

Filippa K

SUSTAINABILITY REPORT 2013

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COMMENTS FROM CEO AND CR MANAGER

It has been an eventful year for sustainability, not only within Filippa K but within the whole industry. We have taken a leap forward and new interesting projects, initiatives and cross-functional collaborations have been launched and now start showing results.

For our part, 2013 will be the year when we decided to work with sustainability from a different standpoint. Today we go deeper than ever before and this is what the Filippa K Circle is all about.

We want to be part of the solution and being part of the solution means having a business model that works in the long run. Our strategy has always been to make clothes that can last for a long time, both in style and quality. We make products that can last for several seasons, which for us means being timeless within our own time. Long-lasting fashion has always been a central part of who we are. Now, we aim to take it a few steps further, by offering products that are designed to be reused or redesigned before recycling. In other words, we want to enable all our clothes to have a second or third life, before being recycled to textile fibres. This is our way of being devoted to long-lasting fashion.

Being part of the solution is also about finding new ways of doing things, i.e. not only to minimize our footprints. We need to rethink, redesign and rebuild many of our processes and structures without compromising on design. We want to be part of the circular economy, where nothing goes to waste and all materials are reused or recycled. We aim to shift our production models from linear to circular, and to develop a closed loop mindset. This new process or method is what we call the Filippa K Circle. Here we can learn from nature. Nature is already working in cycles and has been for at least 3,2 billion years.

To be able to make this shift, we need to make conscious choices in everything we do, from design to product's end of life, and we need to have a holistic view of our total business and that demands full transparency in our value chain. We like to compare our business to a tree, where the trunk is Filippa K, the root system is all our

suppliers and subcontractors and the crown is our customers, consumers and stores – all parts are connected and dependent on each other.

Kenneth E Boulder proposed an insightful metaphor in 1966 when he described the Earth as a spaceship where we only have the resources we brought with us so we need to use them carefully and you need to make sure that all parts of the spaceship run well, including the crew. We are dependent on finite resources; we need to learn how to manage that. It is a long way to get there but we are confident that we will make it!

/Amelie & Elin



Amelie Söderberg,
CEO

Elin Larsson,
Corporate Responsibility Manager

OUR HISTORY AND VALUES

"Inspired by my own needs, I set out to build a brand that had substance and truth, not dependent on the superficial trends of the fashion industry."

Filippa Knutsson, founder of Filippa K.



Last year it was 20 years ago since Filippa Knutsson together with her former husband Patrik Kihlberg started Filippa K with designer Karin Segerblom joining at an early stage. The first products they produced were a small line of tight stretch jeans that immediately became very popular in Stockholm. This was the start of the success of Filippa K. The brand grew quickly and basic styles of knits and jersey were added to the fashion line. Today, more than 20 years later, the brand is still growing steadily.

We are a company with a passion for design. Our strategy has always been to make clothes that can last a long time both in style and quality. We offer a style rather than a trend, by creating timeless pieces and wardrobe favorites that can be used season after season.



"The success factor has been that we have always been consistent in what we do and we stick to our style and what we are good at."

Nina Bogstedt, Range Manager.

Filippa K is a company based on strong values, and the product is the core of our business. Style, Simplicity and Quality are three values that characterize everything we do. These values serve as a guide in our everyday efforts to meet our own requirements and those of our stakeholders. At Filippa K, quality means more than just meeting our customers' expectations with regards to our products, quality is part of everything we do, from how our products are designed, manufactured and sold, to how we care for our colleagues, customers and everyone else with whom we interact. We strive to be a brand that is worthy of trust.

There are many challenges in being part of the textile industry, an industry with a long and complex supply chain and one that leaves significant environmental and social footprints. We try to reduce our negative impacts through the choice of our materials, our practices in production and our partners in the value chain. But perhaps most importantly, our aim is to not produce more than needed and to not contribute to over-consumption. For us, that means increasing our purchase precision, offering long-lasting products of quality, style and simplicity, as well as enabling our products a second life, for example through our second hand store.

We strive to run a long-term sustainable business within our planetary boundaries. To ensure long-term sustainable success we must have a holistic view of our business, understand how all parts interact and make sure our value chains are long-term sustainable.

FILIPPA K STAKEHOLDERS

FILIPPA K'S STAKEHOLDERS: A 360° PERSPECTIVE

Owners: Filippa K will continue to create value for owners through responsible business actions.

Employees: Filippa K wants to be a responsible employer who encourages a balanced lifestyle and empowers its employees.

Society: Devoted to slow-fashion, Filippa K will actively contribute to society by influencing and being responsive to change.

Costumers: Filippa K will continue to offer costumers sustainable and high quality clothes that stand the test of time.

Partners: By demands, partnership and dialogue are Filippa K determined to raise the level of partners' sustainability efforts.

NGOs: Filippa K will appreciate the expertise that NGOs can provide and cherish their contribution to sustainable development.

Filippa K's stakeholders opinions, requests and perspectives drives Filippa K in its sustainability work and functions as a guides in the choices' we do.

STAKEHOLDER DIALOGUE

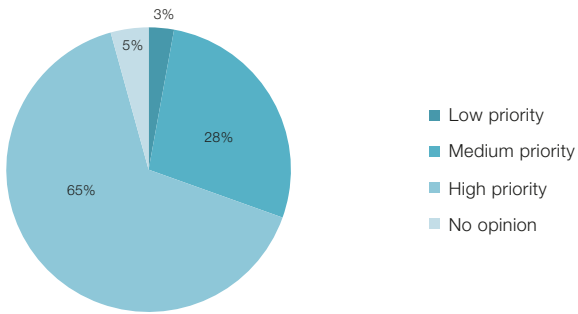
At the end of 2013, we conducted a CR survey among all our employees, partners and other stakeholders. The purpose of the survey was to collect and assess their opinions regarding the future CR strategy of Filippa K. The survey questionnaire thus contained approximately 40 statements presenting potentially significant CR issues for Filippa K. The statements were grouped into six main areas, of which the first concerned the CR focus of Filippa K and the remaining five areas presented areas of CR commitments. In answering the questionnaire, the participants were asked to rank the listed CR issues in each area as deserving low, medium or high priority in Filippa K's future CR strategy.

The overall results of the survey were analysed by comparing the answers within and among the CR areas (see circles below). Two main conclusions can be drawn from the results. Firstly, the CR issues of the different areas were shown to be quite evenly ranked by the participants. All CR issues were perceived as important and most of them were even marked as high priority.. Secondly, according to the respondents, highest CR priority should be given to "Ensuring that people in our value chain feel respected", followed by the need for "More sustainable sourcing and manufacturing practices".

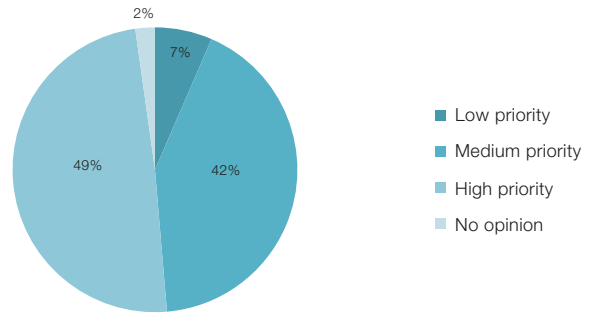
1. "Ensure that people in our value chain feel respected"
2. "More sustainable sourcing and manufacturing practices"
3. "Create a more environmentally and socially conscious design for a better future"
4. "Create long-term sustainable business success"
5. "Be devoted to long-lasting fashion"
6. "Achieve a more resource efficient business"

See result in diagrams at next page.

