



Sustainability report

Mips' sustainability agenda

Mips is a global leader in its field and also aims to be at the forefront of its industry when it comes to sustainability. The company shall fulfil the expectations of others and lead the way. This creates the conditions for Mips to continue to grow profitably and sustainably.

MESSAGE FROM THE CEO

A review of 2022

At Mips we are fully engaged with increasing the sustainability of our products, processes, and of the supply chain, and to be part of the climate transition. We have embedded sustainability into all aspects of our operations, from now until 2030. In 2022, Mips signed the UN Global Compact and we thereby hold ourselves and our manufacturing suppliers accountable for following the ten principles of the UN Global Compact. Mips has also become engaged in the Science Based Target initiative to reduce emissions to limit global warming to 1.5 degrees Celsius, in line with the Paris Agreement. This means that Mips will report to SBTi every year on our progress towards achieving this goal.

In 2022 we learned more about the environmental impact of our individual products. This has enabled us to start looking for alternative materials for the products that have the greatest adverse impact on our emissions and the climate.

Stockholm, March 2023

Max Strandwitz
PRESIDENT AND CEO

Mips' approach and sustainability strategy

While Mips is a small company that provides helmet manufacturers with an ingredient product for helmets, it is a global leader in its field. Just as Mips' products can make a decisive difference in a helmet, Mips' ambition is to make a difference in influencing the entire helmet industry to become more sustainable.

Mips' sustainability strategy is based on the company's overarching strategy and builds on Mips' fundamental values.

For Mips and many of Mips' stakeholders, sustainability is an important part of the business. Mips' ability to keep growing while also delivering strong financial and operational results is reinforced by running the business in a sustainable manner.

Mips also expects business partners to act in a sustainable and environmentally responsible way. To develop sustainable materials Mips and all partners have to do their part, and industry members need to 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.

Key sustainability targets

Climate challenge - Greater insight and transparency supported by the SBTi

Mips understands the climate challenge and supports the ambitions of the Paris Agreement. To gain a better understanding of how Mips can reduce its climate impact, the company first needs full insight into what that impact is. This will guide the journey forward.

In 2021 Mips worked with a third party to start to analyse the total climate impact of Mips' supply chain. As a result, a number of areas were identified where Mips has the greatest impact. The analysis showed that the areas of greatest impact are linked to Mips' choice of materials and the energy consumption required to manufacture Mips' products.

In 2022 a more sophisticated analysis of Mips total climate impact was carried out and new ambitions, targets, and plans were then defined for

continuously working to reduce Mips' total climate impact and communicating this going forward. Mips also decided to adopt a company-specific climate target in 2022, consistent with the Science Based Targets initiative (see further information on SBTi on page 49). Mips goal is to reduce its total emissions by 42 percent by the end of 2030, based on a base year of 2021, notwithstanding any growth. This means that, given an assumed annual growth of approximately 20 percent, a 90 percent reduction in emissions is required to achieve the goal by 2030.

Mips' ambition for 2023 is to get a more detailed analysis of the total climate impact and explore which concrete actions that can be taken to reduce the climate impact within Mips' value chain. The target for 2023 is to reduce emissions per sold product by 12 percent.



Target for 2022

Establish a structured plan to register Mips for SBTi, in line with the climate change goal of 1.5 degrees

Target for 2023

Reduce emissions per sold product by a total of 12%

Sustainable value chain and manufacturing

Mips does not manufacture its own products, and instead uses external subcontractors exclusively. Mips believes that the company has an important role in ensuring that the ten principles of the UN Global Compact concerning human rights, labor law, the environment, and anti-corruption are respected throughout the value chain.

The UN Code of Conduct is embedded into Mips' Code of Conduct that all manufacturing suppliers are obliged to sign. Consequently, all manufacturing suppliers also sign up to the ten principles of the UN Global Compact in addition to the Code of Conduct. To ensure that the suppliers that Mips partners with adhere to Mips' Code of Conduct and share the same core values in terms of working environment, human rights, the environment, and anti-corruption,

all manufacturing suppliers are audited at least every other year.

In 2022, all manufacturing suppliers were audited and approved under the Mips' Supplier Code of Conduct and against Mips' goals for this area.

In 2022 Mips signed up to the UN Global Compact Audits, and therefore holds the company and its manufacturing suppliers accountable for adhering to the standards of the ten principles of the UN Global Compact.

In 2023, in addition to the supplier audits conducted internally, the goal is to take this work to the next level by engaging a third-party supplier to audit whether the three largest suppliers comply with Mips' Code of Conduct and the ten principles of the UN Global Compact.



Target for 2022

Full implementation of structured follow-up and reporting, in line with the UNs ten principles

Target for 2023

Carry out third-party audits of the three most strategically important suppliers in the supply chain

Supply sustainable products

The majority of Mips' products consist of a low-friction layer that is made of plastic. Plastic is currently the only material that is light, strong, and safe enough for manufacturing several of Mips' solutions. Plastic creates CO₂ emissions, hazardous waste and oceans polluted by plastic, which is why plastic is an priority to be addressed in Mips' value chain.

Innovation and product development are part of Mips' DNA and the company has been actively investigating alternative materials to plastic for a number of years. In 2021 partnerships were established with new suppliers that can supply plastic, i.e. polycarbonate (PC), in the form of wastage from other manufacturing, referred to as Post Industrial Recycled plastic (PIR). This was met with great interest from Mips' customers.

In 2022, the work that started in 2021 to investigate the emissions from four of Mips' top-selling products, was completed, as well as for two other new products launched in 2022. As the emissions vary from product to product, the aim was also to examine which product has the greatest impact on total emissions. The thing that would make the biggest difference to Mips' total emissions in the short term would be to use post industrial recycled plastic to manufacture Mips' most sold products. The target for 2022 was to implement at least three customer projects using post industrial recycled plastic. By the end of the year eleven of these customer projects had been delivered.

In 2023, the goal is to offer suppliers post industrial recycled plastic to manufacture Mips' most sold solution.



Target for 2022

Implement at least three post industrial recycled plastic projects with customers

Target for 2023

Offer suppliers 100% post industrial recycled plastic for Mips' most sold solution

Mips' value chain

Mips has analysed its impact, risks, and opportunities in the value chain. This analysis has led to enhanced understanding of where and how Mips can make the most difference in the 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 Mips' testing methods do not meet external requirements and expectations 	<ul style="list-style-type: none"> Mips solutions in more types of helmets Reduce the impact of material usage Identify and prototype sustainable material 	<ul style="list-style-type: none"> Continued research, development and collaboration with universities, customers and partners to remain at the forefront of helmet safety and standards Virtual Test Lab for testing new helmet models and reducing material usage Continued research and development to create sustainable solutions
Own operations	<ul style="list-style-type: none"> Provide jobs and income Employee health, wellbeing and personal development 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 Weekly pulse surveys to measure employee satisfaction
Suppliers	<ul style="list-style-type: none"> Air, water and ground emissions Waste Provide jobs and income 	<ul style="list-style-type: none"> Shortcomings regarding labor law, human rights, corruption and environmental compliance by subcontractors Substances that affect people and the environment Lack of capacity at suppliers Quality defects related to materials used in manufacturing 	<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 Continuous supplier audits Proactive forecasting of volumes with suppliers to avoid lack of capacity 96 manufacturing suppliers and assembling factories
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 Recycled packaging materials
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 Do not fulfil end-user expectations which may result in complaints 	<ul style="list-style-type: none"> Market communication in support of more helmet usage and safer helmets 	<ul style="list-style-type: none"> Marketing of the Mips safety system Educate end users on the benefits of using a helmet and of Mips
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 co-operation with helmet manufacturers and end users to increase material recycling

Sustainability highlights in 2022

10 principles

Mips signed up to the UN Global Compact and started the implementation of its ten principles within our operations.

