



SUPPLEMENTARY SUSTAINABILITY INFORMATION KAPPAHL ANNUAL REPORT 2018/2019

Important questions for stakeholder groups

Material issues and impact in value chain

Definitions

GRI index

KappAhl

IMPORTANT QUESTIONS FOR STAKEHOLDER GROUPS

	Dialogue and frequency	Important questions for the stakeholder groups
CUSTOMER	Customer club survey in Sweden, Norway, Finland and Poland, once per year. Ongoing dialogue with customers through customer services, stores, social media.	<ul style="list-style-type: none"> • Good working conditions in the company • Working conditions at suppliers • Product quality and safety • Anti-corruption • Reduced use of chemicals • Waste, reuse and recycling • Sustainable materials • Textile collection • Product development and new technology • Diversity and equal opportunity • Transparency • Responsible behaviour
CONSUMER	Consumer survey Sustainable Brand Index in Sweden, once a year.	<ul style="list-style-type: none"> • Good working conditions in countries of production • Reduced use of chemicals in production • More sustainable and organic materials • Sustainable transport • Discourage the use of plastic bags • Products of high quality • Recycling old clothes • Clothes in all sizes for all shapes
EMPLOYEE	KappAhl Attitude Survey, once a year. Employee survey on sustainability, every other year.	<ul style="list-style-type: none"> • Good working conditions in the company • Supply safe, good quality products • Responsible action by management and board • Promote diversity and gender equality in the company and actively combat discrimination • Good working conditions at suppliers • Reduce our use of resources in production • Reduce our climate impact • Reduce the amount of waste and increase the percentage of reuse and recycling • Use materials sustainably • Contribute to increased reuse and recycling of clothes
OTHER STAKEHOLDER GROUPS Research and development, non-profit organisations, government agencies, owners, media and other stakeholders and experts in sustainability	Mainly through analysis of reporting and cooperation in networks/projects with R&D and civil society, but also regular dialogue with representatives from the media, NGOs and shareholders. Also based on in-depth interviews conducted in 2015.	<ul style="list-style-type: none"> • Anti-corruption • Human rights • Innovation and development in sustainability • Partnerships for sustainable development • Good employment terms and working conditions in the company • Diversity and gender equality as well as anti-discrimination at the company • Responsible behaviour by management and board • Ensure compliance with ethical business methods • Sustainable product development • Good employment terms and working conditions in manufacturing • Environmental consideration in production • More sustainable production processes • Customer health and safety • Responsible marketing • Sustainable range

MATERIAL QUESTIONS AND IMPACT IN VALUE CHAIN

Kappahl's value chain	Responsible Fashion	Kappahl's material questions	Corresponding topics in GRI Standards	Suppliers	Kappahl	Customers
Read more on page 15 of Kappahl's 2018/2019 Annual Report	Read more on pages 21–31 of Kappahl's 2018/2019 Annual Report			Suppliers of materials, production and logistics solutions and local communities in the production countries	Kappahl's operations at the head office and in the sales countries as well as production office in Asia	Customers and local communities in Kappahl's sales countries
DESIGN AND PURCHASING	Design fashion for a sustainable wardrobe	Material	Material	•	•	
		Microplastics	Material	•	•	
		Reuse and recycling	Material	•	•	
PRODUCTION AND LOGISTICS	Work towards a sustainable supply chain	Anti-corruption	Anti-corruption	•	•	
		Conditions of production in the supply chain (social and environment)	Supplier environmental assessment	•		
			Supplier social assessment	•		
			Evaluation of human rights	•		
			Child labour	•		
		Forced and compulsory labour	•			
		Local communities	Local communities	•		•
		Biodiversity	Biodiversity	•		
Product quality and safety	Customer health and safety	•	•	•		
SALES	Develop a sustainable organisation and stores	Reuse and recycling	Waste and effluents	•	•	
			Waste (internal)	Waste and effluents	•	
		Climate, energy and greenhouse gas emissions	Energy	•	•	
			Emissions of greenhouse gases	•	•	•
		Sustainable production technology	Water	•		
			Sustainable production technology	•	•	
EMPLOYEES	Good working conditions in the company (diversity and gender equality, non-discrimination, freedom of association and collective agreements, training, health and safety at work)	Employment	•	•		
		Diversity and equal opportunity	•	•	•	
		Non-discrimination	•	•		
		Training and Education	•	•		
	Health and safety at the workplace	•	•			
CONSUMPTION	Inspire our customers to make sustainable choices	Transparent market communication	Marketing and labelling		•	•

