

**Environment
and Social
Responsibility**

KappAhl®



This is KappAhl

KappAhl is a leading fashion chain that currently employs almost 4500 workers and has more than 300 stores in Sweden, Norway, Finland and Poland. We offer value-for-money, popular fashion clothing, designed by us, with a particular focus on 30 to 50 year old women with families. Every year, we sell 60 million garments that are produced in Asia and Eastern Europe. Our head office and distribution centre are located in Mölndal, close to the city of Gothenburg in Sweden. Sales for the twelve-month period ending August 31, 2008, totalled SEK 4622 million. KappAhl shares have been trading on the stock exchange in Stockholm since February 2006.

About the report

This report is KappAhl's account of the work carried out across the Group on environmental issues and social responsibility (also known as Corporate Social Responsibility, CSR). The report covers the period to August 31, 2008. KappAhl's Chief Environmental Officer will be pleased to answer any questions about this report.

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Interview with Christian W. Jansson, President and CEO of KappAhl

What social responsibility does a fashion company like KappAhl have?

“We have as much moral responsibility as all members of society, no more or less. This concerns all aspects of supplier operations as well as the impacts of our operations on the environment. We want to stay one step ahead of our customers so they feel confident about shopping at KappAhl.”

How does KappAhl live up to the image you portray?

“We live up to that image extremely well. We should be proud of what we achieve. We don’t get everything 100 percent right, but on the whole we are better than many believe us to be. This may be due to the tremendous respect we have for doing what is right and the respect for our customers. What’s more, any mistake is going to cause dramatic media attention.”

Why does KappAhl focus on CSR?

“The high moral standards that we hold are a primary motivation. We want to be a fair and dependable company. We don’t need to satisfy pressure from outside because that is something we create ourselves within our company. But we do need to be constantly on the alert and ask ourselves: Is this relevant or not? Some even assert

that we should essentially be responsible for the cotton production in Uzbekistan and throughout the entire process. But that’s simply not possible. We’d suddenly find ourselves dealing with agricultural policy and that is not our business.”

What is your key role in the CSR process as company CEO and principal shareholder?

“Making sure that we have employees who are inspired by this thought and giving them the support they need. Of course there is always a conflict between what is economically beneficial and morally acceptable. That’s where I help in making the decision. In some circumstances, our choices are motivated by moral rather than financial reasons. That’s an easy decision. It is also important that we managers encourage those employees who are observant and draw various things to our attention.”





How involved are you yourself in this process?

“No more than that I have regular discussions with those involved to find out what is happening, how we are thinking and working. Our Corporate Social Responsibility process should not be implemented from the top but within the organisation because that is where the greater part of our knowledge lies. I encourage others and ensure and reassure myself that this process is being carried out systematically.”

What are you most proud of?

“The know-how and commitment of our employees and the fact that we were quick off the mark and have acted consistently. We are now reaping the rewards of a decision taken in the early 1990s. We have been working actively with this for more than 15 years and it’s now apparent that our customers like what we do.”

What is the most important aspect of your work in this area?

“Our supplier control procedures are more important than many other things. Over the past year, we have satisfactorily succeeded in making these procedures much more stringent and specific by strengthening our organisation with experienced and skilled people.”

In what areas can you improve?

“In all areas! However, I am particularly concerned about our shipping procedures as I believe they have a considerable environmental impact. They emit more carbon dioxide than we previously realised. We have to work together with other major purchasers of transport services to make demands and put pressure on the shipping companies. We intend to do so through our participation in the Clean Shipping Project.”

Do investors or shareholders make any special demands of KappAhl relating to CSR?

“Nowadays, they regard our CSR processes as perfectly normal and when our work is audited we receive confirmation that our work is appreciated. In addition, there are specific ethical and environmental investment funds whose special requirements we meet.”

Do your CSR processes influence company profits?

“Whatever effect they may have, we would have implemented them anyway. If, on the other hand, we had not done anything, it would probably have put a strain on the brand and had negative repercussions. But it’s impossible to measure the impact.”

