

# GROUP SUSTAINABILITY REPORT 2021





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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 2021, prepared as a separate report to the Directors' Report in accordance with chapter 6, section 11 of the Swedish Annual Accounts Act.

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 as transparent and detailed a 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

2021 was one of the more eventful years in Didriksons' long history. Despite the effects of the pandemic, including restrictions and shutdowns in our production countries, global logistics challenges and employees working from home for a large part of the year, we have coped well with the challenges we have faced and have not let these external factors affect our sustainability focus.

This year's report includes information on the continued progress of our measures aimed at reducing our water consumption and how we are taking new steps towards the achievement of as complete a mapping as possible of our greenhouse gas emissions. With defined data concerning our greenhouse gas emissions, we can create concrete and targeted measures to reduce such emissions. However, the groundwork in this area is already being performed by our product department, where focus is always placed on creating clothes that can withstand the elements and wear and tear for many years, thus reducing the need for our consumers to buy new garments.

At Didriksons, much of our work is based on the personal engagement of each individual and the conviction that, together, we can make a positive difference to the world in which we live. Social sustainability therefore plays a central role in our sustainability work, and we continuously strive to make Didriksons as good an employer as possible by safeguarding and promoting the best interests of our employees. This is an area that has gained extra focus during the pandemic, as it has been of the utmost importance to put the health of our employees first yet still be able to offer them the flexibility of working from the office when the spread of infection has not been too great, as we strongly believe that the opportunity to meet and interact with colleagues in person has a major positive impact on our employees' wellbeing.

We are extremely proud to be certified by Great Place to Work® as one of Sweden's best workplaces, proof of the fact that we are a dedicated team with a workplace that provides a high level of job satisfaction.

We will continue our work in 2022, with even greater focus on CSR issues and sustainability. We will continue to create clothes that are designed to last through many years of use; garments that are reliable and faithful companions to all of you who love spending time outdoors.

See you outside,  
Johan Ekeröth



# Highlights in 2021



87%

87% of all padded products have padding made from recycled fibres, certified according to Global Recycled Standard (GRS).



Great Place To Work®  
Certifierad  
FEB 2021–JAN 2022  
SE

In 2021 we are once again a certified Great Place to Work®.



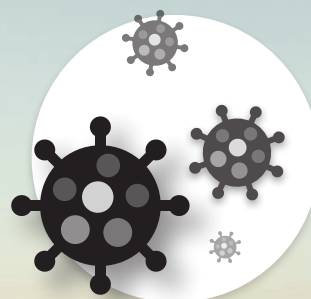
THIS FABRIC SAVES WATER

Continued increased use of the water-saving solution dyeing technique in our outer fabrics.



CO<sub>2</sub>

Continued mapping of Didriksons' greenhouse gas emissions through The Swedish Textile Initiative for Climate Action (STICA), which began in 2019.



Retention of our partners in our value chain during the pandemic.



Continued reduction of the risk of transporting air in our shipments.





## Consequences of the pandemic

There is no doubt that the pandemic has had an impact on the entire world, us included. Back in 2020, despite border closures and shutdowns in a number of the countries where our production facilities are located, we were able to fulfil our orders and deliver garments to a market characterised by a high level of demand for garments for outdoor use. The same was true last year, although imbalances arose in logistics flows due to the pandemic and associated logistical challenges.

The consequences of the pandemic have also meant that we have not been able to visit our suppliers to the extent we would under normal circumstances.

We introduced travel restrictions at the beginning of the pandemic, and like all other companies we were subsequently forced to transition from regular business trips to digital meetings online. We aim to continue the use of digital meetings to the extent that our operations allow, in the hope and expectation that this will contribute to a more efficient and effective process as well as reduced emissions.



# 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. Since then we have continued to design and manufacture jackets with a meaningful purpose. Our aim is to enable consumers to only buy the products they really need and want. We therefore base the design of our product range on the principle that our products will become long and faithful companions for many years. In keeping with our approach to our products, we also prioritise long-term relationships with our partners, employees and consumers.

### 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

### Mission

“We make sustainable, functional outerwear with clever features, each designed with a purpose”

### Vision

“Every jacket we make will have a meaningful purpose, for the people who wear it, make it and for our planet”





## Didriksons' core values

Our three core values – craftsmanship, innovation and responsibility – are an integral part of 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 create clever and well-designed jackets designed for consumers' needs

### Innovation

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

### Responsibility

We make jackets with a purpose to last, and we foster an equal work ethic and a down-to-earth culture





# 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 mainly sold in Sweden and Germany, although Didriksons also continues to grow outside these markets. Below is a summary of Didriksons in figures in 2021.**

- 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: 25 countries
- Subsidiaries in Sweden, Norway, the United Kingdom, Finland and Germany
- Representative office in China with a quality assurance function
- Quality assurance representative in Bangladesh
- Design and product development takes place at the head office in Borås, Sweden
- Own e-commerce activities in 19 countries
- Number of employees: 93
- Net sales in SEK: 647.3 million
- Number of products sold: 1,440,586
- Top three markets: Sweden, Germany, United Kingdom







## Responsibility structure

Issues regarding our sustainability work are assigned to a designated CSR Group consisting of expertise from the management team and various departments within the company. The CSR Group is responsible for managing and implementing the company's CSR strategy. Prior to 2021, Didriksons created a completely new full-time position in the form of a CSR Manager, whose role will be to develop and manage our sustainability strategy together with the management team.



# 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

Our majority owner, Adelis Equity Partners, is a signatory to the UN Principles for Responsible Investment (PRI) and has, through the Board of Directors, established sustainability goals for Didriksons' operations.

## 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 impart 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. This governs 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 our supplier 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.





# 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 five goals

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 developed a number of key performance indicators (KPIs) that we have been using since 2017.

GOAL	6 CLEAN WATER AND SANITATION	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
KPI	<ul style="list-style-type: none"> <li>• Percentage of textiles in our collection that are dyed using the solution dyeing technique (%)</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers who have social insurance (%)</li> <li>• Engagement – Great Place to Work® (%)</li> <li>• Short-term sick leave (%)</li> <li>• Percentage of male employees and percentage of women in senior positions (%)</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of recycled textiles used in our collection (%)</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in greenhouse gas emissions – STICA (%)</li> </ul>	<ul style="list-style-type: none"> <li>• Total number of garment suppliers</li> <li>• Number of suppliers responsible for producing 75% of the total purchasing volume</li> <li>• Total number of nominated fabric suppliers</li> </ul>



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.

