



Sustainability report.

2023

FRISTADS®

Taking the lead of a changing industry.

When I decided to take on the job as CEO of Fristads last year, it was in part due to the company's ambition to be a force of change in the textile industry. As a workwear manufacturer our primary mission is to protect people at work, but we also have a responsibility to minimise harm to the environment. Researchers estimate that the textile industry causes anywhere from four to eight percent of the annual global emissions of greenhouse gases. It is also a major contributor to water pollution and waste, with little clothing currently being recycled. As an industry, we have to do better.

At Fristads, environmental sustainability is more than a fancy aspiration; it is integrated in our business strategy and daily work. We have set an absolute target to reduce our CO₂ emissions by 50 percent by 2030 compared with the baseline years and for 50 percent of our products to be environmentally declared or contain recycled materials by 2025. To get there, we collect and analyse large amounts of data from within our own organisation as well as our suppliers. This data, combined with creative thinking and innovative solutions, is the foundation of our sustainability work.

In addition to cutting emissions, we believe that the textile industry must transition from its linear production system and embrace circular solutions to extend the life of clothing. Before a garment is ever discarded, we must consider if it can be repaired, reused or recycled, either through an open-loop or closed-loop system. In close collaboration with some of our customers and partners, we have been working tirelessly on creating circular solutions for workwear for several years and in 2023 we made several breakthroughs. It was the year when we rolled out a global recycling infrastructure on several of our markets, launched pilot projects for sustainable services like repairs and reuse, and created our first circular product made partly of material from recycled workwear.

Major transitions are never easy and our new recycling flows and sustainable services are still a work in progress. Having said that, we are proud of how far we have come and are looking forward to eventually giving all our customers the opportunity to use our sustainable services. Together, we can lead the charge for change in the textile industry and hope that others will be inspired and follow.

Petra Öberg Gustafsson
Managing Director of Fristads

Content.

About Fristads and this report.

Fristads AB is a private sector company that encompasses the brands Fristads, Kansas and Leijona and is a part of Hultafors Group, which is owned by Investment Latour AB. Fristads' sustainability report is published annually. This report covers data that was collected from January 1, 2023, to December 31, 2023. Some parts of our sustainability work are guided by and coordinated within Hultafors Group. More information about the groups' sustainability initiatives can be found in Hultafors Group's Sustainability report.

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Fristads at a glance.

610
employees



1925

The year Fristads was founded by John Magnuson in Fristad, outside Borås.

**Online shops in
Sweden, Finland,
Denmark, Austria
and Germany.**

More than
5,000
Points of sale.

Headquarters in Borås,
Sweden, where key backend
functions are housed.

2023 net
sales in SEK. **1.61 billion**

HULTAFORS GROUP

Fristads AB encompasses three brands: Fristads, Kansas and Leijona, all of which are included in our sustainability reporting. We are a part of Hultafors Group, which is owned by Investment Latour AB, since 2021.

**We make premium
workwear for professional users.**

Workwear is – and always has been – the heart and soul of our business. From the warehouse floor and grocery store to the welding shop and construction site, our premium work clothes deliver, keeping people safe and comfortable at all times. It is the needs and wants of our users that drive us to constantly improve our designs and materials. Together, we create clothes that are constantly evolving to become more durable, comfortable and sustainable.

Sales offices on

**Eight
European
markets**



2023 Highlights.

**PFAS
FREE**

Developed our first PFAS-free PPE garments with EN 13034 certification.



676 tonnes of CO₂ equivalents that truck manufacturer Scania saved by choosing Fristads Green garments for their new collection of workwear, compared with a conventional collection.

-47%

Reduction of our CO₂ emissions in Scope 3 compared with the baseline year 2022.



-70%

Reduction in air transports in 2023, compared with 2022.

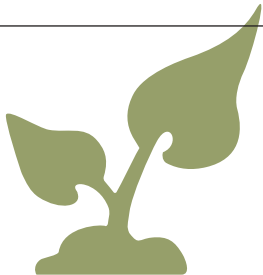
98%



Share of our products that are OEKO-TEX® certified.

15%

Share of more sustainable environmentally declared products and products made of recycled materials in Fristads range, up from 8% in 2022.



Created our first product made partly from recycled workwear, a major breakthrough for our ambition to close the loop on our production.

0.00003%

Share of all sold products that were returned as claims. Of all claims, 27% were repaired and returned to the customer instead of replaced with a new product.



Launched a new whistleblowing service that makes it easier for employees in our supply chain to report violations of our Code of Conduct.

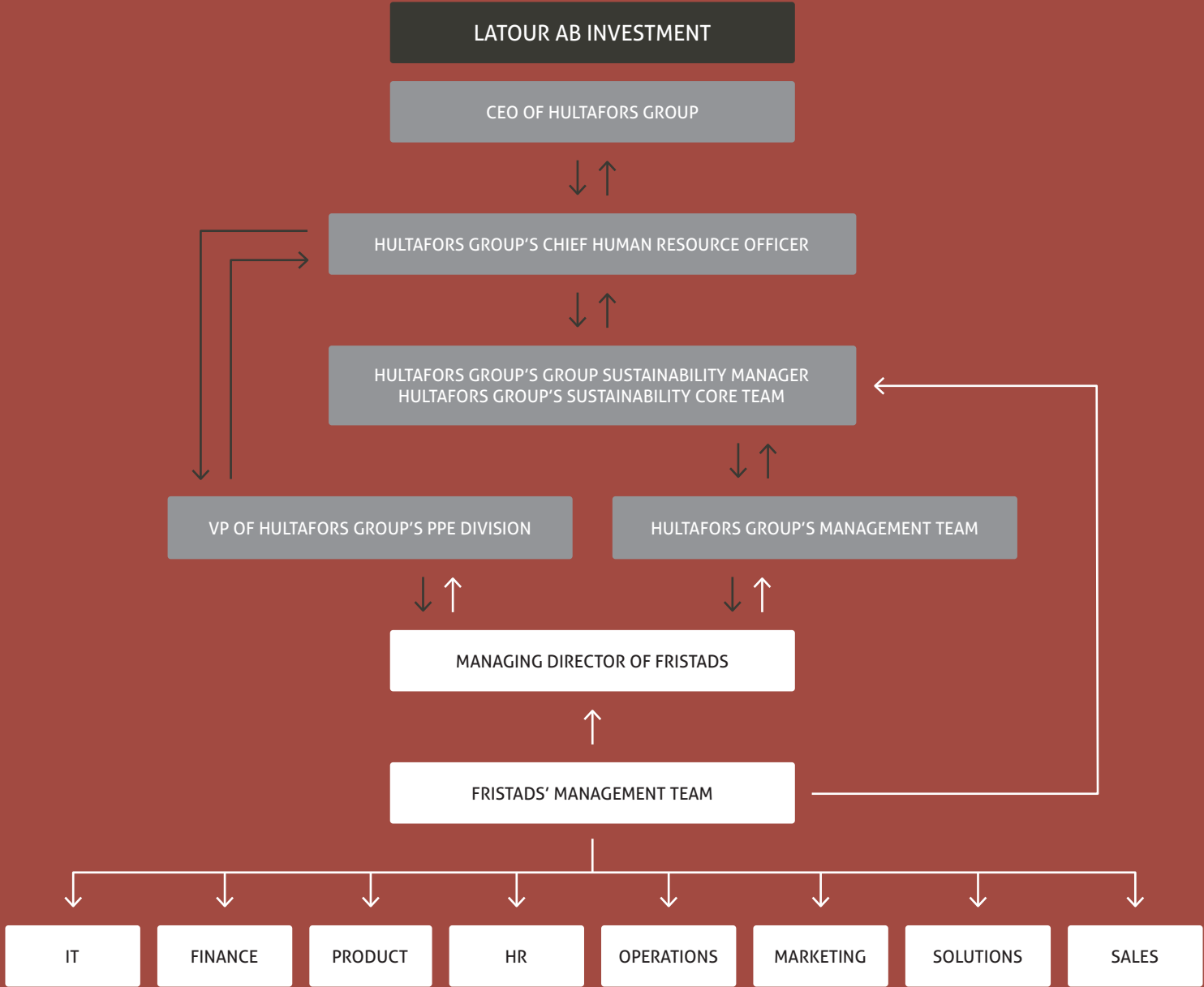


Governance.

Fristads’ management group is responsible for setting the overall sustainability strategy, actions and KPIs, and ensuring that they are known to every department and everyone working in the company, including part-time workers and consultants. Fristads’ management team follows up on the sustainability goals during monthly meetings and updates the employees quarterly. Fristads’ management group also informs the vice president of Hultafors Group’s PPE Division, to which Fristads belongs, on key sustainability issues monthly. The vice president of PPE in turn reports to Hultafors Group’s management team every month.

The Hultafors Group Sustainability Directive outlines the minimum sustainability requirements that all divisions in the Group must follow, including those regarding fair, safe and healthy working conditions, environmental responsibility and business ethics. Each division is encouraged to devise their own strategies and plans, including securing the necessary (financial and human) resources, to meet these requirements and aim for more ambitious targets than what is prescribed. The progress is summarised in an annual Sustainability Report for the Group. The sustainability work at Hultafors Group is coordinated by a Sustainability Core Team, under the leadership of the Group Sustainability Manager, who reports to the Chief Human Resource Officer.

The owner of Hultafors Group, Investment AB Latour, sets minimum requirements and sustainability KPIs of its subsidiaries to follow and report.



Key policies.

All our actions are based on a set of policies, codes and certificates that are unique for our operation. These rules structure and regulate all our activities, ensuring that we act in a responsible way.



Environmental Policy.

Our Environmental Policy details our ambition to work for a long-term sustainable society, both for people and the environment. We do this by following environmental laws and regulations and by constantly looking for alternatives that reduce the negative impact of our business, without sacrificing quality or price. Our environmental work is based on our sustainability strategy and the goals are reviewed and revised as we move forward.

Quality Policy.

Our Quality Policy encompasses our goals when it comes to quality and customer satisfaction. We set ambitious targets, measure our progress and continuously work on improving our products and processes. We are receptive to our customers' wants and strive to live up to their expectations on our products and meet their needs for a smooth customer journey, from purchase to delivery.

ISO Certifications.

Fristads is certified according to the international standards ISO 9001 since 1999 and ISO 14001 since 2002. ISO 9001 requires us to work systematically with improvements of our processes and products to increase customer satisfaction. ISO 14001 sets the requirements for our sustainability work and how to minimise the environmental impact of our operations.

Latour Group Code of Conduct.

All Fristads employees receive training on the Latour Group's Code of Conduct, which encompasses the principles that govern the companies owned by Latour in relationship to employees, business partners and other interested parties. The Latour Code of Conduct provides guidelines for environmental sustainability and corporate social responsibility, including human rights, labour rights, anti-corruption and anti-discrimination.

Hultafors Group Code of Conduct and the Fristads Annex.

All Fristads employees and suppliers must sign and act in accordance with the Hultafors Group Code of Conduct, including the Fristads Annex, which details policies and procedures that are specific to our business. The Code of Conduct sets minimum requirements and defines standards for fair, safe and healthy working conditions throughout our supply chain. It also includes best practices for environmental management and animal welfare. The Code of Conduct applies to the whole supply chain of a Fristads product.

Safety Policy.

Development of the work environment is an integrated and natural part of Fristads and questions regarding the working environment are handled in connection with daily activities. We strive to work preventively and directly with questions and issues connected to physical safety, mental health and work environment. For us it is important to secure a safe and healthy workplace for all employees.

Privacy Policy.

The integrity of our customers is essential to us. In our Privacy Policy, which is posted on our website, we share information about how we manage our customers' personal data when they visit and shop with us. The Privacy Policy details what type of data is collected and how it is used, which cookies are saved and the rights of the customer, for example the right to be forgotten.

Our memberships.



UN Sustainable Development Goals.



Fristads' long-term sustainability efforts are based on the United Nations Sustainability Goals (SDGs)* and the 10 guiding principles on Human Rights, Labour, Environment and Anti-Corruption in the United Nations Global Compact. Our ambition is to minimise the negative impacts of our business on society and the planet, while maximising the positive impacts. We are convinced that this commitment delivers added value to our customers, employees, business partners, stakeholders throughout our supply chain and, not the least – the planet.

When we mapped our sustainability impacts in our value chain against the SDGs and carried out a risk analysis on the most relevant topics, we identified three goals that are especially relevant to our business.



Responsible Consumption and Production.

Consumption and production are closely linked, and both greatly affect the environment. For us it is important to approach more responsible production from a broad spectrum, starting with decisions on product development and garment design. We are continuously increasing the number of environmentally declared products in our range and replacing materials with more sustainable alternatives. At the same time, we never compromise on quality. Our products are made to last, which means fewer garments need to be produced in the long run.



Climate Action.

