

KATHMANDU HOLDINGS LIMITED

Sustainability Report 2018


Kathmandu®
World ready.

Obōz®
FOOTWEAR
TRUE TO THE TRAIL®

Caroline Bellamy
Adventurer and artist from
Nelson, New Zealand

Lake Marian, Fiordland
National Park – South Island
New Zealand

We come from New Zealand, home to some of the world's harshest conditions. Since 1987 we've been engineering outdoor gear for adventurers all over the world – preparing all kinds of people for their next adventure.

For us, preparation is more than having the right gear. It's a mindset. It's having curiosity, an open mind, and a hunger to learn.

Whether you're on an epic expedition, volunteering in a remote part of the world, or exploring the best local trails, you can be confident you can take on any destination in any weather conditions with Kathmandu.

We believe travel and adventure is the ultimate life experience. With product engineering and expert advice, we aim to give you the confidence to discover the world.

World ready.

Our top 5 sustainability highlights.

At Kathmandu, sustainability isn't a department, it's a way of doing things. Here are some of our highlights from last year.



Fair Labor
Association
accredited



#2 world ranking
by the Textile
Exchange for
preferred materials



Scored an 'A'
in the Ethical
Fashion Report



80% towards
our zero waste to
landfill target



Recycled 6.7
million bottles
into our gear



Contents.

10	Our Journey Since 1987, we've been building a culture of sustainability and now we're starting to think even bigger.
18	Our Suppliers Looking after the people in our supply chain is our number one priority. We're evolving a new approach to how we do it.
28	Our Products The materials we choose make a big difference to our impact. We've made big strides this year in sustainable textiles.
46	Our Footprint Operational efficiency supports environmental sustainability. First we measure and then we act.
54	Our Community Connecting our communities, customers and causes we care about. Our strategy focuses on three ways to improve people's lives.
64	Our Team The three pillars of our People Plan are helping us develop a safe, engaged and high-performing team.

Chairman's and CEO's report.



DAVID KIRK
CHAIRMAN



XAVIER SIMONET
CHIEF EXECUTIVE OFFICER

There have been some big wins for Kathmandu this year in our sustainable practices. Not only did we have our human rights work validated by Fair Labor Association accreditation, we also received an 'A' score in the Ethical Fashion Report.

We know that workers' rights is the issue that our customers and shareholders care most about, so these results are important in more ways than one.

We're also incredibly proud of our second placed Textile Exchange ranking for sustainable material use and for diverting 80% of our waste from landfill.

This year, Kathmandu acquired the Oboz footwear brand based in Montana, USA. Oboz is a leader in footwear and product design and have been one of our customers since its inception more than ten years ago.

All our achievements are possible because of the many passionate people who champion sustainability at Kathmandu – from our store network to support offices. Sustainability isn't a department, it's a way of doing things.

"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."

TIM JARVIS
KATHMANDU AMBASSADOR

Adventurer and Kathmandu Brand Ambassador Tim Jarvis testing the new XT range.

Tim Jarvis uses adventure to champion the planet.

Kathmandu Ambassador Tim Jarvis is an environmental explorer and adventurer. He uses his world-first expeditions to share stories about environmental causes and help people to take action.

Tim was awarded 2016 Conservationist of the Year by Australian Geographic for his 25zero project, which is raising awareness about the loss of equatorial glaciers.

FINDING HIS WAY

When he was just 12 years old, getting lost (and then finding his way) in a Malaysian jungle helped Tim understand what he was capable of. "I was scared, but I got back. That began a feeling of being empowered in the outdoors that's kind of continued ever since," he says.

Spending time in nature made Tim want to protect it, and that led to a career in environmental sciences.

"Things have kind of gone full circle because now I use my expeditions around the world to try and highlight environmentalism," he says.

ADVENTURE ADVOCACY

Tim has led expeditions to the South and North Poles, across many deserts and up many mountains. He retraced the journeys of Sir Douglas Mawson and Sir Ernest Shackleton using the 100-year-old equipment that they would have used.

With his latest project, 25zero,

Tim is highlighting the real impacts of climate change by climbing all the mountains around the equator that still have a glacier, documenting and recording their recession.

"There are 25 of those, and they're at 0 degrees latitude. In a quarter of a century they'll be gone due to climate change," he says.

GEAR TO GET OUT THERE

Tim worked with Kathmandu in the redesign of our XT expedition gear series, which he tested on a climb of Mt Kilimanjaro in June.

"To me, Kathmandu is about getting out there, travelling, doing it responsibly, expanding your horizons and discovering new things for yourself. It's also about making a contribution. 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."



Oboz outdoor footwear joins our family.

This year, Kathmandu acquired Oboz – an outdoor footwear company from Bozeman, Montana. Founder John Connelly shares some insights about the Oboz journey and the sustainability ethos that has been core to the brand from the very beginning.

HOW DID OBOZ COME TO BE?

In January 2007, I was having dinner with REI's footwear category manager and Chuck Roth (our director of design). I mentioned that I was considering starting a new brand. The category manager said REI would support it and become our first customer. The next day, Kathmandu said they'd become our second customer. With these votes of confidence, a plan was put into motion. A factory was lined up, investors were signed up, designs were started, samples were made. The brand launched at Outdoor Retailer in November 2007. We started a footwear company and came to market in record time.

WHERE DID THE NAME OBOZ COME FROM?

Oboz is a combination of Outside and Bozeman. Bozeman, Montana, is our home base and lies in the Greater Yellowstone ecosystem, which includes five major mountain ranges and Yellowstone and Grand Teton National Parks. Oboz is a unique land of glaciers and geysers, of bison, wolves and grizzly bears where there is world-class fly fishing, hiking, biking, climbing, river running, skiing and wildlife encounters. It's our inspiration and our testing ground.

HOW DO YOU DESCRIBE YOUR VISION AND PURPOSE?

Our motto is 'true to the trail'. Our vision is to become the next great American outdoor footwear brand. We think our greatness will come from manifesting passion, truth and soul in every pair we sell.

Our purpose is to inspire, enhance and promote active outdoor lives.

Our mission is to treat our employees and customers with respect and dignity, build collaborative and profitable alliances with our retail and distributor partners, create shareholder value and continually strive to do things better, to minimise our carbon footprint and to always build the best-quality and best-performing outdoor footwear we possibly can.

HOW DOES WORKING WITH KATHMANDU TAKE THE OBOZ VISION FURTHER?

For me, selling the company to and working with Kathmandu is the perfect ending to what was a great beginning. Having worked with Kathmandu and visited New Zealand for three years prior to starting Oboz made it feel very comfortable and like it was meant to be. The businesses are very compatible, and we share the same values. Although we were successful and had strong year-over-year growth, moving up to the number three functional outdoor brand in the US, it has been challenging at times competing with giant, well established brands. We don't have the resources our big competitors have, so joining up with Kathmandu opens more growth

opportunities and we are so excited to continue our journey as partners. We're excited to help Kathmandu grow its footwear business in New Zealand and Australia and to have the support and resources to develop our international businesses together. Two key areas I believe we've needed help in are sustainability and innovation. We're already seeing some benefits. I couldn't be more pleased.

HOW IS SUSTAINABILITY APPLIED AT OBOZ?

One of the things I'm most proud of (and I can't remember whose idea it was) is that we decided to plant a tree for every pair we'd sell. This was before we even had a company name or any samples. We've now planted – through Trees for the Future – just under 2,000,000 trees. Almost from the beginning, we've run our offices on wind power, and we've offset our carbon footprint. All recyclable materials are recycled. With Kathmandu's help, we hope to do more.

Another thing I'm very, very proud of is that, for the last two years, 2016 and 2017, we've won REI's Vendor of the Year Award for their outdoorwear division, their largest division.



"Our motto is 'true to the trail'."

JOHN CONNELLY
OBOZ FOUNDER

"I use my expeditions around the world to try and highlight environmentalism."

TIM JARVIS
GLOBAL BRAND AMBASSADOR



Tim Jarvis explores New Zealand's Tasman Glacier.

Our Journey.



A sustainability programme built on passionate individuals.

“Sustainability is about awareness and then positive behaviour change,” says Kathmandu Sustainability Specialist Oliver Milliner.

From our store team members taking action to recycle shop fittings to the brand manager picking up rubbish on her favourite running trails, it is a collection of passionate individuals that have piloted Kathmandu’s sustainability journey.

We are guided by our Sustain the Dream strategy, which provides a framework for measuring impacts and driving change across the company. The strategy uses the Sustainable Apparel Coalition’s (SAC) Higg Index framework and aligns with the United Nations Sustainable Development Goals. Our partnerships and certifications help guide us as well as providing a future pathway for improvement.

“At Kathmandu, sustainability goes hand in hand with everything that we do,” says Oliver. It’s about the people and empowering them to get involved. There is nothing more rewarding to see when new staff join the company and start making sustainable choices both at work and at home.”

HOW DO WE KNOW WHAT’S IMPORTANT?

Everyone who connects with our brand in some way deserves a voice in how we prioritise our environmental and social work. That means employees, customers, shareholders and people in our supply chain.

This communication is happening all the time, through interactions in store, online and in the boardroom. We see part of our role as education, sharing what we have learned along the way about the impacts of materials, reducing waste and working with

supply chains.

We look to industry partners who can see the industry impacts as a whole – did you know that the apparel industry accounts for 25% of global chemical use? Organisations like the Sustainable Apparel Coalition help brands better understand and manage their impacts.

Overarching all this is the question what’s important to a healthy planet? The United Nations Sustainable Development Goals are a great framework for us to check ourselves against. We’re looking for new ways to align our business to these goals.

For more information about how we engage with people close to our brand and prioritise environmental and social impacts, visit: www.kathmandu.co.nz/corporate-responsibility/reports-and-policies.

“Sustainability is about awareness and then positive behaviour change.”

OLIVER MILLINER

SUSTAINABILITY SPECIALIST

A little help from our friends.

Every explorer knows that a journey is better with someone by your side. As we continue the journey of sustainability, industry partnerships provide important support - resources, information and frameworks.



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 of 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 became the first brand in the southern hemisphere to achieve FLA accreditation. This verifies that our social compliance programme in our supply chain exceeds the most stringent global standards.



BLUESIGN®

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

“The Higg Index empowers organisations at any stage of their sustainability journey to reduce their environmental impacts and strengthen the communities where they operate.”

JASON KIBBEY

SUSTAINABLE APPAREL
COALITION CEO



TEXTILE EXCHANGE

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



GREEN BUILDING COUNCIL AUSTRALIA

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



CARBON DISCLOSURE PROJECT

We submit an annual report to the CDP, which supports our carbon measurement and reduction programme.



ENVIRO-MARK SOLUTIONS

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



AUSTRALIAN PACKAGING COVENANT ORGANISATION

We submit an annual report to the APC, which supports our packaging and waste strategy.



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.



HIMALAYAN TRUST NEW ZEALAND

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



AUSTRALIAN RED CROSS

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



NEW ZEALAND RED CROSS

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

Our world.



KEY



MANUFACTURERS

75 TOTAL
(Only Kathmandu manufacturers)
China – 59
Vietnam – 7
Taiwan – 2
New Zealand – 2
Indonesia – 2
Israel – 1
Nepal – 1
India – 1



MATERIALS SOURCING



OPERATIONS

New Zealand
47 stores
1 distribution centre
1 office

Australia
116 stores
1 distribution centre
1 office

America
1 office

United Kingdom
1 store



COMMUNITY PARTNERSHIPS

13 Adventure Sponsorship winners travelled to:
Antarctica, Iceland, Egypt, Brazil, Australia, Arctic, Norway, New Zealand, Ethiopia, Thailand.

