



Annual Sustainability Report 2024

Kappahl Group

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Kappahl Group

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About the Sustainability Report

Publication date: 2025-04-23

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 2024 to 31 December 2024. The previous sustainability report was published on 5th of May 2024.

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 2024. The information presented in the sustainability report was reviewed by an independent sustainability consultant, from the GRI Standards 2021, 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 55](#).

The sustainability report covers Kappahl AB and all its subsidiaries, see [page 56](#) 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 materiality analysis.

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

This is Kappahl Group

Founded in 1953 in Gothenburg, Sweden, the Kappahl Group is a leading fashion chain in the Nordics, with around 340 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.

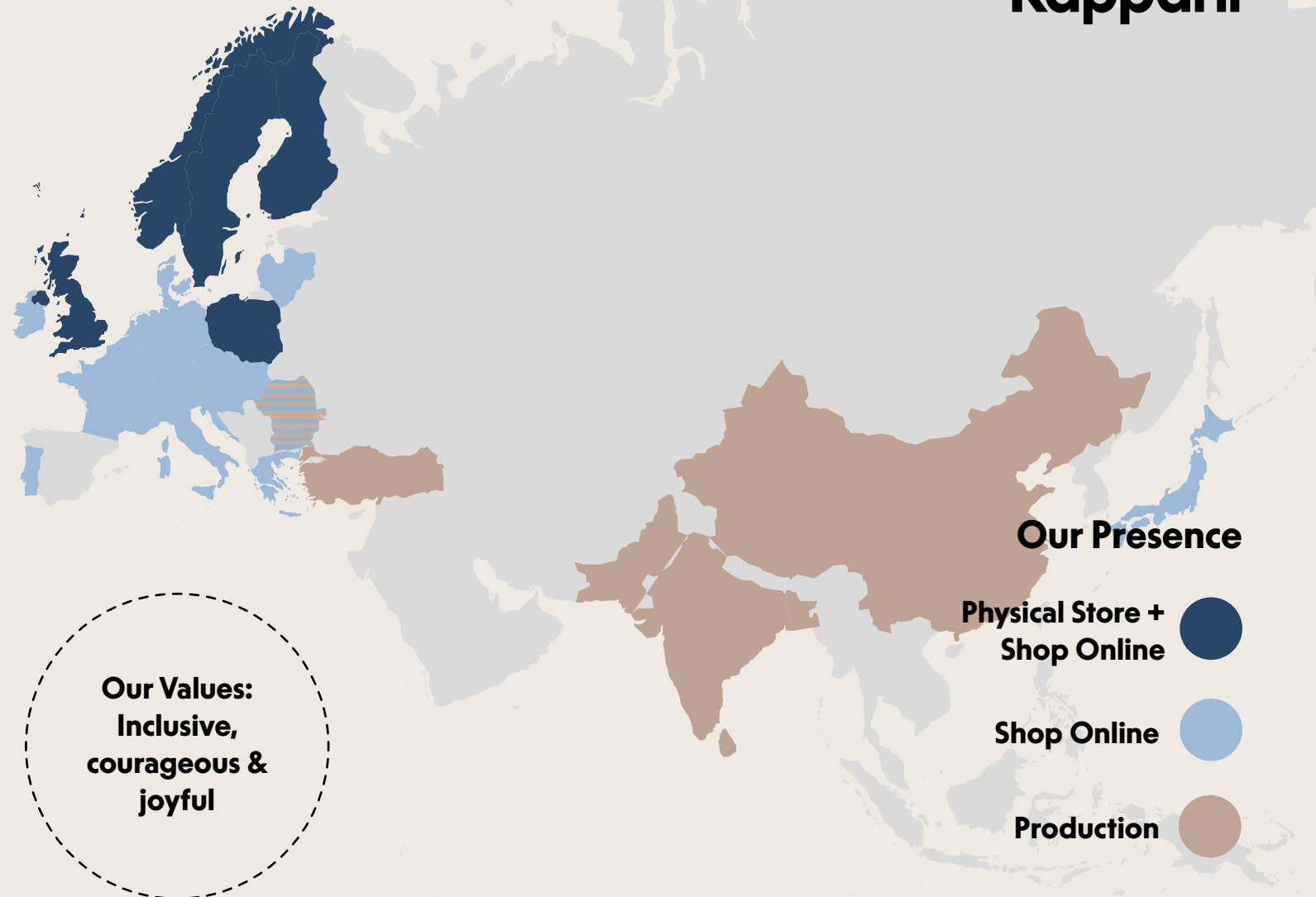
In 2024 our sales were 5.1 (5.0) billion SEK and profit before tax was 421 (487) million SEK. Kappahl Group is a consolidation of companies, directly or indirectly, 100% owned by Kappahl AB. Kappahl AB is ultimately owned by Mellby Gård AB, a family owned, long-term investor based in Malmö, Sweden.

The total capitalization was 4,074 million SEK, whereof total liabilities 1,706 million SEK and total equity 2,368 million SEK.

We exist to create a responsible world of fashion

Our Brands

newbie
Kappahl



Our presence

The most significant changes to Kappahl Group's activities, value chain and other business relationships during 2024 has been the addition of two legal units to the company structure: Kappahl Group Logistics Center AB, and Shanghai Trading Ltd. Kappahl Group Logistics Center AB is the owner of the property that will be used for the new distribution center.

Last year's values are presented in parenthesis.

Sales Countries

Sweden

Net sales, million SEK: 2,684 (2,621)
Kappahl's presence: 151 (150) physical stores plus Shop Online
Newbie's presence: 6 (6) physical stores
Average number of full-time positions^{1,2}: 1,506 (1,496)

Norway

Net sales, million SEK: 1,537 (1,484)
Kappahl's presence: 92 (91) physical stores plus Shop Online
Newbie's presence: 7 (6)) physical stores
Average number of full-time positions¹: 576 (585)

Finland

Net sales, million SEK: 488 (453)
Kappahl's presence: 43 (45) physical stores plus Shop Online
Newbie's presence: 1 (1) physical stores
Average number of full-time positions¹: 203 (220)

Poland

Net sales, million SEK: 369 (307)
Kappahl's presence: 24 (26) physical stores plus Shop Online
Newbie's presence: 9 (7) physical stores
Average number of full-time positions¹: 172 (202)

United Kingdom

Net sales, million SEK: 58 (51)
Newbie's presence: 7 (4) physical stores plus newbiestore.com
Average number of full-time positions¹: 11 (10)

Online Sales Countries

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

Net sales, SEK million: 12.1 (8.4)

Production Countries

Bangladesh

Share of production³: 42 (44) %
Number of employees⁴: 52 (52)

China

Share of production³: 30 (31) %
Number of employees⁴: 42 (60)

India

Share of production³: 8 (8) %
Number of employees⁴: 16 (16)

Turkey

Share of production³: 9 (7) %

Cambodia

Share of production³: 6 (6) %

Sri Lanka

Share of production³: 2 (2) %

Pakistan

Share of production³: 2 (2) %

Bulgaria

Share of production³: 2 (1) %

Romania

Share of production³: <1 (<1) %

Poland

Share of production³: <1 (0) %

1) Total number of services restated as full-time positions. 2) Apart from store staff also includes all employees at Kappahl Group's head office and distribution centre in Mölndal, Sweden. 3) Based on order value. Excluding production at agents and importers. 4) Refers to employees of the Kappahl Group working at our production offices.

Year in Summary



310

Kappahl stores in 4 markets
Shop Online in 5 markets

**Share of sales
per brand in 2024**

84% Kappahl
16% Newbie

**Share of sales
in 2024**

Woman 47%,
Kids 47%, Men 6%

30

Newbie stores in 5 markets
Shop Online in 27 markets

34.4

million products sold

Selected important events

- Highest net sales ever
- Expansion of second hand offer to Finland
- Roadmap for biodiversity
- Launch of Digital Product Passport pilot
- Nyamko Sabuni member of Kappahl Board
- Purchase of property for new logistics centre

5,135 million SEK in sales

**421 million SEK profit
before tax**

3,920

employees in 8 countries

Our CEO in conversation

Digital transformation and sustainability are intertwined. The past year has been marked by significant advancements in technology, regulatory changes, and geopolitical shifts. All of this have influenced the way we at Kappahl Group approach our commitment to creating a responsible world of fashion. From leveraging digital tools to enhance our customer offerings to strengthening our supply chain resilience, we continue to evolve, adapt, and lead in the industry. "Visualization, data-driven decision-making, and transparency are becoming key factors in how we create fashion that is both desirable and responsible," says Elisabeth Peregi, Kappahl Group President and CEO.

Geopolitical Changes & Resilience

In 2024, geopolitical shifts significantly impacted global supply chains. Political changes, conflicts, and climate-related disruptions have made it clear that resilience is key. "We see increasing risks in several of our supplier countries, and we need to spread out our sourcing even more to mitigate these risks," says Elisabeth.

One of the most challenging events of the year was the political upheaval in Bangladesh, which affected many of our suppliers. Despite the uncertainty, we stood by our partners, ensuring they received the support they needed. "Leaving our suppliers in difficult times is not an option for us. We understand that economic stability and job security are critical for the

communities we work with," says Sandra Roos, Vice President Sustainability. "Even when a factory had to close during the most violent days in July, we stood by our orders, demonstrating our commitment to long-term relationships." Building a resilient supply chain in any country is more than just managing risks—it's about fostering trust and developing a fair partnership. "We don't simply shift production when challenges arise. Instead, we work with our suppliers to navigate changes together," says Elisabeth. This approach not only strengthens our partnerships but also ensures the sustainability of our supply chain in the long run.

We're taking proactive steps to ensure we're at the forefront of change.



Representatives from CTA Apparels and Kappahl Group



Representatives from Graphics Textiles Limited and Kappahl Group



Elisabeth Peregi, President and CEO



Sandra Roos, VP Sustainability

Policy Alignment & Circularity

Regulations are shaping the future of sustainable fashion, and at Kappahl Group, we're committed to leading the way. We're taking proactive steps to ensure we're at the forefront of change. One example is the transition towards a circular business model. We are growing our second hand offer for both Kappahl and Newbie, and learning how to circulate garments in a profitable and sustainable way. "We're actively engaged in research projects and pilot studies aiming to develop the technology level for restoration and resale of garments," says Sandra. "We do this not only for ourselves but because we believe in the power of knowledge-sharing and collaboration across the industry."

The legislative development requires continuous innovation and adaptability, and the need for digitalization that Digital Product Passports and growing reporting requirement brings. "We're preparing for

the regulations of tomorrow by taking action today," says Elisabeth. "Our goal is to stay ahead of the curve, ensuring our sustainability efforts align with evolving policy requirements while continuing to offer high-quality fashion that lasts."

Digital Transformation & Customer Focus

At Kappahl, everything starts with our customers—including how we integrate new digital tools. One easy but great example is our new online sales platform which is focused on guiding the customer to select the right size and style. Moving media material, length of the model showing the garment is added. If the customer views a garment that has been displayed in one of our live-shopping

events, a pop-up window with the recording appears. At the check-out, if the same garment is added to the shopping cart in two sizes, the customer sees a popup window highlighting this and offering size guidance to reduce unnecessary returns and the environmental footprint associated with additional transport. "We want to ensure you only take home what you know you'll wear and love for a long time", says Elisabeth.

In addition to enhancing the shopping experience, we're also using digital tools to improve the production process.

One such innovation is the use of 3D technical sketches of our garments. These digital sketches allow the design team to visualize and change products before they are physically produced, enabling precise adjustments in a digital environment and reducing the need for multiple physical samples.

This not only saves time and resources but also helps us make more informed production decisions.

However, the digital landscape also presents challenges. The speed at which trends circulate in the digital world often promotes a fast-fashion mindset. "The digital tools of today prioritize speed. They are built around a fast, linear consumption model, which in many ways is the opposite of sustainability," says Sandra.

**We believe
in the power of
knowledge-sharing
and collaboration
across the
industry.**

Despite these challenges, digitalization remains a powerful enabler of sustainability. By integrating digital product passports and advanced traceability systems, we can track a garment's lifecycle from production to end-of-life. "Transparency in our supply chain is one of the most remarkable outcomes of digitalization," says Sandra. In 2024, we mapped 96% of our Tier 1 suppliers and achieved 61% traceability down to Tier 4. This level of insight allows us to make informed decisions and ensures that every step of our production process aligns with our sustainability goals. Collaborations with technology partners are also key to accelerating digital-driven circularity. We work with platforms like TrusTrace and the Higg Index to gather third-party data, ensuring that our traceability efforts are as robust as possible. "No other company of our size, covering all our product categories, has achieved this level of transparency," says Elisabeth.

Looking ahead, we will continue to leverage digital tools, policy alignment, and strong supplier relationships to drive forward our vision of a responsible fashion industry. "Sustainability is a journey, and we are fully committed to walking this path with our customers, partners, and stakeholders," says Elisabeth. "By combining innovation, collaboration, and a steadfast commitment to our design philosophy, we can create fashion that is truly made for more while using less."