What is the challenge ahead?

“To continue working at the same level of intensity as we do today and to be attentive and responsive to the needs and wishes of our customers.”

Business risks

In the area of environmental and social responsibility, KappAhl's primary risks are related to our production of clothes in developing countries like China, Bangladesh and India. The risks there are concerned with violations of human rights and they conform well to those that the Amnesty Business Group has identified for the textile industry in general:

- Pressure on prices and short lead times worsen conditions for the employees
- Long working hours and low salaries
- Poor working environment and insufficient job security
- Greater risks in economic free zones
- Lack of rights and opportunities to form trade unions
- Codes of conduct do not automatically lead to improvements

You can find out more about the risks at:

[www.amnestybusinessgroup.se/
Filer/Branschriskertextil_10345.pdf](http://www.amnestybusinessgroup.se/Filer/Branschriskertextil_10345.pdf)

We attempt to deal with these risks first and foremost by working actively with our Code of Conduct.

To find out more, please read the section "How we operate – Code of Conduct".

Strategies and policies

Our overriding vision is that: “KappAhl is to be the leading and most profitable fashion chain in the Nordic area for the customer group aged 30–50.” In order to accomplish this, not only do we need to be economically successful but we also need a long-term, sustainable approach. In other words, we must take our environmental and social responsibility seriously. Three documents are central to this process: our Code of Conduct, our environmental policy and our working environment policy.

Code of Conduct

KappAhl applies the Code of Conduct that we have also helped produce as part of the Business Social Compliance Initiative (BSCI). This is based partly on the United Nation’s Universal Declaration of Human Rights, the United Nation’s Convention on the Rights of the Child and the International Labour Organisation’s conventions on labour rights and working conditions.

The BSCI Code of Conduct covers the following areas:

- Legal compliance
- Freedom of association and the right to collective bargaining
- Prohibition of discrimination
- Wages and compensation
- Working hours
- Workplace, health and safety
- Prohibition of child labour
- Prohibition of forced labour
- Environment and safety issues
- Management systems

The Code of Conduct may be read in its entirety at: www.bsci-eu.org/content.php?page=BsciCoreTools

Environmental policy

“We are aware of our responsibility towards people and the environment. Our actions promote environmental protection and conserve natural resources.

This means that:

- All employees show environmental awareness in their decisions.
- We focus on continuous improvement in collaboration with our customers and suppliers.
- We satisfy legal and regulatory requirements by a wide margin.
- We are open and transparent about our environmental activities.”

Working environment policy

Extract from KappAhl’s working environment policy: “A healthy and safe working environment is of central strategic importance to KappAhl. The aim of KappAhl’s working environment practices is to create a physically, mentally and socially healthy and stimulating workplace for all personnel and to prevent occupational risks of injury and illness in the workplace.”

Further policies

We have other policies that guide us in our work relating to environmental and social responsibility, in areas such as sponsorship, equality and diversity, as well as policies relating to our clothes where we condemn violence, racism, sexism, cruelty to animals and the killing of animals for their fur.

How we operate

KappAhl does not own any factories but is one of many customers of independent manufacturers. Most of the products we sell in our stores are manufactured in Asia. Our production facilities provide job opportunities and contribute to the local economic development. In our strategy for sustainable development, we are committed to long-term planning and long-term goals. Our Corporate Social Responsibility (CSR) programme is an integral part of our management system and our business operations. This is essential to the achievement of the objectives that we work toward every day to improve the working conditions in the facilities.

We at KappAhl have long been working with a systematic approach to the management of our most important environmental and social risks and their effect throughout the entire flow: from design, production, transport and warehousing to the store. The operative CSR process is managed by staff at each stage of the flow and is represented at Group management and Board level. The work is clearly delegated and integrated into the organisation to ensure that it is well founded, efficient and kept constantly running and on track. This is where we review what we have done and are doing.

