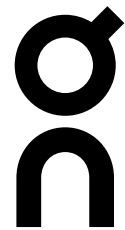


# Impact Progress Report 2020



<b>A personal note from the On Partners</b>	<b>3</b>
<b>On impact - Introduction to this report</b>	<b>5</b>
<b>An eye to the circular future: Cyclon</b>	<b>7</b>
<b>Part I:</b>	
<b>Goals and progress</b>	<b>12</b>
<b>1. Sustainable materials</b>	<b>13</b>
<b>2. GHG and climate change</b>	<b>19</b>
<b>3. Chemical management</b>	<b>23</b>
<b>4. Water, energy, waste</b>	<b>25</b>
<b>5. Fair and safe working environment</b>	<b>29</b>
<b>6. Transparency</b>	<b>32</b>
<b>7. People</b>	<b>33</b>
<b>Part II:</b>	
<b>SASB summary</b>	<b>42</b>
<b>Part III:</b>	
<b>2025 targets</b>	<b>45</b>

**Disclaimer:**

This report contains statements that constitute forward-looking statements. Many of the forward-looking statements contained in this report can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others. Forward-looking statements appear in a number of places in this report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors. The inclusion of information in this report is not an indication that On deems such information to be material or important to an understanding of the business or an investment decision with respect to On.

## **Dreaming of a better future – A personal note from the On Partners**

You are reading On's first ever Impact Progress Report. Publishing this document is a major milestone in our history. This report aims to provide a comprehensive, transparent account of the progress we are making on our goals to innovate for sustainability and create a positive impact in our communities.

On was born in 2010 from a ground-breaking invention. This new cushioning technology, CloudTec®, revolutionized what it feels like to run. Put simply, it makes every run more fun.

On was quickly adopted by fans around the world. Over the past decade, the global On community has continued to grow rapidly. This growth is fueled by continuous innovation and relentlessly challenging traditional ways of working in the sporting goods industry.

Today, On is a truly global company with a worldwide community, so the challenges facing the planet take on new significance. We dare to dream: if a start-up company from the Swiss Alps can reinvent the running shoe, what can we achieve together with our communities for our planet? That is why, in recent years, we have increasingly focused our innovation efforts on answering questions around sustainability, diversity and inclusion, and the safety and wellbeing of our collaborators around the world.

2020 was a big year for On, as we clarified the goals of our sustainability efforts. In another key milestone on our sustainability journey, we received approval for our 2030 CO<sub>2</sub> reduction targets from the Science Based Targets initiative (SBTi). The SBTi defines best practice in science-based target

## A personal note from the On Partners

setting and independently assesses and approves companies' targets according to strict criteria. This is a significant step for us as we work towards decarbonization and to decouple On's growth from the resources that we use.

Another recent highlight was the launch of Cyclon – our first-ever program to offer a fully recyclable high-performance running shoe available only by subscription. We created the first Cyclon shoe using over 50% bio-based materials. The upper is made from one cut of material so that it can be recycled in one piece and reused in a future pair of Ons. This first shoe is also one of On's lightest and fastest shoes, proving that performance and sustainability are complementary.

Reflecting on recent progress, we are grateful to have weathered the COVID-19 pandemic and that we were able to support our communities and partners through the crisis. In the first week of lockdown, we made a commitment to our whole team that their jobs would be secure. We also told all our suppliers that we would honor our order commitments. On's retailers benefited from flexible payment plans and from serving their customers through On's webshop while their stores remained closed. Small gestures, like donating shoes to frontline health workers and offering our team unlimited days off to manage any personal and family situations, helped everyone to stay positive.

Impact Progress Report 2020

Overall, we have set ambitious goals to reduce our material usage (the source of our greatest impact), to reduce CO<sub>2</sub> emissions, and to design and produce more products using a circular approach. We believe transparency is critical to our success in achieving these goals. For this reason, this report also includes an overview of our goals and progress in SASB format.

On's efforts to make a positive impact are a team endeavor. We invite you to join the dialogue and to add perspectives that can inform both our accountability and future actions.

In many ways, we have just begun formalizing our path to sustainability, and we know we still have a long road ahead. The progress we have made to date is thanks to the curiosity, determination and courage of our teams to dream. But how much further can we go together? Let's dream on.

Caspar, David, Marc, Martin & Olivier  
The On Partners

## On Impact – Introduction to this report

On is a brand built on optimism. In 2010, we started with a single goal: to revolutionize the sensation of running. We are a young company, a humble yet optimistic upstart in a mature and sophisticated market. Today, our aspirations go beyond engineering high-performance running shoes and apparel. As we grew as a brand, we became increasingly committed to taking responsibility for our environmental and social impact. For us, this is an opportunity for more innovation – in our products, in our operations, in everything we do.

**On’s sustainability mission is simple: to design high-performance products with the smallest possible footprint thanks to innovations in circularity, materials, and production methods.**

This, our first-ever Impact Progress Report, offers an account of the steps we have already taken to reduce our environmental impact and create positive impact in our communities. This report covers the full calendar year of 2020, together with a few glimpses into progress made during early 2021. Throughout, we are always looking at the key impact areas of Environment, Social and Governance (ESG). These three pillars must be addressed simultaneously. Having a sound balance between the progress in these respective areas enables us to prepare for, and mitigate, both immediate and future business risks.

