



**outnorth<sup>®</sup>**

**OUTNORTH  
SUSTAINABILITY  
2021**

## Introduction

2021 was an unusual year for Outnorth in many ways. As for all of us, it was the second year of the pandemic and many continued working from home. For the company it was also the year when we moved our warehouse to Gothenburg and invested in a new ERP system and a new automated warehouse. This did put a lot of stress on the organization but overall we handled it very well.

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

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

Outnorth is owned by the Danish foundation Egmont. All profit generated by the companies owned by Egmont is either reinvested or goes to helping children and young people at risk. During 2021 Egmont also extended this help to Sweden through a cooperation with BRIS.

We look forward to continuing our work for a more sustainable Outnorth in 2022!

- Harald Ennen, VD

# CONTENTS

<b>SUMMARY</b>	<b>4</b>
<b>BUSINESS MODEL</b>	<b>6</b>
<b>SOCIAL COMPLIANCE</b>	<b>7</b>
Code of conduct	7
Transparency	7
Anti-corruption	7
Human rights	8
Animal welfare	8
<b>PERSONNEL</b>	<b>9</b>
<b>ENVIRONMENT</b>	<b>12</b>
Chemicals	12
Consumption	12
Climate	13
Circular economy	14
Travelling	15
Transport of goods	15
Packaging	16
1% for the Planet	17
Waste management	17
<b>FINANCIAL SUSTAINABILITY</b>	<b>18</b>
<b>SUPPORTING OUTDOOR LIFE</b>	<b>19</b>
Friluftsförbundet	19
The Swedish Tourist Association	19
Adventure Academy	19
<b>SUPPORTING NATURE</b>	<b>21</b>
WWF	21
Naturskyddsföreningen	21
Naturarvet	21
Norges Naturvernforbund	22
Danmarks Naturfredningsforening	22
John Nurminen Foundation	22

# SUMMARY

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

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

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

In 2021 we moved our warehouse to a new automated warehouse in Gothenburg. On the roof we have installed solar panels that provide electricity to the warehouse. Both the investment and the actual move of goods from Växjö to Gothenburg generated extraordinary emissions that we report in the emissions assessment. But in the long term, both the location of the new warehouse and the facility is a better choice from a climate perspective.

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

Even though the majority of our emissions comes from production, we will try to lower all emissions. For e-commerce companies it is important to improve packing routines. The goods should not be damaged during transport, but we don't want to ship unnecessary air. During the year our customers have helped us improve our routines by sending us photos of shipment with too much air. By the end of the year we got a bronze medal in a "airfluencer" competition set up by Postnord. This made us very happy, but we know the work must go on and we expect and hope for feedback from customers in 2022 as well.



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

### About this report

*This is the mandatory sustainability report for Outnorth AB (556709-7349) as stipulated in årsredovisningslagen (Swedish accounting law). The report covers the accounting year of 01 Jan 2021 – 31 Dec 2021. The comparison figures presented in this report refer to previous year unless otherwise stated.*

## BUSINESS MODEL

Outnorth is selling clothes, shoes and equipment for outdoors activities to customers mainly in the Nordic countries and Germany. More than 95% of the business is conducted online and almost all of the customers are end consumers. More than 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 2021 shows that more than 99% of the emissions comes from Scope 3 emissions - indirect emissions from the value

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



# SOCIAL COMPLIANCE

## Code of conduct

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

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

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

## Transparency

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



## 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 in order 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 clear routines for attesting purchasing orders. 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. In addition to this we regularly visit most of our Own Brand suppliers on site. In 2021 we could only visit a limited number of suppliers due to the pandemic.

## Animal welfare

Outnorth will not handle products including any kind of exotic leather. We also try to make sure that no wool in the products we sell come from farms practicing mulesing. For all our private label 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.







