

# FENIX OUTDOOR

CSR 2013



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Dear Reader,

For over six decades Fenix Outdoor and its brands have been empowering people to explore the outdoors. Our business is driven by our passion for the outdoors and the people working together with us. Fenix Outdoor achieved its major goals in the 2013 business year and simultaneously laid the foundation for future growth.

A fixed component of our strategy is our unwavering commitment to sustainable operations and principles of the UN Global Compact. Our aspiration is to play a key role in shaping a sustainable future that meets the challenges we are faced with for both society and the environment we operate in.

We are proud of what we have reached so far in this endeavor, but know that a lot of work is still to be done. Our base-camp – as depicted in the last year's first assessment of where we stand – was further developed. We incorporated the Fenix CSR strategy 2020 in every brand's company culture and management with individual focus areas. We improved our compliance system by implementing a supplier code of conduct and responding to internal and external audits. We made progress to manage the chemical input, resource efficiency and worker safety in the supply chain. Initiatives like the cooperation with the FLA and the Higg Index, guide us on this way. Various in-house courses were scheduled this year and the employees and suppliers were happy to be part of the agenda 2020.

On behalf of the Executive Board, I would like to thank all of our employees. Their performance in 2013 was, once again, remarkable. With their expertise, their knowledge of the market, their passion for the outdoors and their enthusiasm about our products they are key to the success of Fenix Outdoor. They guarantee our continued learning experience and further growth.

We have a lot of goals for our future and together we began to make them a reality in 2013 and beyond. A fruitful dialogue with our stakeholders to become a leading outdoor group in the area of sustainability is therefore our chosen way. This report helps to outline our challenges in more detail. I want to invite you to read it with a critical eye in order to identify our undesirable developments at an early stage. In this way we can find proper solutions and avoid them in the future. I hope you find this report informative and value the way we pursue sustainability at Fenix Outdoor.

Yours,

Martin Nordin, President & CEO





# 1. AT THE CORE OF OUR BUSINESS: SUSTAINABILITY

**We have challenged ourselves to push sustainability initiatives in 2013 to another level. A holistic focus on both environmental and social efforts is applied for our products, our operations and our supply chain.**

## **COMPANY OVERVIEW: GOVERNANCE AND STRUCTURE OF CSR ACTIVITIES**

Fenix Outdoor is one of the world's leading providers of high quality outdoor equipment. The group originates in Örnsköldsvik and is comprised of five outdoor equipment and apparel companies as well as two retail chains. These entities may come from very different roots but all have one goal in common: to integrate sustainability at the core of

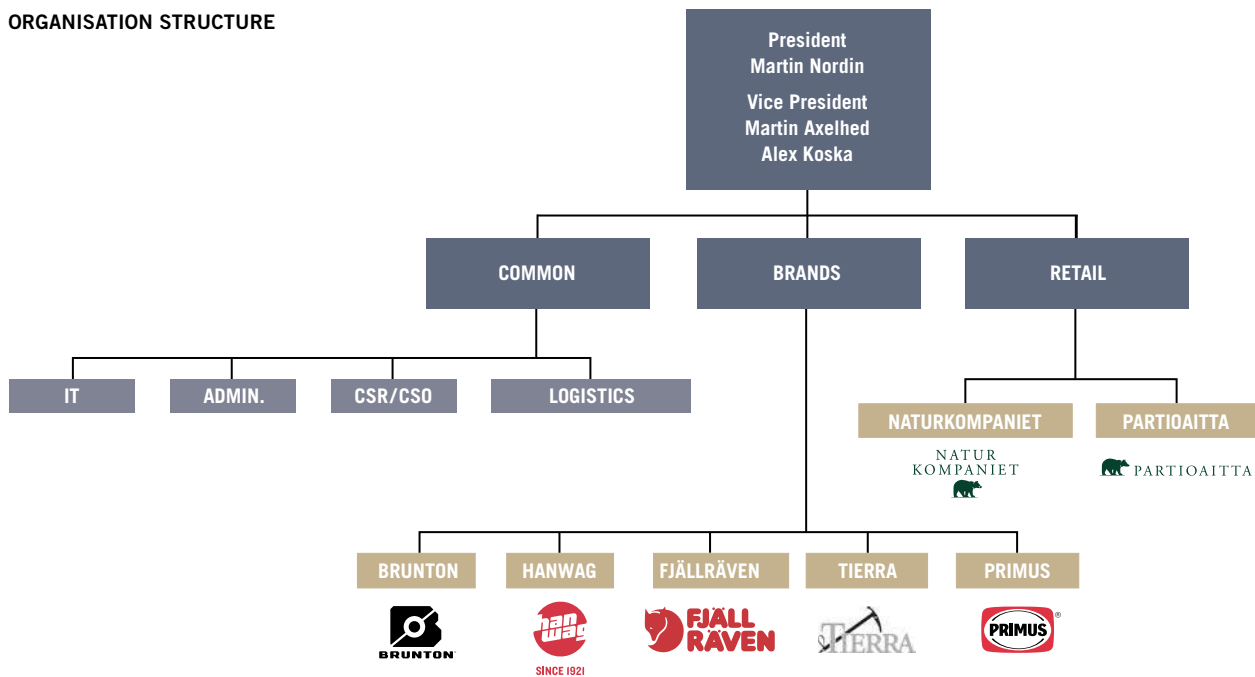
their business and make it a strategic element for all operations.

The Fenix Outdoor Holding offers guidelines and guiding principles to all companies within the group to enable them to structure the sustainable sourcing, manufacturing, and product distribution. The entities focus on product design, marketing, retail, sales, and aim for consumer engagement.

In light of the above, no organizational changes have been made compared to 2012. Two additional staff members

have been assigned CSR and Compliance responsibilities. The CSO (Chief Sustainability Officer) is part of the senior management team and directly reports to the CEO and President of the Group. His remit includes coordinating and setting the group wide CSR and sustainability activities and projects, coordinating between entities and pooling of the sustainability program, collaborating with stakeholders as well as engaging in philanthropic endeavors. The CSO also regularly conducts trainings and educational informational workshops.

## ORGANISATION STRUCTURE



### Sustainability is an Integral Part of Our Organizational Structure

Fenix Outdoor is committed to sustainable development and CSR and respects the universal principles and values laid down in relevant documents and conventions of the United Nations and the European Union. For us this especially applies to the regulations and agreements governing human rights, labor standards, children's rights, environmental conservation and protection, and the fight against forced labor and corruption. We signed the UN Global Compact and live up to its ten principles. Fenix Outdoor incorporated these principles in its Codes of Conduct, the mission statement and The Fenix Way. These documents not only give meaning, but also constitute the strategic and ethical framework of the group's sustainability management.

The focus of our work in 2013 was on the deepening and institutionalization of sustainability across all the companies and incorporating it into the individual strategic plans for 2020. Those plans detail for each brand and the retail businesses concrete sustainability goals for 2020, as well as projects and milestones, in order to achieve the overall Fenix Outdoor goals.

In 2012, Fenix Outdoor developed a managerial guidance document that incorporates the company's values, ethical principles and sustainability goals. Those are documented in The Fenix Way. It also

includes a Code of Conduct and a Supplier Code, thereby combining sustainability and compliance. This document has since been and continues to be actively incorporated in Fenix Outdoor business.

We believe that honesty, integrity, and respect are crucial when doing business, no matter who we deal with – staff members, business partners or intermediaries. Fenix Outdoor values the principles of the Fenix Way by asking all employees and suppliers to read and acknowledge the codes and to give strong support as they carry out their daily responsibilities. During the calendar year, trainings and workshops about the Fenix Way and the sustainability and compliance program were held and well received. More than 130 staff members at 5 locations received an in-person-training. The Intranet as another platform for information was also developed and is continuously updated. These efforts have proven to be a popular and efficient means of keeping our employees around the world abreast of trends, products, and internal measures as we progress on our sustainability agenda.

### COMPLIANCE AT FENIX OUTDOOR

The adherence to law and regulations is important in conducting our business. We require compliance with our Code of Conduct, but also want to build on experience and ensure that our staff and business partners share the same understanding of compliant behavior and business dealings.

In 2013, we reached a big step on the way to implement a continuous compliance system in all our locations around the world as well as in our supply chain. Fenix Outdoor has established a strong set of social compliance standards and procedures that apply to all of the brands' suppliers. We are convinced that business ethics, values and compliance form the cornerstones of every reliable sustainability management approach. By the end of the year about 78% of all core Fenix Suppliers (excluding one brand, which is still in the beginning to send out the Code) have signed the Code of Conduct or delivered evidence that they share the principles and values therein. Building a meaningful compliance system we are currently developing the seven core elements:

1. Establish Policies, Procedures and Controls
2. Exercise Effective Compliance and Ethics Oversight
3. Exercise Due Diligence to Avoid Delegation of Authority to Unethical Individuals
4. Communicate and Educate Employees on Compliance and Ethics Programs
5. Monitor and Audit Compliance and Ethics Programs for Effectiveness
6. Ensure Consistent Enforcement and Discipline of Violations
7. Respond Appropriately to Incidents and Take Steps to Prevent Future Incidents

In 2013, four of the seven elements were well established and two underway. We aim to have a fully operational Compliance Program in 2014.

## SUSTAINABILITY AT FENIX OUTDOOR

Over the past six decades, there have been tremendous advancements in technology, product performance and manufacturing productivity in the outdoor apparel and equipment industry. We know that industry developments come often at the expense of the environment, society we live in, and people we work with. Fenix Outdoor has always strived for sustainable solutions in these developments. With straightforward ideas on materials, manufacturing, packaging, distribution, product use and the end of life of a product, we address these existing issues. We are proud of what we have reached so far, but also know that our approach to sustainability has to continually develop to be effective and actually make an impact. Our goal for

the future and our company wide vision is therefore to:

**“LEAVE THE BASECAMP BETTER THAN YOU FOUND IT”.**

## OUR SUSTAINABILITY APPROACH

In an ongoing process we evaluate where our greatest impacts are and where we have the best opportunities to make improvements. Fenix Outdoor has – based on the stakeholder survey and its consolidated results – developed the Agenda 2020 to address topics which are of highest importance for the group’s endeavor. On a brand-specific level, a prioritization of issues is more effective than to just implement a standard on a group level. Hence, in 2013 all brands came up with individual action plans and implementation guidelines for their respective businesses.

