

SUSTAINABILITY REPORT 15-16



stadium®



A WORD FROM OUR CEO

Sustainability is core for Stadium. With this said I am happy to invite you to understand more of our approach of integrating sustainability in our full value chain. In this report, which is our third, we disclose our insights, challenges and success on the route to being a responsible choice for your active life.

The past year has with the Paris agreement on climate change demonstrated to the world that we must join forces as one team to reach the goal of maximum increase of global temperature well below 2 degrees. As the CEO of Stadium, I am proud to state that we are with relentless efforts working towards this global goal with several successful environmental initiatives that in total will decrease our carbon emission.

A critical issue for our industry and for the planet is water scarcity and purity. This is an area where we have great impact and have seen our investments pay off. Partly through our membership in the Sweden Textile Water Initiative, whom is working towards new solutions and technologies for reducing water and chemical use in production and by using the innovative solution dye method that saves more water and more energy compared to traditional dyeing. To be able to change the environment for the communities where we produce and helping our customers to make smart purchases is for us, working towards true sustainability.

One of the major events this year has been the escalation of our focus to responsible procurement and production and we intend to do more. We have set up a number of goals that we will work towards 2020 where some has already been effected. We have invested in a self-assessment system, strengthened our responsible production team with training and tools and will increase our site visits at our suppliers and third party audits. This years visits and audits has resulted in the discontinuation of a few suppliers found to be non-compliant with our sustainability supplier demands and lacking the intent to improve. However, it also resulted in the confirmation of suppliers again proving their commitment to human and labour rights, environmental protection and anti-corruption. It is essential for us to maintain and develop long-term relations with the suppliers that share our values and ethical guidelines, proven that some of them have been our partners for more than 15 years.

It is with these suppliers and their peers that Stadium will build a responsible supply chain that serves today's and tomorrow's sustainable active customer. During one of my visits to China, I got the opportunity to accompany one of our production teams. The solid and deep understanding on how these suppliers address this in their own supply chain impressed me and their will to develop better and more efficient processes that save water and energy and minimize carbon emissions

constitutes what we quest from our suppliers. We intend to maintain relations with old suppliers, as well as establish new ones with new suppliers, whom all have a determination to embrace and implement good terms and working conditions for their employees. Today, the suppliers that we have had relationships with for more than ten years produce 55% of our volumes.

However, as I learnt and saw for myself there are still producers that have improvements to make and are below the standard Stadium requires. Among the common issues our responsible production team encounters are excessive overtime, lack of protective equipment and pollution to the surrounding community. Under no circumstance do Stadium sign contracts with suppliers where situations like this are identified at initial visits prior to contracting. If any of our current suppliers are noted to have breaches of international standards such as the UN Global Compact, we primarily hold a direct dialogue to inform the management of malpractice and require corrective action. All remediation or eventual termination is always done with the interest of the workers at first to ensure that we do not make a poor situation worse.

As we recognise our global reach and the impact we can have in the countries of production we also know the expectations from our local communities to be a responsible corporate citizen. I am proud to be part of the Stadium family that supports good and lasting initiatives for so many important and meaningful causes. When mentioning a few initiatives that have stayed with our hearts and minds last year I would like to emphasize the enormous success that Stadium Sports Camp has become, with over 7000 children participating the summer of 2016. Many of these are children whom would not be given the opportunity to join if it was not for the close cooperation with local organisations and the financial support from Stadium. During the past year we also contributed money and material, SOS Childrens Villages, En Frisk Generation, Good Sport and to Idrott utan gränser. All wonderful programs and activities that help young children have a social and active start to their life regardless of their financial and social situation.

An active and responsible outlook on the world, our communities and our business is key to the success all our team members help create each and every day at Stadium.

Thank you team members and thank you for engaging with us.



Karl Eklöf
CEO

ABOUT THIS REPORT

In the competitive world of sports, we always strive to be the best. That goes for our sustainability work as well. Equally important, we strive to stick to a golden rule, fair play.

That means, striving towards being a transparent organization that shares both its strengths and weaknesses, that listens to its surroundings and act on recommendations.

This is our third annual sustainability report, the previous report covered the fiscal year of September 2014 to August 2015 and was published in March 2016. This report is based on the GRI G4 framework and summarizes our performance in the fiscal year from September 2015 to August 2016. The report also sets our strategy for working with sustainability issues in the future. It is self-declared to be at a core level.

The report focuses on issues considered the most material regarding our economic, social and environmental performance. These issues were identified in a material analysis conducted among stakeholders in 2016.

Our sustainability report covers the Stadium Group, including all Stadium and Stadium Outlet concepts. Unless otherwise stated, all information and data pertain to activities from September 1st 2015 to August 31st 2016.

Employee-related calculations in this report use GRI scoping and all data is reported according to the metric system. All HR data is based on headcounts and is excluded from the scope of the independent assurance. All calculations of energy use, reduction and emissions has been provided by third party service suppliers and are comparisons between fiscal years 2014/2015 and 2015/2016, the measurements started 2009-09-01.

If you have any questions about our report, feel free to contact me at:
marcus.grapne@stadium.se

Marcus Grapne
Chairman of the Sustainability Council

INDEPENDENT ASSURANCE STATEMENT

SCOPE AND OBJECTIVES

Ethos International AB has undertaken independent assurance of the Stadium Sustainability Report 2015/2016 (the Report). The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide moderate level Type 2 assurance, which covers:

- Evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and;
- The reliability of specified Corporate Responsibility performance information and data.

The performance information included in the scope was all data and key claims in the Report with the exception of data that is subject to mandatory auditing included in the Annual Report 2015/2016. We applied the Global Reporting Initiative's Principles for defining quality as criteria to evaluate performance information. Additionally, we provide a third party check on the application of the GRI G4 Guidelines.

RESPONSIBILITIES OF THE DIRECTORS OF STADIUM AND OF THE ASSURANCE PROVIDERS

The management of Stadium have sole responsibility for the preparation of the Report. The Board of Directors emits the report for Stadium jointly with the CEO of Stadium. Ethos International has been involved in one stage of this year's preparation and guidance process, which was moderating the materiality analysis including stakeholder dialogues. This is the first year Ethos International has provided corporate responsibility assurance for Stadium.

Our statement represents our independent opinion and is intended to inform all of Stadium's stakeholders including management. We adopt a balanced approach towards all Stadium stakeholders. Our assurance team comprised of Malin Lindfors Speace, Sandra Rumelius and Max Berggren. Further information relating to the team is available at: www.ethosinternational.se.

BASIS OF OUR OPINION

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of the current Sustainability issues that are material to Stadium and are of interest to stakeholders.
- Interviews with management responsible for sustainability and review of selected evidence to support issues discussed. These were freely selected by the assurers. Main focus of the interviews was the understanding of material aspects, stakeholder perspectives, risks and opportunities related to sustainability, communication and changes during the year.
- Review of Stadium's approach to stakeholder engagement and recent outputs.
- Review of the report texts, graphs and tables.
- Review of the processes for gathering and consolidating data and supporting evidence for all claims. For both data and claims checking, this included accessing all key internal reporting and performance management systems as well as reviewing electronic documents, e-mails, external reports alongside other sources of evidence.
- Verification of Scope 2 and 3 CO2e statements, underlying carbon emission calculations and factors.
- Site visit, in form of an inspection according to SA8000 standard, at a Stadium supplier factory.

EXEMPTION

All data related to Human Resources is excluded from the scope of the assurance due to lack of internal HR system.

FINDINGS AND OPINION

We reviewed and provided feedback on drafts of the Report and where necessary changes were needed these were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Stadium's adherence to the Principles or its performance on sustainability.

In terms of data accuracy, nothing came to our attention to suggest that the data have not been properly collated from information reported on an operational level, or that the assumptions used were inappropriate. We are not aware of any errors that would materially affect the data or information.

We can confirm that we have made an independent assessment of Stadium's self-declared application of the GRI G4 guidelines and can confirm it to be a Core level "in Accordance" report.

OBSERVATIONS

Without affecting our assurance opinion we also provide the following observations:

PERFORMANCE INFORMATION

Overall we have confidence in the level of accuracy of the performance information presented in the Report. Data collection processes are described and supported through evidence seen during the assurance process.

Limited numbers of data errors in calculations were highlighted during the assurance process and have subsequently been corrected in later versions of the report. Implementation of HR data system should be finalised by 2018 to enable transparent disclosure of employee performance information. Supply chain management should be strengthened to enable a higher degree of control and confirmation of abidance to set demands from Stadium. Scope 2 and 3 data should be expanded to reach complete coverage of Stadium Group.

MATERIALITY

We believe the report describes the majority of Stadium's material impacts in an adequate and good manner that enables all stakeholders to engage with Stadium to co-create in moving sustainability to a broader and more incorporated level both in Stadium and as stakeholder in an external context.

Areas that should be highlighted and addressed in Stadium's forthcoming sustainability performance is continued integration of sustainability in their value chain, covering all product groups and areas of operations, including the further development of a Code of Conduct and related policies. In next years report an emphasis should be put on the disclosure of results

from analysis and initiatives within diversity and equality to address these key aspects. Which of course was not possible during this reporting year due to lack of data.

INCLUSIVITY AND RESPONSIVENESS

The range of stakeholder groups addressed in the stakeholder dialogues together with the degree of participants in the dialogues and involvement from top management indicates high engagement and understanding of sustainability and provides an inclusive foundation for Stadiums strategic development. To uphold the commitment and knowledge of sustainability, Stadium should continue to increase transparent internal and external communication.

ETHOS INTERNATIONAL

3 May 2017



Sandra Rumélius
Head of Advisory Services



Max Berggren
Advisor



Malin Lindfors Space
Partner and Senior Advisor

Ethos International AB is a Nordic Sustainability Advisory firm licensed by AccountAbility to provide AA1000 AS (2008) assurance.



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Example of Stadium team spirit from store manager meeting in Rhodes 2016

ACTIVATING THE WORLD

IN SUSTAINABLE WAYS

Movement and an active lifestyle, however you live it, makes you healthier and happier. That is a lifestyle worth promoting.

