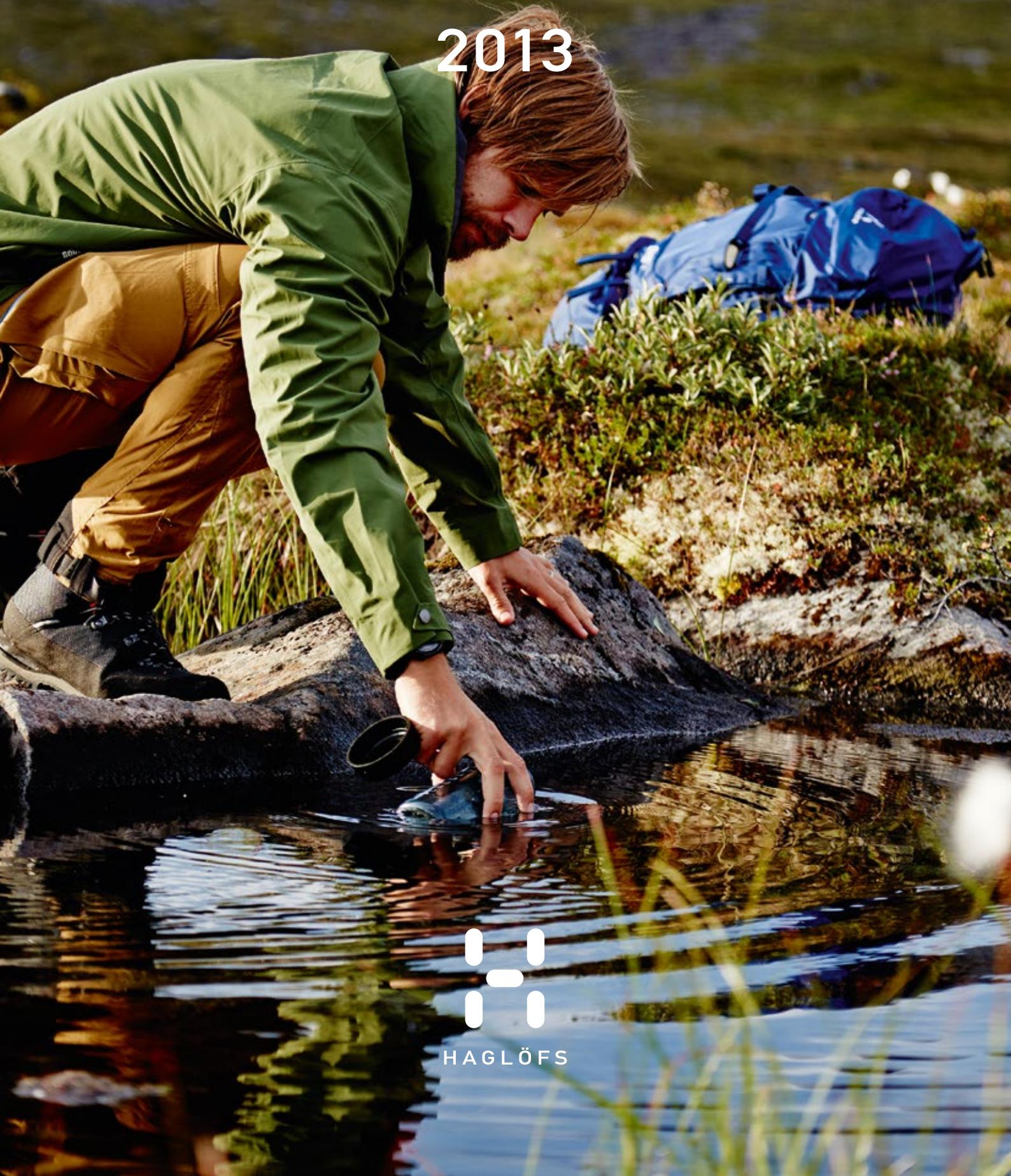


# SUSTAINABILITY

## 2013



HAGLÖFS

# Haglöfs' 2013 Sustainability Report



## ABOUT HAGLÖFS

Haglöfs develops clothing, footwear and hardware for people who invest in an active outdoor lifestyle. From small-scale backpack manufacturing in 1914, Haglöfs has developed into one of the world's leading suppliers of outdoor products by means of modern product development and strategic distribution.

The entire range is characterized by functional design, highly technical materials, advanced construction, high usability, good fit, light weight, durability and long life. The Haglöfs brand is primarily marketed to about 20 European and Asian markets. Products are distributed through carefully selected sales channels comprising outdoor specialists and sports retailers. Haglöfs has been owned by the Japanese sports equipment company ASICS since 2010.



HAGLÖFS

Haglöfs is 100 this year. This is quite a breathtaking concept – it is a remarkable anniversary we are celebrating. At the same time, I believe I speak for everyone at Haglöfs when I say that we have perhaps never felt so close to our history as right now. Our modern company obviously looks quite different from the backpack factory Wiktor Haglöf started in Dalarna in 1914. However, it is a fact that many of Wiktor's fundamental values live on at Haglöfs today. Quality and function are key concepts summarizing our offering, both then and now. The purpose of our mission is also the same as it was 100 years ago: to offer products that enable people to enjoy experiences in nature without compromise – what we today call Outstanding Outdoor Equipment.

If Haglöfs is to live on for another 100 years, we, like every other company, must conduct responsible business. The interaction between the environment, ethics and the economy has long been obvious to Haglöfs and for many years we have engaged in a sustainability program which is now integrated into all parts of the Company. Sustainability is not a management matter today, but is a natural part of our daily work, and the majority of our initiatives now come from individual employees. The awareness and commitment that exists in Haglöfs' organization is one of our Company's greatest assets.

