

# 2012



FUTURE  
FRIENDLY  
FASHION  
BY  
**KappAhl**

**KappAhl**

SUSTAINABILITY REPORT

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This year, KappAhl sold more than 11 million garments marked as eco-friendly. This represents just above 20 per cent of all the goods sold by KappAhl in 2011/2012.



“KappAhl has an active sustainability agenda. It operates a risk management system to minimise the main risks first. The company’s sustainability initiatives are transparent and involve many stakeholders. Social responsibility is integral to the long-term success of future business.”

Dag Sjöholm, Head of Management System Certification at the SP Technical Research Institute of Sweden – the organisation that performs annual audits of KappAhl's certification under the ISO 14001 Environmental Management Standard.

## MISSION

KappAhl's mission is “Value-for-money fashion with wide appeal” – for women, men and children.

## VISION

“KappAhl is to be a significant fashion chain in Europe.” This is the vision that drives KappAhl forward. All day-to-day activities are to lead ultimately towards the vision. Each initiative, each change, each decision.

### KAPPAHL'S SUSTAINABILITY VISION

“We act in an economically, environmentally and socially sustainable way, producing fashion with care and consideration, to help protect our planet today and in the future.”

## MARKET

KappAhl has stores in Sweden, Norway, Finland, Poland and the Czech Republic. The company's single largest market is Sweden. KappAhl's total market value at the beginning of 2012 exceeded SEK 190 billion.



In 2012, KappAhl launched “It's all about being friendly”, a collection based on sustainable materials.

## OVERVIEW OF THIS SUSTAINABILITY REPORT

This report describes KappAhl's work in our central business areas from the perspective of sustainability.

We have long been working systematically to address the key sustainability issues in our industry and their impact throughout the production flow – from the development of raw materials to design, production, transportation, stores and finally consumption, reuse and recycling.

Unless otherwise stated, the report includes initiatives carried out during the 2011/2012 financial year.

### **Researchers from the University of Gothenburg have been monitoring the progress of the work**

KappAhl works in partnership with the School of Business, Economics and Law at the University of Gothenburg to develop its sustainability programme. One of the School's post-graduate students has been following the development of KappAhl's sustainability report. This research aims to provide answers to the question about how a company's internal activities, assessment of and relationships with

stakeholders interact and shape the content of the sustainability report. It is hoped that this study will provide inspiration to companies that produce sustainability reports and enable them to discuss problems and opportunities relating to the sustainability reporting process. The expected date of completion for the dissertation is autumn 2013.



## IMPORTANT EVENTS DURING 2011/2012

### COTTON

KappAhl ran a Better Cotton Initiative project in India for organically produced cotton. The first harvest took place during the financial year.



### CLEANER PRODUCTION

During the year, KappAhl won recognition at the World Economic Forum in Davos thanks to its Cleaner Production project in Bangladesh.



KappAhl has been part of a network promoting the recycling of textiles.

KappAhl's consumer plastic bags contain 100 per cent recycled plastic.



KappAhl has been involved in the development of a unique analysis model that leads to more sustainable decisions related to logistics.

## “THE COMPANY’S SUSTAINABILITY AGENDA IS OF STRATEGIC IMPORTANCE TO US”

### WHY ARE SUSTAINABILITY INITIATIVES IMPORTANT TO KAPPAHL?

**JÅ:** It is essential to address many of the major sustainability challenges that are facing society today – from both a corporate and personal perspective. For example, as a company we must adopt a responsible approach to the sourcing of raw materials, suppliers, transportation and skills and to how our business activities impact communities. Our portfolio is enhanced by taking sustainability into account along the entire supply chain, from raw materials to final products. This makes sustainability initiatives important from a pure business strategy standpoint and we must address the issue in a responsible manner. Furthermore, our efforts to achieve a sustainable future energise those of us who work here – it feels good to be part of a company that is working to address the long-term sustainability challenges.

### WHAT DOES IT MEAN TO HAVE A RESPONSIBILITY FOR SUSTAINABILITY ISSUES?

**JÅ:** We have a responsibility with regard to our relationships with the world around us and the use of resources. We want to give something back to the communities whose resources we are using. Great quantities of water, chemicals and cotton are consumed in the manufacture of our products. About 2.5 per cent of the Earth’s surface is used for cotton production. Cotton competes with other crops and the conventional method of cotton farming is not sustainable in the long term. Not only is it harmful to human health and damaging to the environment, it can affect availability in the future.

**EL:** For example, take our commitment to the Better Cotton Initiative for more sustainable cotton cultivation. This initiative

proves that it is possible to grow cotton in a way that produces higher yields, better financial returns, healthier working conditions for farmers and also reduces soil nutrient depletion.

### WHAT DOES YOUR “FUTURE, FRIENDLY, FASHION” CONCEPT REPRESENT?

**JÅ:** Future, Friendly, Fashion provides the framework for our sustainability activities in a concrete and easily understandable way. It clearly indicates that we take an integrated approach to sustainability issues along the entire value chain.

**EL:** The ambitions outlined in Future, Friendly, Fashion send a clear signal to customers and other key target groups that we are taking these issues seriously.

### WHAT ARE YOU MOST PROUD OF?

**JÅ:** The dedication and commitment that is so apparent in our day-to-day operations and in all our sustainability projects. One example of this is the training centre that we have set up in Bangladesh to help disadvantaged women. I visited it recently and it is wonderful to see what a beneficial difference our commitment is making there. I know that lots of our employees are engaged in these causes.

**EL:** Our high ambitions and constant focus on the future sometimes make it easy to forget all the good things that our organisation has already achieved. Let’s not forget that we were the first company in the fashion world to attain environmental management certification and that we sell more than 11 million eco-labelled garments each year. That’s something to be proud of. As are our initiatives to create eco-efficient transport and logistics, one of which is the Clean Shipping project. We allowed sustainability issues to significantly affect our choice of provider in

the procurement of transport services this year, based on a method that we are now testing in the procurement of other services. These are just a few examples.

**JÅ:** At the same time, there is a feeling of positive frustration in the organisation because we want to accomplish more. But I’m convinced it’s important for us to continue to work according to a clear plan, step by step.

### WHICH OF THIS YEAR’S INITIATIVES ARE YOU PARTICULARLY PLEASED ABOUT?

**EL:** Quite a few. Overall, I feel that our Future Friendly Fashion concept has provided a clear structure for our sustainability activities, which enables us to be clearer in our communications. We have listened to our stakeholders whose general opinion is that we need to communicate more clearly in everything that we do. If I had to pick one particular project, it would be the Cleaner Production project in Bangladesh. It has shown, in a fantastic way, how to reduce the consumption of water, chemicals and energy in production. This was lauded as a successful project at the World Economic Forum in Davos in 2012.

**JÅ:** Many of the projects deserve recognition and praise. However, what I would most like to emphasise is the commitment and methodical approach in our daily efforts towards sustainability.

### WHAT CAN YOU IMPROVE ON IN THE SUSTAINABILITY AREA?

**JÅ:** First of all, I would like to point out that we are humble in our actions. Improvements are necessary across the board, all the way from raw materials to the garments in our stores, and also when it comes to giving our customers information.

**EL:** Consumers in general are interested in learning more about sustainability. They want to help, but don't always know how. This is something we can help with in an even clearer way. The fact is that we can become even better at compiling the information that all our stakeholders and customers provide and using it to move our product development and design forward.

**BUT DO YOU GIVE PRIORITY TO SUSTAINABILITY ACTIVITIES EVEN IN DIFFICULT ECONOMIC TIMES?**

**JÄ:** There is no conflict between sustainability activities and profitability. On the contrary, our objectives of achieving long-term sustainability and being economical with resources are a central part of our business. This is something we need to work with regardless of prevailing market conditions, because it creates better business opportunities for us.

