



MEMBER REPORTING FOR

Helly Hansen

For 2017

IEH  Ethical trading
initiative Norway

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"Ethical Trading Initiative Norway's members have made a commitment to implement measures that contribute to better conditions in their supply chains."

To readers of this report

Ethical trade should ensure that production of goods and services is fair, responsible and compliant with relevant legislation. IEH - Ethical Trading Initiative Norway's members have made a commitment to implement measures that contribute to better conditions in their supply chains. IEH's Code of Conduct provides the foundation for this work. The Code of Conduct covers working conditions, human rights, the environment and anti-corruption.

Members are also obliged to report annually on their progress, including the challenges they face and their achievements to date. The report is made publicly available and can be downloaded from IEH's website.

IEH's template for reporting was updated in 2012. One of the changes made was a stronger focus on the impact of improvements made in the supply chain, placing a clearer responsibility on members to measure the impact of their work. The reporting template aims to incorporate the expectations laid down in the United Nations Guidelines for Business and Human Rights and in the OECD Guidelines for Multinational Enterprises. This includes issues such as due diligence and stakeholder engagement. Indicators that are included in Global Reporting Initiative G4 have been included where these are deemed to add value to the reporting process. For signatories of Global Compact, it is our intention that this report covers the requirements laid down for reporting on supply chain improvements as part of the annual Communication of Progress.



Heidi Furustøl
Managing Director IEH

Foreword from: Richard Collier, Chief Product Officer

Helly Hansen has been a member of IEH for 15 years and together we continue to strive for appropriate levels of CSR in our Supply Chain.

In 2017, we took further steps to working in a more sustainable manner. We have developed an in-depth corporate Sustainability Strategy which we will hope to launch to the public at some point during 2018. This work has already led us to joining the Sustainable Apparel Coalition and for the first time working with the Higg Index. We will also launch sustainable product initiatives during our 2019 seasons that have been directly influenced by this strategy work. We also continue to engage around the biggest challenges facing our industry such as the use of fluorocarbons and microplastics. Helly Hansen is a committed member of several scientific projects looking at causes and potential solutions for these issues.

Richard Collier
Chief Product Officer



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Scope of reporting

Members of IEH are in different phases of their work with ethical trade. They also work in different industries each with different and often unique challenges. Some members purchase directly from production facilities, others partly or exclusively through agents. Smaller companies are usually unable to allocate the same resources to their work with ethical trade as larger organisations.

As a result of this, companies have the option to deselect non-mandatory questions in the table below. Deselected questions will not appear later in the reporting template. As a standard yes is selected for all questions. Report readers may find a complete template with all questions at www.ieh.no.

Companies are expected to provide an explanation for each deselected question.

	YES	NO
Step 2 - Screening of new suppliers (indicator 2-1, point b-d)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 2 - Mapping of conditions at supplier level (question 2.5)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 2 - Number of existing suppliers mapped according to method adopted (indicator 2-2)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 3 - Time elapsed before paying suppliers (indicator 3-2)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Competence building activities provided for supplier (question 4.3)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Measures to improve working conditions and respect for human rights (indicator 4-1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Mapping and measures taken to improve workers' wage level (question 4.4)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Measures concerning freedom of association and collective bargaining (question 4.5)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Measures (corrective) taken to improve environmental stewardship (indicator 4-2)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Anti-corruption measures taken (question 4.6)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Certification of products, materials and services (indicator 4-3)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 4 - Improvement projects initiated or taken part in (question 4.8)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 5 - Communication with stakeholders (question 5.3)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 5 - Procedures for dealing with complaints in the supply chain (question 5.6)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Step 5 - Number of complaints received and measures taken (indicator 5.1)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

About the company

Company name:

Helly Hansen

Main brands, products and/or services offered:

Apparel, Sporting Goods, Work Wear and Footwear

Description of company structure:

The company is divided in two main categories; Work Wear and Sport

Head Office address:

Munkedamsveien 35, 6 fl
0250 Oslo, Norway

Head Office address:

Number of employees:

827

Turnover (NOK):

2,800,000,000

Main characteristics of the company's supply chain:

Purchases included within this report:

All products in each category

Number of suppliers:

