

 Fjellsport.no

FJELLSPORT SUSTAINABILITY 2023

Introduction

2023 was a challenging yet very eventful year for Fjellsport AS. The industry in general has struggled with high inventory levels in the aftermath of the pandemic, which throughout the year has benefited customers with a continuous stream of offers. We participated in this price-race in Q1, but quickly realized that this was not the way to go. Therefore, we deprioritize our growth ambitions, reduced purchases in good cooperation with our suppliers, and focused on a more profitable and sustainable direction.

We expect that the overall market conditions in 2023 have contributed to creating a lot of joy for both new and old outdoor enthusiasts, but at the same time, we truly hope that many have been able to resist some of the purchase pressure and have only acquired what they actually need. We love to sell, but we also hope that everything that leaves the warehouse is frequently used and enjoys a long, active, and sustainable life with its new owners.

A major and important event for us in 2023 was the merger with SkittFiske. SkittFiske is the ecommerce market leader within the fishing segment in Norway, and it has been inspiring to get to know many new colleagues. It has also contributed to further steps in our sustainability work, as we are now involved in many more product groups and must implement our principles in new areas.

Organizationally, there have also been some changes this past year, with a new CEO, CPO, and Sustainability Manager in place.

Although 2023 has been a turbulent year for many, we have continued to put in the effort to make a difference for the planet, people and animals. We have updated and improved our sustainability compass and guide "Sustainability the Outnordic Way" continued to reduce our total CO2 emissions compared to 2022 and conducted a Double Materiality Assessment (DMA) together with Egmont to be well-prepared for new EU directives such as ESRS and CSRD, which will come into effect soon.

We have received some thumbs up for steps we have taken to become more sustainable -our Egmont family and our customers have noticed, and we're very happy about that. But we're not done yet – there's still a long road ahead. We've set some goals for ourselves, and we're sticking to them. 2024 will be another year of working hard and making smarter choices for our planet.

- Frode Carm, CEO

CONTENTS

INTRODUCTION	2
SUMMARY	4
About this report	4
BUSINESS MODEL	5
FINANCIAL SUSTAINABILITY	6
SOCIAL COMPLIANCE	7
Human rights and working conditions	7
Transparency	7
Anti-corruption	8
Animal welfare	8
PERSONNEL	9
Merger of Fjellsport and SkittFiske	9
A challenging market situation	10
Satisfaction and engagement	10
A strong culture	11
Our people, the facts	11
ENVIRONMENT	12
Chemicals	12
Consumption	13
Circular economy	14
Climate	15
Energy and heating	18
Business travel	18
Transport of goods	18
Packaging	19
Waste management	21
1% for the Planet & SUPPORTING OUTDOOR LIFE	23
Trees for All	24
Kirkens Bymisjon Sandefjord & Stokke	24
Andebu Frivilligsentral	24
Local voluntary organizations	24

SUMMARY

Summarizing 2023, the merger with SkittFiske was an extensive process that naturally affected the organization throughout the year. From a sustainability perspective, our organization has become more complex and larger due to the merger. The organization has grown both in the number of physical locations, number of employees, product range, partner brand suppliers, and partners.

The focus was consistently on finding good solutions to achieve the goals of synergies and operational efficiencies, while it was also important to maintain employee satisfaction and motivation to succeed. Our employee surveys conducted for all employees during 2023 showed a minimal decrease in the results during the year, and we will continue to follow up the results to improve employee satisfaction and motivation.

Even though the merger took a lot of focus and resources throughout the year, we are proud that we maintained progress within different fields of our sustainability work. Here are a few highlights from this year's report.

In 2023, we achieved a notable absolute reduction in total CO₂ emissions, decreasing from 12,171 tCO₂e in 2022 to 10,198 tCO₂e in 2023, marking a 16.2% absolute reduction. In relation to revenue our emissions decreased by 24% from 2022 to 2023.

We have updated and improved our "Sustainability the Outnordic Way" and we conducted a Double Materiality Assessment (DMA) together with Egmont to be well-prepared for new EU directives such as ESRS and CSRD.

Within our Outnordic own brand department we started the collaboration with ChemAct. The tools enable us to work together with our own brand suppliers proactively, and further ensure that our products comply with the chemical legislation REACH.

