

Sustainability
REPORT
KID ASA



2022

Kid

Contents

ABOUT THIS SUSTAINABILITY REPORT

The sustainability report is one of the tools that Kid ASA (“Kid” or “Kid Group”) uses to communicate with the outside world about how its sustainability work is carried out and developed. The report covers Kid ASA and its subsidiaries in the financial year 2022 from 1 January to 31 December. This is the third annual environmental and sustainability report that Kid ASA has published based on the Global Reporting Initiative and include both Kid and Hemtex. This report has been prepared in accordance with the GRI Standards and approved by the Board of Directors. The report is not audited by external auditors.

This report was published in April 2023

Kid

About This Sustainability Report	2
ABOUT KID ASA	4
Highlights In 2022	5
Nordic presence 2022	6
At a glance 2022	7
LETTER FROM THE CEO	8
SUSTAINABILITY GOVERNANCE IN THE KID GROUP	10
Ethical Business Practices	10
Stakeholder Dialogue	11
• Customers	11
• Suppliers	11
• Employees And Potential Employees	11
• Owners And The Financial Market	11
• Local Communities	11
• Industry Associations, Academia & Science, Government Agencies And Other Stakeholders	11
Collaborations And Memberships (Sdg 17, Partnership For The Goals)	12
Materiality Assessment	12
Material Topics	13
ACT WITH THE HEART – THE SUSTAINABILITY CONCEPT	14
Our Sustainability Goals	14
Our Goals Going Ahead Are:	14
ACTION ON CLIMATE CHANGE	16
Climate Risk And Opportunities	16
Our GHG Emissions	16
Science Based Target initiative	16
Our Direct GHG Emissions (Scope 1 & 2)	18
Our Indirect GHG Emissions (Scope 3)	19
Transportation	21
Swedish Textile Initiative For Climate Action (“STICA”)	22
Textile Exchange Climate+	22
KID GROUP VALUE CHAIN SUMMARY	23

SUSTAINABLE PRODUCT DESIGN	24	SALES & COMMUNICATIONS	42
Design For Longevity And Circularity.....	24	Customer Expectations.....	42
Preferred Material Choices	25	Data Privacy And Security.....	42
Cotton	25	Responsible Marketing.....	42
Polyester	26	- Accurate And Extended Labelling.....	42
Plastics	27	- Clear Communication For Conscious Consumption	43
Microplastics And Fragmented Fibers.....	28	Act With The Heart – The Product Label	44
Down And Feather	28	PRODUCT USAGE & END OF LIFE	45
Glass.....	28	Circularity.....	45
Wool	29	- Long-Lasting Products.....	45
Manmade Cellulosic Fibers	29	- Collecting Of Used Textiles.....	45
Wood And Paper	29	- Recycling Of Textiles	46
EFFICIENT & ETHICAL SUPPLY CHAIN	30	- Reduced Use Of Plastic Bags	46
Manufacturing & Production	30	- Waste Management At The Headquarters.....	46
- Collaboration With Suppliers.....	30	DEDICATED EMPLOYEES	48
- Terms And Requirements	30	Our Values	48
- Transparency.....	30	Increased Competence	48
Environmental Assessment Of Suppliers	30	Focus On Health And Safety	49
- Deforestation Free Supply Chain	31	Our Work To Ensure Equality And Prevent Discrimination	49
Product Safety.....	31	Actions And Results	49
- Quality Assurance	31	Full Time Rate	51
- Product Testing Program – With A Risk Based Approach...	31	- Employee Turnover	51
- Production Control And Inspections	32	- Trade Union Agreements And Dialogue.....	51
- Continuous Improvement Of Quality And Safety	32	CALCULATION METHODS	52
Responsible Chemical Management.....	32	Energy Consumption	52
- Oeko-Tex® Standard 100 As Risk Mitigation Tool	33	Freight Transportation	52
- Substitution Of Unwanted Substances	33	Emissions From Factory To Warehouse	52
Socially Sustainable Production	33	Emissions From Warehouse To Store / Customer	52
- Human Rights Due Diligence.....	34	Business Travel	52
- Code Of Conduct Breaches	34	Climate Emissions	52
- Health And Safety In Factories.....	36	Supplier-Related Data	52
- International Accord	36	Number Of Products And Purchases.....	53
- The Right To Collective Agreements		Materials Used	53
And Freedom Of Association.....	36	Employees	53
- Methods Of Combating Child Labor And Forced Labor ...	37	ADDITIONAL GHG EMISSION DATA	54
- Xinjiang Cotton	37	GHG Emission Totals.....	54
KID GROUP SOURCING MARKETS IN 2022	38	GRI CONTENT INDEX	56
BOOKS AND SOLAR PANELS CONTRIBUTE TO A GREENER,			
MORE PROSPEROUS AND SUSTAINABLE FUTURE	40		

ABOUT KID ASA

Kid ASA (listed on the Oslo Stock Exchange under the ticker symbol KID) operates as a home textile retailer through Kid Interior in Norway with 156 stores and four online stores, and under the Hemtex brand in Sweden, Finland, and Estonia with 130 stores. All four markets have their own online stores as well.

The Kid Group offers a full range of home and interior products, including textiles, curtains, bed linens, furniture, accessories, and other interior products. We design, source, market and sell these products through our stores as well as through our online sales platforms. At the end of 2022 the Kid Group had 2.298 employees.

Kid and Hemtex is the leading pure-play specialist within

home textile and interior market in Norway and Sweden, respectively. Both brands are benefiting from unbeatable brand recognition and top-of-mind awareness. Hemtex is also present in Finland and Estonia.

Our mission is to inspire and make every home beautiful, and through our sustainability concept we want to make responsible choices for tomorrow.



Highlights

HIGHLIGHTS IN 2022

COMMITTED TO SCIENCE BASED TARGET AND SUBMITTED OUR CLIMATE EMISSION REDUCTION TARGET FOR VALIDATION.

ALL BLACKOUT CURTAINS WERE ORDERED WITH RECYCLED POLYESTER. A MAJOR CHANGE THAT WILL BE SEEN WITH FULL EFFECT IN 2023.

WERE ABLE TO VISIT SUPPLIERS IN INDIA TO PERFORM OUR OWN SOCIAL AUDITS AGAIN AFTER YEARS OF TRAVEL RESTRICTIONS.

THE LAUNCH OF OUR NEW “PREMIUM COLLECTION” WAS SUCCESSFUL, AND WE SEE A SHIFT TOWARDS MORE HIGH-QUALITY PRODUCTS, DESIGNED FOR LONGEVITY.

SIGNED THE NORWEGIAN INITIATIVE “GUIDE AGAINST GREENWASHING” (GRØNNVASKINGSPLAKATEN) TO FURTHER STRENGTHEN THE WORK WITHIN RESPONSIBLE MARKETING.

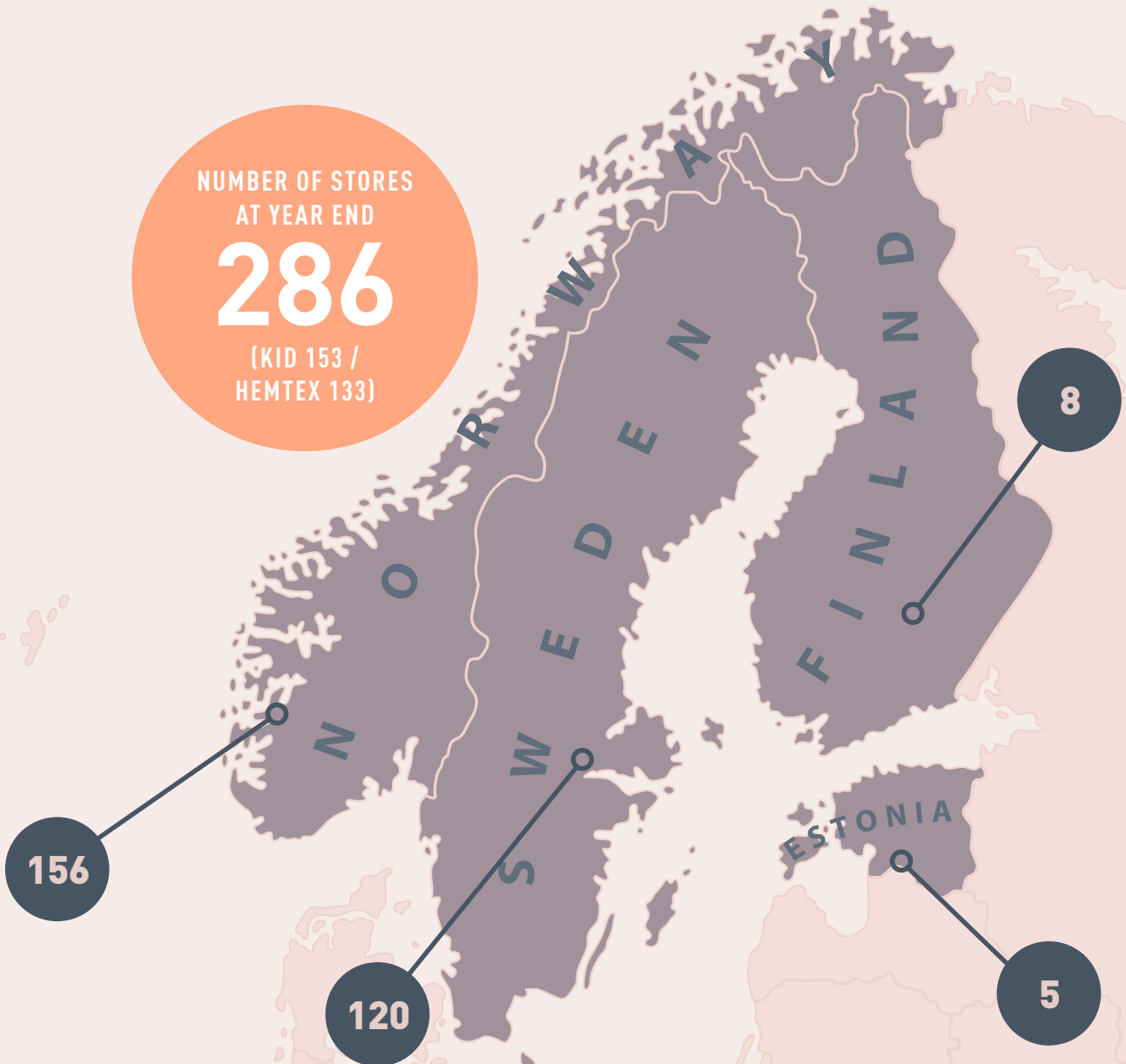
THE KID GROUP WERE CONTROLLED BY THE NORWEGIAN ENVIRONMENT AGENCY, WHERE THEY CHECKED FOUR INDIVIDUAL PRODUCTS FOR PRODUCT COMPLIANCE, AS WELL AS OUR GENERAL PRODUCT SAFETY- AND CHEMICAL ROUTINES. THE CONTROL RESULTED IN ZERO DEVIATIONS.

NORDIC PRESENCE 2022

NUMBER OF STORES
AT YEAR END

286

(KID 153 /
HEMTEX 133)



CHANGES DURING THE YEAR

5 NEW STORES

(Kid 3 / Hemtex 2)

18 REFURBISHED STORES

(Kid 9 / Hemtex 9)

14 RELOCATED STORES

(Kid 6 / Hemtex 8)

4 CLOSED STORES

(Kid 0 / Hemtex 4)

AT A GLANCE 2022

PROPOSED DIVIDEND PER SHARE **3.00**

2.50 PAID DIVIDEND IN DECEMBER 2022

AGGREGATED DIVIDEND OF **5.50**

DIVIDEND % OF ADJ. NET PROFIT **90%**

GROSS
MARGIN OF

58.1%

(62.6% in 2021)

2.7

MILLION CUSTOMER
CLUB MEMBERS

(Norway: 1.3 million /
Sweden: 1.4 million)

EBITDA OF MNOK

426.2

*Exclusive of IFRS 16 effects

(MNOK 590.6
in 2021)

Financial Information

For full financial details please see the annual report which is found at investor.kid.no/reports-and-presentations under Annual Reports.

LETTER FROM THE CEO

I am proud to present our third Sustainability Report for the Kid Group and welcome you to read about how we through our concept “Act with the Heart” create positive change for the environment and the local communities we interact with.

As we look ahead to the future, we are committed to addressing the challenges of climate change, environmental- and social sustainability. Our company recognizes the importance of taking proactive measures to reduce our carbon- and environmental footprint, secure human rights, and implement and comply with new regulations and directives.

One of the key steps we are taking to address climate change is setting a Science Based Target. We are committed to reducing our CO₂e emissions in line with the latest climate science and ensuring that our targets are in line with the goals of the Paris Agreement. We believe that setting Science Based Targets is an essential tool for driving meaningful action on climate change, and we are proud to be taking this step.

In order to achieve our Science Based Targets, we are developing a comprehensive CO₂e reduction roadmap. This roadmap will identify specific actions we will take to reduce our emissions, including investments in renewable energy, energy efficiency measures, and sustainable sourcing practices. We believe that this roadmap will provide a clear path forward for our company and enable us to make meaningful progress towards our sustainability goals.

Another important step we are taking is shifting our use of conventional materials to other preferred fibers and resource efficient materials. We recognize the environmental impact of traditional material sourcing and are committed to reducing our reliance on conventional materials and business models. By increasing our use of preferred fibers, such as recycled polyester and organic cotton from suppliers with improved environmental performance, we can reduce our carbon footprint and support the development of a circular economy.

In addition, 2022 was a year of new regulations and directives from the EU. Through our various partnerships and collaborations with the industry, we have gathered information and started to prepare for the big shift in the textile and retail industry. We are sure that our proactive approach to the new directives and regulations will secure our further “license to operate”.

Finally, we are humbled to have been part of the first six months of reporting under the Norwegian Transparency Act. This act requires us to report on our efforts to address human rights and decent working conditions in our supply chain. Even though we followed the same principals before the Act, we believe that transparency is essential for building trust with our stakeholders and nudge us towards further improvements. We are committed to promote transparency in our sustainability reporting and thank you for your continued support and look forward to updating you on our progress in this year’s sustainability report.

Together we can Act with the Heart.





We believe that sustainability is essential for the long-term success of our company and the planet

SUSTAINABILITY GOVERNANCE IN THE KID GROUP

The Kid Group strive to maintain a comprehensive understanding of the risks that may affect the business, as well as to seek and find opportunities for improvement of sustainability. To achieve this goal, the sustainability department leads a systematic approach to identifying, analyzing, evaluating, and managing sustainability risks and opportunities.

In terms of sustainability governance, the Kid Group has adopted a proactive approach to due diligence which is reflected into a risk management system. The group has implemented a due diligence program that is designed to identify and mitigate potential risks associated with its products and operations. This program includes a variety of measures, such as supplier screenings, risk assessments, and ongoing monitoring of key performance indicators related to sustainability. The group do also regularly engage with stakeholders, including suppliers, customers, and civil society organizations, to gather feedback and identify potential areas for improvement.

The primary objective is to prevent risks and unwanted events that could undermine business confidence, and at the same time secure a sustainable progress. However, if an unwanted event occurs, despite preventive measures, damage-mitigating action plans should be in place. The risk management process includes a yearly identification, analysis, and follow-up of the company's most significant risks. Additionally, risk assessments are conducted on an ongoing basis in connection with significant changes to operations, larger projects, and major investments, and are integrated into business processes and sustainability efforts.

The result of this work is presented in the materiality assessment, where important environmental, social, and financial (ESG) topics are identified and ranked based on their impact and significance. The material topics are divided into our value chain in which we operate within, as seen on page 12-13. The materiality assessment is used by the sustainability department to verify that the development is relevant and has a positive impact.

The Group's risk management system, which includes ESG topics, is evaluated by the Groups audit committee on a quarterly basis. This ensures that the Group has an overview of its risks, takes responsibility for reporting any significant changes in the risk profile, and follows up to make sure that risk management work is carried out in a coordinated and efficient manner within each business area. The risk assessment and any related material events are systematically reported to the Board of Directors.

The Group's Head of Sustainability has responsibility for managing Kid ASA's sustainability work. Sustainability topics are an integrated part of the organizations daily work processes, decisions and activities, and the goal is that all employees take responsibility for the impact of their own work. The Board of Directors receives an annual update on the material topics.

ETHICAL BUSINESS PRACTICES

The Kid Group works in a manner that is consistent with international and national laws and regulations of the countries in which it operates. Counteracting corruption and bribery is an ongoing process which requires cooperation, consensus, and a joint strategy. We have a zero-tolerance policy for corruption.

The Kid Group's ethics policy provides clear guidance on how parties should react to situations in which gifts, samples, trips, discounts, or other benefits are offered. The Kid Group does not provide grants or donations, directly or indirectly, to politicians, political parties or organizations acting in the political sphere.

To create a shared vision and clear basic rules for business relationships, the Kid Group applies the same policy to its employees as to external contacts. The Kid Group suppliers contractually commit to comply with the company's requirements for responsible business conduct. Our *Policy for responsible business conduct* is available on our investor page, supplier portal and customer website.

There were no reports of any incident or suspicion of bribery or corruption in 2022.





STAKEHOLDER DIALOGUE

The Kid Group operates in a way that aligns with its aspiration of partnering with various entities and programs to collectively tackle and impact significant obstacles within the industry. In 2022 the Kid Group conducted an updated stakeholder dialogue with help from Position Green Advisory, a consultant agency specialized within sustainability, to update the materiality assessment. The systematic material assessment is done every second year, but we have a continuous dialogue with our suppliers, NGO's, employees and customers through factory visits, participation at various industry forums as well as customer feedback. The stakeholders that are deemed to have the greatest impact on, and are most affected by, the company's business are as follows:

Customers

Kid Group's store staff and customer service are the most often-used channels of communication with customers, while other channels, such as Instagram and Facebook are becoming increasingly important. The Kid Group customer club has over 2.7 million members and is important for creating a stronger relationship with customers. Our customers are interested in and concerned about product safety, workers' rights and climate gas emissions and we continuously monitor customer feedback. In the 2022 stakeholder dialogue we selected one B2B customer in Norway.

Suppliers

The Kid Group pursues long-term and transparent relationships with suppliers. There is a well-developed system in place to monitor social, environmental, and quality aspects. The forum for dialogue is mainly through central and local supplier meetings, supplier visits and regular business contact. The Kid Group and its suppliers also participate together in initiatives focused on sustainability issues. Key issues for the suppliers mainly include responsible purchasing and social responsibility.