90

Monetary value of purchases, divided by type of product and services, type of supplier (e.g. producer, manufacturer, agent) and region/country:

Type of product and service	Percentage of purchases (%)
Apparel	85 %
Shoes	9 %
Equipment (bags, backpacks, trolleys)	5 %
Accessories (gloved, beanies, hats)	1 %

Type of supplier:	Percentage of purchases (%)
Producer	80 %
Agent	20 %

Region/country:	Percentage of purchases (%)
Asia	74 %
Europe	26 %

Contact person for this report:

Name: Richard Collier

Title: Chief Product Officer

E-mail: richard.collier@hellyhansen.com

Telephone: +4769249000

Year when IEH membership started:

2003

It's our responsibility to make sure that while making professional grade gear we are doing our best at preserving the mountains, ocean and climate. We must strive for continues improvements in order to keep track on this vision





Goals and Progress for the Reporting Year

Goals	Progress	Relevant step in IEH's implementation model				
		1	2	3	4	5
Engagement in the Bangladesh Accord (all year)	Ongoing process	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Approach to implement a Sustainability Strategy throughout Helly Hansen. Q1/ Q2	Postponed throughout 2018	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governmental funded R&D wool project/ biodegradable locally sourced wool (all year)	Fully implemented and ongoing process.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Continue engagement in the Chemical Group (local, Scandinavia, EOG and OIA) all year	gaining deep knowledge in fields related to textile chemicals	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Membership of SAC/ Higg Index Q1	Active usage of Higg index in place	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Approach to implement ISO 9001 and ISO 14001 Q3	Postponed throughout 2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Extensive research on micro-plastic in corporation with Elextrolux and various material suppliers (all year)	Ongoing process and project implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Extensive research on PFC free DWR solutions (scientific look into the alternatives) Q3	Gaining knowledge in the field building up a collaboration platform worldwide	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gradual implementation of recycled materials and organic cotton (all year)	Ongoing process and additional research on BCI	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal training through IEH seminar Q2	Executed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DIP project (focus is to build consumer driven concepts around leasing of HH garments) Q4	Research project completed and we are now implementing a pilot project to be commercialized.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Software implementation for supply chain audits Q1/Q2	In process. Not finalized	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Goals	Progress	Relevant step in IEH's implementation model				
		1	2	3	4	5
Norwegian Brand Coalision Q3	Ongoing progress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Participate in pilot program related to Workers right, either QuizRR or IEHs Social dialog prosjekt, Q4	Not realized	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Goal for Coming Year

Goals	Relevant step in IEH's implementation model				
	1	2	3	4	5
Analyze and implement circular models in the supply chain. Focus on high volume material. Q4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governmental funded R&D wool project/ biodegradable locally sourced wool (all year)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Continue engagement in the Chemical Group (local, Scandinavia, EOG and OIA) all year	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Higg Index implementation within the company, Q4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Micro plastic research projects, Electrolux and various material suppliers (all year)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PFC free. Participate in Swedish research project POPFREE. We will work cross-industry to evaluate substitution to PFC DWR (all year)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pilot a new circular business model Q4	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prolonged Life-Time of garments via communication of optimal care – (related to the Electrolux Project) (all year)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participate in pilot program related to Workers right Q4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal training through IEH seminar Q3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Implement solution dying technologies Q2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Focus on in-house recycling standards - leading by example (all year)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PFC eliminated from 30% of our fabrics. Q4	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



1. COMMIT

Commitment in the company and its supply chain



1. COMMIT

COMMITMENT IN THE COMPANY AND ITS SUPPLY CHAIN

Commitment in the Company

Q1.1 Describe how your company's work with ethical trade is anchored at Board level.

A detailed plan for internal competence and awareness has been developed as part of our sustainability strategy - this will be implemented when board approved.

Q1.2 Describe how your company's work with ethical trade is anchored at top management level:

Name and position of persons in top management team with main responsibility for ethical trade:

Richard Collier - Chief Product Officer

The extent to which incentives/bonuses are related to ethical trade/sustainability indicators:

We do not work with any incentives or bonuses related to this

The extent to which internal reporting routines are established for work with ethical trade:

CSR and Sustainability is reported continuously over the year and is an integrated topic when allocating both product suppliers and material suppliers.

