



**CRAFT CIRCLE.
OUR SUSTAINABILITY
INITIATIVE.**

RUNNING IN CIRCLES IS THE ONLY WAY FORWARD.

Circle is our initiative for sustainability, and an integral thread that runs through everything we do. From design to delivery and beyond. Its purpose is simple – to encourage conscious choices that minimize the environmental impact of our products. Now and in the long run. Going forward, we'll keep making apparel that inspires athletes on every level to reach their goals. With full consideration for our shared arena along the way.

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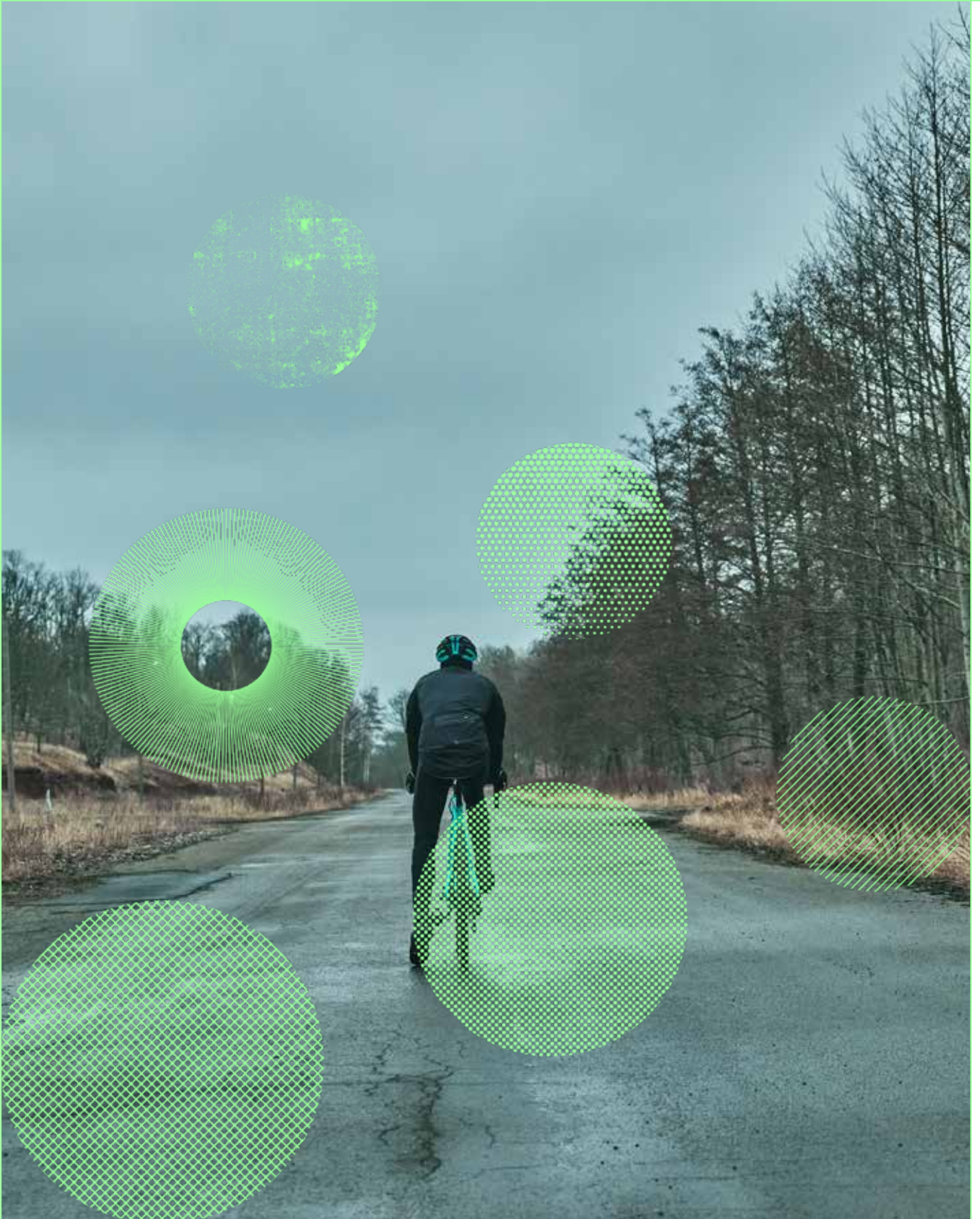
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Overall goals





SUSTAINABILITY IS A TEAM SPORT.