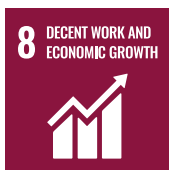






## 6 Clean water and sanitation

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 issues – 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 to produce products, we must constantly develop our production processes. This is necessary in order 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 use 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 issues – 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 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 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 for what characterises a good workplace and has, after a thorough evaluation, been awarded the Great Place to Work certification.



## CSR Väst Sverige

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



## Swedish Institute for Standards (SIS)

SIS is a network of experts working to create international standards. Didriksons participates in SIS in order 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 Swedish Textile Initiative for Climate Action (STICA)

Since 2019, Didriksons has been a member of STICA, a collaborative organisation whose aim is to help Nordic 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 greenhouse gas emissions by at least 30% by 2030. We map our carbon dioxide emissions (CO<sub>2</sub>) based on three scopes within our value chain.



## WaterAid

Each year, Didriksons makes a monetary donation to the independent international organisation WaterAid. WaterAid is an organisation that works to improve people's lives by improving access to clean water, sanitation and hygiene in the world's poorest communities. In 2021, all profits from the sale of the Odin jacket were donated in full to support WaterAid's important work. The Odin jacket was sold via our retailer Zalando as well as on didriksons.com, and the profits from the sale of the jacket led to access to clean water for 240 people.



## RINKI, Finnish Packaging Recycling RINKI Ltd

Didriksons is a member of Rinki, a Finnish non-profit service company that makes the sorting of packaging easy for consumers and facilitates the management of producer responsibility for businesses.



## Der Grüne Punkt

Didriksons is a member of German Der Grüne Punkt, a European network for recycling.



## FTI (The Swedish Packaging & Newspaper Collection Service)

Didriksons is a member of FTI, an association that collects packaging and newspapers in Sweden and makes sure that they are recycled to the greatest extent possible.

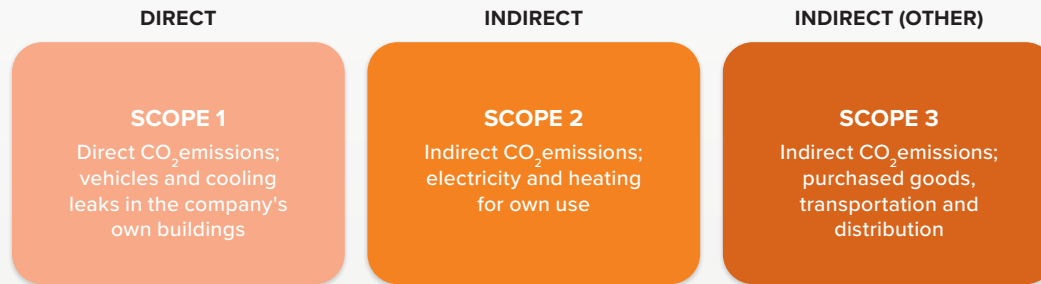


# Responsible production

Didriksons endeavours 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

In 2021, we carried out a greenhouse gas analysis as part of our membership of STICA. The greenhouse gas analysis relates to 2020 and thus differs from the other parts of the report, which are focused on 2021.



### 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 9% since 2019, and by 20% compared to our base year. This reduction is largely due to reduced travel and reduced energy consumption, both of which are a likely effect of the pandemic. The greatest impact from Didriksons' own premises comes from district heating, in particular heating for our head office in Borås.

In order 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 energy 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, in order to reduce our emissions still further.

### SCOPE 3:

2020 is our first reporting year for scope 3. The results clearly show that our main emissions exist in scope 3 (98.1%), and more specifically in the category "Purchased Goods and Services" (86%). The category "Transportation and Distribution" accounts for the second-largest share of our emissions (12%). When it comes to this category, our ambition is to always ship goods by sea to the greatest extent possible. More information about transportation is provided in the section entitled "Our logistics".

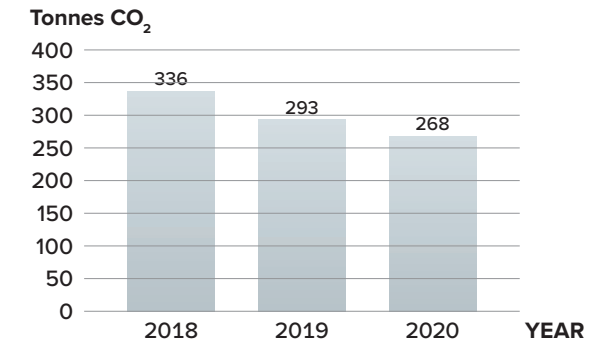
### For Scope 1 and 2, we aim to achieve the following goals by 2025:

- Based on our emission reporting, we should reduce our emissions by 50.4% 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.

### For Scope 3, we aim to achieve the following goal by 2030:

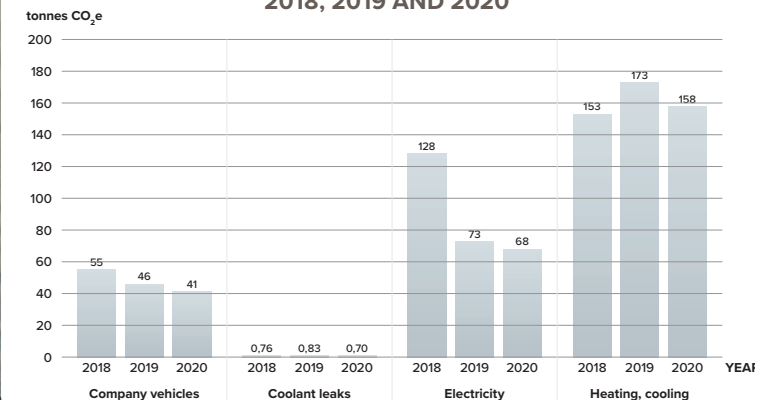
- Reduce our greenhouse gas emissions by 30% by 2030.

### SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS



Difference compared to base year:  
Reduction of 68 tonnes of CO<sub>2</sub> = 20%

### DISTRIBUTION OF EMISSIONS 2018, 2019 AND 2020





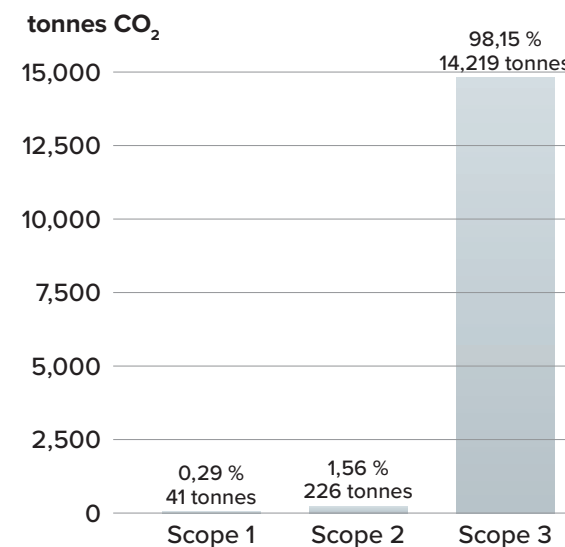
## Emissions per scope, tonnes CO<sub>2</sub>e

Emissions in the category “Purchased Goods and Services” are by far the largest and must therefore be our main area of focus when implementing measures to reduce our climate impact. In order to achieve the goal of a 30% 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. In particular, we are continuing to increase the percentage of lining and outer materials manufactured with the water- and energy-saving solution dyeing process in our collections. We also recognise the importance of continuing to develop relationships with our partners in order to achieve a more sustainable production process.

To improve the data quality for the next reporting year, we are endeavouring to obtain actual supplier data from a couple of our garment suppliers. Our aim is to target the partners who are responsible for producing the largest percentage of our products. Better data quality will further improve our emission calculations so that relevant climate action can be identified.

The challenge for Didriksons is to continue to reduce our total emissions in the midst of our current growth journey. In summary, in order 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 garment, we will continue to strive to reduce our climate footprint.

EMISSIONS PER SCOPE





## Solution dyeing – the dyeing technique that saves water

Since 2015, in order 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 pigments at the initial stage of producing the fibre that will become material. One major benefit of this dyeing technique is the avoidance of 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 litres 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.

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 this volume, we use the solution dyeing technique as our primary method of dyeing all lining fabrics. In order to be able to achieve this, we have limited the range of lining colour choices to three colours only. This is a concrete example of prioritising responsible production over design considerations.

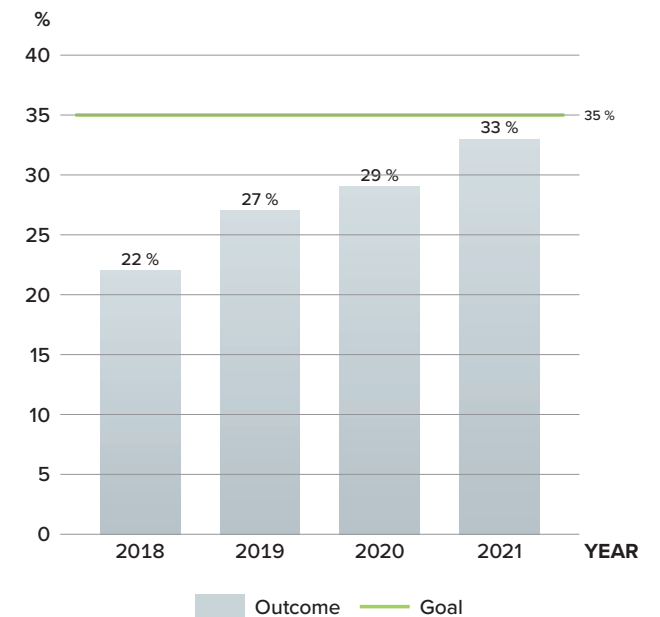
In 2021, we expanded our use of the solution dyeing technique in order to save water, chemicals and CO<sub>2</sub> emissions to a greater extent in our outer materials. In 2020 we had six products in our product range with materials dyed using this technique, while in 2021 this figure increased to 14 products. Thanks to the solution dyeing technique, we have been able to avoid the use of more than 2,500,000 litres of process water. Our aim is to use this technique for 35% of our annual consumption of textile materials in 2023.



Compared to traditional dyeing methods, we save around 15 litres of water per metre of material produced when we use the solution dyeing technique

Our goal is: 35% of all purchased textiles will be dyed using the solution dyeing technique in 2023

### 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.*

#### KPI

- Solution-dyed textiles used in our collection

#### Goal

35% by 2023

# Materials

Our value chain plays a major role in determining the size of our environmental footprint. One of the most effective ways of reducing our environmental impact is to make products that last for a long time. 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 in determining our environmental footprint. We have chosen to completely refrain from the use of animal materials (down, leather and wool), as we feel that we do not have the possibility to ensure that animal husbandry and the production of such materials will definitely take place in an ethical manner.

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

## Recycled fibres

We largely use synthetic fibres in our products. This approach is associated with an environmental risk in that these fibres are traditionally extracted from oil, which is a finite resource, as well as the waste that arises when the product is used up. To manage these risks, we take active measures to find even more sustainable production processes.

For each collection we produce, we expand our use of recycled fibres without compromising on quality and performance. Each year, we measure the total percentage of recycled materials used in our collection.

Recycled materials do not provide the same level of performance as newly manufactured materials, which are more durable and last longer. Consequently, our goal is not to solely use recycled materials in our production, as it is also important for us that our products last as long as possible. The longer the useful life of a garment, the less impact it has on natural resources. We do, however, strive to use 100% recycled materials in our padding, as this part of a garment is not subject to the same stress or wear and tear as the outer materials and lining fabrics. This approach is in line with our vision of a circular economy, which is described further in the section entitled “Circular economy”.

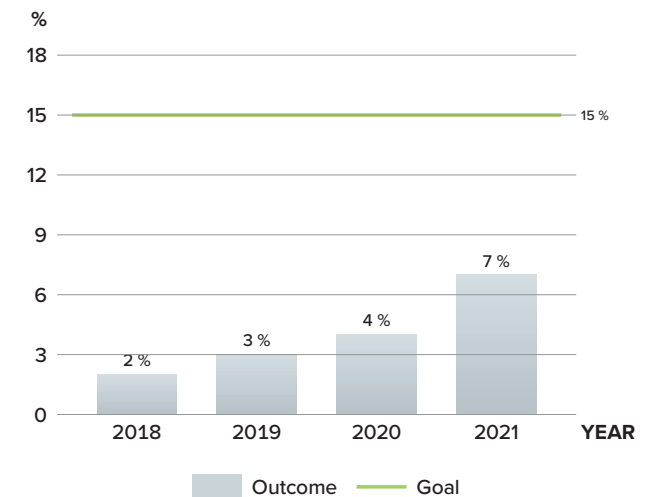


### Global Recycled Standard (GRS)

To ensure that recycled fibres are used in our recycled materials, we use the Global Recycled Standard (GRS) certification.

