



Report on

# Responsible Business Conduct 2019

for Helly Hansen





# SUSTAINABLE DEVELOPMENT GOALS



## To Readers Of The Report

Business is key for the achievement of the Sustainable Development Goals (SDGs). A well-functioning and responsible business community contributes to sustainable development through job creation and innovative solutions to global challenges. However, business operations can also have a negative impact on people, the planet and the society. Members of Ethical Trade Norway have committed themselves to work with due diligence for a more sustainable business practice.

The basis of this work is Ethical Trade Norway's Declaration of Principles, which covers the decent work agenda, human rights, environment/climate, anti-corruption and animal welfare. Members are obliged to report annually on challenges they face and on measures carried out to address these. The reporting template is this year for the first time based on the OECD due diligence model. It is new for us and new for our members. It is this report you are currently holding in your hands. The report is publicly available on our website.

The template seeks to respond to the expectations concerning due diligence for responsible business conduct as described in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Ethical Trade Norway's report covers essential elements of the Global Report Initiative (GRI) reporting framework and can be used as a progress report for the Global Compact.

**Heidi Furustøl**

*Executive Director*

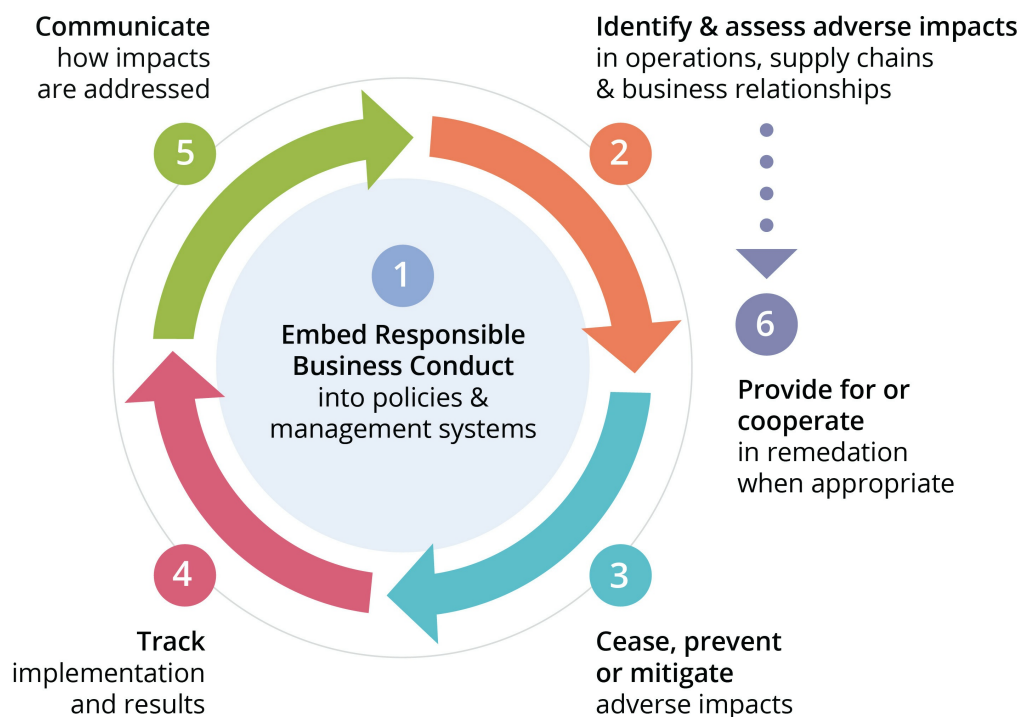
Ethical Trade Norway



# Due diligence

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

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





# Preface From CEO

Helly Hansen was born by the sea and raised by the mountains. We are inspired by and treasure the sea, the mountains and nature. We respect and uphold the dignity of our employees, the people who produce our products, the consumers and our communities. We have a wide-ranging sustainability program and our focus is on water in all its forms.

Our professional and durable products (gear) are at the center of our business.

Our values are transparency, trust, respect, collaboration, pro activity and accountability.

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

## Legal requirements

We strive to comply with regulations and keep up to date with regulatory changes in the markets we operate in.

We engage and communicate on regulatory topics that are important for our industry.

## Sustainability management

We apply a management system approach to sustainability, we measure and ensure that we set goals and produce measurable improvements in our impacts on people and the environment.

Our management system is based on a sound process approach.

We use resources, such as materials, energy and water, in a responsible way.

We limit the degree of pollution and emissions we cause with our activities.

We manage chemicals in manufacturing and in our products responsibly and ensure that no harmful chemicals are used that could jeopardize workers' or consumers' health.

We strive to take a life cycle approach to our products and seek to minimize the environmental impact throughout the life cycle.

We treat our employees and workers in factories that produce for us with dignity and we uphold all relevant ILO conventions.

