



Impact Progress Report 2023



A note from the On partners

Welcome to On's Impact Progress Report 2023. In the pages ahead, we present our strategy, progress and challenges, and highlight some of the initiatives we've set up to drive progress on our social and environmental impact.

In the past year, our teams, together with our partners, have worked hard to make progress towards our ambitious goals. At the same time, we've also taken the time to refine On's environmental and social impact strategy, as well as governance. Our work is guided by our North Star:

‘We're building a fair and inclusive future, driving progress on circularity and renewable materials.’

Progress and innovation are at the core of who we are and what we do. We believe success comes with responsibility. A responsibility to succeed not at the cost of people and the planet, but by contributing to their well-being and regeneration. We aim to be the best company we can be — in every aspect.

We've made strong initial progress on the goals we've set. We know these are complex challenges and achieving them won't be easy — but this doesn't stop us from pushing forward. Challenges teach us humility, and we all need to come together to tackle them head on. Because it's only together that we can achieve our shared dream: the sustainable transformation of our industry.

— The On Partners,
Caspar, David, Marc, Martin, Olivier



Ignite the human spirit through movement

We believe movement allows us to dream bigger and better. It helps us to face even the greatest challenges with optimism, and to find new, creative solutions. It enables us to envision a better future — to Dream On.



Our Spirits



We want to make a positive contribution, the right way. For people and for the planet. We believe in the power of the human spirit and what humans are capable of.

When we work together, we can find solutions to some of the world's most complex problems. That's why we strive to live and work by our five guiding Spirits. They are at the core of our culture and capture the qualities that shape our behaviors, keep us grounded, and define how we work.

Explorer

Driven by curiosity, we're discovering the new by asking courageous questions and taking smart risks.



Athlete

We put in the work and strive for excellence, always knowing that failure is just a new opportunity.



Team

Mutual trust, transparency and respect are what make us one team, starting and finishing together.



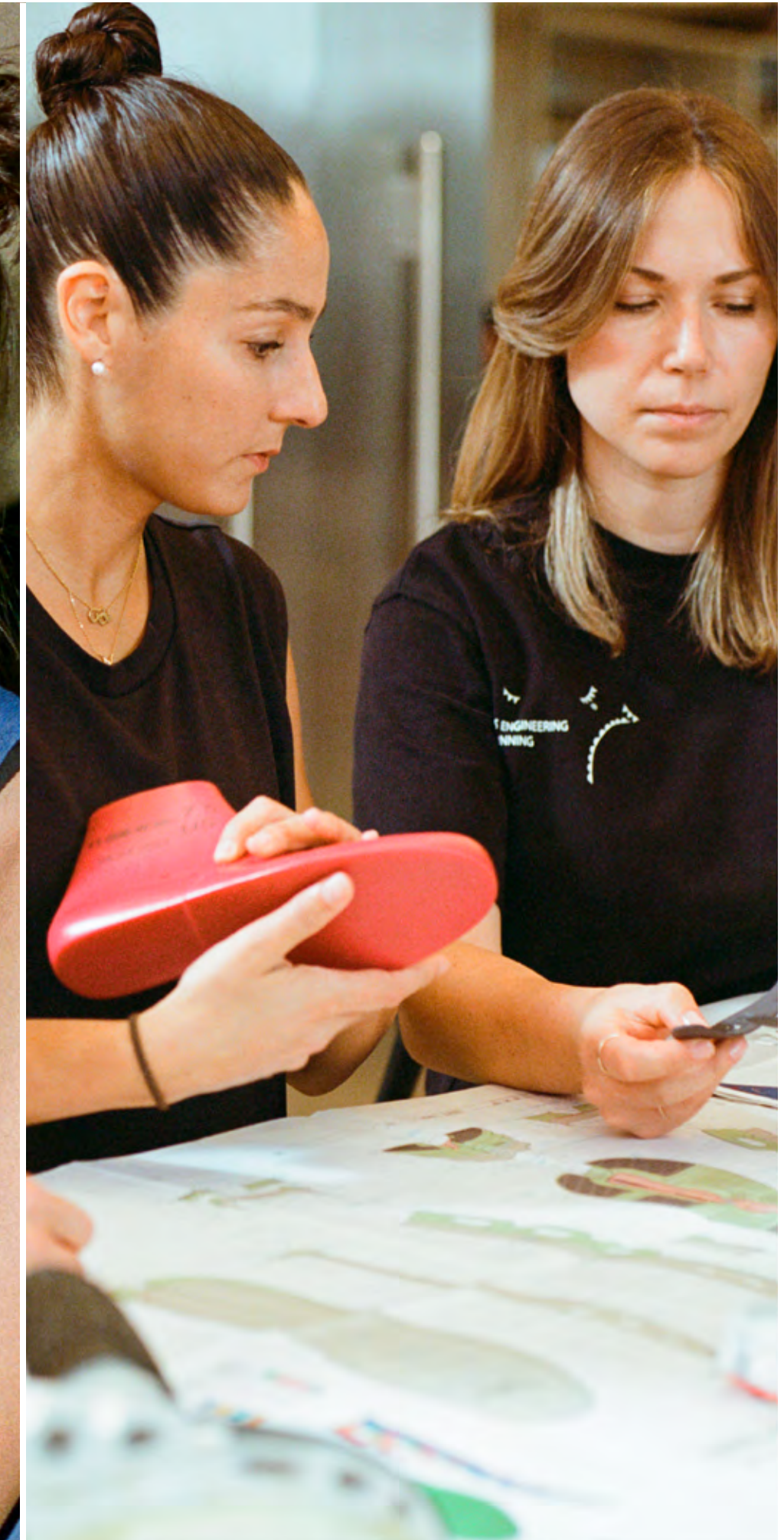
Positive

Delivering 'Wow' through having a positive mindset in everything we do.



Survivor

Engineering a better future, where sustainability and performance go hand-in-hand.



Dream Together.
Dream On.

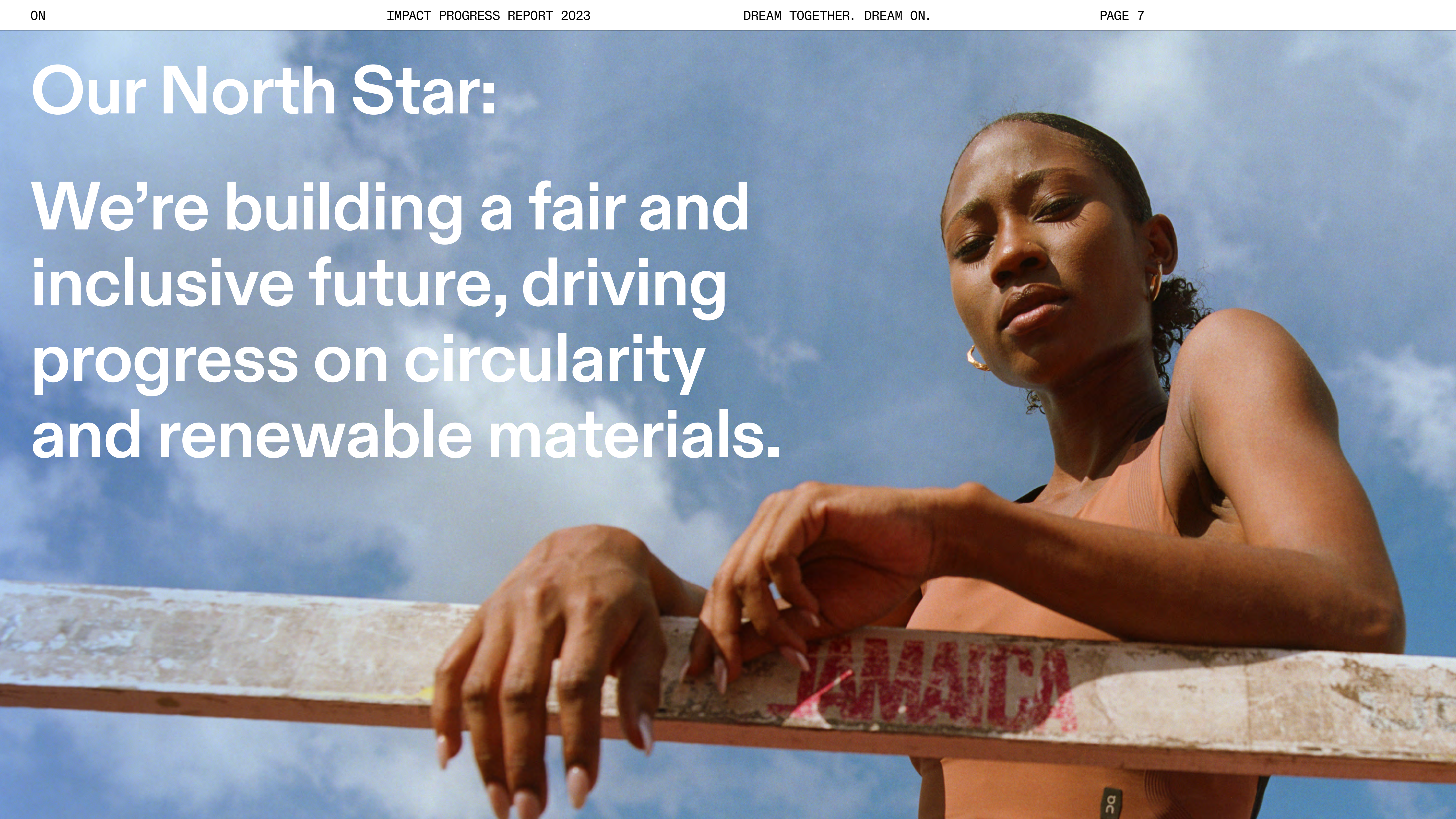
07–17

Our North Star
Our Strategy
Our Goals
Our Highlights

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Our North Star:

We're building a fair and inclusive future, driving progress on circularity and renewable materials.



Our impact strategy

Guiding our ambition to achieve a more sustainable future

In a world that's continuously changing, we recognize the need to adapt and evolve. This past year has been one of profound growth and transformation for On. As we've changed, so too have the challenges we face. Yet, with such growth comes the opportunity to have an even greater impact, for people and the planet, and we've redefined On's impact strategy to help us achieve this.

It is our mission to ignite the human spirit through movement. This requires us to create opportunities for movement and remove barriers that prevent communities from experiencing its benefits. It also requires that we preserve environments that encourage us to move and explore. For us, impact encompasses both environmental stewardship and social responsibility, and our impact goals are deeply woven into the fabric of everything we do.

In our commitment to driving progress on circularity and renewable materials, we're always embedding innovation into our products and manufacturing processes. At the same time, we strive to positively impact those we work with and around, ensuring that, in what we do, we are building a fair and inclusive future for everyone. These efforts are not just to reach milestones; they're a testament to our unwavering commitment to a more sustainable future.

This year our efforts have expanded, becoming more ambitious and rigorous, reflecting the increased scale of our operations and the heightened expectations of our stakeholders. This report highlights the innovative strides we have taken, and tracks our progress, helping ensure we remain on the path of continuous improvement.

It sets the stage for the future as we pledge to step up our game and push the boundaries of what is possible for sustainable sportswear.

We know that having a positive impact is not just about meeting the challenges of today but anticipating the needs of tomorrow. Together with our stakeholders, we will continue to drive progress, ensuring that our growth benefits both the planet and the communities we serve.

— Begüm Kürkçü
Global Director of Sustainability



Taking action

What we create shouldn’t come at the cost of people or the planet; it should contribute to the well-being of everyone and minimize the impact on the environment.

We constantly review and advance our impact strategy. In this year’s Impact Progress Report, we’ve retained some of our existing goals, making them clearer and more actionable, while also setting new goals that reflect our ambition.

We used the Planetary Boundaries Framework and our existing social impact goals to prioritize our objectives. We also consulted with people inside and outside of our business to support this work and ensure that the strategy provides an actionable roadmap with clear focus areas and tangible goals, helping us to collectively achieve our North Star.

Built for change

Our strategy is built to change with the times. It is rooted in foundational goals that form the bedrock that underpins and guides our entire approach to sustainability. Built upon these strong Foundations are the three pillars where we believe we can make the most difference:

Social Impact — we aim to positively impact every life we touch to ensure safe, fair and inclusive working conditions for all, while striving for everybody’s right to movement.

Material Innovation — we continuously innovate to reduce the environmental impact of the materials and processes used in our products.

Circularity — we design high-performance products that are built to last, and we develop various programs to prevent them from ending up in landfill.

While these three pillars and our Foundations remain a fixed structure, we know our focus areas and goals within them will change over time: they will be reassessed and refined as the needs and contingencies of our people and planet evolve. We know this is a journey, along which we will continue to evaluate, iterate and learn.

Dedicated Impact Governance

Our ESG committee, established in 2023 and chaired by our co-CEO Marc Maurer, and our Global Sustainability team are dedicated to continuously evaluating our advancements and pushing our ambition further.

Over the last year, we have continued to build out this team with five functions that drive cross-functional initiatives to integrate our sustainability priorities across the company:

- Responsible manufacturing
- Sustainable materials and products
- Circularity, waste & packaging
- Strategy, education & communication
- Climate, data & systems



Impact is a team sport

Each of us at On has a role to play in bringing our impact strategy to life. From sourcing and manufacturing to innovation and design, from operations and talent to business strategy and marketing, and from legal to finance, we all strive for improvement every day.

We asked our teams what impact means to them and what it looks like in their day-to-day work at On. Their responses are a testament to our collective ambition:

‘Athlete performance needs to go hand in hand with finding solutions to reducing our impact.’

— Jean-Philippe Romain, Head of Innovation Material Science, Zurich, Switzerland

‘Our commitment to innovation and impact is key to our fundamental approach to source responsibly.’

— Vincent Chen, Senior Director of Sourcing, Ho Chi Minh City, Vietnam

‘Impact is the positive difference we make on the lives, communities, and social structures that On touches.’

— Jordan Farwell, Global Social Impact Lead, Portland, United States

Social Impact

We aim to positively impact every life we touch to ensure safe, fair and inclusive working conditions and environment for all, while fighting for everybody's right to movement.

- Team members
- Partners
- Communities

Circularity

We design systems for keeping materials in flow, finding the appropriate circular strategies and business models that fit our product purpose.

- Circular design
- Circular business models
- Operational backbone

Material Innovation

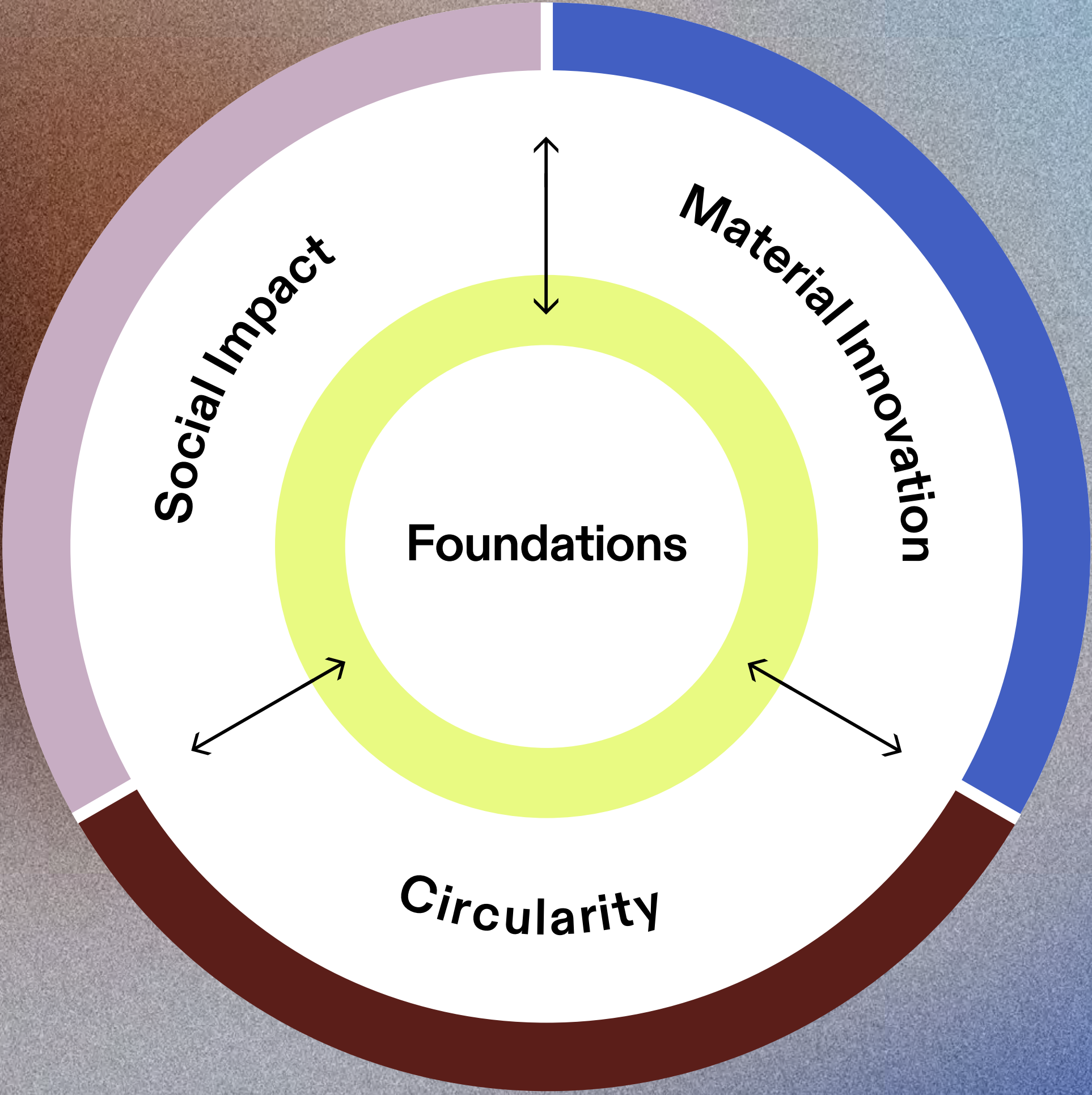
We continuously innovate our materials and processing techniques taking durability, de-fossilizing, water efficiency, and next-life perspectives into consideration.

- Preferred materials
- Preferred processing
- Innovation

Foundations

We continue to work on reducing our overall impact on the environment while focusing on traceability, data management and compliance with laws and regulations throughout the product life-cycle.

- Action on climate
- Traceability & data
- Governance & compliance



Our Goals

Setting standards to have the most impact across our teams

Underpinning the pillars of our strategy is a set of tangible goals identified and defined through six months of internal and external stakeholder engagement. This process has resulted in 24 clear and measurable goals that steer our sustainability efforts, helping us to collectively work to achieve our North Star.

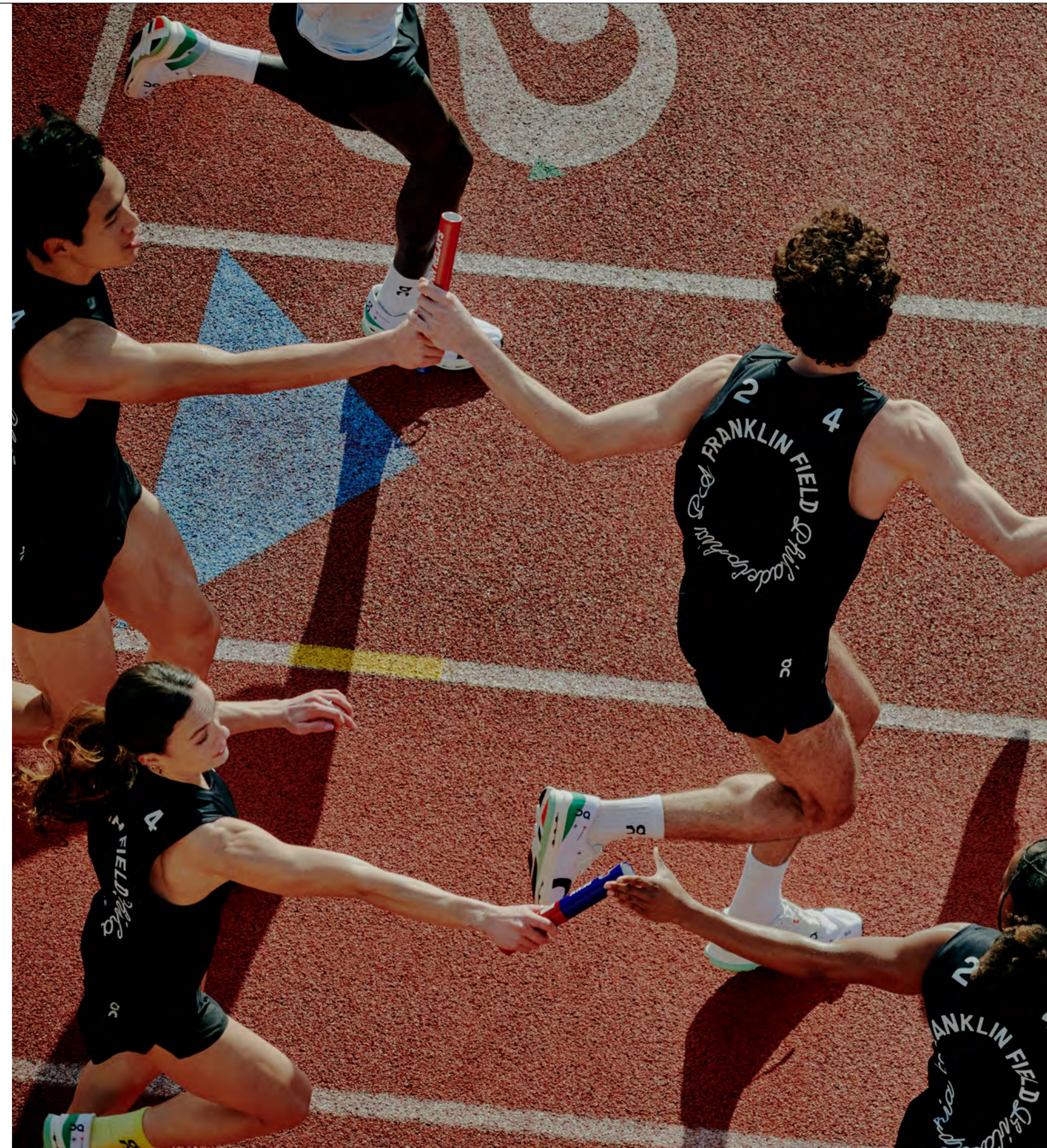
These 24 goals are a mix of what we call 'core goals' that move the needle and have real-world impact, and 'enabling goals' that provide the scoping and capacity-building required to pave the way for future core goals.

Our 12 foundational goals set the groundwork needed to make the goals within our three pillars possible. These foundational goals are shaped by what we call the Athlete Spirit: a constant pursuit of discipline, improvement, and feedback to better ourselves.

