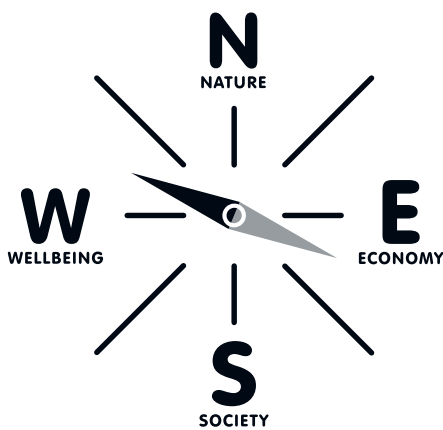


# FENIX OUTDOOR

## CSR 2017





With the help of our management compass, this report takes us on a journey through the business of FENIX Outdoor and gives insights into our visions, aims and further steps.

**N = Nature:**

As an outdoor company, we believe that business activities should contribute to resilient and well-functioning natural systems.

**E = Economy:**

Ethical and sustainable activities can only be carried out if a business is healthy and its finances are sound. Thus, we rely on long-term partnerships and create sustainable working conditions.

**S = Society:**

We are a responsible actor in society, enriching and inspiring ourselves and those beyond our company to move towards a sustainable future.

**W = Well-being:**

We look for excellence in staff members; in turn, they expect a fair and responsible employer.

# Contents

|                           |    |
|---------------------------|----|
| Foreword by the CEO ..... | 03 |
| Overview .....            | 04 |
| Nature.....               | 12 |
| Economy.....              | 22 |
| Society .....             | 27 |
| Well-being.....           | 34 |
| Reporting.....            | 39 |





### Dear Outdoor Enthusiast,

In 2017, Fenix Outdoor developed into a leading, global player in the outdoor clothing and equipment industry. We made essential improvements to our processes and enhanced our efficiency in several key areas. With the purchases of the Danish retail brand Fri-luftsland A/S, and our Korean distributor Alpen on the one hand, and the establishment of our new logistics center in Ludwigslust in northern Germany on the other, we took additional steps towards our goals.

In times of fast-moving, volatile political and socio-economic landscapes, communication with stakeholders is crucial. The entire industry needs to adapt to the ongoing process of digitalization and interconnected information flows in order to remain ahead of the business development curve.

That does not hinder us from staying committed to our Fenix Way and the principles of the UN Global Compact. Through these ethical guides, we stay

on track even through potentially troubled times. We also believe that the best network forms are based on common ethical principles.

By involving stakeholders in our business we are able to identify new business opportunities as well as potential risks. We held our second stakeholder roundtable in May 2017, and through an inspiring dialogue gained beneficial insights into stakeholder concerns, ideas and recommendations.

The stakeholder discussion is a substantial help when we direct the compass towards the future direction of Fenix Outdoor. All our activities are taken to unite our own vision of a sustainable economic system with the perspectives that our partners share with us.

This is the last time I address you all as President of the Group. Even though I will remain as Chairman and CEO, my task will change as I will be focusing more on strategy and development. Many current operative responsibilities will be taken over by the new President Alex Koska. The new structure will be very good for the Group, and it is completely in line with our policy of making sure people can focus on what they are good at. The division of labor between Alex and me will ensure that our future performance will be successful.

As our tracks are steadily exposed to external society challenges and changes, we need to reconsider past events and learn from our experiences. We want to revise The Fenix Way and prepare for what lies ahead of us. I invite you to join us as we take the next step into an even more sustainable future.

*Yours,  
Martin Nordin, President and CEO*



# 1. OVERVIEW – Our sustainability management approach

## Summary of governance and structure of CSR activities

**F**enix Outdoor International AG develops and markets high-quality outdoor gear through a selected retail network with a high level of service and professionalism to highly discerning consumers. While the various brands have different roots, the group originated in Örnsköldsvik, Sweden, where Fjällräven was founded and had its first headquarters. In 2017, the group consisted of five brands and four retail organizations. Friluftss Retail Europe, Brands and Global Sales are the three distinct operational units, each headed by a Group Vice President, while the common services (IT, Finance/HR, Logistics, and CSR/Compliance) are organized as central service units and report directly to the Group CEO. No major operational changes affecting the Sustainability/Compliance Department in 2017.

Fenix Outdoor International acquired two new entities last year: the Korean distribution arm Alpen (Global Sales) and the Danish retail entity Friluftssland A/S (Friluftss Retail Europe). They were integrated through various measures, such as the issuing of a Korean version of the Fenix Way, and the development of a Danish 'Friluftssland Way' as documented foundations for ethical and sustainable business.

All activities under the sustainability agenda are centrally organized and implemented under a common framework by individual brands and entities. This allows the responsible managers to identify the appropriate individual approach and goal setting. The speed of development and the focus of the entities within Fenix Outdoor Group vary but all follow the same direction.

The CSR/Sustainability organization did not change in 2017: Fjällräven, Globetrotter and FRILUFTS each have an appointed employee who takes responsibility for matters of Corporate Social Responsibility to at least 50 per cent of their time. The managers directly report to the Group's Chief Sustainability Officer.

During 2017, we focused on the integration of Globetrotter Ausrüstung and the improvement of our social compliance system. We updated the social compliance guidelines, and strengthened the partnership with Elevate. Several training sessions were held for CSR managers, purchasers and production responsible. We conducted social compliance audits at our own facilities and production sites and were audited by the Fair Labor Association in preparation for the accreditation of our social compliance system.

By the end of 2017 about 95,6 per cent (2016: 91,2 per cent) of our suppliers had signed the code, according to data from four brands and all Tier 1 suppliers. One brand has changed its entire supplier base, and could therefore not be considered in this survey. The signature rate by Tier 2 suppliers among our four brands lies between 80 and 90 per cent, due to two factors. On the one hand, we have begun to engage more directly with most of our supply chain partners and we will continue to do so. On the other hand, we see the effects of a further consolidation of our supplier-base and the introduction of a more stringent supplier management system under the auspices of our Social Compliance Guideline.

From a management perspective, we still consider climate change and the associated extreme and unpredictable weather as a strategic risk and a priority. While everyone seems to be talking about climate mitigation and 'a path to a rise of maximum two degrees' in average temperature, little seems to have happened in concrete terms at the political level and there is a similar lack of urgency when it comes to public opinion. Discussions still circle around what to do rather than doing something that has a truly positive long-term impact. ►



► Communication of the sustainability strategy, goals and current developments is an ongoing process at Fenix Outdoor. Twice a year, during the kick-off meetings for each season, the Chief Sustainability Officer (CSO) updates the Group on progress towards our sustainability goals. On emerging issues, we deliver information on an ad-hoc basis directly to affected staff members.

Other means of corporate communication are general e-mails and the use of intranet sites. In 2017 we uploaded an introduction video on the intranet to educate new employees on the Fenix Way and the compliance system. We held regular CSR and Social Compliance meetings and will continue to do so in 2018. In addition, we intend to hold top management round-table events as regular Sustainability Council meetings, to ensure follow-up and monitoring of progress with our new Sustainability Agenda. From now on, we will also use sustainability goals as elements in the performance reviews of top managers and link bonus payments with achievement of sustainability goals.

Each Fenix brand has developed its own individual Agenda 2020 with distinct sustainability goals and

implementation plans. Responsibilities have been assigned and implementation deadlines have been set. To coordinate these efforts effectively, all brands were asked to fill in a project plan and submit it for approval to the CSO. The respective plans are frequently up-dated and presented to the Group.

### Sustainability program and partnership

Over the past few years we have built new partnerships and reinforced existing relationships, and we did not change our network in 2017. Fenix Outdoor has been a reliable and constant signatory to and supporter of the UN Global Compact since 2012 and is committed to supporting the Swedish and Nordic Network organizations. However, the United Nations headquarters in New York has imposed a mandatory financial contribution on all participating companies, as of 2018. We remain committed to the ten principles and the core values of the UN but we will closely monitor and reconsider the way in which we will interact with the United Nations organization in general.

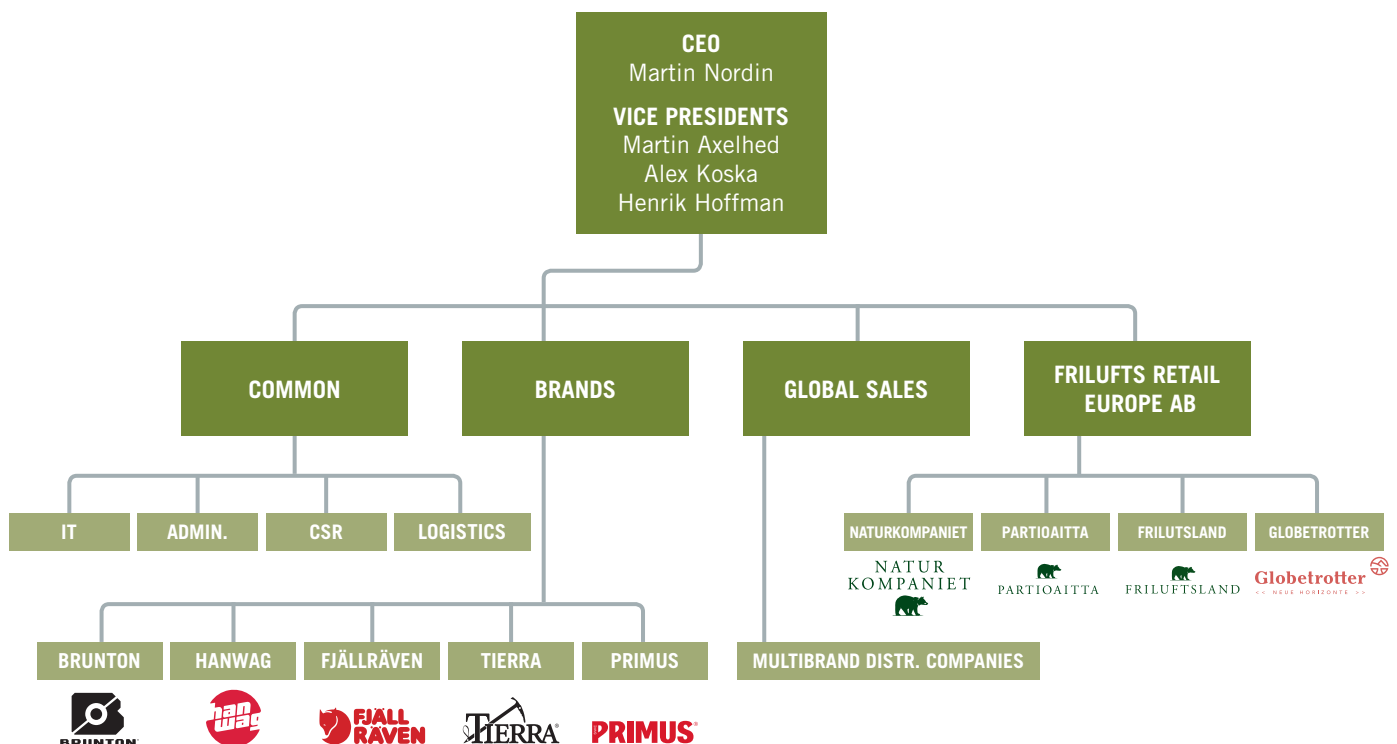
We have deepened our involvement

in the Sustainable Apparel Coalition. We have continued to rollout the Higg Index suite and engaged with our retail business in the digital identity pilot project. We are also pilot-testing the product module, which allows for a Life Cycle Assessment (LCA) of the products. The update of the Higg Index suite has also led to us revisiting our information and maintenance structure.

As a member of the Fair Labor Association (FLA) we have continued to develop our social compliance governance. We are committed to fair labor conditions and we support the concept of a living wage. In 2017 we audited all of our own production sites under the FLA procedures and the FLA audited our headquarters in the preparations for the February 2018 accreditation.

Since 2015, Fenix Outdoor has been a member of the Textile Exchange. Through this network, several Fenix brands work together with peers and scientists to support activities and research in the area of recycling, the use of organic material, improved supply chain management and better choice of materials. We are convinced that our partnership network helps to

## ORGANIZATIONAL STRUCTURE



increase the level of responsibility within the industry and that it complements our efforts under the umbrella of the Sustainable Apparel Coalition.

As in previous years, various entities are members of the European Outdoor Group (EOG), a trade association advocating the European Outdoor Industry's interests. Uniquely, the EOG has a Sustainability Council at the core and coordinates its sustainability activities through the executive director and a permanent sustainability manager. Fenix Outdoor continued to participate in this work and was a member of the Sustainability Council in 2017. The Sustainability Council is instrumental in shaping the sustainability agenda of the association and supports the EOG Secretariat in furthering the EOG Sustainability Charter.

Fjällräven is a member of the European Outdoor Conservation Association (EOCA), which sponsors environmental and nature conservation projects around the globe with membership fees and specific membership support for selected projects.

Various parts of our decentralized organization have their own specific association memberships, including

the Scandinavian Outdoor Group, the US-based Outdoor Industry Association (OIA) and the Swedish Standards Institute (SIS).

We are a member of Svensk Handel, various (Swedish) Chambers of Commerce, the British Standards Institution, and the German Industry Association for the Sporting Goods Industry.

One of our entities is a member of the Swedish Tourist Association (STF) and another is a member of B.A.U.M., a German initiative for promoting environmental management approaches in business.

We are also active in the SWEREA Chemical Group, as well as several local initiatives, such as the Swedish Mistra future fashion initiative and local environmental network activities.

Fenix Outdoor engages in open dialogues with civil society groups on various subjects, particularly those from the environmental and human rights side. We collaborate in projects or explore best practices and benchmarks for the outdoor industry.

In general, we do not strive as a corporation for formalized certifications of any type of management systems. However, in most operations ISO 9000

and ISO 14000 principles are applied and suppliers or certain materials often carry significant and reputable signs of conformity to industry standards, which we appreciate.

### Core management issues for our various entities

Economically, our companies see sustainable growth as a centerpiece of their economic strategy and strive to achieve this every year. However, sustainable growth does not mean "growth at all costs". It is seen much more as a growth in-line with the cardinal directions of the Fenix Way Management Compass®. We also need to maintain our profit margin. This approach hinders us from focusing on growth or turnover only.

When assessing our social compliance management system, the FLA pointed out that the production and planning process in most Fenix Outdoor entities shows a remarkable and outstanding level of responsibility towards suppliers. Through the unique business model, Fenix Outdoor does not overestimate or underestimate capacities, leading to a reasonable and predictable order volume and a very manageable timeline. We believe that ▶

### REVISED FENIX OUTDOOR MATERIALITY MATRIX (NOT CHANGED IN 2017)

|                   | Important   | High importance  | Very high importance   |
|-------------------|---|--|--|
| Very high concern | <ul style="list-style-type: none"> <li>Contribution to sustainable economy</li> <li>Human rights &amp; social concerns (no young workers)</li> <li>Information on sustainable product features</li> </ul> | <ul style="list-style-type: none"> <li>Environmental protection during production (customers: Health &amp; safety at the workplace)</li> </ul>   | <ul style="list-style-type: none"> <li>Avoiding harmful chemicals in production/product</li> <li>Having an ethical sourcing strategy excluding worker exploitation</li> </ul>  |
| High concern      | <ul style="list-style-type: none"> <li>Use of independent certificates</li> <li>Promote health in the workplace</li> <li>Reduce water use and pollution</li> </ul>  | <ul style="list-style-type: none"> <li>Sustainable product assortment</li> <li>Provide information on eco-friendly product maintenance and product features</li> <li>Consumer safety</li> <li>Fair animal treatment</li> </ul> | <ul style="list-style-type: none"> <li>Long lasting/durable products</li> <li>Better customer service/claims management</li> <li>Actively promote fair labor conditions</li> </ul>                                   |
| Concern           | <ul style="list-style-type: none"> <li>Reduce energy consumption and have an anti-corruption policy</li> <li>Policy against anti-competitive behavior</li> </ul>  | <ul style="list-style-type: none"> <li>Avoiding CO<sub>2</sub> emissions</li> <li>Promote recycling and reuse</li> <li>Commitment to external initiatives</li> <li>Diversity and non-discrimination</li> </ul>                 | <ul style="list-style-type: none"> <li>Waste recovery</li> <li>Climate impact</li> <li>Workers/management relations</li> <li>Sustainable partners &amp; suppliers</li> <li>Promote wellbeing of employees</li> </ul> |

► predictability, reliability and trust are the cornerstones for a good and long-term relationship with our business partners.

With respect to the cardinal direction “nature”, our focus lies on the reduction of negative impacts: be it the product per se (e.g. gas-burning stoves) or the way our operation works (e.g. lighting in our stores; transportation of goods), or the input materials that we source (organic or conventional cotton versus other natural fibers; recycled or virgin fossil-based materials; man-made bio-fibers, etc.). However, we are also addressing new challenges, such as micro-plastic, where we work in the micro-fibers consortium under the umbrella of the European Outdoor Group, or where we search for less harmful chemicals used in durable water repellence or new, innovative solutions for membranes and soles.

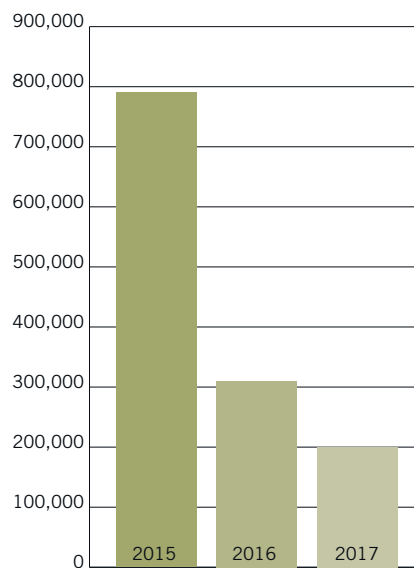
All entities have identified their material aspects and embedded those in their 2020 strategic plan. When it comes to societal and social impacts, including human and labor rights, the nature of the business determines the core material issues: for some it is the question of how to recruit and retain new staff or how to involve them without hampering progress. This is an issue in Europe and the US while the adherence to the FLA and ILO principles is a matter of concern for those brands, operating in global supply chains. In general, all entities and managers address those issues in a way that is adjusted and aligned to the specific local circumstances of their business model.

