



Report on

Responsible Business Conduct 2021

for Helly Hansen



SUSTAINABLE DEVELOPMENT GOALS



To Readers Of The Report

Business has a major impact on people, society and the environment. It can make positive contributions to development but can also have negative impacts and cause harm. Companies therefore play a key role in achieving the UN's Sustainable Development Goals (SDGs). The Norwegian government expects all companies, regardless of size, to map, prevent, limit and communicate on how they handle risks for negative impact, as well as remediation mechanisms in cases of harm on people, societies or the environment. This is known as due diligence and applies to the private and public sector as well as organizations. As a consequence of the recently passed Transparency Act (åpenhetsloven), all larger corporations are obliged by law to conduct due diligence and show transparency in this work from 1 July 2022.

Members of Ethical Trade Norway have committed themselves to work with mandatory due diligence for responsible business practice. The foundation for this work is Ethical Trade Norway's Declaration of Principles (code of conduct) which covers the areas decent work, human rights, environment/climate, anti-corruption and animal welfare.

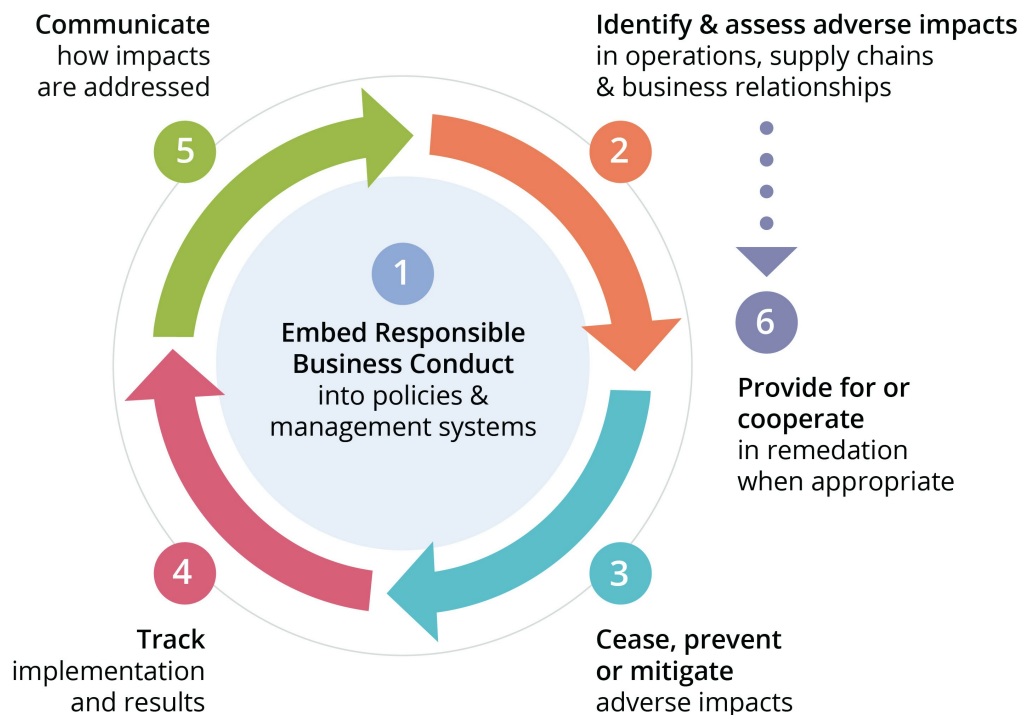
The reporting template is designed for the company to show transparency in their work on responsible and sustainable business practice, as described in the UN Guiding Principles (UNGP) and the OECD Guidelines for Multinational enterprises. The report should show how the company works with due diligence, and describe what challenges the company faces, which measures are being implemented to handle these challenges, as well as progress and results. All member reports are publicly available 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

Helly Hansen was born by the seas and raised in the mountains. Since 1877 we play in sports, safeguard workers and have been trusted by professionals all over the world. We are deeply committed to making durable, high quality and safe professional grade gear. Our long-lasting products are intended to help people safely enjoy the outdoors and stay and feel alive in the harshest conditions whether they ski, sail, hike or work.

With ongoing challenges in 2021 from the global pandemic, closed retail operations, closed borders and faltering supply-chain we have focused on respecting and upholding the dignity of our employees and the people who produce our products. In addition we have strived to maintain our long-term commercial and professional partnerships and overall safeguard the wellbeing and job security of all our employees globally whilst focusing our sustainability efforts.

Two years into the pandemic it has been proven painstakingly clear that mankind is not divided by borders, nationality, race, color or religion. No nation, organization or individual can choose not to acknowledge global problems such as pandemic health crisis, basic human rights or global warming. Nor choose to not be part of the long-term solution.

Over the last two years we've seen that small actions matter and how aggregated positive behavior makes a difference and initiates the needed change. For this reason we believe it is more important than ever to continue to uphold our values of transparency, trust, respect, collaboration, pro activity and accountability throughout our supply chain, with our partners, among our employees and be an example to all our stakeholders.

We are committed to protecting people and the environment and we do so by upholding the following principles:

- We strive to comply with regulations and keep up to date with regulatory changes in our markets. We engage and communicate on regulatory topics that are important for our industry. We listen and engage with our stakeholders on both ethical matters and sustainability.
- We treat our employees and workers in factories that produce for us with dignity, and we uphold all relevant ILO conventions. All employees and workers have a right to a healthy and safe workplace and we safeguard this.
- We apply a management system approach to sustainability. We continuously lead, evaluate and improve our management approach to sustainability. We measure and ensure so that we can set goals and produce measurable improvements.
- We use resources, materials, energy and water in a responsible way. Whenever we use materials from animals we uphold strict animal welfare standards. We limit the degree of pollution and emissions we cause with our activities. We manage chemicals in manufacturing and in our products responsibly. We ensure that no harmful chemicals are used that could jeopardize workers' or consumers' health. We strive to take a life cycle approach to our products and seek to minimize the environmental impacts. In partnership with our suppliers we follow sustainability standards and work towards continuous improvements. We safeguard consumers' health by upholding strict manufacturing standards.
- We report yearly on our sustainability goals, projects and achievements. We report on an annual basis to the Ethical Trading Initiative Norway.