About this report

This is the sustainability report for Fjellsport AS (989 710 338). The report covers the accounting year of 01 Jan 2023 – 31 Dec 2023. The comparison figures presented in this report refer to the previous year unless otherwise stated.

BUSINESS MODEL

Fjellsport sells clothes, shoes, and equipment for outdoor activities mainly to customers in the Norwegian market. About 97% of the business is conducted online, with the addition of one physical store in Sandefjord, and almost all the customers are end consumers. Around 85% of the products sold are from partner brands, and the rest of the business consists of our own brands.

As for previous years, our 2023 greenhouse gas emission assessment 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, has a significant impact on the environment as well.



FINANCIAL SUSTAINABILITY



Following Q1 2023, Fjellsport strategically shifted its focus toward enhancing profitability instead of pursuing revenue growth. This decision was made due to the continued uncertainty in the financial landscape. Financial sustainability through operational excellence, and balancing marketing efforts and inventory with demand, will remain crucial for us in the foreseeable future as well.

SOCIAL COMPLIANCE

Human rights and working conditions

To ensure human rights and working conditions are followed within our supply chain, a cornerstone for our social compliance work is our membership of amfori BSCI.

Within our own brand supply chain, during 2023 we reduced the number of suppliers to be able to follow up more closely on audit results from amfori BSCI and to drive progression on human right and working conditions in the factories where we have production.

For our partner brand suppliers, we implemented the BSCI code of conduct in 2020 as part of the contract regarding Corporate Social Responsibility and Environmental Requirements, signed by our partner brand suppliers. We have continued to use the same code of conduct for all our suppliers of goods in 2023.

Human rights and working conditions in Norway are well protected and for employees of Fjellsport we are following Norwegian legislation. We describe our efforts to improve working



conditions within our company further under the section Personnel.

Transparency

Fjellsport, as a Norwegian company, is obliged to comply with The Transparency Act, which entered into force on 1 July 2022, and aims to promote respect for human rights and decent working conditions, as well as to ensure the public's access to information. Fjellsport has taken measures to ensure that we meet the requirements and we have published our second statement, found under our sustainability page on our website.

We have also updated the list of our own brand garment producers, and the tanning factories used for footwear. The list is published on our sustainability page and shows the factories used for our own brands' production.

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.

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

Merger of Fjellsport and SkittFiske

In the fall of 2022, we began exploring how to increase collaboration and leverage synergies between the Egmont-owned companies Fjellsport AS and SkittFiske AS. The result was a decision to merge the two companies, which significantly impacted the organizations and many of our employees.

At the beginning of the year, employees at various levels in the companies were involved in the process of reorganizing the companies and making plans for future common functions. The new organization meant that many employees from the former SkittFiske moved to a new workplace and into Fjellsport's premises at Klinestadmoen in Sandefjord. Additionally, new teams were formed, and many received both new leaders and

new colleagues as part of the merger. The merger was an extensive process that naturally affected the organization throughout the year. The focus was consistently on finding good solutions to achieve the goals of synergies and operational efficiencies, while it was also important to maintain employee satisfaction and motivation to succeed.

In connection with the merger, it has been important to address the Environment, Health and Safety (HMS/Helse, Miljø og Sikkerhet) and to establish all the formalities regarding employees' working conditions as well as common policies, routines, and systems. This was achieved during the year, and we have also included employee representatives from SkittFiske in the working environment committee (Arbeidsmiljøutvalget/AMU) and made good progress with EHS (HMS) work such as safety inspections, risk assessments, and training.

A challenging market situation

This year's challenging market, with lower sales than expected, created an imbalance between income and expenses, making it necessary to take measures to

reduce payroll costs. One of the measures implemented was to deprioritize selected initiatives and utilize resources across departments. This allowed us to reduce the use of temporary staff in operational departments (warehouse, goods handling, and pick-up point) in Q2 and Q3. This provided good financial results and was an exercise that offered a lot of learning across company functions. However, we experienced that such a solution over time could affect employee satisfaction.

Satisfaction and engagement

We conduct employee surveys twice a year in collaboration with Egmont. The survey consists of 26 questions focusing on engagement, leadership, and satisfaction. In 2023, the surveys were conducted in April and September. The survey was conducted for the first time in SkittFiske in April, and from September, we received a combined result after the merger. We have a high participation rate in the survey with a response rate of 89% in April and 91% in September. The engagement score reached 7.8 in April and 7.7 in September, with a maximum score of 10.

