

FENIX OUTDOOR

CSR 2016



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DEAR READER,

2016 was one of the most exciting and successful years in our entire company history. We were able to significantly progress on the turn-around plan for Globetrotter Ausrüstung and grew in all our business segments. We also made some progress in our sustainability efforts, expecting 2017 to be a milestone year in ecological and social progression.

And yet, 2016 was a year, many of our staff members and customers felt to be a year of less stability, less confidence and heightened insecurity. The refugee crisis in Europe, terrorist attacks and significant political changes in two leading world economies will re-shape the global socio-economic landscapes. We will closely monitor these developments and keep our sustainability radar on. It becomes obvious that only a holistic view from a strategic perspective will allow us to further develop and manage the challenges ahead of us. The only way how to approach the changes and shifts is

by dealing with the known and not to panic based on assumptions or rumours – the so-called “unknown”.

As early as 2012, Fenix Outdoor has developed and anchored its philosophy and ethics in a document we call “The Fenix Way”. We want to move towards a better and more inclusive world that respects the boundaries of our natural systems. But we also want to move forward in our own pace and in acknowledging our own specific characteristics. Hence, even in rough times and environments we have a stable and reliable anchor and follow our Fenix Management Compass which will guide us even in unknown waters.

Our company culture is based on sustainability. We are committed to the principles of the UN Global Compact and we also are determined to shape our business in a way that it contributes to a more sustainable economical system.

We believe, that through interaction with various stakeholders and in addressing their expectations we can and will contribute to a better, a more sustainable life. We very much depend on the exchange with the different groups who influence us and those, who are influenced by us. We aim at being a reliable and dependable partner for all of those who share our vision. Against this background I very much regret that in 2016 we did not conduct our scheduled stakeholder roundtable and that we had to postpone it to 2017.

We invite you to join us on our path and to read our Fenix Way. We trust that it has a radiance beyond our own company and that it can help grounding us in unstable times. We look forward to your comments and suggestions for the future.

*Yours,
Martin Nordin, President & CEO*



1. OVERVIEW: SUSTAINABILITY MANAGEMENT APPROACH

Our Sustainability Mission.

SUMMARY OF GOVERNANCE AND STRUCTURE OF CSR ACTIVITIES

Fenix Outdoor International AG is a leading supplier for high quality outdoor equipment. The group has its origins in Örnköldsvik and has a portfolio of five brands and three retailers. In 2016, the organizational structure was streamlined. Frilufters Retail, Brands and Global Sales are now three distinct organizational units, led by a Global Vice President each. In order to accelerate the integration of Globetrotter Ausrüstung into the Fenix Outdoor Group, the head office for CSR was moved to Hamburg, Germany. The legal department was moved to central Munich (Germany). Likewise the global PR units of Fjällräven International and Hanwag were moved to central Munich.

Fenix Outdoor structures the sus-

tainable sourcing, manufacturing, and product distribution for all its entities through guidelines and mandatory procedural protocols. The brands focus on engaging their consumers through their responsibilities for product design, marketing, retail, and sales. In all these endeavors sustainability is a guiding principle.

The structural setup is given in the following graphic.

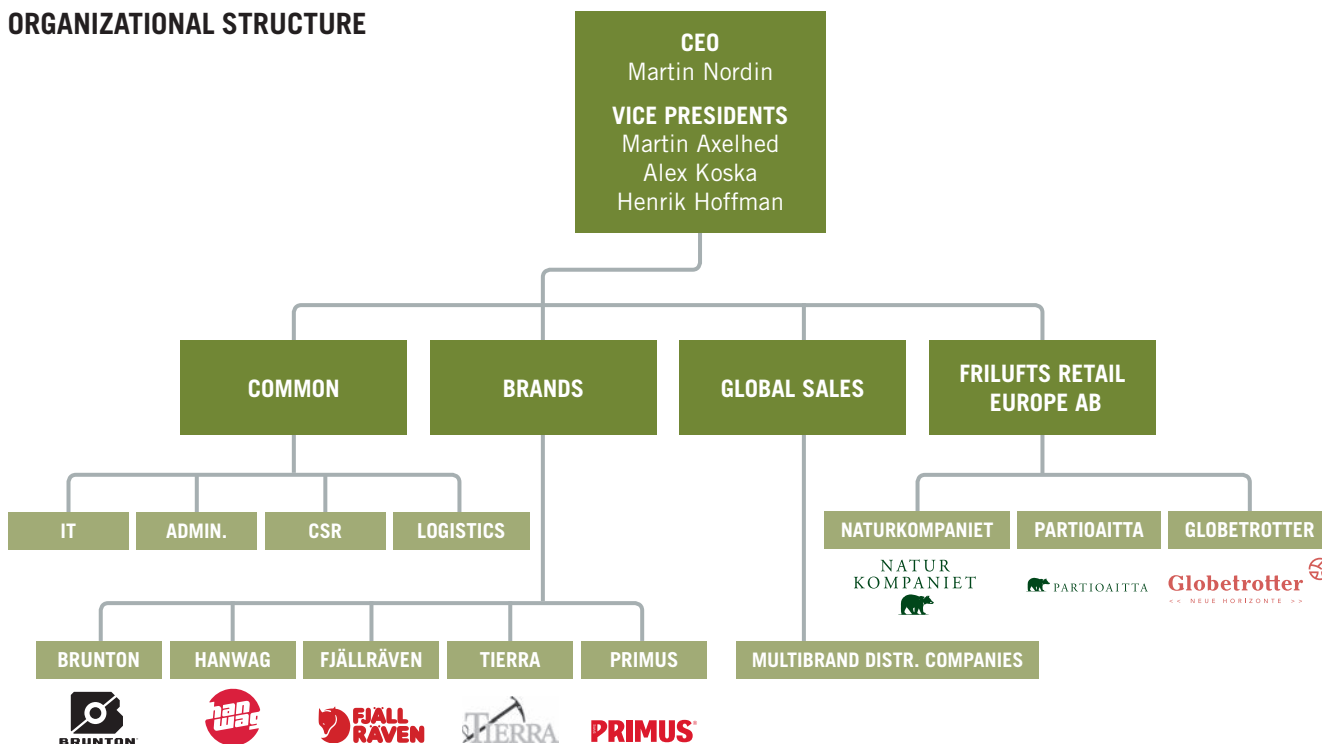
As established in 2012, also in 2016 the Chief Sustainability Officer was directly reporting to the CEO of the Fenix Outdoor Group. We further strengthened the role of the CSR manager at Fjällräven and the CSR manager at Globetrotter Ausrüstung. In addition, the CSR manager role of Frilufters, the house brand of Globetrotter, was regularized.

From a group perspective, the ma-

jority of the activities in 2016 focused on the deepening of our activities within the Sustainable Apparel Coalition (SAC) and to improve our activities with the Fair Labor Association (FLA). We also developed a set of new guidance documents for social compliance activities, streamlined our Code of Conduct for suppliers and enhanced our Chemical Guideline. Furthermore we undertook a systematic assessment of and search for an IT tool for the group-wide GRI reporting process.

In 2012, Fenix Outdoor developed a managerial guidance document that incorporates the company's values, ethical principles, and overarching sustainability goals. Those are documented in The Fenix Way. It also includes a Code of Conduct and a generic blueprint of a Supplier Code, thereby combining sustainability and

ORGANIZATIONAL STRUCTURE



compliance. The latter has been updated several times for those entities, involved in production. It has been re-issued as brand supplier code in alignment with the FLA Workplace Code. Therefore, the updated Code is the valid and binding guideline for our suppliers.

97,2% of our brands' suppliers had signed our Code of Conduct by the end of 2015. In 2016 approximately 91,2% had signed our Code. This development is a result of two factors. On the one hand we have discontinued certain products and product ranges where we had a strong backing for our Code; on the other hand we strive to consolidate our supplier-base and adjust it to our specific needs, which - at least in some areas - led to an increase in new suppliers to our system. Notwithstanding this, we trust that in 2017 the signatory rate will go up again.

The house brand of Globetrotter Ausrüstung „Frilufts“, developed its own sustainability agenda and goals over the past year. “The Frilufts Way” was adopted and issued by the team and is now going to be implemented.

Among the overall 2020 sustainability goals, the reduction of our CO₂ emissions is one of the key areas. While we aim at being carbon neutral, in 2016 we continued our efficiency

activities and re-organizing our offsetting strategy.

Communication of the sustainability strategy, goals and current developments is an on-going process at Fenix Outdoor. Twice a year, during the so-called kick-off meetings for each season, the CSO gives an account of the status of implementation of the sustainability goals and reports on the progress made. On emerging issues, information is delivered on an ad-hoc basis directly to staff members affected. Other means are general mailings and the Intranet sites as well. As of 2016, regular CSR and Social Compliance meetings were held. The focus was on streamlining, cooperation and information exchange across the Fenix Outdoor group. The set-up has proven to be workable and, hence, will be continued in 2017.

Each Fenix brand has developed its own individual Agenda 2020 with distinct sustainability goals and implementation plans. On that basis responsibilities were assigned and deadlines for implementation were set.

In order to better coordinate these efforts, all brands were asked to fill a project plan and submit it for approval to the CSO. The respective plans are frequently updated and presented to the CEO of the Group.

SUSTAINABILITY PROGRAM AND PARTNERSHIPS

Our business model requires that we are able to rely on and develop a vast and strong network of partnerships.

Since we are a values-based company, we are an active signatory to the UN Global Compact and take part in the Nordic Network under the umbrella of the Swedish national group.

In 2016 we have continued to reinforce our membership in the Sustainable Apparel Coalition (SAC) and engaged in various working groups, namely those, involved in developing Design and Materials Modules, the Environmental Facility Module and its up-date, and the Adoption and Verification Modules. We apply the Higg Index internally in our textiles and footwear brands.

We are also a member of the Fair Labor Association (FLA) and have engaged in a more structured and comprehensive manner in 2016.

The FLA is a multi-stakeholder initiative that raises the social conditions of factory workers by providing independent monitoring as well as support and training for companies all around the world. For us it constitutes a forum and possibility to improve our approach to ethical sourcing. This membership enables us to raise the

Product test in the Bavarian alps, well equipped with Hanwag and Tierra gear.
Photo: Christian Wittig



social conditions for workers and the societies we operate in.

Furthermore, Fenix Outdoor is a member of the Textile Exchange. Textile Exchange provides the knowledge and tools the textile industry needs to make significant improvements in three core areas:

Fiber and Materials, Integrity and Standards, and Supply Chain.

Various entities of Fenix Outdoor are member of the European Outdoor Group (EOG), a trade association advocating the European Outdoor Industry's interests. Uniquely, the EOG has a sustainability working group at the core of its activities. Fenix is represented at the Sustainability Council and supported the EOG Secretariat in furthering the EOG Sustainability Charter. 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 to selected projects. Other memberships include the membership in the Scandinavian Outdoor Group, the US-based Outdoor Industry Association (OIA) and the Swedish Standards Institute (SIS).

Some entities are members to the Swedish Textiles Industry Water Initiative (aiming for water protection and conservation measures in the supply chain), the Svensk Handel, various (Swedish) Chambers of Commerce and the BSI, the German Industry Association for the Sporting Goods Industry. One entity is a member to the Swedish Tourist Association (STF) and one is member to B.A.U.M., a German initiative promoting environmental management approaches in businesses. We are active in the SWEREA Chemical Group, several local initiatives, such as the Hamburg Partnership for Air Quality and Low-emission Mobility or local environmental networks.

Fenix Outdoor has open dialogues with civil society groups, namely those from the environmental and human rights side on selected topics. We partner in projects or explore best-practices and benchmarks for the outdoor industry.

In general, we do not strive for formalized certifications of any type of management systems. However, in most operations ISO 9000 and ISO 14000 principles are applied.

CORE MANAGEMENT ISSUES FOR OUR VARIOUS ENTITIES

Economically our companies see sustainable growth as a center piece of their economic strategy and strive to achieve this year by year. However, sustainable growth does not mean “growth at all costs”. It is seen much more as a growth in-line with the Fenix Way Management Compass® cardinal directions. Economically also the margin should be maintained. In consequence this approach hinders us from focusing on growth or turnover only. Our production teams adjust production capacities frequently (at least twice a year). Some of our companies operate in challenging economic frameworks. Finland, for instance, is in an economic turn-down for the fifth year in a row and only recently has slowly been back on the recovery path. This impacts on sales figures, and the viability of certain store locations; fierce competition results in price wars in the retail business. Hence, the responses to the economic challenges in the retail and the brand segment differ.

With respect to the cardinal direction “nature” the focus lies on the reduction of negative impacts: be it the product

per se that has a negative impact (e.g., gas burning stoves) or the way our operation works (e.g., lighting in stores; transportation of goods), or the input materials we source (organic or conventional cotton; recycled or virgin polyester). All entities have identified their material aspects and embedded those in their 2020 strategic plan.

When it comes to societal and social impacts, including human and labor rights, the nature of business determines the core material issues: for some it is the question of how to recruit and retain new staff or how to involve them without hampering progress. This is an issue in Europe and the USA while the adherence to the FLA and ILO principles is a matter of concern for those brands, operating in global supply chains. In general, all entities and managers address those issues in a way, adjusted and aligned to the local circumstances of their business model.

STAKEHOLDER INVOLVEMENT

In 2016 we failed in organizing another Stakeholder Roundtable but we are committed to do so in the first half of 2017.

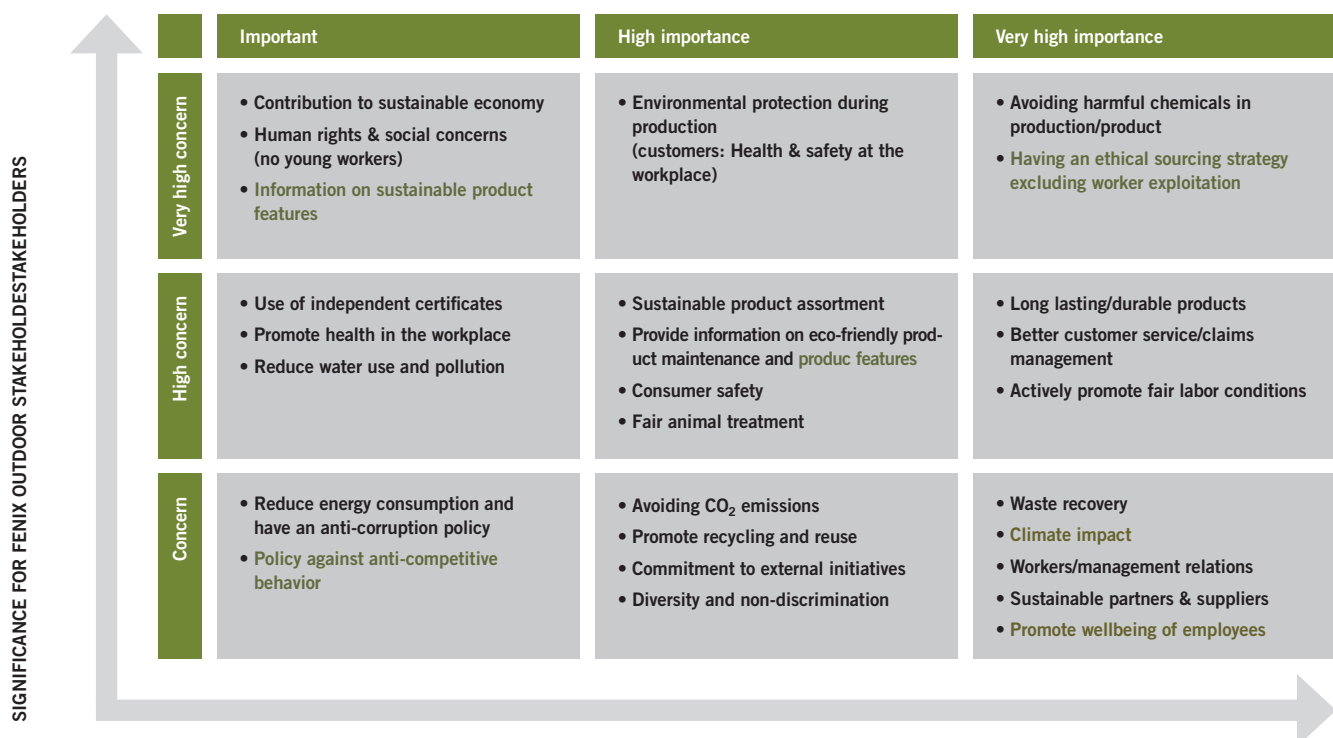
So far we have conducted a customer

survey for our retail business in 2015, a stakeholder roundtable involving representatives from academia, media, non-governmental and not-for-profit organizations (NGOs), governments, international organizations, consumer groups, trade associations and suppliers in 2014 and several social media interactions with various groups. The Fenix Materiality Matrix, as drawn-up in 2012, was confirmed at these occasions and we will continue working on the identified material fields.