**“Building a diverse and high-performing team and culture has been a critical component of On from the start. The On team across the globe is not interested in just having a job – we are showing up at work every day to have a positive impact.” – Marc Maurer, Co-CEO**

## **On Impact – Introduction to the report**

Impact Progress Report 2020

Working to make a positive impact is not a one-and-done thing. It is a journey. One that requires teamwork, commitment and accountability. There are no easy, fast solutions. It will demand traveling unexplored paths, blazing new trails and thinking outside the box. It will also take a spirit of collaboration. To this end, we are forging partnerships with people and businesses who share our values, our goals and our aspirational spirit.

This report is for you, our stakeholders, partners, team members and customers – everyone in the Oniverse – both as an account of our impact and as an invitation.

**We invite you to join us in our journey.**

## **An eye to the circular future: Cyclon**

When we started On, our goal was to revolutionize the sensation of running by creating innovative high-performance footwear. Ten years later – in 2020 – On revolutionized the way athletic shoes are made, consumed, and retired when we launched our first fully circular running shoe production system, Cyclon.

The Cyclon program offers our first high-performance running shoe that is 100% recyclable and can only be acquired through a subscription service. Customers sign up online for their size and pay a monthly fee. On ships the shoes directly to the consumer, who runs as far, as fast, and as often as they like until the shoes need to be replaced. At that point, we ship the customer a fresh pair of shoes and they return the spent shoes to us for recycling.

## An eye to the circular future: Cyclon

Impact Progress Report 2020

This shoe not only enables you to outperform your P.R., it also outperforms with its environmental footprint:

50% smaller CO<sub>2</sub> footprint\*

90% less waste\*

70% less energy used\*

\*compared with a conventional On shoe

**We will never compromise performance in our sustainability journey. Our goal is both, always.**

Our first Cyclon product offers the smallest environmental impact (carbon emissions, waste created and energy used) of all products to date AND maximum performance. The shoe is ultra-lightweight, fully recyclable and engineered for high-performance running. It's the proof that sustainability and performance complement each other and are not mutually exclusive.

The first Cyclon shoe is free from dyes and the upper materials are cut from one piece of fabric, reducing material waste and energy use. This is significant. Athletic shoes are normally made from multiple materials – metal eyelets, fabric, rubber, plastic, the list goes on. This makes recycling difficult, if not impossible. We've simplified manufacturing by using only two high-performing polyamides for the shoe. This makes the entire product 100% recyclable.

The bio-based materials used in the first Cyclon shoe are derived from castor beans. These beans grow in arid climates where little else can be grown. They don't compete with the food chain, making them an ideal biomaterial resource.



## An eye to the circular future: Cyclon

Impact Progress Report 2020

**“Making a fully recyclable shoe is one thing. We went a step further. We wanted to show that sustainability and performance can go hand in hand. The outcome is the most radical high-performance shoe we’ve ever engineered.”**

**— Olivier Bernhard, Co-Founder**

### **The shoe you will never own**

We are in the process of building up the logistics needed for a full back loop system, providing an efficient and easy means for reclaiming the product – a key differentiator from other circular products on the market. It’s also our first subscription model for a performance running shoe. This means you will never own this shoe (sorry). Instead, we offer you the unique experience of running in it. Once the shoe is done, we take it back, recycle it and reuse the material to make a new one. Simple as that. We believe that if we’re to enable circularity in the future, we have to change how we consume. A subscription model is one way we can do that.

We believe the ultimate impact of the Cyclon process will be its ripple effect as other manufacturers begin to see the viability of circularity along with increased consumer demand for circular goods. If you want to know all the exciting details about Cyclon, [head here](#).

**“Cyclon is more than a product, it is a model for change.”**

**— Caspar Coppetti, Co-Founder**



[on-running.com/cyclon](https://on-running.com/cyclon)