### Focus Areas

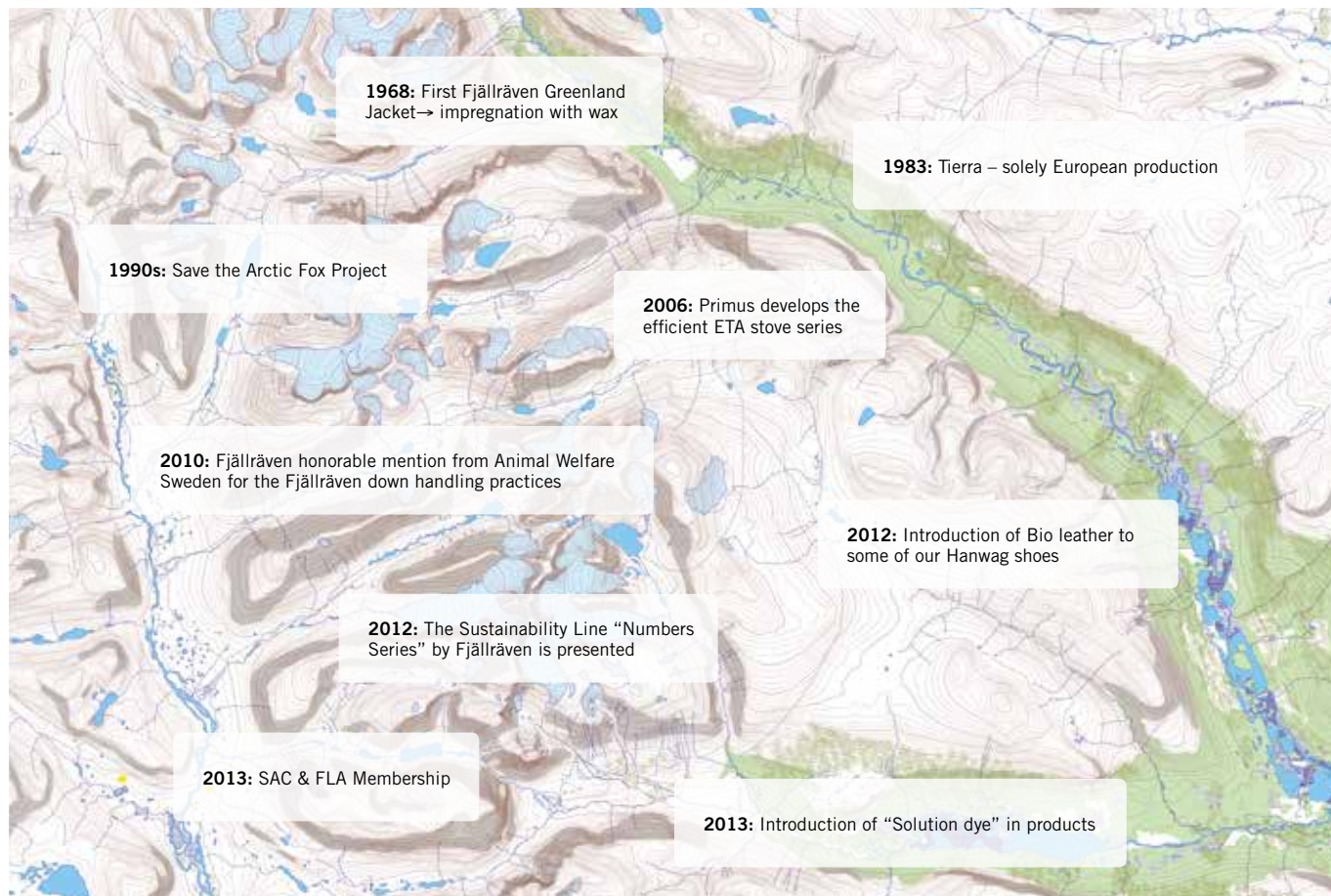
The process is guided by The Fenix Way Management Compass® tool. It helps

us to focus on reducing environmental and social impacts at each stage of our products’ respective life cycles. As our most significant impacts occur in very different areas during the life cycle of our products we have concentrated our efforts on addressing the four cardinal directions, N for Nature, E for Economy, S for Society and W for Well-being of our Compass. We believe that business should, in every aspect of its operations, contribute to happier and healthier people; stronger communities; healthier more resilient natural systems; and top financial performance. These goals shall be addressed simultaneously, but of course with reasonable priority setting within each area.

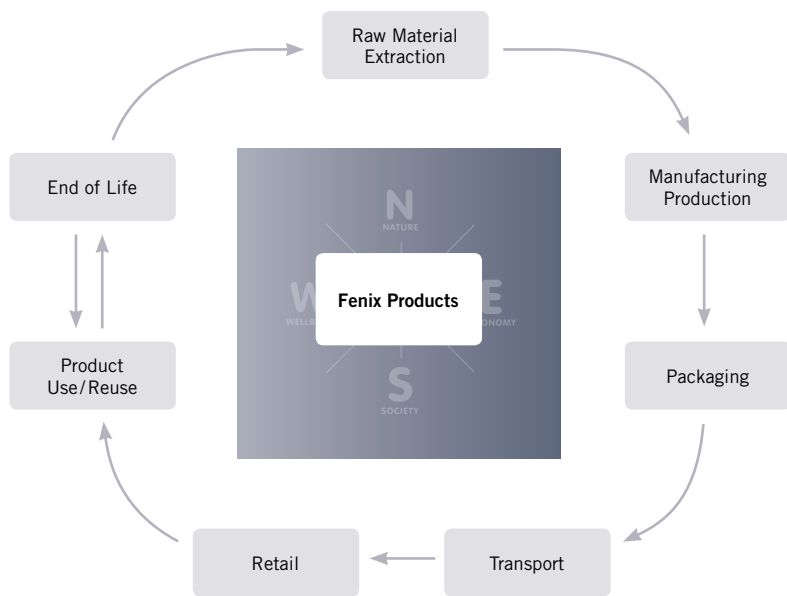
During this year we especially concentrated on raw materials used, the treatment of these materials, possible reuse and recycling strategies, and the control of our supply chain.

All entities at Fenix Outdoor have committed to develop and strengthen their Sustainability Program.

## SUSTAINABILITY IN RETROSPECTION: THE MAP OF HIGHLIGHTS







All group companies have developed customized sustainability strategies within the framework of the Fenix Outdoor 2020 goals. The responsible employees within the companies adapt group requirements to individual brand cultures and requirements and communicate and coordinate brand-specific CSR and sustainability activities with and to the CSO. Twice a year, during the so-called kick-off meetings for each season, the CSO gives an account of the status of the implementation of the sustainability goals and reports on the progress on each of the brands' agendas. On emerging issues, information is also delivered on an ad-hoc basis via the Intranet site.

### MULTISTAKEHOLDER ENGAGEMENT

As a responsible societal actor, we build on a vast and strong network of partnerships.

In 2013, Fenix Outdoor has begun to expand its stakeholder engagement program. Based on the outcome of our 2012/2013 surveys we developed a materiality matrix and began to identify areas in which we could improve our performance. An overview of the matrix and the conclusions drawn can be found in our last year's report <http://www.fenix-outdoor.se/wp-content/uploads/2013/04/Fenix-Outdoor-AB-CSR-report-2012-.pdf>. Despite our intention, we were not able to deliver on a Round Table meeting, due to time and resource constraints. We aim for that meeting in 2014 and hope to deliver some meaningful outcomes. We intend to re-evaluate the activities of the

last business year and plan for the future to foster bold and creative solutions. We also strive to build relations with like-minded corporations, scientific institutions, civil society and governmental groups. This multi-stakeholder approach is an appropriate means to identify and address relevant issues. Since 2012 we are an active signatory to the UN Global Compact and until the end of 2013 have been part of the Steering Committee for the national German Global Compact Network and the Council of its Foundation. During the reporting period we joined the Sustainable Apparel Coalition (SAC) and the Fair Labor Association (FLA). As of 2014 we will take part in the Global Compact Nordic Network under the umbrella of the Swedish national group.

We joined the SAC in April 2013. This multi stakeholder initiative includes leading apparel and footwear organizations, trade associations, NGOs (Non-Governmental Organizations), academic institutions, and governmental organizations. The focus of the SAC is the development and application of the Higg Index, an online assessment tool designed to measure the sustainability impacts of apparel and footwear. We use the Index to measure and assess our efforts to improve in all areas of our business units.

The FLA is a multi-stakeholder initiative that helps raise the social and labor conditions of factory workers by providing independent monitoring as well as support and training for companies all around the world. For us it constitutes a forum and possibility to improve

our approach to ethical sourcing. This partnership enables us to further develop and strengthen our relationships with suppliers and their constituencies. It also allows us to collaborate with other actors in our markets as we believe this can positively impact our working environment.

Based on the stakeholder survey we conducted in 2012, which was deepened by individual expert interviews in early 2013, we have incorporated the findings in the respective corporate CSR and sustainability long-term strategy until 2020.

In 2013 we also worked closely with Sustainable Fashion Academy (SFA) and the German Round Table Code of Conducts.

### SUMMARY ASSESSMENT

In 2013 we continued to assess and manage sustainability and compliance-related risks. Among others, supply chain risks and the chemical load of textiles ranked high on the agenda. In order to systematize and professionalize supply chain related issues, we partnered with the Fair Labor Association. We expect that this partnership will help identify and mitigate relevant risks such as workers rights and compliance violations of our Code of Conduct, and help to raise awareness among our local partners and their constituencies. In addition we realized that the precautionary principle is important when environmental risks are concerned. The continued pressure by NGOs regarding the phase-out of PFC-based durable water repellencies (DWR) or the traceability of animal-derived products, such as down, gave us confidence that we chose the right key issues to work on. As we have been actively dealing with these supply chain and chemical issues we are now hoping to share our knowledge and experiences with other companies through the European Outdoor Group or the Outdoor Industry Association of the USA and other relevant stakeholder groups.

From a compliance perspective we realized that it is becoming more and more important to perform systematic risk assessment based on corporate functions, markets, legal provisions and intellectual property. We continue to collaborate with authorities to avoid and reduce counterfeits and theft of know-how and data. These issues also pose indirect economic risks and have been reflected and assessed by the Board.



## 2. NATURE

**As a family of outdoor brands, our core business is equipping people to spend time in nature. Our directive is therefore to act responsible towards the nature we love.**

The basis for our care for the environment and the welfare of animals is deeply rooted in our history and origins. We strive to apply a precautionary approach in all our operations in order to reduce our impact and even make a positive contribution. Therefore we evaluate what we have done so far, try to optimize our approach if necessary and set new objectives. Every year we try to reach our group-wide and brand-specific goals written down in the Fenix Way. But we know that many small steps are necessary to achieve the targeted sustainability goals and we therefore encourage

sustainability action on all levels of the organization within each brand.

While addressing the important issues and challenges for our group, Fenix Outdoor and its entities concentrated their action mainly on these areas:

- CO<sub>2</sub> emissions reduction projects: striving towards carbon neutrality
- Improved eco-profiles of materials used (collaboration with the SAC and application of the Higg-Index)
- Optimize production processes for more sustainable solutions
- Eliminate hazardous chemicals
- Control over animal derived inputs

- Contributions to environmental protection and support projects towards biological diversity

### RESOURCES AND EMISSIONS

Protecting the environment and the diversity of ecosystems is of high importance to us. Climate change is considered to be a threat to our world as we know it today. We therefore address climate change issues as challenges and work on those to mitigate and reduce our own contribution.