Employees and potential employees

The Kid Group's ability to attract, recruit, develop and retain the right employees is crucial for the company's progress. The Kid Group wants to offer employees opportunities for development and a motivating, safe and healthy workplace environment. Employee surveys are conducted regularly to capture issues that are important for the employees. These primarily involve the working environment, the physical workplace, and the local and companywide leadership.

Owners and the financial market

The Kid Group's overall goal is long-term value creation for its shareholders by focusing on profitability, strategic sustainability work and responsible behavior in all situations. Information is provided to shareholders primarily via quarterly reports and presentations, the annual report, and the General Assembly.

Local communities

The Kid Group does not own any factories. Instead, we work with suppliers, primarily in Asia, to manufacture the products sold in the stores and online. By continuous dialogue and placing expectations and requirements on suppliers, the Kid Group ensures that their employees have reasonable salaries and employment terms, which contributes to the development of the local community. The most important issues are related to the development of the local community, reasonable wages and working conditions, and local jobs.

Industry Associations, Academia & Science, Government Agencies and Other Stakeholders

The Kid Group participates continuously in various forums for dialogue with trade associations, government agencies, student associations and other interest organizations. Networking, workshops, lectures, and direct dialogue are common ways to communicate with these important stakeholders. The issues that are of greatest interest in these contexts are primarily responsible purchasing, human rights, health and safety and climate impact.

Collaboration and memberships (SDG 17 Partnership for the Goals)

- Ethical Trade Initiative
- Sedex, (to manage and improve working conditions in global supply chains.)
- The International Accord
- Textile Exchange
- Better Cotton Initiative
- The Chemical Group at RISE
- Trade Safety Group, Swedish Trade Federation
- Swedish Textile Importers
- Swedish Textile Initiative for Climate Action (STICA)
- T4RI, Textiles for Recycling Initiative, Swedish Trade Federation
- Tekstilaksjonen / Movement for Sustainable Textiles
- Partnership with Bokhari

- OEKO-TEX®
- Forest Stewardship Council (FSC)
- Lenzing
- UFF (Humana People to People)
- Myrorna
- Plast Nordic
- Virke
- NF&TA

In addition to industry organizations in each market, some of the Kid Group's key partners in sustainability are:

- UL
- RISE
- International Down and Feather Testing (IDFL)

MATERIALITY ASSESSMENT

The Kid Group is committed to promoting sustainability and ensuring that its operations align with Environmental, Social, and Governance (ESG) principles. ESG material topics are a crucial aspect of our sustainability efforts, and we take a holistic approach to addressing these issues.

In 2022 the Group conducted a double materiality assessment for the first time, in accordance with the upcoming requirements in EU's Corporate Sustainability Reporting Initiative, CSRD, and to be in line with the updated requirements of the GRI 2021-standards. The assessment is built on stakeholder dialogue, thorough desktop reviews, and peer review of our industry.

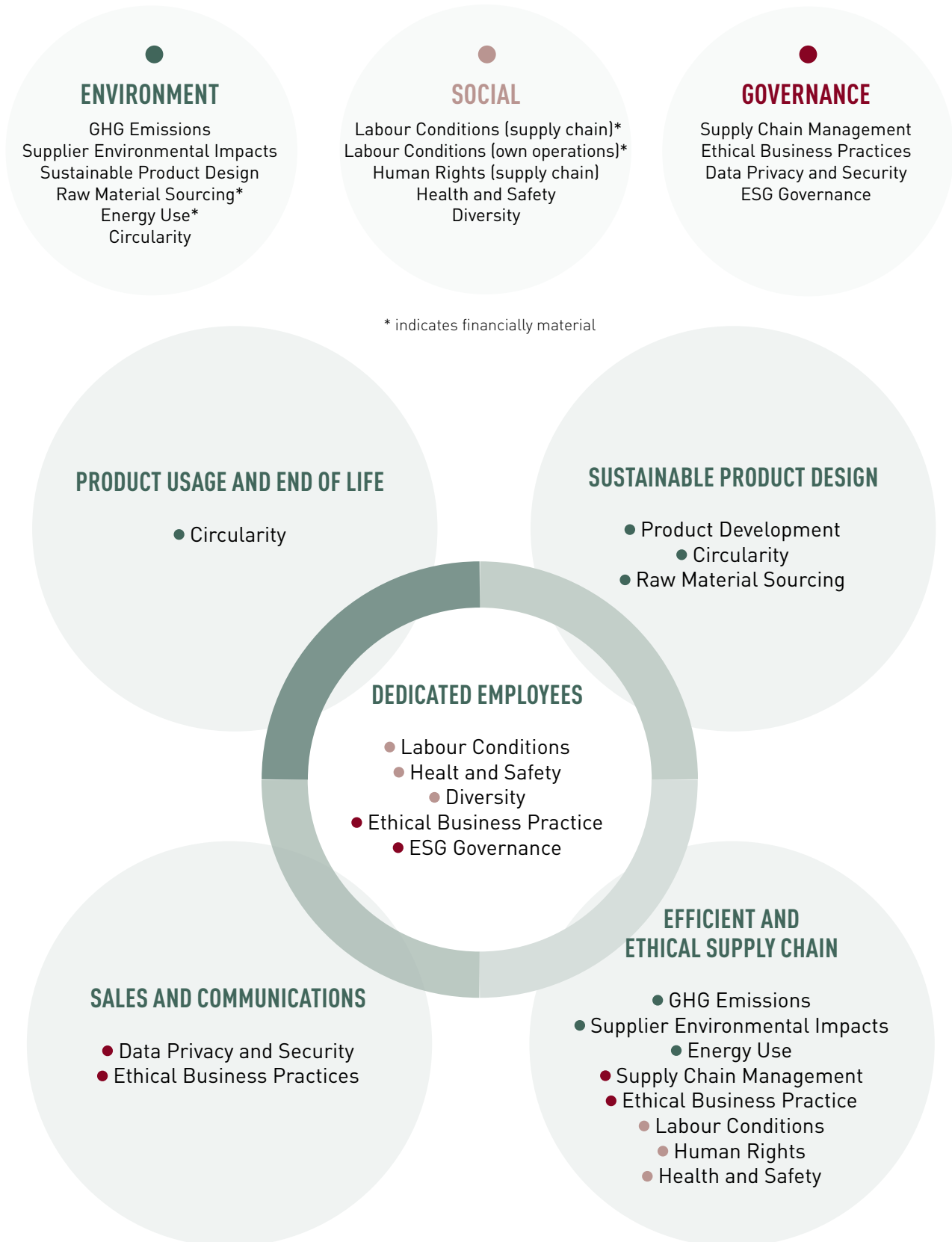
Based on the double materiality assessment we can assess the importance of each of these topics both in terms of their impact on the Kid Group and on our stakeholders. The assessment helps us to determine which ESG topics are most critical to focus on in order to align with our sustainability goals and meet the expectations of our stakeholders. These topics can pose both risks and opportunities to our organization and surroundings.

Energy use, raw material sourcing and labor conditions in both the supply chain and in our own operations are identified to have double materiality. More about these topics are found throughout the report.

The stakeholder dialogue and materiality assessment are the foundation for our sustainability work – Act with the Heart – which covers our whole value chain.

No major changes in material topics have been identified in the 2022-update compared to the 2020 version. The main change has been the grouping of topics, to summarize and package the material topics in a better way. When selecting among approximately 30 key words related to the Kid Group's ESG operations from the start of the assessment, we have been able to narrow the number of topics down to 15, as shown in the figure. As an example, last year we included child labor and forced labor as two individual material topics, while this year these two have been grouped under "human rights". The identified ESG material topics are put into the relevant segment in our value chain.

MATERIAL TOPICS



ACT WITH THE HEART – THE SUSTAINABILITY CONCEPT

Through “Act with the Heart” the Kid Group seek to create and gain trust, taking real responsibility and to deliver on the UN Sustainable Development Goals, as well as give back to local communities. All through making it easy for customers to make the right choice. For us, Act with the Heart means making responsible choices for tomorrow.

The Kid Group’s mission is to make home textiles and interior easily accessible for everyone through a responsible and sustainable value chain, via more than 280 physical- and online stores. All sustainability actions throughout our value chain are defined as a part of “Act with the Heart”. We shall have a resource efficient and ethical value chain, deliver safe products to our customers, be open and honest about our progress, and of course we must take care of the environment. The actions we take must address a material topic and do good, without causing negative impact in another area. Over and above a genuine desire to promote a more sustainable and responsible assortment, the Kid group consider sustainability to be a business advantage. The time has come to go from good intentions to good solutions.

OUR SUSTAINABILITY GOALS

We have some big challenges ahead of us. We have eight years to deliver on CO2e reduction¹ to be in line with the 1,5-degree target in the Paris agreement. During 2022 our main focus has been to structure and develop our climate emission reduction road map for scope 1-3. We have also committed to Science Based Target and submitted our reduction target for validation.

Our stakeholder dialogue and materiality assessment show us that our most important topics are related to climate action and an ethical supply chain (see right column).

Climate action is about how to reduce carbon emissions in the supply chain, from raw material to end of life. It is about the further implementation of more sustainable materials and production processes. A continuous dialogue with suppliers and customers will create change and enable us to provide customers with a strong value proposition that help them in making better product choices.

An ethical supply chain is about continuous work towards securing worker rights, safety, and equal opportunities. From the raw material production, through the manufacturing line, to our stores.

Our goals going ahead are:

Climate action

- Reduce greenhouse gas emissions by at least 50% by 2030, compared to base year 2020. The reduction shall be in alignment with the 1,5-degree target within the Paris Agreement and validated through Science Based Target Initiative.
- 50% of the polyester used in the assortment shall be from recycled sources by 2025
- All wool products to be sourced through the Responsible Wool Standard by 2023
- All wood to be FSC certified (or similar) or recycled by 2025

Ethical value chain

- 80% of suppliers based on sourced volume to be scored on the Sedex platform by 2021, and 100% by 2023. We reached 93% in 2022, up from 84% in 2021.
- Securing valid social audits for 80% of tier 1 suppliers based on volume by 2023. We reached 84% in 2022.



Act with the heart
– responsible choices
for tomorrow

¹ See section “Calculations” for definition of CO2e

UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations 17 Sustainable Development Goals are universally agreed goals for people, the planet, prosperity and peace. They are a part of the 2030 Agenda for Sustainable Development and are also referred to as the SDGs, Sustainable Development Goals.

The Kid Group has identified four focus areas where the company has the greatest ability to impact the goals. The areas of focus are selected based on a risk assessment of our supply chain as well as challenges related to reduction of greenhouse gas emissions, securing a sustainable water supply and natural resources and women's right to education, health and work in the countries we source from.



ACTION ON CLIMATE CHANGE

Climate change affects us all and climate emission issues are material for both Kid and our stakeholders. Through our work on the Sustainable Development Goal 12: Responsible Consumption and Production we impact the Sustainable Development Goal 13: Climate action. Continuous focus on energy efficiency in the supply chain, increased used of preferred materials and chemicals, along with an efficient infrastructure contribute to reduce our climate impact in order to deliver on the Paris agreement.

CLIMATE RISK AND OPPORTUNITIES

The climate changes create new risks for our stakeholders and our own operations, and some risks have we already started to see the consequences of. With guidance from the TCFD framework, we have mapped out the most material climate related risks and opportunities.

Risk management	
Climate Risks	
Transition Risks	Policy and Legal requirements Employee engagement and competence Changes in consumer preferences
Physical impacts	Raw material storage Disruptions in the Supply chain
Opportunities	
	New markets Resource efficiency Increased control of own supply chain Dedicated employees

Consequences caused by the climate changes, such as floods, drought and other extreme weather events can potentially have a negative impact on our operation. Kid has in order to adapt and mitigate these risks started various actions internally and in cooperation with our stakeholders, both to meet their needs and expectations and to seek best practices.

The changes in our environment also bring opportunities that can both have a positive impact on the climate emissions and financial performance. Changes in consumer preferences opens up for new business opportunities such as increased use

of preferred materials and service-related product offering. By seeking efficiency in all input factors in our supply chain there is potential for positive environmental, social and economic impacts simultaneously. The coming generation of youth have higher demands to their employers focus on ESG related topics and will be an important factor when building employer branding and a dedicated workforce.

Our GHG emissions

Kid Group's responsibility stretches beyond the boundaries of its own operations. However, the company is not able to influence every part of the value chain equally. By imposing environmental demands on us, as well as our suppliers, and by working together with manufacturers to develop a more sustainable range, some degree of influence can nonetheless be exerted outside Kid Group's own operations.

Kid reports on its climate emissions using The Greenhouse Gas Protocol Initiative (GHG-protocol). The GHG Protocol is the most widely used method to measure greenhouse gas emissions and was the basis for the ISO 14064-I standard (2006). In 2022 we started cooperating with 2050 Consulting for our GHG emission calculations. Previous years calculations have been restated in order to be comparable.

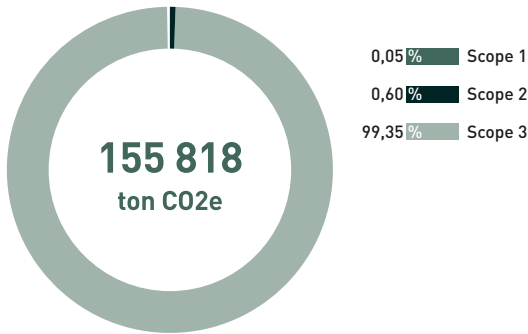
Due to the nature of our operations the majority of our GHG emissions are indirect emissions, making dialog, cooperation, and governance to ensure a desired reduction in climate emissions.

Our total emissions in scope 1, 2 & 3 in 2022 were 155 818 (167 637) tons of CO₂e and is further specified in the figures below. This is a 7% decrease from last year.

Science Based Target initiative

During 2022, the Kid Group have signed a commitment letter to set both a Near term and Net zero target through the Science Based Target Initiative. The official application for target validation was submitted in October and will be processed in the spring 2023. Simultaneously Kid, supported

Total emissions 2022

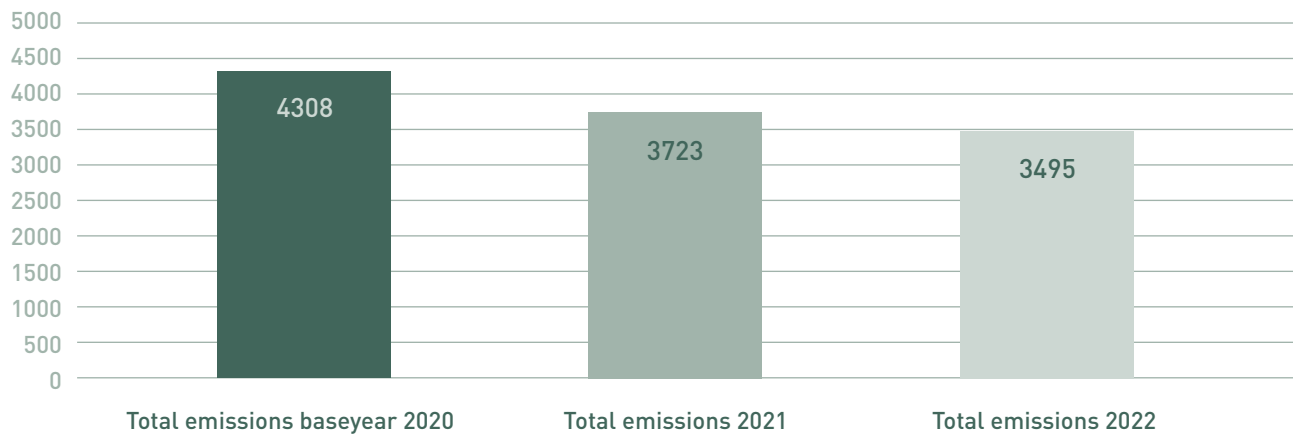


by 2050 Consulting, created a reduction roadmap and action plan to better find the most efficient way to reach our reduction targets. The reduction targets will be achieved through company specific reductions as well as supplier dialogue and partnership to change production processes and implement higher share of renewable energy, change in the use of raw materials as well as working on using more efficient transportation.

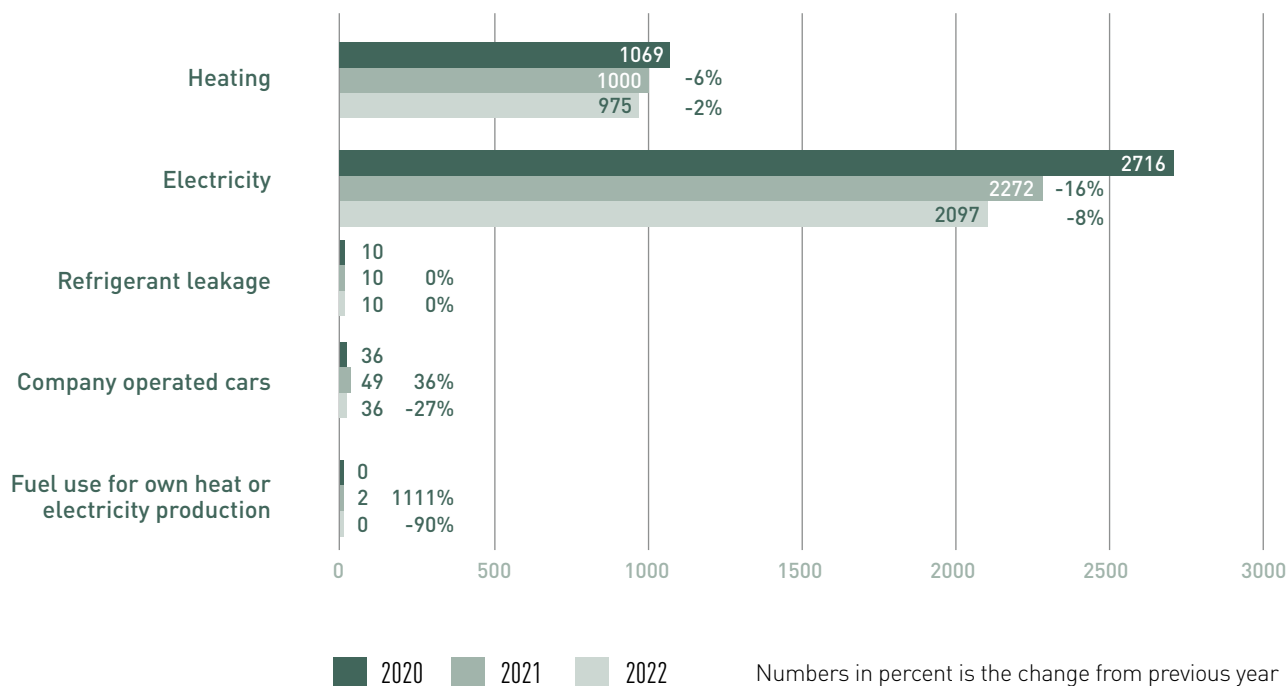
By setting Science Based Targets and creating a GHG reduction roadmap we are acting on our climate impact and will be well prepared to report according to the EU Taxonomy when it is applicable for our sector.