When the brothers Bo and Ulf Eklöf founded Stadium, they had a goal: to activate the world. Since the beginning, an important part of the Stadium organization has been the belief that humans are active by nature and that everyone should be able to afford an active lifestyle. A passion that drives us forward.

MEET THE TEAM

We believe that the strongest organization is one that is based on equality and diversity. We create this by building a business culture that offers equal opportunities for all employees.

During one year, we have over 5 000 individuals working for Stadium, inspiring our customers to an active lifestyle. Our customers are men and women, younger and older, who we believe share our vision of an active lifestyle. They represent various aspects of the society we live in and all unique needs that follows. We strive towards having a team that matches the demographic of our customers.

A team who feel that they are able to contribute with their unique experience and talent, toward our common goal - to activate the world.

WORKING TOWARDS OUR GOALS

In our annual employee survey we ask our employees whether they feel that Stadium is an equal workplace (regardless of gender, gender identity or gender expression, ethnicity, religion or other beliefs, disability, sexual orientation or age). All in all, our index for being an equal workplace is 86%.

With new tools and processes we have been able to take new steps towards our goals for a truly diverse workplace. The demographics of our employees shows that we are quite good at diversity when it comes to gender distribution. In total, we are at 59% female employees and 41% male employees. Sadly, the same numbers for managers are almost the opposite. 57% male managers and only 43% female managers. This is however an improvement from earlier year with only 41% female managers.

We believe that activating the world is not only about offering the right gear and the right apparel at affordable prices. To be able to live a healthy lifestyle, we need a healthy planet - now, and in the future. As a player in the Nordic sports retail business, we have a responsibility to ensure not only that our products leave a minimal environmental footprint, but that they are manufactured under fair conditions as well.

Continually, we strive to work towards that goal and that goes for our sustainability work as well, with the aim to activate the world - today and tomorrow.

If we look at the compensation, benefits and diversity we are a little better than average (benchmark done for Sweden only). Our female employee's compensation is at 94,2% of the men's compensation compared to the 88% benchmark. For non-manager positions the female's salaries are 97,4% of the men's but for managers the number is only 84,9%.

We know that we have areas that we need to focus on, in order to be seen as equal in all levels of the organization. The areas we need to prioritize are gender, ethnicity and age. We need to set clear goals, create new processes to support the work ahead and find tools that help us keep track of our progress.

MILESTONES IN 2015/2016

- We have reviewed our Equality and Diversity plan, and set clear actions to reach our goals. The plan will be reviewed by our board of directors, and implemented 2017.
- With the help of SCB (Statistics Sweden), we have gathered data to see the ethnic background among Stadium's Swedish employees, compared to the general working population (our customer base). Today we do not reflect the general working population.
- We have launched a project in all countries of operation, in order to find a HR-system that will help us gather key figures and support our HR processes in a better way. Our ambition is to be able to start implementing this system in 2017.
- We have implemented and started using a system for position evaluation. This system enables us to compare salaries internally and externally.
- We have initiated the development of a Code of Conduct for Stadium Group with related policies.

OUR DNA: HIGH5

Our ambition is to be value driven in every aspect. Among our suppliers, this is secured by our Supplier Code of Conduct. Internally, we follow our DNA that we call High 5. We are as determined with our sustainability goals as we are with our values - they are as vital for our future and a part of the everyday work for Stadium team members.

ENERGY

With the right mindset, you can create energy - and with energy, you may empower success.

SIMPLICITY

Common sense and clear communication goes a long way. We believe that if you make it simple - chances are good you make it right.

TEAM SPIRIT

We think, we work and we support one another as a team and reap the benefits of our differences.

INNOVATION

Always strive to make things better. Innovation is crucial for sustainable development.

PASSION

We have a passion for creating an active, fun, and healthy lifestyle for all.

COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES

% OF INDIVIDUALS IN OUR ORGANIZATION 2015/2016

	MALE	FEMALE	AGE <30	AGE 30-50	AGE >50
BOARD OF DIRECTORS	85.7%	14.3%	0.0%	28.6%	71.4%
LEADERSHIP TEAM	85.7%	14.3%	0.0%	85.7%	14.3%
MANAGER	57.0%	43.0%	8.2%	84.0%	7.8%
EMPLOYEE	40.6%	59.4%	72.7%	25.2%	2.1%

RATIO OF BASE SALARY

AVERAGE SALARIES IN SEK 2015/2016

OVERALL	ALL	AGE <30	AGE 30-50	AGE >50
FEMALE	275 156	253 496	320 949	379 013
MALE	292 219	254 484	372 954	430 012
TOTAL	282 212	253 902	342 728	400 116
FEMALE VS MALE	94.2%	99.6%	86.1%	88.1%
2014/2015 (DIFF)	93,6% (0,5%)	98,3% (1,3%)	99,5% (-13,4%)	90,2% (-2,1%)

EMPLOYEES	ALL	AGE <30	AGE 30-50	AGE >50
FEMALE	268 017	253 096	303 715	369 202
MALE	272 000	253 128	317 921	399 763
TOTAL	269 633	253 109	309 276	369 202
FEMALE VS MALE	98.5%	100.0%	95.5%	92.4%
2014/2015 (DIFF)	97.4% (1.2%)	98.7% (1.3%)	95.0% (0.5%)	82.4% (10.0%)

MANAGERS	ALL	AGE <30	AGE 30-50	AGE >50
FEMALE	469 050	390 997	468 636	529 213
MALE	575 294	403 734	592 160	607 183
TOTAL	529 574	392 276	540 340	557 939
FEMALE VS MALE	81.5%	96.8%	79.1%	87.2%
2014/2015 (DIFF)	84,9% (-3,4%)	88,0% (8,9%)	84,1% (-5,0%)	74,4% (12,7%)

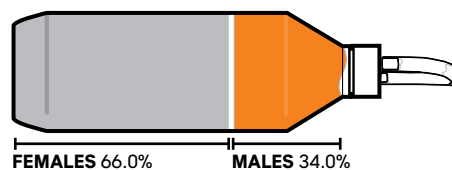
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

TOTAL NUMBER OF PEOPLE THAT HAVE JOINED AND LEFT US 2015/2016

	NEW EMPLOYEE HIRES	EMPLOYEE TURNOVER
FEMALE	924 (61.0%)	816 (53.8%)
MALE	593 (39.0%)	577 (38.2%)
AGE <30	1363 (89.8%)	1177 (77.6%)
AGE 30-50	147 (9.7%)	198 (13.1%)
AGE >50	7 (0.5%)	18 (1.2%)
SWEDEN	1192 (78.6%)	1144 (75.4%)
FINLAND	285 (18.8%)	229 (15.1%)
GERMANY	40 (2.6%)	20 (1.1%)
TOTAL	1517 (30.1%)	1393 (27.6%)

PARENTAL LEAVE

TOTAL NUMBER OF EMPLOYEES ON PARENTAL LEAVE IN 2015/2016



	FEMALE	MALE
SWEDEN	291 (64.7%)	159 (35.3%)
FINLAND	24 (95.7%)	3 (4.3%)
GERMANY	0	0
TOTAL	315 (66.0%)	162 (34.0%)

e-NPS: EMPLOYER NET PROMOTER SCORE, CHANGE FROM 2014/2015

41 ↗

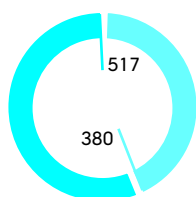
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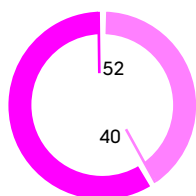
COLLECTIVE AGREEMENTS*

ALL OF OUR EMPLOYEES (100%) ARE COVERED BY COLLECTIVE FORMAL BARGAINING, HEALTH AND SAFETY AGREEMENTS, FOR EXAMPLES RULES REGARDING SCHEDULING, WORKING HOURS AND COMPENSATION DURING SICK LEAVE.

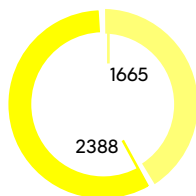
TOTAL WORKFORCE BY REGION AND GENDER



FINLAND 897
17.8%



GERMANY 92
1.8%



SWEDEN 4053
80.4%



FEMALE



MALE

SWEDEN 58,9%
FINLAND 57,6%
GERMANY 56,5%

SWEDEN 41,1%
FINLAND 42,4%
GERMANY 43,5%

COLLECTIVE AGREEMENTS*
100%

PERMANENT 60.6%

TEMPORARY 39.4%

FEMALE 58.6%

MALE 41.4%

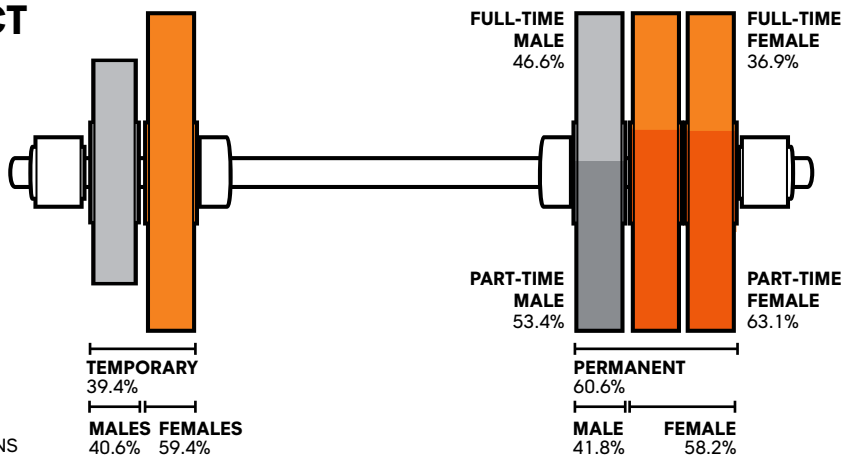
TOTAL NUMBER OF EMPLOYEES DURING 2015/2016

5042

NO SIGNIFICANT VARIATIONS IN EMPLOYMENT NUMBERS DUE TO SEASONAL VARIATIONS

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER

	FEMALE	MALE	TOTAL
PERMANENT	1776	1278	3054
TEMPORARY	1181	807	1988
PERMANENT FULL-TIME	656	595	1251
PERMANENT PART-TIME	1120	683	1803



* REPORTING ON MINORITY GROUPS IS NOT ALLOWED ACCORDING TO LOCAL LAW IN COUNTRIES OF OPERATIONS

GOVERNANCE

We believe that a strong and effective management is one where a sustainability mindset is always present. We encourage everyone at Stadium to follow our DNA and Simplicity, they are important mottos for motivating the entire organization to work toward our vision of activating the world.

