

A wide-angle photograph of a rugged mountain landscape. In the foreground, a steep, rocky slope covered in dark, jagged stones leads up to a ridge. A small figure of a person in a blue jacket stands on the ridge, looking towards the distance. In the background, a large, snow-covered mountain peak rises against a clear blue sky. The snow is bright white, contrasting with the dark rocks and the blue sky.

# Sustainability Report 2021



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A message from our CEO

# With a growing business comes increased responsibility

**We live in turbulent times. The covid pandemic continued to plague the world in 2021, climate change marched on unabated and as I am writing this, a war is raging in Ukraine. Although Haglöfs faced many challenges during 2021, we managed to get through them thanks to the efforts of our incredible colleagues and partners around the world.**

While the pandemic closed our societies and borders, it also opened people's eyes to the great outdoors. As restrictions eased, more people than ever before headed outside to enjoy the benefits of spending time in nature. This meant that in 2021, we not only grew, but we exceeded all expectations in terms of sales across all channels and

delivered the highest profitability in ten years. Looking back at the year, I am proud and thankful for all our people at Haglöfs who managed to create innovative and strategic solutions to the difficult challenges that presented themselves during the year to enable this achievement.

In Europe restrictions varied during the year meaning that our office-based teams mostly worked from home, and we were unable to meet up as much as we would have liked. We are now finally starting to ease our way into a new way of working which balances the flexibility of working from home with the benefits of getting together and we look forward to celebrating the great business results in each other's company.

Ongoing disruptions in the supply chain created major obstacles to returning stability to our operations. Vietnam was hit by a surge in covid cases and a resulting lockdown. Factories closed, our partners struggled to keep their businesses afloat and hundreds of thousands of workers were at risk of losing their livelihoods. Our teams worked hard to support our partners working with flexibility and understanding. These disruptions continue to remind us how interconnected we are and the importance of partnership and cooperation in confronting this ongoing uncertainty. Through our association with Fair Wear, we will continue to work to reduce the vulnerability of workers in our supply chain.

Impacts of lockdowns in Vietnam have been compounded by other challenges including electricity shortages in China and ongoing challenges in global logistics. From the blockage of the Suez Canal, to disruption at ports, transportation costs have spiraled, and delays become widespread. To get our products to our stores we therefore significantly increased the quantities we shipped by air which went against our efforts to reduce our climate impact.

And it's not only in logistics where we increased our carbon emissions. While a growing business means more jobs and growing opportunities, manufacturing more products also means our environmental footprint has increased. And this will make it harder for us to reach our climate targets. Last year we launched our climate commitment to halve our emissions across our operations and manufacturing footprint by 2030. But since our production, and therefore our carbon footprint, increased last year the gap between where we are today and where we want to be is bigger than planned.

We do not intend to change our targets but will have to work harder and faster to reach them. To get there on time, it will be more important than ever to focus on the area of biggest impact – the manufacturing of our gear; targeting the materials we use, the factories they pass through and the energy those factories are powered by.

It will also become increasingly important for us to look at alternative business models such as Haglöfs Restored, where we can continue to grow as a company without always having to produce more products.

In Haglöfs' Sustainability Report 2021 you will read about where we have already made progress and where we need to move faster. The route may have gotten harder in 2021 but the destination remains the same. We look forward to the challenge and sharing our progress with you along the way. Stay safe. Stay strong.



Fredrik Ohlsson, CEO

# About this report

In this annual sustainability report we present updated information on the work that Haglöfs AB and its subsidiaries (collectively referred to as Haglöfs) have undertaken during the 2021 calendar year. Here you can read about our recent efforts to promote responsible consumption and production, contribute to decent working conditions and take climate action, as well as the challenges we've faced.

The sustainability report compliments Haglöfs Financial Statement 2021 and unless otherwise stated the information reported includes Haglöfs AB, Nordic Outdoor Group Aktiebolag – NOGAB, Haglöfs Deutschland GmbH, Haglöfs Oy, Hagløfs AS, Haglöfs Danmark A/S and Haglöfs UK Ltd.

Any questions relating to this report or the sustainability work carried out by Haglöfs can be directed to: [sustainability@haglofs.se](mailto:sustainability@haglofs.se)

# About Haglöfs

We come from Sweden, a country of extreme weather and extensive landscape. Where rolling lowlands and running rivers give way to thick forests and snow-capped mountains. A place where the outdoors isn't just a far-off place, it's in the fabric of our culture and community. We explore with curiosity and a commitment to creating gear that will support anyone, anywhere in their own outdoor adventure — from walking through the forest to reaching the peak of a mountain.

An attitude of innovation is at the core of our history. We were founded in 1914 by Wiktor Haglöf, a visionary with a dream and a toolbox. A carpenter by trade, Wiktor was determined to create a backpack that would withstand the necessary journeys through the country,

no matter the conditions. From humble beginnings, our story evolved, and so did our offering. Seeking constant progress, we've ventured into new territory, creating technical designs that set a new standard in craftsmanship and committing to do all we can to ensure that the outdoors will still be there for future generations to explore. We've pioneered a new standard for perfection, but, like Wiktor, we never stop innovating.

At Haglöfs, we are Outsiders by Nature. We draw outside the lines, think outside the box, and live outside our comfort zones. We encourage exploration both physically and mentally through embracing the outdoors. We believe that everyone can experience the outdoors — whatever the weather.



A full-page background image showing two hikers standing on a large, dark, rocky mountain peak. The hiker on the left is wearing a blue jacket and black pants, while the hiker on the right is wearing a dark jacket and light-colored pants. They are both looking out over a vast landscape. In the foreground, there is a calm body of water reflecting the sky. The background features a range of mountains, some with patches of snow, under a soft, overcast sky.

# Our vision

#1 responsible outdoor performance brand

# Our mission

We inspire people to get out there

# Our values

Haglöfs brand values are the foundation of everything we do and how we act. They are a reflection of our past, relevant today and a guidance for tomorrow:

## Curious

We have curious minds. We are always curious to learn more, finding new and better ways of doing things. Our curiosity drives innovation and ensures we stay relevant in an ever-changing world.

**We push boundaries.**

## Reliable

We are always reliable. Our products can be relied upon to last and perform even in the toughest conditions.

We are reliable colleagues and business partners who speak the truth and honour our commitments.

**We earn trust.**

## Proud

We come from Dalarna, Sweden. We are proud people. Proud of who we are and where we come from. Proud of our products and the people who use them. Proud of how we treat and respect the world and everyone in it.

**We are passionate.**

# Our business

Haglöfs is a fully owned subsidiary of ASICS Corporation since 2010. ASICS Corporation's headquarters are located in Kobe, Japan and it is listed on the Tokyo Stock Exchange.

Haglöfs operates through subsidiaries in Sweden, Norway, Finland, Denmark, Germany, UK and France while ASICS Corporation manages Haglöfs' operations in Japan.

We design, develop and market outdoor clothing, footwear and hardware from our headquarters in Bromma, Sweden. Haglöfs does not own any factories, instead we work with a network of over 90 trusted materials suppliers and clothing, footwear and hardware

manufacturers across 14 different countries. The majority of our products are shipped to our warehouse in Sweden from where they are distributed to our various sales channels.

## **Sold in 21 markets via:**

- Wholesale and distributors
- E-commerce in 13 countries
- 13 directly owned Haglöfs stores
  - Opened a new temporary store in Båstad during 2021

# 240

employees

# 876.01

MSEK in sales

# 1.62 million

products sold

# Sweden Finland Norway

top 3 markets

We maintained our Fair Wear Leader status for 2021

**>90%** of the fabrics used were bluesign® approved

**100%**  
of the cotton used  
was organic

In continuous opposition to Black Friday, Haglöfs closed down all of our activities on November 26th, including our stores, e-commerce, offices and warehouses

We established the Haglöfs Employee Sustainability Advisory Group consisting of representatives from various departments within the company

**100%** of the down used  
was certified to the Responsible Down Standard

**100%** of the leather used  
was produced in Leather Working Group certified tanneries

We brought the **Head of Sustainability role** into the management team to drive integration of sustainability into the business

Together with 10 other outdoor brands, we launched the **Supply Chain Decarbonisation Project (SCDP)** to jointly fund and enroll shared factories into decarbonisation programs

As part of **Haglöfs climate commitment** we offset all the emissions from our own operations as well as the manufacturing and distribution of our gear



We officially launched **Haglöfs Restored** — second hand gear for first hand adventures

# Craftmanship for the next generation

We come from the Nordics where landscapes are changing before our eyes; changes, which if left unchecked, will have profound implications for future generations. It is fundamental that we consider the next generation in all our business decisions and everything we create. Our commitment focuses on three areas:

## A life well lived

We will offer products that are designed and made to last, supported by a service ecosystem that enables it to stay in circulation for generations.

- **Quality**
- **Repair**
- **Re-purpose**

## One planet production

We will fight climate change by reducing our carbon footprint even as our business grows

- **Materials**
- **Factories**
- **Operations**

## Our people

We will have a positive impact on the communities we connect with.

- **Employees**
- **Workers**
- **Consumers**



# The basics



# Responsibilities and structure

Our Head of Sustainability is responsible for the development and implementation of our sustainability strategy and, as part of the management team, ensures integration of sustainability into the business strategy.

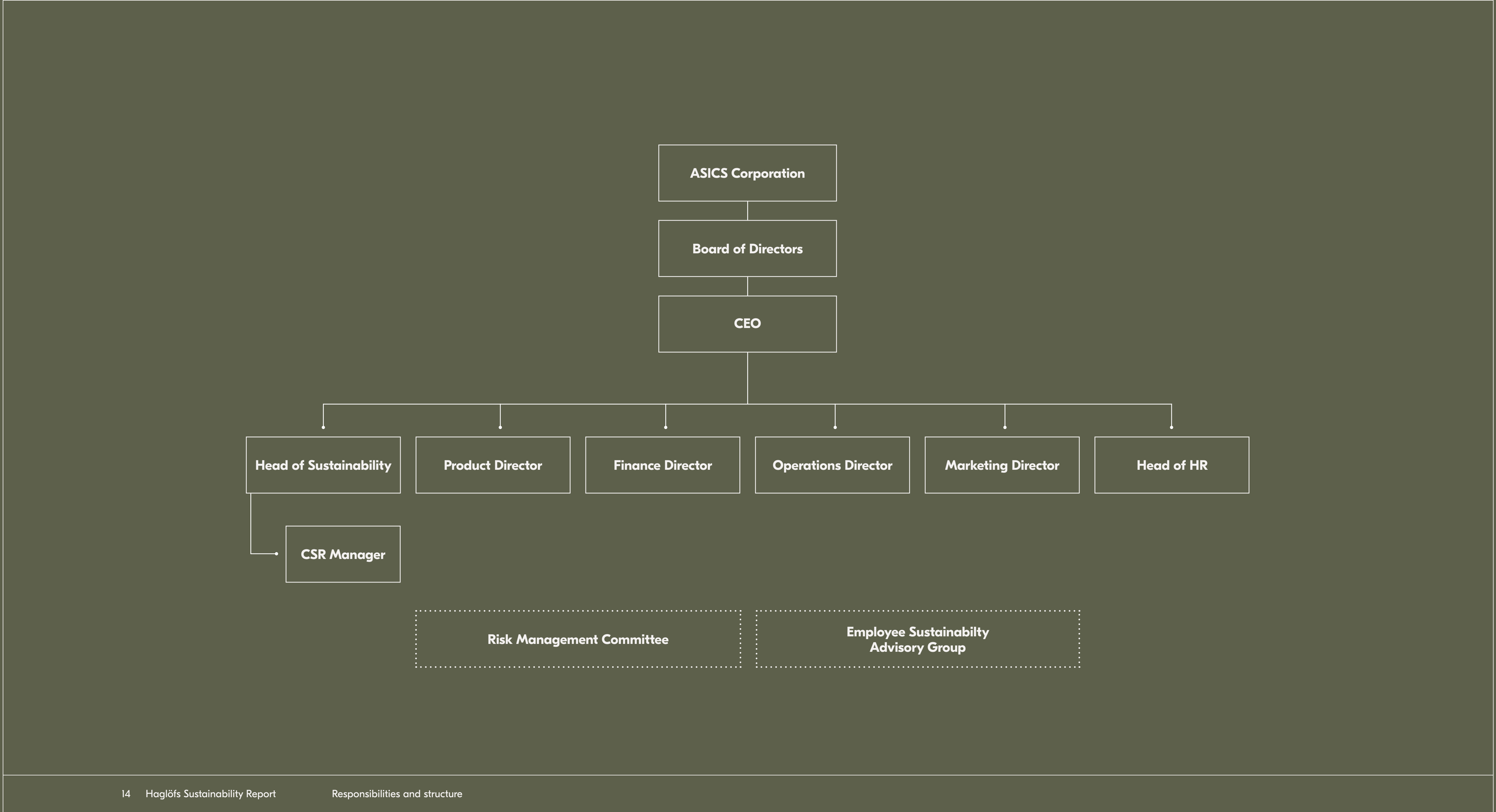
In 2021 the Head of Sustainability role was moved into the management team to drive further integration into the business while two additional groups were created to support our governance and decision making.

- In recognition of the increasingly complex regulatory landscape a Risk Management Committee has been set up to improve visibility of emerging risks, upcoming regulatory changes and potential implications.
- The Haglöfs Employee Sustainability Advisory Group was established to engage and involve our employees in all aspects of being a responsible business while gathering feedback on Haglöfs' direction and priorities to help hold management to account.

We also recognize that sustainability is not an area that is managed by a single team, instead key to achieving our ambitions is ensuring it is integrated into roles across the business.



Elaine Gardiner, Head of Sustainability



# Policies and guidelines

Haglöfs success is built on trust and a reputation gained through honesty, fairness, respect and hard work. We are committed to operating ethically, wherever we are in the world. We are proud of the way we do business.

Our Code of Conduct explains what it means to uphold our values while ensuring that acting with integrity, following legal requirements, and showing respect towards each other, our customers and our business partners continues to be the cornerstone of everything we do. It applies to everyone employed by, or who conducts business on behalf of, Haglöfs AB and its affiliates regardless of seniority or location. We are all responsible for reading, understanding, and applying the Code of Conduct. We also expect our business partners to follow comparable principles, and we aim to work only with those who meet our standards.

Our Policy of Engagement sets out those standards for our manufacturing partners covering areas such as corruption, human rights, labor standards, privacy protection,

occupational health and safety, and environmental practices and forms a key part of their Terms of Agreement.

An assessment of the key sustainability risks in our operations and value chain<sup>1</sup> identifies human rights and labor issues, environmental risks and the risk of corruption. These risks are addressed within our internal policies as well as in agreements with business partners. Within our value chain, workers in our supply chain are most at risk from human rights and labor rights violations with the risks increasing further down the supply chain. Our supply chain assessment and monitoring activities provide a foundation for our human and labor rights due diligence work (see Workers

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<sup>1</sup> With reference to the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

section). The risk of corruption including bribery is highest where transactions take place and particularly where intermediaries are involved; ensuring corruption is addressed in any terms of agreement and the appropriate staff are trained in our policies is key to managing this risk. Environmental risks such as hazardous chemicals, water consumption and pollution, and greenhouse gas emissions are mostly concentrated within the parts of our supply chain producing our materials and here our work on better materials and production facilities seeks to continually reduce our impact in these areas (see Materials and Factories sections). Improving the visibility within our supply chain is key to identifying risks and addressing issues. Here we work directly with most of our manufacturers and materials suppliers and aim to

improve transparency at lower tiers of our supply chain (see Factories section).

Our Code of Conduct and related policies are available to all employees on our internal People Portal and are introduced during new hire onboarding. More in-depth training is conducted for key groups such as management, sales or sourcing where risks in specific areas are higher.

We encourage people to report any acts that violate our Code of Conduct and have a confidential online reporting system to facilitate reporting of ethics violations. This is complemented by an anonymous worker helpline in all the clothing, footwear and hardware factories we work with, allowing us to detect and address any issues found.

**2021 update**

- No reports were submitted to the ethics helpline
- 9 calls were received to the workers helpline (see Workers section).
- There were no reports or confirmed cases of corruption, no legal actions regarding anti-competitive behaviour were brought, no substantiated complaints were received concerning breaches of customer privacy and no data breaches reported.
- 53% of employees completed online trainings covering Confidential Information and Intellectual Property, Workplace Harassment and Social Media.

Details of our key policies can be found [here](#).

Our policies

| Haglöfs                                      | Our suppliers and other business partners            | Our materials and products           |
|--|--|--------------------------------------|
| Code of Conduct                              | Code of Conduct                                      | Restricted Substances List           |
| Privacy Policy                               | Policy of Engagement                                 | Animal Welfare Policy                |
| Protected Disclosure (Whistleblowing) Policy | Code of Labor Practices                              | Sustainable Materials Guidelines     |
| Anti-Trust and Competition Policy            | Sustainability Standards for External brands         | Sustainable Packaging Guidelines     |
| Anti-Bribery and Anti-Corruption Policy      | Supplier approval, onboarding and monitoring process | Product and Material Quality Manuals |
| Environment Policy                           |  |                                      |
| Work Environment Policy                      |  |                                      |

# Where to focus

With so many environmental and social challenges ahead of us, it can be difficult to know where to start.

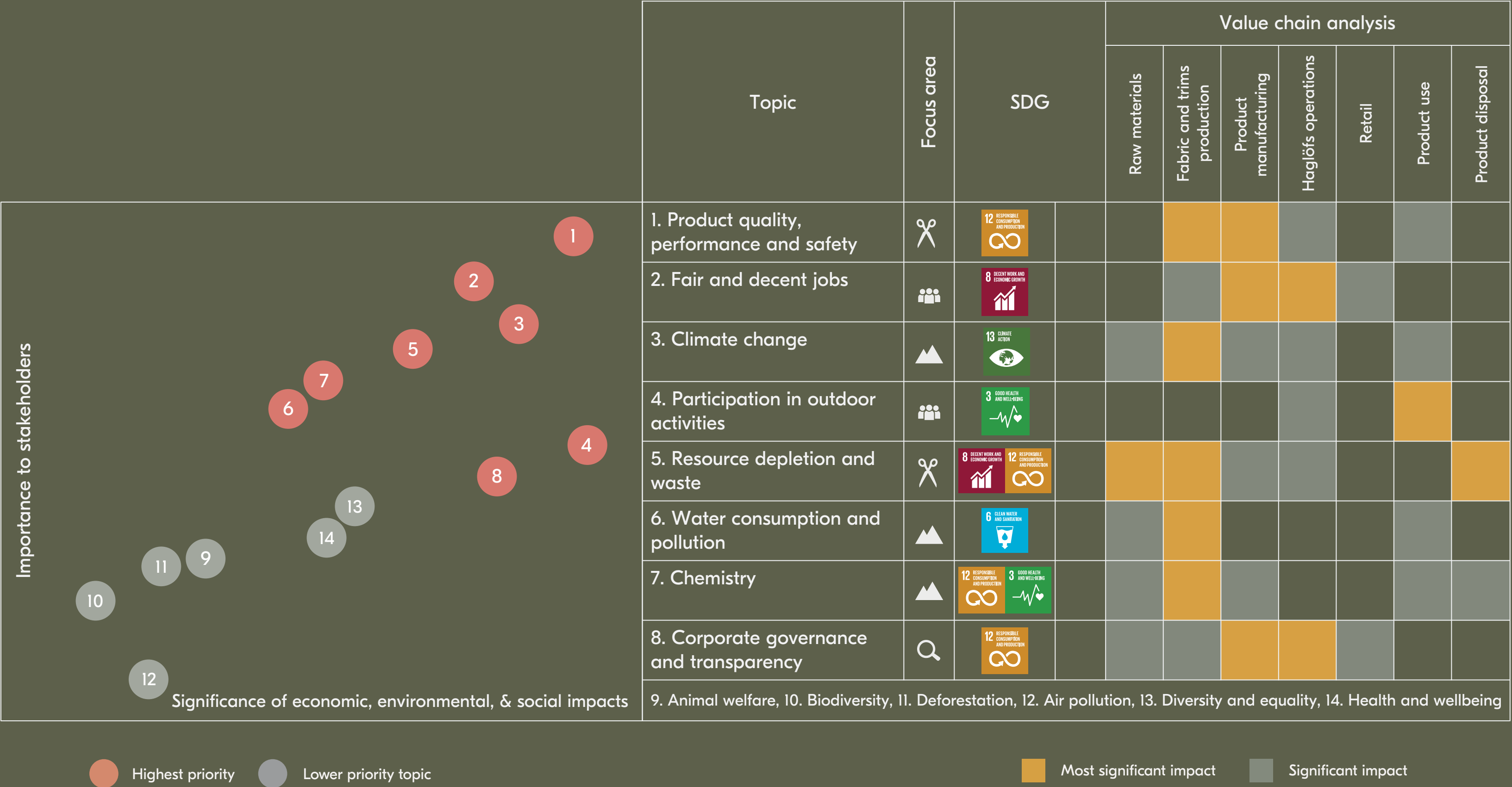
One way to define priorities is to identify issues which are both important to our stakeholders and of strategic importance to our business. Our materiality matrix highlights where the two meet. A value chain analysis of the priority issues helps to clarify where the impacts, both positive and negative, occur allowing us to focus our efforts where they will have the greatest impact. Most of the topics highlighted are highly interdependent which means they often have to be tackled as a whole rather than issue by issue. As is common with companies which sell consumer goods, most of the issues fall outside of our direct operations in our supply chain.

Along with our employees and owners, our consumers, retailers and suppliers are our most important stakeholders. There are, however, other groups who have an impact on, or are impacted by, our decisions.

We want to ensure that their voices are heard, and that we are aware of the aspects of our business that are most relevant to them. This includes government agencies or regulators, NGOs, industry associations and academic bodies. The priorities and concerns of these stakeholder groups together inform our strategy.

Since the priorities of these different stakeholders develop and change over time it is important to maintain an ongoing dialogue. We communicate with our stakeholders through our website, social media and sustainability reports, and both formal and informal meetings as well as surveys, trainings and collaborations. This way we can keep our stakeholders informed as to our progress as well as getting feedback from them on the way we do business. (see Our Stakeholders).

Our materiality matrix



### 2021 update

Minor changes were made our materiality matrix and approved by the management team. These changes took into account feedback from a number of stakeholders including:

- Employee materiality survey where climate change topped the list of concerns for our employees.
- Our yearly employee survey (Pulse) which highlighted the need to focus more on health and wellbeing for our employees.
- Increased requests from our business partners to provide data related to our environmental footprint and our carbon footprint in particular.
- Continued elevated risks of labor practice violations in the supply chain due to the ongoing pandemic.