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 are committed to continue advocating for the responsible use and enjoyment of the oceans, mountains and the greater outdoors.

Only through a holistic and scientific approach can we be successful in our efforts to ensure our combined actions support the overall possibility for people and the planet to thrive.

" We are convinced that long-term success can only be achieved by

respecting, protecting and promoting ethical values, human rights and the environment "

Tor Jenssen
Chief Marketing & Product Officer

Company information and business context

Key company information

Company name

Helly Hansen

Head office address

Munkedamsveien 35

Main brands, products and services offered by the company

Helly Hansen apparel, footwear and accessories

Description of company structure

Helly Hansen AS owns the Helly Hansen, Helly Hansen Workwear and Musto brands. We manufacture and sell apparel, footwear and accessories both through wholesale channels as well as our own Direct to Consumer channel

Turnover in reporting year (NOK)

4 889 000 000

Number of employees

1 363

Major changes to the company since last reporting period

Contact person for the report (name and title)

Ellen Andersen, CSR and Compliance Manager

Email for contact person for the report

ellen.andersen@hellyhansen.com

Supply chain information

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

HH has a diversified portfolio of suppliers globally. Based on the opportunities, skill set, innovation, quality levels, raw material availability, ethical integrity, geographical proximity, taking advantage of Free Trade Agreements, HH has been able to partner with the right entities in Asia, South East Asia, Turkey and EU.

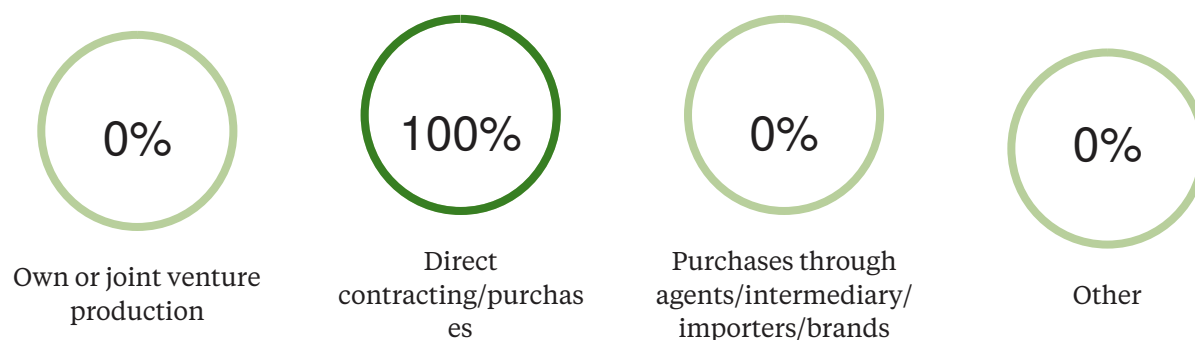
Number of suppliers with which the company had commercial relations in the reporting year

101

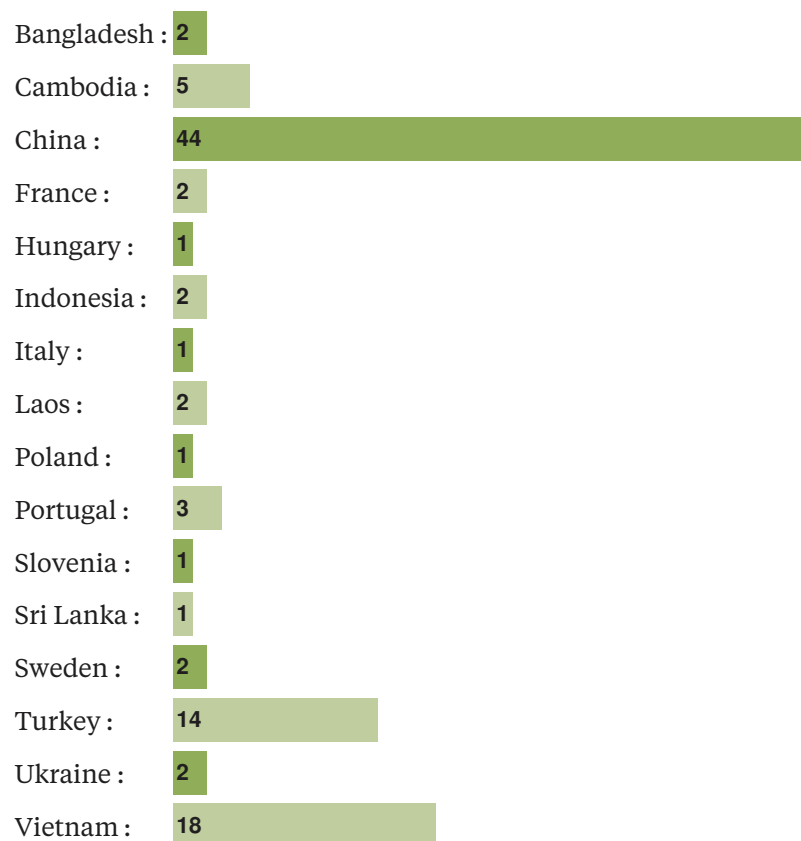
Comments

The number of suppliers are Tier 1 factories

Approximate ratio by sourcing options



List of first tier suppliers (producers) by country



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

75 953

Number of suppliers this overview is based on

94

Numbers of workers per supplier (calculated average)

809

Comments to number of workers

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

Key inputs/raw materials and associated geographies

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

Packaging and trims are excluded from the list

Is the company a supplier to the public sector?

Yes

Goals and progress

Goals and progress for the reporting year

1

Goal : Corporate GHG emission reduction target to be ready and communicated by latest end of 2021.

Status : We are preparing to align with a Science Based net-zero target with an intermediate target.

2

Goal : Map out wet processes in a water risk map and implement water saving processes which our suppliers are already adopting. For 2021 we will have a water scarcity strategy drafted and continue this work into 2022.

Status : We are extracting this data from Higg FEM and will focus on overlapping it with a water scarcity tool in 2022.

3

Goal : Implementation of transparency tool for product tracking and supply chain monitoring. We are currently in dialog with external partners to map out our needs.

Status : Project will kick-off in Q1 2022 with the platform provider.

