



P O. P

Sustainability Report

2023/2024

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ABOUT THIS REPORT

This report reflects the activities performed at Polarn O. Pyret AB and all its subsidiaries, as well as the social and environmental impact we have through our manufacturing suppliers worldwide. The Board of Directors of PO.P is the highest governance body and responsible for the sustainability report. The reporting period corresponds to PO.P's financial year of 1 September 2023 to 31 August 2024, and the information in this report refers to this period unless otherwise stated.

This is PO.P's fifth individual Sustainability Report; we report on an annual basis and our previous report was published in November 2023. Prior to this, PO.P reported sustainability activities together with the other subsidiaries of Retail and Brands AB, its previous owner. As of 2021, PO.P is owned by Procuritas Capital Investors VI Holding AB.

Our statutory sustainability report prepared in accordance with the Annual Accounts Act, on which our auditor has issued an opinion, is included on pages 1-54. The information in this report has been obtained from internal monitoring systems and external service providers.

Clear and transparent reporting is essential for ensuring accountability and for monitoring our own performance. We continuously develop our Sustainability Framework to meet the diverse needs of our different stakeholders and external reporting requirements. We are committed to openly sharing our progress based on the best available data, as well as to improving our level of disclosure year by year. The foundation of the report is PO.P's Sustainability Framework, the stakeholder analysis and the material topics presented in the materiality assessment. Any questions related to this report or the sustainability work carried out by PO.P can be directed to: sustainability@polarnopyret.se



A MESSAGE FROM OUR CEO

I am proud to present this year's Sustainability Report, which reflects both our journey so far and our unwavering commitment to building a more sustainable future for childrenswear. As climate change, resource scarcity, and shifting consumer expectations reshape our industry, the regulatory landscape around sustainability is also evolving rapidly. In the face of these global challenges, businesses like ours have a unique opportunity to lead the way by adopting sustainable practices that drive real change. While navigating these uncertainties, our commitment to sustainability remains the beating heart of our strategy, constantly guiding how we innovate, operate, and create value for all our stakeholders.

This year, we have seen significant momentum behind our mission to promote circular products. Our secondhand offerings have grown substantially, with sales increasing by more than 30% – from 94,000 items in FY22/23 to 124,500 items in FY23/24. I am also proud to share that PO.P has once again been named the top-selling children's clothing brand on Tradera for the third consecutive year! These achievements highlight the success of integrating secondhand into our business strategy, the strength of our brand, the lasting value of our products, and the increasing customer interest in circular business models.

We have also made tremendous strides toward sustainability in the fibres we use, with 99.85% of

our garments now made from recycled, organic or otherwise certified materials. This milestone speaks to our dedication to reducing our environmental footprint. However, we know there is a lot more to be done. We are continuously working on developing better alternatives and exploring new materials that will take us even further along the path of sustainability.

Transparency is key to making a positive impact across our supply chain. Over the past year, we have strengthened our collaboration with suppliers, improving relationships and enhancing their understanding of climate emissions and best practices for reporting. While we are proud of the progress we have made, there is still plenty of work ahead to fully realise our sustainability goals.

Finally, I want to extend a heartfelt thank you to our employees, partners, and customers for their continued support. Together, we will keep making important strides toward a more sustainable future, ensuring that PO.P remains a leader in responsible, circular business.

Sincerely,



Sara Sjöberg
CEO, Polarn O. Pyret





2023/2024 HIGHLIGHTS

MOST SOLD
children's brand on
TRADERA
third year in a row

65%
of our outerwear is worn by
three or more children

Introducing
**FACTORY
SECONDS**
to reduce waste
in production

**SUSTAINABLE
FUEL**
on all inbound sea
and air transportation

93%
of the synthetic
fibres used in PO.P
products are certified as
RECYCLED

100%
certified organic cotton

**INCREASED SECOND
HAND SALES** with
30%
compared with last year

99.85%
of the products
are made from more
sustainable materials

90%
GOTS-certified cotton

100%
of the wool is
RWS-certified

A group of five children are playing on a white background. On the left, a child in purple and white striped pajamas is walking. In the center, a girl in a pink long-sleeved shirt and pants is standing with her mouth open, looking towards the right. Behind her, a baby in a green jacket is sitting on the floor, surrounded by wooden blocks with letters 'S', 'L', 'E', 'N'. To the right of the girl, a boy in a blue long-sleeved shirt and blue and white striped pants is leaning over, holding a green and white striped piece of clothing. Further right, another boy in orange and white striped pajamas is standing with one arm raised, holding a green jacket. On the floor around them are various pieces of clothing, including a blue long-sleeved shirt, a pink long-sleeved shirt, and a purple long-sleeved shirt. The text 'ABOUT P.O.P' is overlaid in the center of the image.

ABOUT P.O.P

PO.P AT A GLANCE

PO.P was founded in 1976 with the desire to make clothes that let children be children. Favourites designed to be loved, washed and worn. And then handed down to the next child, and the next. Clothes made to be worn by at least three children. We call it design that lasts..

With nearly 50 years of experience, we are a leading quality childrenswear brand in Sweden. Present in 9 markets and across 10 e-commerce platforms, proprietary stores and franchise locations, with our own e-commerce accounting for more than half of the net sales in our own operated channels. This year, we have successfully launched on two new marketplaces: Zalando (in three markets – Finland, Denmark and Germany) and Marks & Spencer in the UK.

Our head office is located in Stockholm, Sweden. We also have a production office in Hong Kong, and additional offices in the UK and Finland.

We are proud of our recognition for high quality, functionality, design and sustainability. As we continue our journey, we are committed to playing a vital role in leading the way towards a more sustainable clothing industry. After all, the Earth is a hand-me-down – and our clothes should be too.

SWEDEN 57% UK 15%
FINLAND 15% NORWAY 11%
OTHER 1%

SALES PER GEOGRAPHICAL MARKET

731

MSEK

NET SALES

56 + 1 + 24

OWN + FRANCHISE
+ SHOP-IN-SHOP

STORES

7 + 2 + 4

OWN + FRANCHISE
+ MARKETPLACE

ECOM

276

FULL-TIME
EQUIVALENT (FTE)

EMPLOYEES

VALUE CHAIN IMPACT

PO.P's value chain is divided into upstream and downstream activities, each with its own social, environmental, and economic impacts. While the complexity of our value chain makes transparency challenging, this remains one of our highest priorities. To drive positive change, we need complete understanding of our impact and influence at every stage.

In our upstream activities, we have a vital impact, and the choices we make here significantly affect both the communities where our products are made and the overall footprint of our products. During the design, purchasing, and planning phases, we focus on creating functional products that are long-lasting and durable, made with certified materials and minimal waste. Gaining a deep understanding and maintaining traceability across our supply chain are crucial for reducing risks and minimising our impact. To support these efforts, we use various tools, certifications, and work closely with our suppliers.

Our upstream activities also encompass both inbound and outbound transportation.

In our downstream activities, the greatest impact stems from how our clothes are used. To extend the lifespan of our garments, we prioritise high-quality production, offer repair services and encourage customers to pass garments on to other children, both through our own channels and external platforms. This phase also includes product distribution from our warehouse to stores and customers, as well as the transportation carried out by customers.



UPSTREAM ACTIVITIES

DOWNSTREAM ACTIVITIES

TRANSPORT

THE CIRCULAR ECOSYSTEM

In a circular economy, materials never become waste, and products are kept in circulation, at their highest value at all times, through processes such as repair, reuse and ultimately recycling. In a circular economy, you also tackle climate change and other global challenges, such as biodiversity loss and pollution, by decoupling economic activity from the consumption of limited resources.

PO.P has a holistic approach on circularity, and we take every decision, from planning and design to customer experience, into consideration. Our aim is to design all our products in a way that ensures they can circulate repeatedly within multiple loops of a circular ecosystem and do so with a minimal impact on the environment and society. It is crucial that we, as a company, create more with less, delivering products that provide great value to our customers, while reducing our impact on the planet. This way we can make the most of the precious resources and energy that go into making them.



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In PO.P's circular ecosystem we focus on:

- Developing **Circular Products**, using recycled and more sustainably sourced materials, designing to minimise waste and using leftover materials from previous seasons, as well as ensuring quality and design that permits a long lifespan for each garment.
- Enabling **Circular Supply Chains**, by reducing our climate impact, eliminating toxic chemicals, eliminating pollution and safeguarding biodiversity.
- Providing **Circular Customer Journeys**, by offering second-hand and repair services to our customers.

We are continuously working on resource efficiency in all parts of our business in terms of time and materials. Efficient internal and external working processes enable us to reduce lead times and become more flexible, resulting in a more sustainable product range, both in terms of profitability and reducing overproduction. Transparent and clear communication is the key to increasing customer awareness of our brand's sustainable offering and to position ourselves as a leading sustainable retailer of children's clothing.



A photograph of three children on a playground structure. The child on the left is a boy wearing a blue jacket and a dark blue beanie with white stripes. The child in the middle is a girl wearing a pink jacket, a light green beanie, and glasses. The child on the right is a boy wearing a blue jacket and a dark blue beanie with white stripes and a white 'P' logo. They are all holding onto red vertical poles. The background is a blurred green field.

SUSTAINABILITY FRAMEWORK

STRATEGY & FOCUS AREAS

Sustainability has been at our core since the start in 1976. This means that we have been designing and developing high-quality clothing for nearly five decades – comfortable, durable, and equipped with features to make them last to be worn by as many children as possible. So that our customers don't need to buy more new garments than necessary, which conserves our planet's dwindling resources.

Our sustainability framework is based on P.O.P's values, principles and ambitions. As well as on stakeholder interests, international and local legislation, and risk assessments of the negative impact P.O.P and the textile industry have on society and on the environment. Our ambition is to offer high-quality products at an attractive price level, produced with minimal impact on the environment and with respect for human rights. And to adapt our business model to a circular ecosystem where we can grow our prosperity with less dependency on finite natural resources and instead shift to making a profit on circular services and sustainably sourced products. In order to do that, our products are designed and produced using only high-quality sustainable fibres.

Our strategy has been developed based on existing scientific evidence and our goal is to reduce our emissions by 50% by 2030, to act in line with the Paris Agreement. While our

requirements and targets often exceed the legal standards, we welcome the increased legislative processes in our industry and recognise the importance of continuing to develop and improve.

Our Sustainability Framework is divided into three focus areas. PEOPLE, PLANET & PRODUCT.



A MESSAGE FROM OUR SUSTAINABILITY & QUALITY DIRECTOR

The legacy of our brand is defined not only by the cherished products used by generations of children but also by the lasting environmental impact each one leaves behind. As we face the escalating climate crisis and increasingly severe weather events affecting communities and ecosystems worldwide, it's clear our industry must urgently evolve. The shift to a circular economy is no longer optional—it's a necessity. We must define circular products and services more clearly and increasingly focus on building business models that make them profitable, ensuring scalability.

By prioritising sustainable production and finding new ways to grow without depleting finite resources, we can not only reduce our environmental footprint but also create value through circular solutions. Equally, supporting the well-being of the people in our supply chain remains critical to our mission. We are committed to driving impactful change, minimising both social and environmental harm throughout our entire operation. We therefore see the importance of the EU Green Deal legal framework supporting a change in the industry, which we want to drive and be part of.



Deeba Remheden
Sustainability & Quality
Director, Polarn O. Pyret



PEOPLE

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At PO.P, 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.

TRANSPARENCY IN OUR SUPPLY CHAIN

PO.P 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 work according to existing and coming legislations and towards continually improving environmental, social and quality performance.