**HOW DO YOU CONTRIBUTE TO GOOD WORKING CONDITIONS AMONG SUPPLIERS?**

**JÄ:** We have an important role to play when it comes to human rights in the countries where we have our production. The Code of Conduct that our suppliers agree to follow covers areas such as safety in the workplace, child labour, freedom of association, wages and working hours. We have a well-functioning system for identifying deviations affecting our suppliers, but also for supporting improvements – something to which we attach great importance. This year, we have conducted almost 700 inspections and follow-up visits to the factories where our products are manufactured.

**WHAT ARE THE MOST IMPORTANT ISSUES IN THE LONG TERM?**

**JÄ:** We see a change in attitudes which will be further reinforced when it comes

to sustainability and consumption in general. That's going to affect us and we need to prepare ourselves responsibly and wisely. I believe our company is making it clear that we're thinking in the right way – we have successfully launched our sustainable collection "It's all about being friendly" and we are working to find innovative solutions for increasing the use of sustainable materials and for recycling textiles.

**EL:** Recycling is an area where we can make great impact. For example, we are already using plastic bags that consist of 100 per cent recycled material. We are also careful to choose the right materials from a sustainability perspective for the interior decoration of the stores.

**WHAT ISSUES WILL YOU BE FOCUSING ON IN 2012/2013?**

**JÄ:** First and foremost, we'll be continuing our ongoing daily work in the areas we have chosen to prioritise.

**EL:** We'll be working with the overriding objectives that we have defined for Future Friendly Fashion in our focus areas, which are emissions, resources, relationships, workplace, training, quality and sustainable design.

**JÄ:** More specifically, that means we will be focusing, for instance, on using more sustainable materials in our collections and in our stores.





## “SUSTAINABILITY ISSUES ARE BECOMING INCREASINGLY IMPORTANT”

Eva Kindgren, CSR and Quality Manager production at KappAhl answers two questions about the company’s sustainability practices.

WHAT IS THE MOST IMPORTANT THING THAT HAS HAPPENED IN YOUR AREA IN 2011/2012?

In general, we can say that issues of sustainability are becoming increasingly important. That’s very pleasing. In the past year, our main projects focused on achieving targets to reduce the use of water, energy and chemicals in production processes. One of our projects in Bangladesh involved pilot studies to help suppliers who use wet processes to learn how it is possible to make major reductions in water and energy consumption. Chemicals management is also a top priority, and we have a highly-developed process to ascertain that there are no harmful chemicals in garments.

WHAT WILL BE MOST IMPORTANT IN YOUR AREA OVER THE NEXT FEW YEARS?

We will be giving priority to projects in the countries where our suppliers produce goods. This includes everything from the training centre for disadvantaged women in Bangladesh to continuing to train farmers in how to grow cotton in a sustainable way that uses less chemicals and water. This results in better harvests, a more efficient use of resources and an improved financial situation for the farmers. I’m also very keen to try to transfer what we have learned from our successful water project in Bangladesh to other parts of Asia. This would promote win-win situations in many places and mean considerable financial and environmental savings. I also want to see our partnerships with other stakeholders continue to develop in the same pleasing way. It means that KappAhl is also able to make a difference in many issues on a global scale.



# “FUTURE, FRIENDLY, FASHION – CONSIDERATION FOR OUR PLANET – TODAY AND IN THE FUTURE”

KappAhl’s mission is “Value-for-money fashion with wide appeal” – for women, men and children. Affordable also means that our customers should be happy with KappAhl as a company.

## A SYSTEMATIC APPROACH THROUGHOUT

We take a systematic approach to issues of sustainability in every aspect of the business flow, including our production, transportation and recycling processes, from the design stage to our customers. We make every effort to give customers reason to feel assured when they shop at KappAhl.

OUR SUSTAINABILITY VISION LIES AT THE HEART OF EVERYTHING WE DO. We’re integrating our sustainability vision into everything we do:

“We act in an economically, environmentally and socially sustainable manner and we create fashion with consideration for the present and future well-being of our planet.”

## LONG HISTORY OF SUSTAINABILITY

We have long been committed to environmental and social responsibility issues. In 1993, we launched our first organic clothing collection, and in 1997, we introduced our first code of conduct for our suppliers.

KappAhl was the first fashion chain in the world to receive environmental certification. That was back in 1999. Nowadays, more than 20 per cent of KappAhl’s fashion assortment is eco-labelled.

We also provide our customers with tips on how they can help by taking the best possible care of their clothes.

## OUR SUSTAINABILITY PRACTICES SUMMED UP IN THREE WORDS

Under the words Future, Friendly, Fashion, we bring together everything KappAhl does for our planet, the people our business affects, and for more sustainable fashion in our stores.

## FUTURE / FRIENDLY / FASHION BY KAPPAHL



### FUTURE

*“We will help create a better future for our planet.”*

Under the term Future, we bring together KappAhl’s work with environmental issues. This concerns the way we handle the world’s resources in a more sustainable manner, from cultivation to finished product.



### FRIENDLY

*“We build long-term relationships.”*

Under the term Friendly, we bring together KappAhl’s work on building long-term good relationships with all those communities that contribute to our operations.



### FASHION

*“Value-for-money fashion with wide appeal, produced in a responsible way.”*

Under the term Fashion, we bring together everything KappAhl does to develop fashion with the best use of resources and by choosing sustainable materials. All with the purpose of making it easy to buy fashion that has been produced with care.

## “KAPPAHL IN THE WORLD”

### NORWAY

Number of employees: **1,264**  
Number of stores: **103**

### FINLAND

Number of employees: **573**  
Number of stores: **62**

### SWEDEN

Number of employees: **2,388\***  
Number of stores: **165**

\* In addition to store staff, also includes all employees at KappAhl's head office and distribution centre in Mölndal.

### POLAND

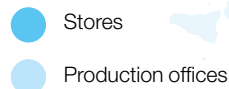
Number of employees: **331**  
Number of stores: **53**

### TURKEY

Number of employees at KappAhl: **10**  
Number of quality controllers: **2**  
Number of employees working with the Code of Conduct: **1**  
Number of production offices: **1**

### CZECH REPUBLIC

Number of employees: **31**  
Number of stores: **5**



Here you can see where KappAhl stores are located around the world and in which countries we produce our goods. We do not own any factories but are one of many customers of independent manufacturers around the globe. We create job opportunities in Asia and Europe and thereby contribute to social development.

KappAhl is an actor in a large market. We want to contribute to creating a better world. Factors like the choice of manufacturing countries and suppliers place particularly high demands on us. We take a systematic approach to sustainability issues in every aspect of the business flow – from design to finished garments and products.



### CHINA

Number of employees: **81**  
Number of quality controllers: **15**  
Number of employees working with the Code of Conduct: **6**  
Number of production offices: **2**

### SOUTH KOREA\*

Number of quality controllers: **7**  
Number of employees working with the Code of Conduct: **1**  
Number of production offices: **1**  
\*KappAhl operates via an agent in South Korea.

### INDIA

Number of employees: **20**  
Number of quality controllers: **5**  
Number of employees working with the Code of Conduct: **1**  
Number of production offices: **2**

### BANGLADESH

Number of employees: **44**  
Number of quality controllers: **5**  
Number of employees working with the Code of Conduct: **2**  
Number of production offices: **1**

# “MEANINGFUL DIALOGUES”

It is important for us to work collaboratively with our stakeholders. It enables us to share knowledge, enhance understanding and help our organisation develop. All dialogues with our stakeholders are different. Our customers are an important stakeholder and we communicate with them through a variety of channels.

## DIALOGUES IN SOCIAL MEDIA

Social media is an increasingly important channel for exchanging and sharing experience, expressing views and asking questions.

KappAhl has a Facebook page where we and our customers can ask questions. We have also been active on Twitter since 2012, reporting on major and everyday events in the area of sustainability.

## INVESTORS AND SCHOOLS

We meet up with many of our investors on a regular basis to discuss how they view our work in the field. We have good relationships with schools and universities and provide students with information and answers to their questions. We give talks, participate in projects and help students in their dissertation and research work.

## 400 EMAILS FROM CUSTOMERS

In 2011/12, we received almost 400 emails from customers and answered each one personally. We meet representatives from many stakeholders, such as municipalities and universities via the networks in which we participate.

