
HAPPY SOCKS
IMPACT REPORT
2024/25

Table of contents

Highlights	4
About Happy Socks	5
Summary of 2024/25	6
Statement from our CEO	7
Sustainability governance	8
Our sustainability goals & current progress	11
Transparency & supply chain risks	28
Global policies & guidelines	34
The Happy Crew	35
Auditor's report	40

About this report

This impact report covers the financial year 2024/25 (April–March) of the Happy Socks brand and the legal entities of Glee TopCo AB. Happy Socks AB accounts for the largest part of the scope of this impact report. However, the report concerns the entire group.

Main entity	
Happy Socks AB	**556753-0349**

All entities included	
Glee TopCo	559092-8932
Glee MidCo AB	559092-8924
Glee BidCo AB	559092-8940
Happy Holders AB	556993-6486
Happy Socks Retail KK*	0110-01-091081
Happy Socks Retail Spain S.L.U., Barcelona	ESB66833021
Happy Socks (Retail) Australia Pty Ltd	619 845 788
Happy Socks Retail France S.a.r.l.	831 378 260
Happy Socks Germany GmbH	HRB 240921
Happy Socks North America Inc.	5982723
Happysocks (Shanghai) Trading Co., Ltd	91310000MA7-G99X75M

This report has been checked and approved by accountants from Grant Thornton Sweden AB. The auditors' report can be found on page 40.

This report outlines the environmental and social impact of Happy Socks AB and its legal entities. It also includes the impact connected to our global manufacturing suppliers.

The reporting period covers April 1, 2024, to March 31, 2025, which follows our fiscal year. Unless otherwise noted, all data refers to this period.

The information in this report is collected from both internal monitoring systems and third-party service providers.

Since 2017, Happy Socks has been majority owned by Palamon Capital Partners.

The Board of Directors are responsible for the sustainability report and for ensuring that it has been prepared in accordance with the Annual Accounts Act (Årsredovisningslagen, 6 kap. 10–16 §§), in accordance with the previous wording that applied before 1st of July 2024. The Chair of the Board has signed the approval of the report. The approval can be found on page 41.

We prioritize clear, transparent reporting to ensure accountability and track our progress. Our impact report is continuously developed to meet the needs of our stakeholders and comply with external reporting requirements.

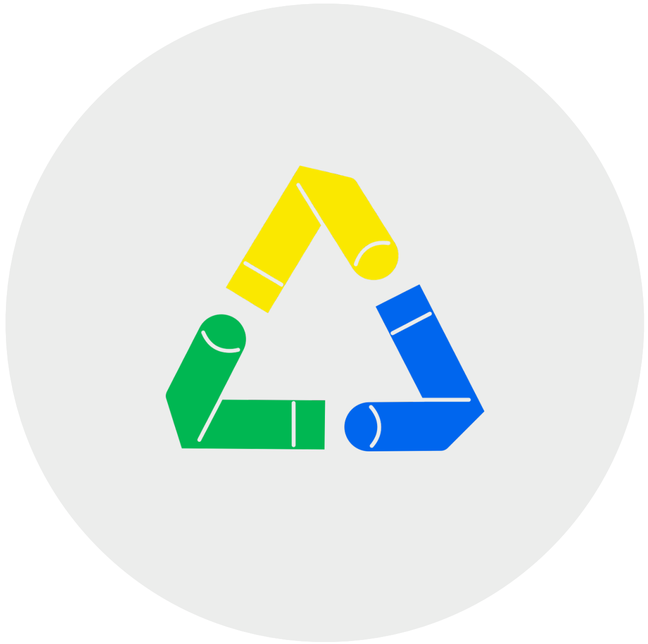
For any questions about this report, please contact: info@happysocks.com

*Closed 2025-02-26

Highlights

MORE SUSTAINABLY SOURCED COTTON

As of the first quarter of 2025, Happy Socks now exclusively uses more sustainably sourced cotton. This includes Better Cotton*, recycled cotton**, and organic cotton***. This marks a significant step toward more responsible material choices.



INCREASING OUR SHARE OF MORE SUSTAINABLE MATERIALS

Throughout 2024/25, we continued to expand the share of sustainable fibers in our collections. This ongoing transition is a crucial step in lowering our overall environmental footprint and reflects our commitment to sourcing materials more responsibly.



TRANSPARENCY AND HUMAN RIGHTS

With our Chief People and Planet Officer serving as Chair of the Amfori**** Nordic Network since 2024, we have taken on a more active role in driving industry-wide collaboration to promote human rights and supply chain transparency. Through these efforts, we are working alongside others to improve practices across the sector.

*Better Cotton Initiative (BCI) is a trademark
**Recycled Content Standard (RCS) is a third party approved certification for recycled fibers, including cotton
***Organic Content Standard (OCS) is a third party approved certification for organic fibers, including cotton
*****Amfori is a business-driven initiative aimed at improving working conditions in the global supply chain. Amfori brings together over 2,400 members and supports their work in creating an ethical supply chain.

About Happy Socks

Back in 2008, founders Mikael Söderlindh and Viktor Tell shared a simple but bold idea. They wanted to bring happiness and color to every corner of the world by transforming something as ordinary as socks into something truly special. From that vision, Happy Socks was born.

Happy Socks' business model
Happy Socks is more than just a brand. It's a fashion lifestyle company that mainly creates and sells socks with a twist of joy. As we like to say, Happy Socks is for all of us who think that life can never be too colorful, and that true happiness stems from the freedom to be yourself.

Color and creativity are at the heart of everything we do, but we know that making the world a brighter place has to go hand in hand with making responsible choices. That's why we're always finding new ways to grow into a more mindful and sustainable version of who we are.

Spreading happiness to every corner of the world
Our journey has taken us across the world, and today, we have offices in Stockholm, Munich, New York, Istanbul, and Shanghai. Our warehouses are located in Skogås (Sweden), Heerenberg (The Netherlands), Savannah (USA), and Shanghai (China).

You'll see our vibrant designs lighting up concept stores and major retailers across the globe. Digitally, you can visit us at happysocks.com, explore our collections on marketplaces and retail sites, and connect with us on social media by following @happysocks.

Wherever you are, we're here to spread happiness, one pair of socks at a time. We have market presence in Germany, USA, China, United Kingdom, Spain, France, Sweden, Switzerland, The Netherlands, Austria, Italy, Finland, Belgium, Greece, Australia, Norway, Hong Kong, Ireland, Denmark, Luxemburg, Mexico, Portugal, Poland, Slovakia, Israel, Serbia, Japan, India, Bulgaria, Czech Republic, South Africa, Iceland, Hungary, Latvia, Albania, Singapore, Brazil, Lithuania, Malta, Faroe Islands, Kazakhstan, Croatia, Estonia, Slovenia, South Korea, Taiwan, New Zealand, Puerto Rico, United Arab Emirates, Georgia, Dominican Republic and Cayman Islands.

OUR TOP 10 MARKETS
Germany
USA
China
United Kingdom
Spain
France
Sweden
Switzerland
The Netherlands
Austria

HAPPY SOCKS WAREHOUSES
Heerenberg, The Netherlands
Skogås, Sweden
Savannah, USA
Shanghai, China

HAPPY SOCKS OFFICES
Stockholm
Munich
New York
Istanbul
Shanghai

Summary of 2024/25

COMPANY

We continue to work according to the **Science Based Targets** (SBTi) and stay committed to **reducing our emissions** by 50% by 2030

We work with **supply chain transparency** through Worldfavor's platform

Most of our suppliers use Amfori BEPI (Business **Environmental Performance** Initiative), and all use BSCI (Business **Social Compliance** Initiative)

Since 2024, we are **Chair of the Amfori Nordic Network** and have taken on a more active role in driving industry-wide collaboration to promote human rights and supply chain transparency

We keep working with Carbonfact and are now calculating the **carbon footprints for all our products**

We keep **donating to InterPride,** the international association for organizers of Pride events around the world

In March 2025, we organized a **workshop** internally together with InterPride to raise awareness and promote diversity and inclusion

PRODUCT

We increased the total amount of **more sustainable fibers**

Our annual cotton consumption made from **Better Cotton** has increased

Our use of **organic cotton** has decreased. Our Solid, Classic, Kids', and Collab Collections are made with **organic cotton**

We work to **decrease our use of plastic**. Since 2023, we don't use any plastic hooks, for instance!

We continue to work with **recycled cotton**

We use **TENCEL™ Modal.** Check out our Zodiac Collection!

We use **recycled polyamide** in the kids' collection

Innovation focus: we introduced our first collection using **plant based dyes**

Statement from our CEO

“We believe that our vision of spreading happiness and color to every corner of the world is more important now than ever.”

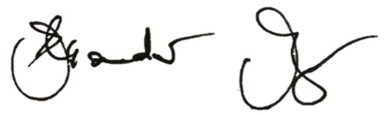
We live in a world that’s facing enormous challenges. From the climate crisis to political instability, social inequality, and the ongoing struggle for resources. We cannot ignore these realities.

We know that the fashion industry is one of the most polluting and resource-intensive industries in the world, and we know that we are part of the problem. We acknowledge that our ambition to make the world a happier and more colorful place for all is not sustainable unless we are.

We are part of the Science Based Targets initiative (SBTi) to guide our journey. Our goal is to reduce our greenhouse gas emissions by 50 percent by 2030. To make sure we are staying on track, we continue our partnership with Carbonfact. With their life cycle assessment tool, we can better understand the impact of every product we make and act based on the latest scientific research. In 2024, we reduced our emissions compared to the previous year. This progress was made possible by using more sustainable materials and producing fewer items.

The world is changing, and so is the way we do business. We are adapting our business to the new regulatory landscape. At Happy Socks, we welcome the current and upcoming legislation that will help the industry drive change together towards a more sustainable future. We are working closely with other fashion brands through the Sustainable Fashion Academy (SFA). This collaboration allows us to share ideas and tackle the challenges that lie ahead together.

We continue on our journey to become a more sustainable version of ourselves, and thanks to our great employees, we have taken steps forward to be proud of. At the same time, we know that this is still not enough. We are constantly reevaluating how we work and what we prioritize, so we can focus our resources where they will have the greatest impact. We believe that our vision of spreading happiness and color to every corner of the world is more important now than ever.



ALEXANDER MEYER
CEO of Happy Socks



Sustainability governance

At Happy Socks, sustainability is integral to how we run our business. It influences our decisions, guides our long-term goals, and shapes the way we operate every day.