Consolidating orders and maintaining steady business relations with a fewer number of suppliers is key to mitigating risk and to being able to work effectively with supply chain mapping and reducing our environmental impact. A continuous volume consolidation in our ways of working have resulted in 28 (30) factories in eight different countries, a reduction of 7% in factories compared to the previous year. Working with fewer suppliers gives us greater possibilities to influence each factory, as well as better end-to-end control over our supply chain. We evaluate

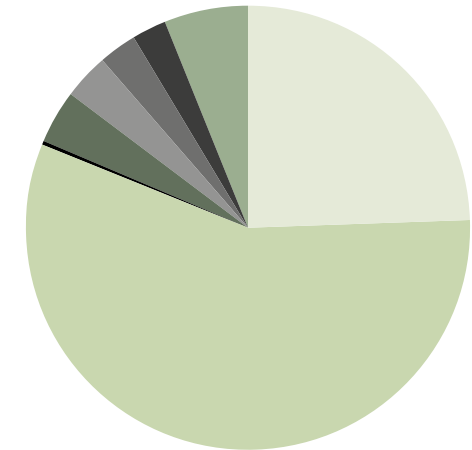
KPI	2023/2024	TARGET	TARGET YEAR
Production units in tier 1 with third-party valid social audit reports*	93%	100%	20/21
Production units in tier 1 with overall improved BSCI rating since previous audit**	12%	15%	Ongoing
Production units in tier 1 that have implemented good practice for fair wages***	38%	100%	25/26

*BSCI, SA8000 and SMETA. ** Including production units that remain a A or SA8000 result. ***According to BSCI or SA8000.

our suppliers ahead of each season and, in line with our production strategy, we set supplier-specific plans based on this assessment.

There is always a risk working with external parties and not being on-site on a day-to-day basis to control working conditions and safety. The value chain for textile production is large and complex. Hence it is crucial to have clear requirements and to work with continual monitoring, remediation, and capacity building to minimise risks. Traceability and visibility in the supply chain is key to enabling this work. Our production office located in Hong Kong monitors all our suppliers worldwide. 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. Should we be in need to select new suppliers, they are screened through the same selection process.

Our focus remains on transparency, and throughout the year, we have continued to work closely with our suppliers to collect more data from our supply chain. Greater insight into the supply chain will enable us to work in a more hands-on way with improvements throughout the value chain. Increased transparency



PRODUCTION COUNTRIES

% of order value 2023/2024

- 54.9% China
- 24.6% Bangladesh
- 5.9% Turkey
- 3.9% India
- 3.5% Latvia
- 2.8% Lithuania
- 2.5% Rep. of Korea
- <1% Germany

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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 reaching our sustainability targets. A significant part of this work has involved validating the data received from our suppliers and gaining a deeper understanding of data collection at the farming level. As a result, we have expanded our scope to gather information on the country and region of origin for our materials made from natural fibre sources. This is a complex task that demands a great deal from both us and our suppliers, but it is an important step forward in our efforts.

MONITORING & CONTINUOUS IMPROVEMENT

When working with external parties in risk countries, it is crucial to have clear requirements, continual monitoring and remediation to minimise risk. We utilise a combination of third-party and internal audits, which serve different purposes, to ensure a high standard at the factories with which we collaborate. AMFORI BSCI - PO.P is a member of Amfori BSCI, a 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 PO.P, the supplier agrees to follow the Amfori BSCI Code of Conduct.

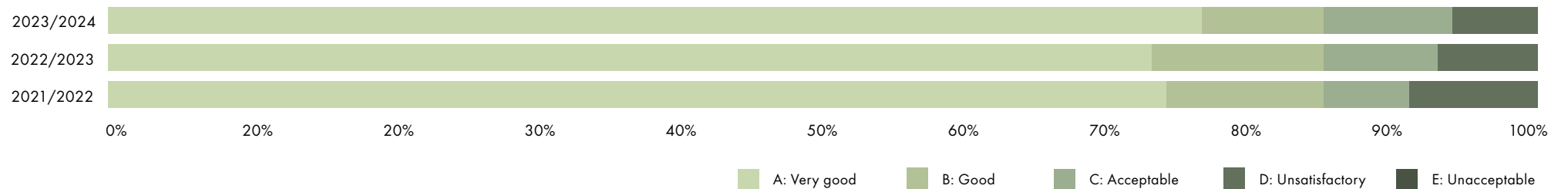
THE ACCORD – Bangladesh remains our second largest production country, in which we now collaborate with three factories. All our suppliers in Bangladesh are within the scope of the Accord in terms of safeguarding the building, fire, electrical and boiler safety in production. PO.P has signed the latest agreement, the International Accord for Health and Safety in the Textile and Garment Industry. The agreement 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 stakeholders.

Through the agreement, we continue our joint efforts with trade unions and brands to ensure safe work environments in the garment industry in Bangladesh.



THIRD-PARTY AUDITS – Amfori BSCI audits form the basis for following up on the social improvement process and third-party audits account for 65% of the audits performed during the year. A BSCI audit includes a physical inspection of the entire factory, a review of documentation, and interviews with workers and factory management.

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 remain the area with the lowest score across all our suppliers worldwide. In this area, 76% (85) of our factories scored a D. While this represents an improvement compared to the previous year, it remains below the standard achieved in other areas. There has also been an increase in factories achieving a score A, 16% (12). One factory, however, received an E score, accounting for 4% (0).

There are several factors affecting overtime at the factories, only some of which we can influence as a business partner. We need to continue providing training and information about these issues and work together with factories to improve in this area. Optimising our internal routines and purchasing practices also plays an important role in reducing overtime in the factories.

SOCIAL MANAGEMENT SYSTEMS – this continues to be one of our focus areas since we first implemented Amfori BSCI. Factories receiving score B have improved from 4% to 12% compared to the previous year. 4% (8) of the factories we work with received a D score during 2023/2024, which is also an improvement in the area. Amfori training is continuously offered to management teams in our supply chain to increase awareness of how fully functional management systems are of the utmost importance in creating long-term improvements in all other areas.

Our goal is that all direct suppliers, 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 financial year, a total of 93% (88) of our factories had a valid third-party audit. Compared to the previous year, we have increased the share of production units that have undergone a valid third-party audit. However, we have still not reached our target of 100% audited factories. The suppliers without a valid third-party audit are located in what's referred to as low-risk countries. We are continuing our dialogue and capacity building with these suppliers regarding how to proceed with auditing. 97% (97) of our order value comes from production units with a third-party audit, hence we prioritise sourcing from audited factories.

To ensure continuous improvements at each factory, we work in close dialogue to set up corrective action plans and training programmes together. Amfori training programmes are therefore also continuously offered to our suppliers within the various fields of social and environmental compliance. During the year, 5 suppliers completed 20 e-learning training sessions across the fields, with particular focus on environmental topics, for example emission to air, energy, waste and water consumption.

12% (23) of our factories audited during the year improved their result or remained fully compliant, compared to the previous year. The significant drop is because the number of tier 1 units with overall improved BSCI rating since previous audit (including production units that remain with a score A or SA8000 result) are only three compared to seven in the previous

year. The units are fewer this year because two with score A have been phased out, as have one SA8000 unit and one unit from a low-risk country. 24 out of 26 units audited in the year have remained at the same level as from previous audit cycle (A, B or C). Two have dropped from A to B. 85% (85) of our factories received a compliant result, either result A or B, on subsegments of the audit. No factories received the result E – unacceptable – during the year.

INTERNAL SUPPLIER AUDITS – Internal supplier audits are conducted by PO.Ps internal audit team to follow-up on third-party audit results and provide an opportunity to set up corrective action plans together with suppliers. Additionally, they ensure social, environmental and quality levels at upstream suppliers and potential new suppliers, before starting business together. Internal audits serve as a complement to the third-party audits at our direct suppliers and account for 35% of the audits.

PURCHASING PRACTICE

We recognise that our sourcing and purchasing practices have a significant social and environmental impact. Adopting responsible sourcing and purchasing practices is therefore a key measure in order to avoid negative impacts caused by our business conduct in the supply chain. We focus on building strong, long-term partnerships with our key suppliers and on conducting business in a manner that enables realisation of the requirements in our Code of Conduct and other related policies. During the year we have started the process of reviewing our purchasing strategy to further deepen the aspects of buying responsibly.

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FAIR WAGES

We firmly believe that every worker in the supply chain, regardless of position, should earn a living wage. By earning a living wage, a range of human rights are fulfilled, including but not limited to: rights to food, water, health, adequate housing, education, family life and fair working hours. Providing living wages can therefore make a significant contribution to the achievement of many of the UN Sustainable Development Goals. Through our participation in Amfori BSCI, we strive towards implementation of a living wage in all factories. 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 Amfowri BSCI audit and our suppliers attend training in Fair Remuneration when available.

38% (96) of our factories have implemented good practices for fair wages. This is a significant drop on the previous year, which was anticipated due to a different approach to living wage calculations in the Amfori BSCI audit process. In the previous year, we primarily used the Anker method, however this year, additional calculation methods were used by third-party auditing agencies. Going forward, we will need to streamline the methods used and use the same method, in order to track suppliers' progress and improvements over time, and close the existing gaps in living wages.

According to the latest audit results, 56% (50) of our factories have reported a lowest salary below the calculated living wage. It is primarily in Bangladesh

where the gap to living wage is predominant in the industry. One of our supplier factories there has conducted a living wage gap analysis, but two more remain to conduct the gap analysis. Closing the gap in continuous dialogue with our suppliers is a topic we will continue to address. In the Amfora BSCI audit, living wages are calculated using a combination of calculation methods, the Anker Methodology being one, which defines a living wage as follows:

DEFINITION OF LIVING WAGE

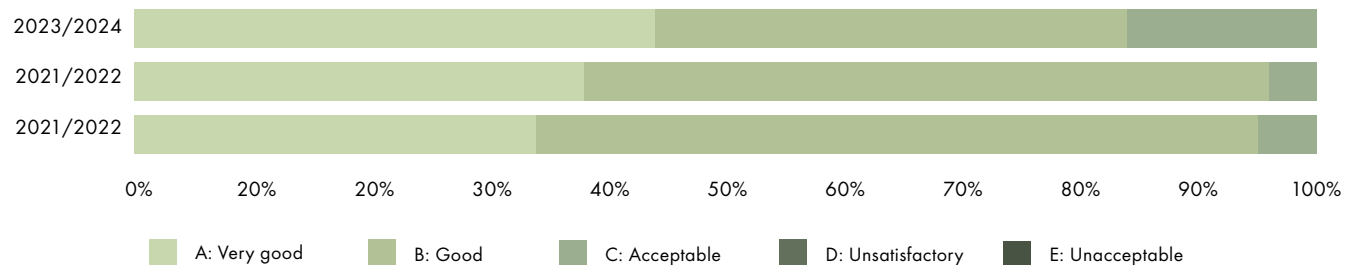
"Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." (Global Living Wage Coalition, 2016)



TRANSPARENCY TOWARDS STAKEHOLDERS

It is 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. 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.

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION





PLANET

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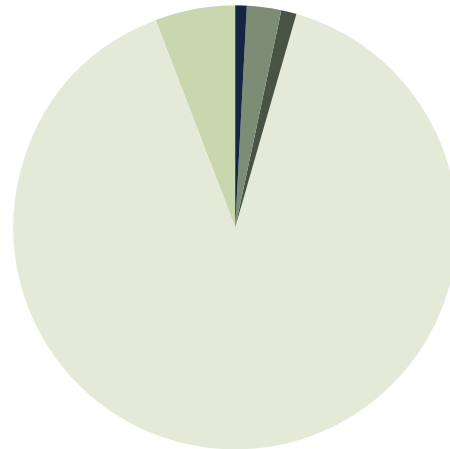
As a textile company, we are committed to reducing our emissions and transitioning towards more sustainable practices. Energy efficiency and renewable energy are key elements in this shift. Equally important is the need to encourage sustainable consumption patterns by promoting second-hand products. Together, these efforts are essential steps in driving a more sustainable future and meeting the urgent demands of climate action.

