

Filippa K

SUSTAINABILITY REPORT 2018

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THIS SUSTAINABILITY REPORT COVERS THE YEAR 2018 AND THE LEGAL UNIT
FILIPPA K GROUP AB. THE SUSTAINABILITY REPORT IS PREPARED IN ACCORDANCE
WITH THE REQUIREMENTS OF THE SWEDISH ANNUAL ACT, CHAPTER SIX.

1. COMMENTS FROM THE FOUNDER, FILIPPA KNUTSSON, AND THE CEO, KRISTOFER TONSTRÖM

Our purpose and promise at Filippa K is to inspire a movement of mindful consumption by showing that simplicity is the purest form of luxury. To us, “mindful consumption” means the responsible creation of timeless, high quality, practical fashion for a complete wardrobe that promotes a lifestyle of buying and using fewer pieces for longer and giving them a second life after ownership. In a world of fast fashion, our goal is to create a shift in industry perspective from fast to slow, and in consumer mindset from temporary to permanent. This can inspire purchasing behaviour to move from frequent impulse-driven buys of superficial trends to purposeful, responsibly informed investments of both need- and desire-driven pieces to love for many years. By connecting with our community and customers, we continue to develop a growing understanding of what they need and how our purpose can impact their lives.

Transparently sharing every step of our journey towards sustainability is essential to progress, and we are constantly working on improving each stage of the garment’s lifecycle to move towards a fully circular economy. We are proud to report a few highlights from our efforts in 2018:

Stockholm Fashion District, Encouragement for Action Award
Habit Fashion Gala, Habit Sustainability Award

Encouraged by the knowledge that we are not alone in this mission, we take part in events and initiatives with industry partners surrounding our sustainability efforts throughout the year. Here are a few examples from 2018:

Stockholm Fashion Week – “Sustainable fibres and business models within the fashion industry”

NK in partnership with Sweden’s British Embassy – “Creativity is Great”

Sweden’s “Environmental Strategy Days”

France’s Premiere Vision – “Smart Talks”

Finland’s Regeneration 2030 Summit

World Circular Economy Forum in Japan – “Circular Economy & Sustainable Lifestyles: Connecting the Dots”

Filippa K Exhibition and Seminar with Chelsea College of Arts, London – “Disrupting Patterns”

While we realise that changing behaviour is not a small task and that it requires consistent commitment, we are passionate about driving this movement and determined to succeed.



CEO



Founder

2. THIS IS FILIPPA K

Filippa K was founded in 1993 and is today a leading Scandinavian fashion brand. Our head office is in Stockholm, Sweden. We are a global brand with our own e-commerce site, 34 brand stores and some 450 premium partners. This is a slight decrease from last year due to our strategy to work with fewer partners and focus on those where we see the potential for a long partnership with a steady growth for both. Out of these, we have our own brand stores in 6 markets. Filippa K has about 240 passionate employees, 79% whom are female, 21% whom are male. The annual turnover is around 729 million SEK.

Filippa Knutsson and her then husband Patrik Kihlberg founded Filippa K, and designer Karin Segerblom joined not long after. The first pieces were part of a small collection of tight stretch jeans that immediately became very popular in Stockholm. This was the start of Filippa K's successful journey. The brand grew quickly and basic knit and jersey styles were added to the fashion line. Today, more than 25 years later, the brand is still growing steadily.

Filippa K is a company with a passion for functional design. Our strategy has always been to make clothes that last — both in terms of style and quality. We see simplicity as the purest form of luxury and want to inspire mindful consumption, minimalist lifestyle and equality.

Style, Simplicity and Quality are three values that run through everything we do. These values guide us in our everyday efforts to meet our own requirements and those of our stakeholders. At Filippa K, quality means more to us than just meeting our customers' expectations of 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 are constantly working to place trust at the centre of our values.

The textile industry has long and complex supply chains and a large environmental and social footprint. As a sustainable brand, this poses to us a number of challenges. Through careful consideration of materials, production practices and choosing the right partners in the value chain, we try to minimise the negative impacts of our business. For us, this also means promoting values that maximise longevity, through quality style and simplicity, as well as considering the post-purchase life of all our pieces, like enabling a second life for our products through the Filippa K Second Hand store, for example.

Our goal is to run a business that is sustainable in the long term within the planetary boundaries. To do this, we need to embrace a holistic view of our brand and the ecosystem that it sits within.

”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 and Creative Director of Filippa K.

OUR BUSINESS AND IMPACT

All our products are designed and developed at our head office in Stockholm, and while all production is done by our partners and sub-suppliers, we do not own any factories ourselves. The majority of our production is done in Europe, followed by China and then some small volume in India, Vietnam and Chile for example. All products are shipped to our central warehouse in Sweden and from there they are shipped out to our own stores, wholesale partners and online customers. We have three outlet stores, one in Norway and two in Sweden, where unsold seasonal products get a second chance to find a buyer, which they generally always do. We have ended up with unsold garments only at a few occasions and then given them to charity organisations like Stockholms Stadsmission and Red Cross.

There are many challenges in being part of the textile industry, an industry with long and complex supply chains and one that leaves significant environmental and social footprints. Research say that the textile industry is the second most polluting industry after oil. There are both environmental and social risks within our value chain and those are mainly found beyond our direct control and our own business, or upstreams of our value chain. For our own direct impact on the environment we make conscious decisions when it comes transports and we try to reduce our use of energy and make sure to use renewable energy in our facilities. To make sure we respect human rights within our own business and our value chain we are have internal policies and guidelines in place. Our partners have to sign our Code of Conduct that is developed to protect human rights and to ensure good working conditions.

The biggest social risks in the industry are that workers do not have fair working conditions in factories we are buying from, for instance working hours that are too long, not getting paid a living wage, or not having the right to freedom of association. We strive to be a fair and reliable business partner in a long-term and rewarding relationship, based on mutual trust. Our trading agents, suppliers and other business partners play an important part in realizing this aspiration. All partners to Filippa K are expected to operate in compliance with our Code of Conduct. This means that supplier companies, trading agents and other partners must ensure that our Code of Conduct also is respected and fulfilled by subcontractors involved in the production processes carried out on behalf of Filippa K.

LEVEL ONE – MUST HAVE

If a partner violates any of these requirements, direct and more drastic actions will be taken to solve the problem. Filippa K reserves the right to take necessary measures to ensure future compliance with the Code of Conduct. However, we encourage work to find a long-term solution.

- No child labour
- No forced or bonded labour
- No severe safety hazards
- No severe environmental pollution
- No corruption
- Transparency regarding working hours and wages
- Compliance to Filippa K's chemical restriction list





LEVEL TWO – SHOULD HAVE

If a partner violates a level two requirement the partner will be given the opportunity to improve, and these improvements must be reported. Thereafter Filippa K will follow the improvements closely to ensure that this violation is not repeated.

Social requirements:

- No discrimination
- Freedom of association
- Living wages are paid
- Hours of work are not excessive
- Employment relationship is established
- Decent working conditions
- Employee education

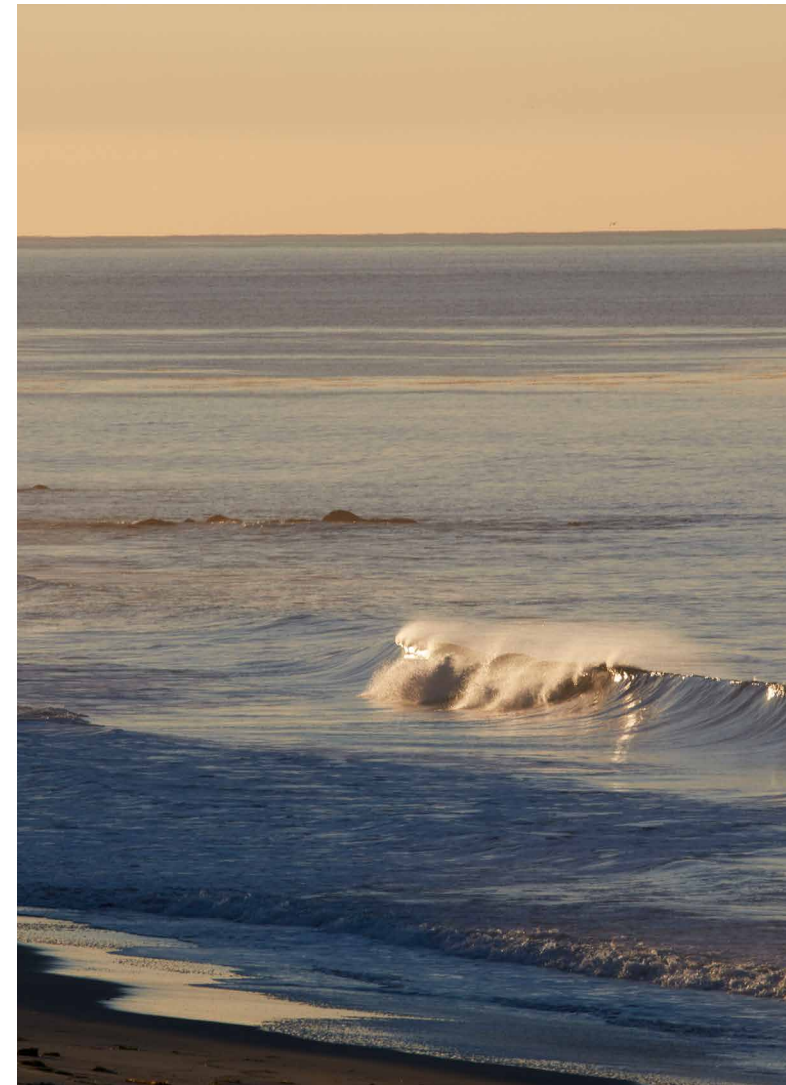
Environmental requirements:

- Environmental management system

The biggest environmental risks are found outside our own company. Those are impacts on climate change, water scarcity, negative impacts on biodiversity, the use of hazardous chemicals and the release of micro plastics into rivers and oceans. Life cycle assessments done by Mistra Future Fashion research program shows that the absolute biggest impact on both climate change and eco toxicity during a product's lifetime lays within fabric production and is out of our direct control. Still, we constantly try to decrease that negative impact by making conscious choices during design phase, collaborating with experts, NGO's, our suppliers and other brands to find new solutions.

We try to reduce our impact and the risks through the choice of materials in our products, 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 overconsumption. For us, that means increasing our purchase precision and ordering long-lasting products of quality, style and simplicity, as well as enabling our products a second life, for example through our second hand store.

To help us and guide us in our work of making sure we are respecting human rights, that we do not have any corruption, and to decrease our environmental impact we have different steering documents, guidelines and policies.



CUSTOMERS & PRODUCTS

We work to be true to our values and to stand for the things we believe in. Each of our products has a purpose, and each product is long-lasting in both design and quality. Our customers are intelligent consumers and we want them to be able to say, “I trust Filippa K”. Therefore, we work hard to provide great value through our products. This is how we do it:

- We consider the safety, comfort and well-being of our customers and the people involved in the production of our goods, as well as the environment, when designing and sourcing our products.
- We constantly strive to increase the use of more sustainable materials in our products.
- We limit and eliminate the use of potentially harmful chemicals in the production of our products.
- 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 not use feathers or or angora wool in our collections.
- We seek to market our products in an honest and responsible manner.

The following policies and guidelines outline Filippa K’s commitment within the area of customer health & safety in greater detail:

- Filippa K Guideline - including quality standards, rules, forbidden chemicals and our code of conduct.
- Filippa K Sandblasting Policy
- Filippa K Animal Rights Policy
- Filippa K Leather Policy
- Filippa K Communications Policy

EMPLOYEES

At Filippa K, we work actively 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.

We feel passionate about being a great place to work, where you as a colleague can be inspired, develop and grow with the company. As part of the Filippa K you can expect a respectful, attractive, safe and healthy working environment.

- Filippa K respects the rights of our employees and is committed to being an attractive employer.
- Market conditions must apply.
- All employees shall be treated equally regardless of ethnicity, religion, disability, gender, transgendered identity or expression, sexual orientation, age, or marital or maternal status. We believe that all employees have the right to be treated with respect and that a diverse team benefits our customers, employees and Filippa K as a whole. Harassment in any form is unacceptable.
- Mutual respect, openness, and participation are fundamental to the well-being and success of our employees and our company. Our goal is to be a company that includes healthy values and good leadership qualities. We respect all employees rights to form and join trade unions and to bargain collectively.
- Filippa K is committed to offering a safe and healthy working environment – we work actively to provide a good physical and psychosocial work environment. This includes preventing and managing stress and work-related illness, as well as maintaining high fire safety standards.
- A work environment free from abuse of alcohol and other legal and illegal drugs.

The following policies and guidelines outline Filippa K's commitment within the area of working conditions and employee relations in greater detail:

Working environment handbook, which includes a

- Discrimination Policy
- Sexual Harassment Policy
- Drug and Abuse Policy
- Stress Policy

Each Business Area Manager is responsible for ensuring that Filippa K policies do not violate the legislation in their respective countries, as well as for implementing policies and related routines, from risk assessment to follow-up.

PARTNERS

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 Fair Wear Foundation Code of Labour Practices. Our partners must also comply with Filippa K's approach to working with integrity. 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 Filippa K evaluates and selects suppliers.

To assist our suppliers' understanding of our code of conduct and other requirements, we invest in close ties and dialogue. The following policies and guidelines outline Filippa K's supplier requirements:

Filippa K Guideline, which includes

- Code of conduct
- Quality standards, rules and forbidden chemicals
- Recognition of design rights



ENVIRONMENT

Filippa K seeks to contribute to a more sustainable future and works to limit our company's and our products' impact on the environment. We welcome collaboration with external partners to further our knowledge and efforts within environmental management. The following outlines our aim to address each step in the manufacturing circle:

DESIGN & PRODUCTION

- We always strive for long-lasting design
- We strive to make environmentally conscious choices in our design process
 - We strive to offer more products with more sustainable materials
- We strive to find solutions and processes to limit the use of water in fabric and garment manufacturing

TRANSPORT - WE WORK TO REDUCE CARBON EMISSIONS BY:

- Consolidating the transport of our goods
- Selecting less carbon intense modes of transport
- Placing environment requirements on our transport service providers
 - Including environmental requirements in our travel policy

STORES & MARKETING - WE WORK TO INCREASE THE ENVIRONMENTAL
PERFORMANCE OF OUR STORES BY:

- Training our store staff in environmentally sound practices
- Placing environmental requirements when building and rebuilding stores
- Placing environmental requirements when purchasing product packaging

USE & REUSE

- We encourage our customers to resell, reuse and recycle their Filippa K pieces. Some ways we do this are through a second hand shop, our Collect service and our Lease concept.
- We inform our customers about how they can care for their Filippa K pieces with limited impact on the environment and we offer care products in our stores.

The following policies and guidelines outline Filippa K's supplier requirements:

- Code of Conduct
- Restricted Chemical List
- Sweden Textile Water Initiative's Guidelines

WORKING WITH INTEGRITY

Filippa K strives to be a brand of substance and truth – everyone dealing with us should be able to trust us. Therefore, doing the right thing and working with integrity is a fundamental part of who we are and how we run our business. This means that Filippa K expects our own employees as well as those we deal with – our suppliers, agents, vendors and other business partners – to be fair in all business activities. The biggest risks for corruption are found in the relationships with suppliers, both between suppliers and Filippa K as well as between suppliers and sub-suppliers. Anyone dealing on behalf of or with Filippa K must observe the following:

- You must not offer, promise, give or accept any undue monetary or other advantage in order to obtain or retain business or any other improper advantage.
- Gifts, hospitality, discounts and/or expenses must be limited to reasonable and legitimate expenditures and must not improperly affect the outcome of a procurement or other business transaction.
 - Facilitation payment must not be made.

Furthermore, Filippa K employees must observe the following:

- All our business decisions must be taken with Filippa K's, our customers' and our shareholders' best interest in mind.
- Decisions must not be based on personal relations or interests, and you must not use company resources or your position at Filippa K to further a personal interest, including employment outside of Filippa K.

