



Due Diligence for Responsible Business Conduct

# Account reporting year 2022

for Helly Hansen Group



*Ethical Trade Norway has assessed the report of Helly Hansen Group to meet the criteria of our Base Level. More information about our Base Level can be found **here**.*



# SUSTAINABLE DEVELOPMENT GOALS



## To Readers Of The Report

Business and the public sector have a great impact on people, society, the environment, and animals and can both contribute positively to development, or negatively by causing harm. Businesses therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs).

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Responsible business conduct is the systematic effort that businesses do to identify, prevent or mitigate adverse impacts and explain how they manage their risks of negative impact to people, society, and the environment as well as provide remediation where this is required. Norwegian authorities expect all businesses, regardless of their size, to carry out due diligence in accordance with the UN's Guiding Principles for Business and Human Rights (UNGP) and OECD's Guidelines for Multinational Enterprises. This applies to businesses, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

**Heidi Furustøl**

*Executive Director*

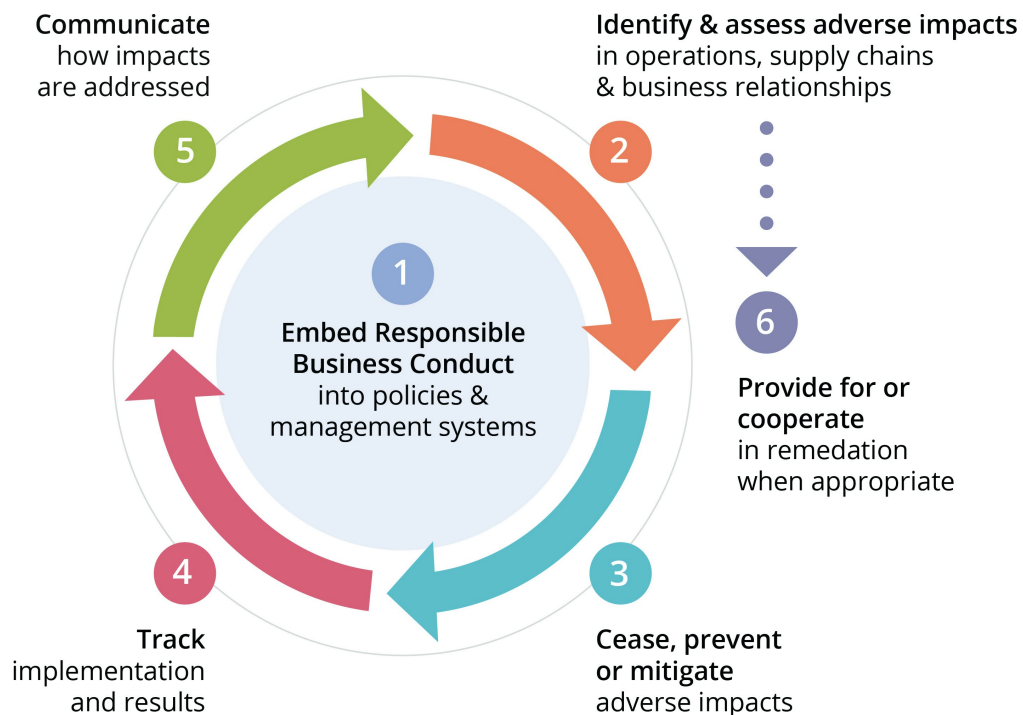
Ethical Trade Norway



# Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



# Preface From CEO

Since 1877, Helly Hansen has been deeply committed to making durable and high-quality professional grade gear, and is a brand trusted by professionals around the world. Our long-lasting products are intended to help people safely enjoy the outdoors, and to stay and feel alive in the harshest conditions whether skiing, sailing, hiking, working or beyond. We enable life-enhancing experiences between people and the power of nature.

Following a positive 2021, the global sporting-goods and workwear industry has faced multiple new challenges in 2022, including the threat of global recession, armed conflict in Europe, continued supply chain challenges, rapidly rising interest rates and higher inflation.

During the pandemic Helly Hansen focused on respecting and upholding the dignity of our employees and the people in our supply chain. We maintained all long-term commercial and professional partnerships, whilst keeping our focus on sustainability efforts. In the geopolitical and commercial reality of today this has never been more important.

In 2022 we articulated and communicated our values to further align our employees, organization, partners and stakeholders around our company purpose. Through our new strategy we have started work to define credible ESG goals, targets, and how to report our progress. Looking forward we aim to align charitable and corporate giving programs with our ESG goals, and we have set out to define our strategy and roadmap for diversity, inclusion, and belonging.

Where the global pandemic proved how small actions matter and how aggregated positive behavior could make a difference, the armed conflict in Europe has proven just how important it is come together and stand up for democracy, human rights and take an unwavering stand against unprovoked acts of war.

For this reason, we believe it is more important than ever to continue to uphold our values of quality, innovation, inclusivity, integrity, responsibility and passion throughout our supply chain, with our partners, among our employees - and to lead by example, always guided by our purpose and values.

We continue to prioritize protecting people and the environment.

Going forward we are fully committed to working even closer with all our stakeholders and to engage more with communities and consumers on ethical matters and sustainability. We are convinced that long-term success can only be achieved by respecting, protecting and promoting ethical values, human rights and the environment. We will continue advocating for the responsible use and enjoyment of the oceans, mountains, and the greater outdoors.

**" It is more important than ever to continue to uphold our values of quality, innovation, inclusivity, integrity, responsibility and passion. "**

Carrie Ask  
*Chief Executive Officer*



# Company information and business context

## Key company information

### Company name

Helly Hansen Group

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### Head office address

Munkedamsveien 35

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### Main brands, products and services offered by the company

Helly Hansen apparel, footwear and accessories

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### Description of company structure

Helly Hansen Holding AS, Norway (from now on mentioned as Helly Hansen Group) owns Helly Hansen AS, Norway and Musto Topco Ltd, UK. We manufacture and sell apparel, footwear and accessories both through wholesale channels as well as our own Direct to Consumer channel

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### Turnover in reporting year (NOK)

6 325 364 579

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### Number of employees

1 155

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### Is the company covered by the Transparency Act?

Yes

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### Major changes to the company since last reporting period

Due to the war in Ukraine we decided to exit Helly Hansen Group operations in Russia in August 2022. This included our retail stores, eCommerce site and product shipment.

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### Contact person for the report (name and title)

Ellen Andersen, CSR and Compliance Manager

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### Email for contact person for the report

ellen.andersen@hellyhansen.com

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## Supply chain information

### General description of the company's sourcing model and supply chain

Helly Hansen Group has a diversified portfolio of global suppliers. Based on the opportunities, skill set, innovation, quality levels, raw material availability, ethical integrity, geographical proximity, taking advantage of Free Trade Agreements and measured regional Geo-Political decisions, Helly Hansen Group has been able to partner with the right entities in Asia, South East Asia, Turkey and EU.