DEFINITIONS CLIMATE CALCULATIONS

Direct Greenhouse Gas Emissions (Scope 1): Company cars and private cars used for business: calculation based on mileage in service. Emissions include carbon dioxide, nitrous oxide and methane. Emission factor for Swedish cars 1–3 years old.

Energy Indirect Greenhouse Gas Emissions (Scope 2): Electricity consumption: measured or estimated consumption in offices and stores. Emissions include carbon dioxide, nitrous oxide and methane.

District heating: Measured for head office and distribution centre. Emissions include carbon dioxide, nitrous oxide and methane.

Other Indirect Greenhouse Gas Emissions (Scope 3): Categories assessed as material for KappAhl:

Category 1 Purchased goods and services: Cultivation or production of raw materials and manufacture. The distribution of total raw material consumption was calculated on the basis of data on distribution of garments sold and on raw materials used per garment. Emission factors are taken from the MSI/Higg Index. Emissions for manufacture are estimated on the basis of a number of studies made. Emissions include carbon dioxide, nitrous oxide and methane.

Category 3 Fuel and energy related activities: Emissions on extracting, refining and distribution of the fuels used in company cars and private cars used for business as well as electricity and district heating production plants from which KappAhl purchases its electricity and district heating. Emissions include carbon dioxide, nitrous oxide and methane.

Category 4 Purchased transportation and distribution (upstream): Emissions include both emissions from the vehicle and on extraction, refining and distribution of used fuel for goods transportation purchased by KappAhl. RFI 2,7 is used for air transport. Emissions include carbon dioxide, nitrous oxide and methane.

Category 6 Business travel (excluding reporting in scope 1): Sources of emissions included are air travel, taxi travel, hotel nights and train travel on business. Air travel and train travel are based on data from the travel agency, while taxi travel and hotel nights are estimated. Emissions include carbon dioxide, nitrous oxide and methane.

Category 8 Leased assets (upstream, lessee): Refrigerant leakage from landlords' cooling system. The leakage is estimated on the basis of key figures for a number of large property companies and restated as carbon dioxide equivalents.

Category 9 Purchased transportation and distribution (downstream): Covers travel to and from the store for visitors to KappAhl's stores. Based on measured number of visitors and distribution of typical journeys for urban areas and small towns. Emissions include carbon dioxide, nitrous oxide and methane.

Category 11 Use of sold products: Covers washing, drying and ironing. The temperature at which the garment should be washed is taken into account. Emissions for energy use for these activities take into account the country to which the garment is sold. Emissions include carbon dioxide, nitrous oxide and methane.

GRI INDEX

The sustainability report in the Annual Report has been prepared in accordance with the GRI Standards at core level. The sustainability report covers the same companies as the KappAhl Group's financial statements. Our GRI index presented below provides an overview of our general disclosures under the GRI Guidelines and disclosures for the topics that we have decided to disclose on the

basis of our materiality analysis; read more on page 2 of this supplement and page 20 of KappAhl's 2018/2019 Annual Report. The page references below specify where information about the respective disclosure can be read. Further information on the GRI and a full description of guidelines and disclosures can be found at www.global-reporting.org

