

FENIX OUTDOOR

CSR 2012



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Dear Reader,

Sustainability and Corporate Social Responsibility (CSR) are increasingly becoming core issues for many entities – including business. But this is not just a passing fad. Rather, we regard our commitment to sustainability as a logical part of our core business as well as growing social and economic interaction. And, of course, neither sustainability nor social responsibility is anything new for our company.

Economic activity and societal progression has always come together with resource use and – unfortunately - negative impacts on the environment. This behavior created initially local appearing problems which have now reached global dimension. From the overuse of soil, deforestation and overfishing of the seas and the near depletion of oil and coal deposits, right up to climate change – all of these problems were caused by us, and thus have to be solved by us.

Leaving the basecamp in a better shape than we found it

We believe that we can help to meet this challenge if we respect the boundaries of natural ecosystems and concentrate on what Fenix Outdoor as a group stands for: longevity, durability, timelessness, high quality and precaution. We have created a sustainability management tool, “The Fenix Way” which shall help us addressing all the cardinal areas of sustainability: N – Nature, E – Economy, S – Society and W – Wellbeing of people and the planet. We are convinced that addressing all

these areas will lead us to become economically successful and a leader in the field of sustainability.

Together with this year’s Annual Report, we present our first Non-financial report. We believe that non-financial indicators are increasingly becoming relevant also for the financial community, shareholders and of course for all our stakeholders.

Our reporting procedures comply with the standards of the Global Reporting Initiative (GRI), which is currently setting the standard in this area, and with the specifications for the Communication on Progress of the UN Global Compact.

We invite you to accompany us on the road to sustainability by identifying faults and undesirable developments at an early stage in order to avoid them. Suggestions and criticism are therefore, always welcome. We would also like to maintain a more systematic dialogue with you in the future and hence the stakeholder survey we conducted is a first step towards this end.

Our aspiration is to be the leading outdoor group in the area of sustainability and we would be delighted if you would accompany us on this journey.

Yours,

Martin Nordin, President & CEO

*Sustainability
means to endure*



1. INTRODUCTION: SUSTAINABILITY MANAGEMENT: THE FENIX WAY

For more than twenty years, scientists, NGOs and politicians call upon companies to contribute to sustainable development. In many cases they are engaged already for a longer period of time. Sustainable development as we see it means to endure. It is a holistic concept that today includes environmental, social and economical considerations as well as inter-generational aspects. It is an unwritten contract with future generations that we will not deplete their chances to develop and prosper. That goes for companies and their environment – natural as well as social – alike. If companies can look back at a more than a century long history, owners and managers must have done something right. The company has “survived” a long time and adapted to changing circumstances, regulations or social shifts. It may also have had taken steps regarding the efficiency of the resources it uses.

The companies of the Fenix Outdoor Group come from very different roots but all have been around for quite some time and they have one goal in common: To make sustainability a core of their business operations. Sustainability or sustainable development is not a lofty wish for something that is not tangible, not concrete or only an intention. For us, it is a basis for our operations and sustainable development is an important managerial and strategic element.

Against this background and in order to systematically manage all relevant elements of sustainability, Fenix Outdoor established and filled the position of a Chief Sustainability Officer (CSO) in 2012. The CSO is part of the senior management team and directly reports to the CEO and President of the Group. One of the first steps taken was to design and further develop The Fenix Way, a managerial guidance document that incorporates our values, ethical principles and sustainability goals. It also includes

a Code of Conduct, thereby combining Sustainability and Compliance. We are on our way to implement a continuous compliance system in all our locations around the world as well as in our supply chain. We are convinced that business ethics, values and compliance form the cornerstones of every reliable sustainability management approach.

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The fact that sustainability is managed in a systematic manner finds its expression also in this report, which follows the Guidelines of the Global Reporting Initiative (GRI).

As a management guidance tool we developed the Fenix Way Management Compass. The four cardinal directions, N for Nature, E for Economy, S for Society and W for Wellbeing, shall be addressed simultaneously but of course with reasonable priority setting within each area. The compass also expresses that we as an outdoors-dependent company do not want to lose track of what we are doing. The Fenix Way makes one strong statement:

“ LEAVE THE BASECAMP BETTER THAN YOU FOUND IT ”

Our vision

If this is so, our efforts will not only aim at the least negative environmental or social impact of our activities; we aim at improving the conditions we find.

The ethics of stewardship guides all work throughout the Fenix Outdoor Group. Particularly stewardship for

sustainable development is a key driver for us. We can build on our long experience of conscious and well considered progress into new technologies and societal development. We did not jump on fancy and fashionable trends – we rather did it “the Fenix Way”. Often this was more a precautionary approach. For us, this means being an innovator in all our segments, constantly improving, demonstrating new solutions, and finding better, safer and less harmful ways to move forward.

Our vision is driven by our love for the outdoors. It is seamlessly integrated with our commitment to quality, durability, timelessness and entrepreneurship. Guided by this vision, we ensure that our world-leading products and operations are also at the forefront when it comes to environmental performance and societal responsibility. We believe that business should, in every aspect of its operations, contribute to happier, healthier people; stronger communities; healthier, more resilient natural systems; and top financial performance. We strive to achieve all four of these “returns on investment,” simultaneously.

The following report is a first fair assessment of where we stand. It is based on the information compiled by a number of people in every Fenix Outdoor entity. We are convinced that sustainable development is a matter not only for the Board or one single person. It is something we all want to work on. Together – and as a team and group of companies. Therefore, responsibilities have been assigned and the outcomes of our assessments led to individual action plans within the companies, entities and locations. From here we want to orientate us towards a more and more sustainable business. We know, we are already leading in certain areas. We also know, that there is still a long way to go. So we are grabbing our backpacks and take the next steps.



“We strive to become the leading and most sustainable Global Outdoor Company”

2. ON OUR WAY 2012 – FENIX SUSTAINABILITY

2.1. CHALLENGES IN THE OUTDOOR INDUSTRY AND OUR RESPONSE

The Fenix Outdoor business activities have environmental and social impacts throughout the entire value-chain from design and development, to production, usage and end of life. We want to systematically manage those impacts and more and more take a holistic and long-term view into consideration, including the cradle-to-cradle concept.

Fenix’ ambitions are high. The aim is to reduce our negative impacts in the entire value-chain as well as offer innovative products with high sustainability performance to end consumers. Fenix seeks to inspire people to experience nature in real life, which will encourage them to contribute to conserving nature. Therefore, we offer outdoor events during the year, like the Fjällräven Classic or Polar and the 24h walk in Bavaria.

There is a trend in the outdoor industry to develop new products with taking sustainability into account. The development of and search for more sustainable materials, such as organic, fair-trade, renew-

able or recycled, is intense. Furthermore, increasing efforts are made to ensure fair working conditions and respect for human rights in the production process.



Åke Nordin with his Backpack

Hence, challenges and their solution are not only an integral part for outdoor enthusiasts but also for us as a company. We want to meet our challenges, face them and actively seek sustainable solutions. This is the way we tackle challenges since our companies were founded. As Åke Nordin points it out: “Now we have walked for 50 years. I hope we never arrive.”

As an international company that means to stay constantly in movement in order to adapt to new developments. That is exactly what we want to do. We are on our way. Challenges, which we are faced with, are not a reason to stop improving, stop going further. The opposite is the case. Ethical business conduct is nothing new to us, but we want to respond to our environment and bring sustainability to the top of our agenda and make it an action-guiding principle in all our business conducts.

Since we are committed to the principles of the UN Global Compact we have not only addressed the issues of human rights, labor rights and environmental protection but also begun to develop

an internal compliance and integrity program. All aspects together form our business ethics and our understanding of sustainability.

2.2. ON OUR WAY: MEMBERSHIPS, SIGNATORIES, STAKEHOLDER ENGAGEMENT AND EFFORTS SO FAR

As a company we are mainly responsible towards our shareholders and customers. But of course, we do not operate in a vacuum. Since we are convinced that sustainability cannot be achieved nor dealt with by one company alone, we have begun to expand our stakeholder network in 2012.

Signing-up to the UN Global Compact and the ten principles was important to us because it reflects our own aspirations. We have therefore been active in national Global Compact networks and built relationships with like-minded corporations, scientific institutions, civil society and governmental groups. A multi-stakeholder approach is not only increasingly asked for by critical groups and CSR rating agencies, we also think this is the appropriate means to address issues, relevant to a wider public. Hence, we as Fenix are active to hold up such relations and build new ones as well.

Another example is Hanwag, which has become a member to the Round Table Code of Conduct. The focus in this multi-stakeholder circle lies on the implementation of social standards in the supply chain.