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### Number of suppliers with which the company had commercial relations in the reporting year

102

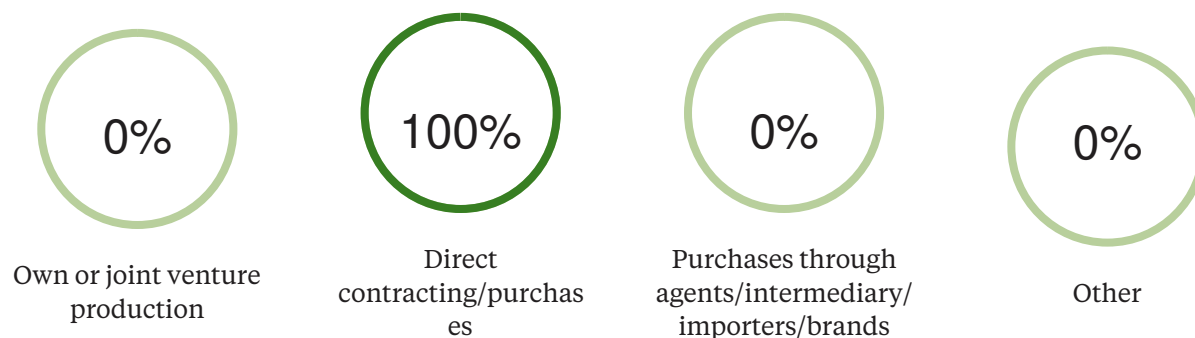
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### Comments

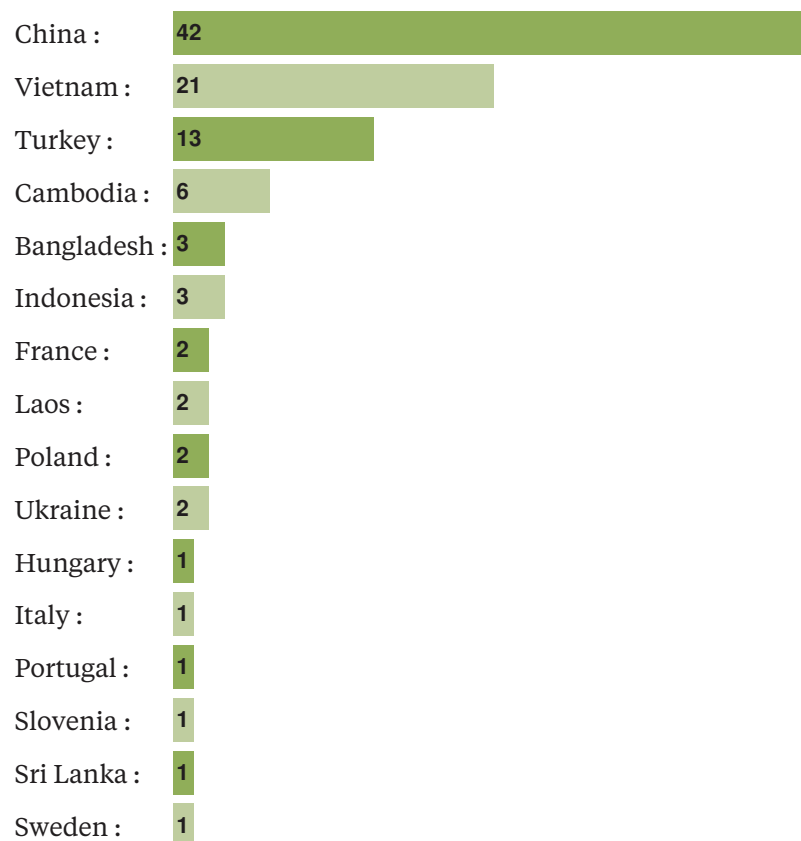
The number of suppliers are Tier 1 factories

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### Type of purchasing/ suppliers relationships



#### List of first tier suppliers\* (producers) by country



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**State the number of workers at first tier producers that the company has an overview of, and the number of suppliers this overview is based on:**

#### Number of workers

82 293

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#### Number of suppliers this overview is based on

100

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#### Numbers of workers per supplier (calculated average)

823

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#### Comments to number of workers

The information on numbers of workers has been collected from Audit reports.

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## Key inputs/raw materials for products or services and associated geographies

<b>Polyester</b>	China Taiwan Vietnam
<b>Polyamide</b>	China Taiwan Vietnam
<b>Cotton</b>	Brazil China Indonesia India Pakistan Turkey USA
<b>Down</b>	China North America
<b>Polyurethane</b>	China Japan Taiwan
<b>Polypropylene</b>	Brazil Slovakia Taiwan
<b>Wool</b>	Australia New Zealand South Africa

Packaging and trims are excluded from the list

## Is the company a supplier to the public sector?

Yes

## Goals and progress

### Process goals and progress for the reporting year

1

**Goal :**

Implement a scorecard for our suppliers that will focus on key performance attributes in both social and environmental areas. The scorecard will give Helly Hansen Group an opportunity to build closer relationships with well performing suppliers. It will also provide internal guidance when making future sourcing decisions around suppliers who may not perform as well.

**Status :**

Scorecard implementation was discussed with senior management throughout 2022 with no finalized result by the end of the year. Supplier scorecards will be implemented in 2023 with focus on social and environmental performance, as well as quality, on-time delivery, customer service, partnership trajectory, etc.

2

**Goal :**

Regular internal training sessions on CSR and Purchasing practice.

**Status :**

No regular training has yet taken place. We have increased the level of internal communication since as we are now building our Sustainability Strategy. In addition, we are continuing the implementation of the HIGG tools that require training on various levels within the organization.

3

**Goal :**

Develop Circular Design Guidelines for the Design and Development of new products. Work will kick off with a workshop in Q1 2022 and guidelines will be developed throughout the year.

**Status :**

Successful kick off workshop held by RISE with next steps to hold an internal workshop including all parties involved to agree on the circular product strategy. This will include a guideline for product teams to follow. The anticipated completion date is the end of Q2 2023.

4

**Goal :**

Harmonise our repair offerings in key markets. Identify key partners to enable repair during 2022.

**Status :**

After dialog with both our current repair partners and new potential partners we acknowledge the complexity of our distribution channel and will need to create a tailor-made solution for different countries and different business units. We recognize the different needs between our private customers, professional partners and ski resort uniforms. The work is still in progress and will continue throughout 2023.

5

**Goal :**

Pilot optimal available end-of-life solution for complex garments via Ski Resort partners and 3rd party take-back programs. Pilot Q1-Q2 2022.

**Status :** Our partner Recircled has helped us to disassemble 5000kg of ski resort uniforms which were then separated into their component parts and appropriate materials were sent away for recycling. The polyester insulation is currently sitting in Italy, awaiting recycling trials. Trials should be able to begin Q2 2023.

6

**Goal :** Collaborate with industry peers in shared supply chain facilities to drive decarbonisation projects. Pilot project with European Outdoor Group in 2022.

**Status :** Helly Hansen Group is active in two decarbonization projects, one through European Outdoor Group and one through Outdoor Industry Association Climate Action Corps. We have several wet processors enrolled and alongside our peers, Apparel Impact Institute and Reset Carbon, we will set and commit to climate targets and action points that will reduce their impact over coming years. In 2022 we created facility-specific action lists and targets. The facilities have set commitments against these lists based on their capabilities.

7

**Goal :** Collect more granular Environmental Performance data via Higg FEM and include more parameters in assessing our supply chain partners.

**Status :** In 2022 we focused on having key suppliers enrolling facilities to FEM for 2021 with success and started the new 2022 cadence in Q3.

8

**Goal :** Pilot Traceability tool on selected products. Project is starting with the traceability platform in Q1 2022.

**Status :** Successful TrusTrace pilot complete and full implementation has now begun Q1 2023.

9

**Goal :** Implement more ambitious and specific mandatory requirements related to Environmental Performance in our supply chain. Policies and guidelines to be updated Q3 2022.

**Status :** We are underway in analyzing collected data and will use this as a foundation for the work ahead to establish a Supplier Environmental Manufacturing Guideline. This work will continue throughout 2023.

10

**Goal :** Implement solid Chemical Management guidelines that will contain Helly Hansen & Musto Chemical Policy and Chemical Management guidelines. To be used as the master tool during product lifecycles and will include risk assessment tools.

**Status :** Started the work on developing the Chemical Guidelines in September 2022. An external consultant is assisting and we aim to complete the guideline in Q2 2023.

11



**Goal :**

Engage in the work done by Nirapon ensuring our Tier 1 suppliers are fully committed to monitoring safety conditions in their facilities. Commitment will be defined by participating in workshops and online webinars, in addition to performing required inspections with validated and approved results. Work will continue throughout 2022.

**Status :**

As expected, work was ongoing throughout 2022. One new factory was onboarded in 2022 and Helly Hansen Group participated in following up with the facility to ensure all Health and Safety standards are followed.

We have also participated in webinars and meetings throughout 2022.

12

**Goal :**

Implement HIGG FSLM with our key suppliers. Implementation will take place parallel to our regular Amfori BSCI audit process, with goals for a full rollover to FSLM. This is a long-term project set to begin phase 1 in 2022, which will include the onboarding of 3-4 suppliers.

