Kappahl Group

Sustainability Commitment - Kappahl Group and All Business Partners

DOCUMENT OWNER	VERSION	DATE
Sandra Roos	5.1	April 21, 2026

1. Introduction

Dear Kappahl Group supplier,

At Kappahl Group we believe that we have an important role to play in the development of a sustainable society. We want to ensure respect of the human rights of the people whose work is contributing to or affected by our business; respect of the environment; and good governance in all our business relationships and throughout our value chain. Kappahl Group commits to manage our business in a way so that we can meet all applicable legal requirements, to be a fair partner and work with transparent, responsible, and sustainable partners. We strive to work with suppliers that share our values and ambition, so that by collaboration we can reach further than what is required by law.

This Sustainability Commitment[1] sets out:

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II. Animal welfare policy
III. Kappahl Group's Ethical Guidelines

As a supplier to Kappahl Group you confirm that (i) you have read this Sustainability Commitment, and (ii) you understand the obligations that you have under our Sustainability Commitment (including any future versions). The latest version of the Sustainability Commitment is available at kappahl.com and you will be informed of any changes according to our agreement.

Kind regards,

Elisabeth Peregi
President and CEO

[1] This Sustainability Commitment replaces our previous Code of Conduct for Suppliers as well as Ethical Guidelines for Suppliers and is based on the same or higher standards.

2. Suppliers' obligations related to sustainability requirements

SUMMARY REGULATION AND STANDARDS

- Below requirements apply to:
  - **All tiers** in Kappahl Group's suppliers' value chain and logistics operations
  - Suppliers' and sub-suppliers' **owned and/or sub-contracted** factories and/or services
- Includes compliance with:
  - Operations-related legal requirements **in the respective country** (Table I)
  - Product-related legal requirements in **all Kappahl Group's sales countries** (Table I)
  - **International labor standards** (Annex I)
- Supplier need to:
  - Report on **climate emissions** and work to reduce climate emissions
  - Agree to that Kappahl Group publicly **share transparency data**, i.e. address, parent company, type of products and number of workers at each site
  - Follow Kappahl Group's **animal welfare policy**
  - Adopt the **Higg Index** tools

It is essential for us to work together with our suppliers to be able to fulfil all requirements, e.g. by requiring our suppliers to implement management processes and provide us with information. This section sets out what legal requirements, international standards and membership requirements you will need to follow as a supplier to Kappahl Group. In addition, there are also some important fundamental principles that our suppliers always need to comply with.

As a general rule, all Kappahl Group's suppliers and their respective sub-contractors and sub-suppliers[2] shall keep themselves updated with and operate in compliance with the laws of their respective countries. Please be advised that the requirements apply both to owned and sub-contracted factories. As a supplier, you are required to use your best efforts to ensure that you comply with all legal requirements, international standards and requirements related to membership in industry collaborations as set out in this section 2.

Note!	If you believe, or have reason to believe, that we have missed any legal requirements or standards that apply to our business or products, you have an obligation to inform us of such fact.

Where there are differences between the provisions of this Sustainability Commitment and national laws or other applicable standards, the strictest requirements shall take precedence.

[2] Sub-contractor means a company or individual contracted or engaged by the supplier that provides specific services or labor on a contractual basis. Sub-supplier means a company or individual that provides materials or auxiliaries.

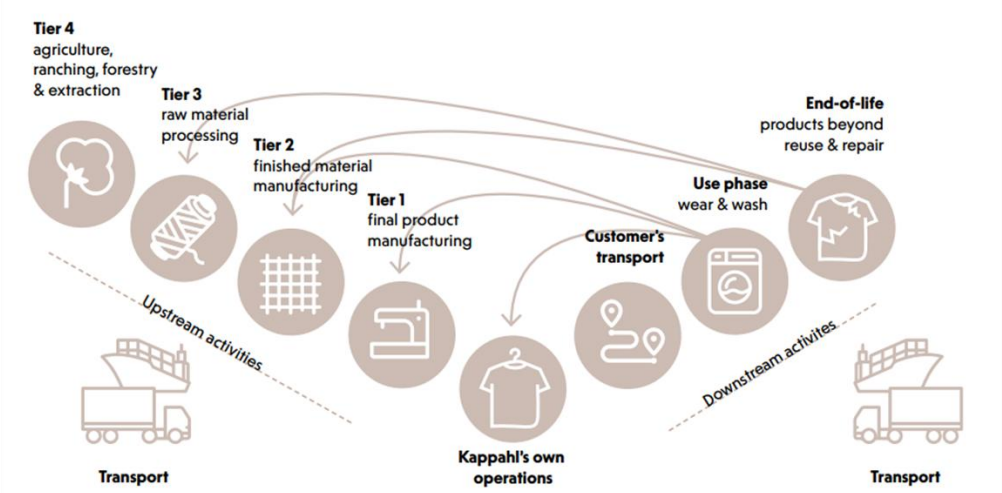
2.1 Fundamental principles

There are certain fundamental principles that govern our partnership with our suppliers. As a supplier, you are required to use your best efforts to ensure that you comply with the fundamental principles set out below.