We strive to run a long-term sustainable and fair business within the planetary boundaries where human rights are respected. To ensure long-term sustainable success we must have a holistic view of our business and the ecosystem that we are part of, to understand how all parts interact.

3. FILIPPA K STAKEHOLDERS

FILIPPA K'S STAKEHOLDERS: A 360° PERSPECTIVE

With regard to our stakeholders, we have developed a 360° perspective that outlines the following for the concerned parties:

- Owners: Filippa K will continue to create value for owners through responsible business actions.
- Employees: Filippa K will strive to be a responsible employer that empowers its employees and encourages a balanced lifestyle.
- Society: Devoted to slow-fashion, Filippa K will actively contribute to a more sustainable society by implementing and being responsive to positive change.
 - Customers: Filippa K will continue to offer customers high-quality, sustainable clothing that stands the test of time.
 - Partners: Through collaboration and dialogue, Filippa K will work to strengthen our partners' sustainability efforts.
- NGOs: Filippa K recognises expertise that NGOs can provide, and will continue to embrace their contribution to sustainable development.
- Governments and policy makers: We will support and encourage governments and policy makers to implement regulations, standards and economic incentives to help transform the industry.

Our stakeholders' opinions, requests and perspectives guide the choices we make in our sustainability efforts.



STAKEHOLDER DIALOGUE 2018

During 2018 we had a focus on stakeholder dialogue with our suppliers. We invited many of them to come to our office to discuss the changes in our whole industry and how to move forward. Around 100 partners came to listen to our new business strategy for 2021 and to talk about how to run a successful business in this new paradigm. We wanted to create closer and deeper relationships with selected suppliers to create a win-win situation for both parts. It was very open and transparent discussions around pricing, lead-times, quality and sustainability.

4. OUR STRATEGY: CIRCULAR FASHION

Circular Fashion is our internal framework for how to adopt to a circular economy, guiding us on how to move away from traditional linear business models towards circular ones, like nature's own ecosystem. It encompasses everything we do within our business: from how we design, develop, produce and build longevity into our clothing to reinvigorating our business models.

Our Circular Fashion principles keep us committed to the four Rs: Reduce, Repair, Reuse and Recycle

- Reduce: With an honest devotion to circular fashion as a starting point, we strive to create pieces with minimal negative impact that can be part of a closed-loop system.
- Repair: We create clothes that last for a long time and take pride in making sure they do. Our Care concept furthers this by promoting garment care methods to our users.
- Reuse: We want all our clothes to get a chance to a second, third or fourth life through our Collect concept, Second Hand stores and our Lease concept.
- Recycle: We want to make sure that when clothing is worn out we can recycle it into new textile fibres again.



REDUCE

We are determined to create pieces with a minimal footprint, that is to say, they can be part of a circular mindset. Approximately every two years we develop Front Runners: pieces from our collection that are then produced in the most sustainable way.

We examine every aspect that goes into making these pieces, including how our customers use and care for them until they reach the end of their wearable life, so we can review and refine our processes right from the design table. The improvements we make in areas such as material choices, design practices and production techniques are all carried out with a purpose of carrying them over to our mainline clothing production step by step. By 2030 we aim to have all our collections made according to the key criteria for our Front Runners.

Our Front Runner Criteria:

1. Sustainable materials
2. Recyclability
3. Transparent supply chain
4. Minimal use of resources
5. Minimal waste
6. Fewer chemicals
7. Minimal emissions
8. Respect for people
9. Respect for animal welfare
10. Long-lasting design and quality
11. Perfect fit and comfort
12. Financially sound

PREVIOUS FRONT RUNNER INSIGHTS

The main objective with our Front Runner project is to implement learnings from these journeys in order to gradually transform our business and our collections to become fully circular by 2030. Here are some examples of progress:

- We used to use safety pins to attach our hang tags. These have now been removed entirely.
- We have removed the tissue paper commonly used for almost all products during transport.
- We are working on using more and more Tencel thread for our Tencel products for making recycling easier; usually we use polyester threads which makes recycling more difficult when it is a mix of natural and synthetic fibres. During 2018 we had a dip in this development, but will be brought back during 2019. We will, for example, try to implement the Tencel thread from Crafil used for the last Front Runners.
 - We are using recycled polyester lining for all outerwear.
- We are using buttons made from the corozo nut for several outerwear and suits, for example, on most our suits in the basic “cool wool” program. We had a decrease of usage during 2018, but we will increase the usage during 2019. The Collect and Lease concepts are both results of Front Runner journeys.
 - We continue to offer our Front Runners products a 10 year guarantee.
- Trying out new resource streams such as setting up circular model for recycled shipping straps. We are working toward integrating the new waste stream of recycled poly chips from Ax International’s straps into our trims and linings in the future.

THE MOST RECENT FRONT RUNNERS

We believe one of the most important solutions is to adopt to circular economy, moving away from the linear models we have today (where we take resources from one end, then produce, use and dispose in the other end – building up landfill or for a few countries as Sweden goes to incineration) and instead create circular models, like nature's ecosystem, where all resources are well taken care of and no waste is created. For us that means making the product we create as sustainable as possible and recyclable, once sold we make sure they are well taken care of by the user so they can get as long of a life as they are meant to have, and to be able to offer all our products a chance to a second or a third life through second hand, Lease, or Collect.

To talk about sustainable consumption, we all need to change our behaviours and start enjoying fashion in much smarter ways. At Filippa K, we want to help our customers move to a smaller, smarter and more selective wardrobe – to be able to buy clothes that last for a long time, both in terms of quality and style and clothes made of more conscious materials and produced in a more sustainable way. A wardrobe that you care for and cherish and that can be updated in new ways such as through second hand, leasing, swapping, borrowing etc. The clothes in that wardrobe never end up in the trash. If we can make new business out of that as well, then we are heading towards sustainable consumption. To adjust our business models so that we can make money out of the same product several times, like through rental or second hand, then we can have a growth of turnover without the need to produce more products. We are exploring new ways to offer our products and services to our customers, an offer that is attractive to them as well as us and the planet.

Looking ahead, it is exciting to talk about different speeds of fashion and to challenge our perception of fast fashion being bad. Today, we produce, sell and consume clothes the same way no matter how long life-length a product is expected to have – then fast is bad because it takes the same amount of resources and the same amount of hands to produce all type of clothes no matter how long they are expected to live. But if we can optimize the processes and cycles for each type of garment based on a pre-determined life-length, and then optimise the design, production, business models, looping – for each type, then we can challenge that perception. Like a short-life garment, imagine a party-top made of a paper like material, you can wear it about three times, you can't wash it, so after you are done with it you put it in the recycling bin for newspaper or put it in your home compost– then that's fine, because it has not left such a big footprint. Look at nature: there you have different speeds without being defined as good or bad – you have the butterfly who only lives for a day or two and the elephant that lives for 70 years, both contributing to the bigger ecosystem.

In the future, fast and slow will be defined by how often we change, not the clothes itself. And we believe we will have a multi-diverse wardrobe, with a mix of short-life and long-life garments, a mix of new and second hand, and a mix of owned, rented or borrowed. A beautiful wardrobe that changes and evolves in different speeds depending on the user without giving us a bad conscious – this is where the business opportunity lies.



THE FRONT RUNNER PROJECT 2016-2018: DISRUPTING PATTERNS

Redefining the behaviour of fashion with nature's inspiration to create positive change.

Together with University of Arts London and Mistra Future Fashion, Filippa K presents an exhibit showcasing the collaborative research efforts from Circular Design Speeds: a journey towards disrupting old linear patterns to discover new methods of circular design for sustainability in fashion.

DESIGNING FOR PERMANENCE

The Eternal Trench Coat

Filippa K's philosophy is grounded in designing high quality, timeless pieces that last for many seasons. However, designing for full recyclability brings a new set of challenges to learn from in order to find a healthier approach in fashion. It currently requires making sacrifices when it comes to materials and design, and we've challenged ourselves to disrupt this pattern to create a Filippa K garment that is 100% recycled, and 100% recyclable.

Inspired by the slow speeds of nature and its ability to protect what exists while creating something new, The Eternal Trench Coat is made from a technical cycle utilising recycled polyester from plastic bottles. It is designed to last for a decade or longer: a classic trench style that works as a timeless topper for all seasons and is easily packable as well as water repellent. We are committed to supporting the wearer in mending and repairing the garment, and helping pass it along to a new owner if necessary. When it can no longer be worn, the coat is made to be recycled in its entirety with minimal effort to recreate the materials that it originated from.

Through this process we have developed new ways to use recycled materials in fashion, new technology to extend the life of clothing, and new insights for designing with future garments with full recyclability in mind.

“Extending the life of clothing by an extra nine months of active use would reduce carbon, waste and water footprints by around 20-30% each.” – Wrap UK, 2015





CHANGING THE TIMELINE

Material

A material that often has negative associations, polyester takes millions of years to create and 200 years to biodegrade. We've extended its life in the industry through circularity.

Consulting the expertise of Wolkat and Philtex from the very beginning, we learned how to create The Eternal Trench Coat for full recyclability by using recycled polyester made from plastic bottles. Polyester is one of the slowest materials in the industry, and is unfortunately used most often in fast fashion. Using it to create a garment that lasts for at least a decade applies the principles of circular design by giving the material as long of a life as possible before its next phase.

As the industry isn't fully prepared for this shift, we discovered that we had to buy a large amount of fabric in order to reach the minimum production quantity needed by the supplier. It required choosing the colour of the garment at the beginning of the process which limited our options, and the use of polyester has the side effect of shedding microplastics – a problem our industry partners are working to combat.

Using recycled polyester means that the raw material comes from single-use objects like PET bottles. This cuts waste from fabrics and reduces the amount of plastic ending up in landfills and the oceans. It also means that no virgin oil has been used to create the fibre. In the future we hope that polyester can be recycled in a closed loop over and over again, eliminating the need for virgin polyester.

THE COLOUR OF CONSERVATION

Dyeing

We've partnered with We aRe SpinDye® to colour The Eternal Trench Coat, resulting in 90% reduced chemical usage, 75% reduced water consumption and a smaller carbon footprint than a typical dyeing process. It has provided longer lasting colour vibrancy and extraordinary performance against UV light damage, wear and tear, and washing – above what is achieved by traditional dyeing.

In order to create water resistancy, this garment is finished with Organotex: an environmentally friendly technology developed by OrganoClick. It is inspired by the way plants repel water, developed using biomimicry. This provides durable protection against water, snow, and stains from various liquids. The water repellency is highly durable and withstands numerous cycles of home laundry. Once the garment has been washed a handful of times, Organotex's water repellency spray can be used to refresh the protective ability of the coat. The spray biodegrades within 7 days and is non-toxic and solvent-free.





AN EVERLASTING STYLE

Construction

The Filippa K design team cut the pieces in timeless silhouettes to support our aesthetic and the longevity of the garments. To maintain the recyclability we made adjustments from the original design: open cuffs replaced elastic, recycled poly sewing thread replaced bonded seams, and poly buttons replaced a zipper. FaTin, a supplier Filippa K has worked with for many years, manufactured this coat at their factory which utilises an ongoing QuizRR educational human rights program for sustainability in working conditions.



A FINISHED PRODUCT

The Eternal Trench Coat

A rainy day layer, protective overcoat, or even an unconventional dress, the Filippa K 2018 Front Runner styles are inspired by the eternal elegance of the trench coat and its ability to suit any season or occasion. The light material can be packed easily for on-the-go accessibility, and the water-repellency makes it wearable in any weather.

Victoire Front Runner Coat:

Straight fit Detachable belt Welt pockets Single back vent Unlined

Lucien Front Runner Coat:

Relaxed fit Dropped shoulder Welt pockets Single back vent Unlined



CLOSING THE CIRCLE

Extend and Renew

10 YEARS OF CARE

10 Years of Care is our guarantee to help care for Front Runners garments – for the next decade. Just like its inspiration in nature, the product is designed for a long life in a wardrobe. The customer can bring the coat back into one of our stores and we will help with any repairs the garment may require.

GARMENT CARE PRODUCTS

The Filippa K Clothing Mist freshens garments and shoes on the go with an active bacterial culture base that gets rid of unwanted odors, extending the time between laundering and providing a clever alternative to dry cleaning.

The Guppy Friend Washing Bag helps prevent and reduce the microplastic waste in our oceans from washing synthetic textiles, and its unique structure protects all materials including natural fabrics to give them a longer life.

Recyclability

Once the garment is no longer in a state to be worn, it is ready to be chemically recycled. Recycling companies like our partner Philtex plastics offer the opportunity to recycle back into the polyester pellets used to create polyester from the beginning.

TRUSTRACE

TrusTrace is a groundbreaking digital platform based on blockchain technology for the fashion industry that provides supply chain and transparency tools that accelerate sustainability. This traces a fibre to the garment and back to the fibre. The ambition is to provide this information to the customers – making a garment's full journey visible. In the future it will also provide circular business model tools that support retailers engaging with customers by sharing product information and gaining insights about customer sustainability preferences. We have mapped the whole value chain for the Front Runners using this platform and will now accelerate the use by integrating the majority of our collection with TrusTrace.

THE THROW AWAY DRESS

Designing for Transience

An exciting vision that is not far from becoming an industry reality, Filippa K has designed a dress that is made from 100% bio-based material and is 100% biodegradable. Inspired by the fleeting elements of the world around us, the garment uses nature's life cycles to provide the wearer with an opportunity to update a wardrobe on a whim while minimising negative impact on the environment.

Fast fashion as it exists today is not a sustainable way to consume, but speeds in nature are not defined as "good" or "bad". The butterfly that lives only for a few days is just as essential to the ecosystem as the elephant that lives for seventy years, and we would not want to be without the cherry blossoms, even though they only bloom for a week.

We decided to rethink this concept and find out if it is possible to maintain current consumer behaviour of fast fashion without the negative consequences. Dressing for an occasion can often result in discarding a piece that was only worn once or twice, so we challenged ourselves to disrupt this pattern.

Introducing The Throw Away Dress: the Filippa K way to cherish a garment for a short time. Rather than holding on to the clothing, it is the experience of wearing it that lives on through photographs and social media. The transient nature of the dress provides a unique and guilt-free opportunity to create special memories that last.



MONO NO AWARE

物の哀れ

Directly translated as “the pathos of things”, this Japanese concept is a recognition and awareness of the impermanence of all things in existence.

AWAY FROM THE DRAWING BOARD

Material

We chose a non-woven Tencel fabric from Mogul because of its sustainability benefits and durability, as well as its soft and pillowy delicate texture.

The creation process in fashion typically begins with a sketch. With The Throw Away Dress, designer Emilia Castles quickly realised that in order to fulfil our purpose we would instead begin with choosing a material that fits our needs.

What is Tencel?

Tencel, the lyocell fibre from Lenzing, is one of our favourite fibres to work with at Filippa K. The material originates from renewable raw wood in sustainable farms, and regenerates from the pulp. Chemical solvents are then used to create the fibres, 99.5% of which are recycled in a closed loop process. Producing one kilogram of Tencel uses 1.4% of the water used to produce the same amount of cotton, and one square metre of land can produce 10 times more Tencel than cotton. Composed of natural material, Tencel fibres are biodegradable, compostable, and can fully revert back to nature.

Why Non-woven?

Non-woven fabric experts Mogul provided us with the material for this garment. By using a non-woven spunlace Tencel rather than a woven fabric, we've eliminated costly production processes. Mogul's spunlace process doesn't use external components other than the fabric itself, supplied to the mills in bales of staple fibres from Lenzing. It only uses water rather than chemicals, 80% of which is recycled for future use. Mogul also reuses all cutting waste to make up about 5% of overall composition, which means no waste stream is created.

"The benefit is that the process to make the material uses less water and energy since it is not made like a traditional fabric. It is also biodegradable. But the biggest benefit was showing how a non-woven, industrial type of material could be transformed into chic and wearable garments."