In 2024/25, we continued to work across teams to strengthen the integration of sustainability into our operations. This included reviewing internal processes, making more informed product choices, and preparing for upcoming legislation.

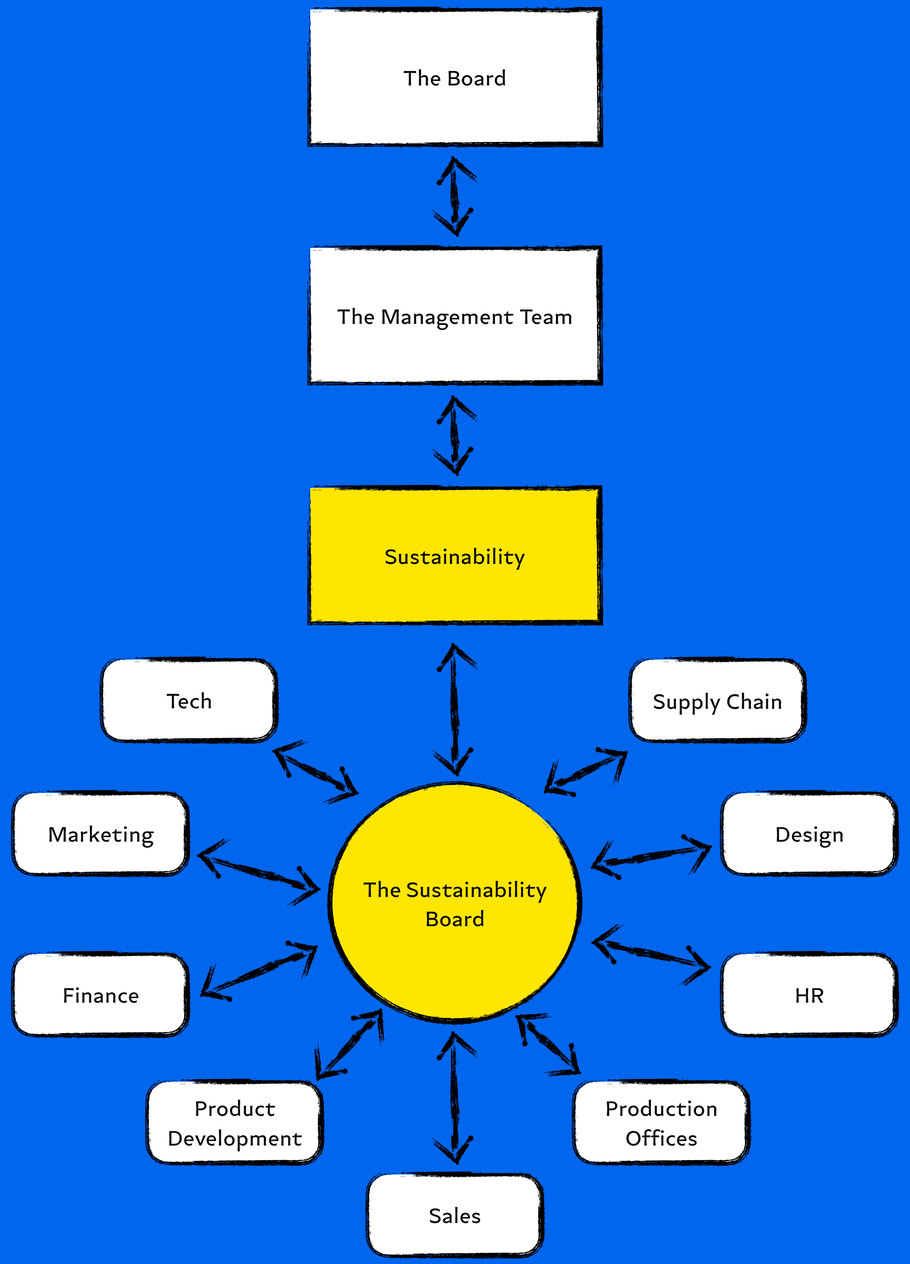
The Board of Directors at Happy Socks is responsible for overseeing the sustainability reporting process. The Board must ensure that the annual report presents a true and fair view of the company's business and sustainability impacts. The Board reviews and formally approves the annual Impact Report before publication.

Our Happy Socks management team is responsible for setting direction and following up on progress. To support this, we also have the Happy Socks Sustainability Board. The board includes representatives from multiple departments and meets regularly to work on implementing sustainability initiatives across the business and in our daily operations. The sustainability team leads and coordinates our sustainability work, covering social, environmental, and governance topics. They work closely with departments across the company and coordinate the work in the Happy Socks Sustainability Board.

Our efforts go beyond our own operations. We are committed to both social and environmental responsibility in our supply chain, working through Amfori's platforms. This includes engaging with the Business Social Compliance Initiative (BSCI)* for social aspects, with third-party audits and the Business Environmental Performance Initiative (BEPI)** for environmental aspects, which involves self-assessments and training for our suppliers.

While we are proud of the steps we've taken, we know there is still much to do. Our focus remains on learning and making continuous improvements.

*https://www.amfori.org/content/amfori-bsci
**https://www.amfori.org/content/amfori-bepi



Happy Socks' management team

The Board of Directors holds the ultimate responsibility for the company's sustainability efforts and reporting, providing oversight and strategic direction. The Happy Socks management team is responsible for driving the company's daily operations, including the ongoing integration of sustainability into all parts of the business. Each leader oversees a key function that contributes to our overall performance and long-term goals.



The management team consists of:

James Radford
Chief Commercial Officer (CCO)

Malin Bosaeus
Chief People & Planet Officer (CPPO)

Alexander Meyer
Chief Executive Officer (CEO)

Aleksandar Milenkovic
Chief Operating Officer (COO)

Fiona Murchison Banks
Chief Design & Marketing Officer (CDMO)

Vivek Bharadwaj
Chief Information Officer (CIO)

Niklas Berglund
Chief Financial Officer (CFO)

Statement from our Chief People & Planet Officer

At Happy Socks, we remain committed to strengthening our sustainability efforts. A key part of this work is improving how we measure and track progress, so we can focus our actions where they matter most.

While the timeline and scope for the Corporate Sustainability Reporting Directive (CSRD) may shift for small and medium-sized enterprises like ours, we have already begun the double materiality assessment. We are engaging with stakeholders to better understand our most significant impacts, which helps us prepare for the future and take informed steps forward.

We are working to embed sustainability across all areas of our business. Our Sustainability Board plays an important role in this work by driving and implementing these changes in the way we work.

We are focused on reaching our goals by increasing our share of more sustainable materials and improving transparency across our supply chain. As chair of Amfori's Nordic Network since 2024, we are taking on a more active role in local collaboration around supply chain responsibility.

MALIN BOSAEUS
Chief People & Planet Officer

Sustainability goals

Our ambition to make the world a happier and more colorful place for all is not sustainable unless we are. We recognize that the fashion industry needs to change, and we do too. As the original colorful sock brand, we've been pioneers since the beginning. We carry that spirit forward to find ways to reduce our unwanted impact on the environment and society.

Increased use of more sustainable materials
We have set two sustainability goals related to the materials that we are using. We have chosen these goals since our production is our biggest emission contributor. Different materials can be assessed positively for their sustainability qualities for different reasons, like fewer chemicals, less water consumption, or better working conditions. That is why we are working with a range of options for more sustainable materials. We also perform customer surveys, where we have seen that more sustainable materials are a main request from our customers regarding sustainability.

Lowering our emissions
Our third goal focuses on reducing our total emissions. We have committed to reducing our greenhouse gas emissions by 50 percent by 2030, using 2020 as our baseline. We are part of the Science Based Targets initiative (SBTi), which supports us in aligning our goals with the latest scientific research.

This year, we continue to improve how we measure our emissions. We use action-based calculations to a larger extent, which offer a more accurate picture of our actual footprint. We continue to measure and calculate the full footprint of all our products using the Carbonfact Life Cycle Assessment (LCA) method.

Working closely with our supply chain
Beyond emissions and materials, we are also focused on the social and environmental aspects of our supply chain. This is where we currently see the greatest risks and also where we believe we can make meaningful progress.

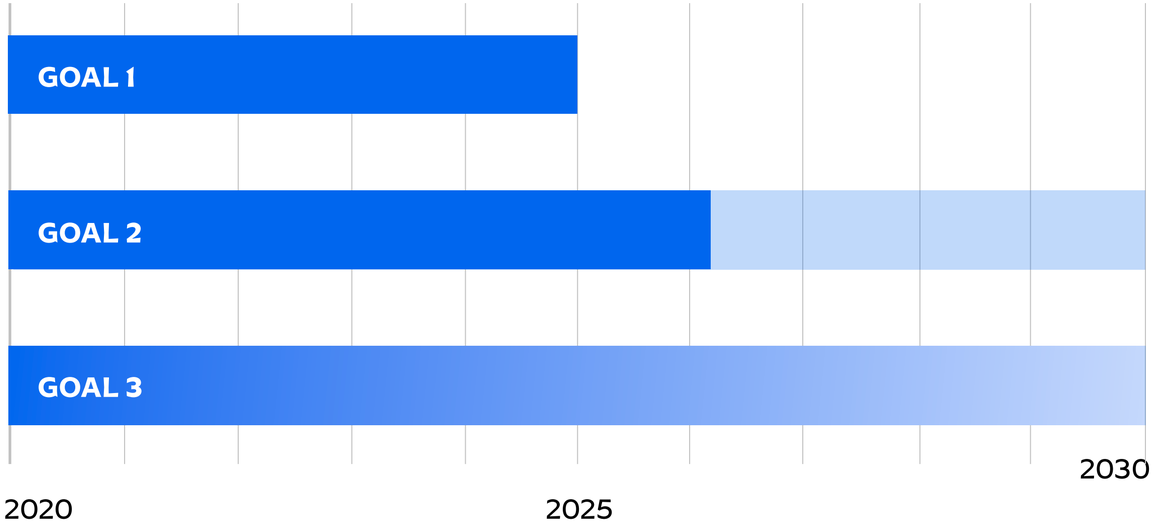
We continue to use Amfori's platform to support this work. We use both the BSCI* (Business Social Compliance Initiative) as well as BEPI** (Business Environmental Performance Initiative) platform. BSCI provides third-party auditing and reports, and BEPI self-assessments, together with training for all suppliers by Amfori. In 2024, our Chief People & Planet Officer became chair of Amfori's Nordic Network, which gives us a more active role in local collaboration around supply chain responsibility.

