Acne Studios

Sustainability report

FY 2023/2024

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Introduction

This third sustainability report since we renewed our strategy that includes nine ambitious long-term goals, marks another important milestone in our journey. The year has been defined by both achievements and challenges, with the most notable being the completion of our B Corp certification after a two-year long process.

Key insights
For the first time, we saw a decline in our annual GHG emissions across Scope 1, 2 & 3, mainly due to reduced production volumes, in line with our business plan. However, challenges remain, especially with emissions from air shipments and business travel. Our new preferred+ strategy was launched focused on recycled and regenerated fibres, with full traceability to farms. Using WWF's biodiversity risk filter, along with reports of flooding at Italian suppliers, highlighted that climate change is already impacting our supply chain. Social responsibility remains a priority, with 68% of our production now paying above living wages or CBA levels, up from 52% last year. Lastly our Wardrobe Study provided valuable insights into consumer behaviour, helping us understand which products are used most to guide future design decisions towards product longevity.

B Corp Certification
Becoming a B Corp was a significant milestone for us.* This certification acknowledges our responsibility to the environment, our community and our employees. The assessment included a 360-degree evaluation of all our operations. From practices at our offices, to activities in our stores and warehouses, relationships with our suppliers and to the sustainability performance of our collections. The process helped us identify key gaps, leading to the introduction of new policies and practices. A small and illustrative example of the comprehensive review is that our lunch restaurant at Stockholm HQ now has a formal policy towards organic, seasonal food, with two meat-free days a week.

Data projects and DPP
A major focus has been placed on data management projects, including preparing for the launch of our Digital Product Passport (DPP) in 2025. This required updates to our PLM and IT systems to store and publish data accurately for the DPP, which customers will access via QR codes on care labels. These efforts prepare for upcoming EU regulations demanding disclosure of even more detailed sustainability data. We also enhanced our PLM system with 'routing' to document all production locations and steps for materials and products, giving us a clear overview of our supply chain. Additionally, we automated the consolidation of product, supply chain, and order data, making it easier to review performance and track sustainability results. We are excited that this will lead to more efficient ways of working and we are committed to further advance our data management next year.

*The B Corp verification was processed during this financial year with finalization in October 2024

Progress challenges
Despite our achievements, we also faced several challenges. A reduction in team size and turnover among key staff impacted our ability to fully implement some initiatives. For instance, while we managed to reduce our climate impact, we struggled to effectively communicate and anchor our 2030 climate roadmap internally as planned. Additionally, our low-impact production strategy did not progress. We reduced the share of GOTS-certified garments and low-impact treated denim and more time was needed to refine and roll-out the low-impact garment treatment guide. While we did increase the use of preferred materials compared to last year, it fell short of our initial goal. These setbacks have prompted us to prioritise our key categories and key strategic partners, those who account for majority of our order volumes.

Next year
Looking ahead, two major activities are in plan for next year. We will focus on preparing for upcoming EU regulations, including the Corporate Sustainability Reporting Directive (CSRD), and conduct a double materiality assessment. This also includes performing stakeholder dialogues and will give us input to refine our strategies. The second priority is to strengthen sustainability ownership across the organisation by creating more cross-functional working groups and reviewing our governance structure.
Our goal is to ensure that sustainability becomes a collective responsibility, embedded in every part of the organisation as well as in our business plan. Alignment is crucial to be prepared for upcoming legislations and to continue to progress in our sustainability targets.

Our approach to sustainability

Our fundamental mission is to be a progressive luxury house significant for our times. We are now in more challenging and unpredictable times than ever. There is an urgency to reduce global GHG emissions and to end the rapid loss of biodiversity.

Global political instability requires us to have a more holistic approach to our business strategies, one that is firmly anchored in our beliefs and values. Significant for our times means for Acne Studios to be courageous and creative within the planetary boundaries, and to put sustainability at the core of what we do.

Materiality assessment

To define Acne Studios sustainability strategy and key priorities, we continuously evaluate the sustainability challenges that are most relevant for our industry, our stakeholders, and our business operations in a materiality analysis. This is done by creating a list of relevant issues throughout our value chain based on interactions with stakeholders and major industry benchmarks. We select and prioritise these topics based on their impact on our economic, social and environmental performance, and their level of importance for society and our stakeholders. The result of the materiality analysis is integrated into our sustainability strategy, and the importance of issues is reflected in the ambitions of our long-term targets. issues is reflected in the ambitions of our long-term targets.

Acne Studios materiality matrix

Importance for stakeholders ↓ / Importance for Acne Studios →	Moderate	High	Very high
Very high	Transparency	Business interest & purpose, gender equality, living wages	Product quality & craftmanship, climate change, biodiversity, respect for human and worker rights
High	Water stewardship, packaging	Circular design, customer awareness, chemical management & pollution, sustainability standards in supply chain	Preferred and recycled material sourcing, purchasing practices, waste management, traceability
Moderate		Employee satisfaction & development	Product innovation, customer satisfaction

Focus areas in our sustainability strategy:

- Design for longevity
- Preferred materials
- Low-impact production
- Traceable supply chains
- Protecting worker rights
- Strategic partnerships
- Reduced climate impact
- Circular packaging
- Employee satisfaction

Stakeholder engagement

Many people and organisations influence or are influenced by the choices we make as a company. The 'stakeholder interactions chart' shows our most important stakeholders and how we interact with them. Our stakeholders are not limited to those listed; we also maintain contact with educational bodies, students, trade associations and media. Our cooperation with other brands, civil society and policy makers is often part of our involvement in multi-stakeholder industry initiatives. Our stakeholders' input on environmental, social and governance issues is key to continuously refine our sustainability priorities.

Collaboration in multi-stakeholder industry initiatives is an effective way to stay up to date on developments, share knowledge, exchange points of views, and ultimately to change the industry for the better. The input from these initiatives is an important contribution to our continuous materiality analysis. This overview lists all industry initiatives we take part in and the focus areas they relate to.

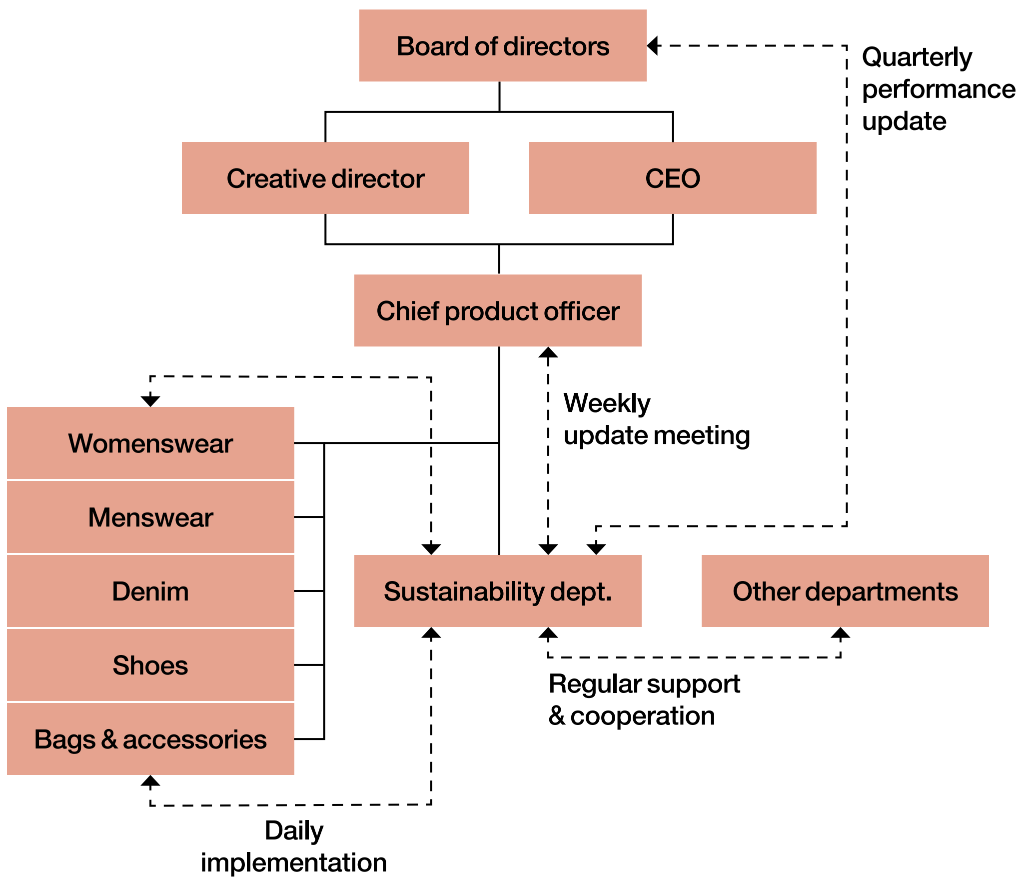
Stakeholder interactions	
Consumers	In store communication, Social media engagement and newsletter information, Customer service
Wholesale Partners	Dialogue on sustainability strategy and progress, Regular verification of product communication
Colleagues	Seasonal CEO meeting, Internal workshops, Intranet
Suppliers	Worker complaints procedure, Supplier audits, Management & worker trainings.
Business partners	Dialogue on sustainability strategy and progress surveys.
Industry initiatives	Digital and in person meetings, Industry group roundtables, Surveys, Partner collaborations.
Civil society	Yearly contribution initiative, Digital and in person presentations of civil society partners for employees.
Other brands	Collaboration in mutual projects, Information sharing.

Industry initiatives	Focus areas
Textile exchange	Preferred materials, traceable supply chains
Fair wear foundation (FWF)	Protecting worker rights, traceable supply chains
Italy fashion working group (IFWG)	Protecting worker rights
Swedish textile initiative for climate action (STICA)	Reduced climate impact
Leather working group (LWG)	Low-impact production, traceable supply chains
Swedish shoe environmental initiative (SSEI)	Low-impact production, circular packaging
Chemical group at Rise	Low-impact production
SFA learning & innovation network	All
B Corp	All

Integration of sustainability

To implement our sustainability ambitions, responsibilities are integrated in our organisation and business strategy. Our CEO has the overall responsibility for our sustainability strategy. The sustainability team lies within our product and design department and is responsible for presenting and incorporating sustainability strategies and targets into our organisation. The sustainability team has regular collaborations with departments such as PR & marketing, supply chain and human resource, depending on specific projects and targets. Every financial year, our management team sets annual business targets in which our sustainability targets are integrated. These targets are signed off by our CEO and Board of Directors. The Board of Directors also officially approves our sustainability report before publishing.

Integrating sustainability into our business, means ensuring that the people who move us forward are respected, included, and empowered. We are committed to supporting the people in our workforce and explain our strategy in the section 'Our Workplace'.



Sustainability strategy

Creative manifesto

The baseline for our sustainability strategy is our creative manifesto. It represents our shared values and defines a set of principles which are guiding us towards our sustainability targets.

Progress through creativity

— Design lasting icons. Create desirable products that stand the test of time with considerations for their entire life cycle.
— Create with impact in mind. Choose quality materials and solutions consciously to minimise environmental impact.
— Strive for progress together. Build partnerships with suppliers that share our sustainability values for people and nature.
— Be curious and honest. Implement a culture of transparency and learning within our supply chain and towards our customers.
— Act on climate. Adapt our business model to reduce the carbon footprint across our operations in line with climate science.

Progress overview

Our sustainability strategy is built around three core pillars: our collections, our partners, and our impact. Within these, we have set targets across nine focus areas, all working together to drive our vision for progressive creativity.

The strategy is designed to enable a transparent verification, both internally and externally, on the result of each target. Below table presents this year's key progress towards our long-term target for each focus area. Each year, we set milestones for each focus area to outline our goals for the year ahead, which will be detailed in the following chapters.

	Progress through creativity		
	Focus	**Long-term target**	**Key progress fy 23/24**
Our collections	DESIGN FOR LONGEVITY	100% of our collection designed according to our longevity principles by FY 30/31	Conducted a wardrobe study on product use patterns and created a design for longevity evaluation tool
	PREFERRED MATERIALS	100% use of preferred raw materials in our collection by FY 26/27	70% of our collection made in preferred raw materials and launched new preferred+ material strategy
	LOW-IMPACT PRODUCTION	100% use of low impact processes in production by FY 26/27	20% of our collection made with verified low-impact processes and over 70% of production covered by our supplier environmental questionnaire
Our partners	STRATEGIC PARTNERSHIPS	>50% of order value with suppliers that share our sustainability ambition by FY 26/27	35% of order value with product suppliers scoring high in our sustainability evaluations and implemented responsible business conduct policy
	TRACEABLE SUPPLY CHAINS	100% traceable supply chain down to raw materials by FY 26/27	100% tier 1 and 91 % tier 2 traceability aswell as 67% tier 4 country of origin verification, all documented in new PLM set-up
	PROTECTING WORKERS RIGHTS	100% monitoring of workers' rights across our supply chain by FY 26/27	Leader in social responsibility as verified by Fair Wear and 68% orders at factories paying living wages or above national CBA levels
Our impact	REDUCED CLIMATE IMPACT	50% absolute reductions of scope 1, 2 & 3 emissions by FY 30/31 vs. FY 20/21	Reduced total Scope 1, 2 & 3 GHG emissions with 4% to base year FY 20/21 and 15% to last year FY 22/23
	CIRCULAR PACKAGING	Circular packaging across all our operations by FY 26/27	54% of Acne Studios paper packaging made in recycled paper and introduced reuse of returned e-com packaging at our warehouse
	TOWARDS ZERO WASTE	Reducing, reusing and recycling of waste across all our operations by FY 26/27	-8% annual net stock balance of pieces produced vs. sold and created strategy for left-over fabrics

*Tier 1 suppliers are those involved in product manufacturing. Tier 2 refers to material production and tier 4 to raw material creation via farming or fiber production.

Our collections

We are what we create, from our women's and men's ready-to-wear, to our iconic denim, footwear, and leather goods. Every decision we make when designing, producing and presenting our collections should be taken with sustainability in mind. We want to create lasting icons through intentional 'Design for Longevity', by choosing preferred materials and by using low-impact production processes. The following pages provide information on how we achieve this.

Design for longevity

Target: 100% of our collection designed according to longevity principles by FY 30/31

Key progress: Ran a wardrobe study and created a longevity evaluation tool

Ensuring longevity of our products is the most important action to reduce our environmental impact. Designing for longevity means to consider the entire lifecycle of a product, including how it is used, cared for, repaired, passed on, reused and, ultimately, recycled at the end of its life.

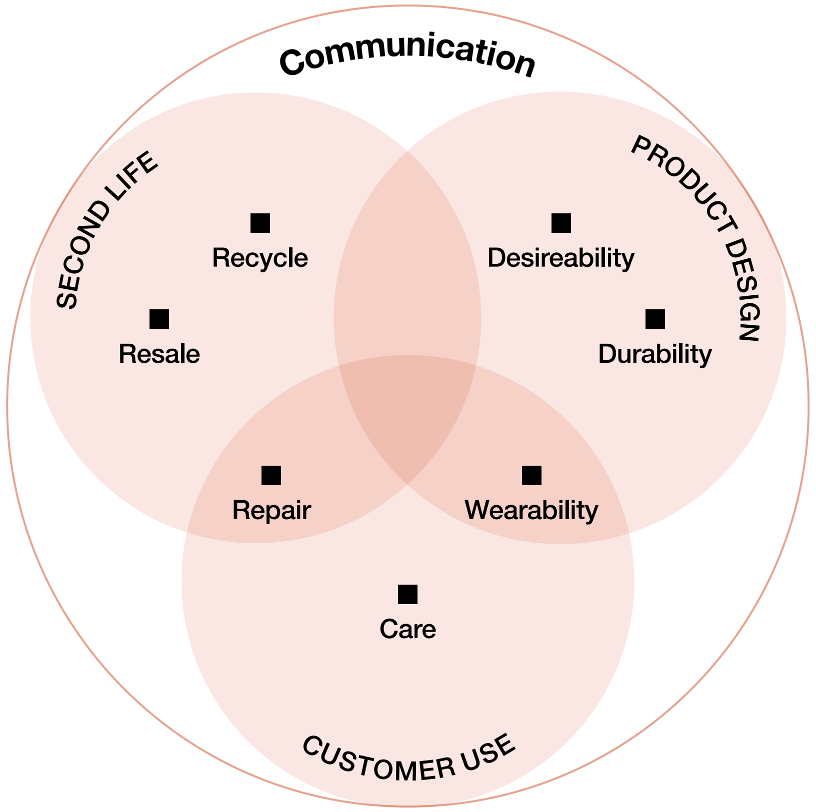
Our current way of working offers a solid foundation to start from. We create products that are highly desirable to our customers. We carefully choose our materials and constructions, and we have strong quality control processes in place. However, we believe we need to add more processes to capture the product's whole lifecycle.

Our ambition is to implement 'Design for Longevity' principles that state what needs to be considered when we create and promote our products. We are aware this needs to be made by acknowledging we are in an industry that has continuous change in its fundamental nature. To fully encapsulate that requires an understanding of customer behaviour that goes beyond only enabling physical durability.

Design for longevity principles

Progress	Made a wardrobe study and created a longevity evaluation tool
Next steps	Further develop and integrate our design for longevity tool

This year we have continued to learn and create internal awareness on how to enable products' longevity, based on our principles identified last year: desirability, durability, wearability, care, repair, resale, and recycling.



We conducted an extensive 'Wardrobe study' to understand user behavior, e.g. why are certain products becoming favourites and why are some products not used at all? Participants from different internal business functions worldwide used the 'Save your wardrobe' app and mapped their product use for at least one month. This was followed by several workshops where we deep dived into the participants' use and consumption patterns for different product categories. The workshops were joined by representatives of the University of Glasgow. Learnings included that denim is the by far most used product category and that our bags and outerwear are the items that are most resold and repaired due to higher value. Another key finding was the importance of versatility, e.g. the products used the most are those that can be styled in different ways, used on different occasions throughout the year, and that fit multiple outfits in the participant's wardrobe.

Based on the findings, we created the first version of a 'Design for Longevity' evaluation tool with questions to be asked throughout our design and development process:

1. Is the product iconic / does it have a unique AS design element?
2. Will it live in the collection at full price more than 4 seasons?
3. Is it versatile?
4. Will it be desirable for consumers for many years?
5. Is the choice of materials, trims, constructions, relevant to the product purpose and its expected use? Will it age with beauty?
6. Is it fit for sharing, repairing, reselling?
7. Does it have a next life solution?

