SUSTAINABILITY REPORT 2017

kathmandu.co.nz
kathmandu.com.au
kathmandu.co.uk
kathmanduoutdoor.com

Kathmandu®

Easter in Queenstown, New Zealand, 2016

OUR STORY

We were born in New Zealand—a breathtaking country where isolation breeds innovation and the hunger to explore.

For 30 years we have designed gear to endure the rugged landscapes of our homeland, and to outfit the adventurous spirit of our people.

With Kiwi ingenuity, and an open mind, we continuously adapt our gear to endure different weather conditions, diverse terrain and the ever-changing needs of travellers.

We act with people and the planet in mind—from the creative minds of our designers to the careful hands of our suppliers, to the backs of our customers all around the world.

We believe that adventure begins when you pack your bag.

We are Kathmandu.

Original.
Sustainable.
Engineered.
Adaptive.

These four principles are the foundation of every piece that carries the Kathmandu logo. They're the basis of the questions we ask ourselves throughout the design and manufacturing process.

Kathmandu®

OUR TOP 10 SUSTAINABILITY HIGHLIGHTS

Won the Banksia 'Large Business Sustainability Leadership' award and two APC awards

B+

B+ in the Ethical Fashion Guide supporting workers' rights

Partnered with bluesign® to eliminate harmful chemicals

2nd

Ranked #2 in the outdoor and sports category 2017 Textile Exchange Preferred Fibres and Materials report

5

Launched our 5 Green Star AU Distribution Centre

8.5M

8.5 million bottles of water saved

3.9M

Recycled 3.9 million plastic bottles into our gear

74%

Increased sustainable cotton from 59% to 74%

Increased recycling rate from 69% to 72%. 106 stores now recycling polybags

899kg

899kg of clothes donated to Red Cross Shops

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CHAIRMAN'S & CEO'S REPORT

DAVID KIRK
CHAIRMAN

XAVIER SIMONET
CHIEF EXECUTIVE OFFICER

As Kathmandu celebrates our 30th anniversary this year, we've had a chance to reflect on how we've evolved as a company. This report demonstrates how our aspirations for sustainable practice have matured over the last three decades.

As a travel and adventure brand, we feel a great responsibility of caring for our planet. We're not in it alone. Our industry is actively working together to influence change and we are proud to be a part of the global progress.

In FY 2017, we were honoured to receive the Banksia Large Business Sustainability Leadership Award, recognising the commitment and focus across our team. We were also acknowledged by the Textile Exchange ranking our business second globally in the outdoor and sports category of the Preferred Fibres and Materials 2017 Report.

We are pleased to have expanded our soft plastics recycling programme to 106 of our stores as we progress towards our zero-waste-to-landfill target. We have also expanded our customer engagement programmes and community investments.

This year, as in previous years, people have been at the heart of our journey to be a responsible corporate citizen — from taking an active role in the personal development of our team members to protecting the rights of every person in our supply chain.

30 Years of OUR JOURNEY

OUR JOURNEY

- 1987 First Australian store opened
- 1991 First New Zealand store opened
- 2007 50 stores total
- 2009 Kathmandu was publically listed
- 2009 100 stores total
- 2010 Launched our Sustain the Dream plan
- 2012 Released our first sustainability report
- 2014 150 stores total
- 2016 Launched our international website and wholesale partnerships
- 2017 Kathmandu was recognised with the Large Business Sustainability Leadership award in Australia — Banksia Foundation

Summit Club member Bob McLaughlan in the South Island of New Zealand for our 2007 Winter catalogue shoot.


Kathmandu ambassador Tim Jarvis uses adventure to raise awareness for environmental issues.

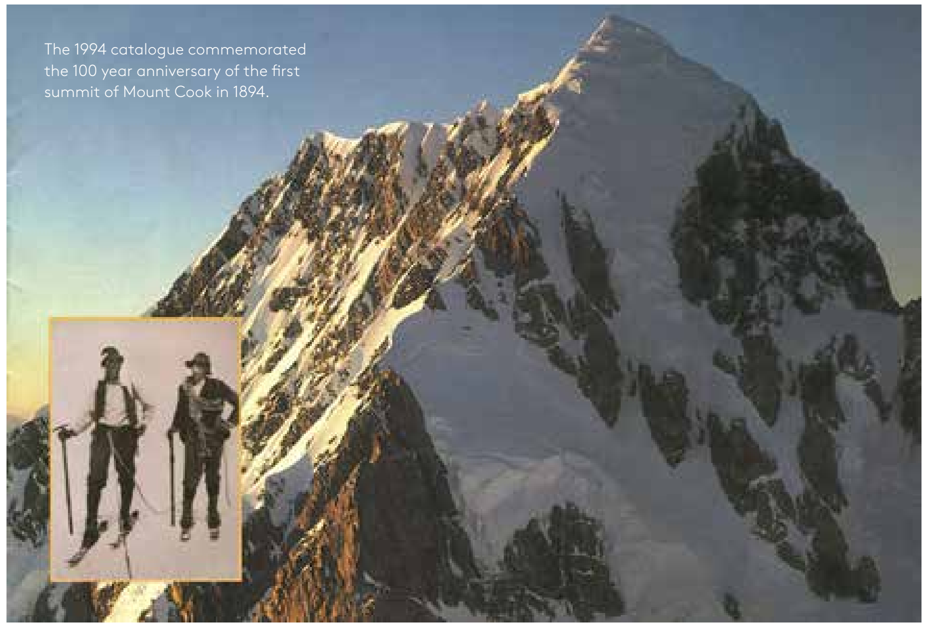
What would it take for us to move beyond sustainability towards being a business that puts back more than it takes out?

Our 1991 catalogue cover features a boat navigating the pack ice of Mowbray Bay, Antarctica.


Testing hiking gear on the Tongariro Crossing in 2002.


A customer hikes through Fox Glacier in New Zealand. Credit @brandoyelavichexplorer


We've partnered with the Australian Himalayan Foundation since 2012.


The 1994 catalogue commemorated the 100 year anniversary of the first summit of Mount Cook in 1894.

OUR JOURNEY, SINCE 1987

We've done a lot of growing up in the last 30 years. What would it take for us to move beyond sustainability towards being a business that puts back more than it takes out?

Big dreams like these can only be achieved if everyone plays a part. We've been building a culture of sustainability that helps everyone understand the impact of their role—from the factory pressures caused by a late purchase order to the waste we produce every day. At the same time, our Sustain the Dream strategy provides a framework for measuring impacts and driving change across the organisation.

HOW WE KNOW WHAT'S IMPORTANT

To understand our impacts and prioritise our action, we look to our stakeholders. They consistently tell us that human rights in the supply chain should be our top priority. This year, we've evolved our approach in this area—putting more emphasis on openly building capability instead of the cat-and-mouse game of auditing.

We undertake detailed assessments and surveys every two years to identify and understand social and environmental impacts, rather than material issues, but the communication is ongoing. We have regular conversations with our customers on social media and through our customer service channels. This year, we saw a spike in concern about microfibres and this prompted us to develop clearer communications about how we understand this problem and what we can do about it.

INDUSTRY AND INTERNATIONAL FOCUS

Sometimes, our impacts are not front of mind for our customers. But that doesn't mean they are not important. Industry partners give us other tools for understanding our impacts. The Higg Index, a suite of self-assessment tools designed by the Sustainable Apparel Coalition with its roots in the outdoor industry, helps brands understand their impacts. It showed us that chemical management is an area we should focus on. The apparel industry accounts for 25% of global chemical use. Yet this was not at the tops of our customers' minds.

To reduce our chemical impact, we partnered with bluesign®, an independent organisation that guides brands toward better chemistry. We see it as part of our role to educate team members and customers about these less-obvious impacts.

Because sustainability is all about making a difference, collaboration is the key to driving industry-wide change. We work with others in our industry — even our competitors — in our mission to use business to drive change.

Our top five material issues have a strong focus on people and are closely aligned to the United Nation's Sustainable Development Goals. This report looks closely at the progress we've made this year in these five issues: workers' rights, product innovation, operational footprint, community engagement and team development.

For further information on how we engage with our stakeholders and prioritise our environmental and social impacts, please visit *www.kathmandu.co.nz/corporate-responsibility/reports-and-policies*

BETTER TOGETHER

Our partnerships with industry associations help us measure and improve our own progress. We're also able to better work towards global solutions to the challenges faced in our industry. Our partner organisations are like specialist coaches. They guide our strategy and train us to perform better. They pull us up if we go astray and give us the tools we need to stay on track.

"The global supply chain of apparel is complex and interconnected. The power of the OIA Sustainability Working Group is bringing outdoor companies together to share learnings and find solutions as an industry."

BETH JENSEN

SENIOR DIRECTOR OF SUSTAINABLE BUSINESS INNOVATION AT THE OUTDOOR INDUSTRY ASSOCIATION

OUTDOOR INDUSTRY ASSOCIATION

We participate in OIA's Sustainability Working Group, a collaborative platform of more than 300 outdoor brands and suppliers working together to identify and implement better business practices.

SUSTAINABLE APPAREL COALITION

Membership to the SAC gives us access to the Higg Index modules. We've been using the index since 2014 which supports our sustainability strategy. The index guides us on the environmental and social impacts of our products and how we can improve.

FAIR LABOR ASSOCIATION

We've been members of the FLA since 2014. This organisation supports our CSR strategy on our pathway to accreditation and ultimately protecting workers rights in our supply chain.

BLUESIGN®

Our bluesign® system partnership supports our chemicals management programme, materials and products so that they are environmentally and socially friendly.

TEXTILE EXCHANGE

Our membership with the Textile Exchange supports our materials strategy, we also participate in the Preferred Fibres and Materials report.

AUSTRALIAN HIMALAYAN FOUNDATION

We have been partners with the AHF since 2012. We work with the AHF to support communities in Nepal, the nation that inspired our brand.

GREEN BUILDING COUNCIL OF AUSTRALIA

Our membership with the GBCA supports our green building program. We also work in collaboration with this organisation in trialling new projects.

HIMALAYAN TRUST OF NZ

We have recently partnered with the Himalayan Trust to further improve outcomes in education, health and sanitation in Nepal.

CARBON DISCLOSURE PROJECT

We submit an annual report to the CDP which supports our carbon measurement and reduction programme. We scored a B for our 2016 report.

AUSTRALIAN RED CROSS

We have been partnered with Australian Red Cross since 2011. We support their humanitarian work and emergency responses.

ENVIRO-MARK SOLUTIONS

Our membership with Enviro-mark Solutions helps us to measure our carbon footprint as well as facilitating carbon offsetting projects.

NEW ZEALAND RED CROSS

We have been partnered with New Zealand Red Cross since 2011. We support their humanitarian work and emergency responses.

AUSTRALIAN PACKAGING COVENANT ORGANISATION

We submit an annual report to the APC which supports our packaging and waste strategy. Our 2017 report was our highest score, 4.7 out of 5.

OUTWARD BOUND

We have been partners with Outward Bound since 2005 to enable growth through outdoor experiences with our staff, customers and young people.

OUR WORLD

Manufacturers

142 FACTORIES IN CHINA

8 FACTORIES IN VIETNAM

7 FACTORIES IN TAIWAN

Materials Sourcing

Operations

NEW ZEALAND	AUSTRALIA
47 STORES	116 STORES
1 DISTRIBUTION CENTRE	1 DISTRIBUTION CENTRE
1 OFFICE	1 OFFICE

Community Partnerships

1,419 SPONSORSHIP APPLICATIONS

214 FREE GEAR RECIPIENTS

Team Nationalities

OUR SUPPLIERS

Nepalese women knitting our Khusi beanie in Bhaktapur, Nepal.

1987 First Australian store opened

2001 First Chinese supplier

2001 First Vietnamese supplier

2002 First Taiwanese supplier

2012 Started to audit our factories

2014 Published our supplier Code of Conduct

2014 Joined Fair Labor Association

2015 Scored a 'B' in the Ethical Fashion Report

2016 First Indonesian supplier

2016 First Nepalese supplier

2016 Scored a 'B-' in the Ethical Fashion Report

2017 Scored a 'B+' in the Ethical Fashion Report

PEOPLE FIRST

FAIR LABOR ASSOCIATION

B+ in the Ethical Fashion 2017 Report

Evolved management approach builds on brand values.

Our customers, shareholders, partners and team members agree — looking after the people who make our products is the most important thing we can do to be a responsible company.

Corporate social responsibility is a clunky term and it means different things to different organisations. At Kathmandu, it's simple. Our CSR team is committed to protecting human rights and improving conditions for workers through our supply chain. To achieve that, we're evolving our approach to one that is less about risk management and more about transparency and partnership.

FROM AUDITING TO UNDERSTANDING

Our new approach is to move away from cat and mouse towards transparency and understanding. We achieve this in a number of ways. Firstly, by segmenting our supply chain, we categorise our suppliers according to the severity of their problems and our ability to influence them. If we have influence we will take the opportunity to work with suppliers to solve problems. But when there is a supplier with severe problems and an unwillingness to improve, and we don't have any influence or ability to facilitate change, our best bet is probably to walk away.

We're aware that leaving a factory impacts the people who work there too, so how we leave is also important — we can do it in a way that has minimal impact on workers.

Secondly, we adjust audit scores to put greater weight on the values that are most important to us such as integrity, honesty and openness. By investing more in those suppliers who are transparent about their challenges, we believe we can do more good for the workers.

Lastly, we are prioritising the challenges. "We can't solve all of the problems at once," says Corporate Social Responsibility Manager Gary Shaw. "So we have to focus on addressing those issues that we can immediately impact."

Workers sewing DriFill Down Jackets at a supplier in Shenzhen, China.

RESPONSIBLE PURCHASING

This year, we have also been working on a responsible purchasing policy. The policy outlines the responsibility we have as a brand to ensure that we are not putting duress on our factories through delays to the development process and that we are working to best buying practices. Delays during the development process can mean that factories have less time to produce the product, which can lead to excessive overtime work and subcontracting.

"It's in our interest to get this right," says Group Product Operations Manager Tara Strangwick. "Robust supply chain management and the implementation of initiatives like the responsible sourcing policy will benefit us not just from a CSR perspective but also from a quality and business process perspective."

To ensure the success of our responsible purchasing initiative we are including policy requirements and key performance indicators in all job descriptions with purchasing responsibilities.

AUDITS HAVE LIMITS

Auditing factories has been the main method that companies around the world have used to measure conditions in the supply chain. But after several decades, it's clear that, on their own, audits have failed to improve the lives of workers in global supply chains. Too often, they simply promote a game of cat and mouse between the auditors and the suppliers. The audit is not designed to identify or address the root causes of issues or prevent them from occurring again.

ON THE ROAD TO *FLA* ACCREDITATION

For the last four years Kathmandu has been on the journey towards accreditation with the Fair Labor Association (FLA). Our new approach to working with suppliers is in line with the best practices and recommendations of the FLA.

For more information on our Supplier Code of Conduct, please see: *www.kathmandu.co.nz/corporate-responsibility/reports-and-policies*

Our suppliers 2017

140 TOTAL SUPPLIERS

100 % NEW SUPPLIERS screened using social criteria

8.5 YEARS average tenure with suppliers

40 TOTAL AUDITS

2 UNANNOUNCED AUDITS

35 SUPPLIERS corrective action plans

2 EXITS equaling 5% of total suppliers

100 HOURS training office staff

95 % of support office staff employees trained

WORKERS' VOICE

Workers in Shanghai sewing the women's hooded pullover.

Breaking ground with a WeChat grievance mechanism.

