ourselves accountable are our customers, employees, suppliers, owner and Board of Directors. The stakeholder list is reviewed on an annual basis to reflect related events and the current reality.

The purpose of stakeholder engagement is to identify common ground on expectations for our sustainability work in terms of its possibilities and challenges throughout the value chain.

Communication with all our stakeholder groups is highly important. We have conducted a stakeholder survey for all prioritised stakeholders.

The survey covered ten main areas within sustainability from social, environmental and economic perspectives. The areas selected reflect Polarn O. Pyret's values, principles, ambitions, our stakeholders' communicated interests, regulations, sustainability impact and the impact of our industry.

We have asked our stakeholders to list the five most important areas in relation to Polarn O. Pyret. The ones in bold letters are the most important areas and the others are considered important.

STAKEHOLDER	MATERIAL TOPICS
CUSTOMERS	<ul style="list-style-type: none"> • Product safety • Climate change & environmental impact • Human rights • Sustainable products • Fair remuneration • Circularity & sustainable consumption • Occupational health & safety
EMPLOYEES	<ul style="list-style-type: none"> • Product safety • Climate change & environmental impact • Human rights • Sustainable products • Fair remuneration • Circularity & sustainable consumption • Occupational health & safety
OWNER AND BOARD	<ul style="list-style-type: none"> • Product safety • Climate change & environmental impact • Sustainable products • Circularity & sustainable consumption • Economic performance • Transparency
SUPPLIERS	<ul style="list-style-type: none"> • Product safety • Climate change & environmental impact • Human rights • Sustainable products • Fair remuneration • Circularity & sustainable consumption • Occupational health & safety

Materiality assessment

Based on the material topics in the stakeholder engagement, we have examined these in relation to their sustainability impact in terms of social, environmental and economic aspects.

The materiality assessment therefore concerns two dimensions, importance to stakeholder and sustainability impact. The result in the materiality assessment indicates which areas needed to be included in our sustainability reports to provide a transparent and truthful picture of our significant impact in the reporting.



The earth is a hand-me-down, so our clothes should be handed down too.

STAKEHOLDERS



Policies & requirements

The activities within our value chain are affected by legislation and industry standards. In addition, we have policies that govern the decisions taken in all operations. All onboarding of new employees includes these policies, and the relevant policies are part of our supplier's agreement.

CODE OF ETHICS

The Code of Ethics provides general guidance on how to handle various situations that may arise at our workplace. It applies to all activities carried out by, or on behalf of, Polarn O. Pyret, together with the statutory and regulatory provisions in force wherever we conduct our business. It applies to everyone working at the company, regardless of whether they are an employee, consultant or board member. The behaviour of each and every one of us defines Polarn O. Pyret and its reputation in the outside world.

PERSONNEL-RELATED POLICY

At Polarn O. Pyret, our employees are our most valuable resource, and our Human Resource (HR) policies cover a wide range of topics, such as diversity, equality, physical and mental health, and a safe working environment. By implementing HR strategies, employee surveys and a whistleblower system, we continuously evaluate and safeguard our employees' working conditions.

CODE OF CONDUCT

The Amfori BSCI Code of Conduct involves a commitment to work systematically with risk assessment, knowledge dispersion, inspection and improvement work at suppliers and factories. All suppliers that work for PO.P must undertake to comply with the Code of Conduct as an integral part of their supplier agreement. The Amfori BSCI Code of Conduct is based on the most important international labour standards protecting workers' rights. Polarn O. Pyret has participated in the Amfori BSCI initiative since 2005, in previous years through the RNB group.

ANIMAL WELFARE POLICY

Polarn O. Pyret believes that animals should be treated well, and be protected from suffering and disease. No animal should be harmed in the making of our products. If there is any deviation from this, alternative materials or methods should be investigated and prioritised. This policy refers to all materials used for Polarn O. Pyret products.

ANTI-CORRUPTION POLICY

Polarn O. Pyret has zero tolerance for bribery and corruption. We regulate this in our policy to guarantee ethical business behaviour. The policy regulates employee behaviour in interactions with suppliers to assure professionalism, integrity and transparency throughout the supply chain.

