

A photograph of two children, a boy and a girl, on a beach. They are wearing winter jackets and hats. The boy is on the left, wearing a brown jacket and a blue and white striped hat. The girl is on the right, wearing a pink jacket and a light blue and white striped hat. They are both looking down at small stones they are holding in their hands. They are standing next to a large, weathered log that lies on the sand. The background shows the ocean and a clear sky.

Sustainability Report

2020 / 2021

POLARN O. PYRET

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About this report

Polarn O. Pyret AB is pleased to present its 2020/2021 Sustainability Report. The reporting period corresponds to our financial year (1 September to 31 August) and the information in the report refers to this period unless otherwise stated.

This is Polarn O. Pyret's second own Sustainability Report; we report on an annual basis and our previous Sustainability Report was published in November 2020. Before this, Polarn O. Pyret reported its sustainability work together with the other subsidiaries of Retail and Brands AB. As of March 2021, the company has a new owner, Procuritas Capital Investors VI Holding AB, and is no longer a part of the Retail and Brands group.

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



LETTER FROM OUR CEO

Our vision at Polarn O. Pyret is to make the childrenswear market more sustainable. We believe in quality that is made to last and clothes that can be loved, used and then passed along to next child.

The impact of the COVID-19 pandemic has been felt throughout this financial year, with fundamental and unprecedented changes to our day-to-day lives, as a company as well as individuals. Operating as a business has never been more unpredictable or challenging, which is why flexibility at all levels of Polarn O. Pyret has been our key motto. Despite these very turbulent times, we successfully exited our corporate restructuring in November 2020 and during the spring of 2021 we found a new owner in Procuritas.

We're delighted to have such a strong owner and it makes a world of difference to us. Procuritas is focused on investing in companies and industries that stand to benefit from long-term trends. Sustainability is one of the most important issues and challenges of our times, and we have a shared focus on becoming a leader in sustainability in our sector.

We belong to one of the most polluting industries in the world and even though we have achieved a lot on our journey to reduce our climate impact, we need to redouble our efforts and take further decisive action to speed up this process. Polarn O. Pyret has therefore set a higher goal to reduce our GHG emissions by at

least 50% by 2030. With this goal, we aim to reduce our climate emissions in line with the Paris Agreement to limit global warming to 1.5°C and become climate neutral by 2045. We believe that no company can reach this goal on its own – to create change in the supply chain, we need to lead by example and collaboration with other stakeholders is essential.

The coming year will be all about adapting to our new normal situation in society and building for the future. We have already started a project to change our IT infrastructure, which is a must for our future success in an increasingly digital world. With this new IT infrastructure to back us up, we will also be ready for further expansion.

Transparency is vital and during the year we continued to give our stakeholders insights into our operations. We will also invest in tools that help us to be even more transparent going forward.

Despite the uncertainty caused by the pandemic and its negative effects on the retail sector, Polarn O. Pyret delivered its best result in more than ten years. This extraordinary achievement was only possible thanks to a fantastic team effort. Our product range found favour with our customers and while our strategy to discount much less than in earlier years lowered top-line sales, it increased profitability. Finally, an unwavering focus on reducing our cost-

base contributed to this positive result. Everyone in the company, as well as all our partners and stakeholders, helped to make this happen, so a huge thank you for a job very well done.

We're all proud of our achievements at Polarn O. Pyret, with a financial turnaround in such challenging circumstances and the accelerated work to lower our production impact, but we will not stop here. We will continue to work with our Second Hand concept and other initiatives that contribute to the more circular business model. We believe in making every garment last for three children or more. Together we can make a difference!



Best regards,
Johan Munck, CEO

CONSEQUENCES OF THE COVID-19 PANDEMIC

These last years have been challenging for many of us and have affected us all in one way or another. This has tested our strategy and forced us to adjust to the prevailing conditions to adapt the resources available. These activities have had a serious impact on all our stakeholders and tested businesses all over the world. Polarn O. Pyret had a challenging 2019/2020, where we worked hard to secure a long-term sustainable business.

This year, we started with a backlog of postponed sustainability activities that we have worked on throughout the year. With a new owner focused on sustainability, we have been able to start building for the future. Both we as a company and our suppliers were able to adapt to rapid and drastic changes, and we are pleased to see that these changes have given results. However Covid-19 is still affecting a lot of people and businesses all over the world, and will continue to do so. We need to adapt our business and sustainability work to the current and future changes caused by this pandemic.

Given the circumstances, we are pleased to have reached as far as we have in our sustainability work this year. In our work going forward, we will incorporate the experience of these challenging times as we continue to safeguard conditions for the people working in our supply chain.



THIS IS PROCURITAS – NEW OWNER OF PO.P

Johan Conradsson, Co-Managing Partner at Procuritas:

”Polarn’s greatest strength is the brand known for long-lasting clothes”

At the beginning of 2021, Polarn O. Pyret got a new owner: the investment company Procuritas. Their goal is to support our growth and push the boundaries for sustainability in the clothing industry. Here are their thoughts about Polarn O. Pyret and our future.

Founded in 1986, Procuritas is a pioneer in Nordic private equity. It currently manages a portfolio worth 11 billion SEK.

“We invest in, and support, successful Nordic companies on their growth journeys. For us it is important to understand how each business differentiates. Moreover, we also find the engagement of the management team and employees to be a highly important part of our evaluation. It is the management and organisation that make things happen, and we want to create partnerships where we provide the right environment for business success,”

says Johan Conradsson, Co-Managing Partner at Procuritas.

What are Procuritas’ thoughts on sustainability related to investments?

“Procuritas is focused on investments in companies and industries that stand to benefit from long-term trends. Sustainability is one of the most important issues and challenges of our time. Companies that help drive evolution in the right direction will therefore be winners. We can say that it is a necessity in order to remain relevant, recruit and retain talent, as well as to win new customers, to be a sustainable long-term business.”

What would you say is Polarn O. Pyret’s greatest strength as a company and as a clothing brand?

“Polarn’s greatest strength is the brand known for long-lasting clothes. As with all relationships, consistent

trust, quality and honesty are key. We can build this over time, but it is also easily ruined if not carefully nurtured. Polarn’s products are known for quality, durability and longevity. Quality lies in the details.”

What are your thoughts about Polarn O. Pyret’s sustainability work now and in the future? What are your expectations and goals as a new owner?

“I am impressed by what Polarn O. Pyret has achieved to date. The team has worked on a multitude of ESG aspects, including sustainable materials, good manufacturing practices and governance. It stands out compared to competition in its industry from other companies we have looked at. Yes, the world evolves quickly, and we have a lot of opportunity to make our business much more sustainable and successful. With an organisation and culture that has the right awareness, like Polarn’s, we think that together we can achieve a lot.”

2020/2021 Highlights

84%

of the assortment
made from certified
sustainable fiber
p. 17

64%

GOTS certified
cotton
p. 17

No 1

in Differ's customer
ranking 11 years
in a row
p. 14

Signing the
**International Accord
for Health and Safety
in the Textile and
Garment Industry**
p. 27

Introducing
PO.P FLEXISIZE

– a new product
development
p. 16

-38%

emissions in Scope
1 & 2 and calculated
baseline for Scope 3
p. 20

**NEW CERTIFIED
SUSTAINABLE
FIBRES**

p. 18

63%

of our outerwear
is worn by 3
children or more
p. 15

Reducing
overproduction by a

63%

decrease in items
going on sale
p. 20

**EXPANDING OUR
SECOND-HAND OFFER**

by including additional
product groups
p. 15



About **POLARN O. PYRET**

Polarn O. Pyret at a glance

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

Polarn O. Pyret is a well-known Swedish brand for baby and childrenswear, with products that are designed, produced, and distributed through online, proprietary stores and franchise stores. We are established on 11 markets and on 13 e-commerce platforms. Our own e-commerce stands for approximately half of the net sales. Our head office is located in Stockholm; we have a production office in Hong Kong, and offices in Finland and Norway.

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



Value chain *impact*

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

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

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

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

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

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

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

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



SUSTAINABILITY *strategy*

Strategy & focus areas

For 45 years we have been committed to making high-quality clothes that last a long time, so they can be worn by as many children as possible. Comfortable clothes that are durable and have features to make them last. So our customers do not need to buy more new garments than necessary, thus conserving our planet's precious resources.

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

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

We have divided our Sustainability Strategy into four focus areas.





SUSTAINABLE BUSINESS

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

LONG-TERM PROFIT

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

to our customers which bring great value, while reducing our impact on the planet. When we do, we will be attractive to our customers and deliver highly sustainable and high-quality products at an attractive price. During the year, we have initiated an ERP-system change that will help us to improve the efficiency of our processes. It will also provide us with tools and data to be evaluated, and help us in our decision-making.

With efficient internal and external working processes, we reduce lead times in development and production. This gives us more insights before placing orders and the ability to take accurate decisions. We are consolidating fabric qualities to increase buying volumes in order to obtain better prices and attempting to find new suppliers on the local market to be able to place orders in season. In recent years, we have moved our assortment to become more sustainable both in terms of profitability and reducing overproduction. This is done by limiting our sale, reducing seasonal products, increasing the basic color chart and the share of long-life design. Looking ahead, these actions will be key factors in our strategy for greater transparency and reduced climate impact.

Making our products available in the right geographic area, and via the right channel for the customers who need them, is another important aspect in terms of efficiency and sustainable business. During the year, we have continued our omnichannel work to be responsive to the shifts in customer behaviour and expectations which this challenging time has required and in many ways will be the new normal. We have connected our warehouse with our stores and made it possible for products in store to also be accessed by all customers online. This has increased the availability of our products in uncertain times, when our customers have been unwilling or unable to visit our stores. These rapid adjustments to the situation and the efficiency of the implementation have given very good results. A lesson on how important it is that we look after our customers’ needs.

Share of wallet, which is one of the KPIs we track, represents how much a consumer regularly spends on a specific brand as opposed to its competitors. We measure this to find out how we rank in relation to our competitors, as well as our growth in different product categories. Our 2021 survey to measure Share of Wallet was carried out by IPSOS.

KPI	2020/2021	TARGET	TARGET YEAR
Share of wallet for outerwear	7%	7%	22/23
Share of wallet for babywear	6%	9%	22/23
Sustainable Brand Index, in the "Clothes & Fashion-Stores" category	4	3	Ongoing
Differs customer ranking, in the "Clothes" category	1	1	Ongoing

COMMUNICATION

Our goal is both to inform and inspire our customers, so that when they choose Polarn O. Pyret they know what we stand for. Sustainability and quality have been integral to our brand since the start in 1976. We are passionate about creating sustainable products with a long lifespan. These garments are worn by child after child and acquire a unique history.