– Jodi Everding, Filippa K Fabric and Trim Manager

LETTING NATURE DECIDE

Dyeing

Filippa K worked with HeartearthH Production to develop and execute the dyeing process, using natural food waste provided by Grönsakshallen Sorunda and Axfood.

Intuition led this stage of the creation as well, as we needed to use reverse design thinking rather than previous design experience to find useful discarded fruit and vegetable waste and invent new techniques to use it in the best way. What at first was a challenge led to a sense of openness and discovery throughout the dyeing process.

A pop-up lab was set up at the HeartearthH Production studio, where the colours were tested and developed in a trial and error process of cooking the waste to create the dye. Much like a restaurant, each day began with a 'menu' that dictated what food was available for us to use. While typical dyeing processes consider the effects of washing, we had the freedom of disregarding this limitation which kept the process simple and spontaneous. We experimented with many methods and techniques such as water colouring, frottage, feather brush strokes, dip-dyeing, sponges, gravity effects, dripping, and batik with rubber bands.

As the Tencel changed and developed with each test, we were truly led by the characteristics of each natural element and how they interacted with each other. After an inspiring collaborative effort, the best results came from dip-dyeing using beetroot, red cole (horseradish root), blackberry, turmeric, and avocado to create a natural ombre effect.

"In order to transform the linear (thinking) production cycle into a circular system we need understandable and simple examples, role models. Upcycling waste into beautifully naturally dyed dresses is just one of many fruitful ways of doing it – hopefully it will plant a seed to transformation." – Marie-Louise Hellgren, Designer at HeartearthH Production.

UNIQUE TECHNIQUES

Construction

Made at our in-house atelier, Filippa K designer Emilia Castles used unconventional traditional techniques to achieve a modern concept.

By creating the dress in-house, Emilia had full control over the manufacturing and design processes. A personal hands-on project, it was a much more tactile experience because normal construction techniques were not effective on this material. The fabric defined what forms it would take, and the finished product had to be developed through creating unique shapes and structures.

Dyeing the fabric caused it to take on a fluffier quality than before. This led a collaborative decision with Heart & Earth Production to use a mangle, and Emilia discovered a machine in her apartment building in Stockholm that was available for use. A mangle or wringer is a mechanical laundry aid consisting of two rollers in a sturdy frame, connected by cogs and powered by a hand crank or electricity. While the appliance was originally used to wring water from wet laundry, today mangles are used to press or flatten sheets, tablecloths, kitchen towels, or clothing and other laundry. Mangling is a traditional process that dates back to the 1600s.

The Tencel took on a silk-like feeling after the mangling process, and became easier to fold and construct. It inspired and enabled Emilia to pleat the fabric, adding structure that allowed the addition of more draped and flowing elements.

”In the beginning of the making process we had some dress designs in mind, but we soon discovered that the fabric wasn’t as willing. It was very difficult to get a good result by sketching a design and then cutting and sewing in the standard way. We were trying to make this fabric behave like something it’s not, a woven fabric. I began to realise this project was not going to be as straightforward as I had expected. I wanted to discover its strengths, and stop looking at all its weaknesses. I sat with the fabric for hours and began to do experiments. I saw its sculptural nature as something to explore, I embraced the way the folds stuck together when I pressed it down with my hands.” – Emilia Castles, Filippa K Designer.



CLOSING THE CIRCLE

Biodegradability

The Throw Away Dress is made from materials that are 100% compostable – it gives back to the environment it came from.

Once the ownership phase of the garment is finished, it is designed to be put into a household compost or sent away for industrial composting.

Biodegradability simply means that the material will break down into its natural components within a reasonable amount of time. The Throw Away Dress has the added benefit of being compostable, meaning it also releases valuable nutrients into the soil, aiding the growth of trees and plants. Composting is seen as the most sustainable method for end-of-life garment disposal.

This process closes the loop of circular design, moving away from the current linear model of fast fashion and our culture overall. Every part of the linear production process has been individually optimized, and long-term consequences have been largely ignored. In short, it's all about take-make-consume-throw away. In a circular economy, the idea is instead to create as little waste and as minimal of a social and environmental impact as possible, placing a higher value on the components throughout the value chain.

“Because cloth, pots, tools, and machines are solid objects, we can return to them again and again in time; we can linger as we cannot in the flow of a discussion. Nor does material culture follow the rhythms of biological life. Objects do not inevitably decay from within like a human body.”

Richard Sennett, *The Craftsman*

The Throw Away Dress goes against our traditional association with objects. We buy clothing as an investment – an object that becomes a part of us, a talisman that holds our memories. But what are objects in the digital age? More and more we remember through the photos we put online rather than the physical things we possess. This dress is tactical and tangible, but only for a few fleeting moments, to be recalled in the form of images and memories rather than its physical presence in our wardrobe.

PARTNERSHIP INFORMATION

Filippa K would like to thank the following partners for their contribution to our Front Runners journey:

Axfoundation

An independent non-profit organisation focused on practical projects to achieve transformative sustainable change. Divided into four programs: sustainable consumption and production, circular economy, the future of food and inclusive societies.

Axel Johnson International

A privately owned Swedish industrial group of over 100 companies in 25 countries with combined annual sales of €790m. Axel Johnson International drives business development and growth through a long-term approach to ownership in strategic niche markets, primarily technical components and solutions for industrial processes.

Wolkat

A family textile recycling business since 1948, at Wolkat collected textile is transformed in-house to new products for the fashion, auto and furniture industries. Wolkat is unique in the world in offering a circular solution for textiles.

We aRe SpinDye

We aRe SpinDye® has developed a way to colour polyester fabrics with extremely high precision and at the same time drastically reduce the use of water and chemicals. It also results in polyester fabrics that keep their color, year after year, regardless of wear, washing or sun.

Lenzing

The Lenzing Group, headquartered in Austria, is an international company that produces high-quality fibers from renewable raw materials like wood with environmentally friendly and innovative technologies. For textile applications these fibres are branded TENCEL™.

STOP! Micro Waste

STOP! Micro Waste is a nonprofit initiative dedicated to raising awareness about the (micro)plastic problem. It aims to explore and initiate great ideas on how to avoid, replace and re-use plastics in everyday life and beyond. stopmicrowaste.com guppyfriend.com

Case Study

In business since 2003, Case Study designs, develops and produces trims and packaging for the fashion industry. The company is headquartered in Hong Kong, with an international mindset and global client base.

A-TEX:

A-Tex is part of Trimco Group, one of the leading global suppliers of identity-creating branding items including labels, hang tags, badges, care labels, packaging solutions and store decorations for leading international fashion brands.

HeartearthH production

HeartearthH Production is a multidisciplinary design studio based in Stockholm. Focusing on circular design, it is a pioneer at the forefront of the upcycling movement in Sweden, as well as an internationally renowned design studio. Winner of Swedish Elle Decoration 2017 and represented by several objects at the Swedish National Museum.

Rudholm & Haak

Rudholm & Haak is a worldwide producer and distributor of labels, trims and packaging for the fashion and garment industry. RH is strategically located in all major garment-manufacturing countries.

Fa Tin

Since 1980 Fa Tin has been recognised as a supplier for high-class fashion labels in China. The company's values: Adherence to a scientific operation system, reassured by an internationalized professional personnel team, an insistence on granting a comprehensive benefit scheme to all of its employees, have seen it earn a reputation for quality and punctuality.

Mogul

Founded in 1997, Mogul was the first company in Turkey to produce spunbond and meltblown fabrics. It has since grown to include three manufacturing plants in Turkey and one in South Carolina, allowing Mogul's international staff of over 400 employees to supply a diverse range of sustainable nonwoven goods to markets in the Americas, Europe and Asia.

Grönsakshallen Sorunda

From humble beginnings knocking on the doors of homes to offer eggs and potatoes for sale, Grönsakshallen Sorunda's five core values: fairness, honesty, economy and common sense have allowed chefs across Sweden to produce the kind of food that they prefer in their own kitchens.

Axfood

With its passion for food and people, Axfood develops and operates successful grocery formats. Axfood contributes to better everyday life where everyone can enjoy affordable, good and sustainable food.

Coats

The world's leading industrial thread manufacturer, UK-based Coats employs 19,000 people in over 50 countries across six continents. For over 200 years it has worked to create new advanced materials - touching everything from sewing thread, to medical sutures, to fibre optic cables.

Crafil

The result of a young and energetic mentality, Crafil is part of a generation of companies that still believes in the future of the textile industry in Portugal. With a deep passion for the product and a great desire to explore new ideas and techniques, the company brings a creative response to a competitive and demanding market.

OrganoClick

By mimicking nature's own chemistry OrganoClick enters a new era in fiber based materials. Textiles become water repellent, wood is made durable and fire resistant, and strong yet lightweight 3D shaped biocomposites can be produced. All in a sustainable way in harmony with nature.

Philtex Plastics

Reduce. Reuse. Recycle. Recreate. This is what Philtex Plastics is all about. A specialist in its field, it is devoted to the full recycling and reprocessing of plastics, offering innovative solutions for each demand, with quality and sustainability paramount to its desire for a 100% recycled chain.

RISE

RISE Research Institutes of Sweden is the nation's research and innovation partner. Through international collaborations with the business community, academia and the public sector, it works to ensure the competitiveness of Swedish commerce and industry while contributing to a sustainable society.

Stena Recycling

In Stena's ideal world nothing is consumed. It collects all conceivable residual materials that arise from both business and production, reprocessing them into raw materials for new products or energy. In this way, it helps to create sustainable businesses while maximizing the Earth's finite resources.



REPAIR

We take pride in educating and helping our customers to take good care of their Filippa K clothing so that those pieces can become the long-lasting wardrobe favourites they are designed to be. By increasing our customers' awareness of garment care, we not only prolong the clothes' lifespan but also help minimise environmental footprints during the user phase. We support this by providing inspirational guidelines both online, in physical stores and on social media.

With Filippa K Care products, our customers can give their garments a luxury treatment. Each is uniquely designed to help keep your timeless styles in pristine condition, and looking new season after season. We are continuously expanding our range of Care products in our stores. This is a way for us to communicate with our customers about how to best care for their clothing: laundry care tips how to air or store different fabrics, how to care for wool, etc.

Filippa K Care products:

Water-repellent Spray: The Filippa K waterproofing spray is eco-friendly and can be used on fabrics to improve water- and dirt-repellent ability by recreating water-repellency while maintaining the colour, textile structure and vapor permeability of your garments.

Clothing brush: Extend the life of your keep-forever wool coats and outerwear with a wooden clothing brush. The bristles gently remove pilling and unwanted residue while leaving a subtle shine.

Clothing mist: A clever alternative to dry cleaning or to extend time between washes, this mist effortlessly freshens up garments and shoes while getting rid of unwanted odors. It's best used on crisp white shirts or delicate silk blouses, leaving a light, refreshing scent.

Sweater stone: A pumice sweater stone is a simple, natural way to remove pilling. Perfect for your favourite knitwear essentials, it quickly renews the finish and helps maintain a fresh silhouette.

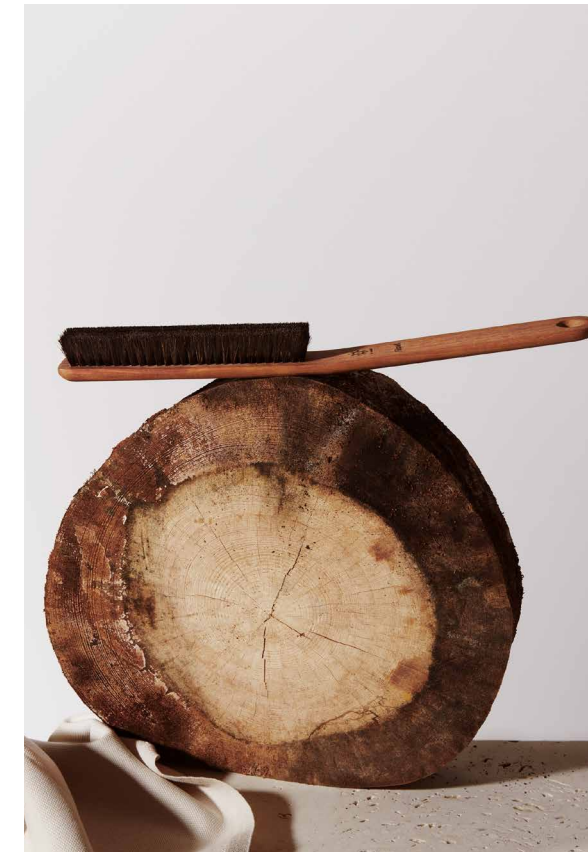
We also have the GUPPYFRIEND Washing Bag, which is the world's first microfibre filtering bag. Microfibres are as big as an ocean and river pollutant as microbeads; the GUPPYBAG filters these out while also protecting your laundry. The last

Sometimes unexpected things happen — you might lose a button, a zipper might break or a seam rip open. When customers come back with a damaged product, we always try to repair it. If this isn't possible, we pass the piece on to a charity organisation to make sure nothing goes to waste.

REUSE

Filippa K clothing is made to last and we want to ensure that all our clothes get a chance to have a second or third life. We therefore encourage our customers to bring the Filippa K pieces they no longer use back to our stores so that we can find a new use, or user, for them. This is the reason we started a clothing collection system at Filippa K stores in 2015. Customers receive a 15% discount voucher when they hand in used and clean Filippa K clothing. Items too worn-out for second hand stores will be given to charity where they get separated and sorted into the most suitable usage stream.

During 2018 we received an influx of unused clothing. Due to a lack of system support for this we are using a manual process which also makes it harder to follow up on the actual figures. We do know that we had in the region of 942 customers handing in used clothes and gave out a total discount value of 275,130 SEK (a decrease of about 10% from last year) based on used vouchers for Collect. We have around 1800 Second Hand pieces in our warehouse. We started up a collaboration with Varié during 2018 and they are selling a lot of the collected garments through both their physical and online store. During last year we sent around 1500 pieces and they sold 402 pieces during 2018.



The first Filippa K Second hand store opened back in 2008, in Stockholm. The store is one way for us to take responsibility for the entire lifecycle of our products and provide an alternative to the practice of disposable shopping. As a bonus, we get a chance to prove that our clothes really do stand the test of time, both in quality and style.

A number of surveys show that we only use a small percentage of our clothes on a regular basis. This is why we offer a rental option on our collections. The Filippa K Lease concept has been available in selected stores since February 2015. We believe renting is a great option when customers want to test and make sure that specific clothing items will become a long-lasting wardrobe essentials, or if they only need a piece of clothing for a short time or a special occasion. By leasing clothes instead of buying them, the customers can keep their look up to date without overcrowding their wardrobes or contributing to increased consumption — what's more, this option is also more cost-effective than buying outright!

Although our Lease concept has many followers, it is still on a very small scale and awareness of the program can yet be improved. During 2018 we had an all time low, decreasing the numbers by 78%. We made a strategic decision, however, not to focus on Lease during the coming 5 years, but instead focus on our products, the care and second hand concept as well as transparency.



RECYCLE

A number of our suppliers send their wool fabric cutting waste to a fabric manufacturer in Italy in order to be reused and recycled as part of the Re.Verso™ cycle. Re.Verso™ sorts the incoming cutting waste by colour. During 2018 we sent cutting waste to our Italian suppliers to become new textile fabric again, and 4.2 tonnes were sent straight from our suppliers to Italy. We also have 19 pellets that gathered at our warehouse, ready to be sent during 2019.

Closing materials loops in order to minimise textiles ending up in landfill or being incinerated is a big challenge which requires new infrastructural solutions. We cannot do it on our own, so we cooperate with other partners to improve the possibilities for recycling textile fibres in the future. We have had an ongoing partnership going with Re:newcell. During 2018 we sent them 6 boxes of fabric waste from one of our jersey suppliers in Portugal to be tried out in the pilot plant.

