



OUTNORTH SUSTAINABILITY

2023



 **outnorth**[®]

INTRODUCTION

During 2023, we have continued to implement continuous improvements within our sustainability work and are extra proud that we have succeeded in reducing our emissions both in absolute reductions, and in relation to our turnover.

In relation to turnover, Outnorth's CO2 emissions have been reduced in total from 11.4 tCO2e per Million SEK revenue in 2022, to 10.8 tCO2e per Million SEK revenue in 2023. This reduction of 5.5% is positive and another step in the right direction, and it comes, among other things, from reductions in emissions linked to investments in buildings, downstream and upstream transport, commuting and scope 2.

Outnorth indirectly through our own brand Urberg donated a total of SEK 1,321,500 in 2023, which is 1% of Urberg's turnover. This has been distributed among several organizations, including the new collaboration in 2023 with GreenKayak in Denmark which contributes to cleaning oceans and waterways from waste and plastic. In total, Outnorth indirectly through Urberg's 1% for the Planet membership has now donated a full SEK 6,773,943 since becoming members in 2014.

Finally, while we are pleased with our improvements in sustainability, we are fully aware that much remains to be done in this area. Our motto "life is better outdoors" means that we are extra keen to continue working for a more sustainable business that protects the environment.

Ville Kangasmuukko
CEO

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SUMMARY

2023 was a year with some major changes for Outnorth.

First, a major project for Outnorth was the change of platform for all our ecommerce stores, as well as the change of back-end systems. The change took a lot of resources and focus during the year, but with the new platform and systems in place we are now even more prepared for the future. The new platform has given us new opportunities, and from a sustainability perspective, we have been able to introduce functionality such as fit recommendations on reviews, to improve customer experience, making it easier to find the correct size shopping online. We have also increased supply chain transparency in our ecommerce stores by presenting country of origin information on an increasing number of products.

Secondly, we have had a change of leadership as Harald Ennen left his position as CEO of Outnorth, and we welcomed Ville Kangasmuukko as the new CEO of Outnorth AB.

Stefan Gustafsson, former Sustainability Manager, Own Brands Manager, and one of the founders of Outnorth AB also made the decision to seek new challenges outside of Outnorth.

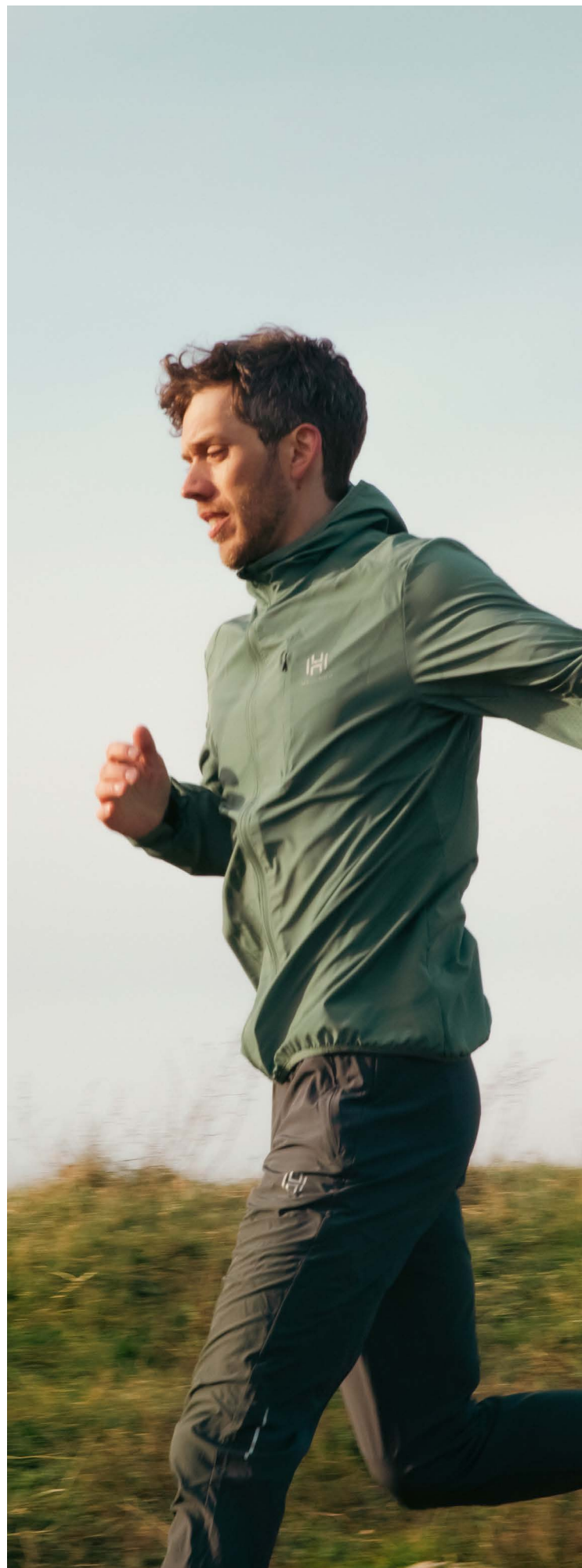
Regardless of these major changes Outnorth as an organization has proven that our sustainability work has become well integrated within the organization, and that our progression continued.