- **The principle of transparency and openness.** This principle sets out a general obligation for you to be open and transparent about your business, your sub-suppliers and their business. This is key for us to successfully create a more sustainable and responsible world of fashion.

- **The value-chain principle.** In Figure 1 below, you will find an example of how different actors in the value chain are affected by different legal requirements and standards. This principle means that you need to consider all actors of the entire value chain when ensuring compliance with all sustainability requirements. For example, this might mean that you will need to make changes to your own processes to ensure that your sub-contractors and/or sub-suppliers provide you with certain information about sourcing that later needs to be reported to us.

- **The principle of proactivity.** This principle means that you need to have a pro-active approach and build your organization in a way that allows you to identify risks and prevent potential non-compliance with sustainability requirements.



Tier 2-4 Sub-supplier production
Operations requirements:

- operate in compliance with the laws of their respective countries;
- follow international standards, e.g., the Universal Declaration of Human Rights, ILO Fundamental Conventions, OECD guidance for Due diligence;
- comply with EU FLR.

Tier 1 Production countries.
Operations requirements:

- operate in compliance with the laws of their respective countries;
- follow international standards, e.g., the Universal Declaration of Human Rights, ILO Fundamental Conventions, OECD guidance for Due diligence;
- comply with EU FLR.

Kappahl Group's sales countries
Operations requirements:

- operate in compliance with the laws of their respective countries
- follow international standards, e.g., the Universal Declaration of Human Rights, ILO Fundamental Conventions

Product requirements:

- Product regulation: FLR, GPSR, TLR, ESPR etc.
- Chemical regulation: REACH, POP, biocides etc.

Figure 1. Illustration of a value chain where compliance with legal and standard requirements are governed in all tiers, regardless of the country where the activity is on-going. A more extensive list of requirements is provided in Table I.

2.2 Current legal requirements and international standards

In this section you will find more information about legal requirements and international standards with relevance for Kappahl Group's supply chain operations.

Note!	We have used our best efforts to ensure that we inform about all legal requirements and standards that apply to our business and products. However, as this currently is a changing area of law, please be advised that this list is for information and guidance only, and that we do not guarantee neither its completeness nor that it is kept updated at all times.

In Table I you will find a list of legal sustainability requirements in Kappahl Group's sales countries with relevance for Kappahl Group's supply chain operations, accompanied by a reference to the relevant Kappahl Group obligation and/or procedure incorporating such requirements. Any references to a specific legal act also include any amendments or complementing legal acts of said legislation, including but limited to delegated or implementing acts.

Table I. Summary of legal sustainability requirements and industry standards relevant for Kappahl Group suppliers.

Legal act/Standard	Legal scope	Kappahl Group procedure
Product-related legislation (garments and store merchandise)		
European Union		
Regulation (EU) 2023/988 (General Product Safety Regulation)	Legal requirements on the safety of consumer products including child safety, use of the CE mark and other product-related obligations.	Kappahl Group's Production Quality Standard (PQS)
Regulation (EC) 1907/2006 (REACH)	EU's general chemicals legislation Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	Kappahl Group's Restricted Substance List (RSL & MRSL)
Regulation (EC) No 2019/1021 (POP)	EU's implementation of the global convention on Persistent Organic Pollutants (POP), the Stockholm Convention	Kappahl Group's Restricted Substance List (RSL & MRSL)
Biocidal Products Regulation EU 528/2012 (BPR)	EU's legislation on biocidal products and biocide-treated articles	Kappahl Group has a ban on biocide-treated articles for all garments and store merchandise
Regulation (EU) 2023/1115 (EU Deforestation Regulation)	EU's legislation on the prohibition on making available on the EU market certain products that have been produced with relevant commodities, i.e. cattle, cocoa, coffee, oil palm, rubber, soya and wood.	Delivery Instructions
Ecodesign for Sustainable Products Regulation (ESPR)	Delegated Act expected Q4 2025.	Kappahl Group's Production Quality Standard (PQS)
Forced Labour Regulation	EU Legislation prohibiting the placement, import, and export of products on the EU market that have been produced using forced labor. Competent authorities will assess risks, conduct investigations, and enforce product withdrawals when forced labor is identified in supply chains.	Annex I Complete supply chain mapping
Packaging and Packaging Waste Regulation (Revision of the existing Packaging Directive)	EU legislation establishing requirements for packaging design, reuse, and recycling to reduce packaging waste and environmental impact. The regulation sets targets for recyclability, recycled content, and waste reduction while restricting certain packaging materials and formats.	Delivery Instructions Kappahl Group's Restricted Substance List (RSL & MRSL)
Textile Labelling Regulation (TLR) 1007/2011	Revision of the existing Textile Labelling Regulation (not yet in force)	
United Kingdom		
United Kingdom continues to follow the European legislation until new national legislation is in place.		
Norway		

