



# OUTNORTH SUSTAINABILITY

2022



**outnorth**<sup>®</sup>

# INTRODUCTION

In media, the climate crisis has maybe got less covering this year. Other horrifying events have taken over. But we all know that this is no reason for us as a company to lower our efforts.

During 2022 we got a lot of attention for what we have done so far in terms of becoming a more sustainable company. Both internally within the Egmont family and amongst other companies and customers. We are proud of that, but we also know we have a long way to go. We will keep up the work also for the coming years.

Outnorth reached a few milestones during 2022. We started using biofuel for our sea transports, we launched an option for our customers to shop used products and we published a handbook for our sustainability work – “Sustainability the Outnordic Way”.

When it comes to our work within the sustainability field, I think the handbook might be the most important thing we did in 2022. To continuously find improvements in our business is crucial and on that we all need to work together. Let's hope of a more peaceful year to come.

Harald Ennen  
CEO

# CONTENT

## 4. SUMMARY

## 5. BUSINESS MODEL

## 6. SOCIAL COMPLIANCE

- 6.1. Code of conduct
- 6.2. Transparency
- 6.3. Anti-corruption
- 6.4. Human rights
- 6.5. Animal welfare

## 7. PERSONNEL

## 9. ENVIRONMENT

- 9.1. Chemicals
- 9.2. Consumption and Circular economy
- 9.3. Preferred attributes
- 9.4. Sensus study circles
- 9.5. Climate
- 10. Travelling
  - 10.1. Transport of goods
  - 10.2. Packaging
- 11. 1% for the Planet
- 11. Waste management

## 12. FINANCIAL SUSTAINABILITY

## 13. SUPPORTING OUTDOOR LIFE

- 13.1. Friluftsförbundet
- 13.2. The Swedish Tourist Association
- 13.3. Adventure Academy
- 13.4. Trailrunning Sweden
- 13.5. Swedish Climbing Federation

## 14. SUPPORTING NATURE

- 14.1. WWF
- 14.2. Naturskyddsföreningen
- 14.3. Naturarvet
- 15. Danmarks Naturfredningsforening
- 15. John Nurminen Foundation

# SUMMARY

Summarizing 2022 there are three things that stand out, three 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 transports 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 Outnorth and our sister company, Fjellsport, to discuss what measures each department could take in order to make our companies more sustainable. The result was “Sustainability the Outnordic Way”.

And thirdly, during the last couple of days in 2022 we where able to offer our customers to sell used products in cooperation with the company Recrql. Using the products for the full lifecycle is one of the most important drivers to a more sustainable outdoor lifestyle.

During 2022 we welcomed the Norwegian company, Skitt Fiske into our sustainability team and we are now 3 companies working closely together, Outnorth, Fjellsport and Skitt Fiske.

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



## ABOUT THIS REPORT

This is the mandatory sustainability report for Outnorth AB (556709-7349) as stipulated in årsredovisningslagen (Swedish accounting law). 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.



# OUT NORTH TH

## **BUSINESS MODEL**

Outnorth is selling clothes, shoes and equipment for outdoors activities to customers mainly in the Nordic countries and Germany. Almost all business is conducted online and almost all of the customers are end consumers. 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.

Almost all of our emissions come from Scope 3 emissions - indirect emissions from the value chain.

# 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. So, 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

Outnorth 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 Outnorth 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 during 2022 implemented new attesting routines. Guidelines for how to handle gifts and representation are found in Outnorth's personnel manual.

## Human rights

Human rights in Sweden are well protected. Outnorth is of course following Swedish 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

Outnorth 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. Outnorth is part of pälsfri butik (non-fur store) and is not selling products with animal fur.





- 53,2% (50,3) of employees are female and 46,8% (49,7) are male. This is based on 158 (151) FTE calculation, with 84 (76) female and 74 (75) male employees.
- Rate of sick leave was 5,5 % (4,6).
- Outnorth hired 66 (68) new employees and 68 (91) employees left the company.

These figures include permanent employees, substitutes and probationary employment. By the end of the year these categories sum up to a total of 158 (151) employees.



## PERSONNEL

Due to the past years' challenges, we have learned new ways of working and we are more flexible as employer, employee, and manager. The balance between work and life has become more important than ever and we have set new guidelines; 3 mandatory days on-site and Monday is the day where all employees meet in the offices for common activities such as for example information meetings. 2 days a week you have the opportunity for home office.

We have many of our meetings via teams and not on-site, that saves us some travels between our locations. But we also understand the importance of seeing each other for the psychosocial aspect. Our warehouse workers work 100% on-site and cannot work from home, this means that the sick leave percentage is still higher than before the pandemic.

