

THE PROGRESSIVE JOURNEY

Vagabond Shoemakers Sustainability Report 2024



VAGABOND
SHOEMAKERS

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A word from our CEO

Looking back on 2024, I am reminded of the progress we've made in turning our ambitions into action. It has been a pivotal year, not only for consolidating the new ownership under the Vagabond Shoemakers Foundation but also for embedding our sustainability efforts more deeply into the heart of our business. This marks the beginning of a long-term commitment where our surplus is reinvested into society through projects aligned with health, youth empowerment, climate action, and cultural heritage.

In November, Vagabond underwent a leadership change as Anders Odén stepped down from his role as CEO. I would like to thank Anders for his many years of service and valuable contributions to the company.

As one of Vagabond's founders and a former CEO, I have stepped back into the role in an interim capacity to support the company through this next phase. Our strategic direction remains unchanged, with a continued focus on long-term development, responsibility, and resilience.

A major milestone in 2024 was the completion of our first double materiality analysis, an essential step in our preparations for reporting under the Corporate Sustainability Reporting Directive (CSRD). This process helped us pinpoint the areas where our business has the most significant environmental and social impact, and where our responsibilities are greatest. It now guides our day-to-day due diligence work and informs our long-term planning.

Sustainability remains at the heart of our strategy. Our long-standing target—to reduce greenhouse gas emissions by 50% by 2030—was originally established with a focus on transport-related emissions. Since then, we have broadened our scope to cover the entire value chain and continue refining how we track and address emissions across categories. In 2024, we recorded a 6% decrease in total emissions while production volumes remained at similar levels compared to the previous year. This development reflects the impact of strengthened collaboration with suppliers, improved primary data collection, and continuous enhancements in sourcing and production planning.

Our commitment to transparency and responsible relationships continues to shape our approach. Throughout the year, we maintained daily contact with production partners, increased our presence at key sites, and worked closely with our tanneries and factories on shared improvement plans. These partnerships are essential for maintaining both quality and accountability.

In parallel, we focused on guiding customers toward more conscious choices. Our digital channels are more accessible and personalised than ever, and our philosophy—"Only buy what you really love"—remains central to how we design, present, and support our products.

As we look to the future, we recognise the road ahead includes challenges—from pushing for broader green energy adoption in our supply chain to further improving traceability in material sourcing. But we move forward with determination, guided by the same values that built Vagabond from the start: respect for craftsmanship, responsibility for our impact, and belief in long-term value over short-term gain.

Thank you to our teams, partners, and customers for being part of this journey.

Mats Nilsson
Co-Founder & Interim CEO
Varberg, April 2025

We are Vagabond Shoemakers

Vagabond Shoemakers is a Swedish fashion company that makes shoes, accessories, and apparel 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” for our end-users’ wardrobes. We stay inspired by the many exciting people crossing our path. Our products are made to be worn and to accompany a contemporary look for everyday use. The products should be an investment for wearers worldwide. The “why” behind each design is communicated, as is the guidance on how to care for the item to ensure longevity and what to do when worn out. Consistently providing our customers with a “good deal” and the best quality is essential. We want to guide our end-users to “Only buy what they really love” for sustainability reasons.

Vagabond Shoemakers operates in over 45 markets worldwide through carefully selected multi-brand retailers, as well as our concept stores, official online stores, and shop-in-shops. Scandinavia and Germany remain our key markets. Selling about 1 million pairs yearly, the company and brand have succeeded and stayed solid for many years to keep sustainable business within new and existing markets.

“We are shoemakers at heart and soul, creating shoes and accessories that reflect long-lasting style and quality.”

- Marie Nilsson Peterzén, Co-founder

The Value Chain

Since the start of Vagabond, the idea has always been to stay close to the value chain. By deciding not just the product’s design but also knowing the construction and controlling all steps and actions behind it, we become a professional business partner who can work with improvements proactively. We address environmental and social impacts within each part of our business, and during 2024, we identified our materiality further in accordance with the ESRS (European Social Reporting Standards.)

Raw materials

Our primary material, leather, is a waste product from the meat industry. We work with cow and goat leather and our tanneries source the cattle breed and raw materials from Europe, Kazakhstan, Azerbaijan, Pakistan and the Northeast US.

Sub-suppliers

The primary sub-suppliers include tanneries, textile manufacturers, and outsole factories. We collaborate directly with all these essential sub-suppliers to ensure a consistent supply of components to the factories. This accounts for approximately 80-90% of the final product. We continuously monitor our sub-supplier base.

Factories

We collaborate with a select number of factories, where our staff are consistently present during production. We maintain daily communication with these partners, including regular discussions on CSR matters and ongoing training initiatives.

Own offices and stores

Vagabond’s head office is situated in Varberg, a town on the west coast of Sweden. We have a production office in Vietnam, just a few hours from our main suppliers. Lastly, we have small local sales offices and concept stores in Stockholm, Helsinki, Berlin, Copenhagen, Oslo, and New York.

Own warehouse

Located just a few minutes from the head office, our warehouse manages all imported goods and distributes them to wholesale clients, our stores, and customers of our official online store. Additionally, we collaborate with a third-party warehouse in the USA for local distribution.

Client offices & Stores

Our clients are located across numerous countries and operate with diverse business models.

End-users

Our end-users are located worldwide. We target style- and quality-conscious individuals committed to a sustainable lifestyle.



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-funct-

tional 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. The Sustainability Governance Group is led by one coordinator who organises monthly meetings with each relevant function, primarily production/design & logistics, and the HR for the HQ office. In 2024, we further concentrated on CSRD and due diligence compliance through our double materiality analysis, engaging several employees in interviews and discussions within focus areas. Additionally, we prioritised simplifying our tool for collecting GHG data, aiming to make it easier for factories to report the information and for us to comprehend and manage it effectively.

The Board of Directors of the Parent Company is continuously briefed on the development of our sustainability objectives. In 2024, we conducted briefings covering sustainability strategies, opportunities, risks, and the double materiality analysis, including discussions on threshold values and IROs. We prepared for the upcoming regulations and focused on a gradual, step-by-step approach to adapting to the CSRD and ensuring due diligence compliance

Vagabond Sustainability Management Group 2024

Josefin Jansson, *Sustainability Manager*

Paulo Martins, *Vice President, Vagabond Vietnam*

Marcus Svensson, *Purchase & Quality Manager*

Camilla Nordestgaard, *Technical Coordinator*

Tomas Paepke, *Head of logistic & business support*

Mats Nilsson, *Interim CEO*

Sustainability risk & risk assessment

Our definition of sustainability risk is an event that harms sustainable development. We use Vagabond's value chain as a starting point when identifying our sustainability risks and consider Vagabond's possible impact on chemicals, the environment, and people.

Risks and opportunities can be found in all parts of Vagabond's value chain - from the raw materials and the production to the consumption and the end-use of our products. In analysing, we also map how we handle 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. Our policies that address these risks include our Code of Conduct (which covers all five areas), Child Labor Policy and Action Plan, and 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.

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, re-habilitation, 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 that allows all staff and stakeholders to report suspected misconduct within our organisation anonymously. This is communicated on our website and in our staff handbook. Our policies are available in both Swedish and English, presented in a two-column format to support mutual understanding—particularly in cases where language barriers may arise. Based on the questions raised during our double materiality analysis (DMA) and the work carried out in preparation for CSRD reporting, we recognise the need to refine or update certain policies. This work will continue throughout 2025.

Ethics

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 concerns and speak to their managers. Our Ethical Policy sets standards for ethical behavior in the workplace and guides our employees in their daily work. We have zero tolerance for discrimination, harassment, and alcohol or drug abuse at work.

A Shoemaker's Handbook, developed in 2017, and our Leadership handbook, set in 2018, are great tools for spreading values to all co-workers.

Anti-corruption

We aim to work preventively at Vagabond and align with "Always a We." We are all ambassadors for our company codes and Code of Conduct when representing the brand.

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 anti-corruption and what is considered unacceptable business behaviour, we hope to erase doubts within our organisation and with business partners. As a rule of thumb, a junior coworker is joined by someone senior with great experience and understanding of our industry. Learning from your peers is the best way to pass on our company values. For external meetings and presentations, we always aim to have more than one person from Vagabond join, especially in the early phase of the collaboration.

