

A photograph of three children (two girls and one boy) sitting on a large, textured rock. They are facing away from the camera, looking out over a body of water. The child in the center has blonde hair and is wearing a pink hoodie, and is looking back over their shoulder at the camera with a smile. The other two children are in dark clothing. The foreground is dominated by the rough, grey rock, and the background shows a calm sea and some pine trees.

P O. P

Sustainability Report
2024/2025

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ABOUT THIS REPORT

This report reflects the activities performed at Polarn O. Pyret AB and all its subsidiaries, as well as the social and environmental impact we have through our manufacturing suppliers worldwide. The Board of Directors of PO.P is the highest governance body and responsible for the sustainability report. The reporting period corresponds to PO.P's financial year of 1 September 2024 to 31 August 2025, and the information in this report refers to this period unless otherwise stated.

This is PO.P's sixth individual Sustainability Report; we report on an annual basis and our previous report was published in December 2024. Prior to this, PO.P reported sustainability activities together with the other subsidiaries of Retail and Brands AB, its previous owner. As of 2021, PO.P is owned by Procuritas Capital Investors VI Holding AB.

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

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



A MESSAGE FROM OUR CEO

The past year has been one of both reflection and renewal for Polarn O. Pyret. As we continue our journey toward a more sustainable future for childrenswear, our purpose has never felt more relevant – or more urgent. Climate change, resource scarcity, and shifting consumer expectations are reshaping our industry at an accelerating pace, while new regulations raise the bar for transparency and accountability. In this context, sustainability is not just part of our strategy; it defines it. It shapes how we design, source, and collaborate – and it drives our determination to create lasting value for children, parents, and the planet.

This year has also reminded us that progress rarely follows a straight line. Several EU initiatives within sustainability have been paused or postponed, creating uncertainty about what comes next. We have had to adapt our plans while maintaining focus and momentum. Although the Corporate Sustainability Reporting Directive (CSRD) no longer applies directly to us, we view the broader movement toward harmonised, transparent reporting as positive. We will continue to align with the structure and comparability it brings – while carefully avoiding unnecessary administrative burden.

We continue to see significant momentum behind circularity and design that lasts. We were proud to host our first-ever second-hand pop-up store, fully dedicated to our Used and Loved garments –

a new milestone in making circular more visible and accessible to our customers.

For the fourth consecutive year, PO.P was named the most sold children's clothing brand on Tradera, demonstrating both the lasting value of our garments and the growing customer enthusiasm for reuse. Today, 66% of our outerwear is worn by three or more children, with the fourth name row on the label becoming a badge of pride for our community.

Climate remains a central focus, and over the past year, we have concentrated on preparing for the validation of our climate targets through the Science Based Targets initiative (SBTi) – a key step in ensuring our ambitions are grounded in science and aligned with the global goal of net-zero emissions.

To further strengthen our impact, we have built clearer internal structures and accountability, making more people active owners of our sustainability work. Transparency remains central to our approach, and over the past year we have deepened our collaboration with suppliers, enhancing both relationships and their understanding of climate emissions and best reporting practices.

We are proud of how far we have come, yet we remain humble in knowing that meaningful change takes time – and our work to reach our full sustainability ambitions continues.

As we look ahead, I want to express my sincere gratitude to everyone who makes our progress possible – our dedicated employees, long-term partners, and loyal customers. Your commitment and belief in what we stand for continue to inspire us every day. Together, we are not only moving toward a more sustainable future for childrenswear, but actively shaping it – ensuring that Polarn O. Pyret continues to lead the way in responsible, circular business for generations to come.



Sara Sjöberg
CEO, Polarn O. Pyret



2024/2025 HIGHLIGHTS

100%
of the products
are made from
sustainable materials

MOST SOLD
children's brand on
TRADEKA
for the fourth year
in a row

100%
certified organic cotton

We've added a
FOURTH
NAME LINE
to our labels because
our clothes are
made to be loved
and used by many
children

66%
of our outerwear
is worn by **three**
or more children

SUSTAINABLE
FUEL

on all inbound sea
and air transportation

100%
of the wool is
RWS-certified

We hosted
our first ever
SECOND HAND
POP-UP STORE
fully dedicated to
'Used and Loved'
garments



ABOUT PO.P

PO.P AT A GLANCE

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

With nearly 50 years of experience, we are a leading quality childrenswear brand in Sweden. Present in 10 markets and across 9 e-commerce platforms, proprietary stores and franchise locations, with our own e-commerce accounting for more than half of the net sales in our own operated channels. In the end of this financial year, we expanded our reach by launching on Globetrotter, both online and in physical stores, further strengthening our presence in the European market.

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

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

SWEDEN 56% UK 16%
FINLAND 15% NORWAY 11%
OTHER 1%

SALES PER GEOGRAPHICAL MARKET

700
MSEK

NET SALES

48 + 1 + 24
OWN + FRANCHISE
+ SHOP-IN-SHOP

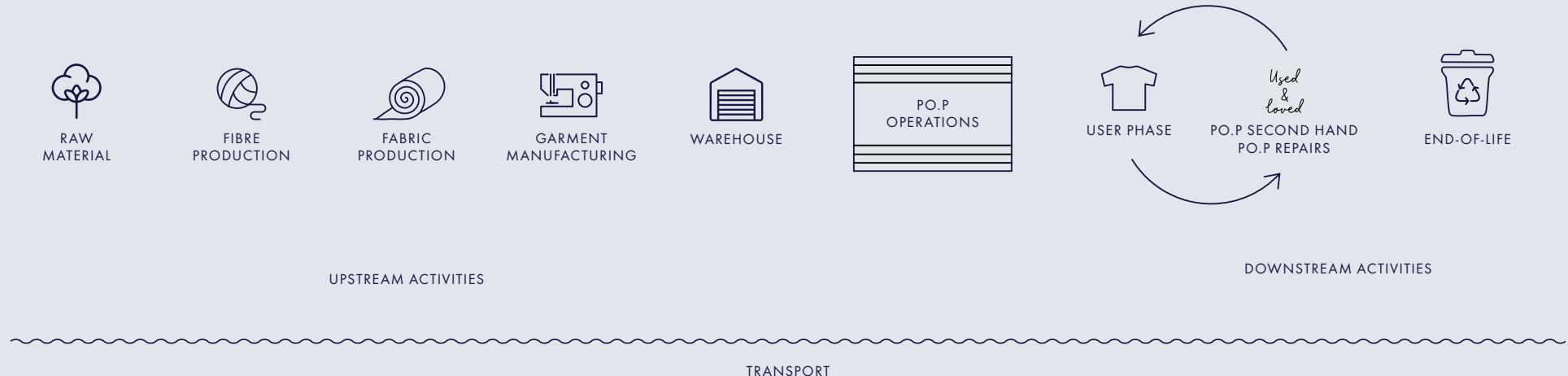
STORES

6 + 2 + 1
OWN + FRANCHISE
+ MARKETPLACE

ECOM

288
FULL-TIME
EQUIVALENT (FTE)

EMPLOYEES



VALUE CHAIN IMPACT

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

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

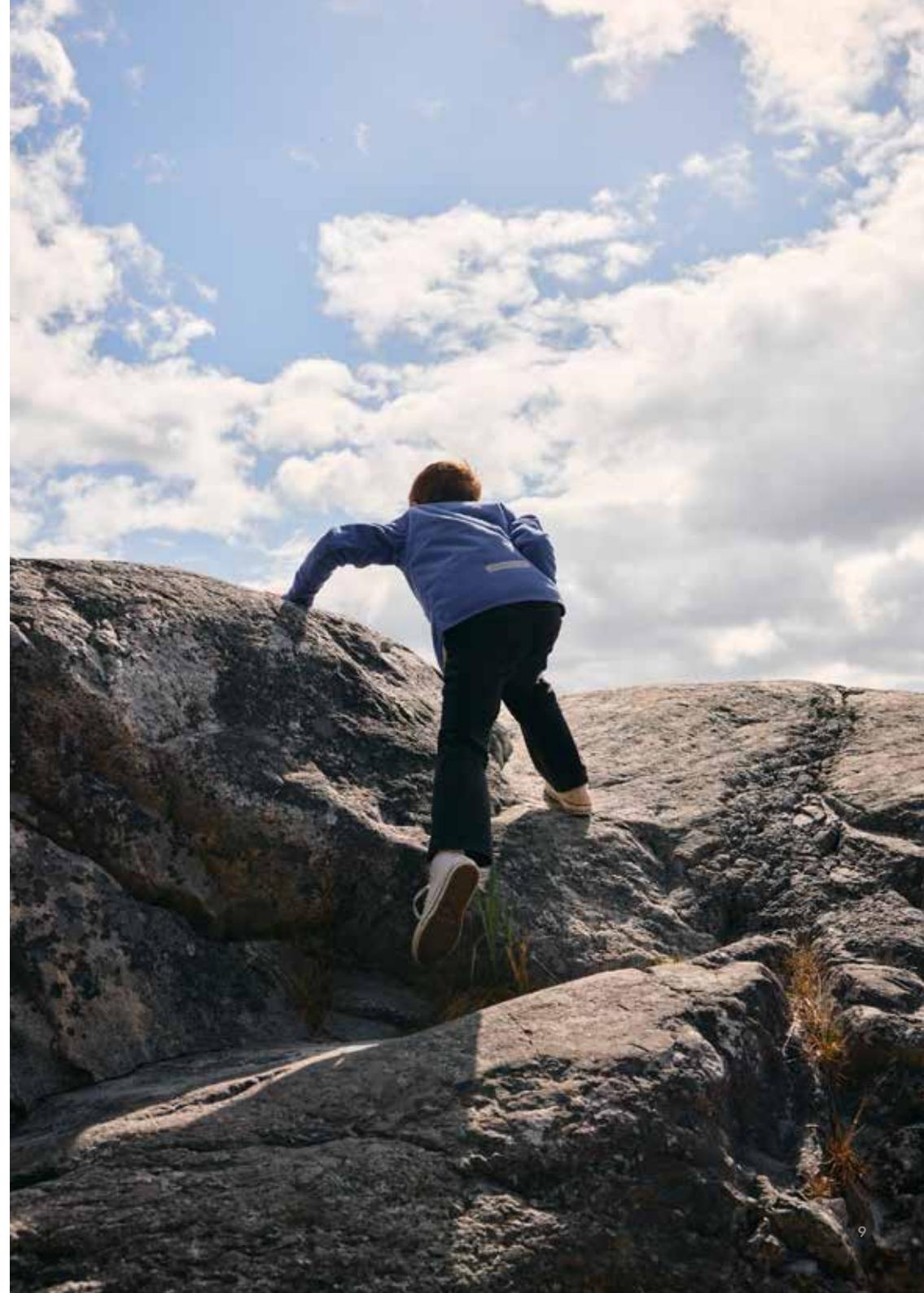
Our upstream activities also encompass both inbound and outbound transportation.

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

THE CIRCULAR ECOSYSTEM

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

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



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

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

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



A photograph of a clothesline with various items of laundry hanging from wooden clothespins. The laundry includes a grey sock, a grey t-shirt, a dark blue t-shirt, a red t-shirt, a green t-shirt, a green pair of shorts, and a tan t-shirt. The clothesline is set against a backdrop of a large pine tree trunk and branches, with a rocky ground in the foreground. The scene is bathed in soft, natural light.

