

Sustainability Report 2022



Haglöfs

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A message from our CEO

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We need to move faster on the road to net zero

To look back upon 2022 is to observe another year shaped by instability across the global landscape. We experienced the lingering effects of the pandemic which continued to cause supply chain disruptions. The impacts of the ongoing war between Russia and Ukraine were also deeply felt across the world, and we are now faced with new obstacles in the form of global inflation and a dramatic decrease in the general consumption of consumer goods.

We increased the production of our outdoor gear in 2022 compared to the year before and, because of this, our emissions rose and our environmental footprint grew larger. While the actions we took in 2022 had a noticeable impact on reducing emissions in our own operations, the effects of actions taken together with our suppliers, who help

produce and distribute our products, are not yet visible — and this is where most of our footprint lies.

Despite this setback, we remain steadfast in our commitment to reach net zero by 2030. Reducing carbon takes time, and emissions sometimes go up before they go down. In the meantime, we continue to take full responsibility for our emissions — both expected and unexpected — by compensating for them with high-quality offsets.

Still, the year in review strongly underscores the need to pick up the pace and adjust our roadmap to ensure we can meet our emission reduction goals on time. Our Roadmap to Net Zero continues to be our guide, laying out a fourfold action plan for continuously

measuring our impact, reducing energy use, converting to all renewable energy sources, and investing in projects that remove carbon from the atmosphere.

The year also tested the durability of our supply chain. As COVID-19 pandemic-related restrictions began to ease, the industry started ramping up again. However, the textile supply chain, in particular, continued to suffer from post-pandemic impacts. Factories faced a backlog of orders and, together with the late delivery of materials, it heavily impacted production. This coincided with continued global logistics problems and other regional obstacles. Suppliers faced confusion both when it came to production planning and securing future orders, resulting in operational bottlenecks throughout the supply chain for us in 2022. Remaining flexible was important as we worked closely with our suppliers to optimize our supply chain flow.

Although much of the year was spent solving problems, we managed to make some significant strides forward too. Among the highlights, we were allowed to travel and visit factories again and took the opportunity to conduct 15 factory audits. In Fair Wear's 2022 performance check we

maintained Leadership status for work carried out around fair treatment of workers in factories. We also introduced a living wage strategy which involved launching a pilot project in wage data collection and conducting internal training sessions.

Another significant step forward was taken with the update of our sourcing strategy. The new strategy accelerates the consolidation of material producers and assembly factories, giving us increased influence and even greater control over social and environmental aspects in the factories we work with. It makes it possible to place higher demands on fair worker conditions and salary levels. It is also a vital enabler of our goal to reach net zero by 2030 because it allows us to use more renewable energy in our factories and lower impact materials in our products.

Looking ahead, structural trends speak in our favor, and interest in outdoor activities is on the rise. Since we outgrew our warehouse in Avesta, Sweden, we closed out 2022 by making a huge investment in a move to an 18,000 m² logistics center in Eskilstuna, Sweden which we moved in to in the spring of 2023, shortly before the release of

this report. The improved location will allow us to manage our logistics flow more efficiently and increase our service level, while lowering our emissions in the process.

We also made a big move for the future involving our internal organizational structure. We decided to further integrate sustainability into our business strategy – and give it even greater priority in our decision-making – by merging it with our business development efforts. As a part of this decision, we will increase the number of individuals working exclusively with environmental sustainability at Haglöfs. We look forward to experiencing the full impact of these changes in 2023.

In the 2022 Sustainability Report, you will read more about how we navigated uncertain terrain during the year, the progress that we made, and the work we have left to do to reduce our footprint. As always, we are ready to embrace the challenges and share both our progress and learnings along the way.



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 2022 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 in the process.

This sustainability report complements the Haglöfs Financial Statement 2022 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 related to this report or the sustainability work carried out by Haglöfs can be directed to: sustainability@haglofs.se



Our history

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 adventures — 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 has 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 honor 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 has been 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 has own operations in France.

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 material suppliers and clothing, footwear and hardware

manufacturers across 17 different countries. The majority of our products are shipped to our warehouse in Sweden and, from there, they are distributed to our various sales channels.

Sold in 28 markets via:

- Wholesale
- E-commerce in 13 countries
- 12 directly owned Haglöfs stores¹

¹ Haglöfs' Oslo Brand Store was closed in July 2022.

238

employees

977

MSEK in sales

1.76 million

products sold

Sweden Finland Norway

top 3 markets

100%

of the down used was certified to the Responsible Down Standard.

In continuous **opposition to Black Friday**, we closed down our activities everywhere possible on November 25, including Haglöfs stores, e-commerce, offices and warehouses.

100%

of the leather used was produced in Leather Working Group medal-rated tanneries.

We maintained our Fair Wear Leader status in 2022.

We donated **11 pallets** of sleeping bags, blankets, footwear and winter clothing to Ukrainian refugees.

100%

of the cotton used was organic.

We signed off a **new sourcing strategy** with the aim of handling future volumes and delivering products without compromising on our climate commitment.

We signed off a **Living Wage strategy** and introduced a pilot project in wage data collection, as well as conducted internal training sessions.

We conducted **15 audits in our factories** to maintain our responsibilities as a Fair Wear leader.

88%

of fabric volume supplied by our nominated fabric suppliers were bluesign® certified.

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

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 them to stay in circulation for generations.

- Quality
- Repair
- Repurpose

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

Our Risk Management Committee works to improve visibility of emerging risks, upcoming regulatory changes and potential implications.

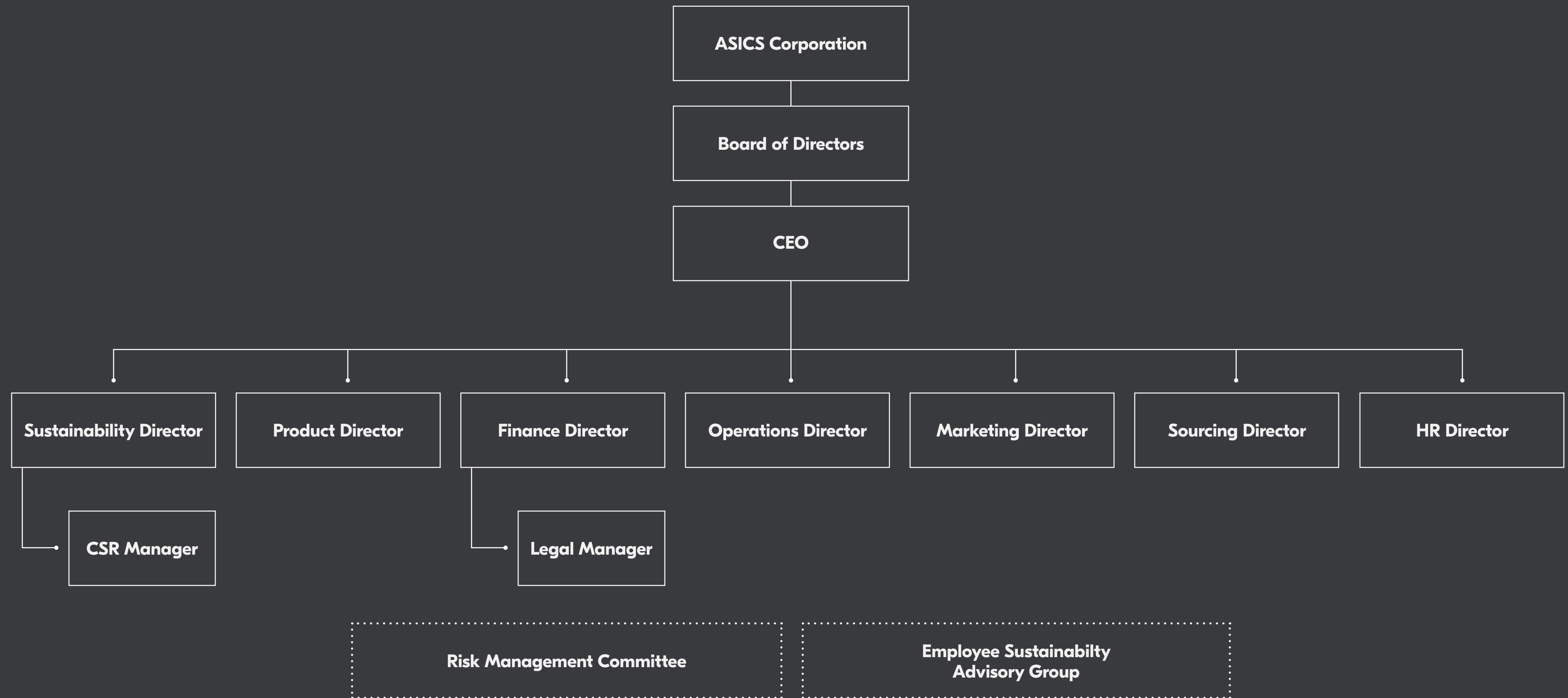
Our Employee Sustainability Advisory Group works to engage and involve our employees in all aspects of being a responsible business while gathering feedback on Haglöfs' direction and priorities to help hold management accountable.

We recognize, however, that at Haglöfs sustainability is not an area that is managed by a single team. Instead, the key to achieving our ambitions is ensuring that sustainability is integrated into roles across the entire business.

2022 update

- We made a significant decision to further integrate sustainability into our business strategy by merging it with our business development efforts, thereby emphasizing its importance in our organizational structure. As a part of this decision, we also decided to increase the number of individuals working exclusively on environmental sustainability. The full impact of these changes will be evident in 2023.





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 Haglöfs 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 lays 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 it forms a key part of their Terms of Agreement.

An assessment of the key sustainability risks in our operations and value chain² 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 for human rights and labor rights violations, with the risks increasing further down the supply chain. Our supply chain assessment and monitoring activities

² With reference to the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

provide a foundation for our human and labor rights due diligence work (see 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 that appropriate staff are trained on our policies are key to managing this risk. Environmental risks such as hazardous chemicals, water consumption and pollution, and greenhouse gas (GHG) emissions are mostly concentrated within the parts of our supply chain that produce 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 visibility within our supply chain is key to identifying risks and addressing issues. Here, we work directly with most of our manufacturers and material 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 via our internal People Portal and are introduced during the onboarding of new hires. 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.

2022 update

- No reports were submitted to the ethics helpline.
- Two calls were received on the workers helpline (see *Workers* section).
- There were no reports or confirmed cases of corruption,

no legal actions regarding anti-competitive behavior were raised, no substantiated complaints were received concerning data privacy, and no data breaches were reported.

- 61% of employees completed online trainings, including: Ethics and Code of Conduct, EU Whistleblower, and Data Privacy — GDPR Version.
- Haglöfs’ Privacy Policy and Cookie Policy were updated to reflect changes to our e-commerce system.
- Haglöfs’ Restricted Substances List was updated and shared with our suppliers for acceptance.
- Haglöfs’ Work Environment Policy was updated to better suit the post pandemic reality and to adhere to work environment authority’s guidelines related to job modification³.

³ Job modification (AFS 2020:5Eng), provisions — Arbetsmiljöverket

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.

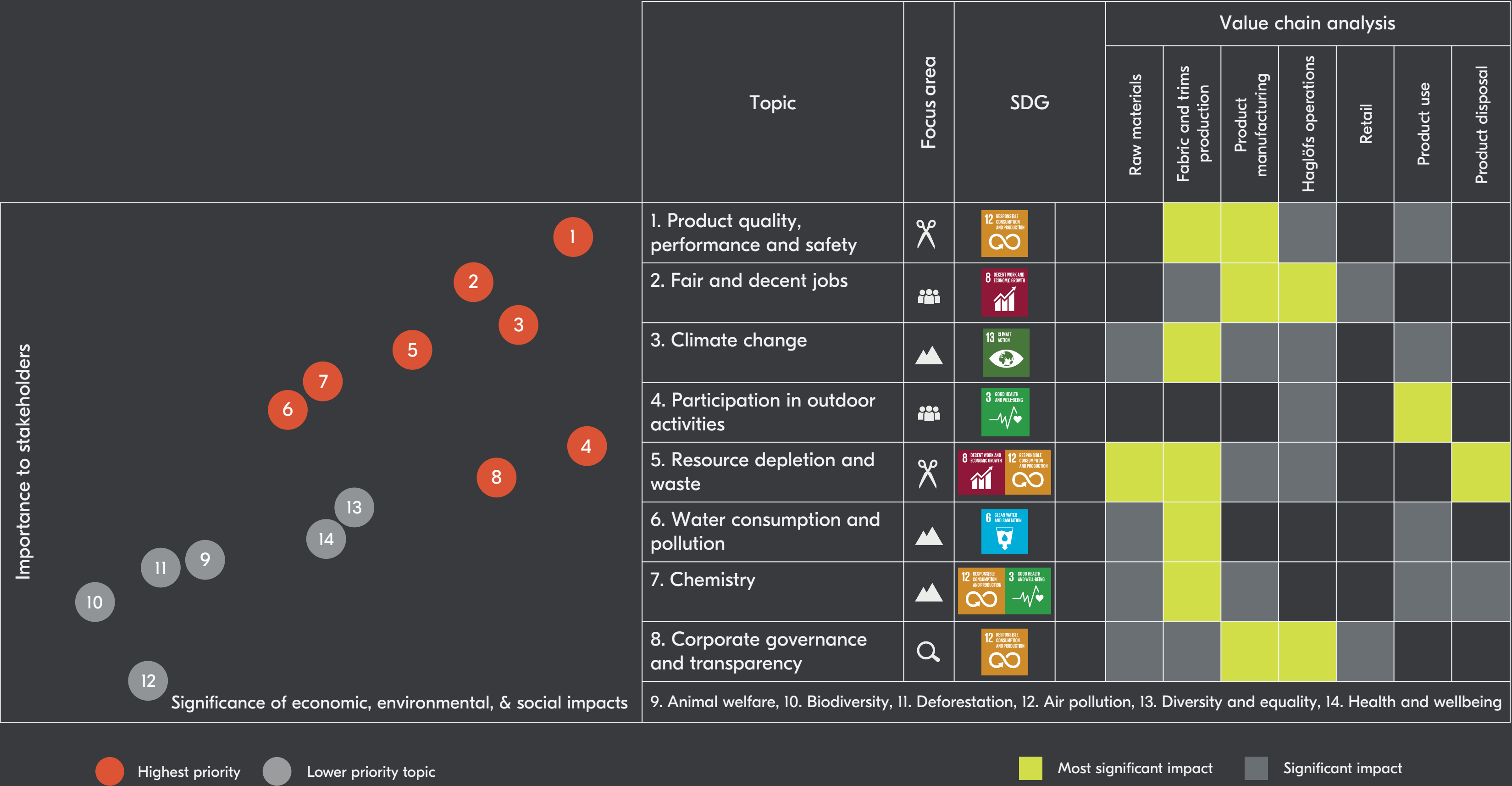
One way to define priorities is to identify issues that are both important to our stakeholders and of strategic importance to our business. Our materiality matrix highlights where the two meet. A value chain analysis of the prioritized issues helps to clarify where the impacts, both positive and negative, occur, which allows 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 that sell consumer goods, most of the issues fall outside of our direct operations, in our supply chain.

Along with our employees and owners, our most important stakeholders are our consumers, retailers, and suppliers. 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, through both formal and informal meetings, as well as through surveys, trainings, and collaborations. This way, we can keep our stakeholders informed on our progress and collect feedback from them about the way we do business (see Our Stakeholders).

Our materiality matrix





2022 update

- In our yearly Materiality Matrix Employee Survey about which topics are most important to our employees, Climate Change, Air Pollution, Biodiversity and Plastic Waste remained important topics while Corporate Governance and Transparency as well as Participation in Outdoor Activities emerged as new important topics.
- After the yearly management team review of the Materiality Matrix, where the employee survey results as well as other factors were taken into consideration, the management team confirmed the 2021 matrix without changes.

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">- Employee surveys- Company, departmental and individual meetings- Training- Internal communications- Unions/workplace representatives	<ul style="list-style-type: none">- Job security, pay and development opportunities- Diversity and inclusion- Environmental impact of products- Workers conditions in supply chain
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">- Market research and consumer surveys- In-store interactions- Customer service channel- Website- Sustainability report- Social media- Media, PR and marketing	<ul style="list-style-type: none">- Product performance, quality, and price- Chemical use in products- Environmental impact of products- Pay and conditions for workers- Where products are made- Animal welfare
Owners	We aim to create value for our owners by managing our business in a responsible manner.	<ul style="list-style-type: none">- Board meetings- Joint sustainability team meetings- Annual reports	<ul style="list-style-type: none">- Economic performance- Risk management- Responsible business practice
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">- Meetings and site visits- Surveys- Supplier assessments and performance reviews- Anonymous worker helpline- Worker interviews as part of monitoring program- Unions/workplace representatives	<ul style="list-style-type: none">- Order quantities and pricing- Long term relationships- Meeting requirements of Haglöfs standards- Worker pay, overtime, dialogue- Training

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">- Meetings- Reports- Workshops- Ongoing dialogues- Multi-stakeholder initiatives	<ul style="list-style-type: none">- Depending on the focus of the group, generally industry wide social and environmental issues- Legal and regulatory requirements
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">- Social media- Surveys/ requests for information- Research and reports- Website	<ul style="list-style-type: none">- Climate change- Worker rights and conditions in the supply chain.- Supply chain transparency- Consumption and the circular economy- Microfibres- Chemicals
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">- Multi-stakeholder initiatives- Sustainability report- Surveys/requests for information	<p>Regulatory and legal compliance including:</p> <ul style="list-style-type: none">- Local labor and environmental standards- Safety, chemical and quality standards- Labelling, sustainability claims and reporting- Human rights due diligence

[Learn more](#)

Goals to transform our world

The UN 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 like 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 that 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 with consideration for 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.

2022 update

- We had a quality returns rate of 0.6% in sold pieces (compared to target maximum rate of 1%), an increase compared to last year⁴ due to a large number of beanies that were taken back, amended, and resold in our outlets.
- We kept increasing the coverage of our field testing for new clothing and hardware styles.
- No product recalls due to quality or safety standard violations were made.

⁴ In the 2021 annual report, a 0.6% quality returns rate was mistakenly reported, the correct rate is 0.3%.

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 the original owner of any Haglöfs product that we'll repair or replace any product that fails due to a manufacturing or material defect.