GOAL 1
By 2025, all our cotton will be more sustainably sourced - We are finally here!

GOAL 2
By 2030, all of our materials will be recycled or sustainably sourced

GOAL 3
We will have reduced our emissions by 50% by 2030***

How are we progressing?



*https://www.amfori.org/content/amfori-bsci
**https://www.amfori.org/content/amfori-bepi
***Compared to the starting year 2020
**** Link to our Code of Conduct: https://publications.happysocks.com/view/123861340/

GOAL 1



Yes, it’s this year!

We are finally here!

BY 2025, ALL OUR COTTON WILL BE MORE SUSTAINABLY SOURCED

Cotton is our main material

As of the first quarter of 2025, Happy Socks now exclusively uses more sustainably sourced cotton. This includes Better Cotton*, recycled cotton, and organic cotton***. This marks a significant step toward more responsible material choices.**

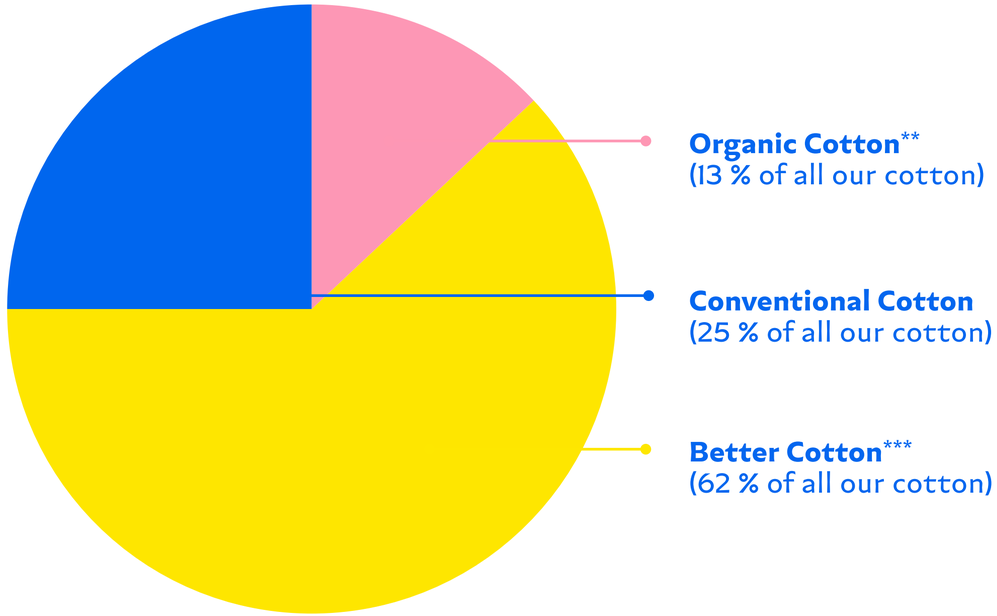
Our first goal focuses on cotton since it is the main material that we use, due to its great qualities and durability. Unfortunately, completely sustainable cotton doesn't exist, but there are more sustainable cotton options. The cotton considered to be more sustainable has a certification such as certified organic cotton (OCS) and recycled cotton (RCS), or cotton with the Better Cotton trademark.

Only an estimated 0.95% of all harvested cotton is organic****. It is therefore a price-sensitive material, and we want to use organic cotton in our collection without increasing the price for consumers. Therefore, we use it in collections with predictable long-term planning. The share of organic cotton decreased in 2024.

Our Kids collection has been made from organic cotton since 2018. In 2022, we took the step to integrate organic cotton into all of our classic styles, which are our best sellers that we always have in stock. In 2023, we introduced our Solids collection, also made from organic cotton.

In addition to organic and recycled cotton, we are using more Better Cotton to increase the total share of more sustainable cotton. For 2024, 71% of the conventional cotton we used was Better Cotton. For the first quarter of 2025, 100% of the conventional cotton we used was Better Cotton - hitting our first target.

This year, we refined our material calculations by using the Carbonfact platform, stepping away from manual calculations. This resulted in new numbers of cotton mass. Hence, the numbers have changed compared to our previous report.



PERCENTAGE OF COTTON PURCHASE	2021	2022	2023	2024	Q1 25
Organic Cotton*	14 %	26 %	23 %	13 %	NA****
Conventional Cotton	86 %	74 %	77 %	87 %	0 %
% of Conventional cotton that is Better Cotton***	11 %	20 %	33 %	71 %	100 %

*Textile Exchange, Organic Cotton Market Report 2021
** Percentage Organic Cotton from total purchase of cotton, calculated from the weight of finished product for our fiscal year (April 2024-March 2025)
*** Percentage Better Cotton from total amount conventional cotton, calculated from the volume cotton lint according to Better Cotton standard calculation methods. The percentage of Better Cotton is calculated per calendar year (January - December 2024). The number is therefor only approximately compared to the amount of organic and conventional cotton in the chart. Read more about Better Cotton on next page
****We currently lack data for Q1 2025, since our use of organic cotton is calculated on an annual basis. This is why we the number is not disclosed in the table

*Better Cotton Initiative (BCI) is a trademark. Read more about Better Cotton on the next two pages
**Recycled Content Standard (RCS) is a third party approved certification for recycled fibers, including cotton
***Organic Content Standard (OCS) is a third party approved certification for organic fibers, including cotton
****Textile Exchange, Organic Cotton Market Report 2021

We keep increasing our share of Better Cotton

Happy Socks joined the Better Cotton Initiative (BCI) in 2021 as a complement to organic cotton. We committed to a five-year plan to convert all conventional cotton we use to Better Cotton as part of our goal for 2025. For 2024, we increased our share to 71% but did not reach our goal, which was set at 80%. Still, we continue and work even harder to reach our goal for next year, set to 100%. For the first quarter of 2025, we have reached 100% Better Cotton, hitting our target.

Better Cotton is not traceable to the end product
Better Cotton is working to improve cotton farming practices globally. Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, and therefore, we can't label what products actually contain Better Cotton. We calculate our Better Cotton percentage by a set standard given by Better Cotton.

From 2025 onwards, 100% of the conventional cotton we use should be Better Cotton. We are now exploring the possibility of labeling our products with the Better Cotton logo going forward.

OUR 5-YEAR PLAN FOR BETTER COTTON
Total *Better Cotton* out of total use of *conventional cotton*

YEAR	GOAL	RESULT
Q1 2025	100%	**100%**
2024	80%	**71,0%**
2023	40%	**33,0%**
2022	20%	**20,3%**
2021	10%	**10,7%**

Percentage of *Better Cotton* from total amount of conventional cotton, calculated based on volume of cotton lint according to Better Cotton Standard calculation methods. The percentage of Better Cotton is calculated per calendar year (January - December 2024), except for 2025, where the numbers refer to the first quarter.

*Better Cotton Initiative (BCI) is a trademark. Read more about Better Cotton on the next page



The difference between organic cotton and Better Cotton

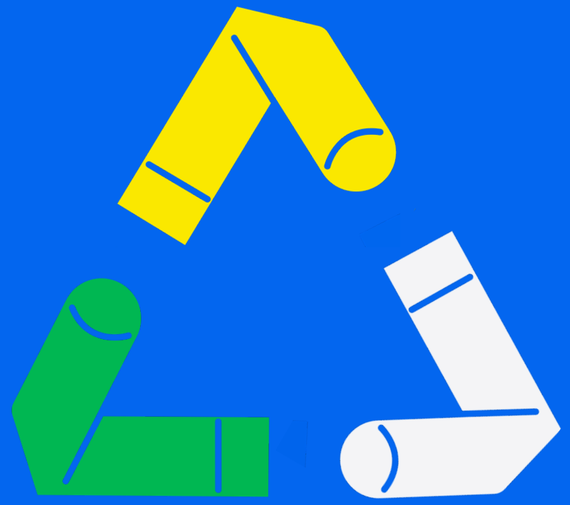
Organic cotton and Better Cotton are both initiatives aimed at improving the sustainability of cotton farming, but they differ in their specific goals and standards:

Organic cotton
Organic cotton is grown without the use of synthetic pesticides and fertilizers and is typically certified by third-party organizations. Organic cotton farming also promotes soil health and biodiversity and prohibits the use of genetically modified organisms (GMOs) and other harmful chemicals.

Better Cotton
Better Cotton is a sustainability initiative that aims to improve the environmental and social performance of cotton farming more generally. Better Cotton's sustainability standards cover a range of issues, including water use, soil health, pest management, and labor rights. Better Cotton encourages farmers to use integrated pest management techniques and reduce their use of synthetic pesticides and fertilizers, but does not prohibit their use outright.

Conclusion
While organic cotton and Better Cotton have different goals and standards, they both aim to reduce the environmental impact of cotton farming and promote more sustainable agricultural practices.

GOAL 2



BY 2030, ALL OF OUR MATERIALS WILL BE RECYCLED OR MORE SUSTAINABLY SOURCED

HOW ARE WE PROGRESSING?

We keep increasing our share of more sustainable materials

Our second goal involves all the materials that we use. Right now, we only have information about our commercial products (such as socks and sliders), and we are working on adding all materials for our non-commercial products (such as retail displays and shopping bags). It can seem like 2030 is far away, but behind the scenes, we're already doing a lot of work. We are actively working to find new materials and methods that meet our sustainability and quality standards. It takes time from the initial idea until we have a ready product in store, so please bear with us.

You can already see the results of some of our actions, such as recycled polyester and recycled polyamide used in our Kids' socks, some sneaker socks, and in our plant-dyed socks.

Larger amount of more sustainable materials
We calculate the total amount of purchased material in weight for the fiscal year. The materials considered to be more sustainable are materials that have a third-party approved certification and materials with a trademark. For us, this currently includes organic cotton, certified per the Organic Content Standard (OCS), and our recycled materials: polyamide, polyester, and cotton, all certified per the Recycled Content Standard (RCS). Additionally, we classify materials with a trademark, such as Better Cotton and Tencel™ Modal, as more sustainable material options.