In our mission to improve conditions for workers, hearing and listening to their voice is critical.

In our mission to improve conditions for workers, hearing and listening to their voice is critical.

Unions and collective bargaining give workers in many parts of the world a voice. But 85% of our suppliers are in China, where collective bargaining is almost unheard of. This means we need other tools.

One common practice is interviewing workers at their workplace as part of any audit, but this doesn't usually result in honest communication and feedback.

We currently have an email account where workers anywhere in our global supply chain can contact us. This channel of communication hasn't worked — we've received zero emails in the last three years.

So we're trying something new. We are developing a communication channel for workers on the social media platform, WeChat, to meet workers where they are and to give them an anonymous way to report problems.

We're including a QR code on our Code of Conduct to be displayed in the workplace so that workers can easily connect by scanning the code into their mobile phone. This new communication channel will also allow us to conduct anonymous worker surveys in addition to in-factory interviews. This gives us a way to truly measure change — and find out what initiatives are actually making a difference in the lives of those who make our apparel and equipment.

We'll continue to look for ways to collaborate with brands to reduce the pressure of audits on our suppliers.

BEYOND THE AUDIT

This year we have partnered with Elevate Limited, a new social compliance partner that has a wealth of experience in capacity building and worker empowerment. We will still use audits but with the understanding that they are just a snapshot in time and provide us with a baseline from which to target improvements.

We will encourage supplier ownership by empowering them to create their own corrective action plans (CAPs) and then work in partnership to resolve them. In addition we will support them with targeted eLearning and training modules that specifically address the challenges they are facing. We'll be working with suppliers to help them understand how these improvements can also make their companies more profitable with better staff retention and improved efficiency.

CASE STUDY

EMBRACING OUR COMPETITION TO ACHIEVE MORE

Protecting vulnerable workers is a job that is bigger than any one single brand. To make progress, we have to work together. This year, we contacted some of our outdoor industry peers and engaged with them as supply chain partners. With one supplier, we worked with Columbia Sportswear, REI Co-op and MEC to do one audit instead of four. This is more cost efficient for each of us, but it also helps relieve 'audit fatigue' for the supplier, freeing them to spend more solving the problems.

We partnered with Columbia Sportswear to educate workers and managers about the importance of contributing to Chinese Social Insurance.

We'll continue to look for ways to collaborate with brands to reduce the pressure of audits on our suppliers.

We also worked with eight other international brands this year to help educate workers and managers about the importance of contributing to Social Insurance in China. It's a complex problem, exacerbated by migrant workers finding it difficult to contribute or access social insurance when they shift provinces. Workers on low wages are not motivated to invest part of their pay into this government scheme, but without contributions, they are not eligible for the benefits, like healthcare and retirement income.

By sharing the costs with eight other brands we were able to implement an education programme that will help increase payments and protect more workers.

KHUSI BEANIE

A hero product of our winter 2017 range was a beanie that combines our product development with our community work.

By employing Nepalese knitters to create our Khusi beanie, we're helping them find independence in a region where women are still struggling to match the literacy and employment rates of men.

It was important that we didn't let the feel-good nature of this project wash over the details of our supply chain accountability. The beanies were knitted in small home and community-based groups but then sent to a factory for final touches and packaging. This factory had never been audited by an overseas company, so we sent auditors in and they did find some issues of non-compliance as we expected. A corrective action plan (CAP) was agreed on to ensure that the entire project has integrity and those working at the factory are also empowered and protected.

"Without a willingness to improve, it is hard to continue to work with a factory that has very different values"

TARA STRANGWICK
GROUP PRODUCT OPERATIONS MANAGER

CASE STUDY

AUDITS RESULT IN TWO EXITS

We carried out 40 audits this year. In 10 of those, we found significant incidents of non-compliance with our code of conduct. We followed up on eight of these by issuing corrective action plans and ongoing remediation efforts. For the other two, we ended our relationship.

Despite the high costs involved in exiting a supplier, the decision was made to exit one factory because, even after two years of failed audits, we hadn't seen any change in attitude. Without a willingness to improve, it is hard to continue to work with a factory that has very different values.

The second exit was because the audit found forced labour. We had little influence in this facility and again the supplier was unwilling to cooperate. Although forced labour is common in the apparel industry, especially in areas where there are lots of migrant workers, this is a deal breaker for us. We passed on the details to other brands who use the same supplier and who have greater leverage to insist on change.

TEAM PROFILE

Kathmandu now has two full-time people dedicated to improving conditions in the supply chain. Here's a look at how they got here and why they care.

CSR manager Gary Shaw pointing to our code of conduct with one of our Chinese suppliers.

GARY SHAW

At his interview for the job of Corporate Social Responsibility manager, Gary Shaw was clear about his role. "If you're looking for someone to simply minimise your risk, don't hire me. But if you want to make an impact as a business, I'm your man."

Gary holds a masters degree in third-world economic development, and is particularly passionate about issues of exploitation and injustice. He originally imagined working for the UN but instead followed a childhood dream of being a police officer and then a detective in the New Zealand Police.

Gary took a leave of absence from the police to gather evidence required to rescue people from human trafficking and prosecute those responsible. He went undercover and used a false identity. Four years later, he came home with enough experience to write a book, and then started his own anti-human trafficking non-profit organisation.

Gary brings his skills for getting to the heart of a problem and his passion for defending human rights to his role at Kathmandu. In his first eight months, he's already using his experience to shake up the company's CSR approach in a way that will drive more tangible improvements for workers.

"Knowing how vulnerable so many people in the world are, I really feel there is an exciting opportunity for a great Kiwi company like Kathmandu to drive change.," says Gary. "Human rights is our single most important issue as a brand—and that's because people matter."

CASE STUDY

PUTTING VALUES INTO ACTION

In early 2017, we visited a factory in China and asked to look through the books. The factory produced a flawless set of books and our auditor was suspicious that these records were falsified.

"Some companies have zero tolerance and this leads factories to cook the books," says Corporate Social Responsibility Manager Gary Shaw. "In this case, we explained to the factory managers that we're not looking for perfection, we're looking for honesty and transparency."

The translators explained this to the factory manager and eventually he re-emerged with a completely different set of books.

"Suddenly, we had a relationship," Gary says. "With that trust, we could move away from us being the policeman and them trying to get away with something. Now that they understand our values, we can work together to help the factory to improve."

"Human rights is our single most important priority as a brand—and that's because people matter."

GARY SHAW

CORPORATE SOCIAL RESPONSIBILITY MANAGER

30 Years of OUR PRODUCTS

OUR PRODUCTS

- 1987 First Australian store opened
- 1991 First NZ store opened
- 1994 Started recycling plastic bottles into our gear
- 1998 Licence agreement signed with GORE-TEX®
- 2013 Became Fairtrade licensee
- 2015 Joined the Better Cotton Initiative
- 2016 100% Responsible Down Standard
- 2016 Bluesign® partnership
- 2016 Canopy partnership
- 2016 Committed to Responsible Wool Standard
- 2017 Recycled 3.9 million bottles into fabric

Summit Club member Bob McLachlan on the way to Muller Hut in Aoraki Mt Cook National Park.

TRADE OFFS

When comparing the impacts of different materials, there's no easy answer.

At the end of the day, we are motivated by the finite nature of our world.

Which material is the most sustainable? Down or synthetic? Cotton or viscose? Polypro or wool? If there was an easy answer, our job would be simple.

"All materials have trade-offs and there are no easy answers," says Kathmandu Textile R&D and Responsible Material Manager Manu Rastogi.

Life cycle impact assessments tell us that about 85% of the impact of a product comes from the material we choose. So it's important to look closely at each material's impact on climate change, water use, pollution, and resource depletion.

Our approach is to analyse materials according to the size of their impact and how much influence we can have. We've ranked them in order of importance into a list that we call our Preferred Fibres and Materials.

"It's a fluid list," says Manu. "It changes according to global impacts and customer feedback as well as our internal priorities as our business evolves."

The Preferred Fibres and Materials strategy at Kathmandu has three main pillars: lead, connect and inform. Leadership is all about driving innovation and setting the bar high. Connection is a strategy for building partnerships with suppliers and with our industry peers in order to find solutions that are viable for the entire industry at scale. Inform means being transparent about what we're doing and where we are in the journey. It's also about communicating with customers to help them make good choices.

"Material solutions targeting ocean plastics" has been added to the list this year at number eight. This is looking at how our materials choices can prevent plastics ending up in oceans or even develop products that remove plastics from oceans with recycled plastic components.

Microfibres also sit in this section. The problem of tiny fragments of polyester clothing ending up in oceans has become more important over the last year. This material problem might sit higher in the list, but as a relatively new problem, there aren't many clear solutions yet, so our ability to influence it is lower than some of the others.

At the end of the day, we are motivated by the finite nature of our world. Raw materials are limited, but the pressures on those raw materials continue to increase.

"If we don't make changes, we will not have enough resources for both food and clothing," says Manu.

Our priority of preferred materials:


1. Responsible Down


2. Recycled Polyester


3. Sustainable Cotton

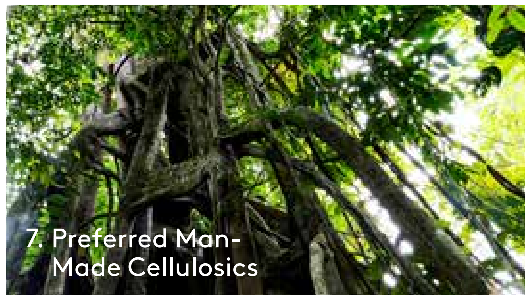
This year we became members of the Textile Exchange. In 2016 they ranked us #2 in the outdoor sports category for how we integrate preferred materials into business operations.

TextileExchange


4. Bluesign® Approved Fabrics/Trims


5. Responsible Wool


6. Material Solutions Targeting Water Saving


7. Preferred Man-Made Cellulosics


8. Material Solutions Targeting Ocean Plastics

"They are interested to hear about how their product is being used."

MANU RASTOGI
TEXTILE R&D AND RESPONSIBLE MATERIALS MANAGER

Manu visiting one of our down suppliers in China, RDS certification in the background.

EVERYDAY RESPONSIBILITY

Responsible down has become business as usual. We reached the summit, but the journey is far from over.

Last year, we achieved our goal of 100% of our down being certified by the Responsible Down Standard. This standard, which was developed by global non-profit, the Textile Exchange, is a way to make sure the down in our products comes from birds that have been treated well—that means no live plucking or force feeding. It means the animals have enjoyed the five freedoms of animal welfare.

The RDS certification is gaining traction. There are now 400 million birds under farm certification to the RDS. This is up from 150 million birds last year.

We can't go beyond 100%, but our journey is not over.

The work continues with our suppliers too. We will always need to monitor our supply chain, which includes farmers but also processors, agents and slaughterhouses. It's a process of continual engagement and education.

"When we visit these farmers, they are so glad to meet us," says Manu. "They are interested to hear about how their product is being used, who is wearing these products. We can talk to them about what customers expect and connect and build trust. It's important that we aren't completely relying on the standard."

33% of our synthetic insulation is recycled & bluesign® approved

RECYCLED SYNTHETIC INSULATION

As we start our journey toward more sustainable synthetic insulation, we're already one-third of the way.

When it comes to warmth for weight, nothing beats down. On expeditions where these two factors are make or break, there really is no other choice. We like down because it's a natural product and one that is a waste material from goose farming.

Most synthetic alternatives require more extraction of petrochemicals, but when we can use recycled polyester, we can offer a sustainable alternative to down that will work in all but extreme circumstances.

Already, 33% of our synthetic insulation is recycled and also bluesign® approved, which means it has been manufactured in a way that is safe for the environment, safe for workers and safe for consumers.

Because recycled polyester is number two in our priority of preferred materials, we are constantly looking for new innovations in the area of recycled insulation and working on ways to increase its use in our ranges.

Polartec Alpha and Primaloft Silver Eco are two types of insulation in our range. Both use more than 50% recycled content and are bluesign® approved. Using tiny fibres with pockets of air to trap heat, these synthetic insulation options are a great leap forward for sustainable, synthetic insulation.

RECYCLED POLYESTER

We've been recycling plastic bottles into products for 23 years. This year, we recycled almost 4 million bottles.

Kathmandu was founded 30 years ago, when fleece was just hitting the scene as a great-leap-forward in materials technology. Compared to wool, it was amazingly light and warm and quick-drying—all revolutionary attributes for outdoor enthusiasts. Kathmandu quickly became the largest user of Polartec fabric in the Southern Hemisphere. In 1994, after a decade of development by Malden Mills in the USA, Kathmandu launched Ecofleece, a recycled fleece fabric.

A 1996 Kathmandu catalogue declared that "wearing an Ecofleece garment makes a statement of your awareness and concern for the environment."

Today, polyester has outstripped cotton to become the world's most in demand fabric—there is currently twice as much demand for polyester compared to cotton and the gap is growing steadily.

With limited fossil fuels available to feed this demand, and a mounting mountain of post-consumer plastic waste, recycling is the obvious answer.

Global demand is reflected here at Kathmandu, where polyester is our number one fibre in terms of use. So shifting from virgin to recycled polyester is an important part of our materials strategy.

For the last few years, we've been measuring the number of plastic bottles we recycle in our garments.

In 2016, we aimed to recycle 1 million bottles. We beat our target by 20% to get to 1.2 million. So we set our sights higher. Our FY2017 goal was 2.5 million bottles. And our actual was a whopping 3.9 million. Next year, we're upping the ante again. Our 2018 goal is to recycle 5 million plastic bottles into products.

Unifi, who makes our Repreve recycled polyester, was named fibre producer of the year at the 2016 World Textile Awards.

Summit Club member Bec Cotton, who has a PHD in sustainability, wears the new Earthcolours Hoodie at a recent shoot in Japan.

Cotton harvesting at a Fair Trade cotton farm run by our supplier Pratibha Syntex in India.

100% IS IN SIGHT

We're more than two-thirds of the way towards our goal of sourcing 100% sustainable cotton by 2020.

Cotton is a great natural resource but conventional cotton production has serious environmental and social consequences. The cotton industry is responsible for 24% of the world's insecticide use and 11% of pesticides. We're on track to meet our goal of sourcing 100% sustainable cotton by 2020. This year we reached 74% — up from 59% last year.

We source a mix of organic, Fair Trade, recycled and cotton sourced through the Better Cotton Initiative (BCI) to make up our sustainable cotton mix.

BCI makes up the largest part of this portfolio. BCI is a global initiative that aims to find more sustainable solutions for farmers, for the environment and for the future of the sector.

BCI Better Cotton Initiative™

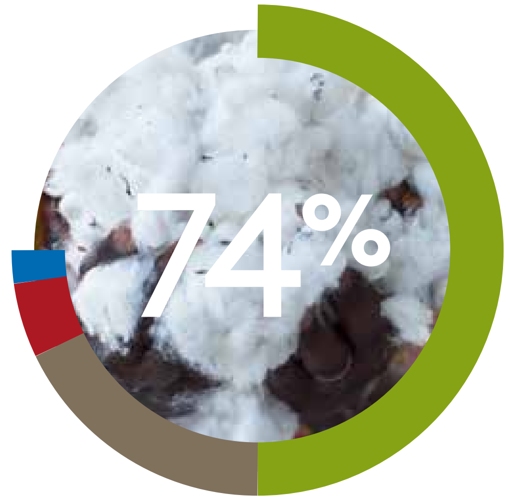
Kathmandu is one of the top 10 Better Cotton retailers when measured as a percentage of total cotton consumption.

