

Impact Progress Report 2022



A NOTE FROM THE ON PARTNERS



“Our journey of sustainable transformation is a long-term endeavor.”

The On Partners

Hello,

Welcome to the Impact Report 2022. At On, we have high ambitions to be the thought and action leader on sustainability in the sportswear industry. As the data shows, we have made a positive impact and made good progress towards our goals in 2022. The trust of the communities that we work with comes with the responsibility to constantly reduce the footprint that the crafting, usage, and disposal of our products creates.

Let us highlight two significant areas of advancement: first, we have decreased CO2eq emissions per unit of value added by 12% compared to 2019. Second, in 2022, we've enhanced the incorporation of recycled polyester in our products to 85%.

When it comes to big dreams, we are especially proud of two key innovations that turned into tangible products last year.

CleanCloud®: After intense research and development over a six-year span, our dream to turn carbon emissions into On products came to life in the form of prototypes in the fall of 2022, and we are now working on bringing it to in-line products at scale as fast as possible. You will find the full story on page 24.

Cyclon™: In order to reduce On's footprint and to do our part in staying within the fair and just planetary boundaries, it is essential we move from wasteful linear to resource friendly circular business models. In the spring of 2022, the first subscribers received their Cloudneo shoe and we have since rolled it out to 34 markets, with many customers having already recycled their used Cloudneos for a fresh pair.

Read more about Cyclon on page 22.

Another highlight from this report is the fact that our teams are becoming more diverse. On top of this, we're proud of the fact that 86% of On teammates believe they can be their authentic selves at work. Find out more about On's people initiatives on page 42.

We recognize our journey of sustainable transformation is a long-term endeavor. Thank you for supporting us along the way.

The On Partners

Caspar, David, Olivier, Marc and Martin

DREAM ON

03–11

Our mission
Our dream - Planet
Our dream - People

NUMBERS

12–15

PROGRESS

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OUR MISSION

To ignite the human spirit
through movement

On was born in the Swiss Alps—and it's still our playground and testing lab today. Our connection with nature means we're committed to protecting it for generations to come.

For us, sustainability means taking into account the needs of people and the planet. We are committed to reducing our environmental impact, putting people's well-being at the heart of how we do things, and making sure our values and vision create an even broader impact through our partners.

We're already making good progress, pioneering sustainable innovations and solutions across every part of our business—from our products and supply chain to our operations and culture.

We envision a future
where everything we
make is fossil-free
and engineered for
circularity, fostering
equity and celebrating
diversity everywhere
we work and move.



OUR DREAM

— We envision a future where everything we make is fossil-free and engineered for circularity

OUR APPROACH

How we plan to achieve our fossil-free and circular future

1 CIRCULAR BUSINESS MODELS

We want products to be maintained, reused, repaired, remade, repurposed, —and as a final option—recycled. This is only possible by building and supporting the necessary infrastructure to keep products and materials in circulation for as long as possible.

2 DESIGN FOR CIRCULARITY

We're embedding circularity into our designs, looking at material selection, disassembly, material separation, and recyclability.

Our product team is constantly thinking about the pre-use, in-use, and post-use phases of our shoes and apparel to achieve this.

3 FOSSIL-FREE MATERIALS

We're developing and championing recycled and bio-based materials, as well as those derived from novel waste streams like CO₂.

These have the performance and technical qualities to be widespread replacements for fossil-based synthetics.

IN ACTION

The Cloudneo shoe shows all three approaches in action

1 SUBSCRIPTION ONLY

- Only available through our Cyclon™ program
- This ensures the shoes always come back to us

2 100% RECYCLABLE

- Made from two base materials that can be recycled together
- The shoes can be grinded, melted, and transformed into shoes of the same type without needing disassembly

3 MADE FROM CASTOR BEANS

- Made from PA11 and Pebax®, two polyamides derived from castor beans
- Fully renewable and recyclable into new shoe parts



COMMON VISION

**We work with partners
who share our values and vision**

It's something we have been prioritizing since our very beginnings. By working with those who are aligned with our mission, we can ensure we are doing our best to have a positive impact for people and the planet.

Responsible Manufacturing Program

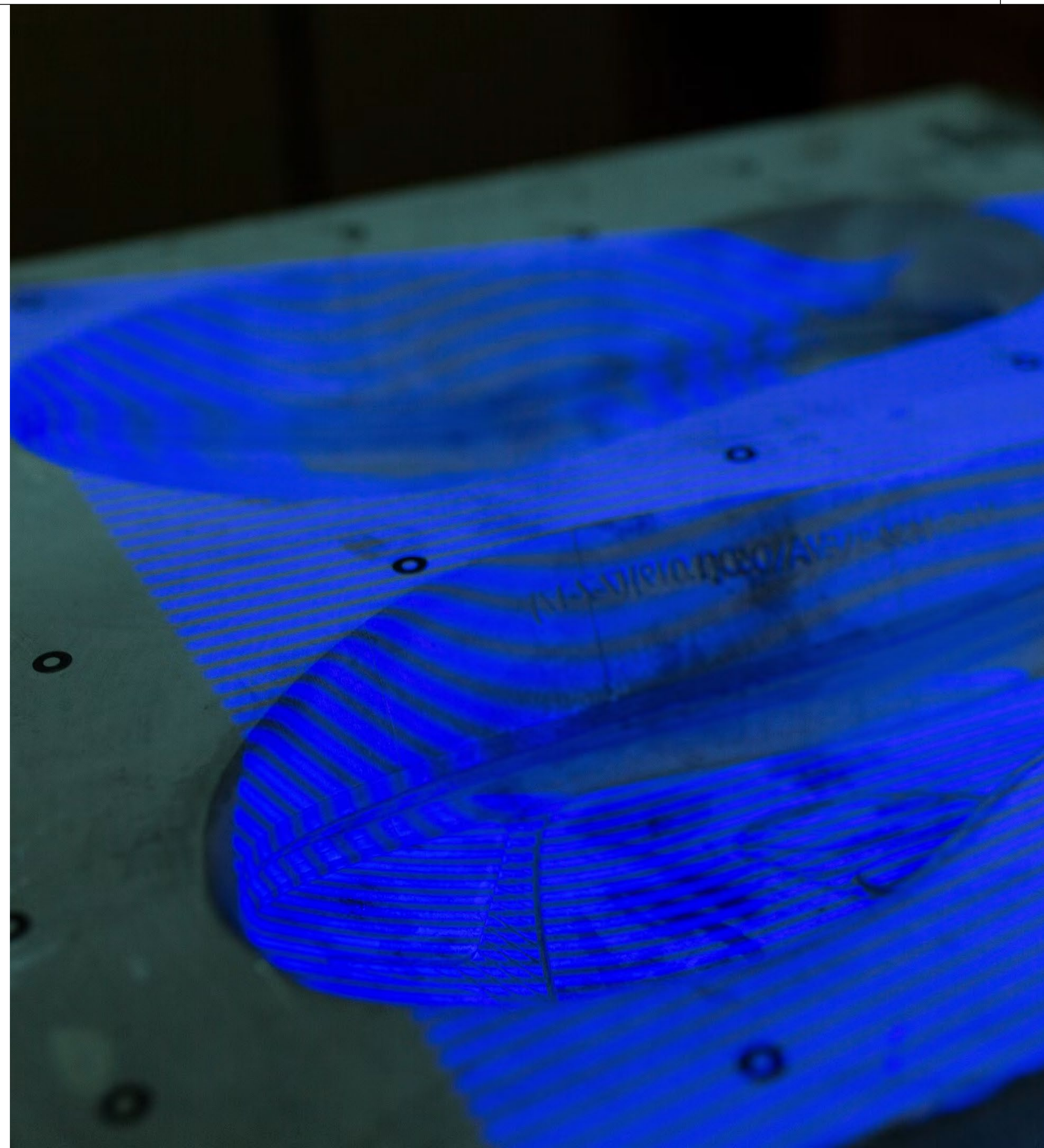
This is where our Spirits extend beyond our four walls. Partners are a part of our team—and so we aim to promote fairness, equity, and opportunity for growth in all of our partner relationships.

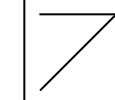
Supplier Code of Conduct

All suppliers manufacturing for On are required to agree and commit to this before the start of any business transaction.

Our code of conduct requires safe workspaces and the protection of human rights in accordance with:

- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and ILO Core Conventions
- United Nations Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights





OUR DREAM

— We want to foster equity and celebrate diversity everywhere we work and move

OUR APPROACH

To create a more sustainable future, we need to build and evolve the right culture for people

1

WELLBEING

The On Spirits act as an anchor for every teammate. They shape our behaviors, keep us grounded, and define how we work. As we grow in size, they will help us focus on what we need to do to protect the future.

- **The Positive Spirit** brings positive energy to everything we do
- **The Athlete Spirit** finds connection in mind, body, and purpose
- **The Explorer Spirit** drives our curiosity
- **The Team Spirit** builds trust, transparency, and respect
- **The Survivor Spirit** inspires us to make high-performance products with the lowest possible footprint

2

DIVERSITY AND INCLUSION

We want to be leaders in creating a diverse, inclusive, and equitable team culture. As we grow, we'll review and revise our approach to hiring, retention, and culture to ensure we are using best practices and our own learnings when nurturing diverse teams and an equitable culture.

3

COMMUNITY

Right To Run is our social impact program, and a significant embodiment of our brand values and mission. Its purpose is to support community-based organizations that are tackling the barriers to movement. Our goal is to get more people moving, confidently and safely.



IN ACTION

By learning, listening and doing we're achieving the equity and diversity that everyone at On and beyond deserves.

1

WELLBEING

Build a Better You

We use the Build a Better You framework to help our teams focus on their emotional health and wellbeing. Partnering with [Kyan Health](#), we provide support and personalized tools to help all On team members. This might include:

Mind

Internal and external self-care programs, mental wellbeing support, flexible vacation and working hours.

Body

Dedicated movement sessions for yoga, hiking or running.

Purpose

Team days, inclusion groups, buddy systems, learning and development.

2

DIVERSITY AND INCLUSION

No gender pay gap

We are proud to say there is no gender pay gap at On. We conduct a pay analysis annually, and evaluate pay increases to ensure they are gender-independent.

We are committed to pay equity and will expand the analysis to include additional demographics as data becomes available. You can find more detail on our methodology in the Appendix.

Recruitment representation

We've increased our diversity ambitions.

We've taken great strides to include underrepresented communities in our recruitment process, almost doubling the percentage of underrepresented candidates throughout the hiring process.

3

COMMUNITY

Right To Run

Our social impact program has supported partners and community members across the world...

60,000

community members impacted through funding, support, and product donations (43,000 in 2021)

16

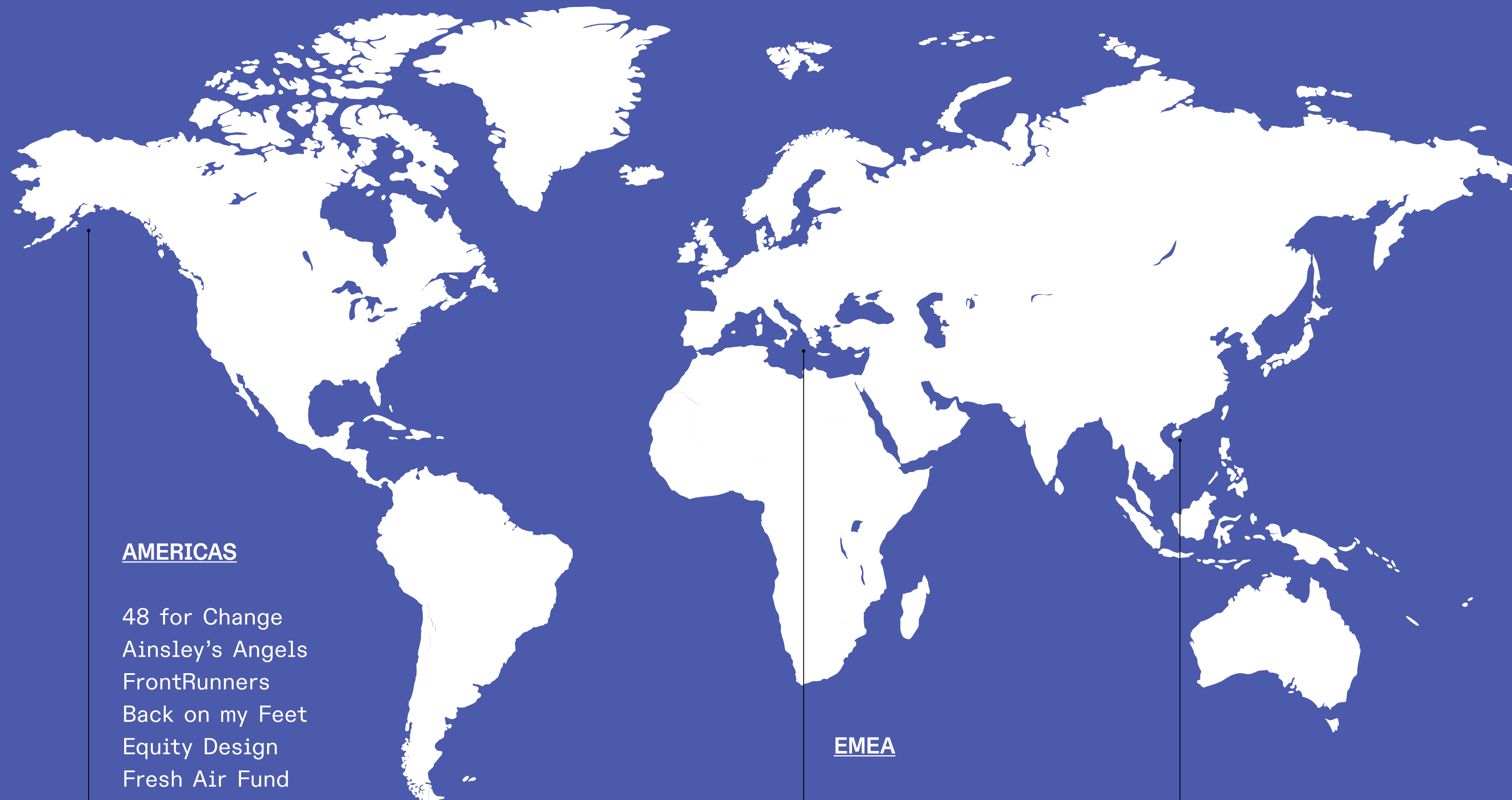
partners globally (10 in 2021)

\$200,000

in grants donated (\$90,000 in 2021)

GLOBAL PARTNERS

The program continues to grow—at the time of publication we have 19 partner organizations



AMERICAS

48 for Change
Ainsley's Angels
FrontRunners
Back on my Feet
Equity Design
Fresh Air Fund
Achilles Canada
Colour the Trails
Go the Distance
Ubuntu
Rising Hearts

