



Annual Sustainability Report 2025

Kappahl Group

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About the Sustainability Report

Publication date: 2026-04-28

The Board of Directors and the President of Kappahl AB, corporate identity number 556661-2312, with its headquarters in Mölndal, Sweden, hereby submit the sustainability report for the period 1 January 2025 to 31 December 2025. The previous sustainability report was published on 23rd of April 2025.

The Board of Directors and the President of Kappahl AB is the highest governance body and responsible for the sustainability report. Kappahl AB has reported in accordance with the GRI Standards for the period January to December 2025.

The information presented in the sustainability report was reviewed by an independent sustainability consultant, but background data has not been audited by an external assurance provider.

The sustainability report fulfils the requirements for a statutory sustainability report in accordance with the Swedish Annual Accounts Act as well as the reporting requirements under the Norwegian Transparency Act. For the auditor's statement on the statutory sustainability report according to the Swedish Annual Accounts Act, please see [page 72](#).

The sustainability report covers Kappahl AB and all its subsidiaries, see [page 62](#) for ownership

structure. The annual sustainability reporting covers the same reporting period and the same group of entities as covered in its financial reporting. The contents are based on Kappahl Group's sustainability strategy, risk assessment and double materiality assessment.

The restatements of information in this report relate mainly to methodological changes in the climate reporting resulting in a recalculated base year (pages 33-34) and a few errors made in last year's report (page 41)

This report was developed by Kappahl Group ©. The report can also be found at our website. Layout and text edit by Malin Viola Wennberg.

Kappahl Group

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This is Kappahl Group

Founded in 1953 in Gothenburg, Sweden, the Kappahl Group is a leading fashion chain in the Nordics, with around 350 Kappahl and Newbie stores in Sweden, Norway, Finland, Poland and the UK, and online in more than 20 markets throughout Europe and Asia.

The Kappahl Group team consists of some 4,000 colleagues in eight countries, with different backgrounds, ages, skills and styles. Our common motivation is to create a responsible world of fashion and offer fashion to a wide variety of people and lifestyles.

In 2025 our sales were 5.1 (5.1) billion SEK and profit before tax was 368 (421) million SEK.

Kappahl Group is a consolidation of companies, directly or indirectly, 100% owned by Kappahl AB. Kappahl AB is ultimately owned by Mellby Gård AB, a family owned, long-term investor based in Malmö, Sweden.

The total capitalization was 4,217 million SEK, whereof total liabilities 1,604 million SEK and total equity 2,614 million SEK.

During 2025, some significant changes has been made to Kappahl Group's activities, value chain and other business relationships. One has been the activation of the former dormant company Kappahl Supply Chain AB, which has taken over purchasing and logistics activities from Kappahl Sverige AB. In addition, the Group initiated its first marketplace sales through Zalando, marking an entry into third-party platform retail.

The following section presents sales by country (physical stores and online) and production shares by country. Last year's values are shown in parentheses.

Sales Countries

Sweden

Net sales, million SEK: 2,620 (2,684)

Kappahl's presence: 151 (151) physical stores plus Shop Online

Newbie's presence: 6 (6) physical stores

Average number of full-time positions^{1,2}: 1,506 (1,506)

Norway

Net sales, million SEK: 1,550 (1,537)

Kappahl's presence: 93 (92) physical stores plus Shop Online

Newbie's presence: 9 (7) physical stores

Average number of full-time positions¹: 523 (576)

Finland

Net sales, million SEK:452 (488)

Kappahl's presence: 44 (43) physical stores plus Shop Online

Newbie's presence: 1 (1) physical stores

Average number of full-time positions¹: 191 (203)

Poland

Net sales, million SEK: 369 (369)

Kappahl's presence: 22 (24) physical stores plus Shop Online

Newbie's presence: 9 (9) physical stores

Average number of full-time positions¹: 188 (172)

United Kingdom

Net sales, million SEK: 84 (58)

Newbie's presence: 11 (7) physical stores plus newbiestore.com

Average number of full-time positions¹: 11 (11)

Online Sales Countries

Austria, Belgium, China, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Greece, Hungary, Ireland, Japan, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Slovenia, Switzerland

Net sales, SEK million: 15.3 (12.1)

Production Countries

Bangladesh

Share of production³:40 (42) %

Number of employees⁴:48 (52)

China

Share of production³: 29 (30) %

Number of employees⁴: 43 (42)

India

Share of production³: 8 (8) %

Number of employees⁴: 16 (16)

Turkey

Share of production³: 8 (9) %

Cambodia

Share of production³: 6 (6) %

Sri Lanka

Share of production³: 2 (2) %

Pakistan

Share of production³: 2 (2) %

Italy

Share of production³: 2 (2) %

Bulgaria

Share of production³: 2 (2) %

Romania

Share of production³: <1 (<1) %

Poland, Estonia, Ukraine, Sweden, Germany

Share of production³: <1 (<1) %

1) Total services expressed as full-time positions. 2) Includes store staff and all employees at Kappahl Group's head office and distribution center in Mölndal, Sweden. 3) Based on order value; excludes production at agents and importers. 4) Refers to Kappahl Group employees at production offices.

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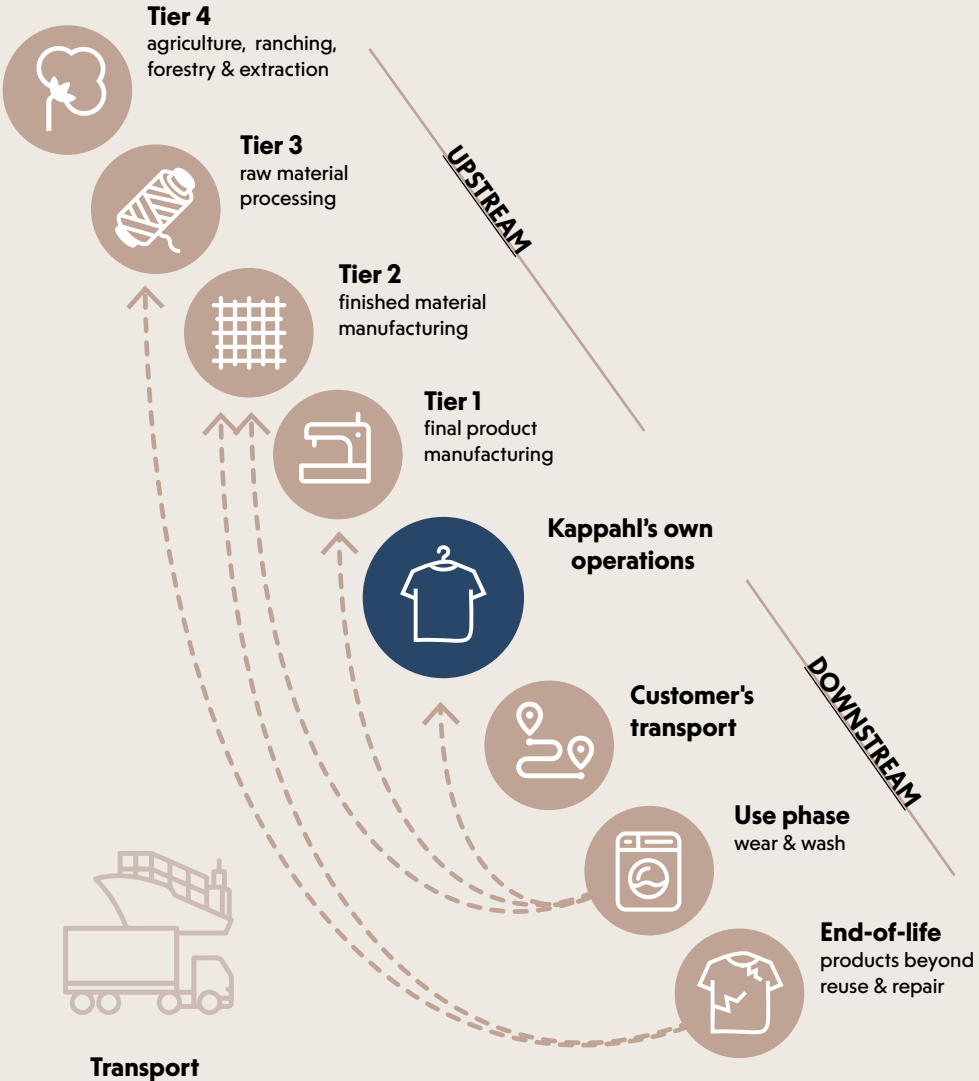
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Our Value Chain

Kappahl Group's value chain spans from the sourcing of raw materials to the use and end-of-life of our products. By understanding and managing each stage of the value chain, we work to reduce negative impacts, increase transparency, and drive improvements that support responsible production, long product life, and circularity.

Kappahl's own operations, including logistics, stores, and offices.

Upstream activities

Upstream activities cover all stages prior to Kappahl's own operations and mainly relate to the production of garments and materials. These stages often represent the largest share of environmental and social impacts and involve multiple supplier tiers:

- Tier 1 – Final product manufacturing, including garment assembly and finishing.
- Tier 2 – Finished material manufacturing, such as fabric production, dyeing, and other processing.
- Tier 3 – Raw material processing, including yarn manufacturing.
- Tier 4 – Raw material sourcing, such as agriculture, forestry, and extraction.

Downstream activities

Downstream activities take place after production and relate to how products are distributed, used, and managed at the end of their life:

- Customers' transport.
- Use phase, covering garment care such as washing and drying.
- End-of-life, including reuse, recycling, and disposal.

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Year in Summary

34.5

million products sold

Selected events

- Kappahl Group launched second-hand service online in Sweden with reCRQL
- Newbie brand increased the number of stores in UK from 7 to 11
- Marketplace sales through Zalando, marking an entry into third-party platform retail

310

Kappahl stores in 4 markets
Shop Online in 5 markets

Share of sales per brand in 2025

83% Kappahl
17% Newbie

Share of sales in 2025

Woman 46%,
Kids 48%, Men 6%

36

Newbie stores in 5 markets
Shop Online in 27 markets

3,985

Employees in 8 countries

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Our CEO in Conversation

In 2025, our purpose has been more relevant than ever. We exist to create a responsible world of fashion has served as a steady guide in a year shaped by both progress and uncertainty. "Our purpose helps us stay anchored when the world moves quickly," says Elisabeth Peregi, President and CEO. "It is not just a statement. It defines how we grow, how we design and how we take responsibility for the entire life cycle of our garments."

For Sandra Roos, VP Sustainability, this year made it clear how the company's long-term strategy is based on circularity and transparency. "These two areas describe very well how we contribute to sustainable development. Circularity drives us to design garments with a long life and to reduce overproduction. Transparency helps us explain how we work and what customers can expect from us."

Circular Design & Customer Demand

The circular business continued to expand during the year. Interest in our second hand offer grew for both Kappahl and Newbie, and customers appreciated how easy it has become to recirculate and buy pre-loved garments. "Customers want solutions that allow them to shop responsibly without extra effort," Elisabeth says.


Our decision not to produce ripped or pre-damaged denim also received positive attention. The rationale was simple: we cannot create new garments and destroy them at the same time. "If we want garments to stay in use for a long time, we must design them accordingly," Sandra says. "This is a clear example of how design and responsibility belong together."

Newbie's strong development in the UK confirms the same trend. The brand's timeless style and sustainability focus resonate well with new customers. "It is inspiring to see an international audience embrace a brand that puts long life and thoughtful choices at the center," Elisabeth says.

Policy Development & Industry Leadership

2025 was also a year shaped by the implementation of new European textile policies. Extended producer responsibility, digital product passports and requirements for traceability moved closer to becoming part of everyday business. Kappahl Group contributed actively during this process. "We see it as our responsibility to support authorities, researchers and industry colleagues during this transition," Sandra explains. "We have shared our insights at the Swedish yearly political summit Almedalen and in several public consultations. Our ambition has been to support legislation that truly reduces impact and is workable for companies of our size."

The company also contributed through industry forums. Elisabeth continued her involvement through the board of Svensk Handel, where she brought forward practical perspectives on how mid-sized fashion companies can meet new requirements without compromising long-term responsibility.



"We want to be part of building future systems, not wait and react later"

Importantly, Kappahl Group's policy engagement extended beyond Sweden. In Norway, the company was one of the founders of the interim producer responsibility organisation TekstilPRO AS. "We want to be part of building future systems, not wait and react later," Elisabeth says.

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Elisabeth Peregi, President and CEO

Staying Committed in a Changing World

Geopolitical uncertainty continued to influence supply chains throughout the year. "Our commitment is long-term and we value our longterm relationships with our partners. We stay true to our promises and targets also when the world becomes turbulent." Elisabeth says.

The company's work in human rights was also recognised during the year. In Fair Action's review of gender-based violence and harassment in production, Kappahl Group was recognized as the only company to take additional steps and involve unions. "It shows that our due diligence approach is having real impact, while reminding us that we must keep strengthening this work," Sandra says.



Sandra Roos, VP Sustainability

Clear Sustainability Communication to Customers

To help customers understand what responsible fashion means in practice, Kappahl Group introduced four simple highlights that describe the core of our sustainability work.

- (1) We offer second hand.
- (2) Our garments are made in certified materials.
- (3) Products are designed to last and be cared for.
- (4) We provide traceability down to fiber level on denim on our website.

"These highlights make sustainability concrete. They give customers the information they need without overwhelming them," Sandra says.

Looking Ahead

Looking ahead, Kappahl Group will continue strengthening the areas that define our long-term sustainability strategy. In the coming year, and over the next three to five years, we will focus on scaling our circular services, including second hand concepts and customer-to-customer circulation, so that more garments stay in use for longer. We will also deepen our traceability work and prepare for the introduction of digital product passports, which will demand reliable data and close collaboration across the value chain.

At the same time, we will continue our strong due diligence efforts and our work to secure fair conditions in production, while maintaining resilient and responsible sourcing in a geopolitical environment that remains unpredictable. Another important step will be the development of our infrastructure, with the new automated global distribution center opening in 2026, which will support both efficiency and sustainability across our operations.

"Sustainability is not a separate track in our strategy. It is the way we build the future of Kappahl Group," Elisabeth concludes. "In 2025, we showed again that responsible fashion is possible. We design for longevity, we grow through circularity and we build trust through transparency. This is how we create value for customers, society and the planet."

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Key Achievements

30%

reduction of climate emissions since
baseline year 2022

4.5 kg

The average climate emission per sold
product in 2025 was 4.5 kg CO₂e

**GOTS Scope certification
of Kappahl Group**

70%

70% of our suppliers are mapping our
main fabric/main fiber down to raw
material level in the TrusTrace tool

99%

of our products main material is made
with less environmental impact*

102%

**Increase of net sales
from circular business
offers**

84%

Factories representing 84% of our business
volume report social sustainability data via the
Higg Facility Social and Labor Module (FSLM)

94%

Factories representing 94% of our business
volume report environmental sustainability
data via the Higg Facility Environmental
Module (FEM)

At our website you can find more
information about the materials that
meet the criteria "made with less
environmental impact":

kappahl.com/labels

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1953

Affordable fashion in all sizes

1970

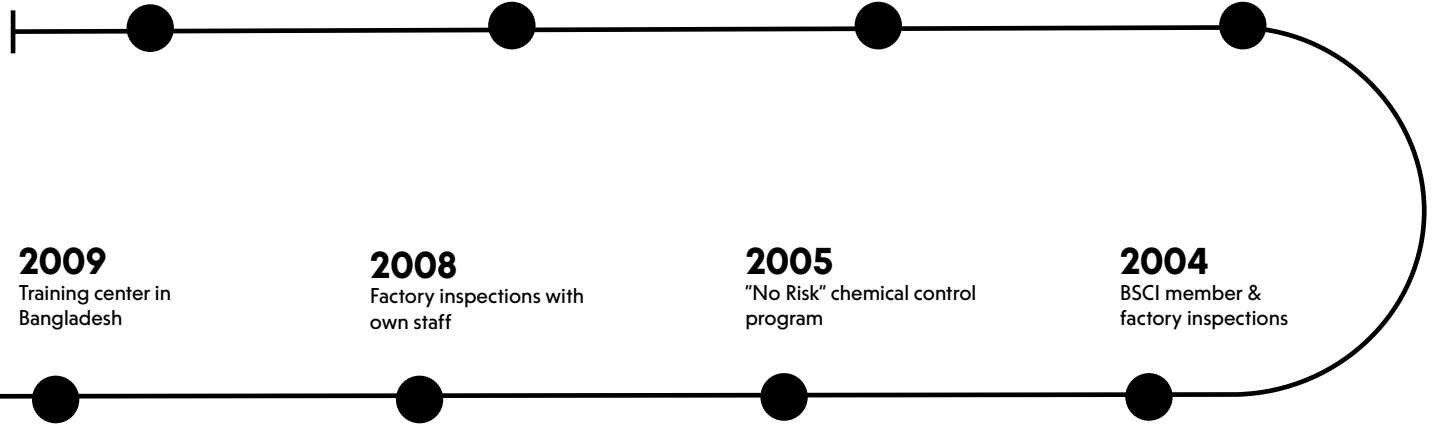
Collection for inclusive sizing

1993

First eco-labeling of products

1997

XLNT permanent & CoC in supply chain



2009

Training center in Bangladesh

2008

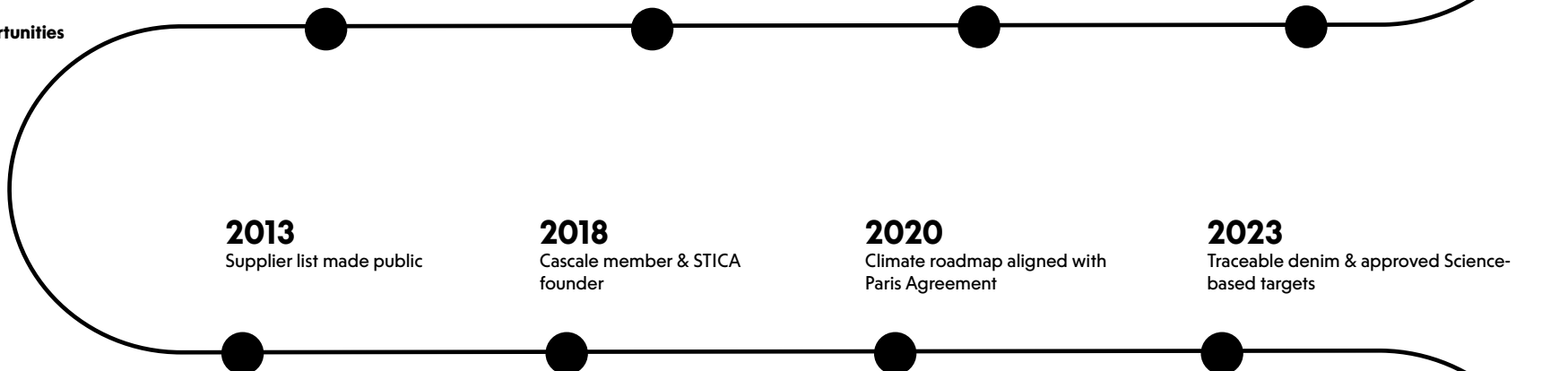
Factory inspections with own staff

2005

"No Risk" chemical control program

2004

BSCI member & factory inspections



2013

Supplier list made public

2018

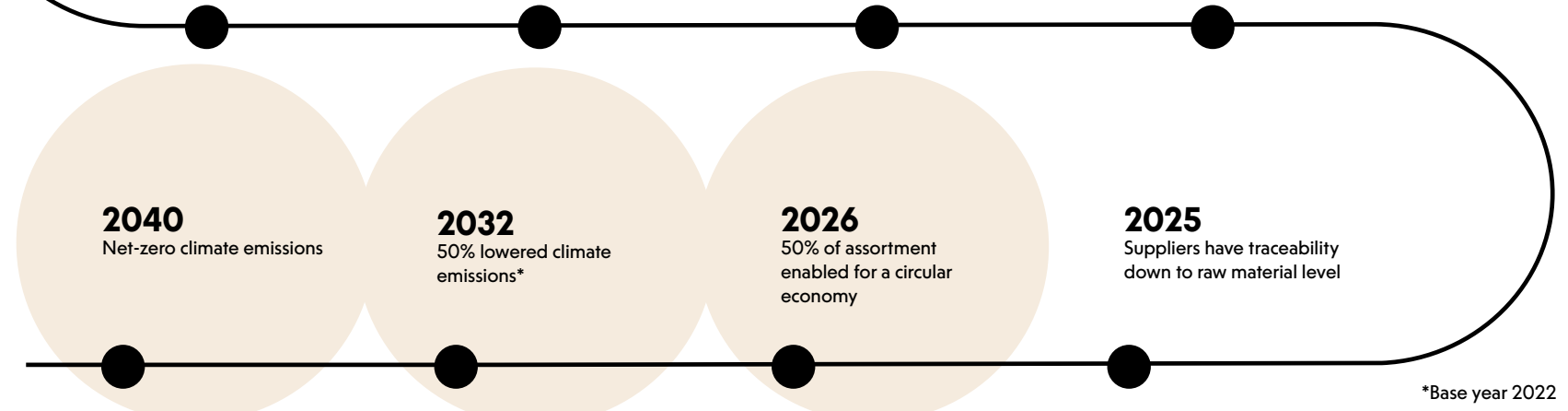
Cascale member & STICA founder

2020

Climate roadmap aligned with Paris Agreement

2023

Traceable denim & approved Science-based targets



2040

Net-zero climate emissions

2032

50% lowered climate emissions*

2026

50% of assortment enabled for a circular economy

2025

Suppliers have traceability down to raw material level



*Base year 2022



Insight (1)

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Responsible Purchasing Practices

Responsible Purchasing Practices (RPP) are a key enabler for Kappahl Group's commitment to respect human rights and promote decent working conditions in the supply chain. As a fashion retailer, our purchasing decisions influence suppliers' ability to plan production and be cost-efficient while safeguarding payment of fair wages and safe workplaces. Good predictable purchasing practices also enable suppliers to make long-term sustainability investments that contribute to improved environmental performance and strengthened social compliance. By integrating RPP into how we plan, place, and manage orders and payments, Kappahl Group seeks to contribute to stable supplier relationships and reduced social and environmental risks.