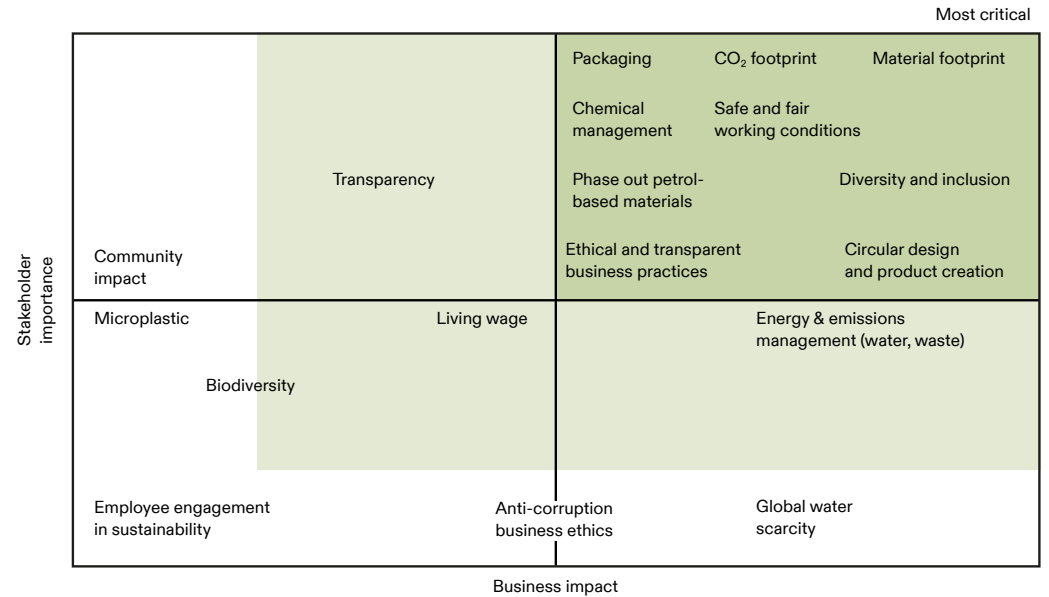
# Mapping change

As a young and nimble brand, we are still the new kid on the trail. Even so, we would rather lead the industry than follow. We want to deal with the challenges of our impact on this earth in real time. For example, addressing material use and CO<sub>2</sub> emissions now has an immediate impact in the present, while circularity establishes sustainability in the future.

## Materiality assessment

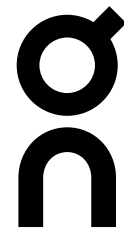
Sustainability is complex. Trying to tackle everything at once can easily lead to not making progress anywhere. To direct our sustainability efforts, we mapped out key issues and rated them against business and community impact. We then identified our key priorities.

While we recognize that all the issues are important, we will continue to focus on the priority concerns where we believe we can make the greatest impact.



# **Impact Progress Report 2020**

**Part I: Goals and progress**



## Goals and progress

At On, we envision a future where everyone can thrive on the planet we share. We know we have a long way to go toward that destination, but we are committed to investing in solutions that bring us closer.

Here you will find some of the ways that we are building circularity and harm reduction into every step of the manufacturing process, together with an overview of the progress we have made to date:

# Goals and progress:

## 1. Sustainable materials

**TARGET: By 2024, all products will be made with recycled polyester and polyamide. 100% of cotton used will be organic.**

	2019 baseline	2020 progress*	2024 target
Recycled polyester	0%	15%	100%
Recycled polyamide	0%	20%	100%
Organic cotton	0%	87%	100%

\*data: materials order for SS2021 season

When looking into our footprint, we realized that around 60% of our products' environmental footprint stems from the material manufacturing process. Polyester, EVA, and polyamide are the materials we use most by volume. To reduce impact here, we are turning to innovative new materials. We have partnered with leading suppliers to support that innovation. As an intermediate step, we are committed to increasing our use of recycled and organic materials, with a goal of 100% recycled polyester, polyamide, and organic cotton by 2024.

**We diverted 6,171,942 plastic bottles  
for reuse in our Spring/Summer 2021 collection.**

## Goals and progress: 1. Sustainable materials

On Impact Report 2020

### **Polyester, polyamide**

We envision a day when we no longer use petroleum-based materials in our products. And we're working to bring this day closer. With this goal in mind, our teams are constantly searching for alternatives. As an intermediate step, we will use recycled materials.

The good news is, we have one foot in the future already by sourcing renewable bio-based materials. Biosynthetic fibers have the potential to reduce greenhouse gas emissions over their life cycle compared with products derived from fossil fuels. For us, it is very important to choose bio-based materials made from natural resources that don't compete with the food chain. We're committed to learning more about the potential behind these materials, and ensuring our resourcing is as sustainable as possible.

### **EVA**

We use Ethylene Vinyl Acetate (EVA) for the midsole of our shoes. The challenge? Recycling and reusing EVA is a complicated matter. Our Innovation team has been diligently exploring solutions and we are dedicated to finding a petrol-free alternative to use long-term. In the interim, we have set goals to increase our use of partially recycled EVA.

### **Organic cotton**

Cotton is one of the most chemical-intensive materials – unless it's organic. Our goal is to use only 100% organic cotton in our apparel. We are currently ahead of schedule at 87% organic and are working on the remaining 13%. This will further reduce the risks posed by using harmful chemicals – both to humans and the environment.

### **Animal welfare**

Although merino wool comprises only 0.03% of our current material volume, we are still diligent in how it is sourced. The wool in our beanies comes from sources that do not engage in the cruel process of mulesing.

We have never used leather in any of our products and have no intention of doing so in the future. We are searching for leather alternatives that provide the same performance benefits without the negative impacts on animal welfare and the environment.

We also do not use any down or other animal-derived fibers in our products and will continue our commitment in this area.

### Packaging

In 2020, we completed a total redesign of our product packaging. As of May 2021, all our packaging uses 100% recycled, FSC-certified cardboard. We have redesigned our packaging to eliminate any unnecessary items, keeping the associated impact to a minimum. In just the first year since rethinking our packaging, we will have reduced our impact by avoiding\*:

- **7 tons of black ink**
- **18 tons of paper**
- **15 tons of plastic**
- **160 tons of CO<sub>2</sub> eq**

\* compared with the 2020 packaging design.



## **Raw material sourcing risks**

We use many kinds of fibers to create our premium performance products. These fibers must deliver on our high expectations for performance, design and durability.

