



SUSTAINABILITY REPORT 2021

Commitment for tomorrow:
binding pledges and a spirit of partnership

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Introduction

“Acting in a spirit of partnership, making binding pledges – that’s how we do business.”

Dear readers,

As you read this sustainability report, we are nearly two years into the COVID-19 pandemic. This has been a very difficult time for our society. For us as a company, the pandemic brought with it a range of challenges as well. For example, we had to close our stores temporarily, and many of our employees either had to go on short-time work or were sent home to work from there from one day to the next.

The situation for workers in our textile supply chains was especially serious. They were unable to work for longer stretches, meaning they had no earnings. Personal protective equipment like masks was often in short supply, and there are still not enough opportunities to get vaccinated. With its “Covid19 Call to Action,” the International Organisation of Employers (IOE) already began raising awareness of the difficult economic situation of garment factories and the risks to their employees early on in 2020. KiK was among those who responded – more on that later in this report.

Global supply chains are often complex, carrying various risks. KiK also views the protection of human rights in relevant procurement countries as a top priority. It is important for us as a company to take action for better working conditions in the countries where our products are made.

Our goal in publishing this sustainability report is to highlight the intense work we have put in over the past two years to meet these challenges more effectively. As part of these efforts, we conduct regular audits and make numerous personal visits to investigate working conditions within our suppliers’ operations, try out new options for improved dialog with employees, improve building and fire safety at production sites in Bangladesh, Pakistan, and India, and give back to society through activities such as supporting education. In this way, we also contribute to the 17 UN Sustainable Development Goals.

However, it is also clear that many of the challenges we face cannot be resolved by one company acting alone. That is why we seek out partnership with others – through the Partnership for Sustainable Textiles, the International Accord for Health and Safety in the Garment and Textile Industry, and the Fashion Industry Charter for Climate Action, for example.

Through its membership in many initiatives like these, KiK is working to achieve further improvements in the garment and textile industry as a whole. At the same time, we also use these structures to seek out dialog with stakeholders, since we believe it is important to handle criticism and feedback openly.

In addition to our activities in partnership with others, we also believe clear laws and regulations for working within the supply chain are crucial. After all, only if we have clear regulations and legal frameworks in place can we create a level playing field for all companies in the garment and textile sector and prevent a few actors from securing competitive advantages by flouting social and environmental standards. With all this in mind, KiK views the introduction of the German Supply Chain Act as a crucial first step. We operate in many countries around Europe, so we would also like to see the same rules applied for all in the internal European market. That’s why we are taking action in support of an act on duties of care in the supply chain that is geared toward real-world practices and experiences at the European level.

So how are we planning to approach all this? With the same energy and dedication as before! Now and into the future, we plan to work toward compliance with environmental and labor standards across the entire supply chain. We will continue to live up to our duties of care – in a spirit of partnership and by making binding pledges, just as the title of this sustainability report suggests. In the process, we also plan to set more measurable targets for ourselves in the future.

Join us as we continue on our path and keep reading this report – our sixth to date – to learn more about KiK’s actions on behalf of people and the environment in 2019 and 2020. Please let us know if you have any questions or feedback. We’re always happy to hear from you!

Best wishes – and happy reading,



Patrick Zahn
CEO of KiK Textilien und
Non-Food GmbH

“Environmentally and socially responsible business practices increasingly embody the foundation of economic success.”

Dear readers,

Our economy and society are undergoing profound changes. Today, the path toward climate neutrality and resource conservation and the question of fair economic and social opportunities in a globalized world constitute hugely important issues. Generational justice is an important guidepost for a changing economy: The idea is to balance present-day needs with those of generations to come. Sustainability is a critical goal in this context.

Sustainability is no longer a foreign concept in the business world. Consumers are coming to view this topic as more and more important, and they increasingly expect products to be made responsibly in both ecological and social terms. This includes production activities that conserve resources and forms of transportation with lower greenhouse gas emissions, but that’s not all. People also want to know that their products are made under healthy working conditions, with fair pay. Companies and manufacturers have to step up to find solutions and support sustainable trends.

This poses particular challenges for the textile and garment industry. Many textiles are produced in emerging economies where environmental and labor standards are insufficient. The issues that this creates extend across the entire value chain, with aspects such as violation of labor standards and the human rights of workers, unsafe handling of substances that are harmful to human health and the environment during the manufacturing process, pollution of waterways and release of toxic substances through inadequate waste management, and high CO₂ emissions resulting from production of synthetic fibers.

The question of responsibility, which is associated with both ecological and social requirements, is a broad-based one. The business sector and policymakers need to step up and take responsibility, but that isn’t all. Each and every one of us has to do the same. One important step lies in the establishment of standards for achieving sustainability targets.

In this situation, the fact that KiK is aware of its particular responsibility as an international company and has set in motion various plans of action should be welcomed.

This sustainability report provides detailed information on the company’s approach.

Awareness of sustainability is growing across all industries. Many companies view themselves as active agents for change in this process. With an eye to corporate social responsibility (CSR), companies are integrating ways of assuming social responsibility into their core business. This is a rational step from both an ethical standpoint and an economic one, as CSR strategies help to foster greater customer loyalty and unlock new market opportunities. Sustainable business practices also have potential for efficiency gains. And that means implementing sustainability strategies is also a long-term factor in a company’s economic success. German companies have a highly developed awareness of sustainability, which underlines their position as potential role models for the rest of the world.

Much progress has been made, but further efforts are still needed. Alongside business initiatives, balanced legal regulations in the areas of consumer and environmental protection are helping to improve matters. These efforts must be geared toward establishing worldwide standards wherever possible in order to guarantee fair competition while at the same time reducing the bureaucratic burdens that weigh so heavily on small and medium-sized enterprises in particular.

The challenges of how to do business fairly and responsibly while protecting the climate must be taken up through joint efforts by businesses, policymakers, and society at large. Getting there starts with clear goals and transparent implementation. In that sense, this sustainability report also constitutes a report on assumed responsibility.

Best wishes,



Prof. Dr. Andreas Pinkwart
Minister of Economic Affairs, Innovation,
Digitalization and Energy
of the State of North Rhine-Westphalia

1 About this report



This report is the sixth sustainability report produced by KiK Textilien und Non-Food GmbH. It describes the company's sustainability activities in 2019 and 2020, along with individual developments from 2021. The editorial deadline for this report was October 31, 2021. The next report is expected to be issued in 2023.

Specifically, this report deals with our goals and topics of focus, the progress we have made and the challenges we have faced, and our next steps toward doing business more sustainably. The report considers both social and ecological aspects and is geared toward all of the company's stakeholders: customers, employees, business partners, and experts. In addition to our sustainability work within our own company, the report also describes what we are doing along the supply chain – by working closely with our suppliers and actively participating in various initiatives and projects involving multiple stakeholders. We want our reporting to be comprehensive and transparent, so it allows for good comparability.

Reporting standards

This report was prepared following the guidelines of the German Sustainability Code (GSC criteria), supplemented by non-financial performance indicators selected from the overarching reporting framework of the Global Reporting Initiative (GRI standards). As a cross-sector standard for transparency, the GSC is a recognized standard recommended by the Federal Government, for reporting on corporate achievements in the field of sustainability. It meets the requirements of the CSR Directive Implementation Act, which came into force in January 2017, and which clarifies the reporting obligations placed on listed companies with more than 500 employees. The specific GSC criteria are noted at the start of the individual sections of the report. For the future, we plan to follow the GRI standard "Core" option for our reporting. At the same time, we are observing current developments regarding the expansion of reporting obligations at the EU level.

Sustainable Development Goals

KiK Textilien und Non-Food GmbH supports the United Nations Sustainable Development Goals, which entered into force on 1 January 2016. Their aim is to ensure sustainable development at the economic, social, and ecological levels. As in the last report, the activities we have undertaken to ensure sustainability are evaluated with regard to how they contribute to the 17 Sustainable Development Goals. The relevant pictogram for the corresponding goal is depicted at the beginning of each section of the report.

Scope of reporting

The limits of this report as regards the procurement of goods and logistics are defined by KiK Textilien und Non-Food GmbH, KiK Logistik GmbH, which has its registered offices in Bönen, and the subsidiary companies in other European countries. The data for the emissions footprint and for logistics relate to KiK Germany, with its branches, warehouse and central offices, and to all of its other European sites. The report aligns with the Greenhouse Gas (GHG) Protocol. Unless specifically stated otherwise, all statements regarding staff relate to the employees of KiK Textilien und Non-Food GmbH Germany. Each specialist division collaborated on drawing up the report, approved the statements made in this report and provided the data that were collected. Economic figures were taken from the financial reports of the Tengemann group of companies, our parent group. The climate footprint was drawn up by KiK Textilien und Non-Food GmbH, working in cooperation with Climate Partners since 2020.

2 KiK at a glance

Offering textiles that are both high in quality and low in price: That's KiK's core business. At the same time, we view our role as that of a basic supplier of textiles. Basics that are a must in any closet make up the majority of our product range. Beyond that, our many stores are located near where our customers live, so we are within particularly easy reach.

Alongside textile items, KiK also sells further non-food articles, such as home textiles, accessories, toys, games, office supplies, and gifts. Our low prices target families with children in particular. Our key procurement markets are Bangladesh, China, Pakistan, and Turkey.

More than **3,500 stores** in Europe, 2,600 of them in Germany

Shop network grows by about **200 new stores** each year

More than **28,000 employees**

Present in **11 countries**

230 direct suppliers

20,000 products in our product range

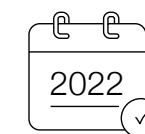
1.9 billion euros in sales in 2020

Ten reasons KiK is so cheap

To be able to offer our products at low prices, we are consistent in our pursuit of discounts. We also continuously optimize our business processes and practice the "art of streamlining." This graphic shows some of the further measures we take to keep our prices low.



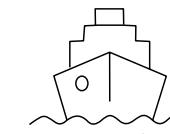
1. Year-round range



2. Anti-cyclical production



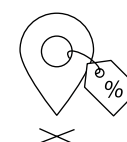
3. Timely quality control



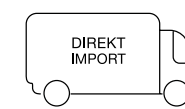
4. Low-cost transportation by sea



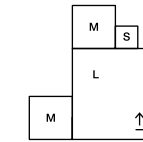
5. Rapid movement of goods



6. Low-cost store locations



7. No intermediate trade



8. Smart shipping practices



9. Moderate marketing



10. Profitable online shop

3 Our approach to sustainability

GSC criteria: 1, 2, 3, 7, 9
GRI performance indicators:
102-16, 102-44



From investors and talented young people to consumers with an affinity for sustainability, a growing number of people are focusing on sustainability and gearing their actions toward these aims. NGOs appeal to companies to be even more responsible in their actions. And now, with the German Act on Corporate Due Diligence Obligations in Supply Chains, commonly known as the Supply Chain Act, there is also a statutory framework for protecting environmental and human rights in global supply chains. All of this shows that Sustainable actions are crucial for companies today when it comes to holding their own against competitors and remaining ready for the future – including, and especially, in the garment and textile industry.

Supply chains in the garment and textile industry are often complex, involving wide-ranging networks, putting this sector at higher risk of human rights violations. This means companies that operate in this area have a particular level of responsibility – especially in countries where the authorities do not adequately live up to their obligations of protection. More and more companies are looking to the United Nations Guiding Principles on Business and Human Rights as an important tool for preventing human rights violations.

In addition to social risks, however, there are also ecological challenges affecting the garment and textile industry. Climate change is one major challenge, as is the handling of natural resources and of chemicals. Companies need to take action in a variety of ways here – for example by reducing emissions and use of chemicals, designing products to be more durable, or increasing their focus on sustainable raw materials.

Binding pledges and a spirit of partnership

Our approach to sustainability is straightforward: we make binding pledges, and we act in a spirit of partnership. That means, first, that we support the trend toward binding standards in Germany and at the European level and are constantly working to improve our own actions to live up to our duties of care as a business. Second, this approach relates to our cooperation with other key stakeholders and competitors. Partnerships have long been a top priority for us, and we firmly believe that together, we can achieve more. This approach is exemplified by our longstanding involvement with the Accord on Fire and Building Safety in Bangladesh and our active membership in the Partnership for Sustainable Textiles.