**Status :**

We are realistic that this work will take several years, though encourage our suppliers to start moving towards HIGG FSLM, knowing this will be a standard required by many brands in the future. Our main focus is now on key suppliers.

Work is ongoing and so far we have 6 factories using FSLM/ SLCP audit standard.

13

**Goal :**

Replace all virgin PE with Recycled PE in our bags used for transportation. We have recycled PE sources available from both Asia and Turkey and are using up the leftover to ensure we can ship 100% recycled PE bags during 2022.

**Status :**

100% of all virgin PE bags were replaced with Recycled PE bags in 2022.

## Goal for coming years

1

Complete the Sustainability Intranet page where internal capacity building will take place.

2

Complete the Chemical Management guideline and execute internal chemical management training. Training to be completed by Q4.

3

Start Purchasing Practice workshops and engage the Planning and Operation department to participate in external workshops and seminars.

4

Complete Helly Hansen & Musto Sustainability Strategy that will be the foundation for the work we will be doing in the coming years. The strategy will be completed by Q2/Q3 2023.

5

Commit to SBT for 2023.

6

Material Strategy in place by Q4.

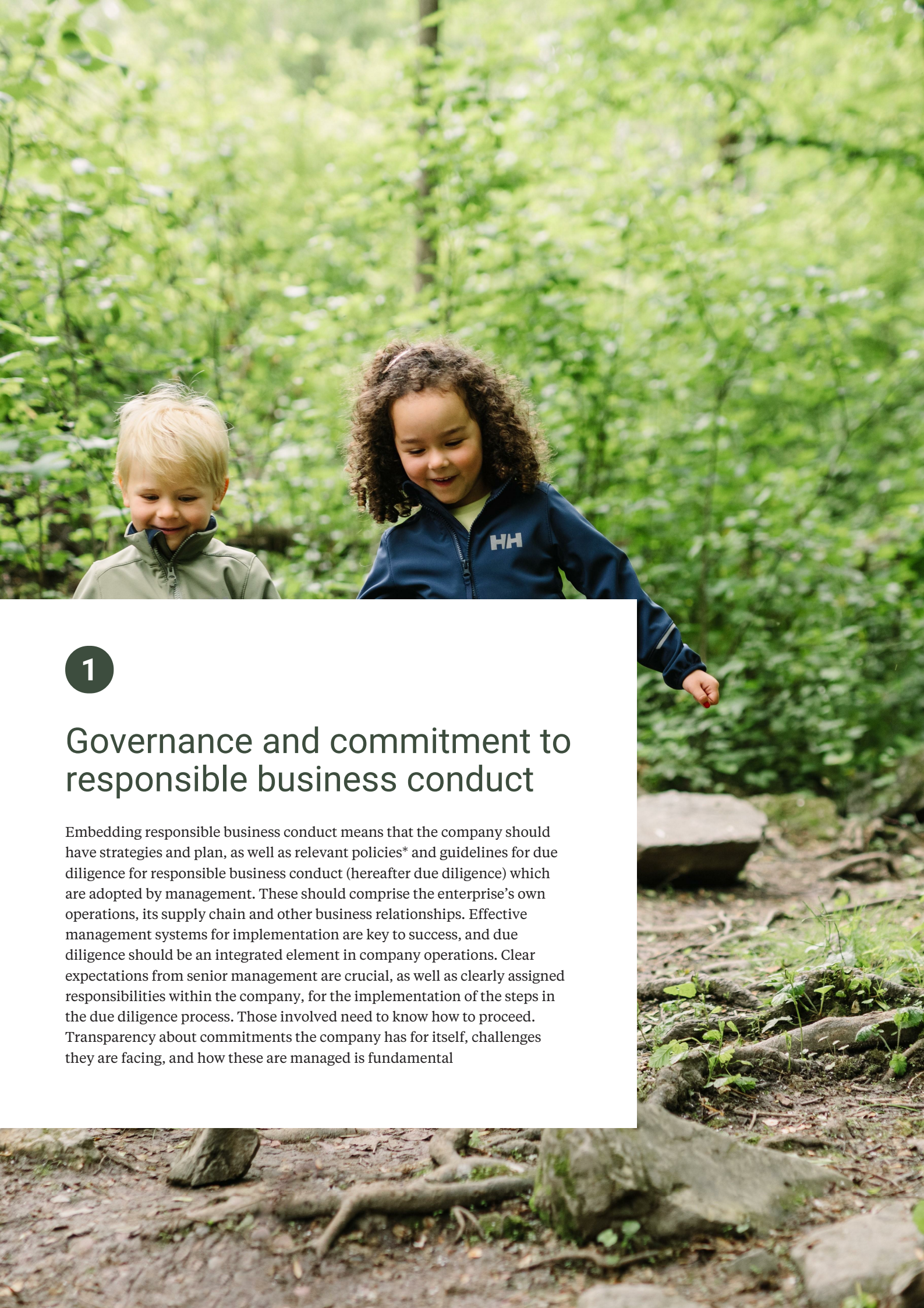
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Circular Product Strategy in place by Q4.

8

Transparency and Traceability: implementation of TrusTrace, work starting in Q1 2023. Knowing our supply chain down to Tier 4 - work will continue throughout 2023.





# 1

## Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the company should have strategies and plan, as well as relevant policies\* and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in company operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the company, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the company has for itself, challenges they are facing, and how these are managed is fundamental



## 1.A Policy\* for own business

### 1.A.1 Link to publicly accessible policy for own business

<https://www.hellyhansen.com/sustainability>

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### 1.A.2 What does the company say publicly about its commitments to respect people, society, the environment and climate?

Our aspiration is to make products that can live through generations. Long-lasting products require durable materials, which is a priority for us and an advantage for the environment. Therefore, we constantly work to develop and choose materials with the lowest environmental impact.

This is done while making sure that we do our due diligence towards all the people that are working in our supply chain.

We have policies and procedures in place and we are transparent about who we work with and where our products are being produced.

Our Policy on Responsible Business Conduct and Code of Conduct are shared on our website to communicate towards our external stakeholders how we commit to our work doing our due diligence in the supply chain we operate in.

We openly share our supplier list for Tier 1 and Tier 2 on our website. For Tier 1 we include the details of gender split, total number of workers in the factory, migrant worker status and status on labor organizations and collective bargaining.

In addition, we communicate on preferred materials, as well as traceability on natural materials including wool and down.

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### 1.A.3 How has the policy/commitment been developed and how is it embedded in the company?

Commitments to responsible business conduct has been a key element for Helly Hansen Group for many years and our Code of Conduct and Policies has been communicated to all our partners by requiring them to understand, commit and sign these documents.

Clear expectations from the Helly Hansen Group has been one of the successful driving factors to build trust and openness in the way we do business and a large percentage of our supplier portfolio are long term partners.

All our partners have to sign our Code of Conduct before we can continue any further collaborations with them. These documents are the foundation for our business and are communicated internally through presentations and sales meetings.

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## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence work organised within the company, and why?

There are four people working in the sustainability team.

- Sustainability Director
- CSR and Compliance Manager
- Sustainability Specialist Analytics
- Sustainability Specialist Product

The Sustainability Director and CSR and Compliance Manager reports directly to the Chief Sourcing Officer on issues related to Responsible Business Conduct and the overall strategic work related to Sustainability and the integration both internally and externally.

By having these roles sitting this close to the sourcing team in Hong Kong, supplier decisions, risk assessments and purchasing practices are easier to address when the team is organized in this way.

The Sustainability Director also works close with Marketing on Sustainability communication.

The Sustainability Director manages the overall strategy and all areas that affect the Environment when it comes to our supply chain and the products we are making.

The CSR and Compliance Manager works with all areas related to Social Compliance and Ethical sourcing. In addition, the role entails being in charge of Chemical Compliance.

The Sustainability Specialist Analytics analyses and track the organizations environmental impact and measures progress against set targets.