The BCI programme began implementation in 2010. By the 2015-16 season, it had reached 1.5 million cotton farmers across 23 countries in five continents. Better Cotton was grown on 3.4 million hectares of land, accounting for 12% of global production.

BCI's results show that in the 2015-16 season, BCI farmers in India used an average of 9% less pesticides whilst achieving 20% higher yields than those not using BCI techniques. These results really are better — better for farmers, better for the environment.

The initiative aims to have 5 million farmers producing 8.2 million metric tonnes of Better Cotton by 2020. That's around 30% of global cotton production. Organic cotton, by comparison, makes up around 1% of global cotton production.

Sustainable cotton breakdown



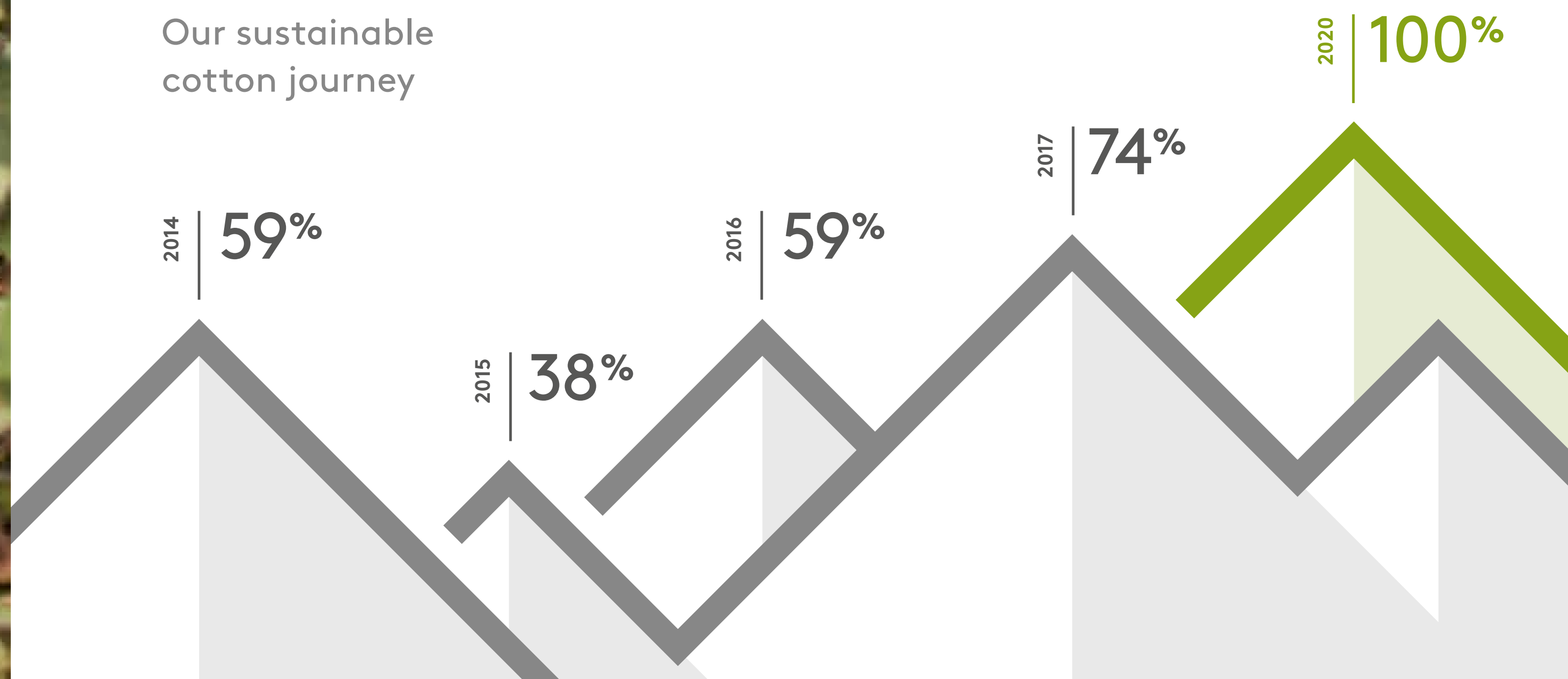
49% BCI

18% Organic

5% Fairtrade

2% Recycled

Our sustainable cotton journey



H_2OPE

8.5 MILLION

bottles worth of fresh water saved in 2017*

The textile industry is a big water-user so innovations here can make a big difference.

It's not hard to understand why clean water is important. The United Nations says, "Water is at the core of sustainable development, healthy ecosystems and human survival." It is complex because it is linked to everything – from food production to climate change to human health to war.

More than a billion people currently live in water-scarce regions, and by 2025 an additional 3.5 billion people may be affected.

The UN's Sustainable Development Goal 6 calls for improved water quality and water-use efficiency by 2030.

"We're aware that water is one of the world's biggest environmental priorities – so we're making it one of our priorities, too," says Kathmandu Textile R&D and Responsible Materials Manager, Manu Rastogi.

The textile industry is not only one of the largest polluters but is also one of the largest consumers of water and energy. The industry has high levels of wastewater discharge, about 600 litres of wastewater per kg of textile on average. It is estimated that around 25% of the chemical compounds produced world-wide are used in the textile industry and it also takes up to 40,000 litres to irrigate the cotton to maturity and provide finishing for 1 kg textile (Asano and Visvanathan, 2001).

We've identified some areas where we can start reducing water use and will continue to grow our water-saving measures over the next five years.

*based on 500ml bottles

"Water is at the core of sustainable development, healthy ecosystems and human survival."

THE UNITED NATIONS

Recycled cotton: from factory scraps to customers' backs

Recycolor cotton is the latest addition to our sustainable cotton line-up. It's biggest win is water savings, says Kathmandu Textile R&D and Responsible Materials Manager, Manu Rastogi.

"Cotton's biggest environmental impact is water use," says Manu. Cotton uses water in growing, production, and dyeing. Conventional dyeing has other negative effects too. In China, where around 65% of the world's clothing is produced, the World Bank estimates 17 to 20 percent of industrial water pollution comes from textile dyeing and treatment.

To make Recycolor cotton, scraps are gathered up from factory cutting tables, sorted by colour, and then fed into huge stripping machines that break the fabric back down into their original fibres. These broken-down fibres are usually too short to spin, so they are mixed with virgin cotton to create a stronger finished yarn. The resulting fabric has a distinctive marle-look that needs no dyeing.

The recycled cotton portion of Recycolor fabric uses about 70% less water.

Water-saving dyeing process

Ecoya is a nylon fabric dyeing process that puts the colour in at the beginning to save water. The pigment is added to the polymers before the yarn is spun. So you have coloured yarn and no need to dye the fabric.

Traditional dyeing methods require an inefficient process that applies colour to the surface of the fibre after it is produced. This is water and energy intensive.

The result is big savings on water, energy and CO2 emissions. And, because the yarn is dyed all the way through, this Ecoya process also improves the colour fastness of the garment.

Ecoya has been introduced this year into some of our travel shirts.

We also use solution dyeing in our Polypro baselayer range.

Fair Trade worker at Pratibha Syntex in India.

Fairtrade supplier wins award for water savings

Pratibha Syntex is our supplier of Fairtrade products. It is a vertical textile manufacturer, meaning it employs everyone from farmers right through to garment sewers. It works with 30,000 farmers and 7,000 employees to deliver garments to global apparel brands from more than 20 countries. The business is built around sustainable practices all the way through the supply chain.

Based in India, Pratibha's owners, employees and families have faced an intensifying water crisis for more than a decade. The company decided that business-as-usual was not an option and they began to develop water-efficient farming practices, fabric production and manufacturing. Along the way, they have also been able to support economic development for thousands of farmers and workers.

Last year, Pratibha reduced fresh water consumption by 14% and total water consumption by 21%.They did this by using a raft of measures from moving to drip irrigation, using low-water dyeing processes, installing water meters on all equipment, re-using water onsite and re-capturing steam.

They are on track to reduce their dependence on water by a further 1 billion litres, which will reduce risk for at least 30,000 farmers and their families.

Pratibha's work was recognised in 2015 by a Global Award in Sustainable Apparel (GLASA).

FAIRTRADE® COTTON

BLUESIGN®

A new partnership helps address one of our industry's biggest impacts.

Our restricted substance list

Kathmandu published its restricted substance list online at the end of July 2017. This is important because it give customers a transparent look at what substances we will not allow in our products going forward. As we grow into a global company, this will be important for compliance. While Australia has only three restricted substances, there are more than 3000 chemicals restricted globally.

RSL: *www.kathmandu.co.nz/corporate-responsibility/reports-and-policies*

The apparel industry accounts for 25% of global chemical use.

The apparel industry accounts for 25% of global chemical use. Only 10% of the chemicals that go into a textile factory, come out in the fabric. The rest is either recycled or ends up in the air, the water, the land—and the people.

We've partnered with bluesign®, an independent chemical auditor that works with producers, manufacturers and brands to reduce harmful chemicals in the textile industry.

Bluesign®, which was founded in 2000 and is headquartered in Switzerland, continually pushes for "better chemistry".

Bluesign® partners like Kathmandu have access to the extensive bluesign® database of more than 900 chemicals, which are rated as blue (clear to use), silver (use with good management) or black (never use). Bluesign® helps factories manage silver chemicals with good practice and replace black chemicals with bluesign® approved.

Customers know that a bluesign® approved fabric has been manufactured in a way that is safe for the environment, safe for workers and safe for consumers.

IF YOU KNOW WHAT GOES IN, YOU KNOW WHAT COMES OUT

The aim of the bluesign® system is responsible use of resources, clean processes with controlled air and water emissions, safe processes for the workers and safe products for consumers. To achieve this, the system defines criteria for ingredients, for the manufacturing process and for finished products. By making sure all the ingredients are approved, it's much easier to make sure the finished products are approved.

Bluesign® also works with a growing number of brands, who need a way to navigate the complex textile industry and give customers assurance that materials have been manufactured responsibly.

As more brands sign up as system partners, it creates more demand for bluesign® approved materials and puts pressure on the whole industry to improve.

KATHMANDU SIGNED UP AS A BLUESIGN® SYSTEM PARTNER IN DECEMBER 2016

"Becoming a bluesign® system partner is a significant step in our sustainable materials strategy," says Textile R&D and Responsible Materials Manager Manu Rastogi. "We see bluesign® as the gold standard for ensuring that our products are free from hazardous chemicals and are made as responsibly as possible. When we choose bluesign® certified fabrics, we are assured that the raw materials we use help protect not only the environment, but also those who come in contact with them: textile workers, factory workers and ultimately, our end consumers."

THE UNSEEN PLASTIC POLLUTION PROBLEM

Toxin-absorbing plastic microfibres (inset) shed from polyester clothing are being discovered in waterways all around the world.

Tiny plastic fragments from clothes have been found in oceans all around the world. What we can do about it is not yet clear.

Microfibres are tiny fragments of fabric (smaller than 5mm) that shed from clothing when it's washed. They are so small that many of them are not caught by washing machines or wastewater treatment filters and so they end up in rivers, lakes and, eventually, the ocean.

Microfibres, being plastic, absorb toxins and, unlike natural fibres, they do not break down. The biggest concern is that marine life are ingesting these tiny, toxin-filled fibres and that the plastics (and toxins) are making their way back into our food cycle.

WHAT IS THE INDUSTRY DOING?

The first step is to understand more. Luckily, we're not alone. Our entire industry needs to face the microfibres problem and we can be more effective in partnership than in our own brand silos.

The Outdoor Industry Association Sustainability Working Group have set up a Microfibres Task Force to investigate the problem further and look for industry-wide solutions.

Early research shows that high quality fabrics shed fewer fibres, so there may be some choices we can make when choosing fabrics that will make a difference. As an industry, we may also be able to put pressure on textile manufacturers to develop fabrics that shed fewer microfibres.

WE'RE ALSO EDUCATING CUSTOMERS.

Most microfibres are released by home washing machines, so customers can also have a role in finding solutions. Initial research shows that top loaders shed seven times more fibres than front loaders.

There are also a few home-based microfibre-catching products making their way onto the market. We're educating customers about these options and also the idea of washing less and making their voice heard.

CanopyStyle is working to protect Indonesian rainforests that provide habitat to orangutans from the pressure of growing demand for viscose fabric from wood fibres.

PROTECTING ENDANGERED FORESTS

A growing demand for viscose is threatening fragile habitats.

Man-made viscose comes from wood fibres. It sometimes goes by the names of rayon, modal or lyocell. The textile industry, especially the fashion industry, is using more and more of it every year. This growing demand is putting pressure on endangered forests.

Kathmandu has joined CanopyStyle to be part of the solution.

CanopyStyle was formed in 2013 to protect endangered forests from being culled by the textile industry. Every year, between 70 and 120 million trees are felled for fabric. That's enough to circle the equator seven times.

GLOBAL HOTSPOTS

Canada, Brazil and Indonesia are the biggest exporters of pulp. Indonesian rainforests are home to pygmy elephants, Sumatran tigers, orangutans, rhinoceros and thousands of bird, animal and insect species.

Indonesia ranks as the third largest global emitter of greenhouse gases (behind the US and China)—mostly because they are logging these high carbon peatland forests. In the last 50 years, over 40 percent of Indonesia's rainforests have been lost.

Species have been pushed to the brink and forest-based communities have been evicted from their lands—sometimes even violently intimidated by aggressively expanding logging companies.

THERE ARE ALTERNATIVES.

Trees might not be the best source of pulp. The current process wastes approximately 70% of the tree and uses a lot of chemicals to manufacture. One of CanopyStyle's solutions is to support development of alternative pulp sources from agricultural waste.

CanopyStyle is now the fastest-growing environmental initiative in the global fashion industry. In the last three years, more than 100 brands, representing more than $100 billion in revenues, have signed on to CanopyStyle.

By working with both producers and consumers (brands), CanopyStyle has locked in the manufacturers responsible for 70% of global viscose production to take steps to make sure they aren't sourcing material from endangered forests.

All Kathmandu viscose is supplied by Lenzing. A recent audit of Lenzing confirmed that its supply chains are at low risk for sourcing from ancient and endangered forests.

RESPONSIBLE WOOL

Helping grow demand for a traceable standard that protects animals and the land.

This year, Kathmandu has continued its collaboration with the Responsible Wool Standard, a voluntary global standard that addresses the welfare of sheep and the land they graze on.

