

Progress Report 2023





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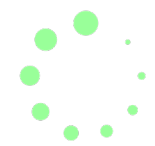
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LETTER FROM OUR CSR TEAM

The longest journeys begin with a *single* step.

To us at Craft Sportswear, sustainability is a never-ending commitment. Even though we have created clear and ambitious goals for where we want to be in 2030, our Circle initiative does not have a finish line.

In 2023, a large part of our efforts was concentrated on creating the framework for future progress. Our stated goal is to consolidate the number of suppliers we collaborate with, to create fewer but deeper connections with partners who share our dedication to lasting change. In addition to this, we see the need for minimizing the number of fabrics used in our collections, and to promote materials with a smaller environmental footprint.

To achieve this, our focus during 2023 has been to map and evaluate our suppliers in order to create a score-based system for preferred suppliers. During the year, we visited a large number of suppliers on location and held digital meetings to create joint roadmaps going forward. We know that focusing on the fabrics we use is our best opportunity to make an impact, which is why we decided to add a fabric and quality specialist to our CSR Team. This will help us reduce the long tail of subcontractors and fabrics, ensure

our desired level of quality and calculate our emissions to make well-grounded choices in the future. We are very happy to welcome Malin Davidson to this position, who is interviewed about her work on page 23.

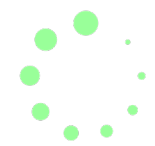
In 2023, we have also worked diligently to ensure that we will be able to live up to future legislation and requirements on the horizon. For this reason, we have evaluated a number of digital tools that will help us create reports with accurate and detailed data going forward.

We know that the route to a more sustainable future won't be easy. But pushing ahead, putting one foot in front of the other, is an integral part of who we are.

Erica Persson
Sustainability and Sourcing Manager

Malin Davidson
Fabric and Quality Specialist





SUSTAINABILITY COMMUNICATION

Showing our *true* colors.

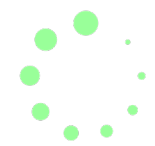
Our belief is that there’s no such thing as a climate positive jacket or 100% sustainable shoe. Even if it’s responsibly produced, serves its purpose for countless miles and is recycled at the end of the road, it still carries an environmental cost.

So when it comes to how we communicate, our philosophy is to be transparent regarding the challenges we face and the progress we make. Helping consumers make conscious choices is a good thing, as it will most likely have a positive effect on the demand for products with a lower climate footprint. This means avoiding unfounded claims, which is the purpose of the coming Green Claims Directive, expected to pass into legislation by the EU in 2024. Among other issues, the GCD aims to reduce the use of eco-labels not backed by certifications and third-party verification, instead promoting standards that make it easier to track and compare the climate cost of the product. The next step towards greater transparency is to implement or adapt the systems used in our design, man-

ufacturing and delivery process, to let consumers see a detailed picture of the climate cost of any given product.

To help our organization walk the talk, we held a number of internal workshops with our departments in 2023. The aim was to spread knowledge and increase awareness about future legislation, and our efforts resulted in changes to daily routines and practical do’s and don’ts for external communication and marketing. The work is continued in our monthly company-wide meetings, where the topic of sustainability is always on the agenda. A collaborative effort that helps us ensure that every claim we make is true, relevant and easily comparable for the consumer.





HIGHLIGHTS 2023

The year in sustainability.

Key facts and figures from our sustainability initiative in 2023.

Scope 3 Emission calculations

For 2023 calculation we have intensified our effort to capture primary data from our suppliers, to obtain actual figures from 19 of our T1 suppliers, representing 63% of our buying volume. For this year we find that our emissions have decreased by 35% compared to 2022, but is still a 7% increase from our baseyear of 2021.

Fabric & Quality specialist

Adding on a new position to the Sustainability team, to be able to increase our effort in shifting to more preferred materials, that are traceable and comes with a verifiable climate



70%

70% of all polyester used in our products are made from recycled materials.



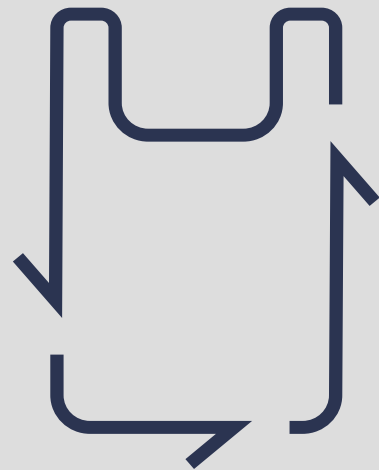
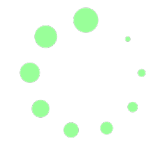
ADDED 2 NEW SUSTAINABLE DEVELOPMENT GOALS.

NO. 5 GENDER EQUALITY & NO. 6 CLEAN WATER AND SANITATION

These 2 goals are closely linked to Craft's purpose and overall goals for a more sustainable tomorrow.

In 2023, we decided to include socks and underwear in our OEKO-TEX certification, joining our baselayers in the category of certified products.





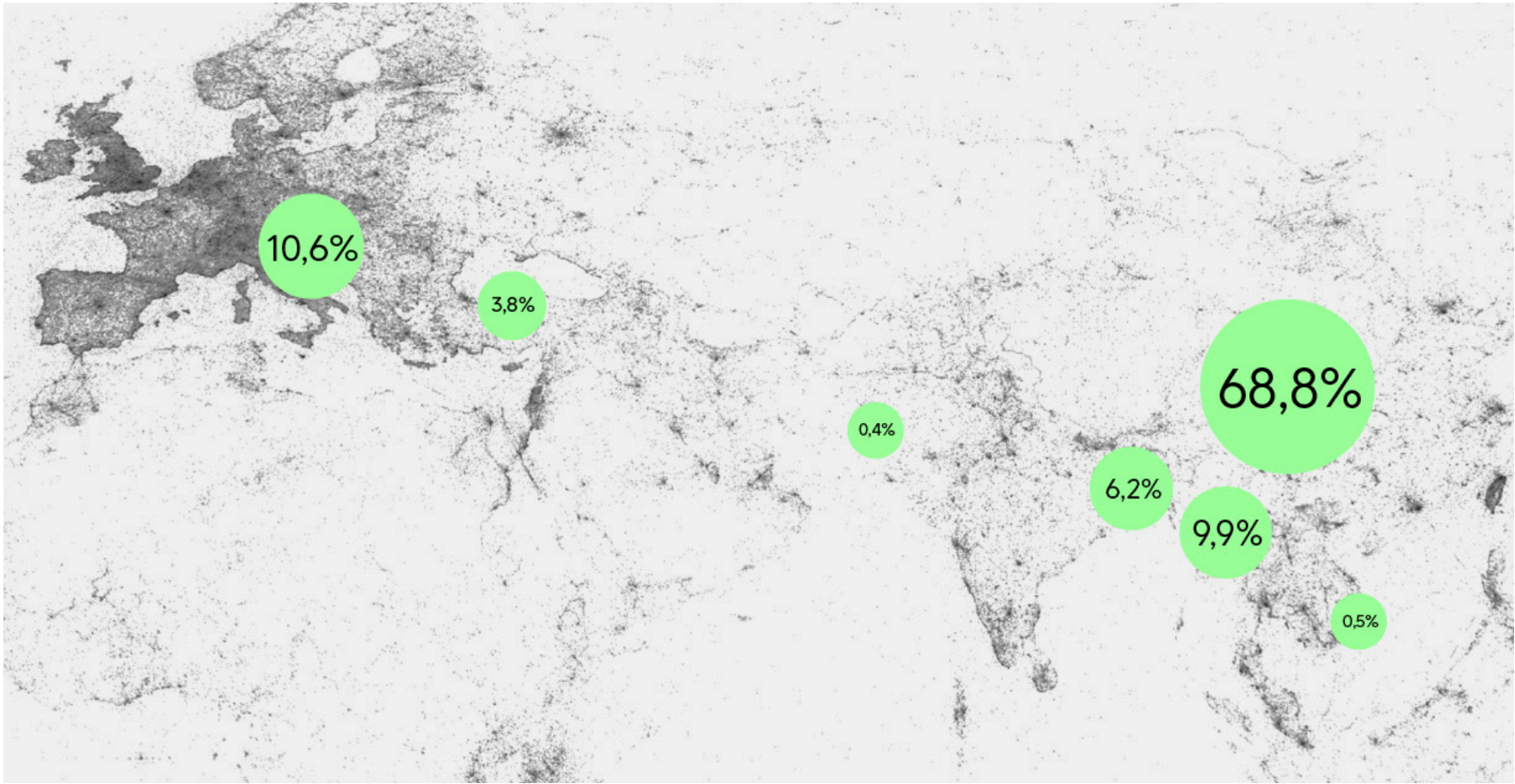
Sustainability a strategic priority



Craft is committed to fostering sustainable growth while minimizing our environmental footprint. In 2023, we took significant steps to update our policy documents concerning water usage, biodiversity, and plastic usage. Our new business plan outlines our sustainability objectives and strategies for 2023-2027, ensuring our operations align with our sustainability goals and contribute to long-term growth.

IFK x Craft Reuse

Match kits and other products used by the team during a season, was sold at pop-up stores. This as part of our joint reuse concept to keep garments in the loop for longer time.



Set Climate Action road map with our top 10 garments suppliers

70%
of all polybags made from more preferred materials as recycled LDPE

Twiiik challenge

- 87 Participants
- 2837 Classes
- 138041 Minutes



TIMELINE

Our route to the future.

