

XXL

ALL SPORTS UNITED

XXL ASA SUSTAINABILITY REPORT

2018





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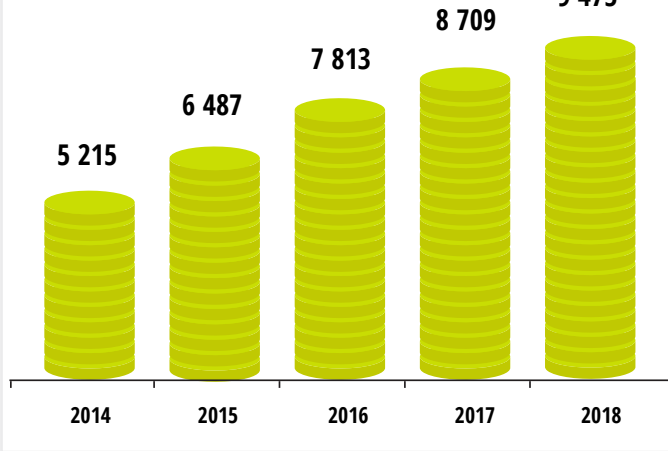
All images taken by XXL employees.

XXL HIGHLIGHTS 2018 - SUSTAINABILITY

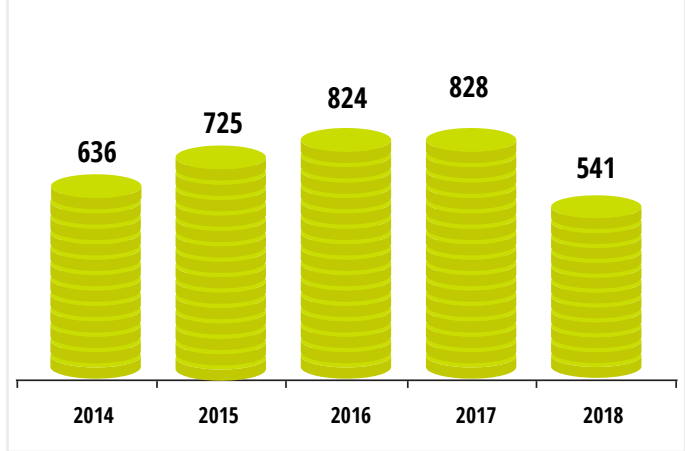
	EXTENDED COOPERATION WITH THE LABOUR AND WELFARE ADMINISTRATIONS NAV AND ARBETSFÖRMEDLINGEN
	COMPLETED UPGRADE TO LED LIGHTING IN ALL STORES GAVE MORE THAN 30 PER CENT LOWER CONSUMPTION COMPARED TO OLD TECHNOLOGY.
	INCREASED USE OF ENVIRONMENTALLY FRIENDLY MATERIALS IN PRODUCTS AND PACKAGING.
	COMMENCED IN TOTAL 104 ON SITE FACTORY AUDITS, PRE-SHIPMENT INSPECTION OF 260 PURCHASING ORDERS AND 93 INTERNAL CONTROL AUDITS.
	XXL CHILDREN'S FOUNDATION DONATED 5000 SLEEPING BAGS TO MORIA REFUGEE CAMP ON LESVOS, GREECE.
	EXTENDED INSPECTION AND FOLLOW UP OF PRODUCTS MADE WITH RAW MATERIALS OF ANIMAL ORIGIN.
	CLEANER TRANSPORTATION AND RENEWABLE ENERGY TO REDUCE ENVIRONMENTAL IMPACT
	OUR PLASTIC SHOPPING BAGS NOW CONTAINING 80 PER CENT RECYCLED MATERIALS GENERATED 2.5 MNOK TO XXL CHILDREN'S FOUNDATION
	EXTENDED WORK ON PHASING OUR HAZARDOUS CHEMICALS.
	INSTALLED FIRST THREE SOLAR POWER PLANTS ON ROOFTOP OF OUR STORE FACILITIES.
	REORGANIZATION OF TRAINING AND EDUCATION OF ALL EMPLOYEES.

XXL HIGHLIGHTS 2018 – FINANCIALS

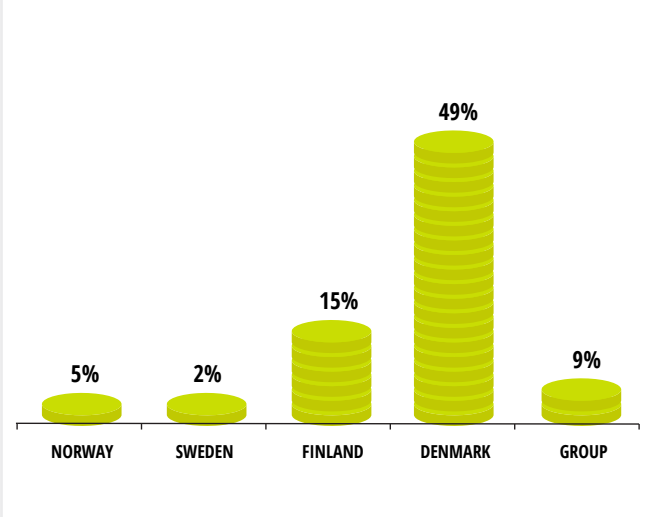
OPERATING REVENUES
(Amounts in MNOK)



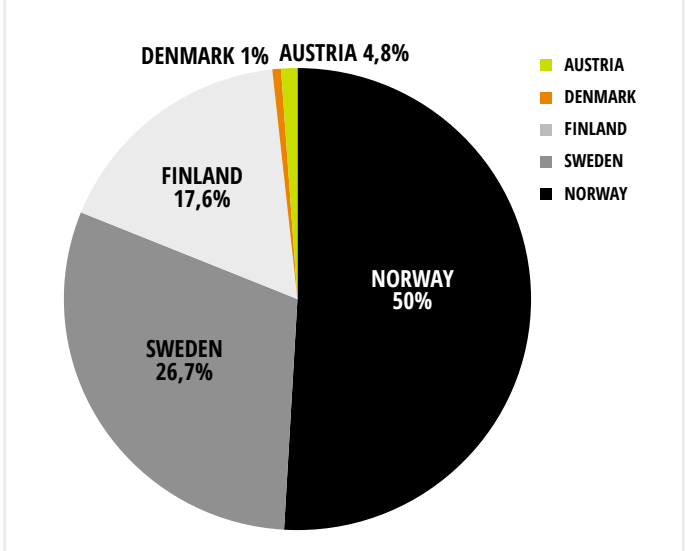
EBITDA
(Amounts in MNOK)



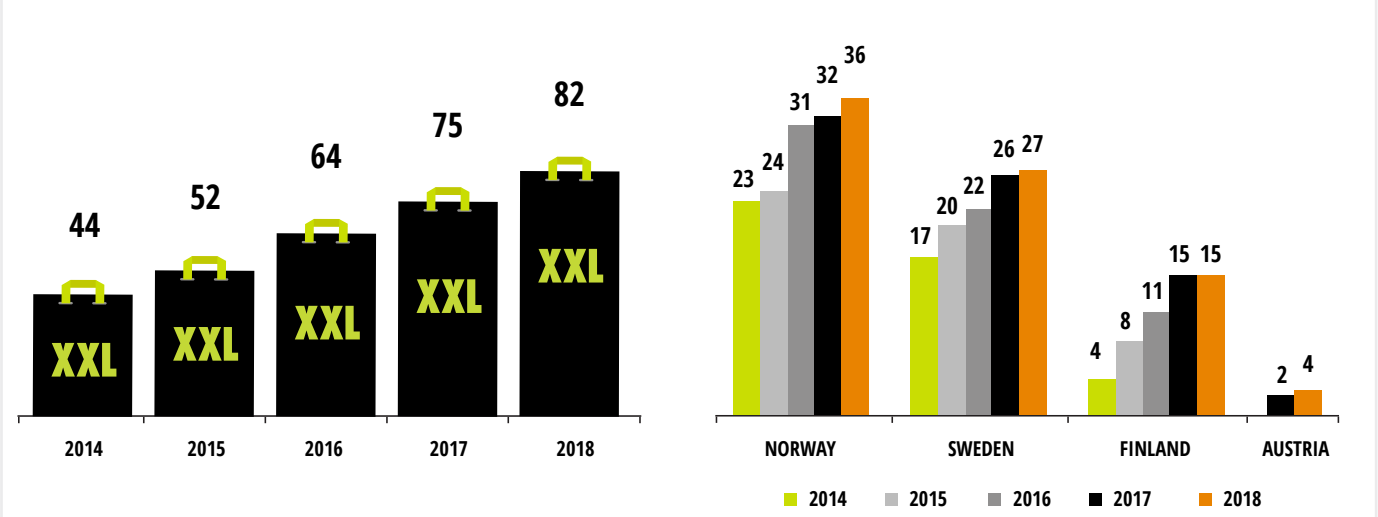
GROWTH BY SEGMENTS
(NOK)



REVENUE SPLIT



NUMBER OF STORES



XXL CORPORATE RESPONSIBILITY

XXL stores are places where people can find a broad assortment of products making it a winning concept for sport enthusiasts in the markets where we are represented. As a leader in the retail industry of sporting goods XXL not only recognize the moral commitment to set high standards of sustainability work, but we also see a clear trend for consumers expectations for sustainable products. Especially for young people trend analytics shows that companies responsibilities are more and more important and sustainable long lasting quality products are demanded by a larger group of our guests. As 20 per cent of the population in Norway defines corporates responsibility issues as a important case they let them selves impress and excite from, 30 per cent of the young population say the same. This confirms our belief that there is a positive relationship between being a sustainable company and making profitable business and also setting the premises for the future market and consumer behavior.

Our commitment to operate with responsible and ethical corporate and business principles and doing so in accordance with the European Commission's and national laws and regulations stands stronger than ever before. We look at our responsibilities to protecting people and environment not only as a necessity, but also as a major competitive advantage.

The public perception of the XXL brand is fundamental for the Group's consecutive growth. While public awareness and regulatory control bodies as the European Commission provides greater transparency in the corporates activities the XXL reputation amongst stakeholders could suffer and risk severe consequences if we fail to maintain high standards of product integrity and quality. At the same time, our reputation as a pioneer in sustainability work in the sport retail industry may be jeopardized if we fail to maintain high ethical, social and environmental standards for all of the groups operations and activities. XXL is all about the people, and our sustainability work is both closely related to our employees and direct depending on all our stakeholders to succeed.



Opening a new XXL store in Bryne, Norway is a big happening both for our guests and XXL employees.

As a multinational retailer with a huge range of brands in our portfolio XXL relies on a wide range of third parties in our global business. Key factors to a successful sustainability work are traceability and transparency throughout our supply chain. For all suppliers, importers and producers in addition to other partners we have established a Supplier Code of Conduct requiring ethical and sound business and what we expect from our relationships. The Code of Conduct is a core element in our business strategy and is a crucial part of the selection process of suppliers and other partners.

XXL has provided a collection of documents made available through our web channels containing all requirements, regulations and policies related to compliance for our product range. The Code of Conduct and Corporate Responsibility Guidelines forms the foundation for the Group's Sustainability work. Employees and group's executive management team are trained in the Code of Conduct and the Corporate Responsibility Guidelines. These procedures are adopted by the Board of Directors. Investor Relations department manage the daily corporate responsibility work while the executive management is addressing sustainability issues on a running basis and holds an annual review of the materiality analysis of the defined relevant aspects of the group. The Board of Directors has the superior responsibility and the policies are evaluated and revised continuously.

Every employee is responsible for adhering to XXL's principles for sustainability which are sent to all employees when they have been revised. The operating standards are published internally on servers accessible for all the employees who is also committed to the principles set forth in the operating standard through their employment contracts.

When employees experience issues related to sustainability it can be reported directly to Investor Relation Department. If detected early, XXL has better chance of addressing corrective actions at an early stage. XXL has established an internal system for whistle-

blowers, and employees that become aware of irregularities and do not want to report them through normal channels can do so.

SPREADING THE WORD!

We have for several years been reporting continuously the matters of Corporate Responsibility including both achieved goals and what remains to be done. In 2018 we started several projects to get more visibility and attention on our sustainability work. Credibility is achieved over time through both transparency and activities by reporting and highlighting both our strengths and weaknesses.

XXL looks to the latest practice of the Global Reporting Initiative's (GRI) guidelines (G4) at the accordance level "Core". The latest section of this report shows our GRI Index rating. This is the Group's fifth sustainability reporting. Information and performance in this report have been selected based on the sustainability aspects deemed to be relevant to XXL's operations. All entities in XXL, as stated in the consolidated financial statements, are covered by this report.

The daily sustainability work is governed by the Investor Relations department with the following contact details:

Mr. Arve Sehl

Regulatory Affairs & Sustainability Manager XXL
+47 24 08 40 00
environment@xxl.no

XXL SATSER PÅ



Fornybare energikilder



Redusert CO₂ fotavtrykk



**Miljøvennlige og
resirkulerte materialer**



Redusert emballasje



**Overskudd til XXL
Children's Foundation**



Dyrevelferd



LED-belysning

Les mer på xxl.no

CEO COMMENT

XXL is all about people – customers and employees are the foundation of the XXL eco system. Our employees are meeting our customers everyday with passion and enthusiasm as specialists in their field. Retail is changing fast and more than ever before XXL needs to adapt by innovations and inspirations.

As a leader in the retail industry of sporting goods XXL recognizes the moral commitment to help sustain the natural environment but also the opportunity to influence and set standards of excellence. XXL defines corporate responsibility as achieving commercial profitability in a way that is consistent with fundamental ethical values and with respect for individuals, the environment and society. We believe there is a positive correlation between being a sustainable company and doing profitable business.