Our stakeholders

| Stakeholders                            | Description  | How we engage  | Key issues  |
|---|--|--|---|
| Employees                               | Our people make our company and without them we could not bring our products to the market. We strive to be a responsible employer that empowers its employees and listens to their input.   | <ul style="list-style-type: none"><li>- Employee surveys</li><li>- Company, departmental and individual meetings</li><li>- Training</li><li>- Internal communications</li><li>- Unions/workplace representatives</li></ul>   | <ul style="list-style-type: none"><li>- Job security, pay and development opportunities</li><li>- Diversity and inclusion</li><li>- Environmental impact of products</li><li>- Workers conditions in supply chain</li></ul>   |
| Consumers                               | We aim to provide products and services that add value for our consumers. Inspire them to get outdoors while engaging them in solving some of the most pressing sustainability issues together.  | <ul style="list-style-type: none"><li>- Market research and consumer surveys</li><li>- In-store interactions</li><li>- Customer service channel</li><li>- Website</li><li>- Sustainability report</li><li>- Social media</li><li>- Media, PR and marketing</li></ul>                         | <ul style="list-style-type: none"><li>- Product performance, quality, and price</li><li>- Chemical use in products</li><li>- Environmental impact of products</li><li>- Pay and conditions for workers</li><li>- Where products are made</li><li>- Animal welfare</li></ul> |
| Owners                                  | We aim to create value for our owners by managing our business in a responsible manner.  | <ul style="list-style-type: none"><li>- Board meetings</li><li>- Joint sustainability team meetings</li><li>- Annual reports</li></ul>   | <ul style="list-style-type: none"><li>- Economic performance</li><li>- Risk management</li><li>- Responsible business practice</li></ul>  |
| Suppliers (and other business partners) | We work with customers, suppliers, and other business partners in our value chain. Sustainability improvements depend on collaboration and commitment from all. We engage our business partners to share and solve social and environmental issues together. | <ul style="list-style-type: none"><li>- Meetings and site visits</li><li>- Surveys</li><li>- Supplier assessments and performance reviews</li><li>- Anonymous worker helpline</li><li>- Worker interviews as part of monitoring program</li><li>- Unions/workplace representatives</li></ul> | <ul style="list-style-type: none"><li>- Order quantities and pricing</li><li>- Long term relationships</li><li>- Meeting requirements of Haglöfs standards</li><li>- Worker pay, overtime, dialogue</li><li>- Training</li></ul>  |

Our stakeholders

| Stakeholders           | Description  | How we engage  | Key issues   |
|------------------------|--|--|--|
| Collaborative partners | We collaborate with other brands and experts through, industry groups and research institutions. Collaboration and engagement with others result in better solutions to common challenges in our industry and value chain.   | <ul style="list-style-type: none"><li>- Meetings</li><li>- Reports</li><li>- Workshops</li><li>- Ongoing dialogues</li><li>- Multi-stakeholder initiatives</li></ul> | <ul style="list-style-type: none"><li>- Depending on the focus of the group, generally industry wide social and environmental issues</li><li>- Legal and regulatory requirements</li></ul>   |
| Thought leaders        | Maintaining an open dialogue with NGOs, journalists, the academic community, our ambassadors and social media community amongst others ensures we remain aware of the rapidly changing sustainability landscape while presenting opportunities for collaboration to solve pressing issues.                         | <ul style="list-style-type: none"><li>- Social media</li><li>- Surveys/ requests for information</li><li>- Research and reports</li><li>- Website</li></ul>          | <ul style="list-style-type: none"><li>- Climate change</li><li>- Worker rights and conditions in the supply chain.</li><li>- Supply chain transparency</li><li>- Consumption and the circular economy</li><li>- Microfibres</li><li>- Chemicals</li></ul>                                  |
| Regulators             | We strive to be good corporate citizens complying with relevant laws and regulations while keeping informed to stay ahead of upcoming changes. We support governments and policy makers in implementing regulations, standards and economic incentives which will have positive social and environmental outcomes. | <ul style="list-style-type: none"><li>- Multi-stakeholder initiatives</li><li>- Sustainability report</li><li>- Surveys/requests for information</li></ul>           | <p>Regulatory and legal compliance including:</p> <ul style="list-style-type: none"><li>- Local labor and environmental standards</li><li>- Safety, chemical and quality standards</li><li>- Labelling, sustainability claims and reporting</li><li>- Human rights due diligence</li></ul> |

[Learn more](#)

### Goals to transform our world: the UN Sustainable Development Goals

The Sustainable Development Goals are a call for action by all countries — rich and poor — to promote prosperity while protecting the planet. The goals, set by the United Nations General Assembly in 2015 for the year 2030, recognize that ending poverty must go together with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while protecting the environment. Businesses such as Haglöfs have a key role to play in achieving these goals through ensuring they are promoting decent working conditions as well as responsible production and consumption practices.

**In particular, our activities support Goals 3, 6, 8, 12 and 13. (See Appendix for more details)**



# A life well lived



# Quality

The most effective way to reduce the overall environmental footprint of a product is to keep it in use for as long as possible.

So, we offer products that are designed and made to last. This is a process which starts with design choices and goes through materials selection, product construction and quality control.

One of the core elements of our design philosophy is ‘Lasts Lifetimes’ where design choices are made taking into consideration the durability, repairability and end of life of the product.

Material test standards, product make standards and chemical management guidelines control the quality and safety standards for all products. To ensure products meet these standards both laboratory and field testing are completed at multiple stages throughout the development process while third party quality control checks confirm

the final product is ready to go to the consumer. On top of this, feedback from the consumer as well as the returns program is fed back into the product development process ensuring a process of continuous improvement.

## 2021 update

- During 2021 we improved our data collection to allow better visibility of quality issues and more focused improvements. This also resulted in changing the way we calculate our quality returns rate.
- Quality returns rate of 0.6% (vs target maximum rate of 1%).
- Increased the coverage of our field testing for new clothing and hardware styles.
- No product recalls due to quality or safety standard violations.

### **Guaranteed, by Nature**

We take pride in making high-quality, high-performance products that keep up with our consumers' adventures. Through our lifetime warranty we guarantee to the original owner of any Haglöfs product that we'll repair or replace any product that fails due to a manufacturing or material defect.

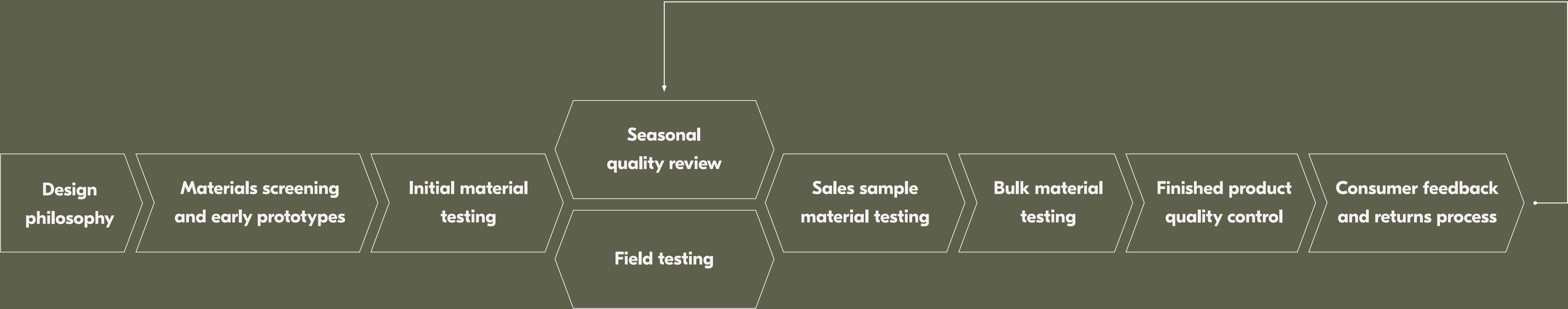


Our design philosophy



| Responsible    | Performance           | Neo Hantverk          |
|----------------|-----------------------|-----------------------|
| Embrace zero   | Look directional      | Embrace zero          |
| Last lifetimes | Feel better           | Last lifetimes        |
|                | Protective            | Look directional      |
|                | Literal functionality | Feel better           |
|                | Push harder           | Protective            |
|                | Nordic                | Literal functionality |
|                |                       | Push harder           |
|                |                       | Nordic                |

Our quality control process



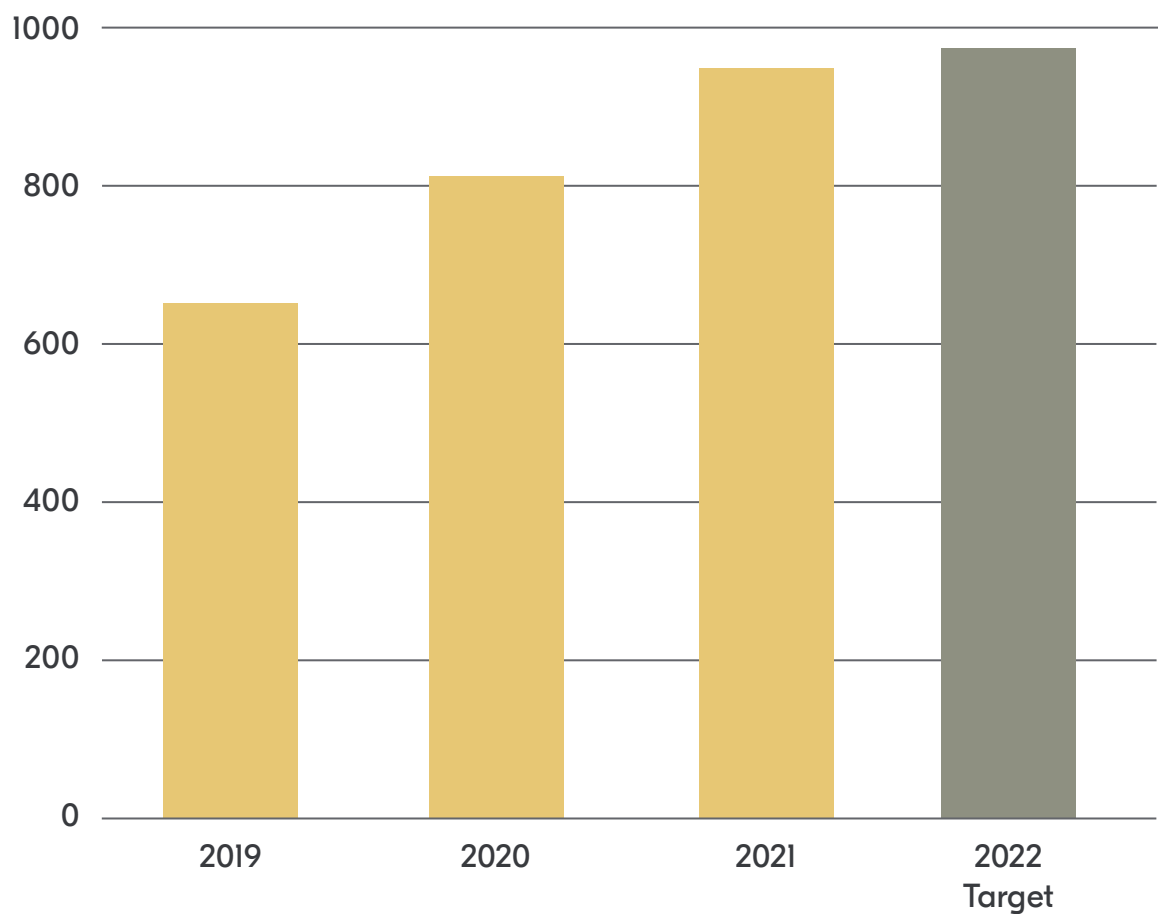
# Repair

Accidents happen and stuff breaks, but this shouldn't mean products are condemned to the landfill.

When products do not meet our consumers expectation we will replace or refund them, however this can create unnecessary waste and besides many of our consumers have already grown attached to their gear. So where possible we repair and return the original product back to the consumers.

A little bit of care and attention goes a long way to keeping products in shape for the next adventure, and as a bonus you prolong the life of your favourite gear. This is why we offer detailed care instructions as well as repair guides on our website, and of course our customer service and retail teams are always available to help with spare parts and advice.

Product repairs<sup>2</sup>



<sup>2</sup> Excludes minor repairs carried out in store and provision of spare parts which are not tracked

# Repurpose

## Leftover

Our Leftover initiative allows our product team to get creative with the leftover fabrics they find, diverting excess fabric from the waste stream. During 2021 we sold wrist gaiters made from leftover materials in many of our stores.

## Haglöfs Restored

Haglöfs Restored is a new collection of second-hand products for first-hand adventures. Products which still have life in them but would otherwise go to waste are cleaned, repaired, reproofed and restored to our standards, before being added to the [Haglöfs Restored](#) collection.

The project was piloted in a pop-up store in 2020 before being officially launched online in October 2021.

Consumers can drop off their old gear which they no longer use at any Haglöfs store safe in the knowledge that it won't go to waste.



# One planet production



# Our climate commitment

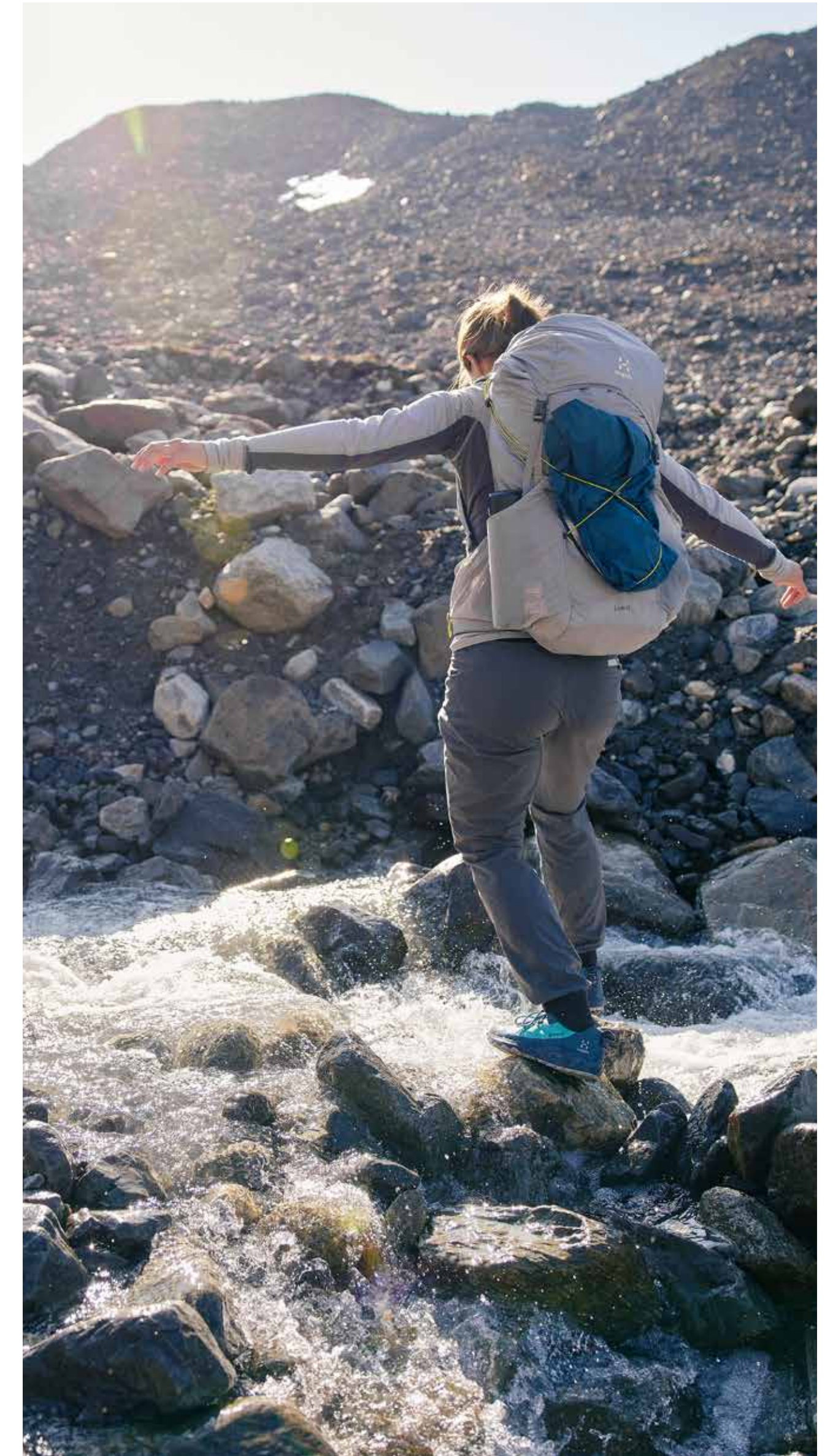
The science clearly tells us that to avoid the worst impacts of climate change drastic reductions in carbon emissions are needed.

Meeting the goals set in the Paris Agreement will require an unprecedented global effort to halve greenhouse gas (GHG) emissions this decade and achieve net zero emissions by 2050 at the latest. Unfortunately, the world is not yet on track to achieve this therefore those of us who can move faster should do so. That is why we have made a commitment to reduce our emissions by 50%<sup>3</sup> and reach net zero by 2030<sup>4</sup>; and because making these reductions take time, we will take responsibility for the remaining emissions along the way by investing in high quality carbon credits.

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<sup>3</sup> Absolute emissions across scope 1 & 2 and selected scope 3 (production and distribution of goods sold and business travel)

<sup>4</sup> When this target was set over 2 years ago there was still ambiguity as to how to define net zero for businesses. Standards are now being defined and terminology may need adjusting however the committed actions will still stand.

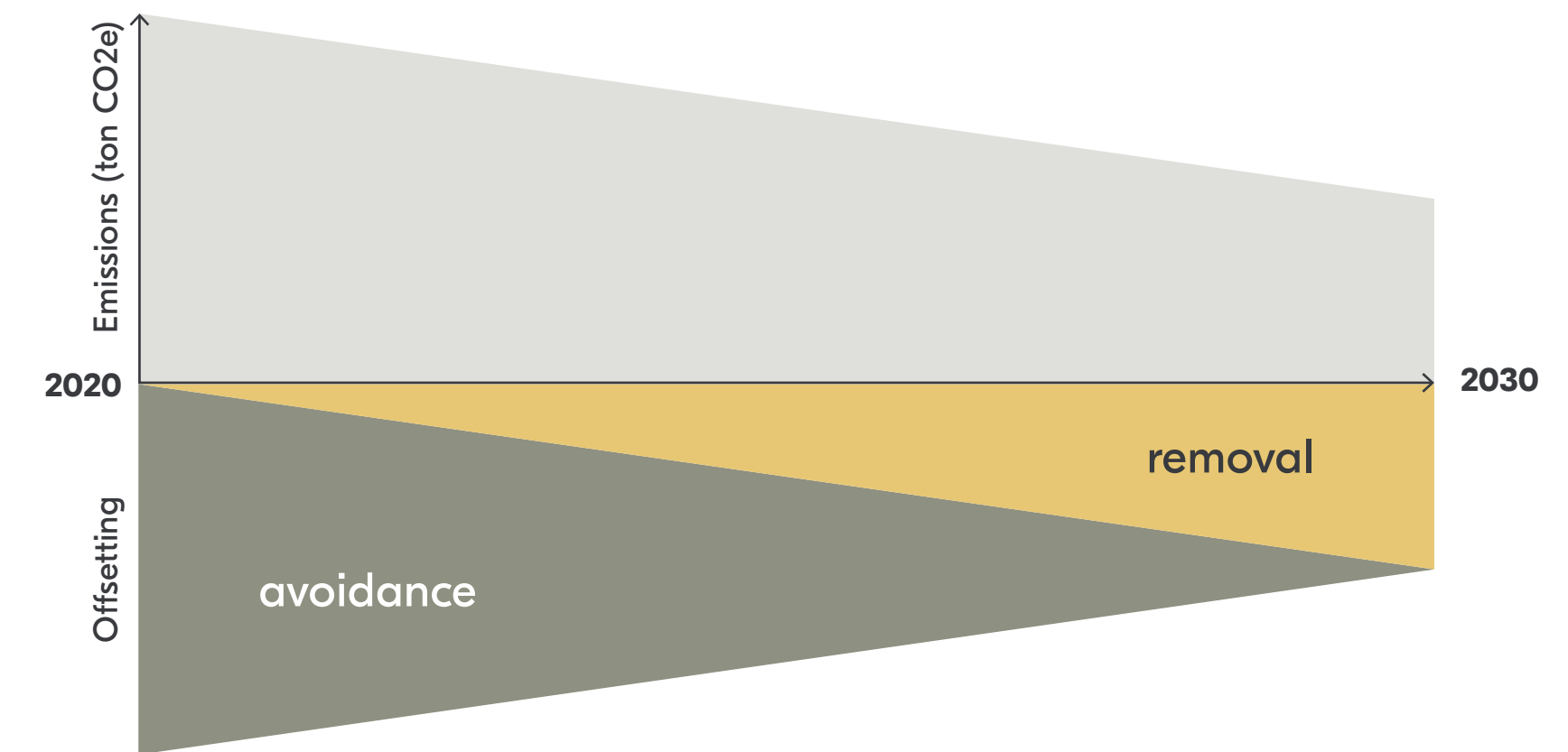


# Climate neutral to net zero

At Haglöfs our climate commitment covers not only the emissions from our own operations (referred to as Scope 1 & 2) but importantly we have also included the emissions generated from the production and distribution of all the products we make — from the extraction of raw materials to delivery to the consumers (referred to as Scope 3). This is important because the production of our outdoor gear is where our biggest impact lies.

By purchasing a quantity of high quality, certified carbon credits equivalent to our carbon footprint we become climate neutral<sup>5</sup> through a process called offsetting.

Most offsets available today support projects which reduce emissions such as renewable energy installation or forest protection. While getting finance to these projects is important to avoid further increases in emissions today, they will not be enough to bring emissions to net zero in the future. It is vital therefore that there is also investment in removing emissions from the atmosphere. Here we commit that from 2030 onwards we will have transitioned to offsetting through only carbon removal projects ensuring we completely remove from the atmosphere the same amount of emissions that we emit.



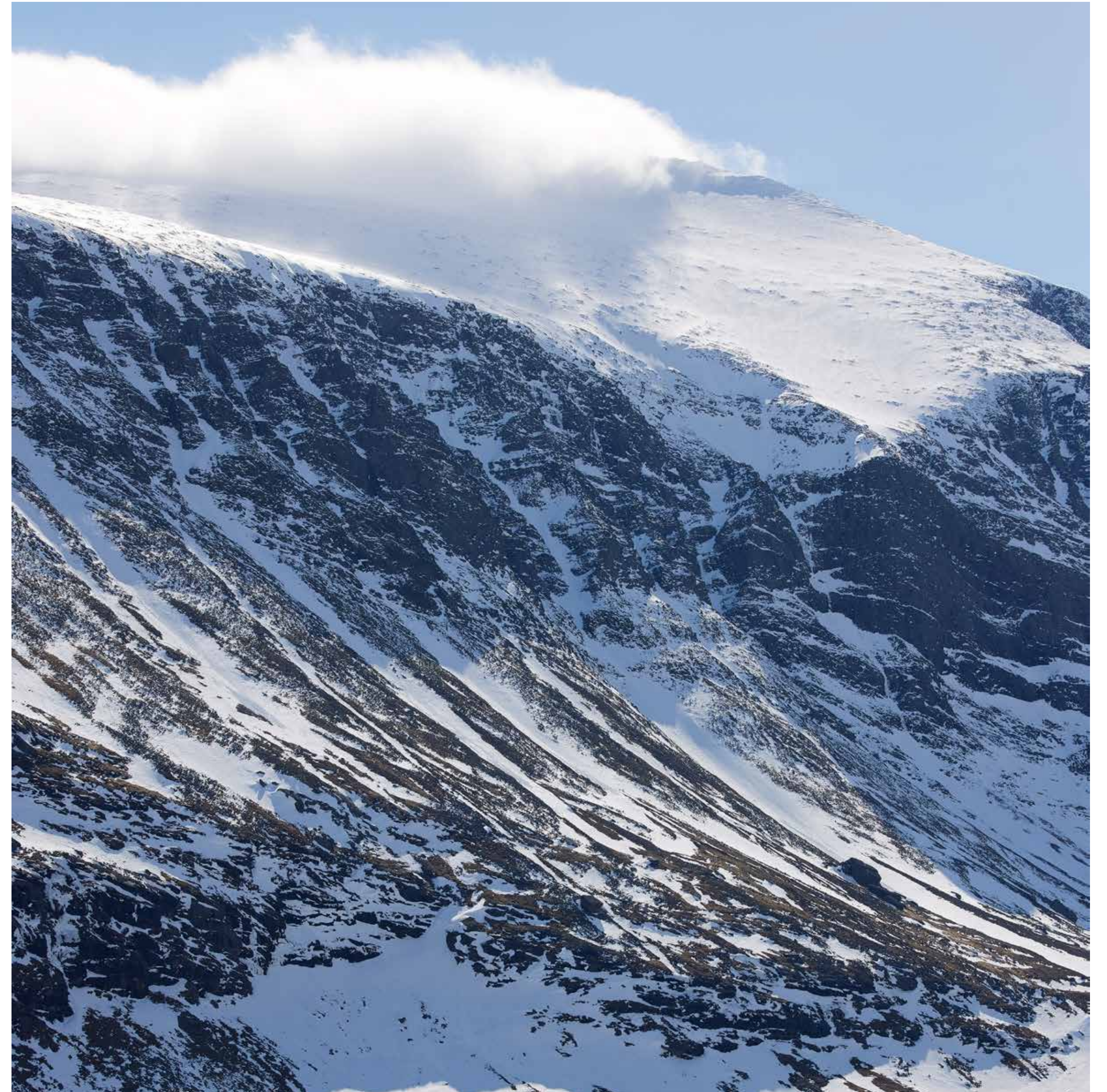
<sup>5</sup> Note there is ongoing debate about the use of the term 'climate neutral'. While there are international standards defining its use and it is commonly referred to by government departments and in international negotiations on climate change, the definition is not always clear for consumers. The term does not mean that a company has no emissions, rather that the company has purchased a quantity of carbon credits equivalent to their carbon footprint in a process called offsetting.