Norway is part of the European Economic Area (EEA) and EU product-related legislation applies also to Norway. In addition, Norway has own national legislation.		
Internal Control Regulations [Internforskriften] FOR-1996-12-06-1127	The Internal Control Regulations includes a requirement on Norwegian enterprises to introduce and maintain an internal control system to ensure compliance with product-related legislation.	
Operations-related legislation		
European Union		
Corporate Sustainable Due Diligence Directive (CSDDD)	EU legislation requiring companies to identify, prevent, and mitigate adverse human rights and environmental impacts in their operations and value chains. The directive establishes due diligence obligations, including risk assessments, stakeholder engagement, and remediation measures.	
United Kingdom		
Modern Slavery Act 2015	The UK Modern Slavery Act obliges certain commercial organisations to publish an annual statement setting out the steps they take to prevent modern slavery in their business and their supply chains	
Norway		
Transparency Act Prop. 150 L (2020–2021)	The Transparency Act obliges large and mid-size companies to conduct human rights and decent work due diligence not only throughout their supply chain, but throughout all business relationships in their value chain.	
International standards		
OECD Guidance	The OECD Guidance establishes due diligence standards for products and operations in relation to both human rights and environmental due diligence that is appropriate to the relevant business' size and specific circumstances. This commitment includes e.g. proactive risk identification, continuous monitoring and responsive measures to address potential or actual adverse impacts related to operations, supply chains, and business relationships. Any severe adverse impact must be reported as soon as reasonably possible.	
International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work	An international commitment adopted by the ILO that requires all member states to respect, promote, and realize fundamental labor rights, regardless of their level of development or ratification of specific conventions. These rights include freedom of association and collective bargaining, the elimination of forced and child labor, the elimination of discrimination in employment and occupation, and a safe and healthy working environment.	Annex I to this Sustainability Commitment contains an informative summary of supplier obligations related to Labor and Working Conditions.
Other		
Ban on Xinjian cotton	Kappahl Group has a ban on sourcing of any cotton intended for our products, if grown, processed, or otherwise produced in Xinjiang Province, People´s Republic of China. The requirement is applying to the total physical cotton content in a product, including total mass balance of Better Cotton as well as organic certified cotton.	Complete supply chain mapping

2.3 Requirements related to membership in industry collaborations

Kappahl Group is active and involved in several partnerships and industry initiatives with sustainability focus. We believe that partnership is needed to protect human rights and the environment. Our engagements often implicate that Kappahl Group commits to stricter sustainability requirements than those imposed by legislation. Kappahl Group's suppliers undertake to comply with all requirements set out by the initiatives listed below.

International Accord

The International Accord for Health and Safety in the Garment and Textile Industry is a legally binding agreement between brands and trade unions to ensure worker health and safety in the textile and garment industry. As a signatory, of both the Bangladesh and the Pakistan Country-Specific Safety Programs, ***we require suppliers covered by these programs to comply with their responsibilities***. These include, but are not limited to, ensuring compliance with safety standards, maintaining transparency and cooperation, and implementing necessary remediation measures. Please see internationalaccord.org for more information.

Ethical Trading Initiative (ETI)

ETI is a leading alliance for businesses, trade unions and NGOs campaigning for workers' rights. Kappahl Group has been a member since 2016. We comply with the ETI guidelines and engage within its network for joint action on manufacturing-chain challenges such as child labor, forced labor, fair wages, social dialogue, grievance mechanisms, the right to collective bargaining, diversity, equity and inclusion and the rights of migrant workers. ***The ETI Base Code constitutes minimum standards for our suppliers*** and is found here: ethicaltrade.org. A short version of supplier obligations related to labor and working conditions is found in Annex I.

Swedish Textile Initiative for Climate Action (STICA) & Science Based Targets initiative (SBTi)

STICA is an initiative jointly launched by Kappahl, Sustainable Fashion Academy, and three other renowned Swedish brands in 2018. Today, STICA has more than 50 members in the Nordic Countries. ***All members commit to reducing their greenhouse gas emissions in line with the 1.5°C target and the Paris Agreement*** and progress is made public at sustainablefashionacademy.org/stica. The Science Based Targets initiative (SBTi) has approved Kappahl AB near-term science-based emissions reduction target. Kappahl AB has also committed to set long-term emissions reduction targets with the SBTi in line with reaching net-zero by 2040. With the lion part of our emissions occurring in the supply chain, ***we need to cooperate with suppliers that have ambitious climate targets and can report on reductions***. Please see sciencebasedtargets.org for more information.