Sustainability is an important part of everything we do, and we communicate the long lifespan of our garments via the concept “at least three children for each garment”. We want to inspire and guide our customers to make more sustainable choices, and extend the life of every garment by passing it on to the next child. Our sustainability labels on the product and on the product page on our website specify the sustainable fiber in the product, and are a first step for our customers to make more conscious decisions.

We use social media and other digital channels to promote our sustainable product assortment, promote charity organisations, and inform and remind customers about the sustainability information that can be found on our website. Our website is an important platform for transparency and we want to help our customers to make more sustainable decisions. Information regarding production location for each product, together with a public supplier list, gives our customers the ability to make informed buying decisions.

PO.P Second Hand gives our customers the opportunity to buy and sell used and loved garments on our website and in our stores. PO.P Cares includes our public supplier list, where we specify the location, and

overall social and environmental impact of production, as well as our chemical restrictions. We also educate customers on how to take care of the products with our garment care guides, and via PO.P Repairs we give them easy ways to mend their garments or use our in-store mending service. All this ensures that every garment can be used for the longest possible time.

On our website, stakeholders can read “Our Sustainability Promise”, where we clarify what we stand for and specify our main targets and actions going forward. In this and previous sustainability reports, stakeholders can read about our sustainability work. To increase visibility, and provide relevant and accurate information about what we do, is more important than ever. To be able to develop and respond to stakeholder demands for shared information, we are evaluating new tools to help us increase traceability and provide information in a transparent way.

CUSTOMER PERCEPTION

We follow two leading surveys in Sweden which measure how sustainable customers perceive brands to be in different categories.

The “Sweden’s Greenest Brand” survey is carried out by consulting company Differ. The purpose of the survey is to track the opinions of Swedish consumers with regard to their perception of different companies and their sustainability work. The respondents are asked to evaluate how green (environmentally friendly) they experience the brands to be.

This year – for the eleventh consecutive year –

we have retained our number 1 position in Differ’s customer ranking in the “Clothes” category.

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





LEADING OFFER OF SUSTAINABLE PRODUCTS

Our main goal is for our clothes to have a long life: at least three children for each garment. A long lifespan reduces the amount of new clothes needed and the impact we have through producing garments. Our most important task 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 longevity and sustainable materials, and achieve this by new developments, services, conscious material selection, and seeking new and more sustainable materials.

PRODUCT LIFESPAN

To extend the lifespan of our products we must encourage our customers to pass each garment on to the next child. Therefore, we are pleased to announce that this year 63% of our customers report using our outerwear garments for three or more children.

For the last eleven years, we have encouraged our customers to pass on garments through the second-hand page on our website. This is a free-of-charge buy-and-sell service where used and loved garments get new owners. Last year, we wanted to develop this concept further, to introduce more customers to selling and buying second hand, and thus extend the lifespan of more products. We did this by introducing PO.P Second Hand in all stores in the Nordic countries and it has been a success right from the start. During the year, more than 13,000 garments have been sold via our in-store second-hand service and the demand is increasing. This year, we have expanded the second hand assortment by adding several product groups to the existing offer. For the coming years, we have



set ambitious goals for the growth of our second-hand service. To be able to reach these goals, we are continuing to increase the number of our second-hand products and finding new ways to encourage more customers to sell second hand.

Our garments need to withstand a lot of wear and tear. Especially our outerwear, which is used on

KPI	2020/2021	TARGET	TARGET YEAR
Customers using outerwear garments for 3 children or more	63%	60%	20/21
Zero tolerance for number of product recalls	0	0	Ongoing
Customer claims of products sold	0.19%*	<0.1%	Ongoing
More sustainable fibers -Products**	84%	100%	25/26
More sustainable fibers -Labels & Packaging	71%	100%	25/26
Assortment produced with best available chemicals***	50%	100%	25/26

*Due to updated reporting tools during 2019 the claim statistics for september are removed to get comparable data. **GOTS certified fiber, certified organic fiber, RWS and certified recycled fiber. ***GOTS, nominated chemicals.

a daily basis – at daycare, in school and for other outdoor activities. That is why we introduced PO.P Repairs for our outerwear garments in 2017. With PO.P Repairs, we mend our outerwear garments at cost price, no matter how old they are, using only our own original spare parts. During the year, we have launched several projects aimed at developing our repair offer. It is important for us to make sure that the solutions we provide to our customers are well-thought-through and at a high-quality level. We have made encouraging progress in several of these projects and are optimistic about finding new solutions. This work will continue in the coming year.

Our product development and design are other important aspects to increase the longevity of our garments. During the year, we have introduced PO.P Flexisize. These garments can “grow” one and a half sizes, thanks to buttonhole elastic adjustment inside the garment. This feature allows a child to use the garment for a longer period and increases the longevity of the garment. When it is reused by the next child, it can easily be readjusted to the smaller size.

SUSTAINABLE MATERIALS

Garments made of more sustainable fibers have a more sustainable footprint – this may involve less water and chemical consumption, preserved biodiversity, improved animal welfare, conservation of our planet’s resources or fewer greenhouse gas emissions.

Our goal for 2025/2026 is for all our garments to be made of more sustainable fibers, meaning materials that last longer, and have less impact on humans

and the environment. There is a wide range of fibers considered more sustainable on the market. We have defined which of them Polarn O. Pyret considers to be market leading, in terms of their impact on humans, animals and the environment, while having durability properties in line with our product longevity targets.

The development of more sustainable fibers is continually evolving, and we update our fiber strategy as soon as we find better alternatives that meet our criteria. This year, we have introduced several new fibers and certificates into our fiber strategy. GOTS Made With Organic Cotton, which enables us to include more GOTS-certified products in our assortment. For a product to be certified and labelled with GOTS Made With Organic Cotton, at least 70% of the fiber content must be organic. We’ve also introduced LENZING™ ECOVERO™ viscose – viscose fibers made from wood pulp from sustainable wood sources and produced with less impact on the environment. Wood-based material is a good complement to cotton products and we aim to increase the number of products made using sustainable wood-based fibers in the coming years.

During the year, we have implemented a new product labelling called Reclaimed Fabrics. These products consist of leftover fabrics from production of our products: if we can encourage the use of leftover fabric, we will increase resource efficiency. For a product to be reclaimed, fabric must come from our own production in previous seasons.

Developing products in this way helps us to do more with less and lower our environmental impact. While reclaimed fabric is a sustainable working method, it is

Product lifespan

collaborations

NIMBLE PATCH

Polarn O. Pyret is collaborating with Nimble Patch: they repair our worn-out jeans that they collect from established second-hand actors.

They give the jeans a new lease of life by mending them with durable kneepads and leg extensions, and selling them on their own website. We find it very positive that we can cooperate with others to extend the life of garments that would otherwise be incinerated.

HYBER AND WAIOR

Rentals are an important tool for increasing the lifespan of our garments. We continue to offer this service in partnership with Hyber and Waior. In Sweden, Hyber offers different kinds of rental packages for outerwear and Waior in Norway offers rentals for individual garments.

HUMAN BRIDGE

Together with Human Bridge we donate return products from our customers, which are faulty but not unsafe to use. If possible, they sell the garments and donate the proceeds, or they pass them on to children in need. During the year, we have donated 1,083 kg.

not included in our fiber strategy to reach 100% more sustainable fibers by 2025, since this target only includes more sustainable fibers.

This year, 84% of the material we have sourced for our garments has been more sustainable material. 64% of the cotton we sourced was GOTS-certified, more than 35% was organic cotton and less than 1% was neither GOTS-certified nor organic cotton. Meaning we did not reach our target of 100% organic cotton by 2020/2021.

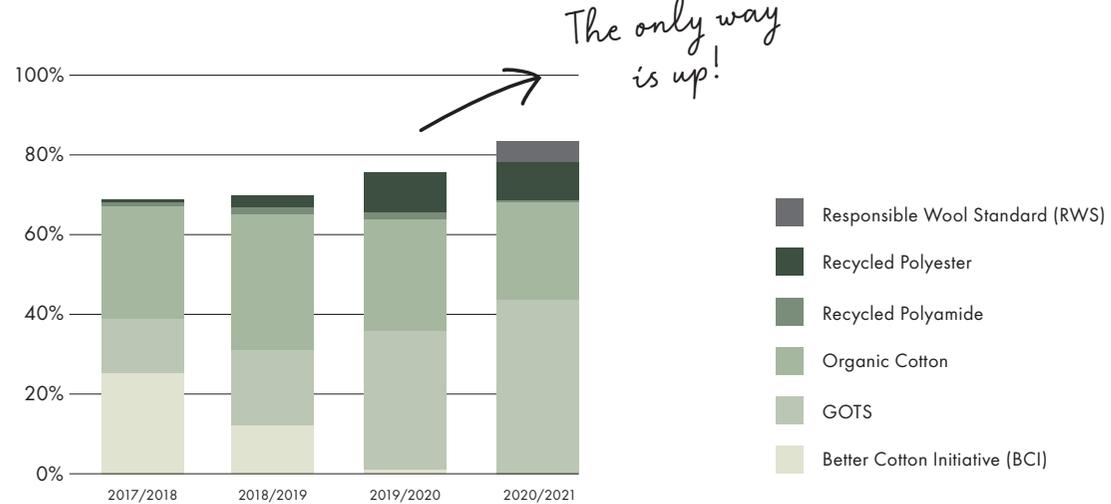
The main reason for this is that we have stringent requirements for which compositions we define as more sustainable and the other is that we used leftover fabric that the supplier had in stock for one order.

*Choose quality,
make it last,
pass it forward*

For the coming year, we will scrutinise our product range to make sure we are working in line with our stricter requirements. The traceability and transparency of our supply chain is one of our main concerns. Increasing the number of GOTS-certified products helps us improve in this area by making it possible to trace the cotton throughout the entire production chain, from farm to store.

Last year, we introduced Responsible Wool Standard (RWS) as a new sustainable fiber and for Autumn 2020 products we started to certify according to RWS. We are happy to announce that 45% of the wool products in our range are RWS certified. The target is for 100%

SHARE OF MORE SUSTAINABLE FIBERS



of our wool products to be RWS certified by 2025.

Increasing the share of recycled fibers is important to reduce the outtake of our planet's limited resources. The volume of certified recycled synthetic fibers in our assortment is 10%. We are continuously working to increase this volume further, and in the coming year we hope to be able to deliver more recycled products. We want to play a part in influencing the development of recycled fibres and so we are participating in the Swedish Trade Federation's industry dialogue Textiles For Recycling (T4RI). T4RI is working to develop good systems for collecting, sorting, reusing, and recycling textile products.