The Sustainability Specialist Product is working with the three phases of a product and investigates how we can design products that last longer, are easier to repair, encourage reuse and create products that are recyclable. Starting February 2023 the team will expand with hiring a Sr Sustainability Specialist Traceability that will manage product and traceability. The new hire will be based in Hong Kong to work closely with our suppliers on topics related to product and material traceability.

Throughout 2023 the Sustainability Team will continue with Capacity building throughout the organization to create greater involvement from Helly Hansen Group employees.

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### 1.B.2 How is the significance of the company's due diligence work defined and clarified for the employees through their job description, work tasks and incentive structures?

The CSR and Sustainability Team has been given the task of, and is continuously working on, informing and educating internal stakeholders on topics surrounding environmental attributes, responsible purchasing practices, CSR procedures and environmental goals.

The departments receiving regular training are Design and Product Development teams, Material teams, Sales, and Operation & Logistic. These are employees that either work very close with our supply chain partners or have a great impact on the environment or the society through the decisions they make.

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### 1.B.3 How does the company make sure employees have adequate competence to work on due diligence for responsible business conduct?

Helly Hansen Group employees are attending internal and external workshops and seminars arranged by collaborating partners. Some of these are bluesign, Sustainable Apparel Coalition (HIGG), Kemikaliegruppen, EOG and Etisk Handel.

This gives us an increased knowledge on responsible business conduct and how we can positively impact our supply chain by making the right decisions and setting targets for improvements.

There will be continuous focus on this throughout 2023.

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## 1.C. Plans and resources

### 1.C.1 How are the company's commitments to respect people, society and the environment embedded in strategies and action plans?

Helly Hansen Group and its action plans towards doing its Due Diligence are defined through Compliance Documents and Compliance procedures and are approved by senior management.

New supply chain partners have to comply to these procedures before any further collaboration can take place.

We ask our Tier 1 suppliers to comply to our social auditing program and we work closely with them to have the audit implemented and all non-compliance issues reduced or mitigated.

Helly Hansen Group has made a commitment to follow the standards of the BSCI – Business Social Compliance Initiative, but we do recognize that many of our existing factories may already have an audit other than a BSCI audit and if they have a valid audit in place and it meets our criteria and results are favorable, we will accept it. Any non-compliance issues or failure to achieve the acceptable results will be followed up with Helly Hansen Group and a Corrective Action Plan report will be used to create guidelines on how to improve. A follow-up audit will then be performed to verify that the improvements have taken place.

Helly Hansen Group will also gradually start monitoring Tier 2 -4 with regards to Social Compliance and this work could take place using the social module in the HIGG Index tool kit. This module is called FSLM. This work will happen gradually over the next two to three years.

Annual social audits are performed and these give us good indication on which improvement areas we should focus on to minimize the social and environmental risk amongst our suppliers.

We also work closely with our supply chain partners both Tier 1 and Tier 2 and have clear focus on setting our goals towards reducing our environmental footprint linked to producing our materials and products. To achieve this we have rolled out the Higg Facility Environmental Module (FEM). At the beginning of 2022 we also communicated to our Tier 1 and Tier 2 supply chain partners our material policy where we focused on preferred materials for our most used fiber types and preferred production processes such as low impact dyeing. We communicated our expectation on mandatory use of the FEM module for all our key suppliers in coming years and that the information must be verified. This will give us needed data to assess focus areas for measurable climate action and support our suppliers in transition to reducing their environmental footprints.

We are sharing some of our environmental action plans on our website.

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### 1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up by senior management and the board?

Helly Hansen Group's top management is involved in strategic decisions and changes that will affect the company and the way the brand is perceived in the market.

These strategic decisions are also linked to the targets that need to be established to be able to move forward.

In 2023 Helly Hansen Group is updating the current strategy and risk assessment with involvement of the Executive team.

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## 1.D Partnerships and collaboration with business relationships, suppliers in particular

### 1.D.1 How does the company emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

For decades the Helly Hansen Group has had a strong focus on building up long term relationships with its vendors seeing that this is key for working on improvements in the factories.

For new vendors we have a close dialog where social requirements are clearly communicated, and they are asked to complete our social auditing program.

Through social audits we are able to see areas where the factories need to improve, and we can work on an improvement plan together with the factory.

By building up trust and long-term relationships with our suppliers it is easier to find the balance in our expectations concerning respect for people, society and environment and the expectations regarding our purchasing practices. This is mainly related to how we place our orders, lead-times and payment terms. Challenges in 2022 like lockdown due to Covid-19, delivery times and raw material cost have been tackled through close dialog with our partners and we have managed to find workable solutions for most of these challenges.

We do however see that purchasing practice is an area where we can continue to improve so in Q1 2023 we are starting workshops with the Planning and Operation department to create an action plan on how we can change or improve our purchasing pattern.

## 1.E Experiences and changes

### **1.E.1 What experiences have the company encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?**

2022 has been a challenging year for many of our supply chain partners in Asia due to the Covid-19 pandemic and in Europe there are challenges related to the war in Ukraine.

In addition we see an increase in the implementation of Environmental Legislations and regulations.

These factors makes it even more important to have an open and honest dialog where issues like production and shipping delays, raw material shortage, increase costs and supplier legislation have been discussed and we have together managed to find solutions and at the same time create trust.



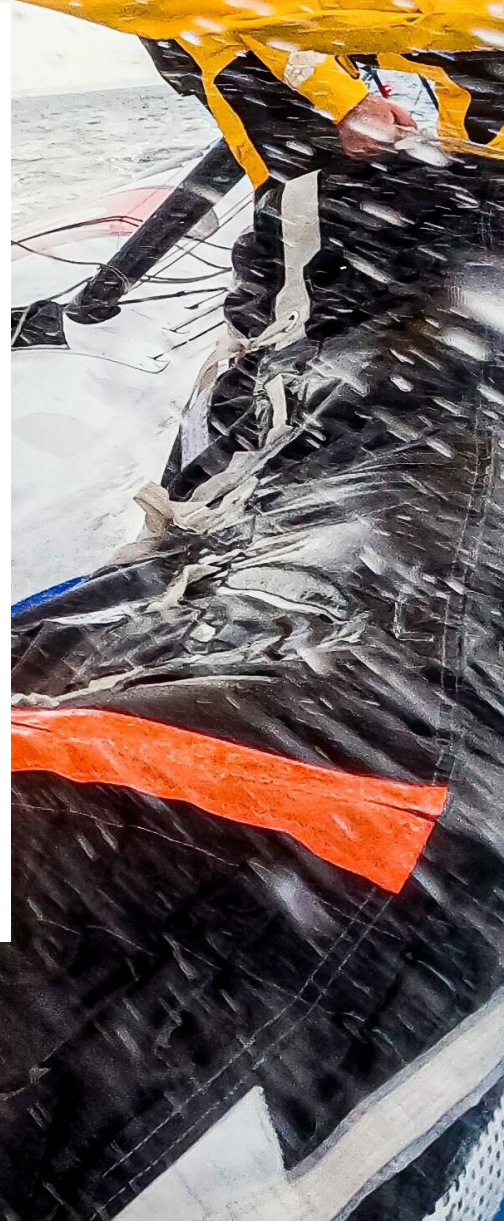


## 2

### Defining the focus for reporting

## Identify and assess the company's impact on people, society and environment

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relationships. As a first step the company should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The company's involvement in the negative impact is central to determine which measures the company should implement in the next step of the due diligence model. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.



