



Due diligence for responsible business conduct with regards to people, animals, society and the environment

# Account reporting year 2023

for Helly Hansen Holding AS



*Ethical Trade Norway has assessed the report of Helly Hansen Holding AS 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

Enterprises and the public sector have a great impact on people, society, the environment, climate, and animals and can both contribute positively to development, or negatively by causing harm. Enterprises therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs) and the Paris Agreement's 1,5-degree target.

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 level1 members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

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

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) for Responsible Business 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 UNGPs and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

**Heidi Furustøl**

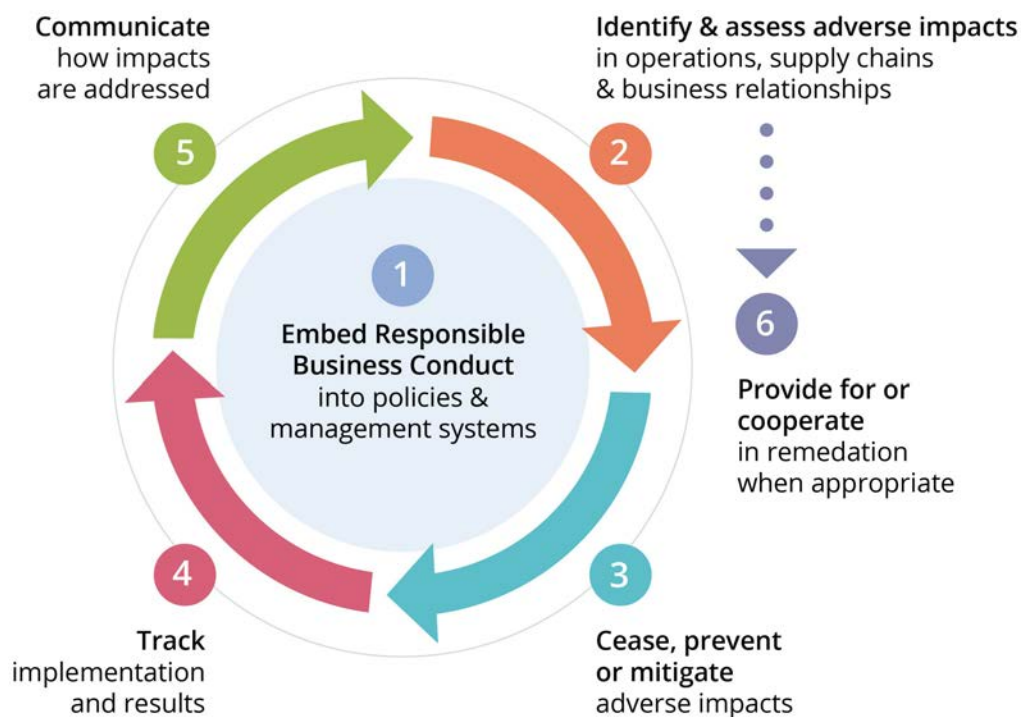
*Executive Director*

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

As we continue to navigate an evolving global marketplace, Helly Hansen remains steadfast in our commitment to excellence, sustainability, and ethical conduct. Since our inception in 1877, we have been at the forefront of creating professional-grade gear that empowers individuals to safely work, engage and enjoy the outdoors, fostering a deep connection between people and the environment. Our dedication to quality, durability, and functionality reflects our respect for both the planet and the communities we serve.

The year 2023 presented a complex array of challenges, including a turbulent business environment characterized by inflation, fluctuating currencies, high interest rates, and significant shifts in consumer spending behaviors. Despite these obstacles, we remained unwavering in our commitment to responsible business practices, continually striving to enhance our sustainability efforts and uphold our ethical standards.

In response to these challenges, we are excited to announce our ongoing work to update and develop a comprehensive Environmental, Social, and Governance (ESG) strategy, set to launch in 2024. This strategy is designed to solidify our commitment to sustainability and responsible business conduct, addressing material issues related to people, animals, society, and the environment. Our ambitions are aligned with the Sustainable Development Goals, as we endeavor to make a positive impact on the world while ensuring the longevity and continued success of our company.

Our strategic priorities for the coming years are clear. We intend to achieve full traceability in our supply chain, ensuring transparency and accountability in every aspect of our production process, enabling us to meet the highest standards of environmental care and product safety. Furthermore, we are committed to strengthening our collaborations with NGOs, industry peers, and academic institutions, recognizing that collective action is crucial in tackling the complex challenges of our time.

Our long-term goals are ambitious yet achievable. We are dedicated to fostering a sustainable future, not only for our company but for the planet. This includes continuous improvement in our operational practices, product innovation, and community engagement, all while maintaining our unwavering commitment to ethical trade and responsible business conduct.

As we look to the future, we are energized by the possibilities that our updated ESG strategy holds. We are confident that through our collective efforts, we can continue to inspire positive change, promote sustainability, and uphold the highest standards of ethical conduct. Together, we will navigate the challenges ahead, remain adaptable in the face of change, and continue to make a meaningful impact on the world.

At Helly Hansen, we are more than just a brand; we are a community united by our passion for the outdoors and our commitment to preserving it for generations to come. We invite you to join us on this journey, as we continue to innovate, inspire, and impact the world positively, always guided by our enduring values and our vision for a sustainable future.



Carrie Ask  
*Chief Executive Officer*

# Enterprise information and enterprise context

## Key enterprise information

### Enterprise name

Helly Hansen Holding AS

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### Head office address

Munkedamsveien 35

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

Helly Hansen and Musto apparel, footwear and accessories

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### Description of enterprise 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)

7 088 600 000

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### Number of employees

1 155

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

Yes

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### Major changes to the enterprise since last and current reporting period

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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 enterprise'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 enterprise has had commercial relations in the reporting year

114

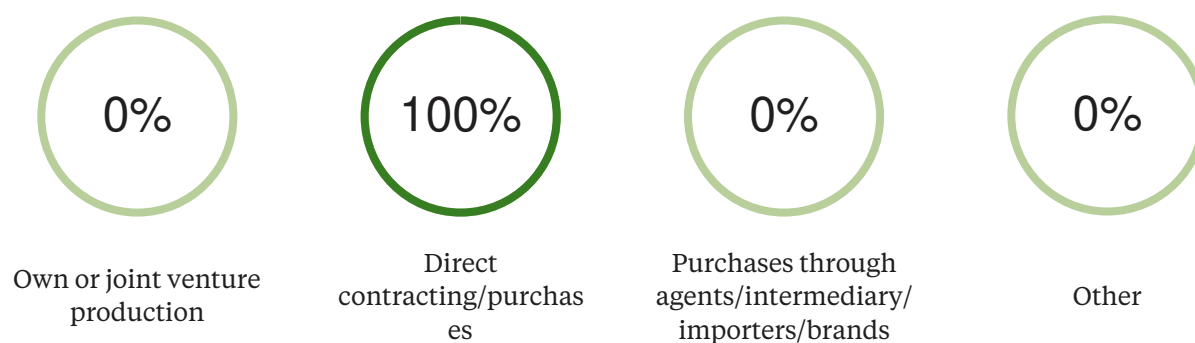
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### Comments

