

# **Human Rights Policy**

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# OUR POSITION

At Kappahl Group, we are committed to creating a responsible world of fashion. Our human rights policy<sup>i</sup> is designed to guide us in transitioning to a sustainable business model, ensuring respect for human rights, the environment, and good governance in all our business relationships throughout our value chain.

At Kappahl Group, we respect human rights. We recognize our responsibility to protect human rights and our ability to contribute to the advancement of human rights in the world. We believe these issues are essential to our business and sustainable growth and important to all of us who work at Kappahl Group, as well as our owner, customers, business partners, human rights organizations, regulators, and to the communities where we operate.

## OUR HUMAN RIGHTS COMMITMENT

Kappahl Group commits to seek to prevent adverse human rights impacts through proactive due diligence aligned with the UN Guiding Principles on Business and Human Rights (UNGPs),<sup>ii</sup> the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines),<sup>iii</sup> as well as the correspondent Guidance for Responsible Supply Chains in the Garment & Footwear Sector (OECD Guidance).<sup>iv</sup>

We commit to embed human rights considerations in all relevant business decisions. We continuously work to identify and assess adverse human rights impacts in our operations and throughout our value chain. We have routines to execute appropriate responses to prevent and mitigate adverse impacts and commit to their continuous improvement and follow-up. We strive for a high level of transparency and accountability. We will continue to communicate and engage with stakeholders. By conducting continuous due diligence, Kappahl Group seeks to prevent harm. However, regardless of how responsibly we conduct our activities, negative impacts can occur. In the event we cause or contribute to an adverse impact on people or society, we actively work on providing access to effective remedy.<sup>v</sup>

Our commitment applies globally, in the markets and communities involved in or affected by our own operations, products and services, as well as our business relationships, including our supply chain, as we do not own the factories that produce our products. We conduct this work also in our downstream activities, which span from customer support to end-of-life products. In addition, Kappahl Group will continue to work to find new ways to promote and advance human rights, including to respect the right of indigenous people and local communities.

Our Human Rights Policy adheres to international standards for human rights. We understand human rights as those expressed in the International Bill of Human Rights,<sup>vi</sup> the International Labor Organization's Declaration (ILO) on Fundamental Principles and Rights at Work,<sup>vii</sup> and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).<sup>viii</sup> Our policy is also informed by the Ethical Trading Initiative's (ETI) Base Code.<sup>ix</sup>

# KEY AREAS OF IMPACT

We conduct continuous human rights assessments to determine our human rights issues. These assessments are informed by internal and external stakeholders<sup>x</sup> and based on the recommendations set out in the OECD Due Diligence Guidance for the Garment and Footwear Sector. Health and safety, forced labor, freedom of association and collective bargaining, discrimination, harassment and abuse, and child labor, are sector risk factors listed by OECD. In addition, Kappahl Group has identified our human rights issues to be wages and benefits, working hours, access to water sanitation, decent work, sexual harassment and gender-based violence, minorities' and communities' rights, and responsible sourcing from homeworkers. For these issues we have identified three priority areas of impact:

## HUMAN RIGHTS AND RESPONSIBILITIES OF OUR EMPLOYEES

All Kappahl Group employees deserve to be treated with integrity and respect. We all have a responsibility, individually and collectively as Kappahl Group employees, to bring this policy and our commitments to life in our everyday work and interactions.

We implement our Human Rights Commitment through our Ethical Guidelines that include provisions on salient human rights issues such as discrimination and harassment. We are committed to being a diverse and inclusive workplace. Our policies on equality, inclusion & diversity and recruitment guide us and contribute to fostering a culture in which every employee, customer, job candidate and business partner is treated with respect.

## HUMAN RIGHTS FOR THE PEOPLE IN OUR VALUE CHAIN

The Kappahl Group recognizes its responsibility to respect the human rights of the people who make our products and provide goods or services to our operations. Through our supply chain strategy, capacity-building activities and purchasing practices, we strive for safe, healthy, and fair working conditions and that people are treated with dignity and respect.

We implement our Human Rights Policy through our Sustainability Commitment and engage with our business partners and other stakeholders in our entire value chain to identify, prevent and remedy adverse impacts.

To influence and drive development forward in the production countries, we are active and involved in several partnerships and industry initiatives. We have local production offices, which facilitate closer connections and improve our knowledge regarding trends and legislation in production countries.

## HUMAN RIGHTS WITH REGARD TO OUR CUSTOMERS

We have a responsibility to respect the rights of the people who wear and use our products and meet us regardless of channel. We set strict requirements, which adhere to the precautionary principle on product safety and chemicals, and work in a rigorous process with our suppliers with testing and corrective actions when required. In our marketing and communication, we work for increased transparency, and use our platforms to promote human rights issues such as equality, diversity and inclusivity. We recognize our obligation to provide clear, relevant, and reliable information to our customers.