The sourcing and production of the raw material we use in our products accounts for around 60% of On's environmental footprint. This is why we place so much emphasis on comprehensively understanding the footprint of each fiber.

We want our designers and development team to make informed decisions when choosing materials. To inspire their decisions, we started building up an LCA database for all our products. This provides complete transparency about the impact of different material and manufacturing choices.

### **Non-petroleum-based materials**

Because petroleum is a limited raw material that contributes heavily to climate change and environmental impact, our overall goal at On is to eliminate petroleum-based materials entirely.

To that end, our focus is on sourcing renewable raw materials. We have already made progress here with our 100% recyclable Cyclon shoe, made with over 50% bio-based material derived from castor beans. We have also been working with bio-based polyamides in our apparel and are currently testing new petroleum-free materials.

## Goals and progress: 1. Sustainable materials

Impact Progress Report 2020

### Water scarcity

The global supply of fresh water has been severely impacted by climate change. More than a billion people live in water-scarce regions; over the next four years, this number could easily rise to 3.5 billion (Source: [World Resources Institute](#)). While certain areas in Asia suffer from water scarcity, other parts of the world experience catastrophic flooding. Water risks are a key issue for our factory suppliers and addressing these issues is part of our strategic planning.

Our goal is to limit the use of cotton—a water-intensive material— while actively seeking a suitable substitute that requires less water to manufacture. Developing new materials that are less resource-intensive will continue to be a key priority.

### Wastewater quality

The process of manufacturing footwear and apparel is a water-intensive process. We work with our factory suppliers to ensure full compliance with water discharge regulations in the manufacturing process. We are also increasing our use of undyed or dope-dyed materials to reduce the amount of chemicals and water used.

### Biodiversity

Biodiversity loss and climate change are interdependent and mutually reinforcing – one accelerates the other and vice versa. Since biodiversity is such a complex and multidimensional landscape, and ecosystem degradation is so wide-ranging – affecting oceans, fresh water, soil, and forests – multiple metrics and indicators are needed to measure impact and progress. Setting targets and accountability for such complexities is more challenging than managing the single metric of greenhouse gas emissions.

This is why On has joined the Science Based Targets for Nature (SBTN) initiative. SBTN enables companies to play a vital role in creating an equitable, nature-positive future, using science-based targets. With the support of the SBTN community, we can develop better metrics and systems to measure the impact we have on the ecosystem.



[Science Based Targets Network](#)

## Goals and progress: 2. GHG and climate change

### TARGETS:

**46% absolute reduction of scope 1 and 2 emissions by 2030;  
55% intensity reduction of scope 3 emissions by 2030.**

Here in our home in the Swiss mountains, the impact of climate change is unavoidably visible on our (melting) glaciers. We believe that as both business leaders and citizens of the earth, we are responsible for environmental stewardship. Reducing GHG emissions is one of the most impactful ways we can fight climate change.

According to the Greenhouse Gas Protocol, CO<sub>2</sub> emissions are divided into three categories:

**Scope 1** emissions are direct greenhouse gas emissions from sources owned or controlled by our company.

**Scope 2** accounts for the emissions from the generation of energy purchased and consumed by our company.

**Scope 3** comprises all the other indirect greenhouse gas emissions that our company produces, but that occur from sources not owned or controlled by us, like emissions related to our supply chain.

## Goals and progress: 2. GHG and climate change

Impact Progress Report 2020

### GHG Emissions 2020

	Emissions (tons CO <sub>2</sub> eq)	Emissions (%)
Scope 1	585	0.7
Scope 2	125	0.1
Scope 3	87,270	99.2
<b>Total</b>	<b>87,980</b>	<b>100</b>

Value Chain Stage	Metric Tones CO <sub>2</sub> eq	Share %
Corporate services	2,536	3
Raw material extraction, processing and manufacturing	58,086	66
Finished goods manufacturing	8,438	10
Transportation and distribution	17,120	19
Consumer use	744	1
End of life	1,056	1
<b>Total</b>	<b>87,980</b>	<b>100</b>

At On, the majority of our GHG footprint stems from resources we do not have direct control over. Scope 1 and 2 emissions account for around 1% of the overall total; the remaining 99% falls under Scope 3.

Although we do not control the sources responsible for indirect emissions, we take our responsibility for reducing our overall emissions seriously. That's why we are an active member of the Science Based Targets Initiative (SBTi) and contribute our share to reduce our negative impact. In 2020, we calculated our baseline footprint, set our reduction targets, and received approval from SBTi. 2019 served as our base year, and we set ambitious targets for GHG reduction by 2030 across all three scopes.

We have committed to reducing absolute Scope 1 and 2 GHG emissions by 46% by 2030 and reducing scope 3 GHG emissions per dollar value added by 55% over the same timeframe.

#### Our base: the LCA model

To make informed decisions about materials, design, and production, we have been building databases and models to calculate the footprint of our products. We also create a Life Cycle Analysis (LCA) for all our products. The LCA model follows ISO 14040 and ISO 14044 standards.