The tool and the results from the wardrobe study were shared with our commercial and marketing teams as well as our full design team. During the workshops we gathered feedback from these teams on how to integrate this in our internal processes. Next year, we will continue to finetune the 'Design for Longevity' tool and conduct more internal workshops. We also believe this will be an important exercise to prepare for upcoming EU legislation on product design and circularity.

Product durability

Progress	Integrated longevity questions in wear-test questionnaires
Next steps	Align our quality processes with upcoming legislation

We want to assure that our products live up to our high-quality standards and can stand the test of time. We have several quality measures integrated into our development and production processes and follow up on customer feedback and claims. In terms of claims, we landed in an annual customer claims share of 0,65% of total sales quantity, which is slightly higher than last year.

In our extensive wear-test program hundreds of samples are wear-tested every season to gather feedback on materials, trims and constructions before we go in production. This year we added questions from our longevity tool, such as on product versatility and desirability to capture more alongside input on functionality and physical durability in these assessments.

Several projects on prolonged durability have been carried out on denim and jersey/fleece products during the last two years to verify physical durability after long-term use. Next year, we will follow up on these products with a durability assessment of at least more than a year of use. A key milestone for next year is to also align our quality and durability processes with upcoming legislation in France and EU.

Care and repair services

Progress	Implemented new care cards for shoes and bags
Next steps	Launch updated repair service in selected markets

We aim to empower our customers in taking care of their garments, to maintain the quality and enable the longest lifetime possible. We advise customers on product care via care cards and care labels and by providing information in our stores. Last year we developed a product care guide for our online store that informs customers on how to maintain quality and appearance over time. New for this year is that we introduced tailored care cards on categories that need extra care, such as shoes and bags.

We offer repair service to our customers and stores in collaboration with local tailors and cobblers to repair any production faults where possible. At our HQ, we keep a large storage of spare parts that go back several seasons to enable a continuous repair service. We would like to formalise this process further and make sure that we provide the same repair support across all our stores. This year, we have mapped our current processes across stores and next year, we will launch a more comprehensive strategy that will include a repair service that goes beyond support on regular customer claims. We will also launch an optimised spare part service so all stores will have common spare parts available in store.

Alternative business models

Progress	On hold for reassessment next year
Next steps	Create working group on alternative business models

As part of both our 'Design for Longevity' strategy and our climate roadmap, we want to explore new business models. Our focus is on researching resale opportunities and finding the most relevant set-up that aligns with our brand identity. A working group on alternative business models will be set up within our commercial team to lead and manage this initiative.

Product recyclability

Progress	> 43% of collection valid for fiber-to-fiber recycling
Next steps	Integrate recyclability guidelines in longevity evaluation tool

Recyclability is one of our seven 'Design for longevity' principles. This year we have assessed that at least 43% of our collection can be recycled into new fibres, based on recyclability criteria of major recyclers in the EU. This includes items that have a composition of 100% wool or cashmere and more than 95% cotton. Styles that contain plastic, thick prints or trims that are limiting the recyclability were removed. We have taken a conservative approach because the textile recycling industry is still under development.

We aim to create partnerships between our suppliers and recyclers, monitor technological innovations, and comply with the upcoming extended producer responsibility (EPR) regulations for textile waste. To comply with EPR legislation in France, we are a member of ReFashion. Last year, we had a target to incorporate recyclability guidelines within our 'Design for Longevity' evaluation tool. However, as the tool is still being finetuned, this has not yet been done and we plan to work further on this during next year.

Preferred materials

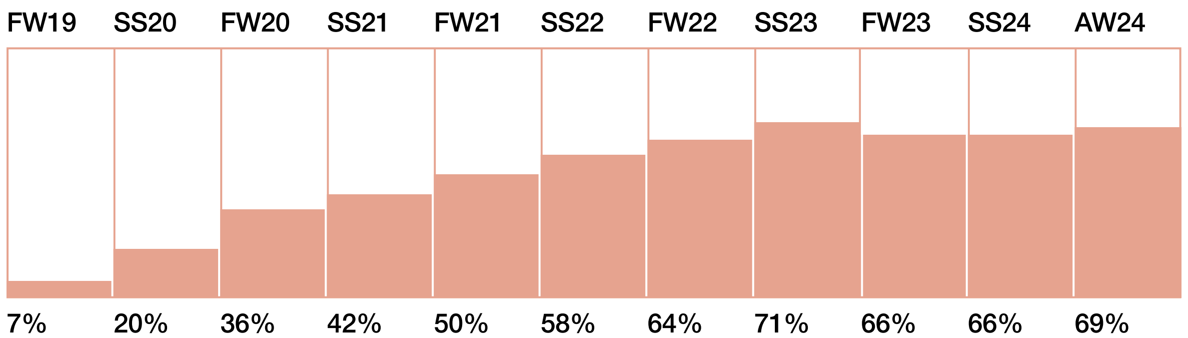
Target: 100% use of preferred raw materials in our collection by FY 26/27

Key progress: 70% of our collection made in preferred raw materials

We carefully select each material in our collection based on the desired look, quality, and sustainability performance. The production of raw materials can have significant environmental and social impacts. To reduce these impacts, we have been working for several seasons to increase the use of preferred materials. Our raw material classification tool, as shown in Annex 1, defines which materials we consider preferred. Raw materials are 'preferred' if they are verifiably more sustainable in terms of biodiversity, climate, animal welfare or human rights. Since material selection has a big impact on our climate footprint, a special focus is on finding ways to reduce GHG emissions associated with our raw materials.

Seasonal preferred materials progress

Share of seasonal order weight



Preferred materials

Progress	70% of collection made in preferred materials
Next steps	Implement preferred+ into target setting for all fibers

This year, the annual share of preferred materials accounted for 70% of the total order weight*, including both seasonal and repeat orders. We have achieved this in the past years, thanks to the dedication and efforts of our sourcing teams across all product categories. The closer we get to 100%, the more challenging it is to increase the share of preferred materials. We therefore have implemented the rule that all new developments should be made in preferred materials. In case of exceptions, these need to be approved by our Chief Product Officer. Next year we expect to see an increase in the share of preferred materials due to this decision. Currently, 85% of our cotton use is organic and 78% of our wool is RWS certified.

We had a deeper look at our preferred materials strategy and added another level to our classification tool called preferred+. Preferred+ fibres represent a next step and include natural and animal materials from regenerative farms that not only meet minimum certification requirements but also focus on progress over time on biodiversity, water, soil health and other sustainable farming parameters. In addition, preferred+ represents fibres that are recycled in the best way possible, as explained in the next section. This year, we have started to implement our preferred + strategy with a focus on wool and next year we will integrate preferred+ into the target setting for other fibres.

*This includes the main components of our products, such as shell and lining for a garment and upper and sole for a shoe.

Recycled materials

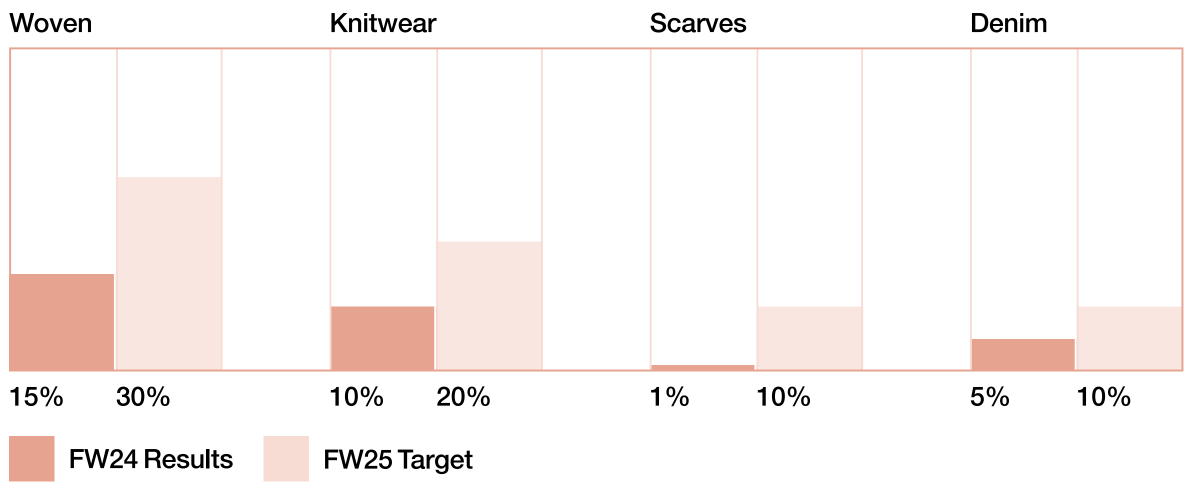
Progress	Recycled targets for wool and cotton heavy product categories
Next steps	Continued focus on recycled wool and cotton

We intend to increase the use of recycled materials as it is the most effective way to conserve natural resources. Our collection is made of 8,5% recycled materials, which is in line with last year. We introduced seasonal targets for key categories to drive further progress. We mainly use recycled cashmere and synthetics for knitwear, recycled wool for woven and recycled cotton for denim. For scarves, it has proven to be more challenging to use recycled fibres mainly due to color and quality limitations. For coming seasons we will continue to set upwards targets for these product categories and add targets for the cotton heavy jersey/fleece category.

Recycled materials also form a substantial part of our preferred+ strategy. Within this strategy we aim to increase the share of recycled materials and focus on better ways of recycling. For example, half of our polyester is recycled, but this represents recycling of PET bottles into polyester garments. PET bottles can successfully be recycled in new PET bottles and using it for textiles interrupts a closed loop system. Fibre-to-fibre recycling or the use of biobased synthetics would be a next step and therefore considered preferred+ fibres. This is a long term vision as these options are less widely available and further innovation is needed.

Recycled materials progress

Share of seasonal order weight



Strategic wool sourcing

Progress	Good Wool Collective membership
Next steps	Develop first wool products from regenerative farms

After cotton, wool is the material we use most in our collection as a long-lasting and high-quality fibre. It is a material with a large climate footprint but it is also a material that we believe in and has big potential. If wool farms are managed correctly, there are ways to increase the health of the soil and biodiversity to sequester carbon, or to reduce the climate emissions of sheep by breeding strategies and providing specific food supplements. We have done extensive research on these topics by consulting suppliers, other fashion brands, wool associations, and certification organisations. To share our learnings with other fashion brands and learn from their experiences, we have recently joined the Good Wool Collective. This group comes together every two months and each meeting consists of an expert talk to inform and inspire, followed by a workshop and discussions aimed at turning learnings into action.

We have been looking into opportunities to lower the carbon footprint of wool by sourcing wool from farms with proven lower impact on climate and biodiversity, as also explained in our preferred+ strategy. We have mapped out opportunities to establish sourcing relationships with wool farms in Australia, New Zealand, South Africa and South America that prioritise climate and biodiversity conservation by practicing regenerative farming methods. We are working on integrating this wool into our knitwear and scarves offer. We are on track to have this wool in our collection as of season FW26.

Strategic leather sourcing

Progress	Developed slaughterhouse questionnaire
Next steps	Continue research into sourcing low impact leather

Leather is used in our bags, shoes and outerwear. As there is no certification standard for leather that comprehensively addresses all environmental and animal welfare impacts, we defined our own preferred leather criteria. Preferred leather should come from a tannery with a Leather Working Group (LWG) Gold or Silver rating, be traceable back to the slaughterhouse, and originate from a country with low risks on animal welfare (see annex 1). We aim to phase out leather from countries with high risks on animal welfare, and introduced a slaughterhouse questionnaire for leather from mid risk countries this year. Leather from a mid risk country is preferred if it is traceable back to a slaughterhouse that has completed this questionnaire on social and animal welfare conditions. We have discussed this with several of our tanneries already and will send out the first questionnaires next year.

As part of our preferred+ strategy, we explore possibilities to source recycled leather or low-carbon hides from farms with regenerative practices. Since leather is a by-product of the meat industry, the supply chains are opaque, making it challenging to integrate leather from farms with better practices into our supply chain. To develop a low impact leather sourcing strategy, we need to do further research like we did for our wool sourcing. Our primary source of information for this is the LWG, of which we and 88% of our leather tanneries are members. Beyond auditing tanneries, the LWG focuses on environmental impact, deforestation, traceability, animal welfare, and social responsibility.

Biodiversity strategy

Progress	Completed WWF biodiversity risk filter as part of new strategy
Next steps	Complete WWF water risk filter

Biodiversity is a broad topic, covering all life on earth and linking closely with other sustainability topics such as climate impact and raw material sourcing. This year, we completed the 'Kickstarting Biodiversity' training program organised by WWF and the Sustainable Fashion Agenda (SFA) to deepen our understanding of our impacts on biodiversity. The main aim of this program was to successfully complete the WWF Biodiversity Risk Filter and to set the framework for developing a biodiversity strategy.

When completing the risk filter, we assessed all locations of our product and material suppliers and found the following key risks: water scarcity and pollution, forest productivity, wild flora & fauna availability, wildfire hazards and landslides. Our production relies on water for dyeing, washing and tanning, with pollution risks from chemical use. We therefore identified water scarcity and pollution as our biggest risk, especially for our facilities in Türkiye, Italy and China. To address this, we asked suppliers in our yearly environmental questionnaires if they are experiencing negative water-related effects of climate change. A few suppliers said they are currently facing the effects of climate change (floodings, water scarcity, landslides) while one-third said they are preparing for possible future effects. Next year, we will complete the WWF Water Risk filter to better map water risks.

The results of the WWF biodiversity risk filter for our raw materials revealed that many risks are influenced by farming methods. For leather, cotton and wool, the biggest risks we identified were soil condition, water condition and pollution. This confirmed our choice to focus on regenerative farming methods and recycled materials within our preferred+ strategy.

During the training program, we also took the first step to create a biodiversity strategy in line with the Action Framework (AR3T) from the Science Based Targets Network (SBTN) that is based on: Avoid & Reduce, Restore & Regenerate, and Transform. Next year, we will further develop our biodiversity strategy and include the results of our water risk mapping.

Low-impact production

Target: 100% use of low impact processes in production by FY 26/27

Key progress: 20% of our collection made with low-impact processes

Production processes such as tanning, dyeing, washing, and finishing invariably leave an environmental footprint due to the consumption of energy, water, and chemicals. Our goal is to minimise this through use of production processes with a verified lower impact. While approximately half of our materials are produced within the EU, where the best use of available technology is likely, we aim to verify this transparently through reliable data or certifications.

At a minimum, all our materials must meet requirements in our Restricted Substance List (RSL) of which we continosly perform chemical lab tests to verify compliance. Additionally, we have developed a low-impact production verification guide that outlines the certifications and standards we recognise as best practice. To progress towards increasing our use of low-impact processes, we have identified key focus areas and set annual milestones to guide our efforts.

Low-impact criteria

Progress	Around 20% of collection made with low impact processes
Next steps	Continue to review low impact technologies with suppliers

We have created a simplified guide for how to assess low-impact processess in terms of water, energy, waste, and chemical management. The guide is based on certification standards and well-known measurement tools that assess environmental performance on factory and individual article level.

Last year approximately 20% of our collection was made with verified low-impact processes for both main material and garment treatments and around 40% had at least one verified lower impact process. This includes LWG certified leather tanning, Global Organic Textile Standard (GOTS) certified dyeing on our jersey/fleece range and the use of low-impact denim treatments.

We are aware that this year's result is almost the same as last year and that we are far from reaching our target to verify our full collection's processes. However, even though we cannot always receive a third party certification or externally verified data, we know that many of our suppliers are taking initiatives to use lower impact technologies. For example, our main denim fabric mill in Türkiye is using indigo flow processes to reduce water consumption in fabric dyeing and uses natural dyestuff from the indigofera plant on some of our articles.

Next year, we'll focus on expanding third-party verified techniques and continuing supplier discussions on adopting low-impact technologies.

Low-impact production verification guide

Factory level verification	Article/style level verification
Certifications: LWG, Bluesign, Oeko Tex Step Memberships: Clean by Design, ZDHC, Higg Index Alternatively: Verified progress on suppliers own E-KPI's or own environment targets.	Certifications: GOTS, GRS, Bluesign Standards: EPD's, LCA's, Jeanalogica EIM Alternatively: Use of techniques verified with data as having lower environmental impact.

LWG certified tanneries

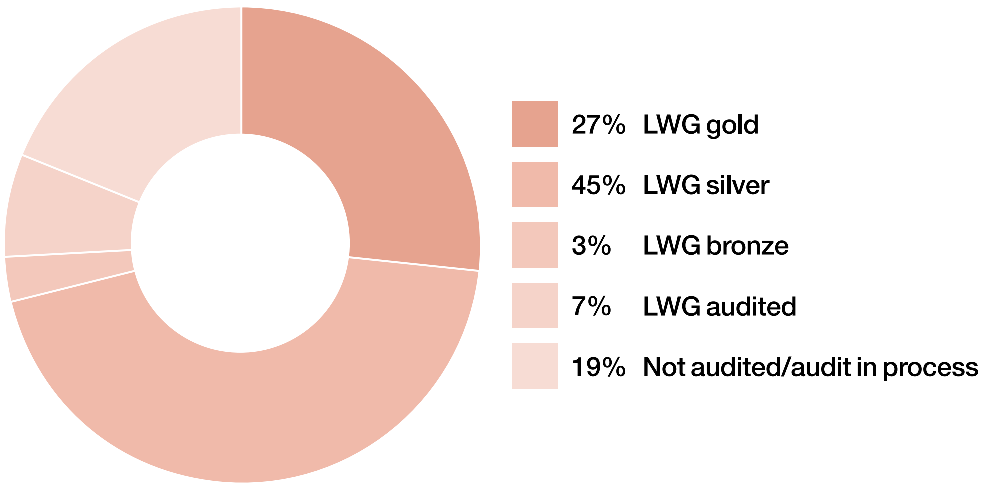
Progress	72% of leather made at LWG Gold or Silver certified tanneries
Next steps	Work towards only using LWG certified tanneries

The Leather Working Group (LWG) is a not-for-profit organisation that promotes sustainable and responsible practices in the leather industry. Member tanneries are audited to verify their environmental performance in terms of water, chemical and energy efficiency as well as traceability and finally ranked based upon performance.