Until now, our work has been mainly focused on increasing the percentage of sustainable products in our range and we are well on track in our vision to position the brand as a leader in Technical Outdoor and Sustainability in all the important markets in the world. There has been a mixture of evolution and revolution – and the steps we are now taking definitely come under the heading of revolution.

Our first step is from now on to give our users the opportunity to actively choose the products where we have advanced the furthest. More than 60 percent of our products in the 2014 fall/winter collection will be labeled with our Take Care symbol. The symbol indicates that the product meets at least one of the following criteria: it is a bluesign® product, it is made of recycled materials or it is made of organic cotton.

Our second step is pretty obvious, but it has taken time to move from theory to practice. With the collections that we are developing now and in the future, sustainability will move from being one of several parameters to become our actual starting point. This means that all products will be developed to be able to carry our Take Care symbol – and any that do not will be considered an exception. In addition, we shall also be able to label our products with the Fair Wear Foundation symbol in the foreseeable future. The combination of all these factors makes us feel we have come a very long way towards achieving our vision. Wiktor Haglöf would probably have been proud of how we have honored his legacy – we are, anyway !

Enjoy reading this year's sustainability report.

Lennart Ekberg, Director of Sustainability.



# Haglöfs' sustainability work

Awareness and responsibility are long-established watchwords for Haglöfs. Issues such as the environment, labor and human rights have been parameters throughout the years of Haglöfs' modern development. The Company was quick to acknowledge that, like many other companies, its operations have an effect on the environment – both positive and negative.

Five years ago, in 2008, Haglöfs made a strategic decision to integrate sustainability into its business development. The decision was based on two objectives working in tandem – to ensure long-term profitable growth and at the same time to contribute towards a sustainable society. Since then, Haglöfs' business concept and vision have contained a clear definition of the Company's position on sustainability issues. Haglöfs has also formulated a number of sustainability targets, the current ones applying to the period 2013–2015.

## WORKING IN A SUSTAINABLE WAY

For Haglöfs, there is a clear and obvious interplay between the environment, ethics and the economy. The Company is convinced that working in a sustainable way and conducting responsible operations is conducive to long-term success. It is also natural for Haglöfs to focus on sustainability, as its outdoor business is dependent on a healthy natural environment and healthy people.

**In 2013, 57 percent of all products sold in the Clothing business area were bluesign® products. This represents an increase of more than 70 percent compared with 2012.**

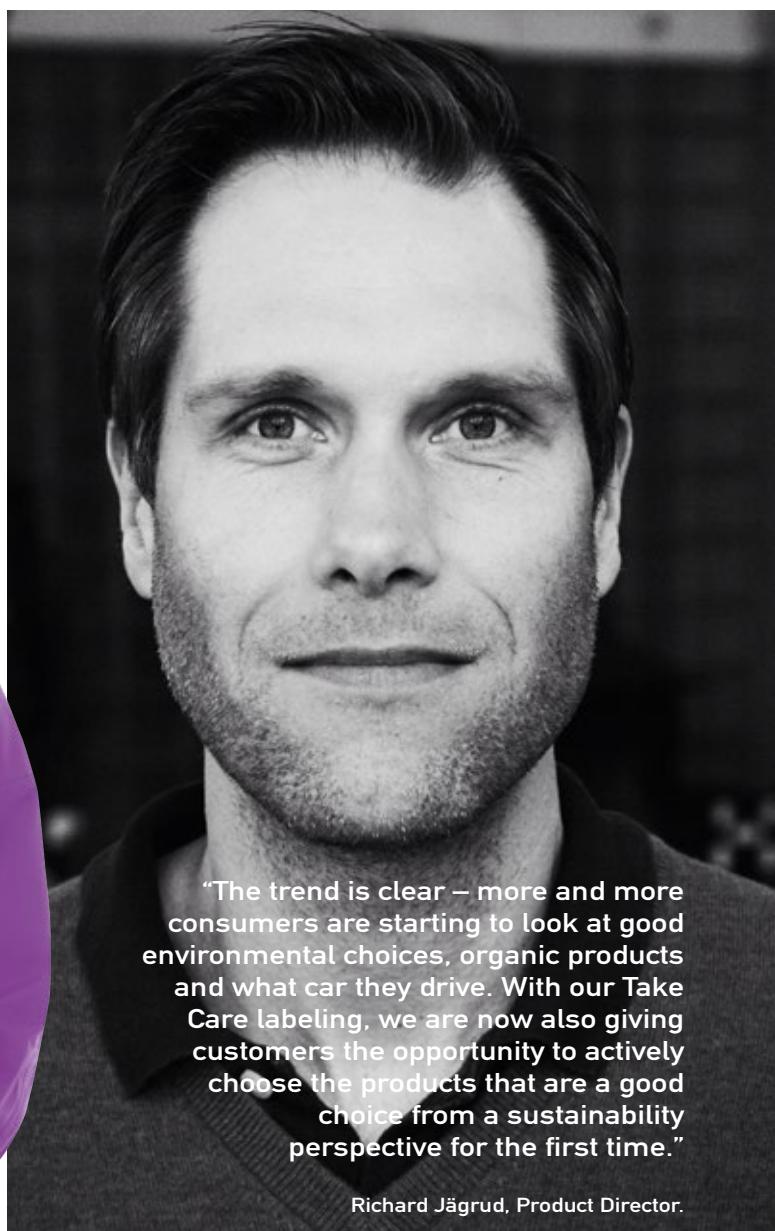


TELIS II Q JACKET



## Significant events in 2013

- Haglöfs decides to label products that are most advanced in terms of sustainability with the Company's own Take Care symbol, which allows end consumers to make an active choice in the store.
- Haglöfs decides that, from the 2016 season, all products will be developed as Take Care products and that anything else will be considered an exception.
- Haglöfs appoints sustainability managers at all its subsidiaries around the world.
- Haglöfs joins (as the only consumer brand) the major SUPFES research project and is participating in efforts to find alternatives to perfluorinated substances.
- Haglöfs conducted four Fair Wear Foundation inspections. At the end of the year, 79 percent of Haglöfs' total production volume at its manufacturers' production facilities had been inspected, meaning that the target of 90 percent is within reach.
- Haglöfs is participating in a development partnership with OrganoClick and the University of Borås, aimed at producing fluorocarbon-free water repellent treatment.



