



Mips

Sustainability report
2023

Sustainability report

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Mips' vision

**Reduce head injuries
– Save more lives**



This is Mips

Mips specializes in helmet based safety and is a global leader in helmet solutions that are designed to add protection against harmful rotational motion. Mips' patented safety system for helmets was born from science and research and is based on more than 25 years of research. Mips' mission is to lead the world towards safer helmets.

Rotational motion is a combination of rotational acceleration and rotational velocity. This motion leads to shearing and/or stretching of the brain tissues and increases the risk of brain injuries from an oblique impact to the head. The main component in Mips' safety system is the Mips low-friction layer, which is designed to mimic the brain's own protection system and allows a small movement between the head and the helmet.

Mips is an ingredient brand, which means that the company sells its products and licenses the associated technology to helmet brands who manufacture, market, and sell helmets to end-users, both directly and indirectly.

The Mips safety system can be fitted in both new and existing helmet models. Many of Mips' customers are leading helmet suppliers. For helmet-industry brands, this means they can sell a helmet that has been designed to add protection against rotational motion, and thereby create added value and differentiate their brand. Mips' customers market the benefits of Mips' safety system and Mips' brand to end users.

Mips works with many of the leading helmet manufacturers in the Sports helmet and Motorcycle helmet categories, and also sells solutions to leading brands in the Safety helmet category.

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Sustainability targets

Mips is a global leader in its field and aims to be at the forefront of its industry when it comes to sustainability. The company must fulfil the expectations of its stakeholders and lead the way. This is what enables Mips to continue to grow profitably and sustainably.

→ Climate challenge - Greater insight and transparency supported by the SBTi

Mips understands the climate challenge and has joined the Science Based Targets initiative (SBTi) (more information on SBTi is available on page 104) to limit global warming to 1.5°C, in line with the Paris Agreement. Since 2021 Mips has been analysing its total climate impact according to The Greenhouse Gas Protocol Initiative (GHG). During 2022 and 2023 the analysis has been continuously refined. The analysis shows that the areas where Mips has the greatest impact are linked to its choice of raw materials and the energy consumed during the manufacturing of Mips' solutions. Mips adopted a company-specific climate target in 2022, consistent with SBTi. Mips' goal is to reduce its total emissions by 42 percent by the end of 2030, setting as base year 2021. This means that, given an assumed annual growth of approximately

20 percent, an 89 percent reduction in greenhouse gas emissions is required to achieve the goal by 2030.

During 2023 Mips' conducted a more detailed analysis of its total climate impact and explored which concrete actions can be taken to reduce the climate impact within the value chain. Through a less carbon intense product mix thanks to the roll-out of post-industrial plastic in Mips' most sold solution and four additional solutions, the average emissions per solution sold decreased by 20.8 percent in 2023. Mips thereby exceeded the target for 2023 to reduce emissions by 12 percent.

Mips' target for 2024 is to reduce emissions per solution sold by 8 percent.

More information is available on page 15 and onwards

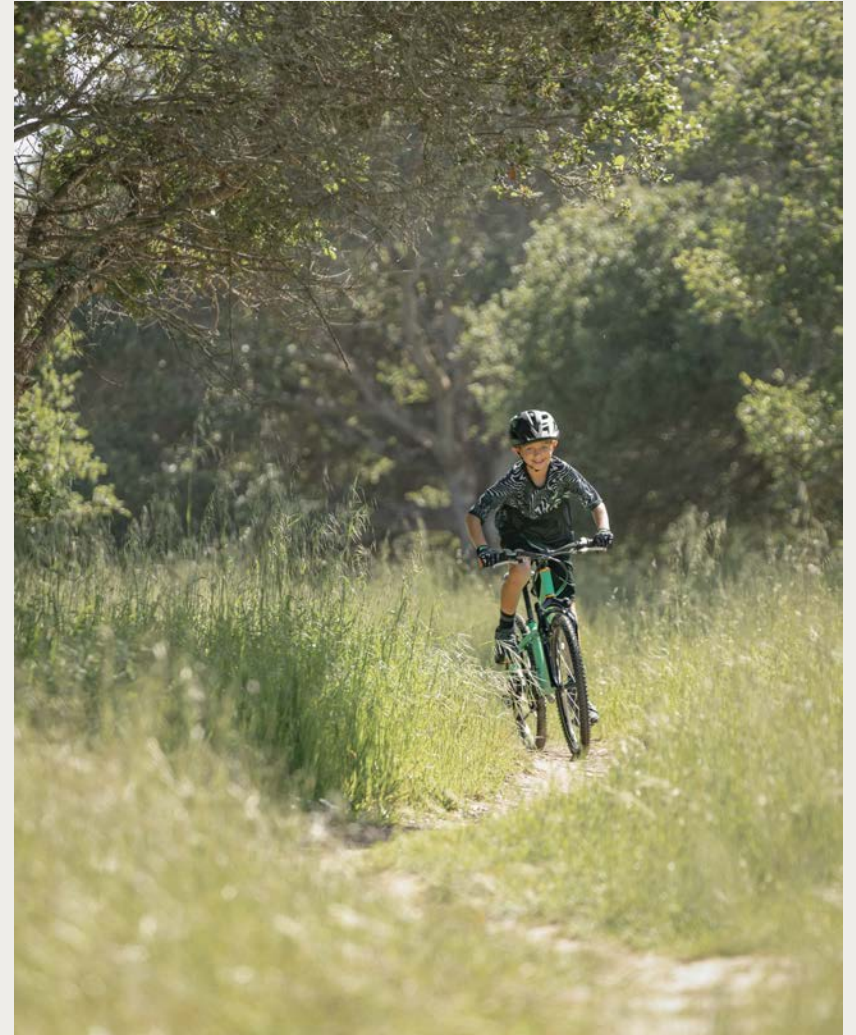
Science based targets

Outcome for 2023

Reduced emissions per solution sold by an average of around 21% vs. 2022

Target for 2024

Reduce emissions per solution sold by an average of 8%



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→ Sustainable value chain and manufacturing

Mips' has committed itself, and indirectly also its manufacturing partners, to adhere to the ten principles of the UN Global Compact. Mips does not manufacture its own products, and instead uses external subcontractors exclusively. Mips believes the company has an important role in ensuring that the ten principles of the UN Global Compact concerning human rights, labour, the environment and anti-corruption, are respected throughout the value chain.

The UN Global Compact's ten principles are embedded in Mips' Code of Conduct that all manufacturing suppliers are obliged to sign. Consequently, all manufacturing suppliers also agree to respect the ten principles of the UN

Global Compact. 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 addition to the audit of the manufacturing suppliers that Mips' performs internally, in 2023 the company engaged an independent third-party to audit the three strategically most important suppliers. In 2024 Mips' target is to complete a further five third-party audits with other strategically important suppliers.

More information about this is available on page 31 and onwards.

UN Global Compact

Outcome for 2023 ✓

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

Target for 2024

Carry out third-party audits of five suppliers in the supply chain

→ Deliver sustainable solutions with a smaller environmental impact

Mips uses polycarbonate (PC) in the form of wastage from other manufacturing companies, referred to as Post Industrial Recycled plastic (PIR), in its solutions. The company's ambition is however to create solutions that are more sustainable still and support the climate transition.

The majority of Mips' solutions currently 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 nature and oceans pollution, which is why plastic is a priority to be addressed in Mips' value chain.

To develop sustainable materials, Mips, all its partners and other industry members need to support and inspire each other.

Innovation and product development are part of Mips' DNA and the company has been actively exploring alternative materials to plastic. During 2023, Mips deepened its partnerships with suppliers that supply post industrial recycled plastic. Using post industrial recycled plastic to manufacture Mips' products would make the biggest difference on Mips' total emissions in the short term. The target for 2023 was to offer Mips' suppliers 100 percent post industrial recycled plastic for Mips' most sold solution. Mips' achieved this target and has also been able to provide post industrial recycled plastic in four additional solutions.

The target for 2024 is to increase the content of recycled material used in Mips' solutions by at least 10 percent.

More information is available on page 20 and onwards.

Circular product offering

Outcome for 2023 ✓

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

Target for 2024

Increase the content of recycled material used in Mips' solutions by at least 10%

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Mips' sustainability agenda

Mips' approach and sustainability strategy

While Mips is a small company that provides helmet brands with an ingredient product for helmets, it is a global leader in its field. Just as Mips' solutions 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.

A sustainable business model

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 enhanced by running the business in an economically, environmentally and socially sustainable manner.

High requirements on business partners

Mips' also expects its business partners to act in a sustainable and responsible way. To develop sustainable materials that have less of an environmental impact, Mips and all partners have to do their part, and industry members need to inspire each another.

Achieve results together

Mips works with suppliers and partners 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.

Strategic sustainability focus areas

Our employees – a strong corporate culture

Mips must be able to attract and retain employees with the right competence and a passion for creating safer and better solutions, always. Even though Mips is a global leader, the company wants to foster a culture comprised of employees who are modest and curious to learn more. The company encourages all employees to challenge themselves and to bring their best selves to work every day.

[Read more on page 25](#)

Our products – environment and helmet safety

Mips continuously works to reduce its total emissions throughout the value chain and has committed to SBTi. Mips believes that the company's technology and products lead to a more sustainable society with better helmet protection. 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.

[Read more about Mips' products on page 20 \(environment\) and on page 37 \(safety\)](#)

A sustainable supply chain

Mips does not conduct any production itself, and instead uses external suppliers to manufacture Mips' safety system. To ensure that the supply chain and manufacturing of its products are sustainable, Mips needs to make sure that its suppliers' supply chains comply with international requirements, laws and conventions.