EMEA

Sportegration
PlayTogetherNow
We Are Queer
Asra Club
Free to Run

APAC

Running in the Dark
The Run Beyond Project
Patrol Running

DREAM ON

03–11

NUMBERS

12–15

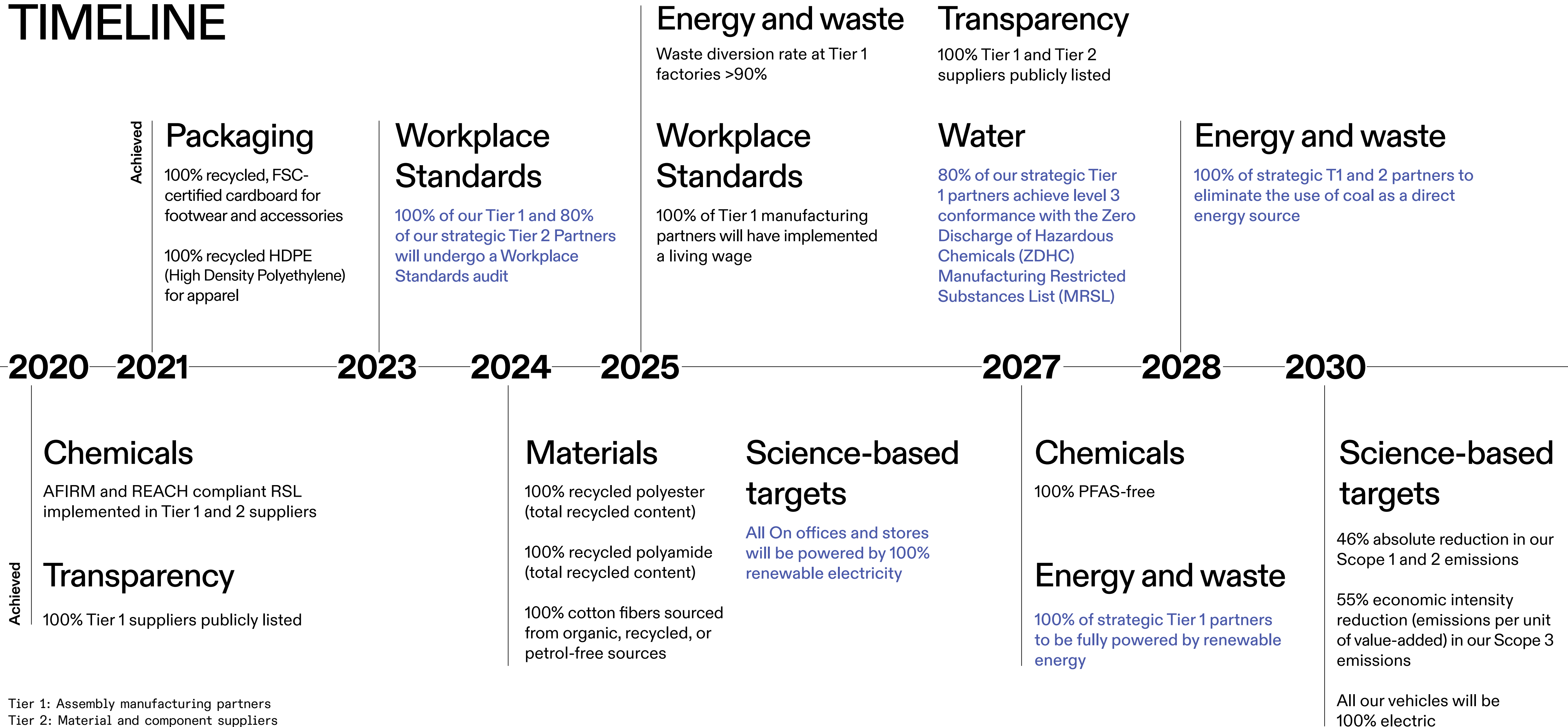
PROGRESS

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GOALS SUMMARY TIMELINE



Tier 1: Assembly manufacturing partners
 Tier 2: Material and component suppliers

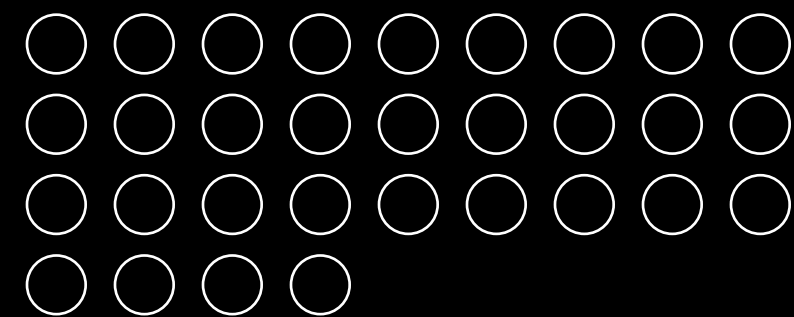
*New for 2023

ON TRACK FOR CIRCULARITY

Cyclon™ launched in 34 markets

Our circularity initiative features two products, Cloudneo and Cyclon-T, which are 100% recyclable

Onward™



9,600+

items were given a new life through our re-commerce platform in the US in 2022

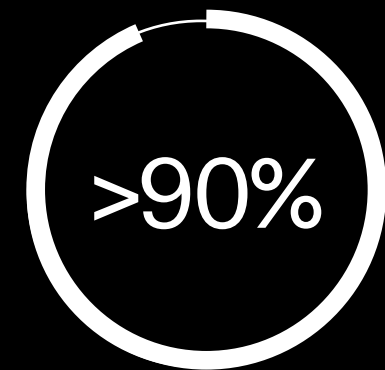
We joined the Ellen MacArthur Foundation

The leading think-tank committed to a circular economy

TACKLING CARBON AT HOME & AWAY

Owned operations

decoupled growth from our emissions



electricity sourced from renewables

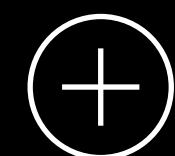
Supply chain emissions




Strengthening skills

Highest volume suppliers in Vietnam trained on energy efficiency

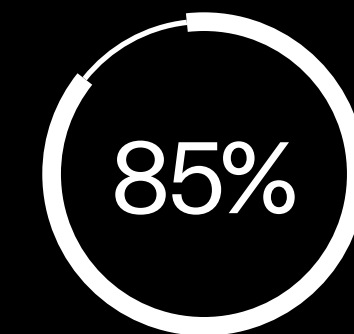
Achieved

 Higg FEM self-assessments with highest volume Tier 1 suppliers

 Tier 1 suppliers are using renewable energy

FOSSIL-FREE IN SIGHT

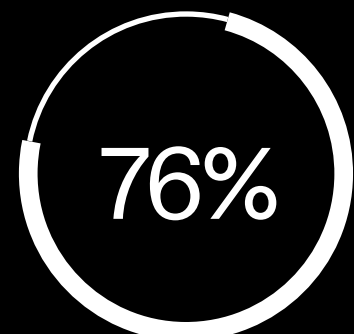
In 2022



recycled polyester



organic, recycled, or petrol-free cotton



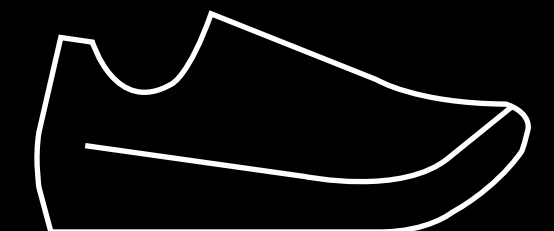
recycled polyamide

By 2024

100% RECYCLED

CleanCloud®

Turning carbon emissions into performance products with first-ever prototype shoe

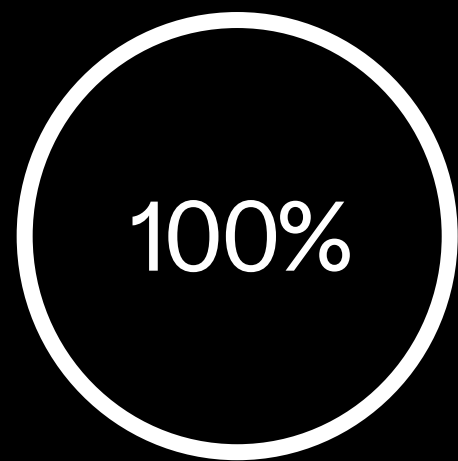


30% fossil-free*

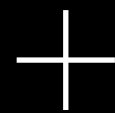
materials used in 2022

*Third-party certified: conventional and advanced recycled materials, bio-based or carbon emission based polymers. Natural materials (rubber, MMC, wool or cotton). Refer to page 19 for details on what we consider acceptable fossil-free materials to be.

PARTNERING RESPONSIBLY



of our Tier 1 suppliers agreed to our Supplier Code of Conduct



have been audited according to our Workplace Standards

Living wage

Wage analysis conducted with 55% of Tier 1 suppliers in Vietnam

By 2025

100% will have implemented a living wage

Strengthening skills

Over 80%

of our Tier 1 suppliers in Vietnam trained on labor laws

ON EXPANDS

1,726

Team members

79

Nationalities

Brand ambassadors

37%

come from underrepresented backgrounds

60,000

people impacted



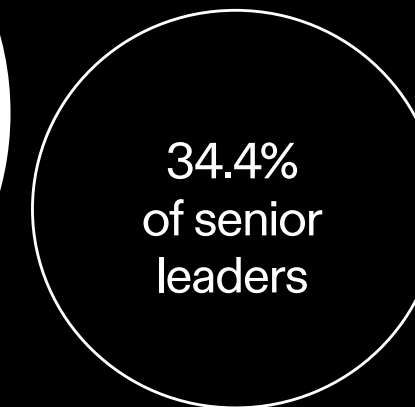
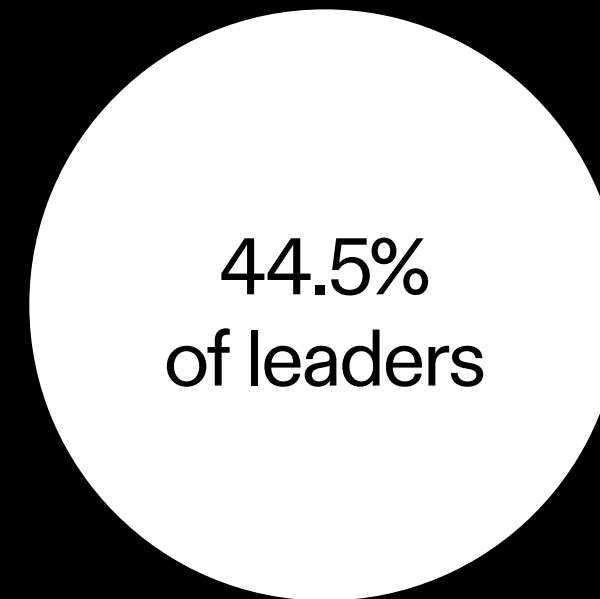
16

supported organizations dedicated to democratizing movement in 2022

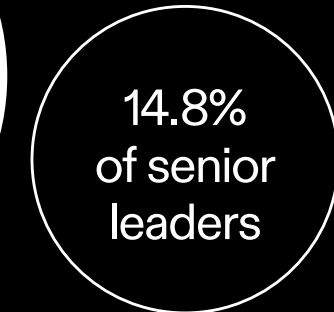
BUILDING DIVERSE TEAMS

No Gender Pay Gap

Verified by pay equity analysis

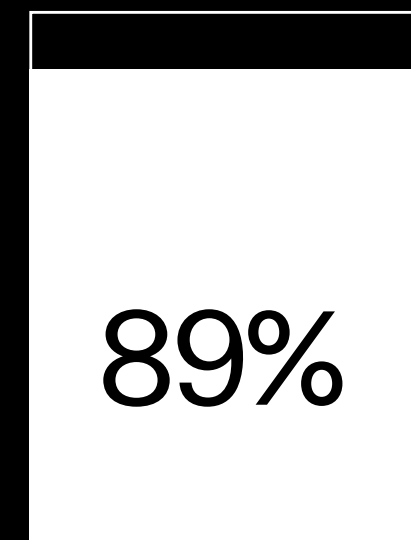


Women

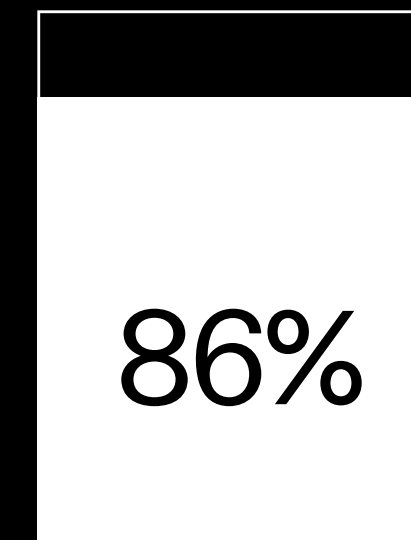


BIPOC*

On teammates



feel they are part of a team



believe they can be their authentic selves at work

4

employee-led inclusion groups

*Black, Indigenous, and People Of Color

DREAM ON

03–11

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12–15

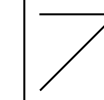
PROGRESS

16–48

Planet strategy
Planet goals
Responsible manufacturing goals
People

APPENDIX

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PLANET STRATEGY

— Rising to the challenge

OUR PHILOSOPHY: GROUNDED IN SCIENCE

When it comes to environmental sustainability, we are guided by science. This allows us to concentrate our efforts in the areas where we can make the most impact in protecting Earth's resources.

Two main methodologies we use are:

- **Planetary Boundaries framework:** this framework acts as our overarching guide. It establishes a safe operating space for humanity by defining limits for environmental impacts across nine critical Earth systems. We make sure our actions as a company operate within these important boundaries.
- **Life Cycle Assessment (LCA):** this measures the environmental impact of each of our products. It's a comprehensive approach that examines the entire value chain or life cycle of a product, known as 'cradle-to-grave' analysis. It covers a broad spectrum of environmental impact categories, helping us understand and manage our influence on the nine Earth systems delineated by the Planetary Boundaries framework.

You can find more detail on these methodologies on page 53 of the Appendix.

OUR APPROACH: PARTNERSHIPS FOR CHANGE

A scientific outlook is just the first step. When it comes to protecting people and the planet we need to partner with like-minded innovators.

We're proud to be working with the following organizations that align with our ambitions to be fossil-free and circular, while championing equity and diversity:

[Ellen MacArthur Foundation Network](#)

An international think-tank that aims to drive scalable, industry-wide transformation for a circular economy.

[Sustainable Apparel Coalition](#) (SAC)

A global alliance of fashion companies, academic institutions and governmental bodies with a mission to promote sustainable and responsible practices by providing standardized tools and measurement resources.