This year, 82% of our total leather material use was from LWG audited tanneries, of which 72% from gold and silver ranked tanneries that meet our low impact criteria for leather. This is an increase from last year where the share was 69%. We aim to continue working towards our ambition of only using LWG certified tanneries over the next year. A main challenge is leather components in shoes, for example soles, where these standards are less available.

LWG certified tanneries

Share of weight in FY23/24



Low-impact certifications

Progress	13% of jersey/fleece with garment level GOTS certification
Next steps	Introduce garment level GOTS certified denim

Part of our low impact strategy is to increase the share of third-party certifications for processes on fabrics and finished products. This year, 13% of our jersey/fleece collection was GOTS certified, down from 30% compared to last year. This is due to sales shifting from our GOTS certified Face concept to other styles in our collection. A GOTS certification means that, on top of using organic certified fibres, the substances and dyes used meet strict environmental and toxicological criterias. It also means that all production facilities in the value chain have been audited for social standards. A limitation on GOTS, however, is that it does not assess energy and water consumption.

While the share of GOTS certified garments decreased, around 70% of our jersey/fleece fabrics and 25% of woven fabrics are certified, which is why we see potential to increase garment certifications once the rest of the supply chain is ready. Next year, we will extend our focus on GOTS certifications in jersey/fleece and introduce GOTS certified denim.
In addition, we will continue to research Bluesign certification that has strict requirements on chemical use and waste water treament during fabric production. We see potential to apply it on polyester and nylon products.

Garment treatments

Progress	50% of 5-pocket denim made with a low impact wash
Next steps	Keep streamlining low impact verification across categories

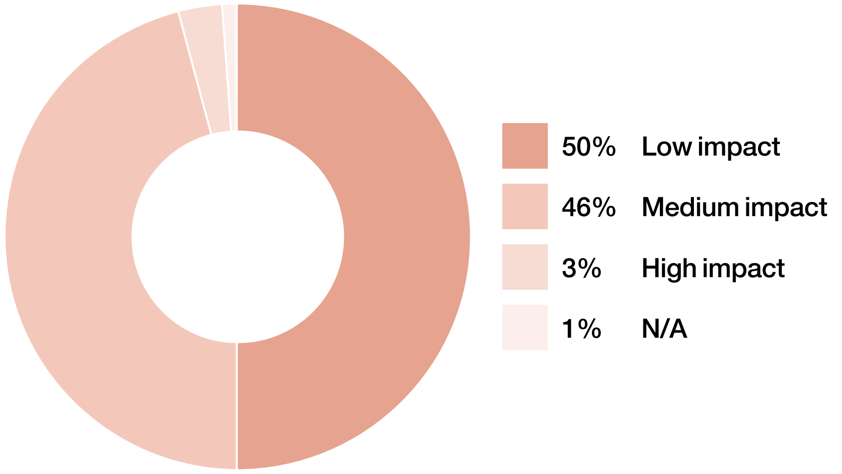
Most of our denim undergoes a garment wash and garment treatments are also applied in other product categories to achieve a certain look. For several seasons, we have been mapping the denim wash impact according to the Jeanalogica Environmental Impact Measuring (EIM) tool as described in our denim wash classification tool in Annex 2. Plus we aim to use less impactful techniques such as ozone and laser treatments.

This year, 50% of our denim orders were classified as low impact in terms of water, energy and chemical use. This is a reduction from last year when over 70% of denim was low impact washed. One reason for the decline is the introduction of more complex treatments. Additionally, we have begun applying the new, stricter Jeanalogia v.2 criteria, which has moved some of our previously classified low-impact washes to medium impact. We are committed to improving this next year.

For the past two years, we've been working to implement a similar scoring system for our jersey and fleece collections as we use for denim, given the significant share of garment treatments involved. We've received detailed environmental impact data from our Portuguese jersey and fleece suppliers. While their wash houses maintain high environmental standards, there is still work to be done to ensure the comparability of their data, as they are not using the Jeanalogica tool. To broaden our efforts, we will establish a focus group to extend our work beyond denim and jersey/fleece to the rest of our collection. Our goal is to finalise a comprehensive treatment guide for all categories and set clear criteria to track and reduce the environmental impact of our garment treatments.

Denim wash impact FY 23/24

Share of 5-pocket denim order weight



Environmental supplier data

Progress	Evaluated water and chemical performance at suppliers
Next steps	Improve data gathering process for better risk assessments

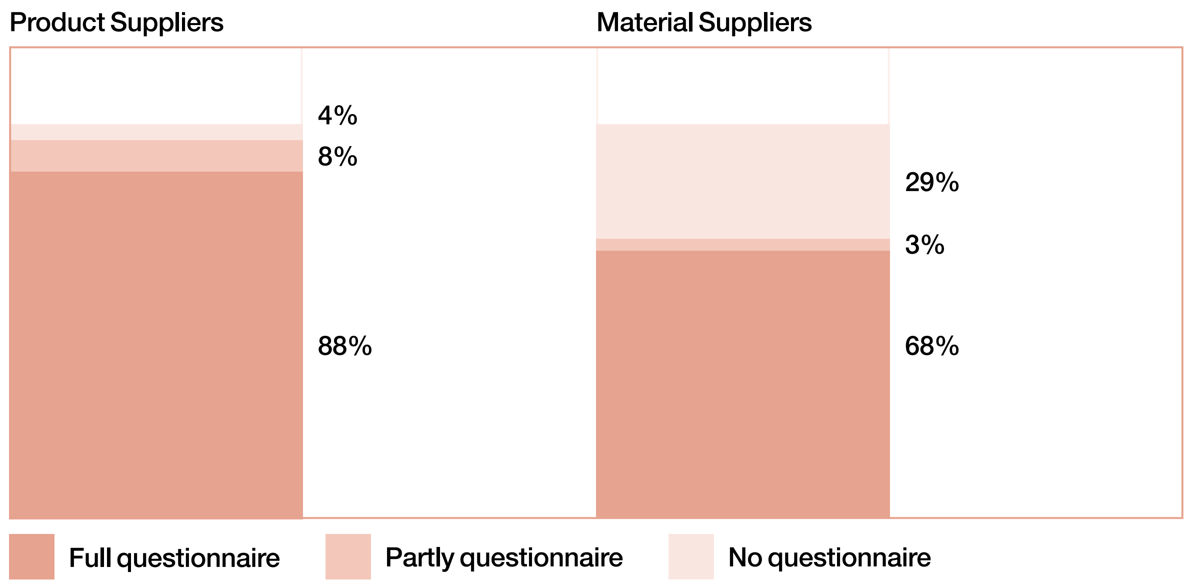
Over half of our materials are produced in Europe, with additional sourcing from Asia and other regions. To assess their environmental performance, we request that both product and material suppliers complete our environmental questionnaire to collect data on environmental management, water, energy, chemicals, and waste. This information is particularly critical from material suppliers due to their environmentally intensive wet processes.

Currently, 96% of product manufacturing and 71% of material production is covered by questionnaire responses. Some suppliers have fully completed the questionnaire, covering all relevant facilities, while others have provided only partial information, sometimes limited to the main supplier or agent only. A small portion of suppliers have yet to respond or receive the questionnaire.

This year, we reviewed our material suppliers' water and chemical management practices. In sum 50% of suppliers based on order volume report having internal water efficiency targets, and 46% share results on actual water reductions. For chemical management, 71% either participate in the ZDHC (Zero Discharge of Hazardous Substances) initiative or are LWG certified, demonstrating their commitment to minimising hazardous substance use. Additionally, 46% of our material suppliers are ISO 14001 certified, reflecting their commitment to environmental management. Next year, we will focus on improving response rates and data quality to enable more detailed risk assessments and drive targeted improvements directly with our suppliers.

Supplier environmental questionnaire

Share of response of total order weight FY 22/23



Our partners

Our ability to push the boundaries of creativity and sustainability is inherently linked to the success of our partners. We prioritise building strong, transparent relationships with our suppliers so that we can work together to achieve our long-term sustainability goals. Collaborating in industry initiatives is essential to gaining expertise and adopting best practices. The following pages explain how we are fostering strategic partnerships, ensuring traceability, and protecting workers' rights in our supply chains.

Strategic partnership

Target: >50% of order value with suppliers that share our sustainability ambition by FY 26/27

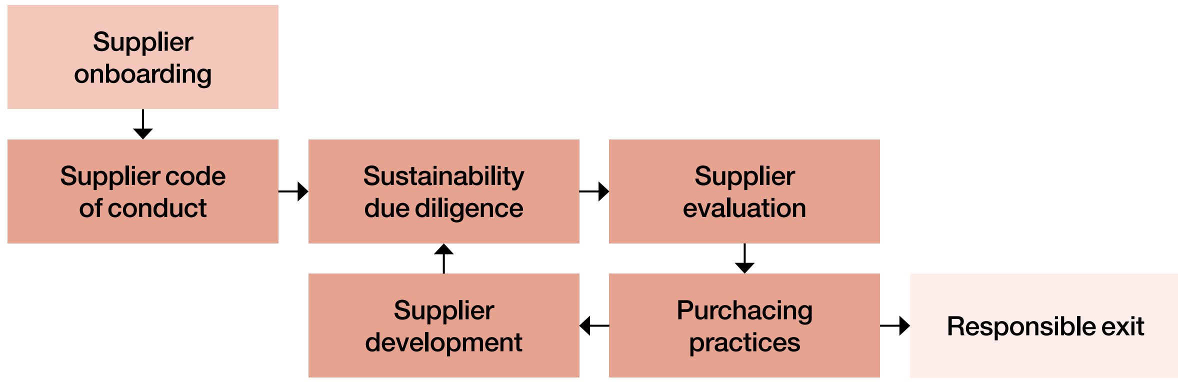
Key progress: 35% of order value with product suppliers scoring high in our sustainability evaluation

Our suppliers are integral to our success. We aim for excellence and seek to partner with suppliers that share our vision and ambition for sustainability. At the same time, we strive to be a valuable partner for them, enabling us to achieve our common targets.

To make our collections, we work with a concentrated base of suppliers located mainly in Europe and Asia. We value long-term collaboration and have been working with over half of our product suppliers for more than five years and 25% for more than a decade.

We have defined below process to structure our sustainability work with suppliers. Our supplier code of conduct forms the basis for the business relationship, followed by continuous sustainability due diligence and structured supplier evaluations. These evaluations steer our purchasing practices along with projects focused on supplier development.

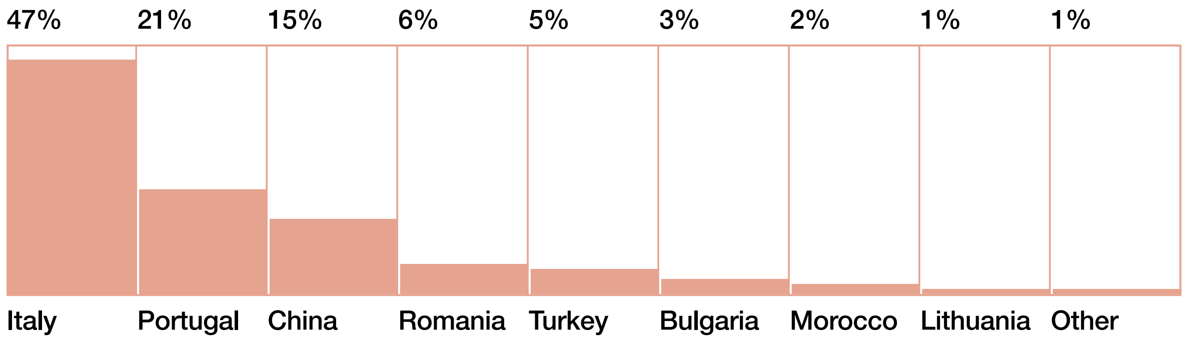
Strategic partnership process



In addition to the suppliers producing our collections, we work with suppliers such as transport providers, marketing consultants, photographers, IT providers and many more. Like our production suppliers, these so-called non-production suppliers are expected to meet our sustainability standards. We evaluate their impact and risks by including them in our sustainability due diligence process and many of them are also covered in our climate strategy.

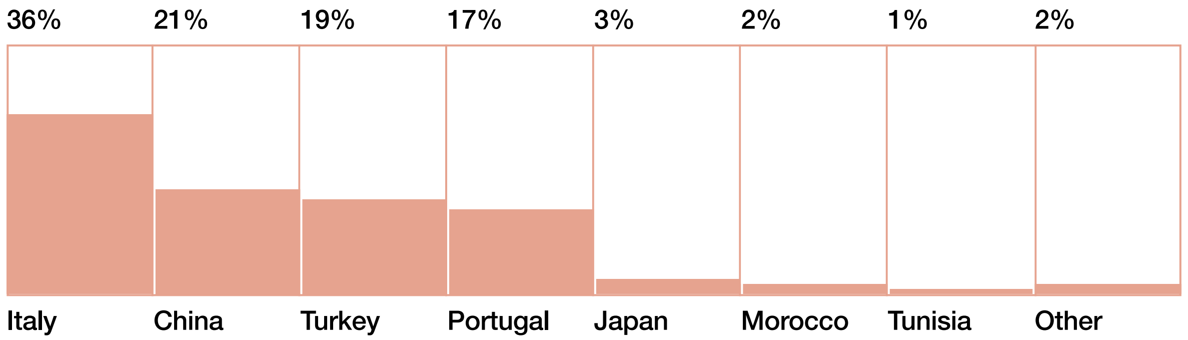
Tier 1: Product manufacturers

Country of origin based on order value



Tier 2: Material manufacturers

Country of origin based on order value



Supplier code of conduct

Progress	52% of non-production suppliers have signed our code
Next steps	Integrate our code in contracts with production suppliers

Our supplier code of conduct ensures that suppliers are informed about our sustainability expectations from the start. The code sets clear standards for business ethics, social responsibility, and environmental practices. We expect all our non-production suppliers to sign this code, and this year, 52% have done so. Since our non-production suppliers are spread over many departments and have different type of business relationships with us, we have set processes to ensure all important non-production suppliers receive and sign the code. For example, we prioritise the suppliers that collectively represent 80% of our purchases and those we have a continuous business relationship with.

We have planned to introduce the code of conduct to production suppliers as well. While these suppliers have already signed our code of labour practices, the new code includes additional topics such as business ethics and environmental management. We aim to incorporate this code in the next round of contracts with production suppliers that takes place next year.

Sustainability due diligence

Progress	Completed new due diligence assessments
Next steps	Perform double materiality assessment

We have taken several steps this year to include due diligence into already existing processes or to set up new due diligence exercises. We completed a biodiversity risk mapping, expanded tools for human rights due diligence on country, factory and product level, and we added climate risk questions to our environmental questionnaire for production suppliers. In addition, our finance and legal department have set up a financial and sustainability due diligence process for all our suppliers that we have a business relationship that exceeds a certain value. Another important part of keeping ourselves up to date on risks is our membership of several multi-stakeholder initiatives. Within these collaborations, we are updated on developments and get access to tools on how to map and respond to risks.

Next year, we will formalise our due diligence further and align it with the reporting requirements of the Corporate Sustainability Reporting Directive (CSRD) by executing a double materiality assessment. This means we will do an assessment, not only of how we impact society and the environment (inside-out), but also of how sustainability issues affect our company financially (outside-in). It will give an overview of how we affect the world and how the world affects us, so we can act accordingly.

Supplier evaluation

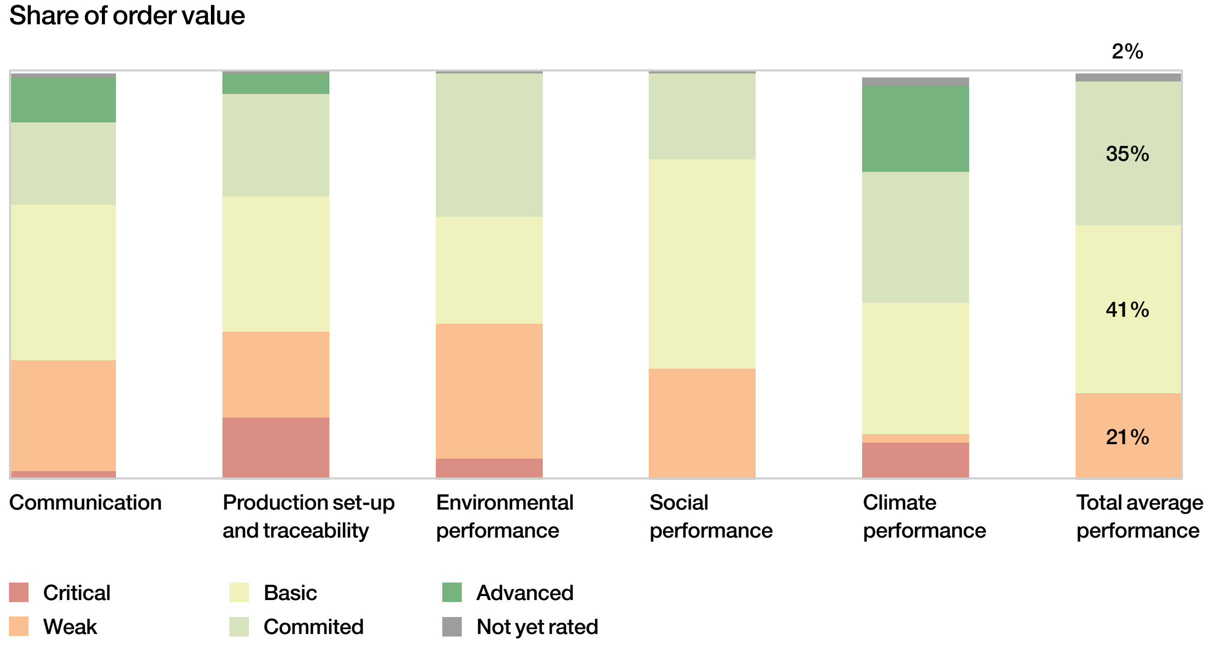
Progress	35% of orders at suppliers scoring high on sustainability
Next steps	Align sourcing strategy with supplier performance

Our suppliers are evaluated every year on development, production and sustainability. For sustainability, they are assessed on communication, traceability, environmental, social and climate performance. To achieve a high score, suppliers need to show advanced performance across all five categories. The evaluations are linked to our long-term strategic partnership target where we want more than half of our material and product suppliers to score as high performers by FY 26/27. We intend for the supplier evaluation process to become a tool to consciously direct our sourcing to those suppliers we see as strategic partners.