### Stakeholder involvement

In May 2017, we held our second Fenix Outdoor Stakeholder Roundtable. Experts and interested groups from various countries met in Stockholm to discuss Fenix Outdoor’s sustainability approach and agenda. It was appreciated that Fenix does not try to over-impress or over-communicate and gives a realistic and honest picture of where we stand; there was also acknowledgement of the diversity of areas we cover. Delegates also noted that we tend to extend the limit of what we can do and that we have identified and begun to address hotspots.

The participants found that various Fenix Outdoor entities need to improve

### NUMBER OF SHOPPING BAGS



how certain areas, such as the consumption dilemma, are addressed and it was suggested that we should invest more resources in circular economy. Delegates recommended that we do not rely too much on external partners and develop our own functioning return system for all of our products. We were encouraged to find new business models – from rental via lease to second-hand offerings and to take a leading role in the development of the sustainability agenda.

Our retail entities and some brands are interacting more and more with various stakeholder groups. Be it through systematic surveys, social media, live chats or direct customer and supplier interaction, the sustainability agenda is becoming increasingly important. In 2017, Fjällräven and Naturkompaniet remained among the top three sustainable brands in the Nordic Region, especially Sweden<sup>1</sup>. An independent consumer survey asked customers to give their opinion on who they perceive as a being sustainable brand. The results of these surveys, which for the past three years in a row have been reasonably stable, confirm our decision to strategically anchor sustainability in 2012 and prove that our sustainability approach is highly appreciated.

<sup>1)</sup> See *Sustainability Brand Index 2017*

### Focus areas

The Fenix Way Management Compass® has continuously guided all sustainability activities. It remains the universal management tool, mandatory for all managers and employees. We want to work on reducing negative environmental and social impacts and focus on our positive contributions at each stage of our products’ life cycles. We address all four cardinal directions of our compass: Nature, Economy, Society and Well-being. The 360 degree perspective ensures that we can deal with potential risks in different stages of our products’ lives. Our brands and retail companies demanded that we focus on certain areas on group-level, where a common and streamlined program would be useful: We have addressed social compliance matters throughout the supply chain and within our own organization, in particular through carrying through the recommendations we have received from our partners at the Fair Labor Association. As climate change is a global challenge, we have a program in Germany and Sweden to reduce the emissions in our operations. The regular updating of our car policy leads to a reduction in CO<sub>2</sub> emission-levels per kilometer and all transport-related activities are under constant scrutiny (including looking at the optimization of planning and shipping). We require our suppliers to adhere to our Restricted Substances List (RSL). We update our Chemical Guidelines twice a year, reflecting the latest scientific research and our own precautionary approach.

### Highlights of 2017

Globetrotter’s project of charging for plastic shopping bags showed an upward trend (see chart). The 75 per cent reduction in 2017 to 198 000 bags is remarkable and far exceeds the original commitment we made to the German Federal Government. More and more customers bring their own bags or buy a reusable shopping bag.

In 2016, the Globetrotter Workers Council and Management signed a Company Agreement on Compliance. Core elements of this agreement were the introduction of The Fenix Way and the subsequent delivery of ‘Der Globetrotter Weg’ and the adoption of the existing Fenix Outdoor compliance rules. The Chief Sustainability



Officer (CSO) of Fenix and the CSR and Communications Manager of Globetrotter visited all Globetrotter's stores and locations in Germany, delivering thorough training on the principles of sustainability and ethics. The sessions were recorded and became mandatory for absent employees.

We provided refresher courses on our sustainability and compliance work at our sites in Estonia, and the USA units in Riverton and Louisville. The courses were broadcasted throughout Canada and the US. Joint training sessions were held with Elevate to look at responsible purchasing, root cause analysis, and the principles of the FLA. We also conducted a seminar on the basics of social auditing for those of our colleagues, who deal with these matters in production and purchase on a day-to-day basis. In total about 1 288 employees were trained on social compliance, sustainability, our ethical compass and CSR.

The second Fenix Outdoor Stakeholder Roundtable inspired us all. But who are our stakeholders; are we talking to the right people? We believe so. We interact with governmental and non-governmental organizations, multi-stakeholder and consumer advocacy organizations, workers' rights groups and international entities. And of course: we also listen to our customers.

We analyze, assess and survey those groups that have the most material impact on us; or those on whom we have the most material impacts. Assessments can be done in an academic way but the results will be similar if using common sense. So we briefly asked the top managers for their opinion: 90 per cent think that the end-consumer is the most important stakeholder (2016: 83 per cent), 10 per cent think that it is the business partner. However, one can not compare apples and pears, as the "customer" for one is a B2B partner, while it is a B2C for the others.

## Compliance

Adhering to laws and regulations is central to how we conduct business. We require compliance with our Code of Conduct and try to ensure that our staff and business partners share the same understanding of compliant behavior and business dealings. We introduced a compliance management

| Case Description<br>(Number of cases) | Handling Procedure   |
|---------------------------------------|--|
| Product Safety (1)                    | One customer in the US notified us that an older product made by Brunton (discontinued in 2015) was a flammable risk. We compensated the customer.   |
| Labelling (4)                         | Two Primus products needed re-labelling in Sweden because Swedish texts were missing. We have since revised our procedure for labelling and marking products. We came to a settlement with a German Consumer advocacy which requires basic price labelling procedures in our retail business. Procedures have been revised and training delivered, and a fine of approximately 50 000 Euro was paid. We were given a warning in Finland regarding price labelling and the labels were corrected. |
| Trade Laws (2)                        | Violation of customs regulations during import/export (no fines; warnings -> procedures were refined and new standards introduced)   |
| Infringements of Trademarks (1)       | Warning received; no product recall necessary because the case was questionable: the use of a specific color in a certain shape was claimed to be a trademark. In any case, we did not intend to use the color.  |
| Data Safety (0)                       |  |
| Labor Laws (2)                        | Unfair dismissal; one case solved, one case pending  |
| Communication (0)                     |  |
| Harassment (2)                        | Sexual harassment and personal threat; one employee received a warning; one employee was dismissed   |
| Corruption (0)                        |  |
| Other (5)                             | Various suspected cases of unethical behavior (theft; extortion; personal advantage); the cases were investigated and clarified; all employees involved received warnings and one was dismissed  |

system in 2012, which is continuously improved. The Fenix Outdoor CMS concept complies with the standard IDW PS 980 and ISO 19600. As with our sustainability report, the CSO submits an annual compliance report to the CEO and the board. Following the Compliance Guideline, the Chief Compliance Officer (CCO) submitted his annual report to the board in April 2017. As part of the compliance system, all managers are obliged to sign and declare on an annual basis that they are following the compliance rules and that staff members are aware of the system. In 2017, we looked at the alignment with the recently enforced European Data Protection Directive; the official grace period for the introduction of this directive will end in May 2018. We held two Compliance Committee meetings at Globetrotter level. The Compliance Committee comprises the head of the General Workers Council and the head of the local Workers Council, the head of HR, the CEO and the COO of Globetrotter, the head of CSR and Compliance of Globetrotter and the legal counsel of Fenix. The committee

meetings were chaired by the CSO and CCO of Fenix Outdoor, and were intended to acquaint the group with the procedures of the compliance system, and to provide a platform for open dialogue and discussion on various compliance-related matters. The format was valuable but the level of dialogue can be enhanced.

The compliance system is the result of a deeply-rooted wish of the owners to systematize the handling of ethical and legal matters. In 2017, the number of cases directly reported to the CSO were 50 per cent higher than in 2016. This can be attributed to the fact that the training on the system and the reminders of the possible grievance channels enabled staff members to address more issues directly. Nonetheless, other ways of communication, such as directly approaching the legal department, personnel section or Workers Councils also proved to be an appropriate way of managing matters of concern within the Fenix Outdoor Group and may become even more relevant in the future. We still detect an increase in counterfeits and trademark infringements

▶ against our brands, and in particular some specific products. Our security unit and legal department worked with our compliance unit to address these issues; on-site visits were carried out and actions were taken whenever necessary.

### Opportunity and risk assessment

In 2017 Fenix Outdoor continued to grow, consolidating some areas and addressing weaknesses in some business units. We profited from various opportunities; Fjällräven increased global visibility and we extended our network into Latin America, Africa and various new Asian markets. There is still a very high demand for Kånken backpacks. Globetrotter's house brand FRILUFTS has established itself and is now fully integrated into our ethical and sustainability systematics. In 2017, we took several steps towards realizing some unfulfilled potential. We have begun to reorganize our logistics operations and we started building a new B2C service and logistical center in Ludwigslust, Germany. However, there is a risk that the center could be perceived as a competitor to other professional B2C logistical operations.

2017 was a year of political changes and uncertainties. The crises in Syria,

Yemen, Turkey and the Ukraine, and also the conflict with North Korea still pose high threats to stability and peace on a global scale. The US administration continues its "America first" policy, but 2017 saw a more moderate and rational handling of trade and economic matters. Towards the end of 2017, the US administration lowered its taxation on businesses, and in 2018 we expect to see considerable investments flowing into the US while other western industries may struggle to find adequate responses.

Climate change remained a serious issue in 2017, and we continue to see severe risks from the increase in extreme weather events. Those may affect our operations directly (for example through the interruption of transportation and communication infrastructure and the impact on owned or contracted production sites). We note with great concern the overall long-term changes in climate patterns and expect long-term effects on the functional demands and quality properties of certain product categories.

All in all, the general economic outlook seems to be good, as 2017 was a year of slow recovery of the world economy. The economies of European Union member states that were previously in financial and economic trouble are also on the recovery path. 🐼





## We know our setting, now where are we going?

Every successful company has a clear direction of travel. In our case, the path ahead is mapped out by The Fenix Way, which incorporates our values, ethics and sustainability goals. The Fenix Way is our management compass, setting out our core business and passion of helping people enjoy nature, as well as our economic approach, our commitment to social responsibility, our interactions with our stakeholders and our respect for our employees' well-being. The Fenix Way guides us in everything we do.



 Nordkalottleden

 Kungsleden 

25 Alesjaure  

  Kebnekaise 26

12 Tjäktja  

  Singi 12

Säkerhetsstuga

SOS 

Stugvärd



## 2. NATURE – The place we love, live in and cherish

We want to keep nature enjoyable for the future

**R**eliable equipment is a must for safe and breathtaking journeys. Our mission is to offer quality products that are timeless and made to last for generations. We think long-term rather than follow short-term trends or fashion statements. Consequently, when we search for new materials, alternative production processes, new and innovative product designs or markets, we want them to last. We strive to think holistically. We take a precautionary approach when using chemicals. We also purchase materials from sustainable sources and look at aspects like animal welfare or environmentally-friendly farming and production.

As Fenix Outdoor changes, so does our environment and people's understanding of the consequences of their actions. Science and industry are rapidly evolving and the changes they bring may call for adjustments on our part. We strive to solve problems by examining all the production and development phases in our value chain. These principles form part of the 2020 strategy for our Group.

### Key aspects for action program

Our second stakeholder roundtable in 2017 saw some inspiring discussions. We are developing new partnerships

along the way and we want to address concerns and identify challenges together with our stakeholders. Fenix Outdoor and its entities base their actions on the following key aspects:

- CO<sub>2</sub> emissions reduction, including retro-fitting in stores and energy conservation measures in all major Fenix locations.
- Improving our choices of sustainable materials, such as our work with the Sustainable Apparel Coalition (SAC) and our use of the SAC Higg Index and its suite of tools (Materials Sustainability Index (MSI), Design and Development Module (DDM), Product Footprint Tool).
- Extending our partnership with the textile recycler I:Collect.
- Strengthening the application of the Higg Index Facility Environmental Module (FEM) by suppliers.
- Continuing to eliminate hazardous chemicals and continuously updating our Chemicals Guideline.
- Improving and extending the content and application of the Social Compliance Guideline.
- Partnering with Elevate to deepen our know-ledge of the full array of supply chain matters.
- Furthering the use of consumer-facing information/scoring systems in our retail business.

In 2017, we established 28 new offices and stores and these formed part of our data-gathering exercise. We started to build a new logistics center in Ludwigslust, northern Germany, while Globetrotter Ausrüstung opened two new retail stores in the city centers of Hamburg and Düsseldorf. The new establishments focus on adventure and travels' – a good focus when being on a sustainability journey.

### Resources and emissions

Every outdoor enthusiast needs to consider climate change as one of the key environmental challenges for the survival of the planet. In November 2017, the UN climate change conference took place in Bonn, Germany. Progress was made concerning verbal commitments, but we also saw the re-emergence of suspicion and conspiracy theories surrounding the issue.

In 2017 the Group's overall carbon dioxide equivalents (t CO<sub>2</sub>e) amounted to 11 493 (2016: 10 368,5 t CO<sub>2</sub>e), including energy consumption, shipments, business travel and commutes, but excluding contractors. We have decreased emissions from shipments in absolute and relative terms. Due to the increase of locations and the continuing growth of business, the overall CO<sub>2</sub>e emissions went slightly up.

# Continuous development of products

Brand representatives communicate the results of sustainable efforts

**Fabian:** More and more of our customers are aware and concerned about environmental challenges. They worry about climate change, the destruction of nature, the quality of food and fairness in production of outdoor gear. They want to act responsibly by choosing the right product and the right brand, and they look for guidance. I was recently forwarded a request by the manager of our store in Hamburg-Barmbek. A customer wondered about the variety of labels on the products offered. He seemed unable to cope with all the different definitions and expressions such as '100 per cent bio based', 'Oeko-TEX 100' or 'bluesign approved'. The manager of the store now wants to know how staff should respond to such a situation if it happened again...

**Eric S:** We need to think about a way to inform the customer in an easy and understandable way to make the sustainability efforts of our brands as tangible as possible.

**Fabian:** The 'A Greener Choice' tool was developed to specifically answer this type of customer request. It can help consumers to make more informed and more sustainable choices and explain the individual sustainability story of each brand.

**Merle:** Yes, but A Greener Choice is not yet implemented in the stores in Germany. We are not able to deliver an ad hoc solution for this specific customer group.

**Christiane:** I think it is important to say to the consumer that sustainability is more than materials. It is about the durability of the garment. The most essential aspect for a customer may be to find a brand, like Fjällräven, that has a solid foundation of choosing the right materials and suppliers and at the same time offers products that you as a customer invest in and keep for a long time. If that also includes making the garments easier to repair in the future, it would be a good investment both from a sustainability point of view and from a customer value point of view.

**Fabian:** That could be one approach.

But what if a customer doesn't wonder about products in general, and asks for a specific brand and its sustainable activities? For instance, what would Hanwag tell the customer?

**Johan:** An explanation covering the whole sustainability process of a brand would be too complex and not adequate. It is better to highlight our latest up-to-date innovations, and for Hanwag that could be our PFC-free membrane. I would explain that fluorinated carbons may be a potential risk for the environment and every living being due to their bio-accumulative potential.

**Erik B:** But then you must also explain what your alternatives are...

**Johan:** Yes. I could further outline the establishment of Eco-Shell Foot-

wear and I could explain that this membrane is an ecological alternative because it is a PU-based product without any PFCs. But, actually, what would Tierra tell the customer?

**Erik B:** The lifespan of our products is the most important factor for Tierra. Since approximately two-thirds of the environmental footprint of a product comes from its production and transport, using the product a long time before replacing it is vital for our sustainability journey. I could show the customer one of our Deterra Jackets to exemplify how we contribute to this sustainable journey. Since we only include materials such as castor beans, wool, corn, cotton and tagua nuts, I can also make clear what the label '100 per cent bio based' means.

## Participants

The Fenix Outdoor Group regularly holds stakeholder roundtables where we gain beneficial insights into stakeholder concerns. But what happens

when our brands themselves discuss their sustainable activities? In the following summary, each brand is represented by its manager's name.



Fabian Nendza,  
CSR Manager and  
Corporate Communications,  
Globetrotter



Eric Svartsström,  
Head of R&D,  
Primus



Merle Heesch,  
Sustainability  
and Production  
Coordinator,  
FRILUFTS



Johan Kallin,  
Head Operations,  
Fenix Outdoor/  
Hanwag



Christiane Dolva,  
CSR Manager,  
Fjällräven



Erik Blomberg,  
Product  
Development  
Manager, Tierra



Erik Wirén,  
Operations  
Manager Europe,  
Brunton

**Erik W:** For Brunton it would be a chance to tell the customer about our factory in the USA. Our compass is hand-made and produced locally and we also source our 'ingredients' locally, so the customer will quickly understand what we stand for: regionally-made products with a low environmental impact during production. We do not need complicated labels. We are simply down-to-earth and hand-made.

**Eric S:** I think the description of being down-to-earth is what fits all of the Fenix Brands, and that is exactly what our customer appreciates. And when there is a client who is still not fully convinced about being outside then I would talk about our 'glamping' approach, and the comfort of Primus' products.