## 2.A Mapping and prioritising

### STATEMENT ON SALIENT ISSUES

*Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.*

**2.A.1 List the company's prioritised risk of negative impact on people, society and environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.**

Salient issue	Related topic	Geography
The right of workers to join and/or form union and to bargain collectively	Freedom of association and collective bargaining	Bangladesh China Turkey Vietnam
Discrimination and harassment	Forced labour Freedom of association and collective bargaining Child labour Discrimination Wages Working hours Regular employment Marginalized populations	Bangladesh China Sri Lanka Turkey
Water	Occupational Health and safety Water	China Turkey Taiwan Vietnam
Hazardous Chemicals	Environment Emission Use of materials	Global
Health and Safety	Occupational Health and safety	Bangladesh China Turkey Vietnam

Living wages	Wages Working hours	Bangladesh China Turkey Vietnam
Climate impact	Environment Greenhouse gas emission Energy	Global



## DETERMINATION OF SALIENT ISSUES

**2.A.2 Describe: a) the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the company that have not been covered in this report (product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.**

The salient issues prioritized by Helly Hansen Group were determined based on which country the factories are located, which sector our product range falls under, type of products we are producing and our sourcing model. Helly Hansen Group operates in several high-risk countries, and we monitor the factories both through technical inspections where structural integrity, fire and electrical safety is inspected and also social inspections where risk mapping can be performed. The sourcing model we are using is based on direct contact with suppliers & factories and we are working on consolidation of factories to have less suppliers that we can have a tighter and more long term collaboration with.

This is a great advantage when we have any issues that need to be solved. We do not have any subcontracting which gives us great transparency in our supply chain work.

Helly Hansen Group's salient risk is higher in Tier 1 with regards to Social Compliance mainly because the manufacturing process is more labor intensive than in Tier 2 to 4.

For Tier 2 to 4 we do have a higher environmental risk because of the material and the production processes they go through for example wet processing and hazardous chemicals.

There are areas that have not been included as our most salient risks, mainly based on the scale of how salient the risk is. We do however have ongoing work ensuring we do our due diligence in these areas as well, mainly through regular auditing. These areas may include bribery/ corruption, overtime and animal welfare.

With regards to bribery/ corruption we are in the process of drafting an Anti-Corruption policy that will be completed in Q4 2023. Overtime will also be covered when we start the work on our purchasing practice and Animal Welfare is covered through our memberships in RWS, RDS, LWG and ZQ.

Other sources that were used in determining the salient issues were:

- Audit reports performed, results from these reports and corrective action plans implemented.
- Risk assessment mapping on country basis using the assessment tools from AAFA and Amfori Due Diligence Risk tools.
- Stakeholder conversations: chemical dialog with suppliers (challenges they have in their supply chain when producing materials for the Helly Hansen Group) and engagement in stakeholder initiatives (RISE, Kemikaliegruppen, EOG, SAC).
- International concerns around pollution and seeing scientific reports that can confirm the concerns with actual numbers and findings.
- Higg Brand and Retail Module is used as an independent 3rd party verified assessment of our environmental and social management system, policies, and action plans. The assessment helps us to identify gaps and develop an action plan, with clear prioritizations, to improve our Sustainability and CSR efforts throughout the business.
- Requests and demands from customers.
- NGO reports.
- Coming legislations.

Through analyzing this information we see where the most salient risks can occur and we are able to prioritize these areas.

We do have areas where we are planning to implement further actions like Purchasing Practice and Living wage projects. These are two areas where we are planning to start work on projects initiated by Ethical Trade Norway. We are hoping to have this started in Q3 2023.

## ADDITIONAL SEVERE IMPACTS

### **2.A.3 Describe any other negative impacts on people, society and the environment that were identified in the mapping of the business, supply chain or other business relationships during the reporting period and how these have been handled.**

The textile industry is one of the most water, chemical and energy intensive industries and through conversations with our supply chain partners we are trying to map out how we can reduce our chemistry and water impact by changing some of our processes in terms of material decisions and collaboration partners. In addition we are facing a climate crises where every business, government and individual must take responsibility.

The largest part of our GHG emission impact is coming from production of materials. We are collaborating with suppliers to increase energy efficiency, reduce coal as an energy source and adopt renewable energy.

We see a direct correlation between environmental challenges and the well-being of the people in our supply chain. Therefore we are prioritizing focus on these topics as well as the social aspects.



### 3

#### Management of salient issues

## Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the company is involved in the negative impact is key to taking the appropriate action. Negative impact that the company causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's own policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).



### 3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the company's prioritized negative impact on people, society and the environment

Salient issue	<b>The right of workers to join and/or form union and to bargain collectively</b>
Goal :	Our goal is to establish fair ways for the workers in our supply chain to be able to express their opinions and concerns related to their work life. There should be clear and open communication between the workers and factory management. Having Worker representatives or Workers Union should be encouraged as this has an overall positive impact on the people throughout our supply chain.
Status :	We have done a brief mapping of our Tier 1 suppliers. We see that gaps can be found when comparing number of worker representatives and their influence with the information found in the audit reports. They are represented, but do not have the influence/ power we expect them to have.
Goals in reporting year :	In 2022 we created an overview of the number of factories with unions and worker representatives in place to be able to plan what our next steps should be. Focus in 2022 has been to onboard all Tier 1 factories to our BSCI auditing scheme and make sure that they are compliant. We have also started the implementation of the HIGG FSLM module which is part of a 3-year plan to consolidate the audit system we have for our key suppliers. By doing so we will be able to reduce the audit duplication, onboard Tier 2 Key suppliers and also focus on labour practice projects together with other brands producing in the same factories.

Completed measures and reasoning :

Continue to work on the HIGG FSLM implementation and make sure that the collaboration between Amfori BSCI and HIGG is taking place. It is crucial that this goes ahead to avoid audit duplication.

Goals and activities for the coming reporting year :

We are aiming to onboard Key Tier 1 suppliers to FSLM and have their audits verified by Q4. This will create a healthy base for future projects especially related to freedom of association where multiple brands are able to work together on improvement projects. This process will continue throughout the whole year.

We are also hoping for a gradual onboarding of our Tier 2 suppliers to the FSLM platform.

## Indicator

### Factories with Worker representatives



<b>Salient issue</b>	<b>Discrimination and harassment</b>
<b>Goal :</b>	Our goal is to have a supply chain where the risk of discrimination has been eliminated and open and honest communication is being promoted. Modern slavery, migrant worker discrimination, female discrimination, sexual harassment and other forms of harassment are salient issues that we want to eliminate through regular audits, close dialog with our supply chain partners and awareness training for all the workers.
<b>Status :</b>	Through our close collaboration with Amfori BSCI we are able to track and minimize the risk for Discrimination and Harassment in our Supply Chain.  Our long term relationship with most of our Key suppliers also makes it possible to have open and honest communication around issues related to discrimination. Issues are being addressed directly to the factory and a follow-up on the remediation process is done.
<b>Goals in reporting year :</b>	We had set the goal of looking at social programs we could get involved in and set cost scope, level of involvement and time frame for these projects, but we were unable to start this mainly due to capacity and prioritization.

#### Completed measures and reasoning :

To prevent or mitigate negative impact the Helly Hansen Group should map out social programs that are already working on this topic and decide on which program to get involved in. We are also focusing on where we have the highest impact and by focusing the social dialog on Key supply chain partners we can increase labor empowerment around this important topic. We will continue the work throughout 2023.

#### Goals and activities for the coming reporting year :

Continue the thorough audit program together with Amfori BSCI and HIGG FSLM to find hotspots and work on improvement plans together with the suppliers.



<b>Salient issue</b>	<b>Water</b>
<b>Goal :</b>	<p>Reduce or remove hazardous chemicals from wastewater streams from our supply chain partners.</p> <p>Can be achieved through:</p> <ul style="list-style-type: none"> <li>* Increase amount of materials dyed with water free dyeing technique's and also consider other environmentally preferred dyeing methods.</li> <li>* Work with supply chain partners on projects related to wastewater treatment and dyeing techniques.</li> <li>* Introduce a cotton program where water impact is being reduced.</li> <li>* Continue our collaboration with bluesign and to strive towards an increased bluesign approved product portfolio.</li> </ul>
<b>Status :</b>	<ul style="list-style-type: none"> <li>* We are mapping our production and wet facilities in our supply chain, focusing on our Key suppliers that covers 80% of our total volumes. By doing this we will be able to set a baseline and impact reduction can be planned accordingly.</li> <li>* We are exploring the possibilities of water saving dyeing methods.</li> <li>* We are actively working towards having more of our products bluesign approved. Internal capacity building is part of achieving this goal and focus on preferred materials part of the process. Close collaboration with our Key suppliers in material selection is key.</li> <li>* We have implemented recycled material coming from ocean bound plastic.</li> </ul> <p>Ocean Bound plastic is coming from plastic bottles sourced within a 50 kilometer/ 30 miles radius of costal areas.</p>
<b>Goals in reporting year :</b>	<p>Continue to roll out the use of Ocean Bound materials.</p> <p>Through the use of solution dyed material we have seen a significant saving in the use of water and chemicals.</p> <p>By dyeing approx. 300 tons of fabric with solution dyed in 2022 we have saved 9 000 m3 water.</p>

#### Completed measures and reasoning :

We are working in close collaboration with our supply chain partners to make sure that water management is high on the agenda. By selecting materials we know have reduced water impact we have started the journey towards a toxic free water stream. Many of our Key suppliers are also integrating water treatment plants that can reuse the water used during production.