We see it as our responsibility to make sure we take action to minimise our impact on the climate and have committed to reducing our CO₂ emissions by 50 percent by 2030. To reach this goal, we have set clear KPIs for every department within Fristads and involved our employees in the process. By continuously evaluating our products, production, processes and logistics and always looking for alternatives with the lowest climate impact, we can reduce emissions and secure a more sustainable business.



Partnerships for the Goals.

We believe that by combining our efforts with others we can make a bigger change and strive to work with partners both in the public and private sector. For example, we participate in a collaborative research project to develop more sustainable processes for textile dyeing. We are also active members of STICA (Swedish Textile Initiative for Climate Action), No to PFAS, an organisation that aims to find better alternatives to PFAS, and B.A.U.M. e.v., a network that is committed to advancing sustainable business practices in Europe.

At Fristads, sustainability is everybody's business.

Fristads' environmental work is based on our sustainability strategy, which aims to minimise the negative impact of our operations on the environment and the people who manufacture our products. As a part of this process, we have integrated our sustainability work as a strategic business goal and in our vision, *Every professional dressed for a sustainable performance.*

We want our entire organisation to be characterised by environmental thinking and for all employees to engage in our sustainability work. Therefore, every department at Fristads has its own sustainability goals that are linked to our overall goals and KPIs. Each sustainability target is owned by a person in the organisation and tied to specific actions throughout the year. The department targets are followed up quarterly to hold ourselves accountable and ensure that we are on track. We also continuously train our employees on sustainability issues relating to our business.

These are some of the sustainability targets that our departments were working on in 2023.



Name: Raymond Leung
Title: CSR & Sustainability Manager Asia

What was the most important sustainability goal that your department worked on in 2023?

"When I joined Fristads in mid-2023 we set out to optimise our standard procedures for identifying, preventing and mitigating potential human rights violations and environmental risks in our supply chain."

What actions did you take to achieve it and how did it go?

"We made a thorough review of our Corporate Social Responsibility and Sustainability program in accordance with the requirements of the OECD due diligence guidelines and new due diligence and sustainability reporting directives in the EU. I think our compliance team has an especially important role to play in terms of preparing our partner factories for new environmental regulations and this work will continue in 2024."

Name: Lena Bay Højland
Title: Product Director

What was the most important sustainability goal that your department worked on in 2023?

"Our priorities were to complete the development of our environmentally declared high-vis collection with garments for all seasons, and to develop our first product made of closed-loop material."

What actions did you take to achieve it and how did it go?

"We carried out wearer trials and launched the high-vis garments as planned. For the closed-loop product, we went through the whole development process, from collecting used Fristads workwear and recycling it through our certified process, to turning it into new garments. During this process, we had to find the right balance between quality and the share of recycled content that we wanted to use in the new garments. We also started working on our first Environmental Product Declaration for a closed-loop product. The first circular garments will be launched in 2024."



Name: Anna Svensson
Title: Supplier Manager

What was the most important sustainability goal that your department worked on in 2023?

"We wanted to reduce the amount of plastic in our packaging and increase the share of recycled plastic in the bags. We also wanted to reduce the number of carriers that we use, favouring those who share our sustainability goals."

What actions did you take to achieve it and how did it go?

"To reach our goals we switched suppliers of packaging and were able to increase recycled plastic from 80% to 100%, while reducing the total amount of plastic in our e-commerce bags by 27%. As a result of eliminating some carriers, we see a significant reduction in our CO₂ emissions from outbound and inbound shipments (excluding raw materials). But our work in this area is not finished, it will continue in 2024."

Name: Anastasios Lappas
Title: Head of Design and Innovation

What was the most important sustainability goal that your department worked on in 2023?

"Substitution and implementation of more sustainable materials and trims according to our sustainability plan."

What actions did you take to achieve it and how did it go?

"We increased the transparency and visualisation in our design system to make it easier for our team to routinely choose more sustainable materials and trims when they build the products. We began this work in 2022, but last year we really intensified it, and the outcome has been above expectations. Now we are guided into making conscious choices at the very beginning of the garment's life cycle and as a result we can put more environmentally sustainable workwear on the market."



The values that guide our performance.

We want to be a workplace that empowers employees to perform and contribute as individuals, which in turn enables us to grow as an organisation. Our performance culture builds on our four core values: Passion, Performance, Simplicity and Togetherness, and in 2023 our managers have focused on ensuring that this ethos is known and lived by all employees. Additionally, our managers are responsible for connecting the company's strategic goals to individual goals, to make all employees aware of how their work contributes to the overall objectives of the company. Our employees' individual achievements are measured and followed up through annual performance reviews, where we focus on how to improve together as a team.

Benchmarking our engagement.

We measure employee engagement monthly and quarterly through the employee satisfaction survey Peakon. Engagement is measured on a scale from 1 to 10 and shows the average rating on questions related to how likely employees are to recommend Fristads as a place to work, how likely they are to stay and how satisfied they are in

general with working at Fristads. In 2023, the average engagement score was 8.1, up from 8.0 in 2022 and 0.3 points higher than the benchmark for the industry. The participation rate was 78%, which is just below our target of 79%. The results of the employee engagement surveys are followed up by the managers of each department.

8.6
Average Peakon score for the question
"Do you believe people of all backgrounds are treated fairly at Fristads?"
Responses are given on a scale from 1 to 10.

Peakon results.
Average engagement score

2023

8.1

(target 8)

2022

8.0

2021

7.6



Assessing and developing our skills.

In 2023 we rolled out a new routine for analysing individual employees' skills and how they align with their job descriptions. The purpose is to make sure we can keep our company competitive in an uncertain future by equipping our employees with the tools they need to do their job effectively. Department managers are responsible for assessing and following up the development of employees' skills during annual performance reviews.

Our Core Values.

PASSION

We are passionate about our products, our company and our customers. We challenge ourselves and each other to grow and improve. We are proud of what we have achieved in the past and excited about the future. What we do today, we can do better tomorrow.

PERFORMANCE

We seek excellence in everything we do and take pride in our high-performing products and people. We give constructive feedback, lift each other up and celebrate our achievements. Our desire for success is greater than our fear of failure. We try, fail, learn and go the extra mile to win.

SIMPLICITY

We strive to streamline our operations and never make matters more complicated than necessary. Our customers' needs are always front and center, and we continuously work to improve our customer journey. We communicate clearly, honestly and informally at all times.

TOGETHERNESS

We work together with our customers to help them succeed and prosper. We take responsibility for ourselves and each other, and strive towards common goals. Together, we focus on sustainability and help safeguard the environment for present and future generations.

Leading by example to grow as a team.

At Fristads, we value our leadership culture and are always striving to improve the way we manage our team and our business. We believe in leading by example and use our strategic goals and leadership principles as guidelines in our daily work. To elevate our leadership, we introduced the leadership development program GROW in 2022, which all Fristads managers had completed by May 2023.

GROW aims to build an inclusive culture based on our company vision, business strategy and leadership principles. By giving our managers the tools, energy and inspiration to develop and strengthen their leadership, the program is also designed to strengthen internal networking and reduce silo thinking. During 2023, the management team has kept up the momentum from the GROW program and ensured that we have implemented the tools and learnings that we gained from it. We will continue to follow up the GROW program in 2024, as well as set it up for all future managers.

Benchmarking our leadership.

To ensure that our leadership is on the right track, we measure our managers' performance quarterly through the employee satisfaction survey Peakon, using six questions that pertain specifically to leadership. In 2023, the

average score was 8.1 out of 10, which was an increase from 7.8 in 2022 and above the benchmark for the industry. Our Human Resources department continually follows up scores below 7 with the department manager.

8.3
Average Peakon score for the claim
"My manager cares about me as a person."
Responses are given on a scale from 1 to 10.

Peakon results.

Average leadership scores

2023
8.1
(target 8.2)

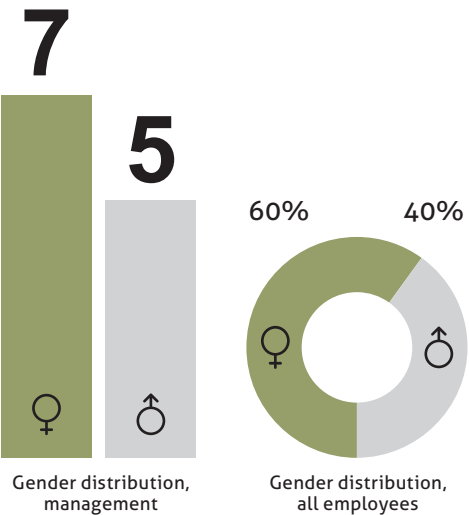
2022
7.9

2021
7.8



Equality and diversity at Fristads.
Diversity and equality are key to Fristads and we strive to ensure equal treatment in our organisation, regardless of gender, age, ethnic and cultural background, class, sexual orientation, gender identity, gender expression or physical ability. We view our differences as an asset in all parts of our business and integrate gender equality and diversity in our planning, decision making, implementation and follow up. Our work is guided by an action plan for gender equality and diversity and each manager is responsible for ensuring that nobody is discriminated against when it comes to working conditions, salary and recruitment. It is also detailed in our Code of Conduct. We have a zero-tolerance policy on discrimination and harassment; deviations are registered in our management platform Canea and can also be reported through our whistleblowing system Whistle B.

We measure our work on equality and diversity against certain KPIs that are followed up monthly and annually, using employee statistics, Peakon and individual performance reviews.



The price of war in Ukraine.

The second year of Russia's war on Ukraine was characterised by relative calm in Stryi, where Fristads' factory Stritex is located. But with one Stritex employee injured at the frontline and another one killed in action, Fristads' Ukrainian team still suffered greatly from the Russian invasion.

A total of five Stritex employees were mobilised by the Ukrainian army and sent off to fight in the war in 2023. In August, an employee who normally works in the cutting department was injured by explosions on the frontline. He recovered from his injuries and eventually returned to the frontline. In October, we received the news that a Stritex seamster had been killed in action. His death was devastating to the entire team, since he had been working at Stritex since 2002 and was very well known and liked by his co-workers.

Fristads acknowledges that the role of wartime employer necessitates a new level of corporate and social responsibility. At this difficult time, we are supporting our employees to the best of our ability, for example by giving financial assistance to workers that have been mobilised for the war and to employees whose close family members have been injured or killed in the war.

Competition for labour.

The war has more implications for Stritex in addition to the human suffering. In August and September, the employee turnover was higher than normal since companies relocating to the Lviv region from eastern Ukraine created competition for labour. To avoid being mobilised, many men have also left Ukraine to work in countries like Germany, Poland and the Czech Republic, bringing their families with them.

Despite the war, Stritex played a central role for Fristads' product development in 2023 and produced our first circular product. There were no power outages or shutdowns of electricity and the employees were able to work full days, keeping the production at normal levels. After the blackouts in 2022, the factory optimised the heating and electricity usage, both to reduce costs and to decrease the environmental impact. Stritex has also renovated its basement, which functions as an official shelter, by modernising the heating system and lights.

Long-term commitment.

The war has not changed Fristads' long-term commitment to remain in Ukraine and expand the production. Having a strong hub in Eastern Europe is strategically important for Fristads and the area has only become more attractive after the Covid-19 pandemic caused widespread delays for shipments on the Asia to Europe route. Should Stritex' management team at some point decide that it is too dangerous to keep the factory open, a contingency plan developed by Fristads' global task force will go into effect. Keeping the employees and their families safe is, and will always be, our first priority.

"The war touches everyone because we all have a neighbor or family member who is deployed. We are scared and worried about our children, but as humans we have somehow learned to adapt to the war."

Galina Kreminets, CEO of Stritex

Providing fair, safe and healthy working conditions.

The Hultafors Group Code of Conduct, including the Fristads Annex (the “Code of Conduct” or “Fristads’ Code of Conduct”) is the foundation of our social and environmental sustainability work. It is a non-negotiable requirement that applies to the entire value chain of a Fristads product, including our own facilities, suppliers and subcontractors. The purpose of the Code of Conduct is to provide fair, safe and healthy working conditions throughout our supply chain and to ensure that we are not complicit with any violations of human rights or environmental regulations.

Our Code of Conduct is based on multiple international standards and reference documents concerning working conditions and human rights, including:

- The 10 guiding principles of the UN Global Compact
- The International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights to Work
- The UN Convention on the Rights of the Child
- amfori BSCI (Business Social Compliance Initiative)

Fristads’ products are made in our own factory in Ukraine as well as in partner factories in Asia, Africa and Europe. In each country where Fristads operates, we follow applicable labour laws and collective agreements. By signing our Code of Conduct, our suppliers commit to supporting the establishment of employer-employee dialogue and recognise the right of all employees to form and join trade unions, or similar associations of their own choosing, and bargain collectively. We have zero tolerance against child labour, forced labour and shortcomings in occupational health and safety. Our Code of Conduct prohibits discrimination of any classes protected by law and encourages employers to pay a living wage. It also sets requirements for the management of emissions, chemicals and waste.

Whistleblowing process.