HUMAN RIGHTS POLICY

At Polarn O. Pyret, we recognise our responsibility to operate with respect to human rights. We are committed to ensuring that fundamental rights are respected, and that people are treated with dignity and respect, regardless of race, sex, nationality, ethnicity, language, religion, or any other status – in our own operations and in our supply chain. Through human rights due diligence processes, we are committed to identifying, preventing, and mitigating any human rights violations resulting from or caused by our business activities.

ENVIRONMENTAL & CLIMATE POLICY

Polarn O. Pyret should contribute to sustainable development and support a transition to a circular business model for the childrenswear industry. The environmental efforts and climate actions must permeate our entire business. At a minimum, we will comply with the law and international standards and frameworks. Our ambition is to go beyond this level and focus on continual improvements. Successful environmental work is driven by participation and responsibility throughout our organisation and supply chain.

Working at
POLARN O. PYRET

Our company culture

Our employees are Polarn O. Pyret's most valuable resource. They are the talents that run our business. It is therefore critical for us to create workplaces where our employees can thrive, progress, and feel that their expertise makes a difference.

We have 480 employees, which is the equivalent of 225 full-time employees, defined as full time equivalents, throughout our stores and offices in Sweden, Norway, Finland and Hong Kong. To ensure that we are true to our brand in everything we do, we have four watchwords that will always guide us in our work. Based on our four watchwords, our leadership guidelines define what is expected of our managers and leaders.

*Leading, Nordic,
Inclusive & Inspiring*

EMPLOYEE SURVEY 2022

During the year, we conducted an employee survey among all our employees in Sweden, Norway, Finland and Hong Kong. The survey consisted of questions related to work environment, leadership, communication, work tasks, development and sustainability. The result of the survey in total was very good, and an improvement in all areas compared to 2021.

All departments/teams conducted workshops based on their result in the survey. The purpose of the workshop was to have an open discussion about the result and agree on what actions should be taken. The goal of the workshop was to create an action plan. Looking at the overall result for the whole company, we see that we mainly can make improvements regarding internal communication. The result was 3.94 out of 5 (3.79 2021), and we believe that internal communication is a key factor for running a successful business. During the year, we implemented a new intranet, POP IN, which we believe has contributed to better internal communication. We will continue to work on developing and improving the new intranet and thereby the internal communication.

Despite the challenges during the pandemic, and adapting to new ways of working, we are still seeing a strong level of engagement among our employees at Polarn O. Pyret. We are very proud of the improvement of our eNPS (employee net promoter score) that went from +27 (2021) to +37 (2022).

NEW WAYS OF WORKING

During spring 2022, PO.P's head office in Stockholm, Sweden, moved to a new location in a building with the BREEAM sustainability classification "Very Good". A project affected by new ways of working due to the covid pandemic. Like many other employers, we learned about the advantages of combining office work with working from home (WFH) during the pandemic. We conducted a survey among our office





Everyone should feel welcomed to our world!

employees regarding WFH in relation to office work and the result clearly showed that most, despite some work environment-related challenges, experienced several significant benefits from WFH – especially the opportunity for a better work-life balance when less time is spent commuting.

Before moving our head office, we also conducted a needs analysis that gave us many valuable insights into what our staff considered important in the new office, as well as which tasks were best suited for office work/WFH. The planning, design and layout of the new office was then adapted to the new working methods and routines.

We have established a policy in which we defined the framework for WFH. The policy contains information on, among other things, the work environment, safety, insurance and working hours.

TALENT MANAGEMENT

Talent management is about attracting, recruiting, developing and retaining employees, and is a key aspect of our ability to reach our goals. Within these areas, talent management includes structures and processes that clarify how we work with this in practice.

During the past year, we have further developed our model and process for employee development to make it easier for our employees and managers to set goals and perform follow-up. We have also continued to develop our internal education portal, PO.P School and implemented a new intranet – POP IN.

One way that we take advantage of the enormous engagement that exists among our employees around the organisation is the PO.P Innovations competition that is held at regular intervals. We're convinced that the best

ideas exist among all the people who work at Polarn O. Pyret and who know us best – our business culture, our vision, our strengths, our challenges, and our customers.

TERMS OF EMPLOYMENT

It is crucial to us that our employees feel good and have secure employment conditions. All our employees in Sweden are covered by collective agreements between the Swedish Trade Federation and the various Swedish trade unions.