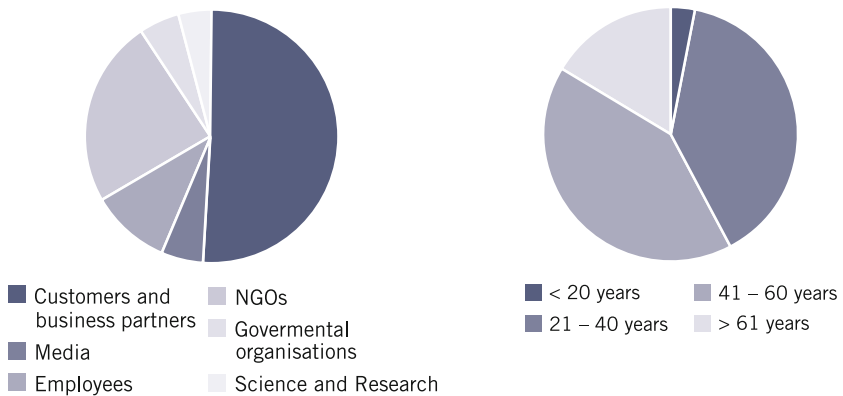
Open dialogue and the constructive way of working together offers us new insights and inputs for our own activities on this topic.

As a member to the European Outdoor Group, Fenix Outdoor in 2012 did contribute actively to the Sustainability Working Group on various matters and has been appointed to the Advisory Panel on Sustainability.

Besides playing an active part in different networks and working groups, we also want to get into a more active dialog with certain Fenix Outdoor AB interest groups. In 2012 we have responded to the Carbon Disclosure Project, addressing the interests of a wide institutional investors group and begun to report on sustainability issues in our annual report 2011.

In 2012 we conducted a stakeholder survey to learn more about their views regarding our ecological, social and societal performance.

COMPOSITION OF STAKEHOLDER SURVEY PARTICIPANTS



We identified our interest groups by the following guiding questions:

- For whom are we responsible?
- Who is directly or indirectly affected by our activities or their consequences?
- Who can influence or decide about our business endeavor?
- With whom do we want to build long-lasting Relationships?

An overview of the various participating stakeholder groups is given in the pie-chart graphic.

The purpose of the survey was to identify the most important issues for the future of the Fenix group. Our point of departure was addressed in an online survey and in individual interviews. Against this background respondents

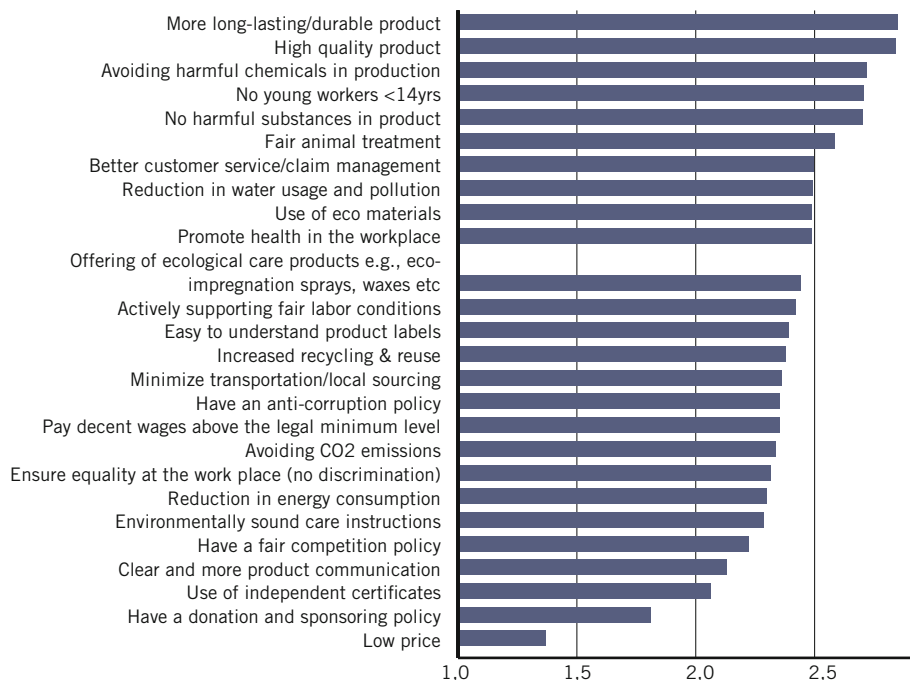
gave advices for concrete action. Although not all responses have yet been analyzed, a few key findings shall be highlighted.

More than 2 054 individuals from 20 countries took part in an online survey which was complimented by about 35 in-depth interviews with specifically identified individuals from various stakeholder groups who also have a high level of knowledge and expertise in sustainability issues.

About two thirds of the participants were male; the majority of the participants belong to the age groups 21 through 60 years of age.

The topic of sustainability ranks high on the agenda of the participants and ac-

Please rate the importance of the following sustainability issues with regards to the "Fenix Outdoor brand"



Fenix Materiality 2012-2013 – a first impression

Significance to External Stakeholders	Very High Concern	<ul style="list-style-type: none"> • Social aspects (human rights) 	<ul style="list-style-type: none"> • Environmental impacts during production 	<ul style="list-style-type: none"> • No young workers <14yrs • Avoiding harmful chemicals in production
	High Concern	<ul style="list-style-type: none"> • Promote health in workplace • Reduction in water usage and pollution 	<ul style="list-style-type: none"> • Consumer safety • Social aspects (labor rights) • Use of eco materials 	<ul style="list-style-type: none"> • Fair animal treatment • Better customer service/claim management • Actively supporting fair labor conditions
	Concern	<ul style="list-style-type: none"> • Reduction in energy consumption • Have an anti-corruption policy 	<ul style="list-style-type: none"> • Avoiding CO2 emissions • Increased recycling & reuse 	<ul style="list-style-type: none"> • Waste recovery • Labor/Management Relations • Diversity and Non-discrimination • Anti-competitive behavior
		Important	High importance	Very High importance
		Significance to Company Internally		

According to the survey influences the decision making when purchasing a product.

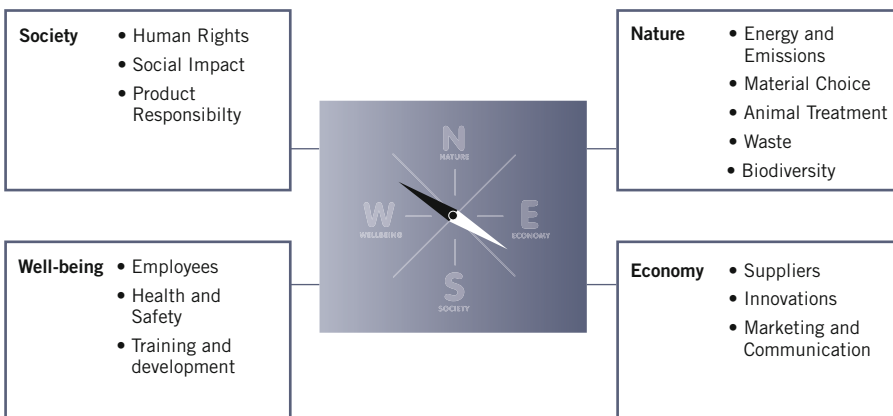
When asked, which topic has been of highest importance, human rights, environmental impacts and consumer safety rank as top three sustainability issues. However, one has to keep in mind that all issues, selected from a list, were ranked very high. Subsequently the ranking order in the top percentile may not be significant. In general the graphic above gives a fair overview on the topics of interest.

A first draft of a materiality matrix for the Fenix Outdoor Group confirms, that survey respondents, experts, and Fenix staff in general share the view on the most important issues and that none of those can be ignored; a prioritization, however, seems to be difficult on a group level and needs to be looked at on a brand-specific level. Despite the wording in certain areas, the identified topics match the focus areas of Fenix Outdoor AB on which the current sustainability program is based.

Overall the participants see a great potential for sustainable development in the Fenix Outdoor Group and gave us valuable advices to implement this potential. The consolidated results will form part of our materiality matrix and be an input to the agenda 2020.

Some important steps based on our focus areas have already been taken, but there is still a long way to go. To go our way towards a comprehensive sustainability approach, we want to steadily get in touch with our interest groups and also want to enlarge our network. Hence, the way we want to go is a way of open communication. We think this is the best opportunity to gain more confidence in our sustainability approach.

Fenix Outdoor AB Focus Areas



One example, which shows that we are on our way to become a sustainable outdoor company

Many voices, from science as well as from governmental and non-governmental organizations, report that the Earth's climate system is undoubtedly getting warmer due to human contributions. As the level of carbon dioxide and other greenhouse gases increases, our world changes. Climate change poses a fundamental threat to our environment in many ways.

We as an outdoor company care about our environment and its conservation. Resource efficiency has always been at the center when using the different materials in our production. Hence, we want to build up sustainable practices to deal with climate change. We face this challenge by taking responsibility for our environment and building up an action plan to reduce emissions for Fenix AB to become fully climate neutral for all our company locations.

1. Measuring our carbon to detect our status quo and figure out where to start changing
2. Improve energy efficiency and reduce energy use (see in this report: insulation at Primus and long distance heating project Hanwag)
3. Investment in renewable energy (see the Hanwag "green electricity project")
4. Carbon offset compensation (gold standard)



*To act responsible
towards the nature
we love*

3. NATURE

As a family of outdoor brands, our core business is equipping people to spend time in nature. We therefore, work actively to preserve and protect our nature and animals. The basis for our care for the environment is to apply a precautionary approach. We are constantly in search of innovative solutions that reduce our impact on the environment and even make a positive contribution to nature as well as to increase our resource efficiency, and move us closer to a zero-impact, closed-loop production process. The selection of resources which we use is important for a sustainable company which is aware of today's challenges. Effectiveness and efficiency should come together when deciding about resources and their impact on products, humans as well as animals and their environment.