93%

Factories representing 93% of our business volume report environmental sustainability data via the Higg Facility Environmental Module (FEM)

**GOTS Scope
certification of
Kappahl Group**

99%

99% of our suppliers are mapping their supply chain in the TrusTrace tool

64%

Factories representing 64% of our business volume report social sustainability data via the Higg Facility Social and Labor Module (FSLM)

95%

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

**260 % increase of
net sales from circular
business offers**

4.4

The average climate emission per sold product in 2024 was 4.4 kg CO₂e

21%

reduction of climate emissions since baseline year 2022

97%

Factories representing 97% of our business volume report climate data to us, either via Higg Index or via the STICA module

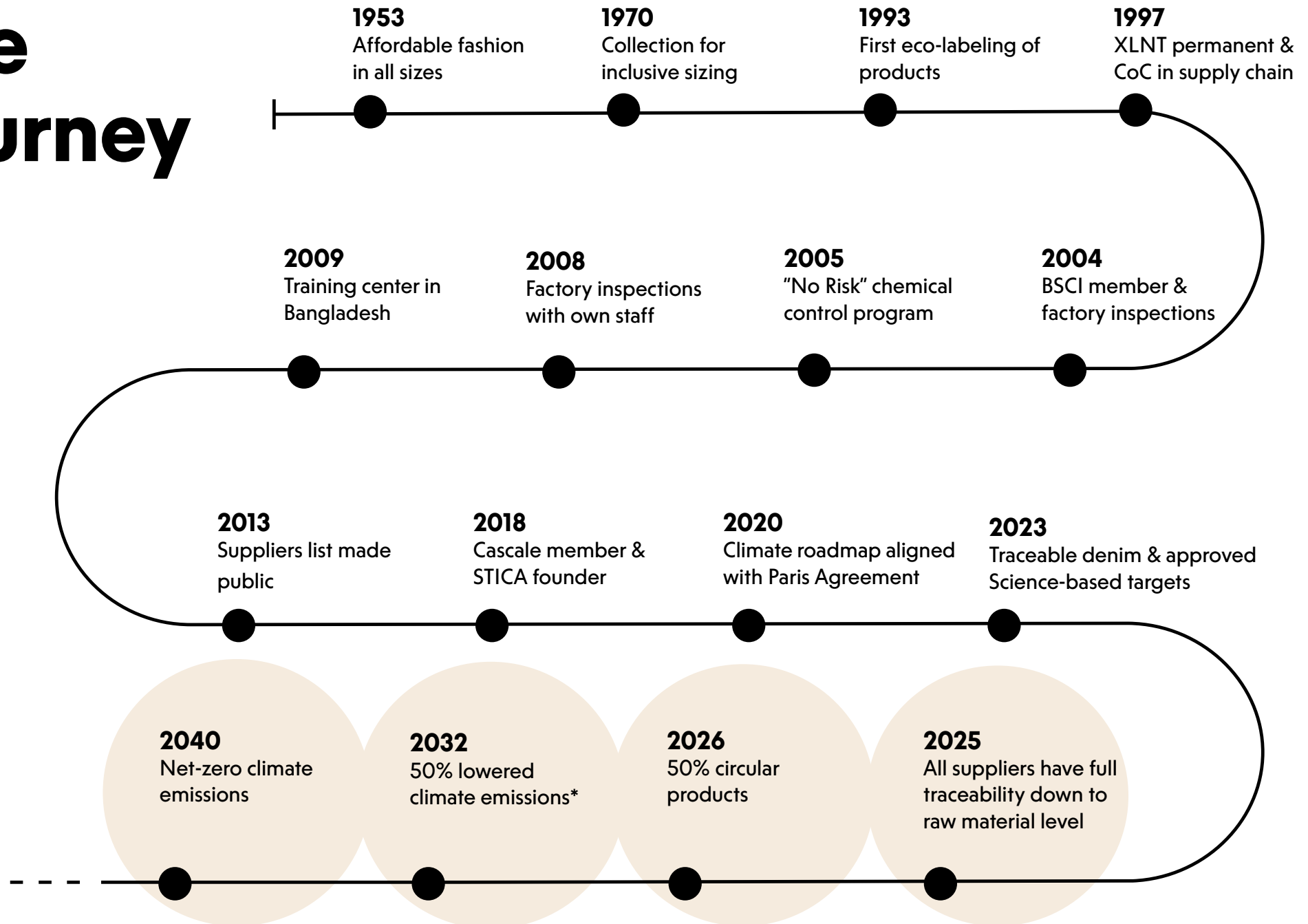
Kappahl Group Key Sustainability Achievements



At our website you can find more information about the materials that meets this criteria:

kappahl.com/labels

The Journey



*Base year 2022

Exploring New Ways

Digitalization & Sustainability

At Kappahl, the digital transformation is not just about compliance, it's a strategic opportunity to improve our operations and sustainability work. Our commitment to business development and the principle of creating more with less call for digital tools. In this case, digitalization has the possibility of enhancing transparency, supporting circular business models, and allows more effective data gathering and analysis. This empowers us to design products that resonate with customer preferences, making fashion fit for life.

Enhancing Transparency

Our ongoing transparency work, strongly supported by our supply chain traceability software, has delivered benefits beyond expectations, helping us prioritize better within existing projects and uncover new opportunities. A key initiative is our pilot project for digital product passports (DPP). While the data collected ensures compliance with upcoming regulations, it also transforms how we engage with our customers. Information about material and supply chain choices will be made available for our customers. "Transparency is not just about meeting requirements—it's about empowering our customers with knowledge," – says Maria Walmu, Vice President of Transformation & IT.

As part of our commitment to transparency, we are developing a comprehensive digital roadmap. By zooming out to see the bigger picture, we can identify missing data and assess requirements for future initiatives like DPP. Addressing these questions will help build more transparent and efficient solutions benefiting both our business and customers.

Supporting Circular Business Models

Digital tools play a crucial role in advancing our circular business initiatives. Digitalization helps us measure the impact of different strategies and enhance customer participation in clothing resale. Our partnership with the consumer-to-consumer platform reCRQL exemplifies this commitment, providing customers in Sweden with an easy way to resell their previously purchased Kappahl clothes, thereby extending the lifecycle of our products and promoting more sustainable consumption habit.

However, we recognize that digital transformation also brings challenges, particularly concerning data interoperability across various systems. In many cases, data remains siloed within specific tools, making seamless integration between platforms difficult. This requires a strategic approach when implementing new systems to ensure they align with our long-term business objectives. As a result, many circular

initiatives are currently managed manually, underscoring the need for scalable digital solutions that can support our evolving sustainability efforts. While challenges exist, our strategic collaborations and ongoing projects underscore our commitment to integrating digital solutions that promote sustainability and enhance customer engagement.



Maria Walmu
Vice President Transformation & IT



Annika Hedin
Creative Lead

Our Design Philosophy & Digital Tools

At Kappahl, every new collection begins with our design philosophy, a guiding principle making sure our products meet the needs of our customers in a meaningful way. Before the start of each season, we revisit this philosophy with our entire team to align our vision and create collections that are both relevant and lasting. Our philosophy is built on three key pillars.

- "Fashion Fit for Life" is at the heart of our approach. Our clothes and accessories are designed to work in our customers' everyday lives. We understand that fashion should be functional, adaptable, and easy to wear. This pillar stems from our customers, who want styles that complement their everyday life rather than dictate them. Our garments are designed to work with you, ensuring that fashion is an enabler, not a constraint.
- "Design Made to Last" is our commitment to durability, both in terms of material quality and timeless appeal. Our products are meant to stand the test of time, allowing our customers to build a wardrobe that evolves rather than expires. A skirt purchased today can be effortlessly paired with a new top two years from now. We create styles that work across seasons and collections. We help our customers make more sustainable choices without compromising on style.

- "Design Aesthetics" is our approach to design and style. We do not jump on every trend, but we make sure our customer always feel confident and in-style. Rather than making drastic changes with each collection, we refine and evolve our designs based on customer feedback, making sure that our products remain relevant. We believe in creating reliable style that can stand the test of time.

As part of our commitment to sustainability, we continuously integrate digital tools to enhance our design and production processes. One of the most significant advancements in the past year has been the adoption of 3D technology in our sampling process. By creating digital technical sketches, we can visualize and refine products before they are physically produced. This allows us to make precise adjustments in a digital environment, reducing the need for multiple physical samples.

Not only does this innovation save time and resources, but it also helps us make more informed production decisions, ultimately leading to better products for our customers. When we design garments that our customers truly love they will wear them for longer. Our digital advancements enable us to uphold our promise of creating fashion that fits real life while minimizing our environmental impact.

Newbie 15th Anniversary

In 2024, Newbie celebrated 15 years as a brand. What began as a concept for babies has blossomed into a beloved lifestyle brand. With soft and warm colour palettes designed to be loved and worn over generations, Newbie is renowned for its attention to detail and commitment to sustainability. "Our ethos has always been 'Nostalgic style made to last,' a sentiment that remains unchanged since our start", says Thomas Kusoffsky, Vice President Newbie. Over the years, Newbie has expanded beyond baby clothing to offer collections for children, women, and even home décor items such as toys and wallpaper. At the core of our brand is a dedication to timeless designs crafted with care. We strive to ensure both quality and environmental responsibility, making every piece in certified materials.

The Newbie customer holds a special place in our hearts. Our loyal customers have been with us since the beginning, helping shape the brand we are today. During 2024 we expanded our PreLoved initiative. Launched in May 2024 in the United Kingdom, this program allows customers to trade in outgrown Newbie children's wear for store credit, extending the life of garments. "The response has been overwhelming positive, reinforcing the enduring love for Newbie and the quality of our products", says Thomas.

As part of the 15 years anniversary, we are proud to re-introduce some of the

product classics that have long been part of the Newbie range. "These Newbie Icons showcase the timeless nature of the brand's designs and serve as outstanding representatives for the brand's commitment to sustainability and quality," says Anne-Charlotte Lindquist, Assortment Manager Newbie. Our Newbie Icons are garments that have been with us since the very beginning. These are garments that have retained their appeal over the years and been lovingly handed down from one child to the next. "One such product is our much-loved Oskar soft joggers, just as popular among babies today as they were for newborns 15 years ago. That's what has earned them the right to be called a Newbie Icon, a product that will remain a proud part of the Newbie range for many years to come" says Anne-Charlotte.

An additional initiative which we are most proud of is working with Rescued Fabrics. Traditionally, design comes first, and material selection follows. With Rescued Fabrics, we reverse this process—starting with Newbie surplus materials available at our suppliers and designing garments to utilize them. This approach significantly reduces waste, ensuring that high-quality fabrics find new life instead of being discarded. "Through timeless design, responsible materials, and conscious choices, we continue building a future where fashion is cherished, passed down, and loved for generations to come," says Anne-Charlotte.

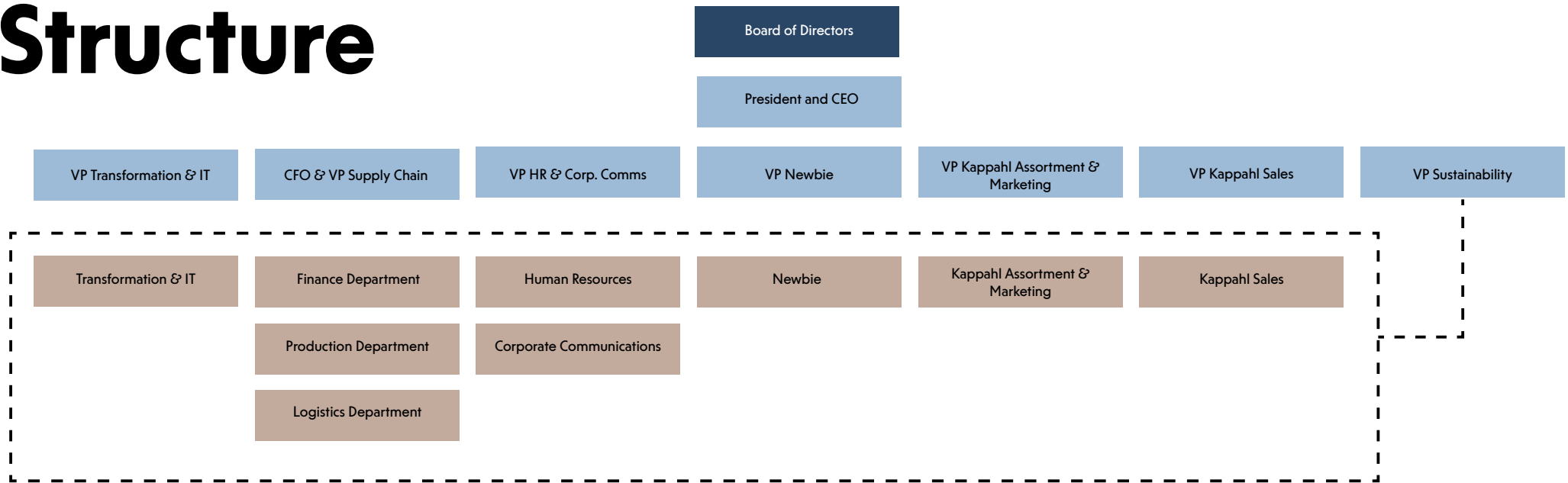


Thomas Kusoffsky
Vice President Newbie



Anne-Charlotte Lindquist
Assortment Manager Newbie

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 the Board, please see kappahl.com/board.