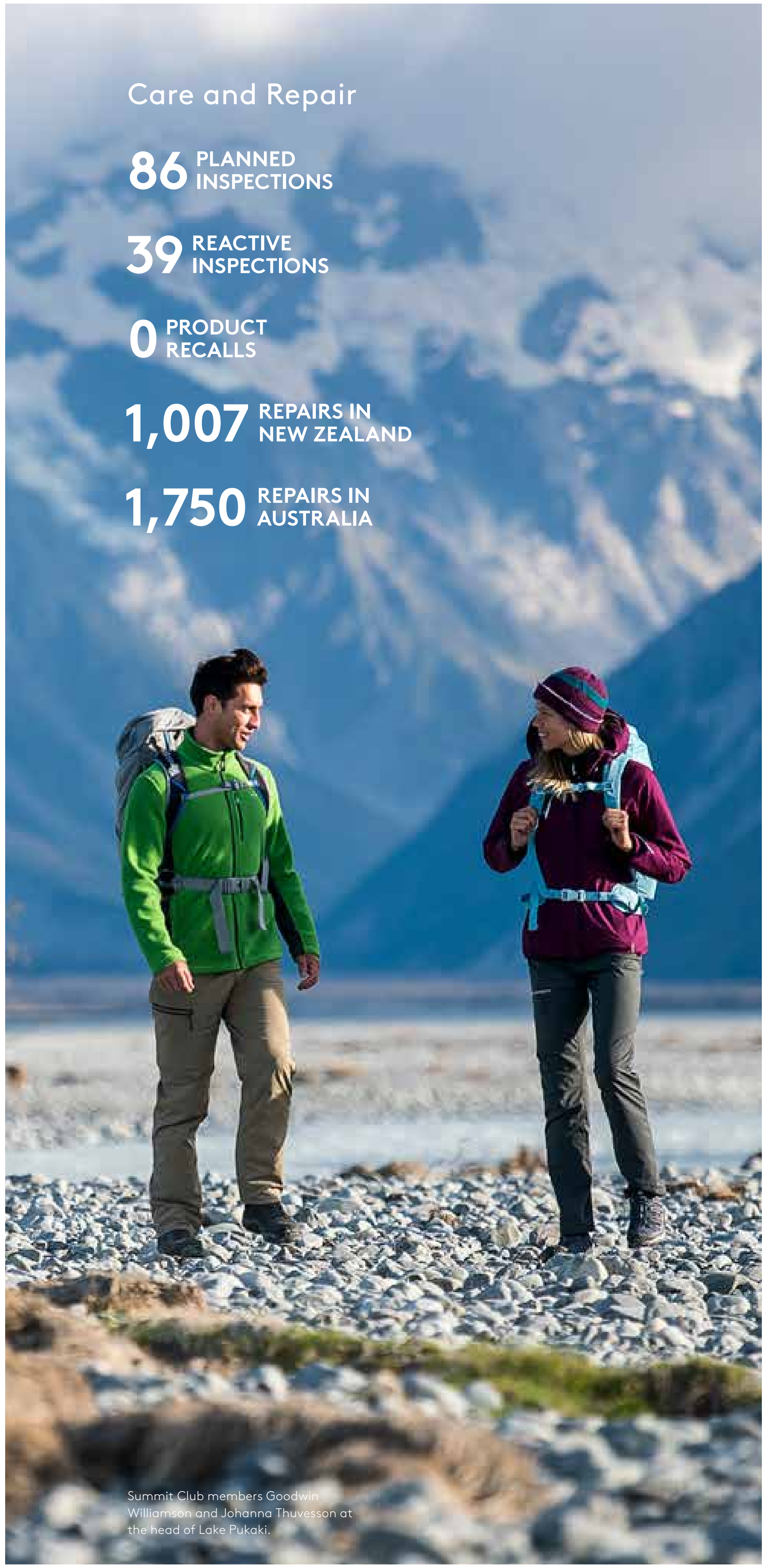
Progress has not been as quick as we had hoped. Our aim was to introduce RWS products to stores by winter 2018, but we've had to revise that to summer 2019.

Part of the problem is that there is an 18-month cycle from the birth of a certified lamb to its wool arriving in stores as a jumper.

There are lots of challenges along the way. One is convincing farmers that the extra cost involved in signing up to the certification is worthwhile. This doesn't mean that farmers aren't doing the right thing by their land and animals, it just means they can't see the value in tracking it to the level that the standard requires.

There are some certified sheep out there now, growing their woolly coats over winter ready for shearing in August/September. We're looking forward to being able to identify those sheep on the tags of our wool products in a few seasons.

In the meantime, we're communicating with people all the way down our supply chain—from farmer groups, topmakers, spinners, knitters and our garment factories to support them through the transition and let them know that this assurance of animal welfare is important to us.



Summit Club members Goodwin Williamson and Johanna Thuvesson at the head of Lake Pukaki.

Keeping an eye on quality

High quality products last longer and have less impact. To make sure products meet our quality standards, we carry out inspections in our distribution centres. We do proactive inspections with products that might be high risk—maybe they are from a new supplier or maybe there were quality concerns in the prototype stage. Reactive quality inspections happen when a shop or a customer raises a quality concern.

Customer health & safety

Ensuring our products are safe for our customers is critical so that they are safe in the outdoors. When we introduce any new product into the market, we ensure we've researched the compliance requirements. We had one incident of noncompliance which resulted in a fine. This one incident occurred because the product was still within the registration process. In the future, we will not release products into the market until compliance checks are complete.

Privacy

We have a stringent policy and processes to protect the privacy of our Summit Club members and online account customers. Last year, we received 12 customer complaints relating to online breaches of privacy.

The complaints resulted from a technical issue after a change to our website. A full audit of our website was conducted immediately. We found two pages with personal customer information that should have been excluded from our cache service. The problem was rectified within 24 hours and a full explanation was provided to all affected customers.

We received no complaints from external organizations or any regulatory body regarding privacy and no leak, theft or loss of customer data was identified.

30 Years of OUR FOOTPRINT

OUR FOOTPRINT

- **1987** First Australian store opened
- **1991** New Zealand's first store opened
- **2012** Replaced plastic bags with recycled paper bags in our store network
- **2012** Became a signatory to the Australian Packaging Covenant (APC)
- **2012** Released our first annual sustainability report
- **2014** Received Australian Packaging Covenant award
- **2014** Joined the Green Building Council of Australia
- **2014** Committed to a zero waste to landfill by 2018 target
- **2014** Committed to reducing our carbon emissions by 20% by 2020
- **2014** Won an award with the Carbon Disclosure Project
- **2015** Melbourne CBD flagship store designed to target 5-Star Green Building rating
- **2016** Began our first carbon offset project at the Hinewai Reserve
- **2016** Christchurch support office opened as second 5 Star Green Building
- **2016** Received Australian Packaging Covenant award
- **2017** Melbourne distribution centre opened as third 5 Star Green Building
- **2017** Received two Australian Packaging Covenant awards

Our carbon credits go towards developing this native habitat at Hinewai Reserve on the Banks Peninsula.

GOOD HOUSEKEEPING

Operational efficiency supports environmental sustainability.

We think of managing our environmental footprint a bit like good housekeeping. It helps us operate more efficiently and makes us feel proud of our role as corporate citizens in a finite world.

We are very clear what our priorities are — developing our green building programme and our recycling strategy as well as reducing our energy usage. We know these things are important because our customers and partners tell us. This year, we partnered with Conscious Consumers, which allows customers to link environmental and social concerns to purchases. Their 10,000 members said waste and packaging was their biggest environmental concern.

So how do we shift the dial? First we measure, then we set goals and develop action plans to achieve them. These strategies minimise our impact and also boost our bottom line.

"There's no question that operational efficiency supports environmental sustainability," says Chief Operating & Financial Officer Reuben Casey. "Waste and energy usage affect everyone at Kathmandu, so we are excited to be integrating solutions to reduce our impact."

We use the Higg Index, a ground-breaking suite of self-assessment tools developed by the Sustainable Apparel Coalition, to measure our impacts and find areas where we can improve. When measuring our footprint, the Higg Index helps us measure and prioritize how we manage our operational footprint. It also helps us understand our port-to-port carbon emissions, where we see dramatic differences between sea freight and air freight. The Higg Index also helps us manage packaging and waste.

We also measure ourselves against the United Nation's Sustainable Development Goals (SDGs). SDG 12 is about responsible consumption and production. Our waste management strategy is a big part of our contribution in this area. SDG 13 is about taking action on climate change.

GREEN BUILDINGS

The new Melbourne Distribution Centre is our third 5 Green Star building.

"There's no question that operational efficiency supports environmental sustainability."

REUBEN CASEY
CHIEF OPERATING & FINANCIAL OFFICER

This year, we opened our second 5 Green Star rated building. Our Australian distribution centre joins our New Zealand Support office with this distinction.

The 25,000 square metre building is three times the size of the previous distribution centre but uses the same amount of energy. The incoming goods platform faces east to avoid bad weather while the office area is orientated to the north to capture natural light.

The Green Star standard looks at innovation, water use, energy and emissions as well as indoor environmental quality. Our green building programme helps us reduce our operational footprint as well as enhancing staff health, wellbeing and productivity.

Building materials are chosen for their lower life cycle impacts. Stormwater is captured to supply amenities and to irrigate surrounding landscaping. Solar panels and insulation reduce the amount of energy needed.

Ventilation, natural light and noise control all help make the indoor environment more pleasant.

Stuart Day, commercial manager of Kathmandu's distribution centre says, "We built for the future and want to use this space for the next 20 years."

"We built for the future."

STUART DAY
COMMERCIAL MANAGER

OUR WAR ON WASTE

Kathmandu's war on waste continues — as we move towards our zero-waste to landfill goal by 2018.

We started this year with an average store waste recycling rate of 69.8% and we finished at 72.8% (80% in New Zealand and 70% in Australia). This falls short of our target of 80%.

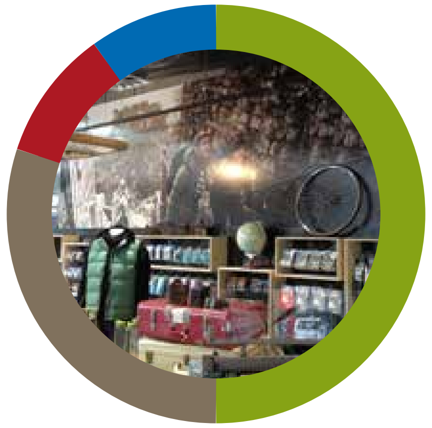
WHAT IS ZERO WASTE?

Internationally, Zero Waste status is often granted to businesses who divert more than 90% of their waste from landfill. As we get closer to this 90% mark, we renew our commitment to aim for a true 100% and to report our progress transparently, but with a more mature understanding that the last percentage points will be the most difficult to achieve.

We started by auditing waste across our network. We use waste scorecards, 'Green Scores', for each of our stores to show which waste streams they recycle. This helps us understand where we need to integrate recycling bins.

We have created a priority list of waste materials to recycle. Number one is soft plastic, mainly polybags and shrink wrap. Number two is cardboard and paper, followed by damaged stock, co-mingled recycling and the difficult silica gel pouches.

Store waste breakdown



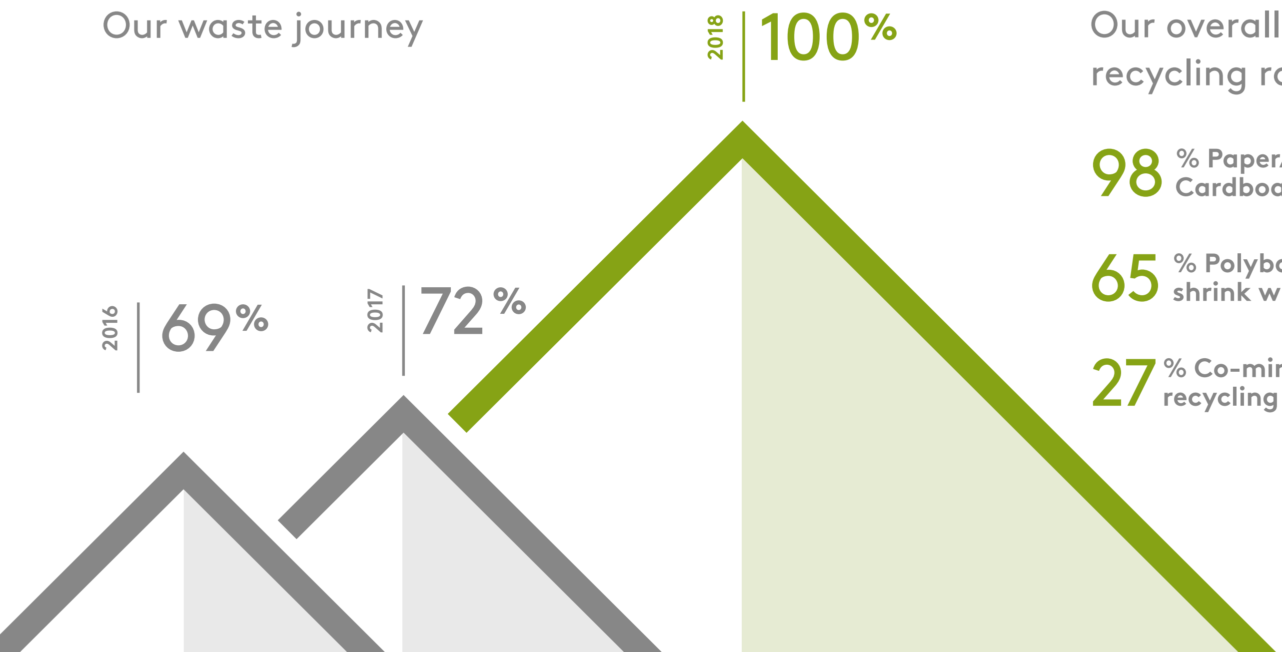
50 % Paper/ Cardboard

30 % Polybags and shrink wrap

10 % Co-mingled recycling

10 % Non-recycled material

Our waste journey



Our overall recycling rate for:

98 % Paper/ Cardboard

65 % Polybags and shrink wrap

27 % Co-mingled recycling

> "Recycling and managing this material responsibly is our number one waste priority."
>
> **OLIVER MILLINER**
> SUSTAINABILITY COORDINATOR

PROJECT POLYBAG

Retailers across all industries rely on plastic polybags to keep products safe and clean in transport. Without them, we turn our plastic bag problem into a damaged stock problem, which is much harder to solve.

"Polybags are a problem, but they're also a solution," says Kathmandu Sustainability Coordinator Oliver Milliner. "When they're not recycled, they become a waste to landfill problem but they help to reduce far bigger more complicated waste streams through damaged stock. Using biodegradable polybags is not straightforward—some commercial waste companies do not accept this material for soft plastics recycling, so they go to landfill instead. Recycling and managing this material responsibly is our number one waste priority."

Recycling polybags is clearly the answer. We installed soft plastics recycling into 10 more stores this year, 106 stores now recycling polybags. One barrier to 100% soft plastics recycling remains shopping centres and lease agreements where waste management is out of our control. This explains the discrepancy between New Zealand, where 89% of stores recycle soft plastics, and Australia, where the figure is only 57%. Next year, we'll be working more closely with landlords to encourage more recycling bins—particularly for soft plastics.

In Sydney and Melbourne, we have found a work-around to this. RedGROUP is a plastic upcycling service that collects soft plastics to make products like outdoor furniture, bollards, signage and more.

Liz Kasell from RED Group says, "Many types of soft plastic packaging are not recovered through conventional recycling channels. REDcycle recovers soft plastic bags and packaging from 795 locations in Australia and 200 in New Zealand. REDcycle partners with Victorian recycled plastic manufacturer, Replas, providing recovered soft plastic as a raw material for recycled plastic products such as benches, table settings, bollards, and decking. To date, over 400 million pieces of plastic have been diverted from landfill."

GREENER, MORE EFFICIENT PACKAGING

We produce a staggering 8 million hangtags per year. These had been produced by 120 different suppliers.

This year we undertook a major overhaul of our packaging that started with an audit of all our packaging requirements. Once we had a complete picture, we could approach one supplier to take over the production.

We chose Avery Dennison because they have a global network that will allow printing to be done close to garment factories and because they understand global packaging compliance requirements.

Avery Dennison is also a leader in sustainability. Their Greenprint packaging audit looks at six factors—fossil material, trees, water, energy, CO_2 and waste. Greenprint tools help assess the footprint of packaging options and compare them to other options. Across our vast packaging requirements, even small improvements can make a huge difference to the overall impact.

PACKAGING WINS

As members of the Australian Packaging Covenant, we are scored every year. The industry average is 3.2 out of 5. This year we scored 4.7 (up from 4.5 last year) and won two awards, which reflect our work on waste management and consolidating our product packaging.

