Reducing KiK's environmental footprint

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Kleidung clever kaufen

- ✓ KiK stands for ‘customer is king’
- ✓ Mainly supplies textile and non-food
- ✓ Offers good quality at affordable prices
- ✓ Founded in 1994
- ✓ Headquarters in Bönen, Germany
- ✓ 2900 stores in 6 European countries (Germany, Austria, Slovenia, Czech Republic, Hungary and Slovakia)
- ✓ Turnover more than 1 billion Euro

Kleidung clever kaufen

- ✓ Product examples

CSR at KiK

- ✓ CSR department with 9 employees
- ✓ Directly connected to company management
- ✓ Strategic partnerships in sourcing markets
- ✓ Major focus:
  - Environmental
  - Social
  - Economic

Social

- ✓ KiK has established a Supplier Management System based on its Code of Conduct.
- ✓ All suppliers undergo an audit procedure.
- ✓ Key suppliers are qualified by external partners.
- ✓ Additional projects with local and international NGOs, such as AWAJ Foundation or Care in Bangladesh.

Social

Current social projects in Bangladesh:

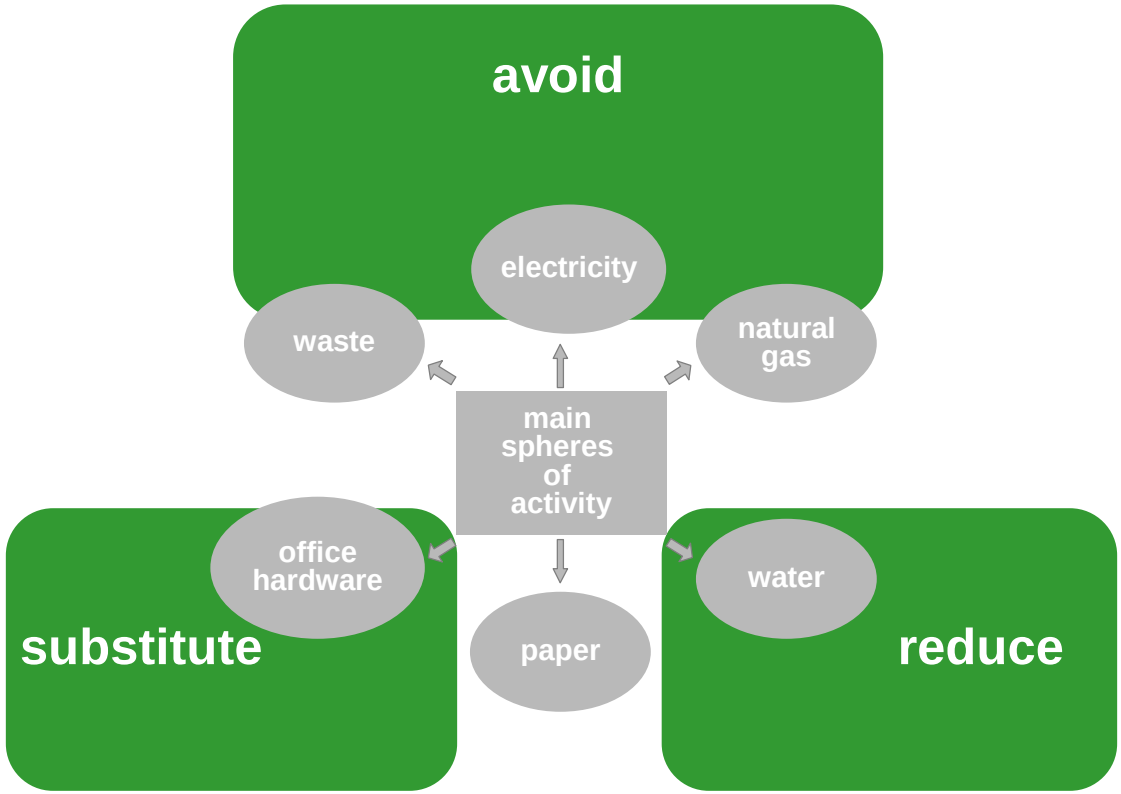
- ✓ 3 doctor stations in cooperation with AWAJ
- ✓ 6 childcare centres in cooperation with Phulki
- ✓ Sanitary napkin projects (in 2 factories) with Phulki
- ✓ Health & safety training (1000 workers with AWAJ)
- ✓ Cooperation with Care Bangladesh
- ✓ 3 schools in Dhaka in cooperation with GSS

Environmental

- ✓ The issue of climate protection has been identified as a key challenge for the future.
- ✓ Therefore different activities have been developed over the last 2 years to reduce our impact on the climate.
  - ✓ Implementation of ISO 14000 management system
  - ✓ Green buildings
  - ✓ Optimised energy supply
  - ✓ Paper
  - ✓ Product and production CO2 footprints