Our sustainability initiative is connected to four of the Global Goals in UN's Agenda 2030, chosen for their relevance to our business and our chance to make a contribution towards them. They guide how we design, produce and distribute our garments, how we extend their lifecycle through circular options for renting, selling and buying and how we collaborate with partners and organizations for a more sustainable tomorrow.

As a company, they have inspired us to set our own ambitious goals for the future. By 2030, our goal is to reduce our total carbon emissions by 50% compared to the base year 2021. By the same year, our goal is that 20% of our products will be offered through circular programs. To help us reach our goals, a dedicated sustainability manager will oversee processes and report on our progress from 2022 onwards.

UN's Global Goal no. 03

**GOOD HEALTH
AND WELL-BEING**

UN's Global Goal no. 12

**RESPONSIBLE
PRODUCTION AND
CONSUMPTION**

UN's Global Goal no. 13

**CLIMATE
ACTION**

UN's Global Goal no. 17

**PARTNERSHIP
FOR THE GOALS**



Climate Action

Moving forward means taking action. By 2030, our goal is to reduce carbon emissions from our total operations by 50% from the base year of 2021. To reach it, we are focusing on decreasing emissions emanating from the production and transportation phase, as well as our own operations. In order to measure our progress towards this goal, we are actively working with STICA, The Swedish Textile Initiative for Climate Action, for the purpose of tracking our carbon footprint today and per year.

Circular business models

Our products are made to last, and the more we can prolong the functional life of each garment, the less its impact on the environment will be. To do so, we will introduce circular offers that align with future consumer needs, such as letting athletes pass on old apparel when they elevate their game, or introducing options for renting garments for certain occasions. Our overall objective for 2030 is to have 20% of all garments rented, reused or resold within our ecosystem.

Good health and well-being

Making people move is at the core of what we do. We exist to inspire athletes on every level, at every age, to take active part in their personal health and well-being. Adding on to this, we think that empowering our employees at all levels is foundational to who we are and to make an impact in our world.

Responsible production and consumption

We strive to make better use of the earth's resources to minimize our overall impact on the environment. To us, that means creating products that last and keep their functionality longer, made by sustainable methods with significantly lower environmental impact at the start of the product's lifecycle.

Partnership for the goals

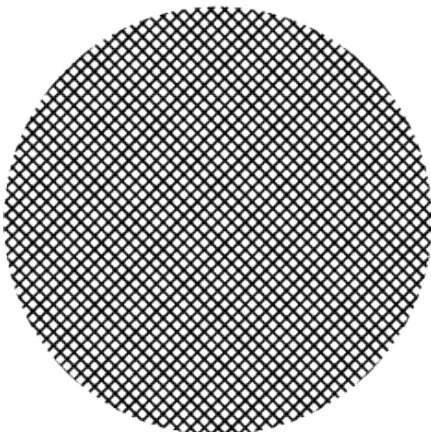
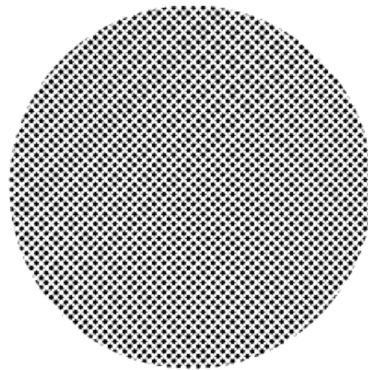
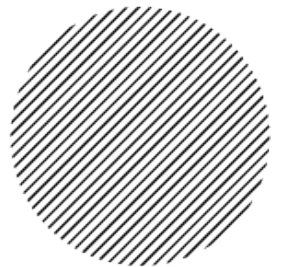
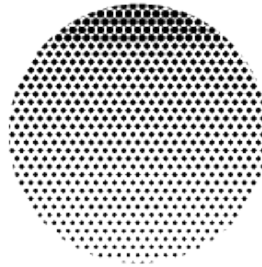
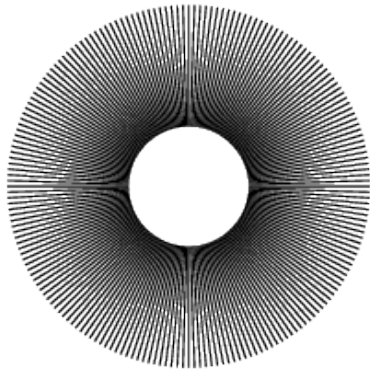
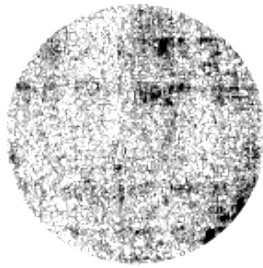
We realize that true change comes from collaboration. To make a difference now and in the long run, we are active partners with a number of local and global sustainability initiatives, such as amfori BSCI, FLA, International Accord on Fire & Building Safety, Clean Shipping Index and STICA.