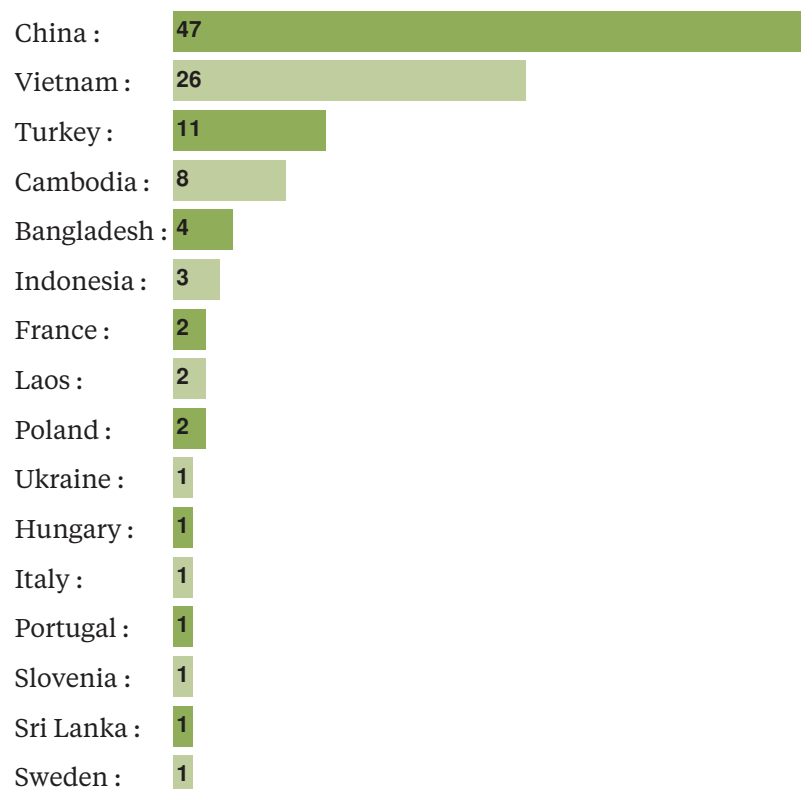
The number of suppliers are Tier 1 factories

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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 enterprise has an overview of, and the number of suppliers this overview is based on:

#### Number of workers

88 099

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

114

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

773

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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 enterprise a supplier to the public sector?

Yes



## Goals and progress

### Process goals and progress for the reporting year

1

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

**Status :** The project was started, but due to the ESG strategy we are working on we decided to postpone the implementation since the Sustainability Intranet will reflect the ESG goals and the action point being set.

2

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

**Status :** The Chemical Management Guidelines both for Helly Hansen Employees and Suppliers are in the completion stage and management training will take place in Q2 2024. After that there will be workshops for the design and development teams.

3

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

**Status :** Internal workshops have been held for several departments and some of the team members have participated in external workshops. This is work that we will continue with throughout 2024.

4

**Goal :** 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.

**Status :** We have during 2023 made a double materiality assessment and identified our most important material topics.  
We have started to set targets and KPI's and this work is expected to be ready in Q1 2024. Further more we will identify responsibilities and the governance for the ESG work

5

**Goal :** Commit to SBT for 2023.

**Status :** We have during 2023 established our GHG emission calculation methods for Scope 1, 2 and 3.  
We have hosted educational meetings with our executive team and started to work on a transition plan on how to reach our short- and long-term goals! Our plan is to commit to the SBT's within Q1 2024.

6

**Goal :** Material Strategy in place by Q4.

**Status :** The work with our material strategy was postponed due to the company ESG strategy. This will be finalized during Q1 2024

7

**Goal :** Circular Product Strategy in place by Q4.

**Status :** We have during 2023 educated our designers, product developers and pattern makers in circular design principles. We hosted in total 6 workshops (including 2 focus group sessions) and 104 people participated. We will define our circular principles during Q2 2024 followed by implementation.

8

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

**Status :** In February 2023 we hired a resource to only work with Traceability and we have during the year been working with the implementation of Trustrace, this has included configuration of the system, piloting and internal education. We have hosted educational webinars for both garment vendors and material suppliers. In 2023 Helly Hansen invited most of its remaining key supplier to the platform and 16 of its vertical suppliers were invited to disclose their full supply chain, and so far 5 has completed. Next step is to ask them do the evidence module, which means uploading documentation as proof of the flow of the material through the supply chain.

## Goal for coming years

1

Setting our Science Based Targets, and start the work on our transition plan for reduction and develop environmental requirements and policies for our suppliers. This work will start in 2024 and continue into the the next coming years.

2

Start the implementation of Amfori Speak for Change which is a supply chain grievance mechanism program. Implementation will take place throughout 2024 and our focus will be on our key suppliers.

3

Start internal Chemical Management training. Focus on capacity building within the product and development team. will be done throughout 2024.

4

Update and further develop our material strategy. To be completed in 2024

5

Update the design handbook with new material strategy and circular principles. To be completed in 2024

6

Review and upgrade the animal welfare policy. To be completed by end of 2024

7

Develop a scorecard for onboarding/ reviewing and monitoring vendors. To be completed by end of 2024

8

Develop guidelines for employees, workers and their representatives to conduct workplace risk assessment. To be completed by end of 2024

9

Implement risk assessment tools where traceability is key. Look into available software systems. To be implemented in 2024

10

Update our Supplier Code of Conduct. Completed in 2024



A man and a woman are hiking on a narrow, mossy trail through a dense forest. The man, with curly hair, is wearing a green and black jacket and dark pants. The woman is wearing a light blue jacket and dark pants. They are both looking up and smiling. The forest is lush with green trees and moss-covered ground.

# 1

## Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the enterprise 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 enterprise operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the enterprise, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the enterprise has for itself, challenges they are facing, and how these are managed is fundamental

## 1.A Policy for own enterprise

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

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

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### 1.A.2 What does the enterprise say publicly about its commitments to respect people, animals, 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 social 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.

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

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. The policy has also been signed off by senior management.

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 and our Chemical compliance contract 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.

Throughout 2024 we will continue to refine and update our Code of Conduct and the Policy on responsible business conduct.

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## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence work organised within the enterprise, embedded in internal guidelines and routines, and why?

There are five people working in the sustainability team.