## Nordic Dialogue on Voluntary Compensation

Recognizing the need for aligned guidance on voluntary climate compensation, during 2021 Haglöfs participated in the [Nordic Dialogue on Voluntary Compensation](#).

The dialogue is funded by the Nordic Council of Ministers and aims to inform Nordic and international efforts towards and beyond carbon neutrality.

Key Nordic stakeholders from business, civil society, research and the public sector were brought together to develop a common understanding of key issues and concepts relating to voluntary carbon compensation, co-creating recommendations and action points for a Nordic best practice approach to be published in 2022.



[Learn more](#)

## Climate neutral, net zero and other definitions

### Scopes

The [Greenhouse Gas Protocol](#) organizes emissions into 3 different scopes:

- Scope 1: Direct GHG emissions which occur from sources that are operated by Haglöfs e.g., company cars and refrigerant leakage.
- Scope 2: GHG emissions from the generation of energy purchased by Haglöfs e.g., electricity and heating for offices and stores.
- Scope 3: Indirect GHG emissions that occur in our value chain e.g. emissions from the transportation, production, use and disposal of goods.

### Climate neutral

- When carbon credits equivalent in quantity to the size of your carbon footprint are purchased and retired in a process referred to as offsetting.
- It is important to clarify which part of the carbon footprint is covered by the carbon credits. While many choose to become climate neutral in their own operation, it is becoming more common to extend the commitment to cover emissions in the value chain which are often much larger.
- Best practice dictates that a climate neutral claim should always come hand in hand with a commitment and action plan to reduce the actual emissions<sup>6</sup>.

### Offsetting

- A carbon credit is a certificate generated when someone takes an action to eliminate a metric ton of greenhouse gas emissions. Companies, organizations, or individuals can then buy these certificates to compensate for their own emissions, and this is referred to as offsetting.
- Offsetting projects can generally be categorized into two different types:
  - Projects which avoid or reduce emissions e.g. construction of a renewable energy project in place of fossil fuel.
  - Projects which remove emissions from the atmosphere e.g. reforestation or direct carbon capture.

<sup>6</sup> [PAS 2060 Carbon Neutrality BSI](#)

[Learn more](#)

**Net zero**

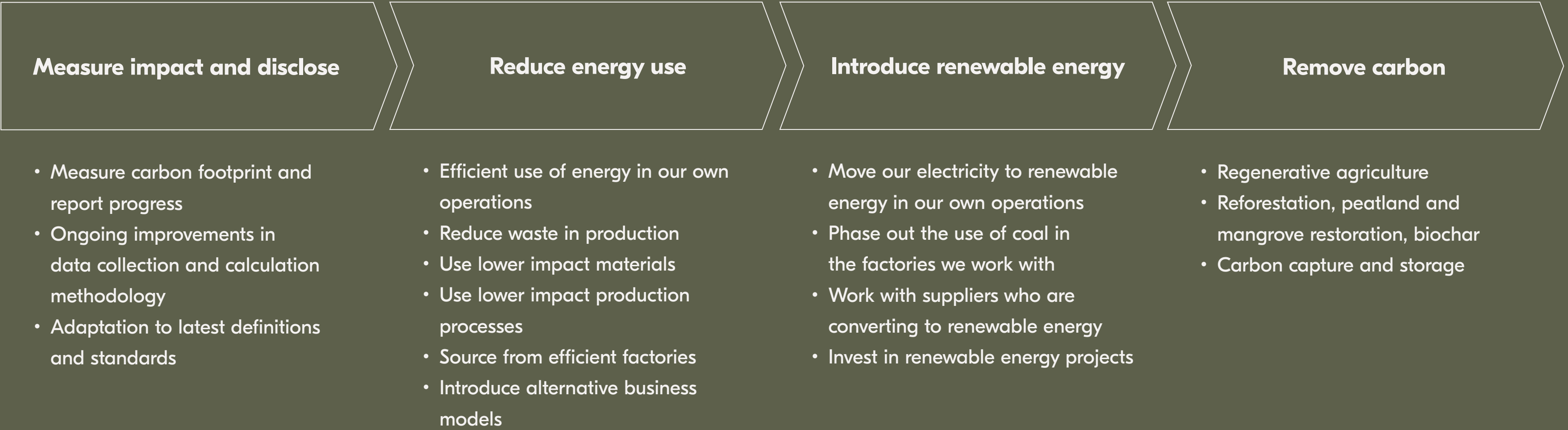
- At a global level, the IPCC defines net zero as when anthropogenic (i.e., human-caused) emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. [www.ipcc.ch/sr15/chapter/glossary](http://www.ipcc.ch/sr15/chapter/glossary).
- For businesses this means after reducing their own emissions as much as possible removing from the atmosphere an amount of carbon dioxide equivalent to their remaining emissions.
- When our targets were initially set there was still some ambiguity as to the details of what net zero means for

businesses in terms of the quantity of emissions reductions required before claiming to be net zero, the scope of emissions which should be covered, the type of action which qualifies as a removal and how it is accounted for. There is work going on to define this more clearly to avoid confusion and inconsistent claims<sup>7</sup>. At Haglöfs we are committed to ensuring that our approach to net zero develops as standards are defined.

<sup>7</sup> <https://transformtonetzero.org/resources/transform-to-net-zero-position-paper-and-action-plan>  
<https://sciencebasedtargets.org/net-zero>



# Roadmap to net zero



# How we will get there

Our plan to reach our targets focuses on the following four main areas.

**Measure impact and disclose**

In 2020 we measured and reported, for the first time, the carbon footprint of scope 3 emissions related to the manufacturing and distribution of the gear we sell. We also expanded our measurement of scope 1 & 2 emissions to include our subsidiaries. We committed to measuring and disclosing our emissions on a yearly basis to track progress against our climate commitment.

The results confirm that our Scope 3 is where most of our emissions lie and that the manufacturing of the materials which go into our products is the step that has the biggest impact (see Our Carbon Footprint charts). This information can be used to ensure we focus on the areas which have the largest opportunity for improvement.

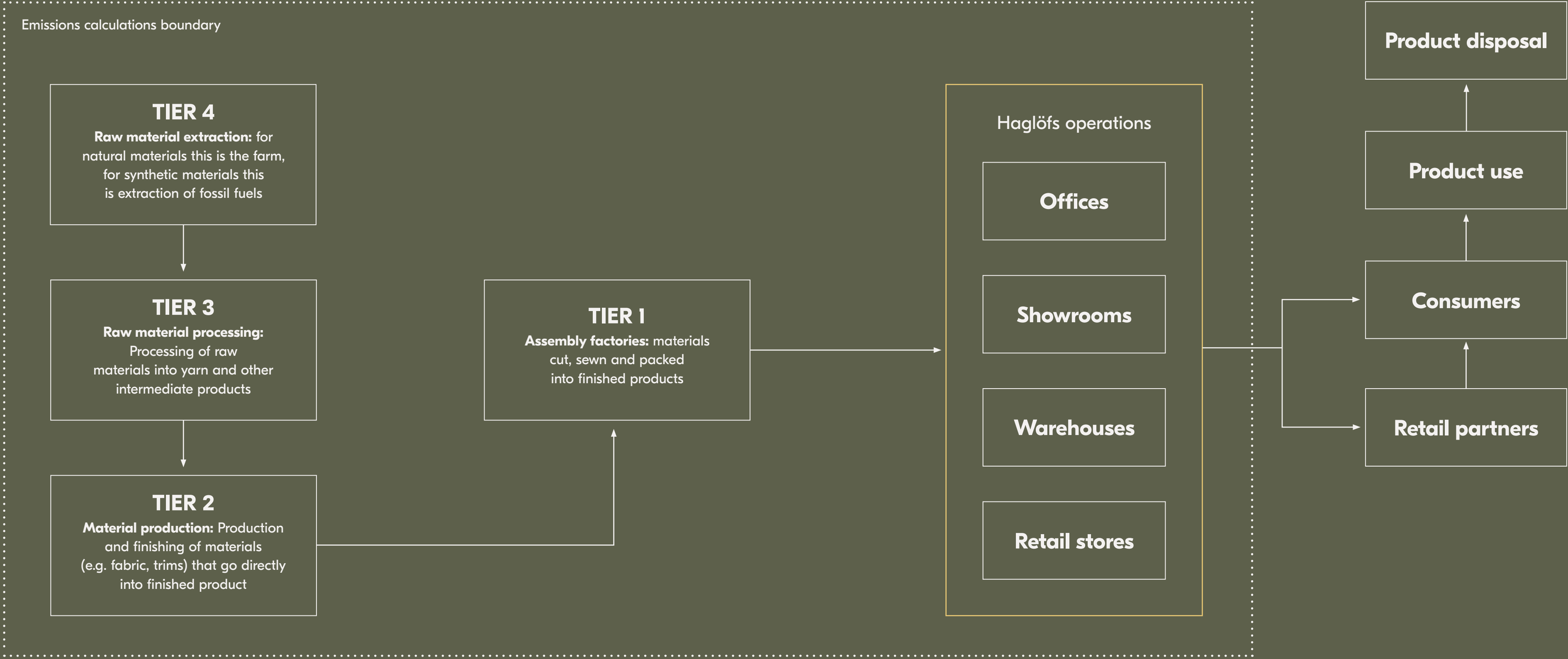
There is considerable uncertainty in the data within the scope 3 emissions. These emissions refer to those generated

outside of our own organization which poses challenges in data collection and relies heavily on generic industry data and assumptions. Calculations are based on the best available data and emissions factors at a given period in time and therefore should be treated as indicative and directional only.

The aim is to continually improve the quality of the data, for example by obtaining more supplier specific information through verified submissions of the Higg Facilities Environmental Module (FEM), and be transparent on how the approach is adapted as methods improve. As improves, we may from time to time restate previous results to reflect these improvements.

In recognition of the challenges in reporting scope 3 data we purchase a 10% buffer of carbon offsets to help compensate for any variability.

Our value chain



**Reduce energy use**

The priority must first be to reduce our energy use both in our own operation but also across our supply chain. Production of materials used in the manufacturing of Haglöfs products is the largest source of emissions. Focusing on reducing the impact from this area will have the biggest impact through selection of materials with lower carbon footprints produced in factories with energy efficient practices.

**Introduce renewable energy**

Energy will always be needed to produce and transport our products therefore large-scale transition to the use of renewable energy will be needed to meet the goals. Work is already underway within our own operations (see Operations section) and we aim to support suppliers to do the same, we also encourage government action to drive the transition to renewable energy.

**Remove carbon**

Once emissions have been reduced by 50% the remainder of our emissions need to be removed from the atmosphere to be able to reach net zero. Here we will not wait until 2030 but rather take responsibility for our emissions along the way. We commit to supporting projects which are reducing or removing a quantity of carbon equivalent to our own remaining carbon footprint. By 2030 we will transition any remaining projects which rely on carbon reduction to those which actively remove carbon from the atmosphere.

It is important to ensure that the offsets which we choose are of the highest quality which is why we choose to support only those projects certified to the leading standards in the voluntary carbon market – [Gold Standard](#) and [Verra’ s Verified Carbon Standard \(VCS\)](#) in combination with the Climate, Community & Biodiversity Standards (CCB). This means the projects have been evaluated against strict criteria and in addition provide benefits

beyond just climate mitigation such as provision of jobs in the local community or biodiversity protection.

The methods for assessing and accounting for carbon removal projects remain under discussion with key criteria such as the durability or permanence of the removal being an area of debate and as such the market for carbon removals is still relatively undeveloped. We expect to learn and adapt to changes in the standards and market as we go along. One of the best ways to learn is to get involved which is why on top of the regular carbon offsets we have purchased we are working with [Puro.earth](#) to invest in more novel approaches to carbon removal supporting projects including the use of biochar. Biochar is a very stable, solid form of carbon that can be used for example to improve soil quality and endures in soil for hundreds of years locking in carbon removal on a near permanent basis.

Read more about our climate commitment [here](#).

# Climate commitment 2021 update

The boom in outdoor activity after COVID-19 lockdowns resulted in an unprecedented demand for outdoor gear. As a result, during 2021 we increased our production by over 35% vs 2020. This has resulted in a significant increase in our overall carbon footprint — the more we produce the larger our carbon footprint.

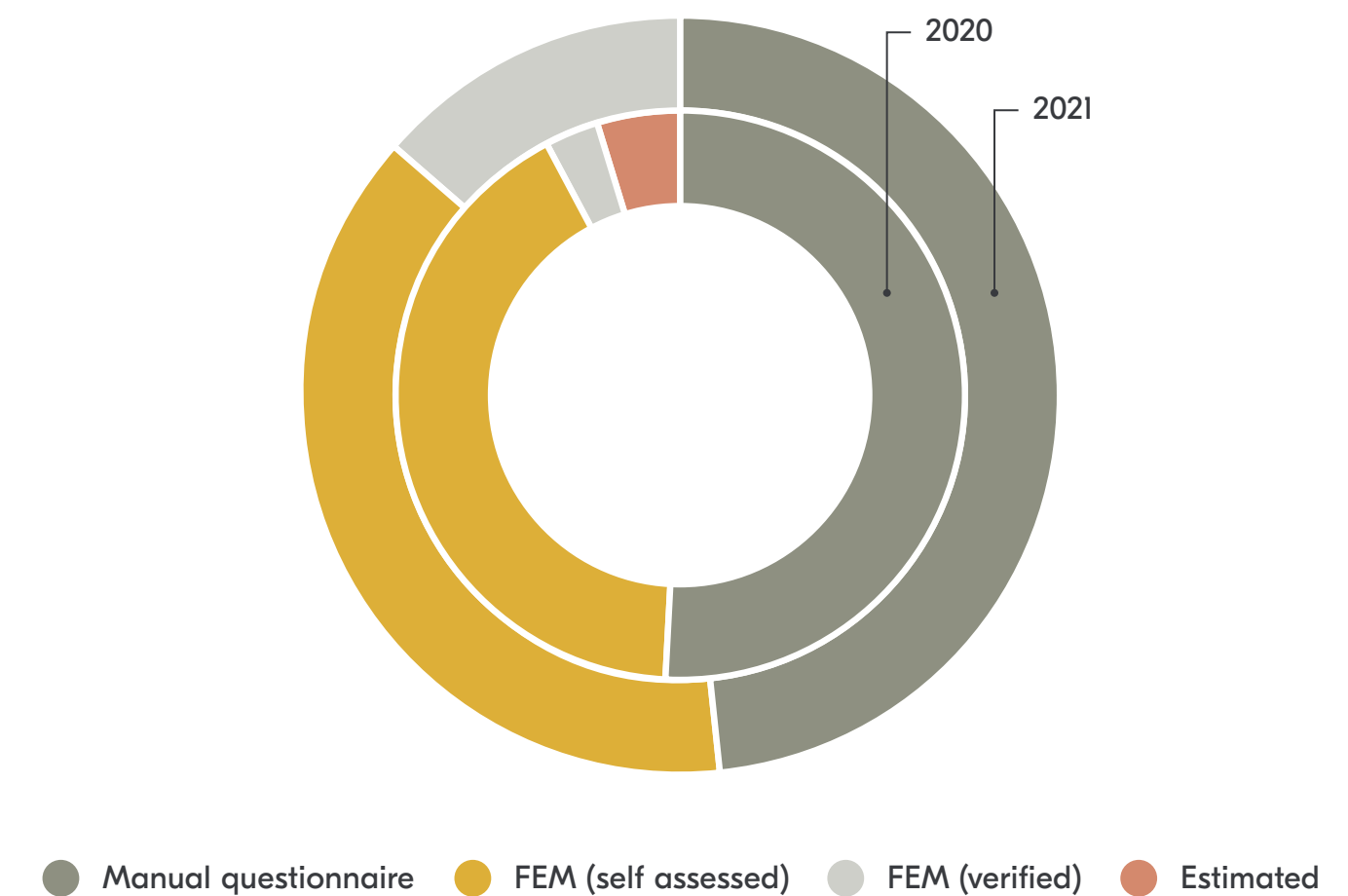
Although during 2021 the emissions per kg of materials reduced and we kicked off several actions to reduce our footprint, their impact will not fully be realized in the numbers until later on. This of course presents a challenge since the gap between where we are today and our target has grown therefore we need to look at what actions can be accelerated and scaled up.

Below summarizes some of the work undertaken during 2021:

## Data management

- We increased the number of Tier 1 suppliers using the Higg FEM to report on their energy use as well as the coverage of verified data. This helps to reduce reliance on estimations and gives greater confidence in the data.
- We upgraded our PLM (product lifecycle management) system which will enable more efficient and reliable internal data collection related to the type and quantity of materials we purchase.
- We restated the 2020 numbers to reflect updated emission factors and improved data quality.

Data source  
(as % of T1 emissions reported)



**In our own operations**

- We continued to increase our use of renewable energy for the electricity used in our own operations. In 2021 99.5% of our electricity where we are in control of the contract came from renewable energy.
- We transitioned our company car fleet to hybrid models.
- The above actions have meant that even though our retail stores reopened, we used our offices more and our sales teams were able to get back out on the road to visit their customers we were still able to reduce our Scope 1 & 2 emissions 14% vs 2020 (see Our Operations charts).

**In production**

- Emissions per kg of materials produced reduced by 4%.
- Due to the large increase in production our overall Scope 3 emissions from manufacturing increased.
- We launched our FW22 collection with 61% of our clothing and hardware styles containing renewable or recycled fabrics, progressing towards our goal of 100% by 2025.
- We started to assess new manufacturing partners and identify long term strategic partners based on their climate ambitions.
- Along with 10 other outdoor brands we established a pre-competitive project to enrol shared materials suppliers in carbon efficiency programs.

**Carbon compensation**

- We purchased a quantity of carbon credits equivalent to our 2021 carbon footprint (including a buffer to allow for variability in the data) enabling us to become climate neutral across our own operations and the manufacture of all our products.
- The purchase of the credits is directing funding to projects including renewable energy in our main sourcing countries and nature-based solutions such as forest protection and reforestation.

Find out about our latest purchase [here](#).

**Call to Action – COP26**

Ahead of the pivotal COP26 summit held in Glasgow in November, Haglöfs joined over 600 businesses from across the globe calling on governments to commit to at least halve emissions by 2030 – in line with limiting global temperature rise to 1.5°C. The [call to action](#) appealed for clear policies and a financial framework that will trigger the rapid transition to a low-carbon economy through:

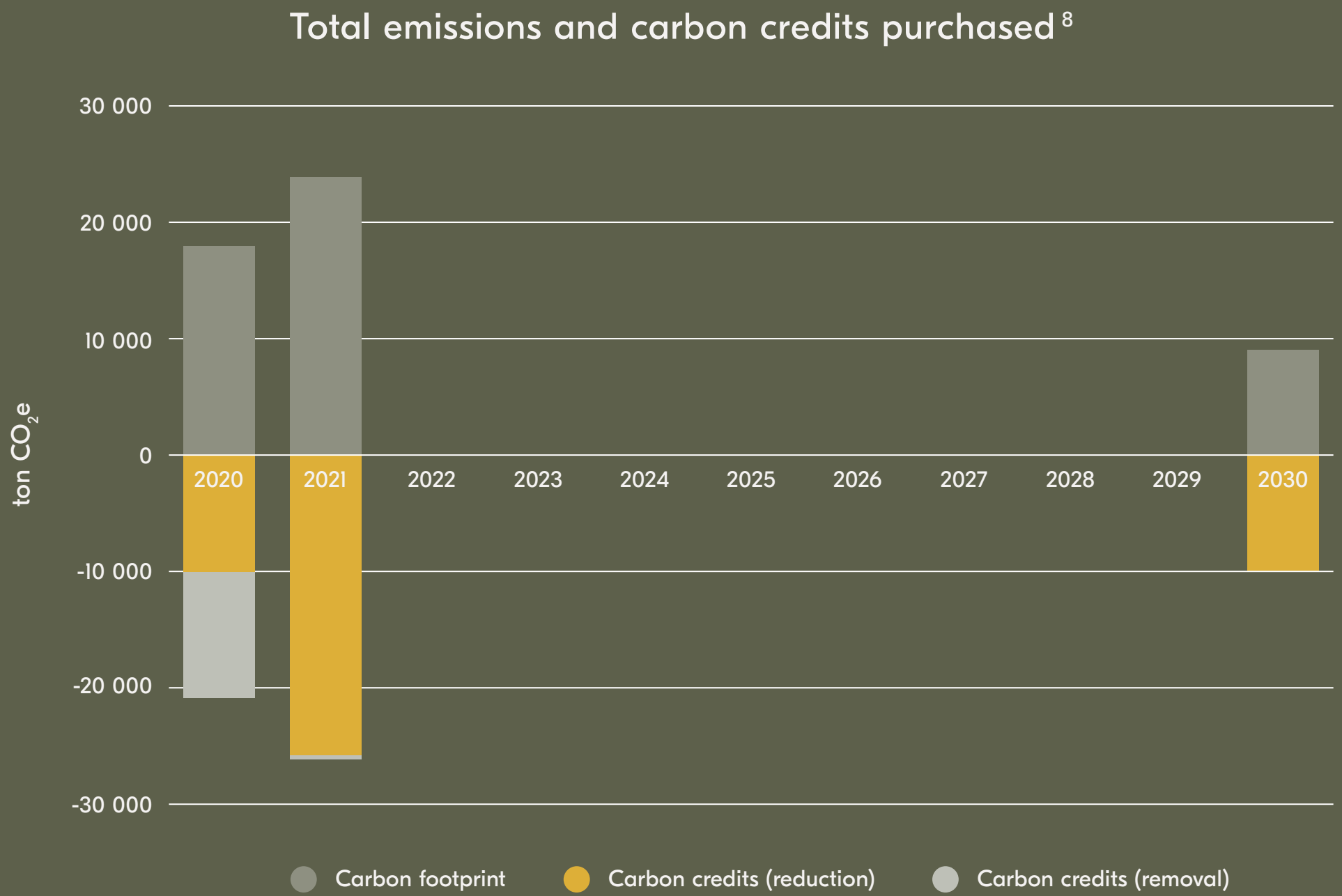
- Strengthening national climate plans in line with at least halving global emissions by 2030 and committing to achieve net-zero emissions no later than 2050, publishing clear long-term strategies, and detailing pathways to 2030 and 2050 as soon as possible.