Other relevant information:

Internal Competence Development and Awareness Raising

Q1.3 Describe what needs have been identified regarding competence development and awareness raising:

Sr Management team: Helly Hansen will be launching a Sustainability Strategy that will embrace the entire company and will have an impact on the way all employees work in regards to sustainability. Creating and increasing awareness.

Product Team: Awareness for sustainable design and sustial choices. Knowledge and experiences that are positively influencing decisions, and that are supporting choices towards sustainability. Newly introduced Higg Index to Helly Hansen will be a great supportive tool for the product team (design tools/material tools). Dedicated focus on organic cotton/recycled fibers/PFC free DWR solutions/chemical solutions that do not contain Palm Oil/Wool research project/microplastic research project/various watersaving analyses and initiatives within material sourcing.

Sourcing Team: Knowledge, experience in regards to Ethical Trade. All staff visiting factories and suppliers - competence in evaluating a safe work place and the overall impression of the work place.

Purchasing team: Building awareness and knowledge towards Ethical Trace. IEH introduction course during spring/ summer 2018 to raise the awareness even further.

Marketing and Sales team: Understanding of CSR and sustainability, knowledge about how the company is working with these topics.

Suppliers: Understanding how and why Helly Hansen strives for improvements in regards to CSR and Sustainability. Willingness to follow those improvement steps. Knowledge and competence in implementing necessary changes. Close cooperation's and partnerships, transparency.

All company: IEH seminar introduction, to map out the knowledge level of CSR within the company itself.

Q1.4 Describe competence development activities and measures to raise awareness that have been completed during the reporting year:

IEH training course completed for approx 40 employees in Q2 2017.

Commitment in the Supply Chain

Q1.5 Please provide a complete URL (web address) to your company's code of conduct, or attach if preferred:

<https://www.hellyhansen.com/about-us/manufacturing/>

Q1.6 Describe how your company communicates compliance with your code of conduct (CoC) to your suppliers. Please include:

How the intention of the CoC is communicated:

All garment, product and material suppliers have received and signed Helly Hansen's COC, this is a part of our "Welcome Package". We do not allow sub-contracting unless the sub-contractor has been approved by Helly Hansen. In case of sub-contracting of prints and embroideries the producer also has to receive the COC.

Systems in place for capturing feedback and encouraging dialogue with the suppliers:

We are in close contact with all of their suppliers and staff are often visiting the suppliers or the suppliers are visiting us. The contact's and relations are implemented from Sr management throughout the company

Incentives for good working conditions and and environmental stewardship:

The suppliers whom we built a good relationship with and the once who are sharing the same mentality and goals in regards to ethical trade will be our preferred suppliers and gain more orders

The extent to which the CoC is translated into local languages:

Code of Conduct - Chinese, Vietnamese, Thai, Sri Lanka

Other relevant information:

Q1.7 Describe the extent to which your CoC is communicated to sub-suppliers further up the supply chain. Describe any activities you engage in to ensure that this happens:

Our Tier 1 suppliers are obliged to ensure compliance with our COC also including sub-contractors they are working with.

Indicator 1-1: State the percentage of your company's first tier suppliers, included in the scope of the report, who have received and accepted your CoC for ethical trade:

	2017	2016	2015
Total number of suppliers:	90	93	71
Percentage of total number of suppliers:	100 %	100 %	100 %
Percentage of total monetary value of purchases:	100 %	100 %	100 %



2. ASSESS

Assessing risk in the supply chain



2. ASSESS ASSESSING RISK IN THE SUPPLY CHAIN (DUE DILIGENCE)

Screening of New Suppliers

Q2.1 Describe how your company takes ethical trade considerations into account when choosing new suppliers. Describe the criteria that results in:

A supplier not being used:

Before any suppliers are approved by Helly Hansen internal staff will visit the facilities and meet with the factory management & personal in the factories. In terms of New Material suppliers HH staff might not always go to the production facilities, but there has been several personal meetings prior to engaging in a cooperation. A new supplier will always have to go through, understand and sign Helly Hansens COC, RSL (Restricted Substance List) and REACH Agreement. If the COC cannot be signed there will be no further cooperation.