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. We aim to be climate neutral by 2045 in Scope 1, 2 and 3. PO.P 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. The data collection is performed on a yearly basis. The main part of Scope 1 and 2 is based on primary data.

Where we do not have access to primary data the calculations are based on average data determined from the reported primary data. For Scope 3, the data consists of reported primary data from suppliers, actual data on purchased volumes, average data from climate calculation consultants, as well as global standard values, such as Higg MSI.

KPI	2023/2024	TARGET	TARGET YEAR
Decrease in GHG emissions in own operations compared to baseline year 17/18	-67%	Climate neutral	2030
Renewable electricity in own operations*	100%	100%	Ongoing
Decrease in GHG emissions in all operations compared to baseline year 20/21	-2%	-50%	2030
Number of air transports	2	0	Ongoing

*For all facilities where PO.P is responsible for the electricity agreement.



GHG EMISSIONS ALL OPERATIONS

- 89.9% – Scope 3 – Purchased goods and services
- 5.6% – Scope 3 –Transport and distribution
- 2.5% – Scope 3 – Business travel
- 1% – Scope 2
- 0.9% – Scope 3 – Electricity use within own operations
- 0.1% – Scope 1





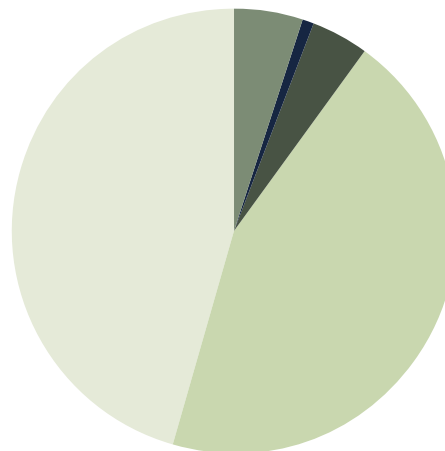
SCOPE 1 & 2 – OWN OPERATIONS

We define our own operations as emissions covered under Scope 1 and Scope 2. Scope 1 includes direct emissions from company-owned or controlled sources; for PO.P, this involves emissions from company-operated vehicles, fuel used for our own heating or electricity production, and refrigerant leakage. Scope 2 encompasses indirect emissions from purchased energy, which for PO.P includes electricity, heating, and district cooling. Within our own operations, we have a more direct impact and greater flexibility to drive swift changes. All our company cars are electric, and in all stores where we manage electricity contracts, 100% of the electricity is renewable. We’ve also observed an increase in renewable electricity in stores where we are not responsible for the contracts. Lighting in our stores is a major electricity consumer, so upgrading to high-performance technologies, like LED lighting, is essential for reducing electricity use. Currently, 75% (67) of our stores have 70% or more LED installations.

We have continued to track our Scope 1 and 2 emissions, achieving a reduction of 67% (41) compared to our baseline year 2017/2018 and 26% compared to last year. These reductions are primarily due to store closures, improved data and an increased share of renewable energy in the electricity and heating agreements managed by our landlords.

SCOPE 3

PO.P’s Scope 3 emissions make up 98.7% of our total emissions and primarily stem from purchased goods and services, transportation, business travel, and energy use in our facilities. Over the past year, we developed a climate roadmap that outlines the critical actions needed to meet our Scope 3 emission reduction targets. The roadmap focuses on our highest-emission areas: purchased goods and services, which account for 90% of our CO2e emissions, and transportation, responsible for 5.6% of emissions. Emissions, as well as tracking and reporting our progress on a regular basis and setting a roadmap to achieve our goals.



SCOPE 1 & 2

- 45% – Heating
- 44% – Electricity
- 5% – Company operated transports
- 4% – Fuel use for own heat or electricity production
- 1% – Refrigerant leakage
- 0% – District cooling

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PURCHASED GOODS AND SERVICES

Raw materials and the production of our products account for 90% of our CO₂e emissions and are also where most natural resources are used. Therefore, production is the primary area where we need to continue investing our efforts in the coming years to achieve our climate goals. PO.P's climate roadmap highlights the importance of producing only garments in demand, offering products that meet customer needs, and ensuring high-quality standards so items can be circulated among multiple children. Sourcing organic and recycled materials is also essential. This approach is embedded in our DNA and almost all materials we source are organic or recycled. Circular business models are also crucial for meeting our climate targets, and we have set ambitious goals for our second-hand offerings to further extend the lifespan of our garments. Read more in Product, page 25.

Our climate roadmap results clearly indicate that renewable electricity, phasing out fossil fuels, and energy efficiency are critical areas for achieving our targets. To enable reductions, we must collect comprehensive emissions data to understand where the most significant emissions occur. Close collaboration with our suppliers and traceability in our supply chain are essential. We have made significant progress in gathering climate data from our supply chain, and this year we have further increased the use of primary and more granular data in our calculations. Supplier commitment, with clear reduction targets and transition plans, is crucial to achieving our reduction goals. To gauge where they stand, their forward-looking plans, and their

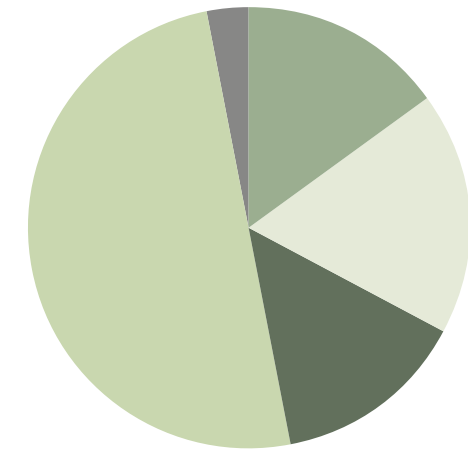
challenges, we have engaged in reviews with all key suppliers, representing over 80% of our order value. These reviews include the development of a climate transition plan, outlining implemented measures and future actions.

Performance measurement and regular follow-ups aligned with our climate roadmap are essential in ensuring suppliers progress, and for identifying areas where we can support them effectively. To drive this forward, we emphasise education and have enrolled a larger share of our suppliers in an online course by GIZ and the UNFCCC, where manufacturers learn about climate impact, target-setting, emissions measurement, and reduction actions. For suppliers who have completed this training, we provide additional resources, and through our engagement with STICA, we offer country-specific training in these areas.

This year, we have also gathered data from a larger part of our tier 2 suppliers and initiated discussions with them to understand their current status and plan our next steps together. For suppliers further upstream in the supply chain, where we lack direct influence, we focus on understanding their intrinsic motivations, goals, and roadmaps to ensure they are aligned with our climate targets.

This year, the emissions have increased almost 5% for purchased goods and services compared to the previous year, but decreased 2% compared to our baseline year 2020/2021. The primary drivers of this increase are changes in methodology and a higher proportion of actual data used in our calculations. By breaking down emissions across

different tiers, we see that emissions from tier 1 are slightly lower compared to last year, supported by an increased share of suppliers using renewable electricity. In tier 2, the number of reporting units has grown since last year, the increase of actual data has resulted in a higher share of emissions from these actors.



PURCHASED GOODS AND SERVICES CO₂e

- 50% – Tier 3-4: Thread production and raw materials
- 18% – Tier 1-2 Vertical suppliers
- 15% – Tier 1: Garment manufacture
- 14% – Tier 2: Fabric Production
- 3% – Packaging materials

P O. P

Notably, a small number of these suppliers contribute significantly to the emissions, and emissions per kilogram of material have increased substantially due to the increased share of actual data. In tier 2 data, we observe significant variability in reported emissions, and we will need to investigate the reasons for this in more detail.

Previously, data from tiers 3 and 4 were combined with some tier 2 emissions, but this year they have been reported separately, making direct comparisons challenging. However, we can see that we have increased the share of recycled materials, which has led to a reduction in emissions. Data collection, verification, and calculation remain complex and will be a key focus going forward to enable more comparable numbers. While achieving better data accuracy is crucial, we must also prioritise collaboration with our suppliers to drive the transition and make tangible improvements to reduce emissions.

To drive change in the supply chain, we need to lead by example. That is why we're collaborating with other brands and 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.



TRANSPORTATION

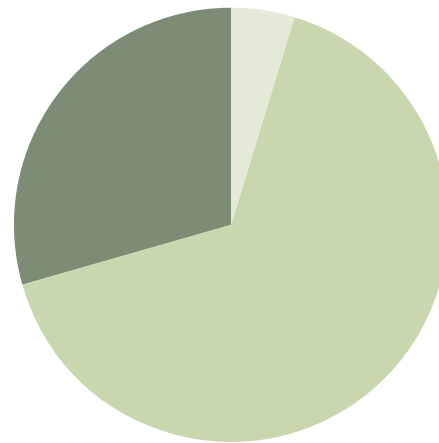
Transport involves the movement of goods from production to end-customers and accounts for 5.6% (5) of our total emissions. We divide our shipments into three stages: inbound, intermediate, and outbound. Most of our goods are moved by sea and road, but we also rely on air and rail, when necessary, all in partnership with external service providers.

INBOUND – Efficient transportation paves the way for how we reduce our GHG emissions in this area, while delays often lead to increased emissions. Air and train shipments, used to compensate for delays, have a much higher environmental impact than sea transport. We have a strict zero-tolerance policy on air transport due to its significant environmental impact. While careful planning helps enforce this, unforeseen events sometimes force exceptions. This year, 2 (1) shipments were sent by air. Our zero-tolerance policy is communicated to all suppliers and internally, and air transport is only used when absolutely necessary.

Inbound transport stands for 3% of the total emissions from transport and mainly occurs by sea routes, in payload distance (tonkm) 99.2% (97.2). The reason for the low emissions in this area is the effort we have made through our zero-tolerance policy for inbound air freight and our biofuel implementation. We invest in biofuel for all sea and air freight, resulting in a reduction of 114 ton CO²e emissions and the elimination of sulphur emissions from these shipments.

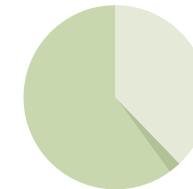
INTERMEDIATE – These shipments include transportation between our warehouses, shipping of our product samples, and shipments to PO.P’s MFT markets. A large portion of these emissions, 64%, is attributed to air freight. This is primarily due to the need to fly our product samples, due to the long distances and tight timelines. We are continuously working to streamline the number of samples and identify new solutions to minimise sample shipments. Additionally, shipments to our MFT in the USA are transported by air due to distance and time constraints. For other destinations, such as inter-warehouse transfers and shipments to our other MFT markets, we rely on sea or road transportation.

OUTBOUND – These shipments include transportation from our warehouses to stores and customers, along with returns. Emissions from outbound transportation primarily come from road freight, and we have deliberately chosen not to offer express shipping, as it would require using air freight, which generates significantly higher emissions compared to road transport. We prioritise fossil-free delivery options at checkout for customer deliveries and are continually exploring ways to help our customers choose the most sustainable shipping methods. This is a complex challenge, as couriers calculate their emissions differently, and we must also consider factors such as where our customers live and how they travel to collection points in order to determine the most sustainable option for everyone.