2013

Craft and New Wave Group joins amfori BSCI, an initiative for improving social performance in global supply chains

2014

Transition to PFOA-free waterproof and water repellent materials

2016

Targets for change from virgin to recycled materials with a focus on polyester. First target year 2020 stipulates that 25% of polyester used should be recycled

2020

Craft joins STICA, the Swedish Textile Initiative for Climate Action committed to the 1.5°C global warming goal in line with the Paris Agreement

2021

Base year for greenhouse gas emission reporting

2022

50% of all styles made from at least 50% recycled materials

2023

Climate action roadmap with top 10 suppliers

2024

Launch Sustainable business models for teamwear



2025

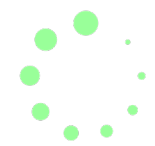
Launch a circular business model

2027

100% of all products made with 100% more preferred materials or more sustainable production methods

2030

Reduction of our carbon emissions by 50%



OVERALL GOALS

Sustainability is a team sport.

Our sustainability initiative is connected to six of the Global Goals in UN’s Agenda 2030, chosen for their relevance to our business and our chance to make a contribution towards them. They guide how we design, produce and distribute our garments during their life-cycle, and how we collaborate with partners and suppliers for a more sustainable tomorrow. As a company, they have inspired us to set our own ambitious goals for the future. By 2030, our goal is to reduce our total carbon emissions by 50% compared to the base year 2021. By the same year, our goal is that 20% of our products will be offered through circular business models.





INTERVIEW

Turning global goals into *local action*.

Sometimes the most important goals can be found beside the court. Lennart Hultberg, chairman of Åstorp Kvidinge IBS, on how the floorball club works for a more sustainable tomorrow.



What sparked your commitment to sustainability?

– Even though we’re a floorball club, our focus has always been bigger than winning the next match. We want to contribute to society around us, and sports clubs have a key role to play when it comes to creating a sustainable future. Physical activity has been shown to have a positive impact on everything from personal health and wellbeing to school results and integration, which are some of the challenges our community faces. So we want to inspire people around us to be more active, regardless of if they’re members of our club or not.

How do you work with the issue?

–We use the 17 Sustainable Development Goals as a starting point, and see how we can contribute to them on a grassroots level. At our club, there is a group dedicated to sustainability who have worked hard to turn the 17 goals and 169 subgoals into something that we can act on in our daily life. Today, we have a roadmap that guides us in almost

all decisions, from how we structure our club in order to promote equal opportunities for athletes to choosing partners and suppliers.

Could you give us some examples?

–We’re proud of having nearly a 50/50 gender split among our active members, and of our newly started para floorball team. Together with local schools, we arrange a smorgasbord of after school-activities for 150 kids every week. The idea is to let them discover the joy of movement by trying any sport they fancy. By this we think that we are encouraging them to activity and that this will help them focus in their homework afterwards. When it comes to energy, we regularly arrange matches where ticket fees goes to solar panels to help us shift to renewable energy sources. Our training and warmup kits feature the UN’s Global Goals instead of partners logos, this helps us to use the kits longer and for several seasons. We’ve also noticed that it often leads to curious questions and conversations with other

clubs who want to know more about the issue.

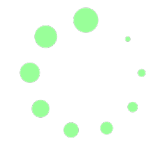
Why did you decide to partner with Craft?

–For one, we share a similar purpose to fight inactivity and to inspire young athletes to lead active lifestyles. We also appreciate the fact that Craft offers a good assortment of match and training kits that are made with recycled materials. We see Craft as a great match to us for their dedication to sustainability in their daily work.

Do you measure your sustainability effort?

–Researchers from Idrottsekonomiskt Centrum in Lund, have estimated that the value we bring to our community is about 7 million SEK on a yearly basis. But working for a better future is its own reward, and seeing the joy of the next generation of floorball players is priceless.





OVERALL GOALS

Sustainability objectives for 2030

Climate Action

Reduce carbon emissions from our total operations with 50% by 2030*.

Responsible production and consumption

Create products through sustainable methods that last and stay in use for longer to minimize their impact on the environment.

Circular business models

20% of all garments rented, reused or resold within our ecosystem by 2030.

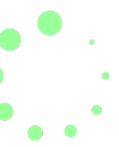
Good health and well-being

Inspire athletes on every level, at every age, to be active to promote world health and wellbeing.

Partnership for the goals

Collaborate with industry partners and global and local sustainability initiatives to create lasting change.

*Compared to base year 2021.



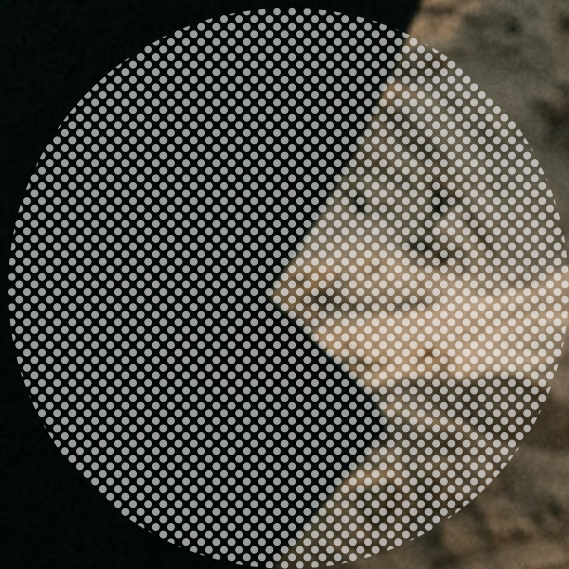
PRODUCTION PROCESS

Connecting the dots from design to delivery.

Our products are meant to inspire athletes to keep going, no matter the season. So to us, a more sustainable garment is one that is tirelessly functional day after day, year after year. But no matter how long a Craft product stays in use, the start of its lifecycle still represents an unwanted environmental impact. Here's how we all pull together to actively reduce it.



01 Purpose





Making the world *move*.

We exist to make people move. Since our first run through the cold, dark and wet in 1977, our mission has been to inspire others to follow in our footsteps.

An active world is a healthy one. But according to the WHO, almost 1.4 billion people, or 1 in 3 women and 1 in 4 men, are not active enough to stay healthy. In other words, fighting inactivity is key when it comes to preventing health issues and a lower quality of life for a large number of the world's population.

Our vision is to bring joy and new possibilities to athletes in everyday life, by creating products that inspire them to keep going through anything. From world champions to everyday heroes, regardless of age, gender and background. Naturally, this view has a tangible effect on our business. As a company, we strive to promote diversity, equality and inclusion in everything we do, from product development to the partners we choose to support.

For example, our products directed at women are designed for female bodies from the start, instead of being adapted from men's designs. This is also why the majority of our sponsorships are aimed at youth sports and activities, supporting grassroots initiatives that enable junior athletes to lead active lifestyles.

LONG-TERM OBJECTIVE:

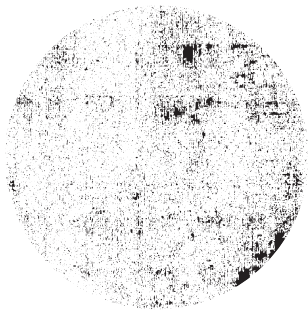
Fight inactivity to promote health and wellbeing.

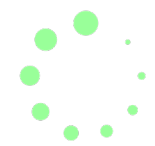
PURPOSE GOALS:

Inspire young athletes to lead active lifestyles

Promote diversity, equality and inclusion in team and individual sports

Increase employee engagement and wellbeing





Making our employees *move*.

As change begins at home, we try to practice what we preach on a weekly basis. An example is our office training challenges, where employees on all levels lace up for a social run or other physical activity to start the morning or take a break from a busy work day.

In 2023, we also started a companywide challenge through the Twiik platform, inspiring healthy competition to help individuals and teams reach their weekly activity goals together.

Furthermore, our headquarters in Borås, Sweden is a hybrid office designed to enable a better work life balance for all employees, making it easier to find the time for training and recovery. Because, as we know, our mission is a long-distance race rather than a short sprint.

8189 km

Twiik challange 2023

During 8 weeks in the autumn of 2023, we did a training challenge for all employees at Craft. In these 8 weeks we logged all our training, all from shorter walks to more high intensity classes. We were in total 87 participants (out of 107 employees), that did 2837 classes, for 138041 minutes and walked or ran 8189km.

8 weeks of twiik:

1121

Powerwalks

411

Running sessions

430

Weightlifting sessions

30

Tabata classes

63

Yoga classes

33

Muay Thai classes

32

Ice skating sessions

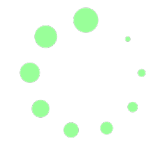
20

Football trainings



Winningtemp

Through Winningtemp, we measure employee wellbeing on a weekly basis to give every employee a voice in matters regarding engagement, leadership and job satisfaction. In 2023, the overall response rate was 91% (from 2022 91,5%). The positive trends during the year is that our employees are very proud to work at Craft 8,6% (on a scale of 1-10) We also see that team spirit (8,4%) and engagement (8,1%) has increased during the year. We will continue to work hard to be an even more attractive employer in the future.



INTERVIEW

Making the world *run*.

An active world is a more sustainable world. Natalie Taylor, Marketing Coordinator at Craft, on why we take to the streets to promote health and wellbeing.



Why are you partnering with running events?

Our mission is to make people move, regardless of if they’re world champions or beginners. One way of doing that is to support initiatives that promote running and help people discover the joy of getting out there. This is why you’ll see the Craft bus at everything from Mont Blanc and ultra marathons to grassroots initiatives and local run clubs.

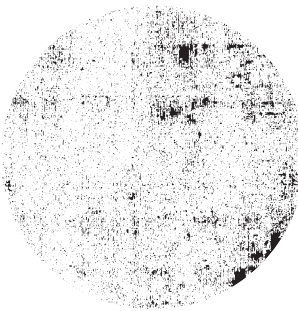
What’s the Craft bus?

We call it our flagship store on wheels, as it’s equipped with our most popular shoes in most sizes. The idea is to give runners a chance to hang out before and after the run, and to try out different shoes during the race. Running is a great sport as all you really need to get going is a pair of shoes, but they have to be the right ones for the terrain and your physique. The bus helps us spread knowledge about fit, materials and running technique to everyone who visits our bus, which hopefully also helps the running community grow.



Where are you going next?