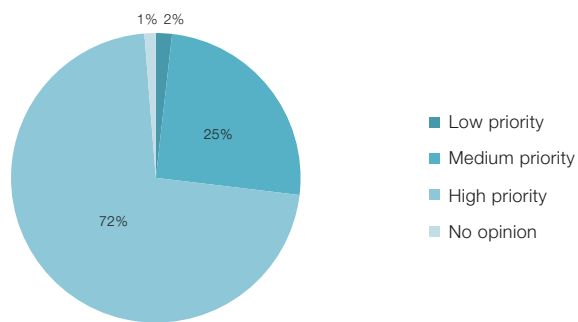
Be champions of long-lasting fashion



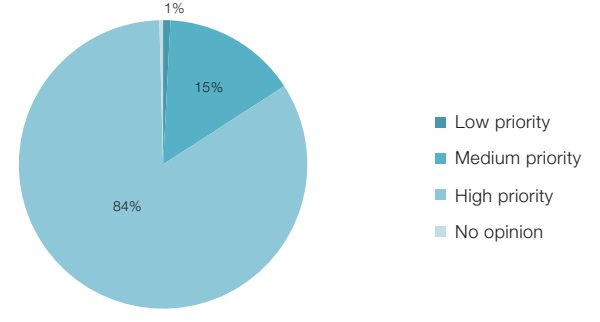
Achieve a more resource efficient business



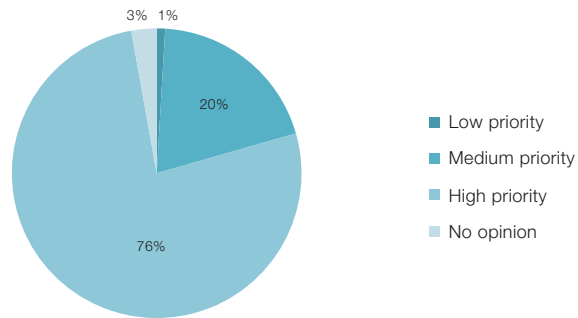
Create a more environmentally and socially conscious design for a better future



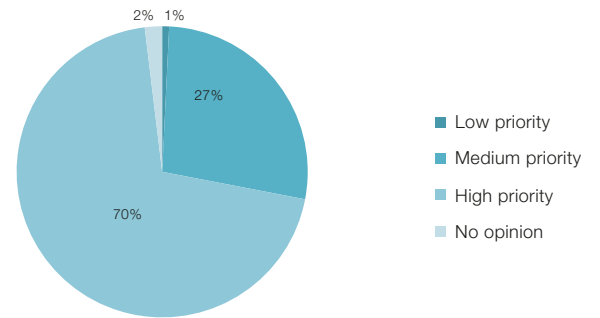
Ensure that people in our value chain feel respected



Achieve more sustainable sourcing and manufacturing practices



Create long-term sustainable business success



FINANCIAL RESULT

Financially, 2014 was a very good year for Filippa K. The result was the best ever in Filippa K:s 20 year history. We opened up three new stores in Stockholm, Stavanger and in Kurfurstendamm and at the end of the year, the number of stores was 49. During the year, we have also continued to grow our business by new cooperation's with a number of new wholesalers such as MQ, Volt and Sokos.

Total turnover increased from 573 MSEK to 635 MSEK and earnings before tax (EBT) reached 79 MSEK compared to 50 MSEK the previous year. Tax expenses in 2014 amounted to 18 MSEK or 23% of EBT, while the EBT-margin was 12,6% compared to 9,3% in 2012.

TAX

Filippa K Group has subsidiaries in seven countries (Sweden, Norway, Finland, Denmark, The Netherlands, Belgium and Germany) and we comply with tax legislation in all these countries. As the company is profitable, we pay tax and contribute to the society in which we operate. During the last 4 years we have accounted for the following tax expense:

| <u>YEAR</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|---------------------------|--------------|--------------|--------------|--------------|
| Turnover | 407,2 | 425,4 | 524 | 572,9 |
| Earnings Before Tax (EBT) | 79,0 | 49,9 | 74,0 | 41,9 |
| Tax expense | -18,2 | -11,9 | -21,8 | -10,1 |
| Tax% of EBT | 23% | 24% | 29% | 24% |

OUR CORPORATE RESPONSIBILITY (CR)

We endeavour longevity in everything we do in our devotion to long-lasting fashion and we strive to run a long-term sustainable business within our planetary boundaries. Responsibility for us means being true to our values, being part of the solution and being trustworthy to all our stakeholders.

Filippa K aims to fully integrate the CR work within the organisation. The CR Manager has the primary responsibility for the CR work within the company. He or she reports directly to Filippa K's CEO and manages the CR Team. Each function manager within the company is part of achieving our commitments, to set local goals and to secure implementation of the CR agenda. The CR Manager is supported in strategically significant questions by the management team, which acts as a steering group. They have the final decision concerning specific issues on the agenda, as well as the level of ambition and new business ideas for the CR work.

OUR FOCUS

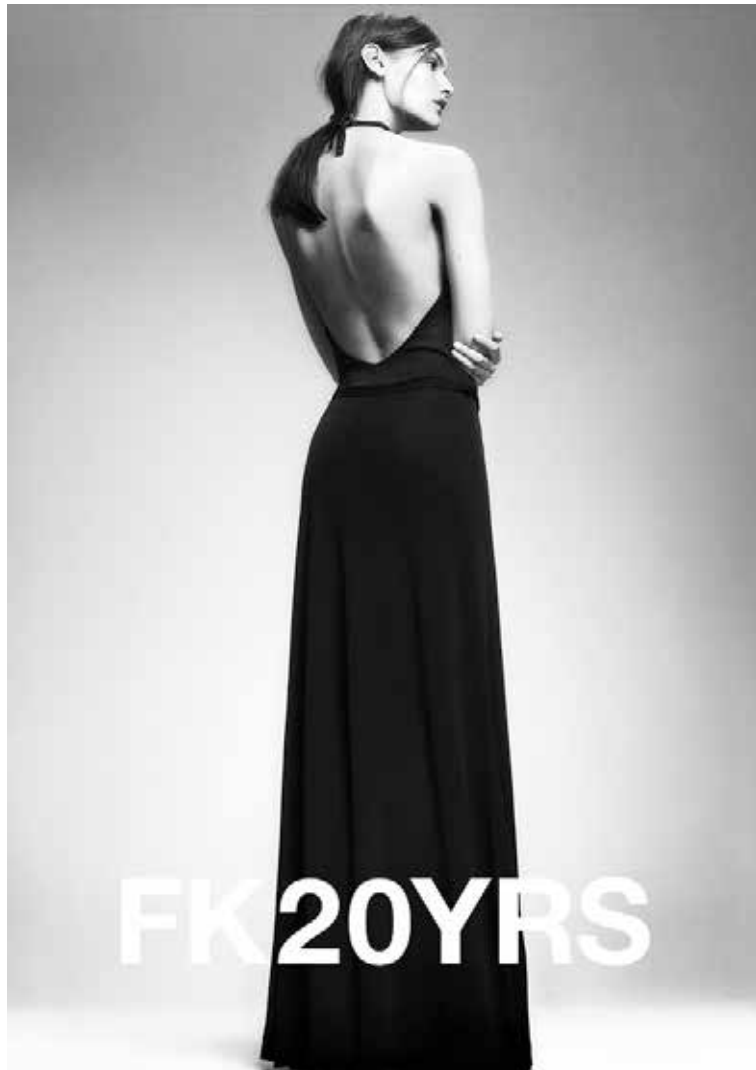
Devoted to long-lasting fashion

OUR COMMITMENTS

1. Conscious design for a better future
2. Sustainable sourcing & manufacturing
3. Resource efficient business
4. People in our value chain feel respected
5. Long-term sustainable success

DEVOTED TO LONG-LASTING FASHION

- Offer long-lasting products in both quality and style
- Offer all products a second life
- Offer all products longer selling opportunity in stores
- Offer styles and materials that live for more than one season



Our focus is to make products that can last for a long time in both quality and style, and to constantly strive to increase the average life-time of our products. To achieve our goals, we cherish long-term relationships with our partners and have a long-term perspective in all projects and practices that we initiate. In our ambition to create long-lasting fashion, we want to offer all products a second or third life. Also, we want at least 20% of our styles to live for more than one season in our stores. For this reason, we have created a line called Wardrobe Essentials, with styles that have become wardrobe favourites to many of our customers and therefore are part of our collection for several seasons.

Long-lasting fashion is also about slowing down the pace of fashion. Fashion is not about offering new trends every second week. For us fashion is about offering a style. We have had the same pace the last 18 years, i.e. providing one main collection and one small summer/winter collection per season.