In 2018, XXL focused on improving the key aspects of the sustainability work taking into account different stakeholder's views. XXL has worked on improving the efficiency in the distribution of goods including using all stores as pick-up and return stations and by monitoring third parties that we use for transportation.

The group increased the amount of recycled waste by 3 percentage points in 2018 resulting in both lower costs and CO2 emissions. During the year, XXL has done several pilot projects on circular models in order to give products new life in the form of reuse or material recycling. XXL has implemented measures to reduce the use of unnecessary plastic packaging and increase the use of recycled material in both products and packaging. This is also a contribution to lower the amount of waste and limit the use of virgin raw materials.

Our shopping bags now contain 80 per cent recycled material compared to 50 per cent a year ago. In 2018 the surplus from the sale of shopping bags amounted to around NOK 2.5 million, funds that were transferred to the XXL Children's Foundation. On short notice, XXL Children's Foundation decided to donate 5,000 sleeping bags to the refugees at the Moria camp on Lesbos, Greece. To handle the project in the best possible way Médecins Sans Frontières together with Bring took care of the distribution, quality and security of the project.

The energy mapping project has been completed and all stores have converted to LED technology reducing electricity consumption by 30 per cent compared to old lighting technology. In 2018, we completed the installations of our first three solar power plants on rooftops of three Finnish stores. The project gives reduced costs in addition to renewable power electricity.

We have commenced major changes in the area of education and training of employees in 2018. The strengthened cooperation with the Norwegian Labour and Welfare administration and Ministry of Labour and Social Affairs resulted in a record high 142 new employment contracts. By doing sustainable business we believe XXL could be an even more attractive employer and a more cost efficient and streamlined company over time leading to additional competitive advantages.

Tolle Grøterud
CEO

OPPORTUNITIES AND RISK

Doing sustainable business helps building a reliable and strong brand. Trend analyzes show that consumer behavior is changing as a growing part of the population considers themselves to be consumers who actively take into account ethics and sustainability. While 20 per cent of the population in Norway deliberately choose companies that take social responsibility actions, 30 per cent of the younger population do the same. The risk of not meeting the stakeholders expectations can result in a weaker position in the market. On the other hand there is also a great opportunity to succeed if we make early efforts to strengthen our position as a leading sustainable sport retailer in the markets that we operate.

XXL will improve the market position by satisfying the demand from our guests with respect to product quality, transparency, human rights and healthy lifestyle products. Efficient logistics also provide synergies in, among other things, benefits such as less use of disposable plastic packaging, less waste, reduced consumption of energy and materials in operations, which in turn provides cost efficiency. In accordance with the Code of Conduct sustainability issues are integrated into the Group's daily operations and contribute to greater focus inside our operation and amongst our partners.

Our centralized business model and control over the value chain give us a good position to govern risk, adapting fast changes and most importantly the opportunity to and advantage of choice. We choose the products, locations of the stores, logistics and transportation, partners and suppliers and we could affect them or even change them. We have our own system for waste management in our stores and central warehouses, to choose safe products, to inspect and monitor our transportation partners and way of transportation chosen and to look into the production process of our

suppliers. As we expand our business we both have the responsibility and power to influence the sport retail industry to a more sustainable business in the markets that we operate and furthermore pushing public awareness and demand for sustainable products and production.

This also draws the line to a larger scope where XXL is a part in the global symbiosis of trade and attention should be drawn towards climate change in general. Important areas where XXL already has made changes are reduced energy consumption and transformation to more renewable energy sources. Another area is product transportation where reduced packaging volume and transportation methods in addition to effective and cost efficient transportation systems, clear requirements to forwarders and shipowners and producers worldwide give positive correlation between sustainability and cost efficiency. Reduction of disposable plastic packaging and virgin raw materials with transformation to raw materials of reused or renewable sources in addition to substitution of substances with negative effect on health and environment are driving the attention on macro-perspective factors for climate change.

If we look at the day to day business in our stores, waste and energy reduction promote further opportunities of reducing waste disposal, less CO2 emissions and cost efficiency. The process of energy consumption mapping has taken a great leap forward and we have changed lighting to LED technology in all stores. We are in the last phase of testing out an EOS/SD system for automated control of energy consumption, heating and ventilation and are expecting large savings. Energy mapping in Sweden has been performed and we have started fixing deviations, develop better routines and systems for follow-up.

On the other hand a project with a waste sorting system has not turned out as expected, and new initiatives have been made for better sorting and cleaner fractions of waste in our sales areas.

The project taking a fee from all sold shopping bags transferring the profit to XXL Children's Foundation has continued. The combined effect reducing disposable plastic bags at the same time generating money for charity has been a tremendous success and a large sum has been transferred to XXL Children's Foundation which has been able to once again increase their donations and activities. The plastic bags themselves have also been improved, now containing 80 per cent recycled plastic resulting in less use of virgin raw materials.

The Environmental requirement framework made available to all our suppliers, producers and importers has been maintained and expanded with new elements over the last year. The framework is based on the European Commission laws and regulation and function as requirements to secure product safety and assess supplier value chain for all products and services the Group makes available in the consumer market. The framework is governed from a centralized position inside the company and has always been developed with the groups future expansion in the European markets on mind.

XXL manages potential risks of significant adverse environmental effects by integrating XXL's way of doing good business, the Code of Conduct, in the daily work and by working with established procedures and processes for environmental work. The Board of Directors supervises the daily management and the activities and risks of the company in general. XXL's risk management and internal control is an integral part of all daily business activities and are integrated in the business planning processes and corporate strategy. The day-today risk management is placed on the business segments and governed by the executive management team. The Board of

Directors ensures that the CEO uses proper and effective management and control systems, including systems for risk management. The internal control systems encompass the company's corporate values, ethical guidelines and corporate social responsibility.

Retail is undergoing significantly changes and XXL will exploit all the technological opportunities arising from this transformation. Initiatives related to improving the value chain and the omni-channel offering will be utilizing automation, machine learning and big data usage. In this respect XXL is committed to have a clear data protection strategy fully aligned with international legislations. By doing so XXL believes the results could be a more cost efficient, streamlined and sustainable company with competitive advantages in the industry.

The Group uses several tools to support the environmental requirement framework, risk assessment and the internal control system.

For more information about Corporate Governance and risk, please see the section Corporate Governance in the Annual Report.

DIALOGUE WITH OUR STAKEHOLDERS

XXL aims at maintaining a good financial position with a commitment to the environment and a solid social engagement, making the Group a sustainable company with focus on economic, environmental and social aspects. It is a long lasting, continuous, improvement process where we address our different stakeholders. This work rests on strong shared values and a belief that every stakeholder is equally important and by welcoming the opinions of many different groups XXL could excel and enhance its own business practices throughout the value chain and across the industry.

▶ GUESTS

Key concerns: Product safety, healthy lifestyle, working conditions in production, transparency, climate change, waste, suppliers and brands, charitable giving, privacy and data security.

Activities to address these issues: Customer service in stores, online and through social media, information in marketing material and product guides, product labels and descriptions in stores and online, local adaptation and variation of the product range in the stores, information on security policy and data protection and storage systems.

▶ SHAREHOLDERS AND OWNERS

Key concerns: Long term profitability, corporate governance, integrated and strategic sustainability work, monitoring of ethics in the value chain, anti-corruption

Activities to address these issues: Annual review by the Board of Directors of governance and sustainability, meetings with shareholders and sustainability analysts, participation on conferences, response to investor questionnaires on sustainability issues.

▶ EMPLOYEES

Key concerns: Leadership, motivation and bonus schemes, working environment, opportunities for training and professional development, business ethics, waste management, energy efficiency, diversity.

Activities to address these issues: Performance reviews and appraisals, coaching, motivation training, extensive product testing, Code of Conduct and guidelines for business ethics, focus on energy reduction opportunities, annual sustainability reporting.

▶ SUPPLIERS

Key concerns: Product safety, responsible sourcing, social responsibility, climate impact, anti-corruption, transportation

Activities to address these issues: Audits, frequently gathering feedback and new product reviews from store management and employees, reviews submitted from customers, agreements with all suppliers referring to compliance with sustainability laws, and practices XXL's Supplier Code of Conduct is always a crucial part in the discussions when selecting suppliers.

AUTHORITIES

Key concerns: Climate change, emissions, anti-corruption, labor practices, product safety, waste, public health, sector growth and contributions to the macro economy, privacy and data security.

Activities to address these issues:

Meetings with authorities and politicians, cooperation with governmental bodies like labor, environmental and welfare authorities, labor unions, responses to public enquires, supervisory inspections, participation in seminars and lectures, information security policy and data protection and storage systems.

OTHER ORGANIZATIONS AND MEDIA

Key issues: Social responsibility, responsible marketing, climate change, product safety, waste, transportation and packaging, healthy lifestyle.

Activities to address these issues:

Participation in product testing by third parties, meetings with partners and other organizations, partnerships in networks and trade organizations, commitment to UN Global Compact, contributions to local and international society through charitable fund



MATERIALITY REPORT



DEFINING MATERIALITY

XXL’s materiality analysis identifies the aspects that the executive management considers to be of greatest impact to the organization and of the greatest concern to stakeholders. The Group importance dimension was established in a workshop in the executive management of the company. This is evaluated yearly and also tested out on a selected group of employees holding positions in different parts of the organization. The concern of our stakeholders is an ongoing evaluation process where we collect inputs on a running basis, for example from surveys or through investor meetings and roadshows.

Going into 2019 we consider to move the privacy and data security to important significance of economic, environmental and social impact due to minimized risk after implementing measures to comply with the General Data Protection Regulation (GDPR) At the same time we will consider to lift prevent corruption and fraud to very important influence on stakeholders view.

By addressing the key issues of our stakeholders we ranked the different aspects of our sustainability work.

Our key aspects are:

- Environmental impacts with respect to transportation, waste and electricity consumption
- Assessment of our suppliers
- Training and education of our employees
- Product safety
- Privacy and data security
- Community engagement

IDENTIFICATION OF APPROPRIATE KEY PERFORMANCE INDICATORS

According to GRI 4 we need to review one performance indicator for each material aspect we have identified. We will elaborate on this in separate sections for each aspect using the GRI Index (see the last section of the report for our full ranking of the GRI Index).

MANAGEMENT APPROACH

The sustainability work reflects a growing interest amongst stakeholders towards the Group's social and environmental impacts. Risks and opportunities for the organization are systematically managed as described earlier. A brief summary of how we manage the sustainability work related to each material aspects will be discussed under the section for such relevant aspect. All entities in XXL, as stated in the consolidated financial statements, are subject to these aspects.

PLOGGING – TRAINING WITH A PURPOSE

- Combine your run with picking up trash! With plogging you help get yourself and the environment in better shape.
- News stories about fish, birds and other animals with their stomachs full of plastic garbage have become common in our day.
- The consequences of plastic pollution are grave – if nothing changes the oceans will contain more plastic than fish by 2050.
- If every one of us contributes to make less trash end up in nature, we can prevent these grim predictions from reality.

PICK UP TRASH WHILE YOU GET YOUR WORKOUT IN

Plogging is one great way to contribute.

Plogging originated in Sweden, is made up of the words pick up and jogging, and is the act of picking up trash while you are running. This way you are getting in shape while preventing trash from ending up in the stomach of some poor animal. As an added bonus your local community becomes nicer with less trash on the ground.

To get started with plogging, all you need is a pair of running shoes, workout clothes and a trash bag and some gloves, so you don't have to touch the trash directly with your hands.



CREATIVE WAYS OF PLOGGING

Bring your friends and make it a group effort. To make it extra fun and challenging you can organize a plogging relay or add strength exercises between picking trash. Not a fan of running? Pick up trash while going for a walk instead!

At XXL we support actions that have a positive effect on the environment and climate, such as plogging, and we encourage both employees and our customers to join the plogging movement.

Nobody can do everything, but everybody can do something!

ENVIRONMENTAL IMPACTS FROM OUR OPERATIONS

It is a fact that reduced energy consumption goes hand in hand with profitability. The environmental impacts from the operations of XXL spin around transportation of goods, waste management and use of electricity in our facilities. Our aim is always to reduce the energy need, to improve and to be efficient.

1. TRANSPORTATION

We have outsourced the transportation of goods to third parties and they have their own ambitions and policies of sustainability and targets to reduce their emissions. We monitor their work closely. Bring/Posten Norge is the most important logistics partner to XXL. We have studied their 2017 annual sustainability report where they comply with the GRI 4 Core level. We appreciate the effort they are doing with respect to reducing the emissions of their vehicle fleet by focusing on eco-driving, alternative fuels, fill rates, optimizing the routes, continuously updating the fleet and collaborations with green partnerships. They use diesel produced from renewable sources for heavy transport and by establishing their own filling facilities and using HVO at existing commercial filling stations they have over 470 trucks running on fossil-free diesel. Bring had the first vehicle in the world to meet the Euro 6 standard. The average age of the fleet is around 2 years and over 91 per cent of the vehicles meet the Euro 6 emission standard. The remaining fleet meet Euro 5. Bring has implemented speed reduction as standard on all new vehicles and as of today 650 trucks have speed-limitation which improves both environmental aspects and safety. The share of transport by railways was 61.3 per cent on routes with possible railway transport. In 2017, Bring reduced their CO₂ emissions by 47 per cent compared to 2008 level and is already 7 per cent ahead of their 2020 target.