The Board of Directors is appointed by Kappahl's owner Mellby Gård AB, for full Ownership Structure please see [page 54](#). 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 2022. Mellby Gård has chosen not to share information publicly of its processes

Executive Management Team

The Kappahl Executive Management Team is led by the President and CEO who has the ultimate responsibility for Kappahl'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'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 performance-based bonus plus retirement benefits. There is no remuneration policy related to impacts on the environment, and/or people for neither the Executive Management Team nor the Board of Directors.

Vice Presidents

The Vice Presidents are responsible for implementing the sustainability commitments in their respective departments and report back to Kappahl's Board of Directors on quarterly basis on critical concerns, the due diligence and other processes to identify and manage Kappahl'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. To progress, Kappahl 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'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 19-38](#).

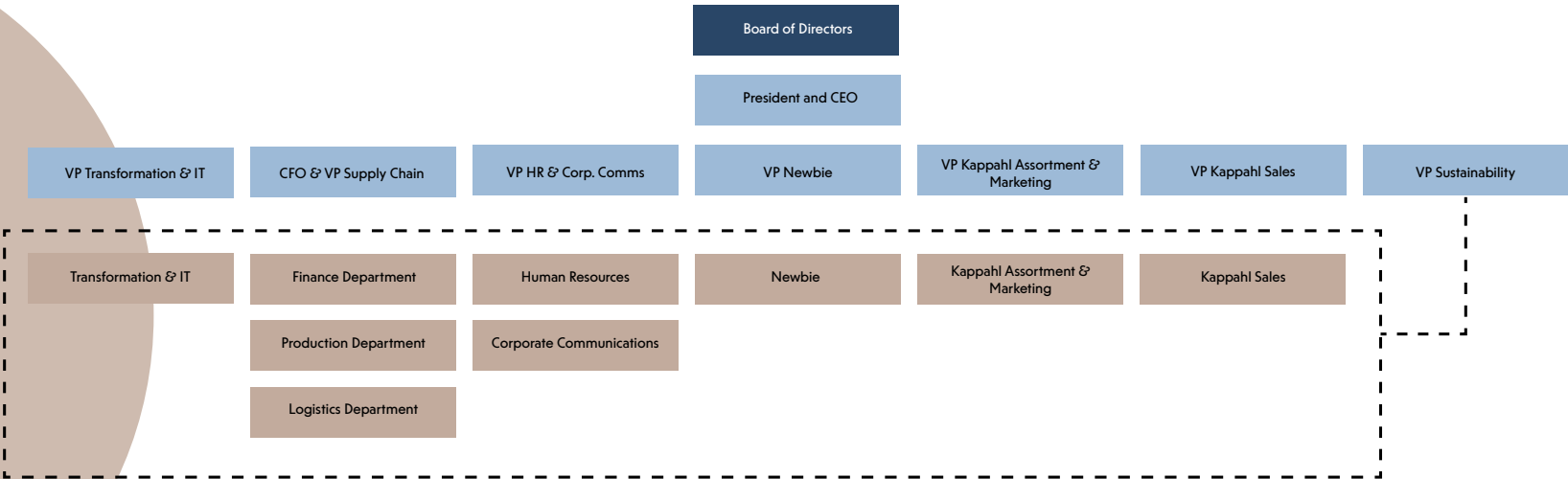
Vice President Sustainability

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 and the Kappahl Assortment & Marketing and Newbie.

The Sustainability Management Team develop 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.

The responsibility for people and planet is an integral part of all employees' daily work at Kappahl and all employees are expected to have the right knowledge and clear mandates to take sustainable and business focused decisions. Around a dozen employees work full time with a defined area of responsibility in the field of sustainability.



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. These three areas are: **Climate & Environment, Social Sustainability and 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 Principle, works proactively and participates in industry collaborations to achieve long-term sustainable development.

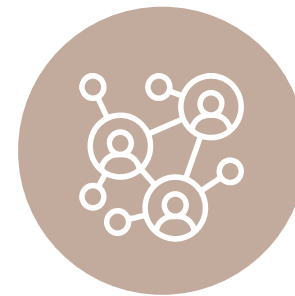
The sustainability strategy is updated on a yearly basis with input from the insights we get from our value chain and our stakeholder dialogue.



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.



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.



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.



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

50.4%

**reduction in
absolute climate
emissions by 2032**



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

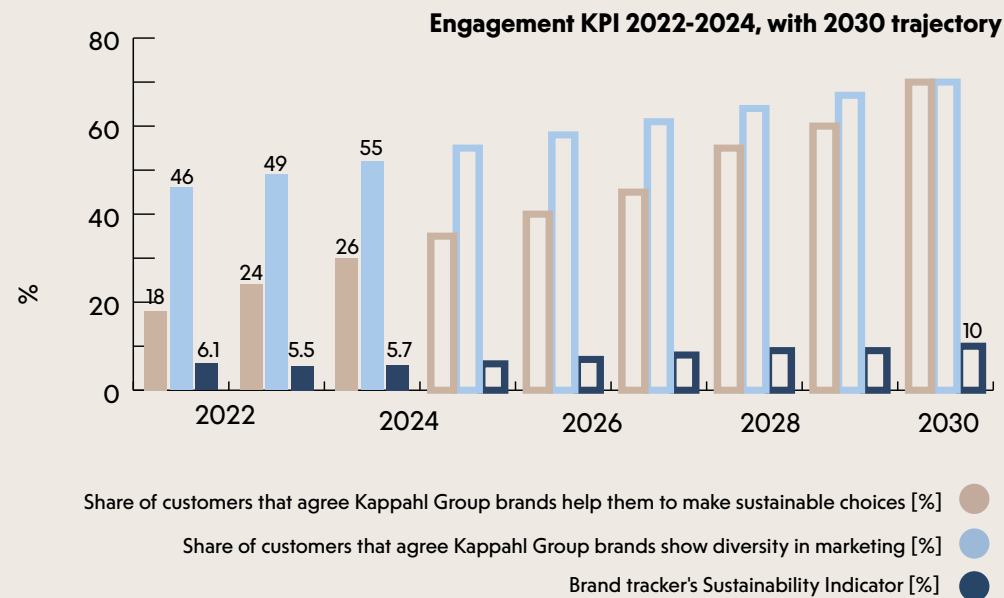
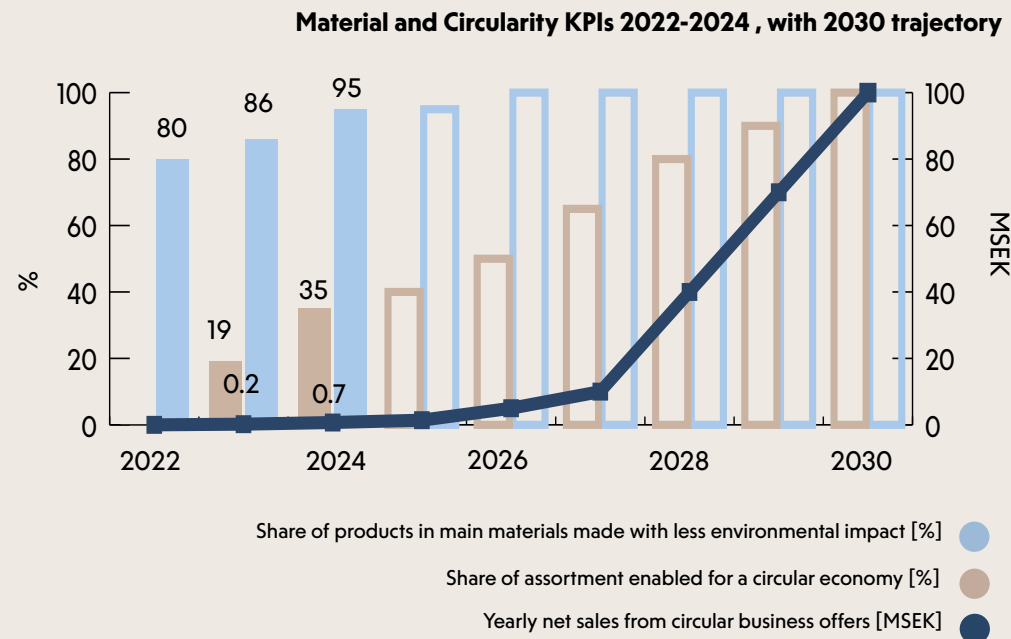
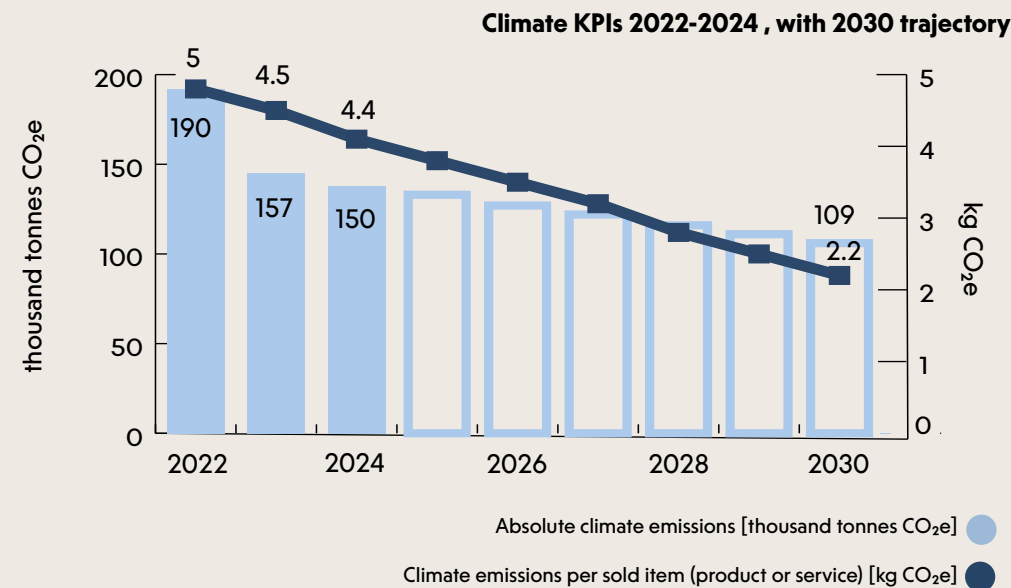


3. Transparency & Engagement

By 2030 Kappahl has:

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

Sustainability Strategy KPIs & Status 2024 - Including Trajectory

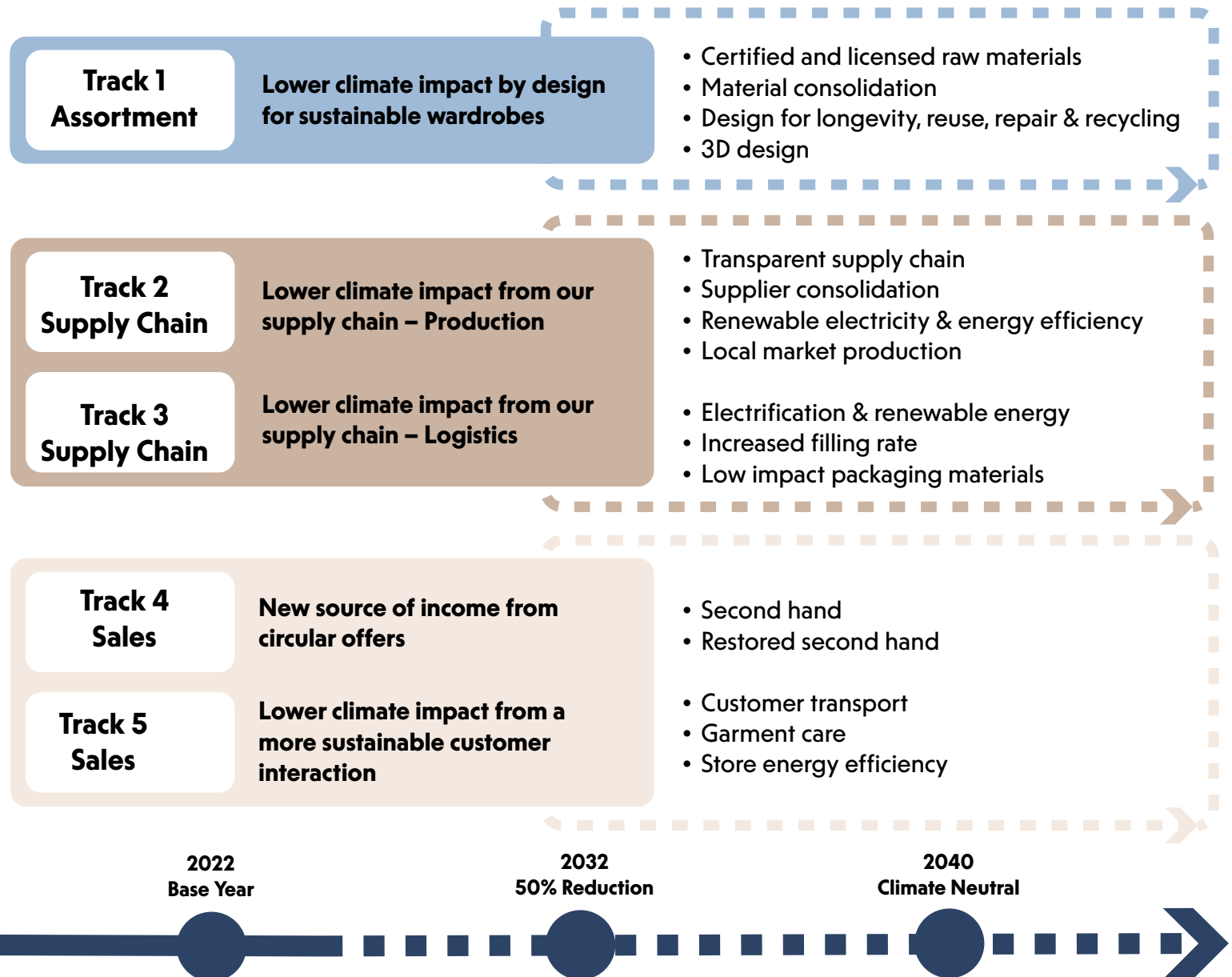


Climate Transition Plan

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 16](#). 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.



