

Sustainability Report 2019



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Understanding our impact

I came on as Haglöfs' CEO in January 2020 and it is with honour that I take over the work of my predecessor. From my previous position as Haglöfs' Global Sales Director, I am aware of the increasing need for companies to be truly sustainable throughout the entire value chain. I say this with equal parts humility and urgency. I am humble as I am aware of the challenges, yet I stress the urgency, understanding the severity of the climate crisis. We are at a point where we are facing constant risks to both planet and business and we need to understand the impact that we as an outdoor brand have on the environment and the responsibility we have to the thousands of people involved in bringing our products to the market.


I am glad to present Haglöfs' Sustainability Report for the financial year 2019. In this year's report we have attempted to

share a wider picture of Haglöfs as a company and what sustainability means to us, as well as to be transparent on both the successes and the challenges we have had during the previous year.

2019 was the year when we stepped up our game, not only by including sustainability in our vision but also by making a commitment to play our part in keeping the world within of 1.5°C of warming by 2030. And to better support our growing ambitions, we welcomed our new Head of Sustainability, who focused her first year at Haglöfs on professionalising our sustainability programme and developing a new sustainability strategy to be embedded in our overall business strategy starting from 2020.

However, as I write this, we have been thrown into an

era of deep, unsettling uncertainty as Covid-19 spreads over the globe, impacting many lives and threatening livelihoods. We find ourselves in a situation unlike any other and the decisions we must make are difficult. It is in these times that we must be understanding, kind and supportive with each other, take strength in our core values and remind ourselves of what is important.

A handwritten signature in black ink, appearing to read 'Fredrik Ohlsson', with a long horizontal line extending to the right.

Stay safe. Let's focus on what really matters.

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 2019 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 2019 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

Progressive craftsmanship since 1914

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.



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 and UK while ASICS Corporation manages Haglöfs' operations in Japan.

We design, develop and market outdoor clothing, footwear and hardware from our headquarters in Järfälla, Sweden. Haglöfs does not own any factories, instead we work with a network of 70 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
 - Direct accounts as well as through distributors
- E-commerce in 12 countries
 - Launched in 8 new countries in 2019
- 11 Haglöfs stores
 - Opened 2 new stores in Helsinki in 2019

257
employees

731 556 000
SEK in sales

1.5 million
products sold

**Sweden
Finland
Norway**
top 3 markets



We developed a new design philosophy, Neo Hantverk, that **takes the elements of responsible design and performance and aims to maximize them both.**

Our whole Mimic collection is made with with 100% recycled fabric and insulation.

We participated in the global climate strikes movement to demand large-scale and systematic changes.

Instead of lowering our prices on Black Friday, we doubled them, to start a conversation on the problem of large scale discounting to drive sales.

We launched our Leftover concept, unique products made through diverting excess fabric from the waste stream.

We carried out our biggest ever consumer survey on sustainability where over **2000 consumers let us know what they expect of us as we move beyond 2020.**

We donated funds to Protect Our Winters (POW), Naturskyddsföreningen and European Outdoor Conservation Association (EOCA) to support them in the important work to protect our environment and combat climate change.

100% of our down is certified by the Responsible Down Standard.

100% of our cotton is organically grown.

We signed the Fair Labour Association **Commitment to Responsible Recruitment** to address potential forced labour risks for migrant workers in the global supply chain.

We committed to reducing our carbon emissions to help keep warming within

1.5°C.

We trialled reusable e-commerce delivery packaging by Repack **with 700 lucky customers.**

30% of our clothing styles contain recycled fabrics.

We extended access to our free, confidential worker helpline to **25 factories** carrying out printing and embroidery processes for our main manufacturing partners, giving workers a safe route to raise concerns about their working conditions.

Craftsmanship 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 offer products that are designed and made to last, supported by services that help them stay in circulation for generations.

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

One planet production

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

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

Our people

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

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



The basics



Responsibilities

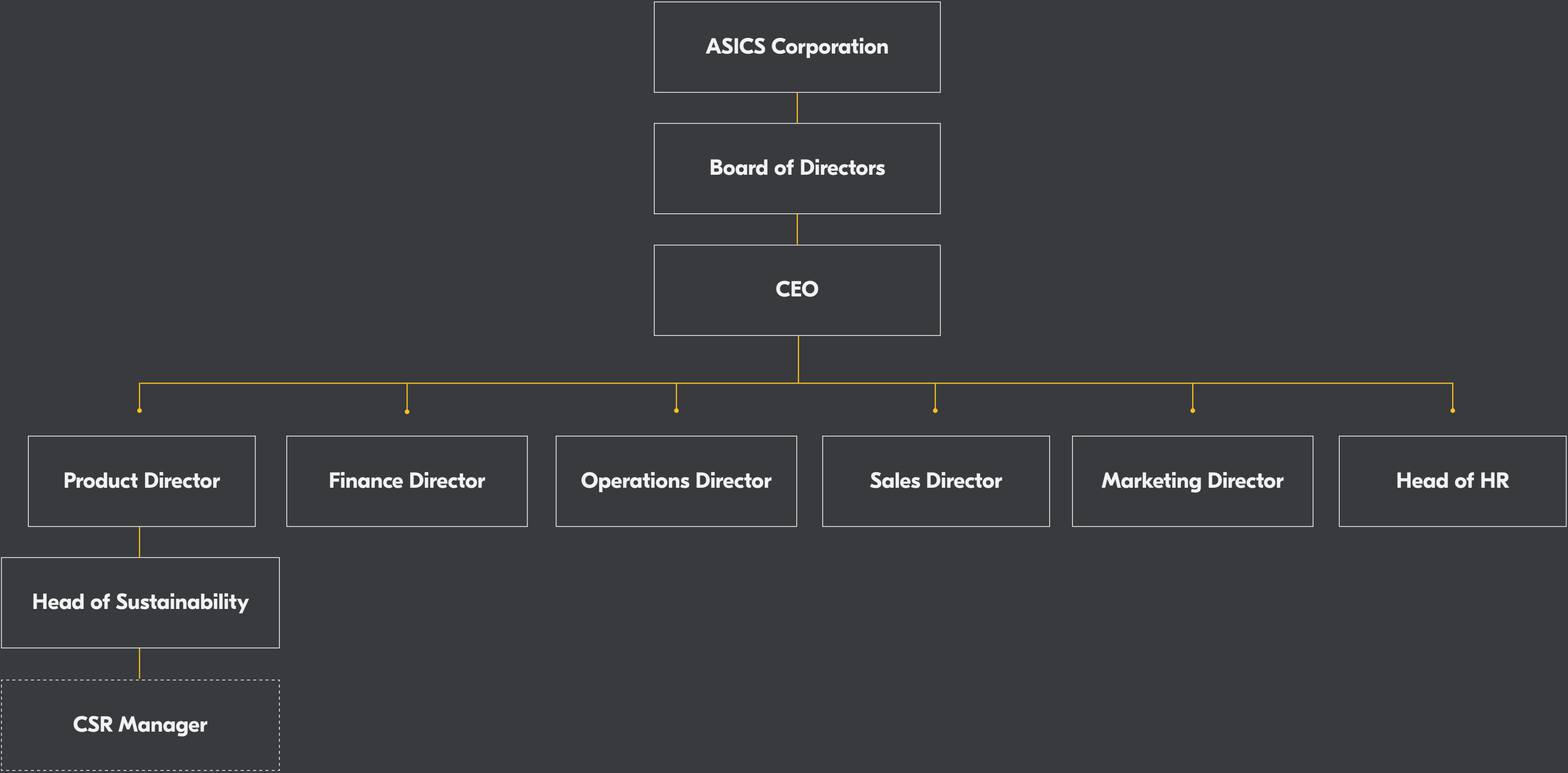
Our Head of Sustainability is responsible for the development and implementation of our sustainability strategy together with the management team.

The management team ensures integration of sustainability into the business strategy and objectives and report on progress to the board of directors.

In 2019 a new role of CSR manager was created and recruited reflecting an increased focus on worker well-being in our supply chain and we look forward to welcoming our new colleague into the team in early 2020.

Sustainability however is not an area that can be managed by one team alone and key to achieving our ambitions is ensuring it is integrated into roles across the business so in 2019 we worked to help teams understand their roles in delivering the strategy (see Employees section).





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 covering areas such as corruption, human rights, labour standards,

privacy protection, occupational health and safety, and environmental practices for our manufacturing partners and forms a key part of their Terms of Agreement.

2019 update:

We initiated a review of all our sustainability related policies updating them and clarifying their hierarchy to ensure they address our key risks and support our sustainability strategy objectives.

An assessment of the key sustainability risks in our operations and value chain¹ identifies human rights and labour issues, environmental risks and the risk of corruption. These risks are addressed within our internal

¹with reference to the OECD Due Diligence Guidance for Responsible Supply Chains in The Garment and Footwear Sector

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 Labour 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 and onboarding process*	Product and Material Quality Manuals
Environment Policy		
Work Environment Policy		

*updated during 2019

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 labour 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 labour rights due diligence work (see Workers section). The creation of a new role to focus on this area will help increase the rigour and the reach of this programme. 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). In every case 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.

If anyone has reason to believe we are falling short somewhere they are encouraged to alert their managers, however in the case that this is not possible we provide an online confidential reporting service. This is complemented by an anonymous worker helpline in all the clothing, footwear and hardware factories we work with, allowing us to detect issues and carry out corrective measures promptly.

2019 update:

During 2019 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. An internal review of our GDPR processes and risk assessment versus our privacy policy were conducted, helping to identify areas in our processes for continued improvement.

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



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 most effect. 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.

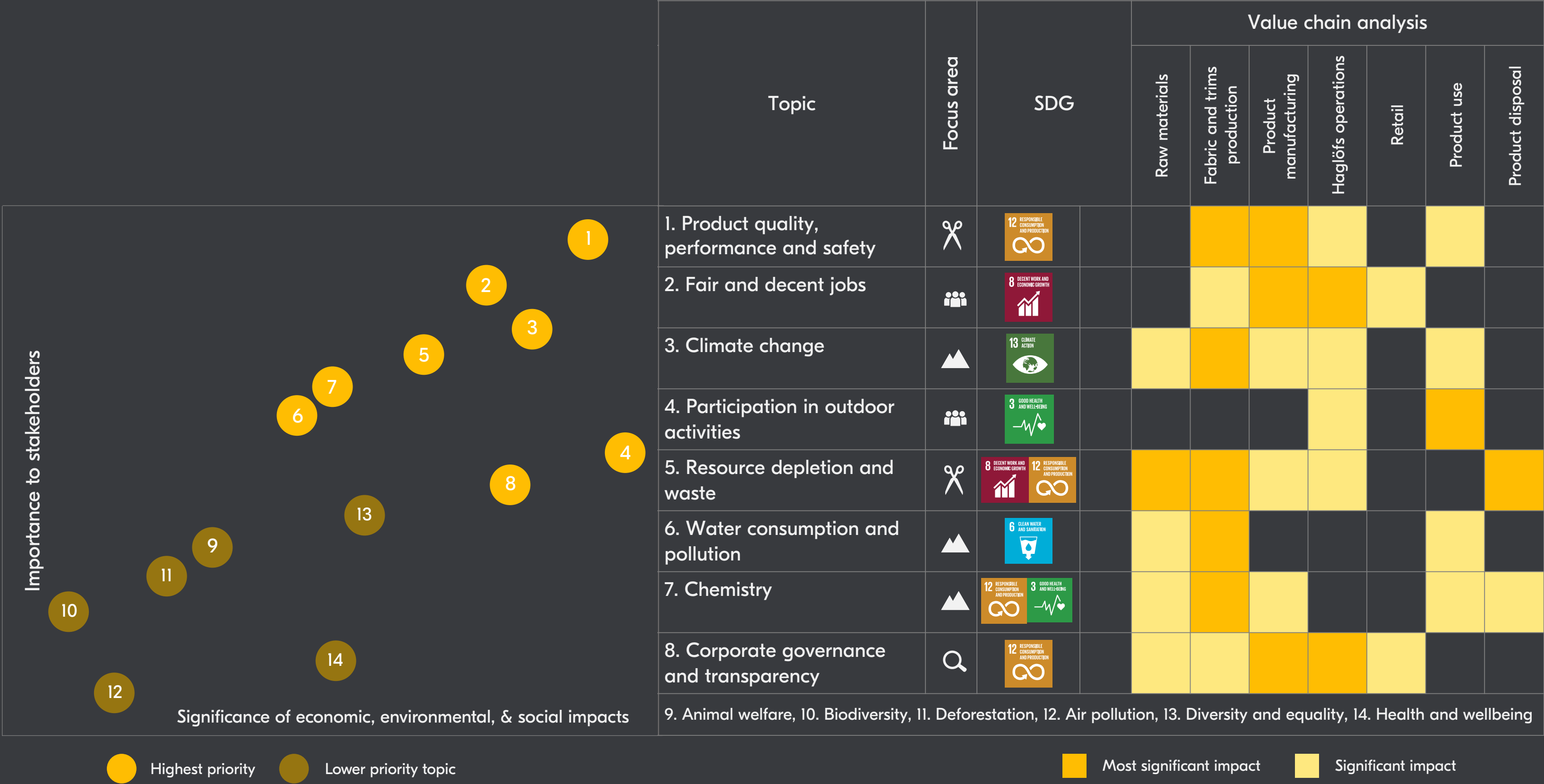
2019 update:

During 2019, as part of our work to develop our sustainability strategy beyond 2020, we updated our materiality matrix. We started by updating, clarifying and refining the list of topics with reference to sectoral risk assessments, regulatory requirements, external standards, information requests from NGOs, lifecycle assessment data and key stakeholder discussions (see Appendix for more details).