With all of our goals, we continue to be data-driven and ambitious, investing our time and resources into the areas and initiatives where we can have the most significant impact and progression, not only for our business but for the industry as a whole.

24

goals to guide our sustainability approach



Our Goals

Social Impact

end of

2026

100% T1 suppliers have implemented a grievance mechanism

2026

100% Strategic* T2 suppliers onboarded to our Workplace Standards Monitoring Program

2025

100% T1 suppliers onboarded to our Workplace Standards Monitoring Program

2025

100% T1 suppliers will have implemented a living wage consistent with GLWC standards

2024

Develop human rights and due diligence policy with International Organization for Migration

Material Innovation

end of

2027

>20% recycled or renewable materials by weight used in our midsole compound across our highest volume** footwear styles

2027

>95% recycled or renewable polyamide fibers used in products manufactured in the year

2027

>95% recycled or renewable PET fibers used in products manufactured in the year

2026

>95% cotton and cellulosics used in apparel products manufactured in the year, coming from preferred sources

Circularity

end of

2025

Pilot traceable reverse logistics supply chain in one region

2025

Publish Circular Design Playbook

2024

Define Circularity roadmap to scale

Foundations

end of

2030

55% economic intensity reduction in Scope 3 emissions

2030

46% absolute reduction in Scope 1 and 2 emissions

2030

100% T1 suppliers to use renewable electricity

2028

100% Strategic* T2 suppliers to eliminate coal as direct energy source

2027

100% T1 suppliers to have SBTs or be SBT-aligned

2025

100% T1 suppliers to eliminate coal as direct energy source

2025

No intentionally added PFAS in our supply chain

2024

Offices & stores to be powered by 100% renewable electricity

2024

100% T1 suppliers publicly disclosed and Strategic* T2 suppliers by 2025

2024

Perform water mapping analysis to define roadmap

2024

Perform waste mapping analysis and roadmap to address hotspot areas

2024

Explore partners and wastewater guidelines and baseline adoption rate in our supply chain

Notes:

When referring to T1 and Strategic T2 suppliers we refer to footwear and apparel categories.

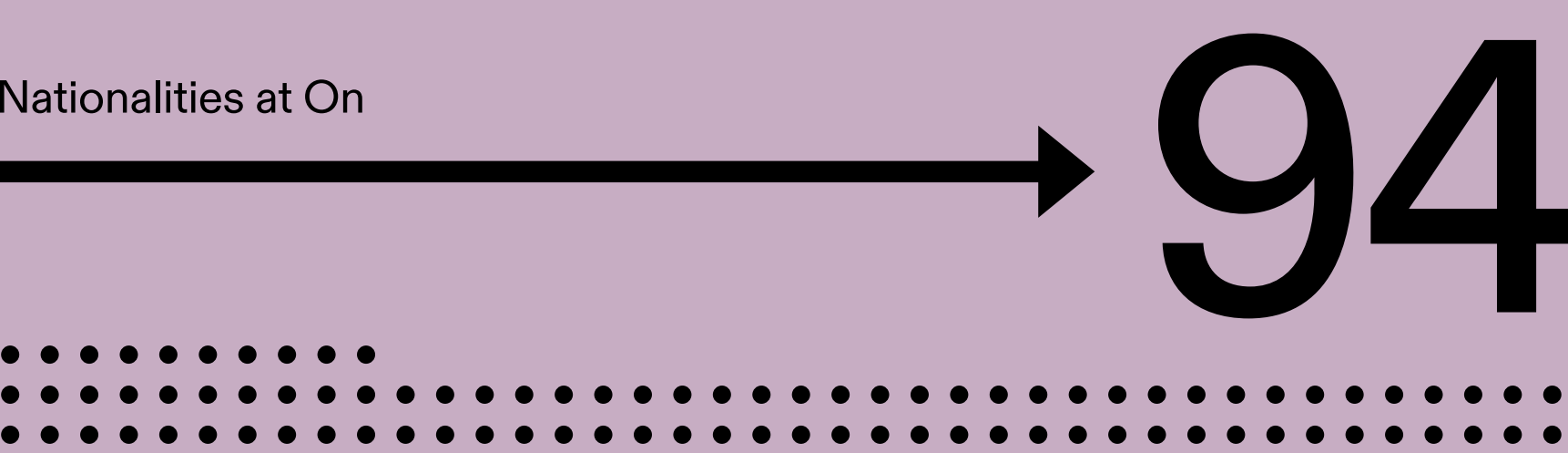
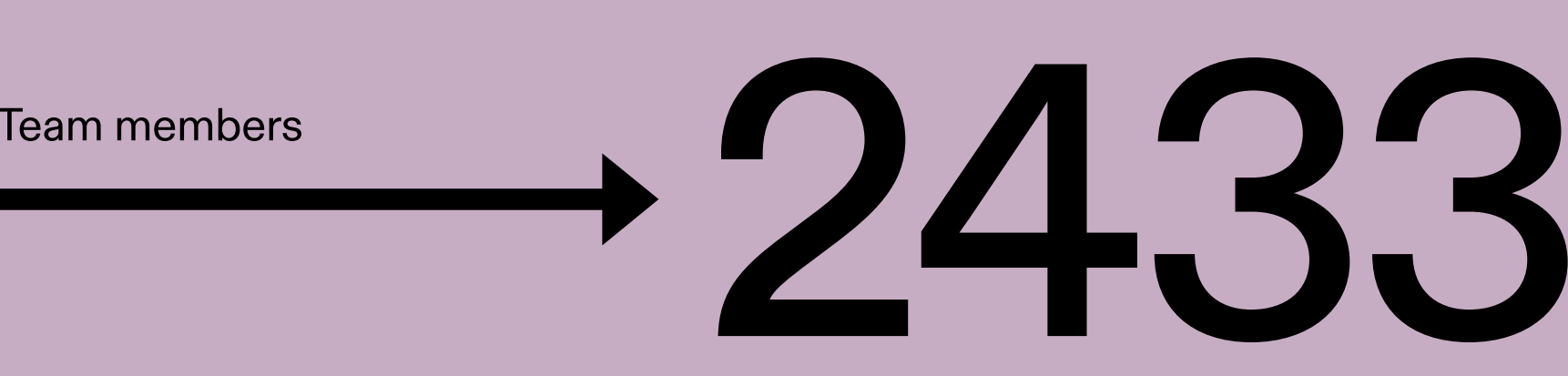
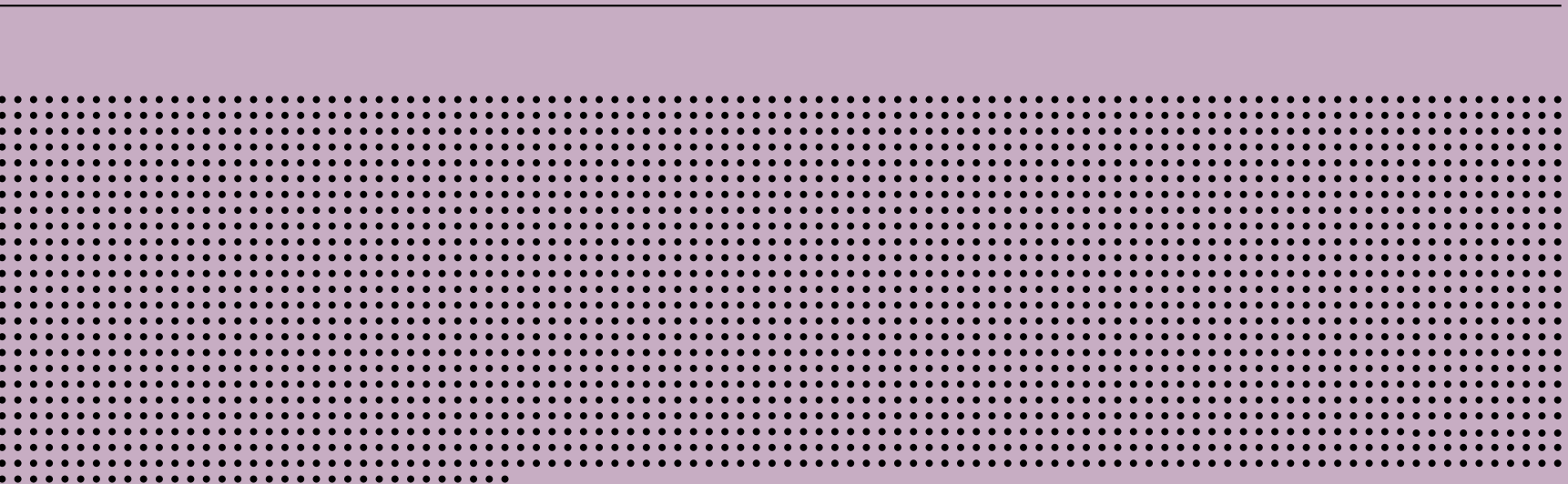
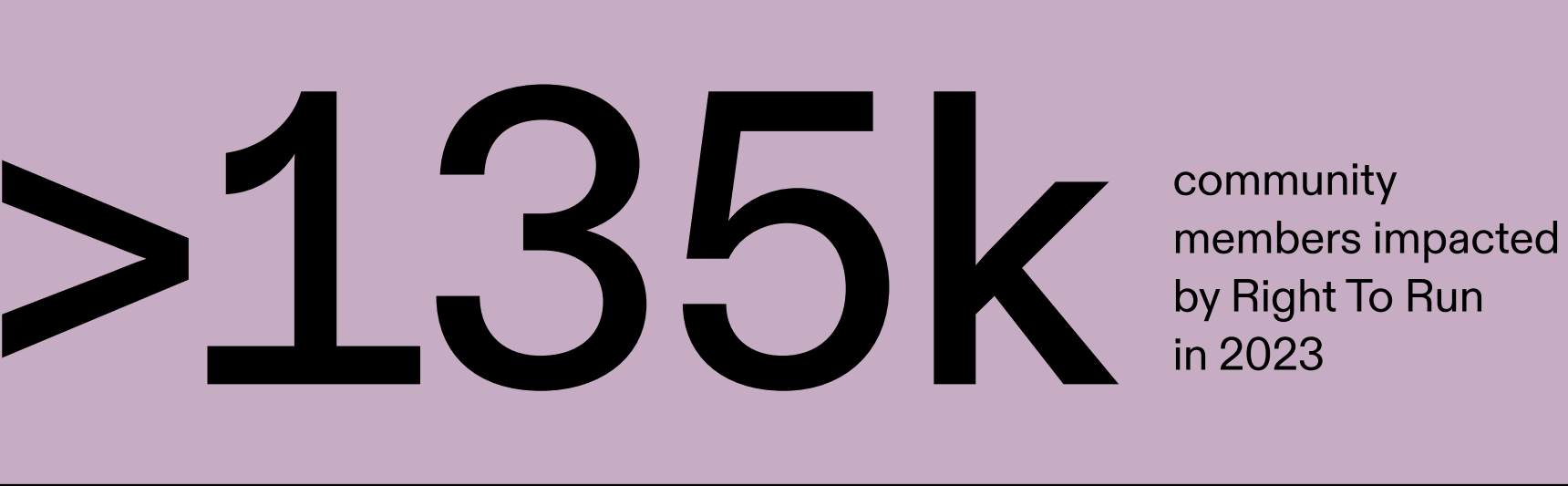
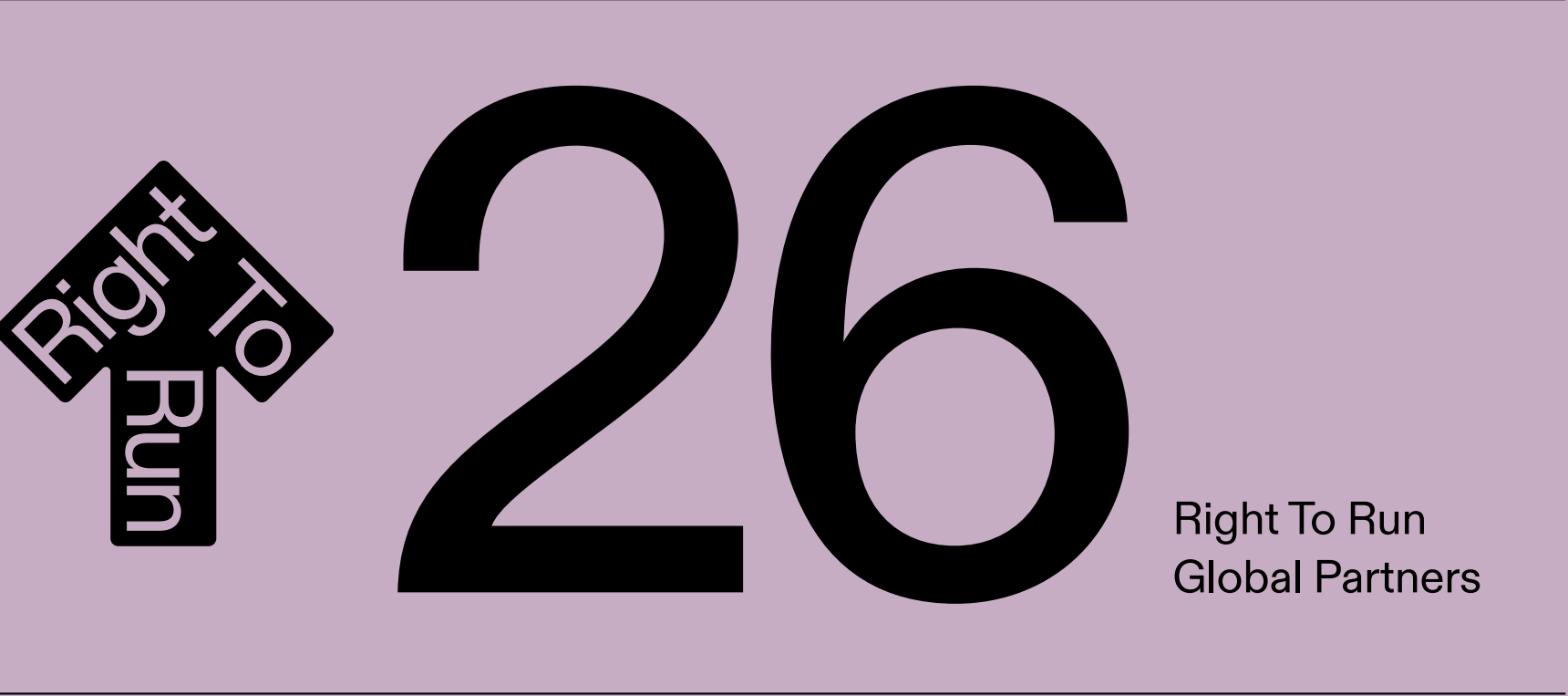
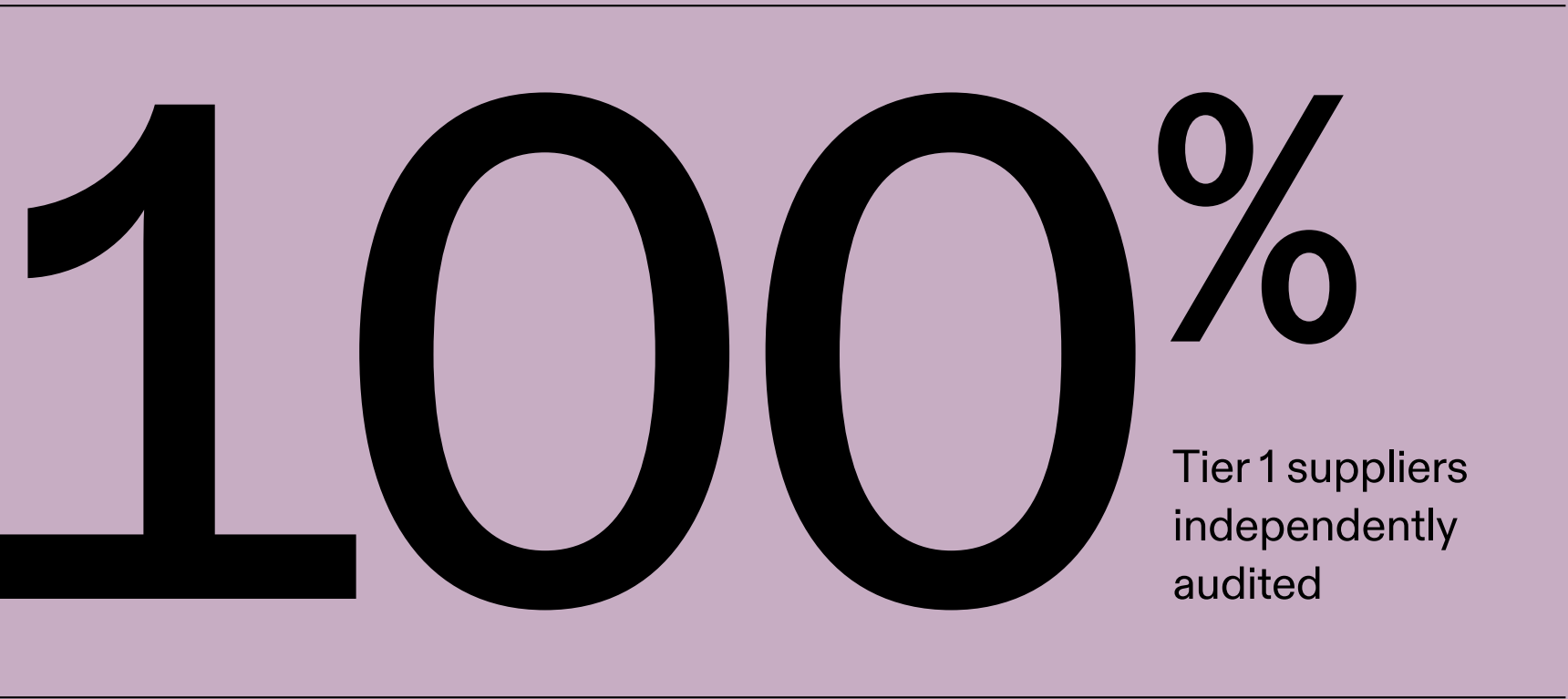
We class the following as recycled and renewable materials: third-party certified conventional recycled materials, advanced recycled materials, novel bio-based and carbon emission-based polymers, as well as natural materials, ideally from regenerative sources, such as natural rubber, man-made cellulosics,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

All Material Innovation goals include carry-over products from previous seasons.

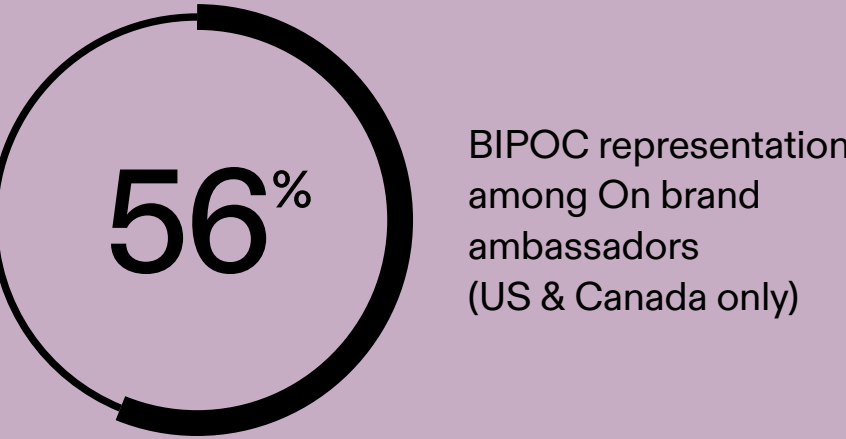
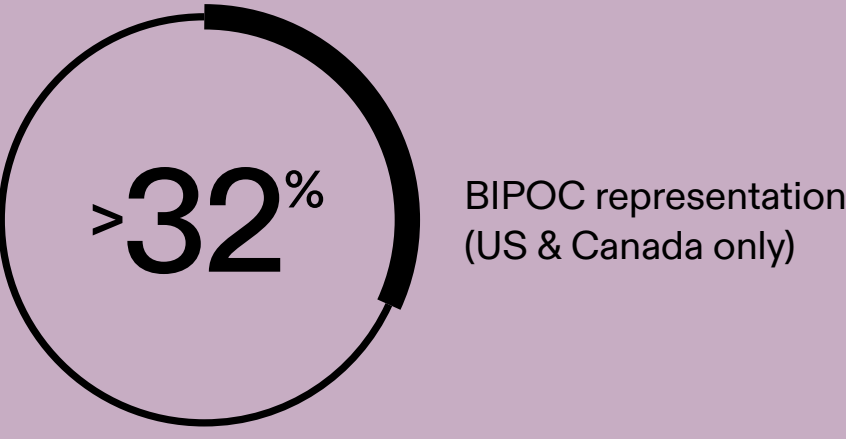
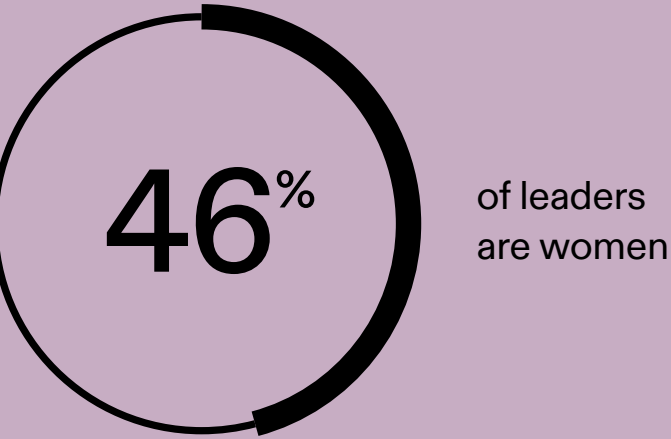
*Strategic T2: representing 60-70% of our material business volume