Currently, 35% of order value comes from product suppliers that are ranked as high performers on sustainability. This means that they on average score 4 or higher on a 5 point scale for all topics considered for sustainability. These results are slightly lower than last year when the share was 41 %. Fluctuations in sustainability scores and order values among suppliers and improvements made in the scoring critera have affected the overall results. Suppliers are evaluated based on both their own performance and that of their subcontractors, which can make improvement a longer process for those working with multiple subcontractors. As a result, production set-up and subcontractor management are key topics in our discussions with suppliers. This year's results indicate that we have the most room for improvement in production set-up and traceability, that social performance shows a solid foundation, and that there is significant variation in climate performance scores among suppliers.

We are assessing our material suppliers based on similar criteria as our product suppliers. However, due to ongoing improvements of the scoring criteria, the results are not yet ready for publication. In the coming year, we will develop a long-term sourcing strategy for both product and material suppliers, linking their performance to our future business plans and ensure alignment with our sustainability targets.

Tier 1 supplier sustainability performance



Supplier development

Progress	Sustainability strategy meetings with key partners
Next steps	Finalise sustainability development plan for key partners

To reach the ambition to increase orders at suppliers scoring high in our supplier evaluation process, we need to identify long-term strategic partners that we want to collaborate with on capacity building, pilot projects or investments to improve their sustainability performance.

To facilitate this, we have created a classification of our suppliers based on the type of production and collaboration we have and aspire to have with them. These categories are new suppliers, niche suppliers, key or evolving suppliers and strategic partners. With our strategic partners, we will maintain regular discussions about Acne Studios' business and sustainability strategies. Our goal is to offer them stable or growing business opportunities, along with long-term planning, to support their investments and developments within the supply chain. This year, we've held regular meetings with strategic partners and key suppliers to address their sustainability challenges and track progress. Our focus is with suppliers from our key categories; denim, scarves and bags and we will set a development plan for each of our strategic partners to ensure steady progress.

Purchasing practices

Progress	Implemented responsible business conduct policy
Next steps	Perform supplier survey as part of stakeholder dialogue

We have developed a responsible business conduct policy that reaffirms our commitment to responsible business conduct. This means that we commit to conducting social and environmental due diligence in our full value chain and operations. It is complementary to our sustainability strategy, our supplier code of conduct and several internal policies including our internal sustainable sourcing policy.

With our purchasing practices, we want to address our own performance and facilitate our suppliers' compliance with labour standards through our sourcing decisions. In our planning process, we aim to book materials and schedule production capacity as early and evenly as possible, allowing suppliers enough time to plan and produce our orders. Every season starts with a plan that is made in close collaboration with suppliers to align on capacity and timing. This planning also helps suppliers to select their factories carefully, making it possible to reduce and stabilise the number of factories that produce our collection. To ensure we pay fair prices for the products we purchase, we encourage our suppliers to engage in transparent product costing. In FW22 we introduced an open-costing sheet that includes a request for labour costs and minutes. Next in FW23, we asked for open costing for all styles and now, it is introduced to new suppliers as part of our onboarding process.

For next year, we aim to perform a survey to collect feedback from our suppliers on the expectations and needs they have towards us as a business partner. We planned to do it this year, but to simplify communication with suppliers, we decided to include it in the stakeholder engagement process of our double materiality assessment. This stakeholder engagement process involves all stakeholders and aims to understand how people may be impacted by our operations, plus to gather input and feedback on sustainability matters.

Traceable supply chain

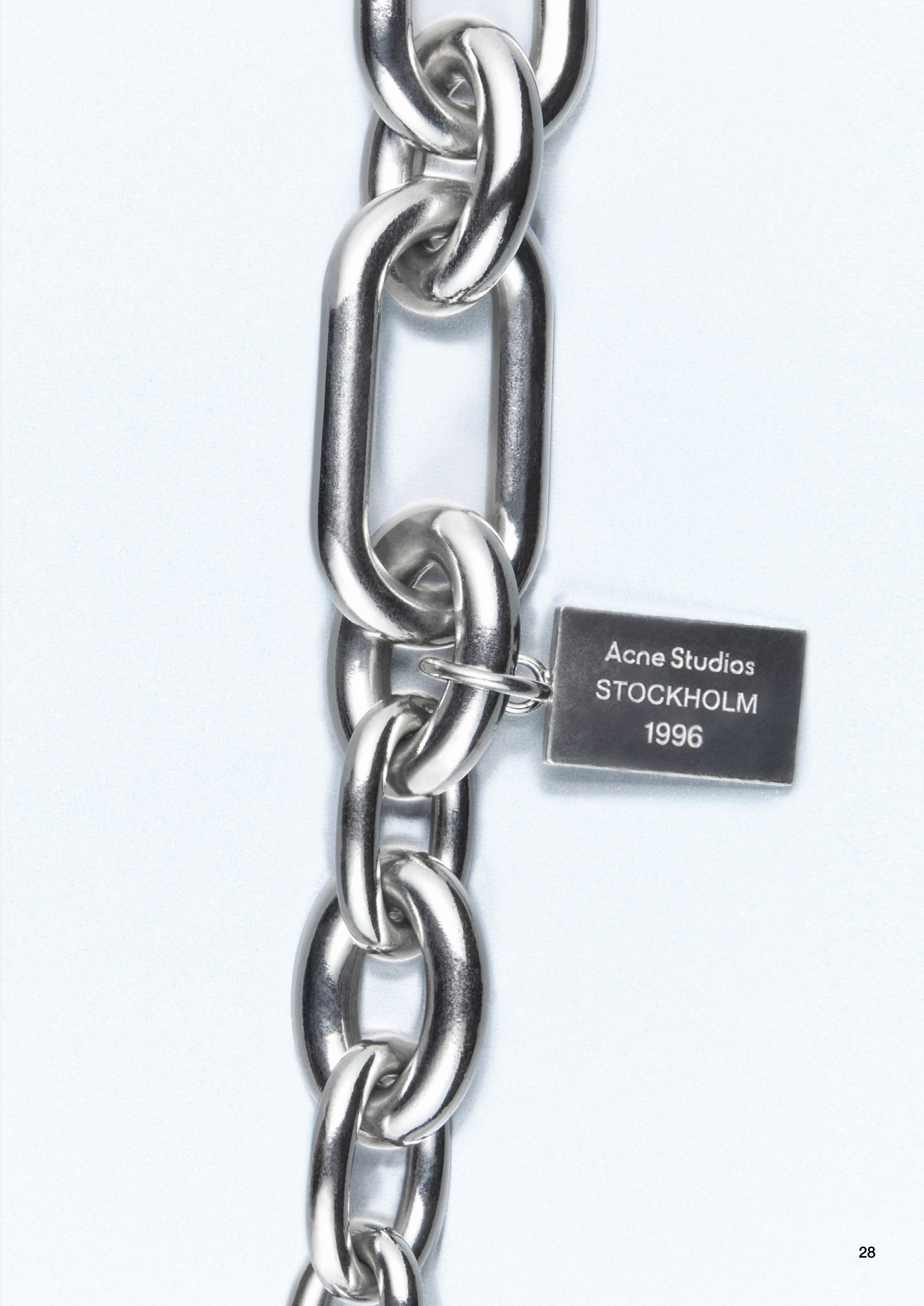
Target: 100% traceable supply chains down to raw materials by FY 26/27

Key progress: 100% tier 1 and 91% tier 2 traceability as well as 67% tier 4 country of origin verification

Having a good understanding of our full supply chain is the basis of our sustainability strategy. We are working towards full traceability of all steps involved in making our collections. Our ultimate target is to have a documented overview of all production locations throughout all tiers in our supply chain from product manufacturing (tier 1), material production (tier 2), raw material processing (tier 3) down to raw material sites, such as cotton farms (tier 4). This is essential to be able to evaluate and minimise our social and environmental risks and to ensure that our sustainability standards are met. Prioritising traceability is also driven by customer demands and upcoming legislation.

Acne Studios supply chain

TIER 1	TIER 1.1	TIER 2	TIER 3	TIER 4
Product assembly	Supporting processes	Material production	Raw material processing	Raw material creation
162 Factories	115 Factories	418 Factories		



Tier 1 & 2 traceability

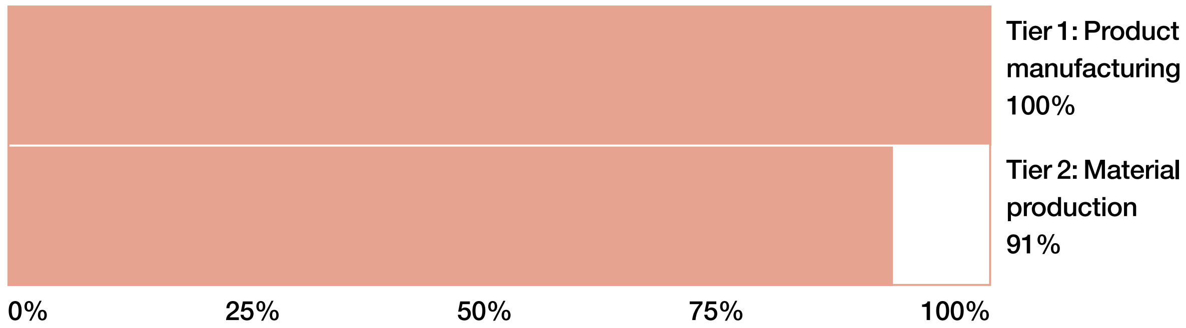
Progress	100% tier 1 and 91% tier 2 traceability
Next steps	Reach 100% tier 2 traceability

Our membership in Fair Wear has driven us to achieving full traceability of tier 1 production locations for several years now. This includes tier 1.1, which covers all supporting processes such as printing, embroidery or packing for garments, embossing for leather bags or heel and sole making for shoes. We put a lot of effort in ensuring we receive a complete overview of all production locations from suppliers, and use detailed traceability sheets with all possible production steps for each product category that our suppliers are required to fill in.

In addition, we ask our tier 2 material suppliers for the production steps and locations for our fabrics, leathers, and yarns. This year, we have increased our tier 2 traceability to 91% of our main materials, compared with 76% last year. Next year, we will focus on the remaining suppliers to ensure they can provide us with the necessary information. Mostly, this concerns suppliers of yarns and fabrics that make up a small part of our collection and we have less leverage to push for information. The key to the success of this target is continuous close dialogue with suppliers and to push for progress during seasonal traceability evaluation meetings with our sourcing and production teams.

Traceability Progress

Based on FY 23/24 order weight



Tier 3 & 4 traceability

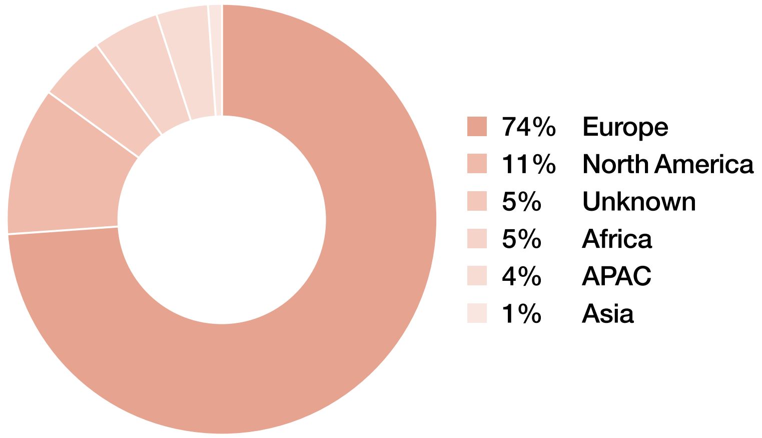
Progress	First results on leather and cotton farm traceability
Next steps	Expand farm traceability for cotton in our denims

We ask country of origin information for all our raw materials to evaluate risks and impacts. We request this at order placement and for our certified preferred materials, we verify it after shipment via the certification process. This year, we received origin information for 67% of all our materials and 94% of our natural and animal materials. This feeds into our risk analyses and strategy on climate, biodiversity and human rights.

To get more specific location information, we took steps to go beyond country traceability for natural and animal fibres. For leather, we ask for traceability back to the slaughterhouse and have received slaughterhouse names, verified by documentation for 74% of our leather in terms of weight. The supply chain between farm and slaughterhouse is opaque, and the level of traceability is dependent on the country where the animals are farmed. Currently, we have traceability back to the farm for 3% of our leather and we aim to expand that further by continuing to work on supply chain traceability with our tanneries. For cotton, we started to work on traceability back to the farm with our denim mills in Türkiye and Spain. Currently, we have traceability back to the farm for 8% of our denim and we will work to increase this for next year with the aim to achieve 100% traceability throughout our denim supply chain. We introduced yak as a new fibre to our knitwear collection this year. With the aim of expanding farm traceability, the knitwear team searched for and sourced from a supplier that traces the yak back to the farm.

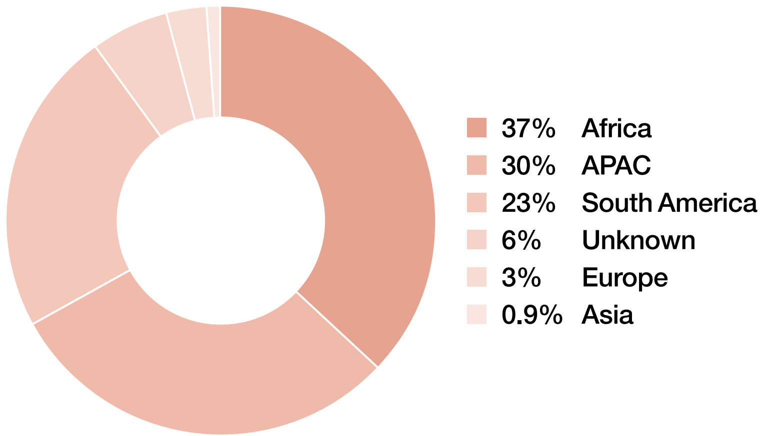
Leather animal origin

Share in FY 23/24 order weight



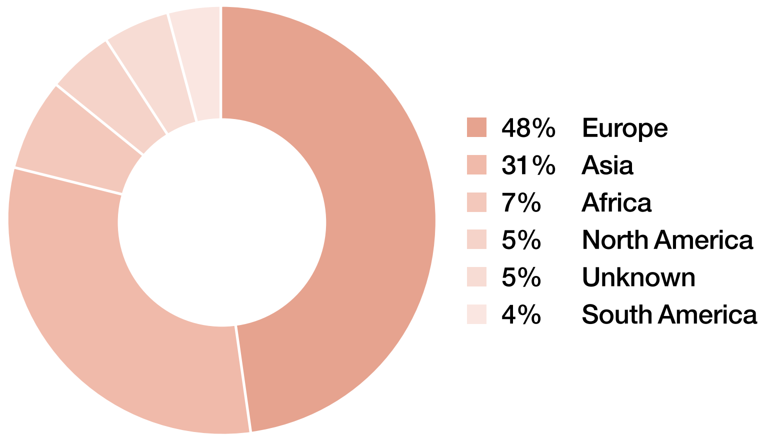
Wool animal origin

Share in FY 23/24 order weight



Cotton fiber origin

Share in FY 23/24 order weight



Traceability data management

Progress	Enabled visibility of all tier 1 and 2 factories in PLM
Next steps	Further investigate traceability data management tools

In order to track and verify progress on our sustainability targets more efficiently, we have worked on several projects throughout the year. One project was focused on so-called routing; a tool in our Product Lifecycle Management (PLM) system which enables us to save all production locations and production steps for our products and materials. This system was piloted last year and after all teams were trained, it is now fully functional. To have a digitalised overview of all factories facilitates further analysis of risks and impacts in our supply chain. We also set up a SharePoint for suppliers to store certificates and production set-up information, and enabled automatic uploads of this information to PLM to save time and reduce errors. This is finalised and will be implemented next year.

We will continue to work on improving our traceability and sustainability data processess. We see large potential to integrate our traceability data that are now in our PLM system, into further internal and external tools or platforms.

Transparency

Progress	74% of factories published on Open Supply Hub (OSH)
Next steps	Launch first Digital Product Passport (DPP) in FW25

To publicly share more information about our production locations, we continued to ask all our suppliers for approval to publish their factory details on the Open Supply Hub (OSH). The share of factories published on OSH grew from 50% of our order value to 74% over the year. We achieved this by asking approval from all production locations and integrating the approval request into our onboarding process for new factories.

The Digital Product Passport (DPP), a tool to share information about our products and supply chains with consumers, has been developed this year. We aligned our PLM system with the DPP layout to ensure all data is stored correctly in PLM and published accordingly on the DPP. Apart from product information such as care advice and sustainability details, the DPP provides information about the countries where the manufacturing of our products and their materials occurred. This includes the locations for material making or fabric weaving, product sewing or assembly, and dyeing. From FW25 onwards, the DPP will be shared with consumers via a product specific QR code in care labels. This is a first step to prepare for upcoming EU legislation that will require further publication of product sustainability details.

Protecting workers’ rights

Target: 100% monitoring of workers’ rights across our supply chain by FY 26/27

Key progress: Leader in social responsibility as verified by Fair Wear

Our goal is to develop and produce our collections together with partners that share our passion for making strong products and are committed to doing so in an ethical manner. The code of labour practices (see Annex 3) forms the basis of our commitment to responsible sourcing. We strengthen this commitment as a member of Fair Wear, a multistakeholder initiative that we have closely collaborated with since 2008 to improve conditions for workers in the fashion industry. Our main responsibility lies with our direct product suppliers, but our supply chain stretches further. We, therefore, align our workers’ rights approach with the OECD Human Rights Due Diligence guidance. This means we are working to identify and prioritise actual and potential risks for people in our supply chain. Based on this risk assessment, we decide which prevention and resolution activities to carry out. We currently focus on vulnerable groups in our supply chain, such as migrant workers, and on supply chain-wide issues, such as fair wages.

Advance Fair Wear leader status

Progress	Achieved FW leader status in new Due Diligence set-up
Next steps	Train local teams to support human rights monitoring

Fair Wear support us with the monitoring of labour standards at our product suppliers that do the manufacturing and finishing of our products. Each year, they evaluate our performance with a so-called Brand Performance Check. We have been graded a leader in social responsibility for the last ten years.