Climate & Environmental Roadmap Progress

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.

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 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. The short term risk for Kappahl Group is reputational 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. Our primary risk mitigation actions are the implementation of transparency to decarbonize the supply chain and the transition to a circular business model.

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

Results for 2024

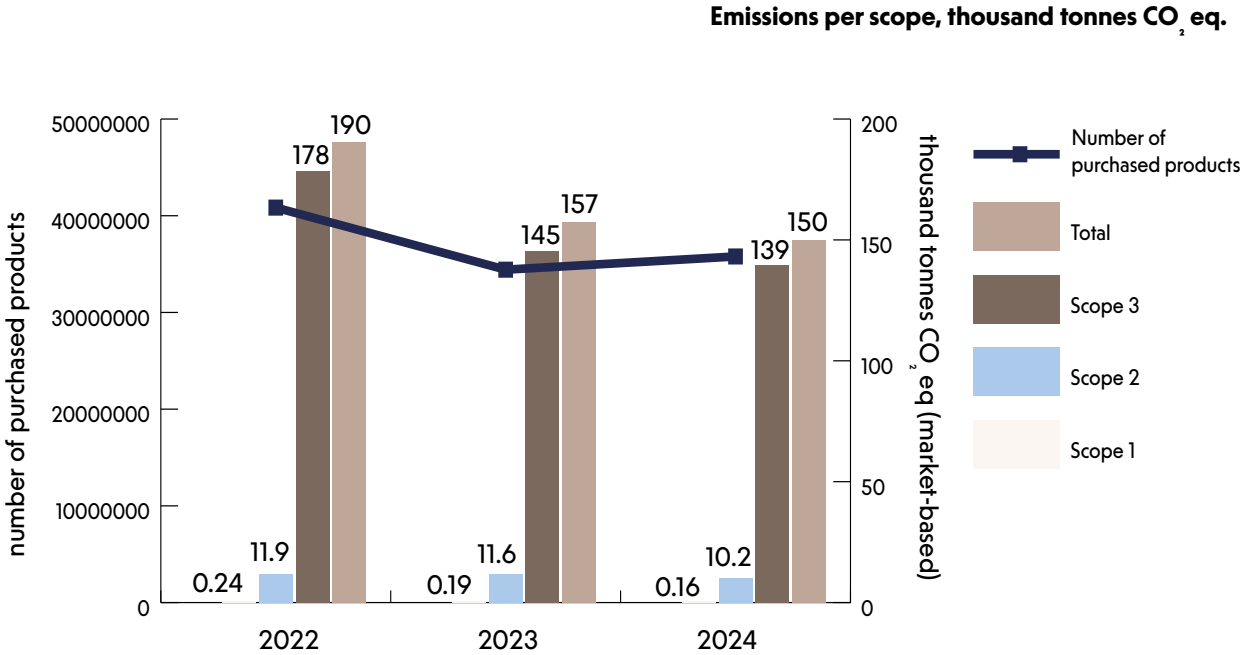
This year's climate calculation shows a 21 percent decrease in Kappahl Group's total emissions compared to 2022, which is our new base year after our commitment to SBTi. The amount of, and ratio between, products produced respective sold varies from year to year. The 5 percent decrease in 2024 was notably managed although we produced 4 percent more products in 2024 compared to 2023.

The factors behind the decrease has mainly been more renewable electricity at our Tier 1 suppliers, increased amount of real data from Tier 2, reduced customer transports and less energy use in stores,

now visible via the collection of real data. We have included previous years in the graph to show how important it is to look at the trend over several years when interpreting the results. The average level of emissions per sold product decreased 3.8 percent from 4.5 to 4.4 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 2.8 percent from 2.69 to 2.61 kg CO₂-equivalents.

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.

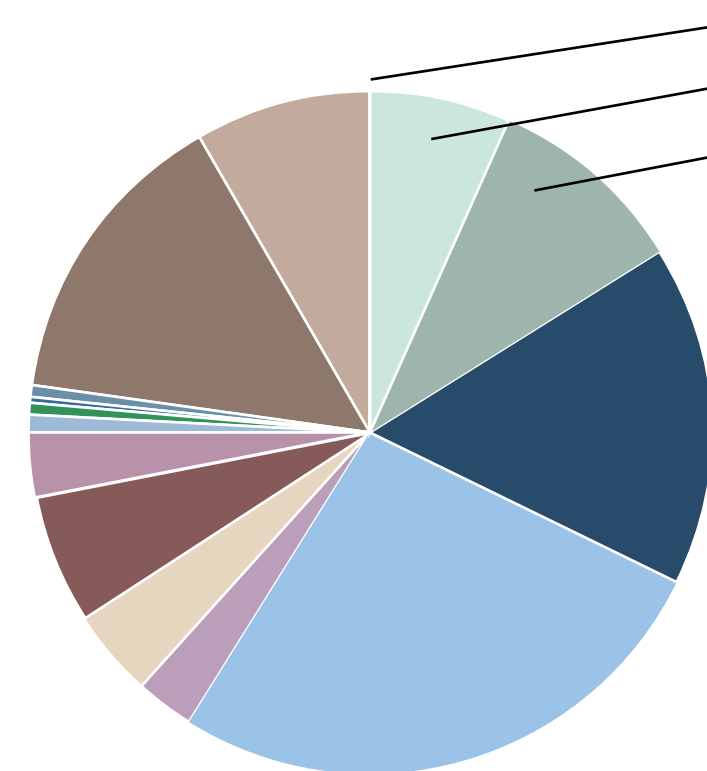


Climate Calculation Methodology

Kappahl Group has reported our climate emissions since 2014/15 but we have set 2022 as the base year after having our targets approved by the SBTi. 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), [see page 57.](#)

Our emissions are reported broken down into scopes 1, 2 and 3 according to the Greenhouse Gas Protocol. 7 (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. 93 (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 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 2024, 96 (91) percent of our Tier 1 suppliers reported climate data to us.



For 2024, we have detailed the model for fabric production discriminating between woven and knitted garments, leading to a recalculation of the 2022 base year emissions as well as the 2023 calculation. The remodel together with improved accuracy of climate reporting from suppliers with verified Higg FEM modules resulted in an increase of about 8,000 tons CO₂e of our base year 2022.

| Emissions per category, 2024 | | |
|---|------------------------------------|------------------|
| | thousands tonnes CO ₂ e | percent of total |
| Scope 1 | 159 | 0.11% |
| Scope 2 | 10,165 | 6.8% |
| 3.1 (Tier 4 Raw material processing) | 14,098 | 9.4% |
| 3.1 (Tier 3 Yarn formation) | 24,280 | 16% |
| 3.1 (Tier 2 fabric making, coloration) | 39,944 | 27% |
| 3.1 (Land Use Change-based emissions) | 4,237 | 2.8% |
| 3.1 (Tier 1 factories with T2 processes (vertical)) | 6,317 | 4.2% |
| 3.1 (Tier 1 (Sewing)) | 8,875 | 5.9% |
| 3.1 Purchased goods and services (Packaging material & spend) | 4,852 | 3.2% |
| 3.3 Fuel- and energy-related activities | 917 | 0.61% |
| 3.4 Upstream transportation and distribution | 1,128 | 0.75% |
| 3.6 Business travel | 370 | 0.25% |
| 3.7 Employee commuting | 870 | 0.58% |
| 3.9 Downstream transportation and distribution (incl. consumer transport) | 21,466 | 14.3% |
| 3.11 Use of sold products | 12,423 | 8.3% |
| Total (thousands tonnes CO₂e) | 150,100 | |

Energy

Design For More Sustainable Production Technology

Fossil energy use is the main source of anthropogenic greenhouse gas emissions and switching to renewable energy use is key to achieve our climate goals. One goal we have is that 60 percent of the electricity used in our tier 1 factories shall be renewable in 2030. We monitor progress via the Higg Facility Environmental Module and the STICA questionnaire. The result for 2024 was 29 (4.8) percent.

One example of the switch to more energy-efficient technology is that since 2019, all our denim is produced using an improved washing process (Environmental Impact Management) that provides us with data on reductions of water, energy and chemical consumption. Naturally, all our denim uses 100 percent either certified organic cotton, or cotton sourced through the Better Cotton Initiative.

Kappahl Group collaborate with our suppliers in the transition to energy-efficient technology and renewable electricity. During 2024, 11 (3) of our strategic suppliers' factories representing 23 percent of our business volume have capacity programs in place to reduce their greenhouse gas emissions. Our suppliers have also been encouraged to attend several free online Climate action trainings provided by STICA's country working groups in China, Turkey, India and Bangladesh.

Own Energy Use

From 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 are purchased. We continuously work with energy-efficiency in our stores and for our IT applications. During 2024, we have participated in the STICA working group for scope 1&2 emissions and started to collect real data for energy consumption from our stores. Our company car policy promotes fuel economy and electric vehicles, and we have charging posts for electric vehicles outside our headquarters.

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 a ban on air freight for in-bound and out-bound transports since 2020 also for delayed shipments when the supplier offers to pay for air freight. In 2024, only four out-bound shipments to customers in China and Japan were granted exception as the long-term logistics solution is not yet developed. Deliveries from the distribution center to physical stores are done by road or sea. We also impose environmental and social requirements on all carriers via our Sustainability Commitment, regardless of

mode of transport. In 2024, transportation contributed greenhouse gas emissions of 33 (27) g CO₂-equivalents per sold product. Compared to our average carbon footprint per sold product of 4.4 kg CO₂ -equivalents, the transportation is 0.8 percent.

| Internal energy consumption ¹ | 2024 | 2023 | Change 2024/2023 |
|---|--------|--------------------|------------------|
| Share of energy under own agreements from renewable sources, Sales countries% | 100 | 100 | - |
| Share of energy under own agreements from renewable sources, Production countries% | 100 | 10 | +90% |
| Electricity, MWh | 23,151 | 26,875 | -14% |
| Heating, MWh | 1,532 | 1,441 | +6% |
| Fuel ² , GJ | 1,724 | 2,725 | 37% |
| Energy intensity: Energy per square meter/open hour in stores and warehouses, Wh ³ | 0.076 | 0.070 ³ | +8% |

1. See page 55 for details on energy and climate calculations

2. Fuel refers to diesel for Kappahl Group's company cars

3. The 2023 value is corrected from 0.078 to 0.070 Wh. reported.

Pollution of Water, Air, Soil & Substances of Concern

The greatest risk for Kappahl Group to contribute to pollution of water, air 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 and in 2024, factories representing 93 (82) percent of our business volume reported environmental sustainability data via the Higg FEM, whereof 83 percent were verified modules. In 2024, we started assessing the performance of Tier 2-4, via our own ESG questionnaire making use of the traceability created by the supply chain mapping.

In our annual customer survey, the sustainability topic that has the highest priority among our customers is that there are no harmful chemicals present in our products. Phasing out the use of hazardous chemicals in the production is the most efficient way to see to that they do neither pollute in the production countries nor occur in any end products. 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. We include our whole assortment range in the chemical risk assessment. In 2024

we carried out 924 (859) chemicals tests which corresponds to 9 (10) percent of our purchase orders. 99.7 (99.9) percent of the garments were approved according to the Kappahl Group requirements. No garments had restricted chemicals present above legal limits.

Microplastics

Microplastics are 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 2024, we placed around 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. We 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 use either certified organic cotton, or cotton sourced through the Better Cotton Initiative. 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 via supplier factory visits in Tier 1. In 2024, we started assessing the performance of Tier 2-4, via our own ESG questionnaire. During 2025 we will start measuring water withdrawal leading to water scarcity throughout our supply chain 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 impacts animal life and biodiversity, particularly in the production of raw materials. Biodiversity is also affected by for example climate change, water scarcity and emissions of toxic substances. Therefore, the work at Kappahl Group to select more sustainable materials and produce at factories that use more sustainable processes is also vital to reduce the pressure on endangered species.

