

Blåkläder statutory Sustainability Report

2023



THE QUEST FOR SUSTAINABILITY GOES ON

Since our beginnings in 1959, sustainability has been an integral part of Blåkläder, and today it reaches out to all the worldwide corners of the company. In our crucial role as one of Europe's leading manufacturers of professional workwear, we are legitimately committed to becoming even more sustainable.

With great pride, we can state that significant progress has been made in our quest for sustainability in many vital areas of our business since our last Sustainability Report saw the light of day. Every day, all year long, we continue to improve the overall sustainability performance along our entire production line. For example, all of our production units in Sri Lanka and Myanmar are run in compliance with STeP by OEKO-TEX®. Also our major suppliers of textiles are certified in line with STeP by OEKO-TEX® since some years back. This certification covers the methodology of a business' environmental and social Governance and is proof of a truly sustainable business.

99 percent of our footprint originates from processes outside our internal operations, which are the Greenhouse Gas Protocol Scope 3 (Scope 3 emissions results from activities from assets not owned or controlled by Blåkläder, but indirectly impact our value chain). These further manifests the relevance of our already established sustainability agenda; to deepen our cooperation with all supplier contacts and encourage investments in renewable energy sources.

Blåkläder's Sustainability Report* encompasses AB Blåkläder and its subsidiaries** for the fiscal year 2023. It aims to provide our stakeholders with a transparent and honest presentation of where we are and the steps we are taking towards becoming a more responsible and sustainable manufacturer of workwear and personal safety equipment. Blåkläder's core business is workwear and this constitutes the major part of our sales. Therefore, this report mostly focuses on workwear and only briefly refers to our gloves and shoes. As our sustainability efforts are common to all product groups, the disclosures in this report are also applicable for gloves and shoes. The board of AB Blåkläder withholds the overall responsibility of the Sustainability Report. Lastly, we want this report to share our successes as well as our shortcomings, and demonstrate our sincere commitment towards becoming gradually more sustainable, step by step.

*AB Blåkläder subsidiaries are listed in "Blåkläder Business Model"



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BLÅKLÄDER DNA

THE WORLD NEEDS LESS GARMENTS

We at Blåkläder firmly believe that the world would benefit from reducing the amount of clothing produced in favor of higher quality garments. Innovative thinking and long-term use always win in the end, at least in terms of sustainability. It is more beneficial for both the environment and the user. With a clear strategy of selling higher-quality garments in fewer numbers, we want to prove that it is possible to challenge orthodox traditions using an approach that increases the benefits to nature and maintains profitability.

The idea to produce timeless designs and durable products with a long life cycle has always been the model for us at Blåkläder. With the ongoing climate crisis and constant urgency to act, it has never been more evident that this is also the policy we need to stay true to while continuing building our sustainability strategy. Our firm belief is that global overconsumption is the most significant obstacle to overcome when working towards ending global warming and the science-based targets connected to the Paris Agreement.

We pride ourselves on our commitment to our lifetime guarantee on seams. This reflects our strong belief in our products and our promise to the customer that the seams will not wear out before the garment itself becomes obsolete. The definition of sustainability is much more comprehensive than it was during the 1950s and 1960s. Sustainable workwear today bonds to broader issues beyond the quality of the product. Just as the product itself needs to be sustainable, we need to manage the impact on people and the environment when producing it. With this in mind, Blåkläder actively works to minimize our environmental implications and ensure the well-being of the people making our products. The fundamental idea to produce functional, long-lasting workwear is as much a part of sustainable thinking now as when we began. It's an idea that will never grow old.

STAYING TRUE

At Blåkläder, we take great pride in pursuing actions, strategies and activities that we believe will achieve true sustainability effects. Rather than following assumed "sustainability truths" to please any expectations of what's presumed to be the right thing to do. This is why we don't just embrace recycled fibres as a "sustainable choice", without knowing that it actually has a positive effect on the climate impact from a total perspective. This is also why we are precautious about simplifying our designs to better fit a recycling process, if this also results in less durable garments that will be consumed with a higher frequency.

Blåkläder's somewhat unique supply chain with the sewing production within our parent organization, offers us full transparency and control of the one manufacturing step that otherwise would be connected to significant CSR risks; the cut and sew process. So instead, we can focus on the next step in the supply chain; the manufacturers of materials and components in our garments. Blåkläder nominates all these 2nd Tier suppliers, and therefore, we also have control and transparency upstream supply chain. This "ownership" of the supply chain provides great advantages on development in all sustainability areas and is the foundation of our compliance in "Environmental, Social and Governance" (ESG).

STAYING IN THE LOOP

The focus is on implementing circular economy and "closing the loop", which also is included in upcoming European legislations. However, it's worth noting that the recycling of textiles is not an endless loop. Most textile fibres are only possible to recycle 1-3 times before the performance of the recycled material has degraded to a level where production of new textile is not possible. It's still very much relevant to implement a circular business model, wherever possible, to enable the number recycling loops that the current techniques allow. However, this must always be done with the bigger picture in mind. Will the emissions decrease if the worn-out garments are collected for recycling, even though no recycling is possible? Will the total climate impact be reduced if a product is designed to be easier to recycle, but at the cost of lower durability and with an increased consumption as a result?

Development and refining of both materials and new recycling technology will surely open up for more possibilities in the future. Blåkläder participates in several related projects, as it is our objective to find a common pathway to recycle the large streams of textile waste that cannot be reprocessed with current technologies. Yet, for the time being the most significant effect on lowering the carbon emissions and limiting the climate impact is achieved through minimizing consumption. The best way to do that is to produce a durable product, that will stay in the loop for a long time. The user phase loop.

THE COMPLEXITY OF WORKWEAR AND SAFETY GARMENTS

Blåkläder's customers depend on our products every day, so naturally, the expectations on performance and function are high. But there are also very particular expectations regarding the design and choice of materials bound up with tradition. This is not the same for all markets. As a manufacturer of professional garments for customers across Europe, we are very much aware that the features of a worker pant in Sweden will not necessarily appeal to a customer in France or Germany and vice versa. Therefore, we need to find ways to meet the needs and expectations of all the different markets while finding ways to change traditional materials to more sustainable alternatives. Also, the legal issues connected to the European legislation of Personal Protective Equipment (EU Regulation 2016/425) apply to safety clothes, shoes and gloves. The protective properties are often achieved using specific materials or chemical treatments that are necessary for their function. This motivates the use of heavy textiles, unique fibre mixes and combinations of materials to optimize the protective functionality.

On the other hand, it limits the options of less environmentally strained alternatives from a "cradle to gate" * point of view. However, from a life cycle perspective, the consumption of more resources during the production phase is easily justified by the maximized time of use. When a garment can be used for a long time, all consumed resources and released emissions from the manufacturing process is kept to a minimum from a holistic perspective.

We will not back down our strong belief that protection and longevity are essential for all our products. Blåkläder's main objective is to continuously develop products with a focus on durability and long-term functionality, and this always dictates our choice of materials, components and design. Our colleagues in product development are experts in finding features that can make a difference. For example, it could be moving a seam to prevent unnecessary wear or placing reinforcements in just the right places. The frequent dialogue and cooperation between product development and our customers is a highly valued input in our drive to create the most functional, comfortable and durable workwear. Also, the team that handles customer returns provides essential information when our products do not meet the customer's needs to their satisfaction. This connection and close dialogue with the market and our customers forms a productive loop where any deviations or flaws in products are corrected, and a lesson is learned. High-quality products generate longer-term use, and this ultimately leads to lower consumption of resources.

THE SIGNIFICANCE OF LONGEVITY

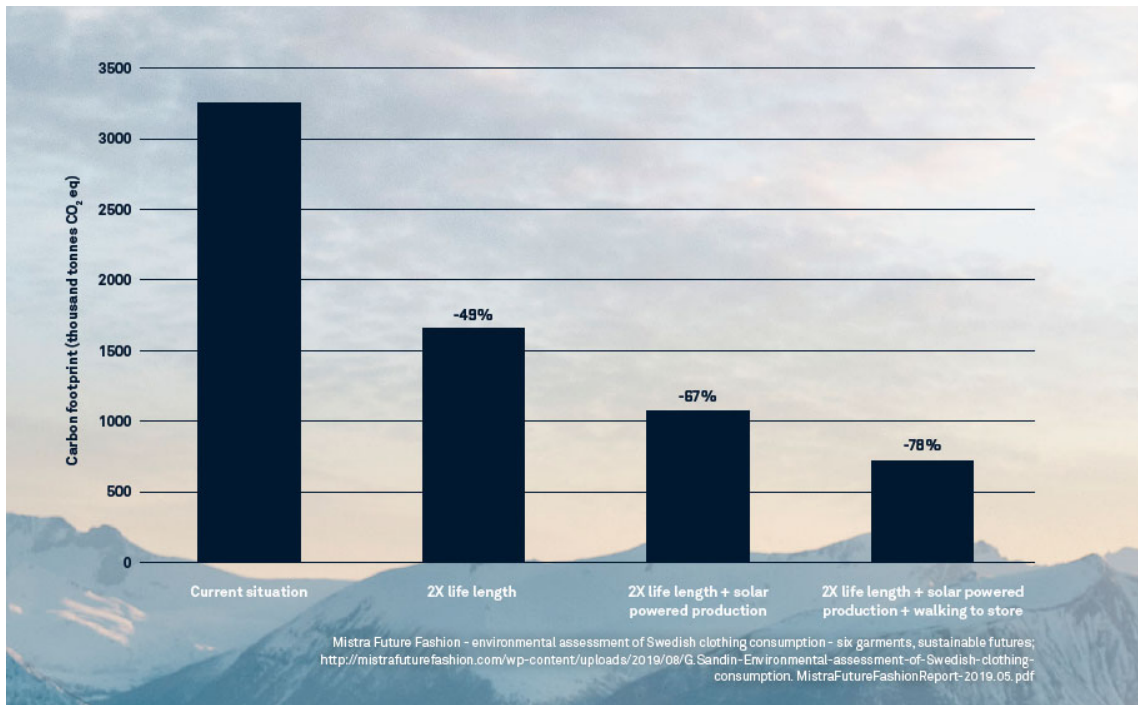
A recycled, and therefore "sustainable", raw material might have a maximum decrease of resource consumption of 5-10% for the garment value chain, but at the same time, this might also include the risk of a less durable garment. If the time of use for a garment made from recycled fibres is shortened by only 10%, then the sustainability gain is still lost. If the garment's useful life is decreased even further, then the consumption of all resources is instead increased. More oil, water, chemicals, electricity and manpower will be required, and an environmental problem is created instead of the intended opposite effect.

But by focusing on durability, the garment's time of use can be prolonged, and the sustainability gain will be close to indisputable. Even if slightly more resources are required during production, the longevity of the final product still has the most significant impact when it comes to saving resources. At Blåkläder, we receive testimonies of the durability of our products as validated proof of the effect of our sustainability strategy. For example, one specific customer case showed that our trousers lasted four times longer than the previous model that was used. A life cycle prolonged by 300% certainly saves a substantial amount of resources; 75% to be exact. Blåkläder's profound belief is, and will remain, that by enabling our customers to consume fewer garments that sustainable development is within reach. The challenge for Blåkläder is to not only provide customers with superior protection but also a more sustainable choice. It's a challenge we gladly accept.

*) "Cradle to gate", meaning the production process of a garment from fibre origin until delivered to the Blåkläder warehouse in Svenljunga.

“With a clear strategy of selling higher-quality garments in fewer numbers, we want to prove that it is possible to challenge conventional traditions using an approach that both increases the benefits to nature and maintains profitability”

“by focusing on durability, the garment's time of use can be prolonged, and the sustainability gain will be close to indisputable.”



BUSINESS MODEL

A SUSTAINABLE HISTORY

*With roots firmly planted in the heartland of the Swedish textile industry. Blåkläder has a long and proud history of clothing production for both fashion and industry. After more than 60 years in the business, this family-run company has gained a deep understanding of how to produce clothing. We develop, produce and distribute **workwear, gloves and shoes** for tradesmen placing high demands on **functionality, quality and design**. At the same time we stay true to our brand by respecting its heritage.*

Our suppliers are essential to our success and we see close, long-term relationships with material producers and sewing suppliers as the foundation of our business. Our products are distributed through dealers and direct sales to large organizations on the international market. Our aim is to be the leading supplier in all relevant markets.

Established in Europe since many years, Blåkläder has expanded the business also to the American, Canadian, and even Japanese markets.

AB Blåkläder is the Blåkläder Group's operational parent company and is located in Svenljunga, Sweden. AB Blåkläder has several fully owned subsidiaries located in Norway, Finland, Germany, Poland, Austria, Netherlands, Belgium (branch), Estonia, Czech Republic, Ireland, Denmark, France, UK, Spain, Italy, Switzerland, USA and Canada.



SUPPLIERS

STEADFAST TO OUR VALUES

Blåkläder's size and scope are not just about numbers. We wouldn't have lasted this long without something extra that pushed us on. You can see this in our awareness of the outside world, our partners and co-workers who all share our vision. We stay true to our values to improve conditions for everyone involved.

In the same spirit as we do everything else - all the way - we work in close relationships with our partners and suppliers to reduce our global footprint, use more sustainable energy and be more efficient with resources. With only close and long-term supplier relations, we can ensure our supply chain is as open and transparent as possible. We're not just ticking boxes; we're trying to think outside the box.

SUPPLIERS

At Blåkläder we rely a huge amount on our suppliers and take pride in the long-term relationships with many of these partners. Our own factories together with producers of gloves, shoes, textiles and accessories form the supplier base of Blåkläder. Many of our contacts go back over 15 years and the oldest supplier relation began over 30 years ago. We believe this longevity creates the foundation for a sustainable business. Around to 80-85 % of all Blåkläder garments are produced our sewing factories in Myanmar and Sri Lanka. During 2022 we started up our own production of safety shoes in Sri Lanka, using the same set-up and compliance program as for the other factories.

In our daily business the cooperation with our factories is integrated in our internal purchasing and planning process. These factories are the foundation and basis of what we refer to as the Blåkläder sustainability production concept*. Not only does this mean that we have full access and control of the most critical process step, from a social sustainability point of view, this is also what enables us to achieve even further control and transparency in supply chain. With the sewing process within our own ranks, we can put all our focus and attention on Tier 2 and beyond.

This is the foundation for our Environmental, Social and Governance methodology (ESG), within our internal operations and upstreams supply chain.

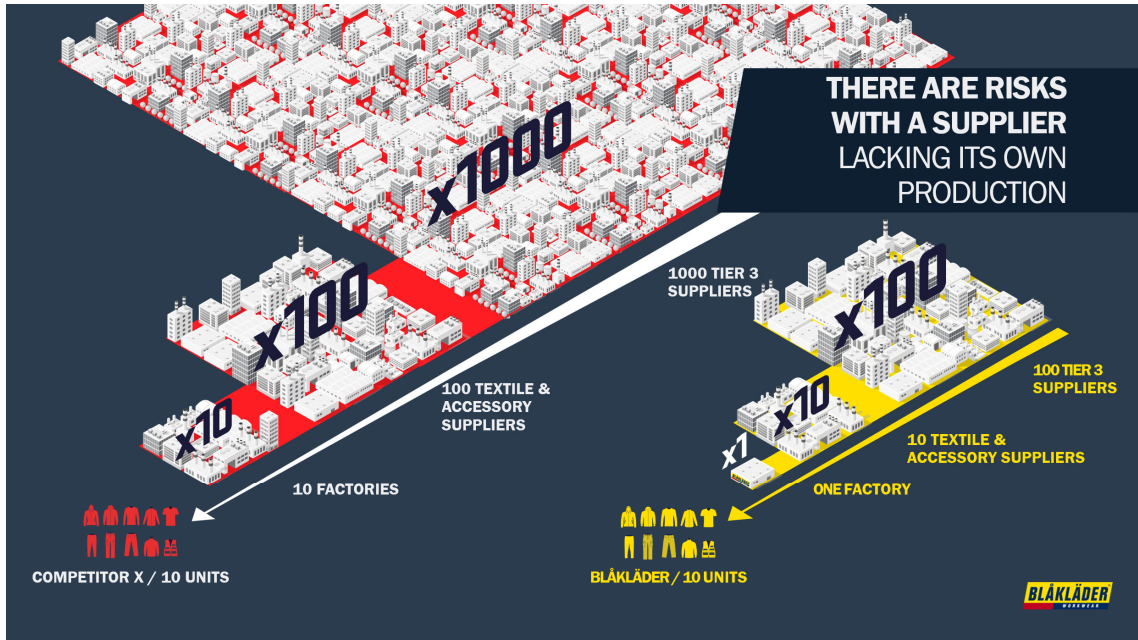
OUR OWNERSHIP IN SUPPLY CHAIN

Prior the production of a garment, all materials and components must be purchased. At Blåkläder we source every ingoing part in our garments ourselves and all materials and component are coordinated to be used in multiple models in our collection. This way we are not only limiting the total amount of raw materials but even more importantly; we are keeping the number of supplier contacts to a minimum. This enables us to maintain a close supply chain with wellknown supplier contacts. We dare to say that the key to truly profound sustainability in a supply chain is to have close relationships and access to all suppliers. A limited number of carefully selected suppliers is the foundation for a high level of transparency in a supply chain. The total Blåkläder supplier base is less than 100 partners. In our industry, it is not uncommon for companies to have 5-10 times as many. Worker rights, health and safety, environmental impact, energy efficiency and the consumption of natural resources are all areas included in the scope of the sustainability concept** for our supplier base.

