Climate Statement FY2024

Bergans Fritid AS

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Introduction

This report is part of Bergans Fritid AS's climate work as a member of the Scandinavian Textile Initiative for Climate Action - STICA.

STICA's aim is to support apparel and textiles organizations as well as the entire apparel and textile industry to reduce their climate impacts and transform the industry. With over 50 members, STICA wants to ensure that Scandinavian countries and the global industry do more than their share – well before 2045.

STICA requires its member report on emissions in Scope 1, Scope 2 and parts of Scope 3. This report covers all required categories for the STICA annual report where business travel is optional.

What does this climate statement entail?

A climate statement, like a financial statement, is a summary of a company's climate impact during a financial year. A climate statement summarises emissions in carbon dioxide equivalents in a standardised way. The purpose of a climate statement is to identify a company's greenhouse gas emissions for all material (i.e. significant) parts of its operations.

What can this climate statement be used for?

A climate statement is often the foundation of a company's climate work, as it can be used as a basis for decision-making in strategy development, investment decisions and target setting, as well as for reporting to voluntary initiatives and legal requirements. Once goals and strategies are defined, the climate statement is an important tool for monitoring the climate work. The information in a climate statement can be used as a basis for:

- Setting and monitoring climate targets for the organisation.
- Applying for Science Based Targets (SBT).
- Reporting according to parts of the European Sustainability Reporting Standard (ESRS) E1 - Climate change, which is part of the Corporate Sustainability Reporting Directive (CSRD).
- Reporting according to parts of the CDP.
- Demonstrating the company's commitment and concrete actions towards key stakeholders.

The climate statement includes an assessment of which steps Bergans Fritid AS could benefit from further work. This is described in the section "Next steps".

Method

To calculate Bergans Fritid AS's climate statement the Greenhouse Gas Protocol (GHG Protocol) has been used, which is the most recognised global standard for calculating greenhouse gas emissions from a company's operations. The calculations have been carried out according to the three[1] associated standards: The Corporate Standard, The Corporate Value Chain (Scope 3) Standard and Technical Guidance for Calculating Scope 3 Emissions.

According to the GHG Protocol, an activity's emissions must be reported in three scopes (see Figure below), where:

- Scope 1 represents direct emissions from the operations.
- Scope 2 includes indirect emissions generated during the production of purchased electricity, district heating, cooling, and process steam.
- Scope 3 comprises other indirect emissions, both upstream and downstream in the value chain, arising from activities such as purchased travel, transportation, production of purchased goods and services, and commuting trips of employees.