42%

Mips joined the Science Based Targets initiative (SBTi) and set company-specific climate goals to support the achievement of the Paris Agreement, i.e. Mips will reduce its total emissions by 42% by the end of 2030. Given the organic growth strategy Mips may need to reduce emissions by 90%.

48/52

Mips achieved its goal of a 40-60 distribution of women and men in the workplace, the figure for 2022 was 48-52.

11

Delivered eleven customer projects with post industrial recycled plastic. The goal for 2022 was three such customer projects.



Phased out three high-emission products from Mips' product range.



Identified the most sustainable manufacturing suppliers.

Updated the product development process in 2022 so that it now includes a climate calculation consistent with the Greenhouse Gas (GHG) Protocol so that we can proactively ensure that future products are more sustainable than our current product portfolio.

UPDATED CORE VALUES

In 2022 we updated our core values.



We dare

Daring means being brave, innovative and challenging the status quo. I am curious about trying new solutions and I'm not afraid to make mistakes or ask for help. I challenge myself and others to achieve our vision.



We care

Caring involves creating a sustainable environment where people can perform. I show my colleagues respect. In my desire to achieve the highest quality, I take responsibility for my own wellbeing.



We share

Sharing is about creating transparency, a sense of belonging, and trust. I continuously share my experiences and my knowledge with my colleagues. I support collaboration across functional areas.

Governance model and framework

In 2022, Mips and its stakeholders continued the ambitious journey towards a more sustainable future with a clear goal, governance model, and a motivated organization.

Organization and responsibility

Mips' sustainability report for 2022 covers the Group and the Parent company.

Sustainability is embedded into every part of Mips' business, in governance, and in 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 briefed on 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. Mips established a cross-functional work group in 2021 consisting of representatives from all the functions, who drive and coordinate sustainability efforts across the company. The objective of the group is to increase engagement with and knowledge about sustainability.

Additional information about the Board's work during the year can be found in the corporate governance report on pages 125-135.

Commitment and engagement

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 the company's sustainability efforts to help Mips' and its stakeholders to monitor progress.

REPORTING FRAMEWORKS THAT MIPS APPLIES

UN Global Compact

Mips has signed the UN Global Compact and works continuously to safeguard and respect the 10 principles of the UN Global Compact, and to promote the spirit of the principles concerning human rights, working conditions, the environment, and anti-corruption.

Science Based Targets initiative

We also support and work according to the Paris Agreement and our emissions target has been approved by the Science Based Targets initiative (SBTi). Mips is classed as a Small-Medium Enterprise (SME) as the company has fewer than 500 employees, which means Mips is limited to only report scope 1 and 2 emissions. Despite this, Mips has also chosen to report under scope 3 and do its part in limiting global warming to 1.5°C for scope 1, 2 and 3. Mips' goals for greenhouse gas emissions are well in line with SBTi's goal to keep global warming to well below 2°C.

UN's 17 Sustainable Development Goals

Mips wants to contribute to achieving the 17 Global Sustainability Goals and has chosen to align the company's sustainability targets with the UNs sustainability goals deemed to be most relevant.

The link between Mips' sustainability targets and the UNs sustainability goals is presented in the table with indicators under each focus area.

GRI (Global Reporting Initiative)

The account of our sustainability work is inspired by the GRI's international standards, and is available on pages 137-139.

In addition to the above, Mips supports the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.

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.

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, Mips sees the taxonomy as a framework that enables the company to be transparent to stakeholders about the company’s activities, as well as a way to proactively understand where in the business Mips

can become more sustainable. Mips will continue to work with the taxonomy as more guidelines and instructions are developed about how it should be applied in practice.

After Mips performed a mapping against the taxonomy during the year, the conclusion is that Mips currently has no revenues or operating expenses that are covered by the taxonomy. We have identified that our leasing of properties is covered by the taxonomy. Mips does not own these properties and an assessment of whether these are compatible with the taxonomy has not been possible during the year. Mips will continue to work with the taxonomy as more guidelines and instructions are developed about how it should be applied in practice.

MIPS MAPPING AGAINST THE EU TAXONOMY 2022

	Share of taxonomy eligible economic activities (SEKm) 2022	Share of taxonomy eligible economic activities (%) 2022	Share of activities that are not defined in the taxonomy (%) 2022	Share of taxonomy eligible economic activities (SEKm) 2021	Share of taxonomy eligible economic activities (%) 2021	Share of activities that are not defined in the taxonomy (%) 2021
Revenues	–	0	100	–	0	100
Investments (CapEx)	22	42	58	–	0	100
Operating Expenses (OpEx)	–	0	100	–	0	100

MOST IMPORTANT POLICIES FOR A SUSTAINABLE BUSINESS

Mips’ sustainability work is governed by the Code of Conduct and other policies that describe how Mips runs its operations. All employees learn about the Code of Conduct through a briefing that all new employees are given 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.

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
- IT-Policy
- Staff manual
- Environmental policy
- Whistleblowing instructions
- Workplace environment policy
- Data protection policy

Responsibility and a long-term perspective

Mips' business will be characterized by responsibility and a long-term perspective. Stakeholders must be able to trust that Mips keeps its promises throughout each business deal. That is how Mips builds trust with customers, employees, suppliers, and other important partners.

It is important for Mips to do business correctly, and the company has zero tolerance for corruption and bribery, which is followed up annually. Mips also values and promotes fair competition as the power of Mips' range of solutions drives the company's growth.

Organization and culture

Mips' values, which are included in the Code of Conduct, the manufacturing Supplier Code of Conduct, the Anti-Corruption Policy and the staff manual, amongst others, act as Mips' moral compass, providing clear everyday guidance to Mips as a company and to all employees. In addition, Mips has several more policies such as the Finance Policy, Communication Policy, IT-Policy and Insider Policy. The Code of Conduct, which applies to the entire value chain, including the manufacturing suppliers for which there is a dedicated Code of Conduct, is based on international conventions such as the UN Global Compact Principles, International Labour Organization, and the OECD Guidelines for Multi-national Enterprises. Mips' own staff regularly visit suppliers' factories to ensure compliance with the Code of Conduct.

Mips applies the precautionary principle by assessing and updating risks related to organization, products and sustainability every quarter. Controls and measures are also implemented to handle these risks in the best possible way. More information about risks can be found on pages 37-42.

Laws and regulations

It is a given that Mips respects the laws and regulations that apply in the countries where the company operates. Mips therefore engages legal advisors when needed to ensure understanding of and compliance with local legislation.

Whistleblower service

Mips has reporting procedures for suspicions of improprieties that employees should bring to the attention of their immediate supervisor, the CFO, or the CEO. Since the beginning of 2021 Mips also has 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 it:

- 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 is provided to – all Mips' manufacturing suppliers

Risk analysis and risk management

Mips' risk analysis forms the basis of the priorities and key areas Mips is focused on in its 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.

Mip's work with sustainability and environmental issues and the 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 37-42 and about financial risks in Note 20. Specific risks associated with Mips' focus areas are presented below under each area.

Development of Mips' sustainability work

During the year Mips has delved deeper into and structured its sustainability work further and continuously followed up and evaluated the focus areas. One of the important inputs to Mips' sustainability work comes from continuous dialogue with stakeholders. For the second year in a row an analysis of Mips' total climate impact was carried out with the help of an external party, which enables a comparison of this year's emissions against last year. In

2022, the product lifecycle analysis continued from 2021, and was expanded to include Mips Air Node and Mips Integra TX. The measurement of Mips' total climate impact along with the lifecycle analyses of Mips' products are important to ensure that focus is given to the areas where the greatest difference can be made. These analyses of Mips' total climate impact will form the most important building blocks for the company's sustainability work going forward.

