

A photograph of three hikers with backpacks walking up a grassy, rocky mountain trail. The hiker on the left is wearing a green jacket and black pants. The hiker in the middle is wearing a yellow jacket and black pants. The hiker on the right is wearing a teal jacket and black pants. They are walking towards the right side of the frame. The background shows a cloudy sky and distant mountains. In the foreground, there is a body of water reflecting the sky and the hikers.

FJELLSPORT

SUSTAINABILITY

2022

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SUMMARY

Summarizing 2022, there are a few things that stand out, and milestones that we are proud that we could achieve.

The first one is that we started using a “book and claim” system for our sea transport during this year. This is a system based on mass balance strategy and insetting. We believe this is part of the solution on how to reduce emissions from the sea transport sector.

Secondly, we sat down with all managers in both Fjellsport and our sister company, Outnorth, to discuss what measures each department could take in order to make our companies more sustainable. The result was “Sustainability the Outnordic Way”.

During 2022 we welcomed the Norwegian company, Skitt Fiske into our sustainability team for Outnordic, and we are now three companies working closely together, Fjellsport, Outnorth and Skitt Fiske.

In this year’s greenhouse gas emissions assessment, we can already see the effect of switching to biofuel for our sea transport. Emissions from sea transport were down by more than 50%.

About this report

This is the sustainability report for Fjellsport AS (989 710 338). The report covers the accounting year of 01 Jan 2022 – 31 Dec 2022. 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 and almost all the customers are end consumers. Around 85% 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 2022 shows that more

than 99% of the emissions come 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 related to the 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.



FINANCIAL SUSTAINABILITY

After a boost in sales in 2021 due to the pandemic, 2022 proved to be a challenging year for us. We expected a reduced demand for outdoor products, but we had not anticipated the war in Ukraine, a significant increase in electricity prices, inflation, rising grocery prices, and interest rate hikes. The whole industry got caught

in a situation with high inventory levels and a noticeable reduction in demand due to pressure on private economies. This led to heavy price pressure and reduced profitability. The year concluded with a slight decrease in sales compared to 2021, and a marginal negative result.



SOCIAL COMPLIANCE

Code of conduct

A cornerstone for our social compliance work is our membership in amfori BSCI. In 2022 we used 79 different suppliers for the products we produced under our Own Brands. Out of these 79 suppliers, 78 have valid BSCI audits, we have 1 European factory, where we have not been able to push for audits according to BSCI. This is a significant improvement from last year.

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. We use the same code of conduct for all our suppliers of goods.

Transparency

We have updated the list of our garment producers and the tanning factories used for footwear. 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.

Animal welfare

Fjellsport will not handle products containing 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.





PERSONNEL

Strong culture

We believe in learning by doing and activities and learning labs in the outdoors for all employees are big parts of the Fjellsport culture. Our main event is Camp Fjellsport which is mandatory for all employees and takes place three times a year, during winter, spring, and autumn. Other events

that took place during the year are winter expeditions at Finse, several overnight hikes with focus on sleeping outdoors, climbing and hunting trips. In all activities the focus is directed towards culture building in combination with product training and the goal is to build competence towards our vision of being a category expert within the outdoor market. In addition, these activities help in building a strong company culture.

Our employee survey is conducted twice a year, and the results show a high degree of satisfaction over time. The employees in general say that they experience a great degree of freedom of opinion and management support. We find potential for improvement within equality and response to complaints of misconduct. Throughout the year, workshops have been held where all employees have been included and given the opportunity to make suggestions for improvements. One of the measures that has been put in place is an electronic whistleblowing system that makes it both easier and more accessible to report misconduct.

Onboarding new employees

Throughout the year we have taken on many new employees, and it has been important to ensure a warm welcome and good onboarding. We have emphasized getting in place an onboarding program that ensures that everyone gets a great understanding of both the company and the e-com business through both practical work and presentations from all our different departments.

Accessing the basics

One of our priorities has been to update our guidelines, policies, and personnel handbook. In addition, we have made these more easily accessible by launching an online system. The system also includes a new personnel register where we now collect all personal information and documents in connection with the working conditions in order to ensure data security and compliance with the GDPR legislation

Getting back to normal after the pandemic

In February, the last national restrictions related to COVID-19 were lifted. This allowed people to return to the office and we experienced a high degree of presence and well-being in the workplace. Despite this, we learned that the long period with a home office created expectations of a long-term solution with flexibility and the possibility to work from home. Our experiences during the pandemic showed that this can be a good solution for both company and employees, and we have implemented a home office policy that gives office employees the option to work from home twice a week.

As a result of removed measures to prevent the spread of the coronavirus, there has been an expected increase in sick leave on a national level this year. The sick leave in Fjellsport was 6,28% in 2022. We saw the largest increase in both the first and fourth quarters with February as the highest month with sickness absence of 8,76%.