Using synthetic fibers in our products has great benefits when it comes to durability. But it has been proven that synthetics fibers are a contributing factor to the microplastics found in the environment. We have taken part in a research project on the topic,

run internal workshops to increase knowledge about microplastics, made recommendations on how to design to reduce the presence of microplastics and how to act to prevent them from ending up in the environment.

The reason for the increasing amount of microplastics in our oceans is not fully known, nor is the scale of the impact they have, but we are following the latest findings. We also recommend that our customers use the Guppy Friend washing bag. The bag prevents microplastics from clothes made of synthetic fabrics, such as fleece, ending up in the water from washing. Meanwhile, the soft inner surface of the bag results in less fiber loss, so the clothes last longer.

This year, we have also included our packing material in our fiber strategy and mapped the baseline, this year 71% of our packing materials are recycled material.

Our sustainability labels

GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

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

GOTS MADE WITH ORGANIC COTTON

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

LENZING™ ECOVERO™ VISCOSE is made from wood pulp from sustainable wood sources and its production has less impact on the

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

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

RECLAIMED FABRICS

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

RECYCLED POLYESTER AND POLYAMIDE

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

RESPONSIBLE WOOL STANDARD (RWS)

is the leading certification in animal welfare in textiles. RWS follows best practice in animal husbandry. Thus, the best available methods and practices. The standard fills a void in the industry – there has previously been no standard for animal husbandry. The standard includes strict animal welfare requirements and requirements for the land on which the animals graze. The same traceability requirements throughout the chain as GOTS: all suppliers in the chain need to be RWS certified.



SAFETY OF PRODUCTS

We develop practices and set demands to ensure that product durability, product safety, and chemical management are in line with international standards and regulations. We have signed agreements with all suppliers where our sustainability and quality requirements, policies, and restrictions are specified.

To follow up on these requirements we perform 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 clothes are extremely important to us and we have zero tolerance for product recalls for child safety reasons. We ensure this by focusing on technical solutions specifically designed for children to minimise potential risks of injuries and apply a precautionary approach in our risk assessments of all new product developments.

We also take part in the Swedish Institute for Standards (SIS) working groups to contribute to the development of new and existing standards. During production all finished goods must pass through a needle detector to make sure that no broken needles from the sewing machines end up in our garments. Even so, during this year we have had several incidents where we have found broken needles in the garments in our stores. We have followed up on this by securing the broken needle routines at the relevant production units.

All clothing manufacture requires the use of chemicals to some extent. For example, chemicals are needed to dye the fabric and reproduce a print. For

many years, we have been using a comprehensive list of chemical restrictions, and we always quality assure our products from an environmental and health perspective.

Our goal is to work proactively on chemical issues, which in many cases involves us going one step further than the legislation requires. We use BIONIC-FINISH® ECO on all our water-repellent outerwear – a PFAS-free technology that mimics natural water resistance. Our GOTS-certified garments are produced with the market's very best chemicals. During the year, we have increased the number of products produced with the best available chemicals and this year 50% of our product range has been produced using the best available chemicals.

Our chemicals criteria are monitored by spot checks carried out by third-party laboratories, both during the manufacturing process and on garments for sale in our shops. We publicly declare our chemicals restrictions on our website. This list is updated every year with new legal requirements.

We are a member of the Chemical Group run by RISE. The purpose of the group is to spread up-to-date information about chemical and environmental issues, as well as act as a support and provide tools for working on chemical issues.

Apart from this, we conduct quality inspections during production. We review the overall results from each season and apply the lessons learned to development in future seasons. Our goal is to keep our customer complaints below 0.1 % of sold goods.

During the year, we have changed systems to follow up on this data and we are still working on how to compare with data from 2017/2018 and earlier years.

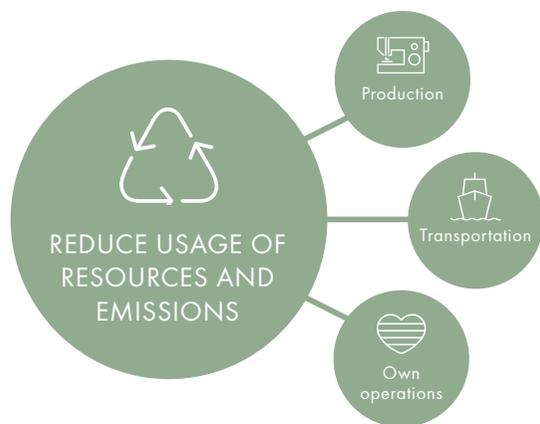
We do not yet have the full capacity to analyse the data. The result from last year is updated according to the new system and is comparable with this year.

During 2020/2021, the number of claims increased to 0.19% compared to 0.16% in 2019/2020.

Each year, we optimise our quality and chemical requirements, laboratory tests, production inspections and product development in order to be compliant with all legal requirements and to retain our leading position in longevity.

Last year, we implemented a new Quality Control tool called Qarma. This highly efficient online tool enables our suppliers to take greater ownership of securing the quality of our products, which frees up resources. These resources can now be redirected to quality problem prevention measures. The tool also has a built-in, GPS-based timestamp that ensures that no unauthorised production takes place in facilities that have not been approved by us.





REDUCED USAGE OF RESOURCES AND EMISSIONS

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

KPI	2020/2021	TARGET	TARGET YEAR
Decrease in GHG emissions in own operations	-38%	Climate neutral	2030
Decrease in electricity usage (kWh) in own operations*	-54%	-30%	21/22
Renewable electricity in own operations**	100%	100%	21/22
Decrease in GHG emissions in all operations	Baseline year	-50%	2030
Traceability of water, energy and chemical usage for all fabrics for WeatherPRO® outerwear and fleece	64%	100%	20/21
Number of air transports	5	0	Ongoing
Decrease in number of business trips by air	-93%	50%	20/21
Sold at a discount	-24.9%	-21%	21/22
	AW20	TARGET	TARGET YEAR
Decrease in number of pcs going on sale***	-63%	-50%	AW20

*For all facilities including both estimates and actual data. **For all facilities where PO.P is responsible for the electricity agreement. ***Compared to AW18.

PRODUCTION

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

During the year, we have mapped our Scope 3 baseline resulting in total emissions of 10.846 tonnes CO2e. 92% of our Scope 3 emissions originate from production of our products and this is also where most of the resources are being used. Production is therefore the main area where we need to continue investing our resources in the coming years to reach our goals.

In recent years, we have started to reduce our impact by redefining our strategy to decrease overproduction. We believe that one important thing we can do is to produce only the garments in demand and, to the greatest possible extent, only offer products that our customers need.

Since our baseline 2017/2018, we have increased carry-over products and reduced the number of garments going on sale by 63%, which shows that we are producing more of what is in demand. Last year, we decided to focus on our technical outerwear garments in the “PO.P WeatherPRO®” concept, since this is a large and important product group for us. We aimed to have 100% traceability

for water, energy and chemicals use for all garments within this group by the end of this year. This task has been more complex than we expected, both collecting the correct information and convincing our suppliers of the importance of sharing information.

But we have learned a lesson about communication and education on climate impact in the supply chain, and still managed to reach 64% traceability.

We have redefined our strategy and working method going forward, and during the year have evaluated new tools that will enable us to work more efficiently to map and reduce. The data collection is both time consuming and sometimes uncertain, which is why we think communication, training and monitoring tools are the key to success.

In the coming year, we will focus on setting targets for each product group and will work together with our suppliers on training, monitoring and implementation. To create change in the supply chain, we need to lead by example and therefore

collaboration with other brands is essential, and that is why we are a part of the Swedish Textile Initiative for Climate Action (STICA) together with around 40 other brands.

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

OWN OPERATIONS

We do not just consume energy in our production processes, but also in our own operations, such as our stores and offices.

In all stores where we are responsible for the electricity contracts, 100% of the electricity is renewable. The lighting in our stores consumes a lot of this electricity, which is why a transfer to best

available technical performances, such as LED, is key to reducing the electricity used. Today 54% of our stores have LED installations.

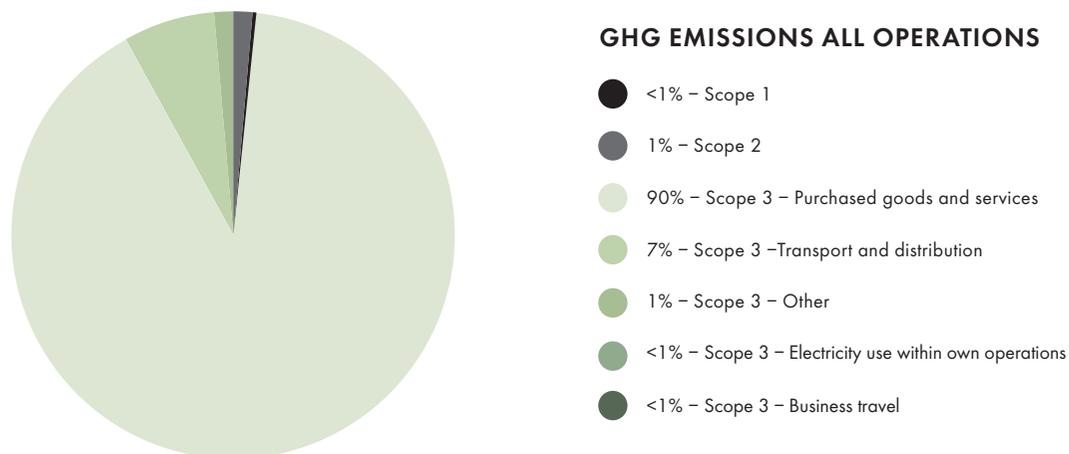
We have continued to map out our Scope 1 and 2 emissions, and this year have reduced emissions by -38% compared to the baseline. This is mostly due to store closures and more accurate data compared to previous years. During the year, we have improved the way we collect data from our landlords. However, there are still challenges in tracking the data for energy consumption in our stores. The landlords calculate the consumption in different ways and there can be big variations concerning what is included in the data.

We have redefined our strategy and working method going forward, and during the year have evaluated new tools that will enable us to work more efficiently to map and reduce. To reach our goals and reduce our emissions we will need to increase knowledge and understanding in how to report data and why emission reduction is important in our supply chain. We think communication, training and monitoring tools are the key to success.

In 2017, we started to charge for the carrier bags in our stores and donate the profits to charitable causes. This year, 84% of our customers are choosing not to buy a bag when shopping in our stores. We are continuing to phase out our plastic carrier bags and replacing them with paper bags made of recycled material.

TRANSPORTATION

Efficient and on-time transportation from production to our customers lays the groundwork for an outstanding



Direct

SCOPE 1

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

Company operated cars and refrigerant leakage.

Indirect

SCOPE 2

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

Electricity consumption and district heating for offices and stores.

