



Report on

Responsible Business Conduct 2020

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.

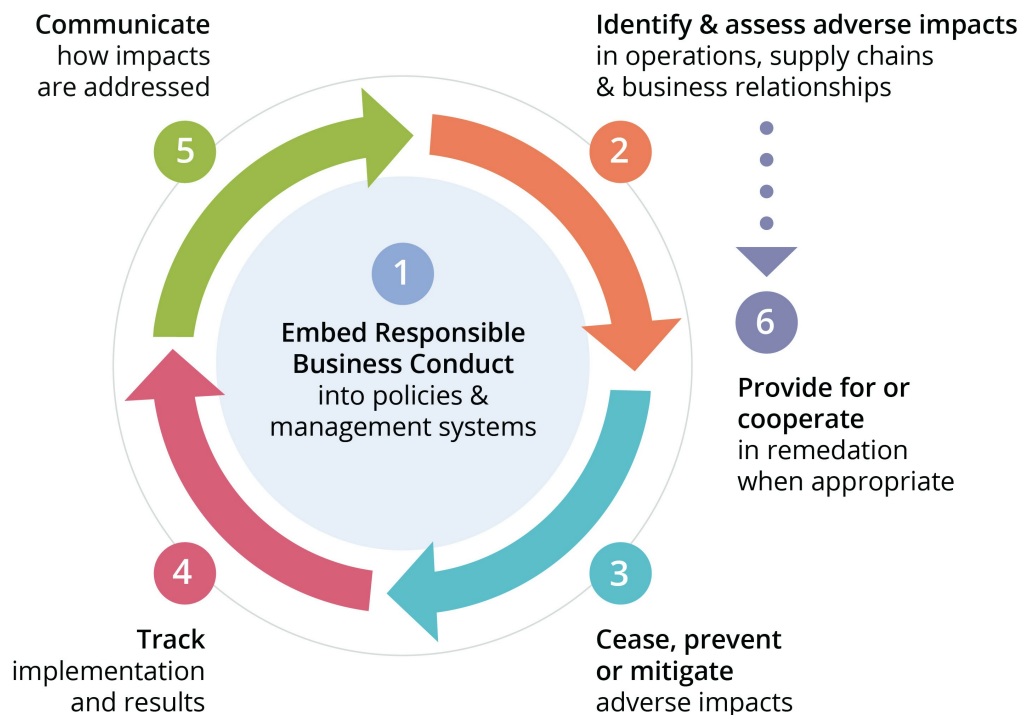
Heidi Furustøl

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

During a challenging 2020 we have focused on respecting and upholding the dignity of our employees, the people who produce our products, maintaining our long-term professional partnerships and safeguard the wellbeing of all our employees globally whilst refining our wide-ranging sustainability program.

The last year have shown that mankind is not divided by borders, nationality, race, color or religion. In the very end we all face and share the same challenges on global scale. No nation, organization or individual can choose not to acknowledge global problems such as pandemic health crisis, basic human rights or global warming. Nor choose to not be part of the long term solution. We've seen that small actions matter and how aggregated positive behavior makes a difference and initiates the needed change. For this reason we believe it is more important than ever to continue to uphold our values of transparency, trust, respect, collaboration, pro activity and accountability throughout our supply chain, with our partners, among our employees and be an example to our customers and consumers.

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

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

Going forward we are fully committed to working even closer with our suppliers, manufacturers, professional partners and customers to engage with communities and consumers on ethical matters and sustainability. We are convinced that long-term success can only be achieved by respecting, protecting and promoting ethical values, human rights and the environment. We are committed to continue advocating for the responsible use and enjoyment of the oceans, mountains and the greater outdoors. Through a holistic and scientific approach we strive to ensure our actions support the possibility for people and the planet to thrive.