**"The trend is clear – more and more consumers are starting to look at good environmental choices, organic products and what car they drive. With our Take Care labeling, we are now also giving customers the opportunity to actively choose the products that are a good choice from a sustainability perspective for the first time."**

Richard Jägrud, Product Director.

Haglöfs' sustainability is an ongoing process that is fully integrated into day-to-day activities, with the Company's employees constantly looking for opportunities to create improvements. Sustainability is now part of the Haglöfs culture and the vast majority of initiatives are generated by Haglöfs' employees in their efforts to create Outstanding Outdoor Equipment. The sustainability work is led by Haglöfs' Director of Sustainability. In 2013, it was decided to appoint sustainability managers at all the subsidiaries around the world to pursue sustainability issues locally in each market.

## SUSTAINABLE DESIGN

A product's environmental impact is determined by its development and design. This includes everything from choice of materials and manufacturing methods to durability, quality and long life. Haglöfs' offering is based on developing high-quality products with a long life-span. This is also a key factor in sustainability work, as products that are used often and for a long period have a low environmental impact over their entire lifecycle.

Sketching a product with a long-term view in the design stage makes a big difference. Thinking about how to make a zipper or velcro fitting easily replaceable when it wears out or not confusing technically advanced designs with complex ones are examples of questions and choices that occupy Haglöfs' design department. Other examples are discussions in the product development phase about whether an organic cotton T-shirt, which initially has a lower environmental impact but wears more and requires more frequent washing, really is a better choice than a new polyester T-shirt, which can be used more times between washes and can also withstand far more washes without losing quality and fit. Whatever the choice, it is a fundamental concept that design should allow for the material to be recycled eventually.

To ensure optimum use and maintenance of products, Haglöfs provides dealers with regular training, which ranges from basic product properties to care and washing instructions for different types of products. The dealers then pass on their acquired knowledge to consumers.

## Haglöfs' sustainability targets and status in 2013

Sustainability targets 2015	Status in 2013
50% of all products sold in Clothing to be made of recycled materials	32%
80% of all products sold in Clothing to be bluesign® products	57%
50% of all products sold in Hardware to be made of bluesign®-certified and/or recycled materials	22%
40% of all products sold in Footwear to be made of recycled materials	0%
90% of Haglöfs' total production volume at the Company's manufacturers' production facilities to be inspected under the FWF framework	79%



**"Sustainability is much more than just a label on a product. I hope and believe that our users also buy Haglöfs products because they sympathize with our ambitious goals – that is what drives me to try that bit more each day."**

Håkan Nystöm, Business Area Manager Hardware.

# Take care



## TAKE CARE

Haglöfs markets its sustainability program under the Take Care concept. The concept symbolizes the Company's commitment and summarizes all aspects of Haglöfs' responsibility. In addition to the work associated with Haglöfs' products, Take Care involves continuous efforts to reduce energy consumption and greenhouse gas emissions. It also includes guidelines for business travel and company cars, identification of conference and meeting locations where the premises and accommodation have an ecological profile, recycling programs and organic fruit and fair trade coffee at all workplaces.

In the 2014 fall/winter season, a large part of the Haglöfs range will be labeled with the Take Care symbol as a guide to consumers seeking Haglöfs products that are most advanced in terms of sustainability. In order for a product to carry the Take Care symbol, it must meet at least one of the following criteria:

- Be a bluesign® product
- Be made of recycled materials
- Be made of organic cotton

More than 60 percent of the products in Haglöfs' 2014 fall/winter collection will be labeled with the Take Care symbol when they reach the stores. The goal is for this figure to gradually increase.

# Haglöfs and the environment

Haglöfs develops high-quality products designed to have a long life. Outdoor enthusiasts must be able to rely on their products – to ensure they give 100 percent, whether it is a polar expedition or a run in the forest. Consequently, material quality and function are top priorities for a brand like Haglöfs. At the same time, Haglöfs endeavors to minimize each product's negative environmental impact.

Environmental impacts are a general problem in textile production. This is why Haglöfs has decided to use materials that are produced with minimal adverse environmental impacts. In 2008, Haglöfs became a bluesign® system partner. bluesign® is an international industry standard which imposes the textile industry's toughest requirements, with a focus on health, safety and the environment.

At present, Haglöfs is unable to cover its entire needs with bluesign®-approved materials. Before a new collection is developed, Haglöfs assesses how the Company can achieve the best possible quality and function with sustainable materials. Sometimes Haglöfs' material group or a designer finds a "perfect" material that is not bluesign®-approved. In such cases, the Company initiates direct dialogue with the material supplier about the feasibility of their becoming a bluesign® system partner.

Ever since Haglöfs became a bluesign® system partner, the Company has been working actively to get its material suppliers to improve their material production and be able to deliver bluesign®-approved materials for Haglöfs' production. Being a bluesign® system partner is virtually a requirement for becoming a new Haglöfs supplier at present. For existing suppliers who have not yet taken that step, Haglöfs imposes far-reaching conditions. These include signing the Haglöfs Terms of Agreement, which require suppliers to have a clearly defined approach to responsibility and to follow the restricted substance list that bluesign® uses.

## RECYCLED MATERIALS

Haglöfs is well advanced in the process of increasing the percentage of bluesign®-approved materials in its products. The focus is now also on increasing the percentage of recycled fabrics. Even now, several of Haglöfs' product series are made mainly of recycled polyester, and many of the materials the Company uses are fully recyclable.