*see "Our production Blåkläder Sustainable Production Concept"

**see "Ethical trade"

WE KNOW OUR SUPPLY CHAIN WELL AND KEEP THE NUMBER OF SUPPLIER CONTACTS TO A MINIMUM - A LIMITED NUMBER OF **CAREFULLY SELECTED SUPPLIERS** IS THE FOUNDATION FOR A **HIGH LEVEL OF TRANSPARENCY** IN A SUPPLY CHAIN.



THE VISUAL EFFECT OF WORKING WITH FEW VS. MANY FACTORIES

Fewer contacts down the supply chain equals transparency and control.

ETHICAL TRADE

GOOD BUSINESS ETHICS LEADS SUSTAINABLE TRADE

At Blåkläder, good business ethics means fair wages, a safe working environment, respect for human rights, and no discrimination or child labour. All our contracted partners and suppliers need to accept and abide by the Blåkläder ethical code to be approved for the manufacturing of Blåkläder products, ingoing components, textiles and leathers.

Furthermore the environmental impact of the business needs to be monitored and any negative influences must be limited and kept to a minimum. Suppliers with a chemical process requiring water need to have a water management strategy, an implemented wastewater treatment plan and a safe chemical handling routine. We seek partners with a production process that encourages safety and pushes for improvements to labour rights. Blåkläder therefore always prioritizes suppliers that share our values and take responsibility, for example by being SA8000 certified, SEDEX approved or Amfori BSCI audited. Suppliers are encouraged to develop in this area and implement management systems that support recognized CSR standards.

We pride ourselves on the fact that 85% of Blåkläder garments are made in SA8000/ Amfori BSCI compliant operations. This program represents a high standard of social accountability. The SA8000 methodology is incorporated in the documented management system and one of its major characteristics is that a continuous improvement system is implemented.

BLÅKLÄDER SUPPLIER GUIDELINES

The requirements regarding anticorruption governance, environmental and social performance are defined in the Blåkläder Suppliers Guide to ensure the wellbeing of people producing and handling our products throughout the supply chain. This document defines the fundamental requirements for being qualified to supply Blåkläder and includes a ethical code of conduct, restricted substance list, specific supplier demands as well as legal and policy requirements. The essentials in our code of conduct are based on the following: - UN Global Compact - UN Convention on the Rights of the Child (UNCRC) - The Universal Declaration of Human Rights ILO Conventions on 29 (Forced Labour), 87 (Freedom of Association), 98 (Right to Organise and Collective Bargaining), 100 (Equal Remuneration), 105 (Abolition of Forced Labour), 111 (Discrimination), 138 (Minimum Age) and 182 (Worst Forms of Child Labour). The ethical code sets the re-quirements for the Supplier Audit program.

SUPPLIER AUDIT RESULTS 2023

It is impossible for us to be present on every single occasion a glove is being sewn or a batch of cotton twill is being woven, but our ambition is to take responsibility and set the rules for the circumstances under which our products are being processed and made. The tools to realize this commitment are the Blåkläder Suppliers Guide and our Supplier Audit Program.

Blåkläders supplier base is founded on high performing manufacturers of textiles, of which a majority already are regularly audited by third party audit organizations to maintain their certifications and compliance validations. This means that we focus our efforts on performing our own third party audit program on new suppliers contacts and with suppliers partners where we, due to various reasons, identify a need to control the operations.

During 2023 eleven official third party audit was conducted by initiation of Blåkläder. These were divided between four textile producers, three trim suppliers and three safety glove manufacturers, located in China, Pakistan, Vietnam and Bangladesh. The result of the audits is six suppliers with a high performing score, one supplier is rated as a "low risk" supplier and three suppliers have a "medium risk" score (very close to "low risk").

As Blåkläder always initiate a supplier cooperation with the intention of a long-term relation. This is why our onboarding process is extensive and also why we always strive to correct and improve, rather than terminate a supplier cooperation in the event of identified deviations during the audits.

The majority of the deviations causing the lower scores in the audits during 2023, was connected to lack for formalized and documented routines for quality assurance. The temporarily corrective action is an extended Quality Control before shipment, performed by Blåkläder engaged QC consult. The long-term solution is to develop the suppliers' internal processes and routines over time, to enable a long term relation also with the suppliers in question.

The company performing our compliance audits (including quality management, environmental performance and social aspects as well as health and safety in the workplace) is also engaged to perform quality control in our value chain. This enables a high level of transparency of the conditions in the manufacturing process at our supplier contacts, also besides the official audits.

The close and frequent dialogue with our suppliers, that was established through necessity during the pandemic, has in many aspects been kept and is now a natural part of our daily communication and routines. In many ways the pandemic crisis has increased the level of cooperation with our upstream contacts and by that, making our supply chain even closer than before. The sewing facilities in Myanmar and Sri Lanka are in general third party audited around thirty occasions annually

It is Blåkläders' strong belief is that helping suppliers to progress with their development will not only be beneficial for the business relationship but most of all for all personnel in the supply chain. And, as earlier mentioned, a significant number of suppliers are already regularly reviewed through 3rd party audits including SA8000, Amfori BSCI, STeP by Oeko Tex and SEDEX/SMETA inspections.



The SA8000® Standard is the leading social certification standard for factories and organizations across the globe. It was established by Social Accountability International in 1997 as a multi-stakeholder initiative. Over the years, the Standard has evolved into an overall framework that helps certified organizations demonstrate their dedication to the fair treatment of workers across industries and in any country. SA8000 measures social performance in eight areas important to social accountability in workplaces, anchored by a management system element that drives continuous improvement in all areas of the standard.



SEDEX is a membership based platform with transparency throughout the supply chain as the main objective. This is obtained through a web-based tool that connects all parties in the chain of supply. SMETA audits are performed several times per year.



Amfori BSCI is a methodology for sustainable workplaces from a social point of view. The program includes a code of conduct, audit structure and a continuous improvement program. The BSCI standard and the SA 8000 standard are in compliance. BSCI is not a certification but a membership, funded by the members (i.e. the customers/brand manufacturers).

OUR PRODUCTION

OUR COMMITMENT TO SOCIAL RESPONSIBILITY DRIVES OUR PRODUCTION

Blåkläder sustainable production concept.

We have full transparency and a very elaborate collaboration with the Asian factories that produce our workwear. This means that we are confident that the production of our garments takes place in a socially responsible way and that employees have a safe work environment.

Due to the close relationship with these factories, we can ensure that everything works out. And we can prove it with facts; both our factories in Myanmar have received LEED Platinum, which is the highest level in LEED Green Building's certification for environmentally sustainable constructions. And in Sri Lanka, our four factories has been certified according to STeP by OEKO-TEX®.

OUR PRODUCTION

Today, 85% of Blåkläders' garments are produced in SA8000 compliant factories and the lion's share of all sewing production is made in factories that shares ownership with Blåkläder, spread over three countries. The production in Vietnam started in 1992, followed by Sri Lanka in 2006 and Myanmar in 2018.

Having our own sewing production is an integral element in how we can approach . This is a commitment we make to ourselves to have our garments manufactured to the highest social, ethical and ecological standards. This is consistent not only with national and international conventions (UN and ILO) but also with quality and sustainability standards that are verified and reviewed. It is our intention to positively influence the socio-economic situation for our colleagues in production and the communities around our factories. This relationship provides us with invaluable access and knowledge about conditions in the production units that further enable us to deliver our commitments.

HUMAN VALUES AT THE FOCUS OF OUR COMMITMENT

We make every effort to ensure that our garments are produced under conditions that contribute to an acceptable future for the employees. In addition, we ensure that all processes and procedures are in place as a guarantee for human rights being respected, worker safety maintained and environmental awareness raised. The factories warrant all benefits to the personnel. Extra efforts are also made to provide a good working environment and better service for employees, such as free or subsidized meals, free transport to and from work and a bonus system in addition to the usual salary. Our philosophy is to provide the employees with a steady income and security, therefore no personnel are laid off during the low season. Instead, Blåkläder and the production units have a joint strive and cooperation to keep the production flow running on a steady level the whole year around. We dare to say that this employment security is quite unique and for the benefit of all involved parties.

STANDARDS THAT CAN LEAD TO DEVELOPMENT

To ensure the social, ethical and environmentally sustainable standard in production all units comply with SA 8000 (Social Accountability), ISO 9001 (Quality) and ISO 14001 (Environment). During 2019, the Sri Lankan facilities were the first in the country to get certified according to Sustainable Textile Production (STeP) certification by OEKO-TEX®. See "One Step forward". Actively working to expand the scope of STeP certified businesses in our value chain plays an important role in our overall sustainability agenda. Not only does it mean that the production process is controlled and validated from a sustainability point of view, but compliance to STeP by Oeko Tex means that measures are taken to improve the working day and livelihood of everyone involved in the manufacturing process. Every step to improve counts, and we are always trying to make a difference.

"A commitment we make to ourselves to have our garments manufactured to the highest social, ethical and ecological standards"

“We are always striving to make a difference”

“Our ambition is to take full responsibility and set the rules for the conditions under which our products are being processed and manufactured”



OUR PRODUCTION

SHOE PRODUCTION TO THE MAX

Production of safety shoes in Blåkläder's own shoe factory began in August 2022. The ambition is for the Sri Lanka factory to produce over 700,000 pairs a year, all to deliver high-quality ergonomic safety shoes to new and existing customers. "The shoe factory means that we can produce footwear under the same preconditions as our workwear, with complete control and the highest possible quality," says Blåkläder Managing Director Anders Carlsson.

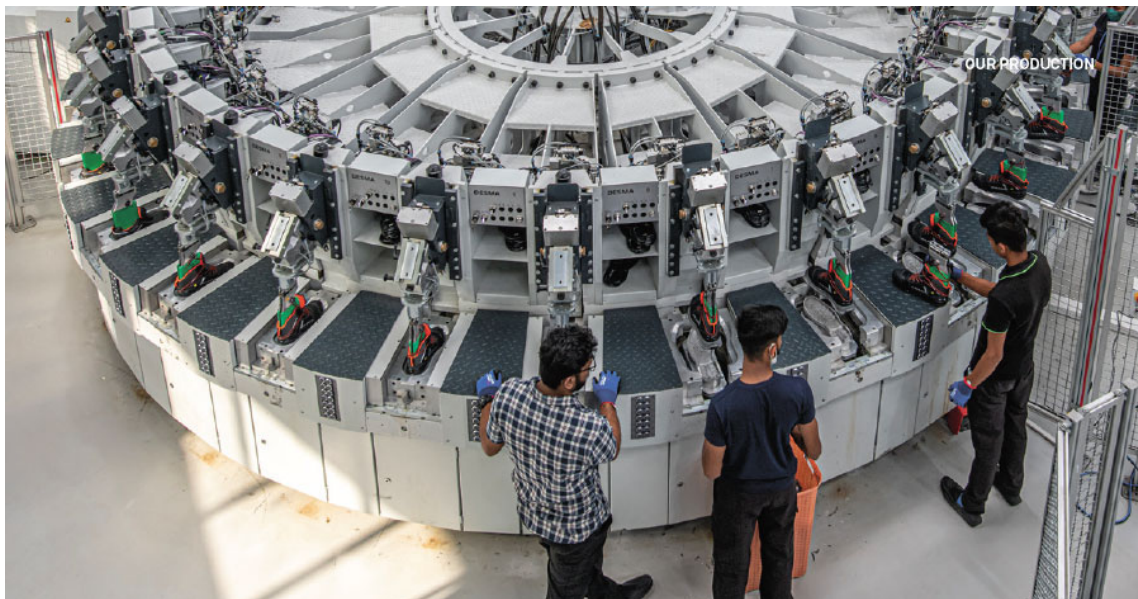
The decision to establish the footwear factory in the village of Ulapane outside Kandy, Sri Lanka, was made in 2021. In the summer of 2022, the doors opened to the ultra-modern facilities that now produce Blåkläder's safety shoes.

"We want our customers to feel that investing in a footwear factory is an investment in peace of mind for them. Everything is being done the same way as in our other factories, the main focus being quality, function and sustainability," says Carlsson. Many are already aware that Blåkläder has been making sustainable, high-quality workwear since 1959, and in recent years the range has been extended to include safe, ergonomic, high-quality safety shoes. The existing collections develop in line with market demand, and this also increases the demands on production – demands that Blåkläder can now meet as the factory runs at full capacity. "We want all our products to fit together. Clothing, footwear and gloves form a total concept that we can offer our customers, enhanced by our solutions for sustainability, production, logistics and the entire value chain. By continuing to develop outstanding products, we have an opportunity to be an even more important market player for our customers, and we're working hard to achieve just that." Carlsson explains.

The footwear factory in Sri Lanka employs about 400 people. It is equipped with high-quality machinery and equipment from DESMA, with a production capacity of just over 700,000 pairs of shoes annually. Five production lines make uppers, and with a well-equipped laboratory, Blåkläder can run tests to ensure that the level of quality that customers expect is met. With its knowledge, drive and capability, the factory is the beating heart of Blåkläder's footwear production. "We know and understand our products, and we've built up our expertise in footwear to the same level we have in workwear. Safety shoes are, therefore, now fully integrated into our supply chain. We have a lot of respect and humility for all the amazing footwear manufacturers out there, but our given objective now is to challenge them and become at least as strong," Anders Carlsson concludes.

Our new factory of safety shoes is run by the same compliance concept as all other Blåkläder production, including ISO 9001, ISO 14001, SA 8000 and STeP by Oeko Tex. The roof is equipped with solar panels and the factory building is assessed in accordance with LEED Green building standard.

"Complete control and the highest possible quality"



POWERED BY THE SUN

AN ENDLESS SOURCE OF ENERGY

The driving force to continuously improve and develop is deeply ingrained in Blåkläder's nature, from product development to environmental performance. From 2019 and forward, our garment production has been using solar power.

Since the first solar panels were installed in the production units in Sri Lanka and Myanmar a significant proportion of the annual production of 4,5 million garments has been powered by the sun. This is a milestone in the history of Blåkläder and an important step that underlines our progress with sustainability. The science of solar energy is moving rapidly and it is an obvious choice for us to take advantage of this development. Solar power has reached the position where it is now seen as one of the major energy sources for the manufacturing industry. This is a direct consequence of the climate debate, but it is also driven by the fact that solar energy systems have improved so much and today are a very cost-efficient option. To use the natural resource of an endless energy supply available in abundance where the garments are being produced is a logical move. It is our responsibility to never sit back, but always strive to improve and become a little more sustainable step by step.

During 2023 our largest factory in Sri Lanka was expanded and also this addition was equipped with a large installation of solar panels on the rooftop. Through the implementation of solar power in production we are making important investments for a sustainable development, but this work will never be finished.