We are also collaborating with the Swedish Chemicals Agency (Kemi), the Swedish Environmental Protection Agency (Naturvårdsverket), the Nordic Waste Group, RISE and Mistra Future Fashion.

LOOK OUTSIDE YOUR ECOSYSTEM

During the Front Runner project, we were able to connect one of our partners with another to utilise a new way of recycling polyester.

To find circular solutions it is important to look outside your ecosystem. While working on Front Runners, we discovered a large waste stream from a completely different industry – shipping straps – that results in large volumes getting incinerated. These straps are made of 100% polyester, a perfect resource for fashion. We connected the company Axel Johnson International with our recycling partner and realised that the straps could be recycled into polyester pellets just like the bottles, to be used for making recycled polyester material.

In order to fully succeed in moving to a circular perspective in the fashion industry we must look outside ourselves. Transparency, openness, and collaboration are essential aspects of innovation, and by utilising existing infrastructure and value chains it will become even easier to scale up and create global change.

5. OUR 2030 COMMITMENTS



1. Conscious design for a better future

- Using only sustainable materials (FK class 1-2)
- Using only recyclable styles

2. Sustainable sourcing & manufacturing

- Having full transparency in our supply chain
- Using only sustainable production processes (according to FK's definition)

3. Resource efficient business

- Ensuring accurate purchase precision in number of pieces produced
- Minimising footprint throughout our business

4. Respecting people in our value chain

- Insist upon total compliance with Filippa K's Code of Conduct based on Filippa K's values

5. Long-term sustainable success

- Cultivate professional long-term partnerships
- Sustaining a profit level of more than 10% EBT
- Sustaining a growth in comparable units

2020 CIRCULAR FASHION COMMITMENT

At the Copenhagen Fashion Summit 2017, the Global Fashion Agenda called on fashion brands and retailers to sign a commitment to accelerate the transition to a circular fashion system. We think common actions and setting similar goals are keys to creating the change we want to see and therefore we signed up. We set the targets below for 2020 and will annually report on the progress.

2020 CIRCULAR FASHION COMMITMENT TARGETS:

ACTION POINT 1: IMPLEMENTING DESIGN STRATEGIES FOR CYCLABILITY

By 2020, all of our designers will have gone through training on circular design principles. (2018: 50%)

By 2020, circular design principles based on industry guidance will be part of every Filippa K design brief. (2018: only our Front Runner products)

By 2020, 25% of our collection range will be made of mono-fibres. (2018: 30%)

By 2020, 60% of our collection range will be designed for repairability. (2018: 50%)

By 2020, Filippa K Care Concept will be shared with all our customers to help them care and extend the life for their products. (Care concept now available in all stores and online)

ACTION POINT 2: INCREASING THE COLLECTED VOLUME OF USED CLOTHING

By 2020, we will increase the collected amount of used clothing by 10%. (we had 942 hand-ins during 2018, a decrease from last year when we had 1055 hand-ins. We cannot not measure the number of pieces or weight yet, due to a simplified manual process)

ACTION POINT 3: INCREASING THE RESOLD VOLUME OF USED CLOTHING

By 2020, Filippa K Second Hand will be expanded and offered to all our online customers. (2018: started up a new partnership with Varié who sells most of the collected garments from the Collect concept)

ACTION POINT 4: INCREASING THE USE OF RECYCLED TEXTILE FIBRES

By 2020, 5% of our collection will be made from recycled post-consumer textile fibres. (2018: 1% recycled post-consumer textiles and 4% recycled fibres)

I. CONSCIOUS DESIGN FOR A BETTER FUTURE

SUSTAINABLE MATERIALS

The choice of materials, whether focusing on the main fabric or the thread holding it together, has a big impact on a product's overall sustainability performance.

OVERALL ACHIEVEMENTS IN 2018

Our total use of class of more sustainable fibers during 2018 was 36%. For this year's report we are starting to use a new measurement which partly explains the 49% decrease from last year.

We also measure the number of styles that contain more than 50% of more sustainable fibres. For 2018, we had 51% of the collection containing more sustainable fibres, an increase of 10% from last year. We did not reach our goal of 53%, though.



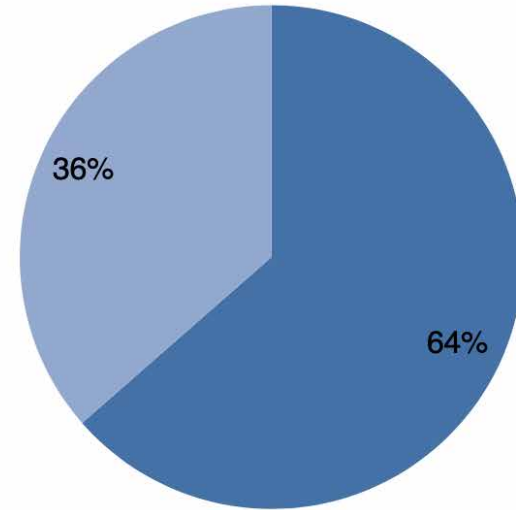
FK FIBRE TOOL

When developing the Fibre Tool during 2012, we looked at Made-by's Fibre Tool, Nike's Material Sustainability Index (MSI) and the ECO-metrics guidelines. We also went through reports from NGOs and other research reports. We conducted, for example, a Natural Capital accounting analysis for wool together with Axfoundation and TruCost, where we also looked at social issues and animal welfare. We take a holistic perspective when evaluating the fibres, looking at the whole life cycle of a piece of clothing rather than only a section of the cycle, as most tools do. They usually look at the steps from raw material to ready fibre or fabric. We update this tool on a regular basis in order to keep it as relevant as possible, and to ensure it's up to date with the latest research.

Our designers find our Fibre Tool helps them make more conscious choices, without there being any major barriers to the aesthetics of the brand. Goals are set each year based on the tool, concerning what percentage of the collection should contain Class 1 or Class 2 fibres. Integrating use of the Fibre Tool into our company processes, and incorporating it as part of our annual goals, means that it is easy to measure progress and make room for improvement.

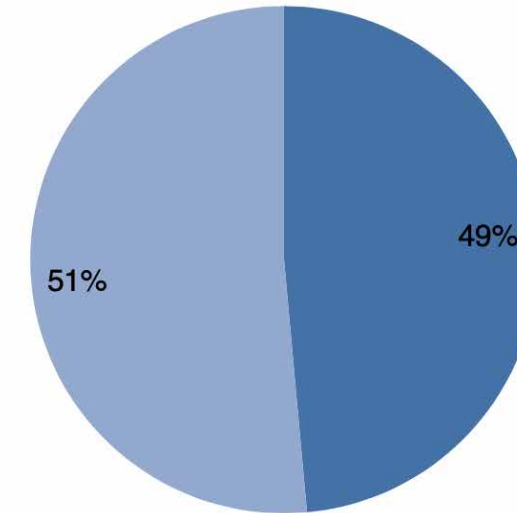
1	2	3	4
Recycled cotton	Organic cotton	Linen (LI) Chemical retting	Cotton (C, CTN)
Organic Linen	Lenzing Modal: Edelweiss	Hemp Chemical retting	Viscose (CV, VI)
Linen natural retting	Lenzing Lyocell (Tencel, ten, CLY, LYO)	Ramie (RA)	Rayon (RY, RA)
Organic Hemp	Lenzing Viscose	Modal* (CMD, MD)	Acetate
Hemp	Enka Viscose	Polyester (PPT, PES, PE)	Polyamide (PA)
Recycled polyester (mechanically)	Tri-acetate (CTA, TA)	Thermolite	Elastane/Spandex
Recycled polyamide (mechanically)	Recycled polyester (chemically)	Acrylic (PAN)	Bamboo Viscose
Refibra	Recycled polyamide (chemically)	Cashmere	Metal
Recycled wool	PLA (polylactic acid)		
Organic wool	Wool (WO)		
Alpaca wool	Yak wool		
Recycled Cashmere	Mohair wool		
Lenzing Ecovero Viscose	Lyocell		
	Monocel (bamboo lyocell)		
	Silk (SE)		
	Kapok		
	Cupro (CUP)		

- Number of Styles with fiber class above 2.5
- Number of Styles with fiber class less 2.5



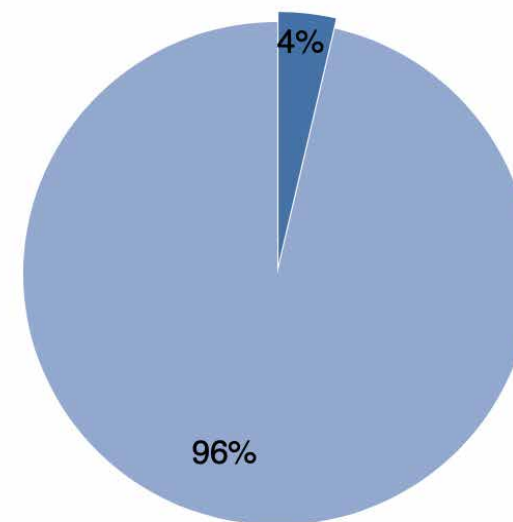
Based on Number of items from order

- Number of Styles with fiber class above 2.5
- Number of Styles with fiber class less 2.5



Based on Number of unique style (NOT order)

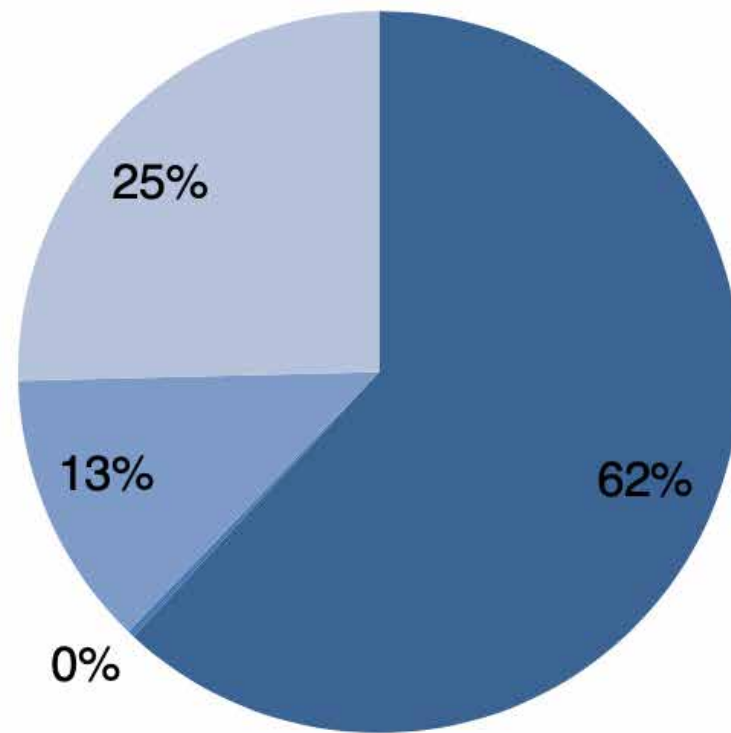
- Number of styles using recycled fibers
- Number of styles using non-recycled fibers



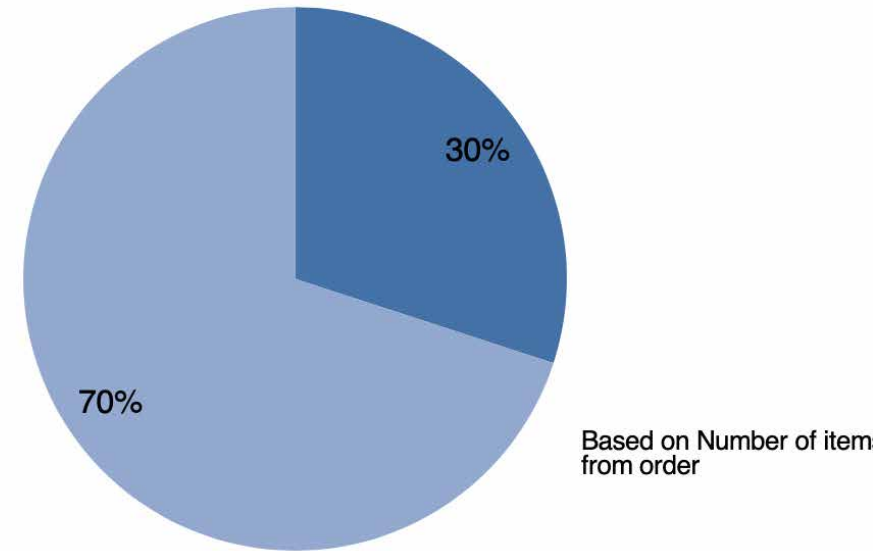
Based on Number of items from order

FIBER DISTRIBUTION BY TYPE

■ Natural ■ Other ■ Regenerated ■ Synthetic

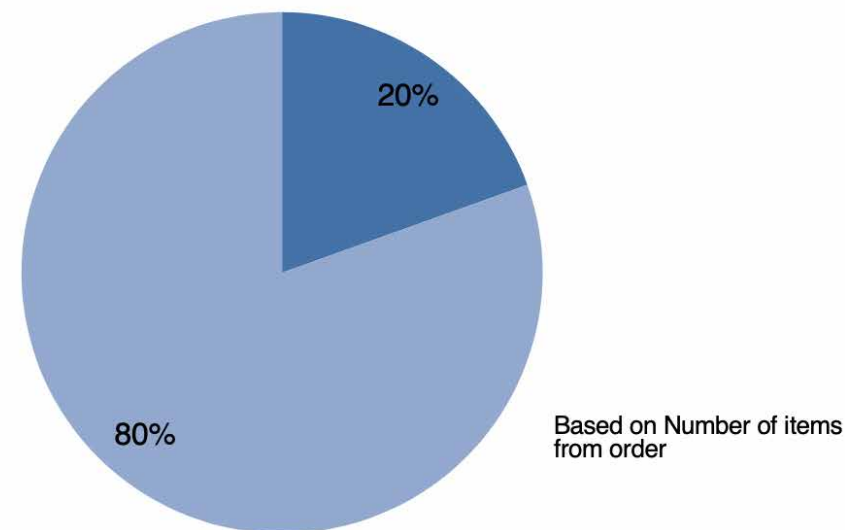


■ Number of styles using Mono Fibers ■ Number of Styles using multiple fibers



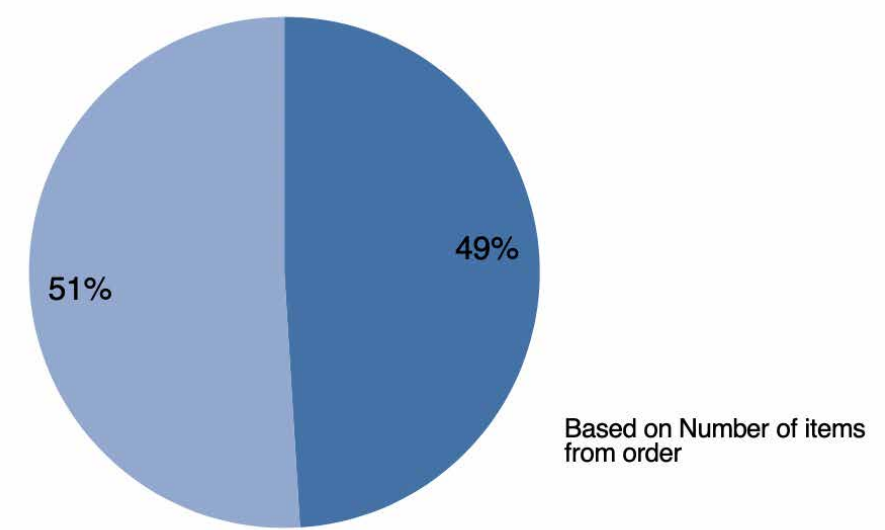
% OF RECYCLED POLYESTER VS POLYESTER BY WEIGHT

■ Recycled Polyester ■ Polyester



% OF CERTIFIED VISCOSE VS NORMAL VISCOSE

■ Certified Viscose (Lenzing, Enka, Miroglio) ■ Normal Viscose



FIBRE	2018	2017	2016	2015	2014	2013	2012
ALL WOOL	18,0%	16,9%	15,6%	17,7%	25,4 %	16,1 %	17,4 %
COTTON	17,2%	17,1%	29,3%	23,2%	25,4 %	26,3 %	31,3 %
ALL LEATHER	11,9%	6,2%	2,5%	4,5%	5 %	6,1 %	7,4 %
POLYAMIDE	11,3%	7,6%	4,6%	5,6%	5,5 %	5,8 %	5,2 %
ORGANIC & MORE SUSTAINABLE COTTON	10,4%	13,3%	3,4%	8,7%	9,3 %	7,9 %	8,4 %
POLYESTER	6,8%	6,7%	7,6%	6,4%	8,3 %	6,9 %	3,5 %
VISCOSE	5,3%	5,3%	5,2%	2,2%	9,3 %	9 %	8,4 %
LYOCELL	4,0%	7,2%	11,7%	9,4%	8,2 %	6,7 %	5,6 %
ELASTANE (LYCRA AND SPANDEX)	2,9%	2,2%	1,8%	1,9%	1,7 %	2 %	1,4 %
TRIACETATE	2,4%	1,5%	1,5%	1,2%	1,3 %		
SILK	2,2%	2,3%	2,1%	2,7%	3,7 %	3,2 %	5,2 %
VISCOSE (LENZING)	1,9%	3,9%	4,4%	8,3%	9,3 %	9 %	8,4 %
RECYCLED POLYESTER	1,6%						
LINEN	1,3%						
LINEN (NATURAL RETTING)	0,6%	3,0%	4,5%	4,5%	2,1 %	2 %	1,6 %
MODAL (LENZING)	0,5%	1,1%					
MODAL	0,4%						
ACETATE	0,2%	0,8%	0,7%	2,2%	1,5 %	2,7 %	1,5 %
OTHER FIBRES (LESS THAN 0.7%)		4,9%	5,1%	1,5%	2,5 %	4,4 %	3,1 %

MORE SUSTAINABLE COTTON AND LYOCELL

We have worked on increasing the use of cotton and Tencel as more sustainable fibre options. We have used organic or more sustainable cotton for several of our carry-over styles for shirts as well as a couple of new styles.