In 2022, we started a new whistleblowing service with Whistlelink to increase security routines and ensure the safe handling of issues. No allegations of corruption came to

our knowledge during 2024.

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 sourcing process

Our team chooses all our shoe factories, and our cooperation is regulated by our purchase agreement and maintained by us, who are always present during production.

For primary materials (tier 2), Vagabond either purchase bulk material (leather) and critical components (outsoles) and supplies the shoe factories or nominates suppliers of textiles and reinforcement components from which the factories can order components suitable for production themselves.

The Code of Conduct and Restricted Substances List are mandatory in our purchase and nomination processes. Before starting work together, we conduct an initial Code of Conduct assessment to establish what gaps need to be corrected before placing the first order or plan for a corrective action plan simultaneously with onboarding. For 2024, we started with two new tier-1 factories: Action Shoes and Desay.

The Code of Conduct

Our Code of Conduct (CoC) is based on the UN Human Rights Declarations, the UN Declaration of the Rights of the Child, and the ILO (International Labour Organisation) Conventions on Workers' Rights. Before starting to work with Vagabond, the supplier must sign and review the CoC to ensure mutual understanding.

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.

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 workers involved in the manufacturing of our products have the same 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 achieve 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 CoC inspections

Our experienced local CSR staff do our inspection work, both the initial full inspection and the follow-ups on misconduct cases. Using a tool based on the international SA8000 framework for working conditions, we document and measure how well the factories meet our Code of Conduct requirements. The local Vagabond CSR team is primarily responsible for closely following up on these actions. In addition to addressing the points outlined in our tool, our CSR team focused on air quality and overtime hours, emphasizing the importance of consistency despite fluctuating market conditions. In July, we conducted an external audit with SGS (Société Générale de Surveillance) at each of the factories with which we collaborate.

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. We always explain our expectations clearly to the supplier and give them time to improve. If the supplier fails to meet our standards, we will gradually phase out the supplier, providing time to allocate production and, thus, job opportunities for other customer orders. In 2024, no suppliers were eliminated due to non-compliance issues.

Grievance mechanisms

Since 2019, we have established a worker hotline to inform us of any grievances related to CoC compliance in the supplier factory. The hotline number is included in our CoC, printed and displayed in the factories. No grievances were reported via the hotline during 2024.

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, 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 suppliers' salary payments

exceed minimum standards. Still, validating fair wages as a buying partner is challenging. 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.

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/>. 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.*

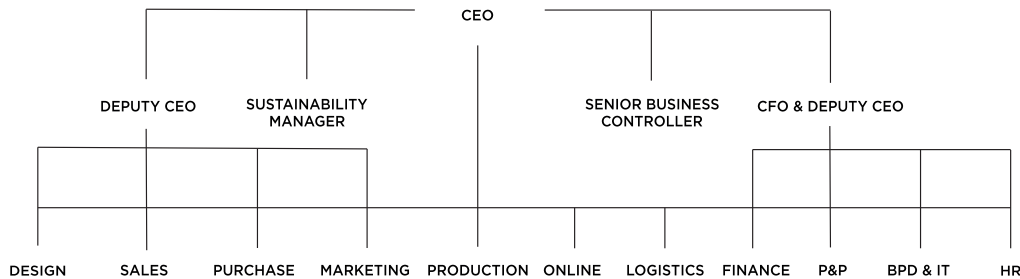
Our business structure

Vagabond Shoemakers was founded in 1993 and remained a private, family-owned company until 2023, when the owners transferred ownership to a newly established foundation. Vagabond Shoemakers is now one of Europe's leading fashion footwear brands, producing around one million pairs of shoes and accessories annually. The brand's design studio includes a full-scale prototype production workshop located at the global headquarters in Varberg, Sweden.

Production is managed through a select group of carefully chosen external suppliers. Vagabond products are available in more than 45 markets worldwide, including Scandinavia, Germany, the UK, and the USA. The brand is featured in concept stores, online stores, and shop-in-shops, as well as in international department stores and selected multi-brand retailers. Our in-house online store, www.vagabond.com, is the fastest-growing channel and serves as the official hub for product information and sustainability initiatives.

As of December 2024, Vagabond employs 186 people, including 130 at the headquarters and warehouse in Varberg. Local sales, retail business, and manufacturing are handled by twelve subsidiaries, all wholly owned by the mother company. Among these twelve subsidiaries, 3 are dormant (the Russia, Hong Kong and Czech Republic subsidiaries). The branch offices are staffed locally and report to Vagabond International AB in Sweden. For 2024, the net sales were 806 MSEK, and the total capitalisation was 357 MSEK.

Vagabond International AB



The Vagabond Shoemakers Foundation

The Familjen Nilsson Peterzén Stiftelse – Vagabond Shoemakers Foundation was established in November 2023. By the end of the year, the founders of Vagabond Shoemakers, Mats Nilsson and Marie Nilsson Peterzén, transferred full ownership of the company, including all trademark rights, to the foundation.

This new ownership structure ensures that future profits will be used to support research, education, and humanitarian initiatives that align with the foundation's mission. Beginning in 2025, the foundation will start providing contributions and grants to support charitable projects in the following areas:

Health, primarily by contributions and grants for research and education.

The Young, especially in or from Varberg, by scholarships and contributions for education, support participating in leisure activities or other support which will enhance the positive development of a young person's life.

The Exposed, by various forms of support for people who are financially or otherwise struggling in society.

Climate and Environment, especially by supporting sustainable development.

Culture, by contributions to cultural heritage conservation or other non-profit cultural activities, especially in or around Varberg.

Entrepreneurship, primarily by contributions and grants for research and education.

2024 is the start-up year of The Vagabond Shoemakers Foundation, during which routines and processes will be set.

The Vagabond Group continues to be entirely self-financed.

"We have always wanted our achievements to become support for initiatives and projects needed in our present time. A foundation means the opportunity to give continuous and substantial support. Also, it means a lot to us that the company will continue developing according to set goals and intentions. We also hope that the foundation can inspire the people working at Vagabond, knowing that we are a part of something good and purposeful."

- Mats Nilsson & Marie Nilsson Peterzén, Co-founders

The sustainability strategy

"Sustainability is becoming an increasingly important part of how we operate. Our goal to reduce emissions by 50% by 2030 reflects our ongoing effort to take more responsibility for our environmental impact. By integrating sustainability into our value chain – from sourcing materials to engaging our partners – we are taking concrete steps towards a more responsible future. This journey is about innovation, collaboration, and ensuring that every action we take helps us become more sustainable."

- Mats Nilsson, Co-founder & interim 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 (single aspect perspective)

After thoroughly breaking down our value chain to identify key event areas and impacts, we decided to "reduce emissions to air" as our overall target since 2018. This is because we can locate emissions into the air as a general risk in all action steps in our value chain. According to the Paris Climate Agreement, Agenda 2030, we share this responsibility with the rest of our industry.

The target of a 50% reduction in air emissions by 2030 was based on documented and verified emission data, which at that time only included emissions associated with transport.

General target update: value-chain perspective

The key learning from base year GHG protocol calculations 2022 clearly shows how our main emission impact is derived from *leather as a material and energy intensity connected to shoe production*. Therefore, we see the need to break down our emis-

sion target into more manageable subcategories. Then, ideally, connect that to each activity/order, but at least towards that goal, quarter by quarter or season.

The Due Diligence Approach

This is a step-by-step journey where we embed responsible business conduct, identify and assess impact, and work to cease or prevent adverse impacts caused by our value chain operations. We collaborate closely with all Tier 1 suppliers and tanneries, maintaining daily communications and conducting site visits. Regarding Tier 2 suppliers, Vagabond actively participates in sourcing all materials and conducts seasonal follow-ups with the supplier base. This involves external inspections, internal inspections, action plans, correction action follow-ups, supplier meetings, training and nudging around Production Working Conditions and Emissions to air for both short and long-term development.

- External inspections for third-party reliability
- Internal inspections for ongoing follow-ups where we can initiate and monitor progression
- Action plans for mutual understanding
- Correction action follow-ups for support of a long-term business relationship
- Supplier meetings for transparency and traceability
- Training for CSR teams
- Nudging for directing a) towards internal HR policies at the suppliers, b) the green energy transit

Double Materiality Analysis – the process:

In 2024, we focused on finishing the double materiality analysis as our first step in preparing for reporting according to the CSRD (Corporate Sustainability Report Directive). To identify our material issues that are compliant with the CSRD and according to the ESRS (European Sustainability Reporting Standard), we engaged external competence (Enact) to conduct our Double Materiality Analysis. This was to obtain an expert yet neutral perspective on our IROs (Impact, Risk, Opportunity).