During the year, we placed a great deal of focus on our work environment. We have trained two safety representatives at our warehouse who represent employees in work environment matters to minimize any work-related risks and to secure a good dialogue and cooperation. Our managers have also attended 3 days working environment training, to feel confident and have more knowledge of what lies in the responsibility as a manager and employer.

During the year we have seen a greater demand for information from the organization and have now updated with monthly information meetings and started a new digital community for communication.







# ENVIRONMENT

## Chemicals

Outnorth 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 and Swedish chemical legislation. Although it is still a small initiative, we want to mention that we continued with our range of products without dyeing, called ZeroColor.

## Consumption and Circular economy

During December 2022, together with the startup ReCRQL, we launched a "reuse" section on Outnorth.se. Here our customers are able to resell outdoor products to other customers. We hope this will help to prolong the use of the products we sell.

On Outnorth'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.

## Preferred attributes

As a lead to visualize the large amount of our products that have a sustainability label on it we have started a project marking these out online. Only third-party labels and methods that we know make a difference are used. These are explained on a preferred attributes-site. Outnorth now has a preferred attribute tag applied to 24% of the total products.

## Sensus study circles

Sensus is a Swedish study association focusing on public education within different topics, where sustainability is one of them. During 2022 Sensus held several study circles where they taught how to repair and reuse clothes and equipment. Outnorth has contributed by sending products that could not be put up for sale for various reasons and in that way those products have been given a new life and contributed to educating about how to extend the life of outdoor products.

## 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 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 low.

The setup of a new warehouse in 2021 is a big factor in why the emissions have dropped between 2021 and 2022.

### Outnorth's total emissions measured in tCO<sub>2</sub>e

Outnorth's total emissions in Scope 1  
sums up to 0,6 tCO<sub>2</sub>e (1,78)

Outnorth's total emissions in Scope 2  
sums up to 30 tCO<sub>2</sub>e (25,6)

Outnorth's total emissions in Scope 3  
sums up to 13 084 tCO<sub>2</sub>e (21 072)

## Travelling

In 2021 we adopted a new policy for business travel where we abandoned short flights. The policy used to be that if there is 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 to travel 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 improved policy.

## Transport of goods

In 2022 we added Instabox and Budbee as options for our customers to choose from. So, we now work with 6 different partners for outbound shipments.

For incoming goods, we have now a solution in place where we, through the principle of mass balance, can claim the use of bio-fuel for all our shipment of 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 Norway together with our sister company Fjellsport continued in 2022. This means that, when possible, orders placed with Outnorth.no were delivered from Fjellsport's lager in Sandefjord Norway. This shortens the distance we need to transport goods to end consumers and leads to lower emissions of greenhouse gas.

## Packaging

Outnorth 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 Sweden 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.

Outnorth is affiliated with FTI (förpacknings & Tidningsinsamlingen). FTI is a Swedish, nationwide recycling system for packaging. Through FTI we meet our producer obligations when it comes to collection and recycling packaging.

Flyers that are included in our shipments to consumers are printed according to Nordic Swan Ecolabelling.



## 1% for the Planet

Urberg and Sydvang are members of 1% For the Planet and thanks to the increased annual turnover from these two brands we can also increase our donations to the affiliated NGOs.

## Waste management

We cooperate with Stena recycling in collecting and recycling our waste. In 2022 our operations generated the following amounts of waste. Part of the decrease in some of the numbers is an effect of moving our warehouse from Växjö to Göteborg during 2021. The move triggered extra waste in terms of packaging materials.



During 2022 we also sent 259 kg of IT equipment for recycling or reuse. For example, 17 laptops and 6 stationary computers could be reused.

A total of 25 items were reused and 34 items were recycled. This was done together with the company Atea and their concept called "Goitloop".

Corrugated cardboard	213 150 kg (224 700)
Plastic	440 kg (9 405)
Combustible waste	35 600 kg (49 735)
Wood	17 000 kg (51 220)
Paper	1 153 kg (1 615)
Waste for sorting	1 160 kg (18 080)
Glass	57 kg (0)

A person wearing a green jacket and dark pants is walking away from the camera on a dirt path through a dense forest. Sunlight filters through the trees, creating a dappled light effect on the ground. Large, semi-transparent text is overlaid on the image.

# OUT IN FOR

## **FINANCIAL SUSTAINABILITY**

After a pandemic effect on sales where both our product segment and e-commerce as a whole got a sales boost, we returned to more of a normal business in 2022. We were able to maintain our turnover level from 2021 with profitability. Our gross margin came under pressure, both from a strong dollar, high freight costs and a lower demand.

# SUPPORTING OUTDOOR LIFE

We want people to spend more time outdoors. It therefore makes a lot of sense to cooperate with partners that promote outdoor activities and outdoor life. This list contains our major partners.

