

Making a Difference



Hobbycraft Sustainability Report | 2023

“We believe in the power of making”

At Hobbycraft, we believe in the power of crafting and making something yourself. The benefits are clear – be they supporting wellbeing and skill development, building confidence via creative play or even just the pure fun and enjoyment people can experience with family and friends or in their community.

Our ESG agenda outlined in our “Making a Difference” plan builds on this belief and seeks to not only encourage more people to craft and make something because it is “good for them”, but also to reassure them they are crafting in the most sustainable way possible.

Within Hobbycraft, we see “Making a Difference” as a team effort – everyone has a role to play, whether they are based in stores, our head office or the distribution centre. Importantly, we are all committed to becoming even more sustainable as we grow. Our focus is on colleague wellbeing, our store communities, our business practices and the way we use our buying power to drive positive change.

In building our “Making a Difference” plan, we have sought feedback from our customers and colleagues, not only to build the detail of what we should and can do, but also to give us clear priorities.



Dom Jordan – CEO



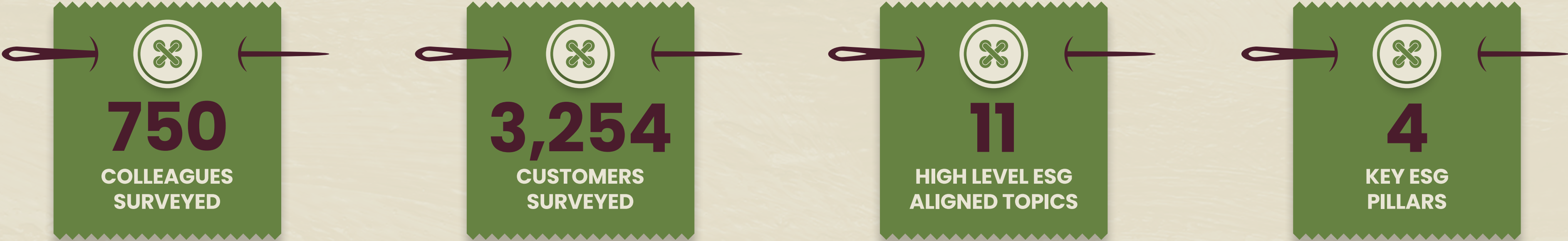
Making a difference

Our environmental, social and governance (ESG) principles are central to our business and factoring these into business decisions is important for stakeholders, colleagues and the communities in which we operate.

We are committed to becoming more sustainable as we grow, with a focus on colleague wellbeing, our store communities and the way we use our buying power to drive positive change.

In the prior year, we conducted a detailed materiality assessment as part of the development of our ESG strategy. This was an inclusive process involving engagement with our colleagues and with external stakeholders, including our customers, to ensure our strategy focuses on the issues that are most important to our stakeholders. Through the initial survey of 750 colleagues and 3,254 customers, we identified 11 high-level topics that our ESG strategy has been aligned to. These topics fit into four key pillars of focus that also align to the United Nations’ ‘Sustainable Development Goals’.

We continue to gain colleague and customer feedback through monthly listening groups and surveys.



We are making a difference through...



The icons represent how our pillars align to the [United Nations Sustainable Development Goals](#).



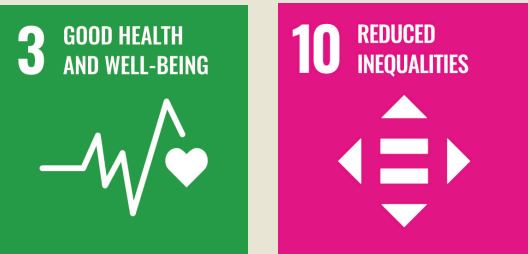
1. Colleagues

We will make sure colleague wellbeing remains at the heart of everything we do.



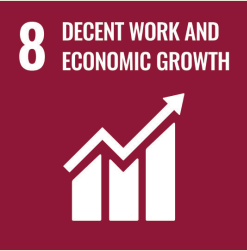
2. Communities

We will add value to the communities that we operate within.



4. Driving positive change through business practices

We will champion ethical business practices in everything we do, underpinned by a robust governance framework.