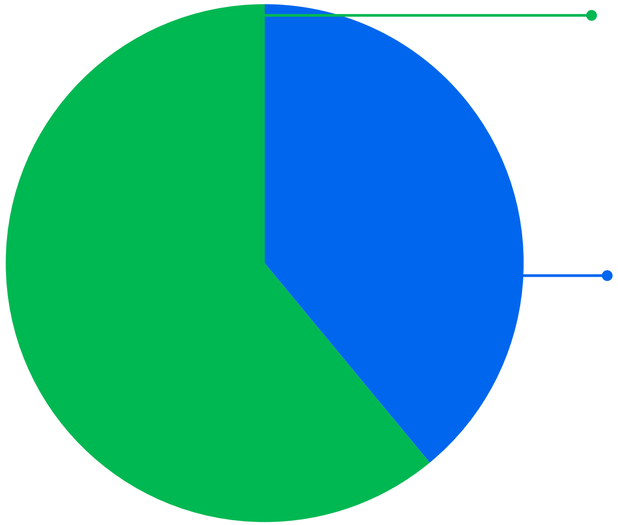
TENCEL™ Modal
TENCEL™ Modal is a regenerative cellulosic fiber made from wood pulp using a closed-loop production process. The process involves converting the pulp into a fiber by dissolving it in a non-toxic solvent and then spinning it into yarn. TENCEL™ Modal is a variation of rayon (viscose). Compared to conventional cotton, TENCEL™ Modal has a lower environmental impact since it requires less water and energy to produce. Additionally, the solvent is recycled and reused, resulting in minimal waste and emissions.

In 2022, we introduced our first TENCEL™ Modal socks, and in 2023, we increased the use of the fiber and created our Zodiac collection. For 2024, we continue to use TENCEL™ Modal in the Zodiac collection.

Design matters
We have a Product Guideline to prolong the lifespan of our products. This, coupled with our material matrix, makes up two hands-on tools that we use when designing our products.

Our material matrix contains 5 categories:

1. **Materials we want to use more:**
   - *Recycled fibers*
   - *Materials with traceability throughout the whole supply chain*
   - *Materials made in closed-loop production*
   - *Materials with certifications from third parties*
2. **Materials that are ok to keep using**
3. **Materials we want to use less**
4. **Materials we don't use**
5. **Materials that we want to investigate**



61.1 % More sustainable materials

OCS-certified organic cotton
Better Cotton**
Tencel™ Modal
RCS-certified recycled polyamide
RCS-certified recycled polyester
RWS-certified wool

38.9 % Conventional materials

Cotton
Polyester
Elastane
Polyamide
Viscose
Metallized fiber
Wool
Acrylic
Other synthetic materials

Share of more sustainable materials in our commercial products*

2021	2022	2023	2024
20.1 %	34.9 %	40.5 %	61.1%

* Percentage from total purchase, calculated from the weight of finished product for the calendar year 2024 (Jan-Dec). This year we refined our material calculations by using the Carbonfact platform, stepping away from manual calculations. This resulted in new numbers of more sustainable materials in our commercial products. Hence, why the numbers have changed compared to our previous report.
** Percentage Better Cotton from total amount of conventional cotton, calculated from the volume of cotton lint according to BCI standard calculation methods.

Our more sustainable materials



Regenerated Cellulosic Fiber
Tencel™ Modal

Natural Fibers
Organic Cotton
Better Cotton
Recycled Cotton

Synthetic Fibers
Recycled Polyester
Recycled Polyamid

Certifications and trademarks

OCS Blended – Organic Content Standard
The Organic Content Standard (OCS) applies to any non-food product containing 5-100% organic material. The remaining non-organic material must meet strict environmental and social criteria.

The OCS relies on third-party verification to confirm whether a final product contains the accurate amount of a given organically grown material. OCS allows for transparent, consistent, and comprehensive independent evaluation and verification of organic material content claims on products. OCS covers the processing, manufacturing, packaging, labeling, trading, and distribution of a product.

RCS Blended
RCS Blended applies to products with 5-100% recycled material. The standard is used to track recycled raw materials through the supply chain and is verified by a third party. It allows for the transparent, consistent, and comprehensive independent evaluation and verification of recycled material content claims on products.

The non-recycled material used must meet set requirements to be acceptable, such as not being hazardous or prohibited by relevant laws and regulations, and not having any negative effects on the environment or health.

Better Cotton
Better Cotton is working to improve cotton farming practices globally and is the world's leading sustainability initiative for cotton.

Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, and therefore, we can't label which products contain Better Cotton. However, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we source.

TENCEL™ Modal
TENCEL™ Modal is a trademark of Lenzing AG. Lenzing requires that the production meet specific standards, including the use of sustainable wood sources, closed-loop production processes, compliance with strict emissions and wastewater standards, and social standards.

Furthermore, Lenzing has a traceability system in place to ensure that TENCEL™ Modal is produced and used responsibly. This means that any product claiming to contain TENCEL™ Modal must be traceable back to its original source and manufacturer.



Innovation story: exploring plant-based dyes

We've taken some of our all-time favorite prints and reimagined them in new, plant-based colorways. These dyes are derived from stuff you'll find in nature, meaning we've used different plants and fruits to color the sock.

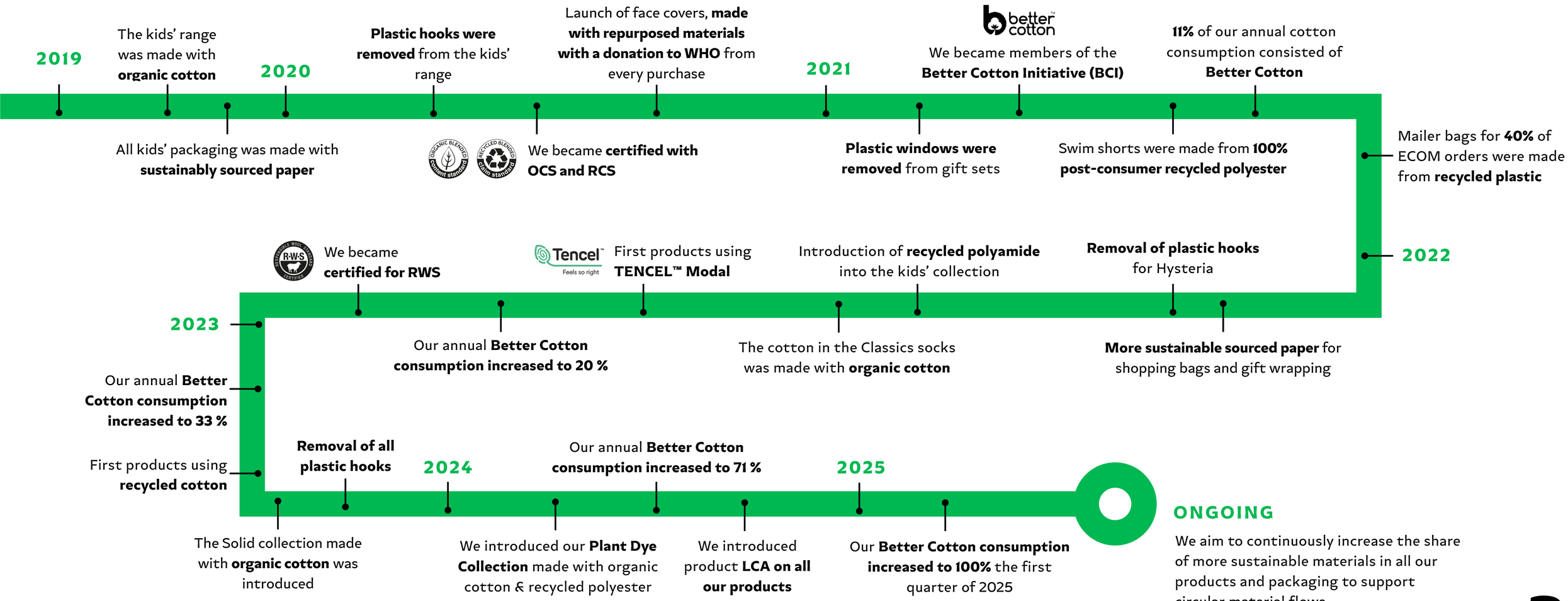
This collection is part of our ongoing effort to test new ideas and innovations. Our Happy Socks Innovation Group is dedicated to pushing the boundaries of how we design and produce products. The Innovation Group focuses on researching new materials and testing alternatives to traditional processes.

As a result, we tried replacing synthetic dyes with plant-based alternatives. The colors in this collection are created using dyes from plants and fruits such as indigo, rose madder, myrobalan, and pomegranates. While plant-based dyes can vary slightly in hue from batch to batch, we see that as a bonus, since it makes each pair of socks unique, with its own subtle color variations.

The socks themselves are made from organic combed cotton and recycled polyester blend, and feature reinforced heels and toes for added durability.

We are not claiming that this collection is necessarily more sustainable; instead, we recognize that plant dyeing presents its own set of challenges. That being said, this is an invaluable exploration of alternatives to traditional production methods. Through continuous learning and experimentation, we are committed to improving our processes.

Our product sustainability journey



ONGOING

We aim to continuously increase the share of more sustainable materials in all our products and packaging to support circular material flows

GOAL 3



WE WILL REDUCE OUR EMISSIONS BY 50% BY 2030

OUR PROGRESS

We have set a goal to reduce our emissions by 50%*

We are committed to science-based targets and have set a goal to reduce our emissions by 50% according to the Greenhouse Gas (GHG) Protocol.

The Science Based Targets Initiative (SBTi) helps companies set science-based emission reduction targets to limit global warming. In 2022, we set the goal to reduce our emissions by 50% before 2030*.

Since 2023, Happy Socks has been part of SBTi and has passed SBTi's due diligence requirements and received approval of our goal. We have made a promise to have science-based targets that are in line with the latest climate science and ambitious enough to limit global warming to no more than 1.5°C above pre-industrial levels.

Calculating our emissions
In 2023, we improved the way we calculate our emissions. We teamed up with Carbonfact and, through their Life Cycle Assessment (LCA) tool, we are measuring the total footprint for all our products.

Today, the majority of our emissions are activity-based. However, a smaller part, such as marketing material, events, and other third-party emissions that are hard to collect, remains spend-based. The spend-based emissions are estimated from the money spent on those goods and services.

The overall results show that our emissions continue to decrease. This progress was made by using more sustainable materials and producing fewer items.



