



höség

Impact Report 2022  
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## Overview

Höség is a privately owned Peruvian outerwear company, based in Lima, Peru. It was created in 2016, by the idea of three brothers after traveling to Pachaj Sutoc, an Andean community. The company is established and grounded by a few principles: striving for a better world; being an active leader; learning from a privileged perspective the amount of disadvantages people experience; and taking action towards tackling the issues we face.

Our social and environmental projects are at the center of our purpose, with our commitment to lead responsible consumption and spread warmth by helping enhance the quality of life of our communities.

As 2022 began, the world still had many doubts regarding commercial trade fallout due to the Covid-19 pandemic. As most small to medium size businesses, since being forced to shut down nearly all operations, the year started with many challenges. In Höség, we decided it was time to look inside and reflect upon the future we want to build for us and to future generations.

Global trade fell to record levels in 2020 and 2021. Global borders were shut down and commerce was made difficult due to supply shortages, as well as customs and transportation procedures becoming even more costly. Protectionist measures were more and more implemented by governments and authorities, in order to safeguard their economies.

By taking a more focused look at Latin America, specifically Peru, one of the most affected countries in the world by Covid, it becomes increasingly clear that companies had to adapt to new configurations and adversities.

As such, the harms of the fashion industry can not be overlooked. [Data](#) according to an international organization points out that fashion production makes up 10% of humanity's carbon emissions, as well as 87% of the fiber used for clothing ends up in landfills and incinerators. That means it is one of the least sustainable industries in the world, but also one that uses the resources the least consciously.

That includes the usage of water; textile production uses around 93 billion cubic meters annually, contributing significantly to scarcity in some regions in Africa and Asia.

With that said, Höség takes the leap in bringing clarity as our efforts in reducing our carbon footprint and economic growth goes. We are very excited about what the future holds, with the apparel market being expected to show a volume growth of 10.4% in 2023, according to Statista (2022).



## About This Report

This report represents the efforts made by Höség and its collaborations throughout the year of 2022. Following the healthy trends the industry is implementing, **sustainability** and **transparency** in the supply chain need to go hand in hand (THORISDOTTIR, JOHANNSDOTTIR, 2022).

Being the first of its kind, it was made due to our commitment in bringing transparency to the Social Heater community.

This report includes data from our business to business (B2B) and business to customer (B2C) database, as well as input provided by our partners and colleagues. In order to give the most detailed and sincere perspective, it was produced as a joint collaboration by board members, employees, sales representatives, customers and third parties.

## Letter From Our CEO

We are proud to say that we are the first outdoor clothing brand in Peru, which we find curious since we were born in 2016 and having in our Peruvian geography the majestic Andes, it was hard to believe that there was no one before us. We are not only the first outdoor clothing brand in Peru, but we are also the first to do it in a conscious and responsible way.

Höség is a brand that quickly positioned itself as the maximum reference of a company with purpose in the country. That same year, we became a B Corporation. Then, in 2020, we achieved recertification and won three consecutive years the "best for the planet", awarded by B Lab to those who stand out in their commitment to generate positive changes.

We were born with the "Buy One, Give One" business model, which later evolved into a more scalable and sustainable model, which is "2% for the children". With this model, we sheltered thousands of children in vulnerable situations in the Andes, and now reaffirm it as a goal to improve the quality of life of children.

Along with the NGO Pachamama Raymi, we co-designed the "Buy One, Plant One" model, a project that aims to plant sustainable timber trees in family forests that will help to overcome the situation of poverty and extreme poverty in the area of Paruro in Cusco, Peru. The choice to plant Andean cedars was because they are endangered endemic trees, in which several species of birds depend on and also provide protection to watersheds that are in imminent danger.

More and more, we are adding sustainable inputs in the manufacture of our garments such as recycled fabrics (nylon and polyester), in addition to using organic cotton and alpaca fiber.

Since 2018, we have been developing a technology based on a balanced proposal between a natural fiber, such as alpaca, and a synthetic fiber, such as polyester, with an also recycled percentage. This sustainable thermal insulation based on alpaca is called älpafill, currently patent pending stages.