Supplemental

SCOPE 3

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

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

shopping experience, while reducing environmental impact and GHG emissions. Conversely, delays of any kind cause greenhouse gas emissions to increase. This is because freight with shorter lead times, such as air and train freight, which can make up for these delays, releases significantly more greenhouse emissions than sea freight. Our transportation from Asia to Sweden mainly occurs by sea routes, while transportation from European producers and distribution from central warehouses to stores mainly take place by road.

In the last fiscal year, we introduced zero tolerance for air transport for all shipments from supplier to warehouse to reduce our emissions from transportation. Air transports are the transportation method with by far the most impact.

To reach this goal, strict planning is needed but is not always enough when external incidents affect our routes. This year has been challenging for the transportation sector, due to the pandemic and other

external factors. We have failed to achieve this policy this year, but in light of the prevailing circumstances we are pleased to have reduced air transportation by 77% compared to last year and 87% during the last three years, showing that our policy has been effective.

This year, we have used a consultant to calculate all our Scope 3 emissions including transportation.

Obtaining correct GHG emissions data from all transporters is a challenge that we have highlighted in previous reports. We can see that the way the calculation is made this year differs from previous years and includes other factors that we have not included in previous years.

One of our transporters has updated their calculating method this year and is unable to provide recalculated historical data. We need more time to examine in what way this data differs and correct historic emissions. Therefore we will not be able to compare the total emissions this year with previous years.

Compared to last year, we have increased the number of inbound transports by 9% but also decreased air transports by 77%, which will have a positive effect on our total emissions.

For outbound we increased delivered packaging by 22%, mainly due to increased e-commerce sales. However, this increase has not necessarily caused an overall increase in GHG emissions, as it can also cancel out emissions from consumers travelling to and from our stores.

INBOUND TRANSPORTATION



One of our largest e-commerce couriers in Sweden is working hard to decrease their emissions by increasing fossil fuel-free delivery – for their shipments this has resulted in -69% CO₂e per parcel.

We have also introduced 100% fossil-free locker deliveries in Sweden, which are also prioritised at check out. We have several other transportation partners increasing fossil fuel-free transports.

During the year, we have also investigated how to help our customers choose the most sustainable options for their delivery. This is a complex task to solve, since the couriers calculate their emissions in different ways. We also need to consider how the customers travel to the delivery point and where they live to get the full picture of what would be the most sustainable option for each customer.

During the year, we have looked into how we can reduce our emissions from our inbound transports by increasing the use of fossil-free fuel, an area we will continue to investigate in the coming year.

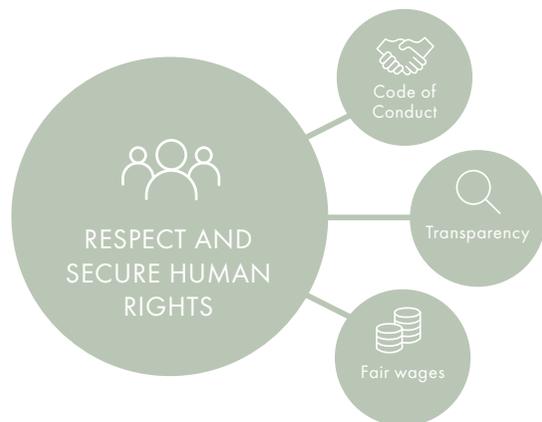
BUSINESS TRIPS

Every year, our employees complete several international and domestic trips. According to our travel policy, the environmental impact should be considered in connection with travel, and whenever possible rail travel should be chosen.

We have a target to reduce the number of business trips by air by 50 % compared to 2018/2019. A strong incentive to manage this was cutting our travel budget by half. This year, as well as last year, we more than exceeded this target, although this was partly due to travel restrictions caused by the Covid-19 pandemic.



*We always focus on what is best
for children and we always will.*



RESPECT & SECURE HUMAN RIGHTS

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Everyone is entitled to these rights, without discrimination. In a global marketplace, supply chains are becoming increasingly complex. We believe that it is now more necessary than ever for companies to improve visibility over their production – and to drive improvements across their supply chains wherever possible.

We can only achieve this in cooperation with others through common values and principles, supply chain mapping, monitoring, remediation, and capacity building.

CODE OF CONDUCT

We have continued our participation in Amfori BSCI, the leading global business association for open and sustainable trade. Through Amfori BSCI, we have been fully engaged in supply chain mapping, monitoring, remediation, and capacity building for continuous improvements in social compliance.

Polarn O. Pyret doesn't own any production units, we work with external business partners producing our products. There is always a risk working with external parties and not being onsite on a day-to-day basis to control working conditions and safety. Therefore to start a business relationship with us, all suppliers must sign our Master Purchase Agreement, which regulates matters such as the supplier's obligation to follow the Amfori BSCI Code of Conduct. We believe it is crucial to have clear requirements and are working with continuously monitoring, remediation, and capacity building to minimize risks.

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

on-time delivery and price are key aspects of our regular supplier screening and are included in our selection process for new suppliers.

During this year, we have worked with 48 production units in ten countries. Compared to last year, we have decreased the number of suppliers to further focus our sourcing on suppliers working with GOTS production and sustainable materials, and to focus on suppliers providing good quality, as well as efforts to improve margins.

Another reason is that in recent years we have reduced our product range according to our strategies, which has resulted in a reduced need of suppliers. Since most production takes place in Asia, most production units are in so-called risk countries and we have implemented a range of solutions to engage closely with these production units.

This work is mainly performed via our production office in Hong Kong, and our agent offices in Turkey and Bangladesh. These offices carry out tasks such as sourcing suppliers, negotiating orders, administering supplier contacts, carrying out quality inspections and nurturing supplier relations.

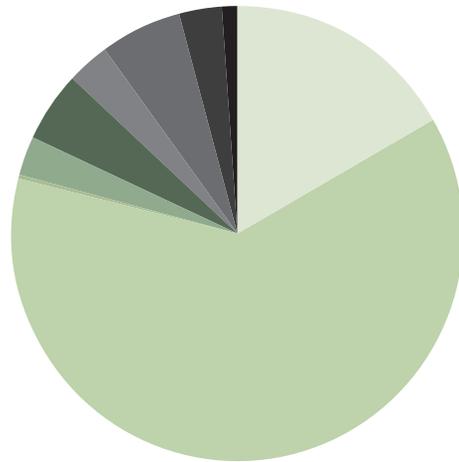
We have a requirement that all factories, no matter where they are located, should be audited by a third

KPI	2020/2021	TARGET	TARGET YEAR
Production units in tier 1 with third-party valid social audit reports*	79%	100%	20/21
Production units in tier 1 with overall improved BSCI rating since previous audit*	17%	15%	Ongoing
Production units in tier 1 that have implemented good practice for fair wages**	89%	100%	25/26

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

PRODUCTION COUNTRIES

% of order value 2020/2021



- 17% Bangladesh
- 62.5% China
- <1% Germany
- 3% India
- 4.5% Latvia
- 2.5% Lithuania
- 6% Rep. of Korea
- <1% Sweden
- 3% Turkey
- <1% Vietnam

party, as we believe that serious violations of human rights can occur in any part of the world. At the end of the fiscal year, a total of 79% of the factories had a valid third-party audit. Compared to last year, we have increased the number of production units with a valid audit; our target was 100% by the end of 2019/2020. We are continuing to work with our suppliers to reach that target. 91% of the order value is from production units with a third-party audit, which shows that we have prioritised audited factories.

We also stress the urgency of auditing to safeguard the health and safety of the workers, especially during this challenging situation that Covid-19 has caused and is still causing for a large part of our supply chain. This pandemic has forced us to monitor in new ways. Covid-19 has caused lockdowns in many countries.

Our internal team and auditing companies have been unable to carry out on-site follow-up in the same way as before, resulting in postponed external audits in some countries, as well as fewer internal audits. We utilise a mix of external and internal inspections, which serve different purposes.

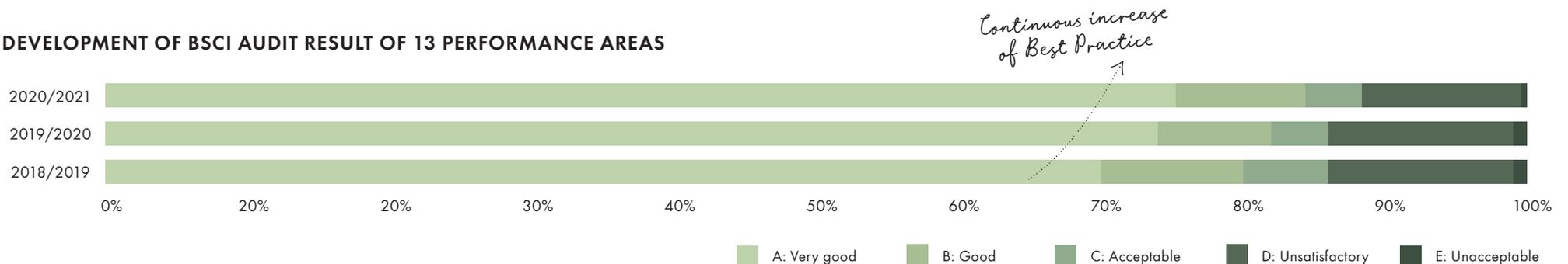
The external Amfori BSCI audits form the basis for following up on the social improvement process and

account for 72% of the audits. A BSCI audit includes a physical inspection of the entire factory, review of documentation, and interviews with workers and factory management. Internal inspections serve as a complement to the external audits and account for 28% of the audits. Due to travel restrictions, our internal team has only been able to visit our suppliers in China. For suppliers in other countries, a close and regular dialogue has been more important than ever. The internal audits mainly apply to follow-up of the external audit results and setting action plans for corrections. However not being able to visit the production units increases risk for social related issues.

