

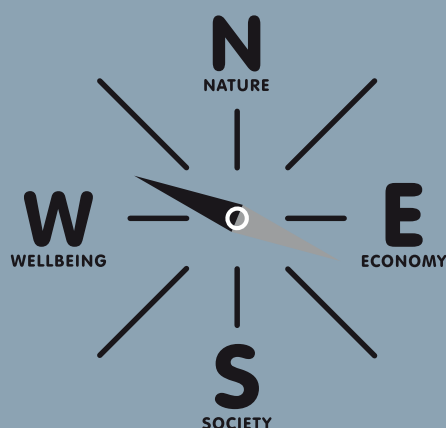
FENIX OUTDOOR

CSR 2018



FRILUFTS RETAIL EUROPE AB





With the help of our management compass, this report takes us on a journey through the business of Fenix Outdoor and gives us insights into our visions, aims and next steps.

N = Nature:

As an international group of outdoor brands, we believe that business activities should contribute to resilient and well-functioning natural systems.

E = Economy:

Ethical and sustainable activities can only be undertaken if a business is healthy and its finances are sound. Thus, we rely on long-term partnerships and create sustainable working conditions.

S = Society:

We are a responsible actor in society, enriching and inspiring each other, ourselves and those beyond our company to move towards a sustainable future.

W = Well-being:

We look for excellence in staff members; in turn, they expect a fair and responsible employer.

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Dear Friend of the Outdoors,

In 2018 Fenix Outdoor strengthened its position as a leading and sustainable global player in the outdoor clothing and equipment industry. Several of the group's entities received awards for sustainability and Fenix Outdoor was rated "Prime" by the leading CSR Rating Agency ISS Oekom Research.

In November, Swedish newspaper Dagens Industri ranked Fenix Outdoor in its top ten sustainable companies in Sweden, alongside several global 'blue chip' names. The group achieved this recognition through the passion and engagement of our employees and on limited resources. I commend my colleagues and the Chief Sustainability Officer for this achievement and I encourage all employees to keep pushing Fenix Outdoor towards a sustainable future. We want to create lasting value for our company, the environment and society. Sustainability is the core of our actions, a driver for growth and at the same time part of our risk management.

2018 was a challenging year, but there were several highlights. The group continued to grow, opening new markets and purchasing Royal

Robbins, a San Francisco-based apparel brand.

The group also engaged in a process of developing a long-term strategy towards 2025, with sustainability in mind. The basis of all Fenix Outdoor's work remains The Fenix Way, but we are updating this philosophy; the new version was discussed during our strategy planning meetings. I expect the board will discuss and approve the relaunch of The Fenix Way in spring 2019.

It is becoming increasingly obvious that climate change could impact our economic performance. Last summer's extreme weather in Europe is a sign, which needs to be seriously evaluated in our future strategies. We have seen extreme weather in the past but not at the magnitude we see today. While glaciers recede, floods and droughts increase and last longer, we must halt and ask ourselves what we can do. Fenix Outdoor has decided to take some bold steps towards helping the fight for climate protection, and our aim is to communicate how we are doing so over the course of 2019.

Climate action is only one issue among many. Some are interlinked with each other, while others are standalone problems. We can't afford to believe that some issues don't affect us; we need to look at our actions and the world around us much more holistically. Fenix Outdoor has decided to pursue a full life-cycle approach to business and then plan our next steps. Be it a product, a service or a decision – we want to get a clearer picture and by doing so hopefully contribute to a more sustainable future. The growth in the group's sustainability team bears witness to this new way forward. I invite you to join us as Fenix Outdoor takes the next step towards an even more sustainable future.

*Yours,
Martin Nordin
Executive Chairman and CEO*



1. OVERVIEW: Our sustainability management – the next stage

Fenix Outdoor International AG is a group of companies that develops and markets high-quality outdoor gear through a selected retail network to highly discerning and fastidious end-consumers. While the various brands have different roots, the group originated in Örnsköldsvik, Sweden, where Fjällräven was founded.

In 2018, the group consisted of six brands and four retail organizations. A management change saw the CEO become Executive Chairman and a new member, Rolf Schmid, was appointed to the board. Alex Koska was promoted from Vice President to President.

The public structure of the company (the operations segmented into Retail, Brands and Global Sales and the central services units segmented into Digitalization/IT, Finance, Logistics and CSR/Compliance), did not change much in 2018, but the central Sustainability office was re-organized and grew. Under the supervision of the Chief Sustainability Officer (CSO), three central functions were established:

- Fabian Nendza, the Head of Corporate Social Responsibility (CSR) for Globetrotter, was appointed Sustainability Manager for Frilufts Retail Europe Group.
- Saskia Bloch became Head of

Social Compliance Management and focal point for the different brands on CSR related matters (Brands and Supply Chain focus). She has a strong intercultural and CSR background, mainly in the logistics and automotive sectors.

- Maria Venus joined as CSR manager for energy and environmental matters, focusing on our operational set-up. She joined from a certification body and is responsible for the group's offices, stores and production sites.

The central CSR office can now better service three distinct operational segments (such as Frilufts Retail Europe, Brands and Global Sales) and shared common services (such as Logistics). The shared group functions Digitalization, IT, Logistics, CSR & Compliance are organized as strategic central services units and report directly to the CEO and Executive Chairman.

In 2018, Fenix Outdoor International acquired the San Francisco-based apparel brand Royal Robbins, which became part of the Fenix Outdoor Group. Royal Robbins' integration process includes the development of a Royal Robbins Way and on-boarding meetings with sustainability and compliance at the core.

All group activities under the sustainability framework are organized and implemented under a common framework by individual brands and entities. This allows managers to identify the appropriate individual goal setting. The speeds of development and focus of the entities within Fenix Outdoor Group vary but all follow the same framework.

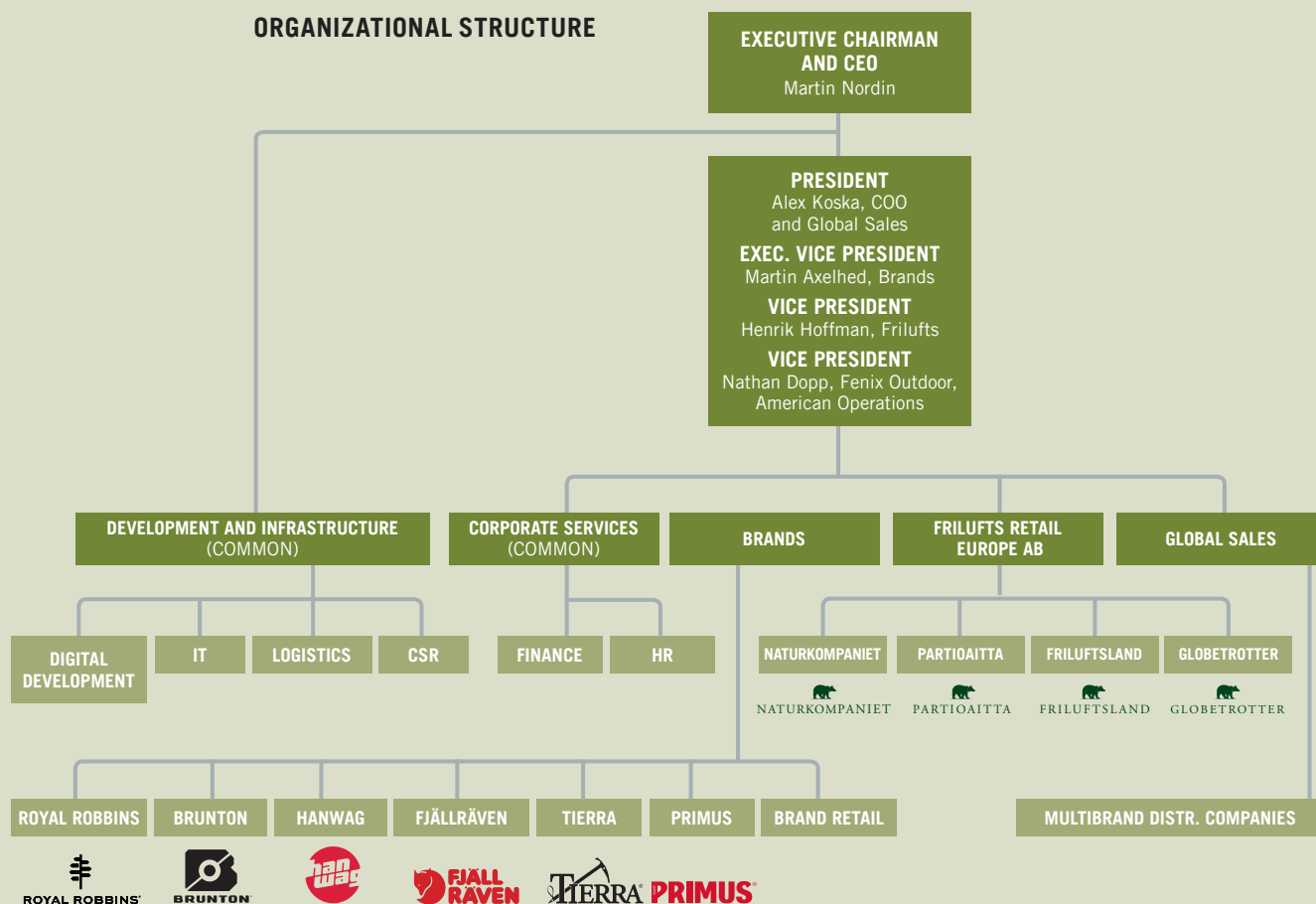
The CSR/Sustainability organization now comprises three CSR managers in the central office and one part-time CSR manager who is also head of Fjällräven's operational management team. All report directly to the Group's Chief Sustainability Officer.

By 2018, approximately 95 per cent of our supplier partners had signed our Code of Conduct (CoC). By the end of 2017 about 95,6 per cent had signed the code. With six brands and four retail chains, the subscription rate to our Code of Conduct is broad. This will improve but new acquisitions may blur the picture.

Fenix Outdoor still considers climate change and its associated extreme weather as a strategic risk and a priority. In 2018, the company's operations were affected by extreme weather and we are very concerned about the slowness of climate action. We plan to speed up the group's



ORGANIZATIONAL STRUCTURE



SUBSCRIPTION TO OUR COC BY SUPPLIER TYPE

Business Partner Level	Bandwidth, in percent	Average in percent	Representing production and values, in per cent
Intermediary	92 – 100	95	100
Tier 1	44 – 100	79	90
Tier 2	47 – 70	62	70
Tier 3	60	60	N.d.

climate protection efforts but we also see limitations. Looking at the Science-Based-Targets (SBT) approach, which came from the Paris Agreement, it invites companies to set a reduction target to achieve a maximum temperature rise by less than two degrees Celsius by the end of the century. Fenix Outdoor is a small business, which makes it hard for us to develop a scientifically sound but realistic reduction target. We cannot wait until the science is right, so we are investing in tangible results, progressing along the Fenix Way and work in various networks to achieve a sustainable climate for all life on Earth.

Fenix Outdoor regularly communicates its sustainability strategy, goals and current developments. Twice a

year, the Chief Sustainability Officer (CSO) provides an update on our progress towards our sustainability goals. We also communicate directly with affected departments on an ad-hoc basis whenever necessary.

Various means of communication are used. In 2018, we put an induction video on our intranet to educate new employees about the Fenix Way and our compliance system. We also held regular CSR and Social Compliance meetings and will continue to do so in 2019. Sustainability targets are increasingly becoming part of the performance reviews of top managers, eventually being linked to bonus payments, so we have developed a new sustainability reporting tool.

From now on, we will be automating

follow-up on achievements and goals, developing the tool to fully integrate them into our IT infrastructure. This year's data collection exercise serves in a limited way as a baseline, as we continue to iron out wrinkles in the systems.

Each Fenix Outdoor brand has developed its own individual sustainability agenda with distinct goals and implementation plans. In 2018, the new sustainability plans for 2025 were finalized, subject to approval by the board in 2019. To coordinate these efforts, all brands will submit their project plans and receive approval, monitoring and support from the central sustainability office. The respective updates will be presented regularly to the group's CSO.

Sustainability program and partnership

Over the past few years the group has established new partnerships and reinforced existing relationships, and we did not change our network in 2018. Fenix Outdoor has been a reliable supporter of the UN Global Compact since signing the agreement in 2012, and has now decided to become more

deeply involved by moving up to the 'Participant' tier. We are also committed to supporting the Swedish Global Compact Network.

The group continued its involvement in the Sustainable Apparel Coalition (SAC), although we paused our rollout of the Higg Index suite as changes in the questionnaires and in the IT landscape held back a continuous application of the tools. In 2018, we were pilot-testing the product module for a Life Cycle Assessment (LCA) of the products and took part in the beta-test of the new BRM. The update of the Higg Index suite has also led to us revisiting our information and maintenance structure.

As member of the Fair Labor Association (FLA), Fenix Outdoor continuously develops our social compliance governance. We are committed to fair labor conditions and we support the concept of a living wage. In February 2018, Fenix Outdoor's social compliance system was accredited by the board. The accreditation report is available at: http://www.fairlabor.org/sites/default/files/documents/reports/fenix_accreditation_assessment_february_2018.pdf

Since 2015, Fenix Outdoor has also been a member of the Textile Exchange, where several group brands work with peers and scientists on ways to recycle organic material, improve supply chain management and choose better materials. In the annual benchmarking program, Fenix Outdoor brands scored highly, often outperforming many reputable brands. We are proud that our progress towards a more sustainable business is attracting global recognition. We believe that our partnership network increases the level of responsibility within the industry and complements our efforts for the SAC.

Several of Fenix Outdoor's entities are members of the European Outdoor Group (EOG), a trade association advocating the European Outdoor Industry's interests. The EOG sets sustainability at the core of its activities.

Fjällräven is a member of the European Outdoor Conservation Association (EOCA). EOCA sponsors environmental and nature conservation projects around the globe through membership fees and specific membership support for selected projects. Fjällräven also supports the Swedish

Textile Industry's Initiative for Climate Action, coordinated by our long-term partner, the Sustainable Fashion Academy.

Various parts of our organization have their own specific association memberships, including the Scandinavian Outdoor Group, the US-based Outdoor Industry Association (OIA) and the Swedish Standards Institute (SIS). Fenix Outdoor is also a member of Svensk Handel, various Swedish chambers of commerce, the British Standards Institution, and the German association for the sporting goods industry. One of our entities is a member of the Swedish Tourist Association (STF) and another is a member of B.A.U.M., a German initiative for promoting environmental management. We are also active in the Swerea Chemical Group (now part of Rise), plus several local initiatives and various local environmental networks.

Fenix Outdoor engages in open dialogue with civil society groups, particularly about the environment and human rights. We cooperate in projects or explore best practices and benchmarks for the outdoor industry.

In general, we do not aim for formalized certifications of management systems. However, in most operations, ISO 9000 and ISO 14000 principles are applied and suppliers or certain materials often conform to particular industry standards, such as GOTS or bluesign.