[Footwear Collective/EarthDNA](#)

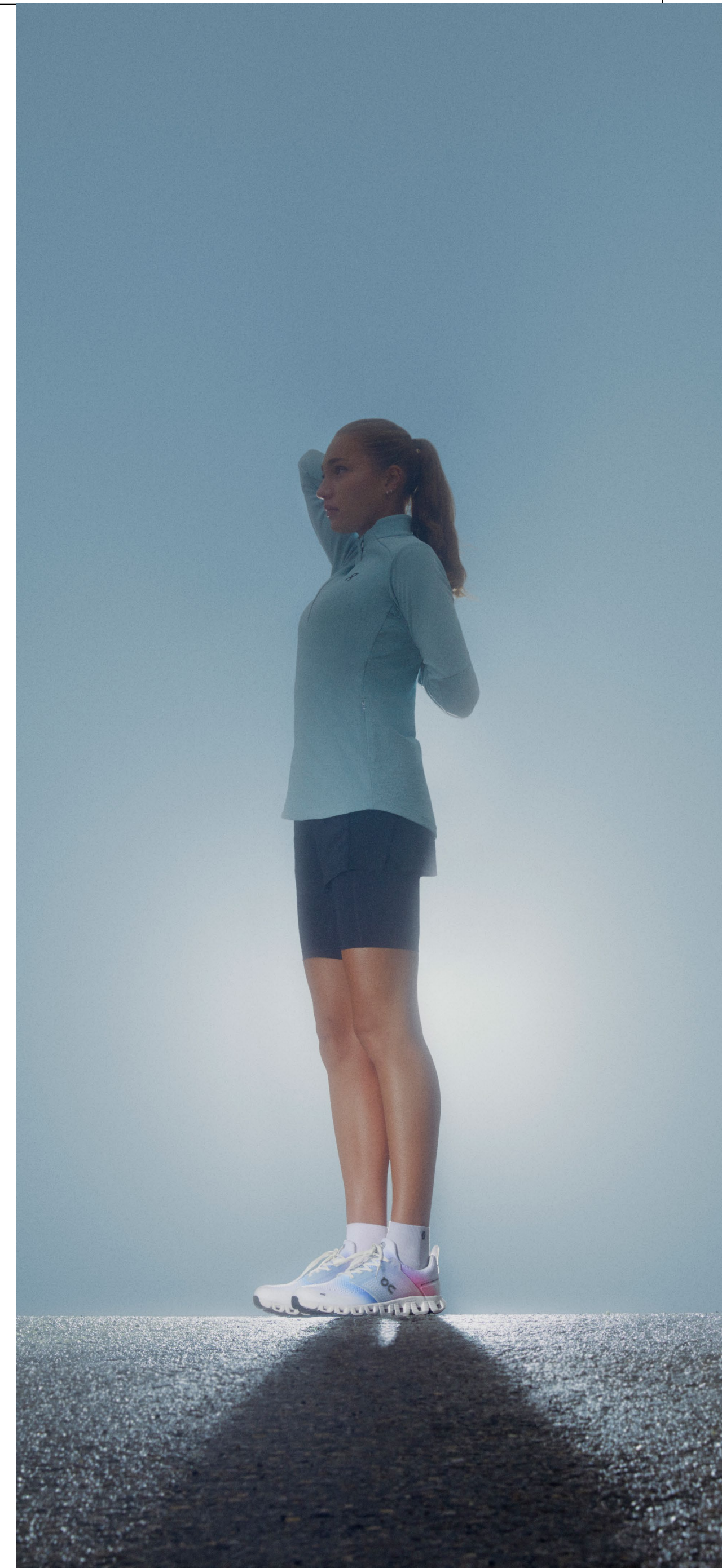
A group driving a collaborative and circular approach to footwear consumption by partnering with brands dedicated to scope, develop, and scale solutions.

[Textile Exchange](#)

A global organization that develops, manages, and promotes a suite of leading industry standards to reduce the environmental and social impacts of the textile industry.

[The Policy Hub](#)

An initiative that brings together brands, suppliers, and NGOs to create and advocate for policies that promote sustainability and circularity in the fashion and textile industries.



We want to make every On product fossil-free and engineered for circularity. By defining what this means in practice, we can take clear steps towards making it happen.

In 2022:

30%

of materials across all product categories are fossil-free

64%

of materials across apparel and accessories are fossil-free

FOSSIL-FREE MATERIALS

We class the following as acceptable fossil-free materials: third-party certified conventional recycled materials, advanced recycled materials, novel bio-based and carbon emission based polymers, as well as natural materials, ideally from regenerative sources, such as natural rubber, man-made cellulose, wool or cotton.

The four material pillars that guide our work are:

- **Conventional recycled**

These materials typically come from PET (polyethylene terephthalate) beverage containers. This is what we currently rely on for recycled materials. However, we prefer advanced recycled materials and are actively working to replace conventional recycled materials wherever possible.

- **Advanced recycled**

Advanced recycled materials are materials that come from advanced recycling technologies, such as chemically recycled fiber-to-fiber waste, or landfill waste where the material maintains its integrity and quality.

- **Bio-based**

In general, bio-based materials help us achieve product longevity and durability. Two examples of this are the Cloudneo and Cyclon-T where the material is derived from castor beans, a drought-tolerant crop not competing with forest land or other food crops.

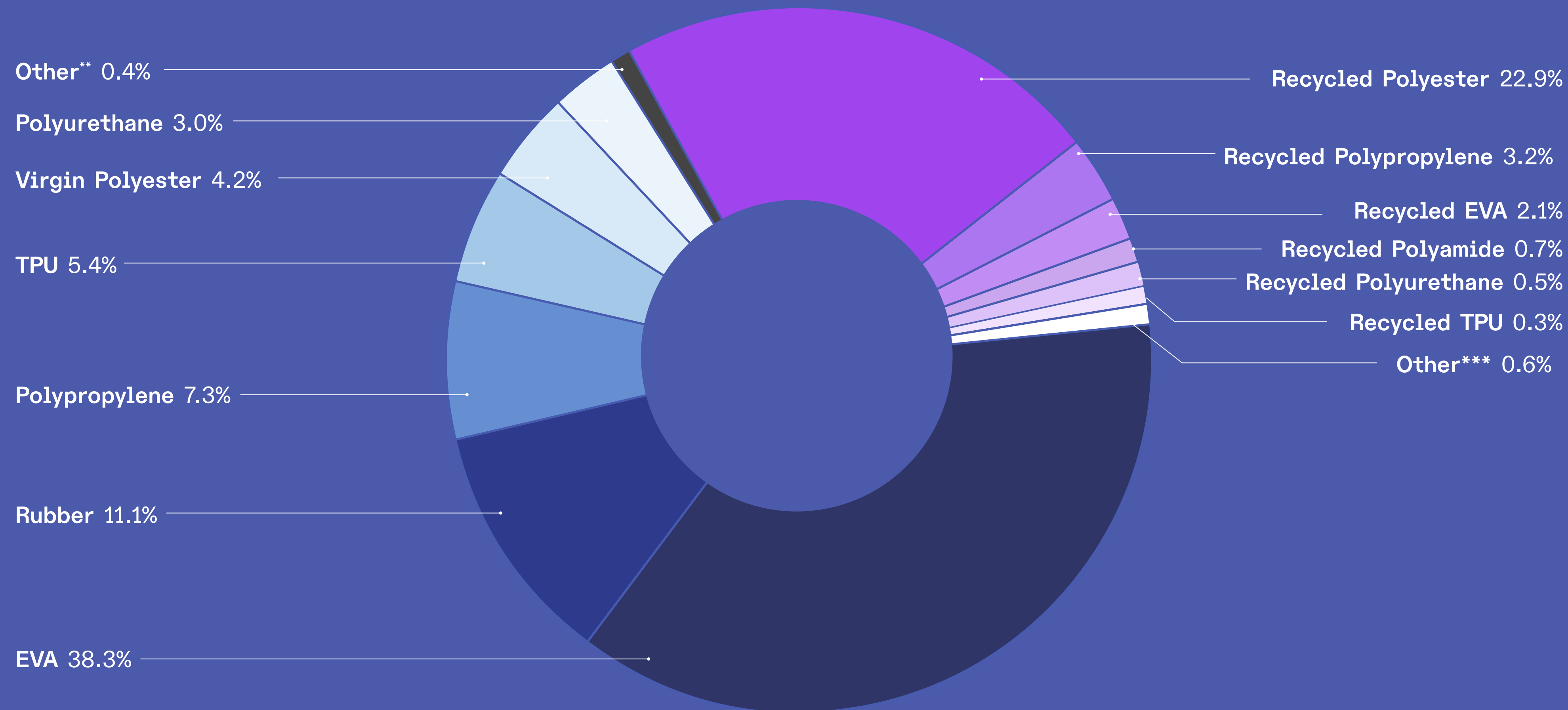
- **Carbon emission based**

This refers to the raw material input that uses captured carbon emissions to create new materials. You can see this in CleanCloud®, a high-performance EVA foam that can replace fossil-based EVA foams (which are industry norm for midsoles). CleanCloud® was created in partnership with Borealis, LanzaTech, and Technip Energies.

The figure on page 20 shows the total material types used during 2022. Those shaded in purple show the percentage of materials that fit within Fossil-free. 30% in all categories of footwear, apparel, and accessories were made using fossil-free materials.

Apparel and accessories alone use 64% fossil-free materials.

TOTAL MATERIALS USED ACROSS OUR PRODUCTS IN 2022* (Tonnes)



*To calculate the percentage of materials used across all our products we determined the materials used for 80% of our products, based on design specifications, and extrapolated the calculation to the remaining 20% of the products.

** Virgin Polyamide 0.22%, Elastane 0.20%

*** Organic cotton 0.27%, Jersey 0.21%, Lyocell 0.08%, Cotton 0.02%

DESIGN FOR CIRCULARITY

We have been designing for circularity for a number of years now, and it's where we have made the greatest strides. Much of this work has come from our innovation team. They've been piloting, testing, and scaling their efforts so that we can take full responsibility and accountability for the product lifespan, including the end of life.

Examples of our actions include:

- Restricting the number of materials and parts needed.
- Designing for disassembly when mono-material construction isn't possible.
- Setting a minimum recycled polyester content for the footwear upper which allows the integrity of the yarns to be maintained for a second life.

CIRCULAR BUSINESS MODELS

The traditional linear economy focuses on products. To transition to a circular economy, we know we must diversify our business model and consider services as well. Here, we've made significant progress in two areas: re-sale, which can extend the life of our products, and subscription services, which can ensure products are returned to us once they reach their end of life.

We're still in the early stages of this journey. However, we launched two pilot projects in 2022:

- **Onward™** is our pilot re-commerce program in the United States, where On products are given a second life.
- **Cyclon™** is our subscription-based circularity program for our fully recyclable Cloudneo shoe and Cyclon-T apparel currently available in 34 markets.

These two projects are first steps as we continue to understand where we can make the biggest impact and influence. Over the coming year, we'll be exploring other areas including remaking, repurposing, repairing, and, as the final option, recycling. Our goal is to increase the share of these types of initiatives to reduce our impact on the planet.

DESIGN FOR CIRCULARITY

CLOUDEASY

This minimalist sneaker has a 100% recycled polyester knit upper, and is made from just 15 components.



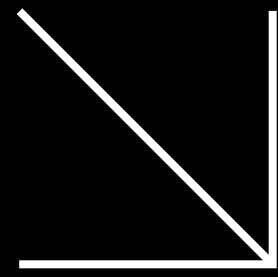
CYCLON-T

Also made from castor beans, a fully bio-based material. It comes in an undyed white and is built for performance.



CLOUDNEO

Made of PA11 and Pebax, two high-performance and fully recyclable materials derived from castor beans. It's also made with fewer than 10 components which are all from the same material family, meaning it's easier to turn into a new product.



Launching Cloudneo on Cyclon™

Back in June 2022, we went live with Cyclon™, our subscription-based circularity program. This platform was made available to 34 markets—including the United States, Canada, Europe, China, and Japan—and represents a major milestone in our efforts to make On a fully circular business.

The first product in the Cyclon™ program is the Cloudneo, the first fully recyclable performance running shoe. It's been created with circularity in mind, through design features such as materials that can be recycled together, construction from fewer parts, and leaving the materials in their natural, undyed color.

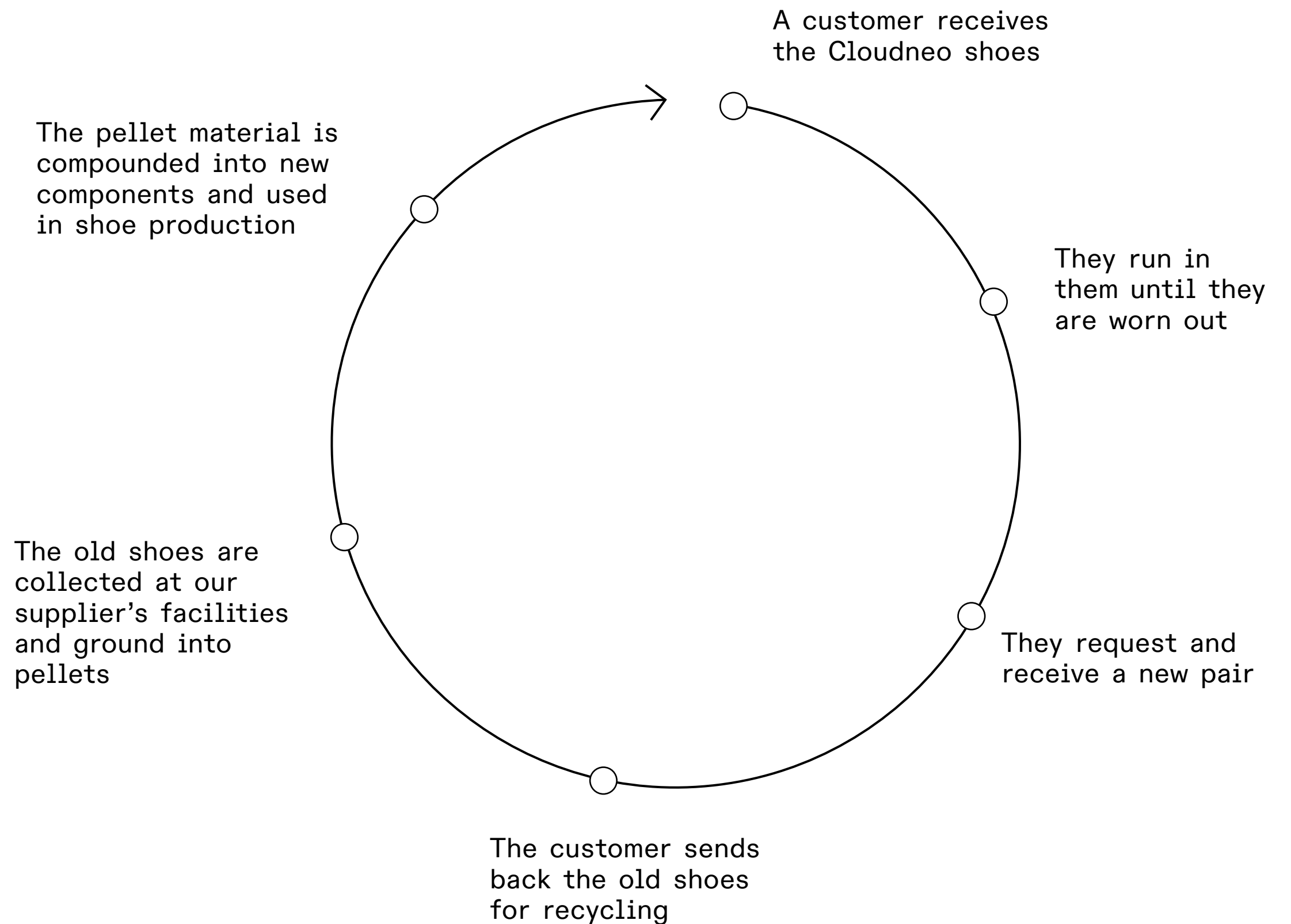
The upper is engineered from PA11, a bio-based polyamide derived from castor beans (a crop that doesn't compete with the food chain). The bottom unit is engineered from an

equally high-performance polyamide compound called Pebax.

By providing the Cloudneo on the Cyclon™ platform, we can ensure it is a circular product. With Cyclon™ we're shifting consumer behavior by having people actively engage in the recycling process to keep materials in the loop.