**“We don't have time to overengineer solutions, we have to act today and learn as we are moving forward on this journey.”**

**- Jiahui Yin, Head of Supply Chain**

## Goals and progress: 2. GHG and climate change

Impact Progress Report 2020

### Optimizing airfreight

The impact of freight and transportation cannot be understated. Looking into the data, we saw that we have leverage in choosing the appropriate mode of transport for our products. Creating awareness and understanding within our team about our options was the first step. Now, we have challenged ourselves with annual targets to further reduce the percentage of airfreight used.

**Airfreight 2019: 40%**

**Airfreight 2020: 12%**

### Science Based Targets Network

On is engaging with other forward-thinking companies in assessing our footprint across all other environmental issues, like water and land use. We have joined the Science Based Targets Network to test-drive initiatives that could shape the future of business with a focus on reducing impact.

We believe that setting targets towards creating a zero-carbon, planet-positive future is good business practice. We continuously innovate to meet those targets, ensuring our planet remains habitable for generations to come while benefiting our shareholders.

While we remain committed to creating high performance apparel, footwear and accessories that outperform the competition, we recognize that collaboration and transparency are needed to tackle the enormity of the sustainability challenges facing the world.

## #CEO4climate

**While businesses must take responsibility and drive innovation to reduce climate change, we also believe in creating specific incentives through regulation. That is why On, along with many other global companies, has joined the Swiss-based #CEO4climate initiative. The goal? To encourage an ambitious and competitive CO<sub>2</sub> reduction roadmap supported by regulation.**

## Goals and progress:

### 3. Chemical management

As part of our structured chemical management program, we have developed a Restricted Substance List (RSL) that is updated annually. An RSL is applicable to both finished articles and components. It is used as a tool to aid regulatory compliance with global product safety standards.

Our chemical management approach goes beyond the bare minimum of testing products for compliance; our product designers are constantly on the lookout for new ways to reduce harmful chemical use across the board.

All our Tier 1 and Tier 2 suppliers are required to commit to our chemical management policy. At the core of our RSL policy is a list of restricted chemicals that can only be used in specified limited amounts. To achieve full RSL compliance, we aligned our RSL with the guidelines established by the Apparel and Footwear International RSL Management (AFIRM) Group. Through these industry guidelines, we are better able to track supplier compliance and collaboratively reduce hazardous chemicals in the industry.

Tier 1 and Tier 2 suppliers must commit to the annually updated RSL policy. The sustainability team addresses any questions, and we conduct several chemical tests throughout the year to cross check.

## Goals and progress: 3. Chemical management

Impact Progress Report 2020

### **Water-based glues**

By 2024, we plan to use only water-based glues in our products. Switching to water-based adhesives reduces our environmental footprint and eliminates any risk associated with volatile organic compounds (VOCs) for those working on our products.

### **100% PFAS-free DWR (Durable Water Repellency) by 2027**

As we say in Switzerland, there is no bad weather, just bad equipment. PFAS (Per- and Polyfluoroalkyl Substances) are chemicals used to make fabrics water-resistant — a great feature if you are running in the rain for hours. Unfortunately, these chemicals can cause harm to the environment. They bioaccumulate, becoming concentrated inside plants and animals.

We are working with our suppliers to steadily reduce the use of PFAS in our products. A number of our waterproof items, such as the Waterproof Anorak, the Insulator Jacket, the Waterproof Pants, and the Waterproof Shorts, are already PFAS-free.



## Goals and progress: 4. Water, energy, waste

### Supplier Environmental Framework (SEF)

**TARGET: 100% of our Tier 1 and key Tier 2 factory suppliers have completed our Supplier Environmental Framework (SEF)**

2019 baseline	2020 target	2025 target
no data	90% of our Tier 1 factory suppliers have conducted our SEF audit	100% of Tier 1 and Tier 2 key suppliers have completed our SEF audit

For On, basic environmental compliance is just the start, not the finish line. We work with partners who are willing to push boundaries and reach environmental management that surpasses the bare minimum.

In 2020, we launched our Supplier Environmental Framework (SEF) with our Tier 1 factory suppliers. The primary goal of this program is to make sure that our minimum environmental standards are always met wherever we operate, either directly or indirectly, through our supply chain.

## Goals and Progress: 4. Water, energy, waste

Impact Progress Report 2020

We began SEF by carrying out an initial environmental assessment. This was to make sure that every partner meets our minimum standards, and to identify where each stands on different areas of concern. Having set the baseline, we will continue to work closely with our suppliers to keep raising the bar for environmental stewardship at the factories where our products are made.

The SEF is very much aligned with the Facility Environmental Module (HIGG FEM), as both measure the performance of our factory partners' environmental management practices. In 2020, we engaged a third party to audit 90% of our Tier 1 factory partners for the first time. We plan to extend the audit scope to Tier 2 key suppliers in 2021.

### Wastewater management

84% of our Tier 1 suppliers had a wastewater discharge permit in 2020. Our team worked with our factory suppliers to make sure their wastewater management permits are up to date. As of May 2021, all our Tier 1 factories had a valid wastewater discharge permit.

