



Group Sustainability Report
2023



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About Didriksons Group Sustainability Report

The Board of Directors of Didriksons Group Holding AB, corp. ID no. 559161-5751, hereby presents the Group Sustainability Report for 2023, prepared as a separate report to the Directors' Report in accordance with chapter 6, section 11 of the Swedish Annual Accounts Act.

Ever since Didriksons was founded in 1913, the company has aimed to create clothes with a long product life and a high level of quality that provide protection from the elements. From the very beginning, we have focused on long-term sustainability within our operations and the products we design and produce. Our aim is to present our sustainability work in an as transparent and detailed manner as possible.

This group sustainability report covers the following companies:

- Didriksons Group Holding AB, corp. ID no. 559161-5751
- Didriksons Group AB, corp. ID no. 559161-5744
- Krushyttan AB, corp. ID no. 556948-1731
- Krushyttan Förvaltning AB, corp. ID no. 556949-5269
- Didriksons Regnkläder AB, corp. ID no. 556566-1831
- Didriksons Sverige AB, corp. ID no. 559027-7967
- Didriksons Retail AB, corp. ID no. 559077-4732
- Didriksons Norge AS, corp. ID no. 991600477
- Didriksons UK Ltd, corp. ID no. 08309487
- Didriksons Finland OY, corp. ID no. 2617676-8
- Didriksons Deutschland GmbH, corp. ID no. HRB18342



A word from the CEO

2023 was yet another year of unprecedented events. With the highly unstable global environment, we have put our ears to the ground to truly get to know what our community craves in times of uncertainty and worries. What we have found is the vital need to not be alone, but to be social and spend time with your loved ones as much as possible. After all, that is what matters in the long run and what is key to mental well-being. To add further focus on both mental and physical well-being, we have adjusted our vision moving forward. The new vision, “To inspire togetherness outside”, shall be our answer to why we do everything we do at Didriksons. We aim to inspire our community to embrace the outdoors, to recharge their energy from nature while enjoying the company of loved ones; family, friends, and animals. Our goal is to prevent loneliness, encourage physical activity, and make people take a break from their screens. We strive to create memories and experience genuine moments in the real world alongside our community, breathing in the fresh air as we embark on new adventures together, no matter how big or small.

We believe in togetherness also with our suppliers, and thanks to our stable and long-term relationships with them, we have managed to improve our data quality for GHG emissions analysis, by collecting activity data from the majority of tier 1 and tier 2 suppliers. Mapping our emissions with activity data gives us a better understanding of where to focus in our value chain to reduce our climate footprint. As a result, we have now initiated the process to conduct a climate action road map to reduce our GHG emissions.

Our ambition is to reduce overproduction by creating the right products for our customers. Our garments shall be long-living, timeless, and loved items that are both emotionally and physically durable. Producing long-lasting garments benefits the consumers, who will not have to replace their garments every season, and the environment, by reducing the usage of materials, transportation, and other resources. To achieve this, we look at not only our craftsmanship and innovative design choices, but also optimise our product mix. We have dedicated time and resources to analysing consumer behaviour through our direct-to-consumer (DTC) channels. By examining first-hand data, we can curate and offer a selection of products that are even more relevant to our customers, bringing them to the right market at the right time.

See you outside,
Johan Ekeröth



Highlights in 2023

Environmental

- Using activity data for our GHG emissions analysis for the first time.
- New partnership with World Ocean Day, an organisation dedicated to protecting the ocean.
- Air freight reduced to less than 1% of all incoming shipments.
- Started using electric-powered trucks for transportation.
- We already surpassed our 2025 goal; 41% of all purchased textiles are dyed using Solution Dye, a technique that saves water, energy, and chemicals.

Social

- We maintained certified as a Great Place to Work®.
- With our new vision "To inspire togetherness outside" we inspire social well-being.

About Didriksons

Making jackets with a purpose

When we started Didriksons' rainwear factory in Grundsund in 1913, we made waterproof jackets that helped fishermen survive the forces of nature on the rough waves of the North Sea. Today, as the lifesaving needs differ from those at the beginning of the 20th century, our focus is instead on inspiring outdoor interaction to reflect our dedication to fostering healthy lifestyles and strengthening social bonds.

The harsh conditions of the Swedish west coast have helped us develop jackets that provide a shelter from the elements. Durable jackets with timeless design that can be used for generations to come. It is actually quite simple; a jacket should not just be comfortable and good looking, it should be a faithful companion through life. In rain or shine.

See you outside

Our purpose:

- Keep you dry, warm and safe
- Enable you to feel that you can move freely and spend as much time outdoors as you wish
- Protect our planet and inspire you to do the same

"To inspire togetherness outside"

Vision

*"We strive to make durable, functional
outerwear with clever features,
each designed with a purpose"*

Mission



Didriksons' core values

Our three core values – craftsmanship, innovation, and responsibility – are integral to everything we do, from the initial design idea until the product is no longer usable. Our long experience of making well-designed, high-quality products has resulted in **craftsmanship** being one of our most important values. For us, innovation means smart design with focus on comfort, safety, and protection from the elements. **Innovation** also means that we are always looking for better alternatives in everything we do, from design and material choices to finding more sustainable production processes. We also have a **responsibility** to our stakeholders to run an economically and socially sustainable company, as well as an environmental responsibility to only produce products that fulfil a purpose and last for a long time.

Craftsmanship

We make jackets with a purpose to last. We create clever and well-designed jackets made for consumers' needs.

Innovation

We drive an innovative design with focus on comfort, protection, safety, and sustainability.

Responsibility

Through partnership and knowledge of our supply chain and products we can make responsible decisions for the benefit of our stakeholders and the planet



Didriksons in figures

Didriksons' business idea is based on creating functional, sustainable, and well-designed jackets that protect people from the elements. Our products are available across Europe, and to some extent beyond Europe, with our main markets being Sweden and Germany. Below is a summary of Didriksons in figures in 2023.

- The Didriksons brand was founded in 1913 in Grundsund, in the Swedish province of Bohuslän, and is thus one of the oldest clothing brands in Sweden.
- Markets: 28 countries
- Subsidiaries in Sweden, Norway, the United Kingdom, Finland, and Germany
- Representative offices in China with a quality and compliance assurance function
- Quality and compliance representatives in Bangladesh
- Design and product development takes place at the head office in Borås, Sweden
- Own e-commerce activities in 20 countries
- Number of employees: 112
- Net sales in SEK: 735 million
- Number of products sold: 1,398,761
- Top markets are Sweden and Germany

Responsibility structure

To reach a high level of progress in the field of sustainability we believe that the whole company needs to have a clear sustainability focus. Our sustainability work is assigned to a CSR manager who is responsible for developing the overall CSR strategy and daily management of the CSR processes for Didriksons.

The CSR manager leads a designated CSR group consisting of expertise from the management team and relevant departments within the company. The purpose of the group is to ensure that the CSR strategy is implemented throughout the whole business, involving all areas and departments.



Stakeholders

Didriksons has a number of different internal and external stakeholders. The following is a description of some of our most important stakeholders.

Consumers

We want our products to inspire consumers to spend more time in nature. Consumers should feel secure in the knowledge that our products are safe and meet the requirements expected of them, and that they will last for many years.

Employees

We strive to always be a responsible and attractive employer that motivates our employees and listens to their input. It is our employees who make Didriksons the company we are.

Retailers

Apart from our own e-commerce activities and stores, it is through our retailers that Didriksons is visible to consumers. For us, it is important to ensure that our retailers understand our values and are able to sell our products in a valuable manner.

Owners

Adelis Equity Partners, our majority owner, is a signatory to the UN Principles for Responsible Investment (PRI) and has defined an ESG (Environmental, Social, and Governance) roadmap for Didriksons. A progress reporting process for fulfilment of ESG requirements has been implemented through the Board of Directors.

Suppliers and other business partners

We strive to achieve long-term partnerships with our business partners, who are required to comply with our Code of Conduct, have rules on safe and sustainable production, and respect human rights.