THE STADIUM CONCEPT & FORMAT STRUCTURE

Today, Stadium consists of two concepts: the original Stadium concept, and Stadium Outlet, added in 2009. Within these concepts, there are different formats, both physical and online based.

With these different concepts and formats, our aim is to offer different price ranges, a wider variety of products and reach out to a larger customer base. To date Stadium has approximately 160 stores in Sweden, Finland and Germany.

In Finland, we opened our first Stadium Outlet and Stadium Ski store, in Sweden we opened another store in Mall of Scandinavia. We have also launched two more digital platforms in Finland and in Germany, stadiumoutlet.fi and stadium.de.

BUSINESS MISSION

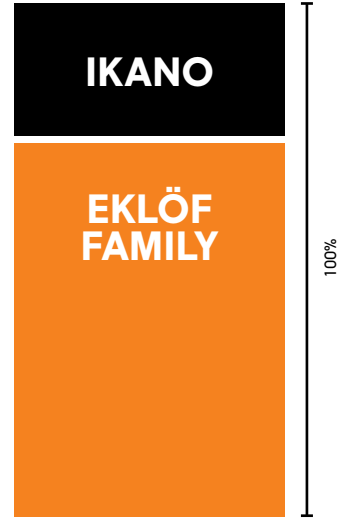
STADIUM

We think everyone should be able to afford an active life. That is why we strive to offer sport and sports fashion topped with the right functions, good quality and the latest design, in every price range.

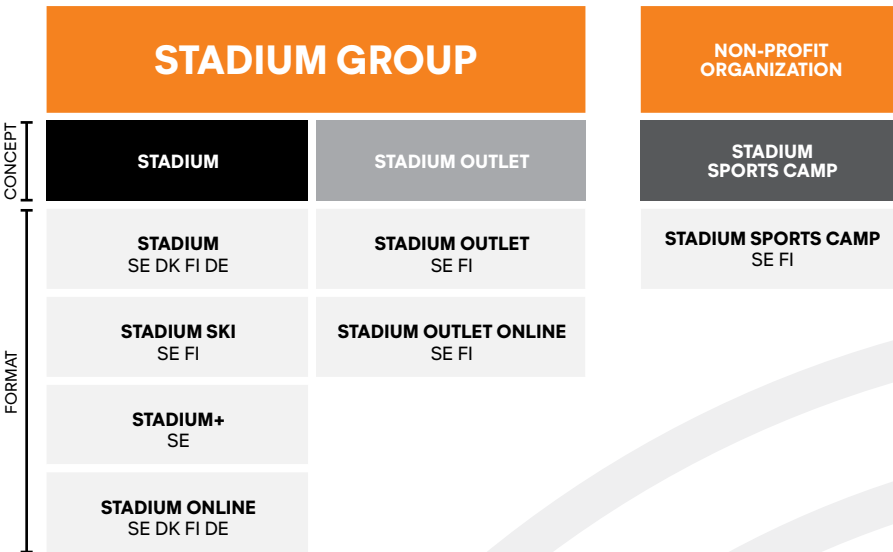
STADIUM OUTLET

Stadium Outlet is a concept with low prices on sports and sports fashion in the Stadium Group. They offer a wide range of 40-70% lower prices.

OWNERSHIP STRUCTURE



Stadium has a simple ownership structure in which the Eklöf family owns 73% and Ikano 27% of Stadium AB. Within the concern Stadium AB is generally referred to as Stadium Group.



CORPORATE STRUCTURE

BOARD OF DIRECTORS

CHAIRMAN OF THE BOARD
BIRGER LUND

BOARD MEMBER
ULF EKLOF

BOARD MEMBER
HENRIK BUNGE

BOARD MEMBER
JESPER SCHMIDT

BOARD MEMBER
CHRISTEL KINNING

BOARD MEMBER
KARL EKLOF
RESPONSIBLE FOR CSR

EXECUTIVE COMMITTEE*

CEO
KARL EKLOF
RESPONSIBLE FOR CSR

SALES DIRECTOR
STEFAN HOGKVIST

CFO
PETER HJERN

SENIOR ADVISER
BO EKLOF

LOGISTICS DIRECTOR
DANIEL JOHANSSON

BUYING DIRECTOR
ROGER PALFFY

MARKETING DIRECTOR
VICTORIA APPELQVIST

COUNTRY MANAGER SWEDEN
MAGNUS WAHLANDER

SUSTAINABILITY COUNCIL

CHAIRMAN OF THE SUSTAINABILITY COUNCIL
+ **LOGISTICS DIRECTOR/LOGISTICS DEPARTMENT**
DANIEL JOHANSSON
RESPONSIBLE FOR CSR

HEAD OF INHOUSE & PRODUCTION /MARKETING DEPARTMENT
KAJSA LARSDOTTER

SUSTAINABILITY MANAGER /BUYING DEPARTMENT
CATRINE MARCHALL

TACTICAL SALES MANAGER /SALES DEPARTMENT
HENRIK THYGESEN

COMPENSATION & BENEFIT MANAGER /HR DEPARTMENT
TOMMY RUNESSON

GENERAL MANAGER /STADIUM SPORTS CAMP
MARCUS GRAPNE

FINANCIAL DATA 2015/2016

Direct economic value generated and distributed

BASIC DATA	
COUNTRY	SWEDEN, FINLAND, DENMARK AND GERMANY
COMPONENT	SEK
EQUITY	975 427 494
DEBT	865 129 160
DIRECT ECONOMIC VALUE GENERATED	
REVENUES	5 488 293 918
DIRECT ECONOMIC VALUE DISTRIBUTED	
OPERATING COSTS	4 243 724 704
EMPLOYEE WAGES AND BENEFITS	1 068 699 406
PAYMENTS TO PROVIDERS OF CAPITAL	58 638 345
PAYMENTS TO GOVERNMENTS	46 700 461
Sweden	35 432 128
Finland	10 272 067
Denmark	996 266
Germany**	0
COMMUNITY INVESTMENTS	6 130 984
TOTAL DIRECT ECONOMIC VALUE DISTRIBUTED	5 423 893 900
ECONOMIC VALUE RETAINED	64 400 018

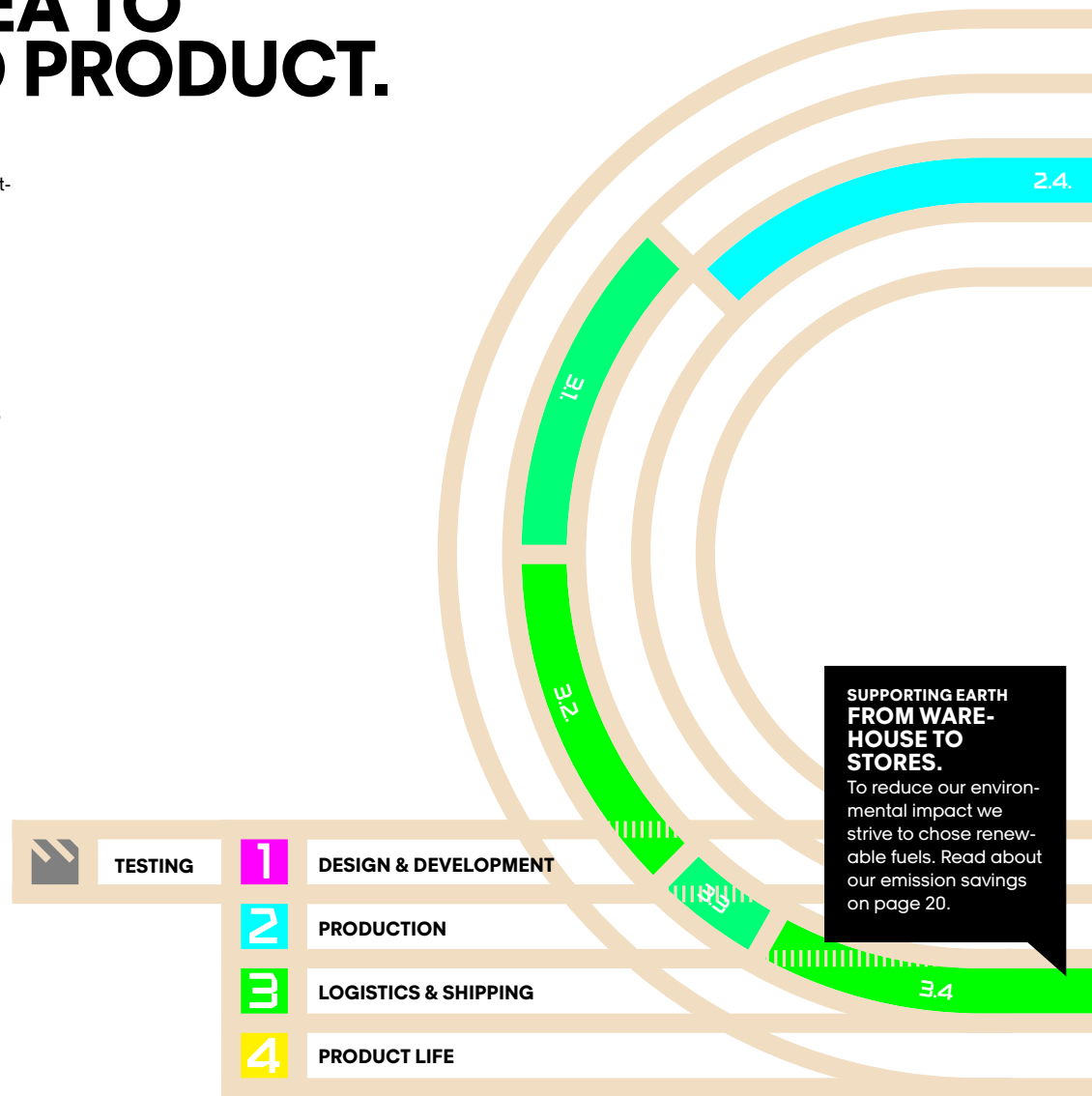
* In Q3 2016 the Executive committee went from 7 to 8 persons.