Steps to an environmental management system

- ✓ In 2010, KiK will establish a holistic environmental management system.
- ✓ Overall goal is to reduce CO_2 emissions and the conservation of natural resources 30% of our stores are supplied with eco energy
- ✓ Implementation according to the international standard ISO 14001.
- ✓ Spheres of activity include all environmentally relevant processes at KiK headquarters



Green buildings

- ✓ In Europe, KiK is the first textile discounter in the European Commission's green building programme, which targets reducing energy use in buildings.
- ✓ 3 of our stores have the 'green building standard'
- ✓ 10 more stores are to receive the 'green building standard' this year

Green buildings

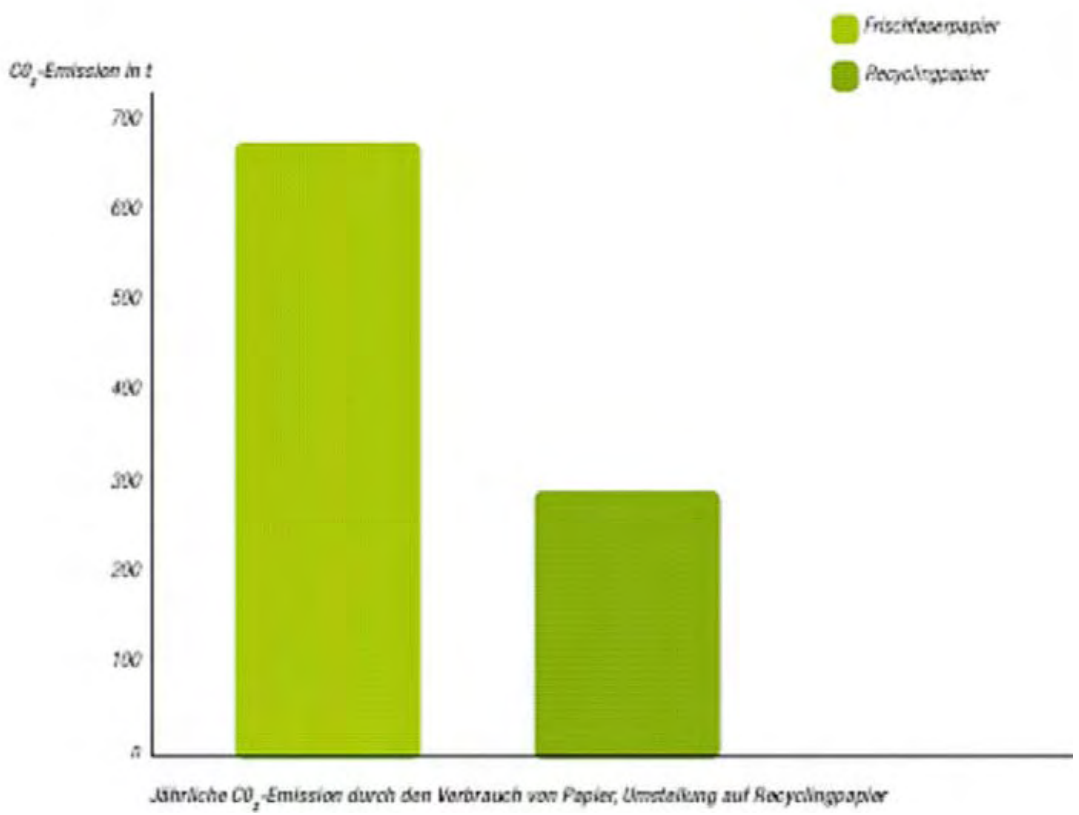
- ✓ **A green building store makes a difference:**
- ✓ Optimises isolation
- ✓ Innovative climate and air ventilation system
- ✓ Heat recovery with 80% efficiency
- ✓ Saves 50% of energy
- ✓ Reduces CO_2 emissions by 40%

Energy supply

- ✓ 30% of our stores are supplied with eco energy
- ✓ 70% of our stores will be supplied with eco energy this year
- ✓ Transportation of merchandise by sea freight

Environmental management at KiK headquarters in Germany

- ✓ Through only using recyclable office paper, our CO_2 emissions have been reduced by more than 17 tonnes per year.



Jährliche CO_2-Emission durch den Verbrauch von Papier, Umstellung auf Recyclingpapier