RESOURCES AND EMISSIONS

Protecting the environment and the diversity of ecosystems is of high importance to us. Climate change is a threat to this diversity of ecosystem and needs to be addressed by policy-makers, corporations and individuals alike. Therefore,

Fenix identified climate change as one major challenge which should be addressed in our daily business. An analysis of our status quo in 2012 shows that our overall CO₂ emissions have increased compared to 2011. On the one hand this is due to an improved data collection. Technological advancement and more accurate calculations led to these changes. On the other hand we have grown our business and hence also increased the overall shipments, locations and travel needs. Comparing the 2011 car and public transportation related emissions with 2012, it can be seen that despite an increase in distances traveled, the CO₂ emissions went down. We have a goal: We want to become climate neutral by 2025. It is an ambitious goal, but we

believe that we can achieve it through continuous improvement and adequate compensatory measures.

We did investments in renewable energy. Our production site in Vierkirchen for example will use heating from an organic farm to heat the production and warehouse. The investments were made in 2012 and we expect the operation to be on-line in early 2013. As of 2013 the electricity purchased for Vierkirchen is entirely from renewable sources. Other locations will follow this path. Insulation of the roof in our Primus operation in Estonia will also lead to a reduction in energy consumption in 2012/13. For 2012 we have offset all CO₂e emissions from electricity and gas for all own operations.

Direct and indirect fuel consumption and CO₂ emissions from heating, cooling and electricity

Energy	kWh	t CO ₂ e (calculated based on publicly available conversion factors)	2011 (t CO ₂ e)
Primary energy (coal, gas etc.)*	249 935	8,5	N/A
Electricity	3 939 511	1 034,2 (89% of staff represented)	1 100,0
Total		1 167,8	1 100,0

* Only gas is used as primary energy source in two countries' locations.

SHIPMENT OF GOODS

Based on the various modes of transportation and the individual vessels, trucks and aircrafts used, the following emissions were calculated:

Road transport	844 t CO ₂ e
Sea freight	3,9 t CO ₂ e
Air freight	570,6 t CO ₂ e
Total	1 418,5 t CO₂e

BUSINESS TRAVEL

Travel data were difficult to gather since various sources had to be tapped. Subsequently an extrapolation has been made based on available data (travel agents, company car statistics) and overall economic considerations. These data exclude normal travels between home and workplace.

Mode of transport	Distance (km)	t CO ₂ e	2011 (t CO ₂)
Air	2 849 682	262,8	282,0
Car	2 520 000	541,8	581,0
Public transportation	186 920	15,1	15,0
Total		819,7	878,0

OBSERVATIONS

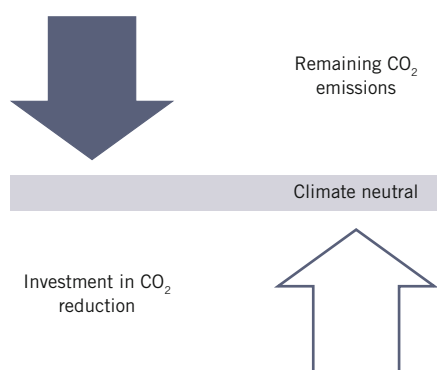
We realized, when analyzing the emission data and the resulting CO₂e per capita that, overall Fenix Outdoor AB has a noteworthy low CO₂ footprint. This can only be explained in part with efficiency measures and is most likely caused by the way we set the boundary. Hence, it is assumed that this figure will change over the coming years due to adjustments and improved methodologies of data gathering and analysis.

OFFSETTING OUR IMPACTS

Our first priority is the reduction of energy-related emissions. But we are not yet able to eliminate all our negative impact on the environment through emissions from our value chain, products and business travel. That is why we decided to offset some greenhouse gas emissions by investing in carbon offset projects. Today there is a global system in place for climate compensation. Via this system, anyone who wants to take responsibility for the impact on the climate can purchase climate compensation from an approved project. They meet strict requirements on quality, transparency and traceability, which is verified by the UN and regularly reviewed. The projects that Fenix has chosen have also been certified according to the Gold Standard, an independent grading standard for carbon dioxide-reducing projects that is supported by more than 60 volunteer organizations, including Greenpeace International and WWF International. For

example, Fjällräven has checked the life-cycle of selected products and scientifically assessed how much CO₂ is emitted during their production. Currently we buy certificates from a wind park project in China, which has been approved by the UN as a carbon offset project and which follows the Gold Standard. Primus has invested in BaumInvest and remains a shareholder. Carbon-offset in 2012 is done for gas and cartridges.

Carbon-Offset in 2012 amounts to a total of 3590 t CO₂e through various projects.



WATER

Clean freshwater is scarce and the manufacturing of our products, especially the apparel manufacturing is a water-intensive endeavor. Tremendous amounts of water are used to grow fiber, wash, treat and dye fabric. Hence, we want to significantly reduce the use of water – including chemical production of garment

and the finishing of fibers – and at the same time also decrease the discharge of water as well as improve the quality of our waste water. To improve our water use management also in the production and manufacturing processes of textiles and leather we also take a closer look on our suppliers. We are a member of the Sweden Textile Industry's Water Initiative, which addresses suppliers as a primary target group of its guidelines. Sustainable water usage and its management are encouraged by means of a water management guide. We will continue requesting suppliers to respond to the key questions addressed in the guide. In 2012 our main suppliers are on a good way to better manage their water efficiency, water pollution prevention and wastewater issues. In 2012, a total of 5 281 cubic meters of water was used for our own operations. This water is drawn from community supply (mainly groundwater) and used mainly for drinking and household use; some irrigation of company greens is included in this figure. All effluents were collected in community sewers and treated at a public treatment plant. No chemicals were released by own operations into sewers or surface water bodies.

INNOVATION AND RESOURCE EFFICIENCY

Water conservation is one of the major challenges when it comes to the textiles industry. We have therefore, begun to cooperate with partners in Asia to reduce our water footprint by applying a new

technology called “solution dye”. Solution dye is used in polyester production and pigments are directly incorporated into the polyester chips that are melted and spun to make the yarn. Thereby, a colored yarn is produced that can be woven and subsequently no additional water consuming dyeing is necessary when the fabric is ready.

In 2012 co-operations with suppliers in Asia based on the Swedish Textile Industry’s Water Initiative began and showed that the reduction in water consumption has found its way into management decisions in many of our partner companies. We will continue to inspire and educate our partners and encourage them on their way to a more environmentally conscious business behavior.

REDUCING WASTE

A good waste management is another major aspect of a responsible attitude towards the environment. We are aware of this and try to steadily improve our waste management. The following steps have already been undertaken in 2012. In our company we monitor and minimize hazardous waste and dispose it off in a safe way. Also in the production process, we seek to minimize waste and try to eliminate spills. With a view to our end products, we keep in mind high quality, durability, and timeless styling to avoid unnecessary waste. When a product is

damaged we encourage the repair and reuse of it. The figures given below only reflect three sites (warehouse, productions) and represent only 20% of the operation. However, since they represent major own operations, the figures given are representative.

Durable Products

First and foremost sustainable consumption starts with consuming less. Hence, the development of functional, timeless and durable equipment is one of our most important contributions to the protection of our environment. Our product philosophy, whether it is the shoes from Hanwag, the garment and gear from Fjällräven or Tierra, or the Primus stoves and Brunton compasses, is deeply connected with durability.

When an item is returned, we first try to fix it. If we can’t repair the item we use parts of it for another production or donate products that are outdated or had served as samples. In 2012 only 0.3 % of all items sold through our warehouse in The Netherlands were returned and 50% of that were repaired and then used. The remaining 0.1% was restocked as B category products or given to charity.

Material Choice

Not only do we produce long-lasting products with a high functionality for our customers, we are also constantly

on the hunt for materials and methods of production that are less harmful to the environment and at the same time do not compromise the quality of our products. The input materials - natural raw materials as well as chemicals that are currently needed to achieve the quality and functionality of our products - are subject to a system of risk assessments before entering our production process. Material choice is a very important field and we as an outdoor company pay close attention to it, because all material choices come with a trade-off. Constantly weighing advantages against disadvantages, conducting research and trying to make improvements concerning the sustainability aspects are crucial endeavors for us.

The use of organic, renewable, non-toxic and biodegradable, environmentally preferred materials is our vision. We also want to reduce the use of materials which are based on fossil fuels and virgin non-renewable sources.

There are several ingredients we do not want to have in our products. “De-toxing” of our products is an ambitious goal, which needs to be constantly monitored and which is not without obstacles. For instance is the use of heavy metals in the production process of polyester a necessity. Even when shifting to recycled polyester, the catalysts for the initial polyester synthesis remain to have been heavy metals.