A strong culture

In a year with major challenges for the organizations, we have managed to maintain our focus on culture and unity in the workplace. We have conducted our traditional events "Camp Fjellsport," where all employees spend time outdoors together, focusing on product training in combination with social interaction among colleagues. Employees from SkittFiske were invited even before the merger, contributing to building relationships among colleagues across the companies.



Our people, the facts

These figures include permanent employees, substitutes and probationary employment.

- In total 203 (197 in 2022) employees worked for Fjellsport during 2023.
- 127 (113 in 2022) men (63%) and 76 (84 in 2022) women (37%).
- Number of FTEs: 115.8 (102 in 2022), 75.8 men (66%) and 40.4 women (34%).
- The rate of sick leave was 6.6% (6.3% in 2022).

ENVIRONMENT

Chemicals

Within Outnordic, with focus on our own brand production, we made the decision to end our membership with the Swedish Chemicals Group (Kemikaliegruppen) and instead join the ChemAct network and platform.

With the ChemAct tools we are able to work together with our own brand suppliers proactively, and further ensure that our products comply with the chemical legislation REACH. The platform helps us identify the risk chemicals down to the component level and keeps us updated when there are changes and updates in the legislation. This is ongoing daily work, and we require that all our suppliers work with the tool. In addition to the platform, the network offers workshops, discussion forums and webinars to increase knowledge about the work around chemical work.

For our own brands department to increase in-house control and knowledge about chemicals in products, this was a step in the right direction.

Working with testing institutes, our own brands department has

increased the number of 3rd party chemical tests to a greater extent than before. We identify risk chemicals using ChemAct, and based on the risk we forward materials to testing institutes to further ensure compliance with chemical legislation.

For our own brand production, PFAS is on our block list in our agreement, which we send to our suppliers together with all orders. In other terms our own brand products should not contain any PFAS chemistry.

But to further raise awareness among our suppliers, and further ensure that our products are free of PFAS chemistry, we have during 2023 sent information to all suppliers to further educate them on where PFAS chemistry may be found. We have asked them to confirm and sign an agreement that the information is communicated and understood. The agreement states that the chemical must not be present in any of our products and that the supplier must alert us if it could occur anywhere, so we can act and make decisions on how the material can be replaced.

We have now further improved the way we track all the single parts of the garments we produce and have even 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 also for 2023 continued with our range of products without dying, called ZeroColor.

Consumption

As stated by our CEO Frode Carm in the report's introduction "The industry in general has struggled with high inventory levels in the aftermath of the pandemic, which throughout the year has benefited customers with a continuous stream of offers. We participated in this price-race in Q1, but quickly realized that this was not the way to go. Therefore, we deprioritize our growth ambitions, reduced purchases in good cooperation with our suppliers, and focused on a more profitable and sustainable direction."

We have continued our efforts to increase the share of guides and information on how to maintain and repair products.





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 and it helps us to optimize our product range based on true consumer comments.

Circular economy

In 2023 our plan was to evaluate Outnorths learnings from the launch of Reuse, in collaboration with reCRQL, to further consider a possible launch of a similar solution on Fjellsport. Due to that Outnorths launch of B2C sales on Reuse was delayed until 2024, our plan has been moved forward accordingly.

We have continued the collaborations with Kirkens Bymisjon (The Church City Mission) and with Andebu Frivilligsentral. We have from the end of 2023 included SkittFiske in the collaboration. On 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 needs at the organizations. The organizations make sure that the products get a prolonged life by lending them out 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.

Climate

In 2023, we achieved a notable absolute reduction in total CO2 emissions, decreasing from 12,171 tCO2e in 2022 to 10,198 tCO2e in 2023, marking a 16.2% absolute reduction. This significant decrease is primarily attributed to the reduction of emissions from "Category 2: Capital Goods," which accounted for 2,870 tCO2e in 2022.

In 2022 we expanded the AutoStore logistic system and made changes to the interiors in the warehouse and the office. During 2023 we had no such investments in our buildings. In relation to revenue our emissions have been reduced from 15.0 tCO2e per Million NOK in 2022, to 11.4 tCO2e per Million SEK in 2023, marking a reduction of 24%.