A sustainability issue is material from an impact perspective when it significantly impacts the environment and/or people, including their human rights, and from a financial perspective when it entails a significant financial risk or opportunity for the company.

1. Desktop analysis: Based on a review of international documentation and several external sources, such as various leather shoe industry reports. All sustainability issues were considered at sub-topic and sub-sub-topic levels from ESRS 1 Appendix A.

2. Stakeholder dialogue: This was conducted alongside the desktop analysis to verify the previously identified impacts, risks, and opportunities, as well as to enhance and broaden the mapping of IROs. Nine interviews were conducted with both internal and external individuals, e.g., sourcing, sales, HR, and representatives from the leather and outsole suppliers. The interviewees were chosen based on joint discussions between Vagabond and Enact. Any gaps that emerged during the desktop analysis further contributed to the selection, which indicated areas where more information was needed – leading to a deeper insight.

3. Gross list of IROs: The mapping from the desktop analysis and the stakeholder dialogue resulted in a gross list of more than a hundred identified IROs. All impacts were also considered based on the financial risk and opportunities that may arise as a result of these impacts. This long list resulted in a netlist of 33 IROs during the process.

Negative and positive impacts were analysed separately. The materiality of negative impacts was assessed based on severity, a combination of scale, scope and irremediable character. The materiality of positive impacts was assessed based on scale and scope. The likelihood of potential negative and positive impacts is also considered.

The materiality of financial risks and opportunities was assessed based on a combination of likelihood and financial effects.

For all identified IROs in the netlist, their time horizon was also assessed in the short, medium, or long term.

4. Threshold value: Based on this analysis, a threshold value was set, which was discussed internally.

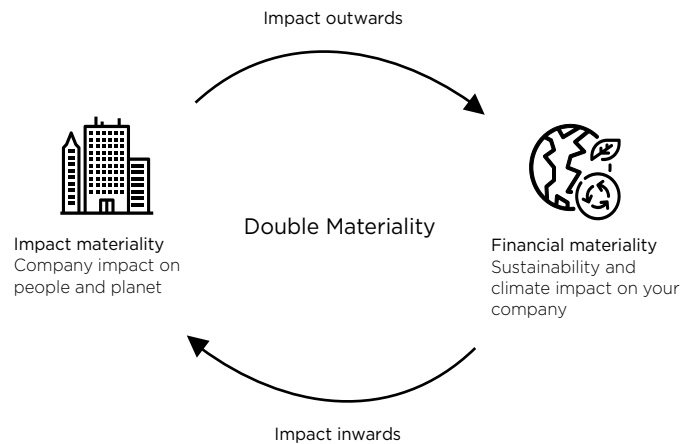
Assessment of negative impacts: severity rating 1-15. Negative impacts rated 10 or higher combined with a likelihood between 3 (medium) and 5 (actual/very likely) were considered above the threshold and assessed as material.

Assessment of positive impacts: scale 1-10. Positive impacts scoring 6 or higher combined with a likelihood between 3 (medium) and 5 (actual/very likely) were considered above the threshold and, therefore, assessed as material.

For human rights issues, severity has been prioritised over likelihood and impacts with likelihood 2 (possible) have also been included, in line with the ESRS.

In addition, three impacts fell below the threshold but were lifted above it after a qualitative assessment of financial risk and opportunities to be included among the material IROs.

Assessment of financial risks and opportunities: The risk methodology—low, medium, high—was used for both financial effect and likelihood. The risks and opportunities that received “medium” or higher, combined with a likelihood of “medium” or higher, were assessed as material.



Stakeholders

Our stakeholder dialogue is ongoing and reviewed yearly. We build knowledge and awareness of our upstream and downstream value chain through regular meetings, interviews and other activities. Our primary stakeholders are those directly affecting our value chain or those affected by our operations throughout the value chain: staff, suppliers, wholesale partners, and end-users. During 2024, we deepened our relationship with our main suppliers in Vietnam by having more Vagabond staff at the production sites daily and spending more time at our main tanneries. Another significant stakeholder was the customer, specifically the e-commerce customer. Within this context, two principal initiatives were implemented, focusing on personalised experiences and accessibility.

STAKE-HOLDER	DESCRIPTION	KEY PROCESS	MAIN MATERIALITY TOPIC
Co-workers	We are 186 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 owned by the Vagabond Shoemakers Foundation.	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 45 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

STAKE-HOLDER	DESCRIPTION	KEY PROCESS	MAIN MATERIALITY TOPIC
Partner Organisations	Svensk Handel, AAFA, 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

Main stakeholders

Suppliers

Our first-tier suppliers include four shoe factories in Vietnam, located near our production office in Ho Chi Minh City, and two additional factories in China. We maintain close collaboration with all our partner factories and are committed to building long-term business relationships. At two of our primary suppliers, we have on-site offices staffed by our team to support daily operations and planning, helping to ensure the quality of our shoes. From these offices, our team also visits and supports our other factories.

Customers

Wholesale partners: For 2024, we have focused on maintaining close dialogue to ensure access to sell-out data, providing the highest possible support and relevance in restock orders for mutually sustainable business development. We've also decided to consolidate the Pre-Collection and Main-Collection delivery windows to maintain a high accuracy in the shipping filling ratio.

End-users: A couple of years ago, we developed a framework for our philosophy based on the four C's: The Craft, The Choice, The Care, and The Change. To offer an alternative message during Black Friday, we focused on The Craft. Under the theme "Step into a world of shoemaking," we provided an exclusive glimpse into our in-house design studio and the shoemaking process—demonstrating not only our dedication to craftsmanship but also our belief that quality is a cornerstone of sustainability. By designing our products in-house, we ensure long-lasting design, thoughtful material choices, and greater control over the production process.

Customer care and accessibility: Although the core of the wholesale business is essential, we are seeing a growing interest in direct contact with and/or purchasing from the brand. One sustainability advantage is offering guidance to reduce return rates, a critical challenge in a growing e-commerce world. We handle all translations in-house by hiring local editors for each new online market; this way, we ensure that we maintain a consistent tone of voice. Our service operates around the clock. Through our live chat, shoppers can receive assistance, advice, and information from our experts, regardless of the time or their location.

"We have been available to our customers 24/7 throughout the year—a service they genuinely appreciate. Our team consistently receive positive feedback, as customers value the personal touch of speaking with a real person rather than a chatbot. We are there for our customers before, during, and after their purchase, offering our expertise to assist them in finding a pair of shoes that will endure for a long time."

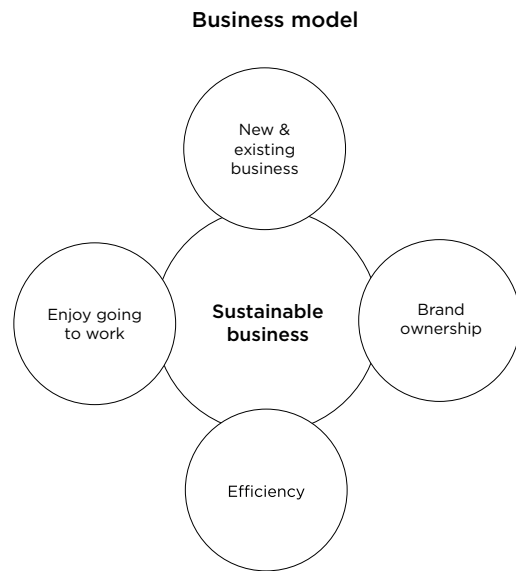
- Virve Langemark, Head of E-com



Staff

Enjoy going to work: A key aspect of our business model is creating a work environment where employees feel engaged and supported. While we offer flexibility through remote work when appropriate, our primary workplace is our headquarters in Varberg, where in-person collaboration is encouraged.

To promote a sense of community, the company provides a daily breakfast for all staff. Additionally, our internal Trivselgrupp (Enjoyment Group) arranges occasional social activities such as after-work gatherings and seasonal celebrations. These initiatives contribute to maintaining a positive and collaborative workplace culture.