Waste type	Amount in kg	Reuse/Recycle
Household-like waste	21364	20% compost; 80% incineration
Paper	1 338 253	96%
Hazardous waste	4	Incineration (special serv.)
Plastics (var)	65 861	70% recycle; 10 % reuse; 20% Take-back-system but unknown treatment
Metals (var)	438 (Fe, Al, brass etc.)	100% reuse

Fenix Outdoor AB Environmental Balance Sheet per Employee



Total CO₂
4,9 t



Total H₂O
7,6 m³



Total km
7 351



Total kWh
6 019



Total paper (kg)
1 670

Using recycled material as much as we can is another option to reduce the environmental footprint. As a guiding principle we strive to follow the rule avoid – reduce – reuse, which goes not only for waste but also for risk materials. Fjällräven and Tierra, for example, use recycled polyester. Polyester is a plastic produced from oil. Hence, it is a fabric which is based on a non-renewable resource. Recycled polyester is therefore, a good solution to this dependence on a non-renewable resource. This holds in particular true if a garment can be recycled into a garment (cradle to cradle) or upcycled (a low-value input recycled into a high-value one). A step towards more recycled materials in our value chain was the release of Fjällräven's first collection of green shell garments called "Eco-Shell". "Eco-Shell" is made from recycled polyester and completely recyclable as part of the "Eco Circle™" recycling system. The goal is that, within the near future, all of the polyester found in our products will be both recycled and recyclable in an environmentally conscious loop.

Material	kg	Recycled/organic
Polyamide	84 000	N/A
Polyester	306 000	17% recycled
Polypropylene	326 869	N/A
Polybags	37 842	N/A
Vinylon	129 000	N/A
Polyurethane	3 294	N/A
Other plastics	14 922	N/A
Cotton	27 800	55% organic
Down	8 500	100% controlled
Wool	5 593	2% recycled
Leather	2 900	5%
Gas	177 000	N/A
Rubber	3 865	N/A
Glue	3 900	N/A
Brass	61 665	80% recycled
Stainless steel	148 101	40% recycled
Steel	358 314	40% recycled
Aluminum	48 942	50% recycled
Zink	600	N/A
Copper	450	N/A
Titanium	328	N/A
Other metals	57 300	N/A
Silicagel	13 000	N/A

N/A= Not Applicable



Bio- Leather Hanwag

High-quality leather from animals that lived on certified organic farms.



- We buy all organic leather from the tannery Viviani, which buys the hides of over 50 Croatian certified organic agricultural farms. Certification is based on Croatian law but already meets the EU standard.
- The cattle live year-round out at feed. They only receive food without chemicals and the farms dispense on concentrate.
- This cattle breeding makes sure that the leather is thicker and therefore, more robust
- Combined tanned (contains 50% less chrome than conventional tanned leather).

Fjällräven Down

High quality down from animals that are used for food production.

- Working exclusively with one down supplier, who in turn works with contracted farms and one slaughterhouse, who respect the Fjällräven Code of Conduct.
- Controlling and monitoring by our own team (from farm via slaughtering to down processing) and by the IDFL (International Down and Feather Laboratory).
- The routines guarantee that down used in clothes and other items are neither from forced-feed nor from life-plucking.

Recycling is not only important when it comes to our products, but as well when looking at back-office operations and sales procedure. We have begun to implement a site and location specific sustainable office supply program in order to use environmentally-friendly materials and consumable items. Also shop interiors and advertisement materials shall meet certain sustainability criteria. However, since this program has just begun, reliable data are not available at this time.

We are proud of what we are doing and have achieved thus far, but there is still high potential when it comes to material development, sourcing and sales. We will continue report our progress over the years to come.

ANIMAL WELFARE

In our Fenix Way, we have pointed out that we do not accept the maltreatment of animals used in the production of our

products. In businesses where animals are used – like down and leather production – they must be fed and treated with dignity and respect and no animal must deliberately be harmed nor exposed to unnecessary pain in their lifespan. Taking the lives of animals must at all times be conducted using the quickest and the least painful and non-traumatic method available.

BIOLOGICAL DIVERSITY

Biological diversity and contributing to the restoration of degraded natural systems are important for environmental commitments. Biodiversity is a measure of health of ecosystems. Fenix owns several locations in various areas in the world. These locations in size and shape are an influencing factor on the local biodiversity. To be better aware of these impacts, Fenix wants to perform biodiversity risk assessments as a part



Project Save the Arctic Fox

The arctic fox is one of Scandinavia's original inhabitants. The arctic fox is well adapted for life in the high mountains of the Nordic region and its fuzzy winter fur can withstand temperatures as low as 60 degrees Celsius below zero.

However, the arctic fox is classified as critically endangered (CR) in Finland, Norway and Sweden, and within the European Union.¹ High hunting pressure led to a drastic population decline in the early 1900's. The population has had extremely

difficulties recovering, because of long periods without sufficient access to food (small rodents such as the lemming and competition from the red fox).

For the past several years Fjällräven has funded arctic fox research and other preservation efforts, like donation of money to supplement the food supply. For every participant of Fjällräven Classic and for each product sold from our "Save the Arctic Fox" collection, we donate SEK 50 to arctic fox research. In 2012 around

SEK 300,000 could be contributed to Anders Angerbjörn's project. In addition, in Jämtland-Trøndelag a project is currently underway called Felles Fjellrev that is a cross-border initiative to find a shared model for protecting the Norwegian-Swedish arctic fox.

It is our hope that this and future projects will improve the chances of the arctic fox to survive.

¹ In the category "critically endangered", species are in danger to be extinct in three generations. It is estimated to be a 50% chance.

of the standard operational procedures in strategic growth projects in the near future. Based on the current knowledge, most of our locations are based within industrial areas or inner cities. Based on this assessment, we believe that our direct impact is low. In 2012 no complaints or legal actions have come to our attention with respect to the destruction of habitats and biodiversity. However, as an outdoor company we are aware of the importance of biodiversity for a functioning ecosystem. It is an important global issue, which can be addressed in various forms: Besides the development of a biodiversity risk assessment tool when we conduct strategic planning and growth activities within the company, we also care for the variation of life within our ecosystems. Since the beginning of the 1990s, we have contributed to increasing biological diversity through the project, Save the Arctic Fox.



4. ECONOMY

COMPANY PROFILE

Fenix Outdoors' business idea is to bring together well-known brands within the Outdoor business segment. The products sold under these brand names are developed to achieve and preserve superior quality light-weight outdoor products. They are sold via a selected retail network that focuses on professionalism to provide a high level of customer service to the end-users. It all started with Fjällräven. In 2002 the group expanded its operations by the purchase of Tierra Products AB, Primus AB and Naturkompaniet AB. In 2004 the German shoe producer Hanwag was acquired. In 2009 a fifth brand, Brunton, was added. In 2011 Fenix Outdoor expanded its retail segment through the acquisition of Partioaitta Oy, a Finnish retailer for outdoor equipment.

A total of about 2000 own products is sold through various distribution channels.

Fenix Outdoor Group's goals are to become a global leading player in outdoor clothing and equipment business and to achieve a minimum growth rate of 10% per annum keeping a consistent profit before tax level of at least 10%. Fenix Outdoor Group will achieve its goal in two ways:

- **Through organic growth based on a strong retail network and brands known for high quality products.**
- **By expanding the Brands segment through acquisitions of additional outdoor brands.**

The group consists of two segments, Brands and Retail.

The Brands segment consists of five outdoor brands: FJÄLLRÄVEN, a leading European brand in outdoor clothing and equipment. TIERRA is a strong brand in high-tech clothing for demanding outdoor activities. PRIMUS that develops and sells camping equipment used for boiling, heating, and lightning powered by gas and liquid fuels, HANWAG, a well known European brand for technically advanced trekking, outdoor and alpine shoes and BRUNTON, a US brand well known for innovations in compasses, optics and portable power.

The Retail segment consists of two retail chains, Naturkompaniet AB and Partioaitta Oy. Naturkompaniet is a network of 31 outdoor stores in attractive locations for consumers in Sweden. Partioaitta Oy is a Finnish retailer of outdoor equipment with 14 stores in Finland.

Fenix Outdoor AB has been listed on the Stockholm Stock Exchange OMX Nasdaq Mid cap since 1983. The majority owner is a Swedish private company, Svenska Nordinvest AB, holding 81% of the aggregated voting power and 57% of the capital in Fenix Outdoor AB. Three of the four board members of Fenix Outdoor AB are considered to be independent of the company and its management group.

All shareholders are invited to the annual General Meeting of the listed parent company with full right to address questions to the Board and the CEO.