As our idea is to inspire both world champions and everyday heroes, we try to partner with events that offer something to everyone. This year, you can catch us by joining local events arranged by partners like Löplabbet, Stadium or Runacademy, who arrange boot camps and introductory runs through over 700 running coaches. But we’ll also be at Ultravasan, Midnattsloppet, UTMB in Chamonix and of course at our own Craft Idre Fjällmaraton in August. Everyone, regardless of age, gender and level, is welcome to knock on our door if they need a little help to keep going. After all, that’s why we’re here.





02 Design



You don't buy a Craft product. *You invest in it.*

We design for the long run for a simple reason. The longer a product fulfills its promise, the lower its environmental impact will be.

Every Craft product is made to keep going, in order to help the athlete wearing it do the same. This is why we think of people using our products not as customers but as care-takers, who take advantage of the functionality as long as they need it, before passing it on to the next user. To make our philosophy a reality, we make careful choices about functionality and materials at the start of the lifecycle. But it also affects how we relate to fashion cycles. Going forward, our ambition is to create smarter collections with enduring classics that carry over from season to season. This means looking years rather than months ahead during the design phase, and actively avoiding current trends in favor of timeless styles. As a consequence, we established a long-life color chart in 2023. The idea is to focus on colors and nuances with long-term appeal, ensuring that the product is viable for a number of years instead of fading from popularity fast. Slowing down the fashion cycle will eliminate the need to replace entire collections at the start of a season, and minimize transportation and returns from retailers.

To reduce unnecessary surplus, we also strive to reduce the total number of styles in each collection. In 2023, we evaluated every item according to our newly implemented Craft Design Manual, to ensure that all products fill a specific need. This resulted in the removal of a number of duplicates, and the decision to make the remainder available in all sales channels to help us avoid the long tail associated with large inventories.

As longevity starts with quality, we also evaluated and reworked our process for quality control in close collaboration with our sourcing offices in 2023. The work resulted in more frequent checkups of all inbound materials, along with a new manual for physical and chemical tests. All tests are documented in our product lifecycle management system, that lets us assess every materials used in a collection. The next step is to set standards that enables us to calculate the greenhouse gas emissions for our 20 most used materials, in line with our ambition to shift to preferred materials with lower environmental impact whenever



LONG-TERM OBJECTIVE:

*Design for longevity,
repairability, reuse and
recyclability for all products.*



possible. This will help our design team to make smarter choices of materials from the start when developing new seasons.

Our products are designed to be worn mile after mile, season after season, in any conditions. Today, every Craft baselayer comes with a lifetime guarantee against wear and tear from daily use. In the future, we hope to expand our guarantee to cover a larger part of our promise.

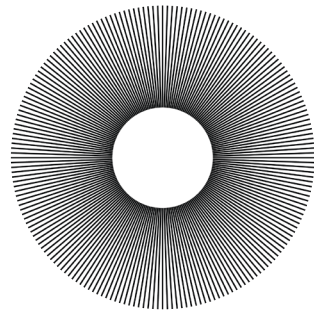
DESIGN GOALS:

CO2 calculations for top 20 materials by 2025

*New developments for outerwear to have
repairable attributes by AW25.*

Baselayer lifetime guarantee program

Working to reduce samples with 35% by 2025





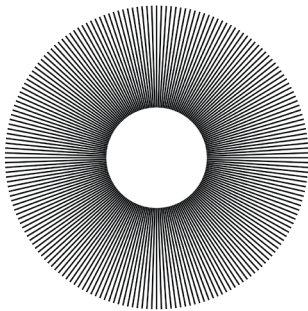
CIRCULAR BUSINESS MODELS

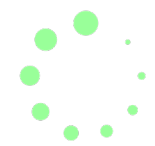
The future is *circular*.

Making products that last and can be repaired, repurposed or recycled is a good start, but we also see the need for circular business models going forward. By 2030, our goal is that 20% of all Craft products will be rented, reused or resold within our ecosystem. This means letting our customers trade in a product when they elevate their game, or sell it back to us when it's served its purpose. To enable more people to experience nature, we are also looking into giving our customers the option to rent the functionality they need, when they need it.

Naturally, introducing circular business models will not only put the durability of our products to the test. To handle the increased complexity, the distribution infrastructure need to be able to handle longer loops and multiple points of purchase. In other words, shifting from a linear model to more circular options is a challenge that can only be solved by working together with our supply and distribution chain.

In 2023, we tested the waters by launching an initiative together with sports club IFK Göteborg. Team jerseys are updated every year due to sponsorships and advertising deals, even though they have years left in them. To keep them in the loop, we made every kit, jacket and accessory used by the team available to supporters through a pop-up store. The collection sold out in days, and the reuse initiative will undoubtedly be introduced to more partners in the future.





CRAFT DESIGN PRINCIPLES

A look behind the seams of our design process.

Our design process starts long before the very first stitch or drawing. Beginning with the purpose of the product, how we design it for the long run and what consequences our choices have at the end of its lifecycle.



Does this product deserve existence?

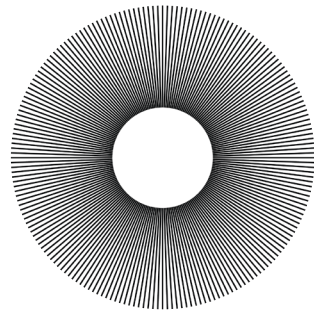
Does this product withstand the test of time?

Does this product solve a clear need for the athlete?

As a shorter use product, can it be recycled?

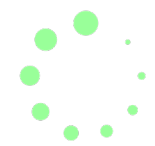
As a long time use product, can it be repaired?

Can this product be made in a more sustainable way?



03 Materials





Shifting to more preferred materials.

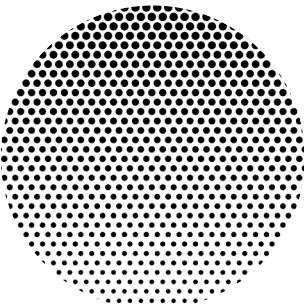
A preferred material should not only be made to last. It should also be traceable and come with a verifiable climate footprint.

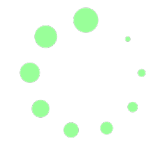
Our stated goal is that all Craft products should be made from more preferred materials and more sustainable production methods by 2027. This is why we began phasing out virgin polyester in favor of recycled fibers from PET bottles already in 2016. For 2023, 70% of the polyester we used came from recycled materials. During 2023, we also set new directives to work with more certified materials, and to change the small quantities of cotton used in our production to organic. As we see the EU-legislation coming, as Green Claims directive, we see it more and more important to have the correct certifications on our materials. This is the only way forward to be able to claim that the materials are preferred.

However, we use many different materials, and new fibers and technologies continue to emerge. So in order to reach our long-term goal, we have to define it in greater detail. In 2023, we started working on a long-term definition of preferred materials, based on guidelines created by Textile Exchange. In short, a preferred material is defined by key indicators regarding climate, nature, animals, people, and governance that drive measurable beneficial outcomes. The work will result in a score-based system for all existing and new materials used in our daily operations, making it easier to take all factors into consideration when selecting materials.

LONG-TERM OBJECTIVE:

Focus on more preferred materials and processes to reduce emissions by 50% (from the baseyear of 2021)





Supplier mapping.



Going forward, our aim is to consolidate our supplier base and the materials we use. It’s a process that takes time, as quality standards and certificates have to be met, tested and evaluated before final approval. In 2023, we continued our efforts to map and categorize the materials already in use, to be able to create a deeper commitment to progress together with our major suppliers. As a result, we’ve established climate roadmaps with our top 5 fabric suppliers and 10 of our largest garment manufacturers.

Our ultimate goal is to create products that are circular by design. This means our products should be designed to be reusable, repairable, and, at the end of their life cycle, recyclable into new materials or products. To achieve this, we are focusing on consolidating the materials we use, particularly by exploring the use of monomaterials. By minimizing the variety of fibers or materials in our products, we aim to ensure they are prepared for efficient recycling once comprehensive recycling processes are in place.

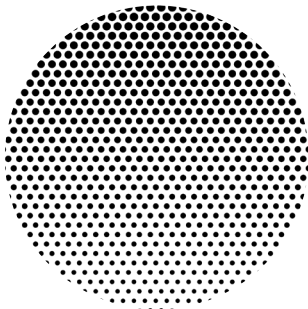


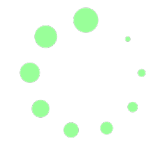
MATERIAL GOALS:

All products made from more preferred materials and more sustainable production methods by 2027

Joint strategy plans with suppliers for responsible water and chemical management by 2024

Ongoing evaluation of new technologies and innovative fabrics





INTERVIEW

The *future* of fabrics.

Roughly 80% of a garment’s environmental impact can be traced to the making of the material. Malin Davidson, Fabric and Quality Specialist at Craft, on how we work to cut our emissions in half by 2030.

What do you look for in a material?

Functionality and longevity. But these factors are always balanced against the economic and environmental cost. We want to create the best possible product, at the best price, in the most sustainable way.

When does sustainability enter the design process?

Design is decisions, and sustainability plays into in each choice we make. From favoring certain materials such as recycled over virgin fibers, to how the garment is constructed. For instance, we avoid solutions that make it harder to repair or replace a button or zipper in the future, or mixing materials that means that the garment can’t be responsibly recycled at the end of the road.

How do you source and select materials?

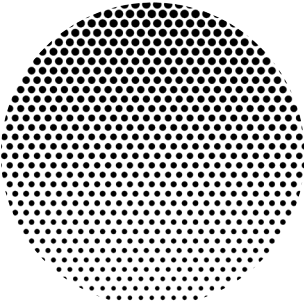
Our products are used by athletes on all levels, in different environments and seasons. As a consequence, we have a fabric library of about 850 different materials, supplied through our sourcing office in Shanghai. Today, about 350 fabrics are actively used. Our ambition is to further reduce the number of fabrics to build deeper relationships with fewer suppliers, who want to make active choices to track and minimize their carbon footprint.