All employees and workers have a right to a healthy and safe workplace and we safeguard this. We safeguard consumers' health by upholding strict manufacturing standards.

Whenever use materials from animals we uphold strict animal welfare standards.

## Continuous improvements

We continuously lead, evaluate and improve our management approach to sustainability.

## Supplier engagement

In partnership with our suppliers we follow sustainability standards and work towards continuous improvements to our sustainability performance.

## Stakeholder engagement

We listen and engage with our stakeholders on sustainability and ethical matters.

## Communication

We report yearly on our sustainability goals, projects and achievements.

We report on an annual basis to the Ethical Trading Initiative Norway.

Richard Collier  
*Chief Product Officer*



# Company information and business context

## Key company information

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**Company name**

Helly Hansen

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**Head office address**

Munkedamsveien 35

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

Helly Hansen apparel, footwear and accessories

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**Description of company structure**

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

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**Turnover in reporting year (NOK)**

4 400 000 000

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**Number of employees**

1 200

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**Major changes to the company since last reporting period (mergers, acquisitions etc.)**

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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 supply chain and the company's sourcing model

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

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

119

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### Comments to number of suppliers

The number of suppliers are Tier 1 factories

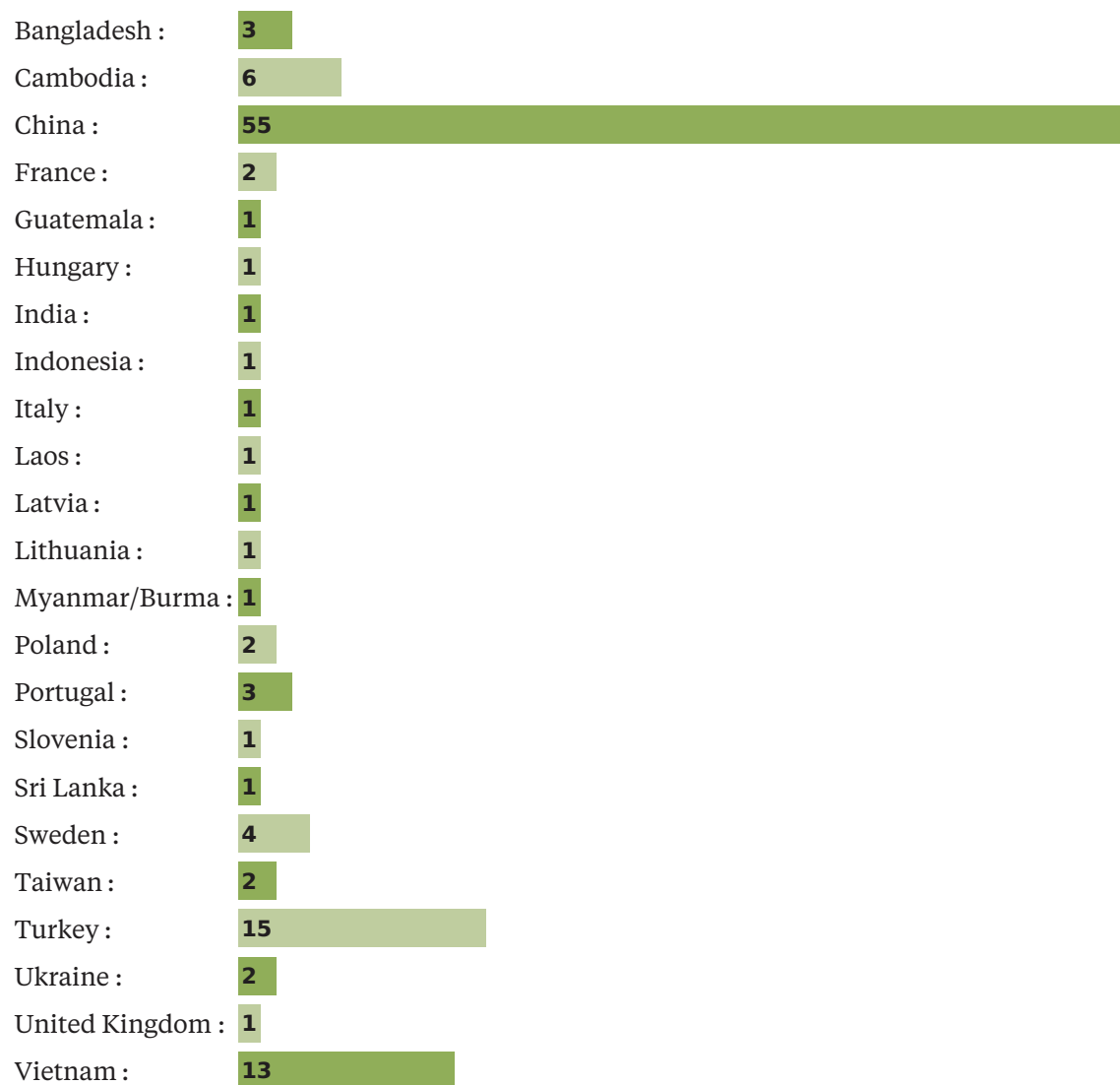
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### Approximate ratio by sourcing options