Total tons CO2e



Tons CO2e in Scope 1 + 2



Our Direct GHG Emissions (Scope 1 & 2)

The GHG emissions from Scope 1 and 2 comes from our company leased cars, and electricity and heating from our stores, offices, and warehouses. Although the share is low compared to the total impact, we still strive to mitigate the emissions. Increased efficiency in energy consumption will create positive effects on our emission reduction, financial performance lowering the electricity demand from the power grid.

Kid Group is constantly working on more efficient use of energy, as well as increasing the use of renewable energy. Lighting is gradually being transitioned to LED or to light bulbs with lower wattage.

After renewing our server and storage equipment in 2022, we managed to save 40% power usage on our datacenter. We managed to cut power consumption and expand resource pool at the same time. The second effect from this is that it now generates less heat, which leads to less power consumption cooling down the datacenter and reducing our energy cost.

In our scope 1 and 2 we have reduced the total emissions by 6% (214 tCO2e).

Total energy consumption in 2022 was 19,993 gWh

GHG emission targets in scope 1 and 2

Near term: Kid ASA commits* to reduce absolute Scope 1, Scope 2 GHG emissions 50% by 2030 from a 2020 base year.

Net Zero: Kid ASA commits* to reduce absolute scope 1 and 2 GHG emissions 90% by 2045 from a 2020 base year.

Key numbers

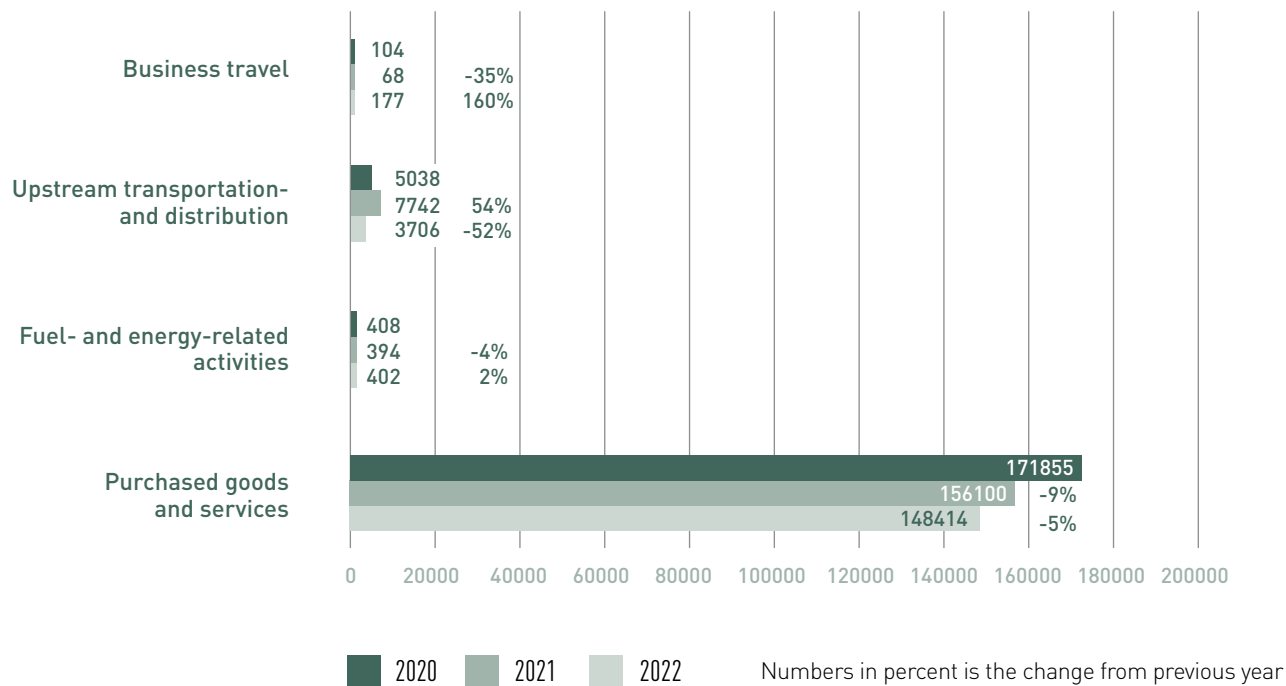
Scope 1: All direct emission sources where the organization has operational control. This includes all use of fossil fuels for stationary combustion or transportation in owned, leased or rented assets.

Scope 2: indirect emissions related to purchased energy; electricity or heating/cooling where the organization has operational control.

- Scope 1 GHG emissions 2022 were 46 tCO2e
- Scope 2 GHG emissions 2022 were 3073 tCO2e

* Target yet to be validated by Science Based Target

Tons CO2e in Scope 3

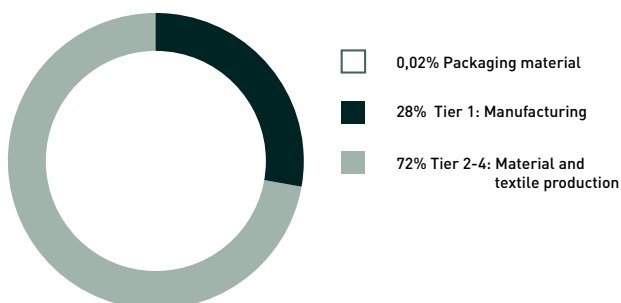


Our indirect GHG emissions (Scope 3)

Scope 3 represents more than 99% of our emissions and are related to the entire supply chain from raw materials, production, packeting, and transportation of goods to our central warehouses in Norway and Sweden. In our scope 3 emissions we see a total decrease of 7% (11 718 tons CO2e). This decrease is driven a more granular reporting of our sourced goods, with more detailed information is available than last year.

One of the main contributors to GHG emissions in scope 3 is identified as the use of non-renewable energy in the production of fabrics and raw materials. Since energy usage is one of our four identified topics with double materiality, as well as an important driver to GHG reduction in our roadmap which will be finalized in 2023, it is important to work with energy efficiency and the shift to renewable energy in our supply chain.

Emissions per category for purchased good and services, ton CO2e



GHG emission targets in scope 3

Near term: Kid ASA commits* to reduce absolute Scope 3 category 1, 3, 4 GHG emissions 50% by 2030 from a 2020 base year.

Net Zero: Kid ASA also commits* to reduce absolute scope 3 category 1, 3 and 4 GHG emissions 90% by 2045 from a 2020 base year.

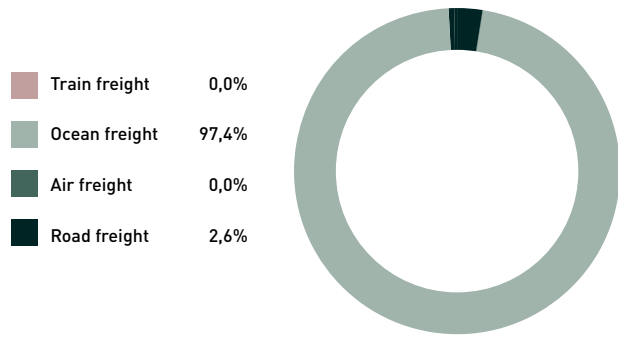
Key numbers

Scope 3: Voluntary reporting of indirect emissions from purchased products or services in the value chain. Today it consists of all freight of goods, use of raw materials and production of our goods, waste at our warehouse and headquarters as well as transport to our stores / online sales drop-off points.

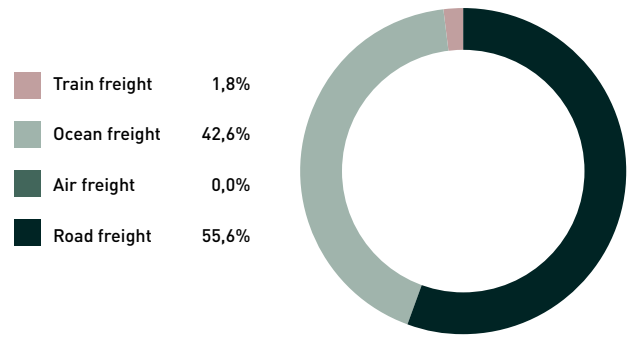
- Total Scope 3 GHG emissions 2022 was 152 699 tCO2e
- Scope 3 represents 97% of our total GHG Emissions
- Transportation contributed for 2% of Scope 3
- Purchasing of goods and services contributed for Scope 3



TonKm pr Mode of Transport



CO2e pr Mode of Transport



Transportation

Kid Group’s goal is to use ships and trains to the greatest extent possible and avoid air transportation. Transporting goods by ship generates less GHS emissions per product than transporting by air or road, and the majority of the Kid Group’s imported good are shipped by sea from the manufacturing countries. In 2022, 99 (94)% of imports were transported by ship, representing 78 (88)% of emissions with regards to transportation of goods to our warehouses.

From the port in Drammen, Oslo and Gothenburg, goods are transported by truck to our central warehouses. From the central warehouse goods are either sent directly to the store or to online customers via truck, train and/or boat.

For e-commerce, about 1/3 of orders are picked up in store, while the remaining part is sent to collection points or as home delivery. Orders that are to be collected from our stores are picked from the store inventory if products are available there.

We also have a total decrease in our transport related emissions of 52% due to a significant drop in shipped tonkm as a combination of reduced tonnage and km.

Container fill rates

The fill rate is monitored per shipment and compiled per month and year.

Our fill rates for the container transportation in 2022 was 90,2% (91.2%). The reduced fill rate is caused by a lower fill rate for our 40 feet DC containers.

By increasing the fill rates, we will have increased cost efficiency, less administration and more effective logistics.

2020	2021	2022
90,4%	91,2%	90,7%

Effective Business Travel

Kid Group’s ambition is to minimize CO2e emissions from business travel. All business travel is monitored by means of transportation, cost and environmental impact.

The Kid Group also requires that the environmental impact of company cars should be as little as possible, taking into account vehicle type. When cars are changed, a car with lower emissions than the previous one will always be chosen.

Emissions in 2022 from business travel was 177 tons CO2e (62,6). The increase is due to covid-19 restrictions being removed and this opens up for supplier visits.

Swedish Textile Initiative for Climate Action (“STICA”)

The purpose of The Swedish Textiles Initiative for Climate Action (STICA) is to support the apparel and textile industries and their stakeholders in the Nordic region to, at minimum, reduce greenhouse gases in line with 1.5°C warming pathway, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. Ultimately STICA’s aim is to ensure the Swedish and Nordic textile industry does more than its share well before 2050.

STICA achieves this by:

- Supporting apparel and textile companies operating in both the Nordic and international markets to set science-informed targets and reduce their greenhouse gases in line with 1.5°C warming pathway as outlined by the United Nations Framework on Climate Change and the Paris Agreement.
- Providing a neutral, non-competitive platform for companies and organizations to learn best practices for reducing their GHG emissions as well as to track and publicly report on their progress on a regular basis.
- Supporting the development of joint projects and cross-sector collaborations in order to reduce the Nordic apparel and textile industry’s GHG emissions while stimulating climate solutions that can also be exported outside of the Nordic region, thus increasing the Nordic apparel and textile industry’s global competitiveness.
- Working with industry stakeholders to develop a roadmap and implement an action plan for how the Swedish and Nordic apparel and textile industries will reduce their GHG emissions well below the 1.5°C warming target in order to do more than our share, while also becoming a global leader in developing solutions for the global apparel and textiles industry.



The Swedish Textile Initiative
for Climate Action

Textile Exchange Climate+

Textile Exchange is a global nonprofit that leads in the preferred fiber and materials industry. Textile Exchange work on increasing the adoption of preferred fibers and materials, creates integrity through standards and certifications as well as enabling collective collaboration throughout the entire supply chain.

Through our membership in Textile Exchange we implement more preferred fibers in our products, and work on climate gas emissions in the fiber production. The Climate+ strategy from Textile Exchange is looking at reducing the CO₂e emissions from textile fiber and materials by 45% by 2030.

www.textileexchange.org



KID GROUP VALUE CHAIN SUMMARY

PRODUCT USAGE AND END OF LIFE

At The Kid Group, we prioritize the longevity of our products, ensuring that they can be used for extended periods of time. To achieve this, we constantly strive to improve our product design and quality control processes by incorporating feedback from customers.

SUSTAINABLE PRODUCT DESIGN

The Kid Group's mission is to inspire and make every home a beautiful one. We also aim to contribute to more sustainable consumption and manufacturing by continuously develop the assortment with products made of carefully chosen raw materials, produced in resource efficient processes. We are committed to design for longevity and circularity, which involves creating products with a focus on durability, reparability, and the use of preferred materials – all at the same time as product safety is the top priority.

DEDICATED EMPLOYEES

All Kid employees contribute to all parts of the value chain. The Kid Group's ability to attract, recruit, develop and retain the right employees is crucial for the company's progress. The Group aim to offer employees development opportunities and a stimulating, equal, safe, and healthy workplace environment.

SALES AND COMMUNICATIONS

In The Kid Group, we strive to achieve growth by implementing a balanced approach of responsible marketing, excellent customer service, and offering high-quality and inspiring products. We are committed to educating our customers about sustainable and ethical purchasing practices, in addition to providing guidance towards these choices.

EFFICIENT AND ETHICAL SUPPLY CHAIN

Supply chain management is a critical aspect of our operation. The management of our supply chain can have a significant impact on the environment, the health and safety of workers, and the ethical practices of the company. To address these issues, we must prioritize various aspects of our supply chain, including Greenhouse gas emissions, supplier environmental performances, energy use, ethical business practices, labor conditions, human rights, and health and safety.

SUSTAINABLE PRODUCT DESIGN

The Kid Group's mission is to inspire and make every home a beautiful one. We also aim to contribute to more sustainable consumption and manufacturing by continuously develop the assortment with products made of carefully chosen raw materials, from more sustainable sources. In this section we will describe how we work with product development and choice of materials.

Sustainable product design is a crucial approach to creating products that minimize negative environmental impacts and improve social and economic outcomes. Product development involves considering the entire lifecycle of a product, from its design to its end-of-life. Circularity is an important aspect of sustainable product design, as it focuses on creating closed-loop systems where resources are used efficiently and products are repaired, reused, or recycled rather than disposed of. Raw material sourcing also plays a significant role in sustainable product design, with a focus on using environmentally responsible and socially ethical sources.

The products are designed at the head-offices with highest priority given to product safety, quality and longevity. Some of the core products have been part of the range for more than 10 years and others for more than 25 years.

Raw material sourcing is identified as a double material topic. It is strategically important for the Kid group both in terms of our dependency on availability and price of raw materials, but also the potential negative impact on the environment and local communities. Firstly, raw material sourcing has an impact on the environment, as it can affect natural resources such as water, forests, and minerals. The environmental impacts of raw material sourcing can include deforestation, habitat destruction, air and water pollution, greenhouse gas

emissions, and soil degradation. These impacts can have significant consequences for the ecosystems, wildlife, and local communities that rely on these resources.

Secondly, raw material sourcing is also important for the social and governance aspects of ESG. The way raw materials are sourced can have an impact on the labor conditions and human rights of workers involved in the supply chain, as well as on the communities that live near harvesting or extraction sites. The Kid group is devoted to prioritizing responsible sourcing of raw materials and aim to demonstrate good governance practices, including transparency, accountability, and risk management.

DESIGN FOR LONGEVITY AND CIRCULARITY

When examining the environmental impact of a product, the choices made during the design process have a significant impact on the product's overall environmental footprint. By



Carefully selecting more sustainable materials, components, and production methods, we can create products that have a longer lifespan and can be used in a circular economy.

The circular economy is a model in which materials are used efficiently and sustainably, and they are kept in circulation for an extended period. Products are also shared, leased, repaired, and recycled. The Kid Group is currently developing a strategic program to promote a circular economy with several concepts in our assortment and business model. These actions aim to reduce the negative environmental impact related to production and consumption of goods, and to prepare the Kid Group for the upcoming EU Sustainable Product Initiative under the Circular Economy Action Plan. By implementing circular economy principles, we believe that we can not only reduce their environmental impact but also create new business opportunities and differentiate ourselves from competitors.

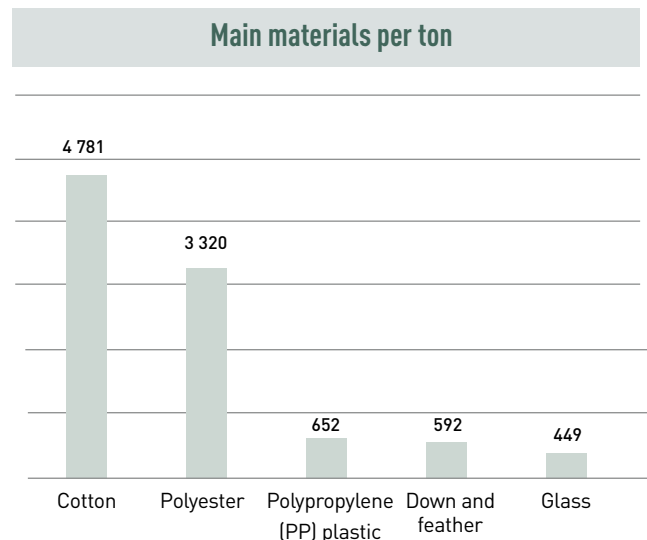
We see that most textile items in the assortment can be easily repaired if needed, but when the assortment of accessories, furniture and other more complex items are extended we must take more care when designing the products, to create repairability and recyclability. Most of the textile products in our assortment are made of pure raw materials with the minimum amount of fiber blending possible, and with very few details and accessories. Our goal is that these mono materials will facilitate recycling when the products can no longer be used and are about to be discarded.