How will this affect future collections?

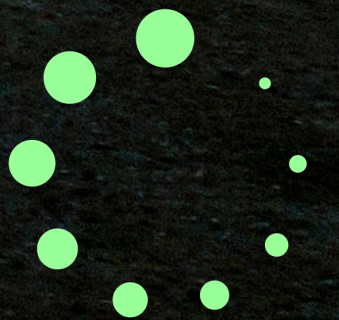
Going forward, this means that our chosen fibers and materials will feature in more items across all collections. As for our seasonal collections, we believe that a smaller wardrobe that lasts longer is the best one from a sustainability standpoint. This is why we are not only choosing materials that will last, but also favor colors and designs that will stand the test of time. Right now, any given collection features about 85% products meant to stay current for several seasons and 15% seasonal accents, which is a complete reversal from how things used to be.

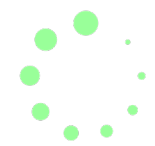
What’s the most exciting materials for tomorrow?

We always have our ear to the ground, and collaborate with researchers and industry organizations to find more preferable materials. Having said that, our view is that the most efficient way forward is to use today’s tried and true materials, but make them do more things in the future. For instance, polyester can be woven or knitted in ways that eliminate the need for elastane, which will make it easier to use monomaterials going forward.



Made from
materials
that will go
the *distance*.





From virgin to recycled polyester.

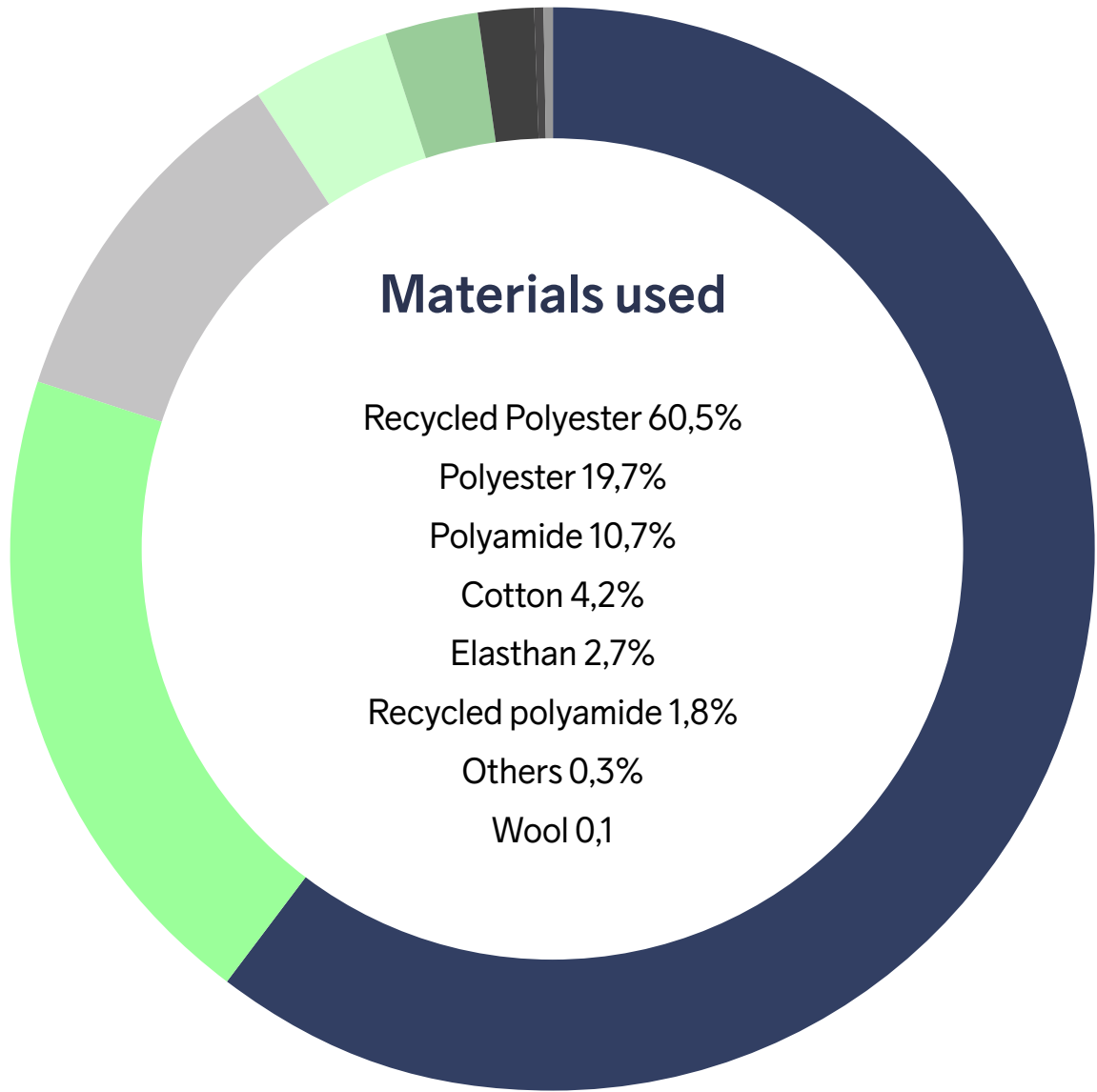
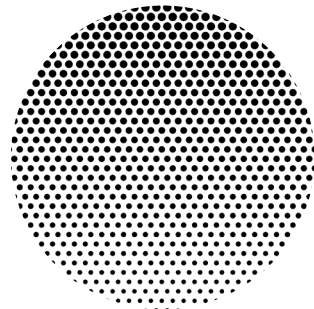
Polyester and polyamide are synthetic fibers that combine durability, performance and flexibility. Compared to cotton and other organic fibers, they generally transport moisture and release heat better, and keep their shape for longer. However, since the raw material is fossil-based, it is non- renewable and non-biodegradable. This is why we’ve decided to move away from virgin polyester, replacing it with recycled polyester and fibers from renewable sources. Today, 70% of all polyester in our products are made from recycled fibers from old PET bottles.

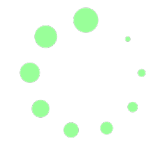
NEW MATERIALS

Preferred Textile Fibers and Materials.

Craft takes support in the **Textile Exchange’s** definition of “preferred” fibers and raw materials as those that deliver consistently reduced impacts and increased benefits for climate, nature, and people against conventional equivalents, through a holistic approach to transforming production systems. To classify a material as “preferred”, the composition must consist of at least 50% preferred fibers.

03 Materials





CHEMICALS

Our chemical policy.

Craft is committed to keeping harmful chemicals out of our manufacturing process, to protect consumers, workers and the environment. We know that many chemicals carry unwanted health effects, and can disturb the delicate balance of the world’s ecosystems.

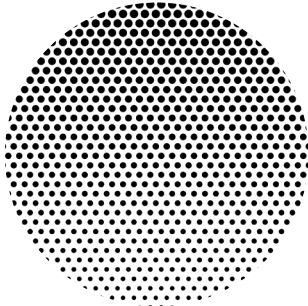
Our Restricted Substances List (RSL) is based on national legislation and EU’s strict legislation REACH, prohibits the use of a number of harmful chemicals in our supply chain. The list applies to all our products, from footwear to apparel and accessories, and includes raw materials, details and packaging used throughout the value chain.

Today, the list contains hundreds of chemical agents, and is constantly evolving to reflect new directives and findings. In 2016, we added PFCs to the list in favor of PFC-free alternatives for weather protection. In 2021, we signed the PFAS Movement initiated by ChemSec, an international non-profit organization that works to phase out and ban hazardous fluorides throughout the EU.

The updated RSL list for 2023 has been sent to all suppliers for signature, and is mandatory to comply with for our entire production chain. To ensure that all suppliers live up to the listed requirements, we carry out random sample tests and utilize third party testing. A lab test is never a guarantee of a product's chemical content, but an important tool for us to get an indication of product and supplier compliance and maintaining a systematic approach regarding chemicals. During 2023, we updated Craft “Chemical policy” with our sourcing offices and product development teams. Together we discuss what to be tested for each season based on risk assessment. We consider for example the quantities and if we can foresee any risk of the specific fabric or supplier. All new fabrics developed for a season must be tested according to the RSL.

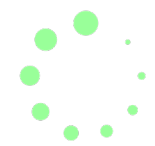
Craft is part of The Chemicals Group, a network founded by RISE Research Institutes of Sweden, a platform for discussions and knowledge sharing with other members.

In 2023, we decided to include socks and underwear in our OEKO-TEX certification, joining our baselayers in the category.





04 Production



Responsibly made for the *road ahead*.

As 80% of a garment’s environmental impact is generated in the production phase, focusing on the supply chain can yield big results.

By 2030, our goal is to reduce carbon emissions from our total operations by 50% from the base year of 2021. This means securing a supply chain that shares our vision and commitment to change is very important.

All of our products are produced by external suppliers, mainly located in Asia. We know that different countries and suppliers have varying conditions regarding the type of renewable energy available, and the investments required. For this reason, we made a considerable effort to map and evaluate our supplier base in 2023. The goal was to identify suppliers interested in a long-term partnership, a necessary step in order to reach our goals.

To reach our objective to include Tier 2 suppliers in auditing programs by 2023, we started working with amfori

BEPI (Business Environment Performance Initiative) for environmental risk assessments of suppliers. The framework helps us identify key environmental issues in the supply chain to effectively identify and manage potential risks. In addition to energy use and emissions, water usage, biodiversity, and chemicals are central issues.

The mapping and environmental risk assessments resulted in a climate action roadmap with our top 10 garments suppliers and will be extended to also include fabric suppliers for 2024. The roadmaps outline the plan and timeline for the transition to renewable energy sources and how they promote energy efficiency in their production units. We will work and evaluate the roadmaps each year to also include more info about responsible water usage and biodiversity.



LONG-TERM OBJECTIVE:

To secure a supply chain committed to a reduction of our industry’s climate impact.