Since late 2022 also our logistic hub in Svenljunga is equipped with solar panels on the roof. Producing renewable energy for both Blåkläder and the national grid, whenever there are excess energy generated.

THE USE OF SOLAR POWER – A CONSISTENT MOVEMENT

Investing in solar energy is within the scope of the overall game plan of Blåkläder's sustainability agenda. Further actions taken to preserve resources and increase the sustainability focus in production is the reuse of wastewater for toilets and gardening around the factories. Natural light is allowed into the factory floor through prismatic skylights in the roof. This specific type of bubble skylight spreads the daylight evenly in the factory at the same time as it filters the damaging UV-rays and blocks the heat. Natural light is essential for human wellbeing and it also saves energy, because the LED luminaires are automatic and only illuminate when needed. The temperature in production is controlled using an energy-efficient water cooling system, which is completely free from cooling agents and therefore eliminates the risk of emissions of hazardous and aggressive greenhouse gases. We accept the challenge of gradually becoming more sustainable and will not slow down. This is our mission and, as we see it, it is the only way we will remain a trustworthy partner in the global business of workwear.

EXPANDING THE GAMEPLAN FURTHER DOWN THE SUPPLY CHAIN

The future is spelled renewable energy and the most reliable supply of sustainable power is our closest star; Helios – the sun. With the sewing production converted to solar power, we will continue in our strive to decrease the greenhouse gas emissions and global footprint of our products.

Now the dialog is ongoing, engaging our second and third tiers in supply chain to encourage a conversion to renewable energy sources. This will require significant investments and is a long term action plan. However, the transition is already in motion and step by step the materials and ingoing components in our assortment is being produced with a lower climate footprint.

This is the only viable way to a sustainable production process and has been our main objective from 2020 and forward.

“The future is spelled renewable energy and the most reliable supply of sustainable power is our closest star; Helios – the sun.”

“Hopefully this initiative will be one of many similar investments made in the textile industry”

SOLAR PANELS

The sun is an almost endless source of energy that is environmentally sustainable and installing solar panels is a way of transforming this energy to electricity. Several regions of the world have their electricity produced by generators powered by fossil fuels. Not only are these power plants an environmental liability but they also provide an unreliable electricity supply.

An installation of solar panels will provide a stable power supply and at the same time contribute to reducing environmental impact. When manufacturing solar panels there is a need for using silver and the increased production of panels has raised the price for this material. This parameter together with the waste and disposal of used panels are the only negative aspects.



CERTIFICATIONS AND PROJECTS

THERE ARE **NO SHORT-CUTS** TO BEING A SUSTAINABLE COMPANY
(But here is a short-cut to understanding some shortenings, certificates and classifications)



ISO
14001:2015



SAI Social
Accountability
International



OEKO-TEX®
INSPIRING CONFIDENCE
STeP

MANAGEMENT SYSTEM COMPLIANCE

- ISO 9001 – Quality management
- ISO 14001 – Environmental management
- SA 8000 / BSCI – Social compliance
- STeP by Oeko Tex – first STeP certified business in Sri Lanka



BCI – BETTER COTTON INITIATIVE

- Cotton sourced from more sustainable farming bettercotton.org
- Lower climate impact, improved working environment and increased living standards through knowledge and education.



BUILDING CERTIFICATION

- LEED Green buildings - Leadership in Energy and Environmental Design
- 2 LEED Platinum Factories Myanmar (first LEED Platinum in Myanmar), 3 LEED Gold Factories Sri Lanka



RECYCLING PROJECTS

- Chalmers thermochemical recycling of polymer waste streams: www.chalmers.se
- TexChain 3: wargoninnovation.se



SOLAR POWER

- 7 factories and European logistic center run on solar power.

CUTTING CO2 IMPACT FROM ENERGY USE

Decreasing the energy need in Supply Chain; ex. Dope Dyed synthetics

Converting to sustainable energy sources upstreams Supply Chain; A long-term progress including suppliers' investments in sustainable energy production (e.g. Solar panels, wind power etc.)

BLÅKLÄDER TAKES LEED

PLATINUM & GOLD STANDARD FACTORIES

Blåkläder's factories in Asia are certified according to LEED Platinum and Gold

Our seven factories in Sri Lanka and Myanmar are run with sustainability as the common guideline.

In Myanmar, our factories received the highest award when it comes to environmentally sustainable buildings - the LEED Green building - Platinum certification. The first factory was the first building in the country to receive this certification. This means that the construction and operation of the factory building have been evaluated on the basis of one of the world's most regarded assessment systems for environmentally sustainable constructions and building designs. 2017 one of the factories in Sri Lanka was awarded LEED Gold certification and during 2023 both a second sewing plant as well as our footwear factory achieved the same certification.

The LEED green building is foremost an environmental certification, but also criteria in other areas are included in the scope of the standard. Indoor climate and air quality are two important parameters, not only for the LEED performance rating, but for the benefit of the employees in the factories. In truth, it is the co-workers in production that provide the fundamentals for Blåkläder to supply world-class workwear. Therefore, the fact that the LEED accreditation concept also promotes a good working environment makes the certification of the factories an even greater success.

Furthermore, the daily operations in the building are also included in the certification program. All personnel undergo training to save common resources such as water and energy, and are also informed on the benefits of choosing common means of transportation to and from work. All our measures are implemented to ensure that Blåkläder is sustainable both now and in the future.

Extracts of all implementations and effects of the LEED Green building project in the Myanmar factory;

- Solar panels; energy costs decrease by at least 55 %
- Light-controlled LED lighting
- Water-cooled air conditioning system – both energy efficient and without the risk of greenhouse gas emissions
- Prismatic skylights; lets in and spread daylight, but blocks UV rays and heat
- Roofs, walls and ground surfaces are bright and reflective to minimise the heat of the sun during the hottest hours of the day
- Reduced water costs by at least 75 % through water taps with automatic shut-off and water recycling (for use in toilets or outdoor irrigation)
- As much as 55 % reduction of carbon dioxide emissions; due to energy and climate effective cooling system and solar energy
- 30-40 % of the construction material in the buildings was recycled
- Sorting of waste maximize recycling

The first of the factories to receive a LEED green building certification was in 2017 in Sri Lanka and 2019 the factory in Myanmar was the first construction in the country to achieve Platinum level. The second factory in Myanmar was certified during 2020, and during 2023 two more of our factories in Sri Lanka was awarded LEED Green Building Gold. We pledge that these certificates will be followed by more. Because it is our strong belief, as well as science-based facts, that a sustainable supply chain is only possible if based on a safe and healthy working environment and efficient use of resources in combination with energy supplied from renewable origin.



LEED GREEN BUILDINGS

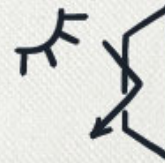
LEED is short for "Leadership in Energy & Environmental Design" and is a certification program developed by U.S. Green Building Council. The program provides the guidelines for environmentally sustainable structures no matter what type of building it concerns. It covers the whole process, from design and construction, including energy efficiency and water consumption, carbon dioxide emissions, taking into account the existing environment, nature, water shortages and available energy sources. Constructing buildings in accordance with LEED does not imply automatic additional costs, which is a common misconception, but in fact leads to lower operating expenses for the completed building.



WATER-COOLED AIR CONDITIONING SYSTEM
Both energy efficient and without the risk of greenhouse gas emissions.



PRISMATIC SKYLIGHTS
Prismatic skylights lets in and spread daylight, but blocks UV rays and heat.



REFLECTIVE ROOFS & WALLS
Roofs, walls and ground surfaces are bright and reflective to minimise the heat of the sun during the hottest hours of the day.



LIGHT-CONTROLLED LED LIGHTING
Energy efficient and improved work environment.



RECYCLING
Sorting of waste maximizes recycling.



LEED PLATINUM 2019
A sign of hard work and clear goals.

“We see the LEED Green Building certification of our factories as an important investment, with sustainability benefits both now and in the future.”



SOLAR ENERGY
Solar panels; energy costs decrease by at least 55%.



EMISSIONS REDUCTION
As much as 55% reduction of carbon dioxide emissions; due to energy and climate effective cooling systems and solar energy.



WATER RECYCLING
Reduced water costs by at least 75% through water tap with automatic shut-off and water recycling (for use in toilets or outdoor irrigation).



BUILT WITH RECYCLED MATERIAL
30-40% of the construction material in the construction was recycled.

ONE STEP FORWARD

STeP BY STeP with OEKO-TEX

In 2019, one of our sewing factories in Sri Lanka became the first business in the country to be certified according to STeP by OEKO-TEX® - Sustainable Textile & Leather Production. Since then, all of our production units in Sri Lanka and Myanmar have followed and have implemented the STeP methodology.

At Blåkläder, this is a major milestone in the strive to achieve a sustainable textile value chain. The sewing production is not only the final step in the “cradle to gate” cycle, but also where all components come together in a both energy and personnel intensive process. Maintaining high standards for health and safety as well as minimizing the use of energy and choosing power supply from renewable sources for the sewing production is crucial to enable a sustainable supply chain.

The STeP by OEKO-TEX® program takes all of these aspects into consideration, and is therefore a truly sustainable certification concept.

Since 2021 all four sewing factories in Sri Lanka are STeP by OEKO-TEX® certified; a validation that the business is run with a high level of Environmental performance, Social compliance and Governance management (ESG). Furthermore our most significant textile suppliers are also certified in accordance with the STeP program. Altogether, this means that a substantial part of our Supply Chain is already covered by STeP by OEKO-TEX® compliance; securing an environmentally and socially controlled manufacturing process with a high level of quality management.

During 2023 more than 50% of all our woven textiles were manufactured in STeP certified production processes; including the critical wet processes such as dyeing and finishing.

This is just the first step...

“STeP by Oeko Tex – Management of Environmental and Social Governance in production.”

“In 2025, more than 50% of all our woven textiles were manufactured in STeP certified production.”

STeP by OEKO-TEX® - Sustainable Textile & Leather Production - is an international certification system that sets the prerequisites for environmentally sustainable production processes, quality control, improved health and safety as well as socially responsible working conditions in the textile and leather industry. The main objective is on environmental aspects, but STeP differs from other certification systems since evaluation and review also include social and quality parameters throughout the production chain. A management certification covering the whole ESG area.

<https://www.oeko-tex.com/en/our-standards/oeko-tex-step>



SUSTAINABLE MATERIALS

LONGEVITY: A BALANCING ACT

Experience has taught us to tread extremely carefully when defining sustainable materials and producing sustainable garments. It is a balancing act, with materials on one side and durability on the other. Change one side and you can affect the other.

For example, let's say that you switch from virgin fibre to a recycled alternative. This only makes sense if the garment's durability isn't affected. Get this wrong, and the time of use will decrease, sustainability gains are lost as the consumption of garments per user increases. A sustainability problem is created, when the intention was the opposite. For Blåkläder, it isn't only about the source of raw material; it's about minimizing climate impact, longevity and maximizing the life cycle of the final product.

Long-term use is essential for sustainable workwear, and this is also the overall objective in our evaluation when sourcing materials and components. A durable garment will limit the need for a new product, and simultaneously also minimising consumption of natural resources and limiting the emissions to land, water and air.

The optimised properties of a textile material needed for function and durability in workwear are achieved through a mix of different fibres and materials. This choice of fibre types and blends will significantly affect the garment's durability but is in itself only a limited part of the global impact from a life cycle perspective*.

However, at the same time as these aspects enables longevity they also limit the current recycling possibilities. When striving for recycling flows and a circular economy, the main objective is to decrease greenhouse gas emissions and consumption of natural resources. Therefore, it must be validated that this is the achieved effect when modifying process flows and products in the name of circularity. Looking beyond the source of the textile fibre, all other natural resources and fossil fuels consumed in the garment value chain are more or less unaffected by choice of fibre raw material. This will easily result in a dramatic increase in resource consumption and emission release, if a changed fibre source results in lower durability of the textile. The shorter life cycle and increased need for new garments will lead to a higher global footprint since the impact from the whole manufacturing process will remain the same despite recycled fibre.

A balance of function, protection, durability and environmental footprint must be found to identify the most sustainable solution. This is the reason why we put a lot of focus and effort into the choice and evaluation of the materials that our garments are made of.

*http://mistrafuturefashion.com/wp-content/uploads/2019/10/the-Outlook-Report_Mistra-Future-Fashion-Final-Program-Report_31-okt-2019.pdf



SUSTAINABLE MATERIALS

THE POLYESTER FIBER

The durability and versatility of the polyester fibre makes it the backbone of workwear and safety clothing, whether used on its own or mixes with other fibres.

The production process of this manmade fibre has become chemical and water-efficient which should make it a sustainable choice of material. The downside however is the fossil-based origin of this polymer material. Nevertheless, research and development of non-fossil based alternatives are becoming more available for various uses.

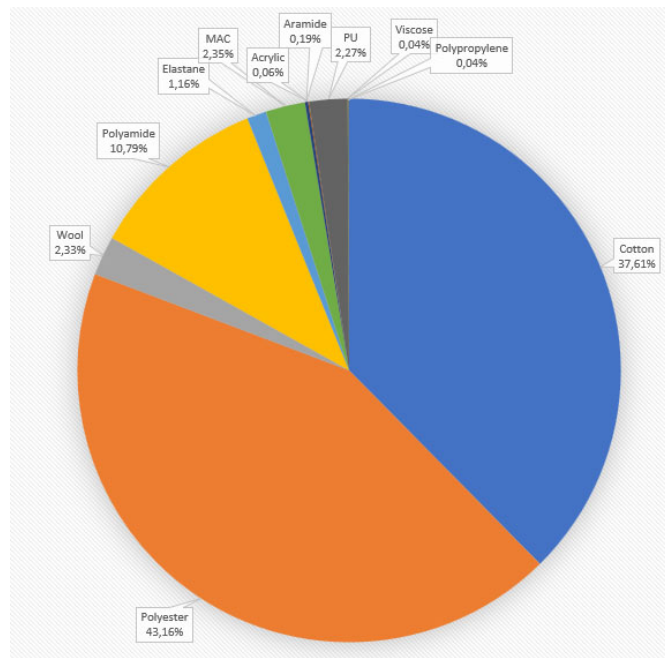
Almost half of the total fibre content in our garments is polyester. The reason is simple, it is truly hard to find an alternative that matches this fibres' versatile and durable properties. Polyester and polyester blends is what makes many of our garments profoundly designed for longevity.

With the growing need to implement circular economy also the question of using recycled materials is becoming more relevant. Recycled polymer materials, such as polyester, comes with a significant risk of decreased durability. This is due to that the most commonly used method to recycle plastics is thermomechanical recycling. This recycling method affects the polymer chains, and therefore also the quality, negatively. Polymer materials can only undergo this recycling process once or twice and is therefore per definition not circular. Also, it is usually required to mix with material from virgin origin, to achieve a processable quality of the recycled fibre. All in all this sums up that the climate footprint that can be accessible when using recycled polyester is very limited. There is also a significant risk that the textile and garments made with recycled polyester will wear out faster, which in worst case lead to an even increased climate impact.

This is why Blåkläder primarily chose not to use recycled polyester, as a lowered durability of the garment will lead to an increased need for new garments and an increased global footprint from a holistic perspective. In a worst case scenario, higher consumption creates a sustainability problem due to the increased use of all resources in the supply chain. As the origin of the raw material for producing polyester fibre merely represents a minor part of the impact from the textile production process, there are far more effective ways of lowering the environmental impact for polyester materials. Spin dyeing manufacturing process is an excellent example of how an alternative production method saves both resources and emissions without jeopardizing quality and longevity.

MICROPLASTICS AND OUR OCEANS

The use of plastic materials and synthetic fibres of fossil origin generates microplastics that find their way into our oceans through washing and wear of clothing. Once in the ocean, the microplastics absorb toxins and hazardous substances. Due to their micro size, the plastics get consumed by the smallest organisms in marine biology. These microplastics are introduced in the food chain by these organisms and eventually end up on the plates of humans.



