The image features two women from the waist up. The woman on the left has dark, curly hair and is wearing a bright orange, long-sleeved, open-knit cardigan over a matching orange top. The woman on the right has long, straight brown hair and is wearing a bright orange, sleeveless, ribbed dress. The background is a plain, light-colored wall with a large, semi-transparent pink triangle on the right side. The text 'THE PROGRESSIVE JOURNEY' is overlaid in the center in a large, white, sans-serif font.

THE PROGRESSIVE JOURNEY

Vagabond Shoemakers Sustainability Report 2021

VAGABOND
SHOEMAKERS

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Note: aligned with the general sanctions connected to the Ukraine war, our sales in Russia were stopped in March 2022. Our company restructure in Russia will be described in the sustainability report for 2023.

A word from our CEO

Entering the second year of the pandemic impacting all steps in our value chain, our main challenge and priority can be summarised by daily dealing with uncertainties and plan changes. All with the best interest of every hand involved and the responsibility of our suppliers and retailers, making it through the pandemic and adapting to new conditions.

Keeping in mind that the pandemic has challenged all actors in our value chain to maintain operative, sustainability initiatives like audits and environmental data collection has been disrupted. Due to long-term suppliers having to partly or wholly close during the pandemic, we also had to move production “overnight” and without the possibility of prior planning meaning starting up with new suppliers, which is connected to additional risk assessments. On the other hand, the circumstances have called for even closer collaboration with our business partners. For example, we have stayed onsite with our factories, as much as quarantine regulations have allowed, for a necessary hands-on presence when assuring quality and dealing with altered production plans. We always do this, but now we have seen the benefits of our staff being present throughout production.

Furthermore, when general business is unpredictable, we have been focusing on smaller projects, for instance, mapping return freights for our online sales and inviting our end-users to take an active part in reducing unnecessary return freights when possible.

We also have streamlined packaging to avoid empty shipping space. These are small but crucial improvements that will enable us to reduce emissions in all steps of our value chain and are relevant to our growth.

Working from home in different cities and countries has been challenging for the organisation and we have focused on teaming up, close collaboration and our employee’s well-being under these circumstances. To prepare for a re-joint at our offices, onboard new members, and keep our company culture alive, we have also spent time on several projects connected to our focus area, “Enjoy going to work”. These projects become important learnings that we can then apply from a broader perspective post-pandemic.

Although trying times, we are pleased to see that what we have delivered is very well received, which encourages us to be a relevant and long-lasting choice for our end-users. This is also a responsibility we take seriously. Our vision is to positively impact the people and communities associated with our activities and help meet the needs of both present and future generations.



Anders Odén, CEO
Varberg, April 2022

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-users’ 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, online, 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 to come.

“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

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 or 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.

“With our mission to be a global fashion brand comes a great responsibility to think and act sustainable on all levels. This journey is about awareness of material choices, production, transportation, and consumption. At the same time striving for innovations and solutions through cooperation can really be a game-changer.”

Anders Odén, CEO

General target: reducing emissions by 50% in 2030

Thoroughly breaking down our value chain to identify key event areas and impacts, we decided to “reduce emissions to air” to be our overall target. The reason is that we can locate emission 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. The continuing pandemic during 2021 meant that collecting data got very difficult. Therefore, the focus has been on creating our tool, testing, and evaluating. We have also presented our Greenhouse Gas Calculation model for selected suppliers positively.

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 & materiality analysis

Since 2015 Vagabond’s sustainability team has conducted a yearly stakeholder analysis. Our primary stakeholders are the ones who are directly affecting our value chain or who are affected by your operations throughout the value chain; suppliers, wholesale partners, and end-users. When the pandemic hit 2020, immediate actions were maintained 2021, which meant close and regular contact with all suppliers and customers. The aim was to fully understand the course of events and make necessary adjustments that benefit the total value chain.

Suppliers: We have prioritised staying close to the production as much as possible for both existing and new suppliers onboarding during the pandemic. In Vietnam, our production office has been closing our manufacturing unit and supporting our external suppliers by regular check-ups and physical visits whenever allowed due to corona restrictions.

Customers: A gradual and steady shift toward our concept channels led to an increased customer stakeholder dialogue online. One example is efficient systems for signing up on products not yet in stock. We have also invited our ordering customers to participate in reducing return freights. For our B2B customers, we have been working to comply with their sustainability requirements for several years; in 2021, we also started to introduce our sustainability focus agenda. Even though most areas are coherent, we could see that we focus further on transportation (return rates) than what we have seen from our customer requirements. The learnings are the importance of our official online store to facilitate the full scope of sustainability information concerning the Vagabond Shoemakers brand.

Staff: We’ve looked into the business model through the post-pandemic conditions. Most importantly, the focus area “Enjoy going to work.” In 2021 over 80% of our staff in offices and stores participated in a questionnaire by answering open questions regarding different aspects of what makes us enjoy going to work. These findings were then elaborated through teamwork and concluded these three main areas to be our joint target throughout the organisation:

1. Feedback training: give and receive feedback efficiently
2. Meeting structure: plan and use our time better
3. Ambassadors: onboard new coworkers, highlight all functions, and stay updated on brand news

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

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. These objectives and focus areas are set by the Sustainability Management Group, led by the Sustainability Coordinator. 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 Management Group. In 2021 focus has been responsive to the rapid changes in production, forwarding, and risk assessments connected to starting working with new suppliers in new countries. The Sustainability Management Group has monthly full group meetings, and in-between that, specialised breakout groups address specific questions.

The Board of Directors of the Parent Company is briefed continuously on developing sustainability objectives. During 2021 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 2021 we discussed the learnings connected to joining the Higg Co Index.

Vagabond Sustainability Management Group



Anna Fahle Björcke
Head of Communications & Sustainability Coordinator



Anders Odén
CEO



Paulo Martins
Vice President,
Vagabond Vietnam



David Fyhr
Production Coordinator
Controlling



Marcus Svensson
Purchase & Quality Manager



Camilla Nordestgaard
Technical Coordinator



Tomas Paepke
Supply Chain Manager



Lena Geiser
HR Manager

Sustainability risk

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 and do this 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.

Area	Partner/Cooperation
- Chemical Management	- LWG (Leather Working Group)
- Substitution of hazardous process chemicals	- Nordic Shoe Network
- Water, energy and chemical management in the supply chain	- I:CO / SOEX
- Responsible sourcing	- CSR in Western Sweden
- Reuse / Recycling	- Svensk Handel
- Cross-industry network	- GFA (Global Fashion Agenda)
- Ethical leather	
- Circular design / Circular economy	

Ethics and 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, which we 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 any doubts within our organisation and with business partners.