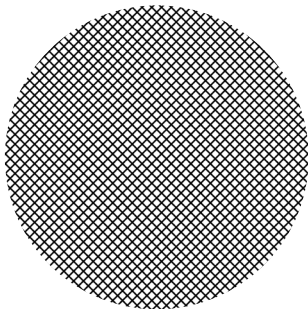
PRODUCTION GOALS:

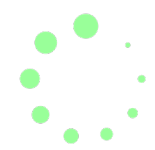
Full traceability for all products by 2025

Tier 2 suppliers included in auditing programs by 2024

Main suppliers (Tier 1 and 2) using renewable energy by 2030

100% renewable energy in our own operations by 2023





CODE OF CONDUCT

Towards a more *sustainable* supply chain.

Craft's Code of Conduct is a policy which contains requirements such as minimum wage, working hours, prohibition of child labor and several other requirements from the ILO Conventions and the UN Declaration of Human Rights. The Code of Conduct summarizes what we expect from our suppliers when it comes to social and environmental responsibility. We have adopted the Code of Conduct of amfori BSCI (Business Social Compliance Initiative) amfori BSCI is a global initiative with over 2,000 companies all over the world committed to improving working conditions in the supply chain, while improving environmental performance is the main focus for its sister initiative BEPI. Craft has been part of the amfori BSCI network since 2013, and 93% of our suppliers are regularly audited according to the BSCI Code of Conduct, that covers social responsibilities such as working conditions, fair wages and the prohibition of child labor. The remainder of our suppliers are audited by other social auditing parties. In BSCI's system, suppliers are graded according to their assessments on a scale from A to E, with C being the most common grade. Common noncompliances could be excessive overtime work or lack of documentation. To address such issue requires dedication and the ability of production planning. It is important to have a longterm perspec-

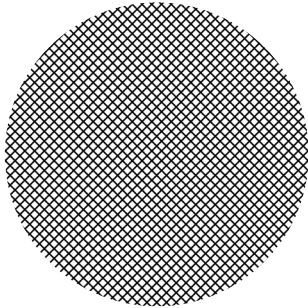
tive and work for continuous improvements. All suppliers have signed the Code of Conduct as part of the Business Agreement.

A shared Code of Conduct

As a member of amfori BSCI, our Code of Conduct is shared with 2,000 companies with a combined reach of 30,000 suppliers worldwide. Through the initiative, our suppliers are subjected to third party audits. In an Amfori audit, 13 different areas are assessed, corresponding to the requirements in the shared Code of Conduct.

A SHARED CODE OF CONDUCT:

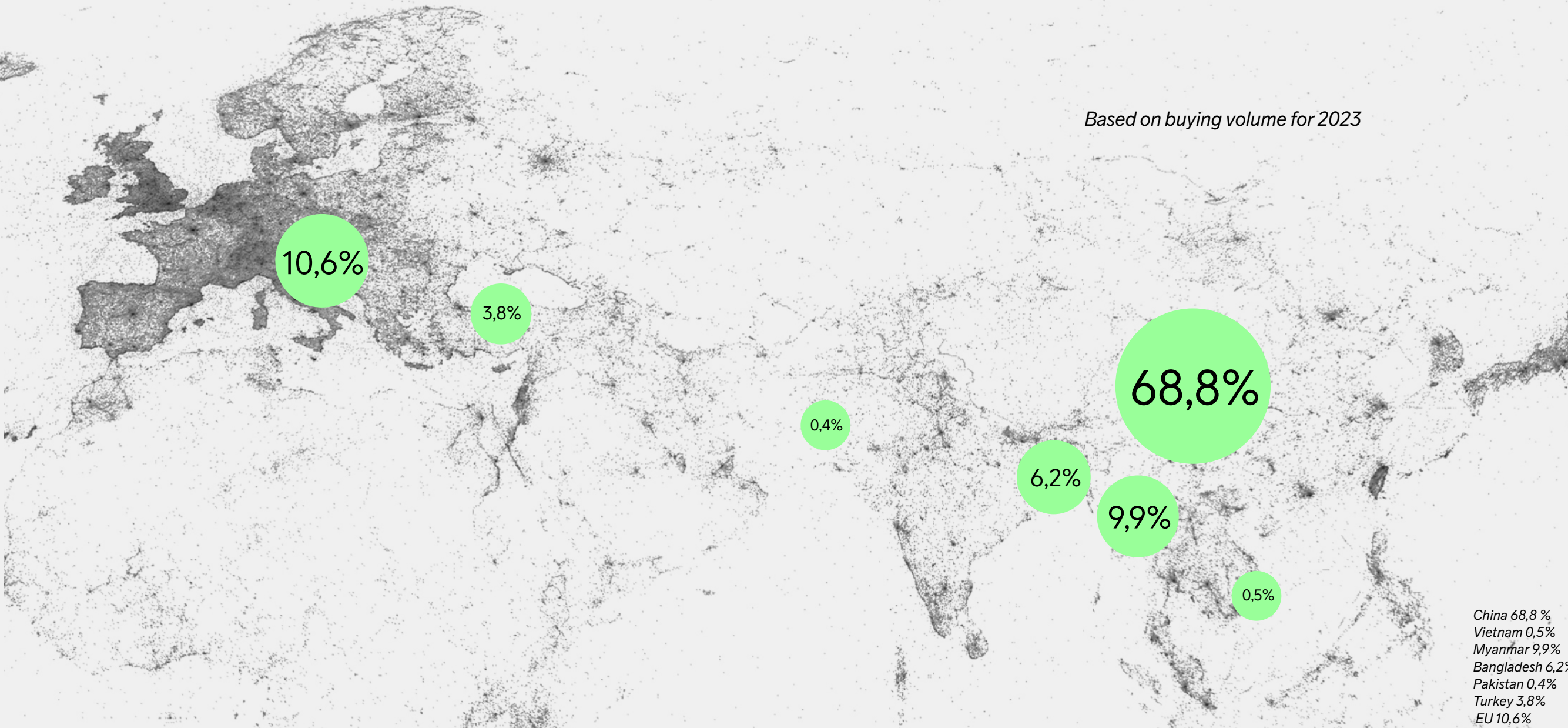
- Social Management System
- Workers Involvement and protection
- The Rights of freedom of Association and Collective Bargaining
- No discrimination, Violence or Harassment
- Fair remuneration
- Decent Working Hours
- Occupational Health and Safety
- No Child labour
- Special protection for Young workers
- No precarious employment
- No bonded, forced labour or Human trafficking
- Protection of the environment
- Ethical Business Behaviour





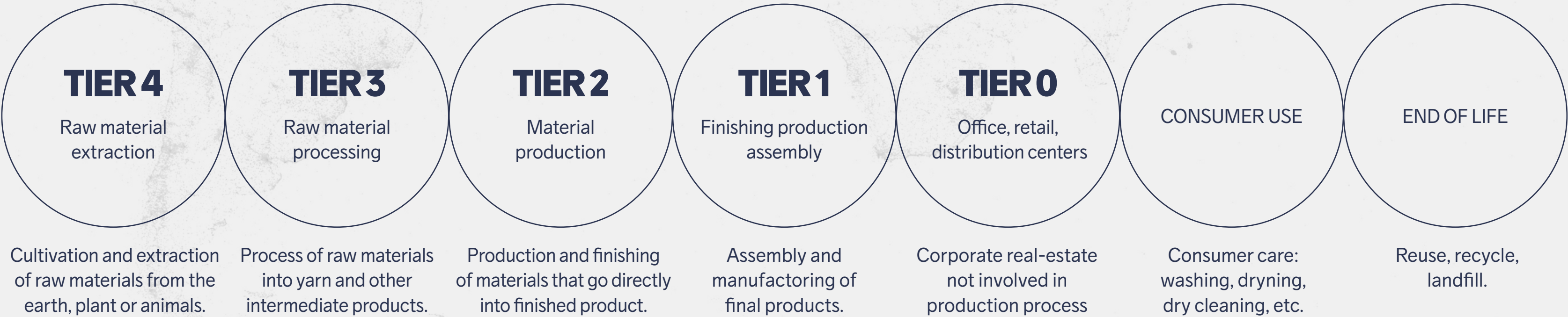
Based on buying volume for 2023

COUNTRY	SHARE OF PRODUCTION	BSCI GRADE
Vietnam	2 suppliers	B (1), C (1)
China	55 suppliers	B (9), C (46)
Bangladesh	4 suppliers	A (1), B (3)
Myanmar	4 suppliers	B (3) , C (1)
Turkey	4 suppliers	B (2), C (1)



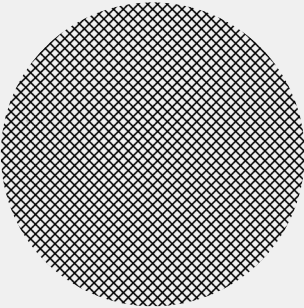
China 68.8 %
Vietnam 0.5%
Myanmar 9.9%
Bangladesh 6.2%
Pakistan 0.4%
Turkey 3.8%
EU 10.6%

Apparel and footwear value chain



LOGISTICS

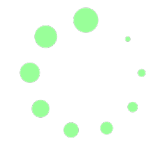
Shipping of materials and products across value chain.



A man and a woman are running on a dirt trail. The woman is on the left, wearing a black tank top, black shorts, and orange running shoes. She has long blonde hair and is wearing sunglasses. The man is on the right, wearing a blue tank top, black shorts, and black running shoes. He is wearing a black cap and a watch. The background is a blurred dirt trail with some sparse vegetation.

*Our goal is leaving
as small a trace
as possible.*





CLIMATE ACTION

Protecting our *shared* arena.

Everything we do has an impact on our climate, and our focus is to make active choices to reach our reduction targets. This is why climate action and the reduction of greenhouse gas emissions is one of the top six prioritized areas in our strategy plan for 2027.