Kappahl Group's approach to responsible purchasing is guided by the [Ethical Trading Initiative's \(ETI\)](#) framework for Responsible Purchasing Practices and its five principles. Building internal competence and buy-in is an essential part of our journey. We have introduced a strategic KPI tracking the share of relevant employees who complete annual training on RPP in this stage of awareness raising. In 2025, targeted training for top management was conducted, focusing on the ETI framework and the role of purchasing decisions in preventing adverse social impacts in the supply chain. During 2025, workshops on Responsible Purchasing Practices and the ETI principles were also conducted with employees at Kappahl Group's production offices. In 2026, a dedicated workshop with the buying department is planned to further strengthen alignment between purchasing behaviour and responsible production outcomes.

"Kappahl Group recognises that purchasing practices such as lead times, order stability, and forecasting accuracy can affect suppliers'

ability to comply with labour standards and sustainability requirements", says Sarah Dahlin, Global Production Manager. "Increasing internal awareness of these linkages is important to reduce the risk that commercial decisions contribute to excessive overtime, wage pressure, or unstable employment."

Kappahl Group works also to engage suppliers on Responsible Purchasing Practices. In 2025, Kappahl Group conducted a Responsible Purchasing Practices survey with our suppliers to better understand how its purchasing behaviour is experienced in practice. The survey covered topics such as planning, communication, and collaboration.

"The results were shared transparently with participating suppliers. Supplier feedback provides insight into strengths and areas for improvement and forms an important part of Kappahl Group's continuous improvement approach and long term partnerships. 88% of respondents stated that our financial practices are always fair, and 81% reported that our communication is always good.", says Sarah Dahlin.

Next steps include implementing the Responsible Disengagement Policy that was developed and piloted during 2025. The policy provides guidance for situations where exiting a supplier relationship is considered and outlines principles such as early dialogue, reasonable timelines, and consideration of potential impacts on workers. Together, these measures support continued work with integration of RPP into purchasing decisions and human rights due diligence.



Sarah Dahlin
Global Production Manager
Kappahl Group

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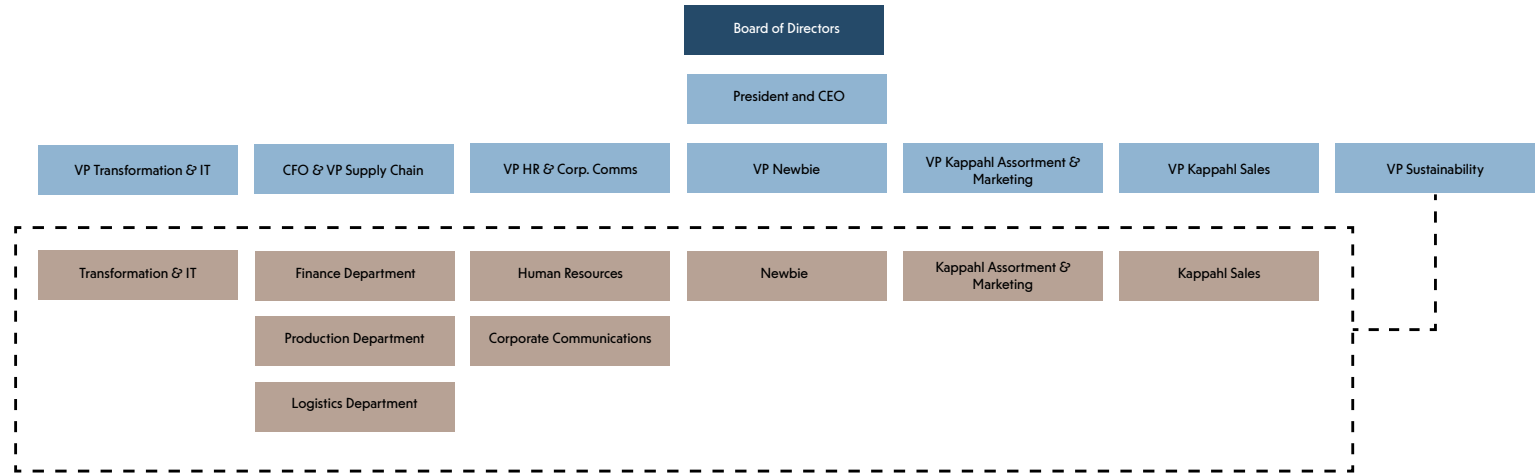
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Governance Structure



Board of Directors

The Kappahl Board of Directors is the highest governance body at Kappahl AB and responsible for appointing the President and CEO. All members of the Board, including the chair, are external to Kappahl AB, except for the employee representatives. For the composition of the Board, please see kappahl.com/board.

The Board of Directors is appointed by Kappahl AB's owner Mellby Gård AB, for full Ownership Structure please see [page 62](#). Mellby Gård performs a yearly evaluation of the performance of the Board of Directors, including relevant competences and how conflicts of interest are prevented and mitigated. The evaluation is performed by a third party every second years, last occasion in 2024. Mellby Gård has chosen not to share information publicly of its processes.



Executive Management Team

The Kappahl Group Executive Management Team is led by the President and CEO who has the ultimate responsibility for Kappahl Group's sustainability work and oversees the management of the organization's impacts on the economy, environment, and people. The Executive Management Team is responsible for developing, approving, and updating Kappahl Group's purpose, values, strategies, policies, and goals related to sustainable development.

The remuneration policy for the Kappahl's Executive Management Team is developed by the owner Mellby Gård and includes fixed pay, financial and environmental performance-based bonus plus retirement benefits. As of 2025, the remuneration for the Kappahl Group Executive Management Team is linked to the achievement of the company's climate strategy and the execution of its established climate transition plan.

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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.

Vice Presidents

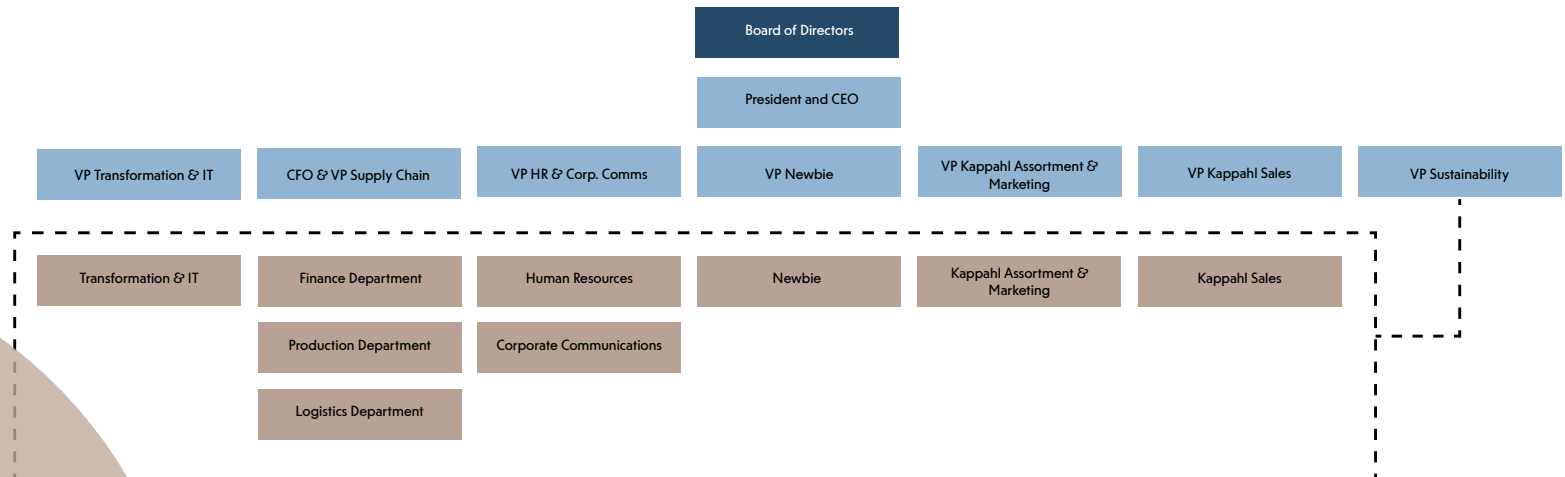
The Vice Presidents are responsible for implementing the sustainability commitments in their respective departments and report back to Kappahl AB's Board of Directors on quarterly basis on critical concerns, the due diligence and other processes to identify and manage Kappahl Group's impacts on the economy, environment, and people. The Board of Directors challenges the President and the Executive Management Team to advance the sustainable development of Kappahl Group. To progress, Kappahl Group works with internal education as well as strategic recruitment. The growing knowledge, skills, and experience shared with the Board is one contribution to developing the competence within the area of sustainability. The Board has no operative role in any of Kappahl

Group's activities, including sustainability-related activities, but reviews the overall progress of the sustainability strategy at least once a year when reviewing and approving the reported information in the sustainability report. Any critical concerns are reported continuously and/or in the sustainability report. For the total number and the nature of critical concerns, see [page 32-58](#)

Vice President Sustainability

The Vice President Sustainability is part of the Kappahl Executive Management Team and reports to the President and CEO. The Vice President Sustainability leads the Sustainability Management Team, which is a matrix team with representatives from the departments Supply Chain, Kappahl Sales, Human Resources and Corporate Communication, Kappahl Assortment & Marketing and Newbie.

The Sustainability Management Team develops together with the Executive Management Team the strategies, policies, and goals related to sustainable development, and lead and develop the work within the sustainability area, including the stakeholder dialogues.



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Sustainability Strategy

Our sustainability strategy aims to facilitate Kappahl Group's sustainability transition and create a responsible world of fashion. All the functions in the Kappahl Group: Kappahl, Newbie and the Core functions, share the same sustainability strategy.

At Kappahl Group we work in three strategic areas in order to reduce our salient sustainability risks, contribute to creating a responsible world of fashion and drive the transformation to a sustainable business model.



1. Climate & Environment

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. Our climate roadmap aims to reduce our emissions in line with the Paris Agreement and the 1.5 C warming pathway

The environmental roadmap is preventing harm to people and planet due to water scarcity, emissions of toxic chemicals and other environmental risks.

These three areas are: 1. Climate & Environment, 2. Social Sustainability and 3. Transparency & Engagement.

Kappahl Group's sustainability strategy is based on guidelines and principles from international bodies such as the United Nations, Ethical Trading Initiative, OECD, and the Science Based Targets initiative. It is updated on a yearly basis with input from the insights we get from our value chain and our stakeholder dialogue. Kappahl Group applies the Precautionary



2. Social Sustainability

We recognize our responsibility to protect human rights and our ability to contribute to a responsible world of fashion. The social sustainability roadmap covers our entire value chain. We are committed to being a responsible employer and provide good working conditions and fair wages to our employees. We wish to be a diverse and inclusive workplace, where all employees are treated with integrity and respect.

Throughout our supply chain, we strive for safe, healthy, and fair working conditions and that people are treated with dignity and respect. We respect the rights of the people who wear and use our products.

Principle, works proactively and participates in industry collaborations to achieve long-term sustainable development.



3. Transparency & Engagement

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.

We are committed to working with transparent, responsible, and sustainable partners. Better and more transparent data about the whole value chain means better and more informed decisions. We use our platform to promote human rights issues such as equality, diversity and inclusivity.

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50.4%

reduction in absolute climate
emissions by 2032

1. Climate & Environment

By 2030 Kappahl has:

- lowered our climate impact in line with the Paris Agreement by design for sustainable wardrobes, lower climate impact from both production and logistics, a new source of income from circular offers, and a more sustainable customer interaction
- measurable lowered our environmental impact on biodiversity, water, chemicals and land
- lowered the risk related to climate and environment

2. Social Sustainability

By 2030 Kappahl has:

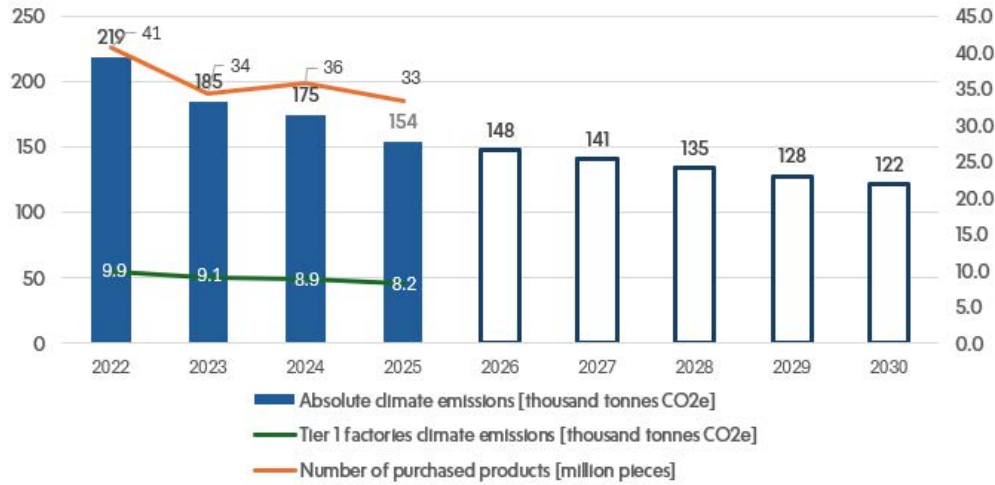
- a social roadmap that follows a risk-based approach with measurable improvements for workers in the value chain by fair partnership and increased leverage with our partners
- a diverse workforce with work that benefits life
- identified and measurable decreased fair wage gaps

3. Transparency & Engagement

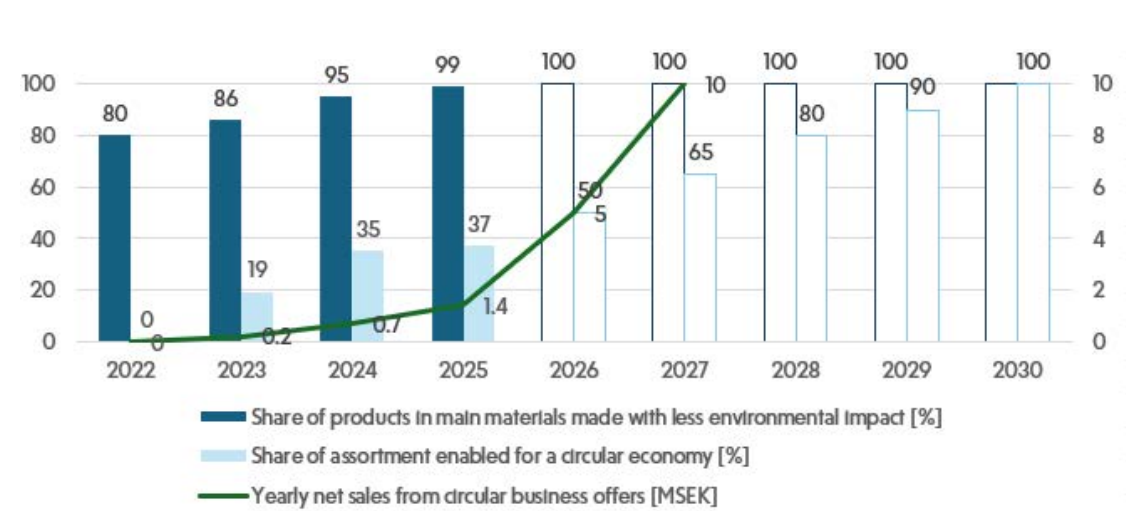
By 2030 Kappahl has:

- risk-based value chain transparency both upstream and downstream
- trustworthy and efficient sustainability communication
- efficient anti-corruption processes

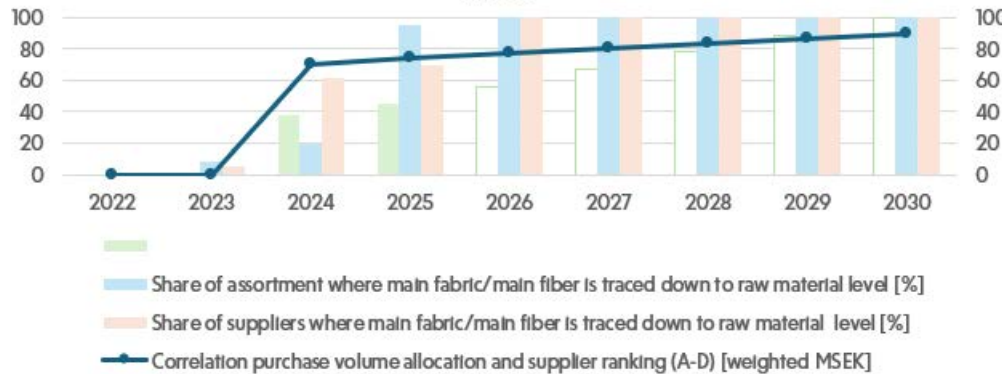
Climate KPIs 2022-2025 and plan until 2030