Currently, there is a hotline for all suppliers, e.g., a number to call to raise any concerns of misconduct within our organisation related to unethical behaviour and corruption. We are also investigating how to handle critical matters correctly and objectively. No allegations of corruption have come to our knowledge during 2021.

Cooperation

We are convinced that 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

Top priorities

The matrix points out our top priority topics in the impact areas of high interest to our stakeholders, whether we have high or limited possibilities to act or make a difference.

From the analysis of 2019, below 7 top priorities were highlighted, and these top priorities remain and have been worked with during 2021:

1. Material
2. Transparency/Knowledge sharing
3. Emissions to air
4. Clean water
5. Process chemicals
6. Our own workplaces
7. Production working conditions



1. Material & Circular Economy



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. We have initiated a full-scale mapping of all our materials within the production process, leading to even less waste and less use of reinforcement materials, e.g., avoiding material mixes that are more difficult to repair, separate, and reuse.

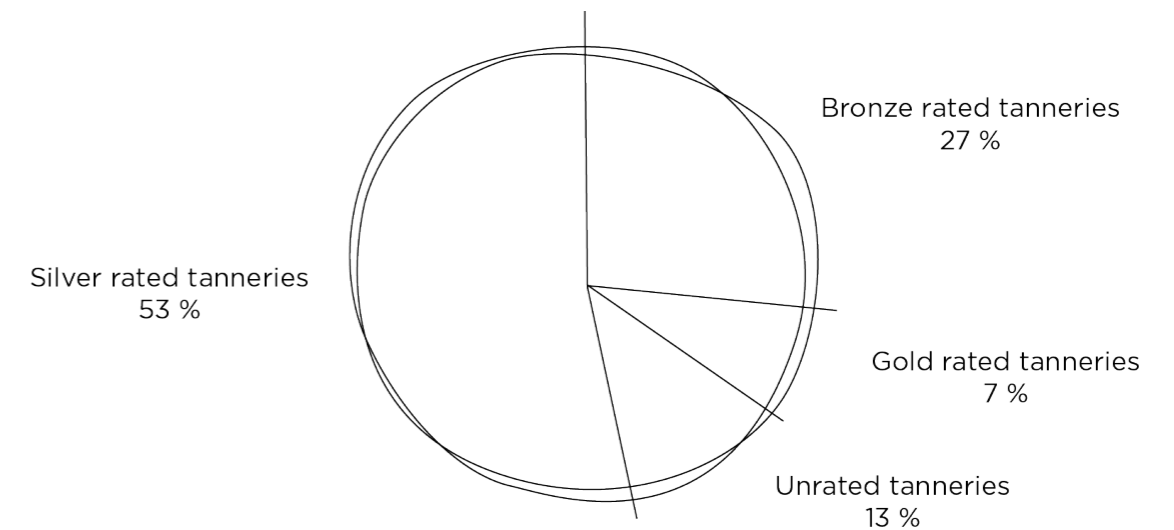
The sourcing process: Our team chooses all our shoe factories, and our cooperation is a) regulated by our Purchase Agreement and b) maintained by us always being present during production. For primary materials (tier 2), Vagabond nominates all our tanneries and textile suppliers. Code of Conduct and Restricted Substances List are mandatory in this nomination process. Vagabond places bulk orders for some of the materials our Bonded Warehouse in Vietnam distributes. Other materials are ordered by the shoe factories directly, but only the ones nominated by Vagabond are permitted.

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 and social requirements. LWG is the best existing standard available for the leather industry. During 2021, the sustainability workgroup has attended webinars and meetings with a few of the LWG representatives to get a better understanding of the scope of their audit protocol, to see if we can use specific data to do detailed mass balance analysis, meaning specifically monitoring how much water, what kind and how much substances are needed for 1000 kilos of raw hides. The goal is to learn and be able to dialogue with our tanneries about possible improvements in wastewater quality and find more sustainable substitute substances when possible. Our conclusion for 2021 is to use the information from the LWG audits before initiating further mass balance calculations on each tannery.

So far, when looking at leather substitute materials, no complete leather replacement material has been found that meets the Vagabond quality requirements. This is a challenge since long-lasting products are key sustainability markers.

For 2021, 87% of our leather materials are from LWG rated tanneries. During the pandemic, scarcity of material and the fact that LWG audit programs have been delayed has, in turn, resulted in it not being possible to progress as quickly as expected. Still, our goal of 100% LWG certified tanneries for 2022 remains.

LWG Rated tanneries (end of 2021)



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, 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.

An LWG rating is gold, silver or bronze depending on the scores from the LWG audits, where gold is the highest.

Leather inner soles: In 2021, all of 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 in 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 2019, we have introduced Tencel™ as an alternative to organic GOTS cotton. This is mainly to reduce damaging production's harmful water and environmental impact. Tencel™ is a fabric made from wood fibre that has an equally comfortable feeling like 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.

Ethical Material Considerations

Care for animal rights 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.

Due to a globalised leather market and sometimes weak national regulations, there can be difficulties tracing the leather from the tannery to the farm. In 2015 we joined a Swedish initiative for material deriving from animal origin, driven by the trade organisation Svensk Handel (Swedish Trade Federation). We cooperate with many other apparel and footwear companies to form standard animal welfare policies in this initiative. This cooperation also serves as an excellent platform to share experiences from improvements on traceability. Traceability of leather is also included in the LWG audit scheme, which was one of the reasons to join the LWG cooperation. 2021 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 explore alternatives to leather materials and have our Non-animal selection as a permanent part of the collection. The non-animal articles are made with leather-like material specially designed for our customers who prefer materials of non-animal origin.

Our main sustainability argument is that we make quality products that will be "your wardrobe's best friend." We want to urge our end-users to buy what they really love, use it a lot, care for it, and eventually pass it on to someone else. 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 that 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.

Aiming to help find a new purpose for shoes ready for reuse and recycling, we engaged in a recycling pilot project at the end of 2016. In cooperation with the German company I: Collect (I: CO), we collected used shoes to avoid them ending up in the household garbage. This project developed into our Shoe Bring Back program. 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. Our customers have very well received the initiative. In 2020 and 2021, we collected fewer used shoes than before due to pandemic restrictions and consequently a lower footfall to our concept stores. Nevertheless, we rest assured that this initiative is here to stay. To inspire our end-users living far from our concept stores, we aim to encourage them to look for local solutions for a) passing their shoes on to someone else once they do not want them anymore or b) finding the best option for safe recycling near where you live such as safe municipal collecting.