**Christiane:** I believe that our Fjällräven Classic events have great potential to get people of all ages outdoors.

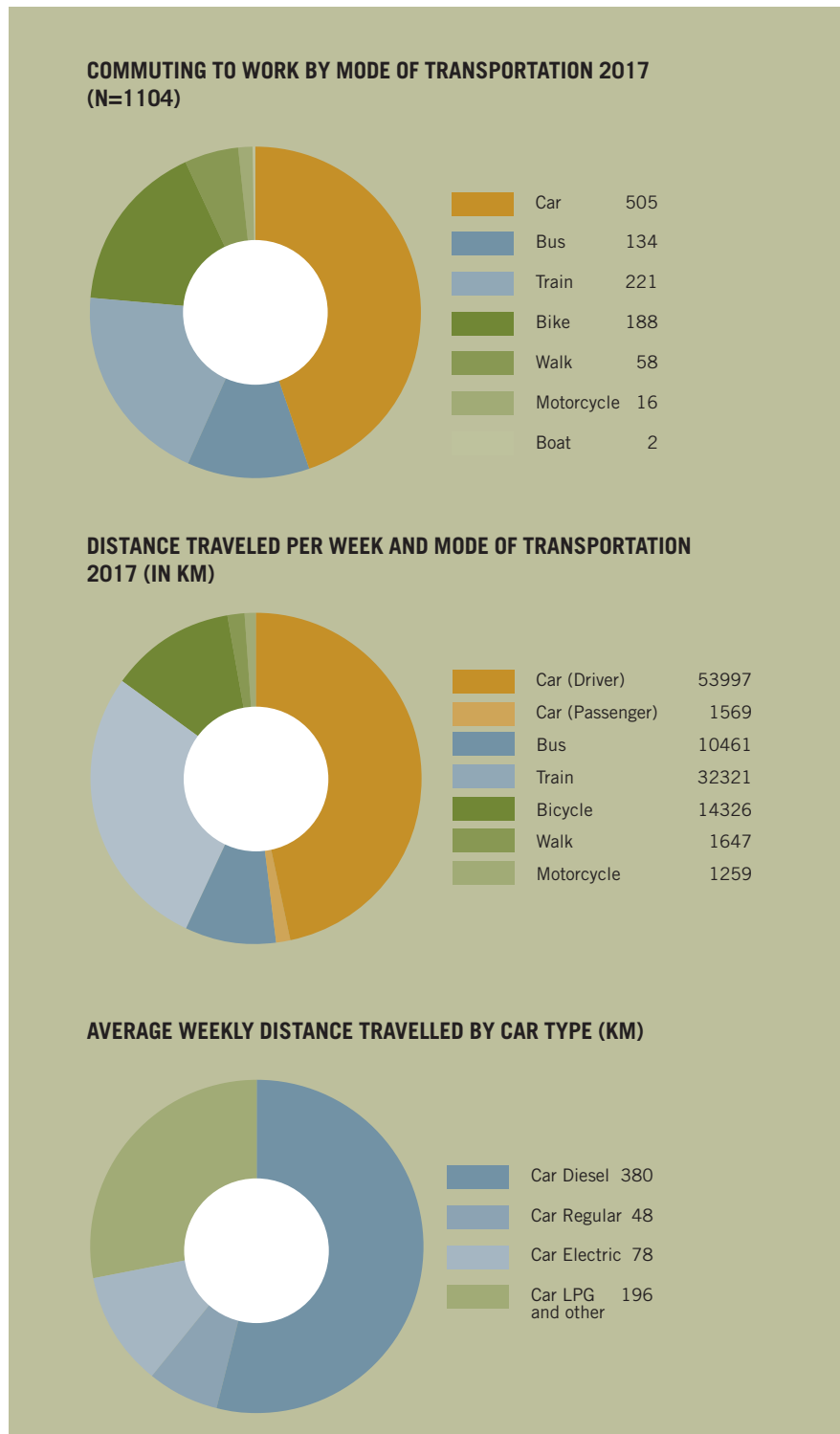
**Fabian:** Back to our primary thought: sustainability. While we are talking about camping, what would FRILUFTS tell the customer?

**Merle:** FRILUFTS would mention our sleeping bags. We replaced conventional cotton with organic cotton in the production process and we also phased out PFC for all jackets and sleeping bags. We also use many 'bluesign-approved' materials...

**Fabian:** But the original problem was that the customer does not know what is actually meant by these expressions or label names. So what would be an adequate and understandable definition of bluesign or bluesign-approved?

**Merle:** The bluesign system contributes to a sustainable textile production. Right from the beginning of the manufacturing process, it detects harmful substances or processes and proposes or controls standards for a more environmentally-friendly and safe production.

**Christiane:** Fjällräven could show its continued efforts in choosing the right materials, the right partners and simply doing the right thing for sustainability. I would also mention our relaunch of the Greenland collection. When looking at the 50 years anniversary for the Greenland jacket we wanted to do a relaunch of the entire collection. Whatever material we chose we wanted to find the most sustainable option possible. We could also



explain the traceable wool and our down promise, as customers are often interested in animal welfare.

**Fabian:** Until The Greener Choice is established in all Frilufts Retail Europe entities, we should take the following first step. Based on what we have discussed, I will compile the individual brand sustainability highlights

and use this dialogue as an inspiration for the Green Retail Week in 2018. I will also discuss this with other brands and see if they want to join the sustainability journey. I need to give a detailed briefing to all store staff, so we can ensure that the thoughts gathered here find their way to the customers in a thorough manner. •

► In 2017 we reduced energy consumption in the retail operations. Some locations switched to LED lighting. Doing so will save up to 50 per cent of our annual electricity consumption in Yangzhou, China. 'Green power' is used at the flagship store in Amsterdam and in the operations in Germany, Sweden and Finland'. In Vierkirchen, Germany, the location is heated with biogas from a neighboring organic farm. Emission reduction efforts include among other efforts:

- Retro-fitting stores with more efficient lighting, smart facility heating and cooling concepts.
- Reduction of business travel.
- Reduced CO<sub>2</sub>e allowances for corporate cars.
- Improved or new machinery in our own production facilities.
- Investment in insulation.
- Developing new and efficient production procedures.

### Energy use

Our overall energy consumption fell slightly in relative terms in 2017, but rose moderately in absolute terms, due to our acquisition of Friluftsland in Denmark and Alpen in Korea. Our primary energy sources were gas-based with a little coal use in Asia. A total of 9 818 MWh were used plus another 2 329 MWh from district heating systems. A total of 16 893 MWh of electricity were consumed. Market and location-based data are the same. The primary energy emissions were 2 234 tCO<sub>2</sub>e, while district-heating-related emissions rose to 128 t CO<sub>2</sub>e. The increase is caused by the extensive use of district heating in our Danish retail operations. While the scope 2 emissions amount to 1 843 t CO<sub>2</sub>e according to the location-based approach, market-based emissions would have been 6 992 t CO<sub>2</sub>e.

### Shipment of goods

We use various modes of transportation including ships, trucks and planes. Our shipments' emissions in 2017 were 2 910 t CO<sub>2</sub>e. In comparison to 2016, our emissions remained fairly stable despite the fact that business grew by 11 per cent and we bought two new entities. We have reduced our airfreight to and from the central warehouse by about 30 per cent. While airfreights to and from our new location led to an almost three-fold ►

### Fjällräven



### Primus



### Tierra



### Hanwag





# Development and innovation

We continue on our paths to sustainability with new products

## Fjällräven

Based on the Sustainable Apparel Coalition's Higg Index, Fjällräven is not only able to show that it has expanded its efforts to choose the right materials, the right partners and do the right thing, but it can also communicate these choices directly to customers. Fjällräven aims to establish best practice regarding animal welfare and full traceability. In those respects our 'Down Promise' and the 'Traceable Wool Project' are held in high regard. In 2017, Fjällräven began using recyclable wool and we focus on ensuring our material is completely traceable in terms of its origin.

The re-launch of the Greenland Collection was a further highlight in 2017. To mark the 50th anniversary of the Greenland jacket, Fjällräven re-launched the entire collection, with sustainability as the guiding principle. In choosing the material for the re-launch, Fjällräven always tried to find the most sustainable option possible.

## Primus

In 2017 Primus continued its journey on the Fenix Way by increasing its focus on having the most efficient products possible. The new PrimeTech stoves are designed to be scratch-resistant, very fuel-efficient, durable, functional and lightweight, as well as timeless for all generations. The brand's sustainability measures included implementing a more stackable design on large components and pots, thus reducing the transportation volume for these components by 60 per cent.. The Primus Campfire range was introduced to enthuse people for nature and outdoor experiences, while combining modern design, functionality and sustainability for camping with comfort (glamorous camping, or 'glamping'). All the stoves are produced in Primus' own factory in Tartu Estonia, and are suitable for backpacks.

## Tierra

Tierra took an exciting path in 2017, with the launch of Deterra, the world's first fully bio-based functional jacket. The Deterra® Hood Jacket is a 100 per cent bio-based padded jacket, with no fossil-fuel-based material. The jacket is made from castor beans, tencel, wool, corn, cotton and corozo nuts, and Tierra will use this key product as a platform to talk about new materials and solutions as part of the company's overall quest to develop technical clothes that are sustainable for users and the planet. Underlining this, the brand received the ISPO 2017 award for outstanding products in the sports branch, and the brand was featured in the Textile Exchange fiber materials market report as being a brand at the forefront of efforts to use preferred fibers such as organic cotton, tencel and bio-based synthetics. In 2018, Tierra plans to introduce PFC<sub>(EC)</sub> free Gore-Tex® fabrics in all 2 layer and paclite styles, and also move over to recycled nylon fabric in our best-selling trouser models, with 30 per cent bio-based polyester in all lined jackets.

## Hanwag

Like the rest of the Fenix Outdoor Group, Hanwag sees sustainable production, quality and durable products as the keys to success. The brand has maintained high quality standards and focused on functionality ever since it was founded. Today, over 95 years later, Hanwag is producing some of the world's most innovative mountain and trekking boots, still from its original headquarters in Vierkirchen. Additional production takes place in Hungary or Croatia – all according to rigorous European standards. In addition, all our boots are made with cemented or double-stitched constructions, which make it possible to re-sole every single model. This makes Hanwag boots extremely long-lasting. When it comes to our main material – leather – we are

working to be as traceable as possible. We only work with approved European tanneries, such as Heinen in western Germany, to guarantee the production process can be traced to approved slaughterhouses and farms, with the exception of our high-quality yak leather from Tibet. In 2017, Hanwag's development team started working on a new membrane solution which makes it possible to produce our boots without any fluorochemicals. The membrane, called Eco-Shell Footwear, was introduced for the new active winter products in the upcoming Fall/Winter 2018/19 collection at ISPO 2018. In 2018, we will continue to integrate sustainable processes step by step, in everything that we do.

## FRILUFTS

FRILUFTS is still the youngest brand in the Fenix Outdoor family. The brand's sleeping bag lining was changed from conventional cotton to organic cotton certified by Fair-Trade and the Global Organic Textile Standard (GOTS). The complete sleeping bag range uses down from sources that meet the Textile Exchange's Responsible Down Standard (RDS). As the sleeping bag supplier of FRILUFTS is now also an accredited RDS member, and the brand is able to label and communicate RDS in a proper way. Step by step, FRILUFTS is banning PFC impregnation from its hardware assortment. All of its production sites are increasingly using more environmentally-friendly chemicals in a responsible way. Often those chemicals require special care and attention to detail when applied. The brand phased out PFC-impregnation for all jackets and sleeping bags and is increasingly introducing 'bluesign-approved' fabrics for a sustainable production process. In the same vein, FRILUFTS completely phased out chemical UV-protection and biocidal treatments for all of its products. •

► increase on last year's emissions, we reduced shipments by truck and train by half, due to the reduced volumes shipped and the fact that we used the 'GoGreen' shipping service by DHL. We will continue to streamline our shipping flows and will cut out warehouse detours or double shipments (Asia-Europe-Asia) where a direct delivery to the stores or to our local distribution centers makes more sense. In US operations airfreight shipments remain high, although some minor emission reductions were achieved. Some customers have a very demanding order policy so we are not able to make positive changes in airfreight emissions in the near future, but we have continued to optimize the packaging and volume of the product boxes. All shipments to customers from Globetrotter Ausrüstung are carbon-neutral, since we have an investment in Costa Rica in the Globetrotter Vision Forest. The total amount of CO<sub>2</sub>e compensated from this forestation project in 2017 was 251 CO<sub>2</sub>e.

### Business travel

In 2017 we updated the Fenix Outdoor car policy, setting a maximum emission level of 130 g/km for all vehicles. Many cars stay well below this threshold. The reduction of carbon dioxide emissions is a key element and the reduction over the coming years is intended to go even beyond EU regulations. In 2017, we closed the e-Fleet project in Hamburg, co-sponsored by the German Federal Government, while the changeover to more efficient and partly smaller cars became more and more visible. The average CO<sub>2</sub>e emissions from our car fleet dropped to 126 g/km; in some locations we even went below 96 g/km (2016: 127g/km and 100 g/km, respectively). Business travel-related CO<sub>2</sub>e emissions were calculated at 3 154 t CO<sub>2</sub>e (2016: 2 250 t CO<sub>2</sub>e). The business travel data includes all forms of business travel such as flights, public transportation (including trains, busses and boats), corporate cars, and personal cars for all staff members at all locations.

### Commute to work

All our staff leave their own carbon footprints and contribute to our corporate journey. To form a more holistic

picture of our transportation, we conducted a global staff survey of all those working for the Fenix Outdoor Group to calculate the annual CO<sub>2</sub>e emissions. Apart from this result, it was also interesting to look at the various ways in which our colleagues go to and from work and acknowledge how many of them do so in ways that help to keep themselves healthy and fit. The reasonably low oil prices and the significant growth in staff showed a higher use of cars in general. The total CO<sub>2</sub>e emission from commuting is estimated to be 842 t (based on the data received: n = 1104; 2016: 788 t CO<sub>2</sub>e; n = 984). A statement for all of our staff members cannot be given and a simple extrapolation is not possible as this information is provided on a voluntary basis.

### Offsetting practices

Because we are not yet able to eliminate our energy, transport and product-related emissions, we decided to offset our greenhouse gas emissions by investing in carbon-offset projects. We have compensated our CO<sub>2</sub>e emissions through investments in Gold Standard projects.\* The amount we were able to compensate for in 2017 was 16 328 t CO<sub>2</sub>e, consisting of transport of shipments (including significant suppliers), business travel, commutes, energy consumption, some product-related offsets, and internal events. In addition, marketing materials such as catalogues and flyers

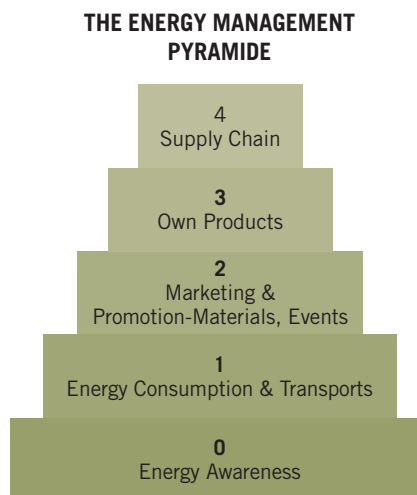
\*) [https://mer.markit.com/br-reg/public/project.jsp?project\\_id=103000000005322](https://mer.markit.com/br-reg/public/project.jsp?project_id=103000000005322)  
[www.climate-id.com/11148-1712-1001](http://www.climate-id.com/11148-1712-1001)  
[www.climate-id.com/11148-1706-1001](http://www.climate-id.com/11148-1706-1001)  
[www.global-woods.com](http://www.global-woods.com)

were offset as part of the purchase agreement, which amounted to an offset of about 216 t CO<sub>2</sub>e. We have taken the next step towards a holistic carbon dioxide management in our carbon policy. For level 1 (energy consumption and transportation) and 85 per cent of level 2 (marketing and promotion material) we have reached carbon neutrality. We continue working on levels 3 and 4 with our suppliers and have offset the attributable transport emissions of some strategic suppliers in Vietnam and China. However, still a lot remains to be done.

### Water

Fenix Outdoor's economic activities rely on a profound water-related management. In 2017, these activities were again limited. In 2015, we worked with the Swedish Water Institute's initiative to improve water management in the supply chain of Swedish textile companies. In 2017 we ended the cooperation as the project has moved into an area in which we do not operate. The datasets for our operations in 2017 were still fragmented because some operations have a vast green space they take care of, while others are located in inner cities or industrial areas. The measured water consumption was 156 609 m<sup>3</sup> (2016: 68 079 m<sup>3</sup>). The differences between 2017 and 2016 are due to the fact that more locations are included. The data from our biggest entity has become more reliable. The extrapolation data is based on the Group having more employees (n=2 160).

The vast majority of water usage at Globetrotter Ausrüstung was for the canteen, the different pools and ice chambers in stores. Other high consumptions were the irrigation of green spaces in the US and in China. The rest was normal household use such as bathrooms and drinking water. The water we consume is mainly drawn from the community supply (groundwater, with some surface water in northern Finland, South Korea and Slovakia). In some locations we tap lake or river water where it is abundant and clean. This water is mainly used for drinking and household uses. All effluents were collected in community sewers and treated at a public sewage treatment plant. No toxic chemicals were released by our own



operations into sewers or surface waters. Water discharges amounted to 69,337 m<sup>3</sup> (2016: 42,693 m<sup>3</sup>).

In our operations we do not discharge any wastewaters that require a Chemical Oxygen Demand (COD) monitoring, nor do we handle or use halogenated absorbing organic compounds, requiring an AOX demand monitoring. Our wastewaters are like those of normal households. Our partner tanneries, down finisher, weavers and dye houses are located in Germany Croatia, Italy, Japan, South Korea, China and Vietnam. They operate their own treatment plants or are adjacent to industrial treatment plants. Those treatment plants are regularly monitored by public authorities; our partners in Germany, Japan, Korea, China and Vietnam mostly operate under the ISO 14001 system. Specific data for the portion of wastewater discharge related to our productions cannot be established but since most of them publish sustainability reports, overall data are publicly available.