Sustainability objectives for 2030





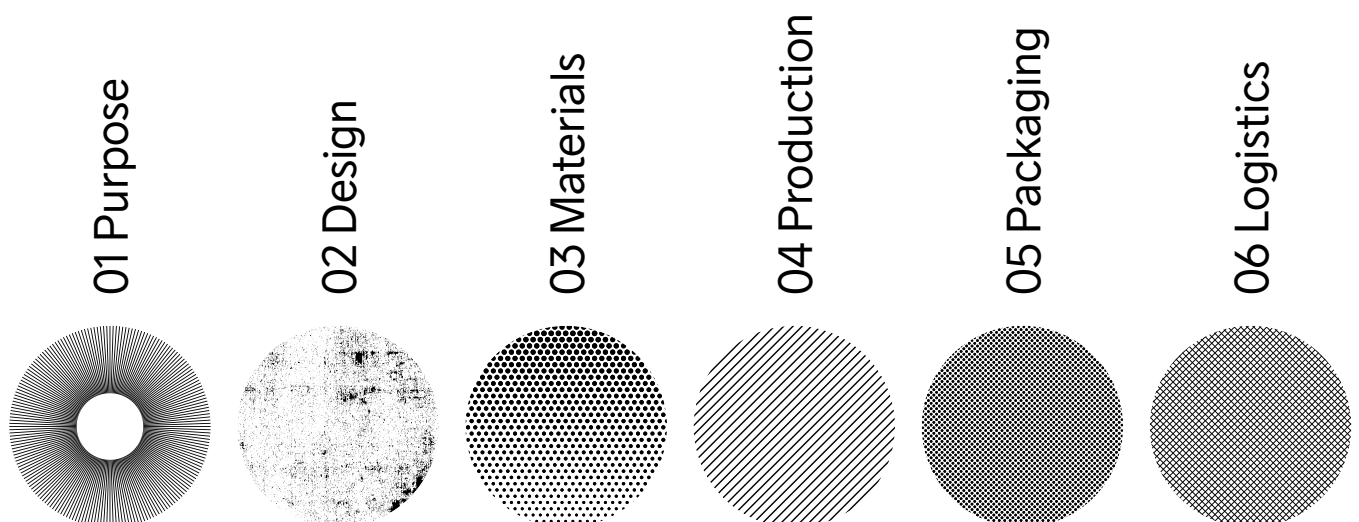
Production process

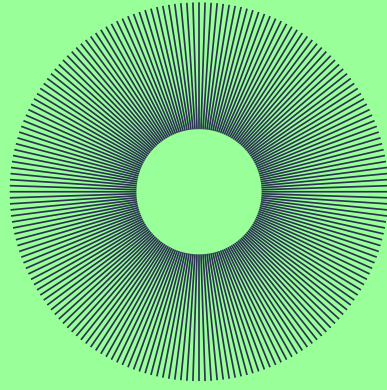




Connecting the dots from design to delivery.

Our products are meant to inspire athletes to keep going, no matter the season. So to us, a more sustainable garment is one that is tirelessly functional day after day, year after year. But no matter how long a Craft product stays in use, the start of its lifecycle still represents an unwanted environmental impact. Here's how we all pull together to actively reduce it.





01 Purpose

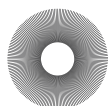
PURPOSE. MOVING TOWARDS BETTER HEALTH.

Every product that bears our name is meant to meet specific athletic needs in certain scenarios. But regardless of their intended use, they're also made for an overall purpose - to inspire more people to adopt an active lifestyle.

Making the world move, pushing overall health and wellbeing in a positive direction, is at the heart of our brand. Studies show that we need a minimum of 150 minutes of moderate activity per week to stay healthy. But according to the WHO, one in four adults and 81% of adolescents do not meet the minimum requirements for physical activity. As inactivity is one of the world's major health hazards, strongly linked to cardiovascular disease, diabetes and premature mortality, our contribution to the UN's Global Goal no 3 is to keep doing what we've

been doing since the start. Helping athletes on every level take active part in their personal health by crafting shoes, clothes and apparel that makes physical activity enjoyable in any weather, season and terrain.