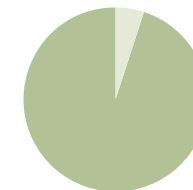
TRANSPORT

- 3% – Inbound transport
- 67% – Intermediary transport
- 30% – Outbound transport



INBOUND

- 60% – Sea
- 38% – Road
- 2% – Air



INTERMEDIARY

- 0% – Sea
- 5% – Road
- 95% – Air



OUTBOUND

- 0% – Sea
- 100% – Road
- 0% – Air

P O. P

Business trip – Our working methods have changed significantly in recent years, which the pandemic helped to accelerate, traveling has decreased, and the number of virtual meetings has increased, which we encourage.

That said, considering the significantly reduced number of trips, we see an increased need to travel 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. During the year, we have seen an increase in the number of trips and emissions from business travels account for 2.5% (1.6) of our total emissions.

BIODIVERSITY

The health and future of our planet depend on the well-being of nature. To effectively combat climate change and its devastating effects, we must also protect and conserve nature and biodiversity.

As a circular brand, P.O.P is committed to operating within the limits of our planet's resources. We recognise that biodiversity loss is one of the greatest threats to humanity, and that the textile industry plays a crucial role in safeguarding it. Our strategy of exclusively using certified fibres and adopting eco-friendly production methods ensures a reduced negative impact on biodiversity.

Additionally, our efforts to reduce GHG emissions from both our own operations and our supply chain are critical from a biodiversity perspective, as climate change is a key driver of biodiversity loss.

This year, we conducted our first risk assessment using WWF's Biodiversity Risk Filter to better understand the biodiversity risks we face.

Through this process, we identified a need for better understanding of the processes included in our supply chain, which we have been working to address. The next step is to analyse the results, develop a comprehensive roadmap, and set a clear strategy to move forward.





PRODUCT


P O . P

Our vision is for our clothes to have a long life and each garment to be worn by at least three children. 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 aim to achieve this through new developments and services, conscious material selection, and by seeking new, more sustainable materials.

PRODUCT LIFESPAN

Since our early beginnings back in 1976, we have been dedicated to making the highest quality childrenswear. Clothes that can handle wear and tear, have a timeless design and can be passed on to the next child, and the next. That way our customers don't need to buy more new garments than necessary, which saves the earth's already strained resources. 57% (56) of all P.O.P clothes (excluding swimwear, socks and underwear) and 65% (63) of all P.O.P outerwear is currently worn by three or more children.

SECOND HAND – We continue to see substantial growth in customer demand for our second-hand items. Last year, sales in our own channels nearly doubled, and this year we have seen an increase of over 30% compared to the previous year, with 124,500 (94,000) garments sold. Despite this strong overall growth, we

KPI	2023/2024	TARGET	TARGET YEAR
Customers using outerwear garments for 3 children or more 	65%	95%	26/27
Customers using garments for 3 children or more*	58%	75%	26/27
Items sold on second hand in own channels	124 458		
Zero tolerance for number of product recalls	1	0	Ongoing
Customer claims of products sold	0.15%	<0.1%	Ongoing
More sustainable fibres – Products**	99.85%	100%	25/26
More sustainable fibre – Packaging & Labels***	70%	100%	25/26
Assortment produced with best available chemicals****	55%	100%	25/26

*Underwear, socks and swimwear excluded. **GOTS certified fibre, certified organic fibre, certified recycled fibre and Lenzing fibres. ***Recycled mix and recycled material. ****GOTS.

observed a dip during the summer, largely because we collected over 4,000 garments from our stores to stock our upcoming P.O.P Used and Loved store for autumn. This is our first-ever second-hand pop-up store, exclusively selling our 'Used and Loved' garments.

We remain committed to our goal that every P.O.P product should be worn by at least three children! To support customers in extending the life of each garment, we accept all products, excluding swimwear, underwear, and accessories, as part of our second-hand business model. This service is available in all our stores across the Nordic countries. In the UK this service was previously available online, however in the last year this has expanded significantly to reach more customers, launching in our two own UK stores, as well as at John Lewis & Partners department stores on Oxford Street, London and in Leeds.

TRADERA

P.O.P was listed as the most sold childrenswear brand and second most-sold clothing brand by Tradera for the third year in a row. Tradera is Sweden's leading marketplace for second-hand goods, with objects switching owners every three seconds. Over 68 000 preloved P.O.P garments found a new owner through Tradera during the previous year.

P O. P

In addition to our own second-hand solutions, thousands of PO.P garments find new owners every day through various external second-hand platforms and services.

Expanding our second hand is a key part of increasing our circular offer. We are continually working to find new ways to enhance our circular business. Our PO.P up store in Stockholm, Sweden, marks an important milestone in this journey and our new category Factory Seconds another.

FACTORY SECONDS – Reducing waste is a crucial step in minimising our environmental impact. Over the past year, we have focused on finding innovative ways to reduce the number of garments that go to waste. As part of this effort, we are now offering slightly imperfect items – still fully functional and just as lovable – at a lower price. We call these Factory Seconds. Occasionally, production doesn't go exactly as planned, resulting in minor imperfections. This concept offers fully functional products with small defects to customers at a reduced price.

REPAIR, RECONDITION & RENTAL

– Our garments need to withstand the rough and tumble of active childhoods, 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. This repair service helps customers to mend their PO.P outerwear garments, no matter how old they are, 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 selling BIORESTORE which is an innovative enzyme treatment that restores cotton and cellulosic garments to a like-new condition. In just one wash, your old favourite clothes can look as good as new. Over the past year, we have collaborated with BIORESTORE on a project focused on restoring second-hand garments, with impressive results—97% of the garments were upgraded from a B category to an A. We were highly satisfied with these outcomes and are now progressing to phase two of the project, exploring how we can apply this on a larger scale.

Throughout the year, we have conducted a pilot project in collaboration with a repair company focusing on repairing jersey garments. The project addressed repair requests from customers, product complaints, and rejected second-hand items. However, we encountered challenges in delivering a high-quality repair service that is both profitable and efficient. As a result, we have decided to shift our focus to a new project centered on outerwear products, while continuing to explore solutions for collection garments.

PO.P is continuing to collaborate 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.

We offer rental service through Thelittleloop in UK, as part of our commitment to extending the lifespan of our garments. In Sweden, we previously offered rental services through Hyber. Unfortunately,

the company filed for bankruptcy earlier this year. Despite this, we are actively working to find new partners to continue providing this valuable service to our customers.

CIRCULAR DESIGN – The right product development and design are prerequisites for ensuring the longevity of our garments. Designing and producing all products with circularity in mind sets the foundation for our circular business model. PO.P Circular Design Principles include a number of aspects that are taken into consideration during the design and product development stage to ensure minimal impact on the environment, as well as a long lifespan for each garment.

PO.P CIRCULAR DESIGN PRINCIPLES

Quality & Longevity

Timeless Design

Sustainable Materials

Smart Design and Extended

Size Solutions

Easy to Repair

Enable Recycling

Minimise Waste

SUSTAINABLE MATERIALS

We have defined which fibres PO.P 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.

By sustainable we mean fibres that 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.

To qualify as a products made from sustainable fibres for us, the following criteria must be met

- Certified according to our approved certifications or consist of reclaimed fabrics (Read more about our approved choices under Our Sustainability labels)
- Consist of a minimum of 70% certified or reclaimed fibre, this includes the materials in the composition and does not include trims or other details.

From Spring/Summer 2023 we fully transitioned to products made from sustainable fibres. This year, 99.85% of our products met that goal. The small exception was due to a glove made from recycled materials that did not meet our quality standards, forcing us to switch to a different material that was not made from recycled fibres. Looking ahead, we have successfully found an alternative that meets both our quality requirements and is made from recycled fibres.

COTTON – Cotton is a natural material with many fantastic qualities. Cotton garments are soft and comfortable to wear, yet strong enough to withstand lively play and frequent washing. However, since

the cultivation of cotton requires a lot of water and pesticides, we’ve chosen to only use organic cotton, which is grown without the use of synthetic pesticides or fertilisers. 100% (99.7) of the cotton used in our garments over the last year is organic cotton. 89.9% (90.5) of the cotton we sourced was GOTS certified, and 10.1% (9.2) was certified organic cotton.

WOOL – Wool is ideal for keeping children warm in cold weather. Wool fibre not only insulates but is also breathable and naturally absorbent; even if wool gets wet, it retains its insulating properties while keeping you warm. Wool doesn’t trap odours, nor does it need washing as often as other materials.

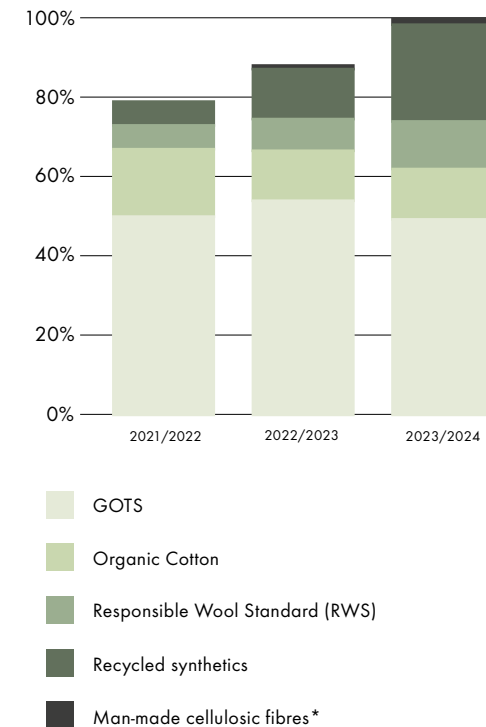
On the downside, wool has a significant environmental impact, various treatments are used to simplify its handling and washing. Our largest wool supplier has conducted a Life Cycle Assessment (LCA) this year, which, in line with research, shows that the raw material is the most significant environmental impact of these products.

To improve our wool products, we have taken some important steps the latest years. Starting from Spring/Summer 2023 and forward 100% (72) of the wool used in PO.P products is certified according to Responsible Wool Standard (RWS). During Autumn/Winter 2024, we are launching our first natural wool garment made from undyed wool and produced with minimal chemical use. We are also working on projects to extend the lifespan of our wool products.

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. 93% (75.5) of the synthetic fibres used in PO.P products are certified as recycled. Most of the fibres that are not recycled are elastane, as we have yet to find a recycled alternative that meets our quality standards. This has been an ongoing discussion for quite some time, but progress is being made. Over the past year, we initiated a project to test various recycled materials, and we are hopeful that the results of our tests will demonstrate strong durability.

SHARE OF MORE SUSTAINABLE FIBRES



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RECYCLED MATERIALS – The volume of certified recycled fibres in our total product range 2023/2024 was 36% (30.8). Most of the recycled materials we currently use come from recycled polyester fibres made from plastic bottles.

This is primarily due to two factors: this type of recycling is the most established in the market, and it carries a low risk of prohibited chemicals. In the long term, we aim to increase the share of fibre-to-fibre recycling. While significant progress is being made in this area, most developments are still at the research stage, and these fibres currently account for a very small portion of recycled materials. We are in discussions with various partners and are hopeful of finding a viable solution over time.

PACKAGING & LABELS – In recent years, we have chosen to eliminate single polybags from our products to reduce plastic usage, fully implemented during the financial year 2022/2023. This results in a reduction of plastic usage of approximately 15 tons annually. The only items packed in single polybags are products that risk being damaged during transportation or handling in the warehouse, which represents about 20% of our orders.

We have also reviewed our label package and reduced the number of hangtags on each garment. A total share of 70% (63) of our packaging and labels consists of recycled or organic content.



OUR SUSTAINABILITY LABELS



GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

is a world-leading standard and certification for textiles made of natural fibres. 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. 74% of our cotton products are certified GOTS ORGANIC. Certified by Control Union 1188693.