- Committing to an immediate end to new coal power development and financing and developing plans to phase out coal-fired power generation while promoting electrification of transport and uptake of renewable energy across sectors. This should include removing barriers to corporate purchases of renewable electricity to enable companies to go quicker in their clean energy transition and invest more than policy currently allows in many jurisdictions.
- Aligning public finance, COVID-19 recovery spending and fiscal policies with a 1.5°C trajectory, while ensuring adequate support for adaptation and resilience measures.

**UNFCCC Fashion Industry Charter for Climate Action**

Haglöfs are signatories to the [UNFCCC Fashion Industry Charter for Climate Action](#). Signatories commit to setting carbon reduction targets which support holding the increase in the global average temperature to within 1.5°C above pre-industrial levels, as recommended by the IPCC. There are also a series of actions signatories commit to in order to enable these targets ranging from measuring and reporting on their carbon footprint to energy efficiency improvements, renewable energy expansion and coal phase out.

# Our carbon footprint

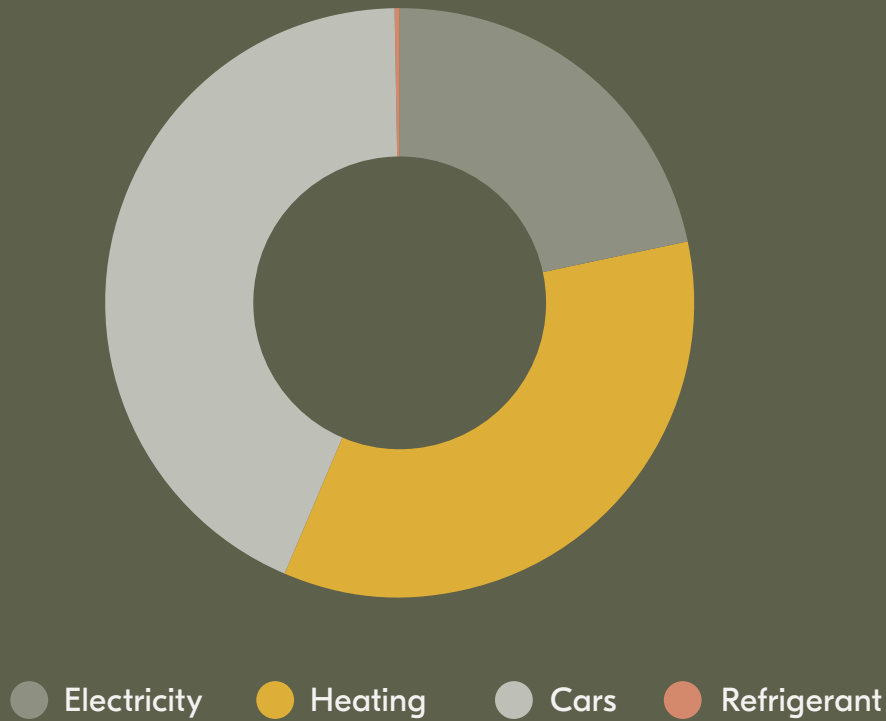


<sup>8</sup>Total emissions refers to Scope 1, 2 & selected Scope 3 including purchased goods and services. Scope 3 emissions for 2020 have been restated to reflect:

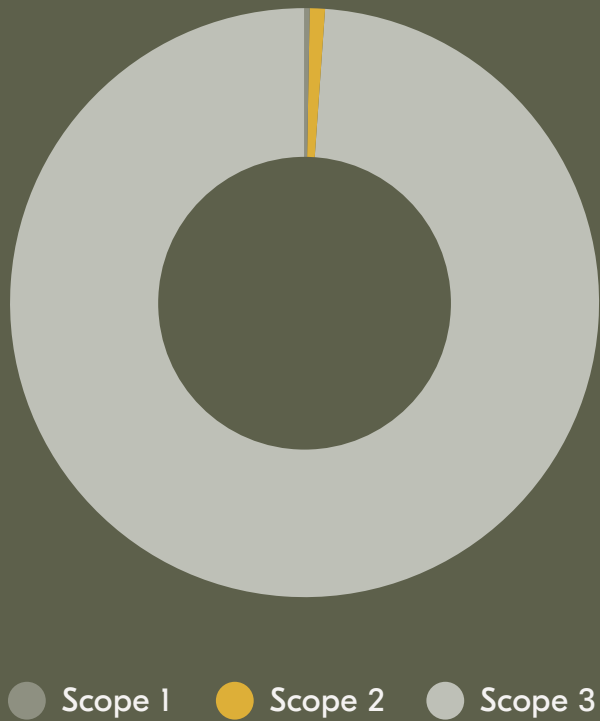
- updated Higg MSI Emission Factors
- availability of actual data to replace estimated data
- availability of verified data to replace self assessed data

Our carbon footprint cont.

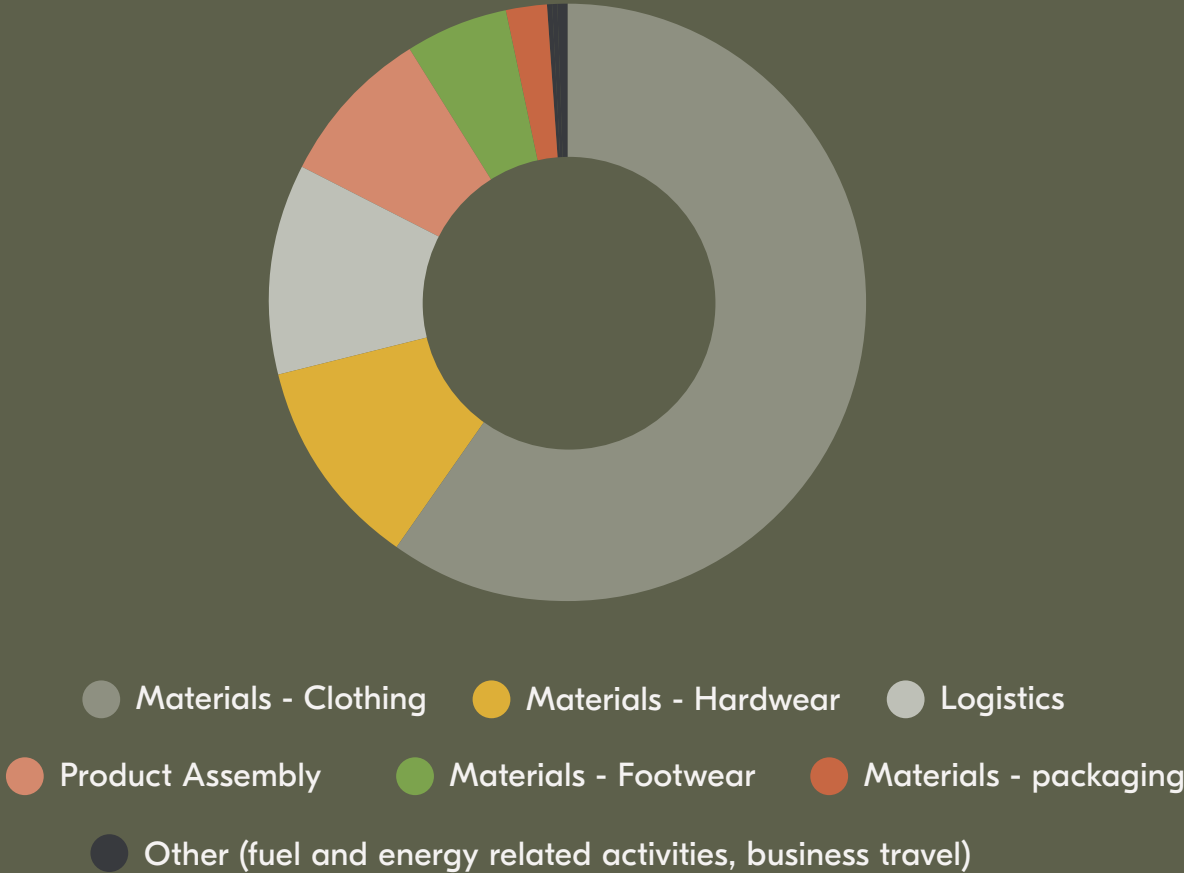
Scope 1 & 2 emissions<sup>9</sup>  
277 ton CO<sub>2</sub>e



Haglöfs carbon footprint  
23,837 ton CO<sub>2</sub>e



Scope 3 emissions<sup>10</sup>  
23,560 ton CO<sub>2</sub>e



<sup>9</sup> Scope 1 & 2 data applies to Haglöfs AB and subsidiaries owned and leased locations including offices, retail stores and warehouses. Company/leased car impacts are also included. Data is stated as market based. Location based emissions = 251 ton CO<sub>2</sub>e. Where data is not available for a site, estimations are made based on the area of the site.

<sup>10</sup> Scope 3 includes the following GHG protocol categories: 1-purchased goods and services, 3-fuel and energy related activities, 4-upstream transportation and distribution and 6-business travel



**100% styles contain recycled or renewable materials by 2025<sup>11</sup>**

<sup>11</sup> Refers to main fabrics and insulation in clothing and hardware. Renewable materials must meet the criteria on the Preferred Material List, recycled content must be at least 50% to qualify

# Materials

Our choice of materials determines a large part of the overall environmental impact of our products.

We know from life cycle assessments of products, from cotton t-shirts to waterproof jackets, that the largest part of a product’s environmental footprint, including carbon emissions and water use, comes from the production of materials. By focusing our efforts on this stage of the lifecycle we can have the biggest impact.

We work with a Preferred Materials List to guide our product team in their choices as we push to reduce the overall impact of our products. We will continue to update it as available information and material options evolve.

We aim to maximize our use of materials from this list while ensuring that product durability and performance are not compromised.

## Preferred materials list

### Recycled materials

- Synthetics
- Natural
- Leftovers

### Natural materials

- Tencel
- RWS certified wool
- Organic cotton
- Hemp

### Low impact dyeing techniques

- No dye
- Solution dyeing
- CO<sub>2</sub> dyeing



**Animal-based materials**

All animal-based materials used in our products must meet the requirements in our [Animal Welfare Policy](#).

All of our down is certified to the Responsible Down Standard. [The Responsible Down Standard](#) (RDS) certifies down and feathers against animal welfare requirements and tracks it from farm to final product.

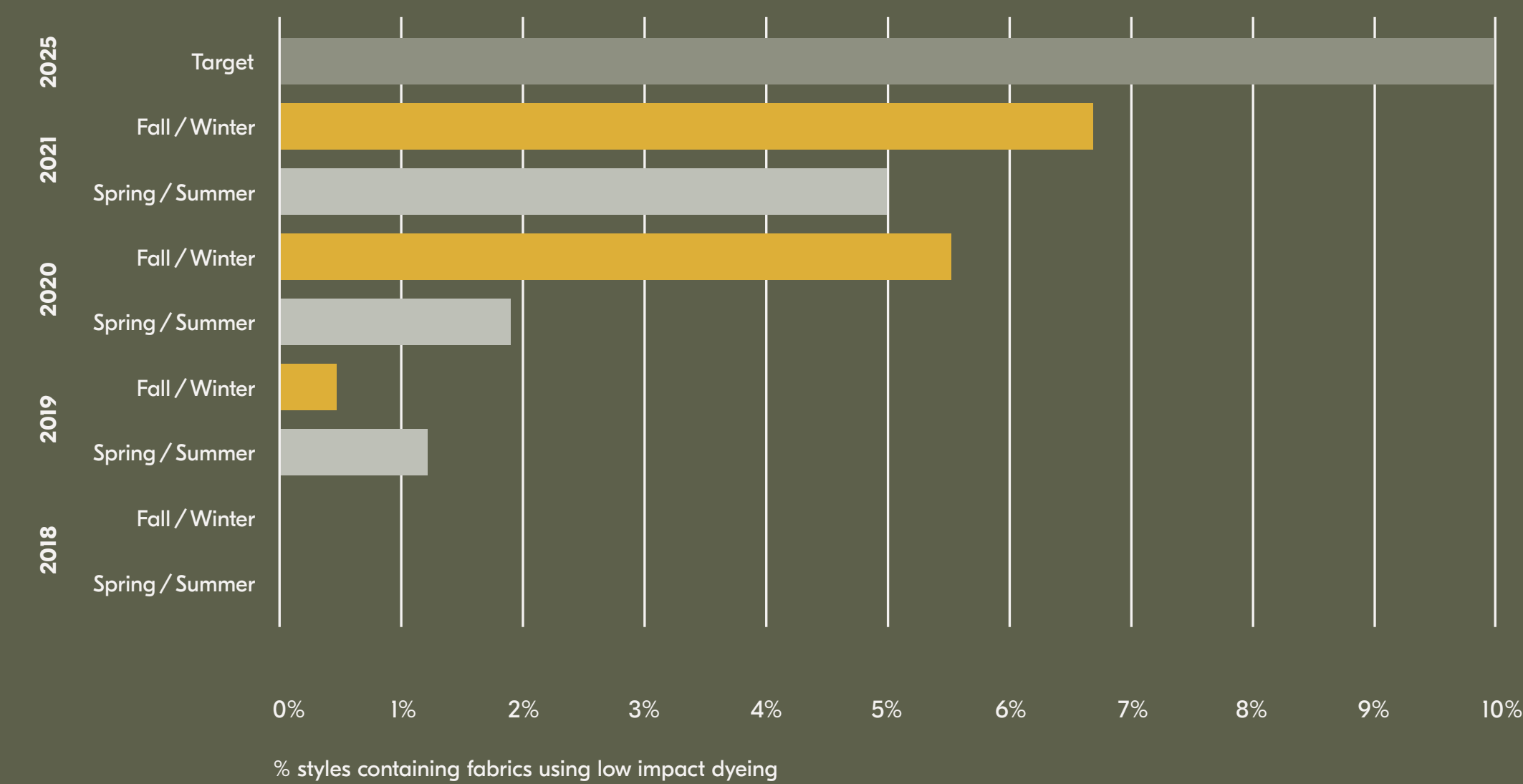
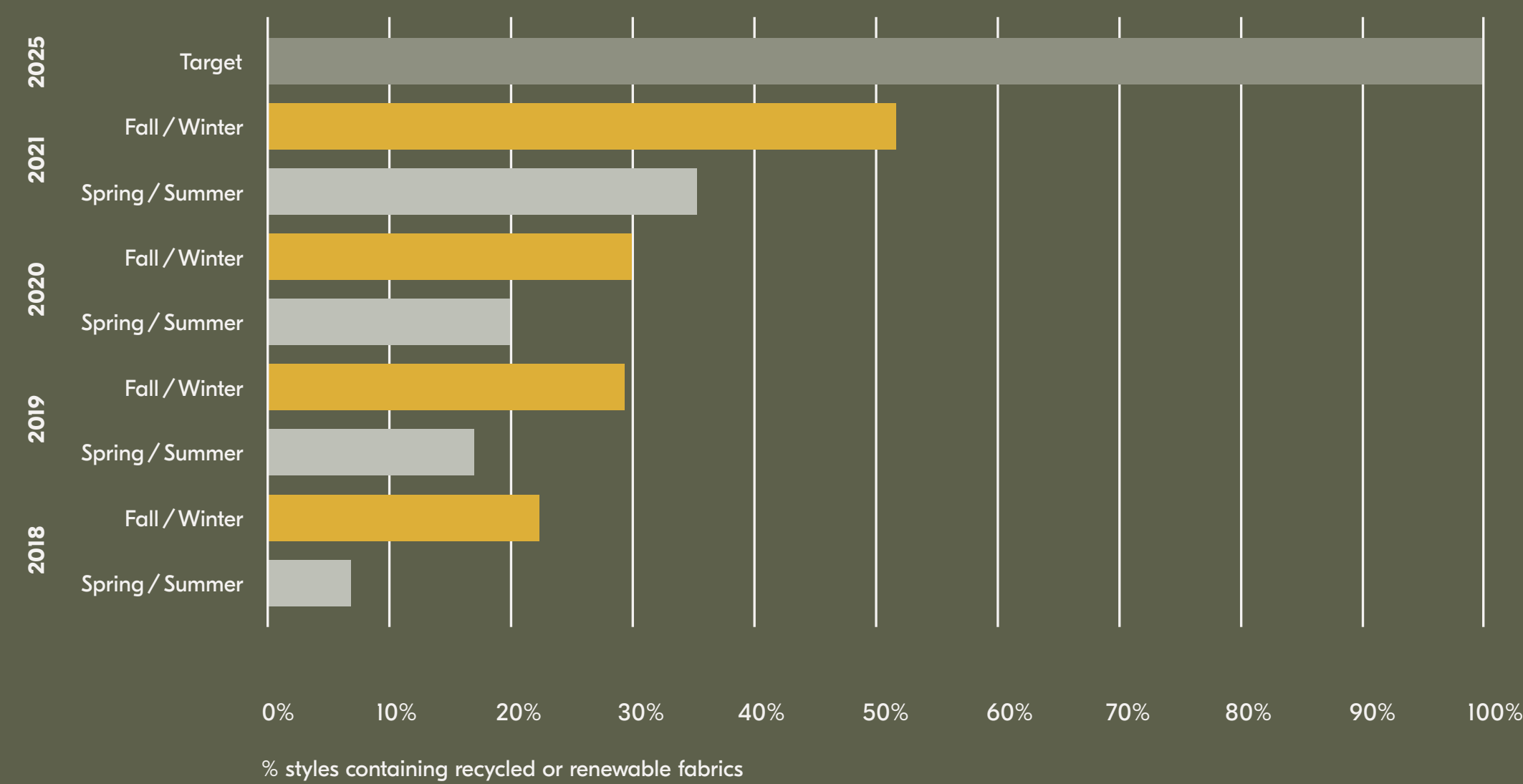
All our wool is currently certified mulesing-free however we aim to transition our wool to the [Responsible Wool Standard](#) (RWS). The RWS not only ensures animal welfare standards are upheld but also verifies responsible management of the land the sheep are grazed on.

**Top 10 materials by weight <sup>12</sup>**

| Material          | Weight, ton | (% recycled) |
|-------------------|-------------|--------------|
| Polyester         | 454         | (42%)        |
| Polyamide         | 207         | (10%)        |
| Cardboard & paper | 92          | (30%)        |
| Polyurethane      | 56          |              |
| LDPE              | 33          | (18%)        |
| Polyethylene      | 27          |              |
| ePTFE             | 23          |              |
| Polypropylene     | 17          |              |
| Elastane          | 16          |              |
| Down & feathers   | 14          |              |

<sup>12</sup> CL & HW only, includes packaging

Our materials<sup>13</sup>



<sup>13</sup> Refers to main fabrics in clothing and hardware, must be >50% recycled content to qualify

### Packaging

Packaging helps ensure that our products arrive to the consumer in the best condition possible. We aim to only use packaging which is reusable, recyclable or compostable and have guidelines which help steer us on material selection and packaging reduction. We have limited our direct product packaging to shoe boxes for our footwear, cardboard boxes for some of our base layers, and in our retail stores we only use paper bags.

To protect all the remaining products on their journey from factory to consumer we use plastic bags. Here we are working on:

- Reducing the quantity of plastic used through smarter and more efficient packing.
- Transitioning to lower impact material by increasing the use of recycled content.
- Addressing the question of recyclability through the European Outdoor Group's [Single Use Plastic project](#) (SUP).

As a founding member of SUP, we have been working with brands and retailers from the outdoor industry with the aim of collectively reducing the impact of our single use packaging. The idea of simply removing bags or replacing plastic with another material to reduce the environmental impact is oversimplistic and risks creating unintended consequences. A review of the data shows that

during production, transportation and use phases, plastic outperforms most other materials. It is after the consumer is finished with it that the problems begin. The aim of the project therefore is to reduce the quantity of plastic that ends up with the consumer ensuring that it stays within a closed system preventing it from ending up in landfills, incinerators, or the natural environment.

[Learn more](#)

## Microfibres

Over the last couple of years, the scale of the problem of microfibres has started to become clear. There are reports of these tiny particles found in lakes, rivers and seas around the world and studies have also indicated that they have started entering the food chain through plankton and other aquatic animals. The global textile industry is a contributor of microfibres and it is our responsibility as an industry to be part of the solution.

Since 2017, we've stocked the "Guppyfriend Washing Bag" by STOP! Micro Waste in our online and brand stores. This bag helps collect microfibres from garments during

the laundry process. Even if this is not a long-term solution, it reduces the release of microfibres immediately, while research continues.

Haglöfs is also a member of the [Microfibre Consortium](#) which aims to facilitate the development of practical solutions for the textile industry to minimize microfibre release to the environment from textile manufacturing and product life cycle. During 2021 the project launched the Microfibre 2030 commitment and roadmap to support the scale up of fabric testing and data collection to help fill the gaps in understanding of the triggers for fibre

fragmentation which need to be fully understood to inform a 'no regrets' solution. Signatories are now asked to participate in a more active role by committing to a sustained program of collaborative and proactive cross industry work, aligned to the new Microfibre Roadmap.

Our packaging

Reusable, recyclable or compostable

|   |   |                 |
|---|---|-----------------|
| Retail store bags                             | FSC certified paper                             | ✓               |
| Shoeboxes                                     | 90% recycled cardboard                          | ✓               |
| Base layer boxes                              | FSC certified cardboard                         | ✓               |
| Plastic bags<br>(for product transportation)  | LDPE<br>(15% recycled across total volume)      | —               |
| Outer cartons<br>(for product transportation) | Cardboard<br>(12% recycled across total volume) | ✓               |
| E-commerce<br>delivery bags                   | LDPE<br>(40—80% recycled content)               | — <sup>14</sup> |
| E-commerce<br>delivery boxes                  | Cardboard                                       | ✓               |

<sup>14</sup> Reusable one time only for product returns

# Factories

It is essential to combine better material choices with good factories. After all, recycled fabric dyed in a factory which discharges its untreated wastewater to a local river cannot be classified as a sustainable solution.

Responsible **chemical**, **water** and **energy** management is our focus in the factories we work with to ensure we can continue to reduce our overall environmental impacts.

**Chemicals** are the building blocks of our products, but they must be handled carefully to ensure our products are safe for consumers, that workers are well protected and that any environmental impact is minimized.

The textile industry consumes a large quantity of **water** from growing natural materials to the production of fabrics while poorly managed manufacturing facilities can contribute to water pollution. Most of this water use occurs in wet processing facilities such as textile mills, dye houses or tanneries where the final colouring and finishing steps

for the fabrics or leathers take place. We aim to work with only those suppliers which agree to our standards and have been assessed by third parties, confirming responsible management of water in the factory in terms of the quantity used and how the wastewater is treated and disposed of.

The **energy** used in producing materials and manufacturing our products is responsible for most of our greenhouse gas emissions. To achieve our ambitions to significantly reduce our carbon footprint we need to focus on this part of our value chain.

Our chemical, water and energy management framework



**Transparency**

In order to continue to measure, monitor and make improvements in our supply chain we need to increase our visibility of the manufacturing facilities involved. At Tier 1 (clothing, footwear and hardware manufacturers) we have full visibility of the factories involved and our [factory list](#) is available on our website. At Tier 2 (materials suppliers) we have direct relationships with suppliers covering >75% of our materials since we have close control over the materials we use in our products.