As a result, we managed to lower our total CO2 emissions from 13 000 tCO2e in 2022, to 12 573 tCO2e in 2023, a reduction of 5.5% relative to turnover.



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 2023 – 31 Dec 2023. The comparison figures presented in this report refer to the previous year unless otherwise stated.





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 customers are end consumers. More than 85% of the products sold are from 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.

FINANCIAL SUSTAINABILITY

After a hectic period with the pandemic and the crisis in the Ukraine, 2023 was highly affected by a market in financial distress. High inflation and high interest rates had a large impact on the consumer market. Despite this, we maintained our sales and margins, resulting in improved profitability and cash-flow compared to 2022.

SOCIAL COMPLIANCE

Human rights and working conditions

For ensuring 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 brands 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 Sweden are well protected and for employees of Outnorth we are following Swedish legislation. We describe our efforts to improve working conditions within our company further under the section Personnel.

Transparency

We have updated the list of our Own Brands garment producers and the tanning factories used for footwear. The list is published on our e-commerce stores and shows the factories used for our Own Brands production.

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 with bribes etc. In 2022 we implemented new attesting routines that are valid also for 2023. Guidelines for how to handle gifts and representation are found in Outnorth's personnel manual.

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 has since 2016 been a member of Fur Free Alliance (Pälsfri Butik) and is not selling products with animal fur.





OUR PEOPLE, THE FACTS

These figures include permanent employees, substitutes and probationary employment.

- In total 137 (158 in 2022) employees worked for Outnorth during 2023. 68 (71 in 2022) men (49.6%) and 69 (87 in 2022) women (50.4%).
 - Number of FTEs: 137.3 (158 in 2022), 71.0 men (51.7%) and 66.3 women (48.3%).
 - The rate of sick leave was 2.23% (5.5% in 2022).
-

PERSONNEL

Strong culture

The balance between work and life is important at Outnorth and we have continued our home office guidelines for all employees that do not have work duties that require physical attendance. Our home office guidelines give our employees two days a week with the opportunity to work at the home office, and three mandatory days on-site, with Monday being the only mandatory day when all employees attend the offices for common activities and meetings.

We have continued to run many of our meetings via teams and not on-site, that reduces traveling between our locations, and increases inclusion of those who are at a remote office or home office. But we also understand the importance of meeting each other for the psychosocial aspect, so this year we changed our monthly information meetings so that we have separate meetings in Växjö and Gothenburg on-site.

We have focused a lot on our work environment, with leadership training being an important part. Therefore, we have implemented quarterly leadership meetings for all managers, with a focus on development and training.

We have also started outdoor/sports activities for our employees, such as runner's clubs and hikes. We have also been having yoga sessions online, to have an activity where everyone can attend, no matter the work location.



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 dyeing, called ZeroColor.

In 2023 Outnorth stopped selling Thermacell products due to the use of biocides as active ingredients in the products.



Consumption

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. In 2023 it was improved further by introducing functionality for fit-rating when leaving reviews, both to improve customer experience, and to make it easier to find the correct size shopping online. It helps our customers in their search for the right product. It also helps us optimize our product range based on true consumer comments.

We have also increased supply chain transparency in our ecommerce stores by introducing and presenting country of origin information on product pages. We are continuously adding this information to more products.

To better visualize products that have sustainability related certifications and attributes we do add sustainability labels to them, and we continued the project to highlight these online. What sustainability attributes we have chosen to highlight are explained on our preferred attributes page in our stores. Due to the change of IT-systems the project had a slower progression than our aim for 2023, but we will continue our efforts to improve functionality and information around sustainability attributes in the future.

Circular economy

With the launch of Reuse, in collaboration with reCRQL, since the end of 2022 Outnorth's customers can with ease resell their outdoor products to other customers. Reuse has been working well throughout the year, making it easier for our customers to resell and prolong the use of products they do not longer use.

Our goal for 2023 was to expand Reuse to not only offer customer to customer (C2C) products, but also include business to customer (B2C) products, sold by Outnorth. In Outnorth's operations we come across a small share of products which we are not able to sell as new. Reasons can be, for example, damage to the product packaging, light damage to the product, missing parts or stains on the material.