Run. Recycle. Repeat



The pellet material is compounded into new components and used in shoe production

The old shoes are collected at our supplier's facilities and ground into pellets

The customer sends back the old shoes for recycling

They request and receive a new pair

They run in them until they are worn out

A customer receives the Cloudneo shoes

The running shoe you will never own

With the Cloudneo only available on the Cyclon™ subscription model, we're testing and shifting the perception of ownership and value in the consumer's mind. Our goal is to change the future of running shoes to make returning old products the norm and dramatically reduce waste.



Expanding into apparel

In March 2023, we launched the Cyclon-T, our first fully circular performance T-shirt. It's made from castor beans, a 100% bio-based material that's fully recyclable. Just like the Cloudneo, it can be shredded and recycled at the end of its life to make new products.



The Cloudprime featuring CleanCloud®

We continue to move away from using fossil-based feedstock and explore alternative materials for producing high-performance products. The Cloudprime is the first shoe to be made from carbon emissions. The shoe prototype, which we are looking to scale, was made possible by working with our partners LanzaTech, Borealis, Technip Energies, Fairbrics, and Novoloop.



PES upper made from 27% CO₂

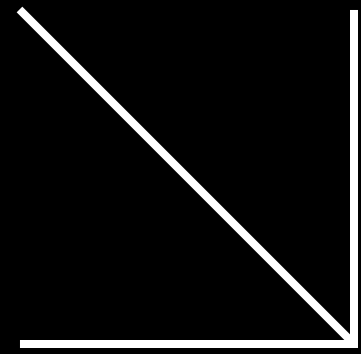
For the upper, On is collaborating with the young start-up Fairbrics to create a polyester-based textile made from carbon emissions.

EVA foam sole made of 51% CO₂

Cloudprime uses CleanCloud®, our material innovation born from our new supply chain initiative dedicated to turning greenhouse emissions into quality performance materials. This is made possible with the help of LanzaTech, Borealis, and Technip Energies.

TPU outsole made from upcycled landfill waste

This is the first-ever chemically-recycled TPU made from discarded plastic. The achievement is the result of a two-year-long joint development with Novoloop, an emerging leader in plastic circularity.



Pushing circularity with Onward™

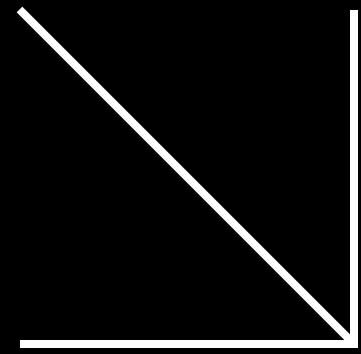
Extending the life of our products is a key part of our circularity vision. In 2022, we collaborated with Trove to develop a platform called Onward™, allowing people to buy and sell pre-owned On items.

The platform is currently available in the United States and offers customers a place to buy and trade-in their lightly used gear. This has allowed us to extend the product use cycle, and has opened up a secondary market of new customers who seek sustainable solutions at more affordable prices. In 2023, we'll be extending trade-ins to include apparel and making in-store trade-ins possible in select cities across the United States.

5,400

customers ordered over 9,600 used items from Onward™ by the end of 2022





Partnerships for change

LOW IMPACT ALLIANCE

We are supporters of the Low Impact Alliance (LIA), a global non-profit collective of retailers, athletes, and brands advocating for a more sustainable running industry. Its mission is to promote transparency and environmental responsibility in three main ways: advocacy for the running community, education for retailers, and inspiration for everyone to take actionable change.

We provide financial sponsorship, as well as sustainability expertise in weekly leadership calls and monthly webinars.

LIA was founded by the owners of the Palmetto Running Company, with encouragement from On co-founder Caspar Coppetti.

RETAILER SUSTAINABILITY SUMMIT 2022

We invited performance running retailers from across the US with a passion for innovation and sustainability to a summit in Bend, Oregon. With eighteen retailers we discussed how we could work with brands, other retailers, and communities to find solutions that'll help address our climate and planet challenges.

Providing presentations from industry leaders, the event also featured an outdoor movie night with the film *Breaking Boundaries: The Science of Our Planet*, and hosted a farm-to-table dinner.

There were over a dozen accounts in attendance, including Playmakers, Naperville Running Co, Heartbreak Run Co, and Marathon Sports, amongst others.

5

movement sessions

28

attendees

7

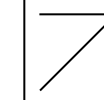
presentations

20

product testing sessions

When asked how confident attendees felt about their ability to achieve their sustainability goals post-summit, 77% rated their ability 4+ out of 5





PLANET GOALS

— With Science Based Targets initiative (SBTi)

HOW WE'RE ACHIEVING SUCCESS FOR THE PLANET



OUR GOAL

By 2030, we want to achieve:

- 46% absolute reduction in our Scope 1 and 2 emissions.
- 55% economic intensity reduction (emissions per unit of value-added) in our Scope 3 emission

In 2020, our greenhouse gas emission reduction targets were reviewed and agreed with the Science Based Targets initiative (SBTi) and aligned with the Paris Agreement goal of holding average global temperatures at no more than 1.5°C above pre-industrial levels.

Progress: Scope 1+2

Although Scope 1 and 2 emissions constitute a small part of our total emissions (approximately 0.1%), it's still a priority for us to operate with the lowest possible footprint. Having an absolute target in place means we are forced to decouple our growth from our emissions.

In 2022, we saw a significant increase in revenue which also meant our physical footprint increased. Despite this, we were still able to reduce our absolute Scope 1 and 2 emissions. This represents a positive trajectory which will lead us to our 2030 target.

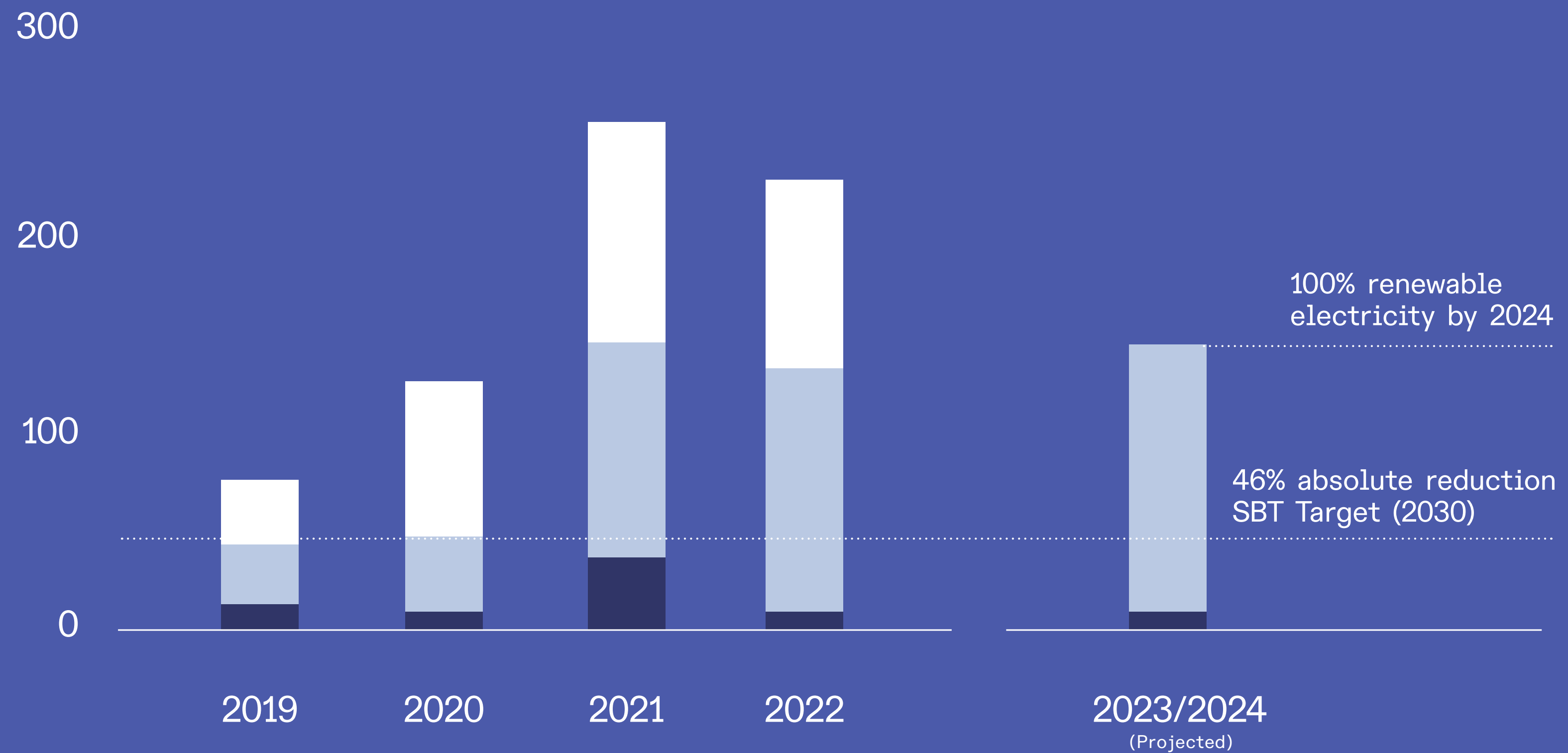
In 2022, leased vehicle fuel-use is included in Scope 3 emissions and in the recalculation for previous years. In our previous reporting,

our methodology had incorrectly included leased vehicle fuel-use in Scope 1 emissions. We've recalculated each year with the revised methodology from 2019 to present. The Appendix provides more details.

With the purchase of Environmental Attribute Certificates (EACs) in 2022 and direct renewable electricity purchase contracts, we've been able to reduce more than 90% of our electricity emissions.

The figure on page 29 shows our Scope 1 and 2 emissions for 2022 which include the renewable electricity purchased for Switzerland, Germany, and the US. With nearly all of our electricity covered by EACs, our next step is to address district heating, specifically in Switzerland and Germany.

ABSOLUTE SCOPE 1+2 EMISSIONS FOR 2022 (Tonnes CO₂e)



- Scope 1*
Direct heating/gas combustion
- Scope 2
District heating
- Scope 2
Purchased electricity

* Scope 1 includes stationary combustion emissions in On offices and stores. The mobile combustion emissions resulting from operating leased cars are included in Scope 3 Category 6. More detailed information can be found in the Appendix.

PLANET GOALS

It starts with us: owned operations

BUILDINGS

OUR GOAL

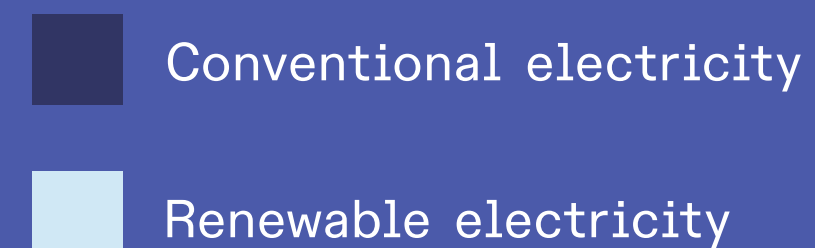
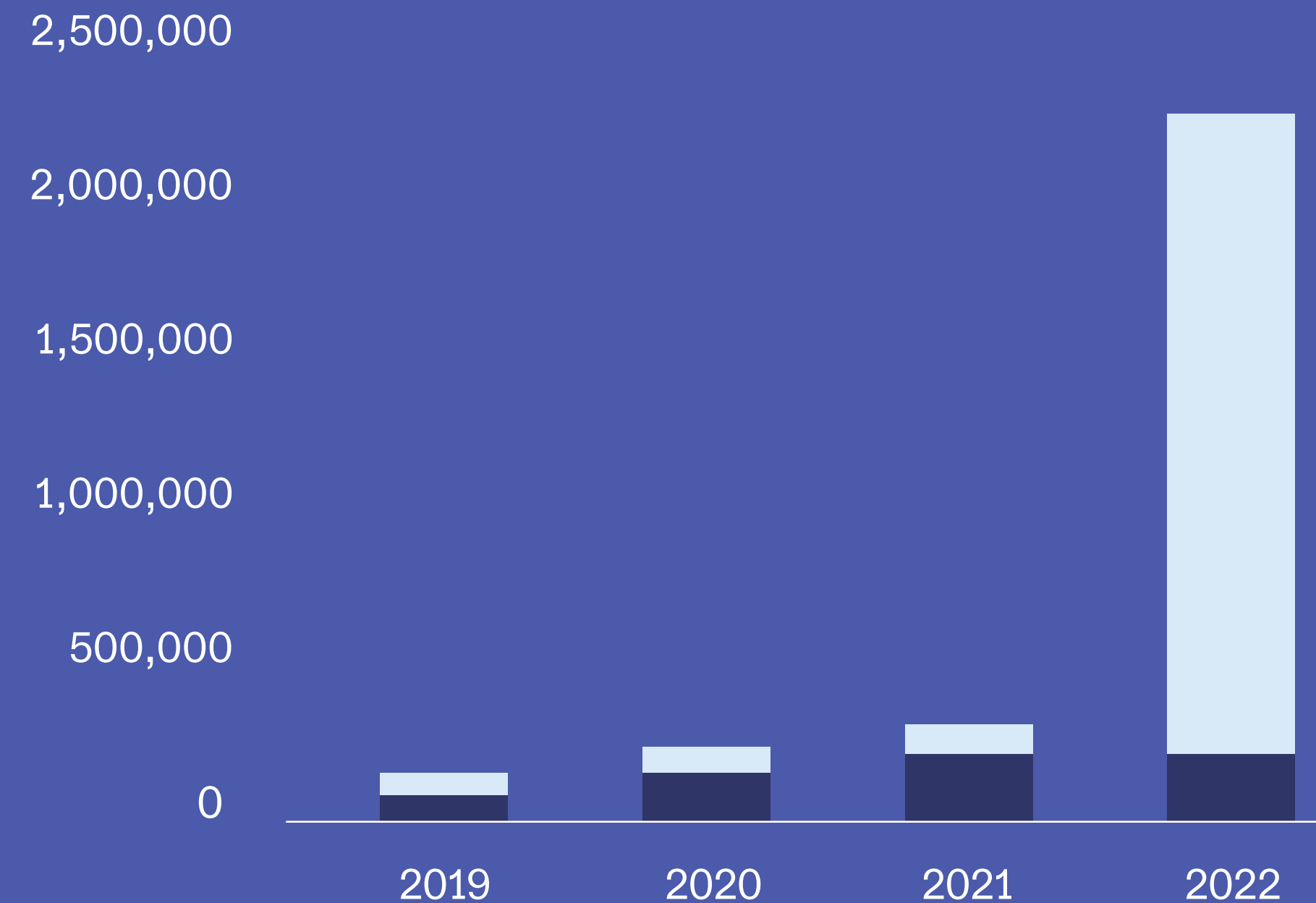
By 2024, all On offices and stores will be powered by 100% renewable electricity.

Progress

With over 90% of our electricity covered by renewable sources, our next step is to address district heating, specifically in Switzerland and Germany. Although the emission factor is much lower in these regions due to waste-to-energy infrastructure, we are exploring innovative ways to reduce this impact to meet our SBT Scope 1 and 2 absolute reduction goal of 46%.