GOTS MADE WITH ORGANIC COTTON

For a product to be certified and labelled with GOTS Made With Organic Cotton, at least 70% of the fibre content must be organic. This is slightly lower than GOTS Organic, where the organic fibre content must be at least 95%, but otherwise the same rules apply to the entire production chain that are GOTS-certified by an independent body. 5% of our cotton products are certified GOTS Made With Organic Cotton. Certified by Control Union 1188693.

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



LENZING™ ECOVERO™ VISCOSE is made from wood pulp from sustainable wood sources and its production has less impact on the environment. The fibre 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 fibres. LENZING™ and ECOVERO™ are trademarks of Lenzing AG.



TENCEL™ Lyocell fibres 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 ensures high resource efficiency and low environmental impact. TENCEL™ is a trademark of Lenzing AG.



RESPONSIBLE WOOL STANDARD (RWS) describes and certifies animal welfare and land management practices in wool fibre production and tracks the certified material from farm to final product. 72% of our wool is certified to the Responsible Wool Standard, certified by Control Union CU868770.

RECYCLED POLYESTER AND POLYAMIDE Polyester and polyamide come from non-renewable sources. Using recycled polyester and polyamide reduces the use of new fibres 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.

RECLAIMED FABRICS Garments made of leftover material from previous P.O.P 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. 55% (54) of our total product range 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 garments in our stores.

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.

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 Qarma. Qarma is a highly efficient online tool that 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 goods sold. During 2023/2024, the number of claims increased to 0.15% (0.11).

A wide-angle photograph of a lush green hillside covered in a dense field of white daisies. In the background, several children are seen playing and running through the flowers. The sky is bright and slightly overcast. The overall scene is peaceful and natural.

SUSTAINABILITY MANAGEMENT

DUE DILIGENCE & RISK ASSESSMENT

PO.P has a global commitment to sustainability and takes a global approach to social and environmental impacts. Our approach on due diligence is guided by the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and the sector guide OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector. The six-part framework for Due Diligence established by OECD is the guiding structure for the work at PO.P;

- GOVERNANCE – We embed responsible business conduct through governance and policies.
- IDENTIFY IMPACT – We identify and assess negative and positive impacts in operations, supply chain and business relationships through yearly risk assessment and supply chain mapping.
- MITIGATION OF IMPACTS – We cease, prevent and/or mitigate actual or potential adverse impacts through regular risk assessment, auditing and improvement measures.
- MONITOR & TRACK – We track implementation and results.

- COMMUNICATION – We communicate how impacts are addressed through our sustainability report and other channels, such as website, social media and stakeholder engagement.
- REMEDIATION – We enable remediation when appropriate, given our level of impact and influence.

PO.P SALIENT RISKS*

PEOPLE	<ul style="list-style-type: none"> • Forced labour • Child labour • Discrimination • Living wage • Freedom of association & collective bargaining • Occupational health & safety • Working time • Diversity & equality
PLANET	<ul style="list-style-type: none"> • Climate change • Biodiversity • Water • Pollution
PRODUCT	<ul style="list-style-type: none"> • Sustainable products • Overproduction • Product quality • Product safety
OTHER	<ul style="list-style-type: none"> • Unethical business methods • Force majeure

*Detailed risk and opportunity analysis can be found on page 52.





RISK ASSESSMENT – We work proactively to identify, prevent, and minimise any negative impact our business activities may have on the environment as well as on human and labour rights in our production countries. Our due diligence process involves regular risk assessment of each production market, suppliers as well as our own operations, products and services, from a social, environmental and brand perspective. We use the ESG Risk Assessment tool provided by Amfori to identify risks on our production markets, we also consider national legislation and global political factors in our assessment as well as several guiding documents and tools from GRI, OECD, UN, WWF, Textile Exchange and more.

In the context of due diligence and risk assessment, as well as the upcoming scope for reporting in line with Corporate Sustainability Reporting Directive (CSRD), PO.P initiated its double materiality assessment

in June 2024. Through the ongoing assessment we can identify our material as well as financial impact, i.e. impacts on people or environment by cause, contribution or linkage, and how sustainability issues impact our business financially. Once we have determined our impacts, risks and opportunities we will integrate the findings further into our risk management systems, prioritising and focusing our activities on our sustainability agenda accordingly.

PO.P’s identified salient risks in each focus area remain the same as in the previous year, and we work continuously as per our measures to mitigate the identified risk areas.

NORWEGIAN TRANSPARENCY ACT

PO.P has a global commitment to sustainability and takes a global approach to social and environmental impacts. This report therefore reflects our global

commitment and approach across our value chain, including the disclosures required under the Norwegian Transparency Act, which entered into force in July 2022. In addition to our sustainability report 22/23 structure complying with the legal requirements as stated in the Act, in June 2024 we also published on our Norwegian web site our separate report statement for our previous fiscal year.

UK MODERN SLAVERY ACT 2015

In accordance with the UK Modern Slavery Act 2015, we made our first statement on behalf of Polarn O. Pyret AB in December 2023 as a publication on our UK website. That statement addressed the steps PO.P had taken during the previous fiscal year to address modern slavery within our supply chain and our own operations. Our latest Modern Slavery Statement was published on the UK website in December 2024.



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 seven goals that influence our work on a day-to-day basis.

PRIORITIZED SDG'S





COLLABORATIONS



We believe that our targets can only be realised 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 front and centre.

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





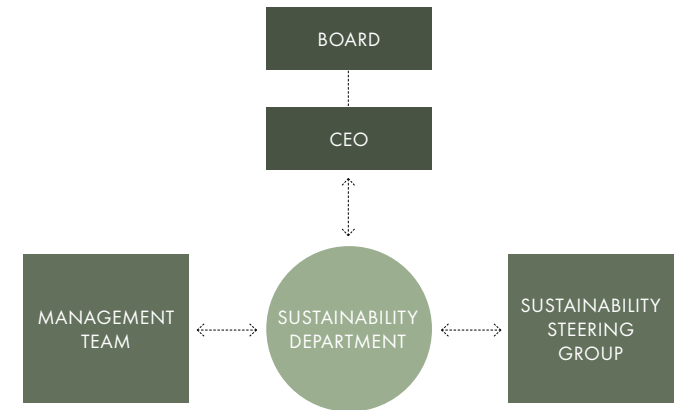
SUSTAINABILITY GOVERNANCE

At P.O.P, the CEO has the ultimate responsibility for our sustainability performance. The Sustainability & Quality Director is responsible for leading, developing and reporting on the sustainability work, including stakeholder dialogues and risk assessments, developing strategies, policies and goals, and for writing the Sustainability Report. The Sustainability & Quality Director reports directly to the CEO and is a part of the global management team.

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 Director and with members from relevant positions within P.O.P, holds quarterly meetings. The purpose of this group is to define priorities based on the sustainability strategy performance, business intelligence, market research and innovation.



STAKEHOLDER ENGAGEMENT

PO.P’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 PO.P stakeholders, our prioritised stakeholders and the ones to whom we consider ourselves accountable are our Customers, Employees, Suppliers, Owners and Board of Directors. The stakeholder list is reviewed on a regular basis to reflect related events and the current reality.

The purpose of the 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 engage with all our stakeholders regularly through annual surveys, interviews, and continuous dialogue. Every third year we update our stakeholder survey for all prioritised stakeholders.

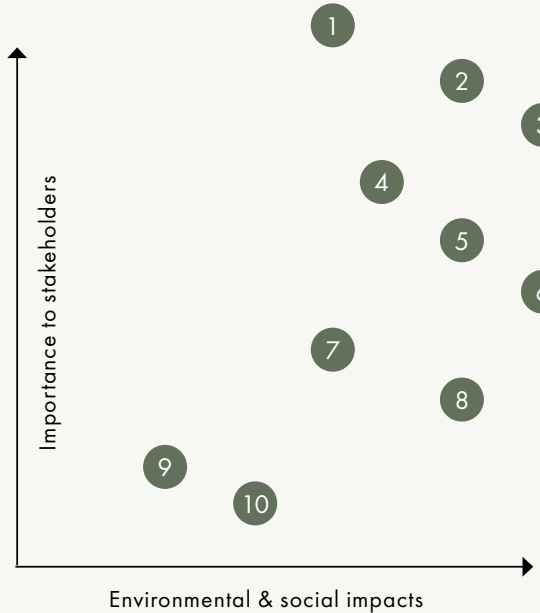
A partially renewed stakeholder survey has been included in the double materiality assessment as per requirements of CSRD. The stakeholder survey covers ten main areas within ESG from social, environmental and economic perspectives. The areas selected reflect PO.P’s values, principles, ambitions, our stakeholders’ communicated interests, regulations, sustainability impact and the impact of our industry.

PRIORITISED STAKEHOLDER DESCRIPTION


CUSTOMERS	Our customers are the core of our business, and we continuously strive to understand, meet and exceed our customers needs and expectations.
EMPLOYEES	Our employees are the heart of Polarn O. Pyret, bringing the talent and dedication that fuel our success.
OWNERS AND BOARD	Our owners and board challenge us and help us navigate and prioritise our sustainability commitments.
SUPPLIERS	We collaborate with our suppliers, manufacturers and service providers to raise industry standards by sharing expectations and knowledge and by partnering to address environmental and social challenges



P O.P



	TIER 4 – Raw material	TIER 2 & 3 – Fabric & trims	TIER 1 – Sewing	PO.P Operations	User Phase	End of life
1. Product safety						
2. Climate change & environmental impact						
3. Human rights						
4. Sustainable products						
5. Fair remuneration						
6. Circularity & sustainable consumption						
7. Economic performance						
8. Occupational health & safety						
9. Transparency & communication						
10. Knowledge & training						

 = Significant impact in the value chain

MATERIALITY ASSESSMENT

The materiality assessment is based on the material topics in the stakeholder engagement, as well as legal requirements and analyses of external risks. We have examined the material topics in relation to their sustainability impact in terms of social, environmental and economic aspects.

The materiality assessment conducted during 22/23 incorporates two dimensions: importance to stakeholder and social and environmental impact. In addition, we have identified where in the value

chain each area has the most significant impact. The result in the materiality assessment indicates which areas need to be included in our sustainability reports to provide a transparent and truthful picture of our significant impact in the reporting.

In preparation for CSRD and the European Sustainability Reporting Standards (ESRS), for which PO.P will be in scope to report from FY25/26, we initiated our double materiality analysis in June 2024.

Methodologies included are based on the requirements outlined in the CSRD and the version of the ESRS published in July 2023. Topics were

evaluated from a Scale, Scope, Irremediable Character and Likelihood perspective, based on a stakeholder engagement process and desktop analysis of internal and external sources, such as risk assessments, previous materiality assessments, stakeholder surveys, sustainability reports and policies. Two workshops focused on assessing material as well as financial impact were held together with senior management during June and August 2024. The outcome of the analysis will identify what issues we need to focus on going forward in our sustainability agenda.

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, PO.P, 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 PO.P and its reputation in the outside world.

PERSONNEL-RELATED POLICIES

At PO.P, our employees are our most valuable resource, and our Human Resources (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. PO.P has participated in the Amfori BSCI initiative since 2005, in previous years through the RNB group, PO.P's previous owners.

ANIMAL WELFARE POLICY

PO.P 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 PO.P products.

ANTI-CORRUPTION POLICY

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

HUMAN RIGHTS POLICY

At PO.P, 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

PO.P 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 P.O.P

P O . P

Our employees are the heart of PO.P, bringing the talent and dedication that fuel our success. Creating workplaces where every team member can grow, flourish, and see the impact of their contributions is a top priority.