- Sustainability Director
- CSR and Compliance Manager
- Sustainability Specialist Analyst
- Sustainability Specialist Product
- Sr Sustainability Specialist Traceability

The Sustainability Director and CSR and Compliance Manager reports to the VP Human Resources. For issues more related to Responsible Business Conduct and the overall strategic work related to ESG these two roles have a close dialog with the senior management team depending on the issues that has to be resolved.

The Sustainability Director is steering the overall ESG work which includes leading the team, working with governance and compliance, educate both internally and externally and work close with Marketing on Sustainability communication.

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 Analyst is analyzing and tracking the organizations environmental impact and measures progress against set KPI's and work with decarbonization in our supply chain.

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.

The SR Sustainability Specialist Traceability is managing supply chain, product and material traceability. This role is situated in Hong Kong and works closely with our suppliers on topics related to traceability.

The Sustainability team have throughout 2023 held many workshops for Helly Hansen employee where focus has been on capacity building around ESG related topics. This work will continue throughout 2024.

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### 1.B.2 How is the significance of the enterprise's due diligence work defined and clarified for the employees through their job description (or the like), 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 that are 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.

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

In 2023 we have spent a great deal of time on embedding responsible business conduct in the organization through capacity building and Helly Hansen Group employees have been attending internal and external workshops and seminars arranged by collaborating partners. Some of these are bluesign, Sustainable Apparel Coalition (HIGG), Kemikaliegruppen, European Outdoor Group, STICA, The American Apparel & Footwear Association, Outdoor Industry Association and Ethical Trade Norway.

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 2024.

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## 1.C. Plans and resources

### 1.C.1 How are the enterprise's commitments to respect people, animals, 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 approved by senior management.

Our due diligence processes and the expectation towards the implementation of these are clearly communicated to our supply chain partners and no collaboration can take place before these are implemented.

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. Where a non-conformance is identified, the Helly Hansen team together with the CTC's responsible sourcing team works with the vendor to develop a corrective action plan, with implementation verified by follow-up audits or appropriate third-party confirmation (or both).

Based on the results of the risk assessment, our Tier1 suppliers are audited on a periodic basis for compliance against our Code of Conduct (generally, at least every two years). These audits provide us with information regarding whether or not our suppliers are meeting our social and environmental standards and enable us to identify and address areas of non-compliance, if any.

We also work closely with our supply chain partners both Tier 1 and Tier 2 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).

We have 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.

At the beginning of a new Tier1 and Tier2 partnership we also communicate our material policy where we focus on preferred materials for our most used fiber types and preferred production processes.

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

Helly Hansen Group's senior 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 started the work on creating an ESG Strategy anchored in the new reporting requirements that will come into force within the next two years.

Included in the work of refreshing our ESG strategy has been internal stakeholder interviews, mapping our own maturity, benchmark against peers and a double materiality assessment. In the assessment we have been looking into our impact in the full value chain as well as identifying the financial risks and opportunities. The double materiality assessment has led to identifying our most material topics. Under those we will set long term goals and KPI's.

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

### 1.D.1 How does the enterprise 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 long-term relationships with its vendors seeing this being the key for close dialog and improvement work but at the same time have strict compliance routines that must be followed before further collaboration can take place.

All new Tier1 and Tier2 vendors are required to sign our Code of Conduct which outlines our standards and policies on labour, working conditions, wages, health and safety and the environment.

The supplier Code of Conduct is supported by an audit process for the Tier1 factories that includes training and education to help our suppliers understand and apply all policies. Our suppliers are risk assessed and based on this Helly Hansen determine the level of monitoring that is employed.

Helly Hansen also require that all our Tier1 and Tier2 suppliers review, are prepared for, and are in compliance with REACH and they have to sign our Chemical Compliance Contract that outline the expectations we have when it comes to Chemical management.

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. Close dialog with our Purchasing team and the suppliers throughout the year makes it possible to solve any unexpected situations that may occur.

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## 1.E Experiences and changes

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

Throughout 2023 Helly Hansen Group have experienced increased focus from stakeholders on the work we do when it comes to responsible business conduct and ESG related topics.

Here are some of the experiences we have had throughout the reporting period:

Our industry and its supply chain is complex and not always as transparent as we need it to be in order to assess risk in a proper way. We need to improve the way we evaluate the underlying causes to challenges in our supply chain (e.g. introduce tools and guidelines) and make sure that we prioritize these.

We have continued to implement Trustrace which is a software program that helps us and our suppliers to achieve full traceability and complete the supply chain mapping through collecting product information and documents. This will allow Helly Hansen to know the journey of its product and materials produced and used in addition to allow the customer to know where the products came from. Trustrace also gathers the relevant certificates so that we can make accurate material claims with evidence in hand. We have also started using Trustrace for collecting material certification (transaction certificates and scope certificates) and have also started to map our suppliers working with cotton.

Through 2023 we have been reviewing and updating our existing Chemical Management Process. Our focus have been on building a system that can also educate and drive improvements when it comes to making better decisions in material and product development and making sure that all chemical legislations can be tracked in a proper way. We have been updating the policy text, Chemical Contract, operating procedures, flow charts and risk assessment matrixes and this will give Helly Hansen Group a solid tool for future Chemical Management both internally and towards our supply chain partners.

Due to the coming EU legislation on green claims, the landscape for how to make sustainable claim has changed during 2023. Because of this, Helly Hansen's sustainability-, legal – and marketing team has been working on making a guideline on how to make a proper green claim. As part of these guidelines we have been educating employees working with communication and marketing, product and sales.

Through Sustainable Fashion Academy Learning Network Helly Hansen employees have attended several webinars related to the upcoming EU regulations, innovations and how to drive change internally.

In 2023 Helly Hansen Group also widened their set of Textile Exchange certifications to also include Global Recycling Standard, Recycled Claim Standard and Organic Content Standard. With the additional certifications in the Helly Hansen Group portfolio, the company's Material Policy was revised to align the expectations and requirements through the supply chain. This policy is shared with Garment vendors and material manufacturers.

NF&TA is a national cluster for the fashion and textile industry in Norway and the organizations objective is a circular and value creating transformation of the Norwegian Fashion, Sports and Textile industry. Helly Hansen is a member of NF&TA and has during 2023 been part of the project Repair and takeback in the sport industry. The aim of the project has been to collaborate within the industry to find solutions in Norway for repair and takeback systems.

Helly Hansen continues to be a member of the Sustainable Apparel Coalition (SAC) and are using their Higg Index tools to measure both our own performance in the Brand and Retail Module (BRM) as well as using the facility modules to measure the performance of our key suppliers.