SCOPE 2: PURCHASED ELECTRICITY (kWh)



Renewable electricity power purchase contracts were accounted for from 2021 onwards for Berlin and Zurich.

EACs were purchased for our operations in the US in 2022 which are supporting renewable electricity being generated from wind technology.

Progress: Scope 3

With approximately 99% of our impact coming from Scope 3 emissions, we’re moving in the right direction towards our 2030 goal. With updating our methodology and recalculating every year since 2019 we are showing a 12% reduction in CO₂ per CHF (gross profit).

A better understanding

Over the last year, we spent extensive effort to revise our methodology, improve data quality, and plan for year-over-year comparability. Emission factors were updated. Unverified data with significant variability or quality issues was removed. We’ve also adjusted our economic intensity metric¹.

Since 2019, our Scope 3 emissions per gross profit (metric used to measure value added) have decreased by 12% from our baseline (see figure on page 32). And while we are slightly behind on our 55% target, we are tracking well in the right direction towards 2030. The Climate methodology in the Appendix provides more detail of our methodology and the rationale behind our results, which follows the Greenhouse Gas (GHG) Protocol.

1. We revised our GHG emissions per value added (GEVA) to Swiss francs rather than US dollars and revised our value added to gross profit rather than Adjusted EBITDA + Personnel costs. This was done in accordance with SBTi requirements and will be formally submitted to SBTi prior to 2025.

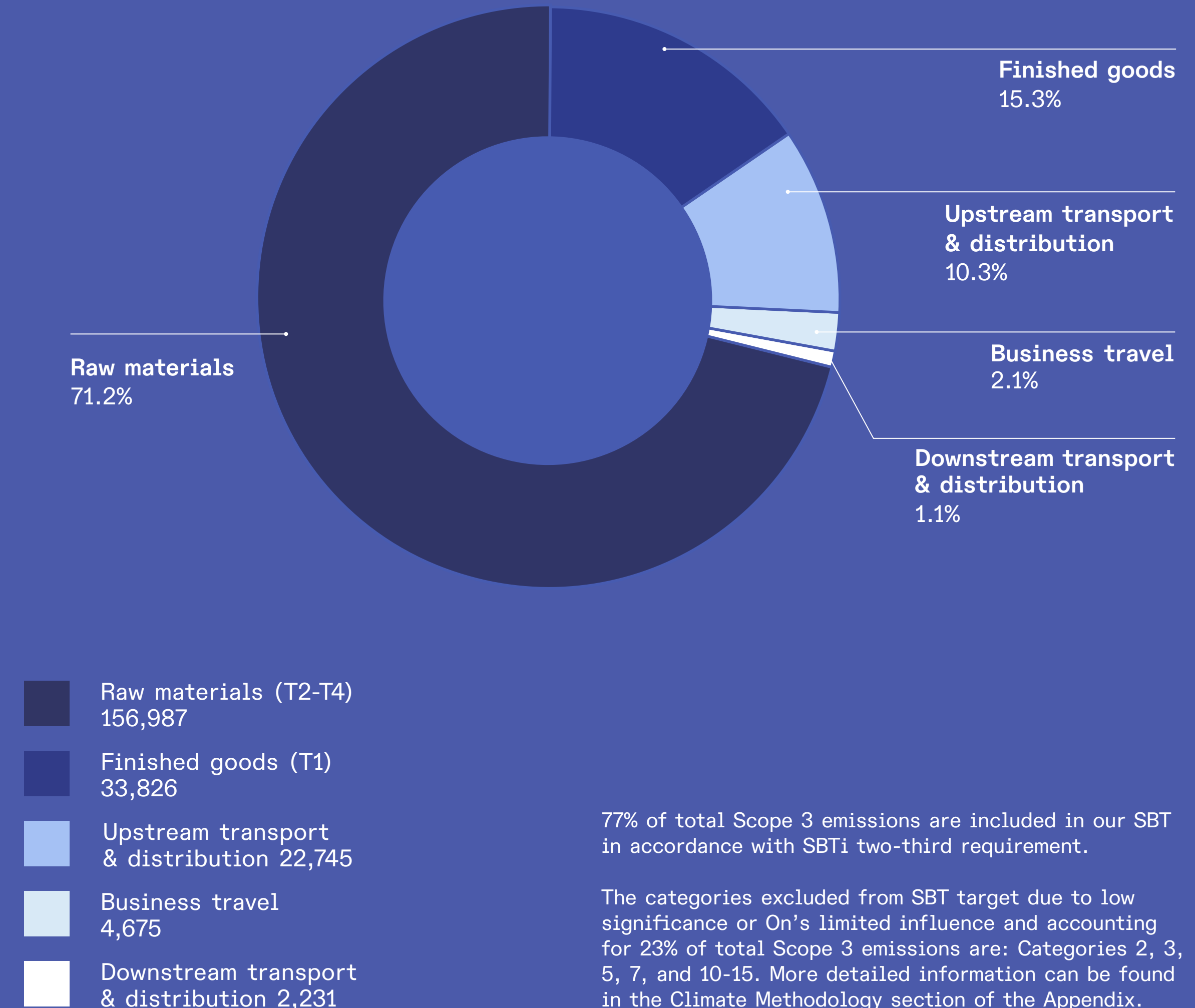
Material matters

The biggest reason we are seeing reductions in Scope 3 emissions is due to our increased use of recycled materials (see page 34).

This equates to lower emissions per kilogram of material used when comparing recycled to virgin materials.

Today, we are using significantly more recycled polyester and polyamide. On top of that, we are increasing the use of other recycled material types such as recycled EVA, TPU, polypropylene, and polyurethane.

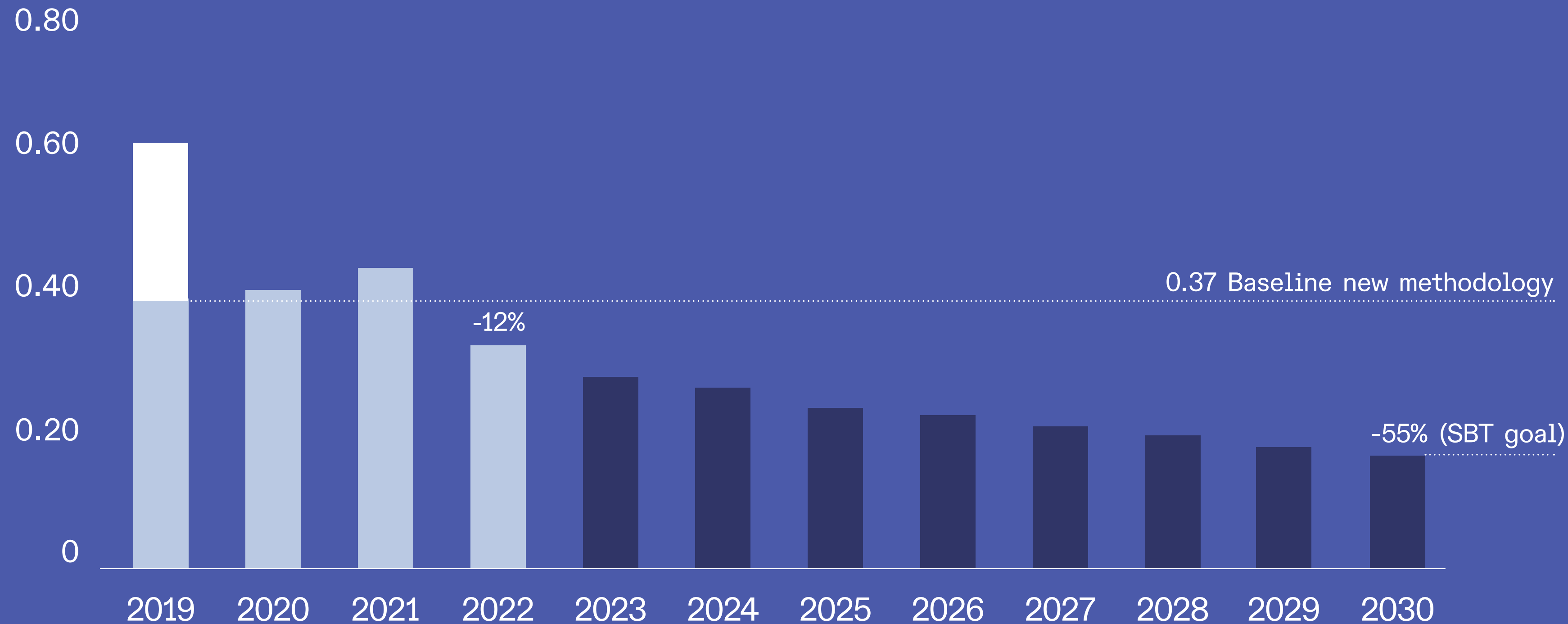
SCOPE 3 SBT EMISSIONS BY CATEGORY (Tonnes CO₂eq)



77% of total Scope 3 emissions are included in our SBT in accordance with SBTi two-third requirement.

The categories excluded from SBT target due to low significance or On’s limited influence and accounting for 23% of total Scope 3 emissions are: Categories 2, 3, 5, 7, and 10-15. More detailed information can be found in the Climate Methodology section of the Appendix.

SCOPE 3 ECONOMIC INTENSITY EMISSIONS (Kg CO₂eq / CHF)



- Old methodology
- New methodology
- 55% Scope 3 target

1. Our 2019 baseline and subsequent years have been recalculated with an improved methodology approach that is detailed in the Climate Methodology section of the Appendix.

2. In accordance with SBTi guidance we have additionally revised our GHG Emissions per Value Added (GEVA) from USD to CHF and EBITDA + Personnel Costs to Gross Profit.

Supply chain partners

Other ways we've contributed to reductions in the last year include cutting down our reliance on the shipment of our products via air freight as well as incorporating renewable electricity in our warehouses.

Tier 1 manufacturing partners account for 15% of our Scope 3 emissions. As a result of foundational efforts, such as the roll-out of the Higg Index, and providing training in energy efficiency and renewable energy procurement, we expect to see significant reductions in emissions in the coming years.

In 2022, 33% of our Tier 1 partners used renewable energy through the use of biomass and onsite solar panels. Three of our partners are currently evaluating the feasibility of moving to a fully renewable energy solution.

VEHICLES

OUR GOAL

By 2030, all our vehicles will be 100% electric.¹

In our 2021 Impact Progress Report, we incorrectly reported emissions from our leased vehicles in Scope 1. This year, with our methodology revisions, the emissions are now correctly recorded in Scope 3.

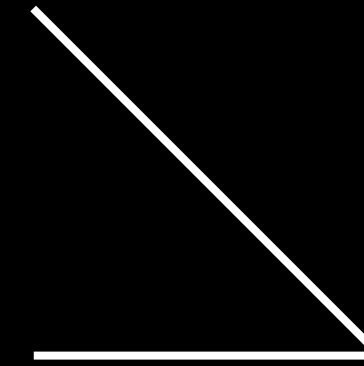
Leased Assets (Category 8) is combined with Business Travel (Category 6) and accounts for 1.6% of our total Scope 3 emissions, which is equivalent to 4,675 tonnes.

Although this is a small portion of Scope 3 we are continuing to work on this goal. Due to our high growth, our use of vehicles has expanded in the last few years to support such growth.

Progress

We implemented policies where lease renewals which are on a three-year cycle will only be renewed as electric vehicles as a first choice, where the charging infrastructure allows.

Additionally, upon lease renewal, we re-evaluate the need for a dedicated vehicle as well as the size of vehicles.



On track with logistics emissions reduction

In 2022, upstream transport and distribution accounted for 8% of our Scope 3 emissions and air freight 13%, only one percentage point higher than 2021.

Although sea freight has much lower emissions, we are collaborating with Forto, a sea freight forwarding and supply chain solutions provider, to enable us to transport products using biofuel-powered methods. This is facilitated through a book and claim system, allowing emission reductions to be generated at one point and subsequently claimed elsewhere, utilizing a registered chain-of-custody framework.

This method is essential during the early phase of the maritime biofuel market, as it makes logistics easier and encourages sustainability. As more companies take part in this system, biofuel availability will increase, making it simpler to source directly.

At the start of 2022, Forto introduced second-generation biofuels. At the end of 2022, all Forto volume shipments to Europe were covered by biofuels.

1. Where infrastructure and business logistics allow.

PLANET GOALS

Redefining the industry with materials and packaging

PREFERRED MATERIALS

OUR GOAL

By 2024, our products will use:

- 100% recycled polyester (total recycled content)
- 100% recycled polyamide (total recycled content)
- 100% cotton fibers sourced from organic, recycled, or petrol-free sources

Recycled polyester, recycled polyamide, and cotton fibers form the literal fabric of our future.

As we make steady progress toward our targets, we will establish new goals and monitor our advancement across distinct categories. These encompass third-party certified conventional recycled materials, advanced recycled materials, and novel bio-based and carbon emission based polymers. Additionally, we will consider natural materials, preferably sourced regeneratively, which may include materials like natural rubber, man-made cellulosics, wool, or cotton.

Progress

We are currently on track to meet our 2024 targets. At the end of 2022, our progress was 85% for recycled polyester, 76% for recycled polyamide, and 94% for organic cotton.

In 2022:

85%

Recycled polyester

76%

Recycled polyamide

94%

Organic cotton

PACKAGING

In 2021, we achieved our objective of utilizing 100% recycled, FSC-certified cardboard for packaging footwear and accessories, along with 100% recycled High Density Polyethylene (HDPE) for apparel packaging. We're proud to state that we have sustained this achievement throughout 2022.

Our efforts have now been focused on reducing the amount of waste generated during packaging production. Our ambitions are to develop a comprehensive guideline for sustainable packaging by 2023 and pilot several innovative sustainable packaging solutions to further minimize our environmental impact.

100%

FSC-certified recycled cardboard

100%

Recycled HDPE



PLANET GOALS

Getting comprehensive with chemicals

PRODUCT CHEMISTRY

OUR GOAL

100% PFAS-free by 2027

Our team has been working hard to ensure any materials that require durable water repellency are PFAS-free. PFAS, or perfluoroalkyl and polyfluoroalkyl substances, are a group of synthetic ‘forever chemicals’ that do not degrade naturally and bioaccumulate in the environment.

Scientific evidence highlights substantial adverse impacts to human health from most common PFAS substances. Despite this, the outdoor industry has long employed PFAS for water-repellency. Originally, our goal was to eliminate durable water-repellent coatings (DWRs) with PFAS. However, this definition did not encompass water repellent membranes that might inherently contain PFAS. In response, we have redefined our goal, encompassing both coatings and membranes, starting from 2023.

Progress

In 2022, 90% of our waterproof footwear and apparel styles were PFAS-free and 100% of our accessories were PFAS-free. Two of our waterproof footwear styles had bluesign® certified PFAS (C6) chemistry.

Recognizing the growing emphasis on regulations and compliance in this area, we are steadfastly dedicated to achieving a PFAS-free status as early as possible. We are in close collaboration with our material manufacturing partners to establish the necessary groundwork that will ensure we meet our goal.

OUR GOAL

AFIRM and REACH compliant RSL implemented in Tier 1 and 2 by 2020

With our 2020 goal, we implemented a stringent material testing procedure to ensure the confirmation of compliance amongst our manufacturing partners. Throughout 2019 and into 2020, our teams diligently collaborated to secure the adherence of our manufacturing partners to the material testing procedure, encompassing the AFIRM RSL.