Cascale

Cascale (former Sustainable Apparel Coalition) sets industry standards to facilitate transparent communication of environmental and social performance in the textile value chain. We are a member of Cascale since 2018 and use the Higg Index suite of tools[3] and requires our suppliers to do that too. ***Kappahl Group will prioritize collaboration with suppliers that use the Higg Facility Environmental Module (FEM) and Higg Facility Social & Labor Module (FSLM) in their value chain***. As a signatory of the Social & Labor Convergence Program (SLCP), the Kappahl Group is committed to driving industry-wide collaboration for improved working conditions. To enhance efficiency and transparency, we expect suppliers to transition to a standardized approach, in favor of SLCP's Converged Assessment Framework (CAF) and FSLM. Please see cascale.org for more information.

[3] https://app.worldly.io/login

Transparency Pledge

Transparency Pledge is a wide-ranging coalition of large global organizations (Human Rights Watch, IndustryAll, Clean Clothes Campaign and more) that works to promote transparency in the fashion industry's supply chains. Kappahl Group has published a list of our suppliers' factories on our website since 2013 and they are also published at opensupplyhub.org. To make our commitment clear, we joined Transparency Pledge in autumn 2019. ***The Pledge requires member companies to publish a list naming all sites that manufacture its products on a regular basis, including address, parent company, type of products and number of workers at each site.*** Therefore, Kappahl Group's suppliers need to share this updated data from their own as well as subcontractor factories. Please see transparencypledge.org for more information.

Swedish Commerce

Kappahl Group's policy for animal welfare is based on our collaboration with the Swedish Commerce and their animal welfare policy[4]. Kappahl Group's ***Animal Welfare Policy*** is found in Annex II.

Canopy

At Kappahl Group, we are committed to protecting the world's forests and have partner up with the CanopyStyle initiative since 2016. Canopy is a non-profitable organization with a mission to protect the world's forests, species, and climate, and to help advance indigenous communities' rights. By using Canopy's Hot Button Ranking Report[5], Kappahl Group commit to not using dissolving pulp coming from ancient and endangered forests in man-made cellulosic fabrics. ***We do so by exclusively purchase our supply from producers ranked with a "dark green shirt" without any high risk alert and can offer full chain of custody.*** Should we find that any of our fibers are being sourced from ancient and endangered forests, endangered species habitat or illegal logging, we will engage our suppliers to change practices and/or re-evaluate our relationship with them. Please see canopyplanet.org for more information.

2.4 Kappahl Group Ethical Guidelines

Kappahl Group operates a strict ethical policy that all our employees have undertaken to respect. This covers issues including but not limited to avoiding bribery and corruption, safeguarding company property and information, and compliance with our alcohol and drugs policy. As a partner, you are required to at all times comply with Kappahl Group's Ethical Guidelines, see Annex III.

We take for granted that our partners never offer any benefits to our employees within the scope of our business relationship.

[4] https://www.svenskhandel.se/api/documents/dokument/aktuellt-och-opinion/nyheter/2017/animal-welfare-policy---svensk-handel2.pdf
[5] https://canopyplanet.org/tools-and-resources/hot-button-report

3. Requirements on suppliers' governance structure

SUMMARY GOVERNANCE STRUCTURE

- The **supplier is responsible** for and shall strive towards continuous improvement in its sustainability work
- The supplier's **governance structure** shall include:
  - Clearly communicated roles and responsibilities
  - Implemented policies and routines
  - Functioning control systems
- The supplier shall introduce and maintain a **management system** to ensure that social conditions are, as a minimum, within legal standards
- The supplier shall introduce and maintain a suitable **environmental management system**
- Kappahl Group and the supplier shall **cooperate in a transparent manner** to ensure fulfilment of this Sustainability Commitment

Kappahl Group has set high ambitions for its sustainability work. We acknowledge that change does not happen overnight. Rather, our sustainability goals and the obligations we impose require us to change our business model in a way that allows for our goals to contribute to a more sustainable consumption and a more inclusive and fair society.

To achieve this, good governance including clearly communicated roles and responsibilities, implemented policies and routines, along with functioning control systems, will be the foundation for a successful implementation of the Sustainability Commitment and successful business operations.

