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.

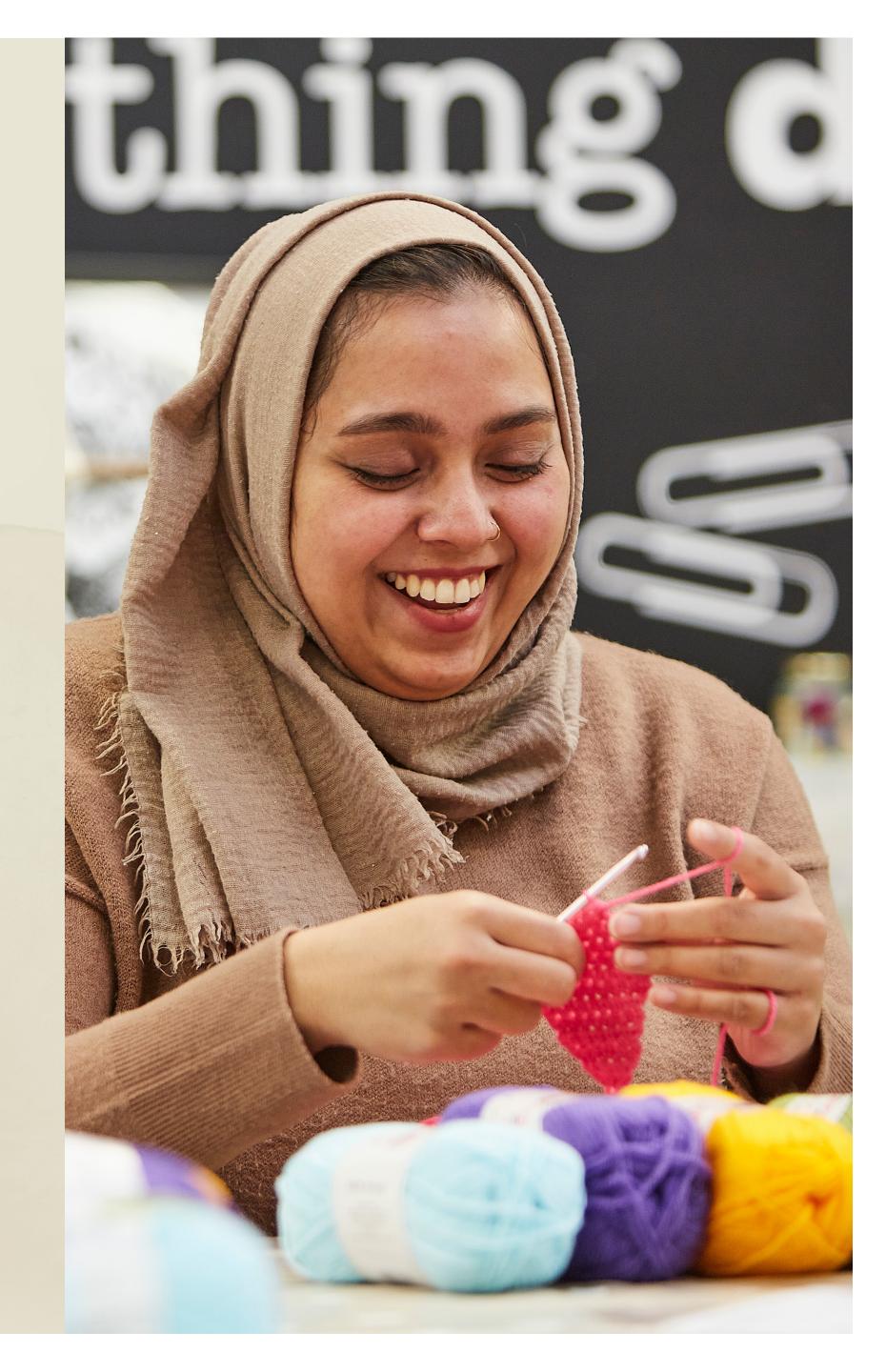
Our ESG agenda outlined in our "Making a Difference" plan builds on this belief and seeks to not only encourage more people to craft and make something because it is "good for them", but also to reassure them they are crafting in the most sustainable way possible.

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.







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 <u>United Nations Sustainable</u>

<u>Development Goals</u>.

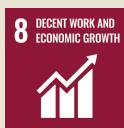


I. Colleagues

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









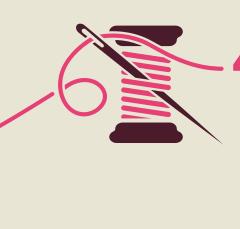


2. Communities -

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.