Haglöfs uses fabrics with recycled fibers from a number of suppliers which include Teijin, Shinkong, Pontotorto and Polartec. Some come from waste materials in industrial production (post-industrial), while others are from recycled consumer products, such as PET bottles (post-consumer). In 2013, 32 percent of all products sold in the Clothing business area were made from recycled materials, an increase of about 7 percent compared with 2012.

## A 360° APPROACH

What is a truly sustainable product? The question is not as philosophical as it sounds. Instead, it is about seeing the whole picture – all aspects of a product's journey, from concept to its use on an outdoor adventure. It is much more than just a label on a product or using this or that material. How the product has been manufactured, transported and packaged are issues that are relatively easy to grasp. However, it is much more difficult for a consumer to know whether a product labeled as sustainable and manufactured using eco-friendly materials has involved factory workers in Asia being forced to work an unreasonable amount of overtime for low wages. For a product to be "truly" sustainable, it is also important for end consumers to know the best way to use, care for, wash and keep the product so that it does not affect the environment more than is necessary.

Haglöfs is occupied with these questions every day. This involves looking at and trying to influence all aspects of a product's life cycle – a 360° approach. The challenge is to really get to the bottom of all of the issues and not yield to the temptation of believing that something is good for the environment just because it sounds as if it is. A good example is bamboo. Although bamboo is a natural material, it is subjected to a production process that is directly

## bluesign®

bluesign® is an international standard aimed at reducing and replacing all chemicals that are potentially hazardous to living things and our environment throughout the textile value chain – from yarns, dyes and additives to finished fabrics. In order to obtain bluesign® approval, a fabric must meet the following criteria:

- The fabric itself is free from harmful substances, as defined in the most comprehensive RSL (restricted substance list) published.
- Harmful emissions to water, soil and air from the fabric's production process have been minimized.
- Resource use, in particular water and energy, is monitored and reduced as far as possible.
- Working conditions during the manufacturing process meet far-reaching requirements in the area of health and safety.

As a member of bluesign®, Haglöfs is committed to progressively and continuously increasing the use of bluesign®-approved fabrics in order to ensure development of products with a minimal environmental impact. In 2013, 57 percent of all products sold in the Clothing business area were bluesign® products. This represents an increase of more than 70 percent compared with 2012.

bluesign®  
product

"A product containing 90 percent or more bluesign®-approved materials qualifies for classification as a bluesign® product."



"Material left over in production is re-used and turned into items such as headwear and bags that are sold in Haglöfs Brand Outlets."



**"The challenge is to reach all parts at all times – the best function with sustainable materials. If we find a new material that can give us a function we did not have before, we immediately address whether we can get it recycled or bluesign®-approved."**

**Jenny Spiik, acting Materials Manager.**

► harmful to the environment, which shows that it is important to understand the entire process.

#### **FACING A PARADIGM SHIFT**

Over the years in which Haglöfs has worked on sustainability, the Company has constantly sought solutions, mainly in the form of materials, for making its products sustainable. During the development process for each new product, one of the questions has been whether there is scope for using bluesign®-approved or recycled materials. Haglöfs is now facing a paradigm shift that will change the entire way in which the Company works. With effect from the 2016 season, which is already being prepared for, Haglöfs will work on the basis that all products developed will be sustainable products that can be labeled with the Company's Take Care symbol. For various reasons, not all products will be able to achieve this level, but they will be exceptions by definition. This new approach – the new paradigm – will involve completely different requirements in the initial design process, and it will also bring a changed perspective for the material department's sourcing work.

#### **CHALLENGE IN HARDWARE**

When Haglöfs launched the 2013 spring/summer collection, there were a number of backpack series in sustainable materials, both recycled and bluesign®-approved. Unfortunately, it is currently not possible to get a sufficiently high percentage of bluesign® material into a backpack for it to qualify as a bluesign® product. The main reason is that the backpack industry is not so well advanced in this

area. In other words, it is not possible to manufacture technically advanced bluesign®-approved backpacks as the situation is today.

At present, Haglöfs is only developing one sustainable backpack series – the Corker series – made from recycled materials. This issue has the same high priority as in the other business areas and Haglöfs is actively looking for material suppliers which are, or have the potential to become, bluesign® system partners.

For sleeping bags the situation is completely different. In 2012-2013, Haglöfs developed a number of sleeping bags classified as bluesign® products, including some in the premium segment. These sleeping bags are being launched in 2014. The main reason why development is easier for this product group is that it uses many of the same materials and technology as clothing – a market which is relatively well developed in terms of sustainable materials.

#### **FLUOROCARBONS**

In many cases, the use of chemicals is a prerequisite for creating functional materials that are waterproof or water repellent and at the same time breathable – qualities which are in demand from end consumers. Haglöfs uses fluorocarbons for functional reasons, but only on products where it is absolutely necessary. The fluorocarbons used are confined to type C6, which do not contain PFOA. Haglöfs aims to phase out all use of fluorocarbons and the Company is involved in a number of projects designed to find alternatives to chemicals that are detrimental to the environment. Haglöfs has already decided to provide a number of product lines that do not need to have optimal water repellency with a water repellent treatment which is completely free of fluorocarbons.



#### **Haglöfs recycled**

Haglöfs uses recycled polyester and polyamide. To qualify for the "Haglöfs Recycled" symbol, more than 50 percent of the material must be recycled.

# Sustainable Fashion Academy

To provide employees with additional tools, Haglöfs arranges for its designers, product developers, buyers, materials managers and other staff to undergo training in sustainability issues. One of the training providers is the Sustainable Fashion Academy (SFA).

