

SUSTAINABILITY AT SPORT-THIEME



VERSION 1/2023

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FOREWORD BY THE EXECUTIVE MANAGEMENT



We live in challenging times. The ‘Fridays For Future’ movement, among others, has brought widespread attention to the urgency of ecological issues. How we will live in the future depends on the extent to which our **economies operate within planetary boundaries**. Every business bears responsibility for this – including ours.

The public often perceives sustainability to be about purely **ecological factors**, especially climate issues. While the climate affects livelihoods, and our focus needs to remain on this pressing topic, sustainability also includes **social and economic aspects**. And business models that want to follow a holistic and sustainable approach must address all three facets.

In early 2021, we began to develop a **holistic sustainability strategy** with our **CSR Team** and with external support. As a starting point, Sport-Thieme’s corporate carbon footprint (CCF) was determined according to the greenhouse gas (GHG) protocol, and that highlighted the relevant areas for us to focus on.

As an owner-managed family business, we want to be consistent in our sustainability efforts, and we would be delighted if you joined us on this challenging journey.

Maximilian Hohe

Katharina Thieme-Hohe

OVERVIEW



Describe your business model (including company purpose, products/services)

Sport-Thieme GmbH is a **developer, manufacturer and marketer of products for sport, keeping active and therapy**. As Europe's leading specialist mail-order company, we see ourselves as a partner for any organisation working in these areas.

The company was founded in 1949, in Graslleben (Germany), and is still an **independent owner-managed business** today. Since 2014, Sport-Thieme has been run by the third generation of the family and now employs 420 people, of which 33 are trainees. The headquarters are still in Graslleben; other sites include seven regional sales offices throughout Germany, as well as our own branches in Switzerland, Austria, the Netherlands, Belgium and Sweden. We also have close ties with other international partners.

We offer **first-class products, bespoke solutions and professional services** that help our customers achieve their goals. Alongside our own brands – Sport-Thieme and Sportime – we also stock products from over 900 suppliers and manufacturers. And we introduce up to 1,000 new products to our range each year. This makes us the **market leader within the industry in Germany and throughout Europe**, with a high level of brand awareness.

For over 73 years, we have been opening up new marketing channels and product segments. As an industry pioneer, we recognised the potential of online retailing at an early stage, since the end of the 1990s, and we consistently develop our online opportunities. Our core business is the trade and distribution of **over 19,000 functional and high-quality products for more than 70 different sports**.

Sport-Thieme also has its **own carpentry workshop** and upholstery department in Germany, as well as a country-specific sports equipment service for the **renovation and maintenance of sports and exercise facilities**. We target clubs, commercial sports providers, public organisations and schools, as well as companies, retailers, therapists and hospitals, and to some extent, the end consumer. **By communicating regularly** with our partners and agents, we are continuously expanding our **powerful network of experts**.

Our sports products are distributed to our core target groups via country-specific websites and popular online marketplaces. We also produce various print advertising materials in a climate-neutral manner, such as our main catalogue, which is published annually in multiple languages.

Our **close-knit network of branches in Germany and throughout Europe** deliver a high level of service to our target groups – which means our employees are within easy reach for our customers. Creating a business that is **customer-focused, agile, innovative, technology-led and sustainable** is the vision for Sport-Thieme, along with being the **leading expert in our field and the first point of contact for educational bodies and sports organisations**. We want to contribute to the quality of life for those who use our products and help them experience health and happiness through being active.

In the fiscal year 2021/2022, **over 200,000 customers** trusted in that vision. We generated more than 81 million euros in sales revenue across all countries, which means we're **one of the largest employers** in terms of sales and the size of our workforce at our headquarters in Germany's Helmstedt region.



1 | STRATEGIC ANALYSIS AND MEASURES

The company discloses whether it pursues a sustainability strategy. It explains what specific measures it is taking to operate in accordance with material and recognised national and international industry standards.

We understand sustainability as a balanced **interaction of ecological, social and economic parameters**. Sport-Thieme's vision is to be the first choice for school, club and organisational sports in Germany and throughout Europe – customer-focused, agile, innovative, technology-led and sustainable. Based on these parameters, we will continue to develop our **own sustainability strategy**.

We prepared two **sustainability reports, in 2011 and 2014, pursuant to the GRI standards¹** and these laid the foundations to grow our business in even more sustainable ways. Those earlier reports show that we were headed in the right direction and an openness existed around this topic for some time, and we now have a sustainability compass to guide us. However, sustainability still needs to be embedded in an overall strategy and underpinned by specific and tangible goals.

Here are some examples of the **projects we have implemented** at our headquarters **since 2011**:

- Installation of a PV (photovoltaic) system for power generation at our main logistics site
- Sustainable construction of our new offices in Grasleben in 2017
- Offsetting CO₂ emissions generated by business operations (scope 1, scope 2 and in parts scope 3)
- Shipping sports equipment in CO₂-neutral ways wherever possible
- Establishing a corporate healthcare scheme and other benefits for employees
- Supporting social initiatives in culture, sports and community venues as well as for youth development
- Constructing our own combined heat and power unit (CHP) on company premises, which is connected to the local biogas plant

With our sustainability compass as a guide, our goal is to expand the corporate strategy we defined in 2017 to include a **stand-alone sustainability strategy**, thereby **firmly anchoring** sustainability or corporate social responsibility (CSR) **in our business model**. This means that sustainability will become measurable and a **vital criterion for business decisions** on specific projects.

¹ GRI: Global Reporting Initiative

In 2019, our internal **CSR Team, led by shareholder Katharina Thieme-Hohe**, initiated the first targeted measures in the company's day-to-day operations. They form the basis for our strategy, which we have been developing at full speed since the beginning of 2021.

Together with an external consultancy, our CSR Team **analysed** Sport-Thieme's **business model and processes** with regard to sustainability. We used the **three-pillar model of the UN sustainable development goals (SDGs)** as a guide – specifically looking at ecological, social and economic objectives.

An **important lever of our sustainable direction** lies in the thorough examination of our product range, including supply and value chains, logistics and marketing. Further action with

reference to the SDGs needs to be taken in the following areas:

- Transitioning away from fossil fuels and reducing our emissions (SDGs 7 & 13)
- Better resource management (SDGs 6, 7, 12, 13, 14 & 15)
- Responsibility for our target customers in sport, health and well-being (SDGs 3 & 17)
- Responsibility for the regions in which we operate (SDGs 11 & 17)
- The health and well-being of our employees and their families (SDGs 3 & 8)
- Employee involvement, training and engagement (SDGs 8 & 9)
- Shared responsibility for ensuring that our suppliers comply with human rights, and social and environmental standards, in particular the ILO core labour standards (SDGs 1, 5, 8, 9, 10, 12, 13, 14, 15 & 17)





2 | MATERIALITY

The company discloses which aspects of its own business activities have a material impact on aspects concerning sustainability and which aspects concerning sustainability have a material impact on its business activities. It assesses the positive and negative effects and indicates how these findings are incorporated into the company's own processes.

Sport-Thieme essentially sells sports products to maintain and/or restore someone's health, for their own enjoyment and for social interaction. As a family, we are driven by our passion to find solutions for sustainable developments, but we are also inspired by our customers' and stakeholders' ever-growing commitment to pursue robust sustainability strategies.

Our goal is to **actively help shape the necessary change in society**. For us, this is the only long-term way to fulfil our responsibility to the environment and society, to protect future generations, to be a reliable market player, and to secure jobs.

The following sustainability issues are influenced by our business model.