## Friluftsförbundet

Friluftsförbundet (Swedish Outdoor Association) is a Swedish non-profit NGO, actively promoting an outdoor lifestyle since 1892. The purpose of Friluftsförbundet is to further public health and well-being in society. The core and foundation of Friluftsförbundet is its 300+ local clubs with their certified and experienced voluntary guides.

## The Swedish Tourist Association

The Swedish Tourist Association, founded in 1885, aims at promoting outdoor life and knowledge among the Swedes about their country. The Association maintains a variety of trails, huts and hostels in different parts of Sweden. The association has approximately 300,000 members, employing about 500 people of which 400 for seasonal work, for instance as landlords for 45 fell huts and 10 larger fell hostels.

## Adventure Academy

Adventure Academy is a unique education where some of Sweden's most well-known adventurers will guide the applicants along their way towards an adventure of their lifetime.

## Trailrunning Sweden

Trailrunning Sweden is an organization focusing on inspiring people to discover all the benefits that comes from running in the nature and educate about training and its importance. They arrange two running competitions in Sweden every year and also arrange different running trips both within and outside Sweden.

## Swedish Climbing Federation

Swedish Climbing Federation is an organization that works to make climbing accessible and safe. The federation gathers around 80 local climbing clubs all over Sweden with a total of about 16 000 members. Climbing is growing as a leisure interest and the membership number has doubled during the last 10 years.



SWEDISH  
TOURIST ASSOCIATION



Svenska  
Klätterförbundet





# SUPPORTING NATURE

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 2022 goes to WWF, Naturskyddsföreningen, Naturarvet, Danmarks Naturfredningsforening, Trees for All and John Nurminen Foundation\*.

\*In some cases, the donations for 2022 are made in the beginning of 2023 which is in line with the 1% for the Planet's regulations.

## WWF

WWF was established in 1961 and operates in more than 100 countries. WWF currently funds around 1,300 conservation projects globally and employs 6,000 people across the planet. The organization is almost unique in that it has a presence from the local to the global level talking to local people in the central African rainforests, through to face-to-face discussions with institutions such as the World Bank and the European Commission. At every stage, when WWF works with local people, we work with partners and donors. Nothing, absolutely nothing, would have been possible or remain possible without them.

## Naturskyddsföreningen

Naturskyddsföreningen (The Swedish Society for Nature Conservation) is a non-profit environmental organization with the power to bring about change. We spread knowledge, chart environmental threats, propose solutions and influence politicians and authorities, both nationally and internationally. Under democratic forms, we work with around 40 organizations in Africa, Asia, Latin America and Eastern Europe, and also participate in various networks globally and within the EU.



## Naturarvet

Naturarvet was founded in 2004 under the name "A click for the forest" and works to preserve the last Swedish old-growth forests by buying forest land with high conservation value and preserving it forever. Old-growth forests are vital habitats for 50% of Sweden's threatened plants and animals. It is not enough to preserve small plots of fragmented old-growth forest. Nature needs larger contiguous areas to preserve biodiversity.

## Danmarks Naturfredningsforening

Danmarks Naturfredningsforening (The Danish Society for Nature) is a membership organization that works to conserve nature and the environment in Denmark through local work, conservation, lobbying and specific projects. The organization consist of 130,000 members, 95 local divisions, 60 employees, 1500 volunteers.

## John Nurminen Foundation

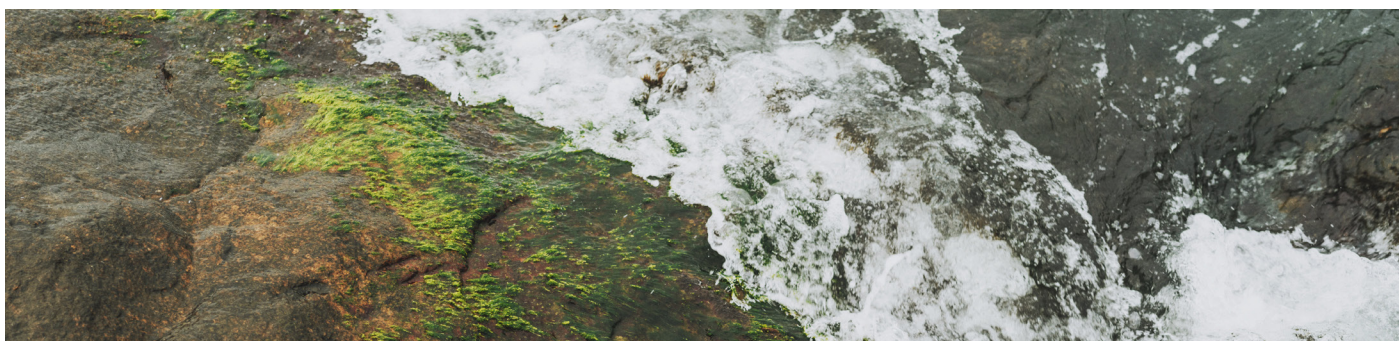
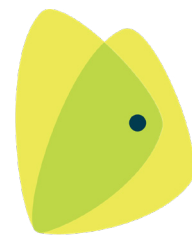
John Nurminen Foundation – Baltic Sea protection and marine culture.