3.1. General requirements

For you as a supplier, this means that we require you to:

1. Implement or update internal processes that enable you to comply with our Sustainability Commitment;

2. Ensure that your sub-contractors and sub-suppliers implement or update their internal processes to enable them to comply with this Sustainability Commitment;

3. Continuously strive to improve your internal processes to more successfully be able to contribute to Kappahl Group's sustainability goals. This obligation also applies to your sub-contractors and sub-suppliers;

4. Ensure that your internal processes for compliance with these sustainability requirements are part of a company-wide governance program ensuring that risks and remedial actions can be identified and reported to the highest level of management; and

5. Implement an operational-level grievance mechanism, ideally through a digital platform, and that such grievance mechanism is actively communicated to stakeholders.[6]

[6] The Kappahl Group provides an open reporting channel for all stakeholders to seek guidance and raise concerns.

3.2. Specific requirement to implement a due diligence process

We require that our suppliers implement and uphold a human rights and environmental due diligence process that is appropriate to their size and specific circumstances. This commitment encompasses proactive risk identification, continuous monitoring and responsive measures to address potential or actual adverse impacts related to operations, supply chains, and business relationships. Any severe adverse impact must be reported as soon as reasonably possible.

Suppliers must ensure that all subcontractors and sub-suppliers operate with full transparency. Kappahl Group requires access to traceability information for each product's supply chain, which needs to be publishable. Suppliers must also ensure responsible disengagement when it comes to handling sub suppliers lower down in the supply chain and also in the whole value chain.

3.3.Specific requirement to implement an EMS

The supplier shall introduce and maintain a suitable environmental management system (EMS) or equivalent to minimize environmental impact and risks, and continuously improve the company's environmental performance[7]. The supplier needs to have ambitious climate targets[8] and annually report to Kappahl Group on climate emission reductions via the Higg Index Facility Environmental Module.

All Kappahl Group's suppliers' and their sub-contractors and sub-suppliers' factories shall obtain all legally required permits, licenses and registrations applicable for their business. The documentation shall be prepared to be shown to Kappahl Group on request.

The EMS should cover chemicals management ensuring that production and delivered goods follow Kappahl Group's Restricted Substance List (RSL) and Manufacturing Restricted Substance List (MRSL). The EMS should also ensure that supplier's operations are in compliance with the applicable laws of their respective countries. Any waste, wastewater, or emissions with the potential to adversely impact human or environmental health should be appropriately stored, managed, controlled and disposed of or appropriately treated prior to release into the environment.

[7] Environmental performance is the measurable results of an organization's management of its environmental aspects such as use of resources such as energy, water, materials and auxiliaries, emissions to air, water and soil, impact on biodiversity, waste generation, transport work etc. Please see ISO 14001 for a full description of an EMS.
[8] Preferably the supplier's climate targets should be in line with the Paris Agreement and the 1.5 C warming pathway.

4. Kappahl Group's commitment towards our suppliers

SUMMARY KAPPAHL GROUP'S COMMITMENT

- Kappahl Group commits to:
  - Inform our strategic sustainability work via **stakeholder dialogue**
  - Work for **fair partnership**
  - Operate a strict **Code of Ethics** for our own employees
  - Work for increased traceability, fair wages and accountability **in the value chain**
  - Strive to create a **business incentive** for suppliers to respect our sustainability commitment
  - Choose co-operation with our suppliers at first hand in contractual issues.

We understand that we ask a lot of our suppliers in order for us to fulfil the ambitious sustainability goals that we have set for our business. Therefore, we also want to be clear about our commitment to you as a supplier.

4.1. Fair and ethical partnership

Kappahl Group's standpoint regarding fair partnership is based on our commitment with ETI and other external parties.

Responsible Purchasing Practices

Kappahl Group is committed to responsible purchasing practices that support decent working conditions, fair wages and a sustainable supplier base. We strive to plan and place orders in a manner that seeks to avoid undue pressure on suppliers, communicate changes in a timely and transparent way, and act responsibly in commercial negotiations. We acknowledge that our purchasing decisions can impact working conditions and commit to continuously improve our purchasing practices in dialogue with our business partners.

Code of Ethics

The requirements set out in Kappahl Group's Ethical Guidelines (Annex III) naturally also applies for employees and consultants of the Kappahl Group. We will use our best efforts to ensure that our employees and consultants do not engage in behavior towards you that is contrary to our Ethical Guidelines.

Other

Kappahl Group is committed to work for increased traceability, fair wages and accountability in the value chain. We strive to create a business incentive for suppliers to respect our Sustainability Commitment.