"In 2023, we achieved a notable absolute reduction in total CO2 emissions, decreasing from 12,171 tCO2e in 2022 to 10,198 tCO2e in 2023"

In our climate assessment and reporting, we included the same GHG scope 1, 2 and 3 categories as last year, and to our best knowledge we are covering most of our direct and indirect emissions in the reporting.



We are aware that more than 90% of our reported total emissions are connected to the production and materials of the products we buy and sell. This is our main share of emissions, but also one of the hardest for us to directly reduce, in relation to revenue.

Our own brand's we can impact more directly, but the share is less than 15% of the products sold. Regarding products from partner brands, we are dependent on our ongoing dialogue with suppliers and producers to reduce their emissions.

Therefore, the following section focuses on emissions from the remaining parts of our business.

We still have problems collecting data from our IT service partners and hosting suppliers, so those emissions are still not in the report. We have got reports indicating that these sources of emissions are low. We will continue our efforts to collect emission data from our suppliers and partners.

As explained further down in the report a minor share of our total waste for 2023, connected to the merger with SkittFiske, is not included in the climate reporting. The waste excluded is indicated to be a small share of our total waste.

In scope 3 we have actual emission data for most categories, but

emission data from production of products, both of own brands and partner brands, are calculated based on emission factors and purchase sums.

- **Our emissions from upstream transportation decreased by 28.4% to 277 tCO₂e, and emissions from our downstream transportation decreased by 11.4% to 41 tCO₂e.**
- **The emission from our employees commuting increased by 34.1% to 90 tCO₂e. The increase is both related to the merger with SkittFiske increasing the number of employees by 13.5%, but also less employees working from their home offices compared to 2022.**
- **Emissions from business travel decreased by 26.2% to 9.23 tCO₂e.**
- **Fjellsport now has one fully electric van, as a result of the merger with SkittFiske.**

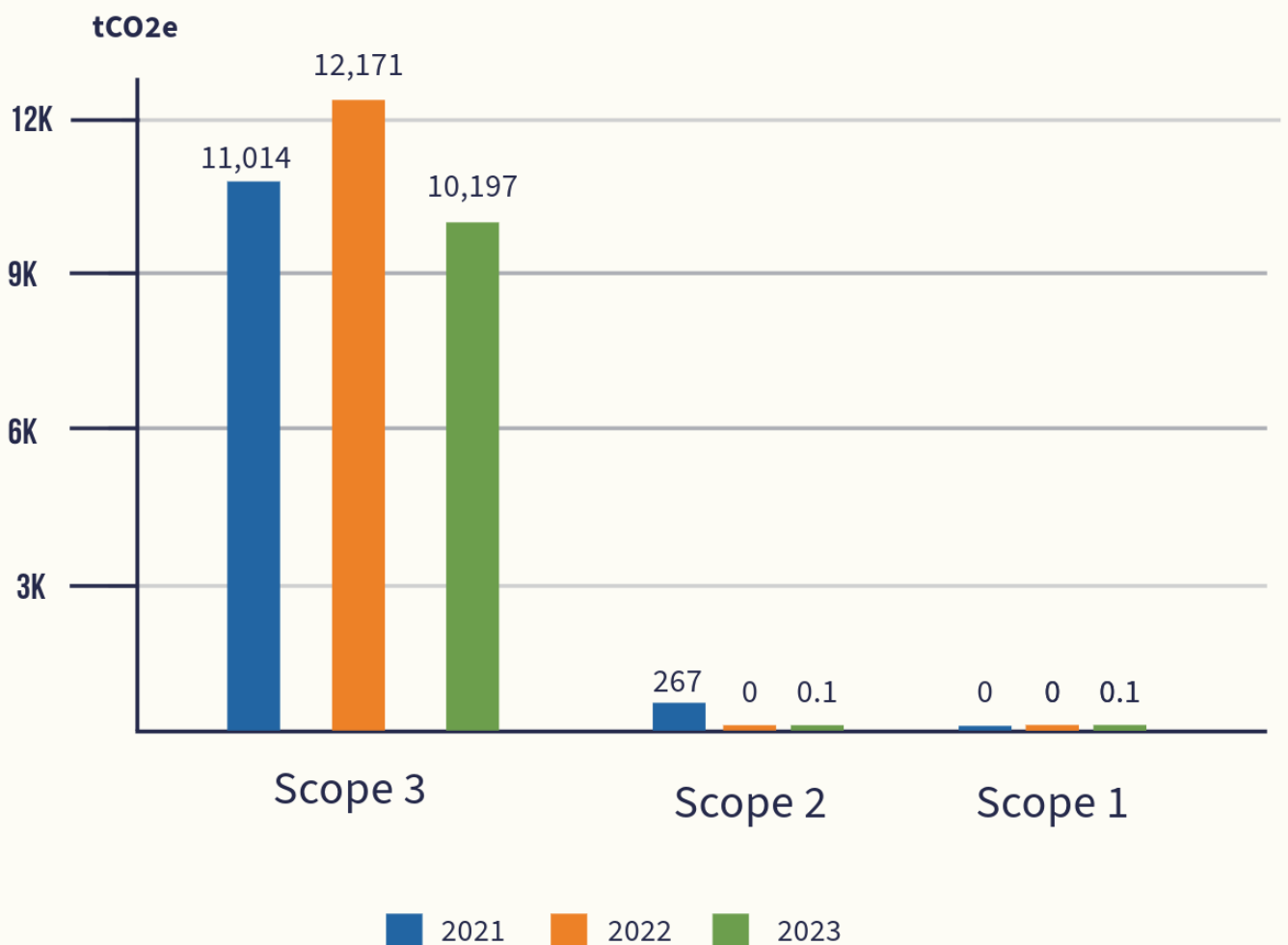
The coming years we will increase our efforts on addressing and reducing emissions from the category "purchased goods and services", while continuing to identify and implement measures to reduce our overall carbon footprint.