With this nature-oriented technology, which we titled Tech For Nature, it is used in our 100% recycled nylon jackets that are lightweight, water-repellent, sustainable and functional. An easy-care product that we are sure will be our workhorse in this internationalization process that has started and are sure will leave the name of Peru at the top.

That is also why we decided to be 100% Peruvian, a country with a millenary textile legacy and worldwide recognition that was losing market share; however, we see how, with increasing focus and strategy, it is recovering what it has lost. No less important, we have decided to

neutralize our carbon footprint in our operations, in addition to including new projects for this year focused on neutralizing our points of sale and measuring the footprint of our products.

We had to undertake a long pandemic and unstable political context in a very complex period, but all that made us stronger. The road is uphill, and many times we feel that we are carrying a heavy backpack, but we are holding on tight and we keep on climbing to achieve our goals.

We know that we have created the most interesting brand in the country with enormous potential, which has meant a lot of team effort and strategy. What we have achieved, we have done with very few resources, but with a lot of heart and a latent commitment, that day by day becomes tougher and more relevant.

We are building more than a brand, we are building a brand that is friendly to the planet and, above all, that seeks to turn more people into changemakers. We will continue to spread warmth, we will continue to help people make better decisions because that is, in our humble opinion, what companies should do.

Written with the warmest regards,

**Juanca Sznak**

## Our Commitment

Since 2016, Höség has been certified as a B Corporation, the third one to do so in Peru, meaning we operate by core values such as purpose beyond profits, interdependence with our community, transparency and the promotion of competition as a driver for innovation.

In order to do so, Höség adopted a bigger commitment to being an active player in combating the tough reality of some areas in Peru, a country where the centralization of economic activity is so visible in its capital, Lima.

In 2020, we were granted a certification by [A2G Sustainability and Climate Change](#), assuring that our carbon footprint was considered low according to the standards of the Greenhouse Gas Emissions Protocol, with the amount totaling 3.09 metric tons of CO<sub>2</sub>.

Höség is aligned with the [United Nations goals for 2030](#), as we design our values with the best interests of everyone but especially the planet. Goal number 12 states that we need to make sure we create ways of consumption and production that are sustainable, and here in Höség, we do.

## Social Impact and Giving Back

Höség makes sure to work with non-governmental organizations (NGOs) that are present in vulnerable areas of our country, in order to give back to the ones mostly in need. Our partners include Por Eso Peru,

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Ayuda en Acción, Pachamama Raymi, Llama Pack, Huscaran Wayi Lodge, wings for life and Cedna.

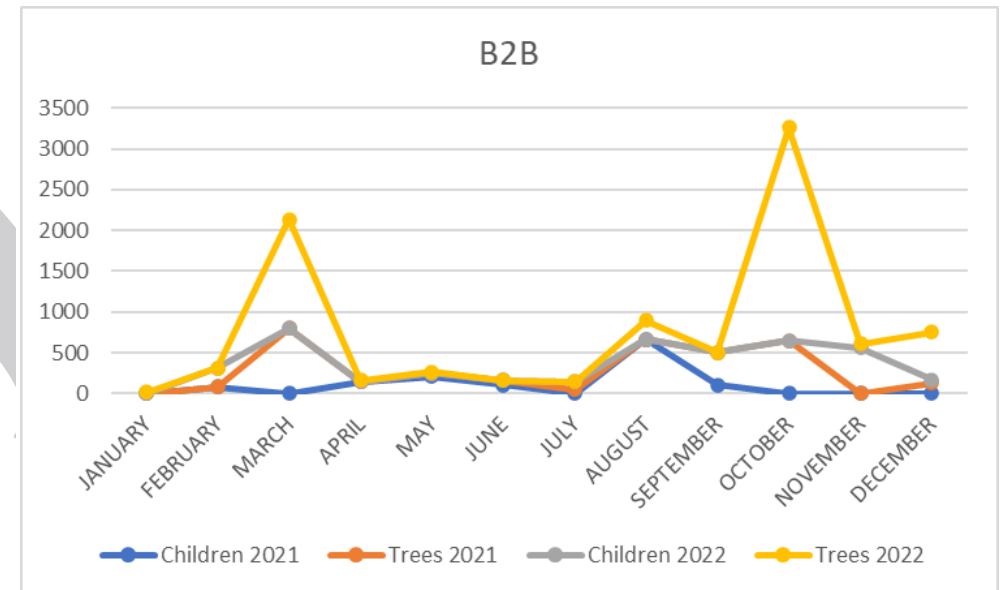
In August 2022, Höség changed to our new campaign “**2% For The Children**”, where every piece of clothing or product after bought, transforms into a donation of 2% the item’s value to keep children warm in cold areas of the Andes with a jacket. In the past, we worked with only our jackets being turned into a donation, but last year Höség decided it was time to step up our efforts.