214 adventure sponsorship recipients



46 NATIONALITIES
ACROSS OUR TEAM

“We are not
about ticking boxes.
We are about
making change.”

GARY SHAW
CORPORATE SOCIAL
RESPONSIBILITY MANAGER

This year's Christmas gifts for
good are hand-crafted by
women in Nepal.

Our Suppliers.

We're learning to use audits as a step towards change.

Sustainability is about people, especially when it comes to protecting human rights in our supply chain.

Over the last 18 months, our approach to looking after people all the way down our supply chain has evolved. We've put values and transparency front and centre, which means our suppliers are clear about how we expect them to look after their workers, but they also understand why this is important to us and to our customers.

RESPONSIBLE PURCHASING

We've used responsible purchasing to make sure we're not putting pressure on our factories that would make it harder for them to keep excessive overtime in check.

And we've put more weight on improvement than on perfection. Auditing helps us find areas that need improvement, but working closely with factories to make change is when we have a real opportunity to improve conditions for workers.

CODE OF CONDUCT

For more information about our Supplier Code of Conduct, visit www.kathmandu.co.nz/corporate-responsibility/reports-and-policies.



DriFill down jackets being produced in Shenzhen, China.



OUR SUPPLIERS 2018



150

Kathmandu and branded suppliers

8.6

YEARS AVERAGE TENURE WITH SUPPLIERS



100%

NEW SUPPLIERS SCREENED USING SOCIAL CRITERIA



40

TOTAL AUDITS

0

Unannounced Audits

12

Corrective Action Plans



13

Exits



2000

Hours training office staff

Support office employees trained = CSR Specialist based in China

A worker fabricates jackets at a factory in Shenzhen, China.

FLA accreditation shows collaboration and transparency.

After a four-year journey, Kathmandu became the first in the Southern Hemisphere to have its compliance programme accredited by the Fair Labor Association (FLA).

There are just 43 brands to have received this accreditation. It comes after lengthy reviews, assessments and audits designed to make sure companies fulfil the principles of fair labour and responsible sourcing.

IN LEAGUE WITH GIANTS

"This puts us alongside companies like Patagonia, Adidas and Nike," says Corporate Social Responsibility Manager Gary Shaw.

The FLA grew out of a group of multinational companies and NGOs brought together by President Clinton in 1996 to improve working conditions in the apparel and footwear industries after a series of high-profile incidents exposing sweatshop labour.

Today, the non-profit helps around 5.5 million workers across the world to have a voice in their own futures and feel safer at work.

LEARNING CONTINUES

"Working with the FLA has really helped us understand what good corporate social responsibility (CSR) looks like," Gary says.

FLA President and CEO Sharon Waxman says, "We commend Kathmandu for its collaboration with other brands and civil society to remediate labour rights violations, along with the company's strong commitment to transparency in publishing its supplier list and results of FLA factory assessments online."

"We commend Kathmandu for its strong commitment to transparency."

SHARON WAXMAN

FLA PRESIDENT AND CEO

Scoring an 'A' in the Ethical Fashion Report.



Each year, the Baptist World Aid and Tear Fund rate apparel brands in Australia and New Zealand on their supply chain practices. In the 2018 report, Kathmandu received an 'A' score for the first time.

"This score shows they have confidence that our systems are robust and follow best practices," says Corporate Social Responsibility Manager Gary Shaw.

VALUES DRIVE IMPROVEMENT

Gary attributes the increase from 'B+' in 2017 to 'A' in 2018 to a number of changes. "We partnered with ELEVATE, a company that better reflects our values," Gary says. "We started using a technology platform called RizePoint, which helps us manage audit scores so that we can see trends and measure ourselves against best practice. The focus is not just on policing the supply chain but improving it. The software delivers e-learning modules to suppliers in their own language so that that they can learn how to make changes and why those changes are important."

CONNECTING DIGITALLY

Other improvements this year include the introduction of a grievance mechanism that utilises the popular Chinese social media platform WeChat. Gary says the next range of improvements will be about going beyond compliance towards proactive supply-chain capacity building and development.

"We are not about ticking boxes. We are about making change," Gary says.



Sewing jackets in
Shenzhen, China.

CASE STUDY

WeChat complaint opens doors for improvement.

For years, the official grievance channel for workers in our supplier factories sat dormant. Even if workers had access to email, they would have struggled with the English email address.

Last year, we introduced a new method through the ubiquitous Chinese social media platform WeChat that worked by scanning a QR code. The hope was that workers would be able to contact us if they weren't being treated fairly in their workplace, even though it can sometimes go against traditional Chinese culture to make such a complaint.

There are signs that these cultural norms are shifting. This year, we received our first grievance from workers in our supply chain. It became an opportunity to test our systems and drive real improvements for workers.

The workers reported various health and safety breaches and that the factory was subcontracting work to other factories without our knowledge or approval.

RELYING ON TRANSPARENCY

"CSR and human rights relies on us being able to inspect and do audits so we can say with confidence that the people are being treated well," says Corporate Social Responsibility Manager Gary Shaw. "It relies on transparency. That's why our terms of trade don't allow outsourcing without asking our permission first."

COLLABORATING FOR IMPACT

The grievance was sent to Kathmandu and to MEC in Canada. Kathmandu approached four other brands with production at the same factory. Together, the six companies made up almost all the factory's business.

"We knew that, through collaboration and joint problem solving, our efforts would have greater impact due to our group influence at the facility," Gary says.

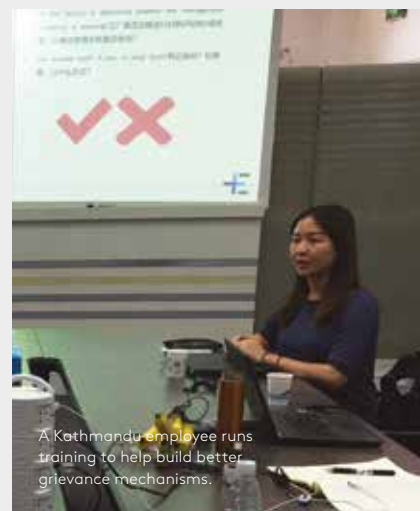
Initially, the factory denied the charge, but eventually conceded they had covered up subcontracting.

"In the end, they were very apologetic," Gary says. "They seemed surprised that we genuinely wanted to know about their problems so we could help them improve. I think they assumed that we only cared about having our boxes ticked at audit time. They have said they didn't understand the value we placed on transparency."

ELEVATING STANDARDS

The factory is now working with our ethical sourcing partner ELEVATE on a six-month improvement programme. Kathmandu's China-based CSR specialist is also running training to help the company build more robust internal grievance mechanisms for the factory.

"It starts with us having to explain to them why we care about their workers and why our customers care," Gary says. "They have gone on a journey of improvement, which all the brands will be watching closely. We will keep working with them as long as they are willing to improve. Working together on these problems is where the real opportunity for change exists."



A Kathmandu employee runs training to help build better grievance mechanisms.

"CSR and human rights relies on us being able to inspect and do audits so we can say with confidence that the people are being treated well."

GARY SHAW

CORPORATE SOCIAL RESPONSIBILITY MANAGER



Workers from TGI, a supplier outside Ho Chi Minh City, Vietnam.

SUPPLIER SPOTLIGHT

Women-run factory recycles water to feed workers fresh vegetables.

Outside Ho Chi Minh City, TGI's two factories make fleece and woven garments for Kathmandu.

TGI CEO is Ms Nguyen Bao Tran, who was trained by the Chairman, Mr Vu Duc Giang, to take this role. Mr Giang says his philosophy with rural factories is to find local talent and train them through to senior management. Along with the CEO, six of the seven senior management are women.

Kathmandu Sourcing Manager Phil Bailey says, "I have been to more than 1000 factories in my career, and only a handful of those are run by women."

TGI has taken other initiatives to look after workers. It uses mindset training to help workers set goals and to help them grow into management roles.

Both factories have water recycling systems. At one, the water supplies a small farm that helps to feed the workers, who are split between their two factories according to their food preferences.

The company also rewards employees' children with money for each year of school they complete. In 2018, they gave financial prizes to 218 children of workers. TGI also gives university scholarships to rural children.

Phil says the TGI factories rate highly for quality, delivery and corporate responsibility. As a result, Kathmandu has increased its orders through the factory.

Moving the dial on human rights.

AUSTRALIAN MODERN SLAVERY ACT

The Australian Modern Slavery Act is currently in the process of being legislated. The law is similar to others in the UK and USA, which acknowledge that there are more people in slavery today than ever before in history – 45 million people according to estimates from the Global Slavery Index. “A lot of them are hiding in the global fast fashion industry,” says Kathmandu Corporate Social Responsibility Manager Gary Shaw. The International Labour Organisation reports that half of modern slaves are in debt bondage, working to repay impossibly high debts. Kathmandu has policies and practices in place to ensure that we do not allow forced labour in any of our production facilities. The legislation requires companies with more than \$80 million in revenue to submit an annual report showing the work they are doing to insure there is no forced labour in their supply chain. “All companies have a role to play,” Gary says.

WORKER VOICE

Our audit partner ELEVATE has partnered with Laborlink, an award-winning mobile platform that establishes a two-way communication channel for workers to share their viewpoints in real time and for companies to have clear visibility of worker wellbeing in their supply chains. From 2018, every full audit we conduct will be integrated with Laborlink and allow us to ask our workers specific questions about their safety and wellbeing. This tool will facilitate better detection and risk analysis, enhanced reporting and prevention by engaging with vulnerable workers in hard-to-reach places.

OBOZ

With the acquisition of Oboz footwear, Kathmandu will add Vietnamese footwear factories to its list of suppliers. These will be transitioned into the Kathmandu corporate social responsibility programme in the second half of 2018. “We’ll be learning from the good work that Oboz has done in CSR and looking forward to aligning best practices across our brands,” says Gary.

“All companies have a role to play in making sure there is no forced labour.”

GARY SHAW

CORPORATE SOCIAL RESPONSIBILITY MANAGER



Workers in Shanghai sewing the women's hooded pullover.

“Change comes from
an understanding
between two humans.”

MANU RASTOGI
RESPONSIBLE MATERIALS MANAGER

Our Products.

Combining forces for better material choices.

Wool or polypropylene? Down or synthetic? Hemp or cotton? Consumers are asked to make these choices every day. We all want to do the right thing, but the answer is rarely clear.

One tool that we use at Kathmandu is the Higg Materials Sustainability Index (Higg MSI). This online database is available to anyone at msi.higg.org. It has been developed by the Sustainable Apparel Coalition (SAC), a group of businesses from the apparel, footwear and textile industry who have come together to make it easier for the industry to measure and reduce impacts.

LEARNING TOGETHER

SAC's framework for this is called the Higg Index. It's an online self-assessment tool that lets companies measure their impacts across the entire business and see how they're doing compared to other companies.

The Higg Index is an unprecedented industry collaboration. It's a resource that no single company could ever have hoped to build on its own. By doing all the heavy lifting, calculations and assessments in the background, brands are empowered to make better choices.

The Higg MSI collects data from the industry, for the industry. The SAC uses the data to conduct environmental assessments from raw production through to finishing. This produces a measure of how a material impacts on things like climate change, water scarcity and

pollution. Centralising all of this into one index means that everyone is using the same process to arrive at an impact score. Without this, it would be impossible to make comparisons.

The Higg MSI is constantly being improved as more data feeds in. You might be surprised at some of the results.