4

Goal : Increase the use of preferred materials in our material portfolio (see salient issues for more details)

Status : We have had an increased focus on recycled synthetics due to our high % of synthetics in our material portfolio. In addition we are exploring larger adoption of a Regenerative Standard for wool

5

Goal : Continue to roll out Higg FEM in our supply chain. During 2021 we will in addition work on a plan for how we can more actively support suppliers in improvements, according to FEM.

Status : We have moved to the expanded adoption tool and have an adoption rate over 80% among tier 2 suppliers.

6

Goal : Our absolutely largest footprint is sitting in the supply chain, so it's also here where we need to drive most of the improvements. Driving change here has to happen in collaboration with our suppliers. In 2021 we are beginning the work of developing a supplier scorecard which serves as an incentive for suppliers to invest in environmentally preferred processes and practices.

Status : Drafted scorecard ready for pilot.

7

Goal :

Continue to engage in research and industry collaborations related to microfiber and fiber fragmentation pollution. During 2021 we are evaluating the TMC testing method and when we are confident enough of the results we are implementing the test as part of our fabric package testing.

Status :

We have tested around 15 fabrics in 2021 and will be task team leaders in TMC's fibre and yarn task group during 2022.

8

Goal :

100% of our merino wool has been ZQ certified until 2019. In 2020 we begun to introduce wool from a new supplier, who are RWS certified. In 2021 HH are evaluating to also become RWS certified.

Status :

Helly Hansen were both RDS and RWS certified in 2021

9

Goal :

We have managed to transfer a larger part of our cotton to organic cotton. In 2021 we are to update our cotton sourcing policy in order to ensure 100% of our cotton is sustainably sourced.

Status :

Fluctuating prices and supply of organic cotton has slowed adoption during 2021. We are focusing on traceability of our cotton and increased collaboration with suppliers in this value chain.

10

Goal :

Create a visible CSR framework that can guide both internal and external stakeholders to the different focus areas we have. The framework will illustrate the setup of policies and procedures that are in place and give guidance towards Social and labour rights in our supply chain. This framework should be in place in Q3

Status :

We are evaluating our entire policy and procedure setup and is in the process of drafting new guidelines to make it easier for both HH employees and our supply chain partners understanding our requirements.

Goal is to have this in place by Q3 2022

11

Goal :

Focus on building up our policy portfolio and having clear SOP's in place. This will be in areas like Chemical policy, CSR Policy, Migrant Workers standard and Modern Slavery Act. We will focus on having this implemented before Q3.

Status :

Some of the policies has been created and are now reviewed by Senior management. Policies are still being worked on. Chemical Management Policy & Procedures is in process and 3rd party will help with the finalization. Available for introduction in Q3.

Modern Slavery act available on our website in Q2.

Migrant Worker standard has been put on hold.

CSR policy in progress and will be introduced in Q2.

12

Goal : Further implementation of worker empowerment programs. We will look at implementing QuizRR in 5 to 10 more factories in China. Q3-Q4

Status : Our focus this year has been on implementing HIGG FEM and FSLM and we have therefore not had the resources to prioritize this. QuizRR will therefore be put on hold for 2022.

13

Goal : Create guidelines for our work towards a more inclusive diversity across race, age, gender identity and disability. This is a work that will be conducted together with our HR department to include all internal guidelines as well as external. Guidelines to be in place by Q4

Status : During 2021 we have performed the HIGG BRM self assessment and verification and this has given us clear indication on what we should focus on in terms of diversity, equality and inclusion. We are reviewing the feedback we got from the verifier and will create clear goals and set priorities. Initial process to start in Q1 with HR meetings and this process will continue throughout 2022. No exact deadline can be set for this right now.

14

Goal : Set up internal courses related to environmental awareness and CSR training.

Status : Throughout 2021 we have had several internal training sessions with different departments and also CSR & Sustainability presentations at two Sport and two Workwear sales meetings

15

Goal : In 2021 we are initiating a new cardboard box project. The new cardboard boxes, used for shipping from product manufacturer to warehouse or direct to customer, will be more durable, reusable and with thinner walls, which allows larger shipping capacity. Optimizing the size and type of cardboard boxes is an important action in reducing emissions linked to transportation.

Status : Implemented in 2021

16

Goal : 100% of our hangtags are already made from FSC certified paper. We are now evaluating FSC paper for all packaging and shoeboxes. 100% of our retail bags are made from recycled paper.

Status : We developed new shoeboxes in 2021 which are made out of 100% FSC certified paper.

17

Goal : We are moving towards having 100% of all our polybags in recycled content. During 2021 we are working on sourcing recycled PE bags from Turkey, since currently we only have converted PE from Asia to recycled.

Status : We have recycled PE bags from both Asia and Turkey.

18

Goal : The project "Circular High Performance" is continuing in 2021, where we are aiming to pilot the outcomes with some of our partners.

Status : We have tested recycling on over 5000KG of ski uniforms. Project is under evaluation reg next step

19

Goal : We are to begin a project which will allow us to scale our repair offer on a global base.

Status : Evaluating best partners and markets

20

Goal : Roll out HIGG FSLM (Facility Social and Labor Module) in our supply chain focussing on our key Tier 1 suppliers. The dialog will take place throughout Q1 and Q2 and implementation start-up will begin in Q3 and Q4.

Status : At the end of 2021 we rolled out the HIGG FEM and FSLM modules for both Tier 1 and Tier 2 suppliers. The implementation of the modules will continue throughout 2022. Key suppliers were our focus group right now and more suppliers will be onboarded throughout the next 2 years.

Goal for coming years

1

Implement a scorecard for our suppliers on social and Environmental areas. The scorecard will focus on key performance attributes both for social and environment. The scorecard will give Helly Hansen an opportunity to build closer relationship with well performing suppliers and also provide internal guidance on suppliers so part of the sourcing decisions can be made based on some of the findings in the score card.

2

Regular internal training sessions on CSR and Purchasing practice

3

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

4

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

5

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

6

Collaborate with industry peers in shared supply chain facilities to drive decarbonisation projects. Pilot project w

European Outdoor Group in 2022

7

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

8

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

9

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

10

Implement a solid Chemical Management guideline that will contain Helly Hansen Chemical Policy and Chemical Management guidelines that will be the master tool to use during the product lifecycle. To include risk assessment tools.

