



MORE OF

us

KICKS

SUSTAINABILITY REPORT 2017

WHAT'S ON THE

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CONTENTS:

Beauty

AS WE SEE IT

We are the leading beauty chain in the Nordic countries. Customers come to us to be inspired, to receive tips and advice from our experts and to find new products. We love being surrounded by lovely creams, strong colours and fabulous perfumes and we love it when our customers find the perfect product just for them. But even beauty products leave their mark on the environment and on people. We have a great responsibility and want to be a company that does its bit towards a sustainable society, in social and environmental terms.

In this sustainability report, our very first, we scrutinise our value chain and the areas it affects. What can we do to reduce the negative impact and reinforce the good things? With this in mind, we have prioritised the issues where we have the greatest opportunity to make a difference. Our main areas of influence are the products we sell, our relations and our transport and consumption of energy and electricity.

When it comes to the products we sell and the ingredients they contain, we strive to offer a more sustainable range that produces good effects for the user without damaging the environment, animals or other people. To attain this, we highlight products that are organic, ecolabelled, Fairtrade-certified, vegan or natural under our "Natural Choice" category. We naturally also set requirements governing what all our other products contain and how they are produced too. We have also launched a project to take responsibility for the final link in the chain – waste – where we enable customers to dispose of their cosmetic waste in certain selected stores. We hope we will soon be able to extend the project to all our stores.

We nurture our relationships, especially the ones we have with our customers. We operate in a superficial industry, and in a way outward appearance is what we are selling. The challenge lies in doing that and taking responsibility at the same time. We want to do this through our new brand concept "More of You", where we want to encourage people to take up space, be free and creative and find their own way of expressing themselves. It's about having the courage to overturn

stereotypical ideals. It is still mainly young, light-skinned women who are shown as the ideal to aspire to in the industry and in society in general. This isn't just unethical – upholding these stereotypes is also bad for business. After all, we want to reach more people, irrespective of gender, gender identity or expression, age, skin colour or any other external attribute. This means that we need to continue to develop in terms of who we employ, what we sell and how we communicate.

One important issue for us is combatting mental health issues in young women. This is why we have created the S.H.A.R.E. initiative. Together with organisations that are experts in young girls facing exclusion and mental health issues, we offer mentor-led internships with us. This is a good way of breaking isolation, providing a route in to work and sharing the skills and experiences of all our smart and skilled employees. Some of our interns become new employees, and for us this brings on board an indispensable perspective that we need to become a more inclusive company.

As we see it, the concept of beauty is starting to change fundamentally. What is beautiful is being broadened out and is no longer defined by a particular standard. It is no longer about what's on the surface; the environment and making sure that people don't suffer is just as important. It is less about an ideal and more about finding what beauty means for you. We want to make room for all kinds of beauty.



Pontuz Bjelfman, CEO



KICKS AND *sustainability*

KICKS is the leading beauty chain in the Nordic countries and part of the Axel Johnson Group. KICKS has approximately 250 stores in Sweden, Norway and Finland with online stores in the same countries. The KICKS head office is in Stockholm, Sweden, and is the workplace of about 170 people. There is also a small office in Norway. In total, KICKS has about 2,000 employees with about half employed in Sweden, about 500 in Norway and just over 200 in Finland.

ABOUT THIS REPORT

This is our first sustainability report. It covers the financial year 2017 and all parts of the company. It is inspired by the GRI standards and meets the criteria of the Swedish Annual Accounts Act.

MATERIALITY ANALYSIS

In 2016 we carried out a materiality analysis to identify the areas and issues that our stakeholders think we should focus on. The analysis covered surveys of employees and customers in all countries, as well as interviews with shareholders and stakeholder organisations. Benchmarking was also carried out in which our work was compared with that of our industry colleagues, and a media survey identified trends. The different stakeholder categories highlighted different focuses, to a certain extent, with customers wanting to see sustainable products, a secure supply chain, sustainable packaging and expert staff. The employees wanted skilled leaders and emphasised the importance of a workplace free from discrimination.

FOCUS AREAS

Our focus areas are derived from the materiality analysis. We have responsibility for ensuring that the products we sell have been manufactured under good conditions, in social and environmental terms ([read more about our value chain on page 26](#)). We also have responsibility for ensuring that they consist of ingredients that do not harm people or the environment ([read more about our ingredients on page 18](#)). We also make sure we comply with current guidelines and standards to attain resource-efficient, environmentally sustainable and high quality operations.

We also recognise that we can create value through our S.H.A.R.E. initiative ([read more on page 12](#)), by making it easier for our customers to make conscious product choices ([read more about Natural Choice on page 22](#)) and through our project to collect cosmetic waste ([read more on page 30](#)).

SUSTAINABILITY ORGANISATION

Our vision is to be a world-leading role model in the beauty industry. Our ambition is to integrate sustainability throughout the organisation, and we still have some way to go before we get there. We are striving to improve all the time. Today we have a sustainability manager and two sustainability experts, based in the marketing department. The sustainability manager is also responsible for internal communication and is a member of the KICKS management team.

The content of our work on sustainability is regulated by our policies:

KICKS' own policies:

- Code of business ethics (for employees)
- Health and safety policy
- Diversity and gender equality policy
- Car policy
- Environmental policy
- Travel policy
- We are a member of amfori BSCI and have adopted BSCI's ethical code as our code of conduct for our suppliers



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The effects

WE CREATE

”Beauty isn’t just skin deep,
it’s about how you feel”

– Heidi-Maria Palomaa, customer service Finland

IDEALS AND *stereotypes*

KICKS operates in an industry in which there is a constant focus on appearance and where the majority of our products are marketed to young women. Therefore, we consider that awareness surrounding the messages we are sending out through advertising, images and other communication are a central issue in terms of our impact on society.

Beauty product advertising has long been known to depict a skewed beauty ideal, often with a focus on thin, young, white women. Objectification and sexism are not uncommon. At KICKS we think this is problematic and we want to shoulder our responsibility on the issue. How are our customers affected and what impression are we making on society in general? We have chosen to highlight Nina Åkestam's doctoral thesis from December 2017 in which

she explores how stereotypical advertising affects us socially.

A stereotype means attributing a certain behaviour, specific characteristics or a role to a certain group of people. Stereotypical portrayals can be useful in advertising to make it easier to get a message across. However, the use of stereotypes in advertising is often criticised as they constantly assert a particular ideal, such as thin women or strong men. Research on advertising shows that the effect of constant exposure to stereotypical advertising leads to these ideals ultimately taking root in the minds of the recipients. The result is that to a certain extent we believe that these extremely simplified images of people are true. This has even been

shown to influence how we see ourselves in relation to the world around us. Studies have shown that women exposed to stereotypical advertising perform worse in mathematics tests and consider themselves less inclined to seek management positions than before they were exposed to the advertising. Being exposed to stereotypical advertising can therefore be damaging as it contributes towards lower self-esteem or self-image, and has a negative effect on performance.

Research shows that when consumers feel that an advert hits the mark, they have also partly identified with what is being portrayed. But in those cases where advertising gives a narrow, stereotypical picture, an opposite effect is created, in which the consumer feels themselves limited. Instead it leads to the consumer rejecting the advertising and in the long run, possibly also the brand. The link between a negative psychological impact and negative associations to

the brand is clear. In other words, it means that advertising that gives the consumer lower self-confidence does not make the consumer more inclined to buy the product, indeed the reverse.