** >400K volume styles

Our highlights: Social Impact



Updated Blueprint for Responsible Manufacturing

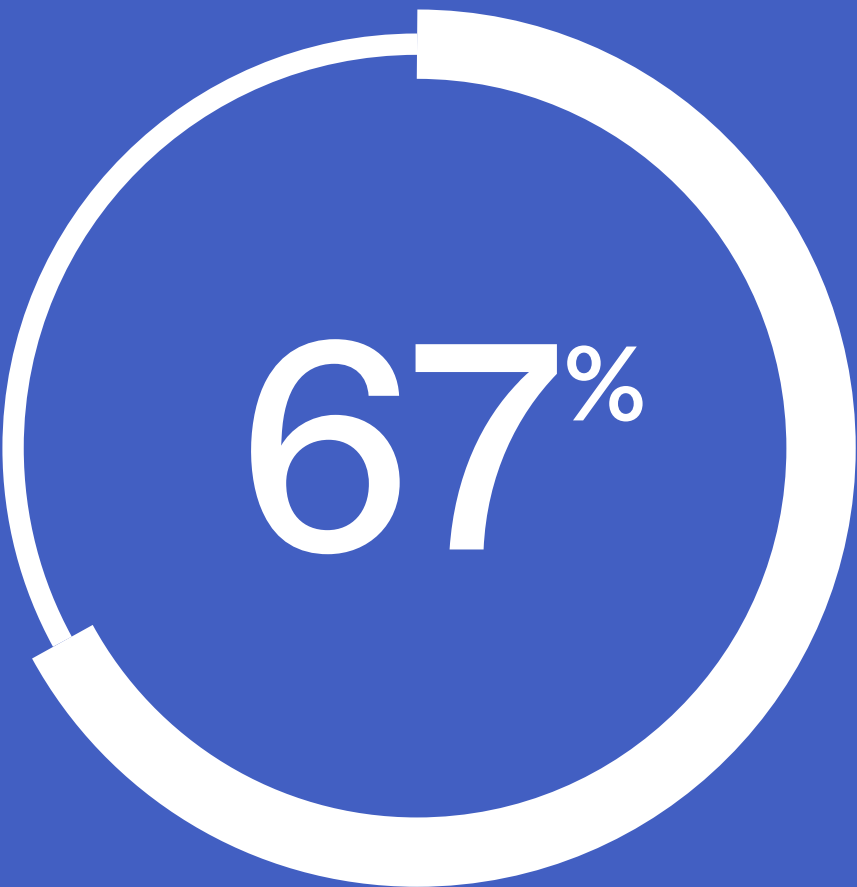


*Often known as employee resources groups (ERGs)

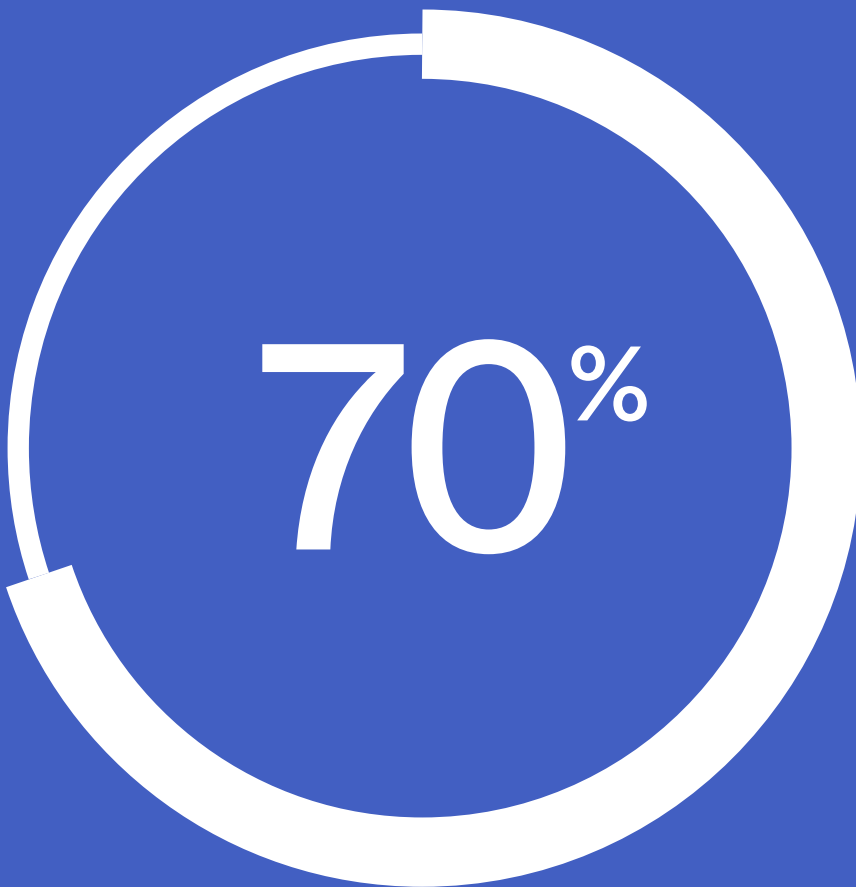
Our highlights: Material Innovation



of materials — by weight across the top-selling styles in all categories — are from recycled or renewable sources



of materials — by weight across top-selling apparel and accessories — are from recycled or renewable sources



of our styles (by volume) with Life Cycle Assessment data

>85%

recycled polyester across top-selling styles in 2023



80%

recycled polyamide across top-selling styles in 2023



CleanCloud® technology expanded into apparel, with the Pace collection

Our highlights:
Circularity

Onward™

>34k

Total pre-loved
items resold

>1.5k

Total pre-loved
items trade-in

Joined

Ellen MacArthur Foundation



The Footwear Collective



Fashion for Good

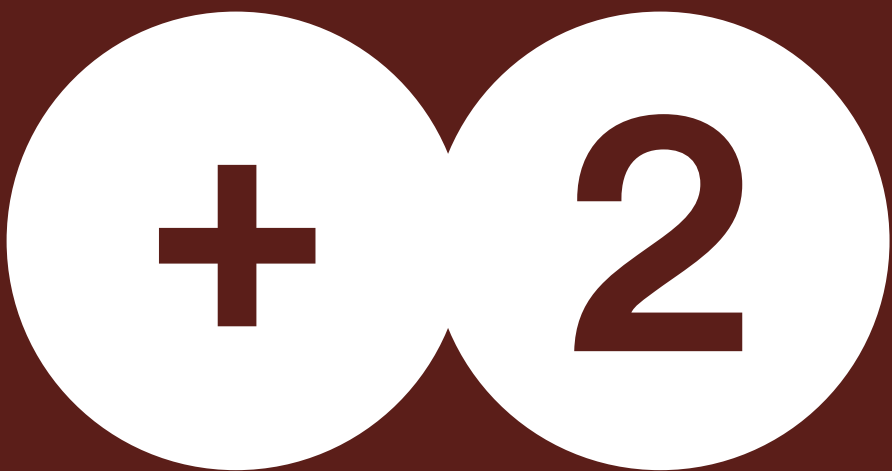


Introduced

Fiber-to-fiber

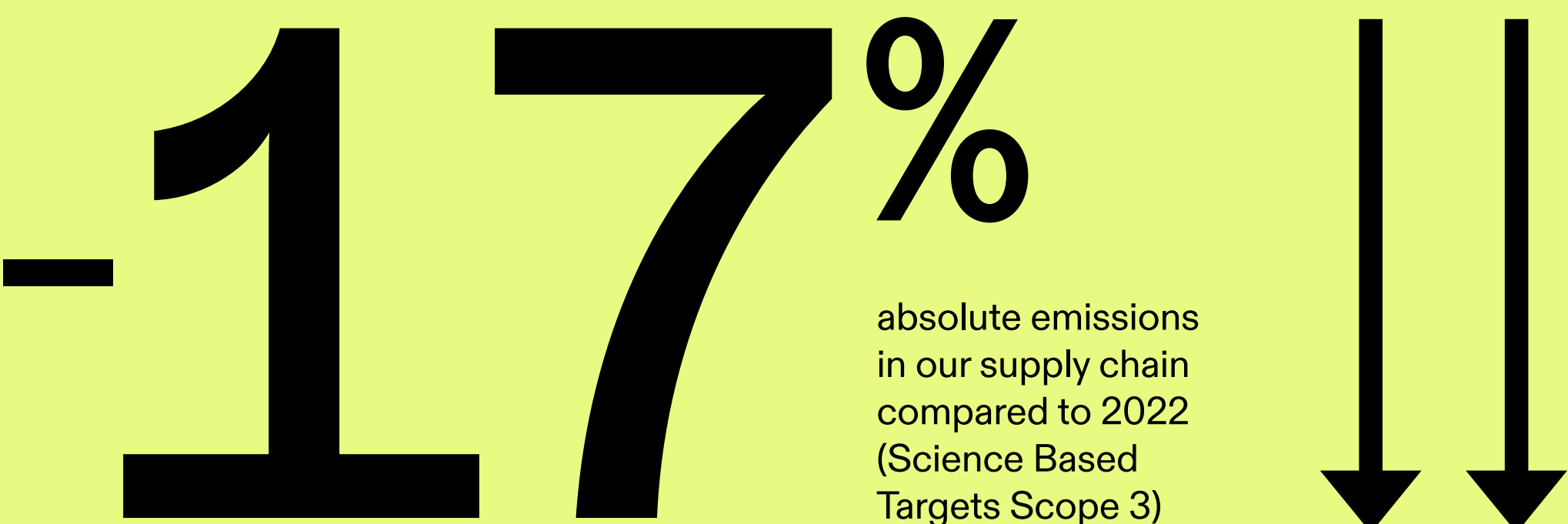
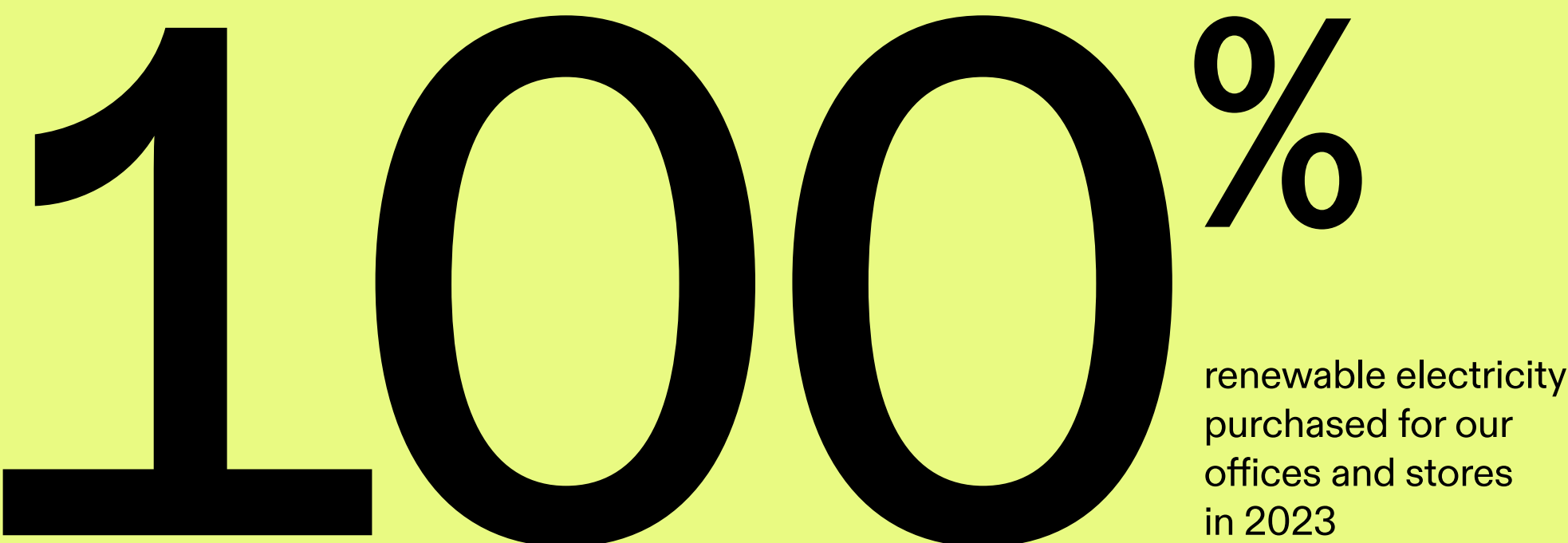
recycling with
Cloudeasy Cyclon

Cyclon™



new styles in the
program, Cloudrise
and Cloudeasy Cyclon

Our highlights:
Foundations



of existing Tier 1 suppliers
stopped using coal as direct
energy source since
early 2024



of active Tier 1 suppliers
publicly disclosed

ESG committee
established, chaired
by our co-CEO



Dream Together. Dream On.	07–17
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Social Impact

Our Focus

Our social initiatives and policies are designed and in place to give everyone in our teams, facilities, and communities the opportunity to thrive. Through creating working environments that are rooted in diversity, inclusion and equity, we can contribute to the well-being of everyone across our supply chain. Only then we can move closer towards igniting the human spirit through movement.

Team members

Create a working environment founded on diversity, equity, inclusion, well-being, and personal growth

Partners

Implement our Responsible Manufacturing Blueprint across the supply chain

Communities

Create impact in partnership with Right To Run communities through donations, volunteering, and more

Social Impact

On track ↗
Achieved ✓
Extended ○

Our goals and progress

Goals	Change	Previous goal	2023 status	Update
2026 100% T1 Suppliers have implemented a grievance mechanism	New	N/A	↗	A grievance mechanism is a formal complaint process that workers can use when a business activity negatively impacts them. A functioning grievance mechanism is needed to enable a formal way to accept, assess, and resolve workers' complaints concerning the performance or behavior of the company, its contractors or employees.
2026 100% Strategic T2 Suppliers onboarded to our Workplace Standards Monitoring Program	Extended	By 2023 80% Strategic T2 suppliers audited	○	<p>In 2023, we defined our Strategic T2 footwear and apparel suppliers that provide us 60-70% of business volume.</p> <p>This enables their inclusion in the 2024 Workplace Standards Monitoring Program and as we scale up our efforts in this area. With the publication of our Blueprint for Responsible Manufacturing this year, we will start the onboarding to our updated standards.</p>
2025 100% T1 Suppliers onboarded to our Workplace Standards Monitoring Program	Updated	By 2023 100% T1 suppliers audited	✓	The previous goal was met in 2023. This new goal is a step up as we introduce an updated Workplace Standards Monitoring Program that includes a social scoring mechanism.
2025 100% T1 Suppliers will have implemented a living wage consistent with GLWC standards	Updated	By 2025 100% of T1 manufacturing partners will have implemented a living wage.	↗	<p>We are progressing at the right pace to achieve our 2025 goal. As of 2023, all T1 Footwear facilities in Vietnam on average pay 70% above the locally mandated legal minimum wage and 5 out of 9 suppliers in Vietnam meet the GLWC living wage benchmark. These suppliers represent roughly 69% of On's production volume in Vietnam, 60% of our global production volume.</p> <p>We will continue to collect wage data annually from our suppliers across all manufacturing locations, including apparel and accessories facilities, to monitor the progress toward our goal of attaining a GLWC living wage in all of our Tier 1 manufacturing facilities by 2025.</p>
2024 Develop human rights and due diligence policy with the International Organization for Migration	New	N/A	↗	In our continuous efforts to build solid foundations in our responsible manufacturing approach, we are committed to mitigating supply chain risk by conducting and standardizing practices for ongoing human rights due diligence.

Our unique culture

Building and evolving the right culture for our people to thrive

On’s success and achievements can be significantly attributed to our culture and team. Impact is embedded within all parts of our business, particularly through the Survivor Spirit, defined by its uncompromising approach to both performance and leaving the lowest possible footprint.

Measuring On’s pulse

We know that building and maintaining this unique culture can only be done as a team. A key moment to reflect on this is through our Annual Engagement Survey, which measures the “pulse” of how we feel.

Conducted in March 2023, the survey once again reflected the strength and uniqueness of our team and culture. Although the number of team members has grown by 46% since we last surveyed in March 2022, our happiness and retention rates have remained consistently high.

Team members understand our mission and know how their work contributes to On’s goals, empowering them to use their judgment in their work and to feel that they are part of a team.



Key outcomes from the 2023 Engagement Survey

88%

global participation rate

81%

of team members are happy at On

90%

of team members understand On's mission

85%

of team members feel part of a team

88%

understand how their work contributes to On's goals

85%

of team members feel that they can be their authentic selves at work

87%

of team members agree that they are able to use personal initiative or judgment while carrying out their work



Areas of strength: Mission & Purpose, Entrepreneurship, and Diversity & Inclusion

Our team members

Supporting and empowering our team, so everyone can be their best



Diversity, inclusion, and equity at On

Fostering diversity, inclusion, and equity is integral to our mission. We're dedicated to making it second nature to our business, recognizing its crucial role in positively impacting both people and the planet.

Our commitment 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 such as gender identity, race, or ethnicity. To ensure we maintain pay equity across the company, we regularly conduct pay equity analysis, more details of which can be found in the appendix.

Reflecting the world we serve

Our commitment extends beyond our team members to our ambassadors and the communities we live and work alongside. By increasing representation and inclusion across all these groups, we can broaden our perspectives and collectively innovate. It's about reflecting the world we serve.

‘Social Impact is fundamental to reaching our mission of igniting the human spirit through movement. When we say this, we mean equitable and fair opportunity for every person who is touched by the brand. This includes our team members, customers, fans, athletes, supply chain partners, and non-profit/ community organizations.’

— Sahra Kaboli-Nejad Ph.D.
Global Head of Diversity, Inclusion, and Social Impact

Giving a space and voice to everyone

We create spaces for everyone to ensure that everyone is heard. As of 2023, On has 13 inclusion groups, providing support and opportunities for our team members.



A space for neurodivergent team members to connect, support each other and learn more about how we can work together for everyone to thrive.



Uniting and uplifting Asian and Pacific Islander (API) team members, promoting awareness, fostering cross-organizational allies, and advocating for API rights.



A group aimed at having a positive impact for team members who identify as Black, African-American, and/or of African heritage.



An empowering space for those who identify as Latino(a), Latinx, Hispanic, Afro-Latino, Indigineous-Latino, and any other identity connected to Spanish roots.



An inclusive and empowered community for the older generation at On, celebrating the richness of diverse perspectives, experiences, and backgrounds.



A safe space for the Jewish community to come together and feel included; a place of connection, celebration, and education for all Jews.



A group aimed at advancing women’s skills, leadership potential, and participation in the technology landscape.



A community of parents and parents-to-be at On that support each other in the journey that is parenthood.



A space for all veterans to feel seen and be supported while giving them a voice with which they can share their experiences and reach out to the larger community.



A safe and supportive community across R&D where women of all backgrounds can come together to share, learn from, and empower each other.



A safe environment and advocating platform for LGBTQIA+ team members of all backgrounds to find community, solidarity, and support at On.



A network that allows women at On to inspire and support one another, to foster career development opportunities, and to have a positive impact beyond On.



A group that curates accessible company experiences and creates an awareness of the challenges faced by people with disabilities.

A closer look at On's diversity data

Leaders are identified as any team member who has at least one direct report.

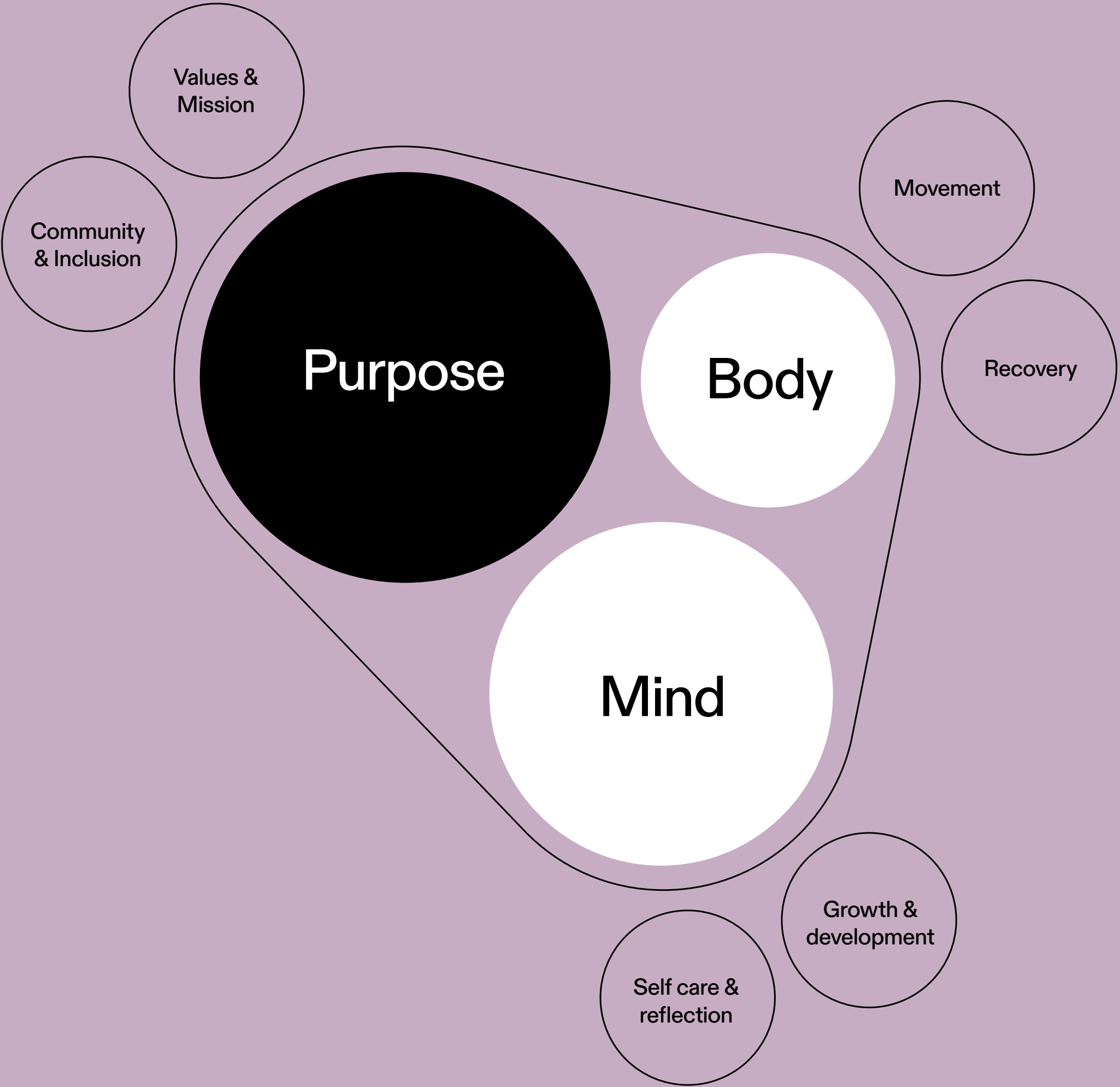
Senior Leaders are identified as Directors, Senior Directors, Management Board members and the Executive team.