New & Existing Business: Illustrates our business process for easy onboarding and cross-function collaborations

Brand Ownership: Access to all essential brand learnings/training

Efficiency: Updating of meeting and feedback routines

Enjoy going to work: Customised onboarding for new staff and continuous internal knowledge sharing

Partner and membership organisations

We connect with a variety of membership organisations that, while not directly involved in our value chain, have made significant contributions to it across all facets. Although we are part of the textile industry, our product does not entirely address the specific challenges of textile production. Consequently, a blend of fashion/textile-focused and niche leather organisations are most suitable for us.

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	Svensk Handel	Membership
Sustainability risk assessment	HIGG CO	Membership

Facts LWG (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.

Our own workplaces

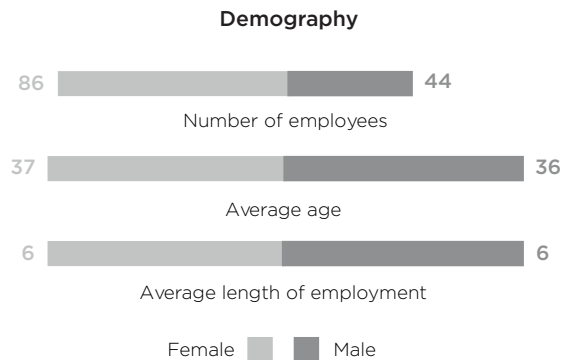
As an international company, we can make a positive difference for many people and all hands involved in our supply chain worldwide. By staying close to the process and owning our product and brand, we have great opportunities to create strong teams where cultural values and work methods are spread within and between groups.

The collective business knowledge is substantial. The environment encourages asking questions, and we adhere to a "Decision-making principle": anyone can make decisions as long as they involve co-workers with experience and those impacted by the 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 various angles, truly enriching us and creating a positive foundation for the organisation and business to develop sustainably.

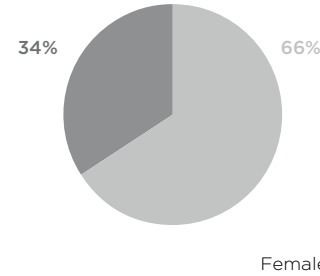
A central collective agreement covers 100% of all employees at Vagabond International AB in Sweden. We collaborate with international HR consultants to support remote sales and production offices, ensuring compliance with local legislation and other relevant conditions.

Supporting our staff and leaders

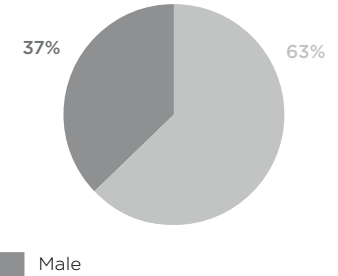
In 2017, we developed a cultural staff handbook, titled 'A Shoemaker's Handbook,' which focuses on who we are, what we believe in and stand for, and how we work and envision the future. The handbook has been distributed to all our coworkers, and training sessions have been held in several Vagabond offices worldwide.



Gender Distribution Total



Gender Distribution Managers



Gender distribution

Traditionally, our business attracts more female than male employees, as reflected in our global employee statistics. Currently, 66% of our employees with permanent contracts are female, while 34% are male. Both female and male employees are represented in all departments, and the gender distribution of managers at Vagabond Head Office is 63% female leaders and 37% male leaders. The average age is 37 for women and 36 for men, with an average length of employment of six years. This data pertains to the global head office in Sweden, and the same distribution is observed in our subsidiaries.

Empowering our people

Education and engagement: For our process in the sustainability field, all employees must be continuously updated on the latest developments in the business, the steps we are taking, and how we address the challenges we encounter. We hold quarterly staff meetings, which are 45-minute digital meetings in an interview-based format, consistently introduced by "A Word from Our CEO", followed by in-depth discussions into selected areas. The aim is to engage, enlighten and update in a relaxed setting. Our company intranet and LinkedIn are used for company-related news, including sustainability initiatives. Our social hub is our kitchen area, where we promote household waste sorting and the "one coffee mug a day" initiative to raise awareness of easy, daily responsible actions.

Health and Safety

We are committed to providing a safe and healthy environment in all our units. In 2024, we had zero reported work-related injuries. We provide first aid and firefighting training at our head office and warehouse in Sweden, as well as at our factory in Vietnam. In 2024, all store managers and selected HQ staff received full first-aid training. We also ensured that light, noise, and temperature levels are within specific limits for optimal working conditions. Additionally, we ensured that the chemical emission levels from our production departments were acceptable.

for optimal working conditions. Additionally, we ensured that the chemical emission levels from our production departments were acceptable.

We work with a healthcare partner, Avonova, to enhance the work environment and promote preventive measures.

Participation in a changing world

Charity donations: As part of our engagement in a changing world, we contribute to charitable organisations and support those in need. We want our coworkers to feel that their work has generated profit for the company, helped people in difficult situations, and contributed to restoring the planet.

Our charity focus areas are a) health, b) the well-being of the young or exposed, and c) the environment & climate.

Our charity donations 2024 (SEK 1.100.000) were directed 70% to Beredskapslyftet, Doctors without Borders and UNHCR to maintain support due to ongoing conflicts, especially in Ukraine and the Middle East.

We were also a local key sponsor of "Varberg för Musikhjälpen", the yearly initiative with a global focus whose theme for 2024 was "Everyone has the right to survive their pregnancy"

The rest focused on local engagement and initiatives aimed at the well-being of young people, including local sports clubs, PS Musical, and Pride Varberg.

We donated shoes to all trusted partners of the Loza Foundation, Human Bridge, and Red Cross Sweden, proving that our products would have a new meaningful purpose and would not become waste.

It is worth mentioning that the change of ownership* of the company will significantly strengthen our ability to support, as the purpose of the Foundation is to transfer the company's surplus to charitable causes - within the focus areas above and more.

*The Vagabond Shoemaker Foundation, page 7



The focus areas

Since 2019, our identified and highlighted priorities in sustainability are summarised in these seven key areas: Emissions to Air, Material and Circular Economy, Production Working Conditions, Transparency/Knowledge Sharing, Clean Water, Process Chemicals, and our workplaces.

Among these key focus areas related to our value chain, we have prioritised emissions to air, material and circular economy, and production working conditions as the most important.

TOP PROIRITY AREAS	2024 ACTIONS
Emission to air - GHG calculation	- Primary data - Simplified collection - Separation material - process
Material & Circular Economy	- LWG - Vinnova & Reselo - The 4C's - The Craft - Shoe bring back
Production working conditions	- Special project: Air quality Working hours
Transparency/Knowledge sharing	- Onboarding new factories
Process chemicals	- REACH updates
Clean water	- LWG

The overarching target for Emissions

Our overarching environmental target is to reduce air emissions by 50% by 2030, relative to our growth. This was set in 2018 and based on the reporting data available since 2016: transport. By reviewing the entire value chain and calculating emissions according to the Greenhouse Gas Protocol reporting standard, we understand that transport accounts for a minor portion of our total emission impact, partly due to our focus on achieving a filling ratio of over 90% for containers, utilising sea shipping, and attempting to avoid air freights.

In 2024, we concluded our third year of extended emissions calculations using the GHG Protocol. We will subsequently utilise an emissions simulation tool to support our strategy development and daily decision-making.

Materials are closely interlinked, as this is where our primary emissions impact originates; thus, it remains a highly prioritised topic.

Target break-down

Our next step is to break down the target on material type, production material, production products, and transport. We will also look for the best example in each area and apply it to the rest. For instance, our tannery, ISA Tantec, is well below set LWG standards for water and energy usage and is a benchmark to use in the dialogue with our other material suppliers.

Emissions to Air - Greenhouse Gas Calculations

The 2015 Paris Agreement, along with nations' commitments to keep the global average temperature well below 2°C above pre-industrial levels—and to pursue efforts to limit the temperature increase to 1.5°C—was reaffirmed at the UN Climate Change Conference held in Baku, Azerbaijan, in November 2024. The conference underscored the ongoing challenges in meeting the objectives of the Paris Agreement and highlighted the urgent need for accelerated and more effective climate action.