## Materials

Fenix Outdoor continue to improve the ecological profile of the materials used. In 2016, we chose to use recycled, organic, ecological, biodegradable or recyclable materials, and in the past year we continued this trend towards more natural fibers. In other categories we have enhanced the accuracy of our data collection and material specification. All our brands apply the Higg Index criteria wherever possible. Globetrotter's in-house brand FRILUFTS has joined our other apparel brands in striving to achieve the goals we have set out in our vision for 2020 Fenix Outdoor Sustainable Materials. As a member of the Sustainable Apparel Coalition and active user of the Higg Index, we continue to rethink our choice of materials. The Higg Index works as a self-assessment tool internally, incorporating the Materials Sustainability Index (MSI) and the Design and Development Module (DDM).

## Materials summary

The table starting to the right shows an overview of the materials used (as far as we were able to measure them) and the recycling content or other environmentally-preferred attributes.

# MATERIAL USE (ALL PRODUCTS)

| Material                                 | 2017 (in kg) | 2016 (in kg)          | Trend |
|--|--------------|-----------------------|-------|
| <b>Animal Products</b>                   |              |                       |       |
| Leather                                  | 276446       | 231257                | ↗     |
| Wool                                     | 57024        | 45186                 | ↗     |
| Down                                     | 7408         | 9846                  | ↘     |
| Bees wax                                 | 2536         | 5136                  | ↘     |
| Silk                                     | 131          | 420                   | ↘     |
| <b>Other Natural Resources</b>           |              |                       |       |
| Conventional Cotton                      | 285226       | 492609                | ↘     |
| Organic Cotton                           | 305748       | 211119                | ↗     |
| Linen                                    | 371          |                       |       |
| Hemp                                     | 458          |                       |       |
| <b>Vegetable Products</b>                |              |                       |       |
| Wood                                     | 5020         | 36673                 | ↘     |
| Nuts                                     | 12,27        | 11                    | ↔     |
| Cork                                     | 409          | 866                   | ↘     |
| <b>Man-made Fibers</b>                   |              |                       |       |
| Viscose/Rayon                            | 982          | 1587                  | ↘     |
| Lyocell (Tencel etc.)                    | 7638         | 16423                 | ↘     |
| Polyester                                | 640689       | 705999                | ↘     |
| Polyethylene                             | 7386         | 5291                  | ↗     |
| Polypropylene                            | 203377       | 233990                | ↘     |
| Polyurethane                             | 90838        | 91393                 | ↔     |
| Polyamide (Nylon etc.) incl. Polyaramide | 235587       | 193413                | ↗     |
| Acrylic                                  | 7429         | 3347                  | ↗     |
| Elastane (Lycra, Spandex etc.)           | 16447        | 15849                 | ↗     |
| Other synthetic fibers                   | 1774         | 2364                  | ↘     |
| <b>Metal</b>                             |              |                       |       |
| Brass                                    | 10231        | 15059                 | ↘     |
| Steel                                    | 417708       | 384789                | ↗     |
| Titanium                                 | 115          | 140                   | ↔     |
| Aluminium                                | 41899        | 28232                 | ↗     |
| Tin                                      | 700          | (other metals)        | ↗     |
| Other metals                             | 58425        | 76664                 | ↘     |
| <b>Packaging</b>                         |              |                       |       |
| Paper                                    | 46016**      | 203129                |       |
| Cardboard                                | 522869       | 201600                | ↗     |
| Plastics                                 | 84222        | 34224                 | ↗     |
| PVC packaging                            | 1534         | not specified in 2016 |       |

## ► Waste management

While walking through nature with our products, we constantly follow a simple but effective motto: 'repair, re-use, recycle'. Unfortunately, this is not always possible, and apart from the product itself, we deal with waste along the production chain, from bio-degradable raw materials via chemical waste, wastewater effluents from dye houses and chemical treatments, and waste from cutting, sewing and packaging. Our warehouses fulfil various functions: apart from being used for normal B2B and B2C business they are also places to return broken or unwanted products and to store products that have been recalled from the markets. In 2017, around 17 per cent (2016: 26,7 per cent) of all e-com products were returned for reasons of fit, double-order and the like. The goods were checked and re-stocked. For the B2B business, the return rates vary from region to region and ranged between 0,03 and 0,91 per cent of products sold. For items sold through our warehouses in the Netherlands, Norway, and the US, the average for 2017 was around 0,5 per cent (2016: 0,81 per cent); between 0,3 and 1,6 per cent were destroyed (2016: 2,9 per cent), 98 to 99,9 per cent were re-stocked and used again (2016: 97,1 per cent). The remaining 2 per cent (2016: 2,9 per cent) were destroyed.

The warehouses reclaimed and recycled packaging waste, as per legal requirement. As stated in 2016, waste at the various locations we are operating in is hard to measure, as no unified system for waste management and assessment exist. While some locations handle waste based on weight, others do so by volume, and smaller ones only pay a lump sum for the various bins or collectors they use. Therefore, overall datasets are not reliable. The table only gives a glimpse of what the Fenix Outdoor Group is currently dealing with.

## Animal welfare

Last year, Fjällräven continued its mission to further develop the down flow of its products (see the video The Fjällräven Down Promise on YouTube). However, the improvements have so far been incremental, so we will take a fresh look at it this year.

In the Brattlandsgården wool project we were able to develop a new product

## MATERIAL USE (ALL PRODUCTS) CONT.



| Material             | 2017 (in kg) | 2016 (in kg) | Trend |
|----------------------|--------------|--------------|-------|
| <b>Office supply</b> |              |              |       |
| Paper                | 16500**      | 1083606      |       |
| Cardboard            | 1282**       | 5876         |       |



| <b>Printed materials</b>  |        |  |  |
|---------------------------|--------|--|--|
| FSC certified             | 887622 | 381260<br>(not further specified<br>in 2016) |  |
| CO <sub>2</sub> neutral * | 231923 |  |  |
| Other Printed Materials   | 2253   |  |  |



| <b>Other Materials and Substances</b> |        |                                 |  |
|---------------------------------------|--------|---------------------------------|--|
| Bio-based synthetic (Nylon)           | 72     | 0                               |  |
| Rubber/Rubber Mix                     | 154365 | 27696<br>(data incomp. in 2016) |  |
| Batteries                             | 11247  | 16391                           |  |
| Lpg Gas                               | 191222 | 161493                          |  |
| Vinyon F                              | 408385 | 568781                          |  |
| ePTFE                                 | 36672  | 23950                           |  |
| Glue                                  | 76849  | 31041                           |  |

| <b>Waste</b>    |                           |        |  |
|-----------------|---------------------------|--------|--|
| Household-like  | 27139                     | 33683  |  |
| Paper           | 292319                    | 555469 |  |
| Plastics        | 6083<br>(data incomplete) | 27160  |  |
| Metals          | 783                       | 560    |  |
| Glass           | 10                        | 30     |  |
| Hazardous       | 1074                      | 1955   |  |
| Other packaging | 586                       | 1755   |  |

## Clarifications

|    |   |
|----|---|
| *  | 157,06 t paper also reported under FSC to be added        |
| ** | Data not complete at the time of the print of this report |
|    | Increase  |
|    | Decrease  |
|    | Stable  |
|    | New material  |

for 2018. We have established a traceable wool standard and will continue working to make wool fully traceable.

Hanwag and Fjällräven work together in some projects on leather. The establishment of a promise to meet standards in our use of leather is more challenging than initially anticipated. We are currently building the necessary trust with our partners to take this project forward. 🐾

## Conclusion






We have made progress in some areas but we face new challenges, too. The normalized data per capita and/or per Euro turnover is giving a more accurate picture. Some data are still not of a quality that allows us to report on them in full confidence. In particular, water and waste data are extrapolated. We are moving forward in a considerate and conscious manner.

## FACT SHEET NATURE 2017





### ENERGY CONSUMPTION

| INDICATOR              | 2017       | CO <sub>2</sub> e (t) | 2016       |
|------------------------|------------|-----------------------|------------|
| Primary Energy (kWh)   | 94 818 167 | 2 234                 | 10 868 935 |
| Primary Energy (MJ)    | 35 345 402 |                       | 3 928 167  |
| Electricity (kWh)      | 16 892 703 | 1 843                 | 19 185 639 |
| Electricity (MJ)       | 60 913 732 |                       | 69 068 299 |
| District Heating (kWh) | 2 328 678  | 128                   | 219 175    |
| District Heating (MJ)  | 8 383 241  |                       | 789 030    |

### CO<sub>2</sub>e FROM BUSINESS TRAVEL BY MODE OF TRANSPORT (t)

| MODE   |  | 2017  | 2016  |
|--|--|-------|-------|
|  Car    |  | 1 949 | 313   |
|  Bus    |  | 53    | 16    |
|  Train |  | 47    | 36    |
|  Boat |  | 332   | n/a   |
|  Air  |  | 1 155 | 1 536 |

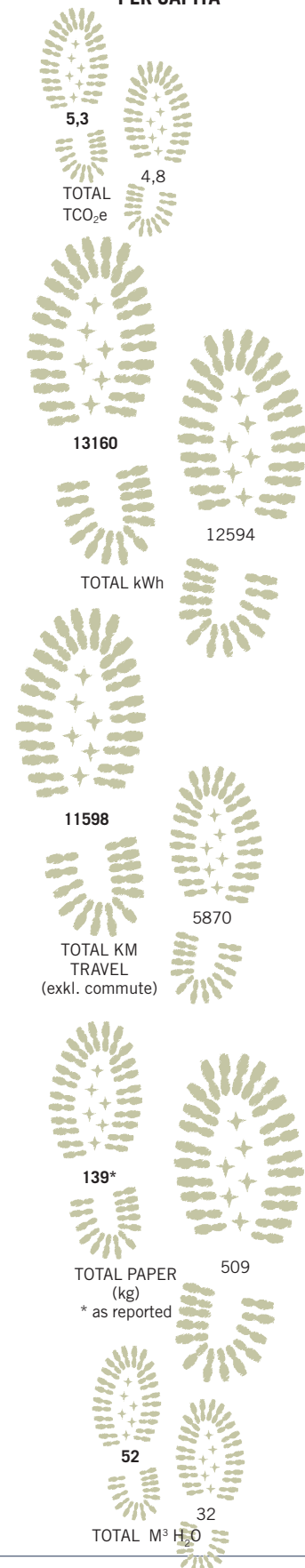
### CO<sub>2</sub>e FROM SHIPMENTS BY MODE OF TRANSPORT (t)

| MODE  |  | 2017  | 2016  |
|---|--|-------|-------|
|  Trucks        |  | 1 012 | 1 041 |
|  Sea           |  | 348   | 266   |
|  Air           |  | 1 550 | 557   |
|  Other (train) |  | n/a   | 1 052 |

### OTHER EMISSIONS (INCLUDED IN CO<sub>2</sub>e CALCULATIONS) IN KG

| EMISSION        | 2017  | 2016   |
|-----------------|-------|--------|
| NO <sub>x</sub> | 6 480 | 12 250 |
| SO <sub>x</sub> | 863   | 1 509  |
| CO              | 1 019 | 8 907  |
| HC              | 318   | 2 665  |
| PM              | 188   | 138    |

### OUR FOOTPRINTS 2017 PER CAPITA





### 3. ECONOMY – a sustainable journey is based on sound finances

Organic growth hand-in-hand with acquisitions of new brands

Our hiking group consists of three segments: Brands, Global Sales and Retail (Frilufts). Fenix Outdoor’s brand segment consists of five outdoor brands. The goal is to achieve a minimum growth rate of 10 per cent per annum, keeping a consistent profit before tax of at least 10 per cent. To do so Fenix Outdoor has adopted a two-fold approach: organic growth based on a strong retail network and brands known for high-quality products, as well as expansion through the acquisition of additional outdoor brands. Fenix Outdoor is a Swiss corporation, officially named Fenix Outdoor International AG and listed on the Stockholm Exchange OMX Nasdaq Mid Cap. Three of the five board members are independent of the company and its management group. Fenix Outdoor is based in Zug, Switzerland with its major operations located in Sweden, Germany, the US, Norway, Finland, Denmark, Austria, Switzerland, United Kingdom, the Netherlands and China. Our major markets correspond to the locations of the operations, showing the deep-rooted tradition of the brands and retailers.

#### Sales and profit

The Group’s net sales increased by



#### Fjällräven

Fjällräven is a leading European brand in outdoor clothing and equipment.



#### Tierra

Tierra is known as a strong brand in hi-tech clothing for demanding outdoor activities.



#### Brunton

Brunton is a US brand known for innovations in compasses.



SINCE 1921

#### Hanwag:

Hanwag is a traditional European brand for technically-advanced trekking, outdoor, and alpine shoes.



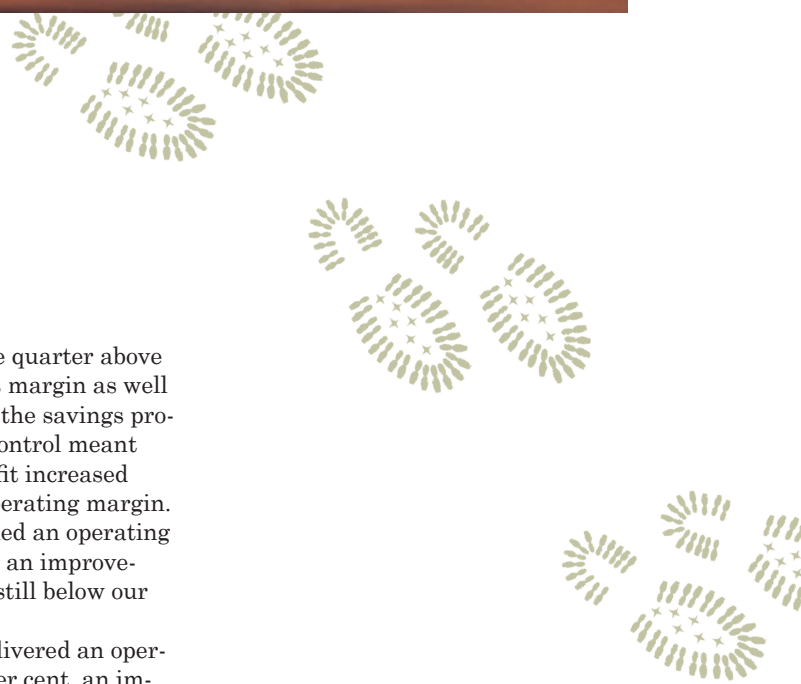
#### Primus

Primus develops and sells camping equipment used for boiling, heating and lighting, powered by gas and liquid fuels.



#### Frilufts Retail

Our Frilufts Europe Retail AB segment consists of four retail chains with 69 locations: Naturkompaniet AB, with 32 outdoor stores in attractive locations in Sweden; Partioaitta Oy, with 16 stores located in Finland; Globetrotter Ausrüstung GmbH in Germany with 12 stores; and, recently, Friluftsland, Denmark with 9 locations.



11,0 per cent to MEUR 539,9 (486,2). The operating profit increased to MEUR 84,9 (60,5).

Brands and Global Sales segments continued to grow with good profitability, mainly by Fjällräven, but also Hanwag and Tierra showed double digits growth.

The business in China, represented by the 50 per cent owned joint venture contributed well above last year and better than planned.

Frilufts Retail had a fluctuating year from a sales perspective, but

ended the year and the quarter above target. Improved gross margin as well as continued effects of the savings program and better cost control meant that the operating profit increased and thus, so did the operating margin.

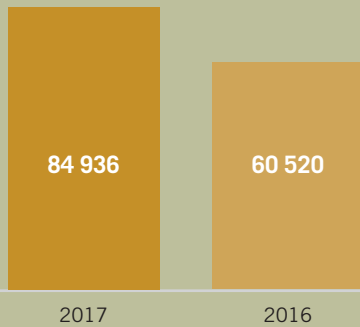
Frilufts Retail reached an operating margin of 5,0 per cent, an improvement on last year but still below our long-term target.