The fashion industry and their consumers need to re-think the way products are manufactured and marketed today. We cannot contribute to the over-consumption of clothes that we see today. Accurate purchase precision has an important role in reducing over-consumption, by ensuring that companies do not produce more than customers actually demand. We still have some work to do in this area. For example, we have higher stock levels than our objective and we are still dependent on sales periods to decrease stock levels. We never go below 50% discount on our sales though, and we do not offer “take three pay for two” campaigns in our regular stores.

We are still missing some parts to complete our vision of long-lasting fashion. For example, we need more reuse options like second hand stores, and we need to find and develop strategies for collection and recycling of discarded garments and other textiles. But we have started our journey and we believe that offering long-lasting fashion is one of the most effective means to contributing to a more sustainable fashion industry within our planetary boundaries.

OUR COMMITMENTS FOR 2030:

1. CONSCIOUS DESIGN FOR A BETTER FUTURE

- Only sustainable materials (FK class 1-2)
- Only recyclable styles

The choice of materials has a big influence on a product's social and environmental impacts, increasing the use of sustainable fibres is thus an important priority. In order to secure resources of raw materials in the future, we will have to use significantly more recycled materials. Ensuring that our products are recyclable is thus an important strategy for our future business.

2. SUSTAINABLE SOURCING & MANUFACTURING

- Full transparency in our supply chain
- Only sustainable production processes (according to FK's definition)

In order to secure a sustainable production, a key strategy for Filippa K is to increase our control and transparency of the supply chain. This will be an important step to make. Energy, chemicals and water are all crucial issues for us, since our industry is largely dependent on these resources. It takes in general 16 kg of carbon dioxide, 1 kg of chemicals and 3000 l of water to produce 1 kg of textiles. Thus, reducing the usage of those resources will have a big impact on the footprint of our production processes. Water will in the near future be a scarce resource in many places as the global population continues to grow and more people will be dependent on water for survival. In the near future, we will probably have to pay a higher price for water, which will make production costs rise. If we can reduce our total use of water, it is likely to have a positive effect also on energy and chemical use. Reducing the use of water, energy and chemicals will not only be beneficial for the planet, but also for the business.

3. RESOURCE EFFICIENT BUSINESS

- Accurate purchase precision in number of pieces produced
- Minimal footprint throughout our business

By 2030, we will probably be around 9 billion people living on the earth and 3 billion more middle-class consumers. That will put a lot of stress on our planet, especially since we are already using more than we should in terms of natural resources. Not only will resources on which we depend become increasingly scarce, but they will also most likely be more expensive. It is therefore of great importance to ensure that we are as resource efficient as possible. In practice, this means not producing more than necessary, as well as using water, energy and other resources more effectively in our production processes. Also, it means that we need to decrease the emissions of greenhouse gases from our operations.

We are constantly striving to attain an accurate purchase precision, not only for the environment but also from a business perspective. The more precise we are in our purchases within the supply chain, the better. One target for our Range department is thus to develop attractive products that fulfil real needs, i.e. products that are explicitly desired and demanded by our customers. We have already decreased the number of styles in our collections in order to be more precise.

4. PEOPLE IN OUR VALUE CHAIN FEEL RESPECTED

- Total compliance with Filippa K's Code of Conduct based on Filippa K's values

It is our long-term strategy that all people involved in our production should be treated with respect. Our supply chain is long and complex; achieving this goal will thus take a lot of work. We all agree on the importance to uphold human rights and to support fair, safe and healthy working conditions, including fair wages. At Filippa K, we also know that our employees are our greatest assets. We feel passionate about being a great place to work, where our personnel can develop and grow with the company. As part of the Filippa K family, you can expect a respectful, attractive, safe and healthy working environment.

5. LONG-TERM SUSTAINABLE SUCCESS

- Professional long-term partnerships
- Sustain a profit level of more than 10% EBT
- Sustain a growth in comparable units

Our values are one of the cornerstones of our company and play an important role in the way we do business. We value long-term partnerships to be able to uphold our high standards and quality. It is also important to secure a stable profit level to make sure we can finance our own business. We want to ensure a growth in comparable units before we invest in new projects to make sure our ongoing business runs well.

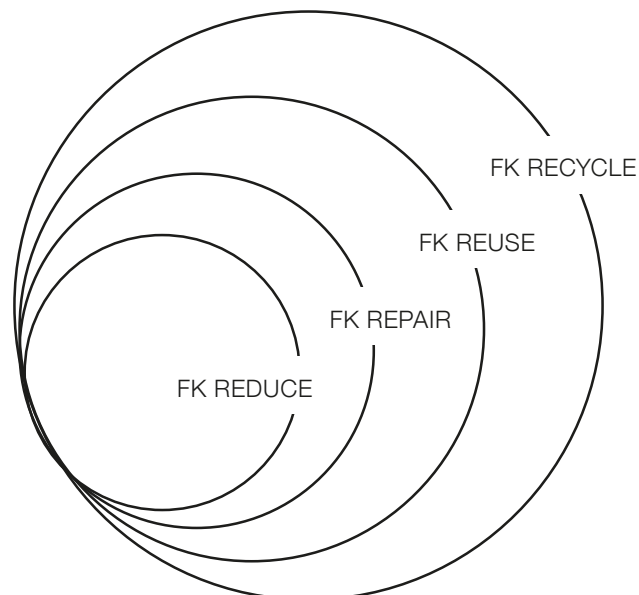


THE FILIPPA K CIRCLE

The Filippa K Circle is our method of reaching our commitments for 2030. It is a learning practice to find new ways of doing things, i.e. not only minimizing our footprints. We need to rethink, redesign and rebuild many of our processes and structures, without compromising on design. We want to be part of the circular economy, where nothing goes to waste, and we therefore aim to shift our production models from linear to circular, in line with a closed loop mindset.

OUR AMBITIONS:

- To prolong the lifetime of our products
- To shift our production models from linear to circular
- To have a circular design mindset
- To ensure pure circles by eliminating the use of toxic substances
- To eliminate waste throughout the production cycle
- To use renewable energy in our production



We need to learn how to do good business without exceeding planetary boundaries. That means for instance to make sure our products last as long as possible, by endorsing new design practices, by offering our customers maintenance services, and by offering our clothes a second life. The last goal is already partly achieved through our Filippa K second hand store in Stockholm. In the future, contributing to textile recycling will also be an important business practice for Filippa K.



“We want to see our customers as users, as one important part of our products’ life cycle before being returned to us.”
Elin Larsson, Corporate Responsibility Manager

FK REDUCE – THE PRODUCTS

“The product is the core of our brand. It expresses who we are and what we believe in. We strive for excellence by constantly developing and respecting our product.”
Quote by founder Filippa Knutsson, 2010



An important part of the Filippa K Circle is to develop products with the utmost consideration to issues of sustainability, throughout the lifecycle; products that are designed to be used over and over again before recycling, thus creating minimal waste.

This year we have developed three woman jersey products made of 100% Tencel which will be launched in our own stores during fall of 2014. It is an innovative approach where we analysed all life cycle stages that our products go through to find the best available solutions from a sustainability perspective. Our aim is to create



alternative and more sustainable work practices and processes. The aim is to learn and to use the gained knowledge from the Filippa K Circle products and use them as a benchmark towards all of our products.

One important objective is to be transparent towards all our stakeholders and to invite them to join us in our journey. That way we can show what it takes to make one piece of garment, what a handicraft a garment really is. We are proud of our products and they should be treated with the respect they deserve.



FK REPAIR

REPAIR

Sometimes unexpected things happen to a garment, a button might fall off, a zipper might break or a seam opens. When customers come back with products that are broken for some reason we always try to repair the garment. In cases where successful reparation is not possible, we pass on the impaired items to a charity organisation to make sure nothing goes to waste.

PRODUCT CARE

During spring 2014 we are introducing Filippa K Fabric Wash and Filippa K Fabric Care, an ecological detergent and fabric softener developed together with Tangent GC. The products combine efficient and gentle care in order to make our products last as long as possible.

The purpose is also to educate and help our customers in caring for their Filippa K garments so that they can truly become the long-lasting wardrobe favourites they are designed to be, in a nature friendly way.



“By making our customers aware of how to care for their garments, we can not only prolong the clothes’ lifetime, but we can also inform them of how to minimize their environmental footprints during the user phase, which is larger than you think,”
Elin Larsson, Corporate Responsibility Manager.