In 2013, our data collection improved



**CO<sub>2</sub> EMISSIONS FROM HEATING, COOLING AND ELECTRICITY**



and hence the figures given became more reliable. However, we also have to note that in certain areas the data quality deteriorated. Against this background it is extremely difficult to draw conclusions from individual data sets and we are still in the process of consolidating the data we have. With some limitations we can say that we have captured about 95% of our locations and staff members and hence are at a point that we capture the full band-width of our operations in those areas, material to our stakeholders.

2013 shows that our overall CO<sub>2</sub> emissions have risen compared to 2012. This is the effect of more data from more locations and the growth in business operations. We also have increased overall shipments and visits to factories, entered new markets and increased inspections of our suppliers.

We invested in renewable energy. Our core operations in Germany only use electricity from renewable energy and partly heating from a bio gas plant operated by an organic farm. Sweden and Finland partly use green power. Subsequently the CO<sub>2</sub>e emissions from electricity use went down. We also invested in renovations in our Estonian operations, generating annual energy savings of 11,25%.

**SHIPMENT OF GOODS**

Based on the various modes of transportation and the individual vessels, trucks and aircrafts used, a total of 97 154 tons of CO<sub>2</sub> emissions were calculated (without direct shipments to the USA). We have now a reasonably holistic picture on all major emissions from shipments and can therefore say that we are probably the first outdoor company that can deliver reasonable and reliable

data. However, the 2012 and 2013 figures cannot be compared due to the fact that data was reported differently in 2012 and 2013. The numbers for 2013 in the table below show the average CO<sub>2</sub> emission per shipment. Looking into the sheer numbers of shipments we are concerned about the air freight figures as air freight is the type of shipment that produces the largest CO<sub>2</sub> emissions per shipment. Here shipments have doubled and we will strive to turn back this development in 2014 through joint efforts between our production and logistics units (planning, forecasting, optimization of packaging, shipment routes etc.). An overall growth of shipment numbers is caused by the growth in sales.

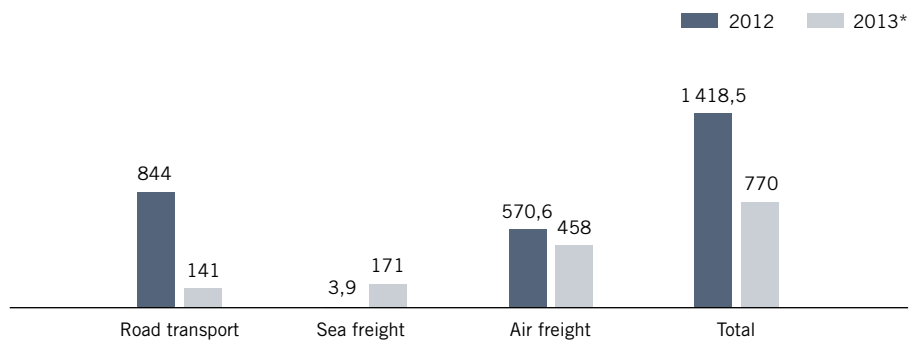
**BUSINESS TRAVEL**

Fenix Outdoor developed a new car policy in 2013 coming into force in 2014. For the first time a CO<sub>2</sub> emissions target of max. 130 g/km was set for the entire fleet. The goal is to outperform this target by 2018. In order to achieve this, new cars for the fleet can either be electric or hybrids. This change-over should be visible in the emission rates in the years

to come. First calculations show that the impact of low-emissions vehicles is relevant to the overall CO<sub>2</sub> emissions from business travel. Moreover, some colleagues challenge themselves by using even more environmentally friendly modes of transportation for commuting (available data not representative). Subsequently our staff uses carbon-neutral trains, bikes, skateboards and various other forms of transportation to reach work. A remarkable challenge was initiated by our Chinese colleagues who traveled around 3 000 km by bike. In our retail operations in Sweden, staff members, on a voluntary basis, registered how they commute to work: a data set of over 40 000 entries showed that around 39% use public transportation, 24% use their own vehicle and 35% use bike, skates, walk, jog or row to work and by that combining commuting with some physical exercise.

**OFFSETTING OUR IMPACTS**

Because we are not yet able to eliminate our energy-related emissions, we decided to offset some of our greenhouse gas emissions by investing in carbon offset



\*Average t CO<sub>2</sub> emissions per shipment

projects. Fenix Outdoor and its brands invest in different projects, but all are relying on the Gold Standard or comparable certificates. Fenix Outdoor invested in a project that recycles and utilizes waste gases within the coke production process to generate sustainable power in China (a video can be watched at [http://www.southpolecarbon.com/video/video0303\\_web.mp4?autoplay=1](http://www.southpolecarbon.com/video/video0303_web.mp4?autoplay=1)). Primus offsets all its gas, gas cartridge and ETA stoves with the Dark Woods Project which helps to conserve 55,000 hectares of forest area with trees up to 600 years old. Fjällräven on the other hand applies a different approach. Checking the life-cycle of selected products and scientifically assessing how much CO<sub>2</sub> is emitted during their production, allows tracking back the impact to the individual product. Already in 2008 Fjällräven introduced the first climate-compensated series of the Kånken backpack, and since 2010 compensations are also made for the Kajka and Kånken backpacks as well as for the garments from the Eco-Shell series. In 2014 additional full lifecycle assessments for at least five top selling products are planned.

Carbon-offsetting in 2013 amounts to a total of 4355,6 t CO<sub>2</sub>e through various projects (in 2012: 3590 t CO<sub>2</sub>e).

## WATER

Clean freshwater is scarce in several regions of the world. Unfortunately those regions are the most suitable ones to grow thirsty crops like cotton. Manufacturing of products, especially our outdoor apparel and equipment products, can be a water-intensive endeavor. From the growing of fiber, to the washing, treating and dyeing process of various materials, tremendous amounts of water are used. In 2012 we have introduced a new technique, called “spin dye” or “solution dye” (see below: “Innovations and Resource Efficiency”) by which up

to 80% of water in the dyeing process can be saved.

In 2013, a total of 7768 cubic meters (calculated) of water was used for our own operations. Compared to 2012 this is an increase of 2487 cubic meters, of which about 1000 was due to leakages and irrigation needs. The leakages have been fixed over the year and consumption at the respective site should be back to normal figures in 2014. The water is drawn from community supply (mainly groundwater, some lakes in Scandinavia) and used mainly for drinking and household-like use. All effluents were collected in community sewers and treated at a public treatment plant. No chemicals were released by our own operations into sewers or surface water bodies.

We strive to reduce the use of water and at the same time also decrease the discharge of water as well as improve the quality of our waste water.

Therefore it is necessary to involve the suppliers and constantly be searching for new innovative sustainable solutions.

To improve our water management system we cooperate with the Swedish Textile Industry’s Water Initiative. With its Water Management Guide our suppliers are addressed and educated to use water more efficiently and sustainably. Our major apparel entities will monitor the suppliers with an established baseline in 2014. A pilot project with the top five fabric suppliers will be in place by the end of 2020 to better manage water efficiency, water pollution prevention and wastewater issues.

## WASTE

A working waste management system is another major aspect of a responsible way to produce and sell products today.

Our approach covers the life cycle of our products: Our end products are of high quality, durable and timeless styling to avoid unnecessary waste. Therefore

we encourage the repair and reuse of it. In 2013 less than 2,5% of all items sold through our warehouse in the Netherlands was returned; the majority was returned because of false address labeling and the increasing eCom business. We may see a further increase in the years to come due to the expanding eCom business. However, only 0,3% were returned because of quality issues and of those about 50% were repaired or cleaned and used again. The remaining 0,1% was restocked, given to charity, or destroyed.

Additionally, we try to steadily improve our waste management system. We monitor and minimize hazardous waste and dispose it of in a safe way. Compared to 2012 (data in brackets), the amount of waste (representing 10% to 20% of the operation, reflecting three sites) is increasing about 8,9% and correlates with the rate in which our sales have grown. Hence, we decided to monitor these effects and launch a group-wide project on this issue in 2014. Unfortunately the data quality 2013 for waste is less solid than 2012 because two major operations have remodeled their business operations and not reported sufficient data. Therefore the table below is incomplete and not very reliable. We strive to improve this in 2014.

## INNOVATIONS AND RESOURCE EFFICIENCY

Innovative solutions are necessary to become more sustainable. They are a key to constantly improve the functionality of our products and to reduce our environmental footprints in the products’ entire life cycles. In the following section we report highlights innovative industry solution applied in our Group.

### Solution Dyeing: Saves both water and energy

There are two different ways that fibers are colored, and each method produces fibers with different characteristics and resource efficiency. One way to color fibers is to dip them in a solution of dye after they are executed. This method is great to achieve bright colors, but also uses additional water. The other way to dye fibers is to directly incorporate pigments into polyester chips before the fibers are extruded. Not only does a solution-dyed yarn keep the sun from fading the fabrics almost immediately, but is also reduces the water consumption. For this solution dyeing process

Waste Type	Amount in kg (2012 data)	Reuse/Recycle
Household-like	11 642 (21 364)	20% compost; 80% incineration
Paper	1 939 770 (1 338 253)	96 %
Hazardous waste	9,8 (5)	Incineration (special service)
Plastics (var.)	25 082 (65 861)	70% recycle; rest unknown
Metals	1 295 (438)	100% reuse
Glas	10	96% recycle
Organic	930	composting

a colored yarn is produced that can be woven and subsequently no additional water consuming dyeing is necessary when the fabric is ready.

### Sustainability in focus for Innovation

For us, sustainability and innovation go hand in hand. While Fjällräven has made sustainability a corner piece during research and development and integrated it into the design guidelines, Brunton developed a new product line with the aim to leave the basecamp better than we found it. Being outdoors and powering your electronics is possible with Brunton's portable power solutions without leaving a trail of spent batteries behind. Besides the solar solutions, Brunton's new hydrogen reactor enables the use of power without exploiting fossil energy. It combines hydrogen and oxygen to produce electricity on-the-move and under any condition. The Hydrogen Core fuel is discharged with water.

Primus has developed the eco-friendly Eta stoves which have an efficiency rate of 80 percent, which means they are almost twice as fuel efficient as conventional outdoor stoves. This not only reduces the amount of CO<sub>2</sub> emissions from the stove but also emissions related to the production and transport of the fuel. In parallel, Primus also invests resources in the development of more environment friendly fuels. Primus Powergas is one such fuel and carbon dioxide neutral due to carbon offset measures.



