



FJELLSPORT

SUSTAINABILITY

2021

Introduction

2021 was for most of us an unusual year, and so also for Fjellsport. We were in the second year of the pandemic, which affected us in many ways. Mostly the office staff have been working from home, while the sport and outdoor market in Norway has been experiencing a great boost in activity and sales. There has also been a lot of uncertainty of what the future would bring.

Due to the increased demand during the pandemic we have expanded our warehouse and robot systems to handle the increase in demand. The improvements and expansions made in 2021 are with the future in mind, giving us better and more sustainable solutions.

I am proud of the work we have done on sustainability in Fjellsport so far, but realize we still have a long way to go and have only started our journey towards a more sustainable company. Not much of what we do in our modern world can be classified as sustainable. But our goal is to make as small an impact on our environment as possible and still have a long term profitable business.

Being a more sustainable company is important to us for at least four reasons. Firstly, and most important, we need to do this. Our planet needs our action. Secondly, our customers expect us to take action. Thirdly, our employees want us to take action. Fourth and finally, our owner asks us to take action.

Fjellsport is owned by the Danish foundation Egmont. All profit generated by the companies owned by Egmont is either reinvested or goes to helping children and young people at risk.

We look forward to continuing our work for a more sustainable Fjellsport in 2022.

- Eric Sandtrø, CEO

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SUMMARY

During 2021, the second year of the pandemic, we continued working together with our sister company, Outnorth AB, in a small sustainability team for Outnordic. Our vision is that Outnordic should make the smallest possible footprint on our planet. We want to do this together with employees and partners that are doing well and in a business model that is sustainable.

Last year we put out our first greenhouse gas emissions assessment. The scope of the report was rather limited, many emission sources in scope 3 were not covered. This year we have completed a report that covers most areas also in Scope 3. Although many of the calculations are based on assumptions it is even more clear to us today that the vast majority of our emissions comes from the production of the garment and gear we sell. During 2021 we started collecting real data from some of our suppliers on their emissions. Rather quickly we understood that this was nothing they were used to reporting. We were, sort of, breaking new ground. The work will continue in 2022 and the long-term goal is to be climate neutral for scope 1, 2 and 3 by 2028. In 2021 we compensated for all emissions coming from transports that we had operational control of.

Realizing the size of emissions from production further made us understand the importance of continuously improving product quality. To improve the lifespan of the products we sell might be the most powerful tool to reduce the climate footprint from our business. This is true both for our own brands and for partner brands. In general, the products we sell are of high quality and can be used for a long time, but identifying products where this isn't true is a continuous work.

In 2020 we moved our office to a new modern building that was built connected to our existing warehouse, and during 2021 we have been doing adjustments and improvements to make the building more energy efficient and practical to fit our needs today and in the future.

A decision that we took in 2021 was to ban short air flights for business travels. If it is possible to travel by train in 5 hours or less, we will not travel by air. This, of course, is due to the negative climate impact of traveling by air.

Even though most of our emissions comes from production, we will try to lower all emissions. For e-commerce companies it is important to improve packing routines. The goods should not be damaged during transport, but we don't want to ship unnecessary air. We do on occasions get feedback from customers about our packaging, and we hope that will continue so we can use the feedback to continue to improve by shipping less air, to use less materials and to source more sustainable materials. We do know that the work must go on and we expect and hope for feedback from customers also in 2022.



Our sustainability work is based on the UN's global goals, with special focus on goals 8, 12, 13, 14 & 15.

About this report

This is the sustainability report for Fjellsport AS (989 710 338). The report covers the accounting year of 01 Jan 2021 – 31 Dec 2021. The comparison figures presented in this report refer to previous year unless otherwise stated.

BUSINESS MODEL

Fjellsport is selling clothes, shoes, and equipment for mainly outdoor activities to customers in Norway. 100% of the business is conducted online, also if you choose to use our pickup point at our warehouse, and almost all the customers are end consumers. Around 90% of the products sold are partner brands, meaning we are retailers for another brand. But an increasing part of the business consists of our Own Brands.

The greenhouse gas emission assessment for 2021 shows that more than 99% of the emissions

comes from Scope 3 emissions - indirect emissions from the value chain. It is a fair assumption that this is also true for most other aspects of environmental impact from our business. The largest impact is during production of the goods that are being sold. Transportation, both from production facilities to Fjellsport and from Fjellsport to customers also has a significant impact on the environment. It should be said though, that it is yet not clear whether the business model of e-commerce or offline retail causes more emissions.



SOCIAL COMPLIANCE

Code of conduct

A cornerstone for our social compliance work is our membership in amfori BSCI.