In 2021, 87% of padded products consist of recycled fibres in the padding

### RECYCLED MATERIALS USED IN OUR COLLECTION



*Comment: Since recycled materials are not as durable as traditionally produced materials, our goal is not to solely use recycled materials.*

#### KPI

- Recycled materials used in our collection (padding excluded)

#### Goal

15% by 2025



## Bio-based fibres

We work with textile suppliers who are proud of the quality and performance they can deliver. Since the spring of 2020, we have been using bio-based materials in part of our collection. Thanks to the properties of the bio-based materials we use, we can achieve soft, stretchy materials without the need to mix in elastane, which means that we produce a pure polyester-based product that avoids a material mix and facilitates easier recycling.

## Recyclable polyester

We strive to make products that are recyclable. In the textile industry, there is still no fully developed technique for managing the waste we generate via our products. However, it is our ambition to create a circular sustainable system in which our garments can be recycled and become new material when there are methods available for recycling textiles.

8.5% of our waterproof products are fully recyclable, with the exception of non-textile parts (such as zippers and buttons). This is possible due to the fact that we only use polyester in the textile materials. Through laboratory studies, we have received confirmation that all textile parts, including our polyester membrane, can be recycled. This means that all textile parts of the garment can be broken down and recycled into new material. Making a garment from one and the same material facilitates the recycling process, as there is no need to separate the materials from each other.

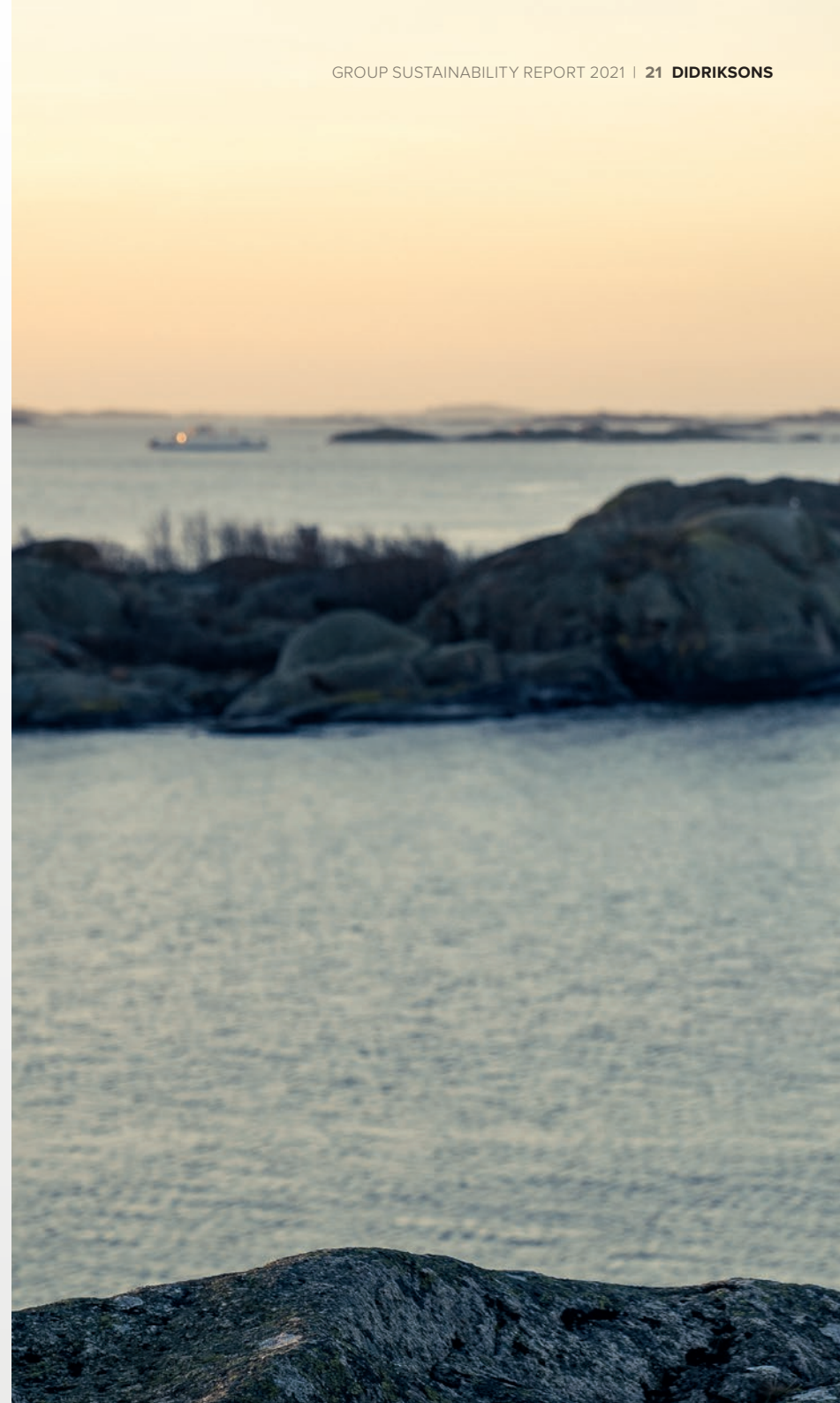
## Recyclable materials

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



### Sorona®

We work with textile suppliers who are proud of the quality and performance they can deliver. One such partner is Sorona, who have developed a partially plant-based polyester fibre that has been part of our collection since the spring of 2020. Sorona can also be recycled in a polyester recycling cycle.



## Research project together with RISE IVF

Together with RISE IVF and 12 other partners, Didriksons is part of a group that has run the project “Chemically Recycled PET/Polyester as Raw Material for Additive and New Polymer”. This study was completed in 2020. Through our participation, we have gained knowledge about the challenges and opportunities that exist with regard to channels for utilising leftover material and recycling used materials, as well as the challenges associated with the actual process, such as decolourising polyester for use as a building block in a closed circular system. The project has proven, among other things, that our recyclable membrane can be recycled and spun into new fibres with the same level of durability. The next step is to support projects that encourage and facilitate investment in the demonstrated process by facilities and organisations, and to scale up the process from the lab stage to real application.



