



Sustainability report



Mips' sustainability agenda

Mips continues to integrate social and environmental aspects into its business strategy and operations. We are world leaders in our field, and also aim to be leaders in our industry when it comes to sustainability, in order to identify risks and opportunities, live up to the expectations of others, and lead the way for others. That is how we ensure that we will continue to grow profitably.

INFLUENCE AND COLLABORATION

Our aim is to influence the entire helmet industry.

We are a small company that provides helmet manufacturers with one ingredient in their helmets, but we are world leaders in our field. Just as our product can make a decisive difference in a helmet, we believe that our company can make a difference in influencing the entire helmet industry to become more sustainable.

To develop sustainable materials we and our partners need to contribute to, and inspire, each other. Together with suppliers and partners, Mips works to limit climate and environmental impact as much as possible, to apply the same values throughout Mips' value chain, to embrace social responsibility for all employees, and to respect human rights in every regard.

CLIMATE CHALLENGE – GREATER INSIGHT AND TRANSPARENCY

We understand the climate challenge and support the ambitions of the Paris Agreement. To gain a better understanding of how to reduce our climate impact, Mips first needs full insight into what that impact is, which will guide our work going forward.

In 2021 we worked with a third party to analyze the total climate impact of our value chain to identify those aspects of sustainability where Mips can make the greatest difference. As a result, we know that we can have the greatest impact in matters related to Mips' product and material usage.

In 2022 our goal is to refine this analysis and set ambitions, targets and plans for continuously working to reduce our total climate impact and communicate this going forward. Our aim is to be able to adopt climate targets in line with the Science based targets.



DELIVER MORE PRODUCTS AND DRIVE GREATER HELMET SAFETY

Helmet safety is and always will be our highest priority. Mips' safety system shall be the obvious safety solution choice for our end users and the industry.

We make a difference and make a positive contribution to society through our products.

Our approach

To continue to develop new technologies and products that increase helmet safety, broaden our customer base, and implement the Mips safety system in more helmet models – quite simply, carry on doing what we are good at.

Our products

Read more on pages 65–67

- Targets reached in 2021
- Number of customers
 - Number of helmet models
 - Number of units sold



SUPPLY SUSTAINABLE PRODUCTS

Challenge

Plastic is currently the only material that is light, strong, and safe enough for manufacturing helmets. Plastic creates CO₂ emissions, hazardous waste and oceans polluted by plastic, which is why plastic is an urgent challenge to be addressed in our value chain.

Our approach

Innovation and product development are part of our DNA. During the year we signed up new suppliers that can supply polycarbonate (PC) in the form of wastage from other manufacturing. As a result, starting in 2022 we will be able to deliver products that have the same level of safety and the same high quality as before, but that are made from a more sustainable material.

Packaging material

During the year we achieved our target of only using recycled packaging materials. The next step is to implement guidelines for our partners to use recycled packaging materials when supplying goods to us.



Our employees

Read more on pages 59–63

DIVERSITY AND GENDER EQUALITY

Challenge

To continue to succeed and grow as a company, we need employees with varied backgrounds and different competences. That's why we work actively to promote diversity in the company.

Our approach

We strive for a 50/50 split between men and women in the company, which we are close to achieving. Our target is to have a 40/60 distribution between men and women or vice versa in the Executive Management group and the Board of Directors. This goal has been achieved in the Board, but not at the management level.

Target achievement

At year end we had a 55/45 distribution of men/women in the company, which is an improvement compared to last year (62/38).



HEALTH, WELLBEING, NON-DISCRIMINATION

Challenge

The health and safety of our employees is paramount for Mips and we therefore proactively work to prevent accidents and ensure a good balance between work and personal life in order to avoid the risk of illness and sick leave.

Our approach

Our target is for total health-related absence to be below 3 percent. Furthermore, we have a zero vision regarding work-related injuries that lead to sick leave, and zero tolerance for any occurrence of discrimination.



Target achievement

Health-related absenteeism was 1.39 percent which is well below the target of no higher than 3 percent. No work-related injuries or cases of discrimination have been reported during the year.

ENSURE THAT WE HAVE A SUSTAINABLE VALUE CHAIN AND MANUFACTURING

We do not manufacture products ourselves, instead we use external subcontractors.

Challenge

Ensuring that the factories we partner with, primarily located in China, share our core values in terms of working environment, human rights, the environment, and corruption.

Our approach

We believe that we have an important role in ensuring that the human rights of the people we affect through our operations are respected. We have a Code of Conduct that all suppliers are obliged to sign. We also audit larger suppliers continuously.

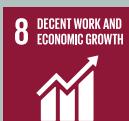
Our supply chain

Read more on pages 69–70



Target achievement

All suppliers have been audited during the year and approved under the Mips' supplier Code of Conduct.



Our value chain

	Impact	Risks	Opportunities	Action
Research and product development	<ul style="list-style-type: none"> Increased safety for helmet users Material usage 	<ul style="list-style-type: none"> Do not fulfil customer expectations Plastic is not sustainable 	<ul style="list-style-type: none"> Mips' products used in more types of helmets Reduce the impact of material usage 	<ul style="list-style-type: none"> Continued research and development as well as collaboration
Own operations	<ul style="list-style-type: none"> Provide jobs and income Health and wellbeing of employees Environmental impact 	<ul style="list-style-type: none"> Difficulties in recruiting and retaining employees that can help Mips advance Environmental impact 	<ul style="list-style-type: none"> Reduce the carbon footprint of our operations Improve gender equality as well as health and safety 	<ul style="list-style-type: none"> Use resources efficiently Develop and take care of employees
Subcontracted manufacturers	<ul style="list-style-type: none"> Air, water and ground emissions Waste Provide jobs and income 	<ul style="list-style-type: none"> Labor law, human rights and environmental compliance by subcontractors Substances that affect people and the environment Corruption 	<ul style="list-style-type: none"> Have a positive influence on the environmental performance of our suppliers 	<ul style="list-style-type: none"> Workplace standards for suppliers Quality enhancement and quality assurance Supplier audits
Transportation	<ul style="list-style-type: none"> Emissions from transportation 	<ul style="list-style-type: none"> Environmental impact 	<ul style="list-style-type: none"> Reduce the impact of transportation 	<ul style="list-style-type: none"> Efficient logistics processes Encourage the use of more sustainable transportation and recyclable packaging
Sales and end-user usage	<ul style="list-style-type: none"> Increased safety for helmet users 	<ul style="list-style-type: none"> Do not fulfil customer expectations 	<ul style="list-style-type: none"> Market communication in support of safer helmets and to reduce the risk of injuries 	<ul style="list-style-type: none"> Marketing of the Mips safety system
Used products	<ul style="list-style-type: none"> Plastic waste 	<ul style="list-style-type: none"> Low rate of material recycling 	<ul style="list-style-type: none"> Higher rate of material recycling 	<ul style="list-style-type: none"> Communication and cooperation with helmet manufacturers and end users