SUSTAINABILITY FRAMEWORK

STRATEGY & FOCUS AREAS

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

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

Our strategy has been developed based on existing scientific evidence and our goal is

to reduce our emissions by 50% by 2030, to act in line with the Paris Agreement. While our requirements and targets often exceed the legal standards, we welcome the increased legislative processes in our industry and recognise the importance of continuing to develop and improve.

Our Sustainability Framework is divided into three focus areas.



A MESSAGE FROM OUR SUSTAINABILITY MANAGER

Lasting change starts within. Strengthening internal alignment and ownership anchors our sustainability work, and throughout the last year, and the years previous, we have worked extensively to integrate sustainability across all of our business functions. We are embedding sustainability by clarifying responsibilities, improving collaboration, and introducing routines that enable us to navigate change in a structured and focused way, keeping our attention on the transformation that truly matters in an evolving regulatory landscape.

This year's report keeps last year's structure because we focused on understanding and adapting to CSRD changes forward. Although we're no longer directly covered by the legal requirements, we believe comparability is central, and are therefore aligning our format where it is relevant and creates value to ensure transparency.

We're also developing SBTi-aligned climate targets for submission in early 2026, and are improving data management and verification to enhance data quality and build a solid base for future reporting. In doing so, we strengthen our long-term climate strategy, focused on real impact, and contribute to meaningful change across our value chain.



Sofia Roslund
Sustainability Manager,
Polarn O. Pyret

A photograph of three young children, two girls and one boy, holding hands and looking upwards with expressions of awe or excitement. They are outdoors on a paved surface with a brick building in the background. The boy on the left wears a blue beanie with a 'P' and a light-colored polo shirt. The girl in the center wears a yellow beanie and a pink sweatshirt. The girl on the right has curly hair and wears a pink sweatshirt. A large, bold, white text 'PEOPLE' is overlaid in the center of the image.

PEOPLE

At P.O.P, we believe in conducting sustainable, fair business and respecting human rights. We are committed to ensuring that fundamental rights are respected, and that people are treated with dignity and respect, regardless of race, sex, nationality, ethnicity, language, religion, or any other status, in our own operations and in our supply chain.

TRANSPARENCY IN OUR SUPPLY CHAIN

P.O.P doesn't own any factories – instead we work in close partnerships with a carefully selected number of external suppliers worldwide to manufacture our garments. These suppliers are crucial to our success, which is why long-term and close relationships with our suppliers are a key factor in our production strategy. With a shared vision of a more sustainable industry, we work closely with our suppliers to work according to existing and coming legislations and towards continually improving environmental, social and quality performance.

Consolidating orders and maintaining steady business relations with a fewer number of suppliers is key to mitigating risk and to being able to work effectively with supply chain mapping and reducing our environmental impact. A continuous volume consolidation in our ways of working have resulted in 25 (28) factories in seven different countries, a reduction of 11% in factories compared to the previous year. Working with fewer suppliers gives us greater possibilities to influence each factory, as well as better end-to-end control over our supply chain. We evaluate

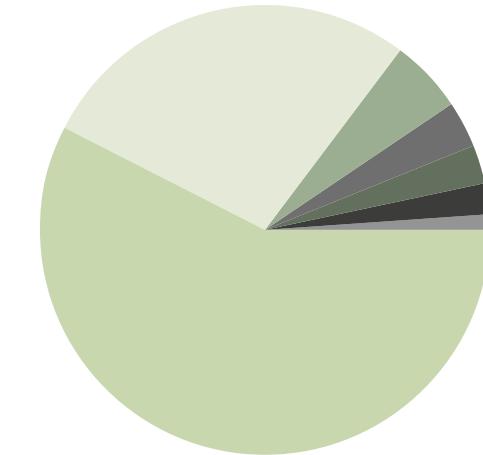
KPI	2024/2025	TARGET	TARGET YEAR
Production units in tier 1 with third-party valid social audit reports*	96%	100%	20/21
Production units in tier 1 with overall improved BSCI rating since previous audit**	26%	15%	Ongoing
Production units in tier 1 that have implemented good practice for fair wages***	88%	100%	25/26

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

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

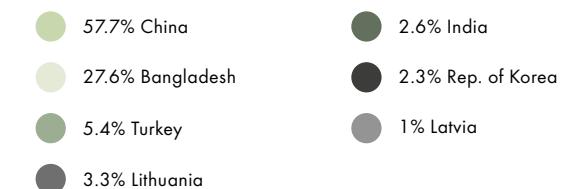
There is always a risk working with external parties and not being on-site on a day-to-day basis to control working conditions and safety. The value chain for textile production is large and complex. Hence it is crucial to have clear requirements and to work with continual monitoring, remediation, and capacity building to minimise risks. Traceability and visibility in the supply chain is key to enabling this work. Our production office located in Hong Kong monitors all our suppliers worldwide. In our due diligence process, we consider social as well as environmental criteria before approaching a new market. Furthermore, factors such as product quality, on-time delivery and price are key aspects of our regular supplier screening. Should we be in need to select new suppliers, they are screened through the same selection process.

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



PRODUCTION COUNTRIES

% of order value 2024/2025



requires education within the supply chain, trust and a close dialogue with the suppliers. To gain full transparency within all our operations requires time and resources and is crucial to reaching our sustainability targets. A significant part of this work has involved validating the data received from our suppliers and gaining a deeper understanding of data collection at the raw material level. As a result, we have expanded our scope to gather information on the country and region of origin for our materials made from natural fibre sources. This is a complex task that demands a great deal from both us and our suppliers, but it is an important step forward in our efforts.

MONITORING & CONTINUOUS IMPROVEMENT

When working with external parties in risk countries, it is crucial to have clear requirements, continual monitoring and remediation to minimise risk. We utilise a combination of third-party and internal audits, which serve different purposes, to ensure a high standard at the factories with which we collaborate. AMFORI BSCI - PO.P is a member of Amfori BSCI, a leading global business association for open and sustainable trade. Through Amfori BSCI, we have been fully

engaged in supply chain mapping, monitoring, remediation and capacity building for continuous improvements in our supply chain. When becoming a supplier to PO.P, the supplier agrees to follow the Amfori BSCI Code of Conduct.

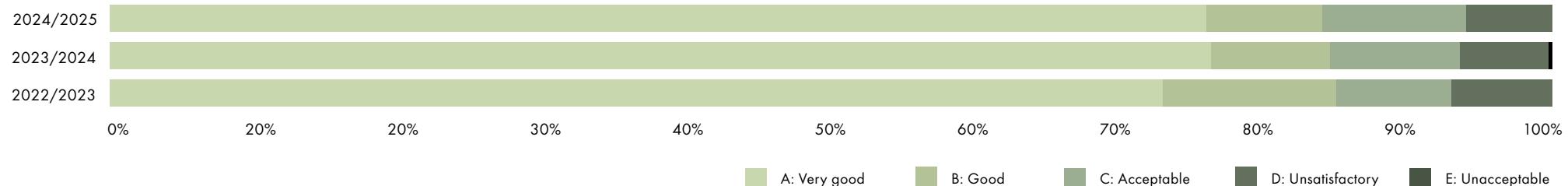
THE ACCORD – Bangladesh remains our second largest production country, in which we now collaborate with three factories. All our suppliers in Bangladesh are within the scope of the Accord in terms of safeguarding the building, fire, electrical and boiler safety in production. PO.P has signed the latest agreement, the International Accord for Health and Safety in the Textile and Garment Industry. The agreement is a one-to-one legally binding agreement with trade unions and brands to make ReadyMade Garment (RMG) and textile factories safe. In Bangladesh, the agreement is already implemented by the independent national tripartite RMG Sustainability Council ("RSC") consisting of brands, unions and industry stakeholders.

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



THIRD-PARTY AUDITS – Amfori BSCI audits form the basis for following up on the social improvement process and third-party audits account for 92% of the audits performed during the year. A BSCI audit includes a physical inspection of the entire factory, a review of documentation, and interviews with workers and factory management.

DEVELOPMENT OF BSCI AUDIT RESULT OF 13 PERFORMANCE AREAS



AREAS OF IMPROVEMENT

A BSCI audit consists of 13 subsegments, where the result is categorised from A to E, or zero tolerance. The greatest challenges our factories face include implementing fully functional management systems and reducing overtime.

DECENT WORKING HOURS – Working hours remain the area with the lowest score across all our suppliers worldwide. In this area, 71% (76) of our factories scored a D. While this represents an improvement compared to the previous year, it remains below the standard achieved in other areas. There has been a drop in factories achieving a score A, 12% (16). On the other hand, no factory received an E score this year, whereas last year one factory did. There are several factors affecting overtime at the factories, only some of which we can influence as a business partner. We need to continue providing training and information about these issues and work together with factories to improve in this area. Optimising our internal routines and purchasing practices also plays an important role in reducing overtime in the factories.

SOCIAL MANAGEMENT SYSTEMS – this continues to be one of our focus areas since we first implemented Amfori BSCI. Factories receiving score B have dropped from 12% to 8% compared to the previous year. At the same time, none of the factories have received a D score during 2024/2025 compared to 4% last year, highlighting an improvement in the area. Amfori training is continuously offered to management teams in our supply chain to increase awareness of how fully functional management systems are of the utmost importance in creating long-term improvements in all other areas.

Our goal is that all direct suppliers, no matter where they are located, should be audited by a third party, as we believe that serious violations of human rights can occur in any part of the world. At the end of the financial year, a total of 96% (93) of our factories had a valid third-party audit. Compared to the previous year, we have increased the share of production units that have undergone a valid third-party audit. However, we have still not reached our target of 100% audited factories. The supplier without a valid third-party audit is located in what's referred to as a low risk country.. 98% (97) of our order value comes from production units with a third-party audit, hence we prioritise sourcing from audited factories.

To ensure continuous improvements at each factory, we work in close dialogue to set up corrective action plans and training programmes together. Amfori training programmes are therefore also continuously offered to our suppliers within the various fields of social and environmental compliance. During the year, 12 suppliers completed 21 e-learning training sessions on Amfori BSCI 13 subsegments.

26% (12) of our factories audited during the year improved their result or remained fully compliant, compared to the previous year. The significant improvement is because the number of tier 1 units with overall improved BSCI rating since previous audit (including production units that remain with a score A) are six compared to three in the previous year.

The units are more this year because there are score breakthroughs from China factories. Three

improved from score C to B, one improved from score D to C. 18 out of 23 units audited in the year have remained at the same level as from previous audit cycle (A, B or C). One has dropped from B to C. 84% (85) of our factories received a compliant result, either result A or B, on subsegments of the audit. No factories received the result E – unacceptable – during the year.

INTERNAL SUPPLIER AUDITS – Internal supplier audits are conducted by PO.Ps internal audit team to follow-up on third-party audit results and provide an opportunity to set up corrective action plans together with suppliers. Additionally, they ensure social, environmental and quality levels at upstream suppliers and potential new suppliers, before starting business together. Internal audits serve as a complement to the third-party audits at our direct suppliers and account for 8% of the audits.

PURCHASING PRACTICE

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

P O. P

FAIR WAGES

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

88% (84) of our factories have implemented good practices for fair wages, an increase compared to last year, although slightly lower than in previous years. The decline observed last year was due to Amfori introducing stricter requirements for how Fair Remuneration (PA5) is audited. This means that results have not worsened, but the assessment criteria have become more demanding.