SURPRISING IMPACTS

We tend to think of cotton as good because it's a natural material and polyester as bad because it's made from petrochemicals. But the Higg MSI rates the impact of polypro at 39 and the impact of conventional cotton at 98 (a lower score equals lower impact). But the story doesn't end there. Diving into the cotton impacts, you can see that growing the cotton makes up the bulk of the impact, contributing a whopping 66 points. Choosing a more sustainable raw material source reduces the impact dramatically. If a designer can swap conventional cotton for recycled cotton, they can reduce the material source impacts to almost zero and cut out the dying process completely, bringing the impact score down to just 27 points.

Simple? Not exactly. But it's a valuable tool for our teams to make informed decisions based on very detailed assessments of the impacts.

"It's not perfect," says Group Product Operations Manager Tara Strangwick, "but all the world's heavyweights have got a better chance if they're working together."

END OF LIFE

The Higg MSI measures impacts up to finished materials, but of course that is only about halfway through the lifecycle of a garment. Turning finished material into a product that adapts to your needs and lasts a lifetime is our job. After that, it's over to our customers to put our products to good use and to manage the impacts of washing and disposal, so, we're also building resources to guide customers on the best ways to care for our products along with easier ways to send products back for repair.

The journey continues. It's exciting to see solutions emerging and to know that together we can make a difference.

For our full list of priority of preferred materials, visit www.kathmandu.co.nz/corporate-responsibility/responsible-materials.

We tend to think of cotton as good because it's a natural material and polyester as bad because it's made from petrochemicals.



Recycled cotton has a lower environmental impact on the planet than other materials, bringing the impact score down to just 27 points.



CONVENTIONAL COTTON



POLYPRO



RECYCLED COTTON

Number two in the world for materials...again.

“This really validates that our approach to materials is correct.”

TARA STRANGWICK

GROUP PRODUCT
OPERATIONS MANAGER

The Textile Exchange ranked us second out of 19 global outdoor brands for our use of sustainable materials for the second year in a row.

The Textile Exchange is an industry platform where brands can collaborate on industry challenges. Its aim is to support companies to transition away from conventional fibres and materials to ‘preferred’ fibres and materials – or those with less impacts.

TRACKING PROGRESS

The Textile Exchange’s Preferred Fiber and Materials Market Report tracks the progress of the textile industry in its mission to accelerate sustainable practices.

The 2017 report included 97 apparel brands. Preferred cotton and preferred down were the top performers in the overall index while the report cited room for improvement amongst recycled fibres and man-made cellulose.

MATERIALS MAKE A DIFFERENCE

By choosing preferred materials, the industry has saved enough to meet the needs of everyone on Earth for 13 days, enough energy to power

2.16 million 100 watt lightbulbs for a year and the CO₂ equivalent of 289 Boeing 747s flying from London to Delhi.

In the outdoor and sports category, we maintained our overall position as #2, while the field grew from 14 to 19 brands. Our total score improved from 64.3/100 to 73.85/100.

Responsible Materials Manager Manu Rastogi says, “The improvement was primarily because of our commitment to using 100% preferred man-made cellulose and because of our uptake of recycled cotton.”

FUTURE IMPROVEMENTS

Manu says moving into the top spot might be possible with the introduction of Responsible Wool Standard (RWS) products, more recycled fibres and bio-based materials as well as closing in on the goal to reach 100% sustainable cotton.

“This recognition is huge for us,” says Group Product Operations Manager Tara Strangwick. “The Textile Exchange is the most recognised industry body, and the rankings are very detailed.”


Kathmandu



GLOBAL SCOREBOARD

#2



WORLD RANKING IN THE
TEXTILE EXCHANGE PREFERRED
MATERIALS REPORT



#10

BY VOLUME ON THE
RECYCLED COTTON
LEADERBOARD



#6

by Volume on the Preferred
Down Leaderboard

#5

by Growth on the Preferred
Down Leaderboard

100%

INCLUDED IN THE 100% CLUB
ON THE PREFERRED DOWN
LEADERBOARD & THE PREFERRED
MAN-MADE CELLULOSES
LEADERBOARD

#9

ON THE RACE-TO-THE-
TOP LEADERBOARD FOR
PREFERRED COTTON

Manufacturer gives Kathmandu the All-In Award.

We thought we had big ambitions for recycling plastic bottles into garments – starting with a 1 million bottle goal in 2016 and growing to a 7.5 million target for 2019. But REPVE, who makes most of the recycled polyester in our range, are aiming for 30 billion bottles by 2022 (current count is around 12 billion).

INSPIRING DESIGNERS

REPVE has created the Champions of Sustainability Award to inspire designers and consumers to choose sustainable fabrics and ultimately help solve the problem of plastic bottles ending up in the landfill, or worse, in the oceans.

At the 2018 awards, Kathmandu was recognised with the All-In Award for integrating REPVE extensively into product lines from the start.

REPVE is now used in 71 products in the Kathmandu range, bringing this year's bottle count to 6.7 million.

LEARNING MORE

Responsible Materials Manager Manu Rastogi visited the REPVE plant in

China in March 2018 to learn more about how the plastic bottles are transformed into fibre.

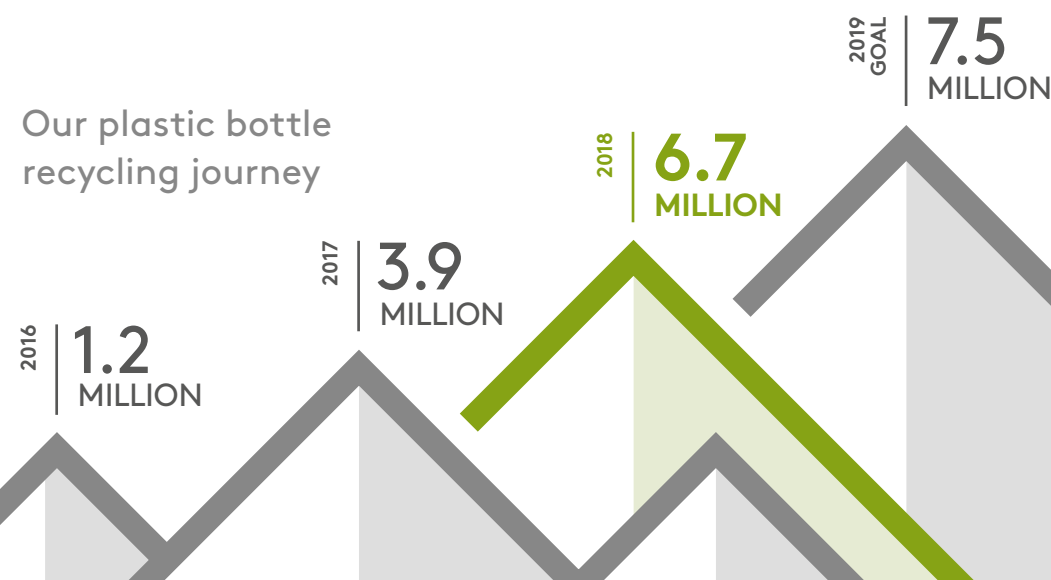
"It's not a fancy process," Manu says. "They use a mechanical grinder to break down the bottles into plastic chips. This means there are less chemicals in the process."

Manu also likes the traceability of REPVE. "All recycled fibres are not alike. REPVE uses a standard that means we can trace the material to make sure it comes from post-consumer waste. REPVE makes it easy for us to keep track of how many bottles we are recycling in our ranges, which also helps us to keep improving."

THE UNCOUNTED BOTTLES

The Kathmandu recycled polyester bottle count only includes numbers that have been verified by REPVE, but the range includes lots of other recycled polyester too. "We only claim bottle counts where we can back those numbers up 100%, every time, with traceable documentation. I think if we converted all our recycled plastic use, the number would be closer to 20 million," Manu says.

Our plastic bottle recycling journey



The Cottinga Backpack is made with REPVE fabric and recycles 17 plastic bottles.



Microfibre research ramps up with new study.

Last year, the impact of microfibres exploded into public consciousness. Tiny particles from our clothes are escaping from washing machines and into waterways where the chemicals in those fibres are consumed by fish life and eventually even make it back into our food chain.

NATURAL FIBRES ALSO CONTRIBUTE

The focus has been on polyester fibres, which are essentially tiny pieces of plastic. But a closer look at the data shows that natural fibres are also heavily treated with chemicals and can in some cases be even worse.

To create solutions, we need to understand the issue more clearly. We've undertaken a study to quantify Kathmandu's impact and set a baseline. The research is being carried out by fabric technologist Georgia Tangney as part of her postgraduate research with the University of Otago.

The study is looking at how many microfibres are generated by Kathmandu products (including fleece) and what the impact of those fibres might be. It's also looking at solutions – measuring the effectiveness of the Guppy Friend microfibre filter, which is available in Kathmandu stores.

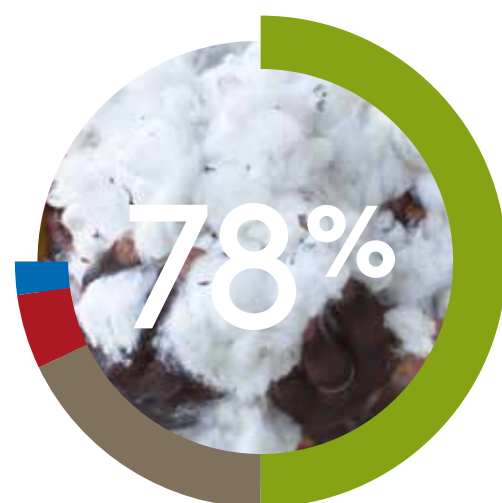
UNANSWERED QUESTIONS

"There are lots of questions about microfibres that are still unanswered. This study will help us understand the issue as it applies specifically to us so we can look for ways to manage it," says Responsible Materials Manager Manu Rastogi.



We're on track for our sustainable cotton goal.

Sustainable cotton breakdown



53% BCI
15% Organic
7% Fairtrade
3% Recycled

Because we're narrowing in on our target fast, it wasn't a huge leap when we joined the Sustainable Cotton Communique. Driven by Prince Charles, as part of the Prince of Wales International Sustainability Unit, the communique asks brands to commit to using only sustainable cotton by 2025. Kathmandu is one of 36 brands to sign up so far.

GETTING THERE

This year, we increased from 74% to 78% sustainable cotton. A mix of recycled cotton, Better Cotton Initiative (BCI) cotton and organic cotton will get us there. Responsible Materials Manager Manu Rastogi says the final push to 100% is the most difficult.

"This is the long tail that is hardest to get across the line. When you have a glove or a sock with 5% cotton or a big complex product like a child carrier with a bit of cotton, we have to find solutions for all these last little details to reach our goal."