Bringing the outside in

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,

Our materiality matrix



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.

2019 update:

Although we receive input from and seek to understand our stakeholders’ priorities on a regular basis, in 2019 we decided to get more feedback from some key groups to help refine our priorities as we worked on updating our strategy. Over the summer we embarked on our biggest ever consumer sustainability survey to better understand their priorities.

Over 2,300 consumers shared their thoughts with us, their input can be summarised into 3 key areas:

- climate change has gained importance becoming their single greatest environmental concern
- they expect Haglöfs to prioritize fair wages and working conditions in factories alongside environmental impacts
- they identified choosing high quality, durable product which can be kept in use for a long time as the most significant means to reduce the environmental impact of their purchases.

In addition, for the first time we participated in the materiality assessment of our owners ASICS to get a better understanding of their priorities as they too look

to the future beyond 2020. Here we saw that climate change increased in strategic importance to the business, while circularity emerged as a new focus with innovation being highlighted as a key tool to tackle some of these issues. During the year we also engaged with employees from across all departments to seek their feedback and input on priorities, what was working and where improvements were needed.

Through this process we were able to update our matrix aligning it with senior management to clarify our focus as we developed our strategy beyond 2020.



Our stakeholders

Stakeholders	Description
Employees	Our people make our brand 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.
Consumers	We aim to provide products and services that add value for our consumers and inspire them to get outdoors while engaging them in solving some of the most pressing sustainability issues together.
Owners	We aim to create value for our owners while managing our business in a responsible manner.
Suppliers (and other business partners)	We are partners with our 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.
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.
Thought leaders	Maintaining an open dialogue with NGOs, journalists, 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.
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.

[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)



[Learn more](#)

Supporting the Paris Agreement

During 2019 we committed to ensure that Haglöfs was playing its role in contributing to the Paris Climate Agreement by helping stay below 1.5°C of warming to avoid the worst impacts of climate change.

In 2020 our goal is to measure for the first time the carbon emissions from our supply chain where most of our emissions occur. This is no small task and we have joined Swedish Textile Initiative for Climate Action (STICA) to benefit from the support of other Swedish brands working together towards the same goals (see page 48).

However, we don't need to wait for this data to act since through research and life cycle assessments we already

know where the biggest impacts occur and therefore where the biggest improvements can be made.

Throughout the report you will find information on what we are doing today to work towards a low carbon future.

- Operations powered by renewable energy (see page 50)
- Offsetting our business travel (see page 52)
- Lower impact materials (see page 32)
- Energy efficient production (see page 41)
- Long lasting products (see page 26)
- Engaging consumers in reducing their impact and supporting stronger regulations (see page 76)



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.

Third party quality control checks and assessments by Haglöfs quality team ensures the highest quality standards, enhancing the longevity of the product, and reducing waste.

And because a little bit of care and attention goes a long way to keeping products in shape for the next adventure, we offer detailed care instructions for our different products. Our customer service and retail teams are always available to help with spare parts and advice and when

accident happen, we can help with repairs.

2019 update:

There were no product recalls resulting from quality incidents.



We work with materials suppliers who stand behind the quality of their products. This includes Gore, who offer a lifetime guarantee on Gore-Tex products.

Repair

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

Our circularity programme, Second Chance, is a series of initiatives aimed at closing the loop and minimising waste. If product can be repaired and put back into use this is the ideal situation.

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 these claims and return the original product back to the consumers.

We are also reconditioning factory seconds — clothes with minor manufacturing defects, into perfect shape and

offering them under the label Repairwear.

2019 update:

- 650 repairs were made and returned to the consumer
- 355 Repairwear pieces were sold through our Stockholm brand store

Focus 2020-2022:

We aim to increase the number of repairs by at least 50% by 2022 to reduce the quantity of waste generated.

Repurpose

Our Leftover initiative allows our product team to get creative with the leftover fabrics they find, diverting excess fabric from the waste stream.

In May 2019 we launched the limited-edition Leftover Sleeping Bag in selected stores, made with a colourful assortment of fabrics leftover from our production process showing it is possible to put this fabric to good use. In the winter this was followed up by a selection of Leftover mittens and moccasins.



[Learn more](#)

Responsible design for extremes

Decisions made at the design stage can determine a large part of the environmental impact of a product. It is vital therefore that sustainability sits at the centre of our design philosophy; a philosophy which aims to bring together responsible design and performance and maximise them both.

This year a team of designers, materials experts, product developers and pattern makers attempted to stretch this philosophy to its most extreme. The team were commissioned to make expedition gear for an upcoming trip to the Arctic by explorer and photographer Martin Hartley. The expedition will see his team face some of the harshest conditions on earth while Martin demanded that the gear

be produced with the lowest environmental impact possible. This challenge was perfect to test the design philosophy forcing the team to work in the challenging intersection of extreme performance and sustainability.

The result was a set of expedition outerwear made completely from deconstructed products from past expeditions and Haglöfs archives. In addition, base layers were designed according to Controlled Commodity usage guidelines- used in the UK during World War 2 when material was at a premium- increasing the yield from 62% to 91% avoiding a significant amount of waste.

The challenge forced the team to think differently, designing for the materials available rather than the other way around and completely relearning how they did pattern making. We look forward to seeing some of these ideas make their way into our main line in 2020.



Responsible.

Embrace zero
Last lifetimes

Performance.

Look directional
Feel better
Protective
Literal functionality
Push harder
Nordic

Neo Hantverk.

Look directional
Protective
Last lifetimes
Push harder
Embrace zero
Feel better
Nordic
Literal functionality

One planet production



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.

2019 update:
This year we developed a Preferred Materials List to guide our product team in their choices as we push to reduce the overall impact of our products. The list is based on data and research gathered by a number of reputable organisations². We will continue to update it as available information and material options evolve.

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

Natural materials

- Tencel
- RWS certified wool
- Organic cotton
- Hemp

Recycled materials

- Synthetics
- Natural
- Leftovers

²such as Higg Materials Sustainability Index (MSI) and Made By’s Environmental Benchmark for Fibers



**100% recycled or renewable
materials by 2025³**

³ refers to main fabrics and insulation in clothing and hardware.
Renewable materials must meet the criteria on the Preferred Material List.



Low impact dyeing techniques

- No dye
- Solution dyeing
- CO₂ dyeing

Animal-based materials

All animal-based materials used in our products must meet the requirements in our Animal Welfare Policy. For our down products we use the Responsible Down Standard (RDS) to help ensure that no live-plucking or force-feeding of the fowl has occurred in our supply chain. The RDS is a voluntary standard run by the non-profit organization Textile Exchange and certified products are third-party audited along every step of the chain from

farm to warehouse. The down is hypoallergenic and bluesign® approved, as well as fully traceable via the trackmydown.com system. More information on the RDS can be found [here](#).

All our wool is currently certified mulesing-free however we aim to certify all our wool to the Responsible Wool Standard (RWS) by 2022. The RWS not only ensures animal welfare standards are upheld but also verifies responsible management of the land the sheep are grazed on. Details can be found [here](#).

Packaging

Packaging helps ensure that our products arrive to the consumer in the best condition possible.

We use a limited amount of direct product packaging restricted to shoe boxes for our footwear, cardboard boxes for some of our base layers, and in our retail stores we only use paper bags.

However, we do use plastic bags to protect all our products on their journey from factory to consumer.

In order to reach our packaging goal, we need to focus on these plastic bags. Therefore, we are now working on standardising the material used, increasing the recycled content and joined the Single Use Plastics (SUP) Project to help address recyclability.



**100% of our packaging is reusable,
recyclable or compostable by 2022**



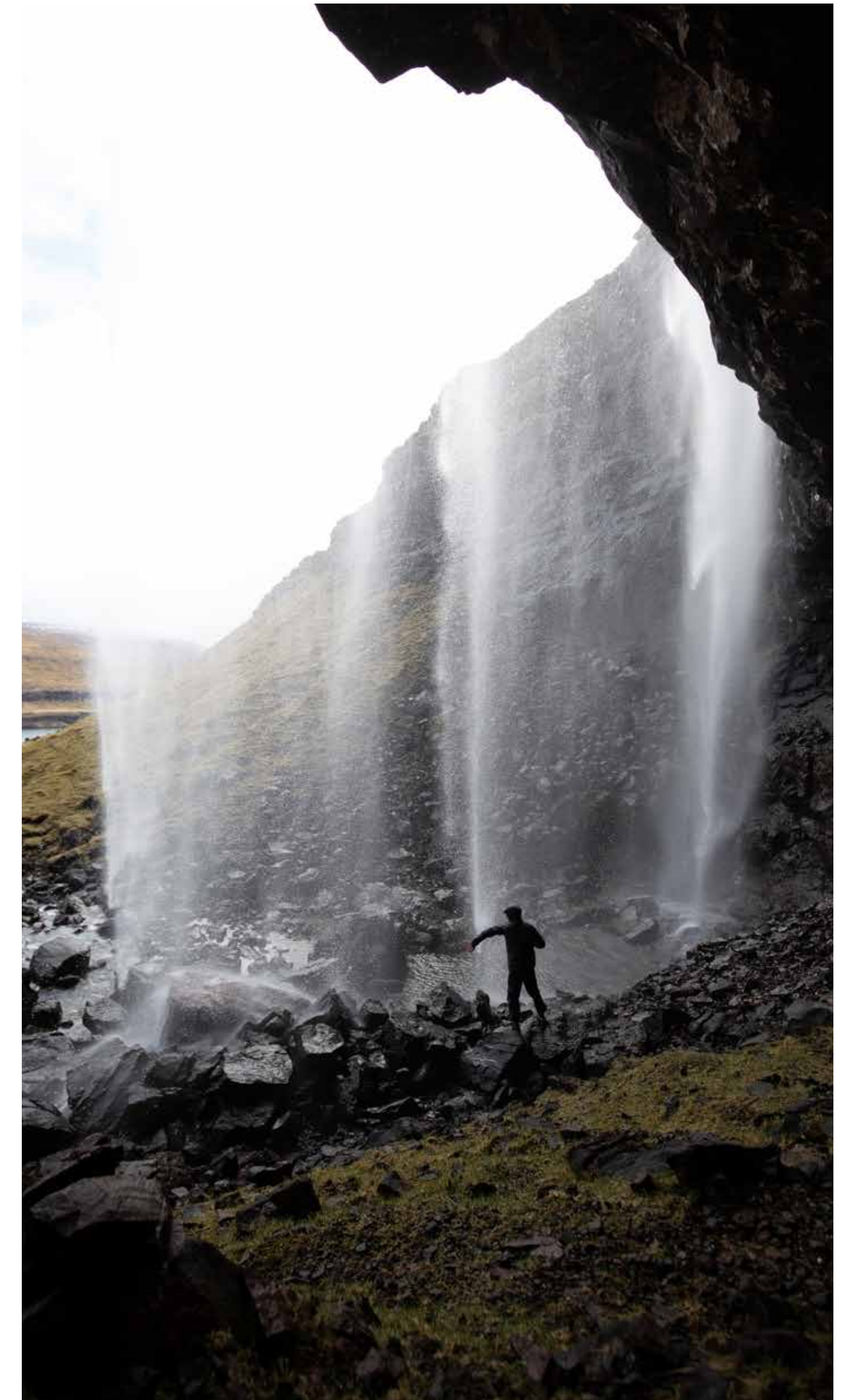
SINGLE USE PLASTICS
PROJECT

As a founding member of SUP, hosted by the European Outdoor Group, 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 replacing plastic with another material to reduce the environmental impact is over simplistic 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.