The same applies to the results related to the share of factories paying a living wage. The figure has increased compared to last year, reaching 48% (38), and is now almost in line with the year before (50). The gap to living wages remains most significant in Bangladesh, where this challenge is

prevalent across the industry. One of our supplier factories in Bangladesh has conducted a living wage gap analysis, while two more are in the process of completing theirs.

In the Amfori BSCI audit, living wages are calculated using a combination of calculation methods, the Anker Methodology being one, which defines a living wage as follows:

DEFINITION OF LIVING WAGE

“Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family.

Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”

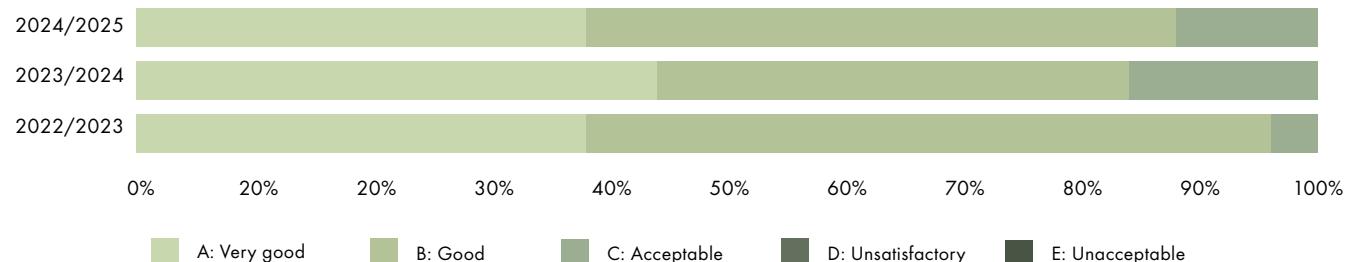
(Global Living Wage Coalition, 2016)



TRANSPARENCY TOWARDS STAKEHOLDERS

It is important for us to be transparent towards our customers and all our stakeholders by giving them insight into our business activities along the supply chain. As a part of our transparency commitment, we not only publish our Tier 1 Supplier list on our website but also disclose the manufacturing production unit for each item on our e-com site. By doing this, our customers can get greater insight into where the product has been manufactured, the social audit status and if there are any environmental certifications.

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION



A photograph of a group of people on a rocky, scrub-covered hillside. In the center, a woman in a grey jacket and a green cap points towards the horizon. To her right, a child in a pink jacket and green shorts stands looking towards the camera. To the right of the child, another person in a pink jacket is looking through binoculars. The hillside is covered in green scrub and some exposed rock. The sky is overcast.

PLANET

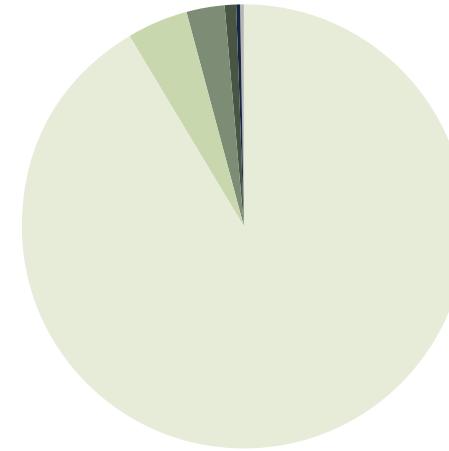
As a textile company, we are committed to reducing our emissions and transitioning towards more sustainable practices. Energy efficiency and renewable energy are key elements in this shift. Equally important is the need to encourage sustainable consumption patterns by promoting secondhand products. Together,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

Our goal is to reduce our greenhouse gas emissions by at least 50% by 2030 in Scope 1, 2 and 3. With this goal, we are reducing climate emissions in line with the Paris Agreement to limit global warming to 1.5°C. We aim to be climate neutral by 2045 in Scope 1, 2 and 3. P.O.P follows the Greenhouse Gas Protocol methodology, meaning we cover Scope 1, 2, and 3; our own emissions and emissions from the full supply chain. We have mapped our emissions in our own operations, Scope 1 and 2, since our baseline year 2017/2018 and production, transportation, franchise stores and business travel, Scope 3, since 2020/2021. The data collection is performed on a yearly basis. The main part of Scope 1 and 2 is based on primary data.

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

KPI	12 SUSTAINABILITY GOALS 12 相持性發展目標 12 目標 pour la durabilité	2024/2025	TARGET	TARGET YEAR
Decrease in GHG emissions in own operations compared to baseline year 17/18		-75%	Climate neutral	2030
Renewable electricity in own operations*		100%	100%	Ongoing
Decrease in GHG emissions in all operations compared to baseline year 20/21		-14%	-50%	2030
Number of air transports		3	0	Ongoing

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



GHG EMISSIONS ALL OPERATIONS

- 91.60% – Scope 3 – Purchased goods and services
- 4.42% – Scope 3 – Transport and distribution
- 2.76% – Scope 3 – Business travel
- 0.85% – Scope 2
- 0.27% – Scope 3 – Electricity use within own operations
- 0.1% – Scope 1





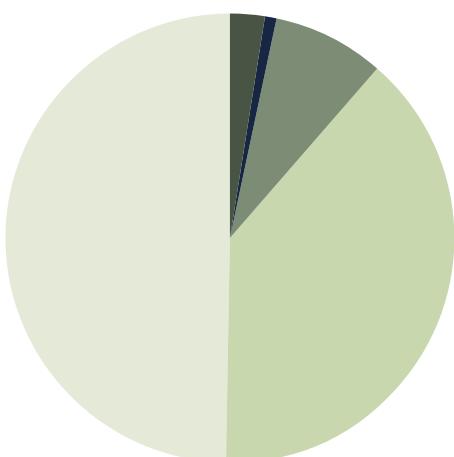
SCOPE 1 & 2 – OWN OPERATIONS

We define our own operations as emissions covered under Scope 1 and Scope 2. Scope 1 includes direct emissions from company-owned or controlled sources; for PO.P, this involves emissions from company operated vehicles, fuel used for our own heating or electricity production, and refrigerant leakage. Scope 2 encompasses indirect emissions from purchased energy, which for PO.P includes electricity, heating, and district cooling. Within our own operations, we have a more direct impact and greater flexibility to drive swift changes. All our company cars are electric, and in all stores where we manage electricity contracts, 100% of the electricity is renewable. We've also observed an increase in renewable electricity in stores where we are not responsible for the contracts. Lighting in our stores is a major electricity consumer, so upgrading to high performance technologies, like LED lighting, is essential for reducing electricity use. Currently, 85% (75) of our stores have 70% or more LED installations.

We have continued to track our Scope 1 and 2 emissions, achieving a reduction of 75% (67) compared to our baseline year 2017/2018 and 8% compared to last year. These reductions are primarily due to store closures and an increased share of renewable energy in the electricity and heating agreements managed by our landlords.

SCOPE 3

PO.P's Scope 3 emissions make up 99.0% of our total emissions and primarily stem from purchased goods and services but includes transportation, business travel, and energy use in our facilities. During the past year, we have continued to work with our climate roadmap, which outlines the key actions needed to achieve our Scope 3 emission reduction targets. The roadmap guides our ongoing efforts to track and reduce emissions, with a particular focus on our largest impact areas: purchased goods and services, which account for 92% of our total CO₂e emissions, and transportation, responsible for 4%.



SCOPE 1 & 2

- 49.5% – Heating
- 39% – Electricity
- 8% – Fuel use for own heat or electricity production
- 2.5% – Company operated transports
- 1% – Refrigerant leakage
- 0% – District cooling

PURCHASED GOODS AND SERVICES

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

Our roadmap also highlights renewable electricity, phasing out fossil fuels, and energy efficiency as critical levers for reduction. Progress depends on accurate and comprehensive data, and we have strengthened our collaboration with suppliers to collect more primary and verified data. Reviews with key suppliers representing over 80% of our order value support them in developing climate transition plans and setting reduction targets. To accelerate progress, we focus on education through programs such as the GIZ and UNFCCC online course and country-specific training provided via STICA.

This year, we have updated our methodology for calculating emissions from purchased goods and services to better align with industry standards.

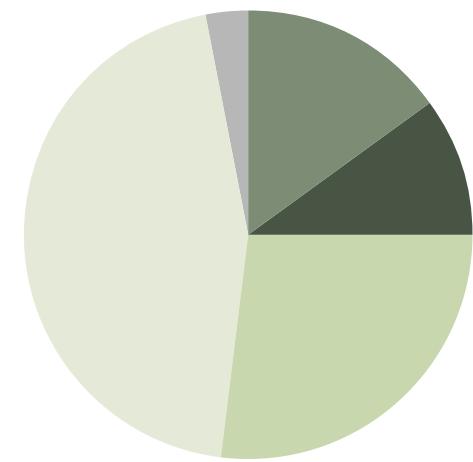
The new approach enhances consistency and comparability across all tiers. As part of this update, we have also recalculated emissions for the previous year to ensure alignment and accuracy over time.

This year, we have continued to increase the share of actual data collected from our tier 2 suppliers. We are also focusing on improving data quality and increasing the proportion of verified data from both tier 1 and tier 2 suppliers. For suppliers further upstream in the supply chain, where our direct influence is limited, our focus remains on understanding their intrinsic motivations, goals, and roadmaps to ensure alignment with our climate targets. At the same time, we are exploring ways to enable data collection from these tiers as well, to further strengthen the accuracy and completeness of our climate data.

This year, total emissions have decreased by 6.2% compared with the previous year. The main drivers behind this reduction are found in tiers 3 and 4, primarily due to slightly lower order volumes and a reduction in emissions per kilogram of material. This reduction is mainly explained by updated emission factors, rather than a significant shift towards materials with lower emissions.

In tiers 1 and 2, the supplier base remains similar to last year. Since this year's emissions data have been used as a basis for the methodological adjustment, it is difficult to identify direct year-on-year changes. However, the methodological update represents an important step forward in our data development, improving both the quality and comparability of our results. Strengthening data integrity remains a key priority in our climate work.

Data collection, verification, and calculation continue to be complex processes and will remain a key focus area going forward to enable more robust and comparable results. While improving data accuracy is essential, we also recognise that collaboration with our suppliers is equally critical to drive the transition and achieve tangible emission reductions – something we have continued to prioritise throughout the year.



PURCHASED GOODS AND SERVICES CO₂e

- 45% – Tier 3-4: Thread production and raw materials
- 27% – Tier 2: Fabric Production
- 15% – Tier 1: Garment manufacture
- 10% – Tier 1-2 Vertical suppliers
- 3% – Packaging materials

TRANSPORTATION

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

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

Inbound transport stands for 3% of the total emissions from transport and mainly occurs by sea routes, in payload distance (tonkm) 99.2% (97.2). The reason for the low emissions in this area is the effort we have made through our zero-tolerance policy for inbound air freight and our biofuel implementation.

We invest in biofuel for all sea and air freight, resulting in a reduction of 114 ton CO₂e emissions and the elimination of sulphur emissions from these shipments.



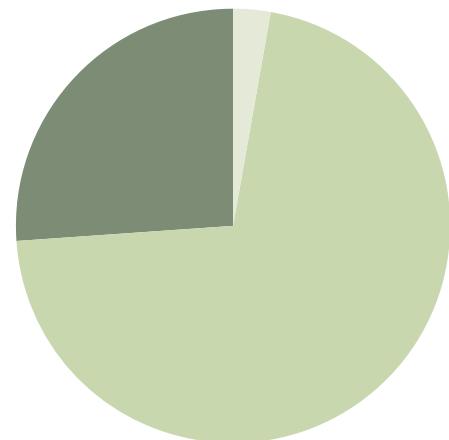
INTERMEDIATE – This category includes shipments between our warehouses, transportation of product samples, and deliveries to PO.P's MFT markets. A large share of emissions within this category, around 95%, comes from air freight, primarily driven by the need to fly products and samples due to long distances and tight timelines.