Employees in our supply chain may anonymously report suspected violations of the Code of Conduct by scanning a QR code that is posted on our website. The code is linked to our external whistleblowing system, Whistle B, which is independent from Fristads’ IT services. Fristads encourages reporting of violations of our Code of

Conduct and will take steps to ensure that people who report misconduct are not disadvantaged, discriminated, or traceable. If a report of misconduct comes in, the supplier management will be involved in an investigation process led by a dedicated team from Hultafors Group.



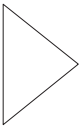
Regular third-party audits.

Our corporate and social responsibility team continuously monitors that our ethical standards are shared and implemented in the countries and communities where our operations have an impact. Additionally, we use third-party audits to ensure compliance among our suppliers. Significant breaches of the Supplier Code of Conduct are not accepted and will lead to immediate termination of the business relationship with Fristads.

We categorise our suppliers of fabric, trims and finished garments as strategic, tactical and complementary. To reinforce the values in our Code of Conduct, facilitate controls and minimise the risk of non-compliance with labour and environmental laws, we always strive to develop strong, long-term partnerships with our suppliers. For the same reason, we aim to consolidate the number of producers. In 2023, we reduced the number of complementary suppliers and going forward we believe that our supplier base will go through an organic reduction process due to the high cost of compliance with more stringent sustainability requirements.

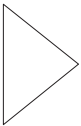


How we ensure compliance in our supply chain.



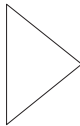
1. Risk assessment.

All potential Fristads suppliers go through a risk assessment before being onboarded. The risk related to governance in sourcing countries is based on the Worldwide Governance Indicators from the World Bank. The countries' risk level is assessed in six areas and depending on how they score, countries are classified as either 'low risk' or 'high risk'. Citizens' rights and freedoms, political stability, government effectiveness, rule of law and control of corruption are some of the indicators that are measured and analysed on an annual basis.



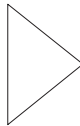
2. Onboarding.

New suppliers must fill out a self-assessment form, complete a questionnaire on the Worldfavor platform and sign Fristads' Code of Conduct and Restricted Substances List (RSL). Additionally, new suppliers must demonstrate that they comply with the requirements in Fristads' Code of Conduct by conducting a third-party audit. In high-risk countries, risk is assessed against the standards of amfori BSCI or the SA8000 certificate. In low-risk countries, social audit programs such as STeP by OEKO-TEX®, Sedex or WRAP may be used. The commitment to the Code of Conduct and the RSL must be renewed annually.



3. Ongoing support and training.

Fristads' CSR team works closely with our quality control team to monitor suppliers' compliance during the production of Fristads orders. We have also developed a new training program for our sourcing associates and approved suppliers, to ensure that they are up to date on forthcoming EU due diligence regulations. Providing ongoing support and training is an important step to prevent violations of our Code of Conduct, human rights and environmental obligations in our supply chain.



4. Third-party factory audits.

To ensure that our suppliers live up to our requirements, we audit factories against the amfori BSCI and other established standards through mandatory third-party audits. Fristads' suppliers can be audited at any time, but typically every or every other year. Occasionally, we send an auditor to the approved suppliers to carry out enhanced due diligence to ensure suppliers' compliance in case of any noncompliance issues reported.



5. Remediation plans and follow-up.

Deviations that occur during a factory inspection must be corrected through a remediation plan and followed up with a new audit or desktop review. The purpose of the remediation plans is to constantly improve working conditions and environmental standards at the factories. New suppliers will be pending for onboarding and existing suppliers will not receive any new Fristads orders until critical noncompliance issues have been rectified and the results reported. If the corrective steps are not followed promptly, we will terminate our business relationship with the supplier.

amfori BSCI.

Fristads is proud to be a member of amfori, an organisation that offers the Business Social Compliance Initiative (BSCI) providing companies with a standard to assess and improve social and environmental conditions in their supply chains. The amfori BSCI standard follows the International Labour Organisation (ILO) core conventions, the Universal Declaration of Human Rights and the 10 guiding principles of the UN Global Compact. amfori BSCI implements the principal international labour standards protecting workers' rights, with the goal to guarantee ethical working conditions for all workers.

International Accord agreement.

Fristads is a signatory to the International Accord on Health and Safety in the Garment and Textile Industry, furthering our commitment to the original 2018 Bangladesh Accord. Through the agreement, Fristads commits to the health and safety work already undertaken in Bangladesh and to the expansion of the principles to other countries. All our suppliers are required to have undergone Accord remediation. The Accord agreement was created in the aftermath of the Rana Plaza tragedy in which more than 1,000 garment workers died when a sewing factory collapsed.

2023 compliance by the numbers.

71 Number of supplier audits in 2023.

8 Number of quality controllers working for Fristads in China, Laos, Bangladesh and Pakistan, where we produce fabric, trims and garments.

0 Number of zero-tolerance deviations in our factories and partner factories in 2023.

Fristads prepared for new EU regulations on due diligence.

In 2025, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) will go into effect in the EU, requiring companies to gather and report on all social and environmental issues in their business. As a result, we reviewed and revised our due diligence program in 2023. The new program aims to ensure that our due diligence process covers all partners in our supply chain to identify, prevent and mitigate actual and potential adverse human rights and environmental risks. Additionally, the new program provides an opportunity for us to enhance transparency and traceability in our supply chain as well as align our sustainability goals with our suppliers.

Through the new program, which will be rolled out to Fristads' approved suppliers in the first quarter of 2024, we will train managers at our suppliers in the requirements of the new directives and regulations such as CSDDD, CSRD, whistleblowing, greenwashing, EU sanction policy and forced labor regulations. After receiving the due diligence training, the managers organise training sessions for the employees based on a poster with a visual version of our Code of Conduct, which informs the employees of their rights. Going forward, the same training will be given to any

new supplier as a part of our onboarding criteria to ensure that their treatment of employees and subcontractors is in line with our values.

Fristads exits Myanmar production.

In January 2023, the Business and Human Rights Resource Centre (BHRRC), a global advocacy group for fair working conditions, published a report accusing a garment factory in Myanmar of violating workers' rights. Fristads was mentioned in the report, as we produced a small amount of our garments there. When we learned about the allegations, we supported BHRRC with data from our latest inspection of the factory in July 2022, which didn't reveal any major violations of working conditions. We also made an additional third-party inspection of the factory, during which none of the allegations made were proven to be true, and reported the findings to BHRRC.

Fristads has a robust process to ensure fair working conditions for the workers in our supply chains, which includes regular factory audits. However, the BHRRC notes that there has been a "significant increase in labour and human rights abuses" in Myanmar since the military seized power in 2021, raising questions about companies' ability to conduct human rights due diligence and protect workers. Given this situation we made the decision to move our production from Myanmar to a strategic supplier in Laos. Since the production in Myanmar was small, we were able to complete the move during 2023.

Norwegian audit passed without deviations.

In August 2023, Fristads participated a two-day responsible sourcing audit at the request of a customer. The purpose of the audit was to verify that Fristads is in compliance with the Norwegian Transparency Act, which came into effect on July 1, 2022. The law requires large and mid-size companies that do business in Norway to carry out human rights and environmental due diligence in accordance with OECD guidelines, publish their due diligence strategies and efforts online and communicate their work to consumers. Fristads passed the audit without any deviations. The auditor, Achilles Network, noted that we are certified through amfori BSCI and that reports and certificates that are relevant to Fristads' due diligence work are available in amfori BSCI's database.

A holistic perspective on workwear.

At Fristads, we use a Life Cycle Assessment (LCA) to help us determine areas that can be improved from a sustainability perspective.

For every new garment that is produced, we consider the impact it has on the environment and what we can do to minimise the negative effects. All Fristads departments are guided by the LCA, as it provides the framework for our environmental work.

Our LCA includes six areas: Design, Material and production, Facilities, Transports, Users and Close the loop.



LCA objectives.

Design

- Increase the durability of the product through design.
- Design garments with reuse and recycling in mind.
- Choose more sustainable materials first.
- Use digital tools and 3D modelling.
- Strive for zero waste by repurposing materials.
- Focus on the end user – user tests and collaborations with customers to ensure functionality, fit and durability.

Material and production

- Use materials and techniques with a smaller environmental footprint.
- Create life cycle assessment of products (EPD).
- Manage chemicals responsibly.
- Require suppliers to submit environmental self-assessment.
- Decrease emissions from production.
- Eliminate the use of virgin plastics in packaging.
- Minimise textile waste from our own production.

Facilities

- Reduce the amount of emissions from electricity consumption, heating and cooling.
- Use energy from renewable sources.

Transports

- Reduce CO₂ emissions per kilo shipped garments.
- Use ocean freight instead of air freight.
- Optimise and consolidate deliveries.
- Make to order.

Users

- Ensure customer satisfaction by making high-quality products.
- Engage users in product development and wearer trials.
- Help users make conscious choices about workwear.
- Provide care instructions to ensure every garment is used to its full potential.

Close the loop

- Develop and grow sustainable services offer.
- Expand global recycling infrastructure.
- Engage customers and dealers in close the loop solutions.
- Develop circular products.

Striving for a more sustainable design process.

When it comes to product development, change starts in the design room and for several years, Fristads' designers have been tasked with making every new product a little more sustainable than the last one. To reach that goal, they are leveraging new technology and embracing new ways to work.

The design department is key to Fristads' sustainability efforts and ever since we developed our first products with Environmental Product Declaration, we have scrutinised every step of the design phase with the goal of reducing the environmental impact of the final product. During 2023, the design department implemented a major improvement project, STRIVE, to facilitate the switch to more sustainable materials and technologies. Through the STRIVE project, the design department has reviewed 80 percent of all active products with the goal of finding potential improvements, such as switching the material for a more sustainable alternative, consolidating suppliers and removing unnecessary metal trims.

"As we've gone through each garment and scrutinised it from a sustainability perspective, we have questioned everything. We've asked ourselves 'do we really need this?' and if the answer is 'no' we've slated the garment for

an update," said Anastasios Lappas, Head of Design and Innovation at Fristads.

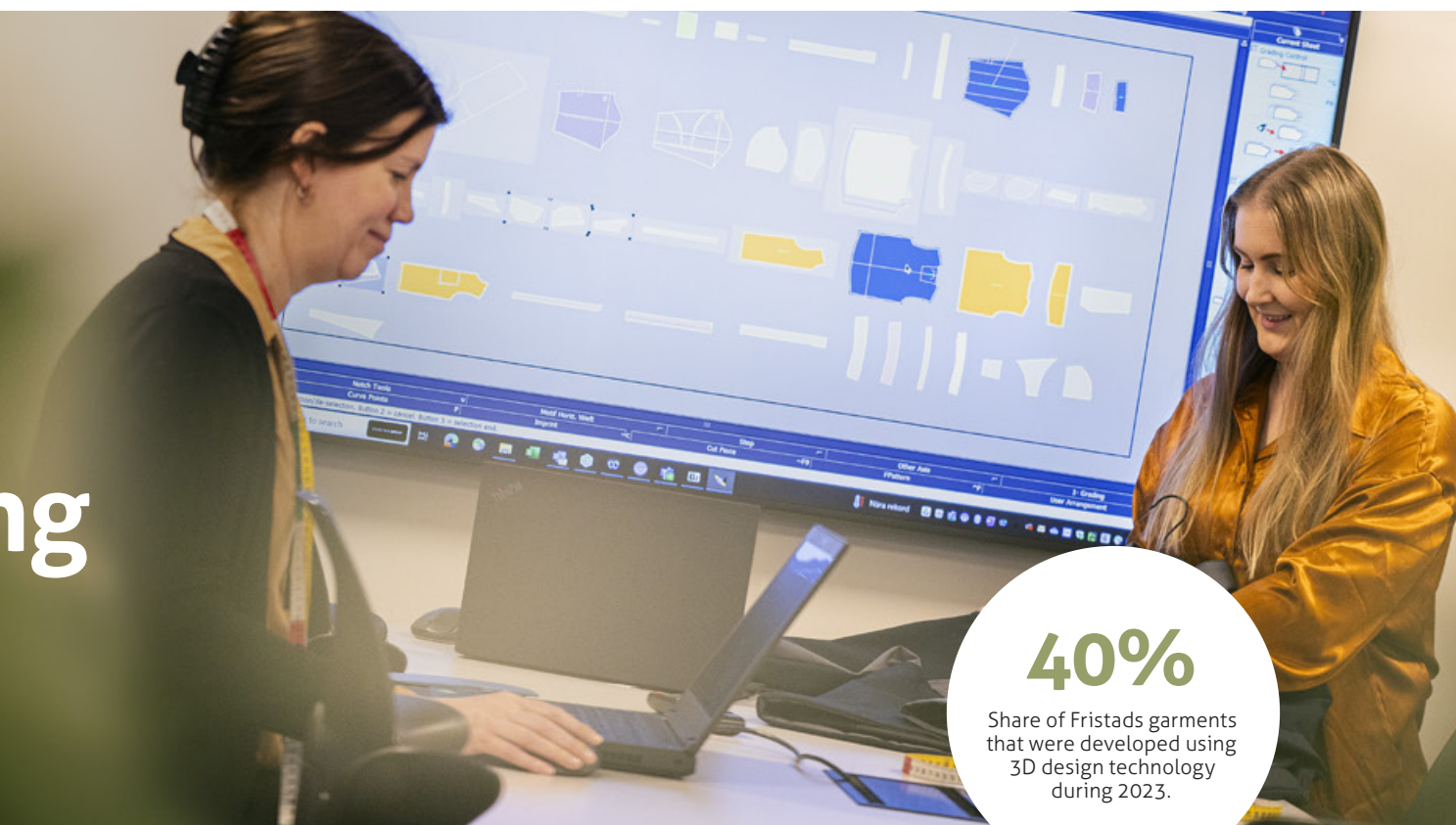
Another new routine increases transparency and facilitates the choice of more sustainable materials when the garment technicians start to "build" the garment by choosing components for it from the available palettes in Fristads' data base. This is done by placing more sustainable materials, such as recycled polyester and zippers made of recycled plastic, in the group that the technicians choose from first. Only if they can't find what they need in the first group, they may proceed to the next one.