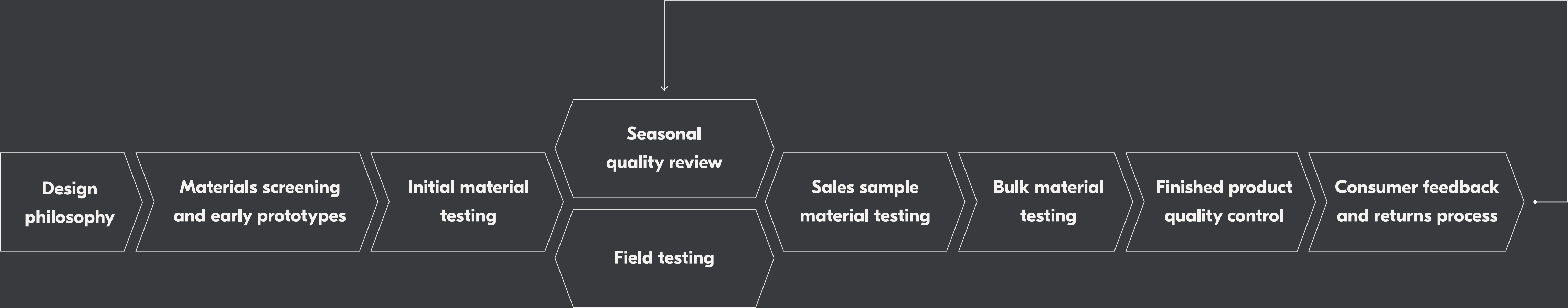


Our design philosophy



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



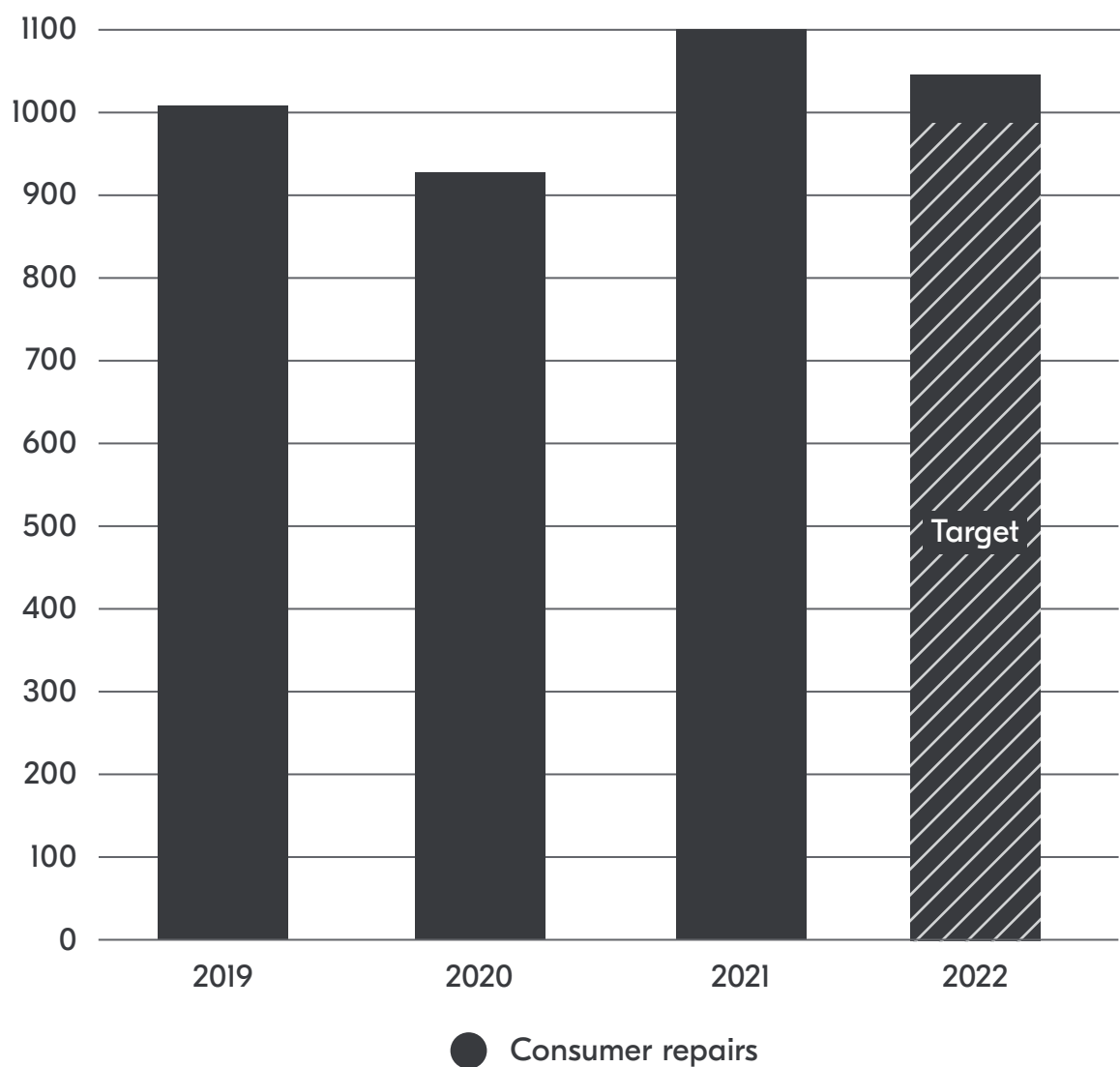
Repair

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

When products do not meet our consumers' expectations, we issue a replacement or refund. However, this can create unnecessary waste and, besides, many of our consumers have already grown attached to their gear. So, wherever possible, we repair these claims and return the original product back to the consumers.

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

Product repairs⁵



⁵ 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 2022, we sold our transporter bags and wrist gaiters made from leftover materials in many of our stores.

Haglöfs Restored

Haglöfs Restored is a collection of second-hand products for first-hand adventures. Products that 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.

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

2022 update

- Following the unexpected closure of our service provider's activities in early 2022, Haglöfs Restored was temporarily paused for a few months. By early fall, we found a new partner in an Ireland-based apparel refurbishing service provider and circularity advocate Responsible, which has allowed us to move forward with Haglöfs Restored.



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 zero⁶ 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, in 2020, we made a commitment to reduce our emissions by 50%⁷ and reach net zero by 2030. And because making these reductions takes time, we will take responsibility for the remaining emissions along the way by investing in high-quality carbon credits.

⁶ 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. [ipcc.ch/sr15/chapter/glossary](https://www.ipcc.ch/sr15/chapter/glossary)

⁷ Absolute emissions across scope 1 & 2 and selected scope 3 (production and distribution of goods sold and business travel) vs. 2020 emissions.

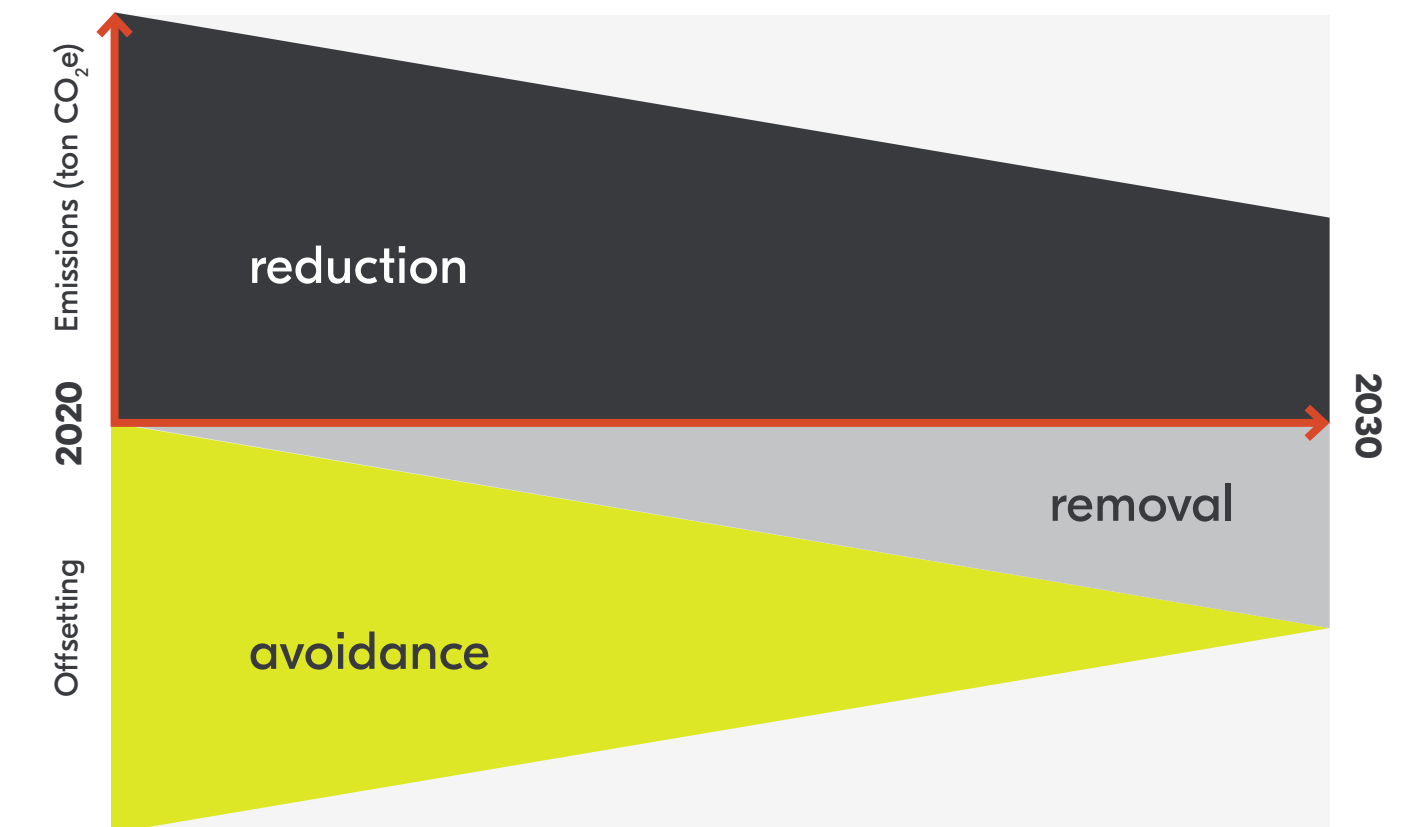
Climate neutral to net zero

At Haglöfs, our climate commitment covers the emissions from our own operations (referred to as Scope 1 & 2) as well as 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 through a process called offsetting.

It is important to note that 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 national governments 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, but rather that the company has purchased a quantity of carbon credits equivalent to their carbon footprint in a process called offsetting.

At Haglöfs, we are committed to ensuring that our approach to climate neutral develops as the debate matures. Most offsets available today support projects that



reduce emissions, such as renewable energy installation or forest protection. While getting finances 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 therefore vital that investments are also made in the removal of emissions from the atmosphere. Here, we commit to gradually increasing our percentage of offsetting through carbon removal projects and to, from 2030 onwards, transition to offsetting through only carbon removal projects to ensure we completely remove from the atmosphere the same amount of emissions that we emit.

[Learn more](#)

Climate neutral, net zero and other definitions

Scopes

The Greenhouse Gas Protocol organizes emissions into three 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 neutral⁸

- 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 be made hand in hand with a commitment and action plan to reduce the actual emissions⁹.

⁸ Note that 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 national governments 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, but rather that the company has purchased a quantity of carbon credits equivalent to their carbon footprint in a process called offsetting.

⁹ PAS 2060 Carbon Neutrality | BSI

[Learn more](#)

Offsetting

- A carbon credit is a certificate generated when someone takes action to eliminate a metric ton of GHG 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 that avoid or reduce emissions, e.g., construction of a renewable energy project in place of fossil fuel.
 - Projects that remove emissions from the atmosphere, e.g., reforestation or direct carbon capture and storage¹⁰.

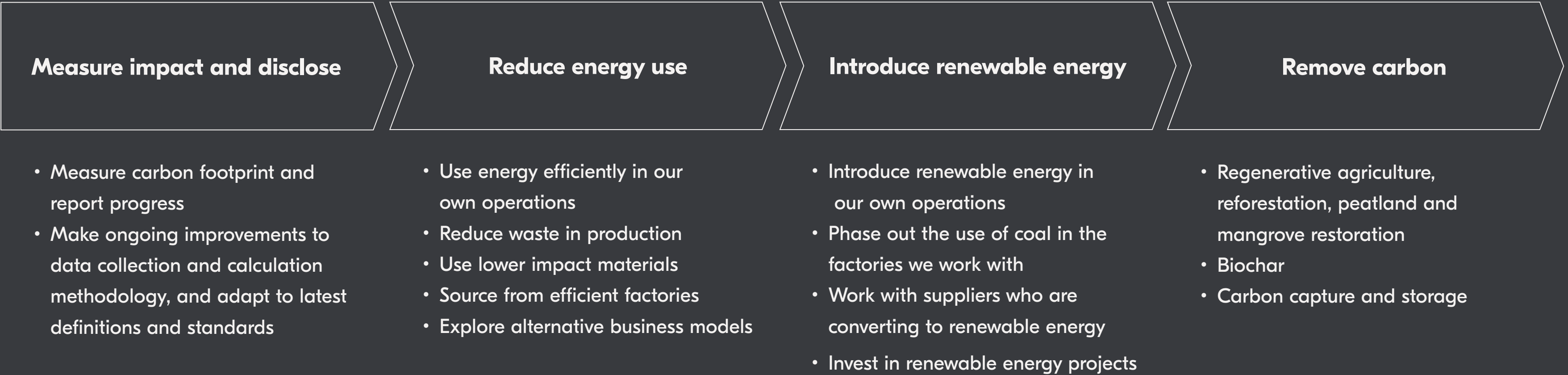
Net zero

- At a global level, the Intergovernmental Panel on Climate Change (IPCC) defines net zero as when anthropogenic (i.e., human-caused) emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period.
- For businesses, this means that, after reducing their own emissions as much as possible, they remove from the atmosphere an amount of carbon dioxide equivalent to their remaining emissions.
- There is 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 that should be covered, the type of action that qualifies as a removal and how it is accounted for. Work is ongoing to define this more clearly to avoid confusion and inconsistent claims¹¹. At Haglöfs, we are committed to ensuring that our approach to net zero develops as the debate matures.

¹⁰ We are aware of and are closely monitoring the ongoing debate about what actions should be classified as carbon removal. We are committed to ensuring that our approach to removal offsets develops as the debate matures.
¹¹ 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

The first time we measured and reported the carbon footprint of Scope 3 emissions related to the manufacturing and distribution of the gear we sell was in 2020. We then 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.

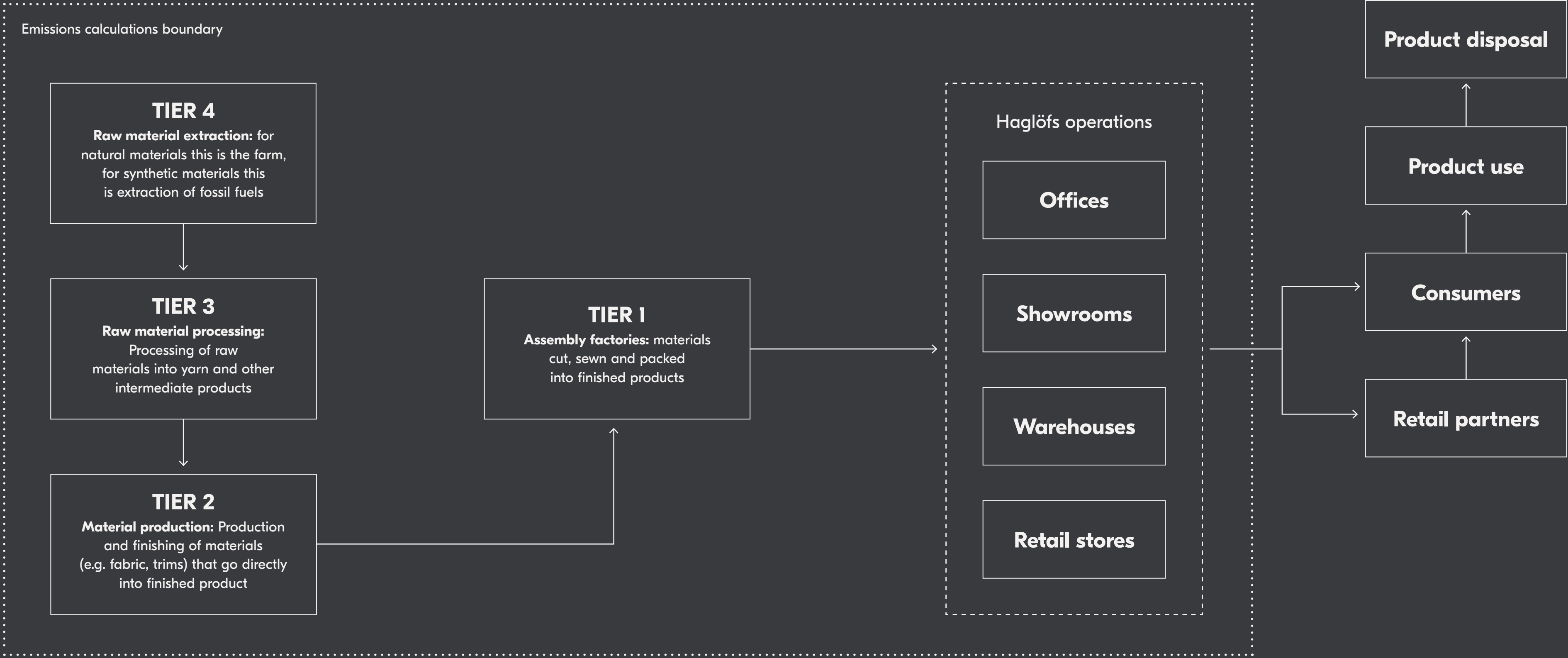
The results (see Our Carbon Footprint charts) confirm that Scope 3 is where most of our emissions lie and that the manufacture of materials that go into our products is the step that has the biggest impact. We use this information to ensure that we focus our resources and reduction initiatives on the areas that have the largest opportunity for improvement.

It should be noted that there is considerable uncertainty

in the data within the Scope 3 emissions. These emissions refer to those generated outside of our own organization which pose challenges in data collection and rely 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 Facility Environmental Module (Higg FEM) and by being transparent on how the approach is adapted as methods improve. As data collection 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

Our first priority is to reduce our energy use both in our own operations and 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 we have reduced emissions as much as we possibly can, and at least by 50% compared to 2020, 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 that are reducing or removing a quantity of carbon equivalent to our own remaining carbon footprint. By 2030, we will transition any remaining projects that rely on carbon reduction to those that actively remove carbon from the atmosphere.

It is important to ensure that the offsets we choose are of the highest quality. This is why we choose to only support those projects that are certified to the leading standards in the voluntary carbon market - [The 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 about and adapt to changes in the standards and market as we go along. We consult with third parties to get their insights and help to identify a variety of impactful removal projects that preferably align with more than one of the Sustainable Development Goals that are relevant to us.

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

Climate commitment 2022 update

Despite significant turbulence and challenges in the market in 2022, the demand for outdoor gear remained high and our planned production increased by 40% compared to 2021.

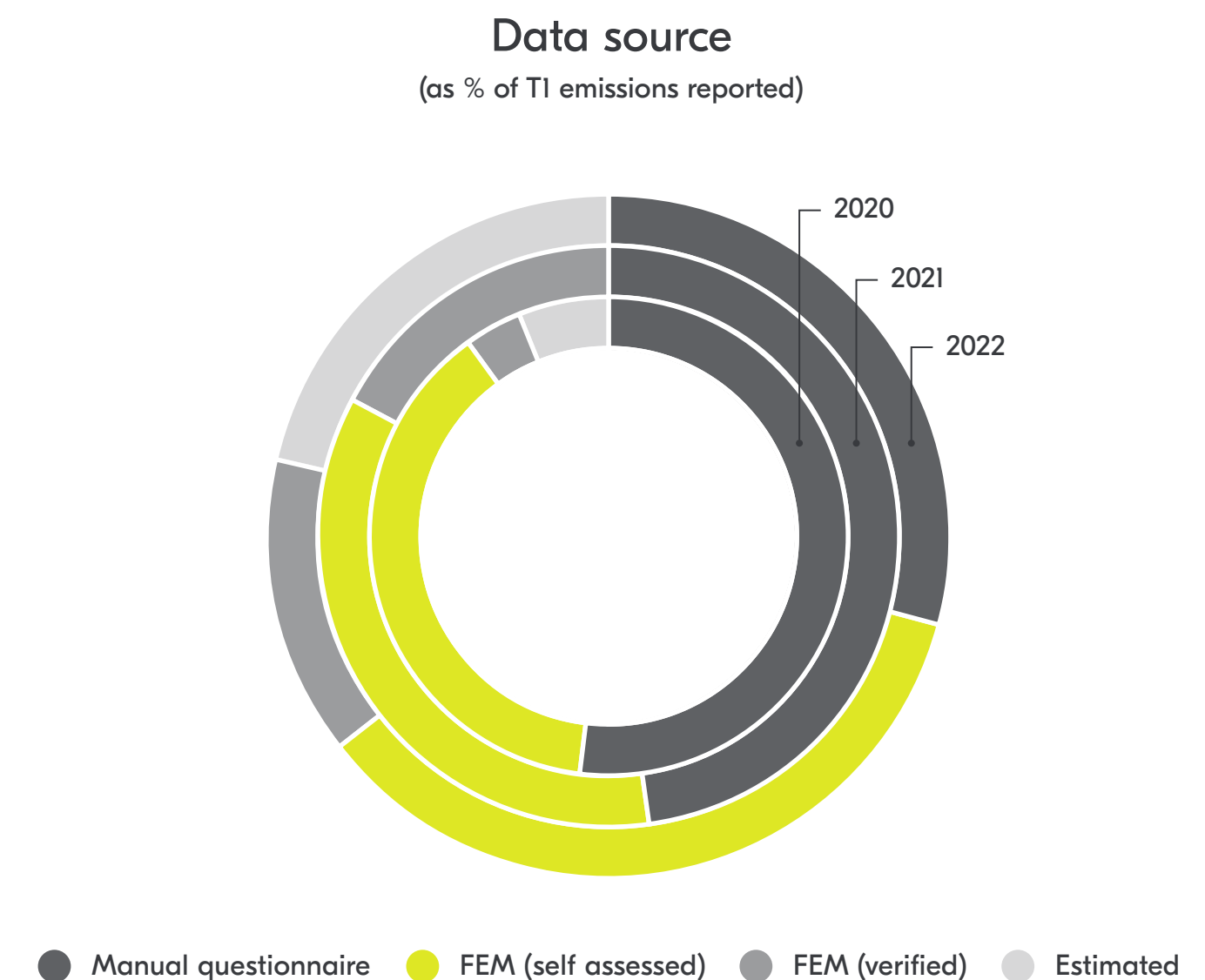
Although we continued to roll out actions to reduce our footprint, their impact is, today, only visible in Scope 1 and 2, where we report a decrease in carbon emissions. The impact in Scope 3, where the vast majority of our emissions occur, were offset by the increased volume, which is why we are reporting a significant increase in our overall carbon footprint for the second year in a row. This is a challenge as the gap between where we are today and our target has grown.