Through HIGG FEM we have created awareness around water preservation and will continue the dialog with them on future projects Helly Hansen Group can participate in.

#### Goals and activities for the coming reporting year :

The Helly Hansen Group will set clear long term goals and KPI's and make a 5 year roadmap on further reduction in water usage and water pollution.

We will also create guidelines on water pollution (water management) for our supply chain partners.

<b>Salient issue</b>	<b>Hazardous Chemicals</b>
<b>Goal :</b>	The Helly Hansen Group aims to be in compliance with all global chemical regulations so that the people producing our products, the environment they live in, and the end user of our products are safe and not exposed to harmful substances.
<b>Status :</b>	<p>The majority of Helly Hansen Group's materials and trims are bluesign approved with more of our products becoming bluesign approved products. bluesign and its Input Stream Management System dictates that using best possible techniques and eliminating hazardous chemicals from the beginning and throughout the supply chain will produce safe end-products and safer working environments.</p> <p>For the products that are not bluesign approved we have a chemical management system in place that is based on risk-assessments on material type level and regular testing of high-risk materials are required. We are also in the process of rolling out a Chemical Management Guideline that will be a strategic tool which will highlight the process for how we do our chemical risk assessment and decision making related to harmful chemicals.</p> <p>We are also looking into legislations per country and making sure we test accordingly and that we are compliant.</p>
<b>Goals in reporting year :</b>	In the reporting year Helly Hansen Group continued to work on expanding our bluesign approved material portfolio and based on chemical risk we did regular testing of materials that were not bluesign approved. We also did regular testing of materials or products that needed to be reviewed under new country specific legislations coming into force.

#### Completed measures and reasoning :

Helly Hansen Group has continued the bluesign collaboration where we are working on increasing the amount of bluesign approved materials and trims in our collection.

Extensive work is also being done with regards to eliminating PFAS from our products and most of our products are now PFC free. The remaining products are some Workwear products where we are working closely with our material partners to find solutions that offer the best protection in addition to being PFC free.

High levels of testing is being performed on high-risk materials and trims. The risk assessment is done based on criterias set by NGOs and chemical consultants we work closely with, and government regulation bodies.

Another measure that has been taken is the investigation into the use of harmful solvents in membranes and their production. The results give us a better picture of which membranes we should use and which ones that should be eliminated from our collection.

Helly Hansen Group has worked on chemical free concepts such as Lifa Infinity Pro and we are looking at other alternatives that are chemical free.

#### Goals and activities for the coming reporting year :

For 2023 we will implement our Chemical Management Policy and Chemical Management Guidelines. A Chemical Management flowchart will visualize the areas of responsibility for the various departments and the risk matrix will highlight the areas where we will introduce a more aggressive testing plan to eliminate potential risk-chemicals entering our material portfolio. This work has already started and will continue rolling out in Q3 and Q4 with workshops held by an external consultant.

<b>Salient issue</b>	<b>Health and Safety</b>
<b>Goal :</b>	<p>Key focus for Helly Hansen Group is to provide a healthy and safe working environment for all the people in our supply chain. To achieve this we are performing regular audits and work in close collaboration with the factory if any non-compliance issues have been discovered.</p> <p>Key focus areas within Health and Safety are: fire, electrical and structural integrity, chemical handling and labelling, correct use of PPE equipment and health checks for workers.</p>
<b>Status :</b>	<p>Helly Hansen Group has largely focused on Fire, Electrical and Structural safety and in Bangladesh we are collaborating with Nirapon to implement improvements in the factories we work with. We have been members of Nirapon since September 2021.</p> <p>In addition we do regular Amfori BSCI audits where health and safety are one of the areas we monitor closely and all non-compliance issues are followed up with a CAP (Corrective Action Plan) that needs closure before production can continue. Zero tolerance issues are taken to senior level and factories are required to act immediately and production is put on hold until the issue is solved. This is a process that is followed up both in writing and by Helly Hansen Group personnel visiting the facilities.</p>
<b>Goals in reporting year :</b>	<p>Health and Safety Improvement is an ongoing process that is followed up on throughout the year.</p> <p>By performing Social Audits we are not only pinpointing hotspots in some factories, but we also create awareness around Health and Safety and what is to be expected by a factory to be able to legally comply to national and international regulations.</p> <p>We have a good dialog with our suppliers on how they can improve, and we ask for evidence when the improvement has been done.</p> <p>This can either be through photographs or small films they send us. The factory has to go through a follow-up audit making sure that all improvements are implemented.</p>

#### Completed measures and reasoning :

Through auditing we have been able to find hotspots and implement improvements that are needed for the factory to be compliant. Health and Safety is non-negotiable.

When discrepancies are found we ask the factories to follow-up and come back to us with a time frame for when the work is to be completed and we are informed on the progress. Amfori BSCI also makes sure that the workers have the knowledge they need to be able to spot discrepancies and take action on these findings.

#### Goals and activities for the coming reporting year :

Helly Hansen Group has largely focus on Health and Safety compliance and follow the same stringent process we have in place.

Audits are done on an annual basis, and we will continue to follow the same auditing routines as we have followed in 2022. The work has also begun to create a “Visual observation form/ factory audit training list”.

This document is a training tool and checklist to help Helly Hansen and Musto employees visiting the factories become familiar with basic social compliance issues.

The checklist will make it easier for them to know what to look for and report back if there are irregularities they are worried about.

It will also increase their engagement related to compliance when talking to the factories. The form will be ready in Q3.

<b>Salient issue</b>	<b>Living wages</b>
<b>Goal :</b>	Helly Hansen Group wants to ensure that the factories we collaborate with pay their workers fairly and that they have a strong social protection system in place.
<b>Status :</b>	Through our auditing procedures we can make sure that the factory pays no less than the minimum wage in the country the factory is located and that the process of wage bargaining is done in a proper way. We can also see that the payment is done in a timely manner and that the workers get all the social benefits they are legally granted. This is a process that is looked into each time we perform our social audits.
<b>Goals in reporting year :</b>	We have not started any Living Wage projects in addition to the regular audits we currently perform at the factories. No discrepancies have been found related to minimum wage, but we would like to move beyond that and ensure all workers creating our garments are given a wage that will allow them to live a decent life.

#### Completed measures and reasoning :

Helly Hansen Group conducts regular BSCI audits and these are part of making factories aware of the risk they are running if they do not comply to the legal minimum wage.

#### Goals and activities for the coming reporting year :

Participate in Living Wage projects and throughout Q2 and Q3 we will map out potential projects that could be implemented with our key suppliers in early 2024. The projects will be focused on our 10 key Tier 1 suppliers.