At Tier 2 we are working to improve our understanding of the factories involved in the various stages of the material production, such as dyeing, lamination, weaving,

knitting and yarn production, our goal to have finished the mapping during 2021 was delayed due to the additional demands of COVID-19 on the supply chain, we will continue to work on this during 2022.

Beyond these top tiers we are also interested in the origin of our natural materials since animal welfare, human rights and environmental risks can all be found in these supply chains. Here we can currently track our down to the farm level using the [trackmydown.com](#) system, while our cotton and wool are sourced from Turkey and Australia respectively. Our leather supply chain leads to farms in USA, Argentina, Turkey and north Africa. There remains challenges in maintaining visibility in this area of the supply chain.

**Standards**

To ensure that our products are safe for consumers and meet the regulations in the markets in which we operate, we require all our suppliers to sign our [Restricted Substances List](#) (RSL) which outlines the chemicals that must be controlled in the final finished product. In many cases, this list takes the precautionary approach and goes beyond the minimum legal requirements, promoting the phase out of hazardous materials where alternative technologies are available. The list is updated regularly as regulations, knowledge and best practices evolve. Our RSL also requires suppliers to use best practice input management by screening their formulations against the [bluesign® FINDER database](#) or the [ZDHC Manufacturing Restricted Substances List](#).

**Phase out of hazardous chemicals**

Over several seasons now we have been transitioning to fluorocarbon-free durable water repellent (DWR) treatments. Fluorocarbons typically used in older DWRs are effective at repelling water and dirt, and so were used to increase the lifespan and functionality of a wide range of outdoors products. However, these treatments contain persistent chemicals which might cause damage to the environment, and bio-accumulate in human tissue. We set ambitious targets to transition all our DWRs to fluorocarbon free by 2020 at a time when a clear path to achieve these targets was still unclear. This stretching goal has driven the transition and we learned a lot along the way — mostly that it is not as easy as it sounds.

We have converted over 95% of our range to either fluorocarbon free DWR or no DWR at all. The remaining

styles are those styles containing Gore-Tex fabrics which demand the highest standards in performance and durability, and where alternative options evaluated have yet to meet the performance criteria. Gore Fabrics have set a timeline for phasing out fluorocarbons in the DWR the deadline of which was unfortunately delayed during 2021. More details of the status of their phase-out plan can be found [here](#).

**Verification**

[bluesign®](#) and the [Leather Work Group](#) audit factories to ensure they are managing chemicals, water, and energy in a responsible manner.

**2021 update**

- 72% of our fabric suppliers who supply us with over 90% of our fabric volume are bluesign® system partners.

- 100% of all leather suppliers are medal rated Leather Working Group tanneries.

By carrying out regular risk based chemical testing on materials and finished products, we can identify and follow up on potential issues before they reach the market.

**2021 update**

- 4% of test results required follow up.
- No products were withdrawn from the market due to chemical failures.

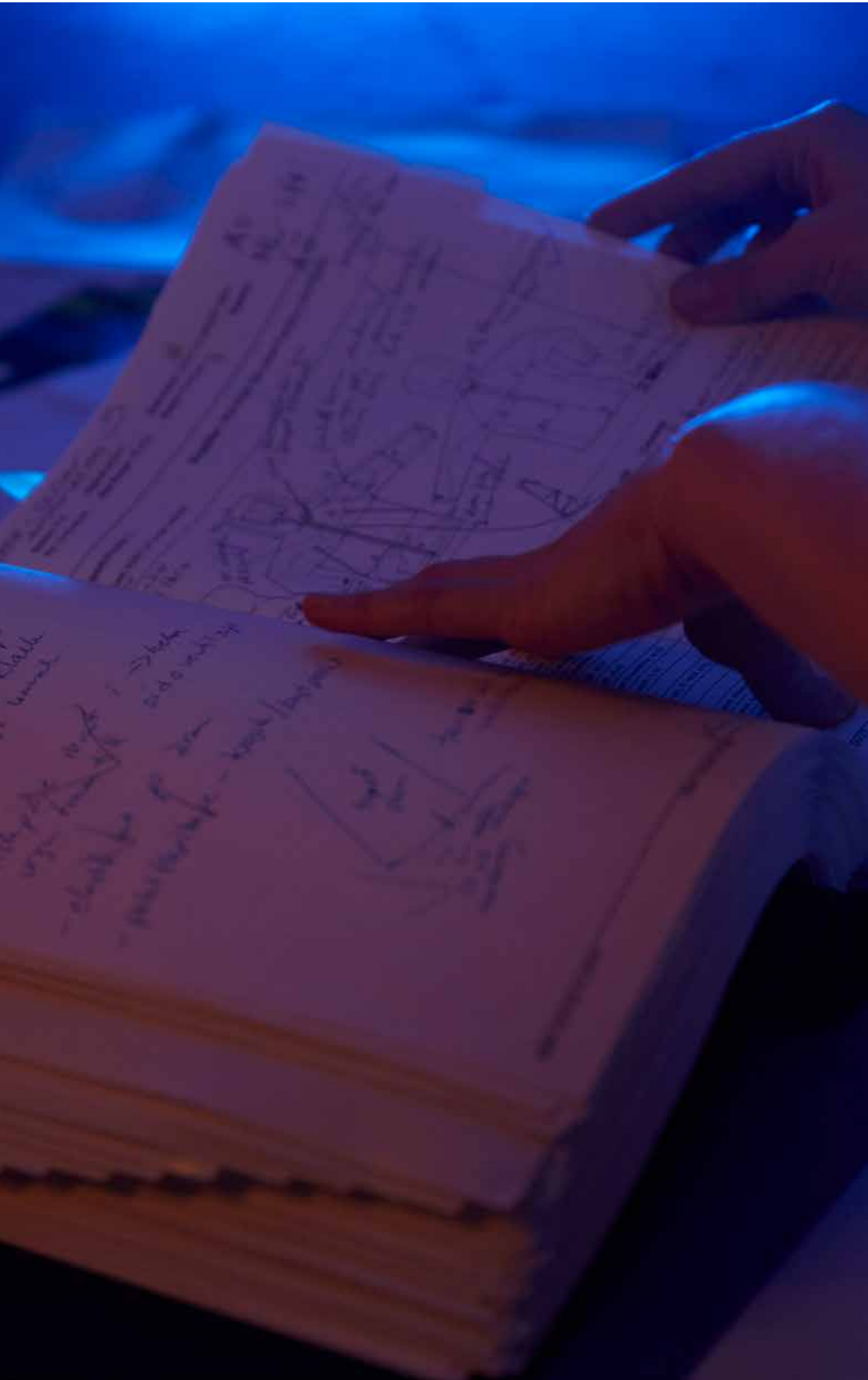
### Measure and improve

To achieve our ambitions to significantly reduce our carbon footprint we need to first understand the quantity and type of energy used in our factories as well as identify those suppliers that are managing energy use in an efficient way. To collect this data we use the Higg Index Facilities Environmental Module (FEM). The FEM allows us to track and report on the performance of our suppliers in managing and reducing their emissions. The FEM similarly allows us to better understand our water footprint and identify areas for improvement. The aim is to ensure >80% of suppliers complete the FEM by the 2022 cycle to improve the quality and extent of data available.

### 2021 update

- Product manufacturers representing 55% of our product volume and materials suppliers representing 65% of our fabric volume posted a Facilities Environmental Module in the 2020 cycle<sup>15</sup>.
- Plans to further engage suppliers in use of the FEM were delayed due to the added pressures in the supply chain related to COVID-19.

<sup>15</sup> Due to the timings of the Higg Index cycles the 2021 data is not available at time of writing and will be reported on in subsequent reports.





[Learn more](#)



## Higg Index

The Sustainable Apparel Coalition (SAC) is an industry-wide group of more than 400 leading brands, retailers, suppliers and not-for-profit organizations, all collaborating to increase transparency within our industry and reduce the total environmental and social impacts of its products around the world.

The focus of the SAC has been the development of the Higg Index — a suite of tools which can help a brand assess the sustainability of a product throughout its entire life cycle — from raw materials and design solutions to production and end of use.

We currently make use of the Material Sustainability Index (MSI), to understand the impact of our materials while the Facilities Environment Module (FEM) is helping us to collect data on how factories are managing areas like chemicals, water and energy use. The calculations for our carbon footprint include a combination of the MSI and FEM data to estimate the emissions from our manufacturing processes.

Our supply chain<sup>16</sup>

55 materials suppliers



China Taiwan Japan Italy Vietnam USA Other (Korea, Portugal, Turkey, UK, Hong Kong)

36 garment, footwear and hardware factories



Vietnam China Portugal Sweden Turkey Indonesia Cambodia

<sup>16</sup> Includes nominated material suppliers representing >75% of all materials (fabrics, trims, insulation). Where supplier has multiple locations these are counted separately for the country count.

[Learn more](#)



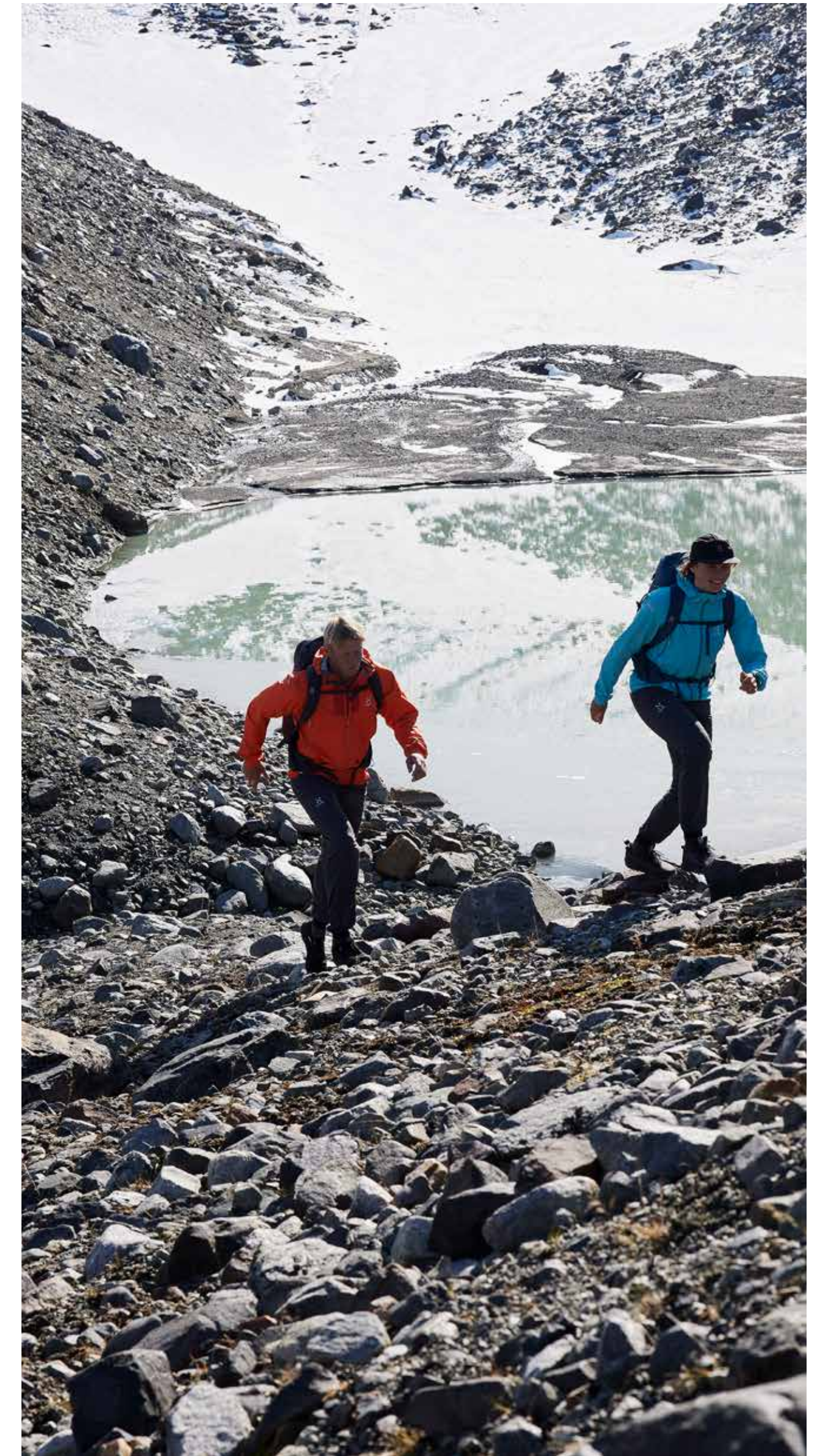
## Moving faster together: European Outdoor Group Supply Chain Decarbonisation Project (SCDP)

We know that most of the carbon footprint of outdoor brands lies in the supply chain. We also know that outdoor brands often share suppliers. So, during 2021 the European Outdoor Group helped facilitate the pilot of the newly established Supply Chain Decarbonisation Project (SCDP). The SCDP is a precompetitive collaboration between a group of 10 outdoor brands, including Haglöfs, which has been working over the year to share supply chain information and identify areas for cooperation.

Once key overlaps in the supply chain were identified the project moved on to engage an external partner to conduct carbon assessments at key shared factories to identify greenhouse gas (GHG) emission hotspots and

evaluate the factories maturity level in the area of carbon emissions management. Over the next year this process will lead to training sessions and workshops to identify carbon reduction potential as well as set carbon reduction base lines, targets and action plans. The participating organizations jointly support and finance assessments and facility improvements identified in the action plans.

Pooling resources and working together in this way allows for a more cost-effective route to decarbonization and we hope it encourages less experienced or financially constrained brands to take part in similar supply chain facility improvement projects. Working together we can move faster towards our climate goals.





**100% renewable electricity in  
our own operations by 2022**

# Operations

From careful logistics planning to renewable energy contracts, we are always looking for ways to reduce the environmental impact of our own operations.

## Energy

Electricity and heating used in our offices, stores and warehouses contribute to our carbon footprint, so our goal is to transition to the use of renewable energy in our sites.

### 2021 update

- 99.5% of the electricity purchased where Haglöfs controls the bill was from renewable energy.
- Our focus on increasing the use of renewable energy

to cover our electricity needs as well as the move to our new HQ which uses a low impact heat pump for heating has meant that even although in 2021 our offices and retails stores were open more than in 2020 our carbon footprint from our operations reduced.

## Logistics

Logistics accounts for a significant proportion of our greenhouse gas emissions. These are the emissions associated with the transportation of our products from the factories to our warehouses and beyond. Air freight has a disproportionately large contribution so there is a focus on reducing this with most product coming from Asia by sea and moving within Europe by truck. Advanced production planning helps to avoid last minute air shipments to meet delivery targets while a combination of air and sea shipment reduces the total distance of the flight segment while still helping to reducing delivery times.

### 2021 update

- COVID-19 continued to have an unprecedented impact on logistics with ongoing disruptions in shipping routes around the world that continue to this day. This has resulted in an increase in the use of air shipments and

therefore a significant increase in emissions from logistics. Although air shipments accounted for less than 7% of all shipments they contributed to over 60% of the emissions.

## Travel

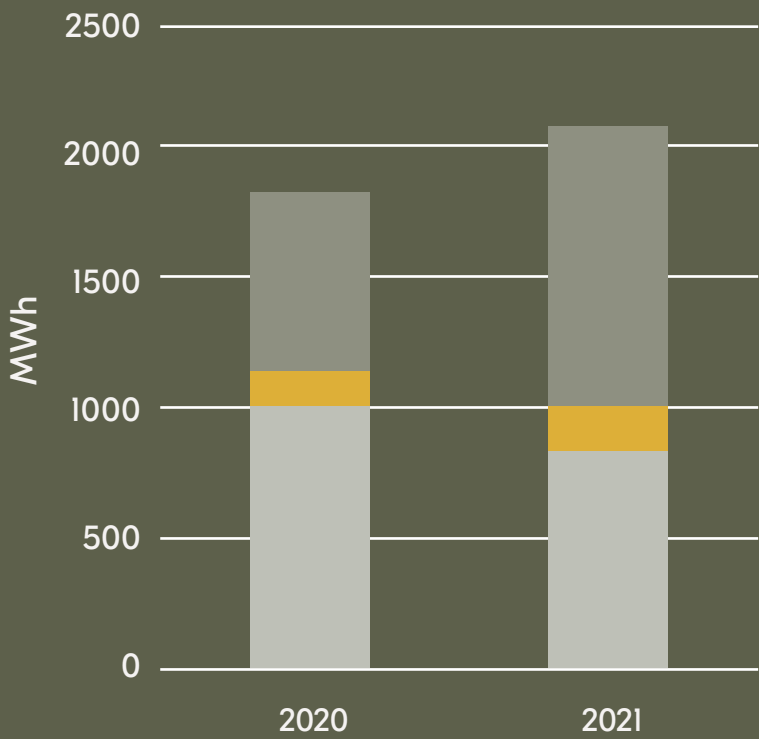
The Haglöfs head office is located in Bromma, Stockholm. It is conveniently accessible by public transport, for staff as well as visitors — and, of course, many employees walk, run or cycle to the office. Our travel and company car policies promote low carbon modes of transport and low emission vehicles.

### 2021 update

- Travel continued to be severely restricted during the year due to COVID-19 so the carbon footprint from business travel remains lower than normal years. We expect to see this increase again as restrictions ease during 2022.
- Our company car policy was updated to include the use of hybrid cars to help reduce the carbon footprint of our company car fleet. Here we can already see the improvement — although we had more activity during 2021 vs 2020 the impact from our car fleet has reduced.

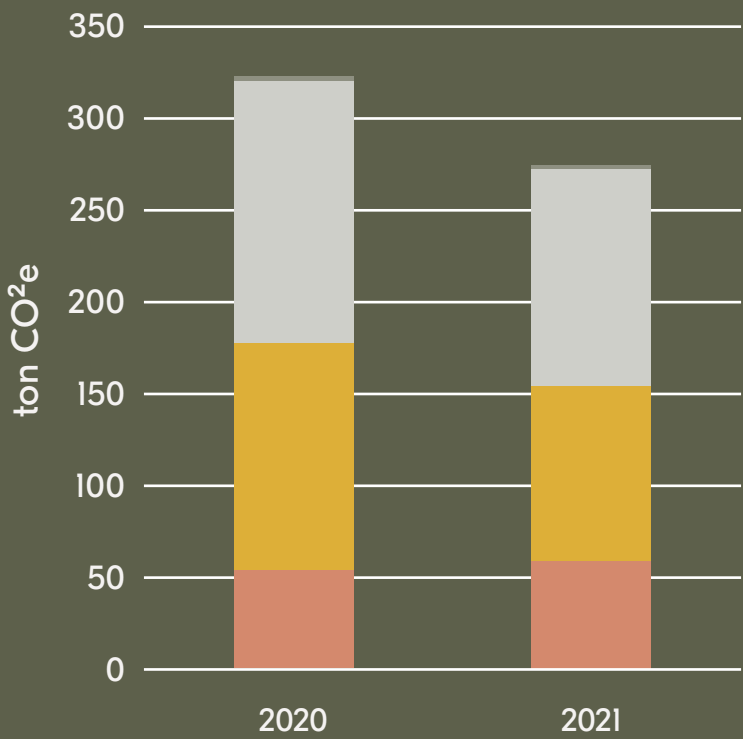
Our operations

Energy use



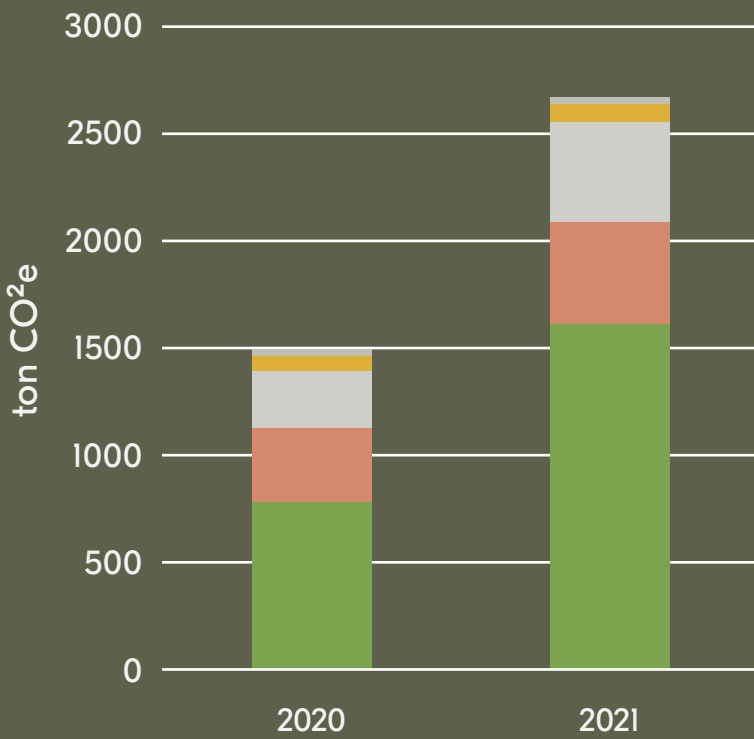
Electricity (renewable) Electricity (non-renewable) Heating

Scope 1 & 2 emissions



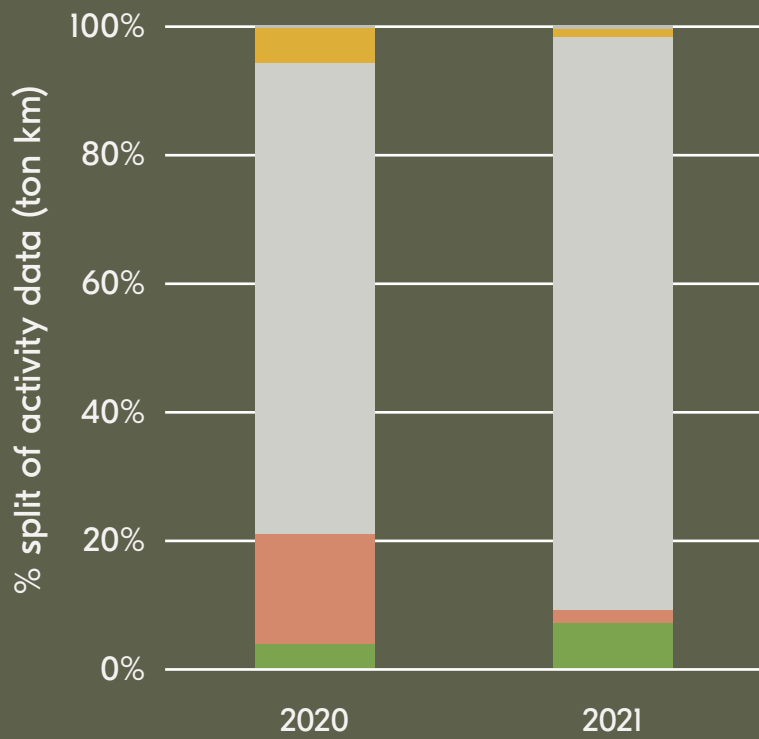
Refrigerant Heating Cars Electricity

Logistics emissions



Rail Road Sea Mixed / Unknown Air

Logistics transport mode<sup>17</sup>



Rail Road Sea Mixed / Unknown Air

<sup>17</sup> Logistics activity data represents 77% of total emissions, remaining activity data not available in ton km

# Our people



# Employees

At the core of who we are as a business are our people — for over 100 years they have driven our culture and the success of our company.