Tor Jenssen

Chief Marketing & Product Officer

Company information and business context

Key company information

Company name

Helly Hansen

Head office address

Munkedamsveien 35

Main brands, products and services offered by the company

Helly Hansen apparel, footwear and accessories

Description of company structure

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

Turnover in reporting year (NOK)

4 300 000 000

Number of employees

1 187

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

Contact person for the report (name and title)

Ellen Andersen, CSR and Compliance Manager

Email for contact person for the report

ellen.andersen@hellyhansen.com

Supply chain information

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

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

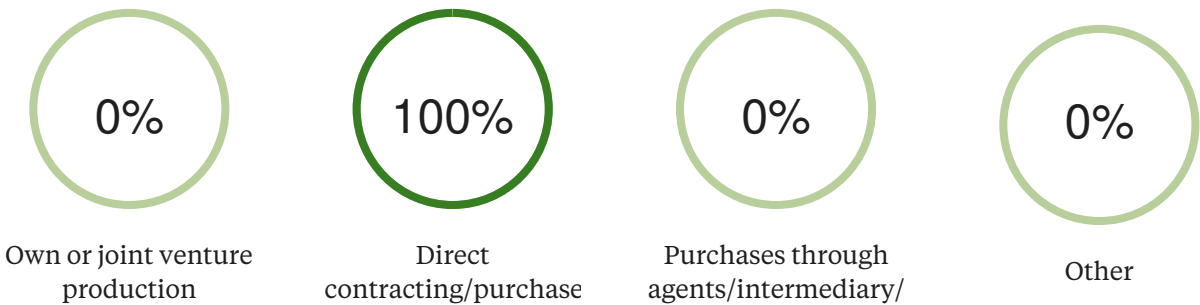
Number of suppliers with which the company had commercial relations in the reporting year