SFA is a non-profit association founded by representatives from fashion and design, environmental organizations, universities and similar bodies. SFA's founders and partners include the companies H&M, Lindex and Filippa K and outdoor brands such as Haglöfs, Fjällräven and Peak Performance.

SFA's vision is an apparel industry that creates happier people, stronger communities and a resilient planet. SFA's mission is to accelerate the innovations needed to ensure this happens. To this end, SFA equips leaders and entrepreneurs working at different levels within the industry with the knowledge and tools they need to develop and drive sustainable apparel innovations.

SFA works at both the industry level and the company level. At the industry level, SFA initiates activities that will accelerate innovation during the next decade. At the company level, SFA works closely with brands that aim to be leaders in the industry.

SFA offers a number of training programs. In addition to basic foundation training, there are a number of modules that focus on specific areas of work such as design, supply chain or marketing and communications. During the training programs, a number of representatives of different brands and other industry players meet to discuss and exchange experiences. The actual training ranges from lectures, case studies and group exercises to special projects.

Over the years, Haglöfs has trained a large number of employees, both at the basic level and in specific subject areas. Eight of Haglöfs' employees received SFA training at various levels in 2013. In total, some 20 Haglöfs employees have undergone SFA training.



THE  
SUSTAINABLE  
FASHION  
ACADEMY

**“Sustainable design is about more than just choosing the right material. When sketching new products, we also think about a zipper or velcro fitting being easily replaceable when it wears out – even 10 years from today. Then it really is sustainable.”**

Ana Kristiansson, clothes designer.



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# Haglöfs and ethics

Haglöfs does not have its own factories. All production takes place at the facilities of external producers. Considering the position of production in the supply chain, the direct environmental impact is relatively low. Haglöfs consequently focuses on issues such as working environment, human rights and other ethical issues such as prohibition of child labor.

It is important for Haglöfs to have manufacturers that take responsibility. To produce items for Haglöfs, manufacturers must have documented aims with regard to labor conditions in their factories. The conditions are generally good at the factories Haglöfs uses. Haglöfs' products are advanced and, as such, require highly skilled production personnel and a qualified production process.

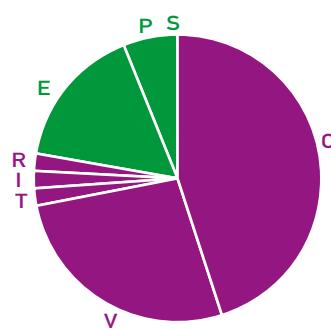
Haglöfs is an affiliate member of Fair Wear Foundation (FWF) since May 2012. Through the Company's membership, Haglöfs' manufacturers are bound by FWF's Code of Labour Practices. The work with ethics in 2013 within the FWF scope is presented below.



**"Economic sustainability is a prerequisite for sustainable responsibility, but you must never confuse inexpensive with good. In 2013, we evaluated several new production countries in Asia, and decided against expanding there as we could not accept textile workers' conditions."**

Johnny Claus, Operations Director.

Haglöfs production countries 2013  
Production volume, %



Countries where regular audits are carried out	
China	45%
Vietnam	27%
Turkey	2%
Indonesia	2%
Romania	2%

Low risk countries	
Estonia	16%
Portugal	6%
Sweden	<1%

## Fair Wear Foundation – 2013 report

Haglöfs joined Fair Wear Foundation (FWF), as the first Swedish outdoor brand, in May 2012. FWF is an international initiative for independent control, with the aim of improving labor conditions for garment workers worldwide. FWF is organized as a non-profit organization with about 80 member companies that manufacture clothing and other sewn products and takes responsibility for their supply chain.

Since Haglöfs' product philosophy is to make high quality products with a long life-span, the close relationship with its manufacturers is essential. Once Haglöfs has established a good relationship to the full satisfaction of both parties, the Company has no reason to change manufacturers. Production cost is important, but not that crucial since most of the cost for products is in materials and not labor.

Haglöfs has had a business relationship with over 70 percent of its manufacturers for more than five years, and all of Haglöfs' producers have accepted FWF's Code of Labour Practises.

## Audits

By the end of 2013, 79 percent of Haglöfs' total production volume at the Company's producer's production facilities has been audited by FWF, or is produced in a low risk country (defined by FWF) where audits are not required. The majority of the Company's producers received at least one visit by Haglöfs' employees during the year. Four factories were audited in 2013 – all conducted by FWF.

### FACTORY P9002 AUDIT

Factory P9002 is located in China and is a manufacturer of sleeping bags and insulation clothing. They produce 7 percent of Haglöfs' total production volume, and Haglöfs takes 22 percent of their yearly capacity. The audit was made in April along with the German outdoor company, Jack Wolfskin.

The result of the audit was good. The general opinion is that it's a well-organized factory, and the overall conditions are good. The wage level is, by far, more than the legal minimum wage requirements of the area. However, it is not yet on the living wage level. Excessive overtime is a problem in peak seasons. The workers need to be better informed of their rights.

### FACTORY P9064-1 AND P9064-2 AUDIT

These factories are located in Vietnam, and they manufacture technical clothing. The two factories produce 3 percent of Haglöfs' total production volume, and Haglöfs takes 3 percent of their yearly capacity. These audits were re-audits to see to it that the corrective action plans from the audits of October 2012 were implemented. The audits were made in October along with the German outdoor company, Schoeffel, and the Swiss outdoor company, Kjus.

The result of the audit was not fully satisfactory. Some of the issues from the audit in 2012 have been corrected, but not all of them. The factory's management have declared that they will correct all outstanding issues during the first half of 2014, and therefore, Haglöfs, Schoeffel, and Kjus will have a second follow-up audit in the fall of 2014.

#### FACTORY P9036 AUDIT

This factory is located in China and is a manufacturer of technical clothing. They produce 9 percent of Haglöfs' total production volume, and Haglöfs takes 5 percent of their yearly capacity.