During 2024 we have carried out a biodiversity risk assessment and developed a roadmap for mitigating biodiversity loss and reducing the risks from biodiversity-related events. The roadmap development included a clarification of how our already reached achievements and existing climate and environmental targets contribute to impact mitigation and risk reduction for biodiversity. The KPIs for following progress of the biodiversity roadmap are listed in the table below. They are tagged after the type of response option according to Science Based Targets for Nature (SBTN): Avoid, Reduce, Regenerate, Restore, Transform (AR3T). Influenced by the SBTN framework, we have also set two new targets for 2030: No conversion of natural ecosystems, and Increased engagement in priority sourcing regions. We will continue to develop our roadmap during 2025. Agriculture of plant products was the area of highest score in the biodiversity risk assessment based on generic data. However, Kappahl Group has chosen to phase out conventional cotton and since 2020, all the cotton we use is either certified organic cotton, or cotton

| 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 use is either certified organic cotton, or cotton sourced through Better Cotton. | 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 |

Direct Impact Drivers of Biodiversity Loss (cont.) sourced through Better Cotton. Better Cotton promotes biodiversity through several key initiatives aimed at sustainable cotton farming practices. Further, our work with Organic Cotton Accelerator (OCA) promotes the increase of organic cotton cultivation, which excludes genetically modified crops, use of chemical pesticides and artificial fertilizers. We are transitioning more and more of our linen into EUROPEAN FLAX™ certified linen or certified organic flax. In 2024, all our main linen fabrics were made from certified flax fibres. Wood-based products and packaging is another risk area for biodiversity where Kappahl Group works with FSC under license number FSC® N003228.

Kappahl Group has also partnered up with the CanopyStyle initiative since 2016. Canopy is a non-profitable organization with a mission to protect the world's forests, species, and climate, and to help advance indigenous communities' rights. Kappahl Group commits not to use dissolving pulp coming from ancient and endangered forests in wood-based cellulosic fabrics such as viscose and lyocell. We do so by using Canopy's Hot Button Ranking Report, exclusively sourcing from producers without any high-risk alert, i.e. ranked with a "dark green shirt". Our goal is that all wood-based cellulosic fibres shall be certified or licensed material by 2025. This way we can reassure that the cellulose is either recycled or origins from responsible forestry certified by Forest Stewardship Council (FSC) or equivalent. Today, 98 (94) percent of our wood-based cellulosic fibres are certified or licensed material.

Resources Inflows, Including Resource Use

More Sustainable Raw Material

Kappahl Group produced and sold about 34 (34) million products in 2024. The total weight of materials that were used to produce and package Kappahl's primary products was 7,016 (6,801) tonnes during the reporting period. 69 percent were renewable materials and 31 percent were nonrenewable, whereof 29 percent were recycled. Today, 95 (86) percent of our assortment is made in main materials with less environmental impact than conventional ones.

The notable improvement is to a big part accountable to the progress with the accessories. In just two years, between 2022 and 2024, 69% of the assortment has been transitioned into having a certified or licensed main material.

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 the cotton we use is either certified organic cotton, or cotton sourced through the Better Cotton Initiative. Better Cotton 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. During 2024, Kappahl Group expanded the Better Cotton membership to traceable better cotton sourcing. 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.

In 2024, we have increased our follow-up of certified materials, and we discovered that we have faltered in some places, finding conventional cotton in some styles and this year we can only report 99% certified or licensed cotton. 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, including total mass balance of Better Cotton as well as organic certified cotton.

However, in 2024 we found through our traceability tool and supply chain mapping, in tier 4 there was a ginner situated in the Xinjiang Province, linked to five of our garments. The direct supplier was informed, and the ginner is no longer used in Kappahl Group's production. This incident underscores the critical importance of traceability within our supply chain, allowing us to identify and address potential issues and reinforcing our commitment to responsible sourcing.

| Raw material KPIs | 2024 | 2023 | 2022 |
|--|-----------------|------|---------|
| 100% products in main materials made with less environmental impact by 2026, % | 95 | 86 | 80 |
| 100% denim made with less environmental impact by 2020, % | 100 | 100 | 100 |
| 100% cotton certified or sourced through the Better Cotton Initiative by 2020, % | 99 ¹ | 100 | 100 |
| 100% wood-based cellulosic fibres certified and/or sourced from traceable suppliers by 2026, % | 98 | 94 | 81 |
| 100% materials of animal origin certified or licensed by 2026, wool % | 99 | 74 | 51 |
| 100% materials of animal origin certified or licensed by 2026, other ¹ % | 100 | 100 | 100 |
| 100% flax fibres certified or licensed by 2026, | 100 | 100 | no data |

1. For other materials of animal origin, Kappahl'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.

Resources Outflows Related to Products & Services

Prolong the Life Length

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 2024 Kappahl Group has continued developing our circular business model, now offering second hand in Finland and UK in addition to Sweden and Norway in selected stores. The net sales from circular business offers increased between 2023 and 2024 with 260 percent from 0.2 MSEK to 0.72 MSEK.

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 2024, a total of 356 (403) 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 paper¹. 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 2024 amounted to 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 collecting feedback on sizes from the online customers. All our garments are designed at Kappahl Group and tried on by live models. We have deliberately chosen to only offer free returns in our stores. If the customer returns the garments to the store they are put for sale there. Returns to our distribution central in Mölndal are returned to the omni warehouse and put for sale there.

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 that can be material recycled or energy recycled. 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 preventing them

from becoming waste. This aligns with the coming EU legislation for an Extended Producer Responsibility (EPR) 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 24-25 and 34-35.

We also try to minimize waste in our own operations, and 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 2024, a total of 681 (650) tonnes of waste was generated, of which 96 (95) percent was sent for recycling, 4 (5) percent for energy recycling and 0 (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 2024, of our electric waste 57% was reused, 38% was material recycled and 4% was landfilled.

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 materials². We are certified to the Responsible Wool Standard (RWS), Responsible Mohair Standard (RMS), Responsible Alpaca Standard (RAS) and Responsible Down Standard (RDS) 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.

1. FSC license number FSC® N003228

2. Kappahl'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.

Social Sustainability Roadmap Progress

Working Conditions - Own Workforce

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 (86) percent. We will investigate the reasons behind the reduction during 2025. 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

All of Kappahl Group's employees and workplaces follow the countries' laws, rules and regulations on work environment. We have implemented a global incident reporting system through the IA platform. This system is not a legal requirement but supports statistics and routines, contributing to the strategic development of the work

environment as well as the understanding and prevention of work incidents. The platform makes it possible to report and track:

- All types of incidents, including accidents and near misses, risk observations and other safety-related concerns in the work environment. Including anonymous reports of discrimination and victimization, and accidents occurring during travel to and from work.
- 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 2024, 1 (2) case of actual severe work-related incidents was reported, 22 (45) moderate and 173 (186) minor, together with 136 (35) '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 6.1 (7.3) 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. Recent violent incidents at the Swedish shopping centers Emporia and Kungsmässan have raised public safety concerns. We have assessed our internal procedures for handling serious events and found them adequate. Throughout the year, we repeatedly urged stores to review

local evacuation and security measures. Additionally, we provide internal materials on crises, including terrorist attacks and shootings. The trade union has also played a role, with regional safety representatives visiting multiple shopping centers, also concluding our internal routines for serious incidents to be adequate.

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 the supply 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 2024 average was 6.7 (5.9) training hours per employee. The share of managers and specialists which were recruited internally was 42 (51)% during 2024. In 2024 we invested in a new learning management system, EdApp, designed to make training more accessible, engaging and efficient.

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. In 2024, the share of suppliers with full traceability tier 1-4 was 61 (5) % and the goal is to reach 100% by 2025. The share of assortment where main fabric is traced to tier 4 was 19 (8) %. For this KPI the goal is to reach 100 percent in 2026 since we will place a large part of these orders in 2025.

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 (physical)

sales and production countries. In 2024, we reduced our handling time by 52% and invested in an oral reporting option, also accessible in all languages.

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 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 ensure collaboration with responsible suppliers. We are 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 key and significant suppliers once a year to a Sustainability Dialogue to strengthen the partnership and exchange expectations on the sustainable development both in short and in the long term.

Kappahl Group performs Supplier Evaluations once a year with all 138 (136) 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 a systematic way weigh different aspects against each other: working conditions in Tier 1, transparency Tier 1-4, data sharing though 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'.



Supplier Collaboration & Review (cont.)

Employees at our local production offices 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 188 (205) 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 2024 we had no non-conformities related to environmental requirements. At two Bangladesh CMT factories after the boiler inspection by RSC3, the RSC-team identified high-risk findings in the boilers

that required immediate action. Both factories' management took this matter seriously, immediately shut down the boilers, and took the required corrective actions. After their corrective actions were accepted by the RSC, both factories' management restarted the boilers. One non-conformity related to transparency and cooperation was discovered at a Processing factory leading to a non-approval to produce for Kappahl Group. The non-conformity consisted of lack of access to documents for social review. In total, 2% of our Tier 1 suppliers identified as having significant negative social impact.

During 2024 we also started assessing our Tier 2-4 factories, finding 14 non-conformities within the areas: workings hours, health & safety, and compensations at Tier 2 material production and Tier 3 spinning factories in Bangladesh, India and Sri Lanka . Out of these 14 non-conformities, one issue has been closed through audit and 13 corrective actions plans are in place waiting to be verified by our direct suppliers.

| KPIs for supply chain | 2024 | | | |
|---|--------------------------|----------------------|----------------------------|------------------------------|
| | CMT (Tier 1 or vertical) | Processing factories | Nominated fabric factories | Agents & Importers factories |
| Total number of factories | 149 (154) | 65 (65) | 31 (16) | 42 (34) |
| Total number of factory reviews at new factories | 16 (15) | 2 (22) | 6 (2) | 2 (0) |
| Total number of factory reviews at existing factories | 76 (98) | 36 (38) | 16 (7) | 15(3) |
| Total number of follow up visits | 138 (107) | 0 (0) | 0 (0) | 7 (0) |
| Not reviewed new factories | 1 ¹ (0) | 0 (0) | 0 (0) | 0 (3) ² |
| Approved | 127 (125) | 65 (65) | 31 (0) | 40 (34) |
| Temporarily approved | 22 (29) | 0 (0) | 0 (16) | 2 (3) |
| Unsatisfactory, corrective action plan established ³ | 2 (1) | 0 (0) | 0 (0) | 0 (0) |
| Unsatisfactory, relation terminated ³ | 0 (0) | 1 (0) | 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)

Control of New Production Markets & Sites

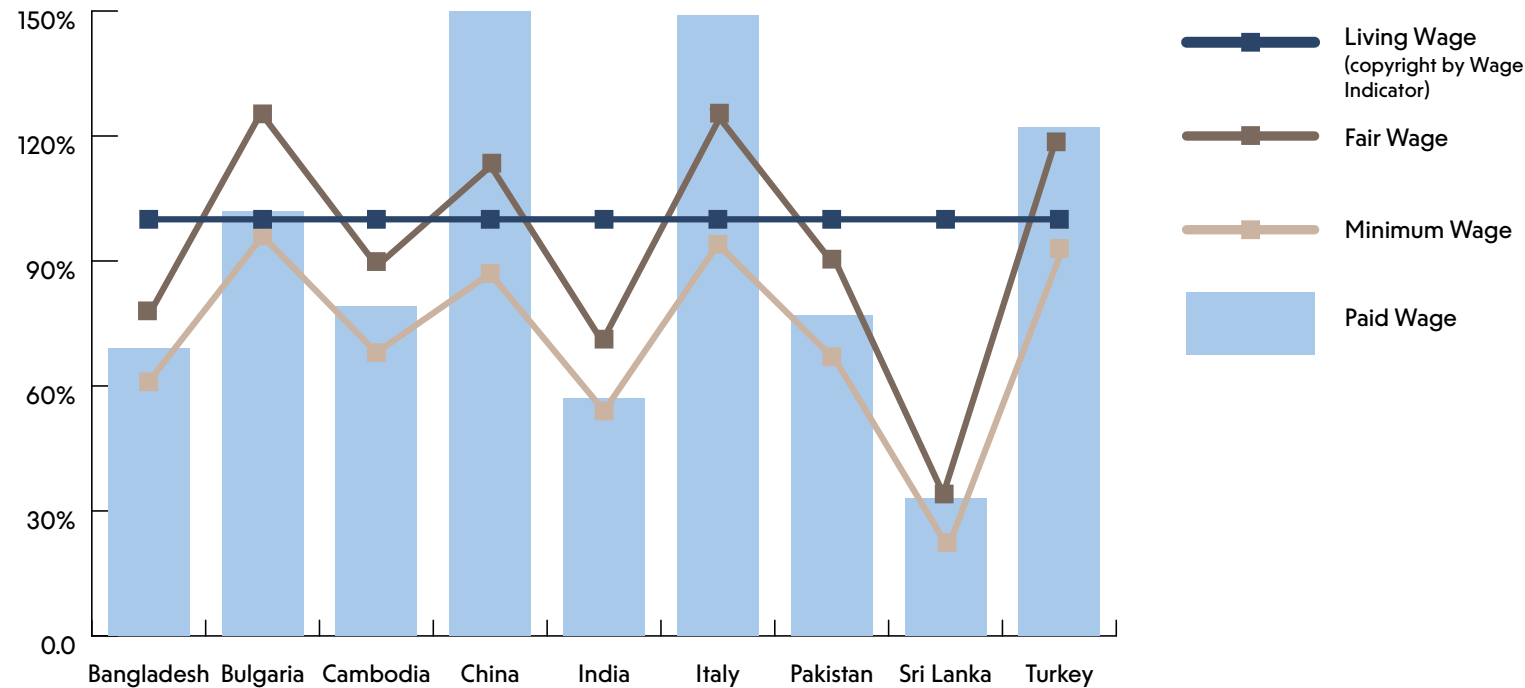
When we enter new production markets, we evaluate the situation concerning human rights in the country and region, for example the occurrence of child labor and forced labor. We also evaluate local legislation on working conditions and terms of employment, as well as such things as ownership structures for factories and land, aimed at identifying and avoiding the greatest risks. All new CMT factories are 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. 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.