Society

We strive to be a transparent company and a responsible employer that constantly remains up to date and compliant with the regulations and laws expected of a company in our industry. We participate in research projects and support organisations that can impact positive influence in relation to the various challenges faced by the textile industry.



Governance

Didriksons has a number of policies for the different parts of our business, and we comply with applicable regulations and industry standards to ensure that Didriksons acts in a responsible manner. Our policies govern how we work with sustainability and our products and ensures that all tiers of production are managed in an environmentally, economically, and socially responsible manner. There is a clear framework for how Didriksons complies with labour market laws, ordinances, and regulations. Suppliers and subcontractors are obligated to comply with our Drybook, which is part of our manufacturing contract. Our Drybook serves as a manual that includes details of statutory requirements and our Code of Conduct. Workplace instructions are regulated in Didriksons' Staff Handbook and in applicable collective agreements. All employees are also provided with information about GDPR and how we process personal data concerning employees and customers.

Didriksons' policies and guidelines governing sustainability:

- Chemical guide
- Code of Conduct
- Corruption Prevention Policy
- CSR Policy
- Data Privacy Policy
- Diversity Policy
- DryBook (Supplier manual)
- Employee handbook
- Environmental Policy
- Equality Policy
- IT Security Policy
- Whistleblowing instruction
- Work Environment Policy



Our sustainability focus

UN Sustainable Development Goals

In 2015, the Member States of the United Nations signed an agenda containing 17 Sustainable Development Goals (SDGs) aimed at achieving a more sustainable and gender-equal world. The aim is to achieve these SDGs by 2030. Based on these 17 SDGs, we have identified five focus areas that we can influence in our daily work and where we can create positive change.

Our sustainable development goals focus

Based on the UN's 17 SDGs, we have selected five goals that can be applied directly to Didriksons and in our value chain. Based on these five goals, we have then created an internal order of priority and have selected two goals on which to further channel our sustainability focus. These two focus areas are **6 Clean water and sanitation** and **12 Responsible consumption and production**. To gain an overview of how we are performing and developing in relation to our five selected goals, we have a number of key performance indicators (KPIs) that we have been using since 2017.

Key Performance Indicators (KPIs)



- Percentage of textiles in our collection that are dyed using the solution dyeing technique (%)



- Suppliers who have social insurance (%)
- Engagement – Great Place to Work® (%)
- Short-term sick leave (%)
- Percentage of male employees and percentage of women in senior positions (%)



- Percentage of recycled textiles used in our collection (%)



- Reduction in greenhouse gas emissions (%)



- Total number of garment suppliers
- Number of suppliers responsible for producing 75% of the total purchasing volume
- Total number of nominated fabric suppliers

Goals

Sustainable development goals in our value chain

In developing our sustainability strategy, we have worked on the basis of our entire value chain and have implemented sustainability goals that affect every step in the chain, from the initial design idea to the handling of worn-out products. Our CSR Policy and Environmental Policy form the basis of our strategy and act as governing documents in the design of the strategy. These governing documents are available to Didriksons' staff via our internal database.





6 Clean water and sanitation

Water has always been an important issue for us and characterises both our history and Didriksons as a brand. One of our most highly prioritised goals is to reduce our water consumption and improve water quality. We do this by working with a small number of carefully selected producers and constantly improving our dyeing processes. Since 2015 we have implemented the solution dyeing technique in our production process. We continue to expand our use of water-saving dyeing processes and responsible design development. Since 2015 we have also used completely PFC-free alternatives for our water-repellent finishes as part of our measures aimed at keeping water cleaner from harmful chemicals. The section entitled “Responsible production” contains more information about how we work to reduce our water consumption.



8 Decent work and economic growth

We take care of our employees and our long-term partners. For us, it is of the utmost importance to ensure that everyone who works for Didriksons, regardless of where in the value chain, has decent working conditions and is able to work in a safe and secure work environment. In the section entitled “Social and governance – including human rights and anti-corruption”, and in the section entitled “Didriksons’ people”, we describe the KPIs we measure, and the risks associated with goal number 8.



12 Responsible consumption and production

In order for Didriksons to be able to continue producing products, we must constantly develop our production processes. This is necessary to minimise our environmental and health footprint. Extending the product life of the garments we make is also part of Didriksons’ responsibility.

We work closely with our partners to achieve a more sustainable production process. We are present and train our suppliers and subcontractors to ensure they comply with applicable laws and chemical requirements. In order to reduce our environmental impact with regard to materials, we constantly strive to increase our share of more sustainable materials and water-saving dyeing processes. One initiative aimed at achieving more circular products is ensuring that part of our product range is prepared for recycling in the future. In the sections entitled “Responsible production” and “Social and governance – including human rights and anti-corruption”, we provide more information about our projects and activities in relation to goal number 12.



13 Climate action

Didriksons’ goal is to use less of the world’s resources and to use these resources as responsibly as possible. This applies to both large and small initiatives. One example is our endeavour to choose the most climate-smart alternatives at our head office. We measure the amount of heat and energy consumption at our office buildings. Our collaboration with STICA has provided us with the opportunity to use standardised methods of measuring our emissions. In the section entitled “Responsible production”, under the heading “Greenhouse gas analysis”, we provide a description and analysis of our reporting to date through STICA.



17 Partnerships for the goals

Goal number 17 focuses on being able to meet the sustainability challenges facing the world and our need to strengthen partnerships at both a local and global level. We have long-term relationships with a small number of carefully selected suppliers. We have been working with our longest-standing supplier for more than 20 years. We share our knowledge and provide our suppliers with training in technical know-how, as well as training in sustainability and corporate social responsibility. The section entitled “Responsible production” contains a description of the KPIs we measure, and the risks associated with partnerships with suppliers.

Our projects and initiatives

In order to be able to make a difference and minimise the textile industry's impact on the environment, it is necessary for us to work together with the whole of our industry. We work with partners at both a global and a local level, and this section contains a description of some of our key partners in relation to our sustainability work.

Great Place to Work®

Great Place to Work helps organisations of all sizes and in all industries to evaluate and develop their workplace culture. Quality awards are presented annually to the best workplaces based on the results of their surveys. This certification is the only one of its kind in Sweden and is based on the Great Place to Work Institute's global standard for what characterises a good workplace. The certification is proof that employees experience a very high degree of trustworthiness, respect, fairness, pride, and camaraderie within the organisation. Didriksons lives up to the high standards that characterise a good workplace and has, after a thorough evaluation, been awarded the Great Place to Work certification.

Swedish Institute For Standards (SIS)

SIS is a network of experts working to create international standards. Didriksons participates in SIS to stay up to date on industry standards concerning safety in children's clothing (SIS/TK 16/AG 5).

Swedish Chemicals Group

Didriksons is part of the **Swedish Chemicals Group**, the purpose of which is to disseminate the latest knowledge regarding chemical and environmental issues to member companies. This is a way for us to stay up to date on the latest information regarding chemicals in the textile industry.

The Scandinavian Textile Initiative For Climate Action (STICA)

Since 2019, Didriksons has been a member of **STICA**, a collaborative organisation whose aim is to help Scandinavian fashion and textile companies reduce their climate footprint in line with the Paris agreement goal of limiting global warming to 1.5 degrees. The goal is to reduce absolute greenhouse gas emissions by at least 50% by 2030. We map our carbon dioxide equivalents emissions (CO₂ e) based on three scopes within our value chain.

World Ocean Day (WOD)

In 2023, Didriksons initiated a collaboration as a supporting partner to **World Ocean Day**. WOD is a global organisation dedicated to protecting the ocean and its biodiversity, stabilising the climate, and ensuring a healthy future for all. WOD sheds light on the global commitment made by world leaders to protect 30% of our blue planet by 2030 (30x30). WOD is helping to grow the global youth movement through its youth council. During 2023, Didriksons participated in the selection committee, giving input for the decision of the finalists for the 2023–2024 World Ocean Day Youth Advisory Council.

The Rescue Mission

Didriksons is a strategic partner to **The Rescue Mission**, a non-profit, social work organisation based in Gothenburg. During the winter season 2023, Didriksons donated Galon® rainwear for kids.