Helly Hansen Group has in 2023 been part of three different Climate Initiatives and decarbonization program:

- EOG (European Outdoor Group) Carbon reduction program
- OIA (Outdoor Industry Association) Climate Action Corps Carbon Leadership Program
- STICA, Scandinavian Textile Initiative for Climate Action



## 2

### Defining the focus for reporting

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

“Identify and assess” is about identifying the enterprises's risk for, and actual negative impact on, people, animals, society and the environment, including in the supply chain and through business relationships. As a first step the enterprise 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 enterprises's involvement in the negative impact on people, animals, society and the environment is central to determine which measures the enterprise 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

### PRIORITISED ACTUAL OR POTENTIAL NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

*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 enterprises's actual negative impacts and/or prioritized significant risks of negative impact/harm on people, animals, society and the 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
Hazardous chemicals	Environment Emission Water Use of materials	Global
Health and safety	Occupational Health and safety	Bangladesh China Indonesia Cambodia Laos Sri Lanka Turkey Vietnam
Climate impact	Environment Greenhouse gas emission Energy	Global
Forced labour	Forced labour Child labour Harsh and inhumane treatment	China Turkey Taiwan
Water: scarcity, consumption and pollution	Environment Water Use of materials	Global

Discrimination and harassment	Discrimination Marginalized populations	Bangladesh China Indonesia Cambodia Turkey Vietnam
The right to form and join trade unions and to bargain collectively	Freedom of association and collective bargaining	Bangladesh China Indonesia Cambodia Turkey Vietnam

## JUSTIFICATION FOR THE PRIORITISATION OF RISKS OF NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

**2.A.2 Describe: a) the enterprise'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 enterprise 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.**

Helly Hansen Group's supply chain is complex and mapping and identifying risks must be determined based on countries where the factories are located, type of products we are producing, main raw materials used in our products and Helly Hansen's sourcing model.

Risk mapping is done through:

- Reviewing audit reports performed, results from these reports and corrective action plans implemented.
- Factory visits, supplier meetings and communication with other brands producing at the same facilities.
- Risk assessment mapping on country basis using the assessment tools from AAFA and Amfori ESG Risk Compass
- 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 modules have been used:
  - Higg Brand and Retail Module (BRM) has been used as an assessment of our environmental and social management system, policies and action plans.
  - HIGG Facility Environment Module (FEM) to evaluate suppliers with higher environmental risk
- Requests and demands from customers.
- NGO reports.
- Upcoming legislations.

During 2023 we have also performed a financial risk assessment looking into our risks from 4 different angles; circularity, value chain resilience, product transparency, corporate narrative and reporting. The risks has been evaluated when we have decided on our most material topics.

This was done during a workshop with our Executive Team.

The sourcing model used by Helly Hansen Group is based on direct contact with suppliers & factories and we strive to build up solid and long-term relations with these factories. We are also, when possible, trying to consolidate our production facilities to reduce the number of factories we work with.

Helly Hansen do not work with any subcontracting facilities and the majority of our material suppliers are now nominated suppliers.

Helly Hansen Group's salient risk is higher in Tier 1 with regard 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 and this is related to the material processing from raw material through to wet processing & finishing and the risk related to hazardous chemicals.

Tier 2 to 4 are also less transparent and the risk is higher for exposure to negative impact related to health and safety, forced labor and climate and water impact.

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.



## ADDITIONAL SEVERE IMPACTS

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

Throughout 2023, our audits and helplines have reported non-conformance incidents related to our code of conduct. Two incidents were deemed high priority non-compliance, 1 related to verbal and physical abuse and 1 related to a significant health and safety risk. The findings in the social audits were mostly related to minor findings and solved through corrective action plans and close dialog with the factories and the incidents reported through Nirapon were solved through interviews and close dialog with factory management and in the end signed off by senior management at Helly Hansen and CTC (Helly Hansen mother company).

General impact on Helly Hansen supply chain:

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, animals, 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 enterprise is involved in the negative impact is key to taking the appropriate action. Negative impact that the enterprise causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the enterprise, 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 enterprise's own policy documents and management systems. Effective management of the negative impact on people, animals, 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 enterprise's prioritized negative impact on people, animals, society, and the environment

Salient issue	<b>Hazardous chemicals</b>
Goal :	The Helly Hansen Group aims to be in compliance with all global chemical regulations and making sure that there is no hazardous expose of chemicals to the people in our supply chain, the end user and the environment where the product is being produced and used.
Status :	<p>The majority of Helly Hansen Group's MATERIALS and TRIMS are bluesign approved and an increasing number of PRODUCTS are becoming bluesign approved products. Bluesign and its Input Stream Management System is ensuring that the chemical process is done correct all the way from its first stage. This process ensures that both the manufacturing process and the final product have the least possible impact on people and the environment. We as a brand are encouraged to work with our suppliers on applying the substitution principle so that all unwanted substances in the products are replaces with safe substances.</p> <p>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>Helly Hansen Group is a member of the Kemikaliegruppen, OIA Clean Chemistry &amp; Materials Coalition, AAFA Product Safety Council and EOG where global chemical compliance topics are discussed and where legal advice is available. Through these organizations, we are able to keep track of all upcoming laws and the requirements that are set.</p>

**Goals in reporting year :**

Throughout 2023 Helly Hansen Group have continued to work on expanding our bluesign approved material portfolio and based on chemical risk we did regular testing of materials that are not bluesign approved. Testing was also performed on materials that we had to review due to specific country legislations.

We have also established the Chemical Process that will be implemented throughout 2024.

This will help us to establish a solid risk management process for the chemicals used in our products. We will also continue to work with NGOs and organizations to track and implement coming legislations that are relevant for our industry.

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

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 styles are some offshore products where we are working closely with our material partners to find solutions that offer best long lasting 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 criteria's set by NGOs and chemical consultants we work closely with, in addition to 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.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

For 2024 we will start the implementation of our Chemical Management Policy and Chemical Management Guidelines. Part of these guidelines are flowcharts and risk matrixes that will visualize the risk areas and highlight the areas where more extensive testing needs to be done to eliminate potential risk-chemicals entering our material portfolio. This work will start in Q2 and continue throughout the year.



<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.</p> <p>To achieve this we are performing regular audits and work in close collaboration with the factory if any non-compliance issues have been discovered. 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 these being our most salient issues under health and safety. In Bangladesh we are collaborating with Nirapon to implement improvements in the factories we work with and we have been members of Nirapon since September 2021. Nirapon is an organization that work towards creating safe work environments in which workers understand their role in upholding a safe workplace and are empowered to raise their voices to identify and address safety issues. 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.</p> <p>Zero tolerance issues can be discovered through our regular social auditing. If there are findings the facility is required to act immediately and put production on hold until the findings have been fixed. This is a process that is followed up both in writing and by Helly Hansen Group personnel visiting the facility.</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. 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>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

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.