"We want a more sustainable outcome to be the default, not an extra, so we have made it easier for the team to choose more sustainable alternatives by building it into the system. This way, it becomes a natural part of our workflow," said Anastasios Lappas.

Naturally, all materials and trims are tested according to a thorough protocol, both through laboratory and laundry tests as well as extensive user trials, before being used in a product. At Fristads, cutting corners on quality has never been acceptable to cut emissions – and never will be.



Four changes in our design department that are having an impact.



40%

Share of Fristads garments that were developed using 3D design technology during 2023.

Switching out materials for more sustainable alternatives.

Fristads is systematically changing out everything from the main materials to tiny details to alternatives with a smaller impact. For example, we are transitioning from metal eyelets to sewn eyelets and from metal zippers to zippers made of recycled plastic. Removing the metal will make the garments lighter, which saves emissions during transportation, and using recycled materials saves virgin raw materials.

1

Implementing 3D design samples.

In 2023, approximately 40 percent of the developed products were designed with the help of 3D computer modeling. Using 3D modeling cuts down on the amount of product samples that need to be sewn and shipped, which in turn cuts down on emissions. The goal is to use 3D technology for 80 percent of the products by 2025.

2

Optimising garments for repair and reuse.

By constructing the garment in a way that facilitates repairs, we can extend its lifespan and ensure that it is used to its full potential. The work to enable easy zipper replacements was accelerated during 2023 and for the first time applied in a new collection of industrial workwear.

3

Developing a fitting library.

To reduce the number of fittings needed, Fristads has developed a fitting library with a certain number of standard fits for different garments and material qualities. This will make Fristads garments with similar style fit more uniformly and make it easier for the customer to find their favourite, which in turn can help reduce returns.

4

Making use of what we have.

Every clothing manufacturer will find themselves with surplus material from time to time and at Fristads, the design department regularly finds creative ways to make use of materials that are leftover, are already in stock or have been used for discontinued products. One way is to develop unique collections that are built around the material and produced in limited editions of only a few hundred garments. Fristads' Heritage collection, which is only offered to dealers in Sweden, is an example of a limited collection that uses leftover materials and changes from year to year. The limited collections are usually produced in Europe to cut down on the emission from transports.

If there is a larger batch of existing material, the design department tries to find ways of incorporating it when they develop new garments, for example as a detail on a hood, loop or pocket. By using leftover material, we decrease our use of new materials and reduce our overall climate impact.

In the past year, our design department has also created our first commercially available product using materials made partly of fibres from recycled workwear. (Read more about the development of our first circular product on page 40.)

"The textile industry has been slow to adopt circular recycling flows, compared with the electronics and packaging industries, for example. I believe we must find ways to put textiles back into the cycle and at Fristads we want to be at the forefront of this transition. Circular workwear is the future," said Anastasios Lappas, Head of Design and Innovation at Fristads.



8 sustainable design principles for Fristads.

- 1 Always aim to increase the durability of the product through design; durability should be a design goal.
- 2 Design the garments with re-use and recycling in mind.
- 3 Use materials that have a lower environmental impact such as non-toxic, more sustainably produced or recycled materials that require less energy to process.
- 4 Always aim to use local resources; materials should come from nearby producers.
- 5 Always strive to use environmentally sound techniques.
- 6 Use manufacturing methods that are energy efficient.
- 7 Embrace digital tools that can help cut down on samples and unnecessary transports.
- 8 Use available material by incorporating it in new collections in creative ways.

The design principles are integrated into all steps of the production system, from idea to manufactured garment. By being transparent in each step, we enable all involved to contribute their input and thereby ensure continuity and consistency throughout the process.



Fibres with a smaller footprint.

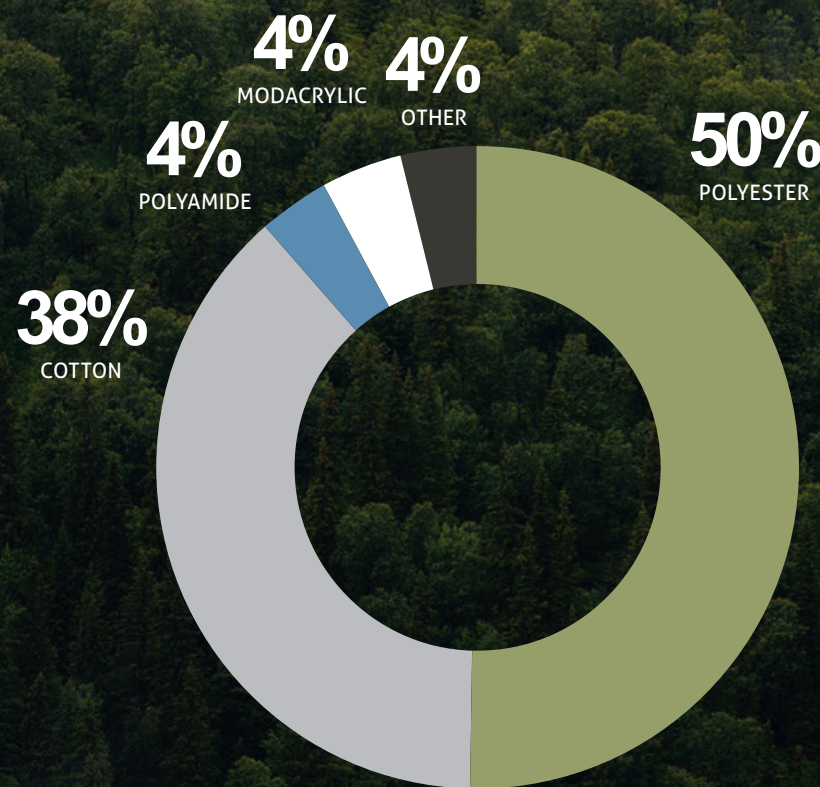
We carefully choose the materials and trims for our workwear based on the performance, durability and environmental impact of the finished garment. As a part of our environmental work we are exchanging the materials in our collections for more sustainable alternatives on an ongoing basis, for example by swapping regular cotton for organic cotton or regular polyester for recycled polyester. We have also developed customised, more sustainable collections for several of our larger customers.

Our ambition to use more recycled content must never be allowed to compromise our high quality, since a less durable garment has a greater impact on the environment in the long run. To ensure that the materials live up to our quality requirements and retain their durability, we test abrasion resistance, tear strength, tensile strength, pilling propensity, dimensional change, colour fastness, shrinkage and more in our own lab as well as through wearer and industrial wash trials.

Better Cotton.

Fristads is committed to improving cotton farming practices globally with Better Cotton, an organisation that promotes a holistic approach to cotton farming and help farmers around the world produce cotton that is better for themselves, their communities and the environment. Better Cotton is sourced via a chain of custody model called mass

balance. This means that Better Cotton is not physically traceable to end products, however, the farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.' At Fristads we are committed to source at least 50 percent of our cotton as Better Cotton by 2025.



Fibre usage garments.

Most of our garments are made of polyester and cotton due to the high performance and durability of these materials, giving the clothes higher quality and longevity. In addition, we use materials that have special properties or work as reinforcement in the garments.

Managing chemicals responsibly.

In the textile industry, chemicals are used to process raw materials and added to finished products to give garments specific functional properties and properties for certain certification requirements. We have extensive knowledge about chemicals and have an ambition to reduce potentially harmful substances in our garments. Naturally, the chemical levels in our garments always comply with EU regulations and our standards are often more stringent than required. We actively manage the use of chemicals through our social and environmental compliance programme, as well as through a specific chemical compliance programme, our Restricted Substance List, RSL.



Reducing the use of PFAS.

Fristads is actively working with phasing out PFAS in the production, however PFAS is still used in a few products where it is required to achieve correct certification and protection levels for the end users. We have phased out PFAS in all our fabrics except for certain PPE fabrics within the Flame/Flamestat categories. We are actively working on a phase-out plan for PPE and on developing multinorm PPE garments without PFAS. In 2023, we developed our first PFAS-free PPE garments with EN 13034 certification. To support the phasing out of PFAS in our industry, we are a part of the environmental organisation ChemSec's initiative No to PFAS, which aims to phase these chemicals out of production.



Chemical Compliance Programme.

Together with our partner SGS, we run a Chemical Compliance programme that educates our suppliers about chemical management practices. We also continuously test the materials and products at our partner factories. No harmful chemicals were detected in the tested products during Fristads' annual random chemical testing in 2023.



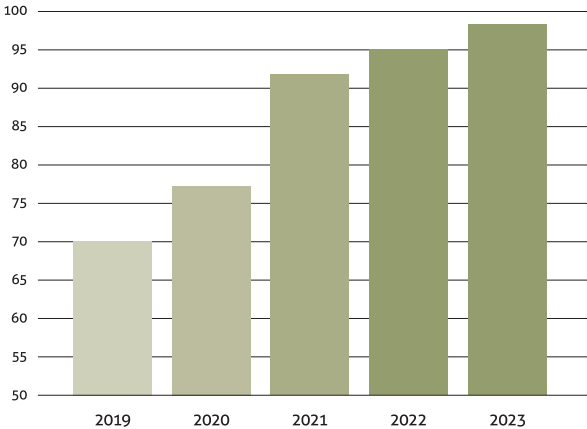
The Fristads Restricted Substance List (RSL).

We are compliant with existing EU regulations regarding chemical use. Additionally, all Fristads products must be in compliance with our Restricted Substance List (RSL), which is continuously updated. We also ensure compliance with the SVHC (Substances of Very High Concern) Candidate List. Our suppliers must sign the RSL twice yearly through the Worldfavor platform. Read more about Worldfavor on page 42.

OEKO-TEX® certified for 26 years.

We have worked with OEKO-TEX® certification since 1997 and as of the end of 2023, 98% of our catalogue products were OEKO-TEX® Standard 100 certified. That means we met our goal of having 98% certified products by 2025 two years early. Each year, we collect all OEKO-TEX® certificates from our suppliers, check their validation and ensure that the construction and composition of the garments and materials match every purchased component. In 2023, we received our 26th renewal of certificate Ö 97-055 according to STANDARD 100 by OEKO-TEX®, Appendix 4, Product Class II.

Share of
OEKO-TEX®
certified
Fristads
products.



On January 1, 2024, OEKO-TEX® updated their classification system to reflect a ban on the intentional use of PFAS in products certified according to the OEKO-TEX® Standard 100. The new limit value for total fluorine is 100 mg/kg for products with this certificate. After this change, Fristads has three different types of OEKO-TEX® certifications:

- Ö 97-055 for products that meet OEKO-TEX® Standard 100
- SE 23-310 for products that meet OEKO-TEX® Standard 100 and have more than 20% recycled material
- SE 23-311 for PPE products containing PFAS

We certify our products on the garment level. For garments with the Ö 97-055 and SE 23-310 certificates, this means that every component of the product, including every thread, button and other accessories, has been tested for harmful substances and deemed harmless for human health. Only companies that fulfil this complete product certification are allowed to use the OEKO-TEX® STANDARD 100 label in their products and marketing. The SE 23-311 certificate is only applicable to PPE products where PFAS is required to ensure the safety of the user and no equivalent material without PFAS is available.





Fristads' packaging initiatives reduce plastic and waste.

Yarn and fabrics make up the backbone of Fristads' production, but we also use materials like cardboard and plastic for packaging the finished products. Some packaging is necessary to handle the products and to protect them from dust and dirt once they are stored at a dealer. However, two of our strategic goals are to minimise the amount of packaging materials that is used and to use more sustainable materials whenever possible for the packaging that can't be eliminated. In 2023, we made progress on both ends.