The Fenix Group delivered an operating margin of 15,7 per cent, an impressive achievement and a source of great pride for the company. ►

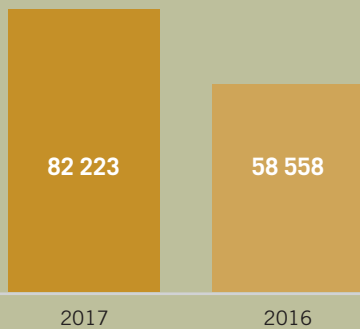
#### NET SALES PER MAJOR MARKET

| EXTERNAL SALES<br>PER MARKET | Brands          |                 | Frilufts        |                 | Global sales    |                 | Common          |                 | Total           |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                              | Jan-Dec<br>2017 | Jan-Dec<br>2016 | Jan-Dec<br>2017 | Jan-Dec<br>2016 | Jan-Dec<br>2017 | Jan-Dec<br>2016 | Jan-Dec<br>2017 | Jan-Dec<br>2016 | Jan-Dec<br>2017 | Jan-Dec<br>2016 |
| Switzerland                  | –               | –               | –               | –               | 10,1            | 8,2             | –               | –               | 10,1            | 8,2             |
| Sweden                       | 19,0            | 19,4            | 57,5            | 54,7            | –               | –               | –               | –               | 76,5            | 74,1            |
| Other Nordic countries       | 5,5             | 3,5             | 30,4            | 25,3            | 40,8            | 36,2            | –               | –               | 76,7            | 65,0            |
| Germany                      | 62,1            | 50,4            | 182,6           | 178,3           | 0,0             | 0,0             | 1,3             | 2,0             | 246,0           | 230,7           |
| Benelux                      | 8,1             | 8,2             | –               | –               | 11,2            | 9,9             | –               | –               | 19,3            | 18,1            |
| Other Europe                 | 1,8             | 1,3             | –               | –               | 37,2            | 27,4            | –               | –               | 39,0            | 28,7            |
| North America                | 23,5            | 18,0            | –               | –               | 28,2            | 29,8            | –               | –               | 51,7            | 47,8            |
| Other World                  | 3,2             | 2,2             | –               | –               | 17,4            | 11,4            | –               | –               | 20,6            | 13,6            |
| <b>Total</b>                 | <b>123,2</b>    | <b>103,0</b>    | <b>270,5</b>    | <b>258,3</b>    | <b>144,9</b>    | <b>122,9</b>    | <b>1,3</b>      | <b>2,0</b>      | <b>539,9</b>    | <b>486,2</b>    |

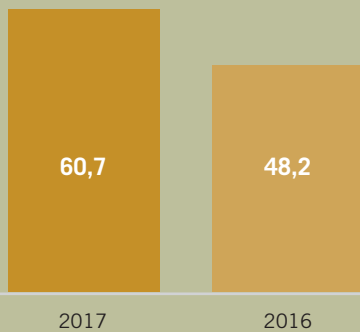
### GROUP OPERATING PROFIT (TEUR)



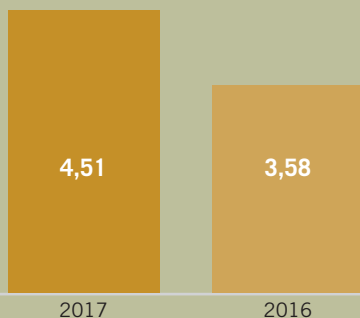
### THE INCOME AFTER FINANCIAL ITEMS (TEUR)



### GROUP NET PROFIT (MEUR)



### EARNINGS PER SHARE (EUR)



### PROSPECTS FOR 2018

2018 shows healthy order books so far. The challenges for the year are, however, plentiful. As always, we are facing increased competition, a changing retail environment and uncertainties about the general economic development. The Group also faces some internal and operation challenges, such as the go live on a new ERP system at Globetrotter, a move of our B2C and retail warehouse to a semi automated facility in Ludwigslust.

We enjoyed a successful year in 2017, building on our achievements of the previous year. The highlights of last year include our purchase of Fri-luftslund A/S, a Danish retail chain and Alpen International Ltd., our Korean distributor. We began to develop and construct a new logistics center in

Ludwigslust in northern Germany. We continue to develop into a truly global company, and this has become evident in the types of challenges that we are facing and how we have to approach them. One example is the issue of grey imports based on price arbitrage due to price differences, differences in taxes and exchange rates. The pricing of our products has become much more complex as we have to take many more markets and perspectives into consideration. We have achieved excellent growth in our key markets of North America, Germany, China and the Nordic Region, and we have improved the cost basis in Globetrotter, taking further steps towards profitability. However, we still have much to do to achieve our baseline operational targets. 🐘

### CONSOLIDATION

| Account                      | 2017         | 2016         |
|------------------------------|--------------|--------------|
| Total net sales              | 539 935 776  | 486 233 550  |
| Total other operating income | 12 709 212   | 9 984 392    |
| Suppliers and Services       | -357 881 384 | -331 158 509 |
| Dividends from assoc comp    |              | 65 211       |
| Interest income              | 371 848      | 68 043       |
| Interest expenses            | -2 441 771   | -1 683 141   |
| Total tax/minority           | -21 555 336  | -10 402 496  |
| Net P&L for the year *       | 60 672 250   | 48 155 832   |
| Salaries                     | 78 158 863   | 72 499 393   |
| Pension plans                | 3 495 487    | 3 195 200    |
| Other social costs           | 15 087 769   | 14 311 783   |
| Donations                    | 390 000      | 230 000      |

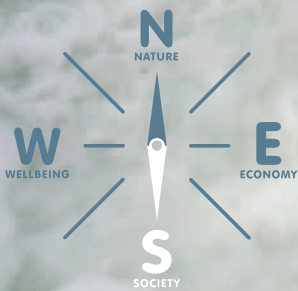


FACT SHEET  
ECONOMY 2017

| MEUR   | 2017         | 2016         | 2015         | 2014         | 2013         |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>INCOME STATEMENT</b>                                  |              |              |              |              |              |
| Net sales  | 539,9        | 486,2        | 451,0        | 237,3        | 211,9        |
| Depreciation/amortisation                                | -12,7        | -13,1        | -13,0        | -5,8         | -4,5         |
| Operating profit   | 84,9         | 60,5         | 32,6         | 28,9         | 29,9         |
| Net financial income                                     | -2,7         | -1,9         | -0,8         | -1,0         | 0,0          |
| Profit/loss after financial items                        | 82,2         | 58,6         | 31,8         | 32,6         | 29,9         |
| Tax  | -21,5        | -10,4        | -10,0        | -11,9        | -7,7         |
| <b>Net profit for the year</b>                           | <b>60,7</b>  | <b>48,2</b>  | <b>21,8</b>  | <b>20,7</b>  | <b>22,3</b>  |
| <b>BALANCE SHEET</b>                                     |              |              |              |              |              |
| Fixed assets   | 100,6        | 79,4         | 74,2         | 77,7         | 35,4         |
| Inventories  | 132,7        | 121,1        | 116,3        | 108,5        | 62,3         |
| Accounts receivable - trade                              | 39,8         | 39,9         | 23,4         | 24,9         | 21,1         |
| Other current assets                                     | 4,9          | 4,8          | 15,4         | 20,7         | 11,9         |
| Cash and cash equivalents, current investments           | 93,7         | 76,8         | 58,0         | 41,0         | 14,9         |
| <b>Total assets</b>                                      | <b>371,7</b> | <b>322,0</b> | <b>287,3</b> | <b>272,8</b> | <b>145,6</b> |
| Equity attributable to the parent company's shareholders | 230,8        | 186,7        | 147,8        | 114,5        | 112,6        |
| Minority shareholdings                                   | 0,0          | 2,6          | 2,3          | 21,4         | 1,1          |
| Provisions etc.  | 13,8         | 9,5          | 5,2          | 8,3          | 2,7          |
| Non-current liabilities, interest-bearing                | 1,9          | 0,0          | 0,0          | 11,1         | -            |
| Other non-current liabilities                            | 1,0          |              |              |              |              |
| Current liabilities                                      |              |              |              |              |              |
| Interest-bearing   | 50,7         | 52,2         | 64,8         | 49,1         | 5,1          |
| Non-interest-bearing                                     | 73,5         | 71,0         | 67,3         | 68,3         | 24,1         |
| <b>Total equity and liabilities</b>                      | <b>371,7</b> | <b>322,0</b> | <b>287,3</b> | <b>272,8</b> | <b>145,6</b> |
| <b>CASH FLOW</b>   |              |              |              |              |              |
| Cash flow from operating activities                      | 68,6         | 51,6         | 21,1         | 19,1         | 10,9         |
| Cash flow from investments activities                    | -36,6        | -11,8        | -4,3         | -23,3        | -6,3         |
| <b>Cash flow after investments</b>                       | <b>32,0</b>  | <b>39,8</b>  | <b>16,8</b>  | <b>-4,2</b>  | <b>4,6</b>   |
| <b>KEY RATIOS</b>  |              |              |              |              |              |
| Growth in sales, %                                       | 11,0         | 7,8          | 90,0         | 12,0         | 8,0          |
| Profit margin, %   | 15,2         | 12,0         | 7,1          | 13,8         | 14,1         |
| Return on total assets, %                                | 24,6         | 19,9         | 11,9         | 16,1         | 21,5         |
| Return on equity, %                                      | 29,1         | 28,8         | 16,6         | 18,3         | 20,8         |
| Equity/assets ratio, %                                   | 62,1         | 58,0         | 51,4         | 42,6         | 77,3         |
| Average number of FTE employees                          | 2 160        | 2 128        | 2 008        | 906          | 766          |
| <b>DATA PER SHARE</b>                                    |              |              |              |              |              |
| Number of shares, thousands per 31/12                    | 35 060       | 35 060       | 35 060       | 34 850       | 13 274       |
| Gross cash flow per B-share, EUR                         | 5,45         | 4,55         | 2,60         | 2,00         | 2,02         |
| Earnings per B-share, EUR                                | 4,51         | 3,58         | 1,63         | 1,56         | 1,68         |
| Equity per B-share, EUR                                  | 17,15        | 13,87        | 10,98        | 8,64         | 8,48         |
| Market value 31/12, EUR                                  | 99           | 71           | 44           | 38           | 32           |
| P/E ratio  | 22           | 20           | 27           | 24           | 19           |
| Dividend per B-share <sup>1)</sup>                       | 1,02         | 0,84         | 0,54         | 0,42         | 0,45         |

DEFINITIONS: PROFIT MARGIN: Profit/loss after financial items as a percentage of net sales. RETURN ON TOTAL ASSETS: Profit/loss after financial items plus interest expenses as a percent of average equity. RETURN ON EQUITY: Net income as a per cent of average equity. EQUITY/ASSETS RATIO: Equity as a per cent of total assets. GROSS CASH FLOW PER SHARE: Profit after tax plus depreciation/amortization divided by average number of shares. EARNINGS PER SHARE: Net profit divided by average number of shares. EQUITY PER SHARE: Equity divided by average number of shares. P/E RATIO: Market value at year-end divided by profit per average number of shares.

1) Proposed dividend per B-share 10,0 Swedish Kronor and per A-share 1,0 Swedish Kronor





## 4. SOCIETY – our partners are invited to share our values

Codes and supply chains are regularly reviewed and we educate field auditors

The Fenix Way Management Compass® is the appropriate tool for us to address values which tend to fall behind when economic challenges arise. We are building and developing strong relationships with our business partners: suppliers, retailers and service providers. We are also engaging with our customers and civil society groups. Our Supplier Code of Conduct has been developed in line with the Fair Labor Association's Workplace Code and we regularly review it.

As in previous years, we audited our supply chain partners according to the Fenix Outdoor/FLA standards. We received FLA surveillance audits and social compliance audits in randomly selected factories. The results are published on the FLA website. An overview is given on the fact sheet on page 32f. We also engaged in a closer partnership with Elevate and streamlined our auditing protocols, as well as held joint training sessions on the FLA principles, responsible purchasing and root cause analysis, along with hands-on practical tips when being in a factory during our visits. FLA audited our operations in Germany and Sweden

(headquarters assessment) on how we manage the supply chain and whether our processes are in line with FLA's Workplace Code and favorable for workers. We were successfully accredited in a unanimous vote of the FLA Board in early 2018. As a consequence of the growth of the internal auditing team in Leadertek, we educated new colleagues in Vietnam so they can support our core team in conducting field audits.

The 2017 subscription rate to our Code of Conduct for Suppliers rose from 91,2 per cent to 95,6 per cent (see Chapter One).

### Supply chain characteristics

The supply chain of the entities reflects the independence and decentralized structure of our business. In general, all entities work directly with their suppliers. Due to historical reasons but also because some entities are rather small, agents and intermediaries can be used. Some of our business lines are currently being streamlined, as we are working with new suppliers and discontinuing our relationships with others. In

the apparel business we have a global supply chain, mainly in Europe and Asia. We produce shoes, compasses and stoves in our own factories, and we source raw materials in North America, Europe and Asia. In most cases we have long-term direct relationships with all partners in the supply chain – from yarn producers via weavers and dye houses to manufacturers.

The retail business is very different as it works with brands and this is not reflected here.

### Trust and cooperation

We build our business relationships on trust and cooperation and our partners are increasingly sharing our values. This makes us confident when initiating sustainability project or programs with them. This is included in our evaluation procedure and we regularly check on how much a business partner shares our values and contributes to our sustainability mission. Together with the standard evaluation criteria, we will incentivize or more closely monitor and train our partners and help them to develop with us.

# Feeling at home

Vietnamese textile producer offers Scandinavian health and work conditions to attract young people

Even if the textile industry requires physically-demanding work, long hours and entails a range of health and security risks, the industry is known for low entry wages which are rarely adequate. Since more and more employees prefer working in the service industry, which is often located in the touristic city center and offers attractive working conditions, factories will increasingly have to deal with their workers looking for jobs away from textile production.

Notwithstanding this, Guston Molinel is a growing textile producer employing more than 1 000 motivated workers. As a manufacturer of outdoor clothes based in Ho Chi Minh City, Vietnam, the company is one of Fjällräven's long-term partners.

Guston Molinel manufacturer has a Swedish management in Krister Kling and it offers appealing working conditions. For 20 years, the factory has been run according to European social responsibility standards and with the utmost regard for the staff's welfare. Not only are workers required to take intensive technical training, but their working conditions are regularly measured and checked by officials.

High-quality products for customers cannot be produced and sustained if the production itself is not based on quality. Both, the management and Fjällräven are eager to retain skilled and well-informed workers.

"We consciously improve our commitment by teaching our workforce the meaning of a good production environment and a good personnel philosophy", says Kling.

In doing so, the company has met the ISO 9001, 14001 and SA 8000 quality processes. It has developed its

own code of conduct, and constantly updates its measurements on REACH.

To ensure that the risk of industrial accidents and personal damage is kept to an absolute minimum, Guston Molinel takes responsibility for workplace safety, and has developed training programs for safety measures and a suitable production process. A wide range of improvements contribute to a safe local working environment:

- An in-house clinic offers regular health check-ups and is available in emergency.
- There are regular fire drills.
- Security officers make sure incoming and leaving goods are strictly controlled and documented.
- A canteen provides daily meals.

Kling wants to strengthen the ties between workers and management:

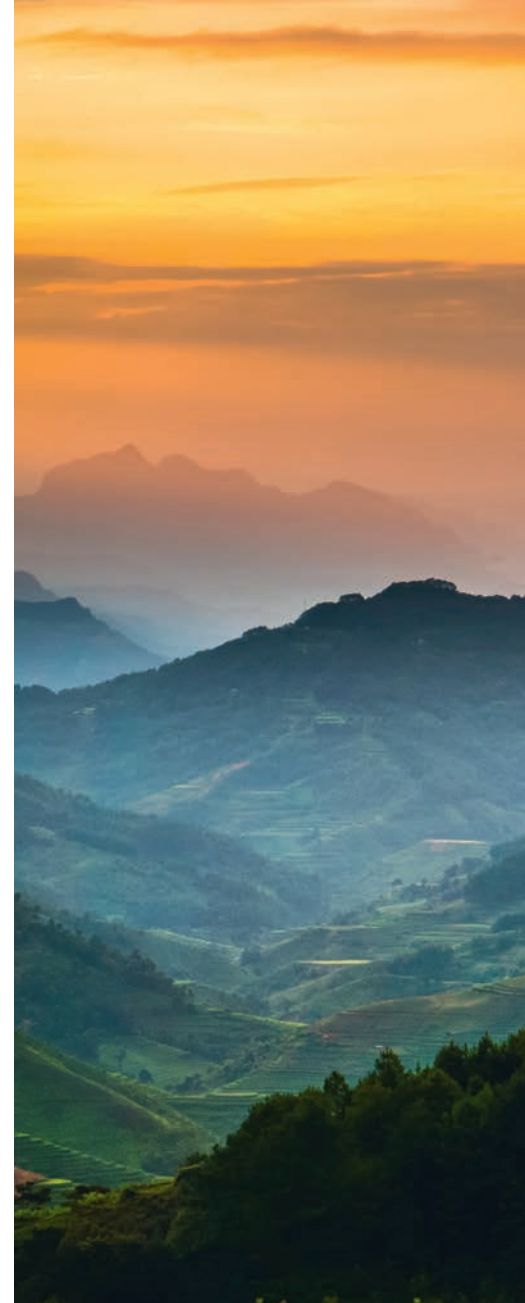
"Our relationship with workers, no matter their position, has been built on trust and mutual respect. We want our workers to feel at home in our factory and be like a big happy family".

The company arranges regularly excursions and social events to build team spirit and promote a positive atmosphere and motivation among workers and management.

## Support local hospitals

Guston Molinel supports local hospitals by providing essential equipment for surgeries. A goal is to reduce the number of people suffering from an anomaly of a cleft lip and jaw, which is a common congenital phenomenon in the region.

Some employees donate blood, col-



lect clothes and food for flood victims and visit schools in rural areas. As children and students are taught basic skills such as sewing or cooking, they gain beneficial experience and get the chance to prepare for a future job at Guston Molinel.

Guston Molinel received the WRAP Gold Certificate of Compliance in October 2017, which is one of the world's largest independent certification programs focusing on apparel, footwear and sewn products. •



## Tackling global changes together

**IN 2017, FENIX OUTDOOR'S** business partners were invited to fill-out a GRI questionnaire. The requested inputs came from service providers such as office supply or cleaning services, shipping companies and travel agents, traditional suppliers such as raw material providers, chemical companies, manufacturers and finishers as well as partnering organizations like retailers.

The picture we can present here is neither statistically representative nor holistic. A total of 57 suppliers participated in 2017 (2016: 61). Most of them are either certified according to ISO 14001, ISO 9001, SA 8000, are a bluesign partner or follow the systems without being certified. Energy management and waste management are the most sound environmental datasets

we have for 2017; water and wastewater management are visibly improving. More than 70 per cent of the suppliers said that they have implemented energy-saving measures or intend to do so in 2018. Water management and energy management were mentioned as being planned or currently implemented in environmental projects. Around 64 per cent of the participants recycle up to 74 per cent of their wastewater.