The strategy plan defines overall goals and subgoals, to ensure that we are able to work systematically to create change. As the problem is interwoven with our process, all parts of our organization need to act together to minimize our impact on the environment.

Partnership with STICA

Taking action against greenhouse gas emissions is also the reason why we joined STICA, the Swedish Textile Initiative for Climate Action, in 2020. As a member, we are actively working together with other companies to track our carbon footprint, today and per year, for the purpose of creating a joint roadmap for reducing emissions.

Having begun mapping emissions from Scope 1 and 2 when joining STICA, in 2022 we also began tracking Scope 3 emissions generated by our supply chain. The objective was to capture primary data from 20% of our suppliers,

representing 70% of our buying volume, and that 20% of our suppliers should set their own reduction targets. By using more accurate primary data from the suppliers, and analyzing this we have a better position to start the dialogue and to pinpoint the areas with most room for improvement. We know that reaching our goal of 50% reduction of carbon emissions from our total operations by 2030 will be a challenge, but we are confident that we'll get there.

In 2023, our emissions have decreased by 35% compared to 2022. However, when compared to our base year of 2021, we are still not on the right track as we have a 7% increase. The reduction from 2022 is primarily due to the overstock present in the market this year. Like many other brands facing similar challenges, we produced fewer new products and sold more from existing stock, leading to reduced production and, consequently,

LONG-TERM OBJECTIVE:

Reduce carbon emissions from our total operations with 50% by 2030.*

lower emissions. The positive aspect is that our long-term shift to more preferred materials is yielding results. This reinforces the importance of accelerating this transition for all materials we use. Additionally, we recognize the need to incorporate more sustainable production methods, such as solution dyeing, to further enhance our environmental impact.

We have achieved a significant decrease in scope 1 and 2 emissions, down 35% compared to both last year and our base year. This reduction is primarily due to our switch to 100% renewable energy for our office and warehouse in Sweden, meeting our set target. Currently, over 40% of our scope 1 and 2 emissions come from our company cars, which are mainly fueled by diesel. This presents a substantial opportunity for further reduction by transitioning our car fleet to more electric vehicles.

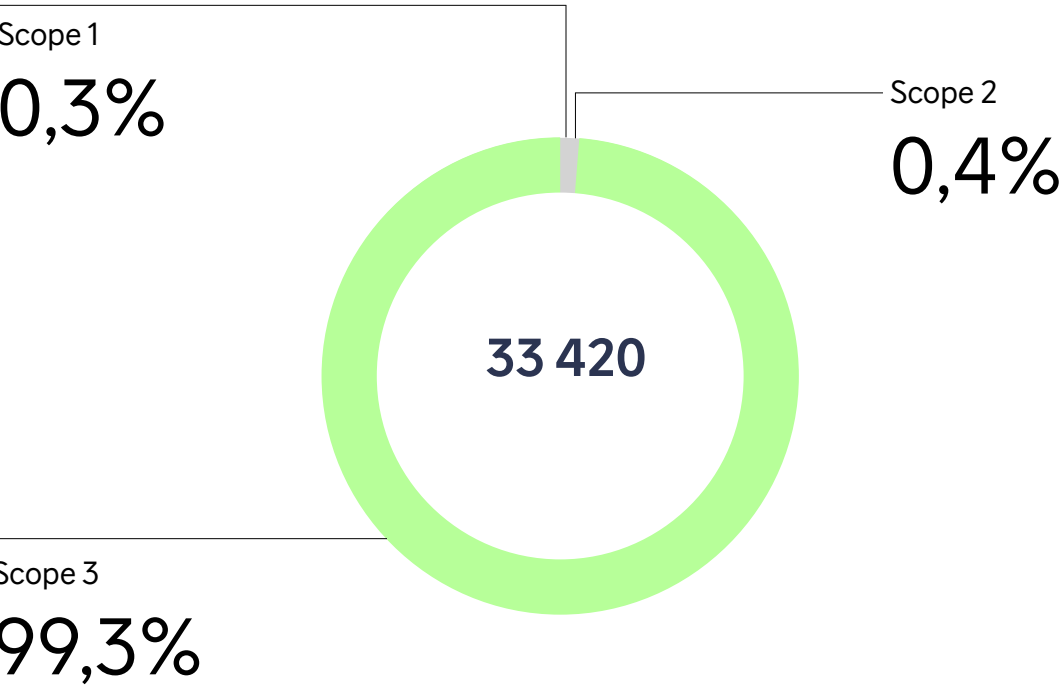
Our partnership with STICA is about collaborating with other companies in the textile industry to change the status quo. This is why we also regularly take part in Sustainable Fashion Academy's learning network and working groups, where our CSR manager and CSR team in sourcing offices are standing members. We share the same problem, and it is our belief that the solution can only be found through working together towards a common goal. Having a team on the ground at our suppliers, able to work closely with the suppliers on a daily basis, is a great step in the right direction.

*Compared to base year 2021.