In addition we will participate in a project called The EIS Pilot Towards Employment Injury Insurance for Bangladesh's RMG Sector.

By supporting the EIS Pilot in Bangladesh we are ensuring effective protection when work-related injuries occur in our supply chain and in doing so we fulfill the workers' right to a safe and healthy workplace.

In cases of work-related injuries, the Pilot provides compensation payments for the permanently disabled and the dependents of deceased workers.

This pilot provides a framework where both national and international actors can engage and work together to create a long-term fully nationally owned social insurance scheme against workplace injury from which all will gain.

This scope is 5 factories in Bangladesh that Helly Hansen work with. The implementation of the project will start in 2024.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

Helly Hansen Tier1 vendors are audited on a periodic basis for compliance against our Code of Conduct (generally, at least every two years).

For 2024 we are planning to create a "Visual observation form/ factory audit training list" and this document will be a training tool and a checklist to help employees visiting the factories become familiar with basic social compliance issues. The checklist will also 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. This for will be ready within 2024

Salient issue	Climate impact
Goal :	<p>The Helly Hansen Group's goal is to reduce its climate impact in line with the global 1,5 degree goal.</p> <p>We are working with this through our memberships in the OIA, the Climate Action Corps, EOG, European Outdoor Group and in STICA, Scandinavian Initiative for Climate Action. Through our participation in those decarbonization programs, together with our supply chain partners we are expecting 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 policies will be in place to implement these goals.</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 3 decarbonization projects. One through European Outdoor Group, One through Climate Action Corps and one within STICA. Several of our supply chain partners are participating in these projects.</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>We have during 2023 been working on updating our ESG strategy where Climate emissions has been identified as a material topic for HHG. In that work, we have started to prepare to commit to the Science Based Targets. The work has included to do a full scope 1, 2 and 3 climate calculations, identified our gaps and started to build a transition roadmap towards 2030.</p>



**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

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 2023 saved 379 692 kg CO2

We have during 2023 conducted a GHG emission calculation for scope 1, 2 and 3 and identified data gaps. We can see that our biggest impact is within the production of the material we use in our product (Scope 3 Purchased goods). The smallest portion is Scope 1 and 2, own operations that stand for approximately 1% of the total. Our aim is to set a Science Based climate target for 2030 and 2050 and we have started to make a transition plan for how to reach the targets.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

Helly Hansen have started to prepare for the CSRD reporting by putting targets and KPI's in place with clear responsibilities.

Goals for 2024 and the next coming years will therefore be to have clear governance structure and action points that are aligned internally. Some of these action points will be to have a material policy in place, build up Circular principles for design, repair services and make a strategy and policy for shipment and transportation. Baseline for those action points needs to be set.

We will continue with internal capacity building where focus is needed on making our employees aware of the impact we have and focus on how we can reduce our impact through the action points we have established.

<b>Salient issue</b>	<b>Forced labour</b>
<b>Goal :</b>	<p>Forced labor is a serious violation of human rights and is a phenomenon seen in several of the countries where Helly Hansen operates. We predominately see this in the apparel and textile sector, whose workforce is often made up of more vulnerable groups like women, migrant workers, refugees, and forcibly displaced persons.</p> <p>Helly Hansen prohibits the use of any forms of forced labor throughout its supply chain, including:</p> <ul style="list-style-type: none"> <li>- Withholding of ID documents</li> <li>- Any form of restriction or movement for migrant workers</li> <li>- Withholding of wages</li> <li>- The imposition of recruitment fees</li> </ul>
<b>Status :</b>	<p>Helly Hansen is committed to upholding workers' rights and working conditions across our supply chain. Our Code of Conduct outline the standards for our suppliers, covering forced labor, and all our Tier1 and Tier2 suppliers are expected to sign onto our Code of Conduct.</p> <p>We are monitoring our Tier1 supply chain through social audits and we have also started the work on developing a Forced Labor Standard where Helly Hansen's expectations towards our suppliers will be clearly communicated. This standard will be ready in 2024 and we are hoping to start specific supplier training in beginning of 2025.</p>
<b>Goals in reporting year :</b>	<p>Throughout 2023 we have continued our work on implementing Trustrace that will help us in further mapping of our supply chain right down to Tier4.</p> <p>This mapping will give us a clear picture of the location of our raw materials, and this will make it easier for us as a brand to identify hotspots with regard to forced labor. In addition to this we have done regular audits through amfori BSCI and continued mapping of vulnerable groups in the factories we source from. The Forced Labor Standard that will be completed in 2024 will be implemented in both Tier1 and Tier2.</p>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

Helly Hansen will continue to do its due diligence by implementing further risk tools through software platforms. These risk tools will help us find potential forced labor connections in our supply chain and it will improve the transparency in our supply chain even further.

We will continue to maintain an active dialog with our suppliers to ensure they are aware of our policies, standards, and expectations surrounding the prohibition of forced labor in our supply chains.

This will be done through our Code of Conduct and our onboarding process that will both be updated in 2024. We will also continue to monitor the suppliers and through face-to-face meetings with suppliers start discussing the importance of having proper worker policies and routines in place and how these can be implemented.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

By having a proper risk assessment tool available and a Forced Labor Standard in place we are able to risk assess our suppliers and find potential hotspots, clearly communicate our expectations towards our suppliers with regard to the risk of forced labor and establish proper mitigation processes. We are in the process of onboarding a risk tool that will eventually be rolled out in 2024. We will also work with our suppliers on capacity building making them aware of the increased risk by having migrant workers in their workforce and ensure that proper management systems are in place so migrant workers are not subject to forced labor and are treated in a fair and inclusive way.

We will also continue to monitor the number of migrant workers in our supply chain through amfori BSCI and follow up on any non-compliance issues that is related to this particular risk factor.

<b>Salient issue</b>	<b>Water: scarcity, consumption and pollution</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>Throughout 2023 we have continued to roll out the use of Ocean Bound materials and solution dyed materials and 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> <p>Helly Hansen Group have also continued to focus on implementing more bluesign approved material. Bluesign has an input stream management system that controls and regulates water consumption and water pollution.</p>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

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. Helly Hansen will continue its environmental risk assessment related to water scarcity and consider this data when deciding on its sourcing location and sourcing partners.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

The Helly Hansen Group will set long-term goals and KPI's and make a 5 year roadmap on further reduction in water usage and water pollution. Through close collaboration with our supply chain partners we will also create guidelines on water pollution and water management and set clear targets to reach our goals.