** Due to losses in the German market, no payments to government have been made.

RESPONSIBLE PRODUCTION

FROM IDEA TO FINISHED PRODUCT.

The value chain that Stadium is using for our exclusive brands can be illustrated similar to a circular process, it also shows the sustainability challenges and issues raised along the way. From designing products with durable and environmentally friendly fabrics and materials, to managing a complex supply chain. We put a lot of effort to make sure that our customers end up with products that are manufactured in a fair and responsible way - with the aim to have smallest environmental footprint as possible.



1. DESIGN & DEVELOPMENT

1.1. DESIGN. Inspiration and sketching process for new collections.

1.2. DEVELOPMENT. Sourcing fabrics and field testing process for the new collections.

1.3. SAMPLE. Choice of fabric and suppliers from provided samples. We consistently search for new and better ways to provide our customers with safe and environmentally friendly products.

1.4. TESTING. Testing of measurements, colors, quality, durability and shrinkage. Control of safety and chemicals. Our products are tested both internally and by independent testing institutes to ensure that they meet the safety and quality levels required by law and by ourselves.

We follow the strict EU regulations of REACH, and together with our suppliers, we strive to work hard to minimize the use of hazardous

chemicals. In accordance with this, we aim to reduce the usage of any chemicals that are carcinogenic allergenic or harmful to the environment.

For us, safety is extremely important, especially when it comes to products for children. We always conduct extensive product testing to ensure that our products uphold quality and that they are safe to use.

2. PRODUCTION

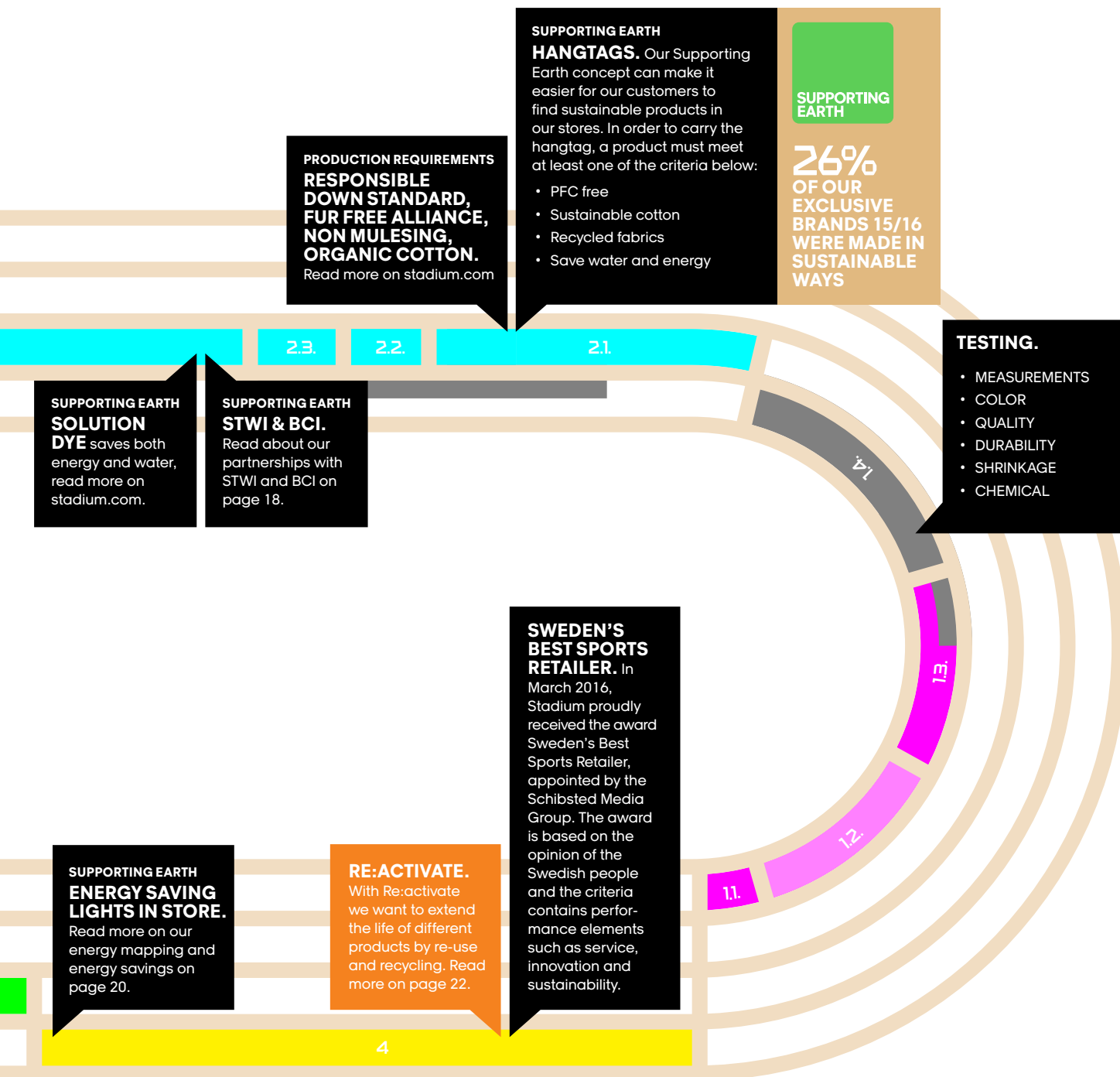
To make our production processes more sustainable, we need to promote techniques that use less energy and water, eliminate the need for hazardous chemicals and produce less waste. We believe that one challenge involves changing attitudes and convincing everyone involved that a reduced environmental footprint is a win for the whole world.

2.1. SUPPLIER EVALUATIONS. Before choosing a supplier, we want to make sure that they meet our requirements for manufacturing products in a fair way, with respect for both workers health and the environment. Inspection of all suppliers and following up on the results is a big challenge - but a necessary one.

2.2. ASSORTMENT. Final choice of which products to buy and to what volumes. Buying department decides together with sales representatives from our stores and countries.

2.3. ORDER

2.4. PRODUCTION



3. SHIPPING & LOGISTICS

3.1. PACKAGING. To reduce the impact on our world we work closely with our suppliers with clear regulations to minimize the use of corrugated paper and plastic when packaging as well as maximize the fill rate in the cartons, in which our products are shipped in.

3.2 SHIPPING. Shipping is a major contributor to the world's CO2 emissions. For all the production from the Far East where we are responsible for the transport we ship our products by boat. We have set up clear rules together with our supplier and transporters to operate a high fill rate in the containers that we distribute, as a way to minimize the amount of containers and consequently the impact on the environment.

3.3 WAREHOUSE. All our products are initially stored at our central warehouse in Norrköping.

Here we are able to pack our deliveries in ways that minimize unnecessary transportation to our stores. The transport packaging removed from products is recycled into new plastic and new corrugated cardboard products.

3.4 DELIVERY IN STORE. To reduce the number of transportations, all deliveries from our warehouse goes to various terminals and is transported together with other goods from other stores before finally delivered to a Stadium store. During the period 2015-09 to 2016-08, the proportion of renewable fuels at our distributor in Sweden where 19,5% whereof 5% RME (FAME) and 14,5% HVO.

RME: RAPESEED METHYL ESTER, FAME: FATTY ACID METHYL ESTER, HVO: HYDROTREATED VEGETABLE OIL.

4. PRODUCT LIFE

We believe that we have a responsibility toward our customers to produce safe and durable products with minimal environmental footprints. Through Human Bridge and the Re:activate initiative, we seek to give new life to our customers used products.

OUR SUPPLIERS

We have a responsibility to make sure that the products we sell are manufactured under human conditions and do not contain materials that are harmful to our planet. Furthermore, every manufacturer we work with must comply with our ethical guidelines, our Supplier Code of Conduct.

Stadiums Supplier Code of Conduct (SCoC) is based upon ILO conventions on working conditions and other rights of the employee and the UN Convention. We also use the Textile Importers' Association guidelines regarding which chemicals that should not be used in production. We recognize that there are different legal and cultural environments in which Factories, suppliers and its subcontractors operate throughout the world. (Read more about our Supplier Code of Conduct on our website).

Regardless of what sport we practice we want to play by the rules.

WE WANT FAIR PLAY!

Several of the markets we operate in are what you would call high-risk areas viewed from a sustainability perspective, with risks for incidents of child labor but also forced labor. Our assessment is that Pakistan, Cambodia and Bangladesh have an increased risk together with the countries that produce cotton such as India, China and Uzbekistan. First tier suppliers have less risk of child labor but further up in the supply chain the risk becomes higher. When it comes to forced labor it is still likely to be found at first tier suppliers, why we during a site visit always go through salary documentation to ensure payments are not held nor delayed and verify that documentation is not falsified.

To minimize the risks and to ensure our exclusive brand suppliers uphold high ethical standards and practices, we have a due process for selecting, screening and evaluating the suppliers and their compliance with our code of conduct. We ask all of our suppliers to stand by our values and convey the need for continuous improvement – just like in all instances of our organization.

A current risk that we have identified, and which we are working on by raising our suppliers'

awareness of, is the need to ensure that the purchased social insurance covers the whole workforce – seasonal, temporary and permanent.

PROGRESS FOR IMPROVEMENT

During 2016 we have implemented a web based system for supplier assessment which includes assessment of Governance, Social Performance, Environmental Performance and Anti Corruption.