Generally, ecological and social aspects play an important role for over 80 per cent of our constituencies. Over 50 per cent of our customers stated that they were willing to spend more for sustainable products.

The 2015 results of our survey in general matched the results of the 2012 survey. However as the new GRI Standard has more precisely defined the dimensions of the materiality matrix, the question arises whether the survey format we had chosen, is still appropriate for the future. While we asked for the ranking of importance of various topics we may conclude that the topics stakeholders and in particular our customers identified as most important to them is decou-

REVISED FENIX OUTDOOR MATERIALITY MATRIX



pled from the question “what are our companies’ most significant impacts”? In that sense, the new GRI Standard may force us either to weigh the value of the answers of stakeholders differently or to shift the survey results or to select stakeholder groups in a different way. However, looking at the Standard’s expectation and at the way we did our materiality analysis, we came to the conclusion that, apart from some wording and a few topics that shifted up- or downwards, we are in-line with the GRI Standard. Based on the data we have, the Materiality Matrix changes as shown above.

Our retail entities and some brands interact increasingly with various stakeholder groups. Be it through systematic surveys, social media, live chats or direct customer and supplier interaction, the sustainability agenda becomes more and more important. The 2016 activities showed a higher awareness and increased interest in various environmental and social topics which were fully in line with our own priority actions.

As a result of an industry-wide consumer survey in Sweden, two of our companies, namely Fjällräven and Naturkompaniet, scored as number one and number three regarding “the most sustainable brands in Sweden”. Two Nordic banks gave us their highest grading in their sustainability investment recommendations and funds respectively. It was highlighted that Fenix Outdoor leads by pragmatic example knowing and managing their risks in their products, supply chain and societal impacts.

Environmental aspects have been a major part of our “2016 and beyond” program. This included fair animal treatment, the reduction of emissions, the usage and application of chemicals in adherence with regulations as well as acknowledging the latest findings of scientists and experts. Our goal for the future and our company wide vision is:

“To leave the basecamp better than you found it“

This vision spurs us on to look beyond our boundaries and continue on our sustainability path.



A Greener Choice – communication in the stores.

FOCUS AREAS

All Fenix activities have been continuously guided by The Fenix Way Management Compass®. It remains our only and universal management tool, mandatory for the whole group and all employees.

It underpins our focus on reducing negative environmental and social impacts and focus on our positive contributions at each stage of our products’ life cycles. As our most significant impacts occur in very different areas during the life cycle of our products, we have concentrated our efforts on addressing the four cardinal directions, N for Nature, E for Economy, S for Society and W for Well-being of our Compass. We believe that business should, in every aspect of its operations, contribute to healthier more resilient natural systems, top financial performance, and more knowledgeable, happier and environmentally-conscious people. These goals shall be addressed simultaneously but of course with reasonable priority setting within each area for our individual brands.

In 2016, we focussed on those areas, where we had material impacts: social compliance matters were addressed throughout the supply chain and within our own organization. While we looked at emissions mainly in our own operation and in transport-related activities (optimization of planing, shipping; retrofitting lighting

in stores) we addressed the questions of chemicals and material choices already in the design and development phase, requiring suppliers to adhere to our Restricted Substances List (RSL). Subsequently we address all material issues wherever we have reason to believe that we can influence our partners and have an impact in the ultimate products and services we offer.

HIGHLIGHT ACTIVITIES IN 2016

In 2016 we phased-out the free plastic shopping bags for customers in our German operation Globetrotter Ausrüstung and became a partner to the voluntary initiative of the Trade Association Germany (Handelsverband Deutschland) and the German Federal Ministry for Environment. While we handed-out 791 750 disposable plastic bags in 2015, the number in 2016 was only 311 000, a reduction by 61 %. In addition, the phase-out of free plastic shopping bags was also introduced in Partioaitta in Finland.

The criteria set for “A Greener Choice” was updated in 2016. It is envisioned to partner with an external group to fully implement the tool in all European retail operations. However, the group-wide roll-out did not take place in 2016 due to planned major changes in the ERP systems of our retailers. Since the roll-out of “A Greener Choice 2.0” is linked to the roll-out of the ERP system it had to be postponed.

“A Greener Choice” shall assist consumers to make more informed and more sustainable choices and allow brands to continuously improve their sustainability performance on a product level. It also supports their efforts to get their individual sustainability stories to the end-consumer. For efficiency reasons it will build on the Sustainable Apparel Coalition’s Higg Index suite and other, already established globally accepted models.

In our stores we encourage customers to round-up their purchase dues to the full Euro or Kronor amount. This activity is a voluntary initiative by consumers who indicate to the cashiers how much they would like to donate to the proposed good cause.

The “Round-up” campaign revenues of 2016 went to “Save the Children”.

In our brands segment, the apparel and footwear companies continued

with their environmental agendas. Fjällräven launched its Re-Känken and progressed the animal welfare projects for down and wool products. Hanwag has furthered an ethical leather sourcing project and developed a plan to address hazardous chemicals in glues. Tierra developed the “Deterra” line, featuring products that are entirely made from natural materials. The learning from this product line may be integrated into all future Tierra developments. Friluftshas launched its first product line and applies the Fenix Outdoor standards. Since these brands also apply the Higg Index, a continuation of the shift to new and more sustainable materials will continue also in 2017.

Primus continues to apply lifecycle assessments to identify more sustainable solutions. It also expanded its product range and developed a new product with “sustainability in mind”. The reinvention of a trekking stove, lead to higher efficiency and a more sustainable design, with less waste during production.

Over the reporting period Fenix Outdoor Group has continued its involvement and engagement in various projects of the Sustainable Apparel Coalition (SAC) and has been part of various working groups regarding design, environmental management, consumer facing scoring and validation of information given. We also encouraged more suppliers to join the supplier module of the Higg Index. Furthermore we also intensified our engagement with the Fair Labor Association in order to more systematically address labor-related matters in our supply chain. Trainings were conducted in Sweden and China and discussions held throughout the year.

In order to streamline the efforts of different entities, we have developed a Fenix Outdoor Chemical Guideline and Restricted Substances List (RSL) as well as a Social Compliance Guideline for internal purposes (production staff, buyers and internal assessors). The latter, however, shall also be handed out to suppliers who are interested and willing to further our joint social compliance efforts.

As of 2016 we frequently held sustainability on-line meetings for internal staff members. These meetings were used to align the efforts of different entities and enhance the



Key Stakeholder Priorities 2016 by Fenix Outdoor's Top Management

networking within Fenix Outdoor.

A quick survey among the top management revealed a slight shift in the stakeholder ranking: while now 83% of the managers think that the end consumer is the most important stakeholder, 17% think that it is the business partner; in 2015 staff and retailer were seen as most important stakeholder groups. The current ranking looks as follows:

End Consumer > Retailers and business partners > Staff/Suppliers > Authorities > Media > NGOs > Owners (see graphic above).

COMPLIANCE

The adherence to laws and regulations is important in conducting our business. We not only require compliance with our Code of Conduct but rather we want to build on experience and ensure that our staff and business partners share the same understanding of compliant behavior and business dealings.

After introducing a compliance management system in 2012, we are continuously developing and improving our system. The Fenix Outdoor CMS concept is based on a number of

widely recognized basic elements in accordance with the standard IDW PS 980 and ISO 19 600. As with the sustainability report, once a year the CSO submits a Compliance Report to the CEO and the Board.

Following the Compliance Guideline, the CCO submitted his annual report to the Board in March 2016. As part of the compliance system, all managers are obliged to sign and declare on an annual basis that they are following the compliance rules and that their staff members are aware of the system.

While the Workers Council of Globetrotter Ausrüstung in 2015 decided, not to support the introduction of a binding Code of Conduct for all staff members at that point in time, in September 2016, the management of Globetrotter Ausrüstung and the Workers Council concluded a company agreement on compliance. This agreement includes the adoption of the Fenix Outdoor Compliance system and a Code of Conduct for all staff members which forms part of “Der Globetrotter Weg”. The roll-out of the system will take place in 2017.

Our compliance system is the result of a deeply rooted wish of the owners

Case Description (Number of cases)	Handling Procedure
Product Safety (6)	Two complaints about malfunctioning of vacuum bottle lids (possible user error); gas-lantern burned a tent due to false handling and violation of instructions; fall hazard due to malfunction of a buckle in Osprey Poco (recall of the product); special cabins to be installed for gas storage in stores; import of (banned) mosquito nets from NL to Sweden was fined.
Labeling (3)	Alleged trademark infringement in the US ("own the cold") stopped and settlement negotiated; Sweden: complaint about too small print on Primus gas cartridges; complaint about labeling of aluminum products that get in contact with food (no fines, negotiations with authorities how best to rectify).
Infringement of Trademarks (0)	—
Data Safety (0)	—
Labor Law (1)	Complaint about unfair dismissal (settlement)
Harassment at the work place (0)	—
Marketing Communication (5)	Infringement of unfair competition laws (sending-out unwanted newsletters; system changed); infringement of basic price indication law (new compliance procedure developed and implemented); infringement of IP rights (settlement); uncertainty re. take-back systems in stores

to systematize the handling of ethical and legal matters. In 2016, the number of cases directly reported to the CSO were slightly higher than in 2015; the reason is that because of the relocation of the CSO, staff members were able to directly approach him. However, nonetheless, other ways of communicating (e.g., direct approach of legal department or personnel section or Workers Council) also proved to be an appropriate way of managing matters of concern within the Fenix Outdoor Group and may gain even more relevance in the future. We still note with high concern a serious increase in counterfeits and trademark infringements against our brands and in particular some specific products. Through our security unit and legal department, necessary actions have been taken.

OPPORTUNITY AND RISK ASSESSMENT

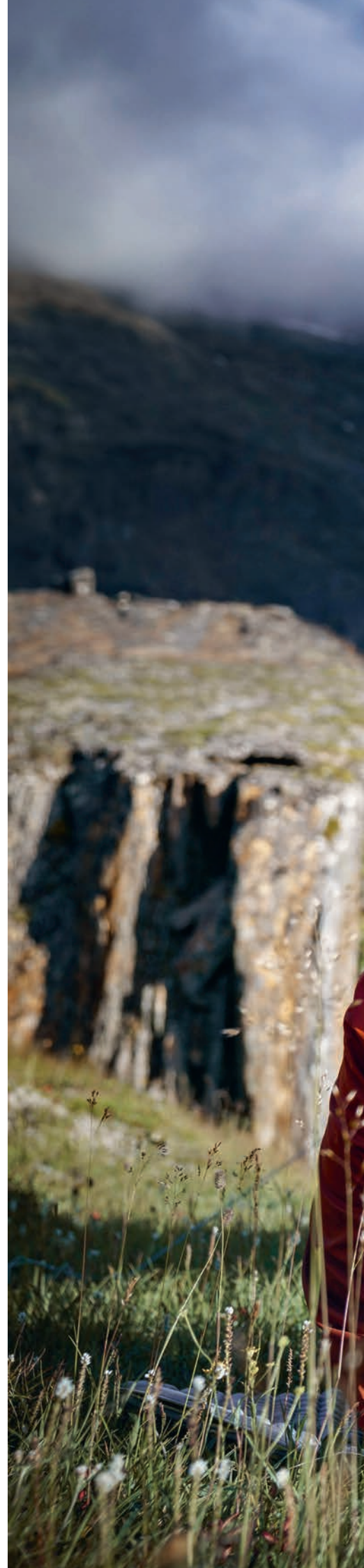
In 2016 Fenix Outdoor profited from various opportunities: Fjällräven benefitted from the still very high demand for Kånken backpacks. We were therefore able to introduce a new product line, entirely made from one material, which is recycled polyester. The Re-Kånken not only is from recycled material, it is also designed to be recyclable itself. The shift in Globetrotter Ausrüstung from Meo'ru' and Kaikki-alla to "Friluft" gave us the opportunity to take full control over the whole

research, development and production process. We streamlined the product range and integrated the Friluft product family fully into Fenix Outdoor's product approach. Hence, the quality and the sustainability of the products were raised and the economic performance was enhanced.

2016 was a year of changes which left several uncertainties. From a political view angle, the referendum results in the United Kingdom, voting in favor of leaving the European Union may have serious impacts on the trade terms in the future and eventually on the market accessibility of our different brands. Similarly the elections in the US may have impacts on a more global scale.

Climate change remains a serious issue, and we see some risks from the increase in extreme weather events. Those may impact our operations directly (interruption of transportation and communication infrastructure; impact on owned or contracted production sites etc.). With high concern we note the overall long-term changes in climate patterns and expect long-term effects on the functional demands and quality properties of certain product categories.

The economic situation in some of our markets, and the rise of political friction and tension in Europe, led to a drop in sales in certain markets, while others seem to slowly recover from the previous economic downturn.







2. NATURE

We love nature. We want to enjoy it and leave it enjoyable also for future generations. Hence, we search for new, more responsible ways to deliver our products.

Our mission is the offering of high-quality, enduring, safe and timeless products which are reliable when used. We consider ourselves as a group of premium brands and retailers. This enables us to decouple our research and development consideration from short-term trends or pure fashion statements. Hence, the search for new materials, product designs and markets includes long-term considerations. This means to adopt a precautionary approach when it comes to chemical choices versus environmental concerns and the welfare of animals or other aspects. However, even today certain issues are not fully understood by science and industry. Consequently, once some new research results become public, they may call for adjustments and changes in direction. We do not want to stand still and ignore facts.

We strive to solve problems as soon as they are fully understood or sufficient knowledge has been gained and the time for action on our part has come. Ultimately, not only do we want to do "no harm" – we want to contribute positively. These principles form part of the 2020 strategy for all companies – brands and retail business alike.

We had set our action priorities based on the stakeholder concerns and the feedback given during our first stakeholder roundtable. Our Materiality Matrix highlights the action fields. It is up to each Fenix Outdoor company to identify the appropriate way and topical field to contribute to the sustainability challenges at hand. In 2016, Fenix Outdoor and its entities concentrated their actions mainly in these areas:

- CO₂ emissions reduction

- Improved sustainable materials choices (collaboration with the SAC and application of the Higg Index)
- Partnering with a textile recycler (I:Collect)
- Application of the Higg Index by suppliers
- Continue to eliminate hazardous chemicals and to develop a group-wide Chemicals Guideline
- Full control over animal derived inputs (down, wool, leather)
- Implementation of a Social Compliance Guideline for brand suppliers
- Re-design of consumer-facing information/scoring system ("A Greener Choice" 1.5 and 2.0)
- Sources and tools for CSR & Compliance related matters
- Institutionalization of a cross-company CSR & Social Compliance Council

Compared to 2015, 9 new offices and stores and one factory have been established and formed part of the data gathering exercise. However, three locations have been closed down due to the lack of economic viability or based on a needs assessment. Since not all new locations were able to deliver data for the report, estimations and extrapolations are based on a conservative, less environmentally favorable basis.