*Compared to the starting year 2020

Total emissions

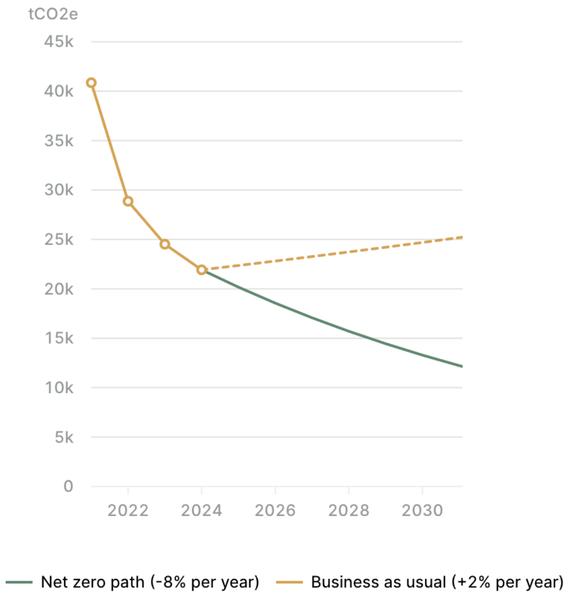
Total emissions
In 2023, we improved the way we calculate our emissions. Today, the majority of our emissions are activity-based. However, a smaller part, such as marketing material, events, and other third-party emissions that are hard to collect, remains spend-based. The spend-based emissions are estimated from the money spent on those goods and services. The results show that our emissions continue to decrease.

Emissions per unit produced
We are working together with Carbonfact and through their Life Cycle Assessment (LCA) tool, we can measure the total footprint for all our products.

To follow our improvements, we are tracking our emissions per unit produced. We do so in order to see where we need to take more action and where we are heading in the right direction.

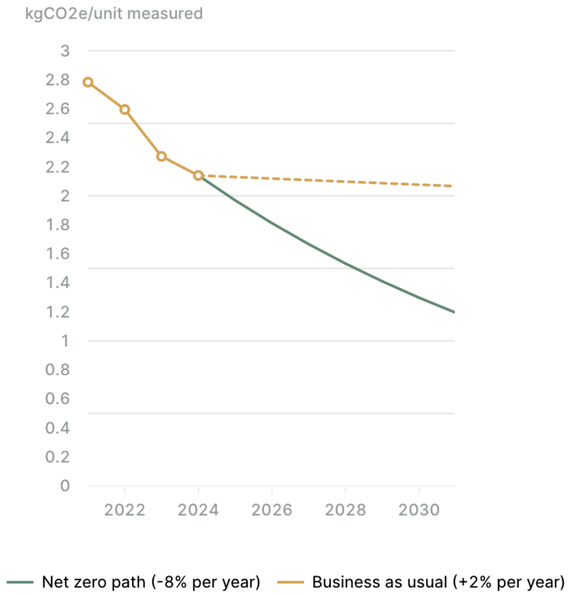
The platform further allows us to check the products we are working on for future collections, showing us the estimated environmental footprint and guiding our choices.

HAPPY SOCKS TOTAL EMISSIONS



Total emissions
This graph shows Happy Socks' total emissions. The green line is our target line, where we need to be so that we reach our goal to reduce our emissions by 50% by 2030. The yellow line shows our results for the last three years. We are on track to reach our goal.

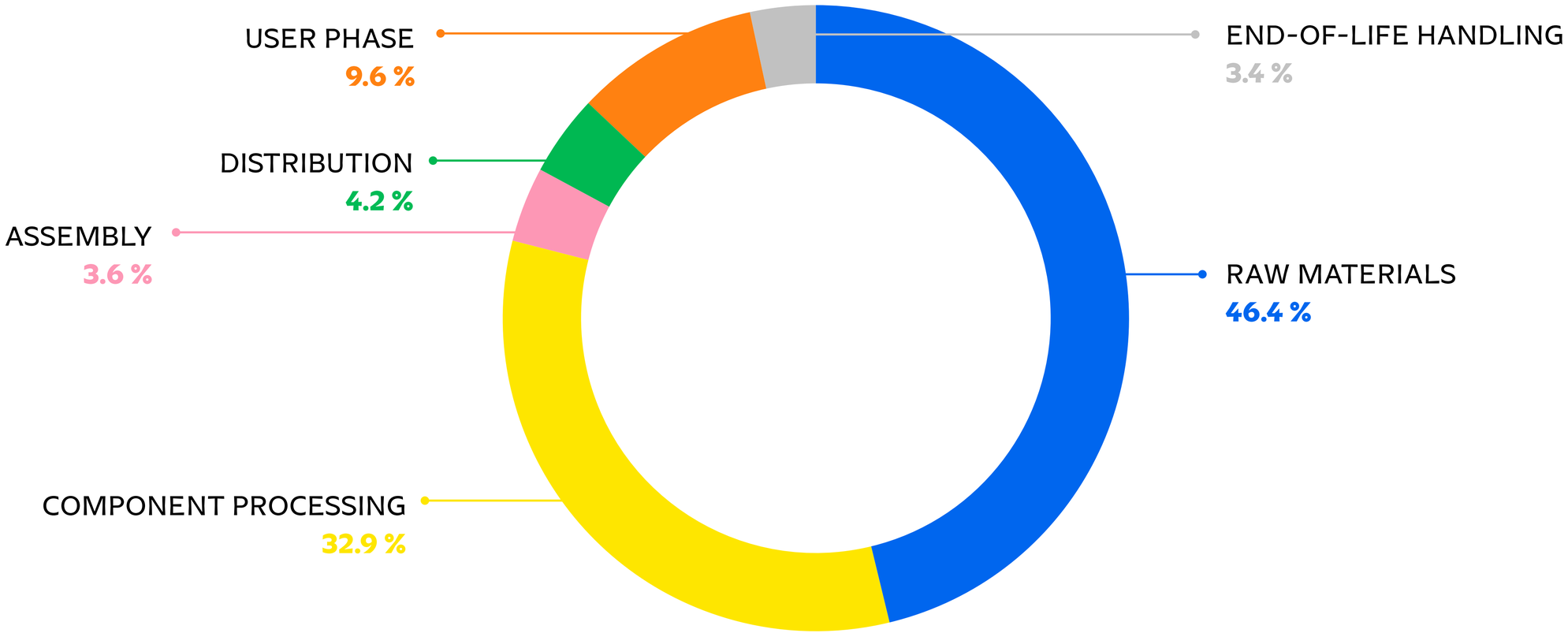
EMISSIONS PER PRODUCED UNIT



Emissions per unit produced
To make sure that we are lowering our emissions per product we produce, we also track our emissions per sock that leaves our factory. The green line is our target line, where we need to be so that we reach our goal. The yellow line shows our results for the last three years. We are on track to reach our goal.

*Together with our partner Carbonfact, we continue to refine our data collection and constantly improve the way we calculate our emissions to reach more accurate results. The numbers have been updated and recalculated for the previous years. Hence, why our total emissions and emissions per produced unit have been updated compared to our previous report.

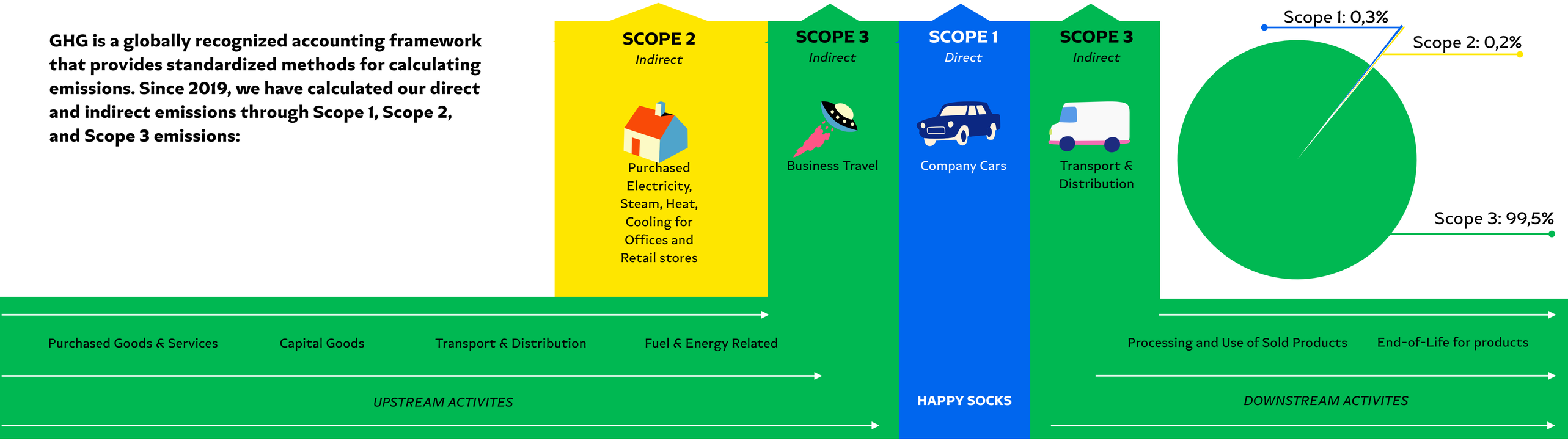
Life cycle assessment: Total emissions per process step



*The Life Cycle Assessment (LCA) and total emissions per process step are calculated for the FY year 2024/2025 (April-March). The significant changes, compared to last year can be explained by updates of the LCA methodology by our partner Carbonfact, an increase of more sustainable materials and a decrease in overall production.

We calculate our emissions according to the Greenhouse Gas Protocol

GHG is a globally recognized accounting framework that provides standardized methods for calculating emissions. Since 2019, we have calculated our direct and indirect emissions through Scope 1, Scope 2, and Scope 3 emissions:



SCOPE 1 emissions refer to direct greenhouse gas emissions from sources that are owned or controlled by an organization, such as emissions from fuel combustion in company-owned vehicles or emissions from on-site industrial processes.

SCOPE 2 emissions refer to indirect greenhouse gas emissions from the generation of purchased electricity, steam, heat, or cooling consumed by an organisation.

SCOPE 3 emissions refer to all other indirect emissions that occur in the value chain of an organization, including emissions from purchased goods and services, employee commuting, business travel, and waste disposal.

Total emissions per scope



SCOPE 1: Direct emissions

Includes: Our company cars.
Percentage of our total emissions 2024/25: 0,27%
Comment: Increase in car use compared to the last FY.

SCOPE 2: Indirect emissions

Includes: Electricity and heating for all our offices and our own retail stores.
Percentage of our total emissions 2024/25: 0,18%
Comment: We have closed some stores and decreased our office space compared to the last FY.