Unfortunately, we did not reach our goal of launching B2C offers on Reuse by the end of 2023, but we have taken steps towards our goal, such as preparing our logistics department on the handling.

Our new goal is to launch B2C offers on Reuse during the first part of 2024. We are really committed not to throw away or dispose of any products that could get a second life.



Climate

In 2023, our total CO₂ emissions were 12 537 tCO₂e, marking a 4.3% absolute reduction from the 13 100 tCO₂e recorded in 2022. In relation to revenue our emissions have been reduced from 11.4 tCO₂e per Million SEK in 2022, to 10.8 tCO₂e per Million SEK in 2023.

When comparing emissions 2022 was for Outnorth a more normal year than 2021, when we had the setup of our new warehouse and office in Gothenburg contributing to higher emissions. Comparing 2023 to 2022, we are proud to see the results of our efforts with continued reductions in our emissions. 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. Products produced by our Own Brand's we can impact more directly, but the share is less than 10% of the products produced. For 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 had 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. After the change of IT systems, we will continue our efforts to collect emission data from our suppliers and partners.

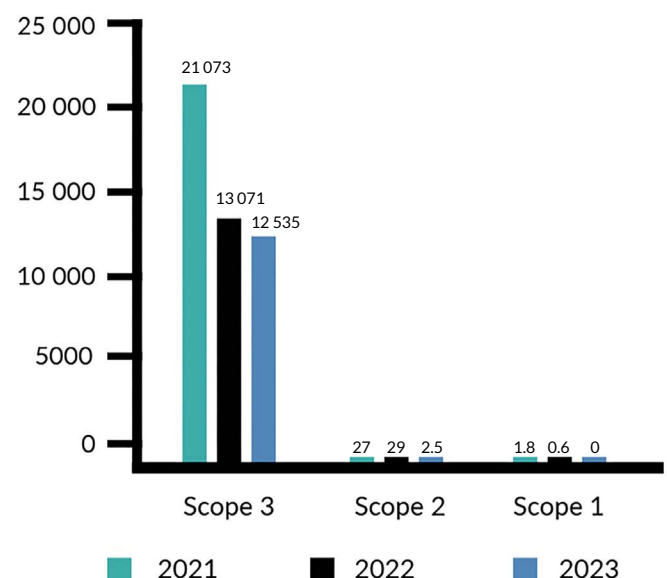
As explained further down in the report a minor share of our waste management is not included in the climate reporting, due to the shared waste handling for some of our locations. The emissions from the waste excluded are indicated to be very low.

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 36.1% to 244 tCO₂e, and emissions from our downstream transportation decreased by 3.9% to 371 tCO₂e.
- Due to less investments and changes in our warehouse during 2023 we achieved a significant reduction of 83.4% in the category for capital goods, decreasing to from 710 to 118 tCO₂e.
- The emission from our employees commuting was reduced by 42.2% to 95.4 tCO₂e, reflecting our efforts to support home office work practices.
- Emissions from business travel increased by 30.4% to 23.6 tCO₂e, highlighting an area for future improvement, but also being a small percentage of our total emissions.

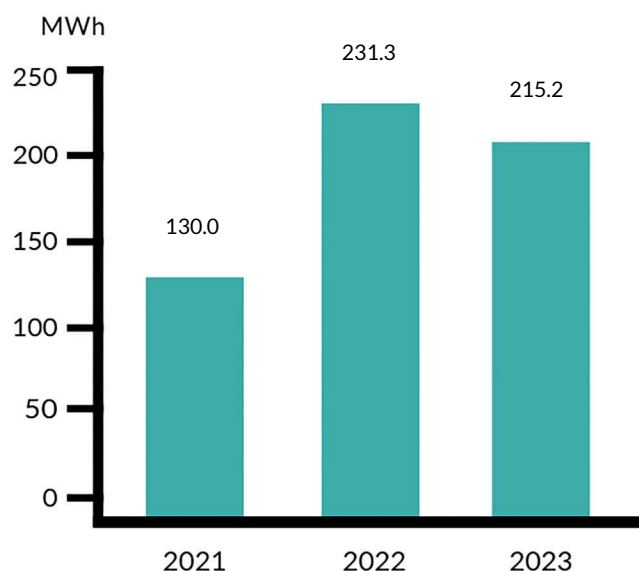
In 2023 we did climate compensations within Outnordic for a total of 1 600 tCO₂, covering CO₂ emissions from both Outnorth and Fjellsport operations, excluding emissions connected to the products we buy and sell.

- Outnorth's total emissions in Scope 1 sums up to 0 tCO₂e (0.6)
- Outnorth's total emissions in Scope 2 sums up to 2.5 tCO₂e (29)
- Outnorth's total emissions in Scope 3 sums up to 12 535 tCO₂e (13 071)



Energy and heating

Since June 2021 Outnorth has solar panels installed on the warehouse in Gothenburg, producing renewable electricity. The installed power is 255kW. We both use the produced renewable energy in-house and sell the excess energy to the market. The total production from our solar panel system is reported in the diagram below.