Fair Wages

We identify fair 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 over 94 (85) percent of business volume.

As part of our commitment, Kappahl Group has set a target and timeline to ensure that workers earn at least 30 percent above the legal minimum wage by 2030. This Kappahl-defined target serves as a concrete step toward achieving so called living wages, acknowledging that progress must be both structured and continuous. To assess wage levels, we compare supplier full-time paid wages - excluding overtime and bonuses - against legal minimum

wages for the sector, our fair wage target, and publicly available living wage benchmarks from WageIndicator. As part of our due diligence, we are committed to ongoing improvement, collaborating closely with suppliers with industry stakeholders to gradually close the gap. In 2024, 38 percent of suppliers ensured fair wages were paid to their workers.





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, using only either certified organic cotton, or cotton sourced through Better Cotton. 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 64 (45) percent of Kappahl Group's order value, whereof 56 % 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.

International Accord

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.

Bangladesh Presence & Industrial Sewing Training Center

Bangladesh is one of the leading readymade garment (RMG) exporters in the world. 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. In July and August 2024, Bangladesh experienced violent political turmoil with mass-killings after student-led protests. Nobel laureate Muhammad Yunus is now tasked with stabilizing the country and steering it through economic and democratic reform, and the textile industry plays a key role in stabilizing employment and export incomes. Kappahl Group opened its first office in Bangladesh in 1994 and we celebrated our 30th anniversary this year together with our suppliers. In these uncertain times we are proud to stand firm in our long-lasting partnerships.

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 full-fledged insurance protection scheme embedded within Bangladesh's national framework.

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 centre has trained more than 1,000 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, and cope with risks in society as a whole. The number of women trained in 2024 amounted to 178 (165) whereof 174 women in connection to finished training, signed an employment contract with suppliers approved by Kappahl Group.



Transparency & Engagement

Roadmap Progress

Transparency in the Supply Chain

Kappahl Group views traceability as a core part in our work to create a responsible world of fashion. Since the fall/winter season of 2023, we achieved the goal that all our denim trousers are traceable from garment to fiber and the information is publicly accessible on the product's page on the Kappahl and Newbie online sales platforms. Our customers can see the name and address of the factory in each tier, as well as number of workers and parent company. This is a major achievement in our ambition to be a pioneer when it comes to sustainability and transparency in fashion.

In 2024, 99 of 103, or 96% of our tier 1 suppliers started mapping their supply chain in the TrusTrace traceability tool. Our one traceability goal is for 100% of our suppliers to have full traceability tier 1-4 by year 2025. The result for 2024 was 61 (5) %. During 2024 Tier 1 suppliers for denim, Minories and Newbie began providing traceability data for each purchase order. Our other traceability goal is for 100% of our assortment to have main fabric traced to tier 4 by 2026. The result for 2024 was 19 (8) %. In 2025 we plan to have all tier 1 suppliers mapping their supply chain and provide traceability data for each purchase order from fall/winter collection 2025.

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.

Digital Product Passport Pilot

The introduction of digital product passports (DPP) is part of the EU's Green Deal and is included in the Ecodesign Directive for sustainable products. The regulation will require that almost all products placed on the European market have a DPP that will provide reliable sustainability data, all to increase traceability and facilitate a circular economy. Textiles, electronics and batteries are the first product areas to be introduced.

From January 2024, our customers who bought the "Göran" children's trousers or "Olle" children's sweater from the spring collection of Minories online were able to access sustainability data on materials, suppliers, eco-labelling and how the garments can be circulated. This was achieved as a result of the Trace4Value project, providing Kappahl Group and the other project partners with valuable input on how the DPP works for customers, as well as being part of identifying the necessary data and preparing the business and the value chain for DPP and future legislation.



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. We have 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. During 2024, this tool was rolled out also to people outside of Kappahl Group.

We continuously assess all our operations for risks related to corruption. During 2024, 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, EdApp.

Engagement for Circularity

Kappahl Group believes in designing for long and circular product lives, 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, which we define as fulfilling the EU Taxonomy criteria for substantial contribution to transition to a circular economy for wearing apparel. As these criteria are still preliminary we have the definition of what 'enabled for circular economy' means is based on the KPI in our current Sustainability Product Scorecard (SPS) for Design that lasts covering physical as well as non-physical durability, design for increased use and repairability. 35 (19) % of our assortment fulfilled the criteria in 2024.

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.



Engagement for Circularity(cont.)

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 2024, Kappahl Group expanded resale of both Newbie and Kappahl kids garments to stores in Finland and the UK in addition to Sweden and Norway. The net sales from circular business offers increased between 2023 and 2024 with 260% from 0.2 MSEK to 0.72 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 will continue to expand the circular business offers through a newly established 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.

Kappahl Group participated in four research projects aimed at improving circularity in 2024. We continue as partner in the project Systemdemonstratorer lead by Science Park Borås, aiming at creating a system level development towards a circular economy in the textile sector. We also continue as partner in the Rewin project, aiming

at creating an industrial scale polyester recycling plant in Sweden. We started a new engagement in the TexRepair project where an automated repair module for garments is developed. The fourth and last project was lead by Kappahl Group: Sustainable steel production by efficient use of discarded textiles. The project results indicated that bio-based coal produced from the pyrolysis of textile waste can meet the technical and sustainability requirements for use in steel production, thereby replacing fossil coal and a plan for continuation is on-going.

Personal Safety of Consumers and/or End-Users

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). 40,857 (37,580) products were tested for safety requirements during 2024. We had 2 (2) cases of product recalls during 2024, both which concerned child safety. 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 2024, we sent 4,302 (1,678) products for incineration and 2,592 products back to the supplier for health, safety or environmental reasons. Products that have non-hazardous faults, such as incorrect sewing, are sent to our partner Fretex International/ Myrorna for reuse at other markets. 8,887 (7,530) products were sent for reuse via Myrorna in 2024.

Engagement & inclusion of Customers

Together with our customers we donated SEK 8.3 (8.8) million during the financial year to local sustainability projects to support the civil society. The main part, 5.85 million SEK, went to local children's rights organizations in Sweden, Norway, Finland and Poland, and we also supported Medicins Sans Frontiers on a global level. The profits from bags purchased by customers in stores are donated to organizations promoting sustainable development. In 2024, a total donation of over 1.67 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 2025, 55 (49) percent of Kappahl Group's customers agree that the brand shows variation in ethnicity, body shape and age in the marketing. 40 (31) percent of our customers answered that they have great confidence in our sustainability work and 27 (24) 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.

From 2024, we include also potential customers in the Sustainability Strategy KPI for trust in our sustainability work. We measure this via our Brand Tracker tool, where people are interviewed regardless of whether they are Kappahl/Newbie customers or not. This year we report both on the customer survey question and the Brand Tracker sustainability indicator 'Conscious choices made easy' to keep the continuity. To understand how much the customers know about the sustainability work at Kappahl Group, we have started asking the customers if they recognize these highlights from our sustainability work:

1. "all our denim is traceable"
2. "we offer a second hand/preloved assortment"
3. "care for your clothes"
4. "certified/licensed materials"

The sustainability highlights are long-lived although defined for each year. The outcome will be presented in the sustainability report for 2025.

| KPIs for consumer engagement | 2024 | 2023 | 2022 |
|--|------|-----------------|-----------------|
| Annually collected tonnes of textiles | 90 | 101 | 155 |
| Reduction of bag use compared to 2016/2017, % | 83 | 81 ¹ | 81 ¹ |
| Share of customers that feel that Kappahl/Newbie help them to make sustainable choices % | 27 | 24 | 18 ² |
| Kappahl | 27 | - | - |
| Newbie | 29 | - | - |
| Share of customers that agree Kappahl/Newbie shows diversity in marketing % | 55 | 49 | 46 ² |
| Kappahl | 55 | - | - |
| Newbie | 54 | - | - |
| Share of customers that have great trust in Kappahl/Newbie's sustainability work % | 40 | 31 | 26 ² |
| Kappahl | 40 | - | - |
| Newbie | 42 | - | - |
| Brand Tracker's Sustainability Indicator [%] | 5.7 | 5.5 | 6.1 |

1. The 2023 and 2022 values are corrected from 76 respective 73 due to a reporting error.

2. In 2023 a method change was made to better understand the respondent's standpoint. Thus, the results increase 2023 vs. 2022 was partly due to the method change. The increase 2024 vs. 2023 is not impacted by method.



Employment at Kappahl Group

During 2024, 3,920 people were employed by Kappahl Group, working in five sales markets and in three production countries. In November 2024 the highest and lowest number of employees in a given month were 4,318 and 3,774, respectively, with the measure point recorded average number of 3,920 people. In addition, 48 (70) 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 13.4 (13.8) percent. 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.

In-Depth Information: Employees

| Total number of employees by employment contract (permanent and temporary), region & gender | 2024 | | 2023 | | 2022 | |
|---|--------------|------------|--------------|------------|--------------|------------|
| | Women | Men | Women | Men | Women | Men |
| Number of employees, Sweden permanent | 1,443 | 136 | 1,403 | 137 | 1,398 | 136 |
| Sweden, temporary | 503 | 68 | 554 | 68 | 686 | 74 |
| Number of employees, Norway, permanent | 628 | 4 | 591 | 6 | 540 | 6 |
| Norway, temporary | 450 | 6 | 465 | 10 | 477 | 6 |
| Number of employees, Finland, permanent | 243 | 3 | 247 | 3 | 234 | 4 |
| Finland, temporary | 65 | 0 | 73 | 0 | 94 | 0 |
| Number of employees, Poland, permanent | 155 | 6 | 157 | 6 | 119 | 2 |
| Poland, temporary | 44 | 0 | 54 | 4 | 81 | 4 |
| Number of employees, United Kingdom, permanent | 55 | 1 | 34 | 0 | 30 | 0 |
| United Kingdom, temporary | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of employees, production offices, permanent | 53 | 57 | 69 | 58 | 64 | 59 |
| Production offices, temporary | 0 | 0 | 1 | 0 | 0 | 0 |
| Number of employees on permanent contracts, Group | 2,578 | 206 | 2,501 | 210 | 2,385 | 207 |
| Number of employees on temporary contracts, Group | 1,062 | 74 | 1,229 | 82 | 1,338 | 84 |
| Total for Group | 3,639 | 281 | 3,730 | 292 | 3,723 | 291 |





In-Depth Information: Employees

| Employees by employment type (full-time and part-time) and region | 2024 | | 2023 | | 2022 | |
|--|--------------|------------|--------------|------------|--------------|------------|
| | Women | Men | Women | Men | Women | Men |
| Employees on full-time contracts, Sweden | 550 | 125 | 525 | 120 | 537 | 119 |
| Employees on part-time contracts, Sweden | 1,396 | 79 | 1432 | 85 | 1,547 | 91 |
| Employees on full-time contracts, Norway | 172 | 4 | 161 | 4 | 160 | 4 |
| Employees on part-time contracts, Norway | 906 | 6 | 905 | 2 | 858 | 7 |
| Employees on full-time contracts, Finland | 55 | 2 | 80 | 3 | 89 | 4 |
| Employees on part-time contracts, Finland | 253 | 1 | 240 | 0 | 239 | 0 |
| Employees on full-time contracts, Poland | 179 | 6 | 196 | 10 | 159 | 4 |
| Employees on part-time contracts, Poland | 20 | 0 | 15 | 0 | 41 | 2 |
| Employees on full-time contracts, United Kingdom | 10 | 1 | 10 | 0 | 8 | 0 |
| Employees on part-time contracts, United Kingdom | 45 | 0 | 24 | 0 | 22 | 0 |
| Employees on full-time contracts, production offices | 53 | 57 | 69 | 57 | 63 | 59 |
| Employees on part-time contracts, production offices | 0 | 0 | 1 | 1 | 1 | 0 |
| Number of employees on full-time contracts, Group | 1,019 | 195 | 1,041 | 194 | 1,016 | 190 |
| Number of employees on part-time contracts, Group | 2,620 | 86 | 2,617 | 88 | 2,708 | 100 |
| Total for Group | 3,639 | 281 | 3,658 | 282 | 3,723 | 291 |

| New employee hires 2024 (head count) | < 30 years old | | 30-50 years old | | Over 50 years old | |
|---|----------------|-----------|-----------------|-----------|-------------------|----------|
| | Women | Men | Women | Men | Women | Men |
| New employee hires, Sweden | 735 | 80 | 175 | 22 | 106 | 9 |
| New employee hires, Norway | 247 | 3 | 55 | 1 | 13 | 0 |
| New employee hires, Finland | 26 | 0 | 14 | 0 | 1 | 0 |
| New employee hires, Poland | 32 | 1 | 15 | 0 | 1 | 0 |
| New employee hires, United Kingdom | 32 | 0 | 18 | 1 | 1 | 0 |
| New employee hires, production offices | 3 | 1 | 5 | 2 | 0 | 0 |
| Total for Group | 1,075 | 85 | 282 | 26 | 122 | 9 |

| Employee turnover, permanent and temporary* (head count) | 2024 | 2023 | 2022 |
|--|-----------|-----------|-----------|
| Employee turnover, Sweden, % | 46 | 53 | 55 |
| Employee turnover, Norway, % | 31 | 28 | 49 |
| Employee turnover, Finland, % | 11 | 26 | 28 |
| Employee turnover, Poland, % | 31 | 41 | 45 |
| Employee turnover, United Kingdom, % | 52 | 15 | 27 |
| Employee turnover, production offices, % | 5.3 | 5 | 9 |
| Total for Group | 38 | 41 | 49 |

* 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 2024, regardless of period.