2. Transparency / Knowledge sharing



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

1. Material information: components, contents, and origin are available in close connection to each product. This concerns both our retail clients and our end-users, and we do this by developing the product presentation online and the product documents shared with our clients.
2. Black Week statement: 2021, we maintained that Black Week is contra-productive to our idea of "Only buy what you really love." In our channels, we did not participate, and we have communicated our standpoint to our retail clients as well.
3. HIGG CO: Starting in 2021, we have joined the HIGG CO Index and sustainability self-assessment to share our CSR process and development.

One valuable benefit of increased transparency is the dialogue with both clients and end-users. We want to understand better what we are doing and the challenges we face in a relatable and helpful way for each wearer of our products.

"In "Fast fashion," we want to challenge the word "fast", not "fashion". Fashion is cultural, progressive, and expressive, including an urge for long-lasting style."

Anna Fahle Björcke, Head of Communications & Sustainability

3. Emissions to air



The 2015 Paris Agreement and the nations' commitments to keep GHG/CO₂ emissions and the climate effect at a maximum of 1,5°C were again underlined at the UN Climate Change Conference in Glasgow 2021. All industries must take action, and we must do it now. In our value chain, we acknowledge emissions to be a big part of the negative environmental impacts throughout the chain. Consequently, we will focus and engage all company functions on different levels. In 2021 we continued to work with our third-party suppliers, looking to optimise transport from a climate perspective and implement global science-based targets.

For 2021 we break down these areas further as we initiate an in-house GHG calculating system. The main goal of a GHG calculating program is to have a solid plan for more proactive and informed decisions regarding our emission footprint in our daily operations. For 2021 we've received data for Tier 1 (our office, our warehouse, our Swedish concept stores, and our own vehicles). This will be the foundation for our start of calculations for 2022.

While striving to collect facts to use in our calculations due to the pandemic, we have focused on our online channel to optimise company-to-end-user shipments where unnecessary shipping of air and returns are in focus

a) Emissions from transport

- reducing the GHG/CO₂ emissions from the transport of material and ready-made products

Our products are manufactured in one part of the world and sold in other regions. This makes long-distance transport necessary, and sometimes it becomes complicated with transport middle-hands. We must make well thought through mode of transport choices and select transport partners with proactive, ambitious environmental agendas and efficient actions to reduce transport emissions. An obstacle from 2020 that remained and intensified during 2021 was the supply of containers. In the wake of the pandemic, containers got stuck in ports during unloading, causing an unbalance in the flow of goods globally. The moving of some of our production to Portugal also added challenges with land transportation due to the capacity shortage. In 2021 we transported about 2,4 M pairs of shoe*, a decrease of about 12% from 2020. Emissions for a pair of shoes increased from 0,6 to 0,7 kg CO₂e /pair** due to the reasons explained below. The total emission is 1776 tons kg CO₂e.

* One shoe is causing multiple transport routes: from production to the warehouse, from warehouse to customer alternatively to end-user

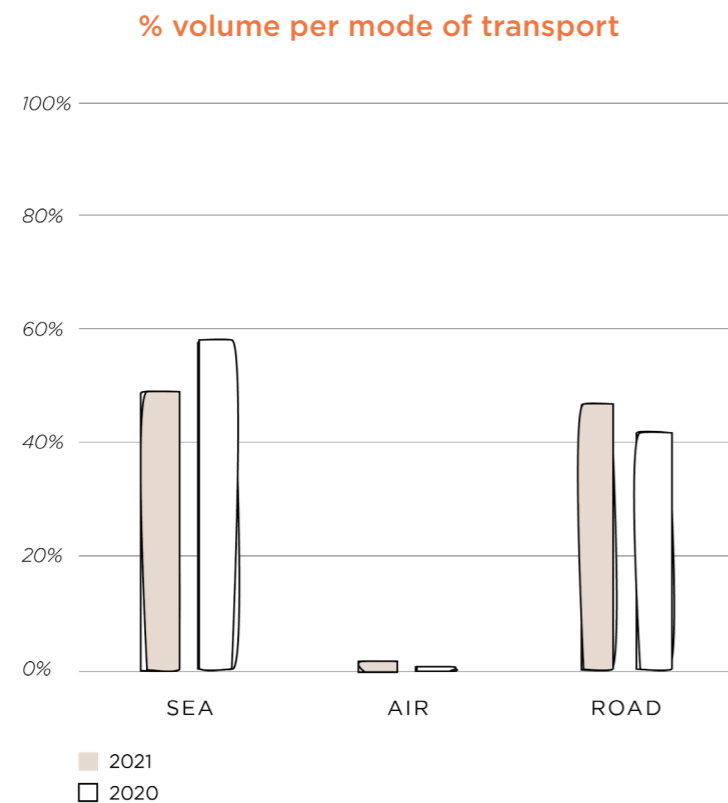
** Total emissions of readymade products, including all transport routes

Transportation readymade products

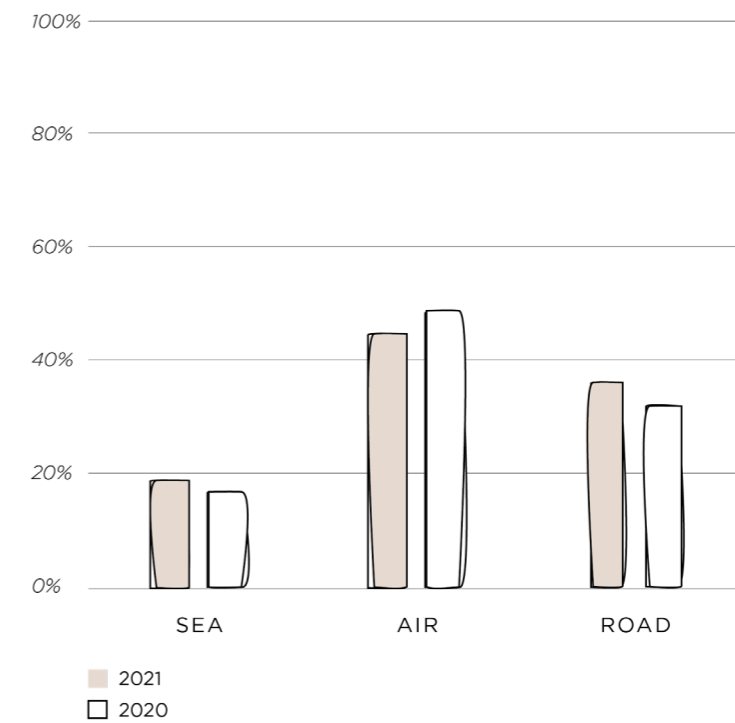
Sea: emissions deriving from sea shipments increased from 0,2 to 0,3 kg CO₂e /pair for 2021, caused by longer transit times out at sea due to the turbulent sea freight market. Sea is our default choice of transportation mode from production to our Swedish warehouse

Air: emissions deriving from air shipments decreased slightly from 20,4 to 19,7 kg CO₂e /pair for 2021. 0,23 % of our readymade products are shipped by air from production to our Swedish, North American, or Russian warehouse. Still, that 0,23% corresponds to about 45% of all emissions of our readymade product shipped from the factory to the warehouses. The rule of thumb is no air shipments of readymade products. This is an extraordinary choice and always a management decision.