Sustainable Fashion Academy (SFA) Learning And Innovation Network

Didriksons is part of the SFA Learning and Innovation Network to access relevant sustainability innovations within our industry, which contribute to the development of our environmental and social work in line with upcoming EU legislation.

CSR Västsverige

Didriksons is a member of **CSR Västsverige**, where we receive access to extensive and versatile support aimed at developing long-term, value-creating CSR activities in our organisation.

Producer Responsibility For Packaging

Didriksons is a member of several organisations with focus on Extended Producer Responsibility (EPR) for packaging material. The aim for these is to reduce littering, minimise waste, and ensure that any packaging waste generated by our business is recycled and used for new products. The associations are: **Rinki**, **Der grüne punkt**, **Näringslivets producentansvar (NPA)**, and **Léko**.

Producer Responsibility for Textiles

Didriksons is a member of the following organisations focusing on Extended Producer Responsibility (EPR) for textiles: **Re_Fashion** and **Stichting UPV Textiel**. The aim of these organisations is to upscale the circularity of post-consumer textile waste.



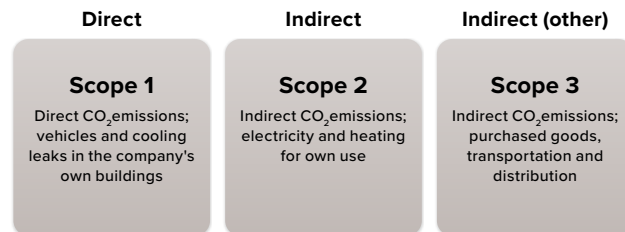
Responsible production

Didriksons endeavors to use the BAT (Best Available Technology) principle, which entails the selection of manufacturing processes based on the best available technology from an environmental perspective.

Greenhouse gas analysis

Our greenhouse gas analysis is based on a combination of generic and activity data from our suppliers. Our ambition is to continuously increase the share of activity data. Challenges include verifying the collected data and gaining access to data from suppliers further down the supply chain with whom we do not yet have direct business contact or commitments. Today, we have direct contact with all tier 1 and tier 2 suppliers.

Our total emissions in 2023 is 14,084 tonnes CO₂ e. The total emissions have decreased with 56% since last year and 20% compared to the base year. We purchased 48% less products 2023 compared to 2022 which is the main reason for our large reduction in total emissions. However, we can also see that the shift of transportation mode has had a great impact.

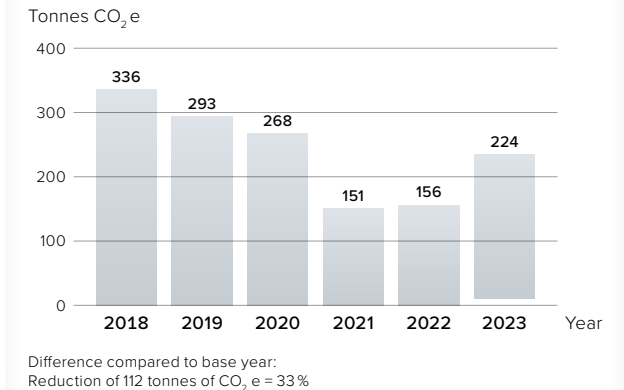


Scope 1 and 2:

The first mapping of Didriksons' greenhouse gas emissions was carried out in 2018 and related to scope 1 and scope 2. 2018 is therefore our base year for these scopes, and it is this year's measurement of emissions that we refer to in our goals for scope 1 and scope 2. As in the previous year, the largest percentage of emissions in these two scopes relates to energy and heat consumption. In total for scope 1 and scope 2, we have reduced our emissions by 33% compared to our base year. However, emissions have increased since 2022. This is primarily due to increased energy consumption, most likely due to differences in data quality. The amount of residual electricity has also increased at the same time as the residual emission factor is substantially higher in 2023 compared to 2022. Furthermore, we have new offices and stores that have not yet changed to a renewable electricity contract and that is also a contributing factor to the increased emissions.

To continue the trend of reduced emissions, we are continuing to work on identifying actual use and mapping the energy sources from which our heating is derived, with the aim of replacing all non-renewable sources with renewable and thus reducing emissions in our total energy consumption. Ongoing measures are also being taken to replace fossil-driven vehicles with plug-in hybrids and/or electric vehicles, further reducing our emissions.

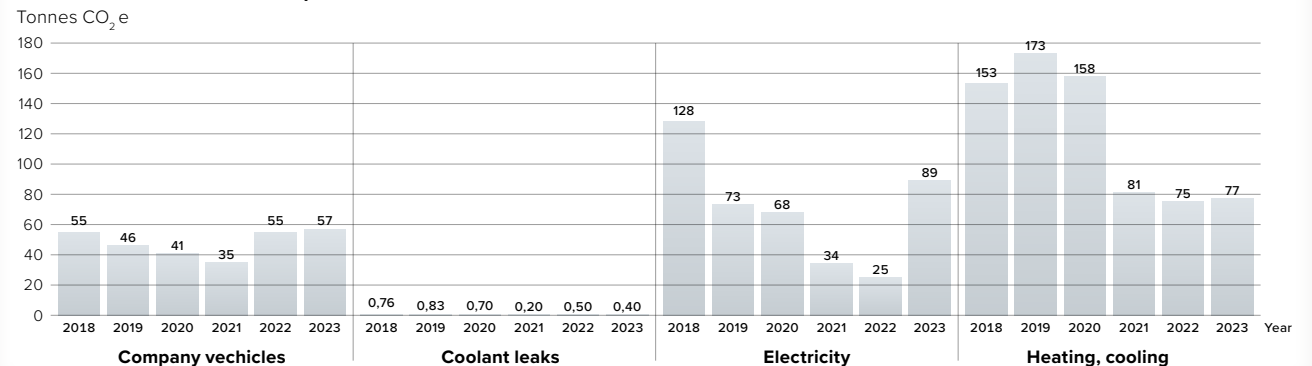
Scope 1 and 2 greenhouse gas emissions



For scope 1 and 2, we aim to achieve the following goals by 2025:

- Based on our emission reporting, we should reduce our absolute greenhouse gas emissions by 60% by 2030 in order to be in line with the goal of limiting global warming to 1.5 degrees. Didriksons' goal is to achieve this by 2025.
- 100% of our energy consumption will come from renewable energy sources.
- Carpool: 75% plug-in hybrids and/or electric.

Distribution of emissions Scope 1 and 2



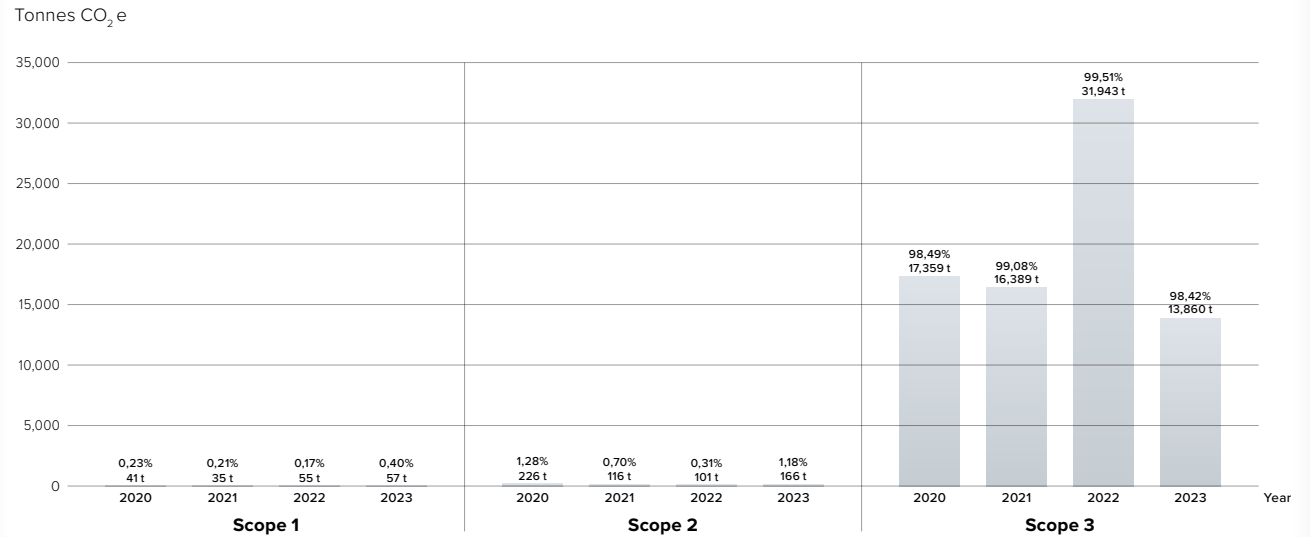
Scope 3:

2020 is our base year for scope 3. Starting 2022, activity data have been collected from both garment and fabric suppliers, tier 1 and tier 2. The strategy for 2023 has been to collect activity data to a greater extent. Transition towards decarbonisation takes time. Our methodology is therefore not to perform new analysis of already reporting suppliers when actions have been taken towards energy efficiency and renewable energy. In the meantime, the latest average emission per produced unit from analysis of activity data have been used. Therefore, our data is a combination of generic and activity data from the latest year analysed, and activity data from 2022.

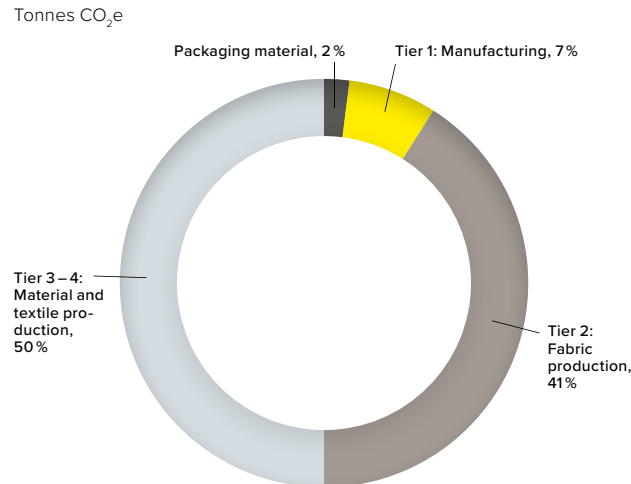
The results show that our main emissions exist in scope 3 (98,4%), and more specifically in the category "Purchased Goods and Services" (92%). The total emissions for scope 3 decreased for 2023 because we purchased fewer products this year. Product emissions per sold product were reduced by 14% compared to 2020, and this can be explained by the fact that a larger share of the products was manufactured by suppliers with lower emissions per purchased product than in 2020. We also see that our material choices and production methods, tier 2–4, have a large impact on our reduction of emissions.

The transport and distribution category stands as the second largest with 5,1% of total emissions. Our ambition is to always ship goods by sea to the greatest extent possible. Emissions have decreased substantially since last year as emissions from air freight have decreased by 94%. The overall reduction in the category is 80% since last year and 59% since the base year. One reason for the reduction since last year is the lower number of purchased products that leads to decreased need of transportation from production. The major factor for the decrease in emission since base year represents a shift in transport and distribution. More information about transportation is provided in the section entitled "Our logistics."

Carbon dioxide emission per scope and year



Emissions per category for purchased good and services



For scope 3, we aim to achieve the following goals by 2030:

- Reduce our absolute greenhouse gas emissions by 50% by 2030.
- During 2023 the process to make a climate action roadmap started, the process will continue in 2024. This will clarify what actions Didriksons needs to take in order to reach the emission reduction goal.

Plan for emission reduction

Analysing activity data has given us a better understanding of where in the value chain the most emissions are generated. By mapping our actual emissions, we now have the possibility to start the dialogue and set up actions to reduce our climate footprint.

Emissions in the category “Purchased Goods and Services” have by far the largest impact and must therefore be our main focus area when implementing measures to reduce our climate impact. To achieve the goal of 50% absolute reduction in greenhouse gas emissions in scope 3 by 2030, we are continuing to work on measures involving the conscious selection of materials that generate low greenhouse gas emissions. We are continuing to increase the percentage of lining and outer materials manufactured with the water-, chemicals- and energy-saving solution dyeing process in our collections. We also recognise the importance of continuing to develop relationships with our partners to reduce our climate footprint in the production processes.

The process of establishing a climate action roadmap began in 2023 and will continue in 2024. Our goal is to identify all necessary actions to reduce our GHG emissions in alignment with our target.

The challenge for Didriksons is to continue to reduce our total emissions during our current growth journey. In summary, to achieve our goals, we must continue to find better alternatives in production, choose better energy sources and better materials, and find better ways of transporting our products from the factory to our customers and consumers. Together with more accurate data from our supply chain, from fibre production to finished garments, we will continue to strive to reduce our climate footprint.





Materials

Our upstream value chain plays a major role in determining the size of our environmental footprint. One of the most effective ways of reducing our climate impact is to make products that last a long time and have a high frequency of use. We strive to constantly develop our product range so that it entails the smallest possible impact on the environment. The majority of our emissions occur in our production, where manufacturing processes and material choices play a significant role. We believe in partnership and work for a high level of traceability in our value chain. As a result, we maintain direct contact with all tier 1 and tier 2 suppliers. Having knowledge of where and how our materials are produced is essential to be able to take actions to reduce our GHG emissions in line with our target.

We have chosen to completely refrain from using animal materials (down, leather, fur, and wool) because we feel unable to guarantee ethical practices in animal husbandry and the production of these materials.

This section of the report contains information about some of the material choices we make to reduce our climate impact.

Solution dyeing

Since 2015, to minimise the use of water, chemicals, and energy in our production processes, we have been using the solution dyeing technique when dyeing some of our synthetic materials.

The solution dyeing technique involves mixing in colour's pigments at the initial stage of producing the fibre that will become the material. One major benefit of this dyeing technique is avoiding a separate dyeing process; otherwise, the fibre must first be spun and then woven into a fabric which is subsequently dyed. Every kilogram of solution-dyed material saves between 80 – 120 liters of water compared with traditional methods of dyeing synthetic textiles. A fabric that is dyed using the solution dyeing technique is also more resistant to fading caused by sunlight and washing than a fabric dyed in the traditional way. This is in line with our vision of offering garments that last for a long time without compromising on quality or performance.

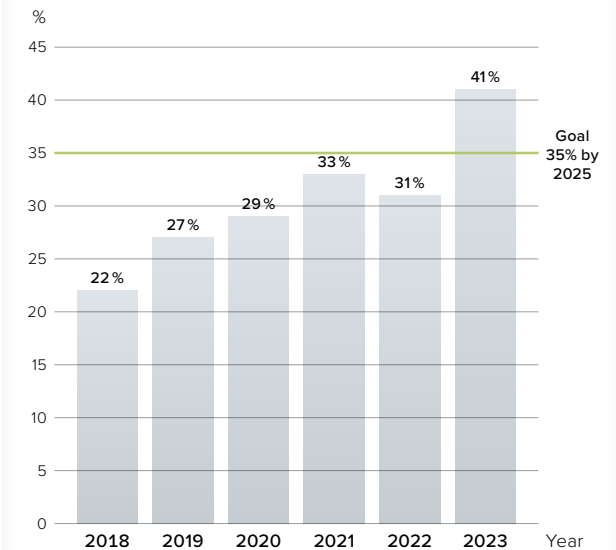


Every kilogram of solution-dyed material saves between 80–120 liters of water compared with traditional methods of dyeing synthetic textiles.

The limitation of this technique is that it requires high volumes of fabric for each colour, as fibre production and dyeing take place in the same step of the process. To reach these volumes, we use the solution dyeing technique as our primary method of dyeing all lining fabrics. To be able to achieve this, we have limited the range of lining colors choices to three colours only. This is a concrete example of prioritizing responsible production over design considerations.