11

Engage in the work done by Nirapon making sure that all our Tier 1 suppliers are fully committed to monitoring safety conditions in their factories. This means participating in workshops and online webinars in addition to making sure that all inspections are performed and results are validated and approved. Continuous work throughout 2022.

12

Implement HIGG FSLM with our key suppliers. Implementation will take place parallel to our regular Amfori BSCI audit process, but eventually we are aiming for a full rollover to FSLM. This is a long-term project, but phase 1 will take place in 2022. Phase 1 = 3-4 suppliers will be onboarded.

13

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.



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 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 succeeding, 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.

1.A Policy* for own business

1.A.1 Link to publicly available policy for own business

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

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

Helly Hansen's aspiration is to make long-lasting, high-quality and performance driven gear with a minimal environmental footprint. 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 clear 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 CoC are shared on our website to communicate towards our external stakeholders how we commit to our work doing our due diligence in our supply chain.

We are also openly sharing our supplier list for Tier 1 and Tier 2 on our website and for Tier 1 we have included details like gender split, total number of workers in the factory, migrant worker status and status on labor organizations and collective bargaining.

Further on our website we are communicating about preferred materials and traceability on our natural materials like wool and down.

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

Commitments to responsible business conduct has been a key element for Helly Hansen for many years and our Code of Conduct and Policies has been communicated to all our partners by getting them to understand, commit and sign these documents. Clear expectations from Helly Hansen 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 clearly communicated throughout the company during internal training and sales meetings.

1.B Organisation and internal communication

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

The CSR and Compliance Manager reports directly to the Chief Sourcing officer on issues related to Responsible Business Conduct.

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

The Sustainability Manager reports to Chief Officer Product and also works close with Marketing on Sustainability communication.

The Sustainability manager works in all areas that affect the Environment when it comes to our supply chain and the products we are making.

The Sustainability Coordinator & Analyst and the Jr R&D Coordinator reports to the Sustainability Manager.

Throughout 2022 the Sustainability Team will continue to build internal Sustainability roles in the different departments to create greater involvement in our sustainability work and also to achieve a better focus on responsible purchasing practices.

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 and is continuously working on informing and educating internal stakeholders on topics like environmental attributes, responsible purchasing practices, CSR procedure and environmental goals.

The departments receiving regular training are Design and Product Development teams, Customer service, 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 decision they make.

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

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

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

There will be continuous focus on this throughout 2022.

1.C. Plans and resources

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

Helly Hansen's Sustainability Roadmap sets out the focus areas we have towards doing our due diligence and being a responsible business partner. We do also have a set of compliance documents being the core of any collaborations taking place and make sure that all our supply chain partners are compliant before any order placement can commence.

We have a clear commitment to measure and reduce our environmental footprint linked to making our materials and products. The roadmap towards a transparent supply chain and a top level performance on Higg Facility and Environmental Module has been communicated and begun to roll out with all key suppliers and in total 55% of our tier 2 suppliers. During 2021 we developed a supplier specific roadmap for sustainable materials and practices which has been shared with all key partners. None of this is publicly available, but we are sharing some of our environmental action plans on our website.

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 in the board?

Helly Hansen's top management is involved in strategic decisions and changes that will effect 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.

Helly Hansen is now working on a plan where we will commit to setting GHG emission reduction targets by end of 2022

1.D Partnerships and collaboration with business associates, such as suppliers

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?

HH has long term relationships with most of their vendor community & at the same time bringing in new vendors with the same intention of having long term relationships.

10 Years or longer and some close to 20 year relationships with the top 10 vendors who do 65-70% of our total business

In many instances, we are now working with the 2nd generation of owners over these long term relationships That is a testament to our commitment and that we have both grown together over the years through tough times and good times.

We are very fair and balanced in our approach when it comes to price, volume, quantity and utilization of capacity.

1.E Lessons learned and changes in the reporting period

1.E.1 What lessons has the company learned during the reporting period concerning responsible business conduct, and what has changed as a result of this?

Helly Hansen has now an even closer focus on responsible business conduct by continuously building up a clear structure on how to work with our supply chain.

This structure consists of Policies and Procedures that is needed to be able to create a sound base for future sustainable work.

Much of the work done throughout 2021 is to bring our suppliers up to the social compliance level we require and to recognize the hard work they have done to achieve this.

2021 has also been a challenging year for many of our supply chain partners in Asia due to the Covid-19 pandemic, but by having an open and honest dialog where issues like production and shipping delays, raw material shortage and increase cost have been discussed we have together managed to find solutions and at the same time create trust.

Our partners see that we are willing to work with them and to help them achieve improvements and this makes it easier to get them onboard the projects we are working on.

These projects will create greater transparency in terms of the choices we make during the product development stage, how and where our products are produced and under what conditions.

A man with a slight beard and mustache, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera with a slight smile. He is standing in what appears to be a factory or industrial setting, with blurred machinery and structures in the background.

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 relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. 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.

Salient issue	Related topic	Geography
Freedom of association	Freedom of association and collective bargaining	Bangladesh China Vietnam
Discrimination	Discrimination Marginalized populations	Bangladesh Sri Lanka Myanmar/Burma
Migrant worker discrimination	Forced labour Child labour Working hours Regular employment	China Turkey
Water scarcity & Water pollution	Occupational Health and safety Water	China India Turkey Taiwan Vietnam
Chemical management	Environment Emission Use of materials	Global
Gender equality	Discrimination	Global

Health and Safety	Occupational Health and safety	Bangladesh China Turkey Vietnam
Overtime	Working hours	Bangladesh China Myanmar/Burma Turkey Vietnam
Microfiber shedding and pollution	Environment Water	Global
Animal Welfare	Animal welfare	Australia China New Zealand USA South Africa
Corporate GHG emissions	Environment Greenhouse gas emission Energy	Global

DETERMINATION OF SALIENT ISSUES

2.A.2 Describe in short the company's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period. Describe how information was gathered, what sources were used, and which stakeholders have been involved/consulted. Further, describe 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 were determined on the base of:

- audit reports being performed
- Risk assessment mapping on country basis (geo and political assessment) and on water risk. Sources for the mapping are AAFA (country risk assessment)
- Stakeholder conversations: chemical dialog with suppliers (challenges they have in their supply chain when producing materials for Helly Hansen) and engagement in stakeholder initiatives (RISE, Kjemikaliegruppen, EOG)
- 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

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe any other severe 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- and chemical intense 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. Helly Hansen is committed to reduce our GHG emissions. The largest part of our GHG emission impact is coming from making our materials and products. 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 and we are therefore having a big focus on these topics as well as the social aspect.