WOOL

One of our favourite materials is wool, we see it as a superior choice in terms of sustainability. For autumn 2018, the majority of our wool outerwear used post-industrial or post-consumer recycled wool. We have also been working to increase the amount of mulesing-free wool we use; our biggest suiting qualities are made of a mulesing-free wool blend.

POLYESTER

Polyester is an oil-based synthetic fibre. It does not wrinkle and keeps its shape well. Polyester does not require as much water, energy and chemicals to be produced as many other common fibres. Polyester is often mixed with wool, cotton and viscose to create a certain look, drape or shape. It is easy to care for and can be washed at low temperatures. We also use recycled polyester that has been manufactured from PET bottles. There is one major challenge with all kinds of polyester fabrics: they shed microfibres during washing. Too small to get caught by the filters in our washing machines and water purifying plants, these microfibres eventually end up in our waterways where they are ingested by shellfish and other aquatic animals. This is a growing problem, according to an article in Nature (2015), 80% of all plastics in the analysed fish from California, USA, were textile fibres. We are participating in two research projects, one run by Mistra Future Fashion and one by Sweden Textile Water Initiative, to look into possible solutions. In the meantime, we are offering short-term solutions for our customers, such as the Guppy Friend washbag which filters out microfibres and is available for sale in our stores.

BETTER POLYESTER

We are using recycled polyester as a more sustainable fibre, and during 2018, 20% of the purchased polyester was made of recycled polyester.

BETTER VISCOSE

We consider viscose produced by Lenzing, Enka or Miroglio to be a more sustainable fibre: their production facilities meet high standards and they do not discharge harmful emissions. 49% of our viscose used during 2018 was certified viscose.

TRIACETATE

The triacetate fabric and yarn we use is produced by Mitsubishi in Japan and is partially made from biomass, which originates from specially selected trees. The production of triacetate is similar to viscose, Mitsubishi has developed a triacetate process that is less energy intensive and uses fewer hazardous chemicals. They have also adopted a closed loop system, which means that nearly all the water and chemicals are used again and again in the production process, making triacetate a more sustainable option.

TRIMMINGS

We are constantly working on increasing the number of more sustainable trimmings. Some examples: the lining in our outerwear is made from a hard-wearing recycled polyester made in Italy from PET bottles, and we are using corozo buttons in many garments. However, overall 2018 was not such a good year for sustainable trims and for 2019 we are taking steps for further improvement.

WATER REPELLENT TREATMENTS

All water-repellent treatments on our outerwear are PFC-free.

RECYCLABLE STYLES

One requirement for our Front Runner products is recyclability. Today, mixing natural and synthetic fibres such as cotton and elastane makes separation at the end of a product's life difficult. There is increasing research and development being carried out in this area and solutions are undoubtedly on the horizon. We work with partners such as the Swedish Environmental Protection Agency (Naturvårdsverket) to support the development of better infrastructure and recycling methods.

All Filippa K clothing has a tag that reads: "Since our clothes are made to last, please pass it on to someone else if no longer in use or return it to us for reuse or recycling".

"Since our clothes
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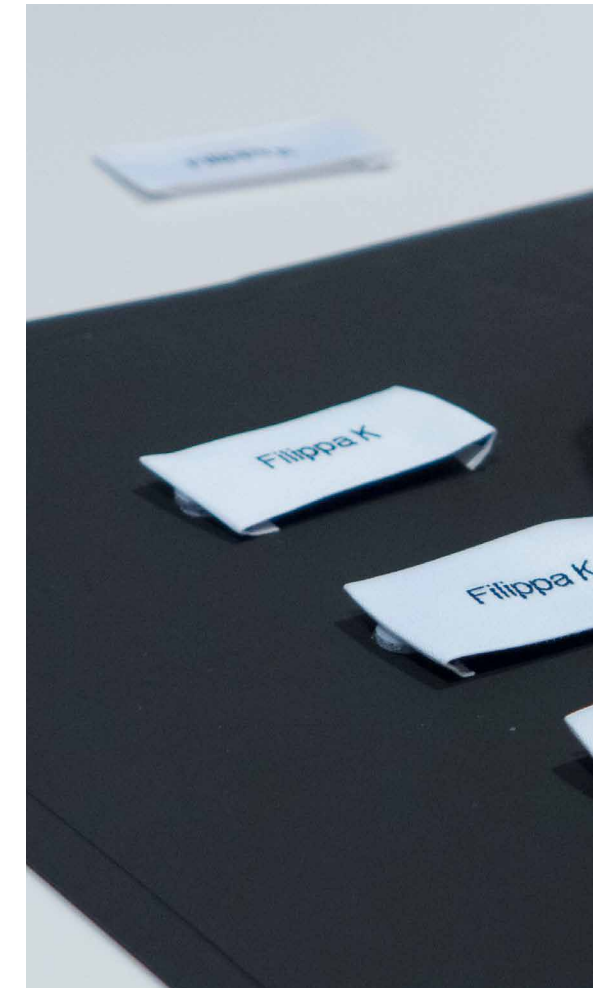
II. SUSTAINABLE SOURCING & MANUFACTURING

TRANSPARENCY IN OUR SUPPLY CHAIN

We believe in cooperation through open and honest dialogue. Transparency in the supply chain is essential if we are to make our business more sustainable. We need to know that our partners work in accordance with our social, environmental and ethical standards. In line with our transparency goals, we name the suppliers that help us make each piece of clothing in our online store. We list everything from the name and address of the supplier to length of our working relationship, date of our last visit and the gender makeup of the supplier's workforce.

SUSTAINABLE PRODUCTION PROCESSES

As a medium-sized company, Filippa K values and supports industry initiatives that push development toward better social and environmental standards for all stakeholders. Besides our own possibilities of influencing and improving our industry practice, Filippa K collaborates with various NGOs, through different initiatives, to deepen our knowledge and to develop new innovative work practices. One of our priorities when it comes to sustainability has always been to stay ahead of the curve, therefore we are continuously looking to update our knowledge in this field which is why the FK Live Lab is important to us. Cross-industry collaboration is at the heart of the FK Live Lab: we invite students, researchers, other industries and government agencies to the Lab to practice their theories in reality which provides us with the opportunity to stay up to date with the latest research and studies.



SWEDEN TEXTILE WATER INITIATIVE (STWI)

Since 2010, we have played an active part in the Sweden Textile Water Initiative (STWI), a joint project between a number of textile and leather retail companies in Sweden. Water consumption is an issue of great importance for the fashion industry since large amounts of water are used in both textile and leather production and affect how much energy and chemicals are needed. We are working together to ensure more sustainable water consumption within the textile industry. For us, this initiative has deepened our knowledge regarding how Filippa K can work to minimise water, energy and chemical consumption in our supply chains. We are also part of an STWI project, during which four of our Chinese dyeing and finishing subcontractors participated during 2015. In 2016, there were eleven suppliers engaged in the program, all of them located in China, and during 2017 we engaged seven suppliers in the program. The majority of the participating suppliers are dyeing facilities but there are also some knitters with washing processes. This project enlists a mix of large and small factories.

STWI's Vision:

“Collaborating to drive global change towards sustainable textile and leather production.”

STWI's Mission:

STWI is more than a project – it is a global movement towards sustainable industrial practices in the textile industry, a movement lead by Swedish brands. STWI has the ambition of becoming a private sector initiative that is internationally recognised for its delivery on SDGs 6, 12 and 17.

STWI achieves their mission through capacity building, performance tracking and hands-on technical support.

Filippa K is proud to be a part of STWI and its journey together with suppliers, competitors, scientists, experts, authorities and organisations from all parts of the world. It is amazing to see how knowledge and change spread like ripples in water, helping to push through necessary progress. This valuable collaboration has helped bring about previously impossible outcomes. The impact and savings made possible during the years of STWI projects has been amazing. During 2018, STWI projects underwent a break to set up the optimal business model going forward. Therefore, no projects were executed during 2018.

Another way of reducing our negative impact in production is to find partners that can offer more sustainable production solutions such as the following:



WE ARE SPINDYE®

We aRe SpinDye® is an ingredient brand which offers a technically innovative colour system. They deliver a clean, traceable colouring method of textiles with an unparalleled performance and long-term awesomeness.

The use of water and chemicals is significantly reduced, which in turn results in less energy consumption and a smaller carbon footprint. The fabrics and thereby the end products are given extraordinary performance withstanding UV light damage, washing and wear & tear better than what can be achieved with traditional dyeing. The performance metrics are 100% transparent.

Water usage -75%

Chemical usage -90%

CO2 footprint -30%

Energy demand -25%

Transparency 100%

Traceability 100%

Resistance to sun 5/5

The We aRe SpinDye® coloring method focuses primarily on working with polyester and recycled polyester with a trailblazing and sustainable technique, soon be the new industry standard.

Since the color is mixed in with the material at the very beginning of the process, the durability and color fastness of the fabric is vastly superior to that of traditional textiles.

An important fact to note is that all of the fabrics are made from one single source of yarn and thread, which means exceptional resource efficiency and very little waste, every inch of material is used in the process.

RE.VERSO™

We are not only sending cutting waste to Re.Verso™ based in Italy, Prato, we also use some of their fabrics: for example, in some our knitted wool garments during 2018. Re.Verso™ is the identifying trademark of a new and unique 'Made in Italy' textile system, a fully integrated chain that allows the creation of unique and highly valuable wool materials. The supply chain is based on pre-consumer clippings, virgin material conferred by brands/producers of the apparel industry that are then selected and transformed into new high quality yarns and fabrics. This certified system allows great savings:

Energy -76%

Water consumption -89%

CO2 emissions -96%

This is in comparison to conventional virgin wool as certified by the LCA (Life Cycle Assessment) done by PRIMA Q. The Re.Verso™ system is also Global Recycling Standard (GRS) , ISO 9001 and SA8000 certified.

THE SWEDISH SHOE ENVIRONMENTAL INITIATIVE (SSEI)

Filippa K is also a member of the Swedish Shoe Environmental Initiative (SSEI), a network of companies and organisations engaged in the Swedish shoe business that support the creation of more common sustainability guidelines. SSEI's aim is to develop business practice that goes beyond legislation through the development of new guidelines and tools for design, product development and purchase. Last year the sustainability tool and material index were finalised and made ready to use for affiliated members. Use of the tool is yet to begin, but we envision using it as a design guide. Filippa K strongly believes cooperation in the industry such as this partnership plays an important role in learning from each other to create change.

THE 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 regarding the use of chemicals. The network consists of over 80 member companies in the textile and electronics industry, who all have access to a database of chemicals relevant to their products.

III. RESOURCE EFFICIENT BUSINESS

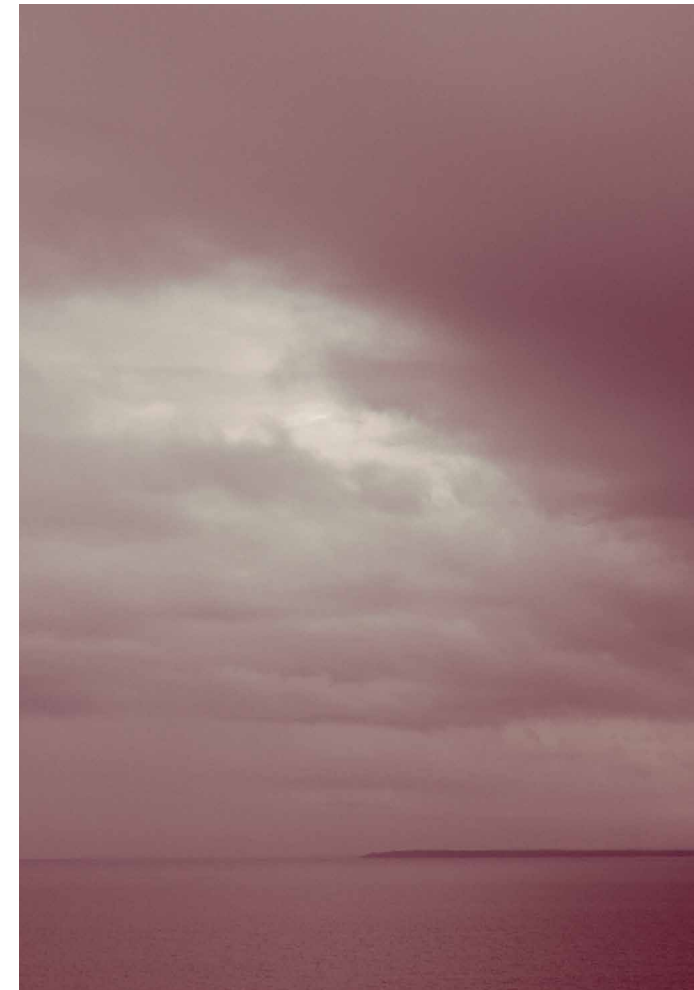
TRANSPORTATION

We constantly strive to optimise the transportation efficiency of our products with the aim to decrease the company's CO2 emissions as well as costs while maintaining a high service level to our customers and stores.