Stakeholder dialogues

Mips works closely with many stakeholders, including customers, suppliers, board members, shareholders, and research institutes. A continuous and open dialogue in various channels provides information about requirements and expectations, what is important, and what Mips can contribute and improve. Furthermore, managers and employees pursue ongoing open and informal dialogues regarding wellbeing and personal development. Mips also conduct weekly pulse surveys that are sent out to all employees and managers in Sweden and China. The pulse surveys quickly give insight into what is working well and the areas where there is opportunity for improvement.

In addition to the ongoing dialogues with the stakeholders, at the end of the year a questionnaire regarding Mips' sustainability work was sent out to 36 individuals from different stakeholder groups. Amongst other things, the stakeholders were requested to rank 23 areas of sustainability based on how important they considered these areas to be as priorities for Mips. These 23 areas were selected

based on an initial analysis done by Mips to identify the areas of sustainability where the company could have the greatest impact. The information received from these ongoing dialogues and the questionnaire has been summarised as a materiality analysis aimed at ensuring that Mips' sustainability efforts are steered in the right direction and focus on the areas of sustainability where Mips has the greatest impact. This year's areas of materiality are largely the same as last year, but described differently. However, the process for developing these areas of materiality has been updated. The materiality analysis is an ongoing effort and stakeholder dialogues will continue to be important to ensure the right focus in Mips' sustainability work.

During the year it has become clear that Mips and its stakeholders have a similar view of the areas of sustainability where Mips can have the greatest impact, and thus constitute the most important priorities. The area where both Mips and its stakeholders believe that Mips can have the greatest impact is with the raw material used in Mips' products.

MATERIALITY ANALYSIS 2022

Top three areas of sustainability (by materiality) according to stakeholders, grouped under Environment, Social, and Governance. Raw material is considered the area where Mips can make the biggest difference

Environment

- Raw materials - increased usage of more sustainable raw materials
- Emissions - reduce the carbon footprint of the entire organization
- Energy - reduced consumption of non-renewable energy

Social aspects

- Health and safety - take care of employees and ensure a healthy working environment
- Prevent child labour in the supply chain
- Prevent forced labour in the supply chain

Governance

- Develop patents
- Good governance - comply with regulations and maintain proper business ethics
- Perform supplier audits

Mips' total climate impact

In 2021 Mips carried out the first analysis of its total climate impact according to the Greenhouse Gas Protocol. In 2022 Mips has had access to more granular data and been able to refine the analysis of total emissions. This has enabled an update of the calculations used in 2021 with more exact data. In 2022 Mips set a goal to reduce its total emissions by 42 percent by the end of 2030 based on SBTi's calculations, not including growth. For 2023, the target is to reduce total emissions by 12 percent per sold unit.

Update to total emissions figures for the 2021 base year

In 2022 Mips gained access to more data that can replace some of the calculations used in 2021 for manufacturing by suppliers. In addition to this giving a more accurate view of Mips' emissions for 2022, it means that Mips can adjust some of the calculations used to estimate the total climate impact in 2021. As a result, Mips' total emissions in 2021 was corrected to 8,222 tCO₂e from 9,403 tCO₂e,

At the Capital Market Day in June 2022, Mips presented its long-term climate target to reduce its total emissions by 42 percent by the end of 2030, which would align with SBTi's goal to limit global warming to a maximum of 1.5 degrees. Mips

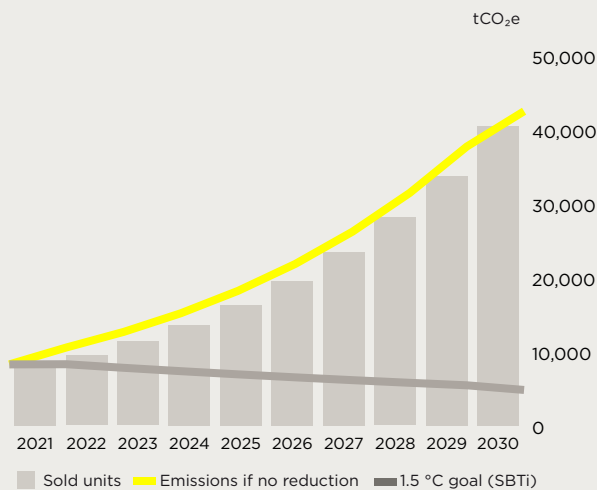
is a growth company, and when the company set its target based on 2021, it was estimated that it would have an average annual growth of about 22 percent until the end of 2027. Assuming that Mips experiences average organic growth of 20 percent between 2028 and 2030, this means that to achieve the long-term sustainability target set under SBTi to reduce Mips' emissions by 42 percent by the end of 2030, the company needs to reduce emissions by 90 percent by the end of 2030.

The correction to Mips' total emissions for the 2021 base year does not change the objective in any other way than Mips' starts from 8,222 tCO₂e instead of 9,403 tCO₂e.

Reduction in emissions in 2022

In 2022 Mips' total emissions were 6,250 tCO₂e. This means that Mips has reduced its total emissions by 1,972 tCO₂e. Of this reduction, 1,854 tCO₂e is linked to the lower sales volume and different sales mix in 2022 compared to 2021. The remaining 118 tCO₂e are due to improvements made primarily in Mips' supply chain. These improvements include suppliers investing in more energy-efficient production equipment and the installation of solar panels to increase the share of renewable energy at the manufacturing suppliers.

VISUALIZATION OF THE RELATIONSHIP BETWEEN MIPS EMISSION TARGET AND VOLUME



Extrapolation of Mips 2027 organic growth goal as an example to illustrate the reduction in emissions needed, in addition to the SBTi-related goals, given a certain level of growth.

TOTAL EMISSIONS 2021 AND 2022

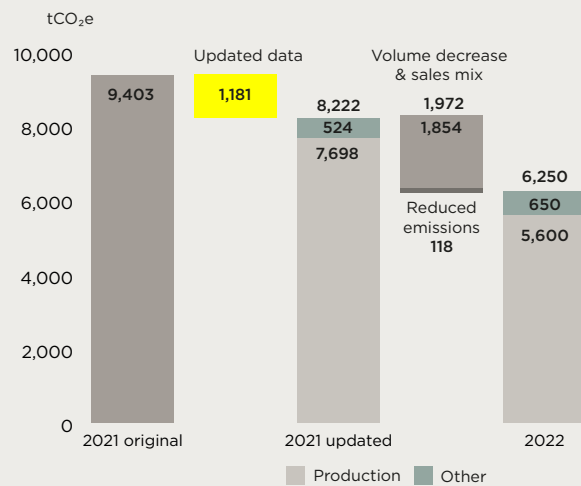


Illustration of Mips' total emissions in 2021, the revised emissions in 2021 and the actual emissions in 2022. We also show the reasons for the changes between 2021 and 2022.

Distribution of emissions

Mips has chosen to report its emissions in accordance with the GHG Protocol which divides emissions into three dimensions, scope 1, 2, and 3.

Scope 1 consists of direct emissions that Mips can control. For Mips this currently consists of emissions from the refrigerants used at the head office in Täby, Sweden and the office in China.

Scope 2 represents indirect emissions (energy purchased) for Mips' own operations. This currently consists of the electricity consumption in Mips' own premises in Täby and China.

Scope 3 includes indirect emissions from sources that are not controlled by Mips (Mips' value chain), and also employee commuting.