## PERSONNEL

2021 has been another challenging year for our team. Due to the Covid-19 restrictions most of our office workers have been working from home. This year we had a better knowledge on how this affects our employees. We have worked closely with our employees, having dialogues regarding health and environment at home and at work, to avoid and minimize the risks for isolation and negative effects on mental health.

We have also been better at using e-meetings in daily dialogue.

As in 2020, it has not been possible for our warehouse staff to work from home. We have taken safety precautions like more frequent cleaning and offering free face masks. We have also put a lot of focus on preventing crowding in small spaces and in accordance with restrictions made sure that people with symptoms stay at home.

During Q2 2021, we moved our warehouse from Växjö to Gothenburg. The building which contains both the new warehouse and offices is GreenBuilding certified by Green Building Council. We invested in an Autostore that affected our way of working. Our staff has a better work environment in the new building and with more efficient tools. This reduces risks for the staff when it comes to ergonomics.

We have of course had challenges to build new knowledge and we have learned to work in a different way. We are grateful that some of our staff moved from Växjö and helped us to build the new team. We have also hired many new team members at Outnorth that also worked hard to get the new warehouse up and running.

A lot of hired staff helped us in the move, in the buildup of a new warehouse and to manage the sick leave due to Covid 19. We are grateful for your efforts!

We have also built new relations with the trade union in Gothenburg, which we really appreciate.

In Växjö we also moved our head office during 2021. We have a much better working environment and

more space for our staff to work in project meetings.

In Gothenburg, our Own Brands team moved to our new office located in the same building as our warehouse. This office area as well has a better environment for meetings, supplier visits and for some nice lunch breaks in the dining area.

In Växjö and Kalmar we have had challenges in our stores as well. We have focused a lot on getting our staff and customers to feel safe during the Covid-19 pandemic. We have had an inspection by our authority (Länsstyrelsen). They looked at how we worked with safety and following the given instructions. We are proud to say that we passed without any remarks.

- 50,3% (48,8) of employees identify as female and 49,7% (51,2) as male. This is based on 151 (183) FTE calculation, with 76 (88) female and 75 (95) male employees.
- Rate of sick leave was 4,6 % (5,2).
- Outnorth hired 68 (49) new employees and 91 (30) 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 151 (150) employees.



# 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. We have participated in seminars and had company specific workshops addressing challenges we face.

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

During 2021 we launched a range of products that we call "ZeroColor". The idea is to avoid the rather dirty process of dyeing the fabric. This will save water and reduce the use of chemicals and energy. We will launch new ZeroColor products in 2022 and we hope to be able to further develop the collection.

**"During 2021 we launched a range of products that we call 'ZeroColor'. The idea is to avoid the rather dirty process of dyeing the fabric. This will save water and reduce the use of chemicals and energy"**

## Consumption

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

On 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.

## Climate

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

We did include, however, the emissions from production of the goods we sell. For these emissions we used a very rough estimation based on a report from the Swedish foundation MISTRA. Using these emission factors, we end up with emissions from production that stands for almost 50% of our total reported emissions.

We also included emissions

generated from moving our warehouse and emissions from the investment in an automation of the warehouse. (In a year without these investments the emissions from production would stand for more than 80% of total emissions.)

When reading the assessment, it is important to understand that the huge difference from last year mainly comes from including more emission sources and the setup of a new warehouse that, in the long term, will be more efficient also from a climate perspective.

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

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

Scope 1  
1,78 tCO<sub>2</sub>e (1,72)

Scope 2  
25,6 tCO<sub>2</sub>e (24,7)

Scope 3  
21 072 tCO<sub>2</sub>e (998)



## Circular economy

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

We have continued working with Röda Korset (Red Cross) and have also visited their partner Wargön Innovation to understand how they work with sorting the products we donate to Röda Korset. We are really committed not to throw away or dispose of any products that could get a second life.



## Travelling

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

## Transport of goods

Outnorth uses 4 different partners for shipment of goods to customers: PostNord, Bring, DHL and FedEx. For 2021 we have collected data on CO<sub>2</sub>e emissions from these subcontractors. The average package generated an emission of 668 g CO<sub>2</sub>e (646) and summed up to a total of 748 tCO<sub>2</sub> (835,7).

