

# THE PROGRESSIVE JOURNEY

Vagabond Shoemakers Sustainability Report 2023



**VAGABOND**  
SHOEMAKERS

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# A word from our CEO

2022 the pandemic worries and challenges shifted to something worse – a war in Europe on February 24. This meant immediately closing our Russian stores and starting the closing of our Russian office. And reaching out to one of our biggest European clients in Ukraine to offer our support. This 15% loss of business also challenged us as we had to redirect products to new markets to avoid the negative effects of excess stock. Additionally, our funds from We Support were directed solely to the catastrophe's victims. Needless to say, the war was and is causing great harm for people and the planet and is devastating, as transferring to a more sustainable view of life and resources is a complex task nonetheless.

We focus on remaining operative and maintaining a sound business, partner and employer. Despite challenges in the wake of the pandemic, the interest in our product and concept is maintained and evolves in new market opportunities. This supports our vision to grow considerably, but a growth which is committed to sustainability awareness and with massive respect for the informed decisions and learnings we must make along the way. We have identified emissions to be our main environmental impact. This is the main reason why we, for 2022, extend our Greenhouse Gas Emission calculation to cover crucial parts of our value chain. Only by measuring do we get the proper foundation for decision-making, enabling us to grow and reduce emissions by half, relevant to our business, until 2030. In an energy-intensive industry, transit to green energy is our top priority.

Over the years, we have stayed close to the business process, using our industry knowledge in our supplier and customer dialogues. Yet, there are sub-suppliers that we are not directly involved with and where we need more information to make informed decisions. This concerns components like foam, threads or other minor components for construction. The way to enhance this dialogue is through and with our tier 1 suppliers, the shoe factories. Here transparency and collaboration are key; our suppliers often buy from the same sub-suppliers, meaning we divide the task to check social compliance, environmental data and possible sustainable substitutes. This information is shared among the suppliers openly.

From a social perspective, we were eager to restart our suppliers' regular visits and CSR coaching. We are keen on quality, not just in the product but also in the set-up of making our products in a safe and sound working environment. The pandemic caused uncertainties, which is why we emphasised continuing our close business

relationships to make the rocky journey as smooth as possible. In the second half of 2022, we were pleased to return to offices and regular factory visits, focusing on a broad follow-up on audit protocol scores. And for both our Vietnam and Sweden offices, we have strengthened the staff with two new CSR team members to be able to pick up and speed up our sustainability efforts and ambitions.

In November 2022, we released marketing material to illustrate the steps that count from the material we choose to the shoes you use. By diving into the Craft, the Choice, the Care and the Change, we want to open up a dialogue of how we can develop within each C, but the wearer of our products and us and together *make every step count*.

Anders Odén, *CEO*  
Varberg, April 2023

# We are Vagabond Shoemakers

Vagabond Shoemakers is a Swedish shoe fashion company making shoes and accessories for people who care about quality, style, and a sustainable way of life. We are driven by caring for the details that really count and always strive to be “a true style hero” of our end-user’s wardrobes, and we stay inspired by the many exciting people crossing the roads of Vagabond. Our products are made to be worn and to accompany a contemporary look for everyday use. Our shoes should be an investment for our wearers worldwide, and the “why” behind each design is communicated, as is the guidance on how to care for your shoes for long-lasting and what to do after they are worn out. It is essential always to be a fair offer and have the best quality. We want to guide our end-users to “Only buy what they really love” for sustainability reasons.

Vagabond Shoemakers is exposed to more than 45 markets worldwide with carefully selected multi-brand stores alongside our concept stores, official online store, and shop-in-shops. Besides Scandinavia, Germany, the UK, and the USA are key markets. Selling about 1,5 million pairs yearly, this company and brand has been successful and stayed solid for many years to keep sustainable business within both new and existing markets for many years.

*“We are shoemakers at heart and soul. We want to make great-looking shoes for people in all corners of the world. And we believe that great design does not have to cost a fortune”*

- Marie Nilsson Peterzén, Co-founder & Creative Director



# The sustainability strategy towards 2030

*"Our reason-to-be is about being relevant in look, material choices and quality over time. And not just move forward on our sustainability journey, but also turn up the speed."*

- Anders Odén, CEO

Our sustainability vision declares our ambitions for continuous sustainable business. Aiming for a step-by-step approach towards a positive impact, we follow the sustainability strategies set by our Board; 1) long-term sustainable business and sustainable development throughout our value chain, 2) managing the planetary resources by choosing more sustainable and circular materials, encouraging maintenance and repair, facilitating and supporting improved water, energy and chemical management and reducing emissions and waste throughout our value chain, 3) engaging in the people and communities that are impacted by our business and guiding our end-users to more sustainable choices. Our targets should always be in line with these sustainability strategies.

## General target: reducing emissions by 50% by 2030

Thoroughly breaking down our value chain to identify key event areas and impacts, we decided "reduce emissions to air" as our overall target since 2018. The reason is that we can locate emissions to air being a general risk in all action steps. As a result, we also concluded that calculating emissions will be our main operational focus for 2021 and onwards. This is also a responsibility that we share with the rest of our industry, according to the Paris Climate Agreement, Agenda 2030.

## Emissions & Chemicals

Transportation Energy use Animal welfare Traceability	Transportation Chemicals Water usage Energy use	Transportation Chemicals Energy use	Transportation Chemicals Energy use	Transportation Energy use	Transportation Chemicals Water usage Energy use	Transportation Freights/returns Energy use	Energy use	Transportation Lifecycle
Raw material	Material suppliers	Factories	Own offices & stores	Own warehouse	Other external suppliers	Client warehouse & distributors	Client offices & stores	End-users
Soil quality	Chemicals Working cond. Living wage Education	Chemicals Working cond. Living wage Education	Chemicals Working cond. Education	Working cond. Education	Chemicals Working cond. Living wage Education	Working cond.	Working cond. Shoe care Informed decisions Business model	Shoe care Informed decisions

## People

# Stakeholder dialogues & sustainability governance

Since 2015 Vagabond's sustainability team has conducted a yearly stakeholder analysis. Our primary stakeholders are those directly affecting our value chain or those affected by your operations throughout the value chain; staff, suppliers, wholesale partners, and end-users. During 2022 the primary purpose has been to rejoin the team, suppliers and wholesale partners in physical meetings and visits. The increasing volumes for our official online store are also a growing opportunity for direct interaction with our end-users.

**Suppliers:** Our first-tier suppliers are three shoe factories in Vietnam, close to our Ho Chi Minh City production office. In 2022 we hired a new CSR staff member and re-started internal and external audits. Above all, we held CSR training at our local office. In a joint meeting, we met with all three factories to discuss Traceability and what steps to take to move forward in compliance and sourcing development with our sub-suppliers.

**Customers:** A steady shift toward our concept channels led to an increased customer dialogue online. One example is efficient systems for signing up on products in stock. We have retrieved FAQs from our wholesale clients via our sales representatives and from end-users via our physical stores and customer care. The result is our Make Every Step Count message online, making our sustainability strategy more visible and connected to the product, its purpose and how to prolong its use (The Craft, The Choice, The Care, The Change).