Naturally, our vision for a world in better balance also extends to our employees and partners. As a company, we encourage physical activity through worksite wellness programs and activity benefits during and after office hours. We also work to support our employees with the freedom and resources to pursue their goals, create change and be proud of who they are in every aspect. Together we embody our core values of fighting inactivity, entrepreneurship, inclusive and humble.





Long-term objective: To inspire physical activity for the health and well-being of everyone

Purpose KPIs:



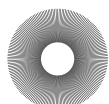
In 2023 we will increase our initiatives to inspire young athletes to lead active lifestyles



Continue to add value to our core product groups to inspire movement



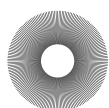
Increase employee engagement for wellbeing and activity





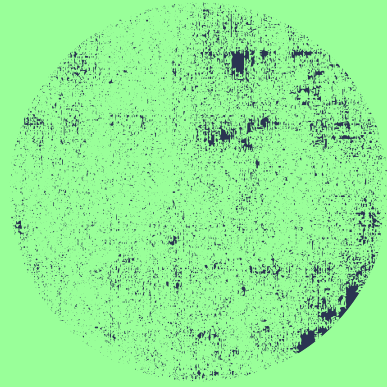
Erica Persson
Sustainability Manager

“Our sustainability initiative
is a work in progress that
will never be finished”





**SLOW FASHION.
DESIGNED FOR
RECORD SPEEDS.**



02 Design

DESIGN. MADE FOR THE LONG RUN.

Longevity is an integral part of our design process. Starting at the drawing board, the choices we make at the beginning of a product's lifecycle not only shape how a garment looks, feels and performs. They also determine how long the garment will keep up with the athlete wearing it, and how it can be repurposed at the end of its natural lifespan.


A Craft garment should be a perfect combination of timeless style and tireless functionality, a philosophy that guides every design decision we make. We choose colors and patterns that won't go out of style anytime soon. We select long-lasting materials that ensure that the garment will keep up with the athlete wearing it. We reinforce areas of wear and tear. We source quality details like buttons and zippers. By emphasizing functionality in the long

run, our design process is decidedly on the slow side of fashion, which in turn translates into more kilometers, washes and workouts down the road. This is one reason why every Craft baselayer comes with a lifetime guarantee from the AW 2022 season.

Every product we design is made for a purpose, and the longer it fulfills it, the lower its climate footprint will be. Research shows that a garment that stays in use twice as long decreases its environmental impact by 49%*. Making our garments over-achievers in the long run is one way of offsetting the carbon cost at the start of the lifecycle. The next step is to make a conscious effort to minimize them by developing a method for evaluating the climate consequences of every design by 2023.

* Source: Mistra Future Fashion, The Outlook Report 2019





Long-term objective:
Design for longevity, repairability, reuse
and recyclability for all products

Design KPIs:



Develop the Craft Design Checklist
for circularity grading and carbon
footprint for each new style by 2023



Baselayer lifetime guarantee
program from AW2022



Reduce our samples by
35% by 2025

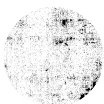




Malin Caron
Concept Designer

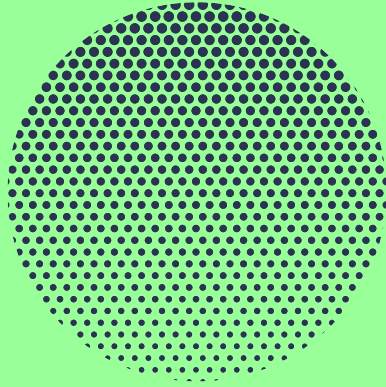
"A garment that stays in use
twice as long reduces its carbon
footprint by 49%*."

*Source: Mistra Future Fashion, The Outlook Report 2019



**DON'T BUY A
RUNNING JACKET.
INVEST IN ONE.**





03 Materials

MATERIALS. REUSE TO REDUCE.


Turning five empty soda bottles into a t-shirt isn't just a clever trick. It's also a great way of reducing our dependency on petroleum and helping the world turn the tide on plastic waste. Today, it's estimated that 8 million tons of plastic end up in our oceans every year. A mere 10% of the global plastic waste is recycled and put to use again.

That's why we've taken sight of an important milestone going forward. By 2023, all new Craft garments and footwear will be fully or partially made from more preferred materials. This means fabrics that are recycled, recyclable or produced in a way that optimizes the earth's resources. Today, we're halfway there, as about 50% of our running, training, cycling and skiing apparel contain reused and repurposed fibers and materials. To reach our long-term objective of reducing emissions by 50%, we will continue to evaluate and select materials with a lower carbon footprint.