So far, Höség is present in the provinces of Ancash, Ayacucho, Cusco, Puno, Lima, La Libertad, Junín, Arequipa and Huancavelica, in more than 200 communities throughout Peru. Alongside our field partners, we identify what communities are most vulnerable, following a set of guidelines such as being over 9,800 feet (3,000 meters) and having a school already present, which gives us the opportunity to reward the kids’ education.

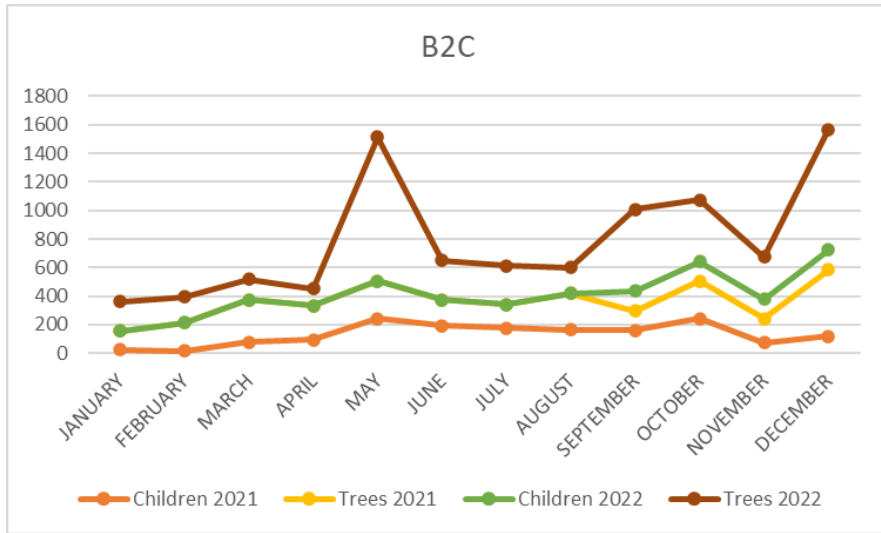
We also make sure every child between 2 and 12 years old has a jacket made for each one with their specific size. Not only that, we like to honor the cultural heritage and reality of these communities by using a red coloring, more closely resembling the clothes they already wear and are familiar with.

As well as our social activity, Höség also has an environmental branch, our “**Buy One, Plant One**”, where we work with NGOs to plant native Andean trees that are threatened to extinction. Likewise, our partners integrate timber forests that help families get out of their poverty

situation by achieving the development of sustainable forests and certified wood, along with the training of communities in order to plant and preserve forests and water sources.







As the year of 2023 starts, Höség has helped **22,420** children to stay warm, and helped plant **27,794** Andean trees.



## Sustainability and Innovation

2 out of 3 of people say sustainability is important when buying clothes (MARKETING MANAGEMENT ASSOCIATION, [2022]). In Höség, we are guided by the five R's of sustainability: **Refuse**, meaning we never stop looking for ways to do things differently, consciously. We look for every possible way to have the least possible negative impact on the environment. Our team constantly explores new techniques and fabrics that are environmentally friendly to inspire our new designs.

**Reduce.** We are always looking for ways to minimize our negative impact throughout the life cycle of our products so that we as a society can continue to consume, as responsibly as possible. **Repurpose.** We are always looking for ways to reutilize the waste of others. We want to give new life to what others consider waste. As of today, most of our products are made with recycled materials, and we strive to achieve the goal of 60% of our clothing line sustainable by 2030.

**Repair.** In time, we want to be able to offer customers a service to repair any damage to their garment, thus extending the life of Höség products. **Recycle.** We like to think that our technology is nature oriented. That is why we are always trying to improve our products and their impact through the use of sustainable materials. We push to work with organic cotton, alpaca and recycled fabrics, either nylon or polyester.