We are committed to developing an enhanced dialogue with stakeholders and new ways of interacting with them. Some of the most common questions we received from customers in 2011/12 related to chemicals in textiles. The most frequent questions from associations, government authorities and industry representatives related to the recycling of textiles. Here on the right is a list of the questions that we most often get asked by our stakeholders.

What does the process for working with sustainability and the sustainability report look like?

### Important subjects of dialogue:

- The environment and climate
- Working conditions in production countries
- Work opportunities
- Sharing of knowledge

### SCHOOLS AND UNIVERSITIES

What measures does KappAhl take to ensure that under-aged labour is not used in production?

### Important subjects of dialogue:

- The environment and climate change
- Working conditions and wages in the production countries
- Animal welfare
- Contribution to community development

### NGOS

### Important subjects of dialogue:

- Working conditions
- Compliance with laws and guidelines
- The environment and climate

### AUTHORITIES

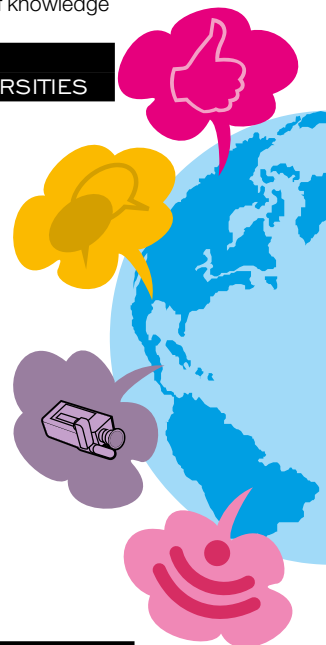
How do we address issues of sustainability and what developments will we be seeing in the future?

### Important subjects of dialogue:

- Cooperation on environmental issues and climate change
- Cooperation on working conditions in production countries
- Development of common guidelines
- Legislation

What concerted action can we take in our industry to promote recycling of textiles?

### NETWORKS AND SECTOR



# WITH OUR STAKEHOLDERS”

How can KappAhl help us to act in a more sustainable way and also increase our competitive advantage?

**Important subjects of dialogue:**

- Long-term relationships
- Compliance with requirements
- Contribution to the development of environmental improvement measures

**SUPPLIERS**

How does KappAhl's performance in important sustainability issues affect its ability to achieve its business objectives?

**Important subjects of dialogue:**

- The environment and climate
- Business ethics
- Human rights
- Conditions of labour law

**INVESTORS**

**CUSTOMERS**

**Important subjects of dialogue:**

- Health and safety in the workplace in the production countries
- Product quality
- Chemicals in products
- Use of chemicals in the production process

Can I be confident that clothes from KappAhl are safe for me and my family, for example, with regard to chemicals?

**EMPLOYEES**

**Important subjects of dialogue:**

- Wages and salaries and health and safety in the workplace
- Equality
- Open communication in the workplace
- Opportunities for training and career development

How do we make sure that KappAhl is a good place to work, where I am happy with my job and able to develop?

**COMMUNITIES**

**Important subjects of dialogue:**

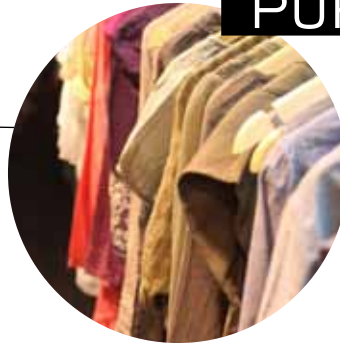
- Investments
- Work opportunities
- Social commitment and development

How can KappAhl help improve the communities where we operate, for example, in the production countries?

The answers to stakeholders' questions are presented in this report and under "Future Friendly Fashion" on our website: [www.kappahl.com](http://www.kappahl.com).

Stylish fashion at affordable prices. Affordable also means that our customers should be happy with KappAhl as a company. Sustainable practices must be integrated into every aspect of the business flow. It requires energy and knowledge to accomplish this, along with a systematic way of working – from the concept and design stage through to sales in our 388 stores and our online shop. This illustrates our sustainability practices at every step along this chain.

## PURCHASING



### “CHOICE AND CONTROL OF SUPPLIERS”

To contribute to development in the countries where our production is located, KappAhl has a Code of Conduct that forms part of the framework agreement with our suppliers. By signing a framework agreement with KappAhl, the suppliers undertake to comply with the Code of Conduct and to work proactively to meet the requirements in their operations and in their part of the value chain.

## DESIGN



### “SUSTAINABLE DESIGN”

All garments are designed by our own designers at our head office in Mölndal. Sustainable design is about having the right knowledge from the start. It's about, for example, the choice of materials and how we can make it easy for the customers to look after their clothes in a sustainable manner. Each year, KappAhl sells more than 11 million garments that have eco-friendly certification. Our assortment of sustainably produced fashion continues to expand with collections like Newbie, Kaxs and “It's all about being friendly”.

## PRODUCTION



### “WE CONTRIBUTE TO DEVELOPMENT AND IMPROVEMENT”

KappAhl's products come from almost 200 carefully selected suppliers in Asia and Europe. More than 80 per cent of goods come from manufacturers in Asia and about 30 producers account for 60 per cent of the total purchased volume. KappAhl has production offices in key purchasing markets to ensure an effective and quality assured production process. These markets are Bangladesh, India, China and Turkey, and also South Korea via an agent. Reviews and audits of suppliers are conducted frequently and spot checks are carried out at all stages of the production process. We often work on projects with sector colleagues to identify ways of reducing our impact on the environment. We operate a training centre in Bangladesh to give poor women essential skills and knowledge.



**DISTRIBUTION**

**“CHOICE OF TRANSPORTATION MODES IMPACTS THE ENVIRONMENT”**

Transportation accounts for a large percentage of greenhouse gas emissions. By selecting the right mode of transportation, we can help minimise our environmental impact. Our head office coordinates the logistics for our entire Group. KappAhl's distribution centre, one of the most efficient in Europe, is also located there. The distribution system plays a key role here, with more than 50 million items passing through the facility each year. More than 80 per cent of products are transported by sea from the countries of manufacture in order to achieve cost and environmental benefits. Where possible, we choose to distribute our products by rail. We place high demands on our carriers, regardless of the mode of transport, and we encourage them to be proactive in their approach to matters of health, safety, quality and the environment. As members of the Clean Shipping Index, we are actively engaged in reducing the environmental impact of sea freight.



**MARKETING**

**“SOUND ETHICS”**

In the autumn of 2012, KappAhl launched its advertising concept, “Hey, I like your style,” which is a tribute to our prime customer – the woman in mid-life. The new advertising concept centres around three down-to-earth, natural women whose characters are based on these so-called fashion attitudes. It is important for us to represent sound ethics and sound marketing. For example, we do not sell or market garments that might be considered offensive.



**SALES**

**“STORES, GARMENT CARE & RECYCLING”**

The materials used in the construction of our stores satisfy stringent standards and we are committed to seeking continuous improvement. We've worked collaboratively with one of our suppliers to reduce the weight of fittings in our stores and thereby minimise the amount of materials used and cut down on transportation. We are committed to maximising energy efficiency in our stores. We also work to inform our customers about how to care for and wash their clothes, as this is a significant part of the environmental impact in the product's life cycle.