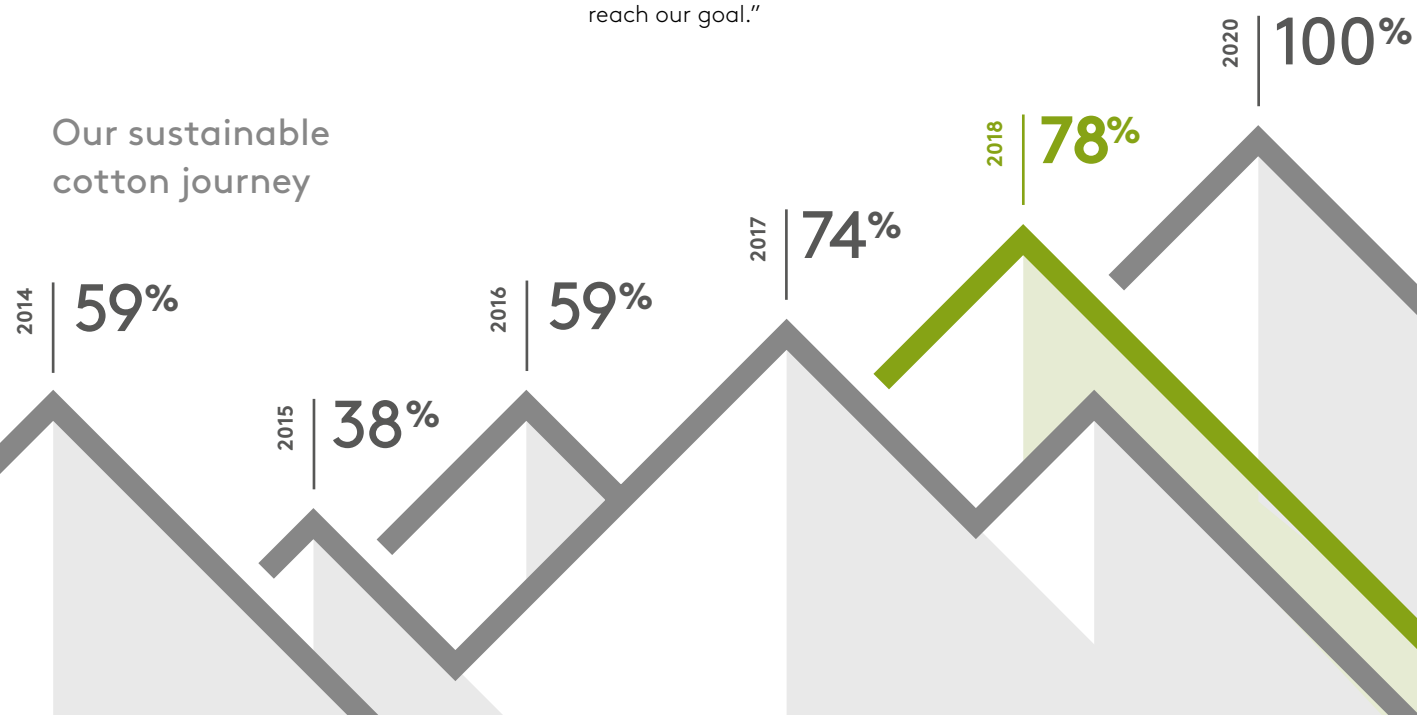
WORKING WITH SUPPLIERS

These changes require suppliers to come on board.

"One example is our sleeping bag stuff sacks. These are made from 80% polyester and 20% cotton. All up, this represented just 0.13% of the cotton we use, but to get it across the line we had to engage with the supplier, educate them about why this is important to us, introduce them to the BCI, and have all the discussions about quality and cost that go along with any changes.

"At the end of the day, the change comes from a face-to-face conversation and an understanding between two humans. It's never as simple as just swapping out the fabric, but hopefully the process helps shift the needle for the industry as a whole."

Our sustainable cotton journey



11.5 MILLION

bottles worth of fresh water saved in 2018*

The United Nations is calling for a "fundamental shift" in the way water is managed.

By using more recycled cotton and solution-dyed polyesters, we have been able to increase our water savings from 8.5 million bottles to 11.5 million bottles of water this year.

* based on 500ml bottles.

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

Design challenge delivers most sustainable range yet.

“I love the fact that, with EarthColors, you can trace it all the way back to the land...”

KEB BRABAZON
APPAREL DESIGNER

Kathmandu team member Jacinta wearing the latest EarthColor range on location in Sapa, Vietnam.

This year, we launched the EarthColors Hoodie. It was a challenge thrown down by our designers – what’s the most sustainable hoodie we can make?

The starting point was the EarthColors dye, a natural organic dye made by global dye house Archroma from agricultural waste. The inedible parts of nuts, fruits and seeds are used to create a sustainable non-petroleum dye alternative.

TRACEABLE DYES

Apparel designer Keb Brabazon says, “I love the fact that, with EarthColors, you can trace it all the way back to the land and that there is a face to the people making this stuff. By investing in these new technologies, we help build capacity so that eventually we can incorporate these things into all of our products.” But the design team didn’t stop there.

DESIGN TRANSFORMATION

“The design process has been about transforming an ordinary hoodie into a ground-breaking garment. Every detail has been questioned,” says Keb. “From eyelets to trims to packaging – we just keep asking ourselves how can we make these more sustainable?”

The trim is a blend of BCI cotton and REPVE recycled polyester. The logo print has been done using a low-impact dye.

JUST THE START

The EarthColors Hoodie was the start of our garment dyeing programme. This year, the design team will look for more opportunities to incorporate these sustainable materials and processes into the range. A range of shirts, pants and tees will be launched later this year.

Bio-based synthetics will help meet growing global textile demand.

As part of our work helping to push the industry needle on sustainability with the Textile Exchange, Kathmandu has joined the biosynthetic working group.

Biosynthetics are made from natural, renewable resources. These could be crops like corn or sugarcane, waste from agriculture or forestry industries or non-food sources like fungi and bacteria.

With the global demand for textiles expected to more than double by 2050, these emerging fibres will be

critical to building a more sustainable industry. Unlike petrochemical-based fibres, biosynthetics can even mitigate climate change by absorbing CO₂ during the growth phase.

The working group is pulling together metrics and lifecycle data so that impacts can be quantified and compared.

Kathmandu Responsible Materials Manager Manu Rastogi is part of the working group. “The lifecycle analysis tells us that the first generation biosynthetics, which come from crops, compete with the food industry. We need to work on more alternatives in the second and third generation that are from waste and non-food sources.”

The EarthColors Hoodie released by Kathmandu in 2017 is an example of a second-generation biosynthetic. Agricultural waste replaced fossil-fuel based dyes.



Synthetic down jacket takes home Gold Award.

We'll always argue that there's no substitute for down when it comes to performance. That's why we've worked hard to make sure 100% of our down is certified by the Responsible Down Standard.

There will always be a place for down, but that doesn't stop us from looking at alternatives. ThermoPlume by PrimaLoft is the first down-like synthetic that has passed our standards for performance and production. It is easy to wash, fast to dry and keeps you warm even when wet.

We used ThermoPlume in our Lawrence travel jacket, which won a Gold Award at the ISPO outdoor product fair.

"This is our first true down alternative," says Responsible Materials Manager Manu Rastogi. "It's a great alternative for people who don't want to buy animal products."

But Manu says that, on performance and sustainability scores, down still wins.

"The Higgs Materials Sustainability Index looks at the overall sustainability of a huge list of materials according to a lifecycle analysis. Down rates number two. I am a vegetarian myself, but as long as people in China are eating geese and ducks, down will be an extremely sustainable by product of that industry."

"This is the first true down alternative for people who don't want to buy animal products."

MANU RASTOGI
RESPONSIBLE
MATERIALS MANAGER

Summit Club member Hannah wearing the Lawrence Jacket on location in Wanaka, New Zealand.

Designing with a sustainability lens.

Kathmandu designers are using a tool from the Sustainable Apparel Coalition (SAC) to score and improve the sustainability of products at the design stage.

The Higg Index is a self-assessment tool that is used throughout Kathmandu to measure sustainability and benchmark performance against others in the industry.

RIGHT DOWN TO THE TRIMS

Designers use the Higg Design Development Module (Higg DDM) to score a product by rating the sustainability of the materials – right down to trims and tiny details. Once scored, a product can be benchmarked against other Kathmandu products and those of competitors, challenging designers to continually look for ways to improve the sustainability score.

“It brings in a sense of competition for our designers – looking at how to beat their score,” says Kathmandu Head of Design Darren Barry. “Two designers have gone through the Higg

DDM this year as a trial and we will introduce more products and designers next year.”

Darren says the Higg DDM helps designers stop and consider impacts early on. “It’s resetting the way you design. You have to ask, if I choose this product or this trim, what impact am I going to have?”

IT’S IN OUR DNA

Sustainability is part of Kathmandu’s product design DNA. “Whenever a designer is starting a new concept, they have to look at the four design philosophies: original, engineered, adaptive, sustainable,” Darren says.

He makes the point that sustainability cannot override performance. “Durability is key to sustainability. I think a lot of consumers are pushing back from the whole concept of fast fashion and the throwaway culture. We are offering an alternative as a stylish technical outdoor brand with strong sustainability principles.”



“Durability is key to sustainability.”

DARREN BARRY
KATHMANDU
HEAD OF DESIGN

Customer health and safety.

Our customers rely on us to keep them safe in the outdoors. This is a big responsibility. This year, we have two safety issues to report. A customer reported frostbite when wearing Kathmandu XT Fitzgerald Unisex NGX Alpine Mountaineering Boots. The boots were being used in conditions outside their intended use so the problem was more a problem with the quality of advice given than the quality of the product.

The customer received professional medical attention and the retail general manager worked through and resolved the complaint with the customer.

In January, a power bank was reported as exploding and catching fire in a backpack at Melbourne Airport. There were no injuries but it was investigated and a report forwarded to Melbourne Airport Security.



Keeping an eye on quality.

To make products with less impact, they need to last. To make sure our products meet quality standards, we carry out planned inspections on high-risk products when they reach our distribution centres. Reactive quality inspections are done when a team member or a customer raises a concern about a product. When the team receives negative feedback, they investigate the root cause of the issue and consider the impact on the customer.

“We make products for activities of consequence, and we need to ensure that our gear meets and exceeds customer expectations” says Group Product Operations Manager Tara Strangwick. But performing inspections at distribution centres in

New Zealand and Australia is not the answer to improve manufacturing quality. To that end, we are working on creating and rolling out a Quality Excellence programme to better manage product quality at the point of manufacture. As well as reactive inspections, Kathmandu has also been working with a third-party inspection company to verify product quality for high-risk products prior to shipment.

“We can only improve product quality by working with our manufacturing partners at a factory level so that they are fully aligned with our inspection and quality standards,” Tara says. “We look forward to sharing more about this programme as it unfolds.”

“We make products for activities of consequence, and we need to ensure that our gear meets and exceeds customer expectations.”

TARA STRANGWICK
GROUP PRODUCT
OPERATIONS MANAGER

CARE AND REPAIR



4907

REPAIRS



0

Product Recalls



270

Inspections



Responsible wool lands in store.

Next January, Kathmandu will be the first brand in the southern hemisphere to have Responsible Wool Standard (RWS) products on the shelf.

This comes after years of working with farmers and others in the supply chain to convince them of the value of the programme.