In 2022 we successfully launched a new product range in the assortment called “Premium Collection” to further enhance the quality level in the assortment. The products in this segment are developed to meet the increasing demand for more conscious and durable home interior and are produced of high-quality materials. Another big change in the assortment for 2022 was the launch of big furniture. With beds, sofas, dining tables and chairs made in the Baltics, the product range was extended with sturdy furniture in a Scandinavian and timeless style. Materials are chosen from suppliers and with a strong focus on quality, longevity, and safety.

PREFERRED MATERIAL CHOICES

We know that a more circular and resource-efficient use and manufacturing of textile fibers and other materials are crucial for the future. Recycled fibers and goods can save the earth’s resources in the raw material production stage and reduce the quantity of waste. By using recycled materials, we aim to use fewer chemicals, less water and less energy compared to production of virgin raw materials. It is though important to remember that recycled materials, including recycled polyester, is not a single perfect solution to reduce climate and environmental impact. Even with a shifted source to recycled material we face remaining issues with micro plastic pollution and a shift in social risk.

To compare and make informed decisions about fibers we use the Preferred Fiber and Material Matrix from Textile Exchange. With this tool we get an interactive resource for assessing the impacts of different materials, sustainability certification, and initiatives.



*These five materials represent approximately 67% of total material weight in our sourced volume in 2022.

In 2022 we initiated a pilot project of chemically recycled cotton from waste textiles with Renewcell’s new fiber CIRCULOSE® in a bed set and towels. More information about this project is given in section “Manmade Cellulosic Fibers”. In addition, with the launch of beds and sofas we also introduced a new cotton/hemp-mix from Latvia. Hemp is an interesting natural material that we seek to use more in future applications. Hemp has low water intensity and environmental impact when grown, and with its appearance and properties it is useful in both furniture and interior textile.

Our material matrix shows us that our most important and used materials in metric tons are cotton, polyester, PP-plastic, down & feather, and glass. However, in 2022 we have started a major job in starting to improve data quality for a better and more accurate calculation of our materials. An important learning has been that data quality must be improved, and this job will be continued in 2023.

COTTON

Cotton is a natural fiber known for its softness, durability, and absorbency, making it one of the most important materials in the Kid Group’s collection of bedlinen, towels, and interior textiles. However, the production of cotton and cotton products is closely linked to environmental, social, and financial risks.

One of the main ways in which cotton production contributes to climate change is through the use of large amounts of water. Cotton is a water-intensive crop, and in many regions, the irrigation of cotton fields can lead to water scarcity and competition for water resources. The use of pesticides and fertilizers can contribute to air and water pollution resulting in negative impact on biodiversity. The monoculture systems of growing conventional cotton can lead to soil degradation and loss of biodiversity. In addition, cotton production can have a negative impact on the social and economic well-being of local communities and individuals involved in the production process.

For Kid, the changing weather patterns and increased frequency of extreme weather events linked to climate change can lead to crop failures and reduced yields, making it more difficult and expensive to source cotton.

To mitigate these challenges, the Kid Group is determined to only source preferred cotton from more sustainable production methods, such as organic cotton and Better Cotton. Both organic cotton and Better Cotton are focused on reducing the environmental impact of cotton production and improving the livelihoods of farmers and workers. Both of them promote sustainable farming practices, water conservation, and biodiversity. Organic cotton is focused on the use of natural methods and not using synthetic chemicals, while Better Cotton is more holistic in its approach, focusing on all aspects of sustainability.

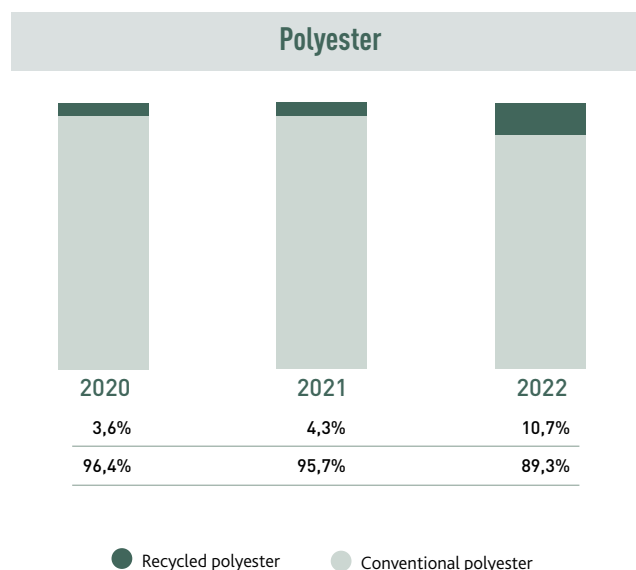
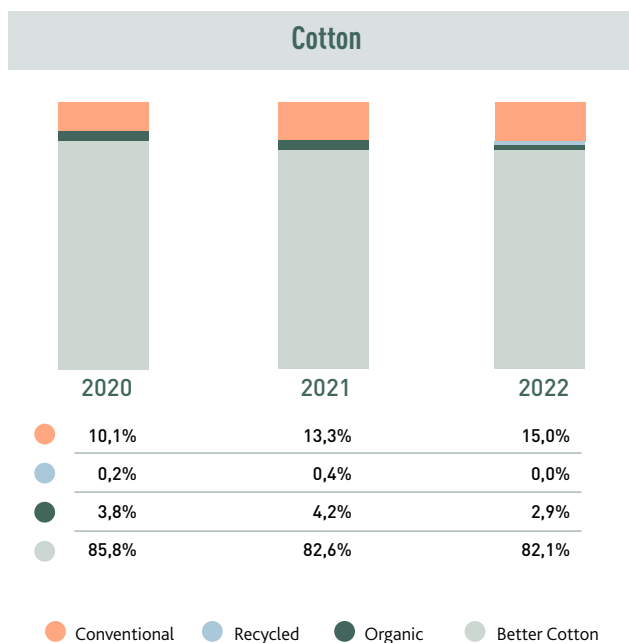
In 2022, the share of preferred cotton was 85% (87%) within the Kid Group and will continue to strive for 100%. Out of the total cotton consumption in the Kid Group's assortment 82% (83%) is Better Cotton, 3% (4%) organic and 0,05% (0,4%)

recycled. In 2022 we have finally been able to source Egyptian Cotton certified by Better Cotton, which contributes to the shift from conventional cotton.

The reason for the shortfall in achieving our 100% target can be explained by three main reasons. First, we have included new product categories in the calculations that currently consists of conventional cotton. Secondly, two of our valuable cotton production processes, namely Egyptian Cotton and Open-end spun cotton yarns, was not included in the Better Cotton Initiative until the 2020-21 harvesting season. In 2021 we secured that the Egyptian Cotton in the assortment will be sourced as Better Cotton from 2022, but some orders were delivered with conventional Egyptian cotton some months into 2022. Lastly, there have been challenges getting all suppliers to register their Better Cotton transactions. Where we are missing documentation, the volume has been registered as conventional. Potentially we can score approximately 97% if all documentation were in place. Therefore, this cotton is counted as conventional cotton. We have started a thorough corrective action plan to the shortfall and are committed to increase the share of preferred cotton in 2023.

POLYESTER

Polyester is an important synthetic fiber in the Kid Group's assortment, mainly used in curtains, filling in bedding, and upholstery. In 2022 we sourced 3320 (3286) ton of polyester in the Kid Group's products, out of which 338 (147) ton were recycled polyester, equivalent of 11% (5%) The fiber is known for its durability, wrinkle resistance, light resistance, easy-care properties as well as its low price point. All these properties make polyester appealing for home textiles. On the other hand, from an environmental, social, and economic perspective, the





production of polyester has a significant impact. Polyester is made from petroleum, which is a non-renewable resource. The production process also generates pollutants such as carbon dioxide and requires large amounts of energy, as well as it poses a risk to micro plastic release. To minimize the negative impact of polyester fibers, one solution is to choose recycled polyester, which reduces the need for petroleum, and reduce the amount of plastic waste in the environment, however not necessary reduce the risk of micro plastic release. It is though important to remember the replaced social risks related to the collecting of polyester waste.

As polyester is a strategic raw material, the Kid Group have established a goal to increase the share of recycled polyester in the assortment. By 2025 at least 50% of the polyester in the Kid Group shall be from recycled sources. To catalyst this ambition, the Kid Group participates in Textile Exchange's "2025 Recycled Polyester Challenge".

In 2022 the biggest change in the material selection has been the change from virgin to recycled polyester in the blackout

curtain assortment, where all new orders have been placed with recycled polyester. The full effect will be seen in 2023 when the curtains are available in stores.

PLASTICS

Plastic is not one single type of material, but a large group of synthetic materials, often derived from petrochemicals. Due to its wide variety of characteristics and applications it is used in many parts of our assortment, both in textiles and hard items, as well as in some packaging. By understanding the properties of the different plastics, we can choose the most suitable option for the purpose of the products.

Polypropylene (PP) is our single biggest type of plastic. The reason that PP-plastic is our third largest single material is due to a successful launch of outdoor furniture the last three years. In 2022 we started the process of shifting from conventional PP to an increased share of recycled PP in the outdoor furniture. This change will be seen in the 2024.

We have set several strategies and principles related to plastic. A general principle is that we do not accept single use items made of plastic in our assortment. We do also avoid all unnecessary use of plastic in all our packaging. Finally, we do not accept PVC in any items where there are equal or safer alternatives, due to PVC's negative risks related to production workers health, customer safety due to the risk of migration of hazardous chemicals, and the material's impossibility of recycling.

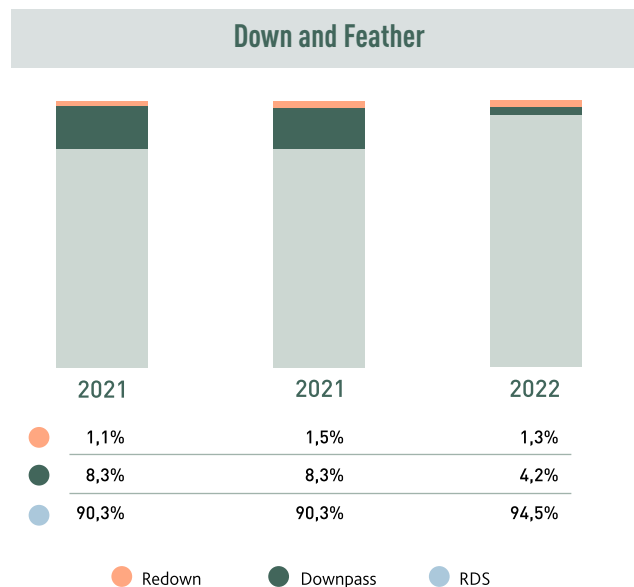
MICROPLASTICS AND FRAGMENTED FIBERS

There is understandable concern around the potential impacts of fragmented fibers - such as microplastics - on the environment, marine life and human health. Potential risks come from the physical presence of the fibers, as well as chemical additives such as antioxidants, dyes or fire retardants and transferred compounds such as persistent organic pollutants (POPs) and metals sorbed from aquatic environments.

Studies shows that fiber fragmentation can occur during all phases of the product life cycle, including the manufacturing process of products as well as in the consumer use, care, and disposal phases.

Even though research concludes that there is currently insufficient data to draw any meaningful conclusions about microplastic fibers' toxicity, we chose to act on identifying and reducing the risk of released microplastics from the product range with various strategies. During 2021 we selected 13 items from the assortment to do an evaluation of microfiber and plastic release. The used test method was pr EN ISO 4484- 1 draft 07-2020. The results showed an unexpected low release of fibers. Based on the results we initiated a conversation with Research Institute of Sweden (RISE) to further analyze and study the results during 2022. The follow up study at RISE showed higher levels of microfiber release for the same sample material, but the reason is difficult to conclude. The Kid Group will continue to monitor the industry progress of microfibers and plastics and continue to do science-based decisions.

An additional example in our plastic strategy to reduce microplastics is Guppyfriend washing bag, which was launched in Kid's stores during 2017 and in Hemtex during 2020. The bag can retain at least 90% of released microfibers larger than 50 µm when properly used for domestic laundry. In addition to retaining microfibers, textiles shed less when washed in Guppyfriend due to a gentler mechanical treatment. The washing bag is raising awareness and at the same time delivering a practical solution for our customers to make an impact on an environmental issue. With the introduction of our new laundry and cleaning concept Nice & Tidy in 2022 we are planning on adding more products and solutions from Guppyfriend to the assortment.



DOWN AND FEATHER

As one of the Nordic countries' leading experts in duvets and pillows, our policy is that all down and feathers must be traceable and third-party certified by either Responsible Down Standard (RDS) or Downpass. We also accept recycled down certified via Global Recycled Standard (GRS) as this helps to reduce the demand for new materials. RDS and Downpass ensures better animal welfare and credible traceability throughout the entire manufacturing chain, from farm to product. As an example, controls are carried out to check that the down has not been plucked from live birds or force-fed birds. Down is resource efficient as it is a by-product of the meat industry. It is also biodegradable. Purchases of down and feathers are strictly controlled by third parties, and for increased control, Kid Group have chosen to work with a few selected suppliers.

95% (90%) of all down was traceable through the Responsible Down Standard in 2022. The remaining 5% was split between 4% (8%) Downpass standard and 1% (2%) recycled down through the Global Recycled Standard.

The Kid Group was the first Nordic home interior retailer to have recycled down and feather in the assortment. Since 2017 we have worked with Re:down to close the loop in the down and feather market.

GLASS

Our fourth biggest material group in the assortment is glass. This is a new understanding for us in 2022, due to extended and better data analysis of our raw material use. Glass is used in variety of items within the assortment, and even though

some items are small, glass has a significant weight compared to textiles. The production of glass requires large amount of energy, which can contribute to greenhouse gas emissions and climate change. However, glass is a relatively suitable material for recycling, and old, discarded glass can be used as input in new glass production. The social impacts of glass production are related to health and safety risk, due to high temperatures and chemicals. The Kid Group will start to focus more on the manufacturing of glass to mitigate risks and seek to find better production methods with increased use of recycled input, and resource efficient energy sources.

WOOL

A small part, 2,4%, of the textile assortment includes wool. Wool is a luxurious material used primarily in our blankets. We have been working on implementing the Responsible Wool Standard (RWS) into the assortment for some years now, and the goal was to have RWS implemented in 30% of the volume already by 2020. Since most of our wool blankets come from Turkey, we are depending on the local market and progress in Turkey. Turkish wool is produced by small farmers and family businesses. RWS have not yet certified a single wool farm in Turkey, and we have started a dialogue with both suppliers and certifiers to see how we can initiate the project. The goal was to have 100% RWS by 2023, but we will not achieve this, but aim to at least have a minor share of RWS ordered by the end of 2023. The goal of 100% RWS in the assortment still stands, but the end date is not fixed yet.

ANIMAL WELFARE

In addition to using the third party standards RWS, RDS and Downpass, we have set clear guidelines for animal origin for materials such as feathers, merino wool, leather and hides. We adhere to, and have integrated, the Swedish Trade Federation's animal welfare policy in our purchase agreement and requirements.

MANMADE CELLULOSIC FIBERS

To reduce the dependency on cotton in the assortment we have introduced some products made of, or a mix with, the manmade cellulosic fibers modal and lyocell. Out of the total textile assortment, manmade cellulosic fibers only stand for 0,3%. These types of fibers are made from wood and processed to become soft, durable, and absorbent fibers well suited for home textiles. By strictly choosing manmade cellulosic fibers from FSC-certified wood we can promote more sustainable forestry by ensuring appropriate plantation and forest management, consequently leading to reduced risk of lost biodiversity. Most of the manmade cellulosic fibers in the Kid group's assortment are sourced from Lenzing, one of the leading brands within manmade cellulosic fibers.

In 2022 we initiated a pilot project of chemically recycled cotton waste textiles with Renewcell's new fiber CIRCULOSE® in a bed set and towels. The sample products look good, and the plan is to launch a series of bed sets and towels with a mix of 50% CIRCULOSE® and 50% cotton in 2023. With the introduction of Renewcell's innovative fiber CIRCULOSE®, a viscose fiber made of chemically recycled cotton waste, we believe the share of manmade cellulosic fibers will increase further in the coming years.

WOOD AND PAPER

With the introduction of big furniture to the assortment in 2022, the volume of wood has significantly increased. Every product made from wood or pulp that the Kid Group imports into the EU requires documentation, in accordance with the EU's timber regulations. The purpose of the documentation and traceability is to prevent wood from illegal logging being imported into the European market. Our ambition is to work for a deforestation free supply chain by increasing the portion of Forest Stewardship Council ("FSC") certified wood and paper products, and the goal is that 100% of all wood and paper products shall be FSC Certified by 2025. We need to improve data collection for wood and complex products to calculate the exact volume of each material. The FSC chain of custody certification is a guarantee that the wood is sourced from sustainably managed forests. The Kid Group has been holding a FSC marketing license since 2020, giving us access to communicate FSC certified materials in our own marketing channels. Our license also give us access to a member portal where we store and track our suppliers' certificates to verify compliance with the EU timber regulation.



EFFICIENT & ETHICAL SUPPLY CHAIN

The Kid Group purchase goods from many parts of the world, which involves a large and complex supply chain. It is important for us to know that both workers and the environment are well taken care of. The Kid Group does not own any factories and are depending on good and reliable partnerships with suppliers. In this section we describe how we work with our suppliers.

MANUFACTURING & PRODUCTION

There are major challenges in the manufacturing chain, ranging from human rights and working conditions to water consumption and the use of chemicals and materials. Through comprehensive agreements, suppliers commit to complying with the Kid Group's Code of Conduct, product policy, chemical restrictions, and quality requirements and work to reduce environmental impact. Compliance with these requirements is followed up and evaluations are carried out continuously.

Collaboration with suppliers

The Kid Group recognizes that we need to work closely with our suppliers in order to monitor and assist them in their own sustainability initiatives. The Group does not own any own factories, hence the relationship with our suppliers are of great importance. Via regular dialogue via email, and through physical business meetings we build transparent and honest business relations. We welcome our supplier to the head office for development meetings, and we visit our suppliers and factories to learn about their operations' risks and opportunities.

Terms and requirements

To ensure that our production is undertaken in ethical conditions, all our suppliers are screened before we enter into business with them, and they are obliged to sign and comply with our Purchase Agreement and Requirements (PAR) before the first order is placed. These agreements impose, among other things, sound employee working conditions, that no child- or forced labor is in use, environmental considerations are taken into account when it comes to raw materials and good animal welfare practices.