For our remaining electricity demand, not covered by production from our solar panel system, we have an electricity contract that we perceive to be one of the best in terms of sustainability. We have an agreement with Tranås Energi who certifies that we buy 100% renewable electricity. The electricity is produced in Tranås Energi's hydropower plants and biofuel-fired cogeneration plants in Tranås and Ydre. The entire production is labeled Bra Miljöval, the hydro-power production is certified by Älvräddarna and the cogeneration plant uses biofuel from FSC®-certified forests and other controlled sources.

In our warehouse and office in Gothenburg we use district heating from Göteborg Energi that comes mostly from recycled and renewable energy. Recycled energy is energy that would otherwise disappear into the air and sea, from, for example, waste incineration and industrial processes.

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

In 2023 we have continued with the same partners for outbound shipments as in 2022, and in total we work with six different partners.

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 Fjellsport was continued in 2023 but was paused for a period, while switching ecommerce platforms within Outnorth. 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 we need to transport goods from the warehouse to the end consumers.

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 CO2e emissions in total. Plastic bags are problematic, for example if they end up in nature and are not collected as waste, but at least in Sweden 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 use recycled plastic in our packaging to reduce the use of virgin materials.

By using both plastic bags and carton boxes as packaging for our shipments we can in a better way adjust the packaging to the order and product, and in total we have reduced size, weight, airspace and need of fill materials in packages.

Outnorth is affiliated with NPA (Producent Service). Through NPA we meet our producer obligations when it comes to collection and recycling packaging.

Flyers are no longer added to our shipments to consumers. To reduce our emissions and materials used we stopped this practice from 2023.

Waste management

We cooperate with Stena recycling in collecting and recycling our waste at our warehouse and office, located in Gothenburg. In 2023, our operations in Gothenburg generated a total of 173 800 kg waste. This is an absolute reduction by 3.1% from 179 450 kg in 2022.

Our office in Växjö, and physical stores in Växjö and Kalmar, are all in shared buildings where the recycling and waste handling are shared with other tenants. Our share of waste from these locations has been rather small, and was not included in reports for earlier years, and are therefore not included for 2023 either.

The breakdown of waste materials at our warehouse and office in Gothenburg was as following:

Corrugated cardboard	116 670 kg (131 170 kg)
Plastic	27 000 kg (24 890 kg)
Combustible waste	16 710 kg (13 570 kg)
Wood	5 040 kg (7 170 kg)
Paper	3 550 kg (new)
Waste for sorting	3 130 kg (2 650 kg)
Glass	1 700 kg (new)



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 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, 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. Urbergs 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 Outnorth has made donations for our Own Brand Urberg and supported the following organizations. Our sister company Fjellsport made donations for our other brand Sydvang.

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.



WWF Sweden

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.

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 consists of 130,000 members, 95 local divisions, 60 employees and 1500 volunteers.

Naturvernforbundet

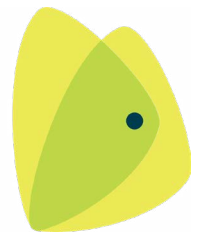
Naturvernforbundet is Norway's oldest and largest environmental organization, founded in 1914. It works to protect the natural environment and promote sustainable development through advocacy, education, and grassroots initiatives.

The organization addresses a wide range of environmental issues, including climate change, biodiversity, pollution, and the preservation of natural habitats. By collaborating with policymakers, businesses, and communities, Naturvernforbundet strives to influence environmental legislation and practices, aiming to create a healthier, more sustainable environment for current and future generations.



Naturskyddsföreningen

Danmarks
Naturfredningsforening



Naturvern-
forbundet



GreenKayak

GreenKayak is an environmental NGO that engages people in the fight for cleaner oceans. You are invited to paddle their kayaks for free under two simple conditions - spend your time in a GreenKayak collecting trash and share the experience on social media. GreenKayak is based in Denmark, but has expanded their offer to Sweden, Norway, Finland and Germany.

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.

Protect Our Winters (POW) Norway

Protect Our Winters (POW) Norway is a non-profit organization dedicated to combating climate change to protect winter environments and sports. Founded as part of the global POW movement, POW Norway engages the winter sports community, including athletes, industry leaders, and outdoor enthusiasts, to advocate for sustainable practices and policies. The organization focuses on raising awareness about climate issues, promoting renewable energy, reducing carbon footprints, and influencing public policy. Through educational programs, advocacy, and community initiatives, POW Norway aims to preserve winter ecosystems and ensure a sustainable future for winter sports.

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.





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