Code of Conduct

KappAhl is only interested in selling garments that are manufactured under acceptable working conditions. We introduced our first Code of Conduct for our suppliers in 1997. The following year we started checking that they were complying with the Code. Since 2004, we have been using the Code of Conduct drawn up by the Business Social Compliance Initiative (BSCI) which is the Code that all of our almost 200 suppliers have undertaken to follow. Under BSCI's regulatory framework, two thirds of the suppliers should be audited by external auditing companies over a three-year period. Those suppliers that fail to meet the criteria are obliged to undergo a follow-up audit within one year. Suppliers that are approved will be re-audited after three

years. BSCI regularly arranges joint information and training days for members, suppliers and inspectors. This provides competing companies and their suppliers with a unique opportunity to meet in an open forum and has contributed to the strong expansion of BSCI.

Double monitoring system

Being a member of BSCI is not enough for us. We also have a parallel system with our own inspections. We have recruited new employees to work as inspectors in order to meet the additional demands this makes on our organisation. These employees have the relevant qualifications and experience and are stationed at all of our production offices. Our inspectors examine how all of our

suppliers are complying with the BSCI Code. If an inspector identifies non-compliance, the supplier will be issued with a plan of action that will be followed up at the next inspection. In this way, we not only keep a check on our suppliers but we also help our suppliers regularly make improvements. In 2008, we conducted some 270 of our own inspections on our suppliers' premises. About 70 of these were follow-up inspections.

Employment conditions at our suppliers

Issues that are particularly difficult for suppliers to live up to today are demands for proper compensation for overtime and salaries. The standards and implementation measures that we have established with our suppliers

involve ongoing improvements to bring about positive developments. KappAhl's Code of Conduct is based on the local legislation in the country of production. Our suppliers agree to comply with this Code as a minimum requirement.

Closer collaboration with suppliers

Before contracting a new supplier, KappAhl carries out an inspection of the potential supplier's production facilities to ensure they satisfy our standards. We consider it essential that all our suppliers demonstrate a keen interest in working as partners with us and that they implement the changes required to meet the standards we expect from all our partners. Over the years, we have therefore gradually reduced the number of suppliers in order to establish an even better contact with those we work with. At the same time, our network of stores is in

a phase of expansion which means we need to purchase more garments. As a result, many of our suppliers are willing to meet our requirements as they gain substantially from it: more orders and larger orders. There is a growing realisation among suppliers today that a factory with a safe and positive working environment offers a competitive edge.

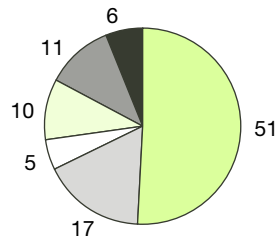
Quality-assured statistics

We have started to custom develop software that will give us a complete overview of operations and allow us to continuously monitor the work carried out by our suppliers. Such statistics will include the number of BSCI audits conducted, the number of inspections we carry out and how well each supplier is complying with the Code of Conduct.

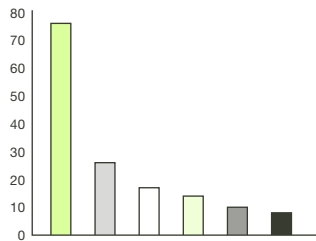
Environmental Code

In 2008, we developed an Environmental Code. The purpose of this new code is to allow us to assess those suppliers whose production includes wet processing. In other words, suppliers who produce the entire garment, from the fibre to the finished product. The Code covers three areas - chemicals, waste and water. Huge amounts of water, many chemicals and considerable quantities of energy are required to dye textiles. It is therefore important to focus on how much water is used in the garment dyeing process and how the water is cleaned before being released. We have implemented training courses and pilot projects in Bangladesh and China. KappAhl will continue to implement the Environmental Code and provide training, especially in India and Bangladesh.

