

# KappAhl

## MODERN SLAVERY STATEMENT FOR KAPPAHL AB

This statement is published in accordance with the UK Modern Slavery Act 2015. It sets out the steps taken by KappAhl AB, which, through KappAhl Sverige AB, has a subsidiary in the UK, during the financial year ending 31 August 2017 to address modern slavery and human trafficking in its own business and supply chain.

### ABOUT KAPPAHL

KappAhl is a fashion retailer with around 400 stores in Sweden, Norway, Finland and Poland, as well as Shop Online. Brands include KappAhl and Newbie. We have a wide selection for women, men and children.

Our purpose at KappAhl is to create a better everyday life for the woman in the prime of life, and her family, through offering a wide range of well-designed and feel good fashion, always in a sustainable way.

At KappAhl there are roughly 4,000 co-workers working with everything from design and sales to marketing and IT, in different parts of the world. We create our collections in our own design studio in our head office situated in Molndal, Sweden, and our purchasing organization works from local offices in Bangladesh, China, India, Turkey and Myanmar. KappAhl does not own any factories but cooperates with approx. 170 suppliers and 290 factories mainly in Asia. You'll find our Supplier List on [kappahl.com/sustainability](http://kappahl.com/sustainability).

For more information about KappAhl or Newbie, visit [kappahl.com](http://kappahl.com) or [newbiestores.com](http://newbiestores.com) or read our annual report which can be found at our homepage.

### RESPONSIBLE FASHION – OUR SUSTAINABILITY STRATEGY AND POLICIES

At KappAhl we work to offer responsible fashion that feels right. For our customer and the surrounding world. Our purpose, policies and Responsible Fashion strategy is the starting point in dealing with the different sustainability challenges in our supply chain. Our sustainability work is based on global conventions, guidelines and principles, such as United Nation's Agenda 2030 and Stockholm Environment Institute's Planetary Boundaries, which sets the

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framework for our Responsible Fashion Strategy. It enables us to contribute to many of the 17 Sustainable Development Goals, e.g. #8 Decent Work and Economic Growth, #5 Gender Equality and #12 Responsible Consumption and Production. By working in the strategy's four focus areas, we promote human rights, anti-corruption, safe working conditions and fair wages, as well as sustainable use of water, energy, chemicals and raw-materials throughout our entire value chain:

- Design fashion for a sustainable wardrobe
- Work towards a sustainable supply chain
- Develop a sustainable organization and stores
- Inspire our customers to make sustainable choices

It is important for us to take responsibility for good working conditions at KappAhl and we work actively on issues such as human rights, gender equality, diversity and the work environment. Especially two policies are important to manage risks in our value chain regarding human rights – KappAhl Ethical Guidelines and KappAhl Code of Conduct for Suppliers. Everyone who works at KappAhl is continuously informed of our Ethical guidelines and what they entail so as to form an approach to important issues such as corruption and conflicts of interest. We will take a deeper look at KappAhl Code of Conduct below, when describing our due diligence process and social compliance program.

For more information about our sustainability work, visit [kappahl.com/sustainability](http://kappahl.com/sustainability) or [newbiestores.com/sustainability](http://newbiestores.com/sustainability) or read our annual report which can be found at our homepage.

## **WORKING TOWARDS A SUSTAINABLE SUPPLY CHAIN**

Our biggest exposure to modern slavery is in upstream, in our supply chain, which poses a great challenge as these risks and impacts are often complex and difficult to manage. All the way from the growing of cotton to the sewing of garments, people risk being violated of their human rights. We at KappAhl use our internal business' processes such as fiber and material sourcing, due diligence practices, and training to manage these risks and impacts, but we also

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choose to take action and collaborate with stakeholders such as suppliers, industry peers, and organizations promoting human rights in our supply chain.