2019 update:

We participated in a pilot project collecting bags removed from products at our brands stores, diverting it to a specialist recycler to determine if a dedicated recycling stream could improve recycling outcomes for single use plastics. Based on the success of this trial, the focus of the SUP team in 2020 will move to building a dedicated recycling stream for the industry in Europe. The vision is to create a network where brands and retailers send bags to designated locations for recycling, creating a stream of high-quality pre-sorted materials to produce a high-quality plastic pellet.



[Learn more](#)

Repack

This year we trialled a potential alternative to the plastic bags currently used to delivery our products purchased online.

Repack is a reusable and returnable packaging service, ideal for the delivery of online purchases. The returnable packages are designed to fold into letter size when empty to be returned to a post-box, anywhere in the world. The bags are made of durable and recycled materials, and because they can be used again and again, there is no plastic waste. This means that the CO₂ emissions associated with the packaging of online deliveries can be reduced by up to 80%.

During the month of November, around 700 consumers across Europe who placed orders on our online store received their products in the Repacks, which allowed us to test both consumer acceptance of the new delivery system (they love it!) as well as the operational implications.

Based on the data collected, we were able to identify the operational and technical challenges that need to be addressed in order to scale up the system and roll it out to more of our online consumers. Find out more [here](#).



[Learn more](#)

Microfibres

Over the last couple of years, the scale of the problem of microplastics has started to become clear, with reports of these tiny particles found in lakes, rivers and seas around the world. Studies have also indicated that microplastics have started entering the food chain through plankton and other aquatic animals. The global textile industry is a major contributor of microfibers – the smallest of the microplastics – 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.

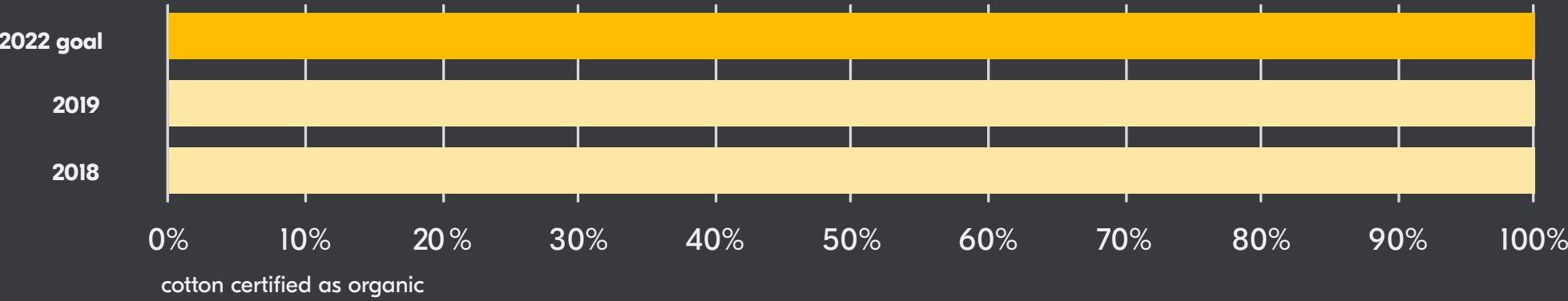
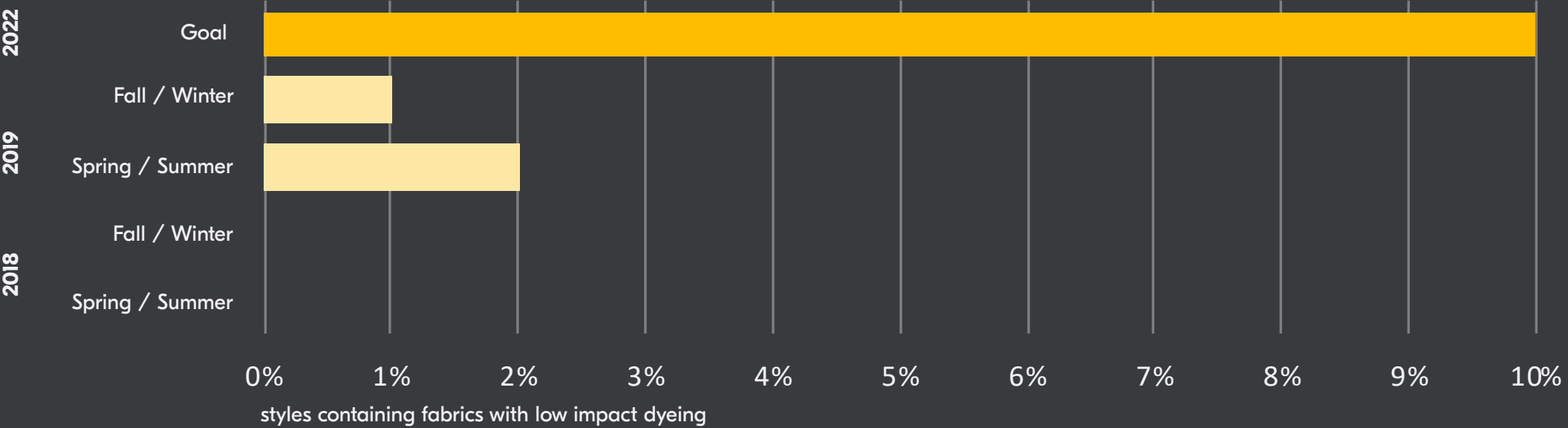
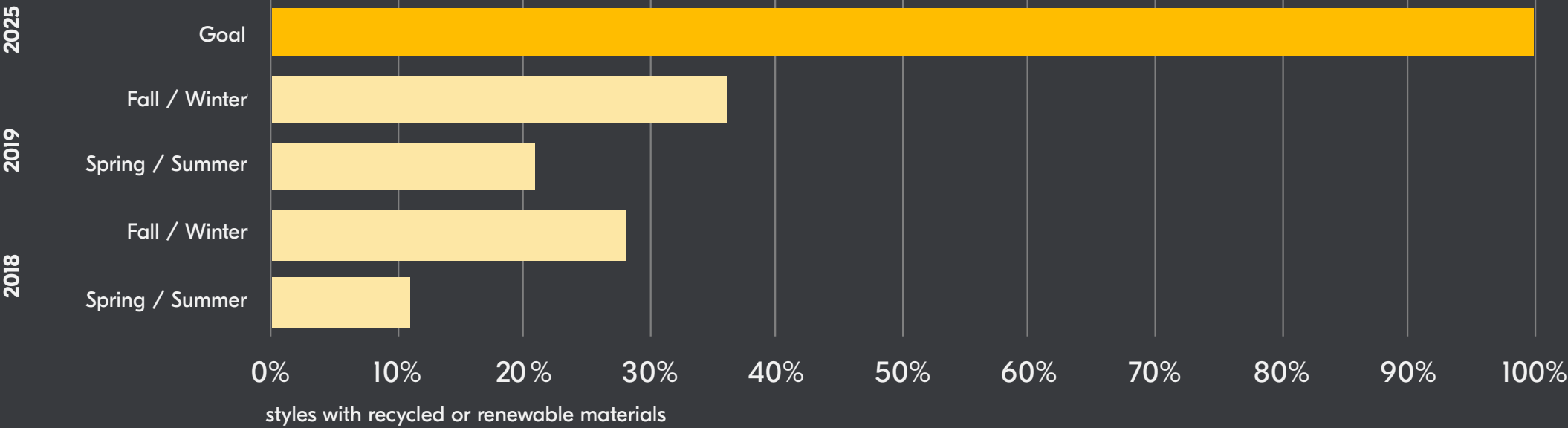
Haglöfs is also a member of the [Microfibre Consortium](#) which aims to facilitate the development of practical solutions for the textile industry to minimise microfibre release to the environment from textile manufacturing and product life cycle. During 2019 the project has made significant progress in developing and approving an internationally recognised testing method which will enable a standardised approach to evaluating fabrics.



Our packaging

		Quantity	Reusable, recyclable or compostable
Retail store bags	FSC certified paper	4.7 tonnes	✓
Shoes and baselayer boxes	FSC certified cardboard	48.7 tonnes	✓
Plastic bags	PET and LDPE	~1.3 million bags	X
E-commerce delivery bags	LDPE (40-80% recycled content)	390 kg	Reusable one time only for product returns
E-commerce delivery boxes	Cardboard	Quantity not available	✓

Our materials



Factories

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

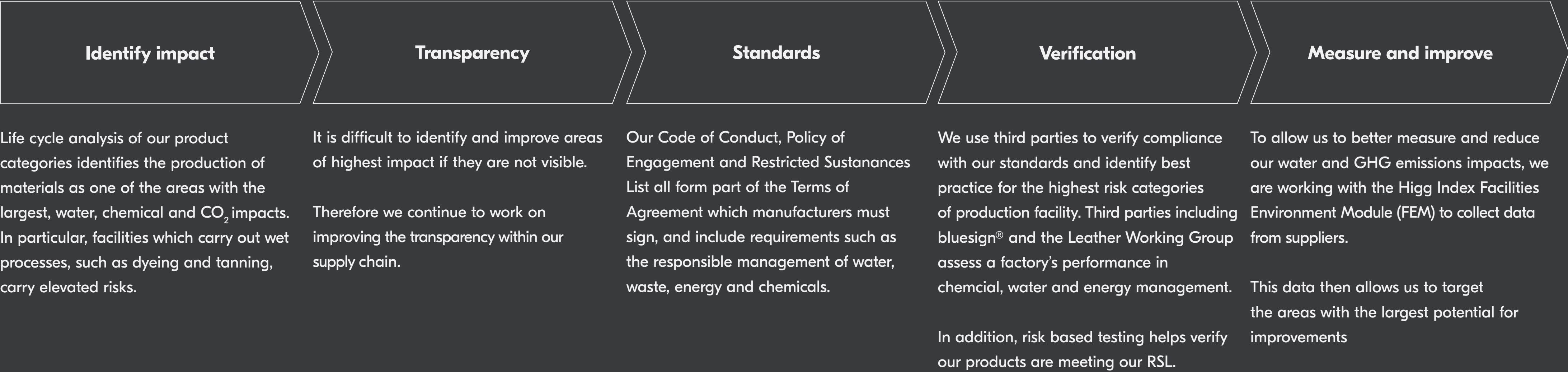
Responsible **chemical**, **water** and **energy** management is our focus in the factories we work with to ensure we can continue to reduce our overall environmental impacts.

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 minimised.

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

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 waste water is treated and disposed of.

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 >90% of our materials since we have close control over the materials we use in our products. At this level are working to improve our understanding of the factories involved in the various stages of the material production, such as dyeing, lamination or knitting, and aim to have completed mapping this level by 2020.

Beyond these top tiers we are also interested in the origin of our natural materials as 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 we can trace to Turkey and Australia respectively. Our leather supply chain however has less transparency beyond the tanneries, and we look to improve this by 2022.

Standards

In order to ensure that our products are safe for consumers and meet the regulations in the markets in which we operate, we require all our supplies to sign our Restricted Substances List (RSL) which outlines the chemicals that must be

controlled in the final finished product⁴. 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.

⁴ details of our RSL can be found [here](#).



[Learn more](#)



Working with bluesign®

bluesign® is an international standard developed with the goal of eliminating harmful substances right from the beginning of the manufacturing process thereby reducing the impact on workers and on the environment, ensuring responsible use of resources and guaranteeing the highest level of consumer safety.

Haglöfs became a bluesign® system partner in 2008 and is committed to progressively increasing the use of approved materials. When a product contains more than 90% approved fabrics and 30% approved accessories, it is awarded the bluesign® approved product label.

2019 update:

In our Fall/Winter 2019 collection 75% of our clothing line carries this label.

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.

2019 update:
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 their DWRs which has been aligned with Greenpeace. 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.

- 2019 update:**
- 74% of our fabric suppliers who supply us with over 95% of our fabric volume are bluesign® system partners
 - 100% of all leather suppliers are Leather Working Group certified

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.

- 2019 update:**
- 2.7% of test results required follow up
 - No products were withdrawn from the market due to chemical failures

- Lead was found in one accessory at levels which were legal but which did not consistently meet our RSL out of an abundance of caution we stopped any further production of the accessory and removed it from any product already in warehouses.

Measure and improve

In order 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. During 2020 we will start to build a baseline of data to better quantify the carbon emissions

associated with our supply chain. In order to collect this data in an efficient manner we aim to use the Higg Index Facilities Environmental Module (FEM). The FEM will allow us to track and report on the performance of our suppliers in managing and reducing their emissions. The FEM will similarly allow us to better understand water footprint and identify areas for improvement.

2019 update:

Product manufacturers representing 39% of our product value and materials suppliers representing 56% of our fabric volume posted a Facilities Environmental Module in the 2018 cycle⁵.

Focus 2020-2022:

>80% of product manufacturers and fabric suppliers complete the Facilities Environmental Module by 2022.