A majority of the participants gave detailed information and showed a high level of commitment, bearing in mind numbers do not reflect breadth and depth. More and more factories now have health and safety programs, staff benefits or social security plans in place or on their way. 68 per cent of the participating suppliers have collective bargaining agreements in place

with a subscription rate of 30 per cent to 100 per cent.\* More than 90 per cent of our suppliers have staff benefit schemes in place. As in 2016, quantifications and weighing were not possible.

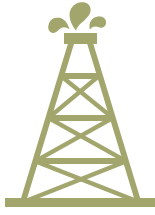
These activities are - among others - the result of our FLA and our SAC membership and the way how we and other brands encourage suppliers to address environmental and social matters. Some companies stated that they are going beyond compliance for staff retention reasons.

In conclusion, we can confirm that Fenix Outdoor has chosen the right partners. Every single one is actively contributing to a sustainable future.

*\*) In Vietnam and Sweden subscriptions to Collective Bargaining Agreements are mandatory.*

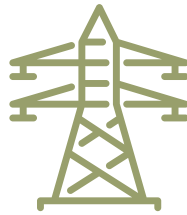
**FACT SHEET SUPPLIER – ENVIRONMENT 2017**

**PRIMARY ENERGY USE (n=53)**



3 263 937 kWh  
10 766 t CO<sub>2</sub> (loc. based)

**ELECTRICITY USE (n=53)**

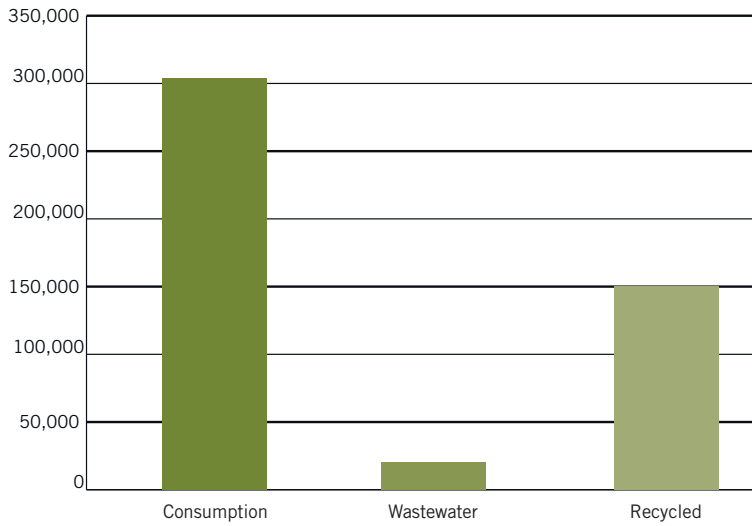


26 455 352 kWh  
17 193 t CO<sub>2</sub> (loc. based)

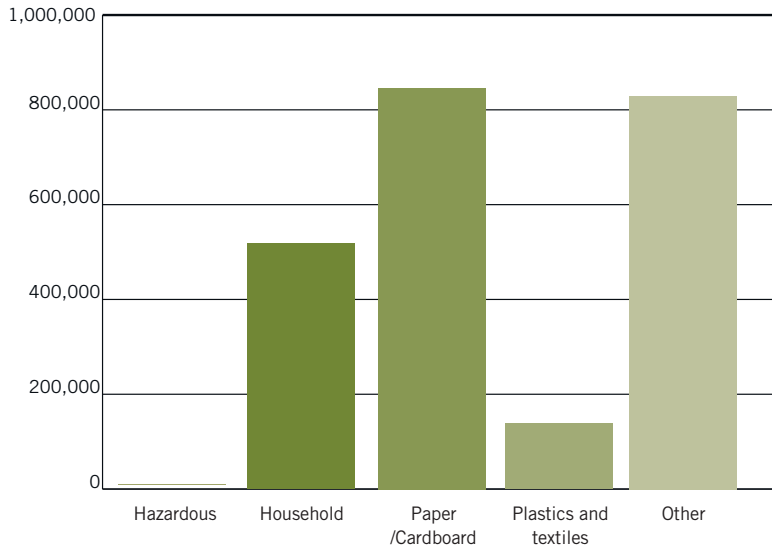
**EMISSIONS FROM TRANSPORTS**



**WATER IN m<sup>3</sup> (n=50)**



**WASTES (in kg)**





## ► Monitoring measures

To improve the situation for employees and their families, we check the adherence to our Code of Conduct – which builds on the Fair Labor Association’s Code of the Workplace – on a regular basis. Production plants are frequently visited by:

- (a) head of production,
- (b) product managers,
- (c) various CSR managers,
- (d) head of purchasing,
- (e) QM Auditing team members,
- (f) social auditors
- (g) external auditors.

The audits take place before, during and after production. The Elevate Group conducts independent assessments as third party. In summary, the audits conducted in 2017 have generally confirmed the findings from 2016. As we increasingly address the root causes, we also see a rise in awareness and active improvement efforts from factory managers. We have re-grouped the findings and also mark, where documentation of policies were missing. Subsequently, we now have findings in areas where we do not have a violation per se (e.g., child labor: the cases here are lack of documentation of an anti-child labor policy; same in the category ‘forced labor’).

## Product responsibility

Fenix Outdoor stands for functional, safe and long-lasting outdoor equipment. There are over 2 000 different products from our own brands and another 30 000 external products sold through the Friluftts Retail stores. We take full responsibility for our own products and continuously improve their functionality and their health and safety profiles. Products that do not comply with national laws are withdrawn. We regularly communicate routines for registering complaints about the quality and function of our products. In 2017 we received no major complaints (see also the compliance report in Chapter 1).

Partnerships for sustainable development are essential. We have collaborated with Tretorn to develop products from ghost fishing nets. Naturkompaniet works to raise the awareness for repairing outdoor gear. We offer services in cooperation with Hanwag and Fjällräven, but we also support Patagonia’s ‘worn wear bus’ and their ‘swap meet’. A product that gets a second chance remains used and in this way takes away the need for making a new product. This is part of a resource-conscious program that many outdoor companies are increasingly engaging in.

## Giving back to society

Every year Naturkompaniet’s and Partioaitta’s loyalty club members donate 1 per cent of their members’ bonuses to an outdoor or nature project. The members vote for the projects at the end of each year. In 2017 more than 300 000 Euros were distributed. Some brands donate a specific sum per sold item to a cause, e.g. nature conservation or support for vulnerable children. Around 150 000 Euros were collected for these endeavors. As in previous years, we donated sleeping bags and jackets to homeless people.

In 2017, Globetrotter was involved in a social project called Viva con Agua. The non-profit organization’s aim is to ensure access to clean portable water globally. One of last year’s projects was the Water!Walk in Uganda – a 550 kilometer distance hike, taken by people from around the globe to raise awareness for the urgent need of clean drinking water. Globetrotter donated equipment and apparel to each participant. Besides a wide range of outdoor gear, 20 FRILUFTS tents and 40 ponchos were donated to the five-week project.

In some retail stores we offer coffee for a voluntary contribution. Around 10 000 Euros were collected last year and sent to Globetrotter Foundation.



## FACT SHEET SOCIETY 2017

| Indicator                                       | 2017   | 2016                | 2020 Goal   |
|---|--|---------------------|---|
| Stakeholder Engagements                         | 2nd Stakeholder Roundtable, var. Customer satisfaction surveys; Social Media | No particular event | Regular engagement and dialogue with stakeholders |
| Human Rights (HR) assessments                   | 92 %   | 80%                 | In % of suppliers                                 |
| Product Labels/ Violation of Safety Regulations | 4  | 5                   | Reduced number of cases                           |
| Training CoC                                    | 60 %   | n/a                 | % employees                                       |
| Cases of Corruption                             | 0  | 0                   | Reported cases p.a. shall be “0”                  |

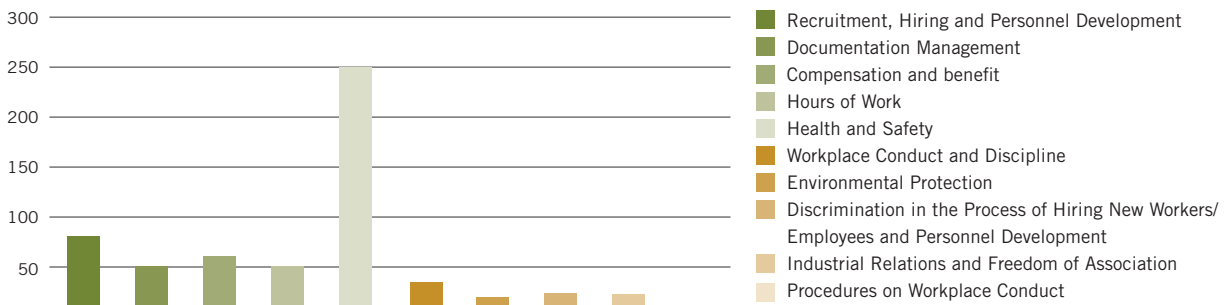
| Society Contribution                    | 2017(€ or hours)                   | 2016 (€ or hours)                |
|---|------------------------------------|----------------------------------|
| Charity & Community (incl. Foundations) | 460 000 €                          | 482 320 €                        |
| In-kind Contributions (gifts etc.)      | 20 000 €                           | 41 hrs                           |
| Training to Suppliers                   | 15 hrs                             | Not measured                     |
| Direct investments                      | 460 755                            | 534 958                          |
| Other                                   | > 3 000 people brought into nature | 2 700 people brought into nature |



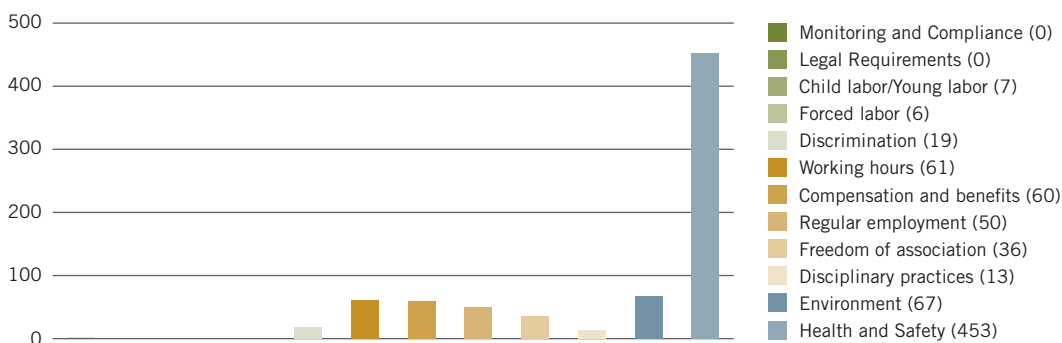
## FACT SHEET SOCIETY 2017 (CONT.)

| Code Area                 | Number of Deviations 2017 | Number of Deviations 2016 |
|---------------------------|---------------------------|---------------------------|
| Monitoring and Compliance | 11                        | 0                         |
| Legal Requirements        | 1                         | n/a                       |
| Child labor/Young Labor*  | 7                         | 0                         |
| Forced Labor*             | 6                         | 0                         |
| Discrimination            | 43                        | 103                       |
| Working hours             | 115                       | 62                        |
| Compensation and benefits | 105                       | 95                        |
| Regular employment        | 78                        | n/a                       |
| Freedom of association    | 64                        | 64                        |
| Disciplinary practices    | 101                       | 103                       |
| Environment               | 90                        | 90                        |
| Health and Safety         | 754                       | 499                       |
| other documentation       | 82                        | n/a                       |

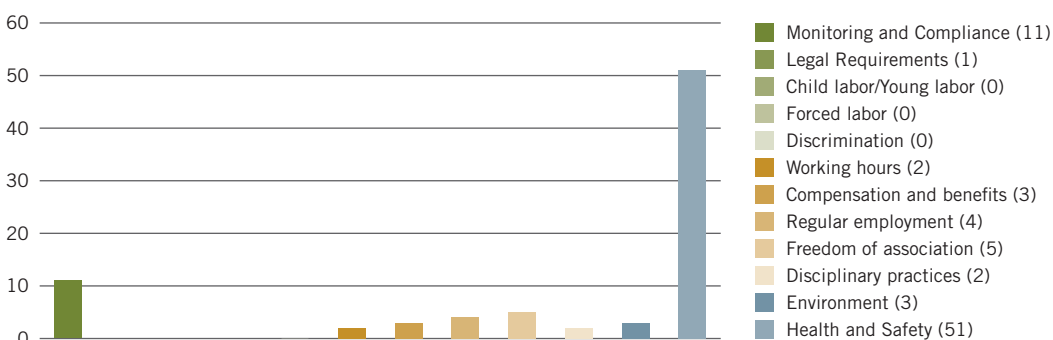
### FLA FINDINGS



### LEADERTEK FINDINGS\*



### FINDINGS BY EXTERNAL AUDITOR



\* young workers and forced labor findings were the result of incomplete records at the factories



## 5. WELL-BEING – rest and recovery is vital for all progress

Hikers need to be healthy, motivated and passionate. So does our staff.

In 2017, Fenix Outdoor employed 2 160 FTEs in our various entities. This is an increase of 1,2 per cent from 2016 (2 128 FTEs). The picture is a bit fuzzy as we had acquired Friluftsland and Alpen International during the the year. 2018 figures are most likely going to differ. Most staff members are permanently employed, though we employ seasonal workers in retail and warehouse operations during peak seasons, and in our manufacturing operation in the US during student holidays. The use of non-regular staff is not a group-wide policy but it is a flexible response to seasonal demands and local specifics.

Specific collective bargaining agreements throughout the Fenix Group do not exist. In Sweden, Norway, Austria and Finland, we are following a scheme built on national agreements; in Germany most staff members are represented by workers' councils; in other locations local and national schemes exist, which in parallel follow the respective trade-union-negotiated agreements for the industry.

Some entities are facing challenging times, and need to restructure and reorganize to become profitable again.

We have continued to cut costs by seeking synergies with other Fenix Outdoor entities. In our logistics unit we have begun to reorganize the B2C and the B2B operations in Europe. The re-organization shall come into effect by autumn 2018.

In our German operation about 4,6 per cent of our staff have disabilities (2016: 5,1 per cent), and we use sheltered workshops for certain services. Fenix Outdoor had about 31 apprentices (2016: 36) and 40 interns (2016: 42). Our policy is to promote equal opportunities for men and women and our board expressly demands equal opportunity recruitment into managerial positions.

The proportion of female middle managers that Fenix Outdoor currently employs is 36 per cent (2016: 32 per cent), while the proportion of women in top-management positions is 15 per cent (2016: 18 per cent). Our board has 20 per cent female representation. All data include the newly-acquired entities and our China operations.

Our German operation has received various awards for inclusion, diversity and gender equality, including honors from the German Federal Government.

### Turnover and parental leave

The staff turnover rate in 2017 over all operations including the retail business was 24 per cent (2016: 28,8 per cent). The ratio between females and males leaving Fenix Outdoor was nearly equal (ratio M/F 1,15:1), meaning that roughly 53,5 per cent of staff members leaving were men (2016: 52 per cent).

All eligible staff members are entitled to parental leave. For our biggest stand-alone operations we have established that out of 72 eligible staff members (2015: 69), 47 returned after 12 months (2016: 47). This equates to about 65 per cent of the entitled employees. At group level we can –with limited confidence – establish that about 80 per cent of our staff return to work after 12 months. The spread ranges from 60 to 100 per cent. We are unable to assess the reasons of those who did not return after 12 months for prolongating their leave (e.g. to have a second child).

### Competence development

At Fenix Outdoor it is important that staff not only keep abreast with the latest developments and know-how

but that they also have an opportunity to develop themselves. Fenix provided each employee with an average of 19,4 hours in personal and technical training (MBAs, internships and apprentices excluded) (2016: 36 hours), including training on corporate social responsibility and compliance (n= 2 000). This training enables us to remain flexible, well-educated and skilled. We intend the training to inspire people and build qualifications for recent and future tasks.

Fenix Outdoor continues our trainee program for young professionals, which started in 2011. In 2017 we hired three external trainees. The program continues to be very successful. We also support employees who want to develop their education, such as achieving MBAs.

### Working hours and wages

We do not exceed locally-agreed limits on working hours, nor does Fenix require employees to exceed the legal limits. We think that at a minimum we should adhere to the International Labor Organization conventions regarding rights at work, and apply them to both, internal and external service providers. Our wage levels are competitive and we offer several benefits. These differ from entity to entity and depend on legal or negotiated frameworks.

The figures given on the accompanying factsheet need to be interpreted with some caution. Wage entry levels vary around the globe. In a country like Switzerland, the minimum wage level equals the entry level. This cannot be compared to the wage levels in Asia, where in general we pay approximately twice the minimum wage as an entry level wage. Therefore a thorough analysis is needed to be able to compare the data.

A good work-life-balance is recognized. On a case-by-case basis we allow staff to participate in outdoor activities. In most locations, when business operations permit, we offer flexible working hours, and in special cases employees can work on distance from remote areas.

Fenix Outdoor is committed to take a non-discriminatory approach by paying equal wages to men and women, and by exceeding the minimum wage levels where possible. We also hire local managers for the operations.

### Health and safety

Fenix Outdoor does not accept hazardous equipment, unbearable surroundings or unsafe premises. Most of our staff members operate under German, Swedish, Dutch, US and Finnish laws and the companies in our Group comply with national laws. The workplace should be safe and hygienic, and we take effective steps to prevent potential accidents and to minimize health risks, particularly in our factories and logistics units.

Safety awareness is a priority and we take appropriate measures. We ensure there are safety and handling instructions for operational equipment. Based on the reports received from retail, logistics and production, a total of 1 142 days (2016: 676) were lost due to absenteeism (n= 1905). In some parts of Europe and North America, weather related infections and other detriments to get to work explain the increase. There were 132 work-related injuries recorded (2016: 148). This is a positive trend, considering, the company has grown. No fatalities or work-related diseases were reported.