Sustainability highlights in 2021

Performed an analysis of our total climate impact to identify where we can make the greatest difference

Carried out lifecycle analyses to better understand the impact of our products on the environment

All packaging materials are from recycled materials

Implemented a whistleblower service for employees and external partners

Taken a step closer to our goal of having a gender equal workplace with 50/50 men/women (55/45)

Increased to **9 active** brand partners in the Safety category

Commenced collaboration with suppliers to make our products more sustainable

12.6 million safety systems sold which are now in 883 types of helmet models

Sustainability at Mips

In 2021, Mips and our stakeholders continued our ambitious journey towards a more sustainable future with a clear goal, governance model, and motivated organization.

Organization and responsibility

Sustainability is embedded into every part of our business, in our governance, and in our strategic and operational activities.

The Mips Board of Directors has overall responsibility for matters related to sustainable business practices. The CEO is responsible for ensuring that the decisions and strategies of the Board of Directors are implemented and that progress is reported to the Board. Executive Management at Mips supports the CEO and is responsible for ensuring that employees are aware of Mips values, goals and aims, and that they comply with regulations, laws, and guidelines in their daily work. As part of their introduction, all new employees are trained in the Mips Code of Conduct, which ensures a shared understanding between all employees of the ethical, social, and environmental guidelines that exist in the company.

The managers of the company have a special responsibility in their capacity as leaders, but all employees share the responsibility for ensuring that the business is run sustainably. To increase the engagement with and knowledge about sustainability, Mips established a multifunctional group in 2021 consisting of representatives from all the functions. This group has run and coordinated sustainability efforts across the company during the year. In addition to this group a steering committee has set the direction and made the overall decisions regarding sustainability at Mips in 2021.

Additional information about the Board's work during the year can be found in the corporate governance report on pages 126–136.

Standards and frameworks

Mips wants to be a driving force in the shift towards a more sustainable way of doing business. One important aspect in this work involves being transparent in reporting and following up on our sustainability efforts to help our stakeholders and ourselves follow up on the progress in our work.

REPORTING FRAMEWORKS THAT MIPS APPLIES

UNs 17 Sustainable Development Goals

- Mips wants to contribute to achieving the 17 global sustainability goals. To ensure that Mips' KPIs are relevant in this regard we have chosen to align Mips' sustainability targets with the UNs sustainability goals.
- The link between Mips' sustainability targets and the UNs sustainability goals is presented in the table under each focus area.

GRI

- The account of our sustainability work is inspired by the GRI's international standards, and is available on page 137.

MIPS' SUSTAINABILITY WORK



EU taxonomy

- The EU taxonomy for sustainable activities is a classification system that aims to make it easier for investors to identify and compare sustainable investments. The taxonomy is currently being developed and full reporting is required from the 2022 financial year. Simplified reporting is sufficient for the 2021 financial year.
- Companies covered by the taxonomy include financial market players along with companies of public interest with more than 500 employees in Europe. This means that Mips is not currently subject to the taxonomy nor does the company need to report in accordance with the taxonomy. However, we see the taxonomy as a framework that enables us to be transparent about our activities towards our stakeholders, as well as help us to be proactive in understanding the areas of our operations where we can become more sustainable. We will continue to work with the taxonomy as more guidelines and instructions are developed about how it should be applied in practice.

- Items that are to be reported under the taxonomy are: the portion of revenue which are eligible by the taxonomy, the portion of capital expenditure eligible by the taxonomy, and the portion of operational expenses eligible by the taxonomy. After performing a mapping against the taxonomy, our conclusion is that Mips currently does not have revenues, capital expenditure or operational expenses to which the taxonomy applies, as summarized in the table below.

MIPS MAPPING AGAINST THE EU TAXONOMY 2021

	Proportion of taxonomy-eligible economic activitites (SEKm)	Proportion of taxonomy-eligible economic activitites (%)	Proportion of taxonomy non-eligible activities (%)
Revenues	–	0	100
CapEx	–	0	100
OpEx	–	0	100

OUR MOST IMPORTANT POLICIES FOR A SUSTAINABLE BUSINESS

Our work with sustainability is governed by our Code of conduct and our other policies that describe how we run our operations. All employees learn about the Code of conduct through the training given to all new employees when they start their employment at Mips. All employees also sign the Code of Conduct. Through Mips' whistleblower system all employees (and external stakeholders) are given the opportunity to anonymously report deviations from the Code of Conduct, or any other misconduct.

Our function-specific policies, such as the Finance policy and the Supplier Code of Conduct, are followed up by each function. All policies are available to all employees via the intranet, and employees are informed of any updates.

- Code of Conduct
- Supplier Code of Conduct
- Anti-corruption policy
- Finance policy
- Communication policy
- Insider policy
- Staff manual
- Environmental instruction
- Whistleblowing instruction
- Data protection policy

Responsibility and a long-term perspective

Our business shall be characterized by responsibility and a long-term perspective, in part by keeping our promises throughout each business deal. That is how we build trust with customers, employees, suppliers and other important partners.

It is important for us to do business correctly, with zero tolerance for corruption and bribery, which is followed up annually. We also value and promote fair competition as the power of our offer drives our growth.