103

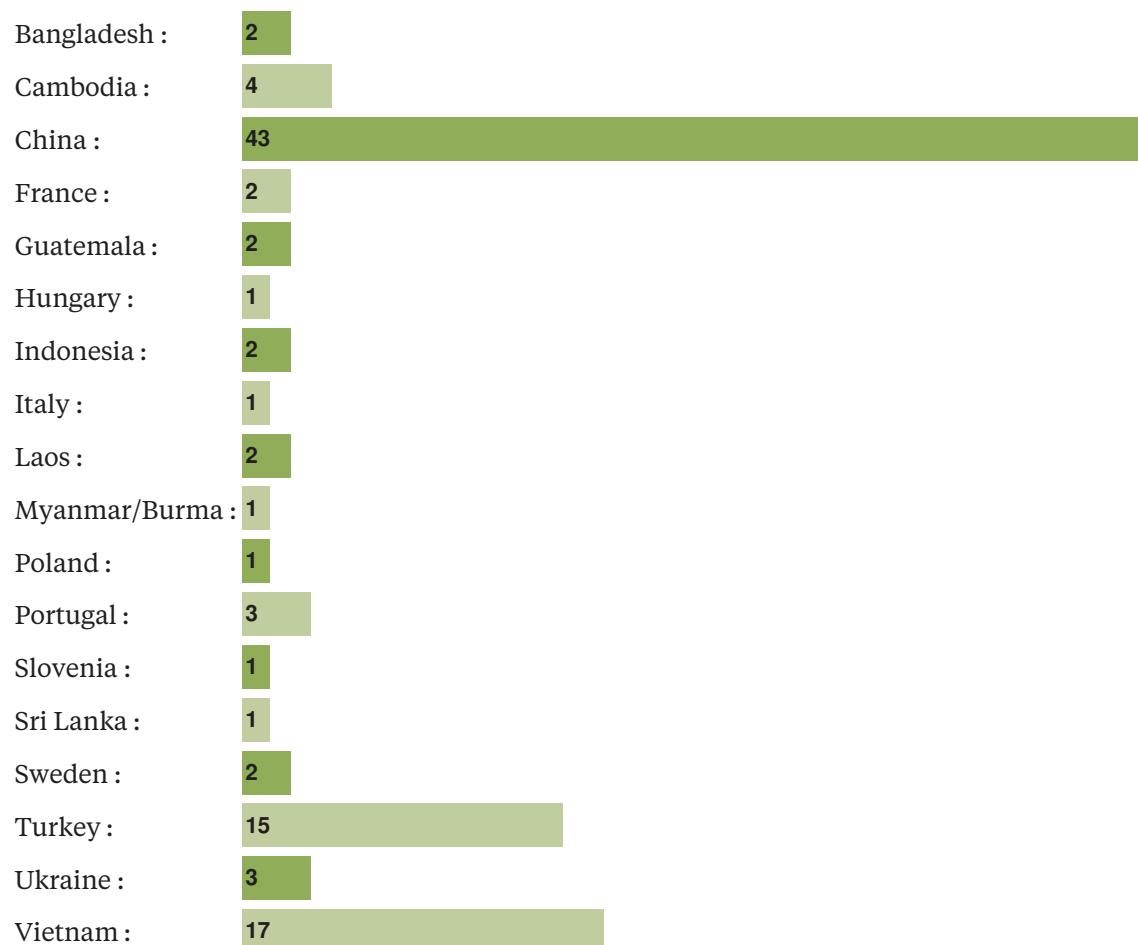
Comments to number of suppliers

The number of suppliers are Tier 1 factories

Approximate ratio by sourcing options



List of first tier suppliers (producers) by country



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

Number of workers

73 293

Number of suppliers

90

Comments to number of workers

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

Key inputs/raw materials and associated geographies

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

Packaging and trims are excluded from the list

Is the company a supplier to the public sector?

Yes

Goals and progress

Goals and progress for the reporting year

1

Goal : 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.

Status : We completed the corporate footprint calculation for 2019 in Q3 2020. Due to the uncertainty of general datasets for water, which is often depending on geographical locations, we only included GHG emissions for the 2019 baseline. We are now in a process of developing the reduction target

2

Goal : 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.

Status : The implementation has started, with a focus on Tier 2. 55% of our tier 2 suppliers and 49% of our tier 1 suppliers are reporting on Higg FEM. We have a target to have min 80% of tier 2 on Higg FEM, level 3, by 2025.

For Tier 1 we are looking into the implementation of FSLM, but we have to consider the auditing process before we continue.

3

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

Status : We have currently tested more than 10 high risk fabrics, using the TMC method. We have evaluated materials both before and after wash and we have taken performance of the materials into consideration during the evaluation as well. We are actively supporting the TMC database and are continuing to develop fabrics which are less prone to release fiber fragments.

4

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

Status : We are moving towards our 2023 target of becoming 100% PFC Free. In the 2021 collection 70% of DWR treated products are PFC-Free

5

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

Status : We are currently updating our bluesign assessment and are rolling out bluesign product labeling in 2022.

6

Goal : 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.

Status : Ongoing

7

Goal : 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.

Status : Still not completed, but an ongoing process.

8

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

Status : The 2020 budget for this project was postponed to 2021. We are piloting the first transparency tool in March 2021.

9

Goal : 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.

Status : Has been implemented. We are now working with 3rd party auditors (Bureau Veritas and Intertek) to get all our Tier 1 audited according to BSCI auditing standard.

10

Goal : 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.

Status : Target for recycled synthetics in place; 50% by 2025. Target for solution dyed to be reviewed during 2021.

11

Goal : 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.

Status : Ongoing process

12

Goal : 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.

Status : We are in dialog with QuizRR to see if we can implement key suppliers in the program. In progress.

13

Goal : Further implementation of LWG certified leather in our shoe collection.

Status : Completed. We have now become members of the LWG (Leather Working Group) and all our shoes in Sport are using LWG certified leather and we are in the process of implementing the same for Workwear.

14

Goal : 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

Status : Project still running and we have made the first trials of recycling garments.

Goal for coming years

1

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

2

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

3

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

4

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

5

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

6

We are to continue to apply Higg FEM and Higg MSI during the calculation of our Scope 3 upstream product footprint. During 2021 we are working on more granular and specific datasets for our materials and products.

7

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

8

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

9

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

10

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

11

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

12

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

13

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

14

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

15

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

16

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

reducing emissions linked to transportation.

17

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

18

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

19

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

20

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

21

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



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?

Helly Hansen's aspiration is to make long-lasting, high-quality and performance driven gear with a minimal environmental footprint. This is done while making sure that we do our due diligence towards all the people that are working in our supply chain.

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

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

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

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

1.A.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 Code of Conduct and Policies has been communicated to all our partners by getting them to understand, commit and sign these documents. Clear expectations from Helly Hansen has been one of the successful driving factors to build trust and openness in the way we do business and a large percentage of our supplier portfolio are long term partners.

All our partners have to sign our Code of Conduct before we can continue any further collaborations with them. These documents are the foundation for our business and are clearly communicated throughout the company during internal training and sales meetings.

1.B Organisation and internal communication

1.B.1 How is the 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 and 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 2021 the sustainability team will continue to work towards having Sustainability ambassadors in each department to create greater involvement in our sustainability work and focus on responsible business focus.