RESOURCES AND EMISSIONS

Climate change is still considered to be one of the key environmental challenges for the survival of the planet and the stability of societies. 2016 the momentum from the Paris Agreement lead to further progress on the political agenda (Marrakech 22nd Conference of the Parties). But we also saw the re-emergence of suspicion and conspiracy theories surrounding this topic. With uncertainty and insecurity rising towards the end of the year, the potential of succeeding in limiting climate change to two degrees Celsius remains vague. Since our first CSR report in 2011 we have reported our Climate Change approach, policies and progress also to the Carbon Disclosure Project (CDP). After the introduction of a mandatory fee structure for reporters, we began to publish our CDP inputs on our own website.

In 2016 our overall carbon dioxide equivalents (CO₂e) emissions have continued to unevenly develop but compared to 2015, the emissions from our operations went down in some areas. However, increases in emissions from shipments and in absolute terms are due to the increase in number of locations and a continued growth of our business.

In 2016 we continued to gather more robust information from more locations. In general terms, we have significantly reduced our energy consumption in our retail operations. We have continued to use renewable energy. Our operations in Germany, the flag ship store in Amsterdam, and the operations in Sweden and Finland use so called "green power". In Vierkirchen, Germany, the location is also heated with biogas from a neighboring organic farm.

Reduction efforts in 2016 include but are not limited to:

- retrofit to LED in several locations and the gradual change-over to LED lighting in stores

- the energy efficiency measures taken by, e.g., leather suppliers leading to a reduction of 70 tCO₂e for all Heinen leather purchased by Hanwag
- insulation and further efficiency measures in warehouses and in our Estonian production.

ENERGY USE

The overall consumption of energy increased in 2016. This was mainly due to several new location like new stores and the consolidation of a new factory (Progressz Kft.) but also because locations where able to gather additional data, omitted in the previous reports. A total of 2 397,2 t CO₂e emitted by our operation come from primary energy. Market- and location-based data are the same. The district-heating-related emissions dropped to 24,9 t CO₂e on a location-based calculation. If a market-based approach had been chosen, 48,2 t CO₂e would have occurred. While the scope 2 emissions amount to 2 342 t CO₂e, market-based emissions would have been 7 662,4 t CO₂e.

SHIPMENT OF GOODS

Based on the various modes of transportation and the individual vessels, trucks and aircrafts used, we calculated our shipments' emissions at 3 285 t CO₂e. A comparison with 2015 shows that our emissions went up as we have added the shipments of Globetrotter Ausrüstung and are continuously growing our business. However, we have streamlined our shipping flows and cut-out warehouse-detours where a direct delivery to the stores made more sense.

In our US operations the rise of air freight has continued; despite actions taken with regards to order lead-times, the on-demand-delivery requirements by customers have not changed and we were unable to renegotiate these points. As anticipated last year, a positive impact on our air shipment could not be realized due to the very demanding order policy of some of our main customers.

We continue our projects to optimize the packaging and volume of boxes shipped. Compared to 2015, we were able to automatize the packaging of small items in our on-line orders in Globetrotter Ausrüstung. This led to a drop in shipped volume. In turn, this had a positive impact on the use of space in trucks. All shipments to cus-

tomers from Globetrotter Ausrüstung are carbon-neutral since we have an investment in Costa Rica in the *Globetrotter Vision Forest*. The total amount of CO₂e compensated from this forestation project in 2016 was 188 t CO₂e. Another 35 t CO₂e were compensated by the postal services used.

BUSINESS TRAVEL

In 2013 Fenix Outdoor developed its new car policy, which came into force in 2014. The reduction of carbon dioxide emissions are a key element and the reduction over the coming years is intended to be not only in-line with the EU regulations but to even exceed those. In 2016 the electric or hybrid cars in our fleet were mostly charged purely with electricity from renewable resources. In Hamburg, Fenix Outdoor is participating in the e-Fleet project, co-sponsored by the Federal German Government.

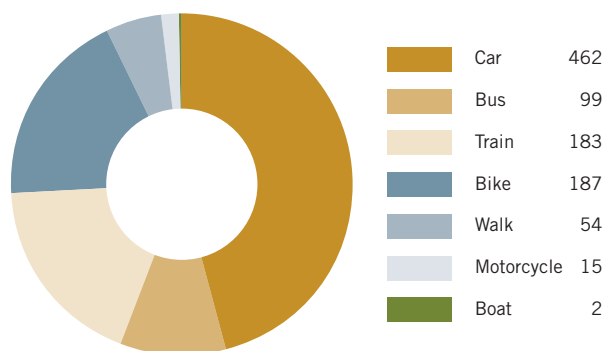
The change-over to more efficient and partly smaller cars is becoming visible. The average CO₂e emissions from our car fleet has dropped to 127 g/km; in some locations we are even below 100 g/km (see also the 2014 CSR Report).

In 2016, business travel related CO₂e emissions were calculated with a safety margin. So instead of the more favorable drop in emission to 1 901 t CO₂e, we take 2 250 t CO₂e as our 2016 business-travel-related emissions figure (2015: 2 370 t CO₂e). The business travel data include all forms of business travel such as flights, public transportation (including trains, busses and boats), corporate cars, and personal cars for all staff members at all locations. Even though we added a safety margin, we still achieve a reduction of 120 t CO₂e over 2015. This is a very positive development, despite the increased in kilometers travelled.

COMMUTE TO WORK

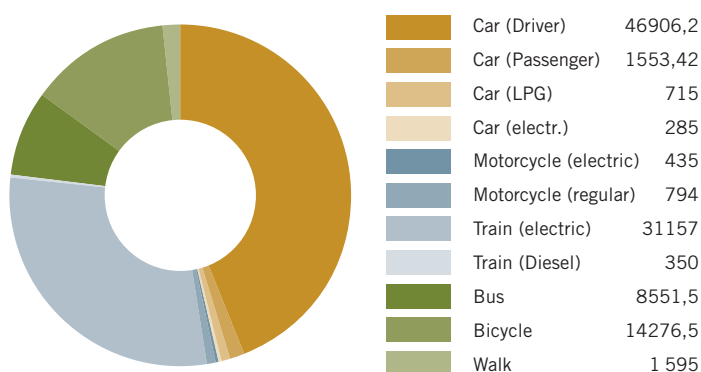
In order to form a more holistic picture of our transportations, in 2015 we conducted a global staff survey among all staff members of the Fenix Outdoor Group in order to calculate the annual CO₂e emissions. Apart from this result, it was also interesting to look at the various ways, our colleagues get to and from work and acknowledge how many of them use sportive activities in order to keep themselves healthy and fit. The decline in oil prices and

COMMUTING TO WORK BY MODE OF TRANSPORTATION 2016

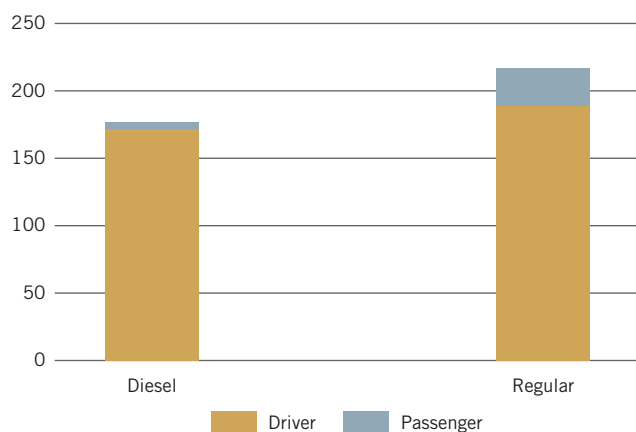


DISTANCE TRAVELED PER WEEK MODE OF TRANSPORTATION 2016

km / mode of transport / week (one way)



CARSHARING PROFILE BY FUELTYPE 2016



the sheer growth in staff showed a slight increase in the use of cars in general. The total CO₂e emission from commuting amounted to 788 t (calculated based on the data received: n = 984; 2015: 730 t, n = 894). A statement for all of our staff members cannot be given and a simple extrapolation is not possible. However, as Naturkompaniet – on a voluntary basis – monitors the staff commutes on a daily basis throughout the year, an interesting picture can be derived when it comes to our Swedish retail operation. Based on more than 84 000 data entries we can see that more than 76% of the staff members use public transport or a sportive activity (walk, skate, run) to get to and from work (division between those using public transport and those using physical exercises is about 50:50). Only 21% use a motor vehicle (rest: not answered). This shows clearly that "outdooriness" forms part not only of the corporate culture but rather is an intrinsic mindset in our staff members.

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 our CO₂e emissions through investments into Gold Standard Projects with various entities. The projects we have invested in can be identified below¹.

The total amount we were able to compensate for 2016 were transport of shipments, business travel, commutes, energy consumption, some product-related offsets, and internal events. The total compensation amounts to 17 592 t CO₂e. In addition, marketing materials (such as catalogues, flyers etc.) were offset as part of the purchase agreement which amounted to an offset of about 50 t CO₂e.

In our carbon policy we have taken the next step towards a holistic carbon dioxide management. For level 1 (en-

¹ Efficient cooking stoves in Uganda:

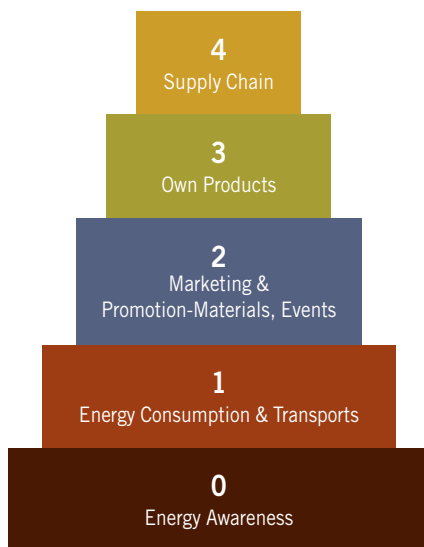
<http://www.climatefriendly.com/projects/ugandan-cookstoves>
Climate Partner "Waldschutz Freiburg" ID 11148-1606-1001

Climate Partner "April Salumei Papua-New Guinea" ID 11148-1701-100/2-10

Costs Rica „Vision Forest“: <http://www.visionwald.de/>
2050 "Taibus Banner Touzhijian Wind Power", China;
Project ID: GS 5534

ergy consumption and transport) and 80% of level 2 (marketing and promotional material) we have reached carbon neutrality and additional steps on levels 3 and 4 (one key supplier) were taken. Our suppliers, too, have begun to address the topic themselves.

THE ENERGY MANAGEMENT PYRAMIDE



WATER

In 2016 our water-related activities were again limited. As mentioned last year, we have worked with the Swedish Water Institute's initiative to improve water management in the supply chain of Swedish textile companies. Unfortunately, still, no significant progress can be reported.

The data sets for our operations in 2016 were still fragmented and the picture is gloomy because some operations do have a vast green area they take care of, while others are located in inner cities or industrial areas and hence do not need water for the greens and surroundings.

The measured amount of water consumed was 68 079 cubic meters (2015: 52 103 cubic meters). The differences between 2016 and 2015 is due to the fact that more locations are now included. The vast majority in Globetrotter Ausrüstung was used for the operation of the canteen, the different pools and ice chambers in stores followed by irrigation for greens in the US and China. The rest are normal household uses (such as toilettes and drinking water).

The water we consume is mainly drawn from community supply (mainly groundwater, some surface water in northern Finland and Slovakia); in some locations we tap lake or river water which is abundant and clean in those locations (total: 19 014 m³). 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 our own operations into sewers or surface water bodies. Water discharges amount to 42 693 cubic meters (2015: 27 220 m³).

In our own operations we do not discharge any waste waters that require a Chemical Oxygen Demand (COD) monitoring nor do we handle or use halogenated absorbing organic compounds, requiring an AOX demand monitoring. Our waste waters are household-like. Our partner tanneries, down finisher, weavers and dye house operators are located in Germany, Croatia, Italy, Japan, South Korea, China and Vietnam. They operate own treatment plants or are adjunct to industrial treatment plants of the industrial area. Those plants are regularly monitored by public authorities; our partners in Germany, Japan, Korea, China and Vietnam mostly operate under the ISO 14001 system. Specific data for the portion of wastewater discharge related to our productions cannot be established but since most of them publish sustainability reports, overall data are publicly available.

Independent from any other initiative, we have set our goals in the Fenix Way Sustainability 2020 agenda to reduce our water consumption. We still strive to conduct pilot projects with the top five fabric suppliers by the end of 2020 to better manage water efficiency, water pollution prevention and wastewater issues.

PRODUCT DEVELOPMENT AND INNOVATION

Sustainability efforts shall become visible to our customers and reflect in our products we offer on the markets. The following compilation is neither holistic nor exhaustive but it gives some indication, how we have continued on our path to sustainability in 2016.

Fjällräven

Fjällräven has continued to deepen their efforts in-line with the Fenix Sustainability strategy and continued the efforts under the Higg Index frameworks. The latest development in terms of controlling animal derived products is the implementation of a new wool process in order to develop a "Wool Promise" similar to the "Fjällräven Down Promise".

The objective is to set up a best practice chain of Swedish wool focusing on top practices regarding animal welfare, land management and full traceability. The aim is to take the lessons learned by this project to ensure traceability and high standards in all our wool supply chains. For this purpose, Fjällräven has set up a collaboration with Brattlandsgården, a sheep farm located in central Sweden. The project's first phase, sourcing high quality wool from Swedish sheep, has been completed. A first product range will become available in 2017.



On the way to a Wool Promise: Brattland Sweater No. 1.

Primus

In 2016, Primus continued the journey to re-assess and re-invent timeless but yet functional and appealing products for the 21st century. The focus lay on the enhanced efficiency of our stoves. The Prime-tech stoves were re-designed from scratch with sustainability in mind. Hence this lightweight product has a higher fuel efficiency compared to any other similar product in the market.



Hanwag

Hanwag, the traditional boot factory continued its structural reorganization in 2016.

Hanwag sees sustainable production, high quality and long-lasting, and durable products as a key to success.

Hanwag is producing all boots with long-lasting cemented or double-stitched constructions, which makes it possible to resole every single model. This makes Hanwag boots especially long-lasting. When it comes to the main material – leather – Hanwag strives to be as traceable as possible. In Europe, only approved tanneries are partnered with, such as Heinen in western Germany, to guarantee traceability to approved slaughterhouses and farms.

The new Makra products from Hanwag offer the all-inclusive-package for ambitious alpinists from the more soft via the stiff-climbing mountain boots, to the stable access shoe and the sporty leisure shoe. The Makra Combi GTX® is convincing with its relatively low weight on challenging mountain terrains with glacier passes. Compared to the Makra Low GTX®, with its low shaft and flexibility, the Makra Combi GTX® is equipped with a nylon brand sole, which gives it even more stability. In both models, the grippy Vibram® Pepe sole developed by Hanwag ensures an optimized start on the rock. As an ideal supplement for everyday use and for easy hikes, the new sporty half-shoe Makra Urban is recommended.

Tierra

In applying the Higg Index, Tierra produced and invented the "Deterra Jacket". With the Deterra® line Tierra wanted to create the most technical jacket possible without using any fossil based material. The result is the Deterra® Hood Anorak, a 100 % bio-based padded jacket. The materials include castor beans, Tencel, wool, corn, cotton and corozo nuts.

Instead of plastic stoppers the hood is adjusted with a knot. Deterra® Hood Anorak is a symbol of how technical a garment can be today if it is fully bio-based. The product can of course be made lighter, more durable, more water resistant and cheaper, but then they won't be 100 % bio-based.