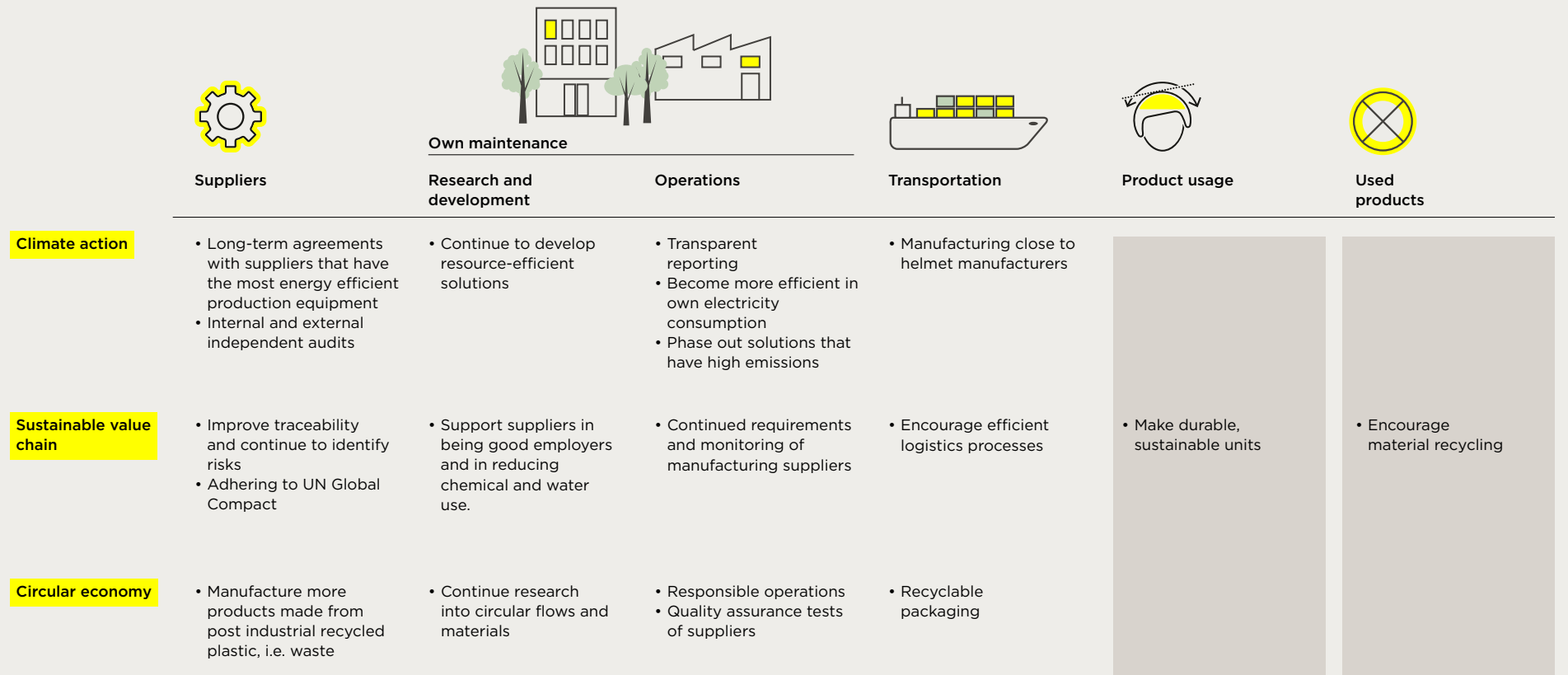
[Read more on page 31](#)



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Value chain ambitions and activities related to Mips' KPIs



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The sustainability year in brief

In 2023, Mips has continued the ambitious journey towards a more sustainable future with a clear goal, governance model, and motivated organization.

Mips' ability to keeping growing while also delivering strong financial results is reinforced when the business is run in a sustainable manner. Mips works with suppliers and partners to:

- limit climate and environmental impact as much as possible, according to Mips' SBTi commitments,
- apply the same values throughout Mips' value chain, and
- embrace social responsibility for all employees, and to respect human rights in every regard.

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' focused sustainability work comes from continuous dialogue with stakeholders. For the third year in a row an analysis of Mips' total climate impact was carried out with the help of an external party. This analysis is one of the most important building blocks for the company's sustainability work going forward. In 2023, Mips also continued its product lifecycle analysis from 2021. The measurements of Mips' total climate impact along with the lifecycle analyses of its solutions are important to ensure that focus is given to the areas where the greatest difference can be made.

Mips' sustainability reporting for 2023 covers the Group and the Parent company.

10 principles

Work continued to implement the ten principles of the UN Global Compact and the UN's Sustainable Development Goals within Mips' operations.

LCA

Continued to develop product life-cycle analysis by adding in Mips Integra Fuse, Mips Integra Split, different material options for Mips Integra TX, and color options for the plastic in Mips' products.

46/54

Mips achieved its goal of a 40-60 distribution of women and men in the workplace, the figure for 2023 was 46/54 percent women/men.

-21%

Reduced emissions per solution by an average around 20.8%.

3

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

100%

By year-end, offer Mips' suppliers post industrial recycled plastic for all manufacturing of Mips' most sold solution.

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Stakeholder dialogue and materiality analysis

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 with or improve. Managers and employees pursue ongoing, open and informal dialogues regarding wellbeing and personal development. Mips also conducts weekly pulse surveys that are sent out to all employees and managers in Sweden and China. The pulse surveys provide continuous insight into what is working well and the areas where there is opportunity for improvement.

During the previous year, a questionnaire regarding Mips' sustainability work was sent out to 36 individuals from different stakeholder groups. 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 gathered from these ongoing dialogues and the questionnaire has been summarized as a materiality analysis aimed at ensuring that Mips' efforts are steered in the right direction and focus on the areas of sustainability where Mips has the greatest impact. The materiality analysis is an ongoing effort and stakeholder dialogues will continue to be important to ensure the right focus in Mips' sustainability work.

Mips and its stakeholders have a similar view of the areas of sustainability where the company can have the greatest impact, and thus constitute the most important priorities. The area where both Mips and its stakeholders believe that the company can have the greatest impact is with the raw material used in Mips' solutions.

Materiality analysis 2022/2023

Top three areas of sustainability (by materiality) according to stakeholders, grouped under Environment, Social Responsibility, and Corporate 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 – reduced carbon footprint of the entire organization
- Energy – reduced consumption of non-renewable energy

Social responsibility

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

Corporate governance

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

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Our core values

We dare

Daring means being brave, innovative, and challenging the status quo. We are curious about trying new solutions and are not afraid to make mistakes or ask for help. We challenge ourself and others to achieve Mips' vision.

We care

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

We share

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

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Important policies and frameworks that Mips adheres to

Most important policies for a sustainable business

Mips' sustainability work is governed by the Code of Conduct and other policies that describe how the company 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



UN Global Compact

Mips is a participant of the UN Global Compact and has committed to continuously work 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.



UN's 17 Sustainable Development Goals

Mips wants to contribute to the achievement of the UNs 17 Sustainable Development Goals* (SDG, www.un.org/sustainabledevelopment) and has chosen to align the company's sustainability targets with the SDGs 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.



Science Based Targets Initiative

Mips supports and works according to the Paris Agreement and the company's 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 required to report only Scope 1 and 2 emissions. Despite this, Mips has also chosen to report under Scope 3 and do its part to limit 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 overall goal to limit the global warming.



GRI (Global Reporting Initiative)

The account of our sustainability work is inspired by the GRI's international standards, and is available on pages 40-42.

Global Reporting Initiative (GRI) is the independent international organization - headquartered in Amsterdam with regional offices around the world - that helps businesses, governments and other organizations understand and communicate their sustainability impacts.

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.

* The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.

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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. 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 works with the taxonomy continuously 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 company currently has no revenues or operating expenses that are covered by the taxonomy. Mips has identified that its 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 due to the company not having access to data regarding for example energy class.

Nuclear and fossil gas related activities

Row Nuclear energy related activities

| | | |
|----|--|----|
| 1. | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
| 2. | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | NO |
| 3. | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | NO |

Fossil gas related activities

| | | |
|----|---|----|
| 4. | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
| 5. | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
| 6. | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |

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Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

| Financial year 2023 | 2023 | | Substantial contribution criteria | | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | Minimum safeguards | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 | Category enabling activity | Category transitional activity |
|--|------|------------|-----------------------------------|---------------------------|---------------------------|------------|------------|------------------|---------------|---|---------------------------|------------|------------|------------------|---------------|------------|--------------------|---|----------------------------|--------------------------------|
| | Code | Turnover | Proportion of Turnover, year 2023 | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | | | | | |
| Economic activities | | SEKm | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0% | | |
| Of which enabling | | - | - | | | | | | | | | | | | | | | 0% | E | |
| Of which transitional | | - | - | | | | | | | | | | | | | | | 0% | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0% | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | 0% | | |
| A. Turnover of Taxonomy-eligible activities (A.1+A.2) | | 0 | 0% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0% | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | | 357 | 100% | | | | | | | | | | | | | | | | | |
| Total | | 357 | 100% | | | | | | | | | | | | | | | | | |