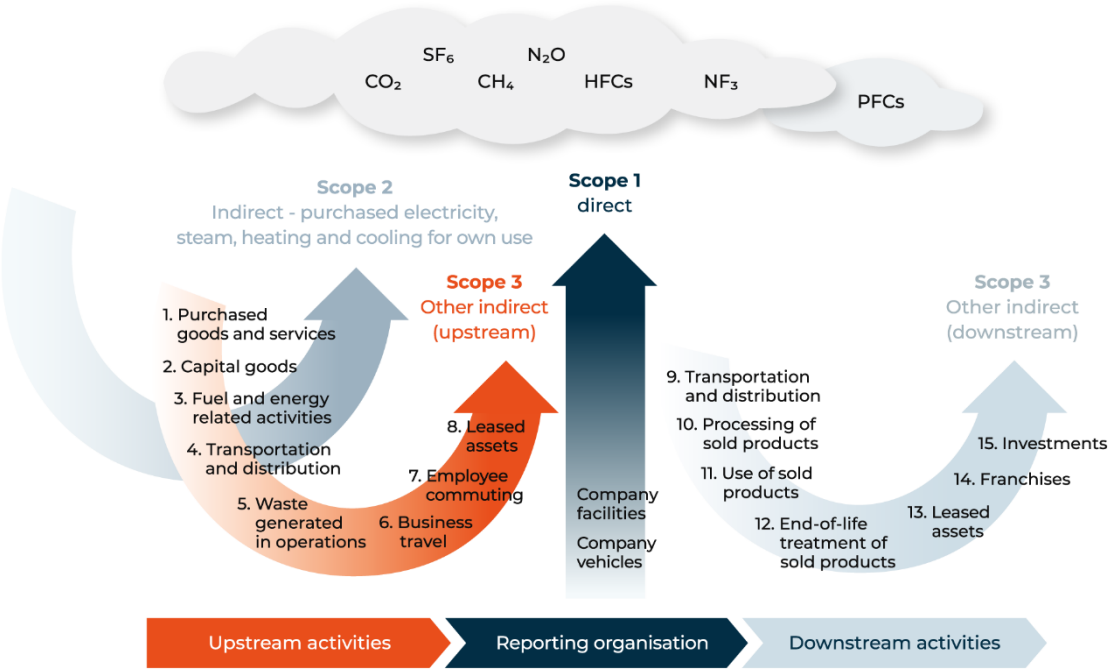

Figure 1. Schematic figure of emissions related to an activity and its value chain, according to the GHG Protocol.

An in-depth description of the calculation methods for all scopes and categories, including details on data sources, assumptions, default values and emission factors, is available in the Detailed Information section.

[1] Starting from the fiscal year 2024, the GHG Protocol's standard Land Sector and Removals Guidance will also be utilised, for which there is currently a draftthttps://ghgprotocol.org/land-sector-and-removals-guidance.

Control Approach

Companies have different legal and organisational structures. The GHG Protocol therefore requires a control approach to be determined, either the *operational control approach* or the *financial control approach*. The allocation of greenhouse gas emissions in scope 3 is affected by the chosen control approach and is therefore important to report.

For Bergans Fritid AS climate statement, the operational control approach is used. This means that greenhouse gas emissions are classified as direct emissions when the activity gives rise to emissions during use, for example when leasing vehicles or operating in rented premises.

Method for Scope 2

According to the GHG Protocol guidelines for scope 2, emissions from electricity consumption are calculated using either a location-based method or a market-based method. For Bergans Fritid AS climate accounts, the market-based method is used.

Scope and Limitations

Bergans Fritid AS climate statement includes all emissions in scope 1 and 2. Greenhouse gas emissions in Bergans Fritid AS value chain are reported in scope 3 and are categorised according to the GHG Protocol in 15 different categories. Table 1 below shows which scope 3 categories are included and excluded in the climate accounts.

Table 1. Included and excluded scope 3 categories.

Scope 3 category		Category for Bergans Fritid AS [Excluded, Included, Not relevant]
3.1	Purchased goods and services	Included
3.2	Capital goods	Excluded
3.3	Upstream fuel and energy-related activities not included in scopes 1 and 2	Included
3.4	Upstream transportation and distribution	Included
3.5	Waste management	Excluded
3.6	Business travel	Included
3.7	Employee commuting	Excluded
3.8	Upstream leased assets	Excluded
3.9	Downstream transportation and distribution	Excluded
3.10	Processing of sold goods	Not relevant
3.11	End use of sold goods	Excluded
3.12	End-of-life treatment/disposal of sold goods	Excluded
3.13	Downstream leased assets	Excluded
3.14	Operation of franchises	Excluded
3.15	Operation of investments	Excluded

Methodological Changes and retroactive updates

For previous years supplier calculations, it was found that the calculations had not applied the market-based calculation method but rather applied location-based electricity factors. This was updated in FY2024 so that FY2023 use the same method as FY2024. This caused an increase of supplier emissions in FY2023 from a total of 958 ton CO2e to 1285 ton CO2e.

Unlike last year, packaging data is not collected from suppliers but only from Bergans Fritid AS. Previously, amounts of packaging material used was collected from suppliers, whereas this year it was assumed to be covered by the data reported by Bergans and hence excluded from the supplier collection.