• Fjellsport's total emissions in Scope 1 sums up to 0.12 tCO₂e (0)

• Fjellsport's total emissions in Scope 2 sums up to 0.06 tCO₂e (0.02)

• Fjellsport's total emissions in Scope 3 sums up to 10,197 tCO₂e (12,171)



Energy and heating

In 2020 we installed geothermal heating for our primary office and warehouse in Sandefjord. The use of geothermal heating has reduced the amount of kWh needed to heat the building.

Due to the merger with SkittFiske, we did in 2023 extend the number of buildings where we have our operations, as we added SkittFiske's existing warehouse and physical store in Sandefjord to Fjellsport AS. From having only one location we extended to having operations at three separate locations.

For 2023 we have used a few different electricity suppliers for the various locations, and we have purchased renewable energy certificates to cover 100% of our electricity consumption in kWh. Even though we have renewable energy certificates covering our whole consumption, we have worked on reducing our energy consumption where possible. Our efforts paid off and in 2023 we managed to reduce the kWh used in our primary office and warehouse by 23% compared to 2022.

In the physical store related to SkittFiske and SkittJakt we managed to reduce the amount of kWh used by 7% compared to 2022.

At the warehouse containing SkittFiske products, we do not have comparable data from 2022 and cannot conclude the results compared to 2023.

Business travel

For this year, we have continued using the business travel policy updated in 2022. The policy states that 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 will evaluate the effect of the improvement on the policy before making further changes.

Transport of goods

We continued working with Posten Bring and PorterBuddy for downstream transport in Norway, but we also got two additional downstream transport alternatives as a result of the merge with SkittFiske:

- Helthjem home delivery as a delivery partner and transport alternative
- Shipments to Sweden with Posten Bring

During 2023 we worked with three different partners for downstream shipments. All customers also have the option to pick up parcels at our Fjellsport and SkittFiske pickup points in Sandefjord.



As stated previously in the report we managed to reduce emissions from downstream transport by 11.4% to a total of 41 tCO₂e for 2023.

We have continued to store goods in a 3PL warehouse, and transport between our warehouse and the 3PL warehouse is also included in the climate reporting.

For incoming goods, we have a solution in place where we, through the principle of mass balance, can claim the use of biofuel (SMF) for all our shipment of own brand goods. This dramatically decreased our reported emissions from inbound own brand shipments in 2022 and we decided to continue the use of SMF (sustainable marine fuel) throughout 2023.

As before, we have not used any air transportation of incoming goods for our own brands in 2023.