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Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

| Financial year 2023 | 2023 | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) | | Category enabling activity | Category transitional activity | |
|--|------|------------|-----------------------------------|---------------------------|---------------------------|------------|------------|------------------|---|---------------------------|---------------------------|------------|------------|------------------|---|--------------------|----------------------------|--------------------------------|-----------------|
| | Code | OpEx | Proportion of OpEx, year 2023 | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | Minimum safeguards | | | OpEx, year 2022 |
| Economic activities | | MSEK | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | - | - | - | - | - | - | - | - | - | - | - | - | - | 0% | | |
| Of which enabling | | - | - | | | | | | | | | | | | | | 0% | E | |
| Of which transitional | | - | - | | | | | | | | | | | | | | 0% | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0% | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | 0% | | |
| A. OpEx of Taxonomy-eligible activities (A.1+A.2) | | 0 | 0% | - | - | - | - | - | - | - | - | - | - | - | - | - | 0% | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-non-eligible activities | | 287 | 100% | | | | | | | | | | | | | | | | |
| Total | | 287 | 100% | | | | | | | | | | | | | | | | |



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Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

| Financial year 2023 | 2023 | | Substantial contribution criteria | | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | Minimum safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) CapEx, year 2022 | Category enabling activity | Category transitional activity | | |
|---|--------|-------------|-----------------------------------|---------------------------|---------------------------|------------|------------|------------------|---------------|---|---------------------------|------------|------------|------------------|--------------------|---|----------------------------|--------------------------------|---------------|---|
| | Code | CapEx | Proportion of CapEx, year 2023 | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | Bio-diversity | Climate change mitigation | Climate change adaptation | Water | Pollution | Circular economy | | | | | Bio-diversity | |
| Economic activities | | MSEK | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | % | E | T |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 0 | 0% | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0% | | |
| Of which enabling | | | | - | - | | | | | | | | | | | | | 0% | E | |
| Of which transitional | | | | - | - | | | | | | | | | | | | | 0% | | T |
| A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| | | | | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | EL;N/EL | | | | | | | | | | |
| Acquisitions and ownership of buildings | CCM7.7 | 2.5 | 21% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 100% | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 2.5 | 21% | 21% | - | - | - | - | - | - | | | | | | | | 42% | | |
| A. CapEx of Taxonomy-eligible activities (A.1+A.2) | | 2.5 | 21% | 21% | - | - | - | - | - | - | | | | | | | | 42% | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-non-eligible activities | | 9.2 | 79% | | | | | | | | | | | | | | | | | |
| Total | | 11.7 | 100% | | | | | | | | | | | | | | | | | |



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Mips' total climate impact

For the third year in a row, Mips' total climate impact has been analyzed with the help of an external party. In 2023 the lifecycle analysis of Mips' solutions also continued with the addition of the products Mips Integra Fuse and Mips Integra Split, as well as different material options for Mips Integra TX, and color options for the plastic used in Mips' products.

In 2021 Mips carried out the first analysis of its total climate impact according to the Greenhouse Gas (GHG) Protocol. In 2022 and 2023, Mips has had access to more granular data and has been able to refine the analysis of total emissions. This has enabled an update of the calculations used in 2021 with more exact data. Previous year 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 was to reduce total emissions by 12 percent per unit sold, and the outcome was an average decrease per sold unit with 20.8 percent. Mips' target for 2024 is to reduce emissions per unit sold by further eight percent in average.

In 2023 Mips continued analyzing its climate impact according to the GHG Protocol. Mips has updated its 2021 base year due to getting access to more detailed information from suppliers and after getting more actual data rather than estimated data from certain suppliers related to their processes and energy intensity in production. This has resulted in lower emissions than in prior years.

Update to total emissions figures for the 2021 base year

All of Mips' 23 manufacturing suppliers were invited to complete an emissions analysis for 2023. Six of the suppliers, representing 0.67 percent of the total production of low-friction layers (LFL) and 2.5 percent of the total component production, have an estimated environmental impact as data is not available.

In December 2023, Mips commenced the extensive process (carbon dioxide emissions analysis) to gather information from Mips' suppliers for the 2023 full year to then ensure a deeper analysis of the environmental impact linked to Mips' solutions. The survey included critical aspects such as energy consumption, raw materials utilization, sources of energy used in processes, water consumption, transportation, and waste generation for each solution manufactured during the year. Additionally, general information about the suppliers' future plans for carbon emissions was also requested.

Thanks to the breadth and detail of the data received, Mips deepened its insight into the suppliers' raw materials utilization and productivity per solution, amongst others. This has enabled Mips to perform more comparisons of the energy consumption used for production per solution per supplier, and also their waste management methods used, so that the quality of the data gathered can be ensured.

The major reason for the revision of emissions data for 2021 and 2022 was usage of plastic, both post industrial recycled and non-recycled plastic, in some of Mips' solutions. The manufacturing process for these solutions at Mips' suppliers has not deteriorated, rather the knowledge both of the process and the use of material has increased. This means that Mips now know that the use of material is higher than the data which earlier was collected revealed.

Reduction in emissions in 2023

During the year, Mips received information that two of its key suppliers are part of the Science Based Targets initiative (SBTi), several more of them are considering joining the initiative in the near term, and six suppliers have the international environmental certification ISO 14001.

Now that the 2023 survey has been carried out and analyzed, Mips has a stronger foundation for its future carbon-emissions reduction projects thanks to the greater level of detail in the data, and the verification of the data as the similarities between different suppliers producing similar solutions has helped to validate the data. Furthermore, the suppliers have increasingly separated the data for different Mips solutions, and the majority of suppliers have provided a deeper level of information, including energy intensity and raw materials utilization per solution. This is in contrast to the information previously collected, which largely gave a more top-level view. During the year Mips has received more information about the usage of raw materials in different solutions. This information enables Mips to rank the solutions that currently have the greatest potential for improvement in terms of raw materials utilization, better than in previous years.

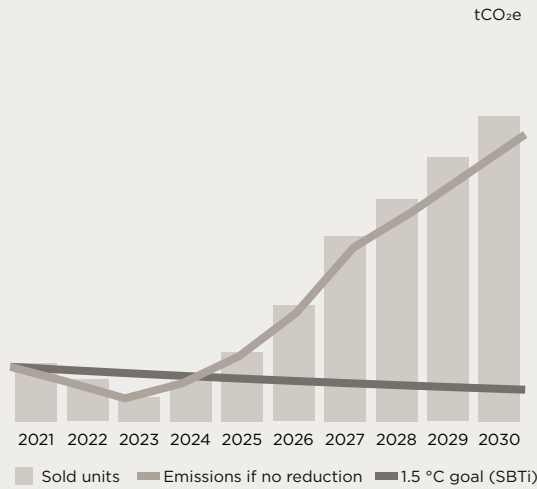
In terms of implementation of energy efficiencies and inclusion of sustainable methods in Mips' suppliers' factories, Mips has started its first collaboration with one supplier that uses 100 percent renewable energy through a solar power installation. Mips is also in the midst of onboarding three new suppliers who intend to

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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 comparison to the SBTi-related goals, given a certain level of growth.

use 100 percent renewable energy for the production of Mips' solutions. In the short term, these four suppliers using 100 percent renewable energy will not have a noticeable impact on Mips' emissions reduction as they will start with low manufacturing volumes which will increase over time.

Most of Mips' suppliers in China are actively looking for sustainable sources of energy. According to analyses performed by specialists, companies face challenges in direct purchasing of renewable electricity as China is a regulated market. This situation must be monitored so

Total emissions 2022 and 2023

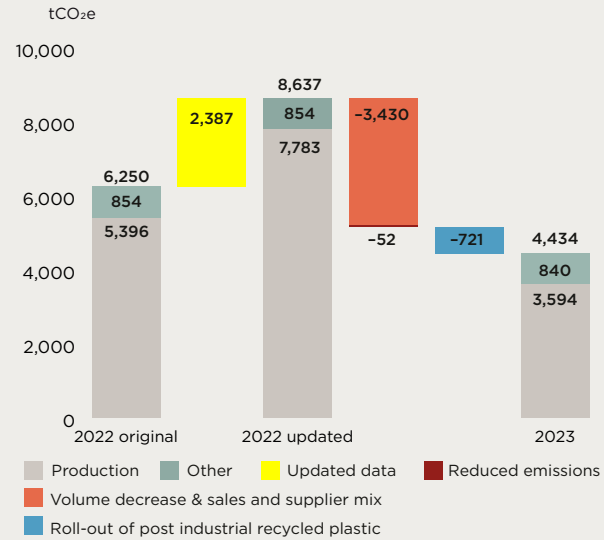


Illustration of Mips' total emissions in 2022, the revised emissions in 2022 and the actual emissions in 2023. The reasons for the changes between 2022 and 2023 are also presented.

that possibilities can be identified together with suppliers in the future. There are further challenges in this area as some suppliers who do not own, they rent, their production facilities do not always have permits related to more sustainable production, for example to install solar panels by themselves.

Mips works continuously with the ambition to lower its carbon emissions up until 2030, in line with SBTi. Mips' emission target is based on Mips' targeted growth volumes for 2027 plus an extrapolation to 2030 at 20 percent per year.