Result and Analysis

Result

For the fiscal year 2024, the total amount of greenhouse gas emissions for Bergans Fritid AS is 8 529 tons of CO2e, of which 107 tons (1%) of CO2e are attributed to scope 1, 166 tons (2%) to scope 2, and 8 257tons (97%) to scope 3 (see Figure 2).

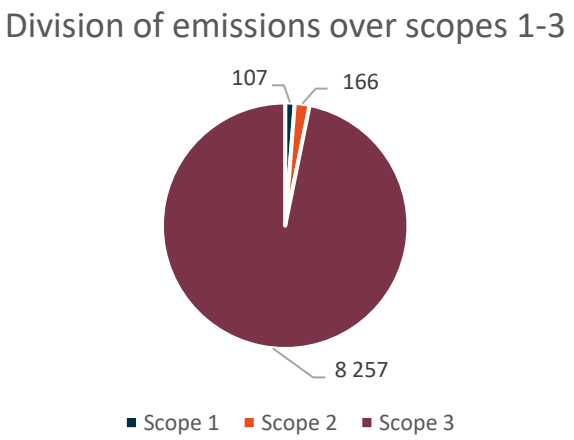

Figure 2. Divison of emissions over scopes 1, 2 & 3.

The dominant source of emissions are those related to production (88%) followed by transportation and distribution (5%). Production emissions have increased by 10% compared to FY2023 and transport emissions have increase by 118% over the same period.

Table 2. Emissions over reported categories for FY2023 and FY2024 as well as the change between the years.

	FY2023	FY2024	Change 2023-2024
Business travel	31	304	877%
Facility use	289	259	-10%
Tier 1	958	702	-27%
Tier 2-4	5375	5894	10%
Trims	451	877	94%
Packaing	82	33	-60%
Transport and distribution	212	461	118%

Analysis

The fiscal year FY2024 is the fifth time Bergans Fritid AS collects data for all scopes. The emissions have increased by 15% compared to FY2023, and the main reason is that Bergans has reported more data for business travel in FY2024 as well as increased the quantity of some purchased materials. An increase in transportation and distribution is also a contributing factor, but this category was especially low in FY2023 due to high stock volumes.

It must be mentioned that it is not accurate to directly compare the total emissions from FY2023 with FY2024 as for FY2023 previous business travel was not reported (except for company operated cars), while it was reported in previous years and this year.

Purchased goods and services

The purchased goods and services category, including manufacturing and packaging, has the largest impact of all categories for FY2023. This continues the trend from 2022 that focus in reducing the emissions in this category would considerably reduce overall impact for Bergans Fritid AS's activities.

Tier 1

Supplier calculations have been performed for 14 suppliers, but as some operate multiple factories, questionnaires have been collected and calculated for 20 factories. WASA was excluded from the calculations as they perform very little of the production themselves, but rather cut, assemble and pack belts. The questionnaire was also without any numbers fileld out. Overall, emission per product decreased from 1,51 to 0,89 – the major reason being that one factory with relatively high emissions per product did not report this year (Huaian Xinfangjie Technology Garment Limited), which affected both the ZKG China factory and ZKG Indonesia, that was based on the Chinese questionnaire last year.

Many reporting suppliers lowered emissions slightly compared to last year – the most significant decrease being Sambu who have purchased renewable electricity certificate for most of their electricity consumption.

Two factories (Kido Vinh and Kido Yangon) have increased vs. decreased their emission per product quite drastically – yet the primary reason is not traceable to their energy consumption per produced product, but rather to how much and how heavy pieces that was produced for Bergans compared to their other costumers. If the supplier report different weight of product sent to Bergans vs. to other costumers, emissions are allocated based on weight. In the results, emissions per piece are presented using the number of pieces purchased reported by Bergans. Hence, if the palette of products have changed in such a way that a larger or smaller share of the total emissions are allocated on Bergans, combined with that the number of reported pieces sent to Bergans differ from what Bergans report to have bought, the calculated emission per piece can fluctuate even if Bergans have made no significant changes in what type of product they by, and the suppliers have not made any significant changes in overall energy consumption per piece.