This year, intermediate transport has shown the largest emission reduction in numbers among our transport categories, mainly due to two factors. First, we have implemented a new solution for our product labels, which were previously produced in Sweden and shipped to production countries. Today, the labels are produced locally, significantly reducing transport distances and resulting in more than a 50% decrease in sample-related shipments. Second, the number and volume of orders sent to our MFT in the USA have decreased, further lowering the share of air freight.

For other destinations, such as inter-warehouse transfers and shipments to our remaining MFT markets, we continue to rely primarily on sea and road transportation.

OUTBOUND – These shipments include transportation from our warehouses to stores and customers, along with returns. Emissions from outbound transportation primarily come from road freight, and we have deliberately chosen not to offer express shipping, as it would require using air freight, which generates significantly higher emissions compared to road transport. We prioritise fossil-free delivery options at checkout for customer

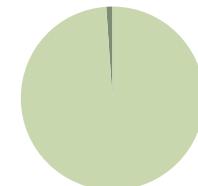
deliveries and are continually exploring ways to help our customers choose the most sustainable shipping methods. When looking at all emissions within the outbound category, it remains challenging to draw concrete conclusions with the calculation methods and data currently available. This is a complex area, as couriers use different methodologies for calculating emissions, and factors such as where our customers live and how they travel to collection points also influence the total footprint. Despite these challenges, outbound transport is the category that has seen the largest percentage reduction this year previously accounting for 31% of transport emissions, it has now decreased to 26%.



TRANSPORT

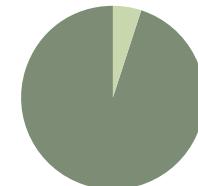
- 3% – Inbound transport
- 71% – Intermediary transport
- 26% – Outbound transport

BUSINESS TRIP – Our working methods have changed significantly in recent years, which the pandemic helped to accelerate, traveling has decreased, and the number of virtual meetings has increased, which we encourage. That said, considering the significantly reduced number of trips, we see an increased need to travel to visit stores, suppliers and production units. We should still travel according to our policy: the environmental impact should be considered in connection with travel, and whenever possible rail travel should be chosen. During the year, we have seen an increase in the number of trips and emissions from business travels account for 2.78% (2.5) of our total emissions.



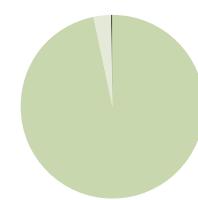
INBOUND

- 0% – Sea
- 99% – Road
- 1% – Air



INTERMEDIARY

- 0% – Sea
- 5% – Road
- 95% – Air



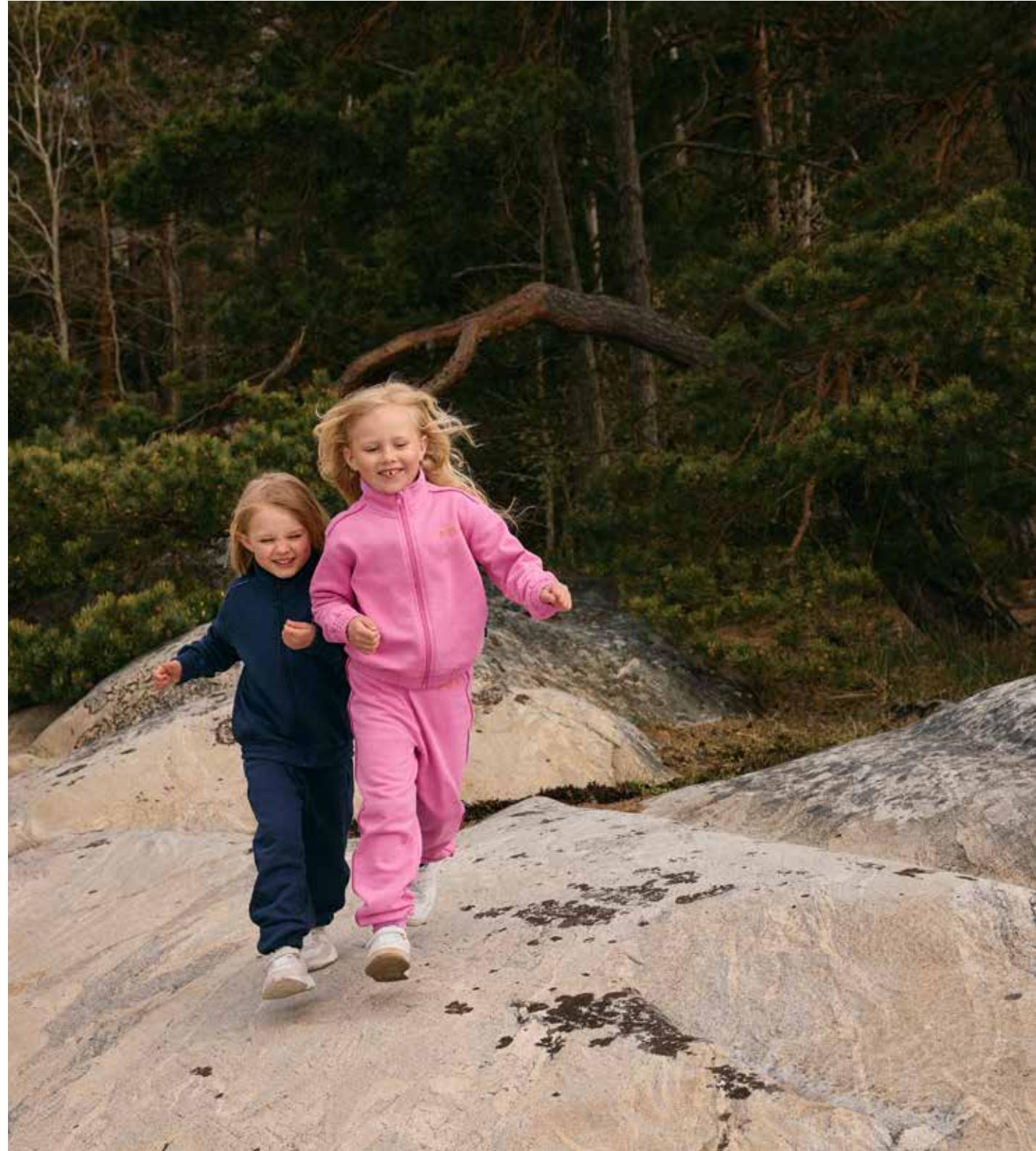
OUTBOUND

- 3% – Sea
- 96.9% – Road
- 0% – Air
- 0.1% – Train

BIODIVERSITY

The health and future of our planet depend on the well-being of nature. To effectively combat climate change and its devastating effects, we must also protect and conserve nature and biodiversity. As a circular brand, PO.P is committed to operating within the limits of our planet's resources. We recognise that biodiversity loss is one of the greatest threats to humanity, and that the textile industry plays a crucial role in safeguarding it. Our strategy of exclusively using certified fibres and adopting eco-friendly production methods ensures a reduced negative impact on biodiversity. Additionally, our efforts to reduce GHG emissions from both our own operations and our supply chain are critical from a biodiversity perspective, as climate change is a key driver of biodiversity loss.

While no new activities have been initiated within this area during the year, we continue to recognise the importance of understanding and addressing biodiversity risks linked to our business. Going forward, we will further explore how biodiversity can be more systematically integrated into our sustainability strategy and risk management processes.



A photograph of two young girls laughing and holding ice cream cones. The girl on the left is laughing heartily, showing her teeth, and holding a large ice cream cone with a pink and white swirl. The girl on the right is laughing and holding a smaller ice cream cone with a white swirl. They are both wearing matching blue floral patterned pajamas. The background is a dark, indoor setting.

PRODUCT

Our vision is for our clothes to have a long life and each garment to be worn by at least three children. A long lifespan reduces the amount of new clothes needed and the impact we have through producing garments. Our most important task in order to achieve this is to offer products of a high quality with a long lifespan, where each product is produced for its specific area of use. We are committed to commanding a leading position in circularity, longevity, and sustainable materials, and aim to achieve this through new developments and services, conscious material selection, and by seeking new, more sustainable materials.

PRODUCT LIFESPAN

Since our early beginnings back in 1976, we have been dedicated to making the highest quality childrenswear. Clothes that can handle wear and tear, have a timeless design and can be passed on to the next child, and the next. That way our customers don't need to buy more new garments than necessary, which saves the earth's already strained resources. 58% (57) of all PO.P clothes (excluding swimwear, socks and underwear) and 66% (65) of all PO.P outerwear is currently worn by three or more children.

SECOND HAND – We continue to see strong interest in our second-hand offering, although growth has stabilised compared to previous years. This year, we sold 126,290 (124,500) second-hand garments

KPI	6 Circular economy 12 Responsible consumption 13 Responsible production 17 Sustainable cities and communities	2024/2025	TARGET	TARGET YEAR
Customers using outerwear garments for 3 children or more		66%	95%	26/27
Customers using garments for 3 children or more*		58%	75%	26/27
Items sold on second hand in own channels		126 290		
Zero tolerance for number of product recalls		2	0	Ongoing
Customer claims of products sold		0.15%	<0.1%	Ongoing
More sustainable fibres – Products**		100%	100%	25/26
More sustainable fibre – Packaging & Labels***		73%	100%	25/26
Assortment produced with best available chemicals****		51%	100%	25/26

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

through our own channels, a slight increase from the previous year. While the rapid growth seen in earlier years has levelled off, customer engagement remains high, demonstrating continued demand for our 'Used and Loved' assortment.

This strong engagement was also reflected in the response to our first-ever second-hand pop-up store, hosted during the autumn and fully dedicated to 'Used and Loved' garments. We remain committed to our goal that every PO.P garment should be worn by at least three children. Second-hand is a key part of our circular approach, and we support customers in extending the life of each garment by accepting all used items (excluding swimwear, underwear, and accessories) in all our physical stores across the Nordic countries. Today, second-hand in the Nordics is available exclusively through physical stores.

TRADERA

PO.P was listed as the most sold childrenswear brand by Tradera for the fourth year in a row and the third most-sold clothing brand. Tradera is Sweden's leading marketplace for second-hand goods, with objects items switching owners every three seconds.

P.O.P

While we have reduced the total number of stores, the share of second-hand sales continues to increase. Our goal is to maintain overall sales levels even with fewer physical locations.

In the UK, the second-hand service has been temporarily paused since late spring due to a system transition. Work is currently underway to integrate second-hand into our new platform, with a relaunch planned shortly both for online and in stores. In addition to our own second-hand solutions, thousands of P.O.P garments find new owners every day through various external second-hand platforms and services.

FACTORY SECONDS – We continuously work to reduce the number of garments that go to waste. As part of this effort, we offer slightly imperfect items – still fully functional and just as lovable – at a lower price. We call these Factory Seconds. Occasionally, production doesn't go exactly as planned, resulting in minor imperfections. This concept allows customers to purchase fully functional products with small defects at a reduced price, helping us extend the life of every garment and minimise unnecessary waste.