Resource management

The protection of resources is key to our sustainability strategy. The products we sell and manufacture require a variety of renewable and non-renewable resources. When sourcing raw materials for our own carpentry workshop, we already opt for **sustainable wood** that bears the FSC seal. We are also exploring what circular economy approaches could look like for our product range and how we could scale them. We are aware that a large number of products means high volumes of resources. That's why we are working **with other suppliers and manufacturers** to find **solutions to reduce the resources we use** together. We are also scrutinising the use of resources in our day-to-day business operations, such as in our travel, vehicle fleet, energy consumption, use of paper, etc.

Marketing

The importance of online retailing and digitalisation continues to grow. Despite this, the mailing of our main as well as specialist catalogues and other print advertising continues to be crucial for our competitive success. Although we take great care with our print advertising and **compensate for the resulting emissions caused by printing and the use of resources**, we know we must continue to minimise our environmental impact here.

Product range

The **products we sell meet the highest quality standards**. That's why we offer our customers a guarantee of at least three years, and up to 25 years for selected items. **Functionality and safety** are our top priorities. A team of experts also systematically assesses the equipment for their practical suitability. In addition, we are in close contact with our customers and draw on their expertise too. We further increase our product quality through seals of approval, such as the GS mark, and internal spot checks. We expect our suppliers to be just as conscientious in their quality process and compliance with corresponding legal requirements

Shipping of goods

Sport-Thieme dispatches **around 400,000 parcels** per year via the parcel service providers GLS (approx. 70%) and DHL (approx. 30%), as well as sending **over 37,500 freight shipments** with forwarding agents in Germany and worldwide. We have already initiated some measures regarding the use of resources by trying different parcel sizes and recycled paper as a filler to prevent products from breaking during transport. But we know that shipping goods contributes to emissions and creates other environmental impacts. We offset some of these emissions directly via the parcel service providers GLS and DHL. However, freight shipments are excluded from this so we are currently in talks with the logistics service providers on how we can progress this together.

Our people

The culture at Sport-Thieme is characterised by a mission statement that was created by all employees in a joint effort in 2014, which includes **the core values of responsibility, top performance, development, appreciation and enthusiasm**. Our close collaboration and character as a family business can also be seen in the warm relationship the owners have with all members of our team.

We offer a **variety of location-dependent benefits** such as com-

pany bicycles, free cereal for breakfast, free use of a Snoezelen room, an in-house gym with treadmill, weights and showers, table football, a pool table, a covered outdoor work and meeting area, subsidised lunches, and childcare places in the adjacent nursery. We **organise company events** including a party and family fête. In addition, employees have access to the **corporate healthcare scheme** and receive an annual **bonus based on the company's success** (see section 14 'Employee rights').

We also maintain an open and transparent communication policy. We invite our employees to join us on our journey to a sustainable future by giving them the option to help shape processes, informing them about sustainability challenges, and creating opportunities for them to share ideas.

Profitability

As a company, we naturally strive for **economic stability**, but we are also increasingly and consciously expanding this economic approach to include social and ecological aspects. We are convinced that we can contribute to a **sustainable way of doing business** while also ensuring the **long-term success of our company and our people**.

There are also sustainability issues that impact Sport-Thieme's business activities. We know that **society is becoming more sensitive to sustainability concerns** and that in **public procurement, sustainable parameters are increasingly** becoming a criterion in decision-making. The public sector, which is one of our target groups, will be putting more money into climate transition projects in the future. In addition, the German Bundestag passed the Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (Supply Chain Due Diligence Act) in July 2021. We see this as a prelude to further regulations that may affect our business activities in Germany. EU-wide supply chain legislation is also planned.

With our headquarters in Grasleben, we operate in an area that's shaped by a major global automotive group in terms of the market for skilled workers. To be competitive, it is important to show younger people in particular that Sport-Thieme is an **employer that is taking on responsibility for future generations** and following a sustainable direction.

The worldwide **shortage of raw materials** is another reason why it is necessary and worthwhile for Sport-Thieme to pursue a sustainable route.



3 | OBJECTIVES

The company discloses which qualitative and/or quantitative as well as time-defined sustainability targets are set and operationalised, and how their level of achievement is monitored.

The basis for our actions is a set of values – responsibility, development, top performance, enthusiasm and appreciation – which have been firmly anchored in our corporate mission statement since 2014. The mission statement applies to all relevant stakeholders, both internally and externally. Our corporate strategy is also set out in our ‘2025 Strategy’, which we established in 2017.

- 2025–2030:
Be climate-neutral with regard to scope 1 and 2 emissions
- 2035–2040:
Be climate-neutral with regard to scope 3 emissions
- 2045–2050:
Be resource-neutral

Our sustainability objectives are embedded in our management system using **economic, social and ecological indicators**. This transparency enables us to manage current and future goals and measures, and to adjust our processes accordingly. We are currently defining how we can meet our objectives based on our

status quo and developing measures with our stakeholders to achieve them.

With 19,000 different products from more than 900 suppliers, we obviously need to take a close look at the **environmental and social impacts of our supply and value chains**. We are also assessing to what extent we can follow a circular economy approach concerning the use of raw materials for our products. Our main focus is on renewable raw materials that have little or no impact on the environment and can be recycled as extensively as possible.

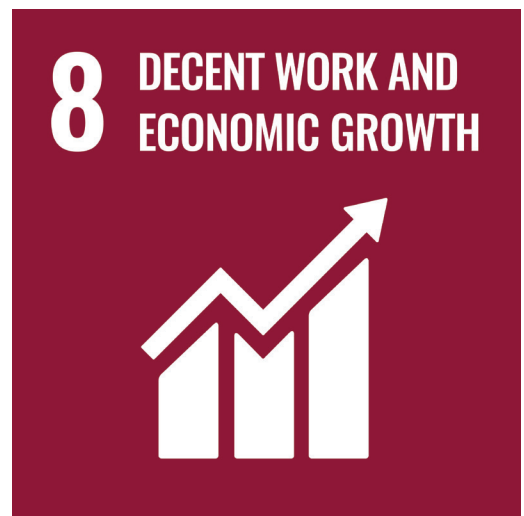
Various activities can make sustainability feel more tangible for the workforce in our day-to-day business operations. These include the company-wide Sustainability Day in May 2022, focus groups that actively contribute to the reduction of plastic waste, and regular updates on the company’s intranet. The goal is to create incentives that can be permanently implemented both at work and at home.

We also anticipate gaining some positive leverage in marketing and logistics resulting from section 2 ‘Materiality’. In October 2021, we appointed a CSR Manager who reports directly to the executive board. Together, they have designed new structures to manage the achievement of sustainability objectives and monitor progress based on interim targets.

We also work with an external sustainability manager, who guides us with their expertise and provides vital input from a different perspective.

The **17 sustainable development goals (SDGs)** adopted by the United Nations in 2015 are an important compass for our sustainability strategy. We use these as our framework to **capture**

sustainability holistically and to identify conflicting goals that arise within each objective, helping us to reach our decisions within the UN's definitions. Due to our multi-layered business model, we are aware that we contribute directly and indirectly to almost all 17 SDGs. **We see the greatest intersection in the following goals:**





4 | DEPTH OF THE VALUE CHAIN

The company indicates the importance of sustainability aspects for value creation and the depth of its value chain to which sustainability criteria are reviewed.

Sport-Thieme sells nearly 19,000 different products for over 70 sports. A significant number of these are manufactured in our own production facilities in Germany, while the remaining are purchased from suppliers in Germany, Europe and the rest of the world. Specifically, more than 50% of the products we sell come from Germany, another 15% from the EU and 32% from Asia.