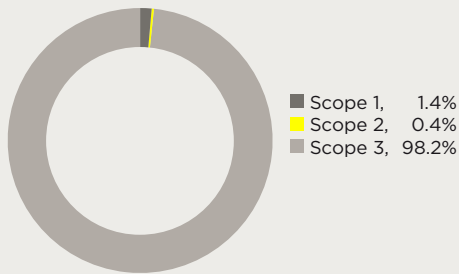
The distribution of Mips' total emissions is very similar in 2021 and 2022. Emissions related to Mips' products are included in scope 3, and they are linked to the manufacturing of products by suppliers,

which accounts for 90 (94) percent of Mips' total GHG emissions. The development of the raw material and the electricity generated during the production of Mips' products by suppliers, account for 96 (96) percent of these emissions.

The remaining 10 percent (6) is related to other emissions in scope 1, 2 and 3. Scope 1 emissions of 1.4 percent (1.0) and scope 2 emissions of 0.4 percent (0.3) represent refrigerants and electricity consumption at Mips' own premises in China and Sweden, respectively. The other emissions in scope 3 represent 8.7 percent (5.0) and they include transportation, commuting, business trips and diverse emissions.

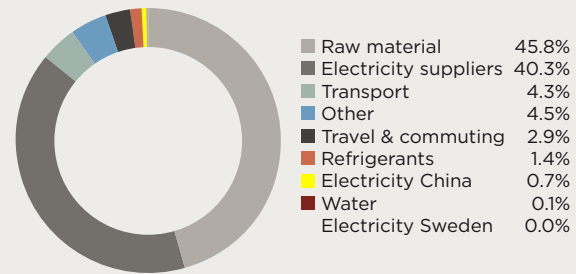
In 2022, the share of emissions from business trips and commuting was 2.9 percent (1.3). This relative increase in emissions is partly linked to the travel limitations of Covid-19 in 2021, as well as the fact that employees are now working in the office more than they did in 2021. In addition to this there is also an increase in the amount of transportation linked to customer projects, which have increased in 2022.

DIVISION OF EMISSIONS DIVIDED INTO SCOPE 1, 2 AND 3



Mips' total emissions divided into scope 1, 2, and 3, 2022

DISTRIBUTION OF EMISSIONS PER CATEGORY



Mips' total emissions classed as emissions categories, 2022

Three focus areas

The stakeholder dialogues and materiality analysis, along with the improved insight into Mips' total climate impact, have led the company to structure its sustainability efforts around three focus areas, just like last year: Our employees, Our products, Our supply chain, with Climate change permeating all three focus areas. Mips follows up a number of KPIs per focus area. A few more KPIs were added in 2022.





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.

Mips is a pioneer in this important field, so it is vital that the company can attract and retain employees with the right skills and passion to always make safer and better products. Even though Mips is the world leader in its field, Mips’ people are modest and curious, with a desire to learn more. We constantly challenge ourselves and encourage all employees to be their best selves every day.

Mips believes that a strong corporate culture is essential in order to be the leader in its field, and that means having a coaching leadership, good cooperation and engaged employees. It also serves as the foundation for Mips’ continued growth journey. This strong corporate culture is ensured through continuous and clear communication with everyone in the organization through annual kick-offs, and with various team activities throughout the year.

Attract, advance, and retain employees

Mips values and rewards talented employees. In order to be an industry leader, it is crucial that Mips continues 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 access to necessary skills in the long term. University students are encouraged to write their theses at the company, 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, with internal lectures and/or discussions on relevant subjects.

Essentially the same terms of employment apply in Sweden and China, although local labor laws entail certain differences. No employees are covered by collective agreements.

Mips’ core values

Mips updated its core values in 2022.

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Caring involves creating a sustainable environment where people can perform. I show my colleagues respect. In my desire to achieve the highest quality, I take responsibility for my own wellbeing.

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Diversity and gender equality

Diversity is a critical success factor for Mips. With different skills and experiences the company can constantly evolve. There are employees from many different countries in the company, which is why English is the corporate language. The helmet industry has traditionally been male-dominated and Mips actively works to reverse that trend, as well as to promote diversity in the 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 2022

At the end of 2022 the number of employees at Mips was 100 (78), 48 percent (42) of these were women (including China). Mips has thus achieved its target of having a minimum 40–60 balance between female and male employees, overall. Executive Management currently consists of 4 (7) people, including 1 (2) women, which corresponds to 25 percent (29) of the total number of people in management. The Board of Directors consists of 6 (5) people, including 3 (2) women, which corresponds to 50 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 minimum 40–60 percent balance between both genders.

KPI	Goal	2022	2021	2020	SDG
Gender distribution all employees, (% women/men)	40-60/60-40 women/men	48/52	45/55	38/62	5.5
Gender distribution Executive Management, (% women/men)	40-60/60-40 women/men	25/75	29/71	29/71	5.5
Gender distribution Board of Directors, (% women/men)	40-60/60-40 women/men	50/50	40/60	40/60	5.5

Health, safety, and inclusiveness

Mips views its employees as the single most important factor for success and believes that employees create the company's long-term competitiveness. Mips' 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. Each manager engages in active dialogue with employees to ensure their wellbeing and that they have a good work-life balance. Mips tries to prevent illness at the earliest stage possible and provides support when needed to promote both mental and physical wellbeing of our employees.

Mips is convinced that having healthy employees not only reduces sick leave, the risk of stress-related issues 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 the 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 system.

Mips is a global company and for many employees travel is an essential part of work. Mips uses video and telephone conferencing to the extent possible and appropriate to limit travel as much as possible and thereby reduce the negative impact on the environment and climate 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 sound the alarm about misconduct or behavior that violates the Group's Code of Conduct. No incidents

were reported to Mips via the whistleblower system in 2022.

Mips has a zero-vision related to occupational injuries and works constantly to evaluate the safety of the workplace. In 2022, no accidents occurred in Mips' premises or directly related to the workplace, however one person had an accident on the way to work and there was one injury at an internal event during working hours. These two accidents resulted in one day's sick leave each. As a further element in ensuring we maintain a safe workplace, all employees in Sweden are offered cardiopulmonary resuscitation (CPR) training and First Aid training. In total 95 percent of the employees in Sweden took the courses in 2021-2022 and courses will be held again in 2023 to offer CPR training on an ongoing basis. This is a way to ensure that all employees know the basics of CPR and First Aid, and can use the defibrillator installed in the office in Sweden.

During the year employees have been able to book an individual consultation with an ergonomist to ensure their own workplace is good and safe, based on their individual needs. This service will continue to be offered during 2023.

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. Mips will continue to allow its employees to partially work from home to create a more flexible working situation and enable employees to gain a better work-life balance. The office remains the primary place of work, but if work duties and circumstances allow, employees can work remotely two days per week.

At year-end there were four consultants performing full-time work on behalf of Mips. These resources are business development consultants based in the US and the UK, and they are not included in the total number of employees at Mips.

During the fourth quarter of 2022 Mips implemented a new method of measuring enjoyment, engagement, leadership, and ambassadorship amongst employees and managers. This is done via weekly pulse surveys to all employees and managers in Sweden and China. There has been a 98-percent response rate and the results provide input to help Mips reinforce things that work well, and develop

and improve in other areas as needed. Results are compiled on a scale, where 10 is the highest score. Mips' target is to achieve an annual average of at least 8.0, and for the two months of 2022 when the tool was used, the score was 8.4, which shows there is a high level of both engagement and enjoyment amongst Mips' employees. Mips also has a very high Employee Net Promoter Score (ENPS) of more than 40, which measures ambassadorship and the likelihood that employees recommend Mips as an employer. This is reported on a scale of -100 to +100.