We are now in the final phase and aim to have all active units registered and assessed within short. Moving our focus to update routines on our visits for a more efficient and systematic process with follow-ups and dialogues based on the assessment. We are in the stage of increasing resources on our CSR work although aware of the fact that it takes some time before we see the results of this investment.

LONG-TERM RELATIONS

We have developed long-term partnership with the suppliers handling the major part of our production - some have been partners more than 15 years. Looking into volume 55% is produced by suppliers with whom we had business relationship with more than 10 years. Stadium has worked with 39 of our total 133 suppliers for more than ten years.

Despite the long business relationships, we still verify their level of compliance through visits and assessments, a part of the process that we have strengthened and invested in a new system. All our active factories needs to go through this system and all new factories must go through an initial screening before we go ahead and place orders.

SUPPLIER ASSESSMENT TOOL

Our supplier assessment tool is tailor-made for our business and makes it possible for us to monitor and evaluate the sustainability risks of our suppliers in a comprehensive and cost-effective way.

The tool measures risks in the supply chain by gathering information from suppliers. It covers all sustainability areas: human rights, labor rights, environment, anti-corruption and governance. Based on each supplier's self-assessment the tool evaluates and rate each supplier according to sustainability risk and the overall rating gives an indication of the overall supply chain risk.

The tool also entails a follow-up function that makes it possible for us to directly follow-up on identified risk areas. By identifying the suppliers with the highest sustainability risks, the tool also facilitates our prioritization of further evaluation and performing site visits.

WHAT THE FUTURE HOLDS

We are humbly aware of the fact that the world is large and supply chains are complex. However, we believe that keeping an open mind and a transparent dialogue with our stakeholders and communities will be a great support in upholding ethical production and sourcing practices around the globe in the future.

One of our main focuses in the immediate future is to focus resources in production to develop our supplier management program. This will allow us to facilitate the work of monitoring the process along our entire supply chain. The aim is to engage our suppliers to commit to human and labour rights, environmental protection and anti-corruption not only by signing documents but also to ensure that they perform accordingly to this.

Our aim is to continue to strengthen our supplier relations and focus on working with a confined number of suppliers, as opposed to Stadium's production needs. We have set a new strategy in which we have consolidated more orders to fewer suppliers, which can increase our advocacy and influence. Although we may be considered as a small operator in the industry, it enables a close dialogue and more effective results, due to reduced suppliers. At term, we believe it will bring forward an even more effective organization and a better outcome, if we put more energy into fewer suppliers.

SUPPLIER BASE

Our supplier base consists of manufacturers with own factories and subcontracting units as well as traders and sometimes importers. For all types of suppliers the producing unit is mentioned as factory and is known to Stadium when placing order.

The product range produced reflects the assortment of Stadium exclusive brands which largest part is apparel, but also shoes and hard goods such as sport equipment/ protection like helmets and skates etc.

OUR STADIUM BRANDS & DIVISIONS

Our Stadium Exclusive Brands (●) are: SOC, Everest, Race Marine, Warp, Revolution, Four D and Occano.

We strive to have 50% exclusive brands (●) and 50% selected brands (●) in our stores. Stadium Outlet's (●) production is today approx. 25% and Stadium's (●) 75%.

We work with four divisions: Junior (●), Sport Lifestyle (●), Outdoor Sports (●) and Classic Sports (●).



FACTORY SCREENING PROCESS

ANALYSIS

- Mapping of supply chain
- Industry and country risk analysis

REQUIREMENTS DEFINITION

- SCoC & chemical restrictions commitment
- Terms & conditions signed

SCREENING

- Factory self-assessment
- Evaluation of results
- Follow-up through dialogue

AUDITS & SITE VISITS

- Site visits by Stadium's internal auditor and audits by external party auditors
- Briefing supplier on inspection results & findings

CORRECTIVE ACTIONS

- Supplier provides corrective action plan on non-compliance findings
- Follow-up
- Business development to match with progress on compliance development

IMPROVEMENTS IN INTERNAL SYSTEM

To further strengthen our process to ensure progress and consistency in compliance level we understand that we need to update our program for follow-up of factories. Our program should include clear and updated escalation criteria as well as timeframes and guidelines for CAPS, dialogues, re-audits and follow-up visits.



ABOVE: Woman in chinese cotton field. Picture from BCI.

RIGHT: Karl Eklöf, CEO and Bo Eklöf, Founder during a visit at the Jin Jiang factory in China.



UNITS 2015/2016

	Total number
Active units	234
Screenings	32
Number of new suppliers screened 2015-16	3
Valid 3rd party certificate	18
Stadium internal inspections	19
Stadium initiated 3rd party inspections	5
Rejected internal inspections	5
Valid CAPs	9

BANGLADESH ACCORD

All 11 factories producing for Stadium in Bangladesh have been visited and a total of 74 inspections were made in 2015/16.

LONGTERM RELATIONSHIPS

This is a major focus in our production process, 39 suppliers of 133 Stadium have worked with more than 10 years. Looking into volume they stand for 55%.



ABOVE: Picture from Fairtrade Pakistan. LEFT: Karl Eklöf, CEO and Åsa Bolkert, Head of Production & Sourcing visiting a supplier in China.



128 STADIUM STORES & 33 OUTLET STORES IN:
**SWEDEN (95+31), DENMARK (7),
FINLAND (27+3), & GERMANY (3)**

HEADQUARTERS/SERVICE OFFICE:
NORRKÖPING, SWEDEN

HELSINKI

FINLAND

SOS CHILDREN'S VILLAGES

HAMBURG

STOCKHOLM

POLAND

BULGARIA

TURKEY

THE AC

SOS CHILDREN'S VILL

ITALY

BANGLA

HUMAN BRIDGE:
GREECE, SYRIA, IRAQ, MOLDAVIA & UKRAINE

FAIRTRADE

PAKISTAN

FEMALE COTTON FARMERS

INDIA

CORD

AGES

DESH

CHINA

PRODUCTION OFFICE:
HONG KONG

TAIWAN

THAILAND

VIETNAM

CAMBODIA

INDONESIA

HUMAN RIGHTS

● **THE BANGLADESH ACCORD.**

In 2014, Stadium signed the Accord, an initiative for creating safer and better work environments for textile factory workers in Bangladesh.

The Accord on Fire and Building Safety in Bangladesh (the Accord) is an independent, legally binding agreement between global brands designed to enable a working environment in which no worker needs to fear building collapses, fires or other accidents that can be prevented with the right safety measures.

Independent inspectors audit all factories, and inspection reports and corrective action

plans are open to the public. If there is a safety breach, the company in question commits to funding sufficient improvements and repairs, while factory employees receive their wages throughout the process.

Together with our suppliers, we strive to improve fire and building safety in third world countries. We believe this is as a step in the right direction towards helping development in third world countries in a responsible way.

So far, over 190 brands have signed the agreement – thus creating a safer work environment for roughly 2 million workers in 1600 factories.

You can read more about The Accord on stadium.com.

● **FAIRTRADE.** For us, it is of high priority that everything we sell is manufactured in a right and proper way. We support Fairtrade, and are proud to tell that our own footballs, handballs and beach volleyballs are Fairtrade certified. In that way, we can together with our customers, aim to make a difference for the employees of our suppliers.

Fairtrade helps farmers and employees in developing countries by providing them the opportunity to compete in an international market, on better terms, and by long-term trade agreements. The international Fairtrade criteria ensures that employees receives contractual incomes and improved working conditions.

Through Fairtrade, the employees receive a Fairtrade premium when a commodity is sold. Suppliers purchase sports balls on Fairtrade terms and pay an additional ten percent of the commercial sales price, consequently, the Fairtrade Premium. These premiums are used to develop the local community socially and economically, such as new schools, projects for clean water or health care. These decisions are an important part of democratic development and taken mutually by the workers.

Fairtrade is more than improving financial situations, the criteria also prevents child labor and discrimination, promoting democracy, the right to organize and environmental considerations in production.

FACTORY COUNT
234 FACTORIES
IN 14 COUNTRIES.

BANGLADESH	13
BULGARIA	1
CAMBODIA	3
CHINA	163
FINLAND	1
INDONESIA	9
ITALY	6
PAKISTAN	6
POLAND	1
SWEDEN	8
TAIWAN	6
THAILAND	1
TURKEY	7
VIETNAM	9



COLOR GUIDE
MAP

- Offices (●)
- Factories (●)
- Social engagements (●)
- Re:Activate initiatives (●)

SUPPORTING EARTH.

MAKING OUR GREEN PRODUCTS VISIBLE.

In 2015, we introduced our customers to Supporting Earth. A labeling system with the aim to facilitate choosing green products.

All products in our stores that have been produced in sustainable ways have small, yet visible, green Supporting Earth hangtags, which contain information about why the prod-

uct is a better alternative, such as being made from sustainable cotton, using water saving methods in the dyeing process, that it contains Responsible Down Standard down or is Fair-trade certified.

Our customers can find more information about Supporting Earth, as well as our other sustainability initiatives and policies, on our website.

We encourage our customers to choose our Supporting Earth labeled products, and we strive to expand the assortment continuously. This way we can work further to assure that our environmental footprint remains at a minimum level.

SWEDEN TEXTILE WATER INITIATIVE

SAVING WATER TOGETHER

Reducing water use in textile production is a big challenge for the retail industry. That is why Stadium is a contributing member of the Sweden Textile Water Initiative – a unique cooperation between Swedish brands and retailers in the textile and leather business and the Stockholm International Water Institute focusing on new solutions and technologies for minimizing water and chemical use in production.

A major success factor in this project is education, increasing knowledge and changing suppliers' attitudes about the importance of sustainable production. STWI has educated more than 15900 workers through workshops and awareness sessions.

The initiative partnerships with governments and academic institutions in five countries and is working together with 119 factories. Changing their performance through capacity building, data reporting, improved governance and a global sustainability platform.

OBJECTIVE

Sweden Textile Water Initiative Projects is a public-private partnership between Sida (Swedish International Development Cooperation Agency), SIWI (Stockholm International Water Institute), Sweden Textile Water Initiative Brands, their suppliers and sub-suppliers. Sweden Textile Water Initiative Project's vision is to transform suppliers and sub-suppliers' practices towards sustainable use of water resources in textile and leather manufacturing.