In cases where the advertising is non-stereotypical, the opposite effect has been documented and recipients have been shown to be more inclined to react positively. Even if the majority of today's advertising is stereotypical, there is simultaneously a growing trend towards increasingly non-stereotypical advertising. Åkestam states that the importance of social awareness in advertising will continue to increase, and in some cases be vital to the relevance of the brands. Stereotypical advertising is no longer merely harmful to individuals but constitutes an increasing risk for unenlightened brands or companies.





KICKS for everyone

We all look different and, as we see it, it is important that we are allowed to be exactly that – unique and beautiful in our own way.

We strive to be the beauty chain that people choose when they want a boost, when they want to express their personality and when they want to stand out rather than hide. We think we have a responsibility to convey that message internally and externally. When it comes to our external impact, we consider this mainly comes about through the advertising we send out and the messages we highlight through our channels.

Thanks to the conclusions gained from Nina Åkestam's research, it is clear that continuing to use stereotypical advertising is not merely bad for business, it can also plainly be harmful for our customers. Not taking action on the issue would therefore be to go against everything we stand for and counteract the commitment we have to S.H.A.R.E. and our More of You concept. We are already rejecting ads if we find them sexist or objectifying. This is a sustainability issue where we still have a long way to go.

We want the images we use to reflect our view of beauty, that it should be

playful and fun, and boost personalities rather than ideals and stereotypes. But as a retailer of beauty products we are dealing both with our own ads and ads from the brands we sell. In the latter case, we are one element in a chain in which we do not have any say in the design of the ad. These ads do not always reflect the image we want to send out, even if the products themselves live up to our standards. This places us in a dilemma, which we are currently exploring further. How can we be true to ourselves and continue to work with a wide range of brands and products in a world that has not always kept up with the development of

Jennifer Lissmats – Purchasing
Ewa Baumgartner – Sustainability and Internal Communications
Daniel Svee – Procurement and Deals
Oscar Hallström – Beauty expert and sales
Johanna Lissmats – Purchasing

advertising? In-depth dialogue on this with our suppliers is important.

Social sustainability must also be borne out in our stores, where we want to have in-store sales staff who reflect our society. We are actively working to offer a wide range of products that suit people whatever their skin colour or age, for people who want natural ingredients, for people who want to be colourful and for people who do not want to wear makeup.

MORE OF *you*

More of You is an external promise and an internal signpost. We want to help everyone who comes to us to explore and express more of themselves. We also want to inspire everyone who works at KICKS to give more of themselves, their personality and their skills.

CELEBRATING DIFFERENCE

More of You is at the heart of broadening the KICKS brand, a long-term journey that began in 2017. It was born out of a growing understanding that the beauty industry has traditionally highlighted a single ideal – that of the young, Western woman. Communication and the range of products are particularly geared towards young women with light skin. People with darker skin have found it, and still find it, difficult to find makeup that works for them.

For us it is both about reaching out to more people by broadening our brand and about being part of the change. We want to get the message across that beauty is multifaceted and that there is no right or wrong. It is about exploring your own opportunities and having fun.

We want to reach out to more people – to men, to older people, to people with different types of appearance and skin colours. Out of all this, we created More of You, which is about our communication and about our products. Some brands have targeted themselves towards a broader target group and have a broader palette of colours and shades. We are striving to offer the brands that have this breadth rather than the brands that are solely profiled towards darker skin tones.

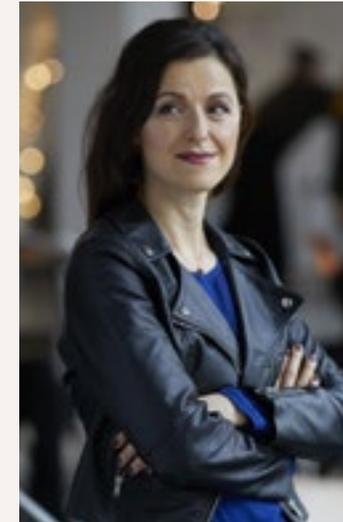


It is a challenge to have a range that attracts and suits all of our customers. We still have a range that is limited to light skin tones in most of our stores, but there is greater variation in our flagship stores and in our online store. The reason why we do not have all shades in our stores is that a limited target group seek these products and our stores have a limited amount of space. In 2018 we will be starting to expand the range with two darker shades of our own foundation, and also launch pigment drops that can be used to tailor makeup.



”It’s about helping people to bring out their personality”

Gina Azaric, CMO



”With this initiative, we want to focus on people’s own personal beauty, hence the expression ‘more of you’.”

Gina Azaric, CMO, tells us more about ”More of You”. ”It’s about being able to express yourself, which is what all beauty products really can enable you to do. We see beauty as a creative toolkit that can help you bring out your personality.”



KICKS is striving for a broader range of products and communication that highlights diversity in society so that more people feel included – whatever their gender, skin colour or age.

”Our surveys show that people want us to focus on their unique needs, and thanks to beauty experts in our stores and in customer service, we can help our customers to bring out more of their personal beauty,” Gina says.



”More and more young people are interested in makeup”

Annika Norrgård, sales coach

”For KICKS, beauty is personal. In the store, it’s about finding each person’s unique beauty and then we need to do a bigger job than selling everyone the same lipstick just because it’s trendy at the moment. We are seeing more and more curious young people with a great interest in makeup. For them, our job is to encourage a playful and creative approach and show them that there isn’t a right or a wrong way when it comes to makeup. Many young people might not have identified what beauty is for them. In that case, we are here to help them explore it for themselves, and have fun along the way. The most important thing for us is that everyone feels that they are perfect as they are. It’s about highlighting, expressing yourself and being yourself.”

OUR EMPOWERING internship programme

Mental health issues is growing in society. Even if you haven't been affected yourself, most of us probably know someone who is suffering or who has done so in the past.

As a leading beauty actor, we want to take our responsibility and contribute towards change in this important area. We want to encourage a fun relationship to beauty, without laying down the law and imposing how it has to be. This is why we think S.H.A.R.E. feels right for KICKS. We started it as a long-term initiative in 2016, working in partnership with expert organisations in order to increase knowledge and break the taboo of mental health issues by offering a mentor-led internship programme for young women aged 18–27 with experience of mental health issues. They gain work experience through a store-based or office-based internship and a dedicated colleague as mentor and

support. The mentor-led internship programme is run in partnership with some organisations that we have great faith in in this field. KICKS' partner organisations are Tjezonen and Mind in Sweden, Mental Helse Ungdom in Norway and Mieli in Finland.

Since the programme launched in 2016, KICKS has taken on 62 interns as part of S.H.A.R.E. The internship programme has been appreciated by interns and mentors.

We are also working at KICKS to increase awareness of mental health issues. In 2018 there will be training to counteract the taboo surrounding the subject and to encourage people to talk about it. We want everyone at KICKS to be able to talk about how we are feeling, how we can help each other and where to seek help. The training is to contribute towards a culture in which talking about these issues comes naturally.