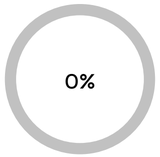
SCOPE 3: Indirect emissions

Include: Everything else that we pay something for, like the production of our socks, transportation of our goods, and services like ads.
Percentage of our total emissions 2024/25: 99,55%
Comment: Our scope 3 emissions have decreased, compared to last year, due to an increase of more sustainable materials and a decrease in overall production.

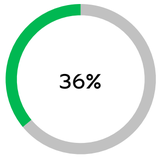
*Together with our partner Carbonfact, we continue to refine our data collection and constantly improve the way we calculate our emissions to reach more accurate results. The numbers have been updated and recalculated for the previous years. Hence, why our emissions appear to have increased compared to our previous report.

Renewable energy is key to lowering emissions

Renewable energy is one of the most important areas to focus on as a key solution to reducing emissions throughout the whole supply chain. The vast majority of greenhouse gas emissions from all sectors come from the burning of fossil fuels, such as coal, oil, and natural gas. Fossil fuel is used in all stages of the supply chain from harvesting, through production, treatment, transportation, retail stores, and marketing, to consumers' buying behaviors and more. We are committed to the target of having 100% renewable energy by 2030.



Company cars (Scope 1)
For 2024/25, all our company cars are fossil-fuel-based (Scope 1). We plan to phase them out when the leasing period is over and move over to electric vehicles, but it will take a couple of years before all of them are replaced.

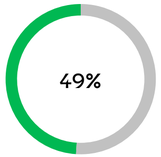


Retail stores and offices (Scope 2)
For 2024, we had 36% renewable energy in our retail stores and offices (Scope 2). The main renewable energy sources are hydroelectric energy and biopower.

As we primarily rent spaces, and most of our rental contracts include energy solutions, we are unable to choose the energy source ourselves.

Our share of renewable energy in our retail stores and offices originates from our Stockholm office, where we have 100% renewable energy. For the FY 24/25, we moved to a smaller office, leading to a decrease in total square meters in scope 2 with renewable energy compared to the last FY.

This is calculated as such:
The number of square meters in our retail stores and offices with renewable energy divided by the total number of square meters in our retail stores and offices



Our production at commercial suppliers (Scope 3)
We used 49% renewable energy in our Tier 1 production in 2024.

The decrease in renewable energy in our Tier 1 production compared to the last FY year is due to changed order quantities at our different suppliers.

This is calculated as such:
Each supplier's percent of renewable energy for the year 2024
× Happy Socks' production share at that supplier
× Percent of renewable energy for our production

The percentage for the supplier's renewable energy comes from a self-assessment of our commercial suppliers by Worldfavor's platform. All suppliers have filled in the percentage of renewable energy for their production site. Additionally, we ask them to provide their renewable energy certificate. The main renewable energy sources are hydroelectric and geothermal energy.

*Tier 1 suppliers are our direct suppliers



TRANSPARENCY AND SUPPLY CHAIN RISKS

Transparency & supply chain risks

Our supply chain is relatively straightforward and geographically limited since we don't have a wide range of products, nor a long supply chain. Additionally, most of our products are produced by advanced knitting machines, giving us a relatively good overview of the risks in our supply chain. That being said, there's always more work to be done in this area.

Working with a small number of trusted suppliers is a strength, as it allows us to maintain close relationships and a higher level of oversight. We see this as a key advantage in managing supply chain risks effectively. However, we recognize that there is always room for improvement. The cultivation of cotton, one of our primary raw materials, carries inherent environmental and social risks. We continuously evaluate these risks with a critical eye and are committed to responsible sourcing.

Happy Socks Code of Conduct
Happy Socks is working to eliminate unwanted social and environmental impacts in our own operations and throughout our whole supply chain. We want to build long-term relationships with our partners who share our vision and recognize that they, too, have a responsibility. We strive to have a fair and open approach to how we work with our partners. That means that we aim to live up to the same expectations internally as we require of our suppliers and business partners.

Our Code of Conduct sets out our requirements for all our partners. They are also responsible for any subcontractor that you may use, and they, too, need to follow the requirements to work within our supply chain. We expect that our business partners and their subcontractors comply with all local and national laws and regulations. In case of conflict between our Code of Conduct and applicable laws and regulations, the highest standard should always apply. Read the Code of Conduct on our webpage: https://publications.happysocks.com/view/123861340/

Our partnerships for improved transparency
Since 2020, we have been participating in Amfori* Business Social Compliance Initiative (BSCI), and since 2021, we have also joined their Business Environmental Performance Initiative (BEPI). These programs enable us to monitor and evaluate supply chain performance from both social and environmental perspectives.

The Business Social Compliance Initiative (BSCI) offers a standardized framework for identifying and addressing social risks across global supply chains. It supports us and our partners in conducting effective human rights due diligence and ensuring workers' rights. BSCI is a continuous improvement process, providing access to audits and monitoring tools that cover 13 performance areas, including fair wages, decent working hours, the elimination of child labor, worker safety, environmental protection, and ethical business practices.

The Business Environmental Performance Initiative (BEPI) helps us and our partners strengthen environmental responsibility throughout our supply chain. By focusing on the most relevant sustainability challenges, BEPI supports ongoing improvement and informed decision-making. It facilitates the evaluation of environmental risks across eight critical areas, including energy and climate, water and effluents, chemicals, waste, and biodiversity through a combination of self-assessments, external verification, and targeted improvement activities.

Amfori enhances our efforts through supplier self-assessments, data-sharing capabilities, and third-party audits. Furthermore, we welcome the Amfori's Multi-Tier Supply Chain Mapping feature and are currently exploring how to integrate it into our processes.

To further strengthen our work with transparency, we teamed up with Worldfavor in 2022 and upgraded to its 2.0 version in 2023. This platform complements our work with Amfori by giving us a broader overview and allowing us to track and follow up on various environmental and social factors throughout our supply chain. Through Worldfavor, we distribute tailored questionnaires to our suppliers, covering environmental aspects such as emissions, use of renewable energy, water, and chemical management, as well as social factors like living wages and worker safety. We have already begun implementing this with all our commercial suppliers and selected non-commercial suppliers, with the long-term goal of including our entire supply chain.

Long-term business relationships
We also work with our own framework on Supplier Lifecycle Management and Supplier Performance Evaluation. We engage them in improvement efforts that, in turn, increase our collaboration and business with them even further. We aim to build up and maintain long-term business relationships with all our suppliers, so we can achieve a resilient supply chain that we can oversee easily. Based on Amfori's and Worldfavor's analysis, we select focus areas for improvements as well as monitor progress year-on-year.

In an effort to collaborate more closely with suppliers, we have local offices in the regions where we source significant amounts of components and products. This brings more opportunities for us to reduce risks and build improvements in areas like human rights and environmental performance.

Country risks according to the World Bank
On a governance level, we follow the World Bank Country Risk Classification to assess production country risk. Although Türkiye is a country with a somewhat high country risk classification, we have a long-standing business relationship with our local suppliers and have been working hard on all sustainability aspects for years; we are thus confident of their overall performance. Moreover, we work closely with Amfori to implement sturdy social and environmental standards.

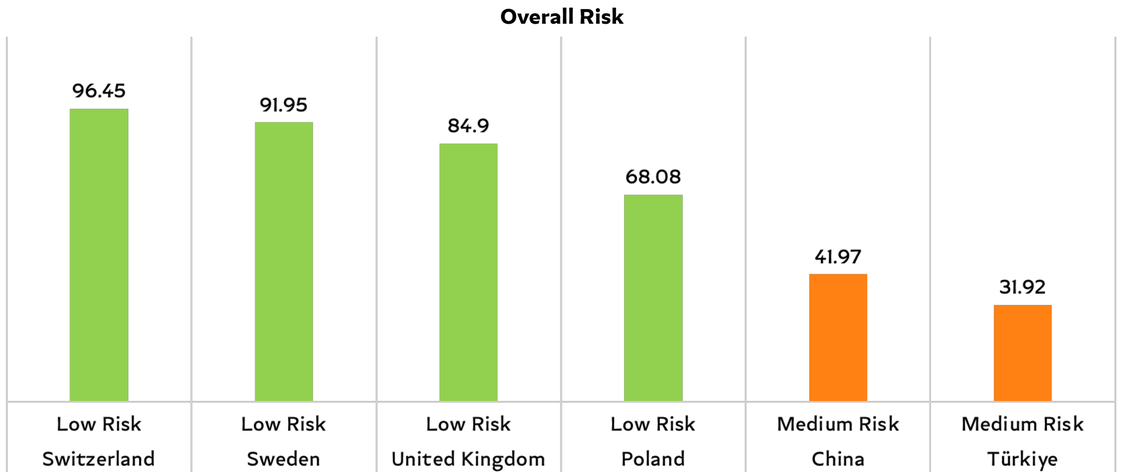
*Amfori is a business-driven initiative aimed at improving working conditions in the global supply chain. Amfori brings together over 2,400 members and supports their work in creating an ethical supply chain.

Country risks

ESG risk refers to the potential negative impacts on a company's financial performance and reputation resulting from environmental, social, and governance factors.

Amfori ESG Country Risk Compass
The Amfori ESG Risk Compass identifies potential human rights, environmental, and governance risks across the supply chain to support supply chain due diligence. It covers a broad range of indicators related to environmental, social, and governance topics, such as climate change, fair remuneration, and sustainable development. By using data from reliable external sources, it classifies each indicator by risk level, from low to very high, to provide a gross ESG risk score at the country level.

This is a risk classification from a governance level provided by Amfori; it is not based on Happy Socks' suppliers. The numbers are based on the most recent data available on the platform, which is 2023.