Kappahl Group strives for dialogue with stakeholders that to a large extent have impact on or are impacted by our business. The key stakeholders are Kappahl Group's customers, owners, suppliers and employees. Other stakeholders include governments, trade unions, media and Non-Governmental Organizations (NGOs). The insights from the stakeholder dialogue are used to inform our strategic sustainability work, in addition to guidelines and principles from international bodies and the challenges and opportunities we identify in our value chain.

4.2. Co-operation, monitoring and corrective actions

Kappahl Group strives to only work with transparent, responsible, and sustainable partners. While we recognize that there are different legal and cultural environments in which our suppliers and their factories operate, we cannot tolerate that partners show negligence when it comes to sustainability aspects that may jeopardize our business either in the short or the long run.

Co-operation

To achieve a fair partnership in line with our commitment to you. We will always communicate with you with the purpose to solve any issues that arise. Communication and dialogue with our suppliers shall always be our first course of action before exercising any rights we may have by law or contract.

Monitoring and corrective actions

Kappahl Group reserves the right to carry out announced and unannounced inspections of all premises producing our goods at any time, either by Kappahl Group or by an independent third party of our choice. This shall be done in accordance with our right to audit and to information according to our General Terms and Conditions for Purchase of Products.

Your sustainability performance will also be considered alongside key commercial factors when evaluating the continuation or expansion of business relationships.

If Kappahl Group determines that a supplier or its factory is violating this Sustainability Commitment, we will inform you of this fact and request you to promptly take corrective actions. Termination of our agreement will only be considered as a last resort, considering the severity of harm, after efforts to prevent or mitigate the impact have failed and we believe that there is no reasonable prospect of change.

To the extent possible and with regard to the nature of the breach, the Kappahl Group commits to implementing a responsible exit strategy.

5. Contact

Please do not hesitate to reach out if you have any questions regarding this Sustainability Commitment.

Email: info@kappahl.com

UNDERTAKING TO RESPECT KAPPAHL GROUP'S SUSTAINABILITY COMMITMENT

I/We hereby confirm that I/We have carefully read and fully accept the Kappahl Group Sustainability Commitment including Annexes I-III. I/We have had time and opportunity to ask questions about and discuss the contents. I/We undertake to comply with this Sustainability Commitment.

Place:

Date:

Supplier name:

Signature of supplier representative

Name in print

Supplier representative title

Annex I. Supplier obligations related to Labor and Working Conditions

Labor

Forced Labor

The supplier and any subcontractor shall not use any form of forced labor, and shall refrain from using prison labor or bonded labor unless explicitly permitted according to the ILO conventions 29 and 105.

The supplier and any subcontractor shall not require their employees to pay any kind of deposits, nor may they retain their employees' identity documents.

Child Labor

The supplier and any subcontractor shall not use or accept child labor.

A child is defined as a person younger than 15 years of age, or as an exception, 14 years of age, in accordance with articles 2.3 and 2.4 of ILO Convention 138. If the national legal age for working is higher than 15 years of age, the supplier must adhere to the higher requirement.

The supplier shall establish and implement a child labor policy ensuring that no child is employed.

If child labor is detected in the production of goods for Kappahl Group the supplier is obliged to offer a sustainable solution in the best interest of the child.

Young employees (below the age of 18 years) may only be employed in non-hazardous work, if they are above the country's legal age for working, in line with ILO Convention 182

Freedom of Association and Collective Bargaining

All employees have the right to freely form or join trade unions and to engage in collective bargaining without fear of retaliation, intimidation, or harassment, in line with ILO Conventions 87, 98, and 135.

Employees or their representatives must be able to engage in discussions about wages, working conditions, and other relevant matters with management without fear of threats or coercion. In countries where freedom of association is restricted, the supplier and any subcontractors are obligated to create a safe environment in which company management and employees can discuss salaries and working conditions in a non-threatening manner.

Worker representatives must be provided with the necessary support, resources, and protection to carry out their duties effectively without interference or retaliation.

Humane Treatment

The supplier and any subcontractor is obliged to treat all employees with respect and dignity. Physical punishment or the threat thereof, sexual or racial harassment, gender-based violence, verbal abuse or power abuse or any other form of harassment or intimidation is unacceptable under any circumstances (ILO convention 190).

Discrimination

The supplier and any subcontractor shall ensure that no discriminatory practice is applied in the recruitment, compensation, promotion or the termination of employment. Discrimination based on race, caste, ethnicity, social origin, marital status, sexual orientation, disability, religion, nationality, age, gender and/or union membership or political affiliation is prohibited, as stated in ILO Conventions 100 and 111 and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

Wages and Benefits

The supplier and any subcontractors are obligated to pay its employees at least minimum wage or the prevailing industry standard, whichever is highest. The amount should be sufficient to cover basic needs for the employee and their family as well as provide some additional income. Wages and overtime premiums and any incentive (or piece) rates shall be paid directly to the employee on time and in full. The use of digital traceable bank transfers should be the standard method of payment wherever possible.