FK REUSE

SECOND HAND

To further lengthen the lifetime of our clothes we decided to collaborate with the second-hand chain Judit in Stockholm. Thus, in 2008, we opened a Filippa K second-hand store on Södermalm in Stockholm together with them, and the store is now run by them. The store is a way of taking responsibility for the entire life cycle of our products and also to provide alternatives to the traditional practice of shopping and disposal. We also get a chance to show that our clothes really stand the test of time, in both quality and style.

"We are proud over this way of working with sustainability. Our quality and design have made it possible for our products to become the base for a successful second-hand concept", says Elin Larsson, CR Manager at Filippa K.

We see a constant increase in interest and many of our customers are happy to find styles in the Second Hand store that they missed when they were available in our regular stores; the store has even set up a wish list for specific requests.



LÅNEGARDEROBEN (CLOSET-LIBRARY)

Filippa K cooperates with the non-profit organization Lånegarderoben, which serves as a clothing library. The idea is that consumers can renew their wardrobe temporarily without contributing to increased clothes consumption. We believe this is a fantastic idea and we here get a chance to show that our clothing really stands the test of time both in quality and design.



OUR PRODUCTS

Our company is based on strong values and culture, where our product is the core of our business. Style, Simplicity and Quality are the three values that characterize everything we do and serve as a guide each day in our efforts to meet our own requirements and those of our stakeholders. We are a company with a passion for design and our strategy has always been to make clothes that can last a long time in both style and quality. We want our customers to trust us and to feel satisfied with their purchase so that the product will be used for a long time and become a wardrobe favourite that will be used season after season. According to a WRAP report we can decrease the environmental footprint with 20-30% if we prolong the life length of a product with nine months, so prolonging the lives of our products has a big impact.



“For Filippa K as a Brand, the product is the ultimate carrier of our vision. We always try to have a long term partnership with suppliers that share our core values and have the same ambition – to be in continuous development and in the front-end in all aspects, financially, socially and environmentally.

For me that is to be sustainable!”

Tomas Främberg, Supply Chain Manager

CHEMICALS

We are working with our suppliers regarding the use of chemicals and we try to monitor the use of substances in the production process. This is to protect the people working in the factories and to safeguard the environment in which our products are manufactured, as well as protecting the people using the finished product.

FILIPPA K CHEMICAL VISION

Our chemical vision is to limit and – in the long term - eliminate the use of potentially harmful chemicals in production.

We consider potentially harmful chemicals to be the ones that might be carcinogenic, endocrine disrupters, acutely toxic, allergenic or mutagenic.

We do not want chemicals that are persistent, bio accumulated and/or toxic to ecosystems. Our objective is to apply the precautionary principle in our chemical management. We are constantly working in the direction of our chemical vision. We have a chemical restriction list that our suppliers must follow and we do random sampling to make sure that they do. The Restricted Chemicals List is based on EU's REACH legislation and is constantly updated. To stay up-to-date and to increase our knowledge about chemicals as well as spreading knowledge to others is a key part of our chemical management practices. We are also part of different networks and initiatives such as a chemical group led by Swerea and the Textile Dialogue lead by Kemi, a Swedish government agency. Our chemical vision is of course an important part of the Filippa K Circle products.

WATER

Water is a crucial issue for us since our industry is so water intense. We use the STWI (Swedish Textile Water Initiative) guidelines as a supporting document when working with water issues in our supply chain. The water guidelines were developed by STWI members (a number of Swedish retailers) and SIWI during a two years' period. The final objective of the guidelines is to help the dyeing mills to become more efficient in their chemical and water usage. We have so far started working with the guidelines together with four different dyeing mills, of which two are situated in Europe and two in China.

ANIMAL RIGHTS

We believe animals shall be treated well and protected from unnecessary strain and stress. Our ambition is to only use leather and fur from buffalos, cows, goats, pigs and sheep that have been raised for meat production and we do not use feathers or angora wool. We have been members of an organization called Animal Rights for many years.

About 3% of our styles contain merino wool, which originates from Australia. However, we cannot guarantee that the merino wool is 100 percent mulesing free, as we do not trust the information of the certificates about the wool's origin. .. The mulesing free merino often gets mixed up with all kinds of merino wool at traders in China. Therefore, we are now sourcing for fully traceable mulesing free merino wool with the same good quality as the one we are using today. Hopefully we have a good and trustful solution soon.

PACKAGING

We try to reduce the use of packaging and try to find more sustainable alternatives for the ones we decide to keep. This is also part of the Filippa K Circle. We have so far removed the tissue paper on all styles except for thin and slinky pieces that need the paper for stability. We have to use poly bags for each garment to protect them from being dirty during transport, warehouse handling, storage in store, and in the case of returns. But we are trying to find a better alternative, i.e. a bag that is made of PLA, a biodegradable plastic made of natural fibres such as corn. We are also trying to solve the situation with transport hangers to find more sustainable alternatives and handling.

We have changed the material in our customer plastic bags, which has made them 23% thinner (less need of plastics/oil) and increased their content of recycled plastics to 40-60%. This measure has decreased our total annual plastic consumption by about 1,5 tonnes. Hopefully we can find even better alternatives in the coming years.

SUSTAINABLE FIBRES

The choice of material has a significant impact, both socially and environmentally, so increasing the use of sustainable fibres is an important priority.

With our overall goal to only use sustainable fibres by 2030, we continue to work with our fibre tool, which is used by our design team and our sourcing managers. The tool provides an understanding of the particular environmental and social impacts of different fabrics and is used as a driver to increase our use of environmentally friendly materials.

The tool divides fibres into four categories. Class 1 and 2 are considered as more sustainable fibres and class 3 and 4 as non-sustainable. The fibres of class 3 and 4 are to be phased out from production by year 2030. When developing the evaluation tool during 2012, Filippa K looked at Made-by's fibre tool, Nike's Material Sustainability Index (MSI) and the ECO-metrics as guidelines. Reports from NGOs, articles from trade news agencies and information from trade networks have also been taken into account. We update the tool on a regular basis in order to keep it as relevant as possible and keep up-to-date with the latest research.

We are constantly working to increase the number of styles with more sustainable fibres in our collections. To focus on the fibre content of our carry-overs has a big positive impact, thanks to their large volumes. Still we have some challenges to overcome. First of all, the more sustainable fibres are not always equally good in quality and may not fulfil our quality standards. We also face challenges due to prices, as the sustainable materials are often more expensive still. Such circumstances put strain on the producers of more sustainable materials as they are faced with lower margins. It is also a challenge when it comes to high minimum orders on the fabric. Another obstacle might be that these fibre alternatives do not have the same good looks or drapyness as the conventional material, and our design and quality are our first priority.

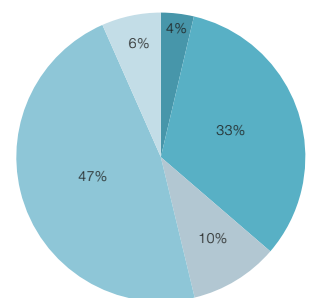
ACHIEVEMENTS IN 2013

In 2013, Filippa K was able to classify 94 % of all fibres used in production, in accordance with our fibre tool. We had intended to increase the use of class 1 and 2 fibres to 42% and decrease the

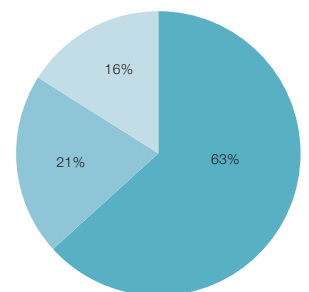
use of class 3 and 4 fibres to 34%, which we unfortunately were not able to achieve. 37 % of the fibres were of class 1 and 2, which is the same as last year, while the class 4 fibres increased from 42 % to 47 % in 2013. However, one should keep in mind that when the collections of 2013 were designed, the fibre tool for a more sustainable fibre choice was not yet fully implemented. This may have been a contributing factor to the results not turning out as expected.

The main fibres of class 1 and 2 were organic cotton and wool, with lyocell (Tencel) not far behind. The most commonly used fibres in class 4 were cotton and viscose. Even though conventional cotton was reduced by 5% over the year 2013, we had hoped to reduce it even more. We also intend to replace conventional cotton with fibres of class 1 and 2, as part of our company's goal to phase out class 4 fibres. We are constantly searching for more sustainable options to conventional cotton and strive to keep ourselves updated with new developments on the market.

