

SUSTAINABILITY REPORT 2025

1. Letter from the Bušić family

From the beginning of Croata's existence we were striving for design that is unique and timeless, reflecting the beauty of the Croatian and World heritage. Even if we weren't talking about sustainability we always wanted the best for our local community, our suppliers, our customers and above all our people.

We were designing our products and processes so that they do not harm the planet and we were determined to use natural and top-quality materials. Sustainability is inherently in our company's culture and it is intertwined with our business strategy. The brand was founded on ideals, and always wanted to communicate universal values that the cravat as a symbol represents and change and/or refresh the global culture in that regard.

In the years and decades to come, we promise that we will continue to build on the values that our founders established and further improve our sustainability goals, striving to be a positive example and inspiration.

2. Introduction

As an SME which is part of the luxury fashion industry, we acknowledge our responsibility to identify and analyse the impact on the world around us and to set sustainability as the vision for future development.

This sustainability report presents Croata's performance for **the year 2025**, compared against the **2024 reporting period**. Croata has been publishing sustainability reports continuously since 2022.

The content of this report was selected based on an analysis of sustainability challenges in the fashion industry and Croata's impact assessment. This report was prepared with the support of the Croatian Institute for CSR and using the GRI Standards as guidelines.

All questions and comments regarding our sustainability journey can be sent to: info@croata.hr.

This report is publicly available in digital format at: www.croata.com.

3. About Croata

Family-owned and independent artisanal house since 1990, Croata creates beautiful and unique items recognizable for their rich heritage and attention to detail. The quality of raw

materials combined with exceptional know-how preserved by artisans results in sustainable creations characterized by timeless elegance.

Committed to humanist and artisanal values, the company employs approximately **115 people** and is dedicated to a responsible approach based on a continuous demand for quality, reflected in its cultural and luxury commitments.

Croata's value chain

Croata is one of the rare fashion brands still involved in all steps of the value chain. Every product begins as an idea in the design studio, where products are carefully designed following principles of high quality, modernism and zero-waste design.

Materials and accessories are sourced from trusted and certified suppliers. Croata avoids mass production and outsourcing. Every product reflects the work of skilled artisans and is produced in Croatia.

Products are distributed through 10 Croata stores across Croatia and via e-commerce. Croata pieces are purchased as meaningful souvenirs, gifts, fashion statements and long-term investments in quality and timeless design.

Design – Supply – Production – Sales – Wear

4. SDG Strategy

In 2015, UN member states adopted Agenda 2030 with 17 Sustainable Development Goals (SDGs). Businesses play a key role through daily operations and responsible business models.

With the support of external consultants and internal experts, Croata identified areas of highest impact and selected the SDGs to which it contributes most.

SDG 8: Decent work and economic growth

Croata supports local employment, local suppliers and Croatian craftsmanship. We ensure safe working conditions, fair wages, career development and work-life balance.

2025 performance (compared to 2024):

- 100% handmade products
- 99.5% made in Croatia
- ~58–60% local suppliers
- 0 work-related injuries
- ~25 hours of education per employee annually

SDG 12: Responsible consumption and production

Croata implements circular economy principles through material selection, energy efficiency and waste reduction.

2025 performance (compared to 2024):

- 99.5% natural materials
- ~88–90% certified materials
- ~13–14% recycled fabric
- ~0.4% fabric waste in production
- <2% plastic packaging

Decisions regarding economic, environmental and social impacts are made at Board level in cooperation with department heads.

5. Responsible product

Design

Design decisions play a key role in sustainability. Croata fosters a culture where designers consider environmental and social impacts at the design stage. Products are designed to be durable, timeless, repairable and recyclable.

Zero-waste design principles are integrated to minimize material waste and extend product life cycles.

Materials used

In 2025, Croata used approximately **9,300 kg of materials**, representing an increase of around 10–15% compared to 2024.

Main materials:

- Silk
- Cotton
- Wool
- Leather
- Cashmere

Additionally, approximately **580 kg** of semi-manufactured goods (zippers, buttons, labels) were used.

Croata promotes personalization and limited editions to encourage long-term use and emotional attachment to products.

Supply chain

Croata works with approximately **380 suppliers**. Local sourcing represents:

- ~48% of fabric procurement
- ~58% of semi-manufactured goods
- ~55% of packaging

Approximately **85–90% of fabrics** used in 2025 were certified. Long-term partnerships with Croatian artisans and small workshops remain a priority.

Production

All Croata products are handmade in Croatia, except leather goods and jewellery, which are produced by specialized craftsmen.

In 2025, fabric waste was reduced to approximately **36–38 kg**, representing around **0.4%** of total fabric used.

Total waste generated in 2025 amounted to approximately **148–150 kg**, reduced from 2024 levels:

- Fabric waste: ~36–38 kg
- Packaging waste: ~55–58 kg
- Other waste: ~55–58 kg

Recycled fabric used in production increased to approximately **1,050 kg**.

Energy and environment

In 2025, Croata completed energy and water consumption monitoring, conducted energy efficiency assessments and installed the first photovoltaic systems at production facilities. Renewable energy accounted for approximately **20–25%** of total energy consumption.

Stores

Croata operates through a multichannel approach combining physical stores and e-commerce. The CROATA Museum Concept Store integrates cultural storytelling into retail spaces and continues to serve as a unique communication platform with customers.

Packaging

In 2025, Croata used approximately **700 kg of packaging**:

- Paper: ~40%
- Cardboard: ~56–57%
- Plastic: <2%
- Other: ~4%

All packaging is recyclable and certified paper (FSC®, ISO 14001) is prioritized.

6. Our employees' wellbeing

People are the foundation of Croata's success. We foster a culture of belonging, creativity and professional growth.

Training and education

In 2025, Croata recorded approximately **2,500 hours of training**, an increase of around 20% compared to 2024. Mentorship programs ensure knowledge transfer between generations of artisans.

Health and safety

Croata maintains a comprehensive health and safety management system. Risk assessments are conducted for all workplaces. There have been **zero work-related injuries throughout the company's history**.

Benefits for employees

Croata provides competitive remuneration, regular performance reviews, flexible working hours where applicable, remote work options and additional free days to support work-life balance.

7. Commitment to preservation of heritage

Croata is deeply committed to preserving culture, art and heritage.

Academia Cravatica

Founded in 1997, Academia Cravatica studies, preserves and promotes the cravat as Croatian and world heritage through books, exhibitions, research and artistic projects.

Cravat Museum

Croata is developing the only Cravat Museum in the world, conceived as an experiential and inspirational space.

Cravat Regiment

Founded by Croata in 2010, the Cravat Regiment performs ceremonial guard changes in Zagreb, preserving historical traditions and promoting Croatian heritage nationally and internationally.