Within our value chain, greenhouse gas emissions are recognised as the most significant contributor to negative environmental impact. Given our strong relationships with key actors across the value chain, we strive to gather as much primary data as possible—leveraging close collaboration with suppliers and a comprehensive view of operations. Science-based secondary data is used only as a complement when necessary.

Our goal is to develop decision-making tools and ensure sustainable growth through accurate measurement and traceability of emission sources. This enables us to take targeted action to reduce emissions effectively.

The Methodology

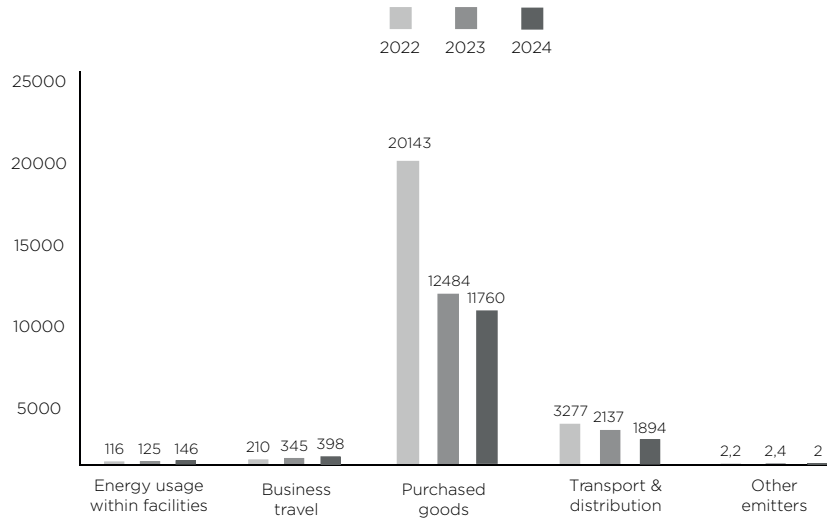
We continued to utilise the HIGG MSI LCA tool for the 2024 figures. An update for 2024 is that the Leather Working Group (LWG) and Leather Naturally have announced that a combined data submission, carried out by SPIN360 from their respective Life Cycle Assessment (LCA) studies, has been adopted as the new average for bovine leather by the Higg Materials Sustainability Index (Higg MSI). The latest dataset, included in the October 2024 update of the Higg MSI, indicates that the environmental impacts of bovine leather are between 55% and 67% lower than the previous MSI value for leather. The Global Warming Potential, which previously showed an impact of 36.8 points on the Higg MSI scale, is reduced by 60% to 14.6 points.

*The Higg MSI LCA tool identifies hot spots and more extensive emission sources in the supply chain rather than supporting the creation of detailed climate disclosures. The tool contains emission factors for raw materials and production processes that are functional as generic values when calculating emissions from raw materials to finished products. The Higg MSI is the industry standard for using average values to perform climate calculations.

In 2024, we once again partnered with 2050 Consulting for our greenhouse gas (GHG) calculations. This year, we broadened our efforts by gathering more primary data directly from tanneries. We also improved the data collection process for business travel, which was more comprehensive than in previous years. As a result, the reported emissions in this category appear higher. However, this increase is not necessarily due to more travel, but rather a reflection of enhanced data coverage and a broader scope.

Emissions from transportation and distribution are primarily based on the carrier's actual emission data and calculations based on provided information about transported weights and distances. The emission factors used for the calculated emissions are gathered from the Network of Transport Measures (NTM).

Annual comparison of emissions per category

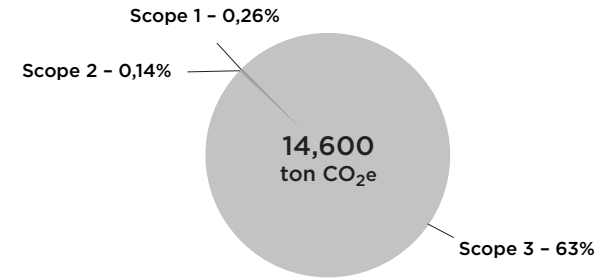


GHG Calculation Results 2024

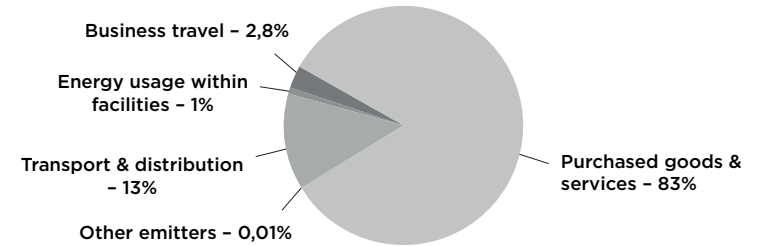
Emission per Scope & Category

For the year 2024, the total greenhouse gas emissions amount is 14.200 tons of CO₂e, with 37 tons (0.26%) of CO₂e attributed to scope 1, 21 tons (0.1%) to scope 2, and 14.141 tons (99,6%) to scope 3. Key categories among the scopes include Energy facilities, Business travel, Purchased Goods, and Transport.

Emissions per scope



Emissions per category



Total emissions have decreased by 6%, while production volumes remained at similar levels compared to the previous year. Most emissions fall under scope 3, making up over 99%, primarily within the category of purchased goods and services (83% of all emissions). One major reason for the reduction in emissions is that Vagabond has cut our emissions associated with manufacturing and Tier 2-4 processes.

When compared to 2023, emissions in Scope 1 have decreased by 2%, while emissions in Scope 2 have increased by 13%. The rise in Scope 2 emissions is partly due to a slight increase in electricity consumption across Vagabond's facilities, primarily driven by the addition of larger warehouse space in 2024. Business travel emissions show a 15% increase; however, this is not a result of increased travel activity, but rather due to improved data collection that now includes all Vagabond employees—not just those based at the HQ and production office.

- Since the HIGG MSI tool has updated the environmental impacts of bovine leather, which are now between 55% and 67% lower than the previous MSI value for leather, this number significantly changes. For cow leather, we had an increase of 48% in volume but a decrease of 32% in emissions. The increase in volume is due to purchasing more materials for stock, allowing us to ship more materials by boat and support our factories with materials closer to placing shoe orders, thereby maintaining a steady and more easily planned production.

- A reason for the decrease in absolute emissions in Tier 1 is increased production efficiency from particular suppliers. Our biggest supplier has reduced their electricity consumption per produced pair from 1,7kWh/pair to 1,5kWh/pair. As the number of purchased products from this supplier has increased compared to 2023, this efficiency improvement significantly impacts the absolute emissions.

- For Tier 2, our largest leather supplier has decreased their impact per kilogram produced. This development is attributed to lower fuel consumption, resulting in reduced fuel usage per kilogram produced.

Emissions per scope

MISSIONS PER CATEGORY [ton CO2e]	TOTAL EMISSIONS 2024	TOTAL EMISSIONS 2023	CHANGE 2023-2024	TOTAL EMISSIONS BASEYEAR	CHANGE 2022-2024
Energy usage within facilities	146	125	17%	116	25%
Business travel	398	345	15%	210	90%
Purchased goods	11760	12484	-6%	20143	-42%
Transport and distribution	1894	2137	-11%	3277	-42%
Other emitters	2	2,4	-30%	2,2	-25%
TOTAL	14200	15094	-34%	23748	-40%

- Weight: The average weight per produced unit slightly changed from 0,85 kg per unit to 0,82 kg per unit.

Scope 1 (Direct GHG emissions) Company operations: 37 Tons CO2e

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.

Scope 2 (Indirect GHG emissions): Purchased energy for offices, stores, and warehouses: 21 Tons CO2e

The electricity purchased for our Swedish head office, warehouse, and stores is supplied by 100% water, wind, or sun power. The same goes for our Finish, Norwegian and Danish 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.

Scope 3 (Other indirect GHG emissions) Purchased materials, production and transport: 14.141 Tons CO2e

Processing leather from the meat industry's waste into smooth leather suitable for shoes is energy intensive. Despite reduced emissions from bovine leather production, this remains our largest source of emissions. Rubber-mix outsoles, another primary component, contribute as the second largest source of emissions. In this category, we identify three distinct aspects: the type of material, the place of production and logistics solutions, and the mode of transport.