As a major retailer of discount textiles, we are in a position of responsibility – for the people who make our products, for our own employees, and for the environment. Our sustainability work focuses in particular on protecting human rights, using resources efficiently, and communicating

openly toward our stakeholders. We also aim to prove that sustainability can be compatible with low prices, thereby reaching people who would otherwise not be able to afford responsibly produced apparel. But it is also clear that this cannot come at the expense of our producers. Instead, we also strive to work in a spirit of partnership in this area while looking closely at the social and ecological impact of our business activities.

Concretely, that means we take care to ensure that the rights of workers are safeguarded along the supply chain and that environmental standards are observed. We work at various levels to further develop these standards and make them even more binding. We also take on social responsibility beyond our core business by giving back to social causes such as education projects in Bangladesh.

Our contribution to the Sustainable Development Goals

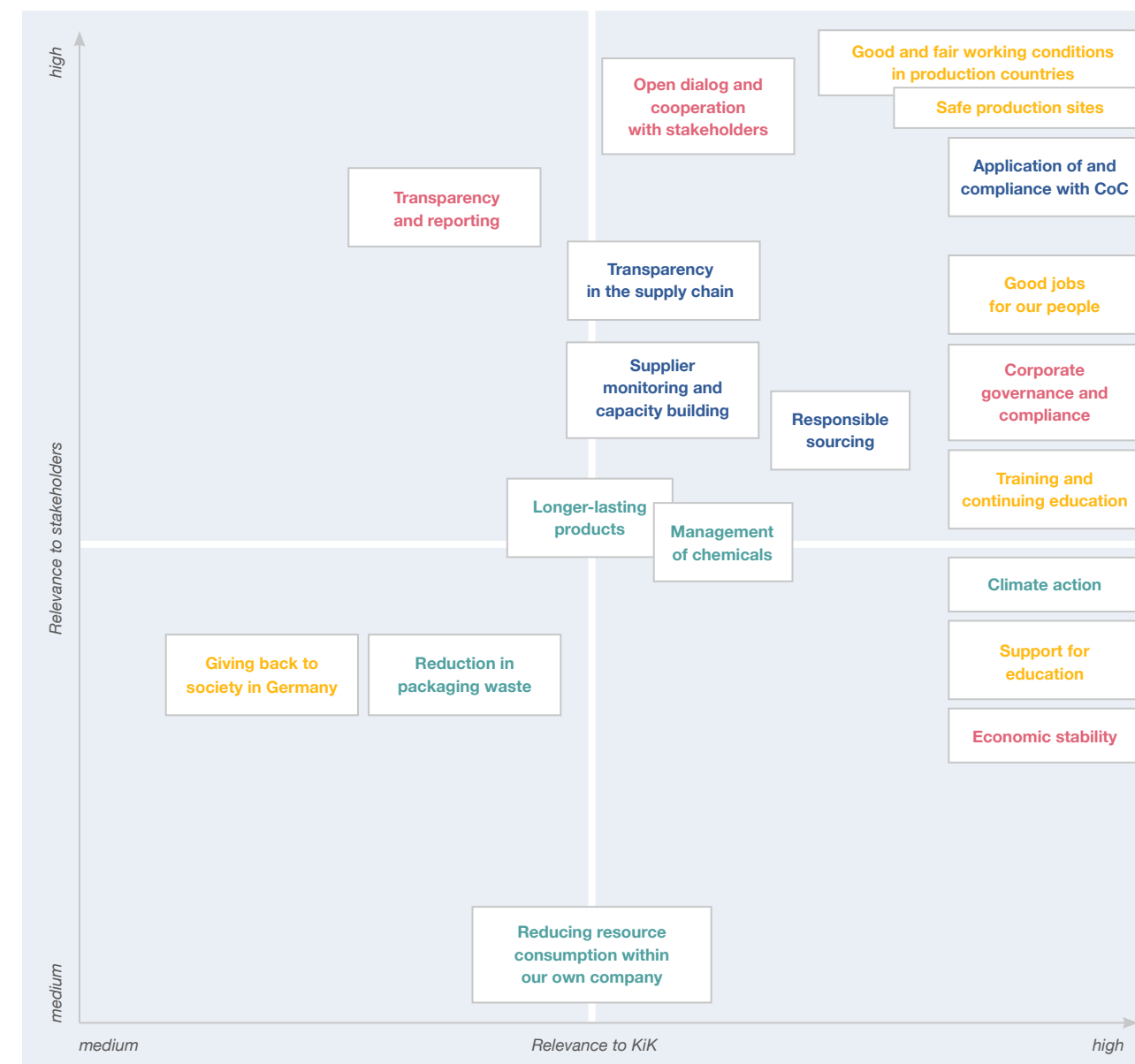
At a United Nations summit in September 2015, the 2030 Agenda for Sustainable Development was adopted by all Member States. The goal of this agenda is to shape global economic advances with an eye to social and ecological factors. Its centerpiece is a list of 17 Sustainable Development Goals, or SDGs. These goals balance the three dimensions of sustainability: the social, environmental, and economic.

The UN Sustainable Development Goals set the direction for our own approach to sustainability and our commitment to sustainable action. They form the overarching framework for our actions as a company and serve as guidance. We contribute to various goals, most especially SDGs 4, 5, 6, 8, 12, 13, and 17. The icons for the individual SDGs also appear in the relevant sections of this report.

Key topics

What do our stakeholders expect from us, and what topics do they view as especially important for KiK? To find out, we engage in many discussions throughout the year and network with the various players. These include a local union in Bangladesh, international unions such as IndustriALL and UniGlobal, and organizations such as the International Labour Organization (ILO), Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), and the International Organisation of Employers (IOE). We also engage in background talks with media representatives. The KiK sustainability department is always in close contact with the executive management, so it has detailed information on which topics are especially relevant to KiK from the business standpoint.

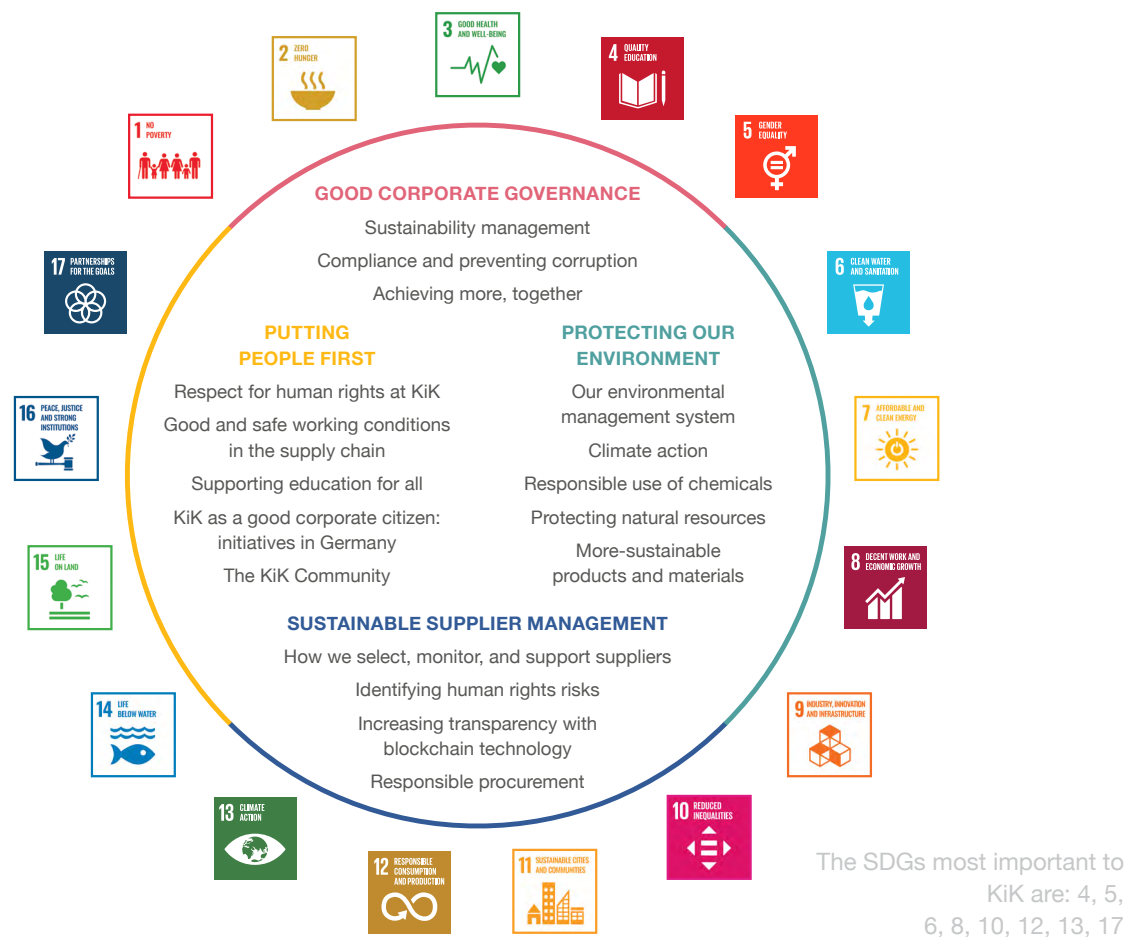
Key topics – subjects that are highly important to us and our stakeholders alike – are incorporated into our business and sustainability strategy. This allows us to make certain that we can meet our stakeholders' expectations, now and into the future, while focusing on the correct strategic areas. We also look to the identified key topics to set priorities for our sustainability reporting.



The 20 topics that are especially relevant to us from the company's perspective and that of stakeholders.

We have grouped KiK's key topics into four areas: good corporate governance, social matters, environmental matters, and supplier management. These areas establish the general structure of this report. Some topics – climate action, transparency in the supply chain, and responsible sourcing practices – have become even more important over the past two years. That applies from both the company's perspective and that of stakeholders. Other subjects, such as safe production sites and open dialog and cooperation with stakeholders, remain highly important to both sides.

OUR APPROACH TO SUSTAINABILITY AT A GLANCE



Our future plans

Our goal is to continuously develop and expand our sustainability efforts. Within the Partnership for Sustainable Textiles, we set annual goals for social and ecological topics, published in the form of roadmaps. In cooperation with the relevant departments, we develop plans of action and performance indicators (according to recognized standards such as the GRI standards). We check regularly to see whether we are meeting our goals. For the current roadmap showing our goals for 2022, please click [here](#). This info also appears in the individual sections of this report. In addition to the roadmap, KiK has defined a number of key indicators and targets in the area of environmental management and with regard to our employees [\(see key indicator table\)](#). We monitor these performance indicators and targets continuously as well.

Going forward, we aim to take an even more strategic approach and utilize our resources in a more targeted fashion when defining goals for our work toward sustainability. We also plan to set more measurable targets for ourselves in the long term. One example is our banks'

ESG ratings, which also encompass our own goals. We can already meet these requirements today. Beyond that, we need to ensure that we meet the specifications of the German Supply Chain Act and close any gaps that may still exist in this respect. Further efforts are needed here, especially in terms of supplier management in the non-food segment. We also plan to work on responsible sourcing practices and ramp up our efforts to further increase overall transparency in our supply chains.

Human rights will remain one of our key strategic topics now and in the future. Building safety, fire protection, and grievance mechanisms are areas of special focus here. We also plan to further our efforts in support of education.

In the environmental field, our priority is to advance climate action in the supply chain and reduce Scope 3 emissions. Beyond that, we are working on more-sustainable solutions for packaging and investigating how important product durability is to our customers.