All employees have annual performance appraisals with their immediate supervisor, during which individual goals and development plans are formulated and then followed up regularly. Performance appraisals involve discussing any skills that need to be developed to help the individual and Mips progress, and identifying how this can be done through internal learning and external courses. As an example, in 2022 twelve employees did a leadership course and more people will do the course in 2023.

To further develop leadership within Mips, at the end of 2022 we decided to run a leadership program starting in the first quarter of 2023. Twelve managers will participate in the first stage of the program which will continue throughout 2023.

A sustainable workplace

In 2021 the pandemic was one of the factors that enabled Mips to hold more online meetings with colleagues and external parties. Hardly any business travel was done which led to a reduction in Mips' CO₂ emissions from travel to 0.56 tons per employee (41 tons in total). In 2022, business travel has once again taken place for visiting fairs and meeting customers. Mips' total climate impact from business travel amounted to 116 ton in 2022, which equates to 1.24 ton CO₂ per employee. This is lower than the target set of 1.80 ton CO₂ per employee.

Mips' environmental policy describes the environmental requirements that are to be followed in all internal processes so as to reduce Mips' environmental impact. One policy covers waste and recycling, and the target is to recycle everything that can possibly be recycled, which also includes electronics. In early 2022 Mips expanded the offices in Täby by an additional floor and chose to furnish it using eco-labelled furniture and recycled furniture. Measures have also been implemented to reduce energy consumption, such as using motion-sensors to control lighting.

In 2022, 100 percent of Mips' energy consumption in Sweden came from renewable energy. Mips goal is to reach the same level in China too, but as renewable energy has not been available to the extent needed, Mips has chosen to climate compensate using a Renewable Energy Certificate (I-REC). The amount of compensation corresponds to the electricity consumed by all Mips' manufacturing suppliers in China when manufacturing Mips' products, plus the consumption for Mips' own warehousing operations. This represents 40 percent of Mips' total emissions.

Workplace environment policy

Mips' mission is to lead the world towards safer helmets, but for Mips, safety is not only important in helmet safety. Safety is the company's highest priority in every area of the organization and it should never be jeopardized, neither in the products nor in our workplace. Mips' ambition is to create a sound and safe workplace.

INDICATORS FOR HEALTH, SAFETY, AND NON-DISCRIMINATION

KPI	Goal	2022	2021	2020	SDG
Employee turnover, (% of total number of employees)	<10	6%	10%	4%	N/A
Number of cases of workplace harassment reported and investigated	0	1	0	0	8.8
Skills development and investment in training (% of salary cost)	3.0%	1.1%	1.0%	0.5%	4.7
Employee survey (BPI metric)	+1 vs the prior year	N/A	77	80	8.8
Employee survey ENPS	>40	N/A	N/A	N/A	8.8
Employee survey, Pulse	8.0	N/A	N/A	N/A	8.8
Performance appraisals (% of employees)	100%	100%	100%	100%	4.7
Work-related injuries, (no. of accidents)	0	2	0	0	8.8
Sick leave (Mips AB only)	<3%	1.23%	1.39%	0.83%	N/A

*New method of measurement so no comparison available

INDICATORS FOR ETHICS AND CORPORATE CULTURE

KPI	Goal	2022	2021	2020	SDG
Code of conduct updated and approved by the Board	yes	yes	yes	yes	4.7
Code of conduct signed by employees, (% of employees)	100%	100%	100%	100%	4.7
Anti-bribery and anti-corruption policy updated and approved by the Board	yes	yes	yes	yes	4.7
Anti-bribery and anti-corruption training (% of employees)	100%	100%	100%	100%	4.7
Corruption, (no. of cases reported)	0	0	0	0	4.7

INDICATORS FOR A SUSTAINABLE WORKPLACE

KPI	Goal	2022	2021	2020	SDG
Share of green electricity, Sweden	100%	100%	100%	100%	7.2
Share of green electricity, China	100%	0%*	0%*	0%	7.2
CO ₂ emissions from air travel (ton CO ₂ /employee)	<1.80**	1.24	0.56	0.08	13.2

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

** Our goal is to reduce emissions related to air travel by at least 50 percent per employee compared to 2019.

Risks related to our employees

RISK	MANAGEMENT
<p>Mips' workplace benefits from being 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 Mips has moved towards becoming a more diverse workplace with a 48-52 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>A new tool has been implemented during the year through which all employees answer questions on discrimination, harassment, and victimisation on an ongoing basis.</p>
<p>Taking care of employee health and safety is paramount for Mips and the company therefore proactively works to prevent accidents and to ensure a good worklife balance, in order to avoid the risk of ill health and sick leave.</p>	<p>During the year Mips has introduced a new type of employee survey which measures employee engagement, enjoyment, and perceived work situation more frequently than the previous half-year measurements. In combination with ongoing dialogue between employees and their managers, this new survey helps Mips 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. All employees are also covered by health insurance which aims to provide support to employees as early as possible, if they do not feel well and are at risk for needing to go on sick leave.</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 are designed to 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. Mips' 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. Mips works with customers to raise awareness of the benefits of helmets equipped with protection against rotational motion.

An increased awareness of safety as well as the risks and consequences of brain damage are driving demand for Mips' products and solutions. Mips is also active in international university and research environments, where it works 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 pursues an active dialogue with several universities to ensure research-based development of tests and standards.

A review of 2022

In 2022, Mips received 2.5 product complaints per 1,000,000 units sold from consumers about. The target is to receive less than five complaints per 1,000,000 units sold, which was achieved with good

margin. Most complaints concerned older models or solutions.

Continuous product development and strong IP protection are important for Mips to retain its competitiveness as a company. Mips continued to submit new patent applications during the year.

Mips launched three new products in 2022. Mips Air Node is Mips' most lightweight technology so far, and is also the first Mips solution that end users can remove, wash, or replace for themselves as needed. The other two products launches were Integra Split and Integra TX. The advantage of Integra Split is that it is simpler to have several different densities of the energy-absorbing layer to optimise comfort and performance. The last launch of the year, Mips Integra TX, took place at EICMA. Mips Integra TX is Mips' first fully integrated textile solution for helmets within the motorcycle, equestrian and snow areas.

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 membership is to ensure that appropriate test standards are implemented for certification.

Mips is currently a member of:

- SIS TK525 – The Swedish Institute for Standardisation – Helmets.
- CEN TC158 – European Committee for Standardization – Head protection.
- ISEA – Saftey Equipment Organisation

A sustainable product

Mips constantly strives to limit its impact on the climate and the environment, which is continually assessed, along with the sustainability of the supply chain and the products, and their actual impact on the world. Mips continued the mapping out of the total climate impact of its operations during the year. In 2022 the product lifecycle analyses were expanded to include Mips Air Node and Mips Integra TX. Both of these analyses will help Mips to understand where in the manufacturing process the biggest difference can be made to reduce Mips' 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 Mips' products are made of plastic that is recyclable and Mips always tries to use materials that have as little impact on the climate and the environment as is technically and commercially possible. The products are manufactured as close to the helmet manufacturers' factories as possible (often production is in the same factories) to minimize product transport. The packaging used for Mips' components is always made of recycled and recyclable material.

A review of 2022

During the year Mips has continued to look for more sustainable alternatives to the material currently used in its products. One interesting material is post industrial recycled plastic which is plastic waste which has never reached the consumer, composed for example of cut-offs from the production. During the year Mips has delivered eleven customer projects using post industrial recycled plastic. Using post industrial recycled plastic Mips can deliver products that offer the same high quality as before, but made from a more sustainable material. Mips hopes to offer a larger amount of sustainable materials in its current solutions over time, thus substantially reducing Mips' and its customers' environmental impact.