The Purchase Agreement & Requirement (PAR) is revised annually and the official version can always be found at www.kid.no/supplier.

Transparency

One risk area linked to the complexity of the supply chain is transparency. The Kid Group's PAR is signed by our direct suppliers, but the agreement also requires our suppliers to monitor their sub-suppliers. The Kid Group does not accept

unauthorized sub-suppliers and relationships with suppliers are based on full transparency into where and how products are manufactured.

The Kid Group conduct on-site third party audits to control compliance with our Code of Conduct. The first inspection of a supplier is always preannounced, thereafter both pre-announced and unannounced inspections are conducted. Quality inspections of the Kid Group products are also carried out, and these controls also ensure that the products are manufactured in the factory that actually holds the contract with the Kid Group.

As a step to further increase transparency in our value chain, the Kid Group opened the supplier list in 2018 to the public and is updated annually since then. We believe this strengthens the relationships with our suppliers and clarifies the importance of the sustainability work being done.

With the implementation of the Norwegian Transparency Act (Åpenhetsloven) in 2022, the need for transparency is even more important. You can read more about how the Kid Group meet the requirements in the Norwegian Transparency Act on page 33-37, Socially Sustainable Production.

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

The environmental performance of the Kid group's suppliers has a significant impact on the group's work to tackle negative environmental issues. As a clear example, the majority of our CO2e emissions in scope 3 are related to the production of raw material and products sold in our assortment. The most material environmental aspects of factories producing home textiles and interior products are energy consumption, water usage, chemical usage, waste generation, and supply chain management in general. Suppliers and factories that prioritize these environmental aspects and adopt sustainable practices can reduce their environmental impact and enhance their reputation and long-term value for the Kid Group.

The group's PAR includes a policy and requirements of suppliers' environmental work. To assess the environmental aspects of factories we use third-party audit schemes from SMETA 4-pillar and OEKO-TEX® MADE IN GREEN. In 2022 approximately 36% of the top 80% suppliers² had

² 80% is defined in calculations.

been audited for environmental performance. This shows that these types of audits are not as common among the factories as social audits. The plan is to increase the level of environmental audits to gather a better understanding of our suppliers' environmental performance. The findings from environmental audits are not always presented as structured as for example in a social audit, but the reporting methods are continually maturing. With this in mind, it is not possible for the Kid group to report number of positive and negative impact among our suppliers yet. However, we are requesting root cause analysis and corrective action plans from the suppliers when we find breaches of environmental requirements, even though we cannot show any percentage of how many improvements were made during 2022. No supplier relationships were ended in 2022 due to breaches of environmental performance.

The main findings are related to lack of documentation and expired permits for waste disposal, wastewater release and air emissions. Without permits, local or national regulations are breached, which is unacceptable. Without documentation of actual performance, it is practically impossible to identify and track impacts, resulting in no improvements. With the group's newly developed CO₂e emission reduction road map and overarching goal to reduce CO₂e with at least 50% by 2030, a better structure around assessment of supplier environmental performance will be needed. Within this area, it is also important to remember that the tier 1 supplier which we have contact and control of, are not always the factories where the most energy- chemical- and water intensive production activities are performed.

Deforestation Free Supply Chain

The Kid Group's ambition is to have a deforestation free supply chain, and our PAR set out requirements to meet our expectations. Within this ambition we must focus on a variety of materials and processes. By doing due diligence of our operations, we seek the risk and opportunities related to deforestation free practices. This work is challenging due to the lack of traceability and in some cases transparency within the supply chain. The fundamental aspect is that our suppliers should ensure responsible management of natural resources and sustain long-term sustainable agriculture and forestry, and biological diversity. We believe that education of both our employees and our suppliers will lead to a positive shift in raw material sourcing that can mitigate the risk of deforestation. All wood and paper products within the assortment shall be certified to FSC or similar certification schemes by latest 2025. More about this in section "Wood and paper".

PRODUCT SAFETY

Customers should always feel safe when buying products from the Kid Group. We take responsibility for the products we place on the markets we operate in, and it is of greatest

importance that products from the Kid Group do not pose a risk to the customers or consumers. That is why the Kid Group set strict requirements and control suppliers and manufacturers regarding quality, chemicals, production, and traceability.

Quality Assurance

All products must comply with legislation for safety, labelling and chemical content. The level of quality and chemical management is governed by the Kid Group PAR. It includes extensive and detailed product specifications describing the quality level that products need to achieve. It also contains a Restricted Substance List (RSL) which is based on Global-, EU- and country-specific regulations but also stricter self-defined requirements by the Kid group for certain substances.

To control that requirements are met, selected tests are performed by independent testing institutes. These tests follow standardized methods and are documented in detailed test reports, which are reviewed and approved prior to delivery. Labeling and packaging are also controlled before shipment approval.

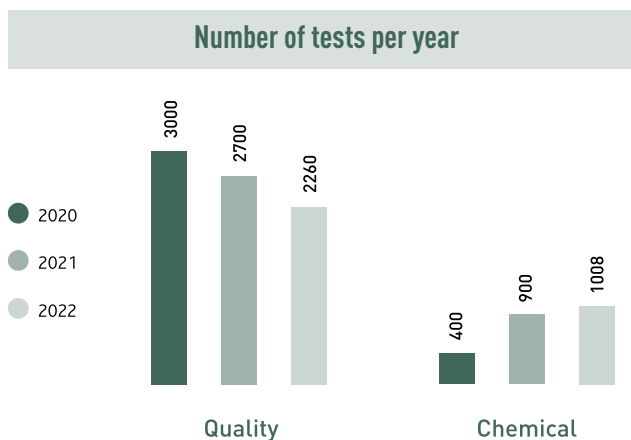
In 2022 we had a product safety control from the Norwegian Environment Agency, where they checked four individual products for product compliance, as well as our general product safety- and chemical routines. The four products; earring, bed set, soft toy, and a light chain were approved and concluded to have all necessary controls and documents in place. The overall audit from the authority resulted in zero findings.

Product Testing Program – with a risk based approach

Each product group in the assortment is risk assessed to define the most important safety-, quality- and chemical risks based on intended usage of the products and material compositions used to make them. Specific products, such as baby and children's items, candles, electronic equipment, personal protective equipment, and other items considered as high- risk items are subject to additional individual risk assessments and follow-up testing. This is supplemented by continuous monitoring of product returns and customer feedback.

In 2022, approximately 2260 (2700) third party quality tests were carried out for the Kid Group including Hemtex24h. 95% (97%) of these were passed in the first round and measures were taken for the remaining 5% before bulk production. The reason for fewer quality tests in 2022 compared to previous years is a result of a stronger risk assessment and focus on testing risk items instead of re-tests of already tested and approved items. In this way we are more cost efficient and save find more issues in an early stage. In addition to the third party tests, we do also perform a number of in-house test at the head quarter.

More than 1000 (900) chemical tests were performed during the year, divided into a variety of different substance groups. 99% (97%) of the tested items passed the first test, and the remaining 1% were either adjusted and re-tested or rejected before shipment. More information about chemical management is found in an upcoming section in this report.



Production control and inspections

Quality- and production controls are regularly carried out by third parties. This work minimizes the risk of faulty goods reaching stores and allows for any irregularities to be corrected at the right time.

It is of the highest importance that none of our products can cause harm or danger to our customers and consumers. During the year, the Kid Group did not need to recall any goods due to excessive levels of restricted chemicals. We did however face a challenge regarding product safety for one item.

One sigil stamp with wax from the Christmas collection were withdrawn from the market, just a few days after their first

introduction. The decision to withdraw the sigil stamp with wax were made based on internal risk assessments where we noticed a fire hazard due to the flammability of the wax. No accidents were reported before or after the recall, and most of the customers were reached via our customer club a few days after the decision to recall and offered a full refund. This proves that safety is a serious matter for us, but also that we can continue to strengthen the risk assessments and final inspection procedures at the factories further, to avoid similar cases in the future.

Continuous improvement of quality and safety

By participating in a reference group called “Safe Products” via the Swedish Trade Federation we receive regular updates about product safety and regulations. The reference group discusses new suggested regulations for various product groups, and the group members have an impact on consultation responses to EU as well as local governments.

In late 2021 the claim reason codes used for customer complaints in Kid Interior was updated to give a better understanding of the product faults and defects. The full effect is shown in 2022, where the claims code “other reason” decreased from 38% in 2021 to 15% in 2022. This gives us a much better possibility to follow up on the root cause and find solutions for improvement. For Kid interior the total claims rate landed on 0,55% in 2022, down from 0,56% in 2021 (restated from last year’s report showing 0,46% in 2021, due to the more accurate reporting method after the change of claims codes). In Hemtex the claims decreased to 0,28% from 0,31% in 2021 (restated from last year’s report showing 0,37%) For the Kid Group in total for 2022 the claim rate landed on 0,46%, same as in 2021, after restating last year’s figures with the new reporting method.

RESPONSIBLE CHEMICAL MANAGEMENT

Chemicals are used at several stages of the manufacturing process, including the creation of color fastness, to soften

Product Control 2022

The Kid Group’s risk assessments and preventive actions regarding quality work are showing positive results.

- The overall claim percentage of products returned from customers in Kid & Hemtex stores was 0,46% (0,46% (2021 is restated from 0,43% to 0,46% due to improved reporting methods)).
- No products have been recalled due to excessive levels of restricted chemicals.
- No products were withdrawn due to a lack of legal compliance.
- One (two) product were withdrawn due to safety risk, based on internal risk assessments.
- No (one) “Important Safety Message” was sent out to our customers to mitigate a safety risk.
- No deviations during product safety supervision by the Norwegian Environmental Authority

fibers and polymers, and to improve certain properties. The Kid Group works actively to reduce and limit the use of hazardous chemicals, both in the manufacturing process and in final products. Chemicals and waste disposal are also regulated in the PAR in order to reduce risks to the health of the factory workers and to prevent chemicals and waste contaminating watercourses or groundwater.

Most chemicals are safe to use, but some may involve risks for people who handle the chemicals in the production process, for the environment, or for end users of the products. Kid Group has drawn up a detailed list of restricted substances. The restricted substance list (RSL) is continually updated and is not only based on legal requirements but also follows the principle of precaution.

OEKO-TEX® Standard 100 as risk mitigation tool

The Kid Group has set a requirement that all textile articles which come into direct contact with human skin shall be certified according to OEKO-TEX® Standard 100. This includes all bed linen, towels, blankets, duvets- and pillows, and baby- and child articles in our assortment. OEKO-TEX® Standard 100 guarantees that products do not contain substances that are dangerous to health. Everything is controlled by an independent Institute - fabrics, threads, labels, embroidery, and print. This strategy is proven successful, and we are granted a marketing license from Oekotex on a yearly basis.

OEKO-TEX®

The Kid Group have fulfilled the requirements for a combined marketing certificate for Kid and Hemtex, of OEKO-TEX® Standard 100, SE 20-251 via RISE. The certificate is issued based on our supplier's product certificates and the Kid Group due diligence system and quality control routines. By using Standard 100 by Oekotex we are mitigating the risk of our suppliers misusing harmful chemicals and securing the product safety in the assortment.

Substitution of unwanted substances

During 2022 we have increased the number of chemical tests compared to previous years to get a better understanding and statistics of the risks, and where to find unwanted substances. In 2022 we participated in a study via the Swedish Chemicals Group to investigate the presence of allergenic disperse dyes related to a new proposed EU restriction on skin sensitizing

substances. None of the five submitted textiles failed the test. Previous years we have reported on the ban of PFAS. The ban and substitution have been successful, but we had two products in 2022 containing a non-stick coating made of PTFE, a substance created with the help of PFAS. Third-party test reports of the products show full compliance with current legal limits, but the two items are not complying with the Kid Group's RSL, and the items with the PTFE non-stick coating will not be reordered. To avoid the same issue in the future, the PAR has been updated with a clarified restriction of PTFE-coating in food contact materials from 2023.

NETWORKING FOR INCREASED KNOWLEDGE ON CHEMICALS

The Kid Group is a member of the Chemical Group at RISE, which gives access to expertise in the area of chemical usage, as well as information on new laws and regulations and the latest research. Through this membership we receive information about concerning chemicals well ahead of the regulations and can start the substitution at an early stage. Via the group network we can share and learn about best practices among other members in a dynamic and valuable way.

SOCIALLY SUSTAINABLE PRODUCTION

The Kid Group recognizes the importance of collaboration with our suppliers to monitor and support their social responsibility initiatives, particularly in relation to human rights, labor conditions, environmental impact, and business conduct. This topic is identified to have double materiality due to its impact on human rights as well as the reputational risk for the Kid group if not compliant with international and national legislation.

The group believes that an important part of its work is to create a good dialogue and understanding with the factory's management so that irregularities can be corrected and mitigated in a systematic and sustainable manner. We are committed to being a responsible member of the communities where our suppliers operate and contributing to positive change. Instead of terminating collaboration with suppliers that do not meet requirements, we aim to find good solutions and work for continuous improvements. In this section we describe how we systematically work

with our suppliers to verify decent working conditions and secure fundamental human rights, in accordance with the Norwegian Transparency Act (Åpenhetsloven).

Human Rights Due Diligence

To ensure that production and manufacturing is undertaken in ethical conditions, the Kid Group carries out due diligence assessments in line with the OECD Guidelines for Multinational Enterprises, which is also the principal of the Norwegian Transparency Act. This is done to identify and assess the potential and actual negative social impact of our supply chain. The results of the due diligence are used as input for our supplier risk assessment.

Before entering business with new suppliers and factories they are screened according to a variety of environmental and social aspect, and different third-party certificates are collected and verified. All suppliers are required to sign and comply with the group's PAR before the first order can be placed. The PAR includes a Code of Conduct with social



compliance requirements. In 2022 we have strengthened our screening process for new suppliers, and an updated checklist was introduced in the purchasing and buying department to better control the implementation of new suppliers.

To identify potential negative impacts and assess salient social risks we use several sources. The most comprehensive source of data we use for our assessment of potential risks are the Radar tool on the Sedex platform. Via our membership in Sedex, we get access to this risk screening tool which can be filtered by country, social risk type, commodity group and much more. This general data is extracted regularly and set into context with the Kid Group's sourcing markets and

suppliers, to identify, prioritize and analyze salient risks.

Further on, to identify and assess actual impact and risk, the Kid group primarily uses the SMETA 4-pillar protocol for audits, but also accepts other standards such as Amfori BSCI and SA 8000. Full audits based on the same principals as set in the Code of Conduct are conducted in factories at least every two to five years depending on suppliers' size, production processes and history, and follow-up audits should be done in between. If issues are discovered during an audit, a corrective action plan is set up with clear timelines and agreed by the supplier to implement. If the finding is noted by an auditor during an audit, the corrective action is also checked and verified by the auditor after a set time period. The group works together with the suppliers to handle non-compliance issues and remedy the negative impact by various suitable measures, e.g. updating routines or implementing other positive changes in the factories. Simply carrying out an audit does not lead to improvement. It is the process of monitoring and setting up corrective action plans that will enable the factory to make continuous progress and improve working conditions for those who work there. Follow-up visits and dialogue are therefore of great importance.

Members from the group's sustainability department conducts regular business trips and attend factory site audits of the suppliers, most of whom operate in China, India, Pakistan, and Bangladesh. In 2022 we were finally able to visit six suppliers in India after years of travel restrictions due to Covid-19. The six suppliers together delivered 50% of the 2022 order value from India to the Kid Group. In 2023 we plan to visit our most important suppliers in Bangladesh, as well as in either China or Pakistan.

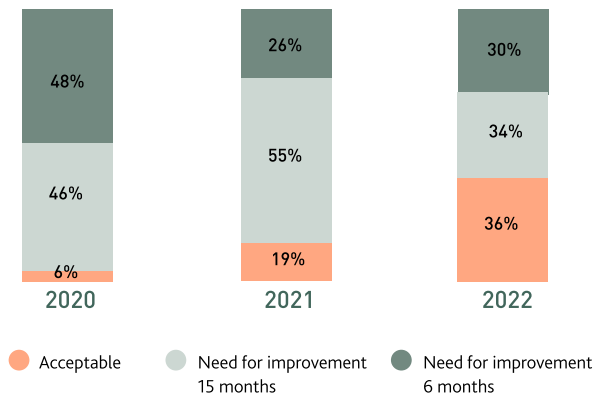
In summary, we are committed to work closely with our suppliers to monitor and support their social responsibility initiatives. The group has a rigorous screening process for new suppliers and conducts regular audits to evaluate their performance in terms of labor conditions, human rights, business ethical- and environmental aspects. The group works with its suppliers to remedy any non-compliance issues and aims to be a responsible long-term member of the communities where its suppliers operate.

Code of Conduct Breaches

In the event of any breach of the Code of Conduct, a root cause analysis is carried out to identify the underlying reason. A corrective action plan shall then be put into place in by the supplier and communicated with the Kid group for further cooperation and follow-up.

The first time a supplier is not approved, they are given a chance to correct the problem. If the supplier does not show any willingness to resolve serious irregularities or if a serious violation is repeated, collaboration is terminated. In 2022 Kid Group did not terminate collaboration with factories

Supplier Scoring



due to breaches on the code of conduct. However, we faced two cases in 2022 leading to the ending of business relation. One case where a large factory went bankrupt, and the workers lost their jobs. We have had contact with the factory management and the workers were compensated for the performed work. According to the supplier's agent, most of the workers have now found new jobs and only a few are still working in the factory for maintenance of the property and machinery. The company owning the factory are still listed on the Dhaka stock exchange, and the plan is that the factory will get new owners and restart the factory. The second case was due to the sanction against the Russian Federation after their invasion of Ukraine. After recommendations from Ministry of Foreign Affairs, we accepted the already finalized order from the Russian supplier, and then ended our business collaboration with them.

The most critical breaches of the Code of Conduct principally concern health and safety issues, such as lack of fire safety in the factories. These critical findings are not the most commonly

found in our audits but shall be corrected immediately and reported back to the Kid Group within 60 days due to its severeness on workers safety and lives. Suppliers with critical findings are followed up more frequently to secure the safety of the workers.