Core management issues for our entities

Fenix Outdoor's companies continue to see sustainable growth as a centerpiece of their economic strategies and strive to achieve this every year. However, sustainable growth does not mean "growth at all costs". It is growth that follows the Fenix Way Management Compass®. We need to maintain our profit margin, but we do not only focus on growth or turnover.

The FLA's assessment of our social compliance management system found that the production and planning process in most Fenix Outdoor entities show an outstanding level of responsibility towards our suppliers. Through our unique business model, Fenix Outdoor does not overestimate or underestimate capacities, leading to a reasonable and predictable order volume and a very manageable timeline.

We believe that predictability, reliability and trust are the cornerstones for a good, long-term relationship with our business partners.

With respect to the cardinal direction 'nature,' our focus has shifted from "the reduction of negative impacts" towards "a positive contribution". Be it the product, our operations, or the materials that we source: we want to find the least harmful material. This is not easy and not all of our entities are at the same level. But through the application and implementation of The Fenix Way, we are all moving in the same direction.

We are also addressing new challenges, such as micro plastic, hazard-free DWRs or single-use plastics in packaging and shipments, and we work with adequate partners such as The Micro Fibre Consortium to be environment and nature-positive.

In 2018, we revisited our sustainability strategy. We updated our Fenix Way, which is subject to board approval, and we are aiming to re-launch it in spring 2019; we also looked at our material aspects and embedded those in the new 2025 strategy. We are convinced that we have made Fenix Outdoor fit for decades to come.

Stakeholder involvement

We held our second Fenix Outdoor Stakeholder Roundtable in May 2017 and will follow it up in 2019, inviting experts and interested groups from various countries to discuss Fenix Outdoor's sustainability approach and agenda. We always find these exchanges with knowledgeable and diverse organizations and individuals helpful, as they allow us to get new perspectives and take into account new and exciting ideas, moving us closer to our own sustainability vision. We look forward to the next session.

The Materiality Matrix of Fenix Outdoor International AG did not change in 2018.

Recognitions

In 2018, our sustainability efforts received international recognition. Fjällräven and Naturkompaniet remain among the top three sustainable brands in the Nordic Region, especially strong in the Swedish industry sector. Partioaitta made it into the top five sustainable brands in Finland. ISS Oekom Research, an

REVISED FENIX OUTDOOR MATERIALITY MATRIX (NOT CHANGED IN 2018)

SIGNIFICANT INFLUENCE ON DECISIONS OF STAKEHOLDERS	SIGNIFICANCE OF ENVIRONMENTAL, ECONOMIC AND SOCIAL IMPACTS		
	Important	High importance	Very high importance
	Very high concern <ul style="list-style-type: none"> • Contribution to sustainable economy • Human rights & social concerns (no under-age workers) • Information on sustainable product features 	<ul style="list-style-type: none"> • Environmental protection during production • Customers: health & safety in the workplace 	<ul style="list-style-type: none"> • Avoiding harmful chemicals in production/product • Having an ethical sourcing strategy excluding worker exploitation
	High concern <ul style="list-style-type: none"> • Use of independent certificates • Promote health in the workplace • Reduce water use and pollution 	<ul style="list-style-type: none"> • Sustainable product assortment • Provide information on eco-friendly product maintenance and product features • Consumer safety • Fair animal treatment 	<ul style="list-style-type: none"> • Long-lasting/durable products • Better customer service/claims management • Actively promote fair labor conditions
	Concern <ul style="list-style-type: none"> • Reduce energy consumption • Have an anti-corruption policy • Policy against anti-competitive behavior 	<ul style="list-style-type: none"> • Avoiding CO₂ emissions • Promote recycling and reuse • Commitment to external initiatives • Diversity and non-discrimination 	<ul style="list-style-type: none"> • Waste recovery • Climate impact • Workers/management relations • Sustainable partners & suppliers • Promote well-being of employees

independent international sustainability rating agency, gave Fenix Outdoor a Prime rating – on a par with blue-chip companies. The Swedish financial newspaper Dagens Industri rated Fenix Outdoor as a leader in sustainability. Fenix Outdoor ranks among the top ten sustainable publicly-listed companies and has achieved this with few resources. We are proud of what we have achieved but we also know that we are far from being perfect. It motivates us to continue the path towards a sustainable future.

Friluftsland – Danish to the core

Born in Denmark, the home of Hans-Christian Andersen, Friluftsland's development can appropriately be described as the ugly duckling that grew into a beautiful white swan. Its first store, opened in 1980, was only 16 square meters. But it had strong values, with great love for the outdoors and a passion for outdoor equipment. These values have characterized the company ever since, and it was a perfect match when Fenix Outdoor acquired Friluftsland in 2017.

In 2018, most of the company's ten stores have been refurbished to a

standard that is unique in the sector, as the goods are presented in a modern and inspiring way. Giving the customers the right advice for having the best possible experiences in nature remains the focus, and this is reflected in the interior design, where the customer can try on hiking boots in a 'test

lane'. Backpacks are filled with different weights in order to choose the right size and fit. Our goal is for Friluftsland customers to confirm our motto: "Good equipment gives better experiences".

Friluftsland introduced the concept "A Greener Choice" in 2018,



Friluftsland Store 2018.

enabling customers to choose greener products certain products are "greener" than others. Being close to nature and having the same set of values as the rest of the Fenix group, Friluftslund finds it essential to give the customers the possibility to make an informed choice.

Focus areas

The Fenix Way Management Compass® guides all Fenix Outdoor sustainability initiatives. It remains our universal management tool, mandatory for the whole group. We continue to work on reducing negative environmental and social impacts and focus on positive contributions at each stage of our products' life cycles.

We address all four cardinal directions of our compass, where N stands for Nature, E for Economy, S for Society and W for Well-being. Having a 360-degree perspective ensures we can deal with potential risks and their repercussions. Various significant impacts and negative side effects occur in different stages of our services and product lives. From raw material sourcing, via spinning, dyeing or other processing steps, the transport, sales and usage of our products till they reach the end of their life: all four cardinal directions of our compass are affected. We want to contribute to healthier, more resilient natural systems, top financial performance, and more knowledgeable, happier and

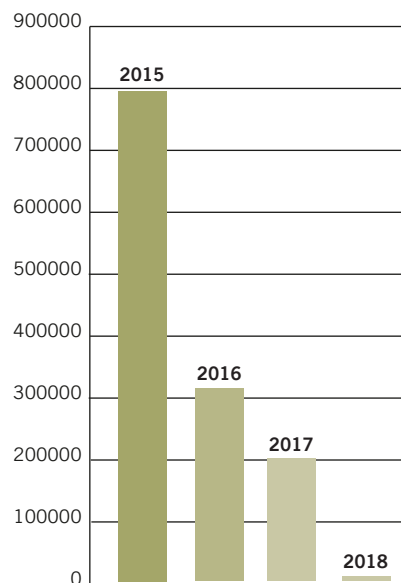
environmentally-conscious people; so we have a wide array of projects, which are managed and organized by each entity individually. All activities address the compass directions and focus on moving towards sustainability.

At group level, our brands and retail companies developed common focus areas: we have addressed social compliance matters throughout the supply chain and within our own organization, in particular by acting on recommendations from our partners at the Fair Labor Association. In 2019, we will conduct a review of our energy efficiency activities in Germany and Sweden; we will also look deeper into our operations in other countries and engage with suppliers, so we can move even further into the Scope 3 emissions reduction processes. The regular updating of our car policy leads to a reduction in CO2e emission-levels per kilometer, and all transport-related activities are under constant scrutiny (including optimizing planning and shipping). We require our suppliers to adhere to our Restricted Substances List (RSL). We update our Chemical Guidelines twice a year, reflecting the latest scientific research and our own precautionary approach. This is cascaded to our operational units, who then address their material matters.

Highlights of 2018

In 2018 Globetrotter and Partioaitta continued with their successful initia-

NUMBER OF SHOPPING BAGS



tive of charging for plastic shopping bags. In 2017, we reduced the number of single-use plastic bags in Globetrotter by 75 percent, to just under 198 000 bags, while in 2018 the company reduced its plastic bag usage by another 96 percent, with just 7 987 plastic bags handed out over the counter. We are charging for single-use plastic bags in our other retail chains and are phasing them out altogether. We notice that more and more customers are now bringing their own bags or are buying a reusable shopping bag.

In 2018, we held refresher courses on our compliance system, and our sustainability and ethics policies at all our stores and brand headquarters. The training sessions were partly recorded and were mandatory viewing for those colleagues unable to attend the onsite training. We regularly provide training on compliance, sustainability and our sourcing principles. All employees have now received online and personal training.

Compliance

Adhering to laws and regulations is central to our business. We require compliance with our Code of Conduct and we try to ensure that our employees and business partners understand what constitutes compliant behavior and business dealings. We introduced a compliance management system in 2012, which we are continuously improving and developing. The Fenix



Durability in action: repair, cleaning and impregnation service in one of our stores

COMPLIANCE CASES 2018

Case Description (number)	Handling Procedure
Product Safety (1)	Claim about unsafe cooker – could not be substantiated; local authority demanded new labeling regarding aluminum products
Labeling (3)	See marketing communication
Trade Laws (1)	Missing EAC label for export to Russia – corrected
Infringements of Trade-marks (0)	Various counterfeits of our products in the market – stopped and destroyed by customs in several cases; no Fenix infringements reported
Data Safety (1)	Hacker attack on our central server was parried and reported to authorities – no data loss detected.
Labor Laws (4)	Two cases of unfair dismissal – legal action pending; delay in information about number of employees with disabilities – fine issued; reporting process revised.
Communication/Marketing (5)	Inaccurate weight indication – change in labeling; inaccuracy of "made in" labeling (complaint by customs). Requirement to add information/warning concerning aluminum – new information issued; To be published in 2019. Inaccurate food labels – withdrawal of packaging. Two customers claimed money for "false" marketing claims – no evidence; claims rejected
Harassment (3)	Sexual harassment and personal threat; one employee received a warning; one employee was dismissed
Corruption (1)	One case reported from externals; no evidence found – possible case of slander
Other (2)	Two product recalls due to labeling error and quality reasons; recalled products, 618; taken from market, 600; 1008 products recalled as precautionary measure.

Outdoor CMS concept complies with the main standards, namely IDW PS 980 and ISO 19 600. As with our sustainability report, the Chief Sustainability Officer submits an annual compliance report to the CEO and the board. Following the compliance guidelines, the Chief Compliance Officer (CCO) submitted his annual report to the board in April 2018. As part of the compliance system, all managers are obliged to sign an annual declaration that they are following the compliance rules and that their staff members are aware of the system. In 2018, Globetrotter held two Compliance Committee meetings. The Compliance Committee comprises the head of the general workers council and the head of the local workers' council, the head of HR, the CEO and the COO of Globetrotter, the head of CSR and Compliance and the legal counsel of Fenix. The committee meetings were chaired by the CSO/CCO of Fenix Outdoor. During 2018, we addressed structural

changes and compliance with the leadership principles of the Globetrotter Way. The forum is a valuable platform for open dialogue on various compliance-related matters and the CCO will address the management team and store managers during their regular meetings in 2019.

At Fenix Outdoor, compliance is not only a result of the ethical principles mapped out in the Fenix Way and other internal documents, it also reflects the owners' will to systematize the handling of ethical and legal matters. In 2018, the number of cases that were directly reported to the CSO did not differ much from 2017.

Opportunity and risk assessment

In 2018, Fenix Outdoor continued to grow, consolidating some areas and addressing weaknesses in some business units. We also profited from various opportunities: Fjällräven benefited from increased global visibility and we continued to extend our

networks in Latin America, Africa and new Asian markets.

The acquisition of Royal Robbins poses some economic and environmental challenges. The brand itself needs to address sustainable sourcing and principles but currently does not have the resources to do so. The central CSR Department will pay special attention to the brand in 2019.

We have reorganized our logistics operations in Germany and built a new B2C service and logistics center in Ludwigslust. We explored the possibility of building solar panels on the factory roof to generate electricity, but a life cycle analysis showed that it was ten times ecologically more beneficial in terms of CO₂e footprint to purchase hydroelectricity from our main provider in Germany. However, Fenix Outdoor will continue looking for opportunities to use solar power in other locations to reduce our environmental footprint.

2018 was a year of continued political changes with several uncertainties. The US administration continued its 'America first' policy but last year saw a trade dispute between China and the US, leading to taxation and newly imposed tariffs, including textiles. Towards the end of the year, fears in Europe grew with an increased likelihood of a no-deal UK 'Brexit' from the EU. A so-called 'hard Brexit', where there is no deal, is expected to immediately impose tariffs and duties on goods shipped between the EU and the UK, with possible negative macro-economic repercussions in the UK.

Climate change remained a serious issue in 2018, with an extremely hot and long summer in central Europe, leading to declining sales in the autumn. Fenix Outdoor continues to see risks to our operations from the increase in extreme weather events, for example through the interruption of transportation and communication infrastructure and the impact on owned or contracted production sites. We still note with great concern the overall long-term changes in climate patterns and expect long-term effects on the functional demands and quality of certain product categories. The increase in trade disputes and the uncertainties around Brexit led to a less positive global economic outlook for 2019. ●





*"In natural science the
principles of truth
ought to be confirmed
by observation."*

Carl von Linné (Carl Linnaeus),
1707–1778, the father of
modern taxonomy



2. MAPPING NATURE: We Love – We Live – We Protect

We all want to protect and enjoy nature, but we are seeing dramatic, rapid and unprecedented losses in biodiversity around the globe. Climate change is severely contributing to this by making certain areas inhabitable and allowing species of warmer climates to migrate further north.

And, whether deliberately or not, nature lovers are introducing disposable products into the environment, including single use-plastic products such as cooking utensils. Once they are lost they can be replaced, as they are cheap and abundantly available, but these products remain in the environment, take a long time to degrade and affect the food chain, such as when they are eaten by a fish or another animal.

Fenix Outdoor's products are made with longevity, durability and sustainability in mind. We purchase materials from sustainable sources, taking into account animal welfare and environmentally-friendly farming or production. We follow closely the evolution of science and industry's response to climate change, and adapt our business accordingly.

Fenix Outdoor seeks a profound overview of all production and development phases in our value chain. In the words of Swedish botanist Carl

Linné: "If you want to understand nature you need to observe it." The principles of understanding what we do and how we can do better form part of the 2025 strategy for all our brands and retail business.

Key aspects

Fenix Outdoor and its entities jointly base their actions on the following aspects:

- Reducing CO₂ emissions, including energy conservation measures in all major Fenix locations, and retrofitting in stores
- Improving our selection of sustainable materials (in collaboration with the Sustainable Apparel Coalition) and applying the Higg Index suite of tools (e.g. the Material Sustainability Index, Design and Development Module, Product Footprint tool, etc.)
- Extending our partnership with a textile recycler (I:Collect) and developing our own packaging and logistics project
- Strengthening our suppliers' application of the Higg Index Facility Environmental Module (FEM)
- Continuing to eliminate hazardous chemicals and continuously updating the group-wide Chemicals Guidelines
- Improving and extending the

content and application of the Social Compliance Guideline

- Partnering with ELEVATE to extend our reach and deepen our knowledge of the full array of supply-chain matters
- Furthering the use of consumer-facing information/scoring systems in our supply chain management and retail business.