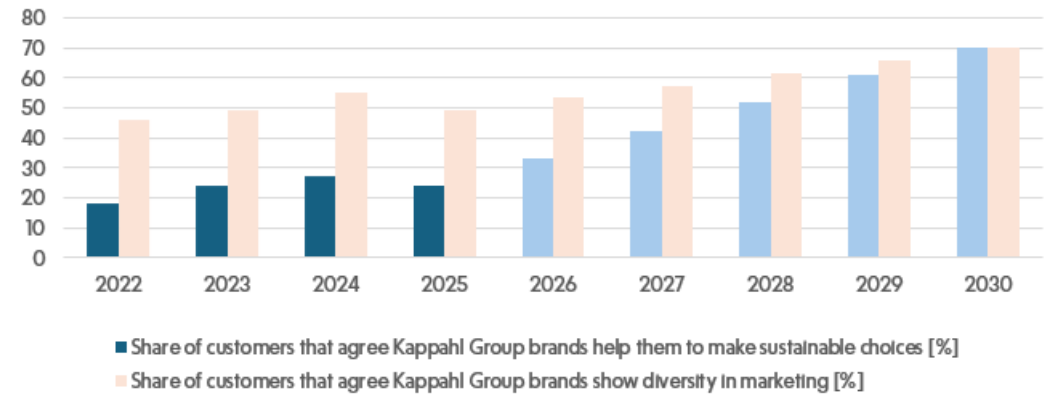
Material and Circularity KPIs 2022-2025 and plan until 2030



Social Sustainability KPIs 2022-2025 and plan until 2030



Engagement KPIs 2022-2025 and plan until 2030



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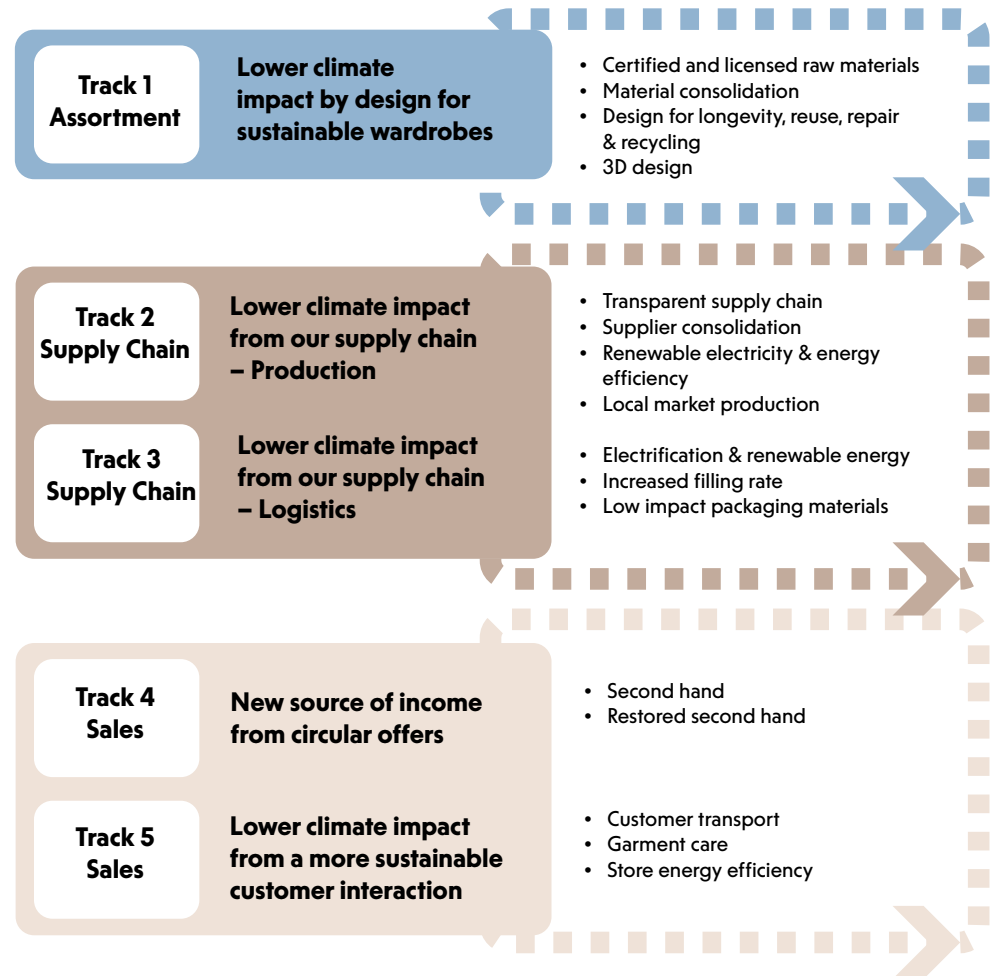
Climate Transition Plan

At Kappahl Group, we exist to create a responsible world of fashion. Our climate goal is absolute which means it has not been set relative to growth, giving us as a company a 'climate budget' that we must keep within. During 2021, our climate transition plan was developed to be commercially viable and therefore anchored within our ambitious growth plan. It is also aligned with what is required by scientific consensus to stay within the 1.5 degree warming pathway in the Paris Agreement.

Our roadmap is built on five tracks, each governed by one of the Vice Presidents of the functions Assortment, Supply Chain and Sales. Some goals require cross-track collaboration, while others are specific to one area.

Decarbonization of our supply chain is key to achieve Kappahl Group's net-zero target. We are moving in the right direction, but still have a lot to do to reach our climate goals. Besides making reductions in reality, we need to increase our ability to measure our progress, wherefore the traceability goals are closely linked, see [page 60](#).

Kappahl Group's climate action roadmap focuses on reducing climate emissions in our own value chain until 2030. By 2030, we will develop activities to remove carbon from the atmosphere and store it permanently within or outside the value chain.



2022
Base Year

2032
50% Reduction

2040
Climate Neutral

Insight (2)

Life Long Responsibility for Each Garment p. 20



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Life Long Responsibility for Each Garment

In 2025, the vision of a circular textile economy became clearer than ever. Throughout the year, we saw growing customer engagement with circular solutions, including strong interest in buying pre-loved Kappahl and Newbie garments directly from us. During the year, we reached our target of SEK 1.4 million in net sales from circular offers, bringing total accumulated circular sales to over SEK 2 million.

By the end of 2025, our second-hand offering had been rolled out to approximately 100 stores across four markets – an important milestone that we are very proud of. We also simplified garment drop-off for customers in Sweden who do not live near a store, enabling them to send in used garments via a transport service.

In September, the EU set a legal timeline requiring all Member States to introduce textile Extended Producer Responsibility (EPR) schemes by 17 April 2028. Kappahl Group actively contributed to the policy dialogue on how EPR can be implemented in Sweden, while in Norway we were among the founders of the interim producer responsibility organisation TekstilPRO AS.

A key focus in 2025 was exploring new ways to extend garment lifetimes through remanufacturing. As part of the project Systemdemonstratorer, led by Science Park Borås, Kappahl Group piloted methods for reconditioning garments to their original condition. Remanufacturing techniques such as enzyme washing to remove pilling, redyeing, and

washing or bleaching to remove stains address some of the most common reasons garments are discarded. The project also included a lifecycle assessment showing that reconditioned garments can have an environmental impact 10 to 100 times lower than newly produced items, underlining the significant potential of this approach.

We continue to view end-of-life solutions as complementary rather than competing processes. Garments should first be reused one or several times, then recycled when reuse is no longer possible. Eventually, some textile fractions can no longer return to the textile cycle.

In 2025, Kappahl Group investigated an open-loop recycling solution in which textile waste is used as a reduction agent in steel production. Together with Höganäs, RISE, Borås Energi och Miljö and the University of Borås, we explored how low-value textile waste can replace fossil coal, offering a promising opportunity to significantly reduce climate emissions.

By taking responsibility for our garments throughout their entire life cycle, from design to end-of-life, we are moving closer to a system where textiles are valued as long-lasting resources rather than disposable products.



Viktoria Arndt
Sales & Business Development Manager
Kappahl Sales

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Management Approach

Kappahl Group's management approach to its material impacts, risks & opportunities is informed by the GRI standards, the Norwegian Transparency Act, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles as well as the EU Corporate Sustainability Due Diligence Directive (CSDDD). Although these documents differ in phrasing and scope, the content can be summarized as:

1. Embed responsible business conduct into the enterprise's policies
2. Identify and assess actual and potential adverse impacts
3. Implement suitable measures to cease, prevent or mitigate adverse impacts
4. Track the implementation and results of measures
5. Communicate publicly
6. Provide for or co-operate in remediation and compensation where this is required

The table below provides a guide to the disclosures required under the Norwegian Transparency Act. At Kappahl Group, our President and CEO has the ultimate responsibility for Kappahl Group's sustainability performance. The Vice President Sustainability is responsible for leading, developing and reporting the sustainability work, including stakeholder dialogue and risk assessment and for developing strategies, policies, and goals. Kappahl Group carries out due diligence in accordance with the OECD Guidelines for Multinational Enterprises.

The risk assessment is carried out on a yearly basis by an internal expert team, and takes into account risks from a sector, product, business model, country, and sourcing model perspective. We have integrated sustainability in our business strategy and work with transparent and responsible suppliers. We ensure respect

for the human rights of the people whose work contributes to our business; respect for the environment; and good governance in all our business relationships and throughout our value chain via our Sustainability Commitment (previously code of conduct). A transparent supply chain is the common denominator for managing our impacts and risks related to sustainability.

Disclosures for the Norwegian Transparency Act	Page
Our company structure, products and area of operations	2-4, 62
Guidelines and procedure for the due diligence process	22-24
Embedding responsible business conduct into policies and commitments	23
Grievance mechanism and whistle-blower services	60
Stakeholder dialogue	25-26
Industry collaboration	55
Actual adverse impacts identified through our due diligence	45, 49, 52
Significant risks of adverse impacts identified through our due diligence	30, 37, 52, 54
Implemented and planned measures to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results thereof.	45, 48-49, 51-55
Processes to remediate negative impacts	51-55

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Materiality & Stakeholders

Embedding Responsible Business Conduct Into Policies & Commitments

Kappahl Group's purpose is to create a responsible world of fashion and our business idea is to develop sustainable, profitable and strong brands in an efficient way. Our sustainability strategy is integrated in our strategic plan for 2024-2030. Our strategic plan aims to create a sustainable and profitable Kappahl Group, growing with strong brands and is based on four objectives:

- An efficient and scalable core;
- Kappahl - the preferred fashion brand;
- Newbie – a global brand; and
- A family of brands

For each of the four objectives, strategic initiatives implement business- as well as sustainability-focused targets.

At Kappahl, our President and CEO has the ultimate responsibility for Kappahl's sustainability performance. The Vice President Sustainability is responsible for leading, developing and reporting the sustainability work, including stakeholder dialogues, risk assessments and for developing strategies, policies, and goals ([more info on page 14](#)).

Our Human Rights Policy is approved by the Kappahl Board of Directors and stipulates the use of due diligence, the precautionary principle and respect for human rights for employees, customers and people in our value chain. The Human Right Policy covers modern slavery as defined in the UK Modern Slavery Act 2015. On our Newbie site for the UK, we have published our Modern Slavery Statement.

We implement our human rights commitment through our Ethical Guidelines for our employees and through our Sustainability Commitment and we engage with our business partners to address, prevent and remediate adverse impacts. Kappahl's policy follows the International Bill on Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights) as well as the International Labor Organization's declaration on fundamental principles and rights at work. Our policy is also informed by the Ethical Trading Initiative's base code, which applies to Kappahl as a member of the organization.

Kappahl has several additional policies and commitments in the area of sustainability: Inclusion & Diversity; Working Environment; Equity; Whistleblowing; Climate; Environment; Chemical Management and Animal Welfare. All policies and commitments are embedded in our strategies, steering documents and routines. We prioritize and address salient risks first. Kappahl's Sustainability Commitment is a contractual assurance with all business partners to implement our policies for animal welfare and business ethics as well as human rights and environmental due diligence throughout our value chain. Read our Sustainability Commitment and our Human Rights Policy in full at kappahl.com/social.

Due Diligence

The Kappahl Group is committed to respect human rights and the environment in our whole value chain through proactive due diligence aligned with the UN Guiding Principles on Business and Human Rights. We work in accordance with the Norwegian Transparency Act and the OECD Guidelines for Multinational Enterprises. We welcome legislation in the area such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) which we envisage can provide a level playing field for companies placing products on the European market.

Due diligence is a process under constant development in Kappahl Group. To be able to identify, prevent, mitigate, remediate and account for adverse impacts in our value chain we need to take actions at several levels. Currently we work closely with our tier 1 suppliers that share our values and can support our aim to create a responsible world of fashion. When entering a partnership with a tier 1 supplier our Sustainability Commitment is signed and we have own staff annually visiting and reviewing these suppliers. If adverse impact regarding human rights or the environment is discovered, measures will be taken and openly reported in the next sustainability report.

Kappahl Group views traceability as a core part in our sustainability work. In 2025, almost all our tier 1 suppliers, have mapped their supply chains from garment to fiber in the TrusTrace traceability tool. In 2025, all purchase orders will have the main material traced down to fiber level.

(cont. Due Diligence) In 2019, we joined the Transparency Pledge, which presents three

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benefits with a transparent supply chain. First of all, a transparent supply chain enables workers' rights in the different tiers as it makes brands accountable for their supply chain. Secondly, transparency and traceability are crucial for decision-making at Kappahl Group. When we have visibility in our supply chain we create opportunities to take sustainable decisions and navigate within an industry with huge challenges. Thirdly, by implementing traceability and communicating our due diligence process we create opportunities for our consumers to take sustainability-driven decisions. We want our customers to feel confident that the Kappahl and Newbie brands do what we promise regarding sustainability and due diligence in our value chain, both regarding human rights and the environment.

We are today working with both human rights and environmental due diligence but we have a lot left to do. We are constantly developing our policies and risk management systems regarding due diligence to respect human rights and the environment, to meet and exceed the expectations placed on us. Increased value chain traceability will make it possible to prevent, mitigate and take actions regarding adverse impacts in our entire value chain, and enable us to track and fulfill our sustainability goals as well as legislation.

Double Materiality Assessment

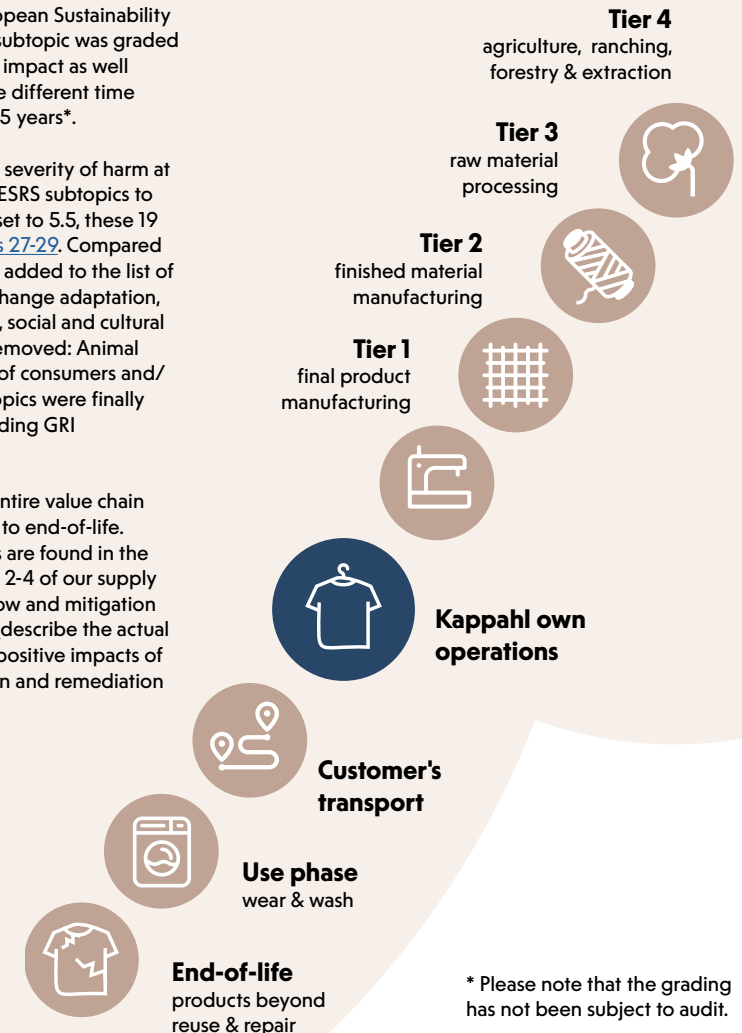
Kappahl Group's ambition has since our first sustainability report in 2008 been to provide a full and honest picture of our material sustainability-related impacts, risks and opportunities. Our double materiality assessment (DMA) is performed in the context of the GRI standard 2021, but inspired by the Corporate Sustainability Reporting Directive (CSRD) and the Task Force on Climate-related Financial Disclosures (TCFD). The focus is on negative impacts and risks but also describing positive impacts and opportunities. The DMA is updated

on a yearly basis by representatives from sustainability expert functions as well as the executive management team at Kappahl Group.

The identification and assessment of impacts, risks and opportunities was made through summarizing findings from our stakeholder dialogue ([see page 26](#)) together with factual input from a number of guiding documents and tools from GRI, Cascale, OECD, UN, WEF, WWF and Canopy. Each European Sustainability Reporting Standards (ESRS) subtopic was graded on a scale from 1-5 based on impact as well as financial risks and for three different time horizons: <1 year, 1-5 years, >5 years*.

Prioritization is based on the severity of harm at first hand. The threshold for ESRS subtopics to be considered material was set to 5.5, these 19 subtopics are listed on [pages 27-29](#). Compared to 2024, two subtopics were added to the list of material subtopics: Climate change adaptation, and Communities' economic, social and cultural rights. Two subtopics were removed: Animal welfare, and Personal safety of consumers and/or end-users. The ESRS subtopics were finally matched with the corresponding GRI disclosures.

The DMA scope covers our entire value chain from raw material extraction to end-of-life. Our largest impacts and risks are found in the logistics operations and tiers 2-4 of our supply chain where our visibility is low and mitigation actions limited. [Pages 32-62](#) describe the actual and potential, negative and positive impacts of each material topic mitigation and remediation actions.



* Please note that the grading has not been subject to audit.