Our workforce		2022	2023
Number of team members*		1726	2433
Gender identity (All team members)	Women	46.9%	49.4%
	Men	48.5%	47.8%
	Non-binary/third gender	0.5%	0.5%
	Prefer not to say	0.1%	0.1%
	No response received	0.1%	0.2%
	Other (self-describe)	3.9%	2%
Gender identity (Leaders)	Women	44.5%	46%
	Men	54.7%	53.4%
	Non-binary/third gender	0.2%	–
	Other – not listed	0.2%	0.2%
	Prefer not to say	0.2%	0.2%
	No response received	0.2%	0.2%
Gender identity (Senior Leaders)	Women	34.4%	44.6%
	Men	65.6%	55.4%
Race/Ethnicity (US and Canada ONLY)	White	60.8%	53.7%
	BIPOC	25.8%	32.4%
	Prefer not to say	1.1%	1.2%
	No response received	12.3%	12.7%
Race/Ethnicity (Leaders)	White	51.2%	54.4%
	BIPOC	22.5%	23%
	Prefer not to say	2.5%	4%
	No response received	23.8%	18.6%
Race/Ethnicity (Senior Leaders)	White	59%	59.5%
	BIPOC	14,8%	24.3%
	No response received	26.2%	16.2%
Number of nationalities		79	94

Build The Better You

Our Build The Better You framework contributes to our team’s high satisfaction rates, taking a holistic perspective on our team members’ mind, body, and purpose:

- **Mind** – Internal and external self-care programs, mental well-being support, including but not limited to our partnership with Kyan Health, flexible vacation and working hours.
- **Body** – Dedicated movement sessions for yoga, hiking, or running.
- **Purpose** – Team days, inclusion groups, learning and development opportunities.



Inclusive Leadership session in the School of Leaders

In 2023, we launched our standalone Inclusive Leadership session, a prerequisite for all our leaders at On before joining the School of Leaders journey. This session covers topics such as conceptualizing diversity, inclusion, and equity at On, challenging biases in the workplace, and embodying the behaviors of an inclusive leader.

Future Talent Programs

We offer early career programs at On for individuals at the beginning stages or at crossroads of their career journeys. Future Talent programs aim to attract, develop, and integrate top talent to build a pipeline of high-potential, diverse talent and develop the next generation of innovators and leaders at On. In 2023, we successfully offered two programs: the Product Creation Academy and the Apprenticeship Program. We have also started paving the way for a global internship program that will launch in 2024.



Partnerships with impact

Scaling our impact through working with partners who share our ambition



We collaborate with various organizations and communities globally to drive diversity and inclusion. This underpins our work to ensure that our team members feel represented, heard, and empowered, because to move further, we have to move together.

Through sponsorship, event collaboration, and recruiting, here are some examples of the organizations we are proud to have partnered with this year:

- [Black Footwear Forum](#)
- [Professional Women of African Heritage](#)
- [EqualVoice United](#)
- [Running Industry Diversity Coalition](#)
- [The Script](#)
- [Powercoders with African Professionals](#)
- [Girls in Tech Switzerland](#)
- [Take the Lead](#)
- [The Salsa Project](#)
- [Get in the Game](#)
- [Kayana](#)

Together with these partners, our Diversity, Inclusion, and Social Impact team has organized a wealth of events and programs in 2023: from celebrating the diversity and achievements of our team members to providing them with ample training and learning opportunities. Here’s a snapshot from this year:

LeanIn X PROWAH film screening at On Labs

In late 2023, On partnered with Professional Women of African Heritage (PROWAH) on their ‘Elevate Your Career’ mentorship series, hosting five sessions at the On labs in Zurich.

Take the Lead

On’s Global Head of Diversity, Inclusion, and Social Impact delivered a session on “Racial Equity Strategy — Making sense of DEI in your workplace” at Take the Lead’s second running industry retreat for BIPOC women of color.

Kayana comes to Zurich

In collaboration with our inclusion group Women ConnectiOn and Kayana, a non-profit business network designed to support women entrepreneurs in Kenya, we sponsored 15 Kayana members to attend a series of interactive workshops at On Labs in Zurich.

Hispanic Heritage Month/Salsa Project Run

To celebrate Hispanic Heritage Month, we collaborated with The Salsa Project to sponsor “A Mover La Ciudad” (Move the City), a culturally guided run through New York City, which over 110 people attended. We will continue this as an annual initiative going forward.



Our Team Members: Moving Forward

Driving ourselves to reach
even greater heights

We’ve made good progress this year in creating a safe, inclusive and fair environment for our team members, and the roadmap for continuing this important work is clear to us. We have identified three priority areas for the coming year:

Inclusion Groups

In 2024, we will identify and build the necessary processes and structures to further embed our inclusion group programming within our business. We will support our 13 inclusion groups by implementing the governance needed to empower their voices and underpin their activities.

Individual Learning Journeys

We will establish a consistent, scalable, and robust learning and development journey for all On team members at every level. This will be achieved by expanding access to our Inclusive Leadership training, including the localization of content and language, and by adding a new course to our School of Leaders program focused on inclusive leadership. We are also excited to develop a virtual e-learning series for team members to learn about diversity and inclusion topics at their own pace.

Building Diverse Teams

We will focus on establishing more long-term, high-impact partnerships that support building a diverse pipeline of candidates for our global team. Each of our regions will have 1-3 long-term partnerships with groups that facilitate this, and we will launch inclusive leadership assessments in 2024. We will continue to ensure that 50% of candidates in the final stage of our hiring process come from underrepresented communities to maintain diversity throughout our pipeline. Additionally, we will continuously assess our hiring process to ensure equity and fairness.



Our Partners

Working with the right partners who share our values, vision and drive



‘Sportswear is a people business and tens of thousands of people working across our value chain contribute to the manufacturing of On products. Our social impact and responsible manufacturing programs aim to positively impact individuals, organizations, and the greater community — from ensuring safe and fair working conditions to supporting the local economies where we manufacture.’

— Ken Machado Sugita
Head of Sustainability, APAC

Responsible Manufacturing

At On, we take responsibility for the design, sourcing, and production of our products, upholding standards and requirements for all our manufacturing partners. Our goal is to ensure that every On product meets or exceeds our standards for sustainability, performance, and traceability.

Everything we do at On is in collaboration with our many different partners across our value chain, ranging from production to innovation partners, and from warehouses to call centers.

Our current goals are largely focused on realizing our ambitions together with our Tier 1 (“T1”) and Strategic Tier 2 (“T2”) production partners. We define our Strategic T2 partners as our material and component suppliers providing 60-70% of our business volume. Once we’ve met these goals successfully, we will expand our programs to our wider supply chain.

To ensure On’s values are upheld across the supply chain, we hold our suppliers and business partners to high standards, which are contained in our Responsible Business Policy, Supplier Code of Conduct, and our new Blueprint for Responsible Manufacturing.¹

100%

T1 suppliers that have undergone independent audits

In 2023, we have made key advancements in the following areas:

Blueprint for Responsible Manufacturing

We use our [Blueprint for Responsible Manufacturing](#) to clearly communicate our expectations for collaboration with T1 and Strategic T2 footwear and apparel production partners. It covers ethical labor practices, material sourcing, production processes, and environmental impact. This document serves as a living guide that will evolve with changes in regulations, requirements, and industry standards.

Workplace Standards Monitoring Program

We’re implementing our updated Workplace Standards Monitoring Program, which comprises a set of tools, evaluation criteria, and assessment methods to ensure our partners meet our requirements for labor practices, workplace safety, and global standards. Our monitoring assesses forced labor risks, including the employment of vulnerable worker groups such as children, foreign migrants, temporary workers, as well as high-risk practices such as payment of recruitment fees and restrictions on freedom of movement. Contract suppliers are monitored on a schedule based on their performance and using both internal and external third-party audits, both announced and unannounced, to ensure compliance with On’s Supplier Code of Conduct.

In 2023, we expanded our Workplace Standards Monitoring Program to include the Social & Labor Convergence Project (SLCP) checklist.

By the end of 2023, we achieved our goal of 100% of T1 suppliers undergoing independent audits. We also implemented an audit management tool that enhances our ability to track executed audits.

In 2023, we also defined our Strategic T2 footwear and apparel suppliers, enabling their inclusion in the 2024 Workplace Standards Monitoring Program and the scale-up of our efforts in this area.

Our Vision for Due Diligence and Supplier Self-Governance

We envision a future where collaboration with top-tier partners practicing self-governance is a key part of our responsible manufacturing approach.

We imagine a manufacturing landscape where our supply chain partners proactively assess their risks and take ownership of managing them.

How? By setting up their own due diligence systems, and monitoring their own risks through auditing, risk mapping, adopting industry tools focused on measurements, transparency, disclosure, and remediation. These partnerships require trust, which we aim to foster.

The Responsible Manufacturing Summit

In April 2024, suppliers, NGOs, service providers, and On team members came together in Vietnam to discuss On’s strategy and goals and participate in workshops on environmental and social requirements. The sessions provided a collaborative opportunity to learn and problem-solve.



1. All of these policies are available on the [On Investors site](#). Our policies are based on, and comply with, international frameworks and standards, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, ILO Core Conventions, and the United Nations Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights.

Living wage

What we believe in

On is committed to ensuring safe, fair, and inclusive working conditions for all. Everyone who works with On, including workers in our supply chain, has the right to a good quality of life. A commitment to ensuring this, through initiatives like implementing a living wage, is integral to our business values and we work with our suppliers to strive to uphold it.

How we define and measure a Living Wage

We are using the Global Living Wage Coalition (“GLWC”) benchmarks because they provide a comprehensive, reliable, and globally recognized methodology for estimating living wages. The Anker Methodology, used by the GLWC, takes into account local costs and collaborates with local communities to estimate the cost of a decent lifestyle for a worker and their family in a specific location. These benchmarks have been applied in over 50 countries and are open source, ensuring transparency and universal accessibility.

Additionally, these benchmarks are incorporated into the Fair Labor Association’s fair compensation and living wage toolkit , which we use across our Responsible Manufacturing work. This Wage Data Collection Tool aids in identifying gaps between living wages and existing wages in specific factories, enabling us to work more effectively to close those gaps. We will continue to consider other benchmarks in the future and are constantly evaluating the best methods to measure living wages.

Our progress and next steps

We are progressing at the right pace to achieve our 2025 goal. As of 2023, all T1 Footwear facilities in Vietnam on average pay 70% above the locally mandated legal minimum wage and five out of nine suppliers in Vietnam meet the GLWC living wage benchmark. These suppliers represent roughly 69% of On's production volume in Vietnam, and 60% of our global production volume.

We will continue to collect wage data annually from our suppliers across all manufacturing locations, including apparel and accessories facilities, to monitor the progress toward our goal of attaining a GLWC living wage in all of our Tier 1 manufacturing facilities by 2025.



Communities: Right To Run

The program continues to grow, spreading its impact even further across the globe



135,000

approx. community members impacted through funding, support, and product donations. More than twice compared to 2022

1,000

approx. hours volunteered by our team members

Our flagship Right To Run program has gone from strength to strength this year, continuing to grow and impact the lives of people across the globe.

Right To Run's mission is to empower organizations that protect and preserve their community's fundamental right to run and move. We empower the community to drive change while using our platform to tell their stories, increase awareness, and spark global change.

Volunteering

In 2023 we've also broadened the program's scope to include volunteering and community days. All On team members have eight hours of paid volunteer time to engage with organizations that have personal meaning to them, in addition to the in-office volunteer opportunities that we provide throughout the year.

Portland, NYC, Zurich, and Berlin all hosted global Community Day events where teams volunteered their time across 14 sessions to support Right To Run partners and local organizations in need. Sessions included urban clean-ups, kit-building, fundraising, movement programs, service training, and impact learning.



Gaby Alcala, Rising Hearts (Los Angeles)



Biniam Debesay, Sportegration (Zurich)

Scaling our social impact with Deed

To make it easier for our team members to find opportunities to volunteer with local organizations, we launched an innovative social impact platform, Deed. The platform allows us to scale, streamline, and expand benefits for our global teammates, enabling them to supercharge personal give-backs through On-matched donations. Supporting the continued growth of our team members' impact in this way increases our collective impact.

Celebrate the Boundary Breakers Campaign

Our 2023 Celebrate the Boundary Breakers Campaign championed the people whose lives have been transformed by the work of our Right To Run partners. These individuals have overcome barriers more challenging than any athlete has had to endure during training. We elevated these people to hero status, treating them like elite athletes by putting them front and center of the campaign and bringing their stories to life.

Prowell Run Club

We collaborated with one of our factory partners in Vietnam to promote physical movement and organize a fun run in which 120 people participated, and one team member was inspired enough to launch their own run club, which now has 50 members.



Communities: Moving Forward

Empowering our people and communities to work together

2024 is another big year for social impact at On. Our focus is set on increasing the volunteer opportunities available to our team members globally. We'll also scale up our grants and donations and continue to build fruitful partnerships across the world.

Increase volunteer opportunities

By the end of 2024, we aim to host 2-4 ambassador-led volunteer opportunities in each office and plan larger Community Day events across our offices. We will also encourage and support On team members across the globe to clock in 1100 volunteer hours by the end of the year.

Support existing partners

On aims to grant \$3.2M in financial support and product donations to organizations dedicated to increasing safety, access, and inclusion in movement by the end of 2024.

Build new partnerships

Over the next year, we've set ourselves an objective to build up 32 global partnerships for our Right To Run program, to increase the scale of our impact.

32

Global Right To Run partnerships to achieve in 2024



Victoria Bonin, We Are Queer (Amsterdam)

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Material Innovation

Our Focus

We are always looking for new paths to progress and new solutions to problems, which is why material and technology innovation has always been at the heart of our business. With almost 80% of our Scope 3 emissions coming from raw materials and finished goods manufacturing, it is essential that we continue to innovate, find renewable material alternatives from preferred sources, and explore less environmentally impactful processes in order to reduce the overall footprint of our products.

Preferred materials*

Use renewable materials from preferred sources

Preferred processing

Choose less environmentally impactful processing techniques

Innovation

Innovate to find better alternative materials and processes

*For the definition of our preferred materials, see page 39

Material Innovation

On track ↗
Achieved ✓
Extended ○

Our goals and progress

Goals	Change	Previous goal	2023 status	Update
2027 >20% recycled or renewable materials by weight used in our midsole compound across our highest volume* footwear styles	New	N/A	↗	With foam and compounds being a critical element of product portfolio and performance, we'll be working on innovating and increasing the amount of recycled and renewable materials, limiting the reliance on virgin fossil-based sources.
2027 >95% recycled or renewable polyamide fibers used in products manufactured in the year	Extended	By 2024 100% recycled polyester and 100% recycled polyamide (total recycled content)	↗ 85% +0.5% compared to 2022	Despite our rapid growth, we are proud that we have been able to maintain and even slightly improve our already very high recycled material targets. Achieving 85% with our current volumes is more significant than what we originally committed to. We have learned that sometimes we need to explore other materials to improve products' durability, and we've had success in doing so.
2027 >95% recycled or renewable PET fibers used in products manufactured in the year	Extended		↗ 80% +4% compared to 2022	We are continuously working to integrate these learnings into our design processes, and are currently already working on 2026 and 2027 styles. As better alternatives become available we will incorporate them into our preferred materials strategy.
2026 >95% cotton and cellulosics used in apparel products manufactured in the year, coming from preferred sources	Extended	By 2024 100% cotton fibers sourced from organic, recycled or petrol-free sources	○ 61.3% -32.7% compared to 2022	In 2023 we realized that some yarns did not meet our quality and testing requirements. Even though cotton represents less than 1% of our total material consumption, we wanted to take this as an opportunity to revise our cotton strategy and improve the durability of our products. We have opted for Pima cotton in the short term and aligned our definition of preferred cotton to the one used by Textile Exchange . For preferred cellulosics, we leverage the Canopy Hot Button ranking for supplier and material selection.

*Highest volume styles are defined as styles forecasted over 400k pairs.
All Material Innovation goals include carry-over products from previous seasons.

Preferred Materials

Pushing the boundaries of innovation to find scalable alternatives

Our company has grown and changed a lot since we set our original material targets in 2020. In the last three years, we have more than tripled our net sales volumes as a company. The reality and scale of our company is now very different, resulting in the total volume of recycled content far exceeding our original goal. With a larger product range, new product requirements, new material innovations, and the wealth of knowledge we have gained over the years, we think it’s the right time to revise our initial goals.

We are updating our material goals to include both recycled and renewable materials in order to widen our scope and explore new possibilities. By not limiting ourselves to only working with recycled material, we can tackle two of our main focus areas: moving away from virgin fossil-based materials, and advancing fiber-to-fiber recycling as a way to progress circularity within our industry.

This also gives our On Labs in Zurich, a world-class team of engineers and technicians, more room to push the boundaries of innovation. They are working to find scalable new alternatives and establish a hierarchy of preferred materials that use less water, less harmful chemicals, lower our carbon footprint, and are sourced responsibly.

So, in the future, we won’t just talk about recycled materials, we’ll also be talking about the new exciting possibilities of our preferred materials (see our definitions in the next page).



80%

of Scope 3 emissions come from raw materials and manufacturing

Our set of preferred materials

1 Conventional recycled

In the case of recycled polyester fibers, these materials typically come from mechanically recycled PET (polyethylene terephthalate) beverage containers. This is what we currently rely on for conventionally recycled polyester materials. However, we prefer advanced recycled materials so as not to overlap with the plastic bottle industry, which is already circular, and instead tackle the textile industry. We are actively working to replace conventional recycled materials wherever possible through innovative technologies like chemical recycling.

2 Advanced recycled

Materials that come from advanced recycling technologies, such as chemically recycled fiber-to-fiber waste or landfill waste that is turned into new materials through upcycling, where the material maintains its integrity and quality. Our Cloudeasy model uses fiber-to-fiber recycled yarn, paving the way for more innovative uses of this material in future products.



3 Bio-based

Bio-based products are derived from plants and other renewable agricultural, marine, and forestry materials. They provide an alternative to conventional petroleum-derived products. Two examples of our use of bio-based materials are the Cloudneo and Cyclon-T which contain material derived from castor beans, a drought-tolerant crop not competing with forest land or other food crops.

4 Bio-attributed

Bio-attributed materials are those with attributed bio-based content, that can be determined via feedstock attribution using a mass balance approach.

5 Carbon-emission based

Refers to the use of captured carbon emissions to create new materials. An example of this is CleanCloud® material innovation that allows the creation of polyester and EVA where part of virgin fossil-based material is replaced by materials made from captured carbon emissions.

6 Preferred cotton

Cotton that comes from preferred sources and certification programs, including but not limited to recycled cotton, traceable Supima cotton, organic cotton, etc. We have aligned our definition of preferred cotton with [Textile Exchange](#).

7 Preferred cellulosics

Cellulosic fibers are either protein fibers or fibers derived from cellulose extracted from trees or woody plants that can be sustainably produced through processes that have a lower environmental impact. Internally, we also leverage the [Canopy Hot Button](#) ranking to give preference to textiles made from innovative fibers and minimize the risk of sourcing from producers that use ancient and endangered forests in their supply.

Preferred Cotton

The journey towards sustainability is like training for a race; it is not without its setbacks. We've learned that sometimes accepting short-term setbacks allows for long-term gains and better results. This is especially true when it comes to our use of organic cotton.

In 2022, we achieved an ambitious and impressive milestone of using more than 90% organic cotton. However, this year we realized that some of our in-development products using fine organic cotton yarns did not meet our quality and testing requirements. Even though cotton represents less than 1% of our total material consumption, the overall durability of our products is a key sustainability criteria that we cannot compromise on.

We decided to take it as an opportunity to revise our cotton strategy. While we have opted for the highly durable Pima cotton as an immediate solution, we are also expanding our definition of preferred cotton. This led to a short-term shortfall in our usage of organic cotton. We are exploring the option to introduce Supima Cotton into our cotton products by 2025/26. We are also considering Supima Cotton's traceability program to support our goal of sourcing up to 95% of our cotton from preferred sources by 2026.

>40%

bio-attributed material in the Cloudeasy Cyclon midsole

Bio-based and bio-attributed materials

Our exploration of using bio-based and bio-attributed materials to replace virgin fossil-based materials has gained momentum this year, incorporating innovative new materials into our products and adopting certifications.

To produce innovative materials like EVA foams, we now use bio-attributed renewable feedstock unsuitable for consumption, such as waste and residues from refining vegetable oil and used cooking oil collected from the food industry and restaurants.

We also use an ISCC+ certification which verifies that the claimed amount of biomass has been sustainably sourced and allocated, promoting transparency and accountability in the use of biomaterials. Programs like this track and certify the sustainable sourcing of biomass-based materials throughout the production chain.

The Cloudeasy Cyclon shoe has an EVA midsole made from over 40% bio-attributed ISCC+ certified material from waste oils, resulting in 20% less carbon emissions, compared to traditional EVA.

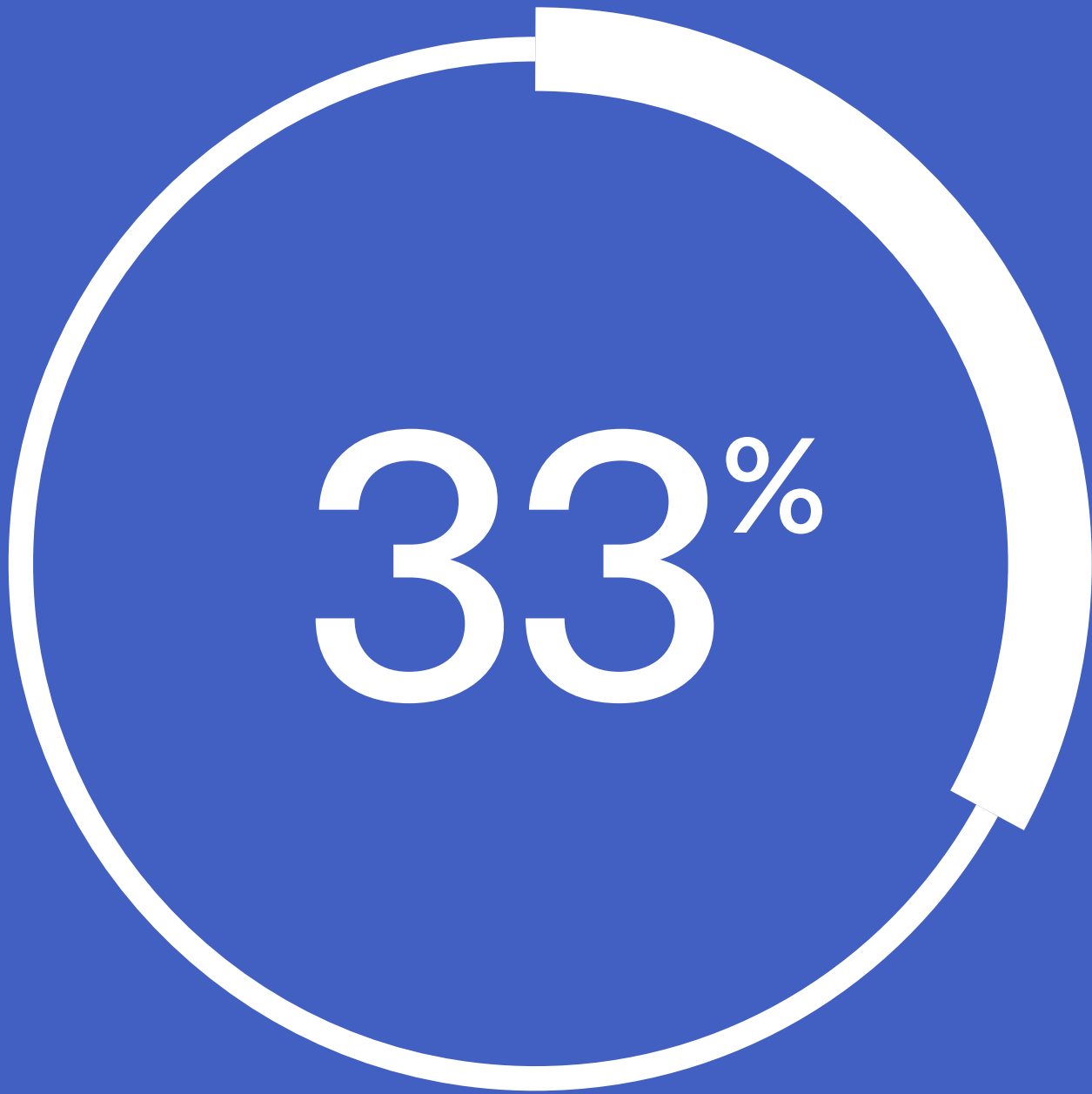
Our Cyclon products — the Cloudneo shoe launched in 2022, the Cyclon-T launched in 2023, and the Cloudrise and Cloudeasy Cyclon shoes launched in 2024 — contain parts made of bio-based materials, like Pebax and PA11, derived from castor beans. The Cyclon-T itself is made from over 90% bio-based materials.