### Employee support

Every year Fenix offers its employees the chance to experience the outdoors and learn something about nature survival skills as well as the handling and functioning of our equipment. In some instances, participation in these events is part of the development curriculum or even mandatory. But most of our employees are active outdoor enthusiasts. In order to allow them to participate in outdoor activities and achieve a good work-life-balance, individual arrangements are made between supervisors and their staff members.

Brunton is one of our entities that puts great emphasis on having motivated employees. The company regularly organizes outdoor barbecues or hiking trips and works hard to promote good team spirit. Sometimes the whole workforce participates, in a 'pot luck', where people cook together.

The most commonly events staff, customers and business partners participate in are The Fjällräven Classic (offered in Sweden, the US, Denmark, and Hong Kong), Fjällräven Polar and the Hanwag Alpine Experience. 🐾



### Hand made in Riverton

The production of the original Brunton compass takes place close to lakes, mountains, valleys and rivers, precisely where the product's traditional story has its roots. In the 1800s, David W. Brunton, a passionate geologist and nature lover, developed a patented navigation system which is still used today. Designed to be easily carried in a vest pocket, the compass is now well-known by its name 'The Pocket Transit'. The Brunton compass remains the Gold Standard in professions such as geology, forestry and engineering, and is in great demand from outdoor professionals due to its functionality, craftsmanship and durability.

D. W. Brunton was Canadian and moved to Colorado in his early years, but the long-established compass 'the Brunton', is manufactured in Riverton, a city in Wyoming, US. Surrounded by nature, the company has enjoyed a long history. Throughout its 125-years, the company has employed local people.

The Brunton company currently employs around 25 workers in Riverton. Brunton creates jobs and successfully supports local production. Being hand-made by experienced Riverton men and women, the compass speaks of creative passion, local production and proud tradition.



# Summary from the Group Compensation Report

The Compensation Report of the Annual Report 2017 contains details of the total compensation paid to members of the Board of Directors and the Senior Executives. In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies, which came into force on January 1, 2014, the Annual General Meeting of Shareholders votes to approve the compensation of the members of the Board of Directors and the Senior Executives. The following is an excerpt from the Annual Report 2017.

## Principles

The Board of Directors of Fenix Outdoor International AG determines guidelines for remuneration to senior executives at market terms, enabling the company to recruit, develop and retain senior executives. The remuneration consists of a fixed salary, pension and other benefits. Total remuneration is to be at market rate and reflects the areas of responsibility of the Senior Executive and the complexity of their role. In addition to the fixed salary component, Senior Executives are also eligible to receive variable compensation, which is related to the achievement of sales and profitability targets. For Senior Executives, variable remuneration is a maximum of 50 per cent of their basic annual salary. Compensation is not to be paid

in the form of stock options or other share-related incentive programs. The details of the report can be found in the Annual Report's Audit Report.

## Board of Directors

At the AGM held in May 2016, the AGM approved a maximum total fixed compensation for 2017 to the Board of Directors of CHF 100 000 (EUR 85 455). The compensation paid in 2017 was totally EUR 25 886, of which EUR 0 was to the Chairman of the Board, Sven Stork, and EUR 8 629 to each, Ulf Gustafsson, Sebastian von Wallwitz and Mats Olsson. Susanne Nordin, also being a Senior Executive, received in total a remuneration and pension contribution of EUR 133 770 (141 244). Martin Nordin, also being CEO, received as fixed compensation 458 265 (463 895) EUR. There is no variable compensation paid to the Board of Directors, except bonus given to Martin Nordin in his role as CEO.

One Director of the Board, Gustafsson, received, through a company controlled by himself, Consilo AB, a consultant fee for some specific consultant work performed by himself for the Fenix Group. The total amount paid to Consilo, including the Board of Director compensation amounted to EUR 72 139 in 2017.

No Directors of the Board, except Martin Nordin, 18 300 000 A-shares and 242 568 B-shares and Susanne

Nordin, 20 000 B-shares, have any shares in Fenix Outdoor International AG as per December 31, 2017.

The highest individual compensation is given to the CEO. At the AGM held May 2016 the AGM approved a maximum total fixed compensation for 2017 to the Senior Executives of CHF 3 000 000 (EUR 2 563 664). A total of EUR 2 408 418 was paid out in fixed compensation in 2017. In 2017 a total variable compensation (bonus) to the Senior Executives of EUR 613 120 was paid. The retroactive approval from the AGM held in May 2017 was EUR 600 000.

In the reporting year, no collateral or guarantees were granted to Senior Executives or the Directors of the Board.

## Salary ratio

The salary ratio between the highest-paid individual in the company and the average payment in the lowest paid staff category is 42:1 (excluding interns and apprentices); the ratio to the average salary level stays at 14:1 (13:1 in 2016); a ratio between the highest-paid individual(s)' pay rise and the average staff pay rise would be 0,9:1. Such a figure is highly dependent on external factors, including exchange rates and costs of living, so the ratio is not definitive. In general, bonus payments are excluded from the assessment. •

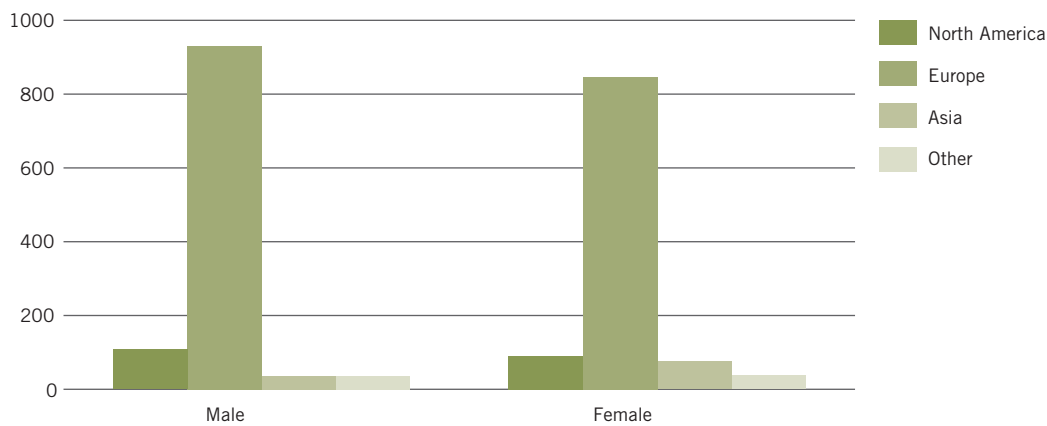
## EXCERPT FROM THE COMPENSATION REPORT 2017

| 2017 TEUR               | Salary | Granted fair value from stock option program | Benefits and other remuneration | Pension contributions | Social costs | Variable compensation related to 2017 | Total |
|-------------------------|--------|--|---------------------------------|-----------------------|--------------|---------------------------------------|-------|
| CEO                     | 448    | –  | 5                               | 5                     | 54           | 224                                   | 736   |
| Other Senior executives | 1 218  | 133  | 86                              | 155                   | 374          | 500                                   | 2 529 |
| Total                   | 1 729  | 133  | 91                              | 160                   | 428          | 724                                   | 3 265 |

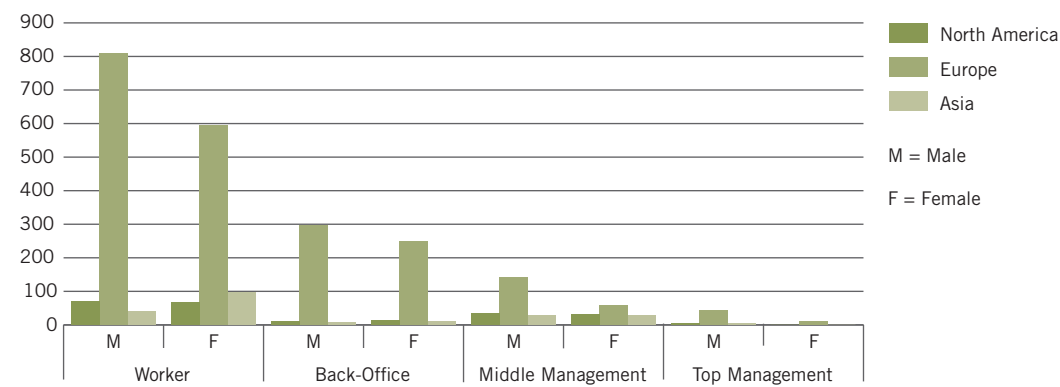
**FACT SHEET  
WELL-BEING 2017**

| Indicator                             | 2017                            | 2016 | 2020 Goal               |
|---------------------------------------|---------------------------------|------|-------------------------|
| Child Labor                           | 0 (7 lacking certain documents) | 1    | No cases                |
| Health and Safety                     | 1 entity (USA)                  | N/A  | Possible OHSAS 18000    |
| Health and Safety Audits in suppliers | > 90%                           | 90%  | % of suppliers assessed |
| Training and education                | 19,4                            | 36   | hrs/yr/employee         |
| Staff Member Survey                   | Yes, covering 60%               | N/A  | Regular staff surveys   |

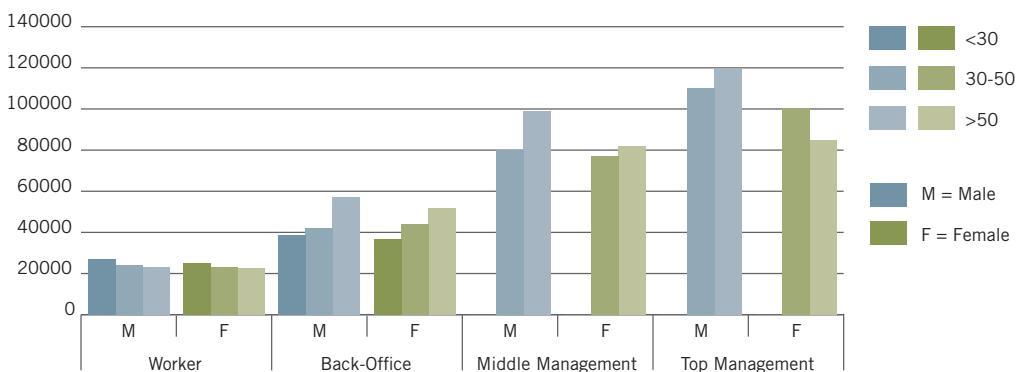
**STAFF DISTRIBUTION BY GENDER**



**DISTRIBUTION OF STAFF BY GENDER AND CATEGORY PER REGION**

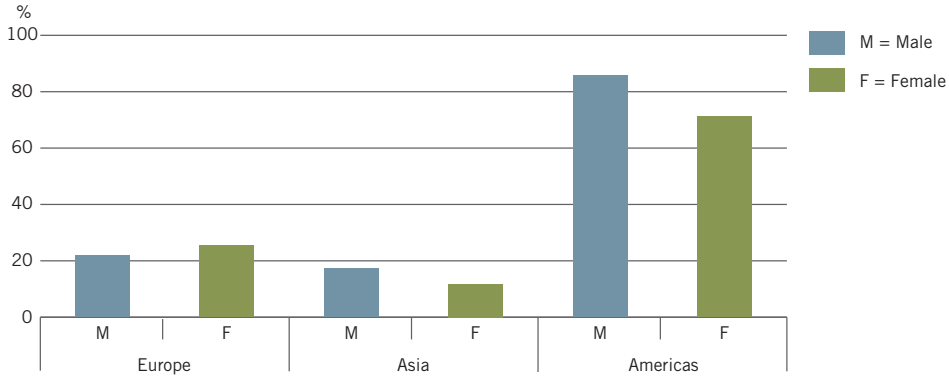


**AVERAGE INCOME LEVELS PER AGE GROUP, GENDER AND STAFF CATEGORY**

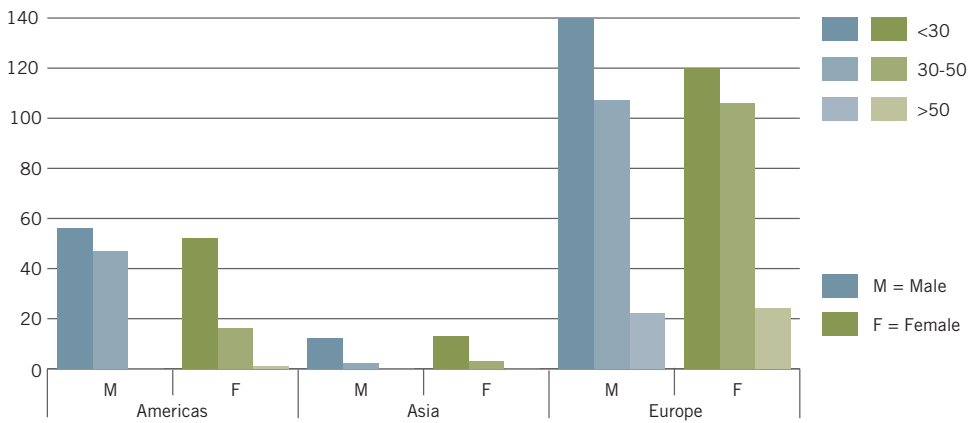


**FACT SHEET WELL-BEING 2017 (CONT.)**

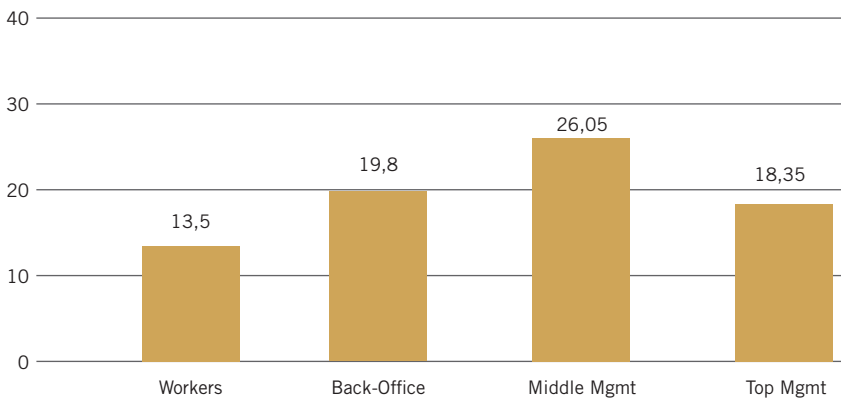
**STAFF TURNOVER IN % PER REGION AND GENDER**



**STAFF FLUCTUATION PER REGION, GENDER AND AGE GROUP**



**TRAINING HOURS BY STAFF CATEGORY**



**TRAINING HOURS REPORTED:  
19,415 HRS**

# 6. REPORTING – We strive to uphold our commitment to transparency

The journey towards a cleaner environment will continue, meanwhile we are proud of the reduction of some footprints in our business.

**F**enix Outdoor's 2017 Sustainability Report is based on the Global Reporting Initiative (GRI) Standards, and the principles of the UN Global Compact. It covers the group companies included in the consolidated financial statements. The GRI Standard 2016 is applied throughout. We report in accordance with the comprehensive reporting level but we have deliberately not sought external verification.

The GRI Content Index lists the indicators as defined by the GRI Standard 2016, as far as it has been applied. Material topics addressed were raised in Fenix Outdoor's Materiality Matrix. Page references and comments for clarification can be found at the respective indices in the table below.

## Report methodology

The reporting period is the business year 2017. The last CSR report was published in April 2017. The reporting cycle is to be maintained. The report also discloses information on key events and data from previous years for comparison. If final figures of 2017 were not available before printing, comparable figures for 2016 or the equivalent time range, e.g., October 2016 – October 2017, were used for calculation. These are marked accordingly.

In some cases when we summed up location-specific data it was not always possible to follow the business year. This is mainly the case with data from Friluftslund. Since the entity was not part of Fenix Outdoor for the entire period, a factual overstatement has been made. Data from some Danish locations are referring to the time span October 2016 – October 2017 (energy). In one location in Norway, only the last two months of the year were reported, because the building was a construction site for the previous ten months.

Water and waste data carry a high level of uncertainty; some data has

never been metered and therefore represents an assumption. Where no specification for electricity consumption data was available, the country average mix was used (market-based approach). As 2017 factors were not available, 2015 and 2016 datasets were used, mainly from publicly-available scientific or governmental sources.

In contrast to the annual report, the CSR Report includes data from all Chinese operations and a full year for the new entities.

Relevant CO<sub>2</sub>e emissions from key suppliers have been included in the offsetting data. Gas consumption data for 2017 for Hanwag, Germany, are based on the period May 2016 – April 2017. Some emission factors were calculated internally.

Some data have been extrapolated. Estimations are based on a conservative behavioral assumption (e.g. per capita data from statistical handbooks for the respective region or country).

All shop locations in Europe, the joint venture locations and new offices in Asia, Europe and North America are included. The reporting entities cover more than 99 per cent of the corporate value generation and 99 per cent of the Group's employees.

The data collected was extrapolated for the entire workforce if  $n < 2,160$ . HR data refer to 2 160 employees, which reflects the actual and consolidated workforce (in FTE) for a 12 months business year. However, all environmental and supplier data, even when not fully operated for 12 months, reflect the actual calendar year. Subsequently, normalized data is likely to be overstated, representing a conservative assumption.

In most instances we used the overall FTE average from the annual report. For data where FTE was not suitable, (such as water consumption and emission from travel or staff training hours) headcounts or internal survey results were used. This is

stated separately, as in  $n = x$ , where  $x$  is the reference group size. Around 75 percent of the non-financial data is checked internally; financial data within the consolidated financial statements is audited externally by Ernst & Young, ending with a reasonably satisfactory level of creditability. A few non-financial indicators have been checked at selected locations. The findings were reflected and some data was adjusted accordingly. Transportation figures and CO<sub>2</sub>e emission data were supplied by travel agencies, shipping companies and external service providers. They therefore constitute a reasonable overview of Scope 1, 2, and 3 emission data. We have fully relied on the accuracy of data and have only checked for plausibility.

