

# Kappahl

## KAPPAHL GROUP ENVIRONMENTAL POLICY

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**DOCUMENT OWNER**

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# OUR POSITION

At Kappahl Group, we are committed to creating a responsible world of fashion. Our environmental policy<sup>i</sup> is designed to guide us in transitioning to a sustainable business model, ensuring respect for human rights, the environment, and good governance in all our business relationships throughout our value chain.

We aim to inspire and lead by example in the fashion industry. We strive to minimize the negative impact caused by producing each garment and ensure that each garment has a longer life. A sustainable business model for fashion can only be realized in collaboration with our customers to make each garment worn for longer. We embrace change and aim to be transparent about every part of our design and our journey to a sustainable and circular fashion experience. Better and more transparent data about the whole value chain means better and more informed decisions.

Kappahl Group applies the Precautionary Principle, works proactively and participates in industry collaborations to achieve long-term sustainable development.

# OUR COMMITMENT

Kappahl Group has a Sustainability Commitment<sup>ii</sup> with our business partners to meet local, national and international regulations and good practice to prevent, mitigate and remediate negative impacts on the environment. We are committed to being a fair partner and working 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.

Kappahl Group has committed to reduce our emissions in line with the Paris Agreement and the 1.5 C warming pathway. The Science Based Targets initiative (SBTi) has approved Kappahl AB near-term science-based emissions reduction target. Kappahl AB has also committed to set longterm emissions reduction targets with the SBTi in line with reaching net-zero by 2040.

# KEY AREAS OF IMPACT

We conduct a yearly update of our double materiality assessment to continuously identify and assess material impacts, risks and opportunities in response to changing business or external circumstances. The double materiality assessment integrates environmental, social and governance issues to also cross-reference social risks arising from our activities when relevant and guide us to secure a just transition.

The double materiality assessment is informed by stakeholder dialogue as well as global frameworks and legal requirements such as the EU Corporate Sustainability Reporting Directive (CSRD), the Global Reporting Initiative (GRI), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the EU Corporate Sustainability Due Diligence Directive (CSDDD), The Science Based Targets initiative (SBTi) and the Higg Brand and Retail Module (BRM). Kappahl Group has identified our environmental material issues to be climate change mitigation and adaptation; energy; pollution of air, water and soil; substances of concern; microplastics; water; biodiversity loss; resource use and waste.

## *CLIMATE CHANGE MITIGATION, ADAPTATION AND ENERGY*

The ongoing climate change is the biggest sustainability threat that we face today. Neither financial, social or environmental sustainability can be achieved if areas that are currently densely populated become uninhabitable by humans. We have developed a climate roadmap aiming to reduce our emissions in line with the Paris Agreement and the 1.5 C warming pathway. Fossil energy use is the main source of anthropogenic greenhouse gas emissions and switching to renewable energy use is key to achieve our climate goals.

Climate change adaptation is crucial for Kappahl Group as we are heavily dependent on natural resources and operate in areas that are severely affected by the climate change. We aim to minimize the risk for damage caused by climate change.

## *POLLUTION OF AIR, WATER AND SOIL*

Our environmental roadmap aims at preventing harm to people and planet due to emissions of harmful substances and microplastics. We strive for ensuring good chemicals management in our own operations and throughout our supply chain. Phasing out the use of hazardous chemicals in the production is the most efficient way to see to that they do neither pollute in the production countries nor occur in any end products. Our work with preventing harmful chemicals from occurrence in our products is equally important to reduce risks associated with fiber shedding.

## *BIODIVERSITY LOSS, RESOURCE USE AND WASTE*

Our environmental roadmap also aims at preventing harm to people and planet due to water scarcity, biodiversity loss and inadequate use of resources. We continuously develop our assortment and supply chain to select materials and produce at factories with less environmental impact to decouple economic growth from natural capital depletion.

# GOVERNANCE

The responsibility for people and planet is an integral part of all employees' daily work at Kappahl Group and all employees are expected to have the right knowledge and clear mandates to take sustainable and business focused decisions.

The Board of Directors is the highest governance body at Kappahl AB. Executive oversight and responsibility for the implementation of this policy rest with the Executive Management Team and the Sustainability Management Team at Kappahl Group. Strategies, policies and practices relating to sustainability are reviewed and updated on a yearly basis to support the sustainable growth of Kappahl Group's business. The Board of Directors oversees implementation of this policy at the board level.

# IMPLEMENTATION

Kappahl Group is a company with operations in different countries and different parts of the world. Several legal requirements and international standards apply to Kappahl Group's products and its operations in different parts of our value chain. Where there are differences between the provisions of this commitment and national laws, certification frameworks or other applicable standards, our operations shall adhere to the higher or more stringent requirements.

We conduct continuous environmental due diligence and engage with our key stakeholders in the countries where we operate. We strive to embed respect for the environment in all daily business and decision-making at Kappahl Group, and into all our policies and processes. We strive to create a business incentive for suppliers to respect our Sustainability Commitment which implements the environmental policy in our supply chain. Kappahl Group is certified for handling garments with organic cotton under the Global Organic Textile Standard (GOTS) standard and in addition garments with responsibly sourced animal fibers under the Responsible Down Standard (RDS) and Responsible Animal Fibers (RAF) standard. We report on our targets and progress on our website and in our annual Sustainability Report<sup>iii</sup>.

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<sup>i</sup> The environmental policy is one in a set of Kappahl Group sustainability policies: the Animal Welfare Policy, the Certifications Policy, the Inclusion and Diversity Policy, the Environmental Policy, the Fiber Policy and the Human Rights Policy.

<sup>ii</sup> <https://www.kappahl.com/globalassets/about-kappahl-group/documents/kappahl-group-sustainability-commitment.pdf?ref=027EB6D72C>

<sup>iii</sup> <https://www.kappahl.com/en-US/about-kappahl/sustainability/our-strategy/sustainability-report/>