### On offices and stores: Energy and Water

Electricity – conventional	148,650 kWh
Electricity – renewable	71,135 kWh
Heating (natural gas and district heat)	465 MWh
Water consumption	1,016m <sup>3</sup>
Water discharge	863m <sup>3</sup>

## RSI APPAREL

**In 2020 we started working with RSI Apparel, one of the industry's leading supplier partners. RSI's facility in the Nam Dinh province of Vietnam is LEED Gold certified. Key features of this green facility include rainwater recycling, a water conservation system, buildings designed to reduce reliance on energy-intensive cooling systems, and LED lighting for better efficiency and elimination of mercury.**

## MAXPORT

**We also started producing apparel with Maxport Vietnam. Maxport factories are inspired by nature. Large glass doors and windows fill the buildings with natural sunlight and the facilities are surrounded by thousands of plants and trees, creating a relaxed tropical atmosphere. Ingredients for the staff's lunches are sourced from the factory gardens.**

## Goals and progress: 5. Fair and safe working environment

2019 baseline	2020 target	2025 target
5 out of 7 Tier 1 factories met our expectations	9 out of 12 Tier 1 factories met our expectations	100% Tier 1 and strategic Tier 2

On’s sustainability mission is human-inspired; we want to positively impact where and how people live, work, and play. Prioritizing fair and safe working conditions for the people who make our products is critical to the success of that mission.

We cannot achieve a sustainable future without also caring for the people who make our products. To help care for people and the planet, we have developed a Supplier Code of Conduct. All vendors must be in alignment with this Code to do business with us.



[Supplier Code of Conduct](#)

## Goals and progress: 5. Fair and safe working environment

Impact Progress Report 2020

Because On is a small company, we personally know all our trusted Tier 1 suppliers, many of whom have been with us since On first launched ten years ago.

When onboarding new suppliers, the process includes due diligence from the supply planning, development, and sustainability teams. Decisions are made cross-functionally. Audit fatigue is rampant in our industry, prompting many of our factory partners to employ various methods of proof. We accept SA8000 certification or audit reports by accredited organizations like FLA, BetterWork, FairWear, and WRAP, and we follow up on any potential findings.

### Accountability matters

In 2020, three of our Tier 1 supplier factories did not meet our expectations of sustainable production. Upon this discovery, our team began working with the supplier partners to remediate the issues. Depending on the severity of the issues, we asked for the findings to be addressed immediately. Our team collaborated closely with the supplier partners to identify the root causes and implement systemic change.

Because of our joint efforts, one factory partner successfully implemented new processes and policies that resulted in full remediation of key issues. This collaborative approach reinforced our conviction that we must work closely with our suppliers to address and solve important issues as they arise.

While we value being able to solve problems collaboratively with our suppliers, we will not compromise high accountability standards. In 2020, we parted ways with two suppliers, phasing them out over six to nine months. This timeframe gave the suppliers ample time to ramp up for new partners. In the meantime, our team continued to work on improving sustainable production standards in these locations.

\*Sustainable production: Compliance with local laws, no incidents related to child labor, forced labor, non-payment of salary, any form of harassment, not guaranteeing the right to FOA and collective bargaining, environmental spills.

## Goals and progress: 5. Fair and safe working environment

Impact Progress Report 2020

### Living wage 2025

We believe every worker has the right to fair compensation. On's supplier code requests that workers get compensation for a regular workweek that is sufficient to meet employees' basic needs and provide some discretionary income. Ensuring workers receive a living wage is important to us, but we also acknowledge its complexity.

As with other sustainability issues, we can only tackle this in collaboration with our supplier partners and the industry.

### Worker wellbeing

We are proud to work with some of the best suppliers in the industry. Besides creating high-quality products, our suppliers ensure their workers are healthy and happy. They offer personal and professional educational programs for their workers, as well as team sport activities to boost personal wellbeing.

As an example, RSI Apparel has various initiatives for their workers like training, sports competitions and offering gifts for Lunar New Year. RSI also invests in its community by supporting the organization Room to Read, which improves literacy rates in remote areas. During the COVID-19 pandemic, RSI donated to nearby hospitals, children's organizations, and families.

Dean Shoes also offers extra benefits and education sessions to workers. They, too, increased community donations during the pandemic. The factory group donated to the local community and supported less fortunate families.

## Goals and progress: 6. Transparency

2019 baseline	2020 target	2025 target
100% of Tier 1 suppliers publicly listed	100% of Tier 1 suppliers publicly listed	100% Tier 1 and 2 suppliers publicly listed

Transparency has always been at the core of how we do things. On the Transparency page of on-running.com, you will find all of our Tier 1 factory suppliers. We are working on expanding our transparency beyond our Tier 1 partners and will soon include more of our partners on this page. We have set a goal of having all Tier 1 and Tier 2 suppliers listed by 2025.



[Transparency page](#)



## Goals and progress: 7. People – Welcome to the Oniverse

At On, we create products that inspire people to move at their best, do their best and be their best. The impact of producing those products cannot be understated. We see ourselves not just as a performance shoe and apparel manufacturer, but as a force for good, through business practices that center on the care and concern for the planet and its people – people we refer to as “the Oniverse”.