The calculation of emission data was based on the Greenhouse Gas Protocol wherever possible; German and Swedish locations showed the actual energy mix on the invoices or were directly communicated by the supplier (reference year: 2016 and 2017, location-based data sets). The fleet information was provided by shipping companies and internal sources. In some cases assumptions were made based on the fuel consumption of certain locations. Data on business travel and commutes were calculated on available Group information and provided by individual staff members and carriers.

Other bases of calculation are stated separately. Data for economic factors and staff information cover all of the Group's consolidated companies. If not listed in full-time equivalent (FTE) numbers, details about employee structure are based on numbers of employees. Both refer to the cut-off of data, December 31, 2017, unless otherwise indicated. Capture efficiency is more than 90 per cent. Data on seasonal staff and interns are only available in an overview list, so no analysis of this staff group was possible. 🌱

# GRI STANDARD CONTENT INDEX 2017

| Indicators |   | Reference page or comment                 | Status |
|------------|---|---|--------|
|            | <b>Organizational Profile</b>   |   |        |
| GRI 102-1  | Name of the organization  | pages 4, 22                               |        |
| GRI 102-2  | Activities, brands, products, and services  | pages 22, 23                              |        |
| GRI 102-3  | Location of headquarters  | pages 4, 22                               |        |
| GRI 102-4  | Location of operations  | pages 22, 23                              |        |
| GRI 102-5  | Ownership and legal form  | pages 22, 36                              |        |
| GRI 102-6  | Markets served  | page 23                                   |        |
| GRI 102-7  | Scale of the reporting organization   | pages 22, 39                              |        |
| GRI 102-8  | Information on employees and other workers  | pages 34, 36, 37                          |        |
| GRI 102-9  | Supply Chain description  | pages 6, 27                               |        |
| GRI 102-10 | Significant changes to the organization and its supply chain  | pages 4, 6, 22, 27                        |        |
| GRI 102-11 | Precautionary principle or approach   | pages 7, 8, 13                            |        |
| GRI 102-12 | External charters, principles or initiatives  | pages 5, 6                                |        |
| GRI 102-13 | Membership associations   | pages 5, 6                                |        |
|            | <b>Strategy</b>   |   |        |
| GRI 102-14 | Statement from senior decision maker  | page 3                                    |        |
| GRI 102-15 | Key impacts, risks, and opportunities   | pages 7 - 10                              |        |
|            | <b>Ethics and Integrity</b>   |   |        |
| GRI 102-16 | Values, principles, standards, and norms of behavior  | pages 4, 6, 11                            |        |
| GRI 102-17 | Mechanism for advice and concerns about ethics  | pages 10, 11                              |        |
|            | <b>Governance</b>   |   |        |
| GRI 102-18 | Governance structure  | pages 4, 6, 22, 36                        |        |
| GRI 102-19 | Process for delegating authority for sustainability topics from the board to senior executives and other employees  | pages 4-7                                 |        |
| GRI 102-20 | Executive-level responsibility for economic, environmental and social topics  | pages 4-7                                 |        |
| GRI 102-21 | Stakeholder consultation process on economic, environmental and social topics   | page 8                                    |        |
| GRI 102-22 | Composition of the board and its committees   | page 36; see also Annual Report 2017      |        |
| GRI 102-23 | Whether the chair of the board is also an executive officer   | page 36 (no)                              |        |
| GRI 102-24 | Nominating and selecting the highest governance body  | page 36, according to law                 |        |
| GRI 102-25 | Board Conflict of interest  | page 36, according to law                 |        |
| GRI 102-26 | Role of the board in setting purpose, values and strategy related to sustainability impacts   | pages 4, 6                                |        |
| GRI 102-27 | Board knowledge of sustainability topics  | pages 4, 6                                |        |
| GRI 102-28 | Board performance with respect to governance of sustainability topics   | n/a                                       |        |
| GRI 102-29 | Board role in the identification and managing economic, environmental and social impacts  | pages 6-9                                 |        |
| GRI 102-30 | Board role in reviewing effectiveness of risk management processes for sustainability topics  | pages 4, 6                                |        |
| GRI 102-31 | Frequency of board's review of sustainability impacts, risks and opportunities  | pages 4, 6                                |        |
| GRI 102-32 | Highest committee or position that formally reviews and approves the organization's sustainability report   | pages 3, 4, 6                             |        |
| GRI 102-33 | Process for communicating critical concerns to the board  | pages 3, 4                                |        |
| GRI 102-34 | Nature and total number of critical concerns that were communicated to the board  | page 4                                    |        |
| GRI 102-35 | Remuneration policies for the board and senior executives   | pages 4, 6                                |        |
| GRI 102-36 | Process for determining remuneration  | page 36                                   |        |
| GRI 102-37 | Stakeholder's involvement in remuneration   | page 36                                   |        |
| GRI 102-38 | Ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation of all employees                                      | page 36; limited confidence               |        |
| GRI 102-39 | Ratio of percentage increase in annual compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees | page 36; limited confidence               |        |
|            | <b>Stakeholder Engagement</b>   |   |        |
| GRI 102-40 | List of stakeholder groups  | page 8                                    |        |
| GRI 102-41 | Collective bargaining agreements  | page 34                                   |        |
| GRI 102-42 | Identifying and selecting stakeholders  | pages 8, 9                                |        |
| GRI 102-43 | Approach to stakeholder engagement  | page 8                                    |        |
| GRI 102-44 | Key topics and concerns raised during stakeholder engagement  | pages 8, 9                                |        |
|            | <b>Reporting practice</b>   |   |        |
| GRI 102-45 | Entities included in the consolidated financial statements  | pages 22, 23; see also Annual Report 2017 |        |
| GRI 102-46 | Defining report content and topic boundaries  | page 39                                   |        |
| GRI 102-47 | List of Material topics   | page 7                                    |        |
| GRI 102-48 | Restatements of information   | n/a                                       |        |
| GRI 102-49 | Changes from previous reports   | page 39                                   |        |
| GRI 102-50 | Reporting period  | page 39                                   |        |
| GRI 102-51 | Date of most recent report  | page 39                                   |        |
| GRI 102-52 | Reporting cycle   | page 39                                   |        |



| Indicators |   | Reference page or comment                       | Status |
|------------|---|---|--------|
| GRI 102-53 | Contact point for questions regarding the report  | page 43   | ■      |
| GRI 102-54 | Claims of reporting in accordance with the GRI standards  | no such claims                                  |        |
| GRI 102-55 | GRI content index   | pages 40 - 42                                   | ■      |
| GRI 102-56 | External assurance  | no such assurance                               |        |
|            | Management Approach   |   |        |
| GRI 103-1  | Explanation of the material topic and its boundary  | pages 4 - 10                                    | ■      |
| GRI 103-2  | The management approach and its components  | pages 4 - 10                                    | ■      |
| GRI 103-3  | Evaluation of the management approach   | pages 4 - 10                                    | ■      |
|            | Economic Performance  |   |        |
| GRI 201-1  | Direct economic value generated and distributed   | pages 24, 25                                    | ■      |
| GRI 201-2  | Financial implications and other risks and opportunities due to climate change  | page 10, 15                                     | ■      |
| GRI 201-3  | Defined benefit plan obligations and other retirement plans   | pages 24, 26, about 66%, see Annual Report 2017 | ■      |
| GRI 201-4  | Financial assistance received from government   | pages 24, 25 (Ludwigslust project)              | ■      |
|            | Market Presence   |   |        |
| GRI 202-1  | Ratios of standard entry level wage by gender compared to local minimum wage  | page 35; M/F 1:1, ratio EL/Min 1:1 to 2,2:1     | ■      |
| GRI 202-2  | Proportion of senior management hired from the local community  | page 35; 95 %                                   | ■      |
|            | Indirect Economic Impacts   |   |        |
| GRI 203-1  | Infrastructure investments and services supported   | n/a   | ■      |
| GRI 203-2  | Significant indirect economic impacts   | page 10   | ■      |
|            | Procurement Practices   |   |        |
| GRI 204-1  | Proportion of spending on local suppliers   | 100 %, not formalized                           | ■      |
|            | Anti-Corruption   |   |        |
| GRI 205-1  | Operation assessed for risks related for corruption   | 100 % of new operations                         | ■      |
| GRI 205-2  | Communication and training about anti-corruption policies and procedures  | routine training (1289 employees)               | ■      |
| GRI 205-3  | Confirmed incidents of corruption and actions taken   | 0 (page 10)                                     | ■      |
|            | Anti-competitive behavior   |   |        |
| GRI 206-1  | Legal actions for anti-competitive behavior, anti-trust and monopoly practices  | 0 (page 10)                                     | ■      |
|            | Materials   |   |        |
| GRI 301-1  | Material used by weight or volume   | pages 19, 20                                    | ■      |
| GRI 301-2  | Recycled materials used   | pages 19, 20                                    | ■      |
| GRI 301-3  | Reclaimed products and their packaging materials  | pages 19, 20                                    | ■      |
|            | Energy  |   |        |
| GRI 302-1  | Energy consumption within the organization  | pages 16, 17                                    | ■      |
| GRI 302-2  | Energy consumption outside the organization   | pages 16, 17, 30                                | ■      |
| GRI 302-3  | Energy intensity  | page 21   | ■      |
| GRI 302-4  | Reduction of energy consumption   | page 16, 17                                     | ■      |
| GRI 302-5  | Reductions in energy requirements of products and services  | pages 16, 17                                    | ■      |
|            | Water   |   |        |
| GRI 303-1  | Water withdrawal by source  | page 17   | ■      |
| GRI 303-2  | Water sources significantly affected by withdrawal of water   | page 17   |        |
| GRI 303-3  | Water recycled and reused   | page 17   | ■      |
|            | Biodiversity  |   |        |
| GRI 304-1  | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | page 20   | ■      |
| GRI 304-2  | Significant impacts of activities, products, and services on biodiversity   | page 20   | ■      |
| GRI 304-3  | Habitats protected or restored  | page 20, n/a                                    | ■      |
| GRI 304-4  | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | page 20   | ■      |
|            | Emissions   |   |        |
| GRI 305-1  | Direct (Scope 1) GHG emissions  | pages 16, 20                                    | ■      |
| GRI 305-2  | Energy indirect (Scope 2) GHG emissions   | pages 16, 20                                    | ■      |
| GRI 305-3  | Other indirect (Scope 3) GHG emissions  | pages 16, 20                                    | ■      |
| GRI 305-4  | GHG emissions intensity   | pages 16, 20                                    | ■      |
| GRI 305-5  | Reduction of GHG emissions  | page 16   |        |
| GRI 305-6  | Emissions of ozone-depleting substances (ODS)   | pages 16, 17                                    | ■      |
| GRI 305-7  | Nitrogen oxides (Nox), sulfur oxides (Sox) and other significant air emissions  | page 20   |        |
|            | Effluents and waste   |   |        |
| GRI 306-1  | Water discharge by quality and destination  | page 17   | ■      |
| GRI 306-2  | Waste by type and disposal methods  | page 17   | ■      |
| GRI 306-3  | Significant spills  | none  | ■      |
| GRI 306-4  | Transport of hazardous waste  | none  | ■      |
| GRI 306-5  | Water bodies affected by water discharges and/or runoff   | page 17   | ■      |

| Indicators |   | Reference page or comment                                | Status |
|------------|---|--|--------|
|            | Environmental compliance  |  |        |
| GRI 307-1  | Non-compliance with environmental laws  | none   | ■      |
|            | Supplier Environmental Assessment   |  |        |
| GRI 308-1  | New suppliers that were screened using environmental criteria   | 100%   | ■      |
| GRI 308-2  | Negative environmental impacts in the supply chain and actions taken  | pages 10, 11, 27, 30                                     | ■      |
|            | Employment  |  |        |
| GRI 401-1  | New employee hires and employee turnover  | pages 34, 35, 37   | ■      |
| GRI 401-2  | Benefits provided to full time employees that are not provided to temporary or part time employees                            | pages 34 - 37, diverse systems; staff clothing in retail | ■      |
| GRI 401-3  | Parental leave  | page 34  | ■      |
|            | Labor/Management Relations  |  |        |
| GRI 402-1  | Minimum notice periods regarding operational changes  | according to law or workers agreements                   | ■      |
|            | Occupational Health and Safety  |  |        |
| GRI 403-1  | Workers representation in formal joint management-worker health and safety committees   | according to law   | ■      |
| GRI 403-2  | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities | page 35  | ■      |
| GRI 403-3  | Workers with high incidence or high risk of diseases related to their occupation  | page 35  | ■      |
| GRI 403-4  | Health and safety topics covered in formal agreements with trade unions   | according to laws and risk assessments                   | ■      |
|            | Training and education  |  |        |
| GRI 404-1  | Average hours of training per year per employee   | page 34  | ■      |
| GRI 404-2  | Programs of upgrading employee skills and transition assistance programs  | pages 34, 35   | ■      |
| GRI 404-3  | Percentage of employees receiving regular performance and career development reviews  | var.: between 0 and 100% in various entities             | ■      |
|            | Diversity and Equal Opportunity   |  |        |
| GRI 405-1  | Diversity of governance bodies and employees  | page 34  | ■      |
| GRI 405-2  | Ratio of basic salary and remuneration of women to men  | 1:1 nominal; between 1,2 to 0,71: 1 absolute             | ■      |
|            | Non-discrimination  |  |        |
| GRI 406-1  | Incidents of discrimination and corrective actions taken association and collective bargaining may be at risk                 | 0  | ■      |
|            | Freedom of association and collective bargaining  |  |        |
| GRI 407-1  | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk                | specific countries (repr. 70% of suppliers)              | ■      |
|            | Child Labor   |  |        |
| GRI 408-1  | Operations and suppliers at significant risk for incidents of child labor   | 0  | ■      |
|            | Forced or compulsory labor  |  |        |
| GRI 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labor                                      | 0  | ■      |
|            | Security Practices  |  |        |
| GRI 410-1  | Security personnel trained in human rights policies or procedures   | n/a  | ■      |
|            | Rights of indigenous peoples  |  |        |
| GRI 411-1  | Incidents of violations involving rights of indigenous peoples  | n/a  | ■      |
|            | Human Rights Assessment   |  |        |
| GRI 412-1  | Operations that have been subject to human rights reviews or impact assessment  | Asian operations   | ■      |
| GRI 412-2  | Employee training on human rights policies and procedures   | 1288   | ■      |
| GRI 412-3  | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening    | n/a  | ■      |
|            | Local Communities   |  |        |
| GRI 413-1  | Operations with local community engagement, impact assessments, and development programs                                      | all operations at their own discretion (page 32)         | ■      |
| GRI 413-2  | Operations with significant actual and potential negative impacts on local communities  | n/a  | ■      |
|            | Supplier Social Assessment  |  |        |
| GRI 414-1  | New supplier that were screened using social criteria   | 100 %  | ■      |
| GRI 414-2  | Negative social impacts in the supply chain and actions taken   | pages 32, 33   | ■      |
|            | Public Policy   |  |        |
| GRI 415-1  | Political contributions   | 0  | ■      |
|            | Customer Health and Safety  |  |        |
| GRI 416-1  | Assessment of the health and safety impacts of product and service categories   | done routinely   | ■      |
| GRI 416-2  | Incidents of non-compliance concerning the health and safety impacts of products and services                                 | 0  | ■      |
|            | Marketing and Labeling  |  |        |
| GRI 417-1  | Requirements for products and services information and labeling   | risks mainly with Primus; regular checks                 | ■      |
| GRI 417-2  | Incidents of non-compliance concerning product and service information and labeling   | page 9   | ■      |
| GRI 417-3  | Incidents of non-compliance concerning marketing communications   | page 9   | ■      |
|            | Customer privacy  |  |        |
| GRI 418-1  | Substantiated complaints concerning breaches of customer privacy and losses of customer data                                  | 0  | ■      |
|            | Socioeconomic Compliance  |  |        |
| GRI 419-1  | Non-compliance with laws and regulations in the social and economic area  | 0  | ■      |

**CONTACT INFORMATION:****Aiko Bode**

Chief Sustainability Officer

Fenix Outdoor International AG

Industriestrasse 6

6300 Zug

Switzerland

Mailing address:

Neuer Höltingbaum 6, 22143 Hamburg, Germany

[aiko.bode@fenixoutdoor.se](mailto:aiko.bode@fenixoutdoor.se)**PICTURES**

Fjällräven, Tierra, Primus,

Hanwag, Brunton, Freepik,

Unsplash

# **FENIX**

**OUTDOOR International AG**

---

Fenix Outdoor International AG, Industriestrasse 6, 6300 Zug, Schweiz,  
Phone: +46-(0)-660-26 62 00, Fax +46-(0)-660-26 62 21, [www.fenixoutdoor.se](http://www.fenixoutdoor.se), E-mail [info@fenixoutdoor.se](mailto:info@fenixoutdoor.se)  
[www.fjallraven.se](http://www.fjallraven.se) [www.tierra.se](http://www.tierra.se) [www.primus.se](http://www.primus.se) [www.hanwag.de](http://www.hanwag.de) [www.brunton.com](http://www.brunton.com) [www.naturkompaniet.se](http://www.naturkompaniet.se) [www.partioaitta.fi](http://www.partioaitta.fi) [www.globetrotter.de](http://www.globetrotter.de) [www.friluftsland.dk](http://www.friluftsland.dk)