- S** SUPPORT LOCAL ORGANIZATIONS
KICKS supports organisations that work to combat mental health issues.
- H** HIRE IN MENTORSHIP PROGRAMS
KICKS offers mentorship support through workplace internships.
- A** AMBASSADORS
KICKS highlights positive role models.
- R** RAISE AWARENESS
KICKS uses its channels to spread awareness of mental health issues.
- E** EMPOWER YOUNG WOMEN
KICKS wants to stand for a fun relationship to beauty.

[Read more](#)

"It really improved my self-esteem"

Agnes Messler, intern
S.H.A.R.E.

"I've always been embarrassed because things were extra tough for me. Especially on the social side, and not really getting a footing in the world of work. S.H.A.R.E. is important because it can help girls find a job even if they don't have any existing skills. And at the same time you get to be who you really are," explains Agnes who has been an intern at KICKS, within S.H.A.R.E. She

had been a member of the KICKS customer club for a long time when she saw the ad in KICKS Magazine, where KICKS was looking for girls to join the programme. Tjezonen took care of recruitment and after a talk with them, she was matched with a mentor at the head office.

"Being on the S.H.A.R.E. programme has taught me a lot. It really improved my self-esteem and I feel I've been given a way into adulthood. It felt secure, there was no pressure on me from the start and I was allowed to develop at my own pace. Now I'm brave enough to take up space," Agnes explains.

“Growing up isn’t that easy these days”

Lena Borgstav, mentor

Lena Borgstav has been a mentor for S.H.A.R.E. and is assistant to the CEO at KICKS. She is not a mentor at the moment but she would be happy to do it again.

“I’ve been interested in mental health issues, demands and ideals for a long time, especially when it comes to young girls. I have a teenage daughter myself and I see how tough things are for young people today. I felt I wanted to do something, help someone who is having a hard time,” says Lena.

Lena also thinks KICKS has an extra responsibility because “we sell quite superficial things” and that KICKS might be contributing to the ideals and the demands made on young women that can lead to them suffering mental illness.

“We want to be part of the solution. S.H.A.R.E. is part of our contribution to society. This initiative enables us to support young women, help to strengthen their self-esteem and give them a route in to work,” says Lena.

The mentor fulfils several functions and Lena realised she had to tread carefully to create a respectful, reassuring relationship. At the start it was difficult to know how close she should get, how much she should ask.

“After a while the relationship got easier. I made an effort to get the message across that I was here if she wanted to talk. I learned that growing up today isn’t easy and I don’t think many people are brave enough or know how to ask for help. There is a lot of hidden mental illness and I’d like to help more people.”

Lena’s mentee developed a great deal during her time with KICKS. She gained in assurance and became increasingly confident.

“In my eyes, she’s almost a different girl now, who is growing stronger all the time. And then she continued working for us for another year after the mentorship was over,” Lena concludes.





2

WHAT WE
use

”Everyone is worthy of feeling beautiful”

– Oscar Hallström, store sales

BEING ABLE TO MAKE a conscious choice



Hanna Waern Oldenburg and Ulrika Svärd,
purchasing department

”Hard to be a conscious consumer in beauty stores”

Today customers are often interested in the substances that go into the products they buy. Information on risks associated with different substances spreads quickly on social media and in stores the sales staff notice the ingredients that consumers are most concerned about.

”The most common question we get asked is whether a product is vegan, followed by questions about natural ingredients. It is a bit harder to be an aware consumer in beauty stores than in a supermarket where it is clear whether a product is organic or Fairtrade, for example,” says Hanna Waern Oldenburg, buyer at KICKS.

In 2017 microplastics have come into focus and many people have been concerned about

images of huge continents of plastic in the sea. This has partly been linked to the use of beauty products, specifically the microbeads that used to be used in scrubs. This type of microplastic has in principle already been phased out and KICKS has none of it left in its range. Instead biodegradable ingredients are used, for instance apricot kernels and sugar, as exfoliants.

”Another substance that worries lots of people is parabens, a preservative used in very small amounts,” says Ulrika Svärd. She is more worried about the alternative preservatives that are used, which have not been subjected to the same amount of testing.

”At the same time, customers do want to see results from the products they buy. It is important to find products that meet sustainability requirements and that are also effective. For our own brands we have a careful process in which we go through all the ingredients with the suppliers and see if there are any associated risks,” says Ulrika.

OUR VIEW OF *ingredients*

All cosmetic products sold within the EU/EES must be safe to use and they are carefully controlled before being placed on the market. These are requirements that are set out in cosmetics legislation.

The legislation also includes restrictions on a number of substances. This means that products are not allowed to contain more than a particular amount of certain ingredients. Naturally at KICKS we comply with cosmetics legislation for all the products we sell. For our own products, we go even further and have a list of substances that are not allowed to be contained in KICKS' own products; either because they have a negative impact on the environment or because the ingredients may cause allergies or are associated with an ethical problem. All chemicals must be chosen in line with the precautionary principle* and be used, handled and stored to minimise any negative impacts on the environment and human health. Nor do we accept products made from endangered species, e.g. tropical wood.

ENVIRONMENT

There are substances included in some beauty products that bring environmental risks, e.g. they are hard to break down naturally or harm microorganisms. Cyclic silicones are one example of an ingredient that is hard to break down and is therefore suspected to accumulate in the environment. Cyclic silicones gives a silky smooth and pleasant feeling to the touch when used in foundations, and it is hard to find alternatives that give the same effect. Chemical UV filters are another example of a problematic ingredient as these are toxic to aquatic organisms and non-readily degradable. Solar protection without chemical UV filters is like zinc paste and many people find it quite difficult to use. PFAS is another example of a substance associated with environmental risks. PFAS is a water-resistant substance that can be found in powder makeup. PFAS is harmful to health and the environment as it is both toxic and bioaccumulates. Teflon is possibly the best known PFAS substance.

ETHICS

More and more consumers are seeking products that have been manufactured without a risk that people or animals have been harmed or affected in their production. One raw material that is associated with ethical risks is the mineral mica. Mica is a glittering mineral that is found in cosmetics precisely because of this glittering effect. In

India, extraction of the mineral has been found to involve child labour but several initiatives are underway to ensure that mica is extracted in a sustainable way. Mica can also be manufactured synthetically.

Another raw material associated with ethical risks is palm oil, which

GOOD TO KNOW:

Palm oil has many names. Keep an eye out for the most common ones:

- Vegetable oil
- Palmitic acid
- Palm kernel oil
- Cetearyl alcohol
- Palm Kernel Glycerides
- Glycerine
- Palm Glycerides
- Laureth
- Na-Laureth Sulphate
- Palm kernel

...and about 200 other names.

Find the
whole list
[here!](#)

* The precautionary principle means that action is taken to prevent, avert or counteract negative effects on health and the environment as soon as there is a risk of harm.

is extracted from the nuts of the oil palm. It is grown in large plantations in tropical areas. Palm oil cultivation is poorly regulated and large-scale cultivation has led to widespread environmental impact which often involves difficulties for people in the areas in which it is grown. Palm oil is in high demand and is found in many products because it has a large number of valuable properties and because it is the oil crop that produces the highest yield, in other words the highest

production per unit area. Large areas of species-rich rainforest have been chopped down and replaced by oil palm plantations and the plantations continue to expand, in line with the increasing demand for palm oil. We are members of the Swedish Initiative for Sustainable Palm Oil (SISPO), an industry-wide initiative which seeks to make the transition to more sustainably produced, certified and traceable palm oil in cosmetics, hygiene products, detergents and cleaning products.