Previously, we packaged the products that we sell in bags made of 80 percent recycled plastic, but last year we made the decision to switch to a Swedish supplier that offers bags made of 100 percent recycled plastic. We also added a bag size and eliminated the handles to ensure that we are only using as much plastic as necessary for each order. The old bags have been phased out and the first batch of new bags was delivered in January 2024.

Based on our current use of plastic bags, we estimate that we will reduce the plastic used for this type of packaging by 27 percent with the new setup, while the use of virgin plastic will be eliminated completely.

When it comes to plastic used during the transport of products from the factory to our warehouse, we use master poly bags instead of wrapping each individual garment in plastic, whenever possible.

The Army fold – innovative packaging for our Green products.

To use recycled plastic in packaging is good, but what if it were possible to deliver workwear using no plastic at all? When we launched our environmentally declared collection Fristads Green in 2019, we introduced the Army fold – a special folding technique that eliminates the need for individual packaging. The method is still used for most Fristads Green products today. Plastic is still necessary to protect some products, especially PPE such as high-vis garments, but we are continuously working on removing packaging from our products.



Reducing the impact from our own facilities.

The greenhouse gas emissions produced in Fristads' own operations and facilities, i.e. those that are reported under scope 1 and 2 under the Greenhouse Gas Protocol, only make up a small share of our total footprint. However, reducing the emissions in these scopes is low-hanging fruit that we continued to address in 2023.

Together with our property owner, we installed a number of new utility control and sub-meters at our headquarters and warehouse in Viared, which will improve the way we monitor and measure our use of electricity district heat, ventilation and cooling, and hot and cold water throughout the day. Based on this data, we can identify our peak usage and make informed decisions to reduce consumption, making our operations at our main office and warehouse more sustainable and cost-effective.



Ready, set, ship. How we minimise emissions from transports.

With production mainly in Asia, Africa and Eastern Europe, planning and managing transports is key to reaching our climate goals. To minimise emissions, we strive to ship most of the products that are made at our partner factories with direct ocean freight to the port of Gothenburg. Goods from our own production facilities in Eastern Europe are transported by land. We only use air transports when there is no other option, for instance when we experience major delays from suppliers or are faced with severe disruptions in the global supply chains, like the ones that resulted from the Covid-19 pandemic. Even then we prefer using alternative solutions such as train or sea-air transports to reduce the environmental impact.

We work closely with both garment producers and freight carriers to optimise the containers we ship and try to avoid partial loads. We also consolidate goods from our European producers to optimise transport volumes on land. Most of our sales take place in Europe, and each order is packed and distributed from our central warehouse in Sweden. Our distribution is handled mainly via land transport, unless the customer specifically requires express shipment. In order to further reduce the environmental impact, we work together

with our customers to set up weekly shipments and consolidate orders to help reduce the number of transports.

In 2023, we reviewed our internal processes and found that there is still room for improvements when it comes to consolidating deliveries and eliminating unnecessary shipments. The work to make our shipping processes more efficient will continue in 2024.

“We choose to work with larger carriers who have a broad service offer and whose sustainability targets match our own. When we consolidate our deliveries with fewer suppliers, they can improve their logistics planning and make fewer stops, which in turn helps cut down on emissions.”

Anna Svensson, Supplier Manager at Fristads.



Air freight.

Thanks to greater stability in the global supply chains in 2023, with good availability of shipping containers and fewer delays, we were able to reduce air transports significantly.

-70%

Reduction of emissions from air transports in 2023, compared with 2022.

Data-driven planning system to reduce air transports.

In March 2023, Fristads implemented SLIM, a new planning system that combines historical data with different algorithms to more accurately calculate future sales and purchases of raw materials. The system is expected to optimise Fristads' stock levels, reduce backorders and improve availability of our products. These improvements will in turn cut waste and decrease the need for air transports.

Less emissions with fewer suppliers.

To reduce our emissions from transports and deliveries, it is crucial to use carriers that share our ambitious climate goals. In 2023, we decreased the number of suppliers that we use, consolidating our outbound deliveries. Fristads' climate goals are in line with the Paris Agreement to prevent an increase of the average global temperature above 1.5 degrees Celsius and have been approved by the Science Based Targets initiative.

Breakthrough for High-Capacity Transports.

As a part of our strategy to reduce emissions from transports, Fristads, along with other private and public stakeholders, has for several years been a part of the research and development project Autofreight. The project is focused on maximising loads and reducing congestion by using High-Capacity Transport (HCT) vehicles between the port of Gothenburg and Viared, where our warehouse is located.

HCT vehicles are a little over 32 metres long and comprise two 40-foot or 45-foot containers, as opposed to just one 40-foot container or one 40-foot combined with a 20-foot container, which are the most common setups for ordinary transports. Since HCT vehicles can carry more goods than regular lorries and semi-trailers, they use less fuel per per cubic metre of cargo. Using HCT can also cut down on the number of vehicles needed on the roads. In the Autofreight project, the emissions from transports were reduced by 30 percent.

The results from the Autofreight project have provided valuable input to the Swedish Transport Administration and contributed to the decision to increase the maximum permitted vehicle length on some Swedish roads from 25.25

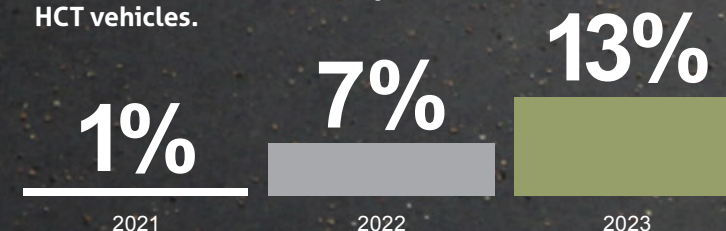
metres to 34.5 metres on December 1, 2023. HCT vehicles are now permitted on 5,900 kilometres of state-owned roads, including the route from the port of Gothenburg to Viared. For Fristads, this breakthrough means that the road is literally open to increasing the number of HCT transports in the coming years, which supports our broader goal to reduce our climate footprint from transports.

In 2023, Fristads counted 19 HCT deliveries to the warehouse, up from 17 in 2022. This number represents 13 percent of the total share of transports and is expected to grow, with the near-term goal being to receive weekly deliveries with HCT. In the long term, Fristads envisions all transports from Gothenburg to Viared to be carried out by HCT. The Autofreight project also includes plans for the City of Borås to construct a dryport in Viared, which will create a central distribution point that improves the flow of goods from Gothenburg to the warehouse.

About the Autofreight project.

Autofreight is a research and development project to enable High-Capacity Transports between Viared and the port of Gothenburg. The project, which runs until 2025, involves several private and public stakeholders, including the City of Borås, Volvo Trucks, Fristads, Ellos Group, Kerry Logistics, NetonNet, GDL Transport och Budbolaget. It is jointly financed by the Swedish government institute FFI and the participants of the project.

Share of Fristads' warehouse deliveries that were made by HCT vehicles.



Long live high-quality workwear.

Our founder, John Magnuson, used to say that, "Twice the durability is half the price" and that motto is still alive and well at Fristads today. We want our users to be able to enjoy their garments as long as possible, not only because it is more cost effective but also because the longer a garment is worn, the smaller its environmental impact will be over time. In short – our products are made to last.

We have been certified according to ISO 9001:2015 since 1999, which requires us to work systematically with improving the quality of our products and processes. The goal of our quality work is to optimise customer satisfaction and ensure that every garment is used to its full potential. This work is ongoing and characterises every facet of our production process:

Construction and material.

At Fristads, durability is a design goal and the lifespan of the product is always considered when a new product is created or an existing one is updated. We always aim to use the best possible materials in our products and only replace a conventional material with a more sustainable one if the quality is on a par.

Testing.

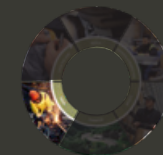
We regularly test qualities such as abrasion resistance, tear strength, tensile strength, pilling, dimensional change and colour fastness in our in-house laboratory as well as external tests by accredited labs. We also test our products in industrial laundry, washing them as many as 50 times before certifying them to ensure durability and longevity. As a final step, new and modified products are subjected to user trials before going into production.

Suppliers and production.

We develop long-term business relationships with our suppliers, to ensure that they fully understand and work according to our stringent quality standards. Our team of quality controllers works closely with the suppliers and the material, technical specifications and seams are checked throughout the production to minimise deviations. Each shipment is inspected before departure and in random controls after arrival to catch deviations before they reach the end user, preventing products from being rejected at a later stage.

Claims department.

We are proud of our thorough testing process and low rate of claims. At the same time, we know that there will always be aspects of our products that can be improved. Our customers and end users are key to this effort. When our customers point out mistakes or deviations from our quality standards, we make sure to identify the problem quickly and to learn from it. All claims are followed up using an internal quality assurance system to understand the cause of a deficiency and prevent it from recurring.



New quality control routines.

In 2023, Fristads implemented a new quality strategy with the goal of improving the overall workmanship and ensuring optimal quality for any given product. To achieve this goal, we tightened the requirements for what we accept as a minor deviation and made our strategic suppliers become more involved in the quality inspection process. By training our strategic suppliers to make the final inspection before the products are shipped from the factory, they have taken greater ownership of and responsibility for the products. If the products pass the supplier's initial inspection, Fristads' team of quality controllers make random final inspections, either in Asia, Eastern Europe or Borås. As a part of the quality strategy, some lower-performing suppliers were also eliminated.

The new process has already resulted in fewer minor deviations and consequently we reduced our target for claims to <400 PPM (Parts Per Million) in 2023, from <800 PPM in 2022. At the end of 2023, Fristads' claims landed well below the target, at 319 PPM. Some of those claims occurred before the new process was implemented.

Quality by the numbers.

0.0003%

Share of sold products that were returned as claims in 2023.

27%

Share of all claims that were repaired and returned to the customer instead of replaced with a new product.

364

Products repaired in 2023, mainly zippers, buttons and seams.

We make it easier to dress more sustainably.

Environmental labels can increase transparency and help both procurers and end users make more informed choices about workwear. But too many labels can cause confusion and even be a way for companies to greenwash their products, causing the customers to lose trust in the system. For this reason, Fristads has been in the forefront of the efforts to create a common standard to measure the environmental impact of clothing, not the least through the development of an Environmental Product Declaration (EPD) for the clothing industry.

Fristads was the first company in the world to launch an environmentally declared collection of clothes in 2019 – Fristads Green – and we have continued to pioneer sustainable garments ever since. In the process of developing the EPD we had to challenge ourselves to find more sustainable designs, raw materials and production methods. We did this by measuring and analysing the environmental impact of every step of the supply chain, from the design room to the delivery of the finished garment to the customer.

New product concepts.

In 2023, we introduced new concepts intended to streamline our product range and make it easier for our customers to find their style at work. While we will continue to have a broad portfolio of workwear, we have eliminated redundant products and restructured the way we present our range in order to make it crisper. We believe that the new product concepts will improve our customers' understanding of our product range and enable us to build volumes around fewer products, effectively decreasing the share of the assortment that is slow moving.

From a sustainability perspective, optimising our assortment makes it easier for us to plan our purchases and helps prevent overbuying. Last year, our news launches focused on completing the concepts with more products that have an EPD and/or are made with recycled materials. Again, we believe this will make it easier for our customers to make conscious choices about their workwear purchases.

Fristads establishes climate saver award for craftsmen.

As a part of our work to inspire our users to make sustainable choices, Fristads, together with the German trade magazine Deutsches Handwerksblatt, established the Klimaretter Award for craftsmen. The purpose of the award is to provide an incentive for companies in the building and construction sector to share their best climate-saving ideas, investments and strategies. It is also a way to put the spotlight on sustainability efforts in an industry that is key to curbing emissions of greenhouse gases. The first prize winner of the award was Rudolf Meier GmbH, a construction company in the Ostwestfalen-Lippe region that sports two biomass silo heaters, solar power generation, LED lighting and a wildlife refuge. The award was presented during the A + A trade show in Düsseldorf on October 25, 2023.



A simple guide to EPDs.

In short, an Environmental Product Declaration (EPD) measures the climate and environmental impact of a garment through a life cycle assessment covering four main areas: construction, material, production and delivery. The EPD is based on the standard ISO 14025 and is controlled and verified according to the requirements of the International EPD® System. Fristads, with the help of the Swedish governmental research institute RISE, was the first company to develop an EPD for clothing in 2019. The EPD certificates and reports can be downloaded from the individual product pages at fristads.com.

EPDs in every product category.

From the start, our goal has been to offer environmentally declared garments in every product category, so that all workers would be able to dress sustainably, regardless of their profession or work environment. So far, we have produced Fristads Green garments for craftsmen and the service and industry sector, as well our high-vis and cold, wind and rain product segments.

We have applied many of the insights that we gained during the development of the EPD to improve the way we manufacture our products today. As a result, we have broadened our sustainability scope on the product side and are systematically replacing our conventionally produced garments with more sustainable alternatives. That includes garments that have been produced using materials or production methods that have a measurably lower environmental impact than the conventional alternative, for example recycled polyester.



Green leaf.