Since last year, Fair Wear adopted a risk-based approach in line with the OECD Human Rights Due Diligence guidelines to verify member brands' performance and we aligned our strategy accordingly. We developed a country risk assessment tool and a factory evaluation tool. We also developed annual risk assessments to detect human rights risks related to the type of product and business relationship we have with a supplier, and to identify gender related risk factors. These tools help us to create action plans for all product suppliers.

Our country risk assessment tool evaluates the country risks related to human rights, based on legislation, ratification of human rights treaties and conventions, and reports from international organisations and NGOs. This year, we increased the risk level for Italy since investigations by the Italian authorities revealed greater risks for forced labour in factories, especially with migrant workers. To address this, we will further increase the priority for factory audits in this country. We also communicated to all Italian product suppliers informing them on the responsibility to select responsible subcontractors, to audit all new Italian factories before production, and to complete our detailed digital questionnaire to get the latest status on their social performance. To increase our monitoring further, we will run trainings on social standards for our local employees that visit factories frequently, so they can perform regular factory assessments.

Country risk assessment									
Country	Risk score	Employment is freely chosen	Freedom of association	No discrimination (incl. gender)	No child labour	Living wage	Reasonable hours of work	Safe & healthy working conditions	Legally binding employment
Italy	High	High	Mid	High	Low	High	Mid	Mid	High
China	High	High	High	Low	Low	High	High	High	Mid
Portugal	Low	Low	Low	Low	Low	Mid	Mid	Mid	Low
Romania	Mid	Low	High	Mid	Low	Mid	High	Mid	Low
Turkey	High	Mid	High	High	Low	High	Mid	High	Mid
Bulgaria	Mid	Low	High	Low	Low	High	Mid	Low	Low
Morocco	Mid	Low	Low	High	Low	High	Mid	High	Mid
Lithuania	Low	Low	High	Low	Low	Mid	Low	Low	Low

Supplier audits

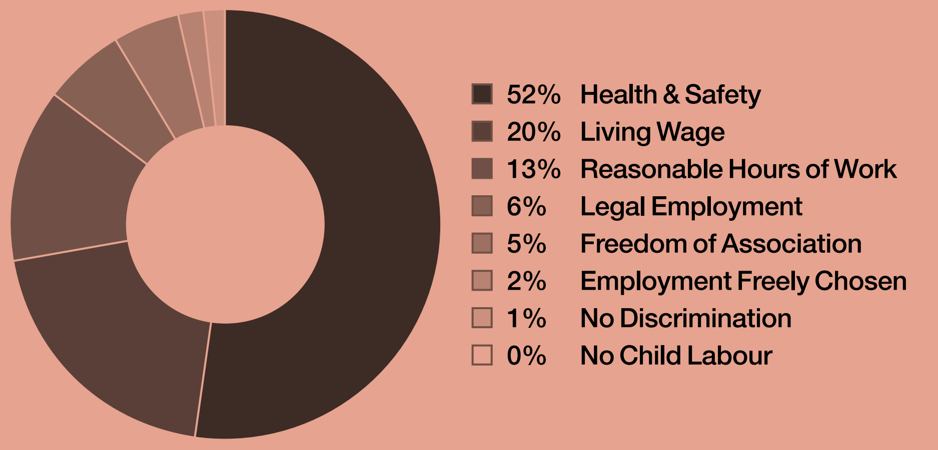
In total, we work with 61 product suppliers that together use 277 factories. Of these factories, 162 execute processes to assemble products such as cutting, sewing, garment knitting and linking and shoe assembly (tier 1) and 115 factories execute supporting processes such as printing, embroidery and washing (tier 1.1). Over 90% of our FOB orders are placed at production locations in Italy, Portugal, China, Romania and Türkiye.

This year, we organised five factory audits in China and Italy. The five factories we audited were selected based on risk factors and audit history. In Italy, two subcontractors were selected for the presence of migrant workers and one subcontractor for being in the South of the country where wages are generally lower. In China, we audited one main supplier that is a longstanding partner and has been audited several times before, and one subcontractor that was audited in collaboration with another brand working with that factory. Apart from organising our own audits, we also collected and followed-up on audit results from other third-party audits to prevent audit fatigue. Since Portugal is seen as a low-risk country based on our country risk assessment, we have not organised any audits in Portugal. Instead, we collect audit results from other third parties and focus on traceability with our Portuguese suppliers.

Looking at the last three years, most non-compliances found during audits organised by Acne Studios were related to health and safety, living wages and reasonable hours of work. In Italy, Romania and Türkiye most findings found are on health and safety, while findings related to reasonable hours of work are mainly observed in China. Findings can range from critical non-compliances (a severe or systemic breach of the code of labour practices with high risk for workers) that should be resolved immediately, to minor non-compliances (policy issues or misunderstandings with low risk for workers). On health & safety, often several minor non-compliances are found, pushing up the share of findings for this standard. On average, factories have 10 findings after an audit that we follow-up on with a Corrective Action Plan. We also follow-up with specific projects or trainings if applicable. For example, in China we have worked closely with suppliers on production planning to get working hours down and have given trainings to management and workers on labour standards including working hours.

Audit findings per standard

In financial year 21/22, 22/23 & 23/24



Country	Product categories	Order value	No. of direct suppliers	No. of factories	No. of workers	Factories audited*	
Italy	Leather shoes, bags, scarves, denim, knitwear, woven	47%	34	136	3636	49%	94%**
Portugal	Jersey/fleece	21%	8	53	2524	0%	0%
China	Knitwear, woven	15%	9	36	3402	77%	66%
Romania	Woven	6%	2	9	1309	70%	69%
Turkey	Leather outerwear, denim	5%	3	6	1915	98%	87%

* Audits organised by Acne Studios or third-party audits for which we received the audit report and Corrective Action Plan.

** Since our trainings in Italy are focused on supplier-focused topics such as subcontracting management, migrant work and sustainability strategy implementation, the share of direct suppliers trained is depicted here.

Payment of living wages

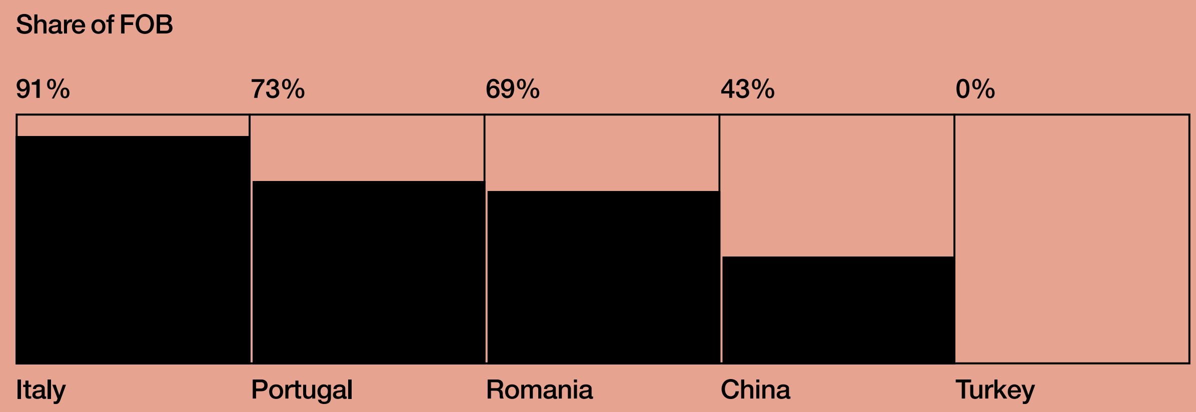
Progress	68% of orders at factories paying a CBA or living wage
Next steps	Launch wage data collection project

We are dedicated to ensuring that factory workers receive fair wages paid on time and consistently, and we are committed to creating conditions that support this. All our suppliers pay national minimum wages at the least and often have wage levels above industry average. To define what we consider a fair wage, we follow the Anker methodology and the Fair Wear Wage Ladder. In Italy and Portugal, where no living wage benchmarks from these methodologies are available, we evaluate whether our suppliers pay wage levels according to Collective Bargaining Agreements (CBAs) negotiated on a national level.

Currently, 68% of our FOB is purchased at factories that pay a living wage or a CBA wage. Due to the relatively low share of living wages in China and especially Türkiye, we focused this year on providing Fair Price trainings at our three most important suppliers in China and Türkiye. During these trainings, Fair Wear introduces factories to the Fair Price app, a tool that helps them gain insight into the labor costs per produced item to clarify the connection between product prices and wage levels at the factory. In the last three years, our main Turkish suppliers, representing 88% of our orders, and Chinese suppliers representing 71% of our orders were trained.

After providing trainings and making sure our suppliers have a wage management system and open costing tools in place, the next step is to evaluate wage levels. We currently evaluate wage levels at our factories based on wage data from audit reports. As a next step, we want to collect wage data from more suppliers, starting with Italy. The aim of collecting this data is to get an insight in the gap between current and living wage levels and to check the presence of any pay gaps due to gender or migrant status. We initially planned to start this project during the year. However, we postponed it to find suitable evaluation tools that can support our efforts. This year, we will decide whether to use the open-source tool from the Fair Labor Association or seek the help of a consultant.

Share of factories that pay a living wage or CBA wage



Trainings and dialogue

Progress	Brand collaboration to develop supplier trainings in Italy
Next steps	Implement onboarding training for all new suppliers

We offer trainings to suppliers and their workers on different topics related to our code of labour practices, depending on risks present and demand from our suppliers. Since Fair Wear does not provide active support in Italy, we collaborate with other brands to organise supplier trainings in this country as part of the Italy Fashion Working Group. This year, the focus of the group was on setting a strategy and planning for the years to come. We had a meeting in Milan where we invited stakeholders to share lessons and best practices. During this meeting, we decided to focus on two new training projects related to subcontractor management and migrant work that are planned to take place next year.

We searched for a digital tool to onboard new suppliers on our social and environmental standards this year as well. Due to the size of our supply chain, a digital solution is more practical than in-person training. Having been unable to find an existing tool that met our needs, we are now developing a custom digital training program for all our new suppliers. We currently ask all new suppliers to train their workers on our code of labour practices with the help of training material we provide to them. The most important goal of this training is that workers are aware of their rights and get familiar with the grievance mechanism that we require all suppliers to implement at their factories. This grievance mechanism is linked to Fair Wear's worker helpline that can be used by any employee working at a factory where Acne Studios produces. If a complaint is raised, we must investigate and seek remediation. No complaints were received this year. Reports on past complaints and their resolutions are available on Fair Wear's website.

Human rights due diligence

Progress	Created social risk assessment for farming in tier 4
Next steps	Expand risk assessment to material suppliers

Human rights due diligence for our product suppliers is managed via our Fair Wear membership. To expand our scope to the rest of the supply chain, we started by increasing traceability of factories involved in the production of our materials and we included them in our supplier evaluation process, assessing them based on country risks and audit history. We plan to further assess risks in our material supply chain by modifying the digital questionnaire used for our product suppliers to material suppliers. This will help us gain further insight in their social performance and risks. We will then use the assessment to decide on monitoring and remediation activities.

We have developed a country risk assessment for our main raw materials; cotton, leather and wool. With this assessment, we evaluated which countries have highest risks related to human rights and working conditions. We used risk assessment tools from Fairtrade, Better Cotton Initiative (BCI) and WWF for this. Currently, 34% of our cotton, 4% of our leather and 1% of our wool is produced in countries that are classified as high risk in our risk assessment. With increasing our raw material traceability, we aim to get more insight in the real risks in our supply chain and find appropriate projects, especially in our cotton supply chain, to address human rights risks.

Tier 4 country risk assessment on human rights and working conditions	
Raw material	High risk countries
Cotton	India, Pakistan, China, Central Asia, Egypt, Sudan
Leather	China, Kenya, Egypt, Algeria
Wool	China

Our impact

Our business choices reflect our environmental impact. We select our materials and suppliers with care and ensure they align with our sustainability ambitions. Beyond that, we operate and adapt our business model in ways that help preserve natural resources. By adopting better practices, we want to reduce climate emissions across our operations, manage our waste in a responsible way and have a circular approach to the use of packaging. The following chapter explains how we work towards this and what we want to achieve.

Reduced climate impact

Target: 50% absolute reductions of scope 1, 2 & 3 emissions by FY 30/31 vs. FY 20/21

Key progress: Reduced total emissions with 4% to base year and 15% to last year

We are committed to reduce our climate impact in line with science-based targets and the Paris Agreement. To do our part in keeping global warming below 1.5°C, we have set an ambitious goal for 2030 to reduce our annual emissions across our direct operations and supply chain (Scope 1, 2 & 3) by 50% as compared with the baseline FY 20/21. This commitment is guiding our course for progress and we measure the carbon impact of our activities every year. Since 2019, we have been an active member of STICA, the Swedish Textile Initiative for Climate Action, where we, together with other brands, collaborate to find climate solutions for our industry and where we jointly report the progress publicly every year.

2030 climate roadmap

Progress	Reduced emissions by 4% to base year and 15% to last year
Next steps	Create climate steering group within management team

Last year, we finalised our climate roadmap, outlining the actions needed to meet our 2030 climate target. The key focus areas driving most of our reductions include decoupling, alternative business models, reducing air shipments and travel, prioritising low-emission animal-based materials, and using renewable energy with our suppliers. These areas account for nearly 80% of the reductions we are working on. Overall, the roadmap includes over 35 quantified actions across all our operations.

This year's climate footprint report shows a 15% reduction in total annual emissions compared to last year and a 4% reduction compared to our base year (FY 20/21). The primary driver for these reductions is lower production volumes, which aligns with our business strategy. For instance, total production volume decreased by 20% in weight and 21% in number of pieces compared to last year. As a result, emissions from most areas, including transport, raw materials, and suppliers, have decreased.

Key 2030 climate roadmap actions

1. Significantly decrease carbon intensity in relation to turnover growth.
2. Introduce alternative business models (resale).
3. Source wool and leather with significantly lower emissions.
4. Significantly increase the use of recycled materials.
5. Significantly increase the use of renewable energy at our suppliers.
6. Significantly reduce use of air transport in shipments.
7. Reduce business travel emissions in line with pandemic levels.

However, emissions from business travel have increased by 22% compared to last year and 417% compared to the base year that reflects the low travel levels during the pandemic. For further details on emissions across our operations, see Annex 4. We are continuously improving the data quality for our climate footprint calculations by incorporating more actual data and refining estimations. To ensure comparability with our base year, we updated our Scope 1 and 2 emissions last year. In the coming year, we plan to update our Scope 3 emissions, as we now have more accurate supplier data compared to the base year, which relied more on estimates.

We are pleased to report a reduction in emissions compared to the base year for the first time. However, we recognise the long journey ahead to meet our 2030 target. To drive progress, we have formed a climate steering group within the management team, which will lead working groups focused on the seven key action areas in our roadmap. The steering group will also explore financing options for climate actions, including establishing a climate budget for necessary investments. Next year, we will also conduct a full Greenhouse gas (GHG) screening of impact areas not yet mapped, such as consumer use and emissions from suppliers outside our collection production, to align with upcoming reporting regulations.

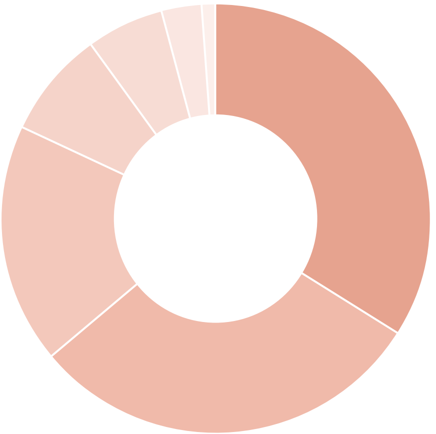
GHG emissions per scope

Share of emissions in FY 23/24

- 1% Scope 1
- 0% Scope 2
- 99% Scope 3

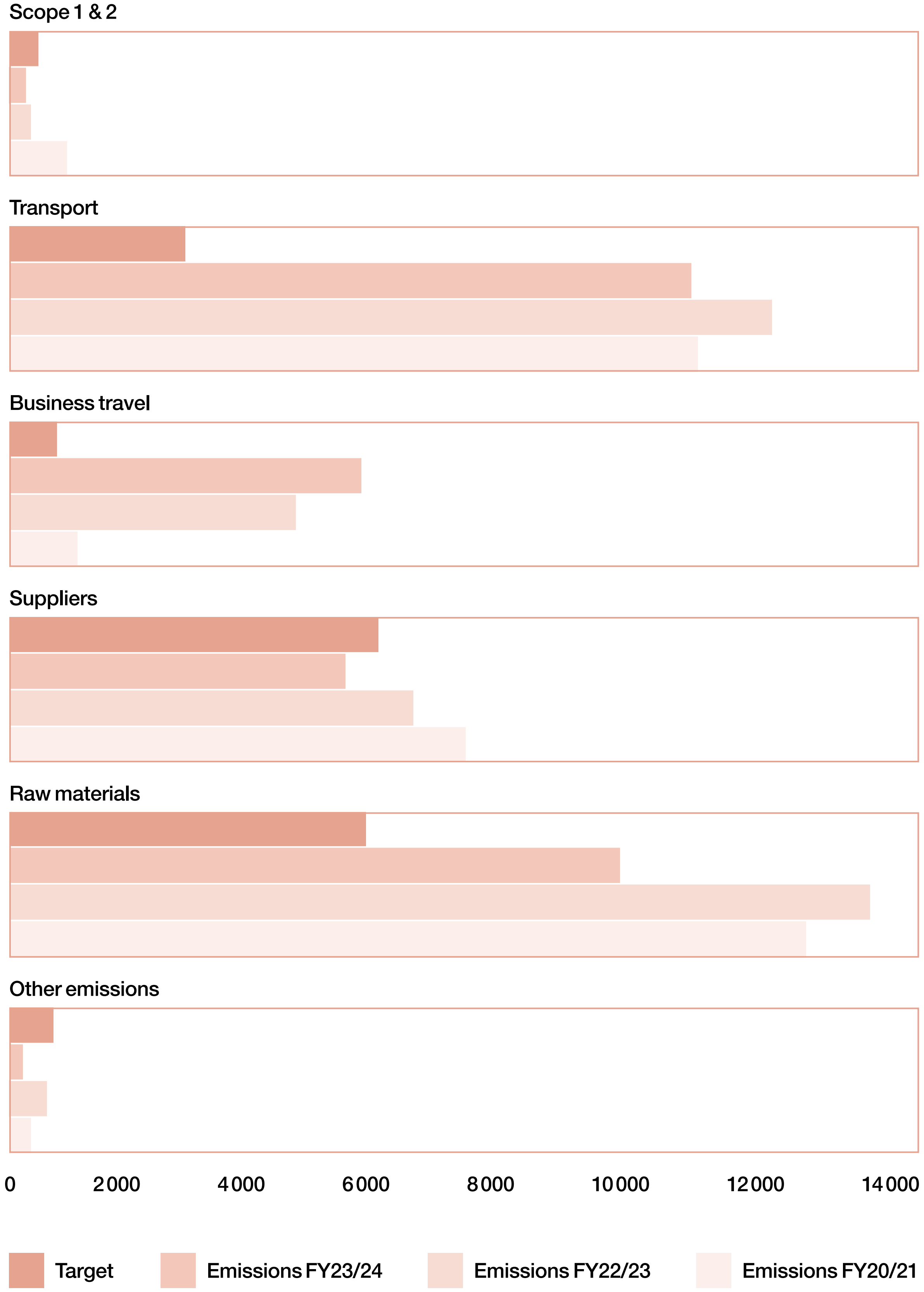
GHG emissions per operation

Share in FY 23/24



- 34% Transport
- 30% Raw materials
- 18% Business travel
- 8% Material production
- 6% Product manufacturing
- 3% Other production
- 1% Facilities

Climate roadmap progress overview



Scope 1 & 2

Progress	Reduced emissions by 71% to base year and 22% to last year
Next steps	Make sustainbility strategy for store design and maintenance

Scope 1 & 2 emissions, covering our stores, offices, warehouses, and business cars, were reduced by 22% this year and 71% compared to the base year, surpassing our long-term target. This reduction was achieved by purchasing renewable energy attribute certificates (EACs) for locations without renewable energy from existing providers, including third-party logistics warehouses. We follow the GHG-protocol and RE100 standards, prioritising solar and wind power and using the EKO energy label where available.