**“On was born in the Swiss Alps where, unfortunately, we observe the effects of climate change firsthand when we are out testing products or just enjoying ourselves. It will be up to our generation to reverse course, and to stop depleting our planet of its resources. What gives me hope, however, is seeing On’s team members show up for work every day fully motivated to make a positive impact.”**

—Caspar Coppetti, On Co-Founder

### **Our community**

Igniting the human spirit through movement is why we do what we do. Investing in our local and global communities is inspiration in action. Some of the ways we have supported our communities and our team are:

### **Give Back Days**

In 2020, the global On team participated in an employee giving day. Collectively, we volunteered over 4000 hours to community causes. We supported the elderly, helped out in food banks and worked on environmental initiatives, just to name a few ways in which we turned out for others.

### **COVID-19 Support**

At On, we believe that tough times are best managed by coming together. Collaboration is key among the people who make up the Oniverse. That's why we launched several initiatives to support our community, our staff, and our team.

We:

- **Gave over 50,000 pairs of shoes to health-care workers around the globe.**
- **Donated 20,000 masks early in the crisis to areas where masks were still in short supply.**
- **Launched an online medical heroes' program to offer exclusive pricing to frontline healthcare workers during the pandemic.**
- **Gave our employees extra time off to rest and recover, in addition to their regular paid vacation time.**
- **Offered wellness and personal development opportunities to our employees.**

## RETAIL RESPECT

**COVID-19 hit retailers especially hard. Recognizing this, we launched a new initiative to help our retail partners preserve their liquidity through flexible payment plans and revised product flow. We built a new digital retail network that allows retailers across the world to sell to their existing customers with the help of On's fulfillment centers. The stores could direct their customers to the On Webshop using a store-specific affiliate link. On credited the retailer the full margin on any products bought by their customers.**

## ATHLETE REFUGEE TEAM

For years we have supported the Tegla Loroupe Foundation. In June of 2020, we released the documentary film, RUN. Filmed over three years and three continents, this feature-length documentary follows legendary Kenyan athlete, Tegla Loroupe, as she mentors a small group of talented athlete refugees on their journey to the 2020 Games in Tokyo.



[RUN documentary](#)

## CIRCLEG

**We also started a collaboration with the Swiss-based startup Circleg, which produces leg prostheses using locally recycled plastic. Circleg's mission is to provide access to prostheses for reduced-income patients in Africa and Asia. The company shares our passion for recycled materials and closed-loop systems. With our expertise in sports science and product creation, On can offer technical and developmental support to this emerging brand.**



[More about Circleg](#)

## Goals and progress: 7. People – Welcome to the Oniverse

Impact Progress Report 2020

### Personal development

At On, personal development is an important part of our culture. We believe engaged, excited, happy people have a huge impact on our overall mission. Besides providing a rich platform with online classes and reading material, the company offers developmental workshops, webinars, and live workshops—SPARK sessions—for all employees. In 2020, we conducted a total of 100 live SPARK sessions.

### Diversity and Inclusion

Diversity and inclusion are key components of sustainability. A healthy ecosystem is diverse, with every member playing a special role.

**D&I is more than a statement or declaration of values. It's those values put into practice. It's a way of honoring the human spirit.**

We have always believed it is right to treat everyone fairly and to infuse our culture with equity. In 2020 we took a more formal and strategic approach toward cultivating a more diverse and inclusive workplace. The creation of this report also helps us hold ourselves accountable, and to be transparent with our internal teams, candidates, fans, and the world.

### The goal of 2021: Building our foundations

The main focus of our D&I work from the end of 2020 and into 2021 was laying the strong foundations necessary for continued growth as an organization.

**On's Diversity and Inclusion Mission Statement: Make diversity and inclusion second nature—a habit that's infused in the way we live to positively impact the world.**

### Representation

This is the first time that we are sharing our representation data externally. At the time of publication, our data used traditional gender categorizations of male and female, but On recognizes that gender is not binary. In June 2021, we adjusted to more inclusive response options when tracking demographic information and have moved toward collecting additional fields such as race/ethnicity. We currently plan to share this information annually and future reports will evolve to include additional information.

## As of May 2021:



**Overall:**  
46% female and 53% male  
(remaining 1% unreported).



**Senior Leadership Group:**  
32% female members  
(6 out of 19 – including the  
5 Partners)  
43% female members when  
we exclude the 5 Partners  
(6 out of 14).



**Managers:**  
130 Male Managers (60%) and  
86 Female Managers (40%).

**50+**

We have over 50 nationalities  
represented at On.

While we recognize the value of representation, we also know the importance of focusing on the impact we can make toward creating a more inclusive work environment and, more broadly, a more inclusive running experience.

## Goals and progress: 7. People – Welcome to the Oniverse

Impact Progress Report 2020

### Internal work: D&I Board

We dream of an equitable, diverse and inclusive workplace – and we've taken an innovative approach to making those dreams come true.

In September 2020, we launched our D&I board prior to hiring a Head of D&I. This was intentional, as we believe everyone is a part of our diversity and inclusion journey. In January 2021, we welcomed our first Head of Diversity and Inclusion.