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



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

#### Number of workers

48 916

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#### Number of suppliers

66

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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 and associated geographies

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

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

Yes

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## Goals and progress

### Goals and progress for the reporting year

1

**Goal :** Governmental funded R&D project/biodegradable locally sourced wool (all year)

**Status :** The project is ongoing and we see significant progress.

2

**Goal :** Continue engagement in the Chemical Group (local, Scandinavia, EOG and OIA) (all year)

**Status :** Ongoing process.

3

**Goal :** Higg Index implementation within the company (all year)

**Status :** Helly Hansen have started implementing Higg Index and will continue with this in 2020. The aim is to get as many of our tier 2 suppliers as possible within 2020.

4

**Goal :** SINTEF Microfiber project (all year)

**Status :** The project is continuing in 2020

5

**Goal :** PFC eliminated from 50% of our fabrics

**Status :** Extensive mapping of chemical suppliers/ process facilities/ fibre types in order to evaluate PFC free DWR treatments

6

**Goal :** Engagement in the 2018 Transition Accord

**Status :** Helly Hansen have signed up to commit to the transition from Accord to RSC and will actively participate in the continuous work on Workers safety in Bangladesh.

7

**Goal :** Internal Sustainability training through workshops and salesmeetings

**Status :** This is an ongoing process and we have started the internal training by attending Workwear salesmeeting, having in-house training sessions and are hoping to set-up webinars to catch a bigger audience.

8



**Goal :** Supply chain audits software implementation

**Status :** Ongoing process.

9

**Goal :** Implementation of QuizRR Worker engagement tool in 5 of our Chinese factories

**Status :** QuizRR training program has been rolled out in 5 of our factories after having done the first benchmarking.

10

**Goal :** Participation in Due Diligence Project on Merino wool and mohair from South Africa

**Status :** Ongoing process.

11

**Goal :** Continue development of circular business models

**Status :** Helly Hansen is looking into ways of being able to implement circular business models, but there are challenges moving from a linear to a circular model and we are looking into several options on how to solve this. Will continue to work on this in 2020

12

**Goal :** Participate and engage in the industry initiative “Single use Plastics” where we, the outdoor industry, aims to identify the single use plastics in our supply chain and investigate solutions with a better environmental profile.

**Status :**

- Review suppliers to replace the virgin plastic with recycled
- Pack several products in one bag instead of single packing
- Ship products without plastic in a coated carton.
- We are at idea stage with reviewing re-useable bags. This is rather a logistic challenge.
- The industry project on single use plastic is reviewing recycleability of the plastic bags. This requires we have an infrastructure in place to handle the collection of the single use bags, but if we manage to set this up the recycleability is very good of the current bags.

13

**Goal :** Implementation of the Social platform in Helly Hansens newly integrated PLM system.

**Status :** Ongoing process.

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#### Goal for coming years

1

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Building the Helly Hansen baseline of our environmental footprint scope 1, 2 and 3 including greenhouse gasses and water. The process has been started and we expect the 2019 results to be ready by Q3 2020. The footprint will be used for planning reduction initiatives.

2

Implement Higg FEM in our supply chain (both tier 1 and tier 2) and develop strategy on how to improve the HIGG FEM score with our key suppliers (with the focus on tier 2). Strategy will be ready by Q2.

3

Implement micro-fibre testing procedures. Begin testing of high risk materials in Q2 and develop solutions in Q3/Q4

4

Work towards being 100% PFC free by 2023. Current status = 2019: 56% of HH Sport fabrics, 46% of all fabrics are PFC free.

5

Implementation of bluesign approved products in parts of our AW21 collection.

6

Together with other brands continue the work towards a transition from Accord to RMG Sustainable Council (RSC). RSC will take over Accords role from end of May 2020 and will perform all Accords activities under industry-labor governance. Continue to work with RSC towards a safe and healthy textile industry in Bangladesh.

7

Create an official CSR Policy, a complete document portfolio included and all procedures described. This is an already ongoing process and will be completed in Q3.

8

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

9

Partnering with auditing facility to map out future auditing procedure. Look at best practice solutions to avoid audit fatigue and build a system on factory rating based on risk assessment.

10

Set goals for Helly Hansen to implement more Recycled and Solution Dyed materials in our products. This process and the targets will be set when our baseline is in place.