We use the certification Roundtable on Sustainable Palm Oil (RSPO). At least 90 percent of the palm oil in our products must be certified in line with RSPO mass-balance by 2020.

HEALTH

The health aspects of ingredients are addressed well by legislation. Communicating the difference between risk and danger is a recurring challenge; it is important to remember that it is the dose that is the deciding factor. We have a wide range and place great emphasis on also having products that can suit customers with sensitive skin or customers with allergies to different substances. All cosmetic products containing water need some form of preservative to avoid uncontrolled growth of bacteria, mould and yeast, which can itself cause serious skin reactions. Strict criteria are set on preservatives; they must be effective and render micro-organisms harmless but must not harm the user either. A mix of several different preservatives is often needed to attain sufficiently good protection. There are only a few preservatives that actually work in practice and the preservatives used in cosmetics are also used in other types of products such as cleaning products, paint and glues. The use of several different types of product provides greater

exposure, which can lead to more cases of allergies. There are preservatives that produce a lower risk of contact allergies, including parabens, Phenoxyethanol, Sorbic acid and Sodium benzoate.

A few years ago there were media articles saying parabens cause cancer and are toxic for reproduction. There is no such data for the parabens used in cosmetics. Compared with other available preservatives, very few people develop an allergy to parabens. This, combined with a broad area of use, makes parabens a good preservative. We have to remember that preservatives are added in very small amounts. To avoid preservatives, we need to look to technical solutions, such as smaller packs, the use of tubes, storage in refrigerators and sterile packaging.

GOOD TO KNOW:

Common animal ingredients:

- Beeswax
- Honey
- Carmine, red colour from a louse
- Keratin, substance from horn
- Lanolin, wax from sheep's wool
- Silk
- Hair, from goats or ponies. Sometimes used in makeup brushes





List of ingredients

Here we have gathered examples of common ingredients and the function they have in different beauty products and any risks linked to these substances.

Antioxidants: Substances that can protect the body from free radicals and thus combat the body's ageing process. E.g. Tocopherol, Tocopheryl acetate, Ascorbyl palmitate. Some of these are toxic to aquatic organisms, e.g. BHT and BHA.

Anti-statics: Used as detanglers, especially in conditioner. Some of these substances irritate the skin in concentrated form and are also classified as toxic to aquatic organisms, e.g. Behentrimonium Chloride and Cetrimonium bromide.

Astringents: Tighten skin and shrink pores, e.g. alcohol and many plant extracts.

Emulsifying agents: Enable fat and water to be mixed in a cream, e.g. Cetyl Alcohol, Stearyl Alcohol, Cetearyl Alcohol, Cetareth-12, Cetareth-6, Steareth-10, Steareth-20, Laureth-10, Laureth-7, Stearate, Glyceryl Stearate.

Film formers: Create a film on the skin for a smooth feel, e.g. PVP, Styrene/VP Copolymer, Polyethylene, Polysilicone-11.

Humectants: Bind to water molecules and retain them in the skin, e.g. Glycerine, Hyaluronic acid, Propylene glycol, Glucose, Xylitol.

Colours: Colours are often stated with a CI number. CI stands for colour index, e.g. Carmine CI 75470. The Swedish Medical Products Agency has urged the EU to investigate a number of colours as they lack updated assessments.

Chelating agents: Bind heavy metals. They are added to cosmetics products because of this function, as they stabilise the product. However, this contributes to spreading heavy metals in the environment.

Preservatives: We need preservatives in all products that contain water to avoid the uncontrolled growth of bacteria, mould and yeast, e.g. Phenoxyethanol, Methylparaben, Benzoic acid. Some preservatives can be allergenic, e.g. Chlorhexidine, DMDM Hydantoin and Sodium Hydroxymethylglycinate.

Emollients/moisturisers: Lock in moisture and soften and smooth skin, e.g. oils and silicones. Cyclic silicones are suspected to accumulate in the environment.

Cleansers/surfactants: Surfactants are fat and water soluble and encapsulate water-soluble "dirt" so it can be rinsed off with water, e.g. Sodium Laureth-Sulfate (SLES), Sodium Lauryl Sulfate (SLS), Sodium Lauroyl Sarcosinate, Betaine.

Paraffin oil: Besides the fact that mineral oil is not good from a sustainability viewpoint, all substances originating from mineral oil contain small amounts of carcinogenic impurities. If high quality raw materials of these are used, however, the amount of impurities is negligible, e.g. Paraffinum liquidum, Vaseline, Petrolatum.

Perfume: Many perfume ingredients are allergenic and have poor environmental values. Some of them will be banned, e.g. Hydroxyisohexyl3-Cyclohexene Carboxaldehyde (HICC) and EverniaFurfuracea/Treemoss Extract.

pH regulators: Give the product the right pH for its area of use. E.g. Citric acid, Sodium hydroxide, Lactic acid, Sodium lactate.

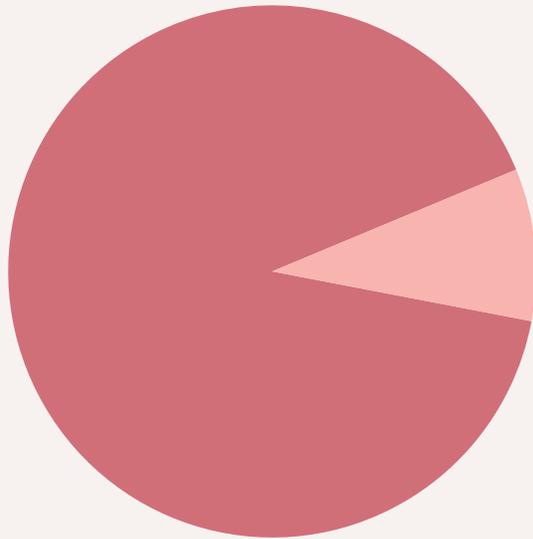
Propellants: Propellants in products such as deodorants, hairspray or foam products in aerosols. The propellant expands from a liquid to a gas when released, e.g. Butane, Propane, Isobutane, Isopentane, Dimethyl Ether.

UV-filters: Protect skin from solar radiation. E.g. Titanium dioxide, Zinc oxide, Benzophenone-1, 4-Methylbenzylidene Camphor. Chemical UV filters are hard to break down and are toxic to aquatic organisms.

Viscosity controlling: Adjusts the viscosity of the product. E.g. Sodium Chloride (in surfactants), Xanthan Gum, Sodium acrylates copolymer, Zea mays starch, Hydroxyethylcellulose.