In 2023, we significantly increased the share of solution dyed textiles thanks to material switches, better planning, and our product mix, where we sold relatively more of the products using the solution dyed technique. Our target is to use this technique for 35% of our annual consumption of textile materials in 2025. In 2023, 41% of the textiles purchased were dyed using this technique, already surpassing our goal. Our aim for 2025 is to maintain this higher share and explore the possibility of reducing the climate impact of these fabrics further, such as incorporating recycled content in combination with this dyeing technique.

Solution Dyed-textiles used in our collection



Comment: Textiles dyed with the solution dyeing technique have a high minimum quantity and are used in our lining fabrics, which are only available in three basic colours.

Recycled fibres

We largely use synthetic fibres in our products. This approach is associated with environmental risks due to these fibres being traditionally extracted from oil, a finite resource, and the waste generated when products reach their end of life. To manage these risks, we take active measures to find even more sustainable production processes. With each collection we design, we increasingly incorporate recycled fibres, without compromising on durability or performance. The longer the useful life of a garment, the less impact it has on natural resources. Each year, we measure the total percentage of recycled materials used in our collection. Along with this, we also consider the garments recyclability during the design process. This approach aligns with our vision of a circular economy, described further in the section titled "Circularity".

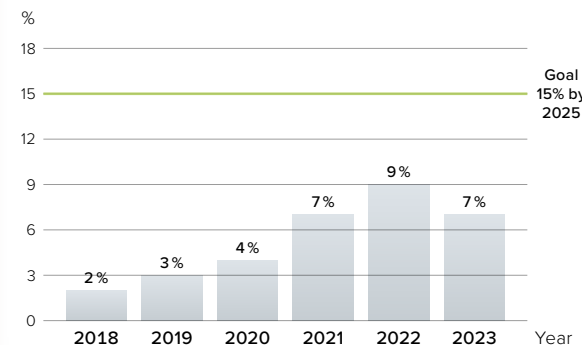
Until now, the inclusion of recycled content in our synthetic materials has conflicted with our use of solution dyed textiles, and solution dyed technology has been prioritised in this regard.

In 2023, our share of recycled content in fabrics decreased due to product mix and the prioritisation of solution dyed textiles. However, the combined share of recycled content and solution dyed fabrics increased, as described above.

We managed to use recycled content in the padding of more than 95% of our padded products. This component of a garment is not subjected to the same wear and tear as the fabrics, and does not require any dyeing process. This will accelerate our share of recycled raw materials even further.

In 2023, more than 95% of our padded products consist of recycled fibres in the padding.

Recycled materials used in our collection (padding excluded)



Bio-based fibres

Since 2020, we have been incorporating bio-based polyester material into parts of our collection. Initially, our focus has been on one specific bio-based yarn due to its unique characteristics and stretch. With these properties, we can achieve soft, stretchy materials without the need for elastane, resulting in a pure polyester-based product that avoids material mixing and facilitates easier recycling. Our strategy is to replace fossil-based raw materials with bio-based ones in the near future.

Recyclable mono-materials

We work based on a circular design philosophy, whereby one of our initiatives is to simplify the recycling of garments through material selection, design choices, and innovation of both. When full-scale recycling processes are available, we want our products to be ready to be dealt with in the best possible manner.

We strive to make products that are recyclable. It is our ambition to create a circular sustainable system in which our garments can be recycled and become new materials when there are methods available for recycling textiles.

We have a range of waterproof products that are fully recyclable, except the non-textile parts such as zippers and buttons. This is possible because we only use polyester in the textile materials of these products. Through laboratory studies, we have received confirmation that all textile parts, including our polyester membrane, can be recycled when a recycling process is available. This means that all textile parts of the garment can be broken down and recycled into new materials. Making a garment from just one material facilitates a recycling process, as there is no need to separate the materials from each other. An example of this is our jacket Thyra which is made in a mono-material without any trims, so it is fully prepared for recycling.



Use of chemicals

Chemicals play a central role in the clothing industry, and if chemicals are not used properly they can do great harm to people and the environment. When it comes to this issue, we have a responsibility in relation to those who produce our products as well as those who wear them. To ensure that no illegal chemicals are used in our products, we constantly stay up to date on the latest chemical regulations and requirements. This is primarily done through our membership of the Swedish Chemicals Group, where their aim is to provide support and develop tools for the dissemination of information regarding legal requirements and other activities in the area of chemical use. We comply with all laws and regulations in this area, and we proactively keep our partners informed of any changes to chemical-related legislation.

In order to maintain control of our materials, we nominate the materials that are used and perform chemical tests based on risk assessment. Didriksons also urges suppliers to update their tests if a long time has passed since a test was last performed. We have chosen to completely refrain from the use of fluorocarbons in our production, and since 2015 we have been using completely PFC-free alternatives for our water-repellent finishes.



Risk management

Our membership of the Swedish Chemicals Group is of great help when it comes to constantly keeping our partners updated on the latest directives regarding chemical-related legislation in the EU. Our risk analysis in this area is performed with the Swedish Chemical Group's risk analysis tool as a starting point and is ensured through dialogue with partners.

A large part of our emissions and our use of resources take place in the material manufacturing process, where large amounts of water, chemicals and energy are used.

Didriksons' internal CSR Group works actively and strategically with these issues throughout the value chain. Through our membership of STICA, we have mapped our GHG emissions in production, which has helped us to identify where most of our emissions are generated and what actions can be done to decarbonise our processes. By applying the solution dyeing technique in the dyeing process, we reduce our consumption of chemicals, energy, and water. Our strategic choice of synthetic materials over natural materials, such as cotton, is part of the goal of reducing our water consumption. In situations where we do use cotton, it is largely mixed up to become more durable. When we use cotton, we strive to ensure that it is certified to ensure that it is organically produced and meets both environmental and social criteria. We also use the OEKO-TEX certification, which ensures that the materials we use are tested for harmful substances. All our garments in Galon® are made from OEKO-TEX-certified materials.

Our logistics

Transportation

The vast majority of incoming shipments from our production facilities in Asia to our warehouses are today transported by boat. Air transport is only utilised in exceptional cases. During a couple of years, when we faced a pandemic and experienced extreme market fluctuations, there was a need to use air transport more frequently. We are now back to low numbers. We are consistently working towards consolidating incoming shipments to attain a high fill rate in our containers. This approach involves seldom shipping containers that are not fully loaded, thereby mitigating the risk of transporting incomplete shipments.

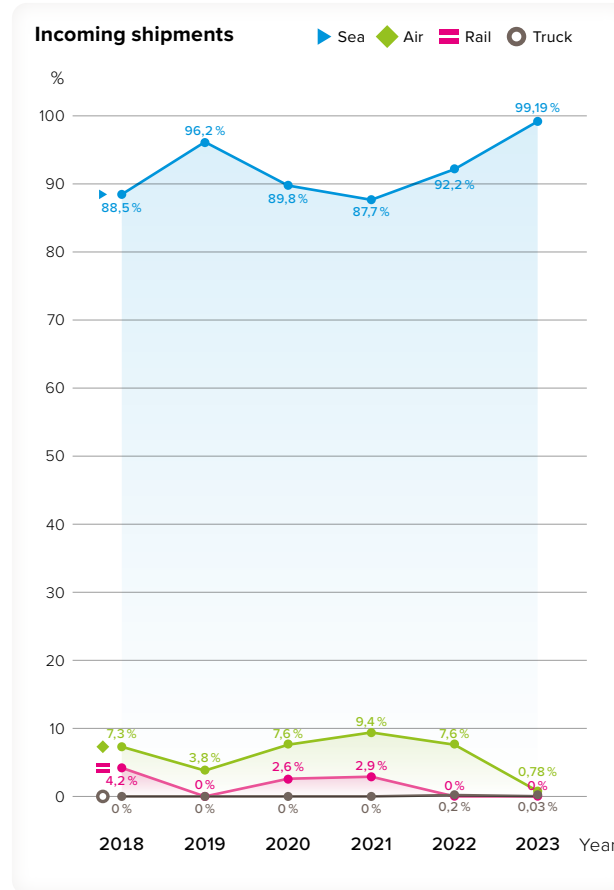
In 2023, we started using electric powered vehicles from Gothenburg harbour to the warehouse in Borås. We will continue to increase the number of electric powered transports.