### Global celebrations

In 2021, we created processes to recognize and amplify cultural moments across the Oniverse. For International Women's Day, we produced a podcast which was the first to be shared externally and our most listened-to. Additionally, we hosted three regional Lunch-And-Learns, partnered with four female-owned specialty retailers, and provided \$1000 grants to make their communities more inclusive for women. In June, we celebrated Pride by hosting regional Lunch-And-Learns to discuss the history, nuances and future of Pride. The On Book Club read *Wolfpack* by Abby Wambach. We also partnered with OUT-FIT and subsidized the cost of an eight-week in-person fundamentals program that opens the door to those who want to attend OUT-FIT events but lack basic movement training.

### Moving forward:

Our key areas of focus for the rest of 2021 and moving into 2022 will be:

#### 1) Talent acquisition and

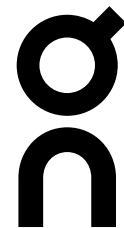
2) Pay equity This decision was made based on, first and foremost, the importance of these topics.

It was also guided by the results of our 2021 employee engagement survey. We have created a task force specifically focused on ensuring equity and inclusion are infused throughout our entire hiring process. In addition, we are currently creating a process to annually ensure pay equity across On.



# Impact Progress Report 2020

Part II: SASB summary



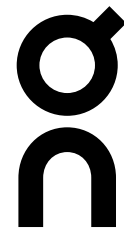
## Sustainability Accounting Standards Board (SASB)

Topic	Accounting metric	Category	Unit of measurement	Code	Data	Reference
Management of chemicals	Discussion of processes to maintain compliance with restricted substances regulations.	Discussion and analysis	n/a	CG-AA-250a.1		FY20 report: <a href="#">Chemical management</a>
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Discussion and analysis	n/a	CG-AA-250a.2		FY20 report: <a href="#">Chemical management</a>
Environmental impacts in supply chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement.	Quantitative	Percentage (%)	CG-AA-430a.1	In 2020, 84% of our Tier 1 suppliers were in full compliance. The other 16% achieved compliance as of May 2021.	FY20 report: <a href="#">Wastewater management</a>
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's (Higg FEM). Assessment or an equivalent environmental data assessment.	Quantitative	Percentage (%)	CG-AA-430a.2	In 2020, 90% of our Tier 1 supplier completed our Supplier Environmental Framework (SEF).	FY20 report: <a href="#">Supplier environmental framework</a>

Topic	Accounting metric	Category	Unit of measurement	Code	Data	Reference
Labor conditions in the supply chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor.	Quantitative	Percentage (%)	CG-AA-430b.1	90% of Tier 1 supplier facilities have been audited. Tier 2 suppliers to be audited in 2021. 100% of audits conducted by third party.	<a href="#">Supplier code of conduct</a> <a href="#">Fair working environment</a>
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits.	Quantitative	Rate	CG-AA-430b.2	Three supplier partners did not meet our basic expectations in 2020.	FY20 report: <a href="#">Fair and safe working environment</a>
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain.	Discussion and analysis	n/a	CG-AA-430b.3	Materiality Assessment conducted in 2019.	FY20 report: <a href="#">Materiality</a>
Raw materials sourcing	Description of environmental and social risks associated with sourcing priority raw materials.	Discussion and analysis	n/a	CG-AA-440a.1		FY20 report: <a href="#">Raw material sourcing risks and Sustainable materials</a>
	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard.	Quantitative	Percentage (%) by weight	CG-AA-440a.2	Natural fibers: Cotton: 65% GOTS/OCS certified Polymers: Recycled polyester: 90% GRS/RCS-certified polyamide: 25% EVA: <1% recycled human-made fibers: Lyocell modal: 80% certified	FY20 report: <a href="#">Sustainable materials</a>
Suppliers	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1.	Quantitative	Number	CG-AA-000.A	-12 Tier 1 supplier factories -120 Tier 2 supplier factories	<a href="#">Transparency map</a>

# Impact Progress Report 2020

Part III: 2025 Targets



## Targets 2021–2025

Impact Progress Report 2020

Topic	Public target and timeline
Materials and traceability	By 2024: 100% rPES 100% rPA 100% COTTON 100% of fibers sourced are organic, recycled or petrol-free
Packaging	2021: - 100% recycled, FSC-certified cardboard packaging (footwear/accessories) - 100% recycled HDPE packaging (apparel)
Chemical management	2020: AFIRM and REACH compliant RSL implemented in Tier 1 and 2 100% PFAS-free (C0) DWR by 2027 100% Water-based glues by 2024
GHG	2030: Scope 1+2 GHG Emissions: 46% absolute reduction by 2030 vs. 2019 Scope 3 GHG Emissions: 55% economic intensity reduction (per unit of value-added) by 2030 vs. 2019
Waste	Waste diversion rate at Tier I factories >90% by 2025
Energy	2022: 80% renewable energy use at On offices and stores 2030: 100% company electric cars
Labor and environmental conditions	Labor and HSE: 2025: 100% of Tier 1 and key Tier 2 suppliers meet our expectations of sustainable production. 2025: Living wage is implemented by 100% of our Tier 1 suppliers Environmental management: 2023: 100% of our Tier 1 and strategic Tier 2 suppliers reach SSEF Level 2 2025: 100% of our Tier 1 suppliers reach SSEF Level 3
Transparency	2022: Full Tier 2 supplier list to be disclosed