**Staff:** Our production staff in Vietnam moved into new premises in May 2022. The new bigger office space is an important hub for collaboration for quality controllers, administrators and CSR staff, and visiting suppliers and colleagues from Vagabond HQ, Sweden. In October 2022, Swedish HQ attended a conference under the theme "Always a we", focusing on a broad business understanding and participation in sustainable growth projects and actions connected to our business model. The key learnings from the conference include:

- 1) New & Existing Business: Illustrate our business process for easy onboarding and cross-function collaborations
- 2) Brand Ownership: Easier access to all essential brand learnings/training
- 3) Efficiency: Updating of meeting and feedback routines
- 4) Enjoy going to work: customised onboarding for new staff and continuous internal knowledge sharing

## Partner and membership organisations:

STAKEHOLDER	DESCRIPTION	KEY PROCESS	MAIN MATERIALITY TOPIC
Co-workers	We are 200 people working with Vagabond globally, at our head office & warehouse in Varberg, Sweden, at regional sales offices, concept stores, and production office.	Own offices & stores Own warehouse	Physical and psychosocial working environment Working conditions and fair wage Knowledge sharing and transparent communication
Owners	Vagabond is a privately and family-owned shoe design and production company.	Own offices & stores	Physical and psychosocial working environment Working conditions and fair wage Reduction of GHG/CO2 emissions
Suppliers	Our business partners in supply or sub-supply for our production, logistics, stores, and office premises.	Material suppliers Factories	Working conditions and fair wage Knowledge sharing and transparent communication
Wholesale partners	Vagabond products are available through independent multi-brand stores in more than 40 markets.	Client warehouse & distributors Client offices & Stores	Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage
End-users	The end-users who either buy their Vagabond products from our retail partners or directly from our concept channels.	End-users	Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage
Partner Organizations	Svensk Handel, AAFA, The Chemical Group, the Leather Working Group (LWG), and other industry forums are necessary for a progressive dialogue concerning our business, development, and innovations.	Own offices & stores Factories Material suppliers	Reduction of GHG/CO2 emissions Reduction and substitution of process chemicals Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage
Public Media	Media that relate to our operations, establishments, and product news. Includes fashion, trade, business, and daily press in all countries where we are active.	Own offices & stores	Reduction of GHG/CO2 emissions Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage
Press & Collaborations	Independent creators and talents are invited to context or express our product messages in different forums.	Own offices & stores	Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage
Students & Apprentices	Recurring and creative exchange connected to the head office and designer house activities in Sweden.	Own offices & stores	Reduction of GHG/CO2 emissions Reduction and substitution of process chemicals Sustainable and circular materials
Authorities	Our primary authority communication concerns customs, taxes, and chemical verifications.	Own offices & stores Factories Material suppliers	Reduction of GHG/CO2 emissions Reduction and substitution of process chemicals Sustainable and circular materials
Non-governmental organisations	Organisations working with social responsibility, environment, and animal welfare. Reviewing journalism is closely connected.	Own offices & stores Factories Material suppliers	Reduction of GHG/CO2 emissions Reduction and substitution of process chemicals Sustainable and circular materials Animal welfare and ethics leather and fur Working conditions in production and fair wage

AREA	PARTNER/COLLABORATOR	TYPE
Chemical Management	Stefan Posner	Consultant
Chemical Management	Kemikaliegruppen	Membership
Water / energy / chemical / social	Leather Working Group (LWG)	Membership
Reuse / Recycling	I:CO / SOEX	Membership
Cross-industry network	CSR in Western Sweden	Membership
Cross-industry network	EMC Sweden	Membership
Cross-industry network	Svensk Handel	Membership
Sustainability risk assessment	HIGG CO	Membership

## Sustainability management

As we are a relatively small company in terms of employees, we team up internally in different ways to reach our sustainability objectives. The Sustainability Governance Group set these objectives and focus areas. This management group is a cross-functional team of executives, specialists, and the CEO. The responsibility to comply with our sustainability goals is upon each country or department manager, with the support of the Sustainability Governance Group. In 2022 our focus was to get our production office closer involved in social and environmental issues with our suppliers and to allocate internal resources for Greenhouse Gas Calculations. The Sustainability Governance Group is led by two coordinators who organise weekly or monthly meetings with each relevant function, primarily production/ design & logistics, and the HR for the HQ office.

The Board of Directors of the Parent Company is briefed continuously on developing sustainability objectives. During 2022 we held briefings covering sustainability strategies, opportunities, risks, brand sustainable performance, internal operations, strategic cooperation, and challenges in chemical safety, environment, and human rights. In 2022 the main topics were; a) added resources for developing social audits follow-ups to be more proactive and forward-leaning and b) added resources for further emission calculations to support our decision-making process with primary data.

### Vagabond Sustainability Management Group

Anna Fahle Björcke, *Head of Communications & Sustainability Coordinator*  
 Josefin Jansson, *Sustainability Coordinator*  
 Anders Odén, *CEO*  
 Paulo Martins, *Vice President, Vagabond Vietnam*  
 Marcus Svensson, *Purchase & Quality Manager*  
 Camilla Nordestgaard, *Technical Coordinator*  
 Tomas Paepke, *Supply Chain Manager*

## Sustainability risk & Risk assessment

Our definition of sustainability risk is an event that hurts sustainable development. At Vagabond, we conduct continuous assessments of our sustainability risks and how they are managed in connection to our materiality analysis. We use Vagabond's value chain as a starting point when identifying our sustainability risks and look at Vagabond's possible impact on a) chemicals & the environment and b) people.

Risks and opportunities can be found in all parts of Vagabond's value chain – from the raw material and the production to the consumption and the end-use of our products. In analysing sustainability risks, we also map how Vagabond handles the risks and look at what policies, activities, tools, and governance we have about the risk areas. In the final analysis phase, we assess the risks according to their materiality from an external and an internal perspective. Vagabond's material risks and related risk management are described continuously as an integral part of this sustainability report. Some of the policies that we have in place that address these risks include our Code of Conduct (which covers all five areas), Child Labor Policy and Action Plan, and our Ethical Policy. Procedures such as the Corrective Action Plan for suppliers and the Grievance Mechanism available for all employees in the suppliers' factories allow us to address any identified issues relating to these areas. From 2022, the sustainability workgroup includes one more coordinator, and the two coordinators are responsible for initiating and enabling sustainability awareness, actions and projects within each company function.

## Ethics & Anti-corruption

We always strive to act respectfully towards one another, appreciating differences and various skills. Internal communication shall be open and honest, and we encourage co-workers to raise any concerns and speak to their managers.

We must recognise and do our best to eliminate any ethical obstacles within our business. Our Ethical Policy sets standards for ethical behaviour in the workplace and guides our employees in their daily work. We have zero tolerance for discrimination and harassment, and alcohol or drug abuse at work.

All workers in the administration have signed the policy, as will all new employees. A Shoemaker's Handbook developed in 2017, and our Leadership handbook set in 2018 are great tools to spread values to all co-workers.

The reputation as a trustworthy brand is a top priority for long-term sustainable development for any responsible company. Any corrupt behaviour in our organisation would conflict with our objective to contribute positively to the communities where we operate. This could also negatively impact a sustainable economy on a broader scale, such as fair market dynamics and competition. By adopting anti-corruption measures and practices, we protect both reputations and the interest of stakeholders.

At Vagabond, we work to counteract all forms of corruption and bribery. No one acting on behalf of Vagabond may accept or offer bribes or engage in any other corrupt practices. As global actors, we are present in many countries where corruption can be part of daily business. An important insight is that the definitions of corruption and unethical behaviour can vary with such diversity. By clarifying Vagabond's corruption and unacceptable business behaviour, we hope to erase doubts within our organisation and with business partners.

In 2022 we started a new whistleblowing service with Whistlelink for increased security routines and safe handling of issues. No allegations of corruption have come to our knowledge during 2022.

## Cooperation

We are convinced we can achieve a much more significant and faster impact when interacting with others. We choose to partner with organisations and other companies that can help us to reduce our negative impact on people and the planet. Our partnerships stretch across the value chain, from the design phase to the end of life of our products.



# The focus areas

From the materiality analysis of 2019, below 7 top priorities were highlighted and have been worked with since.

## Top priorities

Material & Circular economy  
Transparency/Knowledge sharing  
Emissions to air – GHG calculation  
Clean water  
Process chemicals  
Our own workplaces  
Production working conditions

Among these top priorities, our overarching environmental target is reducing Emissions to air by 50% by 2030, relative to our growth. We need further measurements to establish where they derive from reaching that goal. The calculations will be the foundation of a decision guide that works throughout the business. 2022 will be our base year for extended emission calculations using the Greenhouse Gas Protocol reporting standard. In 2018, we committed to reducing emissions from transport by 50% by 2030, and this goal is today incorporated into the overarching environmental target.