Land: emissions deriving from land shipments of readymade products momentarily occurred for 2021 as we moved some of our production volume from Vietnam to Portugal.



% CO₂e per mode of transport



Transportation from warehouse to the customer (B2B) and end-user (B2C)

For transportation from our warehouse to our customers (B2B) we mainly ship by land. The emission from land transportation has increased, due to a shift within the markets where less volume was distributed on the Swedish market, and a more considerable lot to the south European customers, resulting in longer distances on average. For our B2B customers in North America, we have been forced to ship by air in most cases due to lead times.

For transportation from our warehouse to end-users (B2C), we mainly ship by land for the European end-users. Still, in North America and Russia, we must ship by air from our Swedish warehouse for our growing online markets. This means that about 10% of our pairs shipped directly to end-users are causing 85% of our B2C emissions to air. For 2022 we have decided to open an onsite warehouse in the USA to be able to decrease these emissions substantially. We estimate a potential cut of emissions by 50% or more for B2B and B2C clients in North America.

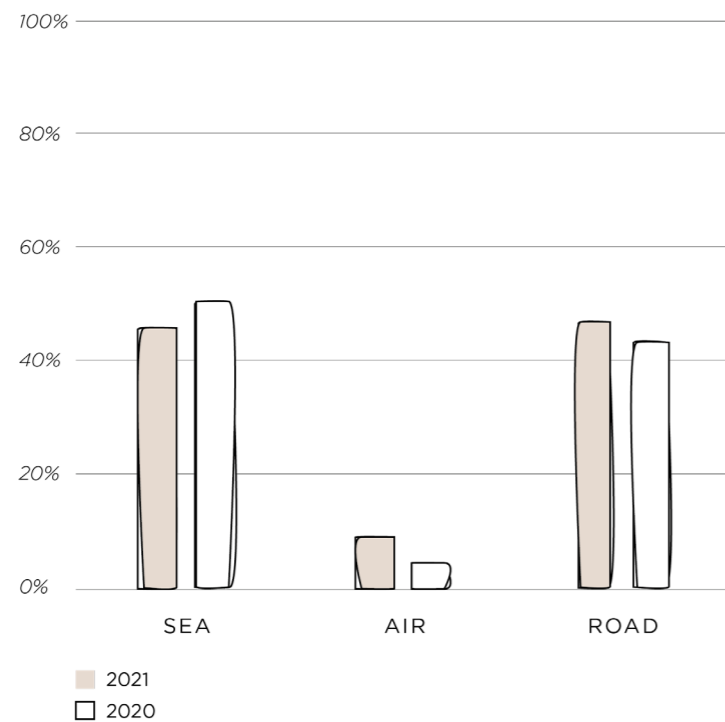
However, the fact that we are shifting larger volumes from B2B towards our own direct B2C business means cutting one transportation activity for these pairs in question. This means better control over return rates and, not least, the project to slim down parcel sizes: both areas where we are committed to initiating and showing improvements.

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 carton is also needed to protect the shoebox or shoeboxes when shipping shoes to end-users.

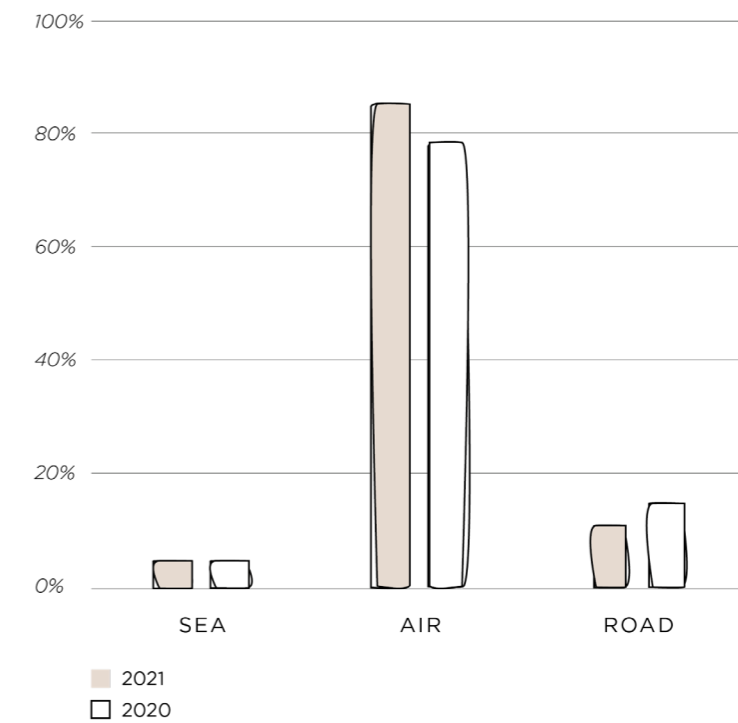
As this outer carton is challenging to adapt to each possible shipment volume completely, unnecessary "space" often occurs. For this reason, we made calculations, simulating possible parcel sizes. We ended up in 4 different optimised outer cartons. For parcels containing one pair of shoes (one shoebox), our warehouse gets an automated notification on which one to use for that specific product. The next step is to generate this information for parcels with more than one product, enabling us to make accurate calculations of how much less space is shipped.

Simultaneously we have initiated 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, here, "Only buy what you really love" is the leading star. Another essential part is the choice of packaging material for both shoeboxes, outer cartons online, and outer cartons for wholesale. We strive to use recycled materials in our shoes, cardboard boxes, and filling materials. In 2021 we continued to use cardboard boxes and filling materials made of 100% recycled material and shoeboxes made of 80-100% recycled material. Gradually all shoe boxes and outer cartons online will have FCS certifications.