In addition to renewable energy, we have explored energy efficiency solutions. Last year we ran a pilot and installed store-specific energy meters in two stores, which for example lead to improved set-up on air conditioners. Although we planned to extend this to all new stores, we have temporarily paused the initiative. At our Stockholm HQ, a new heating and cooling system will be installed next year, with smart metering for energy use tracking. Over the past two years, our retail development team has led several sustainability projects, including the first Gold LEED certified store in Beijing. LEED certification ensures high standards in building design, construction and operations. While we planned to work on LEED certification for more stores, high costs paused this effort. Next year, we will consolidate lessons from our projects and develop a plan for future sustainability strategies in store development and maintenance.

Decoupling

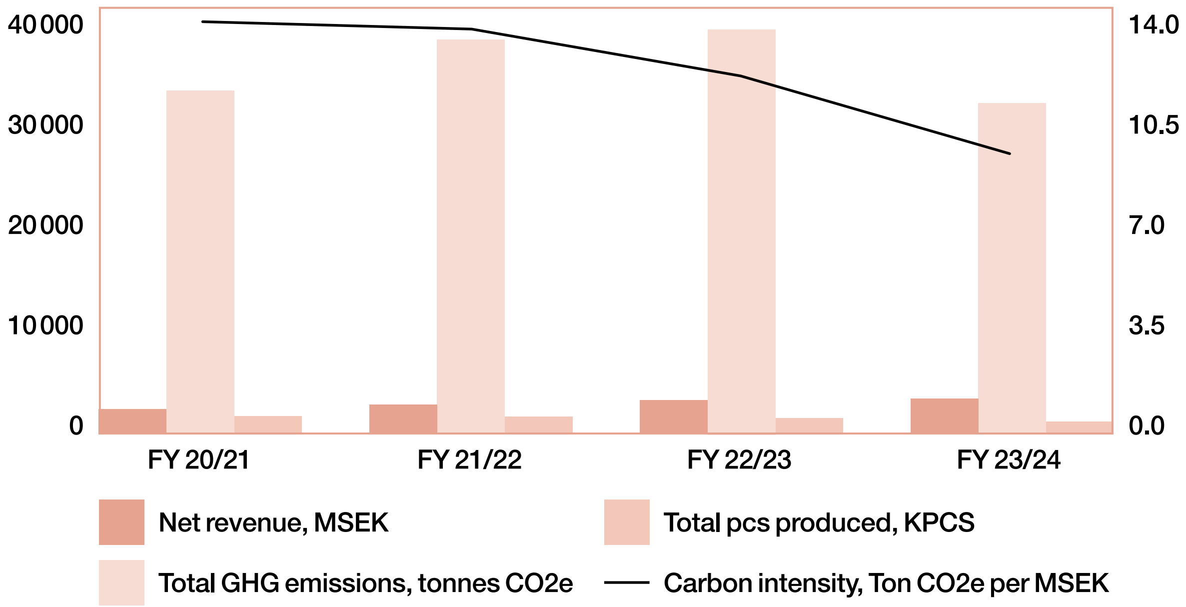
Progress	Reduced carbon intensity to 9,2 tonne CO_2e per MSEK
Next steps	Create focus group on decoupling strategy

We aim to grow our business in a way that continuously decouples our financial growth and profitability from the use of finite natural resources. During the last two years, we have decreased the number of pieces sold whilst still increasing our turnover. Last year, our turnover increased with 4% while we decreased our emissions with 14%. Looking at carbon intensity in tonnes CO_2e per MSEK, we have reduced intensity from 13,6 in the base year FY 20/21 to 9,2 tonnes this year.

Business strategies to enable decoupling include improved sell-through, increased sales in own channels as well as introducing alternative business models. We also aim to be able to present our customers a increasingly high value offer. Our introduction of alternative business models is also linked to our 'Design for longevity' target and will be defined in the coming year. Next year, we will create a focus group on decoupling that will report to the climate report steering committee to make sure our decoupling strategy continues to be in line with our business strategy and growth plans.

Carbon Intensity

Tonne CO_2e per MSEK



Transports

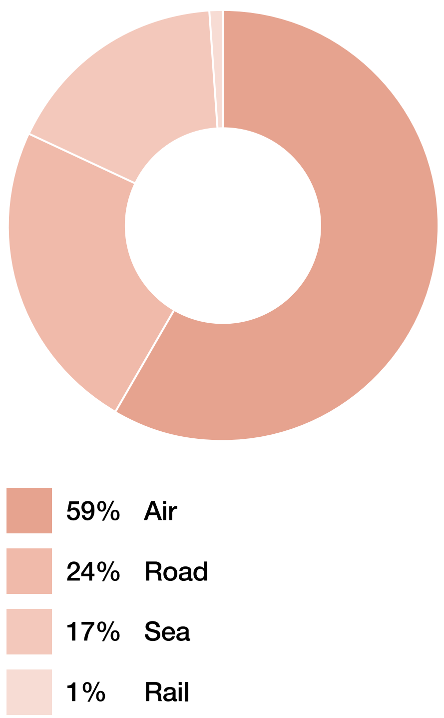
Progress	Reduced emissions by 1% to base year and 11% to last year
Next steps	Focus group on reduced air shipments and research biofuels

Transport accounts for a third of our total emissions. Compared to last year, emissions were reduced by 11%, mainly due to lower production volumes. One third of emissions come from inbound shipments, and nearly half from outbound shipments.

Air shipments* make up 97% of transport emissions, making it our primary focus. This year we opened a new 3PL warehouse in Japan which would enable us to reduce emissions by avoiding long air shipments. However, at the same time we converted our South Korean franchise stores to own stores. This means we are now also managing these transports, which increased

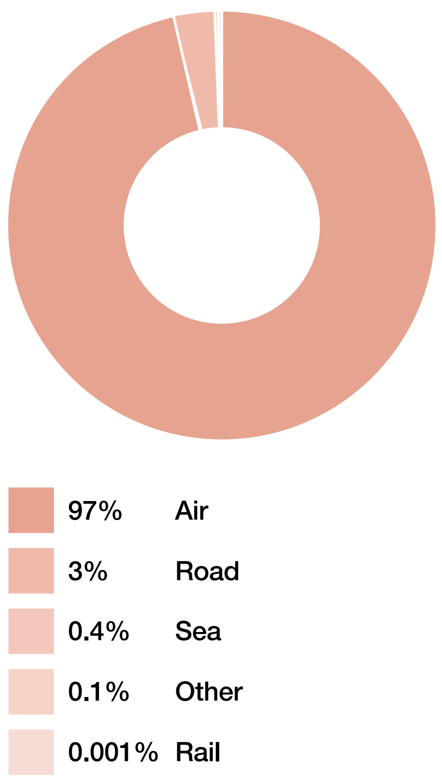
Transport work per transport mode

Share in FY 23/24



GHG emissions per transport mode

Share in FY 23/24



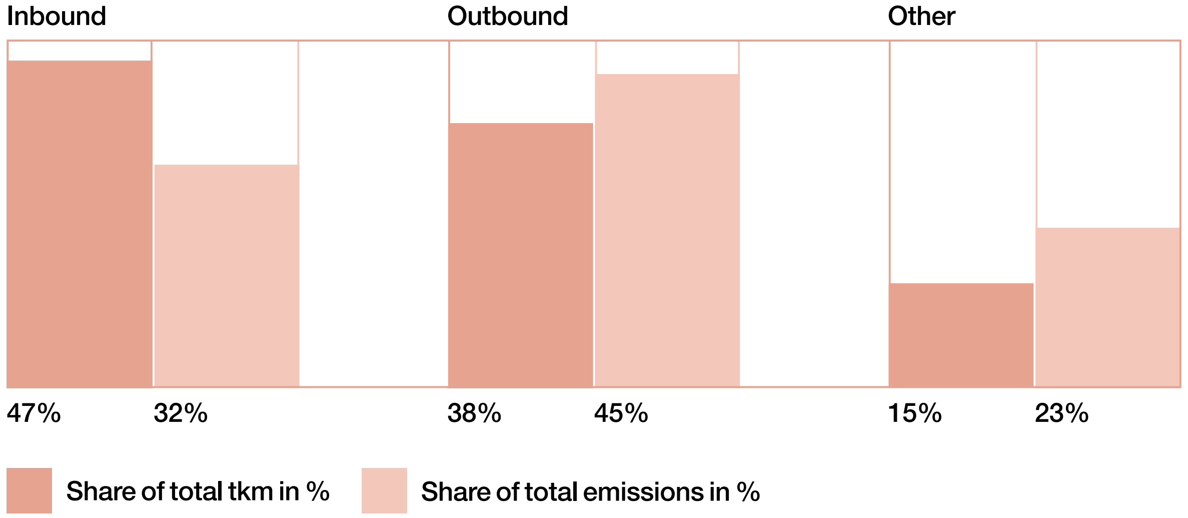
the emissions on that end instead. Air transport now represents nearly 60% of our total shipments, up from 50% in the base year. Inbound air shipments increased from 28% to 38%, while outbound shipments remained at 75%. Challenges like the war in Ukraine and the Suez Canal disruption further complicate our efforts to reduce transport emissions.

Next year, we will open a 3PL warehouse in South Korea to shorten outbound shipments and form a cross-departmental working group to reduce air shipments while meeting delivery goals. We are also in discussion with transport providers to increase the use of Sustainable Aviation Fuels (SAF) to help reduce emissions.

*According to the STICA guidelines a Radiative Forcing index (RFI) of 2,7 is added for all air freight emissions.

Transport directions

Share of transport work and GHG emissions in FY 23/24



Raw material emissions

Progress	Reduced emissions by 23% to base year and 29% to last year
Next steps	Research FLAG-based emissions targets

Raw materials* account for 36% of our total GHG emissions, with over half from sourcing animal-based materials like wool and leather. Emissions were reduced by 29% compared to last year, mainly due to lower production volumes and a higher share of cotton use, which has a lower climate impact than animal materials.

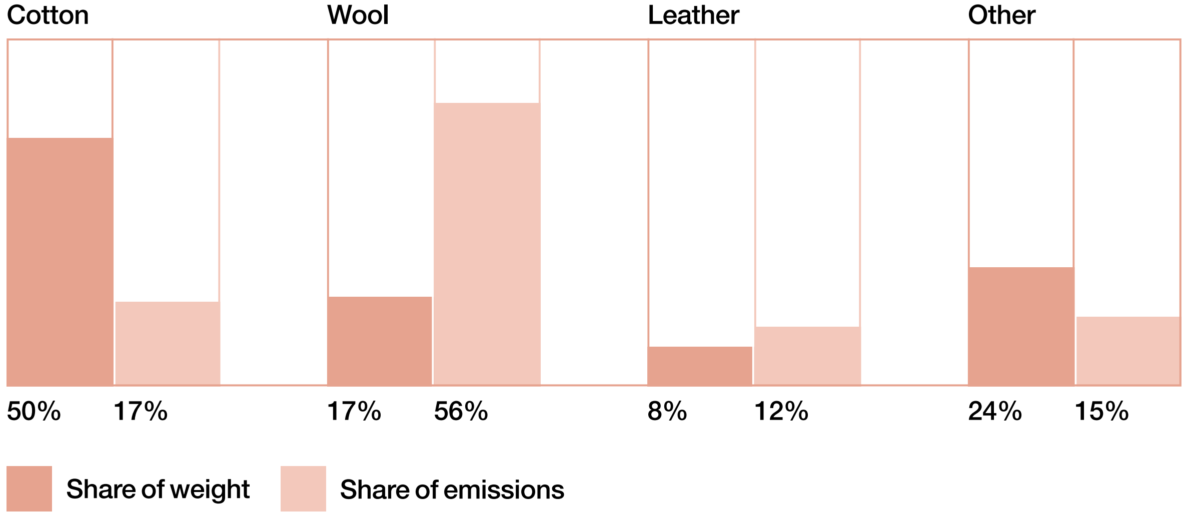
We estimate emissions from raw materials by using global average values from the Higg Index, with slight annual adjustments such as a small decrease in cotton's emission factor. This year, we also started to map our FLAG emissions. This is a category within the GHG Protocol focused on emissions from forestry, land use, and agriculture. We have included land management emissions before, but this year we also included land use change (LUC) based on fibre origin. This added around 10% emissions to our natural and animal materials, which has not been captured earlier. We want to investigate FLAG emissions further, due to our large use of natural fibres.

To better understand the impact of wool, leather, and cotton, we need more reliable data from our supply chain. This ties to our preferred+ strategy that focuses on sourcing regenerative or recycled wool with lower emissions and our goals on farm traceability. We will continue these efforts and explore FLAG-based emissions targets next year.

*Includes raw material production and processing (tier 3-4) for fibres

Raw materials

Share of weight and GHG emissions in FY 23/24



Decarbonising at suppliers

Progress	15% of tier 1 production made with renewable electricity
Next steps	Pilot supplier decarbonisation program with a supplier in Italy

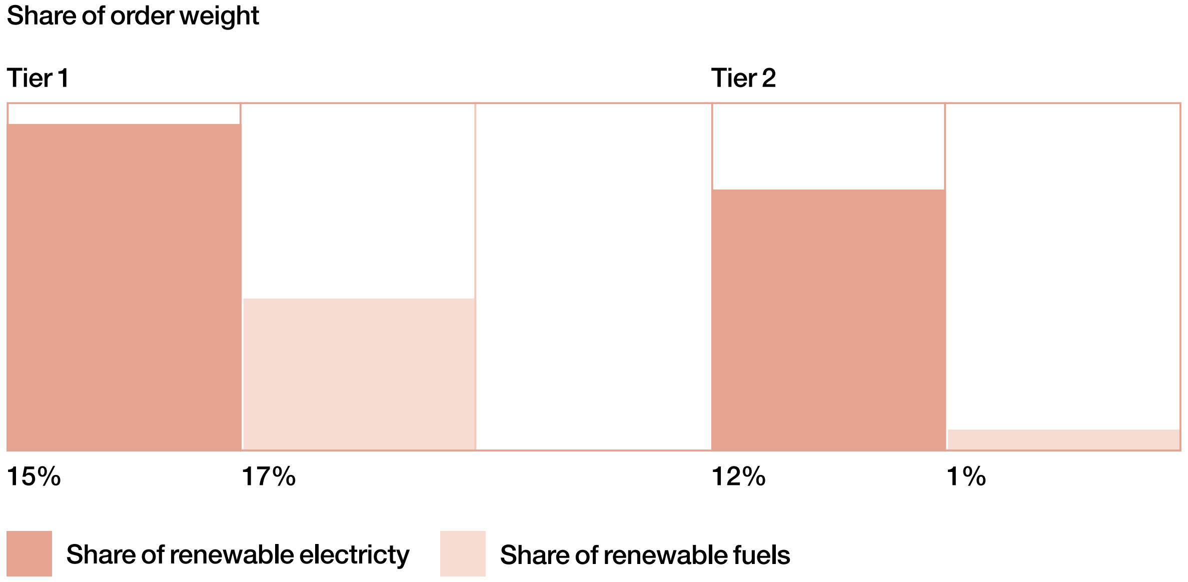
Product and material suppliers, tier 1 and tier 2, account for roughly 17% of our total emissions, including packaging and transportation within their production processes. We base these emissions on activity data provided by suppliers in our environmental questionnaires, which also tracks the use of subcontractors to ensure a full view of production steps. When actual data from a supplier or subcontractor are missing, we estimate emissions using an average emission factor derived from similar production steps.

This year, supplier emissions dropped by 17% from last year and 26% from the base year, mainly due to lower production volumes. However, emissions from product suppliers (tier 1) increased by 35%. This rise is partly because we now have better data on tier 1.1 processes like washing, printing, and embroidery on finished garments. Additionally, the residual energy mix in our main production countries Portugal, Italy and China, increased by 20%. Improved data quality also meant that some suppliers began reporting fuel use, which had not been tracked before.