REPAIR, RECONDITION & RENTAL

Our garments need to withstand the rough and tumble of active childhoods, especially our outerwear, which is used daily by children in daycare centres and schools, as well as for other outdoor activities. That is why we offer P.O.P Repairs for our outerwear. This repair service helps customers to mend their P.O.P outerwear garments, no matter how old they are, and using only original spare parts. We continuously

strive to develop our repair service, implement new solutions and extend the offer to more products. P.O.P is selling BIORESTORE which is an innovative enzyme treatment that restores cotton and cellulosic garments to a like-new condition. In just one wash, your old favourite clothes can look as good as new.

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

P.O.P CIRCULAR DESIGN PRINCIPLES

- Quality & Longevity
- Timeless Design
- Sustainable Materials
- Smart Design and Extended Size Solutions
- Easy to Repair
- Enable Recycling
- Minimise Waste



SUSTAINABLE MATERIALS

We have defined which fibres PO.P considers to be market leading, in terms of their impact on humans, animals and the environment, while having durability properties in line with our product longevity targets. The development of more sustainable fibres is constantly evolving, and we update our fibre strategy continuously.

By sustainable we mean fibres that have less impact on the environment – this may involve less water and chemical consumption, preserved biodiversity, improved animal welfare, conservation of our planet's resources or fewer greenhouse gas emissions. To qualify as a product made from sustainable fibres for us, the following criteria must be met:

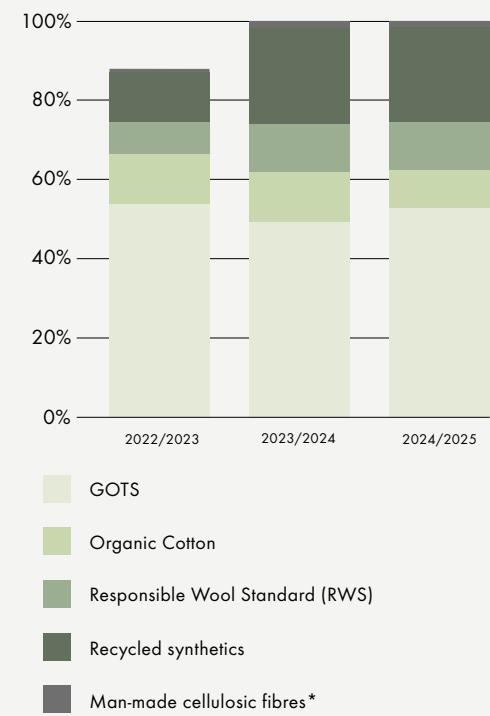
- Certified according to our approved certifications or consist of reclaimed fabrics (Read more about our approved choices under Our Sustainability labels.)
- Consist of a minimum of 70% certified or reclaimed fibre, this includes the materials in the composition and does not include trims or other details.. From Spring/Summer 2023 we fully transitioned to products made from sustainable fibres. This year, we are proud to report that 100% of our products meet that goal. Every product we offer lives up to our criteria for what qualifies as a product made from sustainable fibres, ensuring we continue to reduce our environmental impact while maintaining the durability and functionality our customers expect.

COTTON – Cotton is a natural material with many fantastic qualities. Cotton garments are soft and

comfortable to wear, yet strong enough to withstand lively play and frequent washing. However, since the cultivation of cotton requires a lot of water and pesticides, we've chosen to only use organic cotton, which is grown without the use of synthetic pesticides or fertilisers. 100% (100%) of the cotton used in our garments over the last year is organic cotton. 91,5% (89,9) of the cotton we sourced was GOTS certified, and 8,5% (10,1) was certified organic cotton.

WOOL – Wool is ideal for keeping children warm in cold weather. Wool fibre not only insulates but is also breathable and naturally absorbent; even if wool gets wet, it retains its insulating properties while keeping you warm. Wool doesn't trap odours, nor does it need washing as often as other materials. On the downside, wool has a significant environmental impact, various treatments are used to simplify its handling and washing. Our largest wool supplier has conducted a Life Cycle Assessment (LCA) last year, which, in line with research, shows that the raw material is the most significant environmental impact of these products. To improve our wool products, we have taken some important steps the latest years. Starting from Spring/Summer 2023 and forward 100% of the wool used in PO.P products is certified according to Responsible Wool Standard (RWS). During Autumn/ Winter 2022, we continued with our natural wool garments made from undyed wool and produced with minimal chemical use. We are also working on projects to extend the lifespan of our wool products and have therefore launched a polyester and wool blend to increase the durability and lifespan of the product.

SHARE OF MORE SUSTAINABLE FIBRES



*LENZING™ ECOVERO™ and TENCEL™

SYNTHETICS – Synthetic fibres, such as polyester, polyamide and elastane, are used in P.O.P products for specific functions, such as strength, durability, insulation or elasticity. By using recycled synthetic fibres instead of virgin fibres, we reduce the environmental impact and our reliance on petroleum as a source of raw material. 93% (93) of the synthetic fibres used in P.O.P products are certified as recycled. Starting from spring/summer 2025, we are launching our first GRS-certified products, the classic Stormy shell shell jacket.

This means that the entire product, not just the fibre content, complies with the Global Recycled Standard (GRS). Unlike certification at the fibre level, which only verifies the recycled content of the raw material, full product certification ensures that the entire production process including all supply chain steps, chemical use, social conditions, and environmental impact has been audited and approved according to the comprehensive requirements of the GRS.

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

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

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

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

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



OUR SUSTAINABILITY LABELS



GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

is a world-leading standard and certification for textiles made of natural fibres. For a product to be certified and permitted to carry the GOTS symbol, it must be made from organically grown cotton and be processed throughout the entire manufacturing chain in factories that are GOTS-certified by an independent body. Certified by Control Union 1188693.



GOTS MADE WITH ORGANIC COTTON

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



LENZING™ ECOVERO™ VISCOSE is made from wood pulp from sustainable wood sources and its production has less impact on the environment. The fibre is certified with the official EU Ecolabel, which is awarded to products meeting high environmental standards throughout their life cycle. The production of LENZING™ ECOVERO™ branded viscose generates up to 50% lower emissions and water impact compared to generic viscose fibres. LENZING™ and ECOVERO™ are trademarks of Lenzing AG.

Global Recycled Standard (GRS) is grown without the use of synthetic pesticides or fertilisers. This cultivation process is better for the environment as well as for the cotton growers.

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



Feels so right



TENCEL™ Lyocell fibres are derived from wood pulp from sustainably managed forests and are biodegradable. The production of TENCEL™ Lyocell is made in a closed loop process where 99% of the water and solvents used are reused. By reusing solvents and water, the lyocell process ensures high resource efficiency and low environmental impact. TENCEL™ is a trademark of Lenzing AG.

RESPONSIBLE WOOL STANDARD (RWS) describes and certifies animal welfare and land management practices in wool fibre production and tracks the certified material from farm to final product. Certified by Control Union CU868770TENCEL™ Lyocell fibres are derived from wood pulp from sustainably managed forests and are biodegradable. The production of TENCEL™ Lyocell is made in a closed loop process where 99% of the water and solvents used are reused. By reusing solvents and water, the lyocell process ensures high resource efficiency and low environmental impact. TENCEL™ is a trademark of Lenzing AG.

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

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



SAFETY OF PRODUCTS

Producing and selling clothes for children comes with great responsibility. Ensuring that our products are safe and durable is one of the most important aspects of our sustainability work. All P.O.P products must meet our quality, chemical, and safety requirements, which are aligned with international standards and regulations. In several areas, our requirements go beyond what the law demands.

All our suppliers have signed our Master Purchase Agreement, which outlines our sustainability and quality requirements, policies, and restrictions. To make sure suppliers comply, we combine capacity building with extensive testing of quality, safety, and chemicals. These tests are performed at accredited third-party laboratories. We also carry out development tests in-house and ask children and their parents to evaluate new products through wear testing.

Product safety is a top priority for us, and we have zero tolerance for recalls related to child safety. To prevent such risks, we focus on technical solutions designed specifically for children and apply a precautionary approach in our risk assessments of all new developments. We also take part in the Swedish Institute for Standards (SIS) working groups to contribute to the development of new and existing standards.

This year, we conducted two product recalls related to child safety and button attachment on selected baby outerwear and jersey garments. For each product, we removed the affected buttons, reinforced our attachment standards, and adapted the design to ensure that no similar risks remain. We take these issues very seriously and have established clear guidelines for when and how buttons may be used on our garments. In addition,

we have trained our suppliers and internal teams on the importance of secure button attachment and set a goal to reduce the use of buttons across our products in order to further minimize risk.

CHEMICAL COMPLIANCE – The production of clothing requires the use of chemicals to some extent, for example when dyeing fabrics or applying prints. Our goal is to work proactively with chemical management, often going beyond legal requirements. Our chemical restrictions are listed in a comprehensive document that is publicly available on our website.

We use BIONIC-FINISH® ECO on all our water-repellent outerwear, a PFAS-free technology that mimics natural water resistance. 51% (55) of our total product range is GOTS certified, confirming that it is produced using the best available chemicals. Compliance with our chemical criteria is verified through random spot tests carried out by third-party laboratories during production and on garments available in stores.

We are also a member of the Chemical Group run by RISE, a network for textile and electronics companies that promotes knowledge sharing and provides tools to support work on chemical and environmental issues.

QUALITY ASSURANCE – To ensure the high quality of P.O.P garments, we conduct inspections during production and use third-party laboratories to test mechanical and physical performance. Production inspections are carried out through Qarma, an efficient online tool that allows our suppliers to take greater ownership of product quality. This approach frees up internal resources, allowing us to focus more on preventive measures.

Our goal is to keep customer complaints below 0.1% of total goods sold. During 2024/2025, the number of claims increased to 0.15% (0.15).



SUSTAINABILITY MANAGEMENT



DUE DILIGENCE & RISK ASSESSMENT

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

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

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

PO.P SALIENT RISKS*

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

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



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

To strengthen our due diligence work, P.O.P initiated its double materiality assessment in June 2024. This work enables us to identify both material and financial impacts, how our operations affect people

and the environment, and how sustainability issues can influence our business performance. Although recent changes to the CSRD reporting scope mean we are no longer directly in scope at this stage, the insights from this assessment remain highly valuable. We will continue to build on these findings and integrate them into our risk management processes, supporting strategic prioritisation of our sustainability agenda. P.O.P's identified salient risks in each focus area remain the same as in the previous year, and we work continuously as per our measures to mitigate the identified risk areas.

NORWEGIAN TRANSPARENCY ACT

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

chain, including the disclosures required under the Norwegian Transparency Act, which entered into force in July 2022. In addition to our sustainability report structure complying with the legal requirements as stated in the Act, in June 2025 we published on our Norwegian web site our separate report statement for our previous fiscal year.

UK MODERN SLAVERY ACT 2015

In accordance with the UK Modern Slavery Act 2015, we made our first statement on behalf of Polarn O. Pyret AB in December 2023 as a publication on our UK website. That statement addressed the steps P.O.P had taken during the previous fiscal year to address modern slavery within our supply chain and our own operations. Our latest Modern Slavery Statement was published on the UK website in December 2025.

