

Kjell & Company

ESG impacts through the value chain

Kjell & Company is a leading Consumer Electronic Accessories firm with 104 stores in Sweden and is pursuing an expansion in Norway, with 15 stores opened by December 2018. Kjell & Company also has a purchasing office located in Shanghai, China. The headquarters and central warehouse is based in Malmö, Sweden.

The most important environmental impact in the value chain is in materials used in the home electronics products, the transportation from Asia to Europe and in the electronic waste as well as packaging connected to the end products.

Social impacts in Kjell & Company's supply chain include labour and human rights, in particular in Asia, but also in Kjell & Company's own stores and operations. Since Asia is a big part of the product origin, Kjell & Company must therefore be aware of risks related to anti-corruption and integrity.



ESG risks and opportunities

The nature of the products Kjell & Co provides demands a high level of quality and safety practices, primarily in the usage of the products, but also with regards to materials used in production. This puts high demands on production practices and quality controls, but also in terms of educating the end user in how to use the products. There is an increased level of awareness of quality and safety in the market, and which type of supply chain can offer reliable safety. Transparency in communication and product labelling relating to quality standards is consequently important. As a large proportion of the products are sourced from Asia, either directly or indirectly, the importance of sound values relating to labour conditions, human rights, and integrity onto suppliers is key. For the same geographic reasons, the environmental impact of transports is a risk to be managed.

An increasing number of energy efficient electronics products are becoming available, so there is an opportunity to provide the market with a relevant portfolio of such products. In addition, through a product offering consisting of relevant accessories for electronics products, the longevity of said products can be increased, thereby reducing the environmental impact indirectly through reduction of electronic waste. With a large workforce, distributed across the country, there are inherent risks related to labour conditions and health and safety in own operations. Kjell & Co has an opportunity to contribute to SDG 12, responsible consumption and production. In particular the management of natural resources, waste, increasing recycling and increasing transparency in supply chains.



Company ESG performance 2018

KEY ESG GOALS	EFFORTS 2018	PERFORMANCE 2018	AMBITIONS 2019
1. Consumption: Product quality and safety	It is essential for the company's long term development and reputation that the products sold are safe to use and are following regulations. Kjell & Company have dedicated departments both in China and in Sweden for testing, verifying and documenting product quality.	Kjell & Company now holds 97% of all documentation regarding own brand product compliance. Resources in the quality departments in China and Sweden have been increased to enable further focus and goal achievement.	Hold close to 100% of all documentation regarding own brand product compliance at all time. Strive for 100% product inspections on all own brand products.
2. Production: Labour conditions and human rights in the supply chain	The supply chain Code of Conduct requires that suppliers respect labour and human rights. Kjell requires suppliers to sign Code of Conduct to engage in business with them. Adherence to the code is monitored through regular audits.	As of the end of 2018, the share of active suppliers in China having signed the Code of Conduct was 81%. During 2018 Kjell increased percentage of shipped goods sourced from audited suppliers from 53% to 95%.	Achieve 98% of the suppliers in China and at least 50% of active suppliers outside China to sign the Code of Conduct in 2019. Define remediation plan for all non-compliance.
3. Production: Reduce environmental footprint	Continued focus on environmental impact following transports from China by reducing airfreight and increasing consolidation of shipments	Reduction in airfreight m ³ level from 8% to 5%. Full Container Load decreased 1400 m ³ while Less than full Container Load roughly remained at the same levels. Total m ³ of shipping from China decreased with 13%.	Improve consolidation and achieve a decrease in Air fright to 4 % of total m ³ . Reduce use of plastic bags with 40% during 2019 vs. 2018 levels.
4. Relationships: Motivated and satisfied employees in a diverse environment	The employees are Kjell & Company's most valuable asset and they continuously strive to ensure that the employees are happy. In 2018 Kjell & Company invested in more education and training of its employees than ever before.	Employee NPS increased from 47 to 57 in 2018 (target of 50). 405 employees participated in one of our training programs (Kjell Academy) including the Advanced Leadership Course.	Invest in employees with the goal to increase employee NPS to 60. Increase share of female leaders from 13% to 20% as this is believed to strengthen the firm.
5. Relationships: Business integrity and transparency	Kjell & Company's Code of Conduct regulates its business relations. They have a clear statement to all employers that which outlines high ethical standards in everything they do. Code of Conduct is included in the employee contract which means every new employee will sign Code of Conduct before starting.	100% of employees signed Code of Conduct. Continued efforts to raise anti-corruption competencies among employees: 94% of supply chain personnel have conducted anti-corruption training.	Maintain 100% employee signage of Code of Conduct and Whistleblower policy. Yearly review and update of business ethics material and training.