Even though we are not fully satisfied with the results for 2013, we are positive that the result for 2014 will be better. This is because the sustainable way of thinking within Filippa K is gradually becoming more and more a natural part of the design process. During 2013, the employees at the departments of range and supply participated in several workshops and training programs to gain increased knowledge, promote inventiveness, and to find better ways to collaborate between the two departments.



- Class 1
- Class 2
- Class 3
- Class 4
- Class 5



- Natural
- Regenerated
- Synthetical



"Working with these issues is about reprogramming the way you think and inventing new and better ways to do stuff. I love it!"

Sarah Isaksson, Design assistant & CR coordinator

OUR MOST COMMON FIBRES

Conventional cotton is one of the worst fibres, environmentally as well as socially, and unfortunately it is also the most common fibre used on a global scale. Its cultivation requires large amounts of water and chemicals and leads to soil degradation and loss of biodiversity. The majority of farmers working with conventional cotton get exposed to dangerous chemicals when using fertilizers and pesticides. Many of the farmers end up in debt traps because of the high usage of expensive chemicals. It is also common for children to work on the cotton farms. We are thus constantly looking for replacement of conventional cotton and we try to phase out our use of such cotton step by step. Lyocell (Tencel) is one of our favourite fibres, at least for our women products. In our collections, it is often used as an alternative to cotton. Tencel only uses 23 l of water/kg textile, while cotton uses about 2600 l. Looking at land use, 6m² can provide 10 tencel t-shirts compared to 1 cotton t-shirt. Unfortunately there are no other good substitutes for cotton available right now, but a lot of research is going on and we are following the development closely.

Viscose and *lyocell* are both regenerated fibres from wood. Several hazardous chemicals are used in the production of viscose fibres and the process, which was developed in the early 19th century, is very energy and water intensive. The process of making lyocell is similar to the process of viscose but has been refined. It uses less energy, less hazardous chemicals and is a closed loop process, which means that almost all of the water and all of the chemicals are reused over and over. Therefore the lyocell fibre is classified as a more sustainable fibre while viscose is classified as one to be phased out.

Wool is one of our most commonly used fibres and one that we consider to be a more sustainable alternative, even though sheep farming requires large land areas for grazing and even though sheep produce greenhouse-gases through their metabolism. But most of the farms are situated on land that isn't suitable for growing food. And since wool garments generally have high durability and long

MATERIAL USE STATISTICS

| | 2013 | 2012 |
|---------------------------|-------|--------|
| Cotton | 26.3% | 31.3% |
| All Wool | 16.1% | 17.4% |
| Viscose | 9% | 8.4% |
| Organic Cotton | 7.9% | 8.4% |
| Polyester | 6.9% | 3.5% |
| Lyocell (Tencel) | 6.7% | 5.6 % |
| All Leather | 6.1% | 7.4% |
| Polyamide | 4.8% | 4.1 % |
| Other Fibres* | 4.4% | 3.1% |
| Silk | 3.2% | 5.2 % |
| Acetate | 2.7% | 1.5% |
| Linen | 2% | 1.6 % |
| Elastane (Lycra, Spandex) | 2% | 1.4% |
| Rayon | 1.3% | < 0,7% |
| Nylon | 1% | 1,1% |

*Less than 0,7% of the total fibre use.

lifespan, the emission of greenhouse-gases is less than for other products if you consider the whole lifecycle. We therefore consider wool to be a better option and classify wool as a 2. Wool garments also require less washing than other fibres and thereby save energy and chemicals in the user phase. One could say that wool is a good investment for both the environment and the customer.

Cashmere is a fibre from a specific kind of goat. This goat lives primarily in Mongolia close to the Gobi Desert. The increase of farmers and herd sizes due to increased demand for cheap cashmere on the market has strained the sensitive nature of Gobi. The larger herd sizes have also resulted in impoverished living conditions for the goats. There are at the moment no available certificates to be used by farmers that are more conscious in their farming practices, and therefore we have decided to classify cashmere as a class 3 fibre.

Polyester and *polyamide* are fibres made from petroleum oil, which is not a renewable resource. The conversion process from crude oil to textile fibre is extremely energy and chemical intensive. But these fibres are man-made and give us endless possibilities to design the desired properties and qualities of the fibre. In addition, these fibres are often used in combination with other fibres, to extend the lifetime of a garment and to enhance the properties of other fibres. We try to substitute virgin polyester and polyamide with recycled ones. Unfortunately it is not possible to get the recycled fibres as thin as the virgin ones, and therefore recycled fibres cannot always be used as substitutes.

Silk comes from the secretion of silk worms that live in mulberry bushes and feed on their leaves. Our silk comes from China where the mulberry bushes grow naturally on the countryside in the area around the city of Suzhou. Silk is a natural fibre that is made without hazardous chemicals. However in the process of extracting the silk fibre from the cocoon, the worm inside is killed. In some areas the worm is used as food. We believe this is an ethical issue comparable to eating meat or not, and therefore we consider silk to be a class 1 fibre.

Linen is a natural fibre from the flax plant, which has a natural resistance to microbes and is rarely infested by insects. Therefore, the use of pesticides is rare and flax does not require a lot of fertilizers either. Thus, the use of chemicals for cultivation is minimal. In some areas, flax can be cultivated during winter in the same field as food is grown during the summer season. In this way the farmer can grow flax without compromising the supply of food. However the process of extracting the fibre from the plant can be done using a natural or artificial process. Natural retting is most commonly used in Europe and chemical retting in Asia. Depending on the retting process, the fibre is classified as a 1 or 3.

MITSUBISHI TRI-ACETATE

The process of making tri-acetate is similar to the process of viscose. Mitsubishi has developed a new tri-acetate process that is less energy intense and uses less hazardous chemicals than the earlier process. They also use a closed loop system, which means that almost all of the water and chemicals are reused over and over in the production process, making tri-acetate a more sustainable option.

FILIPP K FIBRE TOOL

| 1 | 2 | 3 | 4 |
|-----------------------|--------------------------|--------------------------|-----------------------|
| RECYCLED COTTON | ORGANIC COTTON | BCI COTTON | COTTON (C, CTN) |
| CRAILAR | LENZING MODAL: EDELWEISS | LINNEN (LI) | VISCOSE (CV, VI) |
| ORGANIC LINEN | LENZING LYOCELL | CHEMICAL RETTING | RAYON (RY, RA) |
| LINEN NATURAL RETTING | (TENCEL, TEN, CLY, LYO) | HEMP | CUPRO (CUP) |
| ORGANIC HEMP | MITSUBICHI TRI-ACETATE | CHEMICAL RETTING | TRI-ACETATE (CTA, TA) |
| HEMP | (CTA, TA) | RAMIE (RA) | ACETATE |
| RECYCLED POLYESTER | RECYCLED POLYESTER | MODAL (CMD, MD) | NYLON (NY) |
| (MECHANICALLY) | (CHEMICALLY) | POLYESTER (PPT, PES, PE) | POLYAMID (PA) |
| RECYCLED NYLON | RECYCLED NYLON | THERMOLITE | ELASTAN/SPANDEX |
| (MECHANICALLY) | (CHEMICALLY) | ACRYLIC (PAN) | BAMBOO |
| RECYCLED WOOL | PLA (POLYLACTIC ACID) | CASHMERE | LENPUR |
| ORGANIC WOOL | WOOL (WO) | | COFFEE |
| ALPACA WOOL | | | ANGORA |
| SILK (SE) | | | |

EMPLOYEES: PROUD, PASSIONATE AND DEDICATED

We believe that passion, engagement and a great leadership are key factors for success. We want to empower our employees to take initiatives and feel responsibility in their everyday work. Filippa K has 231 full time employees (FTE) in total in all seven markets. "The values are the foundation of everything we do."- Birgitta Lindbrandt, HR Manager.

FILIPPA K AS AN EMPLOYER

We strive to be a fair and reliable employer by having leaders that are role models and carriers of our values. We continually work to ensure equal opportunities for all employees.

In order to be a transparent employer, the HR info was implemented in year 2011, The HR info is a web tool with HR related information and employee handbooks for all our seven markets. Its purpose is to support managers in HR processes as well as provide transparent information to our employees.