A woman in a blue surgical cap and gown, looking down, in a hospital setting. The background is blurred, showing other people in similar attire and bright overhead lights.

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

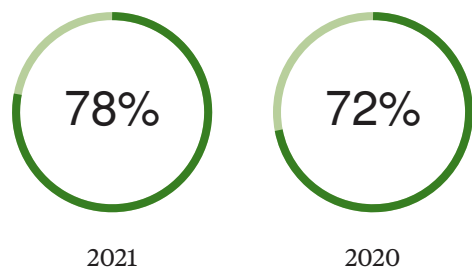
Salient issue	Freedom of association
Goal :	Our goal is to establish fair ways for the workers in our supply chain to be able to express their opinions and concerns related to their work life. There should be clear and open communication between the workers and factory management. Worker representatives 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 you compare number of worker representatives in the factories and the influence they have with the information found in the audit reports. They are representing, but do not have the influence we expect them to have.
Objectives in reporting year :	In 2021 we have created an overview of the number of factories having unions and worker representatives in place to be able to plan what our next step should be. Focus in 2021 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 and also focus on labour practice projects together with other brands producing in the same factories.

Actions :

Continue to work on the HIGG FSLM implementation and also make sure that the collaboration between Amfori BSCI and HIGG is taking place. It is crucial that this goes ahead to avoid audit duplication. We are aiming for onboarding Key Tier 1 suppliers to FSLM and have their audits verified by Q4. All 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.

Indicator

Factories with Worker representatives



Salient issue	Discrimination
Goal :	<p>Our goal is to make our supply chain partners aware of the focus we have on tackling discrimination in the factories.</p> <p>It is a challenging question to address, since discrimination is often related to culture, tradition and religion.</p> <p>Helly Hansen will continue to have a close dialog with our supply chain partners and at the same time work with stakeholders and NGO's on improvement programs for our industry.</p>
Status :	<p>Through our close collaboration with Amfori BSCI we are able to track and minimize the risk for Discrimination.</p> <p>Our long term relationship with most of our Key suppliers also makes it possible to have a open and honest communication around issues related to discrimination.</p>
Objectives in reporting year :	Continued the work with Amfori BSCI and held internal workshops to raise awareness internally.

Actions :

Map out programs that are already working on this topic and decide on which one Helly Hansen should connect to.

Start dialog with these Social programs to set the scope of cost, involvement by Helly Hansen and timeframe

This we run throughout 2022

Salient issue	Migrant worker discrimination
Goal :	Helly Hansen need to make sure that there is no exploitation of migrant workers in our supply chain. By having a Migrant Worker policy in place we are able to establish a clear framework for how we expect our partners to work on this topic.
Status :	We are in the process of mapping out how many migrant workers we have in our supply chain and whether they are domestic migrant workers or foreign migrant workers. The data gives us indications on how we should address this issue. We have set our focus areas to be China, Turkey and Bangladesh for now, but this can be shifting as new conflicts in specific regions can arise.
Objectives in reporting year :	The objective for 2021 was to get a policy/ standard in place and this is something we are still working on. This standard should outline the procedures to be followed in hiring migrant workers and their rights and responsibilities.

Actions :

Continue the mapping of our suppliers to get an overview of the number of migrant workers in our supply chain. To be able to communicate with both factory management and worker representatives we need to establish our Migrant Worker Policy that should be our tool for fair employment processes for migrant workers.

The Policy should be in place by Q4.

Salient issue	Water scarcity & Water pollution
Goal :	<p>1. Risk assessment conducted for all our Tier 2 key suppliers, representing over 80% of material volumes.</p> <p>2. Map 80% of all dyeing and wet processes, incl filtration systems, in order to evaluate risks and preferred sources.</p> <p>2. Roll out HIGG FEM with all key Tier 2 suppliers, representing over 80% of our material volumes.</p> <p>4. Increase amount of water free dyed material and other environmentally preferred dyeing methods</p>
Status :	<p>1. We have mapped over 50% (based on volume) of all our wet facilities in the supply chain. We have in addition mapped the regions from where all our cotton is sourced.</p> <p>2. Higg FEM is rolled out to 55% of tier 2 suppliers and 49% of tier 1 suppliers.</p> <p>3. In 2020 we conducted a circular water audit with one of our main partners in Vietnam, concluding they can circulate 74% of the process water.</p>
Objectives in reporting year :	<p>1. Continue to map production and process facilities in our supply chain - reach 80%</p> <p>2. Continue to roll our Higg FEM and work on improvements of Higg FEM scoring in parallel. In addition we are to develop a scoring card with an incentive for suppliers to invest in improvements.</p> <p>3. Develop criteria and requirements for wet process facilities in our supply chain</p>

Actions :

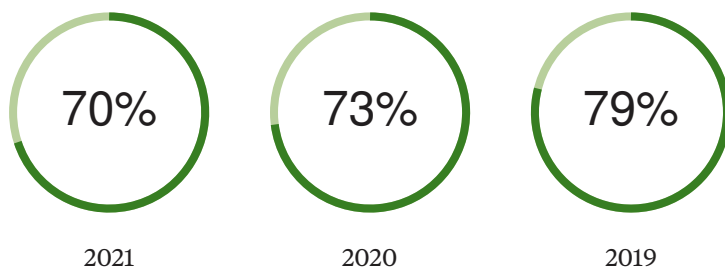
Salient issue	Chemical management
Goal :	<ol style="list-style-type: none"> 1. Continue to always prioritize bluesign materials 2. Introduce bluesign product. 3. Become 100% PFC-Free 4. Phase out all antibacterial treatments in our apparel
Status :	<p>Final assessment with bluesign to communicate bluesign product.</p> <p>over 70% of DWR treated fabrics are PFC-Free for our Sport segment</p> <p>All antibacterial treatments are phased out in our apparel.</p>
Objectives in reporting year :	Begin to measure bluesign product. Increase amount of PFC free to reach full elimination 2023

Actions :

We are in the process of creating a Chemical Management guideline to be used both by supply chain partners and HH employee. These guidelines will clearly define how we should perform our material chemical risk assessment and to what level and how the testing should be done.