## Sourcing of fibers

Through our fiber sourcing process we aim to reduce risks of forced labor and child labor related to raw materials. Programs such as Better Cotton Initiative (BCI), which KappAhl has been a member of since 2011, targets many environmental issues, but also social, for farmers. The Organic Cotton Accelerator (OCA), which KappAhl has been a member of since 2016, is an association supporting the organic cotton farmers in the world, and promoting increased capacity, transparency and demand with regards to organic cotton. We also use certification standards such as Global Organic Cotton Standard (GOTS), promoting transparency and sustainable conditions on cotton fields, as a way to reduce the risk of human right violations such as slavery. KappAhl's goal is to only use cotton from more sustainable sources by 2020.

## Due Diligence and Social Compliance Program

Before entering a new region, risks concerning human rights violations are assessed and evaluated in a due diligence process. We locate our production in regions, and with suppliers, that can best meet our requirements regarding price, quality, sustainability and reliability of delivery. Within our Social Compliance program we work with our suppliers on the basis of cooperation, transparency and continuous improvement. KappAhl Code of Conduct, which all suppliers undertake to follow, covers important areas such as forced labor, child labor, the freedom of association and organization, wages and working hours, safety at the workplace. We inspect and approve factories before they can produce goods for KappAhl and we continue to monitor their performance in relation to our Code of Conduct encouraging them to take their own active responsibility to ensure good employment and working conditions for their employees. When required, suppliers are requested to implement corrective actions in its own and subcontracted factories. If the necessary corrective measures are not implemented, we will stop working with the factory in question. Cooperation can only be resumed when satisfactory measures have been taken.

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## **Training and capacity building**

Directors, managers and other employees involved in the supply chain are informed about the risks of human rights violations and are responsible for continuously taking into account the performance of supplier factories' performance in terms of employment and working conditions. To strengthen the factory workers' competence and opportunity to influence their workplace is a strategically important issue for KappAhl. Apart from our continuous dialogue and relationship with suppliers, KappAhl, in some cases, use capacity building programs to educate suppliers regarding both social and environmental issues, e.g. the STWI project for cleaner production and QuizRR's pilot training in Bangladesh, where garment industry workers are educated on their rights and responsibilities through a digital training using tablets.

## **Collaboration on an industry level**

We recognize that a single organization alone cannot eradicate modern slavery and other issues in the global supply chain.

- KappAhl is a member of Ethical trading Initiative ETI, an alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.
- KappAhl is a part of the Accord on Fire and Building Safety in Bangladesh, a commitment to improve safety in the garment factories in Bangladesh.
- KappAhl has signed up for the Social and Labor Convergence Project. A project seeking to develop a simple, unified and effective industrywide assessment framework for apparel and footwear sector.

## **MEASURES TAKEN DURING 2016/2017**

During 2016/2017 the following measures were taken to address the risk of modern slavery:

- Roll out of our new Responsible Fashion Strategy, built on the Sustainable Development Goals from United Nation's Agenda 2030, addressing aspects such as decent work, gender equality and other human rights.
- Conducted 392 (298) inspections and follow-up visits in suppliers' factories. The increase depends, among other things, on the establishment

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in Myanmar and Sri Lanka as well as a reinforced sustainability organization in China. Because of non-compliance with KappAhl Code of Conduct and necessary improvements not having been implemented during the year we canceled cooperation with six factories: three factories in Bangladesh and three factories in China. In Myanmar we did not start cooperation with eight factories due to non-compliance.

- Together with four suppliers in Bangladesh, the company QuizRR, and several industry colleagues we have participated in a pilot project during the year where factory workers, both employees and managers, are educated about their rights and responsibilities.
- We've increased the use of cotton from more sustainable sources, which now stands for 85% of our cotton.

Read more about these, and more, measures in our Annual Report for 16/17 on [kappahl.com](http://kappahl.com).

This statement has been approved by KappAhl AB's Board of Directors.



Danny Feltmann  
President and Chief Executive Officer, KappAhl AB  
October 2017