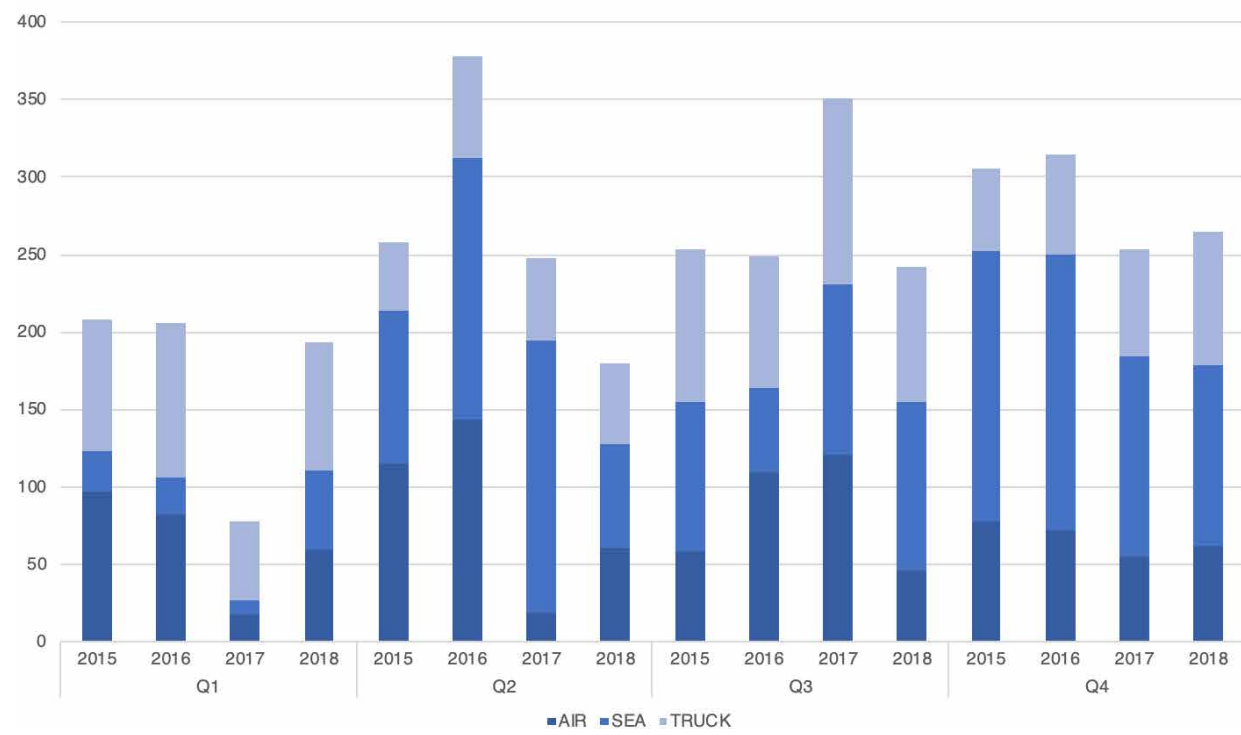
Our transport is handled by a third party, and we always require a sustainability strategy when making a procurement. We choose professional and serious partners and prioritise those who have a developed sustainability framework and can offer more environmentally-friendly transport alternatives.

For our incoming Asian consignments we always aim to use sea transport. We only air freight when production is delayed or the market demands mean a rapid turnaround for the supply of goods. For our European goods we use road transportation but evaluate other solutions when possible. We have increased European production overall but have decreased the total distance goods are travelling.

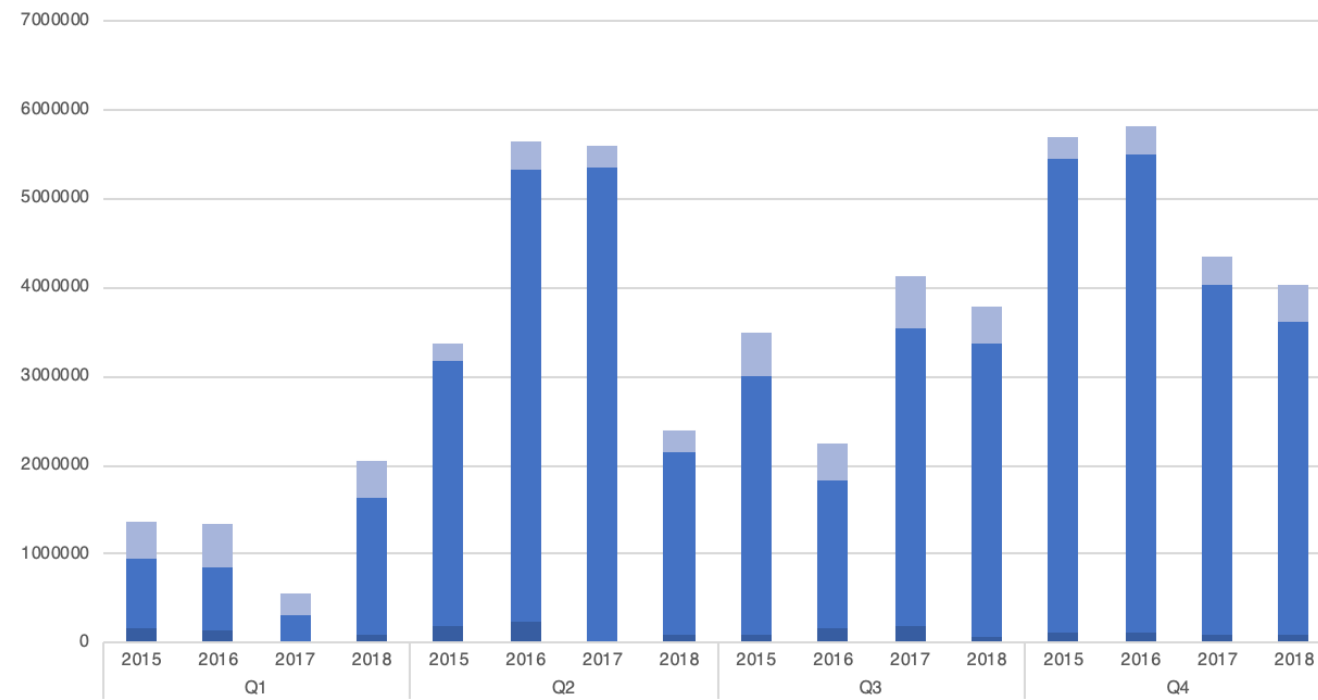
For our CO2 emissions, we measure performance metrics in terms of the amount of CO2 released per distance travelled (in tonnes per kilometre). In 2018, we were able to decrease the number of incoming deliveries shipped by air compared to last year. The increase of our online export sales affects the number of air freighted deliveries for outgoing goods.



CO2 EMISSIONS PER QUARTER

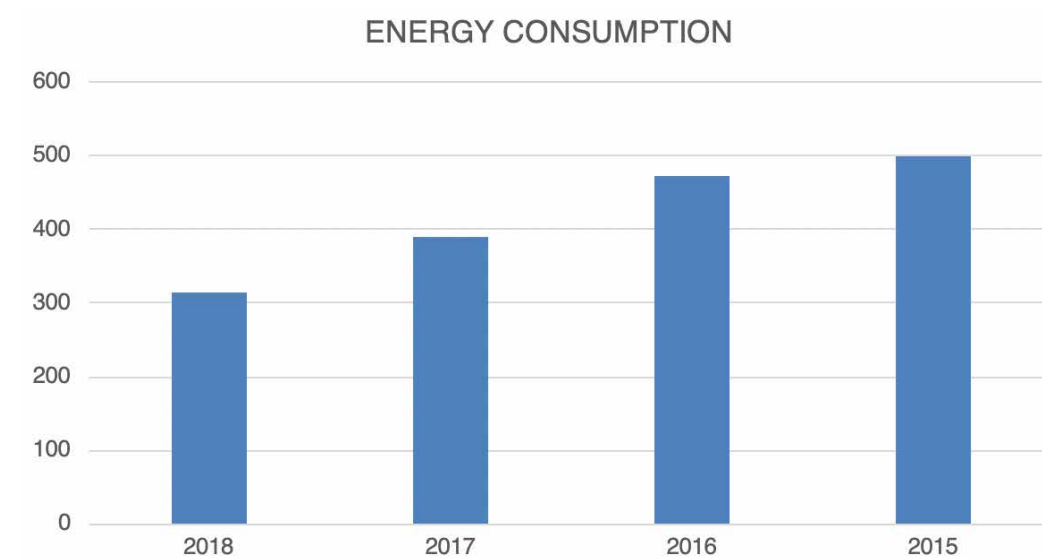


TONKM PER QUARTER



ENERGY USAGE

The Filippa K head office in Stockholm and all Filippa K stores across Sweden operate on renewable energy. The figures in the table below show Filippa K's annual energy use and in comparable units i.e., in the head office and ten of our own stores for six consecutive years. We are missing conclusive data for four stores that are located in shopping malls where we are not able to put in our own energy meters. The annual energy consumption for the mentioned units for 2018 landed on 385 MWh, a 4% decrease from last year (399 MWh). We were able to lower our energy consumption in general again thanks to new lighting solutions, such as changing to LED lights and outsourcing of computer servers. We have also increased awareness of energy-consuming appliances such as computers and screens and the need for them to be shut down when not in use.



ENERGY STATISTICS (10 STORES)	2018	2017	2016	2015	2014	2013	2012	2011
OFFICE MWH	76	92	99	107	114	106	109	113
STORES MWH	238	299	304	316	410	456	464	28



SMARTER PACKAGING SOLUTIONS

Packaging waste is a growing problem: in Europe alone, we create 115,830,000,000 kilograms of packaging waste each year. With the increased uptake of online shopping, packaging waste is set to grow. In a quest to find a more sustainable packaging solution for our website, we started collaborating with RePack. If you choose to use RePack, your order will be sent to you in a reusable RePack, which you then simply return by dropping into any postbox, anywhere in the world. As a thank you, they send a discount voucher which can be redeemed against your next Filippa K purchase, or with any other brand also working with RePack.

As RePack is designed to be used at least 20 times, this gives RePack a 50% smaller carbon footprint compared to throwaway packaging.

During 2018, 2817 shipments were by RePack which gave a saving of 1127 kg of packaging waste. We are looking at a variety of ideas to encourage people to be more inclined to choose RePack for their orders.

DECREASE THE USE OF BAGS IN STORES

From the 31st of May in 2017, a new law in Sweden requires us to inform customers of the environmentally negative aspects of using plastic bags. We ask our customers if they really need a bag and have the following statement as our guidance: "Do you really need a bag? We care about the environment and we think you do too. If you need a bag, choose a paper bag and reduce plastic's negative impact on the environment." During 2018 we decreased the total purchase of bags to our warehouse for our stores by 2%, where the paper bag usage has dropped by 5% but the plastic bag usage increased by 5% compared to last year. This is mainly due to the fact that we had to buy a high minimum of the bags, meaning we have quite a lot in stock still.

PLASTIC BAGS

We have replaced the old plastic bag with a new 100% biodegradable bag made from corn starch in order to satisfy the customer demand for plastic bags due for example, to bad weather. The bag contains a small amount of conventional plastic in order to keep the material together. This plastic will disappear in a chemical process when biodegrading, and therefore will not contribute to the environmental problem of microplastics. Going forward we will most likely phase out this type though, since we have learned from the latest plastic reports that the most sustainable option is to use light-weight recycled plastic. We will also stay away from dark colours, especially black, since that makes it impossible to recycle the plastic.

INCREASE PURCHASE PRECISION

Optimising purchase precision is of interest not only for the sake of the environment but also from a business perspective. Producing no more than is strictly necessary is a challenging task and, one to which we have not found the optimal solution to yet. We do consider our carry-over products as one step along the way. They stay in stores for several seasons and never go on sale. During the second half of 2018, 23% of our range was carry-overs, compared to 18% last year.

MINIMISE WASTE

We want to make sure that all our clothes find a home, and of course we try to sell as much as possible through our stores. But in reality, we always have some left over. These pieces get a second chance in our outlet stores, where practically everything finds a happy buyer. Once in a while, we send some pieces off to charity. We never throw away or burn clothing.

IV. RESPECTING PEOPLE IN OUR
VALUE CHAIN

FILIPPA K AS AN EMPLOYER

At Filippa K, we strive to be a fair and reliable employer by having leaders who embody our values and function as role models. We continuously work to ensure equal opportunities for all employees.

Passion, commitment and good leadership are key factors for success. Our areas to focus on are organisational development and diversity awareness; we want to create a culture based on our values where every employee is empowered to take responsibility and initiative in order to improve our customer satisfaction and sustainable profits.

Structure, processes and policies are outlined on Filippa K Community, Filippa K's intranet, which ensures quality and clarity.

ORGANIZATION

Attracting, recruiting, developing and retaining highly-motivated, talented and ambitious individuals is a key priority for Filippa K as an organisation. If this is not achieved, Filippa K risks not being able to meet the organization's objectives. Managing the varied demands of organisational development and a profitable business that can adjust to the increasing demands for effectiveness and sustainable profit is always an ongoing process.

DIVERSITY

Diversity is central to our way of doing business. Diversity in expertise, experience/age, gender, and cultural background are viewed as a corporate advantage and an asset at all levels of the organisation. From the end of 2013, we participated in the Axelerate project initiated by our investors, the Axel Johnson group, with the purpose of increasing diversity in leading positions within the Axel Johnson group. As part of this project, we have set up a number of annually-updated goals and activities to ensure a good level of diversity within our organisation. The project and targets have been communicated to all employees within our organisation.

Filippa K has a collaboration with MITT LIV for increased diversity and integration in the Swedish labour market. During 2018 Filippa K was a part of MITT LIV's mentoring program, which opens up opportunities to people with different international and cultural backgrounds and offers them a chance to join into the Swedish labour market. MITT LIV is a social enterprise working for an inclusive society and a labour market that prioritises diversity. Through mentoring, training, and an expanded network of contacts, MITT LIV want to open doors for highly skilled foreign experts.

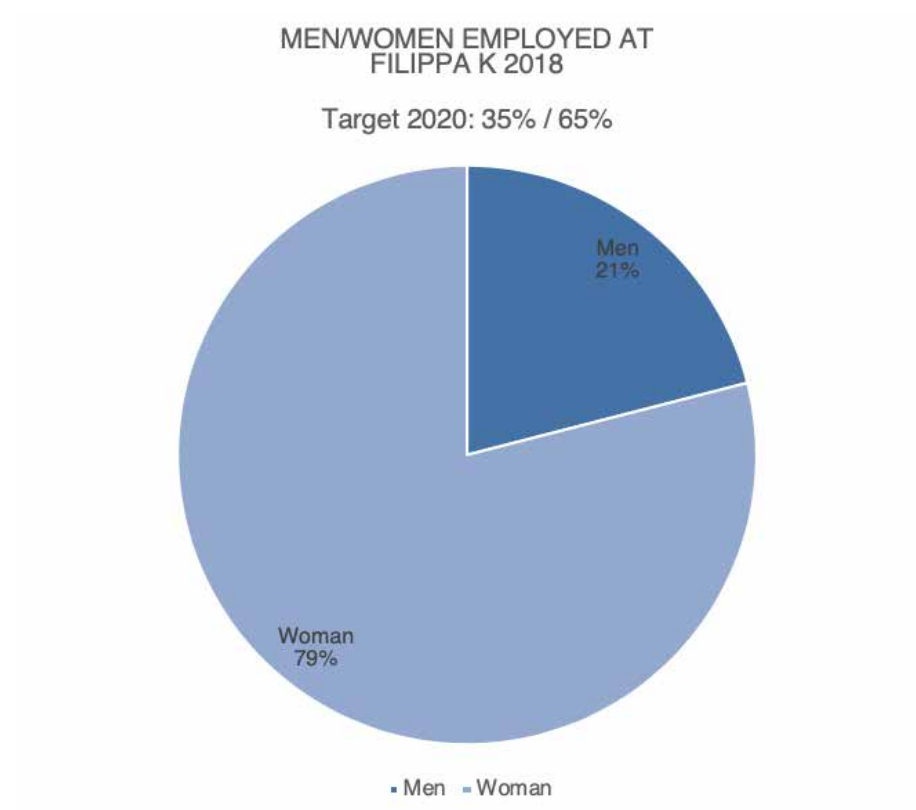
GENDER

It is our belief that gender diversity among the leadership team should reflect the gender diversity in our company employees. By the end of 2018, our senior management group consisted of 4 women out of 7 members in total. Our board consisted of 1 woman out of 4 in total.

As part of our gender equality plan, salary audits are regularly conducted, the latest of which showed no discernable salary differences between women and men.