4 Good corporate governance

GSF criteria:
3, 5, 6

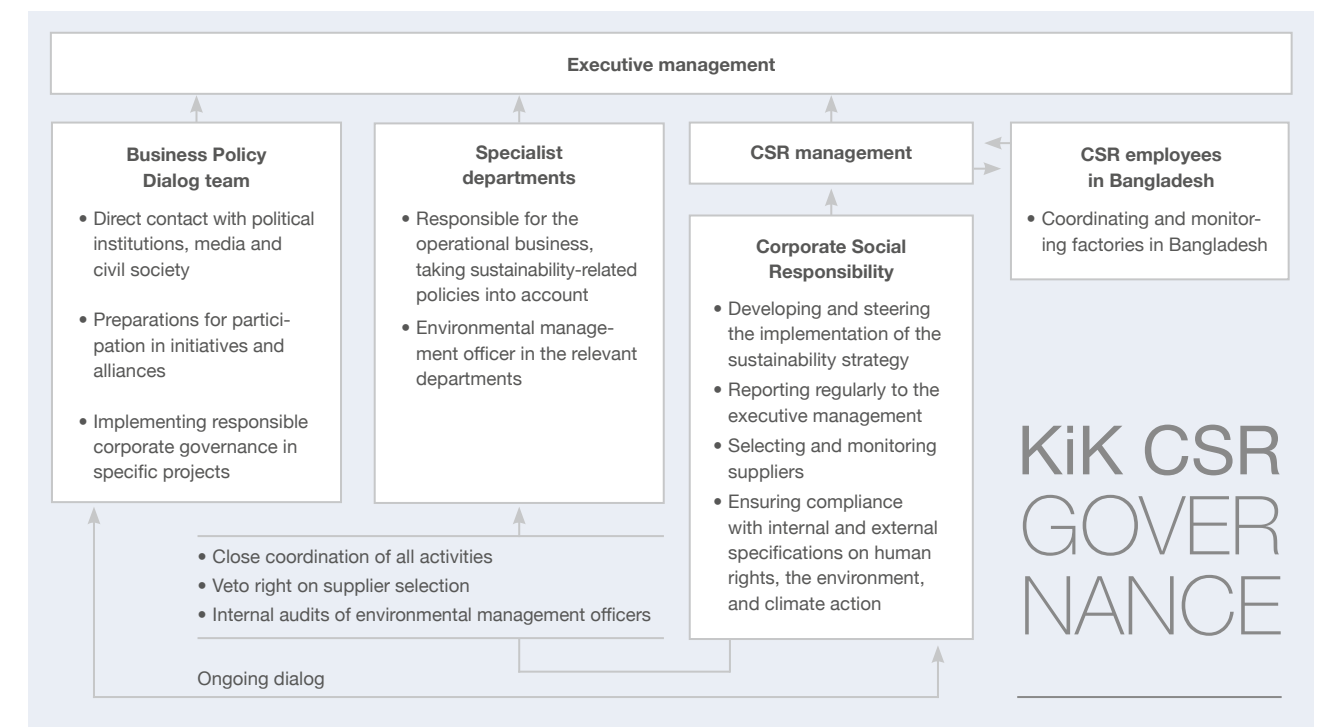
4.1 Sustainability management

We have established a department within the company that is specifically tasked with advancing sustainability-related topics. The department has 14 employees and pursues a collaborative approach. The CSR department works closely with the specialist departments and advises them on particular topics. At the same time, it receives support from CSR employees in Bangladesh – the country most important to KiK in terms of production of textiles. These people monitor on-site compliance with environmental and social standards.

The leadership of the CSR department is in direct contact with the executive management. The CSR department is responsible for many different topics. These include the

development of the sustainability strategy and defining and monitoring targets for the sustainability performance of suppliers in the individual production countries. The CSR department works closely with the Business Policy Dialog team. This team in turn engages in continuous dialog with political institutions, media outlets, and representatives of civil society and reports back to the company on the results of discussions on these topics and on the expectations of external stakeholders.

In many cases, sustainability activities can only be successful if multiple parties pull together in the same direction. With that in mind, KiK works closely with partners [\(see "Achieving more, together"\)](#).



4.2 Compliance and preventing corruption

GSF criterion: 20
GRI performance indicator:
205-1

Compliance with applicable laws and internal guidelines is important to us as it secures our company's success.

The CSR department focuses in particular on compliance in the areas of environment and social matters. Special attention is paid to the known risks that exist in our procurement countries which may affect KiK's business activities. For this reason, the fundamentals of compliance have been communicated to all of our

suppliers and to all KiK subsidiaries separately. The review takes place as part of regular audits.

During this reporting period, we also performed a risk assessment, identified a number of preventive measures, and began developing a compliance management system based on the IDW PS 980 standard.

5 Achieving more, together

GSC criteria:
9, 18, 19



No company can solve the challenges we face today on its own. At KiK, the one way to truly make a difference is through cooperation with stakeholders such as suppliers, unions, government agencies, NGOs, employees, and customers. By doing this, we are also contributing to UN Sustainable Development Goal 17: “Partnerships for the goals.”

Actively seeking out dialog

Listening and understanding our stakeholders' concerns has become increasingly important to KiK in recent years. These days, our stakeholder engagement activities revolve around more than simply exchanging information and engaging in dialog. Instead, we seek out close cooperation with stakeholders and take their requirements and opinions into account in our strategic decisions.

This stakeholder involvement is an important part of our corporate philosophy, and one that the executive management actively promotes. This is also reflected in our Business Policy Dialog specialist team, which reports directly to the CEO and steers the dialog with critical stakeholders in particular [\(see “Good corporate governance”\)](#).

We view this type of cooperation as offering a wealth of opportunities. In this way, we can tap into the knowledge and experience of our stakeholders to continuously re-examine and fine-tune our strategies and solutions. At the same time, we contribute our own ideas and resources as we work with others, working towards solving society-wide problems.

Accepting criticism, working together constructively

Many of the challenges we face are industry-wide or global ones. That encompasses everything from climate and environmental matters to labor standards and living wages. This means it is even more important for all of the relevant players to take responsibility and work together to achieve solutions.

Trust and openness are critical to ensuring that these joint efforts are a success. At KiK, these ideas are a key part of our understanding of sustainability. Our stated aim is to ensure that: “Our communications with external parties are factual and appropriate. We are always open to criticism.” In keeping with this principle, we engage with dialog and potential criticism, but that's not all. We actively promote the conversation.

There were many examples of this again in 2020, as in past years. We had many conversations with NGOs, political decision makers, and representatives of industry initiatives. These discussions revolved around the

complex topics that apply all along supply chains. This reporting year, KiK maintained its extensive participation in multi-stakeholder initiatives including the Partnership for Sustainable Textiles, the Accord on Fire and Building Safety in Bangladesh, the Fashion Industry Charter, and the COVID-19 Call to Action in the garment and textile industry.

KiK is also active locally in its key production countries. Working together with stakeholders, we initiate projects there and work toward advances in networking and dialog. One example of this is our work with the Awaj Foundation, a leading non-governmental organization based in Dhaka, Bangladesh. We support this organization in the area of childcare centers and schools and operate a number of joint medical stations. We are also in dialog with the education ministry in Bangladesh. This lets us identify the country's needs and how we can target our efforts to help even better.

Showing openness, creating synergies, strengthening each other

Our plans for the future

Showing openness, creating synergies, strengthening each other: Those are KiK's goals, now and for the future. The company plans to continue networking extensively and drive change through initiatives forged in a spirit of partnership and binding pledges. That also means continuing to listen to critical voices. At the same time, we are seeking out new ways of engaging customers in dialog on topics relating to sustainability. We are also in conversation with ZDHC (Zero Discharge of Hazardous Chemicals) and the Global Compact network as we consider membership in these initiatives.



Partnership for Sustainable Textiles

The Partnership for Sustainable Textiles is one of the broadest and most important multi-stakeholder alliances in the garment and textile industry. It has about 135 members from business, government, civil society, unions, and standards organizations. Together, they strive to improve the conditions within global textile supply networks. Key topics the partnership is currently working on include grievance mechanisms and living wages. During the reporting year, the partnership took steps to gear its own work even more toward the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. KiK has supported this organization since its inception and is actively involved in various working groups.

A [7 study](#) by Leuphana University Lüneburg also demonstrates the extent of KiK's participation in this initiative. The study shows that KiK is among the most connected players within the textile partnership. For example, we use this platform as a way to engage in dialog with NGOs, political decision makers, other garment and textile firms, and unions and create synergies.

Accord on Fire and Building Safety in Bangladesh

The Accord on Fire and Building Safety in Bangladesh was a binding accord among textile producers, unions, and retailers that was formed in 2013, in the wake of the Rana Plaza factory collapse. A successor accord was adopted in 2021 under the name International Accord for Health and Safety in the Garment and Textile Industry. A total of 154 textile companies have signed the new accord (as of December 7, 2021), KiK among them. As we strongly supported the continuation of the accord, we greatly welcome this new step. Together with the other signatories, we pledge to further advance the cause of safety and health standards. We also believe this presents a good opportunity for broadening the focus beyond Bangladesh and including other countries as well, such as Pakistan [\(for more on this, see “Good and safe working conditions in the supply chain”\)](#).

Fashion Industry Charter for Climate Action

The Fashion Industry Charter for Climate Action was initiated at the 2018 United Nations Climate Change Conference in Katowice, Poland. It develops climate-related goals and commitments for the textile industry in order to contribute to meeting the Paris climate goals. KiK is among those who have joined the initiative, pledging to reduce its CO₂ emissions to net zero by 2050 [\(for more on this, see “Climate action”\)](#).

COVID-19 Call to Action

In 2020, the International Labour Organization and the International Organisation of Employers issued an urgent call to action in light of COVID-19. The primary goal at first was to reduce the negative economic impact of the pandemic on textile producers and protect workers' wages, jobs, and health. Now the focus is on creating social safety nets that can also help in any future crises of this kind. KiK has taken action and plans to implement the requirements of this initiative in its own business activities [\(for more on this, see “Good and safe working conditions in the supply chain”\)](#).



6

Putting people first

Every supply chain starts with a single person. Only if that person's rights are upheld can global supply chains serve the well-being of everyone involved in the long term. KiK is determined to shape its business relationships responsibly, respect and safeguard human rights, and take action to support education and equal opportunity wherever we do business. This view is an integral element of our CSR works. It is reflected in our approaches to management and in our day-to-day actions. We focus on the people along our supply chain and on our own employees. Our efforts to give back to society also include support for local communities.

Due diligence processes

Human rights in the supply chain

Support for education

Community engagement

Our employees



SDG 4 Quality Education

SDG 5 Gender Equality

SDG 8 Decent Work and Economic Growth

SDG 17 Partnerships for the Goals

KiK is on board

International Accord, ILO
COVID-19 Call to Action, Living
Wage Lab, and many more

Pakistan Building Safety Initiative

47% rehabilitation progress
among participating factories

Education project in
Bangladesh reaches
3,000 children
from underprivileged
families

6.1 Respect for human rights at KiK

Building comprehensive, structured due diligence processes in line with the German Supply Chain Act and the United Nations Guiding Principles on Business and Human Rights is a major focus of our sustainability efforts. Right now, we are concentrating on our relationships with direct suppliers. Our long-term goal is to be able to ensure that human rights are respected farther along the supply chain as well. Beyond that, we are also working to introduce and improve diligence processes in other areas of our business activities, such as our cooperation with service providers.

GSIC criteria:
4, 6, 14, 17



1 Policy statement

As an international company, we require people in different parts of the world to work for us. They make a large contribution to the success of our business, and they deserve our protection for their rights and our appreciation of the work they do. The principles we live by in this context are set down in our [Code of Conduct](#) and [Human Rights Guidelines](#). Our Human Rights Guidelines were drafted based on the United Nations Guiding Principles on Business and Human Rights. We are determined to do business ethically and responsibly. This means that we observe all relevant laws, but we don't stop there. We also gear our business activities toward the principles and rights set down in the International Bill of Human Rights and the core labor standards outlined by the International Labour Organization (ILO).