## Material & Circular Economy

We aim to source 100% of our leathers from LWG-certified tanneries and no textile linings in conventional cotton. Instead, we choose more sustainable options such as recycled polyester, organic GOTS-certified cotton or Tencel™.

Our main sustainability argument is that we make quality products that can be worn and loved for a long time. This calls for high-quality material. No doubt, leather is our fundamental choice of material. The reason is that the unique features of leather are outstanding for making footwear as it naturally shapes and protects from wear and tear. However, even though leather is a by-product of the meat industry, we must source only sustainably processed leather and use it wisely. When making a fashion product, there is always the consideration of creating a product that is the easiest to recycle or making a product that can last over time. Working with leather, which is challenging to recycle fully but has longevity features, our first and foremost responsibility is to prolong the lifecycle of each leather product.

**The sourcing process:** Our team chooses all our shoe factories, and our cooperation is a) regulated by our Purchase Agreement and b) maintained by us always being present during production. For primary materials (tier 2), Vagabond either;

- a) purchase bulk material (leather) and critical components (outsoles) and supply the shoe factories, or
- b) nominate suppliers of textiles and reinforcement components for the factories to order, or
- c) the shoe factories order components suitable for production.

The Code of Conduct and Restricted Substances List are mandatory in our purchase and nomination processes.

**Traceability project 2022:** In September, we initiated our complete Traceability Project, where our factories and we collaborated to get a deepened insight into our sub-suppliers. The project started with a meeting with all our three factories, where each factory got three sub-suppliers to ensure a) CoC and RSL compliance, b) the ability to supply emission numbers connected to our orders, and c) the availability or development of more sustainable articles. We define sustainable options as a component produced with less energy, made of recycled materials, made of less material (less consumption/waste of material), and/or made using less harmful chemicals for working environment reasons.

For 2022 we conclude that transparent business relations are something our factories and sub-suppliers welcome. We could also see how CoC and RSL compliance remains sound and that there is a willingness to share and learn regarding emission data. We also learned how finding more sustainable substitutes for minor components (metal pieces, zippers etc.) requires further initiatives from us as the

purchasing partner. Finally, the Traceability project has opened up for initial discussions regarding solar panels, where initial meetings were held in the fourth quarter of 2022 with two of three factories. The initial outcome of the Traceability project will be shared with and among the factories during the first quarter of 2023.

**Leathers:** Since 2019, we have been a member of the Leather Working Group, and by 2022 we are committed to only purchasing leather from LWG-rated tanneries, which are leather produced according to strict environmental requirements. LWG is the best existing standard available for the leather industry. During 2022, we attended webinars and meetings with LWG to closely follow their priorities and tools’ development. The LWG tool is developing as full traceability and social conditions are added to the initial focus on the environment and energy use. We have looked closer at chemical testing within the LWG program. We conclude that the material must be fully tested for all material batches we order. This is because the chemical testing demands through the LWG certificate program are limited to the chemical used only within the tannery’s process and only on the biggest articles produced.

**Facts LWG (The Leather Working Group)**

*Leather Working Group is a not-for-profit organisation responsible for the world’s leading environmental certification for the leather manufacturing industry. As a multi-stakeholder group, LWG boasts over 1300 members from across the leather supply chain, including tanneries (manufacturers of leather), leather goods manufacturers, suppliers for the leather industry, brands & retailers, and other associations within the leather industry.*

*The LWG vision is to be the number one globally recognised brand representing responsible leather sourcing to the industry and end-users. The mission of LWG is to improve the impact of the LWG supply chain holistically by becoming the overarching standard for leather manufacturing, covering all elements and actors in the leather value chain. An LWG certification is a credible environmental, social, and governance (ESG) certification based on accurate metrics and data-driven insights.*

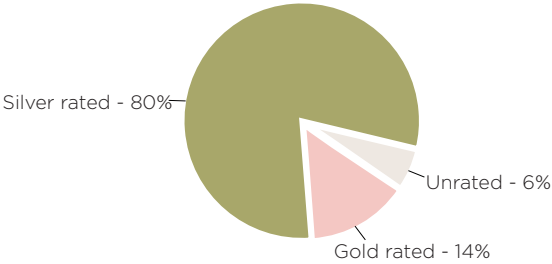
*LWG aim to provide detailed information to enable brands and members to make informed decisions in their leather sourcing.*

So far, when looking at leather substitute materials, complete leather replacement material has yet to be found that meets the Vagabond quality requirements. This

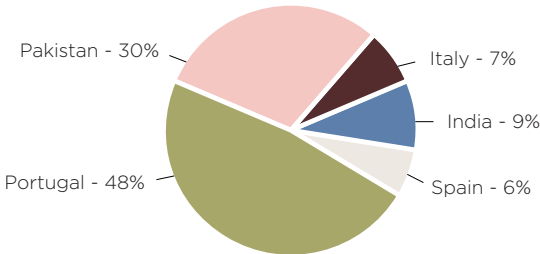
is a challenge since long-lasting products are key sustainability markers.

Our goal is 100% leather from LWG-rated tanneries by 2022, and we are ending this year at 94%. Among our long-term suppliers, we work with one tannery which needs more resources to become an LWG member. Even though the quality and the partnership have been good in this family-owned tannery, we remained during 2022. We communicated that we intend to work with LWG-certified tanneries only, allowing them to join the program. For 2023 and onward, we will have 100% LWG-certified tanneries. LWG criteria are the same for each country; still, in our risk assessment, we also consider the country of origin, especially from general social conditions and transport.

**LWG Rated tanneries (end of 2022)**



**Country of origin 2022 (tanneries)**



**Leather inner soles:** All our shoes with leather inner soles are made with chrome-free tanned leather, as chrome-tanned leather may risk causing allergies when exposed to bare skin.

**Textile linings:** All textile linings and inner soles are organic GOTS-certified cotton, Tencel™, or recycled polyester. Therefore 100% of our shoes with inner textile soles & lining are made from more sustainable material choices. Since we introduced Tencel™ in 2019, it has gradually become our primary choice of material for textile linings. Tencel™ is a fabric made from cellulose fibre that is equally comfortable as cotton but only requires a small amount of water compared to cotton production. Tencel™ is a more sustainable choice in both its production and its longevity.

2022 we further investigated the textile linings: the outer surfaces are all in better material options from a sustainability point of view. Still, conventional cotton was often used to reinforce the upper and the lining. Therefore, we have also changed all reinforcements to organic GOTS-certified cotton. We are gradually switching to as many recycled or biobased materials for technical materials, like toe caps and back counters, to correspond to at least 20% of the content.

We count in pairs, not volume or kilos, because this creates clarity and more possibilities for comparison.

*\*Sustainable material includes chrome-free tanned leather to prevent chrome allergies, organic GOTS-certified cotton for environmental care and healthier cotton farming, recycled material for a more circular approach, Tencel™ for a significantly reduced water usage in the manufacturing process, and other material from renewable sources.*

### **Ethical Material Considerations**

Animal welfare is a part of our requirements and is included as one specific section in our Code of Conduct. We stand against unethical materials such as fur or leather from endangered species and animals bred for the leather only. We are members of the Fur Free Retailer Program (initiated by The Fur Free Alliance). We require our leather materials to be byproducts of the meat industry and argue for using all animal parts for sustainable reasons. As an experienced leather goods brand, our responsibility is to use our production know-how to maximise the leather's use to avoid unnecessary use or waste.

The traceability of leather is also included in the LWG audit scheme, which was one of the reasons for joining the LWG cooperation. 2022 LWG has focused further on traceability and deforestation, as this is one of the top five most relevant topics for the LWG members. In version 7.0 Environmental Audit Protocol, traceability will start to be phased in as a score requirement and impact the overall rating of a tannery.