CARBON EMISSIONS

This year, we enrolled the help of adventurer and climate change activist Tim Jarvis. Tim has taken on the role of Global Brand Ambassador for Kathmandu.

"The advice that I give to people is that they need to be the change that they want to see. I think too many people are waiting for someone else to save us all from climate change. It will come down to individuals and organisations to be the change agents. So I always say: Be that organisation. Be that individual."

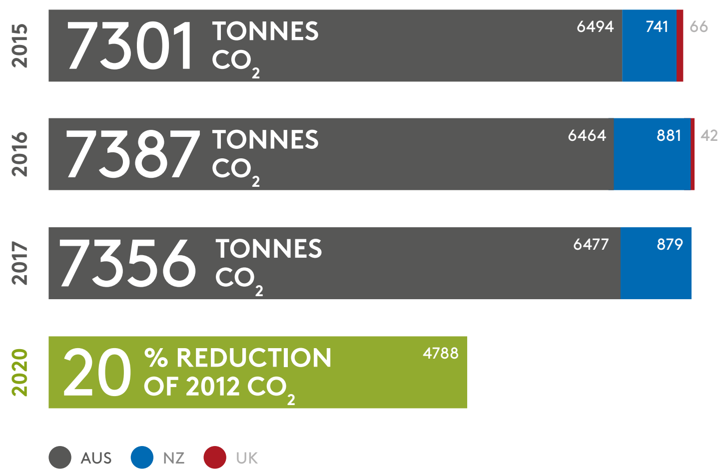
Our goal is to reduce our organisational carbon footprint to 20% below 2012 levels by 2020. The first step is to measure. Greenhouse gas emissions are grouped under the names scope 1, scope 2 and scope 3. Scope 1 are the emissions that come directly from the business. So a coal-fired power plant has scope 1 emissions, but we do not. Our emissions fall into scope 2 and 3, which cover emissions from purchasing energy (scope 2) and from logistics like employee travel or transport of stock (scope 3).

This year, we partnered with EnviroMark Solutions, a carbon certification programme that will audit and verify our measurements to achieve CEMARS certification. They will also help us look for ways to reduce emissions.

ACTION THROUGH AWARENESS

Sometimes, little things make a big difference. In our stores, offices and distribution centres, heating and air conditioning use the most energy, so by educating staff on the best way to manage these systems, we can make an impact. The same goes for lighting — regular reminders to switch off lights changes behaviour to drive down costs and footprint.

Our carbon journey



Carbon emissions per store

Transport emissions

CARBON TO CONSERVATION

We support local conservation and outdoor recreation through our carbon offsetting programme.

The 1250 hectare Hinewai Reserve on Banks Peninsula is alive with the song of bellbirds, grey warblers, tomtits and tui. It's home to centuries-old beech trees as well as kanuka forest and bushland.

We've been supporting the conservation of the Hinewai Reserve through our carbon offsetting programme since 2015. Last year, we measured 940 tonnes of CO2 in staff travel and offset this through Enviro-Mark Solutions by purchasing $19,000 of credits at Hinewai Reserve.

"Investing in places like Hinewai is a great way for us to not only give back to conservation but also accurately manage our carbon footprint," says Kathmandu Brand Manager Tim Loftus.

"Hinewai is a special, premium carbon credit because not only do they offset carbon but there is a whole lot of other associated benefits—things like erosion control, water, biodiversity," says Stewart McKenzie of Enviro-Mark Solutions, who independently assess our emissions.

Botanist Hugh Wilson has been the manager of Hinewai Reserve since it was established in 1987. "I thought, wouldn't I love to look after a bit of this land and just let nature reassert itself."

After farmers spent decades battling invasive plants like gorse, Hugh pioneered a way to use gorse as a shelter plant for regenerating natives. He says carbon credits help by giving the reserve a land purchase fund.

"I love the idea of carbon money going into land regenerating forest and more carbon being fixed."

Botanist Hugh Wilson has looked after the Hinewai Reserve on Banks Peninsula since 1987.

OUR COMMUNITY

Our October 2016 Nepal Trek guiding team, Dusa Village, Solu Khumbu, Nepal.

1987 First Australian store opened

1996 Coats for kids 1000 EcoFleece jumpers for refugee kids

1997 First tree planting day

1998 Sponsored a youth expedition to Everest to volunteer with the Himalayan Trust

1998 1000 Ecofleece blankets to Red Cross

2005 Partnered with Outward Bound

2010 Emergency support for the Canterbury earthquakes in 2010 and 2011

2011 Officially partnered with Red Cross in Australia and New Zealand

2011 Emergency support for Queensland floods and Cyclone Yasi relief

2012 Partnered with Australian Himalayan Foundation and began trekking in Nepal

2012 Emergency support for the New South Wales flood in 2012

2012 Donated to the Red Cross Tasmania Bush Fire Appeal

2013 Partnered with the Australian Wildlife Conservancy and the Department of Conservation in New Zealand

2015 Launched workplace giving

2015 Began trekking in Bhutan

2015 Provided emergency relief in product and cash donations following the Nepal earthquake

THREE DECADES TOGETHER

Over 30 years, our community strategy has matured into a focused, three-tiered approach.

Our strategy focuses on three ways to improve people's lives.

Just like our gear, our giving has evolved. This year, Kathmandu celebrates 30 years and we've dug through our archives to learn more about our long history of giving.

As we've grown up, so has our approach to community investment. A few years ago, we developed a proper community investment strategy, which is based on the idea that travel and adventure has the power to change the world. Our gear makes travel and adventure accessible to everyone. Through it all, we need to put people first.

Our strategy focuses on three ways to improve people's lives. At the customer level, we empower and equip our customers to be the change they want to see in the world. At a local level, we develop ways for our stores to engage with their local communities in positive and supportive ways. And on a global scale, we focus on the region that inspired our brand by supporting impactful projects and organisations that contribute to improving the lives of people in Nepal.

SUPPLIER COMMUNITIES

One area where we'd like to do more work is with our supplier communities. We do lots of work to protect people in the workplace, but the community approach goes beyond that to the wellbeing of their families and environment.

One step forward we've taken this year is signing up to be a bluesign® partner. The bluesign® system limits exposure to toxic chemicals. Chemical management benefits everyone, but especially the communities near the factories.

QUICK RESPONSE STRATEGY

Sometimes our partners need help urgently. With help from Red Cross, we've developed a way to support their appeals quickly.

This year, we took steps to make it easier to respond by creating an emergency response process document which allows us to take quick action when our communities are in need.

Red Cross responds after the 7.8 magnitude quake in Kaikoura.

IN CASE OF EMERGENCY

Customers and team members pitch in to raise funds for people affected by the Kaikoura earthquake.

On 14 November, 2016, the New Zealand coastal town of Kaikoura experienced a magnitude 7.8 earthquake. Buildings were damaged, surf breaks rearranged and the town was cut off from supplies and their largest source of revenue — tourism.

Our partner, New Zealand Red Cross launched an emergency appeal. We helped by spreading the word via email, social media and in-store flyers. We also made it possible for stores to collect customer donations through our POS system. We raised $10,144 in-store. Additional funds were raised from email and social media requests.

Our Christchurch team, having been through a series of earthquakes a few years earlier, wanted to do more. The team suggested a fundraising bake sale at the Christchurch support office. We also put our adaptive gear to good use with organisations working on relief efforts.

HERITAGE FOCUS

RED CROSS

Donating outdoor gear is just one way we support the work of our long-time partner, Red Cross.

Our work with Red Cross goes back 19 years. It started with the simple act of giving fleece blankets to support their work getting warm gear to people in need.

Over the years, we've become more deliberate and focused in our approach. We signed an official partnership agreement in 2011. We have realised that by working to our strengths, we can have more impact. So, in addition to financial support, we look for ways to give specialised outdoor equipment that makes Red Cross' work easier or helps them reduce operational costs.

This year, we donated outdoor kit to groups of young people in the Australia Red Cross ReBoot programme so that they could take on an eight-day outdoor challenge called Operation Flinders. ReBoot works with youth who have been through the youth justice system to reconnect them with their communities and build up their confidence as people who can make a positive contribution.

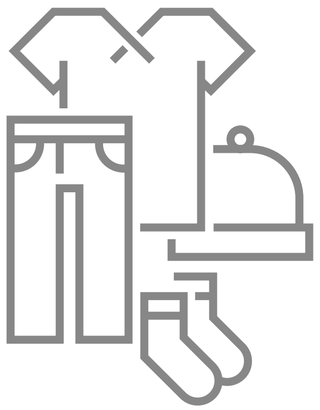
CLOTHING DONATIONS, A LOW-COST SOLUTION FOR A VERY REAL NEED

Red Cross uses their second-hand clothing store network (Red Cross Shops) as an ongoing fundraiser to help cover overheads. This means that donations collected from the public can go directly to support humanitarian work.

A few years ago, we learned that New Zealand Red Cross had a shortage of high-quality second-hand clothes.

As a partner, we decided we could help. We put our existing infrastructure to work and created Red Cross clothing donation boxes for each of our 164 stores. This low-cost solution has not only solved a problem, it has activated our stores and our customers to be more involved with our community partner in a day-to-day way.

The Red Cross Clothing Donations programme has also helped us find one solution to our end-of-use impact, which we know from the Higg Index assessment is an important part of our aim to develop a more sustainable business.



899kg
of clothing collected for Red Cross in 2017

1,000kg
new collection goal for 2018

HERITAGE FOCUS

OUTWARD BOUND

Outward Bound instructors Danny Cartlidge and Bridget Graney.

Over 12 years, we've sent 68 Kiwis on outdoor education scholarships.

> "Outward Bound is a great fit with Kathmandu because of their mission to use outdoor adventure to enable people to reach their full potential."

As we look back over our first 30 years, one partner has been with us for nearly half of those. We formed a community partnership with Outward Bound New Zealand in 2005.

"Outward Bound is a great fit with Kathmandu because of their mission to use outdoor adventure to enable people to reach their full potential," says Community Coordinator Lindsay Tallott. "Our role is to equip them with the right gear."

Since 2005, we've sent 68 Kiwis on scholarships to their outdoor education programme at Anakiwa in the Marlborough Sounds.

We've also worked together to develop products specific to the rugged (and often wet) challenges that Outward Bound students and instructors face.

They helped us design and test the Anakiwa sleeping bag and improve on our Vardo pack.

Outward Bound instructors are often recruited as testers for our product department. "Outward Bound instructors are able to put our gear through a lifetime of use in a single season," says Product Field Testing Specialist Chris Harte. "We feel privileged to have them involved in our product development."

IN IT TOGETHER

Connecting our communities, customers and causes we care about.

Funds raised and donated to Nepal in the last year — enough to send 884 students to school in Nepal on a full years scholarship

$59,461
Christmas, Gifts that Give

$36,582
Summit Club Treks

$39,851
Neverest

$40,000
Kathmandu annual Partnership Donation

139
LuminAID lanterns

HIMALAYAN TREKS COMBINE ADVENTURE AND GIVING

Himalayan Treks are where our brand and our support of the Australian Himalayan Foundation come together best. These fundraising treks use travel and adventure to connect our customers to our community partners.

Since beginning our partnership with the AHF in 2012, we have sent eight treks to Nepal and two to Bhutan. This year, we did our first Indian Himalayan trek. Next year we will launch our first trek with the Himalayan Trust of New Zealand.

Last year's treks raised $27,658 for the AHF and their work. The trekkers also deliver our LuminAID lanterns to villages without reliable power and lend a hand in the rebuilding of schools. These interactions give trekkers a personal stake in their investment — and memories that lasts a lifetime.

Summit Club Members trekking through Solukhumbu, Nepal raised $18,830 for the Australian Himalayan Foundation.

Volunteer days

144 MEMBERS INVOLVED IN FY 17
27 TEAM / 117 CUSTOMERS

426 VOLUNTEERING HOURS
81 TEAM / 345 CUSTOMERS

8 VOLUNTEER EVENTS LOCATIONS

Working with our community to achieve more

A big part of our evolving community strategy is finding ways to increase our impact by engaging our teams and customers.

Last year, 16% of the total money we donated to partners came from customers. It was encouraging to know that our customers are just as passionate about these causes as we are.

By working together, tasks that seem insurmountable – like providing education to regions of Nepal without a single school – can be achieved. In the last year, donations from our customers and matched donations from us have rebuilt four school rooms.

Events are another way to harness the power of the wider Kathmandu community and make it bigger than us. This year, Summit Club Members joined Sustainable Coastlines to collect 400 litres of litter from Motuihe Island. Members also helped Conservation Volunteers with planting, weeding, mulching, pest control and sand dune restoration across seven locations in Australia. In total 144 Summit Club members pitched in 426 volunteer hours last year.

We're proud to enable generous behaviour all around and we all benefit from the sense of connection that we build by achieving something together.

Workplace giving

A sustainability self-assessment tool provided by the Sustainable Apparel Coalition, the Higg Index, challenges us to involve our staff in our partnerships. This year, we refreshed and relaunched our workplace giving programme.

We now have 100% of our executive team on board and the company is matching employee donations. We developed a new sign-up form to make participation easier. We also added the Himalayan Trust to our community partners so that New Zealand team members would have a way to contribute to work in Nepal.

"Workplace Giving opens up the opportunity for all of us to make a big difference together, even if we can only pitch in a little bit each," says Community Coordinator Lindsay Tallott. "It's also shown to improve team retention and workplace satisfaction. I think that people really thrive off that sense of contributing to something positive."

Christmas giving

Last Christmas, we offered Gifts that Give. We sold paper bookmarks that provided donations to the Australian Himalayan Foundation and the Himalayan Trust.

More than 7000 customers contributed. Kathmandu matched donations up to $20,000. Together, we raised $59,461 for rebuild work in Nepal. That was enough to rebuild four school rooms to the highest earthquake resistant standards.

Investing in education is important for Nepal, where literacy rates are still only around 45%. Improving education has ripple effects — it is shown to have positive impacts on all other indicators of wellbeing — from health and life expectancy to equality and household income.

Along the way, we've raised awareness for a cause that is close to our hearts and reaffirmed that our customers support this too.

NEVEREST CHALLENGE

450 people achieved 9000 vertical metres raising $39,851

While only a few people each year make the trip to experience our Himalayan Treks, Neverest is a 9000 vertical meter challenge that is open to anyone.

Neverest comes from the idea of "everesting", which is when people lap a small hill or mountain to reach the equivalent height of Mt Everest. Done in teams, in locations close to home, almost anyone can do it.

By supporting this event, we have evolved our partnership with the Australian Himalayan Foundation. It not only adds a new fundraising source, it also gets our customers engaged outdoors and raises awareness of the root causes of social issues in Nepal.

We sponsored three Neverest events this year in Melbourne, Canberra and Sydney. A total of 450 people, aged 6 to 74, participated by doing laps of a hill to achieve 9000 vertical metres. The teams raised $39,851, which is enough to provide 200 full-year scholarships to primary school students in Nepal.

The total climbed over the three events was 718 vertical kilometres — almost the same as climbing to the International Space Station — twice!

Neverest Challenge participants covered 9000 vertical metres and raised enough money for 200 full-year scholarships for students in Nepal.

ADVENTURE SPONSORSHIP

Our Adventure Sponsorship programme is all about equipping customers to make change.

This year, we responded to 465 applications. We supported 142 passionate individuals with free gear and 767 people with discounted gear.

One of our Adventure Sponsorship organisations calls themselves the Rangers of Tangkahan. We're helping them protect the precious ecosystem in their backyard.