Purchase value (%)



Number of suppliers in 2007/2008



Structure

The majority of KappAhl’s suppliers are based in China and account for the largest proportion of our products. Other major countries are Bangladesh and India. We have our own offices in the countries of production, for example, three offices in China. The personnel employed at these offices liaise with our central purchasing department in Sweden and pay regular visits to suppliers and their facilities. Our offices have quality inspectors who check each order at least twice during the production process to ensure that each order complies with our quality standard. We also have personnel in all offices whose sole responsibility is to ensure the effectiveness of our Code of Conduct.

They inspect and rate each factory on a one to four scale and draw up proposals for improvements that our suppliers agree to. During their subsequent visit to the facilities, they check that the agreed improvements have been made.

Background

Bangladesh is one of KappAhl’s major production countries. It is an extremely impoverished country, where the young, flourishing textile industry has brought with it considerable changes, especially for the 2.5 million women who work there today. Their social and financial status has increased thanks to them now having gainful employment outside the home plus an income of their own.



Products

KappAhl is careful to ensure that the clothes we sell are produced as humanely and environmentally-consciously as possible. In order to guarantee this and the high quality of our products, we have published a Test and Manufacturing Guide that our suppliers undertake to comply with. This includes a list of chemicals that are banned or restricted for use in our clothing, physical requirements for garments (colour fastness, shrinkage and dry-bleeding) and safety of children's clothing. The instructions were updated in 2008 and all those who use them (our own quality inspectors at the production offices and our suppliers) are now receiving training in how to apply the guidelines.

Focus on chemicals

Chemicals are not visible in clothes. That's why we launched a project called No Risk in early 2008 to give us total control of the chemicals used in production. The project uses the list of chemicals in our Test and Manufacturing Guide, which includes more than 20 different groups of chemicals, including allergens and carcinogenic agents. Throughout 2009, we will be collecting samples from all our suppliers and conducting thousands of tests at independent laboratories. If these tests show that a supplier is using banned or restricted chemicals in the garments it produces, the supplier will be required to carry out an action plan that we follow up. This project allows us to check the stages in

the chain prior to our immediate suppliers – from where they purchase their fabrics and chemicals. This serves as an additional means of allowing us to monitor compliance with our Guide.

We are members of a so-called Chemicals Team, which is headed by the research company Swerea IVF. This enables us to keep abreast of what is happening in the field of chemicals. Companies and experts in the field come together to discuss and find out more about textiles and chemicals. Over the past year, there has been considerable focus on the new European chemicals policy, REACH (Registration, Evaluation and Authorisation of Chemicals).

Increase in eco-labelled clothes

We have been using eco and health labelling for our clothes for many years, but it is only recently that we have noticed an increase in interest from customers. We believe that the criterion for success is for these clothes to have exactly the same high degree of fashion as the rest of our range. Oeko-Tex Standard 100, the EU Flower, Organic Cotton and Organic Linen are the labels that we use, with Oeko-Tex accounting for the largest share. In 2008, approximately 6 million of our garments will carry one or other of these labels. This is a figure that will increase. We have been certified under the Oeko-Tex standard since 2008, which means that we are allowed to market this label. We also purchased

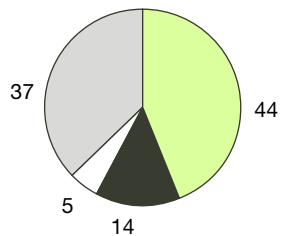
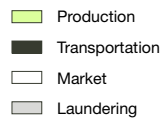
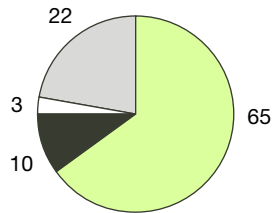
our first certified organically-produced cotton at the beginning of 2007. This is traceable all the way back to the farmer.

Washing advice to the customers

The climate study that we have conducted shows that considerable quantities of carbon dioxide are released into the atmosphere during the care and washing of clothes - approximately 20 to 40 percent of total emissions. For more information about this, see “EXAMPLE/ Climate analysis of T-shirt and trousers” In the light of this, we produced a leaflet in the autumn of 2008 entitled “The Right Way to Wash!” This contains simple advice on caring for clothes, the environment and saving money in the process.