We continuously look for alternatives to leather materials and have our Non-animal selection as a permanent part of the entire collection. The non-animal articles are made with leather-imitation material specially designed for our customers who prefer materials of non-animal origin. The possibility of extending the Non-animal

collection is a frequently asked question. Although we appreciate and respect that Non-animal is a conscious choice for those who say no or want to limit the use of animal-derived products, the current Non-animal material comes with emission challenges. This leather imitation material is made in PU, which derives from non-renewable sources. Therefore, until we find a better Non-animal material substitute, we will not extend this part of our collection. The critical factor is durability, and so far, the leather imitation in PU is the only material that meets our quality standards. Still, the mission to actively search for options is an established responsibility within our design and sourcing process. We are also having a dialogue with material recycling companies and progressive research initiatives.

In 2022 we launched our campaign “*Make every step count*”, highlighting the critical steps to consider “from the leather we choose to the shoe you use”. By highlighting consumption awareness and sharing ways of maintaining the shoes for more extended wear, we hope to see more and more of our products last longer and turn into new products when thoroughly worn out.

### **From waste to new resources – Shoe Bring Back by Vagabond Shoemakers.**

We are committed to reducing the amount of waste our production is responsible for. This commitment includes optimised material usage by optimised know-how in-house. This concerns product construction, using recycled materials, and taking specific responsibilities after leaving the stores.

Our Shoe Bring Back initiative has evolved into a broader discussion about avoiding waste in general, where leaving your used shoes for recycling is absolutely the last resort. A significant part of the negative impact connected to shoes is the production itself, especially since shoes, unlike clothes, are not washed. During the year, we have seen an increased volume of shoes re-sold on vintage market platforms, supporting the growing interest in secondhand products. At the same time, the discussions on sustainable fashion forums address the importance of secondhand as the secondhand option; buy something you need and intend to use the entire lifecycle.

The argument above is very much alive, alongside an ongoing dialogue with I:Collect, where an extension of the collection options are the core topic; shipping used shoe piece by piece for recycling is currently not justifiable due to the emission aspect.

In all senses, Shoe Bring Back is a way for us to enable a higher awareness of consumption, considering the whole lifecycle of the shoe and cooperating with our customers to reduce waste.

**Material Summary:** To gradually find and change to more sustainable materials has been about the main components, leather uppers, inner soles and textile lining. We aimed for 100% sourcing from LWG-certified tanneries by 2022, and we concluded 94% and will reach 100% by the start of 2023. In our Traceability Project, launched 2022, we extend efforts to cover the sub-suppliers of components from nominated suppliers or sourced directly by our factories. Shoe Bring Back is not growing in pairs, but definitely in accuracy and as the cornerstone of sustainability-aware choices, care and use of shoes as a product.

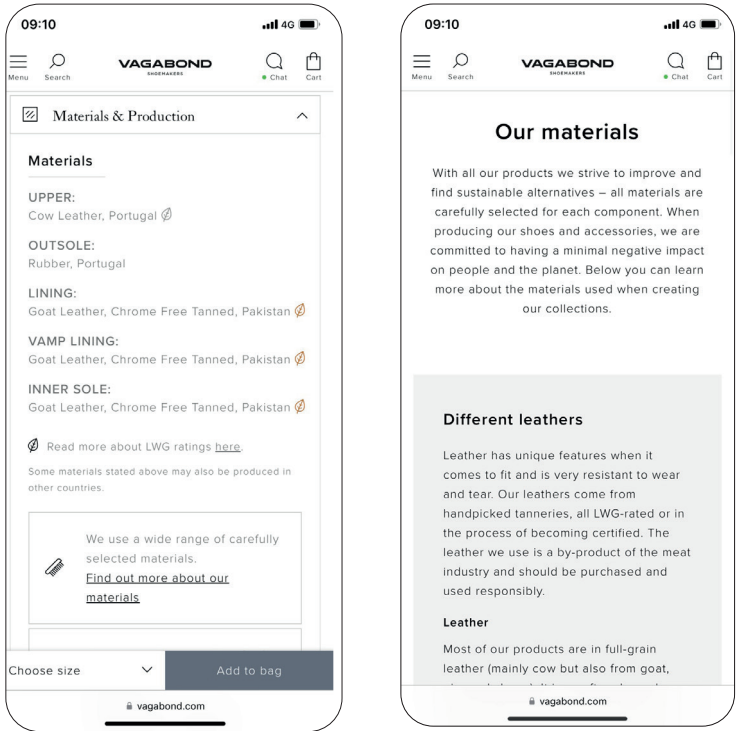
Comparing the development since 2019, we are close to 100% LWG-certified tanneries, and using more sustainable options for textile linings, non-chrome tanned leather inner soles remain steady. On the other hand, the sustainability development of outsoles and collections for our Shoe Bring Back initiative could be faster and clearly negatively affected by the pandemic.

MATERIAL	2019	2020	2021	2022
LGW Certified tanneries	52%	41%	87%	94%
Non-LGW Certified tanneries	48%	59%	13%	6%
Textile linings: GOTS cotton, Recycled polyester, Tencel	100%	100%	100%	100%
Non-chrome tanned leather inner soles	100%	100%	100%	100%
Fur Free Alliance	Yes	Yes	Yes	Yes
Outsoles	-	Pilot: "Vagabond Reborn" outsoles (120 pairs)	-	Included in Traceability project started in 2022
Shoe Bring Back	11.000 kgs	68 kgs (Pandemic stop)	27 kgs (Pandemic stop)	140 kgs

## Transparency / Knowledge sharing

By sharing our product knowledge, we can inspire and guide our customers to better choices for people and the planet. With our customers' increasing interest in transparent information, we continue developing how to communicate our design and production process. For us, withholding the trust of our customers is an integral part of our work.

The core and the highest relevance for our customers is the product. The material information is fully explained in the presentation online and in documents shared with our clients. We maintain our Black Week Statement: "Only buy what you really love" towards end-users and our clients. We are reporting on the Higg Co BRM module yearly, which our key clients, also connected, can take part in.



# Make *Every Step Count*

To further integrate sustainability awareness in consumption decisions, we published our message “Make Every Step Count” online in November. In an open and simplified narrative, we illustrate the steps and the crucial choices and invite engagement through *The Craft*, *The Choice*, *The Care* and *The Change*. In other words, the responsibilities throughout the lifecycle, from design to recycling and reuse. It starts with us making a quality product easy to choose for the right reasons, to the ambition to care for them and eventually pass them on to someone else.



## *The Change*

All good things come to an end. When the love is over, close the loop by passing your unwanted shoes forward. We help you, by bringing them back to life – either for reuse or recycling, no matter their condition.



## *The Care*

The stronger relationship, the more likely you will take care of your shoes. To help you, we provide shoe care products and guides that will increase the longevity of your everyday heroes.



## *The Choice*

We think conscious consumption is all about a mindset: Only buy what you really love. Because your choices matter



## *The Craft*

To reduce our impact on mother earth, we always strive to create shoes made to be loved. Built on pieces that will stand the test of time, both in craftsmanship and design.

## Emissions to air – Greenhouse Gas Calculations

The 2015 Paris Agreement and the nations' commitments to keep the global average temperature well below 2°C above the pre-industrial levels and pursue efforts to limit the temperature increase to 1,5°C above pre-industrial levels were again underlined at the UN Climate Change Conference in Sharm el-Sheik, Egypt, 2022. All industries must take action, and we must do it now. Our value chain acknowledges emissions as a big part of the negative environmental impacts.

In 2021 we started to prepare for Greenhouse Gas Calculations by addressing the activities in our value chain. In 2022 we started cooperating with an external consultant company to prepare the tools for an emission calculation based on the Greenhouse Gas Protocol reporting standard. We can only reach an applicable decision guide and ensure sustainable growth by proper measurement. We aimed to obtain as much primary data as possible (using our close relationship with suppliers and general view of operations) and complement it with science-based data only by exception.

### A) Scope 1 (Direct GHG emissions) Company operations: 35,4 Ton CO<sub>2</sub>e

The greenhouse gas emissions deriving from our head office operations (company cars and heating/cooling) are not a significant part of our total emission lot.