We have multiple warehouses to optimise shipments to various customer types across different regions, with the aim of minimizing the total transportation distance for our products.

For outgoing shipments to our customers, we only work with partners who have a clear sustainability focus. Almost all shipments to customers are made by road, with only a very small percentage made by air when no other alternative is valid. We work together with our freight forwarders to achieve completely fossil-free deliveries.

Packaging

We strive to reuse as much packaging material as possible, and we apply combined shipping when dispatching orders to retailers and consumers. We pack orders compactly to minimize unnecessary air, and we only use e-commerce mailing bags that are made from 100% recycled plastic. We continuously review our packaging quality regarding both cardboard cartons and plastic bags.





Circularity

Our responsibility

Adopting a circular approach means that we cannot focus solely on our responsibility to reduce our climate impact in productions. It is just as much a matter of taking responsibility for the product when it is used by a consumer. We know that the clothing industry has a major impact on the environment, and we are aware that most of the emissions arising in relation to our products occur in the material production process. It is therefore of the utmost importance that we reduce our emissions in this part of our value chain. However, to really make a difference, it is necessary to take appropriate measures at the initial design stage to ensure that we design products in a manner that ensures that they will last for many, many years. It is by extending the useful life of products that we can truly make a difference.



Thelma – since 2007. One product that is a prime example of long-term design is our Thelma jacket, which has been in our range since 2007 and is still just as popular with our consumers to this day. To celebrate Thelma 15 years in 2022, it was updated according to our fabric strategy and is now made of 100% recycled nylon in outer fabric.

Product life is crucial

Making a product that will last for a long time requires skilled design and knowledge of the product's functionality and construction. When we create products with a long useful life, we show that Didriksons is a brand that can be trusted. Didriksons' products have a high value on the second-hand market, which is also an indication that our products are of good quality and last for a long time. In 2023 we were on the top 20 list of clothing brands and top 5 list of children's wear at Tradera, one of Sweden's most popular second-hand sites. This is in alignment with our strategy to put "long lasting" as our top priority when it comes to CSR in product development, see figure "CSR priority for product development".



CSR priority for product development

Research project: Rental models

Our aim is that all our products will have a long lifespan with frequent usage. New business models, complementary to our linear business model, will most likely support our products to be used more. To gain more knowledge in this area we are involved in a research project: "Rental models: Study of business models in the textile and clothing industry for resource-efficiency everyday life". A 2-year project (2022-2024) that is a collaboration by University of Borås, research institute RISE IVF and Chalmers University of Technology.

Quality review

We constantly review the quality of our products to ensure that they are safe and that critical areas, such as the garment's seams, are of requisite quality and performance. This is done both during the development of the garments and through subsequent quality control checks, which are carried out by staff from our representative office in the production process. During 2023 we have introduced a new tool for quality review in production. It is a seamless module that supports us in planning, performing, and reporting of quality. The purpose is to increase visibility and demonstrate due diligence in our supply chain more effectively. This quality review process contributes to a close and constantly evolving collaboration with our suppliers.

Child safety

Our kids' garments comply with all applicable regulations and standards, to ensure that they are safe and childproof. We are a member of the organisation Swedish Institute for Standards (SIS), which is a group of various companies and experts working to develop standards and requirements that have not yet become national standards, but rather an "industry agreement". One example of such an industry agreement is the agreement that, for safety reasons, no outdoor garment for children may have a sewn-on hood.

There are a number of standards in the area of child safety, with associated requirements and methods. When we design our kids' garments, we base our work on these child safety standards and perform a risk assessment. It is important to be aware of all requirements at the initial design stage, in order to eliminate the risks that could otherwise arise.

Responsibility initiative

We have a responsibility to plan our production to minimise overproduction. By carefully planning our design and material choices, we minimise the risk of leftover material. It is always our ambition to responsibly deal with any leftover material that may arise from our production process despite our best efforts. Any such leftover material has been used for limited collections that have been sold exclusively via our e-commerce platform and in our stores. The process of purposefully utilizing leftover material is integrated in our collection start-up, where any such fabrics are identified with the mission to utilise all materials and leave none unused.

The colorful range of our upcycled production of Sandön Tote Bag was made from leftover material from previous productions of jackets. Sandön is designed to be versatile, and our hope is that it will be used instead of disposable bags when shopping.

Waste management

We measure the amount of recycled waste in relation to total waste at Didriksons' head office in Borås. At Didriksons we want to encourage and inspire our employees with a sustainable mindset, in both work-related decisions and at home. In year 2023, 77% of all waste were recycled, an improvement with 27% since 2018 thanks to more recycling opportunities and our employees engagement to recycle.



Image from our I'm Upcycled mini collection, in which our classic Slaskeman rain set was made from leftover material from previous production processes.



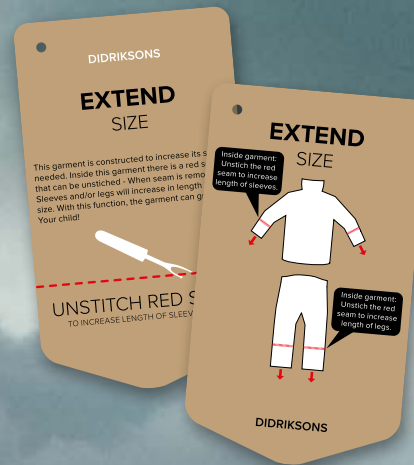
Repair kits

Taking proper care of garments ensures that the product life is extended. We offer our customers repair kits and information about how to care for garments in order to extend the useful life of their garments. This is an area of our circular economy philosophy that we will continue to develop.



Extend size and name tags

As children grow quickly, we use an Extend Size function to ensure that our garments don't get outgrown more quickly than necessary. This function involves loosening a seam in the sleeves and legs, thus making the garment one size larger. Our kids' garments also have name tags with room for several names, as we want to encourage families to pass on our garments to siblings or other children once the first child has outgrown them.



Social and governance – including human rights and anti-corruption

Our partners

Didriksons strives to ensure that everyone who works for us and on our behalf, regardless of where in the value chain, will feel safe, secure, and positive about their work. We work with 16 garment suppliers, and our longest-standing collaboration has been in place for no less than 23 years. These garment suppliers are located in five countries: China, Bangladesh, India, Vietnam and Sweden. The majority of our suppliers are based in China.

Our 16 garment suppliers by country:

- China: 10
- Bangladesh: 2
- Vietnam: 2
- India: 1
- Sweden: 1*

In order to become a partner of Didriksons, we require the supplier to meet the requirements we impose with regard to social, economic, and environmental responsibility. To increase our presence with our suppliers in the countries where we have the largest share of production, we have representative offices in China and Bangladesh. These representatives perform quality control checks and make sure our partners stay up to date regarding our DryBook, which includes our Code of Conduct.

To exert control over a company’s value chain, it is crucial to effectively manage supplier relationships, optimise internal processes, monitor quality, and ensure transparent information flow throughout the chain. Identifying, ensuring, and continuously evaluating performance are central aspects of maintaining control and efficiency. Our quality control tool enhances our ability to ensure that production occurs at planned locations rather than subcontractors and reduces the risk of delays to customers.

* This supplier knits and performs most of their production in Sweden, although the sewing of our products is carried out in Poland.

Code of conduct

Didriksons’ suppliers must sign and comply with our Code of conduct, and make sure that any subcontractors comply with our Code of conduct. This aims to ensure that we run our business in a profitable as well as socially and environmentally sustainable manner. We always endeavour to challenge and maintain a social, environmental and product standard based on long-term relationships. To check our suppliers’ compliance with our Code of Conduct, we perform regular checks and inspections and maintain daily contact with our suppliers. For us, it is of the utmost importance not to compromise on requirements regarding safety, human rights, or chemical-related regulations.