Founded in 1992, the purpose of the John Nurminen Foundation is to save the Baltic Sea and its heritage for future generations. The Foundation has been awarded for its work as a communicator of information and producer of marine content. The goal of the Foundation's Clean Baltic Sea projects is to improve the condition of the Baltic Sea with tangible measures that will reduce the load and environmental risks directed at the sea. Our work is steered by measurable results and impact.

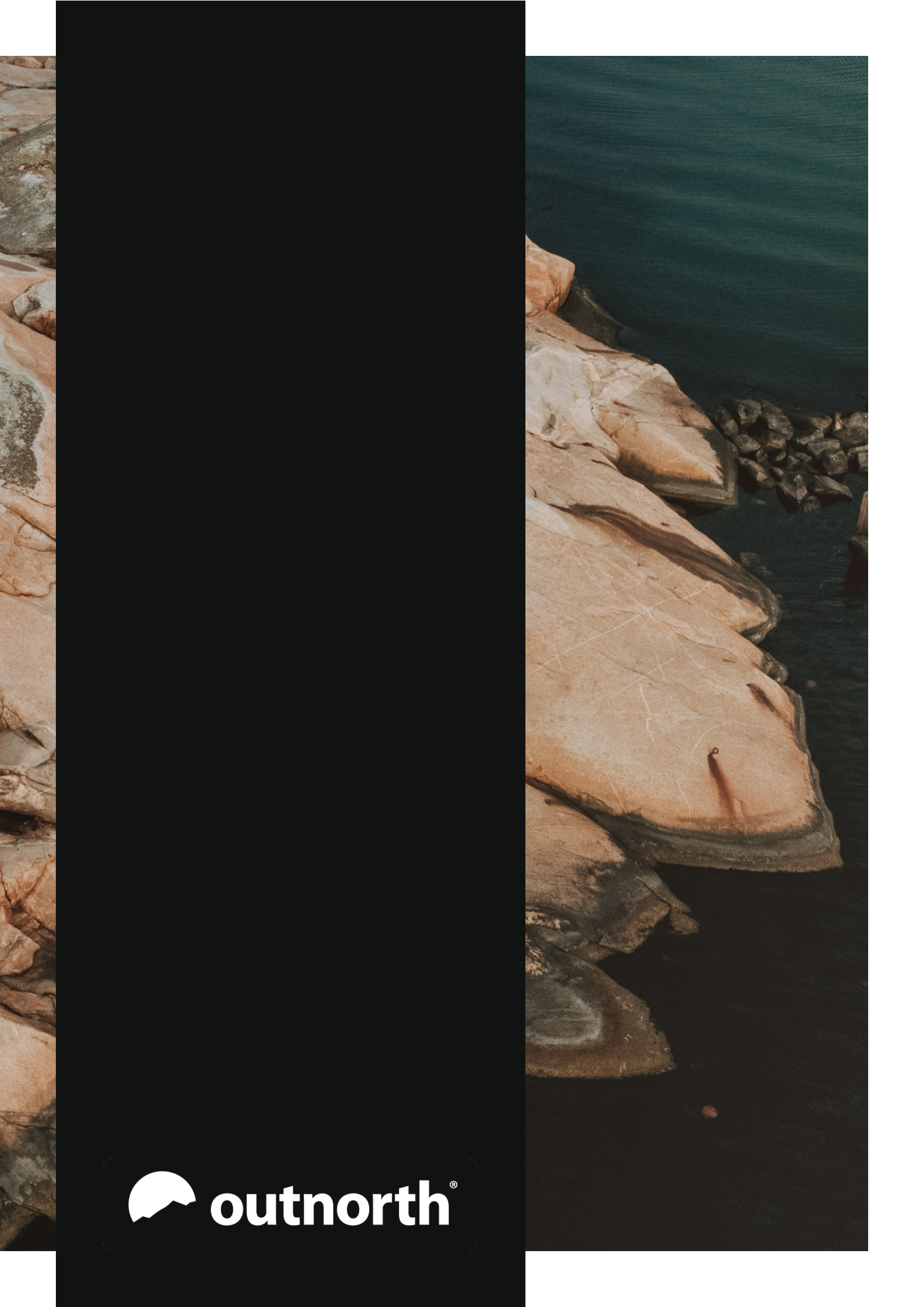


Naturskyddsföreningen

Danmarks  
Naturfredningsforening







 **outnorth<sup>®</sup>**