As part of our CR work, we measure "Employee Net Promoter Score" (ENPS) in the Employee Satisfaction Survey for all markets. The ENPS is an indicator of the attractiveness of Filippa K as an employer according to our employees. It measures our employees' commitment to work based on their answers to the question: "How likely is it that you would recommend Filippa K as employer to a friend?". In June 2014, we conducted an ENPS for the head office, which resulted in 72% promoters.

CORPORATE VALUES

Our core values Style, Simplicity and Quality are part of the brand's history. They are the foundation of everything we do. Our values unite us, create a strong culture, and help us reach our goals. We aim to make these values an even more conscious part of our everyday business, for example through our Leadership, Recruitment Process, Introduction, Performance Development Reviews and Succession planning.

INCLUSION

Filippa K's aim is to have self-driven employees who take responsibility and initiative. We aim to have an inclusive value-

based leadership where all employees feel involved and where their qualities and experience are used in their daily work. This is also included in our Employee Satisfaction Survey.



DIVERSITY

Diversity is central to our way of doing business. Diversity in expertise, experience/age, gender, and culture background is a corporate advantage and an asset in all levels of the organization. These different types of diversity are enhanced through our recruitments. Advertisements are in English and advertised on LinkedIn, an international media in order to reach a wider target group

Since the end of 2013 and continuing in 2014, we participate in the Axelerate project initiated by the Axel Johnson Group, The purpose of the project is to increase diversity in leading positions within the Axel Johnson Group. Within this project we will define goals and activities to ensure good level of diversity.

GENDER

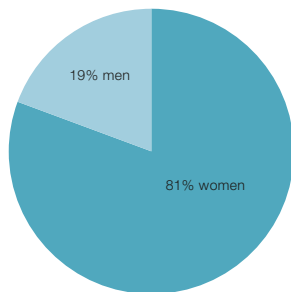
At Filippa K, we strive to have both women and men represented on all levels. It is our view that the gender diversity among our leaders should reflect the gender diversity among our employees in the company.

By the end of 2013, our senior management group consisted of 50% women, the same number as for our board, where 50% of the members where women.

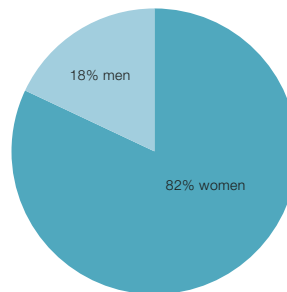
As a part of the gender equality plan, salary surveys are regularly conducted. The 2013 mapping showed no unreasonable salary

differences between women and men. Next salary mapping is planned to take place in fall 2014, where the plan is to include all our markets in the survey.

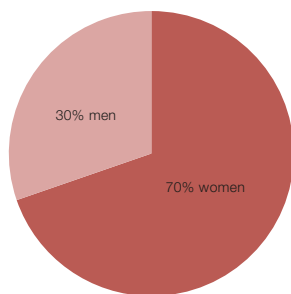
Men/women in leading positions
(Sweden, Filippa K's biggest market)



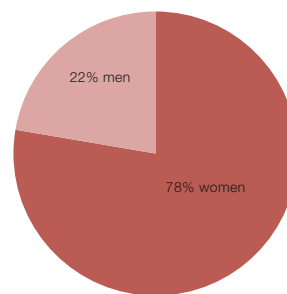
Men/women employed by Filippa K AB
(Sweden, Filippa K's biggest market)



Men/women in leading positions
(All Filippa K's seven markets)



Men/women employed by Filippa K
(All Filippa K's seven markets)



WORK-LIFE BALANCE

We believe in a good work-life balance. This belief drives us to be a responsible and trustworthy employer, who offers its employees possibilities for a balanced life.

We believe that work should be performed during regular working hours and that overtime shall be applied in exceptional cases and be regulated with corresponding compensation.

PERSONAL DEVELOPMENT/SUCCESSION

We want to attract, recruit, retain and develop committed employees that are given the opportunity to grow within the company.

Succession planning is an important yearly process where we secure regrowth in the company. To ensure succession and growth we hold Performance Development Reviews (PDR) on a yearly basis. These are conducted within each level of the organisation and with all employees, i.e. permanent, temporary and substitutes.

The PDR is set out to be an opportunity to discuss the daily situation, goals, compliance with values, and personal development. The Succession process starts with the Performance Development Reviews and ends with a mapping called Management Reviews.

TRAINING

Part of being an attractive employer is to retain our employees. We believe that one reason for staying with an employer is that the employee continuously gets to develop either within the current area or in other areas of the business. It starts with the introduction program at the start of employment. Filippa K works with the “train-the-trainer” principle, meaning that we want to train our employees using the competence we have internally. The trainings conducted locally should be reported to HR Central Support. During 2014/2015 we will evaluate and develop our “train the trainer” practices even further.

On a yearly basis, we send employees to sustainability training by Sustainable Fashion Academy through their SFA Learning and Innovation Forum. We also conduct educational workshops specifically tailored to meet our needs. Training and communication is a crucial issue and a success factor for us, to be able to pass on our values and our way of taking responsibility.

BENEFITS

Filippa K offers its employees on all markets a standard benefit package containing health care, clothing benefit and pension insurances. This package is combined with common local benefits, such as lunch coupons. The benefits also apply to part-time employees in relation to their occupational grade.

HEALTH AND SAFETY

Filippa K takes care to minimize health problems, both physical and psychological, by being a proactive employer. When needed, we cooperate with Health care centres on each market to enable an early action/rehabilitation plan in order to help the employee back to work as soon as possible. During 2013 no work-related accidents have been documented. The Work Environment responsibility has been delegated to each market and relevant guidelines are published at HR info. Starting from the end of 2013, we follow up the yearly level of absence due to illness, as a KPI on all markets. This is to ensure that we keep working proactively with our sick leave absence. In Sweden for 2013 the absence due to illness was 3,1%.

HARASSMENTS

In our health and safety guidelines we have clear rules and statements regarding harassments of any kind. If we have any case of improper actions, it will immediately be dealt with according to the action plans provided by our health and safety guidelines.

UNIONS

As a part of being a reliable employer Filippa K upholds a constructive dialogue with unions and other employee organizations that our employees voluntarily choose to be members of.

CORRUPTION

All employees are expected to decline any gifts from suppliers, partners, customers etc that might be perceived as bribery. We are following each country's laws and regulations for tax-free gifts.

Employee Satisfaction

EMPLOYEE SATISFACTION

At Filippa K, employee satisfaction is measured on a regular basis. The results from the Employee Satisfaction Survey in 2011 are here compared to the results in 2013:

| | <u>2011</u> | <u>2013</u> |
|---|-------------|-------------|
| Rate of answers | 88% | 91% |
| Employee Satisfaction Index (Working Climate) | 82% | 92% |
| Leadership | 80% | 77% |
| Proud of Filippa K | 92% | 93% |

*Net Promoter Score (NPS) Index 40 (Benchmark 8)

*The Net Promoter Score measures employer attractiveness and employee loyalty.

Pride, Joy and development opportunities are important drivers to the NPS-value of Filippa K in 2013. Next survey will take place after approximately 18 months.

Even though we can see a declined scoring for our leadership it is still high compared to industry standard. We do take it serious though and we have developed local action plans to not only keep the good scoring but also to improve and get back to 2011s figure. Our ambition is to develop a long-term strategy to ensure commitment to our values and leadership philosophy.

The Employee Satisfaction Index is an important measurement in order to continue to be a responsible and trustful employer. In order to keep its strengths and improve areas where we can do better we work with ESS Action Plans on all levels in the organizations.

ETHICAL MARKETING

We are part of the fashion industry, an industry with a well-known impact on young people and their beauty ideals. We are looking for models with a size small/36 as our samples come in that size. At the same time, we have close collaboration with our modelling agency and are very thorough in our casting processes, to make sure that we find the right models to represent our brand and values in a good way.