Shepherd reported a consumption of 6000 tons of steam, which caused their emissions to spike compared to last year. When asked, the answer was that they also used steam last year but were unable to report the consumption. No other of Bergans tier 1 suppliers have reported steam, and when similar brands where asked if Shepherd had reported steam the answer was negative. It was then assumed that Shepherd used steam in processes not involved in Bergans production (e.g., traditional Tier 2-processes). However, this issue should be further investigated last year. One potential explanation could also be that many suppliers actually sue steam but don't report it, as it is neither viewed as a fuel nor as electricity, and hence forgotten.

Another outlier in terms of emission per piece is K and K, however they supply not only products but also spare parts, trims, and rolls of webbing. K and K have reported both total production and production to Bergans in weight, and number of purchased pieces is reported by Bergans. In discussion with Bergans, it is clarified that one piece could mean e.g., one roll of web – which presumable has higher emissions than e.g., a product made out of a piece of web.

In terms of improvement, several suppliers report 0% renewable electricity, which would be a low hanging fruit to improve supply chain-related emissions. To improve the calculations, one could if possible try to align the periods for which numbers are reported with suppliers (in order to avoid large differences in number of sent/purchased pieces – and consequently that fuel and electricity use are reported for different periods of time between Bergans and their suppliers).

Tier 2-4

Tier 2-4 emissions were divided into two categories: fabric production and raw materials, and trims. The total emissions for fabric production for FY2024 increased by 10% compared to last year despite the weight of the materials increasing only 3%. The reason for the increase in emissions was the increase in weight for some specific materials: polyester fabric, for which the reported weight increased by 40% and this increased the emissions considerably; the reported weight for merino wool also increased considerably with 76% between the years. For FY2024 merino wool is the largest source of emissions accounting for 38% of the fabric production and raw materials emissions, followed by polyamide fabric with 27%.

It must be mentioned that an update was done for fabric production and raw materials for FY2023, where the materials nylon/polyamide (PA) *plastic* was updated to polyamide *fabric*, this to better reflect the material used by Bergans Fritid AS.

Regarding the trims, the total emissions increase with 94% when compared to the previous year. The reason for this increase in emissions is an increase in the amount of virgin nylon fabric and virgin polyester fabric due to larger orders. The amount of reported nylon fabric increased by

about 140% between FY2023 and FY2024; while the amounts of polyester fabric increase with more than 300%. These two materials amount to more than 80% of the total trims emissions.

Finally, the emissions from packaging decreased by 60%. The decrease is not entirely in line with a reduction in the total amount of packaging material weight reported which decreased by 34%. There has seemingly been a shift in the material usage as cardboard weight has decreased by more than 80% whilst the weight of packaging paper has increase by almost 700%. As cardboard has a higher emission factor (CO2e / weight) emissions have decreased more between the years than the total packaging weight.

To effectively reduce emissions in tier 2-4 of the supply chain, switching to sustainable materials like recycled nylon, wool, and polyester could be beneficial. However, the actual impact of these changes is uncertain because current emissions data is based on the MSI Higg Index rather than specific company processes. Therefore, the environmental benefits of using recycled materials further depend on the production methods, production countries, and overall lifecycle impacts.

To ensure meaningful improvements, it is essential for Bergans Fritid AS to investigate the origins and production processes of their materials, including energy sources and transportation methods. Collecting primary data from tier 2 suppliers and beyond would provide a clearer understanding of the true environmental impact and enable more informed decisions. This approach would help in identifying effective strategies to reduce emissions and enhance the sustainability of material choices.

Other actions with a large impact on the total emissions from purchased materials could be:

- Setting a process target to get a better understanding of your largest emission sources and how to reduce them.
- Looking into new business models such as rentals, second-hand, vintage sales or other to prolong the life-length of the products.