CENTRAL WAREHOUSES

XXL has established two central warehouses, one in Norway and one in Sweden, both placed strategically with respect to delivery routes, main roads, railways and airports. The use of central warehouses saves a lot of transportation by taking over transportation directly from suppliers to the stores. As a consequence fewer vehicles are on the road. In 2018 around 80 per cent of the goods were delivered through the central warehouses. We have a centralized logistics department working on streamlining the transportation and distribution network in order to reduce the distances, optimizing loads, cargos and scheduling. The Norwegian Post has introduced climate-neutral services packs, meaning that products ordered from our online site will be sent by rail where possible else it will be compensated by purchases of climate quotas.

We will continue to work on more efficient logistic solutions and new technologies for transportation both saving the environment and costs.

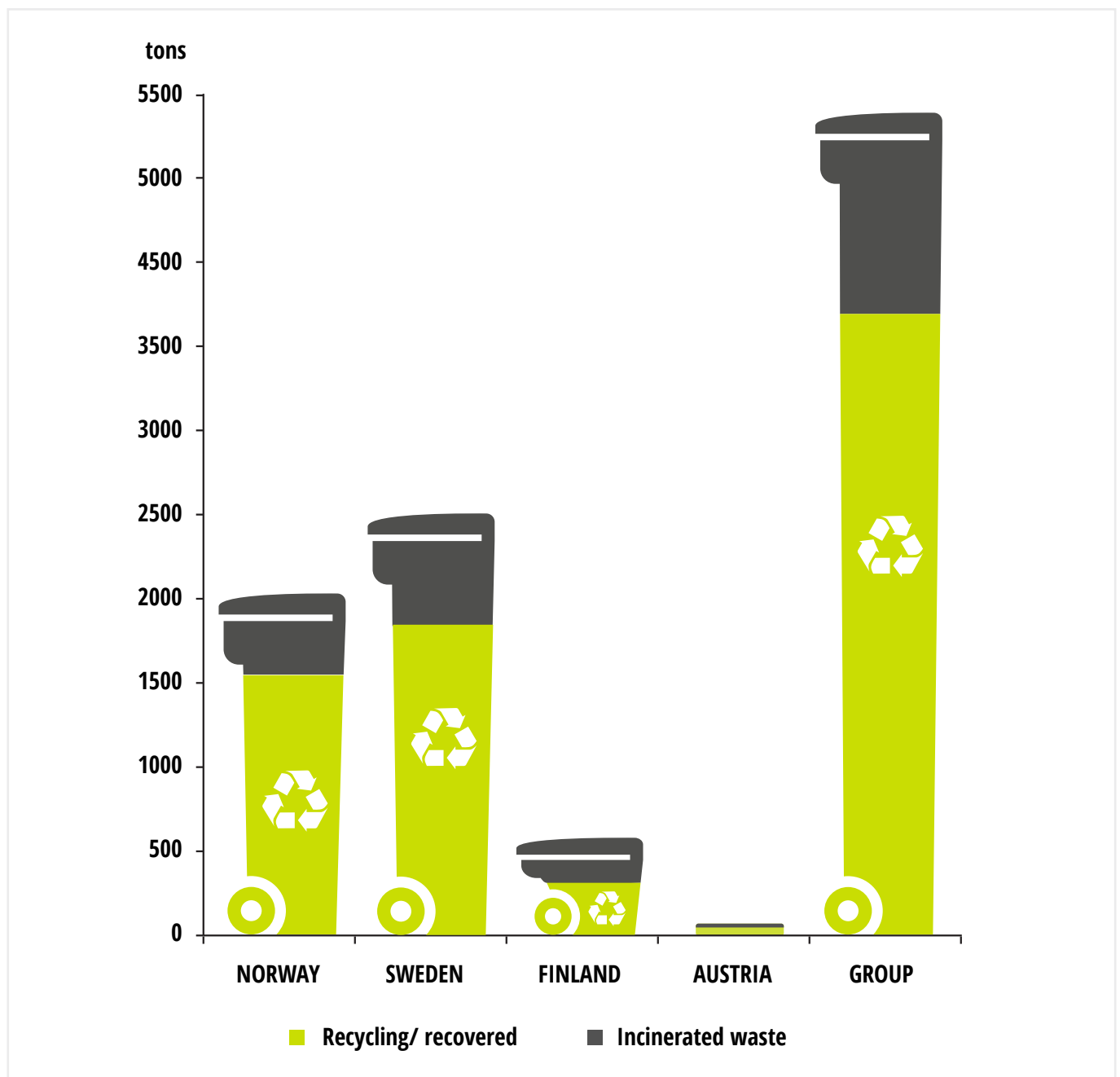
ONLINE SALES

Online sales contribute to an increasing part of the sales in XXL. We favor the choice for the customers of picking up the products in one of our stores as this is a free shipping alternative. In this way we could coordinate the freight of the online order with goods delivered directly to the stores from the central warehouses. For 2018 the pick-up rate in XXL group has increased from around 25 per cent to around 35 per cent.

2. WASTE MANAGEMENT

XXL aims to minimize waste and maintain high recycling rates in our warehouses and stores. There are in general two main waste components in the XXL chain, namely packaging (cardboards and paper) and combustible waste (wood and pallets mainly). The first is recovered and recycled in full, the second is categorized as incinerated waste. In total 69 per cent of the waste in the group is categorized as packaging, 27 percent is categorized as combustible waste whereof 19 per cent woods and pallets and biodegradable material, and only 8 per cent municipal solid waste. The rest comprises miscellaneous where plastic (recovered and recycled) is around 2 per cent and electrical and electronic waste is around 1 per cent. XXL has also a very small amount of hazardous waste(declared and delivered to approved recycling facilities)

The figures include all our locations and facilities, meaning all our stores, the two central warehouses and headquarter and office facilities.





PRODUCER RESPONSIBILITY

For 2018 around 73 per cent of the total waste of the group was recycled, a 3 percentage points increase compared to 2017. Working to reduce waste is a matter to reduce both the environmental impact but also to save money. XXL has membership in organizations for producer responsibilities for packaging, EEE and batteries and support many local initiatives in the communities we operate in by donation of complaint and returned goods.

Electronic waste (EE labeled) could be delivered in our stores. We have recycling routines and sell used packaging and cardboards to specialist partners. In Norway XXL has a membership in Norsirk (collecting electrical and electronic devices and batteries for recycling) and similar in other markets.

MOTIVATION FOR RECYCLING

There are two main motivation factors for our group to recycle waste. Firstly we have a stated goal of reducing waste to lower our environmental impact. A well functioning recycle system and reporting is important to succeed with our goal, but equally important is the work done with products and packaging even before production starts. XXL use our position and market power to influence producers and importers to minimize packaging and use recycled and renewable material in products and packaging if possible.

The second motivation factor is reduced cost. Less waste, recyclable materials and a high recycling factor will affect the cost of waste handling dramatically.

CIRCULAR ECONOMY

In 2018 we piloted more circular economy projects. Both with our recycling partner in Norway Norsk Gjenvinning and with our supplier Bergans we commenced new initiatives with material recycling and reuse of old products either turned in to us by claim or by our guarantees. Both of these projects will be continued in 2019.

NEW STORE CONCEPT

In 2017 XXL launched a new version of the store concept together with the first XXL stores in Austria. Included in this concept are new recycling stations for the customers and employees. XXL also established a new waste solution for all the service points, with enhanced focused on chemical treatments, a so-called five point collection station. Lastly we introduced digital price tags, which we later in 2017 also implemented in all Swedish stores. This allows for significantly lower volumes of cardboards and paper tags in the stores, saving both the environment, time spent of the task of changing prices and in the end costs. For 2018 we have increased focus on reusing old store material for new store openings.

WASTE REDUCTION

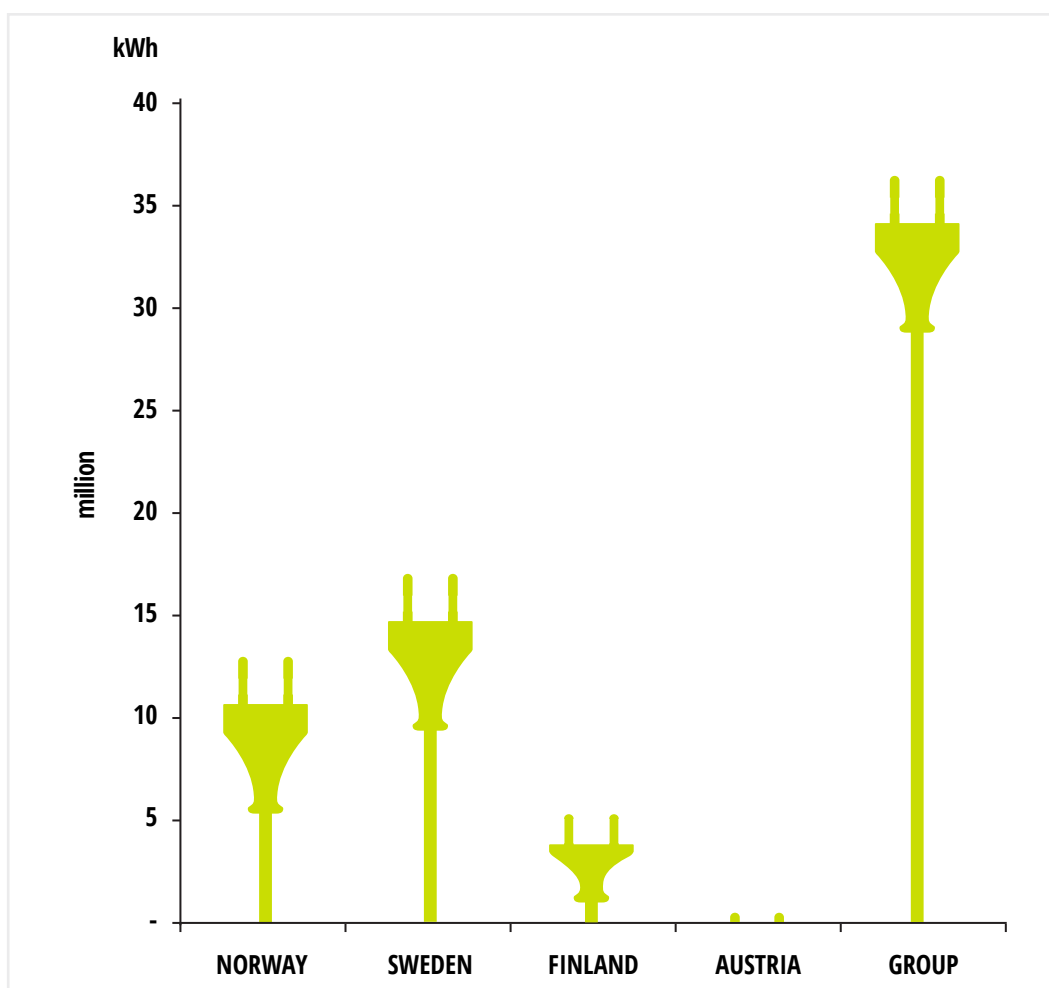
We will continue to work on reducing the amount of waste, focusing on increasing the recovery rates even further, and creating a recycling economy. A dedicated position is in place in all countries coordinating storage routines including new initiatives to reduce waste. In Norway we signed a new contract for renovation and waste which immediately improved the recycling rate.

In 2017 XXL started to take a fee on plastic shopping bags in all countries. This has resulted in a significant drop in the volumes of shopping bags by around 30 per cent. The project also raises funds to XXL Children's Foundation. For 2018 a total of NOK 2.5 million was transferred to the fund due to this project.

For 2019 XXL will intensify the effort to reduce the amount of plastic in packaging, increase the use of recycled material and reduce the amount of packaging material in general by inviting suppliers to take part in this project. XXL will also contribute to activities like plogging- and beach clean-up events through different activities and marketing campaigns.

ELECTRICITY CONSUMPTION

XXL has established a centralized electricity agreement with the third party company Hafslund for delivery of electricity to all our facilities in Norway and some in Sweden. They have their own stated sustainability ambitions and policies that we monitor closely. The energy production already has a high portion of renewable energy, based on hydropower plants, waste heat from the incineration of residual waste and deliberate use of other renewable energy sources. Hafslund has a stated goal of increasing its production of renewable power even further and the share of fossil oil and gas used in production was 2 per cent in 2018. The target is a full phase out of fossil oil. For other facilities not covered by the contract with Hafslund, the electricity is part of the rental agreement. More specifically for our central warehouse outside Oslo, we have a contract with Dalkia (Veolia) for heat delivery. The heat is generated using a wood chip fired boiler, i.e. "green" energy as a base using ineffective wood parts (branches, roots etc.).



The total electricity consumption for the year 2018 in the XXL Group splits as follows:

The figures above include all our locations and facilities, meaning all our stores, the two central warehouses and headquarter and office facilities. For those stores that are not part of the centralized electricity agreement we have made assumptions and calculations based on estimates from an average store.