Organization and culture

Our values, which are reflected in our Code of Conduct, our supplier Code of Conduct, our Anti-Corruption Policy and the staff manual, amongst others, are our moral compass, providing clear guidance for our employees in their daily work. In addition, Mips has several further policies such as the Finance Policy, Communication Policy, and Insider Policy. The Code of Conduct, which applies to the entire value chain, including our suppliers for whom we have a dedicated Supplier Code of Conduct, is based on international conventions such as the UN Global Compact Principles, International Labour Organization, and the OECD guidelines for multinational companies. Our own staff regularly visit suppliers' factories to ensure compliance with our Code of Conduct.

Mips applies the precautionary principle by assessing and updating risks related to organization, product and sustainability every quarter. Relevant controls and measures are also implemented to handle these risks in the best possible way. More information about risks can be found on page 38-45.

Laws and regulations

For us, it is a given to respect the laws and regulations that apply in the countries where we operate, which is why we engage legal advisors when needed to ensure our understanding of and compliance with local legislation.

Whistleblower service

We have reporting procedures regarding suspicions of improprieties that employees should bring to the attention of their immediate supervisor, the CFO, or the CEO. In early 2021, Mips also launched a whistleblower service through which all employees, suppliers and other external stakeholders can anonymously report irregularities that are in conflict with the Group's codes of conduct.

Mips ensures that internal and external stakeholders are aware of the company's whistleblower function by informing them about Mips' whistleblower system on:

- Mips' websites (mipsprotection.com and mipscorp.com)
- In Mips' Code of Conduct (which is available on mipscorp.com)
- In Mips' Anti-corruption and Anti-bribery policy (which are available on mipscorp.com)
- In Mips Supplier Code of Conduct which is intended for – and provided to – all Mips' suppliers.

Risk analysis and risk management

Our risk analysis forms the basis of the priorities and key areas we are focused on in our sustainability program. The risk analysis is updated every quarter as part of the company's internal control program and new priorities are set based on potential impact on the business. All functions in the company participate in risk management, with the aim of increasing risk awareness throughout the organization.

The Group's work with sustainability and environmental issues and their associated risks is managed and prepared by Executive Management and ultimately addressed by the Board of Directors. All risks are ranked based on probability and impact on the business. Read more about risks and risk management in the section on risk on pages 38-45.

Specific risks associated with our focus areas are presented below under each area.

Input to Mips' sustainability focus

During the year we have continuously followed up and evaluated our focus areas and received input from our stakeholders. We have also carried out an analysis of our total climate impact, the initial results of which we received at the end of 2021. Furthermore we have performed a lifecycle analysis of

four of our products. The measurement of our total climate impact along with our lifecycle analyses are important to ensure that we focus on the areas where we can make the greatest difference. This work will form the most important building block for our future sustainability work.

Stakeholder dialogues

We work closely with many of our stakeholders, including customers, suppliers, shareholders, and research institutes. A continuous and open dialogue in various channels provides information about requirements and expectations, what is important, what we can contribute and what we can improve. Managers and employees pursue ongoing open and informal dialogues. We also conduct annual employee surveys, which have shown over several years that we have a good work environment with a high level of employee satisfaction and participation. These employee surveys show that the main area for development is a continued focus on personal development for employees.

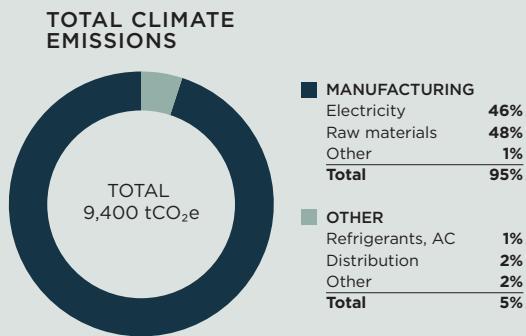
We have delved deeper into and structured our sustainability work during the year. Just like last year, we have held stakeholder dialogues with employees, Board members, investors, customers, sustainability specialists and suppliers, and this year we have expanded the number of dialogues and added more questions. Input from these stakeholder dialogues has been fed into a materiality analysis aimed at ensuring we steer our sustainability efforts in the right direction, and focus on the areas of sustainability where Mips has the greatest impact. We view this as an ongoing effort and intend to continue our stakeholder dialogues over the next few years to ensure that we have the right focus in sustainability work.

MATERIALITY ANALYSIS 2021



Mips' total climate impact

In 2021 we analyzed our total climate impact according to the Greenhouse Gas Protocol Initiative (GHG). We have performed calculations of our impact in Scope 1-3. Our goal is to align operations to achieve the Paris Agreement ambitions of no more than 1.5 degrees of climate change.



Scope 1 consists of direct emissions that we can control ourselves

Scope 2 represents indirect emissions (energy purchased) from our own operations

Scope 3 includes indirect emissions from sources that are not controlled by Mips (Mips' value chain)