11

Continue the implementation of our Product Lifecycle Management tool (Centric) to create further traceability in our supply chain. We are also looking at implementing tier 3 in some of our products, which will create a



further depth in our supply chain.

12

Investigate into Workers Empowerment programs that Helly Hansen can be involved in. The programs should be directly linked to our Roadmap and the key focus areas that has been communicated. We are looking into this and will hopefully have something in place in Q4.

13

Implement Cotton Connect in our supply chain. The work has been started and we are right now communicating with our partners to get an overview of where the sourcing should take place and some of the risk areas involved. Goal is to have at least one of our cotton sourcing countries mapped out in collaboration with Cotton Connect.

14

Further implementation of LWG certified leather in our shoe collection.

15

Water risk assessment of our supply chain partners facilities. The first step for Helly Hansen is to understand if we are operating in water scares areas and step two will be to look at how we can impact our purchasing practice depending on the results.

16

Project to evaluate "Circular high performance textiles" as a part of our aim to eliminate waste and remain the value of materials extracted. This is a funded project which will continue for 1,5 years





# 1

## Governance and commitment to responsible business conduct

Commitment to sustainability means that the business should have relevant policies and codes of conducts in place, as well as effective management systems for implementing them. Central to this is the company's work with due diligence. This means, among other things, the business need strategies and action plans for how the company identifies and manages its risk of negative impact on people, society and the environment, including through business relationships and in the supply chain. Systematic management of such risks will strengthen the company's contribution to the Sustainable Development Goals. Strong commitment from top-management, and clear division of the responsibility for conducting due diligence is key. Those involved need to know how to proceed. Sustainability should be an integral part of business operations. Essential to this is transparency on the company's commitments, challenges faced and measures undertaken to manage those challenges.



## 1.A Policy commitment

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

Our Policy and CoC are shared on our website to communicate towards our external stakeholders how we commit to our work on responsible business conduct.

Our Policy and CoC are also sent out to all our suppliers, including sub-contractors (both tier 1 and 2) for them to sign and commit to.

In addition to this we have also published our Sustainability roadmap which will guide Helly Hansen and all its employees and external partners on how we will work towards a more sustainable future.

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### 1.A.2 How is the commitment/policy developed and how is it anchored in the company?

Commitments to responsible business conduct has been a key element for Helly Hansen for many years and our Policy/ CoC has been communicated to all our partners by getting them to understand, commit and sign these documents. Clear expectations from Helly Hansen has been one of the successful driving factors to build trust and openness in the way we do business and a large percentage of our supplier portfolio are long term partners. All our partners have to sign our our Policy/ CoC before we can continue any further collaborations with them. These documents are the foundation for our business and are clearly communicated throughout the company during internal training and salesmeetings.

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## 1.B Organisation and internal communication

### **1.B.1 How is the work with responsible business conduct organised within the company and why in this particular way?**

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

The R&D and Sustainability manager work on projects linked to environmental issues. This role also reports directly to the Chief Officer Product. The CSR and Compliance Manager and R&D and Sustainability manager make up the Sustainability Team.

Throughout 2020 a Sustainability Ambassadors will be appointed in each department and he/she will have to report back to the Sustainability team on initiatives that they would like to focus on.

This is a cross-department setup that will create a greater involvement in our work on Sustainability and Responsible Business Conduct.

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### **1.B.2 How are employees made aware of the ways in which responsible business conduct should inform their decisions and actions?**

A Sustainability Roadmap has recently been published internally and this roadmap will be the working tool for our future work on Sustainability.

All employees have to read this as soon as it has been finalized and training sessions and webinars will be set up to educate and implement the points in the strategy.

The focus areas will be Livelihood and Labour rights, Engage, Responsible Consumption and Planet Health.

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### **1.B.3 How does the company make sure employees have adequate competencies to work towards implementing responsible business conduct?**

By attending both internal and external workshops, seminars and conferences the various teams are gathering information on responsible business conduct and how the choices they make can have an impact on our supply chain.

There will be further focus on this throughout 2020. Since we have the Roadmap in place it will also be easier for Helly Hansen employee to understand their roles and responsibilities on how to reduce Helly Hansen's environmental footprint.



## 1.C. Plans and resources

### **1.C.1 How is the company's commitment to respect people, society and the environment rooted in strategies and action plans?**

Our Compliance document portfolio is our guideline for how we should operate as a responsible partner in our supply chain. The document portfolio covers everything from the risk assessment done on a country and geo-political level, COC, anti-corruption policies, Supplier manuals and chemical contracts. In 2020 we are working on creating a clear CSR Policy that will outline all these procedures in one document.

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

Top management is involved in strategic decisions and changes that will affect Helly Hansen and the way the brand is perceived in the market.

The top management is not involved in the hygiene factors for Responsible Sourcing which are procedures that is taken care of by CSR and Sourcing.