2 Requirements for business partners

We strive to build and maintain long-term business relationships with all of our business partners. We expect them to observe social and ecological standards and to act fairly and honestly. The basis for our work with suppliers and other business partners is our Code of Conduct and the General Conditions of Service based on it. Our Code of Conduct, which is geared toward the ILO's core labor standards, sets clear requirements for our business partners. These requirements relate to ethical business and employment practices and to environmental and occupational safety conditions. Our suppliers are urged to pass along these specifications to their own subcontractors and suppliers [\(for more on this, see "Sustainable supplier management"\)](#).

3 Identifying risks, taking action

We believe it is important to identify human rights risks in our supply chain as soon as possible in order to avert harm. To this end, we carry out structured risk analyses. Using these analyses as a basis, we develop various measures to improve the human rights situation in our supply chain. We have two main goals in the area of supplier management. The first is to spur the evolution of our internal processes and approaches. Our Responsible Sourcing Policy is an example of this. It sets specific requirements for our procurement practices in order to promote compliance with social and environmental standards. As the second major area of focus here, we take action to prevent our business activities from negatively impacting human rights when selecting new suppliers and monitoring existing ones. We work with our suppliers to improve local social and environmental standards [\(for more on this, see "Sustainable supplier management"\)](#). Although our supplier management activities currently focus on the textile supply chain, we are already working to establish the same types of due diligence processes in the non-food segment, as well as in cooperation with service providers.

We also contribute to a large number of projects and initiatives aimed at improving labor conditions in the supply chain. After all, many of the challenges we face locally can only be solved if we act in concert with others [\(for more on this, see "Good and safe working conditions in the supply chain"\)](#).

We also believe it is important to foster an understanding of protecting human rights across our own company. As part of our commitment to these principles, we provide regular training for our employees on this topic. At headquarters, training is provided as part of the onboarding process. We also hold separate training sessions for our team leaders. Our administrative teams in the expansion countries also receive training that encompasses the topic of human rights.

4 Grievance mechanisms

Even with regular supplier audits and many other measures in place, there is still some risk of human rights violations. To bring these kinds of violations and suspected violations to light, we have established various grievance processes that are set down in our Code of Conduct. These avenues are open to our own employees, but that isn't all. They also give those working in the supply chain a voice. Our goal is to make these grievance mechanisms increasingly effective and improve their accessibility. To achieve this, we are testing various approaches in practice and evaluating the results [\(for more on this, see \["Good and safe working conditions in the supply chain"\]\(#\) and \["The KiK Community"\]\(#\)\)](#).

5 Transparent reporting

We issue public, transparent reports on our progress, achievements, and challenges in the area of human rights. One of the ways we do this is in our sustainability report, which is published every two years. During the year, we publish materials including press releases and roadmaps, along with progress reports within the scope of our activities in the Partnership for Sustainable Textiles.

6.2 Good and safe working conditions in the supply chain

KiK is a textile retailer, not a textile producer. This means, this means that we do not have any factories of our own. Instead, our textiles and non-food items are produced in line with our specifications by independent suppliers. At present, our range encompasses around 20,000 products. Most of our textiles come from Bangladesh, followed by Pakistan and Turkey. Most of our products in the non-food segment are made in China.

GSIC criteria: 10, 14, 17
GRI performance indicator:
414-2



A large portion of the world's textiles are produced in emerging economies. These countries often have weak institutions and deficient legal structures. That raises the risk of human rights violations and breaches of environmental and social standards. However, KiK believes the only way to improve local conditions is to actively engage with local stakeholders – not to stop doing business in these markets. Our goal is to give those working in our supply chain an opportunity for good, safe work. We pay special attention to the topics of preventing child labor and forced labor, safe workplaces, living wages, the rights of women, and suitable grievance mechanisms. These subjects are integral elements of our supplier management activities and audits [\(for more on this, see "Sustainable supplier management"\)](#). We also work to further reduce risks in these subject areas on a project basis.



1. Zero tolerance for child labor and forced labor



2. Building protection and safe workplaces



3. Living wages



4. Women's rights



5. Giving workers a voice



6. Education as key for Bangladesh



1. Zero tolerance for child labor and forced labor

Although child labor and forced labor are against the law in most countries around the world, millions of people are still affected. For example, the International Labour Organization estimates that more than 160 million girls and boys worldwide are subject to child labor. The situation was exacerbated in some places during the COVID-19 pandemic.

KiK's stance is clear: We have zero tolerance for child labor and forced labor, a position that is also outlined in our "Zero Tolerance" strategy. We work closely with our suppliers to counter the risk of child labor and forced labor. For example, our participation in the alliance initiative in Tamil Nadu involves taking action against modern slavery and forced labor. As such, relevant training activities are also at the second level of the supply chain, at spinning mills.

We also support various education projects that aim to eliminate the structural causes of child labor [\(for more on this, see "Supporting education for all"\)](#). And last but not least, we are active participants in a project spearheaded by the UN High Commissioner for Refugees (UNHCR).

Work permits for Syrian refugees

About 3.6 million Syrian refugees live in Turkey, an important procurement country for KiK. Many of them work in Turkish textile factories. Since they do not have official work or residence permits, they are at especially high risk of forced labor and child labor. KiK joined a UNHCR project in 2017 with the objective of making it easier for them to get work and residence permits. KiK's financial support has helped many Syrian refugees to officially enter the Turkish labor market.



2. Building protection and safe workplaces

Especially in the wake of the Rana Plaza disaster, the topics of building protection and workplace safety at factories are high priorities for KiK. Although some improvements have been made in recent years, lagging safety standards in the countries where textiles are produced continue to pose a major risk. This topic is highly important to us, as our involvement in various initiatives and programs aimed at building safety shows. KiK is also in talks with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) regarding a project aimed at workplace safety and occupational accident insurance.

The Bangladesh Accord

The Accord on Fire and Building Safety in Bangladesh was adopted in 2013, after the collapse of the Rana Plaza garment factory. The accord officially expired in May 2021, followed by efforts to negotiate a successor accord. These efforts have now borne fruit in the adoption of an even more comprehensive framework, the International Accord for Health and Safety in the Textile and Garment Industry.

Now, eight years after first signing, KiK continues to stand behind the accord. The company was strongly in favor of continuing it. We did not want gains that had been made so far to be reversed by turning the matter over to the RMG Sustainability Council too soon – with potentially negative effects on worker safety. Several points were especially important to us here: transitioning to an international and legally binding agreement, an independent secretariat, and developing an accident insurance system for workers in Bangladesh. The new accord includes all of these points.

Pakistan Building Safety Initiative

Structural conditions at the factories in Pakistan are also a critical topic. In light of the situation, KiK launched a program in 2017 with the aim of improving structural and electrical conditions at factories in Pakistan. In the process, KiK is drawing on the experience gained, and the requirements laid out, in the context of the Bangladesh Accord. Focus is placed on the areas of electrical safety, structural engineering, and fire protection, as well as on developing an occupational accident insurance system. Twenty-seven factories have already been audited, and another 31 are currently actively part of the initiative. Our goal is to audit all Pakistani suppliers by the end of 2022 and eliminate 65 percent of all non-compliance.

Fire protection program in India

KiK is now also taking action to help improve building safety and fire protection at factories in India. To prepare for this initiative, our first step was to craft a plan of action and then survey the status quo at factories in India. With in-person visits impossible due to the COVID-19 pandemic, video recordings were used for this. Engineers are now analyzing the video materials as the second step. Future plans call for the addition of in-person visits to get the Indian factories up to the level of the accord in terms of building safety and first protection. By the end of 2022, a total of five factories will have been included in the project.

Health and safety committees in China

There are plans to create “health and safety committees” at the factories operated by Chinese suppliers in the future. These committees will give workers a place to air their concerns on the topic of workplace safety.



Alke Boessiger

Deputy General Secretary, UNI
Global Union

The Bangladesh Accord on Fire and Building Safety was replaced by the International Accord in August 2021. Why was this so important?

There are two main reasons. First, our work in Bangladesh isn't done. Although the planned safety measures are 90 percent in place at most factories, that crucial last ten percent is still waiting. And second, we aimed from the start to expand the accord to additional countries.

How does the new accord differ from the original one?

One of the particular features of the new accord is that we aim to expand our work internationally, so we are looking beyond Bangladesh to other countries as well. The accord now includes the option to expand the scope of the agreement down the road to also include due diligence in human rights. To make certain the provisions of the agreement are enforced, the new accord also includes an optional simplified arbitration procedure.

So what role do the fashion brands play in the new accord?

A really important one! First, they have to abide by the commitments they made when signing, of course. Secondly, each program targeting specific countries requires companies that will take a leading role and inspire others to join the accord. The more factories we can cover, the safer the industry will be as a whole.



3. Living wages

Many of our production countries have minimum wage laws. Still, compliance is spotty, and sometimes the minimum wage is not enough to cover the cost of living for employees or allow them to save. For this reason, KiK works with other stakeholders to ensure living wages.

Partnership for Sustainable Textiles initiative for living wages

The “Living Wage Lab” initiative of the Partnership for Sustainable Textiles is studying how the purchasing practices of Western textile retailers affect their suppliers’ wages and how greater leeway can be created for wage increases. Supplier training is another important building block of this initiative. These activities teach suppliers how to appropriately factor wages into their product price calculations. The initiative is also working to introduce sector-wide collective agreements. Current efforts are being made in Myanmar, for example. Companies like KiK that participate in the partnership pledge to keep their sourcing volume constant or increase it in certain countries until 2022 and to factor increased wage costs into their purchasing prices.

Reducing the impacts of the pandemic

The International Labour Organization (IOE) issued a call to action in April 2020 with the goal of averting economic harm from textile producers and safeguarding employees’ jobs and health. Not long afterward, a working group was established. This group is currently developing a concrete plan of action. The group is made up of representatives of the International Organisation of Employers, the International Trade Union Confederation, retailers, producers, employees, and government. KiK also plans to follow the standards developed in this initiative. Beyond that, multi-stakeholder initiatives have been urging financial institutions since the start of the pandemic to lend to factories on favorable terms, helping factories to continue to pay their workers’ wages. We have also made every effort to avoid canceling orders with suppliers and have worked with other stakeholders to build social safety nets in manufacturing countries. By providing financial support to the health ministry, KiK also helped to ensure that an additional 25,000 doses of coronavirus vaccine were donated to the Bangladeshi government.



Matthias Thorns

Deputy Secretary General
IOE – International
Organisation of Employers

What is the goal of the COVID-19 Call to Action in the garment and textile industry?

Our call to action is aimed at several goals at once. First, the signatories have committed to paying manufacturers for finished goods and goods in production. Second, the aim was to safeguard workers’ income, since they often fall through the social safety net. And the third goal was to build back better. That means strengthening these kinds of systems where they already exist, and putting them in place where they don’t, so that we will be better prepared for the next crisis.

So what has the call to action achieved so far?

We focused mainly on the first two goals in 2020. Now that the acute phase of the crisis is behind us, we are turning our attention to long-term social security for workers. To that end, we have brought all of the relevant social partners to the table – unions, employer associations, and fashion labels. We have also helped to coordinate aid payments to workers. And, last but not least, we supported a pilot project on the development of an accident insurance system in Bangladesh, which KiK was involved in as well.



Victor van Vuuren

Director Enterprises
Department, ILO – International
Labour Organization

The COVID-19 pandemic affected companies all over the world – including, and especially, in developing countries. What exactly did you see there?

The pandemic had truly devastating economic effects in some places in the developing world. Millions of people lost their jobs, including a great many women. Traditionally, more women than men work in the garment industry, which were especially affected by the crisis. But young people just starting out in the working world were also hit hard. Overall, the pandemic showed that the economies of these countries are hardly prepared for crises like these. The ILO is now working to make businesses more resilient.

How can companies like KiK help in this context?

There's a lot they can do. For example, they can share knowledge and skills by doing things like providing training for workers or helping factory owners improve their management structures and practices. They can also help establish better overall legal conditions in the supply chain. That will create a level playing field for all, and then companies can still stay competitive if they abide by social and environmental standards.