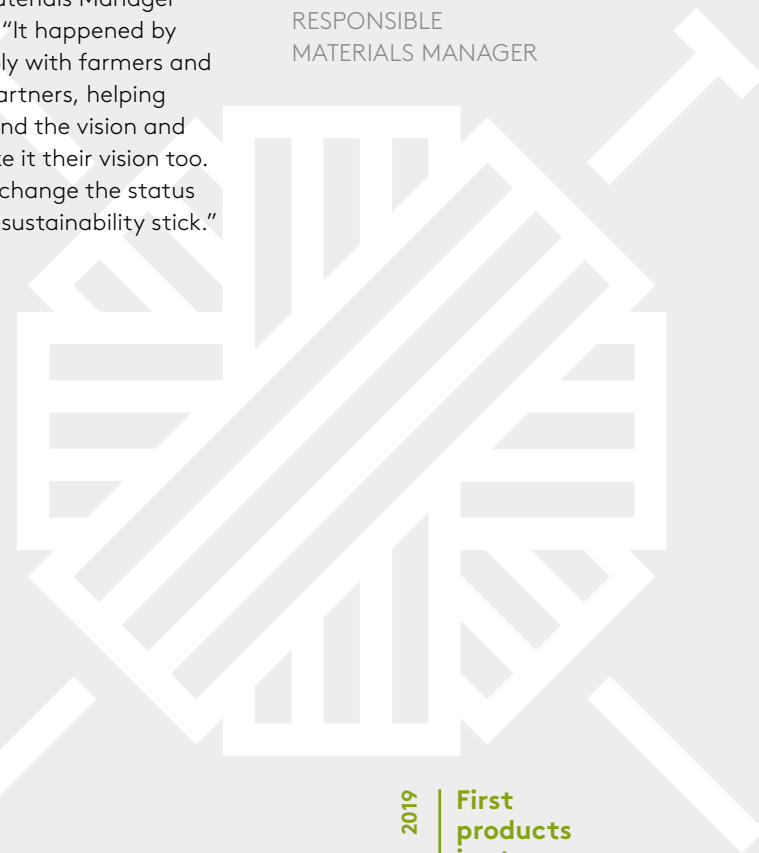
The RWS is an animal welfare and land management standard developed by the industry under the Textile Exchange umbrella. Like the Responsible Down Standard, the RWS aims to create a traceable certification programme that ensures animals and land

have been looked after right through the supply chain. The RWS prohibits the practice of mulesing, where strips are cut from the sheep's rear. This is still common in Australia but has been phased out in New Zealand.

"We've finally done it," says Responsible Materials Manager Manu Rastogi. "It happened by engaging deeply with farmers and supply chain partners, helping them understand the vision and helping to make it their vision too. That's how we change the status quo and make sustainability stick."

"That's how we change the status quo and make sustainability stick."

MANU RASTOGI
RESPONSIBLE
MATERIALS MANAGER



Our responsible wool journey

2016

RWS launched and Kathmandu became part of the industry working group

2019

First products in store



Tiber ngx hiking boots are made with leather from tanneries that are certified by the Leather Working Group.

FUR-FREE FIRST FOR SOUTHERN HEMISPHERE

Kathmandu has become the first retailer in the southern hemisphere to join the Four Paws Global Fur-Free Retailer programme.

Four Paws is an international animal protection group that opposes the fur industry's treatment of animals. The group says the global fur trade sources 95% of its fur from animals forced to live in small wire cages.

Now running in more than 20 countries, Fur-Free Retailer includes more than 880 major labels.

"Caring for the welfare of animals is important to Kathmandu because it is important to our customers, our team members and our shareholders. We are proud to be considered a leader in this space and encourage other retailers to join and make the pledge to eliminate animal fur in any of their products," says Ben Ryan, Kathmandu General Manager of Product.

LEATHER WORKING GROUP

This year, we signed up to the Leather Working Group, a consortium of around 400 brands who are focusing on environmental impacts at the tannery level.

Kathmandu uses leather in footwear only. Responsible Materials Manager Manu Rastogi visited tanneries this year to seek answers to some of his questions.

"Tanneries use huge amounts of water, chemicals and waste. Only 20-25% of an animal skin (based on weight) is turned into leather, so I wanted to know where the rest goes. I also wanted to know more about what chemicals are used and what happens to those chemicals. I'm also interested in the traceability of the leather. Do they know where it has come from?" says Manu.

"Leather is a bit like down. It's OK to use as long as we address the issues. Just like down, leather is a byproduct of the meat industry so as long as we manage the chemical and water use and can trace the source, it can be pretty sustainable."

Already, 100% of leather used in Kathmandu footwear comes from tanneries that are certified gold or silver by the Leather Working Group.

"Carbon credits give us a land purchase fund. That means regenerating forest and more carbon being fixed."

HUGH WILSON
BOTANIST AND HINEWAI
RESERVE MANAGER

Hugh Wilson uses carbon credit funds to restore native forest on Banks Peninsula.

Our footprint.

Smart reductions make sense to the bottom line.

Our environmental footprint is a way to measure our impact on our planet. Only when armed with an accurate measure can we take meaningful steps towards reducing our footprint.

Carbon and waste are our biggest impacts as a business. We are guided by the United Nations Sustainable Development Goals as we look for ways to be part of a shift towards a more circular economy.

PRODUCTION AND CONSUMPTION

Goal 12 is all about sustainable consumption and production patterns. This means using resources more efficiently and minimising waste.

This year, we took steps in both of these areas, having our carbon accounting system certified by a third party and increasing the percentage of our waste diverted from landfills.

DOUBLE BOTTOM LINE

The good news is that both of these are driven not just by those looking after our environmental impact but also by those looking after the bottom line.

“Using and managing resources responsibly like recycling and reducing energy consumption is a bit like good housekeeping,” says Chief Operating and Financial Officer Reuben Casey. “This is something we can all contribute to.”

“Recycling and reducing energy consumption is a bit like good housekeeping.”

REUBEN CASEY

CHIEF OPERATING & FINANCIAL OFFICER



Kathmandu's Christchurch support office is one of three 5 Green Star rated buildings the company operates.

Over 15 tonnes of soft plastics now being recycled each year.

The Ellen MacArthur Foundation estimates that 98% of plastics being produced today come from virgin plastic. This is because most plastic is not recycled and a worrying amount is either sent to landfills (40%) or into the environment (32%).

A few years ago, in our eagerness to run a more sustainable business, we set an ambitious zero waste goal.

LEARNING FIRST

"When we set the target, we didn't even know what waste we were producing," says Kathmandu Sustainability Specialist Oliver Milliner. "We hadn't done any waste audits."

Aspirational goals help us achieve aspirational results. We started with audits that helped us understand where our waste comes from. We created waste scorecards for each store so we can see exactly what is recycled.

"A key learning was that clear plastic was our biggest waste to landfill issue," Oliver says. "88% of our stores are recycling their clear plastics now."

Another challenge is landlords who control recycling in many of the shopping centres where our stores operate.

"I'm really proud that this year we recycled 100% of plastic polybags from stores in New Zealand. All up, we have saved 15 tonnes of soft plastics from landfill," Oliver says.

CREATIVE SOLUTIONS

To achieve this, we employed some new solutions. "We were down to just five stores where recycling was not available, so we got the stores to package up all their polybags and send them to stores in larger centres where they could be recycled."

We did look at eliminating polybags completely, but nothing else does as good a job at getting product to store undamaged. We figured out that damaged stock would have more impact on waste than recyclable polybags.

"I'm really proud that this year we recycled 100% of plastic polybags across stores in New Zealand."

OLIVER MILLINER

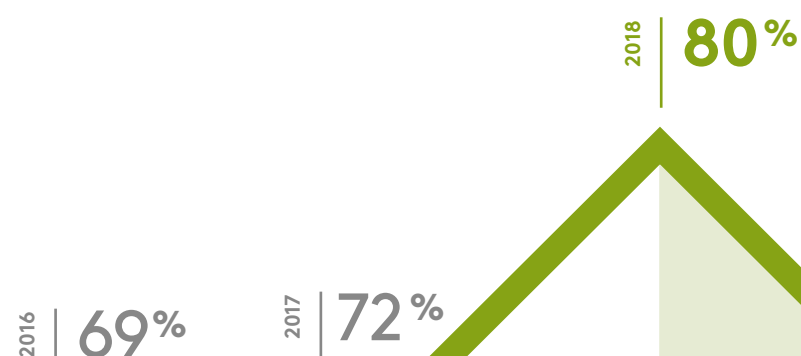
KATHMANDU
SUSTAINABILITY SPECIALIST

Our overall recycling rate

98% Paper/
Cardboard

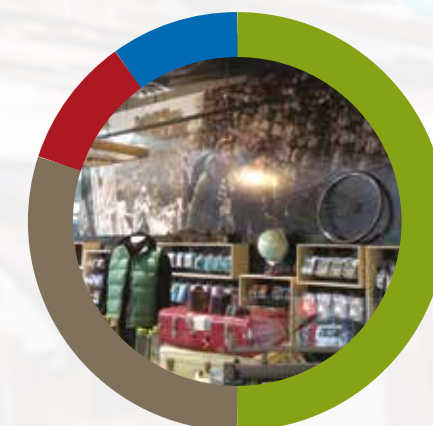
88% Polybags and
shrink wrap

27% Co-mingled
recycling



Sustainability Specialist Oliver Milliner, left, talks to Hugh MacEwan of Waste Management at the recycling transfer station in Christchurch.

Store waste breakdown



50% Paper/
Cardboard

30% Polybags and
shrink wrap

10% Co-mingled
recycling

10% Non-recycled
material



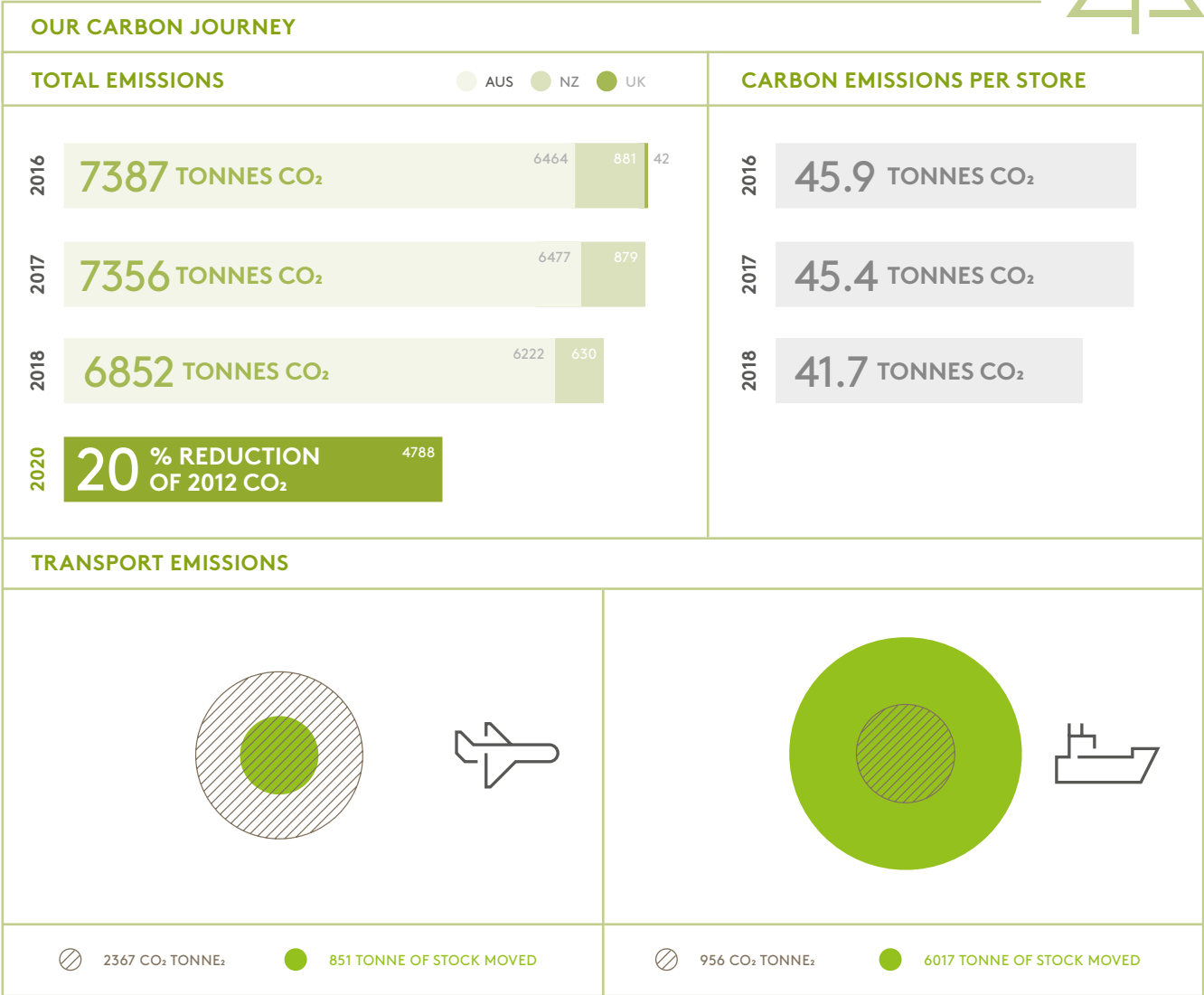
Our carbon footprint gets audited and certified.