In-Depth Information: Inclusion & Gender Equality

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 (0) formally reported incidents of discrimination during 2024, reported via the Whistleblower system, the IA system and via the manager. Action was taken immediately and all four cases were closed during 2024. In the anonymous Employee Input Survey, 3 (1) % of our employees stated that discrimination occurs at Kappahl Group.

For 2024 we did not have the possibility to carry out the yearly Kappahl Annual Survey (KAS) due to change of supplier. In KAS we ask questions, for example about employee satisfaction and motivation, but also about discrimination. In previous years, our annual survey has also included questions on inclusion and diversity based on self-identification. This allowed us to track whether respondents from underrepresented groups score in line with the total results for Kappahl Group, ensuring we uphold our employee promise: the right to always be yourself. To compensate for this, we carried out an anonymous Employee Input Survey, which had a completion rate of 28% or 1,089 responses. 3.0 (2.5) % of the respondents answered that they had been exposed to any discrimination in the past 12 months, or 32 people. We will go back to using an external survey tool in 2025 and expect the completion rate to return to the level of previous years.

| Gender breakdown of the Board and employees % | 2024 | 2023 | 2022 |
|---|------|------|------|
| Board, % Women | 67 | 62 | 50 |
| Board, % Men | 33 | 38 | 50 |
| Employees, % Women | 93 | 93 | 93 |
| Employees, % Men | 7 | 7 | 7 |

| Age breakdown of the Board and employees % | 2024 | 2023 | 2022 |
|--|------|------|------|
| Board, % under 30 years | – | – | – |
| Board, % 30–50 years | 11 | 25 | 25 |
| Board, % over 50 years | 89 | 75 | 75 |
| Employees, % under 30 years | 39 | 41 | 39 |
| Employees, % 30–50 years | 37 | 37 | 39 |
| Employees, % over 50 years | 24 | 22 | 22 |

| Female managers % | 2024 | 2023 | 2022 |
|-----------------------------|------|------|------|
| Management team | 62 | 62 | 75 |
| Total, Sweden | 93 | 93 | 93 |
| Head office, Sweden | 87 | 91 | 92 |
| Stores, Sweden | 96 | 95 | 94 |
| Distribution centre, Sweden | 75 | 75 | 75 |
| Total, Norway | 98 | 98 | 98 |
| Total, Finland | 96 | 94 | 93 |
| Total, Poland | 91 | 91 | 91 |
| Total, United Kingdom | 92 | 100 | 100 |
| Total, production offices | 78 | 71 | 60 |

Key Impacts, Risks & Opportunities

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 | 2-3, 56 |
| Guidelines and procedure for the due diligence process | 42-43 |
| Embedding responsible business conduct into policies and commitments | 43 |
| Grievance mechanism and whistle-blower services | 27, 30 |
| Stakeholder dialogue | 46-47 |
| Industry collaboration | 30,34 |
| Actual adverse impacts identified through our due diligence | 26, 28, 41 |
| Significant risks of adverse impacts identified through our due diligence | 26-30, 44 |
| Implemented and planned measures to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results thereof. | 26-30, 41 |
| Processes to remediate negative impacts | 28-29 |

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 2024, practically 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.

In 2019, we joined the Transparency Pledge, which presents three benefits with a transparent supply chain. First of all, a transparent supply chain enables workers' rights in the different tiers as it make 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.

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 13](#)).

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.

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 informed by the Corporate Sustainability Reporting Directive (CSRD) and the Task Force on Climate-related Financial Disclosures (TCFD) with a focus 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 46](#)) 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 47. Compared to 2023, two subtopics were removed from the list of material subtopics: Social inclusion of consumers and/or end-users, and Information-related impacts for consumers and/or end-users.

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

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 19-41](#) describe the actual and potential, negative and positive impacts of each material topic mitigation and remediation actions.

Our Value Chain

Kappahl Group's value chain is divided in nine different parts in the figure below:

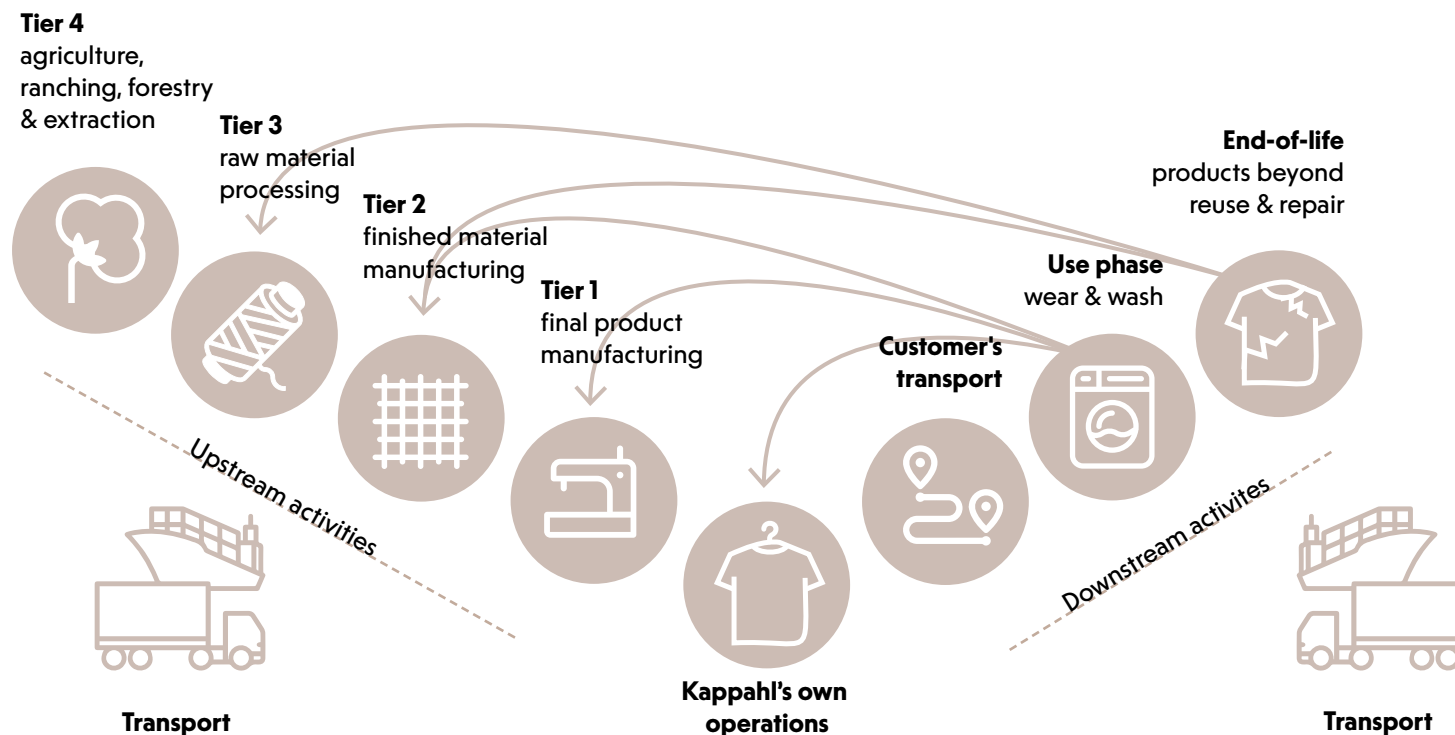
Upstream activities

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

Downstream activities

Kappahl's own operations; Customers' transport; Use phase; End-of-life.

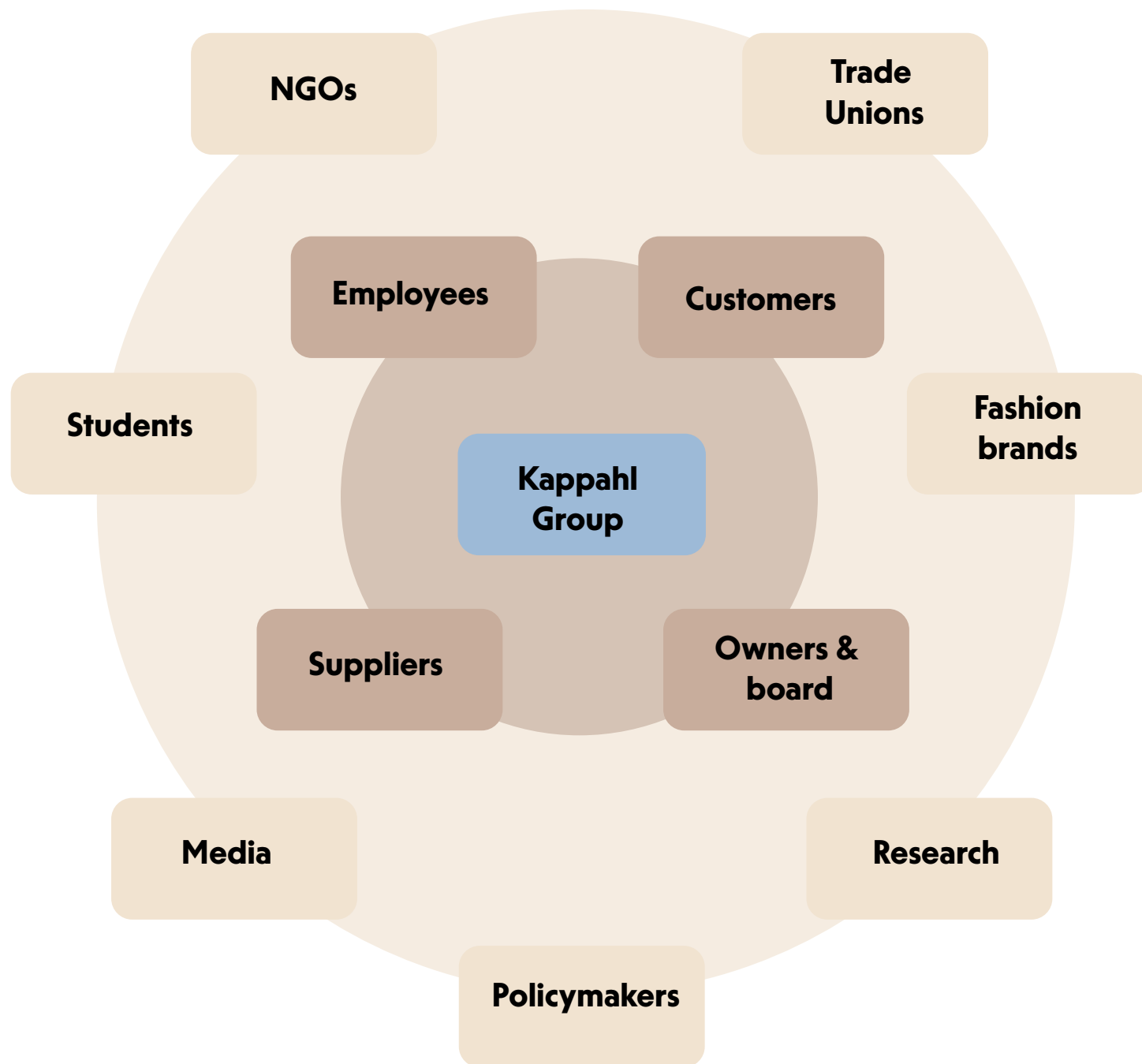
Inbound and outbound transports throughout the entire supply chain