### A Greener Choice for our clients

Naturkompaniet and Partioaitta developed and established a label: "A Greener Choice". It is a tool to make it easy for customers to buy greener products in the shops. It is not a guarantee that a product is 100% environmentally friendly, but it is environmentally better than the average within that product type and range. A product needs to receive a minimum score in the following categories in order to qualify: Organic material, recycled material, avoidance of toxic chemicals, closed-loop product

and traceability, compostable/bio degradable product, high energy-efficiency, CO<sub>2</sub> compensated, made in Scandinavia, made in Europe, product labels (like Ökotex 100, ISO 14000, blue-sign, Nordic Swan, Bra miljöväl, Ecolabel, FSC, KRAV, Energy Star).

### MATERIALS

Our philosophy at Fenix is to improve the eco-profile of materials used for our products. Recycled, organic, ecological, biodegradable or recyclable materials are not just lofty wishes. Our brands and our employees are working to find solutions that are less harmful to the environment and assure the high-quality of our products.

The input materials as well as the chemicals that are needed to achieve the functionality of our products are subject to a system of risk assessments before entering our production process.

Paper consumption constitutes a relevant factor in the operations of our company: catalogues, flyers, invoices, and packaging consumes serious amounts of paper each year. We have therefore begun to reduce paper consumption by only issuing invoices electronically where possible and launching a group-wide project on the reduction of packaging and packaging waste in 2014. Around 231 tons of paper was used for flyers and catalogues in Europe.

### RE-THINKING MATERIAL CHOICE

The apparel brands started a long-term project to achieve their goals for 2020. Mono-materiality functions as a design guideline for Tierra and Fjällräven. A toolbox for preferred materials revised and updated every year accompanies this guideline. Cooperation with the Sustainable Apparel Coalition and the Higg Index enables a re-thinking of material choice. The Higg Index works as a self-assessment tool incorporating the MSI (Materials Sustainability Index) and the RDM (Rapid Design Modul Beta). The knowledge added in this way enables us to make better, more sustainable choices when thinking and designing new products.

In this conscious thinking about our products, Fjällräven reintroduced the wooden frame in its Kajka backpacks as an environmentally friendly alternative to its aluminum frame. A calculation made for the climate compensation for

this product drew the attention to the fact that its aluminum frame was responsible for a significant proportion of the backpacks CO<sub>2</sub> footprint.

The new wooden frame is made of Finnish birch that is FSC certified and grown according to responsible foresting methods. The frame is laminated layer upon layer with water-resistant, environmentally-friendly glue and then treated with linseed oil.



The carbon footprint of this new frame with a more environmentally friendly material choice is 90 percent lower than its aluminum predecessor, which reduces the overall footprint of the Kajka backpack by ten percent. Great successes are achieved by our employees: we are on our way to becoming more sustainable.

### RECYCLED MATERIALS

Using recycled materials as much as we can is one major goal in reducing our environmental footprint.

Fjällräven and Tierra minimize the depletion of non-renewable resources through the use of recycled polyester. This is made possible by an up-cycling process from PET bottles or old polyester garments. Up-cycling is when a low value input is recycled into a high-value product. By investing in cradle-to-cradle projects, when a garment can be recycled, or up-cycled Fjällräven and Tierra are taking a major step towards an environmentally conscious loop. In 2013 the share of recycled polyester was 14,5 % of all polyester used. The Eco-Shell line is an example of how we want to produce shell garments in the future: It was made completely out of recycled polyester and completely recyclable in the ECO Circle system.



Our site and location specific sustainable office supply program was launched in 2012 and is now in operation. Exact figures cannot be given here since the general common sense has been that even without a program selective sustainable choices have been made. This project is of lower relevance compared to the core business and work in progress. Possible highlights may be reported in following reports only occasionally from time to time.

## FROM PFC-FREE TO PFC-PRODUCTION FREE LABELLING

Working actively with suppliers and supply chain partners also entails exploring possible new and innovative solutions and replacing cheap but risky components with safer ones. This particularly holds true when it comes to chemicals. There are several ingredients we decided not to have in our products. Detoxing of our products is an ambitious goal. It needs constant monitoring and transparency. We do not want PFCs (per- and polyfluorinated chemicals) in our Fjällräven products. For the product line Eco-Shell small amounts of PFCs were discovered during a Greenpeace Campaign in 2012. We reacted immediately and went through the whole process again. Training and education, auditing and also testing and cross-testing was done. The machines at the supplier were cleaned and a concluding investigation showed no critical PFCs remained in the fabric and the garments. Test results were close to or below the detection level and we thus have taken a precautionary approach, stating a contamination that would – in the worst case

– be the sum of all detection limits. We believe that most of what we had seen after our process improvements can be attributed to background contamination only. However, since we cannot guarantee PFC-free garments due to possible background contamination or cross-contamination stemming from factories, stores, air pollution, water pollution and the environment, we changed the label from “PFC-free” to “fluorocarbon-free impregnation”. We believe this is more honest rather than stating something virtually impossible.



**Fluorocarbon-free impregnation**

## LEATHER SOURCING AND TANNING

Our apparel and footwear brands use leather. The Fenix policy targets environmentally conscious sourcing and tanning of leather considering the welfare of animals and people in its Fenix Way and Code of Conduct.

Our leather supply chains are constantly monitored by external veterinarians. A fruitful dialog with NGOs and local initiatives helps us to keep on our path to conscious sourcing and tanning of leather. For example, Hanwag is committed to ensure that the origins of their organic leather are transparent and traceable. This is why all bio-leather is certified with Hazard Analysis and Critical Control Points (HACCP). HACCP is a standard to control products for or from the food industry and to ensure traceability based on guidelines drawn up by the

World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO). During cattle breeding, each animal is monitored from the day it is born. This is done by means of a yellow tag in their ear. Together with our partner, the Viviani Tannery, we have implemented and aligned this traceability system. Hanwag, our traditional shoe manufacturer, sources its leather mostly from European countries. 95% of leather used in Hanwag shoes comes from European sources and tanneries. Additionally, Hanwag exclusively works with selected tanneries to achieve high-quality leather for the upper for their shoes. Hanwag has a range of special leather options – from Yak to bio leather and TerraCare® zero™ leather.

All of the bio leather used in our shoes is supplied by the Viviani Tannery in Croatia. This family-owned company buys its hides from approximately 50 certified organic agricultural farms. All certification are given according to the EU eco-standards. Certified organic means that the cows live outdoors all year round and that their feed is free from chemical additives and no concentrate feeds or growth hormones are used. This cattle breeding makes sure that the leather is thicker and therefore, more robust. These shoes are lined in chrome-free tanned leather, which is also suitable for people who are allergic to ordinary tanned leather.

Fjällräven and Tierra use spill and leftovers of raw material for their products containing leather. Waste leather from production is used for small applications like zip pullers, hang loops and other small parts of their high-quality products. This leather is generally vegetable-tanned.

If leather is not tanned chrome free, than we pay special attention to the challenges associated with chrome-tanning especially within sourcing and the waste water management. We are constantly on the search for new innovative more environmentally friendly solutions. We asked one of Hanwag’s major suppliers, Heinen Leather Germany, about those challenges, potential for innovations and their industry solutions. Hanwag only sources TerraCare® leather from Heinen tannery.

Hanwag works for over 50 years together with Heinen on high-quality products. This relation is based on mutual trust and a stable relationship which is well reflected in the products.



## Interview with Thomas Heinen, CEO, Josef Heinen GmbH & Co KG

**Mr. Heinen, with the images of cattle markets and tanneries in Bangladesh, consumers are especially interested in which country the animal skins used in their products come from. From where does your tannery buy its leather?**

Located in Germany, we're lucky enough to have one of the world's best bull hides on our doorstep. Logically, we buy our raw materials from local slaughterhouses here in Germany, who in turn buy the animal from local farmers. The bulls are raised and slaughtered for meat, so we add value to the meat industry's by-product by turning perishable skins into beautiful leather.

**Leather tanning is one of the oldest human technologies. Every tanning process has certain advantages and disadvantages. Which tanning process have you decided to use and why?**

Heinen tannery is tanning with chrome. Today about 95% of the leathers worldwide are tanned with chrome. Unfortunately not all tanneries respect the environment and humans when it comes to chrome tanning. That's why tanning with chrome has a bad reputation. Fact is however, if done correctly, chrome is the greenest and most advanced tanning technology today. Here at Heinen we appreciate the many advantages of chrome tanning: a great variety of colors, technical features such as waterproofing, larger skins compared to vegetable tanned leather, and increased durability.

**Resource depletion is a key issue of our time. Do you measure your CO<sub>2</sub>- footprint?**

Yes we do. Heinen tannery's environmental brand TerraCare® was the first tannery in the world to be audited by the ECO<sub>2</sub>L standard. ECO<sub>2</sub>L stands for Energy Controlled Leather and measures the CO<sub>2</sub> emission of a tannery – from beginning to end. It measures emissions from the delivery of raw materials to the cleaning of waste water and other byproducts at the end of the process. We have an Energy Management System in place and look very detailed into our energy consumption. Being located in Germany it is necessary to work energy efficiently due to high energy prices. Over the years we



have continuously reduced our CO<sub>2</sub> emission and have just installed a new block heat power plant running on natural gas.

**Water scarcity affects many regions of the world. The production of a pair of jeans consumes an average of 11 000 L water for example. Against this background: How much water do you consume for the processing of leather?**

Water is the most important "chemical" in a tannery. The whole process in a tannery is based on water. Unfortunately most tanneries are located in parts of the world that don't have enough water and especially not enough clean drinking water. We at Heinen monitor very closely the water consumption of each production step. For one square meter of leather we consume less than 100 L of water. That is a very low amount since most tanneries consume 2 to 4 times as much.

**In regards to the water cycle, how do you at Heinen handle adequate disposal of wastewater? Especially with the chrome tanning residues?**

All water is chemically, mechanically and biologically cleaned and put back in the natural water cycle at the end of the leather production. We separate different waste water streams for cleaning, one of which is the chrome stream. Chrome has the fantastic characteristic to show flocculation when raising the pH level. That way chrome falls out and can easily be separated from the water. In the end, the chrome value in the waste water is below 1ppm.

Realistically looking at the future, what will Heinen do to make tanning and leather processing more resource efficient?

This is my favorite part – dreaming of the perfect tannage. It is true: Today, there is no 100% green way to produce leather or maybe even produce any product. However, we understand that there is always something we can do to make things a bit better and from time to time, there comes a revolutionary idea that truly changes how things are done. We are currently an industry partner in a research program with Fraunhofer Institute developing a new tanning process that doesn't use water. In this process, the tanning agent is pressed into the skin with CO<sub>2</sub> in a high pressure environment. It is to early today to get enthusiastic, but I can say we're close to developing something that could change the way leather is made.