⁵ due to the timings of the Higg Index cycles the 2019 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 organisations, all collaborating to increase transparency within our industry and reduce the total environmental and social impacts of its products around the world.

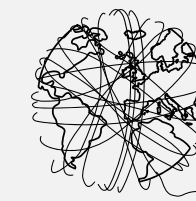
The focus of the SAC has been the development of the Higg Index — a suite of tools which can help a brand assess the sustainability of a product throughout its entire life cycle - from raw materials and design solutions to production and end of use.

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.



[Learn more](#)



The Swedish Textile Initiative
for Climate Action

The Swedish Textiles Initiative for Climate Action (STICA)

In 2019 Haglöfs joined STICA. The purpose of STICA is to support the apparel industry in the Nordic region to reduce greenhouse gases in line with the Paris Agreement. Ultimately STICA's aim is to ensure the Nordic based industry does more than its share by becoming the first climate positive apparel and textiles industry in the world well before 2050.

STICA achieves this by:

- Supporting companies operating in both the Nordic and international markets to set science-based targets and reduce their greenhouse gases in line with 1.5°C warming pathway.
- Providing a neutral, non-competitive platform for

companies and organizations to learn best practices and develop joint projects as well as to track and publicly report on their progress on a regular basis.

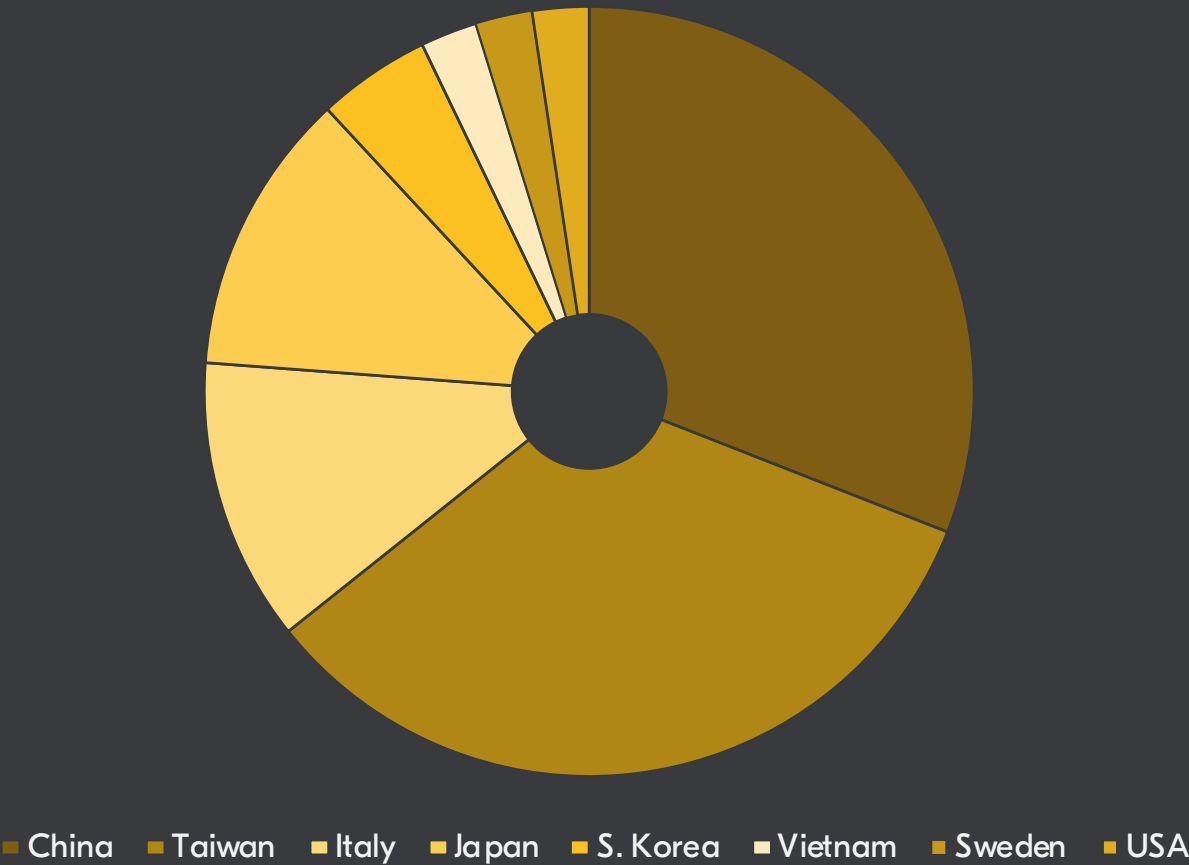
- Working with industry stakeholders to develop a roadmap and implement an action plan to become climate positive, while also becoming a global leader in developing climate positive solutions for the global apparel and textiles industry.

Find out more about STICA's work [here](#).

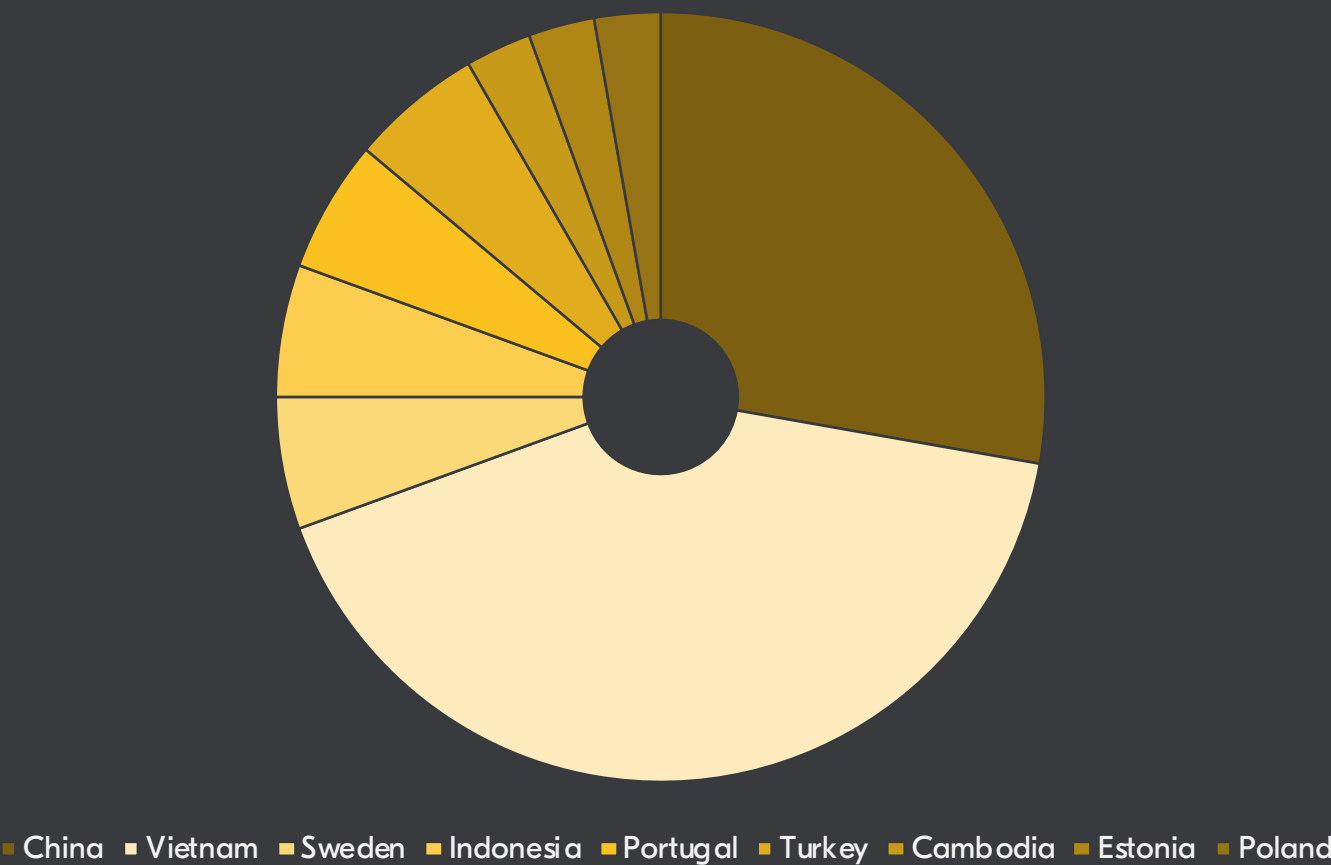


Our supply chain

34 materials suppliers⁶



36 garment, footwear and hardware factories



⁶includes nominated material suppliers representing >90% of all materials (fabrics, trims, insulation).

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

In 2019 our overall energy use grew as we opened more stores and included in our reporting stores outside of Sweden. The electricity supplied to our HQ and warehouses, along with over 70% of our retail stores came from renewable sources.

Logistics

Logistics accounts for most of the greenhouse gas emissions from our own operations. 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. Improved

production planning has helped to avoid last minute air shipments to meet delivery targets. In addition, a combination of air and sea shipment which reduces the total distance of the flight segment while still helping to reducing delivery times has also contributed to reductions in emissions from air freight.

Focus 2020:

We aim to include more of our logistics operations in our measurement and reporting. Currently our data includes only inbound shipments from our factories to our main warehouse in Sweden and does not include outbound logistics to retail partners and consumers, an area of increasing importance particularly as e-commerce grows.

The background of the slide is a dark, textured surface, possibly a globe, with intricate, embossed or etched lines that resemble topographical features or a complex network. The lines are lighter in color than the background, creating a subtle relief effect. The overall tone is dark and professional.

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

Travel

The Haglöfs head office in Kallhäll, outside Stockholm, is situated by Lake Mälaren. It is conveniently accessible by public transport, so we always recommend this to our visitors. The commuter train is a common way for our staff to get to our office — and, of course, some employees travel by bike during the summer months.

Our travel and company car policies promote low carbon modes of transport and low emission vehicles. All air travel that we arrange through our travel agency partner is automatically offset via Gold Standard certified carbon offsets.

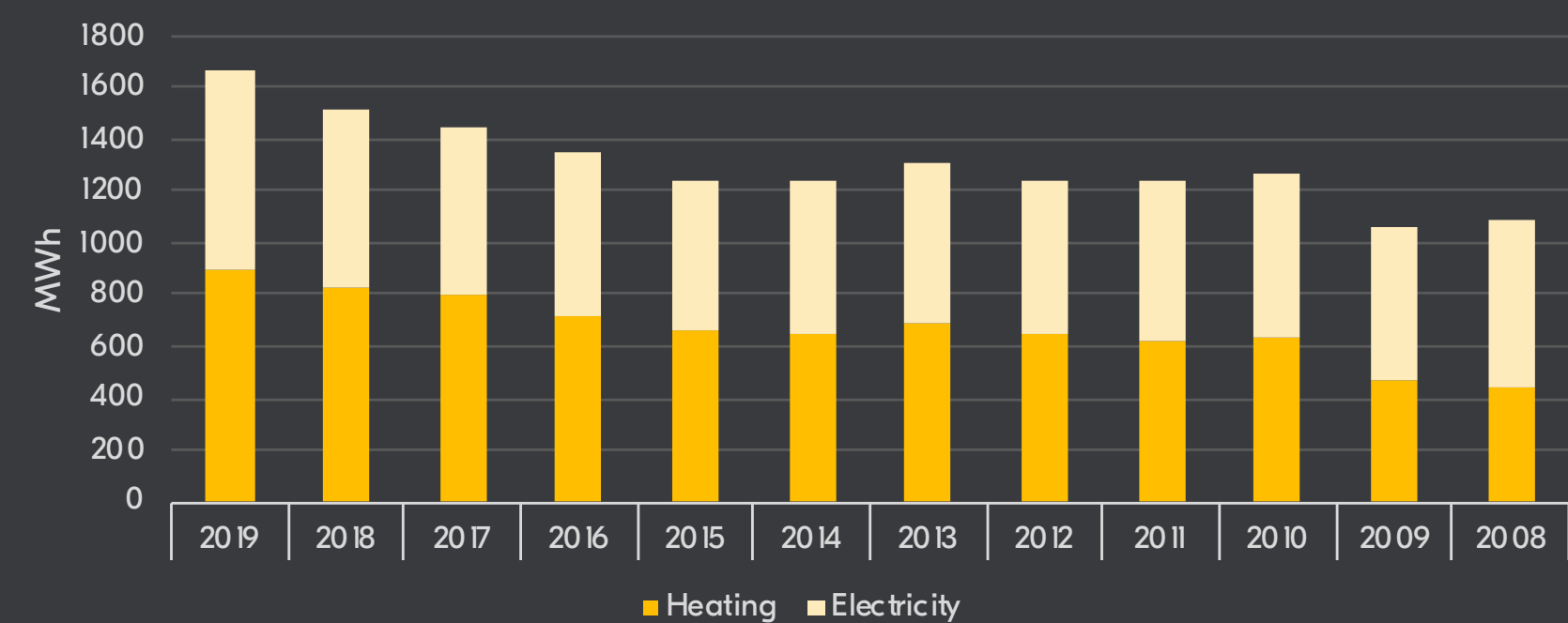
Waste

All our paper, cardboard and plastic are recycled from our headquarters and below you can see the quantities sent to recycling. The quantity of plastics continues to increase likely driven by the food options available on site, this is something we will review during 2020.