## 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 buy 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. One of the ways that Didriksons does this is through our membership of the Swedish Chemicals Group, the aim of which 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.



## Risks and 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 takes 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 scope 3 CO<sub>2</sub> emissions in production, which in turn helps us to identify the parts of the process that we can change in order to reduce our emissions. 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 according to the Global Organic Textile Standard (GOTS), which ensures that it is organically produced. 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

A large majority of the shipments from our production facilities in Asia are shipped via sea or rail to our warehouse, which is located adjacent to our head office in Borås, Sweden. During our peak season we also use third-party warehousing solutions to a certain extent. Air transport is only used in situations where no other alternative is possible, such as when something unforeseen happens. Due to the pandemic and imbalances in global transportation flows, the percentage of shipments to our warehouse by air increased to 9.4% (please see the diagram). We constantly strive to reduce the number of shipments by air through careful planning together with our suppliers, although new uncertainties mean that we also need to allow for extra lead times in the planning process.

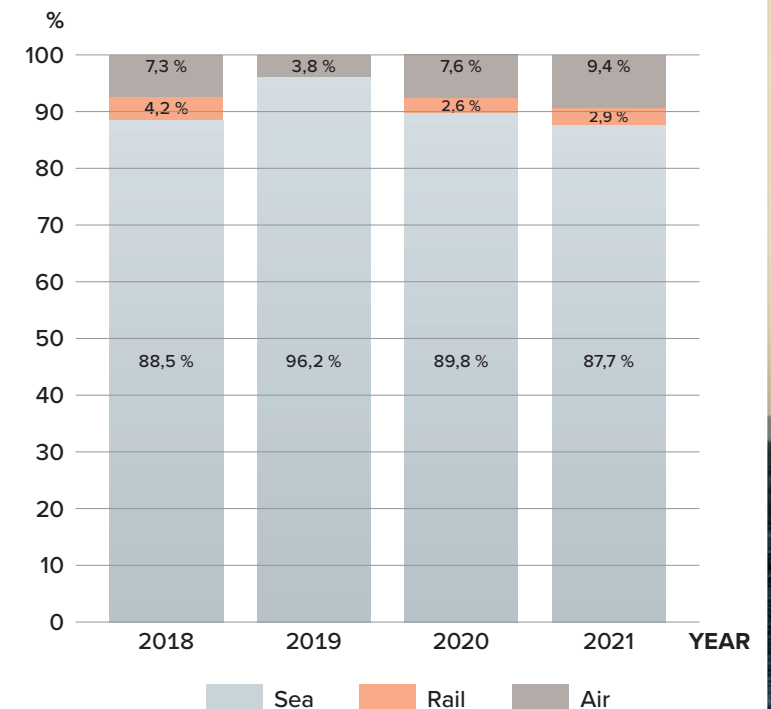
We always try to consolidate incoming shipments in order to achieve a high fill rate in our containers. This means that we rarely ship containers that are not completely full, thus avoiding the risk of “transporting air”.

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. 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 despatching orders to retailers and consumers. We pack orders compactly in order to minimise unnecessary air, and we only use e-commerce mailing bags that are made from recycled plastic. We continuously review our packaging quality with regard to both cardboard cartons and plastic bags.

INCOMING SHIPMENTS





# Circular economy

## Our responsibility

Adopting a circular approach means that we cannot focus solely on our responsibility to reduce our greenhouse gas emissions. 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, in order 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.


## 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.

## Long-term design

It takes a high level of skill to create a product that will last year in and year out, without losing its performance or relevance. Our product and design team constantly develops our products on the basis of a sustainable design strategy. The choice of materials, colours, patterns and garment models are all parameters that play an important role in this strategy.



**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.

## 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. 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 SIS (Swedish Institute for Standards), 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

By carefully planning our design and material choices, we minimise the risk of leftover material, and it is always our ambition to responsibly deal with any leftover material that may arise from our production process despite our best efforts. To date, any such leftover material has been used for limited collections that have been sold exclusively via our e-commerce platform. It is our aim to further develop this responsibility of purposefully utilising any leftover material from our production process.

## Waste management

Our KPI "Recycled waste" under goal number 13 measures the amount of recycled waste in relation to total waste at Didriksons' head office in Borås. The total recycled waste is less than the corresponding figure in 2019. That said, the amount of total waste has been reduced by 15% compared to 2019. This is likely an effect of the pandemic, i.e. less staff present at the office.



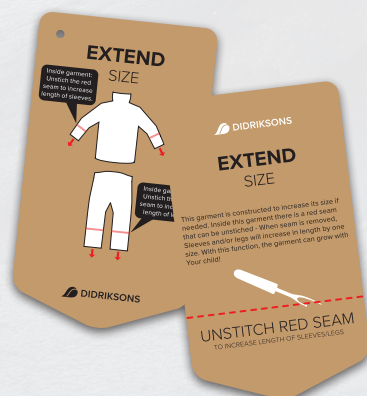
Image from our I'm Upcycled mini collection, in which our classic Slaskeman rain set was made from leftover material from previous production processes.





## 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

Children grow quickly, as any parent knows, and 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 issues – 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 18 garment suppliers, and our longest-standing collaboration has been in place for no less than 21 years. These garment suppliers are located in five countries: China, Bangladesh, India, Vietnam and Sweden. The majority of our suppliers are based in China, and in 2020 we initiated a collaboration with a Swedish supplier. This supplier knits and performs most of their production in Sweden, although the sewing of our products is carried out in Poland.