Our performance running foam Helion HF, included in products such as Cloudneo, Cloudrise Cyclon, and Cloudmonster Hyper, also uses Pebax, a high-performance polymer derived from castor beans.

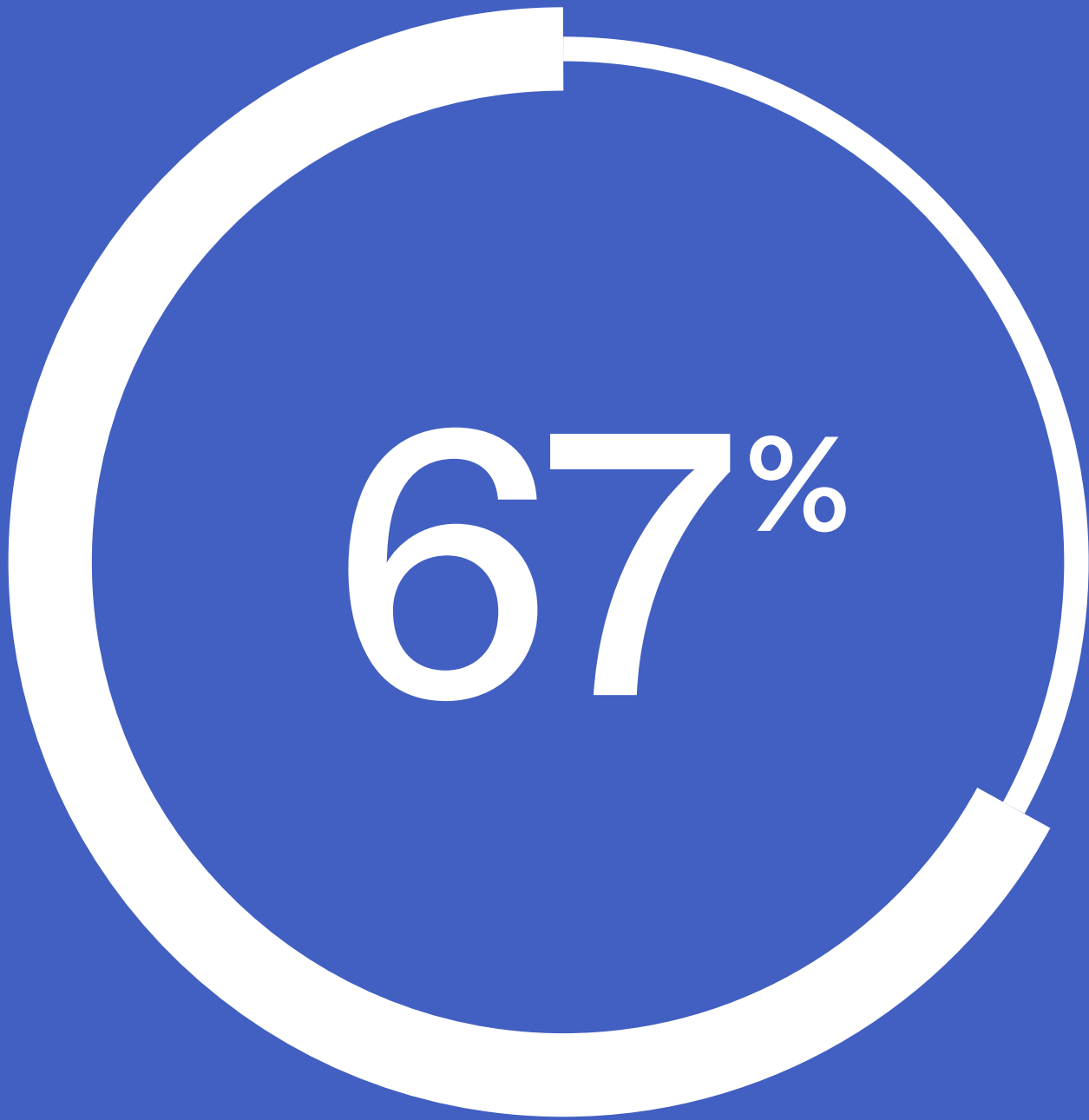


Our innovation and design teams continue to develop and champion recycled and bio-based materials across all of our products, taking a data-driven approach to our design decisions to push our ambition further.

We analyzed the materials for top-selling styles within On’s shoe, apparel, and accessories product categories, which collectively represent more than 50% of our total units produced in 2023. We are working to improve our data completeness across our newer styles for more comprehensive reporting going forward.

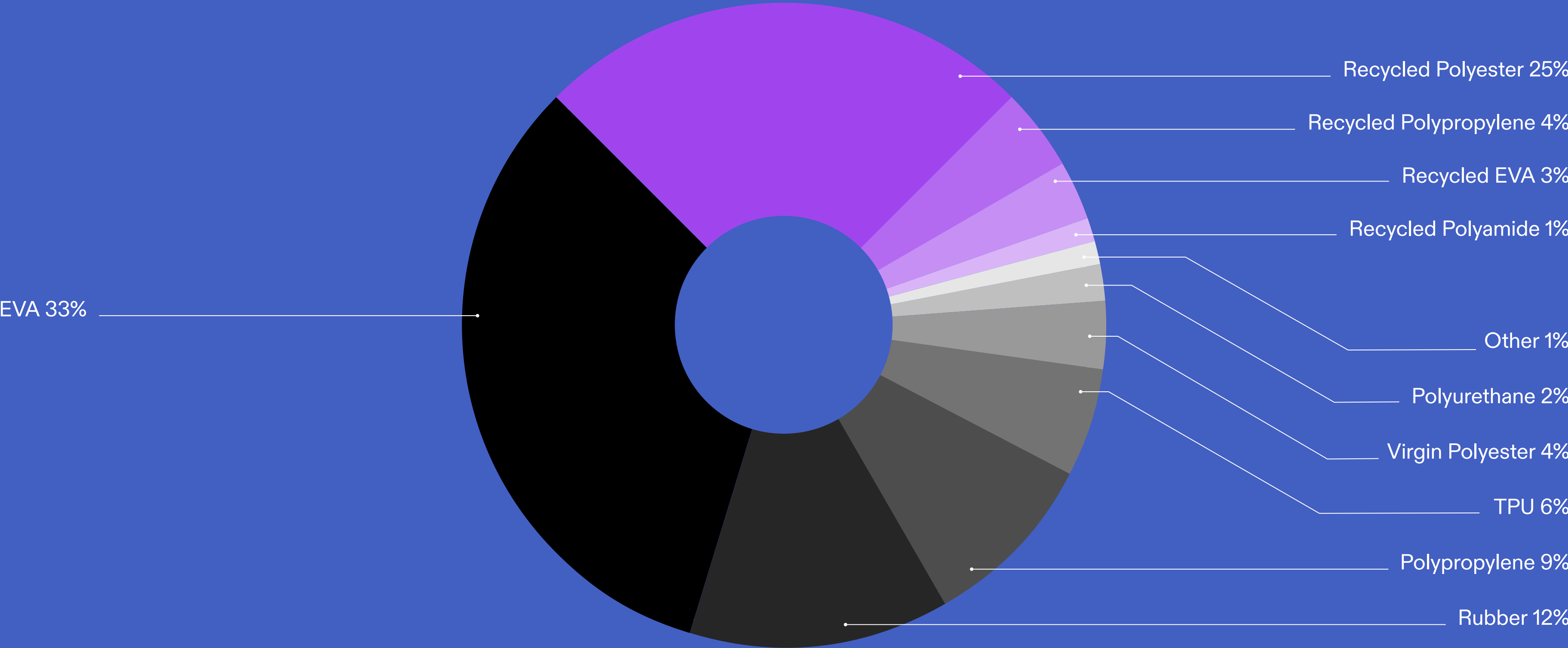


of materials — by weight across the top-selling styles in all categories — are from recycled or renewable sources



of materials — by weight across top-selling apparel and accessories — are from recycled or renewable sources

Material composition across our top-selling products in 2023



Preferred Processing

Finding better and more cutting-edge ways to approach production

As well as the materials we choose, the processing techniques we use to create our materials and products also significantly impact the total footprint of our products. We are always exploring different processing techniques to reduce our product footprint further.

Dope Dyeing

Unlike traditional dyeing methods that paint fabrics after they're woven, dope dyeing injects color directly into the core of synthetic fibers. This seemingly small change has a ripple effect throughout the production process. By eliminating the need for separate dyeing baths, dope dyeing uses 90% less water than conventional dyeing processes, reducing the amount of wastewater filled with chemicals. This translates to a reduced environmental footprint for the textile industry as a whole.

In addition to having a reduced footprint, dope dyeing elevates color performance. The dye becomes an intrinsic part of the fiber, leading to superior colorfastness. Fabrics retain their vibrancy for longer, even after repeated washing cycles, resulting in brighter and more consistent colors across production batches and a longer lifespan for garments.

In 2023, dope-dyed yarn has been used for the production of our popular black and white Cloudeclipse, Cloudsurfer, and Cloudswift 3 styles.

90%

less water consumption when using dope-dyeing method



Carbonfact

We have introduced a product sustainability tool that helps us measure the environmental impact of every product in our range throughout its entire life cycle. We have teamed up with Carbonfact to measure the emissions of our products, material and processing choices, suppliers’ choices, and more.

We held a series of workshops and introductory events with our creation teams, providing them with greater transparency to understand the impact of material and processing decisions from the design phase onwards. Thanks to its data-driven approach, this tool will help us re-engineer and focus on the right things while designing and developing new products.



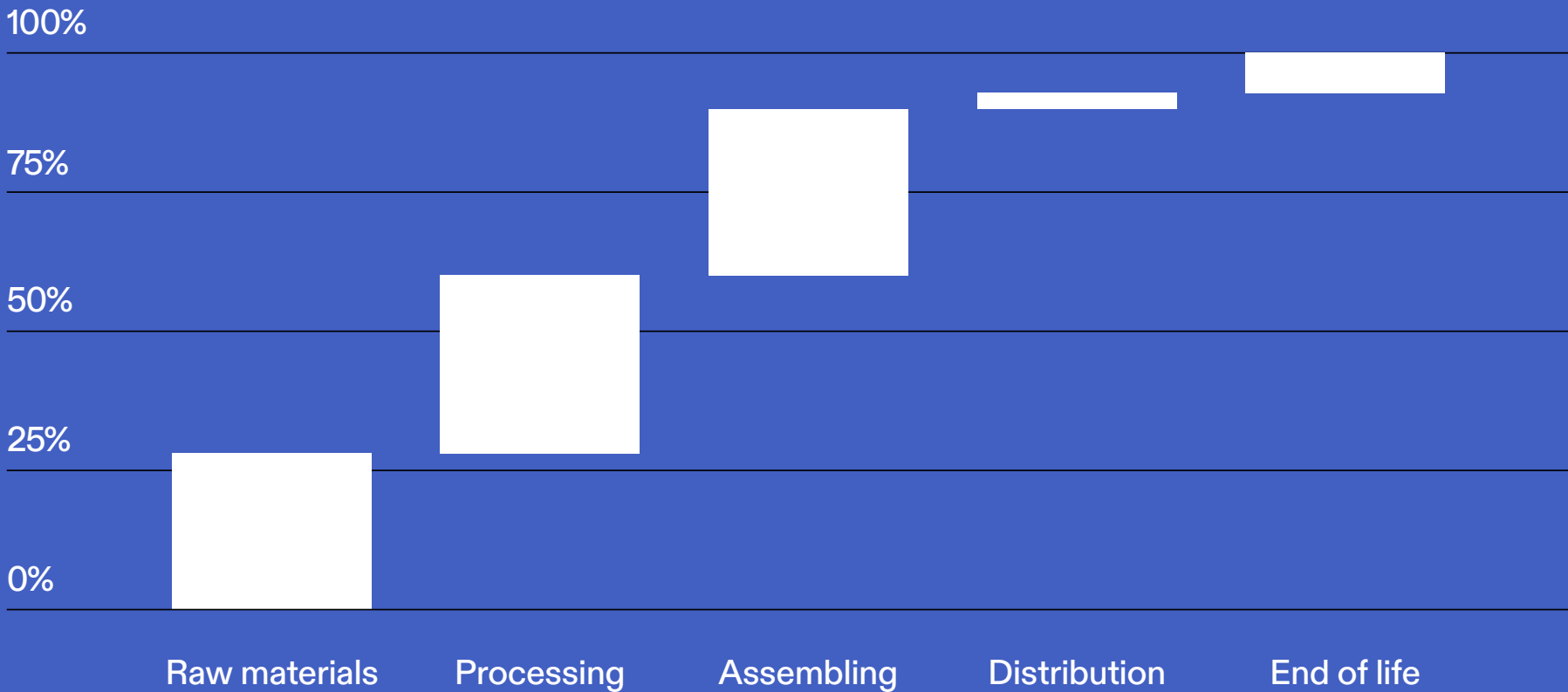
Carbonfact and Cloud 5

Using our new Carbonfact tool, we can identify where the most meaningful changes can be made to improve the sustainability of our products. We have already begun assessing the environmental emissions of our footwear, apparel and accessories.

As it makes up a significant share of our Scope 3 emissions, we decided to take a deeper look into one of our most successful shoes – the Cloud 5.

Carbonfact revealed that the production of our raw materials, particularly EVA and polyester, significantly impacts the carbon footprint of this product. Equipped with these insights, we can now actively explore alternative materials with lower carbon footprints to mitigate emissions in the future. We’ve also identified that innovative techniques like dope-dye coloring and innovative foaming technologies can further minimize the environmental impact of Cloud 5. Additionally, we are collaborating closely with our suppliers to implement strategies aimed at reducing emissions during the assembly phase, such as transitioning to renewable energy sources.

Carbon footprint breakdown of Cloud 5



Based on 2023 data. Subject to revision with future database updates.



‘With our new Carbonfact platform and suite of creation tools, our creation teams are better equipped to replace virgin fossil-based materials and energy-intensive processes with sustainable alternatives that still fulfill our high-performance requirements.’

— Philipp Engels, Product Sustainability Lead, Zurich, Switzerland

Innovation

Pioneering new solutions to complex problems is at the heart of what we do

To have a positive impact, we need to dream big, and innovation is what makes these dreams a reality. Together with design and impact, innovation is at the heart of everything we do at On — it is not just part of our process, it is part of our culture. Innovation is key to finding sustainable solutions and efficiently making high-quality products.

This year, our design teams have implemented several innovative processes to create materials and systems that will help On continue to pioneer new, ever more sustainable products.

CleanCloud®

CleanCloud® is a revolutionary material innovation that uses technology to capture carbon emissions from industrial processes to create raw materials. We then use these materials to create CleanCloud® polymers. This technology reduces our reliance on virgin plastic and helps address climate change by capturing air pollution before it enters the atmosphere.

CleanCloud® was launched in 2022 as a proof of concept for the first performance running shoe partially made from carbon emissions, the Cloudprime, where for the first time an EVA foam midsole was made from 51% carbon emissions.

CleanCloud® and Pace Collection

In November 2023, we expanded our CleanCloud® innovation to further push the boundaries within apparel. We launched Pace, our first performance running collection of eight apparel pieces made with CleanCloud® polyester, developed in partnership with LanzaTech, containing 20% recycled carbon emissions. The collection has already grown for Spring Summer 24, making a promising, more sustainable future for the next generation of runners.



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Circularity

Our Focus

Embedding circularity into our processes, designs and business models has always been key to our mission. At the forefront of our design approach is the consideration of the pre-use, in-use, and post-use phases of our shoes and apparel. To date, we have undertaken meaningful pilots and tests to innovate circular processes and products. Now, we are pursuing ambitious goals in this area, to hold ourselves accountable and make a real difference as a company and as an industry leader.

Circular design

Design for durability, modularity, disassembly and recyclability

Circular business models

Roadmap to scale up circular business models

Operational backbone

Set up the infrastructure for take-back at scale

Circularity

On track ↗
Achieved ✓
Extended ○

Our goals and progress

Goals	Change	Previous goal	2023 status	Updates
2025 Pilot traceable reverse logistics supply chain in one region	New	N/A	↗	In order to tackle the complexities and peculiarities of different markets, this goal will enable us to gather learnings and consumer insights to understand where we can have the biggest impact and set new goals for the future.
2025 Publish Circular Design Playbook	New	N/A	↗	Driving innovation in circular design starts from researching and defining the tools for different teams to collaborate and push forward the research. We will be working on developing the On playbook to push crcularity to a broader scale.
2024 Define Circularity roadmap to scale	New	N/A	↗	As we've made a start in our circularity journey, we will be working on scaling up our effort and build a roadmap to bring circularity at scale. This will enable us to assess and identify new goals and needs along the way.

Circular Design

Rethinking and designing our products for the circular economy

Our innovation team has been testing and designing for circularity for years, but as we continue to grow, these efforts need to be more ambitious and scalable. We're constantly working to embed circularity into our designs, focusing on material selection, disassembly, material separation, and recyclability.

We know that fiber-to-fiber recycling is a crucial step to drive our industry towards circularity, which is why we have dedicated much of our energy and investment to researching this area. We have entered into pivotal partnerships and launched innovative pilots to identify circular design solutions and understand the challenges of scaling them up.

Over the last year, we've added two new models to Cyclon™, our subscription-based circularity program, and accelerated the scaling of fiber-to-fiber recycling technologies through our close collaborations with Carbios and Loop Industries.

Cloudeasy Cyclon

In 2024 we launched the Cloudeasy Cyclon shoe within our Cyclon™ subscription-based circularity program. Made from textile feedstock using Loop Industries' fiber-to-fiber recycling process, we're already putting Loop Industries' innovative polyester use by using it to make up 90% of the Cloudeasy shoe upper. This means that at the end of use, we can take the uppers back and feed them into the Loop Industries recycling stream to become virgin-grade polyester again.

Cloudrise Cyclon

We also launched the Cloudrise Cyclon within the Cyclon program in 2024. It's derived from castor beans, alongside the pioneering Cloudneo shoe, and like its predecessor, the Cloudrise is engineered from two types of high-quality, high-performance polyamides. The 90% bio-based upper is engineered from PA11, a polyamide derived from castor beans. The bottom unit is engineered from an equally high-performance polyamide compound called Pebax, which is over 30% bio-based. The Cloudrise shoe has a wider platform to accommodate a variety of foot shapes, attracting more everyday runners to the subscription-based circularity program.





Fiber-To-Fiber Recycling

We are working closely with Carbios and Loop Industries on two different methods of fiber-to-fiber recycling. Through ongoing work with our technology partners, we are learning how to set up our On circular supply chains and identify the challenges in scaling them up.

Loop Industries

The Infinite Loop™ technology developed by Loop Industries breaks down PET and polyester fiber waste to create virgin-quality 100% recycled Loop™ PET. We collaborated recently with Loop on the launch of the Cloudeasy Cyclon, where the uppers of the shoe were crafted from yarn made from 100% recycled polyester fiber using the Infinite Loop™ fiber-to-fiber recycling technology. We validated the material along the entire supply chain to ensure that at the Cloudeasy Cyclon's end of life, we can separate the uppers from the bottom unit and feed the upper back into the supply chain to be used in new virgin-quality textiles.

Carbios

With Carbios, we have been researching enzymatic biorecycling, using an enzyme capable of specifically depolymerizing PET to break down various plastics or textiles. In 2022, we joined a consortium led by Carbios with Patagonia, Puma, Salomon and PVH, pooling resources to understand better how each brand could feasibly recycle their textile waste.

In 2023, we took this to the next level by providing a larger amount of feedstock to pilot the process. By summer 2024, we aim to validate the depolymerization, re-polymerization, and yarn extrusion of the textile waste generated by the brands, to create the first T-shirt made out of 100% bio-recycled PET.



Circular Business Models

Piloting, testing, and scaling our efforts to keep products in flow

To transition from the traditional linear economy to a more future-facing circular economy, we have diversified our business model and developed innovative services.

The first steps in our circular journey were piloting Cyclon™ and Onward™ in 2022, which have enjoyed success and subsequent expansion during 2023. Through these platforms and other innovations, we are increasingly learning and understanding where we can have the biggest impact and influence.

In 2023, we made significant progress in two areas: resale, which can extend the life of our products, and recycling and subscription services, which facilitate products being returned to us once they reach their end of life. Our goal is to increase these initiatives to reduce our impact on the planet.

Cyclon™

Launched in 2022, our subscription-based circularity program Cyclon™ kicked off our transformational journey towards circularity. Subscription services like Cyclon™ build strong relationships with our customers, facilitate the collection of worn-out materials, and offer a versatile model with similarities to rental. It brought On one step closer to circularity and is now available in 34 markets—including the United States, Canada, Europe, China, and Japan.

In 2024, we are expanding Cyclon™ to include two more products — Cloudrise and Cloudeasy Cyclon shoes. Joining the Cloudneo shoe and Cyclon-T, these additions mark the exciting expansion of our circularity efforts. We’re another step closer to making returning old products the norm among our customers and embedding it further into our wider business model.

Onward™

In collaboration with Trove, we launched the Onward™ resale platform in 2022 in the United States with footwear. Through this platform, On products are given a second life, allowing customers to buy and sell pre-owned On items. Extending the life of our products is a key part of our circularity vision, and Onward™ has allowed us to extend the product use cycle and open up a secondary market of new customers seeking more sustainable solutions. In September 2023, we expanded the program to also include gently worn apparel items. We have already seen engagement and enthusiasm among our customers for this service, with 1,586 apparel and footwear trade-ins in 2023.