Carbon dioxide emissions during the life-cycle

T-shirt – total 5.3 kilos of carbon dioxide



Cotton trousers – total 4.8 kilos of carbon dioxide

Health and eco labelling

- Oeko-Tex Standard 100: Leading label for textiles that have been tested for hazardous substances.
- EU Flower: A European eco-label that checks the entire chain from the raw material to the finished garment.
- Organic Cotton/Linen: Cotton and linen free from hazardous substances and chemicals.

Climate analysis of T-shirt and trousers

In the spring of 2008, we commissioned a study that would give us a better insight into the climatic impact of the production of clothes from a life-cycle perspective, from growing the raw materials, producing the garments through to their final disposal.

We chose a cotton T-shirt and a pair of cotton trousers from our own range, manufactured in China and used in Sweden. These are the results: 5.3 kilos of carbon dioxide (CO₂) for the T-shirt and 4.8 kilos of CO₂ for the trousers. The diagram below shows the percentage of carbon dioxide emissions throughout the life-cycle. We are now using this analysis as a basis for a programme for reducing our impact on the environment in the areas where the greatest effects can be achieved.

Environment

KappAhl is and must be perceived as one of the industry's most environmentally conscious companies. We were the first fashion chain in the world to receive certification under the ISO 14001 Environmental Management Standard in 1999. Our environmental management system today encompasses the entire flow of goods: from design, manufacture, transport to distribution centres and out to stores, plus operations at our head office, distribution centres and store management in Sweden and Finland. We aim to integrate store management for Norway and Poland into the system.

More focused follow-up

In recent years, we have simplified and improved our auditing methods and thereby succeeded in making the actual environmental management process more efficient. This has been achieved through the introduction of SAM, a new system for planning and reviewing safety, working environment and the environment. We also have a number of newly qualified internal environmental auditors. Once a year, all of our managers (from head office, distribution centre and stores) and their colleagues go through the environmental section of SAM together to discuss the environmental issues in a systematic and constructive manner. This results in a plan of action for the year ahead for the environmental



area of that specific unit. This plan is then forwarded to the immediate manager. This is also an opportunity for finding out which employees need to refresh their environmental knowledge. They do this using our web-based environmental training program.

Water purification pilot project

Our greatest impact on the environment is associated with the production of yarns and fabrics, in which chemicals are released into land and water, and with the transport of goods, where emissions of carbon dioxide contribute to a changing climate. It is chiefly in these areas that we have been working intensively for more than ten years to develop more stringent requirements for reducing our environmental impact.

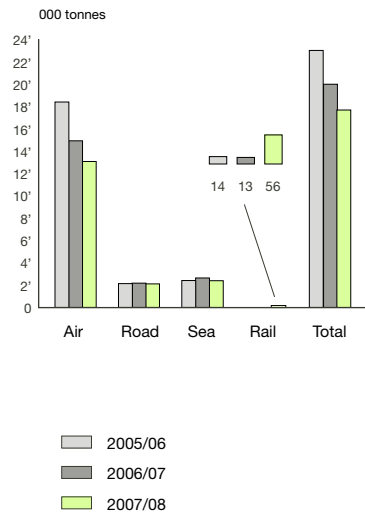
In 2008, for example, we implemented a water purification project at the premises of four of our suppliers in Bangladesh. This should lead to a long-term improvement in the quality of water at all of our suppliers who use wet processes.

Tougher demands on transport operations

We are committed to finding less environmentally-damaging means of transporting our goods: by sea rather than air, rail rather than road. We are also involved in discussions with forwarding agents about new fuels and engines, coordination of shipments with other companies in the clothing industry and efficient route planning.

At the end of 2008, we joined the Clean Shipping project that aims to put greater pressure on shipping companies to reduce their impact on the environment. Through our participation in the project we have substantially increased our environmental demands on ocean transportation, an area that has not previously been given as much priority. Clean Shipping requirements have already been incorporated into KappAhl's procurement of transportation services.