Type of material

Leather and outsole materials account for the majority of material-derived emissions. Consequently, we must focus on understanding and making informed choices in our leather and outsole material sourcing process. Both origin and weight make a difference, as does the availability of green energy at the tannery or factory.

Place of production

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

Logistics Solutions & Mode of transport

Following purchased goods and services, transportation and distribution are the second-largest contributors to Vagabond's emissions. Compared to 2023, transport and distribution emissions have decreased by approximately 11%, while the payload distance increased by 13%. Emissions from air freight have followed the trend from last year and decreased, with a 20% reduction in 2024 compared to 2023. With very few exceptions, all imported goods are shipped by sea, which results in a net footprint of approximately 0.29 kg Co2e per pair for the import. In the few cases where we decided to ship by air in 2024, it was due to production delays, which could result in the cancellation of orders and excessive stock volumes. We strive to minimise production delays by consistently planning and making early material purchases.

Approximately 65% of total transport emissions are caused by air shipments, 22% by sea, and 11% by road, in contrast to the fact that only a small percentage of our transport occasions involve air travel.

“Although air shipments represent only a small share of our transport occasions, they account for approximately 65% of our total transport emissions. We are committed to minimising their use by prioritising sea freight and improving planning to avoid production delays. At the same time, we recognise that strategic work travel remains essential to maintaining strong partnerships and ensuring product quality—ultimately helping to reduce excess stock and waste.”

- Tomas Paepke, Head of logistics & business support

Another aspect of transportation is work travel. In 2024, emissions from work travel increased by 15% compared to the previous year, primarily due to additional data from all Vagabond employees. In 2024, we could gather data from more individuals involved in our production, including quality controllers in our leather process as well as those in shoe production. Although we have invested in enhanced equipment for digital client and supplier meetings to complement physical meetings and reduce work travel frequency, as a global company, work travel remains crucial to maintain close relationships with our supplying and retailing partners. Being onsite is a strategic choice to reduce the risk of quality errors and wrong end destinations and purposes for our products, therefore reducing excess stock and waste.

Reduction of emissions

The types of material and origin are factors included in our active decision-making, but the energy amount and energy source are more complex. The production is energy-intensive, and the electricity source is “mixed”, meaning coal, natural gas, hydro and solar, where coal is still the most significant. In contrast, electricity from renewable sources is only a minor part. For our emission footprint, we need to rely on template emission data for the raw materials. In addition, there are vast variations depending on the database used to calculate emissions for raw materials. Regardless, the conclusion is that leather and rubber mix outsoles are the most significant source of emissions in our value chain; hence, being able to work with primary data for electricity used by our suppliers is crucial to be able to actively choose and collaborate on emission reduction with our suppliers in material sourcing and processing.

Reducing emissions in production: Although energy efficiency by investing in new techniques and machines is of great importance moving forward, the most tangible solution is to work for the accessibility of green energy. In 2024, we began working with a supplier that uses solar panels for electricity. We are continuing our discussions about using less energy-intensive machines.

Our current summary is that obstacles are connected a) to the need for premises construction investigations to ensure they are suited for solar panels and b) to the irregular market demand undermining the will for long-term investments. The premises are rented for our two main factories, which calls for a dialogue with the landlord, which is ongoing but not finalised. There are also uncertainties on how much energy can be derived from the solar panels and how much needs to be from the grid, depending on the time of the season. 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.

In general, we are committed to lowering emissions by remaining close to our value chain and managing irregularities in the production and transport sectors, resulting in the lowest level of emissions connected to our activities. For the preparation and tanning of leather, we collaborate with LWG tanneries, many of which have installed solar panels and developed internal plans and strategies to reduce their climate footprint. With more primary GHG data, we can also use this information when evaluating our tanneries.

Reducing emissions own offices: 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.

Reducing emissions for work travel: The key is efficiency, meaning that all travel should have a clear mission and set agenda. Before booking, we consider whether extending the agenda and staying a bit longer, or adding another nearby destination for other meetings, can save on the next trip. We also encourage travelling by train, especially for extended trips like to Berlin.

Reducing emissions through smarter packaging: Shoe boxes are designed to fit the specific measurements of each type of shoe, ensuring the shoe is well-kept and protected during distribution and storage. The shoe box “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 shoe box 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 maximum of 5 pairs per order as orders larger than five pairs are likely to induce several unnecessary returns, which causes 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 shoe boxes, outer shipping boxes, and outer cartons for wholesale. All shoe boxes, shipping boxes, and outer cartons are made from 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-commerce shipping are 100% climate-neutral (by ÅterBära, initiated by our partner Avisera).

Material & Circular Economy

“Our responsibility begins with the materials we choose. Leather remains the most durable option for footwear, but it must be sourced and used responsibly. That’s why we only work with LWG-certified tanneries—97% of which achieved Gold in 2024—and pair leather with conscious materials like recycled polyester, GOTS-certified cotton, and Tencel™. Whether it’s extending product life or developing non-animal alternatives, our focus is always long-term durability and sustainability.”

- Paulo Martins, General Manager Vagabond Vietnam

We source all our leathers from LWG-certified tanneries and select materials like recycled polyester, organic GOTS-certified cotton, or Tencel™ for our linings and reinforcements.

Although leather is a byproduct of the meat industry, we must source only sustainably processed leather, use it wisely, and minimise waste. When creating a fashion product, there is always the consideration of either making it the easiest to recycle or producing one that can last over time. Leather is challenging to recycle fully, but it has longevity features. Therefore, our primary responsibility is to prolong the life of each leather product.

For 2024, all of our tanneries were LWG certified, with 97% receiving a Gold rating. Our textile linings are made from GOTS-certified cotton, GRS recycled polyester, or Tencel™. All reinforcements in our shoes are made from GOTS-certified cotton.

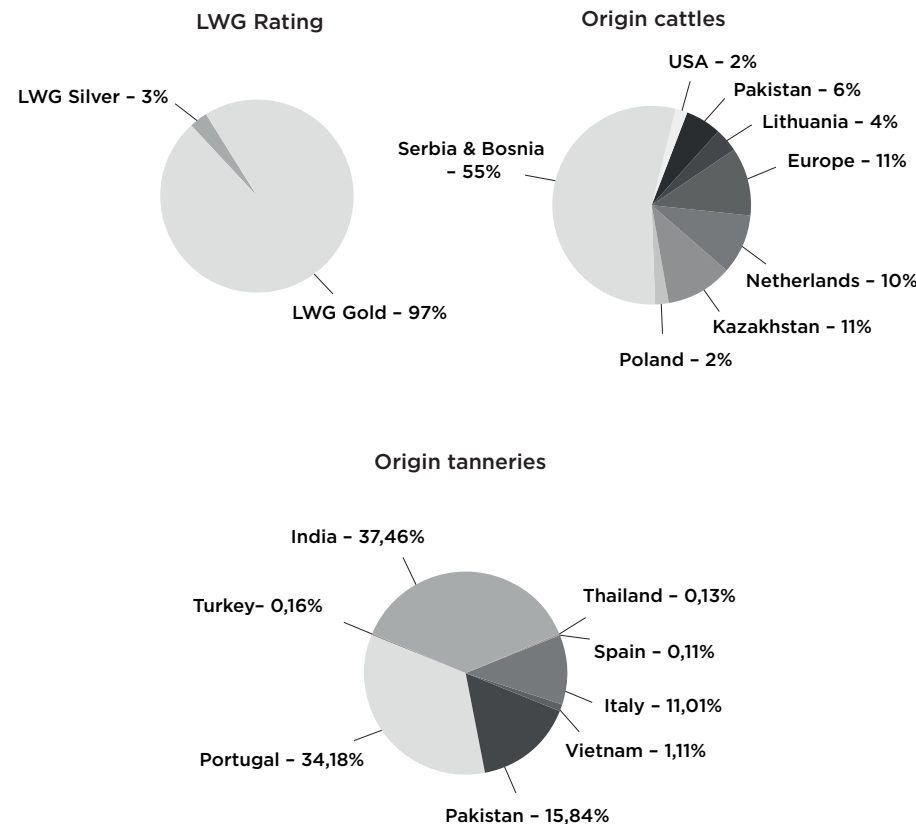
Participating in the development of non-animal and alternative materials is a long-term strategy. However, it aligns with the development of responsible sourcing of leather, as it is the most durable material for footwear.