2021 continued to challenge us all with the ongoing uncertainty of the pandemic as well major disruption in production and logistics so we are proud of the way our people continued to adapt with resourcefulness and agility over the year.

## Culture & values

At Haglöfs we are guided by our values and our Code of Conduct. Our Code of Conduct is our commitment to conduct our business honestly, ethically and legally. It helps us understand how our values can be applied in daily activities and it covers areas including gender and equality, the right to a healthy work environment, and a zero tolerance on discrimination and harassment. The code is complimented by more detailed policies on

specific topics such as anti-corruption and bribery. All new hires receive an onboarding training and are required to agree to the [Code of Conduct](#), while periodic training on our Code of Conduct is also provided for existing employees. We encourage people to report any acts that violate our Code of Conduct and have a confidential online reporting system to facilitate reporting of ethics violations.

# Haglöfs Awards

This year we launched Haglöfs Awards to recognize employees for living our values to the fullest and for making outstanding contributions to our business.

This peer-to-peer award is voted on by all employees and gives the opportunity for colleagues to nominate individuals who are often working hard behind the scenes without recognition.

## Winners 2021

- Tobias Alvers, Product Controller
- Anna-Karin Lövgren, Customer Service Representative
- Marko Finne, Sales and Customer Service Representative



# Health and wellbeing

## Health and safety

Haglöfs’ employees are the backbone of the company. No matter if they work at a Haglöfs office, warehouse or store, everyone is entitled to a safe and healthy workplace.

Our Work Environment Policy covers areas of health and safety as well as the prevention and management of stress and other work-related illness. Our occupational health and safety system includes yearly assessments of occupational work hazards as well as emergency evacuation drills, fire safety and first aid training. Staff in locations such as our warehouse or stores, face different risks to staff based in offices due to the nature of the work

e.g. operating forklifts. Here our risk assessments are more regular, and employees receive training on the hazards associated with their roles.

## 2021 update

We reported one work related injury which resulted in time off work.

As in 2020 health and safety procedures continued to be adapted to the ongoing pandemic:

- The latest advice from local authorities was closely monitored and all staff emailed on a regular basis with a roundup of the most up to date information in each country as the rules and recommendations changed.
- Policies and procedures were adjusted to adapt to local

advice covering travel, working from home, retail store opening hours and capacity restrictions, as well as infection control precautions in workplaces and joint risk analysis with union representatives.

- Our main warehouse in Sweden remained open to ensure continuity of business with adjusted work routines and testing to keep people safe.
- Our HQ remained open for those that needed it with limitations on the number of people present in line with local advice.
- Our stores followed the local requirements regarding opening hours and limitations on number of customers.
- All other local offices followed local advice regarding working from home.

**Working from home**

One of the effects of the COVID-19 pandemic has been for businesses and their employees to reassess their ways of working. Enforced lockdowns and requirements to work from home for many allowed new routines and ways of working to be established. While working from home has pros and cons which are very specific to individual job types and personal circumstances, one theme has become clear — that an increase in flexibility will continue to be beneficial going forward.

During 2021, COVID-19 related restrictions and advice varied for our different workplaces with recommendations for most of employees to work from home when they could.

Employees working from home were supported with an equipment allowance to help improve their home set ups, and in preparation for an expected return to the office towards the end of the year a survey was conducted to get employee feedback on their preferences regarding ways of working going forward. The results of the survey helped inform our return to the office policy designed to allow more flexibility while also balancing the benefits of bringing people together to meet, collaborate and break silos.

A new wave of the pandemic towards the end of the year delayed plans to open offices further and our updated return to the office plan will be rolled out in 2022.

**Outsiders by nature**

We understand the value of the outdoors to the mental and physical wellbeing of our staff, so we offer employees different levels of support to help them get out there.

In Sweden employees receive an annual health and wellness allowance and all employees enjoy a weekly “Outdoor Hour” during which they have the opportunity during working hours to take the time to get outdoors on their own or together with their colleagues.

This year on Black Friday we also decided to close all our locations and gave all staff the day off to enjoy some time to recharge outdoors.

**Diversity, equality and inclusion**

Sweden has a long proud history of pushing for a more progressive and equal society and this is reflected in many of the benefits workers enjoy today from world leading paternity benefits to protections under the gender discrimination act.

As a Swedish business we recognize the benefits of an equal, inclusive and diverse workplace and we aim to reflect this progressive spirit at Haglöfs.

During 2021 we have taken a number of actions to help us better understand where we are today to inform our future plans. We set, for the first-time, a target on female

representation and collected additional data to include a gender split at manager level (see Our Employees charts).

We also conducted our first salary mapping exercise aimed at detecting, remedying and preventing any form of gender related pay gaps. The mapping exercise will help provide a clearer overview of our salary structure, to ensure it reflects equal pay for equal work for men and women. The study was carried out towards the end of the year and results will be shared in 2022.

Finally, we conducted our first Diversity and Inclusion survey. We plan to repeat this survey each year and have set a target of >85% positive responses rate.

The additional data and feedback we have collected during 2021 will allow us to develop a strategy during 2022 to ensure we can continue to support a progressive workplace.

## People Development

To support employees in their development we conduct annual performance reviews and goal setting exercises to provide opportunities for two-way feedback, identify opportunities for development, and ensure workplans are aligned with company strategy.

### Haglöfs Academy

In 2020 we launched Haglöfs Academy to provide more structured and targeted capacity building opportunities. In the first year the focus was on leadership skills while this year the focus was on digital sales training supporting our digital sales transformation program. 60 employees took part across the product, sales and marketing departments.

We also continued our cooperation with the Sustainable Fashion Academy (SFA) – a non-profit association aiming to increase awareness of sustainability issues in our industry. Designers, product developers, buyers, materials managers, sales representatives, marketing, and senior management team members have all participated in the SFA's trainings in the past. In 2021, 6 more Haglöfs employees completed the 3-month long Sustainability Fundamentals course.

For more information on SFA, see [here](#).

During 2022 we aim to continue to expand the range of opportunities available through the Haglöfs Academy to support employees in developing the skills and knowledge to grow both personally and professionally.

### Sustainability Fundamentals Course

"First of all, I learned again that I will never be outlearned! Sustainable approaches for producing garments have been in my mind before. However, the course gave me a much broader view than I had considered before, touching on so many factors which I simply wasn't aware of. Now seeing the big picture, I feel partly overwhelmed yet even more engaged to support in the best way possible. I hope to keep this new knowledge in the back of my mind when creating new products and I would love to get more involved in the concept of mono materials and the lifecycle of a product."

— Charlotte Schröck, Design Assistant

"I found the course very interesting and educational following the full product lifecycle and digging into the supply chain, processes and treatments a product goes through. It made me think about how we can become more sustainable in the sales department especially in relation to our business partners. There are many areas from information sharing to sample management that could be optimized and lead to a more sustainable business. I will use my updated knowledge during my meetings to educate my customers as much as possible. Sustainability is key to our industry and it is our opportunity to lead the way."

— Maxime Guillaumond, Key Account Manager DE/AT

# Employee Engagement

## Employee relations

Part of building a great place to work is ensuring that there is always the opportunity for constructive dialogue based on trust and respect. Employees are encouraged to have open conversations with their managers about any concerns and they also have the support of the HR team.

The majority of Haglöfs employees are located in Sweden and Norway (84%) where all our employees are covered by collective bargaining agreements. We work in continuous collaboration with the local union branches, ensuring that their members are informed about important developments in the business especially where it will impact on employees.

## Employee Advisory Group

This year we set up a Sustainability Employee Advisory Group with 7 representatives from across the business who’s main goals are to:

- Engage and involve our employees in all aspects of being a responsible business
- Gather feedback on Haglöfs’ direction and priorities to help hold management to account
- Crowdsource projects and ideas from across the organization

During the year they rolled out our first employee materiality matrix survey, the results of which were taken into account in the update of the matrix for 2021.

## Thoughts from the members of the Sustainability Employee Advisory Group

“Every small step we take, and every individual initiative we initiate, can lead to a better world – and employee engagement is crucial.”

— Wouter Lugard, Head of Trade Marketing

“The group consists of people from very different backgrounds and with different knowledge and skills. As a result of that we have different ideas, which really sparks the creativity!”

— Katrin Weiler, Social Media Manager

“I really want to learn and understand more around the role of sustainability within our particular business.”

— Samantha Crouch, Key account Manager

“I want to motivate and engage all our fellow coworkers to keep working towards Haglöfs sustainability goals.”

— Matilda Persson, Sales Coordinator

**New Joiners Day**

Every quarter we get together all the new joiners giving them the opportunity to meet their peers in other departments, introduce them to the company while at the same time taking the opportunity to go over our Code of Conduct and other key policies and process that underpin how we work at Haglöfs.

**Haglöfs Pulse**

Last year we launched a new employee engagement survey. In a change from previous years Haglöfs Pulse allows us to do smaller, more regular check-ins via an app to help understand how our organization is doing in the moment, and measure and act on feedback from employees in real time.

The engagement index combines scores in areas from company direction, leadership and values, to workload, mandate and team spirit. This score has stayed broadly the same during the year although remains lower than our target of 85%. Based on a review of the internal breakdown of the scores, as well as the results of our diversity and inclusion survey we have identified some key focus areas for 2022.

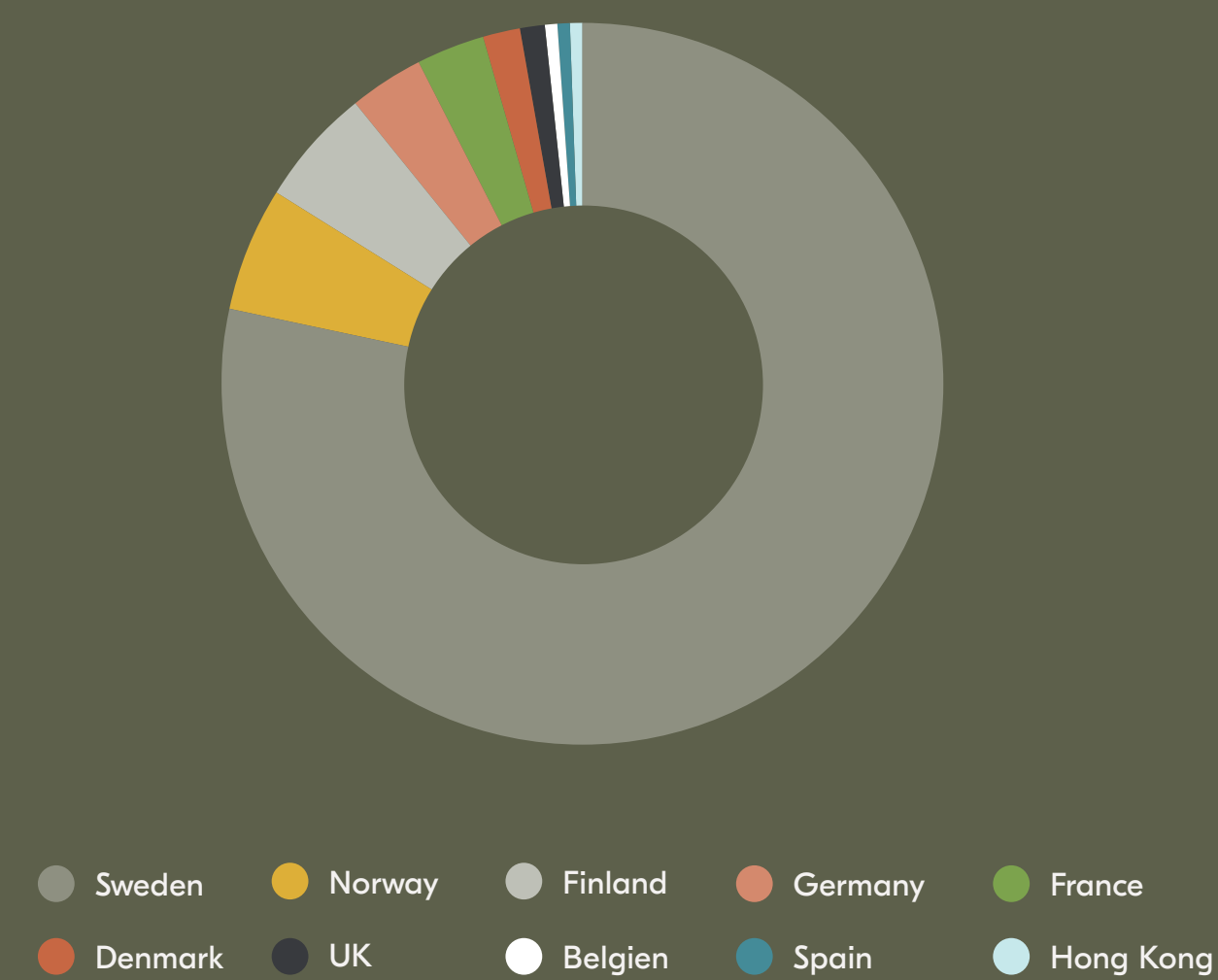
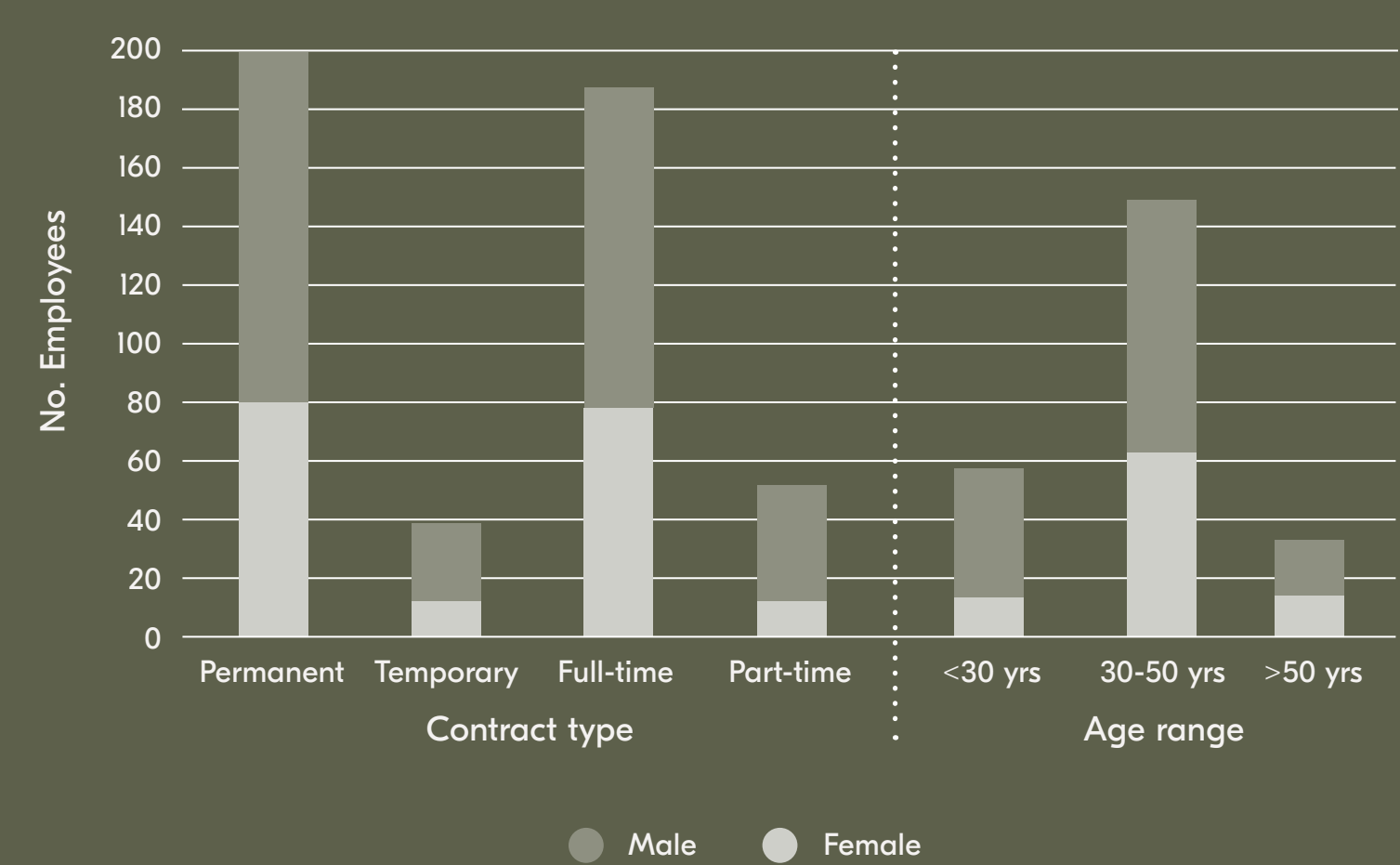
- Relaunch of Haglöfs Days: On pause due to the pandemic, Haglöfs Days is a chance for all employees to get together and share our love for the outdoors.
- Back to Haglöfs initiative: As we return to the office and readjust our ways of working, we aim to ensure

we balance flexibility with the benefits of finally getting our people back together to support creativity, collaboration, build culture and enjoy each others company.

- Learning and development initiatives: We will continue to build on Haglöfs Academy with additional training opportunities focused on leadership, diversity and inclusion.

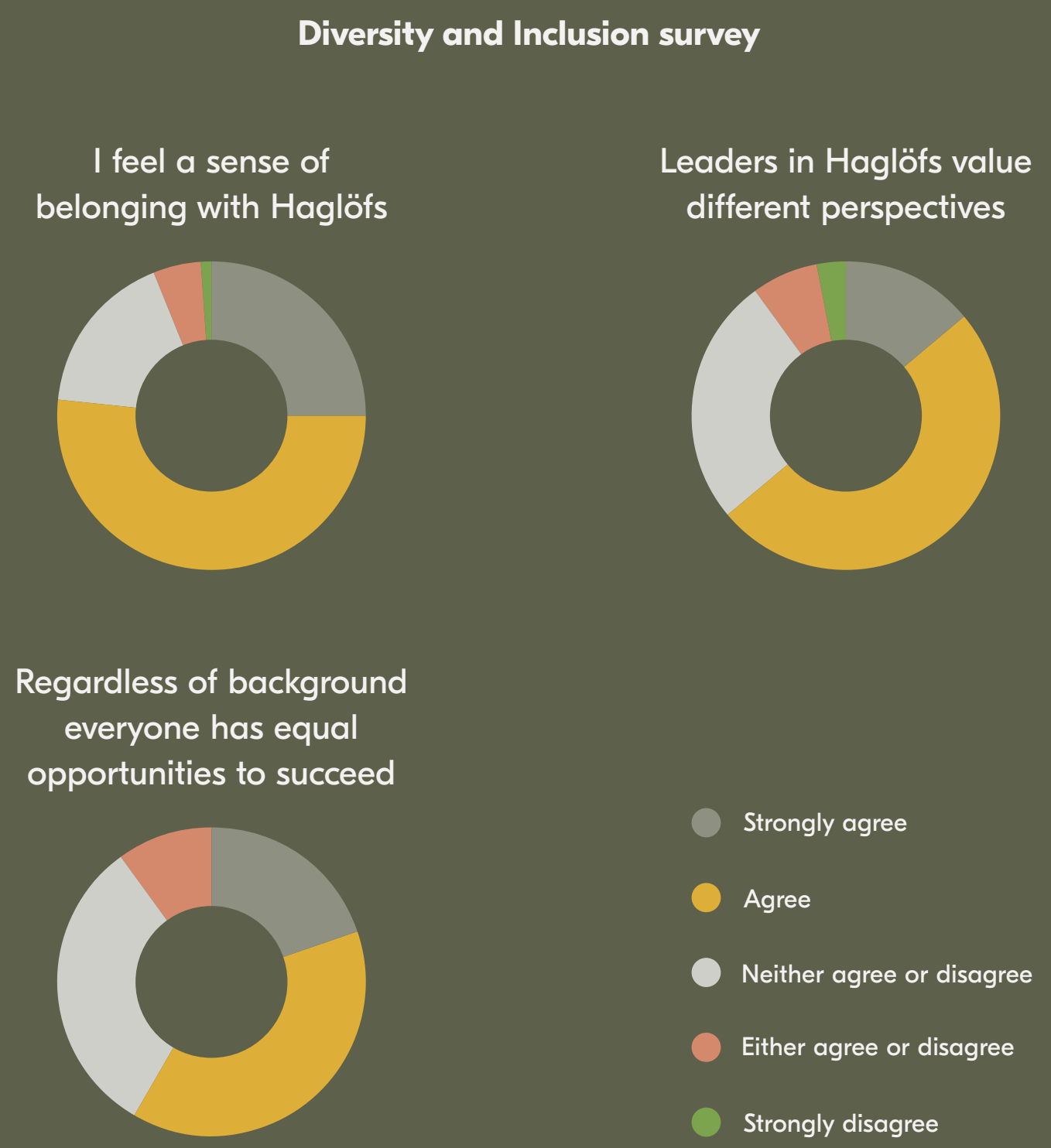
Are you an Outsider by Nature and would like to join our team? Have a look at the job opportunities currently available [here](#).

Our employees<sup>18</sup>



<sup>18</sup> Data valid as of 31st December 2021

Employee survey results

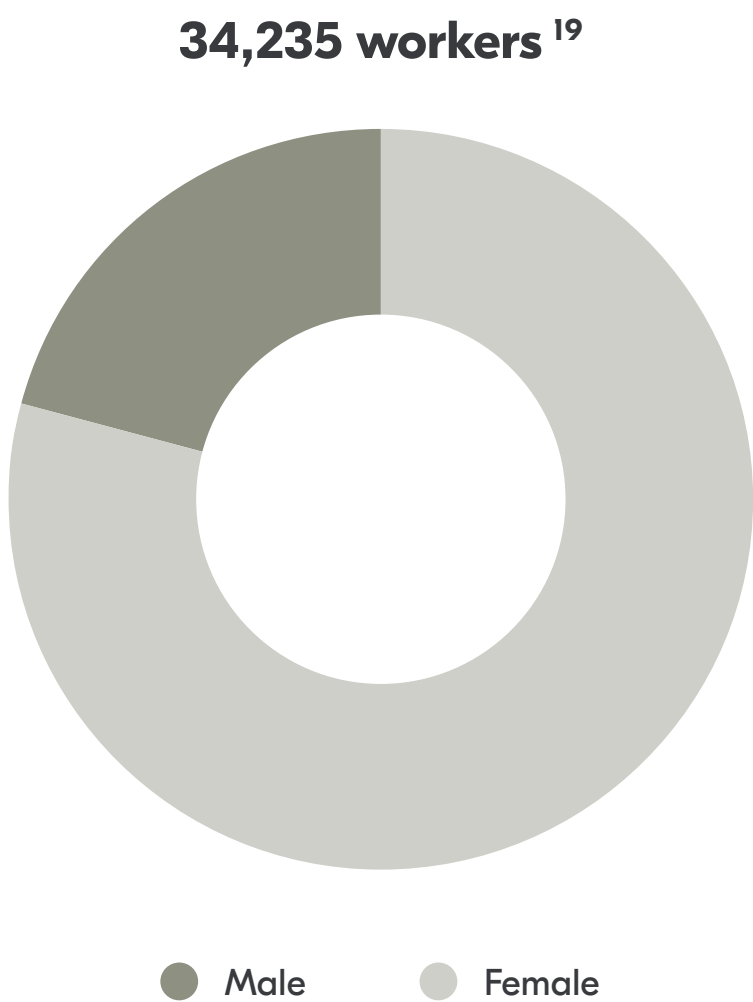


# Workers

At Haglöfs, dedicated people work every day, all around the world, to make products that inspire people to get out there. It is fundamental that all the people involved are treated fairly in the process including those in our supply chain.