Fristads Green garments with an Environmental Product Declaration have a hangtag with a green leaf to set them apart from the rest of our range. The green leaf can also be found next to the products on our website.

Calculate the environmental impact of workwear.

Green Calculator is an online tool that collects data for some of our Fristads Green garments with an Environmental Product Declaration, along with comparable products from our conventional product ranges. By choosing which work clothes you are currently using or would like to purchase, as well as the number of employees of the company, you can easily calculate the environmental impact of the garments. You are also able to see how much the CO₂e emissions and water consumption can be reduced by choosing products from the Fristads Green collection. Green Calculator is used by Fristads' partners, direct customers and end users, but also by our own sales team as an educational tool to increase awareness of the environmental footprint of workwear.



Fristads' user trials explained.

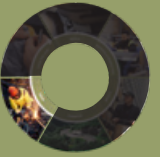
Before a Fristads product is cleared for production, it goes through a series of tests to ensure that it will live up to our users' expectations and stand up to daily wear and tear at the workplace. The process may vary slightly depending on the garment. When we develop a new product, a new material or new functions, for example a detachable nail pocket, the tests are more thorough than when a new pair of pirate trousers are developed based on an existing pair of trousers. Recently, many garments have been tested because the material has been swapped for a more sustainable alternative, for example recycled polyester. The user trials are a way for Fristads to ensure that the quality and durability of the garment are not negatively affected by the change of material, along with laboratory and industrial laundry tests.

"The functionality is the most important aspect of a pair of trousers – to have the right type of pockets and have them in the right places. The material is also important. The trousers should fit well; you should be able to move around easily and take big strides without them feeling tight. If they look good, that's a bonus, but it's not the most important part"

Sakarias Sigfridsson, test pilot for Fristads



The user trials take place at the final stages of a rigorous product development process. This is how it works, step by step:



- 1** Fristads' product development department talks to stakeholders in different industries to see what their needs are.
- 2** The product development team assigns the task of developing a single new garment or an entire collection to the design department and specifies which needs must be met.
- 3** Fristads' designer draws sketches and enters them into a 3D tool to create a virtual garment sample, which can be changed to see how the fit is affected if a seam is changed or a pocket is added.
- 4** Fristads creates samples that are sent out to the test pilots. Sometimes they get different versions of the garment, to test if a certain function should be included or not.
- 5** When the trial period is up, the product development team contacts the test pilots to collect feedback on the garment.
- 6** The garments are modified based on the users' feedback.
- 7** When all the modifications have been made and samples of the new garment have been approved, it is ready for production.

The future of clothing production is circular.

Every year, each person living in the EU throws away 12 kg of clothing and footwear on average, generating a total of 5.2 million tonnes of waste. Only 22 percent of the textile waste is collected and reused or recycled, while the remainder is usually incinerated or deposited in landfills, according to EU statistics. The most sustainable garment is the one that is not made, which is why Fristads is committed to producing premium, long-lasting workwear. At the same time, we realise the need for responsible management of the garments once they are discarded.

Recycling clothes in general, and workwear in particular, is associated with several challenges. For one, harmonised EU legislation on Extended Producer Responsibility (EPR) for textiles has yet to go into effect, which means recycling requirements vary considerably in different countries. Recycling clothes is also a technically complex process, especially when it comes to processing used workwear into new fibres and yarn. Since sustainability is a strategic goal for Fristads, we decided early not to wait for recycling to become mandatory or for others to solve the technical challenges before we act. Instead, we have worked diligently for several years to develop a pan-European recycling infrastructure and learn how to create new products made of recycled workwear. Now, this work is starting to bear fruit.



Open-loop vs. closed-loop textile recycling.

The terms open loop and closed loop are sometimes used to describe two different types of recycling flows. In an open-loop flow, textiles are collected and processed into other products, for example filling for car interiors, construction materials or insulation. In a closed-loop flow, the textiles are processed into new fibres that are mixed in with other materials and used to produce new clothes, creating a circular production.

About Extended Producer Responsibility.

EPR legislation shifts the financial and logistical responsibility for managing end-of-life textiles from municipalities to manufacturers, importers and resellers of clothing. France was the first European country to implement EPR for clothing in 2007, and in the Netherlands, EPR legislation came into effect in 2023. New legislation is pending in several other countries, including Sweden and Finland, as well as the EU. Current EU directives require EU countries to enable separate collection of textiles no later than 2025 and the European Commission is considering setting targets for the reuse and recycling of textile waste.

Our sustainable service offer.

During 2023, we focused on developing our sustainable service offer and launched several recycling pilot projects together with approximately ten of our larger dealers and direct customers. Since different types of customers have different needs, we developed three distinct recycling flows: Repair, Reuse and Recycle. There is also an end-of-life category for the small percentage of clothes that is too contaminated to be saved and instead is used as fuel for energy.

In the pilot phase, the focus has been on testing the flows, identifying the flaws and understanding the costs associated with managing the clothes that we produce when they are discarded by the customer.

In 2024, we will step up the work to expand our pilot projects to more customers and establish recycling as a regular part of our sustainability offer.

Three sample circular flows.



Repair

Pilot project launched in Sweden aims to extend the life of Fristads' workwear by expanding the services offered by our repair department to more customers. Through this flow, selected customers can send in garments with minor damage, for example a missing button, damaged zipper or torn seam, to be repaired at cost price.

Reuse

Fristads cleans, packs and restocks workwear that has been used by seasonal employees at selected customers in Benelux. This flow gives the customer a chance to buy back gently used garments at a lower price and saves the clothes from being discarded before they are worn out. In 2023, this flow was also introduced as pilot projects in Sweden.

Recycle

In Finland, Denmark, the Netherlands and the UK, Fristads has established an infrastructure to collect workwear from participating dealers and direct customers for recycling, either through an open-loop flow or closed-loop flow.

A global blueprint for recycling.

In the Netherlands, Fristads has developed an infrastructure for collecting and recycling discarded clothing from dealers, which will reduce waste, emissions and the use of virgin materials, and lessen the environmental impact of our clothing on land and water. It will also ensure that Fristads is in compliance with forthcoming Extended Producer Responsibility (EPR) legislation for clothing.

Fristads' Benelux office has long been in the vanguard of our ambition to develop an efficient recycling infrastructure and has run several successful pilot projects. But replicating the Dutch projects on a larger scale and on other markets has been challenging, since all the markets are in different stages of preparing for and implementing EPR. We made the first major breakthrough in 2022, when we signed a global contract with a major recycling partner. During 2023, the new recycling process was implemented in the Netherlands

Fristads' open-loop recycling system at a glance.



and used as a global blueprint for managing discarded clothing on several other Fristads markets, including Finland, Denmark and the UK.

Any workwear is collected.

In the Dutch model, Fristads provides its dealers and other direct customers with collection bins for workwear. Any workwear can be collected for recycling, including flame-retardant clothing, high-vis garments and even clothing made by other brands, as long as the garments are dry and reasonably clean. Once the clothing has been collected, it is evaluated, sorted and processed in our recycling partner's facilities.

Fristads has both an open-loop recycling flow and a certified closed-loop flow. In the open-loop flow, the workwear is processed and recycled into other materials, for example as insulation for the automotive industry, lining of drainage pipes and as fibre reinforcement in composites. In the certified closed-loop flow, Fristads' polo shirts are collected from our customer PostNL and used to create new textile fibres. The fibres are then used to make new clothes.

40

Number of Dutch customers that have enrolled in the recycling program and have received collection boxes.

3,724

Kilos of workwear that were collected and recycled through Fristads' Dutch customers in 2023.

Dashboard tracks the recycling data.

All data on the amount of clothing that has been collected and how it is repurposed is shared with the participating customers through an online dashboard. The data gives the customers tangible statistics on their environmental record, which can be communicated both in their sustainability reporting and to the end consumer.

"Creating a recycling infrastructure from scratch was very challenging, but since we have set out to lead the industry on sustainability, we were committed to finding a solution from the start. Now we have figured out a good return flow and are in the process of rolling it out on each of our markets, step by step."



Hugo Vedder, Product Specialist Fristads Benelux

Sustainability goals & commitments.

Fristads is committed to taking action on global climate change and environmental degradation. Our goal is to decrease our emissions of CO₂ by 50% by 2030, in line with the science-based UN target to limit global warming to 1.5°C to avoid the worst effects of climate change. In order to reduce our emissions, we need to understand where they originate and base our actions on data. We measure the climate impact throughout our value chain using the greenhouse gas accounting standards defined by the Greenhouse Gas Protocol. These standards include reporting emissions in Scope 1, 2 and 3. In 2023, 97% of Fristads' emissions occurred in Scope 3, and across all categories, purchased goods and services (where production and packaging materials are included) had the largest overall impact with 88% of total emissions. Hence, this is where we currently focus most of our sustainability efforts.

New base year and methodology.

In our previous sustainability reporting, we have used the base year 2018 for Scope 1 and 2, and 2019 for Scope 3. However, in 2023 our owner Hultafors Group joined the Science Based Targets initiative, which required us to change the base year for all scopes to 2022.

We have also changed the methodology for the data collection, increasing the amount of our own calculations that are used instead of industry estimates and averages like before. The textile industry is very diverse, encompassing everything from workwear manufacturers to fast fashion companies, which limits the usefulness

of climate data that is based on averages and estimates. Instead, we have collected actual environmental data directly from our suppliers, as a part of our development of an Environmental Product Declaration (EPD) for clothing.

The EPD is a third-party verified life cycle assessment of the garment, containing data on CO₂ emissions, water usage and other key environmental aspects. With most of our main product categories now featuring products with EPDs, the amount of actual data from our production has increased. The new data

shows that the climate impact from our production is lower than previously assumed.

The change in methodology means the data from our previous sustainability reports is not easily comparable with the data in this year's report. In the name of transparency, we are including data using both the new and old methodology as well as the new and old base years in this year's report. The new methodology only affects Scope 3, which focuses on emissions from purchased goods and services.

Supporting climate projects around the globe.

Ever since we launched our Outdoor collection in 2020, we have offset the carbon dioxide emissions associated with the production of the garments. We view these annual offsets not as a substitute for cutting CO₂ emissions in our own operations and supply chain, but rather as a complement.

In 2023, Fristads contributed €11,235 toward a biomass project at a factory in the Brazilian state of Minas Gerais, preventing 10,200 tonnes of CO₂ from being emitted into the atmosphere. The project, which is featured on the UN carbon offset platform Climate Neutral Now, helps the factory switch from burning fossil fuels

to using renewable biomass from nearby eucalyptus and pine tree plantations. The project also contributes to sustainable management of existing forests in the region and improved working conditions at the factory.

This is the fourth year that Fristads uses a portion of the sales from the Outdoor collection to offset carbon emissions. Previously, we have supported three projects in different parts of India: a power plant fueled by organic waste, a plant that turns chicken litter into energy and a project that provides families with solar-powered water heaters.

Scope 1

Definition

Refers to direct emissions from company-owned and controlled resources. Includes combustion of fuels in facilities and vehicles, cooling agent leakage from facilities and emissions from industrial processes and on-site manufacturing.

Target

50% decrease 2030
(Base year 2022)



Scope 2

Definition

Refers to indirect emissions from the generation of purchased energy by utility providers. Includes consumption of electricity, district heating and district cooling.

Target

50% decrease 2030
(Base year 2022)



Scope 3

Definition

Refers to indirect emissions that occur upstream and downstream in a company's value chain and are not included in scope 2. Includes purchases of goods and services from suppliers, such as raw materials and transports, as well as waste and products' end of life.

Target

50% decrease 2030
(Base year 2022)



Scope 1 & 2.

Commenting the results.

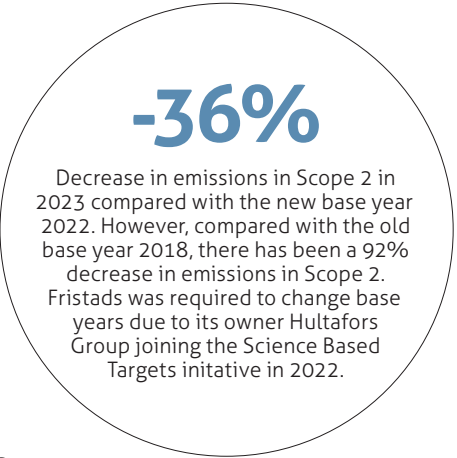
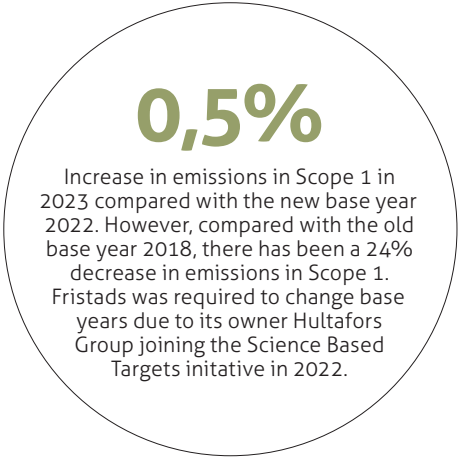
In 2023, Fristads’ emissions of CO₂ in Scope 1 and 2 amounted to 817 tonnes in total, which is a decrease of 5% compared with the base year 2022*. The emissions from Scope 1 are steady compared to the base year, with a slight increase of 0.5%. The decreased climate impact from refrigerant leakages and company operated vehicles is counterbalanced by the increased emissions from natural gas usage for heating. In Scope 2, the emissions have decreased by 18%, mainly as a result of a reduction of office space in Savonlinna, Finland, which has reduced emissions from heating. However, the climate impact from electricity has increased.