## ANIMAL WELFARE

Fenix Outdoor AB does not accept the maltreatment of animals used in the production of our products – this holds true for the whole supply chain. In processes where animals and their supplies are used, they must be fed and treated with dignity and respect and no animal must deliberately be harmed nor exposed to unnecessary pain in its life span. Taking the life of animals must at all times be conducted using the quickest and the least painful and non-traumatic method available.

### Traceability: Sourcing of down

The Fjällräven down flow is controlled from farm to ready-made product and the control process is in place for more than five years, constantly reviewed by an animal welfare expert from Sweden.

Fjällräven exclusively works with one down supplier who, in its turn for the Fjällräven Down-Control Process works with selected farms and one slaughterhouse. All Fjällräven goose down is purchased from this slaughterhouse and represents a by-product of the food industry. The down is purchased all year around to assure that the down comes from the designated source.

Every party involved in the supply chain has to sign and act in accordance with the standards set in the Fjällräven Code of Conduct. Focus areas are:

1. Wellbeing of geese when farmed
2. No live plucking
3. No force feeding
4. Transportation
5. Loading and unloading the geese
6. Wellbeing and handling of geese at area before slaughtering
7. Stunning
8. Control of the process of finishing the down

Fjällräven's audit team oversees the process by conducting audits regularly. We visit the farms; we control how the birds are kept, what they are fed and how the fledglings hatch and how they are raised. The down's quality and cleanliness are controlled by IDFL, the International Down and Feather Laboratory. Our down flow is also being regularly reviewed by a 3rd party veterinarian from Sweden that has accredited the Fjällräven down flow. In regards to logistics, the distances are kept to a minimum so that birds are never transported longer than necessary.

The process, the partnership and the approach chosen by Fjällräven is highly appreciated by the Chinese Provincial Government and hence became part of local/regional animal welfare regulation. Thus we act beyond our own down process to "leave the base camp better than we found it".

Even if we are proud of what we achieved thus far, we know that we still need improvement. We are always further improving our processes by learning

from our stakeholders. To make sure that every step in our production chain is of the highest standard from an animal welfare perspective, we want to establish similar flows for other animal derived products (such as wool and leather). We also try to find sustainable alternatives through conducting risk assessments of these products.

To find out more about the Down Flow step-by-step, go to our Website at [www.fjallraven.se](http://www.fjallraven.se).

## BIOLOGICAL DIVERSITY

We, as a company of outdoor brands want to contribute to the protection of the environment and the health of the ecosystem.

Fenix has developed a company-wide biodiversity risk assessment tool to be applied in standard operational procedures in strategic growth projects in the near future. The status quo shows that most of our locations are within industrial areas and inner cities and in 2013 no complaints or legal actions come to our attention with respect to the destruction of habitats and biodiversity.

In 2013 Fjällräven contributed around 500 000 SEK to the project "Save the Arctic Fox" in order to increase biological diversity. We also started to give a post-graduate grant to a PhD student who furthers the research on how to save this precious animal in Sweden.



Down is one of the most efficient and effective natural insulation materials. The wellbeing of the birds are as important to us as the functionality of our product.



*Vulpes lagopus* means "the fox with the feet of a hare". This precious animal is at the brink to extinction in Sweden.



## FACT SHEET

### IN A NUTSHELL: NATURE 2013

Indicator	2012	2013 (global)
Primary energy consumption (coal, gas etc.)	249 935 kWh (based on two countries) 899 766 MJ (calculated)	2 192 829 kWh  20 878 723 MJ
Electricity	3 939 511 kWh 14 182 239 MJ (calculated)	4 099 671 kWh 14 757 773 MJ
CO <sub>2</sub> e	1 042,7 t CO <sub>2</sub> e	1 314,2 t CO <sub>2</sub> e
<i>Green Energy</i>		
- green district heat	0	45 753 kWh
- green electricity	N/A	1 133 831 kWh
<i>Business Travel</i>		
Air	2 849 682 km 262,8 t CO <sub>2</sub> e	4 009 821 km 365,9 t CO <sub>2</sub> e
Car	2 520 000 km 541,8 t CO <sub>2</sub> e	1 406 090 km 197,7 t CO <sub>2</sub> e
Public Transport	186 920 km 15,1 t CO <sub>2</sub> e	349 832 km 19,7 t CO <sub>2</sub> e

### MATERIAL USE 2013 (ALL PRODUCTS)

Material	2013 (in kg)	Recycled/Organic	2012 (in kg)
Polyamide	27 424	N/A	84 000
Polyester	354 239	14,5 % recycled	306 000
Polypropylene	63 420	N/A	326 869
Polybags	23 500	N/A	37 842
Vinylon	143 750	N/A	129 000
Polyurethane	32 468	N/A	3 294
Other Plastics	24 938	N/A	14 922
Cotton	170 267	13 % organic	27 800
Down	11 000	100% own control	8 500
Wool	13 737	7% recycled	5 593
Leather	181 400	Includes spill leather; 33% "TerraCare® zero"	2 900
Gas	158 274	-	177 000
Rubber**	143 667	N/A	3 865
Glue	4 800	-	3 900
Brass	59 819	80% recycled	61 665
Stainless Steel	102 168	40 % recycled	148 101
Steel	245 296	40 % recycled	358 314
Aluminum	37 239	50 % recycled	48 942
Zinc	0*	80% recycled	600
Copper	17	80% recycled	450
Titanium	237	N/A	328
Other metals	4 678	N/A	57 300
Silicagel	16 550	-	13 000

\* part of the brass content  
\*\* includes soles (mix of rubber, polyurethane and ethylene vinyl acetate in varying quantities)

### Fenix Outdoor Group Environmental Balance Sheet per Employee (2012 figures in brackets)



Total CO<sub>2</sub>  
**1,7 t\***  
**(4,9 t)**



Total H<sub>2</sub>O  
**10,1 m<sup>3</sup>**  
**(7,6 m<sup>3</sup>)**



Total km  
**7 527**  
**(7 351)**



Total kWh  
**8 215**  
**(6 019)**



Total paper (kg)  
**1 669\*\***  
**(1 670)**

\* based on travel and energy consumption  
\*\* estimation – data quality not sufficient



## 3. ECONOMY

**Fenix Outdoor is the umbrella of well-known brands within the Outdoor Industry. The products sold under these brand names are developed to achieve and preserve superior quality light-weight outdoor products.**

Our products are sold via a selected retail network that focuses on professionalism to provide a high level of customer service to the end-users. The Fenix Outdoor Group was established in 2002 after the acquisitions of Tierra Products AB, Primus AB and Naturkompaniet AB. In 2004 the German shoe producer Hanwag was acquired. In 2009 a fifth brand, Brunton, was added. In 2011 Fenix Out-

door AB also expanded its retail segment through the acquisition of Partioaitta Oy, a Finnish retailer for outdoor equipment.

### COMPANY PROFILE

Fenix Outdoor Group's goals are to become a global leading player in outdoor clothing and equipment business and to achieve a minimum growth rate of 10%

per annum keeping a consistent profit before tax level of at least 10%.




Fenix Outdoor Group will achieve its goal in two ways:

- Through organic growth based on a strong retail network and brands known for high quality products.
- By expanding the Brands division through acquisitions of additional outdoor brands.

Fenix Outdoor AB has been listed on the Stockholm Stock exchange since 1983.

The majority owner of Fenix Outdoor AB is the Swiss-based Nidron AG. Three of the four board members are independent of the company and its management group.<sup>1</sup>

The domicile of Fenix Outdoor is Örnsköldsvik, Sweden. Major operations are located in Sweden, Norway, Finland, Denmark, Germany, Austria, Italy, Switzerland, United Kingdom, Holland, China and the USA. Our major markets correspond to the locations of the operations, showing the deep-rooted tradition of the brands and retailers.

<b>FJÄLLRÄVEN</b>		<b>Fjällräven</b> is a leading European brand in Outdoor clothing and equipment.
<b>TIERRA</b>		<b>Tierra</b> is well known as a strong brand in high-tech clothing for demanding outdoor activities.
<b>PRIMUS</b>		<b>Primus</b> develops and sells camping equipment used for boiling, heating and lighting powered by gas and liquid fuels.
<b>HANWAG</b>	 SINCE 1921	<b>Hanwag</b> is a traditional European brand for technically advanced trekking, outdoor, and alpine shoes.
<b>BRUNTON</b>		<b>Brunton</b> is a US brand well known for innovations in compasses, optics, and portable power.
<b>RETAIL</b>		<b>Retail</b> Our retail segment consists of two retail chains: Naturkompaniet AB, which consists of 31 outdoor stores in attractive locations in Sweden and Partioaitta Oy, located in Finland with 14 stores.

#### NET SALES PER MAJOR MARKET (INCLUDING 2011, 2012, AND 2013)

MSEK	2013	2012	2011
Sweden	479,3	477,5	451,0
Other Nordic Countries	449,4	417,5	313,9
Germany	357,4	343,3	361,0
BeNeLux	123,7	103,6	113,5
Europe (other)	207,4	182,0	151,3
North America	162,0	137,0	106,3
Other Markets	57,7	39,7	34,9
<b>TOTAL</b>	<b>1836,9</b>	<b>1700,7</b>	<b>1531,9</b>

#### HIGHLIGHTS OF 2013

(2012 figures as reference in brackets)

**Total income of 1865,8 (1 725,4) MSEK, an increase of 8%**

**Group operating profit of 259,5 (230,8) MSEK, an increase of 12%**

**The income after financial items was 259,5 (226,0) MSEK, an increase of 15%**

**Group net profit of 192,9 (155,0) MSEK, an increase of 24%**

**Earnings per share 14,53 (11,67) SEK**

**Investments in tangible and intangible assets was 62,8 (53,0) MSEK**

This brief introduction into highlights of 2013 and the following summary on the financial figures should be read in conjunction with the annual report 2013, covering the reporting period 1st January 2013 through 31st December 2013

#### Pension Plan

The Fenix Outdoor Group is primarily using defined contribution plans; benefit plans in the US are 401K plans. For more information, please refer to the annual report.

<sup>1</sup> All shareholders are invited to the annual General meeting of the listed parent company with full right to address questions to the Board and the CEO.