We've set a goal to reduce the emissions we're directly responsible for by 20% from 2012 levels by 2020.

New Zealand emissions are already low because of the high amount of renewable energy we use. In Australia, where coal power is still the primary source of electricity, the footprint is larger.

A growing business comes with growing emissions, but we're focusing on reducing our per-store footprint.

This year, we achieved certification under the Carbon Emissions Measurement And Reduction Scheme (CEMARS). CEMARS® is globally recognised as one of the most rigorous carbon emission verification programmes. CEMARS® auditors spent three days assessing and verifying our scope 1, 2 and 3 emissions as well as our management and reduction strategy.



Our carbon offsetting regenerates native forest.

In 2016, we started a programme to offset all of our business air travel emissions through the Hinewai Reserve on New Zealand's Banks Peninsula. The Hinewai project focuses on the regeneration of native vegetation and habitat for wildlife.

Renowned botanist and Hinewai Reserve Manager Hugh Wilson says, "Most important of all is carbon credits give us a land purchase fund. That means more land going into regenerating forest and more carbon being fixed."



Joining our community.



Learning from our community of adventurers.

At Kathmandu, we believe travel and adventure is life-changing. That's why experiences and learning sit at the heart of all our community work.

Our community strategy starts with empowering our customers to use travel and adventure to make a difference in the world. We do this with our Adventure Sponsorship programme, which supports Summit Club members on purpose-driven adventures. This is a way for our customers to tell us what is most important to them.

At a local level, we encourage team members and customers to be more active in sustainability through beach clean ups and tree planting.

Globally, we focus on the region that inspired our brand, Nepal. Experiences drive our work here too, from the Everest Challenge in Australia to fundraising treks to Everest Base Camp.

RAISING MONEY FOR AHF WITH THE NEVEREST CHALLENGE

Not everyone can make it to the world's highest mountain, but anyone can climb 8848 metres. This is the idea behind Everest, a series of fundraising events that challenges individuals or teams to climb the big one, without leaving Australia. This year, we sponsored events in Sydney, Canberra and Melbourne where 467 participants raised \$45,143 that the AHF puts toward health, education and environmental work in Nepal.

EVERESTING IN MAY WITH THE STRAVA APP

Everesting is an idea started by the grandson of British Everest climber George Mallory. While training to retrace his grandfather's footsteps, George used cycling as part of his training and started tracking his vertical climb to the height of the famous peak. Twenty years later, Everesting is still a thing. We helped raise money for the NZHF using the fitness app Strava. We challenged our staff and customers to climb 8848 metres during the month of May.

People chose the way they wanted to participate. Some ran, some biked. One of our Kathmandu teams in the Melbourne support office even got together and did 8848 squats.

GIVING BACK TO NEPAL WITH EDUCATION

The place that inspired our name will always have a special place in our hearts. The global arm of our community strategy aims to improve the lives of the people of Nepal.

To do this we work alongside our partners, the Australian Himalayan Foundation (AHF) and the New Zealand Himalayan Trust (NZHF).

This year, we've increased the ways that our team and customers can be a part of this mission..

THE YAK THAT GAVE BACK

Last Christmas, thousands of customers bought a yak ornament to take home or give as a gift. This generosity raised \$45,000 for the people of Nepal, allowing the AHF to deliver education programmes to 42,000 children and 1700 teachers in more than 800 schools.

The yak is one of the most enduring symbols of the high Himalayas. Kathmandu covered the cost of purchasing 4500 yaks, which were hand made by the people of Nepal. This meant that 100% of the purchase price could go to the AHF's programmes.

"There's no greater gift that you can give than education," says AHF Chairman Simon Balderstone.



Everest participants



Nepalese trekking guides in Dusa Village, Solu Khumbu, Nepal.



AHF Art Award winner Shradda Shrestha designed the first Artist Series t-shirts and visited Christchurch to create a street art work in the lane behind Kathmandu's head office.

New Artist Series supports art therapy in Nepal.

Nepalese illustrator Shradda Shrestha created our first Artist Series collection to raise money for the Australian Himalayan Foundation. Shradda won the 2015 AHF Art Award, which gave her the opportunity to focus on her work and open her first exhibit. It also led to her being invited to collaborate with Kathmandu on its first Artist Series.

Kathmandu invited Shradda to Christchurch, where she collaborated with local street artist Wongi to create two artworks in the laneways around Kathmandu's central city support office. The artworks were

created as part of an event with music and Nepalese food.

Shradda says there are a lot of opportunities for artists in Nepal.

"Since the local contemporary art scene is not very old, there are many mediums, materials, histories and places still to be explored. People are still sceptical about taking up art as their career, so there are not many artists who practise art full-time. So there are many things that need to be done to tighten this gap and give Nepal a presence in the global art scene."

Christchurch street artist Wongi is the second artist to be a part of the series. He travelled to Nepal with a Kathmandu trekking group to experience the work of AHF first hand.

For each t-shirt sold in Australia, Kathmandu gives \$5 to AHF to support their annual art awards and art therapy camps for children who are suffering the effects of the devastating 2015 earthquakes. In New Zealand, donations go to the Himalayan Trust New Zealand.

Our guided treks raise money for the people of Nepal.



TREKS			
NZ HIMALAYAN TRUST		AUSTRALIAN HIMALAYAN FOUNDATION	
\$25k RAISED	 JUNE 2017	 26 People	
	AT EVEREST BASE CAMP 26 PEOPLE	 OCTOBER 2017	 \$9278 RAISED BHUTAN



Summit Club members raise money for the Australian Himalayan Trust by joining our treks in Kathmandu, Nepal.

Adventure Sponsorship supports 70 women on Antarctic leadership expedition.

Kathmandu supported the Homeward Bound leadership programme to take 70 women to Antarctica.

The Summit Club Adventure Sponsorship programme aims to inspire and equip more of our Summit Club members to travel with purpose.

In February, we supported 70 women scientists on a leadership expedition to Antarctica. The ambitious Homeward Bound project aims to empower 1000 women in the science, technology, engineering, mathematics and medicine (STEMM) fields to become decision makers who can influence policy.

The organisation is pushing back against the 60% attrition rate for women in STEMM fields. Co-founder

Jess Melbourne-Thomas says, “The voice of women in translating science into informed, sustainable decision making is missing – or at least very, very soft. It matters because it’s women who may stand to lose the most from poor environmental decision making.”

Homeward Bound is challenging the role of women in STEMM fields and using leadership training to open doors for participants like PhD candidate Briony Ankor.

“Travelling and adventure provides excellent means to developing leadership skills,” Briony says.

“You have to learn to think on your feet, be prepared for anything, get creative to solve problems along the way. Travel makes you step out beyond your comfort zone. But that is where the magic happens.”

The all-female exhibition has made two leadership trips to Antarctica, equipped with 100 Kathmandu XT DriFill Jackets and cameras to capture their experiences on the ice.

SUMMIT CLUB ADVENTURE SPONSORSHIP

Ran	 1250 km		 2 RESEARCH EXPEDITIONS TO THE ARCTIC 1 RESEARCH EXPEDITION TO ANTARCTICA
Paddled	 6853 km	Hiked	
			 6124 km



Summit Club members help protect places we love.

SUMMIT CLUB VOLUNTEERING



1600
Trees planted

260
Participants



RUBBISH
COLLECTED

520
litres (NZ)
465
kg (AU)



We partnered with Sustainable Coastlines to remove 520 litres of waste from Motutapu Island near Auckland.

At Kathmandu, we think a lot about waste. We calculate and measure and divert store waste as we work towards our zero waste to landfill goal.

But the real impacts of waste are never more tangible than when you're standing on what should be a pristine beach with a foul sack of rubbish.

This year, we partnered with Sustainable Coastlines for a tree planting event and a beach clean-up. Staff and Summit Club members planted 1600 trees and collected 15,500 pieces of rubbish.

Sustainable Coastlines Co-founder Camden Howitt says people who come along usually leave with a more tangible understanding of waste –

especially the staying power of plastics. They meet new people and importantly, have fun. "We pride ourselves on the events being infused with fun and adventure being a core part of them."

Camden says a shared love of the outdoors makes the partnership work.

"We always refer to a quote from Jacques Cousteau – people protect what they love, and there's research to show that's true. A love of the outdoors is common between Kathmandu and Sustainable Coastlines, and it's crucial to sustainability," Camden says.

He says the partnership has helped Sustainable Coastlines to have conversations about sustainability and the protection of waterways with tens of thousands, if not hundreds of thousands of new people.

In Australia, we partnered with Tangaroa Blue Foundation to run a series of beach clean-ups in Brisbane, Sydney, Melbourne and Perth on 15 April. A total of 464 kilograms of rubbish was collected by 127 participants. The rubbish was audited for the Australian Marine Debris Database and included common items like food packaging, plastic straws, cigarette butts and Easter egg wrappers as well as more unusual items including a drone.

"A love of the outdoors is common between Kathmandu and Sustainable Coastlines and it's crucial to sustainability."

CAMDEN HOWITT

SUSTAINABLE COASTLINES
CO-FOUNDER



Oboz acquisition adds to tree planting.

Oboz was acquired by Kathmandu this year. The Bozeman, Montana-based company plants a tree for every pair sold – totalling 1,931,527 since it was founded in 2007.

"Twenty-one years later and I'm still here. Kathmandu has really helped me become who I am."