The relatively modest overall reduction of emissions in Scope 1 and 2 can be traced to our change of base year, from 2018 to 2022, since the significant reduction that occurred in this time period is not reflected in the current results. Prior to the change of base years, we had already surpassed our goal of reducing CO₂ emissions in Scope 1 and 2 by 50% by 2030, due in part to climate compensation via Hultafors Group.

Next steps.

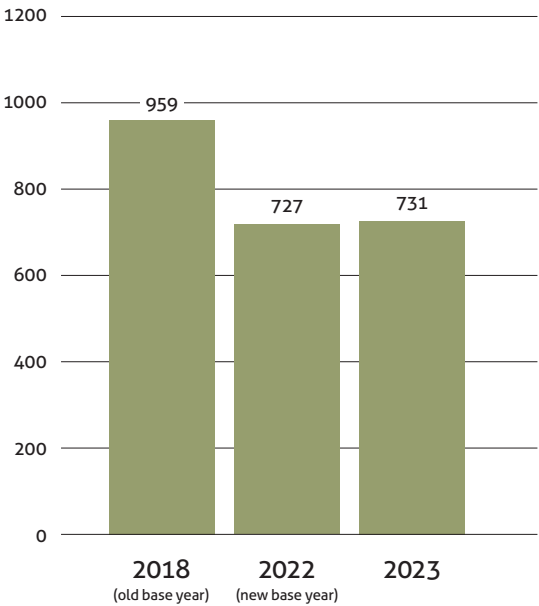
Considering that Scope 1 only makes up 2.5% of our total emissions and Scope 2 makes up 0.3%, we don’t anticipate that the change of base years will affect our ability to reach our climate goals overall. Over the course of next year, we will continue our work to reduce the climate impact of our own operations by:

- Further reducing fuel and electricity consumption in our own facilities
- Striving to increase the share of electricity from renewable sources in our own facilities from 97% to 100%.
- Increasing the share of the total energy use that is covered by renewable energy certificates, from the current level of 50%.

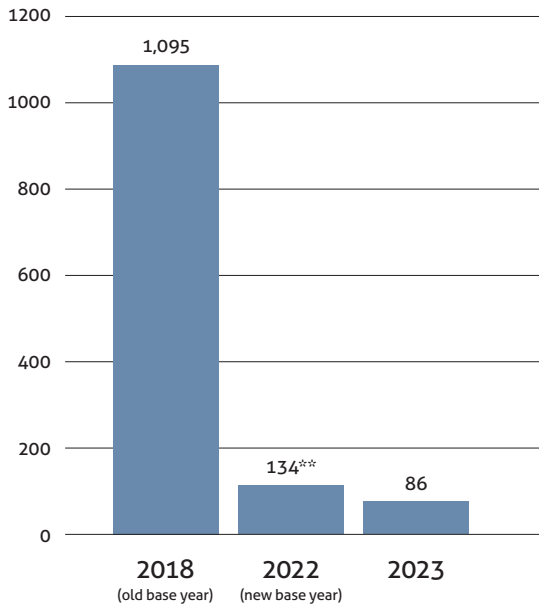


Total emissions in tonnes CO₂e.

Scope 1



Scope 2



35 * In 2023, Fristads’ owner Hultafors Group joined the Science Based Targets initiative, which required us to change our base year to 2022. Previously, we used base year 2018 for Scope 1 and 2 and 2019 for Scope 3.
** Due to an error in the calculations of the 2022 CO₂ emissions in Scope 2, this figure was reported as 123 tonnes in the 2022 Sustainability Report.

Scope 3.

Commenting the results.

In 2023, Fristads' emissions of CO₂ in Scope 3 amounted to 28,452 tonnes, which represents a decrease of 47% compared with the base year 2022*. In this scope, purchased goods and services (where production and packaging materials are included) had the largest overall impact with 88% of total emissions. Two main factors can explain the substantial reduction in Scope 3: We purchased fewer products and reduced the amount of emissions per product by 18%.

Approximately one third of the decrease in Scope 3 can be attributed to fewer products purchased in 2023 as we balanced our stocks in the wake of a major stock build-up in 2022. Our stock levels are now at a more adequate level, which is reflected in the Scope 3 results. In 2023, we also purchased fewer heavier products, such as jackets and trousers, which typically cause more emissions than shirts and other lighter products. With fewer products purchased, we managed to significantly reduce the share of emissions from air transports, from 8.6%** of our total CO₂ emissions in 2022 to 4.7% in 2023.

A positive development in Scope 3 is that our CO₂ emissions per produced product has decreased from 7.39 kg in 2022 to 6.09 kg in 2023, a reduction of 18%. This reduction is a direct result of our ongoing work to transition to more sustainable materials in our products and increase the share of products with an Environmental Product Declaration (EPD) in our range.

In 2023, we changed the methodology for calculating the emissions. The new methodology is to a greater extent based on actual data from our suppliers and life cycle assessments from our environmentally declared products, as opposed to general industry figures, as was previously the case. While the new method is more accurate, it may temporarily inflate our progress.

Next steps.

The change of methodology and balancing of our stock have brought us very close to our goal of achieving a 50% reduction of CO₂ emissions in Scope 3 by 2030 ahead of schedule, but we don't consider our mission completed. Over the course of next year, we will continue our work to reduce the climate impact from indirect emissions in our value chain by:

- Increasing the share of EPD products with a smaller environmental footprint in our range.
- Replacing conventional materials with more sustainable alternatives, for example recycled polyester and Lyocell.
- Increase collaboration with our suppliers and provide support in their transition to renewable energy sources, optimisation of production processes, and reduced energy consumption.
- Further reducing air transports and shifting road transports to High-Capacity Transports.
- Introducing a sustainable service offer to ensure that the garments we produce are used to their full potential and discarded responsibly when they have reached their end of life.

-31%

Reduction of emissions in Scope 3 in the base year 2022, due to a change of methodology. The new method more accurately measures emissions from purchased products and services, since it is based on actual data from Fristads' suppliers rather than industry averages.

-47%

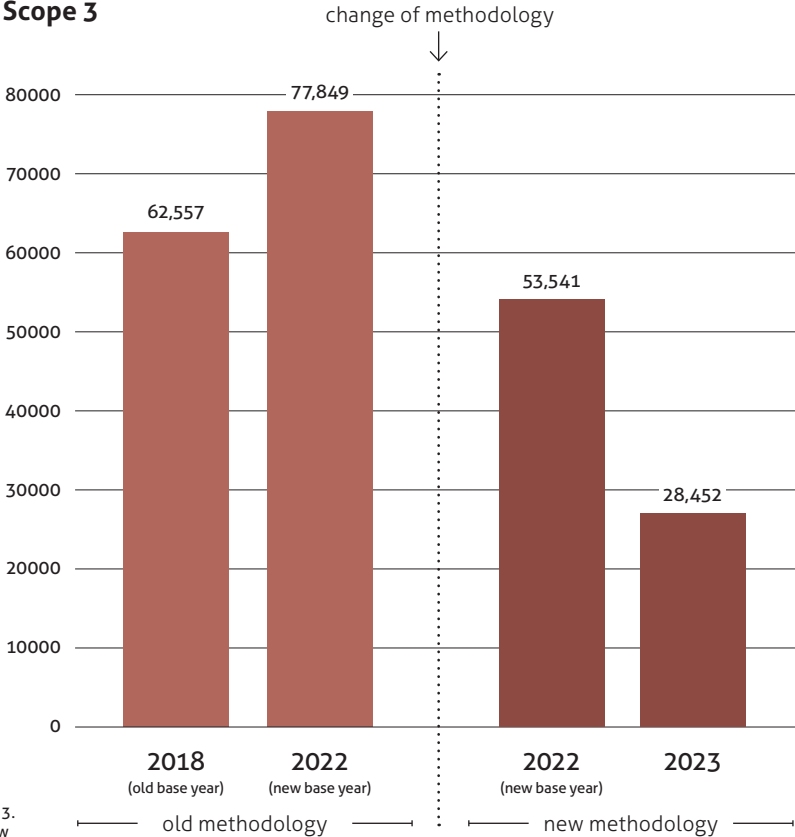
Reduction of emissions in Scope 3 in 2023. The reduction was mainly due to 34% fewer products purchased in 2023 due to high stock volumes and a reduction in emissions per produced product.

-18%

Reduction in CO₂ emissions per produced product in 2023, compared with 2022.

Total emissions in tonnes CO₂e.

Scope 3



* In 2023, Fristads' owner Hultafors Group joined the Science Based Targets initiative, which required us to change our base year to 2022. Previously, we used base year 2018 for Scope 1 and 2 and 2019 for Scope 3.
** In the 2022 Sustainability Report, the share of emissions from air transports was reported as 5.9%; this figure has been corrected due to the change of methodology in calculating the climate data. With the new methodology, the share of emissions caused by air transports increased since emissions from purchased goods and services decreased.

REACT

Broadening the scope of our sustainable offering.

Climate change is the greatest challenge of our time and at Fristads we are tackling the issue from multiple angles – from developing more sustainable materials and production methods to creating the infrastructure necessary to take care of our products when they have reached their end of life. We call all these efforts REACT, since they represent the ways that we respond to the climate crisis and encourage our customers to make more environmentally conscious choices about workwear.

REACT involves six different areas where we are trying to make a difference. The first three – Reduce, Rethink and Reform – encompass our efforts to develop more sustainable products. The last three – Repair, Reuse and Recycle – focus on our new sustainable service offer to extend the products' lifespan.



Reduce

Our environmentally declared products.

Reduce encompasses our environmentally declared products, produced in a way that minimises the impact on the environment. Each garment comes with an EPD, an Environmental Product Declaration that is third-party verified and shows the garment's total impact on the environment, from construction and material choices to waste and transports.



Rethink

Products made of closed-loop fibres.

Rethink encompasses our products made of used clothing that has been collected, shredded and turned into new fabrics. By reusing the textile fibres from used clothing for new products we lower the demand on virgin materials. To ensure that the products fulfil our stringent quality standards, we still need to mix the reused fibres with new material – but our aim is to increase the share of reused fibres going forward.



Reform

Products made of more sustainable fabrics.

Reform encompasses our products made of more sustainable fabrics such as recycled polyester and plant-based materials, or by using more sustainable techniques. We are continuously replacing conventional materials in our existing products with more sustainable alternatives and they are always our first choice when developing new products. Naturally without compromising on the durability and quality of the final product.

Repair

Facilitating repairs to extend the life of workwear.

By repairing workwear that has minor tear damage or a broken zipper, we ensure that the garments can be used longer. Our Value-Added Services department in Borås, Sweden, already repairs many garments returned as claims and we are currently running several pilot projects with some of our larger customers to explore how we can expand and streamline our repair service to encompass more Fristads garments. We are also looking to expand our repair service to more of our markets by partnering with local tailors.

Reuse

Giving discarded workwear a second chance.

Sometimes garments that still have potential are discarded. By giving them a second chance, we make sure that all produced garments are used to their full potential before being downcycled. We are currently developing this service offer together with several partners, for example we are reselling outgoing products, used and returned Fristads garments and products with minor deviations in three secondhand stores in Stockholm. We are also working with several larger customers on collecting and reselling workwear from seasonal employees.

Recycle

Finding new uses for old garments.

When the garments reach their end of life, we want to make sure the material comes of use. Primarily, we look for solutions where the material can be used for other types of products, like furniture padding, construction material or filling for car interiors. Efforts to collect and recycle workwear are underway on several of our markets and involve both dealers and some of our larger direct customers.

Making a difference with Fristads Green.

As a part of our work to lead the industry on sustainability, we aim to minimise the environmental impact of our products. We do this by growing our range of Fristads Green garments, which come with an Environmental Product Declaration and have a smaller water and carbon footprint than their conventionally produced counterparts.

Here, you can see how the Global Warming Potential and Water Scarcity Footprint of a Fristads Green jacket compares with a conventionally produced Fristads jacket.

Water Scarcity Footprint.

The combined environmental impact of the water consumption generated by the production of a garment, converted to H₂O equivalents.

Global Warming Potential.

The total amount of greenhouse gases emitted during the production of a garment, converted to CO₂ equivalents.



Conventional

High vis Green stretch jacket class 3 4647 GSTP.