In 2018, Fenix Outdoor established or purchased ten new premises, and these formed part of our data gathering exercise. We opened the logistics center in Ludwigslust, northern Germany, while closing an inherited and logistics point we had inherited through the acquisition of Royal Robbins.

Resources and emissions

In December 2018, the UN Climate Change Conference took place in Katowice, Poland. During the conference, a Fashion Industry Charter for Climate Action was adopted, setting ambitious goals for the entire industry to keep the rise in global temperatures well below 2° C, although this "science-based target" is unfortunately ambiguous for industry sectors like ours. But we can report that in 2018 around 32 500 fuel-efficient Primus stoves were sold, thus saving around

40 per cent of energy with each usage compared with standard stoves for similar uses.

In 2018, Fenix Outdoor's overall carbon dioxide equivalents (t CO₂e) amounted to 9 292 t CO₂e (2017: 11 493 t). These data only include energy consumption, shipments, business travel and commutes. The latter have been extrapolated from the previous years as we did not make a survey due to the new GDPR regime in the EU and various IT-based changes. Contractors are not included. In 2018, we reduced our overall CO₂ footprint and energy consumption in our retail operations; the exact amount cannot be established at this stage but will form part of our energy project exercise in 2019. We have continued to switch to LED lighting and used green energy. Our operations in Germany, the flagship store in Amsterdam and our operations in Sweden and Finland all use 'green power'. Our location in Vierkirchen, Germany is partly heated with biogas from a neighboring organic farm. Emission reduction efforts in 2018 include but are not limited to:

- Retro-fitting stores with more efficient lighting, smart facility heating and cooling concepts
- Reducing CO₂e allowances for corporate cars
- Improved or new machinery in our own production facilities
- Investment in insulation
- Developing new locations
- Designing efficient production procedures.

Energy usage

Fenix Outdoor reduced overall energy consumption in 2018. We improved our energy consumption profiles and reduced the amount of goods shipped by air. The group also used an IT-based reporting tool that provides more accurate data, though there remains some ambiguity and some reductions can only be explained by possible misstatements in the past, while we believe that we may have slightly overstated our consumption. The result includes Royal Robbins and accounts for a full year of Friluftsland and Alpen International, who were only partly reflected in 2017.

In 2018, our primary energy sources were gas and coal. A total of 3 472 MWh (2017: 9 818 MWh) were used

plus another 2 095 MWh (2017: 2 329 MWh) from district heating systems. A total of 18 805 MWh electricity were consumed (2017: 16 893 MWh). The primary energy emissions amounted to 1 012 t CO₂e (2 234 t CO₂e in 2017), while district-heating-related emissions dropped to 73 t CO₂e (128 t CO₂e in 2017). The reasons for this decrease include the use of new conversion factors and the move of several operational units into new set-ups. The scope 2 emissions increased to 2 606 t CO₂e due to the integration of a new entity and the full-year accounting of Alpen and Friluftsland (previous year: 1 843 t CO₂e); location-based emissions would have been 6 524 t CO₂e (2017: 6 839 t CO₂e). The group's systematic purchase of green energy is having a significant impact.

Shipment of goods

We use various modes of transportation for shipping our goods around the globe. We calculated our shipments' emissions at 3 071 t CO₂e (2017: 2 659 t CO₂e), with the increase due to the inclusion of a new entity. We have reduced air freight to and from our central warehouse by 43 per cent (after a 30 per cent drop in 2017). We increased shipments by truck and train despite a reduction in shipping volumes. In some locations we continued using the 'GoGreen' shipping service by DHL. In our US operations the number of air freight shipments remains high due to customer demands. All shipments to customers from Globetrotter Ausrüstung are carbon-neutral, through the investment in the Globetrotter Vision Foresting Costa Rica. In 2018, the total amount of CO₂e compensated for from this project was 508 t CO₂e.

Business travel

Emission levels were restricted to 130 g CO₂/km for all vehicles, according to the NEDC method. However, the new WLTP methodologies lead to higher average emissions per kilometer. As not all car manufacturers have adjusted their modelling according to WLTP we continue with the NEDC values, striving to go below the required WLTP maxima. The average CO₂e emissions from our car fleet has dropped to below 126 g/km (NEDC). Business travel-related CO₂e emissions accounted for 1 520 t CO₂e.

(2017: 3 154 t CO₂e). The business travel data includes flights, public transportation, corporate cars, and personal cars for all staff members at all locations. The significant difference from the year before is most likely due to double-booking in one location.

Commute to work

In order to form a more holistic picture of our transportation, we conducted a global staff survey of all those working for the Fenix Outdoor Group to calculate annual CO₂e emissions. We also looked at how colleagues get to work and establish how many of them do so in ways that help to keep themselves healthy and fit. Low oil prices and the significant growth in staff meant more travel by car. The total CO₂e emission from commuting has been extrapolated from previous data as we did not survey it in 2018. We estimate 1 010 t CO₂e for our 2018 emissions from commuting activities (n = 1 104; 2017: 842 t CO₂e).

Offsetting practices

Because we are not yet able to eliminate our energy, transport and product-related emissions, we decided to offset our greenhouse gas emissions by investing in carbon-offset projects. We have compensated for our CO₂e emissions through investment in Gold Standard Projects with various entities. The projects we have invested in can be identified below*. The total amount we compensated for was 14 367 t CO₂e (2017: 14 935 t), consisting of transport of shipments, business travel, commutes, energy consumption, some product-related offsets, and internal as well as external events (ISPO, Outdoor Europe and IWA). In addition, marketing materials such as catalogues and flyers were offset as part of the purchase agreement, which amounted to about 93 t CO₂e (2017: 55t). Leather for Hanwag was compensated, too: 105 t CO₂e was compensated for by African reforestation projects. We have taken the next step towards a holistic carbon dioxide management in our carbon policy. In our new strategic plan we will strive for

* https://mer.markit.com/br-reg/public/project.jsp?project_id=103000000002183
Kikonda Forest Reserve: www.global-woods.com
Climate Partner projects: climatepartner.com/11148-1806-1001;11148-1901-1002-to-1014

full carbon neutrality. However, we need our peers and suppliers to move with us to the next level. We will use the Higg Index tools and other means to monitor and steer our efforts.

An overview of the total substances used in our material list illustrates our sustainability efforts in this area.

Water

We are increasingly concerned that water pollution seems to be accepted by many industries as collateral damage to development. We at Fenix Outdoor view this quite differently and we are trying to mitigate the impact of what we do by using techniques like spin-dye®. It is our approach to reduce water consumption in the making of our products. We have therefore partnered with suppliers, who care (like Heinen Tannery or spin-dye). The amount of water consumed was 89 889 cubic meters (2017: 105 516 cubic meters). Extrapolated, this means an overall consumption of 101 534 cubic meters.








The vast majority of water usage at Globetrotter Ausrüstung was for the canteen, the different pools and ice chambers in stores and the irrigation of green spaces in the US and China. The water we consume is mainly drawn from the community supply (groundwater, with some surface water in northern Finland, South Korea and Slovakia). In some locations we tap lake or river water where it is abundant and clean. The main purpose is for drinking, cooking and household use. All effluents were collected in community sewers and treated at a public treatment plant. No toxic chemicals were released by Fenix Outdoor operations into sewers or surface water bodies. We estimate that about 69 000 cubic meters (2017: 62 230 cubic meters) were released by our operations (toilets, washing, kitchens).

We do not discharge any wastewater that requires Chemical Oxygen Demand (COD) monitoring, nor do we use halogenated absorbing organic compounds. Our wastewater is like those of normal households. Our partner tanneries, down finisher, weavers and dye house operators are located in Germany, Croatia, Italy, Japan, South Korea, China and Vietnam. They operate their own treatment plants or are adjacent to industrial treatment

MARKETING MATERIAL TABLE 2018





MATERIALS	Amount conventional	Amount certified sustainably sourced	Amount certified recycled	Thereof CO ₂ neutral	Amount CO ₂ e (compensated)
Paper	57 085 kg	1 406 818 kg	35 834 kg	99,4%	14 763 kg
Ink	1 007 kg	1000 kg	0 kg	0%	0 kg
Plastic	122 kg	0 kg	0 kg	0%	0 kg
Cardboards	264 kg	0 kg	0 kg	0%	0 kg
Wood	12 062 kg	100 kg	20 kg	0%	0 kg
Glue	72 kg	0 kg	0 kg	0%	0 kg
PVC	12 kg	0 kg	0 kg	0%	0 kg
Other materials	7 kg	0 kg	0 kg	0%	0 kg

Office supply	Amount conventional	Amount More Sustainable	Amount recycled
Paper	7 450 kg	1 444 kg	2 583 kg
Cardboard	13 698 kg	183 kg	178 381 kg
Toner/Ink	218 kg	1 kg	64 kg
Plastic	3 376 kg	1 232 kg	2 993 kg
Glue (glue stick, sticky tape)	3 536 kg	152 kg	0 kg
Metals	376 kg	42 kg	16 kg
Other Materials	377 kg	106 kg	100 kg

Packaging				
Paper	4 295 kg	49 569 kg	41 378 kg	
Cardboard	408 707 kg	1 793 kg	57 940 kg	
Polyethylene	11 081 kg	426 kg	71 kg	
Plastics (Non Spec.)	65 356 kg	0 kg	22 214 kg	
Polypropylene (e.g. Straps, Tapes)	696 kg	0 kg	0 kg	
PVC (e.g. Tapes)	15 kg	0 kg	30 kg	
Other Materials	29 573 kg	0 kg	0 kg	

Waste types	Weight in kg	Percent of total waste (range)	Disposal method
Plastic	59 597	0,6 - 44 %	Recycling / Landfill / Recovery (chemical/thermal)
Residual/ household waste	104 967	0,5 - 12 %	Recycling / Composting / Landfill / Recovery (thermal)
Paper	593 642	25 - 76 %	Recycling/ Reuse (landfill)
Chemicals (hazardous)	444	< 1%	Recovery (chemical/thermal)
Chemicals (non-hazardous)	1 684	ca. 3%	Recovery (chemical/thermal)
Metal	15 740	2- 10 %	Reuse/Recycling
Wood	32 165	ca. 2%	Reuse/Recycling/ Composting
Glas	839	4 - 8 %	Recycling
Organic waste	14 250	ca. 18 %	Composting (Landfill)
Electrical waste	1 890	2 - 3 %	Recycling/ Recovery (chemical/thermal)
Other waste	1 956	25 - 65%	Recycling /Landfill
Hazardous	744	< 1%	Recovery (chemical/thermal)

MATERIAL USE (ALL PRODUCTS)

Material	Total Material Use			Trend
 PLANT-BASED FIBERS AND MATERIALS	598346 kg			
Cork	350 kg	0 kg	0 kg	350 kg
Cotton	214 841 kg	371 405 kg	46 kg	586 292 kg
Hemp	3 123 kg	232 kg	0 kg	3 355 kg
Linen	570 kg	565 kg		1 135 kg
Nuts	11 kg	0 kg	0 kg	11 kg
Wood	2 712 kg	44 55 kg	0 kg	7 167 kg
Other plant-based fibers and materials	0 kg	36 kg	0 kg	36 kg
 ANIMAL MATERIALS	347476 kg			
Alpaca fiber	290 kg	0 kg	0 kg	290 kg
Beeswax	2 150 kg	0 kg	0 kg	2 150 kg
Down	0 kg	11 865 kg	0 kg	11 865 kg
Leather	256 662 kg	0 kg	0 kg	256 662 kg
Silk	844 kg	0 kg	0 kg	844 kg
Wool	67 407 kg	4 893 kg	3 365 kg	75 666 kg
MAN-MADE CELLULOSIC FIBERS	41951 kg			
Acetate	6 160 kg	0 kg	0 kg	6 160 kg
Lyocell (e.g. Tencel)	5 244 kg	8 076 kg	0 kg	13 320 kg
Modal	0 kg	19 900 kg	0 kg	19 900 kg
Viscose	2 572 kg	0 kg	0 kg	2 572 kg
 SYNTHETIC FIBERS	1 493 218 kg			
Biobased synthetics (e.g. from crop, sugar)	269 kg	0 kg	0 kg	269 kg
Elastane (e.g. Lycra, Spandex)	30 538 kg	70 kg	0 kg	30 608 kg
Polyacrylic	10 082 kg	0 kg	0 kg	10 082 kg
Polyamide (Nylon, etc.)	381 925 kg	7 259 kg	24 279 kg	413 463 kg
Polyester	511 592 kg	23 712 kg	196 328 kg	731 632 kg
Polyethylene	21 658 kg	0 kg	0 kg	21 658 kg
Polypropylene	189 998 kg	0 kg	0 kg	189 998 kg
Polyurethane	95 387 kg	0 kg	0 kg	95 387 kg
Thermoplastic Polyurethane	76.2 kg	45 kg	0 kg	121.2 kg
 METALS AND INORGANIC COMPOUNDS	465 751 kg			
Aluminum	44 622 kg	56 kg	3 kg	44 680 kg
Brass	30 121 kg	0 kg	0 kg	30 121 kg
Copper	60 kg	0 kg	0 kg	60 kg
Copper, Beryl.	60 kg	0 kg	0 kg	60 kg
Glass	15 kg	0 kg	0 kg	15 kg
Sintered Iron	25 kg	0 kg	0 kg	25 kg
Stainl. Steel	137 935 kg	0 kg	0 kg	137 935 kg
Steel	154 903 kg	0 kg	0 kg	154 903 kg
Tin	1 945 kg	0 kg	1 750 kg	3 695 kg
Titanium	536 kg	0 kg	0 kg	536 kg
Other Metals and inorganic compounds	93 667 kg	53 kg	0 kg	93 720 kg

plants. Our partners follow our Chemical Guidelines and most use environmentally-sensitive detergents or agents for cleaning or production. Our partners' treatment plants are regularly monitored by public authorities; our partners in Germany, Japan, Korea, China and Vietnam mostly operate under the ISO 14001 system. Overall wastewater discharge data are publicly available via partners' sustainability reports.

Materials

Fenix Outdoor aspires to improve the ecological profile of our materials. We use recycled, organic, biodegradable or recyclable materials and in the past year we have been using more natural fibers where possible. We have enhanced our accuracy in data collection and material specification. All of our brands apply the Higg Index criteria wherever possible. As a member of the Sustainable Apparel Coalition and active user of the Higg Index, we continue to re-think our choice of materials. The Higg Index works as a self-assessment tool internally, incorporating the Materials Sustainability Index (MSI) and the Design and Development Module (DDM).