The supplier and any subcontractor are obligated to provide their employees with paid sick leave, maternity leave annual leave and statutory holidays as required by law or the prevailing industry standard, whichever highest. To make unfair or illegal deductions from wages or the removal of benefits as a disciplinary measure are not permitted.

Working Hours

The supplier and any subcontractor are obligated to set working hours in compliance with applicable laws and regulations.

The total hours worked in any 7-day period shall not exceed 60 hours. Employees should have at least one day off in seven and employees should be permitted to refuse overtime without any threat of penalty, punishment or dismissal.

Labor Contract

All employees are entitled to a written labor contract in accordance with the law, including understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

Obligations to employees under labor or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labor-only contracting, sub-contracting, or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Working Conditions

Occupational Health and Safety

The supplier and any subcontractor are obligated to comply with applicable laws and regulations and provide the employees with a safe and healthy workplace.

Employers are required to ensure that workplaces are free from health hazards and risks to workers' safety- This includes eliminating or controlling dangers, providing appropriate protective equipment, and implementing preventive measures for accidents and illnesses, in line with ILO Convention 187. Likewise, employers must ensure the active participation of workers in the identification of hazards, risk assessments, and the development of health and safety programs.

Furthermore, employers are obliged to provide workers with training on safety procedures and practices.

Dormitory

When dormitory facilities are provided, these should meet all applicable laws and regulations related to health and safety, including fire safety and electrical and structural safety.

Annex II. Animal welfare policy

Kappahl Group works to ensure that we do not use any leather, animal hair, down or feathers, that come from animals that are mistreated, or under threat of extinction, at any point in our entire production chain. Our values regarding animal welfare are based on our collaboration with the Swedish Commerce and their animal welfare policy.

Leather and skin

Kappahl Group only sells leather from cattle, buffalo, sheep, goats and pigs and we only use leather that is residual product from meat production. We do not accept leather from Indian cows, calves or oxen.

Fur

Kappahl Group is listed on the Animal Rights Fur Free List, under the Fur Free Retailer Program, an international alliance in which companies guarantee that they do not sell garments or accessories made with animal fur. This does not include sheepskin or synthetic fur.

Animal hair and wool

Kappahl Group does not accept mulesing (the cutting away of hide skin from merino sheep to prevent fly attacks). Nor do we accept the clips that are used as an alternative to mulesing. We allow only wool sourced from farms that fulfill the Responsible Wool Standard (RWS) or certified recycled wool.

Kappahl Group does not sell products that contain angora wool or angora hair.

Kappahl Group allows only mohair sourced from farms that fulfil the Responsible Mohair Standard (RMS) and certified recycled cashmere.

Kappahl Group allows only alpaca sourced from farms that fulfill the Responsible Alpaca Standard (RAS).

Down and feathers

Kappahl Group does not accept down that is plucked from living birds in our products. We allow only down and feathers that are residual products from meat production. We allow only down and feathers sourced from farms that fulfill the Responsible Down Standard (RDS).

Animal testing

Kappahl Group does not permit products tested on animals, either during production or as finished products.

Products of animal origin

If a product contains material of animal origin, this will be stated on the care label.

Annex III: Kappahl Group's Ethical Guidelines

Code of conduct rules for employees of Kappahl Group.

OUR WAY OF WORKING

1. FOLLOW THE LAW

Kappahl Group's employees must comply with laws, regulations and ordinances in force in the countries in which the company operates. Kappahl Group sets a high value on the company's integrity. We are mindful of our reputation. We regard honesty and fair play as one of our most valuable assets. The Ethical Guidelines establish what is expected of us as employees of Kappahl Group and provides guidance on our working methods. They are to help us to recognise and react to situations that may involve ethical issues. These Guidelines are also to ensure that we all "do what is right" in our day-to-day work.

To maintain Kappahl Group's ethical code we must always:

- Act with integrity.
- Do business in an honest and honourable way.
- Take responsibility for our actions.

The Ethical Guidelines do not claim to be comprehensive. We can get into situations in which the Guidelines do not provide us with sufficient guidance. We all have a responsibility to always act in accordance with the Kappahl Group spirit. If we are uncertain about how to act in accordance with our Guidelines, we must seek advice and guidance from the line manager.

All employees of Kappahl Group have a personal responsibility to maintain and follow the Ethical Guidelines. Infringement of the Guidelines will not be tolerated and can lead to disciplinary measures or dismissal.

2. COMBAT BRIBERY AND CORRUPTION

Offering or accepting bribes is unlawful and can lead to prosecution.