### Our 18 garment suppliers by country:

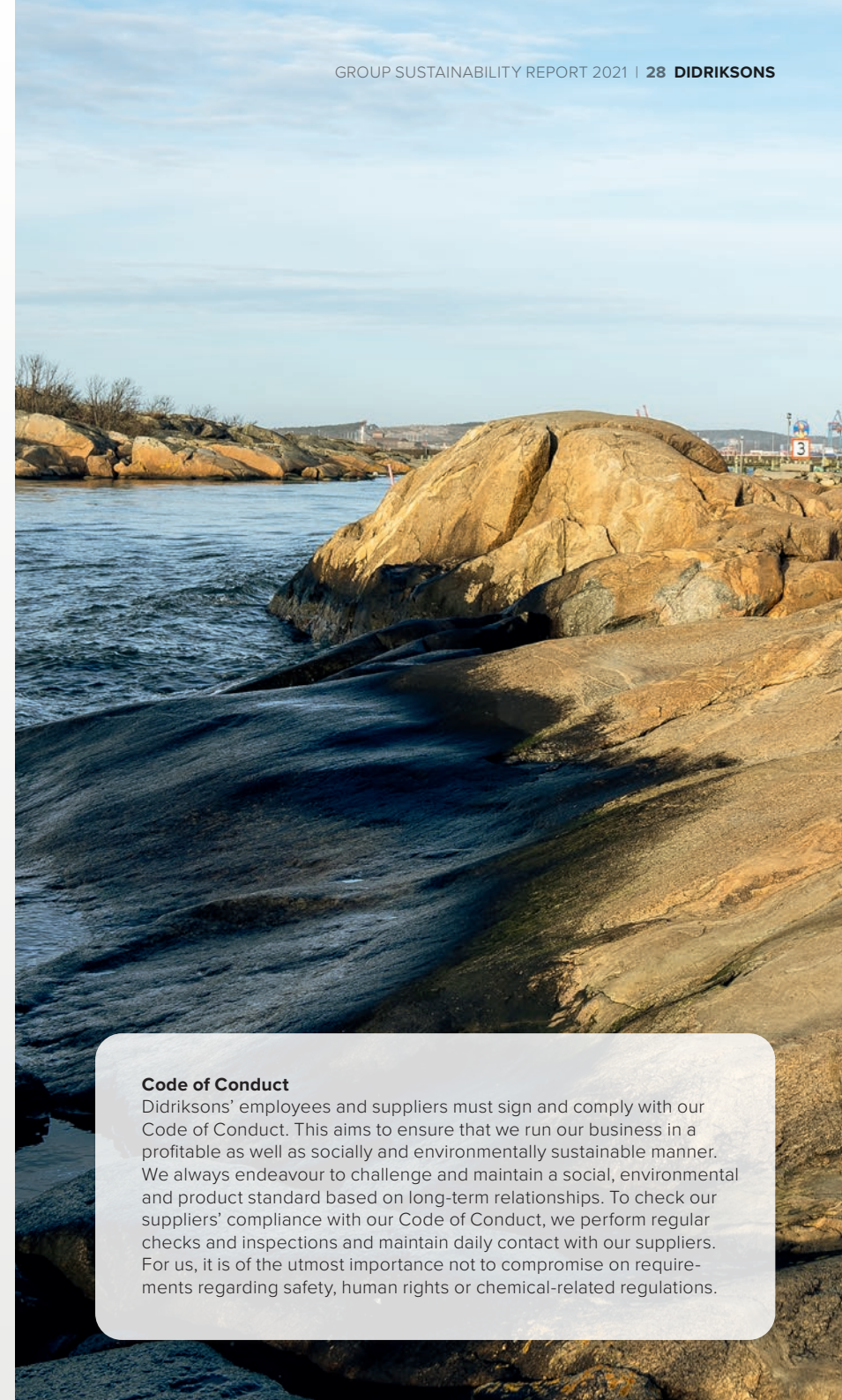
- China: 12
- Bangladesh: 2
- Vietnam: 2
- India: 1
- Sweden: 1 \*

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 a representative office in China as well as a representative in Bangladesh who is in daily contact with our suppliers. These representatives perform quality control checks and make sure our partners stay up to date regarding our Drybook, which includes our Code of Conduct.

*\* 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' employees and suppliers must sign and 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

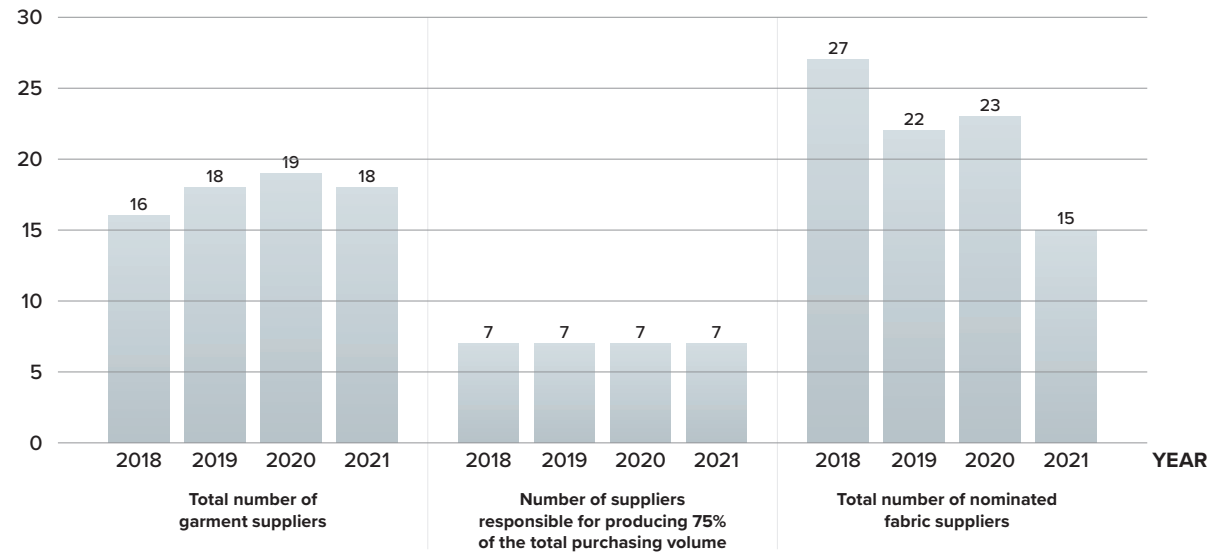
Our aim is to be able to maintain our long-term, healthy partnerships with a small number of carefully selected suppliers. This is one way for us to work towards achieving UN Sustainable Development Goal number 17 Partnerships for the goals.

The advantage of having long-term partnerships with our suppliers is that we get to know each other well and have the opportunity to 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.