By having separated the work around Responsible Business Conduct from Sourcing or Purchase and Planning this means that the Sustainability team can work much more independent and cross-departmental.

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 were published last year and this roadmap is the working tool for our work around Sustainability.

The focus areas are Livelyhood and Labour rights, Engage, Responsible Consumption and Planet Health and it gives an overall picture of where Helly Hansen wants to move and the decisions that needs to be made to be able to get there.

We perform internal webinars throughout the year and are motivating and supporting all Helly Hansen employees to engage in the work we do in reducing our environmental footprint. These webinars are for different departments, but mainly focusing on design & development and Category management.

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 2021.

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?

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

We have a clear commitment to measure and reduce our environmental footprint linked to making our materials and products. The roadmap towards a transparent supply chain and a top level performance on Higg Facility and Environmental Module has been communicated and begun to roll out with all key suppliers and in total 55% of our tier 2 suppliers. During 2020 we developed a supplier specific roadmap for sustainable materials and practices which has been shared with all key partners.

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?

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

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

Helly Hansen is now working on a plan where we will commit to setting GHG emission reduction targets by end of 2021

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.

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 that is needed to be able to create a sound base for future sustainable work. Much of the work done throughout 2020 is to bring on-boarding suppliers up to the social compliance level we require and we recognize the hard work they have done to achieve this.

2020 has been a challenging year in many way, but we clearly see that by having an open and honest dialog with our supply chain partners we create trust which again makes it easier to talk about new processes related to sustainability.

We are trying to implement systems that will create a greater transparency in terms of the choices we make during the product development stage and how our products are produced, and we see an increased interest from our partners to participate in these projects.

They see that we are trying to create more sustainable products and that we want them to participate on this journey.

The implementation of clear Compliance Guidelines have also created a sense of tangibility and the majority of our suppliers have been very cooperative in the work that has taken place over the last year even though they have been closed down for long periods during the pandemic.

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

Overtime	Working hours	Bangladesh China Myanmar/Burma Turkey Vietnam
Material processing	Greenhouse gas emission Energy	China Turkey Taiwan Vietnam
Microfiber shedding and pollution	Environment Water	Global
Raw Material use	Environment Use of materials	China Turkey Taiwan
Animal Welfare	Animal welfare	Australia China New Zealand USA South Africa
Packaging	Environment Use of materials	Global
Corporate GHG emissions	Environment Greenhouse gas emission Energy	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, Kjemikaliegruppen, 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

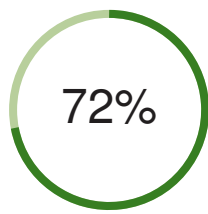
Salient issue	Freedom of association
Goal :	Our goal is to establish fair ways for the workers in our supply chain to be able to express their opinions and concerns related to their work life. There should be clear and open communication between the workers and factory management and worker representatives or workers union should be encouraged as this has a positive impact on the people throughout our supply chain.
Status :	<p>We have done a brief mapping of our Tier 1 suppliers. We see that gaps can be found when you compare number of worker representatives in the factories and the influence they have with the information found in the audit reports.</p> <p>They are representing, but do not have the influence we expect them to have.</p> <p>We have introduced QuizRR; which is a digital educational platform and a training tool; in five of our factories and we do see clear improvements in their knowledge around their rights and responsibilities.</p>
Objectives in reporting year :	Create an overview of number of factories having unions and worker representatives in place to be able to plan what our next step should be. Focus on programs we can connect with to be more unified with other stakeholders.

Actions :

Set up meetings with key suppliers and get an overall picture of the work that they already do and what is needed to be done to achieve improvements. Find external partners that can help with this. We are also planning to implement QuizRR in 10 more of our factories in 2021 and these will be key suppliers.

Indicator

Factories with Worker representatives



2020

Salient issue	Discrimination
Goal :	<p>Our goal is to make our supply chain partners aware of the focus we have on tackling discrimination in the factories.</p> <p>It is a challenging question to address, since discrimination is often related to culture, tradition and religion.</p> <p>Helly Hansen will continue to have a close dialog with our supply chain partners and at the same time work with stakeholders and NGO's on improvement programs for our industry.</p>
Status :	<p>Mapping of our supply chain gives us good indications on which factories we need to focus on and we see that there are higher risks of discrimination taking place in some countries. We are also mapping out the gender split in our factories which will give us good indications on risk areas where discrimination can take place.</p>
Objectives in reporting year :	<p>Continue the mapping of our partners and start setting long term goals for key suppliers. Goals to be part of our CSR strategy.</p>

Actions :

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

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

This we run throughout 2021 and into 2022.