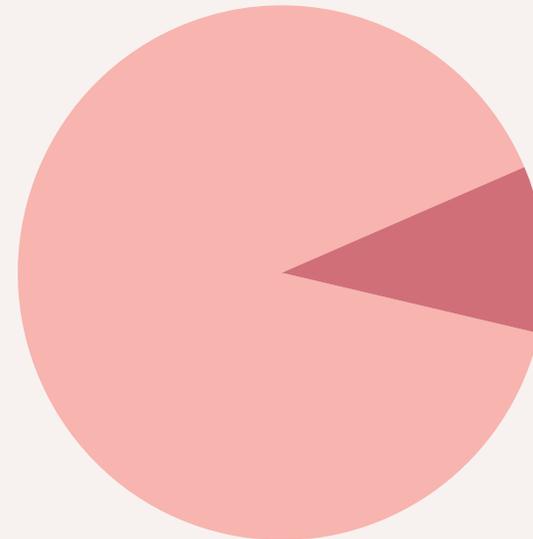
Vitamin A: Added to improve the structure of the skin, e.g. by reducing and preventing wrinkles and evening out skin tone. The content is regulated because these are powerful substances. E.g. Retinol, Retinyl palmitate, Retinyl acetate.

Sustainably produced palm oil



9%

sustainably produced palm oil in our range today.



90%

of the palm oil throughout our range must be sustainably produced in 2020. This is our aim.

In 2017, 9 percent of the palm oil was sustainably produced. The remaining proportion is compensated for using purchased certificates from RSPO (Roundtable on Sustainable Palm Oil). The money generated by the certificates goes to the growers certified under RSPO, in other words who produce palm oil sustainably, where the idea is to help to create an incentive for growers to switch to sustainable production. Suppliers compensated for 13 percent and KICKS for the remaining 78 percent.

Animal ethics

KICKS does not use animal testing for either products or ingredients. Since 2004 there has been a ban in the EU/EEA on testing finished cosmetic products on animals and there has also been a ban on performing animal testing on cosmetic ingredients since 2013. This means that products tested on animals – no matter where – may not be sold in the EU/EEA.

Today it is possible to use methods with artificial skin combined with probability analyses for testing ingredients and products. These are methods that safeguard animal rights and also produce a safer assessment than the previous methods that include animal testing. KICKS also does not accept hair from animals that have been raised in cages solely for hair production.

Legislation on animal testing may look different in countries outside the EU/EEA. In China, the supervisory authority in the country can carry out animal testing on some cosmetic products produced outside China, before they are released on the market. Several actors are working to lobby China to stop animal testing on beauty products and to get the alternative test methods with artificial skin approved by the Chinese authorities. There is a certain amount of development; some product groups such as shampoo and shower cream produced outside China can still be approved if they are tested with the new alternative methods.

ONE IMPORTANT THING:

The EU's Five Freedoms

We use synthetic alternatives to the greatest possible extent in our non-cosmetic products. If animal products are used, the supplier must respect the five freedoms of the EU Farm Animal Welfare Council.

- Freedom from Hunger and Thirst – by ready access to fresh water and a diet to maintain full health and vigour.
- Freedom from Discomfort – by providing an appropriate environment including shelter and a comfortable resting area.
- Freedom from Pain, Injury or Disease – by prevention or rapid diagnosis and treatment.
- Freedom to Express Normal Behaviour – by providing sufficient space, proper facilities and company of the animal's own kind.
- Freedom from Fear and Distress – by ensuring conditions and treatment which avoid mental suffering.

[Read more here!](#)

”More and more of our consumers want to be conscious consumers. We want to make it easier for them through our Natural Choice range.”

- Josefin Hård, Sustainability

Shades

OF SUSTAINABILITY

More and more people want to make conscious choices when it comes to skin care and makeup. However, this is complicated because there are numerous different certificates for organic, Fairtrade-certified, ecolabelled, natural and vegan products.

There are also brands that choose not to certify their products despite the fact that they would comply with the criteria; for example because it costs too much or because the criteria are lower than the criteria of the brand.

NATURAL CHOICE

We have a broad range of certified brands and brands that have chosen not to certify their products for different reasons, but which work actively on their content and are passionate about sustainability. We believe in having a wide range of sustainable products that also have the effect, quality and feel that our customers want. We aren't trying to wag fingers, we just want to make it easier for those of our customers who want to make conscious choices. To help people find their way through all the different labels, we have divided them into five categories. Organic, Fairtrade, Ecolabelled, Natural and Vegan. We call this range Natural Choice.

Organic

Organic products are made from ingredients grown without artificial fertilisers or synthetic pesticides. There is no international standard for organic beauty products yet. This means that products may be certified with different labels depending on the country they come from. We want to broaden the range of organic beauty products and therefore include both certified brands and brands that have chosen not to certify their products.

Fairtrade

Choosing Fairtrade products is a way for the consumer to contribute towards change. Fairtrade certification can enable growers and employees to affect their working conditions and increase their income. Many beauty products contain a lot of water and other ingredients that cannot be Fairtrade-certified, which means that the proportion of Fairtrade-certified ingredients is lower in these products. Examples of ingredients in beauty products that can be Fairtrade-certified are shea butter, olive oil, cocoa butter, sugar, honey, coconut oil, argan oil and different extracts.

Ecolabelled

KICKS has high-quality makeup accessories and hairbrushes that have been made with care for the world around us, including ecolabelled products certified by the Forest Stewardship Council (FSC). FSC protects forest diversity, organic processes and production capacity. Ecolabelled differs from Organic because Organic is about products that are grown, while the concept of ecolabelled is used for all other products, e.g. detergents, textiles and furniture.

Natural

Natural skin care contains ingredients that are as little processed as possible. Natural products also only contain natural base ingredients, such as vegetable oil. From a sustainability viewpoint, these are often better than conventional base ingredients extracted from petroleum or fossil oil. There are no regulations governing which skincare products can be called natural, and the proportion of natural ingredients can differ a great deal between different products, all of which can be termed natural. There are different certification systems for natural and organic skincare and different certifications have different criteria.

Vegan

It can be hard to know which beauty products are free from animal ingredients. To make it easier for everyone who wants to exclude animal ingredients from their beauty products, we have gathered these products under this category. The products you find here do not contain ingredients of animal origin in line with our suppliers' list of ingredients. Our thinking behind the category is simply to make it easy for our customers who want to exclude animal ingredients from their products.

GOOD
TO
KNOW:

Creams in a pump have the longest shelf-life, followed by tubes, and finally jars, where bacteria enter when you dip your fingers in. But a tube means less left behind than a pump.



3

HOW WE
do it

”For me beauty
radiates from within.”

– Sara Leffler Sjölander, HR

ALL OUR

employees

Our employees are our most important asset. It is through them that we meet customers and the surrounding world and they are what creates value for the company. At KICKS we are constantly working to ensure that the people who work for us feel good, feel involved and have an opportunity to develop. It goes without saying that we do not tolerate anyone being ill-treated or discriminated against, irrespective of gender, background, age or other parameters.

Diversity is important for us and we want to reflect society in our stores. We also believe that by having a balanced team we are showing who we are and that the equal value of all people is important.

There are many perspectives on diversity and we

have chosen to focus on foreign background (at least one parent born in a different country) and gender. We are also working to ensure a greater spread in terms of age, especially of in-store staff.

The stores find it a challenge employing men and older people. Our stores reflect society as a whole when it comes to employees with a foreign background, but there are few men and an uneven age distribution too.

There are few full-time posts in the stores and this makes it difficult to recruit older people who often have families and a greater need for a high income than young people without families. Many store managers are relatively young and some of them feel insecure about employing staff who are older than they are.