In order to reach our 2030 goal, we urgently need to accelerate and scale up our work to, among other actions, increase the amount of lower impact materials used in

our collections, transition to more efficient factories and production processes while phasing out the use of coal, and increase the use of renewable energy in our supply chain. Below, we summarize some of the work undertaken during 2022:

Data management

- We increased the number of Tier 1 suppliers using the Higg FEM to report on their energy use. This helps to reduce reliance on estimations and gives greater confidence in the data. For non-reporters, we used estimated figures based on the quantity of production.
- We are continuing to implement the upgrade of our Product Lifecycle Management system which, going forward, will enable more efficient and reliable data collection related to the type and quantity of materials we purchase.



In our own operations

- The use of renewable energy for electricity used in our own operations remained at 97%.
- The phase-out of company cars running on petrol or gasoline continued and the number of hybrid and/or fully electric cars reached 51% of our total car fleet.

In production

- We launched our FW23 collection with 74% of our clothing and hardware styles containing renewable or recycled fabrics continuing to make progress towards our goal of 100% by 2025.
- We updated our Sourcing Strategy to accelerate the consolidation of factories and ensure that we are working with the right partners who are aligned with our ambitions.
- We continued to push for renewable energy in our supply chain and now, 12 of our Tier 1 factories have renewable energy installed.
- We continued the pre-competitive project with outdoor brands to enroll shared material suppliers in carbon efficiency programs.

Carbon compensation

- We purchased and retired a quantity of carbon credits equivalent to our 2022 carbon footprint (including a buffer to allow for variability in the data), enabling us to become climate neutral across our own operations and in the manufacture of all our products.
- The purchase of the credits is helping direct 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](#).



[Learn more](#)

Call to action – COP27

Ahead of the pivotal COP27 summit held in Glasgow in November, Haglöfs joined over 700 businesses from across the globe calling on governments to commit to at least halving emissions by 2030 - in line with limiting global temperature rise to 1.5°C. The call to action appealed for clear policies on ending support for coal and fossil fuel subsidies, and building a global 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 by 2030 for advanced economies, and 2040 for other countries, while promoting the electrification of transport and uptake of renewable energy across sectors. This should include the removal of barriers to corporate purchases of renewable electricity to enable companies to move more quickly in their clean energy transition and invest more than policy currently allows in many jurisdictions.

[Learn more](#)

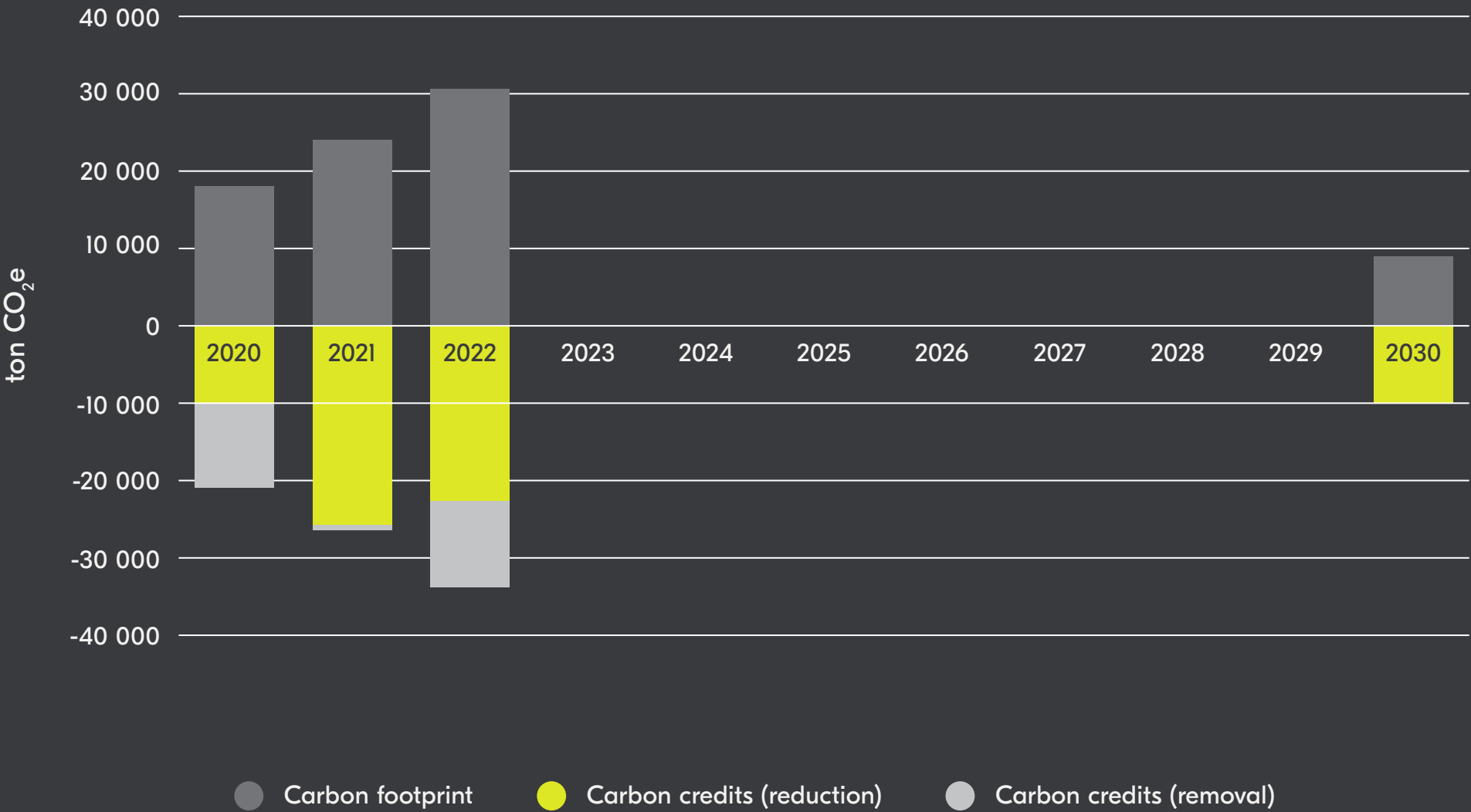
UNFCCC Fashion Industry Charter for Climate Action

Haglöfs is a signatory of the UNFCCC Fashion Industry Charter for Climate Action. Signatories commit to setting carbon reduction targets that help restrict the increase of 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, which range from measuring and reporting on carbon footprints to making energy efficiency improvements, expanding the use of renewable energy, and phasing out the use of coal.



Our carbon footprint

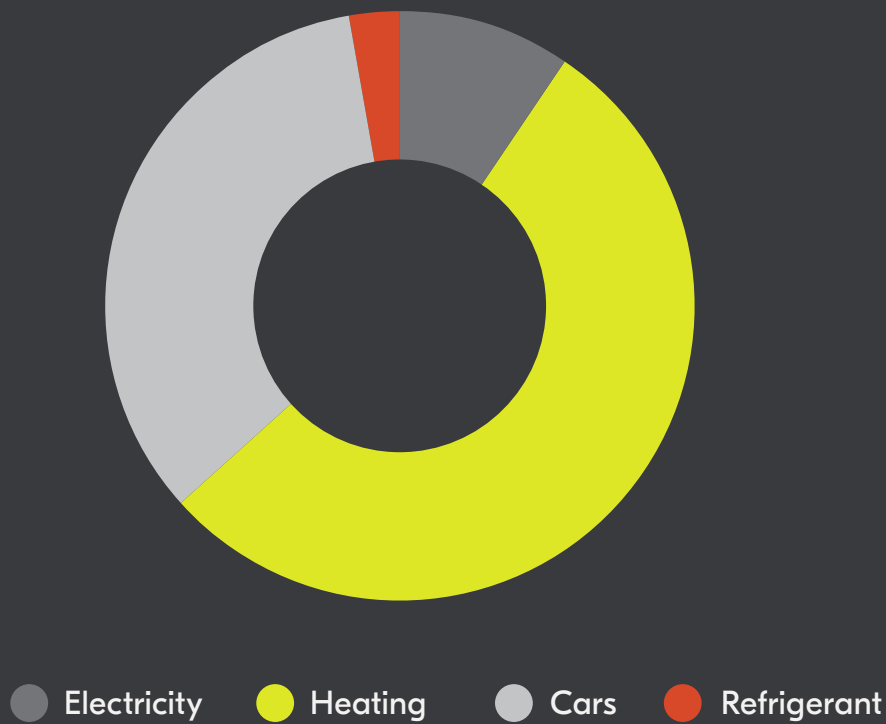
Total emissions and carbon credits purchased¹²



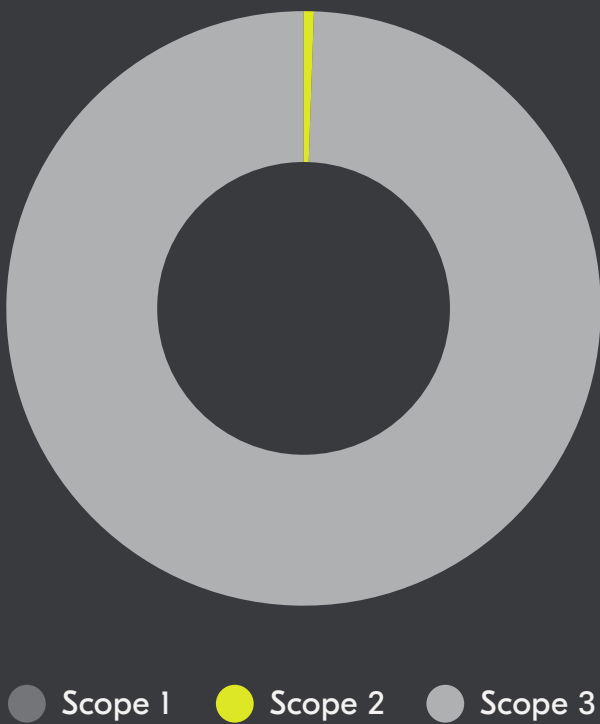
¹² Total emissions refers to Scope 1, 2 & selected Scope 3 including purchased goods and services.

Our carbon footprint cont.

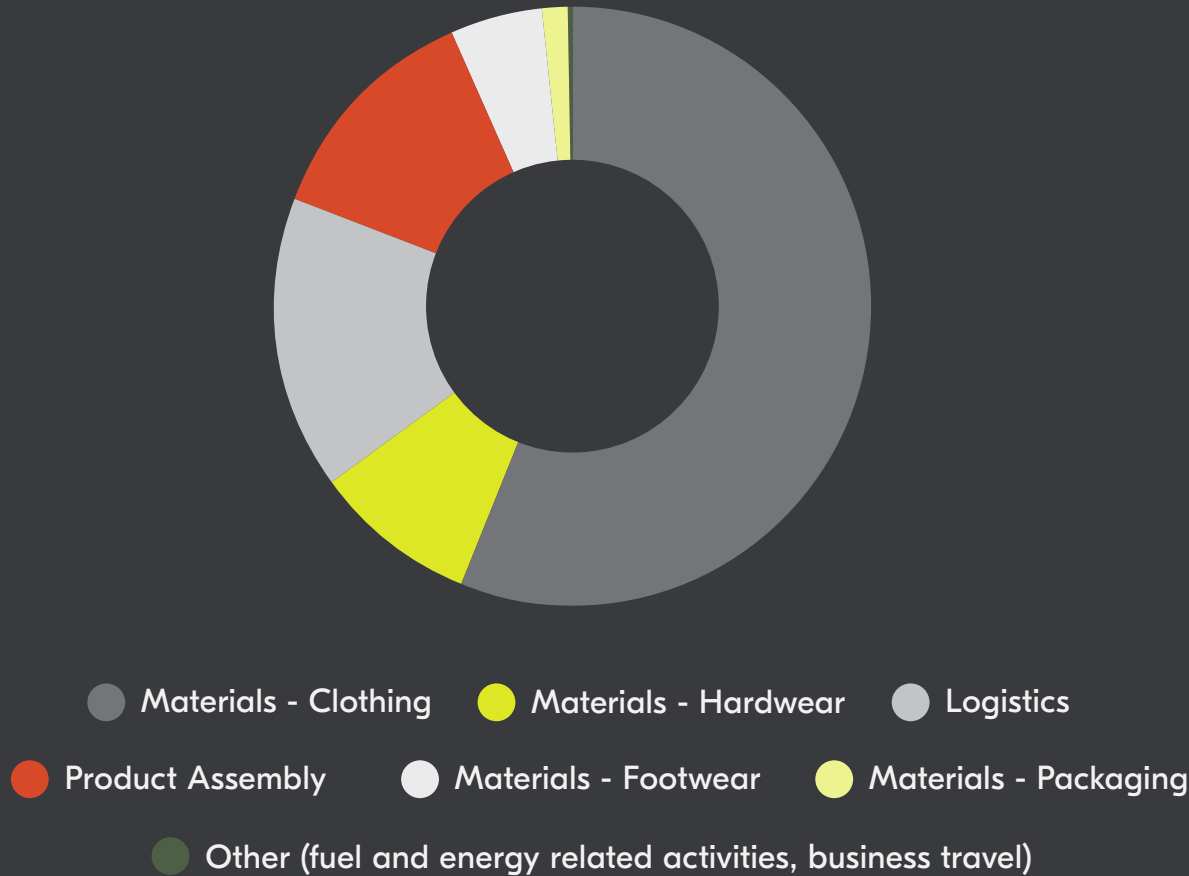
Scope 1 & 2 emissions¹³
208 ton CO₂e



Haglöfs carbon footprint
30,248 ton CO₂e



Scope 3 emissions¹⁴
30,039 ton CO₂e



¹³ 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 = 198 ton CO₂e Where data is not available for a site, estimations are made based on the area of the site.

¹⁴ 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.

Materials

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

We know from life cycle assessments of our products — ranging 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 life cycle, 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.

TARGET: 100% of styles will contain recycled or renewable materials by 2025.¹⁵

2022 update

Due to the post-COVID-19 challenges affecting our material suppliers, it was difficult for them to focus on innovations. However, we have not made any changes to our Preferred Materials List and it will continue to guide our choices.

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
- CO₂ dyeing

¹⁵ Refers to main fabric and insulation in clothing and hardware. Renewable materials must meet the criteria on the Preferred Material List, recycledcontent must be at least 50% to qualify.

"Our Roadmap to Net Zero continues to be our guide, laying out a fourfold action plan for continuously measuring our impact, reducing energy use, converting to all renewable energy sources, and investing in projects that remove carbon from the atmosphere."

— Fredrik Ohlsson, CEO

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 abide by the [Responsible Down Standard \(RDS\)](#) to help ensure that no live-plucking or force-feeding of fowl has occurred in our supply chain. Certified products are third-party audited along every step of the chain, from farm to warehouse, and are fully traceable via the [Track my Down system](#).

All our nominated wool is certified mulesing-free and follows the Responsible Wool Standard (RWS). The RWS not only ensures animal welfare standards are upheld

but also verifies responsible management of the land that the sheep are grazed on.

2022 update

Investigations have been conducted on RDS farms and slaughterhouses in Vietnam and Russia that are part of the RDS certified down supply chain. The allegations are that these suppliers have not adhered to the standards claimed by the RDS. To the best of our knowledge, we have not been working with the alleged suppliers. Nonetheless, until the allegations are further investigated, we will continue to uphold RDS as the responsible standard for our down products.

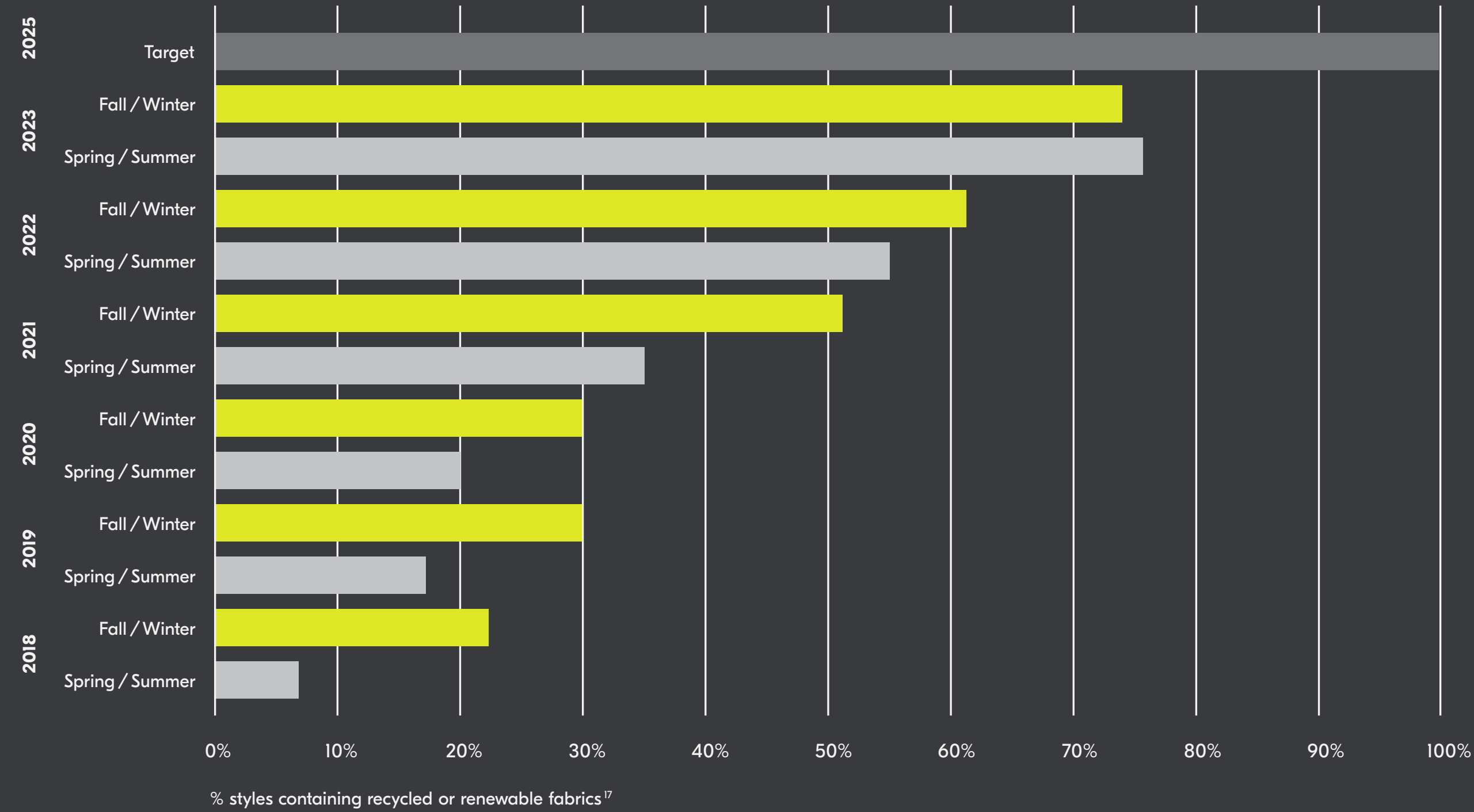


Top 10 materials by weight¹⁶

Material	Weight, ton (% recycled)
Polyester	880 883 (47,73%)
Nylon	418 064 (50,59%)
Cardboard & paper	331 944 (24,41%)
LDPE	42 356
Polyurethane	33 118
Polytetrafluoroethylene (PTFE) plastic	32 019
Elastane/Spandex	25 428
Thermoplastic Polyurethane (TPU) plastic	21 742
Polypropylene	18 519
Cotton	33 939
Down & feathers	17 199

¹⁶ CL & HW only, includes packaging, data not available for FW.