4. Women's rights

Women traditionally account for a large portion of the workforce in the garment and textile industry. At the same time, women's rights are restricted in many of the countries where these items are produced, or they may be at higher risk of workplace discrimination. This means there is special urgency to supporting women and listening to their concerns.

Partnership for Sustainable Textiles initiative focusing on Tamil Nadu

The state of Tamil Nadu is one of the hotspots of the garment and textile industry in India. The Partnership for Sustainable Textiles has launched an initiative aimed primarily at the working conditions of women in the spinning mills there. The initiative takes a two-pronged approach. First, it aims to establish ongoing dialog among key stakeholders in the regional textile and garment sector. Second, it is geared toward easing access to grievance and resolution mechanisms for female workers. This also includes training suppliers and employees on the topics of workers' rights and grievance mechanisms.

The first phase of the project ran until September 2020. Seventy factory training sessions were concluded by then, 550 factories received COVID-19 information, and more than 25,000 female workers were trained in total. Now, in the second phase, the initiative is increasingly focusing on raising awareness among factory managers, counteracting high employee turnover rates, and improving the existing grievance systems. KiK has been partnering with the initiative since the start and is participating in the implementation both financially and conceptually.

Partnership for Sustainable Textiles group focusing on gender-based violence

KiK has joined the Partnership for Sustainable Textiles group focusing on gender-based violence, thereby shifting to a new topic for the partnership in 2021 and 2022. This subject also constitutes a new area of focus for KiK within the scope of its work toward sustainability. The partnership's goals include enabling industry-wide measures to fight gender-specific violence and harassment. To this end, plans call for establishing joint standards and goals on the basis of international labor standards, other human rights tools, and proven methods and tools.

Essential medical care:

50,000

people treated at seven medical stations in Dhaka since 2010

Access to clean drinking water: approx.

630,000

people thanks to construction of 8,000 wells and 2,000 latrines

Partnership for Sustainable Textiles initiative focusing on Tamil Nadu –

25,000

female workers were trained in the first phase of the project



5. Giving workers a voice

Grievance mechanisms are an integral element of the duty of care in the area of human rights. They are what allow affected parties to bring problems to light and ask for help where necessary. KiK participates in the grievance process established under the international accord, but it has also put in place a process of its own. This system allows employees of suppliers to contact us if they observe human rights violations. Contact can be made by e-mail or mail, and the procedure is actively communicated by means of posters and other posted notices. KiK also participates in the grievance mechanisms under the accord for building safety and fire protection, the Partnership for Sustainable Textiles initiative focusing on Tamil Nadu, and the UNHCR project for Syrian refugees in Turkey.

At present, we are working on aligning our internal grievance mechanism with the United Nations Guiding Principles on Business and Human Rights by 2022. Further improvements will be made as part of these efforts. For example, discrimination will explicitly be covered by the grievance mechanism in the future. We also joined the Partnership for Sustainable Textiles initiative focusing on grievance mechanisms in 2020. As a member of the strategy group associated with this initiative, we are working with others on industry-wide solutions.

Digital dialog with employees

The rise of advanced digital technologies has brought more and more ways to communicate effectively with factory employees. Ulula, a Web-based application, is one example. Ulula makes it possible to collect digital feedback from workers about their working conditions and well-being – via messaging apps, text message, or voice note. To test the tool, KiK is planning a trial run with employees at two factors in Myanmar. We plan to use online and offline surveys to gauge the situation of workers on the ground better and study the tool's potential in these areas.

6.3 Supporting education for all

GSC criterion:
18



School project in Bangladesh

Everyone has a right to an education – and to improving their social or economic situation through education. There is a reason that “Quality Education” is one of the United Nations Sustainable Development Goals (SDGs). It is the foundation for solving many different social problems, and it also helps to achieve other SDGs, such as “No Poverty,” “Zero Hunger,” and “Gender Equality.”

At KiK, education plays an important role, not just in relation to the company's own employees, but also – and especially – in the countries where our products are made. We view our role as that of a corporate citizen, helping to improve local conditions. To give young people a chance for a better future, we support education projects in Bangladesh, for example.



6. Education as key for Bangladesh

Many people in Bangladesh are trapped in a cycle of insufficient access to education and poverty. Giving young people an education, both in school and in vocational tracks, is key to breaking that cycle. Since 2017, KiK has moved step by step to sponsor five schools in Bangladesh. As their main sponsor, we cover all ongoing costs, such as staff wages and the costs of food, furniture and materials, and books. In cooperation with nonprofit NGO Underprivileged Children's Educational Programs (UCEP), we also provide all pupils with opportunities for vocational training. Overall, our efforts ensure that 3,000 children and young adults can go to school and get a vocational education. Alongside the five schools in Bangladesh, KiK is also providing funding for a school in Turkey. We plan to continue our involvement in the future and make further improvements in cooperation with the relevant education ministries.

Supporting higher education

There are opportunities for improvement in the Bangladeshi higher education system as well. Costs are often too high for students, there are gaps between the knowledge gained through studies and real-world practice, and the degrees awarded do not meet the requirements for further education in other countries. To help remedy this situation, KiK plans to launch a project in cooperation with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). The project will have several goals:

- providing need-based financial aid to students
- improving the quality of the local higher education provided
- establishing a leadership program to train future leaders

The project was scheduled to start in December 2021. KiK views it as an opportunity to build seamlessly on existing school projects in Bangladesh – and to support young people on their educational journeys for longer.



Education project in Bangladesh – technical instruction on setting up solar panels

Like other production countries, Bangladesh has a weak education system. What challenges do you see in this area?

There's a lot of pressure to bring in income, so a lot of kids don't go to school at all, or they only go for a short time. Beyond that, higher education is often highly theoretical. That's why we are increasingly developing projects that teach practical skills and prepare students for a specific profession – much like Germany's system of dual vocational and academic education. This approach is also the focus of our new project with KiK.

The joint project with KiK is aimed at students. What are its main objectives?

We aim to strengthen equal opportunity, in line with the Bangladeshi government's national goals. We're providing targeted support for young women and students from disadvantaged circumstances who would otherwise have little access to education. Through additional qualifications, we're also helping to prepare students better for working life. Plus, KiK's involvement has mainly focused on primary schooling so far. We view the new project as a way to close the gap between school and university, so we can support young people on their educational journeys for longer.



Werner Lange
Cluster Coordinator, Textile,
Deutsche Gesellschaft für
internationale Zusammenarbeit
GmbH (GIZ)

6.4 KiK as a good corporate citizen: giving back in Germany

KiK's activities in support of social aims are not limited to the countries where our products are made. There are a lot of people who need help right in our own backyard – in Germany – too. That's why we have stepped up in Germany, as elsewhere, to support various initiatives by donating funds or materials. This is one way we aim to act as a good corporate citizen and a good neighbor.

1. Help for disadvantaged children and people in need

Meeting acute needs by donating materials, opening doors to a brighter future through education: Along with its support for local schools, KiK provides ongoing support to three organizations that work toward these aims.

The help and hope foundation: opportunities for kids and young adults

A number of businesspeople who wanted to give back, including KiK founder Stefan Heinig, joined forces in 2005 to help disadvantaged children. They established the help and hope foundation, which KiK has been supporting ever since by donating funds and materials. The foundation's flagship project is an inclusive outdoor meeting spot that teaches kids about nature and animals. help and hope now also supports vocational growth and training for young adults, along with language and integration programs. Owing to the annual support KiK provides, the company was one of the foundation's four "Gold Sponsors" in 2020. KiK supports the foundation's work by placing donation boxes at stores and through the "Mach's rund" (Keep the Change) campaign. The campaign gives customers the opportunity to round up their purchases by a maximum of nine cents when paying, with the spare change going directly to the foundation. The foundation also receives donations in kind and volunteer support for Gut Königsmühle, an outdoor play and education center.

Education for All: supporting education

Donations of items such as clothing and toys also go to "Bildung und Entwicklung und medizinische Versorgung in Schwellenländer e.V.", a nonprofit organization that supports education, development, and healthcare in emerging economies. The organization participates in the Education for All program spearheaded by UNESCO. It operates an education center that encompasses a home for women and children in Tajikistan and a refugee aid center in the town of Bergkamen, Germany.

Dortmunder Tafel e.V. food bank

Dortmunder Tafel e.V. provides as much as 100,000 kg of food to about 14,000 people every week. Day care centers, schools, associations with social aims, and youth centers also benefit from the tireless work done by the food bank's more than 400 volunteers. KiK supports the organization by making regular donations of materials.

Support for schools in Bönen

Another project that is near and dear to our hearts is our support for children in our immediate community – in the town of Bönen. Every year, we donate *Schultüten* – traditional cones filled with small gifts and school supplies – to local schools to mark the start of the new school year. We also donate funds to the Bönener Sternsinger singing group.



2. Support for health

If the past two years have shown us anything, it is just how important our health is – and how quickly it can come under threat. With this in mind, KiK is also active in this area with the aim of making a positive contribution to a healthy life.

Deutsche Knochenmarkspenderdatei (DKMS): Celebrating bone marrow donors' courage

KiK has been working on behalf of DKMS – a nonprofit organization that matches leukemia patients with potential stem cell donors – since 2010. Over six million people are already registered with DKMS, including many KiK employees. Six of them have already acted as donors, saving lives.

3. Fairness to people and the environment

Tolerance and respect are the basis for good coexistence in our society. KiK actively works to further these causes and firmly rejects all forms of discrimination and racism. But that's not all. We also take a stand for the environment.

Standing up to right-wing violence

KiK is a member of "Gesicht zeigen! e.V.", a Germany-wide nonprofit organization encouraging people to take action against xenophobia, racism, antisemitism and all other forms of right-wing violence. The goal of the collaboration is to strengthen bonds within civil society and raise awareness of every kind of discrimination.

Forum für Verantwortung: supporting sustainable actions

KiK also takes environmental responsibility very seriously. That's why we work with a foundation called FORUM FÜR VERANTWORTUNG. Together, we hold seminars for managers, apprentices, and trainees to promote sustainability and actions to conserve resources. in people's daily lives.

Presenting traditional *Schultüten* – cones filled with small gifts and school supplies – to kids in Bönen

6.5 The KiK Community

GSC criteria: 8, 14, 15, 16
GRI performance indicators: 102-35, 403-9 (a+b),
403-10 (a+b), 403-4, 404-1, 405-1, 406-1, 205-3



In addition to the people who work for KiK in the supply chain, we also take responsibility for our own employees. KiK is a rapidly growing company, so we need a lot of staff. At the end of 2020, there were 28,000 people working at KiK, the majority of them in Germany (19,825). At 94 percent, the lion's share of the work takes place at our stores.

To improve work-family balance, KiK offers its employees options for part-time work. Many employees made use of these opportunities in 2020, as in past years. A little over half of all employees in Germany worked part-time, with 21 percent working full-time. Our flexible part-time models aren't the only way that we promote work-family balance. We cooperate with other local companies to operate a day care center. Care staff employed by a service provider take care of employees' children under the age of three on behalf of our nonprofit organization Merschwerge. We provide the premises and equipment for this.

KiK is also committed to gender equality and has inserted a passage to comply with the German General Equal Treatment Act into its employment contracts. The ratio of women to men this reporting period stood at 92 percent to eight percent. There is also a rising number of women in management positions. With women holding 58 percent of management positions, we have once again reached our goal of at least gender parity in our leadership roles. We aim to maintain this figure at over 50 percent.

Around half of our entire workforce is between the ages of 20 and 40, the average age of a KiK employee is 39. KiK is a very international company, employing staff from 102 countries. The average amount of time spent at the company is 5.9 years. A total of 448 employees have been at KiK for 20 years or more.

Compensation and working conditions

KiK pays market-rate compensation. Our compensation packages include variable aspects, taking individual achievements and the company's success as a whole into account. The decision on this salary system was made by the executive management and is based on business development.