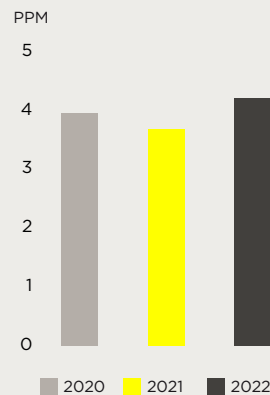
Investment in the Mips Virtual Test Lab (VTL) continued during 2022. This year the focus was on improving the quality of the tool to further improve

its ability to predict the behavior of a helmet upon impact. Mips' VTL will save Mips and the helmet manufacturers time and money. Virtual testing will also help to reduce Mips' climate impact compared to physical testing alone as fewer physical prototypes will be required, thereby reducing waste in the production process.

Hazardous chemicals

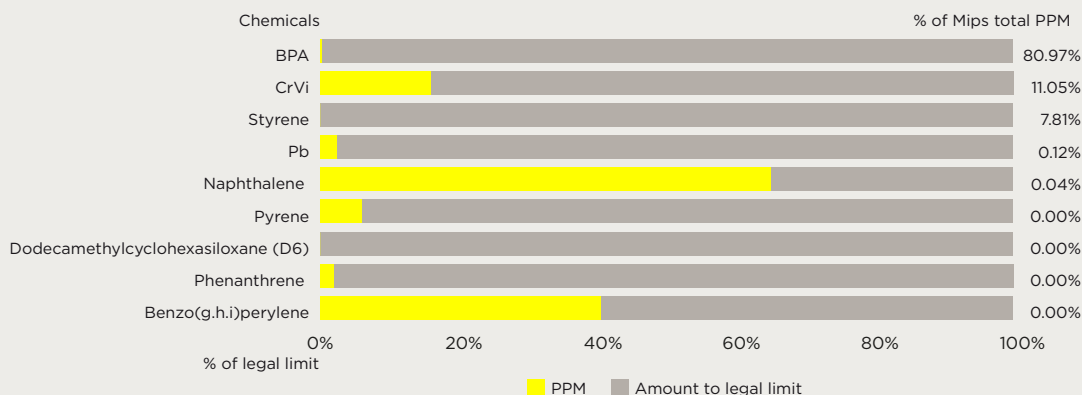
Helmet safety is and always will be Mips' highest priority, and to give the products the correct properties for safety, Mips and the manufacturing suppliers are currently reliant on a number of chemicals that are classed as toxic in excessive amounts. The levels of hazardous chemicals in all Mips' products are low, and far beneath the current legal limits. Mips is nonetheless working to phase them out and find suitable substitutes. Mips' goal is to use as few hazardous chemicals as possible and in 2022 a target was set for an annual amount of hazardous chemicals of under 3 PPM (parts per million).

HAZARDOUS CHEMICALS 2020-2022



The graph shows the total average hazardous chemicals contained in all of Mips' products. PPM stands for Parts Per Million. The share of PPM is shown for all three years that Mips has measured this ratio.

MIPS' USAGE AND SHARE OF HAZARDOUS CHEMICALS



The yellow/grey bar shows how far the chemicals that Mips uses in its products are from the legal limits, expressed in %. In other words, if 25% of the bar is yellow it means that Mips uses a quarter of the permitted amount of a certain chemical. The column furthest to the right “% of Mips total PPM” shows the share of each chemical of Mips’ total amount of hazardous chemicals. For example, chromium (CrVi) represents 11% of Mips’ total PPM.

In 2022 Mips gained further information on its production and updated the method of calculating Mips’ total PPM, i.e. Total chemical usage. In 2022, the PPM, amounted to 4.21. Adjusted for the new method of calculation, the PPM amounted to 3.67 for 2021 and 3.95 for 2020. The increase is primarily due to the sales mix of products in 2022. Mips intends to continue working to reduce the total volume of hazardous chemicals. The target remains to reduce hazardous chemicals to under 3 PPM per year. The quantity of hazardous chemicals in Mips’ products will increase in the short and medium term though as Mips increases the share of post industrial polycarbonate in the total product range. Two of the three chemicals with the largest total impact on the amount of hazardous chemicals are used in products that are to be made of polycarbonate. This will lead to an increase in the amount of hazardous chemicals but the upside of a reduction in carbon emissions due to this material outweighs the drawbacks of a small increase in hazardous chemicals. Furthermore, the amount of hazardous chemicals in these products is far below the legal limit.

89 percent of Mips’ total amount of hazardous chemicals originate from the use of Bisphenol A (BPA) and Styrene. Both of these are important elements of the plastic used in around half of Mips’ sold products. These substances cannot be excluded

without compromising on the safety of these products, so Mips is reliant on these chemicals, albeit in small amounts. The graph above illustrates that Mips products are far below the legal limits for these chemicals.

Chromium, or CrVi, which is in some of the textile products is an important ingredient for achieving the elasticity of the textiles and gives the desired performance of the product. Altogether, BPA, Styrene and Chromium make up 99.8 percent of the total quantity of hazardous chemicals in Mips’ products.

Mips’ raw material usage

The three most-used raw materials account for 70 percent of Mips’ total raw material consumption. The most used raw material is polycarbonate, which is the main type of plastic used in Mips’ products. In 2022 Mips started to roll out a post industrial alternative to polycarbonate. This post industrial plastic can replace the traditional plastic without compromising on quality or safety. On average, the raw material emissions of Mips’ products in 2022 was 5.3 kgCO_{2e}/kg per product produced. Polycarbonate had an average of 8.14 kgCO_{2e}/kg in 2022, compared with post industrial polycarbonate which has an average of 0.73 kgCO_{2e}/kg.

THE RAW MATERIALS IN MIPS' PRODUCTS AND THEIR SHARE OF MIPS' TOTAL EMISSIONS FROM RAW MATERIALS.

Raw material	Emissions coefficient [kgCO ₂ e/kg]	Share of Mips' total emissions from raw materials
Polycarbonate (PC)	8.14	33.9%
Polyketone (POC)	2.90	22.6%
Polypropylene (PP)	2.30	14.9%
Polyamide (PA)	8.33	9.2%
Textiles	4.59	5.2%
Recycled paper	0.74	4.8%
Nylon	8.33	4.0%
Silicone	3.91	2.8%
Paper	0.92	1.0%
Post industrial polycarbonate	0.73	0.5%
Lycra	4.84	0.5%
ABS*	4.61	0.4%
Polyethylene terephthalate (PET)	4.04	0.1%
Polyester	3.23	0.0%
Ethylene-vinyl acetate	2.42	0.0%
Steel	4.43	0.0%
Ink	2.04	0.0%
Polytetrafluoroethylene (PTFE)	4.20	0.0%

Raw materials used in our products and the distribution of volume.