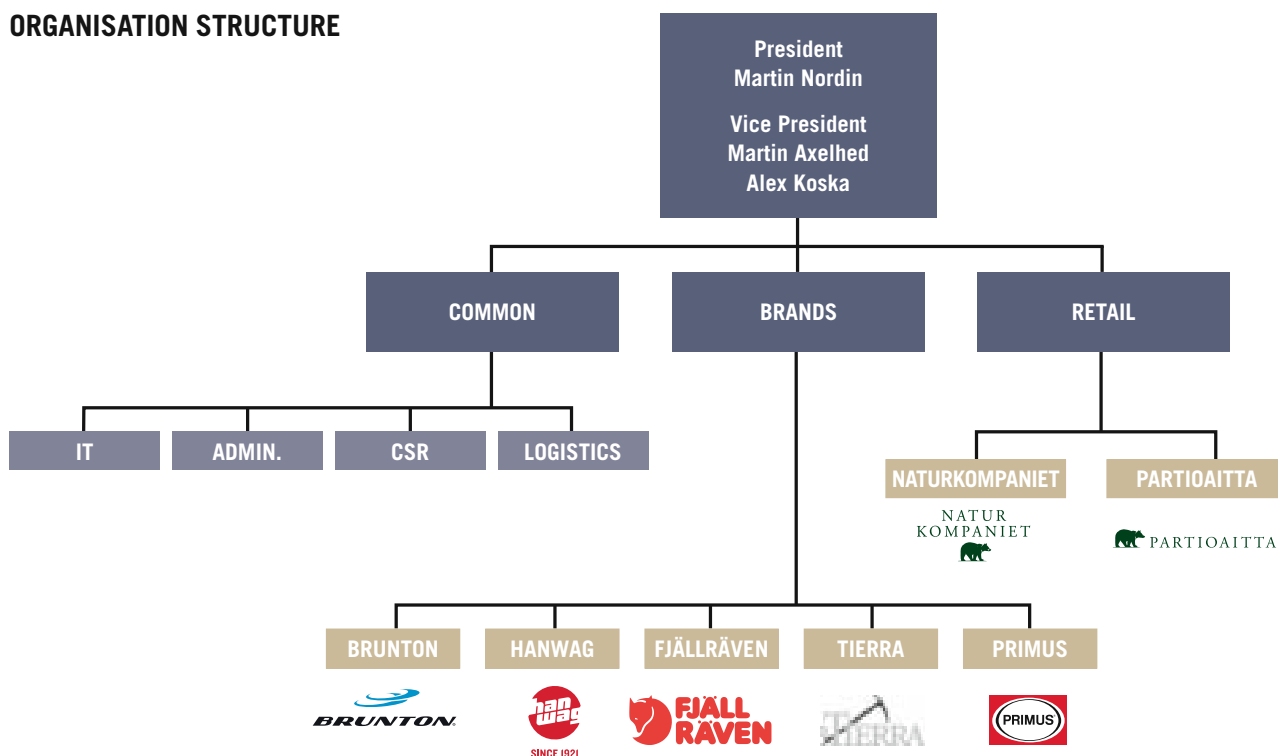
Major operations are located in Sweden, Norway, Finland, Denmark, Germany, Austria, Italy, Switzerland, United Kingdom, Holland, China and the USA.

Major markets are given in the following table (including net sales figures 2012 and 2011):

NET SALES PER MAJOR MARKET

MSEK	2012	2011
Sweden	477,5	451,0
Other Nordic Countries	417,5	313,9
Germany	343,3	361,0
Benelux	103,6	113,5
Other Europé	182,0	151,3
North America	137,0	106,3
Other markets	39,7	34,9
Total	1 700,7	1 531,9

ORGANISATION STRUCTURE



The domicile of Fenix Outdoor is Örnsköldsvik, Sweden with operational centers in:

- Stockholm,
- Helsinki,
- Riverton/ Wyoming,
- Boulder/ Colorado,
- Almere/ Netherlands,
- Vierkirchen/ Germany and
- Tartu/ Estonia.

Overall there are 20 own offices in 13 countries around the globe.

No major changes in the ownership structure of the Group took place during 2012.

The current sustainability report 2012 should be read in conjunction with the annual report 2012, covering the reporting period 1st of January 2012 through 31st of December 2012.

Below a summary on the financial figures is given:

HIGHLIGHTS OF 2012

(2011 figures as reference in brackets)

- Total income of 1 725,4 (1 553,8) MSEK an increase of 11%.
- Group operating profit of 230,8 (234,7) MSEK, a decrease of 2%.
- The income after financial items was 226,0 (234,8) MSEK, a decrease of 4%.
- Group net profit of 155,0 (167,3) MSEK, a decrease of 7%.
- Earnings per share 11,67 (12,60) SEK.
- Investments in tangible and intangible assets was 53,0 (56,1) MSEK.

KEY FIGURES

	2012	2011
Net sales, MSEK	1.700,7	1.531,9
Operating profit, MSEK	230,8	234,7
Profit for the year, MSEK	155,0	167,3
Earnings per share, SEK	11,67	12,60
Capital expenditure, MSEK	53,0	56,1
Dividend per share, SEK	4,00*	3,00
Quotation Dec 31, SE	177	153
Profit margin before tax %	13,3	15,3
Return on equity %	19,3	24,6
Equity ratio %	74,8	72,2
Average number of employees	696	598

*Proposal of the Board

CONSOLIDATED INCOME STATEMENT

SEK million	2012	2011
Net sales	1.700,7	1.531,9
Other income	24,7	21,8
	1.725,4	1.553,7
Goods for resale	-781,0	-711,5
Other external costs	-390,0	-333,5
Personnel costs	-284,0	-239,4
Depreciations	-33,4	-30,0
Result from associated companies	0,5	-1,1
Other costs	-6,7	-3,6
	-1.494,6	-1.319,1
Operating profit	230,8	234,7
Financial income	14,2	9,8
Financial expense	-19,0	-9,6
Income after financial items	226,0	234,8
Taxes	-71,0	-67,6
Net income	155,0	167,3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	2012-12-31	2011-12-31
ASSETS		
Fixed assets		
Intangible assets	152,3	154,9
Tangible assets	123,5	110,4
Financial assets	21,1	15,3
Current assets		
Inventories	457,8	466,1
Other receivables	243,3	212,2
Liquid funds	143,5	85,6
Total assets	1.141,5	1.044,5
EQUITY AND LIABILITIES		
Equity	850,3	754,1
Minority interests	7,5	8,9
Provisions	26,8	37,3
Long-term liabilities	-	-
Current liabilities	256,9	244,3
Total equity and liabilities	1.141,5	1.044,5

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	2012	2011
Cash flow from operating activities	167,8	207,6
Changes in working capital	-13,6	-219,9
Cash flow from investing activities	-54,5	-124,9
Cash flow from financing activities	-41,4	-50,9
Net change in cash	58,1	-188,1
Liquidity, beginning of period	85,6	270,6
Effect of exchange rate changes on cash	-0,2	3,1
Liquidity, end of period	143,5	85,6

In addition to this summary information 2 225 TSEK were spent for environmental and sustainability improvements.



5. SOCIETY

As a responsible company we take particular interest in and responsibility for the societies, in which we operate and for which we produce. Practicing good corporate citizenship and upholding the highest standards of ethical integrity are very important for us. Therefore, Fenix established several steps to achieve social responsibility in the world wide production.

Human rights are in many ways important for us: they are relevant to the economic, social and environmental aspects of corporate activity. Hence, while the primary responsibility for the enforcement of international human rights standards rests with national governments, there is growing acceptance that corporations also have an important role to play. Especially this is the case in countries where governments lack an

understanding of human rights standards or have difficulties to implement them. Being a good corporate citizen means for us respecting the human rights of those who come into contact with our business activities. We want to secure and promote these rights. Hence, we have to be aware of impacts in different ways: first of all, through our own activities and secondly through our business relationships. For an international outdoor company like Fenix, managing human rights becomes most prominent in supply chains. Human rights problems foremost occur in these business relations. We are aware of that and keep handling it in a responsible and appropriate manner.

Our approach to uphold societal responsibilities is based on four pillars: 1) caring about the society in which we operate in, 2) being responsible for our

products, 3) the belief and implementation of legal demands and international standards in direct and indirect contact with people and 4) monitoring of those standards.

OUR BELIEF SYSTEM

A major part of our corporate belief system is reflected in our commitment to the UN Global Compact and the ten guiding principles. It is an important step of understanding human rights challenges and the appropriate role of business when coping with those challenges. They provide guidance on how companies should prevent and address negative impacts. Another basis of our belief system is the upholding of ethical principles. We value ethical manufacturing practices and are committed to assure that our

business partners share these values. At the heart of this commitment stands a Code of Conduct, which has to be subscribed to by our employees and our suppliers all over the world.

These Codes of Conduct are established by each individual brand and outline standards in the following areas:

- Forced Labor
- Child Labor
- Nondiscrimination
- Freedom of Association
- Wages and Benefits
- Hours of Work
- Health and Safety
- Environment
- Ethical Conduct

MONITORING AND REMEDIATION

To assure that our code of conduct is really implemented we monitor regularly against these standards in addition to local labor laws and international conventions. Production plants are visited frequently by (a) head of production, (b) product managers, (c) CSO, (d) purchase responsible, (e) QM Auditing Team, (f) Social auditors, (g) external auditors. The audits take place before, during and after production. Our monitoring approach is twofold, on the one hand we monitor internally and on the other hand we monitor externally. Internally Fenix sends a team of specialists who conduct regular and sometimes unannounced audits of all our suppliers. This helps to identify supply chain risks and help to cope with those risks and formulate appropriate solutions. To support this approach and gain more reliability we also engage external verifiers to monitor our supply chain. They are able to monitor and assess social and environmental issues based on a questionnaire that takes into consideration: mainly our own Code of Conduct, SA 8000 and ISO 14000. These independent assessments are conducted by the Société Générale de Surveillance (SGS). In 2012 more than 50% of suppliers were audited by our own team and 10% were audited externally. We also believe that audits alone will not improve the situations in the societies we are operating. Hence we decided that we would increasingly build on our long-lasting partnerships and assist them with training, education and managerial support.