In 2021 we used 62 different suppliers for the products we produced under our own brands. Out of these 62 suppliers, 56 have valid BSCI audits, 1 have an expired audit, 1 is a European factory where we have not been able to push for audits according to BSCI and 4 are subcontractors to a BSCI audited supplier. We will continue to push for BSCI audits for all our suppliers. We also want to help our suppliers to improve their performance in this area and thus their scores in the audition reports.

In 2020 we implemented the BSCI code of conduct as a part of the contract regarding Corporate Social Responsibility and Environmental Requirements that we sign with our partner brands. So, we use the same code of conduct for all our suppliers of goods.



Transparency

We have kept the list of our garment producers and the tanning factories used for footwear updated. The list shows the producers used for our Own Brands.

We also report Scope 3 emissions from production both of Own Brands and Partner Brands.

Anti-corruption

Fjellsport is doing B2C business. Most of our customers are end consumers and each purchase is of rather small economic value. The risk of anyone in our

organization bribing a consumer to influence the customer to buy from Fjellsport in a corrupt manner is small.

Our purchasing department is handling larger purchases and there are risks that our suppliers might try to influence their decisions by bribes etc. We have clear routines for attesting purchasing orders.

Human rights

Human rights in Norway are well protected. Fjellsport is of course following Norwegian legislation. We describe our efforts to improve working conditions within our company under the section Personnel.

For our supply chain we rely on the work we conduct within the

BSCI framework as set out in the BSCI code of conduct. In addition to this we regularly visit most of our Own Brand suppliers on site. In 2021 we could only visit a limited number of suppliers due to the pandemic.

Animal welfare

Fjellsport will not handle products including any kind of exotic leather. We also do what we can to make sure that no wool in the products we sell come from farms practicing mulesing. For all our own brand products we have only accepted RDS-certified down in products containing down. is part of pälsfri butik (non-fur store) and is not selling products with animal fur.





PERSONNEL

2021 was a year of strong growth in sales and fantastic results, all thanks to an enormous effort from our employees who have worked hard and delivered above expectations in a demanding year.

Due to the COVID-19 situation, we have had another year with many of our employees working from home office. With last years' experience on this way of working, we were now better equipped to handle the situation.

Our biggest concern has been the risks for isolation and mental illness, and we have focused on facilitating flexible solutions all the way to meet the needs of both individuals and teams. For operational reasons, some functions such as warehouse staff are not able to work from home. In these departments, the priority has been to have measures in place to minimize the risk of infection and to ensure a safe working environment.

Rebuilding and refurbishing the warehouse has created some challenges when it comes to the physical work environment. High noise levels and construction dust have meant that working conditions have not been optimal, but thanks to the patience and perseverance of our employees, we have managed to implement this in a good way.

A highly motivated team is what creates results and keeps us moving forward! We have focused on competence development and one of the initiatives we have implemented is Camp Fjellsport. This is an internal event that is arranged outdoors with a focus on building the Fjellsport-culture and product knowledge. It is mandatory for all permanent employees to participate in the event, which strengthens the unity of the company across departments and roles.

In a year of strong growth, the need for recruitment and new hires increased. We have implemented a new recruitment system and started the job of strengthening our employee brand to become an attractive workplace. We have focused on developing onboarding processes with the goal of giving new

employees a good introduction to the company and their new role.

Fjellsport has an active and operations-focused working environment committee (Arbeidsmiljøutvalg/AMU) which in 2021 has naturally worked with handling the COVID-19 situation. In addition, AMU has worked in a structured manner to establish and follow up routines for health, work environment and safety with the goal of ensuring a safe workplace regarding both the physical and psychosocial working environment.

The sick leave in 2021 was in total 3,28%, increasing from the previous year mainly due to the pandemic. We saw the largest increase in the fourth quarter with December as the highest month with sickness absence of 6%.

- In total 181 employees worked for Fjellsport during 2021.
- 107 identify as men (59,11%) and 74 identify as women (40,88%).
 - Number of FTEs: 95. 54 men (56,85%) and 41 women (43,15%)
- Rate of sick leave was 3,28%.



ENVIRONMENT

Chemicals

In our Own Brand department Fjellsport collaborates with Outnorth who is a member of the Swedish Chemicals Group, a network run and coordinated by RISE in collaboration with experts from universities and governmental bodies. We are using chemical guidelines from this group when signing contracts with our suppliers. We have participated in seminars and had company specific workshops addressing challenges we face.