CO2 footprint of a KiK jeans

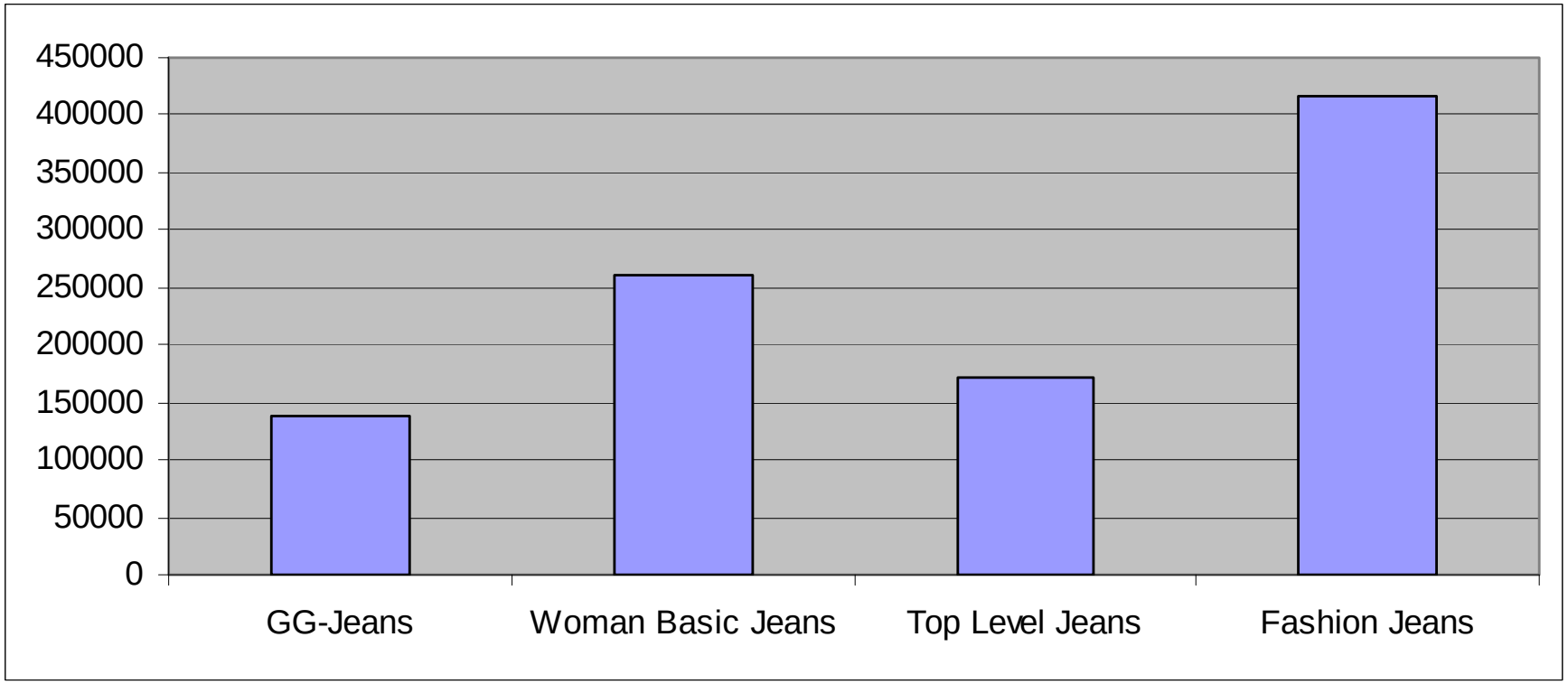
Determining the CO_2 footprint of a pair of jeans

Objectives of project:

- ✓ Evaluating the CO_2 footprint of a pair of denim jeans along the supply chain, including the cotton crop, production and transportation to customer warehouse
- ✓ Evaluating the overall CO_2 emmissions related to our jeans from South China
- ✓ Involvement of the supplier for further improvements as an ongoing project