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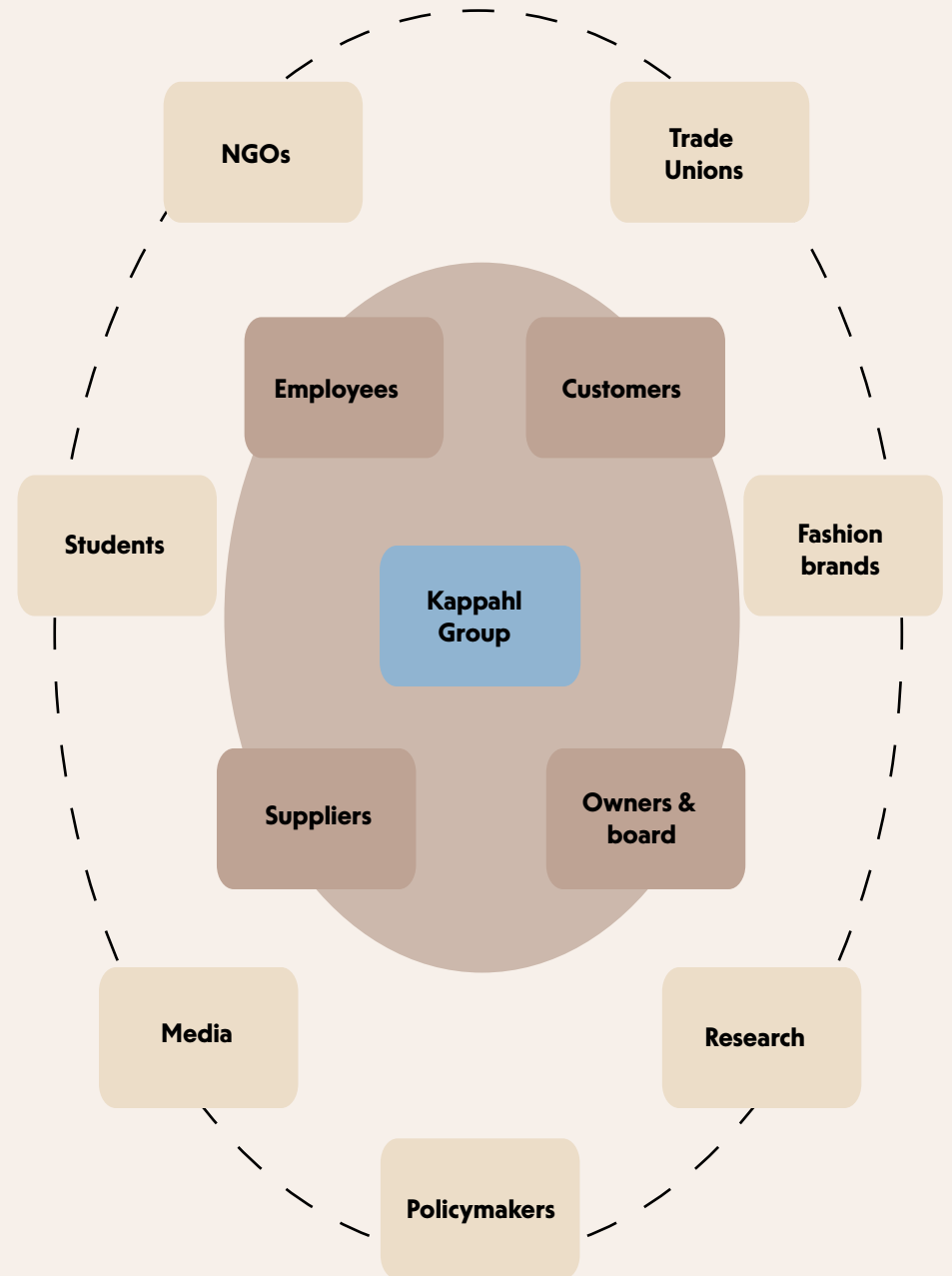
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Our Stakeholders

As part of our due diligence process, Kappahl Group has an ongoing dialogue with the stakeholders that to a large extent have impact on or are impacted by our business. The list of key stakeholders is reviewed on an annual basis to reflect the current reality. Today, the key stakeholders to whom we consider ourselves accountable to are: customers; employees; suppliers; our owners Mellby Gård AB and the Kappahl AB Board.

We also continue the valuable dialogue with other stakeholders such as students, trade unions and other nongovernmental organizations (NGOs), other fashion brands, policymakers, media and researchers. The stakeholder dialogue has the form of anything from daily contact to annual surveys to provide an insight into our stakeholders' prioritization of sustainability issues, their confidence in our sustainability work and what they see as our opportunities and challenges for our future work.



Key Stakeholder

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Key Stakeholder	Dialogue & Frequency	Important Questions for the Stakeholder Groups (top four issues marked in bold)
Customers	<p>Customer club survey in Sweden, Norway, Finland and Poland, once per year.</p> <p>Continuous dialogue with customers through customer services, stores, social media.</p> <p>Consumer survey Sustainable Brand Index in Sweden, Norway and Finland once a year.</p> <p>Kappahl's Brand Tracker</p>	<p>Good working conditions in the company Reduced use of chemicals Responsibility in supply chain and improved conditions for the workers Supply safe, good quality products Collect used clothes for reuse and recycling Good working conditions at suppliers Fair wages throughout the entire value chain Reduce microplastics emissions Act in a transparent way More sustainable materials</p>
Employees	<p>Kappahl attitude survey, once a year.</p> <p>Close dialogue with local unions.</p> <p>Company Information four times a year with possibility to ask questions.</p>	<p>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</p>
Suppliers	<p>Seasonal Supplier Evaluation and continuous dialogue in the daily work.</p> <p>Annual Sustainability Dialogue since 2021.</p> <p>Interviews with workers during factory visits.</p>	<p>Fair partnership Good working conditions in the company Human rights in the supply chain Fair wages Transparency Anti-corruption Support local communities Animal welfare Product quality and safety</p>
Owners Mellby Gård AB & Kappahl's Board of Directors	<p>Continuous dialogue in the daily work via the Kappahl Group Executive Management Team.</p> <p>Direct dialogue at Board meetings between the VP Sustainability and Kappahl AB's Board of Directors.</p> <p>Yearly overview of the sustainability strategy, policy documents and progress.</p>	<p>The Kappahl AB Board of Directors trusts Kappahl Group to have the competence to decide the important economic, environmental and social sustainability issues.</p>

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Material Topics

See page 30 for further specification of the value chain location.

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Material topic	GRI Disclosures	Significant risks or impact	Value chain location	Policies and actions to mitigate risks and address significant impacts
Climate change adaptation	Own disclosure: Share of products in main material/main raw material made with less environmental impact	Water stress in agricultural communities	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Climate change adaptation	Own disclosure: Share of relevant employees who completed yearly training in Responsible Purchasing Practices	Workers exposed to heat stress	Tier 1-4 (Direct impact in Tier 1)	Responsible Purchasing Practices, see page 11, 52
Climate change adaptation	Own disclosure: Share of relevant employees who completed yearly training in Responsible Purchasing Practices	Local communities suffering infrastructure losses due to flooding	Tier 1-4	Responsible Purchasing Practices, see page 11, 52
Climate change mitigation	305-1, 305-2, 305-3, 305-5	Greenhouse gas emissions in product, fabric and yarn manufacturing	Tier 1-3	Transparency in the supply chain, energy-efficiency and renewable energy, see page 35-36, 52, 60
Energy	302-3	Energy use supply chain	Tier 1-3	Transparency in the supply chain, energy-efficiency and renewable energy, see page 35-36, 52, 60
Pollution of air	413-2	Air emissions from dyehouses	Tier 2 Supplier countries	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23
Pollution of water	413-2	Water emissions from agriculture	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Pollution of water	413-2	Water emissions from dyehouses	Tier 2 Supplier countries	No Risk programme, see page 36-37
Pollution of soil	413-2	Soil emissions from agriculture	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Pollution of soil	413-2	Soil emissions from dyehouses	Tier 2 Supplier countries	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23

*Production countries indicate: India, China, Bangladesh, Pakistan, Turkey, Sri Lanka and Cambodia

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Material topic	GRI Disclosures	Significant risks or impact	Value chain location	Policies and actions to mitigate risks and address significant impacts
Substances of concern	Own disclosure: Share of products in main material/main raw material made with less environmental impact	Chemicals used in agriculture	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Substances of concern	Own disclosure: Share of approved No Risk-test	Chemicals used in dyehouses	Tier 2 Supplier countries	No Risk programme, see page 36-37
Microplastics	413-2	Shedding during manufacturing of synthetic textiles	Tier 1-4	No Risk programme, see page 36-37
Microplastics	413-2	Shedding during use of synthetic textiles	Sales countries	No Risk programme, see page 36-37
Water	Own disclosure: Share of products in main material/main raw material made with less environmental impact	Water use in agriculture	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Water	Own disclosures: Water withdrawal by source, Water sources significantly affected by withdrawal of water	Water use in dyehouses	Tier 2 Supplier countries	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23.
Direct impact drivers of biodiversity loss	Own disclosure: Share of products in main material/main raw material made with less environmental impact	Climate change, water stress and pollution in agricultural communities	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Direct impact drivers of biodiversity loss	Own disclosure: Share of products in main material/main raw material made with less environmental impact	Land use and land use change	Tier 4 Agriculture countries Tier 4 Forestry countries	Certified and licensed raw materials, see page 39
Resources inflows, including resource use	301-1	Manufacturing of products	Tier 1-4	Certified and licensed raw materials, see page 39 Transparency in the supply chain, energy-efficiency and renewable energy, see page 35-36, 52, 60
Resources outflows related to products and services	Own disclosures: Number of sold products, Yearly revenue from circular business models	Sales of new products Sales of secondhand products	Sales countries	Transition to a circular business model, see page 61
Waste	306-3	Manufacturing waste in countries with lack of infrastructure for waste management	Tier 1-4	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23
Waste	306-3	Discarded end-of-life product	Sales countries	Transition to a circular business model, see page 61

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Material topic	GRI Disclosures	Significant risks or impact	Value chain location	Policies and actions to mitigate risks and address significant impacts
Working conditions - Own workforce	401-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 404-1, 405-1, 406-1	Employment (positive impact)	Production countries (Kappahl Group offices) Sales countries	People's Strategy, see page 45
Working conditions - Workers in the value chain	403-7, 407-1	Operations in countries where the risk of deficiencies in the work environment and safety conditions is high	Tier 1-4	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23
Equal treatment & opportunities for all - Workers in the value chain	414-1, 414-2	Operations in countries where the risk of discrimination and harassment is high	Tier 1- 4	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23
Other work-related rights - Workers in the value chain	408-1, 409-1	Operations in countries where the risk of human rights violations is high	Tier 1-4	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23
Community's economic, social and cultural rights	Own disclosures: Share of products in main material/main raw material made with less environmental impact	Cotton cultivation affecting land use and access to clean water	Tier 4 Agriculture countries	Certified and licensed raw materials, see page 39
Community's economic, social and cultural rights	Own disclosures: Water withdrawal by source, Water sources significantly affected by withdrawal of water, share of approved No Risk-tests	Dyehouses affecting land use and access to clean water	Tier 2 Supplier countries	Transparency in the supply chain, see page 36, 52, 60. Sustainability Commitment, see page 23. No Risk programme, see page 36-37
Corruption & bribery	205-2, 205-3	Operations in countries where the risk of corruption is high	Tier 1-4 (Direct impact in Tier 1)	See page 60

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Salient risk (OECD)*	Priority countries	Value Chain	Why	Mitigation Measures
Child labor	All production countries	Tier 1-4 Tier 4 Agriculture (India, China, Pakistan, USA, Turkey) Tier 3 Suppliers (India, China) Tier 2 Suppliers (Bangladesh, China, India, Turkey) Tier 1 Production (Bangladesh, China, India, Turkey)	Child labor risk is highest in cotton agriculture (Tier 4), spinning/dyeing (Tier 3), and some manufacturing (Tier 1-2)	page 23, 39, 51-52
Sexual harassment and genderbased violence	All production countries	Tier 1 (production factories)	GBVH is highest at factory level due to gender imbalance, management-worker dynamics	page 23, 51-52
Forced labor	All production countries	Tier 14	Forced labor risk exists in agriculture (cotton), spinning and subcontracting	page 23, 39, 51-52
Working time	All production countries	Tier 12	Excessive overtime is concentrated in sewing (Tier 1) and fabric mills (Tier 2)	page 23, 51-54
Wages	Bangladesh, India, Sri Lanka	Tier 1	These countries have the biggest fair wages gaps	page 23, 51-54
Occupational Safety & Health	Bangladesh, Pakistan	Tier 1	Bangladesh and Pakistan have structural safety and fire safety historical risks	page 23, 51-54
Freedom of association and collective bargaining	Bangladesh, India, Pakistan, Sri Lanka, Cambodia	Tier 1	FoA restrictions occur at factory level due to legislation & union challenges	page 23, 51-52

*Sector risks identified by the OECD in the Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

** We currently do not have access to a risk assessment tool summarizing combining severity and likelihood. Where we have our data and analysis we list the highest risk countries. Where we do not have our own data, we select 'all production countries'.

Value chain location	Countries with significant impacts and risks
Tier 4 Agriculture countries	Agriculture countries of risk are mainly India, China, Pakistan, USA and Turkey.
Tier 4 Forestry countries	Forestry countries of risk are mainly Brazil and Indonesia
Tier 3 Supplier countries	Tier 3 supplier countries of risk are mainly India and China.
Tier 2 Supplier countries	Tier 2 supplier countries of risk are mainly Bangladesh, China, India and Turkey.
Tier 1 Production countries	Production countries Tier 1 of risk are mainly Bangladesh, China, India and Turkey.
Sales countries	Sales countries are mainly Sweden, Norway, Finland, Poland and UK. Full list on page 3.

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Climate Change Mitigation

Science-Based Targets

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.

Overall Net-Zero Target: Kappahl AB commits to reach net-zero greenhouse gas emissions across the value chain by 2040.

Near-Term Targets: Kappahl AB commits to reduce absolute scope 1 and 2 GHG emissions 50.4% by 2032 from a 2022 base year.* Kappahl AB also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, business travel, and employee commuting 50.4% within the same timeframe. Kappahl AB finally commits to reduce indirect use phase emissions from business travel, downstream transportation and distribution, and use of sold products 50.4% within the same timeframe.

Long-Term Targets: Kappahl AB commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2040 from a 2022 base year.* Kappahl AB also commits to reduce absolute scope 3 GHG emissions 90% within the same timeframe.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

STICA

Kappahl Group is a member of the Swedish Textile Initiative for Climate Action (STICA). We have committed to reducing our absolute greenhouse gas emissions by 50.4% by 2032 from a 2022 base year. This commitment is aligned with what is required by scientific consensus regarding what is required to stay within the 1.5 C warming pathway. To learn more about our commitments and progress, visit www.sustainablefashionacademy.org/stica

The Swedish Textile Initiative for Climate Action (STICA) is an initiative jointly launched by Peak Performance, H&M, Sustainable Fashion Academy, Elco and Kappahl Group in 2018. Today, STICA has more than 50 members in the Nordic Countries and Kappahl Group contributes in addition as board member. All members commit to reducing their greenhouse gas emissions in line with the 1.5°C target and the Paris Agreement. 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.

Climate-related Risks & Opportunities

If GHG emissions continue at the current rate, the atmosphere will warm by as much as 1.5 to 4 degrees Celsius by 2040, inundating coastlines, intensifying droughts, storms, heatwaves, and food scarcity. Kappahl Group is facing short term risks such as delays and risk for workers in manufacturing facilities during heatwaves, lower agricultural yields leading to raw material shortages and rising cotton prices, and damage to goods or infrastructure caused by flooding and storms. To this can be added reputational risks in terms of changed customer preferences, and policy-related risks as climate-related legislation increases.

In the longer sight Kappahl Group faces a risk of not having access to the same supply chains if these are heavily affected by climate change. Unpredictable weather patterns, such as unusually warm winters, may lead to missed sales opportunities. Our primary risk mitigation actions are the implementation of transparency to decarbonize the supply chain and the transition to a circular business model. In addition, we are strengthening our climate adaptation efforts to mitigate risks associated with delays or disruptions in the supply chain.

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Results for 2025

This year's climate calculation shows a 30 percent decrease in Kappahl Group's total emissions compared to 2022, which is our base year due to our commitment to SBTi. The amount of, and ratio between, products produced respective sold varies from year to year. The 12 percent decrease in 2025 is to a large part explained by that we produced 6 percent less products in 2025 compared to 2024. Further, the average weight per produced product is down by 5% since last year. Although we have improved on the share of renewable electricity at our Tier 1 suppliers, the emission reduction was offset by increased fuel use. The Tier 1 emissions per purchased product was only reduced by 2%. The large reduction in Scope 2 emissions is due to increased collection of real data.

The average level of emissions per sold product decreased 12 percent from 5.1 to 4.5 kg CO₂-

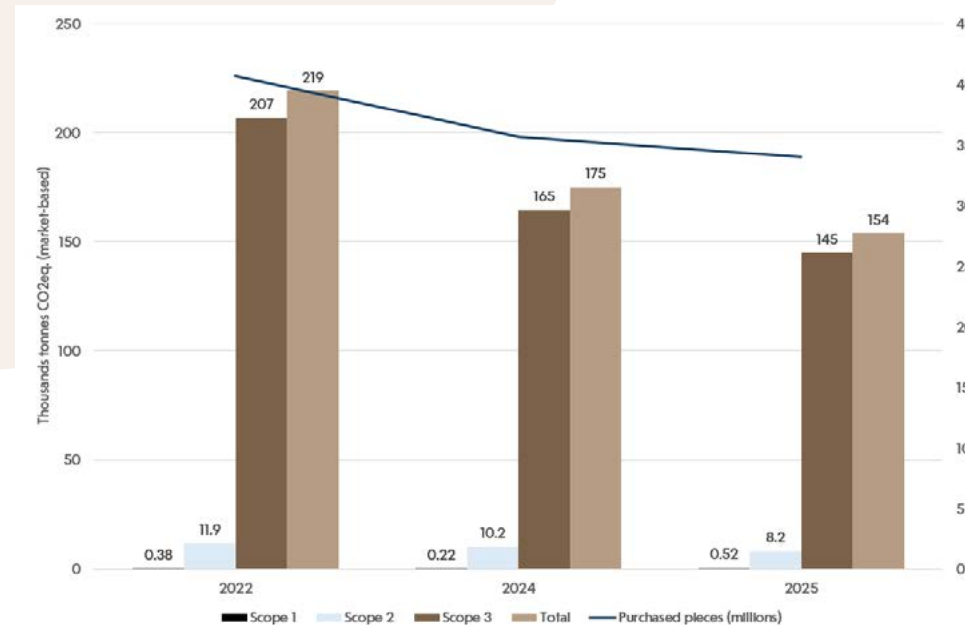
equivalents. This is the KPI we use on company level to follow our development to account for any overproduction. In the long run, Kappahl Group manages to sell 99.9 percent of the products we produce. The average level of production emissions per produced product decreased 7 percent from 3.4 to 3.1 kg CO₂-equivalents.

This year, after the climate calculations for year 2025 were finished, we discovered an error in the reported volume of purchased products. The figure of 32.4 million purchased products should have been 33.4 million. During the replacement of an internal IT system, we had a blind period, during which 952,279 purchased products had not been recorded for the climate data collection. Since climate calculations were already finished we decided to extrapolate the result, which was based on the

32.4 million products, to catch the emissions for the total of 33.4 million products purchased. The 0.95 million products from the blind period were assumed to have on average the same carbon intensity as the other products purchased during 2025.

The error has no effect on Scope 1 and 2 emissions. In Scope 3, the categories 3.1 (except Packaging material & spend), 3.3, 3.4, 3.11 (calculated based on produced volume) and 3.12 were affected and adjusted, leading to a correction of the Scope 3 emissions from 142 to 154 thousand tonnes CO₂e. Kappahl Group's total climate emissions were corrected from 151 to 154 thousand tonnes CO₂e. We will recalculate the 2025 climate emission for next year's report and if needed make a restatement of the 2025 result.

Emissions per scope, thousand tonnes CO₂ eq.



The Greenhouse Gas Protocol is the global standard for accounting and reporting emissions from private and public sector operations, value chains and climate actions. The standard is divided into three scopes:

- **Scope 1:** Direct GHG emissions from sources that are operated by the company. Examples are company operated cars and refrigerant leakage.
- **Scope 2:** Indirect GHG emissions from the generation of purchased electricity or heat by the company.
- **Scope 3:** Indirect GHG emissions that occur in the value chain of the company. Examples are upstream production, transportation of goods and customer electricity usage for laundry.