Distribution of emissions across all of Mips' solutions

| Solutions | Electricity, suppliers | Raw material | Transport | Water |
|----------------|------------------------|--------------|-------------|-------------|
| Ai | 38.6% | 59.8% | 1.6% | 0.0% |
| Ai R | 50.6% | 47.6% | 1.8% | 0.0% |
| Air Node | 34.5% | 59.9% | 5.6% | 0.0% |
| Air Node R | 45.8% | 46.2% | 8.0% | 0.0% |
| B11 | 19.0% | 77.8% | 3.2% | 0.0% |
| B21 | 36.8% | 60.5% | 2.7% | 0.0% |
| B32 | 56.0% | 37.0% | 7.0% | 0.0% |
| Br22 | 59.8% | 38.9% | 1.2% | 0.0% |
| C1 | 41.6% | 56.9% | 1.4% | 0.0% |
| C1R | 52.6% | 44.0% | 1.7% | 1.7% |
| C2 | 39.6% | 59.6% | 0.7% | 0.1% |
| C2R | 71.9% | 24.4% | 3.7% | 0.0% |
| D | 42.7% | 56.1% | 1.2% | 0.0% |
| D R | 78.9% | 21.1% | 0.0% | 0.0% |
| E | 32.6% | 67.4% | 0.0% | 0.0% |
| Gen B | 45.8% | 47.9% | 6.3% | 0.0% |
| I | 31.4% | 68.2% | 0.0% | 0.4% |
| Integra Split | 50.0% | 50.0% | 0.0% | 0.0% |
| Average | 47.9% | 49.3% | 2.8% | 0.0% |

All Mips' product variations and their share of the different types of emissions, identified as linked to production. The solutions marked with "R" at the end of their names are made with post industrial recycled plastic.

On average across Mips' solutions, 49% of emissions come from raw materials and 48% from electricity consumption in the manufacturing the solutions. Approx. 3% of the emissions per solution come from transportation of raw materials to Mips' suppliers and transportation of final Mips solutions from the suppliers to Mips' warehouse in China.

Average water consumption for Mips' solutions is almost zero in terms of carbon emissions.

In 2023, Mips' total emissions were 4,434 tCO₂e (see graph). This means that Mips has reduced its total emissions by 4,203 tCO₂e. Of this reduction, 3,430 tCO₂e is linked to a lower sales volume and a different sales and supplier mix in 2023 compared to 2022. Due to a reduced volume in 2023 compared to 2022, Mips' suppliers have had higher carbon emissions per solution produced as the average volume per order has been lower than prior years. The start-up energy per machine and the raw material wastage have thus been higher per solution produced than previously. The remaining

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773 tCO₂e are mainly due to the launch and sales of post industrial plastic in five different solutions, but also due to two suppliers investing in more energy-efficient production equipment.

Mips' commitments and actions going forward

In 2024 Mips will increase its focus on supporting its suppliers in the data collection process, and also helping suppliers learn how to get access to information that further underpins their productivity improvements that can in turn lead to lower carbon emissions per solution produced. Mips will continue to guide suppliers in developing their emissions reporting process to Mips to provide more detailed information, and also promote their identification and implementation of good practice, which can help improve raw materials utilization and/or reduce production waste from Mips solutions. Mips intends to proactively increase its collaboration with suppliers, which will require training, collaboration and/or support. These efforts will help to define and strengthen Mips' strategic and long-term partners, and thus help achieve the company's long-term SBTi targets.

Furthermore, during the coming year Mips will increasingly place new projects with suppliers that have a lower energy consumption per solution produced than before. Mips will also continue to convert existing projects to solutions with lower carbon emissions going forward.

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 Mips' office in Dongguan, China. The Scope 1 emissions of 1.9 percent (1.0), 85 tCO₂e, represents Mips' own refrigerants.

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. The Scope 2 emissions of 0.6 percent (0.3), 28 tCO₂e, represents electricity consumption at Mips' own premises in China and Sweden.

Scope 3

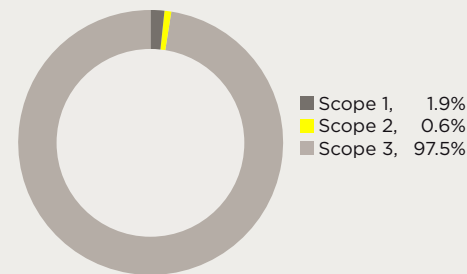
Includes indirect emissions from sources that are not controlled by Mips (Mips' value chain), and also employee commuting as well as business trips.

The distribution of Mips' total emissions is very similar in 2023 and 2022. The Scope 3 emissions amounted to 4,321 tCO₂e and represents 97.5 percent of Mips' emissions. Emissions related to Mips' solutions are included in Scope 3, and they are linked to the manufacturing of Mips' solutions by suppliers, which accounts for 84 (93) percent of Mips' total GHG emissions. The development of the raw material and the electricity generated during the production of Mips' solutions by suppliers, account for 94 (96) percent of these emissions.

The Other emissions in Scope 3 account for 13.9 percent (5.6) and they include commuting, business trips, and other diverse emissions.

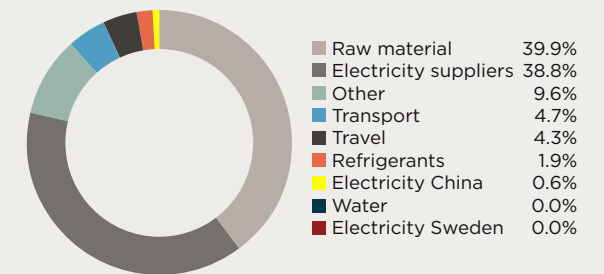
In 2023, the share of emissions from business trips and commuting was 4.3 percent (2.1). This increase in emissions is partly linked to the travel limitations of the pandemic in 2022, employees working in the office more than they did in 2022, and the higher number of employees compared to 2022. In contrast, the increase in transportation has been compensated by more efficient transport as Mips coordinates transport internally so as to reduce the environmental impact. The reason for the higher share of emissions that are not linked to the production of Mips' solutions can mainly be explained by the lower sales volumes in 2023 compared to 2022.

Division of emissions divided into Scope 1, 2 and 3



Mips' total emissions divided into Scope 1, 2, and 3, 2023.

Distribution of emissions per category



Mips' total emissions classed as emissions categories, 2023.

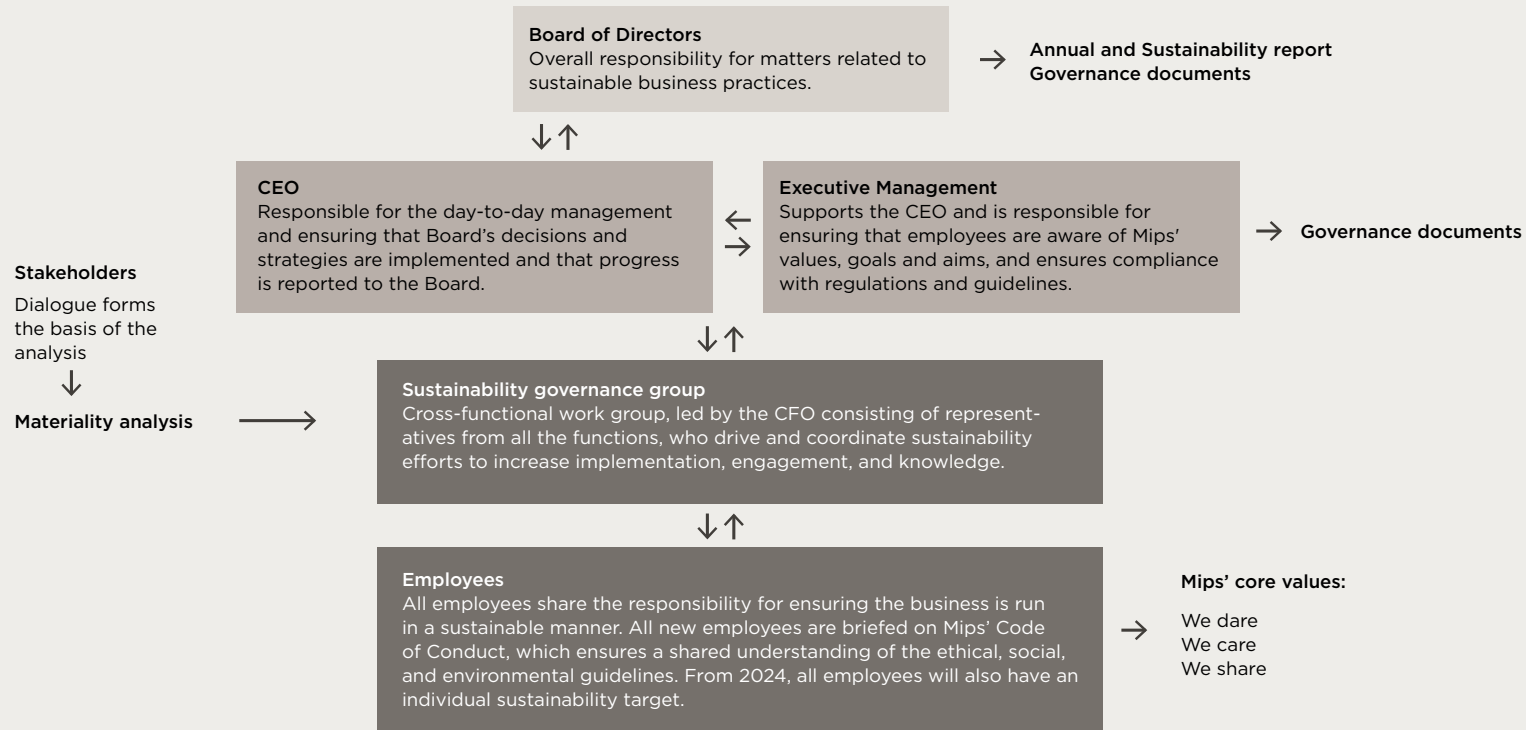
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Organisation and management

Sustainability is embedded into every part of Mips' business, in governance and in strategic and operational activities. Mips wants to be part of driving the change towards conducting business in a way that limits climate and environmental impact, embraces social responsibility for all employees, ensures the same values are applied throughout Mips' value chain, and respects human rights in every regard. 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 monitor progress.