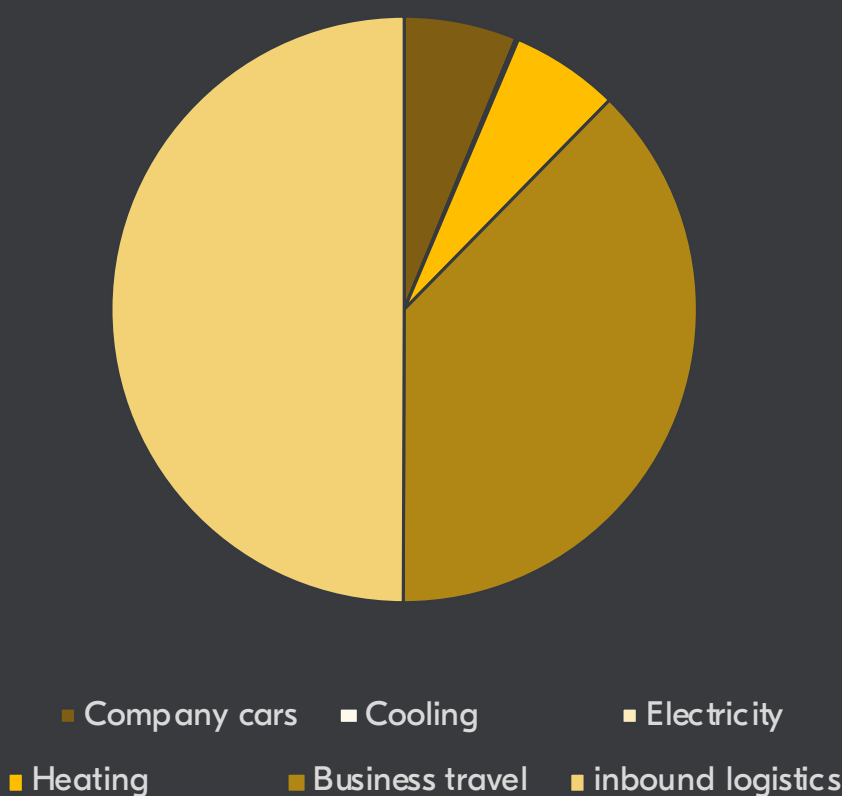
Waste to recycling from HQ (kg)	2019	2018
Plastics	1346	1005
Cardboard	1210	1263
Paper	965	925

Our carbon footprint

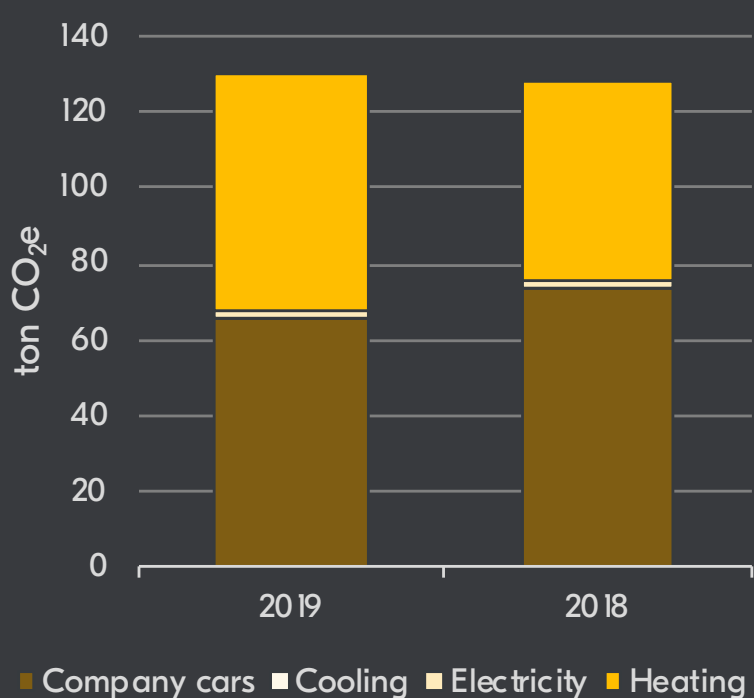
Energy use in our own operations⁷



Scope 1,2 & limited Scope 3
GHG Emissions 1054 ton CO₂e



Scope 1 & 2 GHG Emissions⁸

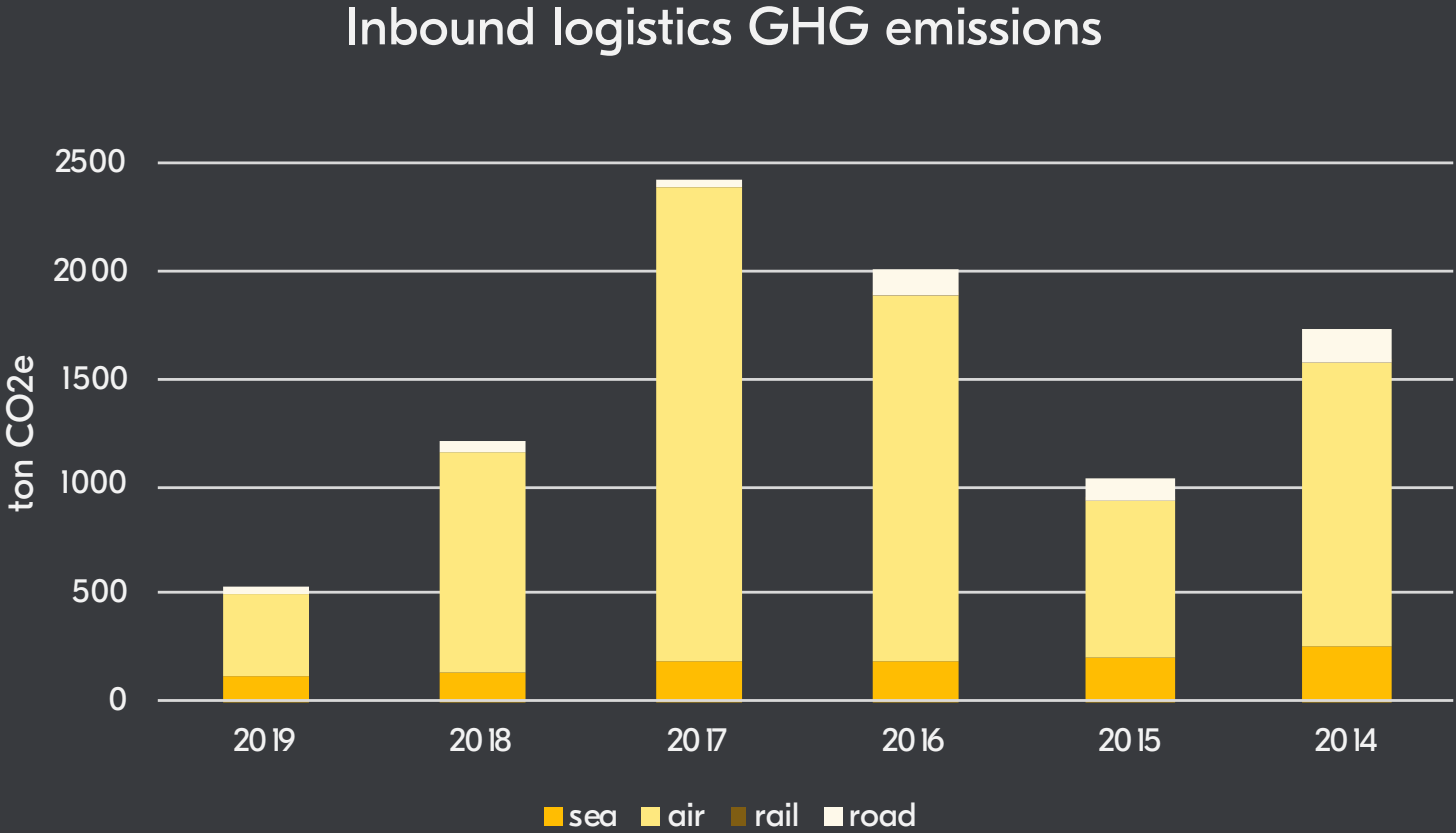
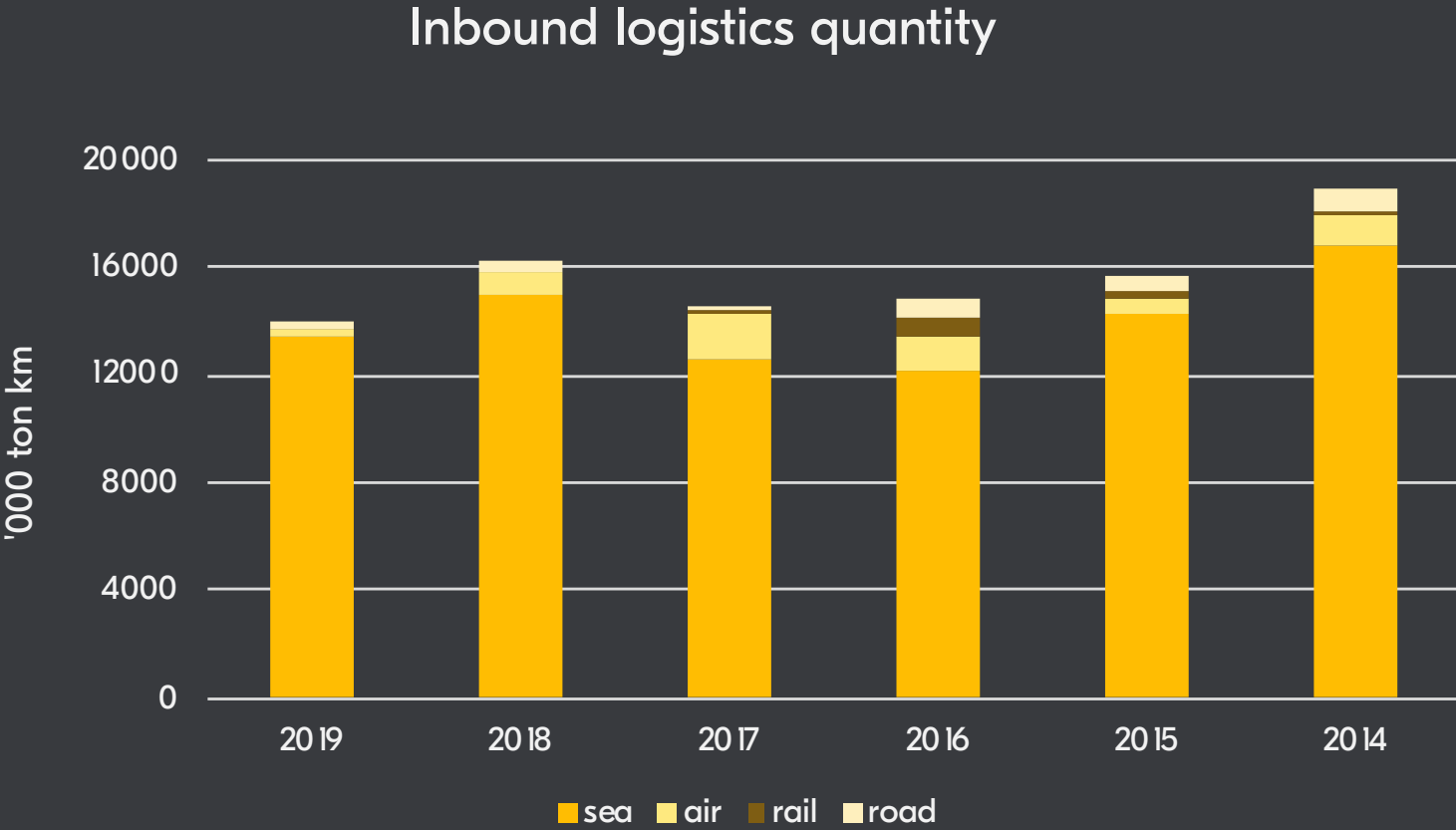


Scope definitions
Scope 1: All direct GHG emissions from our own operations.
Scope 2: Indirect GHG emissions from electricity, or heat used in our own operations.
Scope 3: Other indirect emissions, such as logistics, manufacturing and use of products

⁷ 2017, 2018 data has been restated to include stores outside of Sweden.
Data excludes offices outside of Sweden.