Wherever possible, we strive for short delivery routes. Hence, 25% of our suppliers are based within a 125-km radius from our headquarters in Graslleben, Germany.

We differentiate between two main groups of products that have different value chains:

- 1) Trademarked products (purchased directly from the manufacturer)
- 2) White-label products, divided into
 - a) Purchased from an authorised distributor
 - b) Purchased from the manufacturer
 - c) Produced in-house (e.g. made in our own carpentry workshop)

The **structure of the value chains is also mixed**. Suppliers are bound to the most important points relevant to environmental and social legislation by our terms and conditions. To verify compliance with our purchasing conditions, we **liaise regularly with our suppliers** and visit them to **see their manufacturing conditions**.

We are already working with a number of selected suppliers to develop more sustainable products and create more eco-friendly logistics chains. Over the next few years, we will involve the majority of our suppliers in this process.

As for the products manufactured in our own carpentry workshop, the direct influence on the value chain extends to the purchase of

raw materials. As the key raw material is wood, we focus on buying **sustainable, FSC-certified wood**.

Our products are intended for **long-term use**, and the majority of the products we sell – over 95% – do not directly require any other resources (batteries or similar) when used. We do not currently monitor the handling of equipment after use beyond the legal regulations (e.g. electronic waste).

Wherever possible, we recycle unusable and damaged items and returns. For example, we pass on old gymnastics equipment to partner companies who repurpose it into furniture. We believe that the use of recyclable materials is becoming more relevant for the future. We aim to significantly increase the proportion of those materials.

Apart from **ecological factors** (e.g. more sustainable and recyclable resources, using less energy during production, reduced emissions from transport), we must also take into account **social factors** (e.g. occupational health and safety in production, fair wages, compliance with human rights) and **economic factors** (such as price-based competitiveness in the market, leading to better **access to sustainable products for consumers**) in the context of **sustainability management**.

We carry out random checks during our visits to suppliers to ensure that the agreed regulations are complied with. Currently, the majority of our product range still contains raw materials that are not renewable or recycled. We are working hard to counteract this. Our **product range strategy contains** measurable **sustainability parameters** that will be embedded in our thinking. The cradle-to-cradle approach will be key in helping us to **steadily increase the proportion of recyclable products in the overall product range** so we can achieve our resource neutrality goal.

² Cradle-to-Cradle (C2C) is the approach of making products completely recyclable and incorporating all product components into a functioning circular economy.



1 | RESPONSIBILITY

Responsibilities in corporate management for sustainability are disclosed.

In addition to a **dedicated team**, the **main driver** for the structured and strategic sustainability approach taken since 2019 is the **family who owns Sport-Thieme** and firmly believes in sustainability. The company is now run by the third generation.

The **members of the management team**, alongside the Thieme family and the Supervisory Board, have **unanimously agreed on the company's sustainable direction**. Employees also regularly suggest ideas for more sustainable ways of working, which

demonstrates that the **majority of stakeholders** are behind the journey the company has now embarked on.

Our CSR Team is currently working on the following projects:

- a. Presenting sustainable product features in our online shop**
- b. Developing a sustainability score for our products**
- c. Involving our suppliers in making the products more sustainable**
- d. Expanding our departmental CSR objectives**
- e. Implementing individual environmental protection measures within the company**
- f. Ongoing measurement of the company's carbon footprint**

THE CLIMATE PLEDGE

2 | RULES AND PROCESSES

The company discloses how the sustainability strategy is implemented in operations through rules and processes.

Together with all our employees, we developed a mission statement in 2014 that defined responsibility as one of the company's core values, alongside top performance, development, appreciation and enthusiasm. The detailed definition states: **"We are responsible for ourselves and others."**

This shows that responsibility for the environment and other people, both from different regions and generations, is a guiding principle for Sport-Thieme's actions. In this context, we also feel responsible for the systems in which we operate and for acting in an entrepreneurial manner so that our existence and therefore the direct and indirect jobs linked to the company are preserved in the long term.

The focus on sustainability can also be found in concrete terms in our corporate vision, where it says: **"Sport-Thieme wants to be the first choice for school, club and organisational sports – customer-focused, agile, innovative, technology-led and sustainable."**

Our sustainability strategy, which has a profound impact on corporate processes, brings both the company's responsibility and visionary aspirations to life.



charta der vielfalt

That is why, along with over 300 other companies, we have joined **The Climate Pledge** initiative. With our signature, we have committed to achieving the Paris Agreement goals ten years earlier than planned, i.e. to be **climate-neutral by 2040**.

With regard to **social responsibility for our employees**, sustainable action has always been firmly anchored in the company's DNA. These include a multitude of benefits for employees, such as **company healthcare services, measures for a healthy work-life balance, and family-friendly career opportunities**.

We are also a **signatory of the Diversity Charter** and we are increasing our use of gender-neutral language including in employment contracts, job advertisements and internal team memos.

Our policy on quality extends to all areas of the company and we have developed and incorporated a **quality management system** in our work processes. It is based on ISO 9001 and adapted to the specific needs of Sport-Thieme.

Internal processes and activities are presented in a structured manner and documented in the company manual which is available to all employees. This ensures that all **processes are standardised** and carried out in the **most efficient** manner. For quality improvement purposes, these processes are consistently reviewed and adjusted if necessary.



3 | CONTROL

The company discloses how and which sustainability performance indicators are used in regular internal planning and monitoring. It sets out how appropriate processes ensure reliability, comparability, and consistency of data for internal management and external communication.

In the fiscal year 2021/22, performance indicators were collected for the first time to show the current status with regard to the company's sustainability objectives. Above all, this inclu-

des figures relating to our **corporate carbon footprint**, i.e. CO₂ emissions caused by the company's business operations. In the future, this will be produced annually for each fiscal year. Other key figures to be collected result from the analysis currently underway as explained in section 3 'Objectives' and the environmental and social sustainability objectives to be determined from this. These **KPIs will also be recorded every fiscal year**, as they are vital in measuring **progress of the goals**, and they help with process optimisation.

4 | INCENTIVE SCHEMES

The company discloses how business objectives for managers and other staff are agreed on and remunerated and how they include the achievement of sustainability goals and long-term value creation. It discloses to what extent the achievement of these objectives is taken into account when the controlling body (supervisory/advisory board) evaluates the performance of the top management (executive management).

At Sport-Thieme, there are currently **no remuneration models based on the achievement of individual targets**. Instead, all employees are paid a **general bonus** for positive corporate results.



5 | STAKEHOLDER ENGAGEMENT

The company discloses how stakeholders that are relevant from a social and economic perspective are identified and incorporated into the sustainability process. It discloses whether a continuous dialogue is maintained and how the results are incorporated into the sustainability process.

We consider an **open and transparent dialogue with our stakeholders** to be vital to achieve the greatest possible impact on our business activities. We see ourselves as a **reliable partner** who communicates openly with stakeholders to learn from them and **jointly find solutions for all parties involved**. In the future, this dialogue will increasingly include sustainability topics.

From a social and economic perspective, we know who our main stakeholders are based on our business model, our regional roots, and our day-to-day activities. Even without a methodical assessment, **based on our experience of over 73 years**, we know

which stakeholders are relevant for Sport-Thieme. These include employees, customers, suppliers, the Supervisory Board, competitors, politicians, authorities, shareholders, associations and non-governmental organisations (NGOs), as well as the people in the regions in which we operate and all those who want to remain active and healthy with the help of our sports equipment. We engage in **dialogues at a supra-regional, regional and local level**.

Alongside our employees, our customers are the largest stakeholder group and include **authorities, clubs, associations, schools, nurseries, therapy facilities, commercial sports providers, resellers and end users**.