These collective agreements regulate such matters as occupational pensions and various insurances. The three collective agreements are:

- Staff's Retail Trade agreement covering all the sales staff in stores
- Unionen's Service Company Employee agreement covering salaried employees in retail
- Unionen's Academic Association's collective agreement for employees working at our head office.

Our employees in Finland are covered by the collective agreements between the Finnish Commerce Federation and the Commercial Sector. The Commercial Sector's collective agreements cover all our Finnish sales staff and office staff. In Norway, national legislation is applied, where we in some cases enhance our terms of employment beyond the statutory requirements. In Hong Kong, labour ordinances are applied, where we in some cases enhance our terms of employment beyond the statutory requirements.



BUSINESS ETHICS

All employees representing Polarn O. Pyret must act in accordance with statutory and regulatory requirements, as well as our internal guidelines and values in all situations. This is stated in our Code of Ethics.

Employees in stores receive information about the Code of Ethics through a mandatory course in our e-learning system PO.P School. Employees in offices receive the information through our intranet POPIN. There they also have access to other policy documents that apply within the company, including our policy documents regarding the GDPR and how we handle the personal data of both employees and customers.

During the year, we updated our whistleblower function due to new legal requirements. Our employees and suppliers have been informed about the update, but no irregularities or incidents were reported during 2021/2022.

PROMOTING EQUALITY AND DIVERSITY

For us, diversity means that all employees have equal value, and enjoy the same opportunities and rights, regardless of ethnic origin, gender, age, creed, sexual orientation, transgender identity, or functional impairment. Our goal is to create an inclusive and non-discriminatory organisation. We continually strive to design employee duties and the work organization so that all our employees, regardless of background, can participate in the company on equal terms. For example we recently switched all our internal communication to English in order to make sure that employees in all countries receive the same information. If a case of discrimination occurs, it will be thoroughly investigated in order to identify suitable solutions. The same applies to children in our advertising, we value all children equally – to us children are children, and we embrace diversity. During our photoshoots, we always ensure the

safety of the children on set, and follow all rules and regulations.

The retail industry is traditionally female dominated, which is also the case at Polarn O. Pyret (93% women). Even though the industry is female dominated, salary inequalities do exist but are insignificant at Polarn O. Pyret. For us meritocracy is the guiding principle, and we strategically work towards creating and maintaining full equality through an equality plan in accordance with Swedish anti-discrimination legislation. The equality plan is based on analysis of internal statistics. The most recent analysis identified that there is no discrimination in the areas of skills development, internal recruitment and salaries for store managers and sales staff. The plan also showed that there are challenges in sickness absenteeism and parental leave, where women are overrepresented.

Our goal is to create an inclusive and non-discriminatory organisation.

Consolidated
SUSTAINABILITY DATA



Sustainable Business

FINANCIALS

KEY RATIOS	2021/2022	2020/2021	2019/2020	TARGET
Net sales (MSEK)	670*	638	685	Long term profitability, ongoing
Number of full-time equivalent (FTE)	266*	243	209	
Number of stores	88	91	90	
Number of e-commerce platforms	12	13	16	
* Includes data for acquired markets United Kingdom and Ireland.				
BRAND SALES BY GEOGRAPHIC MARKET, %	2021/2022	2020/2021	2019/2020	
Sweden	52%	54%	52%	
Finland	14%	14%	14%	
United Kingdom	15%	13%	13%	
Norway	11%	12%	13%	
Other	8%	7%	8%	
SHARE OF WALLET	2021/2022	2020/2021	2019/2020	TARGET
Share of wallet for outerwear	7%*	7%	5%*	7% by 22/23
Share of wallet for babywear	6%*	6%	7%*	9% by 22/23
* Not measured this year, same result as previous year.				

MARKETING

CUSTOMER RANKING	2021/2022	2020/2021	2019/2020	TARGET
Sustainable Brand Index, in the "Clothes-& Fashion -Stores" category	9	4	4	3, ongoing
Differ customer ranking, in the "Clothes" category	4	1	1	1, ongoing

*Proud to be handed down
to at least 3 children.
That's real sustainability.*

Leading offer of sustainable products

DURABILITY & SAFETY

	2021/2022	2020/2021	2019/2020	TARGET
LONGEVITY				
Customers using outerwear garments for 3 children or more	66%	63%	54%	95% 26/27
Customers using garments for 3 children or more*	58%			75% 26/27
*Underwear, socks and swimwear excluded.				
SAFETY				
Zero tolerance for number of product recalls	1	0	0	0
CUSTOMER CLAIMS				
Customer claims of products sold	0.13%	0.21%	0.16*	<0.1% ongoing
*Data from October to August.				