⁸ stated as market- based emissions which accounts for renewable energy purchased.

Our carbon footprint



Our people



Employees

At Haglöfs we aim to create an environment where difference and diversity are valued by treating everyone fairly, with dignity and respect while providing a safe and healthy work environment for all employees.

We are guided by our values and our Code of Conduct helps us understand how they can be applied in daily activities; 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 which are available on our internal People Portal (see page 14 for more details). All new hires receive an onboarding training and are required to review the Code of Conduct.

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.

Update 2019:

Our health and safety representatives completed training in systematic work environment management.

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. We offer all employees an annual health and wellness allowance and a weekly “Outdoor Hour” during which they have the opportunity during working hours to get outdoors together with their colleagues. Our employees in Sweden are also offered subsidised weekly outdoor group training on the shore of Lake Mälaren together with a personal trainer.

The majority of Haglöfs employees are located in Sweden 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.

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. We also run an annual employee survey to get further anonymous feedback on how we are doing. Unfortunately, the survey was put on hold in 2019 as we encountered problems when changing service provider.

We understand that part of what makes Haglöfs a great

place to work is the opportunity to contribute to our vision. So, in 2019 we mapped all functions against our sustainability strategy to help people understand how their roles contribute, with the goal of being able to more explicitly integrate sustainability into people’s 2020 workplans. We also worked to build internal knowledge on sustainability to ensure people can integrate it into their everyday roles.

- Update 2019:**
- every department based in our HQ attended an in depth sustainability training session including a review of our shared responsibilities matrix
 - 7 Haglöfs employees participated in a 3 month Sustainability Fundamentals course hosted by the Sustainable Fashion Academy

[Learn more](#)

Sustainable Fashion Academy

The Sustainable Fashion Academy (SFA) is 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.

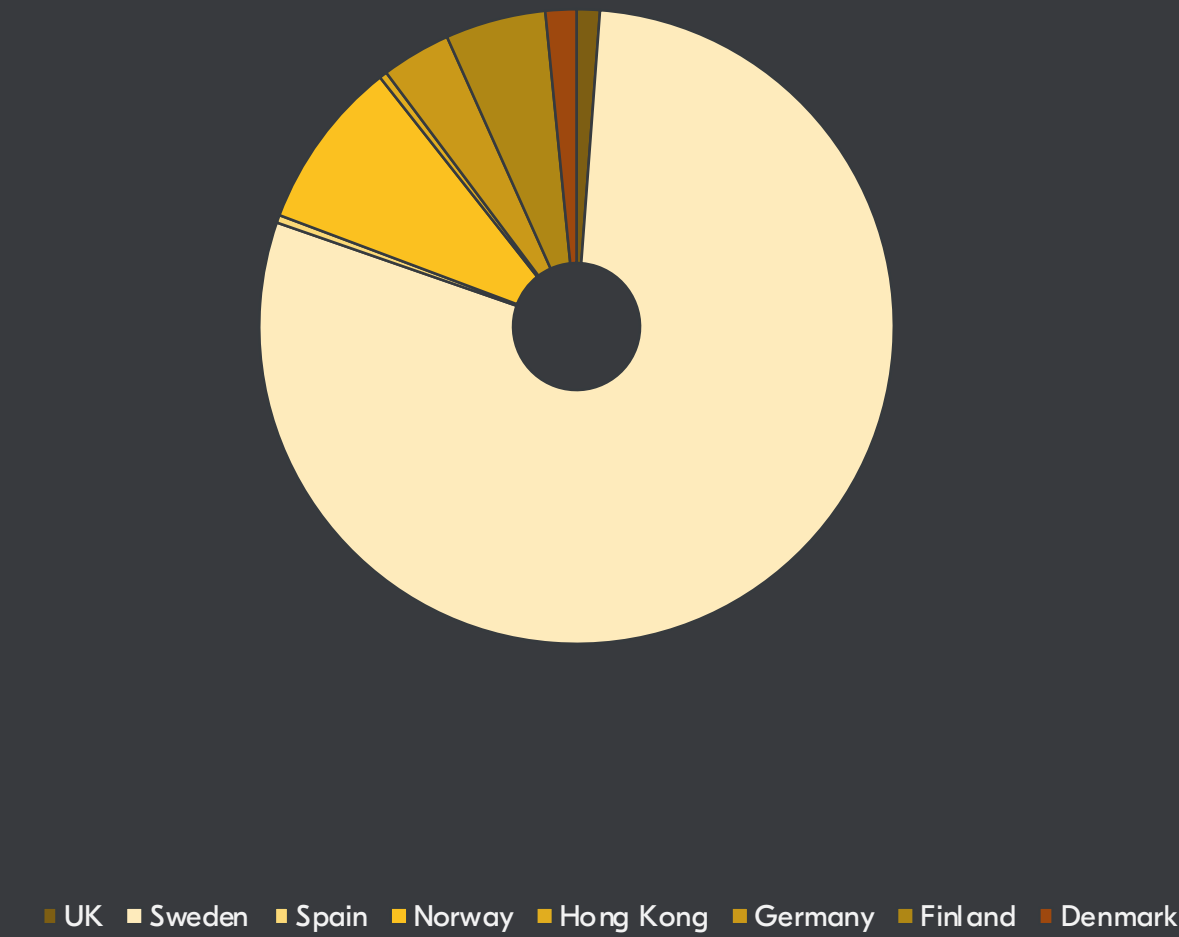
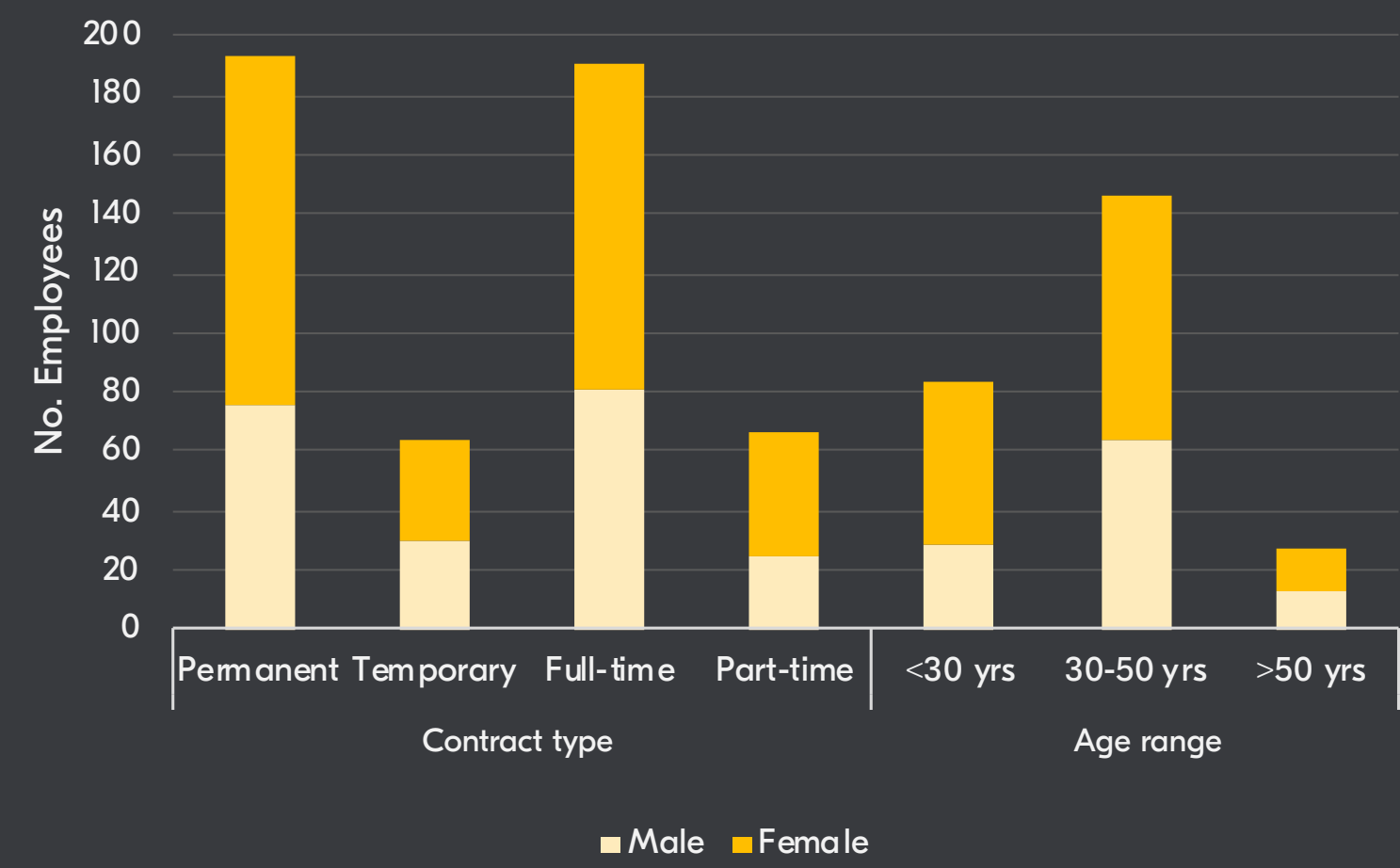
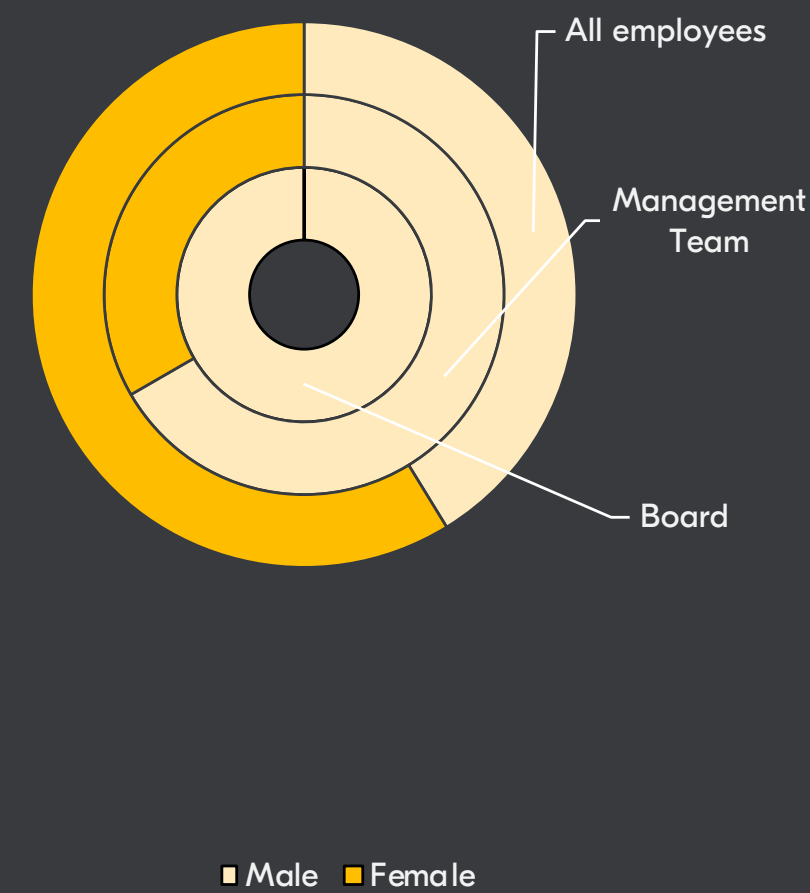
“For me as a designer it was an eye opener that nothing is black or white. I was most surprised to learn that even when a natural fibre is used, the dyeing process can have a large environmental impact if the right effluent treatments are not in place — most people assume natural is always better but I learned that it is much more complicated than that.” - Johanna Jonasson, Assistant Designer Clothing

“Firstly, it taught me A LOT about how our products are actually made but what surprised me most was the breadth of topics. In many media channels we hear about the environmental aspects which are extremely important, however, we do not always hear about the social aspects. These are just as important and should not be forgotten. It really made me rethink how I compare the price of products — two t-shirts are not the same if one is produced in sub-standard working conditions. As I work with our digital channels, this gave me the foundation to understand our initiatives better and equipped me to be able to market our initiatives more strategically going forward.”
- Spencer Shander, Digital Campaign Manager

“The course was extremely valuable for my role, where I decide the direction of the clothing business areas, and I will be able to apply my learnings when setting the targets for the new seasonal development. The business side was truly fascinating to me. I already knew the basics of sustainable materials etc. but didn't realise that it was possible to combine business growth and sustainability, it made me think of sustainability in a completely different way.” - Tom Louage, Business Area Manager Clothing

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

Our employees⁹



⁹data valid as of 31st December 2019

Our shared responsibilities

											
		Foundation	Quality	Repair	Repurpose	Operations	Materials	Factories	Employees	Consumers	Workers
Materials	The largest part of a product's environmental impact comes from the production of materials										
Design	Decisions made at the design stage determine a large part of the environmental impact of a product over its lifetime										
Innovation	A pipeline of innovative materials, product and business model propositions is needed to accelerate the decoupling of emissions from growth										
Sourcing	Our choice of sourcing partners dictates our social and environmental impact										
Quality	Making high quality products which last is vital to reducing the overall environmental impact of each product.										
Operations	Controlling the impact of our own operations supports our environmental goals and the way we interact with our supply chain influences conditions for workers										
Development	Decisions made as product is developed impact the product quality and resources used in production, while the way we interacting with our factories influences conditions for workers										
Sales	Working together with our retail partners and consumers we can provide the information and services needed to reduce our environmental footprint										
Marketing	Inspiring people to get outdoors and engaging them in reducing their environmental footprint goes to the heart of what we do										
Finance and legal	The cost of carbon needs to be visible to our business and we must have good control of our processes and decision making										
IT	Support for the management of growing data requirements to ensure well informed decision making and accurate external reporting is vital										
HR	The opportunity to contribute to a sustainability vision is a key driver for employee attraction and satisfaction										

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 labour 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 labour practices and safe working conditions in the factories, 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.