Total carbon footprint

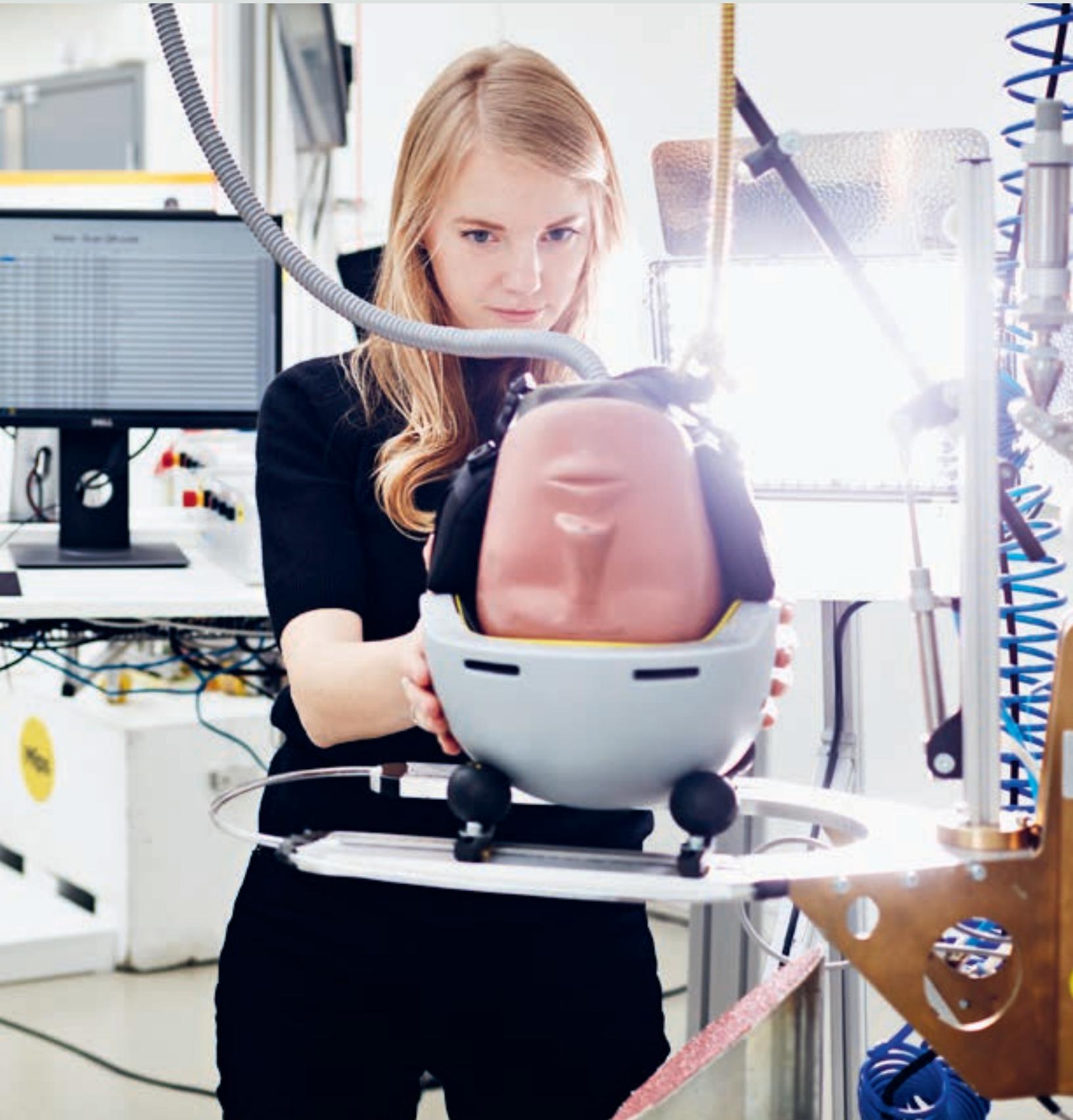
Production within scope 3, related to production of products in our supply chain, accounts for 95% of Mips' total climate emissions. The development of raw material and electricity generated during the production of Mips' components account for 99% of the emissions within scope 3.

The remaining 5% (approximately 500 tCO₂e) is related to scope 1 and 2 and is mainly derived from transportation of helmet samples between our companies in China and Sweden, as well as the refrigerant at the offices.

Three focus areas

The stakeholder dialogues and materiality analysis, along with the improved insight we have gained into our total climate impact, have led us to structure our sustainability efforts around three focus areas. The difference compared to the structure and follow-up of previous years' sustainability work is that we have integrated the earlier focus area "our impact on the environment" into the other three focus areas as environmental aspects permeate all three of the other areas.





FOCUS AREA

Our employees



A strong corporate culture

Part of Mips' vision is to use our technology to ensure that helmets in all categories protect users significantly better than current test standards promote.

We are pioneers in this important field, which places high demands on attracting and retaining employees with the right skills and passion to always make safer and better products. Even though we are the world leader in what we do, we are modest and curious, with a desire to learn more. We constantly challenge ourselves and encourage our employees to be their best selves every day.

We believe that a strong corporate culture is essential for us to be the leader in our field, and that means having a coaching leadership, good cooperation and engaged employees. It also serves as the foundation for our continued growth journey. We ensure that we maintain this strong corporate culture through continuous and clear communication with and across the entire organization, through our annual kick-offs, through biannual employee surveys and the follow-ups thereof, as well as various team activities throughout the year.

Attract, advance, and retain employees

We value and reward our talented employees. In order to be the leader in our industry, it is crucial that we continue to be an exciting employer that can attract, advance, and retain dedicated and talented employees. Mips works closely with Swedish and foreign universities, in part to maintain an active dialogue, and in part to ensure that we will have access to the skills we need in the long term. We encourage university students to write their theses at Mips, which in several cases has resulted in subsequent employment.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Several times a year "Lunch and Learn" events are arranged, where we hold internal lectures and/or discuss relevant subjects.

Essentially the same terms of employment apply in Sweden and China, although local labor laws entail certain differences.

Diversity and gender equality

Diversity is a critical success factor for Mips. With different skills and experiences we can constantly evolve as a company. We have employees from many different countries, which is why English is the language spoken in our Group. The helmet industry has traditionally been male-dominated and we are actively working to reverse that trend, as well as to promote diversity in our business. Mips' Code of Conduct emphasizes that all people are of equal value and that Mips must provide fair conditions for all individuals and groups.

A review of 2021

At year end 2021 the number of employees was 78 (61), including 35 (23) women, which corresponds to 45 percent (38) of the total number of employees (including China). Mips is approaching its target of having a 50/50 split between female and male employees, overall. Executive Management currently consists of 7 (7) people, including 2 (2) women, which corresponds to 29 percent (29) of the total number of people in management. The Board of Directors consists of 5 (5) people, including 2 (2) women, which corresponds to 40 percent (40) of the total number of Board members. Our goal is for both the Executive Management and the Board of Directors to have a 40–60 percent balance between both genders.