Salient issue	Migrant worker discrimination
Goal :	Helly Hansen need to make sure that there is no exploitation of migrant workers in our supply chain. By having a Migrant Worker policy in place we are able to establish a clear framework for how we expect our partners to work on this topic.
Status :	We are in the process of mapping out how many migrant workers we have in our supply chain and whether they are domestic migrant workers or foreign migrant workers. The data gives us indications on how we should address this issue. We have set our focus areas to be China, Turkey and Bangladesh for now, but this can be shifting as new conflicts in specific regions can arise.
Objectives in reporting year :	The objective for 2020 was to get a policy/ standard in place and this is something we are still working on. This standard should outline the procedures to be followed in hiring migrant workers and their rights and responsibilities.

Actions :

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

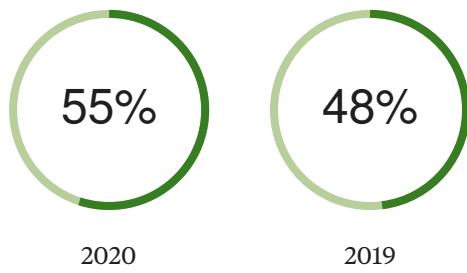
The Policy should be in place by Q4.

Salient issue	Water scarcity & Water pollution
Goal :	<ol style="list-style-type: none"> 1. Risk assessment conducted (via a water risk filter) for all our Tier 2 key suppliers, representing over 80% of material volumes. 2. Map 80% of all dyeing and wet processes, incl filtration systems, in order to evaluate risks and preferred sources. 2. Roll out HIGG FEM with all key Tier 2 suppliers, representing over 80% of our material volumes. 4. Increase amount of water free dyed material and other environmentally preferred dyeing methods
Status :	<ol style="list-style-type: none"> 1. We have mapped over 50% (based on volume) of all our wet facilities in the supply chain. We have in addition mapped the regions from where all our cotton is sourced. 2. Higg FEM is rolled out to 55% of tier 2 suppliers and 49% of tier 1 suppliers. 3. In 2020 we conducted a circular water audit with one of our main partners in Vietnam, concluding they can circulate 74% of the process water.
Objectives in reporting year :	<ol style="list-style-type: none"> 1. Continue to map production and process facilities in our supply chain - reach 80% 2. Continue to roll our Higg FEM and work on improvements of Higg FEM scoring in parallel. In addition we are to develop a scoring card with an incentive for suppliers to invest in improvements. 3. Develop criteria of which wet- and dyeing- processes we define as preferred.

Actions :

Indicator

Higg FEM tier 2

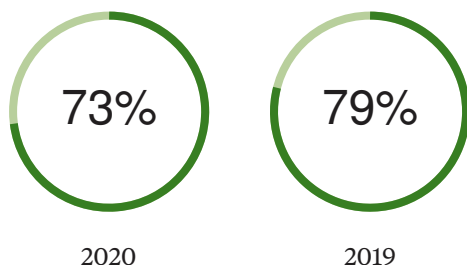


Salient issue	Chemical management
Goal :	<ol style="list-style-type: none"> 1. Continue to always prioritize bluesign materials 2. Introduce bluesign product. 3. Become 100% PFC-Free 4. Phase out all antibacterial treatments in our apparel
Status :	<p>Final assessment with bluesign to communicate bluesign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

Actions :