SUSTAINABLE MATERIALS

SPUN DYED, SOLUTION DYED OR DOPE DYED —THEY ARE ALL THE SAME

When producing synthetic fibres such as polyester and polyamide, enormous savings can be made in terms of decreased use of water, chemicals and energy, simply by adding the colour to the polymer before the fibre is spun. This is spin dyeing. The process flow of a spun dyed fibre should be compared to the conventional way of textile production where a yarn or textile is made from raw-white fibres. The yarn or fabric is then coloured in a chemical intense and resource-demanding dyeing process. Instead, when spin dyeing, the pigment is already added to the polymers before it's melted and spun into fibres. This process could be compared to the colouring of the melted plastic prior to a moulding bucket. This process means that the readymade woven or knitted textile will only have to be washed. A process that requires much lesser energy, chemicals and water.

However, there are obstacles to overcome that both limits and slows down the process of converting to 100% spun dyed synthetics. In a conventional textile manufacturing process, the textile is often produced using uncoloured yarns. That means that a buffer stock can be built of raw white materials, ready to be dyed in the desired colour shades and quantity as ordered by the customers. The lead times are kept to a minimum and the possibilities to build a stock of semi-finished materials also enables a flexibility which allows the order prognosis not to be colour specific.

When shifting to spun dyed fibres, the quantity need must be specified on colour level already before the fibre is manufactured. This significantly increases the need for prognosis per colour at a very early stage in the manufacturing process and also the flexibility to re-route the production later on in the process is lost. The shifting from the complicated dyeing process; which requires heavy and expensive machinery, to only wash the ready-made textiles, also make these dyeing machines expendable. As many of the textile manufacturers have made considerable investments in these machineries, the transformation to spun dyed textiles is therefore also very much affected by financial aspects that are hard to overlook.

These circumstances limits a swift, and complete, conversion to spun dyed synthetics in a short term perspective. However, the environmental effects when using spun dyed fibres, compared to yarn- or piece dyed textiles, are so significant that we are convinced this is the way forward. We are committed to do the work and see this process of converting the synthetic fibres in our assortment to spun dyed origin in a long term perspective. This is where Blåkläder's coordination of ingoing materials and components in our garment assortment becomes evident. This enables a massive impact by just changing a small component in a garment. Simply because this small component is the same in all Blåkläder models, the total amount of material that is converted is extensive. For every produced kg of spun dyed textile, approximately 1,5 kg carbon dioxide and 135 litres of water is saved.* From 2019 and forward the main objective is to introduce spun dyed synthetic fibres to the widest extent possible for all new developments. In parallel, there is an ongoing conversion of the existing textile portfolio to spun dyed alternatives, whenever viable.

*Savings; Water Scarcity (appr. 135 l/kg textile) and CO₂-eq (appr. 1,5 kg/kg textile), source e.dye; <https://www.environdec.com> , reports No. S-P-01440, S-P-01441.



**“SUSTAINABILITY GAINS WITH SPUN DYED TEXTILES:
ANNUAL SAVINGS OF JUST ONE SINGLE MATERIAL IS 100 TONS
OF CO₂-EQ AND 90 MILLION LITRES OF WATER THROUGH DOPE
DYED FIBRES”**

SUSTAINABLE MATERIALS

THE BETTER COTTON INITIATIVE

Cotton is by far the textile fibre with the longest history in the manufacturing of workwear. It is certainly a multi-utility fibre with many areas of use. It provides heavy-duty materials, absorbs moisture, does not melt nor easily ignite, is from a renewable raw-material source and is comfortable. Over the years new fibres have been introduced in the world of textiles and many of these have replaced cotton with regards to performance parameters superior to those of the cotton fibre. Nevertheless cotton is still one of the base elements of the Blåkläder collection and we love this fibre. Cotton materials are however not produced without conflict. Even if the fibre originates from a renewable source the farming requires very fertile soil and substantial amounts of water are consumed. Growing cotton is strongly connected to heavy use of both fertilizers and pesticides. All in all, this means that the cultivation of cotton crops is in many ways environmentally straining. The farmers and other actors in the supply chain often pay the highest price in terms of poor working conditions and low earnings.

Blåkläder believes that cotton can be made more sustainable, and even a preferred alternative from this perspective, and the main objective is under which circumstances the cotton crops are grown. During 2017 we therefore joined the Better Cotton. This initiative is an educational platform that provides the farmers with information and tools to grow their crops more sustainably and also to receive fair compensation for their product. Better Cotton Initiative educates farmers on how to use their water resources responsibly as well as reducing the number of fertilizers and pesticides. In this way, they are exposed to fewer chemicals, create better working conditions, reduce environmental impact and save money. Farmers also receiving education in gender equality and other social aspects.

All members of the BCI help farmers grow cotton in a way that reduces the impact on the local environment and at the same time improves the living standards of farmers. Organic cultivation is in many ways desired as an alternative to conventional cotton farming, but conversion to organic cotton cultivation is very expensive. It requires large areas of land, to enable shifting cultivation and other aspects. The majority of all cotton grown globally, are produced by smallholder farmers with little to no assets. Converting to organic farming is not possible for this group, as this is connected to investments that cannot be realized. Better Cotton then serves as a viable alternative; improvements that can make a small step possible for each individual cotton grower. Together, all these steps will be a major improvement of the large pulp and, overall, will improve the world's cotton cultivation. In the long run, organic farming could be the long term perspective, but the journey there is long. Better Cotton is a possible way going forward and everyone can join in on the journey - step by step. We have confidence that the methodology of BCI provides a sustainable roadmap for one of the world's most important textile fibres.

ALTERNATIVE FIBERS

The surveillance of research and development regarding textile fibres is conducted continuously. At Blåkläder we are always eager to try and evaluate alternative options. This could be other materials also based on renewable sources such as hemp, bamboo and regenerated cellulosic alternatives. In this research, the same cornerstones applies as for all other evaluations done in the aim for sustainable development; the greater good must be the target. So even if an alternative have lower climate impact than the cotton fibre, from a "cradle to gate" perspective, it still might not be a feasible option if the durability is decreased. A certain level of shorter lifecycle can be motivated if the overall sustainability gain still supersedes the original global footprint. But this needs to be validated both through calculation of climate impact and by physical wear trials, comparing garments of the different origins in the same working environment.

Many alternatives to cotton, providing the same comfort and similar physical properties are different types of regenerated cellulose fibres. Examples of this are viscose, lyocell and modal, all with different levels of sustainability benefits compared to cotton. However, due to the nature of these, and many other manmade fibres, they age and wear out much faster than a cotton garment. The comparison can be made between socks made from cotton and socks made from bamboo fibre, or a t-shirt made from viscose or made from cotton. Usually the experience is that the viscose t-shirt will age much faster; early signs of pilling and fuzziness, and most likely will also be discarded earlier than a cotton t-shirt. The same is valid for socks made from bamboo; as these are also made from regenerated bamboo cellulose.

Before we exchange the cotton fibre in our garments we need to make sure that the total climate footprint will decrease. Not adding to the global impact through increased consumption, caused by cutting down on the longevity of the garment.

We are bound to make mistakes and take the wrong decisions from time to time. It is a learning process and it is called "trial and error". At Blåkläder, trying beats doing nothing any day of the week. We learn from our mistakes and we continuously upgrade our product portfolio for sustainability and performance.

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BCI – BETTER COTTON

The Better Cotton Initiative aims to make global cotton production better for the people who grow the crops and better for the environment where the cotton grows. This is achieved with guidelines for the following areas: minimizing the harmful impact of crop protection practices, water stewardship, caring for soil health, conservation of natural habitats, preservation of the quality of the fibre and Decent Work.

Smallholder farmers represent the major part of the cotton growers in the world. They are depending on plentiful crops for a fruitful harvest. BCI provides a liable alternative to conventional farming, with affordable techniques that also mitigate the impact on climate change.

Organic farming is rarely an option as it requires investments, fewer crops and quite often of lower quality (shorter fibres). Converting to organic farming is seldom a realistic option for smallholding farmers. BCI is not a quality mark of the physical fibre, it is a quality mark for the manufacturing process of the fibre from a sustainability perspective. Better Cotton Initiative is a sustainable step in a positive direction – a roadmap to a more sustainable world of cotton.

WE ARE COMMITTED TO SOURCING 100% OF OUR COTTON AS BETTER COTTON IN 2024.

BCI has strived to help with the transition to smarter cultivation methods for five million cotton growers by the end of 2020, which is 30 % of global cotton production. It will make a big difference to cotton cultivation and the environment from a global perspective. Blåkläder's goal in 2024 was that 100% of the cotton we buy is sourced as Better Cotton. Read more about BCI's work towards a more sustainable cotton production here: bettercotton.org

BETTER COTTON IS SOURCED VIA A SYSTEM OF MASS BALANCE.

Better Cotton is not physically traceable to the final product. This means that cotton is not kept separate from cultivation at the factory. Instead, it is part of a mass balance system that contributes to a more sustainable cotton cultivation and a faster global upscaling of more sustainable cotton.

BLÅKLÄDER IS A PROUD MEMBER OF THE BETTER COTTON INITIATIVE / BCI.

A non-profit organization founded in 2005 that works to implement large-scale changes in the cotton industry by helping cotton growers transform their agriculture from conventional farming into a more social and sustainable cultivation.



UNRAVELLING CIRCULARITY'S COMPLEXITIES

Unravelling the complexities of circularity, the European legislation on Producers' Responsibility concerning textile products strives to establish and actualize a circular pathway for textile materials. While fuelled by noble intentions, the notion that a circular economy alone will serve as the cure for a sustainable future can be somewhat oversimplified. The reality, however, presents a more nuanced and intricate landscape.

We are easily deceived to believe that everything is recyclable, without exception and indefinitely. The only obstacle to overcome is the collection and sorting of waste streams. However an undisputable fact, which is not addressed enough, is that a recycling flow only represents a limited part of a sustainable game plan for our common future. Far from everything is recyclable and in addition there are very few "infinite" recycling cycles*.

This means that in reality most circular flows only stay "circular" for a few loops, after that the raw material has degenerated too much. The real threat to a sustainable development is the overconsumption, and this is not fixed by a circular economy.

COMPLEXITY OF RECYCLING TEXTILES

The types of textiles and fibre blends that actually can be recycled today are very restricted, even if we are lead to believe the opposite. Not even relatively "uncomplicated" fashion garments; which are neither contaminated, worn out or in complex mixes of fibre blends/materials, can be recycled to any great extent. This also means that there are even more recycling limitations for waste streams of workwear. For the time being, and for a foreseeable future forward, mechanical recycling is the viable and most accessible alternative for textile waste streams. The fibre contents of the recycled textile is less critical, however as the materials are ripped and shredded to retrieve the fibres the quality decreases rapidly. The number of mechanical recycling loops are limited as the textile fibres gets significantly shorter for each ripping and tearing process. Eventually the fibres are of too short and of too poor quality to produce a usable textile material. Even chemical recycling of synthetics like polyester is limited, as the polymer chains are negatively affected by every recycling process and ultimately becomes too short to be used for production of new textiles. In general most polymer materials (e.g. plastics) are limited to 1-3 recycling loops before the quality has decreased too much. In total this means that textile recycling cannot enable a circular lifecycle, only less linear.

Development within both material and recycling technology is continuously making progress, but even so the most important objective is still to keep a product in use as long as possible after the first production, to reduce consumption. This is done through quality products designed for longevity.

AFTER USE

There are different initiatives and services that collect discarded textiles and garments, but most of them will not accept workwear. This is for the simple reason that most of the garments nevertheless only will be suitable for incineration (including energy recovery). However, there are exceptions. The companies that do accept workwear often only offers to send them for incineration with energy recovery. The only sustainability aspect is that they will provide a validation document stating the energy produced when burning the garments. In simple words; costs and logistics are added only to incinerate the textile waste. All of which could have been made already without adding more negative environmental impact in the form of additional logistics and handling.

To already initially focusing on the "after use"-phase and, for example through design for recycling, always requires to keep eye on the price and never jeopardize the longevity of the garment in the process. By decreasing reinforcements and not using blended materials Blåkläder would increase the recyclability, but at the same time the function and durability will decrease significantly. Even initiatives that aim to facilitate repairs must be done with an holistic perspective in mind. The possibility to replace a broken zipper will increase by reducing reinforcements seams in the initial sewing process. However, this will also have the effect that the seams around the zipper will wear out and break faster. A facilitated repair has very limited, to no, positive effect if the initial quality is affected negatively.

- <https://blog.nationalgeographic.org/2018/04/04/7-things-you-didnt-know-about-plastic-and-recycling/>

CIRCULARITY – GOALS AND CHALLENGES

THE MAJOR OBSTACLES IN TERMS OF CIRCULARITY FOR WORKWEAR AND SAFETY GARMENTS:

Worn out: Garments are only disposed of when completely worn out or the textile fibres are too damaged to be used for recycling into new textile products.

Contamination: Work and safety wear are frequently exposed to substances that are permanently contaminating the product. These substances are undesirable for introduction into a recycle-/ reuse scenario.

Material mixes and functionality treatments: To achieve protective properties, specific functionalities and to maximize the time of use for the garments, mixes of fibres and chemical treatments are necessary for work and safety wear. The mixes and treatments limit the possibility to recycle in a traditional way.

These limitations means that for the time being, the most environmentally efficient handling of obsolete workwear and safety garments is to send the waste for incineration with energy recovery. On the other hand, workwear will not be disposed of because of outdated design or last season's colour, but instead when worn out and obsolete. This means per definition that the sustainability impact is affected directly by making the garments functional and durable. This does not conclude that we shouldn't recycle, on the contrary, we need to continue to work on recycling solutions. But recycling or recyclability cannot be an excuse to look past the real work that needs to be done. Again it is evident that the real issue to solve is the overconsumption, and the way forward is to produce products for long term use. Blåkläder participates and engages in several research and development projects to find a viable and comprehensive solution of the handling of obsolete garments for the workwear industry. This involves both local upcycling initiatives as well as pioneering science projects. cannot be an excuse to look past the real work that needs to be done. Again it is evident that the real issue to solve is the overconsumption, and the way forward is to produce products for long term use. Blåkläder participates and engages in several research and development projects to find a viable and comprehensive solution of the handling of obsolete garments for the workwear industry. This involves both local upcycling initiatives as well as pioneering science projects.

BLÅKLÄDERS ENGAGEMENT IN PROJECTS FOR CIRCULAR ECONOMY IN SELECTION;

CHALMERS UNIVERSITY OF TECHNOLOGY - Thermochemical recycling of textile and polymer waste
www.chalmers.se/en/departments/see/news/Pages/Takes-on-the-challenge-of-recycling-mixedtextiles.aspx

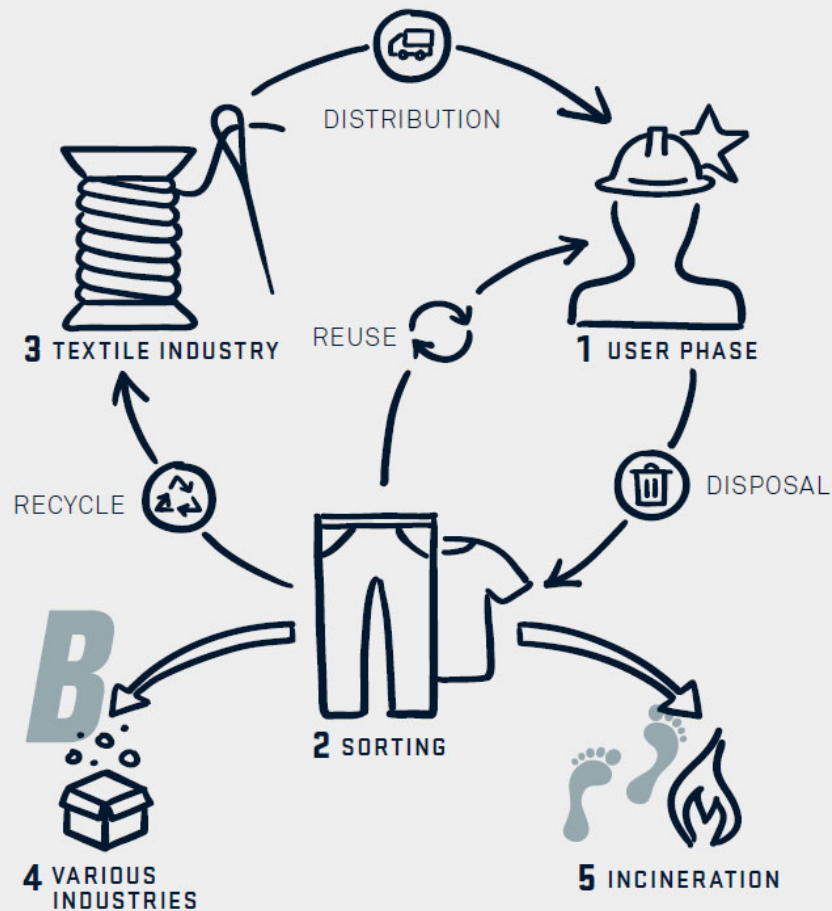
TexChain 3 – Creating circular business www.wargoninnovation.se/texchain3/

“Blåkläder’s focus is always durability, to enable less consumption of all resources from the whole LCA perspective”

“A recycling flow only represents a limited part of a sustainable game plan for our common future”

- <https://blog.nationalgeographic.org/2018/04/04/7-things-you-didnt-know-aboutplastic-and-recycling/>

LIFE CYCLE OF WORKWEAR AND SAFETY GARMENTS:



1: Professional user

2: After disposal the garments are sorted.