KPI:	Goal	2021	2020	SDG
Gender distribution all employees, (% men/women)	50/50	55/45	62/38	5.5
Gender distribution Executive management, (% men/women)	60/40	71/29	71/29	5.5
Gender distribution Board of Directors, (% men/women)	60/40	60/40	60/40	5.5

Health, safety and inclusiveness

Mips views its employees as the single most important factor for success and recognizes that they create the company's long-term competitiveness. Our overarching goal is for everyone in the Group to feel that they work in a sound, safe and secure environment. Having employees who enjoy their work and feel good is crucial to Mips' success. Our managers engage in active dialogue with employees to ensure their wellbeing and that they have a good work-life balance. We try to prevent illness at the earliest stage possible and provide support when needed to promote both the mental and physical wellbeing of our employees.

Mips is convinced that having healthy employees not only reduces the risk of sick leave, stress and burnout, but also leads to a positive atmosphere and better performance. All employees in Sweden are offered a wellness allowance, as well as regular massage services and yoga sessions at work. Mips has also invested in a gym that is available to all employees seven days a week. Our subsidiary in China also has a gym as well as health-related initiatives.

Mips has zero tolerance for all forms of discrimination, and this is followed up annually. Rules, procedures and processes in this regard are described in greater detail in our Code of Conduct and staff manual, to which all employees have access. The company's employees, as well as other stakeholders, are encouraged to report all forms of discrimination to their immediate supervisor, the CFO, the CEO or via the company's third-party whistleblower channel.

Mips is a global company and for many of our employees travel is essential to the job. We use video and telephone conferencing to the extent possible and appropriate with the aim of limiting travel as much as possible and thereby reducing the negative impact on the climate and the environment that air travel entails.

The year in review

Mips has zero tolerance for any form of discrimination, bullying or harassment, and since the beginning of 2021 we have had a whistleblowing service in place through which all employees, suppliers and other external stakeholders can anonymously raise the alarm about misconduct or behavior that

violates the Group's Code of Conduct. No incidents were reported to Mips via the whistleblower system this year.

Mips has a zero vision related to occupational injuries and works constantly to evaluate the safety of the workplace. In 2021 Mips carried out a risk analysis of the safety of the office in Sweden. The analysis has shown that the largest risks are found in the workshop and in the testing lab, which has led to updated safety procedures and internal training to prevent accidents occurring. As a further element in ensuring we have a safe workplace, all employees in Sweden have been offered cardiopulmonary resuscitation (CPR) training. Some 50 percent of the employees in Sweden took the course in 2021 and the plan is to offer CPR training again in 2022 to compensate for the courses that had to be cancelled in 2021 due to pandemic restrictions. This is a way to ensure that all our employees know the basics of CPR.

The pandemic has led to new ways of working and in the periods when it has been necessary, all Mips employees have naturally had the opportunity to work from home.

Each year employee surveys are conducted in both Sweden and China, through which employees evaluate their immediate supervisors, the function in which they work and their own job satisfaction and wellbeing. The results serve as a basis for improvement measures. We conduct a survey at the end of the first six months of the year and a more extensive employee survey at the end of each year. The results of the 2021 employee survey showed that Mips still has a positive culture that is characterized by engagement, collaboration, growth and the desire to win.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Part of the individual's development planning involves discussing any skills that need to be developed to help the individual and Mips progress, and identifying how this can be done through both internal learning and external courses and training. As an example, in 2021 seven employees did a leadership course and more people will do the course in 2022.

A sustainable workplace

In addition to the fact that the pandemic has required more meetings with colleagues and external parties to take place online, we have also been proactive in limiting our travel, which has led to a reduction in our CO₂ emissions from travel, from 3.75 tons per employee in 2019 (150 tons in total) to 0.39 tons per employee in 2021 (24 tons in total). Our target was to half our CO₂ emissions per employee between 2019 and 2021.

Mips' environmental instructions describe the environmental requirements that are to be followed in all internal processes so as to reduce Mips' environmental impact. One of our policies covers

waste and recycling, and our target is to recycle everything that can possibly be recycled, which also includes electronics. In early 2022 Mips will extend the offices in Täby by an additional floor, which will be partly furnished using recycled furniture.

In 2021, 100 percent of Mips' electricity consumption in Sweden came from renewable energy sources. Our goal is to reach the same level in China too, but as renewable energy has not been available to the extent needed, we have chosen to climate compensate for the electricity consumed in China through a Renewable Energy Certificate (I-REC), corresponding to the volume of electricity we consumed in China for the entire year.

INDICATORS FOR HEALTH, SAFETY AND NON-DISCRIMINATION

KPI	Goal	2021	2020	SDG
Employee turnover, (% of total number of employees)	<10	10%	4%	N/A
Number of cases of workplace harassment investigated	0	0	0	8.8
Skills development and investment in training (% of salary cost)	3.0%	1.0%	0.5%	4.7
Employee survey (BPI metric)	+1 vs the prior year	77	80	8.8
Performance appraisals (% of employees)	100%	100%	100%	4.7
Work-related injuries (no. of accidents)	0	0	0	8.8
Sick leave (Mips AB)	<3%	1.39%	0.83%	N/A

INDICATORS FOR ETHICS AND CORPORATE CULTURE

KPI	Goal	2021	2020	SDG
Code of conduct updated and approved by the Board	yes	yes	yes	4.7
Code of conduct signed by employees (% of employees)	100%	100%	100%	4.7
Anti-bribery and anti-corruption policy updated and approved by the Board	yes	yes	yes	4.7
Anti-bribery and anti-corruption training (% of employees)	100%	100%	100%	4.7
Corruption (no. of cases reported)	0	0	0	4.7

INDICATORS FOR A SUSTAINABLE WORKPLACE

KPI	Goal	2021	2020	SDG
Share of green electricity, Sweden	100%	100%	100%	7.2
Share of green electricity, China	100%	0%*	0%	7.2
CO ₂ emissions from air travel (ton CO ₂ /employee)	<1.88**	0.39	0.08	13.2

* Green electricity is not available therefore Mips compensates through a Renewable Energy Certificate.