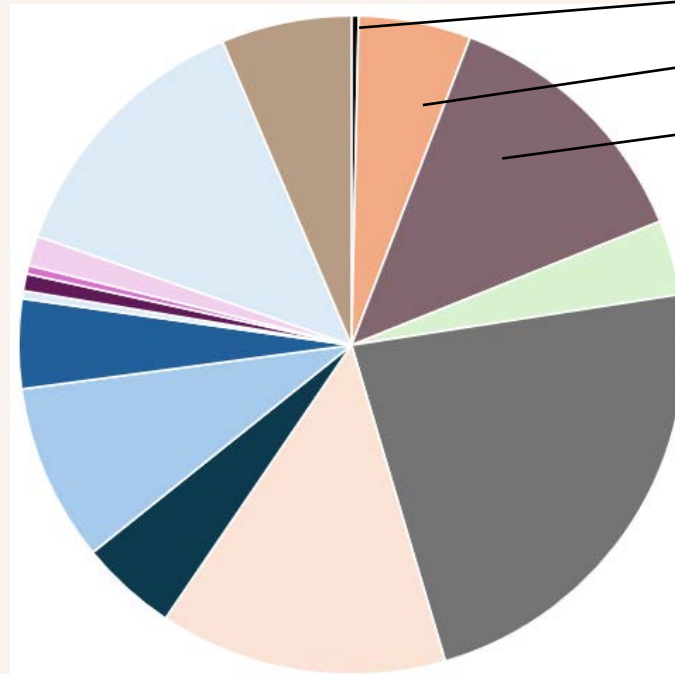
Climate Calculation Methodology

Kappahl Group has reported our climate emissions since 2014/15. Our science-based targets are set with 2022 as the base year. Calculation and reporting of emissions are made in accordance with the Greenhouse Gas Protocol's "Corporate Accounting and Reporting Standard" and "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" as well as the guidelines of the Swedish Textile Initiative for Climate Action (STICA). Our emissions are reported broken down into scopes 1, 2 and 3 according to the Greenhouse Gas Protocol. 5 (8) percent of our value chain emissions lie in Scope 1 and 2 according to the Greenhouse Gas Protocol, processes which we have a direct influence on. Market-based and location-based Scope 2 emissions were 8,241 and 2,672 ktonnes CO₂e respectively.

95 (92) percent stems from Scope 3 which is our supply chain and our customers' activities. Kappahl Group does not purchase carbon offset credits for carbon emissions.

We try as far as possible to use actual measurements from our operations as reference data for the calculation, since standard values (mainly from the HIGG MSI, [see page 36](#)) do not catch the real improvements that are made from year to year. We will the coming years transition to using real data from all tiers in our supply chain in our calculations. In 2021, we started for the first time to include primary data, that is real data, from our suppliers in Tier 1. In 2025, 91 (96) percent of our Tier 1 suppliers reported climate data to us.

For 2025, we have made several changes to the calculation method. 35 percent of the supplier facilities in Tier 2 are now reporting climate data



via verified Higg FEM modules. We started to base the calculations for non-reporters in Tier 2 on the average values from reporting supplier facilities instead of generic data.

For the first time, we have included not only the cut-make-trim (CMT) facilities in Tier 1 but also processing facilities such as garment washing, garment print and embroidery, thus an expansion of the scope. We have used more real data for store electricity and heating, and also for samples. These changes led to a recalculation of the 2022 base year emissions as well as the 2024 calculation.

Emissions per Category, 2025		
	thousands tonnes CO ₂ e	percent of total
Scope 1	516	0.3%
Scope 2	8,241	5.3%
3.1 (Tier 4 Raw material processing)	20,270	13%
3.1 (Land Use Change-based emissions)	5,679	3.7%
3.1 (Tier 3 Yarn formation)	35,565	23%
3.1 (Tier 2 fabric making, coloration)	21,701	14%
3.1 (Tier 1 factories with T2 processes (vertical))	7,347	4.8%
3.1 (Tier 1 (Finished goods))	13,501	8.8%
3.1 Purchased goods and services (Packaging material & spend)	6,623	4.3%
3.3 Fuel- and energy-related activities	578	0.4%
3.4 Upstream transportation and distribution	1,260	0.8%
3.6 Business travel	627	0.4%
3.7 Employee commuting	2,225	1.4%
3.9 Downstream transportation and distribution (incl. consumer transport)	20,050	13%
3.11 Use of sold products	9,539	6.2%
Total (thousands tonnes CO₂e)	153,790	

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Energy

Energy consumption and mix in supply chain

Fossil energy use is the main source of anthropogenic greenhouse gas emissions, making energy efficiency and a transition to renewable energy essential for achieving Kappahl Group's climate goals. We track energy consumption and improvements using the Higg Facility Environmental Module (Higg FEM), which provides verified facility-level data.

As part of our climate roadmap, we have set a target to fully phase out onsite coal use in Tier 1 and Tier 2 factories by 2030. Onsite coal refers to coal that is burned directly at factory premises for thermal energy, typically for boilers, steam generation, or process heat—one of the most carbon-intensive energy sources in textile production. No onsite coal was used in Tier 1 factories during the year. In Tier 2 factories, onsite coal accounted for 7 (19) percent of total onsite energy use, showing clear progress compared with previous years

In 2025, 54 (29) percent of the electricity used in our tier 1 factories and 40 (29) percent in tier 2 factories came from renewable sources. Our long-term goal is to reach 60 percent renewable electricity in both Tier 1 and Tier 2 by 2030. Kappahl Group collaborates closely with suppliers to accelerate the transition to renewable energy and energy-efficient technology.

During 2025, 7 (15) of our strategic suppliers in Bangladesh - representing 17 percent of our business volume—invested in renewable electricity or energy-efficiency measures aimed at reducing greenhouse gas emissions. To support capacity building, suppliers were also encouraged to participate in free online Climate Action Trainings provided by STICA's country working groups in China, Turkey, India and Bangladesh.

Transportation

In contrast to what many people think, transportation accounts for a relatively small proportion of climate emissions in a garment's life cycle, provided that air freight is avoided. Kappahl Group has had a ban on air freight for inbound and outbound transports since 2020, including for delayed shipments even when suppliers offer to cover the cost. In 2025, 27 (4) outbound shipments to customers in Japan were granted exceptions as long-term logistics solutions are still being developed. The same exception applies for our partner for third-party sales to China. We also impose environmental and social requirements on all carriers via our Sustainability Commitment, regardless of the mode of transport. In 2025, transportation contributed greenhouse gas emissions of 36 (33) grams CO₂-equivalents per sold product. Compared to our average carbon footprint of 4.5² kilograms CO₂-equivalents per sold product, transportation accounts for 0.8 percent.

Energy intensity and sources for own operations

Since 2024, all energy (electricity and district heating) purchased under own agreements is renewable, including the energy use in the production offices in Bangladesh, China and India, for which renewable energy certificates (IRECs) are purchased. We continuously work with energy-efficiency in our stores and for our IT applications as well as improving the reporting routines. More detailed reporting has led to an increase in most KPIs 2025 compared to 2024. During 2025, we have participated in the STICA working group for scope 1&2 emissions and collected real data for energy consumption from the main part of our stores. Our company car policy promotes fuel economy and electric vehicles, and we have charging posts for electric vehicles outside our headquarters. We have started using HVO100 for warehouse trucks, and the share of HVO100 in 2025 was 58%.

Internal energy consumption ¹	2025	2024	Change 2025/2024
Share of energy under own agreements from renewable sources	100	100	-
Electricity, MWh	23,581	23,151	+ 2 %
Heating, MWh	7,244 ³	1,532	N/A
Fuel ² , GJ	3,018 ⁴	1,724	+ 75%
Energy intensity Wh per square meter/open hour in stores and warehouses	0.098 ³	0.076	+ N/A

¹ See page 73 for details on energy and climate calculations.

² Fuel refers to diesel, petrol and gas for Kappahl Group's company cars.

³ In 2025 we have included the real data collected for heating and cooling for stores.

⁴ The difference between 2025 and 2024 is due to more detailed reporting.

⁵ Restatement after recalculation the base year. For 2024 the average carbon footprint per product was reported as 4.4 kilograms CO₂-equivalents per sold product.

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Pollution, Water & Biodiversity

Pollution of air water and soil & Substances of concern

The greatest risk for Kappahl Group to contribute to pollution of air, water and soil lies in the supply chain. We use the Higg Facility Environmental Module (FEM) and supplier factory visits in Tier 1 and for nominated suppliers in Tier 2 to follow up on our suppliers' performance. For Tier 1, factories representing 94 (93) % of our business volume reported environmental sustainability data for 2025 via the Higg FEM, whereof 91 (83) % were verified modules. For Tier 2, factories representing 35 % of the material weight reported to us via the Higg FEM. The share of fully filled and received own ESG questionnaires (T2-T4) during 2025 were 65 %.

In our annual customer survey, securing that no harmful chemicals are present in our products is the sustainability topic that has highest priority to our customers. Phasing out the use of hazardous chemicals in the production is the most efficient way to see to that hazardous chemicals neither pollute in the production countries nor occur in any end products. Kappahl Group aims for continuous improvement and always apply the precautionary principle in our chemicals program "No Risk" that started already in 2005.

We participate in the Swedish Chemicals Group at RISE to be proactive in our work with chemicals and set stricter demands than legislation. We

proactively include chemicals in our Restricted Substance List to give our suppliers the means to phase them out in good time before they are restricted. In 2025 we carried out 833 (924) chemicals tests which corresponds to 9 (9) % of our purchase orders. 99.7 (99.7) percent of the garments were approved according to the Kappahl Group requirements. No garments had restricted chemicals present above legal limits.

Higg Index

Kappahl Group has been a member of Cascale (former Sustainable Apparel Coalition) since 2018. Cascale has developed the Higg Index, a series of tools that measure and evaluate the sustainability performance of factories, brands and products.

Higg Brand & Retail Module

The Higg Brand and Retail Module (Higg BRM) identifies hotspots and opportunities for improvement along a fashion brand's global value chain. During 2022, Higg BRM was subject to a major update to align with the growing flora of sustainability frameworks and regulations. Due to the major changes, the historic results are not comparable with the current. The module for 2023 was verified during 2024, giving Kappahl Group an overall verified score of 39.3%. The section scores were Environmental: 39.6%, Social 35.8% and Governance 46.4%.

The module for 2024 will be verified during 2025 and Kappahl Group will report the results in the 2026 sustainability report.

Higg Index Facility Tool

The Higg Index Facility Environmental Module (FEM) tool measures the environmental performance of factories and is now used at factories corresponding to 93 (82) percent of Kappahl Group's order value, whereof 83 % were verified modules. The Higg Index Facility Social and Labor Module (FSLM) tool measures the social and human rights performance of factories and is now used at factories corresponding to 64 (45) , whereof 56 % were verified modules. percent of Kappahl Group's order value.

Higg Product Tool

Kappahl Group uses the Higg MSI and the Higg Product Module internally to develop our product level measurability and as a guidance in our product development to create awareness about all the steps that affects a products climate footprint, from fiber selection to use of processes with less environmental impact.

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Microplastics

Microplastics are very small pieces of plastic, some even too small for our eyes to see. Microplastics have been observed in the environment worldwide and are considered a concern as they are suspected to transfer toxic substances to plants and animals, especially in oceans, lakes and watercourses. Microplastics in the oceans originate for example from the breakdown of larger plastic litter, but synthetic textiles are also a source. In addition, research has shown that also cellulosic and protein fibers are found to generate micro-sized particles. The current knowledge of the scale of the caused harm is very low. It is likely that any content of toxic substances increases the risk of systemic damage but on individual organism level also particle effects are observed.

Kappahl Group follows the latest findings and strives to be transparent. We construct our garments for a long life and the strong synthetic fibers prolong the technical life length of the garments. In 2025, we placed around 2,000 (1,800) tonnes of synthetic fibers on the market. We see that our work with preventing harmful chemicals from occurrence in our products is an action that is important to mitigate harm from micro-sized particles regardless of fiber type. We always apply the precautionary principle in relation to chemicals and safety and carry out regular quality and safety tests throughout the production process, in our chemicals program "No Risk".

Water

The water withdrawal in the textile supply chain is dominated by conventional cotton cultivation, where the intense irrigation contributes to water sources being significantly affected by withdrawal of water. Kappahl Group has chosen to phase out conventional cotton and source either certified organic cotton, certified recycled cotton, or BCI cotton sourced under the Mass Balance Chain of Custody.

However, the manufacturing processes in factories do also consume water. Kappahl Group's transition to more sustainable production processes such as the improved denim washing process (Environmental Impact Management) means documented water savings, and we are only working with suppliers that have water purification and environmental management systems in place. Kappahl Group monitors progress via the Higg Facility Environmental Module (FEM) and supplier factory visits in Tier 1 and Tier 2, and via our own ESG questionnaires Tier 2 – Tier 4. During 2025 we have developed a water strategy with the objective to mitigate water-related risks by promoting responsible water stewardship in water-stressed sourcing regions. The scope is set to production facilities with high water consumption and focus on reduced water consumption and responsible wastewater management. In 2026 we will map the facilities' performance and set KPIs, making use of the traceability created by the supply chain mapping and Higg FEM.

Direct Impact Drivers of Biodiversity Loss

The fashion industry is dependent on and affects animal life and biodiversity, particularly through the production of raw materials. Biodiversity is further influenced by climate change, water scarcity and emissions of hazardous substances. For Kappahl Group, selecting more sustainable materials and collaborating with suppliers who use improved processes is therefore essential to reducing pressure on endangered species.

During 2025 we carried out a biodiversity risk assessment and developed a roadmap to mitigate biodiversity loss and reduce risks linked to biodiversity-related events. The KPIs that track progress are listed in the table below and follow the Science Based Targets for Nature response options: Avoid, Reduce, Regenerate, Restore and Transform. Influenced by this framework,

we have also set two new targets for 2030): no conversion of natural ecosystems and increased engagement in priority sourcing regions. Agriculture of plant fibres was identified as the highest-risk area. Kappahl Group has already phased out conventional cotton, and since 2020, all of the cotton we source is either certified organic cotton, certified recycled cotton, or BCI cotton sourced under the Mass Balance Chain of Custody. The Better Cotton Initiative (BCI™) works to support cotton farming communities in their efforts to implement practices that protect the environment and enhance income and resilience, such as using water efficiently, caring for soil health, reducing harmful chemicals, and respecting workers' rights. Our work with the Organic Cotton Accelerator supports the expansion of organic cotton cultivation, which excludes genetically modified crops as well as chemical pesticides and artificial fertilisers. We are also transitioning more of our linen to Masters of FLAX FIBRE™ certified fibers or certified organic flax. In 2025 all our main linen fabrics were made from certified flax fibres. Wood-based products and packaging represent another important biodiversity area, and we continue working with certified responsible forestry.

Kappahl Group has been a partner of the CanopyStyle initiative since 2016. Canopy works to protect forests, species and climate, and to support the rights of Indigenous communities. We commit not to use dissolving pulp from ancient or endangered forests in viscose, lyocell and other wood-based cellulosic fibres. We rely on Canopy's Hot Button Ranking Report and source only from producers without high-risk alerts. Our goal is that by 2026 all wood-based cellulosic fibres will be certified or licensed material. Today, 98 (98) percent of our wood-based cellulosic fibres are certified or licensed, up from 94 (94) percent.

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KPI	Target	Avoid, Reduce, Regenerate, Restore, Transform (AR3T)
No Conversion of Natural Ecosystems		
Share of material (in weight) where sourcing requirements secure raw material production does not cause conversion of natural ecosystems (FSC/IFOAM/Better Cotton/etc.). a) per material category (cotton, MMCF, flax, jute, paper, leather, etc.) b) per product type (commercial goods, transport packaging, indirect materials, etc.)	No conversion of natural ecosystems (all risk commodities) by 2030 compared with a 2020 baseline	Avoid
Share of material (in weight) with Chain of Custody down to region/EUDR coordinates for raw material extraction. a) per material category b) per product type		Avoid
Landscape Engagement		
Share of total cotton that is sourced via OCA Farm Programmes.	Increased engagement in priority sourcing regions by 2030	Transform
Number of priority sourcing regions where we participate in OCA Farm programmes.		Transform
Kappahl Group product categories using cotton that is sourced via OCA Farm Programmes.		Transform
Existing targets in the sustainability strategy		
Absolute climate emissions	Climate & Environment	Avoid
Share of assortment with complete product in materials made with less environmental impact		Avoid/Reduce
Yearly Net sales from circular business offers		Reduce/Transform
Share of assortment where main fabric/main fiber is traced down to raw material level	Transparency & Engagement	Transform
Share of assortment where complete product is traced down to raw material level		Transform
Historical achievements to maintain		
All the cotton we source is either certified organic cotton, certified recycled cotton, or BCI cotton sourced under the Mass Balance Chain of Custody.	Climate & Environment	Avoid/Reduce
Avoid persistent organic pollutants and chemicals with demonstrated negative impacts on biodiversity including harmful chemicals and hazardous substances by following Kappahl's chemical requirements.		Avoid

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1 In 2024, with increased follow-up of certified materials, we discovered that we had faltered in some places, finding conventional cotton in some styles and could only report 99% certified or licensed cotton.

2 For other materials of animal origin, Kappahl Group's animal welfare policy allows only certified down, mohair and alpaca. Leather is excluded since there is currently no certification available that covers the whole supply chain and guarantees animal welfare. Kappahl Group's current policy is to only sell 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.

3 Main material, from 2025 we report for all linen fabrics, previous figures are only for main fabrics.

Resources

More Sustainable Raw Material

Kappahl Group produced and sold about 34.5 (34.4) million products in 2025. The total weight of materials that were used to produce and package Kappahl Group's primary products was 6,654 (7,016) tonnes during the reporting period. 69 (69) percent were renewable materials and 31 (31) percent were nonrenewable, whereof 29 (29) percent were recycled. Today, 99 (95) percent of our assortment is made in main materials with less environmental impact than conventional ones. We expect to reach our goal to have 100% products in main materials made with [less environmental impact by 2026](#). However, garment life length has higher priority than fiber content and materials will not be transitioned if the quality requirements in or Product Quality Standard (PQS) cannot be achieved.

Our goal is for all our products to be made in main materials with less environmental impact

for 2026 and forward. For 2026 our goal is that all wood-based cellulosic fibers, flax fibers and materials with animal origin are certified or licensed to enhance animal welfare and protect biodiversity. Cotton is by far the raw material with the highest potentially negative environmental as well as social impacts in our assortment. We have identified cotton cultivation as a main risk factor for biodiversity loss, water scarcity and human rights violations. Since 2020, all of the cotton we source is either certified organic cotton, certified recycled cotton, or BCI cotton under the Mass Balance Chain of Custody. The Better Cotton Initiative (BCI™) requires participating farms to adhere to the Better Cotton Principles & Criteria, which are aligned with key international standards, including the ILO's Core Conventions on child labor, forced labor, discrimination, freedom of association and the right to collective bargaining, and occupational safety and health.

In 2024, Kappahl Group activated traceability with the Better Cotton Initiative and will begin sourcing Physical (Traceable) BCI Cotton, in 2026. The first products with Traceable (Physical) BCI Cotton content, a selection of Kappahl denim jeans, will be placed on the market in 2026. Organic cotton is grown using natural fertilizers and pesticides and without genetically modified seeds, helping to preserve biodiversity and soil fertility. As a member of Organic Cotton Accelerator (OCA), Kappahl Group promotes the increase in the share of organic cotton globally and the improvement of the living conditions of cotton farmers. We are since 2024 certified to the Global Organic Textile Standard (GOTS), certified by Control Union 1209888.