Our materials



¹⁷ Refers to main fabrics in clothing and hardware, must be >50% recycled content to qualify

Packaging

Packaging helps ensure that our products are received by consumers in the best possible condition. We aim to only use packaging that is reusable, recyclable, or compostable, and have guidelines in place that 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 the following:

- Reducing the quantity of plastic used through smarter and more efficient packing techniques.

- 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 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 is therefore to reduce the quantity of plastic that ends up with the consumer, ensuring that it stays within a closed system and preventing it from ending up in landfills, incinerators, or the natural environment.

Over the past few years, SUP created a suite of recommendations, multiple packaging pilots, and resources which project members can access and use to support their discussions with consumers, retailers, brands, internal teams and other interested parties on material choices, product design and system proposals. In the future SUP plan to move into a space that resembles more of a library of resources and recommendations and a reliable network of organisations adopting similar packaging strategies, rather than an ongoing research and design project.

[Learn more](#)

Microfibres

Over the last couple of years, the scale of the microfiber problem 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 microfibers 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 brand stores. This bag helps

collect microfibers from garments during the laundering process. Even if this is not a long-term solution, it reduces the release of microfibers 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 microfiber release to the environment from textile manufacturing and the product life cycle.



Our packaging

Reusable, recyclable or compostable

Retail store bags	FSC certified paper	✓
Shoeboxes	90% recycled cardboard	✓
Base layer boxes	FSC certified cardboard	✓
Plastic bags (for product transportation)	LDPE	—
Outer cartons (for product transportation)	Cardboard	✓
E-commerce delivery bags	LDPE (40—80% recycled content)	—*
E-commerce delivery boxes	Cardboard	✓

*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 that 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 producing fabrics, and 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 coloring and finishing steps for the fabrics or leathers take place. We aim to only work with those suppliers who 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.

The energy used for producing materials and manufacturing our products is responsible for most of our GHG 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

To continue to measure, monitor and make improvements in our supply chain, we need to increase the 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 the vast majority 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 material production, such as dyeing, lamination, weaving, knitting, and yarn production.

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. Currently, we can track our down to the farm level using the trackmydown.com system, and our cotton and wool are sourced from Turkey and Australia respectively. Our leather supply chain leads to farms in USA, UK, Argentina, Turkey and North Africa. There remains challenges in maintaining visibility in this area of the supply chain.

2022 update

- The detailed mapping of our Tier 2 supply chain continued, and is expected to be finalized in 2023.

Standards

To ensure that our products are safe for consumers and meet 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.

2022 update

- The latest update on the RSL, version 13, was completed in 2022 in compliance with the newest update from bluesign® and Afirm. We are continuing to request that our suppliers sign the new RSL and we aim to finish within 2023.

Phase out of hazardous chemicals

Over several seasons now, we have been transitioning to PFAS-free durable water repellent (DWR) treatments. Per- and polyfluoroalkyl substances (PFAS) typically used in older DWR treatments 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 DWR treatments to PFAS-free by 2020 at a time when a clear path for achieving 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 are continuing our effort to transition our range to using PFAS-free DWR or no DWR at all. The remaining

styles are those containing the most technically advanced waterproof zippers and 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-Tex fabrics has set a timeline for phasing out PFAS in their DWR, although the deadline for phase-out was unfortunately delayed. Their original target for completing the elimination of PFCs of Environmental Concern from consumer fabric products was the end of 2023. And now they are on track to transition the vast majority of their consumer portfolio by end of 2025. More details on the status of their phase-out plan can be found [here](#).

Verification

bluesign® and the Leather Working Group audit factories to ensure they are managing chemicals, water, and energy in a responsible manner.

2022 update

- 88% of our nominated fabric volumes are bluesign® approved.
- 100% of our leather suppliers are medal-rated Leather Working Group tanneries.
- 100% of our down is RDS 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.

2022 update

- Increased chemical due diligence testing by 95% compared to previous year.
- 2% 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 first need to 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 FEM. The Higg FEM allows us to track and report on the performance of our suppliers regarding the management and reduction of their emissions. The Higg FEM similarly allows us to better understand our water footprint and identify areas for improvement.

2022 update

- Product manufacturers representing 45% of our product volume posted a Facilities Environmental Module in the 2021 cycle¹⁸.
- Plans to further engage suppliers in use of the Higg FEM were delayed due to added pressures in the supply chain.

¹⁸ Due to the timing of the Higg Index cycles, the 2022 data was not available at the 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.

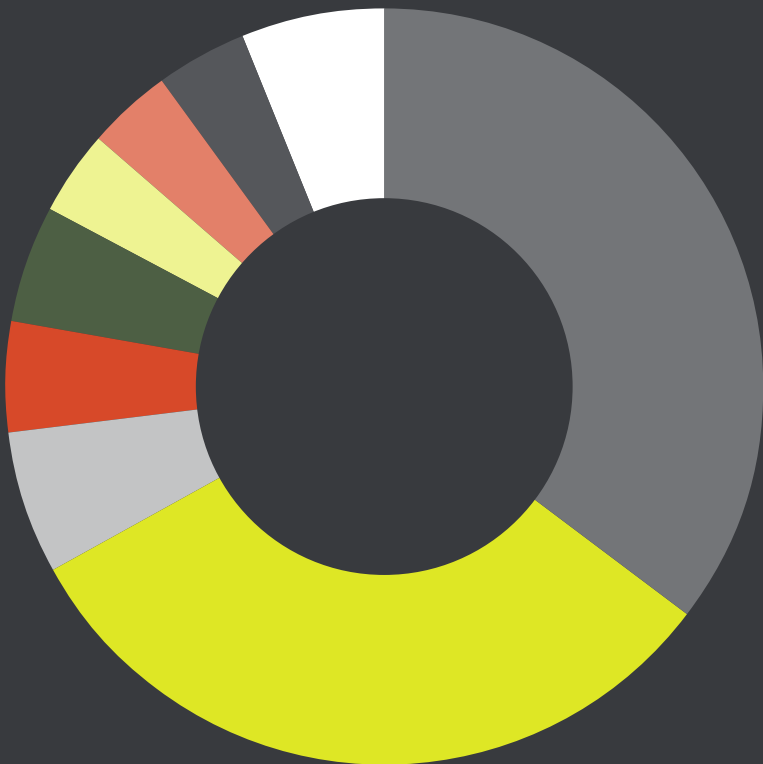
The focus of the SAC has been to develop the Higg Index — a suite of tools that can help a brand assess the sustainability of a product throughout its entire life cycle

— 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 Higg 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.

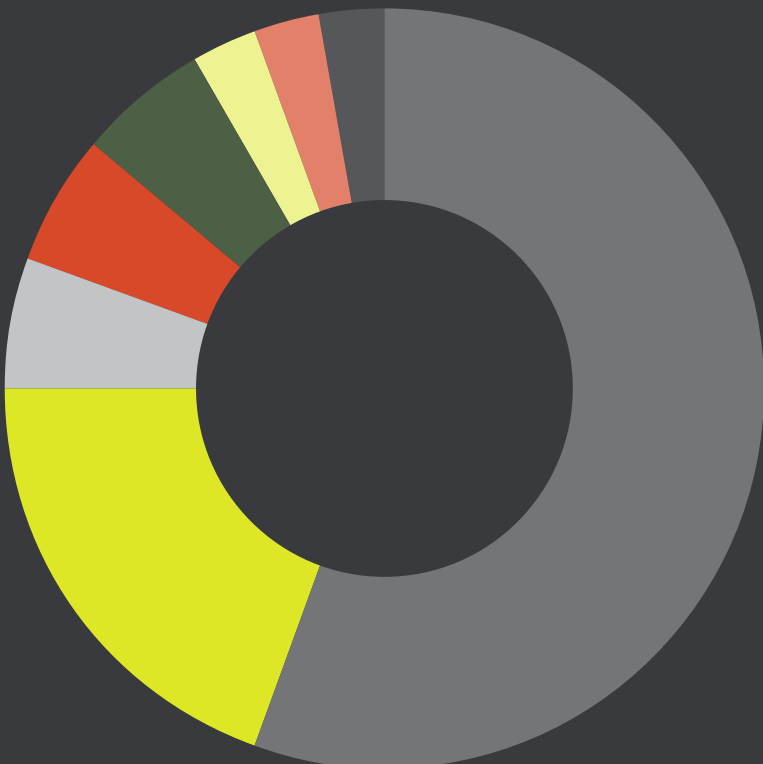
Our supply chain¹⁹

57 materials suppliers



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

36 garment, footwear and hardware factories



Vietnam China Indonesia Portugal Turkey Laos Sweden Cambodia

¹⁹ Includes nominated material suppliers representing >80% of all materials (fabrics, trims, insulation). Where supplier has multiple locations these are counted separately for the country count.

[Learn more](#)



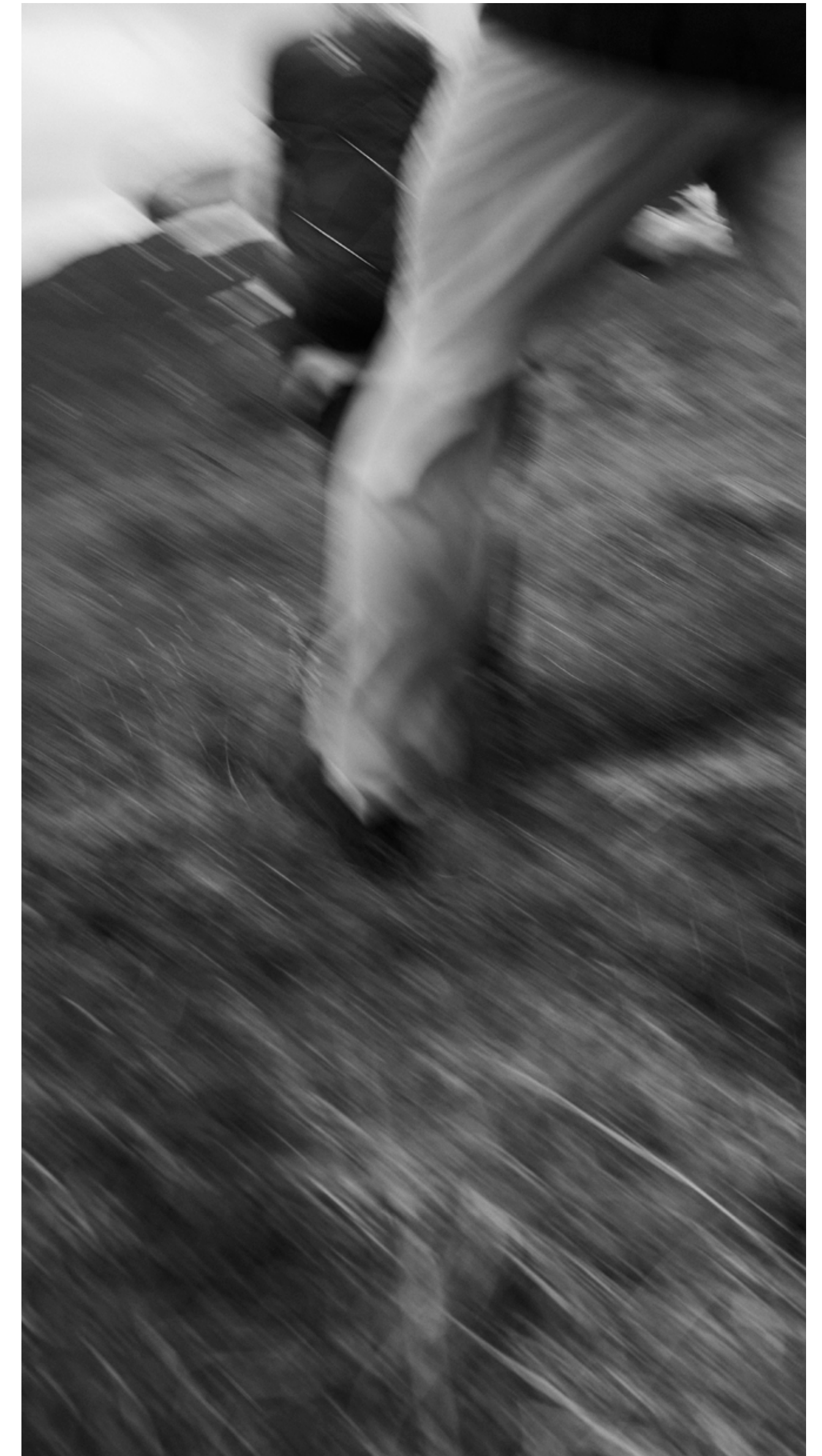
Moving faster together

We know that, for outdoor brands, most of the carbon footprint lies in the supply chain. We also know that outdoor brands often share suppliers. Therefore, since early 2021, the European Outdoor Group has been facilitating the work of a collaborative Supply Chain Decarbonization Project (SCDP). The SCDP is a pre-competitive collaboration between a group of European outdoor brands, including Haglöfs, which aims to reduce GHG emissions and/or increase renewable energy usage within the outdoor industry supply chain.

The group has been working over the year to share supply chain information and identify areas for cooperation. We have identified the key overlaps in the supply chain

and engaged an external partner to conduct carbon assessments at key shared factories to identify GHG emission hotspots and evaluate the factories' maturity level in the area of carbon emissions management.

During the year, training sessions and workshops to identify carbon reduction potential, as well as set carbon reduction base lines, targets, and action plans took place. The participating organizations, including Haglöfs, jointly support and finance assessments and facility improvements identified in the action plans. Pooling resources and working together in this way allows us to move faster towards our climate goals.



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

The 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 on our sites.

Target: 100% renewable electricity in our own operations by 2023.

2022 update

- 97% of the electricity purchased for our own operations came from renewable energy sources. This means that we did not reach our goal of 100% renewable electricity in our own operations by 2022.
- The decision has been made to move the target of reaching 100% renewable electricity in our own operations to 2023.

Logistics

Logistics accounts for a significant proportion of our GHG 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, with most products coming from Asia by sea and moving within Europe by truck, so there is a focus to avoid air freight as much as possible. Advanced production planning helps to prevent last minute air shipments to meet delivery targets, while a combination of air and sea shipments reduces the total distance of the flight segment while still helping to reduce delivery times.

2022 update

- Due to disruptions in the global textile supply chain, we had to increase the use of faster transportation modes (air) to get our products delivered to the market in time.

Air shipments contribute to more than 66% of all emissions coming from our transportation in 2022.

- We made the decision to redesign our distribution model by moving our distribution center from the city of Avesta to Eskilstuna. Eskilstuna has been identified as our center of gravity and our new warehouse will be located in one of the largest logistic hubs in the region. This enables more effective logistics management and hence lower emissions, which we will realize in 2023. We will move into the new warehouse during the first half of 2023.
- Together with our main inbound transport partner (JAS), we have implemented three concrete solutions in 2022/2023 with the aim to reduce our CO2 emissions:
 - Short Sea Shipping Service from Portugal to Avesta/ Eskilstuna Warehouse instead of road transport
 - HVO Fuel Truck from Port of Gävle to Avesta Warehouse
 - Rail Transport from Port of Gothenburg to Eskilstuna Warehouse replacing road transport