In our management training we attempt to encourage our store managers to employ older people. This is an important issue for us because we have a strategy of reaching more people, including older people, and need to be able to reflect that in our store staff.

We have a good balance in the management team in terms of gender and foreign background. We face a greater challenge in the middle management zone and among other staff in employing men and people with a foreign background. We have initiated cooperation with the organisation Mitt liv that works to find highly educated candidates with a foreign background.

Samar Siala, Customer service
Per Björkstén, HR
Tommy Ackås, IT
Maria Kempe, PR
Synnøve Eggen, Customer service
Andreas Lonæus, IT

Work on gender equality and diversity is steered by our Diversity and gender equality policy from January 2017.

HEALTH AND SAFETY

Our health and safety work is steered by the Health and safety committee and regulated in a health and safety policy and an anti-discrimination policy. We have safety representatives in the workplaces, where these have been selected by the union partner to ensure that our procedures are complied with throughout, in other units we work with regional safety representatives.

Health and safety work differs between the different workplaces. In the stores we focus a great deal on safety and reassurance and reducing the risk of robbery. Here we also see that working alone constitutes a risk and that many people feel unsafe to a certain extent when working alone. We have installed security cameras both to enable us to document incidents and as a deterrent, and also installed lockable cupboards for valuable products. In the future, cash-free stores and new payment solutions may be relevant.

Outside the physical stores, the work is more about reducing mental health issues and stress, and also working with ergonomically well designed workplaces. We strive to ensure that our employees are able to combine their work with parenthood, partly through flexible working hours and, where possible, work remotely some of the time.

We have annual safety inspections to follow up the work and to identify what we need to work on more. So far we have conducted a staff survey every 18 months to see how our staff are feeling and we will

start to carry out monthly surveys in 2018. We believe that this enables us to identify trends and take action more quickly. We have not received any reports of discrimination or insulting behaviour in 2017.

SKILLS DEVELOPMENT

We have a skills development plan for all staff with a particular focus on in-store staff. The KICKS digital training portal Academy Online gives staff access to the KICKS Beauty Academy, talk shows, training and inspiration from our suppliers. The purpose of the KICKS Beauty Academy is to enable KICKS employees and managers to become successful in their roles.

At the first level, Base, KICKS employees learn the basics about KICKS, sustainability, S.H.A.R.E., KICKS values, sales techniques and the basics of makeup, perfume, skincare and nails.

In 2018 we will start working with a similar concept but with a focus on leadership and coaching. All training courses are open to all employees.

CORRUPTION AND BUSINESS ETHICS

In the past two years, we have been working intensively to produce a strategy to reduce risks of corruption. As part of this work, we have identified supplier-led sales competitions as being associated with extra risk in terms of business ethics because the sales staff were significantly rewarded by suppliers for selling their particular products. In 2016 we launched our code of business ethics, which steers this work. We are the only company in the industry to have distanced ourselves from sales contests steered by suppliers. We have a system where employees can report suspicions anonymously. Eleven cases came in and were investigated in 2017, but none of these were serious in nature.



OUR value chain

The majority of the sustainability performance of a product is determined as early as the development phase. Because our products are manufactured by contract manufacturers, we are unable to directly influence the manufacturing method, but we can make requirements. We require that our suppliers and manufacturers work actively to reduce the use of energy, water and raw materials. In the future, it may also be relevant to require reporting on water and energy consumption and greenhouse gas emissions, for example.

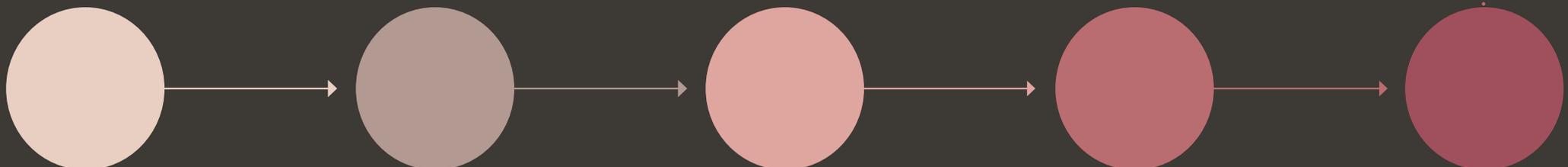
The majority of our environmental impact comes from water consumption and from energy consumption from heating water in manufacturing. Hot water is needed to blend different ingredients, for example to mix fats and water in a cream, or to mix solid and liquid ingredients. To reduce environmental impact, our suppliers work to optimise manufacturing so as to minimise energy consumption, for example by making the most of heating and using emulsifiers that enable mixing with cold water.

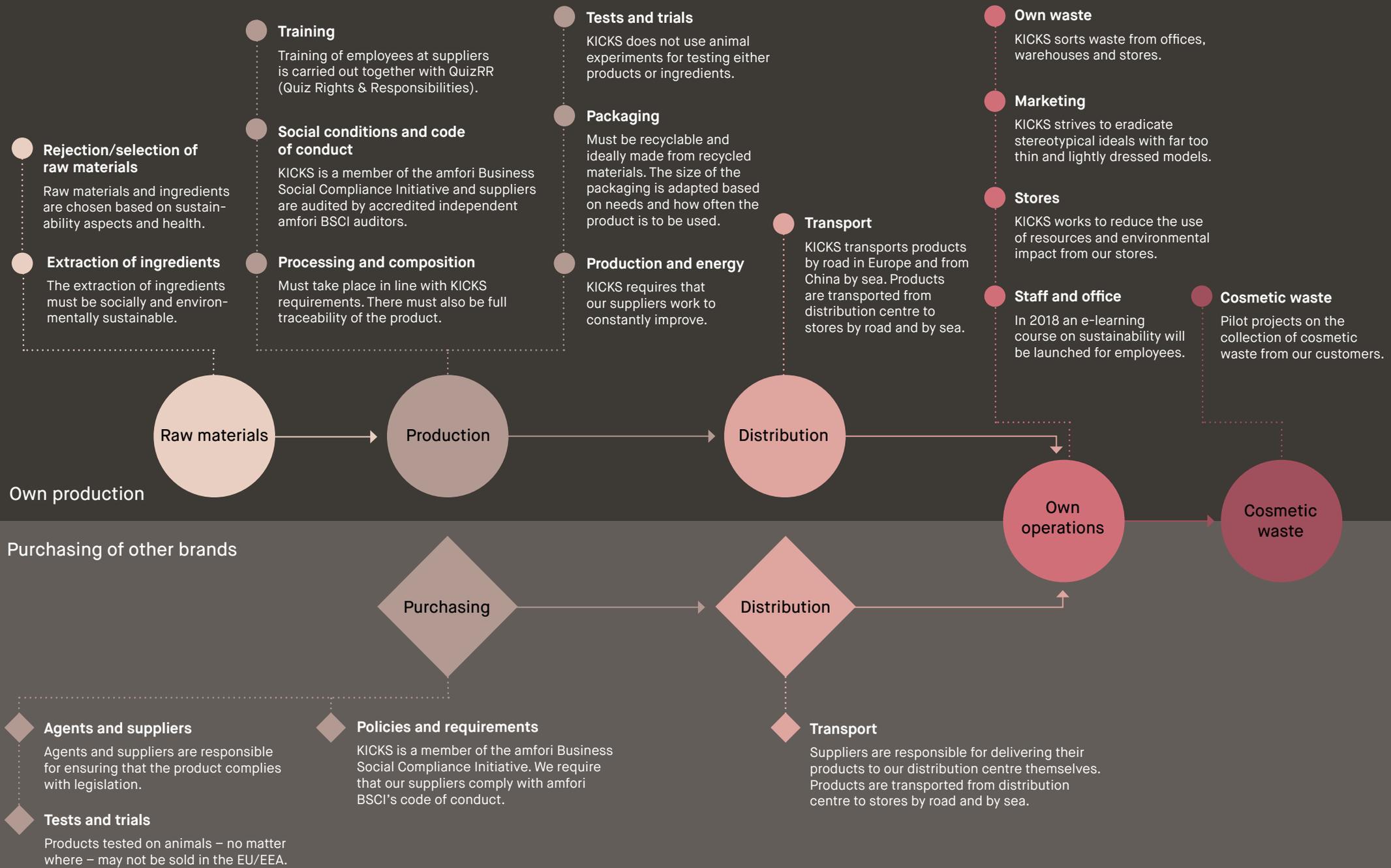
A large proportion of our environmental impact comes from packaging. The challenge is that customers want a luxurious feel, which often means several layers of packaging and printing directly on the packaging. Labels on packaging are better from a recycling perspective because this avoids inks and other additives on the box