COMPLIANCE

In 2012 Fenix has begun to develop a systematic approach towards compliance issues. Not only do we require compliance with our Code of Conduct but rather we also want to build on experience and ensure that our staff and business partners develop the same understanding of compliant behavior and business dealings. As we are in the early stages in 2012 no violations came to our attention. However, we have taken legal action against former staff members due to violations of rules in the past.

MULTI-STAKEHOLDER ENGAGEMENT

To uphold the highest ethical standards all around the world is an ambitious endeavor, which needs communication. It is about talking to other companies in the industry with similar problems and chances and collaborating with multi-stakeholder initiatives to gain additional expertise.

Fair Labor Association

Fenix Outdoor is about to become an affiliate of the Fair Labor Association (FLA) in 2013. FLA is a multi-stakeholder initiative, which tries to improve the lives of factory workers and therefore, provides independent monitoring of factory conditions all around the world. Companies, universities and civil society organizations work hand in hand to achieve that goal independently and for no profit. For us it is a forum and possibility to improve our approach to ethical sourcing.

Fenix Outdoor entities are engaged in the European Outdoor Group, the Scandinavian Outdoor Group, the United Nations Global Compact, The Round Table Code of Conduct and various other initiatives and networks, helping to improve environmental and social conditions.

Critical reviews and assessments are initiated by the Clean Clothes Campaign (CCC), which also takes a closer look at some Fenix entities. The CCC has worked to help ensure that fundamental rights of workers are respected. The CCC is an alliance of trade unions and NGOs covering a broad spectrum of perspectives and interests.

PRODUCT RESPONSIBILITY

With little over 2000 different products which find their way from our gates to the customer, product responsibility is

highly important for us. Working towards transparency is therefore, indispensable. Our consumers rely on transparent information when buying our products. We strive to be 100 percent reliable when it comes to health and security aspects of our products. The health and safety of our customers should at no time be in danger when using our products. Hence, we apply legal regulations and requirements as well as our code of conduct while continuing to improve our performance.

We have well communicated routines for registering complaints about the quality and functionality of our products. In 2012 three substantiated complaints regarding risks during the product use were registered. The issues were resolved and turned-out to be the non-adherence to instruction manuals or the illegal tempering with technical features (gas cartridges/valves). We label our products with information on the product itself and the services available. Other sources of information are our companies' websites. We strive to be as transparent as possible in areas of high interest or concern.

It is of course our responsibility to also cope with set-backs in this area: The 2012 Greenpeace Campaign "Chemistry for any weather" which investigates Outdoor garments for hazardous chemical ingredients, discovered a small amount of per- and polyfluorinated chemicals (PFCs) in one of Fjällräven's Eco-Shell jackets (100% recycled Polyester). In the apparel industry, perfluorinated carboxylic acids (PFCAs) such as perfluorooctanoic acid (PFOA), for instance, and the fluorotelomer alcohols (FTOHs) play a role to achieve water and dirt repellancy. PFCs are environmentally damaging toxins and we were surprised that these compounds were found in our PFC free labeled jacket, because it is Fjällräven's company policy not to use any perfluorinated toxins for the durable water repellence of its products. The amount of PFC in our jacket was very low (PFOA: 0,3 µg/m² and PFCA in sum 1,2 µg/m²) and may already be in part background contamination. But we immediately reacted to the study and started to investigate. As a result we sampled every production step to discover possible areas of contamination or pollution. The final results will be published on our website. However, the first indication is that contamination can stem from various sources (such as storage, transportation, air contamination at the production site or machinery) which in the end may

not be controlled by a company itself but rather need concerted global efforts. (To learn more about this subject, please visit Fjällräven's website.)

We also have future plans to improve our product responsibility activities: we want to employ full-scale lifecycle assessments (LCA) based on the international ISO 14040 ff suite of standards and which assess also health and safety impacts of products for improvement. LCA tools will help us to identify the ecological impact of a product from cradle-to-grave; in the best of all worlds from cradle-to-cradle. We believe that

this information will become more important for informed decision-making by customers in the future.

GIVING BACK

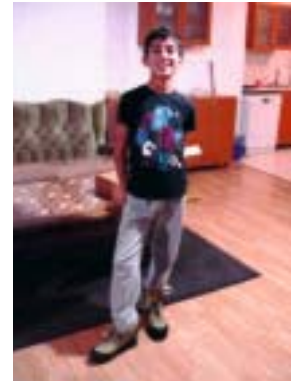
In addition to our corporate citizenship activities we want to give something back to people and societies. We seek to induce people to experience nature in real life, and to get involved in environmental and community improvement efforts. Nature is where we want to spend our leisure time and a healthy environment and society is therefore es-

sential for the Fenix Outdoor companies, offering outdoor equipment.

There are many ways Fenix Outdoor takes social responsibility. In all our activities our aim is to be a net contributor to a well functioning society everywhere we do business. Hence, supporting philanthropic projects is one aspect of our social responsibility commitment.

We support organizations who share our passion for nature, people and great experiences in outdoors. Our philanthropic investment shall at all time be dynamic, locally relevant and address of course our focus areas.

In 2012 Hanwag donated shoes to Romania. The project – www.hilfstransporte.org – which Hanwag supports with its shoes, gives its donations to children's homes and church communities in Romania. 1 000 pairs of shoes found its way to Romania, if it's shoes from last season or shoes with smaller mistakes. Because of this engagement Hanwag shoes now walk on happy feet all over Romania.



Primus supports the project "Saving mount Everest": Every year tens of thousands of tourists flock to Sagarmatha National Park at the foot of Mount Everest. From the middle of March to the end of May hundreds of climbers try to reach the summit. Tons of rubbish is now on Mount Everest. Climate change has also led to the snow and ice starting to melt, revealing old rubbish that has been hidden for decades. This is why a major project has now

got underway to clean the mountain off thousands of oxygen cylinders, tents, climbing equipment, gas cartridges, packages and other waste. A number of waste and recycling stations are also planned along hiking trails to Mount Everest's base camp in parallel with this cleaning operation. Primus is helping in this work and is also providing financial support for the project.



Fjällräven donates clothes to the research and volunteer team "arctic fox". The research team is supplied with various clothes and equipment to compile their endeavors

to protect the life of the arctic fox. Donations from the sale of Kånken backpacks in 2012 amounted to 300 000 SEK.

Partioaita is engaged with the Baltic Sea Action Group (BSAG). The Baltic Sea is one of the most polluted seas in the world.

These threats affect the ecosystem and biodiversity of the sea. BSAG is working to restore the ecological balance of the Baltic

Sea, and is acting as an initiator and a catalyst in concrete projects throughout the whole range of problems.

WELLBEING



6. WELL BEING OF PEOPLE

A safe and healthy working environment for all employees is especially important for a global acting company. We aim to respect each individual's integrity, and do not discriminate. Encouraging a balanced life and offering possibilities for personal development are important to our culture. Our personnel policy therefore, aims to continuously promote qualifications and our employee's motivation.

OUR STAFF IN DETAIL

We are a growing company within a growing industry. In 2012, 696 people (FTE) were employed by Fenix Outdoor or any of its entities. This is an increase of 16,4% over 2011. Most staff members are working as permanent staff; only

in retail and our warehouse seasonal workers are employed. Part-time work accounts for about 17% of staff members in Europe.

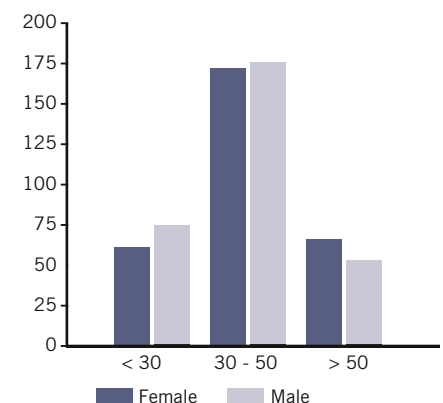
Employee loyalty is one of our foremost goals in the human resources sector. Our turnover rate in Europe is compared to the average numbers within the lower third. In 2012, 4% of our employees left the company; 39% of those were female.

The data combines European operations only. In our own Chinese operations, turnover rate is approx. 10% of which about 66% are female. Due to the small scale the data given may not be representative. The age-diversity reflects the local and regional staff mix.

Diversity is of high importance for us. We believe that a diverse team is able

to work more effective, creative and motivated. Therefore, our employee setting reflects this opinion. In relation to regional origin, gender, age, minorities, our employee structure is most likely average for the industry and reflects the local circumstances.

DISTRIBUTION BY AGE GROUP AND GENDER (EXCL. CHINA)



Distribution by Region and Gender

Europe:	496	female:	233	male:	263	plus maternity leave:	23
USA:	84	female:	43	male:	41		
China:	93	female:	25	male:	69		

Given the diversity of the organization and only having received limited information on the functional distribution of staff before the printing deadline of this report, approximately 30% of supervisory functions are held by females (including team leaders, shop keepers etc.).