- In total 197 employees worked for Fjellsport during 2022. 113 men (57%) and 84 women (43%)
- Number of FTEs: 102, 56 men (54%) and 46 women (46%).
- The rate of sick leave was 6,28% (3,28% in 2021).





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. During 2022 we have been working together with consultants in order to minimize the risk of producing and selling products with hazardous chemicals.

We have improved the way we track all the single parts of the garments we produce and have now better support from our product management system in this process. We continuously increase the degree of nominated trims and materials in the products we produce.

All suppliers for our Own Brands production have signed contracts ensuring that they follow European, Swedish and Norwegian chemical legislation.

Although it is still a small

initiative, we want to mention that we continued with our range of products without dying, called ZeroColor.

”During 2022 we have been working together with consultants in order to minimize the risk of producing and selling products with hazardous chemicals.”

Consumption

One of our goals is still to grow faster than the market, and we did run a lot of campaigns during the year. With our campaigns and other communication towards our customers we have worked on increasing the share of guides and information on how to maintain and repair products. 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.

Circular Economy

Our sister company Outnorth did in December 2022 launch a “Reuse” section on Outnorth.se, together with the startup ReCRQL. Here customers are able to resell outdoor products to other customers, C2C. We hope this will help to prolong the use of the products sold. We will take part in the learnings and the development of the “Reuse” project before possibly implementing it on Fjellsport.

We have continued the collaboration with Kirkens Bymisjon (The Church City Mission) and we have started a new collaboration with Andebu Frivilligsentral. On several occasions throughout the year, we have donated products to the organizations mentioned. Donations have been products that we cannot sell as new, due to reasons such as minor damage to the product, missing parts or packaging. We also donated new products without faults that supplemented the product offering and need at the organizations. The organizations make sure the products get a prolonged life by lending them for free, giving products to persons in need, or using them at their events and arrangements. We are really committed not to throw away or dispose of any products that could get a second life.



Both organizations are connected to the Norwegian BUA-network that is a non-profit foundation, gathering the country's sports and outdoor equipment centers under a common umbrella, to make the lending of equipment, shoes and clothes easier and more accessible to more people. BUA contributes to inclusion, better public health and reduced consumption by lending sports and outdoor equipment for free to everyone who wishes to lend equipment, shoes or clothes.

Climate

For 2022 we included the same Scope 3 emissions as last year in our greenhouse gas emissions assessment. We have had problems collecting data from our web hosting suppliers, so that source of emission is still not in the report. We

did get some reports indicating that this source of emission is a small part of our total emissions.

Fjellsport still has no company owned or leased cars.

The emissions for 2022 are higher than for 2021, both in absolute numbers and in relation to turnover per year. For many separate activities within the scopes, we have reduced our emissions in 2022, but Fjellsport did expand the AutoStore logistic system, and made other changes to the interiors in the warehouse and the office. Therefore, the emissions from capital goods are as high as 2 870 tCO₂e, making it 23% of our total emissions of 12 173 tCO₂e for 2022. We are expecting and aiming to have a decrease in emissions in relation to turnover for 2023.

Fjellsport's total emissions measured in tCO₂e 2022 (2021)

Scope 1
0 tCO₂e (0)

Scope 2
4,12 tCO₂e (4,59)

Scope 3
12 169 tCO₂e (11 014)



Travelling

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

During 2022 we changed the policy. Now, if there is a possibility of travelling by any other means of transport in 5 hours or less, we are not allowed to travel by air. We think this makes more sense and that it is an improvement to the policy.

Transport of goods

During 2022 we did a few changes in transport options to our customers:

- In the beginning of 2022, we removed Postnord as a home-delivery option for small parcels for our customers to choose from.
- At the end of 2022 we added the home-delivery mailbox (pakke i postkassen) as an option for customers.

Now we work with 2 different partners for outbound shipments. All customers also have the option to pick up the parcel from our pickup point in Sandefjord.

For incoming goods of our Own Brand production, we now have

a solution in place where we, through the principle of mass balance, can claim the use of biofuel for all our shipment of our own brand goods. This has dramatically decreased reported emissions from these shipments.

As before, we have not used any air transportation of incoming goods for our own brands in 2022. The drop shipment solution for our sister company Outnorth continued in 2022. This means that, when possible, orders placed with Outnorth.no were delivered from our warehouse in Sandefjord Norway. This shortens the distance we need to transport goods to end consumers and leads to lower emissions of greenhouse gas.

In 2022 we also had to store goods in a 3PL warehouse, and transport between our warehouse and the 3PL warehouse is also included in the climate reporting.

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

Packaging

Fjellspport is today using 100% 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 materials, including plastic, is well developed.