With a team of 466 employees across our markets – Sweden, Norway, Finland, Estonia, the UK, and our production office in Hong Kong – we are committed to fostering a culture that values collaboration, innovation, and respect. Together, our people, our culture, and our commitment to sustainability make PO.P not just a workplace but a community striving for lasting progress.

EMPLOYEE SURVEY 2023/2024

Conducted in the spring, the 2024 Employee Survey reflects PO.P's commitment to creating a positive and inclusive workplace. Gathering feedback from employees across all markets – Sweden, Norway, Finland, Estonia, Hong Kong, and the UK – the survey highlights both our strengths and areas for growth.

OVERALL EMPLOYEE SATISFACTION

The general sentiment among employees remains positive, with an average satisfaction rating of 4.25 on a scale from 1 to 5, where 5 represents the highest level of agreement or satisfaction. This steady improvement from previous years showcases our dedication to maintaining a supportive and rewarding workplace. Employees feel valued and connected to PO.P, with a strong sense of alignment with our values and objectives.

LEADERSHIP AND WORKING ENVIRONMENT

Our focus on effective leadership and a safe working environment received notable recognition. The Leadership category achieved an impressive average score of 4.43, up from 4.38 in 2022, with employees expressing that they feel supported and guided by their managers, with clear expectations. Similarly, the Working Environment category reached an average of 4.31, indicating that employees generally feel safe, comfortable, and respected in their daily roles.

OPPORTUNITIES FOR DEVELOPMENT

Employees reported satisfaction with Work Task Development, which rated 4.14. This rating is consistent with previous years, showing that employees feel they have opportunities for growth and skill enhancement within their roles. We will continue to explore new ways to expand learning and career progression paths, ensuring all team members feel empowered and valued.

INTERNAL COMMUNICATION

Internal Communication received positive feedback, though it scored slightly lower than other areas, with an average of 3.93. Employees expressed a desire for more transparent, regular updates, particularly on cross-departmental and company-wide initiatives. Addressing this, we are enhancing communication strategies to ensure everyone feels informed and connected.





EMPLOYEE NET PROMOTER SCORE (eNPS)

Our high Employee Net Promoter Score (eNPS) reflects strong employee engagement and pride in the PO.P brand. With an eNPS of 30, particularly high among store staff, this score highlights our team's willingness to recommend PO.P as an employer, underscoring our supportive work environment.

COMMITMENT TO AN INCLUSIVE AND SAFE WORKPLACE

PO.P upholds a zero-tolerance policy for harassment, discrimination, and bullying to foster a respectful and inclusive workplace. Clear reporting channels - through management, HR, and an anonymous whistleblower system - are available to protect and support our employees, ensuring a safe environment that builds mutual trust.

By listening to and acting upon employee feedback, we aim to build a workplace that not only meets but exceeds our employees' expectations, supporting their well-being, growth, and satisfaction.

OUR CULTURE

In the spring of 2024, PO.P launched an initiative to define and articulate our company culture, a core element that has been strongly felt among our team but not yet formally documented. This project reflects our commitment to creating a cohesive and meaningful work environment that resonates with our employees' experiences and values. The project began by inviting all employees to describe our culture in three words, resulting in a wide range of descriptions and valuable insights. These responses have been analysed and organised into themes, and workshops have been held across the organisation to ensure the descriptions genuinely reflect our shared values and goals. Through this collaborative process, a clear cultural identity has started to emerge, capturing the essence of working at PO.P. We are continuing to refine and embed this culture, with plans to launch and implement it fully during 2024/2025. The next steps will involve integrating these cultural values into our daily operations and fostering an environment where these principles can grow and evolve. By engaging each team member in this cultural journey, we aim to build a workplace culture that is both engaging and sustainable.

TERMS OF EMPLOYMENT

At PO.P ensuring the well-being and security of our employees is a priority. In every market where we operate, we adhere to national legislation and,

where possible, go beyond statutory requirements to enhance employment conditions. In Sweden, all employees are covered by collective agreements, with three distinct agreements in place to support different roles. These agreements regulate critical aspects of employment, such as workplace safety, salaries, pensions, and insurance coverage. In Finland, our employees are also covered by collective agreements. In Norway, we fully apply national legislation and work to maintain alignment with local collective agreements. In our other markets—Estonia, the UK, and Hong Kong—we adhere to national labour regulations, and in some cases, we enhance employment conditions beyond legal requirements to provide additional support and security for our team members.

CODE OF ETHICS

All employees representing PO.P are expected to act in line with statutory and regulatory requirements, as well as our internal guidelines and core values, in every situation. This commitment is outlined in our Code of Ethics, which provides guidance on upholding ethical standards and respectful behavior in our workplaces. Store employees receive mandatory training on the Code of Ethics through our e-learning platform, PO.P School, while office employees are introduced to it during onboarding and have ongoing access via our intranet, PO.P IN.

We are committed to transparency and integrity, with a whistleblower function available in accordance with legal requirements, allowing employees to report any suspected irregularities anonymously. During the 2023/2024 period, no irregularities or incidents were reported through this channel.

PROMOTING EQUALITY & DIVERSITY

PO.P is committed to ensuring equal value, rights, and opportunities for all employees, regardless of ethnicity, gender, age, belief, sexual orientation, gender identity, or disabilities. Our goal is to create an inclusive and non-discriminatory organisation where everyone's unique skills and perspectives are valued and respected. For us, inclusion means fostering a sense of belonging where each person is appreciated for their competencies and contributions. We continuously refine our processes to support diversity and enable equal participation across our teams. In compliance with Swedish law, we conducted a pay survey this spring to identify any unjustified pay differences, with no findings reported. This annual review also positions us to meet upcoming requirements under the EU's pay transparency directive, reinforcing our dedication to fairness and transparency in employment practices.

A photograph of two children playing in a large pile of brown, fallen leaves. The child on the left is wearing a pink jacket, a green beanie, and green gloves. The child on the right is wearing a green jacket, a blue and white striped beanie, and dark pants. The text "CONSOLIDATED SUSTAINABILITY DATA & RISK ASSESSMENT" is overlaid in large, white, bold, sans-serif font across the center of the image.

CONSOLIDATED SUSTAINABILITY DATA & RISK ASSESSMENT

P O.P



SUSTAINABLE BUSINESS

FINANCIALS

KEY RATIOS	2023/2024	2022/2023	2021/2022	TARGET
Net sales (MSEK)	731	792	670	Long term profitably, ongoing
Number of stores	81	90	88	
Number of e-commerce platforms	13	11	12	
SALES BY GEOGRAPHIC MARKET, %	2023/2024	2022/2023	2021/2022	
Sweden	57%	52%	52%	
Finland	15%	15%	14%	
United Kingdom	15%	15%	15%	
Norway	11%	10%	11%	
Other	1%	8%	8%	

PEOPLE

PRODUCTION

GENERAL PRODUCTION DATA	2023/2024	2022/2023	2021/2022
Number of tier 1 production units with order value	28	30	46
Number of production countries	8	7	9

PRODUCTION COUNTRIES

PRODUCTION COUNTRIES, % OF ORDER VALUE	2023/2024	2022/2023	2021/2022
China	56.9%	64.8%	61%
Bangladesh	24.6%	22.1%	19.5%
Turkey	5.9%	3.8%	5%
India	3.9%	1.9%	2%
Latvia	3.5%	1.7%	4%
Lithuania	2.8%	2.8%	3%
Republic of Korea	2.5%	3%	4.5%
Germany	0.1%	0%	0%
Sweden	0%	0%	0.1%
Vietnam	0%	0%	5%

AUDIT STATUS

GENERAL AUDIT STATUS	2023/2024	2022/2023	2021/2022	TARGET
% of production units in tier 1 with 3rd party valid social audit reports*	93%	88%	80%	100% by 20/21
% of order value placed at tier 1 production units with a valid 3rd party audit *BSCI, SA8000 and SMETA.	97%	97%	91%	
BSCI AUDIT BREAKDOWN IN TIER 1 PRODUCTION UNITS, % OF ORDERVALUE	2023/2024	2022/2023	2021/2022	
SA8000 – Best Practice	0%	1%	1%	
A – Very Good	8%	11%	9%	
B – Good	31%	21%	20%	
C – Acceptable	57%	63%	60%	
D – Unsatisfactory	0%	0%	0%	
E – Unacceptable	0%	0%	0%	
ZT – Zero Tolerance	0%	0%	0%	
Other audit such as Sedex	2%	1%		
No audit – No valid audit*	3%	3%	9%	
*Audit is either missing or the validity period of the audit has expired.				
DEVELOPMENT OF BSCI AUDIT RESULT	2023/2024	2022/2023	2021/2022	TARGET
Number of production units in tier 1 with overall improved BSCI rating since previous audit*	3	7	10	
Production units in tier 1 with overall improved BSCI rating since previous audit* *Including production units that remain an A or SA8000 result.	12%	23%	22%	15%, ongoing

2023/2024 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	0%	12%	84%	4%	0%	0%
Workers involvement and protection	52%	35%	12%	0%	0%	0%
Freedom of association and collective bargaining	100%	0%	0%	0%	0%	0%
No discrimination	96%	4%	0%	0%	0%	0%
Fair remuneration	44%	40%	16%	0%	0%	0%
Decent working hours	16%	0%	4%	76%	4%	0%
Occupational health and safety	100%	0%	0%	0%	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	96%	4%	0%	0%	0%	0%
No Bonded labour	100%	0%	0%	0%	0%	0%
Protection of the environment	88%	12%	0%	0%	0%	0%
Ethical business behaviour	100%	0%	0%	0%	0%	0%
Total breakdown	76%	8%	9%	6%	0%	0%

ACCORD REMEDIATION PROGRESS

ACCORD REMEDIATION PROGRESS	2023/2024	2022/2023	2021/2022
Remediation progress rate of initial findings	99%	99.7%	100%
Remediation progress rate of total findings	99%	92%	100%
Number of production units with a safety committee established	3/3	3/3	2/2
Number of production units with a workers participation committee	3/3	3/3	2/2

FAIR WAGES

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION	2023/2024	2022/2023	2021/2022
A - Very Good	44%	38%	34%
B - Good	40%	58%	61%
C - Acceptable	16%	4%	5%
D - Unsatisfactory	0%	0%	0%
E - Unacceptable	0%	0%	0%
A + B (Very Good + Good)	84%	96%	95%

PLANET

SALES

ELECTRICITY PERFORMANCE IN STORES	2023/2024	2022/2023	2021/2022
Best Available technical performance (% LED) in own operations	75%	67%	59%
Renewable electricity in own operations* 1	100%	100%	100%
*For all facilities including both estimates and actual data.			
CHARITY	2023/2024	2022/2023	2021/2022
Amount collected during the year to be donated to charity (sek)*	383 741	326 076	543 494
*Save the children, Pink Ribbon, Good Child (Plan).			
CONSUMER BAGS	2023/2024	2022/2023	2021/2022
Share of customers not buying a bag for their goods	85%	85%	84%
DISCOUNT	2023/2024	2022/2023	2021/2022
% sold on discount	-26.9%	-29%	-23.9%

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	2023/2024	2022/2023	2021/2022	TARGET
Number of air transports*	2	1	5	0, ongoing
MASS OF TRANSPORTED GOODS AND EFFICIENCY	2023/2024	2022/2023	2021/2022	
TonKm*	10 639 243	12 722 200	15 563 610	
SHARE OF CONSIGNMENT PER TRANSPORT TYPE, % TONKM*	2023/2024	2022/2023	2021/2022	
Sea freight	99%	99.2%	97.2%	
Air freight	0.1%	0.1%	0.6%	
Rail freight	0.0%	0.0%	1.6%	
Road freight	0.9%	0.7%	0.6%	

*Only inbound transports.