Tierra will use this jacket as a platform to talk about new materials and solutions as part of our overall quest to make technical clothes that are sustainable both for users and the planet.



All natural: Deterra Hood Anorak

Friluft

Friluft has just joined the Fenix Outdoor Sustainability Program. They were able to develop a GOTS certified Fairtrade mummy liner for sleeping bags that can reach the entry price range for this type of products. Friluft therefore is proud to prove that sustainability efforts do not always need to come at an extra cost.



100% Organic Cotton Mummy Liner

MATERIALS

At Fenix Outdoor we continue to improve the eco-profile of materials we use. As already pointed-out in 2015, we deliberately use recycled, organic, ecological, biodegradable or recyclable materials. A trend to more natural fibers is visible. Shifts in other categories are effects of enhanced accuracy in data collection and material specification. All our brands apply the Higg Index criteria sets wherever possible. Globetrotter's house-brand "Friluft" has joined our other apparel brands in the quest for our long-term project to achieve the 2020 Fenix Outdoor Sustainable Materials goals.

As a member to the Sustainable Apparel Coalition and active user of the Higg Index, we continue to re-thinking our material choice. The Higg Index works as a self-assessment tool internally, incorporating the MSI (Materials Sustainability Index) and the DDM (Design and Development Module).

MATERIALS SUMMARY

The following table shows an overview of the materials used (as far as we were able to measure them) and the recycling content or other environmentally preferred attributes.

WASTE MANAGEMENT

Our credo when it comes to our products is: "repair, re-use, recycle". Unfortunately this is not always possible and apart from the product itself, we deal with wastes along the production chain starting from biodegradable raw materials via chemical wastes, wastewater effluents from dye houses

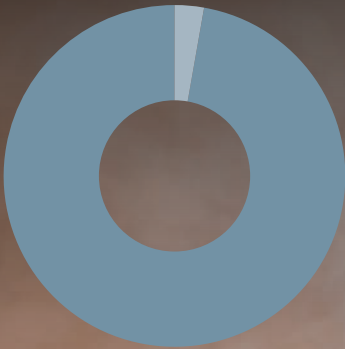
MATERIAL USE (ALL PRODUCTS)

Material	Amount 2016 (in kg)	2015 (in kg)	2016 Recycled content*	Waste from production or use (in kg)	Waste-Treatments (recycle, Landfill, incineration) 2016	Recycled waste 2016
Natural fibers						
Cotton	703 728	468 517	30 %	27 284	various/other	
Silk	420	612	0 %	21	various/other	
Man-made fibers						
Vicose / Rayon	1 587	376	0 %	79	various/other	
Lyocell (e.g. Tencel)	16 423	9 261	0 %	821	various/other	
Polyester	705 999	575 611	45 %	35 300	various/other	84 %
Polyethylene	5 291	11 623	16,71 %	264		
Polypropylene	233 990	68 009	29 %	11 699	various/other	
Polyurethane	91 393	52 809	0 %	4 570	various/other	
Polyamide (Nylon etc.) incl. Polyaramide	193 413	222 656	0,2 %	9 671	various/other	
Acrylic	3 347	4 858	0 %	167	various/other	
Acetate/Triacetate	1480					
Elastane (e.g. Lycra, Spandex)	15 849	38 462	0 %	792	various/other	
Other synthetic fibers	2 364	15 993			various/other	
Vegetables products						
Wood	36 673	71 042	0 %	N/A	recycle	90 %
Nuts	11	29	0 %		compost	
Cork	866	290	80 %			
Animal products						
Leather	231 257	458 417	28,9 %	17 278	landfill/recycle	
Wool	45 186	20 043	1,8 %	2 220	various/other	
Down	9 846	6 532	0 %	0	various/other	
Bees wax	5 136	45 763	0 %	0		
Metals and anorganic compounds						
Brass	15 059	18 799	80 %	722	recycle	80 %
Stainl. steel	109 870	76 616	70 %	5 459	various/other	70 %
Steel	274 919	281 541	69 %	12 234	various/other	70 %
Sintered Iron	25	25	51 %	5	various/other	
Copper	75	75	75 %	15	recycle	
Copper, Beryl.	50	50	75 %	20	recycle	
Titanium	140	125	0 %		various/other	0 %
Aluminium	28 232	26 381	50 %	1 149	recycle	50 %
Tin	0	400	80 %		recycle	
Other metals	76 664	139 551	N/A	97	various/other	0 %
Glass	20	10	5 %	4	various/other	
Packaging and plastics						
Paper	203 129	1 261 607	90 %	40 626	recycle	170 %
Carboard	201 600	1 049 243	87 %	40 320	recycle	92,70 %
Polycarbonate	2 741	3 948	0 %		various/other	0 %
Polyethylene	16 944	25 742	38 %		various/other	38 %
Plastics	17 280	51 118	23 %		landfill/recycle	100 %

* Recycled content in section:

Cotton: refers to organic cotton; Leather: refers to Terra-Care Fraction of purchase; Down: ca. 98 % Fjällräven controlled down.

RETURNS COMPOSITION 2016



B2B 3%
B2C 97%



Restocked 97%
Scraped 3%



MATERIAL USE (ALL PRODUCTS) CONT.

	Amount 2016 (in kg)	2015 (in kg)	2016 Recycled content*	Waste from production or use (in kg)	Waste-Treatments (recycle, Landfill, incineration) 2016	Recycled waste 2016
Other Materials and Substances						
Rubber / Rubber mix	27 696	61 420	45 %		recycle/incineration	90 %
Batteries	16 391	2 285	65 %	8	various/other	100 %
Lpg Gas	161 493	200 006	70 %			0 %
Paints	269	N/A	0 %	20		
Vinyon F	568 781	228 178	0 %	11 376		
Glue	31 041		0 %		Special collector	
Diphenylmethane	0	43 604	0 %	200,5	Incineration	
Silicone	20	20	0 %	1	Landfill	
Pentane/Heptane	28 358	27 995	38 %			0 %
Paraffine	247 539	84 988	0 %			
Solvents (Non Spec)	1 914	65	0 %	50	recycle	
ePTFE	23 950*	16 458	0 %		Incineration	
Mineral Spirits (Var)	3 429	1 472	0 %	125	recycle	100 %
Resin	590					
Ethylene Vinylacetate (EVA)	22 996					
Other Textiles	0	2 367	unknown		landfill	

MATERIAL USE (OTHER)

	Amount (in kg)	Recycled content %	Waste from production or use (in kg)	Remarks
Office Materials				
Paper	1 083 606,00	80 %	18 %	98 % certified according to FSC or PEFC; 430 kg certified according to "cradle-to-cradle"; all other materials certified according to Nordic Swan or Blue Angle standards
Carboard	5 876,00	90 %	18 %	
Printed Materials	381 260,00	100 %		350 t are CO ₂ compensated
Plastic Bags (Polyethylene)	15 031,00	70 %		
Plastics (incl. PVC)	1 197,00			
Non spec. plastics	117,00			

WASTES BY FRACTIONS	Amount in kg	2015	Reuse/Recycle
Batteries	115		special service and disposal
Household-like	33 683	87 427	> 80 % landfill & incineration
Paper	555 469	699 033	98 % for recycling
Plastics	27 160	16 310	80 % for recycling
Metals (var.)	560	1 167	100 % reuse
Glass	30	25	96 % for recycling
Organic	120 485	18 721	compost; 10 % landfill
Hazardous	1 955	133	incineration (special service)
Other, non specified	1 755	81 002	incineration

* Weight given of materials containing ePTFE as a finished fabric; as a sole product we would only measure less than 540 kg.



The first flock: The Brattlandgården sheep

and chemical treatments, cutting and sewing as well as packaging wastes.

Our warehouses fulfill various functions: apart from being warehouses for our normal B2B and B2C business, it also was the place to return broken or unwanted products and to store products called back from the markets. In 2016 around 26,7% (20,5% in 2015) of all e-Com products were returned for reasons of fit, double-order and alike (refers to all brands and products, sold in our on-line stores). The goods were checked and re-stocked. With regard to the B2B-business, around 0,81% (2015: 3,1%) of all items sold through our warehouses in the Netherlands, Norway, and the United States were returned; 97,1% (2015: 96,5%) were re-stocked or repaired and used again. The remaining 2,9% (3,05% in 2015) were destroyed.

In addition, the warehouses reclaimed and recycled packaging wastes (as legally demanded).

As stated in the 2015 CSR Report, wastes at the various locations we are operating at are hard to measure as no unified system for waste management and assessment exist. While some locations handle waste based on weight, other do so by volume while smaller ones only pay a lump-sum for the various bins or collectors they use.

Subsequently overall data sets cannot be generated with a reasonable level of reliability. The table on

the previous page therefore only gives a glimpse on what the Fenix Outdoor Group is currently dealing with based on sporadic regional data sets received. Data comparison therefore still is a challenge and not possible on a year-by-year basis.

ANIMAL WELFARE

Fenix Outdoor does not accept the mistreatment of animals used in the production of our products – this holds true for the whole supply chain.

In 2016, Fjällräven continued its mission in the further development of the down flow. (see the video called *The Fjällräven Down Promise* on YouTube).

We explored the option to use boxes instead of cages for transport from small scale farmers. However, when developing the flow, farmers complained to us that our system does not allow the exact weighing of birds and hence they felt that they may be cheated when it comes to payments for the meat. Those farmers, unlike the big scale farmers, are paid by the weight of each individual bird. Subsequently they felt more comfortable to continue with the old and traditional cage practice.

It became clear to us that we cannot impose a system on those farmers if they do not have confidence and trust in it. Thus we need to search for another solution in the year to come.

In another project Fjällräven is

engaged in furthering and re-establish a wool flow from Sweden. We will continue to develop this flow, making it a cornerstone of a future "wool promise". The recently developed Responsible Wool Standard will play a role in this endeavor.

Hanwag and Fjällräven work together in some projects on leather. The establishment of a "leather promise" seems to be more challenging than initially anticipated. We are currently building the necessary trust and confidence among the partners in order to progress this project.

BIODIVERSITY

The head office and logistics center for Globetrotter Ausrüstung is close to an integral nature reserve called "Höltigbaum". As stated already in our CSR Report 2015, the reserve was a former military training site and 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.

In order to protect the openness of the landscape Galloway and Highlander cattle grazes in the reserve since the year 2000.

CONCLUSION

The data suggest that, overall, our environmental impact developed inconsistently over the past year. While we were able to reduce certain environmental impacts (e.g., emissions from business travel) in absolute as well as in relative terms, other still are increasing or not reliably measured, leaving some uncertainty regarding the question what really happens and how to improve the situation. However, in the most material areas we tend to identify a slow-down in negative trends and where it did not, we got more solid data to rely on (see normalized data on the Fact Sheet). Still, we had to use safety margins in some data sets due to the reasonable assumption that those data sets may not have been complete. Subsequently, the automatization and systemization of the data gathering exercises from 2017 onwards will be a priority areas and hopefully leads to a more solid procedure which will allow us to gradually reduce and cease safety margins per se.

FACT SHEET IN A NUTSHELL: NATURE 2016

Indicator	2016	2015	2020 GOAL
Animal Welfare	Down: 98% Leather: 70% Wool: project on-going	Down 91% Leather: 70% Wool: project on-going	100 % traceability and control
Material Recycling & Closed Loop	46%	49%	80%
Product Labels	10,2%	9,0%	% of sold items
Water	N/A	N/A	Reduction in % based on base year
Emissions	+ 9,7%	- 50%	Reduction in % based on 2014 values per capita
Energy Efficiency	- 45,4%	+ 7,5%	Increase in % based on 2012
Waste	N/A	N/A	Reduction in % based on base year

ENERGY CONSUMPTION

Indicator	2016	CO ₂ e (t)	2015
Primary Energy in kWh	10 868 935	2 397,2	1 755 955
Primary Energy in MJ	39 128 167		6 321 439
Electricity in kWh	19 185 639	2 342	16 101 282
Electricity in MJ	69 068 299		57 964 617
District Heating kWh	219 175	24,9	535 938
District Heating MJ	789 030		1 929 376

BUSINESS TRAVEL 2016 (2015)



313,2 t CO₂e
(416)



15,6 t CO₂e
(20,8)



36,1 t CO₂e



1 536,2 t CO₂e
(1 933)

SHIPMENTS 2016 (2015)



1 040,5 t CO₂e
(415,7 t)



266,4 t CO₂e
(254,2 t)



1 051,8 t CO₂e
(554,5 t)



556,5 t CO₂e
(140,8 t)

OTHER EMISSIONS FROM SHIPMENTS (AS REPORTED)¹⁾

Gases and Other	2016 (kg)
NO _x	12 249,8
SO _x	1 509,4
CO	8 907,1
HC	2 665,4
PM	138,1

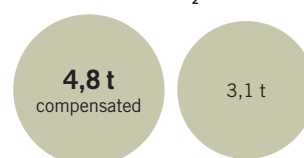
- 1) NO_x = nitrogen oxides; SO_x = sulfur oxides; CO = carbon monoxide; HC = halogenated carbons;
PM = particulate matters; data sets are not complete: availability limited to European operations only)
2) Excluded packaging but incl. prints as reported (85 % of operation)
3) includes FTE data from Joint Venture in China



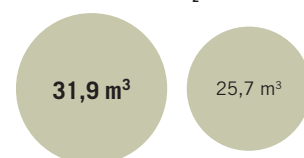
OUR 2016 FOOTPRINTS

Fenix Outdoor Environmental Balance
Sheet per Employee - normalized data
(2015 figures at the right)

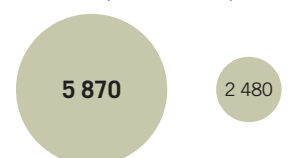
TOTAL CO₂e³⁾



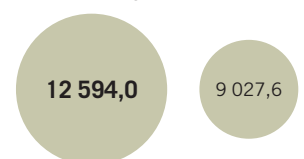
TOTAL H₂O



TOTAL KM TRAVELLED
(excl. Commute)



TOTAL kWh³⁾



TOTAL PAPER (KG)





3. ECONOMY

Fenix Outdoor brings together well-known brands within the Outdoor business segment. Our goal is to become a global leading player in outdoor clothing and equipment business. We believe that sound finances are fundamental for sustainability.

COMPANY PROFILE

The group consists of three segments, Brands, Global Sales and Retail (Fri-lufts). Fenix Outdoor's brand segment consists of five outdoor brands (for more detailed information click on the logos).

For this group our goal is to achieve a minimum growth rate of 10% per annum keeping a consistent profit before tax of at least 10%. Fenix Outdoor therefore adopt a two-fold approach: Organic growth based on a strong retail network and brands

known for high-quality products as well as expansion through acquisition of additional outdoor brands.

Fenix Outdoor is a Swiss Corporation, named Fenix Outdoor International AG and listed on the Stockholm Exchange OMX Nasdaq Mid cap. Three of the five board members are independent of the company and its management group.

The domicile of Fenix Outdoor is Zug, Switzerland. Major operations are located in Sweden, Germany, the USA, Norway, Finland, Denmark,

Austria, Switzerland, United Kingdom, Holland and China. Our major markets correspond to the locations of the operations, showing the deep-rooted tradition of the brands and retailers.

2016 was a year of economic success. We have become truly global, which has become evident in which kind of challenges we are facing and how we have to approach them.