B2C% volume per mode of transport



B2C% CO₂e per mode of transport



b) Emissions from work travels

- reducing the GHG/CO₂ emissions from work travels

In the first quarter of 2020, work travel was reduced to only the most necessary, ceasing entirely from the start of the second quarter. The conversion to digital meetings had to happen quickly. We depend on close collaboration with our suppliers, trade shows, client visits, and kick-off meetings at our global headquarters. These circumstances prevailed during 2021.

For us, efficient travel plans are company policy and aligned with developed techniques for virtual meetings. The pandemic has sped this up, and we believe we can reduce emissions from work travel in a faster phase than expected. 2021 we further developed our technique equipment to invite even larger and more complex meetings online. This includes showing products online, enabling us to do presentations with fewer travels.

2021 we installed electric car charges on our parking lot to support the use of electric cars when commuting by bike or train is not possible

c) Emission from production

- reducing the GHG/CO₂ emissions from the production

Most of our climate impact comes from the production stage. The fashion industry estimates production stands for at least 60% of the total emission impact*. This is also the most challenging stage where our impact means are limited. Emission from production is one of the critical elements in our Vagabond Greenhouse Gas Protocol. 2021 we started to communicate the different data requirements for our protocol and got valuable feedback, even though our suppliers were mainly struggling with the pandemic effects of their daily operations. Still, most of our supplies use a mix of fossil and renewable energy in their process, with little or no chance of choosing a different energy source than the one offered by the local energy companies. Our ambition is to a) ask for and support our suppliers to state energy use in production and b) further investigate the options of energy sources locally.

4. Clean water

- wastewater purification



Access to clean water is a fundamental human right. The manufacture of textile and leather materials can be a high-risk process concerning water supply and contamination. Often this kind of production takes place in areas that are vulnerable to changes in water supply and quality of the soil.

The tanning process is quite complex compared to the textile industry, with much fewer existing initiatives on the follow up of the use of water and substances in the chain of activities. One of the best current initiatives with broad relevancy is LWG (Leather Working Group)*. Since we became members in 2019, with the ambition to have all our supplying tanneries LWG certified by 2022, we have experienced a genuine interest from all our suppliers in working with LWG. During the pandemic 2021, the certification process was stalled in all places, both for new tanneries and those aiming to upgrade. This has been frustrating for both our leather suppliers and us. Like our set-up with the shoe factories, we have instead focused on tight dialogues to assure our tanneries are up to standard even if not officially licensed. This concerns follow-ups on chemicals, wastewater treatment, and the working environment.

* Investor Brief: Sustainability in Textil and Fashion, A Mistra Dialogues report 2020:1

** Read more about LWG on page 15

5. 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 2020, with the external support of Stefan Posner AB, we did a more extensive review of our RSL (Restricted Substances List). In 2021 we further adapted the RSL tool, pinpointing the relevant substances to our industry to ensure that all tests are appropriate. This customised matrix makes the total overview of what is suitable for our specific materials more visible. It helps both our supplier and us quickly understand the substances crucial for our industry. In addition, we started to apply our "total ban" strategy instead of within the legally allowed limits of substances. As we go for zero tolerance in the long run, the negative test results may, in the end, after re-evaluation, be considered to be within REACH regulation permitted limits and therefore approved. However, our long-term goal is a total ban of these types of substances to not have to do any material controlling tests.

An LWG certified tannery must comply with the REACH-based restrictions and self-tests on each batch of material demanded by LWG. Hence, we focus on asking for chemical control tests for new suppliers or the ones still not certified by LWG. Chemical control tests from new suppliers 2021 were in line with our RSL. We also ask for control chemical tests for the batches of leathers for our chrome-free tanned leather inner soles, which we use for all our shoes.

One of the most challenging chemical issues in shoe production is solid glues and additives. 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 can meet our standards, both for durability and chemical restrictions. Still, we have not been able to find suitable substitutes so far.

6. Our own workplaces



Being an international company, we can make a positive difference for many people, 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 that anyone could make decisions if you involve co-workers who have experience and people who will be 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.

Early in the pandemic, we started to a) reduce the number of people present at the head office significantly and b) adjust to the domestic regulations for each local office and supplier. For the head office, we had a running schedule to ensure that everyone’s operations and social perspective were considered by a mix of working from home and the head office. Our local offices in Finland, Russia, the USA, and Vietnam were all more or less closed down, with all the staff working from home. This meant a mix of people working from different locations, which was made possible by a quick adaptation of existing and new technical devices, combined with a significant portion of flexibility, acceptance, and willingness to find solutions by each staff member.

As this report is written we are facing another human catastrophe, the Ukraine war. Aligned with the sanctions connected to the Ukraine war, our sales in Russia were stopped in March 2022 and we informed all staff about the complete closing of our Russian business on April 3, 2022. This was a tough decision considering our Russian coworkers who have done a great job establishing our brand in Russia. At the same time, it was the only right decision to support the sanctions to stop the war in Ukraine. Our company’s restructure in Russia will be described in the sustainability report for 2023.

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. 2021 we decided to establish a secure whistleblowing service where all staff or stakeholders can anonymously address any suspected misconduct behaviour within our organisation. This will be communicated during 2022 in our Code of Conduct and on our homepage.

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, how we work and how we 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 the pandemic years 2020-2021, a lot of the purpose of our cultural Handbook was applied to a crisis, and the importance of “Always a We” and “Professional” became extraordinarily relevant due to the obstacles connected to the pandemic.

Gender distribution

Traditionally, our business attracts more female than male employees. We see this pattern in our global employee statistics. 74% of our employees with permanent employment contracts are female, and 26% male. There are both female and male employees in all departments, and the gender distribution of managers at Vagabond Head Office is 46% female leaders and 54% 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 that we meet. We have decided to have a CSR working group with representatives in different departments to ensure that the sustainability actions are widely informed and acted upon in daily tasks and larger projects. We are also talking about CSR actions on each quarterly staff.

Health and safety: we are committed to providing a safe and healthy environment in all our units. In 2021 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 not only for the company but also for helping people in difficult situations and restoring the planet. Our charity focus areas are a) health, b) the wellbeing of the young or exposed, and c) the environment & climate. Unfortunately, charity donations were stopped from the second quarter of 2020 and 2021 due to the pandemic.

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.

7. 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.

In mid-2021, we were forced to close our manufacturing unit in Ho Chi Minh, Vietnam, producing about 10% of our shoes and accessories. Our factory did not have the set-up or right conditions to adapt to the post-pandemic effects, either short or long term. This was a tough decision, and it was essential to making sure each staff member had the best possible support during the exit. The local management assured to contact each staff member mainly through phone, but also by being available at the factory premises, for a few weeks after closing, as some staff members could not reach by phone. Each person working with us has social security, which means they will get unemployment benefits from the Vietnamese government. In addition, Vagabond was paying a bonus given the circumstances.