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 | Dialogue & Frequency | Important Questions for the Stakeholder Groups (top four issues marked in bold) |
|---|---|--|
| Customer | <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</p> <p>Reduced use of chemicals</p> <p>Responsibility in supply chain and improved conditions for the workers</p> <p>Supply safe, good quality products</p> <p>Collect used clothes for reuse and recycling</p> <p>Good working conditions at suppliers</p> <p>Fair wages throughout the entire value chain</p> <p>Reduce microplastics emissions</p> <p>Promote diversity and gender equality</p> <p>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</p> <p>Supply safe, good quality products</p> <p>Responsible action by management and board</p> <p>Promote diversity and gender equality in the company and actively combat discrimination</p> <p>Good working conditions at suppliers</p> <p>Reduce our use of resources in production</p> <p>Reduce our climate impact</p> <p>Reduce the amount of waste and increase the percentage of reuse and recycling</p> <p>Use materials sustainably</p> <p>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</p> <p>Good working conditions in the company</p> <p>Human rights in the supply chain</p> <p>Fair wages</p> <p>Transparency</p> <p>Anti-corruption</p> <p>Support local communities</p> <p>Animal welfare</p> <p>Product quality and safety</p> |
| Owners Mellby gård AB & Kappahl's board of Directors | <p>Continuous dialogue in the daily work via the Kappahl executive management team.</p> <p>Direct dialogue at Board meetings between the VP Sustainability and Kappahl's Board of Directors.</p> <p>Yearly overview of the sustainability strategy, policy documents and progress.</p> | <p>The Kappahl Board of Directors trusts Kappahl to have the competence to decide the important economic, environmental and social sustainability issues.</p> |

| Material topics | Geographical risks | Impact, risks, opportunities | GRI Disclosures 2024 |
|---|--|------------------------------|---|
| Climate change mitigation | Global | See pages 17-20 | 305-1, 305-2, 305-3, 305-5 |
| Energy | Global | See page 22 | 302-3 |
| Pollution of air | Production countries* | See page 23 | 413-2 |
| Pollution of water | Production countries* | See page 23 | 413-2 |
| Pollution of soil | Production countries* | See page 23 | 413-2 |
| Substances of concern | Production countries* | See page 23 | Own disclosure: Share of approved No Risk-tests |
| Microplastics | Production countries*, Sales countries | See page 23 | 413-2 |
| Water | Production countries* | See page 24 | "Own disclosures: Water withdrawal by source. Water sources significantly affected by with- drawal of water " |
| Direct impact drivers of biodiversity loss | Production countries* | See page 25 | 413-2 |
| Resources inflows, including resource use | Production countries* | See page 26 | 301-1 |
| Resources outflows related to products and services | Sales countries | See page 26 | "Own disclosures: Number of sold products. Yearly revenue from circular business models " |
| Waste | Production countries*, Sales countries | See page 26 | 306-1, 306-2, 306-3 |
| Working conditions | Production countries*, Sales countries | See page 27 | 401-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 404-1, 405-1, 406-1 |
| Working conditions | Production countries* | See page 28 | 403-7, 407-1 |
| Equal treatment & opportunities for all | Production countries* | See page 27-28 | 414-1, 414-2 |
| Other work-related rights | Production countries* | See page 30 | 408-1, 409-1 |
| Personal safety of consumers and/or end-users | Sales countries | See page 35 | 416-1, 416-2 |
| Animal welfare | Production countries* | See page 26 | 2-23 Policy commitments. |
| Corruption & bribery | Production countries*, Sales countries | See page 32 | 205-2, 205-3 |

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

Future Outlook

Expanding Second-Hand Opportunities Online

At the beginning of 2025, we took a new step in our journey towards offering our customers circular options. At Kappahl Group, we continue to broaden our circular journey by empowering customers to extend the lifecycle of their garments. Through our collaboration with the innovative reCRQL platform, our customers in Sweden can now seamlessly resell their secondhand Kappahl and Newbie items online. This initiative aligns with our sustainability strategy by reducing textile waste and promoting the reuse of garments.

The integration of reCRQL allows customers, in an easy way, to create secondhand listings using Kappahl Group's product images, descriptions, and suggested pricing. Club members benefit further by accessing their purchase history, making it easy to resell previously purchased items. This service encompasses our entire product range, including women's, men's, and children's clothing from all Kappahl Group brands.

"Expanding our secondhand offering is an important step in supporting circular consumption," says Viktoria Arndt, Sales & Business Development Manager at Kappahl Sales. "We aim to inspire and assist our customers in giving their garments a longer life, which we know is

one of the most effective ways to reduce textile-related environmental impact."

Customer feedback and market insights play a central role in our circular transformation. Market insight, for example the Swedish Trade Federation's 2024 Pre-Loved Indicator report, shows that around 70% of Swedish secondhand shoppers prefer buying online. This makes offering digital resale opportunities a natural extension of our customer-centric approach.

By staying attuned to customer preferences, engaging with market developments, and actively participating in circularity-focused projects, Kappahl is committed to driving sustainable change. Our goal is to co-create a more sustainable fashion industry – together with customers, employees, and other industry stakeholders. Through continuous innovation and engagement, we aim to remain a step ahead in the shift toward circular fashion.



Viktoria Arndt
Sales & Business Development Manager
at Kappahl Sales



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 41](#).

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, 2023. | | | | |
|-----------------------------------|--|--|-------|---|-------------------------|---|
| 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 | 1-2, 56 | | 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, 56 | | | | |
| | 2-3 Reporting period, frequency and contact point | 1 | | | | |
| | 2-4 Restatements of information | 3, 19, 21, 36 | | | | |
| | 2-5 External assurance | 1, 55 | | | | |
| | 2-6 Activities, value chain and other business relationships | 2-4, 27, 44 | | | | |
| | 2-7 Employees | 2-3, 37-41 | | 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 | 37 | | | | |
| | 2-9 Governance structure and composition | 12-13, 41 | | | | |
| | 2-10 Nomination and selection of the highest governance body | 12 | | Processes and criteria not public | Information unavailable | Not public |
| | 2-11 Chair of the highest governance body | 12-13 | | | | |

| 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 | 12-13, 45-46 | | | | |
| | 2-13 Delegation of responsibility for managing impacts | 12-13 | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 12-13, 44, 55 | | | | |
| | 2-15 Conflicts of interest | 12 | | 2-15 b | Unavailable info | Not public |
| | 2-16 Communication of critical concerns | 13 | | | | |
| | 2-17 Collective knowledge of the highest governance body | 12-13 | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 12 | | Processes criteria not public | Unavailable info | Not public |
| | 2-19 Remuneration policies | 12 | | | | |
| | 2-20 Process to determine remuneration | 12 | | | | |
| | 2-21 Annual total compensation ratio | 37 | | | | |
| | 2-22 Statement on sustainable development strategy | 5-6, 15 | | | | |
| | 2-23 Policy commitments | 12-18, 27-30, 32, 42-43, 46 | | | | |
| | 2-24 Embedding policy commitments | 12-13, 26, 42-43 | | | | |
| | 2-25 Processes to remediate negative impacts | 14, 26-31, 42-46 | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 27, 30 | | | | |
| | 2-27 Compliance with laws and regulations | 26, 34-35 | | | | |
| | 2-28 Membership associations | 18, 22-24 30, 34 | | | | |
| | 2-29 Approach to stakeholder engagement | 45-46 | | | | |
| | 2-30 Collective bargaining agreements | 26 | | | | |

| 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 | 44-46 | | 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 | 47 | | | | |
| Anti-corruption | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 34, 42-44 | | | | |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 27, 34 | | 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 | 34 | | | | |
| Materials | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 24-25, 42-44 | | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 24 | | | | |
| Own disclosure | Number of sold products | 24 | | | | |
| | Yearly revenue from circular business models | 16 | | | | |
| Energy | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 21, 42-44 | | | | |
| GRI 302: Energy 2016 | 302-3 Energy intensity | 21 | | | | |
| Water and effluents | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22, 42-44 | | | | |
| Own disclosure | Water withdrawal by source | 22 | | | | |
| | Water sources significantly affected by withdrawal of water | 22 | | | | |
| Emissions | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 17-19, 42-44 | | | | |

| 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 | 20, 57 | | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 20, 57 | | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 19-20, 57 | | | | |
| | 305-5 Reduction of GHG emissions | 19 | | | | |
| Waste | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 25, 35, 42-44 | | | | |
| GRI 306: Waste 2020 | 306-1, 306-2, 306-3 Waste generated | 25 | | | | |
| 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 | 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 | | | | |
| | 403-6 Promotion of worker health | 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 | 26, 42-44 | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 26 | | Breakdown per age group and gender | 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 | 41, 42-44 | | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 41 | | | | |
| Non-discrimination | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 41, 42-44 | | | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 41 | | | | |
| Freedom of association and collective bargaining | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 24, 26-27, 30, 42-44 | | | | |
| 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 | 27, 30, 44 | | | | |
| Child labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 27, 29-30, 42-44 | | | | |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | 27, 30 | | | | |
| Forced or compulsory labor | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 27, 30, 42-44 | | | | |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 27-30 | | | | |

| 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 | 5, 23, 27, 42-44 | | | | |
| GRI 413: Local Communities 2016 | 413-2 Operations with significant actual and potential negative impacts on local communities | 5, 23, 27 | | | | |
| Supplier social assessment | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 27-32, 34 42-44 | | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 29 | | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 28 | | | | |
| Customer health and safety | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 22, 32, 35-36 42-44 | | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 22, 35 | | | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 22, 35 | | | | |
| Own disclosure | Share of approved No Risk-tests | 22 | | | | |
| Marketing and labeling | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 32, 42-44 | | | | |
| GRI 417: Marketing and Labeling 2016 | 417-3 Incidents of non-compliance concerning marketing communications | 32 | | | | |
| Own disclosure | Share of customers that agree Kappahl/Newbie shows diversity in marketing | 36 | | | | |

Auditor's Statement

Auditor's statement on the statutory sustainability report

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

Engagement & responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2024 and that it has been prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing 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, 2025, date as indicated by my signature

PricewaterhouseCoopers AB

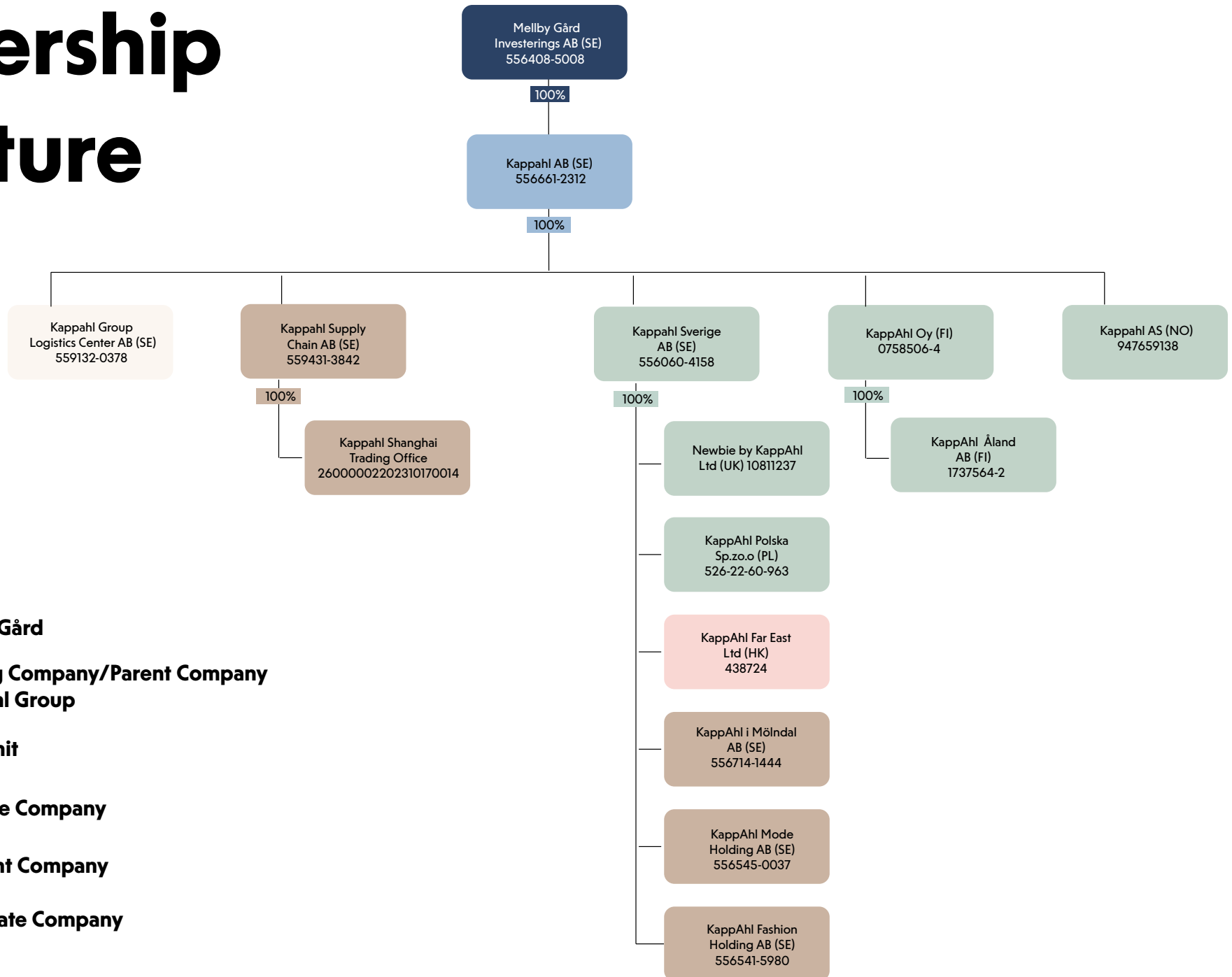
Eva Carlsvi

Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.



Ownership Structure



Terms & Abbreviations

| | |
|------------------------|---|
| FSC | Forest Stewardship Council |
| GOTS | Global Organic Textile Standard |
| Higg Index | A suite of sustainability performance tools developed by Cascalé |
| 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) |

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.



Kappahl Group

**Annual Sustainability
Report 2024 ©**