Product: jeans

- In 2009 KiK has sourced almost 1 million denim items in PRD

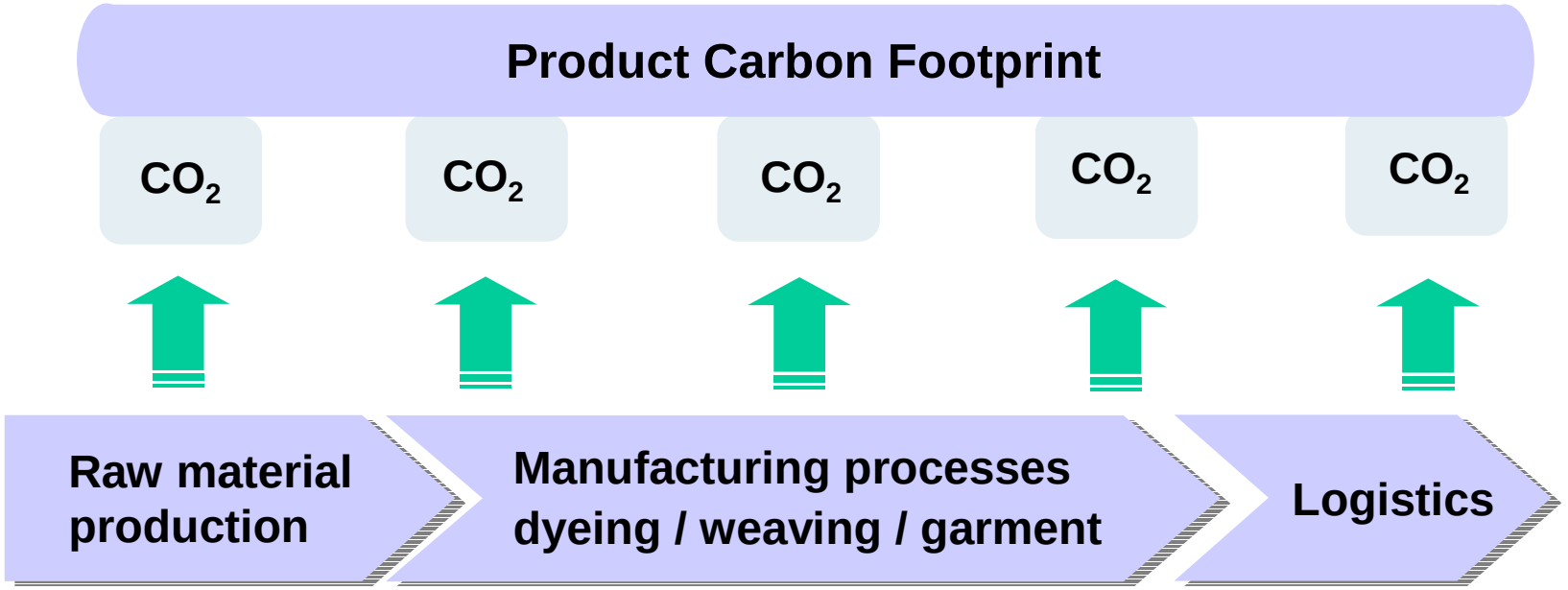


Basic data

- ✓ Overall pieces: 987,060
- ✓ Number of orders and shipments: 32
- ✓ Average number of pieces per order: 30,845
- ✓ Total weight: 637,2 tonnes
- ✓ Average weight per shipment: 19,91 tonnes
- ✓ Average weight per piece: 640 grams including packing material

The carbon footprint implies all emissions in the supply chain

The Product Carbon Footprint indicate all CO_2 emissions along the supply chain, including raw materials, manufacturing and transportation:



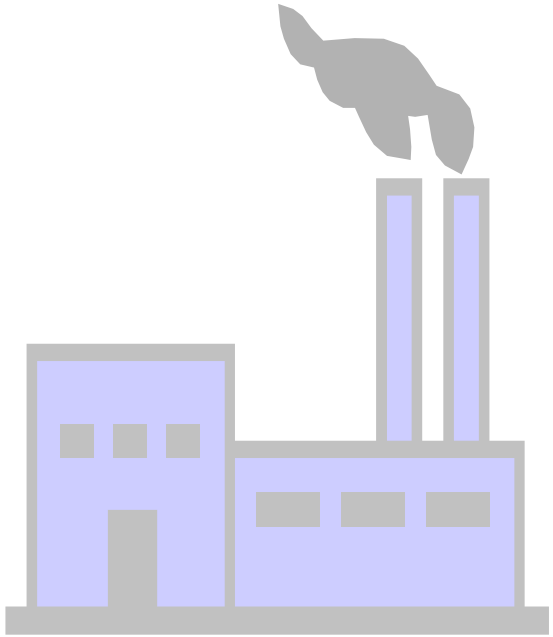
The Carbon Footprint is calculated by the input materials and energy sources

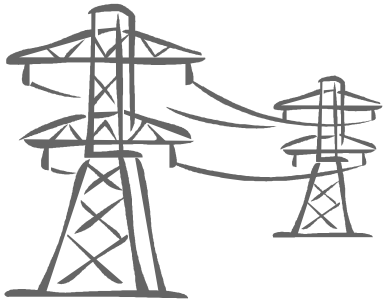
Direct CO_2 emissions → Carbon Footprint ← Indirect CO_2 emissions