3: The garments suited for recycling goes back into the textile industry. Somewhat of a utopia at the moment.

4: Garments not suited as workwear is recycled as insulation, packaging or fill material. **This is our preferred open loop recycling.**

5: Garments which are contaminated and beyond repair are incinerated (including energy recovery). **For the time being this alternative is the most viable and has the least global footprint.**

CIRCULARITY – GOALS AND CHALLENGES

OPTIMIZING RESOURCE MANAGEMENT AND EMBRACING RECYCLED MATERIALS IN THE SUPPLY CHAIN

In textile product manufacturing, incorporating recycled materials is a pertinent sustainability factor, albeit not the sole remedy.

Merely utilizing recycled raw materials does not automatically guarantee a more sustainable garment. Paradoxically, if recycled materials compromise durability and lifespan, the positive aspects of recycling can be nullified by heightened consumption. In fact, heightened consumption can exacerbate environmental consequences and escalate resource wastage, further amplifying the adverse impact.

Regarding clothing and textile products, several studies have shown that the choice of raw material may influence the total environmental impact of the finished garment by 1-10%. The remaining part of the resources originates from other sectors in the supply chain; transportation, yarn- and fabric manufacturing, textile dyeing/processing, sewing production, etc. remains the same regardless of the raw material source.

For example, resources used to heat the process water in the dyeing process and origin of power supply has a far greater impact on the global footprint than the source of raw material. The conclusions* of these facts are simple; In rough numbers, if the use of recycled PES; that saves the fossil resource oil, represents a maximum 10% of the total resources consumed when producing a garment, then a decreased time-of-use for the garment by less than 10% means more or less a breakeven in terms of used resources. A decrease in time-of-use larger than 10% means per definition that the overall consumption of resources has increased and the positive effect of the recycled material is lost. In fact, a sustainability problem has been created instead of being improved.

Recycling and taking care of resources is a natural and important step towards a more sustainable conduct. But the recycling must always be seen in perspective to other possible effects for the specific field of use in question. It is always the sum of all resources and the consumption frequency that will provide the relevant result. It's not possible to compensate premature disposal of garments with recycling. The relevant effect is obtained through long-term use in the first lifecycle. Hardly any recycling can ever motivate an increase in consumption.

“HARDLY ANY RECYCLING CAN EVER MOTIVATE AN INCREASE IN CONSUMPTION”

- <http://mistrafuturefashion.com/sv/publikationer/> The Outlook Report Mistra Future Fashion Final Program Report



“By challenging existing workwear solutions and conventional thinking, we are changing the game of workwear”



MAPPING OUR GLOBAL FOOTPRINT

ASSESSING OUR IMPACT FOR PROGRESS

Based on our initial assessments, 96% of our global impact stems from our Supply Chain and product manufacturing. Recognizing this fact, it becomes imperative for us to institute significant transformations to diminish our global footprint tangibly. By doing so, we strive to fulfil our role in aligning with the Paris Agreement and combating global warming.

This is not news to us; we are since long well aware that it's the products that we provide to the market that represents the most significant part of our global footprint. And after summarizing our complete global footprint we can conclude that;

- Close to 99% of all emissions is generated outside our internal business
- Around 96% of the carbon emissions are released before the goods reach our warehouse in Svenljunga
- At least 75% of the emissions originates from the textile manufacturing process, i.e. before the sewing production

As concluded, the majority of all emissions originates from the textile production and use of energy in all steps of the manufacturing process. More than 25% of the carbon emissions are generated during the wet process; dyeing and finishing of the textile material. This is due to all the water that is needed to be heated up to boiling temperatures, in this energy intense part of the textile production process. From calculating our total global footprint, from a carbon emission perspective, it's clear that less than 1 % of all our emissions originates from our internal operation. This includes all Blåkläder offices world wide, our logistic centre in Svenljunga incl. the warehouse and all the emissions generated by our traveling sales force.

Our packing materials represent less than 1% of the total emissions. About 20% of this is generated by the plastics we use in packaging; single garment bags, master polybags in the cartons, wrapping plastics for the pallet packs etc. That means that if we were to exclude all plastics from our packaging we still would only cut 0,2% of our total emissions. But we would also most likely increase the number discarded garments tremendously; due to moisture and mold damages and/or permanently soiled products. These wasted garments will rapidly cause a much higher global footprint than the limited savings achieved through excluding the plastic packaging. See also "PACKAGING MATERIALS" and "WHY USING PLASTICS?" under section "ENERGY AND WASTE" in this report.

In plain words, it's not in the choice of company cars, recycled packaging or whether our offices are powered by renewable energy or not, we will find the primary key to sustainable development. All of these aspects are not at all irrelevant. But to hit the heart of the matter, it all comes back to providing durable products for long life cycles, produced responsibly and with a continuous strive to lower the emissions in each process step. Also, to be noted, a textile does not become "fossil-free" based on the fibre being of cellulosic origin. Around 7 kg of oil is consumed during the production of 1 kg conventional cotton fabric (The Outlook Report, Mistra Future Fashion). In the same context it can be concluded that the fossil fuels that are saved by using recycled synthetic materials are also very slim. In fact it usually only represent but a few percentages of the total consumption of fossil origin of a garment.

This fact speaks for itself, as it becomes evident that most fossil resources consumed in the supply chain originate from the energy need in all production processes. The actual fibre origin is of much lesser significance. Instead, the greatest sustainability savings are to be made by decreasing the need for energy and replacing energy sources, throughout the production process.

MAPPING OUR GLOBAL FOOTPRINT

THE ENERGY

One of the most significant sustainability aspects in textile manufacturing is the use of energy. How much energy is used, and how is it produced? Actions on two ends will lower the climate impact from energy production significantly; reducing the need for energy and switching to renewable energy sources with lower carbon footprint. The energy consumption can be decreased by choosing manufacturing methods with lower energy needs. Converting to spun-dyed synthetic fibre is an excellent example of efficiently decreasing the energy need, as it results in the entire dyeing process being excluded in the manufacturing process. The substantial effects of switching over to renewable energy are clear to us since the sewing production converted to solar power some years ago (see "Powered by the sun"). Our long term agenda is to work with our supplier contacts upstreams supply chain, to find solutions and implement more sustainable energy sources. It's not an easy access conversion in many parts of the world, as the national grids hardly offer any renewable energy alternatives. This means that switching to renewable energy sources requires long-term investments, for instance installation of solar panels or windmills. The dialogue with our suppliers is already ongoing, and there is no time to waste. Our close and long term relations in supply chain is a important parameter also in these discussions. When having a business relation ongoing for 10-15 years or more, the discussion on how to continue developing this relation is natural. Adding dialog and discussion on necessary investments in the name of sustainable progress is significantly more successful with a shared history and continued collaboration as a future plan. Our sewing factories already use solar panels and we will continue our mission to encourage similar investments throughout our entire supply chain. Since 2022 also our new built outbound warehouse in Svenljunga is equipped with solar panels. We already purchase renewable energy with certificate of origin, but the general need in society for low carbon and renewable energy is increasing and we all need to assist in producing this. We are in this for the long run and are prepared for continuous changes over time and with the aim of lowered climate effects in the end.

Through Blåkläders participation in STICA – Scandinavian Textile Initiative for Climate Action, we are not only determined to map our actual global impact and define targets to improve, but also committing to the Science Based targets and do our part in reaching the Paris Agreement*.

SCIENCE BASED TARGETS

The science based targets are carbon emission reduction goals, set in accordance with the Paris Agreement to limit global warming to 1.5°C. The target settings are absolute, with the motivation that the global resources and the worlds' ability to absorb greenhouse gases are absolute.

<https://sciencebasedtargets.org>

GREEN HOUSE GAS PROTOCOL (GHG PROTOCOL)

Green House Gas Protocol was established in 1998 and is an organization that provides the most widely used standard for identifying and calculating greenhouse gas emissions. The system converts all GHG to carbon emissions equivalents; CO₂-eq, divides the emissions based on origin through the scope categorization.

<https://ghgprotocol.org>

“Our sewing factories already use solar panels, and we will continue our mission to encourage similar investments throughout our entire supply chain”

*<https://sciencebasedtargets.org>

**<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

***<https://ghgprotocol.org/> Scope 1 and 2 https://ghgprotocol.org/sites/default/files/Guidance_Handbook_2019_FINAL.pdf

MAPPING OUR GLOBAL FOOTPRINT

STICA – SCANDINAVIAN TEXTILE INITIATIVE FOR CLIMATE ACTION AND TEXTILE & FASHION 2030

In 2019, following our sustainability agenda, Blåkläder joined “STICA - Scandinavian Textile Initiative for Climate Action”, an initiative with the primary goals of reducing the climate impact and establishing a sustainability platform for the Swedish textile industry.

STICA – SCANDINAVIAN TEXTILE INITIATIVE FOR CLIMATE ACTION

The main goal of STICA is to reduce the climate impact of the Scandinavian textile industry, with a focus on reaching the Paris Agreement’s environmental goals. In 2018, the UN launched the Fashion Industry Charter for Climate Action initiative, which supports the Paris Agreement, where signing companies have agreed to reduce their greenhouse gas emissions in line with the science Based Targets (<https://sciencebasedtargets.org/>). In Sweden, the government has set goals to be climate neutral by 2050, a target that is also shared with 26 of 27 EU member states.

The purpose of STICA is to create a common forum for the clothing and textile industry to work together to reduce the Swedish climate impact in the strive to reach the UN Global goals and, in the long run, stop global warming at 1,5 degrees. STICA works objectively for companies and organizations that want to contribute to sustainable development and encourages cross-industry collaborations that strengthen Scandinavian competitiveness in a global market.

Through our participation and work with STICA, Blåkläder agrees with the initiative that this is one of the ways to systematically work to solve the climate crisis. One of the most important commitments within STICA is to map, calculate and set targets to reduce our greenhouse gas emissions starting from the baseline year 2018. In the first phase, the direct carbon dioxide emissions that originates from our internal operations has been summed up. From 2020 and forward we continue mapping the carbon dioxide emissions related to our entire supply chain and external logistics, which corresponds to Greenhouse gas protocol Scope 3. This is a comprehensive and complex work, but crucial for our continued journey towards a more sustainable business. We are truly excited to be able to calculate the actual savings in CO₂-eq emissions from all efforts implemented in the supply chain from 2018 and forward. Solar-powered production and conversion to materials with lesser environmental impact is just the beginning of the journey.

Read more at www.sustainablefashionacademy.org/STICA



THE GOOD AND THE BAD CHEMICALS

EXPLORING DIFFERENT IDEAS ABOUT CHEMICALS

Chemical treatments providing a specific ability for the final product may at first sound like something that should be avoided at all costs. It is, however, not that easy. Providing flame retardant abilities or protection against chemicals is a serious matter that means we have to think about things differently.

PFAS – FLUOROCARBONS

Blåkläder uses chemical treatment to provide our products with repellence towards water, dirt, oil and, in some cases, liquid chemicals. The protection provided by a treatment of fluorocarbons cannot be created any other way, so for the time being it is not possible to achieve repellence to oils and solvents without the use of PFAS. However, Blåkläder only uses this surface treatment where absolutely necessary and uses the lowest concentration possible. We are striving to replace fluorocarbons as soon as a viable replacement is available. During 2018 a long-term internal project was started to further review and evaluate the use of fluorocarbons in Blåkläder's products, with the aim of excluding or replacing these with non-perfluorinated compounds.

In contradiction of the use of fluorochemicals in fashion garments and outdoor clothing; where the effects of PFAS merely is a "nice-to-have", is the use of the same in workwear and safety garments added for a profound reason. It's for the protection of the wearer. Protection against the elements of nature, when performing a job and not being able to go indoors during harsh weather conditions. Keeping high visibility garments clean; through soil release during washing, and maintaining the hi-vis properties. Preventing harmful petroleum based substances, solvents and grease to come in direct contact with the skin when workwear is being soiled. Adding protection against a variety of chemicals, more than repellence to diluted acids and alkalis.

Any phasing out or replacement needs to be carefully evaluated prior to implementing. Late 2022 and during 2023 the process of phasing out of PFAS was accelerated. The overall target is to phase out more or less all surface treatments containing perfluorinated compounds in our assortment during 2024. The alternatives are either substitution with water repellent finish without PFAS, or no surface treatment at all. The latter will provide the least global footprint from the manufacturing process, but can only be used when life cycle and longevity of the final garment is concluded to be equally affected by using non-PFAS finish or no surface treatment. Part of our assortment of category III Personal Protective garments will still be manufactured using fluorocarbon-based finish, to enable a protection against solvents and alcohols and not only diluted acids and alkalis.

It is however a delicate balancing act, as fluorocarbons cannot be replaced with a fully adequate alternative. Compromises must be made, both in terms of protectional properties but also in respect of durability and longevity.

As PFAS is just one of many substance groups that are used in the textile manufacturing process, there will also be a significant risk of increased use of other chemicals put into circulation. We therefore address this area in the same manner as all other sustainability matters; with the aim to keep a holistic approach and the target always being the greater good.

Perfluorinated Compounds (PFC or PFAS) are a group of chemicals commonly used in outdoor clothing and workwear for durable dirt, water, chemical and oil-repellent finish (DWR). Water repellence may be achieved through other treatments; however, repellency to, solvents oils and chemicals can only be accomplished by using perfluorinated compounds. Perfluorinated substances, or fluorocarbons, are very persistent and last for a long period of time in the environment. Some fluorocarbon related compounds are known to have toxic effects and can disrupt reproduction in mammals. The compounds perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) are already regulated by European chemical legislation since many year, due to their well-documented long-term environmental safety concerns. The upcoming European legislation will further restrict both the use and product content of PFAS, PPE is for now excluded from these restrictions. Some markets has already implemented limitations and initiatives to decrease and limit the use of fluorinated compounds.

FLAME PROTECTION

Flame retardant properties are added to cellulosic fibres by using chemical treatments containing a component preventing flammability such as phosphorous. The alternative to this is using fibres with inherent flame retardant properties. However, both types of flame protections have their advantages and therefore Blåkläder offers collections with both alternatives. The chemically treated flame retardant properties nowadays are very efficient and very little active substance is actually required. Once applied to the textile the functionality is permanently bonded to the cellulosic fibre and will not wear off during wash or wear.

OEKO-TEX STANDARD 100 – USER SAFETY

The majority of garment models in Blåkläder's products are certified in line with Oeko-Tex standard 100 class 2, which is safe to wear in close contact with the skin. Exceptions are only made whenever technical functions rule out any other option. It is not only the wearer of the final garment that benefits from the fact that there are no harmful substances in the material. The absence of hazardous chemicals is beneficial for everybody handling the materials and products in the supply chain.