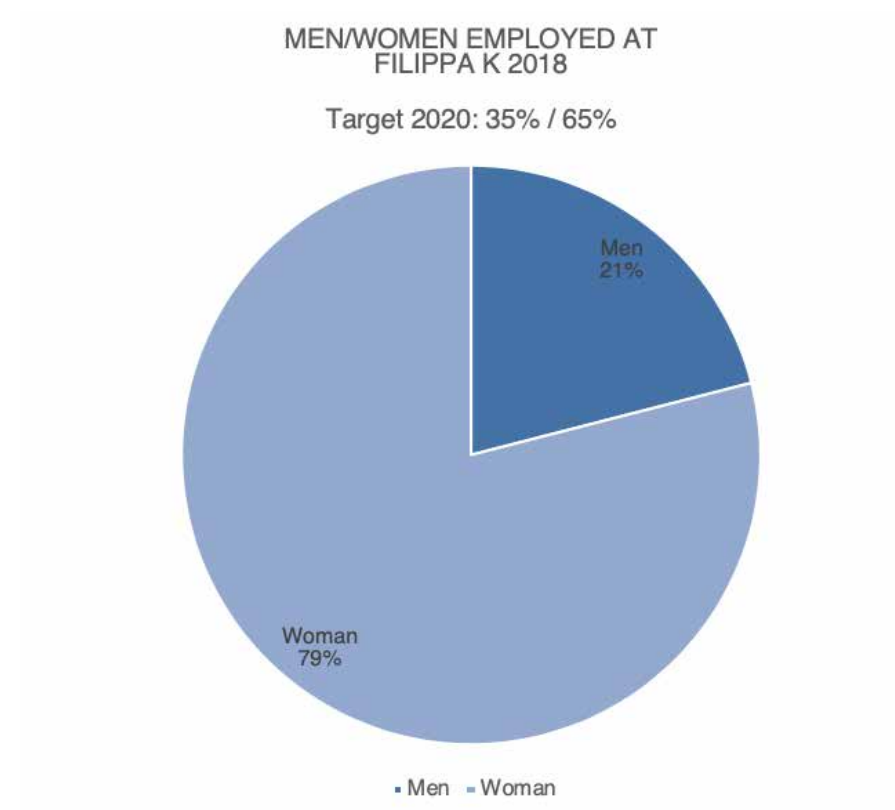
WOMEN and MEN EMPLOYED AT FILIPPA K

Target 2020: 35% / 65%



WOMEN and MEN IN LEADING POSITIONS AT FILIPPA K

Target 2020: 35% / 65%



WORK-LIFE BALANCE

We believe in a good work-life balance which is why we strive to be a responsible and trustworthy employer, who offers its employees possibilities for a balanced lifestyle. We believe that work should be carried out during regular working hours and that overtime should be applied in exceptional cases and be regulated with corresponding compensation. This reduces risks of health-related problems for employees, for example, due to stress.

PERSONAL DEVELOPMENT/SUCCESSION

It is important to attract, recruit, retain and develop committed employees, and then give those employees opportunities to grow within the company. Succession planning is an important process where we secure regrowth in the company. To ensure succession and growth we hold Performance Development Reviews (PDR) on a yearly basis with all employees.

The Succession process starts with the Performance Development Reviews and ends with an audit called Management Reviews.

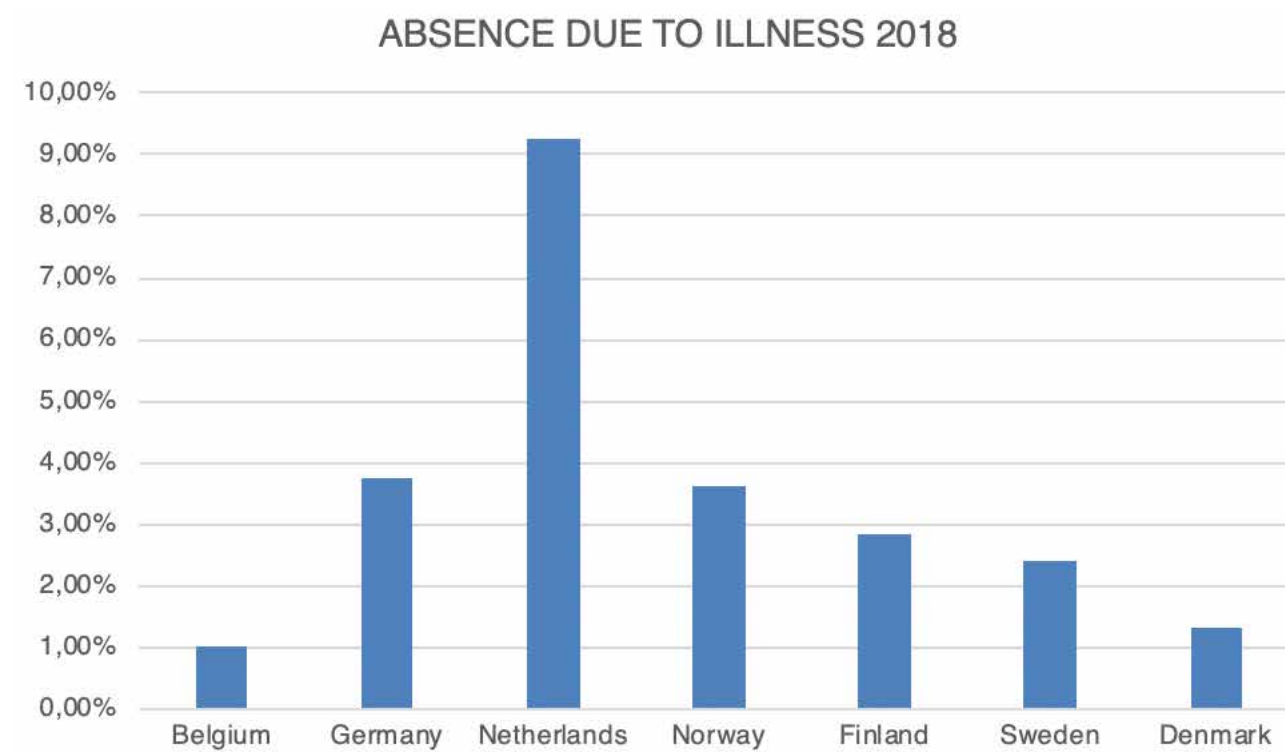


TRAINING

Part of being an attractive employer is focusing on employee retention. We believe career development offers a clear incentive for employees to remain within an organisation, either within the current area of work or in other business areas within the company. All newly hired staff members undertake an internal introduction program. Filippa K works with a 'train-the-trainer' principle, meaning we believe in training our employees using the competence we already have internally. All training conducted locally should be reported to HR central Support.

During 2018, a large part of the organization went through the FranklinCovey's 7 Habits of Highly Effective People Training. This is a three day workshop that sets the foundation for professional and personal effectiveness – increasing productivity, restoring balance, and developing greater maturity and responsibility.

In the end of the year, all Managers at HQ also attended The 6 Critical Practices for Leading a Team, which was a two day leadership education focusing on the foundation of successful leadership.



HEALTH AND SAFETY

At the company level, Filippa K works proactively to minimise risks of health-related problems, both physical and psychological. When needed, we cooperate with health care centres in each market to enable an early action/rehabilitation plan in order to help the employee come back to work as soon as possible.

Responsibility for the work environment has been delegated to respective markets, and relevant guidelines are published at FK Community. Each quarter, Filippa K follows up on the level of absence due to illness, as measured based on the previous 12-month period. This follow-up aims to ensure that we keep working proactively with our sick leave records. The numbers regarding absence due to illness 2018 is followed up and analysed with Filippa K's Head of Retail and rehabilitation is in progress.

HARASSMENT

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

CORRUPTION

All employees are expected to decline any gifts from suppliers, partners, customers etc. that might be perceived as bribery. By principle, we accord to each country's laws and regulations for tax-free gifts. There were no reported or discovered issues with corruption during 2018.

EMPLOYEE SATISFACTION

At Filippa K, employee satisfaction is measured on a regular basis. Filippa K's results from the employee survey 2018 were outstanding, compared to statistics and benchmarks, when it comes to the employee net promoter score and engagement index. This showed that all employees were part of the positive energy developing this company even further. Moreover, the results showed development potential within the area of clarity. In order to improve this area, one of the organizational overall goals is to set clear roles and goals for all employees.

The employee net promoter score and Engagement Index will be measured each quarter during 2019 in order to gain valuable insights regularly during the year. The complete employee survey has been planned for the fourth quarter in 2019.

HEADQUARTERS OFFICE LAYOUT

As a result of studies, employee surveys and a lot of different feedback, the headquarter office space was renovated during 2018. In the effort of creating an inspiring office, the way of working was also changed to be more flexible. The purpose of the new layout is to create opportunities for employees to choose where and how they work based on the task to be performed. Furthermore, the purpose is to create conditions for collaboration, communication and synergies between individuals and departments.

UNIONS

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

ETHICAL MARKETING

The fashion industry is widely known to have an impact on young people and their beauty ideals. To be able to spread healthy ideals we need to collaborate throughout the whole industry. We embraced an initiative launched by the Swedish Fashion Council together with ASFB (Association of Swedish Fashion Brands) gathering the industry to sign The Swedish Fashion Ethical Charter. Filippa K has worked actively since the start of this to help complete the charter and we were more than happy to sign once it was finished. This text was published in March 2017 on the Swedish Fashion Council's website:

“The Swedish Fashion Ethical Charter released on Thursday morning is a new policy with shared values and guidelines on body ideals, diversity and issues on corporate social responsibility. The uniqueness of this policy lies in it addressing all roles and disciplines within the industry, from designers and brands, to model agencies, casting agents, commercial buyers, stylists, as well as marketing departments, advertising agencies, photographers and media. Initiators to the Swedish Fashion Ethical Charter are Association of Swedish Fashion Brands and The Swedish Fashion Council as well as ELLE magazine and model agency MIKAS.

Representatives from all corners of the fashion industry have through several workshops and referrals taken part in developing the directives of the charter. By signing the Swedish Fashion Ethical Charter the industry as a whole takes a mutual and active responsibility in promoting healthy body images, beauty ideals and social responsibility. Signatories to the charter will be able to use a logo in their own communication channels and will be listed on Swedish Fashion Council and Association of Swedish Fashion Brands websites, so consumers have an overview of which brands and companies support the initiative. A self-regulatory body will be formed for regular evaluation.”

You can read the charter here:

<https://static1.squarespace.com/static/568a9dca69492ea07bd726a5/t/58e630e346c3c4148622a002/1491480803827/The+Swedish+-+Fashion+Ethical+Charter.pdf>



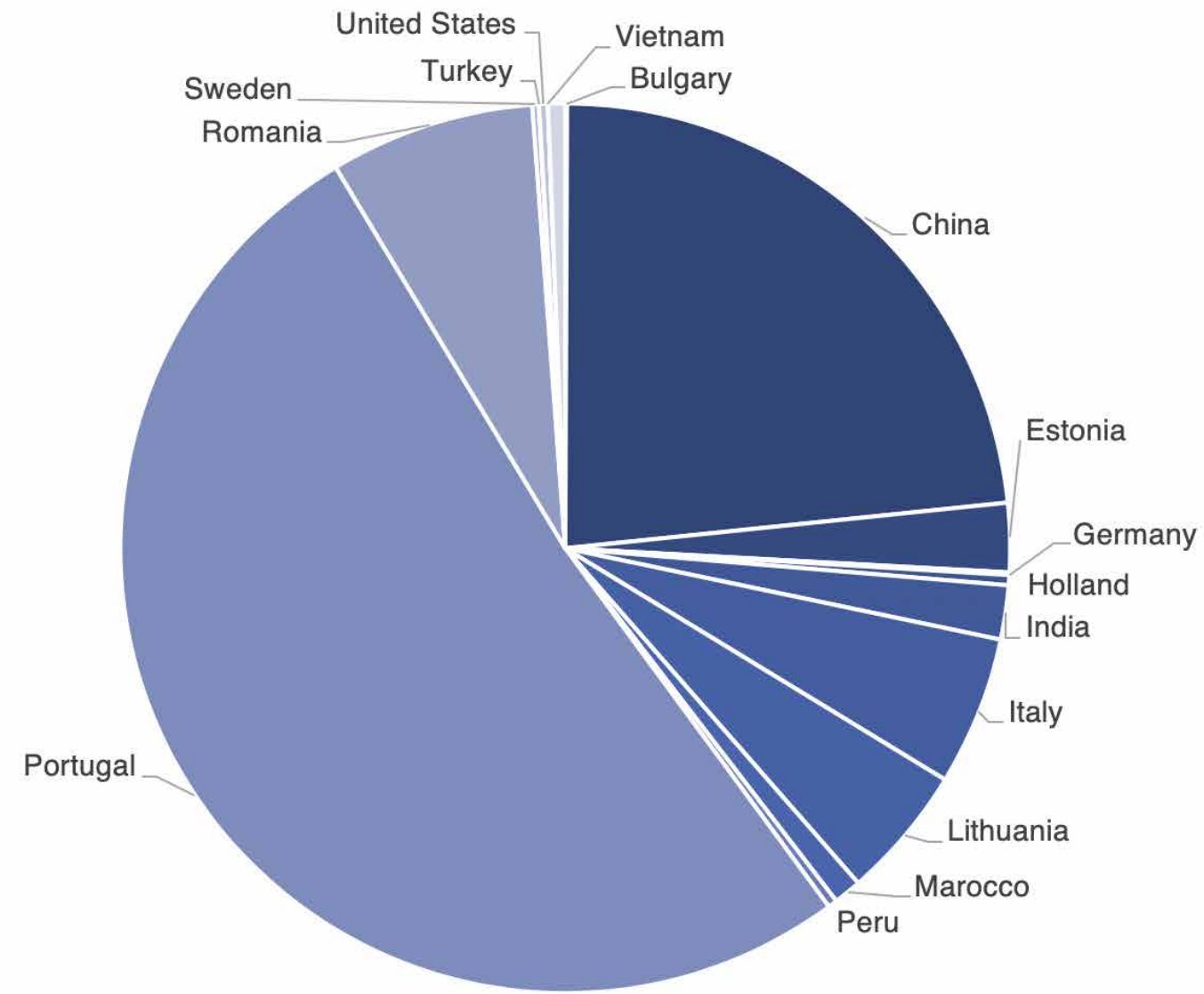
FILIPPA K AS A PARTNER

PRODUCTION DURING 2018

In 2018, 73% of our production was placed in the EU based on order volume and 65% was placed in countries classified by the Fair Wear Foundation as low-risk. Through our Fair Wear Foundation membership, we monitor the development of suppliers in a variety of countries and conduct a risk assessment to determine where our social auditing should be focused. As a member, we have set the target to monitor at least 90% of our suppliers, a level we reached many years back, but during 2018 we only reached 88% of monitored suppliers. This is due to the fact that we are going through some changes in our production and need to find and try out new suppliers. We have done an analysis of our supplier base and realized the need of finding new suppliers. When making changes like that we want to do it in a responsible manner, i.e. not just moving all production to a new supplier immediately, but rather facilitating a step-by-step process where a new supplier can start with smaller volumes to test that the cooperation works and that they can live up to our requirements. This means that during a transformation phase we will have more suppliers with smaller volumes. This has led to an increase of percentage to 28% of production volume from production locations where we buy less than 2% of our total FOB; the year before it was 25%.

During 2017, 67% of our production volume came from suppliers that we had maintained a business relationship with for at least five years, an increase of 5% from last year. We are currently awaiting the data for 2018.

CONFIRMED QTY MANUFACTURER COUNTRY 2018





In general, we strive to collaborate with other brands whenever possible. During 2018, we have been in dialogue with Nudie Jeans regarding an accessories supplier we both work with.

The result from the 2018 Fair Wear Foundation's Brand Performance Check (BPC) covering the year 2017 was lower than usual: we scored 55 points compared to 74 the year before. We were not happy with the result and are therefore taking determined steps to improve for next year.