UN SUSTAINABLE DEVELOPMENT GOALS

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

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

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

PRIORITISED SDG'S

5. Gender equality



6. Clean water and sanitation



8. Decent work and economic growth



10. Reduced inequalities



12. Responsible consumption and production



13. Climate action



17. Partnerships for the goals



SUSTAINABLE DEVELOPMENT GOALS



COLLABORATIONS



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

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

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





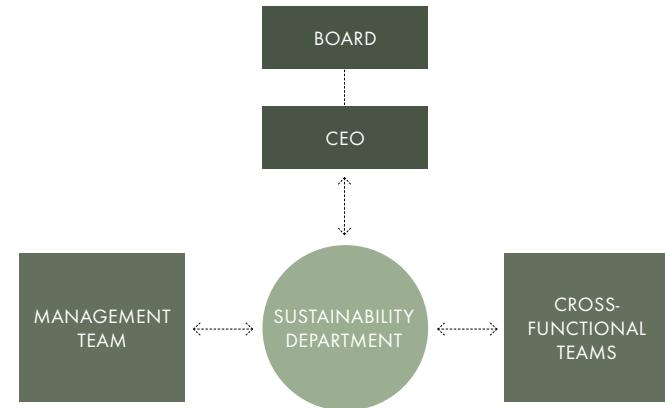
SUSTAINABILITY GOVERNANCE

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

To create a positive impact, we turn our Sustainability Strategy into action through clear KPIs, targets and roadmaps within each department of our organisation. This is how it is governed: The Sustainability & Quality team develops the

Sustainability Strategy and KPIs in consultation with the Management Team. The members of the Management Team implement the strategy in line with the established KPIs and are responsible for managing the relevant action plans for their fields and their area of operations.

The team supports the entire organisation in the implementation of our sustainability strategy. By working closely with various cross-functional teams, the team ensures that sustainability is integrated into daily decision-making and effectively anchored throughout the business.





STAKEHOLDER ENGAGEMENT

PO.P's business must be viewed in the context of our stakeholders, who both affect and are affected by our business. While we aim to collaborate with all PO.P stakeholders, our prioritised stakeholders and the ones to whom we consider ourselves accountable are our Customers, Employees, Suppliers, Owners and Board of Directors. The stakeholder list is reviewed on a regular basis to reflect related events and the current reality.

The purpose of the stakeholder engagement is to identify common ground on expectations for our sustainability work in terms of its possibilities and challenges throughout the value chain. Communication with all our stakeholder groups is highly important.

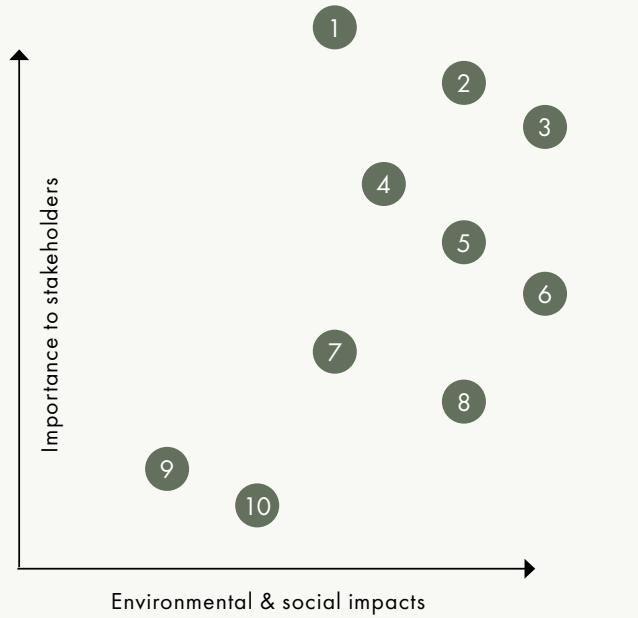
We engage with all our stakeholders regularly through annual surveys, interviews, and continuous dialogue. Every third year we update our stakeholder survey for all prioritised stakeholders.

The stakeholder survey covers ten main areas within ESG from social, environmental and economic perspectives. The areas selected reflect PO.P's values, principles, ambitions, our stakeholders' communicated interests, regulations, sustainability impact and the impact of our industry.

PRIORITISED STAKEHOLDER DESCRIPTION

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

P.O.P



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

= Significant impact in the value chain

MATERIALITY ASSESSMENT

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

The materiality assessment conducted during 22/23 incorporates two dimensions: importance to stakeholder and social and environmental impact.

In addition, we have identified where in the value chain each area has the most significant impact. The result in the materiality assessment indicates which areas need to be included in our sustainability reports to provide a transparent and truthful picture of our significant impact in the reporting. In 2024, P.O.P initiated a double materiality analysis to strengthen the foundation for our future reporting and strategic work. The methodology was inspired by the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), and applied key principles such as Scale,

Scope, Irremediable Character and Likelihood. The analysis was based on stakeholder engagement and desktop research of internal and external sources, including risk assessments, previous materiality assessments, stakeholder surveys, sustainability reports, and policies.

Two workshops with senior management were held during June and August 2024 to assess both material and financial impacts. The outcome of this analysis provides valuable input to our strategic priorities and helps us identify the issues that will be most important for us to focus on going forward.

POLICIES & REQUIREMENTS

The activities within our value chain are affected by legislation and industry standards. In addition, we have policies that govern the decisions taken in all operations. All onboarding of new employees includes these policies, and the relevant policies are part of our supplier's agreement.

CODE OF ETHICS

The Code of Ethics provides general guidance on how to handle various situations that may arise at our workplace. It applies to all activities carried out by, or on behalf of, P.O.P, together with the statutory and regulatory provisions in force wherever we conduct our business. It applies to everyone working at the company, regardless of whether they are an employee, consultant or board member. The behaviour of each and every one of us defines P.O.P and its reputation in the outside world.

PERSONNEL-RELATED POLICIES

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

CODE OF CONDUCT

The Amfori BSCI Code of Conduct involves a commitment to work systematically with risk assessment, knowledge dispersion, inspection and improvement work at suppliers and factories. All suppliers that work for P.O.P must undertake to comply with the Code of Conduct as an integral part of their supplier agreement. The Amfori BSCI Code of Conduct is based on the most important international labour standards protecting workers' rights. P.O.P has participated in the Amfori BSCI initiative since 2005, in previous years through the RNB group, P.O.P's previous owners.

ANIMAL WELFARE POLICY

P.O.P believes that animals should be treated well and be protected from suffering and disease. No animal should be harmed in the making of our products. If there is any deviation from this, alternative materials or methods should be investigated and prioritised. This policy refers to all materials used for P.O.P products.

ANTI-CORRUPTION POLICY

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

HUMAN RIGHTS POLICY

At P.O.P, we recognise our responsibility to operate with respect to human rights. We are committed to ensuring that fundamental rights are respected, and that people are treated with dignity and respect, regardless of race, sex, nationality, ethnicity, language, religion, or any other status – in our own operations and in our supply chain. Through human rights due diligence processes, we are committed to identifying, preventing, and mitigating any human rights violations resulting from or caused by our business activities.

ENVIRONMENTAL & CLIMATE POLICY

P.O.P should contribute to sustainable development and support a transition to a circular business model for the childrenswear industry. The environmental efforts and climate actions must permeate our entire business. At a minimum, we will comply with the law and international standards and frameworks. Our ambition is to go beyond this level and focus on continual improvements. Successful environmental work is driven by participation and responsibility throughout our organisation and supply chain.



WORKING AT PO.P

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

With a team of 411 employees across our markets – Sweden, Norway, Finland, Estonia, the UK, and our production office in Hong Kong – we are committed to fostering a culture that values collaboration, innovation, and respect. Together, our people, our culture, and our commitment to sustainability make P.O.P not just a workplace but a community striving for lasting progress.

EMPLOYEE SURVEY 2024/2025

At the turn of 2024/2025, P.O.P transitioned from conducting one annual employee survey to implementing monthly pulse surveys. This shift reflects our ambition to gain a more continuous and up-to-date understanding of how our people experience their work – across offices and stores in all markets. By listening more frequently, we can identify trends earlier, act faster, and stay closely connected to the everyday experiences of our employees.

MEASURING ENGAGEMENT CONTINUOUSLY

The pulse surveys measure overall engagement on a scale from 1 to 10, based on eight key drivers: Alignment, Leadership, Relationships with peers, Growth & enablement, Culture, Wellness, Meaningful work, and Recognition & reward.

Since the launch in February 2025 through to

the end of the fiscal year, the average results across all monthly pulses show an overall engagement score of 8.1, reflecting a consistently strong level of commitment and satisfaction throughout the period.

STRONG LEADERSHIP, TEAMWORK, AND SENSE OF PURPOSE

The results paint a positive and encouraging picture overall. Relationships with peers (8.9) and Leadership (8.7) stand out as particular strengths, highlighting the trust, collaboration, and support that characterise P.O.P's everyday culture. Alignment (8.2) and Meaningful work (8.2) show that employees feel connected to our purpose and understand how their contributions make a difference. Culture (7.9) and Wellness (8.0) also received high scores, indicating that our people feel safe, respected, and part of an inclusive and caring workplace.

While all scores are positive, Growth & enablement (7.4) and Recognition & reward (6.6) point to areas with potential for continued development – particularly around how we communicate and clarify our overall approach to rewards and benefits. These insights will guide our upcoming focus on strengthening learning opportunities and recognition practices across the company.

Participation in the pulse surveys has so far ranged between 30% and 40%, and increasing engagement remains a key priority. Encouraging more employees to share their perspectives will help us build an even more accurate and inclusive picture of the P.O.P experience.





GROWING PRIDE IN BEING PART OF P.O.P

Our Employee Net Promoter Score (eNPS) increased to +35, up from +30 last year – a result we are proud of. This upward trend reflects strong engagement and a growing sense of pride in being part of P.O.P. It highlights the commitment among our people to recommend P.O.P as an employer and reinforces the sense of belonging and shared purpose that continues to define our company culture.

COMMITMENT TO AN INCLUSIVE AND SAFE WORKPLACE

P.O.P upholds a zero-tolerance policy for harassment, discrimination, and bullying to foster a respectful and inclusive workplace. Clear reporting channels – through management, HR, and an anonymous whistleblower system - are available to protect and support our employees, ensuring a safe environment that builds mutual trust. By listening to and acting upon employee feedback, we aim to build a workplace that not only meets but exceeds our employees' expectations, supporting their well-being, growth, and satisfaction.

OUR CULTURE

Following the launch of **Our Heartbeat** in 2024, the focus during 2024/2025 has been on continuing to embed our cultural values across P.O.P. Throughout the year, we have actively integrated our culture into everyday conversations and activities – from leadership communication and team meetings to internal initiatives – ensuring that the values remain present and lived in daily work. Our culture continues to serve as a unifying compass for how we collaborate, lead, and grow together across all markets.

TERMS OF EMPLOYMENT

At P.O.P ensuring the well-being and security of our employees is a priority. In every market where we operate, we adhere to national legislation and, where possible, go beyond statutory requirements to enhance employment conditions. In Sweden, all employees are covered by collective agreements, with three distinct agreements in place to support different roles. These agreements regulate critical aspects of employment, such as workplace safety, salaries, pensions, and insurance coverage. In Finland, our employees are also covered by collective agreements. In Norway, we fully apply national legislation and work to maintain alignment with local collective agreements. In our other markets—Estonia, the UK, and Hong Kong—we adhere to national labour regulations, and in some cases, we enhance

employment conditions beyond legal requirements to provide additional support and security for our team members.

CODE OF ETHICS

All employees representing P.O.P are expected to act in line with statutory and regulatory requirements, as well as our internal guidelines and core values, in every situation. This commitment is outlined in our Code of Ethics, which provides guidance on upholding ethical standards and respectful behavior in our workplaces. Store employees receive mandatory training on the Code of Ethics through our e-learning platform, P.O.P School, while office employees are introduced to it during onboarding and have ongoing access via our intranet, P.O.P IN. We are committed to transparency and integrity, with a whistleblower function available in accordance with legal requirements, allowing employees to report any suspected irregularities anonymously. During the 2024/2025 period, no irregularities or incidents were reported through this channel.