RESTRICTED SUBSTANCE LIST

The tool used to communicate the required chemical restrictions and prohibitions for production purposes and contents in products is the Blåkläder Restricted Substance List (RSL). This list of substances is excluded from European legislation. Fulfilment of all applicable European chemical regulations is required for all Blåkläder suppliers, however the RSL list is also mandatory for compliance. This list is based on the RISE's Chemicals Guidance and the common conclusion of acceptable and feasible levels of restrictions between the chemists from RISE and the stakeholders of the Chemical Group.

Blåkläder is a member of two stakeholder organizations in Sweden with the main purpose of keeping track of the research and development of chemicals connected to the textile and leather industry. These organizations are the RISE's Chemical Group and the Swedish Textile importers organization. All suppliers of Blåkläder need to acknowledge the Blåkläder Restricted Substance List.



STANDARD
100

OEKO-TEX STANDARD 100

The Oeko-Tex Standard 100 validation program is the most common of the Oeko-Tex accreditations and is a certification for user safety. The standard focuses on human ecology and specifies substances that should be limited or prohibited in the material or product. Even though the standard does not specifically limit the use of chemicals in production, everyone in the whole supply chain benefits from limiting chemical content in the materials.



RISE'S (RESEARCH INSTITUTES OF SWEDEN) CHEMICAL GROUP

Trade organization with chemical specialists from RISE's Research Institute and stakeholders from the textile and electronic industry in Sweden. The objective of the chemical group is to share the latest in legislation and research regarding chemical and environmental issues.



SWEDISH TEXTILE IMPORTERS ORGANIZATION

Textile importers is a trade organization for Swedish companies dealing with textiles, leather goods, clothes and shoes. The service provided to members includes trade-related legislative information, industry-specific chemical support, general news and support related to the textile importing business.

LOGISTICS

TO EVERY CORNER OF THE WORLD

Nestled within the rural parts of Sweden resides the birthplace and epicentre of the Swedish textile industry. Here, in the unassuming town of Svenljunga, the origins and essence of Blåkläder can be found.

Harnessing the indomitable spirit of this tenacious and resolute community, we orchestrate our global operations. Over time, our values have transcended borders and permeated the very core of the nations in which we operate, fostering a profound connection that endures.

Working globally means that we also manufacture globally and distribute our products to customers all over the world. This is, of course, a huge responsibility and Blåkläder is committed to limiting our consumption of natural resources and reducing our environmental footprint. With this in mind, we aim to encourage and help our suppliers and partners to continuously improve their operations. Working globally requires long-distance transportation and logistics is a major part of our everyday business; inbound and outbound. It's fair to say that the common understanding is that the climate impact from the transportation is a major share of a products global footprint. However, by making the right choices the logistics only represent a few percent of the total emissions.

LOGISTICS FROM ASIA

For the transportation of goods from the production units in Asia, the most feasible option with the least environmental impact is using direct sea freight. Through close, long-term relationships with our major suppliers we can adapt the quantities of goods to more efficiently fill the containers and thereby optimize transportation. We work continuously to meet our supply demands without delays to achieve good customer service. This requires a constant overview and correlation between sales, forecast and delivery situations that are handled by our planning team. The production planning is conducted using a safety margin to secure the supply of ingoing materials and to account for any interruptions in production. Airfreight is only used when absolutely necessary, for example due to an unexpected increase in sales or major delays from our suppliers. Alternative express delivery solutions are continuously being investigated, for instance, the option of land transport by train.

LAND TRANSPORTATION

The majority of Blåkläder's sales take place in the European market. Each order is picked, packed and distributed from our logistics center in Svenljunga. The distribution is mainly conducted using land transport. This transportation is managed by a logistics partner only using vehicles that run on fuel included in Swedish environmental class 1. All drivers have received ecodriving training. We also make great efforts to optimize our land transportation. Continuous development of our supply chain management secures availability of the relevant stock. The right products available at the right time minimise the need for part deliveries and express transport.

SVENLJUNGA

Country Sweden

County Västra Götaland

Municipality Svenljunga

District Svenljunga-Uttasjö

Coordinates ... 57°29'46" N 13°6'37" E

Area 987.14 km²

Population 10 741

CET time zone (UTC + 1)

Through the municipality the river Atran flows in a scenic valley. It flows through the town of Svenljunga, where an old bridge crosses it.

This is the hometown of the great-great-great grandfather of Emma Stone, American actress.

LOGISTICS

ONE OF THE WORLD'S FIRST ELECTRIC TRUCKS CARRY BLÅKLÄDER

Blåkläder and the iconic Volvo have formed an unbeatable alliance in a groundbreaking environmental initiative. Together, this business duo has taken a small but significant step towards combating climate change and improving air quality. By introducing one of the world's first heavy electric trucks into Blåkläder's daily operations, both Blåkläder and Volvo are committed to reducing carbon dioxide emissions and leading the way towards a greener future.

The electric Volvo truck, the Volvo FM Electric model, carries out daily transports between Blåkläder's warehouse buildings, covering a distance of two kilometres one way, from where the products are then shipped to all corners of the world.

- The transports between our warehouse buildings are essential for us to maintain our high level of service. The distances are short but numerous throughout the day, so a traditionally fossil-fueled engine never reaches the desired temperature to limit emissions. With our new Volvo FM Electric, it is rather advantageous to carry out short trips and always have access to replenishing with new electricity. The electric truck is one of the first in the world, so we can proudly say that we are at the forefront of this type of sustainability work together with Volvo, says Anders Carlsson, CEO of Blåkläder.

In addition, the local transport company performing the transport has obtained the sustainability certification Fair Transport from Sveriges Åkeriföretag and Transportföretagen (Sweden's haulage and transport companies). This ensures they carry out their transports responsibly, with traffic safety and climate-smart practices. This aligns very well and naturally with Blåkläder's sustainability efforts. Stefan Strand, CEO of Volvo Trucks Sweden, praises the unique environmental project that brings about a fully electrified everyday life in Svenljunga.

- It's fantastic that Volvo and Blåkläder are doing this together. The transition towards sustainability that we as a society must undergo has only just begun. We achieve the best results by working together with our customers and the customer's customer, who succeed in their transition projects, says Stefan Strand. There are numerous benefits to using a heavy electric truck like the one Blåkläder uses.

- The most significant advantage is being able to drive completely fossil-free. The whole world should aim for this type of sustainability project, and we in Europe and Sweden must take the lead in this, which we are now doing together with Blåkläder, says Stefan Strand.

The electric truck in all its glory. This Volvo FM Electric takes care of Blåkläders daily logistic operations.



ENERGY AND WASTE

WORKFORCE TRAVEL AT BLÅKLÄDER

Since we are working across the globe it is sometimes necessary to visit our suppliers' production units. However, for everyday business, these contacts are handled through e-mail, phone and online meetings. These methods are frequently used for internal and external meetings as well as for customer or supplier communication. Our close and long term relationship with our limited numbers of partners in the supply chain is a genuine strength in terms of control and transparency. This is also the key feature in terms of keeping the need for travels and on-site meetings to a minimum; we have very few suppliers and know them well. Blåkläders routine for the introduction of new suppliers involves on-site visits, but for regular compliance checks and follow-ups also local audit services are used.

During a product development phase, we limit the need for travelling by using aids as CAD-simulations and sending samples. The need for each sample production is carefully evaluated and the frequency of courier parcels is kept to a minimum, however this routine simplifies the development process and prevents quality issues in the long run. During 2020 and 2021 the whole world faced a new reality and we all had to adapt to the situation in various ways. One positive aspect is however that it became evident that many meetings and arrangements can be handled digitally, which has protected not only ourselves but also the environment. This is one positive experience we will bring with us forward.

PACKAGING MATERIALS

When our products are ready for dispatch from the suppliers they need to be packed for protection during transportation. In the warehouse in Svenljunga all orders are picked and then packed again. All this packing is necessary, and it should always be kept in mind that the packaging also represent a very small part of the total global impact of a garment. We aim to keep the number of used packaging materials as low as possible by avoiding plastics and polybags whenever this may be excluded and by reusing cardboard cartons. We take pride in the fact that today we reuse 60% of all cardboard cartons from production for customer orders. Only cardboard that is not fit for reuse is sorted for recycling. Even though packaging represents a minor impact Blåkläder try to keep plastic use to a minimum and only use polybags when absolutely necessary. Sometimes a master polybag; meaning one bag for multi packing instead of single packs, is a feasible solution when plastics cannot be completely avoided. The main reason for using polybags is for protection from both dirt and moisture. Moisture in particular is a serious issue and also a potential health hazard as moisture enables the growth of mold and causes a foul smell. Mold often requires decontamination of goods or in severe cases the disposal of brand new garments, shoes or gloves. Polybags in combination with desiccants are used when issues with moisture are not solvable using other options. Our main logistic from production is through sea freight, as this is the most climate efficient alternative. The primary source of moisture is during the container shipments at sea, as the temperature are high during the day and at night it drops very low. This causes a lot of condense, and this is the moisture we need to protect the cargo from.

Our packaging solutions are regularly under review and evaluation to find more sustainable alternatives with less environmental impact. From 2020 and forward all our e-commerce bags are made from recycled plastic.

WHY USING PLASTICS?

There are many ways to calculate the greenhouse gas emission impact from a product or material.

Plastic packaging – less weight compared to cardboard/paper and protects against both moisture and dirt. Many angles and many aspects to consider; however, given a mean value from several published estimates, the total sum of CO₂-eq** from producing one cotton t-shirt equals the total emissions from at least 200-400 polybags used to protect the garments. This means, in simple words, that every t-shirt that can be spared from damage during logistics and storage by being packed in a plastic bag motivates the use of at least 200-400 polybags. And the other way around, if one t-shirt goes to waste, at least 200-400 polybags must have been saved to equal the footprint saving. An example is a t-shirt, but more advanced garments such as trousers and jackets have an even higher emission cost. This motivates even further the use of polybags to prevent damage during handling and storage.*

*) <https://www.ecotricity.co.uk/news/news-archive/2018/the-carbon-footprint-of-getting-dressed> <https://fairware.com/the-carbon-footprint-of-a-t-shirt/>
<https://www.naturvardsverket.se/upload/miljoarbete-i-samhallet/miljoarbete-i-sverige/uppdelat-efter-omrade/hallbar-konsumtion/rapportklimatdata-for-textilier-swerea-2018.pdf>
<https://timeforchange.org/plastic-bags-and-plastic-bottles-co2-emissions-during-their-lifetime/> **) CO₂-eq is the effect of any greenhouse gas converted into the impact of carbon dioxide

ENERGY AND WASTE

ENERGY

A consequence of Blåkläder's rapid growth in recent years has been the need for expansion and rebuilding of our office and warehouse in Svenljunga. In 2021, the next step of expansion of the logistic centre started which was finalized in the autumn 2022.

A central theme in these projects is higher energy efficiency and reduction of energy consumption, for example by installing a more effective ventilation/air-conditioning system and motion-controlled lighting. Further energy improvement projects includes additional insulation of roof and walls in the warehouse area, additional insulation of heating pipes, regulating the indoor-temperatures by 2-3 degrees, using LED luminaries, installing curtain heaters, and turning off the air conditioning during the night.

By providing personnel with information we also want to raise awareness about energy saving at work and in everyday life. The source of our energy is of major significance in our overall sustainability strategy. Just near the main office in Svenljunga, the river Åtran provides an endless source of energy. Local powerplants have used this to generate electricity for many decades. One of the oldest turbines was installed at the beginning of the twentieth century and has produced electricity for local needs for over 100 years. We think this is a great example of a genuinely sustainable energy solution.

Solar power is the energy source above all others, and we see it as the backbone of our future power supply and a pathway to a more sustainable future. Even in the northern parts of Europe the sun's energy will generate power throughout the year, although the effectiveness of this energy source is higher in warmer climates. At Blåkläder solar energy is part of our sustainability agenda, and has been used to produce our garments since some years back. Sun power is also a possibility for our local needs in Svenljunga. However, any investment should only be made after careful evaluation as all consumption in itself also leaves a global footprint. According to earlier calculations it has not been possible to environmentally motivate investments of solar panels in Svenljunga. This mainly due to the fact that we already used renewable energy with certificate of origin. However, as technology progresses, and also the general need for sustainable energy sources increases it is necessary to supplement the national grid with private investments for energy production. In the light of this, it motivated installation of solar panels on the rooftop of our new warehouse. This is completely in line with Blåkläder's general sustainability agenda, and we are very happy to be able to make this investment for the future. The new warehouse building was awarded with Sweden Green Building Council "Environmental Building" certification, and scored Silver level.



SWEDEN GREEN BUILDING COUNCIL – SILVER

If a building performs well above the set values, it can reach Silver. Most people who choose to certify with Sweden Green Building Council have Silver as their building goal - it clearly indicates that the construction company or property owner is committed to environmental issues and thinks about you who will be living or working in the building. More is required of the building than just complying with legal requirements – among other things, the sun protection, sound environment and ventilation must be much better. www.sqbc.se/certifiering/miljobyggnad/



ENERGY AND WASTE

WASTE MANAGEMENT

Acting responsibly is not only about limiting the use of resources, but also enabling reuse and finally the handling of waste. All cardboard boxes that arrive in the logistic hub in Svenljunga are reused for customer deliveries to the greatest extent possible. More than 60% of all boxes can be used again, and this is the result of defining the appropriate level of cardboard quality to optimize balance between the environmental impact of shipping the boxes from production in the first place, and then be able to reuse a significant level of cartons. It is a balance, because if the cardboard is too heavy the environmental cost will be too high in comparison to the gain of reusing packing boxes. For a long time, the waste sorted in Svenljunga has enabled the recycling of cardboard/paper, metals and wood. Since 2019 also all translucent plastic, glass, food packages and kitchen waste are sorted for recycling and production of biogas.

AFTER END OF USE

Workwear is not replaced in the same manner as fashion garments. They are only exchanged when they are worn out or have become obsolete for other reasons. Safety clothes and workwear that are worn out can be challenging because they are often permanently contaminated with substances that cannot be part of the recycling process. Also the materials used to provide the clothing with functionality and safety properties often contains mixes of fibres and materials, sometimes in combination with surface treatments. All of this enables a maximized time of use, but the downside is that it makes the garments less suitable for recycling. Blåkläder has discussed this issue with companies who collect and sort clothes for recycling, reuse and upcycling. The conclusion so far has been that the challenges with workwear often prevent a circular lifecycle and that commonly the most sustainable option for the time being is still to send worn out and discarded garments for incineration. See also "Circularity challenges".

The returns department at Blåkläder sorts all incoming products based on their condition and the reason for the return. Worn and dirty items are discarded and sorted for incineration with energy recovery. All goods returned in unused condition are sorted for reuse either as ordinary goods or as seconds.

Sometimes we also need to incinerate unused clothing. The reasons for this can vary but it could be due to severe cases of mold or in some cases, it might be safety products that have become obsolete due to legislative changes that prohibit the items from being placed on the market. By better controlling materials and products throughout the supply chain, we can keep the incidences of unusable products to a minimum. With careful observation of legislation, it is also possible to minimise the risk of products in stock becoming obsolete.

Another reason for clothes being discarded is when a customized collection is cancelled by the customer. This could be due to logotype updates or changes in ownership with a new company profile. In these cases Blåkläder always tries to find a solution for using the products, however sometimes this is not possible due to legal reasons and there is no option but to discard the clothes. For this reason, projects for customers requiring unique products are assessed for risk. This is not a common problem, however Blåkläder takes all possible steps to limit the probability of it happening.



OUR BLUE FAMILY

UNITED AS FAMILY

Our most vital contributors are part of the Blåkläder family.

Within our organization, the winds of change are driven by our exceptional coworkers' indispensable forces. They are the lifeblood of our supply chain, instigating a transformative journey across the realm of Blåkläder. Without the unwavering dedication of our colleagues, garments would remain unmade, sales would go unattended, and shipments would remain stagnant.