# GOVERNANCE

While human rights are the responsibility of all of us at Kappahl Group, executive oversight and responsibility for the implementation of this policy rest with the Executive Management Team and the Sustainability Management Team at Kappahl Group. Strategies, policies and practices relating to human rights and sustainability are reviewed and updated on a yearly basis to support the sustainable growth of Kappahl Group's business. The Board of Directors oversees implementation of this policy at the board level.

# IMPLEMENTATION

As a company with operations in different countries and different parts of the world, the Kappahl Group can face situations where local laws conflict with international human rights standards. We commit to respect human rights wherever we operate. If facing country and local contexts where human rights risks may be affected, the Kappahl Group will comply with all applicable laws, while seeking to respect international human rights standards to the greatest extent possible.

We conduct continuous human rights due diligence and engage with our key stakeholders in the countries where we operate. We expect all our employees to avoid causing or contributing to adverse human rights impacts whenever acting in a Kappahl Group context. We strive to embed human rights in all daily business and decision-making at Kappahl Group, and into all our policies and processes. If any of our employees identify potential or actual adverse impacts on human rights, we expect them to inform the relevant function within Kappahl Group.

Our whistle-blower system is available for any stakeholder to raise concerns about potential violations of our commitments. Any concerns are addressed using a robust internal process, and we regularly update our policies and practices based on our findings. Any supply chain business partner or supply chain worker can report serious concerns about any part of our operations. At the supplier factory level, we support freely elected worker representation for social dialogue through which grievances can be expressed. We report on our progress in our annual Sustainability Report<sup>xi</sup>.

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<sup>i</sup> The human rights policy is one in a set of Kappahl Group sustainability policies: the Animal Welfare Policy, the Certifications Policy, the Chemicals Management Policy, the Environmental Policy, the Fiber Policy, the Human Rights Policy and the Inclusion and Diversity Policy.

<sup>ii</sup> United Nations (2011), Guiding Principles on Business and Human Rights.

[www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>iii</sup> OECD (2023), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

[www.oecd-ilibrary.org/deliver/81f92357-en.pdf?itemId=%2Fcontent%2Fpublication%2F81f92357-en&mimeType=pdf](http://www.oecd-ilibrary.org/deliver/81f92357-en.pdf?itemId=%2Fcontent%2Fpublication%2F81f92357-en&mimeType=pdf)

<sup>iv</sup> OECD (2018), OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector. <https://www.oecd-ilibrary.org/deliver/9789264290587-en.pdf?itemId=/content/publication/9789264290587-en&mimeType=pdf>

<sup>v</sup> We view effective remedy as defined in the commentary to UNGP 25.

<sup>vi</sup> Consisting of the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. <https://treaties.un.org/doc/publication/unts/volume%20999/volume-999-i-14668-english.pdf>

[https://treaties.un.org/doc/Treaties/1976/01/19760103%2009-57%20PM/Ch\\_IV\\_03.pdf](https://treaties.un.org/doc/Treaties/1976/01/19760103%2009-57%20PM/Ch_IV_03.pdf)

<sup>vii</sup> International Labor Organization (1998), Declaration on Fundamental Principles and Rights at Work.

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/normativeinstrument/wcms\\_716594.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf)

<sup>viii</sup> United Nations (1981), Convention on the Elimination of All Forms of Discrimination Against Women.

<https://www.ohchr.org/sites/default/files/Documents/ProfessionalInterest/cedaw.pdf>

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<sup>ix</sup> Ethical Trading Initiative (2018), The ETI Base Code.

[https://www.ethicaltrade.org/sites/default/files/shared\\_resources/ETI%20Base%20Code%20%28English%29.pdf](https://www.ethicaltrade.org/sites/default/files/shared_resources/ETI%20Base%20Code%20%28English%29.pdf)

<sup>x</sup> We define stakeholders within the meaning of the OECD Guidance: *"Stakeholders include persons or groups who are or could be directly or indirectly affected by the actions of the enterprise and their interlocutors. In the garment and footwear sector an enterprise's stakeholders likely include: the enterprise's own employees, other workers performing work on behalf of the enterprise and trade unions and representative organizations of the workers' own choosing, the workers and trade unions and representative organizations of the workers' own choosing in the enterprise's supply chain that are affected by the enterprise's activities, the enterprise's suppliers, community members that are affected by the enterprise's operations, governments of the jurisdictions that the enterprise operates in or sources from"*.

<sup>xi</sup> <https://www.kappahl.com/en-US/about-kappahl/sustainability/our-strategy/sustainability-report/>