The Leuser ecosystem in Indonesia is the only remaining refuge where four critically endangered species coexist — the Sumatran tiger, elephant, orangutan and rhinoceros. Its 2.6 million hectares also help regulate the world's climate by storing millions of tons of carbon in peat swamps.

Around the forest edge, a group of locals are protecting this fragile and important ecosystem from threats of palm oil plantations, logging, mining and poaching.

The Rangers of Tangkahan are the first community conservation programme in North Sumatra. The programme provides income for rangers in the three villages along the buffer zone where most of the illegal activities occur.

The Rangers collect data, monitor wildlife and remove poachers' snares — 250 so far.

Kathamandu supplied tents, solar lanterns and head torches to allow the Rangers to conduct night patrols.

Rangers work with the people on the forest edge to develop incomes that don't involve logging, poaching, trapping or illegal wildlife trade. In Batu Rongring, a new eco-tourism venture is underway with Raw Wildlife Encounters.

The Rangers also help local communities deal with conflict between humans and wildlife, such as crop-raiding elephants.

The final part of the programme is research. They are working on a catalogue of flora and fauna in the buffer zone, which has never been done before.

The Rangers of Tangkahan say they are "living their dream" — receiving an income to protect the forest. They want future generations to benefit from the ecosystem and want to make sure species within it are safe.

Adventure Sponsorship by the numbers

5,943 km WALKED

4,700 km RUN

5,350 km CYCLED

$48,847 raised for the causes they care about

1,337 DENTAL TREATMENTS conducted for people in rural Nepal

73 SURGERIES conducted for people in rural Nepal

100 WOMEN supported each year for the next ten years in STEM to take action on climate change

OUR TEAM

1987 First Australian store opened

1991 First New Zealand store

1997 First tree planting day

2005 Partnered with Outward Bound

2007 50 stores total

2009 100 stores total

2013 Launched workplace giving

2014 150 stores total

2016 Launched Kampfire Lunches

2017 164 stores in total

Easter shoot in Queenstown, 2016

PEOPLE PLAN

Connecting our people and our purpose.

Just as Kathmandu has grown and undergone a transformation over the past 30 years so too has the way in which our team and our people initiatives are created. Today our people are supported by a team of dedicated human resource (HR) professionals located across Australia and New Zealand, working in areas including; general human resources, employee relations, safety and wellbeing, talent acquisition and learning & development. The HR team recognises the importance of bridging the gap between an individual employee, their team, their department and Kathmandu's performance and achievement of goals through a strategic HR approach.

Our HR team are committed to developing strategies that create a direct connection between Kathmandu's larger purpose and objectives, by partnering with our teams to align our policies, procedures, programmes, and services with Kathmandu's goals. Our current three-year people plan is to "Enable future innovation and delivery of business performance through safe and engaged high performance teams". This people plan is focused on three strategic pillars: safety, talent and capability.

Destination Safe

SAFETY — together we will create an injury free workplace where everyone goes home safe each day, enabling us to continue our love of travel and adventure.

Live the Brand

TALENT — we will attract, engage and retain highly skilled people who are passionate about our brand and values.

Open the World

CAPABILITY — we will create a culture of learning & excellence where our people drive the development of themselves and others.

Kathmandu's five Green Star rated office reception, Papa Kainga.

Team composition

This past year has seen 3% increase in our total workforce, this is due in part to an increase in casual labour year-on-year within Australia. In addition, Kathmandu has a number of strategic initiatives and projects which continue to utilise fixed term employees to facilitate these projects.

For detailed information on our team composition, please see 'Table 6' in our Appendices.

Supporting diversity

At Kathmandu we value and embrace travel and adventure in all its forms. Diversity is what we do best. Whether it be backpacking through India, bush walking locally on the weekend or a five star trip to Europe, we support and embrace the differences within our customers and their needs. We live this ethos within our workplace for our team members by creating an inclusive environment and a culture that embraces a team of unique individuals who offer different backgrounds, experience and perspectives. It is with these unique differences that we are able to continue to create new ideas for success, change and continued growth within our business. We believe that by treating our team members with respect and embracing the differences we empower our team to succeed.

For detailed information on our team composition, please see 'Supporting Diversity / Table 11' in our Appendices.

Hiring and turnover

Over the past year we have continued to focus on optimising our current store footprint, including closing three stores, opening three new stores and relocating four stores. This year we welcomed to the business 888 new team members. Our group turnover rate for permanent employees was 36% and 76% for our casual and fixed term employees. This turnover is not unusual and is in line with the seasonal nature of our business.

For detailed information on our team composition, please see 'Hiring and Turnover / Table 7' in our Appendices.

Parental leave

We understand that a new addition to the family is an important moment in a parent's life. We support our staff and their family commitments by offering parental leave to eligible employees in accordance with relevant legislation in Australia, New Zealand and the UK.

In 2017, 61 team members took parental leave, with an increase in male team members accessing their parental leave entitlements.

For detailed information on our team composition, please see 'Parental leave / Table 8' in our Appendices.

Our team by the numbers

1,955 TOTAL STAFF
up 3% on last year

888 NEW HIRES

42 % MALE

58 % FEMALE

57 % FEMALE MANAGEMENT

61 EMPLOYEES TOOK PARENTAL LEAVE

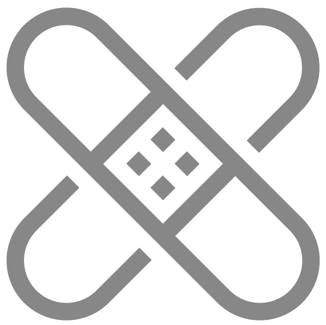
405 NEW HIRES MALE

483 NEW HIRES FEMALE

411 STAFF TURNOVER MALE

466 STAFF TURNOVER FEMALE

64% participation in the Aotearoa Bike Challenge, cycling 8025 km and saving 873 kgs of CO^2



Injury rate

Number of lost time injuries

Total recordable incidents

HEALTH AND WELLBEING

Safety is an important pillar in our people plan. Our commitment is to have healthy people in safe and productive workplaces.

DESTINATION SAFE: A DEDICATED WELLBEING RESOURCE

To continue to support our integrated approach to safety and wellbeing which recognises that workplace safety, health and mental health all contribute to our team's overall wellbeing, we have introduced our new Safety and Wellbeing intranet site Destination Safe. The site contains a range of resources, tools and information our employees can access to assist in keeping our workplace safe, covering incident and emergency response and hazard and risk management. The site also incorporates tools and information to promote optimum physical and mental health.

MENTAL HEALTH

We actively support team members experiencing mental health issues by creating individual plans to assist them. This could include providing counselling services, approving leave and creating return to work plans in conjunction with their treating practitioner.

This year, we also launched a mental health awareness campaign 'Make a mental note' which highlights how being proactive and learning about mental health can benefit your own wellbeing and also help support those around you.

MANUAL HANDLING CASE STUDY

Manual handling incidents are our biggest cause of injury. We changed our metrics to gain a better understanding of how these incidents occur and implemented appropriate controls. This helped us to reduce manual handling incidents this year by 4%.

WELLBEING INITIATIVES

We introduced Healthy Lunch Seminars this year at our Support Offices and Distribution Centres. A dietician led an interactive seminar which focused on quick, easy and healthy recipes.

Kathmandu took part in the Aotearoa Bike Challenge, a NZ Transport Agency competition that encourages more people to ride bikes on commutes or just for fun. The Christchurch Support office entered and had 64% participation. Together, we cycled 8025 kilometres and saved 873 kgs of CO_2.

INCREASING CAPABILITY

Meeting rooms in our head office, Christchurch New Zealand

Two of the three pillars of our People Plan is capability and talent. We are committed to creating highly engaged and inspired teams who are passionate about our brand.

We are building skilled, high-performing teams that are confident in their capabilities. To do this, we are creating a culture of learning and excellence where people drive their own development and support others.

The first step is the creation of an Individual Development Plan (IDP) for all team members—something we have focused on this year. We used 360 degree feedback in several teams as a tool to identify development opportunities. In total, 35 team members participated in 360 degree feedback, including senior leadership teams in Supply Chain, Retail Operations, Marketing and Product.

This allowed us to identify and deliver targeted training programmes to the wider business.

KAMPFIRE LUNCH PRESENTATIONS

Kampfire lunches were a new initiative this year. These are an opportunity for Kathmandu team members to share their knowledge and experience with a lunchtime presentation.

More than 300 team members attended 20 Kampfire lunches in New Zealand and Australia. Topics included "Why Stories Always Win", "Productivity Tools", "Digital & Social Media—Communicating Our Message in 2016" and "Human Rights in our Supply Chain".

TREKBUD MENTORING PROGRAMME

Sometimes you need a Sherpa to help you scale those peaks. This year, we developed our internal mentor programme, TrekBud. Team members apply and are matched with a mentor (TrekBud) who has the desired skills and experience to support their development objectives. Team members work with their mentors through coaching and projects.

RETAIL TALENT DEVELOPMENT

Some of our greatest talent is in our retail teams. This year we have created resources and opportunities to support their development. We have invested in the coaching skills of our store managers with an external online training platform. This platform incorporates online learning, practical activities and personal coaching.

We have developed coaching guides and resources for brand inductions and our CLIMB customer service training. We also supported our store managers to deliver two, three-hour seasonal training sessions in stores.

Finally, we created Onboarding Trail Guides and revised Kampus online training resources to align with a three-month onboarding framework for all store team members.

PROFESSIONAL TRAINING AND QUALIFICATIONS

This year we partnered with The Chartered Institute of Procurement & Supply for development within the supply chain and distribution teams, and the Australian Retailers Association for development of the Product Management and Merchandise Planning teams.

We also offered training in topics such as Excel Skills, Business Case Writing, Agile Scrum, Presentation Skills, Leadership Communication Skills and others.

In addition to the six hours of dedicated training offered to all retail store team members, 387 support office and distribution team members attended training on 18 different topics.

HERITAGE FOCUS

Seventeen years ago, Jamie Parker was hired by Kathmandu to unload a container for a couple of days. Today, he's a senior product manager and one of the company's biggest advocates.

Jamie Parker remembers his first Kathmandu paycheck was on Valentine's Day, February 14, 2000. He was just 19 — a rugby boy, idly dreaming of a career in sport, but with little professional ambition.

"My best friend's mum worked in the Kathmandu factory. They just needed someone to empty the container for two days," Jamie remembers. "By the time I finished, another container arrived. And then another. And then another."

He worked in repairs and as a runner for the Christchurch made fleece and GORE-TEX garments. "You'd pull up at a house, and there would be four old ladies working away in the garage with their gas heaters going."

In the early days, it was not Jamie's aspiration to stay with Kathmandu. "At that time, I had no aspirations to do anything. It was just a job. But we had a really awesome culture in the distribution centre.

"I'm a person who adapts. My role changed every two years on average. That's probably the reason I've been with the company for so long.

Now, as the senior equipment product manager, Jamie can reflect on the early days.

"I feel this weird sense that me being here keeps some of that original culture. When stuff needed to be done, we just did it. It's that whole Kiwi-get-stuff-done culture that makes us distinctive and I think that's really special. We need to remember that sometimes it's kind of cool to break the rules — and we haven't followed the market, we've done our own thing."

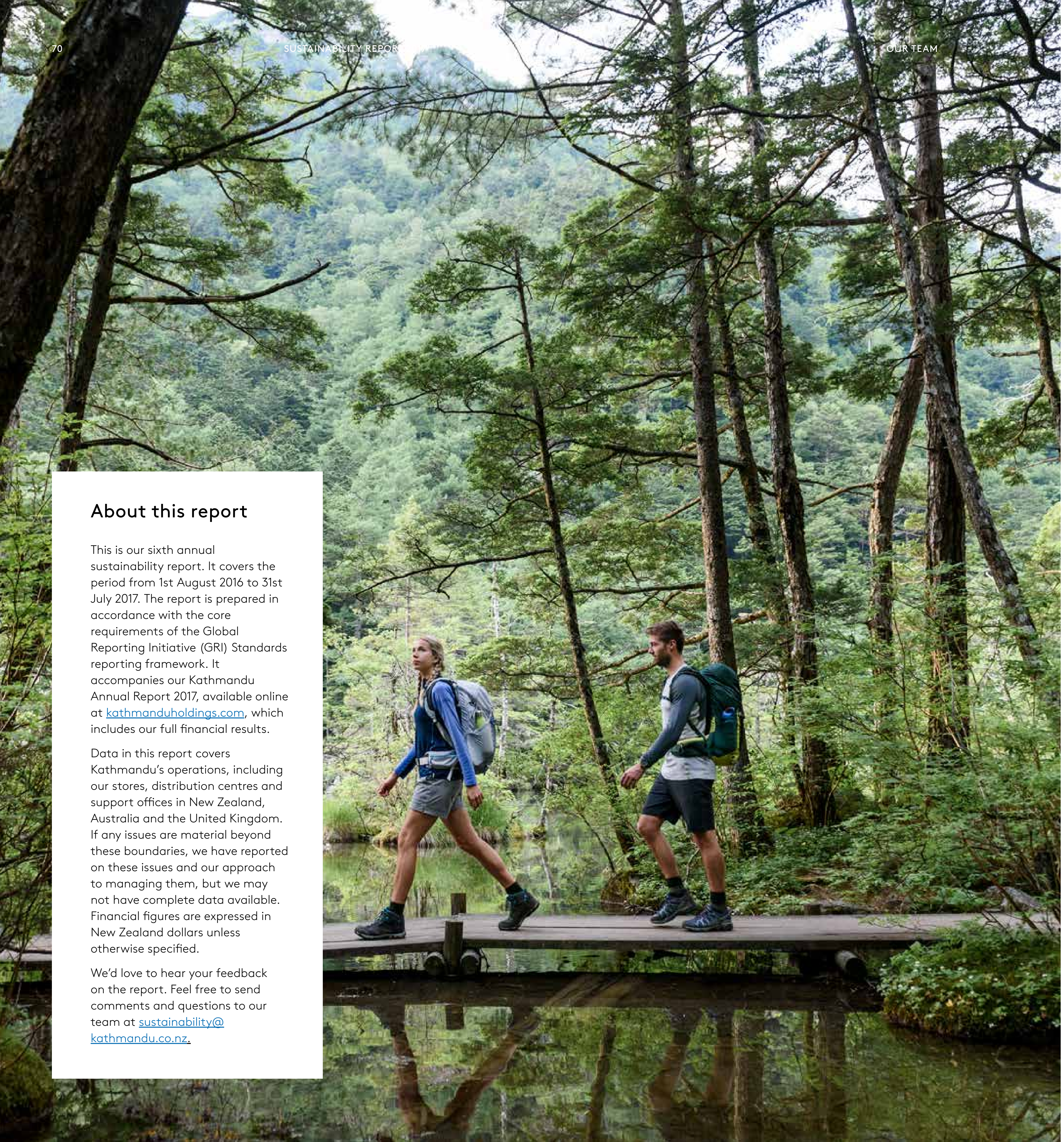
Jamie says his next phase will be taking Kathmandu to the world. "For me, there's nothing like being in Hong Kong or Munich and seeing a Kathmandu bag come around the carousel. It gives me a huge sense of pride."

His journey is not finished. "Until Kathmandu stops evolving, I'm not going to be done."

Kathmandu is a huge part of Jamie's life in other ways too. "I didn't ever have a vision for my life so Kathmandu's given me a purpose — and an opportunity to grow. I have a lot of lifetime friends here. My partner works in the distribution centre. Kathmandu is a big part of me."