Indicator

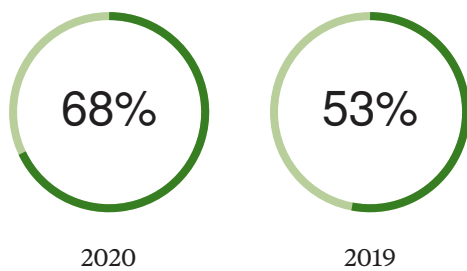
bluesign fabrics



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

bluesign Product

PFC-Free DWR



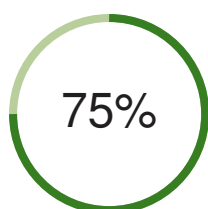
Salient issue	Gender equality
Goal :	Create a better focus on gender equality in our supply chain. Make it easier for workers to raise their voice when they have been exposed to gender discrimination and have strict routines in place for not allowing gender equality taking place.
Status :	We have identified specific countries being more exposed to gender equality and there are challenges involved when tackling these issues that are very much related to culture, religion and social systems. Educational tools and empowerment programs can be a way forward.
Objectives in reporting year :	We have worked on mapping our supply chain to get a better picture of the gender split in our supply chain. With this information we are able to decide on types of projects to join and where we need to have our focus. We would also like to link our projects to work that we already do related to environmental issues.

Actions :

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

Indicator

Women working in our Tier 1 factories



2020

Salient issue	Health and Safety
Goal :	Key focus for Helly Hansen is Health and Safety and making sure that all the people working on producing our products are safe in their working environment. Fire and Building safety in the factories we work with and one of the initiatives we are participating in is RSC (Ready-made-garment Sustainable Council) in Bangladesh. The key focus areas for RSC are: Fire, Electrical and Structural integrity.
Status :	Fire and Building safety is a focus area and we are working in close collaboration with RSC (Ready-made-garment Sustainable Council) in Bangladesh to remediate in the improvement of the factories we work with. In addition we do follow up on risk assessed non-compliance issues related to health and safety.
Objectives in reporting year :	Support RSC (Ready-made-garment Sustainable Council) in Bangladesh in the work they do towards improvement in Fire and Building safety. In addition, and based on audit we perform, we follow up on all non-compliance issues related to health and safety.

Actions :

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

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

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.

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

Actions :

Indicator

Higg FEM tier 2



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

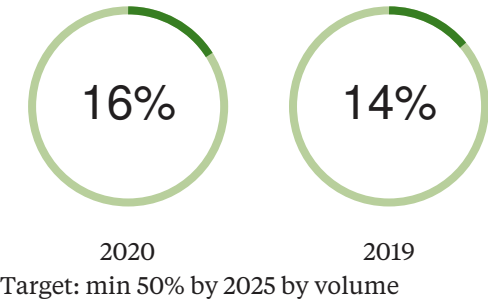
Actions :

Salient issue	Raw Material use
Goal :	The long term goal is to source raw materials only from preferred sources.
Status :	Preferred focus materials identified
Objectives in reporting year :	Increase % of recycled synthetics and organic cotton

Actions :

Indicator

Recycled Synthetics (polyester and polyamide)



Salient issue	Animal Welfare
Goal :	100% preferred sources for all animal derived materials we apply
Status :	100% RDS Down 100% ZQ merino wool 100% Free from real fur 86% LWG products
Objectives in reporting year :	We are introducing wool from new sources in 2021 and are in a process of also becoming RWS certified

Actions :

Indicator

RDS Down



ZQ Merino Wool



LWG Leather Products



Salient issue	Packaging
Goal :	100% Recycled PE in our polybags Optimized cardboard boxes which are reuseable and allows increased ship
Status :	We have started replacing virgin PE bags w recycled options. Approval for the cardboardbox project and pilot is initiated with one of our key vendor
Objectives in reporting year :	We will continue to be dependent on using single use plastic bags for packing of our products during shipping. The main reason being to protect the products from dirt, mold etc. We are therefore focusing on minimizing the use of plastic and replacing virgin plastic with recycled. The cardboard project will be reviewed at the end of 2021.

Actions :

Indicator

Recycled PE in our single use plastic bags for shipping



Salient issue	Corporate GHG emissions
Goal :	TBU 2021
Status :	Corporate footprint measured
Objectives in reporting year :	Improve the datasets for Scope 3 upstream and develop a reduction target

Actions :

Indicator

Scope 1 and 2 GHG emissions

2019: 2209

2020 is not ready yet

Cross-cutting actions related to management of negative impact:

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

3.B.1 Reduction of environmental and climate footprint

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

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

HH is in continuous dialogue with the suppliers. Excess overtime 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.

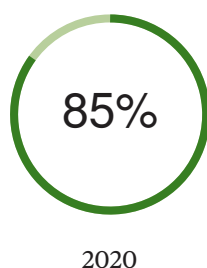
Order planning:

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.