Depending on the stakeholder group, we communicate via different channels and with varying frequency. Below, we elaborate on this for some stakeholder groups.

Employees

Throughout the company, we follow an **open and transparent communication policy across all departments and hierarchical levels**. Wherever possible, employees are actively involved in shaping our corporate culture. For example, our mission statement (see section 6 ‘Rules and processes’) was developed together with all employees in 2014. Today, our employees are just as vital **in the implementation of our approach to sustainability**.

Our goal is to take them on our journey from the outset and convince them of the **wealth of opportunities and options they have to shape it**. They have already put forward a wide range of ideas for sustainable change, which we are trying to implement step by step

Customers

Whether through **personal service on the phone or on-site, social media channels or written correspondence**, we have many touch points with our customers to address their needs. We also use other formats, such as the **Sport-Thieme Academy, telephone surveys, and topic-specific customer forums**, for engaging in **more detailed discussions**.

Suppliers

We work with more than 900 suppliers worldwide and we communicate frequently – by video calls, written correspondence, and on-site visits. We see trust and close collaboration as **the key to implementing sustainable projects together** and how we will convince them of the necessity of these measures.

Associations

We are a member of various industry associations, including the German federal association of the German sporting goods industry (Bundesverband der Deutschen Sportartikelindustrie or BSI) and the German e-commerce and mail order association (Bundesverband E-Commerce und Versandhandel Deutschland e.V. or BEVH). We see **great opportunities here to work together to make our concerns visible to all market participants with a high degree of transparency** and to develop **sustainable industry standards**. We are convinced that a sustainable industry-wide approach can **only succeed through collaboration**. This is the best way to develop a strong voice together that will be heard by suppliers and other relevant stakeholders, such as politicians, the public sector and competitors





6 | INNOVATION AND PRODUCT MANAGEMENT

The company discloses how it uses appropriate processes to ensure that innovations in products and services improve the sustainability of its own use of resources and that of others. For the main products and services, it also outlines whether and how their current and future impact in the value chain and product life cycle is assessed.

Product management

As described under section 4 'Depth of the value chain', we categorise our product range into trademarked products (sourced directly from the manufacturer) and our white-label products (sourced from distributors or manufacturers, or produced by ourselves).

We are the **point of contact between suppliers and customers**. This gives us a unique opportunity to pass on **customer requests for ecologically and socially compatible products** to our suppliers and to develop appropriate solutions with them. It also offers us the opportunity to **increase awareness among these stakeholders**, as we can talk in confidence – backed up by our beliefs and strong long-term relationships.

We already use sustainable resources for a number of product areas, in particular in our carpentry workshop where we work with FSC-certified wood. In the future, we will **take into account other parameters in the selection of products**, which, in addition to high quality, will include the three pillars relating to sustainability.

In the ecological context, aspects such as **resource sensitivity, energy efficiency, recyclability or rather principles of the circular economy** will be increasingly considered. In 2021, for example, we launched our first cradle-to-cradle project with the aim of applying the experience gained from this to our entire product range.

For Sport-Thieme, the **social component** is also part of sustainable product management. Our code of conduct defines

standards along the value chain, such as **minimum wages, occupational health and safety, zero tolerance on child labour, and the protection of human rights**. It is important to us that our products are beneficial to the users' health, that they are practical and durable, and, where possible, repairable.

The economic pillar should also be considered. We would like to offer **sustainable products at market-driven prices** and achieve sustainable effects through high market penetration. The goal is to **enable conscious consumption**.

In particular against the ecological backdrop, it should be noted that there are hardly any consistently sustainable products on a global scale to date, as production, transport, use and recycling have just as much of an impact on the environment as the raw materials used. In this regard, we would like to **accelerate the development towards sustainable sports equipment** with our **expertise and network, as well as our beliefs and approaches**.

The above-mentioned points will be gradually incorporated into our **product range strategy**. We will report on the processes as well as the status quo. We already subject our own products to a **functionality and safety test**. We use **comprehensive TÜV testing** where it is most effective and where guidelines are defined. In addition to safety-relevant points, chemical tests are carried out to verify the ingredients. For the majority of tests, we work with **external testing institutes**.

Innovation management

Sport-Thieme has its **own development team** which designs completely new sports equipment and also develops products that already exist on the market. As part of these developments, we work with various manufacturers and, in some instances our customers, to bring products to market that **meet high standards**. We aim to **take even greater account of sustainability aspects** going forward. As a market leader for school and club sports, we have a high market penetration and a strong reputation. We will use this to help a **broad spectrum of customers see that we need sustainable products**.

11 | USAGE OF NATURAL RESOURCES

The company discloses the extent to which natural resources are used for business activities. This includes materials as well as the input and output of water, soil, waste, energy, land, biodiversity, and emissions for the life cycle of products and services.

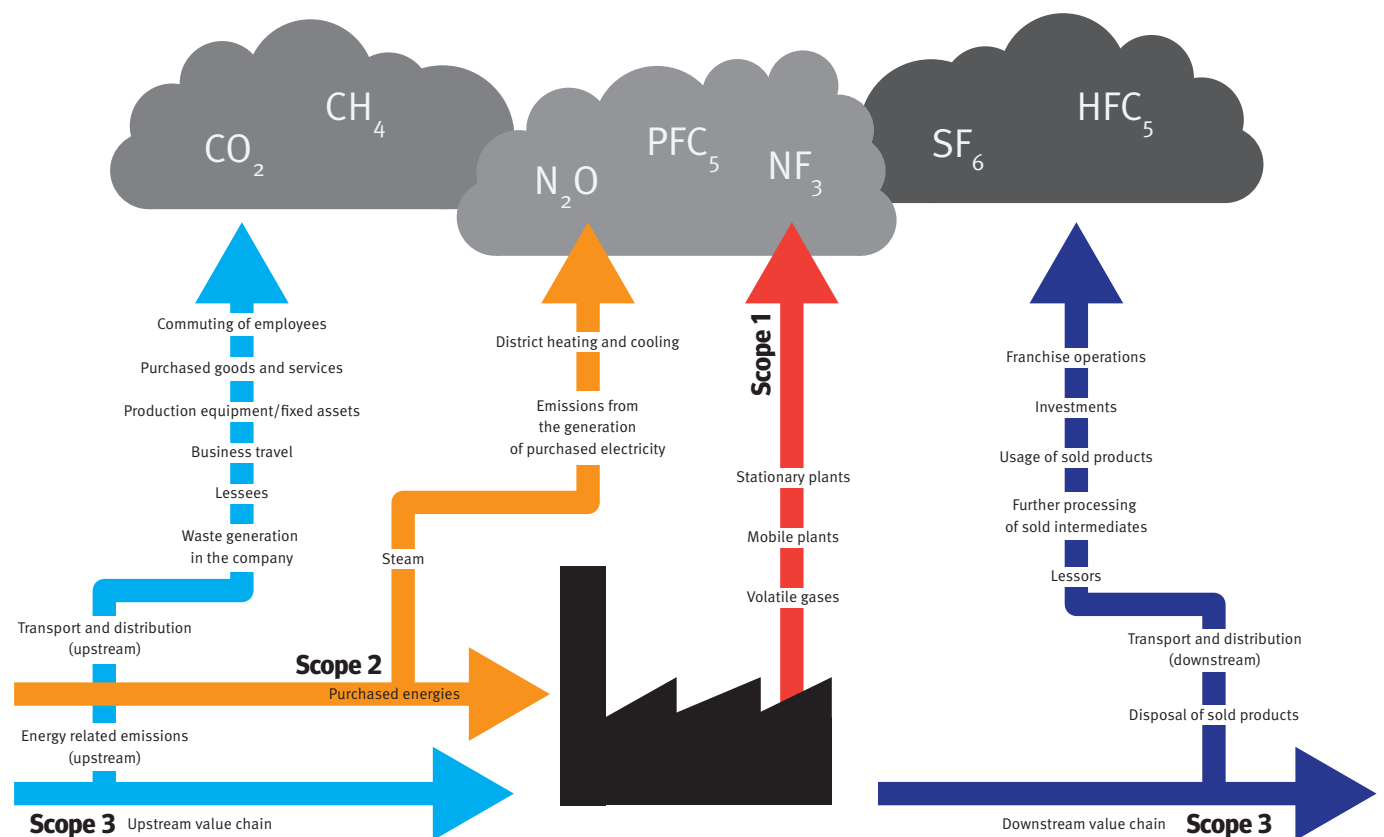
Our commercial activities require the use of various natural resources. The most important data for our German subsidiaries are as follows:

Emissions

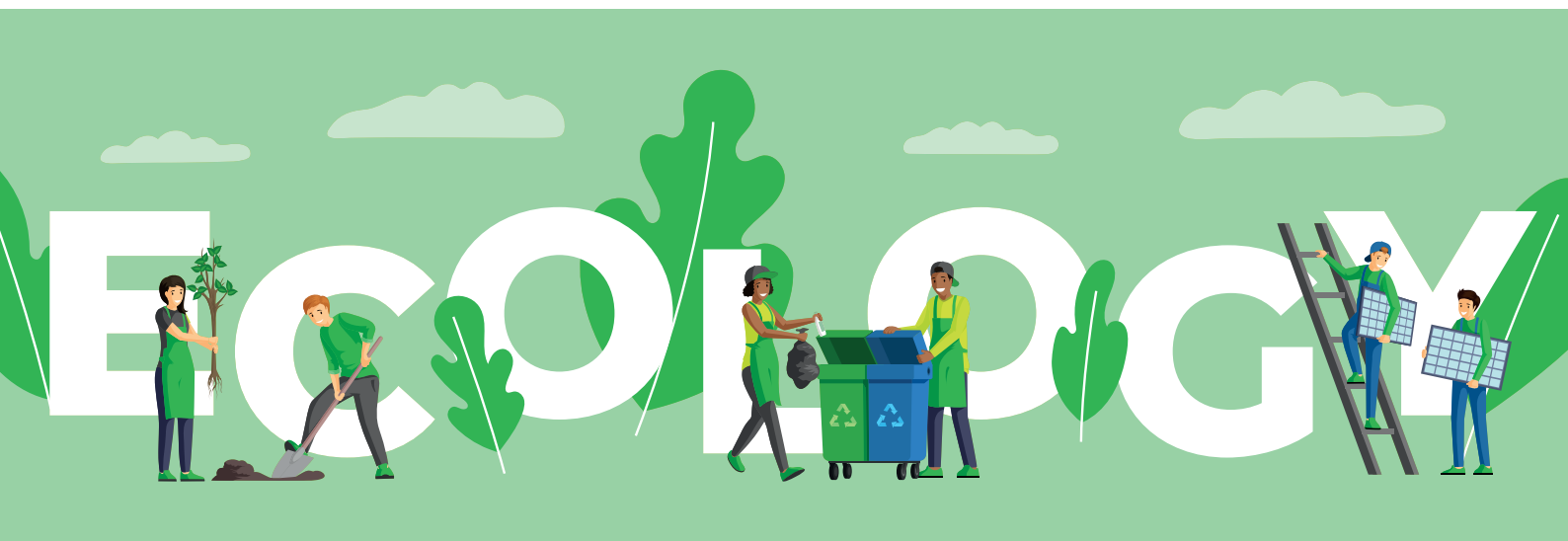
The emissions of climate-relevant substances, such as CO₂ and its equivalents, are the most relevant.

Greenhouse gas emissions arise in a variety of ways, for example in the value chains of our products (raw material extraction, manufacturing, transport, disposal), through mobility such as company vehicles and air travel, or through energy consumption in our business facilities and offices.

SCOPES OF GHG EMISSIONS



According to: allianz-entwicklung-klima.de



Energy

District heating for the Grasleben site in Germany is obtained from the local biogas plant, while the Heidwinkel logistics site is heated using oil. Indirect energy consumption at our headquarters in Grasleben comes primarily from the consumption of electricity, purchased as green electricity. In Heidwinkel, we also feed electricity into the grid via our own PV system. The following is the energy usage across all sites (please note, our fiscal year (FY) runs from 1st of april to 31st of march3):

	FY 2019/20	FY 2020/21
Natural gas	304 MWh	451 MWh
Heating oil	518 MWh	535 MWh
Electricity	820 MWh	798 MWh
Heat (biogas)	784 MWh	729 MWh

We also fed the following quantities into the power grid through our PV system:

	2019	2020
Fed into the power grid through PV	86 MWh	83 MWh

Water

The consumption of water is negligible in our everyday business operations (kitchen, sanitary facilities), but the usage is more significant within our value chains and especially the production process. We consume the following quantities at our main site, including production, and at the logistics sites:

	FY 2019/20	FY 2020/21
Water	1,388 m ³	1,096 m ³

Waste

The waste in our offices is separated into paper, organic, residual waste and other waste (plastic, tin, aluminium and composite

packaging). In addition to these categories, the logistics and our own production (carpentry workshop) facilities at the main site also produce cardboard and wood waste. Furthermore, we have a high proportion of shredded documents and various types of commercial waste. This is the data relating to the last two fiscal years:

	FY 2019/20	FY 2020/21
Paper and cardboard for recycling	114 tonnes	119 tonnes
Non-hazardous waste for recovery	79 tonnes	87 tonnes
Non-hazardous waste for incineration	46 tonnes	68 tonnes
Bio-waste	2 tonnes	1 tonne

Land

The land used by Sport-Thieme is neither in nor adjacent to a conservation area. We contribute to biodiversity through measures such as the planting of meadow orchards and flower meadows and insect hotels. We own the following plots:

Grasleben (company headquarters)	20,465 m ²
Heidwinkel (logistics)	50,594 m ²
Bartensleben (logistics)	34,000 m ²

Raw materials

The products we offer have various ecological indicators. We use a host of different materials – including wood, leather and plastic – depending on the product. Due to our extensive product range, we cannot fully determine the amounts of each individual resource used at this stage. We are currently reviewing the specific quantities of raw materials we use and the extent to which they come from renewable sources. These will be provided in the next report on our sustainability progress.



12 | RESOURCE MANAGEMENT

The company discloses which qualitative and quantitative targets it has set for its resource efficiency, in particular the use of renewable energies, the increase in raw material productivity and the reduction in the use of ecosystem services, which measures and strategies it is pursuing to this end, how these have been met or are to be met in the future, and where it sees risks.

We know we need to use resources sparingly and have already taken initial measures in recent years. We are working at full speed to obtain reliable figures as quickly as possible so we can put in place tangible measures and set specific objectives to save resources.

We also have some leverage in **the value chains of our products** which we can influence to varying degrees. We anticipate an

increase in requirements in the procurement of logistics and products, as we are often not the direct originators, but rather procure services and physical products that are manufactured with varying resource input.