All suppliers for our Own Brand production have signed contracts ensuring that they follow European and Swedish chemical legislation. During 2021 we have continued to collect Bill of Materials and send out information to suppliers about chemicals in focus. We have also conducted more testing for chemicals than before. The plan forward is to for each season focus on some specific materials or chemicals.

During 2021 we launched a range of products that we call “ZeroColor”. The idea is to avoid the rather dirty process of dying

the fabric. This will save water and reduce the use of chemicals and energy. We will launch new ZeroColor products in 2022 and we hope to be able to further develop the collection.

”During 2021 we launched a range of products that we call ‘ZeroColor’. The idea is to avoid the rather dirty process of dying the fabric. This will save water and reduce the use of chemicals and energy”

Consumption

One of our goals is still to grow faster than the market, and there will be quite a few campaigns. We are trying to use our communication towards our customers as a source of inspiration as well as campaigns. Our mission is to bring people happiness by taking them outdoors.

On Fjellsport’s site anyone who has purchased the product

can freely comment and rate products. This feature was introduced to help us reach our sales targets. But it is also an appreciated sign of trust and transparency.

It helps our customers in their search for the right product. It also helps us optimize our product range based on true consumer comments.

Climate

For 2021 we included most of the Scope 3 emissions in our greenhouse gas emissions assessment. We have had problems collecting data from our hosting suppliers, so that source of emission is still not in the report. Also, the emissions from the usage of the products we sell

is still lacking. We think that the emissions from hosting are rather substantial.

We did include, however, the emissions from production of the goods we sell. For these emissions we used a very rough estimation based on a report from the Swedish foundation MISTRA. Using these emission factors, we end up with emissions from production that account for almost 85% of our total reported emissions.

Fjellsport has no company owned or leased cars.

When reading the assessment, it is important to understand that the huge difference from last year mainly comes from including more emission sources

Fjellsport's total emissions measured in tCO₂e

Scope 1
0 tCO₂e (0)

Scope 2
4,59 tCO₂e (3,06)

Scope 3
11 014 tCO₂e (464)



”When reading the assessment, it is important to understand that the huge difference from last year mainly comes from including more emission sources”

Circular economy

We have for several years discussed whether we should set up options to rent garments and gear as part of our business model. After discussing with an expert, we have concluded that this could make sense for some of our hardware products that won't be worn with direct contact with the skin of the product user. In these cases, the extra emissions that come from renting (transport, maintenance, and cleaning) are probably less than the emissions that could be saved from fewer produced and fewer sold products. But it is important to understand that there is no better way of using a product than if the first buyer will use the product for its entire lifecycle. The problem today is that many products are not being used and end up being disposed of instead. However, we need an updated web platform before we can start testing a rental part of our business.



We have continued working with Kirkens Bymisjon (The Church City Mission) and have on several occasions through the year donated products to Kirkens Bymisjon. They make sure the products get second life by lending them for free, giving products to persons or using them on their events and arrangements. We are really committed not to throw away or dispose of any products that could get a second life.

Travelling

In 2021 we adopted a new policy for business travel where we abandoned short flights. If there is a possibility to travel by train in 5 hours or less, we are no longer allowed to travel by air.

Transport of goods

Fjellsport uses 3 different partners for shipment of goods to customers: Bring, PostNord and Porterbuddy. For 2021 we have collected data on CO₂e emissions from these subcontractors. The average package generated an emission of 748 g CO₂e (633) and summed up to a total of 585,2 tCO₂ (399,2).

PostNord and Bring were able to report data on CO₂e emissions

including all handling and transportation between Fjellsport warehouse and the pickup points. Porterbuddy was only able to report data on CO₂e emissions including long haul and last mile. They could not provide data for the first mile, which is transportation between Fjellsport warehouse and PorterBuddy's own logistic sorting centers. This is an improvement from 2020 when they only reported the last mile, and we are continuing to work with them to have them report the whole chain of handling in the future. Delivery with PorterBuddy is a rather small share of our orders.

Emissions per package delivered to customers has increased, and we are investigating and working with our partners to turn this trend around.

Transport for incoming goods from our partner brands are booked and handled by our partner brands. This year we tried to estimate the emissions from these transports as well. We estimate emissions of 321,578 tCO₂e.