One example being grey imports based on price arbitrage due to price differences, differences in taxes, ex-



FJÄLLRÄVEN

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



TIERRA

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



PRIMUS

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



SINCE 1921

HANWAG

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



BRUNTON

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



Globetrotter
<< NEUE HORIZONTE >>

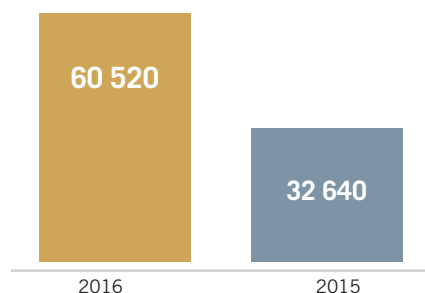
FRILUFTS

Our Frilufts Europe Retail AB segment consists of three retail chains with 61 locations: Naturkompaniet AB, which consists of 36 outdoor stores in attractive locations in Sweden, Partioaitta Oy, located in Finland with 15 stores and recently Globetrotter Ausrüstung GmbH in Germany, a leader in outdoor retail with 8 own stores and 2 outlet stores.

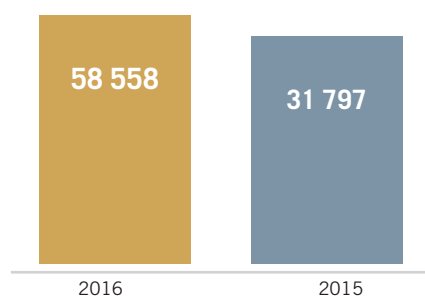
NET SALES PER MAJOR MARKET

MEUR	2016	2015
Switzerland	8,2	7,4
Sweden	74,1	64,6
Other Nordic Countries	65,0	56,1
Germany	229,4	229,7
Benelux	18,1	17,5
Europe (other)	30,0	23,4
North America	47,8	41,4
Other Markets	13,6	10,9
TOTAL	486,2	451,0

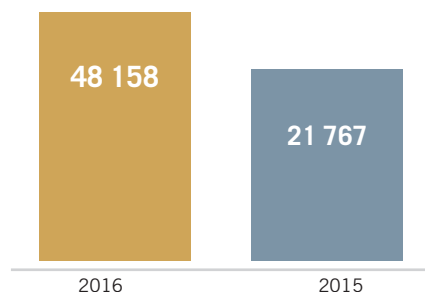
GROUP OPERATING PROFIT (TEUR)



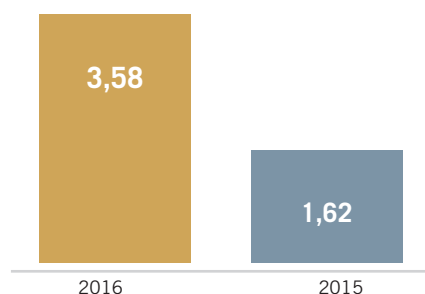
THE INCOME AFTER FINANCIAL ITEMS (TEUR)



GROUP NET PROFIT (TEUR)



EARNINGS PER SHARE (EUR)



change rates etc which means that pricing of our products have become much more complex to manage as we have to take many more markets and perspectives into consideration. We have achieved excellent growth in the most important markets, such as North America, Germany, China and the Nordics and we have improved the cost basis in Globetrotter taking the first steps towards profitability.

However, much remains to do until we achieve the baseline targets set up for the operation. We also have become unleveraged again. All of this was beyond the CEO's and Board's expectations and hence Martin Nordin once again commended everybody for the great job done.

For further details, please, refer to the Annual Report 2016.

FACT SHEET

SHEET ECONOMY 2016

MEUR	2016	2015	2014	2013	2012
INCOME STATEMENT					
Net sales	486,2	451,0	237,3	211,9	195,9
Depreciation, amortisation and write-downs	-13,1	-13,0	-5,8	-4,5	-3,9
Operating profit	60,5	32,6	28,9	29,9	26,6
Net financial income	-1,9	-0,8	-1,0	0,0	-0,6
Profit/loss after financial items	58,6	31,8	32,6	29,9	26,0
Tax	-10,4	-10,0	-11,9	-7,7	-8,2
Net profit for the year	48,2	21,8	20,7	22,3	17,9
BALANCE SHEET					
Fixed assets	79,4	74,2	77,7	35,4	34,6
Inventories	121,1	116,3	108,5	62,3	53,3
Accounts receivable – trade	39,9	23,4	24,9	21,1	14,4
Other current assets	4,8	15,4	20,7	11,9	13,9
Cash and cash equivalents, current investments	76,8	58,0	41,0	14,9	16,7
Total assets	322,0	287,3	272,8	145,7	133,0
Equity	186,7	147,8	114,5	112,6	99,1
Minority shareholdings	2,6	2,3	21,4	1,1	0,9
Provisions etc	9,5	5,2	8,3	2,7	3,1
Non-current liabilities, interest-bearing	0,0	15,6	11,1	—	—
Current liabilities					
Interest-bearing	52,2	49,2	49,1	5,1	5,1
Non-interest-bearing	71,0	67,3	68,3	24,1	24,8
Total equity and liabilities	322,0	287,3	272,8	145,7	133,0
CASH FLOW					
Cash flow from operating activities	51,6	21,1	19,1	10,9	17,8
Investments	-11,8	-4,3	-23,3	-6,3	-6,3
Cash flow after investments	39,8	16,8	-4,2	4,6	11,5
KEY RATIOS					
Growth in sales, %	7,8	90,0	12,0	8,0	11,0
Profit margin, %	12,0	7,1	13,8	14,1	13,3
Return on total assets, %	19,9	11,9	16,1	21,5	21,5
Return on equity, %	28,8	16,6	18,3	20,8	19,3
Equity/assets ratio, %	58,0	51,4	42,6	77,3	74,8
Average number of FTE employees	2 128	2008	906	766	696
DATA PER SHARE					
Number of shares, thousands per 31/12 ¹⁾	35 060	35 060	34 850	13 274	13 274
Gross cash flow per B-share, EUR	4,55	2,60	2,00	2,02	1,64
Earnings per B-share, EUR	3,58	1,63	1,56	1,68	1,35
Equity per B-share, EUR	13,87	10,98	8,64	8,48	7,46
Market value 31/12, EUR	71	44	38	32	21
P/E ratio	20	27	24	20	15
Dividend per B-share ¹⁾	0,84	0,54	0,42	0,45	0,47

DEFINITIONS: PROFIT MARGIN: Profit/loss after financial items as a percentage of net sales. RETURN ON TOTAL ASSETS: Profit/loss after financial items plus in-terest expenses as a percent of average equity. RETURN ON EQUITY: Net income as a percent of average equity. EQUITY/ASSETS RATIO: Equity as a percent 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 (8,0 kronor per B-share and 0,8 kronor per A-share, having 10% of the nominal value versus a B-share)

FACT SHEET (GRI 201-1)

Economic value added		TEUR
Revenue from Sales		486 234
Other Income		9 984
Economic value distributed		
Suppliers & Services		339 943
Employees		
	Salaries	72 499
	Pensions Plan	3 195
	Other Social Costs	14 312
Providers of Capital		
	Interest income	68
	Interest cost	- 1 683
	Dividend	65
Charity		
	Donations	230
Society		
	Taxes	10 402
Economic Value Retained		
Profit (net)		48 157





4. SOCIETY

Accepting responsibility beyond our products and own operations is an integral part of The Fenix Way of doing things. Acting responsibly in and with societies, we are present is enriching and inspiring us and others to move towards a more sustainable future.

FRAMEWORK

We aim at managing our societal impacts in a holistic manner. The Fenix Way Management Compass® is the appropriate tool in order to also address those dimensions which tend to fall behind when economic challenges arise.

We are building and developing strong relationships with our business partners: suppliers, retailers and service providers alike. But we also engage with our customers and civil society groups.

Our Supplier Code of Conduct

has been developed and is regularly revised in line with the Fair Labor Association's Workplace Code. The 2016 FLA evaluation revealed that it is not only exceeding FLA recommendations but rather gets down to concrete challenges in various societal setting such as rights of mothers and pregnant workers or the welfare of animals. The 2016 subscription rate to our Code dropped from 97,2% to 91,2% (see Chapter 1). Also in 2016 FLA conducted a number of on-site audits, checking on the implementation of the Code and the application of FLA processes

and standards. The results have been or will be published on the FLA website. An overview on their findings is given on the Fact Sheet.

SUPPLY CHAIN CHARACTERISTICS (BRAND SEGMENTS ONLY)

The supply chain of the different Fenix Outdoor entities reflects the independence and decentral structure of our business. In general, all Fenix entities work directly with their suppliers; however, due to historical reasons but also because some entities are rather small, agents



and intermediaries are also used.

Some of our business lines are currently remodeled and streamlined, hence we take new suppliers on board, while others will be discontinued. In the apparel business we do have a global supply chain (mainly Europe/Asia); as we produce shoes, compasses and stoves in own factories, we source raw materials in the USA, Europe and Asia.

In most cases we have long-term direct relations to all partners in the supply chain – from yarn producer via weavers and dye houses to manufacturers. The retail business is very different as they work with brands and hence they are not reflected in this chapter.

Fenix Outdoor is proud of its long-term relationships with its business partners and will continue to nurture

them. Not only do we build on trust and cooperation, we also feel that our partners are increasingly sharing our values and this makes us confident when initiating sustainability project or programs with them.

In every relation we try to improve our work on our high-quality products in terms of reliability, price policy and communication, as well as quality, environmental protection, and social standards.

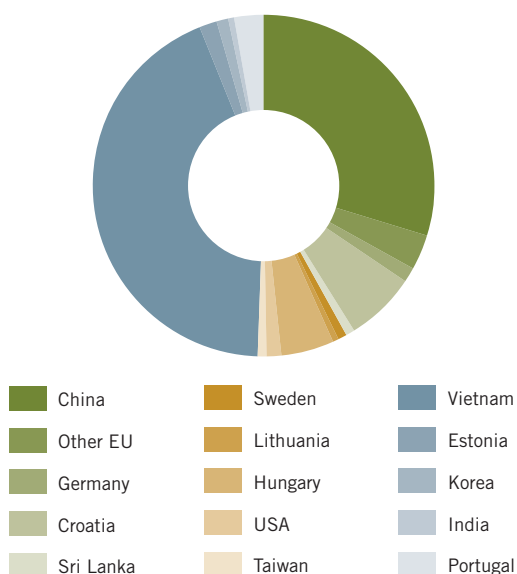
In 2015 we stated that with 80% of our business partners, we have been doing business for ten or more years. As we have begun to re-evaluate and segment our partners differently (a process, which is still on-going) we cannot present a similar figure for 2016. Subsequently we have re-grouped and re-categorized our partners as follows.

BUSINESS RELATIONSHIPS

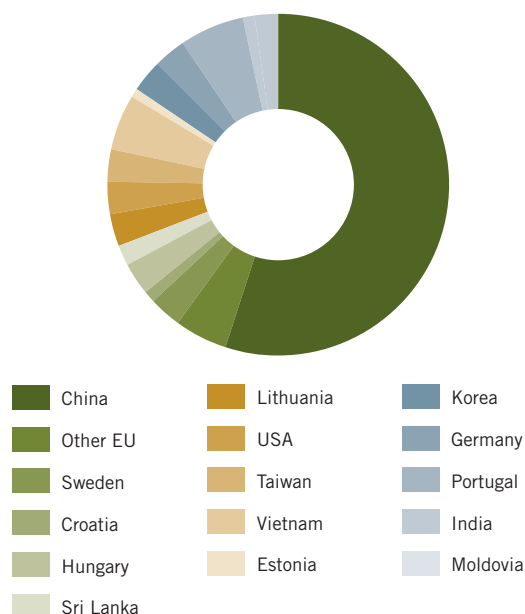
Business Partner	Tier 1 (A+F)	Tier 2 (A+F)
> 10 years	47 %	30%
5 – 10 years	26 %	31 %
< 5 years	27 %	39 %

A+F: Apparel & Footwear; based on information provided by five entities

SOURCING VOLUME BY COUNTRY



NUMBER OF SUPPLIERS BY SOURCING COUNTRY



PARTNERSHIP AROUND THE GLOBE: LTP GARMENT



LTP Garment does business with Fenix Outdoor entities for more than 10 years.

Our partnership started as early as 2007 in the main production site, which is located in Kaunas, Lithuania where LTP's history dates back to 1991. Dr. Aurelija Juozapaitiene, LTP's Head of CSR and Environment says: "Here, in an old historical building, LTP started with a few good women on site. Today the same old building is buzzing of life and activity from more than 260 brilliant hard working sewers, technologists, developers and managers." She is proud when talking about the achievements and developments her company took over the past years. LTP has operations in Lithuania and Vietnam.

LTP Vietnam was established in 2008 and is today a fast-growing production site employing more than 500 skilled workers.

In March 2016 LTP Vietnam moved to a new factory that fulfills bluesign® requirements since LTP is a bluesign® system partner producing garments for some of the most demanding brands in the sports and outdoor industry.

Highlights of the new operation are:

- An own wastewater treatment system, purifying wastewater to level B standard
- LED light bulbs were installed in production, stock and offices decreasing electricity consumption by more than 50 %
- Automatic fire extinguishing system
- All garments produced in the training line are made from fabric leftover. The garments are subsequently donated to less fortunate people in the neighborhood.

In Vietnam, all employees receive a free lunch and after 24 months of employment all employees are offered an additional health insurance program, securing a higher level of medical care. This helps to retain skilled work-

ers and become known as a responsible and attractive employer.

Every year all employees go on a teambuilding and team development weekend at a resort by the sea. They learn how teams are more successful and gain confidence and trust in each other.

WE CARE PROGRAM

One of the three values at LTP is "we care". We care are not just management words or a matter of meeting certain requirements: "We care" is – similar to "The Fenix Way" – a matter of an intrinsic lifestyle and mind set.

At the two production sites, there is a clear sense of belonging to one big family with a common culture. "People are happy here, everybody is dedicated to their work, but there is always time for caring", says Aurelija.

Caring about the society, e.g., is done by donating "breakfast" money to old or less fortunate people.

Caring about the local environment becomes visible when the team is supporting the spring clean-up in Kaunas and supports picking up trash from the greens.

Caring about one another is of course also a major part of LTP's philosophy, so the teams celebrate anniversaries and holidays often together.

Caring about the employee's well-being is executed at the workplace by doing exercises during working hours.

HEALTH INSURANCE IN VIETNAM

"We care" is also carried out in a company-own health insurance program in LTP Vietnam. The health insurance program allows LTP to retain valued and skilled employees and keeping them happy and healthy.

Cao Thi Trang is a technologist in LTP Vietnam. Trang has been working with LTP for 6 years. In March 2016, she got sick. "I had a high fever and a serious pain in my stomach" Trang tells. Trang used the LTP health insurance program. "I had a list of good hospitals and clinics from where I could choose treatment free of charge" she says and continues, "I was very nervous about being ill, but at the hospital, I had very good and competent service – that calmed me down. After a very professional examination I got some medication and soon I recovered".

If it had not been for the LTP health insurance program, Trang's alternative would have been the public clinics. "The public system has a small list of hospitals and I could not be sure they had the proper expertise to help me in such a smooth man-



Vietnam: Teambuilding and social responsibility at a resort by the sea.



Where it all started: LTP Kaunas, Lithuania



ner.” Trang says smiling, “In my opinion the health insurance program is a really important employee benefit”.

CARING ABOUT THE ENVIRONMENT

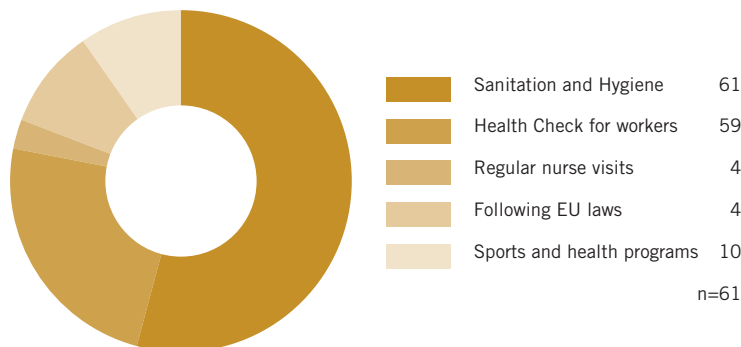
LTP has many CSR initiatives. All waste – paper, plastic, leather – is collected and recycled. Some textile scraps are reused and the waste that cannot be reused at LTP is given away to other companies, who can reuse it for, e.g., leather scraps. Business trips are planned carefully to reduce the CO₂ emissions; also LTP audits their suppliers and strives to work with “green” suppliers.