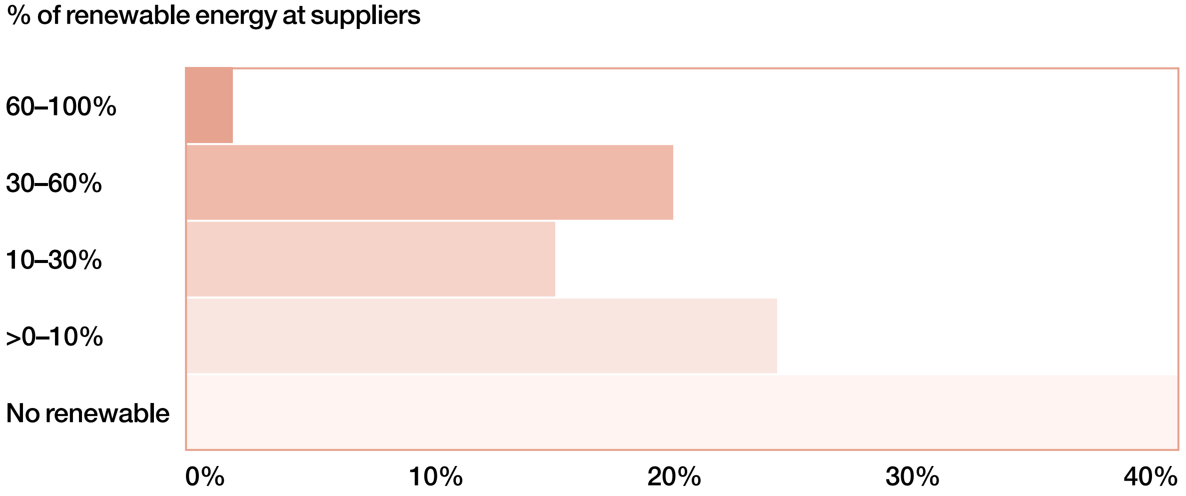
In order to meet our climate target, we need to collaborate with suppliers that use renewable energy and have high energy efficiency. This year, 15% of our tier 1 production was made with renewable electricity and 7% with renewable fuels. Around 60% of our tier 1 suppliers have at least a share of renewable electricity abd for only 2% this covers most of their electricity use including subcontractors. As seen in the graph, results are lower at our material suppliers. This is a long way from our 2030 goal of achieving production primarily powered by renewable energy sources. However, the past two years we have seen that more and more suppliers are willing to invest in, for example, solar panels. In terms of energy efficiency, we see that energy intensity is closely linked to production volumes. Suppliers are more energy-efficient when operating at full capacity, while fluctuating volumes lead to higher energy intensity.

Next year, we will continue prioritising energy discussions with our suppliers, focusing on strategic suppliers covering a larger share of our production. Additionally, we have nominated one of our Italian suppliers to participate in a supplier decarbonisation program led by the Apparel Impact Institute. This pilot project will help us assess the program's effectiveness in supporting our suppliers' climate reduction efforts.

Renewable energy share Tier 1 & 2



Renewable electricity span in Tier 1

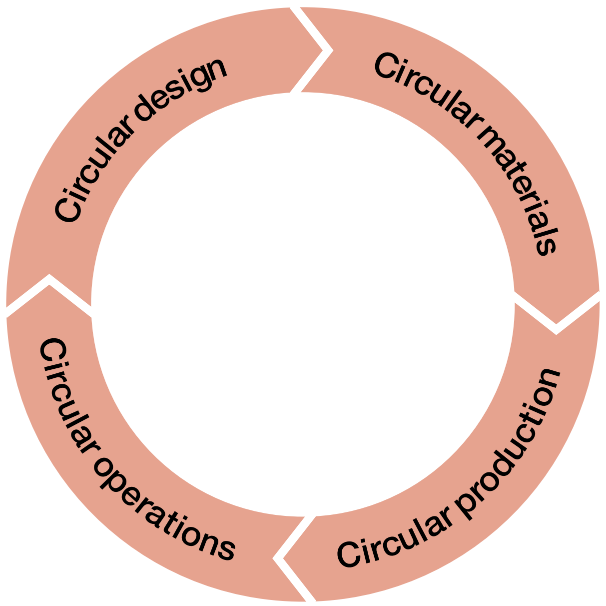


Circular packaging

Target: Circular packaging across all operations by FY 26/27

Key progress: 54% of paper packaging made in recycled paper

Throughout our operations and sales, packages are used to protect and enhance our products. Our ambition is to implement a circular approach for all of these, from packages used during shipping and distribution, to product and sales packaging. All our branded product and sales packages are designed with desirability in mind to extend the lifespan before they are eventually recycled. We have a defined Acne Studios circular Packaging Policy that specifies what considerations and rules we have for the design, materials, production and operations around packages with the overall ambition to work towards closing the loop of our packaging material flows.



Circular design

Progress	Reduced weight of ordered packaging with 24%
Next steps	Launch Acne Studios Circular Packaging Handbook

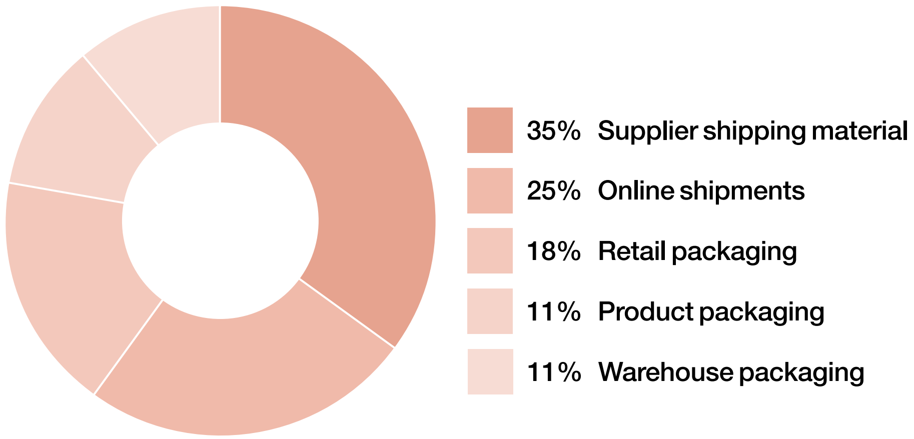
Our overall design ambition is to always consider purpose, size, construction, and weight to limit the unnecessary use of packaging materials. We measure the annual packaging use every year across product, online, retail, warehouse and supplier shipping materials.

This year, we have reduced the amount of ordered packaging by 24%. This reduction is mainly coming from shopping bags and shoe boxes. However, packaging is ordered in bulk volumes that are kept in stock, so year-to-year comparisons may not always provide a fully accurate picture. We are looking into making a better comparison going forward.

Each packaging article is designed in the same material to enable recycling. Consumer facing packaging should include recycling instructions and comply to legal requirements for different markets. This is now implemented on the majority of our packaging with few exceptions. To ensure compliance with our circular packaging policy and legal requirements, we will next year create an circular packaging handbook for all involved in packaging, as well as towards our packaging suppliers.

Package use per operation

Share of packaging weight



Circular materials

Progress	54% of AS paper packaging made in recycled paper
Next steps	Introduce FSC certification logo on all packaging

Our main priority is to always use as high of a share of recycled materials as possible. This year, 54% of the total weight of our paper packaging was made in recycled paper. This includes our shopping bags, shoe boxes, tissue paper, online packaging, care cards and hangtags. Our goal is for all non-recycled paper to be FSC certified. This year, we verified this for 49% of our virgin paper material. This is a decrease from last year due to an expanded scope, as we now include cardboard shipping boxes with a high percentage of recycled content, making verification of its non-recycled content more complex. We are currently working towards getting all remaining non-recycled content FSC certified. To formalise our commitment, we will introduce the FSC logo on all paper packaging and become FSC certified ourselves.

We want all of our textile packaging to be made with a high share of recycled materials, for instance, our dustbags for shoes and bags are made of 100% recycled cotton. Next year, we will work on transitioning our suit covers to be made in recycled fibres as they are currently made in conventional cotton.

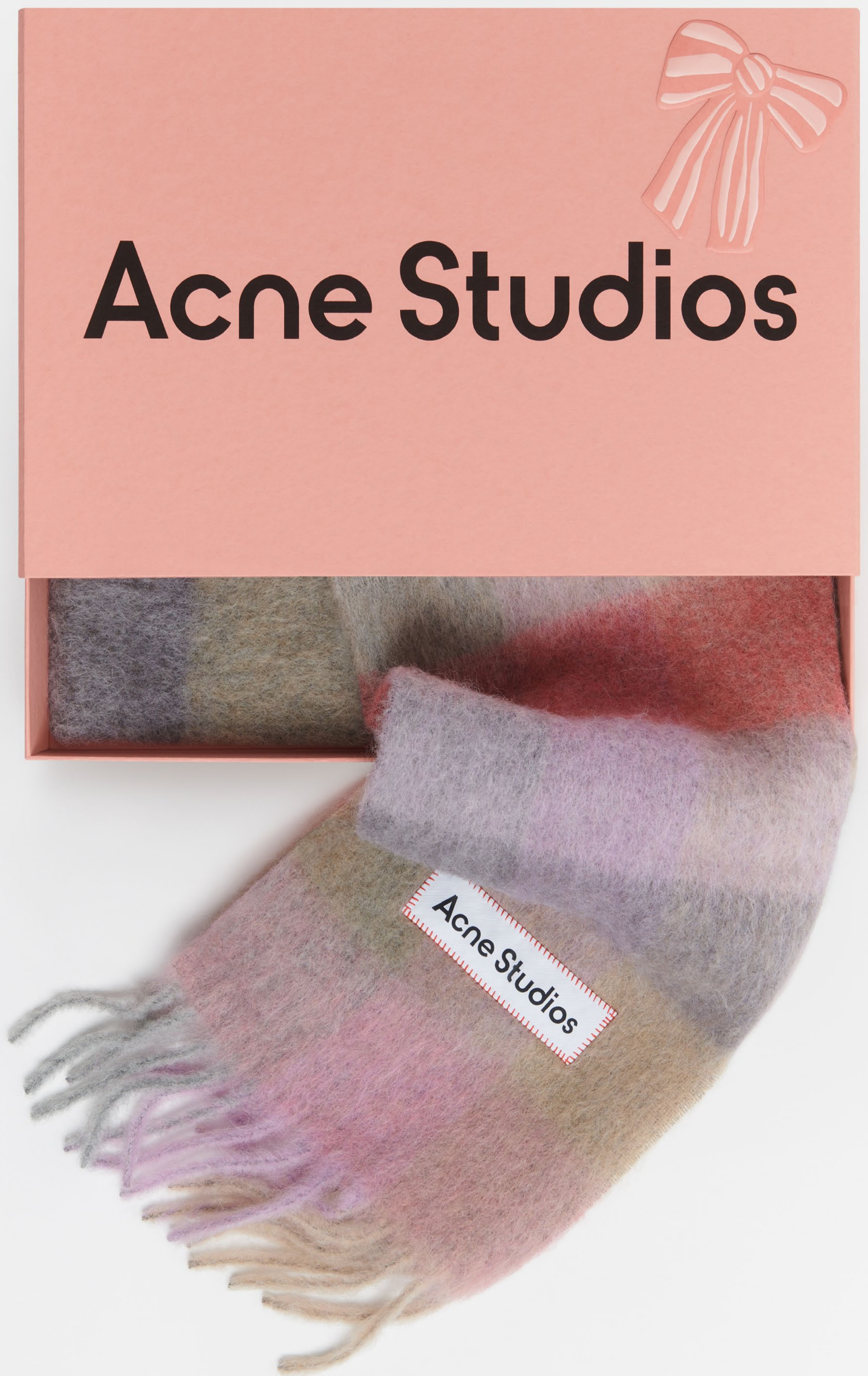
Lastly, our gift bags have in previous years been made of repurposed deadstock fabrics and we have also used seasonal gift packaging made from FSC paper. This year, we have developed new gift boxes that are made of around 80% recycled paper. We have also consolidated our box sizes to optimise production efficiency and minimise inventory stock.

All our branded Acne Studios packaging is plastic free. However, we still use plastics in our shipping materials such as polybags to protect our products. This year, we had a project to source polybags made of recycled plastics. We identified a partner for this and will launch recycled polybags in production next year.

Circular production

Progress	Introduced localised production of ‘pink paper’ in Asia
Next steps	Review further localisation of key packaging articles

A cornerstone in our circular packaging ambition is to select the right supplier in the right production location. As port of our policy, all suppliers must sign our supplier code of conduct and products must comply with our packaging restricted substance list. Another key action to reduce the impact from our packaging is to strive for local production to reduce long-distance transports. This year we have introducted regional production of our shopping bags and new gift boxes where both the pink paper and packaging production is made in Asia for these markets. Next year we will further review the localisation of key production articles.



Circular operations

Progress	Pilot to reuse returned boxes for online shipments
Next steps	Continue to improve reuse and recycling at warehouses

The last part of our circular packaging approach concerns our operations. One focus is to make appropriate estimates for packaging needs before placing orders. This avoids leftover packaging, for example when we introduce a new or seasonal packaging design. We have started to map the volumes of discarded packaging and this year the weight was 1,7 tonnes, representing 0,6% of our annual ordered packaging.

Another important factor is to optimise packaging in warehouse operations in terms of the size of boxes, the filling materials and possible reuse of packaging. This year, we ran a pilot to reuse returned shipping boxes from online sales. To support this, we updated our return instructions on the website, asking customers to return items in their original packaging and to avoid using unnecessary plastic materials, such as tape and stickers, which prevent reuse. So far, only a small number of boxes are being reused each week. However, we see encouraging results in the possibility to reuse our signature pink bags and gift wrapping. We remain committed to expanding reuse and will continue to measure results throughout the year.

Finally, we strive for full recycling of packaging waste in our internal operations. Last year, we started removing plastic polybags previously included in shipments to online customers, so we can manage the recycling at our warehouses. Today, we sort all packaging waste for recycling at our warehouses in Sweden and China. For the US warehouse, the waste is sorted by an external waste provider. We will continue to push for further details next year and aim to introduce plastic recycling at our new 3PL warehouse in Japan.

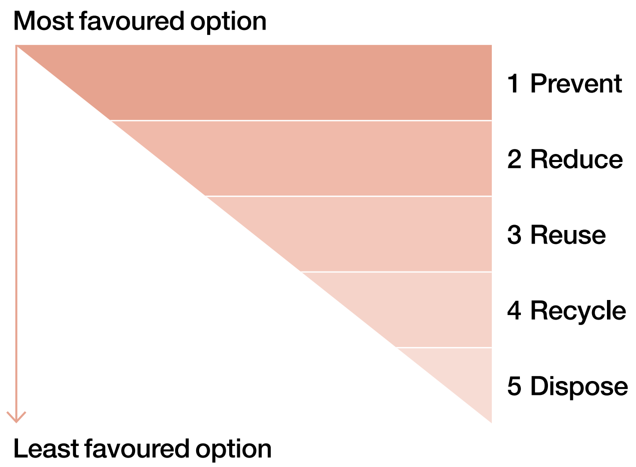
Towards zero waste

Target: Reducing, reusing, and recycling of waste across all operations by FY 26/27

Key progress: Waste reduction initiatives – KPIs initiated across all operations

We aim to work towards zero waste across all our operations. From the development and production of our collections, the running of our stores, offices, and warehouses and during sales in regards to preventing unsold products and from organising events. We have a zero-waste policy that follows waste hierarchy, where we should primarily prevent and reduce waste and, consequently, reuse and recycle in all our key operations. The aim of this policy is to validate the waste management activities that we already have in place as well as define the future actions needed in the journey towards zero waste.

Our priority towards zero waste



Stores, offices and warehouses

Progress	88% of our facilities recycle their main waste streams
Next steps	Launch sustainability policy and working group for facilities

This year we opened 16 stores, closed 5 stores and renovated and moved to a new Paris office. In total we are now operating 90 facilities around the world. Around 88% of these have a set-up to sort and recycle their main waste streams. Our ambition is to have such a set-up at all our facilities and that all facilities have a zero-waste plan to continuously make improvements. We also want all facilities to report on annual waste and recycling volumes, as is something that is recommended within our B Corp certification. A main challenge to achieve this is that we do not own our facilities and we depend on our landlords' capabilities and willingness to make improvements. Another challenge is limitations on waste and recycling infrastructure for certain markets.

In order to move further towards zero-waste, we will create an internal working group next year and launch a facilities sustainability policy that includes all sustainability standards applicable for our sites. On top of waste management, this will include requirements on energy, water and new store developments.

Development and production

Progress	Created strategy for management of left-over fabrics
Next steps	Create focus group and open warehouse for left-over fabrics

Waste is created during the development process from samples as well as leftover fabrics after the seasonal production is completed. Several waste preventing measures are in place, such as the use of virtual sampling and digital showrooms to reduce the need for physical samples. In addition, we donate leftover fabrics and trims from our atelier in Stockholm to Swedish design schools. We also made donations when we cleaned out and moved our Paris office this year. In the new Paris office, our creative director also created a wall decoration made of left-over denims.

For several seasons back we have designed separate repurposed collections made of our leftover fabrics. Last year, we integrated it into our seasonal collections instead. It is still quite limited with only around 200 kg of leftover fabrics used for the SS24 and FW24 collection, which represents around 0,1% of total fixed order weight. In comparison, almost 2000 kg of materials were left over after the SS24 and FW24 season, excluding 'continuity' and 'carryover' materials that will be used for coming seasons. That means around 6% of the total production volume for these seasons end up as leftovers.

Due to the large stock of leftover materials now stored at various suppliers, we are opening a warehouse to consolidate these fabrics. We hope that by gathering them we can get better visibility and create better chances of reintroducing them into our collections. We also initiated a partnership with the organisation Weturn that will be able to resale and recycle the fabrics we don't see a long-term potential to repurpose ourselves. Our goal is that together with these initiatives, a better internal structure to repurpose existing fabrics in our collection and reinforcing increased continuity articles, we can minimise the waste from our production. To achieve this, we will next year create an internal focus group on left-over management.

Supplier waste

Progress	75% of jersey, fleece and denim cutting waste recycled
Next steps	Continue improving fibre recycling of production waste

In the garment manufacturing process, around 10-15% of the materials end up as waste after the fabric is cut into patterns. Our goal is for this waste to be recycled into new fibres. In 2022, we mapped the waste management at our denim and jersey/fleece suppliers. We learned that around 75% of the cutting waste is currently recycled, either downcycled into other materials such as insulation, or recycled into new fibres.

We have not been able to verify any improvement in the share of fibre recycling this year, even though we know many of our suppliers are working on this topic. Next year, we aim to continue discussions with our suppliers and recycling companies to increase the share of fibre-to-fibre recycling. We also see potential to integrate these recycled fibres into our collections at a later stage.