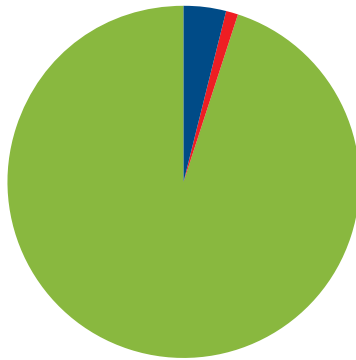
Switching our product range so it is sustainable, locally produced and transported in the most environmentally friendly way possible takes time and requires structural changes at many levels. We are striving to accelerate this much-needed change through our reputation and purchasing behaviour.

Further areas where we can create additional **resource efficiencies** will be included in our sustainability strategy and these are presented in more detail under section 2 'Materiality'.

13 | GREENHOUSE GAS EMISSIONS

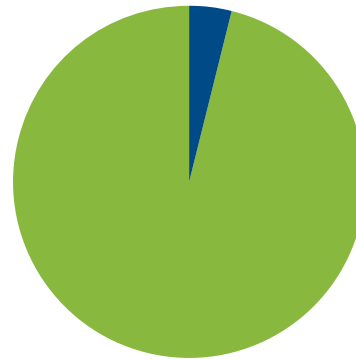
The company discloses greenhouse gas (GHG) emissions in accordance with the greenhouse gas (GHG) protocol or standards based on it, and states its self-imposed targets for reducing emissions.

CCF* Sport-Thieme FY 2019/20



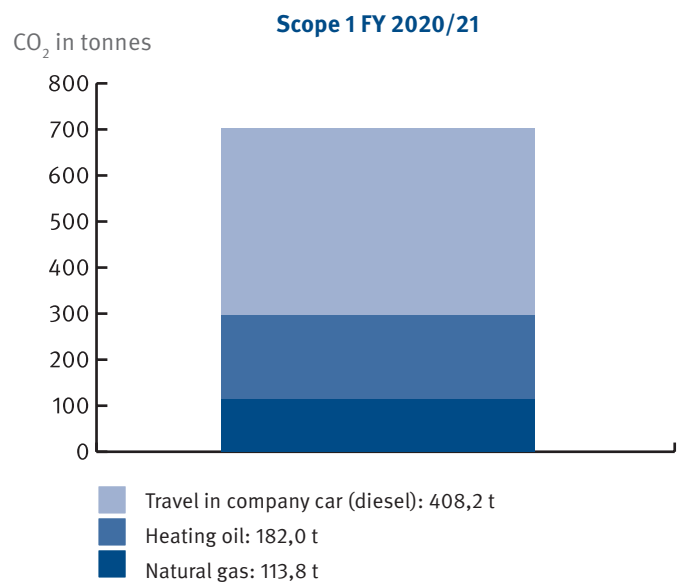
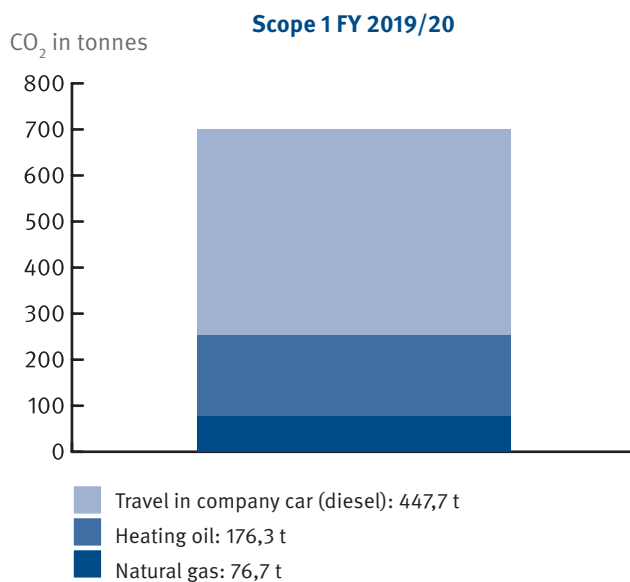
■ Scope 1: 4%
 ■ Scope 2: 1%
 ■ Scope 3: 95%

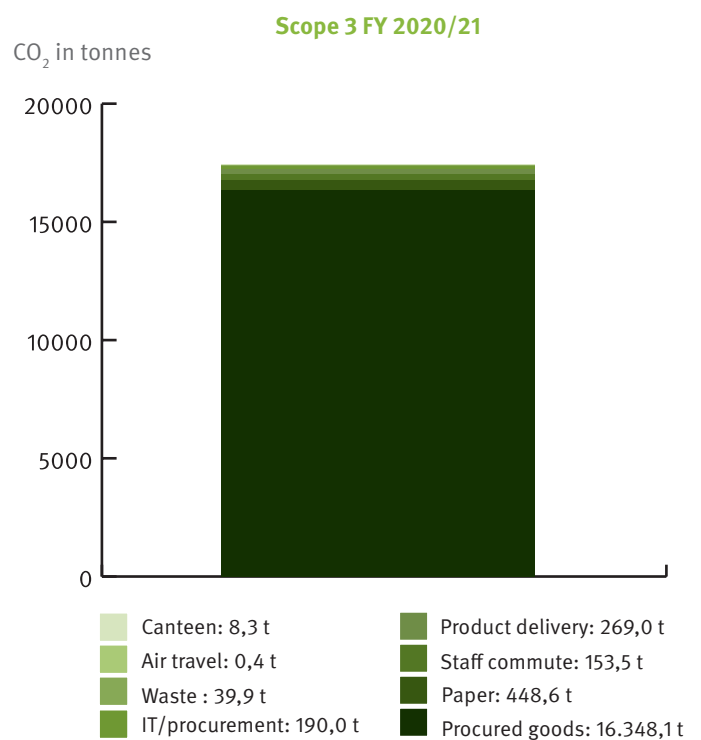
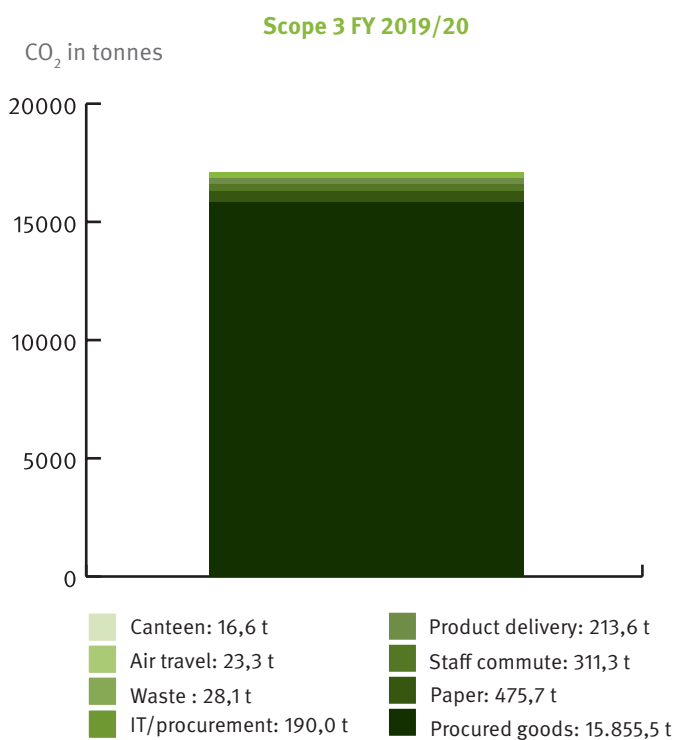
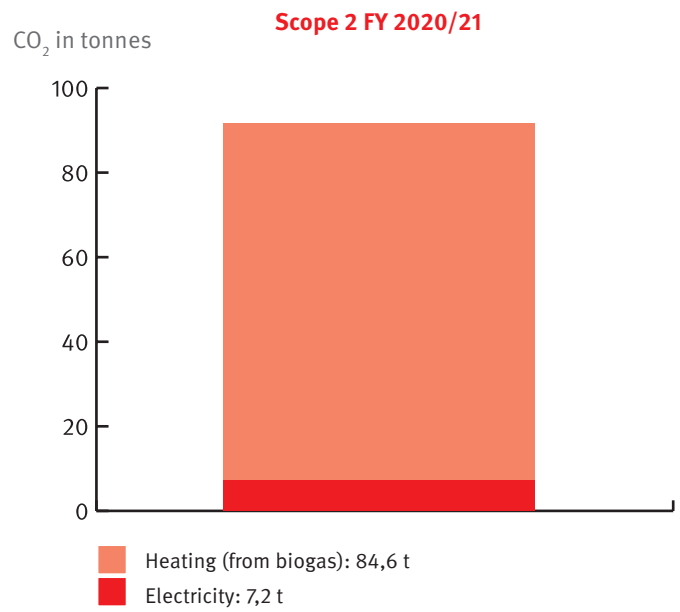
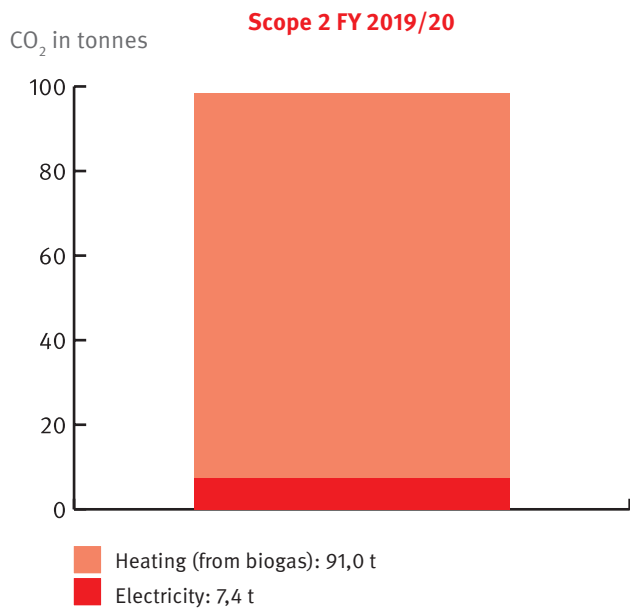
CCF* Sport-Thieme FY 2020/21