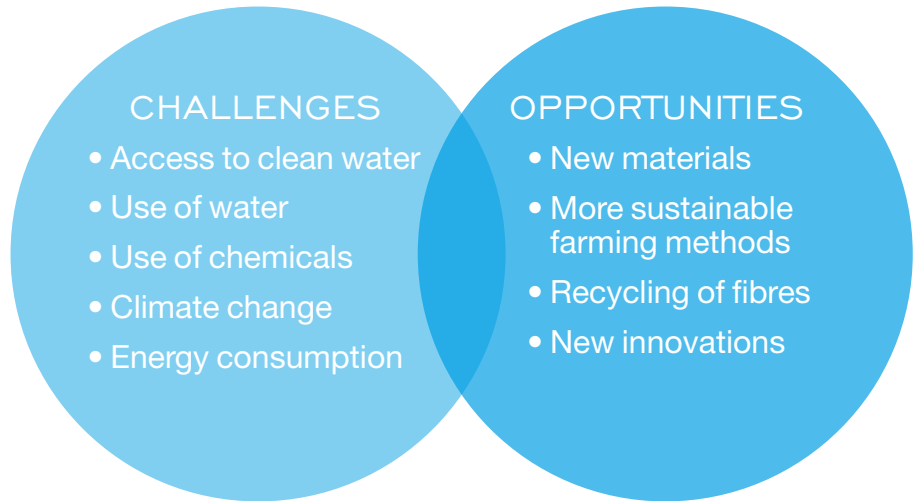
# “WE WILL HELP CREATE A BETTER FUTURE FOR OUR PLANET”

Under the term Future, we bring together KappAhl’s work with environmental issues. The concept concerns how we handle the earth’s resources in a more sustainable manner, from cultivation to finished product.

## FROM THE FARM TO THE FINISHED PRODUCT

We are working with sustainability throughout the entire chain. For example, we promote greater use of sustainable materials, more efficient use of water in production and more sustainable transportation and efficient logistics. We also work actively to bring environmental improvements to supplier facilities, to our stores, our central warehouse and our offices.

KappAhl has identified the following key challenges and opportunities from the perspective of sustainability. Our long-term commitment is to address these challenges wisely and responsibly.



## OUR OVERALL OBJECTIVES

OUR AREAS OF FOCUS	OBJECTIVES
Pollutants	Reduce CO <sub>2</sub> emissions
Resources	Reduce use of water and chemicals in production
	Reduce energy consumption



## "A FAST TRACK FOR SUSTAINABLE COTTON FARMING"

Cotton is one of the most widely grown crops in the world. An estimated 300 million people are employed in the production of cotton, making it an important industry. Only one per cent of the world's cotton is farmed in a sustainable manner and most farms use methods that are far from sustainable in the long run.

### MEMBER OF BCI IN 2007

Cotton is KappAhl's most important raw material. Each year, we purchase 11 million kilos of cotton. We therefore have a responsibility to strive towards environmental improvements. In 2007, we joined the Better Cotton Initiative (BCI), which promotes the cultivation of sustainably produced cotton. The BCI project teaches cotton farmers to use less water, fewer chemicals and fewer pesticides even in conventional cotton production.

### 86 PER CENT GREATER YIELD

The first Better Cotton harvests were in 2010/2011 in Brazil, India, Mali and Pakistan. The pace of development has accelerated rapidly since then. In 2011/2012, more than 35,000 Indian farmers grew cotton in line with BCI guidelines. The results of a study conducted to compare traditional cultivation methods with Better Cotton methods show that sustainable farming offers clear advantages. On average, sustainable methods produced yields that were 37 per cent higher than yields from conventional farming. Furthermore, the economic return was, on average, 86 per cent higher per hectare.

### INITIATED A FAST TRACK

In 2011, KappAhl and other organisations joined to form a so-called fast track with the objective of accelerating the development of sustainable cotton production in accordance with the BCI guidelines. Our company is committed to training 700 cotton farmers in Gujarat in western India each year over a three-year period. Cotton production from the project is expected to be enough to produce 4.6 million garments. The project is being implemented in conjunction with the Cotton Connect organisation. The first harvest was in the autumn of 2011.

Find out more about BCI at [BetterCotton.org](http://BetterCotton.org).



## DEVELOPED UNIQUE MODEL FOR ANALYSING LOGISTICS

In 2012, KappAhl participated in a project that produced a unique model for the analysis of logistics. It was developed in collaboration with the logistics company, Geodis Wilson, and provides an overview of the entire logistics system and how companies can plan their future transportation activities. The end results will be presented on a mobile phone app that will enable the simulation of various scenarios.

## NEW STWI GUIDELINES

KappAhl joined forces with 24 other Swedish textile and footwear companies in 2010 to form the Swedish Textile Water Initiative (STWI). The aim of this project is to develop guidelines for the sustainable use of water in production processes.

In the spring of 2012, STWI introduced a set of common guidelines for the sustainable use of water and chemicals in supply chains. The guidelines were developed collaboratively by the STWI members and external experts.

Find out more about STWI at [SwedishWaterhouse.se](http://SwedishWaterhouse.se).

## “MORE EFFICIENT SEA FREIGHT”

The transportation of our fashion goods from the production countries to our distribution centre and on to our stores is an essential part of our activities. From an environmental and economic perspective, it is important that this process is managed efficiently. We have therefore been involved in discussions with carriers for many years about new fuels and engines, coordination of shipments with other companies, and efficient route planning.

### GREATER PART TRANSPORTED BY SEA

Sea transport produces far fewer emissions per ton and kilometre than air transport. That is one of the reasons why we ship the greater part of our products from Asia by sea. Another reason is that it is much more cost-effective than by air.

### MEMBER OF THE CLEAN SHIPPING PROJECT

Since 2008, KappAhl has been a member of the Clean Shipping Index, a member-run network of purchasers of transport services aimed at increasing the focus on environmental issues in shipping. The requirements of the Clean Shipping Index are integral to KappAhl’s procurement of transportation services. In 2012, approval requires that at least two of the shipping companies’ vessels must be verified in compliance with Clean Shipping Index criteria.



### RESULTED IN LOWER EMISSIONS

Our efforts have yielded good results. In 2011/2012, sea transport accounted for 96 per cent of our transportation activities from our production countries, calculated per tonne-kilometre. This should be set in relation to the fact that sea transport accounted for just 26 per cent of all CO<sub>2</sub> emissions from the transport of our goods. Almost the opposite was true for air freight, which accounted for 67 per cent of the emissions, but for just 1 per cent in terms of tonne-kilometres.

You can read more about the Clean Shipping Project at [CleanShippingProject.se](http://CleanShippingProject.se).

## POSITIVE STATEMENT FROM SP

KappAhl’s annual certification review is conducted by the SP Technical Research Institute of Sweden. This year’s review report was positive. Here is the full statement from the report.

“The company’s governance and management of environmental practices are being developed and implemented as part of a new methodology.

The environmental objectives has been established on a general level within three specified areas – “future (environment), friendly (social) and fashion (product) “. These objectives are to be taken to a more detailed level in each department and linked to plans of action.

Environmental aspects have also been thoroughly reviewed and evaluated

using a new method.

The general feeling is that the company’s environmental activities have been given a new start with a positive effect on the commitment within the certified part of the organisation.

There is a strong understanding of the importance of integrating business activities with the management system and

## SUSTAINABLE STORES

Sustainability is an important issue when we create our store concept. Our design and building department has clear requirements for the materials used in the construction and renovation of our stores. For example, we do not use any type of chrome in our store fittings.

### 36 PER CENT LESS WEIGHT

Since 2009, we have focused on reducing the weight of our store fittings. There are many reasons for doing so. It cuts down on transportation and the use of materials and also saves money. The weight of our store fittings has fallen by an average of 36 per cent since 2010.

## SAVING ENERGY IN OUR STORES

KappAhl is committed to minimising the use of energy across its business activities. One initiative is to analyse each store's potential to make more energy efficient use of lighting. This can result in major economic and environmental savings.

## THE FIRST TO BE ENVIRONMENTALLY CERTIFIED

KappAhl was the first fashion chain in the world to receive ISO 14001 environmental management standard certification. That was back in 1999. A new audit is carried out each year. ISO certification covers management, supply chain

### 70 PER CENT GREEN ELECTRICITY IN SWEDEN

KappAhl has been using renewably sourced electricity from hydroelectric power plants in Sweden since 1999. Approximately 70 per cent of the electricity used in the Swedish organisation comes from this source.

### SUSTAINABLE PURCHASES

Each year, we buy huge volumes of goods for our 388 stores, ranging from check-out rolls and gift boxes to coffee. 70 per cent of the top ten products that we buy, in terms of value, are made of recycled materials, are certified as eco-friendly or have been produced under Fair Trade conditions.