Kappahl Group has since 2020 a ban on the use of cotton cultivated or ginned in the Xinjiang Province in our products - a requirement applying to the total physical cotton content in a Kappahl Group product.

Raw material KPIs	2025	2024	2023
100% products in main materials made with less environmental impact by 2026, %	99	95	86
100% cotton certified organic cotton, certified recycled cotton, or BCI cotton sourced through the BCI™ by 2020, %	100	99 ¹	100
100% wood-based cellulosic fibres certified or licensed by 2026, %	100	98	94
100% wool certified or licensed by 2026, %	98	99	74
100% materials of animal origin certified or licensed by 2026, other ² %	100	100	100
100% flax fibres certified or licensed by 2026, %	93	100	100

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Products and services in a circular economy

Kappahl Group believes in designing products for longevity and circularity. We are constantly looking for new assortment solutions and services to help us develop our circular offer. Our 2025 decision not to produce ripped or pre-damaged denim is one outcome of our design philosophy.

In 2025, 37 (35) % of our assortment fulfilled the design criteria we have set up for an assortment enabled for a circular economy. Our goal is that 50% of our assortment shall be enabled for a circular economy by 2026. While a legal or standardized definition is still lacking, we base the KPI on our internal tool, the Sustainability Product Scorecard (SPS). The KPI for 'Design that lasts' covers physical as well as non-physical durability, design for increased use and repairability.

In order to prolong the life of each garment, thereby reducing the environmental cost per use, circular business models are key. With circular business models is meant reuse, rent, repair, but it can also mean that one garment stays together with the owner for its full life length. In 2025, we reached our target of 1.4 MSEK in net sales from circular offers, bringing total accumulated circular sales to over 2 MSEK. Our goal is to reach 100 MSEK in yearly net sales from circular business offers by 2030.

The demand for second hand apparel has grown the past years and is expected to grow much faster than sales of new apparel in the coming years and we want to meet our customers' expectations and demand for resale. In 2025, Kappahl Group has continued developing our circular business model for resale, adding 35 more stores in our existing second hand/ pre-loved markets (Sweden, Norway, Finland and UK), and launched a second-hand service

online in Sweden. Through a partnership with the innovative consumer-to-consumer (C2C) platform reCRQL, customers in Sweden can now easily resell their previously purchased Kappahl or Newbie garments, giving them a new life in someone else's wardrobe. The service applies to the entire range and all brands within the Kappahl Group.

Packaging

Kappahl Group's shopping bags are made from recycled plastic, which gives a lower climate impact than recycled paper bags. A life cycle assessment in which we compared recycled plastic bags with bags made from virgin plastic, recycled paper and virgin paper respectively, guided us when we selected the option with lowest footprint. The growing online shopping is a challenge that not only entails more transportation but also more packaging. It is important that we reduce the amount of packaging and ensure it does not end up in nature. In 2025, a total of 303 (356) tonnes of product packaging was used to protect and present our products. Today we have come a long way in terms of labels, hangers and customer bags, which are all in more sustainable material, such as recycled plastic or FSC labelled paper. In Sweden we have a fully circular flow for our plastic hangers, which are mended or recycled in cooperation with our supplier in Lidköping in Sweden. The transport packaging during 2025 amounted to 964 (977) tonnes and is made from recycled paper and plastics which can be reused and recycled many times.

Handling of Returned Goods

For online shopping, the most important environmental aspect is the return rates and routines for returned goods. Kappahl Group

works to keep the return rate low via good fitting and all our garments are designed at Kappahl Group and tried on by live models. We collect feedback on sizes from the customers at our online sales platform and at the check-out, if the same garment is added to the shopping cart in two sizes, the customer sees a pop-up window highlighting this, offering size guidance to reduce unnecessary returns and the environmental footprint associated with additional transport. We have deliberately chosen to only offer free returns in our stores, also for online customers. If the customer returns the garments to the store they are put for sales there. Returns to our distribution central in Mölndal are returned to the omni warehouse and put for sales there.

Animal Welfare

Kappahl Group's policy for animal welfare is based on our collaboration with the Swedish Trade Federation and their animal welfare policy and implemented via our Sustainability Commitment which is a contractual assurance with all business partners.

Today Kappahl Group accepts only certified animal origin materials. All of our down, wool, mohair and alpaca fiber are independently certified to the RDS, RWS, RMS and RAS, certified by Control Union 1209888.

Our goal that all materials with animal origin shall be certified by 2025, was reached already from fall/winter season 2024. In 2024 we have increased our follow up of certified materials. We discovered 19 styles where the Responsible Wool Standard certificates were falsified, all from the same supplier. Our supplier has updated their internal routines and procedures to secure that certificates will be correctly handled in the future.



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Waste

The products that Kappahl Group place on the market will inevitably be disposed of by our customers in the downstream part of our value chain. Some products will have served their full technical life length with one or several users and become waste suitable for material recycling or energy recovery. Other products are not worn out when they are disposed of. Our sustainability strategy focuses on keeping our products in use as long as possible. This aligns with the EU Extended Producer Responsibility (EPR) entering into force in April 2028, which stipulates that re-use of the collected textile waste is prioritized to follow the waste hierarchy and maximize the environmental benefits. The engagement for value chain circularity involves both activities to advance reuse and material recycling and are described on [page 20](#) and in the next chapter.

We also try to minimize waste in our own operations. We minimize overproduction by optimizing our prognoses and create styles that work across seasons. In the long run, Kappahl Group manages to sell 99.9 percent of the products we produce. We donate remaining unsold goods to charity organizations. Other actions we take are to use only store interior materials that can be reused or recycled. We have reusable boxes for the transport from our distribution center to the stores and all packaging materials are recyclable. During 2025, a total of 517 (681) tonnes of waste was generated, of which 95 (96) percent was sent for recycling, 5 (4) percent for energy recycling and 0.01 (0) percent for landfill via our waste disposal contractor. Since 2022, we work with a global waste disposal contractor, TES, for our electronics waste that has systems in place for reuse of electronic components. In 2025, of our electric waste 21 (38)% was reused, 72 (57)% was material

recycled, 3 (0)% was sent for energy recovery and 4 (4)% was landfilled or incinerated as hazardous waste .

Research and development initiatives

We are still on pilot study level, learning how to develop a scalable circular offer that is both profitable and increases the life length of our products. To increase our learning speed, Kappahl Group continues to participate in several research projects aimed at improving circularity, from different perspectives. We continue as partner in the project 'System demonstrator for a sustainable textile system' lead by Science Park Borås, aiming at creating a system level development towards a circular economy in the textile sector. As part of this project we have developed a second digital product passports (DPP) pilot, this time with both a QR code and an RFID chip as information carrier on [two sweaters from the Minorities assortment](#). A description of the remanufacturing tests is found on page 20. We also continue as partner in the Rewin project, aiming at creating an industrial scale polyester recycling plant in Sweden, capable to manage a mixed inflow of materials. We finalized our engagement in the TexRepair project developing an automated repair module for garments, and we continue to engage in the new TexRestore project for scaling up remanufacturing solutions. We also continue investigating the open loop recycling solution together with Höganäs, RISE, Borås Energi och Miljö and the University of Borås. In the 'Lump blir biokol' project, low value textile waste is used as a reduction agent in steel production, replacing fossil coal, and offering a promising opportunity to significantly reduce climate emissions.

1. FSC license number FSC® N003228

2. The figures for reused and material recycled electronic waste were mixed up in the 2024 report and are now restated.

3. Kappahl Group's animal welfare policy allows only certified down, mohair and alpaca. Leather is excluded since there is currently no certification available that covers the whole supply chain and guarantees animal welfare. Kappahl Group's current policy is to only sell 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.

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No Ripped Denim

At Kappahl, sustainability begins with design. Every collection is rooted in a clear design philosophy that guides how we shape style, make product decisions and create long-term value for our customers. Rather than chasing short-lived trends, we focus on developing a consistent aesthetic that evolves over time – allowing our customers to build wardrobes that remain relevant, wearable and desirable season after season.

In 2025, this approach to design and longevity was clearly reflected in our decision to stop producing and selling ripped or pre-damaged denim. While distressed denim has been a recurring fashion trend, we made a conscious choice not to manufacture new garments from virgin materials only to deliberately shorten their lifespan before reaching the customer. This decision reinforces our belief that long-lasting style and responsible design go hand in hand, while also aligning with upcoming Extended Producer Responsibility (EPR) requirements that emphasize waste prevention and product longevity.

Moving away from ripped denim also supports our ambition to increase the share of our assortment enabled for a circular economy, one of our key sustainability KPIs. Garments designed to last – both aesthetically and technically – are better suited for reuse, resale and other circular solutions.

Design Made to Last represents our commitment to creating products with durability in both style and quality, designed to be worn for a long time and to live on across collections. By refining silhouettes, colours and materials instead of making drastic seasonal shifts, we create garments that can be combined in new ways and worn over time.

Our design philosophy is closely linked to our customer promise – to create fashion that fits real life. This means designing clothes that are functional, emotionally durable and easy to integrate into everyday wardrobes. When products feel relevant and authentic over time, they are used more and replaced less often, reducing the overall environmental footprint of fashion consumption.

To further support this work, we continuously integrate digital design tools that help us make more informed decisions early in the product development process. These tools allow us to refine garments before physical production, contributing to better design outcomes and more efficient use of resources.

Ultimately, our decisions around design, style and product development are guided by the same principle: when we design garments that our customers truly value, they will wear them for longer. By focusing on lasting style rather than temporary trends – and by translating this philosophy into concrete business decisions, such as our stance on ripped denim – we reinforce a more sustainable fashion system that benefits both people and the planet. extended periods. This long-term view on style supports more sustainable consumption by making it easier for customers to choose and keep garments they truly love.



Annika Hedin
Creative Lead

Social Sustainability

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Own Workforce

During 2025, 3,895 people were employed by Kappahl Group, working in five sales markets and in three production countries. In November 2025 the highest and lowest number of employees in a given month were 4,265 and 3,741 respectively, with the measure point recorded average number of 4,056 people. In addition, 195 (48) people not employed by Kappahl Group contributed as consultants to our activities with IT and logistics services. The tables with in-depth information below show ongoing employment at Kappahl Group at the measure point. Data refers to headcounts and is not restated to the number of full-time equivalents.

Employee data has been collected through the payroll- and time reporting systems. There are some seasonal variations during the year regarding needs for employees/consultants and hours in stores, for example during the Christmas season and the summer holiday period. We recognize the need for our employees to plan their work and we offer the vast majority employment contracts with guaranteed hours. The annual total compensation ratio was 13.7 (13.4) percent, calculated as full-time equivalent (FTE) pay rates. The percentage increase of the salary is equivalent to the median percentage increase; ratio being 1-1 (1-1). We have chosen to compare compensation on the Swedish market, deeming this ratio to be most relevant for this report.

People Strategy

In our People Strategy, responsibility for people and planet is an integral part. Our aim is that all employees should feel that they contribute to Kappahl Group's sustainability work, which is something we measure annually. This year the figure was 73 (73) percent.

We promote a good work environment in several ways, including offering occupational health services and where possible flexible working hours. In Sweden, Finland and Norway all employees are covered by collective agreements, representing 90 (90) percent of Kappahl Group's employees. In other countries, national legislation is applied, where in some cases we augment terms of employment beyond legislation.

Occupational Health & Safety Management

Kappahl Group follows all local work environment laws, rules and regulations. To strengthen our work, we use a global incident reporting system through the IA platform. Although not legally required, it improves our risk assessments and statistics, helping us prevent workplace incidents and drive continuous improvement.

The IA system is used across all Kappahl Group workplaces to report and track accidents (incl. commuting accidents), incidents and near misses, risk and safety observations, work environment issues, property and security matters, and harassment or discrimination, including anonymous reports. Reports can be made by all employees in all the countries where we operate. Reports from consultants, visitors, customers, interns and suppliers are made by Kappahl Group employees in the IA by the manager or employee involved in the situation. For 2025, 1 (1) case of actual severe work-related incidents was reported, 13 (22) moderate and 45 (173) minor, together with 78 (136) 'near miss' incidents. We had no work-related fatalities.

At Kappahl Group, our 4,000 employees take responsibility for their jobs and to create a good work environment where we reach our common goals together. Sickness absence was 5.8 (6.1) percent during the year. We conduct safety inspections twice a year, and any incidents and occupational injuries are reported and dealt with. Ahead of operational changes, risk assessments are made concerning work environment issues. Each manager is responsible for ensuring that their employees have knowledge about a good work environment. Work environment issues are discussed regularly between employees and managers and at quarterly workplace meetings.

We work continuously to ensure a safe work environment. We carry out regular safety audits in stores, provide regular training in security in accordance with the training plan in our Security Manual, perform internal fire drills, and report and follow up incidents on an ongoing basis. We have established routines for serious incidents and an emergency group is available to provide support, with contact information accessible for all countries.

Additionally, we provide internal materials on crises, including terrorist attacks and shootings. In 2024, trade union representatives visited multiple shopping centers, also concluding our internal routines for serious incidents to be adequate.

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In-Depth Information: Employees

Total number of employees by employment contract (permanent and temporary), region & gender	2025		2024		2023	
	Women	Men	Women	Men	Women	Men
Number of employees, Sweden permanent	1,447	136	1,443	136	1,403	137
Sweden, temporary	520	68	503	68	554	68
Number of employees, Norway, permanent	664	5	628	4	591	6
Norway, temporary	421	7	450	6	465	10
Number of employees, Finland, permanent	243	2	243	3	247	3
Finland, temporary	13	0	65	0	73	0
Number of employees, Poland, permanent	144	4	155	6	157	6
Poland, temporary	45	0	44	0	54	4
Number of employees, United Kingdom, permanent	78	1	55	1	34	0
United Kingdom, temporary	0	0	0	0	0	0
Number of employees, production offices, permanent	25	39	53	57	69	58
Production offices, temporary	35	8	0	0	1	0
Number of employees on permanent contracts, Group	2,601	186	2,578	206	2,501	210
Number of employees on temporary contracts, Group	1,034	74	1,062	74	1,229	82
Total for Group	3,635	260	3,639	281	3,730	292

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In-Depth Information: Employees

Employees by employment type (full-time and part-time) and region	2025		2024		2023	
	Women	Men	Women	Men	Women	Men
Employees on full-time contracts, Sweden	553	124	550	125	525	120
Employees on part-time contracts, Sweden	1,414	70	1,396	79	1432	85
Employees on full-time contracts, Norway	165	5	172	4	161	4
Employees on part-time contracts, Norway	920	7	906	6	905	2
Employees on full-time contracts, Finland	43	2	55	2	80	3
Employees on part-time contracts, Finland	213	0	253	1	240	0
Employees on full-time contracts, Poland	169	4	179	6	196	10
Employees on part-time contracts, Poland	20	0	20	0	15	0
Employees on full-time contracts, United Kingdom	16	0	10	1	10	0
Employees on part-time contracts, United Kingdom	62	1	45	0	24	0
Employees on full-time contracts, production offices	50	57	53	57	69	57
Employees on part-time contracts, production offices	0	0	0	0	1	1
Number of employees on full-time contracts, Group	996	192	1,019	195	1,041	194
Number of employees on part-time contracts, Group	2,629	78	2,620	86	2,617	88
Total for Group	3,639	281	3,639	281	3,658	282

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Training & Education

At Kappahl Group, Capable Leaders is our leadership development program, focusing on strengthening our managers in their leadership role. Capable Employees is our self-leadership program, focusing on strengthening all of us in our everyday work. Both programs are important tools through which we implement our policies in our value chain. The aim is to give leaders and employees the tools they need to make sustainable and business-driven decisions, always from the customer's perspective. New employees are offered on-boarding training about Kappahl Group, our customers, values and sustainability work.

All our employees receive continuous education and training for occupational health and safety and professional development, regarding for example work related hazards, handling of third-party certified goods, anti-corruption measures and inclusion and diversity.

The 2025 average was 20.7 (6.7) training hours per employee. The increase in training hours was driven by a broader approach to learning and the fact that our new learning platform became fully operational during the year. The share of managers and specialists which were recruited internally was 63 (42)% during 2025.

In-Depth Information: Employees

New employee hires 2025 (head count)	< 30 years old		30-50 years old		Over 50 years old	
	Women	Men	Women	Men	Women	Men
New employee hires, Sweden	825	72	231	29	39	1
New employee hires, Norway	414	5	70	1	15	0
New employee hires, Finland	86	6	25	0	2	0
New employee hires, Poland	41	0	11	0	2	0
New employee hires, United Kingdom	50	2	36	0	12	0
New employee hires, production offices	4	0	5	3	0	2
Total for Group	1,420	85	378	33	70	3

Employee turnover, permanent and temporary* (head count)	2025	2024	2023
Employee turnover, Sweden, %	51	46	53
Employee turnover, Norway, %	31	31	28
Employee turnover, Finland, %	27	11	26
Employee turnover, Poland, %	30	31	41
Employee turnover, United Kingdom, %	51	52	15
Employee turnover, production offices, %	13	5.3	5
Total for Group	48	38	41

* The employee turnover figures include all types of employees at Kappahl Group as is recommended by GRI. Temporary employment is common in the retail industry and we include all those that have been on-boarded to an employment at Kappahl during 2025 regardless of period.

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Inclusion at Kappahl Group

Kappahl Group's higher purpose is to create a responsible world of fashion. Our People Strategy states that we promise you the right to always be yourself – Kappahl Group a Place to Belong. We had 4 (4) formally reported incidents of discrimination during 2025, reported via the Whistleblower system, the IA system and via the manager. Action was taken immediately and all four cases were closed during 2025. In the anonymous Employee Input Survey, 3 (1) % of our employees stated that discrimination occurs at Kappahl Group.

In 2025, we were unable to conduct our regular employee survey due to a change of supplier. Instead, we carried out a Sustainability Focus Survey, which included questions on inclusion and diversity based on self-identification, as well as experiences of discrimination, sexual harassment and bullying. This survey achieved a completion rate of 15% or 588 responses. 5 (3) % of respondents answered they had been exposed to discrimination in the past 12 months, representing 28 individuals. We have started using a new external survey tool and expect response rates to return to the levels of previous years, which was 80% in 2023.



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In-Depth Information: Inclusion & Gender Equality

Gender breakdown of the Board and employees %	2025	2024	2023
Board, % Women	67	67	62
Board, % Men	33	33	38
Employees, % Women	93	93	93
Employees, % Men	7	7	7

Age breakdown of the Board and employees %	2025	2024	2023
Board, % under 30 years	-	-	-
Board, % 30–50 years	11	11	25
Board, % over 50 years	89	89	75
Employees, % under 30 years	40.5	39	41
Employees, % 30–50 years	35.6	37	37
Employees, % over 50 years	23.6	24	22

Female managers %	2025	2024	2023
Management team	63	62	62
Total, Sweden	93	93	93
Head office, Sweden	85	87	91
Stores, Sweden	97	96	95
Distribution centre, Sweden	60	75	75
Total, Norway	98	98	98
Total, Finland	97	96	94
Total, Poland	95	91	91
Total, United Kingdom	100	92	100
Total, production offices	50	78	71

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Workers in the Value Chain

Working Conditions, Equal Treatment & Opportunities for All

Kappahl Group's activities have an impact on people and the environment in all parts of our value chain, but the most significant actual and potential social impacts occur in our supply chain. The textile supply chain is generally divided into four main tiers:

- Tier 1: final product manufacturing
- Tier 2: finished material manufacturing (fabric mills, dye houses etc.)
- Tier 3: raw material processing
- Tier 4: agriculture, ranching, forestry and extraction

Kappahl Group's business relationships are mainly with tier 1 suppliers, but the risks are greatest in the lower tiers. Kappahl Group uses the software TrusTrace to enable traceability in the entire supply chain. Our one traceability goal is for 100% of our suppliers to have full traceability tier 1-4 by year 2025. We did not quite reach this goal - 70 (61) % of our suppliers shared supply chain mapping down to raw material level with us. Our other traceability goal is for 100% of our assortment to have main fabric traced to tier 4 by 2026. In 2025, 95 (19) % of our assortment had Purchase Order tracing of main fabric/main fiber down to raw material level.