Long-term relationships with our partners

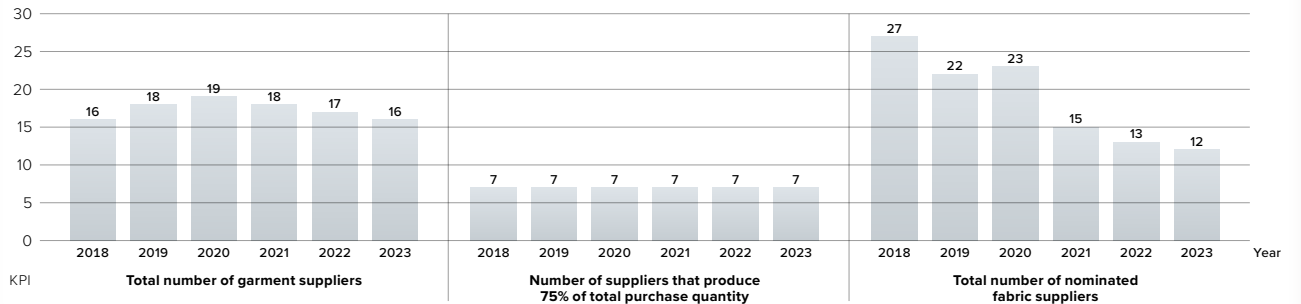
Our aim is to be able to maintain our long-term, respectful partnerships with a small number of carefully selected suppliers. This is one way for us to work towards achieving UN Sustainable Development Goal number 17 Partnerships for the goals.

The advantage of having long-term partnerships with our suppliers is that we get to know each other well and can train our suppliers both technically and in relation to corporate social responsibility. We view it as our joint task to develop together with our partners. The more suppliers and production tiers you have, the more difficult it becomes to maintain control of your production process. By working closely with a small number of carefully selected partners, we achieve a good level of insight and thus good control of the entire value chain.

To gain an overview of our supplier partnerships, we have developed a number of additional KPIs in relation to our production. We measure the total number of garment suppliers, the number of garment suppliers responsible for producing 75% of the purchasing volume, and the total number of nominated fabric suppliers. All these KPIs are relevant in relation to our goal of having long-term partnerships. Since 2018, the total number of fabric suppliers decreased by more than 50%, this is a result of our strategy to consolidate fabric suppliers. With a small number of fabric suppliers we can get better control of the whole value chain, an important step towards full transparency throughout the entire value chain.

Partnerships

Quantity



Goal: We strive to always have long-term, respectful partnerships with our suppliers. Since 2011, four of our seven most important suppliers have produced the majority of our products.

Risk management

Our production largely takes place in risk countries*, which entails an increased risk of shortcomings in the areas of human rights and working conditions.

Our Code of Conduct addresses critical issues that are of increased importance in risk countries, and the areas addressed are:

- Forced labour
- Human rights
- Child labour
- Discrimination
- Wages and benefits
- Working conditions
- Working hours
- Freedom of association
- Corruption
- Environment
- Laws

One risk area that we have identified based on these aspects is that of material manufacturing, where the use of chemicals constitutes a large part of the work. We have also identified increased risks in relation to our subcontractors, where we do not have direct insight but must rely on our suppliers' compliance with the governing documents that form the basis for our collaboration.

Our strategy for verifying compliance with requirements regarding human rights and working conditions is to maintain control of our value chain. This has characterised our choice and the number of suppliers in both the first and second tiers of the supply chain. By only working with a small number of carefully selected suppliers, we can maintain a presence in the production process via our own representative staff, and through regular supplier visits by staff from our head office. This frequent presence promotes discussions about the production process in both the first and second tiers of the supply chain. These discussions are not solely limited to aspects such as the work environment and social issues, but also include the risks that arise in the form of safety in buildings and evacuation routes in premises. Apart from the increased production-related risks that can arise when a frequent presence is not possible, the risks of higher costs and increased handling of shipments can be reduced if our production is located closer to our own market.

By only working with carefully selected partners who share our values, and by being a brand that does not focus solely on price, we contribute to respect for sound working conditions and fair wages. 100% of our suppliers have signed our Code of Conduct. In connection with our own quality control measures and inspections, it is a matter of course that any defects or shortcomings identified in production must be pointed out and

reported to the person responsible so that remedial action can be taken. We had no reported cases of human rights violations in 2023, which is consistent with our statistics in 2022. One reason why the statistics are unchanged compared to the previous year may be that our controlling presence has been smaller than before due to the restrictions entailed by the lockdowns in China.

We value long-term partnerships with our partners, but we are also aware of the risks associated with this approach. As a long-term partner, the relationship could become more than simply business-like, which could lead to a risk of corruption. We have a zero-tolerance policy when it comes to bribery and corruption, and we regulate these aspects through our Code of Conduct and Anti-Corruption Policy, which our suppliers are obligated to comply with. This policy aims to ensure that we always prevent corruption in all activities that are under Didriksons' influence, and it also helps to ensure that we have a high level of transparency and integrity throughout the value chain.

It is our assessment that the risk of corruption is greatest in connection with the placement of orders with subcontractors, with bribery constituting the greatest risk. To minimise the risk of business dealings being conducted on wrongful grounds, we maintain constant contact with our suppliers. Our staff who work with these issues are trained in our Anti-Corruption Policy and methods for detecting and managing this risk. To minimise the risk of corruption, we steer the choice of suppliers in our technical specifications, with our product department responsible for determining the suppliers included in the specification. In 2023, no cases or reports were submitted regarding deviations from Didriksons' governing documents or zero tolerance policy, which is consistent with our statistics in 2022. This is a result of our clear strategy to have control of our value chain.

Our goal is to only work with suppliers who have social insurance, and all our suppliers meet this requirement.

* With the Worldwide Governance Indicators (WGI) project, the World Bank has specified six governance indicators that classify countries based on whether or not they are a risk country. These dimensions are: 1. Voice and Accountability, 2. Political Stability and Absence of Violence/Terrorism, 3. Government Effectiveness, 4. Regulatory Quality, 5. Rule of Law, and 6. Control of Corruption.





Didriksons' people

Together we make a difference

At Didriksons we are nothing without our employees. It is the people that make Didriksons move forward and that fills the brand with our values of what we stand for. We strive to create an environment where everyone is treated with respect and dignity while also providing a safe, secure, and healthy workplace that promotes professional and personal development. Our Code of Conduct and governing documents help us understand how we can apply our values in our day-to-day activities.

We are affiliated with collective agreements in Sweden to ensure that we stay updated on industry-specific conditions and to promote increased participation within the organisation by allowing our employees to be involved in certain matters.

Our Work Environment Policy and CSR Policy address issues relating to health and safety, stress, and work-related injuries. Our Code of Conduct sets the standard for how we behave towards each other. We have a health and safety officer to whom employees can turn to regarding issues concerning health and safety or the work environment, and we provide regular first aid courses and fire drills.

Finding a good balance in life is an important piece of the puzzle and an aspect on which we actively focus. We are convinced that, when we can maintain a sound balance between work and private life, we perform better and are also more inspired and engaged at work. Achieving a good level of integration between our departments is crucial for the well-being of our employees and our company's development. Our employees are offered an allowance for wellness and are encouraged to undertake physical exercise and activities. We have an employee well-being group that organises wellness activities and other much appreciated events where our employees have the opportunity to meet, interact and engage in physical exercise and activities.

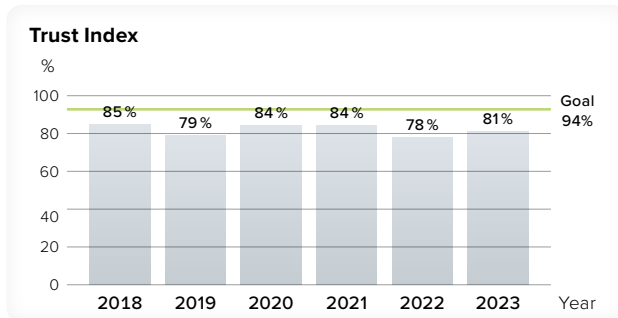
Didriksons as an employer

Our ambition is to be an attractive employer. We are a fast-growing company and are constantly focused on finding skilled employees and creating a successful and gender-equal workplace. At the end of 2023, Didriksons had 112 employees in 5 countries. Full-time equivalents increased during the year by 3 fantastic employees.