Materials summary

The table shows an overview of the materials used and the recycling content or other environmentally-preferred attributes. We are increasingly looking at recycling products that have reached the end of their lives for input to new products, and through our stores and Royal Robbins we have collected more than 5,7 t of textiles and shoes for the I:Collect recycling stream. We also offer repair and care services. Around 12 500 pairs of Hanwag shoes were re-soled in 2018.

Waste management

Fenix Outdoor's motto is: 'repair, re-use, recycle'. This is part of our strategy regarding longevity and durability. Unfortunately, this is not always possible, and apart from the product itself, we deal with waste along the production chain, starting from biodegradable raw materials via chemical waste, wastewater effluents from dye houses and chemical treatments, and waste from cutting, sewing and packaging. We use our warehouses to collect broken, unwanted or recalled

products. In 2018, around 25 per cent (2017: 17 per cent) of all e-Com products were returned due to fit, double-order, etc. (this refers to all brands and products sold in our online stores based on items). The goods were checked and re-stocked. For the B2B business, the return rates vary from region to region and range from 0,03 to 0,45 per cent of products sold. The average is around 0,4 per cent (2016: 0,5 per cent) of all items sold through our warehouses in the Netherlands, Norway, and the United States. About 56 per cent were re-stocked or repaired and used again; the rest of the products were destroyed. In addition, the warehouses reclaimed and recycled packaging waste, as legally required. Waste at the various locations we are operating in is hard to measure as no unified system for waste management and assessment exist. While some locations handle waste based on weight, others do so by volume, while smaller ones only pay a lump sum for the various bins or collectors they use. Overall datasets are not reliable.

Animal welfare

We always strive to improve the animal welfare in our down supply chain, wool chain and leather chain. We do rely on our partners to play their part, though our strict standards ensure a selective partner network. In 2018, we did a shadow-audit of our down flow by an external certifier in China, intensified our efforts in wool sourcing in Sweden and continued our partnership in the leather supply chain in Germany and the Alps. All recommendations we received and all deviations we detected were addressed and improvements were already visible in 2018.

Biodiversity

The head office for Globetrotter Ausrüstung is close to the Hölztigbaum nature reserve, a former military training site that became a protected area in 1997 and 1998. The nature reserve spreads over an area of 558 hectares and is classified as IUCN category IV: habitat-/species management area. In total, 58 plants and 78 animal species of the IUCN Red List are protected in the area. To protect the openness of the landscape, Galloway and Highlander cattle, sheep and African goats graze in the reserve. Through the Globetrotter Foundation we support



MATERIAL USE (ALL PRODUCTS)

FOAMS					25 kg
Other foams	25 kg	0 kg	0 kg	25 kg	★
RUBBER					155 313 kg
Butyl rubber	155 000 kg	0 kg	0 kg	155 000 kg	↔
Chloroprene rubber (Neopren)	135 kg	0 kg	0 kg	0 kg	↔
Elastomeric polyurethane rubber	171 kg	0 kg	0 kg	0 kg	↔
Foamed rubber	4 kg	3 kg	0 kg	7 kg	↔
Other rubber	983 kg	0 kg	0 kg	983 kg	↔
OTHER MATERIALS AND SUBSTANCES					949683 kg
Batteries	15 kg	0 kg	0 kg	15 kg	↘
ePTFE	34 800 kg	799 kg	0 kg	35 599 kg	↔
Glue	87 866 kg	0 kg	0 kg	87 866 kg	↗
LPG Gas	183 293 kg	0 kg	0 kg	183 293 kg	↘
Mineral Spirits (Var)	1 636 kg	0 kg	0 kg	1 636 kg	★
Paints	110 kg	0 kg	0 kg	110 kg	★
Paraffin	275 465 kg	0 kg	0 kg	275 465 kg	★
Pentane/Heptane	18 000 kg	0 kg	0 kg	18 000 kg	★
Silicone	75 kg	0 kg	0 kg	75 kg	★
Solvents (Non Spec)	120 kg	0 kg	0 kg	120 kg	★
Vinylon F	347 504 kg	0 kg	0 kg	347 504 kg	↘



Clarifications

↗	Increase
↘	Decrease
↔	Stable
★	New material

the protection efforts and the development of the reserve. Several Fenix Outdoor brands have committed to avoid genetically modified materials (GMOs) and overall retail and brands are between 65 per cent and 100 per cent in GMO free cotton use.

Conclusion

Fenix Outdoor made great progress in some areas in 2018, but we have not been able to achieve all our targets. Several data points do not meet the quality expectations of the Sustain-

ability Office to be able to report on them in full confidence. Some serious deviations (see Fact Sheet) stem from a different sourcing as well as shifts in operation and deletion of double-accounting. Water and waste data are mainly extrapolated and we need to have better control of them in future. Challenging targets for the 2025 strategy have been set. We want to leave the basecamp in a better shape than when we found it and we constantly work on it, contributing to a better environment wherever we are. ●

Product development and innovation: our choice for sustainability

We have introduced “A Greener Choice” in all our retail operations, and our customers have already responded positively, as the table to the right shows.



Fjällräven Greenland Re-wool jacket

It was a Scandinavian climbing expedition to Greenland in 1966 that symbolized the need for functional and durable outdoor clothing. Based on the feedback of those climbers, the first Fjällräven jacket saw the light of day. Over the years the Greenland Jacket has become one of Fjällräven's signature garments. Today, the Greenland family consists of a number of products that are all made in G-1000, featuring details and characteristics from the original model in 1968.

Although we try to minimise waste and spill material, we can't avoid it entirely. But with Re-Wool we're using surplus wool to make brand new products. Using traditional Italian craftsmanship, the recycled wool is colour-sorted, shredded, then blended with

other colours for unique results. Finally, we mix the yarn with polyester or polyamide for extra strength. This process not only minimizes waste, it also means less virgin wool is required to make our wool sweaters, jackets and shirts. Using recycled wool (pre and post-consumer recycled wool) is a contribution to sustainability, bringing new life to a product and material that otherwise would have been lost. Washed, shredded and spun into new yarns, it is another sustainable contribution to our Greenland family.

Recycling wool is far less energy and resource intensive than using virgin wool. It takes wool that's already been spun and dyed, and would otherwise be thrown away, and turns it into a new product. •



Tierra Flon Rain Jacket

The Flon Rain Jacket is a wind and waterproof fluorocarbon free shell jacket made out of 2,5-layer polyester. It is lightweight and fits in your backpack to be used when the rain comes. Reflective details on both the front and back make you visible in the dark. The jacket has a fully adjustable hood, and adjustable cuffs and waist.

We have chosen to use only one material in Flon: polyester. This 'mono-material' allows the garments to be recycled in the future. The face fabric polyester is recycled and the DWR is free from fluor carbons, making Flon is a natural choice for the conscious outdoor enthusiast.

Tierra has switched the virgin nylon to recycled nylon in the main fabric in its best-selling pants in the running range, "Ace Pant" for men and women and "Lite Track Pant + Convertible Pant" for men and women. Tierra has also started to use bio-based polyester fabric (30% bio based PES in total), for all our linings in its new range of winter parkas (together with 100 per cent recycled polyester padding). •

A GREENER CHOICE

Friluftss Retailer	% of products evaluated (based on total number of products sold)	Amount of Products that qualify as "A Greener Choice"	% of products qualifying for "A Greener Choice"	Amount of products labeled as "A Greener Choice" sold	"A Greener Choice" net sales vs total sales in %
Friluftssland	26	208	11	13 143	15
Globetrotter	0	374	3,48	72 980	3,71
Partioaitta	50	356	5,5	62 376	9,7
Naturkompaniet	80	923	6,7	264 200	18



Primus Aeril

The Primus Aeril is a multifunctional and durable portable camping stove that allows you to cook over open fire. Made from stainless steel, the sturdy legs and solid design are ideal for use with the included grill gate. The grill is developed to last for generations and ages well. We have spare parts to replace worn components if needed, and, if your grill is damaged beyond repair, its component parts can be recycled to produce new products. •



Friluftss Broby Padded Jacket Men and Padded Coat Women

The Broby Padded Jacket consists of environmentally sound wind and waterproof material to keep you warm and dry. It feels dry even in cold and wet weather conditions. The outside is sturdy, while the interior material is soft and smooth and ensures good moisture transport. The filling material is a breathable synthetic fiber filling (Thermore), which offers very good insulation performance. In addition, the knitted cuffs, the stand-

up collar, the drawstring in the hem and the hood (with fake fur trim) prevent wetness and cold wind from entering the jacket. The drawstring at waist height gives the long-cut jacket a good fit. There are five pockets for storage. The coat for women has decorative buttons that keep the storm flap in place, and the drawstring at the waist ensures a flattering fit. Diagonally-attached pockets complete the design. •



Hanwag Tarso Low Es and Saldana Low Lady

Hanwag's Tarso Low Es and Saldana Low Lady Es shoes now have an innovative new sole that has been made using environmentally-friendly technologies. They are manufactured exclusively in Europe and can be re-soled thanks to a pinched design. The waterproof, breathable and sustainable Eco-

Shell Footwear membrane has meant that we have completely phased-out the use of any kind of harmful fluorinated chemicals. Hanwag TubeTec Eco is an innovative, extremely comfortable sole technology that uses polyurethane, which consists of 25 per cent recycled materials. •



Royal Robbins joins the Fenix family

Fenix Outdoor's newest brand is the namesake of legendary American climber Royal Robbins, above, with his wife Liz.

ROYAL ROBBINS WAS a pioneer of American Big Wall Climbing in Yosemite National Park in California. With his wife, fellow climber Elizabeth Burkner, he built the apparel company now known as Royal Robbins.

In 1967, Liz became the first woman to climb Half Dome in Yosemite. Liz and Royal posed at the top as a tourist snapped what would become an iconic photo. Seeing the photo of their torn jean shorts, they said, "Maybe we had better get in the apparel business!"

Royal and Liz belonged to a progressive band of climbers who coined the term "clean climbing": techniques for climbing big walls with little or no damage to the rock, in keeping with their deep respect for nature. Following the Half Dome ascent, Royal and Liz completed a revolutionary first climb of a route using only clean

climbing techniques. They called the route "Nutcracker", after the removable climbing nuts they utilized. To this day, "Nutcracker" symbolizes clean climbing and the Royal Robbins brand's sustainable ethos.

IN 1968 THE ROBBINS couple founded a shop for climbing gear such as pitons, ropes, hammers and nuts with the name 'Mountain Paraphernalia', out of Liz's father's garage in Modesto, California. A few years later, the couple added clothing, which they called 'Mountain Threads'. They imported heavy wool sweaters from the Lake District of England. The Herdwick and Swaledale sheep's wool was ideal for cool weather climbing. The Robbins realized climbers would much rather buy 'gear' than clothing. Marketing the woolen jumpers as 'Sweat-

ers as Gear', sales took off, so the couple focused solely on apparel, with Liz designing new products like 'the Blue-water Short', still a bestseller.

In 1982, the company changed its name to "Royal Robbins", partly due to Royal's popularity. Royal also felt this would show that he stood behind his products. The goal was to measure each design against Royal's specifications of quality, comfort, durability, and create a look that had a sense of the values of Liz and Royal Robbins.






The brand's vision is to inspire adventure, and its mission statement is: "Born in Yosemite Valley, we make versatile apparel for people who bring the spirit of a life lived outdoors to everything they do." The Royal Robbins team still brings the "Nutcracker" ethos to all they do, promising customers clothing that can go everywhere. •

FACT SHEET
ENVIRONMENT 2018





ENERGY CONSUMPTION

INDICATOR	2018	CO ₂ e (t)	2017
Primary Energy (kWh)	3 472 518	1 012	9 818 167
Primary Energy (MJ)	12 501 064		35 345 402
Electricity (kWh)	18 804 687	2 606	16 892 703
Electricity (MJ)	67 696 872		60 913 732
District Heating (kWh)	2 094 697	73	2 328 678
District Heating (MJ)	7 540 911		8 383 241

CO₂e FROM BUSINESS TRAVEL BY MODE OF TRANSPORT (t)

MODE	2018	2017
 Car	368	1 949
 Bus	0,04	53
 Train	35	47
 Boat	0,23	332
 Air	1 117	1 155

CO₂e FROM SHIPMENTS BY MODE OF TRANSPORT (t)

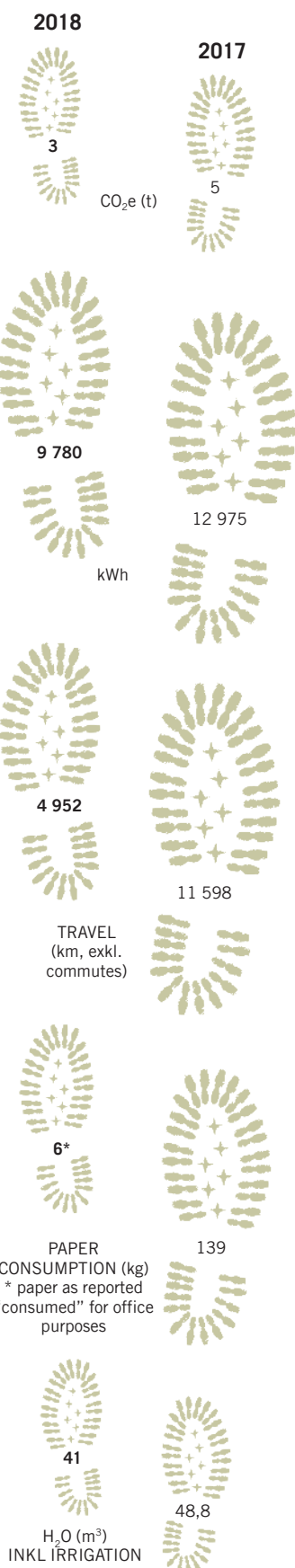
MODE	2018	2017
 Trucks	1 906	1 012
 Sea	241	348
 Air	914	1 550
 Other (train)	10	n/a

OTHER EMISSIONS (INCLUDED IN CO₂e CALCULATIONS) IN KG

EMISSION	2018	2017
NO _x	174 180	6 480
SO _x	n/a	863
CO	2 285	1 019
HC	755	318
PM	198	188

* The deviations 2018 over 2017 can be explained by different data sources and references; subsequently a comparison 2018 over 2017 is not possible but for completeness both years are presented here.

OUR FOOTPRINTS PER CAPITA





3. ECONOMY – getting ready for the next stage

Our group consists of three segments: Brands, Global Sales and Retail (Frilufts Retail Europe). Fenix Outdoor's brand segment consists of six outdoor brands. Our goal for the group is to achieve a minimum growth rate of 10 per cent per annum, keeping a consistent profit before tax of at least 10 per cent. To do so, Fenix Outdoor has adopted a two-fold approach: organic growth based on a strong retail network and brands known for high-quality products, as well as expansion through acquisitions.

Fenix Outdoor is a Swiss corporation, officially named Fenix Outdoor International AG and listed on the Stockholm Exchange OMX Nasdaq Large Cap. Four of the six board members are independent of the company and its management group. Fenix Outdoor is based in Zug, Switzerland, with its major operations located in Sweden, Germany, the USA, Canada, Norway, Finland, Denmark, Austria, Switzerland, United Kingdom, the Netherlands and China. Our major markets correspond to the locations of the operations, showing the deep-rooted tradition of the brands and retailers.