Generator (diesel, gas etc.) →

Boiler (gas, LPG, diesel etc.) →

Transportation (diesel or gasoline) →



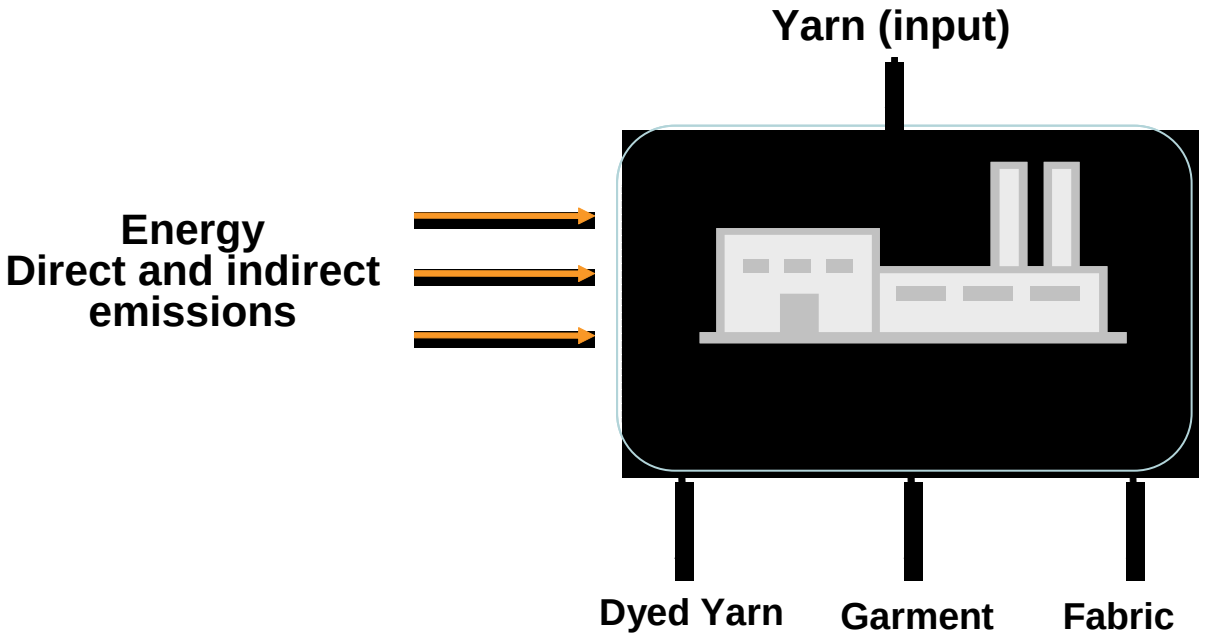


← Grid supply

← Input materials

Carbon footprint of the production process

- ✓ As a first phase of this project, we consider the production process to include dyeing, weaving and garment as a ‘black box’.



- ✓ In the second phase, we will analyse the processes within this ‘black box’.

Results carbon footprint (1)

The accumulated carbon emissions of 1 kg denim product add up to approx.

10,77 kg of CO_2

Cotton Crop	3.54 kg CO_2 per kg of cotton
Transportation	0.13 kg CO_2 per kg of cotton from fields to spinning mill by truck
Spinning	2.63 kg CO_2 per kg yarn Energy source: electricity
Transportation	0.26 kg CO_2 per kg of yarn by truck
Production	3.88 kg CO_2 per kg of output Energy source: electricity, LPG and coal Includes yarn dyeing, weaving and Ready Made Garment
Transportation	0.33 kg CO_2 per kg of final product mainly by sea freight

Results carbon footprint (2)

- ✓ Total Co2 emmission related to our jeans sourced in PRD:

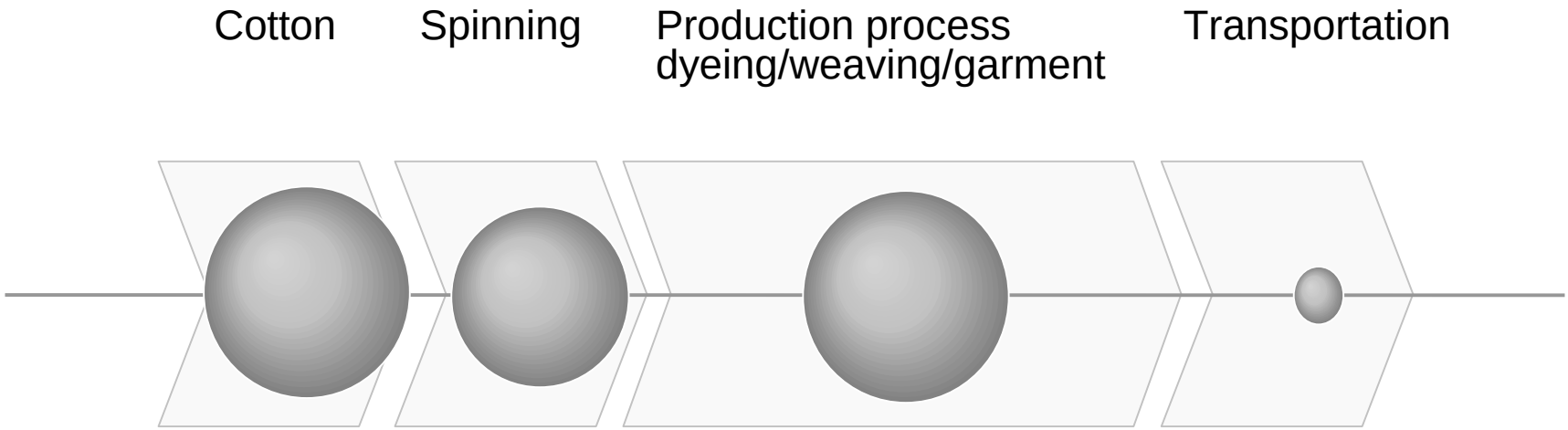
6862 tons

- ✓ CO2 footprint of a pair of jeans

6,89 KG

Related carbon footprint (2)

The related carbon footprint is the amount of CO_2 emitted by each phase, per kilogram produced



Proportional carbon emissions within a textile supply chain in China (source: Systain Consulting Asia).