Mips' sustainability governance model



Additional information about the Board's work during the year can be found in the corporate governance report on pages 38-48 in Mips Annual and Sustainability Report 2023.



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Four focus areas

The stakeholder dialogues and materiality analysis, along with the constantly deepening insight into Mips' total climate impact, have led the company to structure its sustainability efforts around different focus areas, just like previous years. During the year, Mips has separated out Our products (environment) into its own focus area rather than have it integrated into all the other areas as in previous years. This will facilitate the reevaluation that will be required for the double materiality analysis perspective, for Mips to comply with forthcoming regulations. Mips' four focus areas are: Our products (environment), Our employees, Our supply chain and Our products (helmet safety). Mips follows up a number of KPIs per focus area. More information on Mips' focus areas is available in the Sustainability report on the following pages.

01 Our products (environment)

03 Our supply chain

02 Our employees

04 Our products (helmet safety)



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Focus area

Our products

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 of the total climate impact of its operations during the year. Mips has carried out several lifecycle analyses in 2023 to understand the CO₂ emissions of all Mips' existing solutions. Mips has also added new solutions to the analyses including products such as Mips Integra Fuse and Mips Integra Split, and further material that can be used for Mips Integra TX and the different colors that customers can select. Mips has also introduced lifecycle analysis as part of its development projects.

The life span of Mips solutions should be at least as long or longer than for the helmet in which the product is installed. Many of Mips solutions 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 the year

During the year Mips has continued to look for more sustainable alternatives to the material currently used in its solutions. The roll-out of post industrial recycled plastic for Mips' most sold solution has been successful and has grown to encompass more post industrial recycled plastic in five different solutions. By using post industrial recycled plastic Mips can deliver solutions that offer the same high quality as before, but made from a more sustainable material.

Investment in the Mips Virtual Test Lab (VTL) continued during 2023. 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 brands time and money.

Virtual testing will also help to reduce Mips' environmental and climate impact compared to physical testing alone as fewer physical prototypes will be required, thereby reducing waste in the production process.

During 2023 Mips has improved the coordination of transportation of helmets from China that are to be tested in the testing facilities in Sweden, from sporadic deliveries to one delivery of helmets per week. Mips has also set up a testing facility at Mips in China for the implementation process, which reduces the quantity of helmets that are sent to Sweden per implementation project tested in China.

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Mips' raw material usage

The three most-used raw materials account for more than 70 percent of Mips' total raw material consumption. The most used raw material is polycarbonate, which is the type of plastic mainly used in Mips' solutions. In 2023 Mips' has shifted to using more post industrial recycled polycarbonate in five different solutions. This post industrial plastic can replace the traditional plastic without compromising on quality or safety. On average, the raw material emissions of Mips' solutions in 2023 was 3.93 kgCO₂e/kg per solution produced. Polycarbonate had an average of 8.21 kgCO₂e/kg in 2023, compared with post industrial polycarbonate which has an average of 0.69 kgCO₂e/kg.

Circular product offering

The target for 2023 was to offer Mips' suppliers 100 percent post industrial recycled plastic for Mips' most sold solution. This is the start of Mips' journey towards a fully circular Mips' solution, which includes amongst other things, CO₂-neutral manufacturing and the use of recycled and recyclable materials. During the year Mips has focused on converting existing offerings of Mips' most sold solution to including post industrial recycled plastic, at the same time as testing, approving and starting to roll out four other solutions which include post industrial plastic. This explains the majority of the carbon emission reductions per product sold achieved in 2023 compared to 2022.

In 2024 Mips will further broaden this initiative and widen its focus to all solutions. The target for the year is to increase the total share of recycled materials compared to non-recycled materials in Mips' sold solutions by 10 percent, which corresponds to 2.3 percentage points. Mips total share of recycled materials compared to non-recycled materials amounted to 23.4 percent and the target for 2024 is to increase this to 25.7 percent of Mips' total materials used.

Bio-based plastic

As previously mentioned, innovation around plastics is a focus point for Mips. Mips is pushing hard to keep ahead with advancements in reducing plastic derived from fossil-based raw materials, and has initiated the development of an internal framework standard that guides the

integration of plastic made from bio-based raw materials into its supply chain. Consistent with the definition of the European standard EN-16575:2014, a bio-based product is fully or partially derived from biomass. Mips uses international standards to establish an internal definition of bio-based plastic and precise methods for determining the bio-based content in Mips solutions.

Mips' emphasis is on establishing a framework for responsible and ethical purchasing of bio-based raw materials, with respect to raw materials from three sources:

1st Generation

Biomass from carbohydrate-rich plants that can be used as foodstuff or animal feed (e.g. sugar cane, corn and wheat).

2nd Generation

Biomass from plants that are not suitable for use in the production of foodstuff or animal feed. These can either be non-food crops (e.g. cellulose) or waste material from the 1st Generation raw materials (e.g. waste from vegetable oil, sugar cane bagass or corn).

3rd Generation

Biomass derived from algae, for example.

Furthermore, the framework provides guidance on effective communication of information to customers and users about the bio-based raw materials used in Mips' solutions, which creates transparency and informed decision-making.

Not only does this initiative reflect Mips' commitment to reducing its environmental impact, it also underlines Mips' proactive strategy for bringing about a circular economy. In line with "The New Plastics Economy" initiative, the purpose of Mips' standard is to contribute to the reshaping of the future of plastics.

This comprehensive method ensures that Mips' commitment to sustainability goes beyond rhetoric, which drives a tangible change in the company's approach and use of plastic in its operations.

Mips will finalize its framework in 2024 which will allow the company to integrate it in the exploration and choice of new materials for Mips' diversified product range.

The raw materials in Mips' products and their share of Mips' total raw materials

| Raw material | Emissions coefficient [kgCO ₂ e/kg] | Share of raw material |
|----------------------------------|--|-----------------------|
| Polycarbonate (PC) | 8.2 | 26.6% |
| Polyketone (POK) | 2.2 | 22.3% |
| Post industrial polycarbonate | 0.7 | 21.3% |
| Polypropylene (PP) | 2.2 | 9.7% |
| Polyamide (PA) | 8.3 | 2.2% |
| Textiles | 5.2 | 4.3% |
| Recycled paper | 0.7 | 4.7% |
| Nylon | 8.1 | 1.7% |
| Silicone | 6.3 | 3.7% |
| Paper | 2.2 | 0.8% |
| Lycra | 7.2 | 0.2% |
| ABS** | 4.6 | 2.2% |
| Polyethylene terephthalate (PET) | 4.0 | 0.0% |
| Polyester | 5.1 | 0.1% |
| Ethylene-vinyl acetate | 2.4 | 0.0% |
| Steel | 4.4 | 0.0% |
| Ink | 1.3 | 0.1% |
| Leather imitation | 19.6 | 0.0% |

** ABS stands for Acrylonitrile, Butadiene, and Styrene monomers.

Raw materials used in Mips' products and the distribution of volume.

* The New Plastics Economy: Endorsed by the Ellen MacArthur Foundation in partnership with the World Economic Forum and supported by McKinsey & Company

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Hazardous chemicals

Helmet safety is and always will be Mips' highest priority, and to give the solutions 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' solutions are low, and far beneath the current legal limits (in EU and the US). The company is nonetheless working to phase them out and find suitable substitutes. Mips' target is to use the smallest amount of hazardous chemicals as possible and in 2020 a target was set for an annual amount of hazardous chemicals of under 3 PPM (parts per million).

In 2023 the amount of hazardous chemicals was 4.37 PPM. The increase in 2023 is primarily due to the sales mix of solutions. At the same time, Mips still intends to increase the amount of polycarbonate in Mips'

solutions as the associated carbon emissions are the lowest amongst Mips' solutions. Mips will continue working to reduce the total amount of hazard chemicals. The target remains to reduce hazardous chemicals to under 3 PPM per year.

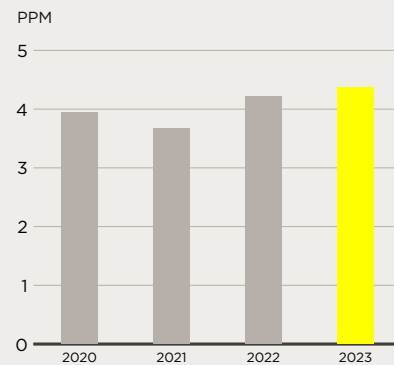
The quantity of hazardous chemicals in Mips' solutions will increase in the short and medium term though as Mips increases the share of polycarbonate in the total product range. Two of the three chemicals with the largest total impact on the amount of hazardous chemicals are important elements of Mips' solutions that are 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 solutions is far below the legal limit.

84 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 solutions.

These substances cannot be excluded without compromising on the safety of these solutions, so Mips is reliant on these chemicals, albeit in small amounts. The graph below illustrates that Mips' solutions are far below the legal limits (in EU and the US) for these chemicals.