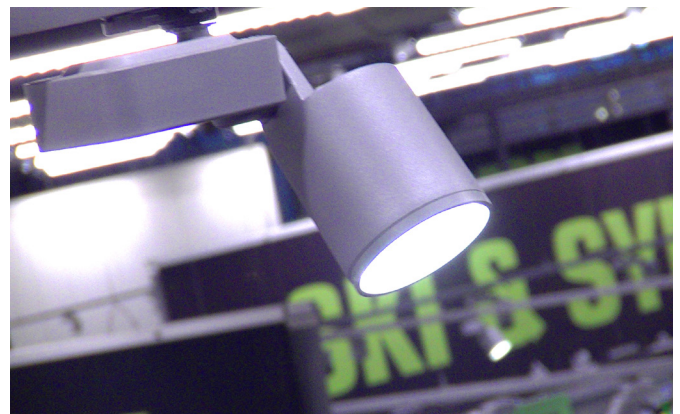
In a way of further reducing the electricity consumptions we started a project in 2015 of changing the lighting in all our stores in Norway to more efficient solutions using LED-lights. We extended this process even further by entering an agreement with the Norwegian company Termoenergi Norge AS for mapping of energy conservations plans for our stores. This is deducted in close cooperation and support from the organization Enova and began in the spring 2016. In a three years plan we will upgrade all our Norwegian stores accordingly based on initiatives such as installation of energy monitoring systems, change procedures and training of personnel, automatic control units for light control, upgrade to LED-lights, implementing operation centrals for heating, ventilation and fancoils and upgrading to heat pumps where not able to use teleheating networks. We have seen significant energy consumption savings in upgraded stores over time, all of them have above 30 per cent lower energy usage after the upgrade. For 2017 we commenced a similar mapping of energy conservation plans for all our stores in Sweden and will over time start to upgrade the stores also here. All new stores from now on are built according to the new store concept that we introduced in Austria and LED-lighting is a part of the construction manual in this concept.

RENEWABLE ENERGY

In 2018 XXL installed the three first Solar Power Plants located on the rooftop of store facilities in Lielahiti, Lappenranta and Espoo in Finland, and two more are in the pipeline for installation early 2019. We are continuously working to extend the use of solar power plants in more stores

and different markets. The solar power gives us significant cost benefits and an improved rate of renewable energy. In addition the project will yield more efficient electricity usage as the solar power panels have an insulation effect in the winter time and a reflective effect in the summer leading to less electricity usage overall.

We are working with our landlords on constantly improving energy efficiency and environmental friendly solution. Increasing the number of charging stations outside our stores for guests with electric cars is an example of this. In both our central warehouses we have built robotic inventory storage and handling systems called Autostore. This is highly optimized and saves a lot with respect to use of internal trucking.



MINIMIZE ENVIRONMENTAL FOOTPRINT

Every part of our operations impact the environment. Environmental issues are integrated into day-to-day work in stores, logistics and offices. We are working on reducing the amount of business travel and encourage our employees to use alternatives like video conferencing. This is also a way to further reduce costs. Employees must specify the reason and purpose for each travel ordered via the online booking system at the travel agency for better control and monitoring. There is a major focus on improved energy efficiency and on minimizing waste throughout the organization as it also saves costs. XXL is committed to minimizing its environmental impact and makes all reasonable efforts to reduce the use of resources such as energy,

water and raw materials. Our key climate measure is to improve the energy efficiency of all parts of the organization.

According to GRI we are obliged to distribute our green house gas (GHG) emissions into three different scopes. As the Group do not produce any goods directly nor own any transportation, we do not have anything to disclose under Scope 1. GHG emissions, under Scope 2, energy indirect emissions, relate to outsourced transportation and electricity bought from third parties. Under Scope 3, other indirect GHG emissions, we disclose information on business travel.

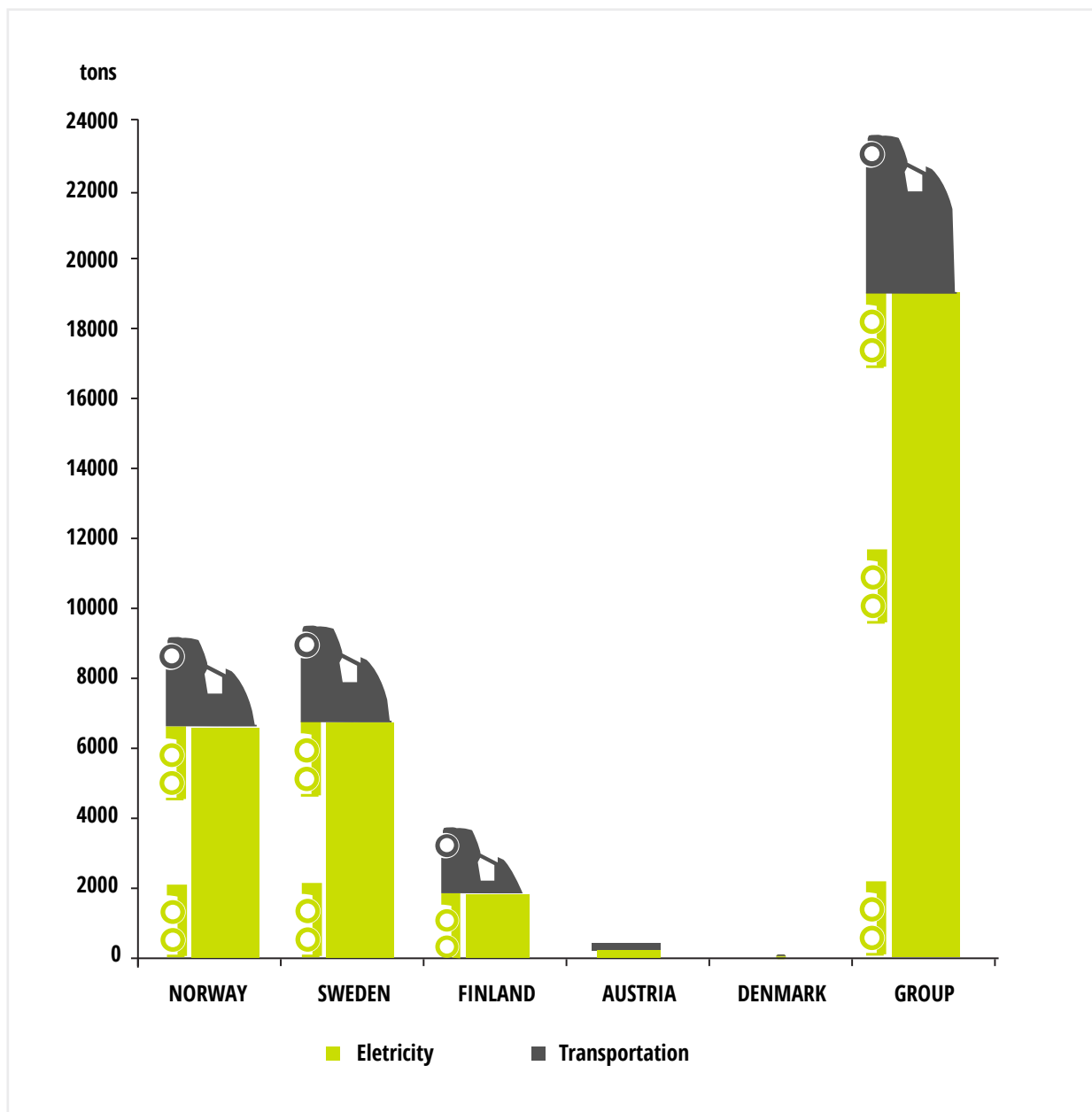
GHG EMISSIONS (CO2 EQUIVALENTS)

Scope 1

None

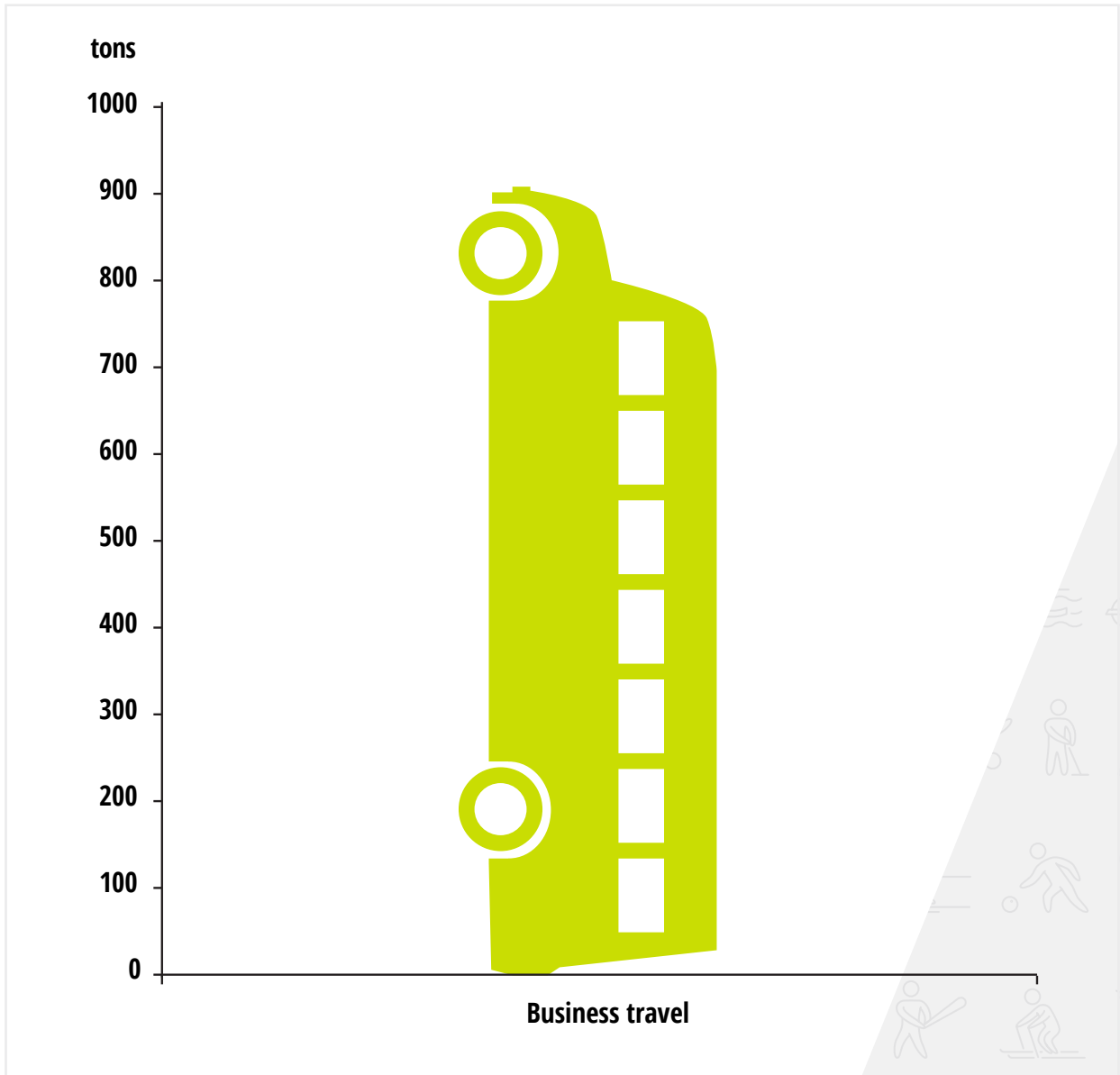
Scope 2

ELECTRICITY AND TRANSPORTATION:



Scope 3

BUSINESS TRAVEL:



The figures above include all our locations and facilities, meaning all our stores, the two central warehouses and headquarter and office facilities. For those stores that are not part of the centralized electricity agreement we have made assumptions and calculations based on estimates from an average store. Transportation only includes our outsourced transportation between our central warehouses and our stores and not the transportation the suppliers commence directly to our stores. For business travel, only travels by air are included.

AN EXPERIENCE OF THE MONGOLIAN WORK AND EVERYDAY LIFE.

In our 2017 report we told about the Tova slippers sold at XXL helping to create a better livelihood and oppourtunities for more than 100 Mongolian families. In 2018 XXL together with Tova sent 9 of our employees to Tovas factory in Darkhan, Mongolia to get their own impression of the production and sharing their experience and knowledge with all our Tova ambassadors in XXL.



“My name is Daniel Byh and this is my ay story from the Mongolia trip we did with Tova and XXL.

We arrived in Mongolia and was received with a warm and friendly welcome. The founders of Tova took our group of XXL employees by bus to the center of Ulaanbaatar before we went on to the national park which is a bit outside the city. Once there we got the first taste of the Mongolian culture when we stayed overnight in a Ger. Here we got the chance to meet the families who lives there all year round, taste the food and get an impression of their everyday life. We also went out on horseback ride to experience the beautiful nature. The next day we returned to the city to visit the National History Museum, eat the Mongolian barbecue and travel by train via the Trans-Siberian Railway north towards the city where Tova’s factory is located, Darkhan.

Arriving the factory we got a presentation of how a Tova slipper is made, had lunch with the workers and played a volleyball match together with them. After that, we had the opportunity to make our own



slippers step by step. I probably would not have been able to imagine the incredible craftsmanship, strength and patience required to make a pair of slippers. The employees at the factory were incredibly helpful and patient with us throughout the process and wanted to be everywhere and show us how to do it. After a good day of work, we went out to a river with all the staff and their families for a picnic. There was even more volleyball, tasty food and a little Frisbee and football. Everyone in the group where asked if we wanted to spend the night with one of the families this evening. My Finnish colleague Jani and I of course took this opportunity and where picked up at the factory later at the end of the day.

In the family's Ger we were invited to a traditional supper. After supper we took a drive uphill to get an overview of the city with all the lights before we got back to the Ger to spend the night before it was time to say goodbye and return back home to Sweden.

It is difficult to describe in words what has been the most impressive experience from this trip, but the first thing that comes to mind is the warmth and kindness from the Mongolian people when we arrived. To see with your own eyes how the slippers we sell in our stores back home can create so much happiness and support for such wonderful people make me extremely proud. Tova has started such a fantastic project that now helps over 100 families for a better life, the chance for education and fair wages and proper insurance that we in most western countries take for granted. I have nothing but great admiration for Tova's founders Ingar and Margunn who opened their hearts, gave us an unforgettable journey through Mongolia and created a company where people have the chance to create a future!