As Fenix Outdoor, also LTP uses the Higg Index for the environmental and social evaluation. This evaluation is voluntary and a helpful tool in order to identify potential for improvements and innovations.

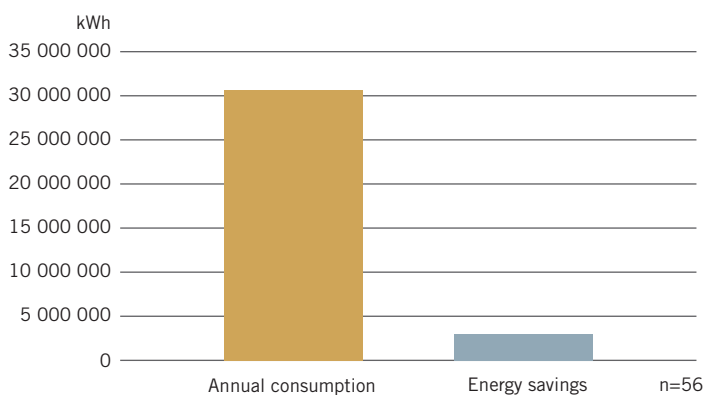
LTP is one of the first sewing factories in Eastern Europe that has obtained the IVN/GOTS certification, which is considered to be the highest international certification for organic garments.

Finally, LTP is very proud to work hand in hand with Bluesign® and comply with their requirements. “Bluesign® is very strict about the use of chemicals and working place safety and at LTP we benefit from their professionalism, their knowledge and their experience that let our CSR standards grow to higher levels. Because we like the challenge and always seek for the best”, Aurelija concludes.

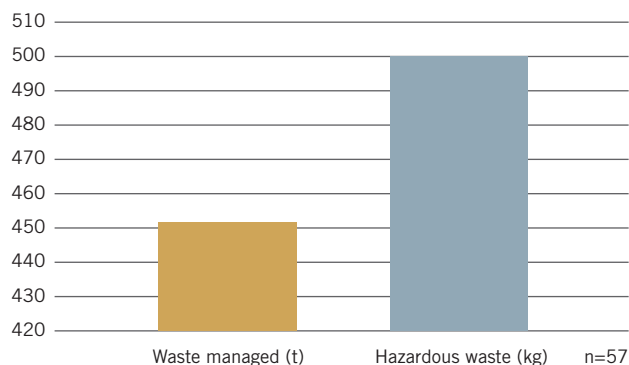
BUSINESS PARTNERS ADDRESS HEALTH AND SAFETY AT THE WORKPLACE



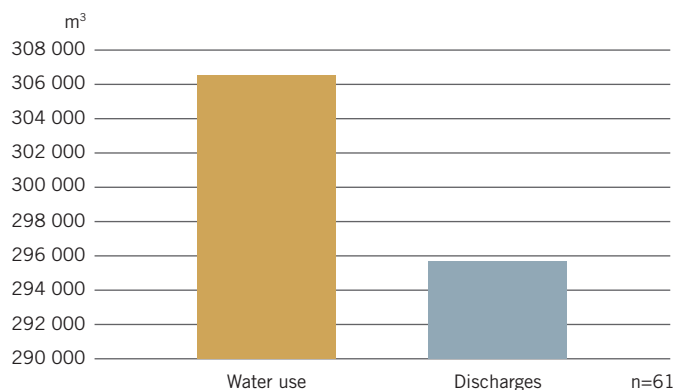
ENERGY CONSUMPTION



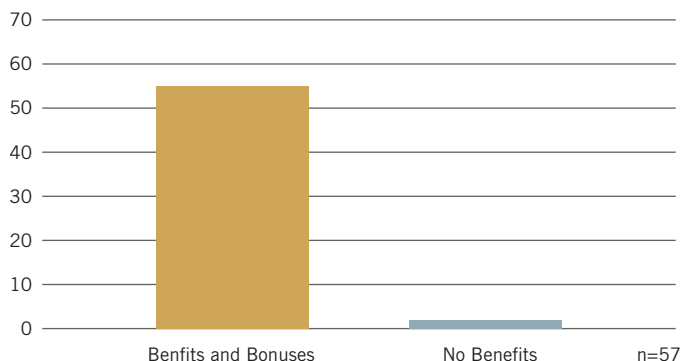
WASTE MANAGEMENT



WATER USE AND DISCHARGES



STAFF BENEFITS



In 2016 we again asked our business partners to address their material sustainability challenges. As in the year before, we received an overwhelming response and detailed information on the whole spectrum of environmental and social topics. The responses came from services providers (e.g., office supply or cleaning services, shipping companies and travel agents), traditional suppliers (from raw material providers, chemical companies to manufacturers and finishers) and partnering organizations (e.g., retailers).

An increasing number of business partners join our efforts in applying the Higg Index of SAC and we refrained from asking them to deliver additional information. We are still not in a position to give a holistic and a "Fenix-specific" environmental or social footprint at this stage but we are very glad that our partners take a similar approach as we do, reinforcing our partnership and thus contributing long-term to The Fenix Way.

The systematic in addressing sustainability challenges are varied thus the picture we can present here is neither representative nor holistic. It is rather a snapshot and a reconfirmation of what was said before.

61 supplier participated in this endeavor in 2016 (70 in 2015).

Most of them are either certified according to ISO 14001, ISO 9001, SA 8000, a bluesign partner or do follow the systems without certificate. Also in 2016 energy management and waste management are the most sound environmental data sets while water and wastewater management seem to rank low. However, around 32% of the participants recycle up to

25% of the wastewater. Most answers to our questionnaire were very detailed and showed a high level of commitment and engagement of the respective suppliers; the sheer number, however, does not allow us to reflect those in this report.

A slight shift could be seen over 2015 when looking at the social and labor related questions and their answers. More companies seem to have health and safety programs or staff benefits/social security plans in place. Quantifications, however, were not provided. But a reasonable number of companies stated, that they are going beyond compliance for staff retention reasons.

In conclusion, it can be reconfirmed that Fenix Outdoor's partners address the environmental and social challenges ahead of us and are actively contributing to their bettering.

MONITORING AND FINDINGS

Although we have full confidence and trust in our suppliers, we felt that in order to improve the situation for workers and their families we ought to monitor developments and progress on-site and have dialogues directly. On a regular basis we check the adherence to our Code of Conduct which builds on the Fair Labor Association's Code of the Workplace. Production plants are frequently visited by (a) head of production,

(b) product managers, (c) various CSR managers, (d) purchase responsible, (e) QM-Auditing Team members, as well as (f) social and (g) external auditors. The audits take place before, during and after production.

Externally the assessments are conducted independently by the El-evate Group.

In summary, the audits conducted 2016 have confirmed the findings of 2015 in general. Compensation matters and health and safety issues ranked high on the agenda. We also looked deeper into environmental deviations. Overall the number of findings is significantly higher but we also conducted many more audits including some on new factories we are not even sourcing from. The figures given do not reflect the progress made nor the quality of the deviation. We counted also those deviations where a formality (written documentation) was not fulfilling our expectation or a corrective action was in progress but not finalized. What the results show us is merely highlighting those areas where our focus shall lie in the years to come. We are considering changing the KPIs in the future to be able to present the progress made.

FLA has published finalized reports on their website. Fenix Outdoor has published all its "Tier 1" suppliers to brands on its website (www.fenixoutdoor.se/hallbarhet/).

Remediation takes place at the local level and systems for grievances and raising concerns are not equally well developed in different suppliers. However, a possibility to file complaints directly to Fenix Outdoor is available through a Compliance Email-box.

PRODUCT RESPONSIBILITY

Fenix Outdoor is the umbrella for over 2 000 different products from own brands and another 30 000 from others sold through our Friluft Retail chain. We take full responsibility for our own products and continuously improve their functional, health and safety profiles. Products that do not comply with national laws – even if not our own – are withdrawn from our respective shops. As in 2015, two products from third parties were withdrawn from the market due to health and safety concerns in 2016.

We have well communicated routines for registering complaints about the quality and function of our products. In 2016 two complaints regarding risks during the handling and use of our products were registered but only one was substantiated and the product was withdrawn, repaired and re-introduced to the markets.



Staff Volunteering: "Clean-up"
at the nature reserve Höltigbaum 2016.

GIVING BACK TO SOCIETY

Giving back to society is an essential part of good corporate citizenship and forms part of the more philanthropic side of CSR.

Every year Naturkompaniet's and Partioaitta's loyalty club members donate 1% of the members' bonuses to an outdoor or nature project. The members vote for the projects in the end of the year. In 2016 around

265 000 Euros were to be distributed among several projects. Among the recipients were Outward Bound Finland, Bee Urban, Friluftsrämjandet and others.

The scope of Fenix Outdoor's engagement is wide: UNICEF, Cancer Fonden and "Outdoor against Cancer" as well as scientific research on the effects of climate change in the Himalaya or in saving the Arctic Fox

as well as the protection of boreal rain forests or the sponsoring of a local football club – all those engagements took place in 2016.

In October 2016, 13 employees of Fenix Outdoor were involved in the clean-up of the nature conservation area of Höltigbaum in direct proximity to the Globetrotter headquarters. Under the guidance of the nature reserve rangers, an area of about 500 m² was cleared. "Clearance" is to be understood as a means of improving the biodiversity and sustainable grazing. For example, young woody plants such as birch shoots and thorn bushes (in the Höltigbaum: hawthorn) are eliminated. Two large trailer loads were carried off and transported away from the landscape. In total, more than 40 voluntary working hours were provided for society and nature.

FACT SHEET SOCIETY 2016

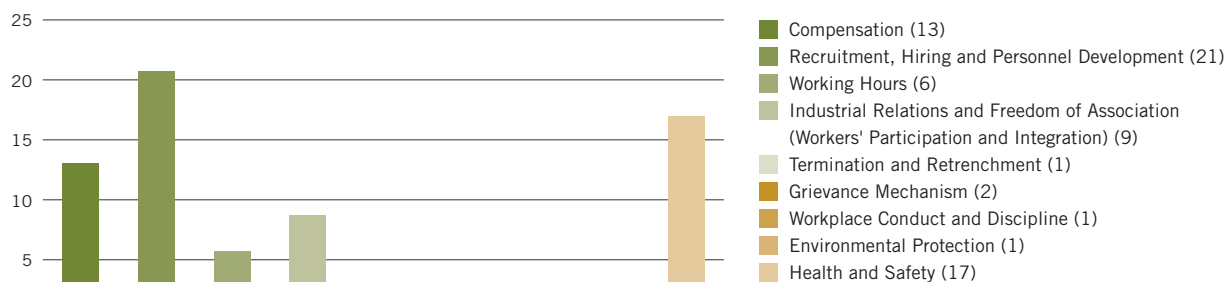
Indicator	2016	2015	2020 Goal
Stakeholder Engagement	no particular event	Stakeholder Survey "Retail"	Regular Engagement and Dialogue with Stakeholders
Human Rights (HR)	80 %	100 % (not HR specific)	Assessments in % of suppliers
Product Labels/Violations of Safety Regulation	5	3	Reduced number of cases
Training CoC	N/A	N/A	% of staff members
Cases of Corruption	0	0	0 reported cases per year

Society 2015	2016	2015
Contribution	(€) / (hours)	(€) / (hours)
Charity & Community Projects (incl. Foundation)	482 320	205 612
In-kind Contributions	41 hrs	36hrs
Training to Suppliers	not measured	20 hrs
Direct investments in Sustainability	534 958	612 450

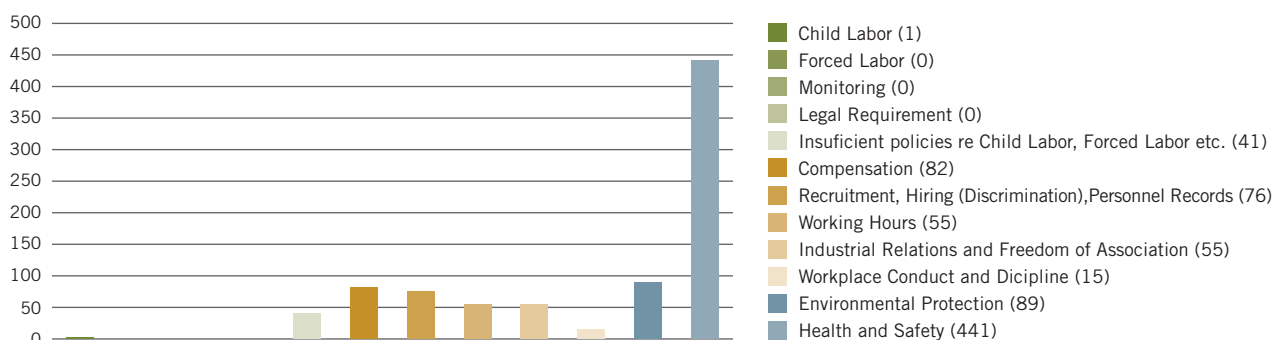
FACT SHEET

Code area	Number of Deviations 2016	Number of Deviations 2015
Monitoring	0	0
Child Labor	1	0
Forced Labor	0	0
Compensation	95	18
Working Hours	62	21
Recruitment, Hiring (Discrimination), Personnel Records	103	25
Industrial Relations and Freedom of Association	64	54
Workplace Conduct and Discipline	16	11
Environmental Protection	90	35
Health & Safety	498	154

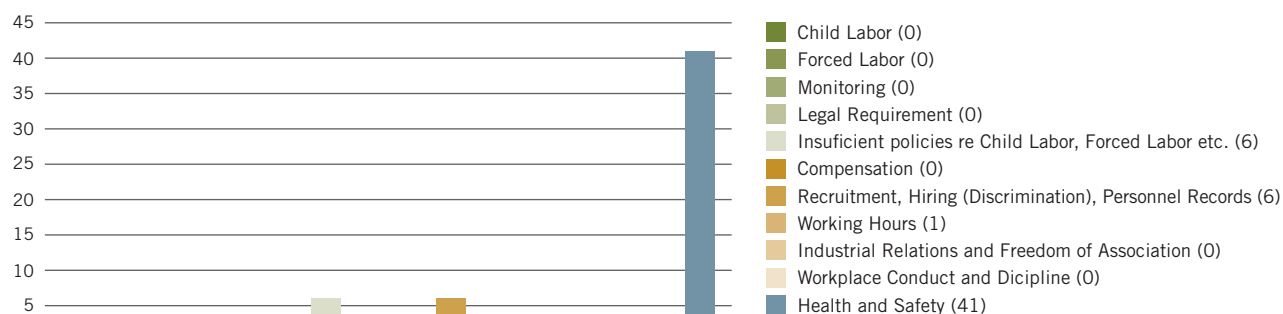
FLA FINDINGS



FINDINGS BY OUR OWN ASSESSMENT TEAM



FINDINGS BY EXTERNAL AUDITOR





5. WELL-BEING

Only if staff members are motivated, healthy and happy they can be passionate about their work. We look for excellence in staff members; in turn, they expect a fair and responsible employer - beyond the usual.

The Fenix Outdoor world is an inclusive environment where all staff members are part of the Fenix Outdoor family. If our employees feel satisfied and appreciated, we know they will perform well.