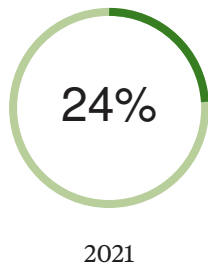
Indicator

bluesign fabrics - SPORT

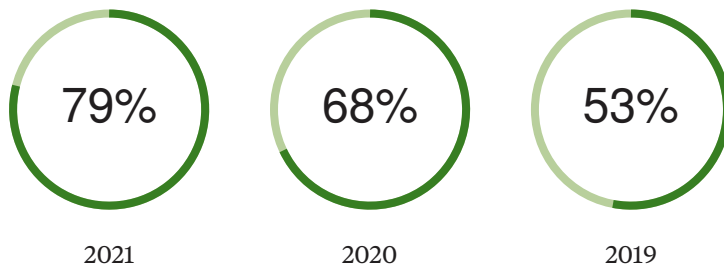


We shifted a large volume of linings to solution dyed in 2020 and 2021, which are not bluesign approved, and therefore the % bluesign dropped from 2019 to 2021.

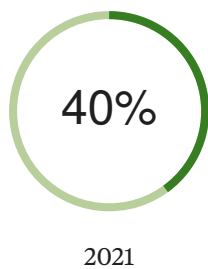
bluesign Product - SPORT



PFC-Free DWR - SPORT

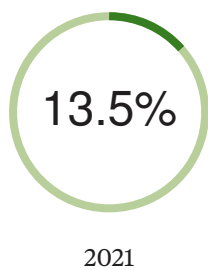


bluesign fabric - Work Wear

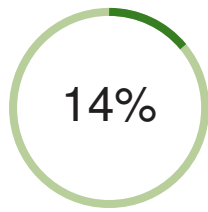


bluesign system partners are less common among work wear fabric suppliers and the % is therefore lower compared to Sport segment

bluesign product - Work Wear



PFC-Free DWR - Work Wear



2021

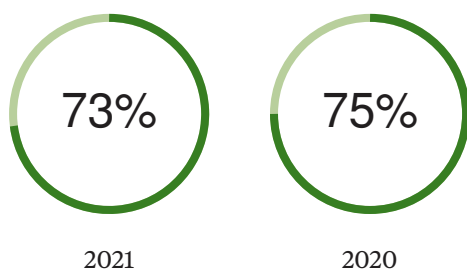
Salient issue	Gender equality
Goal :	Create a better focus on gender equality in our supply chain. Make it easier for workers to raise their voice when exposed to gender discrimination and have strict routines in place for not allowing gender equality taking place.
Status :	We have identified specific countries being more exposed to gender equality and there are challenges involved when tackling these issues that are very much related to culture, religion and social systems. Educational tools and empowerment programs can be a way forward.
Objectives in reporting year :	We have worked on mapping our supply chain to get a better picture of the gender split in our supply chain. With this information we are able to decide on types of projects to join and where we need to have our focus. Amader Kotha is grievance mechanism under the Nirapon program that empowers the workers to report on issues violating their rights. Some of the issues being reported in to the helpline is related to Gender Equality and there is a stringent process around solving the issues that has been reported.

Actions :

Create an overview of projects we can join that is linked to Gender Equality. Set up meetings with other brands for knowledge sharing sessions. Board of directors need to decide on further progress based on cost indications and time frame.

Indicator

Women working in our Tier 1 factories



Salient issue	Health and Safety
Goal :	<p>Key focus for Helly Hansen is Health and Safety and making sure that all the people working in our supply chain are safe in their working environment.</p> <p>Helly Hansen are members of Nirapon and we have been members since Sept. 2021</p> <p>Helly Hansen is committed to continue to work with our Bangladesh factories to develop a culture of worker safety.</p> <p>The key focus areas are: Fire, Electrical and Structural integrity.</p>
Status :	<p>Fire and Building safety is a focus area and we are working in close collaboration with Nirapon in Bangladesh to remediate in the improvement of the factories we work with.</p> <p>In addition we do regular Amfori BSCI audit reports where health and safety are one of the areas that are being monitored closely and all non-compliance issues are followed up and CAP (Corrective Action Plan) closure is required. Zero tolerance issues are taken to senior level and factories are required to immediate action and production put on hold until issue is solved.</p>
Objectives in reporting year :	<p>Support Nirapon in Bangladesh in the work they do towards improvement in Fire and Building safety. In addition, and based on audit we perform, we follow up on all non-compliance issues related to health and safety.</p>

Actions :

Continue with the work we are doing right now and continue to have a close dialog with the factories on these important issues. This needs to take place not only in Bangladesh, but also in the other key countries/ regions we are operating.

Salient issue	Overtime
Goal :	Have a deeper knowledge around how our purchasing practices can affect the use of overtime in the factories we work with.
Status :	HH is in continuous dialogue with the suppliers. Excess over time is brought up as a general issue and HH is always aiming for distributing orders or level loading production throughout the year and also communicate more secure forecasts.
Objectives in reporting year :	Continuous communication with our suppliers on purchasing practices in addition to internal employee training at Helly Hansen on purchasing practices and what we can do to improve.

Actions :

Helly Hansen will continue to work collaboratively with our suppliers on delays and instead of using held fast policies we focus on true needs of our consumer to identify where additional production time can be allocated to give the vendor additional time.

HH has several types of products which are not seasonal based and can therefore be produced any time of the year. Orders are therefore placed in communication with the suppliers of these type of products. Forecasting is also an important tool for production planning. We are continuously communicating forecasts with the suppliers in case of changes and always pre-seasons.

Internal training is essential and we will continue training and webinars with different departments.