If any deviations in regards to Helly Hansens COC is discovered when the HH staff is visiting factories no further cooperation is initiated until these deviations have been settled.

If any serious deviations are discovered via audits or internal staff visiting the factory Helly Hansen can stop orders from that specific factory until improvements are carried out.

Improvements being carried out as a prerequisite for trade with this supplier:

Personal visits, signature of CoC and commitment to our guidelines in the CoC and reference partners.

Choose from the list the elements that are included in your screening process:

- ☐ Self Assessment Questionnaire (SAQ)
- ☒ Own visits
- ☐ Inspections
- ☒ Reports from earlier inspections
- ☒ Choosing of certified companies
- ☐ The supplier has a programme for following up sub-suppliers
- ☐ Other

Provide a more detailed descriptions of your screening methods:

Final approval of factories is based on the combination of production quality, price and results from the compliance level and Code of Conduct dialogue. The same process is followed by factories that are managed by Agents and reported back to Helly Hansen for their review and final approval.

Indicator 2-1: Screening of new suppliers and measures taken

A) State the percentage of new suppliers that have been screened for either working conditions, human rights, environmental impact or corruption, or for the existence of a program for following up its own suppliers in these areas:

Percentage of new suppliers that have been screened	2017	2016	2015
Percentage of new suppliers that have been screened:	100 %	100 %	100 %

B) Describe the most important issues that have been identified and in which countries they occurred:

Identified issues in 2017	Relevant CoC element	Country

C) Out of the total number of screened supplies, please provide:

Follow-up of screened suppliers in 2017	Percentage (%)
Percentage not traded with as a result of the screening:	0 %
Percentage for which requirements for improvements were specified:	0 %

D) Please provide details regarding your actions to follow up screened suppliers:

N/A

Overview of Where Production Occurs (existing suppliers)

Q2.2 To what extent do you know where the products are produced. Include:

Knowledge of first tier of production:

Helly Hansen is always aware at all times, of all locations where product is produced - 100%

How much is known about where sub-suppliers and raw material production occurs:

The majority (98%) of all material suppliers are known and nominated suppliers.

Sub-contractors for material must be approved by Helly Hansen and will also have to sign our COC before they can produce any of our raw materials. The direct contact and dialog with these sub-contractors will be performed by the garment vendors, but for the COC and RSL signing this will be taken care of by Helly Hansen staff. Helly Hansen at all times is aware of all locations where their product

is manufactured. In the event of Sub-Contractor is needed or requested by factory, Helly Hansen will request a 3rd party inspection or will accept the most upto date factory inspection conducted by another brand or retailer for the current calendar year.

Specific challenges related to traceability:

Helly Hansen is aiming towards a 100% traceable material portfolio. Around 98% to 99% of our material portfolio is nominated and specified within our technical data sheets. Challenges are occurring, as soon as manufacturing partners are substituting nominated materials with locally sourced materials. This does not happen often but it does happen. Since we are usually able to trace these errors (we are doing constant random check to evaluate lacks), the risk is still limited. Key are highly transparent and close cooperation's with all our partners. Long term cooperation's are most beneficial. Accordance with bluesign allover and long tern goal for the entire supply chain.

Any other relevant information:

**Q2.3 Please provide a list of the number of first tier suppliers per country:
(suppliers known to the company):**

Country	Number
Bangladesh	2
Cambodia	3
China	38
France	2
Hungary	1
Indonesia	1
Italy	2
Lao People's Democratic Republic	1
Latvia	1
Portugal	3
Sri Lanka	1
Sweden	4
Taiwan	1
Turkey	7
United Kingdom of Great Britain and Northern Ireland	1
Ukraine	1

Country	Number
United States of America	1
Vietnam	20

Method for Assessing Risk for Existing Suppliers

Q2.4 Has your company established a risk profile (per country/industry sector) associated with working conditions, human rights, environmental risk and corruption in the supply chain?

Yes

If yes, please describe the methods you have adopted for developing this risk profile:

There is always a Corrective Action Plan in the event of any non-compliance within a given time period to adhere to meet Helly Hansen requirements.

With established relationships in the supply chain and competent staff, in terms of ethical trade, who allocates suppliers - HH has sound basis on risk in the supply chain. In 2015 HH became members of Local Resource Network who will report on risk factories in several of our sourcing countries.