In the textile world, chemicals are a necessary part of the production chain. Used to dye and treat fabrics to make them resist the elements better, many of them do so by causing harm to the environment itself. Our overall goal is to prevent the use of harmful chemicals in our supply chain. To stop hazardous chemicals from entering our production process, we have created a Restricted Substance List, designed in accordance with legislation such as REACH (European Union chemical legislation) and other industry standards. The list prohibits the use of dangerous and unnecessary chemicals in the production of Craft garments, and is mandatory for all our suppliers to follow. For the same purpose, we also have an active partnership with RISE Chemical Group, sharing knowledge and findings with the organization's members.

* Source: Common Objective
commonobjective.co/article/fibre-briefing-polyester





Long-term objective:
To focus on more preferred materials and processes that help us reach our target of 50% emission reduction

Materials KPIs:



All products fully or partially made from more preferred fibres by 2025



All garments made from more preferred materials and more sustainable production methods by 2027



Joint strategy plans with suppliers for responsible water and chemical management by 2024



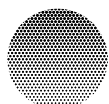
Ongoing evaluation of new technologies and innovative fabrics



Tommy Bäcklin,
Head of Product

”Recycled polyester generates
79% less carbon emissions
compared to virgin polyester*.”

*Source: Common Objective
commonobjective.co/article/fibre-briefing-polyester





Preferred materials

To us, a more preferred material is one that helps the garment stay functional year after year, sourced with consideration for its environmental impact. When we design garments, footwear and packaging, we primarily rely on these materials:

Recycled polyester

Made from used PET bottles, recycled polyester is a strong, durable fibre with a much smaller ecological footprint than virgin polyester. By using recycled polyester, it's estimated that 70%¹ less energy is needed in the production process. Sourcing recycled rather than virgin polyester also decrease the fabric's carbon emissions with 70%².

Source: 1) Natural Resources Defense Council 2011.

2) Textile Exchange textileexchange.org/2025-recycled-polyester-challenge

Solution dye

A coloring method where the dye is fused with the synthetic fibre rather than added to the finished fabric. Solution dye requires 75% less water in the production process and reduces energy consumption and carbon emissions by 30%. By adding the color granules to the liquid polymer solution, there is no need for additional dyeing, rinsing and drying. The result is a colorfast, UV-resistant fabric that won't stain or bleed.

SEAQUAL marine plastic

A sustainable, fully-traceable raw material made from marine litter, such as end-of-life fishing nets and other plastics used in aquaculture. SeaQual Initiative is a community of individuals, organizations and companies working together to clean our oceans. The plastic collected from oceans, lakes and rivers are sorted by polymer type. The different plastics are then upcycled by shredding them into pellets or chips, that can be remade into yarns and molded shapes.

Cotton

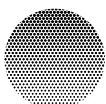
A plant-based, renewable fibre that can be recycled or biodegraded at the end of the product's lifecycle. The cotton fibre is harvested, combed and spun into a yarn that can be used to create an all-cotton fabric or mixed with other fibers to create durable blends.

Wool

A natural, renewable fibre made from the coats of sheep, goats and similar livestock. Our goal for 2025 is that all wool used in our garments is produced in accordance with the Responsible Wool Standard (RSW), a global program focused on promoting environmental sustainability and animal welfare in the wool industry.

Biobased

A material made from living organisms such as non-edible plants or other renewable agricultural, marine, and forestry materials. Examples of biobased materials include cellulose, castor beans, corn, soy and vegetable oil.





04 Production

PRODUCTION. MOVING FORWARD THROUGH COLLABORATION.