Travel

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

2022 update

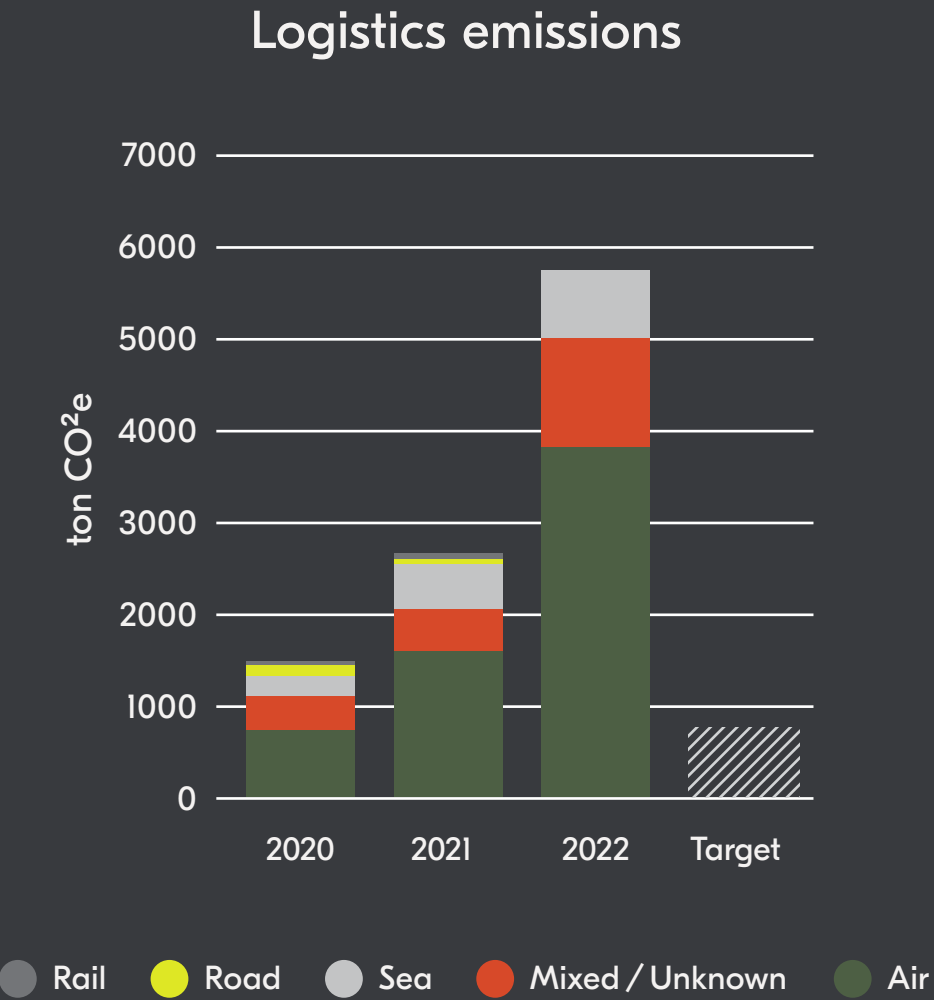
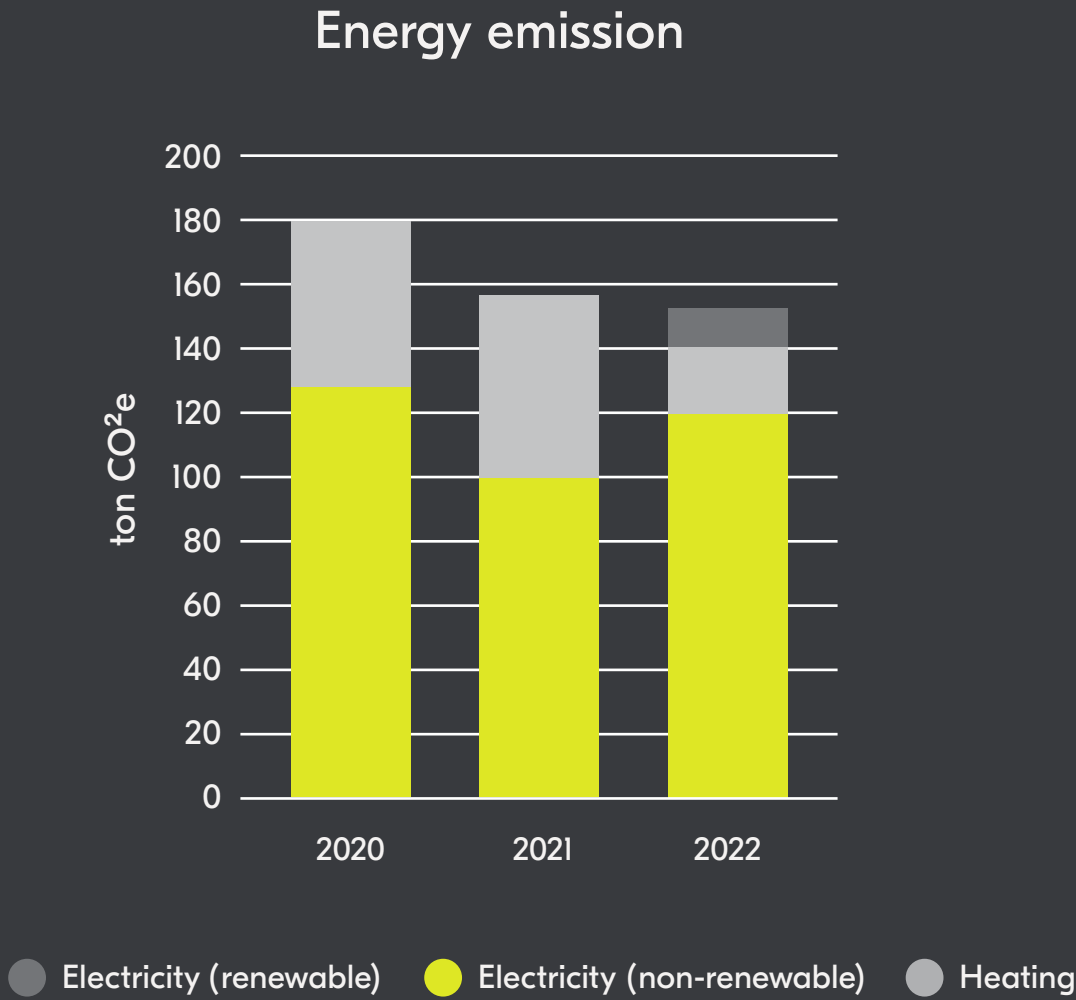
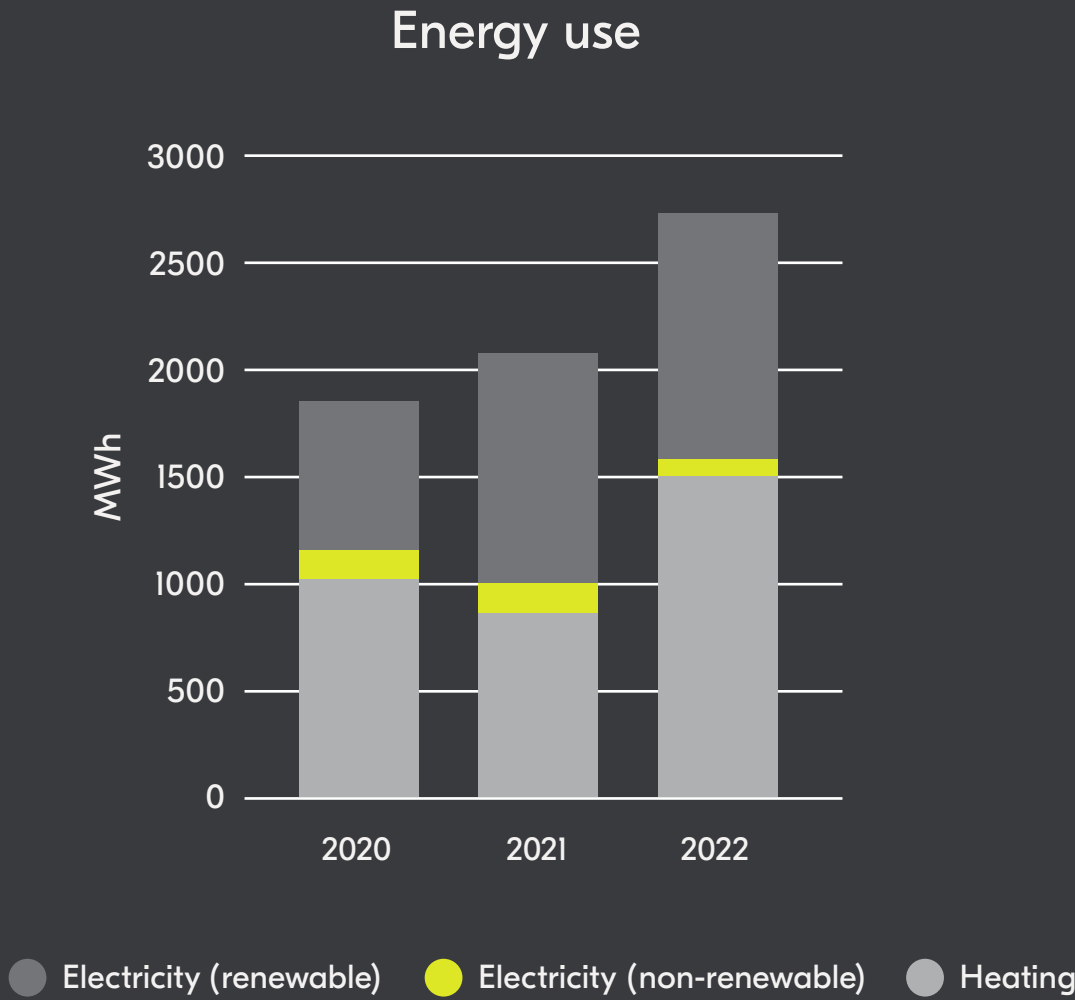
- We were finally allowed to visit our suppliers again, however we did keep business travel to a minimum. The need for air travel to our sourcing countries increases emissions significantly, which is why the emissions due to business travel increased in 2022. Air travel represents 89% of all emissions related to business travel (excluding data from Scope 1 related to company operated cars).
- Our company car policy was updated to include the use of fully electric cars. Despite increased business activity during the year, the impact from our car fleet decreased with more than 40% due to the increased use of hybrid and electric cars. At the end of 2022, 8% of the car fleet was fully electric and 43% was hybrid.



"While the actions we took in 2022 had a noticeable impact on reducing emissions in our own operations, the effects of actions taken together with our suppliers, who help produce and distribute our products, are not yet visible — and this is where most of our footprint lies."

— Fredrik Ohlsson, CEO

Our operations



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.

When considering who we have a direct and immediate impact on every day, our employees are naturally the first people we consider. We are committed to contributing to decent working conditions that have a positive impact on the people we work with. Here, we summarize our main actions and achievements during the year related to Employment, Labor Relations, Diversity and Inclusion, Health and Safety, People Development as well as Employee Engagement.

Employment

On top of labor legislation and, where applicable,

collective bargaining agreements, the employment contract forms the basis of the employment relationship. Of our employees, 85.7% have permanent employment contracts and 77.3% have full-time contracts. Temporary contracts are mainly used in our retail stores for seasonal work and for temporary replacements of permanent employees while they are on long-term leave.

We only utilize external staffing agencies for our warehouse operations in Sweden, and always in agreement with the regional union. We only contract external staffing agencies who have a collective bargaining agreement.

Our Code of Conduct

At Haglöfs, we are guided not only by our values but also by our Code of Conduct (CoC), which is our commitment to conducting our business honestly, ethically, and legally. It applies to all our employees and forms an integral

part of our employment contracts. Our CoC helps us understand how our values can be applied in daily activities and it addresses several areas including, but not limited to, gender and equality, the right to a healthy work environment, and zero tolerance for discrimination and harassment. The CoC is complemented by more detailed policies on specific topics such as anti-corruption and bribery. All new hires receive a specific onboarding training on the topic, while periodic training is provided for existing employees. We encourage people to report any acts that violate our CoC and have a confidential online reporting system to facilitate reporting of ethics violations.

2022 update

- All new hires are asked to read and sign the Code of Conduct together with their employment contract.
- No reports were submitted to the Ethics helpline.

Labor relations

At Haglöfs, we believe in people and their ability to make a difference. For that to happen, we need to listen to our people and involve them in the decisions we make. We strive to do so across our different geographical operations. This dialogue between employer and employee takes place every day between a manager and her/his team and individuals, but it also happens regularly and structurally between Human Resources and the employee representatives.

The majority of Haglöfs employees are located in Sweden and Norway (84%) where 97% of our employees are covered by collective bargaining agreements. We work in close collaboration with the local employee representatives and, in cases where they are not appointed among Haglöfs employees, we engage with the regional or national representatives.

2022 update

- We had 18 negotiations of co-determination, many of which were related to organizational changes.
- We continued with regular monthly updates between local union representatives in Alvik and Avesta to discuss and follow up on initiatives and work environment matters.
- We had zero days of strike among our own employees.



Diversity and inclusion

Sweden has a long history of pushing for a more equal and inclusive society and this is reflected in many of the benefits workers enjoy today, from world leading equal parental benefits to protections under the anti-discrimination act.

We recognize the benefits of an equal, inclusive and diverse workplace and we aim to reflect this progressive spirit not only in Sweden but across the entire Haglöfs organization. Everyone should be able to be themselves and feel safe and secure at work and among colleagues. This is something we measure in our quarterly engagement survey.

We regularly track gender diversity in the company as a whole, as well as on the management level, and ensure that qualified representation of the underrepresented

gender is included on the shortlist for all recruitments. In Sweden, we conduct an annual gender pay gap analysis, in close collaboration with our unions, in order to identify and take action on any unjustified gender pay gaps or structural inequalities.

2022 update

- We updated our work environment policy with clear references to our action plan for handling offensive mistreatment, bullying, and sexual harassment.
- We launched an interview handbook as one way to help managers recruit in a way that is as unbiased as possible and free of discrimination.
- We recognized International Women’s Day by sharing information on gender equality and held a training course on unconscious bias.
- We had zero reports of discrimination.
- We made certain that our budget for Learning

and Development initiatives remains with HR in order to ensure that the development initiatives are equally distributed.

- Gender distribution on the managerial level was 38% women and 62% men. Our target is to be within 40/60.

Moving forward, we aim to continue our efforts to attract, recruit, develop, and promote women into managerial positions as well as to continue to educate and inform our people about diversity and inclusion to increase awareness, reduce unconscious bias, and encourage the development of an inclusive leadership that makes more informed decisions and fosters even more equality in the workplace.



[Learn more](#)

Gender Pay Gap Analysis

Every year, we conduct a Gender Pay Gap Analysis among our Swedish employees. In January, we presented the figures for the 2021 gender pay gap analysis and, in early 2023, we also had the results for the 2022 analysis. The results show the following:

- Our Equal Pay Index (EPI)²¹ moved from 98.8 to 100.3.
- Looking at all of our employees in Sweden, including all jobs and functions, women earn an average of 3% more than men.
- Women and men are not equally distributed in the organization. While we have a surplus of women on jobs with a lower complexity, where we have the greatest number of people, we have a more equal distribution on jobs with a higher complexity.

- In 2022 one unjustified pay gap was identified and corrected.

We still have some data issues related to the gender pay gap analysis and we need to work to ensure the complexity of all jobs is evaluated properly according to the same methodology, in order to ensure our evaluation and mapping is 100% accurate.

²¹ The EPI is a weighted measurement of how equal the salaries are in the company. An EPI close to 100 tells us that we have an equal salary structure and that men and women would have had equal salaries if they were evenly distributed in the organization.

Health and safety

Haglöfs’ employees are the backbone of the company. No matter if they work at a Haglöfs office, from a remote location, in our warehouse or in any of our stores, everyone is entitled to a safe and healthy workplace.

Our Work Environment Policy covers the areas of health and safety as well as the prevention and management of stress and other work-related illness. Our occupational health and safety routine 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 compared to staff based in offices due to the nature of the work, e.g., operating forklifts.

2022 update

- We updated our Work Environment Policy.
- We updated our Health and Safety Inspection routines.
- We had two audits from the work environment authority in Sweden, one related to the psychosocial work environment for line managers in Avesta and one related to “work adjustment” at our headquarters in Alvik. After minor adjustments to our Work Environment Risk Analysis Protocol and Work Environment Policy, both audits passed.
- We had three work-related accidents reported that resulted in time off work.
- While we received zero reports through the Ethics Helpline, we had three formal reports submitted directly to HR, all related to offensive mistreatment

or bullying. All cases/situations were addressed according to our action plan for offensive mistreatment and bullying and in line with the severity of the individual situations.

- We arranged CPR and First Aid Training, which was conducted by 65% of our employees.
- We held ergonomic training for all employees in Avesta, including both warehouse and office employees.

People development

When our people grow, we grow as a company. We aim for clarity among our employees regarding what is expected of them in their jobs through clear job descriptions and instructions from their managers and to be given opportunities to continuously learn and grow. To support employees in their development, we ensure that, in addition to regular check-ins and continuous feedback, they all take part in our annual performance and development process. This process is aimed at clarifying expectations, identifying opportunities for development, and exchanging feedback.

2022 update

- We reviewed and updated 47% of all job descriptions. Next year, this work will continue and our target is that 100% will be updated between 2022 and 2023.
- We reformed our onboarding program from New Joiners Day to the New Joiners Week in order to enable a more comprehensive introduction to our company.
- The Haglöfs Academy was further developed into a platform for all the learning and development activities we offer our employees. During the year, we arranged learning opportunities for all employees on the following topics: Unconscious Bias, Legal and Compliance, Microsoft 365, Powerpoint as well as Sustainability and Living Wages.
- We introduced “Manager Forums” to deep dive in different managerial development topics and put emphasis on leadership development.
- We held a work environment training for managers

- and health and safety representatives across all our geographical operations.
- We launched a global feedback program with a kick-off for the management team. This program will be rolled out to the full population in 2023.

We continued our collaboration with the Sustainable Fashion Academy (SFA) — a non-profit association aiming to increase awareness of sustainability issues in our industry. Designers, product developers, buyers, material managers, sales representatives, marketing, and senior management team members have all participated in SFA training courses in the past. In 2022, an additional eight Haglöfs employees completed the three-month long Sustainability Fundamentals course.

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

"The new strategy accelerates the consolidation of material producers and assembly factories, giving us increased influence and even greater control over social and environmental aspects in the factories we work with. It makes it possible to place higher demands on fair worker conditions and salary levels."

— Fredrik Ohlsson, CEO

Values and engagement

At Haglöfs, we are Outsiders by Nature. We understand the value the outdoors contributes to the mental and physical wellbeing of our employees, which is why we offer different levels of support to help and encourage them to get out there.

We focus on offering health promoting benefits such as health and wellness allowances, a discounted gym membership, etc., to incentivize physical movement. We arrange a weekly Outdoor Hour during normal working hours with the aim of getting outdoors, preferably together in groups. We encourage our managers to

arrange at least two offsite activities with their teams per year to experience the outdoors and our gear together.

2022 update

- On November 25, also denominated Black Friday, we again decided to close down our activities and operations everywhere possible and gave all our employees the day off to enjoy some time recharging out in nature.
- After a few years of not being able to meet all together in person, we arranged Haglöfs Days, a two-day meetup for all 238 employees to meet up and enjoy the outdoors, games, competitions, and time for relaxation and reflection.

- We continued with our monthly Global Town Hall, live-streamed from Haglöfs headquarters. Here we transparently present the company results, progress towards our strategic plan as well as important global or local initiatives. Our employees can ask questions up front, which will be answered in front of everyone.
- We continued with weekly letters from the CEO, which aim to provide updates on our business.
- Our Sustainability Advisory group transformed into a broader engagement group and helped inspire employees to engage in our values.

Ways of working post COVID-19

Across Europe, where 99.2% of our employees are based, we were finally allowed to meet each other in person. We introduced a hybrid work policy that offers the possibility to work up to 50% of the time remotely or from home. In the majority of our locations, we selected one fixed day per week during which we encouraged everyone to be on-site in their respective offices. On this day, we arrange Outdoor Hours, hold Town Halls and other larger gatherings. Detailed planning of office presence is carried out with the above in mind, in agreement between managers and individuals, and also with consideration for the team, colleagues and project needs.

Employees working in the warehouse and retail stores are naturally exempt from this policy, as they need to be present in the workplace to do their jobs.

We further extended our “home office allowance” of 200 euros, a one-time allowance for all employees to help them purchase any equipment needed for working remotely.

We also updated our Work Environment Policy to adapt to new ways of working, which has required new management and leadership behaviours, and to adhere to new guidelines from work environment authorities.





Haglöfs Engagement Survey

The Haglöfs Engagement Survey allows us to complete smaller, more regular check-ins via an app to better understand how our organization is doing in the moment, and to measure and act upon feedback from employees in real-time. The survey is carried out quarterly and consists of 15 questions related to seven areas that drive engagement. The seven areas are: Wellbeing, Collaboration, Recognition, Pride, Development, Alignment and Leadership. The survey is confidential and to ensure we cannot identify anyone; aggregated results are only visible if the group consists of more than four people.

The survey helps us to identify and address areas with lower engagement and, after involvement of the team and manager, helps us improve and track progress. Managers are responsible to set priorities and actions for their respective teams.