■ Scope 1: 4%
 ■ Scope 2: 0%
 ■ Scope 3: 96%

*Corporate Carbon Footprint (CCF)







14 | EMPLOYEE RIGHTS

The company reports on how it complies with nationally and internationally recognised standards on employee rights and promotes the involvement of employees in the company and in the company's sustainability management, what goals it has set itself in this regard, what results have been achieved to date, and where it sees risks.

Sport-Thieme currently employs around **420 people (354 full-time equivalents)** throughout Germany, most of them at the main site in Grasleben, Lower Saxony. We also train people here and currently have **33 trainees spread across nine different professions**.

Sport-Thieme is not explicitly bound to any collective agreement but follows the **collective agreement for 'Wholesale and foreign trade in Lower Saxony'**.

Our employees receive a **Christmas bonus** in the amount of one month's salary. We also pay all employees a bonus in the summer as a voluntary benefit, the amount of which is based on the company's financial performance in the previous year.

In addition to remuneration in line with the market, Sport-Thieme offers its employees a **wide range of social benefits**. The following are just a few examples:

- Meal allowances
- Work clothing
- Mobility allowance
- Loyalty bonus after 10, 25 and 40 years of employment with the company
- Life insurance
- One-off special payment for the birth of a child
- One-off special payment and one day of special leave for an employee's own wedding
- Bereavement allowance
- Emergency loan

- Free and anonymous psychological counselling at the Fürstenberg Institute
- Special leave in the event of unforeseeable disasters, such as a flood
- Access to healthcare programmes, company gym and free physiotherapy

The **fundamental principles of the ILO³ core labour standards** apply to Sport-Thieme and our suppliers. These include freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

We maintain an **open and transparent corporate culture** that is guided by our mission statement. Employees are encouraged to take initiative in addressing their concerns. We see **employee involvement as an opportunity** for them to effect change by contributing sustainable and transformative ideas and by participating in projects. In the context of sustainability, our CSR Team also puts together agile task forces to deal specifically with individual topics and develop relevant solutions.

Sport-Thieme exports its goods worldwide, with core activities focused in the European market. We are active in **12 different countries (nine within the EU, plus the UK, Switzerland and Norway)** through sales partners or a country-specific sales structure. The **level of employee rights in the individual countries is very high**, which is why intervention by Sport-Thieme is not necessary at this point. The situation is different for suppliers overseas. As far as possible, we **use supplier contracts and on-site visits to ensure that global standards, occupational health and safety, and basic human rights are observed**. Gaining full assurance that all standards are being met at all times is not possible. With the use of supplier certifications and, in future, IT-supported risk analyses, we will strive to ensure the highest possible standards in our supply chain.

³ ILO: International Labor Organisation



15 | EQUAL OPPORTUNITIES

The company discloses how it implements processes at a national and international level and what goals it has to promote equal opportunities and diversity, occupational health and safety, employee involvement in decision-making, integration of migrants and people with disabilities, appropriate pay and work-life balance, and how these are implemented.

As a **signatory of the Diversity Charter**, Sport-Thieme collaborates in an **open, appreciative and respectful manner**, in an environment which is characterised by **equal opportunities** and a non-discriminatory corporate culture. Our goal is to ensure that equal opportunities is embedded as an important consideration for our overall sustainability strategy.

Our workforce includes people of all origins, sexual orientation, religion, world views, with and without impairments, and people

of all ages and genders. We also support inclusion with the use of gender-neutral language in our internal communications.

The **balance of family and career** has also been an important part of our corporate culture for many years. In addition to **tried-and-tested working time models, we offer places** in a nursery that is next door to our main site in Grasleben. We also support **working from home, if it makes it easier to look after children or care for relatives**. This was a very popular choice, especially during the Covid pandemic, and allowed our employees to manage both work and family expectations. For example, as a voluntary benefit, parents of children (up to and including the age of 12) and family caretakers were able to use up to 20% of their paid work time for childcare and homeschooling, as well as care for family members, during the lockdown periods in 2020.



16 | QUALIFICATIONS

The company discloses what objectives it has set and what measures it has taken to promote employability, i.e. the ability to participate in the world of work and careers for all employees, and to adapt it in view of demographic developments, and where it sees risks.

Sport-Thieme invests **100,000 euros annually in the training and development of its employees** (average value for 2014–2021). **Promoting the employability of all staff** is a major concern and the company supports this with targeted initiatives. The following are just a few examples:

- Encouragement, funding and support for personal development (e.g. further training as a business economist, as a logistics master craftsman, and university degrees in suitable areas of study)
- Support for successful completion of training (e.g. exam preparation courses)
- Refresher courses and further development of traditional programmes used throughout the company, such as Excel, Outlook and Teams
- Booking of individual training courses to maintain or improve employability in one's own field of activity
- To support quick integration, all new staff undergo a basic induction, which includes project and customer training (within six months) in addition to understanding the tasks and responsibilities of the respective departments
- Executives participate in leadership training, where they can exchange their views and experiences biannually and take part in advanced training designed to promote a shared understanding of leadership

As the **world of work is changing and becoming more dynamic**, we are making targeted investments in the digitalisation of our processes.

This is an important factor for future-proofing and, at the same time, helps us in our pursuit of greater sustainability.