Business travel

The largest source of emissions within the business travel category are the flights, which accounted for 77% of the travel emissions followed by company operated cars with 20% and hotel nights with only 2%. It must be noted that a Radiative Forcing Index (RFI) of 2.7 was added to all air travel.

It is worth noting that emissions company operated cars almost doubled when compared to FY2023. It is complicated to estimate the exact reason for the large increase since the data was reported differently but also it can be said that a larger use of company cars was reported in FY2024 as well an increase in the use of diesel and petrol.

Given that all business travel for FY2023 was not reported, a comparison is instead made with FY2022. In this case the emissions related to business travel have decreased by 16% when comparing FY2024 and FY2022, where the largest decrease, 18%, occurred in the emissions from flights.

Energy usage within facilities

Emissions in this category include electricity, heating and refrigerant leakage. There has been a general decrease in emissions from facilities in FY2024 and total emissions have decreased by

13% when compared to the previous year. From these reduced emissions, 73% correspond to a reduction in emissions in the Norderstedt Central Warehouse. The emissions in this warehouse decreased by 13% compared to FY2023, and the main reason for the decrease is a reduction of 34% in the amount of natural gas used for heating in FY2024.

When analyzing the emissions from stores, these have decreased by 16%, where the largest decrease was the Outlet Soltau, which decreased its electricity consumption by 30%. The reason for this are lower sales in this location. The second largest decrease was found in the Outlet Langevåg, which decreased its emissions by 7%. Apart from these two, all the other facilities yielded similar emissions as the previous year.

The total emissions from Bergans Fritid AS's offices decreased by 10%, where the main driver for this decrease was the Norderstedt office that is located at the same place as the Central Warehouse. Similarly to the warehouse, the decrease in emissions is correlated to the decrease in natural gas used for heating. This suggests that the heating needs for these locations in Norderstedt were much less in FY2024. With the exception of the office in Leusden, there were some increases in emissions in all the other offices.

Transport and distribution

This category is responsible for about 6% of all emissions and the total transport and distribution emissions have increased by 117% when compared to FY2023. It can be said that the odd year in this case would be the previous year, with low inbound transportation demand due to high stock levels. Because of this, the transport and distribution volumes from FY2024 are more like those from FY2022.

Three subcategories compose this category: inbound (83% of total emissions), outbound (13%) and samples (4%) . For inbound transportation the absolute majority of emissions come from air freight, which represents 89% of emissions in this category, followed by sea freight with 10% of the emissions. Similarly, air freight emissions contribute to almost all the emissions for the samples, with 99% of the emissions. For outbound transport it is road freight that contributes the most to the emissions with 96% with the rest originating from sea freight (3,98%) and train freight (0,02%).

Next Steps

Recommendations for Next Year's Climate Report

Measures to Reduce Emissions

Based on the results of this climate report, Bergans Fritid AS should focus on the following measures to reduce emissions in the upcoming year. The recommendation is based on where Bergans Fritid AS has its largest emission sources and the greatest influence.

Bergans Fritid AS has excellent opportunities to reduce direct emissions in scope 1 by transitioning to an electrified vehicle fleet. By decreasing the use of fossil fuels and instead utilizing electric company cars, Bergans Fritid AS has the potential to cut scope 1 emissions by around 50 percent.

More than 96 percent of Bergans Fritid AS's emissions can be attributed to scope 3, where the purchase of goods and services constitutes the largest emission source. To achieve its future climate goals, it is crucial for the company to reconsider its procurement practices. These practices have a significant impact on the outcome of climate efforts. It's important for Bergans Fritid AS to ensure collaborations with suppliers offering products with lower greenhouse gas emissions, i.e., suppliers who renewable energy and less energy intensive production processes. Most of Bergans Fritid AS's largest tier 1 suppliers, looking at total purchased products, all utilize renewable electricity to some extent. The larges supplier-related emissions come from Yangzhou, Shepherd, and North Shore NSG. Shepherd uses just over 50% renewable electricity, Yangzhou 25% and NSG 0%. One way to reduce these emissions could be to invest in solar panels or encourage suppliers to buy renewable electricity.