Operational Backbone

Collaborating with partners to support our work towards a circular economy



To advance our circularity efforts, we are proud to partner with:

Fast Feet Grinded

A Dutch company that has developed a shoe recycling installation that pulverizes and separates all types of footwear. On has partnered with Fast Feet Grinded for the recycling of components of damaged shoes.

Trove

Trove provides companies access to their own products in the secondary market by offering a platform that makes it easy for brands to buy back and resell used items. The platform provides brands with the technology and logistics to develop customizable resale channels.

Ellen MacArthur Foundation (“EMF”)

EMF is a non-profit organization that supports evidence-based original research on the benefits of a circular economy, and how it can contribute to solving global challenges like climate change and biodiversity loss. On has been working with EMF to provide training in circular principles to our product design and creation teams, and has collaborated on testing a new training platform on circularity foundations.

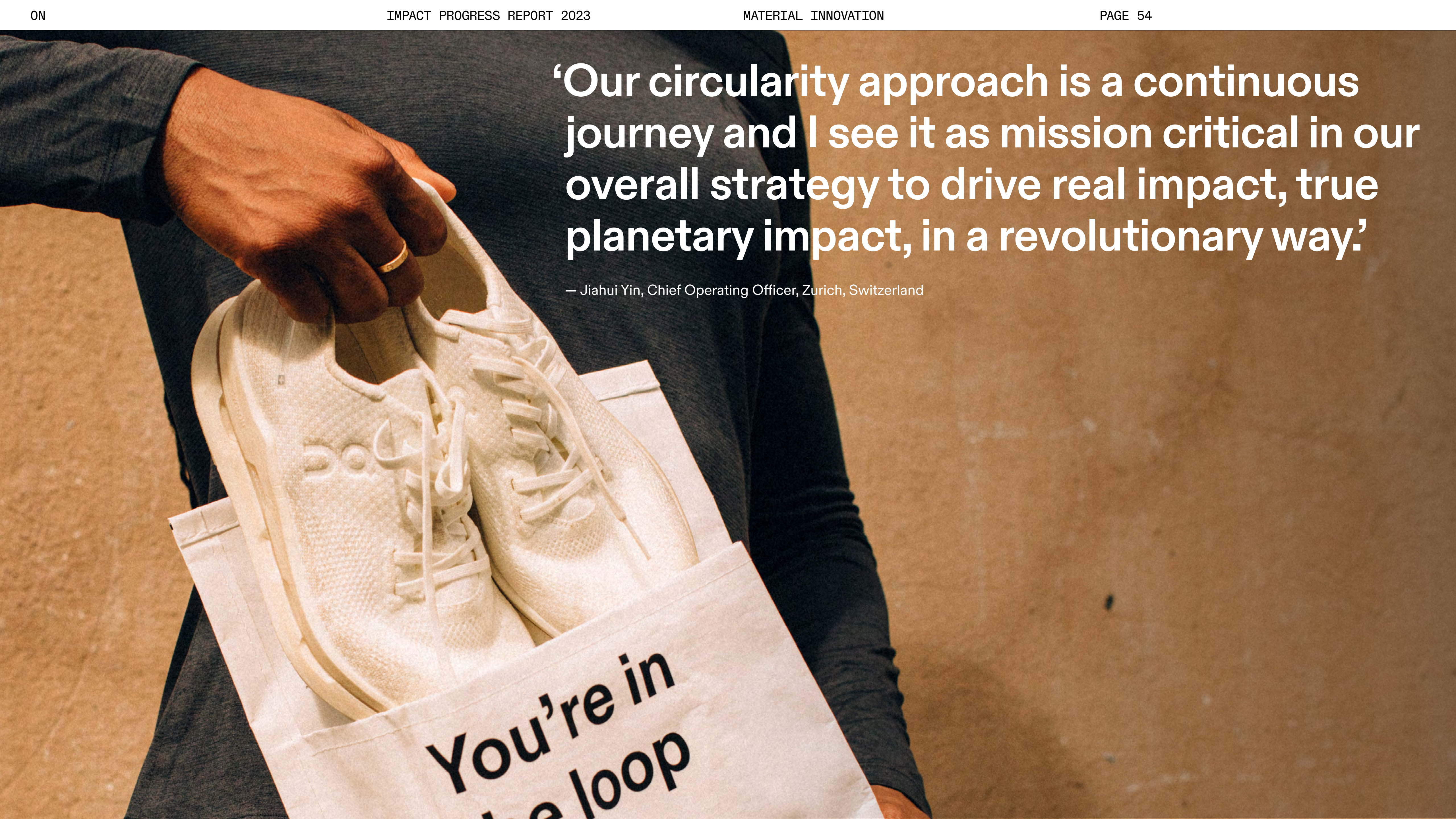
Fashion for Good

As of September 1, 2023, On is a member of the Fashion for Good Innovation Platform. Fashion for Good's mission to foster impactful innovation and drive systemic change in the fashion industry resonates deeply with On's pursuit of sustainability and progress. Our involvement with Fashion for Good presents exciting opportunities for collaboration on various pilots and projects with fellow industry partners. Together, we will drive innovation and contribute to positive change within the fashion industry, advancing towards a more sustainable future.

The Footwear Collective

The Footwear Collective has a vision to build a sustainable future for the footwear industry on the foundations of a circular economy. We have formed a collaborative group with The Footwear Collective and other organizations that will be the catalyst for circular footwear at scale. The partnership comprises eight footwear brands and 35 Sustainability Experts across academia, investors, suppliers, and key external industries dedicated to change.



A person's hand is holding a pair of white sneakers inside a white paper bag. The bag has the text "You're in the loop" printed on it. The person is wearing a dark blue long-sleeved shirt. The background is a plain, light-colored wall.

‘Our circularity approach is a continuous journey and I see it as mission critical in our overall strategy to drive real impact, true planetary impact, in a revolutionary way.’

— Jiahui Yin, Chief Operating Officer, Zurich, Switzerland

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Foundations

Our Focus

Our foundations establish the groundwork needed to achieve sustainable business transformation. To decarbonize On, and manage our water, chemicals and waste we need to establish rigorous management across our supply chain, and clear processes throughout. This improves traceability across the business and holds us and our partners accountable. We also need to make sure that the right people are in place, with clear roles and responsibilities and an eye on compliance.

Action on Climate

Work to decarbonize our supply chain and drive responsible management of water, chemicals and waste

Traceability and data

Improve supplier and material traceability and leverage data for even better sustainability decision-making

Governance and compliance

Maintain sustainability roles and responsibilities, incentives and continuous monitoring of compliance requirements

Foundations

On track ↗
Achieved ✓
Extended ○

Our goals and progress 1/2

Goals	Change	Previous goal	2023 status	Update
2030 55% economic intensity reduction in Scope 3 emissions	Unchanged	N/A	<div>↗</div> <div>-47% economic intensity emissions</div> <div>-17% absolute emissions</div>	<p>This goal has been reviewed and agreed in 2020 by 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 level.</p> <p>A reduction in production volumes compared to 2022 coincided with a steady increase in gross profit in 2023. The combination of these trends resulted in a large drop of 47% emission reduction per CHF gross profit compared to 2022. For transparency we therefore also included the absolute emissions reduction compared to 2022.</p> <p>68% of total Scope 3 emissions are included in our SBT in accordance with SBTi requirements to include at least two-thirds of emissions. The categories excluded from the SBT goal due to low significance or On's limited influence and accounting for 32% of total Scope 3 emissions are: Categories 2, 3, 5, 7, and 10-15. More detailed information can befound in the Climate Methodology section of the Appendix.</p>
2030 46% absolute reduction in Scope 1 and 2 emissions	Unchanged	N/A	<div>↗</div> <div>-30% absolute emissions</div>	<p>This goal has been reviewed and agreed in 2020 by Science Based Targets initiative and aligned with the Paris Agreement goal of holding average global temperatures at no more than 1.5°C above pre-industrial level.</p> <p>In 2023, we reduced our absolute Scope 1 and 2 emissions by 30% when compared to 2022, despite increasing our physical footprint with the opening of 5 new offices and 15 new stores.</p>
2030 100% T1 suppliers to use renewable electricity	Extended	By end of 2027 100% of Strategic Tier 1 partners to be fully powered by renewable energy	<div>↗</div> <div>+3%</div>	<p>Transition to renewable electricity is complex and requires collaboration with other industry players. We will use 2024 to align on an ambitious and realistic percentage to drive towards in the upcoming years while collaborating with industry coalitions such as GlZ.</p>
2028 100% Strategic* T2 suppliers to eliminate coal as a direct energy source	Unchanged	N/A	<div>↗</div> <div>83%</div>	<p>We're currently on the right track, working with our Strategic T2 partners on phasing out all coal they use onsite as a direct energy source.</p>
2027 100% T1 suppliers to have SBTs or be SBT-aligned	New	N/A	<div>↗</div>	<p>SBT refers to Science Based Targets with the aim of defining emissions reductions and net-zero targets in line with climate science. Collaboration with partners that share the same values, vision and drive in the journey towards carbon emissions reduction is fundamental to create accountability across businesses.</p>

Foundations

On track ↗
Achieved ✓
Extended ○

Our goals and progress 2/2

Goals	Change	Previous goal	2023 status	Update
2025 100% T1 suppliers to eliminate coal as direct energy source	Unchanged	N/A	✓ 100% (achieved in early 2024)	We're proud to have achieved this goal ahead of time, with the last T1 supplier with coal onsite phasing it out in early 2024. Our efforts are not done, though. We will continue to monitor new T1 Footwear and Apparel suppliers, to ensure we maintain this result.
2025 No intentionally added PFAS in our supply chain	Anticipated	By 2027 100% PFAS free	↗ 93% +3% compared to 2022	This goal has been updated to accelerate the phase-out of intentionally added PFAS in our supply chain. In 2023, 93% of our waterproof footwear and apparel volumes produced were manufactured without intentionally added per- and polyfluoroalkyl substances (PFAS) . Our commitment to phasing out the intentional use of PFAS in our supply chain is a priority for 2024.
2024 Offices & stores to be powered by 100% renewable electricity	Unchanged	N/A	✓	Despite increasing our physical footprint with the opening of five new offices and 15 new stores, we've achieved the goal to be 100% powered by renewable electricity. In 2023, we established renewable electricity power purchase contracts in Berlin and Zurich, and we purchased renewable electricity from solar, wind, and hydropower for our other operations through Energy Attributes Certificates (EACs).
2024 100% T1 suppliers publicly disclosed and Strategic* T2 suppliers by 2025	Anticipated	By 2025 100% Tier 1 and Tier 2 suppliers publicly listed	↗ T1 disclosed	The wording of the goal has been updated to accelerate disclosure. All active T1 suppliers are disclosed on our website in 2024, while Strategic T2 suppliers will be disclosed by 2025. We're committed to maintain transparency of this information over time.
2024 Perform water-mapping analysis to define roadmap	New	N/A	↗	This risk-mapping goal will enable us to set the direction for future water stewardship programs.
2024 Perform waste-mapping analysis and roadmap to address hotspot areas	New	N/A	↗	Performing this initial analysis will help us define hot spot areas and develop a roadmap to address waste reduction and management.
2024 Explore partners' wastewater guidelines and baseline adoption rate in our supply chain	New	N/A	↗	We are also committed to reducing harmful chemicals used in the manufacturing process. We are exploring best practices with industry partners: this will help us set an updated goal related to manufacturing chemicals and wastewater impacts.

Action on Climate: Carbon Emissions

Identifying transformative carbon emission reductions across our business

Reducing our carbon emissions across the business is one of our biggest challenges, and we tackle it by setting clear and achievable goals to bring positive change.

This year, we’ve made good progress toward reaching our goals. As part of our strategy, we’ve also re-evaluated a number of them to make them more tangible and impactful in the long-term.

Scope 1 and 2 progress

Although Scope 1 and 2 emissions constitute a small part of our total emissions, it’s still a priority for us to operate with the lowest possible footprint. Having an absolute goal in place means we are decoupling our company’s growth from our emissions. In 2023, we reduced our absolute Scope 1 and 2 emissions by 30% when compared to 2022, despite increasing our physical footprint with the opening of five new offices and 15 new stores. This is a positive trajectory that will help us reach our 2030 goal of a 46% absolute reduction in Scope 1 and 2 emissions.

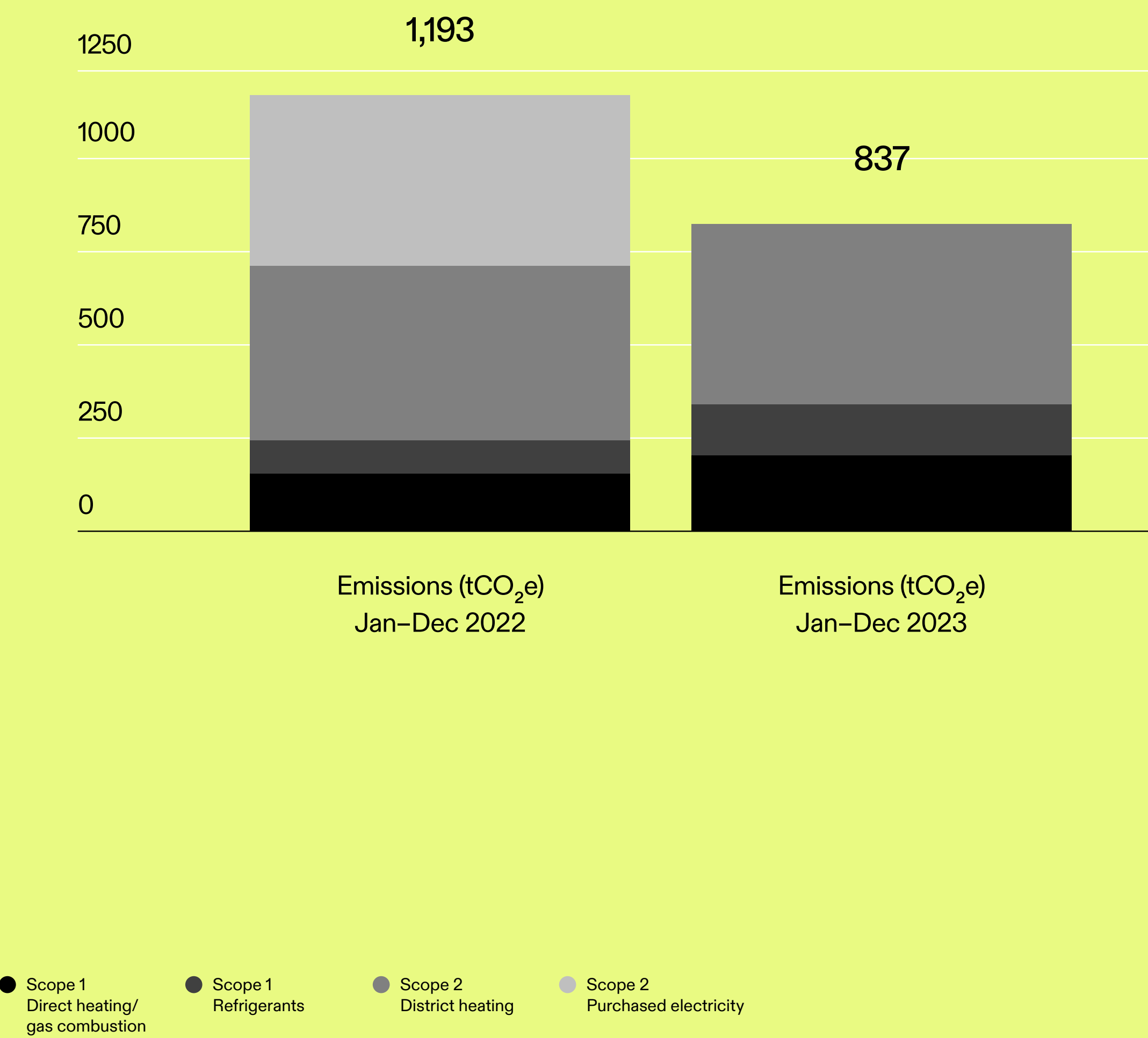
We know that the opening of new offices and stores in different geographies also increases our total energy consumption. In 2023, we established renewable electricity power purchase contracts in Berlin and Zurich, and we purchased renewable electricity from solar, wind, and hydropower for our other operations through Energy Attributes Certificates (EACs).

We're also on track in our journey to transition to 100% electric vehicles where infrastructures allows by 2030. In 2023, 25% of our vehicle fleet was electric.

-30%

Scope 1 and 2 emissions compared to 2022

Scope 1 and 2 emissions for 2023 (Tonnes CO2e)



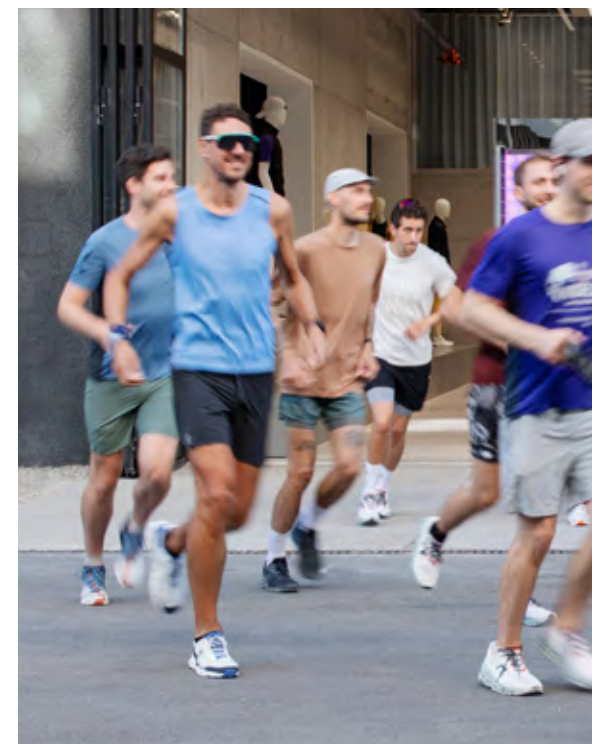


The Built Environment Sustainability Blueprint

As our geographical reach continues to grow with the opening of more retail and office spaces and the launch of more campaigns, we want to align this expansion with our vision for a sustainable future.

In 2023 we developed a playbook for a detailed and innovative approach to our built environments, in line with the DGNB system (Deutsche Gesellschaft für Nachhaltiges Bauen). It will guide our decision-making and inform the thoughtful design, construction, and operations of our built environment projects.

Created for both our internal team members and external partners, this manual allows us to systematically evaluate our projects and apply learnings to future projects, helping us work toward our goals and reduce our overall Scope 1 and 2 emissions in the long run.



Scope 3 Progress²

Tackling supply chain emissions

More than 99% of our impact is derived from Scope 3 emissions. To identify the biggest levers to reduce our Scope 3 emissions, we are working to understand these emissions in the finest detail.

In 2023 we started using Watershed as our reporting tool for carbon emissions. It allows for more granular, traceable and dependable reporting. Watershed helps us streamline our workflows around data collection, manage emission factors, and categorize and aggregate the data according to the GHG Protocol. It also helps us to document work as well as input data and changes during the process.

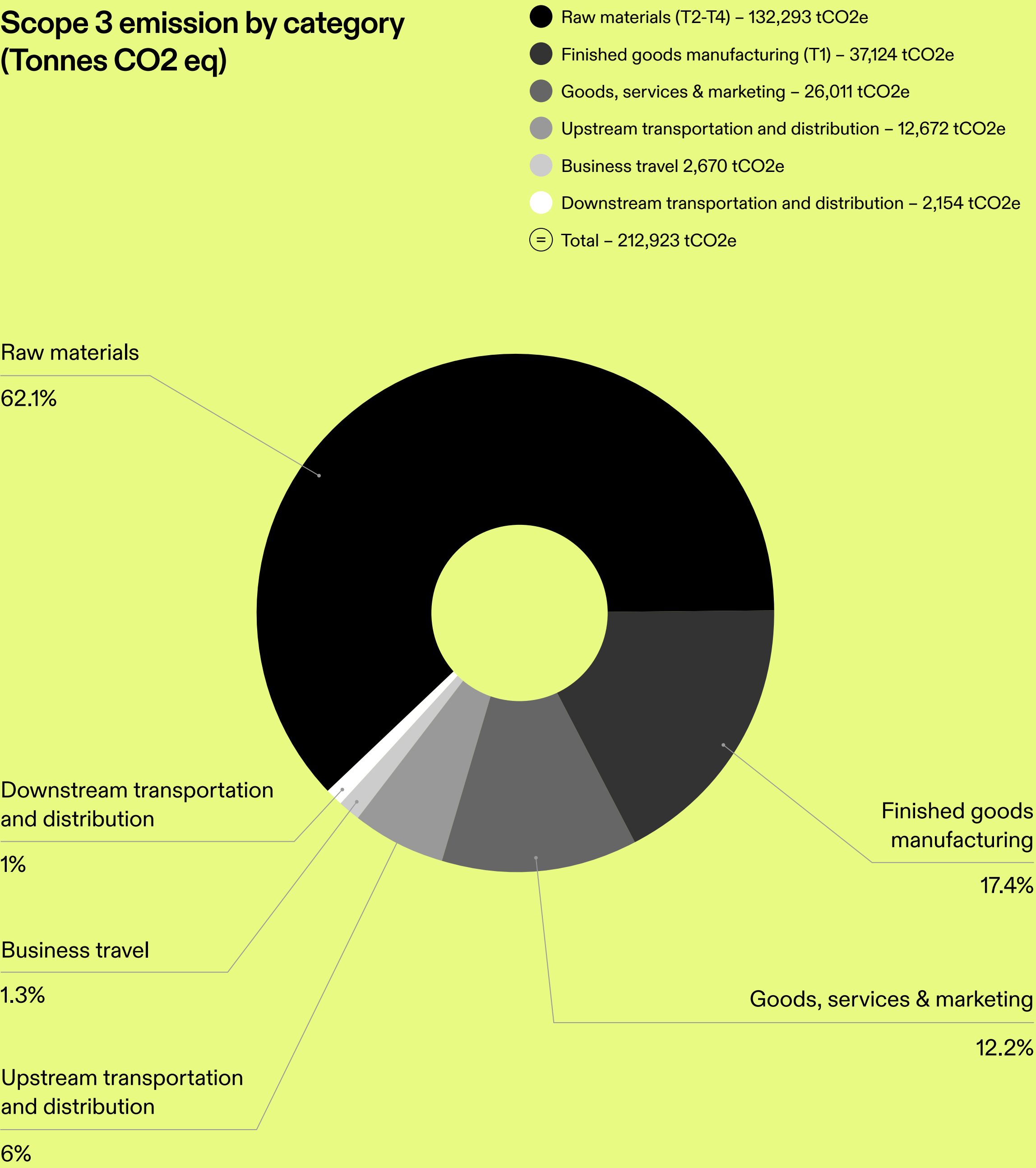
Transitioning to a different system always comes with challenges, such as changing scope and methodology. The reported numbers for 2023 are the result of using the new tool, and therefore there are slight changes to last year’s numbers. We are making the year-over-year comparison against the 2022 results, which were also recalculated to ensure that the comparisons we make are between consistently calculated numbers.