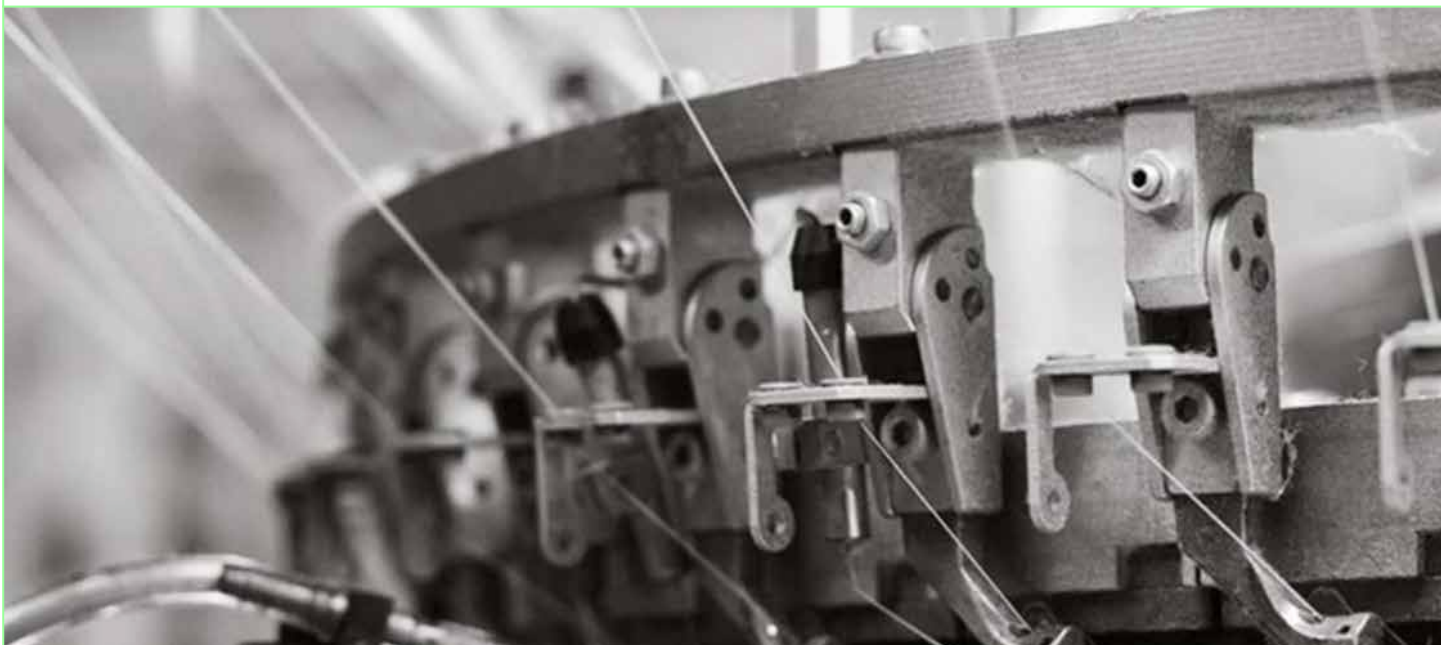
Today, 80%* of a garment's environmental impact originates in the production phase. In other words, there's a lot to gain from making the beginning of the lifecycle a priority.

Our overall production objective is to secure a supply chain that is committed to work for a reduction of the climate impact of our industry, without compromising worker safety and well-being. Today, our sourcing offices are located in China, India, Vietnam and Bangladesh close to suppliers, textile mills and production facilities throughout Asia. The day-to-day contact with the production chain makes it easier to ensure that our environmental requirements, based on the United Nations' global goals for sustainability, are met by our suppliers. As a member of the amfori BSCI initiative, we also share reports and findings with thousands of other affiliated companies, and demand that every supplier submits to third-party audits and onsite inspections.

All of our suppliers must meet our Code of Conduct and be open to unexpected factory visits by independent observers at any time. Our goal is that 100% of our suppliers pass a valid third party audit with good grade. Today, the number is at 96%. To keep moving forward, we'll extend the goal to include Tier 2 suppliers by 2025.

As production facilities consume a lot of energy, our goal is that our main suppliers use energy from renewable sources such as solar, wind, hydro and biomass by 2030. To reduce the need for long-distance transports, we have also set a goal to produce 50% of all garments closer to market by 2030. For our own operations, our goal is that all Craft offices use electricity from 100% renewable sources by 2023.

* Source: Mistra Future Fashion The Outlook Report 2019





Long-term objective:
To secure a supply chain committed to a
reduction of our industry's climate impact

Production KPIs:



Full traceability for all
products by 2025



Tier 2 suppliers included in
auditing programs by 2023



Main suppliers (Tier 1 and 2)
using renewable energy by 2030

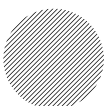


100% renewable energy in
our own operations by 2023



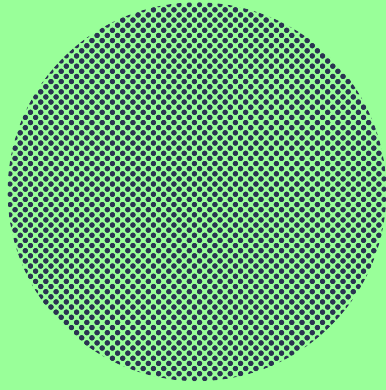
Daniel Högling
Product & Marketing Director

“We work together to
demand more from the
supply chain”





**DESIGNED
TO GO THE
DISTANCE.**




05 Packaging

PACKAGING. WRAPPED WITH PURPOSE.