Salient issue	Microfiber shedding and pollution
Goal :	<p>Material processing is one of the main hotspots in our carbon footprint. Reduction target to be set by latest end of 2021.</p> <p>Roll out Higg FEM for min 80% of our suppliers and have them reach level 3 by latest 2025.</p>
Status :	<p>We are continuing to map all production and process facilities in our supply chain.</p> <p>Increased focus on Higg FEM with additional resources in the team.</p>
Objectives in reporting year :	Develop a plan for how we support suppliers to improve their Higg FEM score

Actions :

Indicator

Higg FEM tier 2



Salient issue	Animal Welfare
Goal :	Measure all fabrics which are at high risk of microfiber pollution. Set a limit for max shedding allowed from any of our fabrics
Status :	We are testing all high risk fabrics with the TMC testing method
Objectives in reporting year :	Continue to test fabrics via the TMC method and evaluate the results.

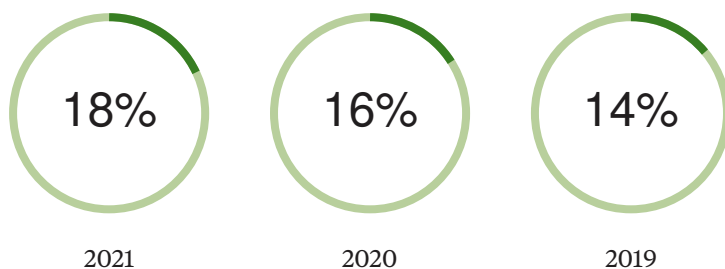
Actions :

Salient issue	Corporate GHG emissions
Goal :	The long term goal is to source raw materials only from preferred sources. Target: min 50% recycled synthetics by 2025 by volume
Status :	Preferred focus materials identified
Objectives in reporting year :	Increase % of recycled synthetics and organic cotton

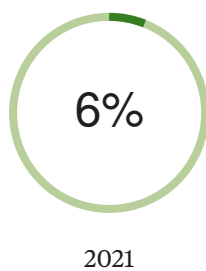
Actions :

Indicator

Recycled Polyester - SPORT



Recycled Polyester - Work Wear



OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

Describe cross-cutting actions to cease, prevent or mitigate negative impacts, including in your supply chain

3.B.1 Reduction of environmental and climate footprint

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

3.B.2 Adapting own purchasing practices (sourcing)

During 2021 the disruptive purchasing pattern continue due to Covid-19 and we had to plan accordingly, based on our learnings/experiences from 2020.

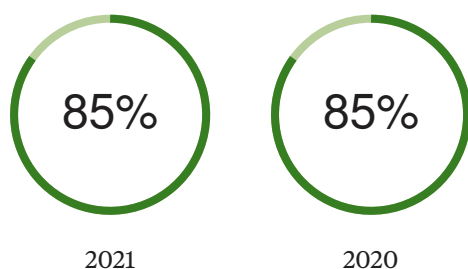
We once again mapped our current and future inventories, purchase orders and pre booked more raw material bookings ahead of the normal purchasing calendar.

An evaluation of the demand planning based on current/ future inventories and customer demand calculations were/are performed:

- Pre-Booking Raw Materials to reduce the long lead time and commit to Raw Materials earlier to mitigate Raw Material costs & production back log.
- The entire Supply Chain is experiencing cost increases from Raw Materials to Shipping Containers globally and within the regions, due to an imbalance in Supply & Demand.
- We have accepted, cost increases when & where justified and negotiated where we can mutually as long term partners
- Accommodating reduced payment terms are constantly being reviewed when vendors request them, to help on our cash flow for factories during these unprecedented COVID times.
- Factories & Raw Material Suppliers had minimal layoffs, but factories are still experiencing high absenteeism's due to COVID infections leading to reduced productivity and efficiencies @ factories.
- Air Freight is being used more extensively due to reduced productivity/output at factories & container shortages – costs are being shared fairly between all our factory partners & over burdening either party.
- We have improved our forecasting capabilities & sharing monthly rolling forecasts with raw material suppliers/factories for visibility & future production planning
- We will also be sharing/rolling out 3 year Vendor Plans based on our growth, with all factories for better capacity and production planning.
- We have not experienced or heard of increase in wages yet from factories, but are anticipating this and planning accordingly.

Indicator

Percentage of the company's suppliers with whom the company has had a business relationship for more than three years



3.B.3 Choice of product design and raw materials

Helly Hansen sees that the product we are producing can potentially have 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 and 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 work wear collection.
- Phase out PFAS DWR's with the goal to be PFAS free by 2023.
- 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.
- Increase organic cotton and roll out cotton connect in our cotton supply chain.
- Continue to apply 100% responsible down standard down and ZQ certified wool.
- Ensure our leather is coming from LWG certified tanneries.
- Ban real fur and antibacterial treatments.
- Ensure our products are made for longevity in high quality.
- We are today producing a small collection of mono material garments. We will increase the amount of mono material garments in parallel with the recycling industry of textile materials being developed.
- Reduce the single use plastic from our packaging and replace virgin material with recycled.

3.B.4 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.

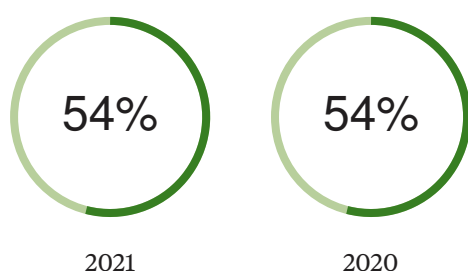
The suppliers that Helly Hansen work with have signed our CoC and have agreed on the values mentioned in the document.

Through our Amfori BSCI audits we are also able to track how Trade Union organizations, collective bargaining and worker representation are organized in the factories we work with.

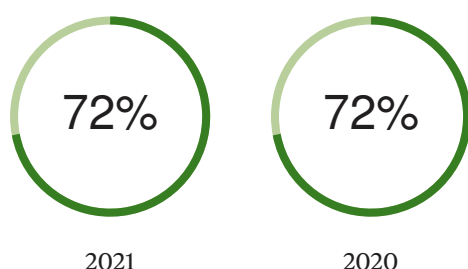
We will for 2022 start the work on increasing the workers knowledge around their rights and responsibilities through training and workshops and also by have dialogs with the factory management to make sure that they are aware of the requirements we as a brand place upon them.