Moving forward the CSR and Sustainability Manager will work towards having an even closer dialog with the top management to speed up processes that are related to future policies and our Sustainability roadmap.

We are planning to arrange biannual meetings.

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

### 1.D.1 How does the company make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

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

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

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

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

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## 1.E Lessons learned and changes

### 1.E.1 What lessons has the company learned during the reporting period concerning sustainability, and what has changed as a result?

Helly Hansen has now an even closer focus on responsible business conduct by continuously building up a clear structure on how to work with our supply chain. This structure consists of Policies and Procedures (SOP's) that is needed to be able to create a sound base for future sustainable work.



A man with a slight smile, wearing a white hairnet and a dark blue long-sleeved shirt, is looking towards the camera. He is in a factory or industrial setting, with blurred machinery and structures in the background. The lighting is soft, highlighting his face.

## 2

### Defining the focus for reporting

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

“Identify and assess” is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.



## 2.A Mapping and prioritising

### STATEMENT ON SALIENT ISSUES

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

**2.A.1 In the table below state the salient issues associated with the company's activities and business relationships, particularly in the supply chain and during the reporting period**

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



Single use plastic	Environment Energy Waste	Global
Water pollution	Water	Global
Material processing in countries w carbon intense grids	Greenhouse gas emission Energy	China Turkey Taiwan Vietnam
Pesticide use during cotton farming	Occupational Health and safety Environment Water	China Guatemala Pakistan Turkey
Microfiber shedding and pollution	Environment Water	Global

## DETERMINATION OF SALIENT ISSUES

### 2.A.2 Describe how the salient issues were determined, in terms of processes and sources of information, including any input from stakeholders

The salient issues were determined on the base of:

- audit reports being performed
- Risk assessment mapping on country basis (geo and political assessment) and on water risk. Sources for the mapping are AAFA (country risk assessment)
- Stakeholder conversations: chemical dialog with suppliers (challenges they have in their supply chain when producing materials for Helly Hansen) and engagement in stakeholder initiatives (RISE, Kjemikaliegrupper, EOG)
- International concerns around pollution and seeing scientific reports that can confirm the concerns with actual numbers and findings.

## ADDITIONAL SEVERE IMPACTS

### 2.A.3 Identify any severe impacts on people, society and the environment that occurred or were still being addressed during the reporting period, but which fall outside of the salient issues, and explain how they have been addressed.

The textile industry is one of the most water- and chemical intense industries and through conversations with our supply chain partners we are trying to map out how we can reduce our chemistry and water impact by changing some of our processes in terms of material decisions and collaboration partners.

We see a direct correlation between environmental challenges and the well being of the people in our supply chain and we are therefore having a big focus on these topics as well as the social aspect.



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

### 3

#### Management of salient issues

## Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings in a way that contributes to a sustainable and responsible business conduct. The most severe negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are less important or that they are not handled. The way the company is involved in the negative impact is central to taking the right action. Negative impact that the company causes or contributes to must cease, and the business must work to prevent and mitigate such risk. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the adverse impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the SDGs.



### 3. A Cease, prevent or mitigate

**3.A.1 For each salient issue in your supply chain, add a goal, status and describe specific actions and progress made in the reporting year**

<b>Salient issue</b>	Freedom of association
<b>Goal :</b>	Have a clear and open communication with our suppliers on how important the freedom of association is and what a tremendous positive impact it can have on their business. Having workers that feel empowered and feel safe and happy at their work can have a positive impact on areas like productivity, product quality and labor turnover. Helly Hansen will work on communicating this towards our suppliers. Emphasizing the importance of Freedom of association is something they should encourage and not discourage. Look at how we can improve our communication with the suppliers and start a dialog.
<b>Status :</b>	Helly Hansen is participating in QuizRR which is a knowledge building tool that has been implemented in 5 of our factories. We already now see improvement in their knowledge around their rights and responsibilities. Helly Hansen do see that there is a need for the workers to gain more knowledge around what right they have and the positive impact this can have on their work life. It is also important that there is a tight dialog with the management so they see that this is not a burden for them, but can actually lead to improvements at all levels.
<b>Objectives in reporting year :</b>	Clear overview of which factories have trade unions or workers representatives and start dialog with key partners.

#### **Actions :**

Map out the status on trade unions and worker representatives in our supply chain and how well functioning these are. Pick our our key partners for the first year and start the dialog on how we as a brand can help to improve.



<b>Salient issue</b>	Discrimination
<b>Goal :</b>	Get an overview of our key suppliers and the issues related to discrimination that has occurred the last 12 months.
<b>Status :</b>	This is a work that has not been started yet.
<b>Objectives in reporting year :</b>	Map out our key tier 1 suppliers to get an overall picture of the seriousness of the reported issues around discrimination. Set long term goals for how we as a brand can help improve these numbers through dialog and conflict solving.