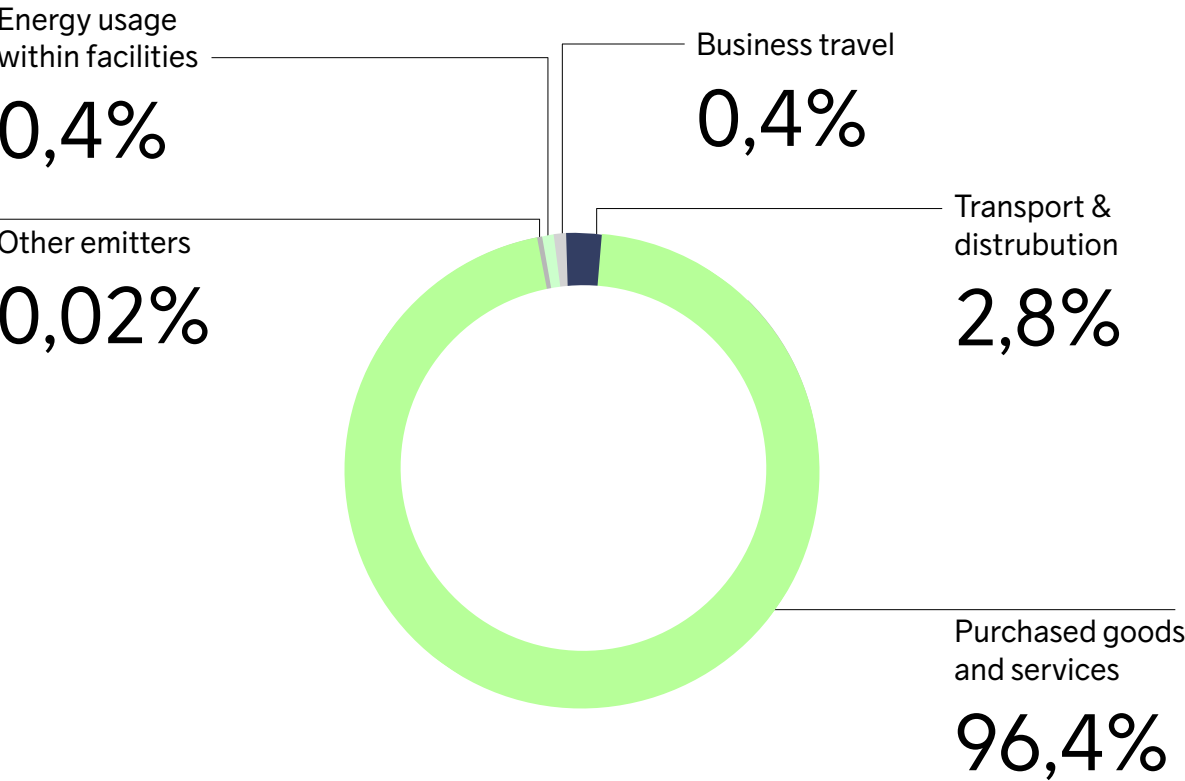




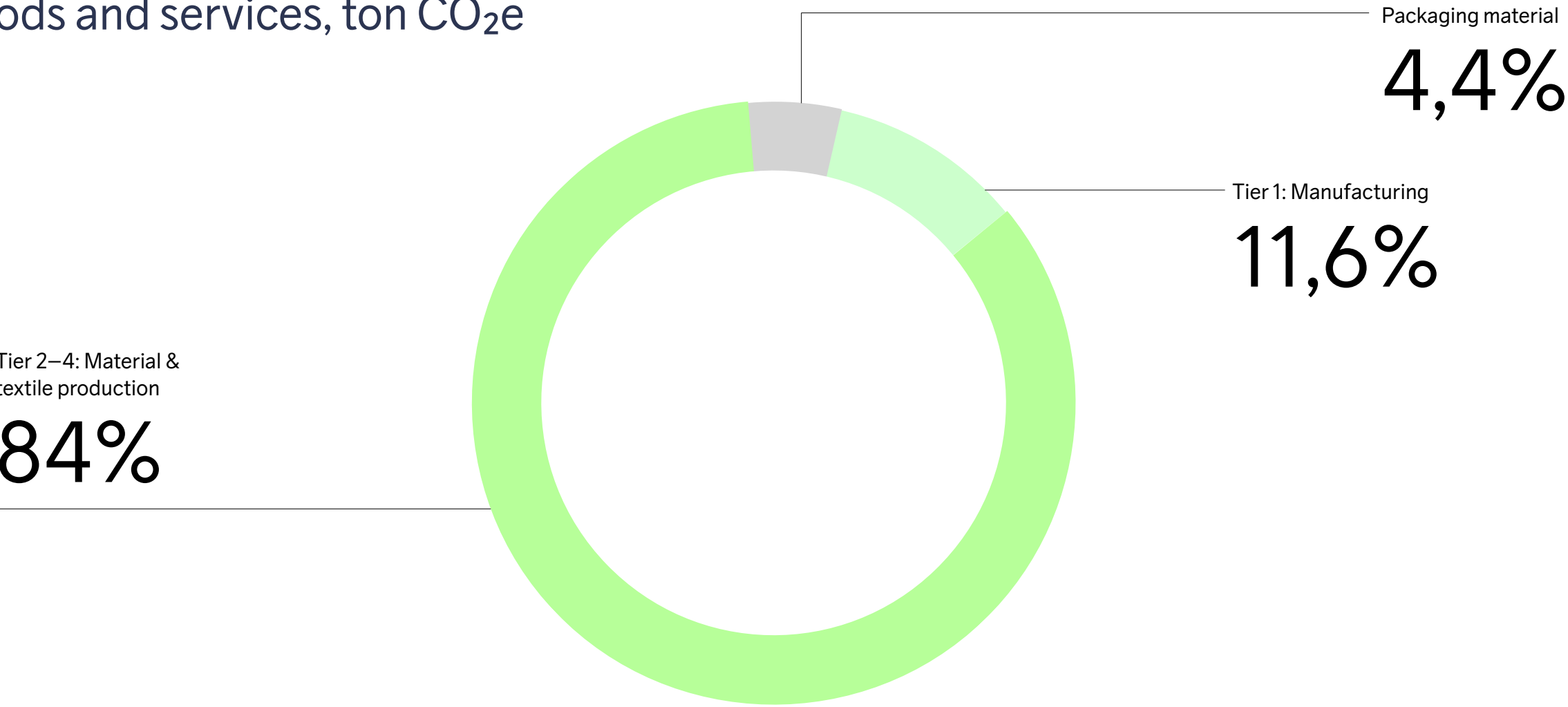
Emissions per scope, ton CO₂e



Share of emissions per category



Emissions per category for purchased goods and services, ton CO₂e



Data from base year 2023

Ongoing collaboration with STICA.

The Swedish Textile Initiative for Climate Action was founded to bring fashion and textile brands together as a collaborative effort to reduce global warming. As a member, Craft collaborates with the organization and its members to set science-based targets and plans for greenhouse gas reductions in line to limit global warming to 1.5°C, as outlined in the Paris Agreement.

STICA objectives
For our 2023 calculations, we have intensified our efforts to capture primary data from more suppliers. This year, we obtained actual figures from 19 of our tier 1 suppliers, representing 63% of our buying volume. As part of our ongoing work with the climate action roadmaps in collaboration with our suppliers, we will continue to increase the number of suppliers providing data and will include tier 2 suppliers in our assessments.

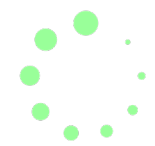
- Our other STICA objectives for the near future are:
- Capture primary data from top 5 Tier 2 suppliers.
 - Work for changed buying patterns, to further reduce air freight.
 - Electrify our Craft carfleet



The Swedish Textile Initiative for Climate Action



05 Packaging



PACKAGING GOALS:

- Reduce the use of plastics and unnecessary packing or labelling with 35% by 2025
- All packaging made from more preferred materials
- All labels, tags and boxes made from FSC®-certified paper
- Introduce preferable alternatives to shoeboxes by 2025

Moving *beyond* plastic.

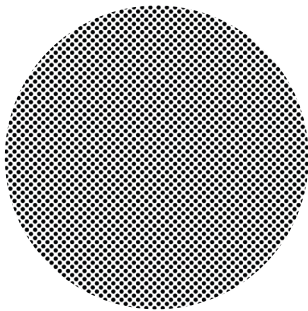
To minimize the long-term effects of everything that protects our products during the journey to our customers, we are making a conscious effort to transition to more sustainable packaging solutions and materials.

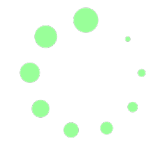
Our goal is that all packaging should be made of recycled materials, and 100% recyclable after serving its purpose. An objective that’s in line with proposed changes to the EU Packaging and Packaging Waste Directive, aimed to promote the use of recycled and recyclable materials. The regulation is also directed at preventing waste by reducing unnecessary packaging, which is an industry-wide problem and an ambition we share.

Today, plastic is the most commonly used material for packaging, thanks to its durability and affordability. Unfortunately, it is made from a finite resource - oil - and is often single use only. To minimize our dependence on non-renewable materials, our plastic policy states that all polybags used for shipping and e-commerce should be sourced from recycled low density polyethylene, or LDPE. This type of plastic can be recycled again if

handled responsibly after use, which is why our packaging aims to nudge consumers to help the material stay in the loop. The policy concerns all suppliers, who are encouraged to make the switch when old stocks run out.

However, the best materials for packaging comes from renewable sources. Today, our labels, baselayer boxes and tags are made from 100% FSC®-certified paper, that’s sustainably sourced and has an audited trail from harvest to delivery. Going forward, we are looking into replacing plastic with paper for future e-com deliveries, and are continuing our search for a more sustainable alternative to traditional shoe boxes.





Moving *beyond* plastic.



2023 in summary

ACHIEVEMENTS

- Implemented plastic policy with sourcing offices and suppliers, to accelerate the change to more preferred materials and a reduction of packing materials.
- Mapped all suppliers not using the requested recycled LDPE quality for polybags and set new standards.
- E-com bags – during the implementation of our new automated warehouse system (Autostore) we replaced current e-com bags to bags made of recycled materials. The next step is to add bags made of paper.

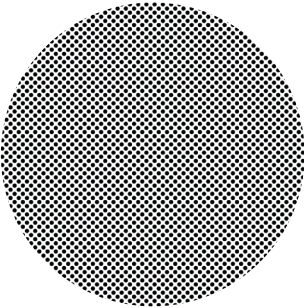
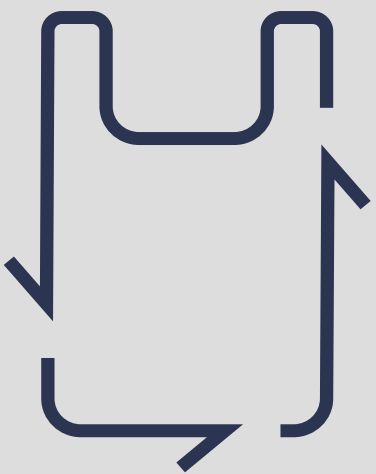
Challenges remaining

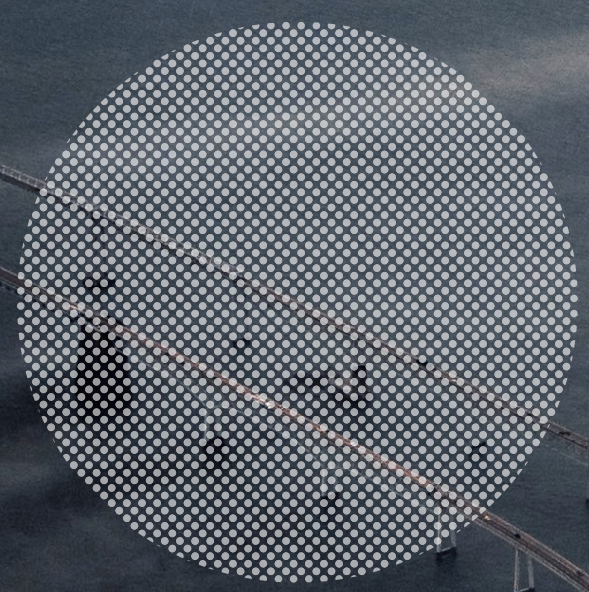
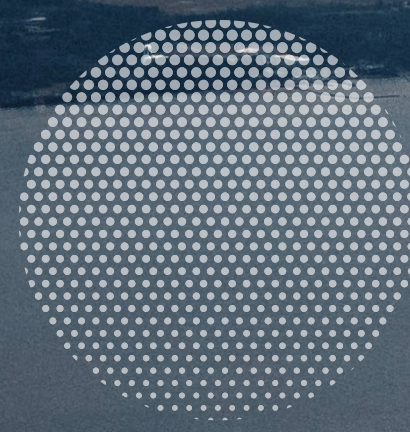
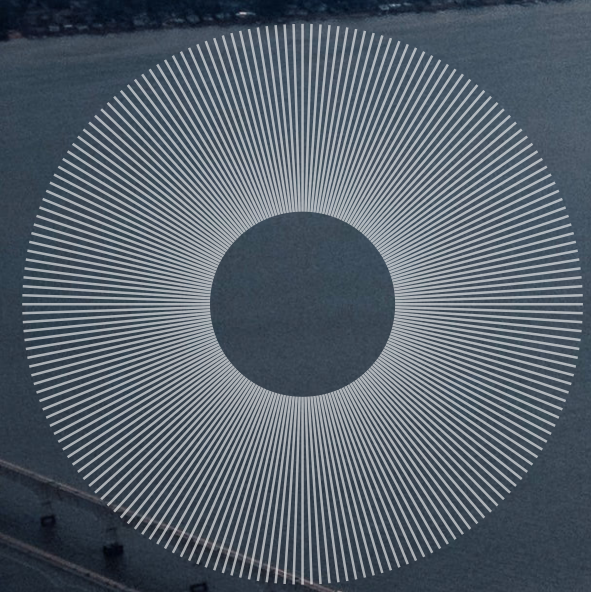
- Reduce the overall volume of packing materials used.

Recycled LDPE

The best possible garment polybag is no polybag. We still see this as a challenge as we need to avoid the products getting dirty or damaged during transport and storage. Our priorities to reach our packaging objectives, is firstly to eliminate the use of virgin materials and secondly to use materials which can re-enter the resource stream while retaining maximum material value and mechanical integrity. According to Polygbag standards*, recycled polyethylene (LDPE) is for now the best material to use. During 2022 and 2023 we have worked with all suppliers to shift to Recycled LDPE. Next steps will of course be to try to reduce the use of polybags, and if not possible for all products we will try to pack samples in bigger polybags to reduce the use of single polybags. Small steps, but steps in the right direction.

*Single Use Plastic Project™





06 Logistics



Choosing more sustainable routes.

Our long-term goal is to minimize greenhouse gas emissions resulting from our daily operations, to reach the 1.5°C global warming goal in line with the Paris Agreement.