Carbon dioxide emissions from the transport of goods



Overall reduction of our impact on the environment

During the 2007/2008 business year, carbon dioxide emissions from KappAhl's transport of goods totalled 17624 tonnes – a figure that has steadily declined in recent years in spite of an increase in our purchasing. Our target for 2009/2010 is to reduce these emissions by 10% in relation to the company's turnover (base year 2005/2006).

Offset air travel emissions

KappAhl is the first Nordic company in the industry to pay flight emission compensation for its business travel. During the 2007/2008 business year, KappAhl purchased climate compensation from the climate company Tricorona to offset the equivalent of 1000 tonnes of carbon dioxide. We will continue to offset air travel emissions in 2008/2009. The climate compensation funds wind turbine projects that produce electricity for 250 small-scale companies in the textile industry in Tamil Nadu in India. This is a so-called Clean Development Mechanism project and is thereby certified by the United Nations under the Kyoto Protocol.

Employees

KappAhl wants to be a good and attractive employer for the almost 4500 people who work for us today at more than 300 workplaces: at our head office and distribution centre in Mölndal, in stores in Sweden, Norway, Finland and Poland, and in production offices in Hong Kong, China, Bangladesh, India, Lithuania, the Ukraine and Turkey.

SAM = Safety, Working Environment and the Environment

Since 2006, we have been using SAM, the same tool we employ in environmental processes, to plan and monitor the work associated with each employee's situation in the workplace. This can apply to the physical layout of the workplace, safety procedures and fire safety,

teamwork, stress, discriminatory treatment and health care. Once a year, each work team studies the section on safety in SAM at a staff meeting, at another meeting they discuss working environment. These reviews and discussions are scheduled for periods that will ensure the greatest effect in terms of both analysis and action. This results in a plan of action for the year ahead in the areas of safety and working environment for each unit and the company.



Better focus on health

For several years, KappAhl has been focusing its attention on reducing employee absence due to illness. A number of coordinated initiatives have resulted in reduced absenteeism and a focus on health care and working climate. We have introduced concrete measures to create healthy workplaces and encourage our employees to strike a good balance between their personal and professional lives. We have a fitness reimbursement programme to encourage our employees to participate in physical activities and improve their health.

Diverse mix of experiences

KappAhl works actively with recruitment, training and career and management development. We consider it imperative to have the right person in the right place and in the right position. High priority is therefore given to presenting our business culture and expectations early on. We see the value in recruiting internally and, at our head office, every third position has been filled through internal placement – a good balance of old and new. Each year, we invest in several training courses to enhance employee skills and thereby enable our personnel to grow and develop. Our greatest training event to date was staged in February 2007. All of our sales staff participated in a one-day course, the key words of which were “inspiration, work satisfaction and personal development”.

In an attempt to identify new ideas and build a long-term image for KappAhl as an attractive employer, we have long been working actively with colleges and universities, particularly those with a focus on trade and design.

Clear information

The key to commitment, involvement and security lies in clear and transparent information. Our organisation is widely spread and it is therefore crucial to have good channels of communication. These include regular physical meetings, our internal web site KappNet and our staff magazine, Inside.

Close dialogue with the union

We also have an open and close relationship with the union. Under the provisions of the European Works Council Act, we have been holding organised meetings each year since 1996 with our union representatives in Sweden, Norway and Finland to give ourselves the opportunity to discuss and deepen our understanding of various employee issues. In the future, these meetings will include our operations in Poland.

Strong female representation in management

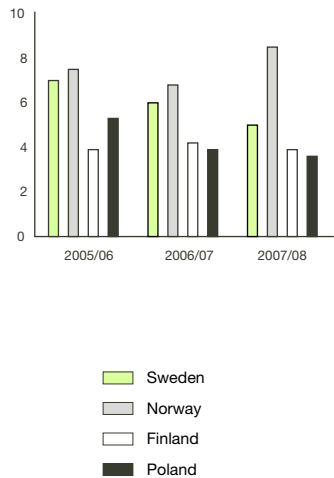
We consider it essential to have a workplace that promotes equality and offers equal opportunities and access for all employees – regardless of gender, ethnic origin, affiliation, religious faith, disability or sexual orientation – so that we represent society and our customers in as true a way as possible. Ours is a female dominated business but we strive to achieve a good balance between the sexes to promote a positive working climate. KappAhl's management team comprises five women and three men and the Board of Directors comprises six women (four of whom are union representatives) and three men.