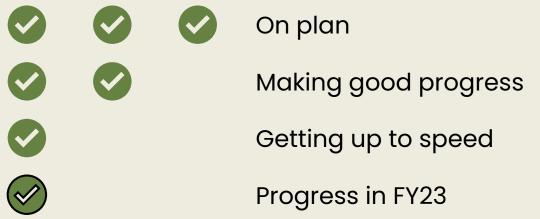


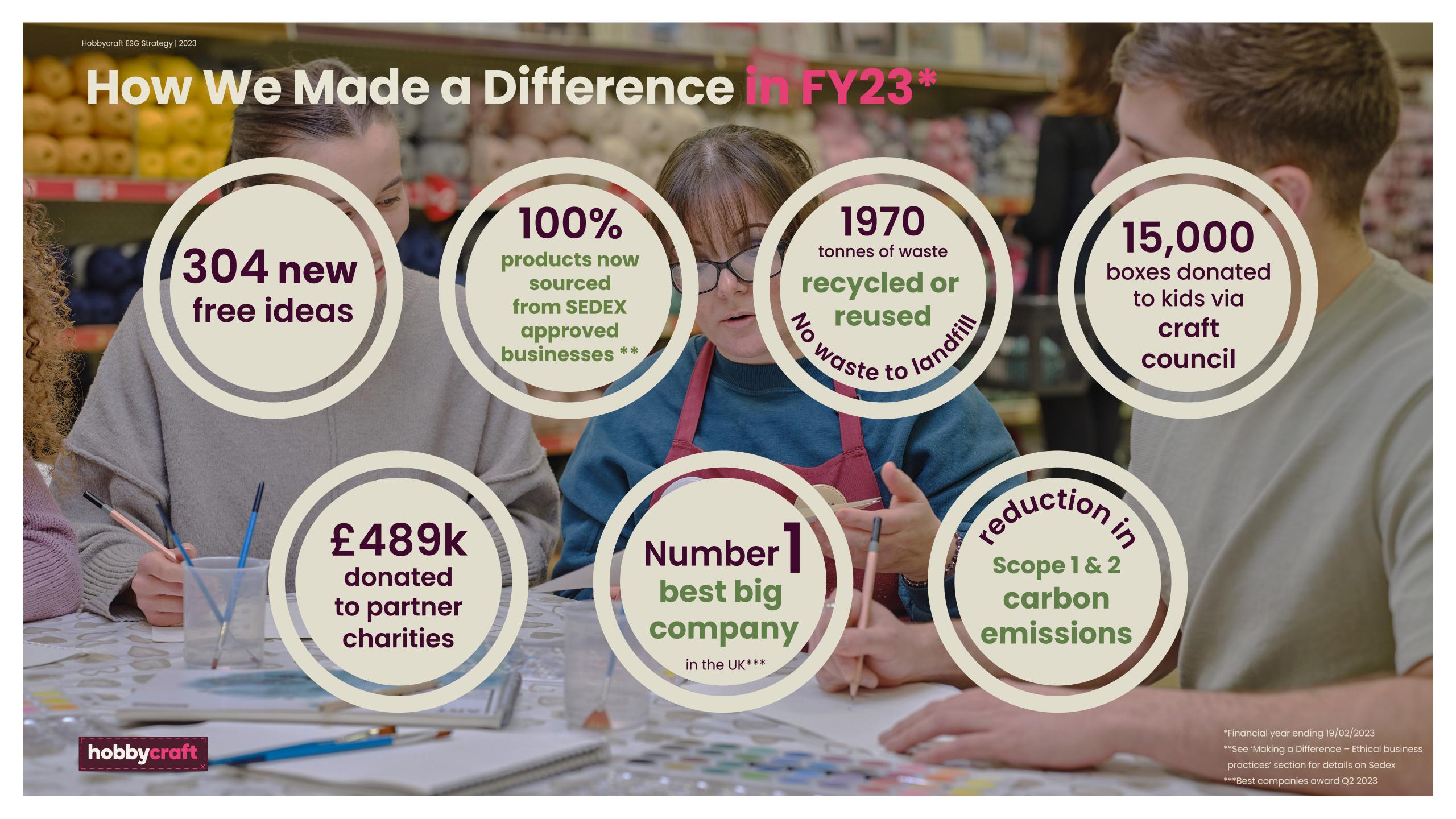
How are we doing so far?

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.