One of the reasons for lowering the scores was that we had not fulfilled all tail end requirements (audited all production locations that produce more than 2% of the brand's total FOB and/or where they buy more than 10% of the suppliers' overall production capacity). This will be changed for next year.

We also received feedback that we had shown insufficient efforts to address overtime. For instance, the falsified book keeping at one of our Chinese suppliers, occurred for the second time in an audit in 2017. Thankfully, that supplier is now recording the hours correctly, but it could not be included for 2018 year's performance check.

We also scored lower due to too few suppliers enrolled with FWF's Workers Education Program. But we have focused on using the QuizRR tool to educate and raise awareness with our suppliers. This will be taken in to account during next year's performance check according to Fair Wear Foundation.

AUDITS CARRIED OUT IN 2018

Below you can read about some of the findings from our audits, as well as the actions taken post-audits.

RE-AUDIT IN ROMANIA

We carried out a re-audit at this factory, the 4th one since 2008. Sadly, enough the audit showed that the workers are not paid a living wage, even though they are paid more than the legal minimum wage. This is a big problem, since we want to make sure all our suppliers pay their workers living wage. We will have to do a deep-dive investigation on this one in close dialogue with the suppliers and also include Fair Wear Foundation's expertise on how to move forward with this. This is a supplier we share with two other Swedish FWF member brands, so we will include them in the follow up work as well.

RE-AUDIT IN CHINA

We carried out a re-audit on a factory for woven products. During the audit most of the workers seemed to have been coached to give favorable/standardized answers to questions. For instance, all workers stated that they are paid by hourly rate plus overtime premiums, but in reality, factory pays workers by piece rate. They should of course be free to answer the audit team's questions honestly. Only 1 out of 20 workers interviewed was aware of the FWF Code of Labour Practices. That worker had been working at factory for many years and he remembered he used to receive a worker information card during a WEP 2 years ago. This will be addressed from our side immediately. The factory has 6 workers representatives who were appointed; however, most workers interviewed were not aware of the representatives, neither were they aware of the right of freedom of association. Improvements for this will be discussed together with management team at the factory. The wage paid to workers for a regular working week was below the living wage benchmarks FWF collected from its local stakeholders and this will be further discussed with the management team who are aware of the situation. The auditors could not get a complete picture of the wage situation though due to incomplete attendance records and working hours records, which also made it hard to get the full picture of over-time work. As per the review of the social security receipt of November 2018, 86 out of 104 employees were provided with pension, injury, unemployment and maternity insurance. According to the Labor Law of the People's Republic of China, employees shall, in accordance with the law, be entitled to social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) maternity. All workers shall be covered by injury insurance. This needs to be addressed and dealt with during 2019.

An improvement from last audit was that workers now were entitled to paid annual leaves, yet, they were not paid when they were enjoying the statutory holiday. There are several issues to follow up on with this factory and we will focus on that during 2019.

RE-AUDIT IN CHINA

We conducted a re-audit at one of our Chinese suppliers for knitted garments. Most workers were not aware of the FWF Code of Labour Practices even though we have been working with them for a long time. The wage paid to workers for a regular working week is below the living wage benchmarks FWF collected from its local stakeholders. This will of course be addressed. The piece-rate workers are not paid annual leaves. In accordance with Article 35 of Regulations on Wage Payment of Guangdong Province: During the downtime caused by reasons having nothing to do with laborers, employing units shall pay wages to the laborers according to hours worked within one cycle of wage payment (within 30 days). This will be discussed with the management team of the factory. There are issues with records for working hours as well and they have problems with over-time.

Improvements have happened since last audit in 2015. For example, the factory has 3 workers representatives who are elected by the entire workforce democratically, and most workers are aware of the workers representatives; however, the representatives seldom communicate with management on the labour related issues on behalf of the workforce and improvements have been made to physical working environment.

The following is a list of the most common findings at audits.



HOW WE TRY TO HANDLE OVERTIME ISSUES

Overtime is one of the biggest problems facing workers in our supply chain; it is found in more than half of the audited factories. To help address this problem, we set up our production plans together with our suppliers so that lead times can be discussed, and the requested delivery times achieved. The lead times differ between different suppliers and also depend on the amount of orders placed over a certain period. We try to place orders in advance, based on estimated sales figures. This careful planning process helps us to avoid peaks in production and minimise overtime. It also results in very good delivery performance. At the Chinese factories where this type of problem is most common, Filippa K is often just a small customer among many larger clients. Being a comparatively small company makes it challenging to improve the situation, but we keep trying. One solution we hope to initiate is a collaboration with other brands at a particular factory, so that we can join forces and work together to reach improvements.

HOW WE TRY TO WORK WITH PAYMENT OF A LIVING WAGE

Living wage 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 also something that we discuss continuously with our suppliers. It is important to keep an ongoing dialogue to highlight the importance of this issue. We strive to work toward transparent prices so that we know how much of the final price reflects material versus production costs.

FWF also lends support to Filippa K's in-house work and development by conducting annual performance check-ups to analyse our working processes and practices with regard to various social issues. FWF offers excellent support in the handling of complex social issues, their valuable recommendations and demands challenge us to constantly improve our work.

TRANSPARENCY AND COMMUNICATION

In order to spread awareness among our external stakeholders, we communicate our work and our Fair Wear Foundation membership on our website and in our Sustainability Reports. We continuously work to improve our internal processes in order to ensure that we implement the FWF Code of Labour Practices in our external and internal operations.



SUPPLIERS TRAINING IN 2018

QuizRR

Increased knowledge of rights and responsibilities are widely needed among factory workers in developing markets, and factories often lack functioning systems for workplace rights and safety information. QuizRR is a usable and flexible tool for that, as it is easily accessible and can reach out to everyone. Applying gamified services in factories producing clothes, such as QuizRR, gives us the potential to increase knowledge amongst workers and therefore also improve their working conditions. Engaging everyone in our supply chain in sharing our value system is important for Filippa K, and an important factor in building successful long-term partnerships. We obviously cannot do this on our own, instead we rely on the cooperation of all our partners to make this work. During 2018 we had 5 factories participating in the training with a total of 4194 employees trained and 13,622 completed training sessions. We had four suppliers using the two new modules for “wage management system” (699 employees trained through 1798 sessions) and “workers engagement” (925 employees trained through 2461 sessions).

V. LONG-TERM SUSTAINABLE SUCCESS

SUSTAIN A PROFIT LEVEL OF MORE THAN 10% EBT

Filippa K Group delivered a profit level of 5% Earnings Before Tax (EBT) for 2018. We have subsidiaries in eight countries (Sweden, Norway, Finland, Denmark, The Netherlands, Belgium, Germany and UK) and we comply with tax legislation in all of these countries. As the company is profitable, we pay tax and contribute to the societies in which we operate. During the last seven years we have accounted for the following tax expenses:

	2018	2017	2016	2015	2014	2013	2012	2011
TURNOVER	729,1	650	649,4	656,3	662,5	635,2	572,9	524
EARNINGS BEFORE TAX (EBT)	38,4	30,39	42,8	51,1	70,8	79	49,9	74
TAX EXPENSE	-9,2	-7,1	-9,5	-12,6	-16	-18,2	-11,9	-21,8
TAX % OF EBT	24%	23%	22%	25%	23%	23%	24%	29%
PROFIT LEVEL	5%	5%	7%	8%	12%	12%	9%	14%

ADAPTING TO CIRCULAR BUSINESS MODELS

We have come across some financial challenges associated with adapting our business to a circular economy. For instance, we have run into problems regarding VAT when rewarding customers who drop off old clothes through our Collect concept.

To encourage customers to drop off their old clothes we reward them with a voucher of 15% discount on their next purchase. According to VAT legislation this is considered as a voucher purchase and we pay VAT on the discount that we offer and by doing that, we pay taxes for an amount that does not generate an income. In practice, it means we pay taxes on the clothes we collect.

In 2018, we paid an extra 68,872 SEK to the Swedish Tax Agency due to this circumstance.

PROFESSIONAL LONG-TERM PARTNERSHIPS

We know that one of our key factors for success is long-term partnerships. During 2017, 34% of our supplier volume was bought from factories where we have substantial leverage (at least 10% of the factory production capacity). Our objective is to further deepen our collaboration with selected key suppliers over the years to come in order to work for change in the area of sustainability together. Our supplier base is stable and does not change regularly; in 2016, 62% of our purchase volume came from factories with whom we have worked for more than five years. When we have the latest figures we will update the report.

The same goes for many of our wholesale partners, most of whom we have long-established relationships with. For example: our external warehouse DHL Texport has been our partner since 2007, and our freight forwarder for Portugal First Cargo has been with us for more than 15 years. By nurturing these long-term relationships we are able to run smooth and efficient processes with a high level of quality.



6. INITIATIVES AND COOPERATIONS



INITIATIVES

We try to challenge ourselves and the fashion industry in different ways by participating in various projects and networks, as well as attending seminars and conferences. At these events, we ask questions about the way things work today, and also talk about our ongoing activities and possible future scenarios.

MISTRA FUTURE FASHION

Filippa K has been part of the MISTRA Future Fashion research program since its first phase, and we are now participating in its second phase. The purpose of the MISTRA Future Fashion program is to research systemic change in fashion through closed-loop processes and changing mindsets. The research focus is on a circular economy, and how to enable today's linear industry to transform into a circular sustainable industry. With a system perspective, they focus uniquely on the bigger picture and the interaction between the elements in the system. Possessing an inter-disciplinary approach, the program attempts to understand and proceed with research in the areas within the system that need the most change.



10YFP SUSTAINABLE LIFESTYLES AND EDUCATION PROGRAM

2017, Filippa K Sustainability Director Elin Larsson became an advisory board member for a UN-founded initiative. The Sustainable Lifestyles and Education is a global platform that promotes sustainable lifestyles, and their overall aim is to ensure that more sustainable lifestyles make a positive contribution to addressing global sustainability challenges. The SLE program is one of six within the 10-year framework of programs on sustainable consumption and production. It brings together and helps to scale up new and existing initiatives and partnerships, and it also facilitates new projects and activities responding to regional and national (and sub-national) priorities and needs. The program's vision is for sustainable lifestyles to be attractive and accessible to individuals and societies across the world.

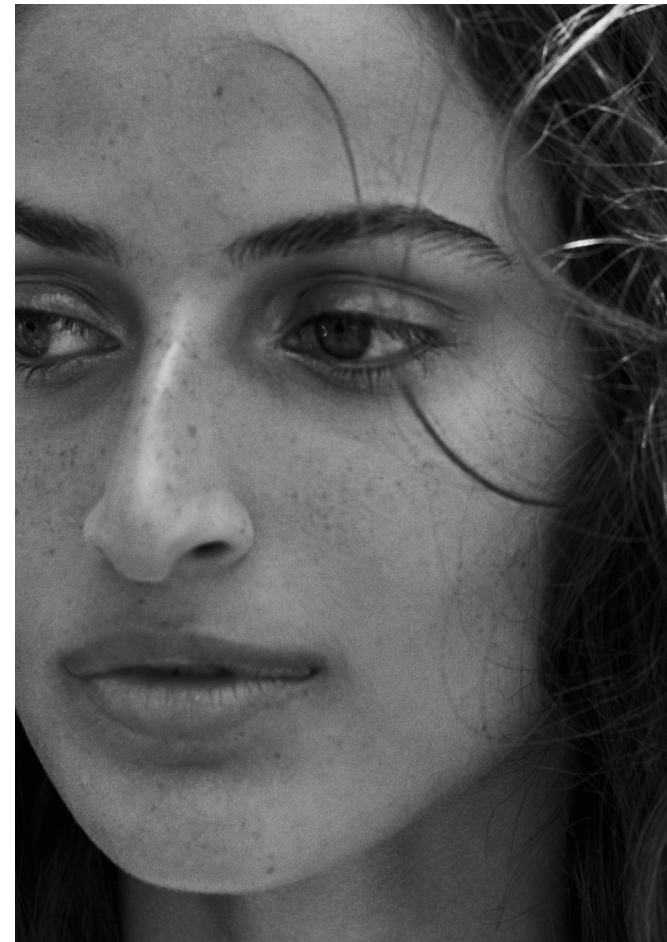
MINSHED

Microplastic pollution of marine and coastal environments is an environmental issue which is intensely discussed on a global level. The textile sector contributes to this pollution via leakage of micro-scaled slowly degradable plastics from synthetic-based fabrics. A goal of zero release of microplastics pollutants from fabrics is therefore something to strive towards. Hence, this development project aims to provide scientifically evaluated solutions for mitigation of microplastics pollutants focused on what the textile industry and white goods industry can do with joint efforts.

In the light of this the Project will as far as possible work for:

- Delivery and dissemination of publications
- Jointly owned results by the consortium
- Openness within the consortium
-

We are part of this project that is coordinated by RISE but in collaboration with different brands, a washing machine producer, NGOs and universities like KTH, Chalmers and Textile School of Borås.



SWEDISH WOOL

Only 8% of the approximately 1400 tonnes of wool produced in Sweden are refined while 75% is thrown away. At the same time, more than 2500 tonnes of processed wool are imported from other countries. A large part of the imports come from countries where production creates a significantly higher carbon footprint than in Sweden, but also our closest neighboring countries Norway and Denmark are major suppliers, which shows that there should be the same conditions in Sweden. So, we are a part of a project where we investigate the potential of a Swedish wool value chain. It includes the following:

- Examine the prerequisites for manufacturing and selling full Swedish wool products that can ultimately be sold through second hand to be completely compostable. Put it against certain parts being carried out in other countries in Europe.
- Investigate how we can gain added value for the raw material and at the same time keep down the costs in the processing stage and out to the consumer so that all links are benefited and on equal terms.
- Investigate whether there is other added value along the way from raw material to finished product that can come to both business value and benefit the environment. For example, to use the lanolin when washing the wool and / or to use residual products from washing and sorting for fertilizer or pellets.
- The goal is to get a solution where it is possible to get finances at all levels and benefit from the raw material into the smallest fiber and the possible residual or by-products.

Right now, we are part of a pilot on a smaller scale, where the Swedish Breeders' Association and Röjk, are testing to turn 3 tonnes of raw Swedish wool to use in our clothes. The wool was washed on Gotland and then sent to Italy for further processing into a yarn that will work for woven textiles and sweaters for later product development.

COOPERATION

Even though our main focus is global — to reach sustainable production and good working conditions within our supply chains — we strive to have a positive impact on the local communities in which we operate. Our biggest positive impact on local societies has been job opportunities, and contributing to improving working conditions, paying fair taxes in countries where we run business. We also support charity organisations like the Red Cross, Oxfam, Stadsmissionen, ReMake and the Hunger project by donating clothes in the form of broken clothes received from customers, old-season stock and fabric cuttings.

SUPPORTING COLLABORATIVE CONSUMPTION

Filippa K also cooperates with organisations that serve as clothing libraries, such as Lånegarderoben (The Closet Library) as well as Sabina & Friends and Something Borrowed in Sweden and Lena the Fashion Library in Holland. These organisations aim to offer people the opportunity refresh their wardrobes temporarily without contributing to an increase in new clothing and consumption in society – and with the benefit that it's cheaper!

THANK YOU FOR READING OUR 2018 SUSTAINABILITY REPORT

As a company, we take a holistic approach to the industry and the way in which we make clothes. Our ambition is to make clothes that last for a long time, both in terms of quality and design. We continuously evaluate our processes and try to measure everything, from the materials we work with to our production processes and business models. Together with our owners, partners and the rest of the industry we want to challenge the conventional fashion industry and pave the way to a more sustainable, more profitable and more innovative fashion scene — an industry built on circular models.

We should be able to keep enjoying fashion and we believe the wardrobe of the future will be a diverse one, with a mix of short-life and long-life garments, new and second-hand, and owned, rented or borrowed. A beautiful wardrobe that, depending upon the user, changes and evolves at different speeds, leaving us with a clear conscience.