Renewable electricity is a powerful tool to reduce emissions and can as such be utilized even further. Either by pushing current suppliers to use more renewable energy or by reallocating production to more forward-thinking suppliers. This is applicable not only in tier 1 but all along the supply chain. Bergans Fritid AS is recommended to collect more primary data from their supply chain, as detailed below.

Expand the Scope of the Climate Report

Expanding the scope in the climate report is advantageous to provide a more accurate picture of greenhouse gas emissions throughout the entire value chain. For the upcoming year's climate report, it is recommended to include additional scope 3 categories and deepen the analysis of already included categories to ensure a more detailed and comprehensive disclosure of greenhouse gas emissions.

Improve (In)Data Quality

Higher quality of input data provides a more accurate result and facilitates the monitoring of implemented measures and development over time. It also provides a better foundation for defining the most effective actions possible. It is common for the first climate report to be based on many assumptions and templates. Over time, a company's ability to collect more company-specific data often increases.

It is highly recommended for Bergans Fritid AS to collect primary data from suppliers further down the production chain. Collecting primary data from suppliers in tier 2 and 3 gives a better understanding of Bergans Fritid AS's emissions and how they can be reduced. Collecting data is a great first step towards better cooperation with suppliers on how to reach both Bergans Fritid AS and the suppliers own climate targets.

Recommendations for Long-term Strategic Climate Action

Introduction

Organisations that work systematically and long-term on their climate efforts often reduce their emissions more rapidly than if such a strategic focus is lacking. Based on where Bergans Fritid AS is today, the following steps are recommended to initiate a long-term strategic climate action.

Action Analysis

To gain a clearer understanding of what needs to be done to reduce Bergans Fritid AS's greenhouse gas emissions, it is recommended to conduct an action analysis. This analysis provides suggestions for emission-reducing actions along with a quantification of their effects. The purpose of an action analysis is to identify areas where emission reductions are most effective and feasible. By regularly conducting action analyses, progress and efforts can be monitored and evaluated over time. An action analysis serves as a solid foundation when developing a climate strategy.

Climate Strategy

Once an action analysis is developed, the next step is to formulate a climate strategy with climate goals and activities on how to achieve them. The strategy should include overarching and detailed goals for emission reductions, as well as actions and concrete activities to attain these goals.

Science Based Targets

If the company aims to demonstrate that it has set goals in line with science, it can set Science Based Targets (SBT) according to the Science Based Targets initiative (SBTi). SBTs should align with the global goal of limiting warming to 1.5 degrees Celsius above pre-industrial levels. To get the goal approved by SBTi, the company needs a clear understanding of current emission levels to determine whether the goal aims for a sufficiently rapid reduction in greenhouse gas emissions. A climate report serves as a type of baseline analysis of current greenhouse gas emission levels, which is required to have enough information to apply to SBTi. The framework used by the Science Based Targets initiative is suitable even for companies not intending to validate goals according to SBT. It provides a good understanding of how climate goals should be defined and what constitutes an appropriate level of ambition.

Engage Stakeholders in the Value Chain

The majority of Bergans Fritid AS's greenhouse gas emissions are caused by activities in scope 3. Companies often have less control over these activities, making emissions reductions in scope 3 a significant challenge. Involving suppliers and other stakeholders in emissions reduction efforts is a crucial strategy to reduce greenhouse gas emissions throughout the entire value chain. Bergans Fritid AS is recommended to increase collaboration with its suppliers and provide support in the transition to renewable energy sources, optimisation of production processes, and reduced energy consumption.