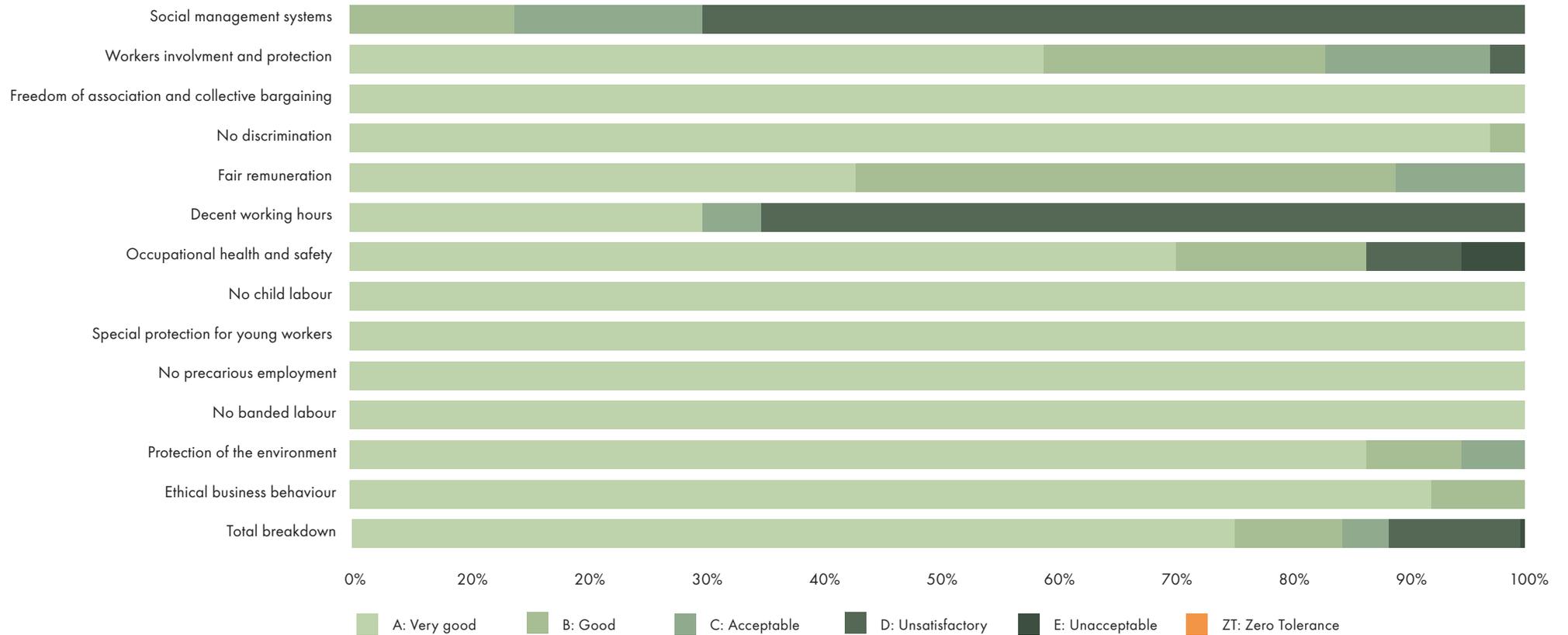
We have set a target based on continuous improvements and during this year we have seen a positive development of the BSCI audit results. This has been achieved through focusing on setting corrective action plans in recent years and training programmes at factories.

17% of our factories audited during the year improved their result or remained fully compliant compared to last year. A BSCI audit consists of 13 subsegments, where the result is categorised from A to E, or zero tolerance. The greatest challenges our

DEVELOPMENT OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS



2020/2021 BREAKDOWN OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS



factories face include implementing fully functional management systems and reducing overtime.

We are working on these areas and are seeing improvements – however we will need to continue to provide training on and information about these issues. During the year, we had no E audit result; however we had two audits with an E result in performance area Occupational Health and Safety. Since our team was unable to conduct an internal inspection to follow up due to travel restrictions, we

have followed up these findings with the suppliers and they have set up remediation plans for these areas.

Compared to last year, we have a slight increase on the total breakdown for each performance area. Ultimately, we believe that not being able to visit the production units has had an overall adverse effect on performance. Our suppliers are improving according to our ongoing target, but we think the improvement level would have increased even more with the presence and support of our internal

team. We continue to train management teams in our production units to increase awareness of how fully functional management teams are of the utmost importance in creating long-term improvements in all other areas. This year, 16 of our factories completed Amfori courses, ten of which were directly connected to human rights.

There is a general perception that even though the outcome of the audit results over the past three years is very good in the areas of Child Labour and

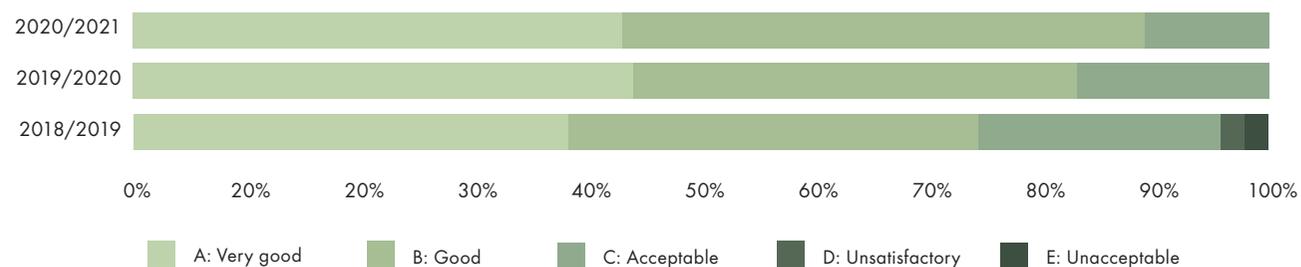
Bonded Labour, there is a risk that these issues have moved further upstream in production. Another risk is that the status of the areas of Freedom of Association and Discrimination are difficult to capture in audits or in the BSCI grievance mechanism. Therefore, we need to further analyse if and where there are discrepancies that do not show up in the reports.

Bangladesh remains our second largest production country. Suppliers in Bangladesh primarily provide volume orders through GOTS-production. All Bangladesh suppliers are within the scope of the Accord in terms of ensuring the building, fire and electrical safety of production.

By the end of the fiscal year, we were able to present the pleasant result of 100% remediation progress rate of initial findings and 100% remediation progress rate of all findings. Fire and building safety are highly important issues for Polarn O. Pyret and during the year we have signed a new agreement called International Accord for Health and Safety in the Textile and Garment Industry.

The agreement, like its predecessor agreement Accord on Fire and Building Safety in Bangladesh, is a one-to-one legally binding agreement with trade unions and brands to make Ready-Made Garment (RMG) and textile factories safe. In Bangladesh, the agreement is already implemented by the independent national tripartite RMG Sustainability Council ("RSC") consisting of brands, unions and industry. With the new agreement, we will not only continue our joint efforts with trade unions and brands to ensure safe work environments in the garment industry in Bangladesh, but also explore how the programme can strengthen health and safety in new production countries and expand it to other countries.

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION



FAIR WAGES

We firmly believe that every worker should earn a living wage. We must strive towards its implementation through our participation in Amfori BSCI to enable all workers and their families to break out of poverty and live a decent life.

Through our participation in Amfori BSCI, we have mapped the development of the audit results of Salary & Remuneration in the Code of Conduct and we have arranged for our suppliers to attend training courses in Fair remuneration. 89% of our range is produced in production units (tier 1) that have implemented good practices for fair wages, which is a year-on-year improvement.

The benefits we as a small company have by participating in a big organization like Amfori BSCI cannot be underestimated. We would not have achieved the same accomplishments for social compliance alone. Even though working with Amfori BSCI also has its challenges. For example, living wages have not been one of the criteria in the Code of Conduct. As a member organisation, we have been able to lift these concerns and during last year they launched a statement with a living wage journey. During this year, Amfori has been

working on a new version of the Code of Conduct that will come into force later this year.

TRANSPARENCY

Publishing our supplier list on our website is not only to be transparent towards our customers but also towards all our stakeholders by giving them insight into our business activities along the supply chain. We have manufacturing specifications on all items on our e-com site.

By doing this, our customers can check the public supplier list to see where the product has been manufactured, the social audit status and if there are any environmental certifications. We continuously work on how to increase visibility in our supply chain and find new ways to let our stakeholders have greater insight into our work. During the year, we have evaluated working methods and tools not only to help us increase traceability in our supply chain but also enable us to be more transparent. We have come a long way in this process and will implement a new tool during 2021/2022, which will enable us to work in a more efficient way with transparency and traceability in the future.

Our **SUSTAINABILITY** *work*

UN Sustainable Development Goals

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

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

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



PRIORITIZED SDG'S



Collaborations



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

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

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



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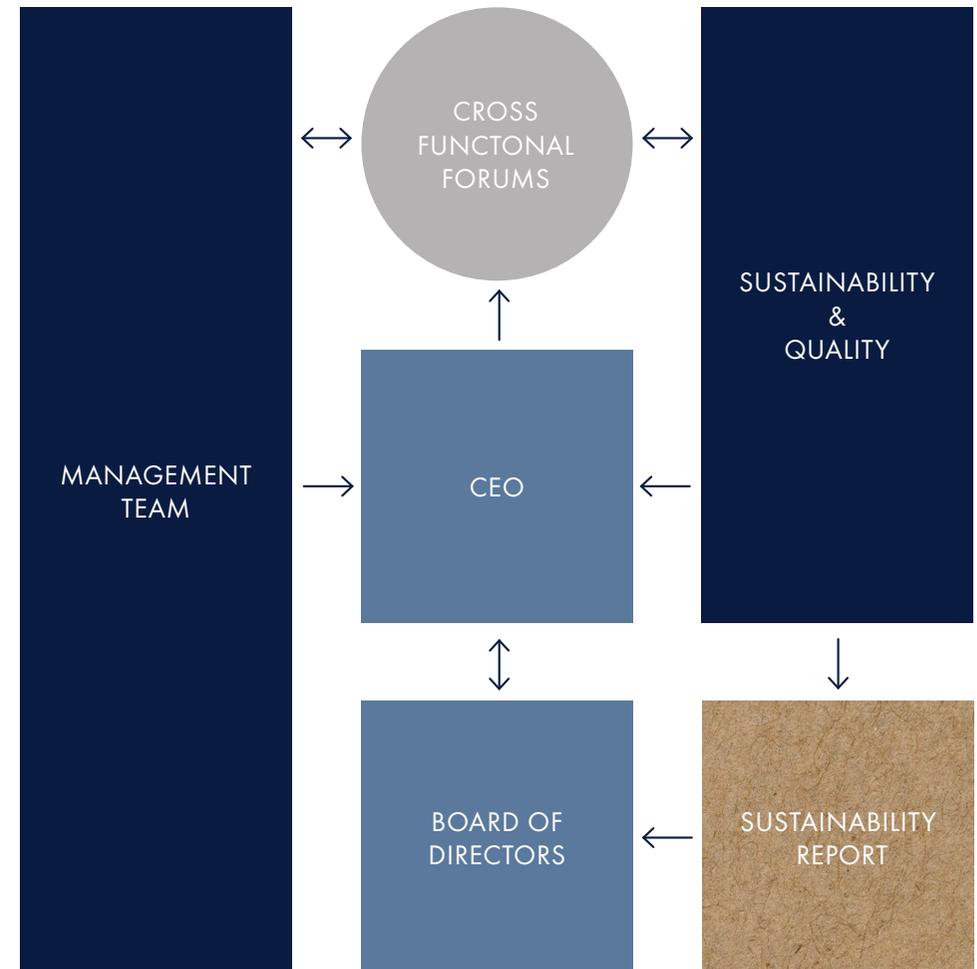


Sustainability *governance*

To create a positive impact, we turn our sustainability strategy into action through targets and action plans in different parts of our organisation.