Q2.5 Describe the extent to which your company has developed risk profile for individual suppliers. Please include:

The criteria used to decide which suppliers to perform risk assessment on:

Suppliers consistently under performing on Quality, On Time Delivery, Work Stoppage due to labor disputes, frequent labor strikes/protest, political stability & impact to the environment.

The number and geographical location of suppliers for whom you have developed individual risk profiles:

Cambodia and Bangladesh

Methods used for arriving at the risk profile:

Suppliers consistently under performing on Quality, On Time Delivery, Work Stoppage due to labor disputes, frequent labor strikes/protest, political stability & impact to the environment.

Any other relevant information:

None

Indicator 2-2: Number of existing suppliers assessed for either working conditions, human rights, environmental impact, corruption or program for supplier follow-up, broken down by risk assessment methods:

Number of suppliers assessed	2017	2016	2015
Number of suppliers	0		

Number of suppliers divided by risk assessment methods	2017	2016	2015

Description of Supply Chain Risk Profile

Q2.6 Describe your company's supply chain risk profile in relation to compliance with your code of conduct:

Please specify:

Which countries are deemed to be high risk:

Below are the countries we are working with and which we identify as high risk in regards to our CoC.
The risks identified will follow after each country

Bangladesh: Freedom of Association, Right to organize and collective bargains, Child Labour, Discrimination, Abolition, Wages, Working Hours, Health and Safety, Regular Employment, Marginalized Populations, Environment

China: Freedom of Association and the right to collective bargain, Working Hours, Marginalized Populations

Vietnam: Freedom of Association and the right to collective bargain, Discrimination, Working Hours

Laos: Freedom of Association and the right to collective bargain, Health and Safety, Working Hours

Sri Lanka: Health and Safety, Regular Employment

Turkey: working hours, health and safety

Which aspects of your CoC are particularly at risk of being breached:

Freedom of Association

Wages

Excess Overtime

Health and Safety

Challenges when it comes to sub-suppliers and raw materials production :

Please see Q2.2

Other specific challenges, e.g. in relation to suppliers being located in export processing zone, subcontracting labour or outsourcing production.

Cooperation and partnership is key, no matter the level of manufacturing part / supply chain level (T1/T2/T3...). We are aiming to reach the highest level of transparency within the entire set up.



3. ADAPT

Adapting purchasing practices



3. ADAPT ADAPTING PURCHASING PRACTICES

Long-term Supplier Relations

Q3.1 Describe your company's policy and/or practice relating to the length of supplier relations.

We have a great focus on relationship building in the supply chain. We believe that the best cooperations are always based a long and strong relations. for example 30% of our purchases during the reporting year was placed with 3 of our suppliers who has been our partners for the last 20-30 years. When HH are introducing new suppliers we always do this with an aim to work together for a long time. During the last couple of years we have introduced several new suppliers in order to increase our specialty in specific markets. The supplier base remains the same though.

Indicator 3-1: Proportion of your total purchase coming from suppliers with whom your company has a long-term business relation (see definition):

	2017	2016	2015
Percentage purchase through long-term agreements:	75 %	70 %	70 %

Purchasing Practices

Q3.2 Has your company performed an analysis of how your purchasing practice affects your suppliers?

Yes

If yes, please describe how this was done and what the main findings were:

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.

Q3.3 Has your company amended its purchasing practice to minimise negative impacts or to promote better working and environmental conditions at suppliers?

Yes

If yes, please describe the changes that have been made:

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.

Indicator 3-2: Time elapsed prior to paying suppliers

A) Please state the credit terms in terms of number of days in your standard agreements with suppliers:

Standard credit terms for suppliers	2017	2016	2015
Number of days:	60	60	60

B) Please state the percentage of supplier payments made within the agreed credit term:

Percentage of payments made within agreed time	2017	2016	2015
Percentage paid within agreed time:	100.0 %	100.0 %	100.0 %

Evaluation of the Impact of Changes made to Purchasing Practices

Q3.4 Describe how your company has assessed the impact of any changes made to your purchasing practices and provide details of the results of this assessment:

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.