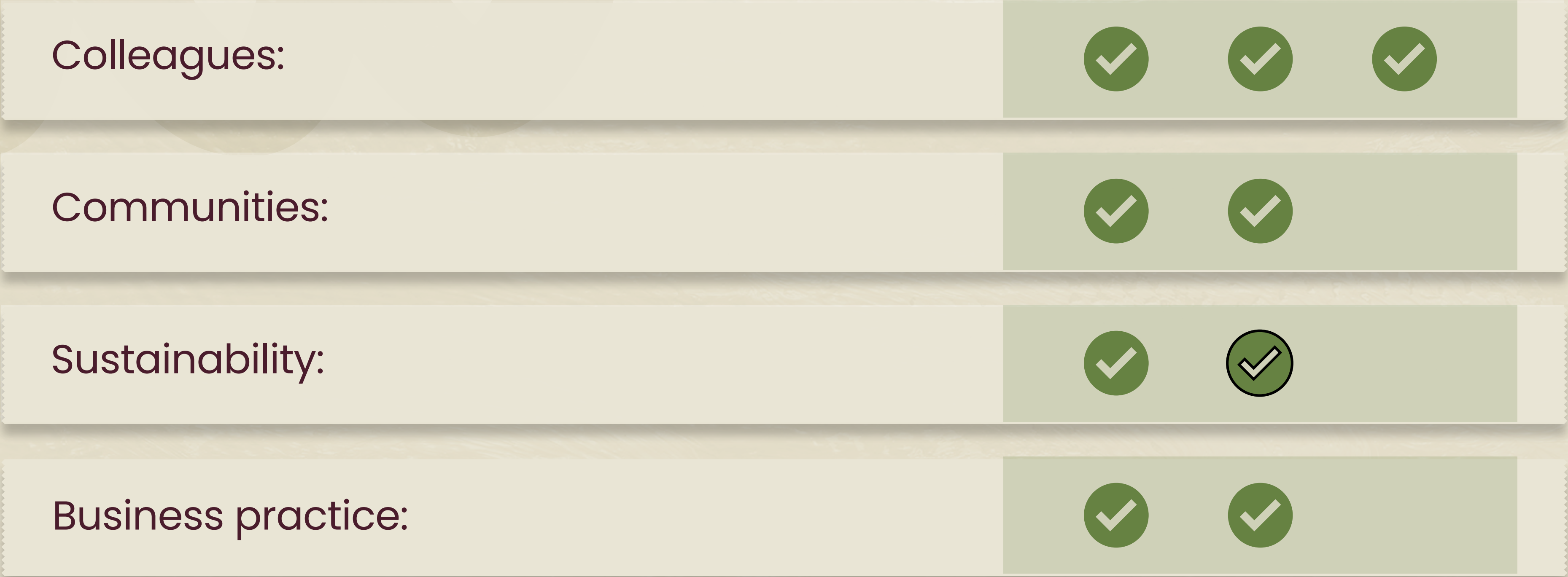
3. Sustainable sourcing

We will work with progressive supplier partners to deliver more sustainably sourced products and reduce waste and carbon emissions.



How are we doing **so far?**

Whilst we are proud of our achievements to date, we recognise there is still a lot of work to do across each of the four pillars.



On plan

Making good progress

Getting up to speed

Progress in FY23

How We Made a Difference **in FY23***

**304 new
free ideas**

100%
products now
sourced
from SEDEX
approved
businesses **

1970
tonnes of waste
**recycled or
reused**
No waste to landfill

15,000
boxes donated
to kids via
craft
council

£489k
donated
to partner
charities

Number 1
**best big
company**
in the UK***

reduction in
**Scope 1 & 2
carbon
emissions**

Making a Difference To our colleagues

What have we achieved so far?

Colleague Wellbeing and Health and Safety

We have annual health and safety training for all colleagues, mental health first aiders available to all colleagues, and a Retail Trust employee assistance programme available to all.

Colleague Engagement

We are proud to be recognised as the **Number 1 Best Big Company to Work For**, and we work hard to support colleague development and training. For example, our Artisan programme has grown to over 126 in-store expert crafting colleagues who embody our love of craft. Reward and recognition are a central part to our plan, including having your birthday off! We also hold quarterly engagement surveys and listening groups.