However, the more common breaches of the Code of Conduct are related to documentation and employment terms and conditions, as well as salaries and working hours. These findings are of major importance, but not critical to human health and safety. Therefore, it is important that the changes are systematically corrected within a reasonable time frame, but not rushed. If documentation is incomplete in the factory, for example if proof of employment, time recording, and payroll documentation is lacking, the Kid Group cannot verify compliance with the Code of Conduct, such as controlling wages, overtime regulation or controlling the age of the workers. There are several root causes to these types of findings, e.g., depending on the country the supplier operates in, the level of governance from local authorities and the complexity of the supply chain for individual product groups and materials. The Kid Group endeavors to make suppliers aware of the importance of good documentation through communication with factory management and following up on action plans.

In accordance with the Kid Group's Code of Conduct and local legislation, suppliers must at least pay the country's statutory minimum wage, or industry benchmark standards, whichever is higher to their employees. Wages should always be enough to meet basic needs, including some discretionary income.

It is difficult to verify that overtime is kept within acceptable limits, especially if the time recording is flawed. There may be many reasons for the existence of overtime. In cases when employees work far from home, they may want to work

THE KID GROUP'S SUPPLIER CODE OF CONDUCT REQUIREMENTS

- Laws and regulations must be complied with.
- Workers shall be free to join trade unions and to bargain collectively.
- Prohibition of discrimination must be complied with.
- Wages and compensation must be paid according to applicable rules.
- Overtime must be remunerated and must not exceed applicable rules.
- Health and safety matters must be respected in the workplace.
- Prohibition against child labor must be complied with.
- Prohibition against forced labor must be complied with
- Approved environmental work and proper disposal of waste must be in place.

Our full Code of Conduct can be found in the PAR here: <https://www.kid.no/supplier>



intensively for periods of time and then return home. Another reason may be low wages that needs to be compensated by longer working hours. It is important that we as a customer to our suppliers help to plan our orders and shipments, as well as encourage the suppliers to find solutions to excessive overtime and to get them to understand the problem.

Health and Safety in Factories

Workers' safety in the factories are of highest importance. Blocked or lack of fire exists, unstable building structure or exposure to hazardous chemicals, sharp object, high power electricity, or hot surfaces are some of the serious breaches of our Code of Conduct. Without sufficient routines, controls, and safety measures the health, and in worst case lives, of the workers are threatened. We set a long list of requirements for health and safety in the Code of Conduct and encourage our suppliers to educate their workers about safe operation of machines, PPE, fire- and building safety, and much more. The control of Health and Safety are always controlled in both second-, and third-party audits.

International Accord

After the Rana Plaza factory outside Dhaka in Bangladesh collapsed, killing more than 1,100 people and 2,500 were injured, the Accord initiative was launched in 2013 on Fire and Building Safety.

In May 2018, the original Accord was replaced by another initiative - Transition Accord on Fire and Building Safety.

Later, on September 1st, 2021, the Bangladesh Accord was replaced with the International Accord for Health and Safety in the Garment and Textile Industry, which was re-was signed by Kid in November 2021. For more information see www.internationalaccord.org.

In end of 2022 the International Accord for Health and Safety introduced the Pakistan Accord, and the Kid Group plan to sign the Pakistan Accord in the first half of 2023. This initiative will further strengthen the fire and building safety in factories in Pakistan and be an important part of our work to mitigate risks related to health and safety in Pakistan.

The Right to Collective Agreements and Freedom of Association

The right to join a union and negotiate collectively is a basic right. Unfortunately, trade unions are weak in many of the manufacturing countries and are even illegal in certain countries.

The Kid Group encourages its suppliers to ensure that this right is not violated. Both factory managers and their employees are informed of their rights, and compliance with requirements is followed up in social audits. All suppliers must allow workers to freely choose their own representatives with whom the company can have a dialogue regarding workplace issues. Internal work committees exist in many factories. These associations allow employees to engage in dialogue on

workplace issues and they provide an alternative for facilitating fair negotiation. However, they do not replace functioning unions and it is important to check how the committees operate and that the members are elected by the workers.

Methods of combating child labor and forced labor

The Kid Group's basic rule regarding child labor is that people under the age of 15 cannot work for any of its suppliers. If national legislation imposes more stringent requirements, it is those that apply. In China, for example, the legal working age is 16.

The Kid Group also requires that suppliers pay careful attention to young workers (under the age of 18), for example in relation to the right to limited working hours. If the Kid Group discovers or suspects that a worker is underage, the supplier is contractually obliged to take measures to ensure the best outcome for the individual. The best possible solution is sought together with the supplier, considering the child's age, education, and social situation.

Forced labor or compulsory labor is prohibited. It is important that workers receive continuous wages for work performed, that they are entitled to take holiday and terminate their employment with wages for work performed. There is an increased risk of forced labor in the Xinjiang province, and with migrant workers around China coming from the Xinjiang province. We are actively communicating with our suppliers on this issue tracing our cotton sourcing.

In addition to the set requirements in the Code of Conduct and conducting regular audits, it is important that we understand where and how the risk of child labor occur. Mitigating the risk of child- and forced labor in the supply chain requires a commitment to transparency, accountability, and continuous improvement.

No incidents of child labor or forced labor have been or reported during 2022, however we continue to monitor these topics carefully since our due diligence work identifies child labor and forced labor as high risk in certain areas of our supply chain.

Xinjiang cotton

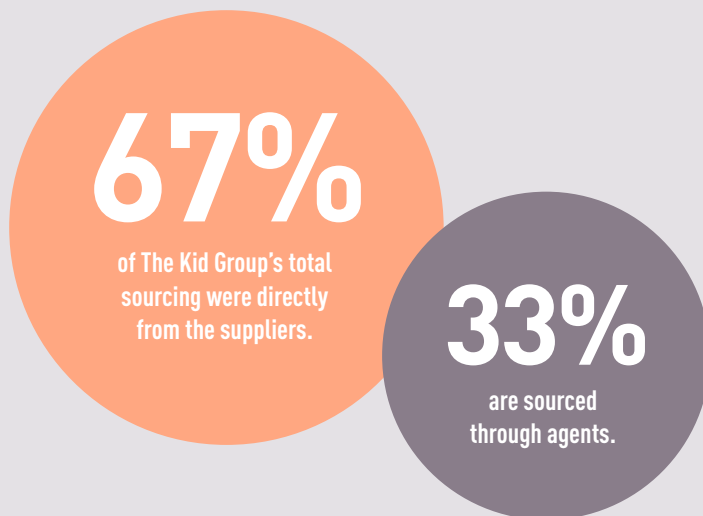
During 2020 more details emerged regarding the systematic use of forced child or adult labor in the harvest of cotton in the Xinjiang region, located in Northwest China. In the last quarter of 2020, the Kid Group implemented a ban on cotton from the Xinjiang province which still stands, and this policy will remain in place until the International Labor Organization can verify that the forced labor situation has ended and is under control.

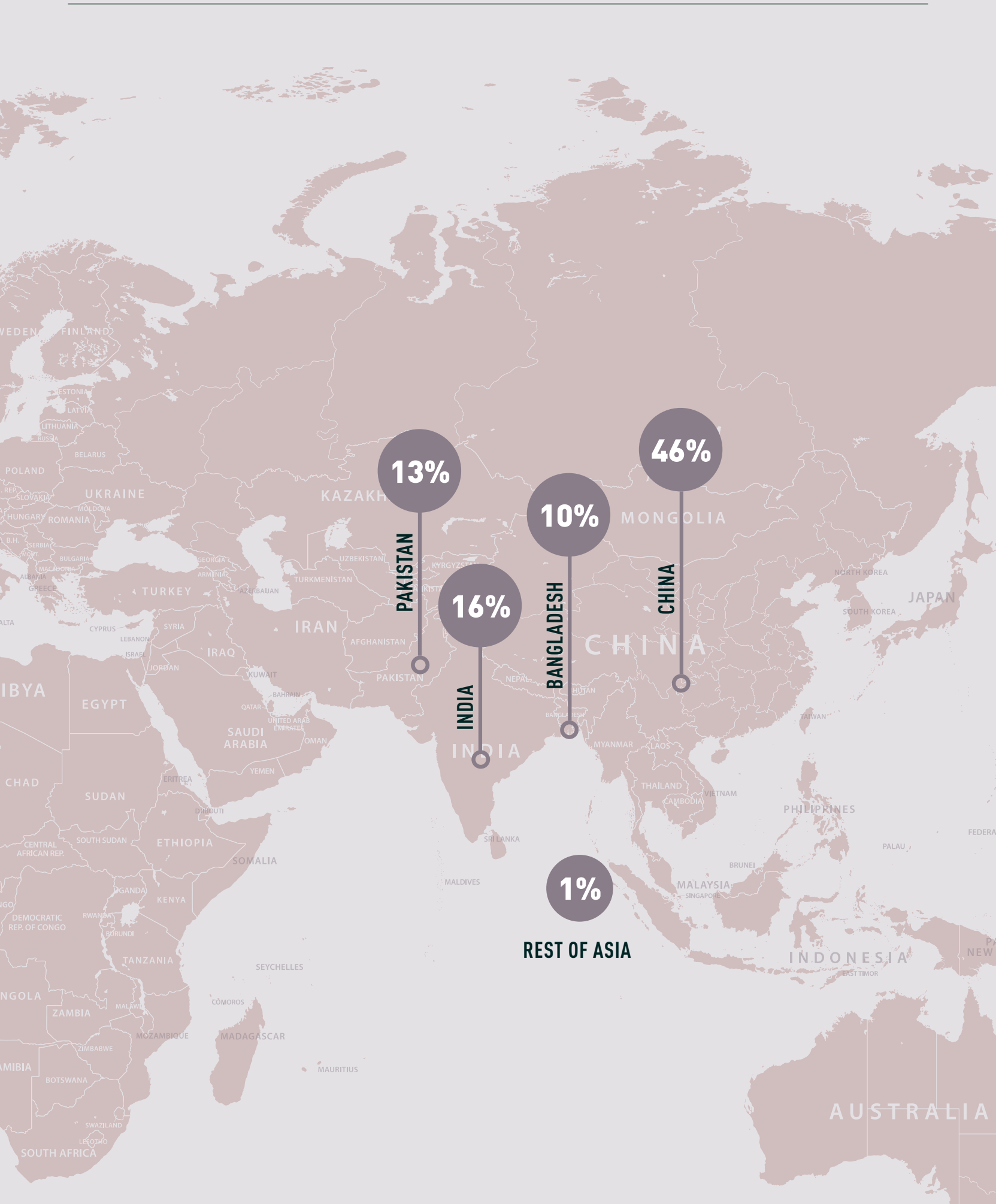
According to our internal analysis and investigation, none of the cotton fiber in our assortment are being sourced from the Xinjiang region, even though it is impossible to be sure since cotton is sourced in mass-balance systems. Note that the results are mainly based on self-reporting from our suppliers. However, we mitigate our risk of use of Xinjiang cotton fiber by sourcing Better Cotton or other traceable cotton initiatives which have bans on cotton from the region.



KID GROUP SOURCING MARKETS IN 2022

In 2022 the company had 251 suppliers in 22 different countries: Bangladesh (9), Belgium (1), China (112), Denmark (16), Estonia(4), Germany (3), Hungary (2), India (31), Indonesia (1), Lithuania (2), Nepal (1), Netherlands (1), Norway (18), Pakistan (15), Poland (2), Portugal (2), Russian Federation (1), Sweden (12), Taiwan (5), Turkey (9), United Kingdom (1) Vietnam (3).





BOOKS AND SOLAR PANELS CONTRIBUTE TO A GREENER, MORE PROSPEROUS AND SUSTAINABLE FUTURE

Kid has since 2014 partnered with Bokhari, a Norwegian-Pakistani social enterprise with manufacturing facilities in Sultan Town, Faisalabad, Pakistan, that contributes to secure decent employment opportunities to hundreds of artisans in Pakistan, mostly women, and quality education to their children.

The partnership with Kid, now in its ninth year, has enabled Bokhari to multiply its efforts to improving the livelihoods and future of hundreds of families who are direct and indirect beneficiaries of the social enterprise's more responsible and sustainable approach to product development and production.



Over the years, significant investments have been made in strengthening environmental and safety standards, improving working conditions, installing solar panels to ensure that the factory is now fully run on renewable energy, building a waste-water treatment plant (which also provides clean drinking water to 5000 people in the local community), and continued investments in the school adjacent to the factory.

By only using more sustainable and certified materials, such as upcycled and recycled cotton, sea grass, palm leaves, wool, jute, banana fibres and other natural materials, Bokhari provides Kid with an exciting and growing portfolio of handmade products including rugs, baskets, potholders, tote bags, aprons, table mats, runners etc. In 2022, a new collection of natural wool rugs was launched and in 2023, we are introducing banana fibres as a new material in table mats and runners.

Bokhari employs more than 450, mostly women, and the school provides free, quality education to nearly 1000 girls and boys aged 4 to 18 years.

Bokhari is run by social entrepreneur Amar Bokhari along with renowned Norwegian designer Runa Klock. Together, they continue to be inspired by modern Scandinavian design and traditional artisanship and a strong conviction of making a positive change through their activities. The range of products now available from Bokhari, and the social impact resulting from their activities, is a clear testimony to their passion for sustainable textiles and interior products for a more responsible, conscious way of living.

For Kid, a continued and strengthened partnership with Bokhari underlines our strong commitment to working with suppliers who care and take responsibility – for the environment, for their products and for the people who make them. Through our partnership with Bokhari, we can go beyond expectations and regular compliance standards, redefining the meaning of sustainable and responsible production.

Read more at kid.no/bokhari and bokhari.no



"We don't employ people to make products - we make products to employ people".



SALES & COMMUNICATIONS

At The Kid Group, we strive to achieve growth by implementing a balanced approach of responsible marketing, excellent customer service, and offering high-quality and inspiring products. We are committed to educating our customers about sustainable and ethical purchasing practices, in addition to providing guidance towards these choices. In this section we talk about how we communicate our sustainability topics with our customers without greenwashing, and how we operate our sales channels.

CUSTOMER EXPECTATIONS

It is important that we understand our customers, both in terms of their behavior when buying new things for their home but also what they think about sustainability and how they make decisions based on sustainability aspects. Studies show that the Nordic customers wish to be part of the change to a more sustainable future. It has become popular to care about product environmental- and social impacts, buy secondhand clothes and pay for services instead of products. However, research indicates that while customers desire to shop and consume in a more responsible manner, only a few are willing to change their behavior if it comes with an increased cost in price or effort. This can be explained by the recent year's high inflation with increased energy prices and interest rate and a generally higher cost of living.

All our stakeholders, including our customers, let us know that a variety of ESG topics are important, as previously mentioned in the materiality assessment on page 12-13. However, the customers are the ones that are most sensitive to the price of sustainability. Therefore, the Kid group commits to have an efficient and ethical supply chain with focus on material topics, such as climate emissions, human rights, animal welfare, safe- and long-lasting products and more, while at the same time offer an inspiring assortment in an affordable price range.

DATA PRIVACY AND SECURITY

Since May 2018, Kid Group has been working in accordance with the new European General Data Protection Regulations (GDPR). The Kid group's processing of personal data includes both technical and organizational measures aimed at securing the personal data of both customers and our own employees. These measures are governed by an internal control system and the Data Protection Officer. Amongst other activities, internal audits are conducted once per quarter. During the year, there have been no reported incidents of deficiencies in the protection of customer privacy.

RESPONSIBLE MARKETING

The Kid Group aim to contribute to more well-informed consumption by guiding customers towards more sustainable and ethical choices and working actively to reduce the products' direct environmental impact.

Several tools and measures are needed to facilitate the transition to sustainable patterns of consumption and manufacturing. We are aware that over-consumption is a major issue when talking about sustainability, and can be seen as a root cause to the current unsustainable world we live in. As a retailer with a long history on the market, the Kid Group's business model and sales are often driven by campaigns and discounts. As mentioned in previous section about customer expectation, our customers are sensitive to price, and are easy to lose to competitors. That is why Kid want to make more sustainable decisions for the customer, and offer affordable, more sustainable products in comparison to other, conventional alternatives. With clear and easily accessible information in the form of trustworthy environmental labelling, transparent pricing, product information in stores and online and more, we aim to make it easier for our customers and consumers to make responsible and sustainable choices when selecting our products and services.

Accurate and Extended Labelling

All Kid Group's textile products must be properly labelled including accurate fiber composition, care instructions and country of origin on the product. There are several product categories with specific regulations regarding labelling. The Kid Group constantly monitors and follows these up so that the customer receives correct information. The Sustainability & Quality Assurance Manager for the Kid Group is also frequently participating in a reference group for textile labeling, which is a part of the "labeling guide" from the Swedish Textile Importers. This gives the Kid Group the opportunity to receive early access to information about upcoming labeling requirements and at the same have the impact to comment and give feedback to new labeling regulations. It is also a valuable forum to



discuss interpretations of existing labeling regulations and requirements, to make continues improvement and avoid misleading information to customers and consequently avoiding claims.

One non-compliance related to “accurate labeling” was found during 2022. Three seasonal decorative cushions were labeled with Oekotex Standard 100 by the supplier, without the supplier having a valid certificate for the product group. The labels were removed from the cushions before they were sold. The supplier has now included cushions in their scope, and we can use the Oekotex logo again in future orders from the same suppliers.

Clear Communication for Conscious Consumption

Kid group has a group-wide focus on guiding customers towards making more sustainable choices. Through clear labelling of composition and care instructions, and sustainability standards and certifications of the product range, customers should receive clear information about the content of the products which promotes more conscious and sustainable consumption. Sustainable products, which comprise more than 53% (42%) of the total assortment and 65% (61%) of the textile assortment, are made visible in the stores and branded as Act with the Heart.

It is important to not mislead our customers, by not letting them know that products are more sustainable

than they actually are. To strengthen this work, we signed the Norwegian initiative “Guide Against Greenwashing” (Grønnvaskingsplakaten) in 2022, to further strengthen the work within responsible marketing.

To make it easier for the in-house design-, purchase-, and marketing teams to use third-party labels according to the different organizations’ requirements a summarized “labeling guide” is being used. The guide highlights the most important labeling- and claims requirements for all third-party initiatives and logos included in “Act with the Heart”, as well as general sustainability claims to avoid miss-communications in marketing materials. We are closely monitoring the progress of the European “Initiative on substantiating green claims”, and the related “Product Environmental Footprint” (PEF) methodology that might be mandatory to us when assessing the environmental impact from products.