GHG EMISSIONS*

GHG EMISSIONS SCOPE 1 & 2 (ton CO ₂ e)	2023/2024	2022/2023	2021/2022	TARGET
SCOPE 1				
Company operated cars	4.5	4.8	3.5	Climate neutral by 2030
Refrigerants	1.5	1.8	1.7	
Fuel use for own heat or electricity production	4.3	-	-	
Total	10.3	6.6	5.2	
SCOPE 2				
Electricity	47	105.5	101.5	Climate neutral by 2045
Heating	47	100.3	84.8	
Company operated cars	1	1.2	-	
Total	95	207.0	186.3	
GHG EMISSIONS SCOPE 3 (ton CO ₂ e)	2023/2024	2022/2023	2021/2022**	TARGET
Business travel	243	140	52.6	Climate neutral by 2045
Electricity use within own operations	95	27	32.5	
Purchased goods and services	8827	8409	12 530	
Transport and distribution	548	503	574.3	
Other	-	150	111.7	
Total	9714	9229	13 301	
CLIMATE IMPACT	2023/2024	2022/2023	2021/2022	TARGET
Decrease in GHG emissions in own operations compared to baseline year 17/18	-67%	-41%	-48%	-100% by 2030
Decrease in GHG emissions in all operations compared to baseline year 20/21	-2%	-6%	+21%	-50% by 2030
Production emissions per sold product [kg CO ₂ e/sold product]	2.16	1.79	2.67**	

*Changes in calculation methodology between years have resulted in certain emissions being reallocated between scopes. For year-to-year comparison, compare scope 1 and 2 combined and/or total emissions.

**Baseline year 20/21 recalculated with primary data.

***21/22 Scope 3 Purchased goods and services is calculated based on estimates.

PRODUCT

DURABILITY & SAFETY

LONGEVITY	2023/2024	2022/2023	2021/2022	TARGET
Customers using outerwear garments for 3 children or more	65%	63%	66%	95% 26/27
Customers using garments for 3 children or more*	58%	56%	58%	75% 26/27
*Underwear, socks and swimwear excluded.				
SECOND HAND	2023/2024	2022/2023	2021/2022	TARGET
Second-hand items sold in own channels	124 458	93 712	48 206	
SAFETY	2023/2024	2022/2023	2021/2022	TARGET
Zero tolerance for number of product recalls	1	0	1	0
CUSTOMER CLAIMS	2023/2024	2022/2023	2021/2022	TARGET
Customer claims of products sold	0.15%	0.11%	0.13%	<0.1% ongoing

SUSTAINABLE FIBRE

SHARE OF PRODUCTS IN MORE SUSTAINABLE FIBRE*	2023/2024	2022/2023	2021/2022	TARGET
More sustainable fibre – Products *GOTS certified fibre, certified organic fibre, certified recycled fibre and Lenzing fibres.	99,85%	88%	79%	100% by 25/26
SHARE OF PRODUCTS IN MORE SUSTAINABLE COTTON*	2023/2024	2022/2023	2021/2022	TARGET
More sustainable cotton – Products % conventional Cotton	100% 0%	99.5% 0.5%	99.6% 0.4%	100% by 20/21
*GOTS certified fibre and certified organic fibre.				
SHARE OF COTTON, PER TYPE*	2023/2024	2022/2023	2021/2022	TARGET
Conventional Cotton	0%	0.3%	0.3%	
GOTS	90%	90.5%	86%	95% GOTS by 26/27
Certified Organic	10%	9.2%	13.7%	
*Calculated by weight of purchased material.				
SHARE OF RECYCLED FIBRE*	2023/2024	2022/2023	2021/2022	TARGET
Recycled fibre – Products *Yarn certified according to Global Recycle Standard or Recycled Claim Standard, calculated by weight of purchased material	36%	31%	22%	
SHARE OF MORE SUSTAINABLE FIBRE IN LABELS AND PACKAGING MATERIAL	2023/2024	2022/2023	2021/2022	TARGET
More sustainable fibre – Packaging and labels	70%	58%	62%	100% by 25/26
CHEMICAL CONTENT	2023/2024	2022/2023	2021/2022	TARGET
Assortment produced with best available chemicals* *GOTS.	55%	54%	50%	100% by 25/26

WORKING AT PO.P

HUMAN RESOURCES

NUMBER OF EMPLOYEES	2023/2024	2022/2023	2021/2022
Full time equivalents (FTE)	276	272	266
Total number of employees	466	480	518
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AGE AND EMPLOYEE TURNOVER*	2023/2024	2022/2023	2021/2022
Employee age, under 30	44%	45%	47.5%
Employees age, 30–50	43%	42%	40.8%
Employees age, over 50	13%	13%	11.7%
Average period of employment, years**	5	5.7	5.2
Employee turnover, %	3%	1.2%	-5.1%
*Based on full time employees.			
**No data available for Norway.			
<hr/>			
PERSONAL HEALTH AND SAFETY	2023/2024	2022/2023	2021/2022
Total sick leave	4.33%	4.1%	4%
Short-term sick leave	3.03%	3.2%	2%
Long-term sick leave	1.3%	0.9%	2%
*Based on full time employees.			
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ANTI CORRUPTION	2023/2024	2022/2023	2021/2022
Number of whistleblower complaints	0	0	0
Confirmed incidents of corruption or fraud	0	0	0
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EMPLOYEE SATISFACTION	2023/2024	2022/2023	2021/2022
I am generally satisfied with PO.P as an employer (1–5)	4.25	No data	4.2
eNPS – How likely is it that you would recommend Polarn O. Pyret as an employer to a friend? (1–100)	30	No data	37
My work place is free from sexual harassment	100	No data	98.5
My work place is free from discrimination	98	No data	96.4
My work place is free from bullying	97	No data	96.4
My work place is free from violence	100	No data	96.4

DIVERSITY & EQUALITY

NUMBER OF EMPLOYEES BY GENDER, %*	2023/2024	2022/2023	2021/2022
Men	7%	9%	7%
Women	93%	91%	93%
*Based on full time employees.			
<hr/>			
% OF FEMALE EMPLOYEES PER MARKET			
Sweden	95%	93%	
Norway	99%	97%	
Finland & Estonia	99%	100%	
UK & Ireland	50%	76%	
Hong Kong	58%	57%	
<hr/>			
BOARD OF DIRECTORS, GENDER	2023/2024	2022/2023	2021/2022
Men	2	3	3
Women	2	2	1
<hr/>			
BOARD OF DIRECTORS, AGE	2023/2024	2022/2023	2021/2022
Below 30	1	0	0
30–50	1	2	2
Above 50	2	3	2
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MANAGEMENT GROUP, GENDER	2023/2024	2022/2023	2021/2022
Men	1	2	1
Women	6	7	7
<hr/>			
MANAGEMENT GROUP, AGE	2023/2024	2022/2023	2021/2022
Below 30	0	0	0
30–50	5	7	7
Above 50	2	2	1
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CEO, GENDER*	2023/2024	2022/2023	2021/2022
Men	1	1	1
Women	0	0	0
*New CEO from 19/8/24, not reflected in the table.			
<hr/>			
CEO, AGE*	2023/2024	2022/2023	2021/2022
Below 30	0	0	0
30–50	0	0	0
Above 50	1	1	1
*New CEO from 19/8/24, not reflected in the table.			

PO.P SALIENT RISK ANALYSIS

	CATEGORY	RISK DESCRIPTION	IMPACT & OPPORTUNITIES	PO.P MEASURES TO MITIGATE RISK
PEOPLE	FORCED LABOUR	All work that is demanded from any person under the threat of a penalty or for which the person has not offered himself or herself voluntarily. The main risk occurs across our supply chain. Vulnerable groups include migrant workers, temporary workers and more. Forced Labour is identified as a sectoral risk for the textile industry by OECD.	<p>ENVIRONMENTAL & SOCIAL IMPACT; Harm to people and society, violations of social and human rights, violations of children's rights.</p> <p>BRAND IMPACT; Damaged reputation, lower employee retention, production disruptions, delays and non-delivery, loss of sales, fines and criminal charges.</p> <p>OPPORTUNITIES; Increased quality of life for workers, customer satisfaction, employee satisfaction.</p>	<p>3rd party auditing through Amfori BSCI Members of the Bangladesh Accord Supply chain mapping and traceability Supplier consolidation Regular supplier visits and engagement Supplier evaluation Supplier capacity building Whistle-blower function Yearly employee survey</p>
	CHILD LABOUR	Work that harms children's well-being and that deprives children of their childhood, hinders their education, development and future livelihood. It refers to work that is mentally, physically, socially or morally harmful to children. The risk occurs mainly in our upstream material supply chains. Children are also indirectly affected by the working conditions of parents. Child Labour is identified as a sectoral risk for the textile industry by OECD.		
	DISCRIMINATION	Unfair or humiliating treatment on the grounds of for example race, gender, religion, sexual orientation and more. The risk occurs in our supply chain which is linked to a large share of women workers. But also in our own operations. Unconscious bias or discrimination can also be an issue in marketing and communication. Discrimination is identified as a sectoral risk for the textile industry by OECD.		
	LIVING WAGE	A wage level sufficient to afford workers and their families a decent standard of living, including food, water, housing, education, healthcare, transport, clothing and other essential needs. The risk occurs primarily in manufacturing supply chains. The issue is also market specific. Wages are identified as a sectoral risk for the textile industry by OECD.		
	FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING	A person's right to voluntarily join, and/or form, organizations of their own choosing and to bargain collectively. The risk occurs in supply chain as well as own operations. Lack of Trade Unions are identified as a sectoral risk for the textile industry by OECD.		
	OCCUPATIONAL HEALTH & SAFETY	Health, safety and wellbeing of employees and workers across the value chain, such as working conditions and store safety. The risk occurs in supply chain as well as own operations. Health and Safety are identified as a sectoral risk for the textile industry by OECD.		
	WORKING TIME	The period of time that a worker is engaged in paid labour. It should comply with national law, ILO Conventions or collective agreement, whichever affords the greater protection of the worker. Connected to the worker's right to health and family life. The main risk occurs in our supply chain. Vulnerable groups include migrant workers and temporary workers.		
	DIVERSITY & EQUALITY	All people should have equal value and enjoy the same opportunities and rights, regardless of their ethnic origin, gender, age, belief, sexual orientation, gender identity, or disabilities. And all women and men and girls and boys should have equal rights. Currently no country in the world has achieved gender equality. The risk occurs in supply chain as well as own operations.		