## ACCLAIM IN DAVOS

Cleaner Production was recognised as being one of the three most important projects at the World Economic Forum in Davos in 2012. Cleaner Production was implemented in 2011 with the objective of reducing the use of water, chemicals and energy in the the production process in Bangladesh.

As well as huge savings in energy and water, the suppliers' investments have produced an average yield of 267 per cent. KappAhl and five other fashion companies were involved in the project. The study included a total of twelve dyeing and laundry companies.



## CLOSE THE LOOP – RECYCLING

We are also working actively to find solutions for recycling textiles and are part of a network that includes Sweden's largest textile companies. We are making joint efforts to promote the reuse and recycling of textile fibres.

thereby using the potential as a unified business system. However, the organisation is not quite at the stage where this is fully possible yet. To reach that stage, the company may need to involve the whole organisation in the certification process and thus achieve concerted action for further development and commitment. A fully integrated business system helps to derive maximum synergies, where business plans are linked to corporate objectives.

Many good examples of implemented and planned environmental improvements were presented at head office.

It was clear that environmental practices are being conducted actively and seriously. There is potential for improvement in the system's structure and scope.

Nine minor non-conformances were found during the audit, none of them were of a serious nature."





# “WE BUILD LONG-TERM RELATIONSHIPS”

Under the term Friendly, we bring together KappAhl’s work on building long-term good relationships with all those communities that contribute to our operations.

We at KappAhl are working to achieve better conditions for all of the people who contribute to our products along the entire chain. By showing respect for human equality, we build strong and lasting relationships.

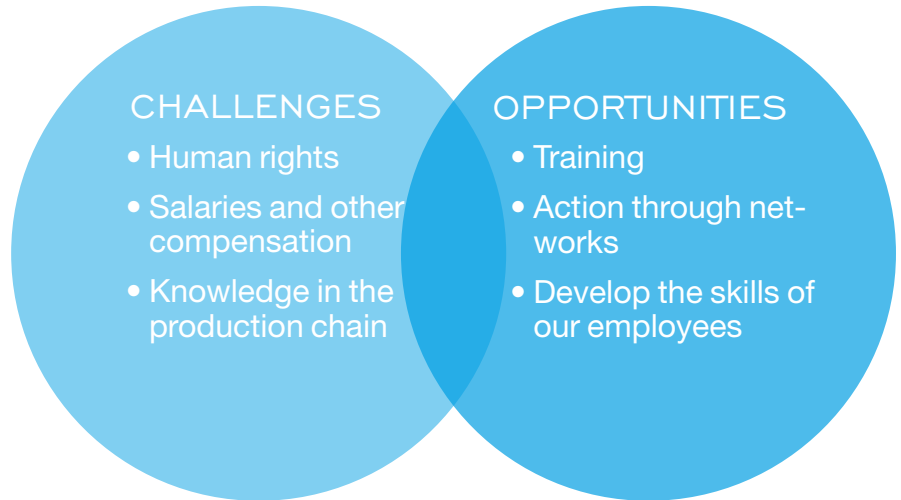
## IMPROVING WORKING CONDITIONS

For many years, we have been committed to improving working conditions in the factories that produce clothing and other products for us. We conduct regular inspections to ensure that all our suppliers are complying with our requirements, particularly those concerning health, safety, wages and other remuneration, working hours and child labour.

## MANY WAYS OF CONTRIBUTING

KappAhl also contributes in other ways to the communities where we have a business presence. We support BRIS and similar organisations that help vulnerable children in those countries where our stores are located. We are also keen to take responsibility for the values that are spread through our fashion images and to reflect the image of diversity that we find in our stores.

KappAhl has identified the following key challenges and opportunities from the perspective of sustainability. Our long-term commitment is to address these challenges wisely and responsibly.



## OUR OVERALL OBJECTIVES

OUR AREAS OF FOCUS	OBJECTIVES
Good relationships	We will be open and transparent with our sustainability work, internally and externally
The workplace	KappAhl will be an attractive employer  KappAhl will contribute to the development of our production partners' work environment
Training	We will contribute to a more sustainable society through education and information





## THE CODE OF CONDUCT CONTRIBUTES TO BETTER WORKING CONDITIONS

We are confident that KappAhl has a key role to play in the development of a sustainable society, where human rights are respected. An important part of our responsibility is the Code of Conduct we have for our suppliers.

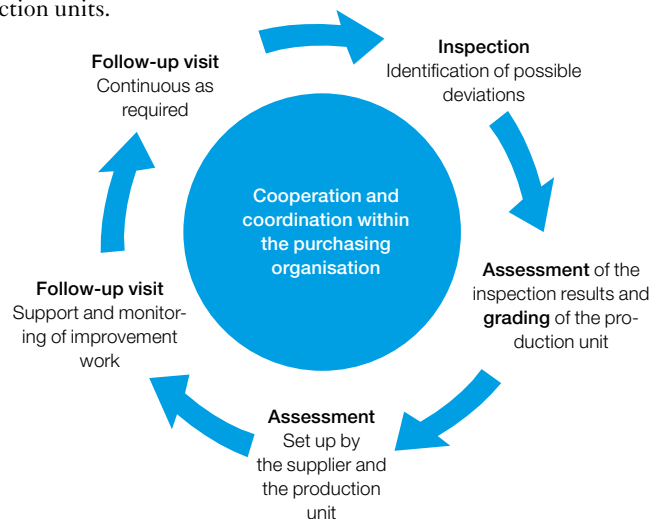
### PART OF THE FRAMEWORK AGREEMENT WITH THE SUPPLIERS

The Code is incorporated into the framework agreement we have with our suppliers and covers areas such as forced labour, child labour, freedom of association, wages, working hours and safety in the workplace.

By approving the framework agreement, the supplier undertakes to work pro-actively to meet the requirements in the Code of Conduct and to work to improve employment and work conditions.

### A WORK PROCESS IN FIVE PARTS

Our day-to-day work is based on a process that consists of five parts aimed at identifying deviations from the Code of Conduct, initiating improvement measures, monitoring and supporting improvement work, and ensuring that production takes place in approved production units.



**INSPECTIONS FOR THE ASSESSMENT OF PRODUCTION UNITS**

Production units that are covered by our inspection and assessment system are graded according to a four-level system, from “Not Approved” to “Completely Satisfactory”. Our position is that compliance of the suppliers and production units with the Code of Conduct must develop in line with the development of our business relationship.

**ACTION PLAN FOR CORRECTING DEVIATIONS**

If we identify deviations from the Code of Conduct, the supplier must draw up an action plan specifying what the deviation consists of, how it must be handled in the

long term, when the actions must be implemented, and who is responsible for ensuring that this takes place.

**FOLLOW-UP VISIT TO MONITOR AND SUPPORT**

Our follow-up visits have two objectives – to monitor and support ongoing improvement work. In those countries where we have production offices, we have chosen to use our own staff for inspections as we believe in the value of cooperation with our business partners and in having first-hand knowledge of their operations. In this way, we can make our own well-founded assessments of the supplier or production unit’s ability and will to implement continuous and sustainable improvements.

**691 INSPECTIONS AND FOLLOW-UP VISITS**

From 1 September 2011 to 31 August 2012, we carried out 691 inspections and follow-up visits of our suppliers.

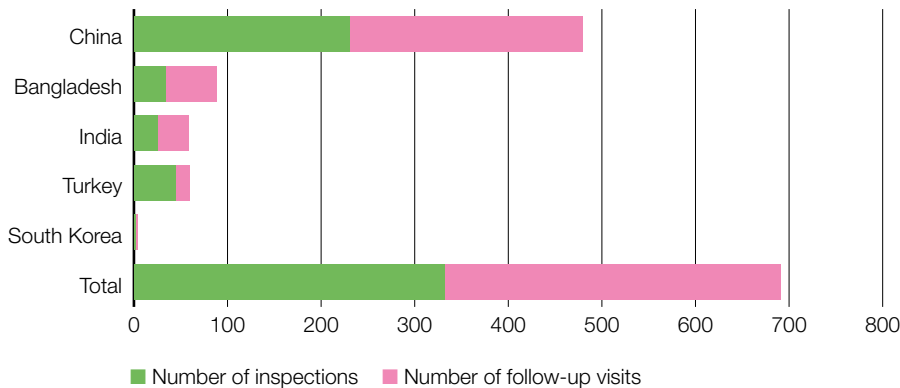
Country managers and other colleagues at the production office who are entrusted with the day-to-day responsibility for the business relations with our suppliers receive continuous information about the work based on the Code of Conduct.