We enjoyed a successful year in 2018, building on our achievements of the previous year. The past year's highlights include our purchase of



Brunton is a US brand known for innovations in compasses and portable power.



Fjällräven is a leading European brand in outdoor clothing and equipment.

NATUR
KOMPAINET



PARTIOAITTA



GLOBETROTTER



FRILUFTSLAND

Frilufts

Our Frilufts Europe Retail AB segment consists of four retail chains: Naturkompaniet AB, which consists of 35 outdoor stores in attractive locations in Sweden; Partioaitta Oy, with 17 stores located in Finland; Globetrotter Ausrüstung GmbH in Germany with ten high street stores and two outlet stores; and Friluftsland in Denmark, with ten locations.



SINCE 1921

Hanwag is a traditional European brand for technically-advanced trekking, outdoor, and alpine shoes.

PRIMUS®

Primus develops and sells camping equipment used for boiling, heating and lighting, powered by gas and liquid fuels.



ROYAL ROBBINS®

Royal Robbins is a US brand, known for its travel and active outdoor apparel.



Tierra is known as a strong brand in hi-tech clothing for demanding outdoor activities.

NET SALES PER MAJOR MARKET (IN MEUR)

EXTERNAL SALES PER MARKET	Brands		Frilufts		Global sales		Common		Total %	
	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
Switzerland	–	–	–	–	10,4	10,1	–	–	1,8	1,9
Sweden	13,6	14,8	56,4	57,5	–	–	–	–	12,2	13,4
Other Nordic countries	5,1	5,5	42,9	30,4	37,5	40,8	–	–	14,9	14,2
Germany	64,3	62,1	174,1	182,6	–	–	1,6	1,3	41,9	45,6
Benelux	14,5	8,5	–	–	6,7	11,2	–	–	3,7	3,6
Other Europe	13,0	5,6	–	–	38,0	37,2	–	–	8,9	7,9
North America	43,0	23,5	–	–	31,3	28,2	–	–	13,0	9,6
Other World	2,4	3,2	–	–	17,6	17,4	–	–	3,5	3,8
Total	155,9	123,2	273,4	270,5	141,5	144,9	1,6	1,3	100	100





Royal Robbins and the opening of our logistics center in Ludwigslust, Germany. We continue to develop globally, and this has become evident in the types of challenges that we are facing. Grey imports based on price arbitrage due to price differences, differences in taxes and exchange rates have become much more complex, and the rise in certain counterfeits of our products is evidence of this. We have achieved good growth in our key markets. We did not receive any subsidies in 2018. A tax breakdown is given in the table. ●

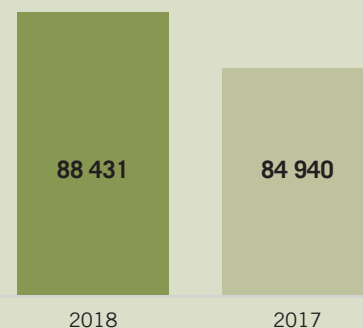
TAXES PAID PER SEGMENT 2018

SEGMENT	TEUR equiv.
Brands Segment	7 636
Commons	7 974
Frilufts Retail	2 051
Global Sales	3 431
GROUP	21 092

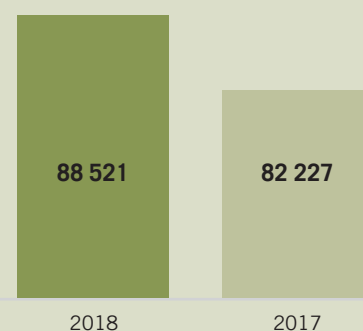
CONSOLIDATION (IN TEUR)

Account	2018	2017
Total Net sales	572 408	539 936
Total Other operating income	10 372	12 709
Suppliers and Services	-374 004	-357 946
Result of associated companies	2 141	2 214
Interest income	746	372
Interest costs	-1 668	-2 442
Total tax	-21 093	-21 555
Net P&L for the year	67 429	60 672
Salaries	84 886	78 159
Pension plan	3 950	3 495
Other social costs	15 392	15 088
Donations	367	390

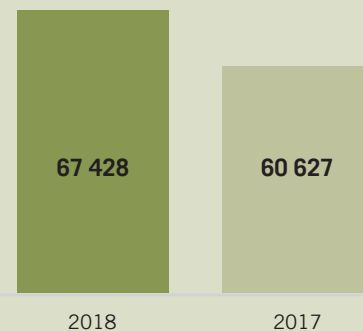
GROUP OPERATING PROFIT (TEUR)



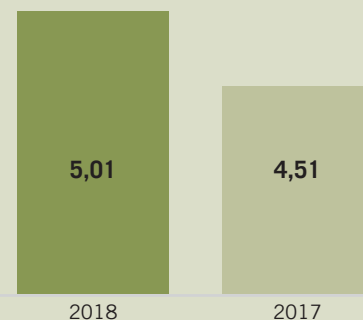
THE INCOME AFTER FINANCIAL ITEMS (TEUR)



GROUP NET PROFIT (EUR)



EARNINGS PER SHARE (EUR)



FACT SHEET
ECONOMY 2018

MEUR	2018	2017	2016	2015	2014
INCOME STATEMENT					
Net sales	572,4	539,9	486,2	451,0	237,3
Depreciation/amortization	-14,2	-12,7	-13,1	-13,0	-5,8
Operating profit	88,4	84,9	60,5	32,6	28,9
Net financial income	0,1	-2,7	-1,9	-0,8	-1,0
Profit/loss after financial items	88,5	82,2	58,6	31,8	32,6
Tax	-21,1	-21,5	-10,4	-10,0	-11,9
Net profit for the year	67,4	60,7	48,2	21,8	20,7
BALANCE SHEET					
Fixed assets	119,2	100,6	79,4	74,2	77,7
Inventories	133,3	132,7	121,1	116,3	108,5
Accounts receivable - trade	42,9	39,8	39,9	23,4	24,9
Other current assets	5,4	4,9	4,8	15,4	20,7
Cash and cash equivalents, current investments	101,9	93,7	76,8	58,0	41,0
Total assets	402,7	371,7	322,0	287,3	272,8
Equity attributable to the parent company's shareholders	285,6	230,8	186,7	147,8	114,5
Minority shareholdings	0,0	0,0	2,6	2,3	21,4
Provisions, etc	12,9	13,8	9,5	5,2	8,3
Non-current liabilities, interest-bearing	12,0	1,9	0,0	0,0	11,1
Other non-current liabilities	1,0	1,0			
Current liabilities					
Interest-bearing	12,9	50,7	52,2	64,8	49,1
Non-interest-bearing	78,3	73,5	71,0	67,3	68,3
Total equity and liabilities	402,7	371,7	322,0	287,3	272,8
CASH FLOW					
Cash flow from operating activities	79,0	68,6	51,6	21,1	19,1
Cash flow from investment activities	-31,6	-36,6	-11,8	-4,3	-23,3
Cash flow after investments	47,4	32,0	39,8	16,8	-4,2
KEY RATIOS					
Growth in sales, %	6,0	11,0	7,8	90,0	12,0
Profit margin, %	15,5	15,7	12,4	7,2	12,2
Return on total assets, %	23,3	24,6	19,9	11,9	16,1
Return on equity, %	26,1	29,1	28,8	16,6	18,3
Equity/assets ratio, %	70,9	62,1	58,0	51,4	42,6
Average number of FTE employees	2.492	2.270	2.128	2.008	906
DATA PER SHARE					
Number of shares, thousands per 31/12	35.060	35.060	35.060	35.060	34.850
Gross cash flow per B-share, EUR	6,06	5,45	4,55	2,60	2,00
Earnings per B-share, EUR	5,01	4,51	3,58	1,63	1,56
Equity per B-share, EUR	21,43	17,15	13,87	10,98	8,64
Market value 31/12, EUR	84	99	71	44	38
P/E ratio	17	22	20	27	24
Dividend per B-share, EUR ¹⁾	1,17	1,02	0,84	0,54	0,42

DEFINITIONS: PROFIT MARGIN: Profit/loss after financial items as a percentage of net sales. RETURN ON TOTAL ASSETS: Profit/loss after financial items plus interest expenses as a percent of average equity. RETURN ON EQUITY: Net income as a per cent of average equity. EQUITY/ASSETS RATIO: Equity as a per cent of total assets. GROSS CASH FLOW PER SHARE: Profit after tax plus depreciation/amortization divided by average number of shares. EARNINGS PER SHARE: Net profit divided by average number of shares. EQUITY PER SHARE: Equity divided by average number of shares. P/E RATIO: Market value at year-end divided by profit per average number of shares.

1) Proposed dividend per B-share 10,0 Swedish Kronor and per A-share 1,0 Swedish Kronor





4. SOCIETY – Making things right

We are building strong relationships with our suppliers, retailers and service providers, but also engaging with customers and civil society groups. Our Supplier Code of Conduct has been developed in line with the Fair Labor Association's (FLA) Workplace Code and is regularly reviewed. Of 144 registered suppliers, we have re-audited 70 for environmental and social aspects; we screened 18 out of 19 new suppliers, and the other one will be screened in 2019. The screening also covers health and safety, and human rights aspects.

We audit our supply chain partners by the Fenix Outdoor/FLA standards. In early 2018 we were accredited by a unanimous vote of the FLA Board. With Fenix's high level of systematic social compliance management over the years, the FLA conducted just one surveillance audit on a randomly selected factory. All audit results have been or will be published on the FLA website, with an overview of the findings on the factsheet. Our internal auditors are constantly in touch with audited suppliers to ensure they follow improvement plans. The FLA is aware of all Tier 1 suppliers the Fenix Group works with and asks members to update their lists every year.

In 2019 we will step up our brands' engagement with our social compliance procedure. We will also audit the new suppliers that came with our acquisition of Royal Robbins. The central Sustainability and CSR office has been restructured and Saskia Bloch will lead social compliance matters in the supply chain for all brands, developing the present system and increasing transparency.

Fenix also held joint training sessions on the FLA principles of responsible purchasing and root cause analysis, giving practical tips on being in a factory without being a social auditor. Fenix has its own social compliance team in Asia, complemented by third-party services, and is currently exploring the possibility of building a global network and adding freelancers integrated in our teams. The 2018 subscription rate to our code was similar to 2017 (see Chapter 1).

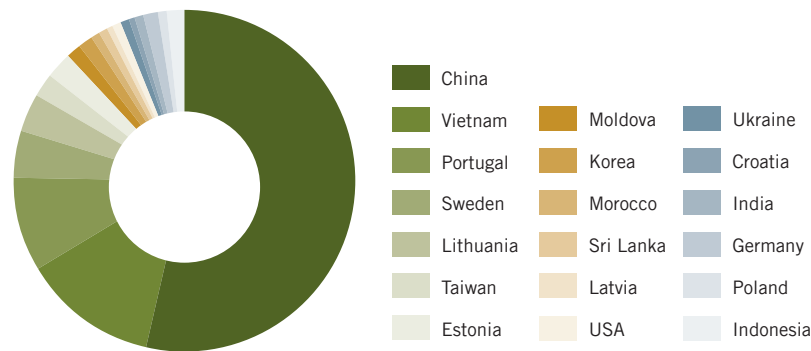
As an active participant in the UN Global Compact, Fenix Outdoor monitors developments in human rights activities. Most countries have human rights action plans, asking companies to apply the Ruggie Principles and OECD Guidelines. Sweden, France, The Netherlands, Switzerland, the UK, and Germany have all increased

their focus on achieving more transparency throughout the supply chain: France, the Netherlands and the UK have introduced legislation, while Germany is actively monitoring companies of a certain size for evidence that human rights matters are observed and addressed. We believe our social compliance system and long-term relationships with suppliers protect us from major human rights violations, but we address any issues with the supplier or simply take our business elsewhere. Fenix Outdoor is also working on our procurement due diligence processes to make them more transparent.

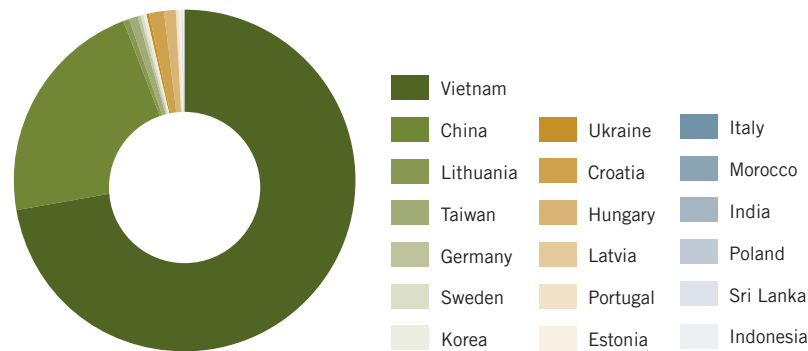
Supply chain characteristics for brand segments

The supply chain of the different Fenix Outdoor entities reflects our decentralized business. All Fenix entities work directly with their suppliers, though due to historical reasons and the smallness of some entities, agents and intermediaries are also used. The group is working with new suppliers and discontinuing relationships with others. In the apparel business we do have a global supply chain (mainly Europe and Asia); we produce shoes, compasses and stoves in our own

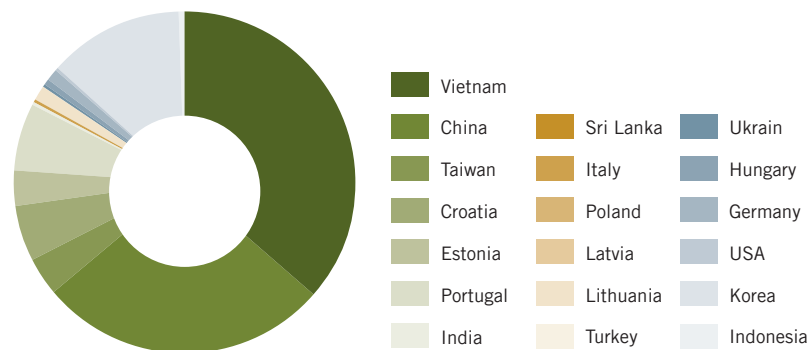
NUMBER OF SUPPLIERS BY SOURCING COUNTRY



VOLUME OF PRODUCTS BY SOURCING COUNTRY



VALUE OF PRODUCTS BY SOURCING COUNTRY



factories, and we source raw materials in the USA, Europe and Asia. In most cases we have long-term direct relationships with all our partners in the supply chain: from yarn producers and weavers to dye houses and manufacturers. The retail business is different as it works with brands and so this is not reflected in this chapter.

Our business relationships rest on trust and cooperation and our partners are increasingly sharing our values.

Modern human resource management

Working in the textile industry is physically demanding, with long hours and health and safety risks, but it sel-

dom pays adequate wages, as some customers want cheap or disposable garments. The textile business is often an entry to development, but once a society becomes more wealthy and aware, employees prefer working in other industries, often for better pay and easier physical work. The factories' response to staff turnover does not always put workers' health and well-being at its core, but the outdoor industry's 'slow-fashion' nature allows it to work with factories and suppliers on these issues.