Based on the overall company results of the survey, we identified the following key action areas at company level for the coming year:

- Employee health and wellbeing
- Alignment

People Recognition

Haglöfs Awards

We continued to recognize the Haglöfs Awards and extended the criteria to include not only “living our values to the fullest” and “making outstanding contributions to our business,” but also “contributing to any of the pillars in our Sustainability Strategy.” This peer-to-peer award gives employees the opportunity to nominate individual colleagues who are often working hard behind the scenes without recognition. In total, there were 28 nominees, of which four winners were awarded:

- Patrick Blary, Country Manager, France
- Jenny Ängvind, Retail Marketing and Visual Merchandise Manager
- Erika Lademark, Warehouse Manager
- Carl Eklund, Warehouse worker

Jubilars

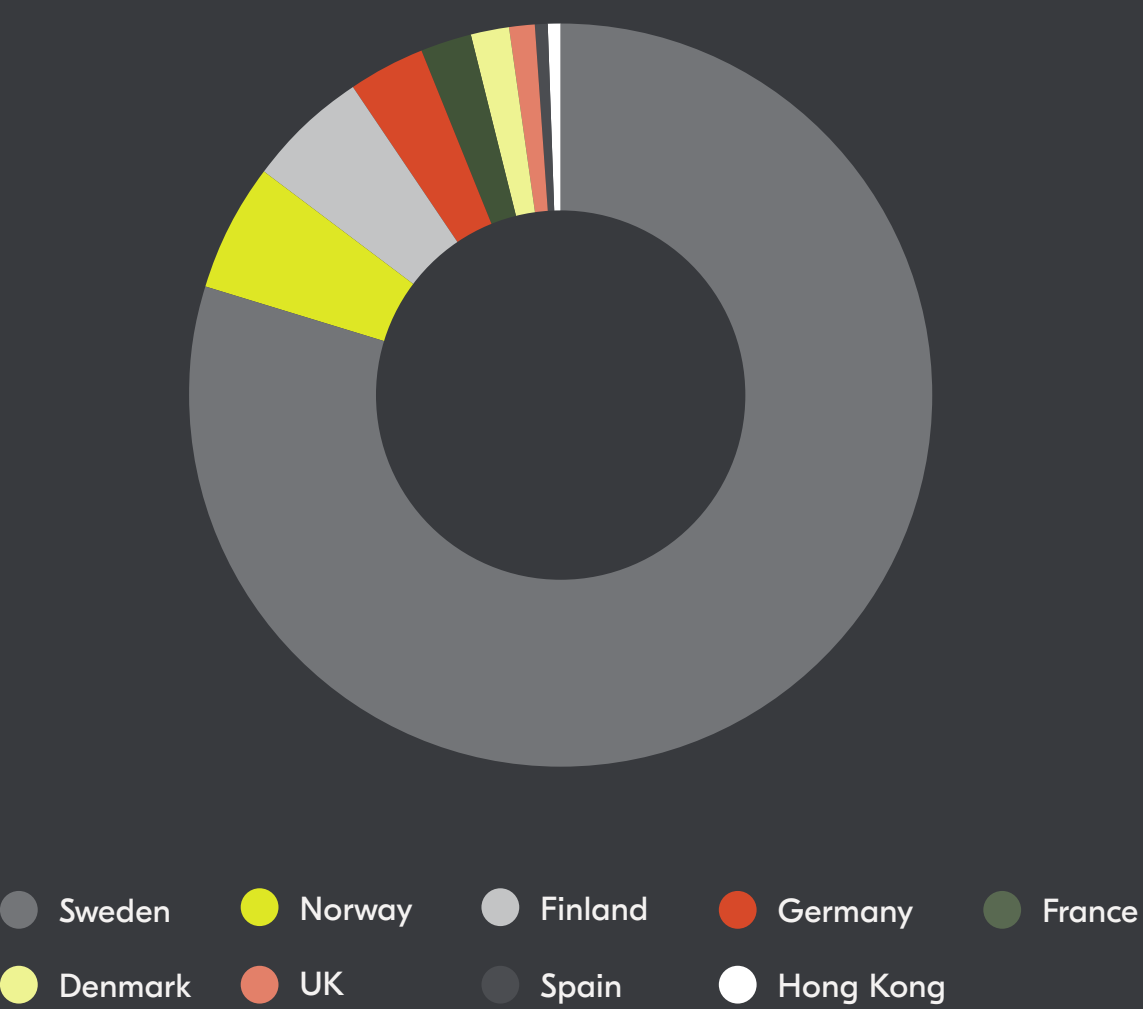
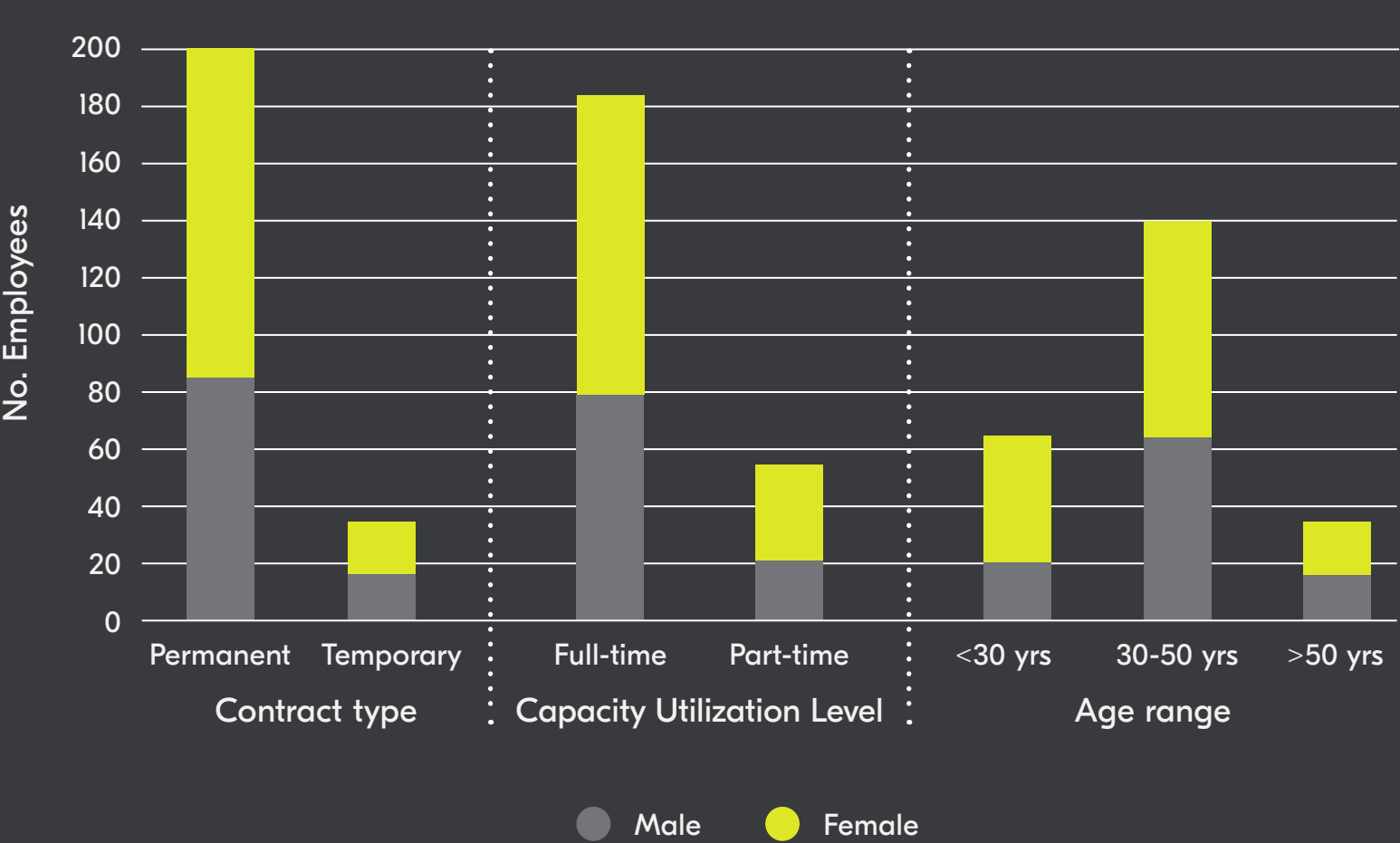
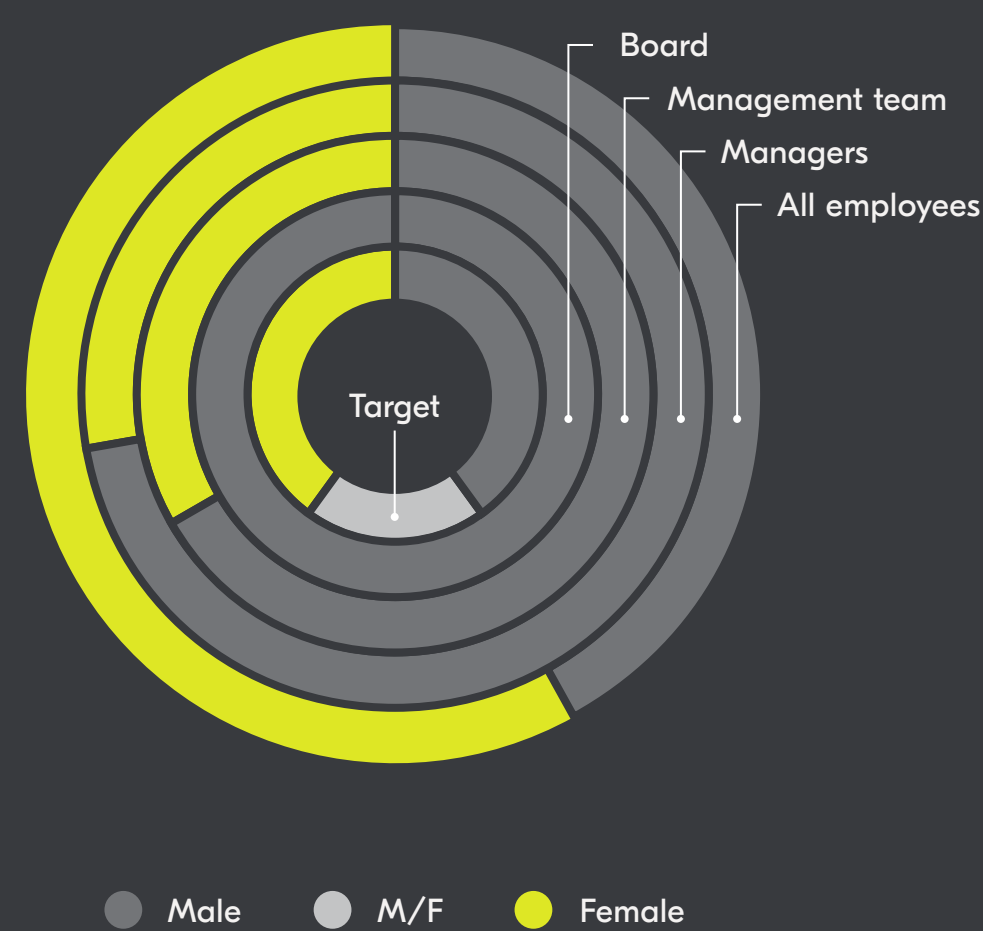
During Haglöfs Days, we gave special recognition to all people who have been working with us for more than 10 years.

Join our team!

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



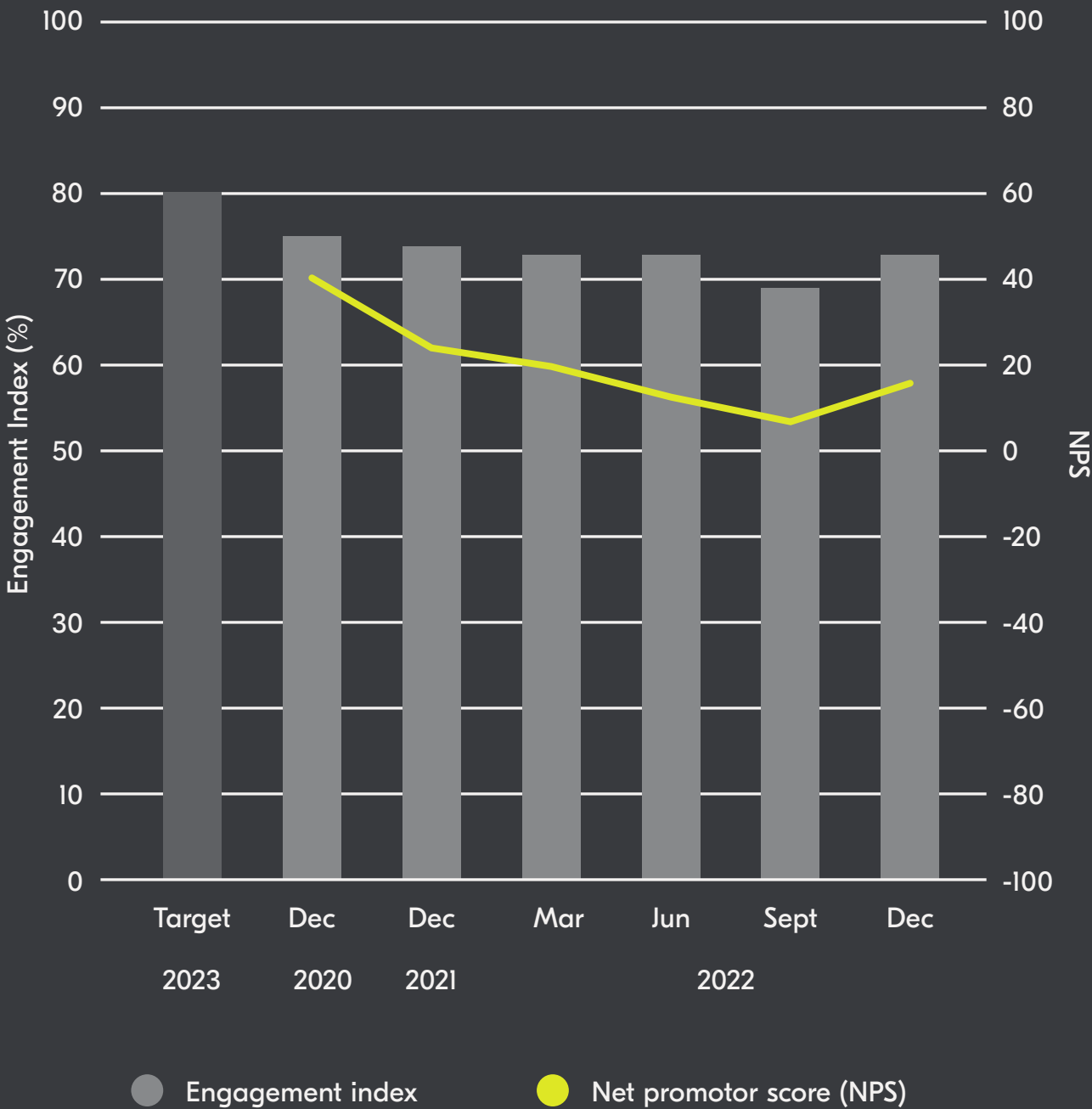
Our employees²²



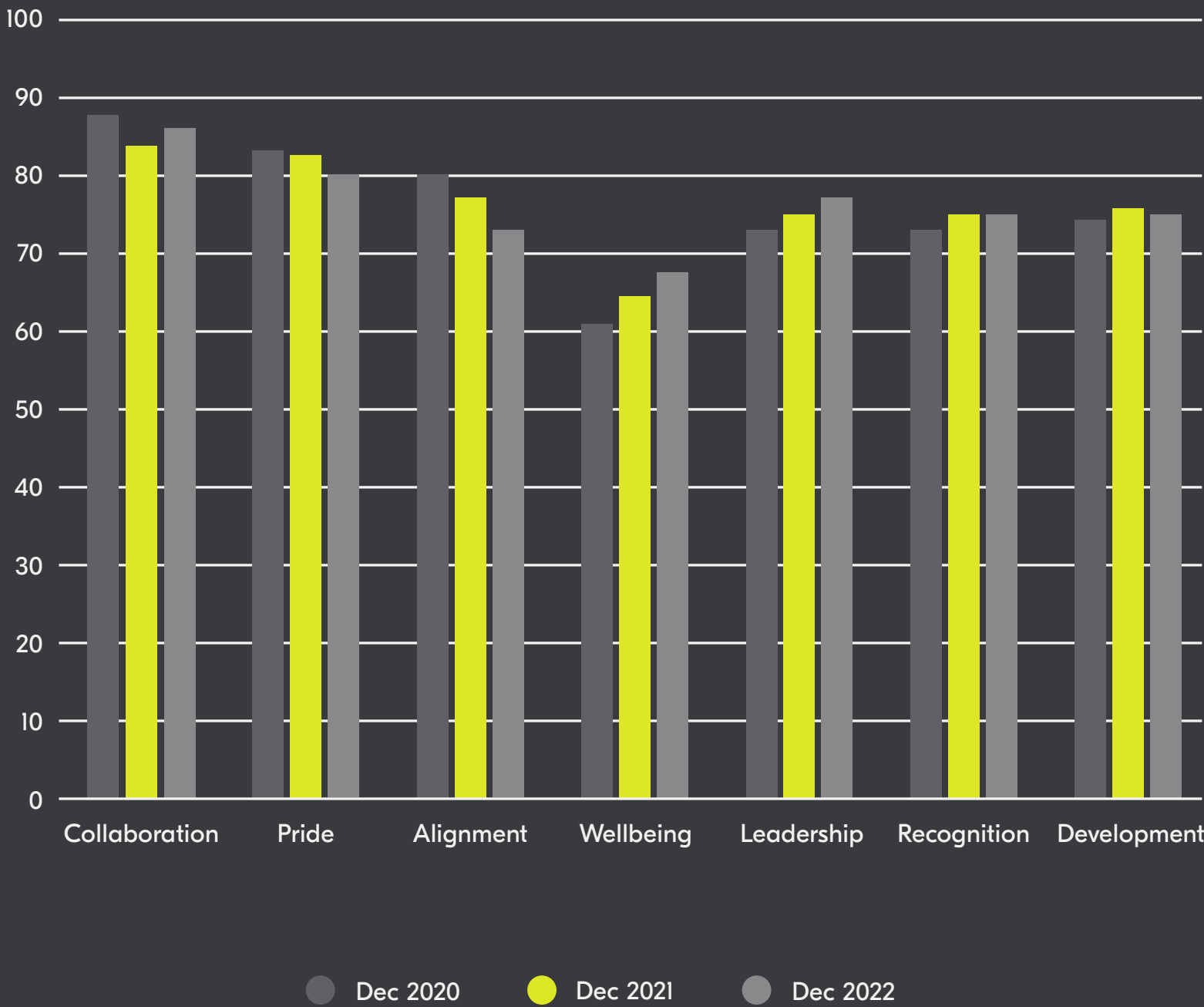
²² Data valid as of 31st December 2022

Employee survey results

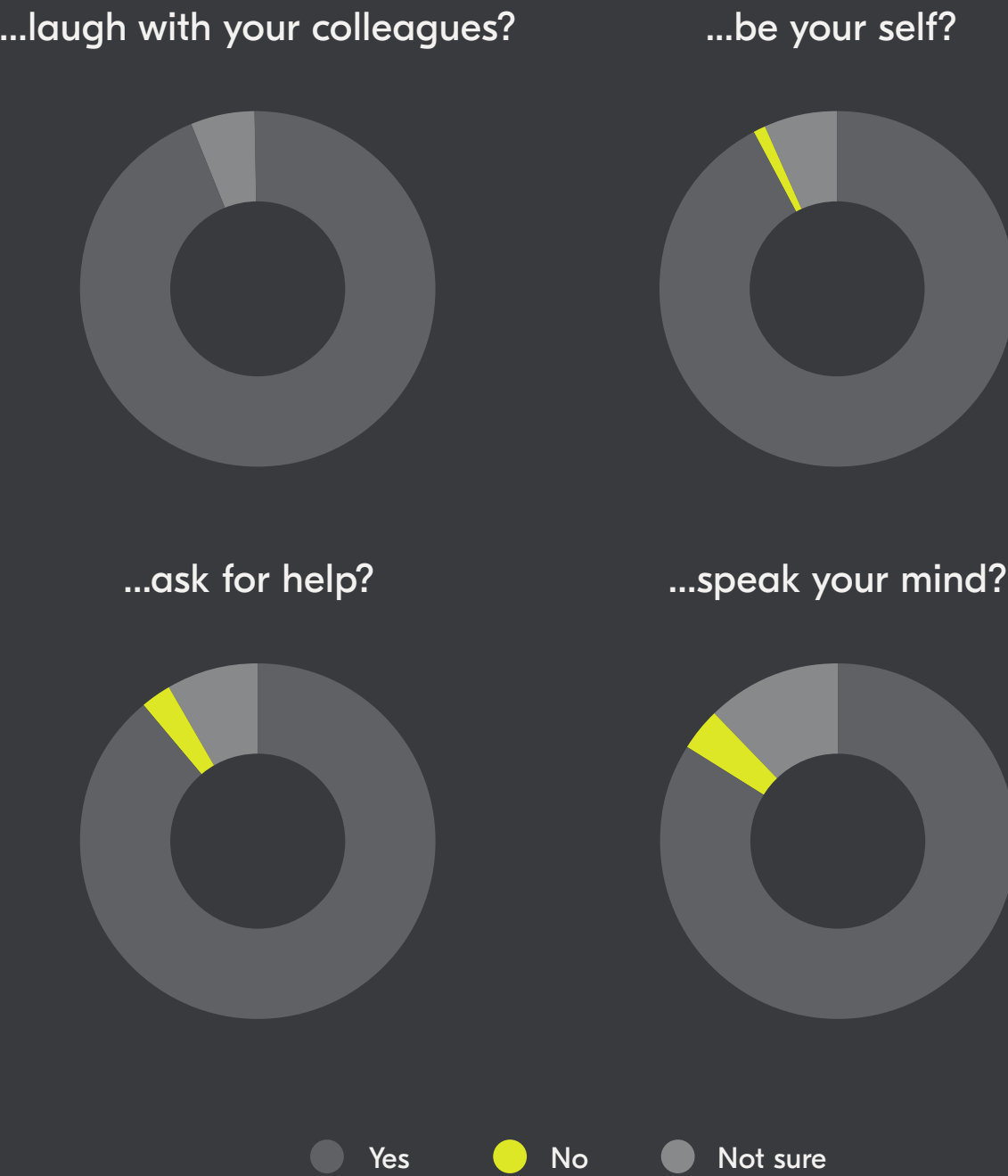
Haglöfs Pulse



Haglöfs Engagement survey results by area



In your team today can you...



Workers

At Haglöfs, dedicated people work every day, all around the world, to make products that support people in their outdoor adventures. 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 can be 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 each 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.