### QUANTITY

### PARTNERSHIPS



### KPI

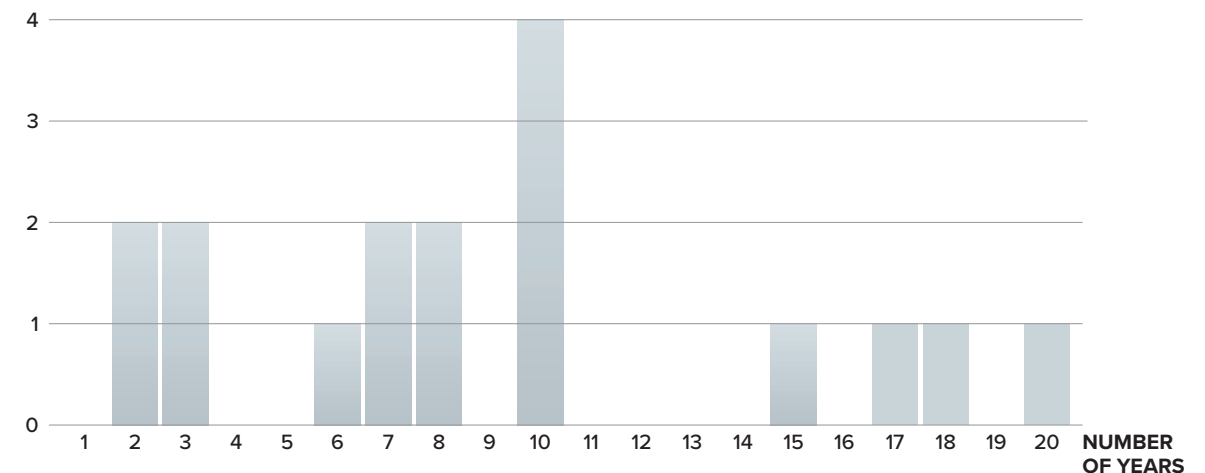
- Total number of garment suppliers
- Number of suppliers responsible for producing 75% of the total purchasing volume
- Total number of nominated fabric suppliers

### Goal

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

### YEARS OF PARTNERSHIP AND NUMBER OF GARMENT SUPPLIERS

### QUANTITY



# Risks and 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. The following areas are addressed in our Code of Conduct.

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

One risk area that we have identified based on these aspects is that of material manufacturing. It is in this part of the supply chain that 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 rather 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 of, 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 have the opportunity to maintain a presence in the production process, partly via our own representative staff, and partly 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. Due to the consequences of the pandemic in the form of shutdowns, border closures and travel restrictions, our controlling presence has been smaller than previously. In the latter part of 2021, we initiated a project in which we are investigating possibilities to locate more of our production in Europe and thus closer to us, in order to avoid these types of risk. Other than 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 are also risks that 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 doesn't focus solely on price, we contribute to respect for sound working conditions and fair wages. 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 2021, which is consistent with our statistics in 2020. Our Code of Conduct is respected and complied with by all suppliers. 100% of our suppliers have signed our Code of Conduct. 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 pandemic.

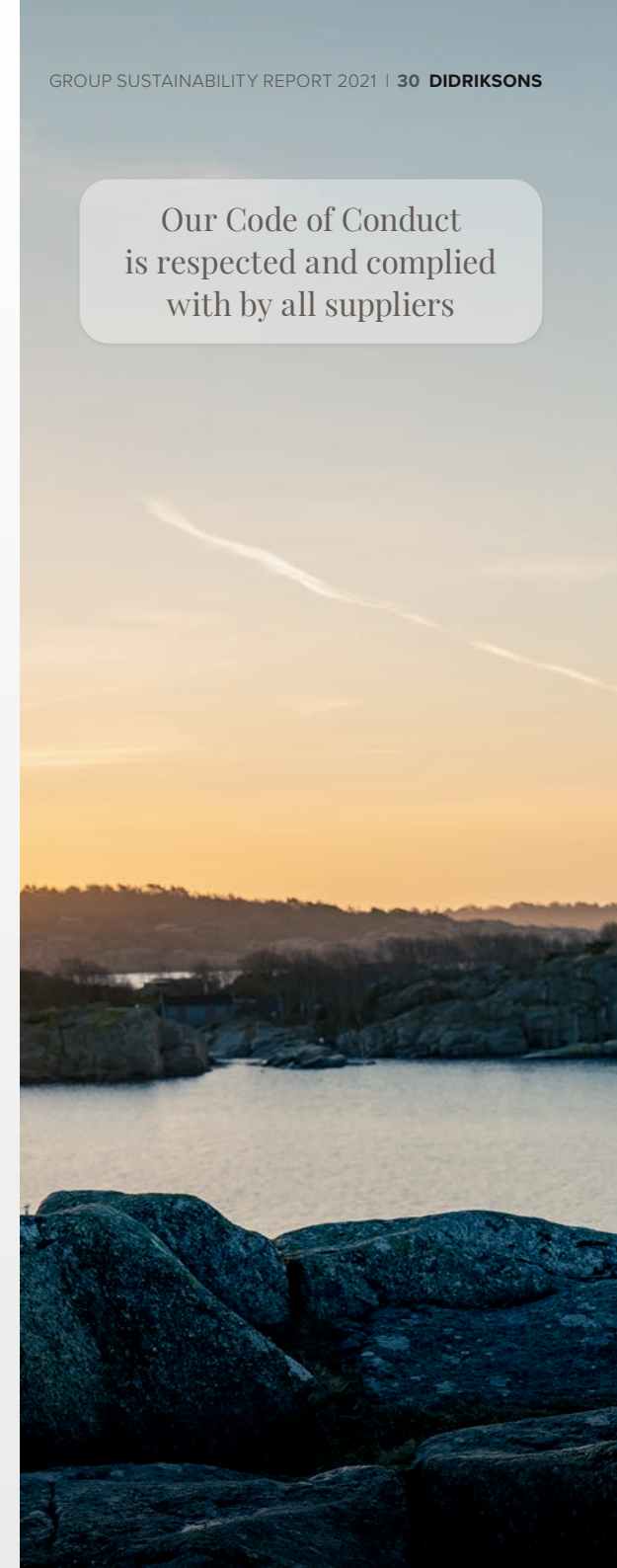
We value long-term partnerships with our partners, but we are also aware of the risks associated with this approach. As a long-term partner, the relationship could become more than simply businesslike, which could lead to a risk of corruption. Didriksons has a zero tolerance policy when it comes to bribery 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, it is Didriksons that steers the choice of suppliers in our technical specifications, with Didriksons' product department responsible for determining the suppliers included in the specification. In 2021, no cases or reports were submitted regarding deviations from Didriksons' governing documents or zero tolerance policy, which is consistent with our statistics in 2020.