Colleagues:			
Communities:			
Sustainability:			
Business practice:			
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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











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%)
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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

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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**. 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 te 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



"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

- 8 Annual data protection and security training, with Data Protection Officer in place to monitor compliance
- 8 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 moniter Sedex audit results for all product suppliers

Data Privacy and Security

100 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	 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 techniques During 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 	Increase the number of free projects via our online 'Ideas Hub'
Wellbeing, health and safety	People Director	 Annual health and safety training for all colleagues Mental 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 FY23 Retail Trust employee assistance programme available to all colleagues Only three Riddor-reportable accidents during FY23 (FY22: two), with accidents per 100,000 transactions decreasing to 3.02 (FY22: 3.28) 	•Reduce the number of accidents per 100,000 transactions
Ethical business practices	Trading Director	 Hobbycraft is a member of Sedex, an organisation that provides one of the world's leading online platforms for companies to m anage and improve working conditionsin global supply chains All 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 & safety During FY23, we also signed up all non own-brand suppliers to Sedex 	 Continue the rollout of Sedex to all key logistics partners throughout the supply chain Continue to monitor Sedex audit results for all product suppliers
Waste (in operations)	Supply Chain Director	 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 	All product packaging to be recycled kerbside by 2025
Sustainability of products	Trading Director	 43% of the product range has plastic-free packaging and 20% has no packaging at all All own-brand packaging features OPRL (on packaging recycling labels) All kids lines tested to CE/UKCA Biodegradable glitter range 	 Continue to reduce plastic packaging within all ranges Remove non-recyclable plastic from packaging by FY24 25% of all products to be packaging-free by end of FY24
hobbycraft		 Styrofoam has been exited from product range All wood items are now FSC sourced 	

Making a Difference Appendix 1

Material ESG Topic	Director Sponsor	Key achievements to date	Actions / Targets
Community contribution & engagement	Customer Director	 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 collaboration Becoming a founding patron of the HIDEOUT charity in Manchester, which provides young people with a safe and inspiring place to spend their leisure time 100 local and national charities supported during Covid 2020, including NHS PPE charities During FY23 we launched our subscription model 'Hobbycraft Plus' aimed at supporting small 	• Raise £500k for our chosen charity partner, Together for Short Lives, during FY24
Data privacy & security	IT Director	 businesses and dedicated crafters Annual data protection and security training provided to all colleagues with compliance testing through internal audits Data Protection Officer in place to monitor compliance Cyber security controls in place with quarterly internal phishing tests to raise awareness for colleagues 	Obtain Cyber Essentials Plus accreditation by the end of FY24
Colleague engagement	People Director	 Training and development courses available for all colleagues, including Trainee Management programme and Artisan programme Annual bonus scheme linked to achievement of annual targets Inflationary pay rises Flexible working Birthday day off for all colleagues Ranked first in the Best Companies Survey Q2 2023, along with maintaining 3-star (world class) accreditation 99% of all Territory Managers have over 12 months of service 126 Artisans across the business by end of FY23 54 Artisan-developed products available for sale, with profits going to Artisans 	Become recognised as the Best UK Company to work for by the end of FY25, evidenced in the Best Companies Survey Last 12 months (LTM) labout turnover to be <25% by FY23



Making a Difference Appendix 1

Material ESG Topic	Director Sponsor	Key achievements to date	Actions / Targets
Diversity and inclusion	People Director	 A Diversity and Inclusion Committee aims to ensure maximum diversity and inclusivity within our recruitment, advertising, products and content Interfaith calendar launched during FY22 to ensure our products and promotions represent our multi-cultural society and all of our colleagues and customers 	 Continue to drive an inclusive culture throughout the business, championed and supported by our Diversity, Inclusion and Belonging Committee Recognise and celebrate customers across all races, socioeconomic groups, gender identities and sexual orientations to ensure we represent the communities we operate in
Carbon footprint	CFO	Scope I (direct) emissions:	Annual reduction in carbon intensity ratios
		From air conditioning units and owned vehicles (company cars)	Coope 1 Aphiova not zoro by 2025 as aligned with BBC/s Climate
		 Company car policy is for hybrid or electric cars only Electric charging point at the Hub (office) 	 Scope 1 – Achieve net zero by 2035 as aligned with BRC's Climate Action Roadmap.
		Scope 2 (indirect) emissions:	 Install additional electric charging points across the estate (at
		Purchased electricity and reduction in electricity consumption	the Distribution Centre (DC) and stores)
		All new stores have LED lighting and Building Energy Management Systems	the biothbation contro (be) and eteroty
		(BEMS) to reduce consumption	 Scope 2 - Achieve net zero by 2030, aligned to BRC Climate Action
		All electricity updated from renewable sources	Roadmap:
		 Annual improvement in carbon emission reporting 	 Finalise programme to refit old stores with LED lighting and
		Scope 3 (Supply chain) emissions:	BEM's in FY23 for rollout FY24
		Product (stock) suppliers, non-product (non-stock) and logistics suppliers	
			Scope 3 - Achieve net zero by 2040 as aligned to BRC Climate
			Action Roadmap:
			Launch a project to quantify Scope 3 emissions and work
			with key suppliers to understand and implement the actions
			needed to reduce them
Compliance and risk	CFO	Risk management framework in place to identify key risks and mitigations	Ongoing monitoring and compliance
		Quarterly Governance & Compliance steering committee in place to regularly	
		review the progress of actions as well as identify any new risks or legislation to	
		ensure ongoing compliance	
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Interfaith Calendar 2023