### B) Scope 2 (Indirect GHG emissions) Purchased energy for office, stores and warehouse: 78 Ton CO<sub>2</sub>e

The electricity purchased for our Sweden head office, warehouse and Swedish stores is all supplied by 100% water, wind or sun power. The same goes for our Finish office. For Germany, it is a "German residual mix"; for the USA office, the heating is by oil, whereas the electricity is from a mixed source.

The energy source is mixed for our Vietnam production office, and the usage is higher as they must have an efficient cooling system.

### C) Scope 3 (Other indirect GHG emissions) Purchased materials, production and transport: 25.217 Ton CO<sub>2</sub>e

Processing leather from meat industry waste into smooth leather suitable for leather shoes is energy-intensive. The other main component, rubber-mix outsoles, is the second largest source of emissions. Within this category, we identify three different aspects or derivations; the type of material, place of production, and mode of transport.

**Type of material:** Leather and outsole materials account for 88% of all purchased materials (in kgs), and 81% of all material derived emissions. Consequently, we must focus our resources on understanding and making informed choices in our

leather and outsole material sourcing process.

**Place of production:** The availability of renewable energy at the place of production is crucial, alongside energy efficiency for production equipment.

**Transport:** For a few percentages of our shipments, where the only possible choice has been by air, we conclude that even though being max 3 – 5 % of the shipments, this air freight generates more than 50% of our total emissions to air connected to transport. Therefore, the decision to ship anything by air is a management decision.

The CO<sub>2</sub>e footprint per net sold pair shows a significant difference between B2B (from warehouse to retailer) and B2C. The B2C net footprint measured in kg CO<sub>2</sub>e per net sold pair was 8,3 kg in 2022 (9,2 kg in 2021). For B2B, this number was 0,9 kg in 2022 (0,6 kg in 2021).

The increase in emissions per pair is explained due to more pairs having to be imported from Vietnam to Sweden/USA using air freight during 2022.

It is still noteworthy that our B2C volume accounts for such a large share of our total freight emissions (46% in 2022), even though the volume only accounts for around 10%. Moving forward, this will be remedied by our recent move of e-store warehousing for the North American market from Sweden to the USA. This will enable Vagabond to import e-store articles to the USA via ocean freight, reducing flown distance per pair from the first quartal of 2023.

The emissions data for transports are gathered from our suppliers who have reported our "Well to wheel" emissions. For the suppliers unable to provide us with the necessary data, estimates are used based on the type of transport and the number of tonne-kilometres utilised.

Another part of transport is *work travel*: For 2022, the emissions from work travel are 210 Ton CO<sub>2</sub>e, where air flights are 74% and company cars 20%. Being a global company, work travel is crucial to be close to our supplying and retailing partners. Being onsite is a strategic choice for us to reduce the risk of quality errors and wrong end destinations and purposes for our products, which will create excess stock and waste. On the other hand, we adapted during the pandemic and invested in enhanced equipment for digital client and supplier meetings for a physical meeting complement and lower the work travel frequency.

**Reduction of GHG emissions:** Material and origin are included in our active decision-making, but the energy amount and energy source are more complex. Looking at the complete lifecycle, we need to rely on template emission data for the raw material. There are vast variations depending on the database used to calculate emissions for raw materials. Still, we see that the use of leather and rubber mix outsoles is the biggest source of emissions, and being able to work with primary

data for energy used by our suppliers, is the way forward to be able to actively choose and collaborate on emission reduction with our suppliers in material processing.

For that reason, supporting and initiating solar panels would, apart from making a difference in the emission footprint for our products, also strengthen our factories' sustainability development in general. That's why we initiated these dialogues with one of our three factories in 2022; the others will be included in 2023. In Vietnam, there are projects connected to the Just Energy Transition Partnership (JETP)<sup>1</sup>, within which there is guidance and several national initiatives to refer to, supporting and enabling this development.

At the head office, we offer electric car charges on our parking lot to support using electric cars when commuting by bike or train is impossible.

The smarter packaging: Shoeboxes are made after each type of shoe's specific measurements to ensure the shoe is well kept and protected during distribution and storage. The shoebox "follows" the shoe, meaning it must be maintained if the product is not yet used. An outer shipping box is also needed to protect the shoebox when shipping shoes to end-users.

Based on parcel size simulations, in 2021, we shifted to special sizes of outer shipping boxes, aiming to minimise any unnecessary "empty space" for environmental and efficiency reasons.

We have a max of 5 pairs per order as orders larger than five pairs are likely to induce several unnecessary returns, which cause extra strain on the environment. Also, "Only buy what you really love" is the leading star. Another essential part is the choice of packaging material for both shoeboxes, outer shipping boxes, and outer cartons for wholesale. 2022 all shoeboxes, shipping boxes and outer cartons are in FCS-certified paper. The filling material (to keep the shape of our product during transport) is made of recycled paper. In addition, the shipping boxes for E-com shipping are 100% climate neutral (by ÅterBära, initiated by our partner Avisera).

<sup>1</sup> European Commission: International Agreement to Support Viet Nam's ambitious Climate and Energy goals, December 14, 2022

## **Clean water**

### **- wastewater purification**

Access to clean water is a fundamental human right. Manufacturing textile and leather materials can be a high risk for water supply and contamination. Often this kind of production occurs in areas vulnerable to changes in water supply, biodiversity and soil quality.

The tanning process is quite complex compared to the textile industry, with much fewer initiatives on the follow-up of water and substances in the chain of activities. This is the main reason we joined LWG (Leather Working Group)\* in 2019, and purifying wastewater for environmental and biodiversity reasons is one of the fundamentals of the LWG mission. 94% of our leathers come from LWG-certified tanneries; in 2023, it will be 100%.

*\*read more about LWG on page 9*

## **Process chemicals**

**- reduction and substitution of process chemicals that can be environmentally and/or health hazardous**

Chemical pollution is one of the significant challenges in the modern shoe industry. At both shoe manufacturers and material producers, the processes are chemically intense. We are committed to reducing and substituting chemicals that can cause harm to people and the planet. Recognising that replacing some of the process chemicals without adverse effects on the product quality is very challenging, and we are dedicated to supporting our suppliers in this vital work.

Our Restricted Substances List (RSL) is our chemical management and prevention work, which includes all our chemical requirements. The RSL is based on the EU REACH legislation (The European Regulation of Registration, Evaluation, Authorization, and Restriction of Chemicals) and additional national requirements in our sales and production countries.

We require chemical testing on all materials that go into our production. Suppliers must prove to meet our RSL, and we do extensive chemical testing each season to verify the suppliers' own chemical testing. Any material with non-approved test results will be excluded from our production.

In 2022 we experienced the testing procedure getting stalled mainly due to our extensive test requirements. Still, after evaluating, we decided to keep our requirements the same. Our ongoing process supports this decision, where we continuously update and adapt our RSL to our product type through close collaboration with chemical experts. In addition, we are committed to being at the forefront and experiencing that our tanneries welcome strict test requirements, as they are in all parties' best interests.

Elaborating further, we've determined that we cannot rely on the test requirements connected to the LWG membership. This, as the LWG test requirements are limited to the process inside the tannery and the substances used there and only cover the top biggest articles, these results are not compliant enough for us.



Solid glue and additives are among shoe production's most challenging chemical issues. We cannot allow compromises on the quality that could cause the sole to come off or, in the worst case, cause injuries to our end-users. At the same time, we do not approve of chemicals that require the shoe factory workers to wear uncomfortable protective equipment during all working hours to ensure their safety. We continuously search the market for improved glues that meet our durability and chemical restrictions standards. Still, we are looking for suitable substitutes. Before the pandemic, we joined RISE (Research Institute of Sweden) in a "better glue" project. The initial findings were inconclusive, so we have decided to do a restart, preferably with more partners joining. In addition, we would like to explore both substitute substances and research within the biomimicry field. We contacted RISE and KTH (Kungliga Tekniska Högskolan), aiming to join new projects in 2023.

## Supporting human rights

We work in a global supply chain and industry that sometimes brings complex challenges regarding human rights. We focus on preventing any negative impact on human rights in the areas with the most significant direct impact within our supply chain. We pay attention to new and rising human rights risks and update our policies when needed.