The main difference to note is that we are now not only including activity-based data for material processes but also cost-based data from our financial reporting. This gives a more holistic view of the different impacts that On has. More information on changes to our methodology can be found in the Appendix.

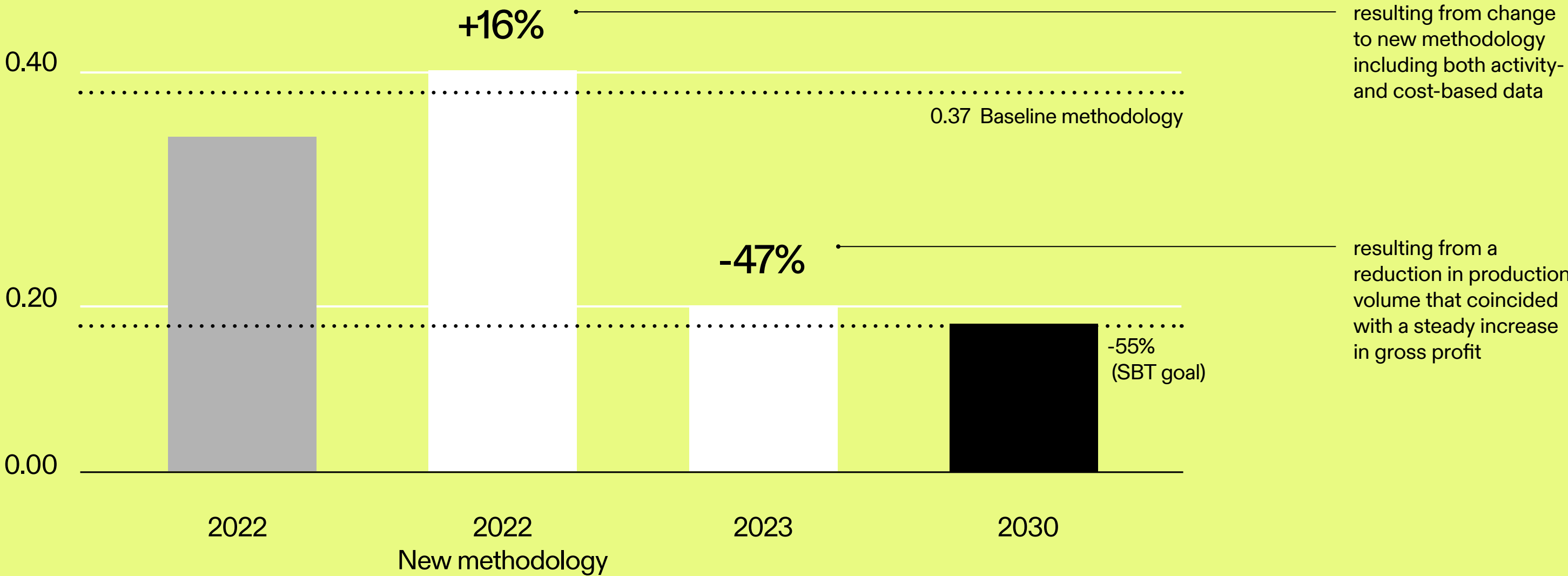
^{2.} 68% of total Scope 3 emissions are included in our SBT in accordance with SBTi requirement to include at least two-thirds of emissions. The categories excluded from SBT goal due to low significance or On’s limited influence and accounting for 32% of total Scope 3 emissions are: Categories 2, 3, 5, 7, and 10-15. More detailed information can be found in the Methodology: GHG Emissions section of the Appendix.

99%
of our impact derived from Scope 3 emissions

Scope 3 emission by category (Tonnes CO2 eq)



Scope 3 economic intensity
emissions (kg CO₂eq / CHF)



As part of the Science Based Targets initiative (SBTi), we have committed to a 2030 economic intensity reduction goal of -55% compared to our 2019 baseline, meaning that we calculate our GHG emissions per CHF gross profit (unit of value added).

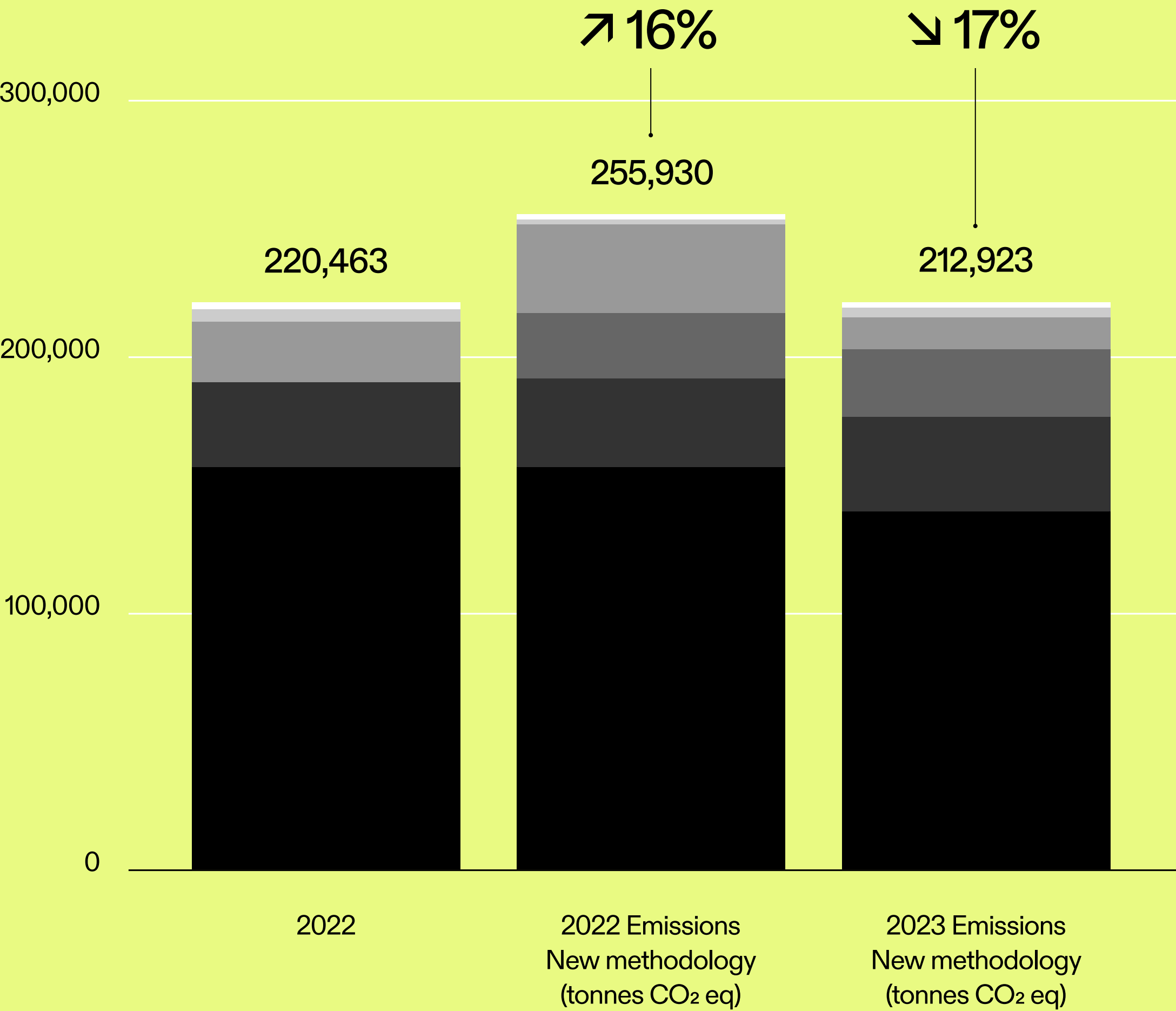
In 2023, our production levels normalized after the extraordinary year of 2022 when our production levels were very high (a post-COVID impact). This relative reduction in production volumes coincided with a steady increase in gross profit in 2023, resulting in a large drop of 47% emission reduction per CHF gross profit compared to 2022.

There is a delayed relationship between production levels and gross profits generated due to lead-time effects, which is why the economic intensity calculation causes these big jumps and volatility in numbers over the years.

To make the tracking and monitoring of our progress to 2030 goals more robust, we will explore alternatives in 2024, such as the switch to a production-based intensity goal, where the correlation is higher and more direct. When we make this transition, we will also re-baseline our 2019 emissions accordingly.

For clarity and transparency on our progress, we have included a more detailed view of our 2022 and 2023 absolute emissions below. If we zoom in on the absolute emissions in 2022 and 2023, we still see a 17% decrease in the year-over-year comparison, which is a good result that, given the growth of our company, aligns with our 2030 pathway.

Scope 3 breakdown
of absolute emissions



- Category 1.1: Raw materials and materials processing
- Category 1.2: Finished goods manufacturing
- Category 1.3: Goods, services & marketing
- Category 4: Upstream Transportation and Distribution
- Category 6: Business Travel
- Category 9: Downstream Transportation and distribution

In 2023, compared to 2022,
we saw the following achievements:

-17%

Science Based Target Scope 3 absolute
emissions overall

-63%

of our emissions in Upstream Transportation
and Distribution, a significant decrease compared
to 2022, primarily driven by exceptionally
reduced airfreight usage in 2023.

-14%

in absolute emissions of raw materials and materials
processing compared to 2022, as we made changes
in our material consumption composition, while
we also saw our production volumes decrease
compared to 2022.

-2%

in our business travel, as we made efforts to
attend events, meetings, and conferences virtually
where possible.

Energy & coal phase-out

The data in the Higg FEM platform indicates that all of our existing footwear and apparel Tier 1 suppliers completed the coal phase-out in early 2023. We have also started to onboard strategic footwear and apparel Tier 2 suppliers to join the Higg FEM platform starting in 2024. Using this platform, On is mapping the coal status of Strategic Tier 2 suppliers and taking the action needed to achieve the coal phase-out goal by 2028.

We entered into a partnership with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) in Vietnam and provided training and support to eight Tier 1 suppliers in the application of energy efficiency measures. Two of these suppliers have been selected to undergo an energy audit and take action to improve energy efficiency in the next year.

At On, we pursue goals to increase the ratio of renewable energy compared to non-renewable energy used in our supply chain. Renewable energy comes from solar PV (photovoltaic), purchased renewable electricity, and biomass. The ratio of renewable energy among Tier 1 suppliers was approximately 11% in 2023, 2% higher than the previous year.

11%

renewable energy used
by Tier 1 suppliers



Action on Climate: Water and chemicals

Making strides in our journey towards sustainable water stewardship

Water and chemistry play an important role in the manufacturing of our products. We recognize that managing both water and chemistry can have a positive impact on the product, people, and planet.

Understanding our supply chain

A key driver for managing these aspects is understanding our supply chain water and chemistry footprint. Our Tier 2 factories have the most significant water and chemical activities, so it was critical for us to gain more visibility into our Tier 2 partners.

From early 2024, we have started to introduce our Strategic Tier 2 suppliers into our Higg FEM platform, giving us insight into chemical management practices, intense chemical processes, wastewater discharge practices, and water usage.

Now that we have a better view of our strategic Tier 2 supplier impacts, we can be better positioned to work closely with them on improving approaches to manufacturing chemicals, monitoring wastewater, and understanding production water usage.

PFAS Phase-Out

Our chemical management policy is based on the AFIRM restricted substances list (RSL). AFIRM provides industry-leading resources for apparel and footwear supply chains that are seeking to increase product quality and safety and reduce their environmental impact by limiting the use of certain substances. Furthermore, the AFIRM RSL captures the most stringent regulations globally and industry best practices.

In 2023, 93% of our waterproof footwear and apparel volumes produced, were manufactured without intentionally added per- and polyfluoroalkyl substances (PFAS). Our commitment to phasing out the intentional use of PFAS in our supply chain is a priority for 2024.

Wastewater stewardship

Harmful chemicals used in the manufacturing process directly impact wastewater quality. We are exploring best practices with industry partners and will set an updated goal related to manufacturing chemicals and wastewater impacts by the end of 2024.

We previously did not include a goal on water usage but recognize that we have an important responsibility in limiting water use in our manufacturing processes as much as possible. Setting a hierarchy of controls and management for water usage will greatly help us in our journey toward water stewardship.

In 2023, we began working with WWF Vietnam to encourage suppliers to join the water efficiency program. Through this program, we expect to further identify hot spots for improving the water intensity of our suppliers, as well as identifying stakeholders for water stewardship.

93%

of waterproof footwear and apparel without intentionally added PFAS in 2023



Action on Climate: Operational waste

Piloting efficient solutions and effective partnerships

Piloting zero landfills

The waste market in Vietnam only provides a few options for recycling fashion and textiles, so in 2023 we worked on finding alternative solutions. We used production waste from footwear and apparel as a co-processing energy source needed for clinker production, where the cement industry is able to use waste as a fuel instead of coal and petcoke.

We piloted an energy recovery program for production waste with two Tier 1 factories and they reported a diversion rate of 82% and 100% respectively. The waste that was diverted was manufacturing waste, which includes: materials, textiles, EVA, foams, and chemical waste.

Waste No More

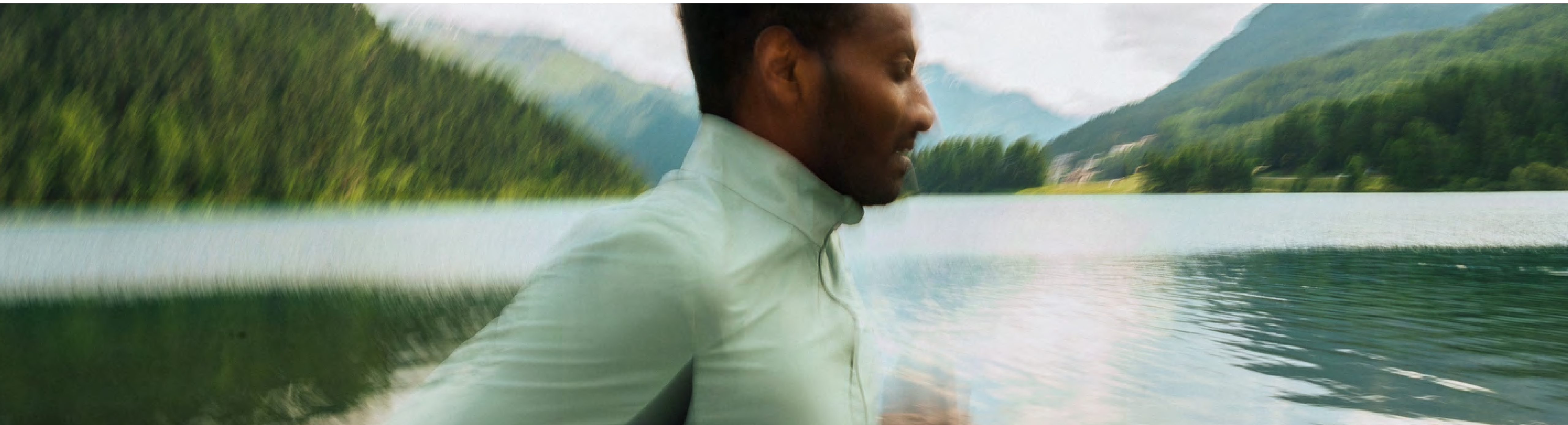
We are also working with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH) Vietnam on the project “Waste No More”, together with our Tier 1 suppliers in the country. This program aims to provide training on waste management in facilities aligned with our local regulations for both non-hazardous production and hazardous production waste.

These initial pilots and collaborations have resulted in useful insights about the waste management options and challenges in the areas we manufacture. As we scale up our efforts, our pilots serve as instrumental in removing, reducing, reusing and recycling waste across our supply chain as much as possible.

Defining our approach

Moving forward, we are redefining a meaningful waste prevention and reduction goal and pivoting off a baseline model by the [Ellen MacArthur Foundation's butterfly diagram](#).

In 2024, we intend to set a waste baseline for the Tier 1 factories. To do this, we need to collect and consolidate data on waste quantities, sources and types for an overall view across our Tier 1 footwear and apparel factories and define our waste hotspots. Once we have identified our hotspots, we will be better positioned to prioritize the most impactful measures we can take in our supply chain.



Traceability and Transparency

Tracking advances and holding ourselves accountable for the progress we achieve



Supply Chain Transparency

Our goals for supply chain transparency remain the same going forward, and we have disclosed all of our T1 suppliers on [our website](#). For more information about our supply chain standards and monitoring programs, please see the Responsible Manufacturing section of this report.

Material Traceability

Material traceability is one of the biggest challenges for the footwear and apparel world. In 2023, we worked on improving our strategy to strengthen the traceability systems and processes we already have in place. This effort is geared towards offering better visibility into our supply chain, which includes incorporating more sustainable fibers and materials with corresponding certifications depending on the material type.

Looking forward, as part of our long-term vision, we are starting the pilot of a traceability tool tailored to cover both apparel and footwear. This integrated solution will manage certifications as well as incorporating a mapping system, further reinforcing our dedication to transparency and accountability across our supply chain.



Governance and Compliance

Establishing strong frameworks to ensure a sustainable future

The right framework for decision-making helps us achieve our mission of building a fair and inclusive future and driving progress on circularity and renewable materials. It's how we can improve everything we do and continue to treat sustainability as a priority.

While we work toward achieving our commitment to people and the planet, we are in a continuous process of refining and improving our governance ecosystem, including policies, blueprints, and guidelines. 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 at the core of what we do

In 2023, On evolved the structure of its ESG program to establish a clear governance framework for its sustainability initiatives and to encourage support and integration across the entire business.

On's ESG committee was established to support the Board of Directors in its oversight and annual review, and reporting of the Company's sustainability strategy and execution. The Committee meets quarterly and is accountable for the development and implementation of On's Sustainability Goals, strategy, and execution plan.

The ESG Committee is made up of the following members from the Company's leadership:

- Board, Executive and Management Team Members: Caspar Coppetti (Co-Founder and Executive Co-Chairman of the Board of Directors), Marc Maurer (Co-CEO and Chair of the ESG Committee), Jiahui Yin (Chief Operating Officer), Noa Perry-Reifer (Chief People Officer), Alex Griffin (Chief Marketing Officer), Julie Pender (General Counsel), Ryan Greenwood (Corporate Communications).
- Extended Leadership Team Members: Director of Sustainability, Director of Group Accounting and Reporting, and Director of Corporate Strategy



On’s Global Sustainability team is led by our Global Director of Sustainability and currently consists of over 11 team members based in our global headquarters in Zurich and sourcing headquarters in Vietnam. The team has five functions: responsible manufacturing; sustainable products and materials; circularity and waste; strategy, education and communication; and data and systems. We continue to invest in growing this team up to 18 members in 2024 to support our sustainability initiatives.

While On’s Global Sustainability, Talent, and Legal teams are key to driving environmental and social impact, as well as governance initiatives, we believe that everyone at On has a role to play in our sustainability journey, and the actual execution and implementation of these initiatives happens across all areas of our business.



Setting expectations in code

The basis of our sustainability-driven and ethical business practices is 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, and 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, swisscleantech, an organization that connects business, NGOs and science to develop measures for a climate-compatible Swiss economy and society, and Protect Our Winters (POW), a non-profit group with an advocacy focus.

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



What's next?

While our focus is on achieving the goals set out in our strategy, our next priorities are already in our sights. In 2024, we're investigating ways to have even more positive impact in the areas of water reduction, microplastics, biodiversity, logistics, and our downstream supply chain.

Investing in, and understanding, the possibilities for chemical recycling will soon enable us to set a meaningful goal in this area. We are also looking forward to completing our waste and water mapping exercises. These will help us better focus our efforts on waste management and reduction, water reduction through our selected processes, and incentivizing and increasing the take-back of our products. We're also working on a net-zero roadmap for our company, which will guide our efforts beyond 2030.

Right now though, we're excited to keep up the momentum in 2024. We're working hard to realize our ambitious goals, while identifying and devising new ones. We also know that impact is a team sport. Alongside building out the skills of our internal team, we're working to strengthen our partnerships with innovators and institutes.

Many of the On campaigns and events in 2024 celebrate what's possible when we "Dream Together". And it's a message as relevant to our impact work as it is to the biggest stages in sports and for our communities. By working (and dreaming) with like-minded leaders in various fields, we can make an even broader impact.

At On, we are constantly pushing ourselves, and working with others, to be and do better. For the good of people and the planet. For a better future. Together.

‘Setting an impact strategy for sustainability is an important milestone and we will keep iterating it based on new insights and learnings we collect along the way. I am excited that we work so collaboratively and cross-functionally to bring this strategy to life.’

— Sammy-Jo Liefveld, Senior Lead Sustainability Strategy, Zurich, Switzerland



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Our Progress: summary

1/2

On track ↗
Achieved ✓
Extended ○

Social Impact				
Current Goal	Updates	Previous Goal	2023 Progress	Notes
2026 100% T1 Suppliers have implemented a grievance mechanism	New	N/A	↗	A grievance mechanism is a formal complaint process that workers can use when a business activity negatively impacts them. A functioning grievance mechanism is needed to enable a formal way to accept, assess, and resolve workers' complaints concerning the performance or behavior of the company, its contractors or employees.
2026 100% Strategic T2 Suppliers onboarded to our Workplace Standards Monitoring Program	Extended	By 2023 80% Strategic T2 suppliers audited	○	In 2023, we defined our Strategic T2 footwear and apparel suppliers that provide us 60-70% of business volume. This enables their inclusion in the 2024 Workplace Standards Monitoring Program and scaling up our efforts in this area. With the publication of our Blueprint for Responsible Manufacturing this year, we will start the onboarding to our updated standards.
2025 100% T1 Suppliers onboarded to our Workplace Standards Monitoring Program	Extended	By 2023 100% T1 suppliers audited	✓	The previous goal was met in 2023. This new goal is a step up as we introduce an updated Workplace Standards Monitoring Program that includes a social scoring mechanism.
2025 100% T1 suppliers will have implemented a living wage consistent with GLWC standards	Updated	By 2025 100% of T1 manufacturing partners will have implemented a living wage.	↗	We are progressing at the right pace to achieve our 2025 goal. As of 2023, all T1 Footwear facilities in Vietnam on average pay 70% above the locally mandated legal minimum wage and 5 out of 9 suppliers in Vietnam meet the GLWC living wage benchmark. These suppliers represent roughly 69% of On's production volume in Vietnam, 60% of our global production volume. We will continue to collect wage data annually from our suppliers across all manufacturing locations, including apparel and accessories facilities, to monitor the progress toward our goal of attaining a GLWC living wage in all of our Tier 1 manufacturing facilities by 2025.
2024 Develop human rights and due diligence policy with International Organization for Migration	New	N/A	↗	In our continuous efforts to build solid foundations of our responsible manufacturing approach, we are committed to mitigating supply chain risk by conducting and standardizing practices for ongoing human rights due diligence.