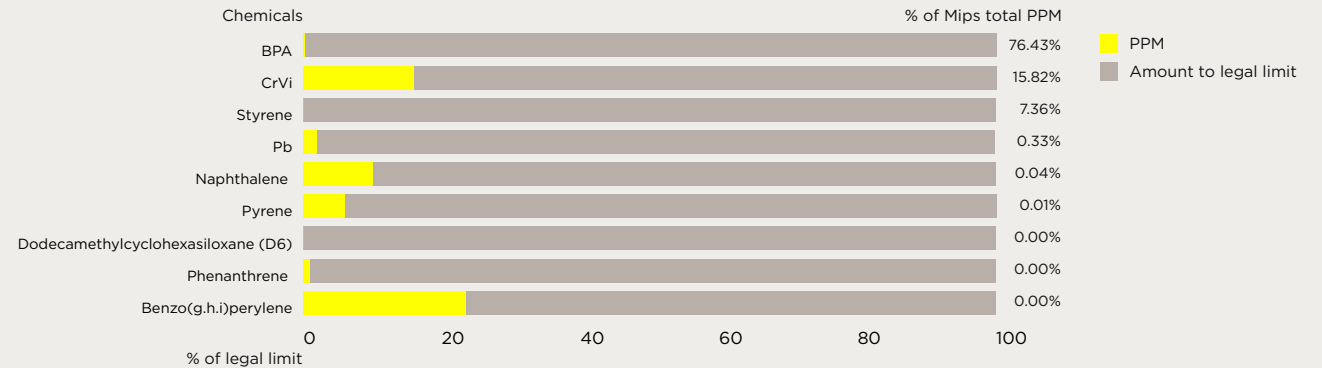
Chromium, or CrVi, is found in some of Mips' textile solutions and is an ingredient used for achieving the elasticity of the textiles and gives the desired performance of the solution. Altogether, BPA, Styrene and Chromium make up 99.6 percent of the total quantity of hazardous chemicals in Mips' solutions.

Hazardous chemicals 2020-2023



The graph shows the total average hazardous chemicals contained in all of Mips' solutions. PPM stands for Parts Per Million. The share of PPM is shown for all four 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 solutions are from the legal limits (in EU and the US), 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 total PPM" shows each chemical's share of Mips' total amount of hazardous chemicals. For example, chromium (CrVi) represents 15.8% of Mips' total PPM.

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Indicators for Mips' products

| KPI | Goal | 2023 | 2022 | 2021 | SDG |
|---|--------|--------|--------|--------|------|
| Recyclable material in Mips' products (% of material in Mips' products that is recyclable)* | 100% | 90% | 88% | >90% | 12.5 |
| Hazardous chemicals** | <3 PPM | 4.37** | 4.21** | 3.67** | 12.4 |

*All hard plastic components in Mips' products can be recycled.
 ** Updated method for calculating hazardous chemicals.

Risks related to Mips' products

| Risk | Management |
|--|--|
| Mips does not conduct any activities of its own that are subject to mandatory reporting requirements. Mips' solutions 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 lifecycle. The risk entails environmental and climate impact as well as negative impact from chemicals. | Mips has carried out lifecycle analyses on selected solutions. The lifecycle analyses have helped the company better understand which solutions within Mips' portfolio are more environmentally friendly and which areas of production have the greatest impact on the environment. |
| Production and assembly of the company's solutions 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' solutions and the outcome is monitored and documented. |

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Focus area

Our employees

A positive, strong corporate culture

Part of Mips' vision is to use Mips' technology so that helmets in all categories protect users 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 solutions. Even though Mips is the world leader in its field, Mips' people are modest and curious, with a desire to learn more. Mips' employees constantly challenge themselves and the company encourages all employees to bring the best of themselves to work 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. These kick-off's are always organized in facilities that have a strong focus on sustainability.

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", breakfasts and other events are arranged, with internal presentations and discussions on relevant subjects.

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

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Gender equality and diversity

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 2023

At the end of 2023 the number of employees at Mips was 105 (100), 46 percent (48) of these were women

(including China). Mips has thus achieved its target of having a minimum representation of 40 percent of both women and men, overall. Executive Management currently consists of 5 (4) people, including 1 (1) woman, which corresponds to 20 percent (25) of the total number of people in management. At the end of 2023, the total number of managers was 25, 40 percent of which were women. The definition of "manager" in this context is employees with staff responsibilities for at least one employee. The Board of Directors consists of 6 (6) people, including 3 (3) women, which corresponds to 50 percent (50) of the total number of Board members. Mips' goal is for the Board of Directors, Executive Management and other managers to have a minimum representation of 40% of both women and men.

| KPI | Goal | 2023 | 2022 | 2021 | SDG |
|--|-----------------------|-------|-------|-------|-----|
| Percentage of women/men, all employees, % | 40-60/60-40 women/men | 46/54 | 48/52 | 45/55 | 5.5 |
| Percentage of women/men, Executive Management, % | 40-60/60-40 women/men | 20/80 | 25/75 | 29/71 | 5.5 |
| Percentage of women/men, Board of Directors, % | 40-60/60-40 women/men | 50/50 | 50/50 | 40/60 | 5.5 |
| Percentage of women/men, Managers, % | 40-60/60-40 women/men | 40/60 | 38/62 | 33/67 | 5.5 |



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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 the mental and physical wellbeing of the employees.

Mips is convinced that having healthy employees not only reduces the risk of sick-leave, 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 also has a gym that is available to all employees seven days a week. Mips' subsidiary in China also has a gym as well as health-related initiatives.

Mips has zero tolerance for all forms of discrimination, harassment and victimisation 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, harassment and victimisation to their immediate supervisor, the HR Director, the CEO, or via the company's third-party whistleblower system.

In addition to Mips' dedication to the employees' wellbeing, it endeavors to be a sustainability leader in the helmet sector and be an advocate for positive change.

Mips is a global company and for many employees travel is 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.

A review of 2023

Since the beginning of 2021 Mips has had a whistleblower 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 codes of conduct. No incidents were reported to Mips via the whistleblower system in 2023.

Mips has a zero-vision related to occupational injuries and works constantly to evaluate the safety of the workplace. To improve internal capabilities regarding the physical, organisational, and social workplace environment, workplace environment training was held at the beginning of the year for all managers and safety representatives. A further initiative for ensuring a safe workplace is the cardiopulmonary resuscitation (CPR) training and First Aid training offered to all employees in Sweden. In total approx. 95 percent of the employees in Sweden took the courses in 2021-23 and courses will be held again in 2024 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.

No accidents were reported with regards to Mips' employees in 2023.

During the year all employees in the Swedish office 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 2024.

Mips allows its employees some flexibility in terms of working hours and location as a way to create a more

sustainable working situation and enable employees to gain a better work-life balance.

At year-end there were ten consultants performing work on behalf of Mips. These resources are business development consultants, engineers, project managers, and marketers based in Sweden, the UK, and the US, and they are not included in the total number of employees at Mips.

Mips also conducts weekly pulse surveys that are sent out to all employees in Sweden and China, containing questions aimed at measuring enjoyment, commitment, leadership, and ambassadorship. There has been a 97-percent response rate in 2023 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 ten is the highest score. Mips' target is to achieve an annual average of at least 8.0, and for 2023 the score was 8.4. Mips also has a very high Employee Net Promoter Score (eNPS) of more than 45 on average over the year. The eNPS measures ambassadorship and the likelihood that employees recommend Mips as an employer. This is reported on a scale of -100 to +100, and the comparative figure with other companies using the same platform is 14.

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 2023 ten employees attended a group and leadership development course and more people will do the course in 2024. The company has also held GDPR courses for employees connected to the Swedish office and anti-corruption

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training for all employees. Furthermore, Mips' IT-partner regularly and automatically sends out IT- and cybersecurity trainings on a monthly basis to increase the awareness and educate the Mips' employees on IT threats and security risks. The employees' completion rate of the trainings amounted to approximately 85 percent during 2023. To further develop leadership within Mips, 14 managers participated in a leadership program that continued throughout the whole of 2023. In addition to this, 16 employees have had English language training to enhance their ability to communicate.

A workplace with reduced environmental and climate impact

Mips' total climate impact from business travel amounted to 160 (116) ton in 2023, which equates to 1.55 (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. It covers waste and recycling and the target is to recycle everything that can possibly be recycled, which also includes electronics.

At the office in Sweden the number of electric car charging spaces has been increased to four spaces.

In 2023, 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' solutions, plus the consumption for Mips' own warehousing operations. Energy consumption in China represents 39 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 Mips' solutions nor the company's workplace. Mips' ambition is to create a sound and safe workplace.

Indicators for health, safety, and non-discrimination

| KPI | Goal | 2023 | 2022 | 2021 | SDG |
|---|------|-------|-------|-------|-----|
| Employee turnover, total (% of total number of employees) | <10 | 4% | 6% | 10% | ET |
| Employee turnover, voluntary (% of total number of employees) | <10 | 4% | 6% | 10% | ET |
| Number of reported and investigated cases of workplace harassment | 0 | 0 | 1 | 0 | 8.8 |
| Skills development and investment in training (% of salary cost) | 3.0% | 2.4% | 1.1% | 1.0% | 4.7 |
| Training hours, average per employee | | 26 | ET | ET | 4.7 |
| Employee survey ENPS* | >40 | 45 | ET | ET | 8.8 |
| Employee survey, Tempertur* | 8.0 | 8.4 | ET | ET | 8.8 |
| Performance appraisals (% of employees) | 100% | 100% | 100% | 100% | 4.7 |
| Work-related injuries, (no. of accidents) | 0 | 0 | 2 | 0 | 8.8 |
| Sick leave (Mips AB only) | <3% | 1.51% | 1.23% | 1.39% | ET |

*New method of measurement so no comparison available

Indicators for ethics and corporate culture

| KPI | Goal | 2023 | 2022 | 2021 | 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 | 2023 | 2022 | 2021 | SDG |
|--|---------|------|------|------|------|
| Share of renewable electricity, Sweden | 100% | 100% | 100% | 100% | 7.2 |
| Share of renewable electricity, China | 100% | 0%* | 0%* | 0%* | 7.2 |
| CO ₂ emissions from business travel (ton CO ₂ /employee) | <1.95** | 1.55 | 1.24 | 0.56 | 13.2 |

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

** Mips target is to reduce CO₂ emissions related to business travel by at least 50 percent per employee compared to 2019. Since 2022, the target has been updated and now includes all categories within business travel instead of just air travel.