That is why we are not only proud of being trailblazers in the Peruvian outdoor segment, but also an active actor for vulnerable communities.

In the years of 2017, 2018 and 2019, we were awarded Best For The World within the B Corp community, and are hopeful for 2023. Höség fully believes that Latin American companies can and should be catalyzers of a sustainable revolution in the clothing industry, normally led by major corporations.

In 2022, Höség proudly presented to the world the Alpafill 60 jacket. Made from alpaca fiber and 100% recycled material, its groundbreaking technology, **Tech For Nature**, is another leap towards a sustainable and eco-friendly clothing industry. Its composition is 60% alpaca fiber, 28% synthetic polyester, which we fully intend to eventually change to recycled, and 12% reused polyester from other manufactured jackets.



The greatest benefit of Alpafill, besides its sustainability and being planet-friendly, is its lightness and profound heating capacity, due to its hollow core, granting a great amount of retention of heat, and also ideal adaptability when it comes to the weather, as it can be used either in chilly days or harsh winters.

It is hypoallergenic, extremely soft and durable, as well as it naturally comes in more than 20 different colors. Its production includes a cruelty-free process, since alpacas need to have their coating shed at least once a year.



Along those lines, Höség also strives to give a bigger part of the profits to those in bigger need. By the end of 2022, we reached an agreement to buy directly from a cooperative of alpaca producers called Pitumarca. By doing so, we eliminate steps in the line of production and help make sure that small alpaca breeders get their fair share.

With the largest number of alpacas in the world, with 85% of the total, Peru gives us the opportunity to explore a major growing market.

## Internationalization

In 2022, Höség officially began the process of expanding to outside of our country. To us, it felt like a natural development, since seeing the great success of our staple product, the Alpafill jacket, ever since its launch. Not only that, due to the pandemic, it became clear the need to create new opportunities for growth. The biggest challenge was: how does a Peruvian company manage to compete in bigger markets?

As such, our main target was to propose an innovative and valuable product, hence the creation of Tech For Nature, a jacket 100% sustainable.

The places we settled were ideal for a good first contact were the United States of America (USA) and Spain, in Europe. As of today, we are in the process of finalizing the Kickstarter campaign to gain funds and create brand awareness to get our feet set for the official ecommerce launch.

According to Statista (2022), The United States sportswear market is approximately \$119 billion which is 35% of the global market and showed 15% YOY growth in 2021. By 2025, US sportswear market is predicted to grow to \$170 billion. Total US market for coats & jackets amounts to \$12.9 billion.

As of January 2023, we are finalizing the steps to launch our Kickstarter campaign. We are very excited to test the reach Alpafill has on the US market, as well as the possibilities of starting our internationalization and expansion. From January 10 until the 12th, Höség was present in the Snow Show in Salt Lake City, Utah, and we are pleased to say the reception and comments were very positive.

## What is Next

The sustainable fashion industry is just now starting to get its attention, and has enormous potential for the future. Experts predict it will reach [\\$8.25 billion by 2023](#). The eco-friendly segment is one of the fastest growing, being expected to grow at an annual rate of 11.6% in the coming years.

[Global Fashion Agenda](#) points out that “addressing environmental and social problems created by the fashion industry would provide a \$192 billion overall benefit to the global economy by 2030.” That is why we are very excited with the potential our products have for the international market.

As the moment stands, Alpafill has its international patent pending. But that is not the only step we are aiming for. Höség also expects to bring our 2% For The Children operation to new heights, as the scaling of the number of children tends to increase due to reaching new markets and needs.

Not only that, we are implementing more and more steps to neutralize our carbon footprint, as we are partnering with [A2G](#), a specialized firm consultancy for business focused on environmental and eco-efficiency. Along those lines, Höség is also striving to achieve our [1% For The Planet](#) certification, given to enterprises who are committed to environmental solutions through memberships and everyday actions.

Ultimately, our goal is and always will be to generate welfare through warmth. That is why Höség works towards the evolution of our technologies and products, so that we can ultimately offer better and more sustainable options to our community.

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