## FACT SHEET

### IN NUMBERS: ECONOMY 2013

#### SUMMARY

	2013	2012
Net turnover, MSEK	1.836,9	1.700,7
Operating profit, MSEK	259,5	230,8
Profit for the year, MSEK	192,9	155,0
Earnings per share, SEK	14,53	11,67
Capital expenditure, MSEK	62,8	53,0
Dividend per share, SEK	4,00*	4,00
Quotation Dec 31, SEK	285	177
Profit margin before tax %	14,1	13,3
Return on equity %	20,8	19,3
Equity ratio %	77,3	74,8
Average number of employees	766	696

\*Proposal of the Board

#### CONSOLIDATED INCOME STATEMENT

SEK million	2013	2012
Net sales	1.836,9	1.700,7
Other income	28,9	24,7
	1.865,8	1.725,4
Goods for resale	-831,9	-781,0
Other external costs	-411,7	-390,0
Personnel costs	-315,4	-284,0
Depreciations	-38,9	-33,4
Result from associated companies	-0,6	0,5
Other costs	-7,8	-6,7
	-1.606,3	-1.494,6
Operating profit	259,5	230,8
Financial income	3,2	14,2
Financial expenses	-3,2	-19,0
Income after financial items	259,5	226,0
Taxes	-66,5	-71,0
<b>Net income</b>	<b>192,9</b>	<b>155,0</b>

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2013-12-31	2012-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	164,7	152,3
Tangible assets	138,4	123,5
Financial assets	13,4	21,1
<b>Current assets</b>		
Inventories	556,6	457,8
Other receivables	294,4	243,3
Liquid funds	133,5	143,5
<b>Total assets</b>	<b>1.301,0</b>	<b>1.141,5</b>

#### EQUITY AND LIABILITIES

Equity	1.005,3	850,3
Minority interests	9,9	7,5
Provisions	24,5	26,8
Long-term liabilities	-	-
Current liabilities	261,3	256,9
<b>Total equity and liabilities</b>	<b>1.301,0</b>	<b>1.141,5</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	2013	2012
Cash flow from operating activities	235,6	167,8
Changes in working capital	-141,0	-13,6
Cash flow from investing activities	-54,8	-54,5
Cash flow from financing activities	-51,4	-41,4
<b>Net change in cash</b>	<b>-11,6</b>	<b>58,1</b>
<b>Liquidity, beginning of period</b>	<b>143,5</b>	<b>85,6</b>
<b>Effect of exchange rate changes on cash</b>	<b>1,6</b>	<b>-0,2</b>
<b>Liquidity, end of period</b>	<b>133,5</b>	<b>143,5</b>



## 4. SOCIETY

**As a responsible company we take particularly interest in and responsibility for the societies in which we operate and for which we produce. Practicing good corporate citizenship and upholding the highest standards of ethical integrity are very important for us.**

### OUR APPROACH

Our approach to uphold social responsibility is based on four pillars:

1. Belief and implementation of legal demands and international standards in direct and indirect contact with people
2. Monitoring of those standards
3. Communication and collaboration with stakeholders
4. Responsibility for our products
5. and caring about the society we operate in

### OUR BELIEF SYSTEM

A major part of our corporate belief system is reflected in our commitment to the UN Global Compact and its ten principles. They provide guidance when coping with human rights challenges in our daily business conduct. We value ethical manufacturing practices and are committed to assuring that our business partners share these values.

At the heart of this commitment stands a Code of Conduct, which has to be subscribed by our employees and

our worldwide suppliers. These Codes of Conducts were established by each individual brand and were handed to the suppliers for subscription to assure that our values are implemented in our supply chains (See also Chapter 1).

### CLOSE COLLABORATION WITH OUR PARTNERS

Fenix Outdoor and its brands have traditionally been interested in long-term relationships with our producers. We build a shared understanding for our quality



expectations as well as a mutual system of trust. This foundation enables an open and constructive cooperation with our partners located all around the world.

In every relation we try to improve our work on our high-quality products in terms of reliability, price policy and communication, as well as quality, environmental protection and social standards.

With nearly 85 % of our producers, we have been operating for ten or more years together.

We build on our long-lasting partnerships and assist them with training, education and managerial support. In 2013 a series of trainings and educations on the Fenix Way and our Code of Conduct were held by the CSO and local responsible partners.

## MONITORING AND REMEDIATION

Every system is just as good as it works in practice. Therefore we have to assure that our system works in our daily business conduct.

Without monitoring we cannot assure that our code of conduct is really implemented. We monitor on a regular basis against our standards in addition to local

labor laws and international conventions. Production plants are frequently visited by (a) head of production, (b) product managers, (c) our CSO, (d) purchase responsible, (e) QM-Auditing Team, (f) social and (g) external auditors. The audits take place before, during and after production. Our monitoring approach is fourfold, internally and externally and announced and unannounced. The internal and external audits are based on our own Code of Conduct, SA 8000 and ISO 14000. Externally the assessments are conducted independently by the Société Générale de Surveillance (SGS).

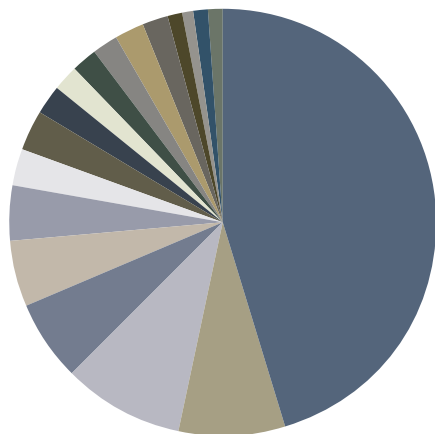
The audits help us to identify supply chain risks and help to cope with those risks and formulate appropriate solutions. In 2013 more than 60% of suppliers were visited by Fenix staff for inspection and around 49% (41% in 2012) of those supplying to our textile brands were audited by our own team while 6% (6% in 2012) were audited externally.

### Supplier Partnerships

In 2013 we increased our efforts to strengthen our supplier partnerships. Our own internal audit team increased the number of visits to factories, not

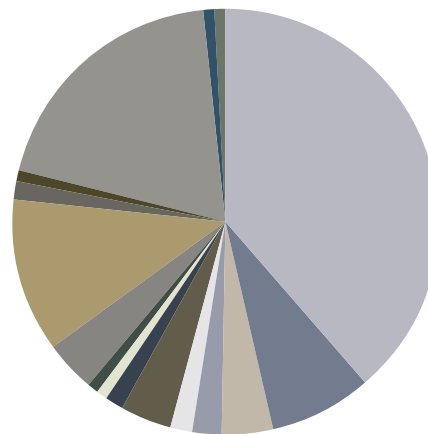
only for inspection reasons, but also to practically and concretely support them and consult them on every day or acute challenges. We also provided evaluation results and discussed with our suppliers which areas they could actively contribute in order to improve their ranking or the satisfaction levels of their staff in the factories. Also, we educated them on the Fenix Way and explained our new Code of Conduct. During the audits we came across typical social non-compliance issues like overtime regulations, health and safety issues and non-compliance with our CoC-provision. However, no major violations of legal requirements or human rights were observed. It is our strong believe that it is better to work actively with our suppliers in order to improve the situation than ending the relationship immediately. Meeting our standards often is a challenge if cultural and organizational differences are present. The mindsets and ethics in different cultures seem to be detrimental but when we speak with our partners and explain our rationale, we find open ears and often enough changes are gradually done. Increasing the understanding in order to achieve long-term improvements

NUMBER OF PRODUCERS BY COUNTRY



China represents the highest number of suppliers

VOLUME OF PRODUCTION BY COUNTRY



Vietnam represent the highest volume of products





is one strength we have and by that we hope to help change attitudes, overcome barriers and subsequently improve the conditions for workers and their families. However, if we face resistance or ignorance we end relationships on that ground and have done so in 2013 with one supplier.

## PRODUCT RESPONSIBILITY

Fenix outdoor is the umbrella for over 2000 different products which find their way from our gates to the customer. Product responsibility is very important for us. Working towards transparency is a major aspect of our business.

Our customers rely on transparent information when buying our products (e.g. we changed the label from PFC-free to fluorocarbon-free impregnation to be reliable). The health and safety of our customers should at no time be in danger when using our products. To assure this we apply legal requirements as well as our code of conduct while continuing to improve our performance.

For this endeavor, we have well communicated routines for registering complaints about the quality and function of

our products. In 2013, no substantiated complaints regarding risks during the product use were registered. However, an open issue from 2012 was still under investigation and closed in fall 2013. This issue was handled and resolved.

We label our products carefully with information on the product itself and the service available. The websites of our brand inform clients sufficiently and we have an open dialogue with end consumers via social media and our websites. We also educate consumers on how to use the products and offer educational videos and in-shop as well as outdoor trainings. In addition, we welcome direct questions to our team. We strive to be as transparent as possible, especially in areas of high public interest and concern.

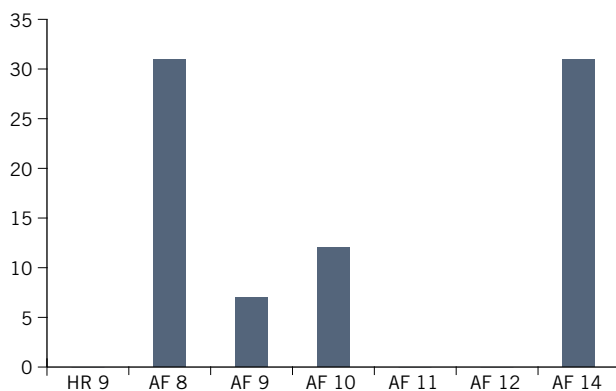
## GIVING BACK

In addition to our corporate citizenship activities we want to give something back to people and societies. We seek to induce people to experience nature and to get involved in environmental and community improvement efforts. In 2013 we gave approx. 63000 Euros to the

research project on the Arctic Fox; we also financially supported Europarc (the network of national parks in Europe) during our Christmas project "donations instead of presents" and specifically help their German children's and youth projects. We also donated tents for the tsunami victims in the Philippines and have supported a project in Sweden to get city kids into nature. We also collected funds from our retailer's loyalty club and the customers can vote on the project this money shall go to. The total amount is about 110000 Euros. Hanwag, as in 2012 donated shoes to orphans in Hungary and Romania. We hope by those charity projects we are contributing to a higher appreciation of nature and improve communities and living conditions for those who suffer. As part of our business operations we are serving the African market with efficient gas cookers and invite people to spend time with us in the northern Scandinavian regions (e.g., Fjällräven Classic).

## FACT SHEET

### AUDIT RESULTS LABOR STANDARDS AND/OR CODE OF CONDUCT IN 2013\*



\* absolute figures given; AF 8: Workplace audits, AF 9: (legal non compliance) includes cases, where audit staff was not shown sufficient documentation; AF 10: over-time, AF 11: maternity and pregnancy rules; AF 12: child labor; AF 14: non compliance CoC ; HR 9: Total number of incidents of violations involving rights of indigenous people

### SOCIETY 2013

	2013*	2012*
Investment into community projects and charity activities	128000 €	95000 €
In-kind contributions (staff hrs)	Ca. 200 hrs	Ca. 110 hrs
Training hrs to suppliers	Ca. 120 hrs	Ca. 50 hrs
Direct Investment in Sustainability	2404000 SEK	2225000 SEK

\* all data rough estimations only; systematic collection not possible at this stage



## 5. WELL-BEING OF PEOPLE

**We believe that we should contribute to healthier and happier people. A safe and healthy working environment for all employees is especially important for us as a company acting globally.**

At Fenix Outdoor it is our employees, based all around the world, that make up the backbone of the company. If our employees feel satisfied and appreciated, we know they will perform well. We aim to respect each individual's integrity and do not discriminate on any ground. Fenix Outdoor strives to be an equal opportunity employer. Our personnel

policy therefore, aims to continuously promote qualifications and motivate our employees.