OUR STAFF IN DETAIL

We are growing every year. In 2016 Fenix Outdoor employed 2 128 FTEs in its entities (2015: 2 008 FTEs). This is an increase of 6,0% over 2015. Most staff members are working as permanent staff; seasonal workers are employed only in retail and our warehouse operations. The use of

non-regular staff is not a group-wide policy but it is a flexible reaction to seasonal demands and local specifics. Specific collective bargaining agreements throughout the Fenix Group do not exist. In Sweden, Norway, Austria and Finland, we are following a scheme that is built on such national agreements; in Germany most staff members are represented by workers councils; in other locations local and national schemes exist which in parallel follow the respective trade union-negotiated agreements for the industry.

Some of our entities still face chal-

lenging times and need to restructure and reorganize to become profitable again. Hence, also in 2016 we had to lay-off staff members in our German and Chinese operations. We also continued to cut costs by seeking synergies with other Fenix Outdoor entities.

In our German operation we employ a high number of disabled people (5,1% in 2016 versus 4,2% in 2015) and use sheltered workshops for certain services. Fenix Outdoor had about 36 apprentices and 42 interns last year. Our policy is to promote equal opportunities for men and women and the Board expressively

demands an equality-driven approach when it comes to recruitments into managerial positions. Fenix Outdoor currently employs 32% females in middle-management and 18% females in top-management positions (20% at the Board level). Our German operation has received various awards for inclusion, diversity and gender equality (sponsored by the German Federal Government). We also operate our own canteen in Hamburg (Germany) with internal staff. 2016 was a challenging but the turn-around year for our German retail operations.

Against this background the turnover rate in 2016 was 28,8% (2015: 26,5%). The ratio between female and male leaving Fenix Outdoor was nearly equal (1:1,07), meaning a rough 52% of staff members leaving were men.

All eligible staff members are entitled to parental leave (e.g., parents with children under a certain age level; the definition differs from country to country). Thus an overall percentage value cannot be established for 2016. For our biggest stand-alone operation (Globetrotter Ausrüstung) we could establish that out of 69 (2015: 92) eligible staff members, 47 (2015: 33) returned back after 12 months. How many of those not returning decided to have a second child, prolong the leave period or have virtually resigned from their job cannot be assessed.

At Fenix Outdoor it is important for us that staff members not only keep abreast with the latest developments and know-how but rather also have an opportunity to develop themselves adequately. An average of 36 hours per staff member (2015: 26,9 hours per staff member) were given in personal and technical training including training on CSR and compliance (n= 1 821). These trainings enable us to remain flexible, well-educated and skilled. Furthermore they shall inspire people and help them to qualify for their current or even for new tasks.

Fenix Outdoor continued its Trainee Program for young professionals in 2016. Our trainee program started in 2011 with three management trainees. In 2016 we had three external trainees and one internal trainee in continuation of what has been proven to be very successful the year before. We also enable and support staff

members, who take further educational steps like MBAs.

WORKING HOURS AND WAGES

We do not exceed local limits on work hours. We do not require employees to exceed legal limits of hours of work, and think that at least adhering to the ILO conventions regarding the rights at work shall be applied by internal and external service providers alike.

Our wage levels are competitive and we offer several benefits to our staff. Those differ from entity to entity and depend on legal or negotiated frameworks. The figures given on the factsheet need to be interpreted with some caution and we refer to our CSR Report 2015 for further details.

In order to allow our staff to participate in outdoor activities and achieve a good work-life-balance, on a case-by-case basis we enable our staff to participate and take part in various activities. In most locations (business operations permitting) we offer flexibility in working hours and in special cases also the option to work from a remote location (home/distant working place).

HEALTH AND SAFETY AT THE WORKPLACE

We require that the employees' safety should be of priority at all times. We do not accept hazardous equipment, unbearable surroundings or unsafe premises. Most of our staff members operate under German, Swedish, Dutch, US and Finnish laws and our entities 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 logistics operations. Safety awareness is always a priority and should be understood and implemented daily by everyone working in the factory. For various operational equipments, safety and handling instructions exist.

Based on the reports received (retail and production) a total of 676 days (727 days 2015) were lost due to absenteeism (n= 1 821). 148 work-related injuries were recorded (2015: 163). No fatalities or work-related diseases were reported.

WORKPLACE, WORK-LIFE-BALANCE AND SUPPORT

Every year Fenix offers several possibilities for its employees to experi-

ence the outdoors and learn something about survival in the nature, the handling and functioning of our equipment and having a great time in nature as a team. In some instances, participation in these events is part of the development curriculum or even mandatory. But most of our staff members are active outdoor enthusiasts. In order to allow them to participate in outdoor activities and achieve a good work-life-balance, individual arrangements are made between supervisors and their staff members. As mentioned earlier, *Fjällräven Classic* (offered in Sweden, the USA, Denmark, and Hong Kong) and *Fjällräven Polar* as well as the *Hanwag Alpine Experience* are the most commonly known events, that include staff members as well as customers and business partners.

However, several locally organized outdoor events, such as joint hiking, camping, bush crafting or scouting take place in our retail segments to engage staff members to live a more active outdoor life.

At our location in China we operate a dormitory. Due to the change in use patterns we have opened the use also for befriended and neighboring companies already in 2015 and hardly use it for our own staff anymore.

SUMMARY FROM THE GROUP

COMPENSATION REPORT

The Compensation Report of the Annual Report 2016 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 entered 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 2016.

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 fixed salary, pension and other benefits. Total remuneration is to be at market rate and

competitive and is, also, to reflect the areas of responsibility of the Senior Executive and the complexity of his 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 percent of 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 2016 was totally EUR 93 897, of which EUR 0 was to the Chairman of the Board, Mr Sven Stork, and EUR 9 312 to each, Ulf Gustafsson, Sebastian von Wallwitz and Mats Olsson. Susanne Nordin, also being a Senior Executive, received in total, as salary, remuneration and pension contribution, EUR 141 244.

There is no variable compensation paid to the Board of Directors.

One Director of the Board, Mr Gustafsson, received, through a company controlled by himself, Consilo AB, a consultant fee for some specific consultant work performed by himself for the Fenix Group. The total amount paid to Consilo, including the Board of Director compensation amounted to EUR 178 879 in 2016.

No Directors of the Board, except Susanne Nordin, 20 000 B-shares, and Mats Olsson, 1 600 B-shares, have any shares in Fenix Outdoor International AG as per December 31, 2016.

The salary ratio between the high-

est paid individual in the company and the average payment in the lowest paid staff category is 15,4:1 (excluding interns and apprentices); the ratio to the average salary level is 13:1; a ratio between highest paid

individual(s) income raise and the average staff income raise would be 1:0.9; in some locations it would be negative compared to the rest of the group for consolidation reasons (bonus payments excluded).



ROUNDING-UP

In continuation of the “round-up” campaign of 2015, the customers in all stores of Globetrotter Ausrüstung were able to increase their purchase amount by a voluntary donation amount. “A round sum” is the name of the initiative launched by Globetrotter. The donations of the customers went to projects of Save the Children for refugee chil-

dren in the camps around Syria. A total amount of € 4 450 was collected in 2016, and Globetrotter added the remaining amount to reach € 5 000. In January 2017 a check in the amount of € 5 000 was handed over to the Managing Director of Save the Children Germany, Susanna Krüger, in the Berlin store.

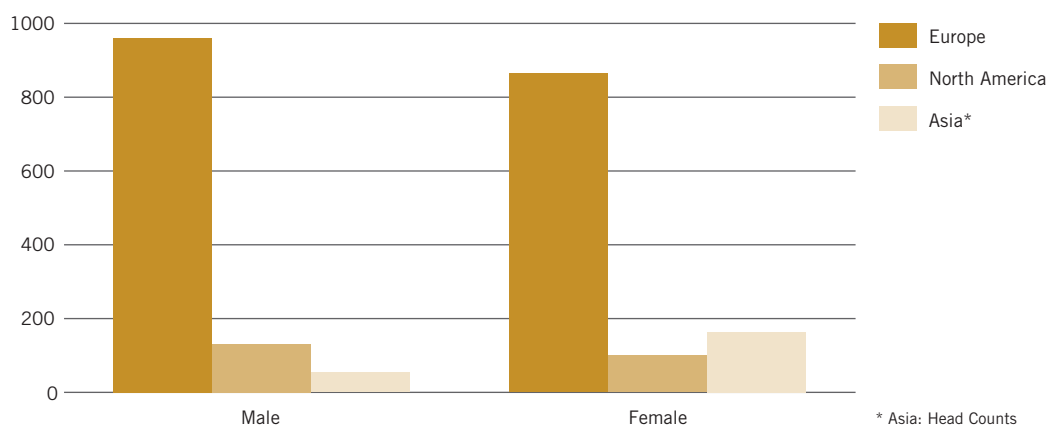
EXCERPT FROM THE COMPENSATION REPORT 2016

2016 TEUR	Salary	Bonus	Benefits and other remuneration	Pension contributions	Social costs	Total
CEO	413		46	5	34	498
Other Senior executives	1149	282	54	138	232	1 855
Total	1 562	282	100	143	266	2 353

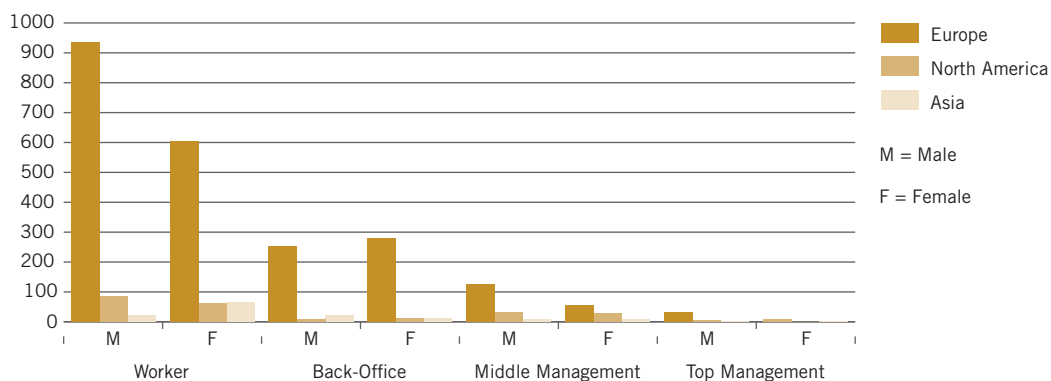
FACT SHEET WELL-BEING 2015

Indicator	2016	2015	2020 Goal
Child labor	1 case; investigation on-going	No cases	No cases
Health and Safety	N/A	N/A	Preparing for possible OHSAS 18000 certification
Health and Safety Audits	90% (not specific)	N/A	% of supplier assessed
Training and education	36	26,9 (incl. product related training)	hrs/yr/employee
Staff Member Survey	N/A	In conjunction with Stakeholder Survey 2015	Regular survey and result management

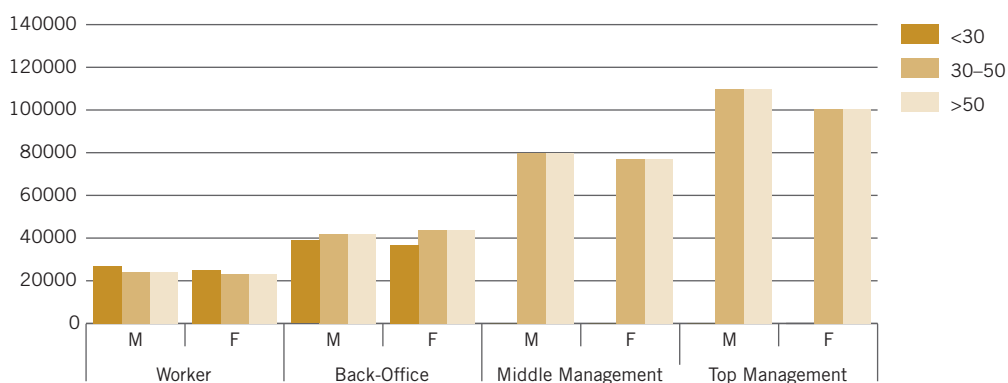
STAFF DISTRIBUTION BY GENDER



DISTRIBUTION OF STAFF BY GENDER AND CATEGORY PER REGION

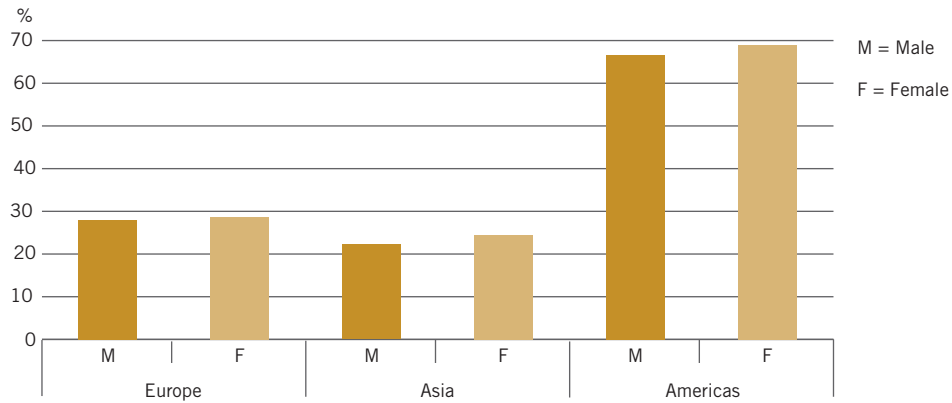


AVERAGE INCOME LEVELS PER AGE GROUP, GENDER AND STAFF CATEGORY

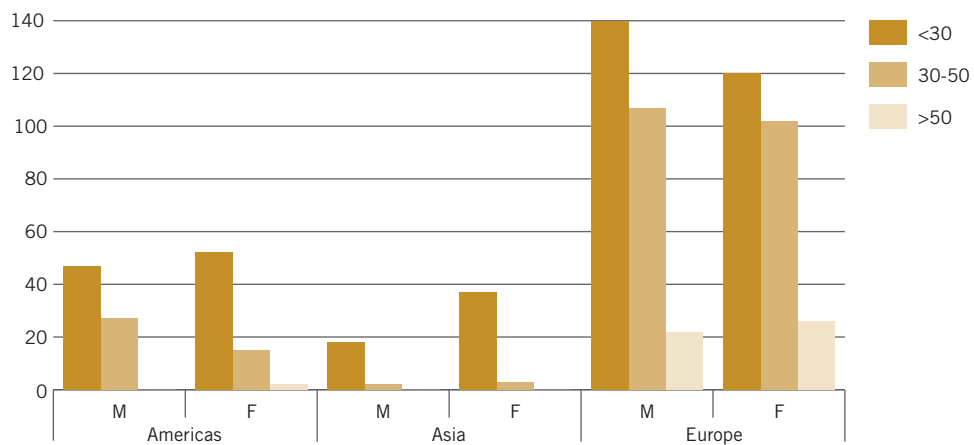


FACT SHEET

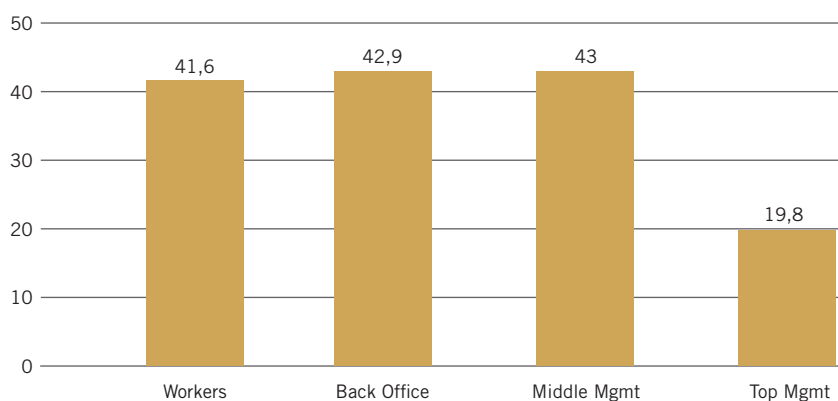
STAFF TURNOVER IN % PER REGION AND GENDER



STAFF FLUCTUATION PER REGION, GENDER AND AGE GROUP



TRAINING HOURS BY STAFF CATEGORY



Training Hours Reported:
67 058,33 hrs



6. REPORTING

Fenix Outdoor is pleased to present its 2016 Sustainability Report. We strive engaging our stakeholders and upholding our commitment to transparency and corporate responsibility. The reporting frequency is annually.