The drop shipment solution for Norway together with our sister company Outnorth was continued in 2023. The drop shipment solution means that, when possible, orders placed with Outnorth.no were delivered from Fjellsport's warehouse in Sandefjord, Norway. This in most cases shortens the distance orders need to be transported from the warehouse to the end consumers in Norway.

Packaging

Fjellsport uses both recycled plastic bags and partly recycled carton boxes as packaging materials for orders to customers. To the best of our knowledge having the options of using recycled plastic bags when possible, and carton boxes, when necessary, will result in the lowest CO2e emissions in total.

We continued using the 100% recycled plastic bags, that we improved during 2022, and the partly recycled cardboard boxes, for Fjellsport.no orders. When merging with SkittFiske they had a stock of packaging materials, which were plastic bags with 65% recycled material, and cardboard boxes with partly recycled material. We will empty the stock of packaging materials for SkittFiske and SkittJakt orders, before we change to using the same materials through Fjellsport AS.

We are aware that plastic bags are problematic, for example if they end up in nature and are not collected as waste, but at least in Norway the collection service of used packaging material, including plastic is well developed. So, in our opinion one problem with the use of plastic is that it is made from chemicals sourced from fossil fuels. We therefore use recycled plastic in our packaging to reduce the use of virgin materials. Using plastic bags for suitable orders reduces the amount of airspace in our packages, fitting more packages on each vehicle used by our downstream transportation partners.

Fjellsport is affiliated with Norsirk. Through Norsirk we meet our producer obligations when it comes to collection and recycling packaging.

In total our CO2 emissions from packaging materials increased in 2023, compared to 2022, and our efforts to find reductions and optimize our packaging continues.

Waste management

Fjellsport cooperates with Ragn-Sells in collecting and recycling our waste. In 2023 our operations generated a total of 144 510 kg waste, an absolute reduction by 17,5% from 175 205 kg in 2022. We are proud to see this significant reduction of 30,7 tons of waste from 2022 to 2023, even though we merged with SkittFiske expanding our operations. We were able to maintain 89,4% level of sorted waste. We will continue our efforts to find reductions and improvements in our waste management in 2024.

Note: During the year 2023 Fjellsport AS did merge with SkittFiske. SkittFiske's waste management services were with another partner before the merger, where we did not get hold of data for the first half year of 2023. Therefore, the waste reported from SkittFiske operations for 2023 only includes the second half of 2023 (approx. 10% of total reported waste in kg). After the merger the waste management partner was changed to Ragn-Sells and are included in Fjellsport AS data.

Amount of waste 2023 (2022)

Cardboard and paper	104 510 kg (116 670 kg)
Unsorted combustible	10 140 kg (16 710 kg)
Wood	9 800 kg (27 000 kg)
Plastic	5 790 kg (5 040 kg)
Waste for sorting	5 130 kg (3 130 kg)
Organic and food packaging	4 320 kg (3 550 kg)
Complex iron	2 820 kg (new)
Textiles	710 kg (new)
Mixed glass and metal	630 kg (385 kg)
Contaminated masses	450 kg (new)
Electronic waste	140 kg (280 kg)
Light bulbs	0 kg (0 kg)
Batteries	0 kg (0 kg)
Concrete and bricks	0 kg (1 700 kg)
Complex	0 kg (740 kg)

88,6% was recycled, 11,1% was used for energy recovery, and 0,3% was deposited.



From the beginning of 2023 Fjellsport introduced sorting of textile waste as a separate fraction. We have during the year been looking for options and partners for recycling the fabrics and we had meetings with Norsk Tekstilgjenvinning. The conclusion has been that

our textile waste amount is too small and too diverse for us to start a collaboration with Norsk Tekstilgjenvinning. We will continue to look for other options, but for 2023 the textile waste is being collected and handled by Ragn-Sells.

1% FOR THE PLANET & SUPPORTING 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 now been a member for 10 years, since 2014, and Sydvang since 2021.

Both Sydvang and Urberg completed the 1% for the Planet donations and certifications for 2023. Urberg's membership will be continued for 2024, but Sydvang ended their membership as of 1 January 2024.

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 2023 Fjellsport has made donations for our own brand Sydvang and supported the following organizations. Our sister company Outnorth made donations for our other brand Urberg.



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 projects in Mexico and Bolivia.

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 2023 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 2023 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 2023.