#### Actions :

By 2020 we are hoping to have a clear indication on where the most sever discrimination issues are seen. We are then able to map out what we as a company and partner can do to mitigate this issue. Look at tools that can be used and get external local partners involved. This is a long term project and will continue into 2021.



<b>Salient issue</b>	Migrant worker discrimination
<b>Goal :</b>	Our supply chain partners should have a solid system in place so Migrant workers are treated with respect and all employee procedures are performed in the proper way according to the county's law and according to our CoC.
<b>Status :</b>	This is a work that has not been started yet.
<b>Objectives in reporting year :</b>	Start a process of getting a policy in place that will secure the rights to Migrant Workers in our supply chain. The Policy will outline the correct procedures that should be followed when management employ migrant workers.

**Actions :**

Map out issues that has taken place within the last 12 months and that are related to Migrant worker discrimination. Create a Policy draft to be discussed with senior management.



<b>Salient issue</b>	Water consumption
<b>Goal :</b>	<ol style="list-style-type: none"> <li>1. Risk assessment conducted (via a water risk filter) for all our Tier 2 key suppliers, representing over 80% of material volumes.</li> <li>2. Roll out HIGG FEM with all key Tier 2 suppliers, representing over 80% of our material volumes.</li> <li>3. Implement a HIGG FEM strategy with a focus on water</li> <li>4. increase amount of water free dyed material</li> </ol>
<b>Status :</b>	Review and develop
<b>Objectives in reporting year :</b>	Water Risk Assessment for key Tier 2 suppliers representing over 60% of our total fabric volume. Develop a mitigation plan. Roll out HIGG fem with key suppliers, in 2020 we aim to have more than 60% volume based on HIGG FEM. Develop an improvement strategy and minimum level for HIGG FEM

**Actions :**

- \* Review WWF and Aqueduct water risk filter
- \* Develop the HIGG FEM strategy
- \* Shared an intention with all our Tier 2 suppliers that we will use HIGG FEM as a main tool moving forward.



<b>Salient issue</b>	Chemical management
<b>Goal :</b>	* Introduce bluesign product * PFC free DWR
<b>Status :</b>	Measurement tool to be developed. 56% of sport fabrics are PFC free
<b>Objectives in reporting year :</b>	Begin to measure bluesign product winter 2021 (internal summer 2020). Increase amount of PFC free to reach full elimination 2023

**Actions :**

- \* Have our PLM system set to calculate the bluesign product.
- \* Large scale field test via resort partner of a PFC free DWR



<b>Salient issue</b>	Gender equality
<b>Goal :</b>	Create a better focus on gender equality in our supply chain. Make it easier for workers to raise their voice when they have been exposed to gender discrimination.
<b>Status :</b>	No special projects or analyses has been done around this subject so far.
<b>Objectives in reporting year :</b>	Gain an overview of the issues/ challenges that can be seen in our supply chain in the area of Gender Equality. This will be an ongoing process in to 2021 and onwards

**Actions :**

Map out issues that has taken place within the last 12 months and that are related to Gender discrimination.



<b>Salient issue</b>	Fire and Building safety
<b>Goal :</b>	Key focus for Helly Hansen is Fire and Building safety in the factories we are working with and one of the key initiatives we have participated in is Accord Fire and Building safety. We will continue the work and will also be part of the transition from ACCORD to RSC which is the ACCORD being taken over by the Bangladeshi government after the 31st of May 2020.
<b>Status :</b>	We as a brand is part of the dialog taking place during the remediation process. When issues occur we do come in and work together with factory management and ACCORD to solve the problems.
<b>Objectives in reporting year :</b>	Support RSC in the work they do towards improvement in Fire and Building safety.

#### **Actions :**

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



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

#### **Actions :**

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

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



<b>Salient issue</b>	Single use plastic
<b>Goal :</b>	Reduce and evaluate to fully eliminate single use plastic for shipping products
<b>Status :</b>	2 single use plastic project currently running
<b>Objectives in reporting year :</b>	Replace virgin PE bags w recycled PE. Optimize PE bag sizes and folding of garments. Pack several products in the same bag. Test coated cartons with no need for plastic bags.

#### Actions :

- Review suppliers to replace the virgin plastic with recycled (this should be in place very soon)
- Pack several products in one bag instead of single packing
- Ship products without plastic in a coated carton.
- We are at idea stage with reviewing re-useable bags. This is rather a logistic challenge.
- The industry project on single use plastic is reviewing recycleability of the plastic bags. This requires we have an infrastructure in place to handle the collection of the single use bags, but if we manage to set this up the recycleability is very good of the current bags.