### OUR STAFF IN DETAIL

We are growing every year. In 2013, 766 people (FTE) were employed by Fenix Outdoor or any of its entities. This is an

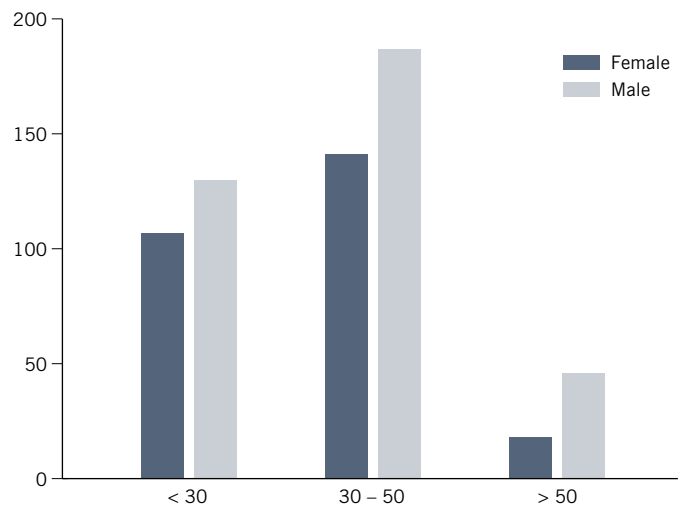
increase of 10% since 2012. Most staff members are working as permanent staff; only in retail and our warehouse are seasonal workers employed. Part-time work accounts for about 47% of staff members in Europe (includes seasonal staff in retail businesses).

Our turnover rate in Europe is compared to the average numbers within

#### DISTRIBUTION BY REGION AND GENDER

	EUROPE	NORTH AMERICA	ASIA
Female	204	36	32
Male	386	39	69
<b>TOTAL</b>	<b>590</b>	<b>75</b>	<b>101</b>

#### DISTRIBUTION BY AGE GROUP AND GENDER (EXCL. CHINA)



the lower third. In 2013, 15,7% (2012: 4% - without retail) of our employees left the company; around two thirds were fixed-term staff or students, working only during peak seasons in our retail business. Hence a comparable figure for 2012 would be a total of 5,75 % as turnover rate of which 48 % were female.

Diversity is of high importance for us. We believe that a diverse team is able to work more effectively, creatively, and motivated. Our employee structure reflects this belief. In relation to regional origin, gender, age, minorities, our employee structure is average for the industry and local circumstances.

We are a learning organization and as such we want our employees to take an active part in shaping development and change. Collaborations in networks, working groups and specialized project teams are highly welcomed and encouraged. A culture of open communication and dialogue is a foundation in all Fenix operations and its entities. An average of 8,1 hours per staff member were given in personal and technical training. These trainings enable us to grow and develop when producing functional up-to-date equipment for the outdoor enthusiastic.

We are a curious and open-minded organization. Therefore we offer internships, work with students who write their Master thesis and engage in dialogues with schools and universities. All projects we run with young people have a link to sustainability and process or product optimization. Fenix enables young professionals to start their career with a job training qualification. Our

trainee program started in 2011 with three management trainees who are still on board in responsible positions. In our second year we recruited two trainees to our company, who are learning on the job in various locations and functions. One of them dropped-out for personal reasons and the other has taken a position to her personal likings within our Group. In 2013 we recruited another three new candidates who are now undergoing their first on-the-job-training experiences. Additionally we offer apprentices: In 2013 we had two apprentices at our German location.

#### WORKING HOURS AND WAGE

We do not exceed local limits on work hours and adhere to ILO conventions and legal or collective bargaining regulations regarding the rights at work and overtime provisions. As detailed before, we also expect our suppliers to follow the same route. Our wage levels are competitive and we offer several benefits to our staff. It is our principle to pay equal wages for men and women on the same functional level, reflecting experience and knowledge as well as time spent in our company. A more detailed break-down is given in the fact sheet.

#### HEALTH AND SECURITY AT THE WORKPLACE

We require that employee safety should be of priority at all times. We do not accept hazardous equipment, unbearable surroundings or unsafe premises. The

workplace should be safe and hygienic, and we should take effective steps to prevent potential accidents and to minimize health risks. Safety awareness should always be a priority and should be understood and implemented daily by everyone working in the factory. In 2013 we had two cases of injuries at the workplace. Due to various reasons (not workplace related, though) a total of 9 240 days were lost due to absenteeism of staff (data based mostly on Europe).

#### TAKING OUR EMPLOYEES OUTDOORS

Aiming to achieve a good working climate and a work-life balance, we want to build shifts and team experiences: Every year Fenix offers several possibilities for its employees to experience the outdoors and learn something about survival in the nature, the handling and functioning of our equipment and having a great time in nature as a team.

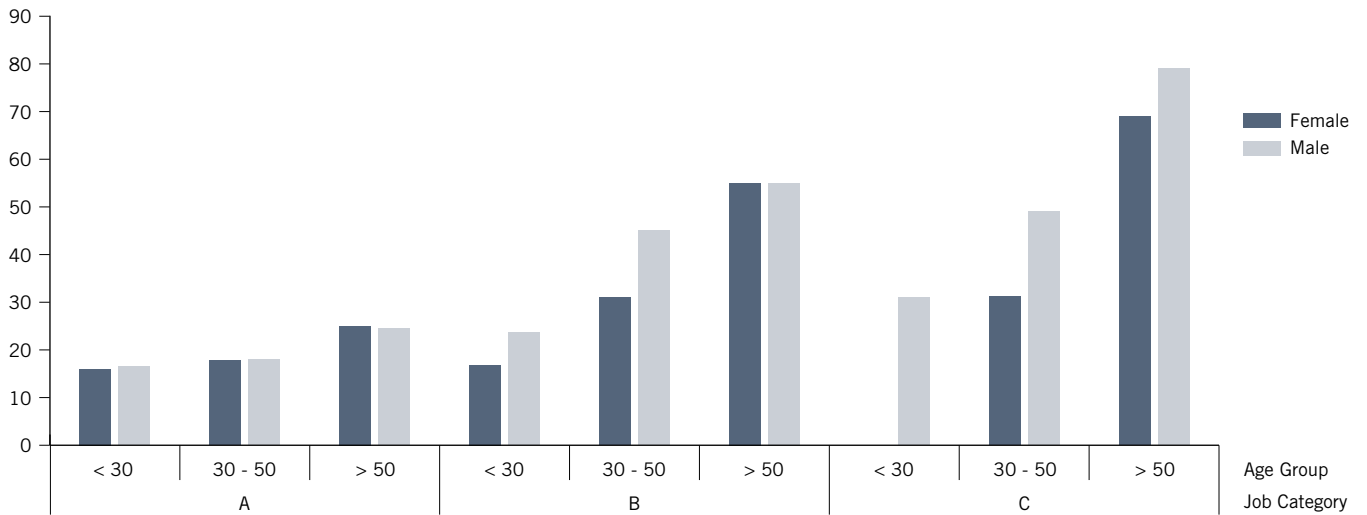
Fjällräven Classic and Fjällräven Polar as well as Hanwag's 24h trek in Bavaria are such events. Hiking in summer, and winter, testing our equipment, learning about nature, enable our employees to create and take part in great outdoor experience and feel our company's spirit!



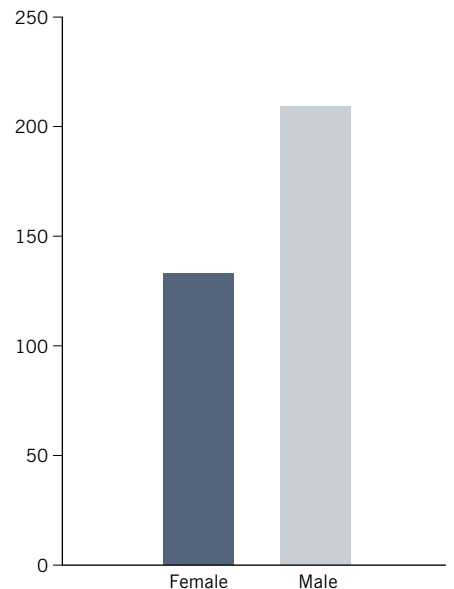
**FACT SHEET**

**EVERY PERSON COUNTS: WELL BEING 2013**

**AVERAGE WAGE INDEX IN EUROPE BY JOB CATEGORY AND AGE GROUP\***



\* based on three full data sets and two data sets with limited information; A = Worker, B = Sales (back-office) C= Team Leader; differences between male/female in particular in young and middle age groups B and C are contributed to part-time jobs (data is not normalized but absolute figures were used); D category (top management) has higher income levels; sample was too small to be relevant; female in sample for category D has higher income than male.



**Total hours of training given in 2013: 6 204,6 hrs**









## 6. REPORTING

**Fenix Outdoor is pleased to present its 2013 Sustainability Report. By providing this picture of where we stood last year, stand today and where we plan to go, we are engaging our stakeholders and upholding our commitment to transparency and corporate responsibility.**

The report is based on the internationally recognized Global Reporting Initiative (GRI reporting standards, and the principles of the UN Global Compact). It covers the group companies included in the consolidated financial statements. The GRI guideline (G 3) of October 2006, which contains more than 120 indicators, is applied.

The GRI Content Index lists the indicators in the G3 guidelines that were raised in Fenix Outdoor's 2013 Sustainability Report. The respective indices are easy to find with page references and

are commented further if explanation is needed.

The previous Sustainability Report was published in March 2013 and the annual publication frequency is to be maintained in the future.

### **METHODOLOGY OF THE REPORT**

The reporting period is the business year 2013. The report also discloses information on key events and data in the previous years as context. If at the time of publication, the final figures of 2013 were

not yet available, comparable annual figure for 2012 have been used as the basis for calculation. These are marked accordingly in the report.

All major locations with 2 or more employees and all shop locations in Europe and the USA were covered. The reporting entities cover 95 % of the Group's employees but not all locations reported sufficient data, leading to a spread of 10 – 100% of data availability. The data collected was then extrapolated for the entire workforce unless stated otherwise. If other bases for calculations are



used, this is also stated separately.