SUSTAINABLE FIBER

	2021/2022	2020/2021	2019/2020	TARGET
SHARE OF MORE SUSTAINABLE FIBER*				
More sustainable fiber – Products	79%	78%	69%	100% by 25/26
*GOTS certified fibre, certified organic fibre, certified recycled fibre and Lenzing fibers.				
SHARE OF MORE SUSTAINABLE COTTON*				
More sustainable cotton – Products	99.6%	99.4%	97%	100% by 20/21
% conventional Cotton	0.4%	0.6%	3%	
*GOTS certified fibre and certified organic fibre.				
SHARE OF COTTON, PER TYPE				
Conventional Cotton	0.4%	0.7%	3%	95% GOTS by 26/27
GOTS	73%	63%	54%	
Certified Organic	27%	36%	44%	
SHARE OF RECYCLED FIBER*				
Recycled fiber – Products	6%	5%	5%	
*Yarn certified according to Global Recycle Standard or Recycled Claim Standard.				
SHARE OF MORE SUSTAINABLE FIBER IN LABELS AND PACKAGING MATERIAL				
More sustainable fiber – Packaging and labels	62%	71%		100% by 25/26
CHEMICAL CONTENT				
Assortment produced with best available chemicals*	50%	44%	35%	100% by 25/26
*GOTS.				

Reduced usage of resources and emissions

SALES

ELECTRICITY PERFORMANCE IN STORES	2021/2022	2020/2021	2019/2020	TARGET
Best Available technical performance (% LED) in own operations	59%	54%	42%	
Decrease in electricity usage (kWh) in own operations*	-36%	-38%	-12%	-30%, by 20/21
Renewable electricity in own operations**	100%	100%	100%	100% by 20/21
*For all facilities including both estimates and actual data.				
**For all facilities where PO.P is responsible for the electricity agreement.				
CHARITY	2021/2022	2020/2021	2019/2020	TARGET
Amount of garments donated to Human Bridge (kg)	1315	1083	1 931	
Amount collected during the year to be donated to charity (sek)*	543 494	115 000	200 000	
*Water Aid, Save the children, Pink Ribbon.				
CONSUMER BAGS	2021/2022	2020/2021	2019/2020	TARGET
Share of customers not buying a bag for their goods	84%	84%	79%	
DISCOUNT	2021/2022	2020/2021	2019/2020	TARGET
% sold on discount	-23.9%	-24.9%	-32.8%	-21% by 21/22

GHG EMISSIONS

GHG EMISSIONS SCOPE 1 & 2 (ton CO ₂ e)	2021/2022	2020/2021	2019/2020	TARGET
SCOPE 1				
Company operated cars	3.5	0.57	0.82	
Refrigerants	1.7	3.60	3.60	Climate neutral by 2030
Total	5.2	4.17	4.42	
SCOPE 2				
Electricity	101.5	142.4	295.3	
Heating	84.8	120.0	74.2	
Total	186.3	262.4	369.5	
GHG EMISSIONS SCOPE 3 (ton CO ₂ e)	2021/2022	2020/2021	2019/2020	TARGET
Business travel	53	30		
Electricity use within own operations	33	33		Climate neutral by 2045
Purchased goods and services	12 530	9947		
Transport and distribution	574	736		
Other	112	130		
Total	13 301	10 875		
CLIMATE IMPACT	2021/2022	2020/2021	2019/2020	TARGET
Decrease in GHG emissions in own operations compared to baseline year 17/18	-48%	-26%	-4%	-100% by 2030
Decrease in GHG emissions in all operations compared to baseline year 20/21	+21%			-50% by 2030

ENVIRONMENTAL IMPACT

SHARE OF ENVIRONMENTALLY CERTIFIED SUPPLY CHAINS	2021/2022	2020/2021	2019/2020	
Certified*	46%	46%	30%	
*GOTS or/and Responsible wool standard.				
ENVIRONMENTAL IMPACT IN THE SUPPLY CHAIN	2021/2022	2020/2021	2019/2020	TARGET
% traceability of water, energy and chemical usage for all fabrics for WeatherPRO® outerwear and fleece	-	64%	-	100% by 20/21

LOGISTICS The data is based on the period between June to May, which is an offset of the time period of the fiscal year.