In 2022 the Swedish Consumer Agency did a control of our Swedish website for Hemtex. The inspector concluded that our sustainability claims with Act with the Heart was not clear enough on the product pages. We agreed on the finding and made corrective actions to better inform our customers about the exact product certificate and criteria for each individual product to be labeled with the Act with the Heart symbol. The deviation was accepted by the Swedish Consumer Agency shortly after. We appreciate the guidance and work done by the local authorities in this area.

ACT WITH THE HEART – THE PRODUCT LABEL

The Kid Group endeavors to help customers make sustainable choices under the “Act with the Heart” concept. The concept includes a product label that works as an umbrella brand for a number of approved and relevant standards. For a product to be labelled with the “Act with the Heart” symbol, it must fulfill the below requirements.

1. Have proven lower environmental and/or ethical impact + good traceability.

By using credible and strong third-party certifications that include, for example, preferred materials, social measures, or cleaner production methods, we can ensure that the improvements are real and contribute to a positive development compared to conventional alternatives. To ensure that the products are as we want, we verify the certifications with, among other things, transaction certificates and audits, which give us traceability and documentation of the products’ manufacture. Each product is marked with the respective third-party certification as well as our own Act with the Heart symbol. The standards and certifications we chose to include in the “Act with the Heart” concept are carefully selected based on their credibility, effectiveness, and transparency, as well as their recognizability among our customers and stakeholders. Most of the selected standards are members of the ISEAL alliance to verify credential claims.

2. More than 50% of the product’s weight must consist of materials that meet the requirements in point 1.

Our products are sometimes made up of several different materials. We therefore say that more than half of a product’s weight must consist of the preferred materials in order for us to label it with Handle Act with the Heart.

Alternatively, the profit from the sale of the product must be given directly back to the local community.

This could be, for example, our Bokhari products that help provide education to girls and boys at the LAMS school in Pakistan.



PRODUCT USAGE & END OF LIFE

At The Kid Group, we prioritize the longevity of our products, ensuring that they can be used for extended periods of time. To achieve this, we constantly strive to improve our product design and quality control processes by incorporating feedback from customers and addressing any complaints received. Furthermore, we are committed to supporting sustainable practices in the textile industry by collecting discarded textile products for increased reuse and recycling. This allows us to create more circular business models for textiles and minimize our environmental impact.

CIRCULARITY

The Kid Group is committed to implementing circular business models that prioritize optimal reuse and recycling of materials rather than traditional linear production. The company aims to reduce the use of natural resources, prevent waste through closed-loop manufacturing, and develop products from recycled and resource-efficient raw materials. The company's climate emissions calculation shows that 97% of all emissions come from the products purchased from suppliers and sold to customers. This highlights the need to decouple revenue from the use of natural resources and to implement circular strategies to reduce consumption. By finding better flows of material, increasing efficiency in the product life cycle, and prolonging the lifetime of each product, the company can lower its environmental impact and reduce its total CO₂e emissions.

A circular business model requires resource efficiency at all stages of a product's life cycle. Doubling the lifespan of all textiles, for instance, would almost halve the products' climate impact. Recycling is typically more resource-efficient than producing new products with virgin raw materials, but recycling should be the last step after maximizing the product's lifetime. The goal of a circular economy is to eliminate waste and pollution, keep materials in use at their highest value, and regenerate natural systems. Kid Group is working to find opportunities and solutions in various areas of its assortment and operations to maintain healthy ecosystems, clean air and water, and flourishing biodiversity.

Long-lasting products

The Kid Group has high quality standards, and the company aims to make long-lasting home textiles which often become more comfortable and unique with use. The Kid Group also aims to increase the proportion of products from more sustainable sources and guide customers to more responsible and conscious purchases. Via our participation as a member of the board in the Norwegian initiative Movement for Sustainable Textiles we cooperate with other Norwegian textile brands via Tekstilaksjonen. The purpose is to inform and educate the consumer about how to care for textiles as

well as to take internal actions to improve the longevity of textile products. The movement operates by its manifest "The five Rs"; Reduce, Reuse, Repair, Remake & Recycle.

In 2022 we successfully launched a new product range in the assortment called "Premium Collection" to further enhance the quality level in the assortment. More information about Premium Collection is given in the section called "Sustainable Product Design" in this report.

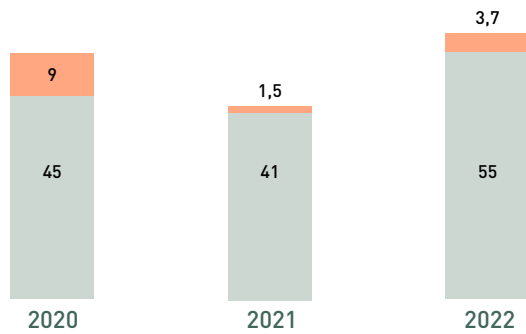
Collecting of used textiles

For several years we have had a textile-collection scheme in our stores. This is a great way to visualize the importance of circular flows of textiles to our customers and at the same time help our textile collecting partners to gather textiles in a clean and dry state.

In Kid Interior we cooperate with UFF Norway for the collection, reuse, and recycling of used interior textiles. UFF Norway operates a large humanitarian aid network, developed through projects related to the reuse of fabrics and textiles. The organization has developed a robust system for handling fabrics in an ethical and responsible manner. UFF is a member of Fundraising Control in Norway. Kid Interior stores act as reception centers for unwanted interior fabrics - such as curtains, towels, duvets, and bed linen - which are dropped off by the public. Kid then sends on these fabrics for reuse and recycling by UFF.

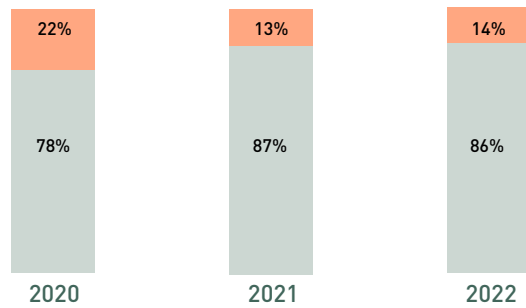
In 2022, Kid collected more than 55 metric tons of used interior textiles, up 13 metric ton from 2021. This is significantly more than we have collected in previous years. During 2022 our newly initiated partnership with Myrorna, a part of the Salvation Army, was growing. Myrorna's mission is to collect textiles of such a high quality that they can be resold in Sweden. From the random spot checks performed by Myrorna's sorting center on the collected textiles from Hemtex, the result showed a quality level of approximately 58%. Currently - according to Myrorna's general statistics - only 20% of the collected textiles in Sweden reaches a quality level that can be sold in Sweden, while 70% are sold abroad

Collection of used interior textiles (tons)



● Hemtex ● Kid

Plastic bags vs Paper bags (%)



● Plastic ● Paper

for reuse and recycling. The remaining 10% are of such low quality (bad smell, very dirty, wet or similar) that it is used for energy. That shows that the sorting scheme in Hemtex is working efficiently and helps the circularity of textiles in Sweden. In total we collected more than 3,7 (1,5) metric ton of textiles in Sweden during 2022 and has set a goal to reach 10 metric ton in 2023.

Recycling of Textiles

The Kid Group is a part of a working group at the Swedish Trade Federation (Svensk Handel) called Textiles for Recycling Initiative (T4RI), focused on finding new solutions for reuse and recycling. The members of the T4RI group aims to find solutions that can simplify collaboration between various groups within textile recycling, such as consumers, producers, and municipalities. In 2021 the group acted as the Swedish textile industry’s reference group in the new development of an extended producer responsibility (EPR) for textiles. Unfortunately, the EPR has not yet been implemented in Sweden.

In 2022 the Ministry of Climate and Environment appointed a working group to develop an EPR in Norway. The Kid Group was invited as a member of the reference group to guide and give input from the home textile companies’ perspective to the working group. The new and upcoming extended producer responsibilities will be a fundamental part of shifting to a more circular economy and textile flow in Norway. We raise our voice to have similar solutions and build-ups of the extended producer responsibility across EU, and at least the Nordic region.

Reduced use of plastic bags

To reduce single-use plastics we have focused on replacing shopping bags with paper bag for some years. In 2022 the share of paper bags was 86% (87%) of all shopping bags in the Kid Group. The paper bags are recycled, made from post-consumer waste and produced in a Swedish factory driven by 100% renewable energy. In 2020 we introduced a 100% recycled plastic bag in Kid as a supplement to paper bags, for the largest bag size. This bag was introduced in Hemtex in 2022, hence the small increase in plastic bags within the group. The bag is made of recycled plastic with at least 10% ocean plastic waste.

To further reduce the need for single-use polybags in the assortment we have developed product packaging made from paper, cardboard and/or textiles (self-fabric bags) to replace the commonly used polybags to protect the products during transport and sales.

Waste management at the headquarters

Even though our main material topics are not found at the headquarters, it is important for us to work efficiently with our hardware and resources in-house. All stores, as well as our own warehouse and offices recycle paper, cardboard, and plastic. We will improve reporting about waste management for operations at the headquarters in 2023.



In 2022 the Kid Group collected almost 60 tons of used textiles to be sold second hand or recycled.

DEDICATED EMPLOYEES

Kid Group's ability to attract, recruit, develop and retain the right employees is crucial for the company's progress. Kid Group aim to offer employees development opportunities and a stimulating, safe and healthy workplace environment. Labor conditions in our own operations is identified as a double materiality topic due to the importance of securing talent, competent and well-being of employees. Remuneration is also one of the largest cost for the company and the management of this cost is vital.



OUR VALUES

The Kid group is founded on a set of values which all employees are expected to follow, and which are anchored in our core values - commercial edge, inspiration and dedication.

These values are further detailed with principles in our ethical guidelines for employees. Some key principles are:

- We communicate openly, truthfully and clearly
- We act with respect, consideration and responsibility for each other
- We prevent, identify and act on conflicts of interest
- We do not discriminate based on gender, sexual orientation, ethnicity, religion, disability, gender identity, gender expression, age or other characteristics

INCREASED COMPETENCE

Attracting and maintaining skilled employees is a key competitive advantage for the Kid Group. All employees have access to a variety of training, including product training through the online platforms Hemtex and Kid Academy. The training aims to build confidence and detailed knowledge of the assortment. Unfortunately, the software supplier is unable to provide us with total number of completed trainings.

In Kid, the store managers for the 20 largest stores are included in a development program with focus on leadership, economy, staffing and visual merchandising.

In 2020 we implemented a talent program where store employees can apply for a possibility to become store manager through on-the-job training and seminars. In 2022 there were

not enough applicants to conduct the program. The program is still active, and we hope to offer this again in 2023.

Another way to increase employee's skills is the possibility to achieve a retail trade certificate through weekly online training in collaboration with K2 Kompetanse.

To further enhance the focus on better designs, materials, and products in the assortment, we have introduced 30 minutes of quality and sustainability education in the monthly buying and design team meetings.

FOCUS ON HEALTH AND SAFETY

The goal of the Kid Group's workplace environment efforts is ultimately to prevent ill health and absence related to shortcomings in working conditions and the workplace environment.

Kid Group encourages employees to do more physical activity and adopt a balanced lifestyle, for example by offering health and wellness benefits as well as agreements with fitness and wellness providers. In both Kid and Hemtex, all employees are offered a discount on Gym memberships. Furthermore, all employees at HQ in Kid have free access to a gym located at the office. This will also be available at the new HQ offices for Hemtex.

In 2022, the total sick leave rate was 8.9% (7.6% in 2021, 6.4% in 2020) in Kid Interior and 5.4% (5.3% in 2021, 5.2% in 2020) in Hemtex.

The Kid stores should be a safe and secure place for customers and employees. Therefore, it is essential that all employees have knowledge and understanding of safety issues. This is achieved through continuous training and information.



The Kid Group works proactively and systematically with fire safety and the workplace environment. Risk assessments related to intimidation and violence in the company are conducted continuously at a local and central level. If an incident occurs, we have a crisis management organization which can directly support staff in need of help.

Every year, workplace environment inspections must be carried out in the offices, warehouse and in every store. Any shortcomings discovered lead to concrete action plans, and if deemed necessary to key initiatives that encompass the entire business. A health, safety and environment manual is available for all employees on our intranet.

In 2022, 13 (2021: 27, 2020: 9) workplace accidents were reported, with no serious injuries as a result. All reported incidents and injuries are compiled and followed up by the HR Manager.

OUR WORK TO ENSURE EQUALITY AND PREVENT DISCRIMINATION

The Kid Group has zero tolerance for any form of discrimination or harassment and has developed guidelines on how to prevent harassment in the Group. These principles are based on our values, guidelines and policies and communicated to all employees, whether they are full-time or part-time, permanent, or temporary hires. Our goal is diversity and equal opportunities within all parts of the organization, and the Group targets an inclusive and safe workspace with several initiatives to support this, including recruitment, working conditions, promotion, personal development and work-life balance.

ACTIONS AND RESULTS

In Kid and Hemtex an employee survey is implemented each year, including matters relating to discrimination within recruitment, working conditions, promotion, personal development, and work-life balance. We also hold semi-annual one-to-one conversations with each employee. Based on the results, risks are identified and analyzed, and proper measures are initiated and subsequently monitored. The responsibility lies with each department manager in collaboration with HR.

Based on the current results from the employee survey for 2022, no cases of harassment based on discrimination was reported within the organization during the year.

The composition of the Kid Group's employees largely reflects the company's customer base. Approx. 95% of our employees are women. The company's Group management team in 2022 consisted of 3 persons, of which none are women. The board of directors consists of 6 persons, of which 3 (50%) are women.

Kid Group's policy and goal is equal pay for equal work. As part of the annual salary adjustment, differences in fixed

salary between employees within each department are reviewed, assessed and adjusted in order to synchronize any irregularities where necessary. We have analyzed the differences in fixed salary between women and men in the Group. We have grouped our employees into “Group Executive management”, “HQ employees”, “Store employees” and “Warehouse employees”. The total remuneration differences between men and women for each of the employment types in 2022 and 2021 was:

2022	Number of men/women per employment type		Differences in remuneration*
	Women	Men	Fixed salary
Total	2169	129	67%
Group management	0	3	n/a
HQ employees	125	29	68%
Store employees	2016	50	107%
Warehouse employees**	28	47	96%

2021	Number of men/women per employment type		Differences in remuneration*
	Women	Men	Fixed salary
Total	2013	108	68%
Group management	0	3	n/a
HQ employees	100	28	79%
Store employees	1881	40	104%
Warehouse employees**	32	37	99%

* Womens share of mens remuneration in%

**Only applicable for the Kid-segment

For store employees, all store managers have a fixed salary subject to annual individual assessments while other store employees follow the same collective agreements based on age and experience. The marginal difference in remuneration is explained by the gender distribution between store managers and other store employees. All warehouse employees follow the same collective agreements.

For HQ employees there are variations related to education, competence, responsibility, working hours as well as the market terms for certain positions within each department and role. The aggregate difference in the HQ salary level is explained by the gender composition and market terms within departments. Our analysis shows that there are no material



differences between men and women in same departments with similar roles and responsibilities, in line with our policy. The main differences between men and women in the Group as a whole are explained by the relatively higher salary allocated to the CEO, CFO and VD in Hemtex as is deemed to be at market terms and according to market practice. The salary level for Group Management represents what is deemed to be market terms for the roles itself with gender having no material effect.

The group’s policy is to employ the best qualified candidate for any position regardless of gender. The difference in remuneration between women and men reflects no deliberate discrimination between genders.

FULL TIME RATE

In 2022, the number of employees was 2 298 (2 121) and 1 896 (1720) of these were part-time. This means that 82.5% (81%) of employees work part-time. For HQ employees, the share of employees working part-time was 17% (5%).

The Kid Group offer part-time employment at our stores and warehouse, providing mutual flexibility both for our employees and company. Kid endeavors to offer part-time employees the opportunity to increase the rate of employment. Kid regularly conducts surveys to assess whether there are part-time employees working involuntarily part-time. A measure to increase the full-time rate of the Groups employees, is to recruit internally for relevant vacant positions. The Group also offer a talent program enabling store employees to become a store manager. The focus on internal recruitment, increased competence, talent program and the possibility to get a trade certificate in retail are all measures to keep our employees, develop internal competence and provide room for growth and increased possibilities for our employees.

The Kid Group has a simple digital staffing system in stores, which gives priority to people who are already employed when there is a need to staff extra shifts. The system is also used by external temporary staff. This has greatly simplified the staffing process for managers and created a better working environment.

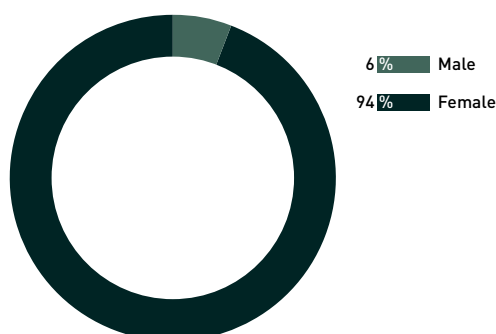
Employee turnover

Employee turnover was 16% (16% in 2021, 11% in 2020) in Kid Interior AS and 32% (22% in 2021, 25% in 2020) in Hemtex AB, based on the number of permanent employees who left during the year relative to the number of employees in the group.

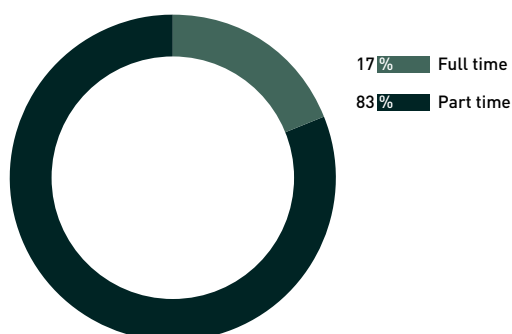
Trade union agreements and dialogue

All Kid Group's employees in Sweden and Finland are covered by collective agreements. In Estonia and Norway, the national guidelines on collective agreements are followed. The Kid Group is a member of employers' organizations operating in the various countries, and the company maintains a continuous dialogue with unions. The Kid Group adheres to the notice periods specified in the collective agreements of the Swedish Trade Federation, the Union of Commercial Employees and Unionen, and to national legislation in the countries where it operates. The Kid Group offers all employees, both part-time and full-time, benefits in accordance with the local laws in all countries where it operates. These include occupational health, insurance for occupational injuries and illness, parental leave and retirement benefits. The store managers report to a regional manager, who in turn reports to the Kid Group store operation manager. The HR department is responsible for personnel issues, central initiatives and activities and for supporting the stores.