*ABS stands for Acrylonitrile, Butadiene, and Styrene monomers

INDICATORS FOR OUR PRODUCTS

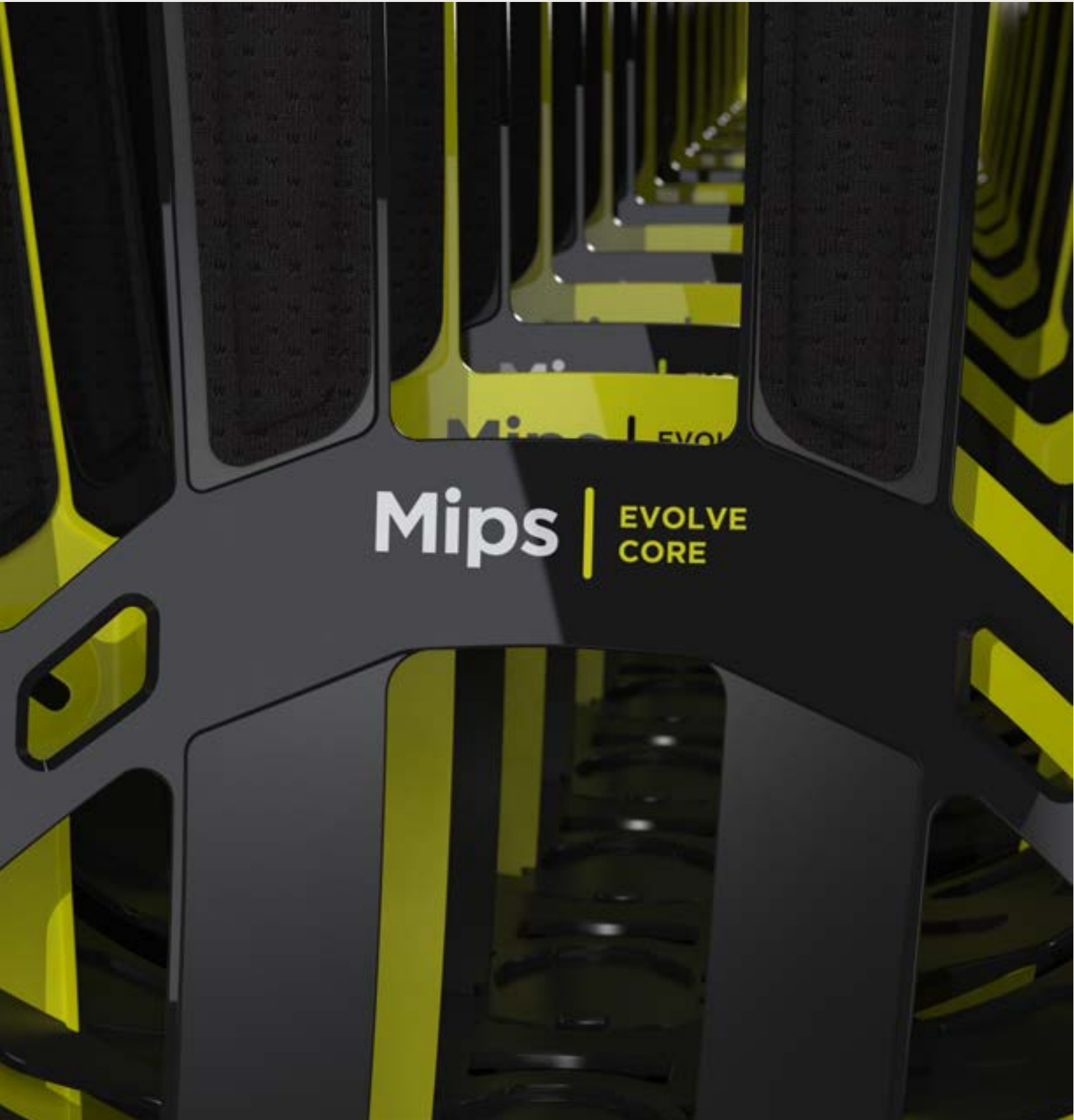
KPI	Goal	2022	2021	2020	SDG
Consumer complaints, (number of complaints/1 million units sold)	Max 5 per million helmets	2.5	4	5	8
Recyclable material in our products, (% of material in our products that is recyclable)*	100%	88%	>90%	>90%	12.5
Hazardous chemicals**	<3 PPM	4.21**	3.67**	3.95**	12.4

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

** Updated method for calculating hazardous chemicals

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. Mips must 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.	Mips has carried out lifecycle analyses on selected products. The lifecycle analyses will help the company better understand which products within its 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.



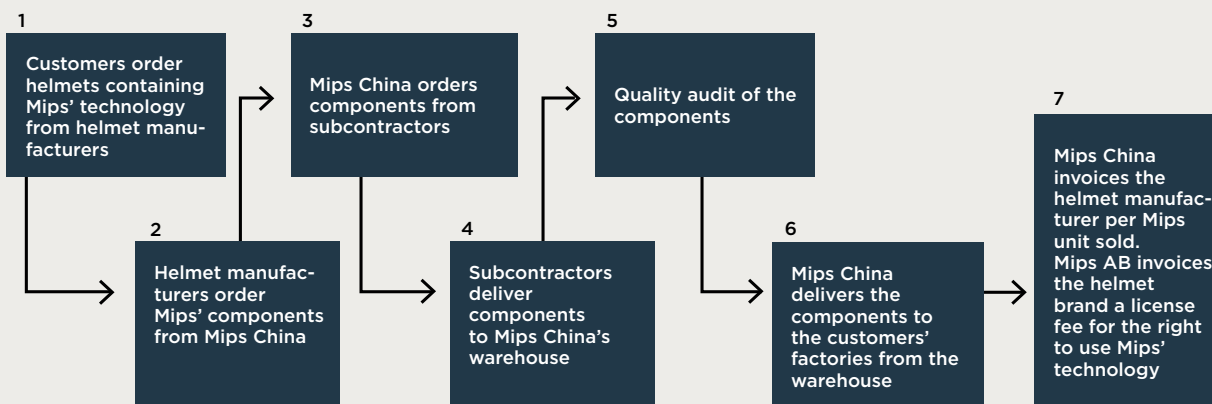
Mips | **EVOLVE
CORE**

FOCUS AREA

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 products. To ensure that the supply chain and the manufacturing of the products is sustainable Mips needs to ensure that the supply chains of its 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 make their products. Mips therefore opened a subsidiary in China in 2017 to be as close as possible to the helmet factories as most helmet manufacturers locate their production in China. As far as possible, Mips always tries to collaborate with suppliers located close to the helmet factories and in many cases also engages the helmet manufacturers to produce Mips' low-friction layers. This it to minimise transportation, lead times, and complexity in the supply chain.

Mips currently collaborates with 96 (82) different partners, of which 18 (33) are manufacturing suppliers of Mips' components and 78 (49) are helmet factories that assemble Mips' solutions in the customers' helmets. As Mips collaborates with many different partners quality assurance of the products is very important. Mips' quality assurance consists of several stages, both before the product launch and during production.

When Mips' safety system is first implemented in a new helmet Mips' quality process is followed, illustrated in the diagram below. In step 2-4, Mips' assembly instructions are created and updated, and these are sent to the factory to enable it to carry out correct implementation of Mips' safety system. After approval of the helmet from Mips, the factory can start to mass produce the helmet equipped with Mips' safety system. Mips always offers the factories assistance in production if they are new, or if they show they need or request support from Mips' quality engineers.

Over and above assistance for first-time installations in new helmets, Mips holds workshops with both suppliers and factories to facilitate more efficient and better quality manufacturing and assembly of the products. Mips trains the suppliers in how to perform quality checks of Mips' products. The results of these checks are collated and analysed monthly by Mips' quality engineers to assess the level of quality of each supplier. Mips also ensures a high level of quality in its products through Mips' internal quality control which is done on every incoming delivery to Mips' warehouse. This control procedure follows the Acceptable Quality Limit (AQL) standard to assess whether a production order is to be approved or not.

Mips also carries out audits of the manufacturing suppliers' production units at least every other year to help them and ensure that they comply with the guidelines and rules Mips requires within the Mips' Code of Conduct.