The result of the audit was good. For instance, wages, including benefits, in most departments were above the living wage level. Haglöfs made some minor negative remarks mainly concerning overtime, ergonomic, and insurance issues. All these topics are now under discussion for solutions with the factory management.

## Education and training

#### FACTORY P9002 INITIATIVE

In July, FWF held a one-day training seminar (WEP – Workplace Education Program) for workers and management covering workers' rights, the FWF Code of Labour Practices and the FWF complaints procedure.

The seminar was initiated by Haglöfs and Jack Wolfskin and was very much appreciated by both the workers and the factory management.

#### FACTORY P9053 INITIATIVE

Factory P9053 is located in China and is a manufacturer of technical clothing. They produce 10 percent of Haglöfs' total production volume, and Haglöfs takes 17 percent of their yearly capacity. In November, FWF held a WEP seminar (Workplace Education Program). At the seminar, workers expressed complaints about excessive working time.

The seminar was initiated by Haglöfs, Jack Wolfskin, and Mammut.

## Complaints

#### FACTORY P9053 OBSERVATIONS

A worker in the factory complained about excessive overtime. FWF conducted an audit and found that the complaints were well-grounded. The producer confirmed that they had difficulties planning capacity during the peak season.

Producing brands, FWF, workers, and factory management are now cooperating to reduce the excessive overtime situation in the peak season.

### The Fair Wear Foundation Code of Labour Practices.

- **Employment is freely chosen**

There must be no use of forced labour.

- **There is no discrimination in employment**

The employer should treat all employees equally, regardless of their race, color, sex, religion, political affiliation, trade union membership, nationality, social origin, or disabilities.

- **No exploitation of child labour**

There must be no use of child labour. Workers must not be recruited until they reach the minimum school-leaving age and, in any case, not below the age of 15. Teenagers (aged 15-18) must not perform work which is likely to harm their health or safety. For example, they must not engage in excessive overtime or work at night.

- **Freedom of association and the right to collective bargaining**

Workers have the right to negotiate as a group with their employer ("collective bargaining"). The employer must not punish workers who express their opinions and wishes. All workers have the right to form and join trade unions of their own choice ("freedom of association"). When the right to freedom of association and collective bargaining is restricted under law, the employer must not hinder other forms of collective bargaining and workers' organizations. Workers' representatives must not be discriminated against and must have access to all workplaces necessary to carry out their roles.

- **Payment of a living wage**

Wages must meet at least the legal minimum wage, if there is one. Wages for a standard working week should always be sufficient to meet the basic needs of workers and their

families and allow for some savings. Deductions from wages, which are not provided for by national law, are not permitted. Workers should be informed about how their wages are made up, including wage rates, pay periods, and deductions from pay. Workers should receive a pay slip, which provides this information.

- **No excessive working hours**

Hours of work must be in line with the law. In any event, workers must not be required to work more than 48 hours per week on a regular basis and must have at least one day off for every seven-day period. Overtime should be voluntary, and working hours including overtime should not exceed 60 hours per week. Overtime should not be demanded on a regular basis and must always be paid at a premium rate, in accordance with the law.

- **Safe and healthy working conditions**

The employer must provide a safe and hygienic working environment. The employer should provide protective equipment where necessary and train workers to use it. The employer should also take steps to prevent accidents and minimize health risks. Physical abuse, threats of physical abuse, unusual punishments, sexual and other harassment, and intimidation by the employer is strictly prohibited.

- **Legally binding employment relationship**

Every worker should receive a written contract, and all legal social security charges should be paid.



# Haglöfs and climate

Climate-related issues are an important part of Haglöfs' sustainability efforts. There is an obvious danger that the impact that people and companies have on the climate may also represent a threat to Haglöfs' business. Perhaps the most obvious risk is that a changing climate would have a radical effect on the conditions for the outdoor industry and limit the scope for pursuing an active outdoor life. However, negative climate change is on a much larger scale than this and Haglöfs is working on this critical issue in the context of the Company's Climate Action Plan.

As Haglöfs does not have its own production, the Company has focused on limiting greenhouse gas emissions in four priority areas since 2008. These are:

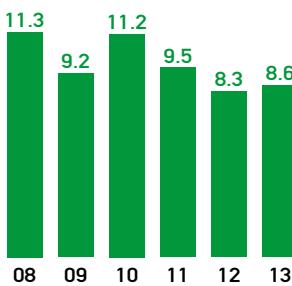
- All transportation of goods from producers to warehouses.
- All energy consumption at Haglöfs' offices, warehouses and stores (heating + electricity).
- All business travel by air.
- All use of company cars.

The target is to reduce emissions (per SEK million sales) by 70 percent from the 2008 level of 2.3 tonnes to 0.7 tonnes by the end of 2015.

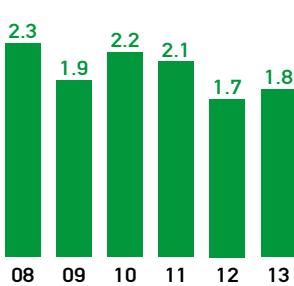
	2008	2009	2010	2011	2012	Tonne CO <sub>2</sub> 2013	% 2012-2013
Energy consumption	132	182	148	61	64	54	-16
Business travel and company cars	412	375	* 31	** -10	*** 238	**** 229	-4
Transport	582	538	1,225	1,304	922	1,060	+15
<b>Total</b>	<b>1,126</b>	<b>1,095</b>	<b>1,404</b>	<b>1,355</b>	<b>1,224</b>	<b>1,343</b>	<b>+10</b>

\* Carbon-offsetting of 375 tonnes. \*\* Carbon-offsetting of 404 tonnes. \*\*\* Carbon-offsetting of 342 tonnes. \*\*\*\* Carbon-offsetting of 395 tonnes.