<b>Salient issue</b>	<b>Discrimination and harassment</b>
<b>Goal :</b>	<p>Our goal is to have a supply chain where the risk of discrimination has been eliminated and open and honest communication is being promoted.</p> <p>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</p>
<b>Status :</b>	<p>Through our close collaboration with Amfori BSCI we are able to track and minimize the risk for Discrimination and Harassment in our Supply Chain.</p> <p>Our long term relationship with most of our Key suppliers also makes it possible to have open and honest dialog around issues related to discrimination. Issues are being addressed directly to the factory and a follow-up on the remediation process is done.</p>
<b>Goals in reporting year :</b>	<p>We have continued to track this issue through our auditing system and also through the helpline that is established in Bangladesh called Amader Kotha. Apart from that we have not been able to start the work on establishing other procedures around this issue mainly due to resources and our focus on establishing our ESG strategy.</p>

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

To prevent or mitigate negative impact related to discrimination and harassment the Helly Hansen Group will continue its work with Amader Kotha in Bangladesh and Amfori BSCI both through the social auditing program, but also through the "Amfori Speak for Change" which is a supply chain grievance mechanism program. This will allow workers and communities to voice their concerns anonymously and the complaints will be handled by a 3rd party and a remediation process will take place. All Amfori members linked to the involved supply chain partner will have access to the same data which means that Helly Hansen can collaborate with other brands to solve issues related to discrimination and harassment.

We will also focus on our Key suppliers where we can have the highest impact and some of them are also our long term partners where we have an open and honest dialog which makes it easier to reach an common understanding on how to mitigate this issue.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

Through capacity building and by having a platform where they can voice their concerns, we hope that workers in our supply chain can feel heard if there are issues in their workplace, and this will hopefully build trust.

Through this program, the factory will also gain a better understanding of some of the problems their workers have, and this will give them the opportunity to change and improve processes and systems.



<b>Salient issue</b>	<b>The right to form and join trade unions and to bargain collectively</b>
<b>Goal :</b>	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.
<b>Status :</b>	This issue is part of our Code of Conduct where minimum criteria's are set and were suppliers are asked to comply. This issue is also part of the regular auditing we perform at the factories and through these reports we are able to map number of factories that have trade union representatives or worker representatives in place. Right now there are 49 of the Tier1 factories we work with that have trade unions in place. At the moment we are not able to gain any further information on the role these representatives play and how much influence they have on the decision making, but by having policies in place and work on capacity building we are hoping that we can influence this in a positive way.
<b>Goals in reporting year :</b>	In 2023 we have continued to monitor the number of factories with unions and worker representatives in place and have collected this information through our social audits. The information gives us indications on how the factory is set up and is a reason to ask the question and follow up with the factory on why this is not in place. Having proper systems in place where people can join a trade union freely or the workers can choose a worker representative to speak their voice is critical to a healthy worker environment.

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

Helly Hansen will continue to monitor its suppliers and have a strong focus on closer dialog with our suppliers. A Policy that will clarify the responsibilities the suppliers have making sure they respect the right of workers to form a union, to bargain collectively and to interact with workers in the workplace will be implemented in 2024 and will continue into 2025. Supplier training sessions and supplier summits can help us push this work forward.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

Through capacity building we are hoping to create a better understanding amongst the workers and the factory management on what their rights and responsibilities are and this could create a closer collaboration between them.

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## 3.B OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

**Describe the enterprise'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 are about to finalize our ESG strategy including setting short and long term climate goals. Within that we are working on our transition plan towards the goals with set activities for reducing our emissions.

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

During 2023 key focus has been to rightsize inventory and improve collaboration between sourcing/supply and demand planning functions.

- Monthly vendor capacity is shared ahead of monthly buy planning and taken into account when planning PO placement volumes and requested dates.
- Lead times are aligned, and also specific holidays is taken into account when placing Pos. HH customer orders deadline schedule is moved 1 month up.
- Prebooking of materials is based on risk factors, with monthly assessment of left to buy and validation against fabric commitment and required actions. We have changed % calculation of consumption of fabric to risk factors to reduce overbooking, and are working down previous seasons overbooked materials.
- All vendors have shared minimum order quantities on style and STC level and these MOQs is taken into account when placing Pos. In some specific situations, STCs are bought under MOQ due to style importance/segmentation, and HH accept surcharges on these.
- Material left over is shared with our D2C function/development to drive consumption/utilisation when developing for products to our outlet channel.
- We have reworked our approach to long term category planning – which with time will also be translated into a longer term supply plan. More work to be done on this side during 2024.

### 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 by considering the decisions we make in the design and development stage we can contribute towards reducing our footprint.

Some of these action points are:

- Rollout of HIGG facility Environmental Module.
- Continue sourcing bluesign material and increase the percentage of bluesign approved products in our collections.
- Continue to work towards a total phase-out of PFAS, not only our DWR but the entire products and its production processes. We are seeing strict global legislations coming into force so this is high up on our agenda.
- Increase the volume of recycled and solution dyed materials
- Continue to use ZQ certified merino wool and for other wool focus on Responsible wool standard, which we also are certified to.
- We have during 2023 certified Helly Hansen Holding AS to all material standards under TextileExchange Content Claims Standard, CCS. This includes; Responsible Down Standard, Responsible Wool Standard, Global Recycling Standard, Recycled Claims Standard and Organic Content Standard.
- 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 Code of Conduct 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.

Through 2023 we have not been able to implement any capacity building programs in relation to free trade union organization and collective bargaining, but this will be prioritized in our coming ESG strategy and specific KPI's will be set for completion in 2025.

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### **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.

Throughout 2023 we have focused on internal capacity building through workshops, sales meetings, ELT (Extended Leadership Team) meeting, bluesign training, material certification training, traceability training for introduction of Trustrace.

The internal capacity building will continue throughout 2024.

All key suppliers have also been trained in how to use the Trustrace platform, and 16 of them have been invited to disclose/map their supply chain. Next step is to invite the remaining suppliers to start their mapping.

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 and emission reduction.

\*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 the information can be 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.