Progress

This goal was successfully met, and in 2021 the same RSL was retained due to the Covid-19 pandemic and difficulties in maintaining RSL updates. As this stands as an ongoing annual mandate, we will cease to include it in our goal progress reports after this year.

Nevertheless, the journey leading to this achievement has been immensely valuable in establishing a robust compliance foundation. We will persist in refining our failure resolution process and material testing procedure, enabling us to formulate a risk-based testing approach that is feasible for our suppliers and for On.

90%

of our waterproof footwear and apparel were PFAS-free in 2022



RESPONSIBLE MANUFACTURING GOALS

STRENGTHENING OUR SUPPLY CHAIN

ENERGY

Here's an update on the new Responsible Manufacturing Goals related to energy that were set this year.

OUR GOAL

- 100% of our strategic Tier 1 partners to be fully powered by renewable energy by 2027²
- 100% of our strategic Tier 1 and Tier 2 partners will not use coal as a direct energy source by 2028

Progress

As shown in the figure on page 31, Tier 1 suppliers account for 15% of our Scope 3 greenhouse gas (GHG) emissions. In 2022, we collaborated with our primary Tier 1 manufacturing partners, those contributing the highest volume, to conduct, for the first time ever, self-assessments using the Higg Facility Environment Module (FEM).

2. 'Fully powered' refers to electricity generated onsite, direct or virtual power purchase agreements, or environmental attribute certificates (EACs) in order of preference.

All of our suppliers adopted the Higg FEM self-assessment in 2022.

One-third of our Tier 1 suppliers (8 factory locations) used renewable energy through the use of biomass and onsite solar panels. Three suppliers are currently evaluating the feasibility of moving forward with a renewable energy solution. One supplier has signed a contract for an onsite solar rooftop which, when installed, will allow for almost 25% of its electricity to be covered by renewables.

During the previous year, as part of our equal partnership commitment, we hosted group training sessions on the topics of renewable energy procurement and energy efficiency for 80% of our major suppliers by volume.

For our Tier 2 partners, we spent the year gaining better transparency into our supply chain. The plan is to launch the Higg FEM with our Tier 2 partners in 2023.



WASTE

OUR GOAL

Waste diversion rate at Tier 1 factories
>90% by 2025

Waste is a common byproduct of the apparel and footwear industry. But before waste happens at the factory level, there are many steps we can take to minimize it. This includes avoiding designs that create additional waste, minimizing cutting waste with higher pattern efficiency, and using leftover rolls of material.

Progress

Our product team is using data to track and improve pre-production waste (e.g. pattern efficiencies and production samples) as well as working with our manufacturers on post-production waste (e.g. cutting waste with glues and chemicals which can be considered hazardous).

During 2022, we conducted two waste pilot projects and gained a better understanding of some of the regulatory and recycling constraints in Vietnam. One of our manufacturing partners shared its commitment to reach a 100% diversion from landfill rate by 2024. All of these incremental measures play a role in achieving our overarching circularity vision. We are developing our post-use waste strategy over this year based on the learnings from our pilot work in 2022.



WATER

OUR GOAL

80% of our strategic Tier 1 partners achieve level 3 conformance with the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) by 2025

Water and chemistry play an important role in the manufacturing of our products. We have made efforts on our products by specifying, where possible, low water use dyeing technologies.

As part of our Responsible Manufacturing Program, we've introduced a new goal requiring our Tier 1 manufacturing partners to comply with the ZDHC MRSL. The ZDHC MRSL goes beyond the conventional methods by emphasizing upstream input control as a means of safeguarding both workers and the environment.

Previously, our goal was to achieve '100% water-based glues by 2024'. While our teams persist in seeking water-based glues whenever feasible and monitoring this in our bill of materials, we have chosen to adopt a more comprehensive approach. We are currently in the process of formulating a water strategy that will unfold over the next year.

Progress

We did foundational work in 2022. This included providing group training sessions for all of our **Tier 1 footwear suppliers on best practices in chemical management, and engaging all Tier 1 suppliers on the Higg FEM**. Additionally, as a pilot and part of developing our strategy, **we collected chemical inventories from 50% of our footwear suppliers**.

Our product teams emphasize the utilization of low-water technology for dyeing and finishing processes whenever viable. An example of this can be observed in our Cloudsurfer shoe, where we've employed dope dye technology.



RESPONSIBLE MANUFACTURING GOALS

Our manufacturing partners

TRANSPARENCY

OUR GOAL

- 100% Tier 1 suppliers publicly listed by 2020
- 100% Tier 1 and Tier 2 suppliers publicly listed by 2025

Transparency is a foundational principle guiding our operations, demanding ongoing dedication and attention as our company expands. By openly sharing our learnings and challenges, we can accelerate our progress in tandem with our peers, collectively addressing the pressing environmental and social challenges before us.

Progress

In 2020, we successfully achieved our goal of having our Tier 1 manufacturing suppliers being publicly listed. These partners are now listed on the Transparency section of our website, and we are committed to updating this information annually. **We are making progress towards having our Tier 2 suppliers be publicly listed by 2025.**

Who we work with

Choosing the right manufacturing partners has always been a priority for us, and we work with partners who share our values and vision. After all, we like to consider everyone we work with a part of the extended Oniverse. This means we always promote fairness, equity, and opportunity for growth in all of our manufacturing partner relationships.

We define manufacturing partners as any suppliers who interact with the manufacturing process of our products, including materials and components. This includes the factories where our products are assembled and materials made.

The [page](#) of our website has more information on our manufacturing partners.

100%

of Tier 1 manufacturing suppliers publicly listed since 2020



A SAFE AND HEALTHY WORKPLACE

OUR GOAL

By 2023:

- 100% of our Tier 1 and 80% of our strategic Tier 2 Partners will undergo a workplace standards audit by 2023

By 2025:

- 100% of Tier 1 manufacturing partners will have implemented a living wage by 2025

We're developing an updated and improved Workplace Standards Program and plan to roll this out in 2023. We're also in the process of updating our Supplier Code of Conduct within 2023, which can be found on our [website](#).

Progress

We continue to build strong relationships with new and existing manufacturing partners who share our values and vision to embed sustainability into business operations.

In 2022, we monitored workplace standards with the On Supplier Code of Conduct and independent third-party audit partners such as OneStep and Openview. Recognizing the

value of industry collaboration, we accept several audits in lieu of our own, such as the Social and Labor Convergence Project (SLCP), Better Work, and others.

Last year and in the early part of 2023, we audited 100% of Tier 1 suppliers. Any major or high-risk areas were flagged by our internal experts and resolved in collaboration with our manufacturing partners. We also began piloting a self-assessment and verification process through SLCP and the Higg Index.

As part of our partnerships approach, we provided training opportunities which saw us bringing our suppliers together to learn about topics such as overtime, wages and benefits, legal permits, and fire safety systems. **More than 80% of our Vietnam suppliers were trained on labor laws. We initiated the process of gathering preliminary wage data from 55% of our Tier 1 suppliers, as a foundational step towards comprehensively understanding the needs of workers.**

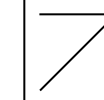
100%

of Tier 1 suppliers audited according to our Workplace Standards Program

100%

of our Tier 1 suppliers agreed to our Supplier Code of Conduct





PEOPLE

— Our mission is to foster equity and celebrate diversity everywhere we work and move

On is filled with people who are committed to creating a diverse, inclusive, and equitable workplace experience. Transparency is crucial to holding us accountable for the progress we achieve. That is why this section provides details on our progress in relation to people.

- A deep dive into our Diversity, Equity and Inclusion numbers
- A look at our Right To Run program
- Exploring our partnership with [charity: water](#)

DIVERSITY + INCLUSION

To truly make a difference and diversify the running industry, we need to support the communities that have been historically left out of the conversation.

In 2022, we began this work in earnest.

We partnered with [Girls in Tech Switzerland](#) to host a hackathon at On Labs in Zurich. We worked with [Scope of Work](#) to provide internships for young BIPOC creatives. We also became active members of the [Running Industry Diversity Coalition \(RIDC\)](#), an organization that provides resources, measures progress, and holds the running industry to account in terms of equitable employment, leadership, and inclusion for BIPOC communities.

In collaboration with RIDC, we created a scholarship fund to increase BIPOC representation at The Running Event (TRE) in Texas—a running and outdoor retail conference and trade show.

We are members of [Stonewall’s Diversity Champions Program](#), which is helping us become LGBTQ+ inclusive leaders. Additionally we are members of [EqualVoice United](#), a network designed to increase the visibility of women in the media, create more female role models, and give women an equal voice.

Inclusion is core to our culture at On. We want everyone in the Oniverse to feel comfortable being their authentic selves, as well as valued and respected as individuals. Dedicated internal communities with safe and open feedback processes help drive this.

We’ve continued to support our employee-led Inclusion Groups in 2022: Women ConnectiOn, OnPower, Iridescence, Parents at On.

To the date of this report, we have also founded five more: Black Tapestry, All Kinds of Minds, R&She, Inclusi-ón, and On-Vey.

We know there are more places where we can lend our support, and much more we can do to create a positive impact for people. Being transparent is just the very beginning.

Our D&I mission: make diversity and inclusion a habit that’s infused in the way we live so that we can positively impact the world.



A CLOSER LOOK AT ON'S DIVERSITY DATA

Our workforce

Number of teammates*

2021

2022

Gender identity (Oniverse)

Women
Men
Non-binary/third gender
Prefer not to say
No response received
Other (self-describe)

1,179

1,726

46.7%

46.9%

50.4%

48.5%

0.5%

0.5%

0.1%

0.1%

2.3%

3.9%

–

0.1%

Gender identity (Leaders)

Women
Men
No response received
Non-binary/third gender
Other (self-describe)
Prefer not to say

45.5%

44.5%

54.3%

54.7%

0.2%

0.3%

–

0.2%

–

0.2%

–

0.2%

Gender identity (Senior Leaders)

Women
Men

37.7%

34.4%

62.3%

65.6%

Race / Ethnicity (US and Canada ONLY)

White
BIPOC
No response received
Prefer not to say

64.8%

60.8%

23.3%

25.8%

11.9%

12.4%

–

1.1%

Race / Ethnicity (Leaders)

White
BIPOC
Prefer not to say
No response received

55.2%

51.2%

22.5%

22.5%

1.6%

2.5%

20.6%

23.9%

Race / Ethnicity (Senior Leaders)

White
BIPOC
No response received

62.3%

59%

15.1%

14.8%

22.6%

26.2%

Number of nationalities

65

79

* In 2022, we transitioned from using FTE (full-time equivalent) measurement in previous reports to employing the precise headcount of actual employees and subsequently adjusted the data for 2021 accordingly.



OUR BRAND AMBASSADORS

Our Ambassador Program is for local heroes who want to champion On within their communities. From sharing new product launches and collections, to inspiring people to connect with us at our events, our Ambassadors are key in helping us encourage communities around the world to move.

258

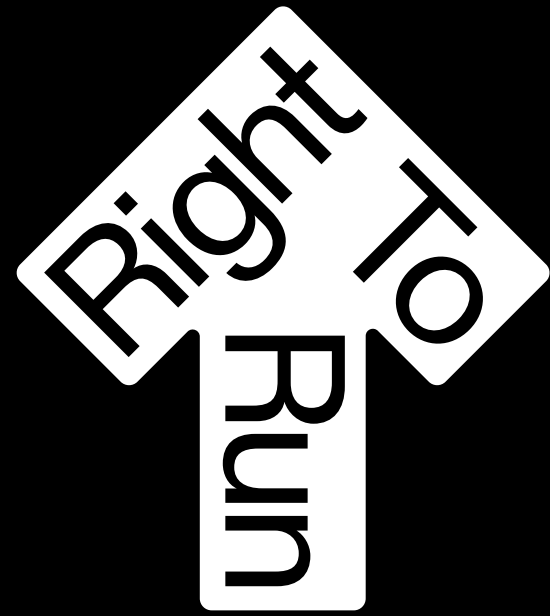
On Ambassadors globally

62.4%

of On Ambassadors globally identify as women

39.5%

of On Ambassadors in the Americas identify as BIPOC



**Right To Run mission:
To empower organizations
that protect and preserve
their community's
fundamental right to run
and move.**





RIGHT TO RUN

In early 2020, we set up Right To Run, a social impact program that supports organizations working hard in underrepresented communities across the world to tackle the barriers to movement, from access and inclusion to safety.

To get more people moving and feeling confident and safe, we work with organizations in different ways. These include long-term partnerships and one-time giving, volunteer assistance, event support, and more.

The program serves as a vital embodiment of our brand values and mission: to ignite the human spirit through movement. Whether these organizations are helping individuals with disabilities to participate in running races or getting kids out of the city and into the countryside, our aim is to amplify their work—helping preserve everyone’s right to run and move.

Our goal

As Right To Run continues to grow, our commitment to democratizing movement remains steadfast. We are scaling our monetary and in-kind donations and mobilizing the On-teammate base to volunteer across our global communities. Our aim is to make a positive impact on the lives of 100,000 community members.

Learn more about the program at righttorun.com, and see more on our partnerships built globally in the Appendix.

IN 2022

16

partners globally
(versus 10 in 2021)

60,000

community members impacted
(versus 43,000 in 2021)

\$200,000

in grants donated
(versus \$90,000 in 2021)

4,300

products donated
(versus 500 in 2021)

2023 GOALS

25 organizations

to build partnerships with globally

\$900,000

direct grant funds to be donated

20,000

units of product to be donated

1,200

volunteer hours by 300 On teammates

\$200,000

in teammate-directed giving by On

8

impact learning and support sessions to be held, at an average attendance of 75 teammates per session

PARTNERSHIP WITH ‘CHARITY:WATER’

Today, 771 million people still lack access to clean water. Most of those affected by water poverty live in rural areas in developing countries, where this lack of water exacerbates problems around education, income, and health.

The non-profit organization charity:water has made it its mission to tackle this and help bring clean, safe water to every person on the planet. It recognizes providing the right water solution for each community requires a nuanced approach.

To help charity:water’s work in Cambodia, we launched the [Make Waves challenge on Strava](#), the activity tracking app. Taking place from late March, the challenge was timed with the launch of the new Cloudsurfer—a shoe colored using dope-dyeing technology, a process that uses 90% less water than conventional dyeing techniques.

For every kilometer logged via Strava, On donated the equivalent of 10 liters of water. In under two weeks, the On community put in an incredible effort to hit the target of 10 million kilometers, representing over 100 million liters of clean water. We then increased that figure to 110 million. Through this donation, charity:water will take care of installing four water and sanitation systems

in rural Cambodian schools. The students will also benefit from education about hygiene and sanitation habits, knowledge that will support good health for a lifetime.

In addition, ten BioSand filters will be installed in affected communities, providing safe drinking water at a rate of 16 gallons (60 liters) per hour. This infrastructure will secure a lasting supply of clean drinking water and a healthier life for an estimated 4,320 people.

We are proud of our partnership (and our runners) and hope to continue to positively impact communities around the world.

317,920

participants

4,320

people benefiting from clean water infrastructure

110

million liters of water donated

4

water sanitation systems installed



DREAM ON

03–11

NUMBERS

12–15

PROGRESS

16–48

APPENDIX

49–61

IMPACT GOVERNANCE

The practices that underpin our choices

The right framework for decision-making helps us achieve our mission of making high-performance products with the lowest possible footprint. It's how we can improve everything we do and continue to treat sustainability as a priority—without compromise.