**Greenhouse gas emissions**  
Tonne CO<sub>2</sub>/employee



**Greenhouse gas emissions**  
Tonne CO<sub>2</sub>/SEK million sales



Haglöfs conducts carbon offsetting of its business travel through a partnership with Tricorona Climate Partner. The carbon offsetting helps to fund the Yinyi wind power project in Ningxia Province in northern China. China has the highest energy consumption in the world and its electricity production is mainly coal-based. Yinyi consists of 66 wind turbines of 750 kW each and the project will save approximately 65,000 tonnes of carbon emissions in a normal year, as well as hundreds of tonnes of emissions of other pollutants, including nitrogen oxides, sulfur oxides, particulates and mercury. Yinyi is approved and certified under the Kyoto Protocol's CDM and Gold Standard.

## ENERGY CONSUMPTION

The majority of global greenhouse gas emissions come from energy production and more than half of all electricity is generated from the burning of coal, oil or natural gas. As part of a collaboration with Gävle Energi, Haglöfs has moved to exclusively using Källmärkt® (source-labeled) fossil-free electricity, which means that the total electricity consumption in Haglöfs' offices, warehouses and stores in Sweden is from renewable energy sources such as wind, water

and biomass. Haglöfs has also worked with Gävle Energi to identify a number of measures for further energy savings. In addition, all Haglöfs' employees have completed training with a focus on reducing energy consumption. In 2013, emissions of greenhouse gases from energy consumption were reduced by 16 percent.



Greenhouse gas emissions from energy consumption	2008	2009	2010	2011	2012	Ton CO <sub>2</sub> 2013	% 2012-2013
Heating	42	49	71	57	60	50	-17
Electricity	91	133	77	4	4	4	+3
<b>Total</b>	<b>133</b>	<b>182</b>	<b>148</b>	<b>61</b>	<b>64</b>	<b>54</b>	<b>-16</b>

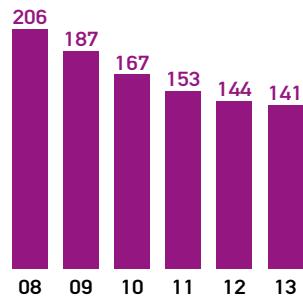
Key figures, premises	2008	2009	2010	2011	2012	2013	% 2012-2013
Emissions/employee (tonnes CO <sub>2</sub> e)	1.3	1.5	1.2	0.4	0.4	0.3	-20

## BUSINESS TRAVEL AND COMPANY CARS

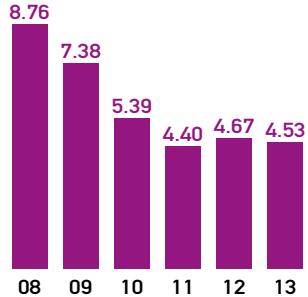
Haglöfs' sustainability policy stipulates that business travel must be undertaken using the method of transport with the lowest environmental impact. In many cases, it is not practicable, in particular because of the Company's global presence, to choose modes of transport other than air or car. Haglöfs has established a company car policy which involves tougher CO<sub>2</sub> emission requirements for company cars each year. From 2014, emissions from newly ordered company cars must not exceed 120 grams CO<sub>2</sub> /km.

Average emissions from company cars during the year were 141 grams, which is an improvement of 2 percent compared with the previous year. In terms of emissions per driver, the reduction was 3 percent, and Haglöfs has almost halved its emissions compared with 2008.

Company cars, average CO<sub>2</sub> emission/km (grams)



Company cars, average CO<sub>2</sub> emission/driver (tonnes)



Business travel	2008	2009	2010	2011	2012	Tonne CO <sub>2</sub>	2012-2013
						2012	
Air	304	276	323	303	486	538	+11
Company cars	108	99	84	91	94	86	-8
<b>Total</b>	<b>412</b>	<b>375</b>	<b>* 32</b>	<b>** -10</b>	<b>*** 238</b>	<b>**** 229</b>	<b>-4</b>

\* Carbon-offsetting of 375 tonnes. \*\* Carbon-offsetting of 404 tonnes. \*\*\* Carbon-offsetting of 342 tonnes. \*\*\*\* Carbon-offsetting of 395 tonnes.

**Haglöfs carbon offsets its use of company cars and air travel. The carbon offsetting is based on the amount of emissions in the previous year, which amounted to 395 tonnes of CO<sub>2</sub>.**

## TRANSPORT

It is estimated that almost 30 percent of global greenhouse gas emissions come from the transport sector. Most of Haglöfs' shipments from Asia to its main warehouse in Avesta are in containers, which are transported to Gothenburg by sea. From Gothenburg they go by rail to Örebro for reloading onto trucks for final delivery to Avesta. This is not the fastest method of transport, but it is the most effective way of minimizing, as far as possible, greenhouse gas emissions from transport.

For environmental reasons, Haglöfs tries to keep the proportion

of air transportation to an absolute minimum. This is a crucial parameter in achieving greenhouse gas emission targets. Although air freight accounted for 3 percent of the total transported volume in 2013, it was unfortunately responsible for almost 63 percent of total emissions. However, this is an improvement compared with the previous year, when air freight accounted for almost 70 percent of total emissions.

Haglöfs deliveries of products to customers are by truck, as this is the only available mode of transport in most cases. In this area, Haglöfs works exclusively with responsible logistics partners.