The external demands placed on us are also increasing. **We are open to this** and involve employees in the necessary development processes at an early stage. If, for example, a digital solution is introduced in the company, we provide **information and training programmes**. **We want our employees to grow alongside these developments** and for them to see the potential that change can bring.

We make the most of our training budget by investing in **our employees** – not just to improve hard skills, but also in areas like **value-based leadership and dealing with conflicts**, to enhance soft skills.

In order to give the skilled workers of tomorrow a solid start to their careers, Sport-Thieme has been a respected training company for many years. **At present, 33 of our trainees are learning nine different professions**. They are part of a programme that has won multiple awards and has **attractive added values** (e.g. sporting activities including a parachute jump, and dedicated trainee meetings) which are separate from vocational training and everyday working life. Many of our current staff – who have been with the company for many years – began their careers by completing this training programme.

Today's fast pace and constant change require a good balance between professional lives as well as opportunities to develop resilience. We offer our employees a **comprehensive range of sports and well-being activities** to improve their psychological resilience and overall physical health, as described in section 15 'Employee rights'. Working with the Fürstenberg Institute, we also have an external team of psychologists available for anonymous and free consultations.



17 | HUMAN RIGHTS

The company discloses which measures, strategies and objectives are taken for the company and its supply chain to ensure that human rights are respected worldwide and that forced and child labour, as well as any other form of exploitation, are prevented. In this context, the results of the measures and any risks must also be addressed.

We fully agree with the **fundamental principles of the ILO core labour standards** and implement them in our company. These include freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation. We also require **our suppliers to implement these principles through specific measures**.

Compliance with human rights and the ILO core labour standards is very important to us in our supply chains and is **regulated by our terms and conditions of purchase**. Our suppliers are obliged to comply, in particular, with the ILO conventions and

recommendations on the subject of forced labour, child labour, equal treatment and minimum wages. If these are not complied with, Sport-Thieme shall immediately terminate the business relationship.

We also **visit our suppliers production sites** to see what the manufacturing conditions are like. However, due to the large number we work with, we cannot visit all of our suppliers. Some of these work **with quality inspectors** who check the production process in the various plants. This is a risk in our business model. We cannot completely rule out the possibility that individual suppliers may not fully comply with contractual regulations.

Overall, we are striving to ensure that **human rights are respected in every regard** at Sport-Thieme and its direct subsidiaries. Although compliance with human rights with all suppliers and service providers is a top priority for us, there is currently no defined objective on this point. Finding a solution for increased verification regarding these issues in our supply chains will be part of our sustainability strategy.



18 | CORPORATE CITIZENSHIP

The company discloses how it contributes to the community in the regions where it conducts significant business activities.

We fulfil our **social responsibility beyond our own corporate boundaries** with targeted commitments. Working with associations, chambers, initiatives and clubs allows us to exert influence on an international, national as well as regional level – which is something we hold dear.

Due to the position of our company headquarters, we are closely rooted in Grasleben and the Helmstedt and Braunschweig region in Germany. And as we're passionate about sports and exercising, we're ardent supporters of **sports events and clubs** (TSV Grasleben, Helmstedter SV) and we also back regional sports with our partnerships with the Kreissportbund Helmstedt. We are committed to encouraging **children in our region** to get involved in sports – we organise a holiday camp in Grasleben and support the local parent–teacher association. In addition, we get involved with **cultural events and initiatives** such as regional cinemas and theatres (e.g. Helmstedter Filmklappe, Braunschweiger Filmklappe, Freundeskreis Burg Warberg and Förderverein Brunnen theater Helmstedt). We also support **other venues** (incl. the open-air swimming pool and Wohlfühl-Ecke family centre, both in Grasleben) and the Grasleben volunteer fire department. Our **long-standing partnerships with SOS Children's Villages and the Special Olympics Germany** is also very important to us.

Furthermore, we are on the examination board of the Braunschweig Chamber of Industry and Commerce, where we assist

with the final oral exams of wholesalers and foreign trade merchants.

Below is a small selection of our diverse partnerships:

- Special Olympics Germany
- Special Olympics Austria
- BSI, or rather Bundesverband der Deutschen Sportartikel-Industrie (federal association of the German sporting goods industry)
- LSB Berlin (sports federation Berlin)
- LSV Schleswig-Holstein (sports association)
- German sports teachers' association
- RAL sports equipment quality association
- DIN Standards Committee Sports Equipment (DIN = German Institute for Standardisation)
- SNOEZELEN foundation
- Braunschweig employers' federation
- Total E-Quality (equal opportunities for men and women in business, science, politics and administration)
- German University Sports Federation
- Disabled sports association Lower Saxony
- Lower Saxony Gymnastics Federation
- Bavarian Gymnastics Federation
- Disabled + Rehabilitation Sport Bavaria
- Helmstedt district sports association
- Rheinhessen gymnastics association
- AHAB Akademie GmbH
- Ostfalia University of Applied Sciences
- Lower Saxony Athletics Association
- Alliance for the Region (BOHEME)
- Swiss Athletics



19 | POLITICAL INFLUENCE

All material submissions to legislative procedures, entries in lobby lists, material payments of membership dues, contributions to governments, and donations to parties and politicians are to be disclosed on a country-by-country basis.

Sport-Thieme carries out **political work at state, federal and EU level only through interest groups** in the form of memberships. We are, for example, a member of the BEVH (German e-commerce and mail order association), RAL sports equipment quality association, the DIN German Institute for Standardisation and BSI (federal association of the German sporting goods industry). Here, **important legal regulations and developments for the in-**

dustry are discussed and, if necessary, brought to the attention of politicians. In this context, **topics related to the promotion of physical activity** are of particular concern to us.

Apart from membership of the above associations, Sport-Thieme is not politically active and does not make **donations to any political parties or individual politicians.**

Current legislative processes that are relevant to Sport-Thieme include the 2021 German Bundestag bill on corporate due diligence to prevent human rights violations in supply chains and the upcoming second version of the German Federal Climate Protection Act.



20 | CONDUCT THAT COMPLIES WITH THE LAW AND POLICY

The company discloses which measures, standards, systems and processes are in place to prevent illegal conduct and corruption in particular, how they are reviewed, what the results are, and where the risks lie. It presents how corruption and other violations of the law are prevented, detected and sanctioned in the company.

Sport-Thieme has **strict compliance guidelines to which employees commit in writing**. Cases of **corruption and bribery have not occurred within the company to date**. Such behaviour would not be tolerated and would be sanctioned with all available

means. Although we have not identified any violations of the law in the past, this cannot be completely ruled out in certain circumstances in the future. **We aim to prevent this through various measures.**

These include creating an open culture and atmosphere that thrives on communicating with and trusting each other. We support our employees, should they experience any personal problems, see section 14 'Employee rights'. **On the basis of this culture of trust**, we are confident that our employees **are honest and act in accordance with the law.**



ABOUT THIS SUSTAINABILITY REPORT

To present each company's current status concerning its sustainability approach in a structured manner and have it evaluated consistently by experts, the German Council for Sustainable Development established the **German Sustainability Code (DNK)**, which also serves to inform the company's own stakeholders about its sustainability performance.

This report is based on the DNK framework. We are currently working on a corresponding DNK statement and will submit this in the coming weeks.

The framework on which the report is based is divided into **the concept behind and aspects of sustainability**. The concept addresses a company's **strategy and process management**, while the section on aspects includes **environmental concerns and society**. Overall, the framework covers **20 different subjects**.

This report is structured in the same way. Each topic is introduced with a brief description of the requirement that the DNK places on the respective item, followed by Sport-Thieme's statement on the subject area.

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