or the plastic. We can influence the packaging on our own products, for example by designing the packaging so it is easy to recycle, using materials that are lighter and so reducing transport emissions, and by developing packaging that is easy to empty completely so that no contents are thrown away unnecessarily. We are also seeing whether it is possible to produce highly concentrated products, which are diluted with water by the consumer. This produces less waste and less unnecessary transport of water.

Another major part of our influence – social rather than environmental – comes from our advertising campaigns, through the ideals they show and the models we use in our communication. When it comes to our own brand, we have a greater opportunity to influence the content than for other brands. We have been questioned for displaying sexist advertising for other brands and we have also previously been questioned for using models that reinforce stereotypical ideals of beauty.

Our new concept "More of You" celebrates diversity. We want to highlight the beauty of difference and broaden the ideal. We will work to have a broader range of products that suit different ages and skin colours, and also products for men, to contribute towards a more open and broader image of beauty.





Own production



Raw materials

Rejection / selection of ingredients

Naturally we comply with cosmetics legislation for all the products we sell. For our own products, we are able to control all aspects of the process from development to sales, where we go even further and also have a list of substances that are not allowed to be contained in KICKS' own products; either because they have a negative impact on the environment or because the ingredients may cause allergies.

Extraction of ingredients

All chemicals must be chosen in line with the precautionary principle and be used, handled and stored to minimise any negative impacts on the environment and human health. KICKS does not accept products made from endangered species, e.g. tropical wood. Suppliers must be able to verify the source of origin. KICKS only accepts exfoliating particles that are biodegradable and made from renewable resources, not plastic microbeads.



Production

Processing and composition

The majority of KICKS' own production takes place in the EU. We carry out inspections of the factories in the EU ourselves to ensure good manufacturing practice. The purpose is to check that the production requirements are met and that there is no mixing and no pollutants. We also demand complete traceability of raw materials, packaging materials and end products.

Production and energy

We require that our suppliers work to constantly improve and that this leads to:

- Minimal use of resources such as energy, water and raw materials
- Minimal emissions to air, water and land
- Minimal waste
- Minimal environmental impact throughout the product lifecycle, for example through choice of material or opportunities for recycling

Social conditions and code of conduct

To ensure compliance with human rights, we are members of amfori, and have adopted amfori BSCI as our code of conduct. The factories in risk

countries, in Asia in our case, are scrutinised in line with amfori BSCI's audit cycle. New suppliers in risk countries are audited before we enter into a partnership. If the supplier is approved, the next inspection is in two years' time. Where shortcomings are found, the supplier must be checked again in 6–12 months. The inspections are carried out by accredited, independent amfori BSCI auditors. In 2017, 100 percent of KICKS' suppliers of KICKS' own brand in risk countries were audited. The agents KICKS uses are responsible for following up on the factories they use. 88 percent of the factories that agents use have an approved audit cycle.

QuizRR

In 2016 and 2017 we tried out a new way of training suppliers and their employees in China in rights and responsibilities in the workplace. The training is carried out together with QuizRR (Quiz Rights & Responsibilities) and is sponsored by the Axel Johnson foundation, Axfoundation.

The training is done on tablets and is based on videos in the local language and a knowledge test. The tool can be used in groups or individually. It comes in different versions for managers and employees and it is possible to follow the development in knowledge.

Three of the factories that produce products for KICKS have been included and 170 employees were trained in 232 training sessions.

Animal testing

KICKS does not use animal experiments for testing either products or ingredients. In the EU/EEA it is not permitted to conduct animal experiments on finished cosmetic products or cosmetic ingredients. This means that products tested on animals – no matter where – may not be sold in the EU/EEA.

Packaging

Must be recyclable and ideally made from recycled materials. As a producer it is possible to influence the user part of the value chain by adapting the size of the packaging based on needs and how often the product is to be used. Powder products last a long time, while creams and foundations last for a shorter period. Creams in a pump last the longest, followed by tubs and finally jars, because bacteria enter the product every time you dip your fingers in. On the other hand, it is difficult to empty the pump packaging completely, while there is less left over in a tub.



Distribution

Transport

The size of the packaging is to be optimised to the product's content to minimise waste and transporting air. KICKS skin and hair products as well as makeup are made in Sweden and Europe. Accessories such as hair and makeup brushes are made in China. The products manufactured in Europe are transported by road while products from China come by sea. Products are transported from distribution centre to stores by road and to Finland by sea.



Own operations

Staff and office

In 2018 we will launch a sustainability training course for employees. In it employees will learn more about how KICKS works on sustainable development and how they can help customers to make more conscious choices.

Stores

In 2017 a new law entered into force with the aim of reducing the consumption of plastic bags. We believe that the best way of reducing consumption of plastic bags is to charge for them. Because all bags, no matter what they are made of, affect the environment – from production and transport to recycling – from 1

September we are charging for all bags with the aim of reducing the number of bags in society. We do this in all our markets, i.e. Finland, Norway and Sweden.

We are also working to reduce the environmental impact of our about 250 stores by reducing the amount of resources consumed with the focus on electricity consumption and recycling. Our aim is to reduce energy consumption in stores by five percent a year.

Marketing

Since we started our work on S.H.A.R.E., we have become more aware of what we are communicating in adverts, KICKS Magazine and in social media. We bring up our work with S.H.A.R.E with our suppliers and explain what it means to us, and have started to reject ads that use models who are thin or ads that are sexist. We mainly see a challenge in terms of perfume advertising.

Waste

KICKS stores sort both ordinary waste and cosmetic waste.



Cosmetic waste

We have started a pilot project together with Stockholm Vatten och Avfall, with the aim of collecting cosmetic waste from our customers in selected stores in Stockholm. Read more on the next spread.