IMPROVING THE COTTON TRADE WORLD WIDE.

BETTER COTTON INITIATIVE

We are committed to improving cotton farming practices globally with the Better Cotton Initiative.

The Better Cotton Initiative (BCI) is a non-profit organization founded in 2005 with the purpose to define a better, more sustainable way to grow cotton, and transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

In cooperation with multiple stakeholders across the cotton supply chain, BCI strives to advocate and promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas.

As a member of BCI, Stadium commits to sourcing more sustainable cotton by using Better Cotton, organic cotton and recycled cotton. Starting this year, products from our own brand collections will be produced with more sustainable cotton. Stadium is using the on-product mark to communicate our commitment to Better Cotton with customers.

FEMALE COTTON FARMERS

Accompanied with four other companies in the industry, Stadium supports Female Cotton Farmers. A project initiated by local partner and independent enterprise CottonConnect, which work throughout the cotton supply chain to transform the world's cotton for good.

The project includes 15 villages in the states of Maharashtra and Parbhani in western India, where 1546 female cotton growers are educated with the aim that their plantations will lead to minimal environmental impact, improved health conditions and stronger economy.

Women often play key roles in the growing of cotton. However, because their contributions go unacknowledged, they do not receive the same training or support as men. Engaging women in better practices can improve their livelihoods as well as the quality of cotton.

During the two years that the project is ongoing, there are representatives from BCI in place to educate, organize and inform.

CLEAN WATER AND SANITATION

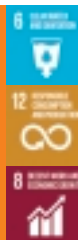
- 3.35 million Cubic meter saved annually
- = 1 days need for 67 million people
- = an annual need for 183.000 people
- 6% reduction in total water use
- 7.3% reduction in water per KG textiles

RESPONSIBLE CONSUMPTION AND PRODUCTION

- Total chemical reduction is 5.2 million KG (3.37% of total chemical use)
- Total reduction per KG production is 294 grams/kg (9.55%)
- 68% Factories with resource monitoring system installed and used
- 77% improvement in legal compliance

DECENT WORK AND ECONOMIC GROWTH

- 15930 workers trained through 13 workshops and 4 awareness sessions
- 176 top management executives trained
- 162.9 Million SEK invested by factories with 20 month payback time (240% ROI in 3 years)
- 88.9 Million SEK saved by factories in operational costs
- 831% private capital mobilized for public investments by Sida





ABOVE: Water tank on a STWI production site in India. Picture from STWI.

LEFT AND BELOW: Aferdita Arnyrd, Marketing Department and Catrine Marchall, Sustainability Manager visiting BCI cotton production in Maharashtra and Parbhani, India.



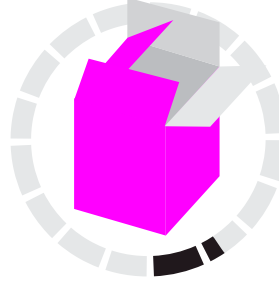
ENVIRONMENTAL CARE



SCOPE 2
201 TONS OF CO2 REDUCED FROM IMPROVEMENTS IN INTERNAL PROCESSES.



SCOPE 2
RENEWABLE ELECTRICITY
60%
12 302 314 GREEN KWH USED 2015-16. 40% COMES FROM NOT RENEWABLE ELECTRICITY; 8 201 543 KWH.



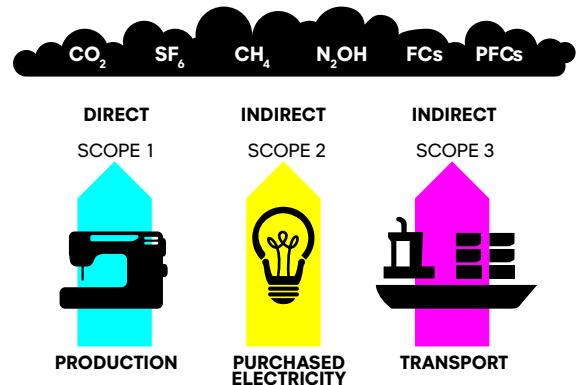
SCOPE 3
7.7% REDUCED ON CO2 EMISSION PER TRANSPORTED KG 2015-16.

ENERGY & EMISSION NUMBERS

SCOPE 2	STORES
TOTAL USE (kWh) 2014-2015	20 978 825
TOTAL USE (kWh) 2015-2016	20 503 857
TOTAL CO2 KG EMISSION 2014-2015	8 895 022 kg
TOTAL CO2 KG EMISSION 2015-2016	8 693 635 kg
SAVING CO2 KG/YEAR	201 386 kg
PERCENTAGE SAVED	2.3%

SCOPE 3	TRANSPORT
TOTAL CO2 KG EMISSION 2014-2015	1 334 567 kg
TOTAL CO2 KG EMISSION 2015-2016	1 094 030 kg
TOTAL CO2 EMISSION SAVED	240 537 kg
TOTAL KG TRANSPORTED 2014-2015	10 448 282 kg
TOTAL KG TRANSPORTED 2015-2016	9 290 451 kg
CO2 EMISSION PER TRANSPORTED KG 2014-2015	0,1277 CO2/kg
CO2 EMISSION PER TRANSPORTED KG 2015-2016	0,1178 CO2/kg

TOTAL CO2 EMISSIONS IN KG SAVED DURING 2015/2016
441 923

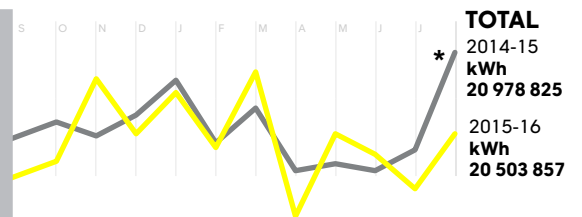


COMMENTS: SCOPE 1 EMISSIONS STANDS FOR AN INSIGNIFICANT SHARE OF TOTAL AMOUNT OF EMISSIONS. THEREFORE NOT PRESENTED.

SCOPE 3 EMISSIONS CONCERNS TRANSPORTS WITHIN SWEDEN. DUE TO THE LACK OF SUFFICIENT DATA, INTERNATIONAL TRANSPORTS ARE NOT ACCOUNTED FOR HERE.

ENERGY MAPPING 2014.09-2016.08

SCOPE 2	SEP	OCT	NOV	DEC	JAN	FEB
14.09-15.02	1 726 175	1 765 477	1 736 192	1 783 020	1 891 674	1 703 777
15.09-16.02	1 607 088	1 650 342	1 891 394	1 721 719	1 858 135	1 685 994
	MAR	APR	MAY	JUN	JUL	AUG
15.03-15.08	1 814 998	1 625 963	1 648 039	1 631 578	1 690 244	1 961 689
16.03-16.08	1 914 648	1 482 166	1 724 179	1 672 817	1 564 222	1 731 154



COMMENTS: ENERGY SAVINGS BETWEEN SEPTEMBER 2015/AUGUST 2016 ARE LOWER COMPARED TO SEPTEMBER 2014/AUGUST 2015. THIS IS DUE TO NO ENERGY EFFICIENCY PROJECTS IMPLEMENTED DURING THE YEAR. ALL NUMBERS REFERS TO STADIUM SWEDEN. *IN ADDITION, STADIUM HAS ONE MORE STORE (STADIUM MALL OF SCANDINAVIA) IN SEPTEMBER 2015/AUGUST 2016 COMPARED TO THE PREVIOUS PERIOD.

We believe that an active world is a clean world. Environmental care is very important for us and to do our part, we focus on using less water, less energy, less emissions and better chemicals, and we strive to apply a precautionary principle to all our decisions to be climate smart. During our fiscal year in 2015-2016, we reduced our emissions by 7.7% compared to the same period the previous year.

ENERGY AND EMISSIONS

Energy is core for us. It is what we thrive on, and what we need to perform well. The key is to use energy at the right times for the right action. We continuously strive to reduce the energy needed for transportation, consumption in our distribution headquarters, and lighting and heating in our stores.

During our fiscal year in 2015-2016 we have managed to lower the energy use in our stores with 2,3% over the course of the year. We are currently looking at how we can save even more in the future. We hired a certified energy mapper in 2016 to do an energy audit on Stadium Sweden. The audit will be completed in spring 2017. The energy audit will be conducted by a certified energy mapper and describe the company's total energy consumption. The energy audit will also identify opportunities for improvement.

100% of the electricity we purchase comes from renewable sources, e.g. wind power. However, this only makes up 60% of our total energy use, as the remainder is purchased by other parties such as landlords that house our stores. We are working towards controlling all purchasing to make sure we use 100% green electricity.

WATER AND CHEMICALS

Stadium is using the Solution Dye technology when dyeing clothes, this is Stadium Groups major and most important dyeing method, and we believe the usage is going to increase in our production until 2020. The Solution-Dye method is a water-saving production process, where the threads are colored before being made into fabrics and that eliminates the need for cloths to be dyed after the weaving process. Using this method instead of traditional dyeing has enormous environmental benefits; it reduces the amount of needed chemicals, emissions, energy and dramatically decreases water usage. Solution Dye is used for a majority of colors in the outer fabrics and linings in our exclusive brands SOC, Everest, Race Marine, Warp and Stadium products.

When it comes to chemicals specifically, Stadium group follows the European chemical legislation REACH. In 2015, we started the work with Stadium groups' RSL (Restricted Substance List) that involved the production of 2016 products. The RSL has higher requirements within certain areas that Stadium set our own goals. Substances that has been big challenges in production and that our costumers has higher interests in has been PFC free treatments, antibacterial treatments and free from phthalates. The use of antibacterial treatments has been banned since 2012, PVC with phthalates was banned in 2016 and we strive to be PFC free on garments during 2017. Furthermore, we aim to challenge our suppliers in the production process and to call for that they agree to our chemical requirements as a way to assure that they comply with our Chemical Commitments.