4. COLLABORATE

Improvements in the supply chain



4. COLLABORATE IMPROVEMENTS IN THE SUPPLY CHAIN

Product Design and Choice of Raw Materials

Q4.1 Has your company chosen product design features or raw materials that reduce negative impacts or promote better working or environmental conditions?

Yes

If yes:

Describe measures taken in the reporting year:

Stable supplier allocation focusing on long-term relationships with both mills and garment vendors. Also having a good color- and fabric consolidation, use of Recycled materials, solution dyed technologies, focus on chemical traceability and best available technology/ chemistry.

Describe the impact that your company expects these measures to have:

When focusing on long-term relationship throughout the supply chain we see that the willingness and acceptance from the suppliers related to changes is greater. Consolidation also means less environmental- and social impact at the developing stage.

Competence Development of Suppliers

Q4.2 Has your company identified the competence development needs of suppliers in order for them to be able to meet your code of conduct requirements?

No

If Yes, please provide:

Identified competence development needs:

Planned competence development activities:

Suppliers included in terms of number, country/region and type of supplier:

Q4.3 Has your company contributed to competence development of suppliers in the reporting year?

No

If yes, please describe in the table below:

Completed competence development activities

Suppliers included in terms of number, country/region and impact (expected or measured)

Competence development activity (organised by oneself or others)	Number of suppliers	Country or Region	Impact (expected or actual)

Improvement of Suppliers

Indicator 4-1: Improvement measures concerning working conditions and human rights (HR)

A) Please report on the number and percentage of current suppliers where you have identified non-compliance issues connected to working conditions and HR:

Identified issues connected to working conditions and HR	Number	Percentage
Suppliers in the reporting year with identified issues related to working conditions and human rights:	0	0 %

B) State the percentage of these suppliers (of the number given in 'A') where:

You have agreed or requested improvements

Improvement measures have been completed

Contracts have been terminated (e.g. as a result of unwillingness to improve conditions)

Please also divide improvement measures into CoC clause and country/region

Improvement measures for working conditions and HR	2017	2016	2015
Percentage of suppliers where you have agreed or requested improvements*	100 %	100 %	100 %
Percentage where improvement measures have been completed*	0 %	0 %	70 %
Percentage where contracts were terminated*	0 %	0 %	0 %

* Percentage of the suppliers where non-compliance issues have been identified (of number stated in 'A')

Percentage distributed by CoC clause in 2017	Improvement measure completed (%)

Percentage distributed by country/region in 2017	Improvement measure completed (%)

C) Please provide details on the most important improvement measures:

It always a continuous improvement process & sharing of information on new Environmental learnings, Health Risks & Preventive measures to be taken, Welfare of Labor.

Q4.4 Describe measures that your company has taken to ensure that workers receive a decent wage that covers the basic needs for the worker and his/her family, such as:

A gap analysis of workers' actual wages and proposed levels of a decent wage:

All Helly Hansen suppliers are in line & in accordance to the prevailing local law within their country of origin.

Measures taken to reduce the gap between actual wage levels and the proposed level for a decent wage:

All factory labor are paid in accordance/adherence with the Country/Local Rule of Law and as proposed by country legislation.

Any other measures:

None

Q4.5 Describe measures that your company has taken, in the reporting year, to ensure that workers' right to freedom of association and collective bargaining are respected. Describe in terms of:

Measures taken:

Monitor the Local Rule of Law and ensure that the suppliers are in Compliance with the law.

Number and type of suppliers covered:
100% Compliance

Countries or region:
China, Bangladesh, Cambodia, Vietnam, Sri Lanka, Indonesia, Portugal, Turkey.

Indicator 4-2: Measures for Reducing Environmental Impact in the Supply Chain

A) Please report on the number and percentage of current suppliers where you have identified issues connected to environmental impact.

Findings relating to environmental impact	Number	Percentage
Suppliers with identified environmental issues in the reporting year.	19	68 %

B) State the percentage of these suppliers (of the number entered in 'A') where:

You have agreed or requested improvements
Improvement measures have been completed
Contracts have been terminated (e.g. as a result of unwillingness to improve conditions)

Please also break down measures by theme and country/region.