A big step towards reducing our total emissions is favoring shipping methods with the lowest climate impact. Today, the vast majority of our products are transported by boat. For long-distance freights, sea freight carries a significantly smaller carbon footprint than shipping by air or land. However, the industry is a major source of greenhouse gas emissions, and the bulk of the world’s carrier ships are still powered by non-renewable energy. To help turn the tide of the industry’s environmental impact, we are an active member of Clean Shipping Index, a global initiative aiming to promote cleaner vessels and environmentally responsible fuels.

In comparison, air freight generates nearly 50 times more greenhouse gases per tonne and mile. Needless to say, our policy is to keep our garments grounded as often as

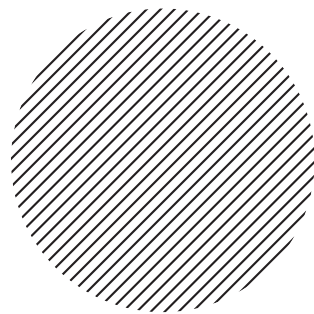
possible. As the most sustainable journey is often the shortest one, we strive towards producing more items closer to market in the future. Today, we have production facilities on all continents, and our long-term ambition is that the majority of goods sold in a region should also be made closer to that region. This will help us keep stock volumes lower, as we can plan and provide the markets with just-in-time refills.

When it comes to our own mobility footprint, our goal is to reduce emissions from all Craft vehicles with 50% by 2025. To reach it, we are shifting to hybrid vehicles on our way to a fully electric fleet. We also encourage all employees to schedule digital rather than physical meetings to reduce travel related emissions.

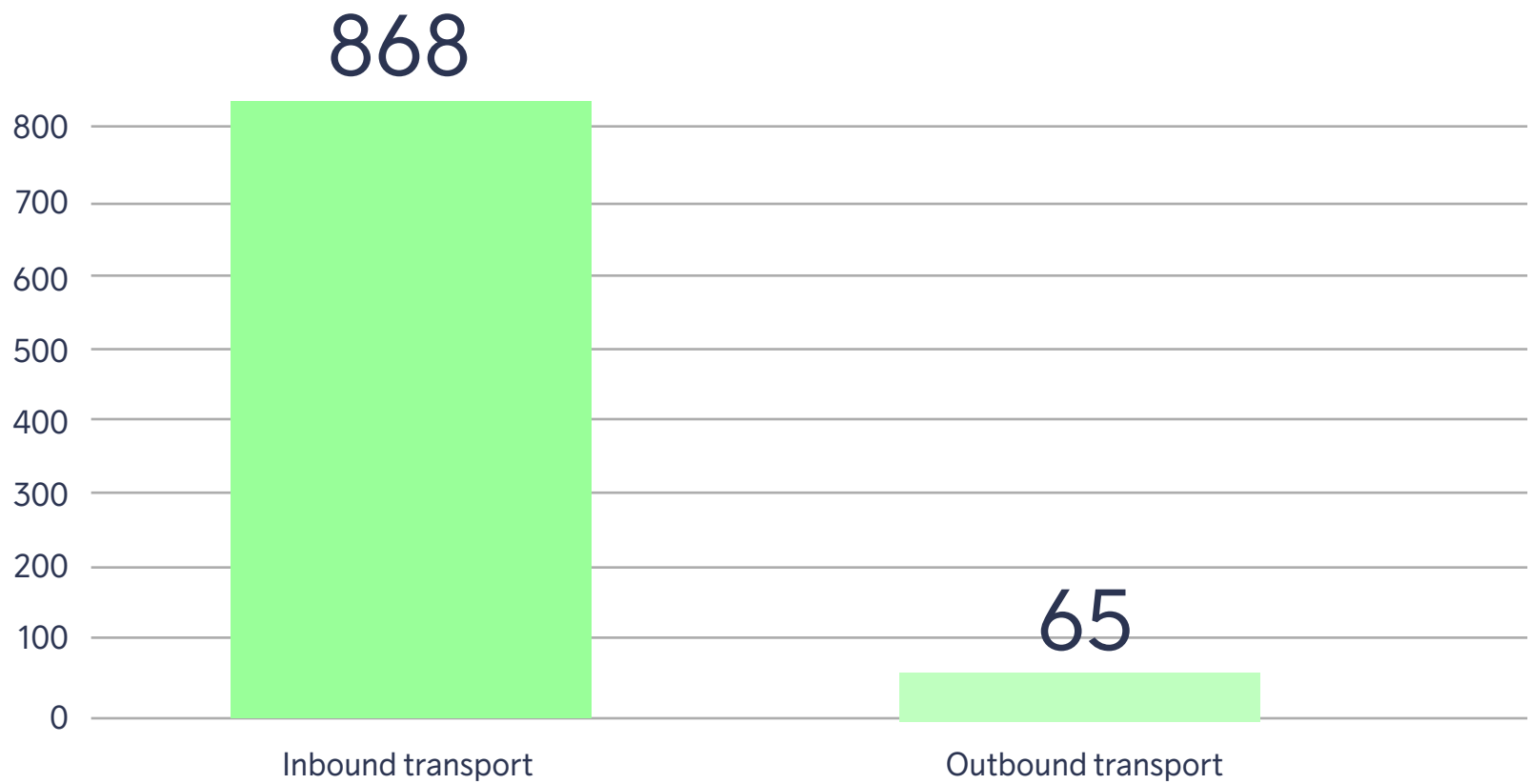
LONG-TERM OBJECTIVE:

To significantly reduce greenhouse gas emissions resulting from shipping.





Total emissions per type of transport, ton CO₂e

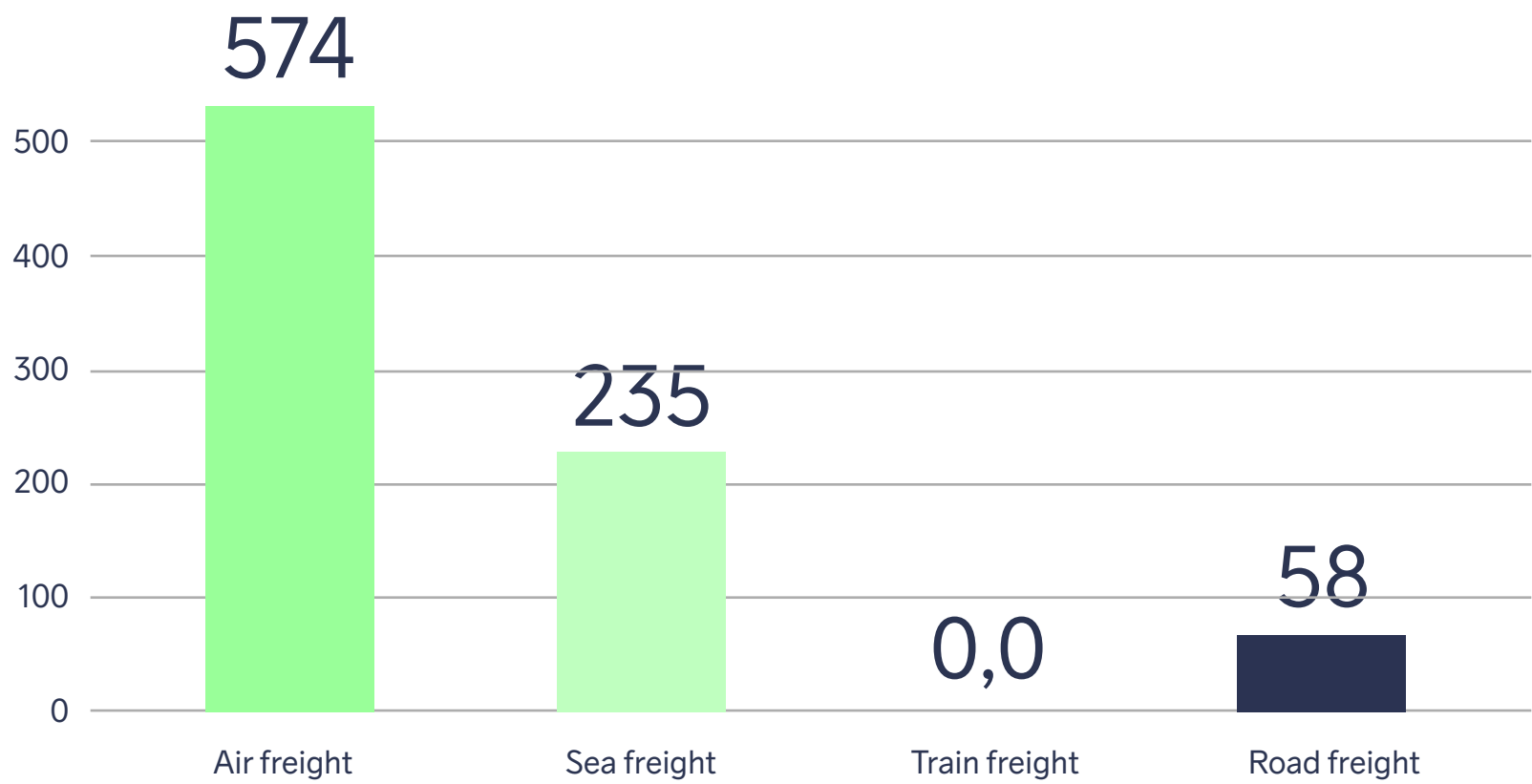


LOGISTICS GOALS:

Reduce our emissions from air freight with 30% by 2025

50% reduction in emissions from Craft cars by 2025

Total emissions per method of transport, ton CO₂e



In 2023, we used less airfreight but we still see a 23% increase in emissions compared to our base year. This rise is primarily due to an increase in airfreight necessitated by the extraordinary transport situation we all faced this year. Additionally, a significant number of our salesmen's samples were shipped by air. For the coming year, we will prioritize finding new ways to manage and reduce these emissions, focusing on more sustainable transportation methods and handling of samples.