It is essential for us to gain insights into our business partners' sustainability engagement. In 2018, we sent them our Global Reporting Initiative

questionnaire. Respondents included our service providers (e.g. cleaning services and shipping companies), traditional suppliers (raw material providers, manufacturers) and partner organizations (retailers).

A total of 76 suppliers answered the survey in 2018 (57 in 2017). Most are either certified according to ISO 14001, ISO 9001, SA 8000, are a bluesign partner, or follow the systems without certificate. Energy data were the most reliable data we received, followed by water data and social engagements. Increases are the result of more reporting entities and the expansion to Tier 2 suppliers. More and more factories now have health and safety programs, staff benefits or social security plans in place. Of the participating suppliers, 83 per cent have collective bargaining agreements in place; 15 per cent more than 2017.

Workers' health is now a prominent issue: 100 per cent of our surveyed suppliers offer workers yearly general health check-ups by authorized





hospitals, chemical safety training, and provide sporting activities during breaks. Some suppliers provide their workers with a free lunch, additional salary benefits and work accident insurance. We believe these activities partly stem from our memberships in FLA and SAC, and from our encouraging of suppliers to address environmental and social matters. Some companies stated that they are going beyond compliance to keep their staff.

More and more business partners are joining our efforts to apply for the Facility Environmental Module (FEM) at the Higg Index of Sustainable Apparel Coalitions (SAC). We believe Fenix Outdoor has the right partners for the journey ahead of us. Every single member faces environmental and social challenges and is contributing to making things better.

Monitorings and findings

We regularly monitor adherence to our code of conduct. Production plants are frequently visited by: (a) head of

production, (b) product managers, (c) various CSR managers, (d) head of purchasing, (e) QM Auditing Team members, as well as, (f) social and (g) external auditors. The audits take place before, during and after production. There are also independent, external assessments conducted by the Elevate Group. The audits conducted in 2018 have generally confirmed the findings in 2017. Although improvements are visible due to the increase in audits, this does not reflect in the findings' overview.

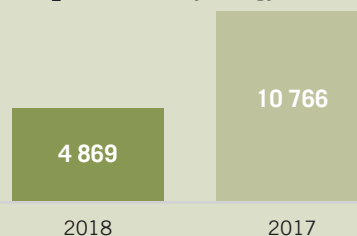
Product responsibility

Fenix Outdoor stands for functional, safe and long-lasting outdoor equipment; more than 2 000 different products from our own brands and more than 30 000 from others are sold through the Frilufts retail chain. We take full responsibility for our own products and continuously improve their functionality and their health and safety profiles. Any product that does not comply with

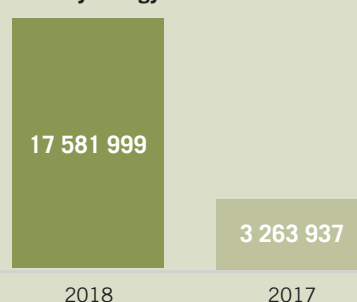
► PAGE 32

SUPPLIER DATA

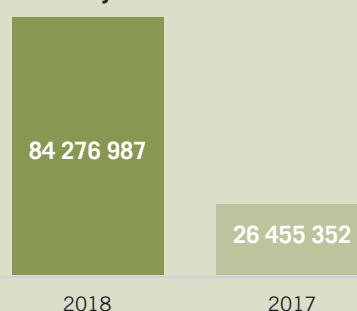
t CO₂e from Primary Energy



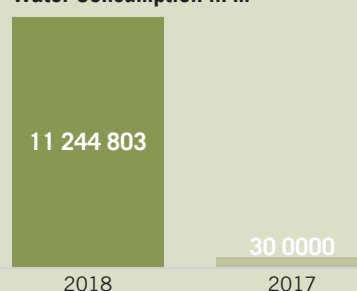
Primary Energy Use in kWh



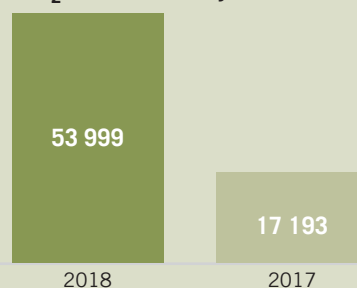
Electricity Use in kWh



Water Consumption in m³



t CO₂e from Electricity Use





The story of Fjällräven's recovered wool

A sustainable partnership with Sweden's 'wool office'

ULLKONTORET, THE ONLY large-scale wool-washing industry in Sweden, started in 2016 after founders Jenny Andersson and Hans Bulthuis moved to the Swedish island of Gotland and noticed that the wool from the local sheep was being thrown away.

Andersson and Bulthuis had both worked in the building industry, so their first thought was to use the wool for building insulation. To do that, they would need to wash the wool, so they found a used scouring line machine, to scour two tons of wool a day.

The wool is scoured clean with rain-water and river water, and no ground-water is used. The wastewater goes to Ullkontoret's own treatment dams, and the nutrients that are still in the water act as fertilizers when the

water is spread on the company's fields. Rinsing water goes straight onto the fields for irrigation.

Ullkontoret's commitment to sustainability extends to only buying wind-powered electricity, and from 2019 the hot water (for scouring), and hot air (for drying) in the mill is being generated by a new wood-chip boiler, making the wool scouring line 100 per cent fossil free. The wood comes from the company's own land, with minimal transport.

Thus, it was natural for two Fenix Outdoor brands, Fjällräven and Tierra to contact Ullkontoret about using this Swedish, scoured "recovered wool", unsuitable for yarn, as padding for new backpacks and other products. But to do so they needed to find a way to get wool fiber from it.



Lapland Hike 15 backpack from Fjällräven

Lavalan® – Wool insulation by Baur Vliesstoffe GmbH

The Fenix Outdoor brands use Baur Vliesstoffe's wool product lavalan®. Baur Vliesstoffe is a family business from southern Germany, founded in 1913. Lavalan® was established eight years ago and stands for natural, washable, animal-friendly, traceable European wool. Its production process is unique, and the product comes from natural raw materials; mainly virgin wool and bio-based polyester fibers (PLA). This makes it breathable, quick drying and provides the right insulation without overheating. It is used to insulate jackets, pants, gloves or sleeping bags for anything from ordinary hiking tours to extreme alpine ski tours.

The wool for lavalan® has to have mass density or wool ruffle, so the Gotland wool from Ullkontoret is perfect. The wool can be traced from sheep to shop, as Baur Vliesstoffe uses an independent third-party certification company called UniqueTrace.

Lavalan® is biodegradable and the products can be easily recycled. Wool cleans itself; simple ventilation is often enough, saving unnecessary washing. Customers who buy a lavalan® jacket can wear it with good conscience, which is why Tierra and Fjällräven work with Baur Vliesstoffe. One of the first products where Gotland wool is used as lavalan® fibre is the Lapland Hike 15 backpack from Fjällräven. •



► national laws are withdrawn from the respective shops. We clearly and regularly communicate the complaints process about the quality and function of our products; 2018 was a year with no major complaints (see compliance report in Chapter 1).

Partnerships are essential when we innovate products. For example, we use wool from Swedish Gotland sheep for padding; we don't throw it away.

Swedish brand Naturkompaniet is raising awareness of repairing outdoor gear, instead of people buying new equipment. A promotional repair campaign during Black Friday 2018 was a great success: many customers came with broken equipment and gear to

get it repaired. German retailer Globetrotter used Black Friday to offer free waxing for jackets and pants to renew their water resistance. The aim is clear: a product that gets a second chance remains in use, with no need to make a new one. It is part of a resource-conscious program in which many outdoor companies are increasingly engaging.

Giving back to society

Giving back to society is good corporate citizenship. Every year, Naturkompaniet's and Partioaitta's loyalty club members donate one per cent of their members' bonuses to an outdoor or nature project. The

members vote for the projects at the end of each year. In 2018, more than 300 000 euros were distributed among several projects. By the end of the year more than 320 000 euros were collected for donation in 2019.

Some brands donate a specific sum per sold item to a cause, for nature conservation or support for children in need, with around 250 000 euros collected. In total, around 633 400 euros were donated to environmental and social causes. Every winter, we donate sleeping bags and jackets to homeless people. In some retail stores we offer coffee for a voluntary contribution and the money raised is sent to an environmental foundation. ●

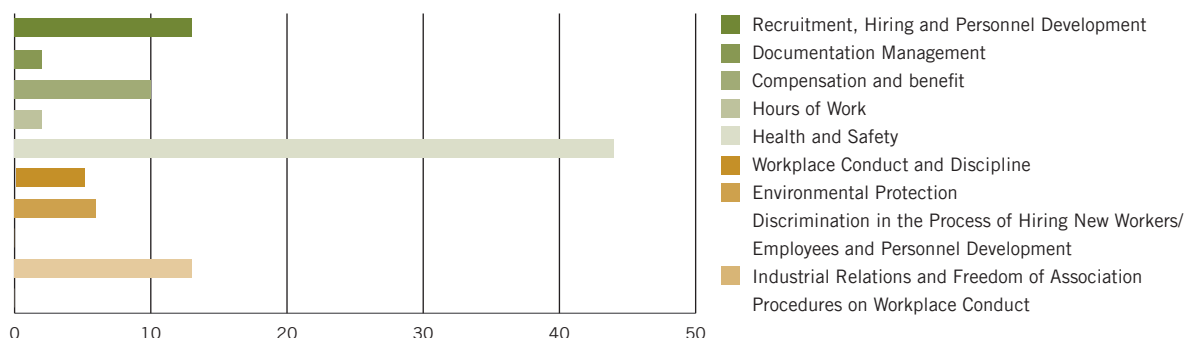


FACT SHEET SOCIETY 2018

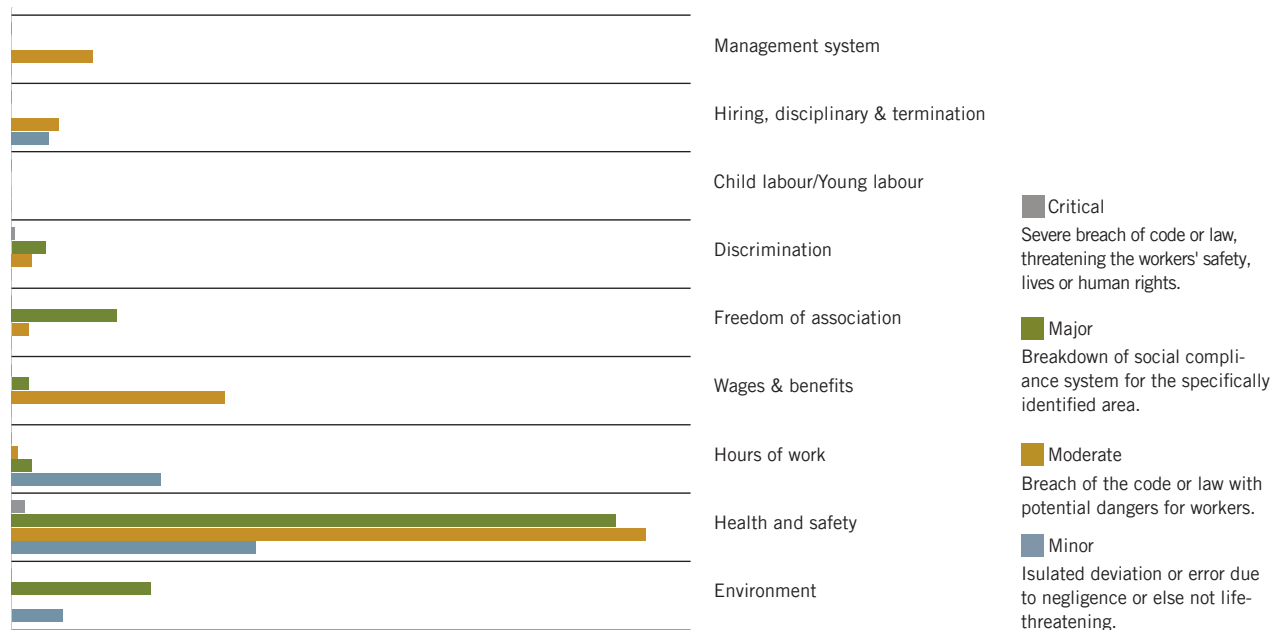
Indicator	2018	2017	2020 Goal
Stakeholder Engagements	Individual interaction, issue based	2nd Stakeholder Roundtable, var. Customer satisfaction surveys; Social Media	Regular engagement and dialogue with stakeholders
Human Rights (HR) assessments	94 %	92 %	In % of suppliers (100 %)
Product Labels/ Violation of Safety Regulations	1	4	Reduced number of cases
Training CoC	75 %	60 %	100 % employees
Cases of Corruption	0	0	Reported cases p.a. shall be "0"

Society Contribution	2018 (€ or hours)	2017 (€ or hours)
Charity and Community (incl. Foundations)	633 400 €	460 000 €
In-kind Contributions (gifts etc.)	5 000 €	20 000 €
Training to Suppliers	0	15 hrs
CSR investments	540 411 €	460 755 €
Other	> 3 000 people brought into nature	> 3 000 people brought into nature

FLA FINDINGS 2018



OWN AND EXTERNAL FINDINGS 2018





5. WELL-BEING – working and growing together

In 2018 Fenix Outdoor employed 2 492 full-time equivalents (FTEs) in our various entities, a 13 per cent increase from 2017 (2 160 FTEs rep). Most of our staff are permanently employed, though we employ seasonal workers in retail and warehouse operations during peak seasons and in our manufacturing operation in the USA during student holidays. The use of temporary staff is not a group-wide policy, but it is a flexible response to seasonal demands and local specifics. We also employed seasonal and temporary staff when several permanent employees left the company when we moved to our new logistics operation in Germany. There are no specific

collective bargaining agreements in the Fenix Group. In Sweden, Norway, Austria and Finland, we follow a scheme based on national agreements; in Germany most staff are represented by workers' councils; in other locations local and national schemes exist, which parallel the respective trade union-negotiated agreements for the industry.

In our German operation about four per cent of our staff have disabilities or come from sheltered workshops which we utilize for certain services. Fenix Outdoor had about 37 apprentices and trainees (31 in 2017) and about 30 interns last year (40 in 2017). Our policy is to promote equal

opportunities for men and women and our board expressly requires equal opportunity recruitment into managerial positions.

The proportion of female middle managers currently employed is 34 per cent (2017: 36 per cent), while the proportion of women in top-management positions is 20 per cent (2017: 15 per cent). Our board is 17 per cent female (all data include the newly-acquired entities and our China operations).