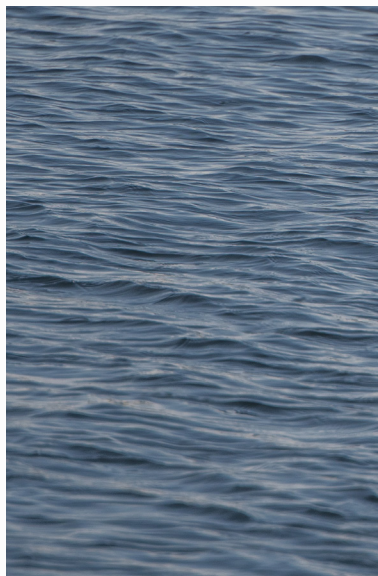
For our Own Brand goods, we have a policy that no air shipments are allowed from suppliers to our warehouse.



Due to delays in production we have received offers from suppliers that they can ship by air on their expense. But we have turned down these offers. We still need to use air transport for the samples sent to us during production development. At present we can't see any option to this, since producers need replies from us within a few days from shipping out samples. In 2021 these sample transports generated emissions of 6,74 tCO₂e (4,73).

”For our own brands goods, we have a policy that no air shipments are allowed from suppliers to our warehouse”

The shipment of produced goods for our own brands to our warehouse in Sandefjord was done almost solely by sea transport. From a greenhouse gas perspective, this is the best option. The distance from the port to our warehouse is about 20 km and we use trucks for the transport.



**FOR THE
PLANET**



Packaging

Fjellsport used during 2021 partly recycled plastic bags and partly recycled carton boxes.

Fjellsport is today using recycled plastic bags and partly recycled carton boxes. To the best of our knowledge using recycled plastic bags when possible and using carton boxes when necessary will give the lowest CO2 emissions. Plastic bags can be problematic from a waste perspective but at least in Norway the collection service of used packaging material, including plastic is well developed. So, in our opinion the biggest problem with the use of plastic is that it is made from chemicals sourced from fossil fuels. But given the choice to change to a material that would cause more CO2e emissions, we have chosen to continue using recycled plastic bags.

Fjellsport is a member of Norsirk. This is a Norwegian, nationwide take-back and recycling system for packaging, electronics and

batteries. Through Norsirk we meet our obligations as an importer of packaging materials and products that Fjellsport imports into Norway.

Shipping labels used are Thermo NXT which has a smaller footprint compared to the standard Thermo labels.

During 2021 we changed from a 100% virgin plastic tape to a tape containing 30% recycled material.

1% for the Planet

In 2021 one more of our Own Brands, Sydvang, joined the 1% For the Planet organization. Urberg has been a member for many years. This is an international organization whose members contribute at least one percent of their annual sales to environmental causes. The mission is to build, support and activate an alliance of businesses financially committed to creating a healthy planet.

Waste management

Fjellsport cooperates with Ragn-Sells in collecting and recycling our waste. In 2020 our operations generated a total of 181 233 kg waste. Our action from 2020 to reuse wooden pallets instead of recycling them after one

use, has resulted in a great reduction of wood waste in 2021. Our next challenge will be to find ways to reuse, instead of recycling, our cardboard and paper. The breakdown of waste materials was as following:

Amount of waste 2021 (2020)