This is how this is governed:

- The Sustainability Manager, who reports directly to the CEO, sets the sustainability strategy and KPIs in consultation with the Management Team, and supports and follows up with the members of the Management Team as they implement the strategy in line with the established KPIs.
- The members of the Management Team are responsible for managing the relevant action plans for their fields of responsibility and for the sustainability KPIs in their area of operations, and report on them to the CEO in the same manner as the financial KPIs. Key challenges and lessons are identified and acted on.
- The cross-functional forums, managed by the Sustainability Manager, define priorities based on the sustainability strategy performance, business intelligence and innovation.
- The sustainability report reviews the performance of the sustainability strategies on a yearly basis. The report is presented by the Sustainability Manager to the Management Team and the Board of Directors.



Stakeholder engagement

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

While we aim to collaborate with all Polarn O. Pyret stakeholders, our prioritised stakeholders and the ones to whom we consider ourselves accountable are our customers, employees, suppliers, owner and Board of Directors.

We have removed society from the list of prioritised stakeholders. This group is still considered a stakeholder and one with whom it is important for us to have a close dialogue when identifying our significant impact. This year, we have divided the group of decision makers into two groups: Owner & Board and Employees.

The stakeholder list is reviewed on an annual basis to reflect related events and the current reality. The purpose of stakeholder engagement is to identify common ground on expectations for our sustainability work in terms of its possibilities and challenges throughout the value chain. During the year, we have had a close dialogue with our new owner on their expectations for our sustainability work. Communication with all our stakeholder groups is highly important.

We have conducted a stakeholder survey for all prioritised stakeholders. The survey covered ten main areas within sustainability from social, environmental and economic perspectives. The areas selected reflect Polarn O. Pyret's values, principles, ambitions, our stakeholders' communicated interests, regulations, sustainability impact and the impact of our industry. We have asked our stakeholders to list the five most important in relation to Polarn O. Pyret. The ones in bold letters are the most important areas and the others are considered important.

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

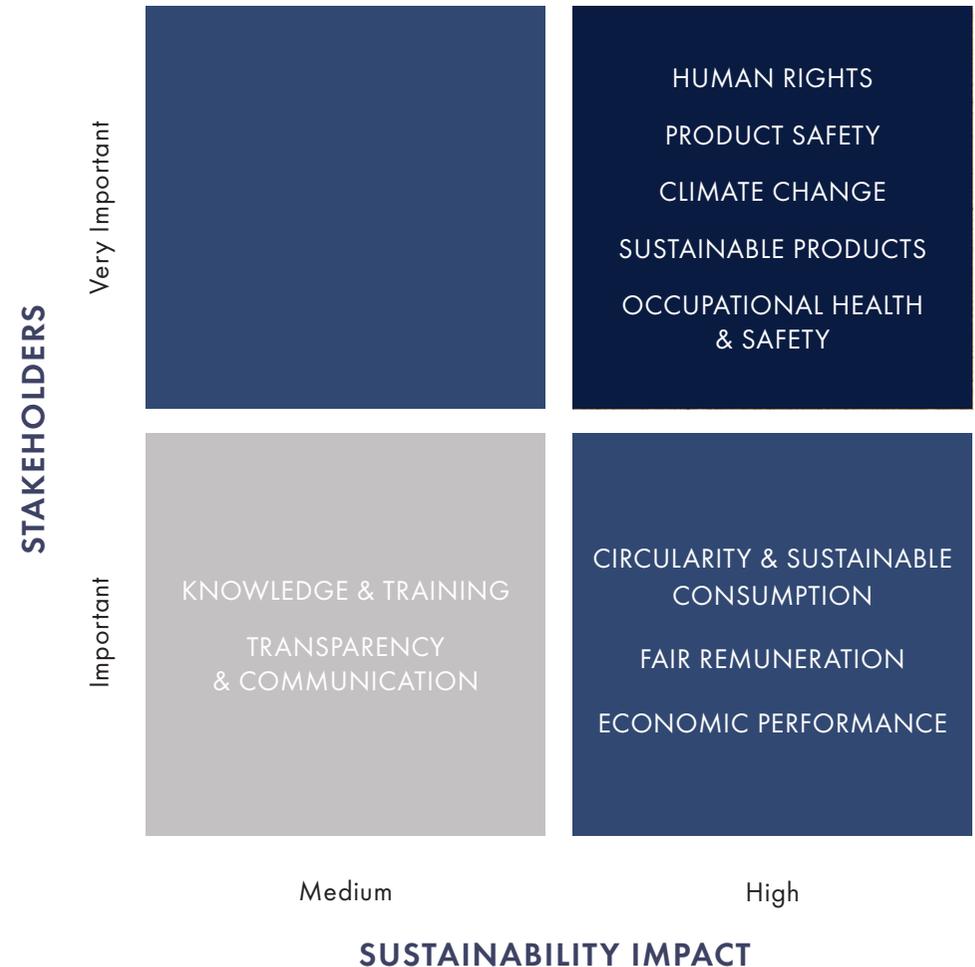
Materiality *assessment*

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

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



The Earth is a hand-me-down; our clothes should be handed down too.



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 policies are part of our supplier's agreement.

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 us must undertake to comply with the Code of Conduct as an integral part of their supplier agreement. The Code of Conduct consists of eleven key areas in which both minimum requirements and best practice are defined. The Amfori BSCI Code of Conduct is based on the most important international labour standards protecting workers' rights: The ILO declaration on fundamental principles and rights at work, the OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights. Polarn O. Pyret has participated in the Amfori BSCI initiative since 2005, in previous years through the RNB group. Our participation has given us the tools, resources and processes to address labour issues in the supply chains.

ENVIRONMENTAL POLICY Polarn O. Pyret aims to contribute to sustainable development of the children's clothing industry through active and long-term environmental efforts. We influence the environment through our day-to-day operations and the products we sell. This occurs through our consumption of natural resources, emissions and waste. We apply our knowledge of operations and environmental considerations in our strategic decisions. Practical compliance with the environmental policy is implemented through purchasing requirements and procedures.

ANIMAL WELFARE POLICY Polarn O. Pyret believes that animals should be treated well, and be protected from suffering and disease. If we come across any deviation from this, we investigate and prioritise alternative materials or methods. We follow and respect the "Five Freedoms" set out by the World Organization for Animal Health (OIE). Items in our assortment must not contain material from endangered species, and must comply with the CITES convention and the European legislation for protection of species and wild fauna. For all animal hair fibers, the material source must be proven by certificates. The following materials are banned in our assortment: fur and fur items, down and feathers, hair from the angora rabbit, mulesed merino wool, materials that originate from animal horn, bone and shell, reptile skin, leather from cats and dogs.

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

ANTI-CORRUPTION POLICY Polarn O. Pyret has zero tolerance for bribery and corruption. We regulate this in two policies to guarantee ethical business behaviour. One policy regulates employee behaviour in interactions with suppliers to assure professionalism, integrity and transparency throughout the supply chain. The second policy focuses on employees at our supplier level and is regulated in the Amfori BSCI Code of Conduct by external audits. The audits include control of documentation, no falsification of documents and finally how suppliers handle personal information.

*Corruption is criminal,
immoral, and the ultimate
betrayal of public trust*

Working at
POLARN O. PYRET

Our company culture

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

We have 473 employees which is the equivalent of 243 full-time employees, defined as full time equivalents, throughout our stores and offices in Sweden, Norway, Finland, and Hong Kong. To ensure that we are true to our brand in everything we do, we have four watchwords that will always guide us in our work.

*Leading, Nordic,
Inclusive & Inspiring*

Based on our four watchwords, our leadership guidelines define what is expected of our managers and leaders. Implementing and clarifying our watchwords and leadership guidelines are part of a continuous process that ensures a coherent view of our company culture. This may be through group discussions, workshops or leadership training.

During the year, we have conducted an employee survey for all employees in all countries. The survey

consisted of questions related to work environment, leadership, communication, development and sustainability. The overall result was 4.11 out of 5.0 which makes us proud. However, there is always room for improvements.

All departments have conducted a workshop and discussed their strengths, and which parts they need to work on and how they will set routines to improve in each specific area. Looking at the overall result for the whole company, we see that we can make improvements in the area of internal communication. The result was 3.79 out of 5, and we believe that internal communication is a key factor for running a successful business. As one of the first steps in this project, we will be implementing a new intranet.

NEW WORKING METHODS

The pandemic has required us to develop new working methods to safeguard our employees. We have implemented a number of actions to protect people in our stores, and create safe and secure working environments for our employees. Some examples are plexiglass at the checkouts, floor markings, hand sanitizer, masks, signs and sound loops where we urge customers to maintain social distancing.

In our offices, we have encouraged our employees to work from home (WFH), but offices have been open for a limited number of people. WFH has naturally worked differently for different people, but has been





an overall success. During the year, we conducted a survey among our office employees regarding WFH in relation to office work. The results clearly show that most, despite some work environment-related challenges, have experienced a number of significant benefits from WFH – especially the opportunity for a better work-life balance when less time is spent commuting.

Based on the above, we as employers have decided to continue to enable the combination of WFH and office work. We have established a policy in which we defined the framework for WFH. The policy contains information on, among other things, the work environment, safety, insurance and working hours.

During the year, each manager has continuously checked in with their employees in order to capture work environment-related risks and challenges related to WFH. All employees have been able to borrow equipment to use when WFH to secure a good work environment. We have also conducted leadership training with a focus on remote leadership and the specific challenges it involves. The response to “I’m generally satisfied with my manager” in our employee survey was an average of 4.32 on a scale of 1–5, which we believe is a great result.

Despite a challenging year in terms of the COVID-19 pandemic and adapting to new ways of working, we still see a strong level of engagement among our employees at Polarn O. Pyret. In addition to a high level of engagement, we can also be proud of great results in our employee survey within, for example, leadership, development and, of course, +27 as eNPS.

TALENT MANAGEMENT

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

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

One way that we take advantage of the fantastic engagement at Polarn O. Pyret is our PO.P Innovations competition. The competition is a way for our employees to share all the great ideas they have and be able to contribute to new developments within our brand and processes, and get the opportunity to win prizes. The competition was carried out during the year and was very successful, with 93 participating ideas.

TERMS OF EMPLOYMENT

It is crucial to us that our employees feel good and have secure employment conditions.