ZERO TOLERANCE FOR NUMBER OF AIR TRANSPORTS	2021/2022	2020/2021	2019/2020	TARGET
Number of air transports	5	5	22	0, ongoing
MASS OF TRANSPORTED GOODS AND EFFICIENCY	2021/2022	2020/2021	2019/2020	
TonKm*	15 563 610	15 364 752	14 599 591	
*Only inbound transports.				
SHARE OF CONSIGNMENT PER TRANSPORT TYPE, % TONKM*	2021/2022	2020/2021	2019/2020	
Sea freight	97.2%	97.7%	98%	
Air freight	0.6%	0.4%	1%	
Rail freight	1.6%	1.5%	0%	
Road freight	0.6%	0.4%	1%	
*Only inbound transports.				



Respect and secure human rights

PRODUCTION

GENERAL PRODUCTION DATA	2021/2022	2020/2021	2019/2020
Number of tier 1 production units with order value	46	48	57
Number of production countries	9	10	10

PRODUCTION COUNTRIES

PRODUCTION COUNTRIES, % OF ORDER VALUE	2021/2022	2020/2021	2019/2020
Bangladesh	19.5%	17.2%	18.0%
China	61%	62.5%	57.6%
Germany	0%	0.1%	0.1%
India	2%	3.1%	7.0%
Latvia	4%	4.5%	3.1%
Lithuania	3%	2.5%	5.4%
Republic of Korea	4.5%	5.9%	3.3%
Sweden	0.1%	0.1%	0.2%
Turkey	5%	3.3%	4.2%
Vietnam	1%	0.8%	1.0%

AUDIT STATUS

GENERAL AUDIT STATUS	2021/2022	2020/2021	2019/2020	TARGET
% of production units in tier 1 with 3rd party valid social audit reports*	80%	79%	72%	100% by 20/21
% of order value placed at tier 1 production units with a valid 3rd party audit	91%	91%	91%	
*BSCI and SA8000.				
BSCI AUDIT BREAKDOWN IN TIER 1 PRODUCTION UNITS, % OF ORDER VALUE	2021/2022	2020/2021	2019/2020	
SA8000 – Best Practice	1%	3%	10%	
A – Very Good	9%	5%	6%	
B – Good	20%	15%	14%	
C – Acceptable	60%	66%	60%	
D – Unsatisfactory	0%	1%	2%	
E – Unacceptable	0%	0%	0%	
ZT – Zero Tolerance	0%	0%	0%	
No audit – No valid audit*	9%	9%	9%	
*Audit is either missing or the validity period of the audit has expired.				
DEVELOPMENT OF BSCI AUDIT RESULT	2021/2022	2020/2021	2019/2020	TARGET
Production units in tier 1 with overall improved BSCI rating since previous audit*	22%	21%	21%	15%, ongoing
*Including production unit that remain an A or SA8000 result.				

2020/2021 BREAKDOWN OF BSCI AUDIT RESULT 13 PERFORMANCE AREAS

PERFORMANCE AREA	A VERY GOOD	B GOOD	C ACCEPTABLE	D UNSATISFACTORY	E UNACCEPTABLE	ZT ZERO TOLERANCE
Social management systems	5%	8%	61%	26%	0%	0%
Workers involvement and protection	58%	32%	11%	0%	0%	0%
Freedom of association and collective bargaining	100%	0%	0%	0%	0%	0%
No discrimination	97%	0%	3%	0%	0%	0%
Fair remuneration	34%	61%	5%	0%	0%	0%
Decent working hours	18%	0%	0%	82%	0%	0%
Occupational health and safety	79%	18%	0%	3%	0%	0%
No child labour	100%	0%	0%	0%	0%	0%
Special protection for young workers	100%	0%	0%	0%	0%	0%
No precarious employment	100%	0%	0%	0%	0%	0%
No Bonded labour	100%	0%	0%	0%	0%	0%
Protection of the environment	84%	16%	0%	0%	0%	0%
Ethical business behaviour	92%	8%	0%	0%	0%	0%
Total breakdown	74%	11%	6%	9%	0%	0%