GRI standard	Disclosure	Page reference Annual Report 2018/2019	Page reference Supplementary sustainability information 2018/2019	Omitted information
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
ORGANISATIONAL PROFILE				
	102-1 Name of the organisation.	Page 32		
	102-2 Activities, brands, products and services	Inside cover, 1, 10–12, 32		
	102-3 Location of headquarters	Page 32		
	102-4 Location of operations	Page 1		
	102-5 Ownership and legal form	Page 34		
	102-6 Markets served.	Page 1		
	102-7 Scale of the organisation	Pages 1, 36–37		
	102-8 Information on employees and other workers	Pages 1, 27–30		Partly omitted information due to limitations in collection of employee data ¹ .
	102-9 Supply chain	Pages 1, 23		
	102-10 Significant changes to the organisation and its supply chain	Pages 1, 23		
	102-11 Precautionary principle or approach	Page 21		
	102-12 External initiatives	Page 21		
	102-13 Membership of associations	Pages 18, 21–25, 31		
STRATEGY				
	102-14 Statement from President/CEO (senior decision-maker)	Pages 4–5		
ETHICS AND INTEGRITY				
	102-16 Values, principles, standards and norms of behaviour	Inside cover, 23–24, 27		
GOVERNANCE				
	102-18 Governance structure	Pages 20, 66–70		
STAKEHOLDER ENGAGEMENT				
	102-40 List of stakeholder groups		Page 1	
	102-41 Collective agreements	Page 28	Page 1	
	102-42 Basis for identification and selection of stakeholders.	Page 20	Page 1	
	102-43 Approach to stakeholder engagement	Page 20	Page 1	
	102-44 Key topics and concerns raised		Page 1	
REPORTING PRACTICE				
	102-45 Entities included in the consolidated financial statements	Pages 60–61		
	102-46 Process for defining the report content and the topic boundaries	Page 20	Page 2	
	102-47 List of material topics		Page 2	
	102-48 Restatements of information	Page 26		
	102-49 Changes in reporting	Page 20		
	102-50 Reporting period	Inside cover		
	102-51 Date of most recent report.	Inside cover		
	102-52 Reporting cycle.	Inside cover		
	102-53 Contact point for questions regarding the report	Back page cover		
	102-54 Reporting in accordance with the GRI Standards	Inside cover		
	102-55 GRI content index		Pages 4–7	
	102-56 External assurance	Inside cover	Page 31	

MATERIAL TOPICS

GRI standard	Disclosure	Page reference Annual Report 2018/2019	Page reference Supplementary sustainability information 2018/2019	Omitted information
GRI 200 Economic Standard Series				
ANTI-CORRUPTION				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24	Page 2	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 23		
	205-2 Communication and training about anti-corruption policies and procedures	Pages 23–24		Data per region and type of employment are not reported due to limitations in collection of data ² .
	205-3 Confirmed incidents of corruption and actions taken	Page 23		
GRI 300 Environmental Standards Series				
MATERIAL				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 22, 26–27, 30–31	Page 2	
Responsible Fashion	Percentage of range in more sustainable materials	Page 22		
	Percentage of cotton from more sustainable sources	Page 22		
	Percentage of synthetic materials from recycled sources	Page 22		
	Percentage of viscose from more sustainable sources	Page 22		
	Percentage of range that meets the "Circular design" criterion	Page 22		
	Percentage of packaging in circular materials	Pages 30–31		
	Difference in percentage of receipts containing one or more plastic bags compared with the 2017/2018 financial year	Page 31		
ENERGY				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 25, 27	Page 2	
GRI 302: Energy 2016	302-3 Energy intensity	Page 27		
Responsible Fashion	Percentage of KappAhl's energy under own agreements (stores, offices and inventories) from renewable sources	Page 27		
	Difference in energy consumption (under own agreements) compared with the 2016/2017 financial year	Page 27		
WATER				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 26	Page 2	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 26		
	303-2 Management of of water discharge-related impacts	Page 26		
BIODIVERSITY				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 26	Page 2	
EMISSIONS				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 25–26	Page 2	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	Page 25		
	305-2 Energy indirect greenhouse gas emissions (Scope 2)	Page 25		
	305-3 Other indirect greenhouse gas emissions (Scope 3)	Page 25		
	305-5 Reduction of emissions of greenhouse gases	Page 25		
Responsible Fashion	Total greenhouse gas emissions scope 1-3	Page 25		
	Difference in greenhouse gas emissions from transportation per garment compared with the previous year	Page 26		
WASTE AND EFFLUENTS				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 27, 30	Page 2	
GRI 306: Effluents and Waste 2016	306-2 Total weight of waste by type and disposal method.	Page 27		
Responsible Fashion	Number of collected textile items received by sorting partner	Page 30		