FALE MAOAMA

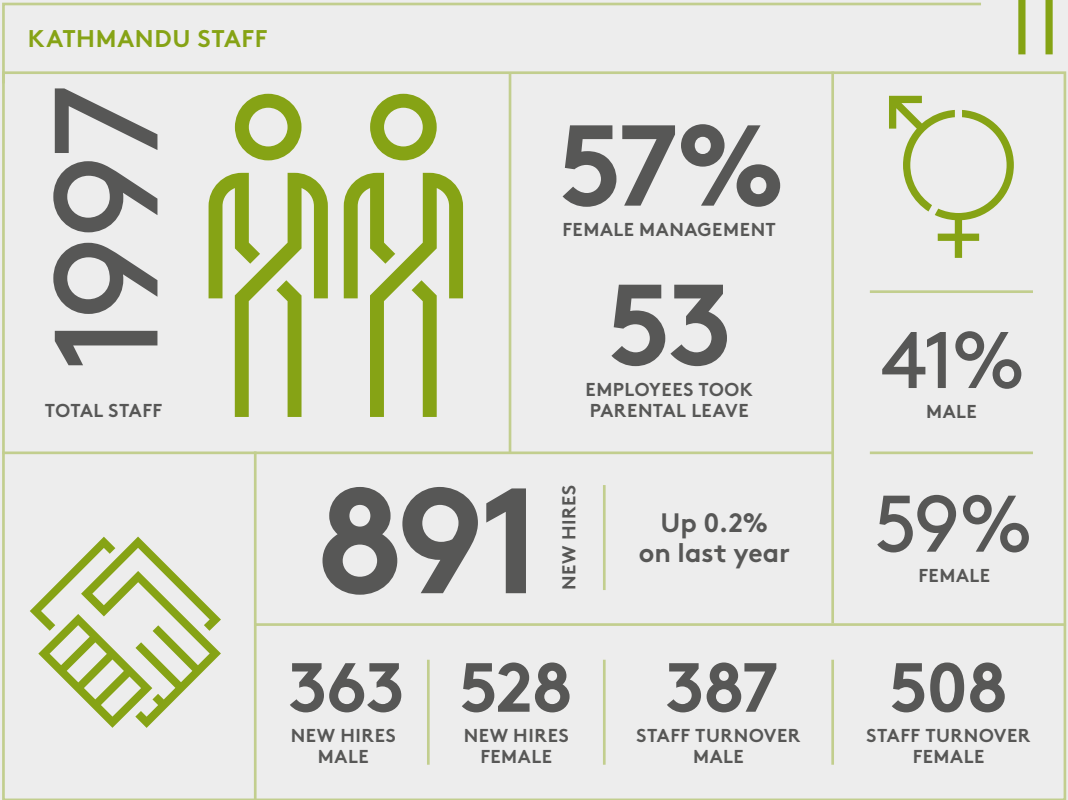
KATHMANDU'S LONGEST-SERVING
CURRENT EMPLOYEE

People

People Plan puts safety first.



Kathmandu Brand Manager
Olivia Barclay.



Our human resources team has a vision of enabling future innovation and delivery of business performance through safe and engaged high performance teams. Safety, talent and capability form the three pillars of our three-year People Plan, which is now in its second year of execution.

SAFETY

“Getting people home safely is and always will be our number one priority,” says General Manager for Human Resources Rebecca Edwards. “Team members all across our business are putting safety first, and we are well on our way to embedding a strong safety culture at Kathmandu. We have continued to raise awareness and generate commitment right throughout the company, which has led to some great results this year in our metrics on lost time and injury frequency rates. We’re also very proud of the continued focus in the areas of wellbeing and mental health this year.”

TALENT

Our goal is to attract, retain and engage a world-class team of passionate professionals.

Team members have joined the business from all around the globe in the past year, and we now have 49 nationalities represented throughout the company.

We are also proud to have supported existing team members to develop their careers, with 75% of roles being filled by internal promotions this year.

With such a diverse team of professionals, we are striving to become a more inclusive and progressive employer.

FLEXI-TIME

Our team members have full lives, and we know their families, sports and other activities are important to them. We believe a more flexible and supportive work environment will help our team members be the best they

can be and help deliver the company’s core purpose and values. To empower team members to find the right balance between work, life and personal needs, we support flexible working hours where practical. We’ve been trialling a formal flexible working policy in our Christchurch and Melbourne support offices, which defines core hours of business and allows workers flexibility around these core hours.

MORE TRAVEL AND ADVENTURE

This year, we also introduced a programme that allows employees to buy extra holiday time to pursue their travel and adventure dreams. By putting aside 2% of their salary every fortnight, team members can purchase an extra week of holiday every six months. “This makes it possible for people to book longer travel adventures or get away a bit more regularly and still have paid leave.”

CAPABILITY

We have continued our focus on the development of our teams.

For our store teams, we’ve been working on improving our induction and onboarding programme. “We know that, if we don’t grab someone’s interest in that first day or week, they might not last six months,” says Kelly Hopkins, Group Learning and Development Manager. “We also understand that it needs to be more than just the first few days and that it’s important to allow time and resources for team members to take in everything they need to learn, at a pace that helps them feel confident and capable.”

This year, we have ensured new store managers begin their Kathmandu journey with a dedicated week of training in a host store with an experienced manager and created a framework with regular check-ins for the first three months until induction is completed.

To further develop our store teams, we partnered with Christchurch company RedSeed to deliver retail-specific training. All our store managers receive training on coaching and recruiting that involves online learning modules as well as personalised online, and in-person coaching from their designated coach.

“We’re really investing in our store managers to give them training on how to develop the talent in their team. The retail environment can be challenging, but there are so many skills to be learned – teamwork, communication, organisation, time management – not to mention learning about visual merchandising or inventory control. Like many of our support office team members, I started in retail and it gave me great experience that I’ve carried all the way through my career. I have enjoyed every step because of the great leaders and managers I encountered,” says Kelly.

This year, we awarded one store manager who has excelled at developing their team with a trek in Nepal. “We often base our rewards on sales results, so it was great to be able to recognise leadership skills too.”

Building capability with access to ongoing training is the third pillar of our People Plan. Team members across the business have attended various training courses throughout the year including Marketing and presentation skills etc. New team leaders are supported with leadership training and our wider leadership team all participated in workshops focused on personality styles and leadership.

For more information, please see our appendix with all the data and tables: <https://www.kathmandu.co.nz/corporate-responsibility/reports-and-policies>.



From packing boxes to managing a central city store.

Fale Maoama as a teenager took a job for two weeks and ended up staying for 21 years. In that time, she's gone from a factory picker, quality controller, fabric sorter, warehouse assistant, seam sealer through to a outward supervisor. This opened the door to a new journey towards her desire/goals for management. Kathmandu's longest serving current employee explains how great managers gave her a new set of dreams for herself.

In June 1997, 19-year-old Fale Maoama took a couple of weeks' temp work at Kathmandu.

"And they just held on to me," she laughs.

Fale describes her teenage herself as intensely shy. "You'd never see me talk. I would get my sister to ring my manager when I was sick."

Fale's manager Martin promised that they would love and enjoy working at Kathmandu. "Martin made it feel like family. And so for me being this young girl, I started to change my mindset and my mentality. We set a culture of respect and integrity towards each other as well as towards our employer, our saying was 'it's all about give and take - it's never one sided'. There was always appreciation towards staff for working hard and in turn it created an environment where the team loved to be at work, when they needed leave it was for genuine reasons, staff who are parents and in particular the working mums were provided flexibility with their work hours. This type of support was appreciated by our team and added to the family environment, we love to have fun and lots of laughs in the workplace too - it was really all about the people.

"Martin made it feel like family. And so from me being this little teenage girl, I started to change my mindset and my mentality. We set a culture of respect where we were honest and it was really about the people."

The company was growing fast, and soon Fale applied to be a supervisor.

She brought that culture of respect along with her as she built up to having 25 full time staff and 20 temp staff working under her. She trained 2000 temp staff over eight years.

Kathmandu put Fale through leadership development and time management training. Her goal was to develop teams that could run smoothly even if she wasn't there.

As she grew into her supervisor role, Fale started looking for her next challenge. She applied to be a store manager but had no customer service or retail skills.

"I didn't get the job, but I was given the opportunity to go into a store every week and learn as part of my development. I loved it! I was then given the role of assistant manager for Christchurch's largest store and worked there for two years." Fale took on a new role, managing a store on her own at the Christchurch CBD central city location. In one year (2017) Fale and her team were awarded Kathmandu NZ Store of the Year.

After two years as assistant manager for a large store, Fale has taken on a manager role at a smaller central city store.

Fale brings her own approach with her christian faith and her love for God to customer service - showing kindness and genuine care for people, because

people are important! "This is why we're here on the front line - to serve with respect and with a smile. Because people are important."

Is this the same shy girl that got her sister to speak for her? Fale laughs.

"I never thought I'd want to work in retail, but Kathmandu has been so great to me throughout, and I am excited in knowing there is so much more in our company that is yet to be explored. Over all these years I have watched it grow into a great and successful company and I feel so honoured and privileged to still be a part of it."

"I never thought I'd become a manager. I didn't think I could do much in life. It did kind of take me a while, but now I'm just making the most of every opportunity within this company."

FALE MAOAMA

KATHMANDU STORE MANAGER

Fale Maoama has worked at Kathmandu for 21 years.



Safety goes beyond ladders and boxes.

We've been working for the last few years to take safety beyond ladders and boxes. Our safety programme now encompasses wellbeing initiatives and mental health resources.

MENTAL HEALTH AWARENESS

This year, we continued our mental health awareness campaign with posters and a dedicated resource on the intranet. The aim was to take away the stigma and awkwardness of mental health, as well as giving managers and team members better tools. All employees have access to a free, confidential counselling service.

ADDICTION SUPPORT

Our work in looking at health and safety in a wider sense was reflected in the update of the Drug and Alcohol Policy. "We didn't just roll out the policy," says training and Development Manager Kelly Hopkins. "We also included an online education module about how alcohol and drugs impact people and about how addiction happens. We have also included a rehabilitation component so that, in some circumstances we'll be able to support people through rehabilitation."



Foketi Ausage at the Christchurch distribution centre.

NURTURING FINANCIAL WELLBEING

We understand that financial health impacts the wellbeing of our employees. "Finances can have a big impact on stress," says Kelly. "We've been working with our banking partners to provide training on money management. We've hosted seminars and also made one-on-one financial planning sessions available for all our team members."

AOTEAROA BIKE CHALLENGE

We participated in the New Zealand Bike Challenge for the second year. The challenge is an NZ Transport Agency competition designed to encourage more bike riding. The Christchurch support office had 66% participation. Together, we cycled 11,324km and saved 2599kg of CO₂. We were ninth in the country for our category of workplaces.

Walking the talk.

THE GIFT OF SIGHT FOR 2500 PEOPLE

Typical employee Christmas gifts often don't make it to the new year. Last Christmas, we put our brand lens on the gift-giving process and took some time to think about how we could combine what our employees care about with our aspirations to be a more socially conscious company.

We partnered with TOMS eyewear to design a collab sunglass product featuring the Kathmandu brand green. Because each pair of TOMS eyewear gives sight to someone in need, our corporate Christmas gift actually changed the lives of 2500 people.

Full-time staff also received a Khusi Beanie from our winter range – a hand-knitted beanie made by Nepalese women, which provides education, employment and social opportunities.

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 continued our workplace giving program following its relaunch in 2017.

100% of our executive team are donating and the company is matching every employee donation.

"The Workplace Giving program allows all of our staff to get involved and make a difference with our charitable partners," says Brand Manager Olivia Barclay.

Queensland store manager lives our values every day.

Nathan Billett is the store manager at Kathmandu Kawana in Queensland. Nathan is this year's team member recipient of the Outward Bound scholarship for his real-world demonstration of the company values.

A few years ago, Nathan demonstrated resourcefulness and environmental action when he took a six-hour road trip to a Brisbane Kathmandu store to rescue multiple sheets of grid mesh that were no longer needed.

"As stores are refurbished, many of the old fixtures and fittings are unfortunately destined for landfill. To minimise waste and upcycle, I used these sheets to make structures in my community garden plot. I donated the excess mesh to the community garden, which they're still using three years later," Nathan says.

Nathan says this not only had a practical benefit, but it also inspired others.

"I now have others asking me 'Where can I ... How can I ...?' which is ultimately the start of a ripple effect of thinking globally but acting locally," he says.

"Having studied environmental science before starting with Kathmandu, sustainability and environmental awareness have always interested me."

Another value Nathan lives is the love of travel and adventure.

"Travel gives us a perspective of what's going on in the world and provides first-hand insight into the environments around us and how we can improve or maintain them. I have visited both pristine and polluted environments, which provide me with a purpose and understanding of the sustainable lifestyle I strive for," Nathan says.

One example is a recent snorkelling trip to Sabah, Borneo.