Since 2023, also individuals outside our organization can use our whistleblower function to seek advice and raise concerns about the organization's business conduct. We view this

anonymous and open reporting channel as a tool for due diligence, enabling broader risk identification, data collection, and enabling corrective actions. The channel is provided by a third part and accessible in all languages used across our sales and production countries. In 2025, we saw an increase in the number of cases, which we believe is linked to higher awareness of the mechanism, which was opened up to third parties in 2024. We also observed a moderate rise in handling time, which increased by approximately 8%.

Kappahl Group launched its first Code of Conduct (CoC) for Suppliers in 1997. Just as the CoC before, today's Sustainability Commitment is a binding document through which we implement our policies in the supply chain. The suppliers commit to follow international human rights standards and ensure that not violations occur, particularly in relation to child labor, sexual harassment and gender-based violence, forced labor, working time, occupational safety and health, trade unions and collective bargaining, and wages, which are among the sector risk factors listed by the OECD.

The sustainability commitment also covers a wider range of issues, including access to water and sanitation, decent work, the rights of minorities and communities, and responsible sourcing from home workers. It also sets requirements for social and environmental

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considerations across the entire value chain, such as social dialogue, fair wages, and greenhouse gas emissions reduction. Furthermore, all contracts include a reference to our Ethical Guidelines, which explicitly address key topics like bribery and corruption.

Supplier Collaboration & Review

To drive positive impact, we keep working to consolidate our supply chain and see transparent dialogue with suppliers and factories as essential. We will continue our close relationship with suppliers that also see such a future. Kappahl Group invites all Tier 1 and nominated material suppliers once a year to a Supplier Sustainability Meeting to strengthen the partnership and exchange expectations on the sustainable development both in the short and in the long term. In 2025's meeting, the focus was placed on strengthening the link between business and sustainability. We also shared the results of our supplier survey on responsible purchasing practices, which serves as a foundation for improving responsible sourcing.

Kappahl Group performs Supplier Evaluations once a year with all 111 (138) Tier 1 suppliers where sustainability performance is one part that is evaluated and turned into business incentives in terms of continued partnership and new orders. During 2024, we developed a Supplier Ranking Tool which enables us to in a systematic way weigh different aspects against each other: working conditions in Tier 1, transparency Tier 1-4, data sharing through Higg FEM & FSLM modules, climate action and monitoring & corrective action plans. The Supplier Ranking Tool is the basis for the strategic KPI: 'Correlation purchase volume allocation and supplier ranking'.

Employees at our local production offices in Bangladesh, China, Europe and India monitor compliance with Kappahl Group's Sustainability Commitment in three steps:

- 1, Identify non-conformances
- 2, Initiate improvement measures
- 3, Support the work of improvement and if applicable remediation

We conduct regular reviews at the factories and suppliers we cooperate directly with, where interviews with factory workers are included. These are of four types: 1) Tier 1 cut-make-trim (CMT) or vertical factories, 2) Tier 1 processing factories, 3) Nominated material suppliers or 4) Agents and Importers. During the year we carried out 290 (188) factory reviews and follow-up visits at suppliers' factories. The factories that are not reviewed in the Agents and Importers category are in countries where the risk of deficiencies in the work environment and safety conditions are estimated to be low.

If we identify significant actual and potential negative social and environmental impacts at our reviews, our default position is to bring about change and offer remediation instead of terminating the collaboration. In these cases, the factory draws up a Corrective Action Plan (CAP) to correct the non-conformances. If a supplier does not cooperate, or a factory does not carry out agreed improvements, we limit or stop the order placement. During 2025, we have developed and piloted a Responsible Disengagement Policy that will be implemented during 2026.

During 2025 we had one non-conformity related to environmental requirements resulting in a responsible phase out of the supplier. The non-conformity concerned the supplier's continued failure to develop and implement a Greenhouse Gas (GHG) reduction roadmap, a mandatory component of Kappahl Group's environmental expectations.

5 Bangladesh CMT factories had non-conformities related to health and safety during 2025. The non-conformity concerned 5 immediate safety concerns from Accord boiler inspection and 1 issue of unsafe storage of a CNG cylinder. 4 issues were immediately resolved and 2 are pending as they were identified in December 2025.

2 CMT suppliers had identified non conformities related to Kappahl group's sustainability commitment. The first related to poor performance in sustainability assessments, where required continuous improvement steps were not implemented. The second concerned suspected long term use of unapproved subcontractors at several locations, in violation of our supply chain transparency and ethical behavior. Both cases resulted in a responsible phase-out of the supplier.

In total, 6% of our Tier 1 suppliers identified as having significant negative environmental or social impact.

During 2024, we expanded our due diligence activities by assessing Tier 2-4 factories against key ESG parameters. This process identified 14 non conformities related to working hours, health and safety, and compensation practices. One of these issues was closed following verification through audit, while the remaining 13 non conformities have corrective action plans in place and are awaiting verification.

In 2025, an additional five non conformities related to health and safety were identified. All five cases were resolved and closed during the year.

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Control of New Production Markets & Sites

When we enter new production markets, we evaluate the situation concerning human rights in the country and region, for example the occurrence of child labor and forced labor.

We also evaluate local legislation on working conditions and terms of employment, as well as such things as ownership structures for factories and land, aimed at identifying and avoiding the greatest risks. 100 % of new suppliers were reviewed by our own staff at the Production Offices and need to be approved before orders can be placed there. The factory review for new factories always assesses both social and environmental criteria.

Training center and TCM Foundation

Bangladesh is one of the leading readymade garment (RMG) exporters in the world and Kappahl Group's largest production country. The RMG sector employs around 4.0 million people directly, approximately 60 percent of them are women. This sector has for several decades played a significant role to reduce poverty and increasing women empowerment in the country, acting as a catalyst to achieve sustainable development goals.

We continue our collaboration with the TCM Foundation to empower women, eliminate gender-based discrimination and poverty, and promote human rights in Bangladesh. As part of this effort, we are funding an industrial sewing training center for women on the outskirts of Dhaka, equipping them with valuable skills for economic independence.

Since it opened in 2009, the training center has trained in total 1,710 women. At the training center underprivileged women are trained in industrial sewing, as well as on their rights as

workers and on other basic life skills such as financial literacy, access to financial services, health and hygiene, participation in decision making Furthermore, they receive free training with allowances and join export-oriented RMG factories after successful completion. Thus, the training center significantly contributes to enhance women's ability to contribute financially, participate in decision making, access resources,

KPIs for supply chain	2024			
	CMT (Tier 1 or vertical)	Processing factories	Nominated fabric factories	Agents & Importers factories
Total number of factories	147 (149)	85(65)	17 (31)	21 (42)
Total number of factory reviews at new factories	20 (16)	3 (2)	2 (6)	0 (2)
Total number of factory reviews at existing factories	78 (76)	44 (36)	8 (16)	0 (15)
Total number of follow up visits	160 (38)	0 (0)	0 (0)	0 (7)
Not reviewed new factories	0 (1) ¹	0 (0)	0 (0)	0 (3) ²
Approved	128 (127)	85 (65)	17 (31)	20 (40)
Temporarily approved	19 (22)	0 (0)	0(0)	1 (2)
Unsatisfactory, corrective action plan established ³	9 (2)	0 (0)	0 (0)	0 (0)
Unsatisfactory, relation terminated ³	10 (0)	0 (1)	0 (0)	0 (0)

1. During 2024, one new factory belonging to our supplier in Pakistan was opened without own staff visit using only verified HIGG FEM and FSLM modules as risk assessment. 2. Constitutes factories in the category of agents/importers that have not reached a certain order value or are not in a country described as a high risk. 3. RMG Sustainability Council (RSC)

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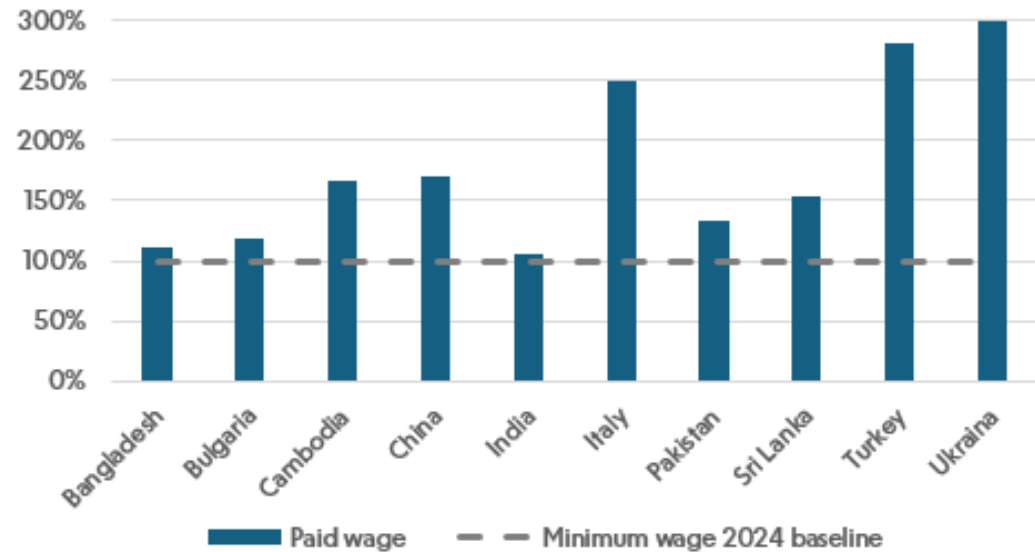
Fair Wages

We identify wages as one of our key human rights issues and recognize that minimum statutory wages are often insufficient for factory workers to support their families. In line with our ETI membership and social sustainability goals, we are mapping wage levels at tier 1 suppliers representing 97 (94) percent of business volume.

As part of our commitment and due diligence efforts, Kappahl Group has set a target and timeline to ensure that workers earn at least 30 percent above the legal minimum wage by 2030. Progress will be measured against a 2024 baseline, meaning minimum wage levels reported in 2024 serve as the starting point for tracking improvements until 2030. This Kappahl-defined and time-bound target serves as a concrete step toward the long-term goal of achieving living wages, acknowledging that progress must be both structured and continuous.

To drive progress, we train relevant staff on the topic of responsible purchasing practices and ensure prompt compliance with any minimum wage increases in the countries where we operate. In some countries, our suppliers are not only meeting our fair wage target but also paying wages above recognized living wage benchmarks. At the same time, we acknowledge that significant gaps persist in other countries. Addressing these gaps remains an important priority in our due diligence and supplier engagement efforts.

To evaluate wage levels, we calculate the average full-time paid wages across employee categories – excluding overtime and bonuses – and compare them against the latest 2024 legal minimum wage and our fair wage target of at least 30% above that minimum. In 2025, 45 (38) percent of our suppliers ensured fair wages were paid to their workers.



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Other work-related rights

Kappahl Group's Sustainability Commitment is a binding document that forbids violating human rights such as forced labor and child labor in all our business relations. Our work towards traceability in our supply chain is important as our supply chain is localized in parts of the world where there is a geographical risk of child labor, or of forced or compulsory labor. One area where the risk is recognized to be high is the cotton harvesting, and to mitigate this risk

Kappahl Group has phased out conventional cotton, sourcing only either certified organic cotton, certified recycled cotton, or BCI cotton sourced under the Mass Balance Chain of Custody. We also believe that partnership is needed to protect human rights and are part of several initiatives for a more transparent supply chain.

Cascale

Since 2018 we are a member of the industry initiative Cascale (former Sustainable Apparel Coalition). This partnership is important to Kappahl Group, since industry standards are key to facilitate transparent communication of environmental and social performance in the textile value chain, and reduce the workload of duplicate reporting. Kappahl Group uses the

Higg Index set of tools and encourages our merchandize goods suppliers to do the same. The Higg Index Facility Social and Labor Module (FSLM) tool measures the social and human rights performance of factories and is now used at factories corresponding to 84 (64) percent of Kappahl Group's order value, whereof 77 (56) percent were verified modules.

Ethical Trading Initiative

Kappahl Group has been a member of the Ethical Trading Initiative (ETI) since 2016, aligning with its commitment to advancing workers' rights. We actively engage within the ETI network for joint action on manufacturing chain challenges such as social dialogue, the right to freedom of association, collective bargaining, and joint remediation actions. We see freedom of association and the right to collective bargaining as enabling rights – essential for empowering workers and ensuring fair working conditions. As part of our commitment, we report under the Corporate Transparency Framework (CTF) and have taken steps to internally monitor key aspects of these rights to strengthen our approach and drive meaningful improvements.

We recognize that workers in our supply chain face barriers to freedom of association and collective bargaining due to restrictive laws and social and economic pressures. To address this, we aim to enhance data collection, identify gaps, and strengthen our due diligence to support fair working conditions. As part of this effort, we are mapping Tier 1 manufacturing sites to assess the presence of trade union representation and collective bargaining agreements.

International Accord

Ka Kappahl Group is a signatory of the International Accord for Healthy and Safety in the Textile and Garment Industry, which replaced the (in 2013 signed by Kappahl) Bangladesh Accord in 2021 and introduced the Pakistan Accord in 2022. As signatories to both country specific programs we actively support their implementation and contributes to the worker complaint mechanisms established under both programs.

Transparency Pledge

The Transparency Pledge is a coalition of a number of large global organizations (Human Rights Watch, IndustriAll, Clean Clothes Campaign, etc.) to improve transparency in the fashion industry's supply chains. Kappahl Group has published our supplier lists on our website since 2013 and are also working on a number of different solutions for increased transparency. To be clear with our commitment, we joined the Transparency Pledge in Autumn 2019 and follow their requirements for transparency linked to the supply chain. We list our tier 1 supplier facilities (including processing facilities) and our nominated material suppliers in the Open Supply Hub registry

Employment Injury Scheme (EIS) Pilot in Bangladesh

In 2024, Kappahl Group made a financial commitment to support the Employment Injury Scheme (EIS) Pilot in Bangladesh. This initiative provides financial protection to workers against workplace injuries and fatalities in the ready-made garment sector. The EIS Pilot covers all 4 million garment workers. It aims to run for 3 to 5 years, focusing on establishing operational aspects in the initial three years and subsequently transitioning into a fullfledged insurance protection scheme embedded within Bangladesh's national framework.

and cope with risks in society as a whole. The number of women trained in 2024 amounted to 175 178 (165) whereof 173 (174) women in connection to finished training, signed an employment contract with suppliers approved by Kappahl Group.

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Communities' economic, social and cultural rights

In our double materiality assessment November 2025, we identified Communities' economic, social and cultural rights as a material topic for the first time. This recognition follows our expanded human rights due diligence and reflects a deeper assessment of how our operations and value chain may affect local communities' access to essential resources, environmental quality, cultural heritage, and economic opportunities.

Upstream in our value chain, cotton cultivation's high water consumption and use of fertilizers and pesticides in cotton cultivation, as well as chemical use and water-intensive processes in textile production, may contribute to the degradation of water bodies and soils on which communities depend for agriculture, income generation, and cultural identity.

Downstream in our value chain, improper management of textile products at end-of-life may result in pollution from microplastics and hazardous substances or contribute to the disposal of waste in landfills in other countries. Such outcomes can negatively affect communities' right to a clean and healthy environment, as well as their economic opportunities and cultural relationships to land and natural resources.

To mitigate the risks associated with cotton cultivation, Kappahl Group has phased out conventional cotton, using only either certified organic cotton, certified recycled cotton, or BCI cotton sourced through the BCI™. Phasing out the use of hazardous chemicals in the production is the most efficient way to see to that they hazardous chemicals neither pollute in the production countries nor occur in any end products, which also is important to mitigate harm from microplastics. Our activities for waste prevention and to advance reuse and material recycling are described on page 20, 58 and 61.

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Transparency towards customers

In our Human Rights Policy we commit to respect the rights of the people who wear and use our products. We set strict requirements, which adhere to the precautionary principle on product safety and chemicals, and work in a rigorous process with our suppliers with testing and when required corrective actions. In our marketing and communication, we work for increased transparency and use our platform to promote human rights issues such as equality, diversity and inclusivity.

With our marketing, we aim to give our customers inspiration and guidance towards more sustainable choices. It is not enough to produce garments with better sustainability performance, the customers need to be able to distinguish and select them. In 2024, Kappahl Group could make substantiated claims of environmental and/ or social benefits with a raw material and/ or a production process for over 95 percent of our around 4,000 products. The claim is made for each specific product and is stated both on an on-product mark on the physical product and on the product's website at Kappahl's & Newbie's online sales platforms.

All products with an on-product mark have 50 percent or more of the material made in the specified raw material or production process. Only one claim is visible on each on-product mark. This means that for a product consisting of a 90 percent organic cotton – 10 percent recycled polyester blend, the on-product mark and the information on the website will only make a claim of the certified cotton. We sincerely

aim to give clear guidance for customers who want to make a more sustainable choice. Notably, our customers ask for this type of guidance in our annual sustainability survey. We have not identified any noncompliance with regulations and/or voluntary codes concerning marketing communications.

Personal Safety of Consumers

When it comes to quality and child safety, Kappahl Group sets high demands via the Kappahl Group Product Quality Standard. We carry out regular quality and safety tests throughout the production process. A product safety assessment is made for all kids garments (up to size 170 cm). 26,097 (40,857) products were tested for safety requirements during 2025. We had no cases of product recalls during 2025.

For the products that are deemed to be potentially harmful to humans or the environment, we have no other option than incineration with energy recovery. During 2025, we sent 3,791 (4,302) products for incineration for health, safety or environmental reasons. Products that have non-hazardous faults, such as incorrect sewing, are sent to our textile collection partners for reuse at other markets. 6,159 (4,584) ¹ products were sent for reuse via partners in 2025.

¹ Restatement of the 2024 report which said 8,887 pieces.

Engagement & Inclusion of Customers

Together with our customers we donated SEK 11.42 (8.8) million during the financial year to local sustainability projects to support the civil society. 6.17 million SEK of this went to local children's rights organizations in Sweden, Norway, Finland and Poland, and we also supported Mediciens Sans Frontiers on a global level. The profits from bags purchased by customers in stores are donated to organizations promoting sustainable development. In 2025, a total donation of over 4.19 million SEK came from bag sales.

Read more about all the organizations we support at our website: kappahl.com/partnerships

Kappahl Group works in accordance with the Swedish Ethical Fashion Charter's guidelines for the fashion industry's ideal body image and diversity. The Kappahl brand's higher purpose is to celebrate diversity in everyday life. Our assortment and customer offer have since the start in 1953 been based on inclusive and sound ideals, offering fashion to a wider range of customers both in terms of wallet and sizes. The XLNT assortment with beautiful, well-fitting fashion in no less than 19 sizes has been a part of Kappahl since 1997 and feels today more relevant than ever.