"I didn't ever have a vision for my life so Kathmandu's given me a purpose — and an opportunity to grow. I have a lot of lifetime friends here."

JAMIE PARKER
SENIOR PRODUCT MANAGER



About this report

This is our sixth annual sustainability report. It covers the period from 1st August 2016 to 31st July 2017. The report is prepared in accordance with the core requirements of the Global Reporting Initiative (GRI) Standards reporting framework. It accompanies our Kathmandu Annual Report 2017, available online at kathmanduholdings.com, which includes our full financial results.

Data in this report covers Kathmandu's operations, including our stores, distribution centres and support offices in New Zealand, Australia and the United Kingdom. If any issues are material beyond these boundaries, we have reported on these issues and our approach to managing them, but we may not have complete data available. Financial figures are expressed in New Zealand dollars unless otherwise specified.

We'd love to hear your feedback on the report. Feel free to send comments and questions to our team at sustainability@kathmandu.co.nz.

VALUES IN ACTION

It's great to have a list of values to guide us, but it's the way our team puts them into action that makes them real. Here's some ways we lived our values this year.

Openness and Directness

When customers expressed concern for animal rights, our customer service team responded to more than 4000 emails and social posts, answering questions and explaining our 100% Responsible Down Standard policy.

Environmental Action

We offset our air travel by supporting Hinewai reserve on Banks Peninsula, where manager Hugh Wilson is nurturing native wildlife and vegetation.

Integrity

During the year, we posted our sustainability results and strategy on the Higg Index, allowing other brands to view the details.

Resourcefulness

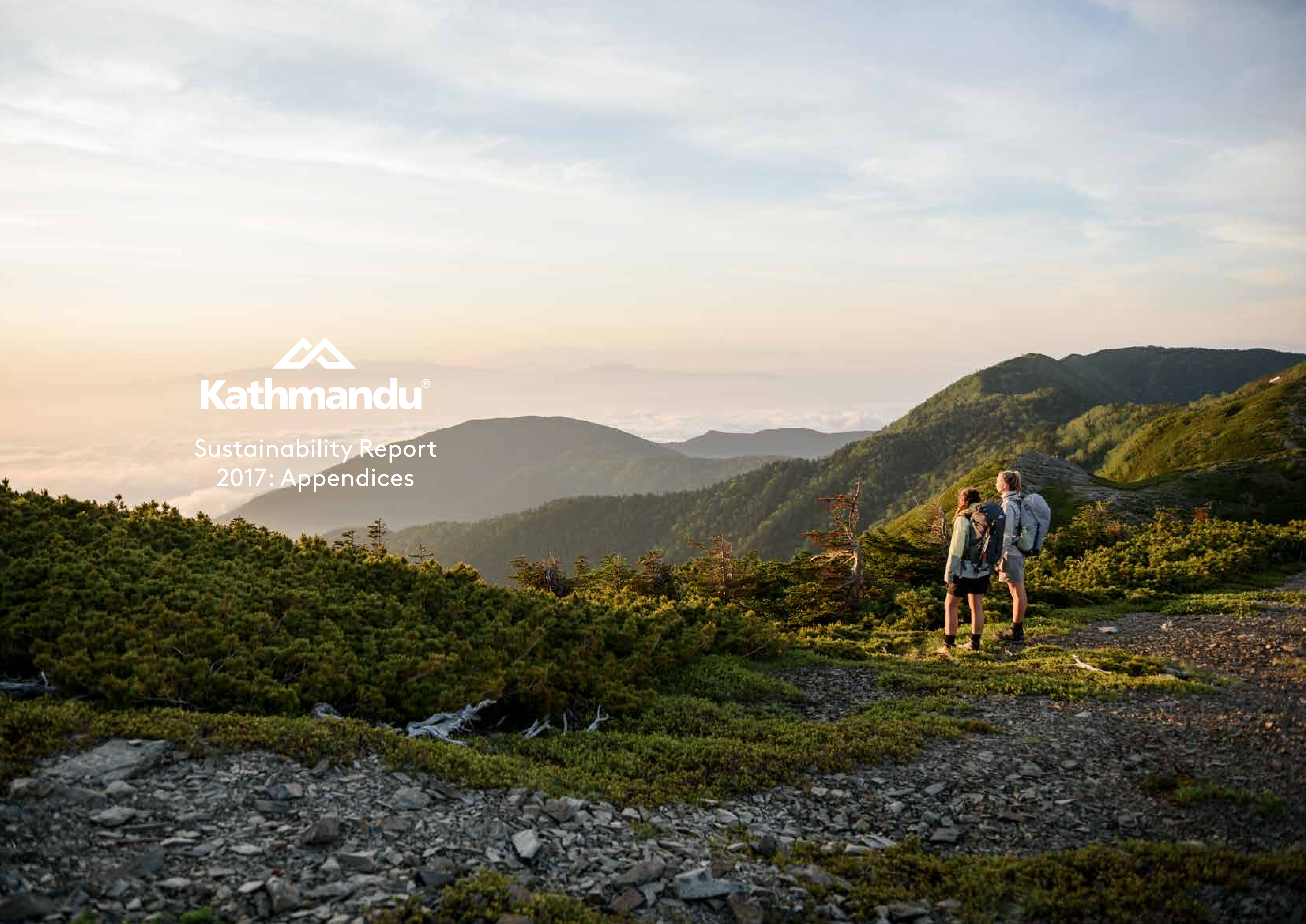
We upcycled 3.9 million post consumers plastic bottles into our gear.

Love of Travel and Adventure

We expanded our Summit Club trekking programme to include a third trek in the Indian Himalayas.

Passion and Determination

When the town of Kaikoura was hit by an earthquake, we launched emergency appeal for donations within three days.



Kathmandu®

Sustainability Report
2017: Appendices

TABLE 1: GRI GENERAL STANDARD DISCLOSURES

IND.	DESCRIPTION	REFERENCE	PAGE #	NOTES
ORGANISATIONAL PROFILE				
102–1	Name of the organisation	Our Story	5	Kathmandu Holdings Limited
102–2	Activities, brands, products and services	Our Story	5	—
102–3	Location of headquarters	Our World	14—15	—
102–4	Location of operations	Our World	14—15	—
102–5	Ownership and legal form	GRI Index		Kathmandu is a publically listed company. For more information, please read our Annual Report 2017.
102–6	Markets served	GRI Index	14—15	Kathmandu sells products through our store network in Australia, New Zealand and the UK. We also sell online and have begun to sell through wholesale partners internationally including the UK, Germany and China.
102–7	Scale of the organisation	Our World, Our Team. Annual Report 2017	15, 62—71, this index	For full financial disclosures, please see our Annual Report 2017.
102–8	Information on employees and other workers	Our Team, Table 6	62—71	—
102–9	Supply chain	Our World, Our Suppliers, Our Products	15, 16—25, 26—43	—
102–10	Significant changes to the organisation and its supply chain	Our World, Our Suppliers, Our Products	15, 16—25, 26—43	—
102–11	Precautionary principle approach	Our Suppliers, Customer health and safety, Our Footprint	16—25, 43, 44—51	We use the precautionary approach across each department of the business to ensure we do not harm the environment or people.
102–12	External initiatives	Better Together	12—13	We collaborate with specialised organisations to support our sustainability strategy and outputs. Collaboration is absolutely core to our development as a business.
102–13	Membership of associations	Our Journey, Better Together, Our Suppliers, Our Products, Our Footprint, Our Community	8—15, 16—25, 26—43, 44—51, 62—71	Collaboration is fundamental to our sustainability strategy and program. Without our memberships, we would not understand the complexities of our impacts and outreach to global initiatives and communities.
STRATEGY				
102—14	Statements from senior decision-maker	Chairman and CEO report	10	—
ETHICS AND INTEGRITY				
102—16	Values, principles, standards, and norms of behaviour	Our Team	71—72	—

IND.	DESCRIPTION	REFERENCE	PAGE #	NOTES
GOVERNANCE				
102—18	Governance and structure	Annual Report 2017		The Board guides the overall governance of our organisation. Please see our Annual Report 2017 for more information in our governance structure.
STAKEHOLDER ENGAGEMENT				
102—40	List of stakeholder groups	Our Journey, Our Stakeholders	8—15, Table 4	—
102—41	Collective bargaining agreements	GRI Index	—	None
102—42	Identifying and selecting stakeholders	Our Journey, Our Stakeholders	8—15, Table 4	—
102—43	Approach to stakeholder engagement	Our Journey, Our Stakeholders	8—15, Table 4	—
102—44	Key topics and concerns raised	Our Journey, Our Stakeholders	8—15, Table 3, Table 4	—
REPORTING PRACTICE				
102—45	Entities included in the consolidated financial statements	Annual Report 2017	—	Kathmandu Holdings Limited, Milford Group Holdings, Kathmandu Pty Ltd, Kathmandu Limited and Kathmandu UK Limited.
102—46	Defining content and topic Boundaries	Our Journey, Our Stakeholders, Our Impacts	8—15, Table 3, Table 4, Table 5	—
102—47	List of material topics	Our Journey, Our Stakeholders, Our Impacts	8—15, Table 3, Table 4, Table 5	—
102—48	Restatements of information	GRI Index	—	No restatement this year.
102—49	Changes in reporting	GRI Index	—	This year we transitioned from the GRI G4 framework to the new GRI Standards framework.
102—50	Reporting period	GRI Index	—	August 1st 2016 to July 31st 2017.
102—51	Date of most recent report	GRI Index	—	Kathmandu Sustainability Report 2016 (01/08/2015—31/07.2016).
102—52	Reporting cycle	GRI Index	—	Annual (01/08/2016—31/07.2017).
102—53	Contact point for questions regarding the report	GRI Index	—	Oliver Milliner (oliver.milliner@kathmandu.co.nz or sustainability@kathmandu.co.nz)
102—54	Claims of reporting in accordance with the GRI standards	Back cover	70—71	This report has been prepared in accordance with the GRI Standards Core option.
102—55	GRI content index	GRI Index	—	This index
102—56	External assurance	GRI Index	—	Kathmandu has adopted numerous certifi-cations, partnerships and programmes that verifies our various sustainability initiatives.

TABLE 2: GRI TOPICS

TOPIC		REFERENCE	PAGE #	NOTES
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8—15, 16—25	—
	103 - 2: The management approach and its components	Table 5	—	—
407—1: Operations and suppliers in which worker's rights to exercise freedom of association or collective bargaining may be violated or at signicant risk		Our Suppliers	18, 19	85% of our suppliers are in China. Due to the communist Government, individual worker rights including freedom of association and collective bargaining are inevitably at risk. Collective bargaining is almost unheard of and independent unions do not typically have any real power to leverage change in wages or working conditions. Updating our Code of Conduct and Terms of Trade Documents; creating a new CSR Strategy which puts more emphasis on performance and partnership and less emphasis on policing and compliance; investing in a new CSR professional services company specialising in sustainability and supply chain analytics, designing and implementing customized programmes that reflect our unique supply chain; worker surveys and improved grievance mechanisms, supplier training and education.
GRI 408: CHILD LABOUR				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8—15, 16—25	—
	103 - 2: The management approach and its components	Table 5	—	—
408—1: Operations and suppliers at significant risk for incidents of child labour.		Our Suppliers	18, 19, 23	Child labour is common in the international apparel industry, especially in Tier 2 and 3. We created and implemented a Mandatory Child Labour and Forced Labour Policy company wide. Also cemented a partnership with a consultancy specialising in advising businesses in child rights and improving the lives of children in supply chains across Asia.
GRI 409: FORCED OR COMPULSORY LABOUR				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8—15, 16—25	—
	103 - 2: The management approach and its components	Table 5	—	—
409—1: Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour.		Our Suppliers	18, 19	Forced labour is still common in the international apparel industry. Migrant workers are especially vulnerable to forced labour. China, Taiwan, Vietnam, India and Indonesia are all high risk for forced labour and these are all areas from where we source our product. Investing in a new CSR professional services company specialising in sustainability and supply chain analytics with the ability to access worker voice through social media and anonymous worker surveys.

TOPIC		REFERENCE	PAGE #	NOTES
GRI 412: HUMAN RIGHTS ASSESSMENT				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8—15, 16—25	—
	103 - 2: The management approach and its components	Table 5	—	—
412—1: Operations that have been subject to human rights reviews or impact assessments		Our Suppliers	19	Nil.
412—2: Employee training on human rights policies or procedures		Our Suppliers	19	100 hours and percentage of employees trained at Head Office is 53%.
412—3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Our Suppliers	19	Every one of our 140 suppliers has to enter into an agreement with Kathmandu which includes signing and agreeing to abide by and be assessed against our Code of Conduct. A "significant investment" includes any and every supplier because no matter how much we spend with a supplier, our commitment to our stakeholders and shareholders is to invest our resources into our supply chain to ensure that human rights are protected.
GRI 412: SUPPLIER SOCIAL ASSESSMENT				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8—15, 16—25	—
	103 - 2: The management approach and its components	Table 5	—	—
414—1: New suppliers that were screened using social criteria		Our Suppliers	19	90%
414—2: Negative social impacts in the supply chain and actions taken		Our Suppliers	19	—
GRI 301: MATERIALS				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Products	8—15, 26—43	—
	103 - 2: The management approach and its components	Table 5	—	—
301—1: Materials		This index	28	Product materials are a significant component to our materiality issues. We do not collect recycled materials as a percentage according to topic indicator requirements. We collect data and information in accordance with the Higg Index and Textile Exchange reports.
GRI 303: WATER				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Products	8—15, 26—43	—
	103 - 2: The management approach and its components	Table 5	—	—
GRI 303—1: Water withdrawl by source		Our Products	36, 37	—

TABLE 2: GRI TOPICS (CONTINUED):

TOPIC		REFERENCE	PAGE #	NOTES
GRI 416: CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Products	8–15, 26–43	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 416–2: Incidents of noncompliance concerning the health and safety impacts of products and services		Our Products	43	–
GRI 418: CUSTOMER PRIVACY				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Products	8–15, 26–43	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 418–1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		Our Products	43	–
GRI 305: EMISSIONS				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Footprint	8–15, 44–51	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 305–2: Energy indirect (Scope 2) GHG emissions		Our Footprint	50–51	We account our greenhouse gas emissions in alignment with the Greenhouse Gas (GHG) Protocol. Our emission figures are derived from scope 2 purchased electricity usage across our stores, distribution centres and support offices. Our emissions factors are sourced from government GHG reporting guidance documents published in each jurisdiction that we operate in.
GRI 305–3: Other indirect (Scope 3) GHG emissions		Our Footprint	50–51	We have aligned our scope 3 emissions quantification with the Higg Index scoring requirements. We used the CEMARS software platform to calculate scope 3 emissions using the certification's latest emission factors.
GRI 305–4: GHG emissions intensity		Our Footprint	50–51	
GRI 306: WASTE				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Footprint	8–15, 44–51	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 306–2: Waste by type and disposal method		Our Footprint	48–49	–

TOPIC		REFERENCE	PAGE #	NOTES
GRI 401: EMPLOYMENT				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Team	8–15, 62–71	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 401– 1: New employee hires and employee turnover		Our Team	64, 65, Table 7	–
GRI 401–3: Parental leave		Our Team	64, 65, Table 8	–
GRI 403: OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Team	8–15, 62–71	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 403–1: Workers representation in formal joint management-worker health and safety committees		Our Team	66	–
GRI 403–2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Our Team	66, Table 9	–
GRI 404: TRAINING AND EDUCATION				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8–15, 62–71	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 404–2: Programmes for upgrading employee skills and transition assistance programmes		Our Team	64, 67	–
GRI 404–3: Percentage of employees receiving regular performance and career development reviews		Our Team	64, 67, Table 10	–
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management Approach	103 - 1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	8–15, 62–71	–
	103 - 2: The management approach and its components	Table 5	–	–
GRI 405–1: Diversity of governance bodies and employees		Our Team	64, Table 11	–