Our remaining production team is focusing on coworking with the handful of external suppliers who have been with us for many years. Flexibility in planning, finding new ways and making priorities have been the key to smoothening out the rocky road, and by the end of 2021, all our suppliers were back on more or less total capacity.



Freedom of Association

In 2016 we developed the union work at our factory, Vagabond Vietnam. Encouraging an active union is a way of promoting closer dialogue between workers and management. We introduced a yearly general labour conference, where the factory manager reported to the employees about the financial status of the company and the new regulations regarding compensation, social insurance, and working hours. The main tasks for the union and Vagabond Vietnam during 2016-2021 have been to consult the employees on matters related to the Vietnamese work legislation, advise the employees regarding any questions about the company regulation, and support the employees in cases of sickness or work-related issues.

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 CoC inspection visit takes place in the factory before any production commences. As soon as a supplier is accepted for Vagabond production, the supplier will immediately be included in the inspection scheme.

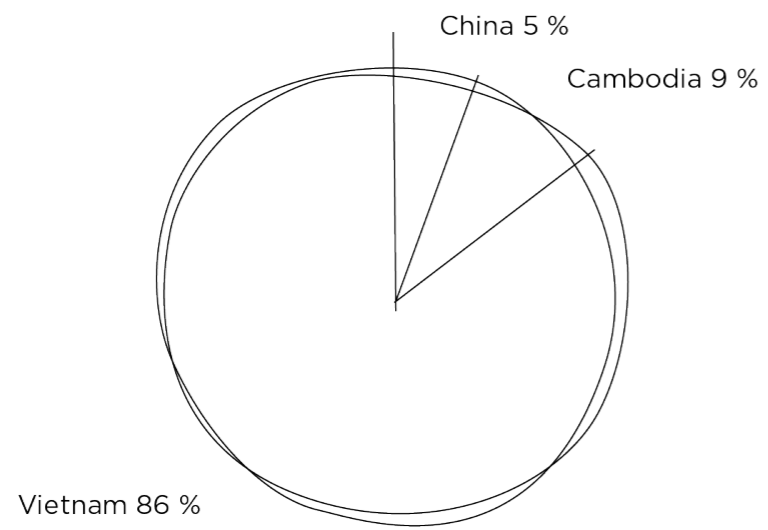
Our CoC inspections

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. For 2020 we added to this setup and let an external part, Intertek, do all first complete inspections, and our local team provides for the follow-ups. This changed setup accommodates our clients' requests and gets a broader view by combining outside competence with our own. All findings were discussed with the Vagabond CSR team and each factory's management in a closing discussion where all parties must agree on the results, the required actions, and the time plan. The primary responsibility of the Vagabond CSR team was then to follow up on these actions closely, and we could see a faster and better commitment from the factories concerned compared to our previous setup.

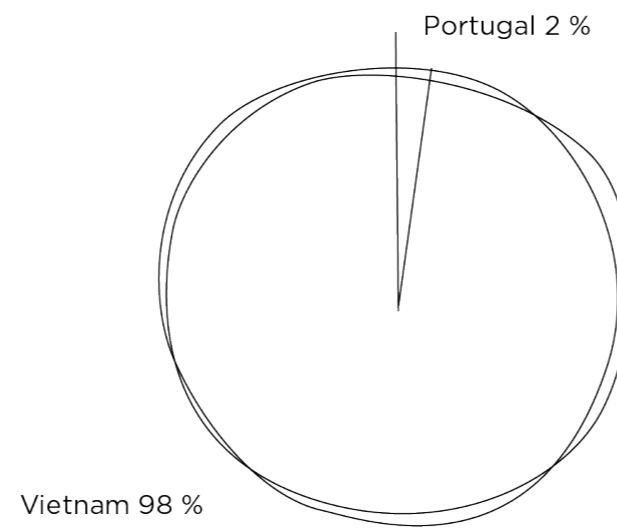
At the beginning of 2021, we started mapping our own and external findings and follow-ups into the same system. But starting the second quarter of 2021, we were back into different levels of lockdowns and had to deal with production circumstances on a day-to-day basis by staying in close contact. Our strong ambition is to reassume our systematic work mode initiated before the pandemic in 2022.

For 2021, apart from dealing with a much lower capacity from our suppliers in Vietnam, we also had to move some production to China and Portugal to secure our supply of goods. This involved new Purchase Agreement set-ups and a focus on Code of Conduct compliances. External audits were very limited during the pandemic; we relied on existing protocols and a close daily connection with each existing and new supplier. For China, we've worked with a partnering production office which has contributed by sharing the audit results for the factories in question. We have been physically visiting the factories in Portugal, which has been crucial as they were new to us. Quickly moving production to factories that are new to us has been challenging from all perspectives, especially sustainability. Our presence and in-house knowledge about production and industrial relations have been essential in Portugal while acknowledging that access to and relevance of existing audit protocols has been complicated. 2021 our partners shared nine audits for our suppliers in China and Portugal, whereas we have no external audit conducted for our Vietnam factories.

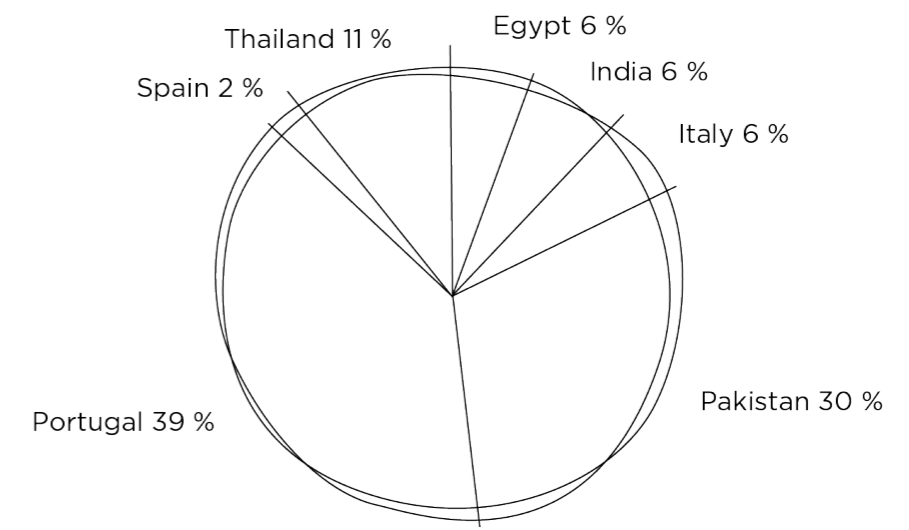
Country of origin Spring 2021
(readymade products)



Country of origin Autumn 2021
(readymade products)



Country of origin 2021
(tanneries)



Being a key actor with interests throughout the entire value chain, we must make responsible decisions as they affect our partners. One thing is to do thorough order and production plans to, for example, avoid heavy peak seasons, something which is putting a lot of strain on the production operations. 2021 was a year where we further relied on our own presence and close relations with both our material suppliers and factories. The purpose was to keep a close dialogue regarding the health situation locally, and to make were handling the capacity problems jointly, in a safe way and with upheld compliance.