The topic of PFC-free waterproofing is not as straightforward. Most alternatives to PFC do not match the quality we strive to have in our products. The coating comes loose after a wash or two, and that simply will not do - especially when it comes to raincoats. An issue we are working to resolve and we have found new solutions that works for our products.

Our goal for 2016 was to exclude all PFC-based treatments in our own garment production and we believe that our own production at Stadium will be 100% PFC-free by the end of 2017. We strive to entirely PFC free by 2018; including footwear, tents and bags.

ENERGY MAPPING KEEPING OUR POWER IN CHECK

Stadium Sweden is subject to the law of conducting energy audits determined by the Swedish Energy Agency. We reported to the Agency in advance of December 5 2015, identifying the units to be mapped. Via our partner EON, we enlisted a certified energy mapper and planned a survey that will be completed by March 21 2017. This survey will be repeated every four years in the future.

The energy audit will be conducted by a certified energy mapper and describe Stadium Sweden's total energy consumption. It will also identify opportunities for improvement and new energy saving measures.

THE ENERGY AUDIT INCLUDES:

- Project management and implementation of initiatives related to energy and energy efficiency
- ENERGY MAPPING, for example:
 - Establishing energy profiles
 - Including seasonal variations
 - Measurements and identifications of large energy users within the business
 - Compilation and analysis
- Identification of measures needed to reduce energy consumption and costs
- Development of a basis for investment decisions, such as payback calculations
- Development and calculations of key indicators for monitoring

WORKING TOGETHER

Activating the world is about creating sustainability, today and tomorrow. Our aim is to cooperate with partners that are like-minded and that may comply with our values, together we strive to create the team effort needed for a sustainable future.

We have teamed up with competitors, supporters and NGOs to develop and improve sustainability agendas in areas in which we have the opportunity to make a difference. Water, chem-

icals and textiles are all important material aspects in our daily work, so we naturally want to push forward in enabling everyone in the business to produce sports products in a more responsible way.

As of 2015, we are voluntary contributing members of the Better Cotton Initiative (BCI), Responsible Down Standard (RDS), the Bangladesh Accord, the Chemicals Group at SWEREA IVF and the Sweden Textile Water Initiative. Through our memberships in these groups, we hope to share and acquire new knowledge in

meeting future sustainability challenges and opportunities together.

An active lifestyle may be considered very important for the next generation. Thus, we are proud supporters of Idrott Utan Gränser, En Frisk Generation and GoodSport, NGOs that stand for social integration and an active life. Their focus is children and families who need information and support to get in contact with sports. Together, we activate the future generation.

SOS CHILDREN'S VILLAGES GIVING CHILDREN THE RIGHT TO A FAMILY.

Aside from creating sustainable sports products, we want to contribute to the welfare of the areas where we operate today. We support initiatives that focus on brighter futures for young people, both in our vicinity and where our products come from.

Through SOS Children's Villages, we support a village in Chittagong, Bangladesh. The village's focus is to make families self-sufficient and to give children the chance to receive a proper education and regular meals every day.

In 2015, we collaborated with SOS Children's Villages in producing an eco-friendly water bottle, where 5 SEK per sold bottle went straight to SOS Children's Villages work with children and families. The bottles are still for sale in our stores, continually raising valuable funds for SOS Children's Villages and young people in need of families.

We are also proud supporters of SOS Lapsikylä, the Finnish branch of SOS Children's Villages, who provide safe havens, new families and brighter futures for children in need, both in Finland and abroad.

RE: ACTIVATE SMALL GIFTS. BIG DIFFERENCES.

We believe that an active life is a human right, regardless of where you come from or what your economic and social situation is. This is why we want to contribute to a more active, fair and sustainable world. Our partnership with Human Bridge and the Re:activate project is one of our ways to work towards that goal. A project where we, together with our customers, give new life to old products.

With the Re:activate initiative we aim to take advantage of the resources available and by recycling we try to help people in need with the opportunity to better shoes and clothing. Our customers hand in old products that they no longer have any use for in one of Human Bridge's collection boxes, available in all Stadium stores. The products will either be handed out to people who need the most, properly recycled or turned into resources for collecting, repairing, reconditioning or shipping medical supplies to countries in need or distress. This way, our customers can improve the quality of life for someone else and at the same time help save the earth's resources by extending a product's life span.

Stadium and Human Bridge have been partners for many years. This year alone, we and our customers and suppliers have donated 144 045 kilos of clothes and sporting equipment that Human Bridge have shipped to countries such as Syria, Iraq, Ukraine, Greece and Moldavia.

Human Bridge is a co-operation between Läkarmissionen and Erikshjälpen. It carries out projects every year in the form of material assistance in about thirty countries. Most of these countries are in Africa and Eastern Europe, but there are also recipients in Asia and South America.

More information available at: www.humanbridge.se.

STADIUM SPORTS CAMP SUMMER'S BEST WEEK

Since 1995 thousands of participants have gathered for a week full of sports, fun and new friends. The summer of 2016 over 7000 kids took part in the camps in Sweden and Finland.

During four weeks of summer, we give children age 8 to 15 the opportunity to spend a week at a camp that offers many different activities and sports. Here, they can choose from 18 different sports to practice, including everything from soccer and floorball, to rugby and golf. However, more importantly: it is a chance for the children to have fun and form friendships for life.

Our ambition is to give all children the possibility to have an experience of a lifetime. Everyone is welcome at the camp, no matter of their challenges or socio-economic backgrounds. We have set up groups for children with both physical and mental disabilities and we aim to reserve 5% of the total number of entries every year as cost-free spots for disadvantaged children.

Stadium Sports Camp is run in cooperation with local municipalities and sports clubs. Given the large numbers of participants, we engage a large number of leaders every summer, last summer over 1000 leaders.

OUR SUSTAINABILITY VISION

“ACTIVATING THE WORLD IN SUSTAINABLE WAYS”

Our vision is to activate the world, today and tomorrow. This is why we are actively contributing to a more sustainable world. By acting in a socially, financially and environmentally conscious manner, we promote a healthy lifestyle today and for future generations.

As part of this ambition, our values are the compass that guides us.

THEY INCLUDE:

TEAM SPIRIT. We are all on the same team – customers, suppliers and employees. If we all pull together, we can make a difference.

INNOVATION. We continuously strive to be more innovative and to improve our products and processes from a sustainability perspective.

ENERGY. For us, action, not words, produces results. Energy and initiative are two of our key resources for achieving success.

OUR SUSTAINABILITY GOALS

There are things we are good at, and areas where we need to be even better. Simply acknowledging issues is not enough. Therefore, we have set a number of goals to work toward in becoming an even more responsible and sustainable organization.

Stakeholder dialogs have shown us which material issues to focus on, and we have identified the areas in need of improvement. These goals will be the guideline in our sustainability work until 2020. Our progress will be reviewed in following annual reports.

HUMAN RESOURCES

EQUALITY

- Harmonize data and introduce digital systems for monitoring
- Create a more even gender ratio throughout the organization

DIVERSITY

- Educate managers with hiring responsibilities about the benefits of a diverse workforce
- Match our workforce to our customer base demographic

SUPPLY CHAIN MANAGEMENT

SCREENINGS AND CERTIFICATIONS

- 100% of our production units must have completed a self-assessment in our system, which is the base of the monitoring we do.
- 100% of new suppliers shall undergo a self-assessment with follow-ups on-site to verify the information.
- Our strategic suppliers are monitored on-site and we have an ongoing dialogue to ensure that they work proactively and systematically to maintain good compliance level.
- Double the amount of suppliers and factories that are certified with the SA8000, Wrap Gold or equivalent.

ENVIRONMENT

HAZARDOUS CHEMICALS

- Exclude all hazardous chemicals in production.
- Support our suppliers in the process to phase-out hazardous chemicals.

ENVIRONMENTAL IMPACT

- Expand the use of waterless dying processes
- Demand minimized energy consumption from suppliers, preferably renewable energy (directly/indirectly through partnerships).
- All the cast-off and waste collected through Re:activate becoming a part of our new raw material source in production.
- Double the amount of sustainable products in our assortment.
- Increase Stadium total assortment with environmental and ethical certified products.

PACKAGING MATERIALS

- Demand minimized use of packaging materials from suppliers
- Demand environmentally friendly packaging materials from suppliers

STORE AND DISPLAY MATERIALS

- Define environmental requirements for suppliers of store and display materials
- Choose environmentally certified suppliers of store and display materials

THE KEY ISSUES

HOW DO YOU FIGURE OUT WHAT TO FOCUS ON?

To us it's simple, we ask the people who are directly affected by our day-to-day work – our customers, employees, sports clubs, followers in social media*, NGOs and selected brands – what they think is important.

The content aspect boundaries in this report were defined in a materiality workshop with Stadiums top management as the result of a series of stakeholder dialogs. These dialogs were conducted during fall 2016 via online questionnaires with both open and closed questions. All groups had the opportunity to give their own input on material issues as well as suggesting new aspects. All groups that are close to us and share their input with us are defined as our stakeholders. These groups may change over time, but for the time span that this report covers, they are as shown in this chart.

The aspects identified were evaluated on the basis of their impact in our value chain. As a result, it is clear that environmental aspects,

human right and toxic-free material are key for our stakeholders. The aspect shown in all groups as a prioritized question, were the issue concerning child labor in our supply chain. All material aspects are relevant within the organisation and the aspect related to a sustainable supply chain is relevant outside the organisation.