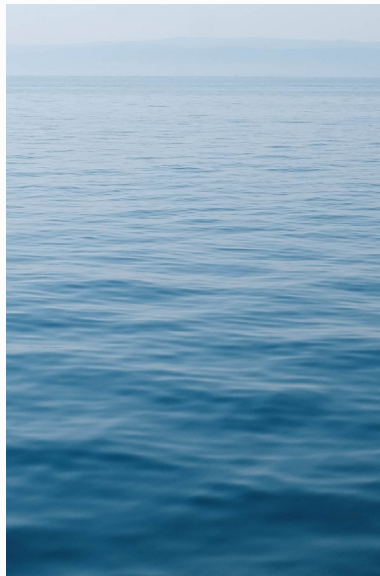
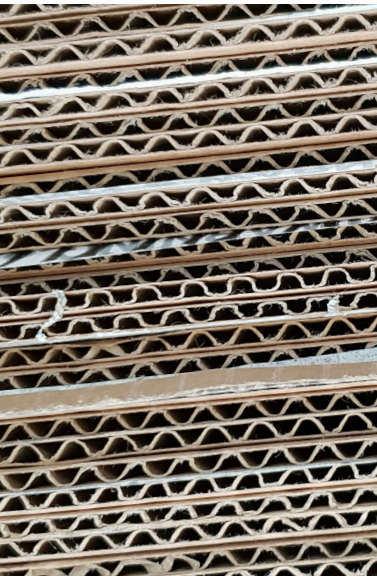
So, in our opinion the biggest problem with the use of plastic is that it is made from chemicals sourced from fossil fuels. Using plastic bags for suitable products reduces the amount of airspace in our packages, fitting more packages on each delivery truck.

During 2022 we started phasing out the physical packing list to the shipments. The result today is that we ship our orders without a physical packing list. Earlier we added the packing list on a shipping label into the shipments, but today we don't print or add physical packing list to the shipments, which saves a lot of material yearly.

In 2022 we have changed the shape of the recycled plastic bags. We removed the handle on top of the bag and the additional adhesive tape and reduced the amount of materials used per plastic bag with those small changes.

We also changed from using 20my film to 10my film on our pallet wrap machine. The estimated saving from our supplier is a 53% reduction in material.

All actions resulted in a total average reduction of 2,5% in packing material per parcel for 2022 compared to 2021.



Waste management

Fjellsport cooperates with Ragn-Sells in collecting and recycling our waste. In 2022 our operations generated a total of 175 205 kg

waste, an absolute reduction by 3,3% from 181 233 kg in 2021. The breakdown of waste materials was as following:

Amount of waste 2022 (2021)

Cardboard and paper	116 670 kg (131 170 kg)
Wood	27 000 kg (24 890 kg)
Unsorted combustible	16 710 kg (13 570 kg)
Plastic	5 040 kg (7 170 kg)
Organic and food packaging	3 550 kg (new)
Waste for sorting	3 130 kg (2 650 kg)
Concrete and bricks	1 700 kg (new)
Complex	740 kg (160 kg)
Mixed glass and metal	385 kg (280 kg)
Electronic waste	280 kg (411 kg)
Lamps	0 kg (0 kg)
Batteries	0 kg (0 kg)

90% of the waste was sorted. The remaining 10% is unsorted combustible.

From the start of 2023 we'll also sort textiles as a separate fraction, and we are looking at options and partners for recycling of fabrics.

SUPPORTING SOCIETY, AND OUTDOOR LIFE

Within the cooperation with 1% For the Planet, our Outnordic own brands Urberg and Sydvang are members, and Outnordic are committed to donate 1% of their yearly revenue to the nonprofit partners of 1% For the Planet. Urberg has been a member for many years and Sydvang since 2021. Both Sydvang and Urberg completed the 1% For the Planet donations and certifications for 2022, and memberships are continued for 2023.

1% For the Planet is an international organization whose members contribute at least one percent of their annual revenue to environmental non-profit organizations. Their mission is to build, support and activate an alliance of businesses financially committed to creating a healthy planet.

We want people to have access to nature, be able to participate in activities and to spend more time outdoors. We therefore support partners and organizations that promote inclusiveness, outdoor activities and the sustainability agenda.

During 2022 Fjellsport has made donations for our own brand Sydvang and supported the following organizations.

Naturvernforbundet

In 2022 we supported Naturnvernforbundet in Norway with a monetary donation.

Protect Our Winters Norway (POW)

In 2022 we supported POW Norway with a monetary donation.

Trees for All

Trees for All is a Public Benefit Organization (ANBI) with over 20 years of experience working against climate change and the loss of biodiversity. With the help of donations, they plant new forests and restore degraded forests. We made climate compensations through Trees for All supporting the project in Mexico.

Kirkens Bymisjon Sandefjord & 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. They are connected to the BUA-network, lending equipment free of charge in Sandefjord and Stokke. During 2022 we donated products as in-kind donations to Kirkens Bymisjon.

Andebu Frivilligsentral

Andebu Frivilligsentral is a local organization connected to the BUA-network, lending equipment free of charge in Andebu and Sandefjord. During 2022 we donated products as in-kind donations to Andebu Frivilligsentral.

Local voluntary organizations

Fjellsport supports small local voluntary organizations around Sandefjord, mainly through discount agreements with the organizations, and continued to do so in 2022.