TABLE 3: OUR STAKEHOLDERS

STAKEHOLDER GROUP	ENGAGEMENT MECHANISM	FREQUENCY OF ENGAGEMENT	KEY ISSUES RAISED
Customers	— Social media — Customer insights — In our stores — Our website — Via our customer services team — Summit Club member communications	Ongoing	— Animal welfare — Waste management — Community investment opportunities and sponsorship — Human rights in our supply chain — Product care and repair — Microfibres
Staff	— Performance mechanisms — Questionnaire and surveys — Dream Team meetings — Other engagement committees	Ongoing	— Health and safety — Waste management — Training — Sustainability leadership
Suppliers	— Meetings — Site visits	Ongoing	— Fair and open procurement practices — Fair working conditions — Environmental impacts — Product quality and safety
Factories	— Meetings — Site visits — Audits	Ongoing	— Fair working conditions
Local communitities	— In our stores and offices — Community events — Social media — Website	Ongoing	— Our impact on communities — Social investment and sponsorship
Government and regulators	— Meetings — Reports — Site visits	Quarterly and as required	— Economic performance — Environmental impacts — Community impacts
Shareholders	— Our annual reports — Annual General Meeting — ASX and NZX announcements — Website — Investor roadshows, briefing forums	Quarterly and as required	— Economic performance — All sustainability material issues
Industry associations	— Meetings — Reports — Workshops	Annually	— Environmental impacts — Community impacts — Human rights in our supply chain
Investment community	— ASX announcements — Website — Investor briefings and forums	Quarterly and as required	— ESG performance
Civil society and community organisations	— Social media — Requests for information	Ongoing	— Human rights in our supply chain — Environmental impacts — Fair working conditions — Product materials stewardship — Supplier management

TABLE 4: OUR MATERIAL ISSUES

MATERIAL TOPIC IN ORDER OF PRIORITY	WHO IT APPLIES TO	WHERE IT APPLIES AND BOUNDARIES	LIMITATIONS
OUR SUPPLIERS			
Freedom of association and collective bargaining	Kathmandu factories and suppliers	Our supply chain	—
Child Labour	Kathmandu factories and suppliers	Our supply chain	—
Forced or compulsory labour	Kathmandu factories and suppliers	Our supply chain	—
Supplier social assessments	Kathmandu factories and suppliers	Our supply chain	—
OUR PRODUCTS			
Materials	Suppliers, Kathmandu, suppliers	Our operations	Our overall sustainable materials percentage use against conventional materials is too complex to calculate to meet topic requirements
Products and services	Kathmandu , consumers	Our operations	—
Customer health and safety	Kathmandu, consumers	Our operations	—
Product labelling	Kathmandu, consumers	Our operations	—
Water	Suppliers, Kathmandu	Our operations	—
Marketing	Kathmandu, consumers	Our operations	—
Customer privacy	Kathmandu, consumers	Our operations	—
OUR FOOTPRINT			
Economic performance	Kathmandu, investors	Our operations	—
Energy	Kathmandu	Our operations and stores	—
Emissions	Kathmandu	Our operations and stores	—
Waste	Kathmandu, customers	Our operations and stores	—
Transport	Kathmandu, supply chain	Our operations	We currently only have the information to report on sea and air freight port to port scope 3 emissions
OUT TEAM			
Employment	Kathmandu	Our operations	—
Occupational health and safety	Kathmandu	Our operations	—
Training	Kathmandu	Our operations	—
Diversity and equal opportunity	Kathmandu	Our operations	—
Compliance	Kathmandu, consumers	Our operations	—

TABLE 5: MANAGEMENT APPROACH

TOPIC	POLICIES AND MANAGEMENT	ACTIVITIES	EVALUATION	ACCOUNTABLE DEPARTMENT
Worker's rights: freedom of association and collective bargaining, child labour, forced or compulsory labour, human rights assessment, supplier social assessment.	Supplier Code of Conduct	We are members of the Fair Labor Association. Their ten principles guide our Corporate Social Responsbility team's strategy working towards accreditation in 2018. The ten principles and strategy corroborates GRI's worker's rights indicators which we respond to.	We assess our programme against the ten FLA principles to ensure our programme is comprehensive for accreditaiton. We recently evolved our CSR strategy based on the evaluation process.	Quality and CSR
Materials, Water	Azo Dyes Policy, Down Feather Policy, Leather Policy, Uzbek Cotton Policy, Nano-Silver Technology Statement of Intent, Perflourinated Chemicals Statement of Intent, Sheep Mulesing Statement of Intent, Man-Made Cellulosics Policy, Restricted Substances List	Our materials priority list guides our materials sustainability strategy.	We participate in the Textile Exchange report rankings. We use the Higg Index as a key driver for better materials.	Product
Customer health and safety	We research and complete all compliance requirements before entering new products into the market.	Our quality department reviews products before entering the market. Market compliance research.	We review our research and completion processes to achieve continuous improvement.	Quality
Customer privacy	We have a stringent policy and process to protect the privacy of our Summit Club members and online account customers.	Our relevant customer services team are briefed on the details of the policy to ensure no breaches are made. Communication is highly prioritised with the customer following any incidents.	Reviews are completed on any incidents to achieve continuous improvement.	Customer services
Waste	We issued a zero-waste to landfill by 2018 strategy earlier this year. This strategy is core to the management approach.	We engage with all key stakeholders internally and externally in managing our operational waste.	We review our strategy goals and objectives twice a year to evaluate how we are managing waste.	Brand, Finance, Retail Operations
Carbon emissions	We have a goal to reduce our scope 2 emissions by 20% by 2020 from 2012 levels. We have issued a carbon strategy that aligns with the CEMARS certification. We are also using the Higg Index as a guideline for understanding our scope 3 emissions.	We report annually to the Carbon Disclosure Project. We annually offset our business staff air travel at a local offsetting and conservation project in Canterbury, NZ. Using the Higg Index.	We evaluate main sources of energy usage across scope 2 and 3 areas.	Brand, Finance, Retail Operations
Team development: new employee hires and turnover, benefits for full time employees, parental leave, occupational health and safety, training and education, diversity and equal opportunity.	As part of our People Plan strategy, we integrate these material topics as part of our continuous improvement management approach.	We engage with all key stakeholders internally and externally in managing our strategy.	We conduct interviews and surveys as a way to inform out strategy approach.	Human Resources

TABLE 6: TEAM COMPOSITION

	AUSTRALIA	NEW ZEALAND	UK	TOTAL
BY EMPLOYMENT TYPE				
Full-time employees	397	319	4	**720**
Part-time employees	574	328	6	**908**
Casual	270	57	0	**327**
Total Employees	**1241**	**704**	**10**	**1955**
BY CONTRACT TYPE				
Permanent	898	580	7	**1485**
Fixed-Term Full Time	34	17	1	**52**
Fixed-Term Part-Time	39	50	2	**91**
Casual	270	57	0	**327**
Total workforce	**1241**	**704**	**10**	**1955**
BY GENDER				
Male	548	264	6	**818**
Female	693	440	4	**1137**
BY AGE GROUP				
< 30	732	371	4	**1107**
30-50	438	283	5	**726**
50+	71	50	1	**122**
BY CATEGORY				
Executive	3	5	0	**8**
Senior management	19	33	0	**52**
Management	310	166	3	**479**
Non-management	909	500	7	**1416**

TABLE 7: HIRING AND TURNOVER

		AUS	NZ	UK
NEW HIRES				
Permanent	**Total**	314	190	4
Indefinite	**Total**	225	149	6
BY GENDER				
Permanent	**Male**	145	71	0
Permanent	**Female**	169	119	4
Indefinite	**Male**	116	68	5
Indefinite	**Female**	109	81	1
BY AGE GROUP				
Permanent	**< 30**	225	143	4
Permanent	**30-50**	78	44	0
Permanent	**50+**	11	3	0
Indefinite	**< 30**	185	115	3
Indefinite	**30-50**	33	32	2
Indefinite	**50+**	7	2	1

		AUS	NZ	UK
TURNOVER				
Permanent	**Total**	344	190	4
Indefinite	**Total**	205	129	5
BY GENDER				
Permanent	**Male**	178	80	2
Permanent	**Female**	166	110	2
Indefinite	**Male**	95	52	4
Indefinite	**Female**	110	77	1
BY AGE GROUP				
Permanent	**< 30**	250	137	2
Permanent	**30-50**	81	45	1
Permanent	**50+**	13	8	1
Indefinite	**< 30**	153	94	4
Indefinite	**30-50**	44	29	1
Indefinite	**50+**	8	6	0

TABLE 8: PARENTAL LEAVE

		MALE	FEMALE
1	Report the number of employees by gender that were entitled to parental leave.	**564**	**822**
2	Report the number of employees by gender that took parental leave.	**7**	**54**
3	Report the number of employees who returned to work after parental leave ended, by gender.	**4**	**25**
4	Report the number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.	**2**	**33**
5	Report the return to work rate of employees who returned to work after leave ended, by gender.	**57%**	**83%**
6	Report the retention rate of employees who returned to work after leave ended, by gender	**50%**	**79%**

TABLE 9: RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS AND ABSENTEEISM AND NUMBER OF WORK RELATED FATALITIES FOR EMPLOYEES AND CONTRACTORS

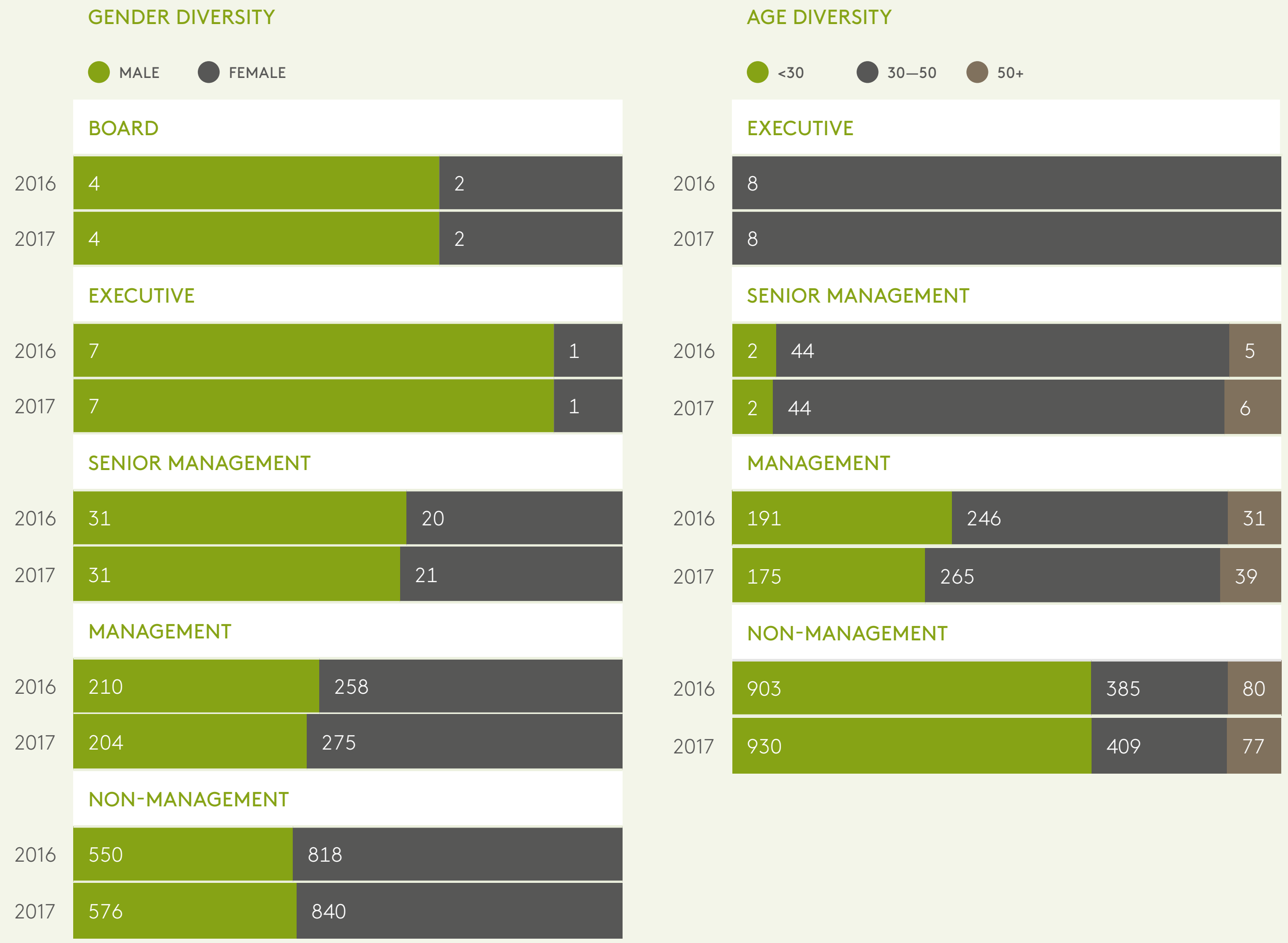
	AUSTRALIA	NEW ZEALAND	UK	TOTAL
NUMBER OF INJURIES SUSTAINED				
Permanent employees (male)	29	7	0	**36**
Permanent employees (female)	52	18	0	**70**
Fixed term or temporary (male)	2	0	0	**2**
Fixed term or temporary (female)	7	1	0	**8**
Independent contractors (male)	1	1	0	**2**
Independent contractors (female)	1	0	0	**1**
Total	**92**	**27**	**0**	**119**
NUMBER OF OCCUPATIONAL DISEASES SUSTAINED				
Permanent employees (male)	0	0	0	0
Permanent employees (female)	1	0	0	1
Fixed term or temporary (male)	0	0	0	0
Fixed term or temporary (female)	0	0	0	0
Independent contractors (male)	0	0	0	0
Independent contractors (female)	0	0	0	0
Total	**1**	**0**	**0**	**1**
LOST DAYS—WORK RELATED INJURIES				
Permanent employees (male)	459	2	0	461
Permanent employees (female)	545	81	0	626
Fixed term or temporary (male)	0	0	0	0
Fixed term or temporary (female)	0	0	0	0
Independent contractors (male)	0	0	0	0
Independent contractors (female)	0	0	0	0
Total	**1004**	**83**	**0**	**1087**
LOST DAYS—ABSENTEEISM (INCLUDING WORK RELATED INJURIES)				
Permanent employees (male)	1815	592	0	2407
Permanent employees (female)	2769	1172	0	3941
Fixed term or temporary (male)	50	2	0	52
Fixed term or temporary (female)	81	18	0	99
Independent contractors (male)	0	0	0	0
Independent contractors (female)	0	0	0	0
Total	**4715**	**1784**	**0**	**6499**

TABLE 10:

Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.

	EXECUTIVE	SENIOR MANAGEMENT	MANAGEMENT	NON-MANAGEMENT	TOTAL
Number of employees receiving performance reviews/appraisals	8	52	479	1090	**1629**
Male	7	31	204	436	**678**
Female	1	21	275	654	**951**
Total number of employees	8	52	479	1416	**1955**
Percentage of employees receiving performance reviews/appraisals	100.00%	100.00%	100.00%	76.98%	**83.32%**

TABLE 11: DIVERSITY



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