GRI standard	Disclosure	Page reference Annual Report 2018/2019	Page reference Supplementary sustainability information 2018/2019	Omitted information
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23, 25	Page 2	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pages 23–25		
	308-2 Negative environmental impacts in the supply chain and actions taken	Pages 23–25		
Responsible Fashion	Percentage of order value that corresponds to factories that report in a Facility Environmental Module to the Higg Index	Page 25		
SUSTAINABLE PRODUCTION TECHNOLOGY				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 22	Page 2	
Responsible Fashion	Percentage of the range that meets the “sustainable technology” requirement in the Sustainable Product Scorecard	Page 22		
	Percentage of the denim range that meets the “sustainable material” and “sustainable technology” requirements in the Sustainable Product Scorecard	Pages 18, 22		
GRI 400 Social Standards Series				
EMPLOYMENT				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 27–28	Page 2	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 29		Partly omitted information due to limitations in collection of employee data ² .
HEALTH AND SAFETY AT THE WORKPLACE				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 27–28	Page 2	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pages 24–25, 27–28		
	403-2 Hazard identification, risk assessment, and incident investigation	Pages 24, 27–28		
	403-3 Occupational health services	Pages 27–28		
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pages 24, 28		
	403-5 Worker training on occupational health and safety	Pages 24, 28		
	403-6 Promotion of worker health	Pages 24–25, 28–29		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 24–25, 28–29		
TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 27–28	Page 2	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 27		
Responsible Fashion	Percentage of employees that state in the KappAhl Attitude Survey that they feel that they contribute to KappAhl's sustainability work	Page 28		
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 28	Page 2	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 28		Partly omitted information due to limitations in collection of employee data ³ .
NON-DISCRIMINATION				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 28–29	Page 2	
GRI 406: Non-discrimination 2016	406-1 Total number of incidents of discrimination and corrective actions taken	Page 29		
FREEDOM OF ASSOCIATION AND COLLECTIVE AGREEMENTS				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24	Page 2	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pages 23–25		

GRI standard	Disclosure	Page reference Annual Report 2018/2019	Page reference Supplementary sustainability information 2018/2019	Omitted information
CHILD LABOUR				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24	Page 2	
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Pages 23–25		
FORCED AND COMPULSORY LABOUR				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24	Page 2	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pages 23–25		
EVALUATION OF HUMAN RIGHTS				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24	Page 2	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews	Pages 20, 24–25		
	412-2 Employee training on human rights policies or procedures	Pages 23, 28		
	412-3 Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Pages 23–24, 28		
LOCAL COMMUNITIES				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–24, 31	Page 2	
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Pages 23–26		
Responsible Fashion	Percentage of women who, after completion of training at the training centre in Dhaka, sign employment contracts with a supplier approved by KappAhl	Page 25		
SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 23–25	Page 2	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pages 24–25		
	414-2 Negative social impacts in the supply chain and actions taken.	Pages 23–25, 31		
Responsible Fashion	Percentage of supplier factories associated with production offices (tier 1) that are approved for placing of orders based on social requirements	Pages 24–25		
CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 26	Page 2	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Page 26		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 25		
MARKETING AND LABELLING				
GRI 103: Management Approach 2016	103-1-3 Explanation of the material topic, its boundary and management approach	Pages 20, 30–31	Page 2	
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	Page 31		

1) We have taken measures to obtain reliable employee data in future and are working by stages to develop our collection of HR-related data.

2) All KappAhl employees will receive regular training in our ethical guidelines. It is our aim to follow up the training measures per region and type of employment.

3) Minority groups are excepted since it is not appropriate to report this under Swedish law.