¹⁰ workers in clothing, footwear and hardware manufacturing sites based on last available audit data or supplier declaration.

Learn more



Fair Wear

Fair Wear is a non-profit organisation 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 labour 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.

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



Assessment

Prior to entering any new sourcing country, we carry out a country risk assessment including analysis of human rights, labour conditions, political stability, sector and corruption risks.

2019 update:

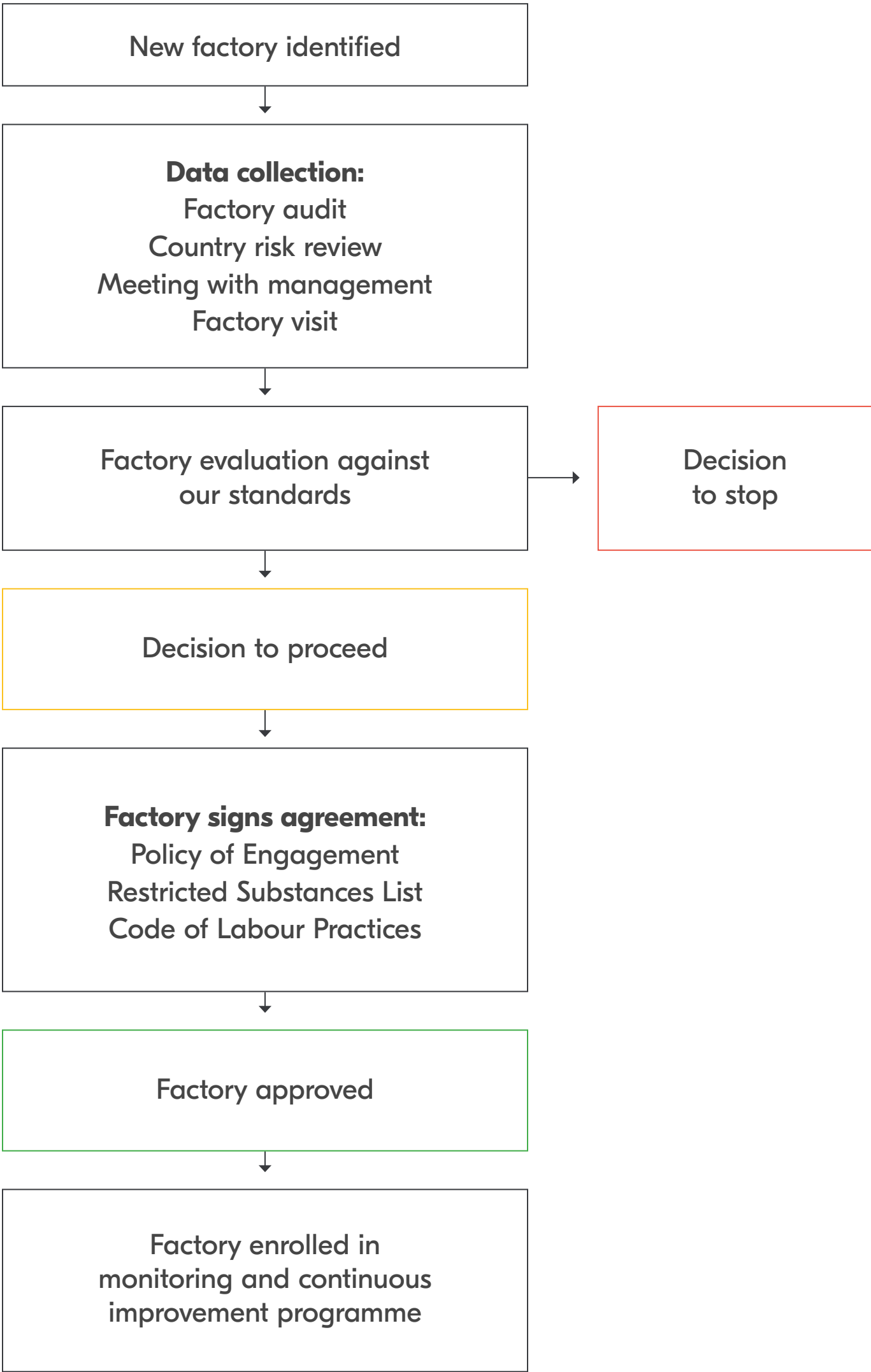
No new sourcing countries were entered in 2019.

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.

Our Policy of Engagement sets out the minimum requirements regarding human rights, labour 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.

2019 update:

To improve our visibility of our supply chain, we worked to identify the factories being used for specialised support processes, such as screen printing or embroidery. 25 factories were identified and required to sign the Code of Labour Practices.



2020 focus:

Align our approval process for materials suppliers with that of our product manufactures.

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 Labour 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 2019. In China this was followed by issues related to wages and excessive overtime which continues to be an ongoing problem. In Vietnam limitations on the freedom of association and the right collective bargaining are also found.

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 Labour Practices

- Employment is freely chosen
- There is no discrimination in employment
- No exploitation of child labour
- 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



[Learn more](#)

Migrant Workers

Industries in many of the countries where our supplier factories are based depend on large numbers of migrant workers. The use of migrant workers in factories is associated with an increased risk of forced labour and other human rights abuses. With growing inequality and political instability in many regions, the use of migrant workers, and their potential exposure to human rights abuses, is a growing risk.

2019 Update:

In 2019 along with over 120 other brands Haglöfs signed the Commitment to Responsible Recruitment and updated our Policy of Engagement to reflect the demands of the commitment. The goal of the initiative

is to promote an industry-wide approach to responsible recruitment and ethical employment practices for all workers, with a special focus on migrant workers.

Read more about the commitment [here](#).

Our monitoring and improvement process

Audits	Training	Visits	Worker helpline
<p>What: Audits assess the factory’s performance against the Code of Labour Practices.</p> <p>Why: To ensure social and ethical compliance in our factories and to mitigate human rights risks.</p> <p>When: Factories are placed on an audit cycle the length of which depends on their rating.</p> <p>Who: Third party auditors (e.g. Fair Wear, Better Work).</p>	<p>What: Training sessions at the factories help improve both worker and management understanding of worker rights.</p> <p>Why: 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>When: Frequency of training depends on the factory rating.</p> <p>Who: Fair Wear and Better Work.</p>	<p>What: Visit to the factory site</p> <p>Why: 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>When: All year round.</p> <p>Who: Haglöfs management, sourcing, buying, development and sustainability teams.</p>	<p>What: A number or email address which workers can use to anonymously contact a local team to raise concerns.</p> <p>Why: Not all workers feel safe raising issues to factory management.</p> <p>When: Available 365 days a year.</p> <p>Who: All workers in our product manufacturing facilities have access to the helpline hosted by Fair Wear.</p>

2019 update:

- 17 of 36 of the product manufacturing factories we work with were audited by Fair Wear or Better Work, either as part of their ongoing audit and verification cycle or because they were new suppliers.
- 23 factories visited, representing 83% of our volume in high risk countries.
- 33% of our orders were placed outside of peak season.

Worker helpline and training

At all the product manufacturing factories we work with, information sheets are posted in local languages describing the eight labour standards, while also providing contact details for workers to access a confidential helpline.

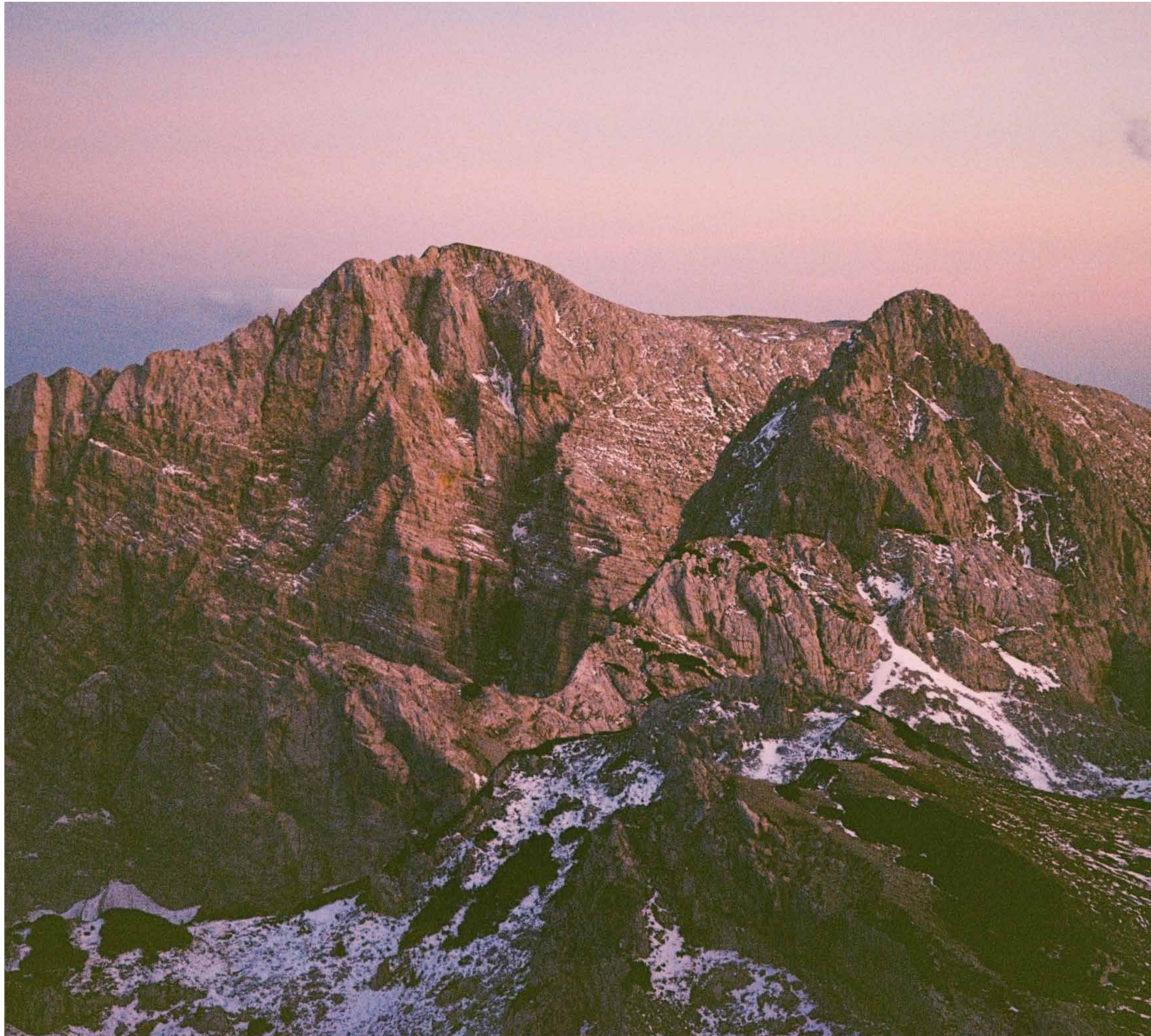
The helpline is hosted by Fair Wear in the local language and can be used to raise complaints if workers feel an element of the code of labour practice has been breached and they have been unable to resolve the issue directly with the factory.

2019 update:

- 9 calls were received to the helpline
- the helpline was extended to 25 additional factories used for support processes such as screen printing or embroidery.

A disproportionate number of complaints in 2019 came from one supplier with two factories in Vietnam.