This makes us one of the stock market-listed companies in Sweden that has most women in its management, which is reasonable considering the gender balance among the company's employees.

Satisfied employees

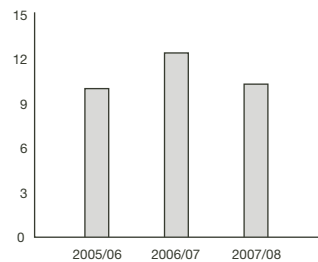
Each year, all our employees take part in the KappAhl Attitude Survey which is designed to explore what they think of their situation at work, their immediate manager, their store/department and the company as a whole. The results of the survey for 2008 look favourable for KappAhl and show higher than average ratings in all four key areas when compared with the industry and the business community in general.

Absence due to illness, %



Skills development

hrs/average number of full-time employees



This is according to the results presented by Mercuri International which is responsible for managing the survey. More than 60% of the employees regard KappAhl as a future employer for the next three years or more and 97% can recommend us as an employer.

Store fitting requirements

It is important to ensure a good working environment for our store-based employees. Over the past five years we have been installing height-adjustable point of sale terminals when renovating or building new stores. There is also a special ergonomic mat designed to reduce back fatigue that employees can stand on during point-of-sales work. Our store fittings must also comply with environmental performance requirements to limit environmental impacts during manufacture and reduce the risk of allergic reactions among our staff.

Teamwork and commitment

KappAhl considers that working collaboratively with others results in positive interactions: it generates more energy behind implemented measures, better results and access to expert resources. When it comes to sponsorship activities, we give priority to long-term projects with clearly-stated goals that promote human and environmental protection. The following are some of the projects in which we are involved:

Business Social Compliance Initiative, BSCI

We have played an active role in the establishment of BSCI, which began back in 2002, and have been a member of the Initiative since its launch in 2004.

The Business Social Compliance Initiative (BSCI) is an international project involving some 200 companies, operating primarily in the textiles industry, that wish to improve working conditions for employees in the suppliers' countries. www.bsci-eu.org

Better Cotton Initiative, BCI

We have been sponsors of the Better Cotton Initiative since 2007. The aim of this programme is to provide conventional cotton growers around the world with information and education to enable them to produce cotton in a more environmentally-friendly way. www.bettercotton.org

Milestones

1993

- Our environmental programme was launched: two work teams were commissioned to make the company more environmentally-compatible
- Launch of our first eco clothes collection
- Produced a list of substances used in clothes manufacturing that are harmful to the environment and health

1995

- Introduced source segregation of solid waste and responsible waste management

1997

- Wrote our first Code of Conduct
- Environmental investigation conducted across all operations. Environmental coordination officer appointed.
- Clothes with the Oeko-Tex label on sale in stores

1.6 Million Club We have been sponsoring the 1.6 Million Club since 2007. The objective of this organisation is to raise awareness of and inform the public about women's health. We support the organisation's Go Red campaign by selling clothes pins and selected garments to support research into vascular disease in women. www.1.6miljonerklubben.com, www.goredforwomen.se

Children's Rights in Society (BRIS) We are sponsors of BRIS, the Swedish NGO that offers support and advice to vulnerable children and young people in Sweden. www.bris.se

The Hunger Project We have been sponsoring the Hunger Project since 2004. The aim of this organisation is to reduce hunger throughout the world by helping vulnerable people in developing countries to build a better life for themselves. www.hungerprojektet.se

Transportation partnership programme

In 2007, we began working on a programme with the Swedish National Road Administration and fashion and sports companies RnB, Lindex, Intersport, Stadium and Team Sportia to establish a common platform for environmental and traffic safety requirements in transport procurement.