** Reduce emissions related to air travel by at least 50 percent per employee compared to 2019.

Risks related to our employees

RISK	MANAGEMENT
<p>Our workplace benefits from being a workplace that is inclusive, where differences are welcomed, respected, valued and embraced. This approach helps create satisfied and productive employees. An overly homogeneous workforce is at risk of overlooking the potential and the advantages associated with diversity and can lead to a one-sided view of risks and opportunities. It also creates a risk of individual employees being discriminated against.</p>	<p>This year we have moved towards becoming a more diverse workplace with a 45/55 split between female/male employees, and people of different nationalities, backgrounds, ages and experience.</p> <p>Mips' Code of Conduct states that nobody should be subjected to discrimination. There is also a whistleblowing service through which all employees can report anonymously.</p>
<p>Taking care of the health and safety of our employees is paramount for Mips and we therefore proactively work to prevent accidents and to ensure a good worklife balance, in order to avoid the risk of poor health and sick leave.</p>	<p>The annual employee survey along with ongoing dialogue between employees and their managers help us to proactively understand whether employees are in the risk zone for needing to go on sick leave.</p> <p>Additionally, Mips offers employees the opportunity to exercise during working hours, access to a gym, massage services and yoga at work, as well as a wellness allowance. Mips also works continuously with occupational safety.</p>



FOCUS AREA

Our products



Helmet safety

Sustainable societal development is extremely important for Mips, and the company believes that its technology and products lead to a more sustainable society since they improve helmet protection for both recreational and professional use. Improved helmet protection leads to increased safety and security, while reducing risk for both short-term and long-term sick leave, as well as permanent injury.

Mips is a global market leader in helmet-based rotational protection and partners with many of the world's leading helmet brands. Our patented solutions are based on more than 25 years of research in collaboration with the Royal Institute of Technology (KTH) and Karolinska Institutet in Stockholm. Traditionally, helmets have only been designed to protect against straight impact, which can lead to skull fractures. Unlike traditional helmets, Mips' low-friction layer mimics the brain's own protection system and is designed to protect the brain from rotational motion, which can lead to brain damage. We work with our customers to raise awareness of the benefits of helmets equipped with protection against rotational motion.

We see how an increased awareness of safety as well as of the risks and consequences of brain damage are driving demand for our products and solutions. We are also active in international university and research environments, where we work to ensure that testing of rotational motion is included as a standard in the tests and certification of helmets. In addition, Mips is a member of several testing bodies around the world and also pursues an active dialogue with several universities to ensure research-based development of tests and standards.

A review of 2021

This year Mips received four product complaints per 1,000,000 units sold from consumers. Our target is to receive less than five complaints per 1,000,000 units sold, which we achieved with good margin. Most complaints concerned older models or solutions.

In 2021 we submitted several patent applications, a few more than in 2021. This is in part driven by a greater focus on the Safety category, which led to new products needing to be developed to suit the types of helmets in this category. Continuous product development and strong IP protection are important for Mips so that we can retain our competitiveness as a company.

In 2021, Mips launched its product families, a new classification of Mips' various products, which will make it easier for consumers to choose the right system for their needs. The names of the five different product families are Mips Air, Mips Integra, Mips Evolve, Mips Essential and Mips Elevate, which are described more fully on page 32.

In the first quarter of 2021 Mips introduced quarterly measurements of the level of brand awareness amongst consumers to track the development of Mips' brand awareness.

MEMBERSHIPS AND COLLABORATIONS

Mips is a member of several organizations that primarily work to standardize and certify test standards in the helmet industry. The main reason for our membership is to ensure that appropriate test standards are implemented for certification.

Mips currently belongs to the following organizations:

- SIS TK525 – The Swedish Institute for Standardisation – Helmets.
- CEN TC158 – European Committee for Standardization – Head protection.
- ASTM International – Subcommittee F08.53 on Headgear and Helmets.

A sustainable product

Mips constantly strives to limit our impact on the climate and the environment, which we continually assess, along with the sustainability of the supply chain and the products and their actual impact on the world. During the year we continued to analyze the environmental impact of our operations with a focus on mapping out our total climate impact. We have also recently completed work on a more detailed lifecycle analysis of four of our best-selling products. Both of these analyses will help us understand where in the manufacturing process we can have the most impact of reducing our climate impact.

The life span of Mips' products should be at least as long or longer than for the helmet in which the product is installed. Many of our products are made of plastic that is recyclable and we always try to use materials that have as little impact on the climate and the environment as is technically and commercially possible. We also ensure that our products are manufactured as close to the helmet manufacturers' factories as possible (often production is in the same factories) to minimize the number of product transports. The packaging used for Mips' components is always made of recyclable material.

A review of 2021

Helmet safety is and always will be Mips' highest priority, and to give our products the correct properties for safety, we and our subcontractors are currently reliant on a number of chemicals that are classed as toxic in excessive amounts. The levels of

hazardous chemicals in all of our products are very low, and far beneath the current approved limits. We are nonetheless actively working to phase them out and find more environmentally friendly alternatives. In 2021, the volume of PPM (parts per million) was 2.74 which is a reduction compared to the prior year (2.93). Our goal is to use as few hazardous chemicals as possible.

During the year we have continued to look for more sustainable alternatives to the material currently used in our products. One area where we have researched and made progress is with more sustainable polycarbonates (PC) for which we have signed up new suppliers. As a result we will be able to deliver products that offer the same level of safety and the same high quality as before, but made from a more sustainable material. We hope to gradually introduce this approach across our product portfolio and over time offer more sustainable materials in Mips current solutions, thus substantially reducing our and our customers' environmental impact.

Mips' latest innovation, the Virtual Test Lab (VTL) launched in November 2021, allows helmets to be tested in a virtual setting. Mips' VTL will save Mips and the helmet manufacturers we work with both time and money in the development of new helmet models. Virtual testing will also help in reducing our climate impact compared to physical testing alone as fewer physical prototypes will be required and therefore less waste material in the production process.