PROMOTING EQUALITY & DIVERSITY

P.O.P is committed to ensuring equal value, rights, and opportunities for all employees, regardless of ethnicity, gender, age, belief, sexual orientation, gender identity, or disabilities. Our goal is to create an inclusive and non-discriminatory organisation

where everyone's unique skills and perspectives are valued and respected. For us, inclusion means fostering a sense of belonging where each person is appreciated for their competencies and contributions. We continuously refine our processes to support diversity and enable equal participation across our teams. In compliance with Swedish law, we conducted a pay survey this spring to identify any unjustified pay differences, with no findings reported. This annual review also positions us to meet upcoming requirements under the EU's pay transparency directive, reinforcing our dedication to fairness and transparency in employment practices.



A photograph of two people walking away from the camera on a rocky path. In the foreground, several tall, dry grass stalks frame the scene. The person on the left is wearing a yellow beanie and a blue jacket, while the person on the right has long blonde hair and is wearing a green jacket. They are walking through a natural, rocky environment with trees in the background.

CONSOLIDATED SUSTAINABILITY DATA & RISK ASSESSMENT



SUSTAINABLE BUSINESS

FINANCIALS

KEY RATIOS	2024/2025	2023/2024	2022/2023	TARGET
Net sales (MSEK)	700	731	792	Long term profitability, ongoing
Number of stores	73	81	90	
Number of e-commerce platforms	9	13	11	
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SALES BY GEOGRAPHIC MARKET, %	2024/2025	2023/2024	2022/2023	
Sweden	54%	57%	52%	
Finland	15%	15%	15%	
United Kingdom	16%	15%	15%	
Norway	10%	11%	10%	
Other	5%	1%	8%	

P O. P

PEOPLE

PRODUCTION

GENERAL PRODUCTION DATA	2024/2025	2023/2024	2022/2023
Number of tier 1 production units with order value	25	28	30
Number of production countries	7	8	7

PRODUCTION COUNTRIES

PRODUCTION COUNTRIES, % OF ORDER VALUE	2024/2025	2023/2024	2022/2023
China	57.7%	56.9%	64.8%
Bangladesh	27.6%	24.6%	22.1%
Turkey	5.4%	5.9%	3.8%
Lithuania	3.3%	2.8%	2.8%
India	2.6%	3.9%	1.9%
Republic of Korea	2.3%	2.5%	3%
Latvia	1.0%	3.5%	1.7%
Germany	0%	0.1%	0%
Sweden	0%	0%	0%
Vietnam	0%	0%	0%

AUDIT STATUS

GENERAL AUDIT STATUS	2024/2025	2023/2024	2022/2023	TARGET
% of production units in tier 1 with 3rd party valid social audit reports*	96%	93%	88%	100% by 20/21
% of order value placed at tier 1 production units with a valid 3rd party audit	98%	97%	97%	
**BSCI, SA8000 and Sedex.				
----- BSCI AUDIT BREAKDOWN IN TIER 1 PRODUCTION UNITS, % OF ORDER VALUE	2024/2025	2023/2024	2022/2023	
SA8000 – Best Practice	0%	0%	1%	
A – Very Good	4.3%	8%	11%	
B – Good	68.2%	31%	21%	
C – Acceptable	25%	57%	63%	
D – Unsatisfactory	0%	0%	0%	
E – Unacceptable	0%	0%	0%	
ZT – Zero Tolerance	0%	0%	0%	
Other audit such as Sedex	0.2%	2%	1%	
No audit – No valid audit*	2.3%	3%	3%	
*Audit is either missing or the validity period of the audit has expired.				
----- DEVELOPMENT OF BSCI AUDIT RESULT	2024/2025	2023/2024	2022/2023	TARGET
Number of production units in tier 1 with overall improved BSCI rating since previous audit*	6	3	7	
Production units in tier 1 with overall improved BSCI rating since previous audit*	26%	12%	23%	15%, ongoing
*Including production units that remain an A or SA8000 result.				

2024/2025 BREAKDOWN OF BSCI AUDIT RESULT 13 PERFORMANCE AREAS

PERFORMANCE AREA	A VERY GOOD	B GOOD	C ACCEPTABLE	D UNSATISFACTORY	E UNACCEPTABLE	ZT ZERO TOLERANCE
Social management systems	0%	8%	92%	0%	0%	0%
Workers involvement and protection	63%	25%	12%	0%	0%	0%
Freedom of association and collective bargaining	100%	0%	0%	0%	0%	0%
No discrimination	96%	4%	0%	0%	0%	0%
Fair remuneration	38%	50%	12%	0%	0%	0%
Decent working hours	12%	0%	17%	71%	0%	0%
Occupational health and safety	92%	4%	0%	4%	0%	0%
No child labour	100%	0%	0%	0%	0%	0%
Special protection for young workers	100%	0%	0%	0%	0%	0%
No precarious employment	100%	0%	0%	0%	0%	0%
No Bonded labour	100%	0%	0%	0%	0%	0%
Protection of the environment	92%	8%	0%	0%	0%	0%
Ethical business behaviour	96%	4%	0%	0%	0%	0%
Total breakdown	76%	8%	10%	6%	0%	0%

ACCORD REMEDIATION PROGRESS

ACCORD REMEDIATION PROGRESS	2024/2025	2023/2024	2022/2023
Remediation progress rate of initial findings	99%	99%	99.7%
Remediation progress rate of total findings	96%	99%	92%
Number of production units with a safety committee established	3/3	3/3	3/3
Number of production units with a workers participation committee	3/3	3/3	3/3

FAIR WAGES

DEVELOPMENT OF BSCI AUDIT RESULT OF PA 5 SALARY & REMUNERATION	2024/2025	2023/2024	2022/2023
A - Very Good	38%	44%	38%
B - Good	50%	40%	58%
C - Acceptable	12%	16%	4%
D - Unsatisfactory	0%	0%	0%
E - Unacceptable	0%	0%	0%
A + B (Very Good + Good)	88%	84%	96%

PLANET

SALES

ELECTRICITY PERFORMANCE IN STORES		2024/2025	2023/2024	2022/2023
Best Available technical performance (% LED) in own operations*		85%	75%	67%
Renewable electricity in own operations**		100%	100%	100%
*70% LED or more of total lighting. **For all facilities where P.O.P is responsible for the electricity agreement.				
CHARITY		2024/2025	2023/2024	2022/2023
Amount collected during the year to be donated to charity (sek)*		731 463	383 741	326 076
*Water Aid, Save the children, Pink Ribbon				
CONSUMER BAGS		2024/2025	2023/2024	2022/2023
Share of customers not buying a bag for their goods		84,3%	85%	85%
DISCOUNT		2024/2025	2023/2024	2022/2023
% sold on discount		-27.3%	-26.9%	-29%

LOGISTICS The data is based on the period between June to May, which is an offset of the time period of the fiscal year.

ZERO TOLERANCE FOR NUMBER OF AIR TRANSPORTS	2024/2025	2023/2024	2022/2023	TARGET
				0, ongoing
MASS OF TRANSPORTED GOODS AND EFFICIENCY	2023/2024	2023/2024	2022/2023	
TonKm*	11 797 007	10 639 243	12 722 200	
SHARE OF CONSIGNMENT PER TRANSPORT TYPE, % TONKM*	2023/2024	2023/2024	2022/2023	
Sea freight	98.5%	99%	99.2%	
Air freight	0.6%	0.1%	0.1%	
Rail freight	0.0%	0.0%	0.0%	
Road freight	0.9%	0.9%	0.7%	

*Only inbound transports.

GHG EMISSIONS*

GHG EMISSIONS SCOPE 1 & 2 (ton CO ₂ e)	2024/2025	2023/2024	2022/2023	TARGET
SCOPE 1				
Company operated cars	1.2	4.5	4.8	
Refrigerants	0.9	1.5	1.8	
Fuel use for own heat or electricity production	6.4	4.3	-	Climate neutral by 2030
Total	8.5	10.3	6.6	
SCOPE 2				
Electricity	31.8	49.0	105.5	
Heating	40.6	46.0	100.3	
Company operated cars	0.9	1.0	1.2	
Total	73.3	96.0	207.0	
GHG EMISSIONS SCOPE 3 (ton CO ₂ e)	2024/2025	2023/2024	2022/2023	TARGET
Business travel	239	251	140	
Electricity use within own operations	24	25	27	Climate neutral by 2045
Purchased goods and services	7939	8302	8409	
Transport and distribution	383	616	503	
Other	-	-	150	
Total	8585	9195	9229	
CLIMATE IMPACT	2024/2025	2023/2024	2022/2023	TARGET
Decrease in GHG emissions in own operations compared to baseline year 17/18	-75%	-66%	-41%	-100% by 2030
Decrease in GHG emissions in all operations compared to baseline year 20/21	-14%	-8%	-6%	-50% by 2030
Production emissions per sold product [kg CO ₂ e/sold product]	1.96	2.03	1.79	

*Baseline year 20/21 recalculated with primary data.

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

PRODUCT

DURABILITY & SAFETY

DURABILITY & SAFETY				
LONGEVITY				
Customers using outerwear garments for 3 children or more	2024/2025	2023/2024	2022/2023	TARGET
Customers using garments for 3 children or more*	66%	65%	63%	95% 26/27
*Underwear, socks and swimwear excluded.				
SECOND HAND				
Second-hand items sold in own channels	2024/2025	2023/2024	2022/2023	TARGET
Second-hand items sold in own channels	126 290	124 458	93 712	
SAFETY				
Zero tolerance for number of product recalls	2024/2025	2023/2024	2022/2023	TARGET
Zero tolerance for number of product recalls	2	1	0	0
CUSTOMER CLAIMS				
Customer claims of products sold	2024/2025	2023/2024	2022/2023	TARGET
Customer claims of products sold	0.15%	0.15%	0.11%	<0.1% ongoing
*Data from October–August.				