The attainment of sustainability goals is taken into account to an ever greater extent as part of individual target agreements. This applies chiefly to the middle management in the areas of CSR, communications, and purchasing.

More detailed information about salaries cannot be given here for reasons of competition and confidentiality. A general overview or disclosure does not take place. By signing the employment contracts, employees undertake to comply with the company's internal regulations on compliance and fighting corruption. KiK Logistik GmbH has a works council.

Rules on rights at work ensure that our people are happy to work with us. They include appropriate and fair pay, equal pay for equal work, safe working conditions, firm rules on breaks and rest times, and paid vacation. These rights are regulated within the employment contract.

Occupational safety and health

KiK has a great interest in making sure all our people stay healthy and do not suffer injuries at work. In 2020, the COVID-19 pandemic posed a major challenge for us in this respect. We had to ensure that all our employees were able to protect themselves and others as well as possible against infection. To do so, we introduced a graduated plan for company headquarters, guided by case numbers. A temperature check station was set up at every entrance and exit at headquarters. CO₂ meters were also installed in all of our open-plan offices and meeting rooms. Employees alternate between working in the office and from home, and everyone is urged to hold meetings remotely wherever possible. Free coronavirus testing is also available to employees, and the occupational medical service administers vaccinations. We have instructed our store employees to comply with stricter hygiene rules. If anyone employed at one of our stores tests positive for COVID-19, that store is closed as the first step, and all of the staff are tested. Employees who test negative are assigned to work at other stores if possible or placed in short-time work arrangements.

In principle, the risk of occupational accidents and illness is relatively low at KiK. Even so, the company has cross-department specialist groups for occupational safety and health that meet quarterly. Through a range of activities focusing on prevention, they implement measures and programs to reduce the risk of occupational accidents and illnesses from the outset. There were 135 workplace accidents in 2020, and no work-related illnesses.

Our health offerings include regular "health weeks", health checks, and classes on topics such as healthy

eating and stress prevention. We also pay a share of the costs of sports classes at adult education centers and offer exercise classes and massages internally within the company. We hold a flu shot clinic several times a year.

Listening to complaints

If any of our employees face discrimination, become aware of corruption, or feel they have been treated unfairly, they can submit an anonymous complaint to the executive management, either digitally or by mail. This option is open to all employees throughout Europe. In addition, all employees are actively informed of the grievance mechanism and receive training on how to use it. KiK received 177 anonymous employee complaints during this reporting period. No incidents of discrimination or corruption were reported this reporting period.

We strive to investigate all of the complaints we receive promptly. As a basic principle, KiK believes problems are best solved at the lowest possible level. As a result, the first point of contact is always the team or team leadership, followed by the district manager and, if necessary, finally by the director of sales.

In addition to the possibility of submitting complaints, employees can also submit suggestions of their own. Just like reporting complaints, this option for providing feedback is available to all employees. Our idea management program was further expanded last year, and we promoted it extensively internally. For example, an idea contest was launched to actively encourage employees to submit their ideas.

KiK as a provider of training and supporter of education

KiK values training young, talented staff itself and giving them the qualifications required for leadership roles. We also began advertising ourselves as a provider of opportunities several years ago. That means we are open to career changers and people with unusual career histories, giving them the chance to learn or practice a trade or profession. In keeping with our commitment to work-family balance, we offer part-time vocational training options.

All in all, KiK offered training for 19 different job profiles in 2020. Most applicants are interested in training for salesperson roles or as management assistants in retail. We also started training management assistants in

e-commerce some years ago. There is an option to enroll in a supplemental program to earn Chamber of Commerce and Industry certification as a management assistant in Asian business at Hansa Berufskolleg Unna or in a dual vocational training and academic study program toward the degree of bachelor of arts in commerce. Our apprentice and trainee ambassador program strengthens ties between the central administration and the stores. The program gives participants a closer look at the work done at headquarters and then sends them back to share this knowledge with their peers. In this way, they take on responsibility early on – a good step toward the possibility of a later leadership position. Another new format for the sharing of knowledge is the apprentice and trainee blog. The blog is run by an editorial team consisting of eight apprentices and trainees. It reports on everyday topics and personal experiences. The blog achieved a high rate of growth during this reporting period. The KiK Academy offers various individualized continuing and professional education options for our employees, including classes in office skills and foreign languages. The average number of hours spent on continuing and professional education per employee, per year, was 2.86 hours in 2019.

Our future plans

For the future, we plan to continue to drive the adoption of advanced digital technologies in our personnel processes. This includes things like expanding the range of online seminars we offer and setting up a digital work time recording system at all of our locations and all stores in Europe. We also plan to further expand our occupational health management system.

102 countries

are represented in the KiK workforce, making KiK a culturally diverse company.

58% women

is the makeup of KiK's management team. We plan to continue to keep this figure above 50%.

5.9 years

is the average length of employment with us. A total of 448 employees have been at KiK for 20 years or more.

39 years

is the average age of our employees. About 50% of the staff is between 20 and 40 years old.

1,700 talents

receive vocational training at KiK each year. The vocational training rate stood at 9% in both 2019 and 2020.

19 professions

are available at KiK. The most popular job profiles are salesperson and management assistant in retail.



7

Protecting our environment

The clothes we wear have an impact. Producing clothing uses raw materials, water, and energy. And dyeing and bleaching use chemicals that can be released into the environment via wastewater. KiK is aware of these effects and aims to reduce the environmental impact of its products step by step. In the supply chain, our focus is currently on steadily reducing CO₂ emissions and using chemicals responsibly. Beyond that, we also plan to look for ways to use more sustainable materials for our textiles in the future. And because protecting the environment starts with us, we implement a number of measures at our own locations.

Management system Climate action
 Chemical management Resource conservation
 More sustainable materials



SDG 6 Clean Water and Sanitation

SDG 12 Responsible Consumption and Production

SDG 13 Climate Action

SDG 17 Partnerships for the Goals

Target for 2050: Net zero CO₂ emissions

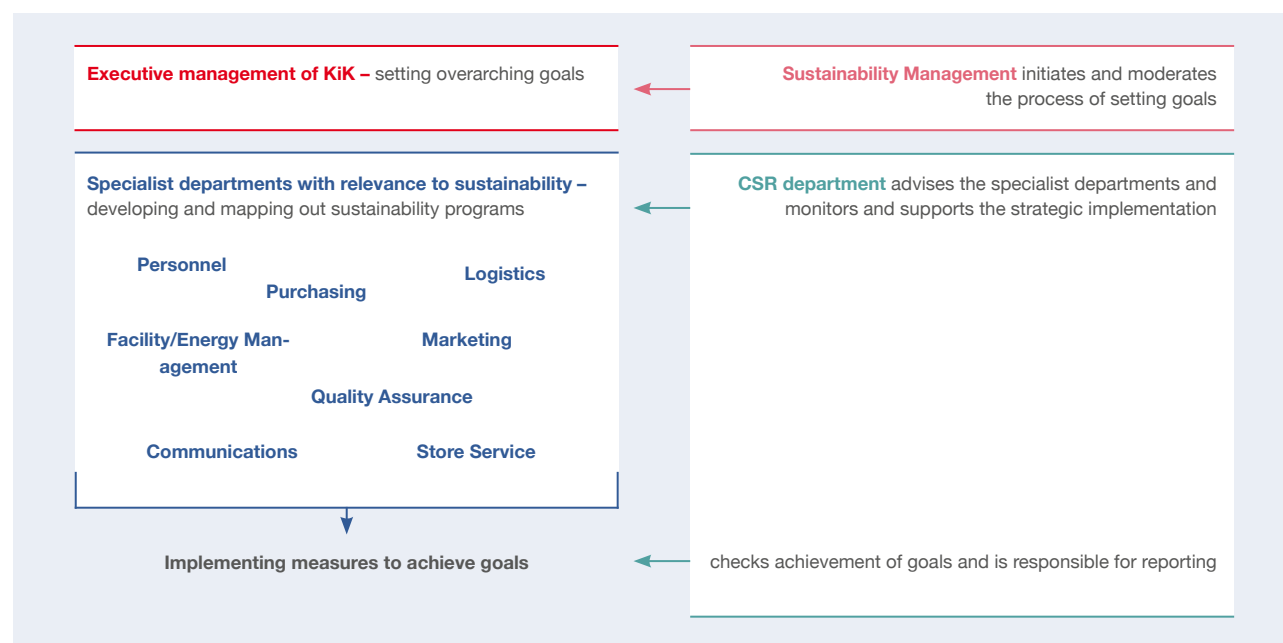
Electricity consumption per m² of sales area -31% Base year 2009

Less than 1% of products transported by air

7.1 Our environmental management system

We strive for continuous improvement in terms of our activities to protect and preserve the environment. To that end, we established an environmental management system (EMS) certified under ISO 14001:2015 at our headquarters in Bönen back in 2011. The EMS aligns with legal provisions on protecting the environment. Its goal is to ensure that all activities at our location are designed to be as ecofriendly as possible. That means the EMS is a key aspect of our local work on sustainability. Introducing and implementing the EMS is the responsibility of the executive management of KiK, the environmental management officers, the CSR department, and the employees who are part of the environmental working group.

GSC criterion:
6



The EMS has four key elements: planning, implementation, monitoring, improvement.

This means that our first step is to identify concrete environmental goals, responsibilities, and actions. We then undergo internal and external audits to check the results of these measures and programs. We use the results to make adjustments where needed or set new goals for ourselves. The EMS also includes ongoing training for our employees on the topic of environmental protection.

KiK's energy management activities further extend to the stores. Usage of electricity and gas is monitored continuously and reported back to the energy management team. These values are factored into our climate footprint, which is part of the EMS.

Supplier certification

We believe it is important for an increasing number of our suppliers to seek ISO 14001:2015 certification as well. After all, this is an opportunity for us to help reduce environmental impact not only within our own operations, but also along the supply chain. At present, 35 of our direct suppliers (Tier 1) are already certified. Our goal is to raise that number to 40 by 2022, sharing our knowledge and experience with suppliers along the way. This will take place, for example, through training activities or by performing energy efficiency audits. The focus here is on quick wins in conserving energy and paper and on improvements in the areas of sorting waste and managing chemicals.

KiK communicates "good housekeeping" guidelines to its Tier 1 suppliers and known Tier 2 suppliers and asks them to do the same with their own suppliers. The guidelines lay out our expectations with regard to sustainable resource use, management of chemicals, emissions, and the environmental management system.

7.2 Climate action

Ongoing climate change is a key concern for our times. To gauge the effects of climate change, various stakeholders have to take action to reduce emissions – and that includes us as a company.

GSC criteria:
10, 12, 13



Ongoing climate change is a key concern for our times

KiK has risen to the occasion, signing on to the Fashion Industry Charter for Climate Action and pledging to reduce the company's CO₂ emissions to net zero by 2050. The Fashion Industry Charter is a stakeholder initiative of the United Nations that was launched at the UN Climate Change Conference in Katowice, Poland, in 2018. The textile companies participating in the initiative plan to make joint efforts to support the achievement of the Paris climate targets.

To do our part and meet the charter's specifications, KiK calculates and publishes its Scope 1, 2, and 3 emissions. Thus far, emissions from the areas of procurement logistics, distribution logistics, disposal, and business travel have been used to calculate Scope 3 emissions. Climate Partners has helped us establish our climate footprint since 2020. We also filled out and submitted the CDP Climate Change Questionnaire for the first time in 2021. By 2022, we plan to develop a concrete roadmap in order to achieve net zero emissions by 2050.

KiK is part of the Partnership for Sustainable Textiles expert group on climate action. In this role, we work with the other members to come up with practical solutions to reduce climate-related risks in all areas of the supply chain. Our participation is one way we can help improve climate action efforts all across the textile industry. At the same time, it also helps us to further refine our own approaches in this area.

Our climate action work currently has two main areas of focus.

1.

Boosting energy efficiency at our own locations and along the supply chain

2.