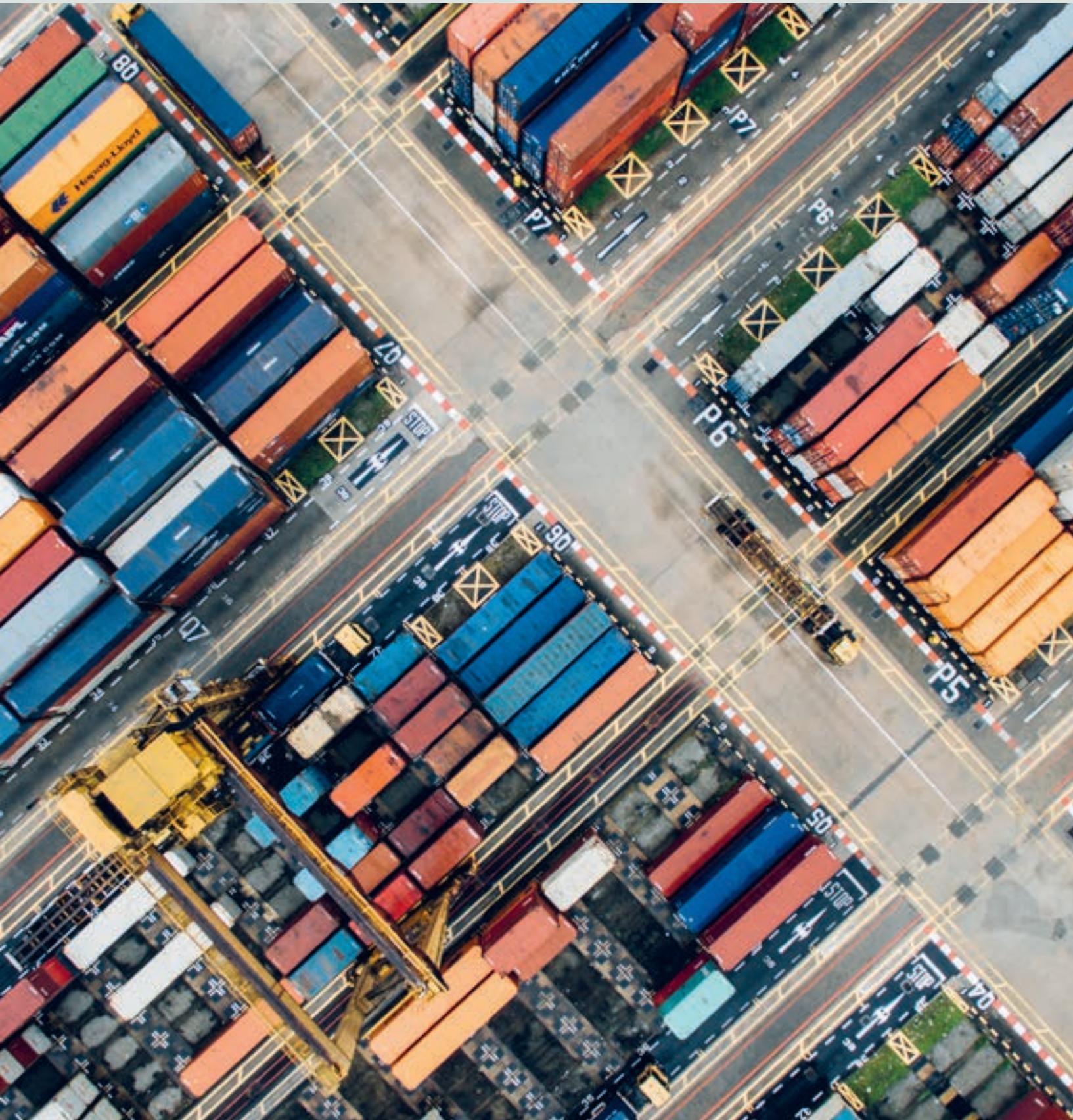
INDICATORS FOR OUR PRODUCTS

KPI	Goal	2021	2020	SDG
Consumer complaints, (number of complaints/1 million units sold)	Max 5 per million helmets	4	5	8
Recyclable material in our products, (% of recyclable material in our products)*	100%	>90%	>90%	12.5
Hazardous chemicals	<3 PPM	2.74	2.92	12.4

* All hard plastic components from Mips' products can be recycled.

Risks related to our products

RISK	MANAGEMENT
Mips does not conduct any activities of its own that are subject to mandatory reporting requirements. Mips' products must always be manufactured in accordance with applicable laws and regulations and with the least possible impact on the environment. We must always evaluate the environmental aspects of new products and minimize negative environmental impact throughout the product cycle. The risk entails environmental and climate impact as well as negative impact from chemicals.	During the last quarter of 2021, Mips carried out lifecycle analyses of our four most-sold products. The lifecycle analyses will help the company better understand which products within our portfolio are more environmentally friendly and which areas of production have the greatest impact on the environment.
Even if Mips views itself as the market leader with a patented technology that contributes to a sustainable society, it is important for this to continue. Competition from new technology and risks of patent infringement or lawsuits are ever-present.	Mips has comprehensive insurance coverage. The company also has its own lawyers and patent engineers, and engages external IP law experts. Mips has an extensive training program for customers who sell Mips' technology covering how to correctly market the technology in order to minimize the risk of any legal disputes, as well as the risk of damage to the brand.
Production and assembly of the company's products largely takes place in China. As the company launches more products and they are implemented in more helmet models, and in more customer factories, there is an increased risk that production will be carried out with materials of the wrong quality, or with lower production quality.	Mips actively works with quality assurance procedures and documentation. The company's quality assurance procedures are regularly updated and monitored. Frequent and proactive quality controls are carried out at factories that manufacture or install Mips' products and the outcome is monitored and documented.