All our employees in Sweden are covered by collective agreements between the Swedish Trade Federation and the various Swedish trade unions. These collective agreements regulate such matters as occupational pensions and various insurances. The three collective agreements are:



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

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

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

employees a wellness allowance. Furthermore, we have flexible working hours for our employees at our head office in order to facilitate an improved work-life balance. This means that our employees can arrange their work schedule to suit their preferences.

BUSINESS ETHICS

All employees representing Polarn O. Pyret must act in accordance with statutory and regulatory requirements, as well as our internal guidelines and values in all situations. This is stated in our anti-corruption policy. All our employees receive information about business ethics and anti-corruption through our policies, which are available on our intranet.

Via our intranet, all our employees also receive information about GDPR and how we handle the personal data of both employees and customers.

Polarn O. Pyret is committed to detecting and preventing all kind of irregularities that may seriously harm our business or employees. It is therefore important that such information is noted and investigated as early as possible.

During the year, we have outsourced our whistleblower function to an external operator, who is now responsible for this function. We believe that this change will increase trust in the function and increase the chances that an employee or a supplier will call attention to suspected irregularities.

The previous function was an internal function and, even though it was anonymous, we believe that our employees and suppliers will report incidents more often if the function is external. Our employees and suppliers have been informed about the new function, but no irregularities or incidents were reported during 2020/2021.



PROMOTING EQUALITY AND DIVERSITY

For us, diversity means that all employees have equal value, and enjoy the same opportunities and rights, regardless of ethnic origin, gender, age, creed, sexual orientation, transgender identity or functional impairment. Our goal is to create an inclusive and non-discriminatory organisation. We continually strive to design employee duties and the work organisation so that all our employees, regardless of background, can participate in the company on equal terms. If a case of discrimination occurs, we will thoroughly investigate this to identify suitable solutions.

During the year, no incident of discrimination has been identified. The same applies to children in

our advertising, we value all children equally – to us children are children, and we embrace diversity. During our photoshoots, we always ensure the safety of the children on set, and follow all rules and regulations.

The retail industry is traditionally female dominated, which is also the case at Polarn O. Pyret (96% women). Even though the industry is female dominated, salary inequalities do exist but are insignificant at Polarn O. Pyret. For us meritocracy is the guiding principle and we strategically work towards creating and maintaining full equality through an equality plan in accordance with Swedish anti-discrimination legislation.

The equality plan is based on analysis of internal statistics. The most recent analysis identified that there is no discrimination in the areas of skills development, internal recruitment and salaries for store managers and sales staff. The plan also showed that there are challenges in sickness absenteeism and parental leave, where women are overrepresented.

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

Everyone should feel welcomed to our world!

Consolidated
SUSTAINABILITY DATA



Sustainable Business

FINANCIALS

KEY RATIOS	2020/2021	2019/2020	2018/2019	TARGET
Net sales (MSEK)	638	685	791	Long term profitability, ongoing
Number of employees	243	209	326	
Number of stores	91	90	126	
Number of e-commerce platforms	13	16	11	
BRAND SALES BY GEOGRAPHIC MARKET, %	2020/2021	2019/2020	2018/2019	
Sweden	54%	52%	52%	
Finland	14%	14%	14%	
United Kingdom	13%	13%	12%	
Norway	12%	13%	15%	
Other	7%	8%	7%	
SHARE OF WALLET	2020/2021	2019/2020	2018/2019	TARGET
Share of wallet for outerwear	7%	*	5%	7% by 22/23
Share of wallet for babywear	6%	*	7%	9% by 22/23
* Not measured this year				

MARKETING

CUSTOMER RANKING	2020/2021	2019/2020	2018/2019	TARGET
Sustainable Brand Index, in the "Clothes-& Fashion-Stores" category	4	4	5	3, ongoing
Differ customer ranking, in the "Clothes" category	1	1	1	1, ongoing

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

Leading offer of sustainable products

QUALITY

	2020/2021	2019/2020	2018/2019	TARGET
DURABILITY & SAFETY Customers using outerwear garments for 3 children or more	63%	54%	55%	60% 20/21
SAFETY Zero tolerance for number of product recalls	0	0	0	0, ongoing
CUSTOMER CLAIMS Customer claims of products sold	0.19%*	0.16%	n/a**	<0.1% ongoing

*Due to updated reporting tools during 2019 the claim statistics for september are removed to get comparable data. **Due to updated reporting tools this information is not available.

SUSTAINABLE FIBER

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013	TARGET
SHARE OF MORE SUSTAINABLE FIBER* More sustainable fiber - Products <i>*GOTS certified fiber, certified organic fiber, certified recycled fiber, RWS and BCI. From AW20 BCI will no longer be defined as a more sustainable fiber by PO.P</i>	84%	75%	70%	69%	42%	31%	24%	19%	17%	100% by 25/26
SHARE OF MORE SUSTAINABLE COTTON* More sustainable cotton - Products <i>*GOTS certified fiber, certified organic fiber, and BCI. From AW20 Better Cotton will no longer be defined as a sustainable fiber by PO.P</i>	99.4%	100%	99%	95%	57%	36%	31%	23%		100% by 20/21
SHARE OF MORE SUSTAINABLE COTTON, PER TYPE	2020/2021	2019/2020								TARGET
Better Cotton Initiative (BCI)	0%	1%								>50% GOTS by 20/21
GOTS	64%	55%								
Certified Organic	35%	43%								
SHARE OF RECYCLED FIBER* Recycled fiber - Products <i>*Yarn certified according to GRS or RCS</i>	10%	11%	5%	2%	2%					
SHARE OF MORE SUSTAINABLE FIBER IN LABELS AND PACKAGING MATERIAL More sustainable fiber -Packaging and labels	2020/2021									TARGET
	71%									100% by 25/26
CHEMICAL CONTENT Share of the assortment produced with best available chemicals* <i>*GOTS, nominated chemicals</i>	50%	43%	27%	23%						TARGET
										100% by 25/26

Reduced usage of resources and emissions

SALES

ELECTRICITY PERFORMANCE IN STORES	2020/2021	2019/2020	2018/2019	TARGET
Best Available technical performance (% LED)	54%	42%	39%	
% decrease in electricity usage (Mwh) in own operations*	-54%	-37%	-9%	-30%, by 20/21
% of renewable electricity in own operations**	100%	100%	100%	100% by 20/21
*For all facilities including both estimates and actual data				
**For all facilities where PO.P is responsible for the electricity agreement				
CHARITY	2020/2021	2019/2020	2018/2019	TARGET
Amount of garments donated to Human Bridge (kg)	1083	1 931	1 297	
Amount collected during the year to be donated to Save the children (sek)	115 000	200 000	245 825	
CONSUMER BAGS	2020/2021	2019/2020	2018/2019	TARGET
Share of customers not buying a bag for their goods	84%	79%	75%	
SALES	AW20	SS20	AW19	TARGET
% decrease of number of pcs going on sale*	-63%*	-25%	-33%	-50% by AW20
*Compared to AW18				
DISCOUNT	2020/2021	2019/2020	2018/2019	TARGET
% sold on discount	-24,9%	-32,8%	-28,9%	-21% by 21/22

GHG EMISSIONS

GHG EMISSIONS SCOPE 1 & 2 (ton CO ₂ e)	2020/2021	2019/2020	2018/2019	TARGET
SCOPE 1				
Company operated cars	0.57	0.82	2.70	
Refrigerants	3.60	3.60	3.60	Climate neutral by 2030
Total	4.17	4.42	6.30	
SCOPE 2				
Electricity	57.62	36.18	93.44	
Heating	100.61	133.29	100.51	
Total	158.23	169.47	193.95	
GHG EMISSIONS SCOPE 3 (ton CO ₂ e)	2020/2021	2019/2020	2018/2019	TARGET
Decrease of GHG emissions (ton CO ₂ e) in all operations	Baseline year			Climate neutral by 2045
SCOPE 3				
Business travel	1.0			
Electricity use within own operations	32.7			
Purchased goods and services	9946.9			
Transport and distribution	735.9			
Other	129.4			
Total	10845.9			
CLIMATE IMPACT	2020/2021	2019/2020	2018/2019	TARGET
Decrease in GHG emissions in own operations	-38%	-29%	-12%	-100% by 30/31
Decrease in GHG emissions in all operations	Baseline year			-50% by 2030

ENVIRONMENTAL IMPACT

SHARE OF ENVIRONMENTALLY CERTIFIED SUPPLY CHAINS	2020/2021	2019/2020	2018/2019	
Certified* <i>*GOTS or/and Responsible wool standard</i>	46%	30%	25%	
ENVIRONMENTAL IMPACT IN THE SUPPLY CHAIN	2020/2021	2019/2020	2018/2019	TARGET
% traceability of water, energy and chemical usage for all fabrics for "weather pro" outerwear and fleece	64%			100% by 20/21
Decrease of water, energy and chemical usage in wet processes for WeatherPRO® outerwear and fleece	Baseline year AW21			30%-75% by 25/26

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	2020/2021	2019/2020	2018/2019	TARGET
Transports supplier to warehouse	5	22	41	0, ongoing
MASS OF TRANSPORTED GOODS AND EFFICIENCY	2020/2021	2019/2020	2018/2019	
TonKm* <i>*Only inbound transports</i>	15 364 752	14 599 591	19 398 100	
SHARE OF CONSIGNMENT PER TRANSPORT TYPE, % TONKM*	2020/2021	2019/2020	2018/2019	
Sea freight	97.7%	98%	96%	
Air freight	0.4%	1%	2%	
Rail freight	1.5%	0%	1%	
Road freight	0.4%	1%	1%	
<i>*Only inbound transports</i>				

BUSINESS TRAVEL

BUSINESS TRAVEL	2020/2021	2019/2020	2018/2019	TARGET
Decrease of number of business trips by air	-93%	-69%	Baseline year	50% by 20/21



Respect and secure *human rights*

PRODUCTION

GENERAL PRODUCTION DATA	2020/2021	2019/2020	2018/2019
Number of tier 1 production units with order value	48	57	61
Number of production countries	10	10	10

PRODUCTION COUNTRIES

PRODUCTION COUNTRIES, % OF ORDER VALUE	2020/2021	2019/2020	2018/2019
Bangladesh	17.2%	18.0%	17.5%
China	62.5%	57.6%	54.1%
Germany	0.1%	0.1%	0.1%
India	3.1%	7.0%	5.9%
Latvia	4.5%	3.1%	2.2%
Lithuania	2.5%	5.4%	9.5%
Republic of Korea	5.9%	3.3%	5.8%
Sweden	0.1%	0.2%	0.6%
Turkey	3.3%	4.2%	3.9%
Vietnam	0.8%	1.0%	0.4%