Unlike our apparel, our packaging is not meant to last. To minimize the long-term effects of everything that protects our garments, shoes and accessories during the journey to our customers, we make a conscious effort to use more sustainable materials. This means that we work proactively to source recycled and recyclable materials for all packaging, for every product and in every market, to leave as minimal a trace as possible. Therefore, the paper used for the labels, boxes and tags that come with our garments are printed on 100% FSC®-certified paper, that's sustainably sourced and has an audited trail from harvest to delivery.

Our stated goal is that all packaging we use should be 100% recyclable after serving its purpose. But most important is to reduce the use of unnecessary packaging materials. In 2020, we launched a new, simplified system that eliminates the need for differentiated packaging by introducing three sizes that fit all: small, medium and large. A modular way of thinking that translates into less waste, as outdated boxes won't have to be discarded, and more efficient use of space throughout the entire logistics chain.





Long-term objective: Work towards a substantially reduced use of packing materials

Packaging KPIs:



Reduce the use of plastics and unnecessary packing or labelling with 35% by 2025



All bags used for packing garments made from more preferred materials



All labels, tags and packaging made from FSC[®]-certified paper

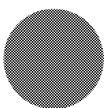


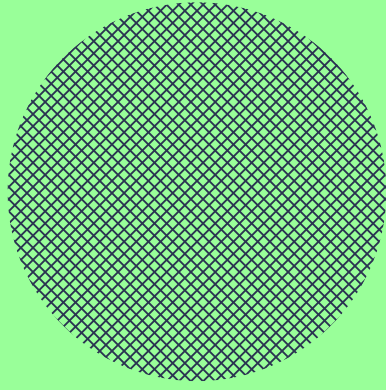
Introduce preferable alternatives to shoeboxes by 2025



Daniel Högling
Product & Marketing Director

"The packaging we use
should leave as small a
mark as possible."





06 Logistics

LOGISTICS. SUSTAINABLE SHORTCUTS ONLY.

At any given time, thousands of our garments are en route to retailers and athletes all over the world. By sea, by land, but almost never by air.

Our stated goal is to minimize greenhouse gas emissions resulting from our daily operations. To achieve this, we select the most sustainable transportation method suited to the distance. As air freight carries a significantly larger carbon footprint compared to shipping by boat or by train, we are working diligently to keep our containers from ever getting airborne. For 2025, our goal is to reduce our emissions from air freight with 30% by 2025.


Today, the vast majority of our goods is shipped by boat. As a member of Clean Shipping Index, an initi-

ative aiming to push carriers to use cleaner vessels, we are actively working to reduce the impact of shipping on the world's oceans.

However, the most sustainable journey is often the shortest one. That's why we strive towards reducing the need for shipping physical samples and producing more items closer to market in the future. Today, we have production facilities on all continents, and our long-term ambition is to increase the percentage of local and regional manufacture.

When it comes to our own mobility footprint, our goal is to reduce emissions from all Craft vehicles with 50% by 2025.





Long-term objective:
To significantly reduce overall freight
distance and total emissions resulting
from shipping

Logistics KPIs:



Reduce our emissions from
air freight with 30% by 2025

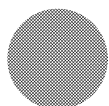


50% reduction in emissions
from Craft cars by 2025



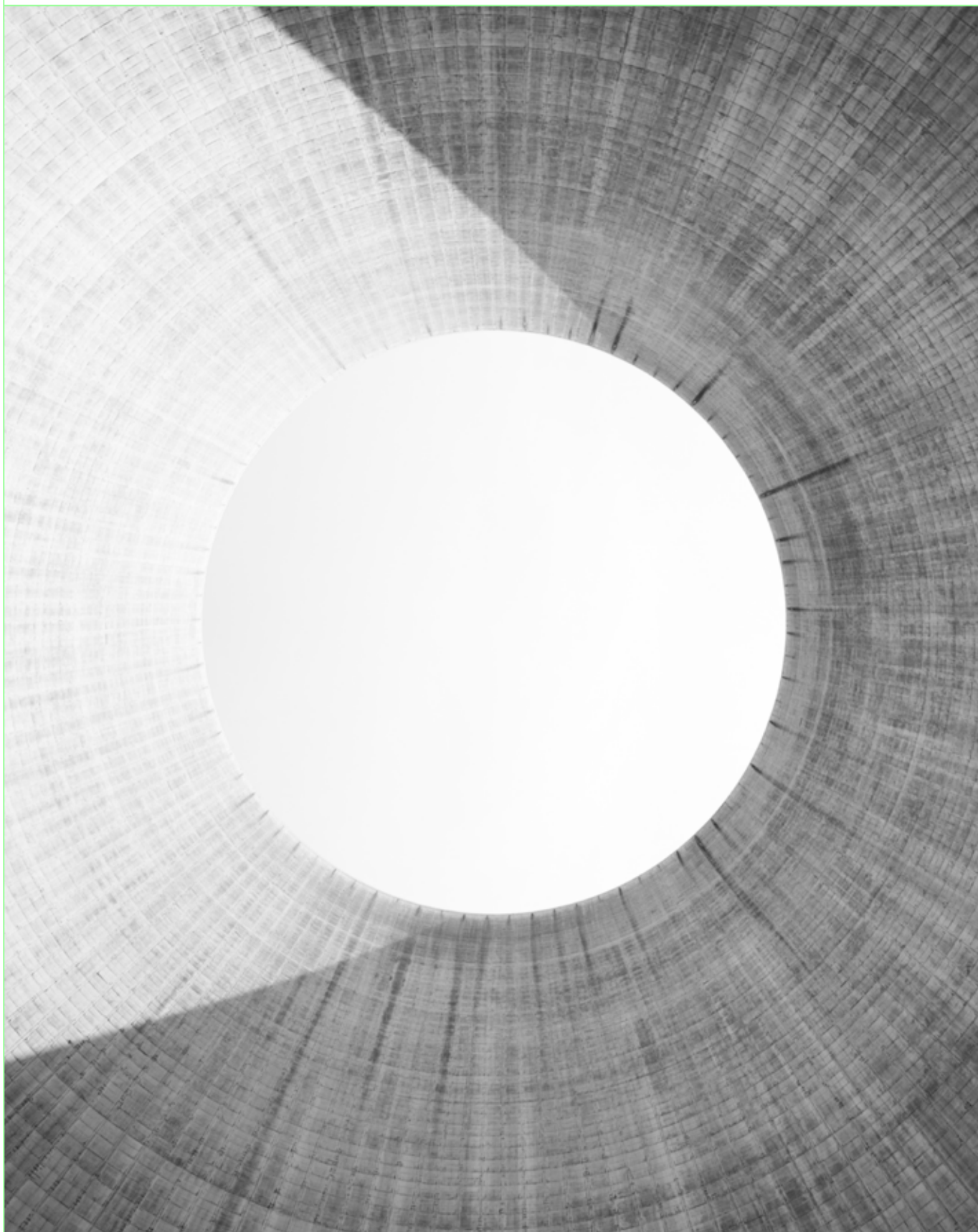
Marie Nohlborg
Commercial Manager

”Shipping by boat rather than
air reduces CO₂ emissions by
20-30 times.”





New business models





Circular options for all athletes.

Our apparel is designed to go the distance. Starting from 2023, we'll work to introduce circular models that further extend their lifecycles. Like letting our customers hire the functionality they need when they need it, or pay their trusty training companions forward when it's time to elevate their game.





**LET SOMEONE
ELSE'S JOURNEY
START IN YOUR SHOES.**



Partnerships & associations





STICA

The Swedish Textile Initiative for Climate Action is a non-profit organization dedicated to creating a roadmap and action plan for the Swedish apparel and textile industry with the aim of reducing greenhouse gas emissions beyond the 1.5°C warming target.

amfori BSCI

An initiative of the Foreign Trade Association (FTA), the leading business association of European and international commerce that brings together over 1,500 retailers, importers, brands and national associations to improve the political and legal framework for trade in a sustainable way.

RISE Chemical Group

A network run and coordinated by RISE, The Swedish Research Institute, in collaboration with experts from universities and governmental bodies dedicated to sharing knowledge and findings to prevent the occurrence of unwanted chemicals in the production process.

Fair Labor Association

A collaborative effort of universities, civil society organizations and companies dedicated to protecting workers' rights around the world.

Clean Shipping Index

The Clean Shipping Index (CSI) is a non-profit organization offering a voluntary environmental label providing market incentives for clean shipping to achieve environmental progress in the shipping industry.

International Accord

The International Accord for Health and Safety in the Garment and Textile Industry is a binding contract with the purpose of increasing safety in the textile industry in Bangladesh and beyond. The contract stipulates regular electrical and building inspections, and mandatory training and education in fire safety.