Shoe Bring Back is not growing in pairs, but in accuracy and as the cornerstone of sustainability-aware choices, care and use of shoes as a product.

Leathers

We have been members of the Leather Working Group since 2019. Since 2022, we have been committed to purchasing only leather from LWG-rated tanneries that are produced in accordance with strict environmental and social standards. LWG is the best existing standard for the leather industry. As LWG members, we attend webinars and stakeholder meetings with the LWG organisation. The LWG tool is evolving to include full traceability, along with social conditions, expanding beyond the initial focus on environmental issues and energy use.

Our material suppliers are committed to the overarching standard for leather manufacturing, covering all of 2024; all tanneries are either gold or silver-certified actors in the leather value chain. Although the LWG criteria are the same for each country, we also consider the country of origin in our risk assessment, especially general social conditions and transport.



We have taken further steps to strengthen our leather supply chain traceability, setting a clear goal to achieve traceability at the farm level. While this level of detail is extremely complex due to the nature of leather as a by-product of the meat industry, we recognize its importance and are committed to pursuing it. Currently, through

close collaboration with our tanneries and leveraging our in-house supplier relationships, we are able to trace the leather back to the country of origin of the animal and the country where the slaughterhouse is located. This is a meaningful step, but we acknowledge that full farm-level traceability remains a significant challenge across the industry.

Our raw materials originate from:

- Europe
- Kazakhstan
- Azerbaijan
- Pakistan
- Northeast United States

These regions are the source of the hides and skins processed by our tanneries. As traceability systems continue to evolve across the sector, we are actively engaged in improving due diligence processes and contributing to a more transparent and responsible leather supply chain.

We have met with ISA Tan Tec at their factory in Vietnam and at the Varberg office. With offices in the USA, China, and India, along with their involvement in and promotion of several environmentally friendly initiatives, they are at the forefront of developing leather as a sustainable product.

Chemical testing

We conclude that the material must be thoroughly tested for all material batches we order. This is because the chemical testing demands through the LWG certificate program are limited to the chemicals used only within the tannery's process and only on the most significant articles produced.

Leather inner soles

All our shoes with leather inner soles are made in chrome-free tanned leather, as chrome-tanned leather may cause skin allergies when exposed to bare skin.

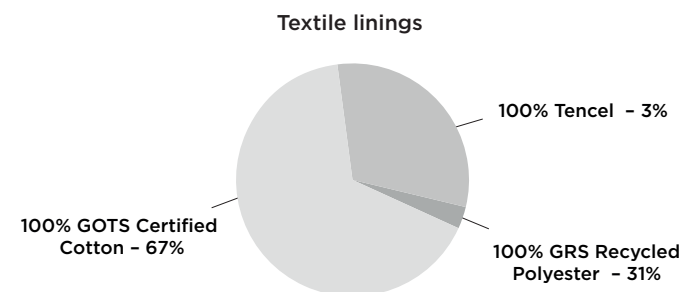
Textile linings

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

Reinforcements

As of 2024, we are committed to using exclusively GOTS-certified cotton in all our textile reinforcements.

In addition, we are gradually transitioning to as many recycled or biobased materials as possible for technical components, such as toe caps and back counters, to achieve a content of at least 20%.



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

**Sustainable materials include 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 significantly reduced water usage in the manufacturing process, and other materials from renewable sources.*

Outsoles

Besides leather, the outsole is a crucial component. The outsole raw materials must be compounded to withstand weather, wear, and tear and last for a long time. Virgin rubber is mixed with thermoplastic rubber to get a mix suitable for durability and various surface and temperature conditions. What is essential for recycling is to keep the number of different substances to the lowest possible without compromising quality. Therefore, this is a critical focus we share with our fellow actors in the industry.

Ethical Material Considerations

Animal welfare is a key component of our requirements and is addressed in a dedicated section of our Code of Conduct. We stand against the use of unethical materials, such as fur or leather from endangered species and animals bred solely for their leather. 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. From 2022/2023, LWG has further focused on traceability and deforestation, as these are among the top five most relevant topics for LWG members. Their LWG audit standard, updated in 2021, is used in their assessment of leather manufacturers and supports a more sustainable and secure leather supply chain. This updated, holistic audit emphasises a comprehensive ESG approach, encompassing all aspects of responsible leather manufacturing, including environmental management, traceability, chemical management, social responsibility, and governance.

We continually seek alternatives to leather materials and have our Non-animal selection as a permanent part of our assortment. Our Non-animal items are made with leather-imitation material and designed for 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 products are a conscious choice for those who choose not to use or limit the use of animal-derived products, the current non-animal materials come with emission challenges, as traditional leather imitations are often made from PU.

Material Development Collaboration

In 2023, we entered as co-partners in a new project for developing non-animal leather-like material financed by Vinnova, the Swedish innovation agency. Irmis Fabric, the project initiator, and RISE Research Institute of Sweden, the innovation partner, brought together eight other partners, including brand owners, material suppliers and material development companies. The idea is to develop a leather-like material based on valorised waste streams from the fruit and forest industry while meeting the high durability demands for apparel products. The project runs until 2025, and our part is to test the new material's features in the shoemaking process. We aim to find a sustainable alternative to today's non-animal materials, specifically PU (polyurethane). Although not of animal origin, PU is a type of plastic and, therefore, a non-renewable sourced material, which we aim to replace with a sustainable option that meets our quality standards. As we embarked on this innovative project, no such material existed on the market.

Reselo

Vagabond contacted Reselo in 2023, and during 2024, we collaborated to explore ways to incorporate more circular materials into our outsoles. Reselo has developed a unique bio-based material known as Reselo Rubber, which is created by extracting rubber from birch bark — a byproduct of the forest industry. Together with one of Vagabond's outsole suppliers, we conducted several tests to develop a compound that works both technically and comfortably. In these trials, we replaced fossil-based materials with Reselo Rubber while maintaining the same performance as our previous outsole. Our focus has been on testing with Vagabond's men's group, Paul 2.0, where we successfully integrated 20% natural rubber in combination with Reselo Rubber. A key milestone was our joint meeting at the factory of our outsole supplier. We will continue this collaboration and development throughout 2025, and while we are exploring the possibility of introducing this style in 2026, no final decision has been made yet.



Shoe Bring Back

We are committed to reducing the amount of waste generated by our production. This commitment includes optimising material usage by applying in-house know-how already at the design phase. This concerns product construction, using recycled or more sustainable material options, and urging for responsible usage and safe handling of still wearable or completely worn-out shoes.

Our Shoe Bring Back initiative has evolved into a broader discussion about reducing waste and, when necessary, leaving your used shoes for recycling as a last resort.

The most significant part of the negative impact connected to shoes occurs solely at the point of production, especially since shoes, unlike clothes, are not regularly washed. Therefore, we are pleased to see a continued increase in resold items on vintage market platforms, supporting the growing interest in secondhand products. At the same time, discussions on sustainable fashion forums emphasize the importance of “secondhand as the second option”—only buy what you need and intend to use throughout its entire lifecycle.

The argument above remains very much alive, alongside an ongoing dialogue with I: Collect, where the extension of collection options is the core topic; shipping used shoes 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 promote a higher awareness of consumption, considering the whole lifecycle of the shoe and cooperating with our customers to reduce fashion waste.

Production working conditions

Working conditions, including the physical working environment, are essential for our company and brand. Although shoemaking is machine-supported, it strongly depends on each person’s trained eye and handicraft skills in the production line, mainly since the products cover many different shoe types (from sandals to high boots).

Vagabond acts in a diverse, global network with several hundred people in the supply chain to make Vagabond products. Counting both direct suppliers and sub-suppliers, Vagabond is produced in about ten countries. Our direct suppliers are shoe and accessory manufacturers. Our focus has been to offer weekly support for all our direct suppliers (the shoe factories).

Freedom of association is one of the cornerstones. According to national law in Vietnam, all our factories offer trade unions, in which 90-95% of all workers are connected. Meetings are held once a year, according to the law. Moving forward, we are pushing for at least twice a year to correspond to the fact that there are two peak seasons a year, and each new season involves new start-up circumstances which

need to be addressed from both sides.