Case: what are the specific consequences for our type of suppliers?

Interviews with one tannery and one shoe factory, aiming for further understanding of the specific local challenges due to the pandemic.

- MSN Exports, Ranipet, Tamil Nadu, India: tannery with three manufacturing units, one in Ranipet (beam house) and two in Sipcot (tannery/finishing). The capacity is 500.000 square feet per month. Supplier to Vagabond since 2021. LWG gold-rated since September 2020.
- Osco Vietnam Co. Ltd, Ben Cat District, Binh Duong Province, Vietnam: family-owned shoe factory with three assembly lines and 800 coworkers. Osco has been producing shoes for Vagabond since 2010.

Questions	Tannery: MSN Exports	Shoe factory: Osco
What were the first consequences for your company, for your business and your staff? And when did you first experience this?	“On March 21, 2020, we had the pandemic and lockdown imposed. We had a lot of stocks, and everything halted. Raw hides are coming as usual and even more, we have more challenges here to tan the hides, we have taken special permission from the government, and we saved more than 10 containers. We arranged a reefer container, chiller, and cold storage to save the hides. This caused us more expenses.”	“During the COVID -19, Osco took some action to ask employees to stay inside the factory. In order to finish customer orders, We OSCO did our best to keep all employees in good health condition. Also, we take a fasting test for covid -19by our nurse every week.”
What actions did you take?	“For laborers and staff, we declared a holiday. For migrant laborers, we booked special vehicle and train tickets to reach their destination. We paid their full salary. After two months, we arranged 30 % to work in the factory and we made two shifts and started the production to achieve the target. For safety reasons we did the temperature and SPO2 scanning for all in entry gates. We have taken all precautions advised by the government and followed the precautionary protocol, now our company staff and laborers are fully vaccinated.”	“Before our workers come inside the factory, they must take the temperature on a daily basis and follow the guideline to keep workers in health conditions. “
What actions did you take in collaboration with your customers?	“We arranged special permission and entry pass for our BUYERS/CUSTOMER, TO VISIT OUR FACTORY. For export orders where buyers don't have local people, we have arranged our own inspection / Development and arranged the material for them to avoid production delay.”	“Our customers worked with our longer lead-time and allowed later X/f date due to longer lead times.”
What do you think is the key factor for your company to manage the pandemic?		“Due to longer lead time from materials suppliers was a major factor, we had to manage b/c our customers were asking for us to rush our orders, due to shortage of goods in their warehouse. Some order the customers they pay air freight by themselves.”

Dealing with challenges of implementation

During the CoC implementation work, we have frequently noticed fluctuations in implementation between our inspections. It is complex work, influenced by many parameters such as peak season in production, unstable incoming order volumes from various customers to the same factory, occasionally high turnovers of workers, different customer requirements, and many other factors.

The most fluctuating parameters are usually working hours, health and safety measures, such as usage of protective equipment, and chemical handling in production and storage. We can also see that the work with communication channels between workers and management tends to be set aside more often. Workers' concerns might not get enough management attention during peak seasons.

Training in chemical management

Another means to reduce fluctuations between inspections is to provide training sessions. These are valuable occasions to clarify what is expected of a supplier of Vagabond and imply good opportunities for an open dialogue on difficulties with implementation, between the suppliers and us, and between the suppliers themselves. In 2019 we reached 141 workers at 14 factories and all top managers in 9 factories, with our training session focusing on chemical management. The sessions were tailored to meet the needs for chemical knowledge on chemicals and how to improve chemical protection. In 2020 and 2021, these training sessions stopped due to the pandemic but are planned again for the second half of 2022.

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 not met. The supplier is always given a clear explanation of our expectations and time to improve. If the supplier still fails to meet our standard, we would gradually phase out the supplier, giving time to allocate production and thus job opportunities to other customer orders. In 2021 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 the 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 2021.

Fair wage

A fair wage is a complex subject as there is no universal benchmark for calculating a living wage . We always want to collaborate with the best-skilled factories, and as such, we expect the suppliers to follow national legislated salary settings at an absolute minimum. However, we know that legislation might not accurately reflect a labour market driven by need and supply. Our wage analysis shows that our supplier's salary payments are above minimum standards. Still, nonetheless, it is a challenge for us as a buying partner to validate fair wages.

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 indeed.

Cooperation on CoC

To work towards improved CoC implementation, we seek to cooperate with other brands with the same factories. It has been somewhat challenging to find suitable collaborations partners. Still, in 2017 we commenced cooperation with a few different shoe brands, which we will continue to develop in the coming years. The collaboration with other shoe brands in factories allows us to streamline our requirements and inspections for our mutual factories. This means that the supplier can dedicate more time and resources towards improving their performance and CoC compliance, rather than catering to divergent needs and requirements from different customers.

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 what is called 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 would not allow enough insight into their business, leaving the factories struggling to ensure human rights are met. In these cases, we want to support our suppliers to tackle the issues. We know we cannot do this alone and that we need to 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.