	2008	2009	2010	2011	2012	Tonne-km	2012-2013
						2013	
Air	275,051	246,301	697,282	728,418	510,279	537,856	
Road	667,932	657,517	783,014	981,329	729,711	910,914	
Sea	11,067,279	10,971,964	11,643,083	15,608,413	11,049,265	15,865,899	
Rail	164,360	164,920	172,680	252,620	168,140	235,220	
<b>Total</b>	<b>12,174,622</b>	<b>12,040,702</b>	<b>13,296,059</b>	<b>17,570,780</b>	<b>12,457,395</b>	<b>17,549,889</b>	

	2008	2009	2010	2011	2012	Tonne CO <sub>2</sub>	2012-2013
						2013	
Air	408	366	1,035	900	631	665	+5
Road	52	51	61	174	129	161	+25
Sea	122	121	128	230	163	234	+44
Rail	0	0	0	0	0	0	+/- 0
<b>Total</b>	<b>582</b>	<b>538</b>	<b>1,224</b>	<b>1,304</b>	<b>923</b>	<b>1,060</b>	<b>* +15</b>

\* The increase is due to a substantial increase in the production volume.

## HOW MUCH CO<sub>2</sub> IS GENERATED DURING TRANSPORTATION OF ONE TONNE OF FREIGHT?

It is a common misconception that production in Asia has a more adverse effect on the environment than production in Europe. In many cases, trucks are the only practical mode of transport

available for deliveries in Europe. The example below compares Haglöfs' production in Portugal with production in China. In the example, greenhouse gas emissions are actually lower in shipments from China than from Portugal, as a result of a better transport mix.

Journey	Distance (km)	Transport mode	CO <sub>2</sub> /tonne-km (gr)	CO <sub>2</sub> Total (kg)
Lousada-Avesta	3,400	Road	77.8	264.5
<b>Total</b>				<b>264.5</b>
Shanghai-Gothenburg	20,302	Sea	11.0	223.3
Gothenburg-Örebro	280	Rail	* 0.0	* 0.0
Örebro-Avesta	141	Road	77.8	11.0
<b>Total</b>				<b>234.3</b>

\* Carbon-neutral transport by rail in Sweden.

# Haglöfs' stakeholders

Like other companies, Haglöfs has a large number of stakeholders. The ones with which Haglöfs has most contact outside the organization are found in the Company's supply chain. Other stakeholders include the state, municipalities, government agencies and different interest groups. Haglöfs has daily contact with many of its stakeholders and there are few occasions when sustainability does not enter into the dialogue and cooperation in some form or other.

Haglöfs is involved in several research and development projects. In 2013, Haglöfs joined a major research project, SUPFES, together with Chalmers University of Technology, VU University Amsterdam, Stockholm University, Swerea IVF and companies in the Swedish Chemicals Group at Swerea IVF and the Käppala wastewater treatment plant. The project is aimed at finding alternatives to perfluorinated substances and alternatives to chemicals that pollute the environment.

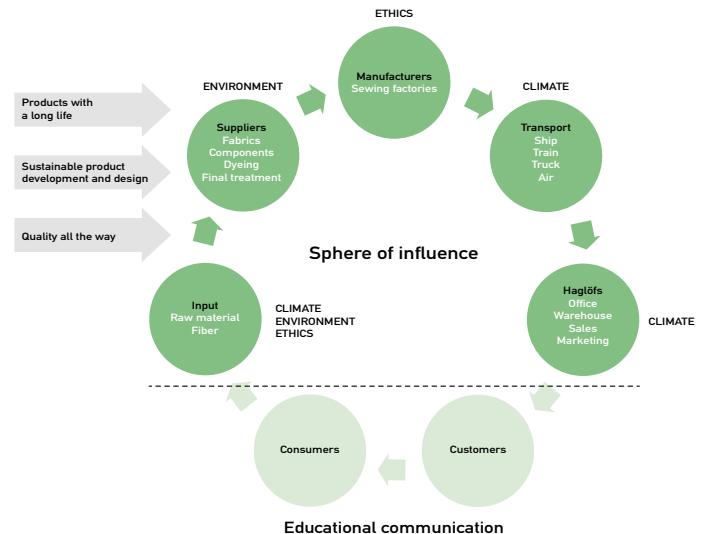
Fluorinated substances have important technological applications in consumer products, such as water repellent properties. Unfortunately, they are persistent and bio-accumulative and in independent studies have been linked to negative changes in humans, animals and natural environments. In addition to using the project participants' extensive knowledge and expertise in fluorinated substances, processes and products, environmental pollutants, analysis, chemistry, toxicology, product requirements and socio-economy, SUPFES is also cooperating with researchers to assess the risks of different chemicals and ensuring that the new options can actually be used.



As a result of its renowned sustainability program, Haglöfs is increasingly in demand as a party in various sustainability-related dialogues. Below is a list of current projects and dialogues.

- The Swedish Textile Water Initiative.
- The Swedish Shoe Environmental Initiative.
- The Chemicals Agency textiles dialogues.
- The Swedish Chemical Group.
- The Sustainable Fashion Academy Steering Group.
- The FWF-EOG Living Wage Study.
- EOCA (The European Outdoor Conservation Association).
- OrganoClick's fluorocarbon project.
- SUPFES.

## The supply chain



## Sustainable supply chain

Haglöfs' sustainability work focuses on the entire supply chain. In the concept phase, the Company focuses on finding sustainable alternatives when developing each new product. With clear goals, bluesign® partnership and a commitment to using recycled and recyclable materials as far as possible, the process is well structured. In the production phase, the focus is on ensuring that the Company's manufacturers conduct ethically sustainable operations. This work has been given a further dimension with Haglöfs' membership of the Fair Wear Foundation in 2012.

### ABOUT THE REPORT

Haglöfs' sustainability report is published annually and summarizes the Group's work on the issues of environment, ethics, climate, society and economy which are relevant to Haglöfs and its stakeholders. It is Haglöfs' aim that the report will follow the GRI principles as far as possible. Any questions about Haglöfs' sustainability work and the report should be addressed to Haglöfs' Director of Sustainability, Lennart Ekberg. E-mail: [lennart.ekberg@haglofs.se](mailto:lennart.ekberg@haglofs.se). Telephone: +46 (0)70-5841501.