### Children's Rights

We would never accept the exploration of children. By frequently inspecting the suppliers' factories and ensuring that our suppliers have enough knowledge and skills in the recruitment process, we strive to prevent the employment of underage workers. When coming across child labour at any of our suppliers' factories, our inspectors have been given procedures to follow, ensuring that all actions will be taken in the child's best interest.

### Migrant workers and the risk of Modern Slavery and trafficking

Many people travel far to find a job. In our industry, these people are often described as migrant workers. Migrant workers are more vulnerable to exploitation by unethical recruitment agencies. High recruitment fees that put workers in debt and make them depend on their agents can, in the worst case, also lead to forced labour and human trafficking. All of this goes into the scope of modern slavery and/or the trafficking of people. We want to make sure that any migrant worker involved in the manufacturing of our products has the same equal rights and benefits as the local workers, that there is no discrimination in salaries, working hours, or benefits, and that the employer or contractor does not withhold ID cards or passports. We bring these transparency and fair recruitment issues up on the agenda during our inspections throughout the supply chain.

The recruitment process can be very complex in many countries, with many external parties involved and limited transparency. Sometimes, the recruitment agencies need more insight into their business, leaving the factories struggling to ensure

human rights are met. In these cases, we want to support our suppliers in tackling the issues. We know we cannot do this alone and must cooperate with local specialists and NGOs to reach long-lasting change in the global recruitment industry. To demonstrate our commitment to fighting Modern Slavery and Trafficking, we renew our statement to the UK Modern Slavery Act every year and sign for the California Transparency in the Supply Chain Act.

## Our own workplaces

Being an international company, we can make a positive difference for many people, for all hands involved in our supply chain worldwide. By staying close to the process and owning our product and brand, we have great opportunities to create strong teams where cultural values and work methods are spread within and between groups. The sum of business knowledge is high. The atmosphere is that it is ok to ask questions, and we work according to a "Decision-making principle": anyone can make decisions if they involve co-workers with experience and people affected by that decision. In combination, the foundation of our core beliefs is that we are "Always a We." Therefore, we see significant opportunities for different skills and backgrounds to come together. Through daily and regular gatherings of our multi-cultural global team, we learn to see the world from different angles, truly enriching us and creating a positive foundation for the organisation and business to develop sustainably.

100% of all employees at Vagabond International AB in Sweden are covered by a central collective agreement. We work with international HR consultants for remote sales and production offices to ensure local legislation and other conditions.

In 2022 we put focus on re-uniting at the offices. An efficient job can be done from home, although we know that our business and staff teams and individual development happen when we work together. Consequently, even though we are applying an option to partially work from home 1-2 days a week, depending on the role and situation, the benefits of the office presence are highlighted, for example, in the joint breakfast breaks every morning, a social water hole missed by many during the pandemic. For our "Enjoy going back to the office" highlight, we invited everyone at the head office and warehouse for a food truck lunch event.

The most substantial impact on our workplace in 2022 is undoubtedly connected to the Ukraine conflict, which immediately affected our Russian business and the Russian staff. Despite the emotional process of letting long-term and loyal staff members go, there was never a hesitation to be dedicated to the sanctions to oppose the offensive war in Ukraine.

Immediately on February 24, crisis discussion began, prioritising our staff in Russia and our Ukraine customer's staff and the general humanity crisis that struck Europe. Ten days after the invasion war in Ukraine started, our Russian stores were

closed, and the process of shutting down our office in Moscow began. All deliveries bound for Russia were redirected to our warehouse in Sweden, which was about 2/3 of the total spring delivery. During spring and autumn, all store and office leases were ended. The staff in Russia and our other offices were informed about each step in this crisis management, and we experienced understanding and collaboration. The last employee at the Russian office left in the third quarter of 2022. Our company in Russia is dormant until further notice.

Our charity donations for 2022 primarily went to support the organisations actively trying to help the people of Ukraine, and we are staying in close contact with our Ukraine customer Intertop.

### Policies that guide us

To help us in this work, we use policies, routines, and action plans. Examples are policies and documented approaches to alcohol and drugs, business ethics, threat and violence, equality and diversity, harassment, insulting treatment, bullying, rehabilitation, and work adjustment. Other central documents include our Code of Conduct and Child Labor Policy and Action Plan. In 2022 we introduced a secure whistleblowing service where all staff or stakeholders can anonymously address any suspected misconduct in our organisation. This is communicated on our website and in our staff handbook.

### Supporting our staff and leaders

In 2017 we developed a cultural staff handbook – 'A Shoemaker's Handbook' – focusing on who we are, what we believe in and stand for, and how we work and envision the future. The handbook has been spread to all our co-workers, and training sessions have been held in several Vagabond offices around the globe. During 2022 a few of our department managers participated in a training program and its evaluation to customise leadership training during 2023 and onwards.

### Gender distribution

Traditionally, our business attracts more female than male employees. We see this pattern in our global employee statistics. 70% of our employees with permanent employment contracts are female, and 30% are male. There are female and male employees in all departments, and the gender distribution of managers at Vagabond Head Office is 50% female leaders and 50% male.

### Empowering our people

*Education and engagement:* for our process in the sustainability field, all employees must be continuously updated on what is going on in the business, what steps we are taking, and how we tackle the challenges we meet. We use quarterly staff meetings and our intranet to update sustainability actions continuously. In our kitchen area, we are promoting household waste sorting and a "one coffee mug a day" to raise awareness of the easy daily responsible actions.

*Health and safety:* we are committed to providing a safe and healthy environment in all our units. In 2022 we had zero reported work-related injuries.

We provide first aid and fire-fighting training at the head office and warehouse in Sweden and our factory in Vietnam. We also measure that light, noise, and temperature are within the specific limits for good working conditions. We moreover ensure that the chemical emission levels are within acceptable limits for the producing departments.

#### **Participation in a changing world**

*Charity donations:* Part of our engagement in a changing world is manifested by our contributions to charity and helping organisations. We want our co-workers to feel that their work has generated profit for the company, helping people in difficult situations and restoring the planet. Our charity focus areas are a) *health*, b) *the well-being of the young or exposed*, and c) *the environment & climate*. In 2022 more than half of our EUR 160.000 went to UNHCR, Unicef and Doctors without Borders to mirror the vast needs in the wake of war and conflicts in Ukraine, Syria, and Afghanistan. We communicate our donations under the “We Support” tagline on our social media channels. Due to redirected goods initially intended for Russia and cancellations connected to financial difficulties for some of our clients in the wake of the pandemic, we experienced some excess stock. We chose to forward about 5000 items to Loza Foundation, Human Bridge and Red Cross Sweden, all trusted partners, proving that our products will get a new meaningful purpose and not become waste.

### **Production working conditions**

#### **The people in our supply chain**

Vagabond acts in a diverse, global network with several hundred people in the supply chain to make Vagabond products. Considering both direct suppliers and sub-suppliers, there is production for Vagabond in more than 20 countries. Our direct suppliers are shoe and accessory manufacturers. After closing our own Vietnam factory in 2021, our full focus in 2022 has been to offer weekly support for our three external shoe factories.

#### **Freedom of Association**

According to national law, all our factories offer Trade Unions, which 90-95% of all workers are connected to in our three factories. Meetings are held monthly in one of the factories, the others twice a year.

#### **Vagabond's Code of Conduct**

The supplier must be a skilled shoemaker and pass our strict quality and chemical requirements to work with Vagabond. Equally important are the sustainability criteria, and signing Vagabond's Code of Conduct (CoC) is a precondition for doing



business with us. Once the CoC is signed, an initial inspection visit occurs in the factory before production commences. As soon as a supplier is accepted for Vagabond production, the supplier will immediately be included in the inspection scheme.