¹ ILO International Labor Organization and global trade unions

Our business structure

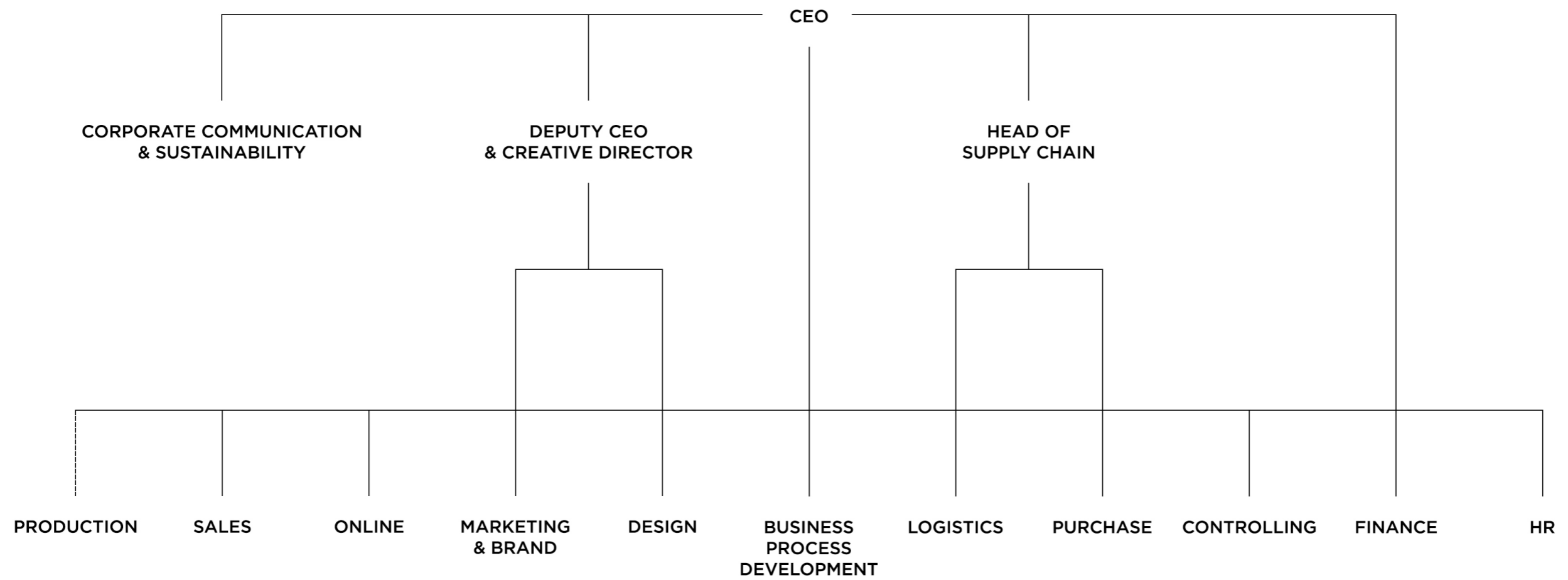
Vagabond International AB is a family-owned private company, and Vagabond Shoemakers is one of Europe's leading fashion shoe brands with a production of about 1,5 million pairs and accessories annually. Vagabond's design studio, which includes a full-size prototype production workshop, is located at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

Vagabonds' shoe and accessory production unit in Ho Chi Minh City in Vietnam, manufacturing approximately 10% of our shoes and accessories, was closed during the second half of 2021. Production is sourced to 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 2021, Vagabond employs 264 people, including 138 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 2021, the net sales were 738,4 MSEK, and the total capitalisation was 684,4 MSEK.



Vagabond International AB



Summarising 2021

We started 2021 by taking steps forward in setting science-based targets for our business by evaluating our Greenhouse Gas Protocol and our new system for merging and following up on internal and external social audits. Both these projects got paused or stalled by the pandemic. Instead, we activated an in-house task force consisting of our production manager, deputy CEO, production controller, and the company owner to deal with the daily production issues.

Production planning: risk assessment involves dealing with an irregular production capacity caused by pandemic restrictions and, consequently, problems staying operative. We've worked closely with each actor with detailed re-planning of production and order priority to cause the least possible disruption for all parties in the value chain.

Moving production: risk assessment involved the urgent need for new Purchase Agreements, including CoC and RSL compliance. New production countries were China and Portugal, and we had staff present during these start-ups and production.

Transportation: risk assessment connected to change of mode of transportation due to moving production and working with new forwarding companies. In this process, we relied on vast in-house competence and experience of forwarding both at our head office and our production team in Vietnam to assure these new forwarding partners are informed of and meet our standards. Acknowledging that we have many external factors in transportation that we do not control. Because we ship more goods directly to the end-users (B2C), we have designed and ordered new optimised sized outer cartons to avoid empty shipping space for our parcels.

In 2021 we also took further steps in our chemical management by ensuring all parties understand our Restricted Substances List (RSL). We have collaborated with an external chemical expert who has helped us design our RSL to focus only on the substances relevant to our industry and product type. This way, restricted substances compliance is made more accessible.

2021 we entered the Higg Index, the universal framework for accurately scoring and comparing our product's sustainable impact. With this commitment, we align with some of our more prominent international clients, also connected to the Higg Index. We transparently share our value-chain performance with our partners on this platform interactively. We started 2021 by sharing our assessment for 2020 and plan to use this tool for better insights that can lead to documented actions.

About the report

This report has been prepared with reference to GRI Standards. The material references GRI 102 General Disclosures and the disclosures included in the part Reporting Practice.

The information in this report is for the financial year of 2021, 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 provided by some of our partners. In each case 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 2021 Vagabond International AB closed the factory part of the Vietnam subsidiary while keeping the production office part of the business that handles all external supplier connections onsite.

In 2021 one Vagabond Concept Store was closed, and no new was opened. We have 16 remaining concept stores in Sweden, Germany, Russia*, the Czech Republic, and Finland. There have been no changes in the ownership structure during 2021.

Contact

For more information, please contact us at:
www.vagabond.com/contact

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102-8 Information on employees and other workers

		VB International	Czech Republic	Finland HQ	Finland stores	Germany Stores	Germany	Russia	R1 Sweden	Vietnam	US	NO	DK	Total
GRI 102-8	Number of female employees with permanent employment contract	72	6	2	7	4	2	39	9	7	0	0	1	149
GRI 102-8	Number of men employees with permanent employment contract	40	0	1	0	1	2	2	1	2	2	1	0	52
GRI 102-8	Number of female employees with temporary employment contract	5	6	0	1	3	0	2	9	11	0	0	0	37
GRI 102-8	Number of male employees with temporary employment contract	21	1	0	0	0	0	0	0	4	0	0	0	26
GRI 102-8	Whether a significant portion of Vagabond's activities are performed by workers that are not employees, e.g. consultants (Yes/No)	No	No	No	No	No	No	No	No	Yes	No	No	No	0
GRI 102-8	Does Vagabond have significant variations in the numbers reported above during the year, e.g. due to seasonal variations? (Yes/No)	No	No	No	No	No	No	No	No	Yes	No	No	No	0
GRI 102-8	Number of female employees working full-time	74	6	2	1	1	2	40	0	18	0	0	1	145
GRI 102-8	Number of female employees working part-time	19	6	0	7	6	0	1	18	0	0	0	0	57
GRI 102-8	Number of male employees working full-time	42	0	1	0	0	2	2	0	6	2	1	0	56
GRI 102-8	Number of male employees working part-time	3	1	0	0	1	0	0	1	0	0	0	0	6

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