Indicator

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



3.B.3 Choice of product design and 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.

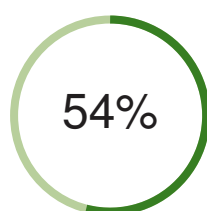
3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

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

In 2021 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.

Indicator

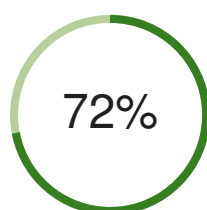
Percentage of supplier located in countries with restrictions on trade union rights or collective bargaining



2020

Countries included are China, Bangladesh, Laos, Myanmar and Guatemala

Percentage of suppliers with worker representation other than trade union



2020

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

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

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

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

For social training linked to HIGG we are considering the use of the HIGG module FSLM (Facility and Social Labour Module). There are several options on how this can be implemented so this will be an ongoing discussion throughout 2021.

In the process of BSCI auditing, the factories need to perform internal training and follow-up sessions to get the factory compliant and these training sessions are being performed throughout the year.

Helly Hansen is also involved in QuizRR which is an empowerment tool that is used in 5 of our Chinese factories and we are planning on implementing the training tool in more of our Chinese factories.

Indicator

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



2020

2019

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).

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.

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

We do especially follow up salient issues related to health and safety and we have zero tolerance in this area. Working closely with RSC in Bangladesh we get monthly reports on the status of the factories and this is mainly related to building safety in the areas of fire, electrical and structure. These reports are followed up by RSC in a tight dialog between RSC and the factory management.

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

The reporting year has been a very different one and we are hoping to be more present in the factories in 2021.

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.

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

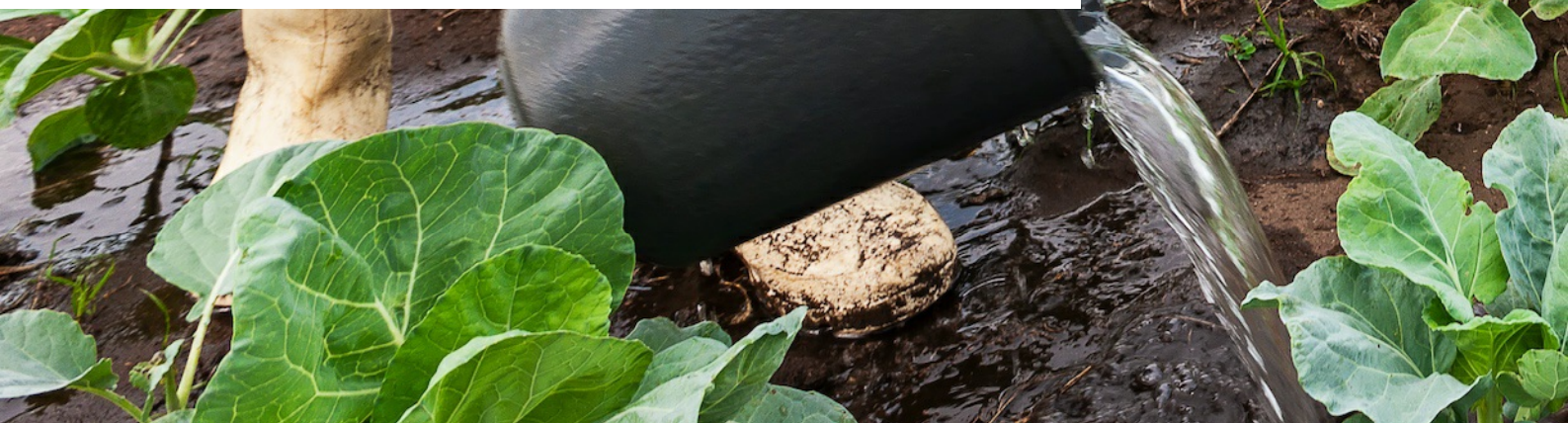
We communicate our work through our official website <https://www.hellyhansen.com/sustainability/>



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.

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

6.B Secure access to grievance mechanisms

6.B.1 Describe what the company does do 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.

Helly Hansen have a set of remediation mechanisms in place through our owners and these tools can be scaled down and implemented in Helly Hansen's supply chain. This is something we are looking at and we aim to have this in place by Q3.

Contact details:

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