Built into the company's DNA is a fundamental policy to create a healthy and safe working environment, with inclusive and non-discriminatory values. It places high demands on both the social and physical work environment, with safety and well-being as the primary focus. During autumn 2020, an employee survey was conducted anonymously on the online tool Quicksearch (www.quicksearch.se), which has also been used for the previous employee surveys. With the ongoing pandemic situation in mind and all challenges this brought along, it was expected to reflect on the survey results. However, a somewhat amazing participation of 95% showed a high-level engagement amongst the employees, and an eNPS score of 45 resulted in an increase from 2019 years results; 89 % participation and eNPS score 41. Indeed a significantly better result than we would have dared to hope for. Perhaps the most important measure in an employee survey is the eNPS®; the employee Net Promoter Score®. In general, an index result over 0 is considered good, and any results between 20-30 are very good. The eNPS® score of 45 indicates a high level of well-being amongst our colleagues. During autumn 2021 a limited scope employee survey was conducted, also this with a remarkably high eNPS® of 54. A full size survey was conducted in November 2023, resulting in a eNPS® of 51. This means that Blåkläder has managed to keep up the good spirit and true grit of our colleagues. It inspires us to try even harder in our efforts to create the best possible workplace.

During 2022 Blåkläder introduced a new tool for shorter and more frequent measures of the health and wellbeing of our employees; &frankly www.andfrankly.com. The methodology is brief up-to-date questions that are easy and swift to respond to, but still provides a valuable check of the current status in our organization. This will be used as a tool to work with preventive actions and continuous improvements in between the larger employee surveys. Longer-term thinking is profoundly embedded in our overall philosophy and is also a core value in the relationship between the company and our workforce.

We aim to offer a workplace that is both inspiring and attractive to our current co-workers and all potential future colleagues. The psychosocial and stress-related aspects of the working environment are handled together with other associated work matters using a systematic work environment process. This process is a forum including representatives from both the company and employees, and the main objective is to build a thriving working environment from all perspectives. As a last resort, if preventive measures prove insufficient, employees have access to an occupational health team at Avonova and through One Labs preventive toolbox on occupational health. These service provides aid in the form of physical therapy, support from therapists and consultation.



OUR BLUE FAMILY

THROUGH THICK AND THIN

We're in this together. Always.

Many of the activities and initiatives that have been implemented over the years to increase the well-being of our employees are today a natural and much-appreciated part of the business.

The company encourages activities to maintain good physical health, and co-workers frequently use the gym or the internal padel court. Joint training sessions and running groups are other activities initiated to inspire physical activation. Everyone is welcome to join in; the motto "speed rate by mate" always applies. The company also contributes to registration fees for competitions and races when a team from the company signs up together. During 2023 the training started for coworkers set out participate in the "Stafettvasan 2024", a national cross-country skiing competition with a 100 year long history.

The Blåkläder Activity Team coordinates joint physical exercises such as yoga classes for all employees. It keeps the social agenda busy and arranges different after-work events for anyone wanting a nice night out with workmates.

To see the big picture, we need to pay attention to details. Since 2017, the tradition of a common breakfast buffet has been enjoyed in Svenljunga every Monday morning. This is a small measure in the big context, but an important step in our teambuilding efforts and the ambition to create a workplace characterized by openness and less distance between departments. Another unusual approach to further develop the workplace and simplify everyday life for our colleagues with four-legged friends is the day kennel that opened in 2018. The shared lunch walks that follow are enjoyed by the dogs and their humans and all who tag along.

The key to Blåkläder's future rests on the shoulders of our team members. The way our business is built and functions, our workers are and will always be our most valuable asset. They are the very foundation of our business. Since 2018, even more extensive warehouse automation has been introduced when the main warehouse operation moved into brand new facilities, specifically constructed to fulfil Blåkläder's unique needs. The forklifts are guided automatically in the lanes of the high storage, which is safer for operators and further increases the quality assurance of the process. The development of Blåkläder's main hub in Svenljunga is a constantly ongoing process, and during 2019 our department for product customization and related services underwent a facelift. The project was extensive and included major changes in the work setup and optimization of the logistical flow. All updates were conducted with the working environment in focus. During 2022 our Outbound logistic department on Prästagärdet in Svenljunga was expanded to more than double the size and several stories high. In this process, our automated warehouse Autostore was also increased in capacity to be prepared for future company growth and progress. The remodelling also included extended office areas less than six years after the last expansion. The office and warehouse spaces in Svenljunga are equipped with large window sections that offer plentiful daylight, and to ensure the good air quality in the facilities, all the ventilation and air conditioning system has also been adapted. The remodelling activities at the headquarters at Prästagärdet proceeded during 2023.

"Activities to maintain good physical health are encouraged by the company"

"Creative and inspiring work environment."

"The key to Blåkläder's future rests on the shoulders of our team members"

"Our workers are, and will always be, our most valuable asset"

"Safer for operators and further increases the quality assurance of the process"

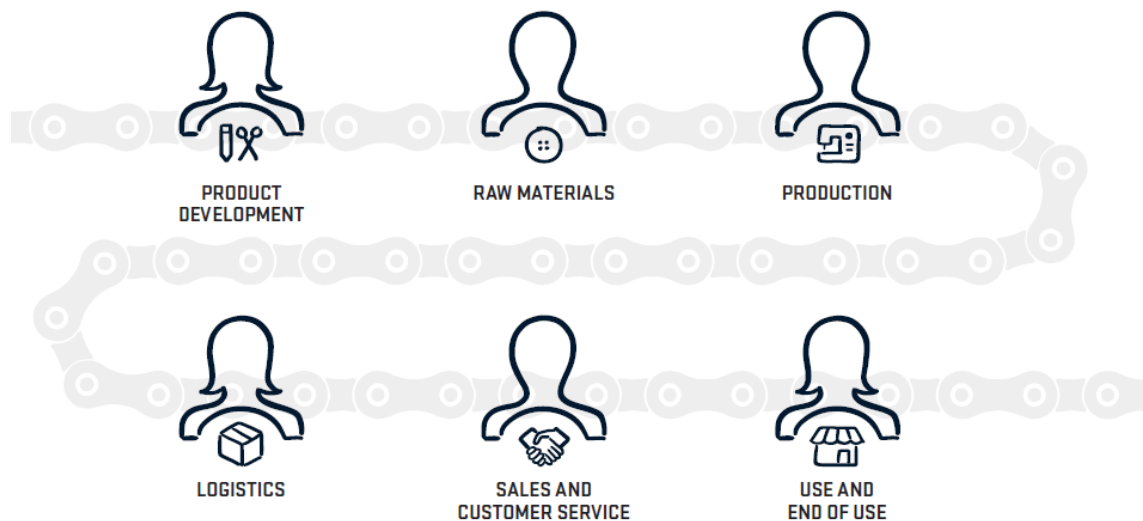
VALUE CHAIN

OUR SUSTAINABLE EFFORTS

Being part of something bigger involves actions that have both an immediate and long-term impact. We fully understand the importance of sharing our approach with our partners and suppliers through our ongoing sustainability efforts. By implementing our tools with sustainability in mind throughout the organization, we can increase the impact of our efforts.

Our value chain makes Blåkläder a part of the global economy. It connects and affects people, the environment, and businesses all around the world. This involvement comes with a responsibility to identify and limit, or possibly eliminate, the negative impact each step of the process might have. However, our connections also create advantages that can make it possible to get more involved and contribute to more sustainable development. Blåkläder's long-term aspiration is to maximize the positive sustainable effects of what we do and minimize any negative environmental impact through our global business connections.

We aim to achieve this ambitious objective through close cooperation with our suppliers and partners, clear communication of expectations, and by supporting our supply chain contacts so they can also become more sustainable.



	MAIN OBJECTIVE	IMPACT	APPROACH
Product Development	<p>Create functional and long lasting products that fulfil the customers' needs and expectations as well as legal requirements and market demands in all relevant areas.</p> <p>All packaged in an appealing design and with an overall sustainable life cycle as the main objective.</p>	<p>The type of product, functionality, legal demands, market expectations and design sets the prerequisites for choices of ingoing materials, design and alternatives for production. Taking all of this into consideration is essential to find the balance for the most sustainable roadmap for each specific type of product.</p>	<p>Conscientious evaluations and revisions of the most sustainable alternatives for ingoing materials and design. The main objective is always to maintain longevity of the final product, to save resources from a lifecycle perspective.</p> <p>Keeping updated with the latest research and developments in this field. Engaging in projects and initiatives to drive sustainable development of the textile supply chain.</p> <p>Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear"</p>
Raw Materials	<p>Sourcing materials in terms of economic, environmental and social sustainability without decreasing functionality and durability of the final product.</p>	<p>The choice of raw material sources will not only define the impact from the manufacturing process but also the life span of the final product.</p> <p>Fibers of organic and renewable origin are not always feasible in favor of synthetic materials from fossil-based sources due to safety, function or durability.</p>	<p>Strive to challenge predetermined perceptions and have a life-cycle perspective when defining and sourcing materials and components. Include environmental and social aspects without losing focus on the safety and protective objectives for the end user. Conscios choices of recycled sources or organic origin provides a sustainable aspect, however the overall lifecycle in terms of durability, protection and function must always be kept in focus.</p> <p>Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear".</p>
Production	<p>Working with stable partners that provide a high quality product without jeopardizing the nvironment, human rights or ethical trade.</p>	<p>Many parts of the textile supply chain are personnel intensive and are therefore areas with risks of violations against humans rights which might jeopardize working conditions, worker rights, risking child labor and forced work. Poor business ethics and corruption are also possible risks.</p> <p>Environmental aspects such as energy sources and consumption, water usage and emissions from production are considered a crucial risk parameters.</p>	<p>Using frequent evaluations and redefinitions we create our methodology for providing the demands we make in our choice of suppliers and partners. Continuously encourage and support suppliers and subcontractors to develop and prosper sustainably.</p> <p>Close and long-term relations with our suppliers support transparency throughout the Blåkläder supply chain.</p> <p>Methodology and approach; "Goals and strategies", "Suppliers", "Ethical trade", "Our Production", "Powered by the sun", "Blåkläder takes leed", "One step forward".</p>
Logistics	<p>Always identifying the most suitable choice of transportation based on environmental and economic aspects. Handling of goods given environmental, social and economic conditions.</p>	<p>Complex logistics with long transportation will have an environmental impact. The extent of this impact is completely dependent on the chosen type of logistic.</p>	<p>Establishing a supply planning process that enables optimization of the logistic flow in terms of environmental impact and economical aspects.</p> <p>Methodology and approach; "Goals and strategies", "Logistics", "Energy and waste".</p>

Sales and Customer Service

Providing good customer support, short lead times, high delivery precision but limit the environmental impact and maintain the safety of sales personnel as a high priority.

A large part of the interaction between Blåkläder and our customers takes place where the action is: in industries, on construction sites or logistics centers.

Blåkläder aims to provide company cars that are evaluated from both safety and environmental perspectives. The use of public transportation whenever feasible.

This is also why our sales representatives travel so much doing their job. This has an environmental impact and raises safety issues for our co-workers on the road.

Methodology and approach; "Goals and strategies", "Logistics", "Energy and waste", "Our blue family."

Use and End of Use

Supply the market with a long-term use product that provides limited negative environmental impact during use as well as following end of use.

The major environmental impact during the use of a garment is the washing, which requires both use of water, chemicals and energy. When the product reaches its end of use the sustainability issues are influenced by the types and combinations of materials the product is made of as well as the possible contaminations of the product.

Serve our customers by providing use and care instructions to enable a long-term product life whilst preserving the protective and functional properties. Continuously strive to overcome the obstacles regarding reuse and recycling connected to our industry.

These aspects in combination with completely worn-out fibers limits the choices of suitable recycling or disposal alternatives.

To continuously increase the share of raw materials with a lower climate impact from a product life cycle perspective.

Keeping updated with progress and developments regarding "closed-loop" solutions for safety and workwear.

Methodology and approach; "Goals and strategies", "Sustainable materials", "The good and the bad chemicals", "The approach to workwear".



STAKEHOLDERS

WE'RE IN THIS TOGETHER

We are not alone in the process of becoming more sustainable. Our everyday work results from a close dialogue with our partners, and we are confident that this cooperation can bring us closer to our goal, step by step, one seam at a time.

What drives us is a determination to never rest in our pursuit of sustainability. We constantly drive development forward so we can gradually build a stronger approach to sustainability.

The key to success is working together and therefore Blåkläder welcomes and is responsive to all input we receive from our stakeholders. This dialogue is highly valued and vital if we are to succeed. We appreciate open and honest communication in order to further improve development.

Trust and uprightness is the foundation of our business. It runs like a thread through every aspect of our organization and is evident in every relationship we establish with the outside world.

STAKEHOLDERS

FOCUS AREA

CHANNEL OF COMMUNICATION



CUSTOMERS

Blåkläder's customer base in selection consists of retail/B2B, large industries with central purchasing functions, direct customers through our E-commerce solution and business through public tenders.

Our ambition is that all customers appreciate Blåkläder as a sustainable business partner that pursue high standards of social and environmental responsibility throughout the supply chain.

Ethical trade
Social responsibility in production
User safety
Chemical limitations; use and content
Minimizing product global footprint from a life cycle perspective

Sales representatives
Direct customer dialogue
Market Surveillance
Procurement specifications
Internet, catalogues, brochures and social media
Fairs and exhibitions



COWORKERS

Blåkläder wishes to provide a safe and healthy working environment for all coworkers. All members of the Blåkläder team shall share a good feeling about their day at work and take pride in the ambition of becoming a more sustainable business, step by step.

Working conditions and environment
Good communication
Inclusion and diversity
Low chemical contents in handled products

Department meetings
Coworker studies
Daily dialogue
Performance appraisal meetings
Common meetings with company status reports
Dialogue between employer and Unions
Fairs and exhibitions (meeting future coworkers)
Coworker surveys



SUPPLIERS

Suppliers of Blåkläder depend on our clear communication of expectations and demands, but also our assistance in terms of improvements in sustainable development.

We wish to preserve long-term relationships with our preferred suppliers for stability and progress in CSR and environmental areas.

Ethical trade
Chemical limitations; use and contents
Working conditions
Origin and traceability
Resources; water, energy, materials.

Regular meetings and visits
Frequent and clear communication
Longterm relationships
Local purchase office



The growth and development of the company shall follow a strategy for sustainability alongside business priorities.

This is to be evident both in words and actions. The sustainable awareness shall reflect on the bigger, worldwide perspective as well as the smaller, local point of view.

Ethical trade
Environmental and social concerns
Energy savings and resource awareness within Blåkläder
Attracting new employees

Close involvement, support and dialogue with the owners
Board and management meetings
Periodic reports

OWNERS / BOARD



SOCIETY

Blåkläder aim to contribute to society by being responsive and receptive to not only the local and general rules/regulations, but also to the outside world's unspoken expectations and requirements.

Society includes different stakeholder organizations, politics, decision makers, the local community and all other parties affected by Blåkläder's operations.

Ethical trade
Chemicals; use and contents
Logistics alternatives
Energy consumption
Noise, lighting or other issues directly connected to Blåkläder

Close cooperation and communication with local politicians and decision makers
Members of stakeholder organizations



SUSTAINABILITY AREAS

IDENTIFYING THE RISKS

Blåkläder uses several tools to identify the most substantial risks for conducting a sustainable business. This overview identifies these risks for each sustainability area.



ENVIRONMENT



SOCIAL ASPECTS



PERSONNEL



HUMAN RIGHTS



ANTICORRUPTION

RISKS

Emissions to land, water and air
 Consumption of natural resources
 Waste of energy resources
 Energy from non-sustainable sources
 Chemical use in production
 Chemical contents in products
 Products with high negative environmental impact
 Emissions from travel and logistics
 End of use and disposal

Discrimination
 Low wages
 Child labor
 Health and safety

Health and safety in the work place
 Dissatisfaction and lack of well-being
 Discrimination

Forced labour
 Limitations in worker rights
 Violations against freedom of association

Unethical business methods
 Bribes and extortion

BLÅKLÄDERS APPROACH

Environmental Policy
 Supplier Audits
 Restricted Substance List.
 Reference in this report; "Goals and strategies"
 "Logistics"
 "Energy and waste"
 "Powered by the sun"
 "Sustainable materials"
 "The good and the bad chemicals"
 "The approach to workwear"

Anticorruption Policy
 Ethical Code of Conduct
 Supplier Audits
 Reference in this report; "Goals and strategies"
 "Suppliers"
 "Ethical trade"
 "Our production"

Work environment policy
 Anti discrimination policy
 Equality and diversity Policy
 Systematic work environment meetings – joint function between the employer and employees
 Coworker Surveys
 Reference in this report; "Goals and strategies"
 "Our blue family"

Anticorruption Policy
 Ethical Code of Conduct
 Supplier Audits
 Reference in this report; "Goals and strategies"
 "Suppliers"
 "Ethical trade"
 "Our Production"

Anticorruption Policy
 Ethical Code of Conduct
 Supplier Audits
 Reference in this report; "Goals and strategies"
 "Suppliers"
 "Ethical trade"
 "Our Production"

The Blåkläder sustainability journey is a work in progress and quantification of key performance indicators (KPI's) connected to, and relevant for, the sustainability area will be established. Targets for these indicators will be implemented accordingly.