PRODUCER TRAINING PROGRAM

DEVELOPMENT OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS	2021/2022	2020/2021	2019/2020
A - Very Good	74%	75%	74%
B - Good	11%	9%	8%
C - Acceptable	6%	4%	4%
D - Unsatisfactory	9%	11%	13%
E - Unacceptable	0%	<1%	1%
A + B (Very Good + Good)	85%	84%	82%

BSCI PRODUCER TRAINING PROGRAM	2021/2022	2020/2021	2019/2020
Number of POP producers in tier 1 completed BSCI or BEPI courses	14	16	25
Number of POP producers in tier 1 completed BSCI courses, connected to Human rights	4	10	15

FAIR WAGES

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION	2021/2022	2020/2021	2019/2020
A - Very Good	34%	44%	44%
B - Good	61%	46%	39%
C - Acceptable	5%	11%	17%
D - Unsatisfactory	0%	0%	0%
E - Unacceptable	0%	0%	0%
A + B (Very Good + Good)	95%	89%	83%

ACCORD REMEDIATION PROGRESS

ACCORD REMEDIATION PROGRESS	2021/2022	2020/2021	2019/2020*	TARGET
Remediation progress rate of initial findings	100%	100%	98%	100% by 21/22
Remediation progress rate of total findings	100%	100%	99%	100% by 21/22
Number of production units with a safety committee established	2/2	2/2	4/4	
Number of production units with a workers participation committee	2/2	2/2	4/4	
Number of all employee trainings	4	0	2	
Number of safety committee trainings	7	0	5	
*2 active and 2 inactive responsible production units.				

Working at Polarn O. Pyret

HUMAN RESOURCES

	2021/2022**	2020/2021	2019/2020*
NUMBER OF EMPLOYEES			
Full time equivalents (FTE)	266	243	209
Total number of employees	518	473	396
*No data available for Finland.			
**Includes data for acquired markets United Kingdom and Ireland.			
AGE AND EMPLOYEE TURNOVER*	2021/2022	2020/2021	2019/2020
Employee age, under 30	47%		
Employees age, 30–50	41%		
Employees age, over 50	12%		
Average period of employment, years**	5.2	6	6
Employee turnover, %	6%	7%	13%
*Based on full time employees.			
**No data available for Norway.			
PERSONAL HEALTH AND SAFETY	2021/2022	2020/2021	2019/2020*
Total sick leave	4%	4%	3%
Short-term sick leave	2%	2%	2%
Long-term sick leave	2%	2%	1%
*Based on full time employees.			
ANTI CORRUPTION	2021/2022	2020/2021	2019/2020
Number of whistleblower complaints	0	0	0
Confirmed incidents of corruption or fraud	0	0	0
EMPLOYEE SATISFACTION	2021/2022	2020/2021	2019/2020
I am generally satisfied with Polarn O. Pyret as an employer (1–5)	4.2	4.04	
eNPS – How likely is it that you would recommend Polarn O. Pyret as an employer to a friend? (1–100)	37	27	
My work place is free from sexual harassment	98.5		
My work place is free from discrimination	96.4		
My work place is free from bullying	96.4		
My work place is free from violence	99.4		

DIVERSITY & EQUALITY

	2021/2022***	2020/2021	2019/2020*
NUMBER OF EMPLOYEES BY GENDER,%**			
Men	6%	4%	4%
Women	94%	96%	96%
*No data available for Finland.			
**Based on full time employees.			
***Includes data for acquired markets United Kingdom and Ireland.			
BOARD OF DIRECTORS, GENDER	2021/2022	2020/2021	2019/2020
Men	3	3	4
Women	2	1	0
BOARD OF DIRECTORS, AGE	2021/2022	2019/2020	2019/2020
Below 30	0	0	0
30–50	2	2	1
Above 50	3	2	3
MANAGEMENT GROUP, GENDER	2021/2022	2020/2021	2019/2020
Men	1	1	1
Women	7	8	8
MANAGEMENT GROUP, AGE	2021/2022	2020/2021	2019/2020
Below 30	0	0	1
30–50	7	8	8
Above 50	1	1	1
CEO, GENDER	2021/2022	2020/2021	2019/2020
Men	1	1	1
Women	0	0	0
CEO, AGE	2021/2022	2020/2021	2019/2020
Below 30	0	0	0
30–50	0	0	0
Above 50	1	1	1