The textile industry provides employment and development opportunities to millions of workers around the world, however labor and human rights are not universally applied, and issues are found throughout the textile supply chain.

In order to mitigate this risk and ensure fair labor practices and safe working conditions in the factories we work with, we assess the situation before committing to starting a business relationship, require factories to commit to upholding our standards, and monitor their ability to uphold these standards on an ongoing basis.



<sup>19</sup> Workers in clothing, footwear and hardware manufacturing sites (Tier 1) based on last available audit data or supplier declaration.

[Learn more](#)



## Fair Wear

Fair Wear is a non-profit organization that works with brands, factories, trade unions, NGOs and governments to improve working conditions for garment workers.

Our membership of Fair Wear underpins our social responsibility initiatives in our clothing, footwear and hardware factories. Fair Wear supports brands with audits, training, a worker helpline and local expertise in labor and human rights issues as well as providing a forum for member brands to collaborate within shared factories to accelerate improvements.

In addition, Fair Wear provides an external verification of a brands performance evaluating their process and systems the results of which are publicly available on their website.

The work we carried out in 2021 resulted in Haglöfs maintaining our Fair Wear Leader status.

For more information and to see the results of Haglöfs most recent Brand Performance Check, [see here](#).



**Pandemic impacts**

In 2021 the COVID-19 pandemic has continued to have an impact on the textile supply chain. In many countries restrictions and outbreaks continued to reduce capacity in factories, creating difficulties in planning and securing orders. In particular a large outbreak in Vietnam resulted in full scale lockdowns and closures of factories.

The situation was compounded by the continuing global logistics problems and electricity cuts in China. Restrictions meant that our regular factory monitoring and approval processes were disrupted and plans for more advanced projects were put on hold as factories struggled to handle the crisis.

Throughout the year we kept up to date with the changing conditions and identified heightened risks of non-compliance with our Code of Labor practice, particularly in Vietnam where restrictions and regulations were changing on a weekly basis:

**Payment of minimum wages**

- Uncertainty and strict lockdowns put many suppliers at risk of bankruptcy.
- Due to factory closures, as well as government quarantine requirements for individuals, many workers remained at home without work for weeks and up to months at a time. While there was some government support for workers impacted by COVID-19 there was the risk that, depending on the length of closure of the individual factory, workers could end up with lower than minimum wages.

**Health and safety**

- Due to the importance of the industry to the Vietnamese economy, the government encouraged factories to open under strict conditions known as 3-on-site where they could open if workers remained on site to minimize the spread of infections. Practically this meant that workers lived inside the factories for weeks at a time in buildings which were not designed for overnight accommodation.

**Excessive working hours**

- The lockdowns in Vietnam coincided with a large increase in orders from European retailers as restrictions in Europe were relaxed. Demand far exceeded the now limited capacity at factories across the country putting more pressure on those workers who were on site to work longer hours to meet the extra demand.

With the aim of upholding principles of responsible business conduct we worked closely on a case-by-case basis with each supplier to minimise these risks taking their individual circumstances into account and took the following actions:

- Coordinated with competitor brands in shared factories to gather information and maintain visibility of the changing situation on the ground, including how health and safety was being managed and what wages were being paid.
- Reassured all Vietnamese suppliers that despite the lockdowns we would not move orders to another country and encouraged them to reach out for support

when needed. We did not pressure any factories to open under the 3-on-site program.

- Reduced payment terms when requested.
- Did not enforce late delivery penalties and took responsibility for the cost of accelerated deliveries when production was delayed.
- Rescheduled full go to market process to ensure orders could be placed as early as possible giving factories more time to deliver.
- Complaints from the worker helpline related to COVID-19 were prioritized.
- We did not end our relationship with any supplier due to COVID-19.



Assessment

Factory assessment

Prior to entering any new sourcing country, we carry out a country risk assessment including analysis of human rights, labor conditions, political stability, sector and corruption risks. Our country risk assessments are updated yearly or more frequently if relevant new information becomes available.

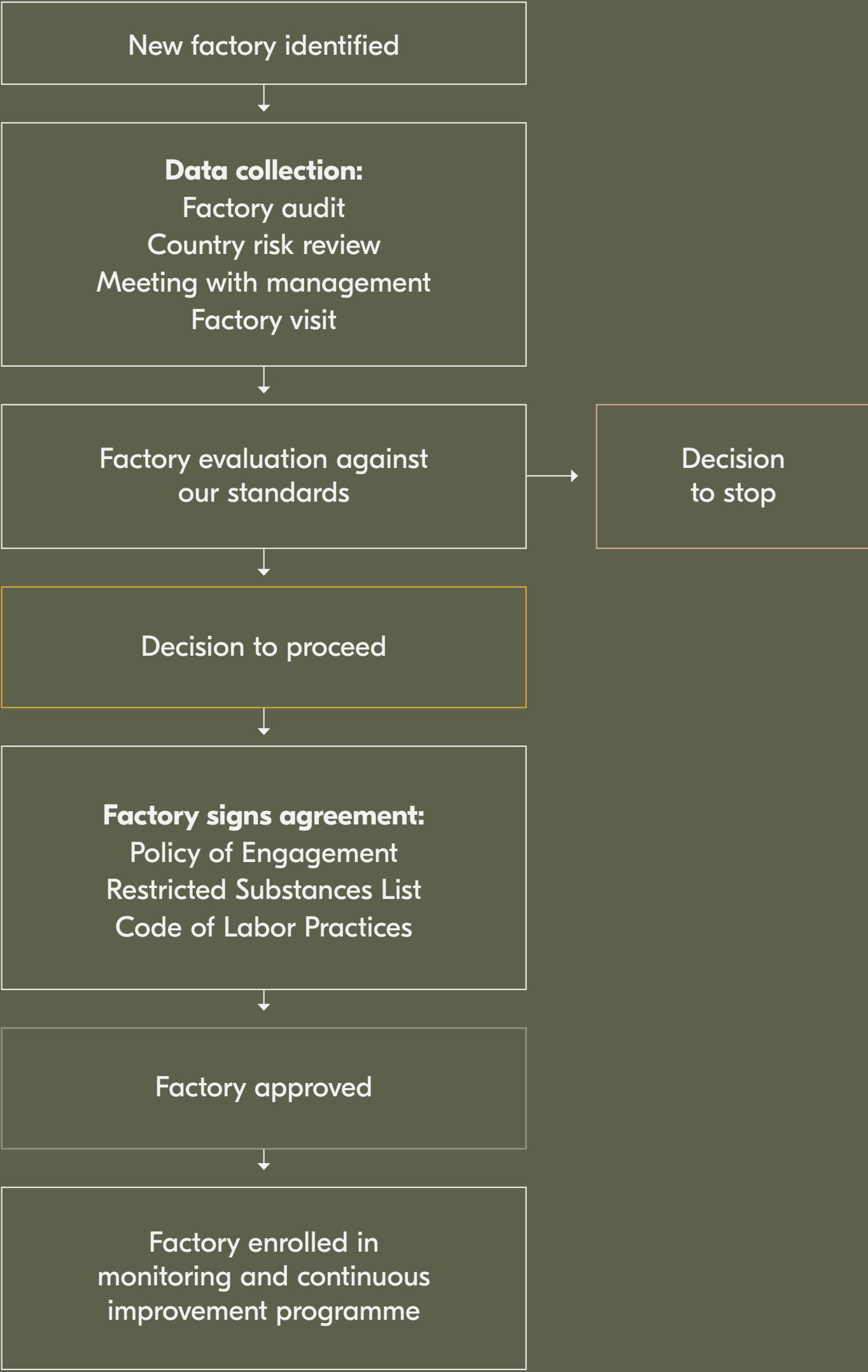
2021 update

- No production was carried out in new sourcing countries in 2021.
- During 2021 the risk of potential forced labor in production associated with the Xinjiang region of China remained a risk. While a 2020 review confirmed we had no manufacturing in the region. In 2021 with

the support of an NGO<sup>20</sup> we carried out an additional review of factories located in China to confirm whether there was a risk of links to a wider worker relocation program. One factory was highlighted as having the potential to be associated with these programs therefore a more in-depth audit was carried out. The audit, which included interview with workers offsite, concluded that there were no associations.

Factory assessment

When we select a new supplier, we assess their performance against our social and environmental standards alongside their technical capability before taking the decision to proceed. The decision to approve a new factory is taken jointly between the sourcing and sustainability teams.



<sup>20</sup> Identity of NGO is protected due to challenges of working in China

Our Policy of Engagement sets out the minimum requirements regarding human rights, labor standards, corruption, occupational health and safety and environmental practices and forms a key element of the Terms of Agreement which all new suppliers must sign before any production takes place.

Factories are rated according to social, environmental, and chemical management standards and given a score which is integrated into the sourcing scorecard for factories.

A score of 1 represents industry leading practice while 4 is reserved for factories where serious or recurring issues are found. The use of supplier ratings supports:

- The integration of supplier performance in areas of social compliance and environmental responsibility into sourcing decisions.
- Supplier understanding of their relative performance vs other suppliers: and
- Internal communication.

These scores dictate the level of monitoring required and training offered and are taken into consideration when allocating orders and when changes in the supplier base are to be made.



**Monitoring and continuous improvement**

When Haglöfs partners with a new supplier, its manufacturing facilities are enrolled in a cycle of monitoring and continuous improvement to ensure ongoing compliance against the Code of Labor Practices.

**Audits and visits**

Haglöfs works with factories to fix issues found during the audit process via a timebound corrective action plan. Across all countries, health and safety issues represented the largest number of issues found during audits carried out in 2021. Issues related to wages, excessive overtime and freedom of association also significant in our main sourcing countries of China and Vietnam.

The seasonal nature of our products means that we have two main production seasons a year contributing to production peaks which are the main cause of excessive overtime seen at some factories. We aim to increase the quantity of product which we can produce out of peak season to relieve some of this pressure.

**Haglöfs Code of Labor Practices**

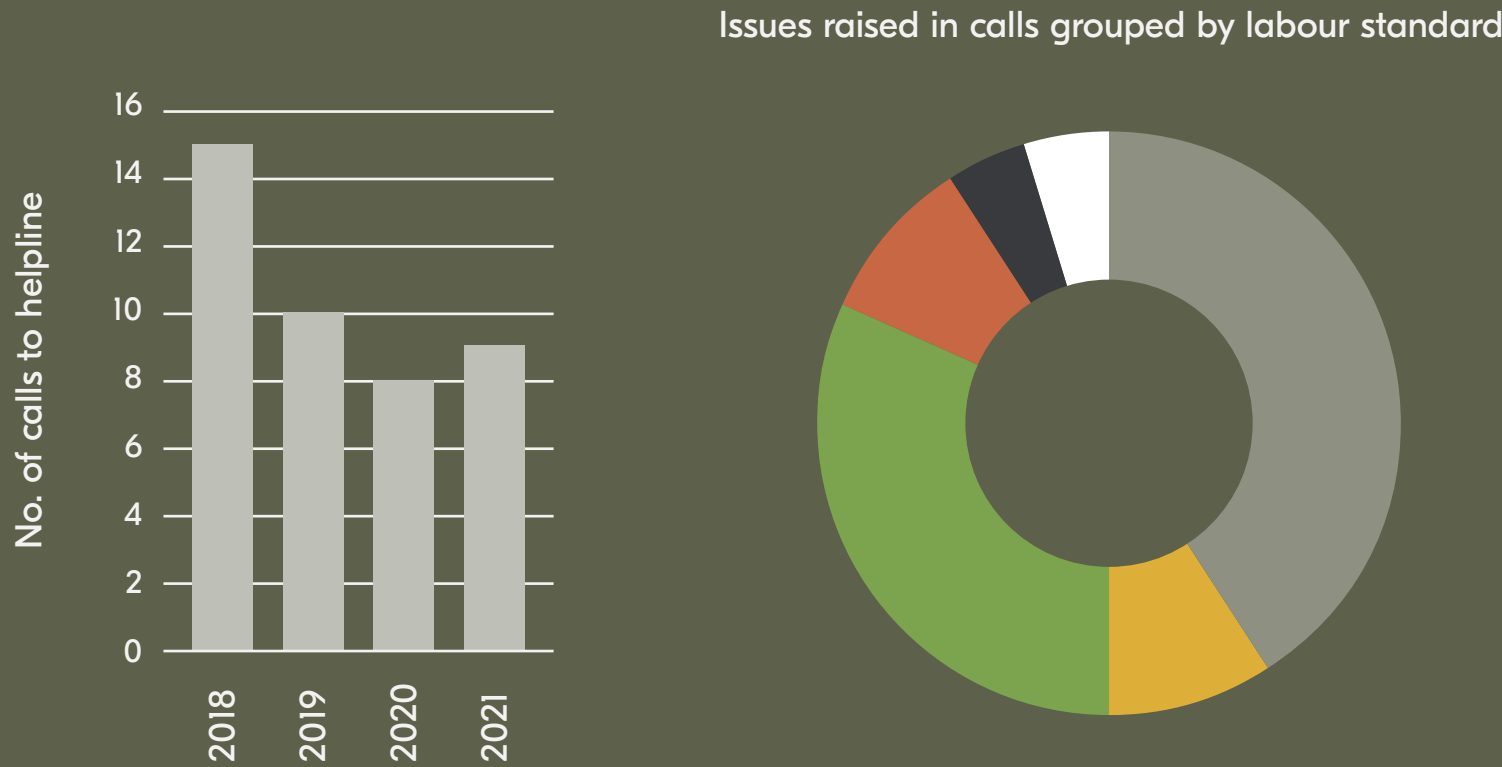
- Employment is freely chosen
- There is no discrimination in employment
- No exploitation of child labor
- Freedom of association and the right to collective bargaining
- Payment of a living wage
- No excessive working hours
- Safe and healthy working conditions
- Legally-binding employment relationship

Our monitoring and improvement process

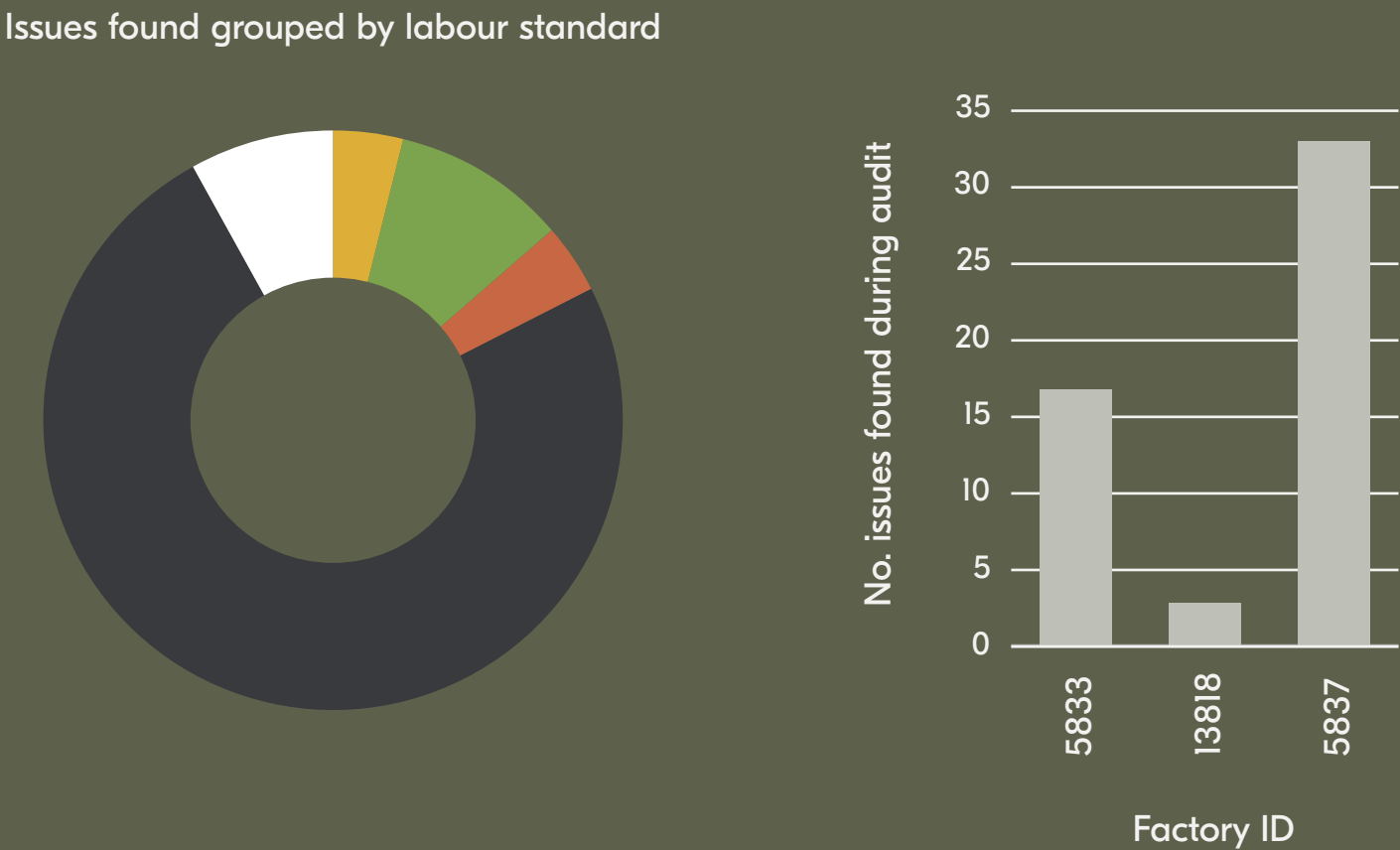
| Audits   | Factory training   | Visits   | Worker helpline  |
|--|--|--|--|
| <p><b>What:</b> Audits assess the factory’s performance against the Code of Labor Practices.</p> <p><b>Why:</b> To ensure social compliance with Code of Labor Practices in our factories and to mitigate human rights risks.</p> <p><b>When:</b> Factories are placed on an audit cycle the length of which depends on their rating.</p> <p><b>Who:</b> Third party auditors (e.g. Fair Wear, Better Work).</p> | <p><b>What:</b> Training sessions at the factories help improve both worker and management understanding of worker rights.</p> <p><b>Why:</b> It is important that workers understand what their rights are and that management understand how to cooperate with workers to protect those rights.</p> <p><b>When:</b> Frequency of training depends on the factory rating.</p> <p><b>Who:</b> Fair Wear and Better Work.</p> | <p><b>What:</b> Visit to the factory site.</p> <p><b>Why:</b> To ensure a better visibility of conditions on the ground, to follow up with issues found in the audits and reinforce our standards. To build strong and transparent relationships, improved communication and monitor product quality.</p> <p><b>When:</b> All year round.</p> <p><b>Who:</b> Haglöfs management, sourcing, buying, development and sustainability teams.</p> | <p><b>What:</b> A number or email address which workers can use to anonymously contact a local team to raise concerns.</p> <p><b>Why:</b> Not all workers feel safe raising issues to factory management.</p> <p><b>When:</b> Available 365 days a year.</p> <p><b>Who:</b> All workers in our product manufacturing facilities have access to the helpline hosted by Fair Wear.</p> |

Our monitoring data

Worker helpline



Audits



**2021 update**

- Due to travel restrictions particularly in Vietnam, we were unable to carry out audits as planned. Therefore only 3 factories were audited by Fair Wear or an equivalent standard, as part of their ongoing audit and verification cycle during the year.
- Factory visits by our staff were also severely restricted and we were not able to visit any factories.

**Training**

Training sessions at the factories help workers understand their rights while ensuring they are aware of the options available to them if they feel their rights are being violated. Training also helps support factory management setting up the processes and systems for continuous improvement.

**2021 update**

- As with our audit plans training schedules were also disrupted during the year due to both travel restrictions and restrictions on number of people meeting in the same room. Despite this, 10 factories were able to hold training sessions focusing on workers’ rights, reaching 134 workers and 88 factory managers<sup>21</sup>.
- A number of these trainings are part of a long-term advanced training program specifically focused on social dialogue between workers and managers for some of our strategic partners.

<sup>21</sup>Trainings carried out by Fair Wear as well as Better Work



Grievance mechanisms

In addition to training on workers’ rights we encourage factories to set up grievance mechanisms to allow workers to safely raise concerns with factory management, without retribution. The primary goal is for the factories to have their own functioning systems and should include access to unions or worker representatives.

Ideally open dialogue between workers and management ensures issues are resolved internally. However, there are cases in which workers do not feel they can raise their concerns internally. To support workers in this situation we post information sheets in local languages in all factories we work with describing the eight labor standards, while also providing contact details of a confidential helpline.

The helpline is hosted by Fair Wear in the local language and can be used to raise complaints if workers feel an element of the code of labor practice has been breached and they have been unable to resolve the issue directly with the factory. Haglöfs then works with the factory to verify and resolve the complaint.

Full reports on the complaints received from workers in factories which Haglöfs works with, can be found on the [Fair Wear website](#)<sup>22</sup>.

2021 update

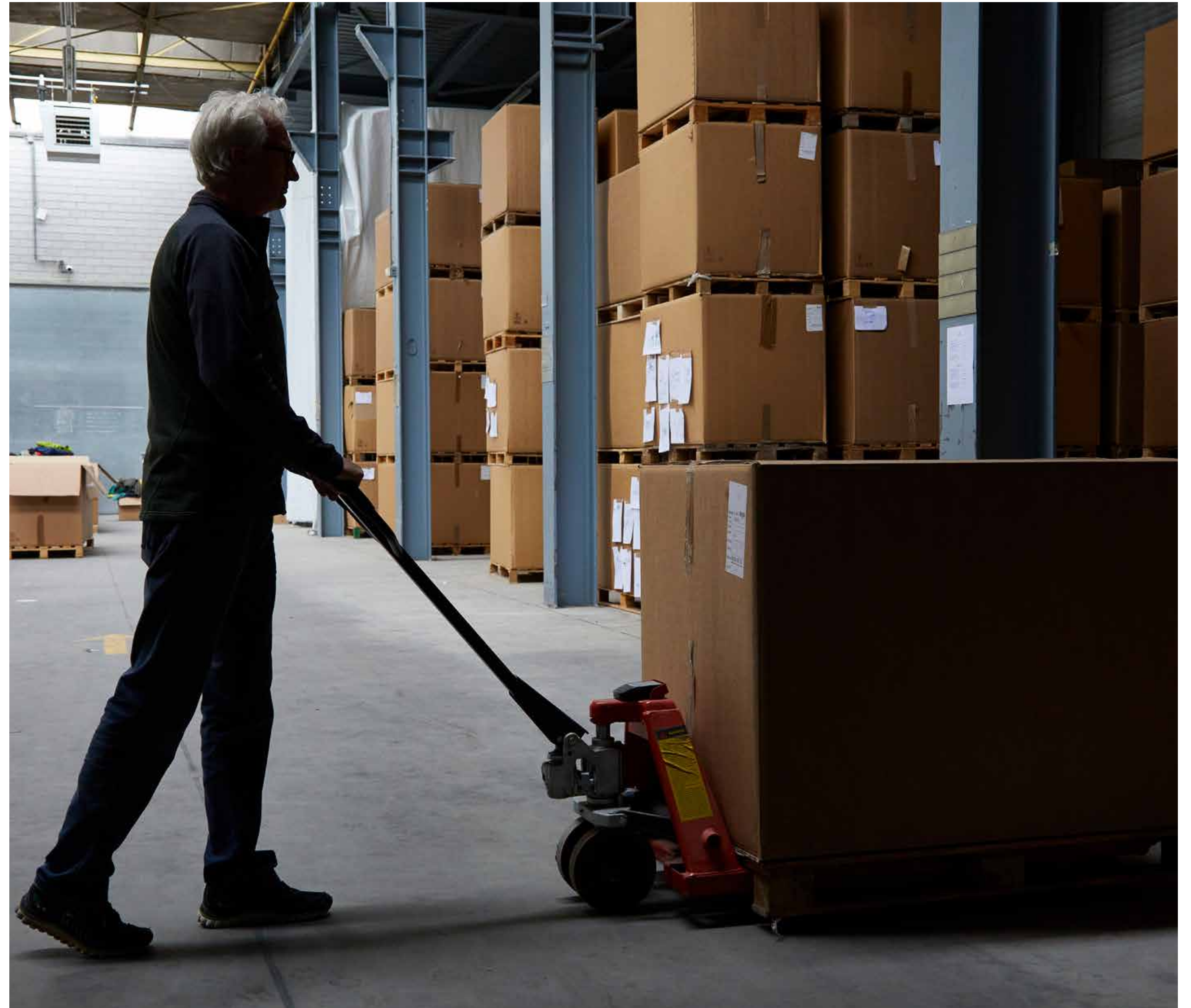
- 9 complaints were received through the helpline.
- Calls which were related to Covid were prioritised.
- Calls from one factory highlighted delays in payments

of wages by several months. In this case we advanced invoices to cover the full factory wage bill. We worked with the factory management over the next 6 months to reduce the risk of this happening again however a lack of engagement and a repetition of the delays meant that after advancing payments for a second time we had to take the decision to leave the factory for breaches of our code of labor practice. We took the decision in consultation with Fair Wear ensuring that we had pursued all possible avenues to resolve the issue before leaving.