We continuously check to what extent the Kappahl and Newbie customers have

confidence in our sustainability work, feel inspired to make sustainable choices and agree that we show diversity in terms of variation in ethnicity, body shape and age in our marketing. In the annual customer survey, the scale is set to 1-6 (1 = strongly disagree, 6 = strongly agree). If the score is 5 or 6 we have assumed that the respondent agrees with the statement.

At the measurement point in February 2026, 49 (55) percent of Kappahl Group's customers agree that the brand shows variation in ethnicity, body shape and age in the marketing. 38 (40) percent of our customers answered that they have great confidence in our sustainability

work and 24 (27) percent feel that the brand inspires them to make more sustainable choices. Our goal is that by transparent and courageous reporting, where we also show the challenges that stand before us, we will improve so that by 2030, 70 percent of our customers will answer 5 or 6 on these questions.

In May 2025, we updated our Brand Tracker tool, where people are interviewed regardless of whether they are Kappahl/Newbie customers or not. We will develop the Brand Tracker Sustainability Indicator during 2026. The outcome will be presented in the sustainability report for 2025.

Textile collection in stores

All our stores in Sweden, Norway, Finland and Poland offer textile collection for reuse together with our local partners. During 2025 we entered into new agreements, except for Norway where we continue our collaboration with [Fretex AS](#). Our new textile collection partners are for Sweden [Humana Klädinsamling AB](#), for Finland [Tekstiilipankki Oy - Suomen tekstiilikierätyt](#), and for Poland [Adrian Samulak SP. Z O.O.](#) Our partners describe in their respective sustainability reports how they work with reuse at the local markets primarily, and the due diligence they perform on their business partners. In 2025, we collected 53 (90) tonnes of textiles for reuse in our stores.

KPIs for consumer engagement	2025	2024	2023
Annually collected tonnes of textiles	53	90	101
Reduction of bag use compared to 2016/2017, %	83	83	81
Share of customers that feel that Kappahl/Newbie help them to make sustainable choices %	24	27	24
Kappahl	23	27	-
Newbie	24	29	-
Share of customers that agree Kappahl/Newbie shows diversity in marketing %	49	55	49
Kappahl	47	55	-
Newbie	51	54	-
Share of customers that have great trust in Kappahl/Newbie's sustainability work %	38	40	31
Kappahl	37	40	-
Newbie	40	42	-

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Transparency in the Supply Chain

Kappahl Group views traceability as a core part in our work to create a responsible world of fashion. In 2023, we achieved the goal that all our denim trousers are traceable from garment to fiber. Since then, we share with our customers on the product's page on the Kappahl and Newbie online sales platforms the information that we have collected: the name and address of the factory in each tier, as well as number of workers and parent company. This was a major achievement in our ambition to be a pioneer when it comes to sustainability and transparency in fashion.

Our one traceability goal is for 100% of our suppliers to have full traceability tier 1-4 by year 2025. We did not quite reach this goal - 70 (61) % of our suppliers shared supply chain mapping down to raw material level with us. Our other traceability goal is for 100% of our assortment to have main fabric traced to tier 4 by 2026. In 2025, 95 (19) % of our assortment had Purchase Order tracing of main fabric/main fiber down to raw material level.

Anti-Corruption

Bribery and corruption are not considered a salient risk in Kappahl Group's operations and value chain, as our risk management is viewed as adequate today. Kappahl Group has zero tolerance to any type of corruption and have a high level of internal control in all our operations. It is highly unusual for us to identify cases of corruption among employees or suppliers. Kappahl Group has Ethical Guidelines that are communicated to all governance body members, employees and business partners. The Guidelines address key issues, including bribery, corruption, gifts, conflicts of interest, harassment and victimization. They also provide guidance on how and where to report irregularities. Our employees are regularly informed of our Ethical Guidelines and our leaders work continually to create an open business climate and uphold good business ethics.

To ensure accountability, employees can anonymously report on grievances or misgivings about circumstances that violate our values and ethical principles through our whistleblowing service that is handled by an external party. This tool is also accessible to third parties, including individuals in our supply chain, public authorities, media, and consumers. In our yearly supplier survey around responsible purchasing practices, we ask our direct business partners in the supply chain if they are aware of our ethical guidelines and if Kappahl Group is free from corruption and bribery. 155 out of 156 answered that we are free from corruption and bribery.

We continuously assess all our operations for risks related to corruption. In 2025 we terminated our relationship with one supplier due to unethical behavior and implemented our responsible disengagement policy. There have been no incidences where violations of our Ethical Guidelines led to the dismissal of an employee. We had no incidents where contracts with business partners were terminated or not renewed due to violations related to corruption. No public legal cases regarding corruption have been brought against us. Kappahl Group has started implementing the TrusTrace traceability software to gain visibility in the lower tiers of the supply chain. In 2023, we introduced a new anti-corruption training for employees. We will update the course annually, track completion rates, and continuously enhance interactivity to align with our new learning platform.



Engagement for Circularity

Kappahl Group is committed to design products for longevity and circularity. We are constantly looking for new assortment solutions and services to help us develop our circular offer. One circularity goal is that 50% of our assortment shall be enabled for a circular economy by 2026. The KPI in our Sustainability Product Scorecard (SPS) is called Design that lasts and covers physical as well as non-physical durability, design for increased use, reuse and reparability. 37 (35) % of our assortment fulfilled the criteria in 2025.

Another circularity goal is that we shall reach 100 MSEK in yearly net sales from circular business offers by 2030. The demand for second hand apparel has grown the past years and is expected to grow much faster than sales of new apparel in the coming years and we want to meet our customers' expectations and demand for resale.

During 2025, Kappahl Group expanded resale of both Newbie and Kappahl kids garments to almost 100 stores in Sweden, Norway, Finland and UK. The net sales from circular business offers increased between 2024 and 2025 with 102% from 0.7MSEK to 1.4 MSEK. We are still on pilot study level but are learning how to develop a scalable circular offer that is both profitable and increases the life length of our products.

During 2025, Kappahl Group established the partnership with the innovative consumer-to-consumer (C2C) platform reCRQL. Customers in Sweden can easily resell their previously purchased Kappahl or Newbie garments, giving them a new life in someone else's wardrobe. The service applies to the entire range and all brands within the Kappahl Group.

Kappahl Group participated in four research projects aimed at improving circularity in 2025. We continued as partner in three projects: 1) Systemdemonstratorer lead by Science Park Borås, aiming at creating a system level development towards a circular economy in the textile sector; 2) the Rewin project, aiming at

creating an industrial scale polyester recycling plant in Sweden; and 3) the TexRepair project where an automated repair module for garments is developed.

In 2025, we started a new engagement in an open-loop recycling solution in which textile waste is used as a reduction agent in steel production. Together with Höganäs, RISE, Borås Energi och Miljö and the University of Borås, the 'Rags become steel' project explores how low-value textile waste can replace fossil coal, offering a promising opportunity to significantly reduce climate emissions.

Digital Product Passport

The introduction of digital product passports (DPP) is part of the EU Green Deal and included in the Ecodesign Directive for sustainable products. Once implemented, the regulation will require most products placed on the European market to carry a DPP, providing reliable sustainability data to support increased traceability and a more circular economy. Textiles are among the first product categories to be covered.

In 2024, Kappahl Group piloted DPPs through the Trace4Value project, enabling customers purchasing selected Minories garments online to access sustainability information on materials, suppliers, eco-labelling and circulation. In 2025, we built on these learnings and expanded DPPs to an additional two products, further strengthening our readiness for future legislation.

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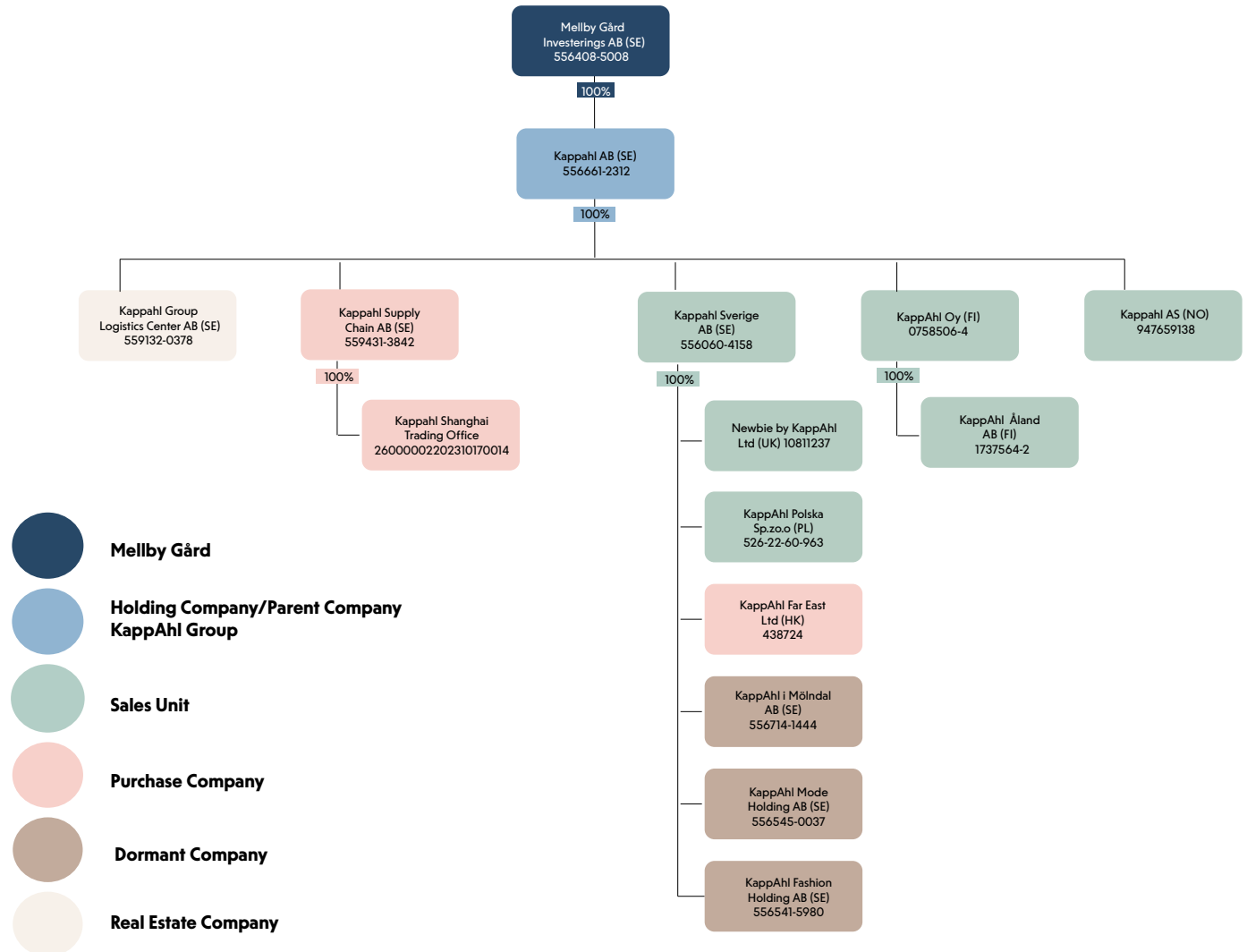
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Circular Design with Social Impact

In 2025, Kappahl Group strengthened its focus on social sustainability and circular innovation. A key example is the limited-edition bag made from repurposed denim, created together with the sewing workshop at Maria Church in Järfälla. Launched on International Women's Day 2026, the project, that begun in autumn 2025, highlights how partnerships between business and civil society can support both environmental progress and social inclusion.

Not just any bag

The bag was produced by women in vocational training using the Mary Method, which builds skills, confidence, and pathways toward employment. By transforming discarded denim and surplus lining materials from Kappahl Group, the workshop turned textile waste into a functional accessory. All proceeds were reinvested into the workshop's ongoing training activities.

For Kappahl Group, the project demonstrates how future business models can unite circularity with social value. As Sandra Roos, Vice President Sustainability, notes: "Small steps can lead to meaningful change. Initiatives like this move us closer to creating a responsible fashion world – for individuals, for society, and for the planet."

Looking ahead, we see strong potential in expanding similar models that combine material recovery with community-based impact. Whether through new uses for post-consumer textiles or extended product-life strategies, we will continue to explore solutions that reduce waste and contribute positively to society.

Denim Responsibility Moving Forward

Denim remains a key product category. Since 2023, all Kappahl denim has been fully traceable across the value chain. In 2025, we also chose to stop producing intentionally distressed denim to reduce unnecessary environmental impact and promote longevity.

Our ambition is to design denim that is durable, repairable, and suitable for reuse – supporting circular loops as garments reach end of life. The repurposed-denim bag reflects what this future can look like: materials gaining new value, communities gaining opportunity, and customers gaining products with purpose.



Employee at the sewing workshop

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GRI Index

The Sustainability 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 found on [page 23-30](#)

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 [Globalreporting.org](https://www.globalreporting.org).



Statement of use	Kappahl AB has reported in accordance with the GRI Standards for the period January 1 - December 31, 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not currently available

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	1		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	1, 62				
	2-3 Reporting period, frequency and contact point	1				
	2-4 Restatements of information	35, 41, 57				
	2-5 External assurance	1, 72				
	2-6 Activities, value chain and other business relationships	2-4, 51				
	2-7 Employees	3, 45-48		Breakdown of non-guaranteed hours per gender and regio	Information incomplete	We will develop system support to enable complete reporting
	2-8 Workers who are not employees	45				
	2-9 Governance structure and composition	13-14, 50				
	2-10 Nomination and selection of the highest governance body	13		Processes and criteria not public	Information unavailable	Not public
	2-11 Chair of the highest governance body	13				

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
General Disclosures						
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	13-14, 26				
	2-13 Delegation of responsibility for managing impacts	13-14				
	2-14 Role of the highest governance body in sustainability reporting	13-14, 26				
	2-15 Conflicts of interest	13		2-15 b	Unavailable info	Not public
	2-16 Communication of critical concerns	14, 49, 52				
	2-17 Collective knowledge of the highest governance body	13-14				
	2-18 Evaluation of the performance of the highest governance body	13		Processes criteria not public	Unavailable info	Not public
	2-19 Remuneration policies	13				
	2-20 Process to determine remuneration	13				
	2-21 Annual total compensation ratio	45				
	2-22 Statement on sustainable development strategy	6-7, 17				
	2-23 Policy commitments	13-15, 23-24, 40, 52				
	2-24 Embedding policy commitments	13-14, 22-23, 48, 51, 60				
	2-25 Processes to remediate negative impacts	23, 51-55				
	2-26 Mechanisms for seeking advice and raising concerns	51, 60				
	2-27 Compliance with laws and regulations	45, 57, 60				
	2-28 Membership associations	32, 55				
2-29 Approach to stakeholder engagement	25-26					
2-30 Collective bargaining agreements	45					

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	24		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	24, 27-29				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 60				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	60		Total number of stakeholders that have received training	Information incomplete	We will develop system support to enable complete reporting
	205-3 Confirmed incidents of corruption and actions taken	60				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 39-42				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	39				
Own disclosure	Number of sold products	39				
	Yearly revenue from circular business models	40				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 35				
GRI 302: Energy 2016	302-3 Energy intensity	35				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 37				
Own disclosure	Water withdrawal by source	37				
	Water sources significantly affected by withdrawal of water	37				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 32-34				

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	33, 73				
	305-2 Energy indirect (Scope 2) GHG emissions	33, 73				
	305-3 Other indirect (Scope 3) GHG emissions	33-34, 73				
	305-5 Reduction of GHG emissions	33				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	6, 20, 22-29, 41				
GRI 306: Waste 2020	306-1 Waste generated and significant waste-related impacts	41				
	306-2 Management of significant waste-related impacts	6, 20, 40-41				
	306-3 Waste generated	41				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	26, 42-44				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	40		Breakdown of employee turnover per age group and gender	Information incomplete	We will develop system support to enable complete reporting
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27, 42-44				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	26				
	403-2 Hazard identification, risk assessment, and incident investigation	26				
	403-3 Occupational health services	26				
	403-4 Worker participation, consultation, and communication on occupational health and safety	26				
Occupational health and safety						
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	26				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27				

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 45, 48				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	48		Breakdown per gender and employee category	Information incomplete	We will develop system support to enable complete reporting
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 49				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	50				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 45, 49				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	45, 49				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 51, 55				
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	30, 51, 55				
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 51				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	29-30, 51				
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 51				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	29-30, 51				

GRI standard/other source	Disclosure	Page reference	Notes	Omission		
				Requirement(s) omitted	Reason	Explanation
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 51, 56				
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	29-30, 37, 51, 56				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	22-29, 51				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	53				
	414-2 Negative social impacts in the supply chain and actions taken	51-55				

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Auditor's Statement

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Kappahl AB, corporate identity number 556661-2312

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2025 and that it has been prepared in accordance with the Annual Accounts Act according to the previous version applied before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö 2026

Richard Peters
Authorized Public Accountant



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Terms & Abbreviations

Definitions for Energy & Climate Calculations

Direct Greenhouse Gas Emissions (Scope 1):

Company cars and private cars used for business: calculation based on mileage in service. Emissions include all GHG Protocol gases. Emission factor for Swedish cars 1–3 years old. STICA members should use the operational control approach when reporting GHG emissions. Using the operational approach means that companies should account for emissions from leased assets under operational control as Scope 1 instead of Scope 3.

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.

Market-based and location-based method for Scope 2 emissions:

STICA members should use the market-based method when reporting GHG emissions from energy. Locationbased emissions should also be accounted for and reported separately, but the marketbased method is the primary method and should be used in all cases where nothing else is specified.

Other Indirect Greenhouse Gas Emissions (Scope 3):

Categories assessed as material for Kappahl Group:

Category 1, Purchased goods and services: Cultivation or production of raw materials and manufacture. The upstream emissions was calculated on the basis of data on purchased garments and the downstream emissions on the basis of data on garments sold.

Emission factors are taken from the MSI/Higg Index where real data is not available. Emissions include all GHG Protocol gases.

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 Group purchases its electricity and district heating. Emissions include all GHG Protocol gases.

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 Group. Emissions include all GHG Protocol gases.

Category 6, Business travel: Sources of emissions included are business travel by bus, train, air, rental cars and taxi, and in addition hotel nights. Travel data is based on data from the travel agency. Emissions include all GHG Protocol gases.

Category 7, Employee commuting: Sources of emissions included are employee commuting by bus, train, car and motorcycle. Commuting data is based on an employee survey. Emissions include all GHG Protocol gases.

Category 9, Purchased transportation and distribution (downstream): Covers travel to and from the store for visitors to Kappahl Group's stores. Based on measured number of visitors and distribution of typical journeys for urban areas and small towns. Emissions include all GHG Protocol gases.

Category 11, Use of sold products: Covers washing, drying and ironing and modeled in accordance with the draft Product Environmental Footprint (PEF) guidelines. Emissions for energy use for these activities take into account the country to which the garment is sold. Emissions include all GHG Protocol gases.

Emission factors sources are selected by our climate calculation supplier and include The Association of Issuing Bodies, CaDI (Carbon Data Intelligence), etc.

FSC	Forest Stewardship Council
GOTS	Global Organic Textile Standard
Higg Index	A suite of sustainability performance tools developed by Cascale
ILO	International Labour Organization
ISO	International Organization for Standardization
OECD	Organisation for Economic Co-operation and Development
Paris Agreement	The Paris Agreement is a legally binding international treaty on climate change, adopted by 196 Parties at COP 21 in Paris, 2015.
Shop Online	Kappahl Group has three different webshops at kappahl.com, newbie.com, and newbiestore.com (UK)

Kappahl Group

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