While we actively fulfill our commitment to people and the planet, we are in a continuous process of refining our governance model. We want to serve as a role model and to bring about a transformational shift in the way our industry and other sectors conduct their business operations.

For more information on our governance practices and structure, please visit our [Governance webpage](#).

Sustainability is at our core

Our Spirits guide our behavior, values, and culture at On. Sustainability is embedded in all parts of our business, particularly through the Survivor Spirit, defined by its uncompromising approach to both performance and leaving the lowest-possible footprint.

Our dedicated sustainability team grew from four members to 10 in the last year, and is

responsible for evaluating our advancements and steering the business on its path. They spearhead our most ambitious initiatives and continuously push the company to strive for improvement each day.

We firmly believe that we cannot effectively oversee what we do not quantify. This belief has led us to establish distinct and ambitious goals, and we are resolute in our commitment to communicate our achievements.

Being a publicly traded company, we are currently in the process of applying the same rigorous standards, akin to our financial reporting, to the reporting and governance of our environmental and social endeavors and to ready ourselves for future reporting requirements.

Our democratized approach to progress

We operate with a 'team of teams' and democratized approach. Under the guidance and oversight of our ESG team, the company is empowered to make decisions with reduced bureaucracy. This provides team members with the freedom to create, innovate, and act within their areas of expertise, while maintaining alignment with On's overarching sustainability goals.

Setting expectations in code

The bases of our sustainable and ethical business practices are embedded in our [Code of Conduct and Supplier Code of Conduct](#). The values described in these documents are what unites us and our partners as a team. We always put the human aspects first and believe this is the basis for any sustainable business activity. We expect everyone we work with to demonstrate integrity, respect for the environment and abide by applicable laws and regulations.

Working together for regulation

While we strongly believe we must take urgent action and drive innovation to reduce climate change, we also believe regulation can be key in driving this change. That's why, alongside many other global companies, we've joined a number of initiatives.

These include [CEO4Climate](#), a Swiss-based group of business decision-makers, and [Protect Our Winters](#) (POW), a non-profit group with an advocacy focus.

In 2022, we gave our support to both groups as they campaigned for better climate policy through the Swiss Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security. The Act was passed on June 18th, 2023.

METHODOLOGY

PAY EQUITY ANALYSIS

On is committed to pay equity. We believe people who work in similar roles with similar experience and performance should be paid comparably, regardless of any demographic characteristics—whether gender identity, race, ethnicity or age. To ensure we are maintaining pay equity across the Oniverse, we conduct pay equity analyses on a regular basis.

Our gender pay gap analysis follows the Swiss government's Gender Pay methodology, which is based on a regression model. We conduct this annually, and it is used to establish whether there is a difference in pay at On that is influenced or driven by gender.

The model determines the wage gap

between men and women with similar professional characteristics and is analyzed across countries, functions, and levels. We recognize that gender is not binary; however, we did not have a large enough sample size to include additional gender identities.

The results verified that there is no existing Gender Pay Gap in the Oniverse. We will run an updated Gender Pay Gap analysis in October 2023 for the full organization, and evaluate increases during the compensation review at year-end.

We are committed to pay equity and will continue to conduct this analysis annually, expanding to additional demographics as extra data becomes available.



RIGHT TO RUN

At the time of publication, we have built 19 partnerships globally

[48 for Change](#)

Uses running to bring awareness to the systemic inequalities in our society, championing educational equality, positive change, and healthy lifestyles.

[Achilles Canada](#)

Uses running to help break down barriers between able-bodied people and people with disabilities through specialized programs and social events.

[Ainsley's Angels](#)

Believes everyone deserves to be included in running and movement, and is dedicated to building awareness about the US's special needs community in all aspects of life.

[Back on my Feet](#)

Combats homelessness through the power of fitness, community support, essential employment, and housing resources.

[Colour the Trails](#)

Works to remove barriers and create accessibility for the Black, Indigenous, and People of Color community, focusing on social change and sharing successes locally and globally.

[Equity Design](#)

Uses physical activity to close the health and equity gap among underserved and underestimated populations by creating long-lasting healthy connections to fitness.

[Free to Run](#)

Uses outdoor sports to develop female leaders in areas of conflict, providing them with the tools they need to become drivers of positive change in their own communities.

[The Fresh Air Fund](#)

Provides safe, fun, engaging, and enriching summer experiences for children from New York City's underserved communities.

[PlayTogetherNow](#)

Aims to help ease refugees' arrival in Austria and to integrate newcomers into society through regular recreational activities.

[Portland Frontrunners](#)

Aims to promote good health and provide an opportunity for positive social interaction

through running, walking, and club events in a supportive, LGBTQIA+ community.

[Rising Hearts](#)

Is an Indigenous-led, grassroots organization devoted to elevating Indigenous voices and promoting intersectional collaborative efforts across all movements.

[The Run Beyond Project](#)

Works with students in need as they attempt to complete a Goal Race that, at the outset of the program, they often consider impossible.

[Running in the Dark](#)

Aims to make running accessible to people with disabilities and helps to make them feel included and seen by society.

[Sportegration](#)

Organizes projects for locals, expats, and refugees in and around Zurich, using sport as a vehicle for successful social integration.

[Ubuntu](#)

Their initiative Fewer Roads provides accessibility to nature and trail running to the Black, Indigenous, and People of Color community located in inner city Toronto by removing the barrier of transportation.

[We Are Queer](#)

Creates a safe space for the LGBTQIA+ community to achieve desired fitness results through one-on-one personal training and/or nutritional coaching.

[Go the Distance](#)

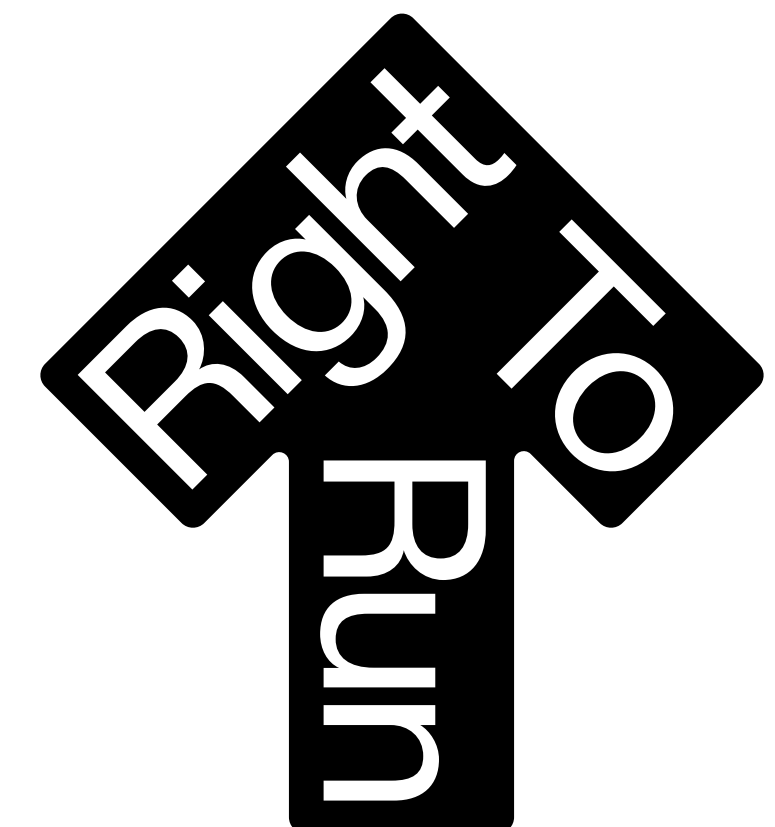
Through partnerships with local rehabilitation centers, they promote recovery through fitness, community, and compassion.

[ASRA Club](#)

Is a community space centering on Muslim women in sports, wellness, and sisterhood.

[Patrol Running](#)

Dedicated to creating a safe society where children, women, and the elderly can live with peace of mind.



A SYSTEMS APPROACH

At On, we take a whole systems, science-based approach to sustainability. The frameworks we use include:

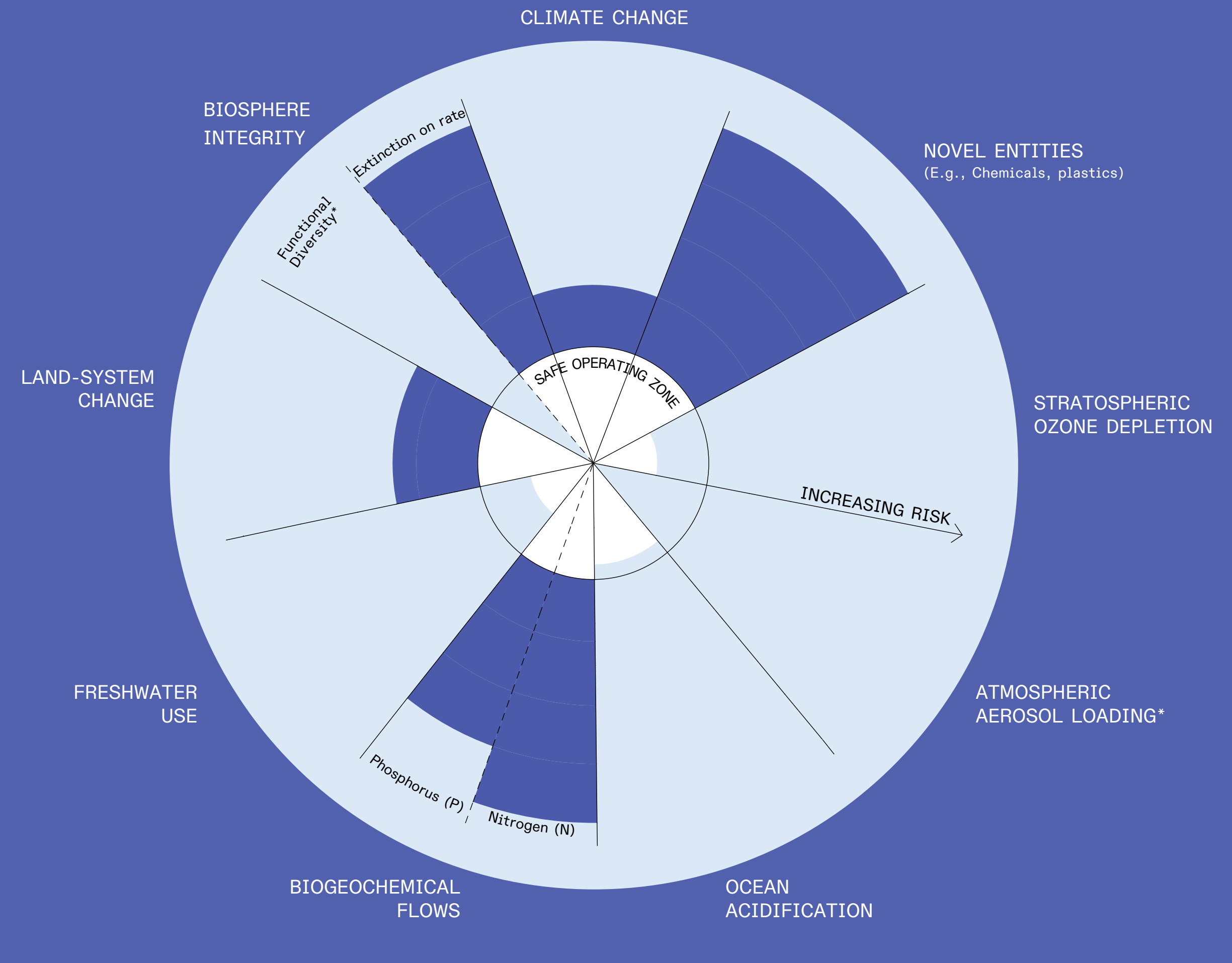
Planetary Boundaries

As a footwear and apparel brand, we are conscious that the manufacturing, distribution, use, and end-of-life of our products can worsen some of the ecological challenges the planet faces. The Planetary Boundaries framework helps us keep track of these challenges and look at ways we can reduce our impact.

It works by defining the environmental limits within which humanity can safely operate. There are nine boundaries to respect if we are to keep the earth habitable. These include climate change, biodiversity loss, ocean acidification, ozone depletion, atmospheric aerosol pollution, freshwater use, biogeochemical flows of nitrogen and phosphorus, land-system change, and release of novel chemicals.

THE PLANETARY BOUNDARIES FRAMEWORK

Our vision for a future where everything we make is fossil-free and engineered for circularity was developed through looking at our business through the lens of Planetary Boundaries.



Beyond zone of uncertainty (high risk)
 Below boundary (safe)

* Not yet quantified

Licensed under CC BY 4.0 (Source: Azote for Stockholm Resilience Centre). Steffen et al. 2015

Life Cycle Assessment (LCA)

We quantify the environmental impact of our products using a methodology called Life Cycle Assessment (LCA). It's a comprehensive approach that considers the entire life cycle of a product (known as 'cradle-to-grave' analysis). LCA can show us the most harmful aspects of a product's life cycle, which allows us to prioritize our actions to reduce environmental harm.

We use LCA during every stage of product creation, from innovation through to the different design and development phases, as well as when products are being finalized and distributed.

The LCA process is made possible by using supplier data, LCA databases, various analysis techniques, and our in-house LCA experts. We also use data from leading LCA data providers including Ecoinvent, the GaBi databases, and the World Apparel & Footwear Life Cycle Assessment Database (WALD) from Quantis, having joined the latter as a member of the consortium in 2022.

We frequently collaborate with the research community to stay on top of the latest research and add value to student projects where possible.



GHG EMISSIONS METHODOLOGY

This section summarizes the methods and data sources used to calculate On's Scope 1, 2, and 3 Greenhouse Gas Emissions (GHG).

TIMEFRAME

The emissions are calculated for the 2022 calendar year starting on the 1st January 2022 and ending on the 31st December 2022.

OVERVIEW

The GHG protocol methodology¹ is applied as the general guideline for calculating Scope 1, 2, and 3 emissions. Activity data is collected both internally and externally, and emission factors applied to this data are based on the following sources:

- International Energy Agency (IEA) electricity-only emission factor database²
- GHG Protocol Emission factors from Cross Sector Tools for fuel combustion³
- Higg Materials Sustainability Index (MSI) data from the Sustainable Apparel Coalition⁴
- Quantis's World Apparel & Footwear Life Cycle Assessment Database (WALDB)⁵
- Ecoinvent 3.7.1 system cut-off methodology⁶

Our science-based targets are to achieve a 46% absolute reduction in our Scope 1 and 2 emissions, and a 55% economic intensity reduction (emissions per unit of value-added) in our Scope 3 emissions by 2030.

This year, we have enhanced our GHG emissions methodology. Consequently, the initial baseline data from 2019, as well as subsequent years (2020 and 2021), has been retrospectively revised using the same methodology as 2022, ensuring a uniform year-on-year comparison. As new procedures and better data become available, we will consistently update our information. A review of our targets and/or a re-baseline application to SBTi will occur in 2023 taking into account all methodology changes.

Tables 1, 2, and 3 outline the information required for yearly SBTi reporting. This includes for each scope and category a description of organizational boundaries, source of emission factors, and rationale for inclusion or exclusion from our SBTi targets.