<sup>22</sup> With the exception of reports from China where Fair Wear are restricted in their activities due to their status as an NGO

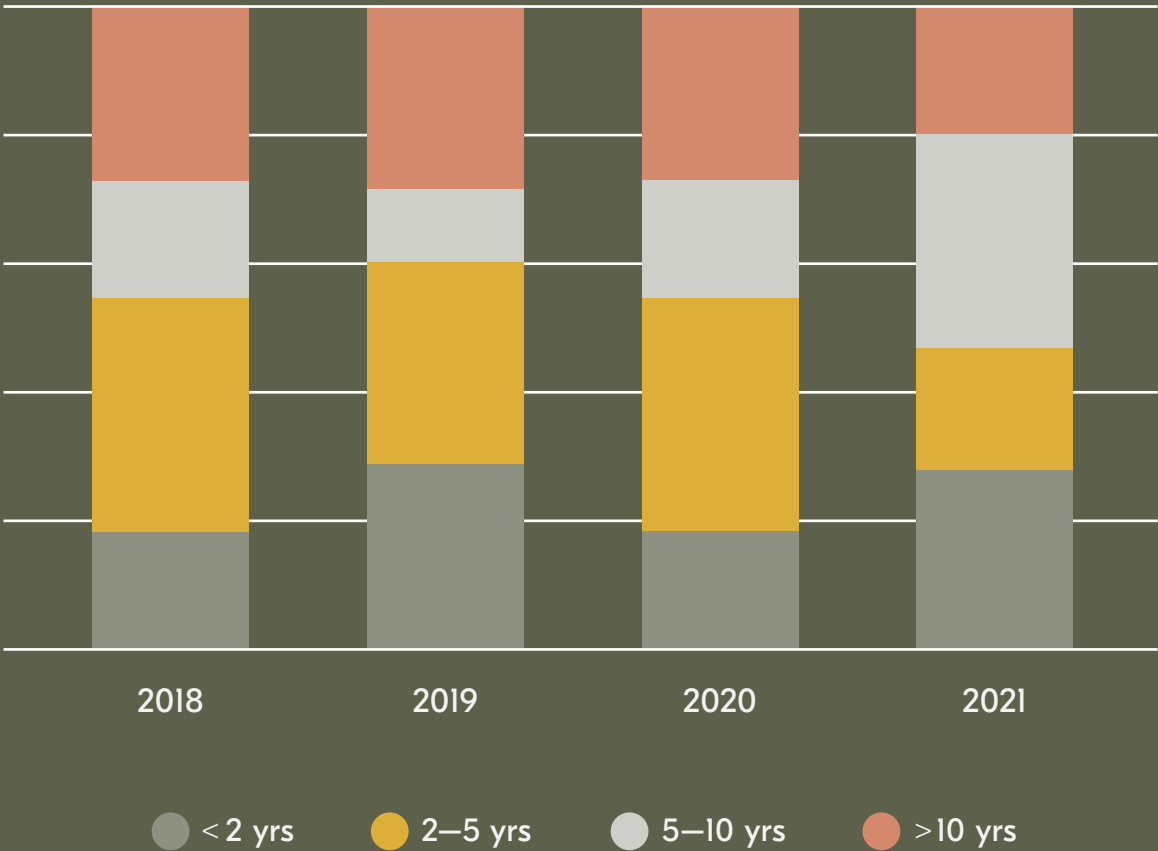
## Long term relationships

A stable factory base, focusing on long-term relationships, allows trust to be built and improvements to be made over time. We have been working with over 47% of our suppliers for over five years. However, there are times when moving factories is the right thing to do as product mix, capacity and technical capabilities change, or when a factory is unable to meet our standards on an ongoing basis. We are aware of the potential impacts this may have on workers and have developed internal guidelines on managing factory exits in a responsible manner, ensuring that factories are given sufficient warning to allow them to replace our orders.



Our supply chain cont.<sup>23</sup>

Length of supplier relationship



Factory split by performance rating<sup>24</sup>



<sup>23</sup> Data based on clothing, footwear and hardware manufacturers (Tier 1)  
<sup>24</sup> High level of 4 ratings due to standard approval process for factories not being followed during covid.

**Living wages**

The topic of living wages in supply chains is a complicated one with issues such a lack of direct brand control over worker salaries, factories producing for multiple brands, transparency of labor costs in product costs, limited consensus on what constitutes a living wage in different regions and a lack of proven methods for equitably and reliability getting the money to those that need it in a sustained manner.

The first step towards progress is understanding the current situation of wages in factories. Audits conducted by Fair Wear in our factories include a detailed wage analysis which allows us to firstly confirm that workers are being paid at least the legal minimum wage.

The wage analysis also allows us to get a bigger picture of what the wages are compared to some different living

wage benchmarks. From these analyses we have found that the vast majority of our factories pay beyond the minimum wage, and in some cases meet one of the living wage benchmarks.

The most effective way for living wages to be paid in a consistent and sustained manner across an industry is for minimum wages to be raised and to ensure healthy worker representation and negotiating ability to realize, for example, collective bargaining agreements which meet workers’ needs. The audits, helpline and visits to our factories help us identify opportunities for improvements in worker representation and, since 2020 we have supported some of our strategic suppliers with advanced training in social dialogue.

**2021 update**

- Risks of minimum wage not being paid to workers in Vietnam who could not work due to lockdowns were identified. Information on actual wage levels during 2021 will be verified during 2022.
- When we published last year for the first time an analysis of wage levels across the supply chain the intention was to provide yearly updates with the latest information to track progress. Due to the complications of the ongoing pandemic and limitations on audits and visits we were only able to update data on one factory. We are committed to maintaining transparency of the wages paid in the factories we work with and as restrictions ease we plan to catch up on the backlog of data collection.

Supply chain wage analysis<sup>25</sup>



<sup>25</sup> Data covers 16 factories producing over 60% of the 2021 volume. Data is gathered from the most recent Fair Wear audit report (between 2019 and 2021), it includes basic salary and benefits, overtime wages are not included. The data is summarised as the weighted average of the mode data per position worked in a factory. The legal minimum wage benchmark is the most recently updated regional legal minimum wage (2021). The living wage benchmark is based on regionally specific living wage estimates published by expert organisations including Asian Floor Wage Alliance, Global Living Wage Coalition, Wage Indicator Foundation.

## Health and safety

Beyond labor issues, workers further down the supply chain, particularly in factories such as textile mills or tanneries, are exposed to additional health and safety risks. We require these higher risk factories to have systems in place to protect workers, including in the area of chemical management, and work with industry leading third parties to validate conditions in these factories (see Factories section).





[Learn more](#)

## Better Work

Cooperation between Fair Wear and Better Work helps reduce duplications of audits, avoiding audit fatigue caused by repetitive audits without any tangible benefit for the workers. Better Work is a collaboration between the United Nation's International Labour Organization (ILO) and the International Finance Corporation (IFC), and is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labor rights for workers. It promotes factory ownership of improvements and supports the factories with expertise and onsite training.

Four of the factories that Haglöfs work with are members of Better Work. Learn more about their approach [here](#).

# Consumers

Our mission is to get people outdoors and every day we make products to help people get out there in comfort and safety no matter the weather.

We believe in the power of the outdoors to improve physical and mental health and wellbeing, and that spending time in our wild places builds an appreciation for nature and the importance of protecting it.

In 2021 the COVID-19 restrictions on mobility and gatherings were still a reality. Nevertheless, the need for people to get outdoors and experience the physical and mental benefits of spending time in nature, was even greater than ever. And as restrictions eased during the year, we were finally able to meet our consumers at physical events — especially in Sweden.

## **Brand Stores**

In September, our Brand Stores across the Nordics hosted events introducing their local communities to new

activities; Brand Store Stockholm held a bike and rafting event, Brand Store Gothenburg went hiking and kayaking with their customers, and the Åre and Helsinki Brand Stores took their customers climbing.

## **Höga Kusten Trail**

As we got to spend time together in the nature again, Haglöfs sponsored the Höga Kusten Trail, a long-distance race in the stunningly beautiful area of Höga Kusten, in the North of Sweden. A total of 1000 participants took part in the race.

## **Haglöfs Film Festival**

We organized a Haglöfs Film Festival tour to be hosted during December to get our consumers even more excited about the coming winter. First stop was Åre and here we

were able to bring together 300 people from the local area to enjoy together some fantastic outdoor films. Unfortunately, COVID-19 restrictions were tightened shortly after the event and the other stops on the film festival tour were cancelled.

**Our Natural Habitat**

Our information hub Our Natural Habitat continued to serve as a go-to place for engaging educational content about the outdoors and helped people rethink their options for accessing the outdoors by showcasing local outdoor experiences. The hub includes an interactive map where consumers can find the best places for accessible outdoor adventures close to home, a Tips & Tricks section where we share our best advice on how to make the outdoor experience more enjoyable, as well as

a section on how to Care & Repair for products to extend their useful life as much as possible.

**Conservation Land Foundation (CLF)**

We supported the volunteers of the [CLF](#) that work in the field helping to preserve and clean up the outdoors while inspiring others to take a bigger responsibility for public lands. For more than a decade, the CLF has successfully built and led a national movement of community-based advocates to protect, restore and expand protection for places under the National Conservation Lands designation in the USA.

**Sustainable Choice**

To make it easier for our consumers to take the environmental impact into consideration when buying

products, we have for many years highlighted products which have been made with some of our lower impact materials – both on hangtags and online – via the Sustainability Choice label. However, season by season the number of products meeting the criteria to achieve the label has grown to a level that makes it almost too easy to achieve. In addition, we can see that the market is flooded with a wide range of sustainability labels all with their own unique criteria which instead of helping the consumer as was originally intended, has become confusing.

To make sure that we continue to challenge ourselves and provide consumers with clear information we took a decision to move away from using the label and instead focus on new, more demanding goals for our products.

[Learn more](#)

## Black Friday

On Friday November 26th, 2021, we once again pushed back against the excessive consumption driven by exaggerated discounting of Black Friday. This year we closed down our activities everywhere possible, including our brand stores, our e-com, most of our outlets and our HQ and subsidiary offices. All staff then had the day off to get outdoors and enjoy some fresh air.

“The point of taking action against Black Friday is to draw attention to the problem of systematic and large-scale discounting to drive sales. Discounting keeps prices artificially low and contributes to pressure in the supply chain to keep costs down by cutting corners on workers’ wages and good environmental management. It also makes it difficult for brands to invest in more expensive materials with a lower environmental impact such as recycled materials.”

— Elaine Gardiner, Head of Sustainability

Not this year.

Not next year.

Not any year.

We are closed because of Black Friday.

# Appendix

# Appendix 1: GRI Index

This report has been prepared in accordance with the GRI Standards: Core option.

| GRI content Index      | Disclosure No. | Description  | Page      | Notes  |
|------------------------|----------------|--|-----------|--|
| General Disclosures    |                |  |           |  |
| Organizational profile | 102-1          | Name of the organization                                     | 5         |  |
|                        | 102-2          | Activities, brands, products, and services                   | 9         |  |
|                        | 102-3          | Location of headquarters                                     | 9         |  |
|                        | 102-4          | Location of operations                                       | 9         |  |
|                        | 102-5          | Ownership and legal form                                     | 5, 9      |  |
|                        | 102-6          | Markets served   | 9         |  |
|                        | 102-7          | Scale of the organization                                    | 9         |  |
|                        | 102-8          | Information on employees and other workers                   | 73        |  |
|                        | 102-9          | Supply chain   | 9, 59, 75 |  |
|                        | 102-10         | Significant changes to the organization and its supply chain | 9, 59     | One new store opened in Sweden<br>No significant changes in supply chain, no new sourcing countries used   |
|                        | 102-11         | Precautionary Principle or approach                          | 17        | Our policies, processes and strategies described throughout use a precautionary approach aimed at going beyond minimum regulatory requirements where they relate to environmental impacts  |
|                        | 102-12         | External initiatives   | See Notes | EOG Single Use Plastics project, EOG Climate Action programme/Supply chain Decarbonisation Project (SCDP), signatories to AAFA/FLA Commitment to Responsible Recruitment, UNFCCC Fashion Industry Charter for Climate Action, Microfibre Consortium 2030 Commitment, Nordic Dialogue on Voluntary Compensation |
|                        | 102-13         | Membership of associations                                   | See notes | Scandinavian Outdoor Group (SOG), European Outdoor Group (EOG), Teko (Sveriges Textil- och Modeföretag), Fair Wear, bluesign, RISE Kemikaliegruppen, Sustainable Apparel Coalition (SAC)   |
| Strategy               | 102-14         | Statement from senior decision-maker.                        | 3         |  |
| Ethics and integrity   | 102-16         | Values, principles, standards, and norms of behaviour        | 8, 15-17  |  |
| Governance             | 102-18         | Governance structure   | 13-14     |  |

Appendix 1: GRI Index

| GRI content Index          | Disclosure No. | Description  | Page            | Notes  |
|----------------------------|----------------|--|-----------------|--|
| General Disclosures        |                |  |                 |  |
| Stakeholder engagement     | 102-40         | List of stakeholder groups   | 21-22           |  |
|                            | 102-41         | Collective bargaining agreements   | 71              |  |
|                            | 102-42         | Identifying and selecting stakeholders   | 18, 21-22       |  |
|                            | 102-43         | Approach to stakeholder engagement   | 18, 21-22       |  |
|                            | 102-44         | Key topics and concerns raised   | 18-22           |  |
| Reporting practice         | 102-45         | Entities included in the consolidated financial statements                       | 5               |  |
|                            | 102-46         | Defining report content and topic boundaries                                     | 18-22, 101, 102 |  |
|                            | 102-47         | List of material topics  | 19, 101, 102    | Appendix 2   |
|                            | 102-48         | Restatements of information  | 44              | 2020 carbon footprint restated to reflect updated emission factors and improved data quality |
|                            | 102-49         | Changes in reporting   | See notes       | No significant changes   |
|                            | 102-50         | Reporting period   | 5               | 1 January 2021 - 31 December 2021  |
|                            | 102-51         | Date of most recent previous report  | See notes       | 1 January 2020 - 31 December 2020  |
|                            | 102-52         | Reporting cycle  | 5               | Annual   |
|                            | 102-53         | Contact point for questions regarding the report                                 | 5               | sustainability@haglofs.se  |
|                            | 102-54         | Claims of reporting in accordance with the GRI Standards                         | -               | This report has been prepared in accordance with the GRI Standards Core option               |
|                            | 102-55         | GRI content index  | 97-100          | Appendix 1   |
|                            | 102-56         | External assurance   | 102             | Appendix 3   |
| Economic Standards         |                |  |                 |  |
| Anti-corruption            | 205-2          | Communication and training about anti-corruption policies and procedures         | 15-17           |  |
|                            | 205-3          | Confirmed incidents of corruption and actions taken                              | 15-17           | No reports or confirmed cases of corruption  |
| Anti-competitive Behaviour | 206-1          | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 16              | No legal action brought  |

Appendix 1: GRI Index

| GRI content Index                 | Disclosure No. | Description  | Page       | Notes  |
|-----------------------------------|----------------|--|------------|--|
| Environmental Standards           |                |  |            |  |
| Materials                         | 301-1          | Materials used by weight or volume   | 48         |  |
|                                   | 301-2          | Recycled input materials used  | 48, 49, 52 |  |
| Energy                            | 302-1          | Energy consumption within the organization   | 63         | 2041 MWh   |
| Water and Effluents               | 303-1          | Interactions with water as a shared resource   | 53-57      |  |
| Emissions                         | 305-1          | Direct (Scope 1) GHG emissions   | 44, 45     |  |
|                                   | 305-2          | Energy indirect (Scope 2) GHG emissions  |            |  |
|                                   | 305-3          | Other indirect (Scope 3) GHG emissions   |            |  |
|                                   | 305-4          | GHG emissions intensity  | -          | Covers S1,2 & selected S3<br>Emissions/product sold: 14,7 kg CO2e/product sold<br>Emissions/turnover: 27 ton CO2e/MSEK |
| Supplier Environmental Assessment |                |  |            |  |
|                                   | 308-1          | New suppliers that were screened using environmental criteria                        | 53-58, 79  |  |
| Social Standards                  |                |  |            |  |
| Occupational Health and Safety    | 403-8          | Workers covered by an occupational health and safety management system               | 67, 68     |  |
| Training and Education            | 404-2          | Programs for upgrading employee skills and transition assistance programs            | 70         |  |
|                                   | 404-3          | Percentage of employees receiving regular performance and career development reviews | 70         |  |
| Diversity and Equal Opportunity   | 405-1          | Diversity of governance bodies and employees   | 73         |  |
| Non-discrimination                | 406-1          | Incidents of discrimination and corrective actions taken                             | 65, 69, 74 | One incident reported through internal systems, remediation implemented and incident no longer subject to action       |

# Appendix 1: GRI Index

| GRI content Index                                | Disclosure No. | Description  | Page          | Notes  |
|--|----------------|--|---------------|--|
| Social Standards                                 |                |  |               |  |
| Freedom of Association and Collective Bargaining | 407-1          | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 15, 16, 75-85 |  |
| Child Labour                                     | 408-1          | Operations and suppliers at significant risk for incidents of child labour                                     | 15-16, 75-85  | Child and forced labour remain a risk throughout the textile supply chain, including in our key sourcing countries. Our Terms of Agreement with suppliers include a prohibition on child and forced labour, and we monitor our Tier 1 factories for potential signs of child and forced labour and provide worker grievance mechanisms |
| Forced or Compulsory Labour                      | 409-1          | Operations and suppliers at significant risk for incidents of forced or compulsory labour                      |               |  |
| Human Rights Assessment                          | 412-1          | Operations that have been subject to human rights reviews or impact assessments                                | 79            | All Tier 1 suppliers are screened during selection and approval process  |
| Supplier Social Assessment                       | 414-1          | New suppliers that were screened using social criteria   | 79            | All Tier 1 suppliers are screened during selection and approval process  |
| Customer Health and Safety                       | 416-2          | Incidents of non-compliance concerning the health and safety impacts of products and services                  | 25            |  |
| Customer Privacy                                 | 418-1          | Substantiated complaints concerning breaches of customer privacy and losses of customer data                   | 16            | No substantiated complaints were received concerning breaches of customer privacy and no data breaches reported  |

Appendix 2: Our material topics

| Material Topics                         | Description   | SDG and relevant target |   | Strategies and policies to address the topic  |
|---|---|-------------------------|---|---|
| Product Quality, Performance and Safety | It is important to Haglöfs that our products do not pose a risk to our consumers and that they deliver the desired performance for the expected lifetime of the product. Producing high quality product which lasts is key to minimising our overall environmental impact   | 12                      | 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse  | Performance and quality standards<br>Lifetime warranty<br>Chemical management programme<br>Design philosophy and innovation strategy<br>Supplier Terms of Agreement<br>Haglöfs Restored |
| Fair and decent jobs                    | At Haglöfs we rely on people around the world from Sweden to Vietnam to bring our products to the market. It is important that all workers have access to fair and decent jobs which do not compromise their human rights including access to healthy and safe places of work.  | 8                       | 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value<br>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms<br>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment | Code of Conduct<br>Work Environment Policy<br>Supplier Terms of Agreement<br>Social compliance programme  |
| Climate Change                          | Emissions of GHGs as a result of our operations and production processes are contributing to climate change. Climate change poses both increasing transitional risk to our business e.g. increased regulation/cost of carbon as well as physical risks e.g. the exposure of our supply chain to extreme weather events. Climate change is also affecting the outdoor places we love to explore and disrupting the seasons to which our products are so closely linked | 13                      | 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries  | Climate commitment, targets and roadmap<br>Sustainable Materials Guidelines   |
| Participation in outdoor activities     | At Haglöfs our mission is to inspire people to get outdoors. Our business is built on equipping people to get out in the mountains, while getting outdoors improves health and wellbeing outcomes   | 3                       | 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing  | Products which enable people to get outdoors<br>Consumer engagement which inspires and educates<br>Outdoor Hour for our own employees   |
| Resource depletion and waste            | The textile industry uses large quantities of virgin resources while also generating large quantities of waste. This linear model represents an unsustainable business model in   | 8, 12                   | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources<br>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse   | Haglöfs Restored<br>Packaging guidelines<br>Sustainable materials guidelines<br>Quality mangement   |

Appendix 2: Our material topics

| Material Topics                       | Description   | SDG and relevant target |   | Strategies and policies to address the topic   |
|---------------------------------------|---|-------------------------|---|--|
| Water consumption and pollution       | The textile industry is a major consumer of water and contributes to large scale industrial pollution. Reducing water consumption and pollution is better for the environment and improves the quality of life of the communities near where our products are made. | 6                       | 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally<br>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity | Chemical Management programme<br>Leather Working Group/bluesign<br>Low impact dyeing solutions<br>Microfibre Research                    |
| Chemistry                             | Chemicals are the buliding blocks of Haglöfs products. It is important that chemicals are managed responsibly at every stage of a products’ lifecycle to protect workers, consumers and the environment   | 12                      | 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination<br>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment                                 | Chemical Management Programme<br>Leather Working Group, bluesign membership  |
| Corporate Governance and Transparency | At Haglöfs it is important that we are a good corporate citizen. Strong governance and transparency help avoid the risk of corruption and other illegal or unethical practices. the long term   | 12                      | 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle<br>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead   | Code of Conduct and related policies<br>Sustainability reporting<br>Training<br>Supplier Terms of agreement<br>Risk Management Committee |

# Appendix 3: Auditor statement



## Auditor’s report on the statutory sustainability statement

To the general meeting of the shareholders of Haglöfs AB, corporate identity number 556054-8694

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 *The auditor’s opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A statutory sustainability statement has been prepared.

Stockholm, April 26<sup>th</sup> 2022

Ernst & Young AB

Oskar Wall  
Authorized Public Accountant