I would like to thank both Tova and XXL for the opportunity to participate in an adventure that I will never forget!"

Daniel Byh.
XXL Sport och Vildmark Karlstad, Sweden



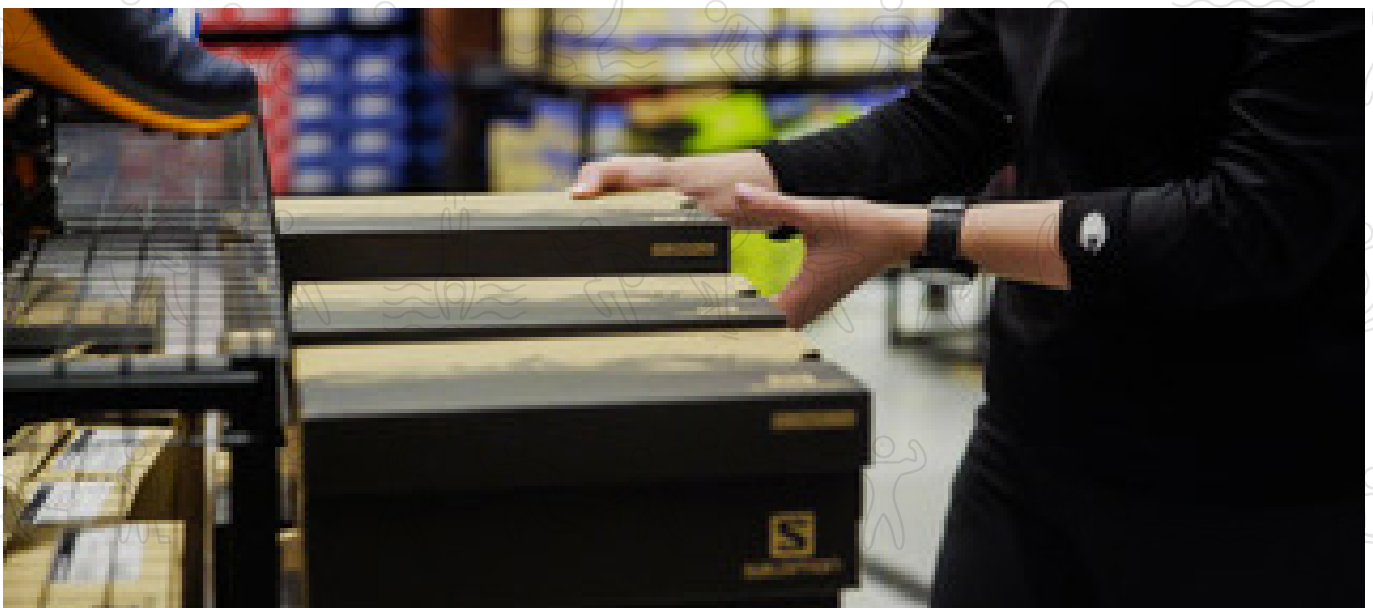
SUPPLIER ASSESSMENT

XXL stores and online marketplaces are supplied with consisting of well known brands and some private label products. In 2018, only around 7 per cent of XXL's total operating revenue was related to merchandise sold by XXL under private labels. As a result, the Group is dependent on third party manufacturers delivering on quality standards and the Group's requirements regarding good labor and manufacturing practices and compliance with applicable laws and regulations.

A significant portion of the Group's sports equipment and sports attire is manufactured in markets outside the countries where the Group has operations. XXL needs to be aware of where the products come from and under what conditions they were manufactured. XXL does not accept discrimination, child labor, infringement of the right to organize and collectively bargain, corruption or other failures to comply with human rights. This is clarified in the Group's Code of Conduct and in the Supplier Code of Conduct. XXL's requirements are based on the Universal Declaration of Human Rights, the Convention on the Rights of the Child, the base code of the Ethical Trading Initiative (ETI) and the International Labour Organization's core conventions.

THE FOLLOWING ETI BASE CODE PRINCIPLES ARE UNDERTAKEN:

- ▶ Employment is freely chosen
- ▶ Freedom of association and the right for collective bargaining are respected
- ▶ Working conditions are safe and hygienic
- ▶ Child labor shall not be used
- ▶ Living wages are paid
- ▶ Working hours are not excessive
- ▶ No discrimination is practiced
- ▶ Regular employment is provided
- ▶ No harsh or inhuman treatment is allowed



WE HAVE FURTHER IMPLEMENTED SOME PRINCIPLES WHICH SUPPLIERS SHOULD FOLLOW:

- ▶ Comply with national and international law
- ▶ Own production should not harm marginalized populations
- ▶ Environmental impact shall be considered throughout the value chain
- ▶ Discharge permits shall be obtained where required
- ▶ Hazardous substances and waste must be carefully managed
- ▶ Water usage should not be excessive
- ▶ Due consideration for animals welfare shall be ensured through the whole value chain
- ▶ Bribery, corruption and fraud, or attempts thereof, is prohibited
- ▶ Improper benefits or favors offered to any public official or any other third party is unacceptable
- ▶ Hospitality may be offered if there is a legitimate business purpose involved and the cost is kept at a reasonable level
- ▶ Hospitality or gifts shall not be offered or received in situations of bidding or negotiations
- ▶ Travel expenses for the individual representing XXL shall be paid for by XXL
- ▶ In general, gifts to XXL representatives shall be avoided. Gifts shall be of insignificant value
- ▶ Comply with competition regulations, and not be involved in illegal price cooperation or market sharing
- ▶ We will do our utmost to avoid buying from countries, industries or companies where there is broad international agreement to boycott. We expect our suppliers to implement a similar policy
- ▶ XXL deeply deplore shipping companies practicing the so called "beaching method" for ship breaking and strongly advice our forwarders and suppliers to use shipping companies with a responsible ship breaking policy.

XXL requires that manufacturers, importers and suppliers of products to the XXL distribution chain works actively with their own internal environmental Work. That includes a clear strategy related to reducing their operations environmental impacts from production and other activities. All our new supplier agreements have included the XXL Supplier Code of Conduct. In addition we commence a deep due diligence of all new suppliers with respect to environmental criteria, labor practices, human rights and their general impacts on the society in large. This also applies for all other partners we cooperate with and their collaborators both upstream and downstream in the value chain and also when signing significant investment agreements or contracts.

ENVIRONMENTAL REQUIREMENTS

XXL has established a framework of environmental requirement (XXL ER), containing requirements and other specifications for orders placed by XXL. The framework has two parts, legislations and chemical restriction list, and is available for all suppliers online. The supplier should ensure compliance to laws, legislations and regulations, EC directives and guarantee that all products delivered to XXL comply with the requirements included in the XXL ER document. It is XXL's responsibility to inform supplier, supplier's responsibility to inform sub-supplier involved in the production chain, about requirements in the XXL ER and assure that they comply with it. All suppliers are obligated to perform necessary tests and ensure their product meet XXL ER. The tests should be performed at accredited laboratories at their own expense. Producers, importers and suppliers are responsible for collecting

and distribute mandatory product information to downstream users. Deviations from the requirements results in products that can not arrive at the XXL warehouse until necessary documents and test result are approved by XXL in writing. XXL also reserve the right to cancel or claim orders if products or tests do not comply with the XXL ER.

FACTORY AUDITS

All our buyers and purchaser are instructed to make an audit when visiting production facilities of our suppliers. Key parameters to look at constitute factory licenses and relative document check, production capacity and procedure check, product testing, child labor, pollution, worker protection and security check. In addition we cooperate with a local agent in China which also commence local audit of factories for us. In total around 104 such fabrics and site audits were commenced in 2018 without any major violations. If violations of the Supplier Code of Conduct are detected with a supplier a concrete plan will be established. The first time a supplier violates the contractual requirements depending on the level of deviation, they generally get a second chance to correct the problem. We will not continue to work with them if a serious offence is repeated and we will then terminate the contract. Serious violations of the requirements will result in immediate termination of contract or quarantine for delivering goods to XXL.

THIRD PARTY AUDIT AND CONTROL

XXL is working closely with a trusted partner, a Norwegian third party with long experience of building own brands and controlling the manufacturing chain. Our partner in all related communications and meetings with suppliers work systematically to develop an understanding of the importance of the social, environmental safety, quality requirements and sustainability.

The partner is following the changes on the EU and Norwegian regulations and directives due to new substances restrictions or updated limitations. The changes related

to their products are updated in their requirement book, as well communicated with manufactures and the actions are discussed. The partner has a system for starting-up a new supplier, it is selected very carefully by communicating with supplier, physically visiting the factories by few persons from partner's company, building the trust in relationship, evaluating the work conditions, workers safety and other things related to Code of Conduct. Before starting business, every manufacturer need to pass ethical audit which is performed by an independent third party audit company. The ethical audit is based on ETI base code. It evaluates various aspects like freely chosen employment, freedom of association and the right to collective bargaining, no child labor, no discrimination, no harsh or inhumane treatment, safe and hygienic working conditions, adequate wages. The ethical audits are performed according the SA8000 standard or Sedex (SMETA). The Code of Conduct is discussed and signed by all suppliers/ manufacturers. The need for improvements are identified, corrective action plans analyzed. Better working conditions, decent wages, health and safety in factory are always discussed with the suppliers.

QUALITY CONTROL

Our partner performs quality controls and bulk samples are tested if they meet partner's quality assurance standard. The requested tests depend on the type of product. Additional check is done by making physical and chemical tests in their own internal laboratory. This year some more testing equipment was bought. The human health and environmental safety are evaluated and tested when necessary. The restricted substances list is followed. The products are controlled if they are occupied with necessary documentation (test reports, certificates where applicable, certificates of origin). Most of materials used in products are Oeko-tex certified. Partner is allowed to inspect during production at any time. This is either by partner's personnel or third party inspection company operating on behalf of our company. Every shipment is inspected and

the inspection report is evaluated. AQL 2,5/4.0 major/minor general inspection level II is base for the inspection if nothing else have been informed. The defects found during inspection are removed or replaced by new products. If the amount of defects exceeds the AQL major/minor limit, then the time is given to producer for making additional internal control for 100 per cent production and to improve products or replace defected ones. After a given term the inspection is repeated. In 2018 our partner arranged 99 pre-shipment inspections (260 purchasing orders) by using independent third party inspection companies (95 inspections) and by making inspections by their quality management team (4 inspections). The goal was reached and 100 per cent of our partner's shipments were inspected.

The pre-shipment inspections act as prevention of shipping unacceptable quality products or products with wrong barcodes or cartons marked incorrectly and other issues.

NEXT STEPS

In 2019 they plan to work closer with suppliers on ethical trade, improvements on working conditions, health and safety. As well they work on environmental parts of products and they are going to phase-out the fluorides (PFOA) and will be following the newest information about substances. This can help to preventively reduce health and environmental risks from chemical substances. A ban of PFOA, as well as hundreds of substances that can be reduced to PFOA, will come into force by EU regulations by 2020. XXL has initiated an early start of phasing-out products containing PFOA and is achieving good progress in meeting the 2020 regulation. PFOA and related substances will be regulated under Annex XVII of the REACH directive and implemented in phases starting from 4 July 2020.

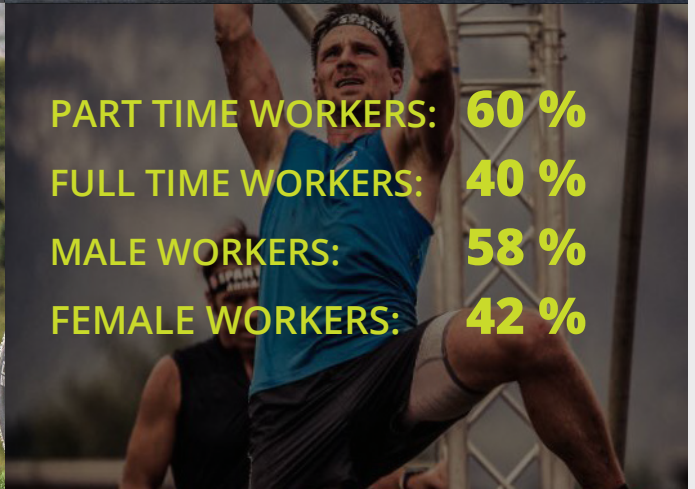
Around 800 supplier contracts, containing the most important suppliers, have the new agreements with reference to our ethical standards and Code of Conduct. We will continue to implement the new contracts with more suppliers in the coming period.



Currently XXL is also working on an extended and new supplier contract with even more requirements related to sustainability issues and product safety. We also have a clear ambition to increase the number of supplier inspections and audits.

XXL has implemented a Purchasing Manual to serve as a tool for our purchasing department where all relevant requirements for each product category are listed and described. In addition the XXL Requirements for bikes and XXL Requirements for fitness & training equipment have been implemented to our documentation of requirements. In 2017 we also implemented a new standard for buying where certain product groups require an approval by the XXL quality assurance team before order can be placed to suppliers.

There has also been implemented an internal ban of treated articles which sort under the regulation of biocidal treated articles including substances e.g. Triclosan, Benzalkonium chloride, Silver and more. Treated articles can under no circumstances be brought into distribution at XXL without special approval. In connection by seeking such approval, the supplier must provide a valid MSDS stating the chemical composition and concentration (chemical name and CAS RN) of the antibacterial compound.



TRAINING AND EDUCATION OF EMPLOYEES

XXL is all about our people. Highly motivated employees are a must for the future success of the Group. XXL has a unique and strong corporate culture with shared values and goals.