<b>Salient issue</b>	Water pollution
<b>Goal :</b>	Zero contribution to water pollution from wet treatment facilities
<b>Status :</b>	Source fabrics which are either bluesign approved HIGG FEM roll out
<b>Objectives in reporting year :</b>	Use HIGG FEM and bluesign to evaluate current contribution to water pollution from wet processes in our supply chain.

Actions :

- \* HIGG FEM roll out with a focus on waste water
- \* bluesign policy continues and should increase for WW



<b>Salient issue</b>	Material processing in countries w carbon intense grids
<b>Goal :</b>	Map hot spots and plan carbon reduction in our supply chain
<b>Status :</b>	Building our 2019 GHG footprint
<b>Objectives in reporting year :</b>	GHG emission reduction plan

**Actions :**

Have our GHG footprint in place and identify GHG hot spots, especially scope 3. Begin to build a reduction plan



<b>Salient issue</b>	Pesticide use during cotton farming
<b>Goal :</b>	100% of our cotton should be sourced from less harmful sources.
<b>Status :</b>	Moving to organic cotton. Mapping part of our supply chain with the support from Cotton Connect.
<b>Objectives in reporting year :</b>	Closer collaboration with Cotton Connect and map at least one of our key cotton supply chains

Actions :

Mapping our cotton supply chain. Move to organic cotton where possible



<b>Salient issue</b>	Microfiber shedding and pollution
<b>Goal :</b>	Replace all our heavy shedding fabrics with better alternatives
<b>Status :</b>	Evaluating testing methods in collaboration with The Microfibre Consortium
<b>Objectives in reporting year :</b>	Testing and material development

**Actions :**

Begin testing all our fabrics which are identified to be high risk for microfibre shedding  
Development of new material with a better microfiber profile



## Other actions related to management of negative impact:

**Describe general actions to cease, prevent or mitigate negative impacts, including in your supply chain**

### **3.B.1 Reduction of environmental and climate footprint**

- \* Calculation of our environmental footprint, with a focus on GHG and water
  - \* Applying tools and policies such as HIGG and bluesign
  - \* Focus on introducing materials and treatments with a better environmental profile such as recycled, solution dyed, PFC free, organic cotton
  - \* Apply a circular perspective with the priority order; QUALITY, RE\_USE, REPAIR, RECYCLE
  - \* Reduce our dependency on single use materials
  - \* Respect animal lives and treat animals fairly in accordance to both subjective and objective needs.
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### **3.B.2 Adapting own purchasing practices (sourcing)**

HH is in continuous dialogue with the suppliers. Excess over time is brought up as a general issue and HH is always aiming for distributing orders or level loading production throughout the year and also communicate more secure forecasts. This will help/enable suppliers to plan their production and reduce the excess overtime hours during periods of the year.

Delay Management:

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

Order planning:

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

Helly Hansen has invested in building a Supply Planning team to better work and collaborate with our vendors focusing on capacity and order planning and production tracking. This has allowed us to right size our ordering practices to better match the vendor's capabilities and to problem solve around delays. Because of this we see an improvement in our vendor's ability to ship on-time, ship complete and ship without penalties. We see this as a win-win for all of us.

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

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

Some of these action points are:

- Roll out of HIGG facility and environmental module with an improvement plan for key suppliers. Ensure majority of our materials is sourced from facilities who are continuously working with environmental improvements.
- Continue sourcing bluesign material and increase the % bluesign in our work wear collection.
- Phase out PFAS DWR's with the goal to be PFAS free by 2023.
- Identify and test materials in regards to microfibre release in order to eliminate the high shedding materials and improve constructions to reduce leakage of non degradable materials into the environment.
- Increase the volume of recycled and solution dyed materials.
- Increase organic cotton and roll out cotton connect in our cotton supply chain.
- Continue to apply 100% responsible down standard down and ZQ certified wool.
- Ensure our leather is coming from LWG certified tanneries.
- Ban real fur and antibacterial treatments.
- Ensure our products are made for longevity in high quality.
- We are today producing a small collection of mono material garments. We will increase the amount of mono material garments in parallel with the recycling industry of textile materials being developed.
- Reduce the single use plastic from our packaging and replace virgin material with recycled.

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### 3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

The suppliers that Helly Hansen work with have signed our CoC and have agreed on the values mentioned in this code of conduct.

In 2020 we will continue to map out our key suppliers and their approach to free trade union organisation and collective bargaining. This will give us a clear overview of where our focus areas should be and also how we should communicate towards the supplier to have best possible impact.

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### 3.B.5 Contribute to development, capacity building and training of suppliers and workers in the supply chain:

Helly Hansen is involved in QuizRR which is an empowerment tool that is used in 5 of our Chinese factories. The training of the employee started over a year ago and we can already now see the improvement in workers knowledge of what their rights and responsibilities are. In 2020 we are aiming to have the program rolled out in 5 more Chinese factories.