Measures for reducing environmental impact in the supply chain	2017	2016	2015
Percentage of suppliers where you have agreed or requested improvements*	100 %	100 %	100 %
Percentage where improvement measures have been completed*	52 %	0 %	100 %
Percentage where contracts were terminated*	0 %	0 %	0 %

* Percentage of the suppliers where issues have been identified (of number stated in 'A')

Percentage distributed thematically in 2017	Improvement measure completed (%)
Emissions	40 %
Waste	8 %
Water	4 %
Usage of Materials	8 %

Percentage distributed thematically in 2017	Improvement measure completed (%)
Management system related to environmental issues	40 %

Percentage distributed by country/region in 2017	Improvement measure completed (%)
China	35 %
Vietnam	8 %
Taiwan	43 %
South Korea	5 %
Japan	1 %
Bangladesh	8 %

C) Please provide details on the most important improvement measures:

Management system related to environmental issues:

Not having an environmental policy

Not having appropriate licenses

Not having SOPs for environmentally relevant procedures or plants

Not having test reports on emissions and properly filed (and procedures for what to do when limits exceeded)

Not having plans and flow charts

Not having disposal plans and contracts with reputable 3rd parties

Not having emergency plans and SOPs for major spills and incidents

Not having a thorough, appropriate effluent testing plan

Not having an inventory of stored (hazardous) materials

Not having an overview of emission points in a plant

Not having a phase out plan for 'banned' chemistry

Not having a solvent mass-balance for the site

Not having a control plan for banned substances in inputs (materials or chemicals)

Emissions:

Test reports showing too many 'fails'

Residual liquors containing F chemistry, biocides or flame retardants

Not testing for all appropriate pollutants

Missing/broken meters etc. at treatment units

Missing data for boiler house off gases

Unknown efficiency of cleaning units

Missing information about 3rd party (municipal) waste water treatment plant

Determine source of high amounts of pollutants in untreated waste water (and as consequence reduce inputs)

Missing test data for off gas stacks
No bunds or retaining basins for tank farms
Foam at waste water discharge

Q4.6: Describe measures that your company has taken in the reporting year relating to anti-corruption in your supply chain. Please include:

Requirements to change of practice and termination of contracts/business relations:
There is no measure from our side apart from the vendors signing our COC which includes the anti corruption paragaph.

Measures to improve your company's own anti-corruption work:

Use of Certification Schemes

Q4.7 Describe your company's policy on whether certification is used as a means for improving conditions in your supply chain:

The bluesign standard is Helly Hansen's preferred material certification method. the bluesign concept guarantees as thorough input stream management throughout the supply chain. Oekotex certification is a good addition, on top of bluesign. Whereas we are providing Oekotex certification upon request only.

Our down is certified in accordance with the Responsible Down Standard (RSL). We are considering to join the Responsible Wool Standard (RWS) as well. Comprehensive chemical knowledge from our end supports the certification procedures.

Indicator 4-3: Proportion of purchased material, products and/or services that have some form of environmental or social certification.

Please provide the percentages of purchased material, products and/or services that is certified by social or environmental standards, according to each categories that is relevant to report on by your company:

Category material/product/service	2017 % certified	2016 % certified	2015 % certified
bluesign	92 %		
Oekotex	50 %		

Category material/product/service	2017 % certified	2016 % certified	2015 % certified
Oekotex step	8 %		
Responsible Down Standard	100 %		

Please show the distribution by certification standard for the reporting year:

Category material/product/service (in 2017)	Certification standard	Percent certified
Workwear Material bluesign	bluesign certified	60 %
Workwear materials Oeko-tex, available upon request	Oeko-Tex certified	100 %
Workwear Oekotex step	Oeko-Tex Step certified	10 %
Sport, Product specific for kids collection, Oeko-Tex	bluesign certified	100 %
Sport material bluesign	bluesign certified	92 %
Trims (zipper, buttons etc.)	bluesign certified	25 %
Synthetic insulation	bluesign certified	95 %
Down Insulation	Responsible Down Standards	100 %

Improvement Projects and Activities

Q4.8 Please describe improvement projects or activities in the reporting year where the main purpose is to improve compliance to your code of conduct.