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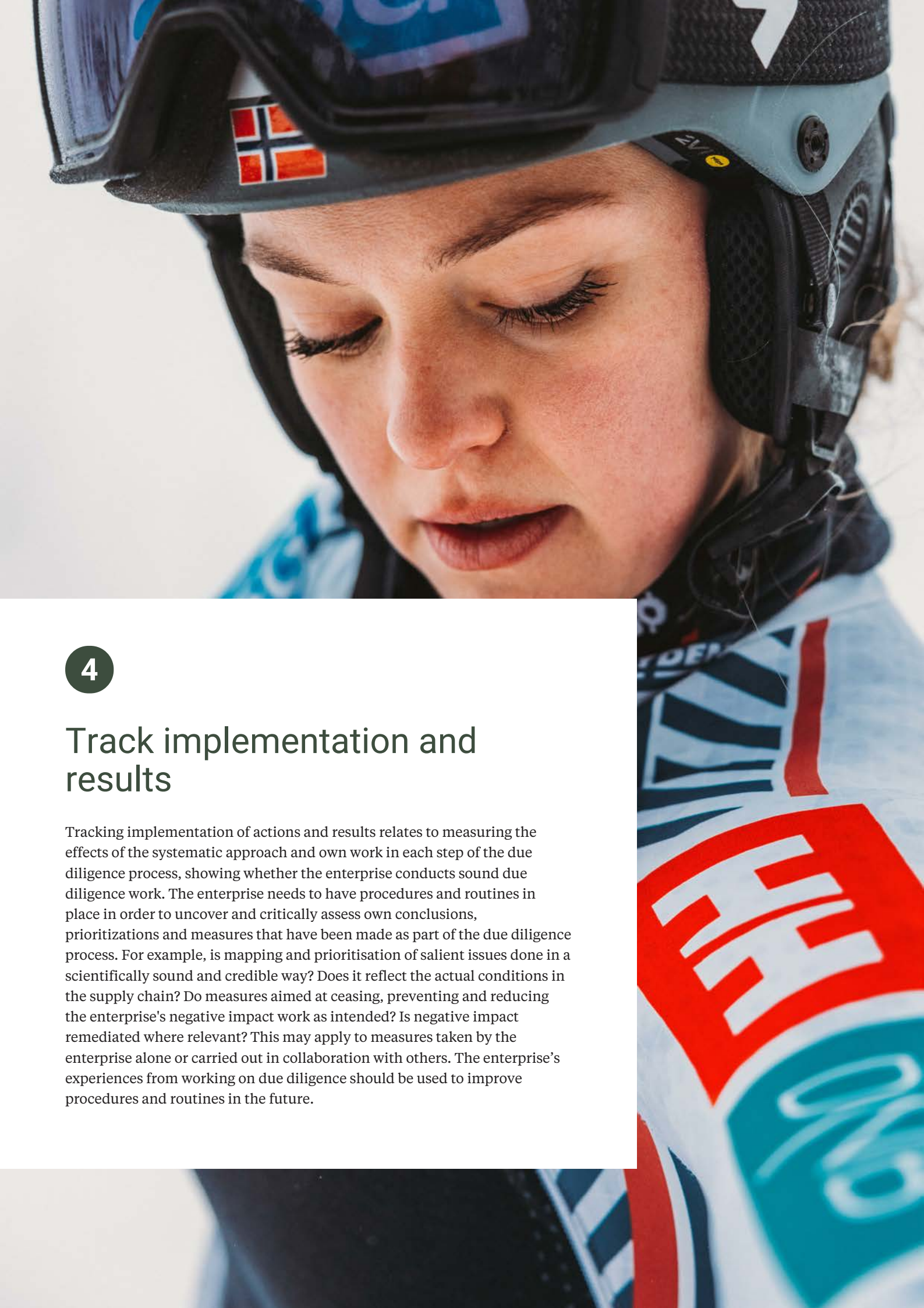
### **3.B.7 Combatting corruption and bribery in own enterprise and supply chain.**

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 2024 and finalized in Q4.

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### **3.B.8 Other relevant information concerning the enterprise's work to reduce, prevent, and manage negative impact on people, animals, society and the 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 enterprise conducts sound due diligence work. The enterprise 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 enterprise's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the enterprise alone or carried out in collaboration with others. The enterprise'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 a) assignment of responsibility for tracking the effect and result of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, animals, society and the environment, as well as how the tracking is done in practice, b) who is responsible for evaluating the enterprise's implementation and work with due diligence, and how the evaluation is done in practice.**

Through our membership with the Sustainable Apparel Coalition (SAC) and the implementation of the Higg tools the Sustainability team can monitor our Tier1 and Tier2 key suppliers and their environmental and social performance.

The data can be used to track performance, set up improvement programs together with suppliers and engage in brand collaboration. We will continue this work throughout 2024.

The Sustainability team has also implemented Trustrace that will help us achieve full traceability of our products through proper supply chain mapping and gather all relevant certifications to make accurate product claims.

All social audits are performed by 3rd party auditing firms that report back to us and any non-compliance issues are followed up by the CSR and Compliance Manager together with a social compliance team from our mother company Canadian Tire Corporation. Regular internal inspections monitor Helly Hansen Groups' factory portfolio making sure they are all compliant.

Our purchasing department together with our sourcing office in Hong Kong is working close with our suppliers to monitor and adjust the capacity vs actual bookings throughout the season making sure that overbooking is minimized. If overbooking is happening the teams work with the supplier to allocate capacity to other factories making sure that the capacity is distributed to avoid the risk of overtime. They also monitor and regulate the capacity throughout the year to utilize the factories low peaks. The work that is being done by these teams have a direct impact on the use of overtime.

The Design and Development department have regular visits to the factories and can discuss matters that can have an impact on the sample development, planning for production and sample adjustment to maximize efficiency and reduce waste.

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

Helly Hansen is annually verifying its supplier by using the standard of the Amfori BSCI. The verification process itself is done by 3rd party auditing companies. This process specifically focus on the areas that are outlined in the BSCI's Code of Conduct that are based on the same international standards as Helly Hansen's Code of Conduct. Monitoring of our factories gives us good indications on their social performance and allows us to interact when non-compliance issues are found and work with them on a corrective action plan.

In 2023 our audit program uncovered 2 priority non-compliance incidents related to our Code of Conduct and in each instance, we worked with the vendor to understand the situation and develop a corrective action plan. Our team verified that the plans were implemented to address the issues.

Helly Hansen is also part of Nirapon, a members-led organization that uses education and capability-building to change the behaviors and perspectives of brand representatives, factory owners, managers, and workers so safety becomes an inherent part of daily operations. Nirapon provides a Safety Management Program which includes helpline services through a factory maintenance and safety support program with ELEVATE, worker training with BRAC and the Amader Kotha helpline that provide workers with a mechanism to report and resolve safety and other concerns in their workplace.

The workers receive information about this through in-factory training sessions, helpline cards, posters and visual materials that are posted in the factories.

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.

A man in a blue ski jacket and a woman in a green ski suit are standing on a snowy mountain slope. The man is in the foreground, wearing a blue jacket, blue cap, and sunglasses. The woman is in the background, wearing a green suit, pink hat, and sunglasses. They are both holding ski poles. The background shows a vast, snow-covered mountain range under a clear blue sky.

## 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. Enterprises 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 enterprise's actual and potential negative impacts on people, animals, 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 enterprise communicates with affected stakeholders about managing negative impact

Helly Hansen is aware that the industry it operates in can cause negative impact on environment and people and it is therefore important to communicate this risk towards our stakeholders and how we want to work together to manage negative impact.