From cotton field to yarn

Raw material production

When considering the data from the cotton crop to the spinning mill, we obtain the following absolute figures:

69,295 tonnes of CO_2 for 10,770 tonnes of raw material

Which leads to a relative carbon footprint of:

6.43 kg CO_2e per kg of yarn produced

This data includes the transportation from the cotton fields to the spinning mill and from the spinning mill to the garment factory

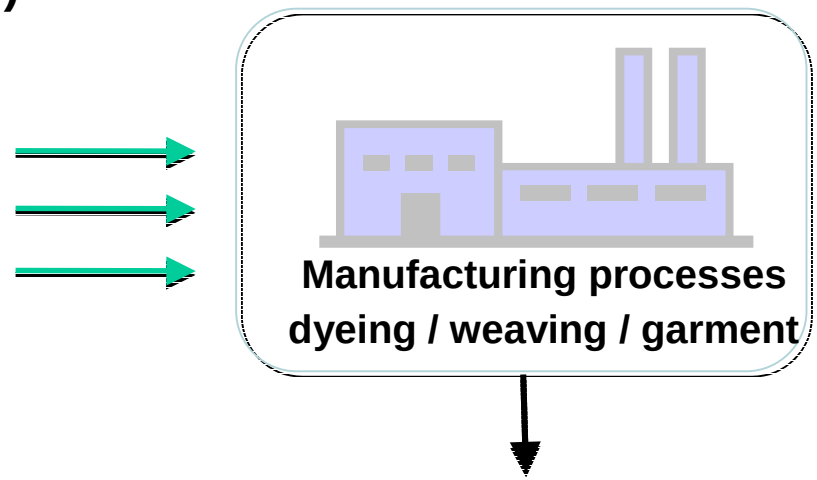
The production phase

Manufacturing processes
dyeing / weaving / garment

Energy
(direct and indirect emissions)

Electricity	4,850,405 kWh
Coal	10,896 tonnes
LPG	64,915 l.