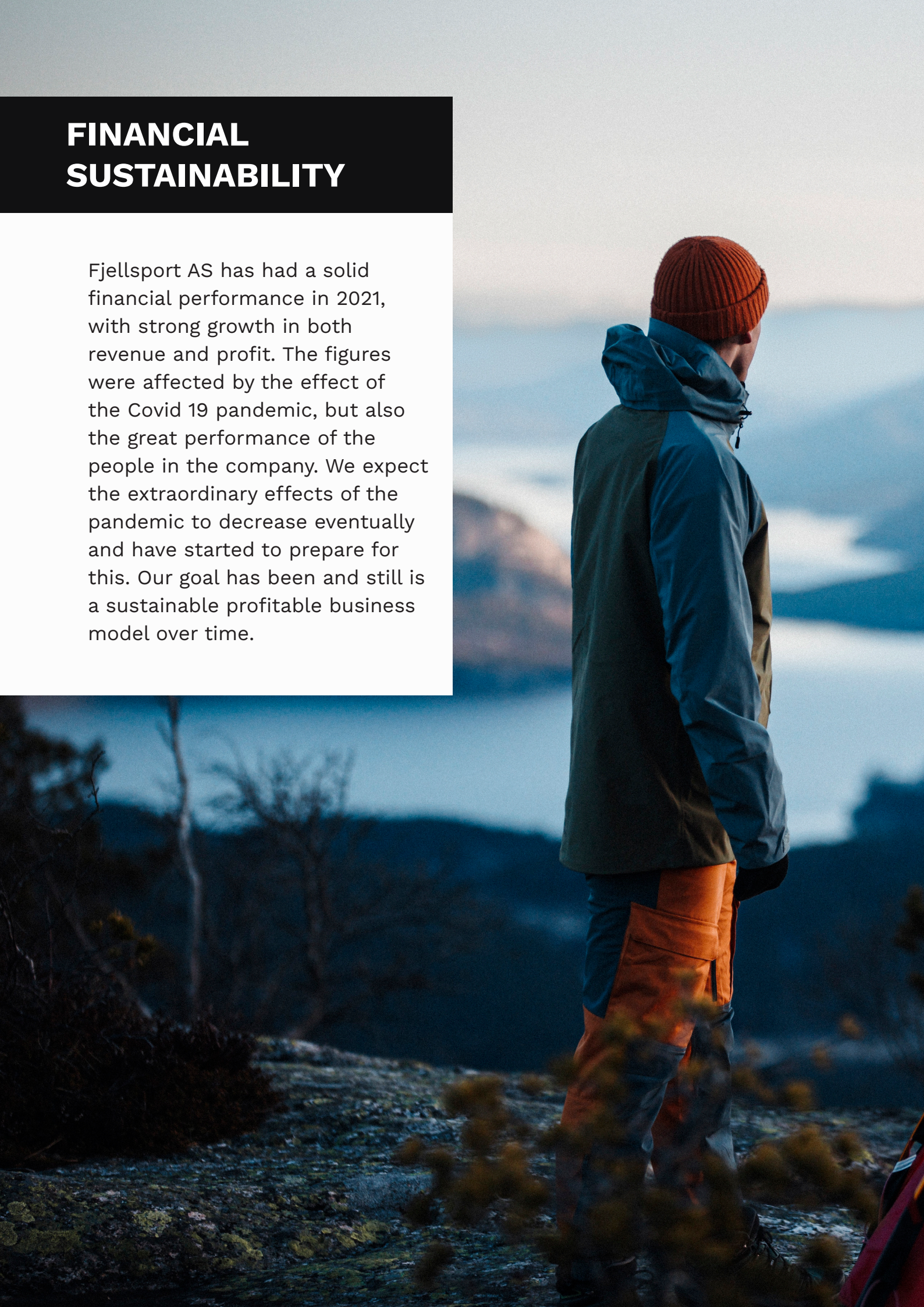
Cardboard and paper	131 170 kg (91 855 kg)
Wood	24 890 kg (42 570 kg)
Unsorted combustible	13 570 kg (11 300 kg)
Plastic	7 170 kg (7 265 kg)
Waste for sorting	2 650 kg (1 040 kg)
Electronic waste	411 kg (170 kg)
Mixed glass and metal	280 kg (160 kg)
Complex	160 kg (340 kg)
Lamps	0 kg (20 kg)
Batteries	0 kg (10 kg)

92% of the waste was sorted. The remaining 8% is unsorted combustible.

Fjellsport joined the Lexmark Cartridge Collection Program in 2020, meaning that Lexmark collects our empty printer cartridges to reuse and refill. The cartridges are designed to be reusable up to 10 times before recycling. All except one printer at Fjellsport are of the brand Lexmark.

FINANCIAL SUSTAINABILITY

Fjellsport AS has had a solid financial performance in 2021, with strong growth in both revenue and profit. The figures were affected by the effect of the Covid 19 pandemic, but also the great performance of the people in the company. We expect the extraordinary effects of the pandemic to decrease eventually and have started to prepare for this. Our goal has been and still is a sustainable profitable business model over time.



SUPPORTING SOCIETY, AND OUTDOOR LIFE

We want people to have access to nature, be able to participate in activities and to spend more time outdoors. We therefore cooperate with partners that promote inclusiveness and outdoor activities. During 2021 we have continued to support both Kirkens Bymisjon and local voluntary organizations. We also started supporting Trees for All during 2021.

Kirkens Bymisjon Sandefjord og Stokke

Kirkens Bymisjon (The Church City Mission) is an inclusive, nonprofit organization, which works in towns and cities across Norway, among people who face challenges in life for various reasons. Their vision is that people in the city shall experience respect, justice, and care.

Local voluntary organizations

Fjellsport supports several other local voluntary organizations around Sandefjord, mainly through discount agreements with the organizations, and will continue to do so in 2022.

1% For the Planet and Trees for All

Within the cooperation with 1% For the Planet, that our own brands, Urberg and Sydvang, have joined, we are committed to donate 1% of the revenue to the nonprofit partners of 1% for the Planet. Donations for the sales generated in 2021 have been given to Trees for All.

Trees for all is a public benefit organization with over 20 years of experience working for a better climate. With the help of donations they plant new forests and restore degraded forests.