In a fast changing industry like the Outdoor industry, learning is important for us and our employees. Changes and the adaption to the changing environment are a fundamental part of our daily business. We can only develop functional up-to-date equipment for the outdoor community if we as a company are able to adapt to the changing environment. Fenix Outdoor is a learning organization. That is why we want our employees to take an active part in shaping development and change processes. Collaborations in networks, working groups and specialized project teams are highly welcomed and encouraged. Through these collaborations it is possible to live a culture of open communication and team work. An average 16,5 hours per staff member were given in personal and technical training.

To look towards the future is also part of our thinking when we create job opportunities for young people. Fenix enables young professionals to start their career with a job training qualification. Our Trainee program started in 2011. In 2012 we newly recruited 2 trainees to our company, who are learning on the job in various locations and functions.

Besides this opportunity for young university graduates we offer apprentices to young people. In 2012 we had 4 apprentices at two locations.

HEALTH AND SECURITY 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. The workplace should be safe and hygienic, and we should take effective steps to prevent potential accidents and to minimize health risks as much as possible. Safety awareness should always be a priority and should be understood and implemented daily by everyone working in the factory. In our Fenix Way we have described and spelled-out a number of principles we would like to see being followed and further developed.

Based on the reports from three

entities (retail and production) a total of 1000 days were lost due to absenteeism and non-work-related injuries. No fatalities and work-related diseases were reported. Traumatic effects were found in staff members who experienced shop robberies.

OUTDOOR EXPERIENCE FOR OUR EMPLOYEES

Aiming at a good working climate and a work-life balance, which is also fruitful for effective and concentrated work in our company, is part of our philosophy. We want to build shifts and team experiences: Every year Fenix offers several possibilities for its employees to experience the outdoor 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. The trainings are offered from an expert and equipment from Brunton, Primus, Fjällräven, Tierra and Hanwag accompanies our employees on those trips. We find this a good way to get our employees in touch with the company, the brands and the values they incorporate: Loving the outdoors!



Another way Fenix employees as well as other interested people can experience nature is Hanwag's 24h walk in Bavaria. Hiking day and night, up and down the hills around Inzell, the 24h walk of Bavaria 2012 was a lifetime experience for the participant: Over 400 walkers from over 7 countries took part in that event. Hanwag employees help to organize and volunteered to make the event a great success. A total of four tours with a length of 82 kilometers were prepared for the participants. By the wayside, the two regions have presented over 30 interactive stations (for example Bavarian

dances, milking). Hence, the participants experienced outdoor and the Bavarian region.



In a similar way the Fjällräven Classic or - for those who love winter and snow - the Fjällräven Polar admire nature. Both events are organized and conducted from Fjällräven employees each year. Both treks will take interested and outdoor loving peoples as well as employees through beautiful regions. If it's the 110km Classic hiking trek along Kungsleden trail or the Fjällräven Polar, which is an approximately 300km long winter adventure across the arctic tundra. The participants will steer a dog sled all the way from Norway to Swedish Lapland. Classic and Polar give people the chance to discover how amazing outdoor life is in summer and winter likewise.

Such events enables our employees to create and take part in great outdoor experience and feel our company's spirit.

WORKING HOURS

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 our suppliers. Our wage levels are competitive and we offer several benefits to our staff. It is our principle to pay equal wages for men and women on the same functional level, reflecting experience and knowledge as well as time spent in our company. A more detailed break-down is not possible at this stage.

SELF DEVELOPMENT AND TRAINING

It is essential to our sustainability as a company that we develop and retain the highest quality workforce, at every level. Therefore, we provide training to develop the employees' personal skills, furthermore we instruct our employees in sustainability matters. We strive to

conduct performance reviews and career development meetings regularly with our employees. An average of 16,5 hours of training was provided to each staff member in 2012 irrespective of rank or status.

PENSIONS PLANS

The Group is primarily using defined contribution plans. A defined contribution plan is a pension plan under which the Group pays agreed contributions to a separate legal entity and thus has

no obligation to pay additional fees. The contribution is paid to public or privately administered pension insurance plans on the contractual basis. The contributions are recognized as pension expenses in the period in which they arise. The group has a very small proportion of defined benefit pension plans. A defined contribution plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, employment

or salary. For details refer to note 2 of the annual report

COMMUNICATION WITH EMPLOYER

Regarding the employees' rights with respect to address the Board, the company CEO is regularly present at most locations and can be addressed directly. In addition, the employees can act as individuals or through any union represented in the actual operating company they are employed with.

7. CONCLUSION

The targets set below are set on a fairly long-term basis, to 2020. Many of these targets will be broken down to more short-term goals to manage the time-span until 2020. Also the targets have different relevance for our brands within the Fenix Outdoor Group. Hence, they will be incorporated into each brand's strategic documents according to each brand's priority list. Some of the targets are nevertheless to be implemented Fenix Outdoor wide. From a risk assessment perspective, sustainability forms an important aspect in our business development. Climate change may influence market shares and product ranges in the long run. The impacts, however, will not significantly differ from those of our competitors and major other corporate actors. We envisage that through protective efforts and product innovations as well as adaptation strategies the risk can be managed. However, this does not mean that inaction and business as usual are options for the future.



DESTINATION NORTH 2020= NATURE

Goal 1: Reduce the CO₂e emissions significantly and strive for carbon neutrality latest by 2025

Goal 2: Full PFC-free production in Fjällräven by 2015; eliminate hazardous chemical by 2020

Goal 3: Increase the recycling content in main products of each brands by at least 50%



DESTINATION EAST 2020 = ECONOMIC

Goal 4: Controlled growth and responsible investments

Goal 5: apply good business ethics and compliance rules throughout the organization and supply chains



DESTINATION SOUTH 2020 = SOCIAL

Goal 6: Full audit schemes and training program for Tier 1 suppliers and beyond implemented

Goal 7: Pilot project on improved social conditions jointly with a multi-stakeholder initiative



DESTINATION WEST 2020 = WELL-BEING

Goal 8: General training on sustainability and compliance for all staff members

Goal 9: Outdoor project and volunteerism as part of staff curriculum

8. ABOUT THIS REPORT

FENIX OUTDOOR PRESENTS ITS FIRST INTEGRATED CORPORATE REPORT

The Fenix Outdoor sustainability report gives information about economic, environmental, social and governance performance. This integrated report of 2012 is based on the Global Reporting Initiative (GRI) reporting standards and the principles of the Global Compact. Reference has been made to GRI Guideline (G 3) which includes over 120 indicators. The GRI Indicators Index is attached and shows the indicators that were addressed in Fenix Outdoor's 2012 report. Our self assessment is that we apply the GRI A-level.

The employed sustainability reporting process helps us to set goals, measure our sustainability performance, and manage change in general. It is our key platform to communicate, meaning communicate positive as well as negative sustainability impacts of the companies.

SCOPE OF THE REPORT

The report takes into account the Group's companies included in the consolidated financial statements. If also suppliers are

included in the provided information this is stated clearly in the text.

METHODOLOGY OF THE REPORT

The reporting period is the business year 2012. If, at the time of publication (deadline: February 20, 2013), the final figures for 2012 were not yet available, comparable annual figures for 2011 have been used as the basis. Since not all entities were able to report in-time, representative information is given as indicated in the texts.

All major locations with 10 or more employees were covered in the past year and all shop locations in Sweden and Finland. Due to changes from the previous year, the reporting entities cover 79 % to 89 % of the Group's employees. The data collected was then projected for the entire workforce and the figures were rounded up or down. Other bases of calculation are stated separately. More than 70 % of the data given were checked internally or externally, giving a reasonable level of confidence for all information provided in the sustainability section of the report.

Transportation figures and CO₂ emission data were also supplied by travel

agencies, shipping companies and external services providers. We have fully relied on the accuracy of their data collection and checked only for plausibility.

The calculation of emissions data was based on national averages for the energy mixes, except for German locations as the actual energy mix was stated on the invoices. The fleet information was provided by shipping companies as well as fuel consumption; data on business travel was calculated based on information available internally (vehicle fleet, consumption of fuel etc.) and provided by carriers (airlines, rail).

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 date figures (December 31, 2012) unless otherwise indicated. Capture efficiency is 89%.




