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Risks related to our employees

| Risk | Management |
|---|--|
| <p>A workplace benefits from being inclusive, where differences are welcomed, respected, valued, and embraced. This approach helps create satisfied and productive employees. In an overly homogeneous workforce, there is risk that the potential and advantages of diversity get overlooked, which can lead to a one-sided view of risks and opportunities. It also increases the risk of individual employees being discriminated against.</p> | <p>Mips has a diverse workplace in terms of gender with a 46/54 percent split between female/male employees. Mips has become more diverse during the year with people of different nationalities, backgrounds, ages, and experience.</p> <p>Mips' Code of Conduct states that nobody should be subjected to discrimination, harassment, or victimisation. There is also a whistleblowing service through which all employees can report anonymously.</p> <p>A new people survey tool was implemented at the end of 2022 through which all employees regularly answer questions on discrimination, harassment, and victimisation.</p> |
| <p>Taking care of employee health and safety is paramount for Mips and the company works proactively to prevent accidents and to ensure a good worklife balance, in order to avoid the risk of ill health and sick leave.</p> | <p>At the end of 2022, Mips introduced a new type of employee survey (called a pulse 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> |

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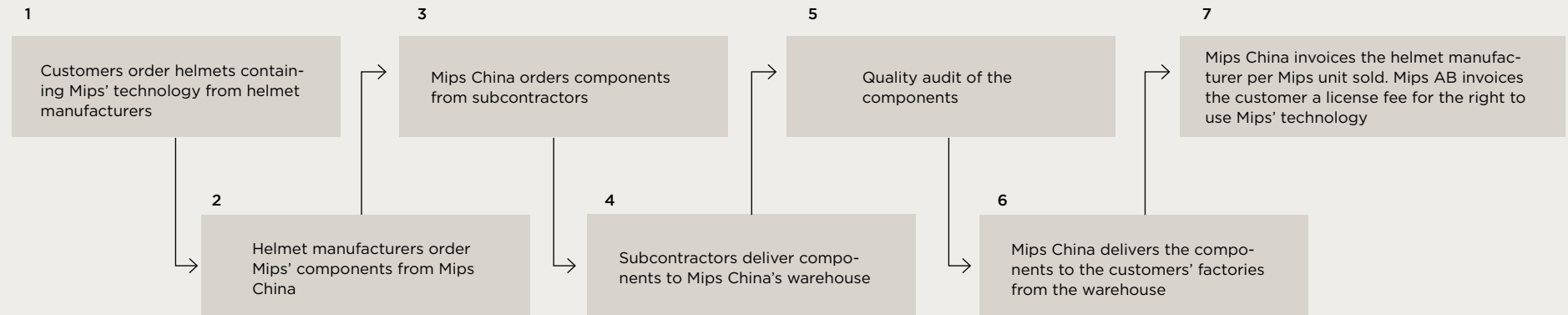
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Focus area

Our supply chain

A sustainable supply chain



Mips does not conduct any of its own production, and instead uses external suppliers for product manufacturing. To ensure that the supply chain and the manufacturing of the solutions is sustainable, Mips needs to ensure that the supply chains of its suppliers are sustainable and comply with requirements stipulated by laws and conventions.

The majority of Mips' customers, i.e. helmet brands, 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 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 89 (96) different partners, of which 23 (18) are manufacturing suppliers of Mips' components and 66 (78) 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 on the following page. In steps 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 offer 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 suppliers and factories to facilitate more efficient and better



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quality manufacturing and assembly of the products. Mips trains the suppliers in how to perform quality checks of Mips' solutions. 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 solutions through Mips' internal quality control, which is done on every incoming delivery to the company's 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 applicable guidelines and rules and the Mips Code of Conduct.

A further measure taken to ensure a high level of

quality in the products is to annually collect a test report of all the raw materials used by the suppliers in the production of Mips' solutions, which is also aimed to ensure 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 Mips' solutions. All solutions 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 for the Mips solution tests are heat, cold, wetness, humidity, UV radiation, synthetic sweat, sun cream, and more. These environmental conditions are simulated in

part to see if the solution is affected by longer exposure, and in part, when testing in Mips' drop-test rig, to simulate if performance is affected. The solution 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 ensuring 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 supplier Code of Conduct aimed at defining the sustainability requirements that apply in this regard 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 Mips' production or operations take place.

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' quality assurance process

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

6. Mips' quality team is on site for the first assembly at the factory after approval for mass production.

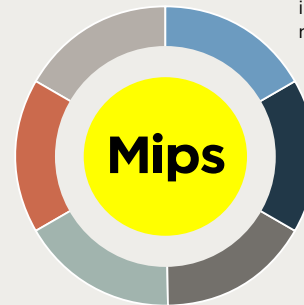
1. Manufacturing of the first size of the low friction layer (LFL) tool and the first production batch of Mips' LFL, followed by testing of the fit of the LFL in the customers' helmet. The tool is adjusted as needed.

5. Mips completes the incoming quality control of all orders of Mips' products from the suppliers. After approval the products are sent to the factory for mass-production assembly.

2. Check of the customer's helmet, tool, and LFL and that the customer has correctly followed Mips' assembly instructions. After this, the customer's helmet with Mips' LFL integrated is tested in Mips' drop-test rig.

4. Mips conducts approval tests for all helmet sizes. Mips works with the customer to perform quality checks of all relevant assembly and quality controls in the customer's factory.

3. The remaining sizes of Mips LFL are produced. Checking and testing are carried out in accordance with steps 1-2. The tool is adjusted as needed.



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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 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 or China.

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 2023

During the year Mips has calculated its total climate footprint according to the GHG Protocol, the results of which will provide the basis for the company's continued efforts to reduce its climate impact. Read more on pages 109-111.

In 2023, the majority of Mips' solutions were manufactured in China where the company collaborates 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 COO and/or the CEO before any contracts are signed.

Through the results of the analysis of the total emissions, Mips now better understands which suppliers manufacture more sustainably than others. During 2023 Mips has had 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 for the long term.

Mips has initiated a collaboration with its suppliers to manage the challenge of achieving a large-scale reduction in emissions to a level that fulfils 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 to ensure that customers do not send too many test 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 equipment was sent to the office in China in early 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.

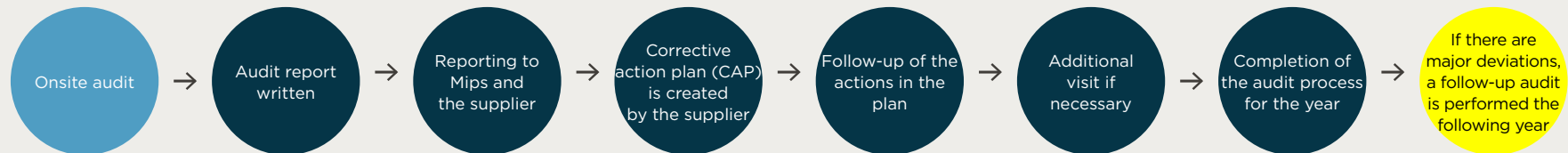
Third-party audits of the supply chain

During 2023, Mips carried out audits of three of its most strategic and largest suppliers to assess their compliance with Mips' Code of Conduct and the ten principles of the UN Global Compact. These were thorough audits carried out by a global, certified, external third party, and through this process Mips performed an internal review aimed at adapting its procedures to industry best practice for social audits. This comprehensive format covered a range of critical aspects, including but not limited to working hours, child labor, forced labor, discrimination, health and safety, and environmental practices.

The audit process was meticulously defined and carried out, which ensured a thorough evaluation of Mips' suppliers' compliance with established standards. This structured approach has given Mips insights into different aspects of ethical business methods, and a holistic view of the working conditions and operating policies at Mips' suppliers.

Mips is committed to maintaining high standards of social responsibility, and these audits have a key role in the company's ongoing work to ensure transparency, ethical conduct, and sustainability throughout the entire supply chain. The detailed audit process underlines Mips' commitment to continuous improvement and accountability.

The audit process



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Definition of the audit process

Mips' internal system classifies deviations into four different types, each of which acts as guidance for appropriate remediation:

- **Minor deviations:** These can be described as less serious situations such as a lack of waste containers or signs that waste must be sorted, or problems that do not need immediate attention, even if they are flagged.
- **Medium deviations:** Things like emergency lighting in specific factory areas, measures that require time to implement.
- **Major, high-priority deviations:** Often linked to delayed compliance with laws, or issues related to safety or the environment, these require expedient attention and resolution.
- **Serious deviations:** Circumstances that require immediate discontinuation of the collaboration.

None of the deviations in the third-party audits of the three suppliers were classified as serious. Almost all of the deviations identified during the three audits were addressed within a few months. Only two of the initial ten major deviations identified remained at the end of 2023, and these are expected to be fully remediated by no later than June 2024. These have taken somewhat longer for the suppliers to address since they relate to improvements in the suppliers' internal procedures and physical modifications within their operations.