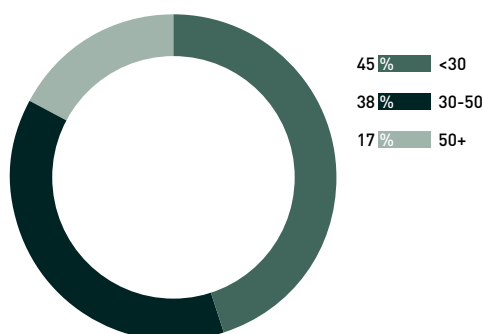
Gender distribution



Employment type



Headcount per age group



CALCULATION METHODS

This sustainability report encompasses the Kid Group, and its content is based on the materiality assessment performed in 2022. The following provides detailed information on measurement and calculation methods for this sustainability report.

ENERGY CONSUMPTION

The offices, as well as just about half of the stores are part of a shared electricity agreement. Electricity meters are connected to a shared system that compiles data on electricity consumption.

For those stores that are not part of Kids' central agreement, energy consumption has been estimated differently for Kid and Hemtex:

For Kid the CityCon energy report is used as a basis for energy mix. An average energy usage per m2 is calculated and applied to the stores.

For Hemtex the stores that are not part of the central agreement, energy consumption has been estimated using the average energy consumption per store. There is no data on the type of electricity used for these stores either, so an assumption has been made that it is conventional electricity. For the calculation of energy consumption per square meter in warehouses, stores and offices, the area of the active stores and warehouses at the end of the measurement period are used. Energy consumption is calculated on offices, warehouse and stores owned and operated by the Kid group.

FREIGHT TRANSPORTATION

All freight carriers report ton kilometers which are calculated on the distance travelled or reported as CO₂e WTW. The data have been calculated to greenhouse gas emissions according to the GHG protocol by 2050 Consulting. All freight has been included, as well as air freight.

EMISSIONS FROM FACTORY TO WAREHOUSE

Emissions are based on the data from the climate report. Volumes are based on our main forwarders transported volume by mode as we do not have the same numbers available for all freight forwarders.

EMISSIONS FROM WAREHOUSE TO STORE / CUSTOMER

Emissions are based on the data from the climate report. Kilos are based on our freight partners report for all goods delivered from our warehouse to our stores or to customers through the online sales channels.

BUSINESS TRAVEL

Covers business travel booked through central travel agency and registered car journeys.

CLIMATE EMISSIONS

For the calculation of GHG emissions, 2050 Consulting have calculated and quality assured the data. The calculated emissions are according to the GHG protocol. A detailed methodology report can be downloaded here: <https://investor.kid.no/corporate-governance/sustainability/>

We restated the 2020 climate emissions with more granular emission factors for air and shipping freight and also for purchased cotton products.

Emissions under the GHG Protocol include the following in each scope:

Scope 1: Emissions from business travel using leased company vehicles, district heating for stores and warehouse.

Scope 2: Emissions from energy in own warehouses, stores and offices.

Scope 3: Emissions from business travel, shipment of all goods from sourcing country to warehouse and to the store, shipping of online orders to customers, waste at head office and warehouse and airfreight. We have also included emissions in tier 1 – 4 from production of all goods made with cotton, polyester down, wool, linen, viscose, paper and wood.

Packaging material emissions for 2022 had to be estimated based on 2021's packaging material composition and were then adjusted to the increased amount of products sold. This has since then been revised with the updated estimate for materials composition for 2022 and resulted in an increase of 6 tons of CO₂e. The revised reported figure of total emissions for this category should therefore be 31 tons of CO₂e.

SUPPLIER-RELATED DATA

Information on socially audited suppliers refers to active suppliers of Kid groups own-brand products in high-risk countries whose manufacturing units have undergone a social audit based on SMETA, BSCI, ETI or SA8000.



To be approved, the audit result must meet the Kid group's minimum level i.e. that the audit has not identified any of the zero tolerance criteria decided on. Nor must the audit identify that the lowest-rated producers have not improved in the follow-up audit, and that the supplier should commit to implementing any improvement measures.

Supplier refers to tier 1.

NUMBER OF PRODUCTS AND PURCHASES

Purchase value and number of purchased products include all products in Kid's range, unique products found in franchise stores are not included.

The Act with the Heart choices include; organic products with GOTS and OCS certification, cotton which supports sustainable farming methods and which has been mass balanced and allocated to Kid with Better Cotton Claim Units, recycled products with GRS or RCS certification, down products with RDS or Downpass certification, products with TENCEL™ fibers or products with other environmental labelling, such as Nordic Swan ecolabel, EU Ecolabel, Oekotex Made in Green, FSC and especially good social project like Bokhari.

Cotton from more sustainable sources comprises Kids own- brand products and includes organic cotton products with GOTS and OCS certification, cotton which supports sustainable farming methods, and which has been mass balanced and allocated to Hemtex with Better Cotton

Claim Units, recycled cotton products with GRS or RCS certification.

MATERIALS USED

All calculations on materials used is based on data from the ERP system. When detailed data has not been available the total product weight, adjusted for packaging and filling (if relevant) has been used.

Material usage has been calculated for 100% (80%) of all product sales in sales value.

EMPLOYEES

This report covers Kid's employees (i.e. store staff where the shop is owned by Kid). Data is based on the number of employees at the end of the year. The average number includes permanent employees, employees in their probationary period and temporary employees (more than one month).

Employee turnover is calculated as the number of permanent employees who left during the year in relation to the average number of permanent employees.

Sick leave is calculated as the number of hours of sick leave in relation to scheduled working hours.

Type of employment refers to the total number of employees divided by those who work full time, 100%, and those who work part-time i.e. less than 100%.

ADDITIONAL GHG EMISSION DATA

GHG EMISSION TOTALS

DETAILED EMISSIONS PER SCOPE [ton CO2e]	Total emissions 2022	Share 2022	Total emissions 2021	Change 2021-2022	Total emissions 2020	Change 2021-2022
SCOPE 1	46	0,03%	61	-24,8%	46	-0,3%
Fuel use for own heat or electricity production	0,2	0%	2,3	-90,1%	0,2	20,3%
Company operated transports	-	0%	-	-	-	-
Other company operated vehicles and machinery	-	0%	-	-	-	-
Company operated cars	36	0,02%	49	-26,7%	36	-0,5%
Refrigerant leakage	10	0,01%	10	-0,01%	10	-0,01%
SCOPE 2	3 073	2,0%	3 272	-6,1%	3 785	-19%
Electricity	2 096,9	1,35%	2 272,0	-7,71%	2 716	-23%
Heating	975,3	0,6%	1 000,0	-2,5%	1 069	-8,8%
District cooling	0,2	0,0002%	-	-	-	-
Company operated cars	0,3	0,0002%	-	-	-	-
Steam	-	0%	-	-	-	-
SCOPE 3	152 699	98,0%	164 304	-7,1%	177 405	-14%
3.1 Purchased goods and services	148 414	95%	156 100	-4,9%	171 855	-14%
3.2 Capital goods	-	0%	-	-	-	-
3.3 Fuel- and energy-related activities	402	0,3%	394	2,0%	408	-1,6%
3.4 Upstream transportation and distribution	3 706	2,4%	7 742	-52%	5 038	-26%
3.5 Waste generated in operations	-	0%	-	-	-	-
3.6 Business travel	177	0,1%	68	160%	104	70%
3.7 Employee commuting	-	0%	-	-	-	-
3.8 Upstream leased assets	-	0%	-	0%	-	-
3.9 Downstream transportation and distribution	-	0%	-	-	-	-
3.10 Processing of sold products	-	0%	-	-	-	-
3.11 Use of sold products	-	0%	-	-	-	-
3.12 End of life treatment of sold products	-	0%	-	-	-	-
3.13 Downstream leased assets	-	0%	-	-	-	-
3.14 Franchises	-	0%	-	0%	-	-
3.15 Investments	-	0%	-	-	-	-
TOTAL	155 818	100%	167 637	-7%	181 236	-14%

CALCULATION METHOD, SCOPE 2	Emissions [ton CO2e]
Market-based	3 073
Location-based	760
Difference	2 313

PURCHASED GOODS AND SERVICES

EMISSIONS PER MATERIAL CATEGORY	Emissions [ton CO2e]	Share	DATA SOURCES	Share
Tier 1: Manufacturing	41 312	28%	Emissions from primary data	28%
Tier 2-4: Material and textile production	106 969	72%	Emissions from estimated sources	1%
Packaging material	26	0,02%	Emissions from MSI	71%
TOTAL	148 306	100%		

BUSINESS TRAVEL

EMISSIONS FROM BUSINESS TRAVEL [ton CO2e]	2022	Share 2022	2021	Change 2021-2022
Company operated cars	47	21%	63	-25%
Flight travel	131	58%	48	172%
Train travel	-	0%	0,2	-100%
Taxi travel	-	0%	-	-
Hotels	28	13%	5,6	408%
Other	18	8%	-	-
TOTAL	224	100%	117	92%

TRANSPORTATION

TOTAL TRANSPORTS PER TYPE	Emissions [ton CO2e]	Share	Emissions [ton CO2e] 2021	Change 2021-2022	Emissions [ton CO2e] 2020	Change 2020-2022
Inbound transport	1 864	51%	5 995	-69%	4 552	-59%
Intermediary transport	-	0%	-	-	-	-
Outbound transport	1 535	42%	1 690	-9%	-	315%
Returns	-	0%	-	-	-	-
Samples	275	7%	-	-	-	-
TOTAL	3 675	93%	7 685	-52%	4 922	-25%

INBOUND TRANSPORTS PER MODE OF TRANSPORTATION	Payload distance [tonkm]	Emissions [ton CO2e]	Share	Emissions 2021	Change 2021-2022	Emissions 2020	Change 2020-2022
Road freight	4 644 215	416	11%	370	13%	24	1642%
Air freight	101	0	0%	380	-100%	607	-100%
Ocean freight	456 799 609	1 447	39%	5 211	-72%	3 921	-63%
Train freight	-	-	0%	35	-100%	-	-
Samples	275	7%	-	-	-	-	-
TOTAL	461 443 924	1 864	51%	5 995	-69%	4 552	-59%

OUTBOUND TRANSPORTS PER MODE OF TRANSPORTATION	Payload distance [tonkm]	Emissions [ton CO2e]	Share	Emissions 2021	Change 2021-2022	Emissions 2020	Change 2020-2022
Road freight	7 432 771	1 474	40%	1 604	-8%	320	360%
Air freight	-	-	0%	-	-	-	-
Ocean freight	-	-	0%	3	-100%	1	-100%
Train freight	2 762	61	2%	83	-26%	49	26%
Samples	275	7%	-	-	-	-	-
TOTAL	7 435 533	1 535	42%	1 690	-9%	370	315%

GRI CONTENT INDEX

STATEMENT OF USE	Kid ASA has reported in accordance with the GRI Standards for the period 01.01.2022-31.12.2022
GRI 1 USED	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	N/A

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	UNGC	REQUIRE- MENT(S) OMITTED	REASON	
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1 Organizational details	Sustainability report, page 2,4				
	2-2 Entities included in the organization's sustainability reporting	Sustainability report, page 2,4				
	2-3 Reporting period, frequency and contact point	Sustainability report, page 2				
	2-4 Restatements of information	Sustainability report, pages 16, 32, 52				
	2-5 External assurance	Sustainability report, page 2				
	2-6 Activities, value chain and other business relationships	Sustainability report, pages 4, 23				
	2-7 Employees	Sustainability report, page 48-51				
	2-8 Workers who are not employees	N/A		a, b, c	Information unavailable/incomplete	We aim to report these indicators in the 2023 report
	2-9 Governance structure and composition	https://investor.kid.no/corporate-governance/				
	2-10 Nomination and selection of the highest governance body	https://investor.kid.no/corporate-governance/				
	2-11 Chair of the highest governance body	No. The highest governance body is not a senior executive in the organisation		b	Not applicable	The chair is not a senior executive
	2-12 Role of the highest governance body in overseeing the management of impacts	https://investor.kid.no/corporate-governance/				
	2-13 Delegation of responsibility for managing impacts	https://investor.kid.no/corporate-governance/				
	2-14 Role of the highest governance body in sustainability reporting	https://investor.kid.no/corporate-governance/				
	2-15 Conflicts of interest	Annual report, pages 20, 64				
	2-16 Communication of critical concerns	Sustainability report, page 10				
	2-17 Collective knowledge of the highest governance body	Sustainability report, page 10, https://investor.kid.no/corporate-governance/				
	2-18 Evaluation of the performance of the highest governance body	https://investor.kid.no/corporate-governance/corporate-governance-policy/				
	2-19 Remuneration policies	https://investor.kid.no/corporate-governance/remuneration-report/				
	2-20 Process to determine remuneration	https://investor.kid.no/corporate-governance/remuneration-report/				
	2-21 Annual total compensation ratio	https://investor.kid.no/corporate-governance/remuneration-report/				
	2-22 Statement on sustainable development strategy	Sustainability report, page 8				
	2-23 Policy commitments	Sustainability report, page 10				
	2-24 Embedding policy commitments	Sustainability report, page 10, 30				
	2-25 Processes to remediate negative impacts	Sustainability report, page 16-17, 33-37				
	2-26 Mechanisms for seeking advice and raising concerns	Employees are encouraged to seek advice from their leaders and consult the internal employee handbook's documents regarding responsible business conduct policies and practices. An anonymous whistleblower channel is available to all relevant stakeholders within the organization. The cases reported through this channel are handled confidentially by the CEO and HR department.				
2-27 Compliance with laws and regulations	Sustainability report, page 10					
2-28 Membership associations	Sustainability report, pages 12, 22, 33					
2-29 Approach to stakeholder engagement	Sustainability report, page 11					
2-6 Activities, value chain and other business relationships	Sustainability report, pages 4, 24					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	UNGC	REQUIRE- MENT(S) OMITTED	REASON
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability report, page 12-13			
	3-2 List of material topics	Sustainability report, page 12-13			
GRI 200 ECONOMIC STANDARDS					
ECONOMIC PERFORMANCE					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 10, 12-13, 16-21			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability report, page 7. See annual report for details			
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability report, pages 16-21			
ANTI-CORRUPTION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 10, 12-13			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability report, page 10			
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability report, page 10			
	205-3 Confirmed incidents of corruption and actions taken	Sustainability report, page 10			
GRI 300 ENVIRONMENTAL STANDARDS					
MATERIALS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability report, pages 24-29			
	301-2 Recycled input materials used	Sustainability report, pages 24-29			
ENERGY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 16-17			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability report, pages 16-18			
	302-2 Energy consumption outside of the organization	Sustainability report, pages 16-17, 19			
	302-4 Reduction of energy consumption	Sustainability report, page 18			
	302-5 Reductions in energy requirements of products and services	Sustainability report, page 19			
EMISSIONS					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 16-17			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability report, pages 18, 54-55			
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability report, pages 18, 54-55			
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability report, pages 19-21, 54-55			
	305-5 Reduction of GHG emissions	Sustainability report, pages 17-21			
WASTE					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 45-46			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability report, pages 25, 45-46			
	306-2 Management of significant waste-related impacts	Sustainability report, pages 24-25, 30-31, 45-46			
	306-3 Waste generated		yes	Information unavailable/incomplete	We will start to report generated waste in 2023
	306-4 Waste diverted from disposal	Sustainability report, pages 45-46	a, c, d	Information unavailable/incomplete	We will start to report generated waste in 2023
	306-5 Waste directed to disposal		yes	Information unavailable/incomplete	We will start to report generated waste in 2023

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	UNGC	REQUIRE- MENT(S) OMITTED	REASON
MATERIAL TOPICS (continued from previous page)					
GRI 300 ENVIRONMENTAL STANDARDS (continued from previous page)					
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 30-31			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability report, pages 30-31			
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability report, pages 30-31			
GRI 400 SOCIAL STANDARDS					
EMPLOYMENT					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability report, page 51	a.	Information unavailable/incomplete	Will start report on number and rate of new employee for 2023
OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability report, pages 36, 48-51			
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability report, pages 33-36			
	403-3 Occupational health services	Sustainability report, pages 33-36			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability report, pages 48-51			
	403-5 Worker training on occupational health and safety	Sustainability report, pages 48-51			
	403-6 Promotion of worker health	Sustainability report, pages 48-51			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability report, pages 48-51			
	403-8 Workers covered by an occupational health and safety management system	Sustainability report, pages 48-51			
	403-9 Work-related injuries	Sustainability report, pages 48-51			
	403-10 Work-related ill health	Sustainability report, pages 48-51			
TRAINING AND EDUCATION					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		yes	Information unavailable/incomplete	Will start report on average hours of training for 2023
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability report, pages 48-49			
	404-3 Percentage of employees receiving regular performance and career development reviews		yes	Information unavailable/incomplete	Will start report on performance and career development reviews for 2023
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability report, pages 48-51			
	405-2 Ratio of basic salary and remuneration of women to men	Sustainability report, pages 48-51			

NON-DISCRIMINATION		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability report, pages 48-51
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability report, pages 30-31
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 48-51
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability report, pages 36-37, 51
CHILD LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 33-37
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Sustainability report, page 37
FORCED OR COMPULSORY LABOR		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 33-37
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability report, page 37
SUPPLIER SOCIAL ASSESSMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 33-37
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability report, page 33-34
	414-2 Negative social impacts in the supply chain and actions taken	Sustainability report, page 33-37
CUSTOMER HEALTH AND SAFETY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 31-33
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability report, pages 31-33
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability report, pages 31-33
MARKETING AND LABELING		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 42-44
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability report, pages 42-44
	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability report, pages 42-44
	417-3 Incidents of non-compliance concerning marketing communications	Sustainability report, pages 42-44
CUSTOMER PRIVACY		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability report, pages 12-13, 42-44
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability report, pages 42-44

For any questions regarding this Sustainability report, please contact
Stian Brandhagen, Head of Sustainability at stian@kid.no

Kid

KID ASA
Gilhusveien 1, N-3426 Gullaug
Box 505, N-3412 Lierstranda
Phone: +47 940 26 000

kundeservice@kid.no

www.kid.no

www.hemtex.se