[Learn more](#)

Better Work

Cooperation between Fair Wear Foundation and Better Work helps reduce duplications of audits, avoiding audit fatigue caused by repetitive audits without any tangible improvement 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 labour rights for workers. It promotes factory ownership of improvements and supports the factories with expertise and onsite training.

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

The complaints were all related to the procedures for resignation of workers either making it hard for workers to resign or not making the correct severance payments due to workers when they left. These issues were corroborated in factory audits. Due to the recurring nature of these complaints Haglöfs worked in cooperation with other Fair Wear member brands in the factory to identify the root cause of the issues bringing in Fair Wear representatives to meet with management along with a lawyer with expertise in labour law to educate the HR team on how these cases should be handled. The management has since hired CSR personnel for each factory and any back payments for the workers affected have been made. In addition, the factory has been asked

to review all cases of termination or resignation over the past years and to ensure any additional underpayments found are back paid. This work is ongoing.

Full reports on the complaints, received from workers in factories which Haglöfs works with through the helpline, can be found on the [Fair Wear](#) website.

In addition, 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. The primary goal is for the factories to have their own functioning systems that allow workers to safely raise concerns with factory management, without retribution. This may include access to unions or worker committees.

2019 update:

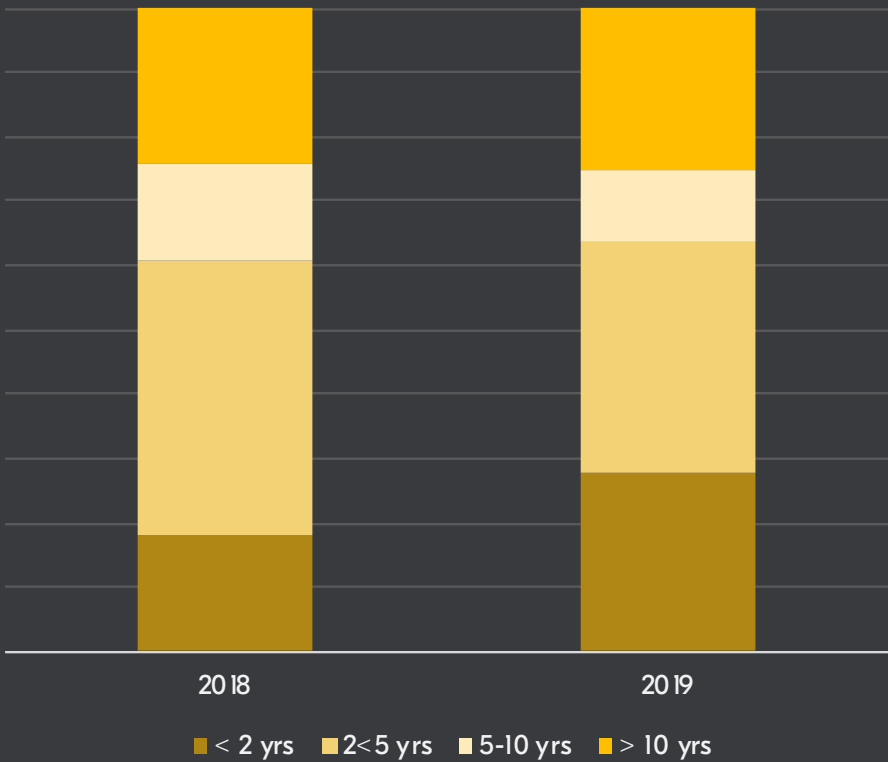
Training sessions focusing on workers' rights were held at 12 factories during the year, reaching 371 workers and 101 factory managers.

Building relationships

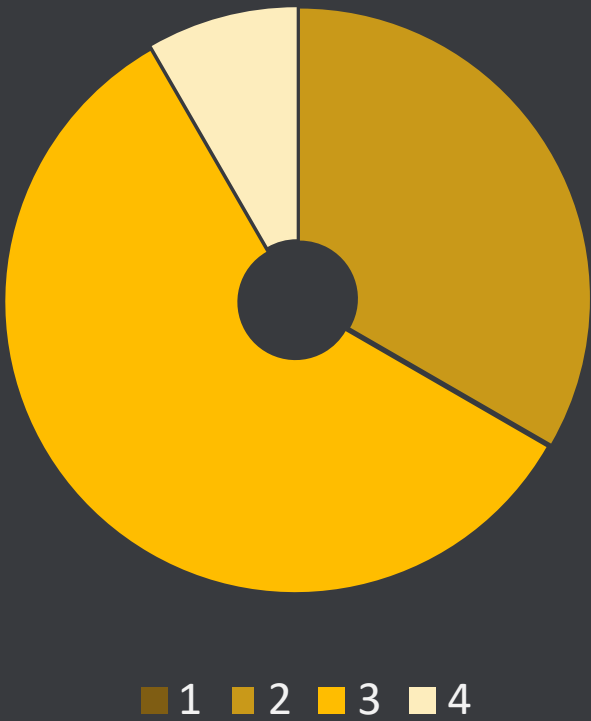
A stable factory base, focusing on long-term relationships, allows trust to be built and improvements to be made over time. We have been working with almost 40% of our suppliers for over five years. However, there are times when moving factories is the right thing to do as product mix, capacity and technical capabilities change, or when a factory is unable to meet our standards on an ongoing basis. During the autumn of 2019, a complete review of

Our supply chain cont'd¹¹

Length of supplier relationship



Factory split by performance rating



¹¹ data based on clothing, footwear and hardware manufacturers

our supplier base was initiated. Several new factories were brought on during 2019 and we expect further changes in 2020. 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.

“Hand in hand with the sustainability team, we completed a full review of our tier 1 supplier base with the aim of setting up a supply chain which delivers on our product strategy through a balance of technical ability, quality, capacity, innovation and competitiveness while promoting fair labour practices, safe working conditions and good

environmental management. We look forward to seeing the results of this work start to come through during 2020.”
- Johanna Back, Head of Sourcing

Keeping everyone on the same page

Monthly social responsibility meetings between the sustainability, sourcing, development and buying teams help to ensure policies are understood, processes are aligned, and there is visibility across all teams of the status of our factories and our production plans.

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.

2019 update:

A new rating system was implemented, including integrating environmental element of the score.

Goal:

2022: >50% are 1 or 2 rated (based on volume).

Living wage

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, limited consensus on what constitutes a living wage in different regions and a lack of proven methods for 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 FairWear 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.

2019 update:

No instances of workers being paid below the legal minimum wage were reported.

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

above the minimum wage, and in some cases meet one of the benchmarks. This is likely due to the more complicated and technical nature of the products we produce. For example, taped garments, advanced backpacks or waterproof leather footwear are complex products that require both skilled technicians and more advanced manufacturing processes. In factories making basic and competitive items, like cotton t-shirts, we can see that these wages stay closer to the minimum wage.

However, without a defined target that is local and relevant to each factory it is difficult to reliably report on progress. For this reason, during 2020 we will work to identify the most appropriate targets to report against.

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 realise, for example, collective bargaining agreements which meet workers' needs. The audits and visits to our factories help identify cases where worker representation is being suppressed.

During 2019 we identified a case where the freedom of association was being repressed in a Vietnamese factory after a visit found posters in the factory asking for workers to identify strike leaders in return for a cash reward. The posters were removed and, along with other brands

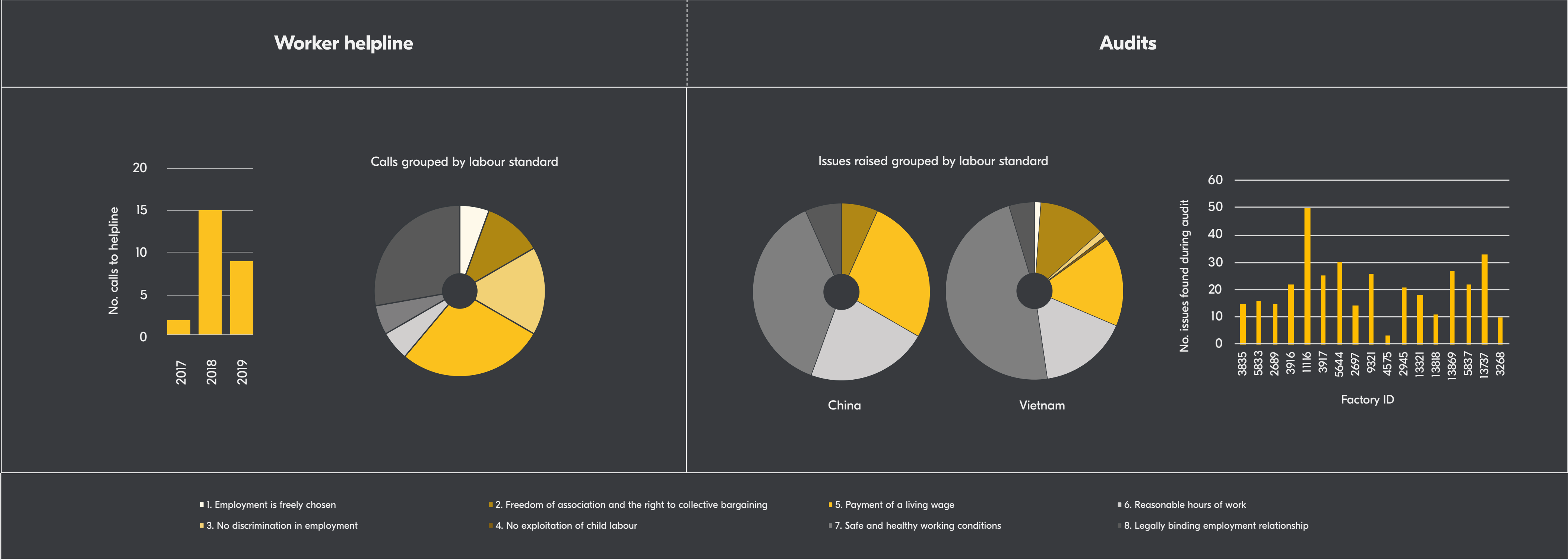
sourcing from the factory, the issue taken up with the highest level of management at the supplier which owns the factory. An expert from the International Labour Organisation (ILO) was brought in to train the factory management on the right to freedom of association. The brands continue to monitor this factory for any signs of discrimination against striking workers and the rating of the factory has been reduced until they are able to demonstrate ongoing improvements in their dialogue with workers.

Health and Safety

Beyond human rights and labour 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).

Our monitoring data



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 times in our wild places builds an appreciation for nature and the importance of protecting it.

Over the year events held across Europe brought together consumers to build outdoor skills, learn about sustainability and get inspired to get out more often.

Sustainable Choice

To encourage consumers to take into consideration environmental impact when buying products, we highlight products which have been made with some of our lower impact materials both on hang tags and online. We also

make it easier to search for lower impact products online through predefined search filters. For more details on our Sustainable Choice label have a look [here](#).



Sustainable
CHOICE



[Learn more](#)

Green Friday

On Friday 29th of November 2019, millions of consumers worldwide embarked on a shopping spree that gets more extreme every year, disregarding the environmental and societal impact that follows. For the fourth consecutive year we went in a different direction, doubling the prices on all clothing and gear in our brand stores, as well as closing our global webstore.

“By increasing our prices, we wanted to start a conversation on the problem of large-scale discounting to drive sales on days such as Black Friday. We asked the industry as well as consumers to think about who is really paying for a bargain when products start to cost less than the cost of production and to consider how we can work together to get out of this destructive cycle”

- Elaine Gardiner, Head of Sustainability

[Learn more](#)

Climate Strike

The climate crisis is one of the defining environmental issues of our time and we support those who are demanding more action. At Haglöfs we believe that action must come from all areas of society, including the private sector. Showing our support of the global climate movement we closed down our brand stores during strike hours on September the 20th 2019, encouraging our employees to participate both as employees and citizens. We support action from governments which raises the bar and creates a fair playing field for all businesses.



Appendix

Material Topics				
Material Topics	Description	SDG and relevant target		Strategies 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 Infield testing and feedback Product repair and care Chemical management programme Design philosophy and innovation strategy Supplier Terms of Agreement
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 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 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 Work Environment Policy Supplier Terms of Agreement 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 as well as 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	Commitment to reduce emissions in line with 1.5oc of warming Lower impact materials Efficient factories Offset business travel Controlled logistics Higg Index FEM
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 well-being	Products which enable people to get outdoors Consumer engagement which inspires and educates 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 the long term	8, 12	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 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	Second Chance programme Packaging guidelines Sustainable materials guidelines Quality mangement
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 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 Leather Working Group/bluesign Low impact dyeing solutions processes e.g. solution dyed fabrics Microfibre Research Higg Index FEM
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 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
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.	12	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Code of Conduct and related policies Sustainability reporting Training Supplier Terms of agreement
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