Water Scarcity Footprint (H ₂ O eq.)	4,730 litres
Global Warming Potential (CO ₂ eq.)	9.6 kg

High vis jacket class 3 4026 PLU.

Water Scarcity Footprint (H ₂ O eq.)	40,600 litres
Global Warming Potential (CO ₂ eq.)	19.4 kg

Total savings with Fristads Green.

Water Scarcity Footprint (H₂O eq.)
(Equivalent to 4,484 showers*)

35,870 litres



Global Warming Footprint (CO₂ eq.)
(Equivalent to driving 666 km**)

9.8 kg



Fristads' workwear collection for Scania cuts CO₂ emissions.

In 2023, Fristads developed a collection of environmentally declared workwear for truck and bus manufacturer Scania. By replacing conventionally produced garments with the new collection, Scania reduced the environmental footprint of their workwear considerably.

The collection that Fristads has developed for Scania includes 23 environmentally declared garments for workers in production and logistics all over Europe. Switching to the new garments will save 676 tonnes of CO₂ equivalents and 4,380,778 m³ of water equivalents* compared with a conventionally produced collection over its lifetime. It is the largest tailor-made environmentally declared collection from Fristads to date.

* This figure refers to the water scarcity potential, i.e. the total environmental impact of the water consumption, considering the availability of water at the production location. The net water savings are 2,104,673 m³.

** Based on calculations from <https://www.openco2.net/en/co2-converter>

*** Based on the use of a showerhead with a 10 litre/minute flow and assumes each shower lasts for 8 minutes.

Measuring the impact of workwear.

All the garments in the new collection from Fristads come with an Environmental Product Declaration (EPD). The EPD is a third-party verified document detailing the environmental impact of a product during its life cycle, from construction and material choices to waste and transports. The transparency of the EPD makes it easier for customers to compare the environmental performance of different garments and make informed choices about company workwear. It can also help companies meet targets in their own sustainability agendas.

The EPDs can be downloaded from the product pages on Fristads' website and also at environdec.com.

Environmental savings from Scania's new workwear.



676 tonnes

of CO₂ equivalents (Equivalent to driving 4,704,245 km**)



4,380,778 m³

of water equivalents* (Equivalent to 54,760 showers***)

"This agreement represents a great leap forward for Fristads and our continuous effort to reduce the environmental impact of workwear. Together with Scania, we can and want to be changemakers for sustainability."

Frida Avasalu, Global Solutions Director at Fristads.

Our first circular product.

Circularity is the holy grail of sustainable clothing production, and we are working hard to find new ways of reusing fibres from worn-out garments to make new ones. In 2023 we cracked the code of closed-loop production and developed our first commercial circular product – a sweatshirt partially made from worn-out Fristads garments.

Fristads' first circular product development began in 2021 when a polo shirt was made partially from discarded garments from one of our customers in the Netherlands. Via the joint pilot program, worn-out polo shirts were collected and recycled into new garments, effectively closing the loop on some of Fristads' clothing production. The recycling process for the project was certified in 2022, making Fristads the first clothing producer in the region that can guarantee the traceability of recycled closed-loop raw materials for a specific customer.

"We have been working on reducing the environmental impact of our production for years, but we also recognise the need for innovative closed loop solutions after the garment is worn out. Our new recycling process will help solve that piece of the puzzle and ensures that we keep our edge when it comes to leading the workwear industry on sustainability."

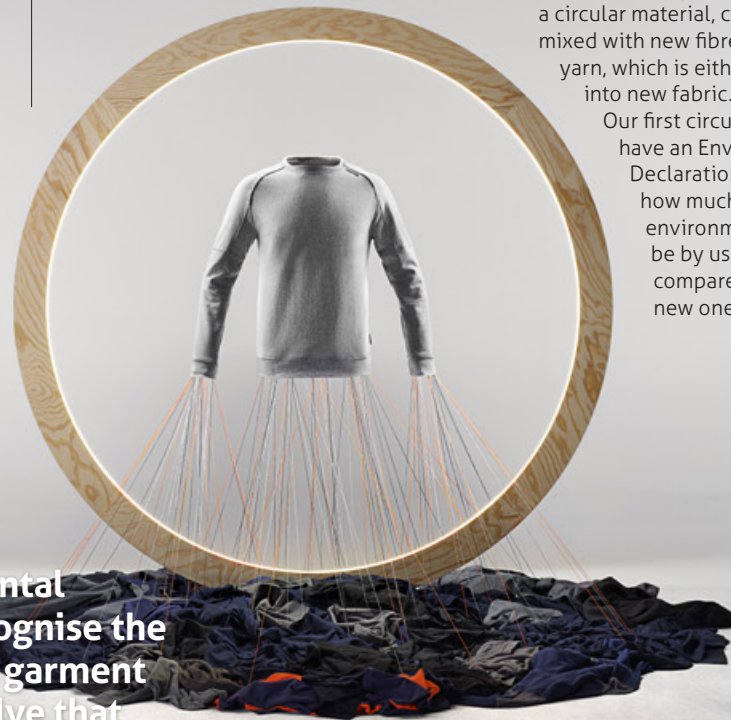
Anne Nilsson, Director of Marketing and Sustainability at Fristads.

Made of 15% closed loop fibres.

Fristads' first circular product is a sweatshirt containing 15 percent closed-loop fibres. We have intentionally kept the share of circular fibres at this level to ensure that the final product meets our stringent quality standards, but we expect the recycled content to increase as we continue to develop and refine

our processes. Other important factors which affect the process is the quality of the collected garments and, of course, what type of product we aim to develop from the fibres. Closed-loop, or circular, fibres can be used the same way as conventional fibres and fibres from open-loop recycling, for example those made of plastic bottles. To create a circular material, circular fibres are mixed with new fibres and spun into yarn, which is either woven or knitted into new fabric.

Our first circular product will have an Environmental Product Declaration (EPD), disclosing how much lower the environmental impact will be by using existing fibres compared with making new ones.



Closing the loop.

We have cracked the code on closed-loop production. This is what our certified process looks like, step by step.

Collecting used workwear.

Selected worn-out Fristads garments are collected from the customer and brought to a recycling centre.

Preparation of material.

The material is shredded into smaller pieces and turned into fibres.

15% closed loop fibres.

The fibres are mixed with other fibres to make yarn, consisting of 15 percent closed loop content.

Creating new material.

The yarn is used to make new fabric.

Making the final product.

Our first piece of circular workwear has been born – a sweatshirt made from used workwear.

Giving workwear and people a second chance.

In 2023, Fristads entered into a long-term partnership with Stockholms Stadsmission to create new opportunities for extending the life of workwear. Through the partnership, Stockholms Stadsmission, a non-profit organisation dedicated to supporting disenfranchised populations in the Swedish capital, sells used Fristads garments in three of their secondhand stores in Stockholm.

The partnership between Fristads and Stockholms Stadsmission is based on a shared ambition to create sustainable alternatives for reuse and an understanding that workwear can serve multiple purposes – both as functional clothing and as fashion items, given that the workwear aesthetics are both popular and timeless. When Fristads' custom-built showroom opened in Stockholms Stadsmission's store on Hornsgatan in June, the goal was to attract an urban, stylish audience, as well as people looking for functional clothing. In addition to the physical stores, used Fristads' workwear is available from Stockholms Stadsmission's web shop.

Partnership that reduces textile waste.

The workwear that is sold by Stockholms Stadsmission is collected through Fristads' return department. Through the partnership, we are able to give these clothes a second chance and reduce textile waste in the process. This decreases the need for energy, raw materials and other resources that would have been needed to create new products.

There is also a social aspect of partnering with Stockholms Stadsmission, which operates a total of 24 secondhand stores, including a web shop. The stores are run as social enterprises and all revenues are reinvested and used to support the organisation's work to combat social exclusion, homelessness and unemployment among society's most vulnerable people.

The partnership is an example of our Reuse initiative, which explores and expands our offering of sustainable services. All the proceeds from the sales of our workwear are donated to Stockholms Stadsmission. In 2023, sales of Fristads' garments generated SEK 115,000 for the organisation's social work.



"We are actively working to reduce our environmental impact and minimise textile waste. That includes ensuring that the textile fibres that we have already produced stay in use as long as possible. The partnership with Stockholms Stadsmission is an opportunity to make use of existing garments and reach a new type of user who may not necessarily need to use the clothes for professional purposes."

Anne Nilsson, Director of Marketing and Sustainability at Fristads.

Tracking our footprint.

Our sustainability work aims to minimise our environmental footprint and maximise the positive impact that our business has on the people who are involved with our organisation. But to make progress we must systematically collect data, understand our impact, set science-based targets for improvement, and measure our outcomes. We do this with the help of several organisations and initiatives that provide the necessary tools for our social and environmental corporate responsibility reporting. Through these organisations, data becomes a catalyst for real change.



Swedish Textile Initiative for Climate Action.

Since 2018, Fristads has mapped its greenhouse gas emissions as a member of the Swedish Textile Initiative for Climate Action. STICA is a joint climate initiative for Swedish textile companies that focuses on reducing greenhouse gas emissions in line with the 1.5° C pathway, as defined in the Paris Agreement. Fristads' goal is to reduce emissions by 50% by 2030 compared with the baseline year of 2018 for Scope 1 and 2 and 2022 for Scope 3.



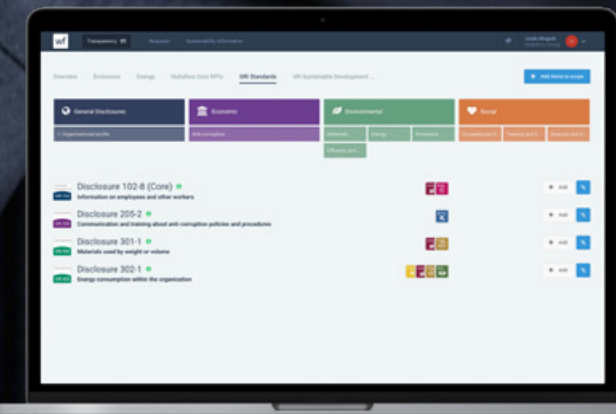
Science Based Targets initiative.

The Science Based Targets initiative provides companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. Fristads' owner Hultafors Group joined Science Based Targets initiative in 2023 and we are currently working on gathering the data required for the membership.

worldfavor

Worldfavor.

Worldfavor is an online platform that enables us to collect social and environmental sustainability data both from our own operations and our suppliers. The data helps us track and analyse our progress as we continue our work to cut our climate footprint by 50 percent by 2030. The Worldfavor platform is divided into two modules: Sustainability management and Sustainable sourcing. The Sustainability management module covers fuel consumption by company-operated vehicles, electricity consumption, district heating and cooling and renewable energy in Scope 1 and 2, i.e. in our own 14 facilities. The Sustainable sourcing module is used to collect and analyse social and environmental data from our suppliers and ensure that they sign mandatory agreements, such as our Code of Conduct, Restricted Substance List and verification of the origin of cotton.



A circular future for Fristads.

In an era defined by the challenges posed by global climate change, the textile industry is poised for transformation. At Fristads we believe that the future of workwear production is circular, and we are dedicated to staying ahead of the curve. That involves embracing innovation, investing in sustainable technologies and fostering collaboration across our supply chain.

Last year, we took a major step toward a more circular production by developing our first commercial product made partly of material from recycled workwear, with more circular products in the pipeline for 2024 and 2025. In the future, we hope circular and other more sustainable materials will be the norm, not just for us but for the entire industry.

We also added more products with an Environmental Product Declaration (EPD), which have been analysed from a life cycle perspective and are completely traceable. Our development of EPDs for clothing and the continued expansion of our EPD range make us well positioned to meet the requirements of EU's forthcoming legislation on digital product passports for garments, expected to come into effect in 2026.

The directive on product passports is not the only new piece of legislation that is bound to shape the future of the textile industry. In 2025, the EU directive on Extended Producer Responsibility for textiles is due to take effect, placing the responsibility for the entire life cycle of clothing on the producers. Fristads is working proactively



to be a part of the solution in this area, not only by doing the minimum – paying mandatory fees – but by helping develop an infrastructure for recycling. We believe 2024 will be the year when we increase the recycled volumes and roll out our services on more markets, including Denmark and Sweden.

Meanwhile in Hongkong, our CSR team made a thorough review of our supply chain in 2023, to ensure that we are well prepared for coming EU directives on corporate sustainability reporting and due diligence. Our CSR team has a key role for our efforts to minimise the negative effects of our production and to help our suppliers adapt their operations for the new requirements as well.

To achieve the circular future we all want, we can't go it alone. We need our suppliers, partners and customers to be on board as well, by being educated and making more environmentally sound choices. At the end of the day, we believe the urgency to address climate change is not only a moral responsibility but also a strategic necessity for the business that wants to survive and thrive. You can trust that we will continue to do our part to reduce our footprint – one seam and one garment at a time.

Lisa Rosengren, Head of R&D Raw Material
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