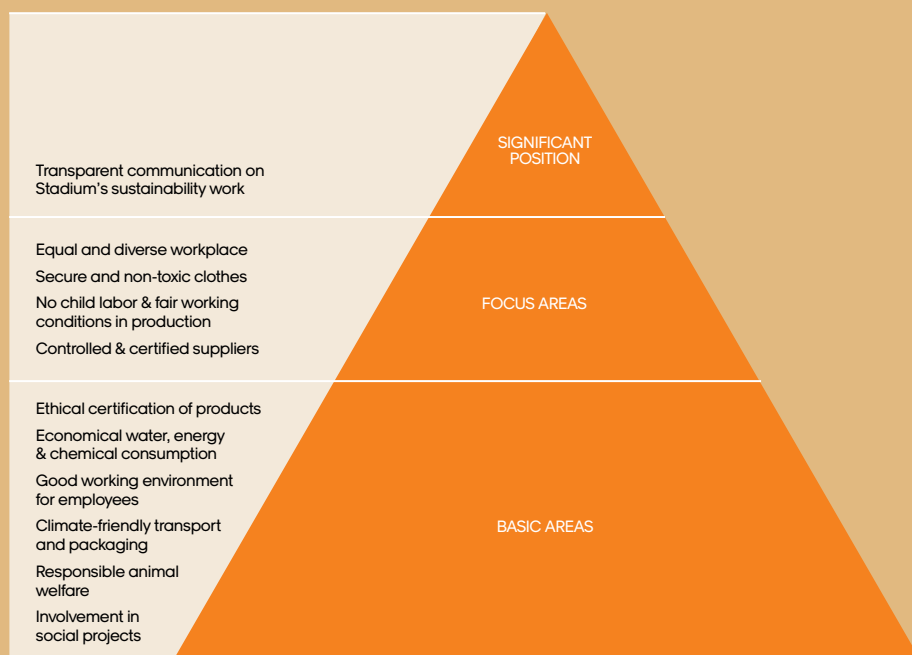
We are proud of our stakeholder engagement with a total of 541 participants. This shows that our stakeholders find our sustainability work important and are keen to support us in our work forward. Yet, we do not want to slow down, we want to engage as many as possible and as we are pleased with the amount of responses this year, we strive to increase this in the future.

Innovation is key in our sustainability work and after two years of reporting, we wanted to show the result of these stakeholder dialogs in a new way. The pyramid can illustrate a more clear way of reporting new ideas and inputs from stakeholders and it builds the foundation of our

sustainability vision through the workshop with our top management. The finalisation of the pyramid, which was made under the mentioned workshop, raised the following:

- The aspects of "transparent communication" due to extensive wish (85%) for increased communication on Stadiums work with sustainability raised by all stakeholders in the dialogues
- "Equal and diverse workplace", due to a strong internal ambition with recently established diversity plan and employee survey, tells us that it is important to create an active life, for all people.
- "Ethical certification of products", due to a strong wish from external stakeholders: 91% wants international or Stadium's ethical certificates within all product areas.

MATERIALITY POSITION PYRAMID



STAKEHOLDER	TYPE OF INVOLVEMENT	ISSUE RAISED
CUSTOMERS	Web*	Safe and non-toxic clothes
		Good service No child labor in production
SOCIAL MEDIA***	Web*	No child labor in production
		Safe and non-toxic clothes Good service
SELECTED BRANDS	Web*	Good service
		No child labor in the production Safe and non-toxic clothes
TEAMSALLES	Web*	Good service
		No child labor in production Controlled/supervised and certified suppliers
CO-WORKERS	Web* Activevoice**	No child labor in production
		Good working environment for employees Safe and non-toxic clothes
MANAGEMENT	Web*	Reduce water, energy and chemical consumption in production Safe and non-toxic clothes No child labor in production

* Web-based dialog for this sustainability report

** Yearly Employee Survey

*** Swedish Facebook-followers

GRI INDEX

GLOBAL REPORTING INITIATIVE INDEX

The Global Reporting Initiative's Sustainability Reporting Guidelines (GRI G4) are a set of internationally recognized indicators covering a company's governance, economic, labor, human rights, societal and environmental impact.

The GRI's mission is to make sustainability reporting a standard practice for all companies and organizations. Its framework is a reporting system that provides metrics and methods for measuring and reporting sustainability related impacts and performance.

GENERAL STANDARD DISCLOSURES

STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER	●	✓	COMMENT
STRATEGY AND ANALYSIS					
G4-1	Statement from the most senior decision-maker	Page 3	●	✓	
ORGANIZATIONAL PROFILE					
G4-3	The name of the organization	Page 10	●	✓	
G4-4	Report primary brands, products and services	Page 7,10, 14	●	✓	
G4-5	Report the location of HQ	Page 16-17	●	✓	
G4-6	Report the number of, and names of, countries of operation and sustainability topics relating to operations	Page 16-17	●	✓	
G4-7	Report the nature of ownership and legal form	Page 10	●	✓	
G4-8	Report the markets served	Page 7,16-17	●	✓	
G4-9	Report the scale of the organization	Page 9-11	●		
G4-10	Report on employees (see list)	Page 8-9	●		Omission: Contracted workers are not included due to unreliable data
G4-11	Report the percentages of total employees covered by collective bargaining	Page 9	●		
G4-12	Describe the supply chain	Page 12-17	●	✓	
G4-13	Report any significant changes	Page 10	●	✓	
G4-14	Report whether and how the precautionary principle is addressed by the organization	Page 21	●	✓	
G4-15	List external charters, principles or other initiative that the organization subscribes to or endorses	Page 18-22	●	✓	
G4-16	List memberships of associations	Page 18-22	●	✓	

STATUS, LEVEL OF COMPLETION: ● FULLY ● PARTIALLY ● NOT REPORTED

ASSURANCE: ✓ INDICATOR ASSURED BY THIRD PARTY

STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER	●	✓	COMMENT
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	List all entities etc	Page 3	●	✓	
G4-18	Explain the process for defining content and boundaries etc	Page 24	●	✓	
G4-19	List all material aspects	Page 24	●	✓	Please note comment on page 24
G4-20	Report the aspects boundaries within the organization	Page 24	●	✓	
G4-21	Report the aspects boundaries outside the organization	Page 24	●	✓	
G4-22	Report the effect of any restatements	n/a	●	✓	No restatements since previous report
G4-23	Report significant changes	n/a	●	✓	No significant changes
STAKEHOLDER ENGAGEMENT					
G4-24	Provide a list of stakeholder groups	Page 24	●	✓	
G4-25	Report the basis for identification and selection of stakeholders	Page 24	●	✓	
G4-26	Report the organizations approach to stakeholder engagement	Page 24	●	✓	
G4-27	Report the key topics and concerns for stakeholders	Page 24	●	✓	
REPORT PROFILE					
G4-28	Reporting period	Page 3	●	✓	
G4-29	Date of previous report	Page 3	●	✓	22 March 2016
G4-30	Reporting cycle	Page 3	●	✓	
G4-31	Provide the contact point	Page 3	●	✓	
G4-32	GRI Content Index for Accordance Core	Page 25-27	●	✓	
G4-33	External assurance	Page 4-5	●	✓	
GOVERNANCE					
G4-34	Governance structure	Page 10-11	●	✓	
ETHICS AND INTEGRITY					
G4-56	Ethics and integrity	Page 7	●	✓	

SPECIFIC STANDARD DISCLOSURES

DMA AND INDICATOR	DESCRIPTION	PAGE NUMBER	●	✓	COMMENT
G4-DMA	Generic Disclosures on Management Approach	Page 7, 10, 14, 21-24	●	✓	
ECONOMIC					
ECONOMIC PERFORMANCE					
EC-1	Direct economic value generated and distributed	Page 11	●		
ENVIRONMENTAL					
ENERGY					
EN-3	Energy consumption within the organisation	Page 20-21	●	✓	District heating/cooling not reported due to no usage
EMISSIONS					
EN-16	Energy indirect greenhouse gas emissions (scope 2)	Page 20-21	●	✓	
EN-17	Other indirect greenhouse gas emissions (scope 3)	Page 20-21	●	✓	
EN-18	Emissions intensity	Page 20-21	●	✓	Indicator based on Scope 3
EN-19	Reduction of greenhouse gas emissions	Page 20-21	●	✓	Previous report's reduction was based on period September 2009 to August 2014

STATUS, LEVEL OF COMPLETION: ● FULLY ● PARTIALLY ● NOT REPORTED

ASSURANCE: ✓ INDICATOR ASSURED BY THIRD PARTY

DMA AND INDICATOR	DESCRIPTION	PAGE NUMBER	●	✓	COMMENT
SUPPLIER ENVIRONMENTAL ASSESSMENT					
EN-32	Environmental screening of new suppliers	Page 14-15	●	✓	
EN-33	Significant actual and potential negative environmental impacts in the supply chain	Page 14-15	●	✓	
SOCIAL					
EMPLOYMENT					
LA-1	New employee hires and employee turnover	Page 8	●		
OCCUPATIONAL HEALTH AND SAFETY					
LA-8	Health and safety topics covered in formal agreements	Page 9	●		
DIVERSITY AND EQUAL OPPORTUNITIES					
LA-3	Return to work and retention rates after parental leave	Page 8	●		Due to limitations in our data systems we cannot disclose data on employees entitled to parental leave or employees returning from parental leave.
LA-12	Composition of governance bodies and breakdown of employees per employee category	Page 8-9	●		Collecting data regarding minority groups is not allowed in our countries
LA-13	Salary and remuneration	Page 8	●		Remuneration not included in provided figures
SUPPLIER ASSESSMENT FOR LABOR PRACTICES					
LA-14	Labour practices screening of new suppliers	Page 14-15	●	✓	
LA-15	Significant actual and potential negative impacts for labor practices in the supply chain	Page 14-15	●	✓	
CHILD AND COMPULSORY LABOR					
HR-5	Operations and suppliers identified as being at significant risk of incidents of child labor	Page 14-15	●	✓	
HR-6	Operations and suppliers identified as being at significant risk of incidents involving compulsory labor	Page 14-15	●	✓	
SUPPLIER HUMAN RIGHTS ASSESSMENTS					
HR-10	Human rights screening of new suppliers	Page 14-15	●	✓	
HR-11	Significant actual and potential negative human rights impacts in the supply chain	Page 14-15	●	✓	
SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY					
SO-9	Screening of impact on society of new suppliers	Page 14-15	●	✓	
SO-10	Significant actual and potential negative impacts on society in the supply chain	Page 14-15	●	✓	
PRODUCT RESPONSIBILITY					
CUSTOMER HEALTH AND SAFETY					
PR-1	Product and service categories for which health and safety impacts are assessed for improvement	Page 21	●	✓	



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IN SUSTAINABLE WAYS**

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