The report is based on the internationally recognized Global Reporting Initiative (GRI) reporting standards, and the principles of the UN Global Compact. It covers the group companies included in the consolidated financial statements. The GRI Standard 2016 is applied (following the G4 structure of previous reports). We report in accordance with the comprehensive reporting level but deliberately did not opt for external verification.

The GRI Content Index lists the indicators as defined by the GRI Standard (2016) as far as it has been applied. Otherwise the G4 Indicator is mentioned. Material topics addressed

were raised in Fenix Outdoor's Materiality Matrix. The respective indices are easy to find with page references and are commented further if in need of explanation.

The previous Sustainability Report was published in April 2016 and the annual publication frequency is to be maintained in the future.

METHODOLOGY OF THE REPORT

The reporting period is the business year 2016. The report also discloses information on key events and data from the previous years for comparison. If at the time of publication, the final figures of 2016 were not yet available,

comparable annual figures for 2015 or a comparable time range of 12 months (e.g., October 2015 through October 2016) has been used as the basis for calculation. These are marked accordingly in the report where possible. Where no specification for electricity consumption data was available, the country average mix was used (market-based approach). Since 2016 factors are not yet available, 2014 and 2015 data sets were used; preferably from publicly available scientific or governmental sources. The gas consumption data for 2015 and 2016 for Hanwag refer to the period 1st of May through 30th of April the following

year. Danish input data on energy consumption cover the same time span; water data from Denmark is referring to 24th October 2015 through 23rd October 2016. Some emission factors needed to be calculated internally.

All major locations (3 or more employees) are covered by the report; 15 locations are included for the first time. Some data have been extrapolated and estimations are based on a conservative behavioral assumption (e.g., per capita data from statistical handbooks for the respective region or country). Hence, some data are likely to be over-statements. All shop locations in Europe, the joint venture locations and new offices in Asia and North America are included.

The reporting entities cover more than 98% of the corporate value generation and 98% of the Group's employees. The data collected was extrapolated for the entire workforce. In most instances we used the overall FTE average given in the annual report; for some data (e.g., water consumption and emission from travel or staff training hours) FTE data is not suitable; we hence used head-counts or survey results. If other bases for

calculations are used, this is stated separately (e.g., $n=x$, while x is the reference group size).






















Around 75% of the non-financial data is checked internally and all financial data is checked externally, giving a reasonable but yet still not fully satisfactory level of confidence for all information provided in this report. A few indicators have been audited by Ernst & Young, our chartered accountants.































Transportation figures and CO₂e emission data were also supplied by travel agencies, shipping companies and external service providers as well as suppliers. They therefore constitute a reasonable overview on Scope 1, 2, and 3 emission data. In this report we have fully relied on the accuracy of their data collection and checked only for the data's plausibility.


In the USA, Sweden, the Netherlands and Germany we relied increasingly on our own data sets which are available through 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: 2015). The fleet information was provided by shipping companies and internal sources. In some cases assumptions were made based on the fuel consumption of certain locations. Data on business travel and commutes were calculated based on internally available information and provided by individual staff members and carriers. Other bases of calculation are stated separately. Data for economic factors and personnel information cover all of the Group's consolidated companies. If not listed in full-time equivalent (FTE) numbers, details concerning employee structure are based on numbers of employees. Both refer to the cutoff of data (December 31, 2016) unless otherwise indicated. Capture efficiency is above 90%. However, data on seasonal staff and interns are only available in an overview list and hence no analysis of this staff group was possible.

GRI STANDARD CONTENT INDEX (ALL STANDARDS: 2016)

Indicators		Reference page or comment	Status
1	Strategy and Analysis		
GRI 102-14	Statement from the most senior decision-maker of the organization	Foreword, p.3	
GRI 102-15	Description of key impacts, risks, and opportunities	Annual Report, p.24; CSR Report, p.10	
2	Organizational Profile		
GRI 102-1	Name of the organization	p.22	
GRI 102-2	Primary brands, products, and/or services	p.23	
GRI 102-3	Location of organization's headquarters	p.22	
GRI 102-4	Names of countries with major operations	pp.22-23	
GRI 102-5	Nature of ownership and legal form	pp.22,36	
GRI 102-6	Markets served	p.23	
GRI 102-7	Scale of the reporting organization	pp.22,40	
GRI 102-8	Total number of employees by type	pp. 34, 37	
GRI 102-41	Collective bargaining agreements	Partly; equivalents based on national agreements or laws (= 30% - 45% of all staff), p.34	
GRI 102-9	Supply Chain description	pp.5, 27-28	
GRI 102-10	Organizational changes during the reporting period	see also annual report, pp.4-5	
GRI 102-11	Precautionary Principle	pp. 7, 12	
GRI 102-12	External charters, principles or other initiatives	pp. 5-7	
GRI 102-13	Membership associations	pp. 5-7	
3	Identified Material Aspects and Boundaries		
GRI 102-45	Entities included in financial statements	see financial report, and pp. 23-24	
GRI 102-46	Process for defining report boundaries and content	see financial report and description under "Reporting", pp.39-40	
GRI 102-47	Material aspects included in the report	pp.7-10	
GRI 103-1	Description of material aspect boundaries within the organization and		
	Description of material aspect boundaries outside the organization	pp.7-10,12-13, 27-31	

Indicators		Reference page or comment	Status
GRI 102-48	Restatements	none	
GRI 102-49	Changes from previous reports in terms of scope and/or boundaries	pp.4-5, 40	
4	Stakeholder Engagement		
GRI 102-40	Stakeholder groups	pp.7-8	
GRI 102-42	How stakeholders were identified	pp.7-8	
GRI 102-43	Approach to stakeholder engagement	pp.7-8	
GRI 102-44	Topics raised during stakeholder engagements	pp.7-8	
5	Report Profile		
GRI 102-50	Reporting period	p.39	
GRI 102-51	Date of most recent previous report	p.39	
GRI 102-52	Reporting cycle	p.39	
GRI 102-53	Contact point for questions regarding the report or its content	p.43	
GRI 102-54	In accordance claim, GRI Index and report assurance	no assurance sought	
GRI 102-56	Policy regarding report assurance	no assurance policy in place, legal	
6	Governance		
GRI 102-18	Governance structure	pp.4-5	
GRI 102-19	Process for delegating authority for sustainability topics from the board to senior executives and other employees	p.4	
GRI 102-20	High-level accountability for sustainability topics	p.4	
GRI 102-21	Process for consultation between stakeholders and the board on sustainability topics	pp.3,4-8	
GRI 102-22	Composition of the board and its committees	pp.35-36 and annual report	
GRI 102-23	Whether the chair of the board is also an executive officer	No	
GRI 102-24	Nomination and selection process for the board and its committees	See annual report; according to law	
GRI 102-25	Board conflict of interest	According to Swiss Laws: one Board member performs executive functions in Fenix Outdoor	
GRI 102-26	Board and executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability impacts	pp.4-6	
GRI 102-27	Board knowledge of sustainability topics	pp.5, 9	
GRI 102-28	Board performance with respect to governance of sustainability topics	N/A	
GRI 102-29	Board role in the identification and management of sustainability impacts, risks, and opportunities	p.5	
GRI 102-30	Board role in reviewing risk management processes for sustainability topics	pp.5,9	
GRI 102-31	Frequency of the board's review of sustainability impacts, risks, and opportunities	p.5	
GRI 102-32	Highest committee or position that formally reviews and approves the organization's sustainability report	p.3	
GRI 102-33	Process for communicating critical concerns to the board	pp.3, 5	
GRI 102-34	Nature and total number of critical concerns that were communicated to the board	only internal; see also p. 10	
GRI 102-35	Remuneration policies for the board and senior executives	see in conjunction with compensation report, p.35	
GRI 102-36	Process for determining remuneration	see compensation report, pp.35-36	
GRI 102-37	Stakeholders' review on remuneration	see compensation report, pp.35-36	
GRI 102-38	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees	p.36; information given is not in line with new reporting requirements	
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	p.36; information given is not in line with new reporting requirements	
7	Ethics and Integrity		
GRI 102-16	Code of Conduct	pp.4-5	
GRI 102-17	Helpline or advice line for employees	p.9	
	Mechanisms for reporting concerns about unethical or unlawful behavior	p.9	
GRI 103-1	Disclosures on management approaches	p.9	
8	Economic Performance Indicators		
GRI 201-1	Direct economic value generated and distributed	p.26	
GRI 201-2	Financial implications and other risks and opportunities of climate change	p.10, annual report p.25	
GRI 201-3	Coverage of the organization's defined benefit plan obligations	see annual report; ca. 66%; p.26	
GRI 201-4	Significant financial assistance received from government	None	
GRI 202-1	Range of ratios of standard entry level wage compared to local minimum wage	1:10 to 1:2 – depending on location and jurisdiction	
GRI 202-2	Proportion of senior management hired from the local community	Global hiring but > 90% local	
GRI 203-1	Infrastructure investments and services provided primarily for public benefit	None	
GRI 203-2	Indirect economic impacts	p.10	
GRI 204-1	Local suppliers	used but no formal policy	
9	Environmental Performance Indicators		
GRI 301-1	Materials used by weight or volume	pp.17,19	
GRI 301-2	Percentage of materials used that are recycled input materials	pp.17,19	

Indicators		Reference page or comment	Status
GRI 302-1	Direct and indirect energy consumption by primary and secondary energy source (Scope 1 & 2)	pp.13, 21	
GRI 302-2	Energy consumption outside the organization (Scope 3)	pp.13, 21	
GRI 302-3	Energy intensity	p.21	
GRI 302-4	Energy reductions	p.13	
GRI 302-5	Energy reductions in products and services	p.15	
GRI 303-1	Total water withdrawal by source	p.15	
GRI 303-2	Water sources significantly affected by withdrawal of water	p.15; also p. 30 for suppliers	
GRI 303-3	Percentage and total volume of water recycled and reused	p.15; also p. 30 for suppliers	
GRI 304-1	Land in, or adjacent to, protected areas	p.20	
GRI 304-2	Significant impacts of services on biodiversity	0	
GRI 304-3	Habitats protected or restored	0	
GRI 304-4	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction list	p.20	
GRI 305-1	Total direct greenhouse gas emissions by weight (Scope 1)	p.21	
GRI 305-2	Total indirect GHG emissions (Scope 2)	p.21	
GRI 305-3	Other relevant indirect greenhouse gas emissions by weight (Scope 3)	p.21	
GRI 305-4	GHG emissions intensity	p.21	
GRI 305-5	Initiatives to reduce greenhouse gas emissions	pp.8, 13	
GRI 305-6	Emissions of ozone-depleting substances by weight (ODS)	0	
GRI 305-7	NO _x , SO _x , and other significant air emissions by type and weight	p.21	
GRI 306-1	Total water discharge by quality and destination	pp.15; also p. 30 for suppliers	
GRI 306-2	Total weight of waste by type and disposal method	pp.16,19-20	
GRI 306-3	Total number and volume of significant spills	0	
GRI 306-4	Weight of transported, imported, exported or treated waste deemed under the terms of the Basel Convention	no export	
GRI 306-5	Effects of discharges of water on ecosystems & biodiversity	0	
GRI 301-3	Percentage of products sold and their packaging materials that are reclaimed	as legally demanded by EU and national legislation	
GRI 307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	0	
GRI 308-1	New suppliers screened using environmental criteria	100 %	
GRI 308-2	Supply chain environmental impacts	pp.30-31	
GRI 103-2	Environmental grievances	not formalized; complaint hotline available	
10	Labor Practices and Decent Work		
GRI 401-1	Total number and rate of employee turnover by age group, gender and region	pp.35,38	
GRI 401-2	Benefits provided to full-time employees	staff clothing in retail; diverse systems	
GRI 401-3	Return to work and retention rates after parental leave	p.35	
GRI 402-1	Minimum notice periods regarding significant operational changes	According to law, worker council agreements and kolektif avtal	
GRI 403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees	According to law	
GRI 403-2	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	p.35	
GRI 403-3	Workers with high incidence risk of diseases	p.35	
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	According to law and after risk assessment	
GRI 404-1	Average hours of training per year per employee by employee category	p.35	
GRI 404-2	Programs for skills management and lifelong learning	p.35	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	15% based on reported inputs (variations in different entities: 5% to 95%)	
GRI 405-1	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	According to Swiss Law An overall figure cannot be determined for 2016; some entities offer 100 %, other none.	
GRI 405-2	Ratio of basic salary of men to women by employee category	equal pay policy; variations from 1:1 up to 1,25:1 country and region-specific differences	
GRI 414-1	New suppliers that were screened using labor practice criteria	100 %	
GRI 414-2	Negative impacts for labor practices in the supply chain	pp. 28-31,33	
GRI 103-2	Grievances about labor practices	0	

Indicators		Reference page or comment	Status
11	Human Rights		
GRI 412-3	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	N/A	
GRI 412-2	Employee training on policies and procedures concerning human rights	agreement signed in 2016 with Globetrotter; roll-out in 2017; others: 25% (refresher)	
GRI 406-1	Total number of incidents of discrimination and actions taken	0	
GRI 407-1	Operations identified in which the right to exercise freedom of association and collective bargaining may be at risk	Asian operations	
GRI 408-1	Significant risks and measure taken to contribute to the elimination of child labor	Suppliers; regular audits and interaction with suppliers	
GRI 409-1	Significant risks and measures taken to contribute to the elimination of forced or compulsory labor	see above	
GRI 410-1	Security personnel training concerning human rights	N/A	
GRI 411-1	Incidents involving human rights of indigenous people and actions taken	N/A	
GRI 412-1	Operations that have been subject to human rights assessments	Asian operations	
GRI 414-1	New suppliers screened for human rights	100 %	
GRI 414-2	Human Rights impacts in the supply chain	pp.28-31,33	
GRI 103-1	Grievances about human rights impacts	0	
12	Society		
GRI 413-1	Programs that assesses the impacts of operations on communities	no formal program; new markets policy in place	
GRI 413-2	Negative impacts on local communities	0	
GRI 205-1	Business units analyzed for risks related to corruption	Eastern Europe, Asia	
GRI 205-2	Employee training in organization's anti-corruption policies	9 % in 2016 (refresher)	
GRI 205-3	Actions taken in response to confirmed incidents of corruption	pp.9-10	
GRI 415-1	Public policy positions and participation in public policy development and lobbying	0	
GRI 206-1	Legal actions for anti-competitive behavior	0	
GRI 419-1	Fines for non-compliance with laws and regulations	0	
GRI 414-1	New suppliers screened for impacts on society	100 %	
GRI 414-2	Negative impacts on society in the supply chain	N/A	
GRI 103-2	Grievances about impacts on society	0	
13	Product Responsibility		
GRI 416-1	Health and safety impacts of products are assessed	Yes	
GRI 416-2	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	0	
GRI 417-1	Type of product information required by procedures for labeling	According to law	
GRI 417-2	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	0	
GRI 102-43	Practices related to customer satisfaction, including results from surveys	Selected entities only (e.g., retail/Ecom)	
GRI 102-2	Sale of banned or disputed products	pp.9-10,31	
GRI 417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications and breach of customer privacy	0	
GRI 418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	0	
GRI 419-1	Fines for non-compliance with laws and regulations concerning products and services	p.10	

 Reported  Not of relevance or incomplete  Not yet (fully) reported according to GRI Standard

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