The staff turnover rate in 2018 over all operations including retail was 35 per cent (2017: 24 per cent). The ratio between females and males leaving Fenix Outdoor was nearly equal



(ratio M/F 1,08:1), meaning that roughly 51,9 per cent of staff members leaving were men (the corresponding figure in 2017 was 53,5 per cent). All eligible staff members are entitled to parental leave (i.e. parents with children under a certain age level; the definition differs from country to country, so an overall percentage value cannot be established). In our biggest operations, we have established that 56 out of 164 eligible staff members (2017: 72), returned after 12 months (2017: 47). We are unable to assess how many of those who did not return after 12 months prolonged their leave (e.g. to have a second child).

It is important for Fenix Outdoor

that staff not only keep abreast with the latest developments in the industry but that they also have an opportunity to develop. Fenix Outdoor provided each employee with an average of 90 hours in personal and technical training (2017: 67 hours per staff member), including training on corporate social responsibility and compliance (n= 2 492). This training enables us to remain flexible, well-educated and skilled. We also want the training to inspire people and build up their qualifications for their current or new tasks. Fenix Outdoor continued its Trainee Program for young professionals in 2018. The program started in 2011 with three management trainees, and in 2018 we again hired three trainees. We also support employees who want to develop their education, such as achieving MBAs.

Working hours and wages

Fenix does not exceed locally-agreed limits on working hours. We do not require employees to exceed the legal limits on hours of work, and we think that at a minimum we should adhere to the conventions of the International Labor Organization regarding rights at work and apply them to internal and external service providers. Our wage levels are competitive and we offer several benefits to our staff. These differ from entity to entity and depend on legal or negotiated frameworks.

The figures given on the accompanying factsheet need to be interpreted with some caution. Firstly, wage entry levels vary around the globe. In a country such as Switzerland, the minimum wage level equals the entry level. However, this cannot be compared to the wage levels in Asia, where in general we pay approximately twice the minimum wage as the entry-level wage.

Fenix Outdoor strives for a non-discriminatory approach by paying equal wages to men and women, and by exceeding minimum wage levels where possible. We also hire local managers for our operations.

Health and safety in the workplace

Employees' safety is paramount for Fenix Outdoor. We do not accept hazardous equipment, unbearable working conditions or unsafe premises. Most of our employees operate

under German, Swedish, Dutch, US and Finnish laws and the companies in our group comply with national laws. The workplace should be safe and hygienic, and we take effective steps to prevent potential accidents and to minimize health risks as much as possible, particularly in our factories and logistical operations. Safety awareness is always a priority for us, and safe working procedures should be understood and implemented daily by everyone working in the factory. We ensure there are safety and handling instructions for operational equipment.

Based on the reports received (retail and production) a total of 24 days (compared with 1 142 days in 2017) were lost due to absenteeism. There were 47 work-related injuries recorded (2017: 132). No fatalities or work-related diseases were reported.

Workplace, work-life balance and employee support

A good work-life balance is important to Fenix Outdoor. In most locations (business operations permitting) we offer flexible working hours and in special cases we also let people work from home or from a remote location.

Every year Fenix Outdoor offers its employees the chance to experience the outdoors and learn something about nature survival skills, as well as the handling and functioning of our equipment. This also gives staff the chance to enjoy the outdoors together. In some instances, participation in these events is part of the development curriculum or even mandatory. There are also several locally-organized outdoor events, such as joint hiking, camping, bush crafting or scouting activities, that take place in our retail segments to encourage employees to live a more active, outdoor life. But most of our staff members are active outdoor enthusiasts.

On a case-by-case basis we allow our staff to participate in other outdoor events, subject to individual arrangements made between supervisors and their staff members. The Fjällräven Classic (in Sweden, USA, Denmark and Hong Kong) and Fjällräven Polar, the winter education, as well as the Hanwag Alpine Experience are the events that our staff most commonly take part in, along with our customers and business partners. ●

Summary from the Group Compensation Report

The Compensation Report of the Annual Report 2018 contains details of the total compensation paid to members of the Board of Directors and the Senior Executives. In accordance with the Ordinance against Excessive Compensation in Stock Exchange Listed Companies, which came into force on January 1, 2014, the Annual General Meeting of Shareholders votes to approve the compensation of the members of the Board of Directors and the Senior Executives. The following is an excerpt from the Annual Report 2018.

Principles

The Board of Directors of Fenix Outdoor International AG determine guidelines for remuneration to senior executives at market terms, enabling the company to recruit, develop and retain senior executives. The remuneration consists of a fixed salary, pension and other benefits. Total remuneration is to be at market rate and reflects the areas of responsibility of the Senior Executive and the complexity of their role. In addition to the fixed salary component, Senior

Executives are also eligible to receive variable compensation, which is related to the achievement of sales and profitability targets. For Senior Executives, variable remuneration is a maximum of 50 per cent of their basic annual salary. Compensation is not to be paid in the form of stock options or other share-related incentive programs. The details of the report can be found in the Annual Report's Audit Report.

Board of Directors

The compensation paid in 2018 excluding the compensation paid to Martin Nordin and Susanne Nordin was as follows; EUR 13 280 was paid to Ulf Gustafsson, EUR 13 274 was paid to Sebastian von Wallwitz, EUR 13 258 to Rolf Schmid and EUR 13 274 to Mats Olsson. As Senior Executive, Martin Nordin received a fixed compensation of EUR 456 159. Susanne Nordin as senior executive received EUR 132 039. There is no variable compensation paid to the Board of Directors except a variable compensation to Martin Nordin of EUR 220 000. Two Directors of the

Board, Ulf Gustafsson and Rolf Schmid, received a consultancy fee for specific consultancy work performed for the Fenix Group. Ulf Gustafsson received through Consilo AB, a company controlled by himself, an amount of EUR 47 602, and Rolf Schmid received EUR 4 073.

No Director of the Board, except Martin Nordin (1 830 000 A-shares and 242 568 B-shares), Susanne Nordin (20 000 B-shares), and Sebastian von Wallwitz (100 B-shares), have any shares in Fenix Outdoor International AG as per December 31, 2018.

The salary ratio between the highest-paid individual in the company and the average payment in the lowest paid staff category is 36:1 (excluding interns and apprentices); the ratio to the average salary level lies at about 13:1; a ratio between the highest-paid individual(s)' pay rise and the average staff pay rise would be 0,9:1. Such a figure is highly dependent on external factors (including exchange rates and costs of living) so the ratio is not definitive. Bonus payments are excluded from the assessment. •

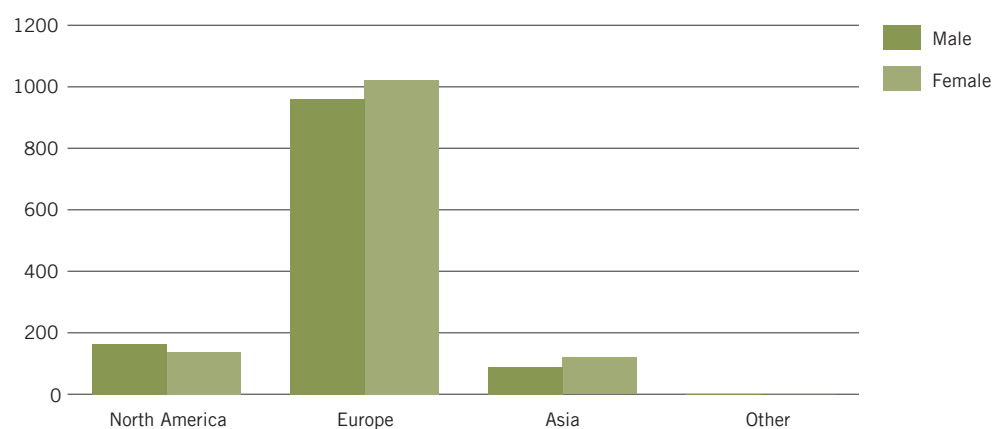
EXCERPT FROM THE COMPENSATION REPORT 2018

2018 TEUR	Salary	Granted fair value from stock option program	Benefits and other remuneration	Pension contributions	Social costs	Variable compensation related to 2018	Total
Executive Chairman	433	–	20	4	78	220	755
Other Senior executives	1 338	-	68	167	255	483	2 311
Total	1 771	-	88	171	333	703	3 066

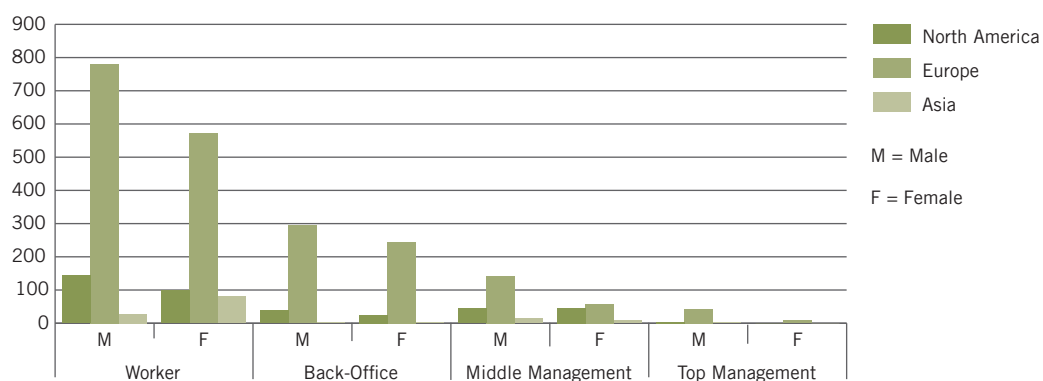
FACT SHEET WELL-BEING 2018

Indicator	2018	2017	2020 Goal
Child Labor	0	0 (7 lacking certain documents)	No cases
Health and Safety	2 entites	1 entity (USA)	Possible OHSAS 18000
Health and Safety Audits in suppliers	> 90%	>90%	100 % of suppliers assessed
Training and education	90	19,9	monitoring hrs/yr/employee
Staff Member Survey	N/A	Yes, covering 60%	Regular staff surveys

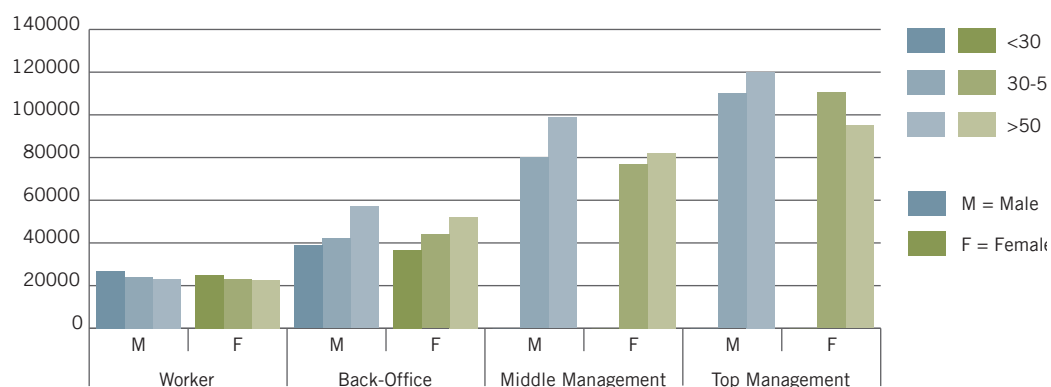
STAFF DISTRIBUTION BY GENDER



DISTRIBUTION OF STAFF BY GENDER AND CATEGORY PER REGION

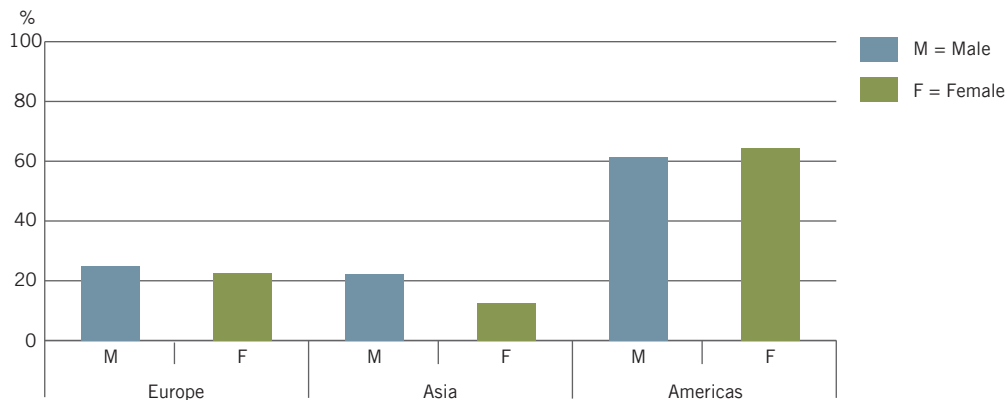


AVERAGE INCOME LEVELS PER AGE GROUP, GENDER AND STAFF CATEGORY

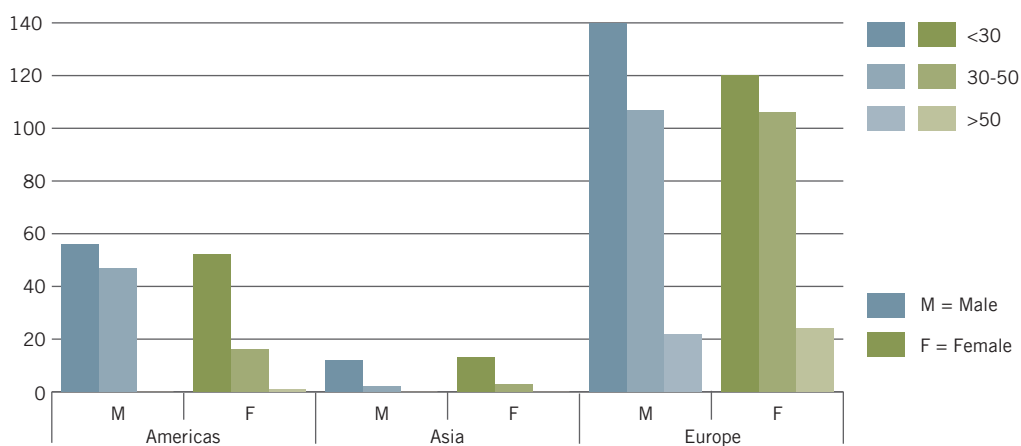


FACT SHEET WELL-BEING 2018 (CONT.)