²³ Workers in clothing, footwear and hardware manufacturing sites where Haglöfs production took place in 2022, based on latest available audit data or supplier declaration



[Learn more](#)

Fair Wear

Fair Wear is a non-profit organization that works with brands, factories, trade unions, non-governmental organizations, and governments to improve working conditions for garment workers. Our Fair Wear membership 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 by providing a forum for member brands to collaborate within

shared factories to accelerate improvements.

In addition, Fair Wear provides an external verification of a brand performance, evaluating their process and systems — the results of which are made publicly available on their website. The work we carried out in 2021 resulted in Haglöfs achieving Fair Wear Leader status.

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



Post pandemic impact

The wake of the COVID-19 pandemic in previous years has continued to have an impact on the textile supply chain. In the previous year, there was increased demand for outdoor products while supply was limited, because of reduced capacity in both material factories and final product factories due to government-required factory closures and individual quarantines. This coincided with continued global logistics problems and other regional obstacles, like electricity cuts in China, which created heavy operational bottlenecks for 2022. In 2022, the restrictions and outbreaks stabilized in Vietnam where the majority of Haglöfs production takes place, but the late delivery of materials and backlog of orders heavily impacted production. Suppliers faced confusion in production planning, as well as when it came to securing future orders, creating new human rights risks and impacting our regular factory monitoring and approval processes. This meant that plans for more advanced projects were put on hold as factories continued to struggle to handle the crisis.

Throughout the year, we focused on verifying the heightened risks of non-compliance with our Code of Labor Practice identified during the previous year, especially in Vietnam, by allocating more audits and coordinating with competitor brands in shared factories to verify information gathered from the previous year. With the aim of upholding principles of responsible business conduct, we worked closely on a case-by-case basis with each supplier, taking their individual circumstances into account.

Excessive working hours

There were cases of excessive overtime identified in the audits. The bottleneck in production has put more pressure on production workers to work longer hours to meet the delivery. In order to reduce lead time pressures, we ensured orders could be placed as early as possible, giving factories more time to plan and deliver. Additionally, we did not enforce late delivery penalties and took responsibility for the cost of accelerated deliveries when production was delayed.

Payment of living wages

There were cases where, depending on the length of government mandated closure of the individual factory and length of quarantine, individuals ended up with lower salaries than usual. We coordinated with competitor brands to help a supplier backdate pay workers where wages were lost. We ensured orders could be placed as early as possible for the upcoming seasons as well, and did not end our relationship with any supplier due to COVID-19.

Health and safety

There were cases where required permits and certifications were not updated and, due to high turnover, the relevant personnel were not trained. We have increased the number of factory visits as well as audits in order to monitor the improvements against the corrective and preventive action plans.

Risk Assessment

Country Risk Assessment

Prior to entering any new sourcing country, we carry out a Country Risk Assessment which includes analysis of human rights, such as freedom of association and the right to collective bargaining, living wages, gender equality, labor conditions, political stability, sector risks, and corruption risks. We benchmark risk classifications from expert organizations, as well as indicators from nongovernmental organizations and trade unions in our analysis. Our country risk assessments are updated yearly, or more frequently if relevant new information becomes available.

2022 update

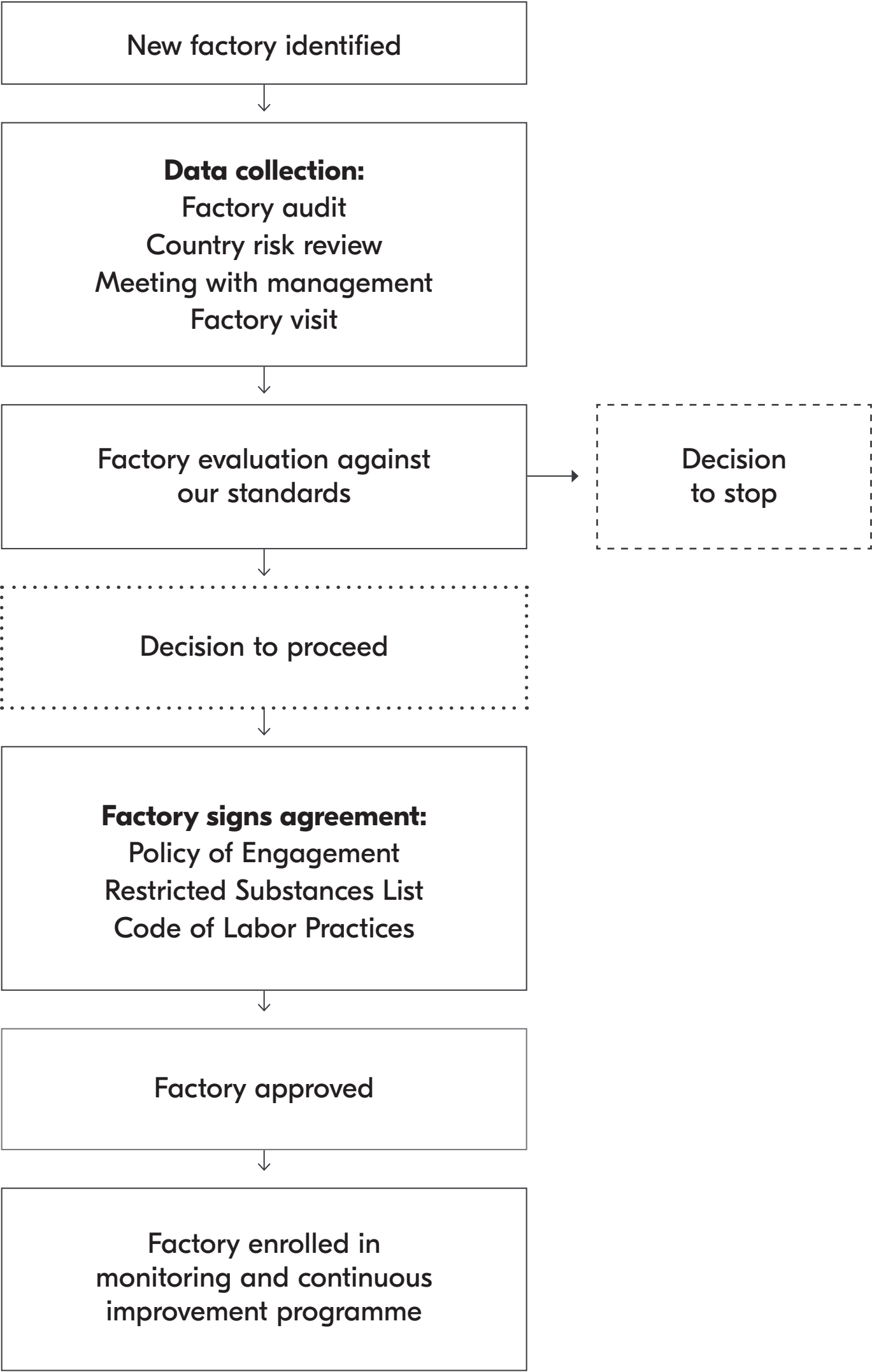
- We produced in the Lao People’s Democratic Republic for the first time in 2022. We conducted an assessment based on our country risk matrix prior to the country approval.

- We conducted a factory review focusing on the areas identified as a risk in the Country Risk Assessment and a Haglöfs staff member visited the supplier for verification prior to the production approval.

Factory assessment

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

Our Policy of Engagement sets out minimum requirements regarding human rights, labor standards, corruption, occupational health and safety, and





environmental practices. It 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 that is integrated into the sourcing scorecard for factories. A score of 1 represents industry leading practice, while a score of 4 is reserved for factories where serious or recurring issues are found. The use of supplier ratings supports the following:

- The integration of supplier performance in areas of social compliance and environmental responsibility into sourcing decisions
- Supplier understanding of their relative performance compared to other suppliers
- 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 time-bound corrective and preventive action plan. Across all countries, health and safety issues represented the largest number of issues found during audits carried out in 2022. Issues related to wages, excessive overtime, and freedom of association were 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 per 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 that can be produced outside of peak seasons to relieve some of this pressure.

Update 2022

- Due to travel restrictions, particularly in Vietnam, we were unable to carry out audits as planned in the previous year. Therefore, in 2022, we had more audits than previous years. Twenty factories were audited by Fair Wear or an equivalent standard as part of their ongoing audit and verification cycle during the year.
- More factory visits by our staff were allocated. Eight of our factories were visited by a Haglöfs staff.

Haglöfs Code of Labor Practices

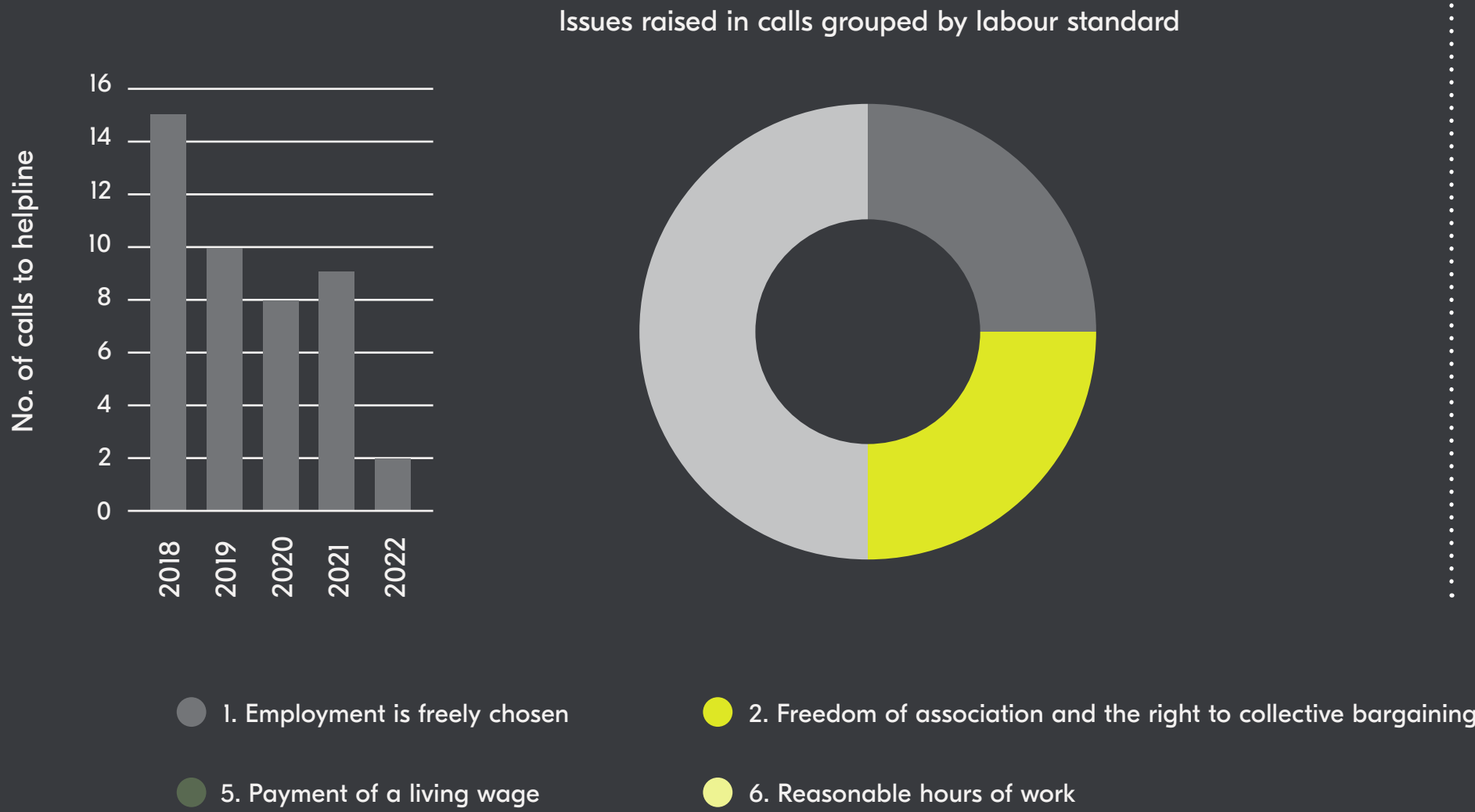
- Employment is freely chosen
- There is no discrimination in employment
- No exploitation of child labor
- Freedom of association and the right to collective bargaining
- Payment of a living wage
- No excessive working hours
- Safe and healthy working conditions
- Legally-binding employment relationship

Our monitoring and improvement process

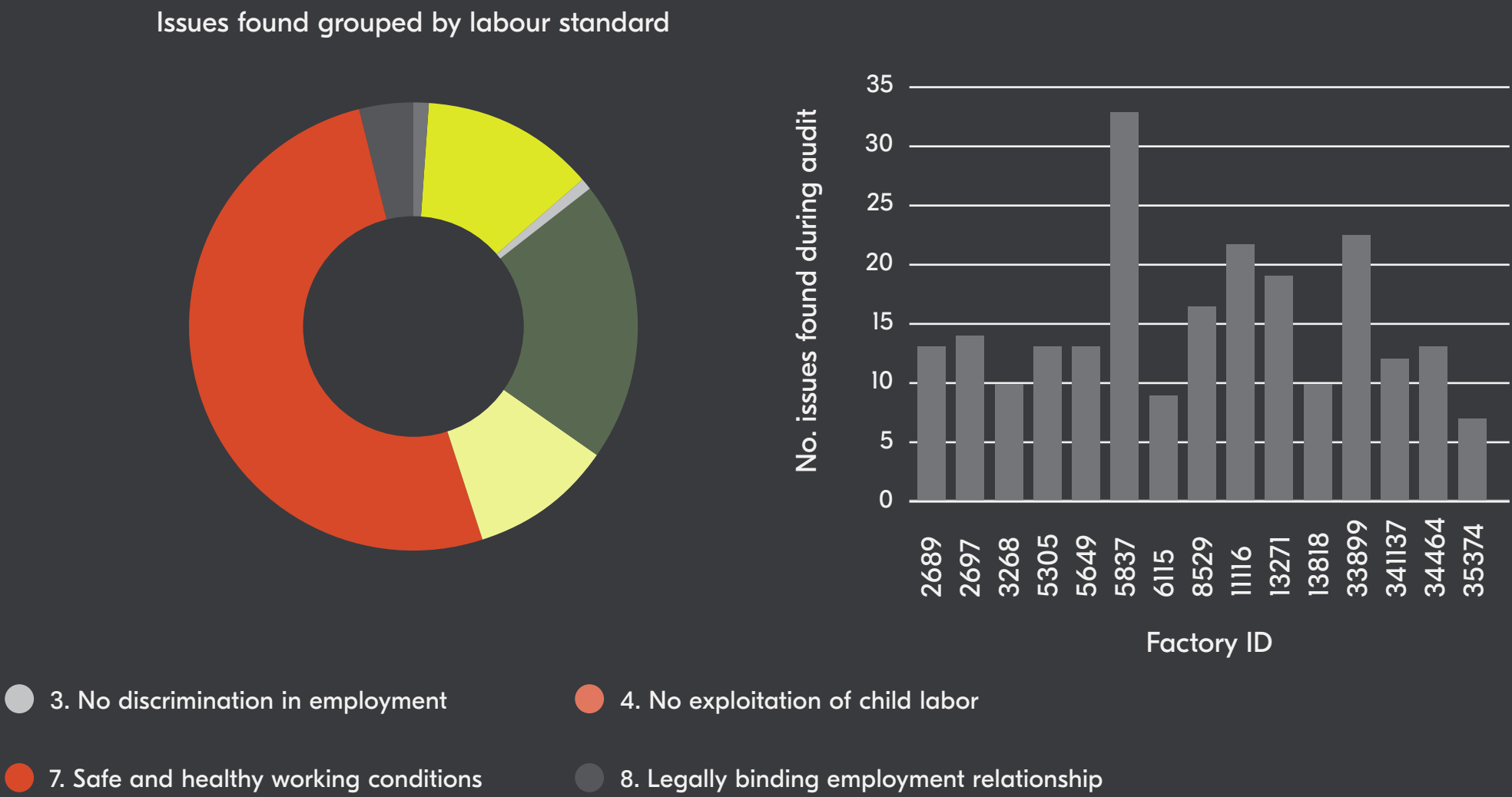
Audits	Factory training	Visits	Worker helpline
<p>What: Audits assess the factory’s performance against the Code of Labour Practices.</p> <p>Why: To ensure social compliance with Code of Labour Practices in our factories and to mitigate human rights risks.</p> <p>When: Factories are placed on an audit 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 workers’ and management’s 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: Visits to the factory site</p> <p>Why: To ensure better visibility of conditions on the ground, follow up with issues found during auditing, reinforce our standards, build strong and transparent relationships, improve communication, and monitor product quality.</p> <p>When: All year round.</p> <p>Who: Haglöfs management, and the sourcing, buying, development and sustainability teams.</p>	<p>What: A number or email address that workers can use to anonymously contact a local team and 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>

Our monitoring data

Worker helpline²⁴



Audits²⁵



²⁴ One complaint can fall under more than one category of labor standard.
²⁵ Audits and complaints in clothing, footwear and hardware manufacturing sites where HG production took place in 2022.

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 in setting up the processes and systems for continuous improvement.

2022 update

- Because our audits and training schedules were disrupted during the previous year, due to both travel restrictions and restrictions on how many people could meet in the same room, many audits and training sessions planned for the previous year spilled over to 2022. As many others were in the same situation, auditing and training providers were overbooked.

In order to reduce pressures in production for factories, audits were prioritized over trainings during the year. Despite this, six factories were able to hold training sessions focusing on workers' rights, reaching 145 workers and 104 factory managers²⁶.

- For some of our strategic partners, four trainings that are part of a long-term advanced training program specifically focused on social dialogue between workers and managers continued. The training sessions started in 2020, which were planned to continue in 2021, were postponed to 2022.

²⁶ Training sessions 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. These mechanisms should include access to unions or worker representatives. Ideally, open dialogues 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 these situations, we post information sheets in local languages in all the factories we work with that describe the eight labor standards while also providing contact details for 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 the factories Haglöfs works with can be found on the [Fair Wear website](#)²⁷.

2022 update

Two complaints were received through the helpline, which is lower than previous years. Receiving a smaller amount of complaints may mean that the workers are content with their labor conditions, or that internal grievance mechanisms are sufficient for workers to resolve their complaints. However, there could also be risks associated with such a decrease. We have identified a few reasons why there may be less complaints in comparison to previous years:

- The turnover at the production site was high, resulting in new workers without sufficient training or information.
- More focus on health and safety compared to other issues after the pandemic. Overcoming the difficult period may result in workers experiencing higher satisfaction about their workplace, feeling their existing working conditions are acceptable.

We will continue to monitor whether the information posters remain hanging in the workplaces, and work with suppliers to promote internal grievance mechanisms.

²⁷ With the exception of reports from China where Fair Wear is 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 years²⁸. 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 for managing factory exits in a responsible manner, ensuring that factories are given sufficient warning to allow them to replace our orders.