Under goal number 8 we have a number of KPIs designed to measure how we perform as an employer in the eyes of our employees. We have a collaboration with Great Place to Work®, who perform annual employee surveys at our company. The results of these surveys help us to identify areas of strength as well as shortcomings. The results are used by the management team's continued development activities, which the entire company works on together during the year, with the aim of achieving continuous improvements as a workplace.

Didriksons has been a certified Great Place to Work since 2020, and we aim to become one of the best companies to work for in the whole of Sweden. Through the Great Place to Work initiative, we have the opportunity to measure our employees' level of trust and engagement in their work. This is an indicator of our employees' job satisfaction and how they feel about their workplace.

We are proud of the extensive commitment in 2023, a 97% response rate and a trust index of 81%, which is an increase from last year. This could partly be explained by less new employees hired during the year, but also thanks to an intensified work by our group dedicated to our employees' wellbeing.



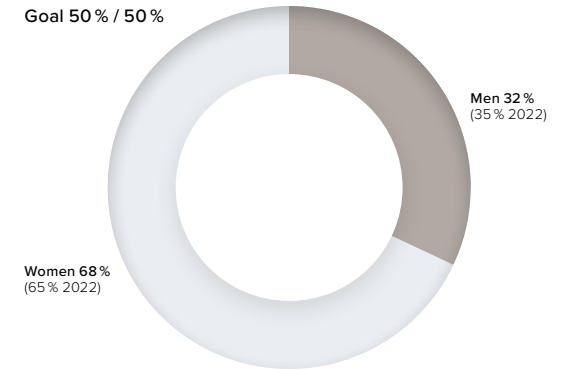
We believe that gender equality and diversity are important factors in building a sustainable business and this emphasis is further described in our Diversity and Equality Policy. Our focus lies in creating a diverse workplace where all employees have equal opportunities regardless of their socioeconomic background, religious beliefs, gender, sexual orientation, or ethnicity. Diversity of people is a diversity of ideas, skills, and experiences.

We measure the gender distribution between men and women, partly in total in the workplace and partly in relation to senior positions. In this context the term "senior positions" refers to the Board of Directors, the CEO, and other senior executives. At present the majority of our employees are women, while men hold the majority of our senior positions. Our aim is to achieve an even gender distribution, both in the workplace in total and in relation to senior positions.

We want all employees to develop and grow along with the company. Training opportunities are a valuable tool to continuously increase skills and professional development. This is also a way to retain experienced co-workers and attract new talent. Our introduction program ensures that new employees receive a broad understanding of Didriksons and how we operate. It sets the tone for our collaboration.

Percentage of Women / Men employees 2023

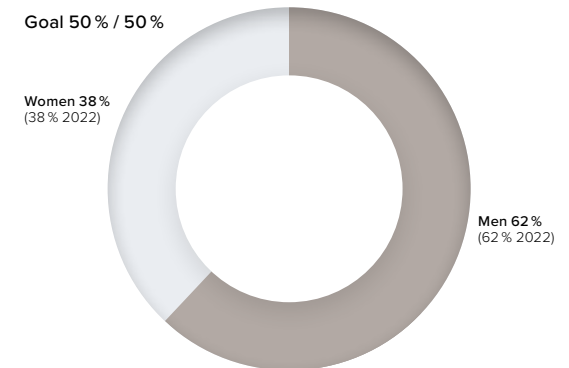
Goal 50 % / 50 %



Percentage of Women / Men in senior positions 2023

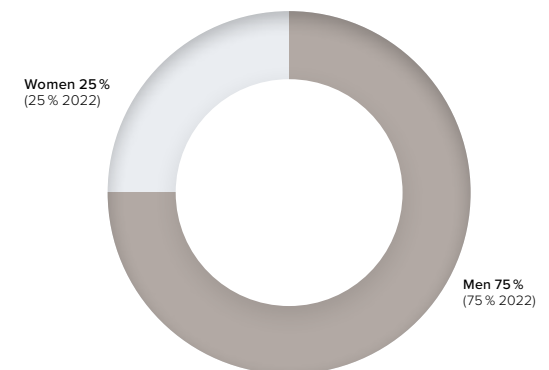
Comment: The term "senior positions" refers to individuals who, together with the CEO, are members of the group management team.

Goal 50 % / 50 %



Percentage of Women / Men on the Board of Directors 2023

Women 25% (25% 2022)



Risk management

We have a responsibility to our employees and our owners to take active measures to achieve a work environment that is safe, secure, and stimulating. Everyone has an obligation to comply with our Work Environment Policy.

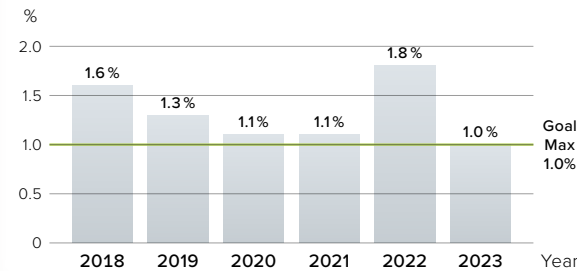
We work actively to assess risks, invest in safe equipment, remove unsafe work activities, and establish procedures for a safe work environment. We do this in order to minimise the risk of work-related injuries and accidents. All managers have completed a work environment course under HR management, which is also a preventive measure against abusive treatment and discrimination.

The risk of accidents in the workplace is greatest for those who spend time in our warehouse. The warehouse is an environment with risks associated with activities such as the use of forklifts, loading and unloading. During our peak season we also use hired agency staff in our warehouse. Both our own staff and hired agency workers receive thorough training regarding our procedures aimed at minimising the risk of an accident occurring.

Staff members who spend time in our brick-and-mortar stores encounter different types of risk than those who work at our office. Our stores are equipped with assault alarms, and there are guards who patrol the areas and visit the stores at least once a day. No cash is handled in our stores, and the stores have alarms that are activated after closing time. All products are protected by alarm sensors, and there are fire extinguishers and evacuation plans in all stores. To minimise the risk of a member of staff getting injured, we always try to use good ladders and safe pallets.

Our aim is to achieve as low a rate of sick leave as possible. In 2023 the rate of short-term sick leave decreased to 1.0% from 1.8% in 2022. Our goal is to maintain a maximum of 1.0% short-term sick leave. To achieve the lowest possible rate of sick leave, it is necessary to ensure that our employees feel safe, secure, and motivated to perform their work duties.

Short-term Sick Leave



Corruption and bribery are unethical and illegal behaviours that are strictly prohibited for our employees as emphasised in our Code of Conduct and Corruption Prevention Policy. Corruption obstructs development by basing decisions on private favours and illegal gains instead of the public welfare or market competition. Corruption is a risk to Didriksons in terms of reputational damage and fines. We have assessed the risk of corruption in our operations and found that the greatest risk exists within the sourcing of materials and products. Therefore, extra emphasis is being placed on training our employees in the purchasing and supply chain department in anti-corruption measures. Any indications of misconduct must be reported immediately to a trusted manager or through our whistleblower function as outlined in our Whistleblowing Instruction.





In conclusion

Our efforts and endeavours to constantly make Didriksons a more responsible company are part of an ongoing process, and in 2024 our aim is to further increase the pace of this work. One example of this ambition is how, thanks to our high priority on partnership and traceability, we have managed to utilize real data from our garment and component suppliers. Additionally, we introduced a new internal tool for quality checks, which not only supports the documentation process but also aims to increase visibility and demonstrate due diligence in our supply chain more effectively. Lastly, we have reduced air freight for our shipments to less than 1% this year.

Signatures of the Board of Directors
Borås, 24 April 2024

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Gustav Bard
Chairman of the Board

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Lene Sandvoll Stern
Board member

.....
Mats Hedblom
Board member

.....
Tord Dyrssen
Board member