	CATEGORY	RISK DESCRIPTION	IMPACT & OPPORTUNITIES	PO.P MEASURES TO MITIGATE RISK
PLANET	CLIMATE CHANGE	<p>A challenge that concerns society as a whole. The textile industry as important users of energy and large sources of emissions have a role to play in transitioning to a low-carbon economy. Slow development and transition is a risk. Countries, legislators, the industry or/and the customers adapt too slowly to climate change and do not contribute to the transition to lower emissions fast enough.</p> <p>The risk occurs in all operations but is mainly related to supply chain where we have the biggest negative impact.</p> <p>Climate change and GHG emissions are identified as a sectoral risk for the textile industry by OECD.</p>	<p>ENVIRONMENTAL & SOCIAL IMPACT; Biodiversity loss, deforestation, global warming, extreme weather, harm to people & environment, reduced quality of life.</p> <p>BRAND IMPACT; Damaged reputation, lower employee retention, production disruptions, delays and non-delivery, loss of sales, lack of raw material, raw material price level, lack of suppliers.</p> <p>OPPORTUNITIES; Circular business models, new innovations such as fibre and production technologies, sustainable materials, re-use and recycling, changes in customer attitudes could result in customer priming PO.P business model.</p>	<p>Climate measures and actions in supply chain</p> <ul style="list-style-type: none"> Sustainable fibres and products Increased reuse of products Supplier and production monitoring Supply chain mapping and traceability Scaling up circular business models Production planning Material and capacity booking
	BIODIVERSITY	<p>Biodiversity impacts are defined as the degradation of important habitats and species which can lead to irredeemable loss of biodiversity or damage ecosystem service functions. The risk is mainly related to supply chain where we have the biggest negative impact.</p>	<p>ENVIRONMENTAL & SOCIAL IMPACT; Irredeemable loss of biodiversity.</p> <p>BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level.</p> <p>OPPORTUNITIES; Sustainable fibres, sustainable production processes, circular business model, regenerative farming.</p>	<ul style="list-style-type: none"> Implementation of sustainable fibres and production processes Supply chain mapping and traceability Scaling up circular business models Mapping and understanding PO.Ps impact on biodiversity
	WATER	<p>Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. Cotton cultivation and wet treatment processes are the main risk operations. Water consumption is identified as a sectoral risk for the textile industry by OECD.</p>	<p>ENVIRONMENTAL & SOCIAL IMPACT; Lack of fresh water, drought, pollution.</p> <p>BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level.</p> <p>OPPORTUNITIES; Organic cotton, new innovations such as fibre and production technologies, circular business model.</p>	<ul style="list-style-type: none"> Implementation of sustainable fibres and production processes Strict chemical requirements Supply chain mapping and traceability Scaling up circular business models
	POLLUTION	<p>Air, water, soil, microplastics and chemical pollutions are all a risk in the textile supply chain. Chemical pollution and water pollution are identified as sectoral risks for the textile industry by OECD. The risk is mainly related to supply chain where we have the biggest negative impact.</p>	<p>ENVIRONMENTAL & SOCIAL IMPACT; Quality of air, soil and water, negative impact on ecosystem and wildlife, biodiversity loss, quality of life and health.</p> <p>BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level.</p> <p>OPPORTUNITIES; Organic cotton, sustainable fibres, new innovations such as fibre and production technologies, circular business model technologies, circular business model.</p>	<ul style="list-style-type: none"> Implementation of sustainable fibres and production processes Strict chemical requirements Supply chain mapping and traceability Scaling up circular business models

P O.P

	CATEGORY	RISK DESCRIPTION	IMPACT & OPPORTUNITIES	PO.P MEASURES TO MITIGATE RISK
PRODUCT	SUSTAINABLE FIBRES	Climate impact and changed weather patterns might lead to challenges in farming with a lack of sustainable raw materials as a result. Challenges with collecting, sorting and recycling of used textiles poses a risk of lack for recycled fibres. The risk occurs in supply chain as well as end of life for the products.	ENVIRONMENTAL & SOCIAL IMPACT; Higher climate impact on product level, increase of landfills. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level. OPPORTUNITIES; Organic cotton, sustainable fibres, new innovations such as fibre and production technologies, circular business model.	Implementation of sustainable fibres and production processes Strict chemical requirements Supply chain mapping and traceability Scaling up circular business models
	OVERPRODUCTION	Climate impact and changed weather patterns might lead to challenges in farming with a lack of sustainable raw materials as a result. Challenges with collecting, sorting and recycling of used textiles poses a risk of lack for recycled fibres. The risk occurs in supply chain as well as end of life for the products.	ENVIRONMENTAL & SOCIAL IMPACT; Harm to people and environment, increase of landfills, lack of fresh water, biodiversity loss, increased climate impact. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales. OPPORTUNITIES; Circular business models, new innovative technology, textile recycling, customer satisfaction, increased sales.	Ensure product quality that can endure reuse Use leftover fabrics from previous seasons Increase share of long life products Less short-lived design Growing solutions Services to extend longevity
	PRODUCT QUALITY	Products with lacking quality measure will have a reduced lifetime with increased environmental impact as a result. The risk occurs on product level but is also related to supply chain.	ENVIRONMENTAL & SOCIAL IMPACT; Harm to people and environment, increase of landfills, lack of fresh water, biodiversity loss, increased climate impact. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales. OPPORTUNITIES; Circular business models, new innovative technology, customer satisfaction, increased sales.	Product quality requirements Quality control and third party verification, Product development and innovation Stakeholder input regarding areas of improvement
	PRODUCT SAFETY	Child safety measures and chemical content can have impact on the health, safety and wellbeing of our customers. The risk occurs on product level but is also related to supply chain.	ENVIRONMENTAL & SOCIAL IMPACT; Harm to people and environment. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales. OPPORTUNITIES; Customer satisfaction, increased sales.	Product quality requirements Safety measures and risk assessment of products Quality control and third party verification, Product development and innovation Stakeholder input regarding areas of improvement

	CATEGORY	RISK DESCRIPTION	IMPACT & OPPORTUNITIES	PO.P MEASURES TO MITIGATE RISK
OTHER	UNETHICAL BUSINESS METHODS	Bribery, corruption, money laundering, etc. The risk occurs in all operations. Bribery & Corruption is identified as a sector risk for the textile industry by OECD.	ENVIRONMENTAL & SOCIAL IMPACT; Harmful to business and society, undermines political systems, weakens economies, makes businesses uncompetitive and deprives people of essential services. BRAND IMPACT; Damaged reputation, lower employee retention, fines, lawsuits.	Global anti corruption and bribery policy Whistleblower system
	FORCE MAJEURE	Pandemic, cyber disruption, war, various attacks tec. The risk occurs in all operations	BRAND IMPACT; Production disruptions, transport disruptions, information risks.	External monitoring Internal and external policies Crisis management routines GDPR praxis

REPORTING INDEX



GRI CONTENT INDEX

Statement of use: PO.P has reported the information cited in this GRI content index for the period 1 September 2023 to 1 August 2024 with reference to the GRI Standards. **GRI 1 used:** GRI 1 Foundation 2021.

Applicable GRI Sector Standard: Currently not available

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTES & OMISSION
GRI 2 General Disclosure 2021	2-1	Organizational details	7	
	2-2	Entities included in the organization's sustainability reporting	7	
	2-3	Reporting period, frequency and contact point	3	
	2-4	Restatements of information	3, 49	
	2-5	External assurance	59	
	2-6	Activities, value chain and other business relationships	7, 8	
	2-7	Employees	7, 42-44, 51	
	2-8	Workers who are not employees	Omission	Information unavailable / incomplete
	2-9	Governance structure and composition		The Board of Directors is the highest governance body at PO.P and responsible for appointing the CEO. All members of the Board, including the chair, are external to PO.P.
	2-10	Nomination and selection of the highest governance body		All members of The Board of Directors are nominated and appointed by the owners and selected to complement each other to be an active board and sparring-partner to the CEO and the executive management team.
	2-11	Chair of the highest governance body		Chair of the Board is Johan Conradsson. Johan Conradsson is not part of PO.P executive management – no conflict of interest.
	2-12	Role of the highest governance body in overseeing the management of impacts		The board is responsible for setting directions and strategies for PO.P and cascading this to the management team as well as appointing and supervising CEO and management, reviewing and approving financial and sustainability reports, reviewing and approving budgets, and ensuring that PO.P complies with applicable laws and regulations.
	2-13	Delegation of responsibility for managing impacts	32	The responsibility of PO.P's impacts on economy, environment and people is delegated by the Board of Directors to PO.P Management Team. The sustainability work is lead by the Sustainability & Quality Director who is a member of PO.P Management Team.
	2-14	Role of the highest governance body in sustainability reporting	32	The CEO has the ultimate responsibility for PO.Ps Sustainability performance. The Sustainability & Quality Director is responsible for leading, developing and reporting the sustainability work, including stakeholder dialogues and risk assessments, and for developing strategies, policies and goals as well as writing the Sustainability Report
	2-15	Conflicts of interest		All eventual conflict of interest should be solved in accordance with PO.P's Code of Ethics.
	2-16	Communication of critical concerns		Critical concerns are continuously communicated to the board by CEO.
	2-17	Collective knowledge of the highest governance body		The Board of Directors have five regular board meetings per year, and one strategy meeting. The board also is invited to a monthly Finance Call.
	2-18	Evaluation of the performance of the highest governance body		The Chair of the Board performs a yearly performance review with the Board of Directors.
	2-19	Remuneration policies	Omission	Information unavailable / incomplete
	2-20	Process to determine remuneration	Omission	Information unavailable / incomplete
	2-21	Annual total compensation ratio	Omission	Information unavailable / incomplete
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	33, 38, 40	
	2-24	Embedding policy commitments	33, 38, 40	
	2-25	Processes to remediate negative impacts	40	Information about the Whistleblower function is included in PO.P onboarding process.
	2-26	Mechanisms for seeking advice and raising concerns	44	
	2-27	Compliance with laws and regulations	50	During the reporting period, a product was recalled from customers due to an identified safety issue.
	2-28	Membership associations	36	
	2-29	Approach to stakeholder engagement	38	
	2-30	Collective bargaining agreements	44	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTES & OMISSION
GRI 3: Material topics 2021	3-1	Process to determine material topics	33,38-39	
	3-2	List of material topics	39	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 54	
205: Anti-corruption	205-1	Operations assessed for risks related to corruption	54	As part of P.O.P onboarding process all employees are informed about the anti-corruption policy and our Whistleblowing function, which provides an opportunity to report suspicions of misconduct or anything that is not in line with our values and policies.
	205-2	Communication and training about anti-corruption policies and procedures		
	205-3	Confirmed incidents of corruption and actions taken	51	No incidents of corruption during the reporting period.
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 54	
301: Materials	301-1	Materials used by weight or volume	28, 50	
	301-2	Recycled input materials used	28, 50	
	Own Indicator	Share of more sustainable material used in our garments	26, 28, 50	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 53	
302: Energy	302-1	Energy consumption within the organization	19-20, 49	
	302-3	Energy intensity	19-20, 49	
	302-4	Reduction of energy consumption	19-20, 49	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 53	
305: Emissions	305-1	Direct (Scope 1) GHG emissions	19-20, 49	
	305-2	Energy indirect (Scope 2) GHG emissions	19-20, 49	
	305-3	Other indirect (Scope 3) GHG emissions	19-20, 49	
	305-5	Reduction of GHG emissions	19-20, 49	
GRI 3: Material topics 2021	3-3	Management approach	42	
401: Employment	401-1	New employee hires and employee turnover	51	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
403: Occupational health and safety	403-1	Occupational health and safety management system	14-17, 52	
	403-2	Hazard identification, risk assessment, and incident investigation	14-17, 52	
	403-3	Occupational health services	14-17, 52	
	403-4	Worker participation, consultation, and communication on occupational health and safety	14-17, 52	
	403-5	Worker training on occupational health and safety	14-17, 52	
	403-6	Promotion of worker health	14-17, 52	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	14-17, 52	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTES & OMISSION
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	44, 51	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	44, 51	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
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	14-17, 52	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labour	14-17, 52	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
409: Energy	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	14-17, 52	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
414: Supplier social assessment	414-1	New suppliers that were screened using social criteria		No new Production Units has been opened during the reporting period.
	414-2	Negative social impacts in the supply chain and actions taken	14-17, 52	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	54	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	26-31	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
417: Marketing and labeling	417-3	Incidents of non-compliance concerning marketing communications		We have not identified any non-compliance incidents concerning communications



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 2023-09-01 – 2024-08-31 on pages 1-54 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, 2024-12-18
PricewaterhouseCoopers AB

A handwritten signature in blue ink, appearing to read 'Nicklas Kullberg', is written over the printed name.

Nicklas Kullberg
Authorised Public Accountant



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