2.1 Benefits

Kappahl Group's employees are strictly forbidden to request, accept, receive, offer or give, directly or indirectly:

any benefit that may influence, or may be thought to influence, the objectivity of the recipient in the performance of his or her duties.

This includes, but is not limited to, all forms of gift of money, "kickbacks", commission, loans, travel, discounts, gift vouchers, certificates of value, tickets for events, bonuses and services. It also includes gifts and entertainment other than described below (2.2, 2.3). Benefits given as a sign of appreciation after a transaction is completed are also included.

No distinction is made between the recipient as beneficiary, or a party related to the recipient (for example relatives or friends).

Any demand, offer or receipt of such a benefit must be refused and immediately reported to the line manager.

2.2 Gifts

It is allowed to accept occasional gifts of a certain kind, provided that a refusal may be seen as impolite:

- Minor advertising giveaways in connection with a company visit.
- Minor presents in connection with special occasions/celebrations, of no more than USD 15.
- Other non-monetary gifts of minor market value, such as flowers, ornaments.

The line manager must always be informed about receipt of a gift.

2.3 Meals and entertainment

Kappahl Group is not a company that entertains, but it is allowed to take care of visitors on home ground by buying lunch or dinner of a moderate nature. (See also 6.2)

It is allowed to accept occasional work-related meals and entertainment in accordance with normal business practice and cannot be perceived as in any way obligating. (See also 3)

In cases of uncertainty concerning the appropriateness of meals and entertainment, the employee must seek guidance from the line manager.

3. AVOID CONFLICTS OF INTEREST

Kappahl Group's employees must avoid situations in which their personal interests can encroach, or can be regarded as encroaching, on the company's interests. Consequently, Kappahl Group's employees must refrain from work-related meals and entertainment where the employee is the sole representative of Kappahl Group. The line manager must always be informed of any situation that can create, or be regarded as creating, a conflict of interests.

3.1 Employment/appointments and investment outside the company

Kappahl Group's employees are forbidden to take up employment/appointments (for example directorships), invest or otherwise involve themselves outside the company in any way that can encroach, or be regarded as encroaching, on their judgment on behalf of the company.

3.2 Personal relations

Kappahl Group's employees must inform their line manager of any relation other than business-related relations (for example relatives or friends) with a business partner of the company, or a person seeking to do business with the company.

4. SAFEGUARD COMPANY PROPERTY

Kappahl Group's employees must treat the company's property with responsibility and with care. Stealing or using the company's property for personal gain is strictly forbidden. Non-authorised removal of the company's equipment, products and/or working documents from the workplace will be regarded as theft and can lead to prosecution.

5. PROTECT COMPANY INFORMATION

Kappahl Group's employees are obliged to protect confidential and non-public information that the company has entrusted them with. Misuse or non-authorised distribution of such information is forbidden. Kappahl Group's employees are also obliged to protect confidential information entrusted to them by the company's business partners.

5.1 Insider information

Employees who are in possession of information about the company, which is not available to the public – material non-public information –, are strictly forbidden to use this information for personal gain, including trading in the company's shares. It is also forbidden to pass on such information to others. Insider trading is both unethical and illegal and can lead to prosecution.

5.2 Company accounting

Kappahl Group's employees must account for and document all the company's business and financial transactions correctly and fairly. False or misleading reports, unregistered transactions or secret accounts are strictly forbidden.

6. OTHER

6.1 Gambling and nightclubs

Kappahl Group's employees are forbidden to participate in any type of gambling or amusement at nightclubs with business partners of the company.

6.2 Alcohol and drugs

Kappahl Group's employees are strictly forbidden to be under the influence of alcohol or drugs when working.

In connection with entertainment, it is particularly important that the employee shows discernment and great moderation in alcohol consumption.

6.3 Political contributions

Kappahl Group's employees are forbidden to give financial contributions in the name of Kappahl Group to political parties or individual politicians.

6.4 Harassment and victimisation

Kappahl Group's employees must treat both external and internal contacts with respect regardless of gender, ethnicity, religion or other belief, disability or sexual orientation. This means that we do not tolerate any form of discrimination, victimisation or harassment of any kind, whether explicit, implicit or in the form of passively standing by.

7. COMPLIANCE WITH THE GUIDELINES

7.1 Seeking guidance and raising problems

Kappahl Group's employees must seek advice and guidance from the line manager if they are uncertain as to how they should act in accordance with applicable law or the Ethical Guidelines.

Employees who become aware of possible infringement of applicable law or the company's Guidelines, from Kappahl Group's employees or a party the company is involved in business with, must immediately report this to one of the following:

- The Line manager.
- The Human Resources Department.
- CFO
- The Whistleblower, https://report.whistleb.com/en/kappahl