### Our CoC inspections

Our experienced local CSR staff do our inspection work, both the initial full inspection and the follow-ups on misconduct cases. We've used a tool based on the international SA8000 framework for working conditions to document and measure how well the factories meet our Code of Conduct requirements. The Vagabond CSR team's primary responsibility was to follow up on these actions closely. We could see a faster and better commitment from the factories concerned compared to our previous setup. In July, we conducted our first external audit since 2020 (with Intertek). For 2022 we switched to TÜV SÜD, as we found their structure and focus of questions to be better compatible with our own audits.

### Dealing with challenges of implementation

We found that some results were lower than in previous years, where we've had relatively high levels relevant to the business average. We understand that it has been challenging for the factories to maintain high compliance over time due to the disruption of sudden lockdowns, constraints and irregular order entries caused by the pandemic. We appreciate that it has taken some time to get back on track. Still, we also acknowledge how our presence and support to our three main suppliers have been more important than ever to maintain focus on CoC compliance. Mainly, the discrepancies are within the working environment and control of working hours. To follow up fast and effectively, we hired one more person to help with the everyday coaching and to use her experience, combined with the full attention of our General Production Manager, to get a quick start on the corrective actions needed. In addition, all our Quality Controllers, and other staff travelling for production, have a compliance checklist & routine. That means that all Vagabond staff working with production are not merely ambassadors for good product quality but also a good working environment. The instructions are to contact our Vietnam CSR team and our production manager, and the issue will be addressed immediately, regardless of whether it is minor or severe.

*"Vagabond staff working with production are not merely ambassadors for good product quality but also a good working environment."*

- Anna Fahle Björcke, Head of Communications & Sustainability

### CSR training

In 2022 we held two training sessions in our production office in Ho Chi Minh, and the CSR representatives from each factory joined. During these training sessions the Vagabond CSR team presents our Code of Conduct, the risks and how to work preventively. This training concerns the working environment from a health, environ-

mental and social perspective. Besides informing them about our requirements, we are also keen to nourish the long-term relationship and enable a transparent dialogue among the suppliers.

*"We want competitiveness to lie within the production skill; the good examples within environmental and social compliance must be shared."*

- Anders Odén, CEO

### Phasing out suppliers that cannot meet our standards

The supplier's good attitude and engagement in improving are crucial for our continued business relations. We favour the suppliers that engage in the Code of Conduct work. These suppliers will continue to receive stable production orders and ongoing interaction from Vagabond.

There are occasions when our CoC requirements are yet to be met. The supplier is always given a clear explanation of our expectations and time to improve. If the supplier fails to meet our standard, we would gradually phase out the supplier, providing time to allocate production and, thus, job opportunities to other customer orders. In 2022 no supplier was phased out due to non-compliance reasons.

### Grievance mechanisms

Since 2019 we have started a worker hotline that can inform us of any grievances regarding CoC compliance in the supplier factory. The hotline number is included in our CoC, printed and posted in the factories. During the interviews with the workers, our inspectors explained how the hotline works, that the worker's feedback would be kept confidential if required, and what type of grievances we could support them. We also explain that grievances should first be addressed to the factory managers, but we would like to be informed to keep improvements if the issues cannot be solved. There was no grievance reported via the hotline during 2022.

### Fair wage

A fair wage is a complex subject, as there is no universal benchmark for calculating a living wage<sup>2</sup>. We always want to collaborate with the best-skilled factories, so we expect the suppliers to follow nationally legislated salary settings at an absolute minimum. However, legislation must accurately reflect a labour market driven by need and supply. Our ongoing wage scanning shows that our supplier's salary payments exceed minimum standards. Still, validating fair wages is challenging as a buying partner. We stress the importance of a productive dialogue between management and worker organisations, which is crucial to creating awareness and sound wage development. In the long run, there must be alignment among governments, trade unions, NGOs, buying companies, and producers to qualify for appropriate wage levels. In 2022, we resumed our salary mapping, which started before the pandemic and will evaluate other critical factors in salary setting apart from the mandatory legal requirements.

# Vagabond Code of Conduct\*

## **1. Contract of employment**

There should be a legally binding employment relationship for every worker.

## **2. Minimum age and Regulations for Young Workers**

Vagabond does not accept child labour.

## **3. No forced labour**

Employment shall be freely chosen.

## **4. No discrimination**

All employment relationships shall be based on equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, pregnancy or childbirth, social origin or handicaps.

## **5. Freedom of association and the right to collective bargaining**

The right of all workers to form and join trade unions shall be respected. Workers' right to negotiate collectively must not be prevented in any way.

## **6. Compensation**

Wages and benefits paid for a standard working week must meet at least legal and industry minimum standards. In any case, where the minimum standard is not enough to cover the workers' basic needs and allow for discretionary income (some savings), the employer is urged to strive for a living wage.

## **7. Working hours**

There must be no excessive working hours.

## **8. Safe and healthy working conditions, no harassment or abuse**

Vagabond requires that suppliers provide safe and healthful workplaces for their employees.

## **9. Environmental care**

Vagabond encourages progressive environmental work. As a minimum, National Environmental legislation and standards in the country of operation must be followed.

## **10. Animal welfare**

Suppliers must respect animal welfare and work progressively towards adopting healthy and humane practices toward animals.

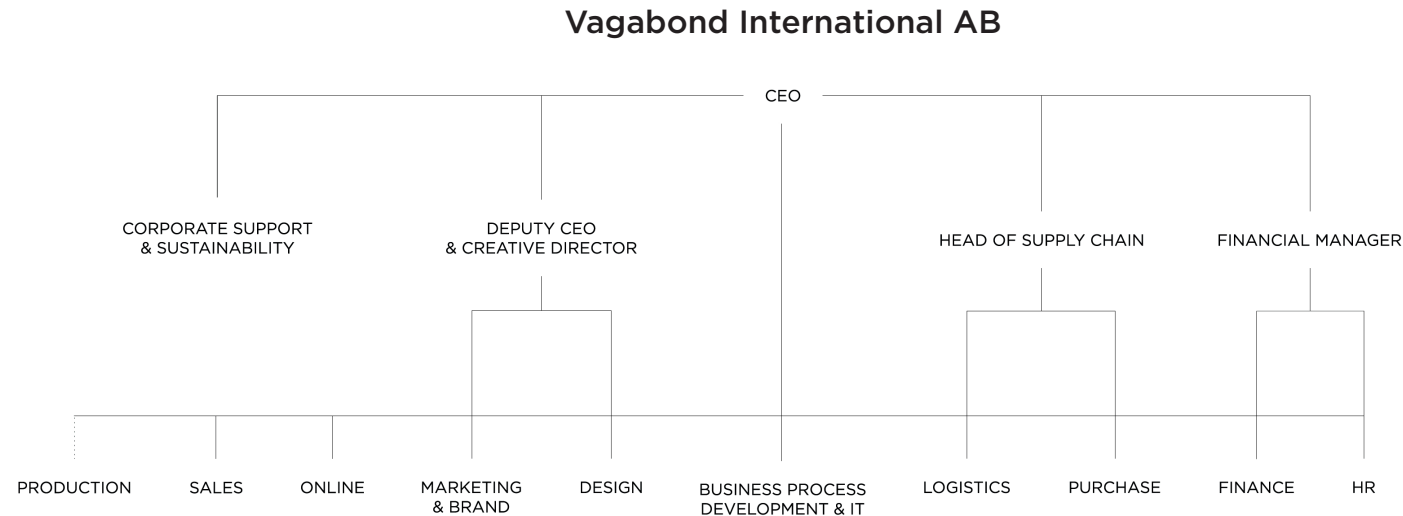
\* Vagabond's Code of Conduct (CoC) in brief. The complete CoC can be read on <https://www.vagabond.com/us/about-us/sustainability/>. Vagabond's CoC is based on the UN Human Rights Declarations, the UN Declaration on the Rights of the Child, and the ILO Conventions on Workers' Rights. The CoC also includes our environmental requirements, and our CoC is currently translated into Vietnamese and Chinese.

# Our business structure

Vagabond International AB is a family-owned private company, and Vagabond Shoemakers is one of Europe's leading fashion shoe brands with a production of about 1,5 million pairs and accessories annually. Vagabond's design studio includes a full-size prototype production workshop at the global headquarters in Varberg, Sweden.