Energy consumption for 2009

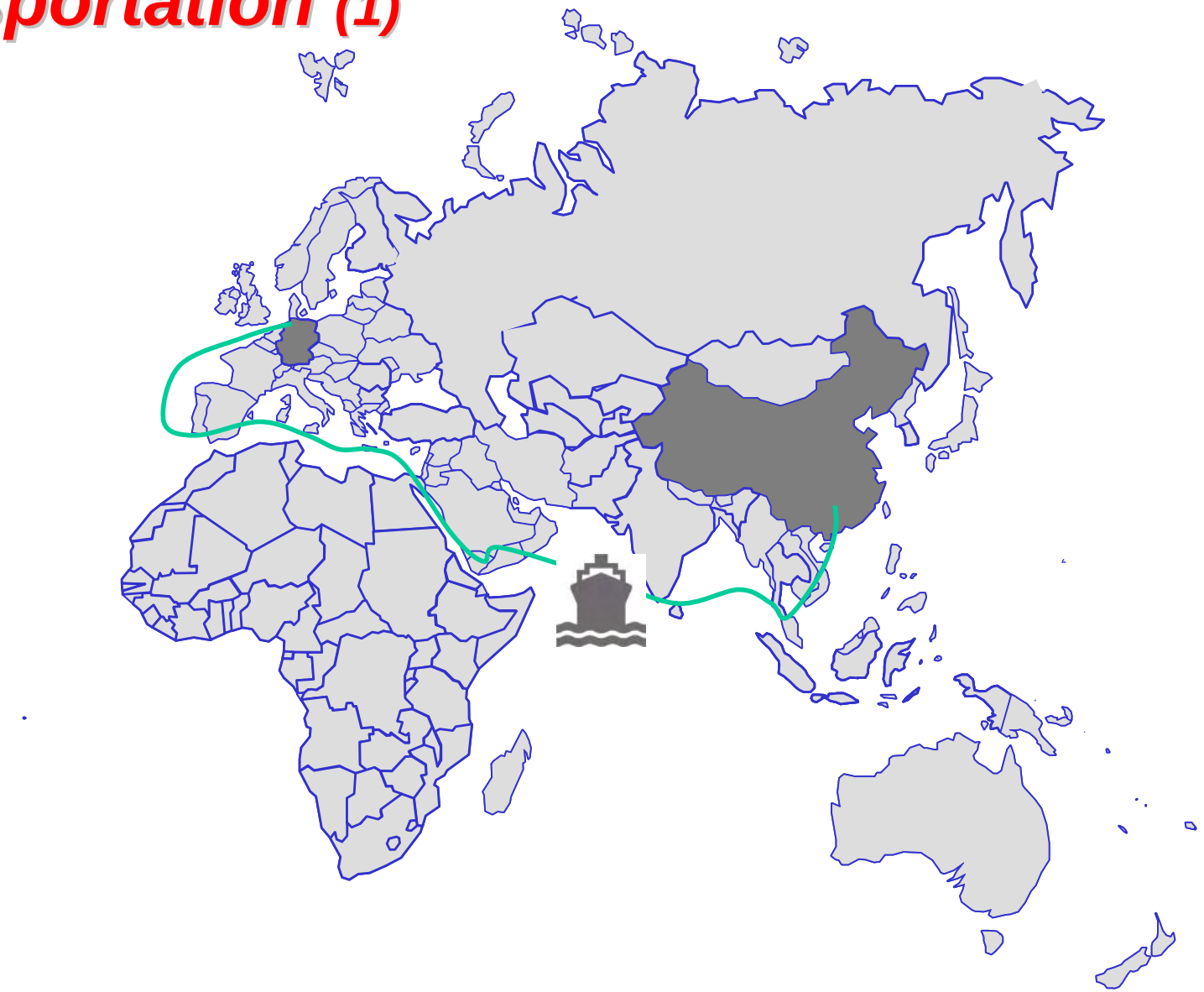


Total output (yarn, fabric and garment)
9,365 tonnes

The average CO_2 emissions per kg of output is 3.88 kg CO_2e.

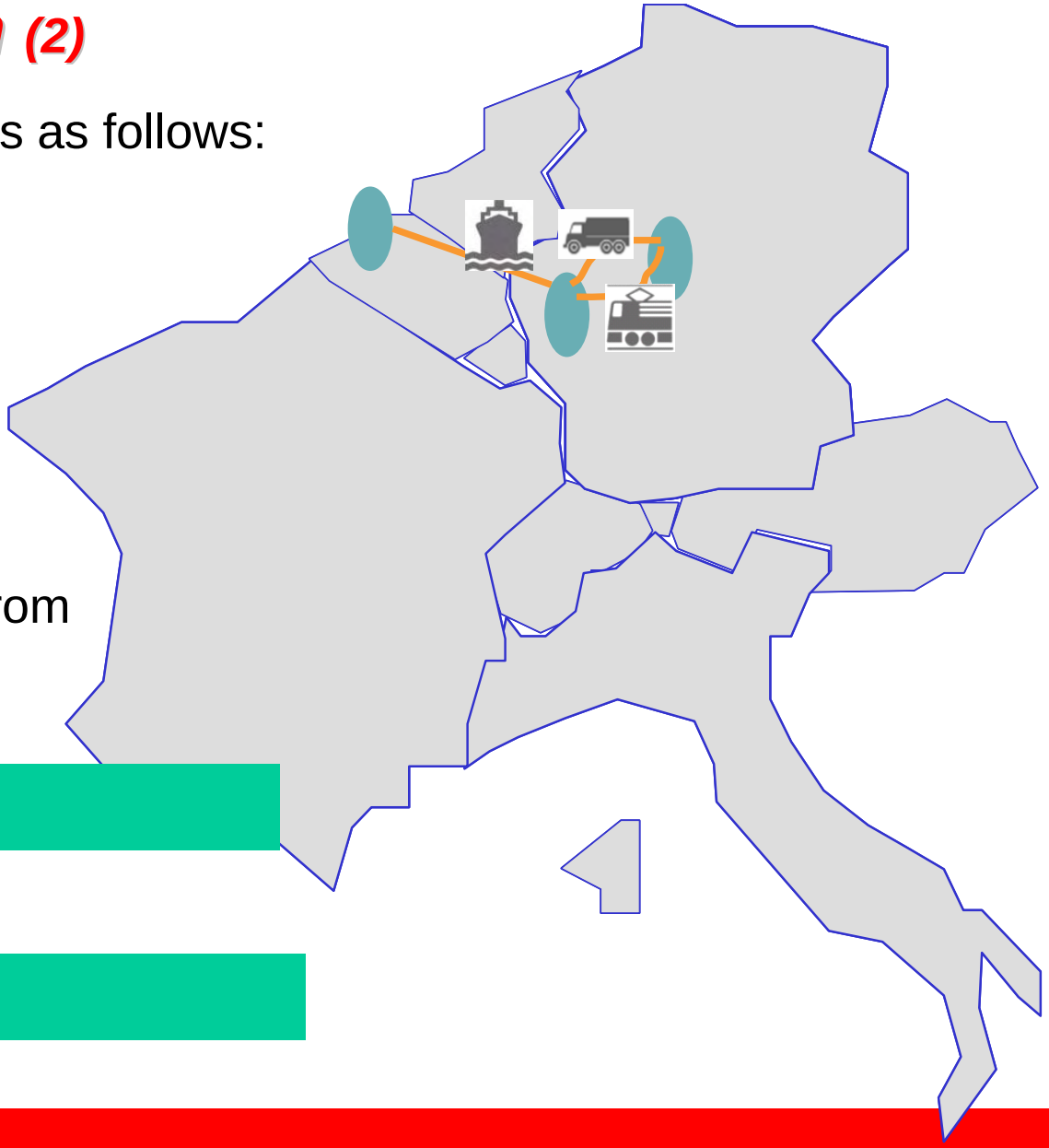
Impact of transportation (1)