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### 3.B.6 Other plans and measures taken to deal with salient issue





## 4

# Track implementation and results

Tracking implementation of actions and results is key to the company's due diligence process. For example, is the identifying and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect real conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to actions taken by the company alone or carried out in collaboration with others. Companies must have procedures and systems to track their implementation and results in order to assess them. The company's experience with due diligence is used to improve processes and results in the future.



## 4.A Monitoring and assessment

### **4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities**

Our Sourcing office is in daily contact with our suppliers to monitor ordering procedures and commitment to timelines decided on. The work they do does have a direct impact on the use of overtime and we are monitoring this closely together with our suppliers.

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

Environmental focus is something that is monitored through testing and a sound certification systems. This is followed up by external partners that performs the testing for us. This is mainly related to tier 2 suppliers and also tier 3 and 4 that are dealing with animal derived materials (down, feather, leather).

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### **4.A.2 Describe how the company evaluates the effect of its own efforts, or those made by suppliers (and other business relations), to identify, prevent and mitigate salient issues**

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

Through 2020 improvement tools will be put in place to monitor the information in an even better way and create a plan on how to implement these tools.



A woman with dark hair tied back, wearing a light blue button-down shirt and a brown leather apron, is looking down at a large, round, metal tray with several circular indentations. The background is a blurred kitchen or industrial setting.

## 5

# Communicate how impacts are addressed

Relevant external communication on company due diligence for responsible business conduct needs to build on specific activities and results. This include external communication of policies and codes of conduct, or processes and activities related to identifying and managing the company's actual and potential negative impact on people, society and the environment. Communication should also include findings, effects and results of concrete actions or activities.



## 5.A External communication

### 5.A.1 Describe how the company communicates with affected stakeholders when managing its salient issues

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

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

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### 5.A.2 Describe how the company communicates publicly about its own work on identifying and management of salient issues

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

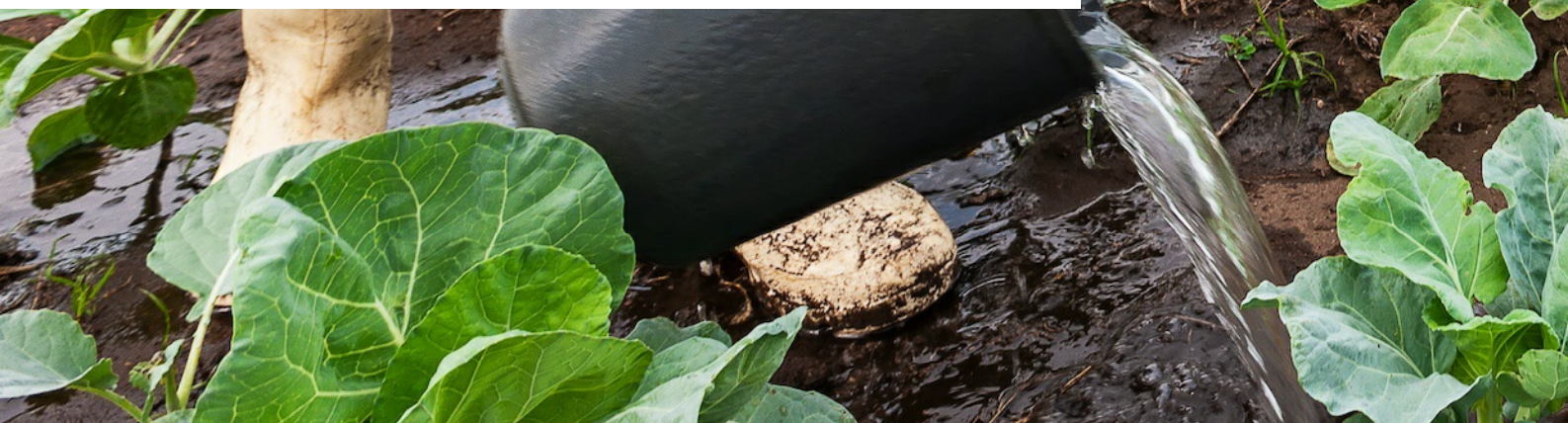




6

## Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate to ensure remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. When appropriate, companies should provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints.





## 6.A Remediation

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

Helly Hansen have right now no formalized/ documented procedures in place regarding remediation, but we do keep a tight dialog with our partners and any remediation needing to take place we engage and participate in meetings to solve the problem.

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### 6.A.2 Describe cases of remediation in reporting year, if relevant

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## 6.B Secure access to grievance mechanisms

### **6.B.1 Describe what the company does to ensure that workers and communities have access to effective remediation mechanisms, when appropriate:**

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

This will be something we will map out in 2020 and come up with some procedures that can be implemented at our factories.



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