UNCERTAINTY

As with all GHG emission quantification, there is uncertainty in emission factors due to complicated relationships in modeling. Emission factors commonly used in GHG

emissions in the footwear and apparel industry were used, and as improvements become available these values will be updated. Similarly, capturing company-wide activity data also comes with limitations due to inavailability or inaccuracy of data. Certain estimates are determined using highly certain data, or industry-standard information. However, this approach inherently carries uncertainty. Ongoing initiatives are focused on addressing the most significant data gaps to enhance the accuracy of emissions reporting, especially in Scope 3, where industry-wide endeavors are aimed at achieving greater transparency across the supply chain.

1. ghgprotocol.org

2. [iea.org](https://www.iea.org/)

3. Table 1. CO₂ emission factors by Fuel

4. [howtohigg.org](https://www.howtohigg.org/)

5. [quantis.com](https://www.quantis.com/)

6. [ecoinvent.org](https://www.ecoinvent.org/)

TABLE 1. 2022 GHG EMISSIONS BY SCOPE AND CATEGORY

Scope	2022 Emissions (tonnes CO ₂ eq)	Organizational boundaries and included activities	Included in the SBT 2030 goals
Scope 1	10	Includes combustion within company facilities (owned or controlled).	Yes
Scope 2			
Market-based	232	Includes purchased electricity and purchased heating. All of our stores and offices are leased.	Yes
Location-based	744	Includes purchased electricity and purchased heating. All of our stores and offices are leased.	No

Scope	2022 Emissions (tonnes CO ₂ eq)	Contribution towards total Scope 3 impacts	Organizational boundaries and included activities	Included in the SBT 2030 goals
Scope 3 categories				
Category 1: Purchased Goods and Services	190,812	66.2%	Includes total raw material use (accessories, footwear, and apparel including packaging) and finished goods manufacturing (apparel and footwear) but does not include chemicals used in assembly. Chemicals will be included when verifiable data is available.	Yes
Category 1: Purchased Goods and Services	8,456	2.9%	Includes water and solvent based glue used in footwear assembly. Excluded due to the quality of the data which is mostly based on estimates from a small sample size.	No
Category 2: Capital Goods	202	0.1%	Capital goods were excluded from the SBT reporting because of low significance for On's operations. The impact was estimated to be 0.1% of the total Scope 3 emissions.	No
Category 3: Fuel and energy related	NA	NA	Scope 3 fuel and energy were excluded from the SBT reporting because of low significance for On's operations.	No
Category 4: Upstream Transportation and Distribution	22,745	7.9%	Includes transportation (weight and distance) from the Tier 1 production facility to the port of departure, transport to the port of arrival, and distance from the port of arrival to the warehouse/distribution center. Also includes energy use and waste produced at the distribution centers.	Yes

Scope	2022 Emissions (tonnes CO ₂ eq)	Contribution towards total Scope 3 impacts	Organizational boundaries and included activities	Included in the SBT 2030 goals
Category 5: Waste generated in operations	NA	NA	Waste generated in operations were excluded from the SBT reporting because of low significance for On's operations. The impact was estimated to be less than 0.1% of the total Scope 3 emissions.	No
Category 6: Business Travel	4,675	1.6%	Includes all business travel as well as Category 8 mobile combustion emissions resulting from operating leased cars	Yes
Category 7: Employee Commuting	431	0.1%	Employee commuting emissions were excluded from the SBT reporting because of low significance to On's operations. The impact was estimated to be 0.15% of the total Scope 3 emissions.	No
Category 8: Upstream Leased Assets	NA	NA	Category 8 mobile combustion emissions resulting from operating leased cars was included in Category 6, Business travel due to limitations with our expense system. Together Category 6 and Category 8 account for 1.6% of total Scope 3 emissions.	No
Category 9: Downstream Transportation and distribution	2,231	0.8%	Includes transportation from the warehouse to the online or retail customer.	Yes
Category 10: Processing of sold products	NA	NA	Processing of sold products was excluded from the SBT reporting due to low significance to On's operations.	No
Category 11: Use of sold products	33,059	11.5%	Emissions from use of sold products were excluded from the SBT reporting because On has limited influence over consumers' habits. The impact was estimated to be 11% of the total Scope 3 emissions.	No
Category 12: End-of-life treatment of sold products	25,364	8.8%	End-of-life emissions were excluded from the SBT reporting because On has limited influence. However, as we scale our efforts towards circularity, this will be an important category to decrease our Scope 3 emissions. The impact using secondary data was estimated to be approximately 9% of the total Scope 3 emissions.	No
Category 13: Downstream Leased Assets	NA	NA	Downstream leased assets were excluded from the SBT reporting because of low significance to On's operations.	No
Category 14: Franchises	NA	NA	Franchises were excluded from the SBT reporting because of low significance to On's operations.	No
Category 15: Investments	NA	NA	Investments were excluded from the SBT reporting due to low significance to On's operations.	No
Total Scope 3:	287,975	100%		
Total Scope 3 included in SBT:	220,463	77%		

TABLE 2. SUMMARY OF ACTIVITY DATA AND EMISSION FACTORS PER SCOPE AND CATEGORY

Scope	Activity Data	Emission Factors	Changes in Methodology
Scope 1			
	Included direct emissions at On operated or leased offices or stores. This was only relevant to one location (US), and the measured fuel use for the entire building was available. On's portion of this fuel use was allocated based on the percentage of square meters occupied by On.	The emission factor used was based on the GHG Protocol Emission factors from Cross Sector Tools for fuel combustion.	A square meter allocation has been consistently used since 2019. Where beneficial, smart meters may be used in the future. Mobile combustion emissions resulting from operating leased cars was removed from Scope 1 and placed in Scope 3 in accordance with the GHG Protocol in 2022.
Scope 2			
Market-based	Half of Scope 2 electricity use was from measured data while the remaining buildings were estimated using an extrapolation based on Full Time Employees (FTE) and 2021 usage. Store electricity use was modeled based on square meters after the New York City store, which was the only store with yearly measured electricity data for 2022. Showrooms were excluded due to limited data availability.	Electricity emissions were based on the International Energy Agency (IEA) electricity only emission factor database. Renewable electricity was modeled as having zero emissions, and district heating emission factors were obtained from the regions providing the district heating (Berlin and Zurich).	Collection and calculation methods remain similar to past years. Previous years have used Ecoinvent 3.7.1 electricity emissions factors, however this year these have been updated with IEA and DEFRA emission factors, if market emissions were not available.

Scope	Activity Data	Emission Factors	Changes in Methodology
Scope 3			
Category 1: Purchased Goods and Services	<p>Category 1 emissions were broken down into two subcategories: raw materials (Tier 2 to Tier 4) and assembly or finished good manufacturing (Tier 1).</p> <p>Tier 2 to Tier 4: material used to make products and packaging. This is based on internal material estimates based on final product composition and an average waste production based on published waste rates and supplier estimates.</p> <p>Tier 1: Tier 1 supplier provided energy, water, and waste data from the Higg Facility Environment Module (FEM). For 2022 nearly 100% of On's footwear production impacts and 79% of On's apparel production impacts were captured. Tier 1 accessories were out of scope due to low potential impact.</p> <p>Exclusions: some activity data not included due to low-quality data, insignificance or inability to influence chemicals used in assembly, material transportation from Tier 2 to Tier 1 facilities, and office consumables.</p>	<p>Tier 2 to Tier 4: Quantis's World Apparel & Footwear Life Cycle Assessment Database (WALDB) and Higg Material Sustainability Index (Higg MSI).</p> <p>Tier 1: IEA electricity database and GHG Protocol database (for combusted fuels) using the IPCC.</p> <p>Impacts from water use, wastewater treatment, and waste disposal were based on the Ecoinvent 3.7.1 database. It was assumed that all non-hazardous waste was landfilled, and hazardous waste was incinerated.</p> <p>All renewable electricity sources and biomass used as fuel had an emission factor of zero.</p>	<p>In previous years, On-specific energy, waste, and chemical data was provided by Tier 1 and Tier 2 suppliers by email with no onsite verification.</p> <p>With adoption of the Higg FEM in 2022 it was confirmed previous data had significant quality discrepancies.</p> <p>Each year from 2019 to 2022 was recalculated using verified energy data from the Higg FEM taking On's portion as a percentage of the total production in shared facilities. Due to significant variations in waste data, and difficulties in measurement, average published data was used as an estimate in combination with unverified supplier estimates. Chemicals were excluded from finished goods due to measurement & quality issues.</p> <p>Due to On's lack of influence, transportation of materials from Tier 2 to Tier 1 facilities was also excluded and this was applied retroactively from 2019 to 2022. Additionally, where emission factors varied by year these were made consistent year-over-year.</p>
Category 2: Capital Goods	Capital goods activity data uses square meters of all On's offices and stores.	Ecoinvent 3.7.1 database	No changes.
Category 4: Upstream Transportation and Distribution	<p>This is activity data associated with transport of all products from Tier 1 suppliers to the ports of departure, from the ports of departure (POD) to ports of arrival (POA), and from ports of arrival to the distribution centers. Transported weights, distances, and modes of transport were available internally from POD to POA from good quality data. Road distances from Tier 1 suppliers to the port of departure and the road distances from port of arrival to the distribution center were unknown and assumed to be a total of 800km.</p> <p>Energy (electricity and fuel) use and waste production from the distribution centers were included in the activity data, with data available externally from the distribution centers.</p>	<p>Waste and Transport: Ecoinvent 3.7.1 database</p> <p>Distribution center energy use: IEA and GHG Protocol databases</p> <p>Recycled waste and renewable electricity: emission factor of zero</p>	Transfers between warehouses was excluded every year for consistency and due to insignificance.

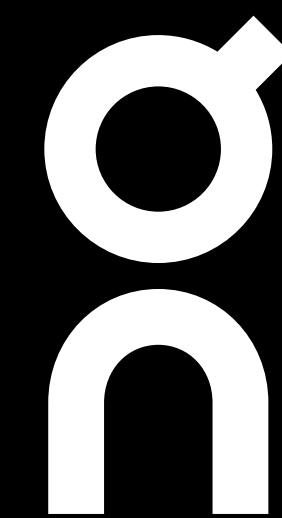
Scope	Activity Data	Emission Factors	Changes in Methodology
Category 5: Waste generated in operations	This is estimated from invoices from the Zurich office and applied to other offices based on FTE. Waste generated in the distribution centers is included in Category 4.	Ecoinvent 3.7.1 database	No changes.
Category 6: Business Travel	Business travel activity data was available from two sources. Our internal travel booking system provided total distances traveled by air, car, or train for business purposes, and the total cost for each of these modes of transport. Our expense system provided data for airline or train tickets (cost only). An average cost per km was applied to expensed items. Category 8 mobile combustion emissions resulting from operating leased cars was also included in Category 6, Business travel.	Ecoinvent 3.7.1 database	No changes.
Category 7: Employee Commuting	This data is available from an employee commuting survey conducted in 2022. Employees reported on total travel time, transport method, and percentage of time in the office. This was extrapolated to a total yearly commuting distance for all FTE in each location via various means.	Ecoinvent 3.7.1 database	Results for 2022 were extrapolated to past years due to improved methodology.
Category 9: Downstream Transportation and distribution	This includes transport via road of all products from the warehouse to the customers (both online and retailers). Total shipped weights were available from internal logistic data, and the road distance required was estimated to be an average of 1,100km for each unit transported based on data from 2021.	Ecoinvent 3.7.1 database	This has been calculated in a similar manner in 2021 and 2022, and this procedure was applied to 2019 and 2020 data to allow for comparable emissions.
Category 11: Use of sold products	This data was estimated based on the MISTRA report to estimate the number of washes per one year of use (based on sales data). This also includes a calculation estimating the distance traveled by a consumer to reach a store and purchase an item based on retail sales numbers.	MISTRA report inventory using Ecoinvent 3.7.1 database	Sales numbers and percentage of sales that were in an in-person retail setting were updated with more accurate data and retroactively applied to past years' calculations.
Category 12: End-of-life treatment of sold products	This data was calculated based on the total weight of products produced throughout the year through internally available data. It was estimated, based on global disposal rates, that 30% of the items were incinerated, and 70% were landfilled. For 2022, recycling amounted to less than 1%.	Ecoinvent 3.7.1 database	Updated to include both incineration and landfilling. Previously only included incineration.

TABLE 3. TOTAL SCOPE 1, 2, AND 3 EMISSIONS PER YEAR BY REGION (TONNES CO₂eq)

Year and region	Total Scope 1	Total Scope 2 (market-based)	Total Scope 3	Total Scope 3 (included for SBT 2030 goals)
EMEA	0	33		
Americas	14	13		
APAC	0	21		
2019 (total)	14	67	66,820	52,319
EMEA	0	41		
Americas	10	16		
APAC	0	65		
2020 (total)	10	122	113,660	92,993
EMEA	0	118		
Americas	39	27		
APAC	0	67		
2021 (total)	39	212	231,380	187,462
EMEA	0	130		
Americas	10	1		
APAC	0	101		
2022 (total)	10	232	287,975	220,463

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

Topic	Metric	Category	Unit of Measure	Code	Data	Reference
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations.	Discussion and Analysis	n/a	CG-AA-250a.1	100% of Tier 1 and Tier 2 suppliers have agreed to the On Chemical Management & Testing Guidelines since 2021.	FY21 Report Chemical Management
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	Discussion and Analysis	n/a	CG-AA-250a.2	In 2022, 90% of our waterproof footwear and apparel styles were PFAS-free and 100% of our accessories were PFAS-free. Footwear, especially the outdoor collection, is on track with phasing out C6 PFAS chemistry, by 2027, in line with our goal.	FY22 Report Product Chemistry
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement ¹ .	Quantitative	Percentage (%)	CG-AA-430a.1	100% of our Tier 1 suppliers were in compliance since 2021. Supplier code of conduct ⁷ .	
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	Quantitative	Percentage (%)	CG-AA-430a.2	100% of our Tier 1 adopted the Higg FEM self-assessment in 2022.	Y22 Report Progress - Responsible Manufacturing Goals
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor.	Quantitative	Percentage (%)	CG-AA-430b.1	Last year and in the early part of 2023, we audited 100% of Tier 1 suppliers. 0% of Tier 2 In 2022, a due diligence process was applied to 100% of our Tier 1 Asia-based business partners that included third-party independent audits by One Step and Openview.	FY22 Report Progress - Responsible Manufacturing Goals Supplier Code of Conduct ⁷
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits ² .	Quantitative	Rate	CG-AA-430b.2	N/A	
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain.	Discussion and Analysis	n/a	CG-AA-430b.3	Common observations pertain to wages and benefits (documentation), hours of work exceeding local law, and safe and healthy working conditions (correct PPE, ventilation, documentation etc.)	
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities.	Discussion and Analysis	n/a	CG-AA-440a.3	This is outlined by our three pillars as we transition towards fossil-free circularity.	FY22 Report Our dream - Planet
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard.	Quantitative	Metric tons (t)	CG-AA-440a.4	Cotton: 94% organic, recycled, or petrol-free Recycled polyester: 85% total recycled content Recycled polyamide: 76% total recycled content	FY22 Report Progress - Planet Goals
Suppliers	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1 ³ .	Quantitative	Number	CG-AA-000.A	-29 Tier 1 supplier factories As of the date of this report, due to incomplete information, we will refrain from disclosing information beyond T1.	Transparency & Responsibility ⁷



Dream On.