Salient issue	Climate impact
Goal :	<p>The Helly Hansen Group's goal is to reduce its climate impact with regards to what we have committed to through our membership in Climate Corp and OIA.</p> <p>Through our participation in two decarbonization programs together with several of our supply chain partners we are hoping to see a reduction in overall climate impact over the coming years.</p> <p>We will set clear goals for how we work on circular economy with regards to facilitating repair services, re-use and take-back programs and have policies in place.</p> <p>Develop a clear visions on what materials the Helly Hansen Group would like to work with in the future and create clear policies.</p>
Status :	<p>The Helly Hansen Group is continuing to map all production and process facilities in our supply chain and we are also now rolling out HIGG FEM for all our key suppliers.</p> <p>We are active in two decarbonization projects, one through European Outdoor Group and one through Outdoor Industry Association Climate Action Corps where several of our supply chain partners are participating.</p> <p>We are also in close collaboration with our professional partners where we have several pilot projects running with regards to repair service, take-back programs and re-use of HH products.</p> <p>We are focusing on creating Preferred fiber and material strategies and have rolled out internal workshops for capacity building.</p>
Goals in reporting year :	<p>Some of the 2022 goals include working towards having climate goals anchored, with clear KPIs on how to reach these goals.</p> <p>We see that disruptive supply chains throughout 2022 have been challenging and makes the move toward a supply chain with less climate impact more challenging. We do however find that more of our industry peers are starting to set the same goals and through strong collaborations we can influence international legislations and set solid standards that make the industry move towards less climate impact more quickly.</p>

#### Completed measures and reasoning :

We work with our supply chain partners on creating as little impact as possible with the tools and resources we have available and try to work on capacity building both internally and externally. Through our focus on finding materials and treatments that have a lower impact we have managed to see some reduction in our CO2 emissions.

By using solution dyed material and by applying this dyeing technique in many of our products we have for 2022 saved 459 000 kg of CO2.

#### Goals and activities for the coming reporting year :

Goals for the coming year are to solidify clear guidelines on how to create a material portfolio containing low-impact fibres.

We will continue with internal capacity building where focus is needed on making our employees aware of the impact we have and focus on creating strategies for reducing this impact. This will be in areas of design & development, transportation, purchase and planning, and sourcing.

Work will continue on building up a repair service that can function on a global level and through collaboration with our professional partners we can develop products with focus on quality and longevity.

## OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

**Describe the company's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.**

### **3.B.1 Reduction of nature- and environmental impact**

- \* Calculation of our environmental footprint with a focus on GHG and water.
- \* Apply tools and polices such as HIGG and bluesign.
- \* Focus on introducing materials and treatments with a better environmental profile such as recycled, solution dyed and organic cotton.
- \* Apply a circular perspective with the priority order; QUALITY, REUSE, REPAIR, RECYCLE.
- \* Respect animal lives and treat animals fairly in accordance to both subjective and objective needs.

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### **3.B.2 Reduction of greenhouse gas emissions**

Helly Hansen Group is in the process of drafting a strategy on how the work towards GHG reduction will be implemented. With set targets we are able to implement the reduction in a constructive way throughout the entire organization.

This work will be completed within 2023.

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### **3.B.3 Adapting own purchasing practices (sourcing)**

During 2022 the disruptive purchasing pattern continued due to Covid-19 and our demand and outlook have been impacted by slowing demand due to war/energy prices.

Our ability to react to changes has caused challenges in supply especially on pre-booked materials where we now have to call off in a more phased pattern than originally planned.

We have reassessed, mapped our current, and estimated future inventories based on updated consumer and customer demand:

- Assess current state of already Pre-Booked Raw Materials to utilise in current/future production.
- Continue to work on improving our forecasting capabilities & sharing monthly rolling forecasts with raw material suppliers/factories for visibility & future production planning.
- Share/roll out 3 year Vendor Plans based on our growth, with all factories for better capacity and production planning.

### 3.B.4 Choice of products and certifications

Helly Hansen Group sees that the products we are producing can potentially have a negative impact on the environment, but we also see that many of the choices made in the design and raw material process can have a positive contribution toward reducing our footprint.

Some of these action points are:

- Roll out of HIGG facility Environmental Module with an improvement plan for key suppliers. Ensure majority of our materials is sourced from facilities who are continuously working with environmental improvements.
- Continue sourcing bluesign material and increase the % bluesign in our workwear collection.
- Finalize the phase out of PFAS material in our products and 93% of our products are now PFAS free. From AW24 season no more PFAS will be used.
- Identify and test materials in regards to microfibre release in order to eliminate the high shedding materials and improve constructions to reduce leakage of non degradable materials into the environment.
- Increase the volume of recycled and solution dyed materials. Our commitment towards Textile Exchange is that by 2025 50% of the polyester used to make our products is to be recycled.
- Continue to apply 100% responsible down standard and continue to be certified to RDS.
- Continue to use ZQ certified merino wool and for other wool focus on Responsible wool standard, which we also are certified to.
- Ensure our products are high quality and made for longevity.

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### 3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

The factories that Helly Hansen Group work with have signed our CoC and have legally agreed on the values mentioned in the document. One of the paragraphs covers Freedom of Association and the Right to Collective Bargaining.

Workers should have the right to join or form trade unions and to bargain collectively. Where the law does not allow this the factory should facilitate for the development of an independant form of worker representation.

76% of the factories we work with have elected worker representation and through the Social Auditing we do we are able to track and make sure that having a democratically elected worker representative is a minimum criteria.

We do want this number to be 100% and we will work actively with our suppliers to engage in this topic. This can be done through Worker Empowerment programs. Plans for available projects and collaboration partners will be ready in Q4.

### **3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain**

By having a close collaboration with suppliers and also strict implementation of compliance procedures we are able to look at the gaps where focus needs to be on training and development.

We are in the process of analyzing our supply chain in terms of both environmental and social compliance and we will focus on key suppliers when implementing some of our projects. One of these being the implementation of HIGG.

For environmental training and capacity building for our Tier 1 and Tier 2 suppliers we are working with HIGG FEM (Factory and Environmental Module) that will give them clear indications on improvements that can be done in terms of production processes.

The HIGG BRM module (Brand and Retail Module) is a module that gives us as a brand clear indication on how we are performing on environment and social in the areas of management systems, brand, stores and operations & logistics.

The BRM is a self assessment being performed in different departments in our company and later on verified by an approved external verifier that gives advice on the improvement work that can be done within the company and how we can implement an improvement plan.

Helly Hansen Group has been conducting the HIGG BRM module for several years and the result of the 2020 module was verified by a third party. Our total verified scores for environment was 46% and total verified Social was 64%. The scores were divided into management system environment 83,3% and social 95,2%, Brand environment 42,7% and social 48,6%, stores social 69% and operations and logistics environment 26,2% and social 55,3%

In addition, when working with Amfori BSCI there are several requirements related to training and worker involvement. This is part of the annual audit procedure and tells us if Corrective Action Plans need to be addressed.

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### **3.B.7 Combatting corruption and bribery in own company and supply chain.**

Internally we are asking all our new Helly Hansen and Musto Employees to sign and follow our anti-corruption policy and our supply chain partners have to sign our Code of Conduct where one of the paragraphs covers anti-corruption.

We see this is an area with increased focus and we have started the work with our legal department to look into how we can increase the focus here by internal training, while also develop a separate policy that will be sent out to our suppliers. This work will continue throughout 2023 and finalized in Q4.

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### **3.B.8 Other relevant information concerning the company's work to reduce, prevent, and manage negative impact on people, society and environment**





## 4

# Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the company conducts sound due diligence work. The company needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the company alone or carried out in collaboration with others. The company's experiences from working on due diligence should be used to improve procedures and routines in the future.

## 4.A. Track and assess

### **4.A.1 Describe the assignment of responsibility for tracking the effect of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, society and the environment, as well as how the tracking is done in practice**

Our sourcing office is in regular contact with our suppliers to monitor ordering procedures and our commitment to timelines that have been decided on.

The work they do has a direct impact on the use of overtime and we are monitoring this closely together with our suppliers to see how we can place orders and regulate the capacity throughout the year in the best possible way.

The challenge is that many of our suppliers are working for several brands that might not have the same focus on their ordering procedures. Helly Hansen Group's work towards improved purchasing practices might be insignificant if we don't encourage the other brands to have the same focus. By implementing HIGG FEM and FSLM we are hoping that collaboration between brands can increase due to sharing of both data and knowledge is part of the tools in the HIGG platform.

We believe that the biggest impact can be achieved by working with our key suppliers that covers approximately 80% of our volumes. We have started the work and will continue to engage the suppliers throughout 2023.