Transport for incoming goods from our partner brands are booked and handled by our partner brands. This year we tried to estimate the emissions from these transports as well. We estimate emissions of 266,720 tCO<sub>2</sub>e.

For our own brands goods, we have a policy that no air shipments are allowed from suppliers to our warehouse. Due to delays in production we have received offers from suppliers that they can ship by air on their expense. But we have turned down these offers. We still need to use air transport for the samples sent to us during production development. At present we can't see

any option to this, since producers need replies from us within a few days from shipping out samples. In 2021 these sample transports generated emissions of 6,74 tCO<sub>2</sub>e (4,73).

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

The shipment of produced goods for our own brands to our warehouse in Göteborg was done almost solely by sea transport. From a greenhouse gas perspective, this is the best option. The distance from port to our new warehouse is only a few kilometers and we solely use trucks run on HVO fuel for these transports.

The drop shipment solution for Norway together with our sister company Fjellspport continued in 2021. This means that when possible, orders placed with Outnorth.no were delivered from Fjellspport'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

Today Outnorth is 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.

**"...using recycled plastic bags when possible and using carton boxes when necessary will give the lowest CO2 emissions"**

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

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

## Waste management

At our previous warehouse in Växjö as well as our new warehouse in Göteborg we cooperate with Stena recycling in collecting and recycling our waste. In 2021 our operations at these two facilities generated the following amounts of waste. Part of the big increase in some of the numbers is an effect of moving our warehouse from Växjö to Göteborg. In some categories no waste was reported last year. That is probably due to lower quality of data last year.

### Amount of waste 2021 (2020)

Corrugated cardboard	224 700 kg (184 000)
Plastic	9 405 kg (20 050)
Combustible waste	49 735 kg (17 255)
Wood	51 220 kg (0)
Electronics	698 kg (0)
Paper	1 615 kg (2 780)
Waste for sorting	18 080 kg (1 040)
Toners from printers	100 kg (189)
Paint	18 kg (0)
Lamps	20 kg (4)

## FINANCIAL SUSTAINABILITY

Outnorth AB has after several years of focusing on growth in the last years turned profitable with improved financial solidity. 2021 was a very operational year when we moved our whole warehouse from Växjö to Göteborg, changed our ERP system from NAV to SAP and introduced an automated warehouse solution. Given all this we are very proud to maintain both sales and profit at the same high levels as the extraordinary 2020.



# 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. During 2021 we have continued to support: The Swedish Outdoor Association, The Swedish Tourist Association and Adventure Academy.

## Friluftsrämjandet

Friluftsrämjandet (Swedish Outdoor Association) is a Swedish non-profit NGO, actively promoting an outdoor lifestyle since 1892. The purpose of Friluftsrämjandet is to further public health and well-being in society. The core and foundation of Friluftsrämjandet 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.



SVENSKA  
TURISTFÖRENINGEN

FRILUFTS  
FRÄMJANDET





# SUPPORTING NATURE

Within the cooperation with 1% For the Planet that our private label brand, Urberg, has joined, we are committed to donate 1% of the revenue generated from Urberg to the nonprofit partners of 1% for the Planet. Donations for the sales generated in 2021 has been given to WWF, Naturskyddsföreningen, Naturarvet, Norges Naturvernforbund, Danmarks Naturfredningsforening, Trees for All and John Nurminen Foundation\*.

*\*In some cases, the donations for 2021 have been made in the beginning of 2022 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.

## Norges Naturvernforbund

Norges Naturvernforbund (Friends of the Earth Norway) was founded in 1914 and is Norway's oldest environmental and nature protection organization. The organization is membership based and democratic. It consists of over 34 000 members divided between approximately 100 local groups across the country, working to solve environmental issues both local and global.

## 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 to 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.

## Trees for All

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