Production is sourced from a few of our carefully handpicked external suppliers. The products are sold in more than 45 markets worldwide, including Scandinavia, Germany, the UK, and the USA. The brand is displayed in concept stores, online stores, and shop-in-shops and is featured within international department stores and selected multi-brand stores worldwide.

As of December 2022, Vagabond employs 222 people, including 158 at the headquarters in Varberg. Local sales, retail business, and manufacturing are handled by twelve subsidiaries, all wholly owned by the mother company. The branch offices are staffed locally and report to Vagabond International AB in Sweden. For 2022, the net sales were 817 MSEK, and the total capitalisation was 705 MSEK.



# Summarising 2022

*In the first half of 2022*, besides the vast concerns regarding the unstable situation in Europe caused by the invasion of Ukraine, our CSR projects mainly consisted of preparations for mission calculation according to the Greenhouse Gas Protocol. We decided to work with 2050 Consulting AB for validation of our collected emission data from Scope 1 (Direct), Scope 2 (Indirect), and Scope 3 (other indirect).

We also prepared the production of our official message, “Make every step count”, by engaging The Bond Communication Agency and a workshop around transparent and engaging sustainability communication.

*In the second half of 2022*, we launched the Traceability project together with our factories – learning the willingness to share information and improve transparency is well-founded. Still, we must initiate efforts to look for substitute materials. From a social perspective, we returned to the same audit and follow-up system as before the pandemic, but with massive respect for the obstacles to fully returning to normal operations. Therefore, the extended CSR team immediately resumed training with the CSR responsible staff from our factories, combined with frequent visits. We also had training for our Quality Controllers to present a checklist for social safety in the working environment to ensure that their factory presence is not just about product quality but also quality in the production environment. This extended responsibility has benefited compliance and increased awareness with value for all parties concerned.

We had a 2-day conference for the head office and warehouse in October. The purpose was to get back together after the pandemic, to raise the understanding of what we focus on in each function of the company, and to elaborate in teams on the areas in our business model; New & Existing Business, Efficiency, Brand Ownership, Enjoy Going to Work, and Sustainability.

Concluding our emission calculations at the end of the year, they are aligned with existing science-based facts as the major part of our emissions derives from production (86%). We also see how conscious choices of collaborating suppliers and mode of transport all have an impact on our emissions. Additionally, initiating and supporting our suppliers to join a green energy transit is crucial and urgent from a global responsibility perspective.



# About the report

This report has voluntarily been prepared concerning the GRI2016 Standards. The material references GRI 102 General Disclosures and the disclosures included in the part Reporting Practice. We are in transit to GRI2021, which will be used for the report for 2023, based upon an updated materiality analysis which will take place during the third quarter of 2023.

The information in this report is for the financial year of 2022, starting January 1 and ending December 31. The report constitutes Vagabond International AB's statutory sustainability reporting. The reporting data covers the Vagabond Group. We report our impact across prioritised areas within our value chain, using our data in most cases and additional statistics from some of our partners. In each issue of external report data, this will be notified. Our sustainability team collects all data from the relevant function within our organisation and external parties such as suppliers and partners. The data is based on the best possible systems that are currently available for us. Whenever limitations have been made, this is described within the chapter. In 2022 Vagabond International AB closed the Russian subsidiary.

In 2022 we closed all Vagabond Concept Stores in Russia (6 units). We also closed 2 in the Czech Republic and one in Germany. We have seven remaining concept stores in Sweden, Germany and Finland. There have been no changes in the ownership structure during 2022.

## Contact

For more information, please contact us at:  
[www.vagabond.com/contact](http://www.vagabond.com/contact)

GRI 102: General Disclosure 2022 (core)			
Number of disclosure	Disclosure	Comment	Page number
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organisation		22
102-2	Activities, brands, products & services		20
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102-4	Location of operations		16, 20
102-5	Ownership & legal form		16, 20
102-6	Markets served		20
102-7	Scale of the organization		4, 6
102-8	Information on employees & other	See GRI-index	23
102-9	Supply chain		4
102-10	Significant changes to the organization & its supply chain		21
102-11	Precautionary principle or approach		6
102-12	External initiatives		5, 8, 10-14
102-13	Membership of associations		6
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker		2
<b>ETHICS &amp; INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behaviour		2-4, 7, 12, 16-17
<b>GOVERNANCE</b>			
102-18	Governance structure		5-6
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups		5
102-41	Collective bargaining agreements	100% of all employees in Sweden are covered by collective agreements. 90-95% of the employees at our shoe factories are covered by	16-17
102-42	Identifying & selecting stakeholders		5
102-43	Approach to stakeholder engagement		5
102-44	Key topics & concerns raised		5
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements		22
102-46	Defining report content & topic boundaries	GRI's reporting principles have been taken into	6, 8, 22
102-47	List of material topics		5
102-48	Restatements of Information	No restatements of information from previous reports have been made in this report	
102-49	Changes in reporting	No significant changes have been made	22
102-50	Reporting period		22
102-51	Date of most recent report	May 2021	
102-52	Reporting cycle	Annual	22
102-53	Contact point for questions regarding the report		22
102-54	Claims of reporting in accordance with the GRI Standards		22
102-55	GRI content index		23
102-56	External assurance	The report has not been externally assured	

GRI 102: General Disclosure 2022 (core)		
Number of disclosure	Disclosure	Page number
<b>MATERIAL TOPICS</b>		
<b>Environmental Standards</b>		
GRI 301: Materials		
103-1-103-	Management approach	8-11
301-2	Use of recycled material	8-11
GRI 305: Emission to Air		
103-1-103-	Management approach	4-5, 13-14
305-1	Direct (Scope 1) GHG	13
305-2	Energy indirect (Scope 2) GHG	13
305-3	Other indirect (Scope 3) GHG	13
305-5	Reduction of GHG Emissions	13
GRI 308: Supplier assessment environment		
103-1-103-	Management approach	5
308-1	Amount of new suppliers that have been evaluated according to environmental	None during 2022
<b>Social Standards</b>		
GRI 403: Occupational Health & Safety		
103-1-103-	Management approach	5, 16, 19
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related	23
GRI 405: Diversity & equal opportunities		
103-1-103-	Management approach	5
405-1	Diversity of governance bodies and employees	16-17, 23
GRI 414: Supplier assessment social		
103-1-103-	Management approach	17-19
414-1	Amount of new suppliers that have been evaluated according to social criteria	None during 2022

## 2022

### 102-8 Information on employees and other workers

		VB International	Finland HQ	Finland stores	Germany Stores	Germany	RI Sweden	Vietnam	US	NO	DK	Total
GRI 102-8	Number of female employees with permanent employment contract	81	1	12	4	2	13	5	1	0	1	120
GRI 102-8	Number of men employees with permanent employment contract	44	1	0	1	1	0	1	2	1	0	51
GRI 102-8	Number of female employees with temporary employment contract	18	0	0	1	0	6	13	0	0	0	38
GRI 102-8	Number of male employees with temporary employment contract	9	0	0	0	0	0	4	0	0	0	13
GRI 102-8	Whether a significant portion of Vagabond's activities are performed by workers that are not employees, e.g. consultants (Yes/No)	3	0	0	0	0	0	0	0	0	0	3
GRI 102-8	Does Vagabond have significant variations in the numbers reported above during the year, e.g. due to seasonal variations? (Yes/No)	0	0	0	0	0	0	0	0	0	0	0
GRI 102-8	Number of female employees working full-time	78	1	1	1	2	3	18	1	0	1	106
GRI 102-8	Number of female employees working part-time	21	0	11	4	0	16	0	0	0	0	52
GRI 102-8	Number of male employees working full-time	50	1	0	0	1	0	5	2	1	0	60
GRI 102-8	Number of male employees working part-time	3	0	0	1	0	0	0	0	0	0	4
		152	2	12	6	3	19	23	3	1	1	222

**VAGABOND**  
SHOEMAKERS

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