Environmental focus is something that is monitored through testing and sound certification systems. This is followed up with external partners that performs the testing for us.

This is mainly related to Tier 2 suppliers, but also Tier 3 and Tier 4 partners that are dealing with animal derived materials (down, feather, leather).

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### **4.A.2 Describe how the company ensures that measures taken to identify, prevent and reduce negative impact actually work**

Helly Hansen Group has regular audit inspections in place where we mainly work with Amfori BSCI as our audit standard. These regular audits give us good indications on how the factory works on preventing and mitigating salient issues.

We specifically follow up on salient issues related to health and safety and we have zero tolerance in this area.

Working closely with Nirapon in Bangladesh we receive regular reports on the status of the factories and this is mainly related to building safety in the areas of fire, electrical and structure. These reports are followed up on by Nirapon who has a close dialog with the the factory management on how to resolve issues.

Helly Hansen Group performs regular factory visits and we have quality inspection personnel in our key factories who are our "eyes and ears" who report back to us if there are any findings. They do also have direct dialog with the factory workers.



# 5

## Communicate how negative impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Companies should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the company's actual and potential negative impacts on people, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.



## 5.A External communication

### 5.A.1 Describe how the company communicates with affected stakeholders about managing negative impact

Negative impacts caused by Helly Hansen Group can be short term or long-term issues that need to be solved and communicated in different ways toward the affected stakeholder.

Some of the short-term issues can be found during regular audits or through helplines where incidents are being reported. These are issues that are solved over a relatively short period and through collaboration between Helly Hansen employees and the factory management.

More of the long-term negative impacts are issues related to environmental impact and need to be mapped and planned through more analytical processes where baselines are created and a long-term plan is drafted with the factories involved.

The cost implications for the factories to participate in improvement programs can be a deterrent and a critical issue when discussing investing in expensive equipment to improve emissions. We are implementing HIGG FEM throughout our supply chain where our Key suppliers are involved in the process.

The HIGG FEM will give us a higher understanding of the environmental impact and actions that need to be taken to avoid these impacts.

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### 5.A.2 Describe how the company publicly communicates its own work on identifying and managing negative impact/harm

We communicate our work through our official website <https://www.hellyhansen.com/sustainability/>

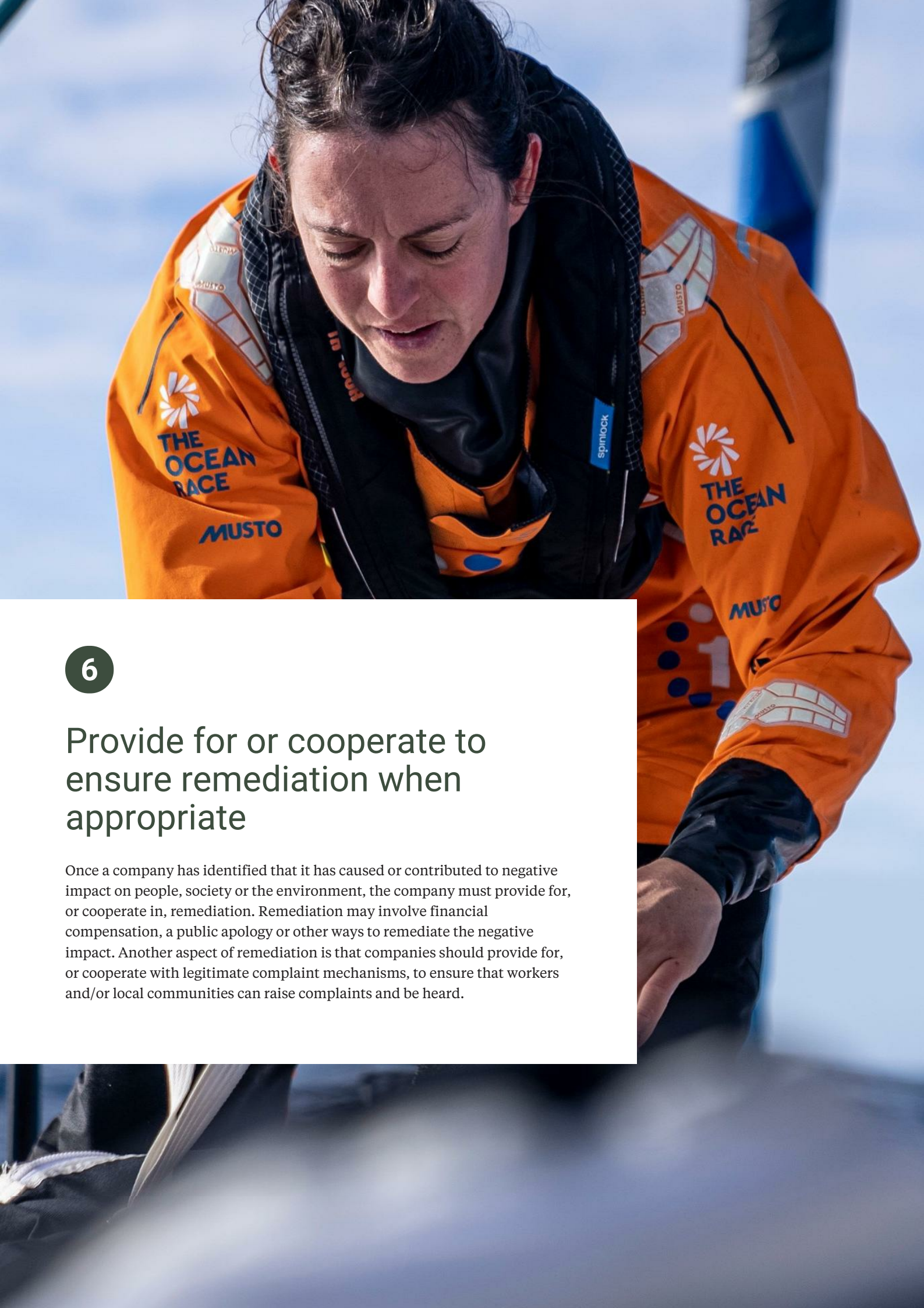
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### 5.A.3 Describe the company's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

The Helly Hansen Group has one key employee responsible for giving feedback to external inquiries related to the Transparency Act. By using our internal PLM systems, Amfori BSCI database and records of signed compliance documents we are able to give constructive and informative feedback. We have hosted internal meetings with Helly Hansen customer service employees to advise them not only on how it is our duty to answer external inquiries, but how to respond, ensuring they are well prepared for these requests.

Much of the information related to how we work can also be found on our website, but if information related to a specific product or product group is asked for we will do this case-by-case.





6

## Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect of remediation is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

## 6.A Remediation

### 6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

Helly Hansen Group follows the formalized procedures of Amfori BSCI audit result remediation. There are clear process procedures for when non-compliance issues are found, and these are to be followed when working with the factory to improve its negative impact.

We have a close dialogue with the factories and any improvements that need to be made, we engage in and attend meetings to solve the problems.

Helly Hansen Group works with Amader Kotha in Bangladesh through Nirapon and is a helpline established in 2014.

The helpline can be used by workers to make it possible for them to report on issues related to health and safety, physical abuse and sexual harassments.

All critical infractions are followed up on and in the end must be signed off by senior management with an Approval Summary.

This process is so far only available in Bangladesh, but is a grieving mechanism we clearly see well and we are therefore looking into how we can implement a similar process with other factories in other countries we are operating in.

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### 6.A.2 If relevant, describe cases of remediation in the reporting year

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## 6.B. Ensure access to grievance mechanisms

### **6.B.1 Describe what the company does to ensure that workers and local communities have access to effective grievance mechanisms when this is needed**

Helly Hansen Group works with Amader Kotha in Bangladesh through Nirapon which is a system that works well.

In other countries we operate in we monitor the grieving mechanisms and systems implemented in the factory through the union operating there, or through the worker representatives.

It is crucial that we as a brand look into having an improved process around grieving mechanisms. Therefore, we would like to start a process with talking to the worker representatives in the factories to establish a mechanism that will work well. This work will start in Q3 2023.

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