2024

Mips plans to keep strengthening its supply chain and will therefore expand its audit initiative. The target for 2024 is to carry out five new third-party audits with important manufacturing partners during the year. Along with the three audits performed in 2023, these

five new audits for 2024 will cover eight of the ten most strategically important suppliers in the supply chain. This increase highlights Mips' commitment to evaluating the suppliers' compliance with the company's supplier Code of Conduct and the ten principles of the UN Global Compact.

As part of Mips' efforts to constantly improve internal procedures and processes, follow-up reviews will be performed on the suppliers who were audited in 2023. The purpose of this proactive measure is to initiate and ensure deeper changes and improvements, which reduces the risk of potentially recurring deviations.

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

| Risk | Management |
|---|--|
| Mips is active in regions where there can be 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' solutions 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 | 2023 | 2022 | 2021 | 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 (% of manufacturing suppliers) | 100% | 100% | 100% | 100% | 8.7 |
| Manufacturing supplier audit at least every second year (% 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.

Additionally, no irregularities or improper conduct in violation of the Code of Conduct in this regard have been reported in 2023.

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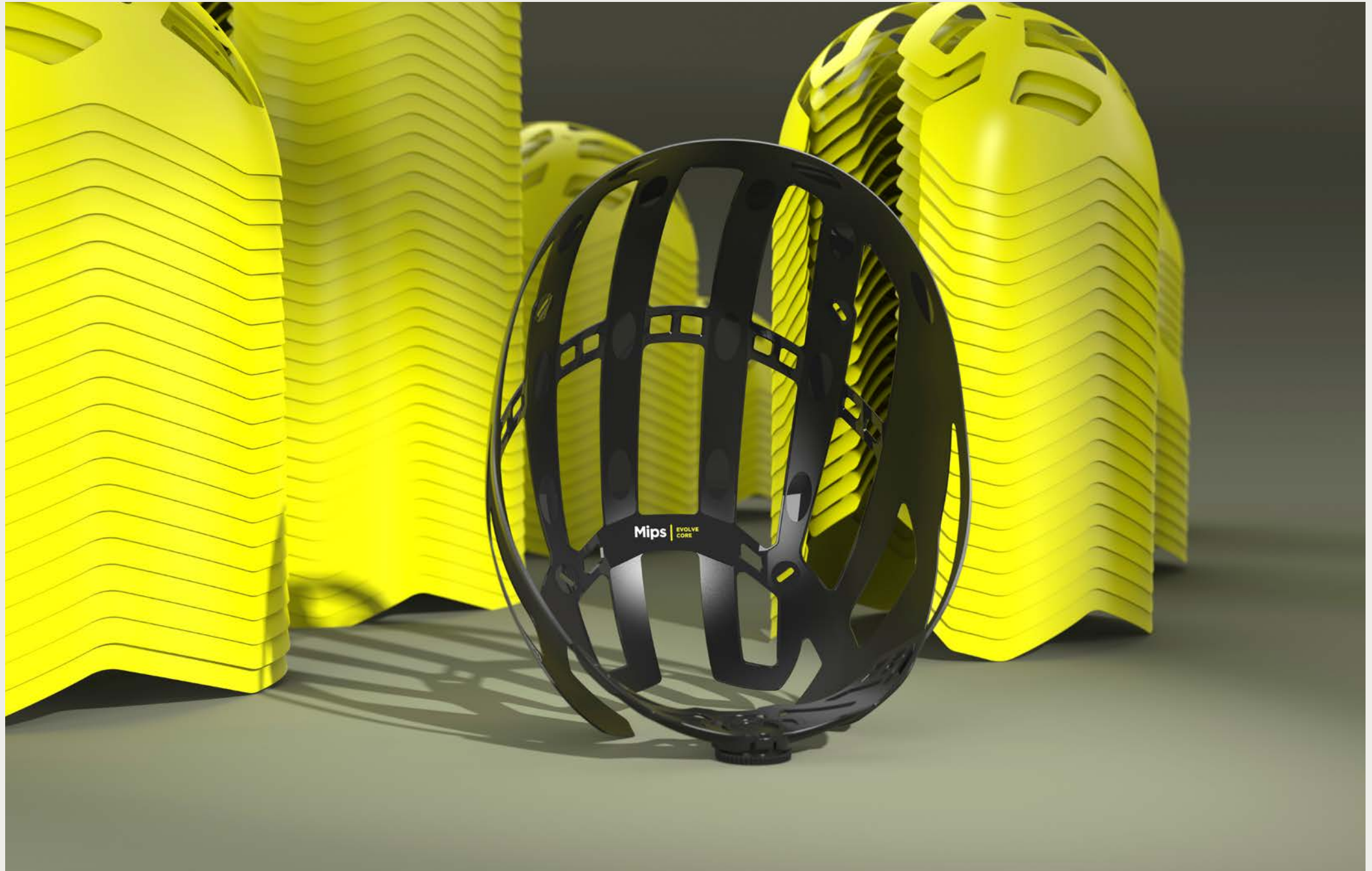
Impact, risks, and opportunities in the value chain

Mips has analyzed 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' technology in more helmet models Reduce the impact of material usage in the development of new helmet models Identify and prototype material that has less environmental and climate impact | <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 that support Mips' sustainability targets |
| 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 | <ul style="list-style-type: none"> Reduce the carbon footprint of our operations Increase gender equality and improve 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 Mips' suppliers Quality defects related to materials used in manufacturing | <ul style="list-style-type: none"> A positive influence on the environmental performance of Mips' suppliers Select suppliers that operate consistently with Mips' sustainability goals | <ul style="list-style-type: none"> Workplace standards for suppliers Quality enhancement and quality assurance Continuous supplier audits carried out by Mips and by third parties Proactive forecasting of volumes with suppliers to avoid lack of capacity 89 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 environmental 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' 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 to increase material recycling |

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Focus area

Our products

Helmet safety

Sustainable societal development encompasses social, economic, and environmental perspectives, and everybody working together to foster a holistic view of, and interplay between, available resources and the needs of current and future generations. This is a very important area for Mips and the company's related efforts are guided by Mips' own conditions and the world the company operates in. Mips is a Swedish company specialized in helmet-based safety. Mips is also a global market leader in helmet-based rotational protection and partners with many of the world's leading helmet brands. This is the context in which Mips and its employees can mostly make a difference in meeting society's many challenges.

Mips can make a contribution to sustainable development in part through its commitment to Agenda 2030 and the UN's Sustainable Development Goals. Mips can also offer a technology and safety solutions for helmets that improve helmet protection to reduce the risk of short-term and long-term sick leave, and permanent injury, increasing the safety and wellbeing of recreational and professional users. 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 that 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 cause brain damage.

Mips is also devoted to improving the fundamental configuration and performance of helmets so that advanced helmet protection is available to more people, regardless of financial means. Mips partners with helmet brands to raise awareness of the benefits of helmets equipped with protection against rotational motion. An increased awareness of safety as well as of the risks and consequences of brain damage are driving demand for Mips' products and society's tendency to take preventive measures to mitigate the risks. 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 a number of testing bodies around the world and pursues

an active dialogue with several universities to ensure research-based development of tests and standards.

Mips is also active in investigating and reducing the impact of helmets on the environment and climate, from manufacturing to scrapping. More information is available under Focus area Our products and in the section A sustainable product (p. 20).

A review of 2023

In 2023, Mips received 3.8 complaints per 1,000,000 helmets sold based on the prior year, i.e. helmets sold in 2022, from consumers regarding Mips' solutions. 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 intellectual property protection are important for Mips to retain its competitiveness as a company. It is also important to reduce the company's environmental and climate impact, without compromising on the safety of the solutions Mips delivers. Mips continued to submit new patent applications during the year.

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Indicators for Mips' products

| KPI | Goal | 2023 | 2022 | 2021 | SDG |
|--|---------------------------|------|------|------|-----|
| Consumer complaints, (number of complaints/1 million units sold) | Max 5 per million helmets | 3.8 | 2.5 | 4.0 | 8.4 |

Risks related to Mips' products

| Risk | Management |
|--|---|
| Even if Mips views itself as the market leader with its patented technology that contributes to a socially 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. See further under the risk section on page 58. |

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 the memberships 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 – Safety Equipment Organisation
- ASTM – American Society for Testing and Materials

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Responsibility and a long-term perspective

Mips' business is 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 the company's 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 and standards such as the ten principles of

the UN Global Compact ten principles, International Labour Organization, and the OECD Guidelines for Multinational Enterprises. Mips' own staff regularly visit suppliers' factories to ensure compliance with the Code of Conduct and, in addition, in 2023 third party audits of Mips' strategically most important suppliers were performed.

Mips applies the precautionary principle by assessing 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 54-58.

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 local legal advisers 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 Human Resources Director, the CFO or the CEO. Since 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:

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

Risk analysis and risk management

Mips' risk analysis forms the basis of the priorities and key areas the company 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.

Mips' 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 54-58, and about financial risks in Note 21.

Specific risks associated with Mips' focus areas are presented under each area.

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

To Mips AB, corporate identity number 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 2023. Mips AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 6–42 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 104 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 RevR12. 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 ISQM 1 (International Standard on Quality Management 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, 21 March 2024

KPMG AB

Alexander Tistam
Authorized Public
Accountant

Torbjörn Westman
Expert member of FAR
(Swedish Institute of Authorised
Public Accountants)

The sustainability report is published in Swedish and english. In the event of any discrepancies between the Swedish original and the translation, the Swedish shall have precedence.

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Safety for helmets