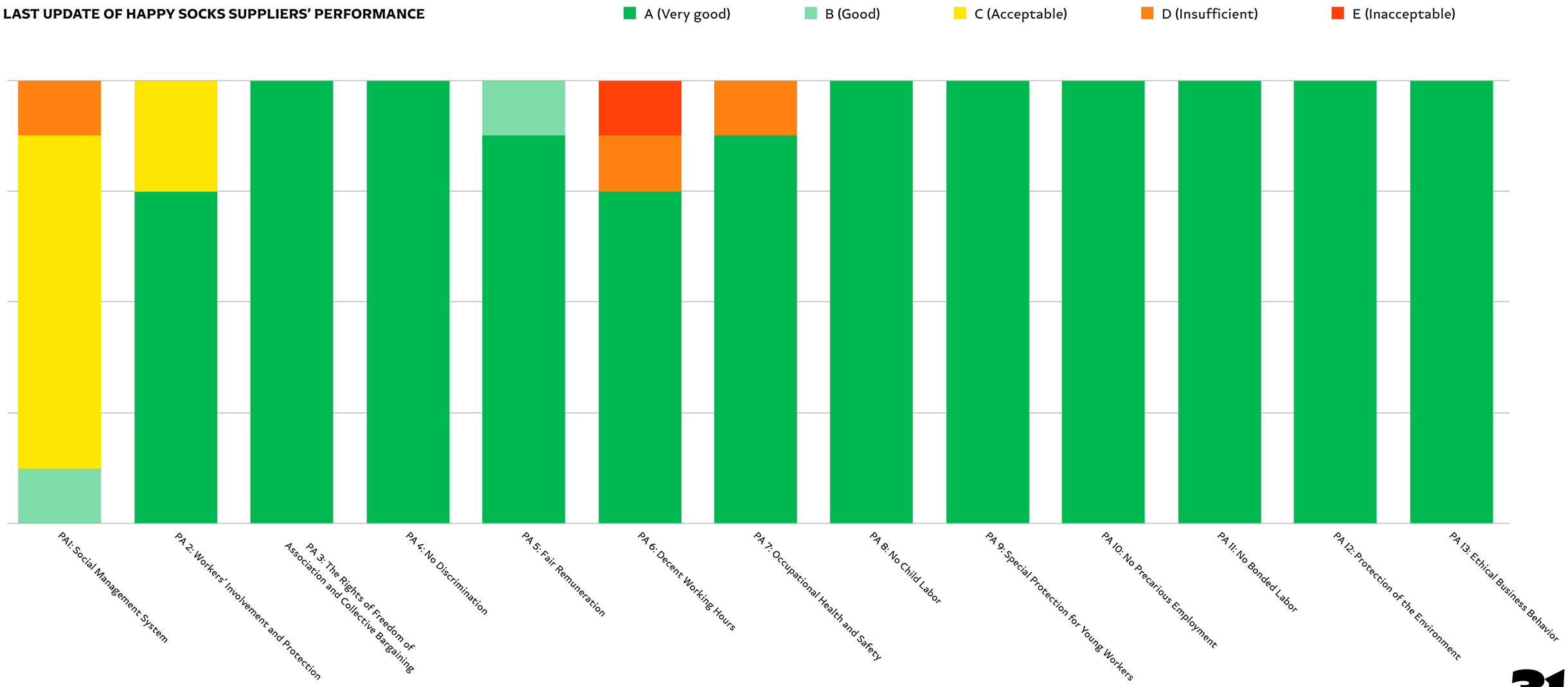
The bars shows the country's risk level. A high score means low risk and a low score means high risk.



The spider diagram shows the aspects taken into consideration for the classification and the results for the countries where we have production.

Risks in our supply chain

LAST UPDATE OF HAPPY SOCKS SUPPLIERS' PERFORMANCE



Risks in our supply chain

We monitor production and working conditions throughout our supply chain, despite not owning any of the manufacturing facilities. Fighting poor labor conditions, such as long working hours, low wages, and unsafe work environments, is one of the textile industry's biggest challenges. We mitigate these risks by requiring our suppliers to sign our Code of Conduct, as well as being audited through Amfori BSCI. By focusing on long-term, close collaborations with our suppliers, we strive to make constant improvements in this area through a joint effort. We choose to share our challenges openly to increase transparency and encourage continuous industry collaboration.

Our Code of Conduct
The requirements set in our Code of Conduct are based on the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the ILO 8 Core Conventions. Amfori BSCI social compliance program further ensures ethical trade and safe, responsible, and sustainable working environments, monitored through third-party audits according to a set schedule depending on audit results.

Continuous improvements
The results from all our suppliers within the 13 performance areas are shown in the graph on the previous page. The green A and B correspond to "Very Good" and "Good", respectively. If a supplier gets a C, D, or E on a question, we inform them that they need to improve and perform a reaudit.

This year, we have some areas that need further improvement:

PA 1: Social management system
While our suppliers have a social compliance system, gaps in implementation exist, including the exclusion of key service providers like catering and security at one supplier. Some partners used outdated versions of the Amfori Code of Conduct, and monitoring relied too heavily on self-assessments at one supplier.

PA 2: Workers' involvement and protection
It was found that worker participation mechanisms are limited at some of our suppliers, with no mandatory training on gender equality or harassment for employees and subcontracted staff. Additionally, structured feedback channels and labor rights engagement were found to be insufficient at one supplier.

PA 5: Fair remuneration
Although most employees earn above the minimum wage, some are paid only the legal minimum. The childcare service offered by one supplier does not comply with local labor law, as mandatory transportation is not provided.

PA 6: Decent working hours
Excessive overtime and non-compliance with rest period regulations were observed at two suppliers. These factories have since then been phased out for other reasons. Therefore, no improvement plan has been adopted.

PA 7: Occupational health and safety
There were deficiencies in health and safety practices at some of our suppliers, including missing risk assessments, partially blocked emergency exits, inadequate protective gear for some workers, and insufficient first-aid measures. At one supplier, the workplace cafeteria's food safety practices had gaps, as required food samples were not collected.

Ongoing actions
To address these findings, we are working closely with our suppliers to strengthen social management systems and ensure that all service providers are included in compliance assessments. We are requiring suppliers to update to the latest version of both our Code of Conduct and the Amfori Code of Conduct. We are also encouraging targeted training on gender equality, safe working environments, and employee rights. For health and safety, we are encouraging our suppliers to implement corrective action plans to ensure regular risk assessments and compliance with fire and food safety regulations. By increasing follow-up and engagement, we aim to close compliance gaps and drive continuous improvement in alignment with the Amfori BSCI Code of Conduct.

Toxic-free by 2030
To ensure our products are harmless for both human and ecosystem health, our suppliers must sign the Happy Socks Restricted Substances List (RSL). The Happy Socks RSL contains chemical requirements and restrictions for products purchased by Happy Socks and its partners. The list is regularly updated to cover legal requirements for all the major countries in which we operate.

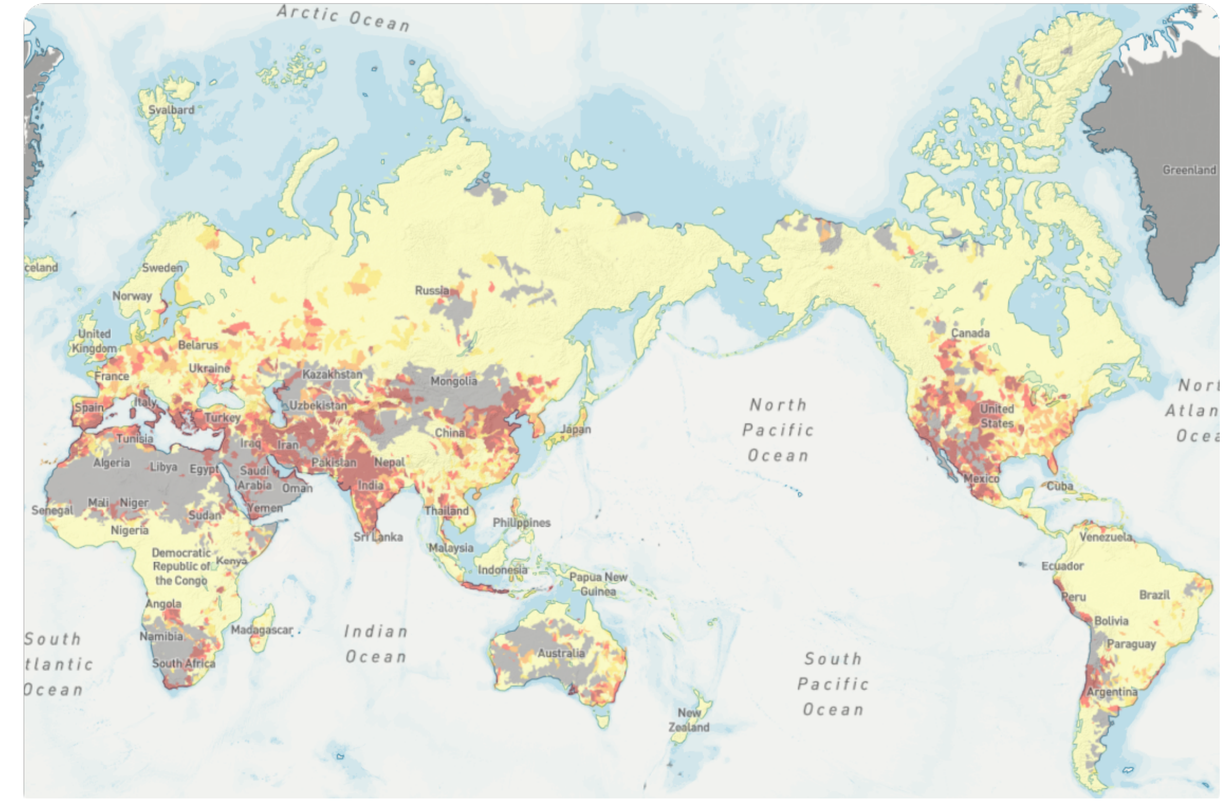
To help our suppliers further pursue environmental responsibility in terms of reducing the use of harmful substances, we require that they commit to the regulations set in REACH (EC1907/2006) and hold an OEKO-TEX® STANDARD 100 certificate. OEKO-TEX® STANDARD 100 certification is an important part of our goal of being toxic-free by 2030. For the year 2024, 100% of our sock suppliers were certified, and we keep striving to maintain this number.

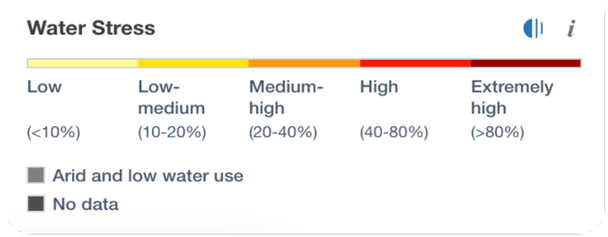
Water stress

Water stress measures the ratio of total water demand to available renewable surface and groundwater supplies. Water demand includes domestic, industrial, irrigation, and livestock use. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users*.