Indicator

Percentage of supplier located in countries with restrictions on trade union rights or collective bargaining



Percentage of suppliers with worker representation other than trade union



3.B.5 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

By having 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.

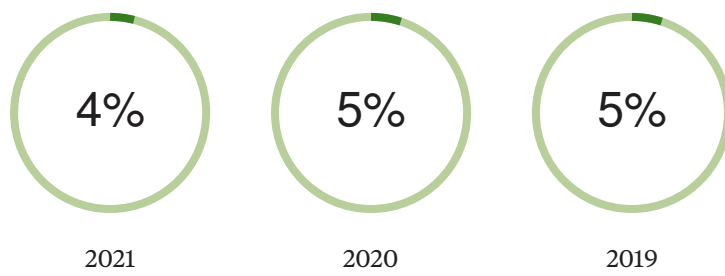
For environmental training and capacity building we are looking at training of our Tier 2 suppliers in the HIGG module called FEM (Factory and Environmental Module) that will give them clear indications on improvements that can be done in terms of production processes.

For workers rights and training linked to HIGG we have started implementing the use of HIGG FSLM module (Facility Social & Labor Module).

When implementing and working with Amfori BSCI there are also several requirements related to training and workers involvement. This is part of the annual audit procedure and also if Corrective Action Plans needs to be addressed.

Indicator

Percentage of suppliers where training connected to ethical trade is carried out



3.B.6 Other relevant information concerning the company's work to cease, reduce and handle 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 commitment to timelines decided on. The work they do have a direct impact on the use of overtime and we are monitoring this closely together with our suppliers.

The challenge is though that many of our suppliers are working for several brands that might not have the same focus on their ordering procedures. Helly Hansen's work towards improved purchasing practice might be insignificant if we don't get 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.

Environmental focus is something that is monitored through testing and a sound certification systems. This is followed up by 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).

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

Helly Hansen do regular factory visits, have annual audits and perform quality inspections and information from these visits gives us indications on how the factory is performing, both quality wise and also if they do due diligence.

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

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

Working closely with Nirapon in Bangladesh we get 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 by Nirapon in a close dialog between Nirapon and the factory management.

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

A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at something out of frame. She is in a kitchen setting, with a gas stove visible in the foreground. The background is slightly blurred, showing kitchen cabinets and a window.

5

Communicate how 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 available, 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 when managing negative impact

Helly Hansen communicate the following on the official website: Policy on Responsible Business conduct, Code Of Conduct, RSL list (Restricted Substance List), general information on our sustainable initiatives and partnerships with NGO's and industry associates, our certified animal derived raw materials and also our Sustainability roadmap that is outlining our ongoing work on sustainability topics.

When there are salient issues occurring in our supply chain we have a close dialog with affected stakeholders and try to maintain a pragmatic approach to how we should solve the issue.

5.A.2 Describe how the company communicates publicly about its own work on identifying and managing salient risks

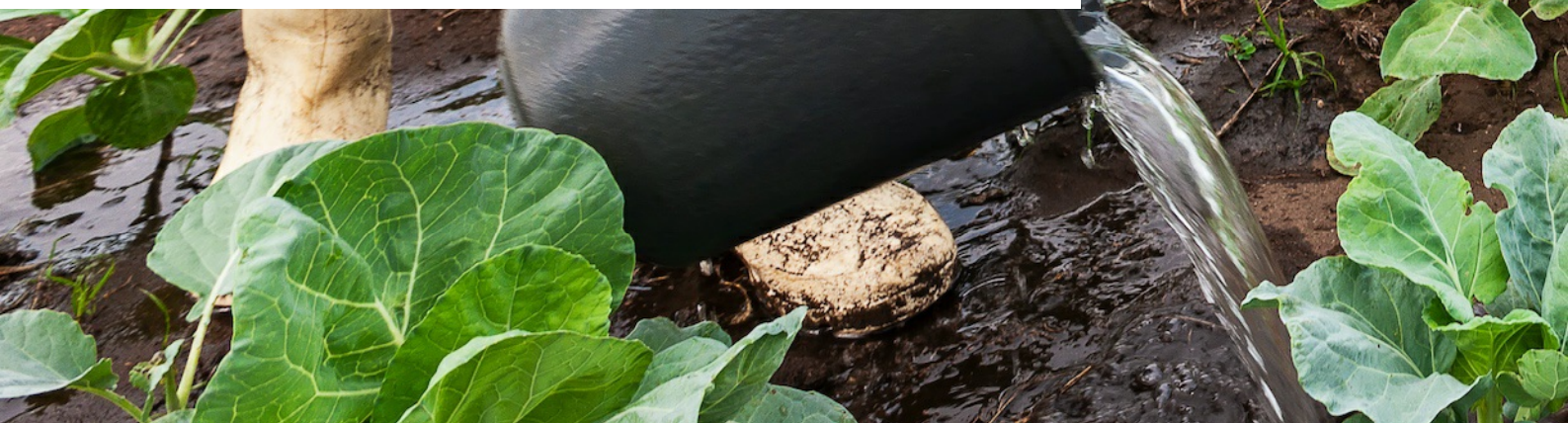
We communicate our work through our official website <https://www.hellyhansen.com/sustainability/>



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 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 have right now no formalized/ Documented procedures in place regarding remediation, but our Supply Chain Partners have by signing our Policy on Responsible Business Conduct committed to providing remedy if they are responsible for the negative impact. We have a tight dialog with our partners, and any remediation needing to take place we engage in and participate in meetings to solve the problem.

Helly Hansen do work with Amader Kotha inn Bangladesh through Nirapon and is a helpline that was 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, but also other issues in the factory like physical abuse and sexual harassments.

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

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

6.B. Ensure access to grievance mechanisms 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 appropriate

Helly Hansen have a close dialog with their supply chain partners, but at present time there are no official grievance systems in place that has been initiated by Helly Hansen.

Helly Hansen have a set of remediation mechanisms in place through our owners and these tools are scaled down and implemented in Helly Hansen's supply chain. These mechanisms make sure that reports on complaints are being followed up on and are in the end signed off by senior management.

Contact details:

Helly Hansen

Ellen Andersen, CSR and Compliance Manager

ellen.andersen@hellyhansen.com