Our suppliers are informed about our due diligence processes during onboarding and it includes social audits and corrective actions taken if negative impact has been found. Through the social audit program training is also mandatory making sure that the fundament for our due diligence is understood.

Helly Hansen do have regular supplier meetings at the end of each season and we do also have training sessions with the suppliers where we communicate how we want to work on managing negative impact. This can be training when it comes to ESG software implementation and reporting on some of these tools like HIGG FEM and Trustrace.

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### 5.A.2 Describe how the enterprise 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/>

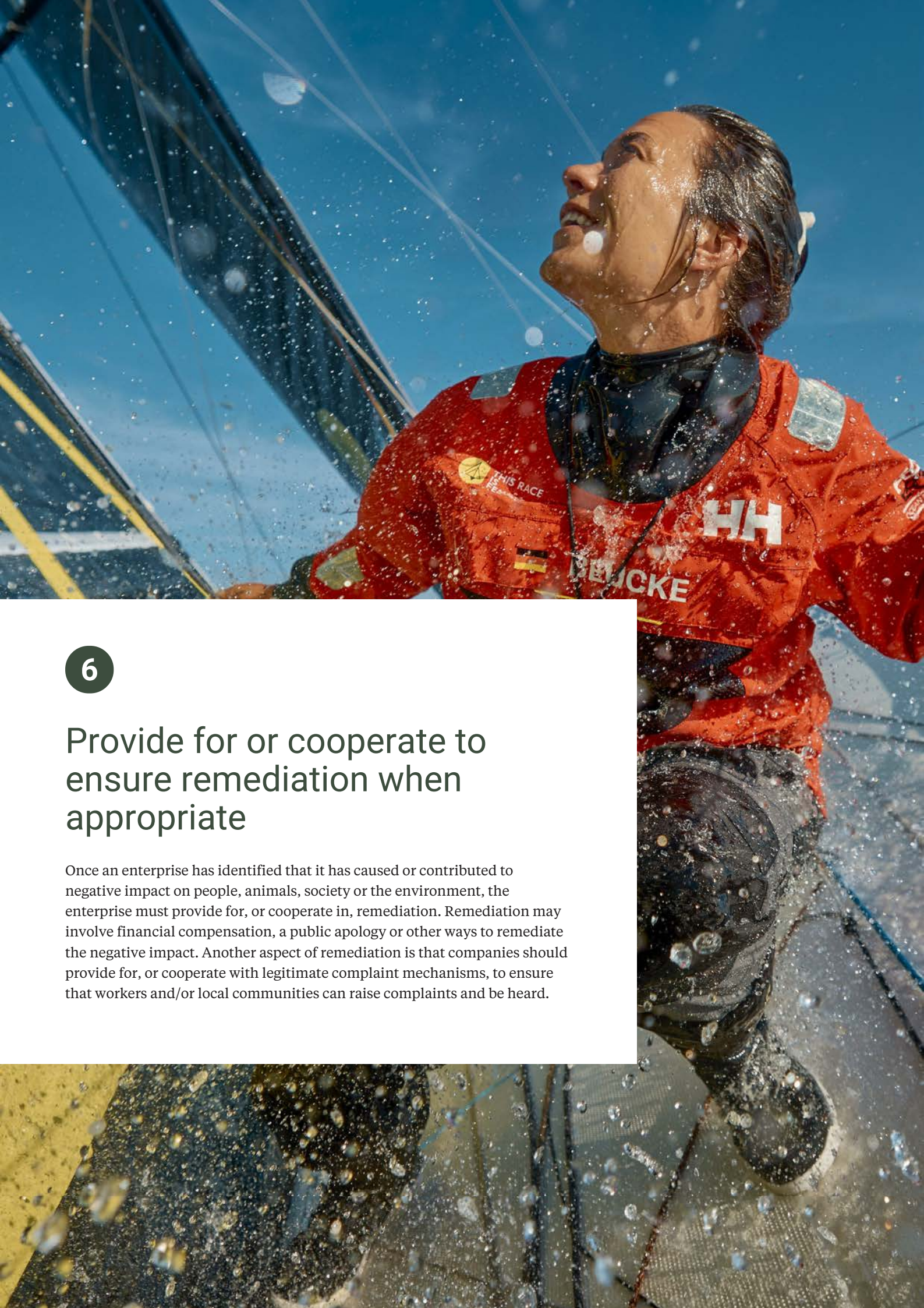
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### 5.A.3 Describe the enterprise's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act

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 an enterprise has identified that it has caused or contributed to negative impact on people, animals, society or the environment, the enterprise 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 enterprise's policy for remediation of negative impacts on people, animals, society and the environment

Helly Hansen follows the formalized procedures of Amfori BSCI audit result remediation.

If throughout the audit process there are non-compliance issues identified, these needs to be prioritized based on their severity and potential impact on the workforce, environment, and overall business operations. The supplier needs to come up with an action plan on how to solve these issues and it needs to be a clear timeline for when remediation process is to be completed. Thorough documentations and reports need to be presented when it is completed and there is either a follow-up audit or a sign-off of the CAP report (depending on the severity of the non-compliance findings).

Helly Hansen Group also 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 discovered through the helpline are followed up on and in the end must be signed off by senior management with an Approval Summary.

This process with respect to the helpline is so far only available in Bangladesh.

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

In 2023 our audit program uncovered two non-conformance incidents related to our Supplier Code of Conduct. The two incidents were from one of our factories in Bangladesh and was related to Physical abuse & harassment and Health & Safety. In each instance, we worked with the supplier to understand the situation and develop a corrective action plan. One of the incidents were also related to an insurance payout and this was resolved and the payment done. Both the non-conformances have been resolved and these are now closed matters.

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## 6.B. Ensure access to grievance mechanisms

### **6.B.1 Describe what the enterprise does to ensure that employees in own enterprise and other stakeholders, especially impacted workers and local communities have access to whistleblowing systems and grievance mechanisms when this is needed**

Helly Hansen do have a Whistleblowing policy that applies to all Helly Hansen employee and the policy describes in detail how the process is working. This policy is available on our intranet.

Through our membership in Amfori BSCI the suppliers commit to establish and participate in operational-level grievance mechanisms for individuals and communities and maintain accurate records and through regular audits it is then possible to see if there are any issues that has been raised and how they have been handled.

Helly Hansen Group is also looking into a program that has been started by Amfori BSCI. It is known as Amfori Speak for Change and is a supply chain grievance mechanism program. It has been rolled out in Vietnam, Turkey, Bangladesh, and India and further roll-out in additional countries will start in 2024.

The program provides easy access to different types of feedback channels (phone, online form, or chat app). It collects complaints in our supply chain, collaborate on the independent investigation and remediate complaints and get insight for our risk analysis. If we decide to onboard this program this will take place in Q2 – Q3 2024.



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