We need to use less water
The primary material we use in our products is cotton, which comes with one major issue: cotton production is water-intensive. Therefore, we have set the goal that by 2025, all of the cotton we use must be more sustainably sourced. For us, that means cotton certified or trademarked by a third party. Presently, we use Organic Cotton (OCS certified), Better Cotton (trademarked), and Recycled Cotton (RCS certified). All of these alternatives are less water-intensive than conventional virgin cotton. In the first quarter of 2025, we reached our goal.

Going forward
Another water-consuming part of our supply chain is the dyeing process. To reduce the amount of water being used, our next step is to map out all our dyeing houses according to the water stress world map, make a baseline of their total water consumption, and make a plan for improvements.





*Source: Aqueduct 4.0

Global policies & guidelines

POLICY/GUIDELINE	WHAT'S INCLUDED	WHO DOES IT AFFECT	HOW IT'S IMPLEMENTED
Code of Conduct	Happy Socks is working to eliminate unwanted social and environmental impacts in our own operations and throughout our complete supply chain. The requirements set in our Code of Conduct are based on the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the ILO 8 Core Conventions. Amfori BSCI social compliance program and further ensures ethical trade and safe, responsible, and sustainable working environments, monitored through third-party audits according to a set schedule depending on audit results. Through these efforts, we aim to mitigate the risk of human rights violations across our value chain. Read the COC here: https://publications.happysocks.com/view/123861340/	All employees and everyone we have business relations with.	All suppliers sign our Code of Conduct as well as being audited through Amfori BSCI. We follow up that all suppliers have signed the Code of conduct through Worldfavor's platform were we gather all ESG data regarding our suppliers.
Code of Ethics	Our Code of Ethics is part of our Code of Conduct. We have a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly, and with integrity in all our business dealings and relationships.	All employees and everyone we have business relations with.	If any supplier or partner violates this policy, existing business cooperation will be reviewed and considered for phase-out and termination. If any of our employees attempts to solicit any advantage from a business partner, Happy Socks AB expects the supplier to immediately report this to us. This is followed up through Amfori.
Happy Socks Restricted Substances List (RSL).	The Happy Socks RSL contains chemical requirements and restrictions for products purchased by Happy Socks and its partners, to ensure our products are harmless for both human and ecosystem health. The list is regularly updated to cover legal requirements for all the major countries in which we operate. To help our suppliers further pursue environmental responsibility in terms of reducing the use of harmful substances, we require that they commit to the regulations set in REACH (EC1907/2006) and are OEKO-TEX® STANDARD 100 certified.	All suppliers.	All suppliers have signed Happy Socks Restricted Substances List (RSL) and 100% of our sock suppliers were OEKO-TEX® STANDARD 100 certified. We follow up though early update that they are certified by OEKO-TEX® STANDARD 100.
Employee Handbook	Our employee handbook is a one-stop shop policy covering lots of important information. It's shared with all our employees upon joining, and regular updates are communicated company-wide. The handbook covers: Employment & Working Hours, Workplace Environment, Safety & Emergency, Vacation & Leave Policy, Salary & Benefits, Mobile phones & Computers, Development & Growth, Expenses & Travel Policy. In Sweden we have specific policys according to Swedish legislations. These are: Work Environment Policy, Work Environment Handbook, Whistle Blowing Policy, Smoking Policy, Rehabilitation Process, Diversity & Equality Policy, Alcohol & Drug Policy and an In Case of Emergency Policy.	All employees.	Our internal policies are accessible to all employees through our Employee System, Deel. Additionally, in-depth information around pension, insurance and IT can be found in Deel. The HR department ensures that all new employees receive these policies and tracks acknowledgment confirmations once they have been read. We also provide an online whistleblowing function, available to all employees and partners, to ensure transparency and accountability.



THE HAPPY CREW

The Happy Crew

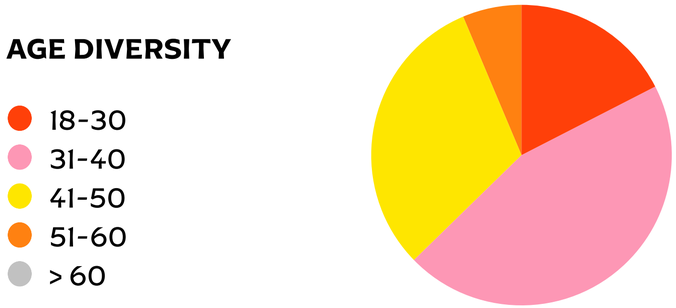
Our goal is to be a transparent, inclusive company that values every employee. We don't tolerate discrimination and actively embrace diversity in all its forms. By bringing together a range of backgrounds, experiences, ages, cultures, and work styles, we create a stronger and happier team.

During 2024/25, we employed 129 amazing people across our offices in Stockholm, Munich, Shanghai, New York, and Istanbul, with the majority based in Stockholm. We are happy to employ people from 27 different nationalities in our offices.

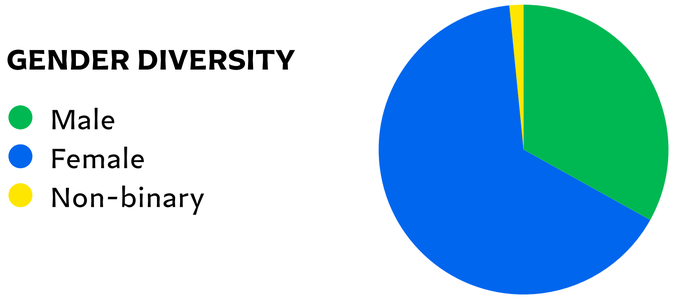
The gender diversity amongst our total number of employees is shown in the diagrams on the right-hand side. As shown in the diagrams, we have a higher proportion of females among all employees and managers. The management team and board have a higher proportion of male employees.

The age diversity amongst our total number of employees is shown in the diagram below. The largest share of the Happy Socks employees (76%) are between 31-50 years old.

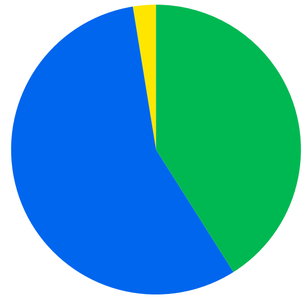
AGE DIVERSITY



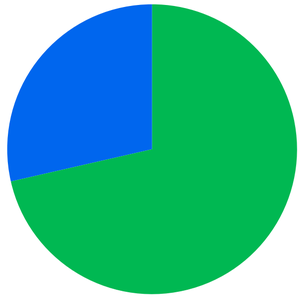
GENDER DIVERSITY



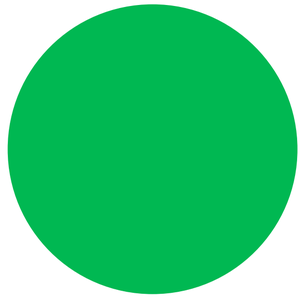
All employees



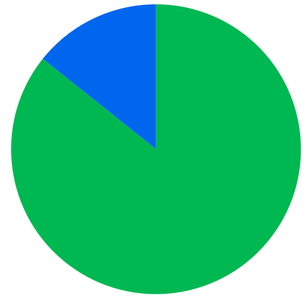
Managers



The management team



CEO



The board of directors

Employee insights, integrity, health & safety

Employee insights
The average employee tenure at Happy Socks is 3.3 years. This suggests a moderate level of retention reflecting recent hiring activities.

The total sick leave at Happy Socks is 3.39 percent, including both short-term and long-term absences.

Health and safety
We have three reported recordable work-related accidents. All cases are carefully reviewed to identify causes and ensure preventive actions are taken. We continue to monitor and follow up to support a safe work environment. The number of fatalities is zero.

Anti-corruption
A total of 6 whistleblower complaints were received, including 2 internal and 4 external. The internal complaints are managed through our dedicated whistleblower function, following our established whistleblower policy. External complaints, primarily related to customer service matters, have been forwarded and addressed by our customer service team. Each complaint is thoroughly reviewed and handled in line with our internal procedures.

There have been zero confirmed incidents of corruption or fraud. We remain committed to maintaining the highest standards of integrity and transparency in all aspects of our operations.

* The number and rate of recordable work-related accidents are based on the period 1st of January 2024 until 16th of May 2025.



We stand with Pride!

At Happy Socks, we believe in spreading happiness and color to every corner of the world. We support people and communities who share this spirit and live by values of creativity, respect, and inclusion.

Ongoing Support for Pride
For many years, we've partnered with organizations that celebrate Pride and advocate for equal rights. We donate 10% of proceeds from our Pride collections to support initiatives around the world and actively participate in local Pride events. Through these actions, we express our support for inclusion, fairness, and self-expression.

Embracing Diversity & Equal Opportunity
We remain committed to creating a workplace and brand that welcome people of all backgrounds. We believe everyone deserves to feel respected, represented, and valued.

Partnering with InterPride
As part of our commitment to an inclusive workplace, we hosted an internal workshop with InterPride, the world's largest network of Pride organizations in March 2025. These ongoing collaborations help us raise awareness and foster open, respectful dialogue within our teams and communities.



“Life can never be too colorful“

Auditor's report

Grant Thornton

Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Happy Socks AB, org.nr 556753-0349

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2024-04-01 – 2025-03-31 och för att den är upprättad i enlighet med årsredovisningslagen i enlighet med den äldre lydelsen som gällde före den 1 juli 2024.

Granskningens inriktning och omfattning

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

Uttalande

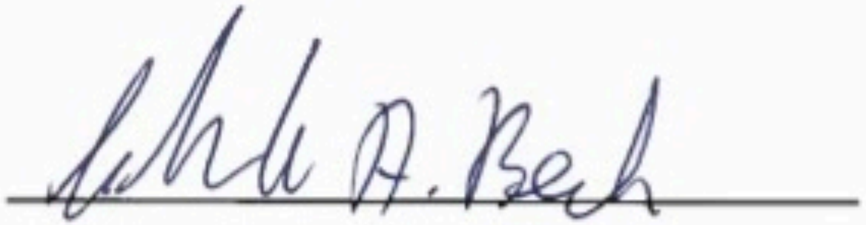
En hållbarhetsrapport har upprättats.

Stockholm den 15/8 2025
Grant Thornton Sweden AB

John Liljenfeldt
Auktoriserad revisor

Board approval

This report has been checked and approved by the Board of Directors at Happy Socks.



CHRISTIAN ANDREAS BREDAL BECK
Chair of the Board

HAPPY SOCKS

THANK YOU FOR READING!



WWW.HAPPYSOCKS.COM

Happy Socks AB
Karlavägen 108
115 26 Stockholm, Sweden

info@happysocks.com