SUPPLIERS

Filippa K strives to be a fair and reliable business partner and we aim for long-term and rewarding relationships, based on mutual trust. We do our very best to be a brand that our customers and other key stakeholders can trust. Our suppliers, agents, vendors and other business partners play an important part in realizing this aspiration. Therefore, we expect our partners to adhere to human rights, labour, environment and anti-corruption principles and standards similar to those of Filippa K's. To this end, we have drawn up a code of conduct, which every supplier undertakes to adopt. Our code of conduct is based on the FWF Code of Labour Practices. Willingness to work in accordance with our social, environmental and other standards as well as compliance with our code of conduct is a crucial factor when we evaluate and select suppliers.

We have a long history with most of our suppliers, and many of them have been working with us for more than 10 years. We aim to develop long-term relationships and when we are introducing new suppliers we take gradual steps to establish long-lasting business. Hereby, we can secure the delivery of high quality products and reduce risks. Deep and long-term relationships are also a key factor when working towards a sustainable development. Our supply chain is long and complex and we need to work together to make faster progress. In May 2014, we conducted a Future Search seminar to set a strategy for Filippa K on how to reach our commitments and goals within our supply chain, by involving the most important stakeholders in that process. During the two days' workshop and together with 30 representatives of suppliers, fabric suppliers, dyeing mills, agents, Filippa K personnel, retailers, freight forwarders and NGO's, we will define and shape sustainability priorities and actions for Filippa K. For us, our stakeholders' knowledge is highly valued to make sure all perspectives in the supply chain are represented. By involving our key stakeholders in the work process we can take more informed decisions and make more realistic plans, as well as secure long-term commitment from everyone involved.

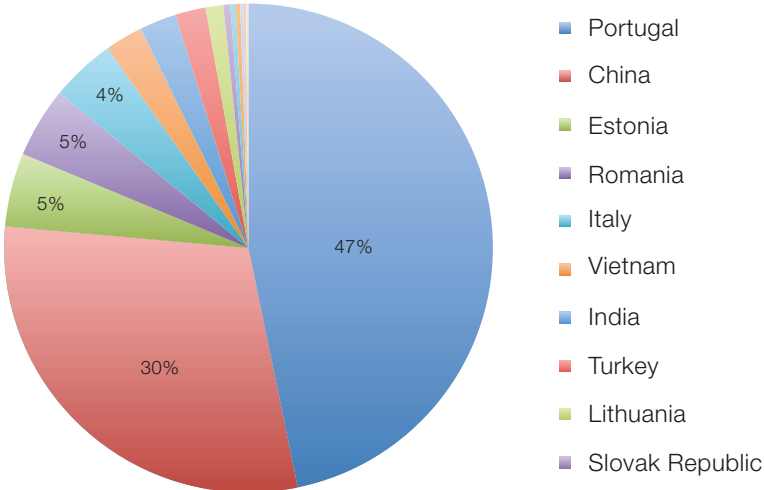
We have been working with Fair Wear Foundation since 2008 to secure good labour standards in our supply chain as well as compliance with our Code of Conduct. Fair Wear Foundation is a

multi-stakeholder Initiative that supports us by performing factory audits and by carrying out reports and action plans when needed. We are using FWF representatives to perform the audits, to ensure that these are professionally executed and to have the supplier understand that we take the auditing seriously. The audits help our suppliers to improve and develop their social compliance standards.



PRODUCTION DURING 2013

65% of our production takes place in Europe and Portugal is our largest production country. Fair Wear Foundation monitors the development of suppliers in different countries and conducts a risk estimation to determine where social auditing should be focused. As a Fair Wear Foundation Member, we have set the target to audit 90% of our suppliers located in high-risk countries. A level we have already reached; for example in 2012 we performed social audits of 91% of our suppliers in high-risk countries.



AUDITS DONE DURING 2013

FACTORY IN INDIA

Since 2009, we are using a particular factory in India for production of bags and wallets. We have visited the factory several times and last year we did a full audit together with FWF. The report shows that the personnel are happy and pleased with the employer, and that most of the employees have been working at the factory for a long time. All the employees are paid more than a minimum wage and some are paid living wages. However, they do have some administration problems as regards the recording of overtime, although overtime itself is not a big problem as it does not happen very often. Yet, when it does happen, they have a problem recording it in the right way. Another challenge at the factory is the ability to form a Workers Committee. There is an agreement to creating such a committee, but the workers do not fully understand the meaning and implication of such a formation, nor the positive impacts it may bring. We believe education of the workers is the solution to this situation and it is also something we will look into. Smaller complaints, such as not all information sheets being posted on walls and not being available in all local languages, as well as the lack of soaps in factory restrooms, are issues that have already been taken care of.

FACTORY IN TURKEY

In Turkey, there is a factory that we use for a limited production of jeans. Unfortunately the cooperation with them has not been good enough and they have had problems reaching our quality standards. So when the audit revealed that the factory owners did not allow trade unions for the workers and also were not willing to improve their practices, we decided stop working with them after recommendations from FWF. This is a very sad end since we were not able to improve the rights of the workers.

FACTORY IN MOROCCO

Quite recently we started a small test production at a Moroccan factory, our first one in the country, and we wanted to do an audit in the beginning of our cooperation to get a good insight of the factory. The results came out good and the only serious findings were how they calculate the salaries and overtime. Sometimes the salaries are paid outside the salary system.

TWO KNITTING FACTORIES IN CHINA

In 2013, we conducted audits at two knitting factories in China with which we cooperate. At both factories the most important finding and, also challenge, was overtime. There was also a low understanding of why trade unions are important, and the workers claim to have no need for them. Once again, we believe education is the solution. Both factories pay their workers a fair salary according to law, above minimum wage level, of which some wages were just above and others high above the minimum level, depending on which department they worked in.

FACTORY IN CHINA

We did a re-audit at a factory in China that produces pants for Filippa K. Re-audits are done to make sure past findings are corrected and that improvements have been made. Improvements had been made but unfortunately new findings were done, including excessive overtime that was not correctly recorded. They also use a lot of temporary workers, which is not a long-term solution for any of the parties.

TRAINING DURING 2013

FACTORY IN CHINA

One of our knitting factories that we have been working with for a long time conducted a Workers' Education Programme training by the end of 2013. FWF has partnered with UN Women and other local partners to develop a training programme for factories, in order to raise awareness about workplace conditions and to prevent violence through the development of anti-harassment committees and other grievance mechanisms.

HOW WE TRY TO HANDLE OVERTIME ISSUES:

Overtime is one of the biggest worker problems we have in our supply chain and is found in more than half of the audited factories. We make our planning together with the supplier so that the lead times can be discussed and the requested delivery times achieved. The lead times differ from different suppliers and also depend on the amount of orders placed over the period. We try to place orders in advance, based on estimated sales figures, to secure planning. This detailed planning means that we can avoid peaks in production and try to prevent overtime. It also results in very good delivery performance. At the Chinese factories where this type of problem is most common, we are often just a small customer among many larger.. Being a small company makes it challenging to try to improve the situation, but we keep trying. One solution might be to have a close dialogue with the other clients at the same factory, so that we can join forces and work together to reach improvements. That is something we hopefully can start up in the nearby future.

HOW WE TRY TO HANDLE PAYMENT OF LIVING:

This is a very difficult and complex issue with no easy answers or fixes. Our Code of Conduct states that living wages should be paid and it is something we discuss with our suppliers. It is important to keep an ongoing dialogue to accentuate the importance of this issue. We strive to work towards transparent prices so that we know how much of the final price that reflects material versus production costs. Our ambition is to set a plan for 2014 on how we can intensify our work to secure living wages for all workers in our supply chain.

FWF also support us in our own development, by performing annual performance check-ups to analyse our processes and way of working with these social issues. They offer good support in how to handle these complex issues and we highly value their recommendations and demands since it challenges us to constantly improve our work.



Doreen Chiang, Sourcing Manager

TRANSPORTATION

Since our transports are handled by a third part, we have limited opportunities to affect our emissions, but still we try to do as much as possible. This means that we constantly strive to optimize the transportation of our products, in terms of both service level and efficiency, to decrease the company's CO2 emissions as well as costs. For our Asian shipments we always plan for boat shipments. Moreover, we only use airfreight when something goes wrong and the production is delayed. 90% of our Asian shipments was sent by boat during 2013.