Order placement is limited or stopped if a supplier does not cooperate or if a production unit does not live up to the basic requirements or does not implement the promised improvements.

**SUPPLIERS ARE GRADED ON THE BASIS OF FOUR LEVELS**

Completely Satisfactory	The production unit meets the requirements of the Code of Conduct.
Approved	The production unit meets the majority of the requirements in the Code of Conduct, but there is room for improvement.
Temporarily approved	The production unit meets the basic requirements. Significant improvements must be implemented and verified within a period of 12 months for continued production for KappAhl.
Not Approved	The production unit does not meet our basic requirements.

**691 INSPECTIONS AND FOLLOW-UP VISITS**









## EDUCATION FOR WOMEN IN BANGLADESH

KappAhl has been running a training centre in Bangladesh since 2010. Its purpose is to help women between the ages of 18 and 40 who come from poor circumstances and have no formal education. The project is being run in partnership with suppliers and a local interest group.

The project offers a three-month training opportunity for the women. The course itself covers sewing and needle-work skills, as well as the rights and responsibilities concerning women's health and safety.

### HAS BECOME VERY POPULAR

The project has proved a success. All the women who wanted to work after completing the course have gone into employment. This has made it very popular among women in Bangladesh. Yet helping women to develop their skills in this way is not entirely uncontroversial. We have also encountered various problems that highlight the vulnerability of women in certain parts of the world. We want to help bring about a change by supporting these women to develop their individual potential.



## SAFETY A PRIORITY AT KAPPAHL

For our company, safety and security go hand in hand with profitability. That's one of the reasons why our safety performance has received such praise over the years. We were presented with the Safety Solution of the Year award at the Swedish Retail Awards in 2010.

### HIGH LEVEL OF PREPAREDNESS IN THE ORGANISATION

We have a Crisis Management Team at our head office and each country has an emergency response team ready to cope with numerous different incidents. The teams regularly meet up to develop and practice their skills. In 2011/2012, there

have been no major accidents, injuries or incidents involving our customers and employees that have required action by our company's emergency response teams.

### SECURITY MANUAL PROVIDES ASSURANCE

KappAhl must be a safe place to work, whether you work in a store in Poland or at our production office in Bangladesh. Customers should be able to shop with confidence from KappAhl.

Our Security Manual is a vital part of our safety activities. It serves as a guide and reference for our daily safety

practices. Although the manual is intended for the entire company, some aspects are adapted to local circumstances, primarily for legal reasons.

### FOCUS ON OWN TRAINING

An important part of our safety practices is to provide employees with training and information. The need for skills assurance is addressed in a systematic manner by following an annual cycle of internal training in areas such as emergency evacuation and robbery-related matters. We also provide internal training in safety and security when new stores are opened and for all new employees.

## HIGHLY RATED WORKPLACE

KappAhl's operations encompass a wide range of professions. The company has almost 4,500 employees at around 400 locations in eleven countries.

It is important for KappAhl to be an attractive employer. All our employees, regardless of gender, ethnic origin, religious faith, sexual orientation or disability, have same opportunities and the same prospects. Using a systematic approach to health and safety in the workplace and environmental issues, we review the overall situation of our company every year.

### GOOD SCORE IN OUR EMPLOYEE SURVEY

Every year we conduct our KappAhl Attitude Survey (KAS) to find out what our employees think about the company and

their workplace. In this year's survey, KappAhl once again scored highly as a workplace: with an average of 4.2 (4.2) out of 5. This is higher than the overall retail sector average of 3.7 according to statistics from Mercuri International, which administers the survey. The survey also shows that our employees are proud of working for our company. A gratifying 97 (97) per cent said that they can recommend KappAhl as an employer.

### ENCOURAGING AN ACTIVE LIFESTYLE

The work environment, development opportunities and health are three substantial aspects of our work to ensure that we are happy in the workplace and that we therefore do a good job. One of the ways

we encourage all our employees to lead an active life and thereby promote good health is by subsidising fitness activities. Absenteeism due to illness for the entire Group was 5.7 (5.0) per cent in 2011/2012.

### GENDER EQUALITY IS AN IMPORTANT ISSUE

We need diversity among our employees when it comes to age, gender, language, geographic and religious backgrounds. Our most recent survey revealed that one or both parents of one in three employees at KappAhl in Sweden was born outside of Sweden. We think that's good, because it means our workforce mirrors society at large.

The Group	2011/2012	2010/2011
Average number of full-time employees (recalculated)	3,114	3,169
Total number of employees	4,468	4,856
Share of women/men (%)	92.4/7.6	92.4/7.6
Average age	35.6	36.6
Staff turnover (%)*	12.38	11.5
Absenteeism due to illness (%) (total/short-term/long-term illness)	5.7/2.6/3.1	5.0/2.6/2.4

### MEMBER OF BSR

KappAhl has been a member of the organisation Business for Social Responsibility (BSR) since 2010. Business for Social Responsibility is a global, non-profit organisation whose overall aim is to strive for sustainable improvement through the transfer of knowledge to suppliers.

### BETTER FIRE SAFETY MEASURES IN BANGLADESH

February 2011 saw the launch of a joint project with 18 other companies to improve fire safety in the garment industry in Bangladesh. A training module was developed in collaboration with some of the large employer organisations. The aim is to provide this training to almost three

million people in about 4,500 export factories by the end of 2013. Our goal with this initiative is to increase fire safety across Bangladesh's clothing industry. It is our ambition to conduct a programme of further training in fire safety in our suppliers' production facilities after 2013 as well.

### PROUD OF OUR SUSTAINABILITY INITIATIVES

This year's Employee Attitude Survey shows that KappAhl's employees have great confidence in the company's sustainability work. They give the company 4.3 out of 5 in that area.



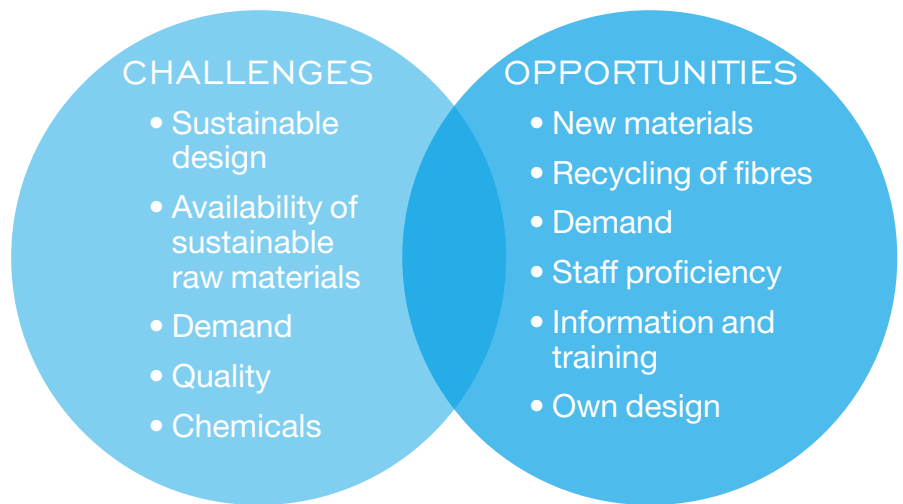
# “AFFORDABLE FASHION WITH BROAD APPEAL, PRODUCED IN A RESPONSIBLE WAY”

Under the term Fashion, we bring together everything KappAhl does to develop fashion with the best use of resources and by choosing sustainable materials. All with the purpose of making it easy to buy fashion that has been produced with care.