GOALS AND STRATEGIES

THERE ARE NO SHORTCUTS

OUR VISION AND THE POLICIES THAT GUIDE US

Blåkläder is genuinely dedicated to making our business gradually more sustainable. We have come a long way in doing this, but there is still an perhaps even longer way to go. The transformation into a fully sustainable business is hardly done overnight, and we're not taking any shortcuts.

What we are doing requires determination, a measure of compromise, the willingness to re-evaluate accepted truths, and a commitment to questioning old habits. Every business has its share of traditions and the workwear industry is no exception. Some of the “nuts and bolts” of what workwear really is might need to be questioned and redefined in order to clear the way for sustainable development. As said before, we can honestly say we're far from the finish line and the journey is ongoing. It's important to make clear we will continue our efforts and do whatever it takes.

EACH STEP LEADS FORWARD

Every grand ambition needs to be sliced down into its components to become a reality. With this in mind, the roadmap for our sustainability program has been incorporated into our daily business through our goals and strategies. We constantly reach crossroads where decisions can lead us in different directions. It is therefore essential to have the right tools at hand so we choose the most sustainable solution overall, both now and in the future. Our common goals and strategies help us make decisions that follow Blåkläder's way of creating sustainable development.

POLICIES

The tools and guidelines for Blåkläders sustainability work are defined in our policy program. The following is an extract of Blåkläders policy and guideline program;

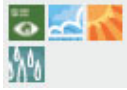





- Quality and Environmental Policy
- Work Environment Policy
- Anticorruption Policy
- Anti alcohol and drug policy
- Anti-discrimination policy
- Equality and Diversity Policy
- Ethical Code of Conduct

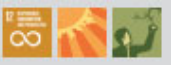
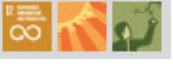
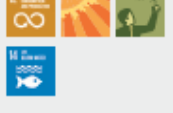
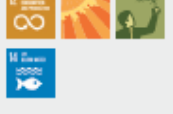
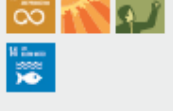

Our policies are incorporated into our daily routine through the goals and strategies of our business.

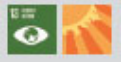
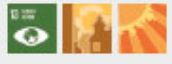
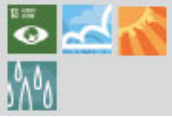
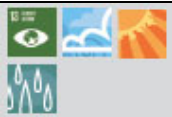
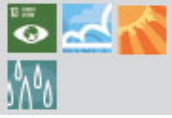
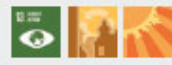
All policy documents are communicated throughout our organization using the company intranet and our management system, which holds ISO 9001 and ISO 14001 certification.

Policies are the backbone of our sustainability program and it is vital that everyone at Blåkläder is kept well informed about the guidelines. The ambition of a clear, shared agenda will require dedication and continuous follow-ups to ensure that everyone is on the same page. A team that joins forces towards the same goal can reach further and ensure that our policies are successful.



GOALS	ACTIVITIES	GLOBAL GOALS	STATUS
Using airfreight for a maximum of 2,5 % of all boxes sent by airfreight from production.	Systematic forecast analysis and long-term logistic planning are part of the routine to prevent the need for express deliveries by airfreight.		In 2023 1,9% of all boxes/cartons were sent using airfreight.
The number of products rejected by the customer shall not exceed 0.15 % of the total number of sold pieces.	Continuous cooperation between our product development and the customer returns teams. In combination with a close dialogue with the market and our end-user customers, a fruitful process is achieved. Durability is the foundation of workwear with a sustainable life cycle.		The results from 2023 showed a rejection rate of 0.14 %.
100% of all cotton sourced as BCI.	Negotiation with supplier contacts to redirect the sourcing to Better Cotton.		The result for 2023 years sourcing of Better Cotton was 72 %. The results are misleading as a significant amount of Better Cotton that was sourced during 203 was reported by our suppliers in January 2024. If these volumes are included, the total of Better Cotton sourced during 2023 was 100%
Increase the number of dope dyed synthetic textiles by converting at least five or our main textile articles.	Negotiation and investigation with supplier contacts to identify possible solutions and redirect the sourcing to dope dyed synthetics. For new development of textile articles dope dyed versions are always the main objective.		During 2023 two of our existing textile articles were converted to dope dyed production technique and further steps were taken in the evaluation process to convert even further materials and colours during 2024. In parallel with this, also new textile articles was introduced in the assortment; spun dyed from the start.
Completely phase out the use of biocidal agents.	Trials and investigations not to functionality and/or durability problems.		The final biocidal treatment was phased out during 2023. The garment assortment is now excluded from biocidal agents.
Decrease the use of perfluorated chemicals by phasing out PFAS surface treatments for main textile articles, used in the major part of the assortment.	Continuous investigations and trials not to create functionality and/or durability problems, with decreased longevity as a result. For new development of textile articles the main objective is always to exclude PFAS treatments when feasible.		During 2023 PFAS was phased out for two of our major textiles in high volume colors. During late 2023 the decision was made to phase out more or less all PFAS-containing surface treatments during 2024. Only a part of our category III PPE products in our FR-assortment will keep a surface treatment based on fluorocarbons.



<p>Decrease the climate footprint of our products from a life cycle perspective but identifying and implementing a viable recycling process for the obsolete workwear.</p>	<p>Continuous surveillance of scientific progress and new technologies in the textile recycling area. Participation and active part in initiatives and projects.</p>		<p>This target setting has a long term perspective. The overall target will be specified in sub-goals and milestone objectives as the projects develop and new possibilities are identified.</p>
<p>Take our corporate responsibility and contribute to reach the Paris Agreement and stop global warming.</p> <p>Target to decrease the scope 1+2 emissions by 30 % and the scope 3 emissions by 50 % until 2030.</p>	<p>Through our participation in the STICA project map the emissions from all GHG protocol scopes that originates from our business.</p> <p>To identify areas of improvements and set up actions and targets accordingly.</p>		<p>The majority of the goals and strategies implemented in our operation are already directly related to reaching the targets for this goal. However, as this goal is from a long term perspective more detailed and specific targets will continuously be identified and implemented over time.</p>
<p>Establish methodology to measure and calculate the carbon impact for our garments, from a LCA perspective (cradle to gate, as a minimum)</p>	<p>The collection of climate data and calculations are all conducted through a sustainability platform tool, which is developed together with the provider of the online tool. This will be the model for evaluation of the effect of potential climate actions.</p>		<p>This project is ongoing and by the end of 2023 it is estimated to have a carbon footprint from cradle-to-gate for all garment models in the assortment.</p>
<p>Finding a useful end-of-life solution for worn out workwear and safety garments.</p>	<p>Blåkläder participates in several projects to find a general recycling solution for textile; the target is a process that allows various types of textiles with uncertain contents to be included in a recycling process that provides a recycled raw material that is not degraded and therefore limited in terms of circularity.</p>		<p>This target is long term and our progress so far is noted under section "Circularities – Goals and Challenges".</p>
<p>Increase the number of main textile suppliers of Blåkläder with STeP by Oeko Tex certification;</p> <ul style="list-style-type: none"> - 2 new suppliers certified and 4 new STeP-projects confirmed 	<p>The cooperation and long term relation with our supply chain enables a constructive dialog to encourage our supplier partners to invest in the STeP by Oeko Tex certification program.</p>		<p>During 2023 the STeP by Oeko Tex certification development was the following;</p> <ul style="list-style-type: none"> - 2 suppliers achieved STeP-certification - 2 suppliers have confirmed and started the certification implementation <p>A business certification in accordance with STeP by Oeko Tex requires time and efforts, including investments. Due to this we know that the implementation in supply chain will take time. The process will however not stop, as we are convinced that this is one important way forward to a sustainably validated supply chain.</p>
<p>Maintain the eNPS score; 50, and continue to work with employee surveys and continuous improvements.</p>	<p>Continue to increase information flow and inclusion by continuous development of intranet and other media.</p>		<p>The last survey in 2023 showed a result of ENPS score 51.</p>

	Follow the eNPS score with closer checks on specific areas to follow progress and development.		
LOGISTICS AND TRANSPORT			
STRATEGIES	ACTIVITIES	GLOBAL GOALS	STATUS
Limit the consumption of packaging materials and strive to use more environmentally friendly alternatives.	Reuse of cardboard boxes as much as possible. Research and identify alternative packaging materials with less environmental impact.		Cardboard boxes from production transport are re-used to the greatest extent possible; approx. 60%. Investigation of more sustainable packaging alternatives is an ongoing process.
Striving to limit the environmental impact caused by the company's waste and disposal.	The negative impact may be limited by reviewing the internal waste handling, investigating recycling possibilities, establishing a plan to decrease waste volumes, introducing more sustainable product options and evaluating the possibility of replacing disposables with reusable products.		Internal project ongoing: - Optimizing and further coordination of packaging; both from production and to market. Evaluation of sizes, materials, reuse possibilities as well as chemical contents are included. - Further development of internally sorted waste.
Minimizing the company's negative environmental impact due to business travel.	Encouraging the use of alternatives to meetings in person to limit travel. Facilitate meetings through using online conference options and telephone/video conferencing. Whenever feasible strive to choose public transport as a means of travel during business trips.		Implemented and ongoing. See also Goal for new business travel policy.
Minimizing the company's negative environmental impact due to business travel.	Consider models with ECO profile when replacing company cars.		Implemented and ongoing. This parameter is part of the evaluation concept when choosing company cars. See also Goal for new business travel policy.
Limiting the environmental impact from land transport.	Ensuring high delivery precision and logistics planning to avoid express transports. All our logistics partners apply Eco Driving and only use fuel of Swedish environmental class 1.		Implemented and ongoing.
ENERGY CONSUMPTION			
STRATEGIES	ACTIVITIES	GLOBAL GOALS	STATUS
Increasing energy efficiency and awareness.	Raising the level of energy awareness and encourage energy saving behavior amongst personnel through provision of information. Examples of activities connected to the facility are energy saving installations during renovation and remodeling of offices and warehouse; motion-controlled lighting and LED light sources.		Implemented and ongoing. (connected to goal Decreasing the energy consumption)

<p>Using energy from renewable sources.</p> <p>This is a general strategy both for Blåkläder's units, but most effect and highest significance is generated in Supply Chain.</p>	<p>Investigate how to increase energy consumption from renewable sources, for instance through solar panels and local hydroelectric suppliers.</p> <p>Continuous dialog and negotiation with our most significant and long term suppliers to encourage investment of renewable energy solutions.</p>		<p>Ongoing and a long term activity.</p> <p>All purchased electricity is provided with a certificate of origin for renewable energy sources.</p> <p>During 2023 our solar panels on the warehouse in Svenljunga was fully operational and generated renewable energy for our internal business, and the excess energy was distributed to the general grid.</p> <p>(connected to goal Decreasing the energy consumption)</p>
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PRODUCTS AND MATERIALS			
STRATEGIES	ACTIVITIES	GLOBAL GOALS	STATUS
<p>Provide workwear and safety garments with maximized life cycles in an effort to limit overconsumption.</p>	<p>Always develop products with a focus on durability and long-term functionality through the choice of ingoing materials, components and design.</p>		<p>Implemented and ongoing.</p>
<p>Adapt garments for a more sustainable life cycle in terms of their care and use.</p>	<p>Increase the level of "Industrial Wash" approved garments in the product portfolio.</p> <p>Professional washing methods require less chemicals, energy and water consumption per garment than traditional household washing. Wastewater is treated industrially instead of at public water treatment plants.</p>		<p>Implemented and ongoing.</p>
<p>Finding suitable alternatives to cotton; enabling a liable solution with less water, energy and chemical use without losing functionality and risking shorter time of use* for the garment.</p> <p>*(and cause overall higher consumption, eliminating any sustainability gain)</p>	<p>Approaching fiber and yarn manufacturers for alternatives, follow research and development progress in the area and perform internal trials and evaluation projects.</p>		<p>Implemented and ongoing.</p>
<p>Actively replace fibers of fossil origin with more sustainable alternatives to reduce the consumption of fossil based resources and address the problem of micro plastics in lakes and the sea.</p> <p>Always with the focus of not losing functionality and risking shorter time of use* for the garment.</p> <p>*(and cause overall higher consumption, eliminating any</p>	<p>As a part of the product development process to identify the most sustainable alternative for each application and when feasible avoid fibers and materials of fossil origin.</p> <p>Keeping updated with new developments, research and novel findings in this field.</p>		<p>Implemented and ongoing.</p>

sustainability gain)			
To use Oeko Tex-fulfilled materials and components to the greatest extent possible.	Implement Oeko Tex fulfillment/certification as part of the material specification during sourcing. Deviations only when in absence of other feasible options.		Implemented and ongoing.
SUPPLIERS AND PRODUCTION			
STRATEGIES	ACTIVITIES	GLOBAL GOALS*	STATUS
Strive to use suppliers with an implemented and verified CSR methodology.	Always prioritizing suppliers that can show that they share our values and take responsibility such as being SA 8000 certified, SEDEX approved or BSCI audited. Encourage suppliers to develop in this area and to implement management systems that support recognized CSR standards.		Implemented and ongoing.
Raise the level of awareness and conservation of resources in the production process.	Include review of areas such as water consumption, energy sources, waste water treatment in the scope of the supplier audits. Encourage investments in this field and exclude cooperation with production facilities with poor standards and little to no ambition to improve.		Implemented and ongoing.
Increase the level of renewable energy sources in the Supply chain.	Encourage and possibly facilitate conversion to renewable energy amongst suppliers and production partners.		All sewing factories in close relation to Blåkläder have solar panels and are powered by the sun since 2019. From 2020 and forward the focus is to further increase the use of renewable power sources amongst material, component and product suppliers.
BLÅKLÄDER COWORKERS			
STRATEGIES	ACTIVITIES	GLOBAL GOALS*	STATUS
Healthy co-workers.	Encourage and enable employees to make time for exercise and health in everyday life.		Implemented and ongoing. For this purpose, a gym, open for all employees, is installed in the office in Svenljunga. Joint participation in exercise events and other activities are arranged to motivate and facilitate physical exercise for all employees. All employees are granted refunding of costs connected to wellness outside the company. Since 2019 the Blåkläder Activity group is arranging joint activities for all employees, for the wellbeing of everyone.
Workplace with good working environment and pleasant working climate.	Provide a good indoor climate and an attractive, functional work environment.		Implemented and ongoing. Activities such as weekly company breakfast buffets, a day kennel open for employees to bring their dogs to work and joined after-work activities are a few of all actions taken to

			improve and maintain a good working environment and climate.
Prevention of stress and creation of a healthy psychosocial working environment.	Systematic work environment projects in cooperation between the company and the employees.		Implemented and ongoing.
An inclusive and non-discriminating working environment with the aim of encouraging diversity.	Systematic work environment projects in cooperation between the company and the employees.		Implemented and ongoing.
Strive to be a workplace characterized by diversity and inclusion.	Actively seeking to be an attractive and interesting employer for all potential new employees regardless of gender, ethnicity, origin or background.		Implemented and ongoing.



Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Blåkläder, corporate identity number 556069-6618.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Borås 2024-04-04

A handwritten signature in black ink, appearing to read 'M. Palmqvist', written over a horizontal line.

Mattias Palmqvist
Authorised Public Accountant