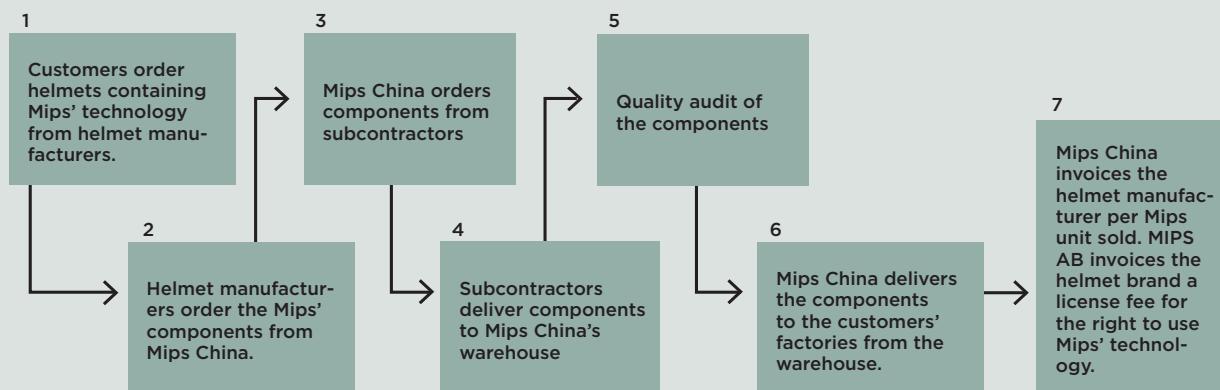
FOCUS AREA

Our supply chain

CLIMATE T

Our supply chain

A sustainable supply chain



Mips does not conduct any of its own production, and instead uses external suppliers for the manufacturing of Mips' products. To ensure that our supply chain and the manufacturing of our products is sustainable we therefore need to ensure that the supply chains of our suppliers are sustainable and comply with requirements stipulated by international laws and conventions.

Mips' customers, i.e. helmet manufacturers, have chosen to use factories mainly in China to produce their products. Due to this Mips opened a subsidiary in 2017 to be as close as possible to the production.

Supplier Code of Conduct

We believe that we have an important role in ensuring that the human rights of the people we affect through our operations are respected. This includes the entire value chain and every single supplier and distributor. Mips has therefore drawn up a Code of Conduct aimed at defining the sustainability requirements that apply to all suppliers. The supplier Code of Conduct is based on Mips' internal Code of Conduct as well as international conventions and standards such as the ten principles of the UN Global Compact, the standards of the International Labour Organization (ILO), and the OECD guide-

lines. The Code is a complement to applicable laws and regulations, and the supplier must conduct all activities in full compliance with all laws and regulations that are applicable to its operations. Mips respects, and expects its suppliers to respect, children's rights in accordance with the United Nations Convention on the Rights of the Child and other applicable national and international laws, regulations and rules related to child labor in the countries where our production or operations take place.

Our supplier Code of Conduct has been designed to ensure that all companies in our supply chain take responsibility for the environment, and for respecting human rights, employee rights, working conditions and proper occupational health and safety. Suppliers must also conduct their operations in accordance with applicable laws and regulations.

Mips regularly audits its suppliers to ensure that the requirements of the Code of Conduct are fulfilled. Controls are carried out by Mips' employees in China, and if deviations are detected, we develop an action plan together with the supplier. Any deviations that arise are always handled in accordance with applicable legislation.

Mips has operations in Sweden and China and deems that there is always a risk that corruption may occur. Mips has an anti-corruption policy and

applies a zero-tolerance policy to corruption and bribery. Mips therefore performs continuous audits of the factories that are part of our supply chain.

All transportation to end markets is handled by our customers, who are encouraged to choose green options to the extent possible. We continually review circumstances with the aim of locating our production as close to the end users as possible, but in this regard we are dependent on our customers and their production logistics. Our subsidiary in China is located close to many of the largest helmet factories in order to minimize negative climate impact. We also deem that future inroads into new categories and greater penetration of certain existing categories, may mean that our production, at least in part, may be based in both Europe and the US, which would likely reduce the final transport needs of customers, thereby reducing the impact of the entire production chain on the climate and the environment.

All testing of new helmet models with Mips' technology takes place in the testing lab at our offices in Sweden. The helmets used in testing are

then sent to be destroyed and burnt at incinerators where the energy generated through combustion is recycled by a third party and used for household heating.

Since 2021, Mips has had a goal to always choose the most environmentally friendly choice of transportation.

A review of 2021

During the year we calculated our total climate impact according to the GHG Protocol, the results of which will provide the basis for our continued efforts to reduce our climate impact. Read more about this on page 57.

In 2021, the majority of Mips' products were manufactured in China where we work with several independent subcontractors. All of the company's subcontractors in China have signed our Code of Conduct. Mips also has procedures in place to limit the risk of undue influence when choosing suppliers. All new suppliers must be reviewed and approved by the Head of Operations and/or the CEO before any contracts are signed.

Risks associated with our value chain, including the workplace environment and working conditions of our suppliers.

RISK	MANAGEMENT
Mips is active in geographic areas that are associated with exposure to and an increased risk of bribes and corruption. For example, bribes may be offered to overlook errors and improprieties. Mips applies a zero-tolerance policy regarding bribery and corruption. Manufacturing of Mips' products takes place at suppliers that are mainly located in China, which entails a risk of human rights violations in the supply chain.	Mips works systematically to counteract this by pursuing dialogue, setting requirements and reviewing suppliers.

INDICATORS FOR ANTI-CORRUPTION AND HUMAN RIGHTS

KPI	Goal	2021	2020	SDG
Supplier Code of Conduct updated and approved by the Board	yes	yes	yes	8.7
Supplier Code of Conduct signed by suppliers (%)	100%	100%	100%	8.7
Supplier audit at least bi-annually (% of suppliers)	100%	100%	100%	8.7

Total number of known cases/reports of incidents of corruption and violations of human rights

During the year no violations of human rights or incidents of corruption were reported.

No irregularities or improper conduct in violation of the Code of Conduct have been reported in 2021.

Auditor's limited assurance report on MIPS AB's Sustainability report

To MIPS AB

Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of MIPS AB to undertake a limited assurance engagement of MIPS AB's Sustainability Report for the year 2021. MIPS AB has defined the scope of the Sustainability Report to pages 46-70 and 137-138 in this document.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria. The criteria are defined on page 53 in the Annual Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

The auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We have conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation

of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Consequently, the procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Opinion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Chief Executive Officer.

Stockholm, 24 March 2022

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

Torbjörn Westman
SPECIALIST MEMBER OF FAR