GRI INDEX

Indicators		Reference page or comment	Status
1	Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization	Page 3, foreword of annual report	■
1.2	Description of key impacts, risks, and opportunities	Page 22	■
2	Organizational Profile		
2.1	Name of the organization	Page 5, 14	■
2.2	Primary brands, products, and/or services	Page 14, see annual report	■
2.3	Operational structure, including main divisions	Page 16 and annual report	■
2.4	Location of organization's headquarters	Örnsköldsvik; see annual report	■
2.5	Names of countries with major operations	Page 14/15 and note 15 in annual report	■
2.6	Nature of ownership and legal form	Private, stock-listed, Stockholm, see page 14 and management report of annual report	■
2.7	Markets served	Page 15; note 4 in annual report	■
2.8	Scale of the reporting organization	Page 23 and page 14, 15, 16	■
2.9	Significant changes regarding size, structure and ownership	N/A; none	■
2.10	Awards received in the reporting period	Product awards not mentioned in the report: see ISPO/ Outdoor awards at the respective websites	■
3	Report Parameters and Limits		
3.1	Reporting period	2012 – page 23	■
3.2	Date of most recent previous report	2011 not full report – first time reporting	■
3.3	Reporting cycle	Annually	■
3.4	Contact point for questions regarding the report or its content	Page 5	■




Indicators		Reference page or comment	Status
3.5	Process for defining report content	Page 7,8	■
3.6	Boundary of the report	Page 23	■
3.7	Limitations on the scope or boundary of the report	Page 23	■
3.8	Basis for reporting in joint ventures, subsidiaries, and other entities	All entities consolidated or > 50% ownership are reported	■
3.9	Data measurement techniques and the bases of calculations	Page 23	■
3.10	Re-Statements of information provided in earlier reports	N/A; first time reporting	■
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	N/A; first time reporting	■
3.12	GRI content index	Page 23 ff.	■
3.13	External assurance for the report	N/A; no assurance for the GRI report	■
4	Governance, Commitments, and Engagement		
4.1	Governance structure and responsibility for sustainability	Page 5	■
4.2	Independence of the chair of the highest governance body	Page 15 and Management Report in annual report	■
4.3	Details of organizations that have no unitary board structure	Page 15	■
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Page 17; legal according to Swedish Law; the nature of the corporation is described in the introductory section of the annual report	■
4.5	Linkage between compensation for members of the highest governance body and the organization's sustainability performance	N/A; not implemented yet	■
4.6	Processes in place to ensure conflicts of interest are avoided	See: Compliance Guideline - not mentioned in this report	■
4.7	Qualifications and expertise of the members of the highest governance body concerning sustainability	N/A; CSO appointed to guide Board	■
4.8	Internally developed statements of missions or values and codes of conduct	See: Fenix Way page 5, 6, 7	■
4.9	Procedures of the highest governance body for overseeing the organization's management of economic, environmental, and social opportunities and risks	Legal requirements	■
4.10	Processes of evaluating the highest governance body's own environmental, economic and social performance	N/A; not implemented yet	■
4.11	Implementation of the precautionary approach	Page 5, 22	■
4.12	Externally developed initiatives to which the organization subscribes or endorses	Page 7	■
4.13	Memberships in associations	Page 7	■
4.14	List of stakeholder groups engaged by the organization	Page 7	■
4.15	Basis for identification and selection of stakeholders	Page 7	■
4.16	Approaches to stakeholder engagement	Page 7	■
4.17	Response to key topics and concerns of stakeholders	Page 7; in progress – see survey results	■
	Economic Performance Indicators Management Approach		
EC1	Direct economic value generated and distributed	Page 16	■
EC2	Financial implications and other risks and opportunities of climate change	Page 22	■
EC3	Coverage of the organization's defined benefit plan obligations	Page 22	■
EC4	Significant financial assistance received from government	None	■
EC5*	Range of ratios of standard entry level wage compared to local minimum wage	Not sufficient data	■
EC6	Policy, Practices, and proportions of spending on locally-based suppliers	For the day-to-day operations, all Fenix entities purchase in the most efficient and effective way from local suppliers; production-related purchase is organized centrally by each brand but may include local suppliers (e.g., of materials). A local supplier for one entity may be an overseas supplier for the other	■
EC7	Procedures for local hiring	Aiming to hire the best staff members – irrespective their origins	■
EC8	Infrastructure investments and services provided primarily for public benefit	N/A; no such investments	■
EC9*	Significant indirect economic impacts	Page 22	■
	Environmental Performance Indicators Management Approach		
EN1	Materials used by weight or volume	Page 12	■
EN2	Percentage of materials used that are recycled input materials	Page 12	■
EN3	Direct energy consumption by primary energy source	Page 9 Gas is purchased only at two locations; invoices are issued as kWh see also EN 4	■

Indicators		Reference page or comment	Status
EN4	Indirect energy consumption by primary energy source	Page 9 Data given are in kWh and calculated based on national averages or specific disclosure of energy mix used on the invoice; disclosing joules did not deem to be of material interest to stakeholders rather the CO2e was perceived as being important	
EN5*	Energy saved due to conservation and efficiency improvements	Page 10	
EN6*	Initiatives to provide energy-efficient or renewable energy based products and services	Page 10	
EN7*	Initiatives to reduce indirect energy consumption and reductions achieved	Page 10	
EN8	Total water withdrawal by source	Page 10	
EN9*	Water sources significantly affected by withdrawal of water	Page 10	
EN10*	Percentage and total volume of water recycled and reused	Page 10	
EN11	Land in, or adjacent to, protected areas	N/A; all sites are in industrial or city areas	
EN12	Significant impacts of services on biodiversity	"0"	
EN21	Total water discharge by quality and destination	Page 10	
EN22	Total weight of waste by type and disposal method	Page 11	
EN23	Total number and volume of significant spills	No spill reported	
EN24*	Weight of transported, imported, exported or treated waste deemed under the terms of the Basel Convention	"0"	
EN25*	Effects of discharges of water on ecosystems	Since all discharges are treated, N/A; page 10	
EN26	Initiatives to mitigate environmental impacts of products	Page 11	
EN27	Percentage of products sold and their packaging materials that are reclaimed	Page 11	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	No fines; no sanctions	
EN29*	Significant environmental impacts from transport	Page 10	
EN30*	Total environmental protection expenditures	2225 TSEK	
	Labor Practices and Employment Management Approach		
LA1	Total workforce by employment type, employment contract and region	Page 20	
LA2	Total number and rate of employee turnover by age group, gender and region	Page 20	
LA3*	Benefits provided to full-time employees	No major difference in treatment: staff uniform in certain retail shops are provided to permanent staff only	
LA4	Percentage of employees covered by collective bargaining agreements	26 % (SE)	
LA5	Minimum notice periods regarding significant operational changes	According to contractual agreements (various) and legal requirements	
LA6*	Percentage of total workforce represented in formal joint management-worker health and safety committees	According to legal requirements (33 %)	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Only absolute figures, page 22	
LA8	Measures in place to provide assistance regarding serious diseases	Training, education as necessary	
LA9*	Health and security topics covered in formal agreements with trade unions	As negotiated: safety, eye examination, health training (back pain)	
LA10	Average hours of training per year per employee by employee category	Page 21	
LA11*	Programs for skills management and lifelong learning	Page 21	
LA12*	Percentage of employees receiving regular performance and career development reviews	N/A; data not available by reporting deadline	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	N/A; – see annual report; to be reported in 2014.	
LA14	Ratio of basic salary of men to women by employee category	It is a corporate rule to pay equal payments on each functional level. deviations are possible due to age and company-loyalty but independent from gender, status or minority group etc.	
	Human Rights Management Approach		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	No such agreements	
HR2	Percentage of suppliers and contractors that have undergone screening on human rights	Random; 25%; 80% according to CoC provisions	
HR3*	Employee training on policies and procedures concerning human rights	Scheduled 2013	
HR4	Total number of incidents of discrimination and actions taken	3 cases reported; disciplinary action	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at risk	Yes; 1 own operation, 4 supply chain operations	

*Additional indicator

Indicators		Reference page or comment	Status
HR6	Measure taken to contribute to the elimination of child labor	Code of Conduct	
HR7	Measures taken to contribute to the elimination of forced or compulsory labor	Code of Conduct	
HR8*	Security personnel training concerning human rights	N/A; security personnel only does access controls	
HR9*	Incidents involving human rights of indigenous people and actions taken	"0"	
S03	Employee training in organization's anti-corruption policies	Scheduled 2013	
S04	Actions taken in response to incidents of corruption	Page 18	
S05	Public policy positions and participation in public policy development and lobbying	N/A; not allowed according to CoC	
S06*	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	"0"	
S07*	Legal actions for anti-competitive behavior	No incidents reported; legal actions against counterfeit activities	
S08	Fines for non-compliance with laws and regulations	"0"	
	Product Responsibility Management Approach		
PR1	Life cycle stages in which health and safety impacts of products are assessed	Various stages, depending on product (development, use, after-use)	
PR2*	Incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	2 reported incidents; documentations were provided to authorities	
PR3	Type of product information required by procedures	Page 19; diverse requirement re. use for food, composition of materials etc. – as stipulated in various laws by market countries	
PR4*	Incidents of non-compliance with regulations and voluntary codes concerning product information and labeling	1 case reported; rectified in 2012	
PR5*	Practices related to customer satisfaction, including results from surveys	N/A; surveys are not undertaken; communication is done via Facebook and other media	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing and communications	Marketing Guideline	
PR7*	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	"0"	
PR8*	Substantiated complaints regarding breaches of customer privacy and losses of customer data	"0"	
PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	"0"	

*Additional indicator

Legend/Color Code  Reported  Not of relevance or commented indicator (in Index only)  Not yet reported N/A – not applicable



Statement GRI Application Level Check

GRI hereby states that **Fenix Outdoor AB** has presented its report "CSR Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 March 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

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