Purchasing of other brands



Purchasing

Agents/suppliers

There are buyers for every product category. Suppliers present new products twice a year. The "responsible person" must make sure that the product follows the rules; for our own brand it is KICKS that is the responsible person and for other brands it is the manufacturer or importer.

Policies and requirements

We are a member of amfori, and have adopted amfori BSCI as our code of conduct. It is vital for us that all business relations are run responsibly. Therefore we require that our suppliers meet our requirements in terms of ethical business guidelines, social requirements, public environmental requirements, etc. The requirements cover all steps in the production process. The supplier is responsible for informing subcontractors about our requirements and ensuring that they are met.

Tests and trials

In the EU/EEA it is not permitted to conduct animal testing on finished cosmetic products or cosmetic ingredients. This means that products tested on animals – no matter where – may not be sold in the EU/EEA.



Distribution

Transport

Suppliers are responsible for delivering their products to our distribution centre themselves, which means we are unable to measure our climate impact from that part of the distribution chain. We need to review how we are working on these issues.

Products are transported from distribution centre to stores by road and to Finland by sea. We make demands of our transporters and do all we can to minimise transport. When it comes to our own brand, we try to optimise the number of products in boxes to reduce the transport of air.

COSMETIC waste

Most of us collect batteries, leftover paint and light bulbs and hand them in to local authority waste collection. Waste that is explosive, flammable, corrosive, infectious or toxic to people and the environment is classed as hazardous waste. Residues from certain types of beauty products are classified as hazardous waste, although few of us are actually aware of this.

Beauty products that must be taken to the municipality's collection point:

- Products in spray bottles, known as aerosols
- Nail lacquer
- Nail lacquer remover
- Hair dye
- Perfume (empty perfume bottles are sorted as glass)
- Hair removal products

The hazardous waste is collected by municipalities at special collection points and different municipalities class different substances as hazardous waste. Some municipalities also take back cosmetic waste such as sun protection products, makeup and shampoo. Some people can find it difficult to find out what the rules are in their own municipality and where the collection point is. We want to make it easier for our customers to do the right thing, and reduce the environmental impact from beauty products at the same time.

We have started a pilot project together with Stockholm Vatten och



Avfall, with the aim of collecting cosmetic waste from our customers in selected stores in Stockholm. In an initial stage, we have chosen to run collections in the stores that we know many people visit or pass by. The stores that collect cosmetic waste today are: Farsta, Flemingatan, Fältöversten, Gallerian, Globen, Hornstull, Högdalen, Kista, Mood, Ringen, Skärholmen and Vällingby. We are investigating the opportunity to introduce similar systems in more stores and more municipalities across Sweden, Norway and Finland.

In Sweden municipalities have a monopoly on collecting consumers' cosmetic waste. KICKS is therefore not allowed to collect cosmetic waste itself and needs to work with the municipalities by acting as a collection point for the municipalities who collect and process the waste. To be able to take back cosmetic waste, KICKS therefore has to get the municipalities on board. This is a challenge as KICKS has stores in almost 90 municipalities.

You can naturally leave your cosmetic waste at a recycling centre. The easiest way is to check with your municipality directly to find out what they take, and where to find your nearest collection point for cosmetic waste.

Social

SOCIAL CONDITIONS AND CODE OF CONDUCT

Target: 100% of KICKS' own suppliers in risk countries have an approved audit cycle.

Outcome 2017: 100%

Most of KICKS' own products are made in the EU but we have six of our own suppliers who make our accessories in China. KICKS is a member of amfori, and has adopted amfori BSCI as our code of conduct. All these suppliers have been audited and have an approved audit cycle.

We also use agents who buy in some of our products. The agents have responsibility for ensuring that the factories follow amfori BSCI's code of conduct. Of the factories under these agents, 88 percent have approved audit cycles. The rest have not carried out third-party audits in the past year but the agents have visited the factories on numerous occasions.

CODE OF BUSINESS ETHICS

Target: 100% of employees have signed KICKS' code of business ethics.

Outcome: 100%

All employees have signed KICKS' code of business ethics. To ensure this, this takes place in conjunction with employment.



WHISTLEBLOWERS

Eleven cases came in and were investigated in 2017, but none of these were serious in nature.

SMUGGLING

We support the Swedish Customs Agency's fight against smuggling and actively distance ourselves from all handling of smuggled goods. We do not tolerate smuggled goods being transported in our means of transport or together with our goods shipments.

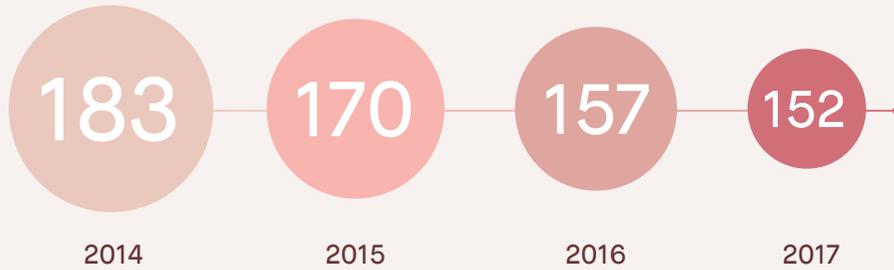
QUIZRR

In 2016 and 2017 we tried out a new way of training suppliers and their employees in China in rights and responsibilities in the workplace. The training is carried out together with QuizRR (Quiz Rights & Responsibilities).



Environment

ENERGY CONSUMPTION



Energy consumption, kWh/m²

This year's reduction of three percent means that we did not achieve our target of an annual reduction of five percent. In 2016, however, we had a reduction of eight percent. We are constantly working to convert and optimise our stores to become more energy-efficient, partly by switching to LED lighting.

Target: Annual reduction of 5%

The above target applies to Sweden and work is in progress to review Norway and Finland.

SUSTAINABLE OFFERING

Target: 5% of sales is our sustainable offering.

Outcome 2017: 2%

We did not attain the target for 2017, which is because the definition of our sustainable offering was reworked and the launch was therefore postponed. In the year ahead we will be focussing on reaching out with the newer and broader definition – Natural Choice.

TRANSPORT



Emissions: GHG CO2e, tonnes

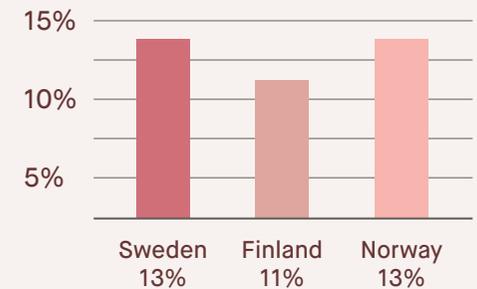
The figures reported are emissions from transport from distribution centre to stores. The increase in emissions is due to higher sales in store and the opening of three flagship stores.

Target: In 2018 KICKS will set targets for CO2e emissions.

BAGS

From 1 September KICKS are charging for bags, with the aim of reducing the use of bags in general. We have not measured the number of bags we give out to customers before but can see that our stores are ordering fewer after the introduction of this policy.

Number of customers buying bags



WASTE

Cosmetic waste from customers is collected in 12 pilot stores in Stockholm.

Target: Start to collect cosmetic waste from customers in more stores in 2018.

1 630 kg

Cosmetic waste collected



KICKS

SUSTAINABILITY REPORT 2017