Diversity, Inclusion and Belonging

We champion an inclusive culture that not only promotes diversity but truly believes in it. When you feel represented, respected and included, you can be more creative, innovative and successful.

We encourage every one of our wonderful colleagues to drive positive change through our Diversity, Inclusion and Belonging Committee and by sharing our interfaith calendar*, with information provided on a range of occasions throughout the year.

*Interfaith calendar in appendix

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hobbycraft
Artisan



Retail TRUST
1832 ONWARDS



Making a Difference To our colleagues

What's next?

Colleague Wellbeing and Health and Safety

- ⌘ Continue to provide all senior managers in the business (including store managers) with wellbeing training on an ongoing basis (facilitated by Retail Trust)
- ⌘ Reduce the number of accidents per 100,000 transactions (FY23: 3.02, FY22: 3.28)

Colleague Engagement

- ⌘ Continue to be recognised as Best Big Company to Work For
- ⌘ Last 12 months (LTM) labour turnover to be <25% by FY24 (FY23: 28.2%, FY22: 30.5%)

Diversity, Inclusion and Belonging

- ⌘ Continue to drive an inclusive culture throughout the business, championed and supported by our Diversity, Inclusion and Belonging Committee

**“We value our colleagues and the contribution they make to the business;
we are constantly working to ensure we create an environment where colleagues are proud of
where they work and enthusiastic about the products they sell and the services they provide.”**

Chris Fenlon – Retail & People Director



Making a Difference To our communities

What have we delivered?

The Benefits of Crafting

We have produced over 2700 free project ideas and how-to guides (FY22: over 2000), which can be found at [Hobbycraft.co.uk/ideas](https://www.hobbycraft.co.uk/ideas). We have also launched a national workshop programme, with over 25 types of workshops available in store and online from kids' clay models to watercolour painting or seasonal wreath making.

Community Contribution and Engagement

We are passionate about helping our communities with their crafting projects and welcome all crafting groups into our stores, providing a social centre for those in the local area. We are proud to have already raised £2.4m for **Together For Short Lives**, a UK charity supporting hospices for children with life limiting conditions. We also support local charities within our communities, as well as raising funds for the **Women's Institute** through yarn product collaborations (raising over £469k so far), and are a founding patron of Manchester charity **HIDEOUT**, who provide young people aged 8-19 with opportunities to shine and fulfil their full potential.

Diversity, Inclusion and Belonging

We work hard to deliver our mission of building a truly inclusive culture, one where diversity in all its forms can be celebrated with pride. We value and celebrate every one of our customers, with our Diversity, Inclusion and Belonging Committee working to ensure that every store is a welcoming environment to all. Our interfaith calendar* allows us to celebrate a diverse range of occasions throughout the year alongside our communities. Many of these occasions offer opportunities to raise money in support of charities and community groups.

*Interfaith calendar in appendix



Making a Difference To our communities

What's next?

The Benefits of Crafting

- ✳ Continue to provide workshops in-store and online to help customers learn a new craft or master advanced techniques
- ✳ Over 3000 free online ideas and projects by the end of FY24

Community Contribution and Engagement

- ✳ Raise another £500k for Together for Short Lives during FY24

Diversity, Inclusion and Belonging

- ✳ Continue to recognise and celebrate customers across all races, ages, religions, cultures, gender identities, sexual orientations and abilities – it's the diversity of our colleagues and customers that makes us who we are and we want everyone to feel part of it

"Based on our shared belief in the power of art and crafts to improve lives and encourage families to spend time together, our partnership with Hobbycraft is now in its 11th year and has raised over £2.4 million. Hobbycraft colleagues have engaged right across the business and have been inspired to exceed all expectations with their incredible fundraising."

Andy Fletcher – CEO Together for Short Lives



Making a Difference

Sustainable sourcing

What have we delivered?

Sustainable Products

We have doubled our range of products with plastic free packaging to 43% (FY22: 21%), with a further 20% having no packaging at all (FY22: 19%). All Hobbycraft brand packaging features OPR (on packaging recycling labels) and all children’s products are tested to CE/UKCA. We now sell only biodegradable glitter and have removed Styrofoam from our product range. All wood items are sourced in line with EU/UK directive and are now fully FSC accredited.