"The islands were beautiful but the water quality was mediocre, and the pollution in the water from plastic and rubbish was horrendous. Plastic bags, bottles, coffee cups and drinking straws were some of the main offenders – all of which I now avoid, recycle or upcycle where possible to minimise my impact locally."

At work, Nathan says he is passionate about excellent customer service, corporate community affiliation and training and development.

"My ambition is to explore these passions further and become a representative at a regional or company level in one of these disciplines."



Store manager Nathan Billett recycled store fittings for his garden.



About this report

This is our seventh annual sustainability report. It covers the period from 1 August 2017 to 31 July 2018. 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 2018, 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, United States of America and 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 that our team puts them into action that makes them real. Here's some ways we lived our values this year.

OPENNESS AND DIRECTNESS

Using social media platform WeChat we made it possible for workers in China to contact us with grievances.

ENVIRONMENTAL ACTION

We made it possible for Summit Club members to collect 520kg of rubbish in NZ and 465kg in Australia.

INTEGRITY

Our corporate social responsibility programme was officially endorsed by the Fair Labor Organisation.

RESOURCEFULNESS

Our design team created the most sustainable hoodie yet – using natural dyes from agricultural waste.

LOVE OF TRAVEL AND ADVENTURE

We introduced a programme that allows employees to purchase extra holiday time.

PASSION AND DETERMINATION

We found creative solutions to get 100% soft plastic recycling in our New Zealand stores.



Kathmandu®

Sustainability Report
2018: Appendices





TABLE 1: GRI GENERAL STANDARD DISCLOSURES

IND.	DESCRIPTION	REFERENCE	PAGE #	NOTES
ORGANISATIONAL PROFILE				
102-1	Name of the organisation	Our Story	Cover page	Kathmandu Holdings Limited.
102-2	Activities, brands, products and services	Our Story	3	Kathmandu is an outdoor travel and adventure brand. We sell our own branded gear including other brands through our online, retail and wholesale network
102-3	Location of headquarters	Our World	16 –17	—
102-4	Location of operations	Our World	16 –17	—
102-5	Ownership and legal form	This index	This index	Kathmandu is a publicly listed company. For more information, please read our Annual Report 2018.
102-6	Markets served	Our World, this index	16 –17	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.
102-7	Scale of the organisation	Our World, Our Team. Annual Report 2018	16 –17	For full financial disclosures, please see our Annual Report 2018.
102-8	Information on employees and other workers	Our Team, this appendix	64 –71	—
102-9	Supply chain	Our World, Our Suppliers, Our Products	16 –17, 18 –27	—
102-10	Significant changes to the organisation and its supply chain	Our World, Our Suppliers, Our Products	16 –17, 18 –27	—
102-11	Precautionary principle approach	Our Suppliers, Customer health and safety, Our Footprint	16 –17, 18 –27	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	Our Partners	14 –15	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, Our suppliers, Our Products, Our Footprint, Our Community	14 –15	Collaboration is fundamental to our sustainability strategy and programme. 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's and CEO's report	5	—
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behaviour	Our Team	73	—
GOVERNANCE				
102-18	Governance and structure	Annual Report 2018		The Board guides the overall governance of our organisation. Please see our Annual Report 2018 for more information on our governance structure.

IND.	DESCRIPTION	REFERENCE	PAGE #	NOTES
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	Our Journey, Our Stakeholders	14 –15, Table 3	—
102-41	Collective bargaining agreements	This index	This index	None
102-42	Identifying and selecting stakeholders	Our Journey, Our Stakeholders		—
102-43	Approach to stakeholder engagement	Our Journey, Our Stakeholders	14 –15, Table 3 & Table 4	—
102-44	Key topics and concerns raised	Our Journey, Our Stakeholders	14 –15, Table 3 & Table 4	—
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	Annual Report 2018		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	14 –15, Table 3 & Table 4	—
102-47	List of material topics	Our Journey, Our Stakeholders, Our Impacts	14 –15, Table 3 & Table 4	—
102-48	Restatements of information	This index		No restatement this year.
102-49	Changes in reporting	This index		This is our second year using the new GRI Standards reporting framework.
102-50	Reporting period	This index		1 August 2017 to 31 July 2018.
102-51	Date of most recent report	This index		Kathmandu Sustainability Report 2017 (1 August 2016 to 31 July 2017).
102-52	Reporting cycle	This index		Annual (1 August 2017 to 31 July 2018).
102-53	Contact point for questions regarding the report	This 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		This report has been prepared in accordance with the GRI Standards Core option.
102-55	GRI content index	This index		This index
102-56	External assurance	This index		Kathmandu has adopted numerous certifications, partnerships and programs 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	14 –15, 18 –27, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
407-1: Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk		Our Suppliers	18 –27	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 that 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 customised 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	14 –15, 18 –27, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
408-1: Operations and suppliers at significant risk for incidents of child labour		Our Suppliers	18 –27	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	14 –15, 18 –27, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
409-1: Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour		Our Suppliers	18 –27	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 where we source our product. Created and implemented a Mandatory Child Labor and Forced Labour Policy company wide 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	14 –15, 18 –27, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
412-1: Operations that have been subject to human rights reviews or impact assessments		Our Suppliers	18 –27	Nil.
412-2: Employee training on human rights policies or procedures		Our Suppliers	18 –27	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	18 –27	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	14 –15, 18 –27, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
414-1: New suppliers that were screened using social criteria		Our Suppliers	18 –27	100%.
414-2: Negative social impacts in the supply chain and actions taken		Our Suppliers	18 –27	40 audits were conducted last year. Two suppliers were identified with major issues requiring intervention and intensive consultation and remediation plans. 13 transactional suppliers were exited in keeping with our sourcing strategy to only work with suppliers who share our values and with whom we have some influence to effect positive change when violations are detected.
GRI 301: MATERIALS				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Product	14 –15, 28 –45, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
No indicator		—		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.



TABLE 2: GRI TOPICS (CONTINUED):

TOPIC		REFERENCE	PAGE #	NOTES
GRI 303: WATER				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Suppliers	14 –15, 28 –45, Table 4	—
	103-2: The management approach and its components	Table 5		—
GRI 303-1: Water withdrawal by source		Our Products	37	—
GRI 416: CUSTOMER HEALTH AND SAFETY				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Product	14 –15, 28 –45, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data		—	2	—
GRI 418: CUSTOMER PRIVACY				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Product	14 –15, 28 –45, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services		—	This index	—
GRI 305: EMISSIONS				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Footprint	14 –15, 28 –45, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 305-2: Energy indirect (scope 2) GHG emissions		—	52 –53	We account for 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		—	52 –53	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		—	52 –53	

TOPIC		REFERENCE	PAGE #	NOTES
GRI 306: WASTE				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Footprint	14 –15, 46 –53, Table 4	—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 306-2: Waste by type and disposal method		—	50 –51	—
GRI 401: EMPLOYMENT				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Team		—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 401-1: New employee hires and employee turnover		—	64 –71	—
GRI 401-3: Parental leave		—	64 –71	—
GRI 403: OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Team		—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 403-1: Worker' representation in formal joint management-worker health and safety committees		—	64 –71	—
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities		—	64 –71	—
GRI 404: TRAINING AND EDUCATION				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Team		—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 404-2: Programmes for upgrading employee skills and transition assistance programmes		—	64 –71	—
GRI 404-3: Percentage of employees receiving regular performance and career development reviews		—	64 –71	—
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY				
GRI 103: Management Approach	103-1: Explanation of the material topic and its boundary	Our Journey, Our Team		—
	103-2: The management approach and its components	Management Approach table	5	—
GRI 405-1: Diversity of governance bodies and employees		—	64 –71	—



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 communities	— 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
Workers' 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. Its 10 principles guide our Corporate Social Responsibility team's strategy working towards accreditation in 2018. The 10 principles and strategy corroborates GRI's workers' rights indicators, which we respond to.	We assess our programme against the 10 FLA principles to ensure our programme is comprehensive for accreditation. 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, New Zealand. 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 our strategy approach.	Human Resources

TABLE 6: INFORMATION ON EMPLOYEES AND OTHER WORKERS

	AUSTRALIA	NEW ZEALAND	UK	USA	TOTAL
BY EMPLOYMENT TYPE					
Full-time employees	375	319	3	20	717
Part-time employees	598	275	5	0	878
Casual	318	83	1	0	402
Total employees	1291	677	9	20	1997
BY CONTRACT TYPE					
Permanent	898	537	6	20	1461
Fixed-term full-time	22	16	0	0	38
Fixed-term part-time	53	41	2	0	96
Casual	318	83	1	0	402
Total workforce	1291	677	9	20	1997
BY GENDER					
Male	561	234	7	15	817
Female	730	443	2	5	1180
BY AGE GROUP					
<30	801	341	4	3	1149
30–50	407	281	4	12	704
50+	83	55	1	5	144
BY CATEGORY					
Executive	3	6	0	2	11
Senior management	19	33	0	3	55
Management	297	169	3	5	474
Non-management	972	469	6	10	1457



TABLE 7: HIRING AND TURNOVER (INCLUDES OBOZ)

		AUS	NZ	UK	USA			AUS	NZ	UK	USA
NEW HIRES						TURNOVER					
Permanent	Total	316	150	2	5	Permanent	Total	333	214	5	1
Indefinite	Total	278	136	4	0	Indefinite	Total	222	119	1	0
BY GENDER						BY GENDER					
Permanent	Male	123	55	2	3	Permanent	Male	144	89	1	1
Permanent	Female	193	95	0	2	Permanent	Female	189	125	4	0
Indefinite	Male	126	52	2	0	Indefinite	Male	100	51	1	0
Indefinite	Female	152	84	2	0	Indefinite	Female	122	68	0	0
BY AGE GROUP						BY AGE GROUP					
Permanent	<30	244	107	2	2	Permanent	<30	213	144	3	0
Permanent	30–50	60	38	0	2	Permanent	30–50	106	59	2	0
Permanent	50+	12	5	0	1	Permanent	50+	14	11	0	1
Indefinite	<30	226	115	4	0	Indefinite	<30	163	92	1	0
Indefinite	30–50	45	20	0	0	Indefinite	30–50	53	27	0	0
Indefinite	50+	7	1	0	0	Indefinite	50+	6	0	0	0

TABLE 8: PARENTAL LEAVE

		MALE	FEMALE
1	Report the number of employees by gender who were entitled to parental leave.	570	808
2	Report the number of employees by gender who took parental leave.	5	48
3	Report the number of employees who returned to work after parental leave ended, by gender.	3	20
4	Report the number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work, by gender.	4	29
5	Report the return to work rate of employees who returned to work after leave ended, by gender.	75%	71%
6	Report the retention rate of employees who returned to work after leave ended, by gender.	57%	83%

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)	21	8	0	29
Permanent employees (female)	47	21	0	68
Fixed-term or temporary (male)	2	3	0	5
Fixed-term or temporary (female)	6	0	0	6
Independent contractors (male)	0	0	0	0
Independent contractors (female)	0	0	0	0
Total	76	27	0	108
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	0	0	0	0
LOST DAYS – WORK RELATED INJURIES				
Permanent employees (male)	375.86	2.94	0	378.80
Permanent employees (female)	300.71	10.67	0	311.38
Fixed term or temporary (male)	0	0	0	0
Fixed term or temporary (female)	0.34	0	0	0.34
Independent contractors (male)	0	0	0	0
Independent contractors (female)	0	13.61	0	0
Total	676.91	83	0	690.52
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			469	1045	1575
Total number of employees			469	1447	1977
Percentage of employees receiving performance reviews/appraisals			100%	72.20%	79.70%

TABLE 11: DIVERSITY