GRI CONTENT *index*

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTE
GRI 102: General disclosures	102-1	Name of the organisation	3	
	102-2	Activities, brands, products, and services	7	
	102-3	Location and headquarters	7	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	3	
	102-6	Markets Served	39	
	102-7	Scale of the organization	7	
	102-8	Information on employees and other workers	7, 35–37, 39, 45	Due to limitation in the data we are only able to report the total number of employees, defined as full time equivalents, based on gender.
	102-9	Supply chain	8, 17, 18–21, 22–26	
	102-10	Significant changes to the organisation and its supply chain	22–26, 43	
	102-11	Precautionary Principle or approach	17	
	102-12	External initiatives	29	
	102-13	Membership of associations	29	
	102-14	Statement from senior decision-maker	4	
	102-15	Key impacts, risks, and opportunities	9–26, 28, 31–32	
	102-16	Values, principles, standards and norms of behaviour	35–37	
	102-17	Mechanisms for advice and concerns about ethics	37	
	102-18	Governance structure	30	
	102-40	List of stakeholder groups	31	
	102-41	Collective bargaining agreements	36	Due to limitation in the data we are not able to report on the percentage, but instead we describe in which regions the agreements are applied.
	102-42	Identifying and selecting stakeholders	31	
	102-45	Entities included in the consolidated financial statements	See note	Information can be found in Polarn O. Pyret Financial Review.
	102-46	Defining report content and topic Boundaries	3	
	102-47	List of material topics	32	
	102-48	Restatements of information	See note	In case of occurrence, this is reported in connection with relevant topic.
	102-49	Changes in reporting	32	
	102-50	Reporting period	3	
	102-51	Date of most recent report	3	
	102-52	Reporting cycle	3	
	102-53	Contact point for questions regarding the report	50	
102-54	Claims of reporting in accordance with the GRI Standards	3		
102-55	GRI content index	47–48		
102-56	External assurance	50		
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	See note	The management approach is presented in connection with each material topic
	103-2	The management approach and its components	See note	The management approach is presented in connection with each material topic
	103-3	Evaluation of the management approach	See note	The management approach is presented in connection with each material topic

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTE
ECONOMIC				
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	33, 37	The information has not been broken down by employee category or region, as the same approach has been applied to all partners and employees.
	205-2	Communication and training about anticorruption policies and procedures	33, 37	
	205-3	Confirmed incidents of corruption and actions taken	37, 45	
ENVIROMENTAL				
GRI 301: Materials	301-2	Recycled input materials used	15, 40	
	Own indicator	"Share of more sustainable materials used in our garments"	15, 40	
	302-3	Energy intensity	41	
GRI 302: Energy	302-4	Reduction of energy consumption	18-19, 41	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	19, 41	
	305-2	Energy indirect (Scope 2) GHG emissions	19, 41	
	305-3	Other indirect (Scope 3) GHG emissions	18-21, 41	
	305-5	Reduction of GHG emissions	18-21, 41	
SOCIAL				
GRI 401: Employment	401-1	New employee hires and employee turnover	45	Partly disclosed as only sick leave data, short term and long term, is disclosed.
GRI 403: Occupational health and safety	403-2	Hazard identification, risk assessment, and incident investigation	45	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	45	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	37	
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	22-26	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	22-23	
	414-2	Negative social impacts in the supply chain and actions taken	24	
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	17	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	17	
	417-3	Incidents of non-compliance concerning marketing communications	See note	We have not identified any non-compliance incidents concerning communications.
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	See note	We have not identified any non-compliance with laws and regulations in the social and economic area.



Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Polarn O. Pyret AB, corporate identity number 556235-7383.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2021-09-01 – 2022-08-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 2022-11-23
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

A photograph of three children climbing a mossy, rocky hillside. The child in the foreground is wearing a bright pink jacket and a yellow beanie. The child in the middle is wearing a brown jacket and a brown beanie. The child in the background is wearing a yellow jacket and a striped beanie. The ground is covered in green moss and some dry leaves. The children are all wearing dark pants and sturdy shoes. The scene is outdoors and appears to be in a natural, somewhat rugged environment.

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POLARN O. PYRET