Sales and excess inventory

Progress	-8% net stock balance of pieces produced vs. sold
Next steps	Continue to optimize sales forecast with production planning

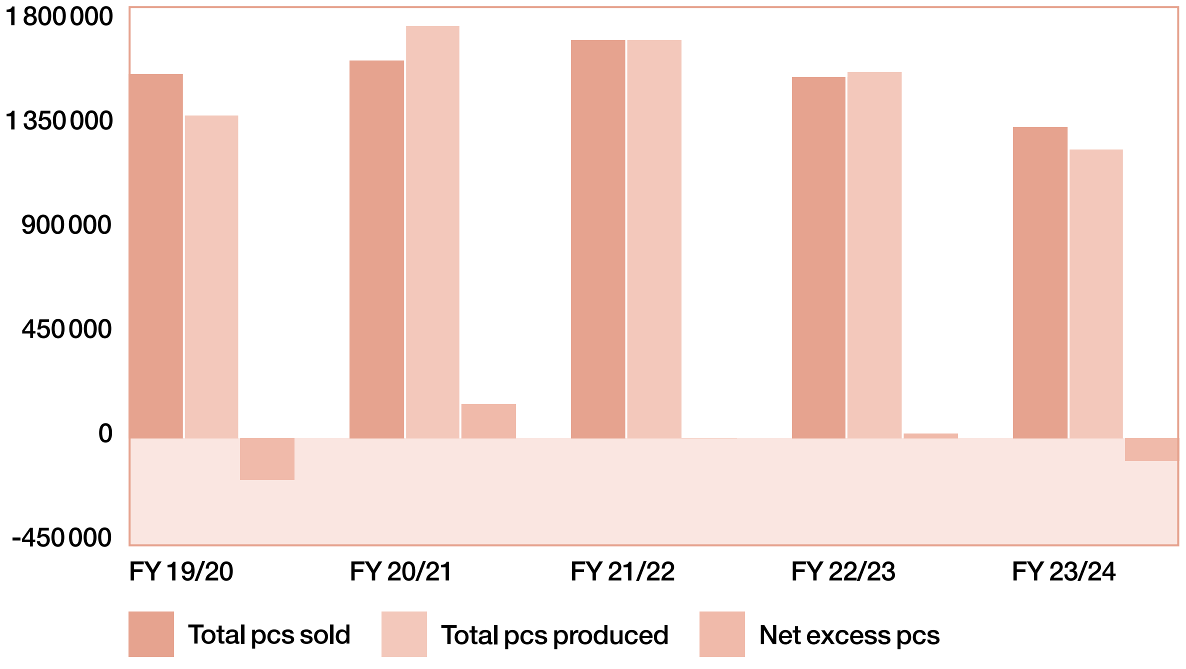
This year we had an annual net stock balance of -8%, which means we sold around 95 000 more pieces than we produced. This is lower than last year when we had a net balance stock of 1,3%. As our financial year ends in the middle of a delivery period, it is more relevant to compare the trend over several years. We see that over the last five years we had a net balance of -1,4%, meaning that we have sold 100.000 pieces more than we produced.

These results are in line with our objective to sell products based on customers' desirability and needs, not by forceful markdowns. To minimise unsold products, we aim to maximise full price sales and only want to discount products at the very end of each season. For the remaining products we make use of internal outlet stores, online pop-up archive sales and collaboration with external outlet providers. Outlet sales accounted for 8% of total pieces sold last year, with the majority being sold through our own channels. Our policy is to never send unsold products to incineration or landfill and the last station for deadstock is our employee store at our Swedish warehouse.

The main enablers to prevent excess inventory are detailed sales analyses and forecasts together with an agile order and production planning. This year, we launched a new size set-up for our 5-pocket denim with the aim of reducing the number of size variants we need to keep in stock. We are constantly analysing how to improve our processes with close collaboration between our commercial team, production team and our suppliers. An optimised strategy to prevent excess inventory will be even more important as the EU Waste directive comes into force in January 2025.

Annual net stock balance (pcs)

Share of weight and GHG emissions in FY 22/23



Events and fashion shows

Progress	90% reuse and recycling of fashion show materials
Next steps	Develop global sustainability policy for events & PR activities

Since 2022, we have been participating in a study with the Paris fashion week organisation FHCM to use their Eco-design tool for shows. This includes reporting on actions to improve circularity of materials that are used during the fashion show and an evaluation of the impact on climate and human resources. Since 2023 we collaborate with an external partner, Muto, to enable reuse and recycling event settings to give them a second life. For our SS24 and FW24 shows, around 90% of the materials were sent for reuse and recycling.

This year, we also partnered with a B Corp certified production company, Bureau Betak, to support further sustainability progress during our seasonal fashion shows. Some examples from the SS24 and FW24 shows are that they use green cleaning companies and green power resources, recycle and repurpose all materials from their show sets and aim to use local suppliers only. Next year, we want to use learnings from previous years to develop a global sustainability policy for our events and PR activities. It will be a holistic policy with both social and environmental considerations that we want to consider during our events and fashion shows.

Our workplace

Our people are our company's greatest asset. Attracting and retaining talent from all over the world and bringing the best out of our people is crucial to delivering on our strategic priorities. Our ambition is to be the employer of choice for people who want to work in a progressive and dynamic part of the luxury fashion industry.

We employ around 1000 people globally across 15 countries. We have offices in Stockholm, Paris, Empoli, New York, Shanghai, and Tokyo and operate stores in 15 countries. Approximately 300 employees are based in our Stockholm HQ and almost 600 employees work in our stores.

Evolving leadership and company culture

We believe that a shared company culture is key to empowering people and thereby driving both business and personal growth. An authentic culture is also critical to attracting and retaining talent, especially in today's competitive landscape.

Our four company values represent a shared set of guidelines and norms that we all must adhere to. We have worked systematically to define, communicate, and implement these values. In 2021 we launched our values and have since then conducted several values sessions for all employees and managers since the start. In 2024, we have built on this by introducing a comprehensive leadership programme, Leadership Lab, for all leaders where we continuously evolve our leaders to give them the best development and opportunities to coach and lead our teams in line with our culture and values. The trainings contain a number of leadership topics. We also offer in-house coaching for all managers and, where necessary, for some employees.

We have also initiated feedback trainings for employees and managers to create a feedback culture in line with our values and performance. In addition, we have integrated our values in all core people processes to ensure they are a concrete framework for how we work together and become an integral part of how we attract and retain talent.

employee engagement index and leadership index

Measuring employee engagement is a way to check the temperature of our company. It is also an indicator of how connected and committed our people are to our organisation. Our employee engagement tool aims to provide insights and feedback to drive change and strategy implementation. To avoid survey fatigue, in 2024 we decided to conduct an employee survey twice a year instead of every week. Also to give our managers time and space to work on the results to improve within key areas. We have chosen a new supplier for the survey with a more flexible solution that fits into our way of working.

In detail, the purpose with the Employee engagement KPI is to:

— Listen to our employees and enable them to share constructive feedback.
— Empower managers with insights to improve collaboration and performance and to ensure well-being and motivation.
— Provide management with key insights to develop our people and organisation in order to achieve our strategic priorities.

We conduct a biannual leadership index survey as a complement. To ensure consistency, this is a recurring initiative for all our managers. The purpose is to provide the right tools and guidance for managers to become a great leader, to ensure that our managers foster a culture in alignment with our values and inspire teams to reach their true potential, and to receive valuable feedback from our employees to guide leadership development.

We also conduct a biannual leadership index survey as a complement to Winningtemp tool. To ensure consistency, this will be a recurring initiative for all our managers. The purpose is to provide the right tools and guidance for managers to become a great leader, to ensure that our managers foster a culture in alignment with our values and inspire teams to reach their true potential, and to receive valuable feedback from our employees to guide leadership development strategies that create a better employee experience, develop leadership skills and overall company growth.

New HRM- system, onboarding experience, recruitment system and digital references

In 2024, Acne Studios implemented a new onboarding process for a better and more consistent experience for new employees. This new process includes a values session for new employees, to ensure that they are aware of and act in accordance with our values. We have also launched a new recruitment system and a new testing tool for our candidates for a better employee journey and a more sustainable recruitment process. In addition to this new system, we have implemented a digital reference check tool for a higher validity and unbiased reference check.

In 2024, we decided to implement a new modern HRM system that will help to enhance the people experience both from the employee's and the manager's perspective.

Acne Studios apprenticeship program
Acne Studios initiated a new apprentice program in 2023, and in 2024, we have further evolved it. The program is 6 months long and starts in spring and fall. It offers an opportunity for students and recent graduates to apply their knowledge in a professional working environment and establish themselves in the fashion industry. The program combines on-the-job trainings with related practical and theoretical learning sessions within our product and design department. All apprentices have a mentor that supports them throughout the program and some of the apprentices are later employed.

The programme has become very popular with hundreds of applicants every year. We are constantly evolving the programme and in our evaluation surveys with feedback from participants, where we are proud of received excellent ratings.

Providing a safe work environment
The safety and wellbeing of our people is first our priority. We work hard to proactively identify and mitigate risks and improve our work environment. In Sweden, where our HQ is based, we have a structured process in place that is centered around close collaboration with employee-appointed safety representatives. The process includes organised fire drills and appointed safety representatives on each floor. We offer Health & Safety trainings, including CPR, through an external provider to all employees in our Stockholm HQ. To date, we have trained 148 employees in CPR and we have since increased the number of defibrillators across our facilities.

Gender diversity	2023	2024
All employees		
Women	61%	57.7%
Men	37%	38.6%
Non-binary/prefer not to say	0.8%	1.4%
Information missing	1%	2.4%
Managers		
Women	60%	60.8%
Men	39%	37.1%
Non-binary/prefer not to say	0%	1.6%
Information mssing	0%	0.5%
Management team		
Women	45%	40%
Men	55%	60%
Board of directors		
Women	29%	29%
Men	71%	71%

Being a workplace for everyone
We aim to have an open company culture and strive to be progressive in everything we do. We are committed to diversity of all types and inclusive practices are integrated across our company values and ways of working. Our business is centred around creativity and we encourage different perspectives to make room for innovation and allow for better decision-making. All our people should be treated with dignity and respect and always feel safe; ultimately, they should feel that they can be themselves at work.

We will continue to integrate inclusive practices in all our core people processes to ensure fair and objective assessments across the entire employee lifecycle. We will also explore what diversity parameters we could and should measure and track across our employee base. Our ambition since many years remains that the gender diversity of our leaders should reflect the gender diversity of our employees.

Always acting ethically
In addition to physical safety, we aim to be a workplace where people feel comfortable raising their concerns about ethical issues or cases of non-compliance, without fear of retaliation. Back in 2022, we took important steps to further strengthen our work in this area by implementing an external reporting channel, available to internal and external stakeholders, as a complement to our internal procedures. This year, no concerns or complaints have been filed.

Acting with integrity is inherent in our company values and we expect all our employees to always act in an ethical manner. We have a zero-tolerance policy for bribery and corruption, as described in a policy document that all employees must read and confirm upon employment. In addition to defining our responsibilities in upholding ethical business practices, this policy also provides risk scenarios and guidance on how to act in case of suspicion of issues.since increased the number of defibrillators across our facilities.

Annex 1

Acne Studios preferred material classification

Fiber classification tool				
Fibers	**Preferred+**	**Preferred**	**Phase out**	**Banned**
Natural fibers: Cotton Hemp Linen	Regenerative & traceable (Regenagri) Organic GOTS Recycled (GRS, RCS)	Organic (OCS) European Flax™ linen	Uncertified & untraceable natural fibers	
Natural animal fibers: Alpaca Cashmere Mohair Wool Yak Silk Down	Regenerative & traceable (ZQRX) Recycled (GRS, RCS)	Responsible Alpaca Standard certified (RAS) Responsible Mohair Standard certified (RMS) Responsible Wool Standard certified (RWS) Responsible Down Standard (RDS) Traceable animal fibers Organic (GOTS, OCS) Peace silk	Uncertified & untraceable natural fibers	Angora Mulesed wool Non-RDS down
Leather	Regenerative & traceable leather Recycled leather (GRS, RCS) Biobased leather alternatives	Preferred leather as defined in our Preferred Leather Classification Tool.	Uncertified & untraceable leather	Fur Exotic skins Leather from Brazil without farm traceability
Synthetics	Medically recycled (GRS, RCS) Fiber-to-fiber recycled (GRS, RCS) Biobased synthetics	Chemically recycled (GRS, RCS)	Conventional synthetics	
Manmade cellulosics fibers	Made with better raw materials, i.e. agricultural residues or pre/post consumer textiles: Circulose® Infinna™ Refibra® Agraloop BioFibre™	Preferred viscose (FSC certified + Canopy green button) Crailar® Monocel® Tencel® Eco Pure modal Ecovero® LivaEco by Birla Eastman Naia™ Soalon™ Triacetate Bemberg RCS Cupro	Conventional MMCFs	

Annex 1

Acne Studios preferred material classification

Leather classification tool				
	Preferred*	Good	Discouraged	Banned
Animal welfare	Low risk countries	Mid risk countries	High risk countries	Brazil, Bangladesh
Traceability	Slaughterhouse	Animal country of origin	Hide country of origin	No traceability
Tanning	LWG gold/silver	LWG bronze/audited	No LWG member	No commitment
Vegan Leather	Bio based PU	Water based PU	Solvent based PU	PVC

*Preferred leather meets the following criteria:
— Low risk countries on animal welfare: European Union, United States, Canada, Japan, New Zealand, Australia, Uruguay
— Slaughterhouse traceability: Verified traceability back to slaughterhouse
— Tanning: LWG gold/silver: Tannery is audited by LWG and reached silver or gold score
— Vegan leather: Made of biobased PU that consists of at least 30% bio-based materials (i.e., agricultural waste) combined with water based PU

Shoe classification tool				
	Preferred	Good	Discouraged	Banned
Upper	See fiber and leather classification tool			
Soles*	Natural FSC rubber Bio-based TPU/EVA Recycled TPU/EVA/rubber	EVA Water-based TPU	Petroleum-based plastics/rubber	PVC

* We consider soles sustainable if they consist of 'preferred' sole materials, combined with 'good' sole materials.

Annex 2

Denim wash classification tool				
	Low impact*	Medium impact	High impact	Banned
Water use, liter/kg	0–35	35–80	>80	
Energy use, kWh/kg	0–2	2–4	>4	Sandblasting
Chemical impact**	EIM Score: 0–25 Bluesign GOTS	ZDHC approved	N/A	

*All criteria are based on Jeanalogica's environmental impact measuring (EIM) scoring.
**In case EIM scoring of chemical impact is not available, we refer to usage of GOTS or Bluesign approved chemicals.

Annex 3

Code of labour practices and monitoring process

With our Fair Wear membership, we ensure that those involved in making our products work under fair conditions. We monitor our suppliers based on the below code of labour practices:

1 Employment is freely chosen	2 Freedom of association & the right to collective bargaining	3 No discrimination in employment	4 No exploitation of child labour
5 Payment of a living wage	6 Reasonable hours of work	7 Safe and healthy working conditions	8 A legally binding employment relashionship

We have developed a process to monitor and improve social standards, by taking the following steps from the start of our supplier relationships:

Step 1. Risk evaluation

The sustainability team continuously assesses human rights and health and safety risks in our production countries and regions.

Step 2. Entry assessment

When starting a new relationship, suppliers need to complete a social standards questionnaire, explain their production set-up and show recent audit reports.

Step 3. Improvement process

Social audits
Suppliers are audited based on their risk profile.

Training
Suppliers and workers attend capacity building trainings.

Complaint system
Workers can anonymously inform us and Fair Wear in case of work related issues.

Annex 4

Detailed climate footprint results FY 23/24

Emission category	Scope 1 emissions, ton CO2e	Scope 2 emissions, ton CO2e	Scope 3 emissions, ton CO2e	Total emissions 23–24, ton CO2e	Total emissions 22–23, ton CO2e	Total emissions 20–21, ton CO2e	Change from previous year, %	Change from base year, %	Share of total 23–24, %	General notes and emission factors
Facilities	133	67	199	400	850	1 225	-53%	-67%	1%	There is an overall increase in energy consumption as an effect of opening new stores and facilities. Decrease of emissions comes from purchase of renewable energy certificates.
Business travel	60	–	5433	5493	4490	1 062	22%	417%	18%	Emissions based on DEFRA conversion factors added with RFI factor 2.7 for air travel. Overall increase in emissions from business travel is mainly connected to increased air emissions.
Production	–	–	14577	14577	19462	19285	-25%	-24%	47%	The data quality has improved compared to base year where majority of data were based on Higg MSI. Since FY2223 only tier 3-4 is based on Higg MSI and for FY2324 Tier 3 emissons for scarfs and knitwear are based on real data. Due to improved data quality from a key supplier, we also made an update on the previous years production emissions from this specific supplier.
Tier 1	–	–	1 793	1 793	1 327	2640	35%	-32%	4%	Emissions based on energy reported by suppliers. Production volume has reduced since last year but the emissions have increased. The increase can partly be explained by increased data reported for Tier 1.1 processes, such as washing, printing and embroidery. It is ayear,to increased residual electricity emission factor of 20% for Portugal, Italy and China. Data quality also improved leading to suppliers report more fuels than previously.
Tier 2	–	–	2354	2354	2883	2857	-18%	-18%	8%	Emissions based on energy data reported by suppliers. The decrease in emissions compared to last year is mainly explained by the reduced volume from last year.
Tier 3–4	–	–	9399	9399	13242	12259	-29%	-23%	36%	Estimated emissions based on emission factors from Higg MSI. The decrease of emissions from last year can partly be explained by the total reduction of produced pieces as well as a shift in the use of material types.
Other	–	–	1 031	1 031	2010	1 530	-159%	-86%	6%	The reduction of emissions compared to last year can be explained by a redused purchase of packaging, less samples and reduced transports within production compared to last year.
Transports	–	–	10491	10491	11 735	10593	-11%	-1%	32%	
Air	–	–	10150	10150	11 302	10060	-10%	1%	31%	The overall reduction of emissions compared to last year is explained by the reduced transport work. For air shipments an RFI factor of 2,7 is added.
Road	–	–	286	286	356	388	-20%	-26%	1%	
Sea	–	–	46	46	25	58	86%	-21%	0%	
Rail	–	–	0	0	0	20	-26%	-100%	0%	
Other	–	–	9	9	52	67	-82%	-86%	0%	
Total	193	67	30701	30961	36537	32164	-15%	-4%	100%	

Acne Studios