We believe that the recruitment, knowledge and training of our employees, and the consistency and quality of the service they deliver are key factors to the Group's success. XXL emphasizes deep product knowledge for store managers, sales managers and sales associates at both the hiring and training stages. XXL primarily recruits employees with considerable knowledge and interest in sports and/or outdoor activities and believes that the opportunity to specialize within an area of interest helps attract and keep the best employees, facilitating in-depth knowledge and expertise.

STORE MANAGERS

Each XXL store has a store manager who is responsible for efficient store operations, including recruitment and retention of store employees. Store managers are evaluated

and incentivized based on variables within their control mainly sales and operating costs, but are also guided to increase customer satisfaction and employee retention, and not cost of goods sold, marketing expenses or other factors controlled by the Group administration.

DEPARTMENT MANAGERS

Further, in addition to the store manager, each store has six department managers, one for each of the product categories. The in-store sales managers are operational in the store and reports product information directly to the purchasing and marketing managers responsible for the same product category. All sales associates are connected to one of the product categories and have in-depth knowledge of the products in that category.

The hunting product has a dedicated weapon manager, and the skis & bikes product category has a dedicated service manager.



E-COMMERCE

On the E-commerce side, the operational set-up is very similar to a single store with category managers responsible for daily sales with in-depth knowledge of the products in that category. The incentive scheme is also the same as for a store and they should also report back to the purchasing and marketing managers as well. We believe we have established a strong, performance based culture throughout the organization. The core values and objective of the culture revolve around customer satisfaction and cost consciousness and thereby maximization of the Group's profits. Competent and motivated employees are crucial to maximizing satisfaction for our guests.

FOCUSED TRAINING

We offer training at three levels.

- Academy courses
- Product training
- Local training

Academy courses are designed for leaders and employees working full time in XXL, covering culture, leadership and sales. We offer product courses in every sector in cooperation with our suppliers. Sales managers are responsible for offering training a few times a year according to change of seasons. Finally local training is provided in own stores or departments. We also try out "road shows" in order to offer training at work place.

In 2007, we built our own training facility called Camp XXL in the Norwegian forest of Finnskogen. We have transformed Camp XXL into a modern conference center. In 2018, we expanded our capacity and can now offer 86 beds and a wide range of training facilities. To reduce flights and to lower CO2 emissions and other negative impact on the environment we have established training facilities in all operating countries.

ORGANIZING OF TRAINING

In order to offer the same training in all countries we have established task force training and appointed head trainers responsible for different Academy courses. The staff of trainers are mainly XXL leaders who has training as additional responsibility. Our trainers meet on regular basis to discuss and develop content and to improve their presentation skills.

TRAINING PROGRAMS

We offer three levels of leadership training. Basic leadership is entry level focusing on our leadership principles defined in our concept. Second level is practicing the principles on a hiking trip. Third level is our Talent Store Manager program. This program lasts for two years. First year is five workshops focusing on self-insight, coaching, effective teams, strategy and change management. Second year is participating in projects and training. We give priority to recruiting leaders from own ranks and more than 50 per cent of those who have completed have been promoted. Also, we have launched a leadership program for leaders not working in stores.

MOTIVATION

Benchmarking is widely used, both within the Group and compared to our competitors, as a tool for motivating employees. XXL stimulates internal competition through measuring and publishing sales statistics. The competitive element is further strengthened through different performance based incentive systems to generate increased sales and profitability. For example, all permanent store employees working at least 40 hours per month may obtain a bonus based on the achievement of the department they work in, or for warehouse workers and cashiers, a bonus based on the overall results. To further motivate the fighting spirit, we have introduced motivation training. This is directed towards our best sales employees, to motivate

and build a strong sales culture, passion for XXL and with focus on our core values. Each year 120 employees are part of the program, divided into three groups of 40 each.

CODE OF CONDUCT

The Group has established several policies related to its sustainability work, including the Code of Conduct focusing on human rights and an anti-corruption manual. The Code of Conduct applies to all employees and members of the Board of Directors and provides a framework for what XXL considers to be responsible conduct and defines the individual responsibilities through a combination of broad principles and specific requirements.

Failure to comply with this code results in disciplinary action. Managers will through their actions demonstrate the importance of compliance. Leading by example is critical. The Code of Conduct, the anti-corruption manual and human rights procedures are natural themes on our store managers meetings. We also present this theme on gatherings for sales leaders to further spread the importance of complying with the code.

The nine core values are the guideline for XXL employees both in strategic and long term decisions as in the daily work and relationship with guests, business partners and colleagues. In general all employees and members of the Board of Directors shall comply with public laws and internal requirements, act in the best interest of XXL and with integrity in their activities for XXL. We strive to promote an open corporate culture that fosters interaction and is based on the core values.

THE OPERATIONS OF XXL ARE BASED ON THE FOLLOWING NINE FUNDAMENTAL CORE VALUES:

- ▶ Focus on results
- ▶ Enthusiasm
- ▶ Hard work
- ▶ Quality
- ▶ Punctuality
- ▶ Sobriety
- ▶ Justice
- ▶ Openness
- ▶ Helpfulness

The nine core values are the guideline for XXL employees both in strategic and long term decisions as in the daily work and relationship with guests, business partners and colleagues. In general all employees and members of the Board of Directors shall comply with public laws and internal requirements, act in the best interest of XXL and with integrity in their activities for XXL. We strive to promote an open corporate culture that fosters interaction and is based on the core values

THE FOLLOWING PRINCIPLES ARE IMPORTANT PARTS OF OUR POLICIES:

- ▶ Respect for human and labor rights as described in international conventions. XXL is committed to respecting fundamental human and labor rights both in our own and internal business and in our relations with business partners, suppliers, guests and others who are directly affected by the company's activities. We work systematically with important issues as non-discrimination, the right to privacy, the right to negotiate, employment contracts, protection against harassment and management-employee collaboration.
- ▶ XXL will strive to achieve a vision of zero harm to people, animals, the environment and society and work purposefully and systematically to reduce the environmental impact. The Group's products and services will always be subject to strict requirements in terms of quality, product safety, sustainability work, animal welfare and impacts on personal health and the environment.
- ▶ We do not tolerate any form of bribery or corruption and expects store managers and procurement officers to promote a strong anti-corruption culture in their department. We have implemented separate guidelines concerning gifts and events and a policy on Anti-Corruption.
- ▶ Our marketing and advertising materials will be accurate, truthful and in compliance with applicable laws. XXL does not tolerate any agreement on price fixing, market sharing or other activities that limit free competition.
- ▶ XXL promote good work and standards in our value chains. We have implemented a Supplier Code of Conduct with standards and expectations to this matter.
- ▶ Money laundering is not tolerated by XXL and should an employee observe activities which may indicate that money laundering is, or has been, taking place in connection to our activities, the employee should without delay report the concern to the manager. The same rules apply to arrangements with the intent to speculate in no-detection of illegal or disloyal avoidance of taxes, customs or other duties.
- ▶ Every employee is encouraged and has the right to report on possible censurable incidents. Notification is beneficiary because it offers an opportunity to implement corrective action. A colleague willing to make a report is an important resource to the company.



WHISTLE BLOWING ROUTINE

In 2018 XXL has handled a few cases due to inquiries as a result of the routine, which highlights that the measures that were implemented were necessary and that the system works as intended.

Sexual harassment consists of unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:

- ▶ submission to such conduct is made a term or condition of employment;
- ▶ submission to or rejection of such conduct is used as a basis for employment decisions; or
- ▶ such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, offensive or hostile work environment.

Forms of sexual harassment can include, but are not limited to, the following:

- ▶ verbal harassment, such as unwelcome comments, jokes, or slurs of a sexual nature;
- ▶ physical harassment, such as unnecessary or offensive touching, or impeding or blocking movement; and
- ▶ visual harassment, such as derogatory or offensive posters, cards, cartoons, graffiti, drawings or gestures.

HEALTH, ENVIRONMENT AND SECURITY

In 2017 XXL further strengthened its work on the field of HSE. In 2018 we have put the new system to the test. We have experienced that the stores daily HSE work has been following planned schedule and has functioned as expected. However we see that the centralized functions for follow-up and maintenance of the system is ineffective and time consuming. Although it is well functioning, we have experienced that we can get positive effect of future development of the HSE system.

In 2017 XXL in Sweden completed training for all store managers and safety representatives ("Skyddsombud") in all stores on HSE related rules and regulations. This education includes laws that cover the working environment, the managers' role and responsibilities, organizational and social work environment and ergonomics. Continuous training and education has been performed in order to maintain a high level of HSE work in our stores in 2018. In addition to our annual education and surveys, and due to unfortunate events our priority for 2019 is to review and update our routines and policies regarding our psychosocial work environment.

XXL is a large youth employer. In Norway we cooperate with the Norwegian Labour and Welfare Administration (NAV), and in Sweden with the local employment offices (Arbetsformedlingen) where we have stores, on recruitment of new, enthusiastic employees. We have introduced a project where we offer internship for those who are on rehabilitation, public insurance schemes or other unemployment arrangements. The internship contract is temporary but with a clear ambition of a permanent employment contract. In 2015 we introduced this system to all our stores in Norway. In 2018 we set a new record in 142 new employments from this initiative. This year we have further strengthened the cooperation with the Ministry of Labour and Social Affairs by signing a national letter of intent with the Norwegian Labour and Welfare Administration (NAV)

There has also been followed up last years initiatives with academic day's for all local representatives working with this initiative with mental health at work as the topic in collaboration with NAV. All stores have their own employee in charge of recruiting persons from NAV and to give them training, competence and motivation. XXL is very pleased and proud of all the new employees recruited through this system.

Going forward we will focus on implementation and education to raise awareness and understanding of our sustainability work. Risks should be responded to with the adaptation and implementation of local requirements to ensure that such risks are managed according to our ethical standards. We will revise our policies when needed and always respond quickly to concerns raised by our employees with the ambition to improve.



XXL Retail Director Anders Kjellén represented XXL on kick-off for the Governments inclusion project 2018

SERVICE AND REPAIR – GIVES PRODUCTS RENEWED LIFE

Most products has a limited lifetime, but regular service and maintenance prolong the life of the product and is a key factor to consumer satisfaction.

Each XXL store has a fully equipped workshop and in total XXL serviced over 62,728 bikes and 101,114 skis in 2018. Adjustment and service on bikes are not only an additional sale, but are required to keep a bike running. Preparation and grinding of skis are also important elements for our guests before using the new product.

Our professional gunsmiths can handle all types of weapon craftsmanship from fine adjustments to the artistry of custom-built rifles. Accurate fit, adaption and adjustments can be the difference between success and failure in a competition or hunting situation.

All our sport departments are equipped with state of the art skate grinders making the experience of skating a true delight for beginners to professionals. Sport department also offers racket stringing according to the consumers specifications and needs.

Shoe department can make studded shoes out of a non-studded shoe, while our textile and wilderness departments have access to professional tailors fixing almost every case from ripped down-jackets to tents.

In the end, it is the certainty of repair and service on a product in our stores that separate XXL from web based only concepts.



PRODUCT SAFETY

As a sport retailer, XXL operates in an industry that is subject to consumer protection laws and regulations that affect XXL's organization and day-to-day operations. Laws and regulations applicable to XXL include, amongst other, consumer purchase, marketing, consumer product safety, chemical and labeling regulation, E-commerce and electronic communication.

XXL is subject to the Norwegian Consumer Product Safety Act of 11 June 1976 no. 79 and similar legislation in the other countries where the Group operates. The act empowers the Norwegian Environment Agency and the Norwegian Directorate for Civil Protection to protect consumers from hazardous sporting goods and other articles that are found to be hazardous, in particular with respect to children's products. The Norwegian Environment Agency and the Norwegian Directorate for Civil Protection has the authority to exclude from the market certain consumer products that are found to be hazardous. Similar laws exist throughout the EU. The act and related legislation also apply to product labeling, licensing requirements, flammability testing, recall of merchandise and product safety particularly.

SUBGROUPS

We have identified some separate subgroups for the product safety aspect for which health and safety play an important part. The first is the sale of firearms. Direct sale of firearms, guns and weapons stands for below 1 per cent of the total revenue contribution in the Group. The second subgroup is related to chemicals in products in general and is related to all product categories. This also concern treated articles related to biocidal product regulation. The third subgroup is related to food, nutrition and health care products and amounts to around 2 per cent of total revenue of the Group. The fourth subgroup is

related to animal welfare. The fifth subgroup is about personal protective equipment concerning various products related to personal protection such as life jackets, hearing protection, avalanche equipment, helmets and reflective items.

1. FIREARMS

Specifically for XXL, there are laws, regulations and restrictions concerning sale of weapons, firearms and ammunition, as well as fireworks, including the requirement to have applicable licenses and specific requirements regarding the import, sale, storage and handling of such products.

LAWS AND REGULATIONS

The laws and regulations regarding firearms are highly uniform in Norway, Sweden and Finland. In Norway, the sale of weapons, as well as parts and ammunition for weapons, is governed by the Norwegian Firearms Act of 9 September 1961 no. 1. Among other requirements, XXL is required to have individual licenses to sell firearms for all stores in which firearms and ammunitions are sold. The individual licenses are approved by the local police department. The Group's applications for licenses in Norway are made by XXL Sport & Villmark AS with the Chairman Øivind Tidemandsen being registered as the individual responsible person. A six-month grace period, in which weapons may be sold, may be granted by the authorities in the event that the responsible person resigns.