Jan Feb	Mar	Apr	May Jun	Jul Aug	Sept Oct Nov Dec
Fest Day of St. Baul Orthodox Christian Commemoration of Bulbarian Shaptarul Cambrida Hungary Final Samuary Shaptarul Cambrida Hungary Shaptarul Cambrida	Ist March Nineteen Day Fast Baha'i Fast to be observed by adult Baha'is in good health - sunrise to sundown - no food or drink. Sth March Orthodox Sunday Orthodox Christian, first Sunday of Lent. Restoration of icons to the church is celebrated. Restoration of icons to the church is celebrated. Sth March Orthodox Christian, first Sunday of Lent. Restoration of icons to the church is celebrated. Restoration of icons to the church is celebrated. Sth March Purim Jewish celebration of the deliverance of the Jewish minority in Persia from genocide. Charrity to the poor, sharring food with friends, and vigorous merrymaking mark the observance. 7th, 8th March Lailatal Bara'ah Islamic Night of Forgiveness. A night of prayer to Allah for forgiveness of the dead. Preparation for Ramadan through intense prayer. 8th March Holi Hindu spring festival dedicated to the good of pleasure. It is observed in a colorful and boisterous manner. People shower each other with colored water and smear red and green powder on each other. 17th March St. Patrick's Day Christian celebration of St. Patrick who brought Christianity to Ireland in the early days of the faith. 19th March St. Joseph's Day Christian remembrance of St. Joseph, husband of Mary, the mother of Jesus.	Palm Sunday Christian celebration of the entry of Jesus into Jerusalem. The day begins Holy Week. It is observed by worship celebrations and parades using palm branches. 4th April Lord's Evening Meal Jehovah's Witness (Christian) primary annual celebration, taking place in the evening. 4th April Mahavir Jayanti Jain festival honouring Lord Mahavira on the founder's birthday. Shrines are visited. Teachings are reviewed and reflected upon. 5th April Passover Passover, also called Pesach, is a major Jewish holiday that occurs on the 15th day of the Hebrew month of Nisan, the first month of Aviv, or spring. 6th April April Sth April Passover Passover, also called Pesach, is a major Jewish holiday that occurs on the 15th day of the Hebrew month of Nisan, the first month of Aviv, or spring. 6th April Hindu celebration of Hanuman who was an embodiment of Lord Rama. Devotion and selffest work are Edial Eitze Paraday and self also the point of the festival.	1st - 2nd May 12th day of Ridvan Baha' Commemoration of the twelor day period in 1863 when Baha' Utah declared that he was God's messenger for this age. Work is to be supended on days 1.9, and 12 of the festival. Sth May Vesak Vesak Vesak Vesak Nay is a Holy Day for Buddhitts. In fact, it is considered the hollest day in the Buddhits calendar. The Buddhits birthday is observed annually on the Sunday nearest to the full moon in May, it is a holiday observed by world, though the exact date may differ from country to country. 8th - 9th May Lag B'Omer Je wish observation of the declaration in 1844 by All Muhammed that he is the anticipated Toming One of all religions. Work is suspended.	28th June - 2nd July Eid al Adia - Sacrifice Day Islamic Ritual of Sacrifice. The day after A rafat, the most important day in Haij ritual. A three-day festival recalling Abraham's willingness to sacrifice his son in obedience to Allah. 3rd July Asalha Puja Day Turning of the Wheel of Teaching. Buddhist observance of the day when Gautama Buddha made his first public proclamation to five accetts a Dier Park, Banares. He taught the middle way, the noble eight-fold path and the four noble truths. 9th July Ali Mohammed was executed in 2850 by Persian political and religious powers. Observed by abstaining from commerce and work. 1th July St. Benedict Day Catholic Christian recognition of the father of the The Benedictine Order. It was the first Order of the Western Church Monastic tradition and lived by the Denedictine Rule. 23rd July Emperor Haile Selassie Birinday Rastafari celebration honouring the founder. 29th July Al-Hijra - New Year begins The emigration of Muhammad and his followers to Medina in G55 c.e.	of spiritual and moral refinement. readings, processions and blessing of Marked by recitations from Jain, the children. for unusual lives of holiness and churches named for this saint, who is





