Some of our initiatives include:

- Every year, KappAhl sells more than 11,000,000 garments with certified eco-labelling. We want this number to increase.
- All of our garments meet stringent standards for chemicals corresponding at least to European and national legislative requirements.
- Our assortment of sustainably produced fashion continues to expand each year, with collections like Newbie, Kaxs and “It’s all about being friendly”.
- All garments are designed by our own designers at our head office in Mölndal.

KappAhl has identified the following key challenges and opportunities from the perspective of sustainability. Our long-term commitment is to address these challenges wisely and responsibly.



## OUR OVERALL OBJECTIVES

OUR AREAS OF FOCUS	OBJECTIVES
Quality and sustainable design	Guarantee quality and sustainability throughout the entire operations, from concept to end product
Raw materials	Increase the amount of sustainable material in our collections

## " 11 MILLION GARMENTS WITH ECO-FRIENDLY LABELS "

Our customers have been able to buy eco-labelled items of fashion from us since 1993. More than 11 million of our garments have eco labels today. That represents just above 20 per cent of all our goods.

### NUMEROUS GREEN LABELS

There are a number of eco-friendly labels for clothing these days. Some of the most common labels are the Oeko-Tex Standard 100, the EU Flower and Organic cotton.

The Oeko-Tex Standard 100 is the leading label for textiles that have passed the tests for harmful substances and it guarantees that the products are safe to human health. Every aspect of the garment has been tested - from the sewing thread and labels to the embroidery and printing.

The EU Flower is the symbol of the European eco-label scheme, which was initiated in 2002. The EU Flower is a sign that the product has met high level environmental criteria along the entire supply chain, from raw materials to finished garments. Organic cotton is cotton that

has been grown without the use of hazardous chemicals, chemical pesticides or artificial fertilisers.

The use of genetically modified crops is not allowed. Our organic cotton is inspected and evaluated by the control bodies which guarantee that the cotton you buy has been organically grown.

### AS GOOD AS ECO-LABELLED

All our garments satisfy the same high requirements, even those without an eco-friendly tag must be at Oeko-Tex level. The difference is that the products have not received third-party accreditation. KappAhl carries out random tests of garments from all our suppliers at independent laboratories to ensure that our requirements are met.



Find out more about our eco-friendly labels by visiting [www.kappahl.com](http://www.kappahl.com)

## GUIDELINES FOR PRODUCERS

We are careful to ensure that the clothes we sell are produced as humanely and environmentally-consciously as possible. We therefore place specific requirements on our suppliers with regard to chemicals and other substances used in the manufacturing process and the actual clothing. The requirements and subsequent inspections also ensure compliance with child safety policies and other physical quality standards.

### PRODUCTION MANUAL

KappAhl's environmental code helps us to assess the suppliers whose production includes wet processing. In other words, those who manufacture the entire product, from fibres to finished garments. Work is under way in Bangladesh and India, where the need is greatest. The follow-up process involves managing and controlling the environmental work, hazardous waste, chemicals and water purification.

We have a production manual our suppliers undertake to comply with: Test & Manufacturing Guide (TMG). The TMG includes a list of chemicals that are banned or restricted for use in our clothing, physical requirements for garments and safety of children's clothing.

TMG is clear and instructive and all employees in the production offices whose work involves quality follow-up receive training in how to use the documents.

## NO RISK – THE RIGHT CHEMICALS IN GARMENTS

As a company that sells goods, KappAhl is required under REACH (the European Union's chemicals regulation) to disclose information. This means that we at KappAhl have a responsibility to inform our customers of the possible presence of harmful substances.

To ensure that we give customers accurate and up-to-date information at all times, stores are encouraged to contact the Quality Department at Head Office whenever they have any questions relating to chemicals.

### SPOT CHECKS

We conduct regular spot checks for compliance with our quality standards, according to the test and production guidelines agreed to by our suppliers. This is based on KappAhl's "No Risk" programme for identifying and controlling the chemicals in our products.

### TWO OR THREE SUBSTANCES AT A TIME

Every three months, our Quality Department selects two or three substances from our requirements list for testing. Orders and products are selected by our production office according to a defined list of priorities in which children's clothes and garments worn against the skin come first.

Each substance is tested in one to four orders every three months, depending on the size of the supplier. All tests are performed at accredited laboratories nominated by KappAhl.

### 2,500 TESTS COMPLETED

In total, we have conducted over 2,500 tests. The results of 93 per cent of these tests were approved.



If the results of the test are not satisfactory, a specific action plan is implemented and three follow-up tests are carried out at the supplier's expense. If the products do not comply with legal requirements, the order is cancelled.

## HELPS CUSTOMERS WITH SUSTAINABILITY

In addition to our systematic approach to issues of sustainability throughout the business flow, we provide our customers with tips on how they can help by taking the best possible care of their clothes. Our handbook on caring for clothes, "The Right Way to Wash!" gives simple care and washing advice that is gentle on your clothes, your wallet and the environment.



## "IT'S ALL ABOUT BEING FRIENDLY"

One of KappAhl's future priorities in the area of sustainability is to help customers make more informed choices about sustainable fashion. The launch of its women's collection "It's all about being friendly" in 2011/2012 is another step in this direction. The Newbie collection for babies is made from 100 per cent organic cotton.

"It's all about being friendly" represents a simple, timeless fashion distinguished by its natural feel. It consists of classic garments made from organic and recycled cotton, vegetable-tanned leather and other sustainable materials.

We want customers to be able to complement their wardrobes with stylish, sustainable clothes that have been made with care. That's why we have developed this collection, for which we use witty and personal texts to reinforce our message about the eco-friendly garments.



## KAPPAHL PRAISED FOR ITS HIGH QUALITY

KappAhl won recognition for the high quality of its children's clothing many times in 2011/2012. One such occasion was in the autumn of 2012 when our Kaxs set of waterproofs for children was awarded top marks after being tested by the Swedish consumer magazine, Råd & Rön. The overall score was 76 out of a possible 100, putting our rain set at the top of the list.

### TOP RATING FROM TESTFAKTA

KappAhl's Kaxs set of waterproofs for children was also awarded top marks in the spring of 2012, following extensive testing by Swedish test and research company Testfakta. Testfakta examined the quality of twelve sets of waterproofs and the results revealed considerable differences. Our set of waterproofs was rated as "Excellent" and awarded an overall score of 4.8 out of a possible 5. This put us in second place with a marked difference in price to the test winner.



## GARMENT RETURNS AMOUNT TO ONLY 2 PER THOUSAND

We carry out thorough inspections at the production stage to identify any manufacturing defects as early as possible in the process. These inspections comprise several stages and are performed by our own 34 quality controllers and external independent laboratories. The number of quality controls carried out at each factory depends on the size of the order we place with them.

Generally, two inspections are made for each order. This means that we have quality managers at our major suppliers' sites most of the time, while some smaller suppliers only receive a few visits each year. These quality controls have given good results. The share of garment returns from customers amounts to only 0.2 per cent.



### ACTIVE IN MANY FORUMS

KappAhl's active participation in many forums allows us to stay abreast of new legislation and directives and to work with environmental, safety and quality issues related to our products. We are members of: The Chemicals Group at Swerea IVF, which enables us to keep up-to-date with the latest developments in EU directives, REACH and other issues relating to chemicals. The Swedish Textile Importers Association. We are involved in the Swedish standardisation process, which is managed by the Swedish Standards Institute (SIS), and play an active role in the groups for chemicals and children's safety. You can read more about our commitments and cooperation on pages 26 and 27.