The transportation of a pair of jeans from the factory in Guangdong, China to Bönen in Germany goes as follows:



Impact of transportation (2)

Within Europe the transportation goes as follows:



Results:

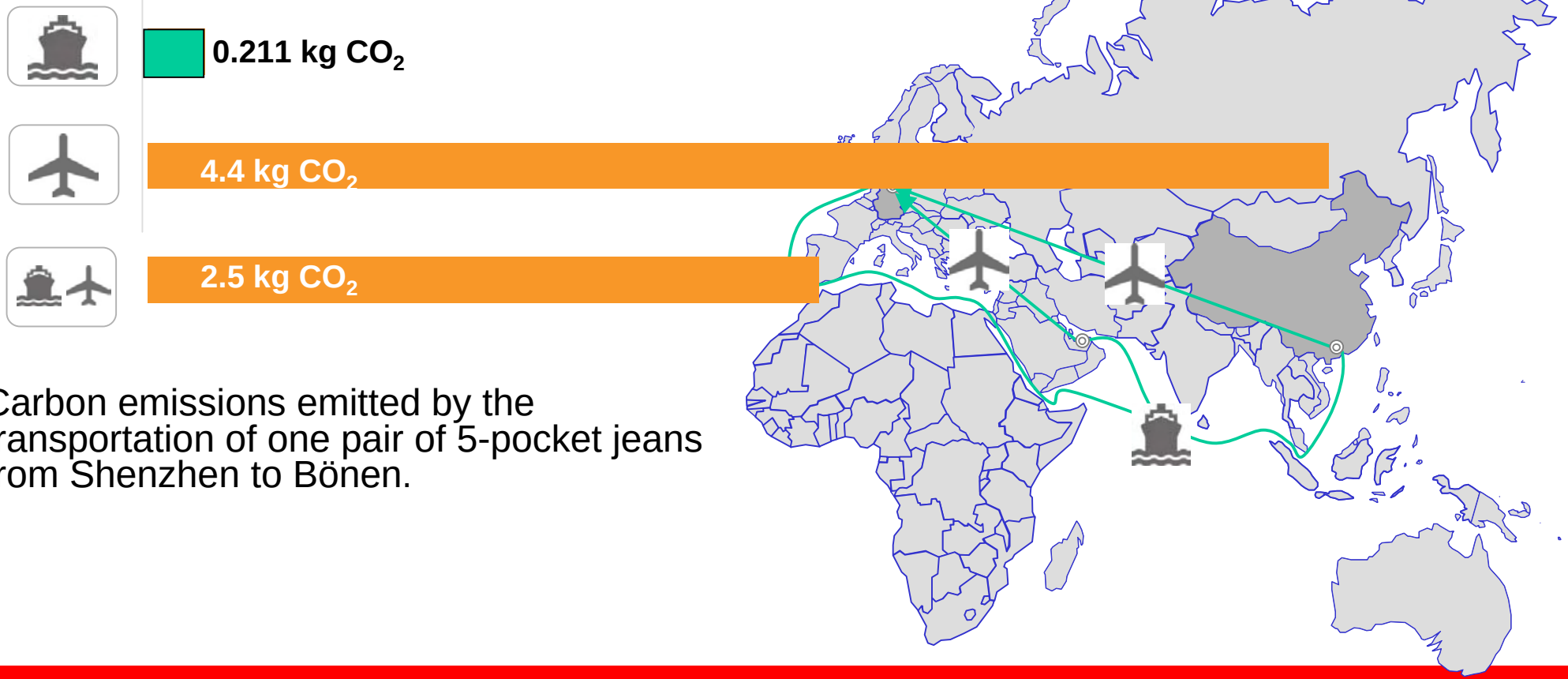
Carbon emissions emitted by the transportation of one pair of jeans from Kaiping to Bönen.

210g CO_2

212g CO_2

Impact of transportation (3)

In comparison to other transportation combinations, KiK's actual transportation combination saves substantial CO_2 emissions per pair of jeans.



Carbon emissions emitted by the transportation of one pair of 5-pocket jeans from Shenzhen to Bönen.

Compensation

- ✓ This year KiK will become an official partner to a local Hong Kong NGO called ***Heroes 2*** and plant 5,000 trees in the Canton Province throughout 2010/2011.

Conclusion

- ✓ Within this project we have now first ideas about our impact on climate related to our sourcing in PRD with a core product.
- ✓ We see this as a starting point for further ongoing activities especially in the area of optimisation

✓Do you have any questions?