*Highest volume styles are defined as styles forecasted over 400k pairs.
All Material Innovation goals include carry-over products from previous seasons.

Material Innovation				
Current Goal	Updates	Previous Goal	2023 Progress	Notes
2027 >20% recycled or renewable materials by weight used in our midsole compound across our highest volume* footwear styles	New	N/A	↗	With foam and compounds being a critical element of product portfolio and performance, we'll be working on innovating and increasing the amount of recycled and renewable materials, limiting the reliance on virgin fossil-based sources.
2027 >95% recycled or renewable polyamide fibers used in products manufactured in the year	Extended	By 2024 100% recycled polyester and 100% recycled polyamide (total recycled content)	↗	Despite our rapid growth, we are proud that we have been able to maintain and even slightly improve our already very high recycled material targets. Achieving 85% with our current volumes is more significant than what we originally committed to. We have learned that sometimes we need to explore other materials to improve products' durability, and we've had success in doing so. We are continuously working to integrate these learnings into our design processes, and are currently already working on 2026 and 2027 styles. As better alternatives become available, we will incorporate them into our preferred materials strategy.
			85% +0.5% compared to 2022	
2027 >95% recycled or renewable PET fibers used in products manufactured in the year	Extended		↗	
			80% +4% compared to 2022	
2026 >95% cotton and cellulose used in apparel products manufactured in the year, coming from preferred sources	Updated	By 2024 100% cotton fibers sourced from organic, recycled or petrol-free sources	○	In 2023 we realized that some yarns did not meet our quality and testing requirements. Even though cotton represents less than 1% of our total material consumption, we wanted to take this as an opportunity to revise our cotton strategy and improve the durability of our products. We have opted for Pima cotton in the short term and aligned our definition of preferred cotton to the one used by Textile Exchange. For preferred cellulose, we leverage the Canopy Hot Button ranking for supplier and material selection.

Circularity				
Current Goal	Updates	Previous Goal	2023 Progress	Notes
2025 Pilot traceable reverse logistics supply chain in one region	New	N/A	↗	In order to tackle the complexities and peculiarities of different markets, this goal will enable us to gather learnings and consumer insights to understand where we can have the biggest impact and set new goals for the future.
2025 Publish Circular Design Playbook	New	N/A	↗	Driving innovation in circular design starts from researching and defining the tools for different teams to collaborate and push forward the research. We will be working on developing the On playbook to push circularity to a broader scale.
2024 Define Circularity roadmap to scale	New	N/A	↗	As we've made a start in our circularity journey, we will be working on scaling up our effort and build a roadmap to bring circularity at scale. This will enable us to assess and identify new goals and needs along the way.

Right To Run Partners

At the time of publication, we have built 26 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 communities, 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 women 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.

Speed Freaks ↗

focuses on increasing health, well-being, and connection. Supporting recovery from addiction and mental distress through the vehicle of running and walking.

Sportegration ↗

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

Ubuntu ↗

its 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.

Up Sport! ↗

promotes and strengthens social inclusion of diverse groups of vulnerable people through sport in Paris.

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, promotes recovery through fitness, community, and compassion.

ASRA Club ↗

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

PatoRun ↗

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

KLABU ↗

works closely with refugee and host communities around the world to build their own sports clubhouses that are hubs for play, well-being, education, and entrepreneurship.

Portland Tennis and Education ↗

offers academic support, enrichment through tennis and athletics, life skills and mental health support, as well as family resources to students from kindergarten through to 12th grade enrolled in after-school and summer programs.

Serve & Return Chicago ↗

offers grants and scholarships to support tennis programs for children who might otherwise not have access to the game.

CHAMPIONS ohne GRENZEN ↗

offers a sustainable and welcoming culture for refugees in Germany since 2014, providing access to football and other sporting activities.

WalkGood LA ↗

is a community wellness organization based in Los Angeles. They are a family dedicated to bringing people from all walks of life together to heal in solidarity through arts, health, and wellness.



A Systems Approach

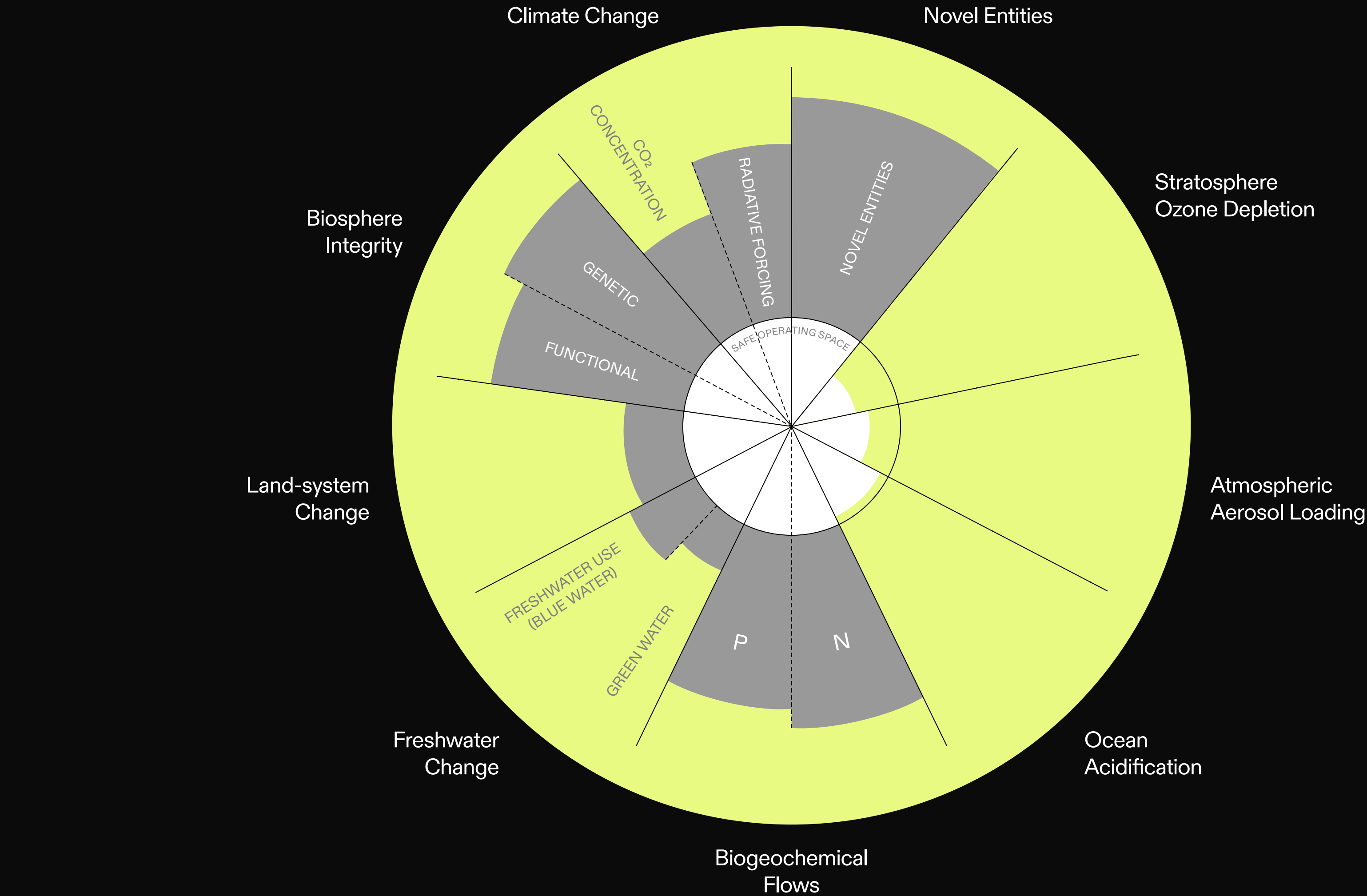
At On, we take a whole system- and science-based approach to sustainability. The frameworks we use include:

Planetary Boundaries

As a head-to-toe sportswear 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 that 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 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 the release of novel chemicals.

The Planetary Boundaries Framework



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

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(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. The onboarding of Carbonfact in 2023 allows us to perform LCA at scale across our products.

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.

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



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 such as gender identity, race, or ethnicity. To ensure we are maintaining pay equity across the company, we regularly conduct pay equity analysis.

In recent years, we adopted the Swiss Government's Gender Pay methodology, a scientifically recognised and legally compliant suite of tools. The model assesses how much objective, job-related factors contribute to wages and whether gender identity influences a difference.

In early 2024, we performed the annual Gender Pay Analysis for the entire office population. Additionally, we conducted specific analyses in countries with sufficient numbers of team members: China, Germany, Japan, Switzerland, the United Kingdom, the United States, and Vietnam. The results confirm that we have maintained pay equity at On. We will continue to conduct this analysis annually, expanding to additional demographics as data becomes available.



Methodology: GHG Emissions

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

Timeframe

The emissions are calculated for the 2023 calendar year starting on January 1, 2023 and ending on December 31, 2023.

Overview

The GHG protocol methodology 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 Watershed’s curated database of Emission Factors.

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

Watershed: Our new platform and reporting tool

In 2023, we started using the Watershed platform as our reporting tool for carbon emissions as it allows for more granular, traceable, and dependable reporting. Watershed helps us to streamline our workflows around data collection, manage emission factors, and categorize and aggregate the data according to the GHG protocol. It also helps us document work, input data, and effect changes during the process.

Transitioning to a different system comes with challenges such as changing scope and methodology. The reported numbers given in this report are the result of using the new tool, and are therefore subject to slight changes. The year-over-year comparison is made in comparison to our 2022 results, which were also recalculated using the tool. This means that the comparison is made between consistently calculated numbers.

The main difference is that we are now not only including activity-based data for material processes but also cost-based data from our financial reporting. This gives a more holistic view of the different impacts On has.

Key methodology changes for more granular, traceable, and dependable reporting with Watershed:

1. Use of Watershed Emission Factors (EF):

Previously, our approach relied on a combination of sources, including the Ecoinvent databases, industry-specific data for textiles, and primary data-based Life Cycle Assessments (LCAs). Through the use of Watershed, we have access to its curated database of Emission Factors (which includes Ecoinvent emission factors, but also other industry-tailored Emission Factors).

Benefits:

- Confidence that we are using the latest updates on methodologies: Watershed’s methodology gets externally verified twice per year and Emission Factors are updated where necessary.

- Enhanced granularity, which allows us to accurately account for a wider range of business activities.
- Consistency across peers in the industry and reporting years.

Exception:

Custom Emissions Factors uploaded to Watershed: the only exception where Watershed Emission Factors are not used is for materials and chemicals.

- Materials are our biggest driver for impact, requiring accuracy and comparability with previous years, showing year-over-year improvements in material choices.
- Innovative materials are not available in Watershed. On uses the LCA methodology to collect primary data and create specific material Emission Factors. For consistency and granularity, we continued using the LCAs for the 2023 report.

2. More financial data included than in the past (spend-based calculation):

We converted some financial data into activity data. From there, we used Ecoinvent Emission Factors to convert into emissions. Watershed can ingest financial data and has curated Emission Factors for direct spend-based calculations. Watershed uses the CEDA Emission Factor database, updated twice a year.

3. Building energy consumption:

Watershed has a calculation methodology for building energy consumption-based usage statistics. Where primary data is not available, Watershed handles missing data through well-founded estimates, managed directly on the platform. Offices and stores reporting inventory can now be managed on the platform directly, which allows for improved completeness, granularity, and estimates for missing data.

Rounding

For presentation purposes, figures throughout this report have been rounded according to standard rounding conventions. This may result in slight discrepancies when summing rounded components.

Uncertainty

Though our methodology has improved in accuracy through the use of Watershed, 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 data unavailability or inaccuracy. 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.



Table 1 – 2023 GHG Emissions by Scope and Category

Scope	2023 Emissions (Watershed) (tonnes CO2 eq)	Contribution towards total Scope 3 impacts	Organizational boundaries and included activities	Included in the SBT 2030 goals
Scope 1				
Scope 1	339		Includes combustion and refrigeration within company facilities (owned or controlled).	Yes
Scope 2				
Scope 2	1,609 (-1,111 offset with RECs)		Includes purchased electricity and purchased district heating.	Yes
Scope 3				
Category 1: Purchased Goods and Services	195,427	62.1%	Includes total raw material use (accessories, footwear, and apparel including packaging) and finished goods manufacturing (apparel and footwear).	Yes
Category 1: Purchased Goods and Services (Adhesives)	7,783	2.5%	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	12,991	4.1%	Capital goods were excluded from the SBT reporting because of low significance for On's operations. The impact using a spend-based approach was estimated to be approximately 4.1% of the total Scope 3 emissions.	No
Category 3: Fuel and energy related	589	0.2%	Scope 3 fuel and energy were excluded from the SBT reporting because of low significance for On's operations. The impact using a spend-based approach was estimated to be approximately 0.2% of the total Scope 3 emissions.	No
Category 4: Upstream Transportation and Distribution	12,672	4.0%	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
Category 5: Waste generated in operations	180	0.1%	Capital goods were excluded from the SBT reporting because of low significance for On's operations. The impact is calculated with a spend-based approach. The impact using a spend-based approach was estimated to be approximately 0.1% of the total Scope 3 emissions.	No
Category 6: Business Travel	2,670	0.8%	Includes all business travel as well as Category 8 mobile combustion emissions resulting from operating leased cars.	Yes

Scope	2023 Emissions (Watershed) (tonnes CO2 eq)	Contribution towards total Scope 3 impacts	Organizational boundaries and included activities	Included in the SBT 2030 goals
Category 7: Employee Commuting	1,514	0.5%	Employee commuting emissions were excluded from the SBT reporting because of low significance to On's operations. The impact using survey data was estimated to be approximately 0.5% of the total Scope 3 emissions.	No
Category 8: Upstream Leased Assets	NA	NA	Category 8 mobile combustion emissions resulting from operating leased cars were included in Category 6, Business Travel due to limitations with our expense system.	No
Category 9: Downstream Transportation and distribution	2,154	0.7%	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	56,261	17.9%	Emissions from the use of sold products were excluded from the SBT reporting because On has limited influence over consumers' habits. The impact using secondary data was estimated to be approximately 18% of the total Scope 3 emissions.	No
Category 12: End-of-life treatment of sold products	22,511	7.2%	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 7% 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	314,752	100%		
Total Scope 3 included in SBT	212,923	68%		

Table 2 – Summary of Activity Data and Emission Factors by Scope and Category

GHG category	Activity Data	Changes in Methodology
Scope 1		
Direct emissions	Scope 1 includes direct emissions in operated or leased offices or stores. Direct emissions are released on-site from heating and cooling buildings. On's portion of this fuel use was allocated based on the percentage of square meters occupied by On. Newly opened stores and offices were included.	For missing utilities data, energy was estimated based on square meters and region-specific statistics. The category of refrigerants for cooling is newly included.
Scope 2		
Purchased electricity, steam, heat, and cooling	Scope 2 includes purchased energy for electricity use and district heating. The emissions are generated off-site but are directly linked to our buildings. Measured data while the remaining buildings were estimated based on square meters, location, and building type (office vs stores). Newly opened stores and offices were included.	For missing utilities data, energy was estimated based on square meters and region-specific statistics.
Scope 3		
Category 1: Purchased goods and services	In this category, we have the following subcategories: Raw materials and materials processing, Finished goods manufacturing, and Goods, services & marketing. Activity data for Materials, Production Waste, Packaging, and Chemicals were collected from internal systems and according to the same methodology as in previous years.	Financial data from operational expenses were used with a spent-based approach to include previously excluded categories. These emissions are summarized in the new subcategory "Goods, services & marketing". For the spent-based approach, CEDA database emission factors were used. For the activity-based approach, our specific emission factors from primary data and databases were used. This allows us to have more specific factors that better represent our materials and processes along the supply chain.
Category 2: Capital goods	Financial data from capital expenses were used with a spent-based approach to represent newly acquired buildings, building inventory, and hardware.	For the spent-based approach, CEDA database emission factors were used.
Category3: Fuel and energy related activities		New addition for better completeness, based on Watershed calculation methodology.
Category 4: Upstream transportation & distribution	This is activity data associated with the 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 the port of arrival to the distribution center were unknown and assumed to be a total of 800km.	Improved completeness with the new categories of Air transport well-to-tank and First and final mile delivery.

GHG category	Activity Data	Changes in Methodology
Category 5: Waste generated in operations	Financial data from operational expenses were used with a spent-based approach to represent waste generated in operations.	With the spent-based approach, we have more granularity in the input data. CEDA database factors were used to convert into emissions.
Category 6: Business travel	Financial data from capital expenses were used with a spent-based approach to represent business travel. Category 8 mobile combustion emissions resulting from operating leased cars were also included in Category 6, Business Travel.	With the spent-based approach and using CEDA database factors to convert into emissions, we have a more streamlined data process that is more robust and scalable.
Category 7: Employee commuting	This data is available from an employee commuting survey conducted in 2022. Team members 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 FTEs in each location via various means.	We changed to the curated database of Watershed for emission factors in this category.
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.	We changed to the curated database of Watershed for emission factors in this category.
Category 11: Use of sold products	This data was estimated based on the MISTRA report to estimate the number of washes per 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.	No change to the methodology.
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.	We changed to the curated database of Watershed for emission factors in this category.

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	Our chemical management policy is based on the AFIRM restricted substances list (RSL).	IPR 2023: Action on Climate - Water and chemicals
		Discussion and Analysis	n/a	CG-AA-250a.2	In 2023, 93% of our waterproof footwear and apparel volumes produced, were manufactured without intentionally added per- and polyfluoroalkyl substances (PFAS). Our commitment to phasing out the intentional use of PFAS in our supply chain is a priority for 2024.	IPR 2023: Action on Climate - Water and chemicals
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	Quantitative	Percentage (%)	CG-AA-430a.1	100% of our Tier 1 suppliers were in full compliance.	IPR 2023: Action on Climate - Water and chemicals
	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. 0% of our Tier 2 in 2023	IPR 2022: Responsible Manufacturing
Labour 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	100% of Tier 1 suppliers have undergone independent audits by the end of 2023 0% of Tier 2	IPR 2023: Responsible Manufacturing
	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Quantitative	Rate	CG-AA-430b.2	N/A	
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	n/a	CG-AA-430b.3	The most common findings were related to hours of work exceeding local law, safe and healthy working conditions (fire safety, machine safety, correct PPE, etc.) and a few instances of incorrect wage payments and wage policy.	IPR 2023: Responsible Manufacturing
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	Described in the Preferred Material section.	IPR 2023: Preferred Materials
	(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	Described in the Preferred Material section.	IPR 2023: Preferred Materials
Suppliers	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 13	Quantitative	Number	CG-AA-000.A	- 30 Tier 1 supplier factories - 24 Strategic* Tier 2 supplier factories *Strategic T2: representing 60-70% of our material business volume	<u>Transparency & Responsibility</u>

Sustainability Glossary

Advanced recycled materials (incl. fiber-to-fiber)
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 materials
Bio-based products are derived from plants and other renewable agricultural, marine, and forestry materials. Bio-based products provide an alternative to conventional petroleum-derived products.

Bio-attributed
At the origin of the supply chain, we substitute part of virgin-fossil feedstocks for bio-based feedstocks. Then we process both feedstocks in the same existing production assets, and the quantity of bio-based feedstock is segregated by bookkeeping to attribute this quantity to finished products at the end of the chain. We then speak about bio-attributed materials.

Carbon Capture and Utilization (CCU)
CCU refers to a range of applications through which CO2 is captured and used either directly (i.e. not chemically altered) or indirectly (i.e. transformed) in various products.

CleanCloud
High-performance materials partially made from carbon emissions. It includes materials created by capturing carbon emissions from industrial sources, and then fermenting them into liquid ethanol. Next, this is dehydrated into a gas before being polymerized into EVA pellets or monoethylene glycol. These can then be engineered into high-performance foam and polyester fabrics.

Cyclon
Cyclon™, our circularity program, currently comprises four high-performance products designed to be recycled: Cloudneo, Cloudrise Cyclon, Cloudeasy Cyclon and the Cyclon-T.

Dope dyed (yarn)
When yarn is dope dyed, it is colored during the manufacturing process. With conventional dyeing, the yarn is dyed after the fabric is woven or knitted. Dope dyeing requires less water and chemicals and results in better colorfastness.

Carbon emissions-based materials
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 the industry norm for midsoles).

EVA
Ethylene-vinyl acetate is an elastomeric polymer that is used to produce materials with "rubber-like" softness and flexibility.

Higg Facility Environmental Module (FEM)
A tool within the Higg Index, which measures the environmental performance of manufacturing facilities in the fashion, footwear, and textile industries. It evaluates areas like energy use, water consumption, waste management, and chemical management.

Recycled and renewable materials
We class the following as recycled and renewable 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 cellulosics, wool, or cotton.

Recycled materials
We define recycled materials as recovered or otherwise diverted from the solid waste stream. At On, the recycled materials we use are typically derived from PET (polyethylene terephthalate) beverage containers. However, we prefer advanced recycled materials and are actively working to replace conventional recycled materials wherever possible.

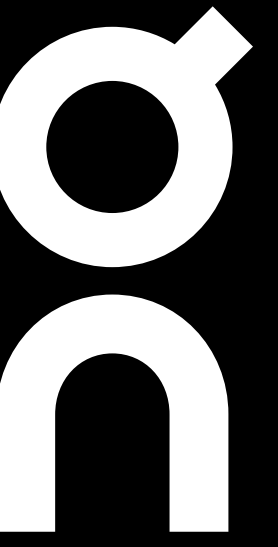
Supima Cotton
A type of extra-long staple cotton grown exclusively in the US and considered the finest kind of cotton in the world. The long fibers make Supima stronger, softer, and more durable than conventional cotton. It is grown using farming practices that ensure only natural materials are used during production and no harmful chemicals or pesticides are used on crops.

It comes with a unique traceability platform that helps to authenticate the existence of Supima Cotton in products as well as the point of origin.

Supplier Code of Conduct
All suppliers that work with On must agree to our Supplier Code of Conduct. This document outlines the standards we expect our suppliers to meet to ensure safe working conditions, fair and respectful treatment of team members, and ethical practices.

Tier 1 Suppliers
Our assembly and manufacturing partners.

Strategic Tier 2 Suppliers
Our material and component suppliers that provide 60-70% of our material business volume.



Dream On.