Reducing emissions generated by transporting our products

Using energy more efficiently

Increasing energy efficiency is an important way to reduce emissions. We have already made some advances on this score in past years. One example is the switch to LED lighting, which has been under way since 2015. Another is the optimization of our building systems, air conditioning, and ventilation systems. This has helped us save 184,000 kWh of energy per year in the warehouse alone. That's equivalent to about 73 tons of CO₂ a year. And we have also made great strides at our stores. So far, we have lowered electricity use per m² of sales area in Germany by 20 percent and total emissions per m² of sales area by 24 percent compared to the base year, 2009. By the end of 2021, over 2,000 stores will be equipped with LEDs. Our goal for 2022 is to equip all stores in Germany with LEDs.

We are also taking action for greater energy efficiency in the supply chain. Our close partnerships with direct suppliers (Tier 1) help us to achieve a greater impact in this regard. To target our efforts toward energy efficiency even more effectively, we established our comprehensive program in 2020. The program includes special energy efficiency audits of our Tier 1 suppliers. Our goal is to broaden the program to five more factories in Bangladesh by 2022.

We also launched a feasibility study in 2019 as a step toward supporting the use of solar panels in factory roofs in Pakistan. Two factories are approaching implementation now. The long-term cost savings will flow entirely to the factories themselves. Our goal is to have solar panels installed on the roofs of three factories in all by 2023.

The Fashion Industry Charter for Climate Action, of which KiK is a member, also focuses on the supply chain. Among other activities, members of the initiative actively call on their suppliers to reduce greenhouse gas emissions and energy use and prevent waste. The initiative provides its expertise to help.

Climate-friendly transportation

The logistics and transportation sectors are currently responsible for about 5.5 percent of all CO₂ emissions worldwide – and rising. At KiK, as elsewhere, transporting products from factories to stores accounts for a significant portion of overall emissions.

In light of this situation, we aim to transport goods with as little environmental impact as possible. For environmental and cost reasons, we generally do not transport goods by air. Less than one percent of our products reach their destination by plane. Instead, we ship them primarily by sea.

We also strive to make our own fleet of vehicles more efficient and more ecofriendly, step by step. Capacity utilization in our fleet of trucks is a major factor there, for example. In simplified terms, the higher the vehicle capacity utilization, the more efficient the transportation. Capacity utilization in our trucks averaged 95 percent in 2020 and 2021. In 2019, we also installed four electric car charging stations at the company's headquarters in Bönen, a move that has been very well received. Two more charging stations are already in the planning stages.

GSB criteria:
10, 12

7.3 Responsible use of chemicals

Chemicals are used frequently in global garment and textile production. Dyeing, printing, and finishing textiles also requires large volumes of water, which may be contaminated with chemicals. Untreated runoff of wastewater from these kinds of “wet” processes has harmful effects on the environment and local communities. These substances are also potentially dangerous to workers.

The Partnership for Sustainable Textiles operated an initiative aimed at management of chemicals and environmental management until the end of 2019. KiK was one of its supporters. It aimed to replace harmful chemicals in wet processes with safe ones. This was intended to improve occupational safety and protect the environment. To decide which substances should be banned, the members of the partnership agreed in 2019 to adopt the rules laid out by the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. ZDHC drew up a list (the Manufacturing Restricted Substances List) of more than 160 problematic chemicals, including substances such as heavy metals. KiK joined with partners in pledging to replace these substances with safe ones step by step. The partnership's initiative aimed at managing chemicals and environmental management has been absorbed into the wastewater management working group in the meantime. KiK is also a member of this group.

KiK relies on its suppliers' participation in order to improve its management of chemicals and wastewater. Right at the start of a business relationship, our suppliers are required to agree to the specifications laid out in our [Code of Conduct](#).

The code also addresses the subject of environmental protection. Our direct (Tier 1) suppliers also go through our audit program, which includes the topics of management of chemicals and wastewater management.

Anywhere that problematic substances have not yet been replaced by others, there is still a risk to people and the environment. With this in mind, we have pledged to notify 100 percent of our Tier 1 suppliers of critical substances that appear on the Manufacturing Restricted Substances List and document the chemicals they use by 2022. These communications may be extended to suppliers at upstream levels of the value chain as well in the future.

We have already taken initial steps to scrutinize Tier 2 suppliers more closely as well. For example, ten social and environmental audits of Tier 2 suppliers have been conducted since 2019. These audits have covered various topics, including management of chemicals.

We are working with external experts to plan a future project focusing on management of chemicals and wastewater in Bangladesh. The project is to document the chemicals used at factories with wet processes. We also plan to reduce pollution through lab analyses of wastewater. By 2022, selected Tier 2 factories are to participate in the project.

7.4 Conserving resources

GSB criteria:
10, 11, 12

Our approach to environmental management also includes promoting respectful use of natural resources. By that, we mean both economical consumption of resources and reduction of waste.

Water is an important natural resource. Our efforts to save water have mainly focused on our own locations so far. We have reduced per capita annual water consumption at company headquarters by five liters by using aerators.

We are also concerned about the use of paper. Eliminating advertising circulars has helped us save about 10,500 tons of paper a year. These circulars were previously published in a print run of 546 million per year. Use of printer paper was reduced at headquarters by 70 percent from 2009 to 2019 through measures such as double-sided printing. And new paper dispensers mean we are now using 40 percent less paper towels. We also eliminated single-use cups starting in 2020. Our stores have been offering reusable bags as an alternative to plastic for quite some time. These steps have allowed us to save about 4,000 tons of plastic since 2015.

Transportation packaging materials also play an important role for us. Reducing the weight of our packaging has lowered the amount of material used by 23 percent since 2015. We are increasingly urging our factories to use paper and cardboard that bear the “FSC Mix” logo or are made from recycled materials. Some of our Tier 1 factories in Bangladesh already do this. For example, transportation cartons for selected product categories from Bangladesh already bear the FSC seal. We are now striving to do the same for Pakistan as well.

In the future, we plan to analyze in greater detail how much potential there is for conservation in the case of transportation packaging and determine the optimum carton size for this, for example. For our product packaging, we plan to test ways to use less plastic or recycled plastic.

7.5 More-sustainable products and materials

GSB criteria:
10, 11, 12

Our long-term goal is to reduce the environmental impact of our products, but that's not all. We also want to make them fundamentally more sustainable. For example, we are actively working to identify solutions to gradually increase the percentage of natural fibers used in our textiles. The same is true of the percentage of sustainable cotton, which currently stands at one percent.

As part of our activities within the Partnership for Sustainable Textiles, we participated in a call to action directed at producers of viscose in 2018. These producers were urged to review their manufacturing processes and adjust them to reflect the best available technologies. Viscose is produced by felling timber, so responsible procurement is a major area of focus. Controlling the use of chemicals in production operations is also important. The Partnership for Sustainable Textiles established a working group to look at chemical fibers in 2020. This category includes viscose. KiK is active as a member, working with other stakeholders to ensure that these fibers are produced in the most ecofriendly way possible thanks to certain technologies.

We are also in the process of creating a product line featuring more sustainable, longer-lasting products. The goal is for these products to contain sustainable materials and meet even higher quality standards so that they can be worn for a long time to come.

At KiK, we believe animal welfare is also a part of the sustainability of products and materials. Through our cooperation with the Fur Free Retailer Program, KiK has pledged not to use any genuine fur in its products, using exclusively artificial fur instead. We are a supporter of the animal welfare organization Four Paws. In a report published by Four Paws this year on the topic of animal welfare in the fashion industry, KiK was ranked second in its own market segment and earned a final rating of “Good.”





8 Sustainable supplier management

The garment and textile industry in Bangladesh – KiK's largest procurement market – employs some four million people and accounts for more than 80 percent of the country's export earnings. That means textile companies bear a large share of responsibility for the economic and social situation in Bangladesh. But living up to that responsibility isn't always easy. The textile supply chain is complex and multifaceted, and creating transparency is often a challenge. To increase sustainability in the supply chain in spite of these challenges, KiK relies on detailed risk analyses, regular supplier audits, and fair purchasing practices. The goal is responsible partnership with our 400 direct suppliers, who are based in eleven countries in all.

Supplier management program

Risk analyses

Transparency

Responsible sourcing



SDG 8 Decent Work and Economic Growth

SDG 10 Reduced Inequalities

SDG 12 Responsible Consumption and Production

SDG 17 Partnerships for the Goals

100%
of our direct suppliers
have signed our Code of
Conduct

105 COVID-19 audits
performed in our main
procurement countries

in 2020

100 factories

are already part of the blockchain
pilot project, which aims to increase
transparency in the supply chain

8.1 How we select, monitor, and support suppliers

We have found that we have the biggest impact when we have close relationships with suppliers – meaning that the necessary trust exists on both sides. For this reason, KiK strives to establish and maintain close, lasting business relationships with suppliers wherever possible. These efforts have been successful: More than half of our suppliers have been working with us for at least five years. These relationships are characterized by mutual trust, reliability, and shared further development. One hundred percent of our suppliers have signed our Code of Conduct and the relevant guidelines.

Our supplier program starts right when a supplier is first proposed by the purchasing department. This program covers the entire process, from initial selection to ongoing review of longstanding partner. The graphic below describes the individual steps and elements of the program in detail.

GSC criteria: 4, 6
GRI performance indicator:
414-1



OUR SUPPLIER MANAGEMENT PROGRAM

1. INITIAL AUDIT AND LISTING

Before the business relationship starts:

- Initial audit performed
- Site visit and review based on the principles outlined in our Code of Conduct
- Audits performed by our own CSR employees (Bangladesh) and two specialized service providers
- Signing of Code of Conduct and further guidelines on topics such as child labor

CSR department veto right:

- Factory excluded from listing if there are issues in the areas of minimum wage, child labor, forced labor, or fire and/or building safety (this applies to about 10% of factories)
- Possibility of a second audit to check whether issues have been resolved

↓
Inclusion in supplier pool

2. SOCIAL AUDIT PERFORMED EXTERNALLY AND ON SITE

After factory is listed

- Social audit performed at the production sites by an external auditing firm
- Audit is geared toward a specific list of criteria
- Review of relevant core labor standards of the International Labour Organization (ILO)

COVID-19 audits in 2020

- Special COVID-19 audits performed instead of social audits
- Review of introduction of COVID-19 preventive measures to protect workers
- Preparation and implementation of a plan of action to resolve issues in cooperation with the factory
- Follow-up audit performed
- Particular attention to ensuring that minimum wages are being paid despite the pandemic

↓
Results are factored into supplier evaluation

Supplier evaluation

- Suppliers assigned to different color-coded categories
- Supplier evaluation incorporated into supplier selection (may also result in de-listing)

✓ Corrective action

- Corrective Action Plan drafted with supplier based on the social audit
- Agreement on timetable for implementation
- In case of zero tolerance topics such as child labor or forced labor, physical/verbal/sexual abuse, or serious risks to health and safety: immediate action to resolve issues in these areas

🔄 Re-audit

- Second audit performed to check whether issues have been resolved
- Unresolved issues: dialog with supplier and analysis of reasons
- Supplier refuses to resolve the issues: termination of business relationship after end of current contract; supplier de-listed
- Close cooperation between the purchasing and CSR departments

REGULAR SPECIAL AUDITS

- Further special audits performed at production sites by our external service provider several times a year
- Area of focus: electrical safety, building safety, or fire protection

CAPACITY BUILDING

- Factory visits and on-site training by our CSR employees
- Training activities revolve around topics such as capacity planning to prevent excessive overtime and fire drills for safety

Our future plans

We are further developing and refining our supplier management program on an ongoing basis and adjusting it to reflect new developments and new insights. For example, we plan to make further improvements in our auditing methodology and pay even more attention to gender. The audits already consider gender-specific discrimination and sexual harassment. However, the current audit format is not always suitable to cover this culturally sensitive topic effectively. We also plan to incorporate the results of the supplier program into our overall CSR process and our purchasing processes more effectively. The goal here is to give suppliers with better CSR performance preferential treatment when placing orders and awarding contracts.