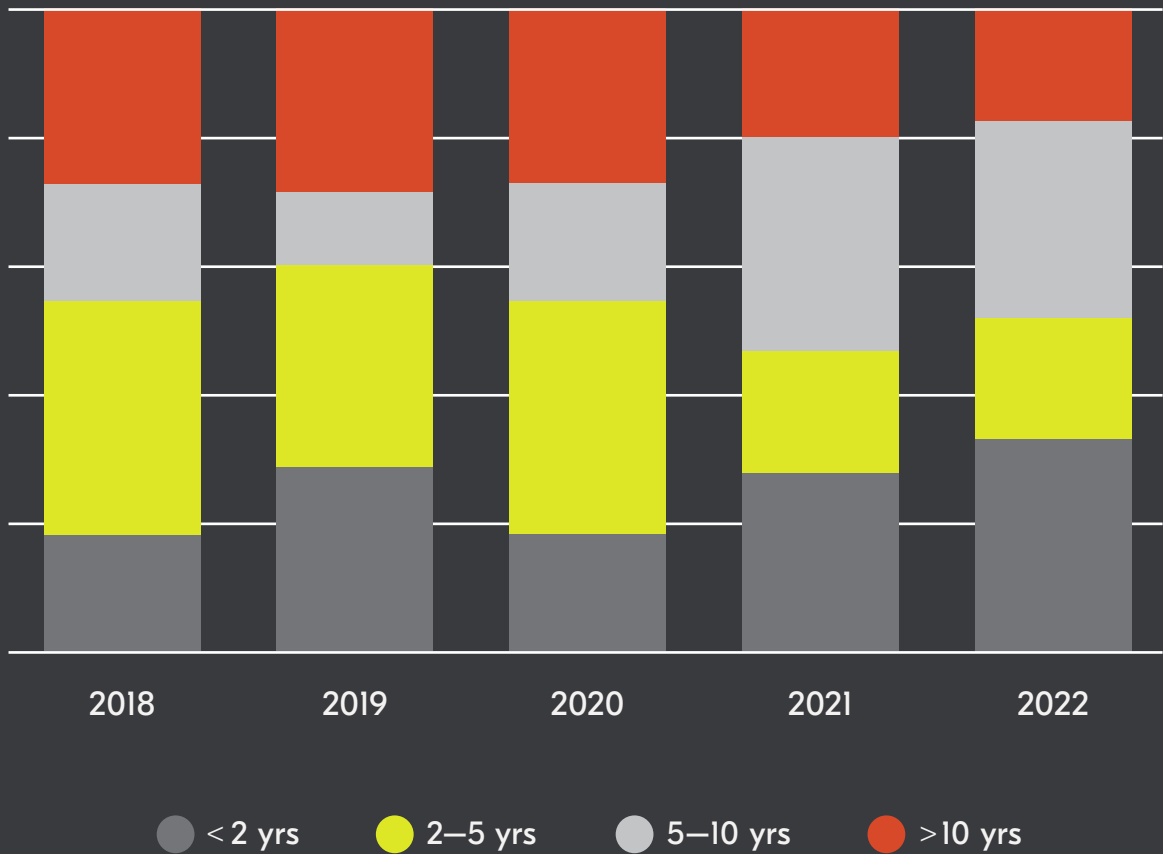
2022 update

We updated our Sourcing Strategy, a part of which concerns accelerating the consolidation of factories. This will ensure increased volumes with suppliers we trust, which will strengthen business relationships in the long-term. This can allow us better leverage, in terms of having greater influence when it comes to making continuous improvements on issues related to social responsibility in factories.

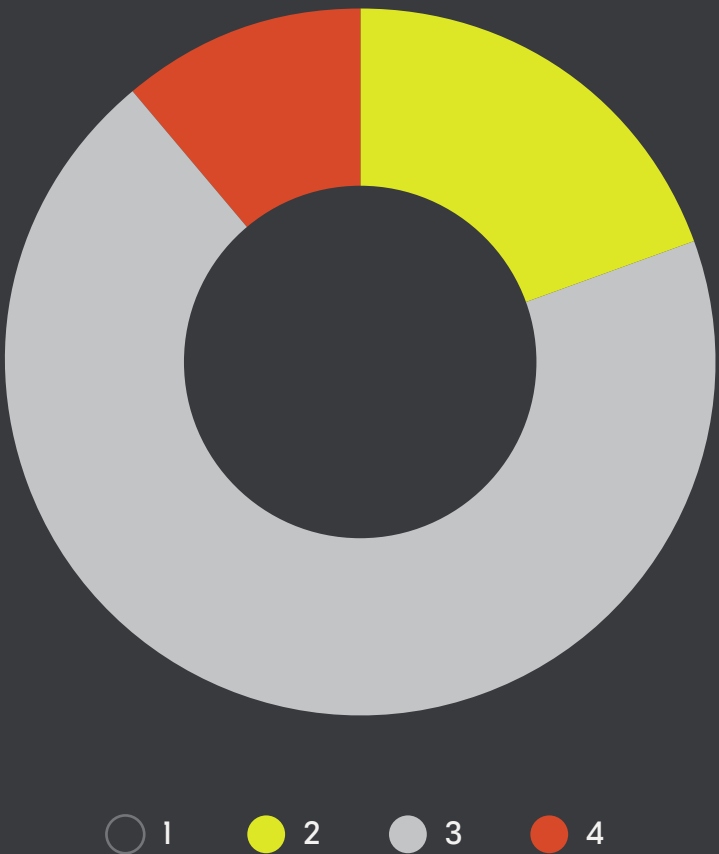
²⁸ In the 2021 report, “47% suppliers over 5 years” was mistakenly reported, the correct rate was 53%.

Our supply chain cont.²⁹

Length of supplier relationship



Factory split by performance rating



²⁹ Data based on clothing, footwear and hardware manufacturers (Tier 1)

Living wages

The topic of living wages in the supply chain is a complicated one. There are a myriad of issues including 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 reliably getting the money to those who 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 see the 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 they meet one of the living wage benchmarks.

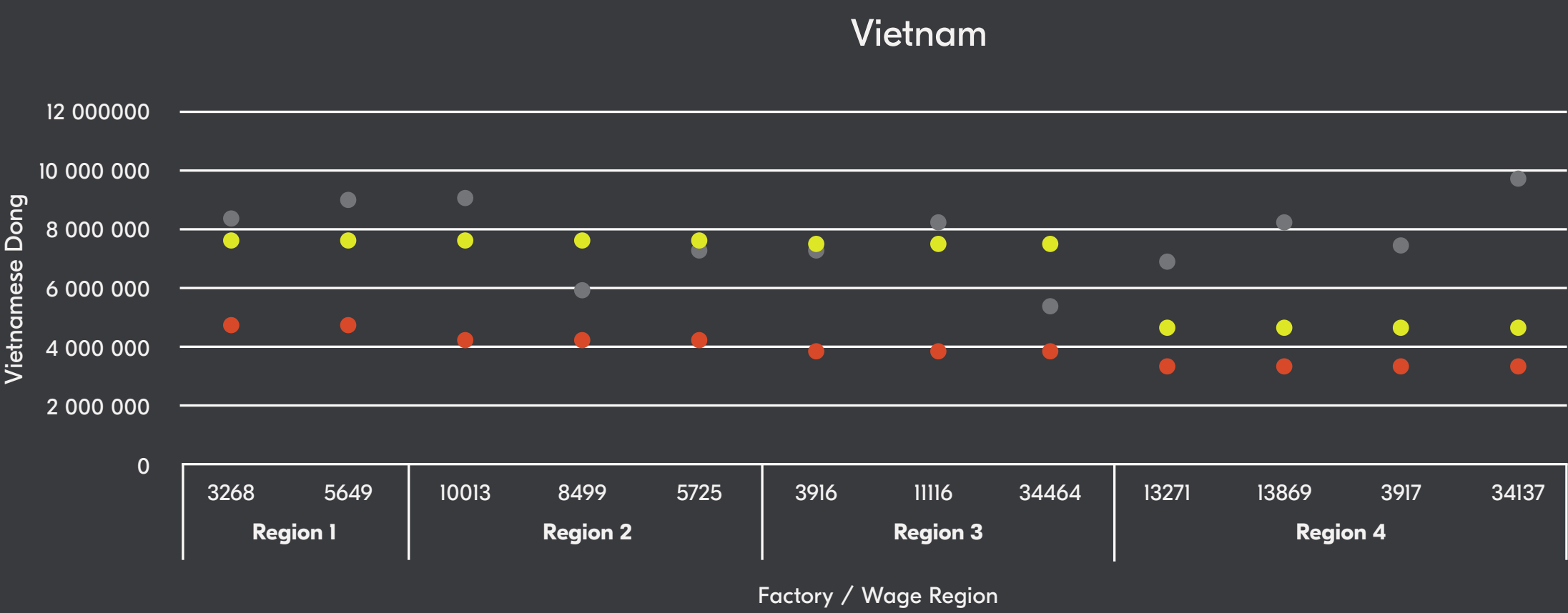
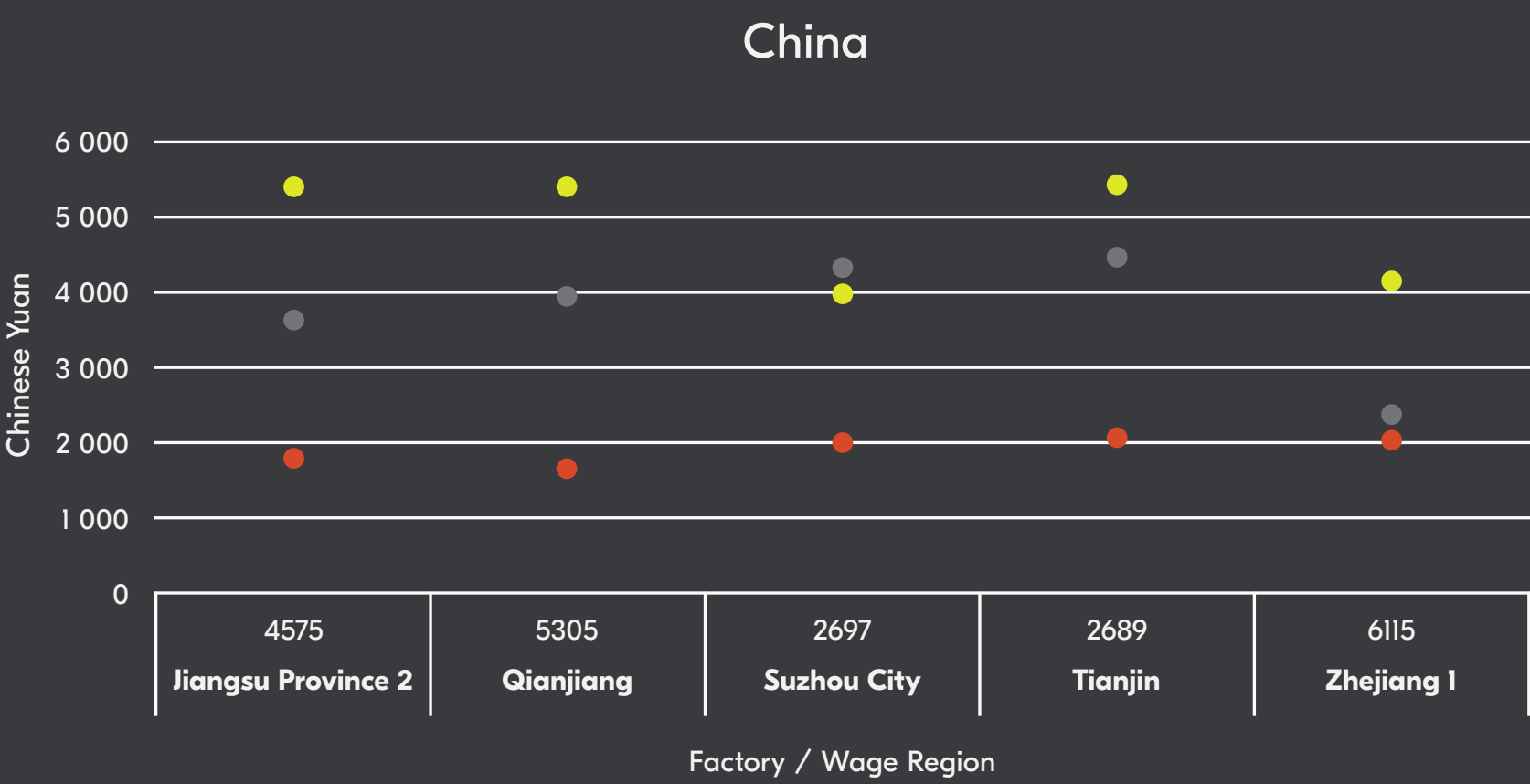
The most effective way for to be paid in a consistent and sustained manner across an industry is for minimum wages to be raised, and to ensure healthy worker representation and negotiation ability to realize, for example, collective bargaining agreements that meet workers’ needs. The audits, helpline, 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.

2022 update

- We have allocated 15 audits in Vietnam and were able to gather 13 wage datasets.
- We conducted a pilot project wage data collection in one factory. The aim is to reduce the amount of audits being allocated, as well as to align on the best way of collecting and verifying wage data. We have developed a template based on a methodology used by an organization that conducts audits, including wage data verification, and used a third party auditor to collect the data using the template.

Supply chain wage analysis³⁰



● Average monthly wage ● Living wage benchmark ● Legal minimum wage

³⁰ Data covers 17 factories producing over 60% of the 2022 volume excluding low risk. Data is gathered from the most recent Fair Wear audit report, it includes basic salary and benefits, excessive 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 (2022). 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

The collaboration between Fair Wear and Better Work helps reduce duplications of audits and prevent 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 program 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 on-site training.

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

Consumers

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

Höga Kusten Trail & Höga Kusten Trail Camps

Haglöfs sponsored both the summer and winter edition of the Höga Kusten Trail, a long-distance race in the stunningly beautiful area of Höga Kusten in the north of Sweden. A total of 1,000 participants took part in the two editions. We also participated in two running camps prior the races, where we held clinics and inspired people to discover the joy of running in nature.

Basecamp Sunnmøre

In March, we were the main supporter of an exclusive ski touring event, accommodating 40 guests. The event was held in Hjørundfjorden, Norway, surrounded by the stunning Sunnmørsalpene.

Haglöfs Film Festival

The Outsiders by Nature Film Festival was hosted in Stockholm, Åre, Helsinki, Oslo, Munich, Lom, and

Gothenburg. The featured films were all about Haglöfs' community of ambassadors — our pioneer climbers, free skiers, and all-around adventure athletes who share the never-ending urge for adventure. More than 1,000 of our consumers attended and got inspired by the festival.

Haglöfs Ski Camp

In May, we travelled with 60 consumers to Vassijaure, Lapland in Sweden for an unforgettable skiing experience in the remote wilderness. We stayed at a large base camp at the foot of the mountain, and enjoyed fresh powder skiing, the midnight sun, and a common love for the outdoors.

Strynefestivalen

In June, we were the main sponsor of Strynefestivalen. The festival takes place in the picturesque town of Stryn, Norway, and attracted 500 participants who could enjoy a

variety of outdoor activities such as skiing, rock climbing, cycling, and kayaking. Participants stayed in tents at the festival camp, where live music, quizzes, and competitions were held in the evenings. We got the opportunity to spend time with our consumers by conducting ski courses with our ambassadors and organizing product demos, quizzes, and competitions.

Arctic Weekend

Arctic weekend is a ski and snowboard event that opens the skiing season in Rukka, Finland. Being the main sponsor, the event allows us meet up with our consumers in a great place where we can go skiing together and provide informative clinics and run training sessions on relevant topics. To continue the previous years’ sustainability training, this year, we held a session about greenwashing; what it is and how our consumers can spot it in brand marketing.

Outdoor Chicks x Haglöfs

These two events included a hiking trip to South Tirol where outdoor loving participants tested Haglöfs products and had the opportunity to bond with others from across South Germany and Austria. Our ambassador Maria Grandberg also spoke at the Ultimate Playground, a film festival showcasing flinta sports communities. The event was a powerful demonstration of the strength that comes from connecting like-minded individuals within a community.

Lom Ski Festival

In November, we sponsored the Lom Ski Festival, the first ski event of the season in Norway, attracting 200 participants. The festival is located near Sognefjellet in Jotunheimen and has been held annually since 2015. We met with our consumers through product demos and participant contests, and our ambassadors were present at the event.

Brand stores

In the fall, our brand stores across the Nordics hosted events introducing their local communities to new activities. The brand store in Stockholm held a trekking event, the brand stores in Gothenburg and Åre went climbing, and the Helsinki brand stores hosted a climbing and kayaking event. We also invited consumers to explore winter activities and took them ski touring with local ambassadors in Åre.



[Learn more](#)

Washing off the green

We have completely stopped using generic and ambiguous terms such as “sustainable,” “green,” “eco-friendly,” and “good for the planet” to describe our products. The reason behind this is that we recognize that all industrially produced clothing and gear has an environmental impact, and therefore it is impossible to be truly sustainable.

Instead, we aim to empower consumers to make informed decisions by providing as much transparency as possible, focusing on concrete information about the environmental impact of our operations and our products, and the efforts being made to reduce it. All of our product claims need to be substantiated by scientific evidence, refer to achievements rather than aspirations, and should relate

to each product’s environmental impact throughout their entire life cycle.

“Consumers who have their minds set on purchasing ‘sustainable’ gear may, of course, choose to go elsewhere, to brands that do offer ‘green’ and ‘eco-friendly’ products. But we don’t want to make our consumers think they are making sustainable choices when, in fact, they are not. True transparency allows them to make more conscious and deliberate choices that decrease their environmental footprint.”

— Sara Skogsberg Cuadras, Corporate & CSR Communications Manager

Partner activations

In 2022, we also strengthened our business partnerships through consumer facing activations. One of the activations in the fall was our partner Gore-Tex’s European repair tour, Love it for Longer, which offered consumers the chance to get free repairs on Gore-Tex products. We partnered up for their Stockholm stop-over and had two of our ambassadors supporting the event.

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 greater responsibility for the 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.



[Learn more](#)

Black Friday

At Haglöfs, we have been taking a stand against the environmental and social perils of excessive consumption for many years now. On Black Friday, the most notorious shopping day of the year, we have responded with actions ranging from increasing prices and giving profits to charities to promoting second-hand products instead.

While seasonal sales have long been an integral part of the clothing industry, providing a way to reduce overly high stock levels, recent years have seen a trend toward utilizing frequent discounting as a sales strategy. Companies often produce discounted products specifically for sales events like Black Friday with the sole aim of

increasing their sales even more. The consequences go beyond excessive consumption and the associated environmental pressures. The systematic discounting that typically underlies Black Friday events heavily contributes to driving down production costs and worker salaries across the entire supply chain.

On Friday, November 25, 2022, we once again pushed back against the excessive consumption driven by the exaggerated discounting of Black Friday. This year, we closed down our activities everywhere possible, including in our brand stores, our e-commerce, most of our outlets and our headquarters and subsidiary offices.

“The environmental and social consequences of Black Friday are just too big for us to ever consider participating. We hope that our contrary actions will at the very least help draw attention to the problems of excessive consumption and systematic and large-scale discounting which are taking us in the wrong direction.”

— Jiwon Jang, CSR Manager

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	77	
	102-9	Supply chain	9, 59, 79	
	102-10	Significant changes to the organization and its supply chain	9, 59, 82	One store closed in Norway One new sourcing country was 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,
	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—4	
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	67	
	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, 105–106	
	102-47	List of material topics	19, 105–106	Appendix 2
	102-48	Restatements of information	25, 89	2021 quality returns rate % and 2021 % of suppliers over 5 years was restated to reflect correct data.
	102-49	Changes in reporting	See notes	Chart on low impact dyeing has been removed to avoid misleading information.
	102-50	Reporting period	5	1 January 2022 – 31 December 2022
	102-51	Date of most recent previous report	See notes	1 January 2021 – 31 December 2021
	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	102–104	Appendix 1
	102-56	External assurance	107	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	64	2727 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 Emissions/product sold: 17,2 CO ₂ e/product sold Emissions/turnover: 31 ton CO ₂ e/MSEK
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	53—58, 82	
Social Standards				
Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	66, 67	
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	71	
	404-3	Percentage of employees receiving regular performance and career development reviews	71	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	77	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	66, 68, 78	

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, 79—88	
Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	15-16, 79—88	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	82	All Tier 1 suppliers are screened during selection and approval process
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	82	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 Lifetime warranty Chemical management programme Design philosophy and innovation strategy Supplier Terms of Agreement 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 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 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 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 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	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	Haglöfs Restored Packaging guidelines Sustainable materials guidelines 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 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 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 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 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 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 Sustainability reporting Training Supplier Terms of agreement Risk Management Committee

Appendix 3: Auditor statement



Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Haglöfs AB, org.nr 556054-8694

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2022 och för att den är upprättad i enlighet med årsredovisningslagen.

Granskningens inriktning och omfattning

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

Uttalande

En hållbarhetsrapport har upprättats.

Yttrandet har lämnats den dag som framgår av vår elektroniska underskrift.

Ernst & Young AB

Oskar Wall
Auktoriserad revisor