Project name:	The Accord on Fire and Building Safety in Bangladesh
Purpose:	Improve working conditions for textile workers in Bangladesh
Main activities:	Audits, Inspections, CAP, follow-ups
Country/ies:	Bangladesh
Project partners:	Brands, workers organizations, NGO's
Start date and expected finish date:	Ongoing
Learning gained and challenges met:	In-depth inspections on security equipment and systems and lack in electrical systems. Learnings in regards to cooperation between local inspectors, brands and organizations aiming for the same goal
Ethical requirements addressed:	Health and Safety, Working hours

Evaluating the Impacts of Improvements Measures

Q4.9 Please evaluate the impact of the improvement measures completed by your company in the reporting year. Evaluate the impact against the risk profile of your supply chain and issues that are identified:

The project has already implemented several improvements in the textile industry in Bangladesh. Long term the project should lead to improved working conditions for all textile workers in Bangladesh and the processes can be transferred to other countries with similar challenges.



5. COMMUNICATE

Strengthening awareness, dialogue and support



5. COMMUNICATE STRENGTHENING AWARENESS, DIALOGUE AND SUPPORT

Internal and External Communication about Ethical Trade

Q5.1 Describe how your company communicates internally about its work with ethical trade:

The Helly Hansen Code of Conduct (COC) is available at our Webpage as well as the intranet. The content is communicated to all new employees within an introduction phase. Frequent Ethical Trade seminars and workshops are on our agenda from now. All ongoing initiatives to create internal awareness.

Q5.2 Describe how your company communicates externally about its work with ethical trade:

Helly Hansen has open supplier lists and we are participating in activities and events related to ethical trade, animal welfare and substitution of chemicals

Q5.3 Please provide details on which themes your company has communicated with stakeholders about ethical trade in the reporting year. Show:

Which stakeholder groups were involved

Whether it was dialogue on impact by your company's supply chain activities

Whether it was communication of the results of your work with ethical trade

Topic/theme	Stakeholders	About impact of activities	About results communication
Transparent Supplier list	Customer	No	No
Chemical Substance in the products	EOG, tender customers	Yes	Yes
Accord on Fire and Building safety in Bangladesh	Supplier	Yes	Yes

Q5.4 Does the company make a list of its suppliers publicly available or does it make this information available to interested parties in any other way?

Yes

If yes, please give details:

The supplier list is available on our website

Q5.5 Please provide an accurate web address where your company publishes information and/or reports about your work with ethical trade:

<https://www.hellyhansen.com/about-us/manufacturing/>

Complaints Procedures

Q5.6 Describe how your company deals with complaints about non-compliance issues in the supply chain, divided by:

Tracking complaints made through established mechanisms such as supplier's own systems, national authorities and international mechanisms such as OECD National Contact Points.

There's no established tracking of complaints. However the possibility for the staff to make comments and complaints is a part of our audit standard. Complaints regarding non-compliance from customers and stake holders are tracked by customer service and then delegated internally to the responsible person.

Your company's own systems for receiving and dealing with complaints from both internal and external stakeholders.

There's no system established

Indicator 5-1: Number of complaints received through established complaints mechanisms

Provide the number of complaints received through established complaints mechanisms relating to working conditions, human rights, environmental impact or corruption:

Complaints received through established complaints mechanisms	2017	2016	2015
Number of complaints received			

Divide complaints thematically and describe measures taken to follow-up or remedy:

Topic of complaints received in 2017	Number	Follow-up measures taken

Promoting Ethical Trade and Experience Exchange

Q5.7 Has your company engaged in activities to promote ethical trade or share experience/knowledge in the reporting year?

Yes

If yes, describe activities and the target groups for these activities, for example:

Suppliers
Business and trade networks
Authorities and/or public bodies
Other

Type of activity	Number	Target group(s)	Description
Contributions to studies and research		Authorities and/or public bodies	Regenerated wool project
Contributions to studies and research		Industry specific collaboration	Elextrolux project
Experience exchange		Authorities and public bodies	Project presentation at FRAMTANKER (annual Sustainability conference in Oslo). Presenting Sustainability projects that HH are working on.
Industry specific collaboration		Suppliers	Collaboration between Norwegian brands on how to solve the most common challenges we are facing in the industry



Contact:

Helly Hansen

Richard Collier

richard.collier@hellyhansen.com

+4769249000