Reducing Waste in Operations

During the 2022 calender year, 9.33 tonnes of waste per £m of revenue was generated by internal operations of which 100% was either recycled or recovered and burnt as a fuel source, with no waste going to landfill (FY22: 9.39 tonnes per £m of revenue with zero to landfill). Annual reduction in carbon intensity ratios for scope 1 and 2 emissions:

- ⌘ Tonnes of CO2e per sqft FY23 = 0.0019 (FY22: 0.0022)
- ⌘ Tonnes of CO2e per £m of revenue FY23 = 14.62 (FY22: 16.66)

Carbon Footprint

Scope 1 (direct emissions): from owned vehicles

All new company cars are either hybrid or electric, with electric charging points at the Hub (office).

Scope 2 (indirect emissions): purchased electricity and reduction in electricity consumption

All new stores have LED lighting and building energy management systems to reduce consumption. Electricity is sourced from renewable sources.



Making a Difference

Sustainable sourcing

What's next?

Sustainable Products

- ✳ Continue to reduce plastic packaging on all ranges
 - ✳ Remove non-recyclable plastic from packaging by FY24
 - ✳ 25% of all product to be packaging-free by the end of FY24

Reducing Waste in Operations

- ✳ FY23 store trial for customers to bring recycling back to store ongoing, with rollout to chain by FY25
- ✳ All product packaging to be kerbside recycled by 2025
- ✳ No waste from operations going to landfill

Carbon Footprint

- ✳ Annual reduction in carbon intensity ratios
- ✳ Scope 1 – Achieve net zero by 2035 as aligned to BRC Climate Action Roadmap:
 - ✳ Install additional electric charging points at DC and some stores
- ✳ Scope 2 – Achieve net zero by 2040, aligned with the BRC Climate Action Roadmap:
 - ✳ Begin programme to refit old stores and DC with LED lighting and Building Energy Management Systems for rollout in FY24
- ✳ Scope 3 – Achieve net zero by 2040 as aligned to BRC Climate Action Roadmap:
 - ✳ Quantify scope 3 emissions and work up action plan to reduce

hobbycraft

“Even a label can make all the difference. Using environmentally sustainable packaging helps prevent the environment from being harmed and mitigates the effects of plastic packaging.”

Heather Robbins – Trading Director



Making a Difference

Ethical business practices

What have we delivered?

Ethical Business Practices

- ⌘ Member of Sedex to support good practices and audits throughout the supply chain, with all product suppliers now signed up for Sedex (FY22: own brand suppliers only) with factory audits conducted every two years
- ⌘ All wood product now FSC sourced

Data Privacy and Security

- ⌘ Annual data protection and security training, with Data Protection Officer in place to monitor compliance
- ⌘ Cyber security controls in place, with quarterly internal phishing tests to raise colleague awareness

Compliance and Risk

- ⌘ Risk management framework in place to identify key risks and procedures to mitigate, reviewed every six months with the Board
- ⌘ Quarterly governance and compliance steering committee to regularly review progress on actions and identify any new risks or changes to legislation to ensure ongoing compliance



Sedex is an organisation that supports businesses to source responsibly, have supply chain transparency and ultimately be sustainable and responsible.



Making a Difference

Ethical business practices

What's next?

Ethical Business Practices

- ⌘ Continue the rollout of Sedex to all key logistics suppliers throughout the supply chain
- ⌘ Continue to monitor Sedex audit results for all product suppliers

Data Privacy and Security

- ⌘ Obtain Cyber Essentials Plus accreditation by end of FY24

Compliance and Risk

- ⌘ Ongoing monitoring and compliance

“Reducing our carbon footprint means fewer carbon emissions going into the atmosphere, which means slowing down climate change, preserving our environment, and making better use of the earth’s resources.”