The implementation of fixed delivery days to our own stores has been one way to optimize our logistics. In practice, this has meant decreasing the number of shipments, the usage of boxes, and the freight costs. For optimal logistics is also crucial to make sure we have the right range and stock level in stores in terms of efficiency. To help us achieve these goals, we are refilling our stores automatically to keep stock level in stores as optimal as possible. That way, the returns of unsold products from stores by the end of each season can be reduced.

We are measuring our CO2 emissions on a quarterly basis. We do not have the figures for the whole year of 2013, as we are still missing the first quarter. We have now a set up our goal for 2014, which we feel confident in achieving and, for the coming report, we will compare our CO2 emissions for 2013 and 2014 (for the period of quarter 2 to quarter 4). From 2015 and onwards we will compare full years.

ENERGY USAGE

Filippa K's Swedish office and the owned stores run on green energy. During the last year the company was again able to lower its energy use. This is foremost due to higher awareness among employees and changes in lighting solutions and practices in stores. In total, the CO2 emission for Filippa K Sweden is 56 tonnes CO2 (10,6 from the office and 45,4 from the 11 stores). The figure for energy usage in stores from 2011 is so low due to the fact that we were missing information from several stores.



| ENERGY STATISTICS | 2013 | 2012 | 2011 |
|-------------------|---------|---------|---------|
| Office KWh | 106 493 | 109 443 | 113 030 |
| Stores KWh | 455 767 | 463 605 | 28 453 |

INITIATIVES AND COLLABORATIONS

As a medium sized company, Filippa K values and supports industry initiatives that can drive development and change towards better social and environmental standards for all stakeholders affected. Besides the possibility to affect our industry praxis, Filippa K collaborates with various NGOs through different initiatives since we believe that this can deepen our knowledge and lead to new innovative ways of working. Filippa K continually seeks more knowledge as one of our sustainability priorities has always been to stay updated and ahead. That is why FK Live Lab is important to us. The FK Live Lab is about building cross-functional collaborations where we invite students, researchers, other industries and government agencies to practice their theories in reality. In this way, we get an opportunity to stay updated on the latest research and studies.

We also try to challenge ourselves and our industry in different ways by attending seminars, where we raise questions about the way things work today, talk about our ongoing activities and possible future scenarios, and spread awareness. For example, we participated in a panel discussion during the political week in Almedalen, Sweden, last summer, as well as at the “Fashion Talks” seminar during Stockholm Fashion Week earlier this year.

SWEDISH TEXTILE WATER INITIATIVE (STWI)

Since 2010, we play an active part in the water initiative, Swedish Textile Water Initiative (STWI). STWI is a joint project between textile and leather retail companies in Sweden who work to ensure sustainable water consumption within the production process. This initiative has led to deeper knowledge regarding how Filippa K can work to minimize water consumption in the supply chain, an issue that are of importance in the textile industry since a large amount of water is used in textile and leather production.

THE SWEDISH SHOE ENVIRONMENTAL INITIATIVE (SSEI)

We are members of the Swedish Shoe Environmental Initiative (SSEI), a network of companies and organisations within the Swedish shoe business that support the creation of more common sustainability guidelines. SSEI's aim is to develop business praxis

that goes beyond legislation through development of guidelines and tools for design, product development and purchase. Filippa K strongly believes in cooperation such as this, as it is a way to learn from each other and to create change - together we are stronger.

CHEMICAL GROUP – SWEREA

The Chemical Group exists to keep member companies updated on the latest chemical and environmental issues. The network provides support and develops tools for handling legal requirements and other activities in the area of chemicals. The network consists of over 80 member companies. These companies represent the textile industry and the electronics industry and have access to a database of chemicals relevant to their products.

BRANSCHDIALOGEN (INDUSTRY DIALOGUE)

In 2012, the Swedish government body Kemikalieinspektionen started a dialogue with textile companies regarding chemical use and how to reach the government's objective of a non-toxic living environment.

Objectives for the dialogue as defined in 2012 were:

- Companies should restrict and replace hazardous substances.
- Information activities should be targeted to businesses, professionals or consumers.
- Knowledge exchange should be undertaken between companies and authorities.

As a company, we are striving to replace hazardous substances in our consumer goods and products without waiting for detailed legislation. By meeting and addressing sector-specific issues, Kemikalie Inspektionen and participants such as trade associations, retailers and distributors, may jointly identify measures to reach a non-toxic living environment.

MISTRA FUTURE FASHION

Filippa K is part of the research program "MISTRA Future Fashion". The purpose of the MISTRA Future Fashion program is to deliver

knowledge and solutions that the Swedish fashion industry and its stakeholders can use in order to significantly improve the fashion sector's environmental performance and to strengthen its global competitiveness. We are involved in one the research project "Sustainable consumption and consumer behaviour" that aims to identify strategies and tools that can successfully induce behavioural change towards more sustainable fashion products and consumption. We are also part of the project group "Business model innovation", which aims to assess how companies can innovate their business models in order to minimize textile waste, prolong the life cycle of clothes, and eventually close the loop of clothing.

SUSTAINABLE FASHION ACADEMY (SFA)

Filippa K is part of Sustainable Fashion Academy's forum, which is an innovative forum for sustainable fashion, together with other Swedish brands such as H&M, Fjällräven, Lindex, Boomerang, Björn Borg and Åhléns. Through the Sustainable Fashion Academy's Learning & Innovation Forum, Filippa K has so far educated designers, buyers, marketing people and the sustainability team within the company. Also, the forum is a great place to share experiences and findings with other companies in the field.

CO-OPERATIONS

We strive to have a positive impact on local societies where we act, even though our first focus is to make sure we take responsibility for our own business and the footprints we leave. Our biggest positive impact on societies is that we create work opportunities, contribute to improving working conditions, and pay fair taxes in countries where we run business. We also support charity organisations, for example, the Red Cross, Oxfam and Stadsmissionen, by donating clothes in the form of claims and left overs. We also invest money in the Hunger Project.

THE HUNGER PROJECT

We have collaboration with Rörstrand, a renowned Swedish porcelain brand. The collaboration started in 2003. Making new decors every season, the decor of 2012 was made by women in Burkina Faso and inspired by painted houses. Since Burkina Faso is one of the poorest countries in the world, the thought of Pay Back Time just came naturally. The aim was to donate the royalty we earn from our collaboration with Rörstrand to the Hunger Project. This was the start of our investment in the Hunger Project. The Hunger Project is a global non-profit organisation that seeks to end hunger and poverty globally, by empowering local people to lead lives of self-reliance. The Project's main strategies to eradicate hunger and poverty are empowerment of women, as key change agents, and forging effective partnerships with local governments. Their work in Burkina Faso has been incredible successful in empowering partners within local communities to end their own hunger and poverty, as well in other African countries, South Asia and Latin America.

The values of the Hunger Project correspond well with our own values and belief in creating sustainable relationships. And they also do great work with their VCA, Vision Commitment Action model, which is a model that anyone could adapt as part of his/her life. We are proud to be partners of the Hunger Project and part of a solution for ending hunger and poverty. We are all in this world together. If you want to know more about the Hunger Project please visit www.thp.org

STADSMISSIONEN

In January 2012 we started to collaborate with Stadsmissionen in Sweden. Stadsmissionen is a non-profit organization which helps children and teenagers in need of support, families in crisis, single mothers who lack financial resources, young grown-ups in need for therapies, young parents who need support and advice, elderly people living in loneliness and homeless, or abusive women and men. We are donating garment claims, which will either be handed out to people in need, sold in their second hand stores, or become material for their "Remake" project (in which products are made by homeless people). We have similar set ups in other countries, for example by the Red Cross in Holland and Oxfam in Belgium.

OXFAM

Oxfam is an international organisation determined to change the world by mobilizing the power of people against poverty. Around the globe, Oxfam works to find practical, innovative ways for people to lift themselves out of poverty and find new ways to thrive. They save lives and help rebuild livelihoods when crisis strikes. Oxfam works with partner organizations and alongside vulnerable women and men to end the injustices that cause poverty.

THE REDCROSS

The Red Cross is an international disaster organization and consists of millions of volunteers determined to help other people. They are fighting to save lives and provide hope around the world. Red Cross and Red Crescent are part of the same organization and are available in almost all countries of the world, with 189 associations in just as many countries. Red Cross clubs in different countries cooperate through the International Federation of Red Cross (IFRC). ICRC (ICRC) is the Red Cross movement's face in war and conflict.