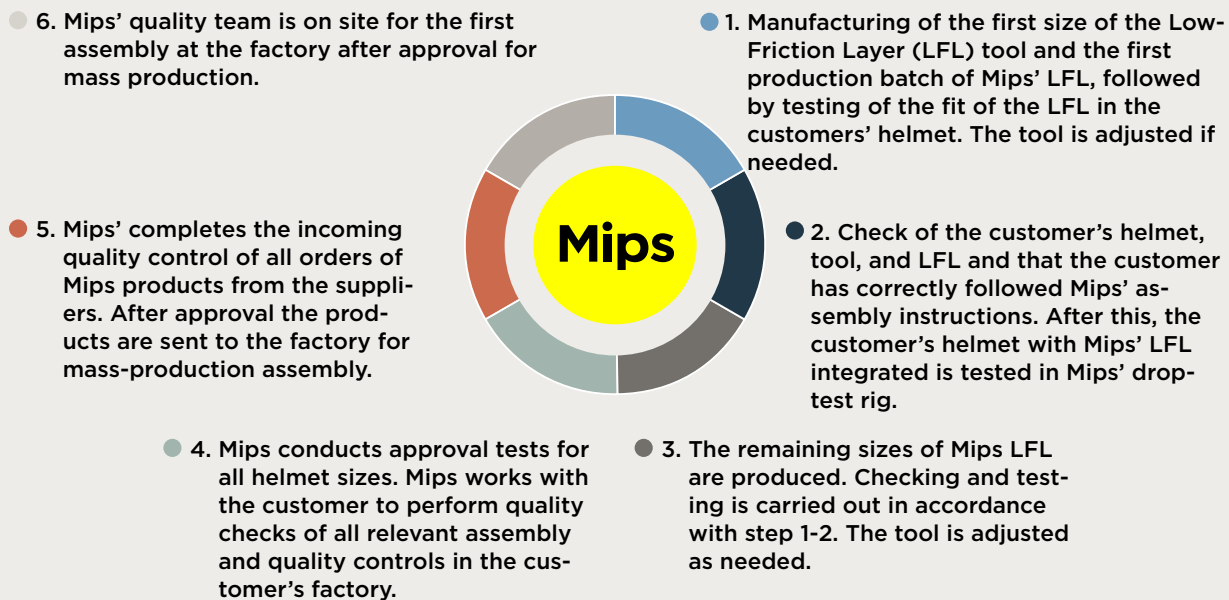
A further measure taken to ensure a high level of quality in the products is to annually request a test report of all the raw materials used by the suppliers in the production of Mips' products, and that they comply with Mips' raw materials traceability process.

When new concepts or technologies are launched, the products are put through a number of tests to simulate real-life usage of our products. All products are subjected to tests that are at least as stringent as those used by the helmet industry, as well as further tests that simulate scenarios and settings that are more representative for Mips' safety system and how it functions. Examples of real-life circumstances that are simulated in these product tests are heat, cold, wetness, humidity, UV radiation, synthetic sweat, sun cream and more. These environmental conditions are simulated to see if the product is affected by longer exposure, and also for the testing in Mips' drop-test rig to simulate if performance is affected. The product must be approved in all tests before going on to the next stage in the development process.

Manufacturing Supplier Code of Conduct

Mips believes that the company has an important role in trying to ensure that the human rights of the people affected through Mips operations are respected. This includes the entire value chain and all manufacturing suppliers. Mips therefore has a Code of Conduct aimed at defining the sustainability requirements that apply to all manufacturing suppliers. Mips' manufacturing 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 guidelines. The Code is a complement to applicable laws and external 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.

Mips quality assurance process



The diagram illustrates the quality assurance process for first-time installations in new helmets equipped with Mips' safety system.

Mips manufacturing Supplier Code of Conduct strives to ensure that all companies in the 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 manufacturing suppliers to ensure that the requirements of the Supplier Code of Conduct are fulfilled. Controls are carried out by Mips' employees in China, and if deviations are detected, an action plan is developed 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 for corruption. Mips has an anti-corruption policy and applies a zero-tolerance policy to corruption and bribery. Mips also performs continuous audits of the factories that are part of its supply chain.

All transportation to end markets is handled by Mips' customers, who are encouraged to choose sustainable options to the extent possible. Mips' continually reviews circumstances with the aim of locating its production as close to the end users as possible, but in this regard Mips is dependent on customers and their production logistics. Mips' subsidiary in China is located close to many of the largest helmet factories in order to minimize climate impact. Mips however deems that future inroads into new categories and greater penetration of certain existing categories, may mean that 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 Mips' test lab 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 heating.

As far as practically possible, Mips chooses the most environmentally friendly choice of transport.

A review of 2022

During the year Mips calculated its total climate footprint according to the GHG Protocol (Greenhouse Gas Protocol), the results of which will provide the basis for the company's continued efforts to reduce climate impact. Read more on page 53.

In 2022, the majority of Mips' products were manufactured in China where the company works with several independent manufacturing suppliers. All of the company's manufacturing suppliers in China have signed Mips' 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 China Operations and/or the CEO before any contracts are signed.

Through the results of the mapping of the total emissions, Mips now better understands which suppliers manufacture more sustainably than others. Mips will delve more deeply into this in 2023 and the ambition is to establish a more active dialogue with the suppliers about how they can become more sustainable. Mips will also review which suppliers it wants to continue working with over more long-term approach.

Mips has collaborated with its suppliers to manage the challenge of achieving a large-scale reduction in emissions to a level that is low enough to meet SBTi's goals for a renewable future. Challenges such as permits for installing solar panels, space to reach sufficient scale, technical limitations and costs are just some of the hurdles Mips has identified and will continue to work with in the near and long term.

Mips has worked actively with customers to minimize packaging in helmet transportation prior to testing, and ensured that customers do not send too many helmets as these are destroyed after testing.

Mips has invested in new testing equipment to verify safety requirements for helmets equipped with Mips' safety system. This will be sent to the office in China in the first part of 2023 to create redundancy in the testing of helmets for new projects, but primarily to reduce the amount of transportation of helmets from the factories in China to the test lab in Sweden.

Mips has reorganized and expanded during the year. Going forward, this will enable deeper collaboration with the first, second and third-party suppliers. Mips has also continued to build its competences in the materials area and recruited a polymer expert and a textiles expert. These competences will help Mips to better understand how the company can make its existing products more sustainable, and ensure that products are sustainable at an earlier stage of the product development process.

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

RISK	MANAGEMENT
Mips is active in regions 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 auditing manufacturing suppliers.

INDICATORS FOR ANTI-CORRUPTION AND HUMAN RIGHTS

KPI	Goal	2022	2021	2020	SDG
Manufacturing Supplier Code of Conduct updated and approved by the Board	yes	yes	yes	yes	8.7
Manufacturing Supplier Code of Conduct signed by manufacturing supplier, (%)	100%	100%	100%	100%	8.7
Manufacturing supplier audit at least every 2 years (% of manufacturing suppliers)	100%	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 2022.

Translation from the Swedish original

Auditor's Limited Assurance Report on Mips ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Mips AB, Corp. id. 556609-0162

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 ABs Sustainability Report for the year 2022. Mips AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 43-72 and 137-139 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 including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 49 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report for reporting with reference, 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. 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. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s

accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Control 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Mips AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

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 obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures 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.

A Statutory Sustainability Report has been prepared.

Stockholm, 22 March 2023

KPMG AB

Tomas Gerhardsson
AUTHORIZED PUBLIC ACCOUNTANT

Torbjörn Westman
EXPERT MEMBER OF FAR
(SWEDISH INSTITUTE OF AUTHORISED PUBLIC ACCOUNTANTS)