Each store in Sweden and Finland is also required to obtain licenses in order to sell firearms and ammunition. Such licenses must be held by XXL Sport & Vildmark AB in Sweden and XXL Sports & Outdoor OY in Finland. In both Sweden and Finland, it is necessary to appoint persons in charge of the firearms trade for each store who is approved by the police authority. Moreover, in Sweden, an aptitude assessment

of the persons with controlling influence over the legal entity, XXL Sport & Vildmark AB, must be conducted.

SECURITY

In addition to the license requirements, the relevant legislation in the three countries provides for regulations relating to the stores, including specific requirements for the persons responsible for the firearms sale in-store, storage of weapons and ammunition, use of alarm system and other requirements to prevent theft, fires and explosions.

IMPORT

As XXL imports firearms and ammunitions, the Norwegian Firearms Act requires an approval for each planned shipment of imported firearms to Norway. In Sweden and Finland, a general permission to import firearms and ammunition may be given to XXL. This general permission applies to the kind of firearms and ammunition which XXL is allowed to sell according to its license, with an exception in Sweden for automatic firearms which must be approved separately.

Our profile is directed towards outdoor life, wilderness and hunting. We do not have any handheld weapons, guns or revolvers, military weapons or equipment for practical shooting in our assortment, neither any bump-stocks or slide arms. We are monitoring the sale and storage of weapons, ammunitions and fireworks closely. Each quarter we are reporting the inventory of weapons to the police authority with a list of sold weapons as well. We have implemented the same reports in Sweden and Finland, although it is not necessary to report to the authorities. To be able to purchase a licensed weapon or weapon parts from us each guest is forced to have an approval from the police authority. We are also doing our own considerations and assessments of suitability in each case.

We will continue building our close relationship with the authorities and follow legislations and changes closely. We acknowledge our position as a distributor of weapons, taking our responsibility very seriously and working on continuous improvements in our routines.



2. CHEMICALS

XXL works actively to limit the use of chemicals in our products that could be harmful to humans and the environment. If it is suspected that a product sold by XXL has serious violations of laws, regulations or requirements concerning health, safety, environmental or labeling aspects, XXL has implemented a corrective action guide for product recalls and other corrective actions. A recall is always followed up with the supplier through a documented feedback on the measures the supplier has taken to prevent any reoccurrence. Authorities in all the Nordic markets are conducting product testing on a rolling basis.

FRAMEWORK

XXL has developed a chemical list that provides the list of substances that are restricted, banned or allowed below a certain limit (XXL ER Chemical list). XXL ER Chemical list in general follows the REACH regulation (Annex XIV, XVII and the so called candidate list (SVHC)) and national regulations such as the Norwegian Product Regulation. XXL ER Chemical list is updated regularly and serves as an important tool for all our suppliers.

In XXL ER Legislation we include all relevant and updated regulatory requirements, backgrounds and legislations such as REACH regulations, GHS (Global Harmonized System of Classification and Labelling of Chemicals) and national regulations such as the Norwegian Product Control Act.

In addition the XXL Labeling Requirements (XXL LR) has been implemented with an overview of EU and local requirements for labeling. The general labeling requirements are valid for all products, but some categories have additional mandatory information to be presented on the label or the product. Further, Declaration of Conformity (DoC) is required for some categories and DoC should be provided to XXL. In general the XXL LR serves as a guide for suppliers on correct labeling of products to be sold in markets where XXL operates.

INTERNAL AUDITS

For 2018 we further strengthened the internal control and testing procedures. We continued commencing an internal audit on each product category at least twice a year by splitting all into sub groups to cover all aspects of product safety. Test results are shared with the supplier in question and corrective actions are secured when elements of non-compliance are discovered. We also use third party acknowledged laboratories for such product testing. In general most of the non-compliance deviations spin around minor elements such as product numbering and importer information and contact details.

In 2018 XXL performed monthly internal audits resulting in a deviation on a total of 93 products, 33 products failed and 60 products had minor violations of the regulations followed up by future actions by supplier.

RECALLS AND COMPREHENSIVE CASES

1. Casall Waterbottle was tested by Forbrukerrådet (Norwegian Consumer Agency) and revealed content of MCCP, phthalates, BPF and traces of hexachlorohexane and lead. A total of 8 organic substances with a total concentration of 0.33 micrograms / liter. 2 regulated substances (lead and DBP). Although this was below limits for all substances XXL has taken steps to phase out the product and replaced it with an ECO product.

2. Fiocci 30-06 ammunition was recalled from end consumers by producer after discoveries that some of the cartridges had insufficient amount of gunpowder causing rifle barrels to explode with high risk of dangerous and life threatening situations. Feedback to XXL has only revealed material damages caused by this incident.

3. Phoxx toy shooting set - Crossbow intended for children has been withdrawn from the market by XXL due to product does not comply with the requirements of the Toy Safety Directive or the relevant European Standard EN 71-1. The products arrow had suction cup that could be



detached from the arrow causing risk of chocking. XXL has in earlier risk assessment of the product received satisfying test reports, EC Declaration of Conformity and EC Type Examination Certificate from producer. Measures taken to prevent similar deviations in the future is among other things better internal control in the sourcing process, we will require additional test report from separate testing laboratory from what has been used in this specific case, and replacement of the element causing deviation if product is going to be considered purchased again.

COMPLIANCE WITH REGULATIONS

Extended internal audits, risk assessment in buying process and an increased awareness by suppliers and producers have resulted in more products in compliance with regulations when arriving XXL. Throughout 2018 XXL has performed training lessons, updated requirement documentations, risk assessments and made other tools available for purchasers, suppliers and our employees.

We receive a variety of inquiries from our stakeholders through different channels of our

operation. Training of employees handling these inquiries has been a focus through 2018. The inquiries span from direct product information regarding chemical content to statements on our sustainability and ethical requirements.

We will continue strengthening the internal audit system going forward by implementing new checklists and automatic risk assessments tools. Overall we will have a systematic approach, testing on a running basis, from different brands and segments and with the use of external, independent recourses.

From 2020 a new EU legislation on the use of fluorides will be in place. XXL want to be in forefront of this implementation by avoid using fluorides already now. As a first step we have stopped using fluorides with PFOA or associated PFOA substances (such as C8 chemistry) in all our service stations in stores and central warehouses. By doing so we also further strengthen some HSE measures for our employees. We even believe that we can influence our suppliers to accelerate the process of developing new innovative and environmental friendly alternatives.

3. HEALTHCARE PRODUCTS, NUTRITION & FOOD CONTACT MATERIALS

XXL require that suppliers of hygiene products are certified by BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. We also require relevant documentation from suppliers concerning doping and legal ingredients as well as documentation from local FDA (eg. Norwegian Food Safety Authority). We follow the instructions from local FDA in the case of a recall of products. XXL has a routine for taking products out of stock when passed its expiration date and recalls all products with damaged packaging.

LABELING

Ingredients, nutritional information and other properties are detailed in product specifications. XXL require that product labeling is done in local language and is according to local standards and regulations. In addition we have extensive product information online.

PROTECTION OF HUMAN HEALTH

XXL has established the XXL In-house Documentation System and Good Manufacturing Practice for food contact materials (XXL GMP FCM). This is developed to ensure the best possible protection of human health by management of substances and their migration into food products and to maintain a high standard of customer satisfaction.

XXL has commenced several internal audits on products concerning healthcare products, nutrition and food contact materials in 2018. Only minor deviations were revealed and we implemented the necessary corrections and required future actions.

4. ANIMAL WELFARE

In 2016 XXL developed and implemented the XXL Animal Welfare policy (XXL AW) to ensure, control and trace that animal-derived materials in products are subject to sustainable production and slaughtered in a humane way. We aims that XXL customers can get the look of fur, leather, suede, wool or down and feather without any harm to animals and maintain a high standard of customer satisfaction.

FIVE FREEDOMS

In short XXL only accept products that are a by-product of the meat industry or humane hunting procedures and comes from farms or productions with good animal husbandry (that ensure the so-called "five freedoms" directive 98/58/EC). We are against any form of live boiling, skinning, plucking or mulesing and the use of endangered animals (as defined by CITES or IUCN). All our down and feathers must be sterilized as per the EU standard EN 12935 and we may require documents for audit purposes.

SUPPLIERS

XXL AW applies for all orders placed by XXL and suppliers should ensure compliance to laws, regulations and legislations, EC directives and guarantees that all products delivered to XXL comply with the requirements. XXL could cancel or claim orders, or take other actions, if deviations from this policy are discovered.

Several suppliers has in 2018 made XXL aware of their support and partnership with the industry company "Allied Feather & Down" for sourcing of feather and down. They are a founding member of the International Alliance for the Pro Down Initiative and a member of the International Down and Feather Bureau (IDFB). XXL performed several internal audits on products with raw material of animal origin and no deviation to requirements where found.

5. PERSONAL PROTECTIVE EQUIPMENT (PPE)

XXL has in 2018 intensified the internal control of personal protective equipment to ensure that products comply with the Personal Protective Equipment Directive 89/686/EEC.

Personal Protective Equipment commonly referred to as "PPE" is equipment worn to minimize exposure to hazards that cause injuries and exposure of hazardous substances. These injuries and exposures may result from contact with chemical, radiological, physical, electrical, mechanical, or other hazards such as risk related to action sport, visibility in the dark or usage of weapons. Personal protective equipment may include items such as helmets, eyewear and gloves, earplugs or hearing protection, life jackets, reflective items, or avalanche equipment.

DOCUMENTATION

XXL require EC Declaration of conformity to control CE marking for all PPE products and EC Type Examination certificates to control required certification, tests and quality assurance for class 2 & 3 PPE products.

XXL has implemented PPE in Internal Control System (XXL ICS) and in buying routines. New regulations for PPE were implemented in 2018 and XXL has made adaptations to XXL ICS to meet these changes and also had expanded the focus on PPE products in Internal Control Audits throughout the year.

STRENGTHENED BISPHENOL A (BPA) RESTRICTION

On 14 february 2018 the regulation (EU) 2018/213 was published which strengthens the restriction of BPA in food contact materials, varnished and coated materials and articles. As well, specific migration limit for BPA was lowered in plastic food contact materials and articles. The new regulation also prohibits of BPA in polycarbonate drinking cups or bottles

intended for infant and young children. This new restrictions applied from 6 September 2018.

PHTHALATES RESTRICTION IN ELECTRICAL AND ELECTRONIC EQUIPMENT

Phthalates restriction in electrical and electronic equipment. (DEHP, BBP, DBP and DIBP) will be restricted from 22 July 2019.

UFI CODE ON CHEMICAL PRODUCT LABEL

For chemical producers a new label element will appear on product labels from UFI code on chemical product label from 1 January 2020 – a 16-character code called the unique formula identifier (UFI). UFI will be mandatory on the label of all products classified for health or physical hazards.

Importers and downstream users placing such products on the market, will have to provide specific product information, including the UFI, to poison centers. Tools and support to generate the UFI are available on ECHA's Poison Centers website.

The reminders are published to notify our partners on important upcoming requirements so that measures can be implemented as soon as possible on products intended to be placed on market. Our goal is to stay ahead of the legally binding requirements. In this way we reduce risk of products staying on market throughout the transition periods and at the same time we are ahead of schedule with health and environmentally friendly measures.

DATA PROTECTION

Globalization and digitalization of the retail industry and society in general are affecting the daily operations and the way we work. It is all about technology and working processes will more and more rely on the use of data and automatization for future success and efficiency. Data protection and information security will play an important part in this landscape and XXL must ensure that all data processed is kept sufficiently accessible and confidential. Data must at all times be protected against unauthorized access and only accessible to those who need it, when they need it. Violations of data protection could have serious consequences in terms of loss of reputation, loss of revenues or increased costs and could affect both of customers and our employees.

XXL comply with the new EU regulation (2016/679 - GDPR) which took place in May 2018 when a data protection policy was adopted in the XXL Group and all its subsidiaries. The policy was applied in all processing of personal data in XXL, including processing of personal data about employees and others who perform work or service for XXL. Employees and others involved in XXL's processing of personal data are required to familiarize with and follow the policy.

THE FOLLOWING PRINCIPLES ARE APPLIED IN THE PROCESSING OF PERSONAL DATA IN XXL:

- 1. Processed lawfully:** All processing of personal data in XXL shall be done in a lawful, fair and transparent manner. Despite this, transparency shall not be applied if this principle violates the principles of confidentiality or may pose a risk to the privacy of individuals.
- 2. Purpose limitation:** Personal data shall only be processed for specified and explicit purposes. Personal data shall not be processed for a purpose other than that for which the personal data have been collected.
- 3. Rights of the data subject:** It must be ensured that the data subject, including employees, has the possibility to exercise their rights under the legislation.
- 4. Data minimization:** All processing of personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed.
- 5. Requirements for IT systems:** The IT systems and IT solutions used by XXL shall support the obligations under the legislation and shall not prevent compliance with the legislation or rights of the data subject.
- 6. Accuracy:** Personal data shall be ensured accuracy and shall be rectified upon request or when it is revealed that the personal data is incorrect and kept up to date.
- 7. Storage limitation:** Personal data must be erased when the purpose of the processing has been terminated or when erasure is required by the data subject.
- 8. Integrity and confidentiality:** Appropriate measures shall be taken to ensure personal data against unauthorized or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organizational measures.
- 9. Accountability:** When XXL is the controller XXL shall be accountable for the processing of personal data, and shall ensure that processors provide sufficient guarantees to ensure legal and safe processing.

The data protection policy of XXL is reviewed regularly and updated when necessary. Information will be stored in an area with limited access. The responsibility to process personal data in accordance with the current regulations lies with the Board of XXL ASA. CEO of XXL is responsible for ensuring that appropriate technical and organizational measures are in place to ensure and demonstrate that the processing is carried out in accordance with the current legislation. Anyone who is employed or process personal data at XXL has an individual responsibility and obligation to process personal data according to the policy and in accordance with the current legislation governing. If there is uncertainty about how personal data is to be processed in correct manner, the processing should be stopped until clarity has been achieved by clarification from a leader or from consultation of data protection expertise.