AUDIT STATUS

GENERAL AUDIT STATUS	2020/2021	2019/2020	2018/2019	TARGET
% of production units in tier 1 with 3rd party valid social audit reports*	79%	72%	75%	100% by 20/21
% of order value placed at tier 1 production units with a valid 3rd party audit	91%	91%	85%	
<i>*BSCI and SA8000</i>				
BSCI AUDIT BREAKDOWN IN TIER 1 PRODUCTION UNITS, % OF ORDER VALUE	2020/2021	2019/2020	2018/2019	
SA8000 – Best Practice	3%	10%	11%	
A - Very Good	5%	6%	12%	
B - Good	15%	14%	4%	
C - Acceptable	66%	60%	56%	
D - Unsatisfactory	1%	2%	2%	
E - Unacceptable	0%	0%	0%	
ZT - Zero Tolerance	0%	0%	0%	
No audit – No valid audit*	9%	9%	15%	
<i>*Audit is either missing or the validity period of the audit has expired</i>				
DEVELOPMENT OF BSCI AUDIT RESULT	2020/2021	2019/2020	2018/2019	TARGET
% production units in tier 1 with overall improved BSCI rating since previous audit*	17%	21%	16%	15%, ongoing
<i>*Including production unit that remain a A or SA8000 result</i>				

2020/2021 BREAKDOWN OF BSCI AUDIT RESULT 13 PERFORMANCE AREAS

PERFORMANCE AREA	A VERY GOOD	B GOOD	C ACCEPTABLE	D UNSATISFACTORY	E UNACCEPTABLE	ZT ZERO TOLERANCE
Social management systems	0%	14%	16%	70%	0%	0%
Workers involvement and protection	59%	24%	14%	3%	0%	0%
Freedom of association and collective bargaining	100%	0%	0%	0%	0%	0%
No discrimination	97%	3%	0%	0%	0%	0%
Fair remuneration	43%	46%	11%	0%	0%	0%
Decent working hours	30%	0%	5%	65%	0%	0%
Occupational health and safety	70%	16%	0%	8%	5%	0%
No child labour	100%	0%	0%	0%	0%	0%
Special protection for young workers	100%	0%	0%	0%	0%	0%
No precarious employment	100%	0%	0%	0%	0%	0%
No Bonded labour	100%	0%	0%	0%	0%	0%
Protection of the environment	86%	8%	5%	0%	0%	0%
Ethical business behaviour	92%	8%	0%	0%	0%	0%
Total breakdown	75%	9%	4%	11%	0%	0%

DEVELOPMENT OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS	2020/2021	2019/2020	2018/2019
A - Very Good	75%	74%	70%
B - Good	9%	8%	10%
C - Acceptable	4%	4%	6%
D - Unsatisfactory	11%	13%	13%
E - Unacceptable	<1%	1%	1%
A + B (Very Good + Good)	84%	82%	80%

FAIR WAGES

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION	2020/2021	2019/2020	2018/2019
A - Very Good	43%	44%	38%
B - Good	46%	39%	36%
C - Acceptable	11%	17%	21%
D - Unsatisfactory	0%	0%	2%
E - Unacceptable	0%	0%	2%
A + B (Very Good + Good)	89%	83%	74%

PRODUCER TRAINING PROGRAM

BSCI PRODUCER TRAINING PROGRAM	2020/2021	2019/2020	2018/2019
Number of POP producers in tier 1 completed BSCI or BEPI courses	16	25	11
Number of POP producers in tier 1 completed BSCI courses, connected to Human rights	10	15	5

ACCORD REMEDIATION PROGRESS

ACCORD REMEDIATION PROGRESS	2020/2021	2019/2020*	2018/2019	TARGET
Remediation progress rate of initial findings	100%	98%	100%	100% by 21/22
Remediation progress rate of total findings	100%	99%	96%	100% by 21/22
Number of production units with a safety committee established	2/2	4/4	4/4	
Number of production units with a workers participation committee	2/2	4/4	4/4	
Number of all employee trainings	0	2	1	
Number of safety committee trainings	0	5	6	
*2 active and 2 inactive responsible production units				

Working at Polarn O. Pyret

HUMAN RESOURCES

NUMBER OF EMPLOYEES	2020/2021	2019/2020*	2018/2019*
Full time equivalents (FTE)	243	209	326
Full time employees	473	396	627
<i>*No data available for Finland</i>			
AGE AND EMPLOYEE TURNOVER**	2020/2021	2019/2020	2018/2019
Average age, years	37	36	33
Average period of employment, years***	6	6	6
Employee turnover, %	7%	13%	8%
<i>**Based on full time employees</i>			
<i>***No data available for Norway</i>			
PERSONAL HEALTH AND SAFETY**	2020/2021	2019/2020*	2018/2019*
Total sick leave	4%	3%	4%
Short-term sick leave	2%	2%	2%
Long-term sick leave	2%	1%	2%
<i>**Based on full time employees</i>			
ANTI CORRUPTION	2020/2021	2019/2020	2018/2019
Number of whistleblower complaints	0	0	0
Number of "fraud"	0	0	0
EMPLOYEE SATISFACTION	2020/2021	2019/2020	2018/2019
I am generally satisfied with Polarn O. Pyret as an employer (1-5)	4.04		
My work place is free from undesirable behaviour like sexual harassment, bullying, discrimination or violence (1-5)	4.82		
eNPS - How likely is it that you would recommend Polarn O. Pyret as an employer to a friend? (1-100)	27		

DIVERSITY & EQUALITY

NUMBER OF EMPLOYEES BY GENDER,%**	2020/2021	2019/2020*	2018/2019*
Men	4%	4%	4%
Women	96%	96%	96%
<i>*No data available for Finland</i>			
<i>**Based on full time employees</i>			
BOARD OF DIRECTORS, GENDER	2020/2021	2019/2020	2018/2019
Men	3	4	2
Women	1	0	2
BOARD OF DIRECTORS, AGE	2020/2021	2019/2020	2018/2019
Below 30	0	0	0
30-50	2	1	1
Above 50	2	3	1
MANAGEMENT TEAM, GENDER	2020/2021	2019/2020	2018/2019
Men	1	1	1
Women	8	8	8
MANAGEMENT TEAM, AGE	2020/2021	2019/2020	2018/2019
Below 30	0	0	1
30-50	8	8	8
Above 50	1	1	0
CEO, GENDER	2020/2021	2019/2020	2018/2019
Men	1	1	0
Women	0	0	1
CEO, AGE	2020/2021	2019/2020	2018/2019
Below 30	0	0	0
30-50	0	0	1
Above 50	1	1	0

GRI CONTENT *index*

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTE
GRI 102: General disclosures	102-1	Name of the organisation	3	
	102-2	Activities, brands, products, and services	9	
	102-3	Location and headquarters	9	
	102-4	Location of operations	9	
	102-5	Ownership and legal form	3	
	102-6	Markets Served	9, 41	
	102-7	Scale of the organization	9	
	102-8	Information on employees and other workers	9, 36–39, 41, 47	Due to limitation in the data we are only able to report the total number of employees, defined as full time equivalents, based on gender.
	102-9	Supply chain	10, 19, 20–23, 24–27	
	102-10	Significant changes to the organisation and its supply chain	24–27, 45	
	102-11	Precautionary Principle or approach	19	
	102-12	External initiatives	30	
	102-13	Membership of associations	16, 30	
	102-14	Statement from senior decision-maker	4	
	102-15	Key impacts, risks, and opportunities	11–27, 29, 32–33	
	102-16	Values, principles, standards and norms of behaviour	36–39	
	102-17	Mechanisms for advice and concerns about ethics	38	
	102-18	Governance structure	31	
	102-40	List of stakeholder groups	32	
	102-41	Collective bargaining agreements	37–38	Due to limitation in the data we are not able to report on the percentage, but instead we describe in which regions the agreements are applied.
	102-42	Identifying and selecting stakeholders	32	
	102-43	Approach to stakeholder engagement	32	
	102-44	Key topics and concerns raised	32	
	102-45	Entities included in the consolidated financial statements	See note	Information can be found in Polarn O. Pyret Financial Review.
	102-46	Defining report content and topic Boundaries	3	
	102-47	List of material topics	33	
	102-48	Restatements of information	See note	In case of occurrence, this is reported in connection with relevant topic.
	102-49	Changes in reporting	33	
	102-50	Reporting period	3	
	102-51	Date of most recent report	3	
102-52	Reporting cycle	3		
102-53	Contact point for questions regarding the report	51		
102-54	Claims of reporting in accordance with the GRI Standards	3		
102-55	GRI content index	49–51		
102-56	External assurance	51		
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	See note	The management approach is presented in connection with each material topic
	103-2	The management approach and its components	See note	The management approach is presented in connection with each material topic
	103-3	Evaluation of the management approach	See note	The management approach is presented in connection with each material topic

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTE
ECONOMIC				
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	34, 38	The information has not been broken down by employee category or region, as the same approach has been applied to all partners and employees.
	205-2	Communication and training about anticorruption policies and procedures	34, 38	
	205-3	Confirmed incidents of corruption and actions taken	38	
ENVIROMENTAL				
GRI 301: Materials	301-2	Recycled input materials used	16, 42	
	Own indicator	"Share of more sustainable materials used in our garments"	16, 42	
	302-3	Energy intensity	43	
GRI 302: Energy	302-4	Reduction of energy consumption	20-22, 43	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	21, 43	
	305-2	Energy indirect (Scope 2) GHG emissions	21, 43	
	305-3	Other indirect (Scope 3) GHG emissions	20, 22-23, 43	
	305-5	Reduction of GHG emissions	20-23, 43	
SOCIAL				
GRI 401: Employment	401-1	New employee hires and employee turnover	47	Partly disclosed as only sick leave data, short term and long term, is disclosed.
GRI 403: Occupational health and safety	403-2	Hazard identification, risk assessment, and incident investigation	47	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	47	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	39	
GRI 407: Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	24-27	
GRI 408: Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	24-27	
GRI 409: Forced and compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	24-27	
GRI 412: Human rights assesment	412-1	Operations that have been subject to human rights reviews or impact assessments	24-27	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	25	
	414-2	Negative social impacts in the supply chain and actions taken	24-27	
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	19	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	19	
	417-3	Incidents of non-compliance concerning marketing communications	See note	We have not identified any non-compliance incidents concerning communications.
GRI 419: Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	See note	We have not identified any non-compliance with laws and regulations in the social and economic area.



Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2020-09-01 – 2021-08-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm, date as shown on my electronic signature
PricewaterhouseCoopers AB

Nicklas Kullberg
Authorised Public Accountant

Deltagare

PRICEWATERHOUSECOOPERS AB 556067-4276 Sverige

Signerat med Svenskt BankID

Namn returnerat från Svenskt BankID: Nicklas Kullberg

Nicklas Kullberg
Auktoriserad revisor

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POLARN O. PYRET