Other projects and programmes in which KappAhl is involved are the Initiative for Ethical Trade, Amnesty Business Group, the SIS/TK 160 standardisation group for safety of children's clothing, and Transfer, an organisation that connects the business community with schools. Other sponsorship commitments include Erikshjälpen, Majblomman and projects in our production countries, such as providing support to homeless children in Bangladesh and to children's homes in Lithuania.

1998

- Decision taken on our first environmental policy
- Commencement of regulated inspections of supplier operations
- All employees attend environmental training courses

1999

- Internal staff training in environmental auditing
- Stricter environmental requirements for hauliers
- Environmental certification under the ISO 14001 standard for the company's entire goods flow
- Started using green electricity throughout the company's Swedish operations
- Initiated the Code of Conduct project, DressCode, in collaboration with "Rena Kläder" (Clean Clothes) and the clothes chain stores H&M, Lindex and Indiska

Communications with stakeholders

We want to have open, direct and constructive dialogues with our stakeholders (employees, customers, investors, the media, voluntary organisations, etc.) on all aspects of our Corporate Social Responsibility. We therefore appreciate feedback from you on what we do and what we ought to be doing. Please see the information on how to contact us at the end of this report. We look forward to hearing from you!

2000

- Donated unsold clothes to charity organisations

2001

- Agreement reached on rail transport for goods distribution

2002

- Helped create the Foreign Trade Association's system for code of conduct processes, which resulted in the establishment of the Business Social Compliance Initiative (BSCI)
- Use of PVC banned in rain gear and outdoor clothing

2004

- Became a member of BSCI
- Clothes with the European Flower label on sale in stores

2005

- Garments delivered by gas-fuelled eco-vehicles to stores in the Gothenburg region

How we are viewed

We have invited two people, an investor and an auditor, who are very familiar with our Corporate Social Responsibility programme to comment on the work we do.

Anna Nilsson, Head of Ethical and Environmental Analysis at Swedbank Robur:

“KappAhl has received approval to invest in our ethical funds. Approval has been granted on the basis of the company’s supplier control processes that it introduced ten years ago and its internal environmental initiatives that are impressively comprehensive for a company in this industry. We look forward to more detailed reports on the results of its environmental activities, personnel initiatives and key figures from its supplier monitoring programme as well as information on how well its suppliers are complying with the Code of Conduct.”

Mikael Söld, Auditing Manager at SP Certifiering:

“Environmental issues are naturally integrated into KappAhl’s business. They are represented in a whole range of areas, such as products (clothes), transportation, impact on suppliers, store fittings, the electricity it purchases, the coffee they drink, global warming offset for air travel, etc. The past year has seen a greater focus on environmental issues and a number of projects have been initiated in many different areas. What could be better than spreading this throughout the organisation? Highlighting the company’s environmental commitment, especially in stores where employees and customers can feel reassured that everything possible is being done to protect the environment.”

2006

- Plastic clothes hangers reused
- Introduction of SAM, a tool for the enhanced management of safety, working environment and environmental protection processes

2007

- Company’s greatest training event to date: all sales staff participated in a course with a focus on inspiration, work satisfaction and personal development
- Became a member of Better Cotton Initiative
- New investment in organic cotton collections
- Company’s travel policy given a clear environmental orientation
- Stricter environmental requirements for store fittings
- Restructuring and streamlining the Code of Conduct processes
- Granted approval by Swedbank Robur to invest in all their ethical funds

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2008

- Launched the No Risk project to ensure total control of the chemicals used in production
- Carbon offset payment for air travel (management and purchasing staff)
- Climate analysis of T-shirt and trousers
- Use of green addressed direct mail
- First clothes chain to launch a trial scheme for shoppers to pay for plastic bags in some stores
- Successful trial sales of eco bags
- Joined the Clean Shipping Project for the promotion of coordinated transportation