SUSTAINABLE FIBRE

SUSTAINABLE FIBRE				
SHARE OF PRODUCTS IN MORE SUSTAINABLE FIBRE*				
More sustainable fibre – Products *GOTS certified fibre, certified organic fibre, certified recycled fibre and Lenzing fibres.	2024/2025	2023/2024	2022/2023	TARGET
More sustainable fibre – Products *GOTS certified fibre, certified organic fibre, certified recycled fibre and Lenzing fibres.	100%	99.85%	88%	100% by 25/26
SHARE OF PRODUCTS IN MORE SUSTAINABLE COTTON*				
More sustainable cotton – Products % conventional Cotton **GOTS certified fibre or certified organic.	2024/2025	2023/2024	2022/2023	TARGET
More sustainable cotton – Products % conventional Cotton **GOTS certified fibre or certified organic.	100%	100%	99.5%	100% by 20/21
SHARE OF COTTON, PER TYPE*				
Conventional Cotton	2024/2025	2023/2024	2022/2023	TARGET
Conventional Cotton	0%	0%	0.3%	
GOTS	2024/2025	2023/2024	2022/2023	
GOTS	91.5%	90%	90.5%	95% GOTS by 26/27
Certified Organic	2024/2025	2023/2024	2022/2023	
Certified Organic	8.5%	10%	9.2%	
*Calculated by weight of purchased material.				
SHARE OF RECYCLED FIBRE*				
Recycled fibre – Products *Yarn certified according to Global Recycle Standard or Recycled Claim Standard, calculated by weight of purchased material	2024/2025	2023/2024	2022/2023	
Recycled fibre – Products *Yarn certified according to Global Recycle Standard or Recycled Claim Standard, calculated by weight of purchased material	35%	36%	31%	
SHARE OF MORE SUSTAINABLE FIBRE IN LABELS AND PACKAGING MATERIAL				
More sustainable fibre – Packaging and labels *Recycled mix and recycled material.	2024/2025	2023/2024	2022/2023	TARGET
More sustainable fibre – Packaging and labels *Recycled mix and recycled material.	73%	70%	58%	100% by 25/26
CHEMICAL CONTENT				
Assortment produced with best available chemicals* *GOTS.	2024/2025	2023/2024	2022/2023	TARGET
Assortment produced with best available chemicals* *GOTS.	51%	55%	54%	100% by 25/26

WORKING AT P.O.P

HUMAN RESOURCES

NUMBER OF EMPLOYEES	2024/2025	2023/2024	2022/2023
Full time equivalents (FTE)	228	276	272
Total number of employees	411	466	480
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AGE AND EMPLOYEE TURNOVER*	2024/2025	2023/2024	2022/2023
Employee age, under 30	40%	44%	45%
Employees age, 30–50	46%	43%	42%
Employees age, over 50	14%	13%	13%
Average period of employment, years**	5	5	5.7
Employee turnover, %	4%	3%	1.2%
*Based on full time employees.			
**No data available for Norway.			
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PERSONAL HEALTH AND SAFETY	2024/2025	2023/2024	2022/2023
Total sick leave	5.08%	4.33%	4.1%
Short-term sick leave	2.91%	3.03%	3.2%
Long-term sick leave	2.17%	1.3%	0.9%
*Based on full time employees.			
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ANTI CORRUPTION	2024/2025	2023/2024	2022/2023
Number of whistleblower complaints	0	0	0
Confirmed incidents of corruption or fraud	0	0	0
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EMPLOYEE SATISFACTION	2024/2025	2023/2024	2022/2023
I am generally satisfied with P.O.P as an employer (1–5)	No data	4.25	No data
eNPS – How likely is it that you would recommend Polarn O. Pyret as an employer to a friend? (1–100)	35	30	No data
My work place is free from sexual harassment	No data	100	No data
My work place is free from discrimination	No data	98	No data
My work place is free from bullying	No data	97	No data
My work place is free from violence	No data	100	No data

DIVERSITY & EQUALITY

NUMBER OF EMPLOYEES BY GENDER, %*	2024/2025	2023/2024	2022/2023
Men	8%	7%	9%
Women	92%	93%	91%
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% OF FEMALE EMPLOYEES PER MARKET	2024/2025	2023/2024	2022/2023
Sweden	95%	95%	93%
Norway	97%	99%	97%
Finland & Estonia	99%	99%	100%
UK & Ireland	74%	50%	76%
Hong Kong	62%	58%	57%
<hr/>			
BOARD OF DIRECTORS, GENDER	2024/2025	2023/2024	2022/2023
Men	2	2	3
Women	1	2	2
<hr/>			
BOARD OF DIRECTORS, AGE	2024/2025	2023/2024	2022/2023
Below 30	1	1	0
30–50	1	1	2
Above 50	1	2	3
<hr/>			
MANAGEMENT GROUP, GENDER	2024/2025	2023/2024	2022/2023
Men	0	1	2
Women	7	6	7
<hr/>			
MANAGEMENT GROUP, AGE	2024/2025	2023/2024	2022/2023
Below 30	0	0	0
30–50	7	5	7
Above 50	0	2	2
<hr/>			
CEO, GENDER*	2024/2025	2023/2024	2022/2023
Men	0	1	1
Women	1	0	0
<hr/>			
CEO, AGE*	2024/2025	2023/2024	2022/2023
Below 30	0	0	0
30–50	1	0	0
Above 50	0	1	1

PO.P SALIENT RISK ANALYSIS

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

CATEGORY	RISK DESCRIPTION	IMPACT & OPPORTUNITIES	PO.P MEASURES TO MITIGATE RISK
PLANET	CLIMATE CHANGE <p>A challenge that concerns society as a whole. The textile industry as important users of energy and large sources of emissions have a role to play in transitioning to a low-carbon economy. Slow development and transition is a risk. Countries, legislators, the industry or/and the customers adapt too slowly to climate change and do not contribute to the transition to lower emissions fast enough. The risk occurs in all operations but is mainly related to supply chain where we have the biggest negative impact. Climate change and GHG emissions are identified as a sectoral risk for the textile industry by OECD.</p>	ENVIRONMENTAL & SOCIAL IMPACT; Biodiversity loss, deforestation, global warming, extreme weather, harm people & environment, reduced quality of life. BRAND IMPACT; Damaged reputation, lower employee retention, production disruptions, delays and non-delivery, loss of sales, lack of raw material, raw material price level, lack of suppliers. OPPORTUNITIES; Circular business models, new innovations such as fibre and production technologies, sustainable materials, re-use and recycling, changes in customer attitudes could result in customer priming P.O.P business model.	Climate measures and actions in supply chain Sustainable fibres and products Increased reuse of products Supplier and production monitoring Supply chain mapping and traceability Scaling up circular business models Production planning Material and capacity booking
	BIODIVERSITY <p>Biodiversity impacts are defined as the degradation of important habitats and species which can lead to irredeemable loss of biodiversity or damage ecosystem service functions. The risk is mainly related to supply chain where we have the biggest negative impact.</p>	ENVIRONMENTAL & SOCIAL IMPACT; Irredeemable loss of biodiversity. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level. OPPORTUNITIES; Sustainable fibres, sustainable production processes, circular business model, regenerative farming.	Implementation of sustainable fibres and production processes Supply chain mapping and traceability Scaling up circular business models Mapping and understanding PO.Ps impact on biodiversity
	WATER <p>Water stress occurs when the demand for water exceeds the available amount during a certain period or when poor quality restricts its use. Cotton cultivation and wet treatment processes are the main risk operations. Water consumption is identified as a sectoral risk for the textile industry by OECD.</p>	ENVIRONMENTAL & SOCIAL IMPACT; Lack of fresh water, drought, pollution. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level. OPPORTUNITIES; Organic cotton, new innovations such as fibre and production technologies, circular business model.	Implementation of sustainable fibres and production processes Strict chemical requirements Supply chain mapping and traceability Scaling up circular business models
	POLLUTION <p>Air, water, soil, microplastics and chemical pollutions are all a risk in the textile supply chain. Chemical pollution and water pollution are identified as sectoral risks for the textile industry by OECD. The risk is mainly related to supply chain where we have the biggest negative impact.</p>	ENVIRONMENTAL & SOCIAL IMPACT; Quality of air, soil and water, negative impact on ecosystem and wildlife, biodiversity loss, quality of life and health. BRAND IMPACT; Damaged reputation, lower employee retention, loss of sales, lack of raw material, raw material price level. OPPORTUNITIES; Organic cotton, sustainable fibres, new innovations such as fibre and production technologies, circular business model technologies, circular business model.	Implementation of sustainable fibres and production processes Strict chemical requirements Supply chain mapping and traceability Scaling up circular business models

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

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

REPORTING INDEX

GRI CONTENT INDEX

Statement of use: P.O.P has reported the information cited in this GRI content index for the period 1 September 2024 to 1 August 2025 with reference to the GRI Standards. **GRI 1 used:** GRI 1 Foundation 2021.

Applicable GRI Sector Standard: Currently not available

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

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTES & OMISSION
GRI 3: Material topics 2021	3-1	Process to determine material topics	33,38-39	
	3-2	List of material topics	39	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 54	
205: Anti-corruption	205-1	Operations assessed for risks related to corruption	54	As part of P.O.P onboarding process all employees are informed about the anti-corruption policy and our Whistleblowing function, which provides an opportunity to report suspicions of misconduct or anything that is not in line with our values and policies.
	205-2	Communication and training about anti-corruption policies and procedures		
	205-3	Confirmed incidents of corruption and actions taken	51	No incidents of corruption during the reporting period.
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 54	
301: Materials	301-1	Materials used by weight or volume	28, 50	
	301-2	Recycled input materials used	28, 50	
	Own Indicator	Share of more sustainable material used in our garments	26, 28, 50	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 53	
302: Energy	302-1	Energy consumption within the organization	19-20, 49	
	302-3	Energy intensity	19-20, 49	
	302-4	Reduction of energy consumption	19-20, 49	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 53	
305: Emissions	305-1	Direct (Scope 1) GHG emissions	19-20, 49	
	305-2	Energy indirect (Scope 2) GHG emissions	19-20, 49	
	305-3	Other indirect (Scope 3) GHG emissions	19-24, 49	
	305-5	Reduction of GHG emissions	19-24, 49	
GRI 3: Material topics 2021	3-3	Management approach	42	
401: Employment	401-1	New employee hires and employee turnover	51	
GRI 3: Material topics 2021	3-3	Management approach	12, 33, 39	
403: Occupational health and safety	403-1	Occupational health and safety management system	14-17, 52	
	403-2	Hazard identification, risk assessment, and incident investigation	14-17, 52	
	403-3	Occupational health services	14-17, 52	
	403-4	Worker participation, consultation, and communication on occupational health and safety	14-17, 52	
	403-5	Worker training on occupational health and safety	14-17, 52	
	403-6	Promotion of worker health	14-17, 52	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	14-17, 52	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	LOCATION OF DISCLOSURE	NOTES & OMISSION
GRI 3: Material topics 2021 405: Diversity and equal opportunity	3-3 405-1	Management approach Diversity of governance bodies and employees	12, 33, 39 44, 51	
GRI 3: Material topics 2021 406: Non-discrimination	3-3 406-1	Management approach Incidents of discrimination and corrective actions taken	12, 33, 39 44, 51	
GRI 3: Material topics 2021 407: Freedom of association and collective bargaining	3-3 407-1	Management approach Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	12, 33, 39 14-17, 52	
GRI 3: Material topics 2021 408: Child labor	3-3 408-1	Management approach Operations and suppliers at significant risk for incidents of child labour	12, 33, 39 14-17, 52	
GRI 3: Material topics 2021 409: Energy	3-3 409-1	Management approach Operations and suppliers at significant risk for incidents of forced or compulsory labour	12, 33, 39 14-17, 52	
GRI 3: Material topics 2021 414: Supplier social assessment	3-3 414-1 414-2	Management approach New suppliers that were screened using social criteria Negative social impacts in the supply chain and actions taken	12, 33, 39 14-17, 52	No new Production Units has been opened during the reporting period.
GRI 3: Material topics 2021 416: Customer health and safety	3-3 416-1 416-2	Management approach Assessment of the health and safety impacts of product and service categories Incidents of non-compliance concerning the health and safety impacts of products and services	12, 33, 39 54 26-31	
GRI 3: Material topics 2021 417: Marketing and labeling	3-3 417-3	Management approach Incidents of non-compliance concerning marketing communications	12, 33, 39	We have not identified any non-compliance incidents concerning communications



Auditor's report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2024-09-01 – 2025-08-31 (the financial year) on pages 1-54 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm, 14 January 2026

PricewaterhouseCoopers AB

Nicklas Kullberg
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.



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P O. P