8.2 Identifying human rights risks

GSC criterion:
4



We aim to pool our resources where they are needed most and pay special attention to riskier parts of our supply chain. With this in mind, we are working to integrate structured risk analyses into our supplier management practices.

In 2020, we performed an analysis of risk in the textile sector, focusing on human rights and based on OECD guidelines, as part of our activities within the Partnership for Sustainable Textiles. The analysis showed us where the greatest human rights risks lie in our supply chain and in what regions we should strengthen our cooperation with suppliers accordingly. The priority areas of thematic focus from our relevancy matrix reflect these results. This analysis was based on interviews, internal research, and information gleaned from our supplier audits.

We added a second, more detailed risk analysis in 2021 that covered both our direct suppliers (Tier 1) and the wet processes and sourcing of raw materials. We used the results of this analysis to adapt our goals in the area of supplier management and with respect to individual projects and initiatives. At the same time, we plan to use this as a foundation for improving our measures and processes by stages.

KiK also performed a risk analysis in the non-food segment in 2020, clustering the risks by product category and country. Non-food suppliers from the countries identified as being at particular risk are prioritized with regard to audits. We will also be urging these suppliers to fill out a self-assessment questionnaire in the future.

8.3 Increasing transparency with blockchain technology

Sustainable business needs monitoring and transparency. But how can that function without giving up the strategic competitive edge of a company's own anonymized supplier pool? One component of a solution to this challenge comes in the form of blockchain technology. This technology makes it possible to track and visualize CSR-related data on the suppliers involved and their production sites at all levels of the supply chain.

KiK launched its first pilot project focusing on the blockchain in 2018. Since then, 100 factories have registered

on our blockchain platform and shared their available CSR certificates with us. In the future, we plan to broaden this approach, bringing more transparency deeper into the supply chain in the process. The non-food segment may also be involved.

During this reporting year, KiK also published information on its suppliers via the aggregated supplier list of the Partnership for Sustainable Textiles in the Open Apparel Registry database.

8.4 Responsible procurement

For us to be able to truly achieve improvements in the supply chain, everyone involved has to do their part. For our suppliers, that means signing our Code of Conduct and observing its principles. For us, it means ensuring that we follow fair purchasing practices. Purchasing practices that place suppliers under too much pressure in terms of time or costs can undermine their efforts and worsen working conditions in the factories. This means it is important to have purchasing practices that support the implementation of the Code of Conduct and compliance with social and environmental standards instead of creating impediments to them.

Our business model helps in this respect, as it is geared toward offering a wide range of products available year-round. Purchasing these products comes with high levels of certainty that we will take deliver of certain quantities and with long lead times, which creates good preconditions for the work done by our suppliers.

The responsible sourcing policy that we are currently crafting will be another important element in this context. It will establish additional, concrete requirements for

our purchasing practices. This includes things like taking factory capacity into account when placing orders, communicating production forecasts early on, and adjusting delivery times swiftly when there are any changes to our orders. Many of these aspects are already standard practice at KiK. Even so, we plan to further underscore their importance through the responsible sourcing policy. We will also be training our employees who work in the purchasing department on responsible sourcing practices and the content of the German Supply Chain Act in the course of these activities.

In 2021, the topic of improved purchasing practices garnered particular attention from the Partnership for Sustainable Textiles as well. Our purchasing department participated in discussions on this subject. The department also filled out a questionnaire from the ACT on Living Wages initiative and developed a roadmap to make its purchasing practices even more sustainable. Our future plans include making our procurement and purchasing practices even more responsible by implementing the specifications set down in our responsible sourcing policy in our price negotiations by 2023.













Myanmar: a clear stance

We have been observing the situation in Myanmar with concern since early 2021. After a military coup, a national state of emergency was declared. Since then, the situation has deteriorated significantly for the people in Myanmar. Violence against peaceful demonstrators has been a common occurrence. It was clear to us from the start that we would have to take a position on the events unfolding in Myanmar and act on our principles.

As the first step, we engaged in desktop research to determine whether we had any connection to the military – through one of our local suppliers, for instance. No links of this kind were identified. As the next step, we adopted a set of guidelines for our suppliers in Myanmar. The guidelines emphasize our involvement and our commitment to upholding workers' rights, including freedom of association, the right to strike, and payment of wages. We are also making clear that we do not and will not maintain any business relations with the military in Myanmar.

But our commitment doesn't end there. To continue to monitor the situation and understand it better, we plan to establish channels to solicit feedback from workers as well. We will be using a digital tool from Ulula to give them the opportunity to participate in anonymous surveys. The areas of focus here will be freedom of association, the right to strike, and payment of wages – points that are especially critical in Myanmar right now. Even before the situation escalated at the start of the year, KiK had been advocating better working conditions in Myanmar as part of the SMART Textile and Garments initiative. KiK is an important supporting member of this Eu-financed initiative, which aims to improve working conditions, support social and environmental standards, and reduce violations of worker rights in the textile industry in Myanmar.

Stakeholder table

Stakeholder group	Topics	Specific stakeholders	
 Politics / legislation	Import regulations, individual information requirements	German federal policy: e.g. Federal Ministry for Economic Cooperation and Development (BMZ), Federal Ministry for Labour and Social Affairs (BMAS), Federal Ministry for Economic Affairs and Climate Action (BMWK); European Commission; etc.	State policy: Members of state parliaments Regional political level (mayors, etc.) German Retail Federation (HDE)
 Science / research / academia	Individual information requirements	Universities / students Schools / students and teachers	Femnet and INKOTA network CARE Germany / Luxembourg
 NGOs: social matters	Working conditions, living wages, independent certification	FWF CCC	Partnership for Sustainable Textiles German Trade Union Confederation (DGB)
 NGOs: environment and animal welfare	Climate, water, wood, biodiversity, harmful substances	Four Paws ZDHC	Fashion Industry Charter
 Consumers	Individual information requirements	Customers / non-customers / LOHAs	Local communities
 Suppliers / importers	Social and environmental standards, productivity, quality, occupational safety	Testing institutions Importers, agencies, direct suppliers Shippers	Premium suppliers Suppliers' employees Local unions
 Health / quality	Individual information requirements	Consumer protection organizations (Stiftung Warentest, Öko-Test)	Unna district authorities
 Business and aid partners	Sharing of information, joint project planning	Forum für Verantwortung CARE Bangladesh (social projects)	Gesicht zeigen! AWAJ (medical care station, Bangladesh)
	Sharing of information and knowledge, project expansions	Accord	RDRS (water projects, Bangladesh)
	Social engagement	UNHCR UCEP (school project, Bangladesh)	Help and hope
 Group / holding company	CSR / strategic approach	Tengelmann	
 Internal stakeholders	Internal communications on sustainability, harmonization (QA/CSR, Purchasing/CSR)	Executive management, managers Employees Apprentices and trainees	Purchasing Applicants / candidates
 Corporations / associations	Co-determination, minimum wage, individual information requirements	Chambers of Commerce and Industry	BGMEA
 Media / Web community	Social and environmental matters	General interest and trade media: background discussions Social Web Applicant portals	Bloggers Apprentice and trainee blog Twitter

Key indicator table

GSC criteria: 8, 14, 15, 16
GRI performance indicators: 302-1, 302-4,
303-3, 305-1, 305-2, 305-3, 305-5



	Unit	Base year: 2009	2016	2017	2018	2019	2020	Compared to previous year	Target for 2020	Target for 2023
ECONOMY										
Turnover (net)	EUR billion	1.56	1.93	2.00	2.05	2.10	1.90	●		
Stores	Number	2,437	3,440	3,190	3,560	3,881	3,971	●		
Sales area	m²	1,474,923	1,879,218	1,760,451	1,991,265	2,189,457	2,246,682	●		
Textiles as share of range	%	78	63	69	67	64	60	●		
Non-food as share of range	%	22	37	31	33	36	40	●		
ECOLOGY: RESOURCES										
Transport packaging	kt	24.25	26.23	25.92	30.08	29.95	26.57	●	25.50	< 25.00
Transport packaging	g/unit	39.00	37.23	35.12	35.46	36.43	33.58	●	30.00	< 35.00
Product packaging	kt	6.13	6.81	6.32	6.72	6.96	5.89	●	5.00	< 6.50
Product packaging	g/unit	9.75	9.67	8.89	8.83	8.46	8.70	●	8.00	< 8.50
Electricity consumption, KiK Germany	million kWh	104.38	102.59	103.24	94.00	91.57	82.80	●	95.00	< 88.00
Electricity consumption at KiK in Germany per m² of sales area	kWh/m²	85	67	69	64	61	54	●	65	< 60
Electricity consumption overall for KiK	million kWh	123.95	143.53	148.53	142.00	137.60	125.30	●	135.00	< 128
Electricity consumption at KiK's EU headquarters and the Bönen warehouse	million kWh	3.30	3.86	3.51	3.70	3.65	3.44	●	2.10	< 3.50
Heating energy at KiK's European head-quarters and the Bönen warehouse	million kWh	*	7.92	7.09	6.27	6.35	6.27	●		< 6.40
Paper consumption at KiK in Germany	million sheets	24.48	8.69	9.05	9.11	8.67	11.38	●	8.50	< 10.00
Proportion of recycled paper in market-ing materials and advertising circulars	%	78.69	100.00	100.00	100.00	100.00	100.00	●	Maintaining 100%	Maintaining 100%
Water consumption at KiK's European headquarters and the Bönen warehouse	m³	*	8,779	10,263	12,080	9,936	7,870	●		< 10,000
Water consumption at KiK's European headquarters and the Bönen warehouse	m³ per capita	12	7.0	7.0	8.0	8.1	6.7	●	6.8	Maintaining 7
Waste at the Bönen warehouse	t	*	8,374	7,775	7,784	7,153	6,048	●		< 7,500
ECOLOGY: RANGE										
Oeko-Tex as percentage of cotton textiles	%	2.19	47.50	47.50	47.50	41.22	44.56	●	50.00	> 40.00
Complaint rate	%	4.4	1.0	0.4	2.5	2.1	2.5	●	< 0.5	< 2.5
ECOLOGY: FLEET										
KiK truck fleet (base year: 2010)	Number	19	17	17	16	14	13	●		13
Fuel consumption in the KiK truck fleet (base year: 2010)	l/100 km	25.00	24.62	24.56	25.56	24.27	28.11	●		< 25
ECOLOGY: EMISSIONS										
KiK Scope 1 and 2*	kt CO₂e	105	115	122	116	99	123	●	105	112 ****
Scope 3 (categories 3, 5, 6, 7, 9)	kt CO₂e	**					95			***
Air freight as percentage of procurement	%		12.0	1.2	0.1	0.1	0.2	●	< 5.0	< 1.0
SOCIAL MATTERS: EMPLOYEES										
KiK employees in Europe	Number	18,129	25,313	26,807	28,672	28,187	29,218	●		
KiK employees in Germany	Number	14,951	19,279	19,670	20,102	19,579	19,825	●		
Percentage of management positions held by women (base year: 2010)	%	58	58	55	57	58	58	●	> 50	> 50
Percentage of apprentices and trainees hired on (base year: 2010)	%	74	68	68	67	66	69	●	> 70	> 70
Proportion of trainees in the overall workforce (base year: 2010)	%	10.0	8.4	9.2	9.5	8.5	8.1	●	> 8.0	> 8.0
Employment contracts subject to social security contributions (base year: 2010)	%	75	85	86	86	87	87	●	75	> 75
SOCIAL MATTERS: PROCUREMENT										
Number of active textile suppliers	Number	n.a.	< 400	< 400	< 400	327	217	●		< 250
Percentage of supplier relationships > 5 years	%	n.a.	51	51	55	55	56	●		> 50

KEY

- * Key indicator appears in this sustainability report for the first time
- ** Scope 3 categories mentioned first identified in 2020
- *** Capture of further Scope 3 categories for GHG footprint
- **** Improved collection since FY 2020 through support from Climate Partners

- Positive trend compared to the previous year
- Negative trend compared to the previous year
- Continuous trend compared to the previous year

KEY

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