Our suppliers must be skilled shoemakers and pass our strict quality and chemical requirements. Once the CoC is signed, an initial inspection visit will occur at the factory in due time to enable the development of corrective action plans and follow-ups before production commences. As soon as a supplier is accepted for Vagabond production, they will be immediately included in the inspection scheme.

In 2024, we started onboarding two new factories in China, Desai and Action Shoes.

CoC inspections 2024

In 2024, we continued to use SGS for external audits, as their structure and unique focus are well-suited to our CoC.

It is a challenge that our audit scores in the current setup are not weighted. This means all measurement values carry equal importance in the final score result. On one hand, we are pleased that our factories score high on average; on the other hand, we recognize that issues within our prioritised areas of concern can be found among the topics with lower scores.

SUB-SECTION	QUESTION	DMD	OSCO	JANDS	JT
Summary	2024 Total NC	17	6	12	11
	2023 Total NC	11	9		
	% of Change	54,55%	-33,33%		
	2023 VB Rating	96,21%	92,82%		
	2024 VB Rating	92,33%	97,48%	94,56%	96,50%

Correction action plan follow-ups 2024

For every finding in our 2024 follow-up, we managed the risks through the steps outlined below:

- The risk level (standard/medium/major)
- What can be quickly corrected
- What can be corrected in steps
- What is challenging to correct and why (outside factors)

To follow up quickly and effectively, our local CSR coordinator conducts daily coaching and follow-up. She reported to our General Production Manager for 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 ambassadors for good product quality and 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 its severity.

Correction action plan, special focus; overtime and working environment (air quality)

During 2023, we initiated a special project focused on two areas that we consider to be of company concern, which require correction in a step-by-step manner and, in some cases, are challenging to correct due to external factors: overtime and working environment (air quality). We have continued this work in 2024. For overtime, we have updated the tool to make follow-ups and understanding during internal meetings easier, as well as to provide a clearer overview when presenting the figures.

Risk: All circumstances connected to every hand involved in our value chain are always of essential concern. Our main discussion point during the management visits with suppliers in June was the necessity of building relevant business cases over time and correlating them between both parties. We are aware that seasonal fluctuations occur and that factories operate with rapid changeovers, during which a safe working environment and adherence to working hours must be maintained within legal requirements.

Possibility to change: In the working environment (air quality) and overtime standards, referring to national legal requirements is insufficient. We must be hands-on and push the question step by step. Production Planners must check if a new order risks causing working environment challenges or overtime that exceed national regulations. Quality Controllers must ensure that the working environment is maintained safely. For instance, if a specific type of shoe is causing additional glue stations, the air quality in that area must be checked. The challenge of overtime is that it is widely consolidated within the industry and is often considered a desirable opportunity among workers during peak seasons. Also, although we are determined to avoid causing unauthorised overtime connected to our orders, it may still occur for other production.

The CSR team's work model:

Monthly follow-up on overtime hours: Each month, the CSR team requests follow-ups on working hours. When discrepancies occur with national regulations, we verify whether they are related to our orders and continuously request corrective action plans from the factory itself in steps.

Air quality check-ups: Using an air quality device, the CSR team physically tested the air quality in crucial areas on the factory floors. A certain level of air circulation is needed, and the CSR team has pointed out risk areas where, for instance, glueing is not possible to maintain a safe working environment.

CSR training

In 2024, we focused our training on a new shoe factory and held CSR training as well as GHG training. During the CSR training session, the Vagabond CSR team presented our Code of Conduct, the associated risks, and strategies for preventive work. This training concerns the working environment from a health, environmental and social perspective. Besides informing them about our requirements, we are also keen to nourish the long-term relationship and enable a transparent dialogue. In the GHG training, we focus on why this is important, the long-term goal of reducing emissions for a sustainable future, and how we need this information to calculate.

Transparency / Knowledge sharing

By sharing our product knowledge, we can inspire and guide our customers to better choices for people and the planet.

Product information

Vagabond.com serves as the hub for our product specifications and descriptions. This information includes addresses to material suppliers, manufacturing factories, and material features connected to shoe care. We continually work on the product description, as we have found a clear connection between the quality of recommendations and the frequency of returns.

We present and use this information internally and for education, sharing it with our brand-representing retailers.

Product Sizing

As a multi-market brand, a challenge is size information and translating European sizes for markets outside Europe. Although we humbly pride ourselves on being experts in our field, it is essential to align with what consumers are accustomed to from an international perspective, such as the sizing standards used by the worldwide sports shoe industry. We also included our fitting review because we offer shoe types defined by different toe shapes.

General knowledge sharing

We maintain our "Black Friday" week Statement: "Only buy what you really love", directed at end-users and our clients. We aim to move away from the negative aspects of fast fashion. We report on the Higg Co BRM module yearly, which our key clients are also connected to and can participate in.

Make Every Step Count – Consumer Dialogue

The 4C's consist of The Craft, The Choice, The Care, and The Change. In 2024, we continued and elaborated on The 4C's, aiming to "Make Every Step Count - from the leather we choose to the shoes you use". We focused on The Craft, with a campaign giving an exclusive glimpse into our in-house design studio.

The campaign highlighted our shoemaking process, demonstrating not only our commitment to craftsmanship but also our belief that quality is fundamental to sustainability. By designing our products in-house, we can ensure long-lasting design, thoughtful material choices, and greater control over the production process.



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.

Process chemicals

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

Chemical pollution is a significant challenge in the modern shoe industry. At both shoe manufacturers and material producers, the processes are chemically intense. We are committed to reducing and replacing chemicals that can harm people and the planet. We recognise 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) outlines our chemical management and prevention work, encompassing 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 test the relevant substances in our products against our RSL. We have developed a framework for testing our materials to ensure they are as appropriate and effective as possible. For example, some subjects can be tested at the material level, while others require testing at the colour level.

Our upper materials are tested by independent and certified laboratories, which conduct the tests at the tanneries' request but based on our specifications. We require chemical testing on all materials used in our production. Suppliers must demonstrate that they meet our RSL, and we conduct extensive chemical testing each season to verify the suppliers' compliance with our requirements. Any material with non-approved test results will be excluded from our production.

In March 2023, we updated our RSL (Restricted Substances List) with new updates from REACH. We are supported by consultant Stefan Posner, a polymer and textile chemist with over 30 years of experience in our industry. Stefan helps us establish whether this is relevant to our product when a change in the REACH framework is announced. That way, we avoid passing on irrelevant restrictions to our suppliers.

We have noticed that our restrictive stance is causing comments from some of our tanneries as they struggle to guarantee complete usage bans or refrain from using certain newly added substances. We have also noticed that some newly added substances can be complex to test, as some laboratories lack the necessary processes. Still, we appreciate how these dialogues deepened our knowledge in the area and improved our understanding and communication with our tanneries.

Elaborating further, we've determined that we cannot rely on the test requirements associated with LWG membership. As the LWG test requirements are limited to the process within the tannery and the substances used there and only cover the most significant articles, these results are insufficient for us.

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. This kind of production often 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 significantly fewer initiatives to follow up on water and substances throughout the chain of activities. This is the main reason we joined the Leather Working Group (LWG) * in 2019, and purifying wastewater for environmental and biodiversity reasons is one of the fundamentals of the LWG's mission. 100% of our leathers come from LWG-certified tanneries.

**read more about LWG on page 19*

About the report

This report presents information for the financial year 2024, covering the period from January 1 to December 31. It constitutes Vagabond International AB's statutory sustainability reporting and encompasses the entire Vagabond Group.

We report on our impact across prioritised areas within our value chain, primarily using our own data, complemented by relevant statistics from selected partners. Each issue addressed in the external report is supported by corresponding data. Our sustainability team gathers all relevant information from internal functions and external parties, including suppliers and partners. The data presented reflects the best systems currently available to us.

This report has been voluntarily prepared with reference to the GRI Standards. In 2024, we participated in seminars and consulted with authorised sustainability experts and accountants to initiate our transition towards the Corporate Sustainability Reporting Directive (CSRD).

As part of our preparations, we conducted a double materiality analysis in accordance with CSRD and ESRS guidelines. This work serves as a foundation for aligning with the 2025 CSRD reporting standards and is detailed on page 8. Integration of this analysis into our reporting will follow once regulations are formalised through a step-by-step due diligence process designed to meet the new requirements.

Contact

For more information, please get in touch with us at:
www.vagabond.com/contact