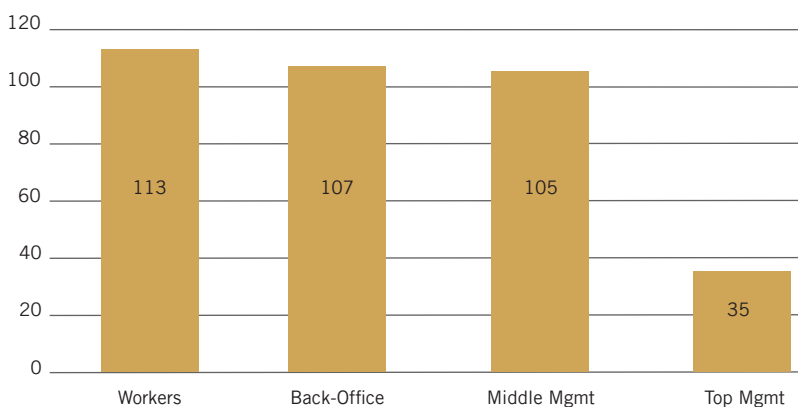
STAFF TURNOVER IN % PER REGION AND GENDER



STAFF FLUCTUATION PER REGION, GENDER AND AGE GROUP



TRAINING HOURS BY STAFF CATEGORY (REPORTING ENTITIES > 70%)



**TRAINING HOURS REPORTED:
224 280 HRS (ALL ENTITIES, ALL EMPLOYEES)**

6. REPORTING: Committed to transparency and corporate responsibility

Fenix Outdoor reports according to the Global Reporting Initiative Standards

Fenix Outdoor's sustainability reporting takes place annually, based on the internationally-recognized Global Reporting Initiative (GRI) standards and the UN Global Compact. It covers the group companies included in the consolidated financial statements. The GRI Standard is applied throughout, though we have not sought external verification. However, EY performed several spot checks and did a readiness assessment.

The GRI Content Index lists indicators defined by the GRI Standard as far as it has been applied. Material topics addressed were raised in Fenix Outdoor's Materiality Matrix. The indices have page references and there are further clarifications. The previous Sustainability Report was published in April 2018 and we will continue to publish on an annual basis.

Report methodology

The reporting period is the business year 2018. The report also refers to key events and data from the previous years for comparison. For the first time Fenix has used an IT-based data collection tool, though some flaws in the tool and our assessment of the data may lead to inaccuracies, which we are addressing in 2019. If at time of publication 2018 figures were unavailable, comparable annual figures for 2017 or a comparable time range of 12 months (e.g. October 2017 through October 2018) have been used as the basis for calculation (market-based approach). These are marked in the report where possible.

In some instances, data were only available for a period less than 12 months. We have extrapolated those to a 12-month period, but have chosen not to mark this in the energy datasets. Some data are location-specific

but summarized, so the indication of data not corresponding with the actual business year is not possible. This is true for some data from Friluftsland, Globetrotter and Royal Robbins, which correspond to a full year but needed adjustments; some data from Royal Robbins is missing, as is some data from newly-opened store locations, thus understatements are possible. Data from some locations refer to October 2017 through October 2018 (energy) or April 2018 through November 2018. Adjustments were made where possible.

Water consumption data from rented premises are still problematic, and are a rough estimate based on headcount and FTE data; we strongly believe that it is a conservative assumption. Where no specification for electricity consumption data was available, the country average mix was used (location-based approach). Since 2018 factors are not yet available, 2016 and 2017 datasets were used, while older datasets were utilized where more recent data were unavailable.

We have used published scientific or governmental sources where possible. In contrast to the annual report, the CSR Report includes data from all Chinese locations (JV). Gas consumption data for 2018 for Hanwag (Germany) are based on the period May 2017 to April 2018. Some emission factors were calculated internally. Some data have been extrapolated and estimations based on a conservative behavioral assumption (e.g. per-capita data from statistical handbooks for the respective region or country). Hence, some data are probably overstatements. All European shop locations, the joint venture locations, and new offices in Asia, Europe and North America are included.

The reporting entities cover more than 99 per cent of the corporate value generation and 90 per cent of the

group's employees. We mostly used the overall full-time equivalent (FTE) average in the annual report; for some data (e.g. water consumption and emissions from travel or staff training hours) FTE data is unsuitable, so we used headcounts or internal survey results. Where other bases for calculations are used, this is stated separately (e.g. $n = x$, where x is the reference group size).

Around 75 per cent of the non-financial data is checked internally and all financial data is checked externally, giving a reasonable level of confidence.

Transportation figures and CO₂e emission data were supplied by travel agencies, shipping companies, external service providers and suppliers. They are a reasonable overview of Scope 1, 2, and 3 emission data. We have relied on the accuracy of these sources' data collection and checked only for the data's plausibility. In the USA, Sweden, the Netherlands and Germany we relied on our own datasets from our IT system. The calculation of emissions data was based on the Greenhouse Gas Protocol where possible; German and Swedish locations showed the actual energy mix on the invoices or were directly communicated by the supplier (reference year: 2017). The fleet information was provided by shipping companies and internal sources. Some assumptions were based on the fuel consumption of certain locations. Data on business travel and commutes were calculated on information within the group provided by staff members and carriers.

Other bases of calculation are stated separately. Data for economic factors and staff information cover all of the group's consolidated companies. If not listed in FTE numbers, employee structure details are based on staff numbers. Both refer to the data cut-off of December 31, 2018 unless otherwise indicated. Capture is 80 per cent. •

GRI STANDARD CONTENT INDEX 2018

Indicators		Reference page or comment	Status
	Organizational Profile		
GRI 102-1	Name of the organization	pages 4, 22	■
GRI 102-2	Activities, brands, products, and services	pages 22, 24	■
GRI 102-3	Location of headquarters	pages 4, 22	■
GRI 102-4	Location of operations	pages 22, 24	■
GRI 102-5	Ownership and legal form	pages 22, 36	■
GRI 102-6	Markets served	page 23	■
GRI 102-7	Scale of the reporting organization	pages 22, 39	■
GRI 102-8	Information on employees and other workers	pages 34, 36, 37	■
GRI 102-9	Supply Chain description	pages 6, 27, 28	■
GRI 102-10	Significant changes to the organization and its supply chain	pages 4, 6, 22, 27, 28	■
GRI 102-11	Precautionary principle or approach	pages 7, 8, 13	■
GRI 102-12	External charters, principles or initiatives	pages 6, 7	■
GRI 102-13	Membership associations	pages 6, 7	■
	Strategy		
GRI 102-14	Statement from senior decision maker	page 3	■
GRI 102-15	Key impacts, risks, and opportunities	pages 7 - 10	■
	Ethics and Integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	pages 4, 6, 10	■
GRI 102-17	Mechanism for advice and concerns about ethics	pages 10	■
	Governance		
GRI 102-18	Governance structure	pages 4, 6, 22, 36	■
GRI 102-19	Process for delegating authority for sustainability topics from the board to senior executives and other employees	pages 4-7	■
GRI 102-20	Executive-level responsibility for economic, environmental and social topics	pages 4-7	■
GRI 102-21	Stakeholder consultation process on economic, environmental and social topics	pages 7, 8	■
GRI 102-22	Composition of the board and its committees	page 36; see also Annual Report 2018	■
GRI 102-23	Whether the chair of the board is also an executive officer	page 36	■
GRI 102-24	Nominating and selecting the highest governance body	page 36, according to law	■
GRI 102-25	Board Conflict of interest	page 36, according to law	■
GRI 102-26	Role of the board in setting purpose, values and strategy related to sustainability impacts	pages 4, 6	■
GRI 102-27	Board knowledge of sustainability topics	pages 4, 6	■
GRI 102-28	Board performance with respect to governance of sustainability topics	n/a	■
GRI 102-29	Board role in the identification and managing economic, environmental and social impacts	pages 6-10	■
GRI 102-30	Board role in reviewing effectiveness of risk management processes for sustainability topics	pages 4, 6	■
GRI 102-31	Frequency of board's review of sustainability impacts, risks and opportunities	pages 4, 6	■
GRI 102-32	Highest committee or position that formally reviews and approves the organization's sustainability report	pages 3, 4, 6	■
GRI 102-33	Process for communicating critical concerns to the board	pages 3, 4	■
GRI 102-34	Nature and total number of critical concerns that were communicated to the board	page 4	■
GRI 102-35	Remuneration policies for the board and senior executives	pages 4, 6	■
GRI 102-36	Process for determining remuneration	page 36	■
GRI 102-37	Stakeholder's involvement in remuneration	page 36	■
GRI 102-38	Ratio of the annual total compensation for the organization's highest paid individual to the median annual total compensation of all employees	page 36; limited confidence	■
GRI 102-39	Ratio of percentage increase in annual compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees	page 36; limited confidence	■
	Stakeholder Engagement		
GRI 102-40	List of stakeholder groups	page 7	■
GRI 102-41	Collective bargaining agreements	page 34	■
GRI 102-42	Identifying and selecting stakeholders	pages 8, 9	■
GRI 102-43	Approach to stakeholder engagement	page 8	■
GRI 102-44	Key topics and concerns raised during stakeholder engagement	pages 8, 9	■
	Reporting practice		
GRI 102-45	Entities included in the consolidated financial statements	pages 22, 24; see also Annual Report 2018	■
GRI 102-46	Defining report content and topic boundaries	page 39	■
GRI 102-47	List of Material topics	pages 8, 9	■
GRI 102-48	Restatements of information	n/a	■
GRI 102-49	Changes from previous reports	page 39	■
GRI 102-50	Reporting period	page 39	■
GRI 102-51	Date of most recent report	page 39	■
GRI 102-52	Reporting cycle	page 39	■

Indicators		Reference page or comment	Status
GRI 102-53	Contact point for questions regarding the report	page 43	■
GRI 102-54	Claims of reporting in accordance with the GRI standards	no such claims	
GRI 102-55	GRI content index	pages 40 - 42	■
GRI 102-56	External assurance	no such assurance	
	Management Approach		
GRI 103-1	Explanation of the material topic and its boundary	pages 4 - 10	■
GRI 103-2	The management approach and its components	pages 4 - 10	■
GRI 103-3	Evaluation of the management approach	pages 4 - 10	■
	Economic Performance		
GRI 201-1	Direct economic value generated and distributed	pages 24, 25	■
GRI 201-2	Financial implications and other risks and opportunities due to climate change	pages 10, 13 - 15	■
GRI 201-3	Defined benefit plan obligations and other retirement plans	pages 24, 36, about 66%; see Annual Report 2018	■
GRI 201-4	Financial assistance received from government	none in 2018	■
	Market Presence		
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	page 35; M/F 1:1, ratio EL/Min 1:1 to 2,2:1	■
GRI 202-2	Proportion of senior management hired from the local community	page 35; 95 %	■
	Indirect Economic Impacts		
GRI 203-1	Infrastructure investments and services supported	n/a	■
GRI 203-2	Significant indirect economic impacts	page 10	■
	Procurement Practices		
GRI 204-1	Proportion of spending on local suppliers	100 %, not formalized	■
	Anti-Corruption		
GRI 205-1	Operation assessed for risks related for corruption	100 % of new operations	■
GRI 205-2	Communication and training about anti-corruption policies and procedures	routine training	■
GRI 205-3	Confirmed incidents of corruption and actions taken	0 (page 10)	■
	Anti-competitive behavior		
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	0 (page 10)	■
	Materials		
GRI 301-1	Material used by weight or volume	pages 15 - 17	■
GRI 301-2	Recycled materials used	pages 15 - 17	■
GRI 301-3	Reclaimed products and their packaging materials	pages 15 - 17	■
	Energy		
GRI 302-1	Energy consumption within the organization	pages 14, 21	■
GRI 302-2	Energy consumption outside the organization	pages 14, 21, 29	■
GRI 302-3	Energy intensity	page 21	■
GRI 302-4	Reduction of energy consumption	page 14	■
GRI 302-5	Reductions in energy requirements of products and services	pages 13, 14	■
	Water		
GRI 303-1	Water withdrawal by source	page 15	■
GRI 303-2	Water sources significantly affected by withdrawal of water	page 15	
GRI 303-3	Water recycled and reused	page 15, 16	■
	Biodiversity		
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	page 17	■
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	page 17	■
GRI 304-3	Habitats protected or restored	page 17, n/a	■
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	page 17	■
	Emissions		
GRI 305-1	Direct (Scope 1) GHG emissions	pages 14, 21	■
GRI 305-2	Energy indirect (Scope 2) GHG emissions	pages 14, 21	■
GRI 305-3	Other indirect (Scope 3) GHG emissions	pages 14, 21	■
GRI 305-4	GHG emissions intensity	pages 14, 21	■
GRI 305-5	Reduction of GHG emissions	page 14	
GRI 305-6	Emissions of ozone-depleting substances (ODS)	no such substances	■
GRI 305-7	Nitrogen oxides (Nox), sulfur oxides (Sox) and other significant air emissions	page 21	
	Effluents and waste		
GRI 306-1	Water discharge by quality and destination	page 15, 16	■
GRI 306-2	Waste by type and disposal methods	page 15 - 17	■
GRI 306-3	Significant spills	none	■
GRI 306-4	Transport of hazardous waste	none	■
GRI 306-5	Water bodies affected by water discharges and/or runoff	page 15, 16	■

Indicators		Reference page or comment	Status
	Environmental compliance		
GRI 307-1	Non-compliance with environmental laws	none	■
	Supplier Environmental Assessment		
GRI 308-1	New suppliers that were screened using environmental criteria	94%	■
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	pages 10, 27 - 29	■
	Employment		
GRI 401-1	New employee hires and employee turnover	pages 34, 35, 37	■
GRI 401-2	Benefits provided to full time employees that are not provided to temporary or part time employees	pages 34 - 37, diverse systems; staff clothing in retail	■
GRI 401-3	Parental leave	page 35	■
	Labor/Management Relations		
GRI 402-1	Minimum notice periods regarding operational changes	according to law or workers agreements	■
	Occupational Health and Safety		
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	according to law	■
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	page 35	■
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	page 35	■
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	according to laws and risk assessments	■
	Training and education		
GRI 404-1	Average hours of training per year per employee	pages 35, 38	■
GRI 404-2	Programs of upgrading employee skills and transition assistance programs	page 35	■
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	var.: between 0 and 100% in various entities	■
	Diversity and Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	pages 34, 35	■
GRI 405-2	Ratio of basic salary and remuneration of women to men	1:1 nominal; between 1,2 to 0,71: 1 absolute	■
	Non-discrimination		■
GRI 406-1	Incidents of discrimination and corrective actions taken association and collective bargaining may be at risk	0	■
	Freedom of association and collective bargaining		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	specific countries (repr. 70% of suppliers)	■
	Child Labor		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	0	■
	Forced or compulsory labor		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	0	■
	Security Practices		
GRI 410-1	Security personnel trained in human rights policies or procedures	n/a	■
	Rights of indigenous peoples		
GRI 411-1	Incidents of violations involving rights of indigenous peoples	n/a	■
	Human Rights Assessment		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessment	Asian operations	■
GRI 412-2	Employee training on human rights policies and procedures	routinely all every year	■
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	n/a	■
	Local Communities		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	all operations at their own discretion (page 32)	■
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	n/a	■
	Supplier Social Assessment		
GRI 414-1	New supplier that were screened using social criteria	100 %	■
GRI 414-2	Negative social impacts in the supply chain and actions taken	pages 28, 32, 33	■
	Public Policy		
GRI 415-1	Political contributions	0	■
	Customer Health and Safety		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	done routinely	■
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	0	■
	Marketing and Labeling		
GRI 417-1	Requirements for products and services information and labeling	risks mainly with Primus; regular checks	■
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	page 10	■
GRI 417-3	Incidents of non-compliance concerning marketing communications	page 10	■
	Customer privacy		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	0	■
	Socioeconomic Compliance		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	0	■

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