Heather Robbins – Trading Director



Making a Difference

Appendix 1

Material ESG Topic	Director Sponsor	Key achievements to date	Actions / Targets
Benefits of crafting	Customer Director	<ul style="list-style-type: none">Over 2700 free projects to inspire crafting available on our website and ‘Ideas Hub’Workshop channel offers workshops in stores and online to help customers learn a new craft or master advanced techniquesDuring the year we incorporated User Generated Content (UGC) focused on customers’ crafting creations into our website and social media campaigns, showcasing a greater range of crafting ideas and the talents of our customers and local communities	<ul style="list-style-type: none">Increase the number of free projects via our online ‘Ideas Hub’
Wellbeing, health and safety	People Director	<ul style="list-style-type: none">Annual health and safety training for all colleaguesMental health first aiders throughout the business and available to all colleagues, with wellbeing training provided to all senior managers across the business (includinstore managers) by Retail Trust during FY23Retail Trust employee assistance programme available to all colleaguesOnly three Riddor-reportable accidents during FY23 (FY22: two), with accidents per 100,000 transactions decreasing to 3.02 (FY22: 3.28)	<ul style="list-style-type: none">Reduce the number of accidents per 100,000 transactions
Ethical business practices	Trading Director	<ul style="list-style-type: none">Hobbycraft is a member of Sedex, an organisation that provides one of the world’s leading online platforms for companies to manage and improve working conditionsin global supply chainsAll suppliers of own-brand products are signed up to Sedex, with factory audits conducted every two years; audit coverage includes modern slavery, working conditions, minimum wage compliance, environmental standards and health & safetyDuring FY23, we also signed up all non own-brand suppliers to Sedex	<ul style="list-style-type: none">Continue the rollout of Sedex to all key logistics partners throughout the supply chainContinue to monitor Sedex audit results for all product suppliers
Waste (in operations)	Supply Chain Director	<ul style="list-style-type: none">During the 2022 calendar year, 1,970 tonnes of waste was generated by internal operations, of which 100% was either recycled or recovered and burnt as a fuel source, with no waste going to landfill	<ul style="list-style-type: none">All product packaging to be recycled kerbside by 2025
Sustainability of products	Trading Director	<ul style="list-style-type: none">43% of the product range has plastic-free packaging and 20% has no packaging at allAll own-brand packaging features OPRL (on packaging recycling labels)All kids lines tested to CE/UKCABiodegradable glitter rangeStyrofoam has been exited from product rangeAll wood items are now FSC sourced	<ul style="list-style-type: none">Continue to reduce plastic packaging within all rangesRemove non-recyclable plastic from packaging by FY2425% of all products to be packaging-free by end of FY24



Making a Difference

Appendix 1

Material ESG Topic	Director Sponsor	Key achievements to date	Actions / Targets
Community contribution & engagement	Customer Director	<ul style="list-style-type: none">Continued fundraising for our charity partner, Together for Short Lives, with £413k raised during FY23 and over £2.4m raised since the start of our partnership£76k raised for The Women’s Institute (WI) from sales of WI yarn with over £469k raised since the start of our collaborationBecoming a founding patron of the HIDEOUT charity in Manchester, which provides young people with a safe and inspiring place to spend their leisure time100 local and national charities supported during Covid 2020, including NHS PPE charitiesDuring FY23 we launched our subscription model ‘Hobbycraft Plus’ aimed at supporting small businesses and dedicated crafters	<ul style="list-style-type: none">Raise £500k for our chosen charity partner, Together for Short Lives, during FY24
Data privacy & security	IT Director	<ul style="list-style-type: none">Annual data protection and security training provided to all colleagues with compliance testing through internal auditsData Protection Officer in place to monitor complianceCyber security controls in place with quarterly internal phishing tests to raise awareness for colleagues	<ul style="list-style-type: none">Obtain Cyber Essentials Plus accreditation by the end of FY24
Colleague engagement	People Director	<ul style="list-style-type: none">Training and development courses available for all colleagues, including Trainee Management programme and Artisan programmeAnnual bonus scheme linked to achievement of annual targetsInflationary pay risesFlexible workingBirthday day off for all colleaguesRanked first in the Best Companies Survey Q2 2023, along with maintaining 3-star (world class) accreditation99% of all Territory Managers have over 12 months of service126 Artisans across the business by end of FY2354 Artisan-developed products available for sale, with profits going to Artisans	<ul style="list-style-type: none">Become recognised as the Best UK Company to work for by the end of FY25, evidenced in the Best Companies SurveyLast 12 months (LTM) labour turnover to be <25% by FY23



Making a Difference

Appendix 1