Communicate the Climate Report Internally

The climate report is preferably communicated internally by highlighting results and conclusions. If the climate report shows improvement and aligns with climate goals, it can be communicated to boost pride in the collective effort. If the result does not align with the goal, it's beneficial to discuss it along with planned actions to increase the pace of reduction. Successful climate action requires the engagement of employees, from leadership throughout the entire organisation.

Communicate the Climate Report Externally

By sharing the climate report with external stakeholders such as investors, customers, partners, and the public, openness and transparency in climate efforts are demonstrated. This builds trust

regardless of the result and is something many stakeholders expect companies to report on. The entire climate report can be published on the website, and relevant sections from the report can be used, for example, in discussions with customers, owners, or other stakeholders.

In-depth Information

Below, detailed information about the calculation methodology used for this climate report is presented.

Company specific calculation Method

For FY2024, Bergans Fritid AS gathered actual data from 14 tier 1 suppliers and their associated factories. Questionnaires from two of these suppliers were applied for three vs. five additional factories (Kido, ZK and Shanghai Dragon), resulting in primary data being available for 20 factories in total. The methodology applied is similar to that of previous years, with total emissions for each supplier calculated from actual data on electricity and fuel use. Transportation emissions were determined using reported weight and average transportation emissions between tier 2 and tier 1 suppliers as per Higg MSI guidelines. Emissions from these factories were then attributed to the company based on the proportion of purchased products per supplier or the share of the produced weight.

For non-reporters, average values from similar suppliers were applied regarding electricity use (kWh/unit) and fuel. Emissions from transports were calculated as for reporters. Some of the non-reporters produced products that were not produced by any of the reporters, and in these cases, averages based on reporters producing the most similar products were used. In case no reporter produced similar products, an average of all products was used. Together with country-specific electricity grid mixes, these averages formed emission values for non-reporters.

To maintain year-over-year comparability the same averages as last year were applied.

No data on the number of samples was reported this year, hence an average of number of samples (% of total purchased) was added.

Tier 2-4 emissions were calculated based on material weight. Where MSI Higg could not provide an accurate emission factor for a particular material, it was replaced with one of the similar emission characteristics. This was the case for the following materials:

- Feathers, which were replaced with goose down insulation.
- Down use, which was replaced with goose down insulation.
- Thermoplastic rubber (TPR), which was replaced with thermoplastic polyurethane.
- Polyester resin (PET), which was replaced with polyester plastic.
- Polyamide fabric, which was replaced with nylon fabric.
- Merino wool was replaced with normal wool.

For Bentonite clay, used as a packaging material, a weighted average based on all the other packaging materials was used to calculate the emissions. This material was not reported in the previous year.

Business Travel

For FY2024 Bergans Fritid AS reported business travel data for flights, company operated cars as well as hotel nights. Apart from company operated cars, no other business travel data was reported in FY2023 due to challenges in extracting the appropriate travel data for that year from the various systems used that year.

Energy usage within facilities

Estimations were made for both electricity consumption and district heating when data was unavailable. For electricity, consumption was estimated based on the area (m^2) of each location and a reference value. This approach was used to estimate the electricity consumption of the brand store in Bergen, the office in Hong Kong, and the showroom in Leusden.

In some locations, heating is provided through electricity, while in others, district heating usage was estimated using a reference value and the area of each location. This applied to the brand stores in Bergen and Trondheim, the outlets in Barkaby and Soltau, and the showrooms in Neuss, Sindelfingen, Munchen and Leusden.

Additionally, if a location was not open for the entire year or data was only partially available, the estimations were adjusted accordingly, for example the showroom in Leusden

Some locations were removed in FY2024 because they were closed this year. This includes the brand store Ski and the showrooms in Bromma and Hammarby.

Transports

A Radiative Forcing Index (RFI) of 2,7 was added to the air freight according to STICA guidelines.

Indirect purchases

Bergans decided that they are not going to report as it is optional but expect to report in coming years.

Contact 2050

For questions regarding the climate report, contact:

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