POCESSING OF PERSONAL DATA

XXL processes personal data as a part of the administration of the relationship with its employees and the relationship with its customers and suppliers. A list of processing of personal data in XXL is established with detailed information on purpose, the lawful ground, geographical location, which personal data that are being processed and where the data is obtained. The policy further regulates requirements related to processing of special categories of personal data, personal data relating to criminal convictions and offences, processing of personal information concerning minors, transfer of personal information to others such as data controllers and third parties, deletion of personal information, access to personal information and securing confidentiality.

It is important that all data subjects know what kind of processing of personal data that is made in XXL and receive that personal data processed if requested by the person concerned. On request a data subject will receive information on processing of his or hers personal data and, if requested, get a copy of all information stored on themselves. Such access and/or printing shall be given without unnecessary delay and within 30 days after receiving the request. Data subjects could request erasure of data and when erasing personal data XXL must ensure that safe erasure is performed.

COMPLAINTS

For 2018 XXL is not aware of any complaints regarding breaches of customer privacy nor any losses of customer data. XXL did not receive any complaints from public authorities regarding loss of customer data.

XXL has received 198 requests regarding data protection and consumer data in 2018. 179 has requested their personal information deleted, 6 persons requested access to their information and 13 persons requested both access and their personal information to be deleted.

Information security and data protection must at all times adapt to the changing needs but always by complying with the governing legislation. XXL will work systematically on this going forward as this is a prerequisite to success in this area.

COMMUNITY ENGAGEMENT

1. CHARITABLE GIVING - XXL CHILDREN'S FOUNDATION

XXL Children's Foundation was established in 2013 with funds from XXL operations. It serves as an open and flexible charitable fund primarily for the benefit of less advantaged children in developing countries.

DONATIONS FOCUS ON:

- ▶ education in lower school levels by participating in building new schools, in particular in respect of sports grounds and safe play at schools
- ▶ charitable orphanages
- ▶ children's participation in sports activities
- ▶ the event of extreme disasters, such as natural disasters and war situations

In 2017 XXL started to take a fee for shopping bags. All the profits from this activity are transferred to XXL Children's Foundation in a way to increase the funds. By doing this we save the environment by focusing on reusing shopping bags and XXL Children's Foundation increases their donations and activities.

PROJECTS

Since the start XXL Children's Foundation has focused on several projects.

In 2018 our plastic bag project really started to bear fruits. Throughout the year the surplus from the project generated around NOK 2.5 million transferred to the XXL Children's Foundation. This year as a dramatic change of weather conditions XXL on short notice decided to donate 5000 sleeping bags to the Moria camp on Lesbos, Greece. As the refugees already was living under unhuman conditions XXL teamed up with Médecins Sans Frontières together with Bring to make sure the distribution, quality and security of the project was taken care of in the best possible way.





2. HEALTHY LIFESTYLE

We believe that increased focus on health and wellness is a key trend. Western countries have over a period of time experienced parts of the population becoming more sedentary and problems related to overweight and obesity have become more prevalent. Governments, public health authorities and traditional media have increased focus on personal activity and health benefits, promoting sports and physical activity and many consumers become more aware of the need for participating in such activities. Athletics are part of everyday life and we have observed as a clear trend among our guests to identify themselves with an active lifestyle. We strongly promote this, in nature of being a candy shop of sporting goods, with our products, concepts, services and low prices.

EVENTS

The Nordic region has in recent years experienced a sharp popularity increase of larger sports competitions within endurance based outdoor activities. We host different

events and discounted sales in relations to such competitions resulting in a broader share of the population becoming interested in sports.

TEAM SALES

Technology is also becoming more important in the sports industry and we promote both sports watches and heart rate monitors. In 2017 XXL introduced sales to individual teams with a game changing business model. It is a pure online based model where the family and team management could order and organize everything on their own website connected with XXL. By trading with XXL all the teams will get kick-backs from XXL to support their local team business and daily operations. We have intention of adding around 30 new teams per year in total.

PINK RIBBON

XXL signed a new partnership to the Pink Ribbon campaign in 2018. In Sweden the activities in XXL stores generated SEK 2 million whereof 40,000 ribbons were sold during the campaign.



3. DIALOGUE PARTNERS

XXL wants to be visible in the community we operate and great consideration is given to the local environment when new stores are opened. XXL cooperates with many different organizations and networks, both general and more specific for the industry. Maintaining a continuous dialogue with guests and authorities, trade organizations, sport teams and other interest groups is an important part of XXL's sustainability work and enables us to improve the way we work.

ECONOMIC, ENVIRONMENTAL AND SOCIAL CHARTERS OR INITIATIVES THE GROUP ENDORSES INCLUDE:

- ▶ UN Global Compact – commitment to aligning our operations and strategies to 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption
- ▶ UN Convention on Human Rights – our operations always comply with the Human Rights
- ▶ Ethical Trading Initiative – ensuring that our brands and suppliers take responsibility for improving the working conditions of the people who make the products they sell. The base code principles are implemented in XXL's Code of Conduct for Suppliers.
- ▶ International Labour Organization – commitment to operate according to international labor standards.
- ▶ Foreign Trade Association – monitor and comply with recommendations from this leading business association of European and International commerce that promotes the values of free trade.
- ▶ Business Social Compliance Initiative – monitor and comply with recommendations of this European platform for companies to improve working conditions at consumer goods suppliers in high-risk countries.

MEMBERSHIP OF INDUSTRY ASSOCIATIONS INCLUDES

- ▶ Sportsbransjen AS – participation in the interest organization for the sporting goods industry in Norway, promoting sports, outdoors and healthy lifestyle in Norway and dialogue in such matters towards the society and authorities in general. Owner through Sportskjedene AS, ownership structure of the major sport chains in Norway for the shareholding in Sportsbransjen AS. European Retail Director Anders Kjellén, is currently a member of the Board of Sportsbransjen AS.

4. CUSTOMER SATISFACTION

For two consecutive years Swedish Marketing manager Linda Beigler has been awarded marketing person of the year by journal Resumé. Last time in October 2018.



XXL ranked best sport retail chain on consumer friendly solutions in a study made by the Norwegian Forbrukerrådet (Norwegian Consumer Council)










XXL ER BEST I TEST!

Forbrukerrådet har kåret XXL til bransjens beste på forbrukervennlige ordninger!

FORBRUKERRÅDET.NO 24.01.19

DETTE ER DET FORBRUKERRÅDET SIER:
"Velger du ett av XXL-kjedens 36 varehus, blir du møtt av usedvanlig raus og forbrukervennlige ordninger. XXL belønnes med hele ÅTTE grønne smilefjes, noe kjeden er alene om!"

Les mer om testen på xxl.no

-  **ÅPENT KJØP UÅPNEDE VARER**
-  **ÅPENT KJØP ÅPNEDE VARER**
-  **BYTTERETT VARER TATT I BRUK**
-  **PRISLØFTE**
-  **ANNONSEGARANTI**
-  **NETTPRIS I BUTIKK**
-  **UTVIDET GARANTI**
-  **GRATIS SYKKELSERVICE**

"XXL har åpenbart bidratt til å trekke hele sportsbransjen i en mer forbrukervennlig retning"
- Sitat fra Forbrukerrådet.

XXL - mer enn bare lave priser. **XXL**

GRI INDEX

XXL ASA looks to the practice of the Global Reporting Initiative's (GRI) guidelines (G4). It describes sustainability issues of interest to our stakeholders and also covers the significant principles in the UN Global Compact. Below is an illustrative index based on GRI G4 for XXL ASA:

GENERAL STANDARD DISCLOSURES		EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Annual Report CEO comment
ORGANIZATIONAL PROFILE		
G4-3	Report the name of the organization	Annual Report Board of Director's report
G4-4	Report the primary brands, products and services	Annual Report About XXL ASA Products Services
G4-5	Report the location of the organization's headquarters	Annual Report Board of Director's report
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Annual Report About XXL ASA Markets
G4-7	Report the nature of ownership and legal form	Annual Report Notes
G4-8	Report the markets served (including geographical breakdown, sectors served, and types of customers and beneficiaries)	Annual Report About XXL ASA Markets
G4-9	Report the scale of the organization, including <ul style="list-style-type: none"> • Total number of employees • Total number of operations • Net revenue • Total capitalization broken down in terms of debt and equity • Quantity of products or services provided 	Annual Report Notes
G4-10	<ol style="list-style-type: none"> a. Report the total number of employees by employment contract or gender b. Report the total number of permanent employees by the employment type or gender c. Report the total workforce by employees and supervised workers and by gender d. Report the total workforce by region and gender e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees and supervised workers, including employees and supervised employees of contractors f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries) 	Annual Report Notes Sustainability Report Training and education of employees

G4-11	Report the percentage of total employees covered by collective bargaining agreements	Collective bargain agreement in Sweden and central warehouse Norway
G4-12	Describe the organization's supply chain	Annual Report About XXL ASA Value Chain
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	Annual Report Store locations Board of Director's report Notes
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	Annual Report Risks and opportunities in sustainability work
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Sustainability Report Community engagement Dialogue partners
G4-16	List membership of associations (such as industry associations) and national or international advocacy organizations in which the organization <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic 	Sustainability Report Community engagement Dialogue partners
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report</p> <p>c. Report the total workforce by employees and supervised workers and by gender</p>	Sustainability Report XXL sustainability work
G4-18	<p>a. Explain the process of defining the report content and Aspect Boundaries</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content</p>	Sustainability Report Materiality report
G4-19	List all the material aspects identified in the process of defining report content	Sustainability Report Materiality report
G4-20	For each material aspect, report the aspect boundary within the organization	Sustainability Report Materiality report
G4-21	For each material aspect, report the aspect boundary within the organization	Sustainability Report Materiality report
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organization	Sustainability Report Dialogue with ours stakeholders
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Sustainability Report Dialogue with ours stakeholders

G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Sustainability Report Dialogue with ours stakeholders
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Sustainability Report Dialogue with ours stakeholders
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Sustainability Report XXL sustainability work
G4-29	Date of most recent previous report (if any)	Sustainability Report XXL sustainability work
G4-30	Reporting cycle (such as annual, biennial)	Sustainability Report XXL sustainability work
G4-31	Provide the contact point for questions regarding the report or its content	Sustainability Report XXL sustainability work
G4-32	<ul style="list-style-type: none"> a. Report the "in accordance" option the organization has chosen b. Report the GRI Content Index for the chosen option 	Sustainability Report XXL sustainability work
G4-33	<ul style="list-style-type: none"> a. Report the organization's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and assurance providers c. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Explain the process of defining the report content and Aspect Boundaries d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report 	Sustainability Report XXL sustainability work
GOVERNANCE		
G4-34		Sustainability Report XXL sustainability work
	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making in economic, environmental and social impacts	Annual Report Corporate governance at XXL ASA
ETHICS AND INTEGRITY		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Sustainability Report XXL sustainability work
		Annual Report Corporate governance at XXL ASA

SPECIFIC STANDARD DISCLOSURES

EXTERNAL ASSURANCE

ECONOMIC IMPACT

Economic performance

G4-DMA	Disclosure of management approach	Sustainability Report Materiality report Management approach
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G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Sustainability Report Risks and opportunities in sustainability work
ENVIRONMENTAL IMPACT		
Energy		
G4-EN3	Energy consumption within the organization	Sustainability Report Environmental impacts from our operations
Emissions		
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	Sustainability Report Environmental impacts from our operations
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	Sustainability Report Environmental impacts from our operations
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	Sustainability Report Environmental impacts from our operations
Effluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	Sustainability Report Environmental impacts from our operations
Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Sustainability Report Environmental impacts from our operations
Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Sustainability Report Supplier assessment
SOCIAL IMPACT - LABOR PRACTICES AND DECENT WORK		
Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Sustainability Report Training and education of employees
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Sustainability Report Training and education of employees
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Sustainability Report Training and education of employees
Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Sustainability Report Supplier assessment
SOCIAL IMPACT - LABOR PRACTICES AND DECENT WORK		
Investment		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human right screening	Sustainability Report Supplier assessment

G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Sustainability Report Training and education of employees
Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Sustainability Report Supplier assessment
Forced or compulsory labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Sustainability Report Supplier assessment
Supplier human rights assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Sustainability Report Supplier assessment
SOCIAL IMPACT - SOCIETY		
Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Sustainability Report Supplier assessment
G4-SO4	Communication and training on anti-corruption policies and procedures	Sustainability Report Training and education of employees
Supplier assessment for impacts on society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Sustainability Report Supplier assessment
Social impact – Product responsibility		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Sustainability Report Product Safety
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	Sustainability Report Product Safety - Chemicals
Product and service labeling		
G4-PR3	Type of product or service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Sustainability Report Product Safety
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Sustainability Report Product Safety - Chemicals
G4-PR5	Results of surveys measuring customer satisfaction	Sustainability Report Product Safety - Customer Satisfaction
SOCIAL IMPACT		
Customer privacy		
GRI 418-1A	Total number of substantiated complaints received concerning breaches of customer privacy, categorized by (i) complaints received from outside parties and substantiated by the organization, (ii) complaints from regulatory bodies	Sustainability Report Data Protection
GRI 418-1B	Total number of identified leaks, thefts or losses of customer data	Sustainability Report Data Protection
GRI 418-1C	If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient	Sustainability Report Data Protection

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