## “COMMITMENT AND COOPERATION”

In addition to the professional issues that drive our development, we also have a big heart and are deeply committed to bringing about change and improvements in other areas, wherever possible. KappAhl addresses issues of all sizes, often in conjunction with others to increase our ability to shape development and effect change. Here are some of our current commitments:

### BETTER COTTON INITIATIVE, BCI

The Better Cotton Initiative provides training and information to teach cotton farmers how to use less water, fewer chemicals and fewer pesticides than in conventional cotton production. [www.bettercotton.com/](http://www.bettercotton.com/)

### BUSINESS FOR SOCIAL RESPONSIBILITY, BSR

Business for Social Responsibility is a global non-profit organisation that provides expertise and helps member companies to do good business, showing respect for ethical values, individuals, society in general and the environment. [www.bsr.org](http://www.bsr.org)

### CLEAN SHIPPING INDEX

Clean Shipping Index is a member-run organisation with a unique online tool that enables cargo owners to make environmentally sustainable choices when selecting shipping services. [www.cleanshippingproject.se/](http://www.cleanshippingproject.se/)

### CLEANER PRODUCTION

Cleaner production is a project run in collaboration with IFC and other textile companies, aimed at increasing production efficiency and reducing the consumption of water, energy and chemicals. This successful project brings both financial gain and environmental benefits and is scheduled for an upgrade in 2013.

### SCHOOL OF BUSINESS, ECONOMICS AND LAW AT THE UNIVERSITY OF GOTHENBURG

KappAhl is a partner company for the School of Business, Economics and Law at the University of Gothenburg, and is involved in the Executive Faculty, which is a programme for the exchange and development of expertise. In 2012/2013, the focus for the partnership is on sustainability. [www.handels.gu.se/](http://www.handels.gu.se/)

### SUSTAINABLY CULTIVATED COTTON

Sustainably cultivated cotton is a spin-off project from our involvement in BCI. We are collaboratively running a project with colleagues in the industry that is aimed at accelerating the availability of sustainably cultivated cotton. This involves teaching cotton farmers in India to cultivate cotton with a greater focus on health and the environment.

### ENVIRONMENTAL MANAGERS IN BUSINESS AND INDUSTRY, NMC

NMC is a Swedish non-profit association of environmental managers. Its purpose is to share knowledge, expertise and experience across industries in environmental and sustainable development issues. [www.nmc.a.se/se.html](http://www.nmc.a.se/se.html)

### NETWORK FOR TRANSPORT AND THE ENVIRONMENT, NTM

The Network for Transport and the Environment (NTM) provides a method for calculating the emissions footprint from freight and passenger transportation, the use of natural resources and other external effects. The method primarily addresses buyers and sellers of transport services to enable assessment of the environmental impacts of their transportation. [www.ntmcalc.se/index.html](http://www.ntmcalc.se/index.html)

### SWEDEN TEXTILE WATER INITIATIVE, STWI

KappAhl is one of 35 members. The aim of this initiative is to produce a set of common guidelines on water consumption, water purification, chemicals, waste management and ways to influence legislation and government thinking on water-related issues in the countries from which we purchase products. [www.swedishwaterhouse.se/en/STWI/](http://www.swedishwaterhouse.se/en/STWI/)

### TEXTILES 4 RECYCLING INITIATIVE, T4RI

T4RI is a joint industry initiative aimed at creating the conditions for textile recycling.

### THE SUSTAINABLE FASHION ACADEMY, SFA

The Sustainable Fashion Academy is an organisation that provides training and advice to companies and organisations with the aim of developing sustainable design and product development within the fashion, textile and footwear industry. [www.sustainablefashionacademy.org](http://www.sustainablefashionacademy.org)

### GO RED

The Heart and Lung Foundation's project, Go Red, is working to halve the number of women in Sweden who die from acute heart attacks. KappAhl is committed to spreading knowledge and awareness and generating revenue by selling Go Red products in its stores. [www.hjart-lungfonden.se/kvinna](http://www.hjart-lungfonden.se/kvinna)

### THE HUNGER PROJECT

KappAhl sponsors the Hunger Project organisation, whose aim is to reduce hunger throughout the world by helping disadvantaged people in developing countries to build a better life for themselves. [www.hungerprojektet.se](http://www.hungerprojektet.se)

**MAYFLOWER**

KappAhl supports the Mayflower Charity in its work to combat child poverty in Sweden.

[www.majblomman.se](http://www.majblomman.se)

**SUPPORT TO SOCIETIES THAT HELP VULNERABLE CHILDREN**

KappAhl supports the sister organisations BRIS (Sweden), Kors på halsen (Norway), Mannerheimförbundet (Finland), Nobody's Children Foundation (Poland) and Linka Bezpeci (Czech Republic) which work to help vulnerable children in the countries where our stores are located.

[www.bris.se](http://www.bris.se), [www.korspahalsen.no](http://www.korspahalsen.no),  
[www.mll.fi](http://www.mll.fi), [www.fdn.pl](http://www.fdn.pl),  
[www.linkabezpeci.cz](http://www.linkabezpeci.cz)

**LOCAL SUPPORT IS IMPORTANT**

It is important that we provide local support. KappAhl has a corporate subscription to Faktum, the magazine to help the homeless. Our stores and national offices donate unsold clothing to local charities. In Sweden, most of the clothing goes to the Erikshjälpen and Stadsmissionen organisations. We also give targeted support to organisations and projects in the countries where our production facilities are located.

**OUR POLICIES**

We have a great number of policies and action plans that guide our environmental and social responsibility practices and cover all aspects of our operations, including equality, diversity and health and safety in the workplace. We have ethical guidelines and policies concerning our clothes in which we state that we condemn violence, racism, sexism, cruelty to animals and the killing of animals for their fur.

You can read more about our policies on our website at [www.kappahl.com](http://www.kappahl.com).

**TERMS AND DEFINITIONS****CERTIFICATION**

Review conducted by a third party. A certificate is a document that shows that the conditions for certification have been satisfied.

**THE EU FLOWER**

The EU Flower is the symbol of the European eco-label scheme, which was initiated in 2002. The EU Flower is a sign that the product has met high level environmental criteria along the entire supply chain, from raw materials to finished garments.

**STAKEHOLDERS**

Individuals or groups that have an interest in a company or organisation.

**ISO 14001**

An international standard for environmental management developed by the International Organisation for Standardisation (ISO). Key principles of the ISO 14001 standard are regular environmental audits and continuous improvements.

**KAPPAHL ATTITUDE SURVEY**

An annual survey conducted among KappAhl's employees.

**ORGANIC COTTON**

Cotton that has been grown without the use of harmful chemicals, chemical pesticides or artificial fertilisers.

**PRODUCTION ASSURANCE INSTRUCTIONS**

A production manual that KappAhl's producers undertake to comply with.

**QUALITY CONTROLLER**

A position with responsibility for supervising and controlling quality practices.

**REACH**

European legislation that requires the testing of the chemicals used in the European Union.

**SECURITY MANUAL**

A security manual for KappAhl employees.

**TEST AND MANUFACTURING GUIDE**

A production manual that KappAhl's producers undertake to comply with.

**VALUE CHAIN**

The value chain divides an organisation's processes into different value-generating activities.

**WORLD ECONOMIC FORUM**

The World Economic Forum is best known for its annual conference in Davos in Switzerland, which attracts some of the world's most powerful decision-makers in the spheres of politics and business.

**OEKO-TEX STANDARD 100**

The leading label for textiles that have passed the tests for harmful substances. Every aspect of the garment has been tested – from the sewing thread and labels to the embroidery and printing.

# PLEASE CONTACT US!

We want to have open, direct and constructive dialogues with our stakeholders regarding our sustainability practices. We therefore appreciate feedback from you on what we do and what we ought to be doing.

If you have any questions about our sustainability practices or this report, please contact Elenor Loyd, Head of Environmental Affairs or Eva Kindgren, Head of Quality and CSR in production. They can be contacted on [fff@KappAhl.com](mailto:fff@KappAhl.com).

We continuously comment on our work and current events on Twitter at [@FFFbyKappAhl](https://twitter.com/FFFbyKappAhl).

On our corporate blog, [www.kappahblog.com](http://www.kappahblog.com), and our Facebook page, [www.facebook.com/KappAhl](http://www.facebook.com/KappAhl).

You can find out more about our sustainability programme on [www.kappahl.com](http://www.kappahl.com), Future Friendly Fashion.



FUTURE  
FRIENDLY  
FASHION  
BY  
**KappAhl**

[www.kappahl.com](http://www.kappahl.com)