70 % of the data is checked internally and financial data also externally by the chartered accountancy, giving a reasonable level of confidence for most information provided in this report.










































Transportation figures and CO<sub>2</sub> emission data were also supplied by travel agencies, shipping companies and external service providers. In this report we have fully relied on the accuracy of their data collection and checked only

for the data's plausibility. The calculation of emissions data was based on national averages for the energy mixes, except for German locations as the actual energy mix was stated on the invoices. The fleet information was provided by shipping companies as well as fuel consumption; data on business travel was calculated based on internally available information and provided by carriers. This data may be weak due to the diversity of sources. Data may be over- or under-reported.

Other bases of calculation are stated separately. Data for economic factors and personnel information cover all of the Group's consolidated companies (for more details see the annual report). If not listed in full-time equivalent (FTE) numbers, details concerning employee structure are based on numbers of employees. Both refer to the cutoff of date (December 31, 2013) unless otherwise indicated. Capture efficiency is > 89%.

## GRI INDEX

Indicators		Reference page or comment	Status
<b>1</b>	<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organization	Foreword and annual report, page 3	■
1.2	Description of key impacts, risks, and opportunities	Page 7	■
<b>2</b>	<b>Organizational Profile</b>		
2.1	Name of the organization	Page 5	■
2.2	Primary brands, products, and/or services	Page 5	■
2.3	Operational structure, including main divisions	Page 5, 16	■
2.4	Location of organization's headquarters	Page 4	■
2.5	Names of countries with major operations	Page 17	■
2.6	Nature of ownership and legal form	Page 16, 17	■
2.7	Markets served	Page 17	■
2.8	Scale of the reporting organization	Page 26	■
2.9	Significant changes regarding size, structure and ownership	Page 4, 17, 26	■
2.10	Awards received in the reporting period	Awarded "brand of the year" by "Outdoor Magazine"; various product awards in 2013	■
<b>3</b>	<b>Report Parameters and Limits</b>		
3.1	Reporting period	Page 26	■
3.2	Date of most recent previous report	Page 26	■
3.3	Reporting cycle	Page 26	■
3.4	Contact point for questions regarding the report or its content	Page 2	■
3.5	Process for defining report content	Page 7 and previous report page 8 - no changes from last year's information	■
3.6	Boundary of the report	Page 26	■
3.7	Limitations on the scope or boundary of the report	Page 26	■
3.8	Basis for reporting in joint ventures, subsidiaries, and other entities	Page 26	■
3.9	Data measurement techniques and the bases of calculations	Page 26	■
3.10	Re-Statements of information provided in earlier reports	Partly – reference to other report made	■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	As stated; otherwise: none	■
3.12	GRI content index	Page 27	■
3.13	External assurance for the report	No assurance	■
<b>4</b>	<b>Governance, Commitments, and Engagement</b>		
4.1	Governance structure and responsibility for sustainability	Page 4, 5	■
4.2	Independence of the chair of the highest governance body	Management report in annual report	■
4.3	Details of organizations that have no unitary board structure	Page 16 and Annual Report	■
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Application of Swedish law & annual report	■
4.5	Linkage between compensation for members of the highest governance body and the organization's sustainability performance	Will be implemented in 2014/15	■
4.6	Processes in place to ensure conflicts of interest are avoided	Not reported here but available (Compliance Program)	■
4.7	Qualifications and expertise of the members of the highest governance body concerning sustainability	CSO	■
4.8	Internally developed statements of missions or values and codes of conduct	Reference to The Fenix Way; see www.fenixoutdoor.se	■
4.9	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social opportunities and risks	Regular reporting of CSO to CEO & Board; legal requirements	■

Indicators		Reference page or comment	Status
4.10	Processes of evaluating the highest governance body's own environmental, economic and social performance	N/A	
4.11	Implementation of the precautionary approach	As detailed in Fenix Way	
4.12	Externally developed initiatives to which the organization subscribes or endorses	Page 7	
4.13	Memberships in associations	Page 7	
4.14	List of stakeholder groups engaged by the organization	Page 7	
4.15	Basis for identification and selection of stakeholders	Page 6; see also previous CSR Report for details	
4.16	Approaches to stakeholder engagement	Page 7	
4.17	Response to key topics and concerns of stakeholders	Page 7	
<b>Economic Performance Indicators Management Approach</b>			
EC1	Direct economic value generated and distributed	Page 18, 21	
EC2	Financial implications and other risks and opportunities of climate change	We are reporting according to CDP, page 7	
EC3	Coverage of the organization's defined benefit plan obligations	Page 17	
EC4	Significant financial assistance received from government	None	
EC5*	Range of ratios of standard entry level wage compared to local minimum wage	1:2 to 1:5 depending on location	
EC6	Policy, Practices, and proportions of spending on locally-based suppliers	For the day-to-day operations, all Fenix entities purchase as efficient as possible from local suppliers. due to our global reach, we always source according to the law and "glocally"	
EC7	Procedures for local hiring	We hire the best available staff – global reach leads to global hiring	
EC8	Infrastructure investments and services provided primarily for public benefit	None	
EC9*	Significant indirect economic impacts	See annual report, page 7	
<b>Environmental Performance Indicators Management Approach</b>			
EN1	Materials used by weight or volume	Page 15	
EN2	Percentage of materials used that are recycled input materials	Page 15	
EN3	Direct energy consumption by primary energy source	Page 15	
EN4	Indirect energy consumption by primary energy source	Page 15	
EN5*	Energy saved due to conservation and efficiency improvements	Page 8, 9	
EN6*	Initiatives to provide energy-efficient or renewable energy based products and services	Page 9	
EN7*	Initiatives to reduce indirect energy consumption and reductions achieved	Page 9	
EN8	Total water withdrawal by source	Page 10	
EN9*	Water sources significantly affected by withdrawal of water	Operations are mainly in water-rich regions	
EN10*	Percentage and total volume of water recycled and reused	Full cycle treatment; in Finland water is taken from a lake, treated and returned to the lake	
EN11	Land in, or adjacent to, protected areas	None	
EN12	Significant impacts of services on biodiversity	None	
EN13*	Habitats protected or restored	We contribute in-kind in clean-ups and restoration in German National Parks	
EN16	Total direct and indirect greenhouse gas emissions by weight	All data consolidated to CO2e, page 15	
EN17	Other relevant indirect greenhouse gas emissions by weight	All data consolidated to CO2e, page 15	
EN18*	Initiatives to reduce greenhouse gas emissions	Page 9	
EN19	Emissions of ozone-depleting substances by weight	None	
EN20	NOx, SOx, and other significant air emissions by type and weight	Data is limited: NOx 957 kg; SOx: 0; HC: 71 kg	
EN21	Total water discharge by quality and destination	Page 10	
EN22	Total weight of waste by type and disposal method	Page 10	
EN23	Total number and volume of significant spills	None	
EN24*	Weight of transported, imported, exported or treated waste deemed under the terms of the Basel Convention	None	
EN25*	Effects of discharges of water on ecosystems	Not detectable	
EN26	Initiatives to mitigate environmental impacts of products	Page 10, 11	
EN27	Percentage of products sold and their packaging materials that are reclaimed	Page 10	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	None	
EN29*	Significant environmental impacts from transport	Page 9	
EN30*	Total environmental protection expenditures	Page 21	
<b>Labor Practices and Employment Management Approach</b>			
LA1	Total workforce by employment type, employment contract and region	Page 23	
LA2	Total number and rate of employee turnover by age group, gender and region	Page 23	
LA3*	Benefits provided to full-time employees	Page 17	

\*Additional indicator

Indicators		Reference page or comment	Status
LA4	Percentage of employees covered by collective bargaining agreements	26 %	Reported
LA5	Minimum notice periods regarding significant operational changes	According to contractual agreements (various) and legal requirements	Reported
LA6*	Percentage of total workforce represented in formal joint management-worker health and safety committees	According to legal requirements (33 %)	Reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Page 23	Reported
LA8	Measures in place to provide assistance regarding serious diseases	Needs based	Reported
LA9*	Health and security topics covered in formal agreements with trade unions	As negotiated: safety, eye examination, health (back pain ) training	Reported
LA10	Average hours of training per year per employee by employee category	covers all staff; variation between 5 to 72 hrs. Page 23,24	Reported
LA11*	Programs for skills management and lifelong learning	Page 23	Reported
LA12*	Percentage of employees receiving regular performance and career development reviews	Regular: > 68 %; formalized: 17 % (Europe, CN only)	Reported
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Additional information in annual report	Reported
LA14	Ratio of basic salary of men to women by employee category	Equal payment for equal work principles are applied	Reported
<b>Human Rights Management Approach</b>			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	No such agreements	Reported
HR2	Percentage of suppliers and contractors that have undergone screening on human rights	Random; not systematic	Partly
HR3*	Employee training on policies and procedures concerning human rights	Forms part of compliance training	Reported
HR4	Total number of incidents of discrimination and actions taken	1 case reported; disciplinary action taken	Reported
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at risk	China operations	
HR6	Measure taken to contribute to the elimination of child labor	CoC/ FLA	Reported
HR7	Measures taken to contribute to the elimination of forced or compulsory labor	CoC/ FLA	Reported
HR8*	Security personnel training concerning human rights	N/A; personnel does only access check of badges	Partly
HR9*	Incidents involving human rights of indigenous people and actions taken	None	
<b>Society Management Approach</b>			
SO1	Programs that assesses the impacts of operations on communities	Not done yet; scheduled as part of risk assessment 2014	Partly
SO2	Business units analyzed for risks related to corruption	High risk units (function/ operations)	Reported
SO3	Employee training in organization's anti-corruption policies	Part of Compliance Training	Reported
SO4	Actions taken in response to incidents of corruption	No incidents reported in 2013	Reported
SO5	Public policy positions and participation in public policy development and lobbying	Not allowed according to CoC	Reported
SO6*	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None	Reported
SO7*	Legal actions for anti-competitive behavior	None	Reported
SO8	Fines for non-compliance with laws and regulations	None	Reported
<b>Product Responsibility Management Approach</b>			
PR1	Life cycle stages in which health and safety impacts of products are assessed	Various stages, depending on product type and brand	Reported
PR2*	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	No incidents reported	Reported
PR3	Type of product information required by procedures	Various markets and usages require various labels	Reported
PR4*	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	None	Reported
PR5*	Practices related to customer satisfaction, including results from surveys	No surveys undertaken; communication via Social Media	Reported
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing and communications	Marketing Guideline	Reported
PR7*	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	None	Reported
PR8*	Substantiated complaints regarding breaches of customer privacy and losses of customer data	None	Reported
PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	None	Reported

\*Additional indicator

Reported Partly Not yet reported







## Statement GRI Application Level Check

GRI hereby states that **Fenix Outdoor AB** has presented its report "CSR Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 March 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir  
Director Services  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 7 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

**FENIX**  
OUTDOOR AB Publ.