Our goal is to only work with suppliers who have social insurance, and all of Didriksons' suppliers meet this goal.

Our Code of Conduct  
is respected and complied  
with by all suppliers

\* With the Worldwide Governance Indicators (WGI) project, the World Bank has specified six governance indicators that classify countries on the basis of 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

We are nothing without our employees. They are the people who drive Didriksons forward and who fill our brand with the values that 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. All employees are covered by collective agreements. Our Work Environment Policy and CSR Policy address issues relating to health and safety as well as 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 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 are able to maintain a sound balance between work and private life, we perform better and are also more inspired and engaged when at work. Achieving a good level of integration between our departments is crucial for both the wellbeing of our employees and the development of our company. Our employees are offered a wellness allowance and are encouraged to undertake physical exercise and activities. We have an employee wellbeing group that organises group wellness activities and other much appreciated events where our employees have the opportunity to meet and interact.

## Didriksons as an employer

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. As previously mentioned, 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 and are used as the basis for 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 the 2020 evaluation was performed, 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 confidence and engagement in their work. This is an indicator of our employees' job satisfaction and how they feel about their workplace.

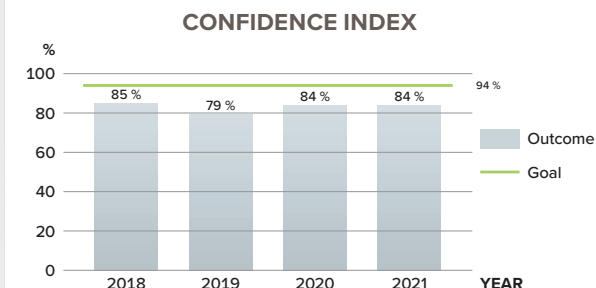
Our ambition is to be an attractive employer. We are a fast-growing company and are constantly focused on finding skilled employees and creating a successful and gender-equal workplace. In 2021 we had the pleasure of employing 16 fantastic new employees.

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.

### KPI

- Confidence index

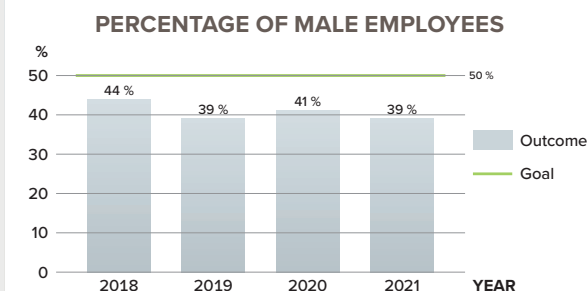
**Goal**  
Achieve 94% engagement



### KPI

- Percentage of male employees

**Goal**  
50%

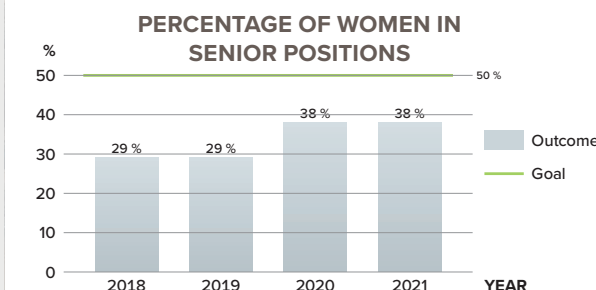


### KPI

- Percentage of women in senior positions

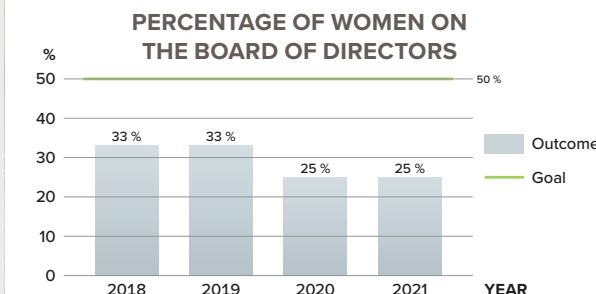
**Goal**  
50%

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



### KPI

- Percentage of women on the Board of Directors



## Risks and risk management

We have a responsibility to our employees and our owners to take active measures to achieve a sound work environment that is safe, secure and stimulating. Everyone has an obligation to comply with our Work Environment Policy and our Victimisation and Harassment Policy. We also have a Whistleblowing Policy, whereby members of staff can submit anonymous reports of wrongdoing via an internally established channel.

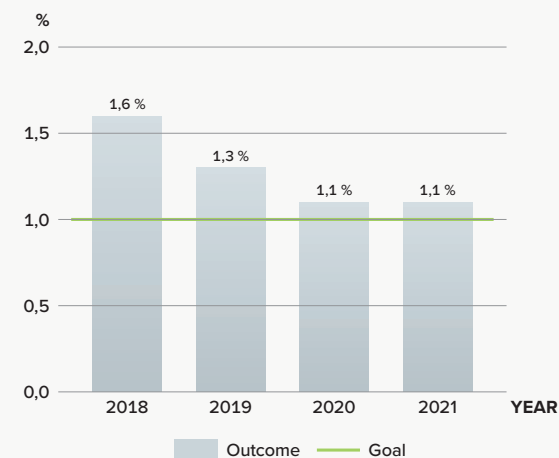
We have followed the recommendations of the Public Health Agency of Sweden during the COVID-19 pandemic. Whenever possible, our employees have been given the opportunity to work remotely during the periods when this has been recommended. Continuous follow-ups have been carried out in the form of digital morning meetings.

We work actively to assess risks, invest in safe equipment, remove unsafe work activities and establish procedures for a safe work environment, in order to minimise the risk of work-related injuries and accidents. 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 2021 the rate of short-term sick leave was 1.1%. Our goal is to achieve 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



#### KPI

• Short-term sick leave

#### Goal

Max. 1.0%



# In conclusion

Our efforts and endeavours to make Didriksons a more sustainable company are part of an ongoing process, and in 2022 our aim is to further increase the pace of this work. A prime example of this ambition is our creation of a full-time position for a CSR Manager. This new role will further enhance our sustainability strategy and processes throughout the whole of our business and value chain.

Signatures of the Board of Directors  
Borås, 3 May 2022

.....  
Gustav Bard  
Chairman of the Board

.....  
Lene Sandvoll Stern  
Board member

.....  
Mats Hedblom  
Board member

.....  
Tord Dyrssen  
Board member

