

# Sustainability Report 2017



## STRATEGY AND ANALYSIS

### G4-1 Statement from the most senior decision-maker of the organisation

# Celebrating our 50th Anniversary

Dear Reader,

I am delighted and proud to present Klopman's 2017 sustainability report, our third edition, arriving in our 50th anniversary year.

Since the company was founded in 1967, it has reinvented itself over the decades but remained consistent in its vision to become the most trusted name in textile production and innovation, providing excellence in quality and customer satisfaction.

Over the years the idea of excellence in textiles for the world at work and beyond has solidified and came to include the responsibility that we, as a business, feel towards our customers, our people and society as a whole.

The balance between economic success, environmental protection and social responsibility has been an integral part of our corporate culture for decades.

In conducting our business, we want to create sustainable value through innovative solutions.

We have embraced what it truly means to be sustainable, as well as the challenges it presents.

This conviction is the foundation on which the strong engagement of our people is built.

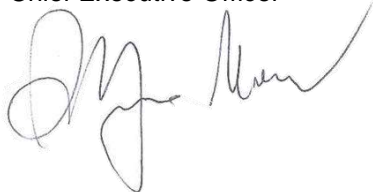
Sustainability is of ever-increasing importance for our stakeholders. Our business partners, customers and suppliers are placing more and more focus on understanding the impact of our processes and products along the value chain.

We continuously align our goals and initiatives with global and national priorities to ensure we are working on the issues which are relevant to our business and to sustainable development.

This year was an exceptional year for successes achieved and this report provides an overview of the efforts made in the past financial year to find valuable solutions for today's challenges and to set a new milestone to ensure continuous future growth.

Our 50th year of excellence is something we are very proud of and we look forward to working with valuable people like you for many more years to come!

Alfonso Marra  
Chief Executive Officer



## ORGANISATIONAL PROFILE

### G4-3 Name of the organisation

Since 1967, KLOPMAN INTERNATIONAL has been committed to producing high-performance fabrics to guarantee protection, comfort and durability to its wearers.

With 50 years of experience, our company has gained a wealth of knowledge and expertise in fabric manufacturing, based on continuous investment into state-of-the-art manufacturing technology, fabric innovation and corporate social responsibility.

Responsible sourcing, occupational health and safety, environmental management, anti-corruption, human rights and other areas are covered by Klopman policies, directives and processes.

We have a long-standing commitment to conducting business responsibly built on trust, transparency and integrity.

Over the years, we have strengthened our responsible business practices, further integrating them into our operations. With a responsible business approach, we aim to be a trusted partner, better manage risks, and respond proactively to issues as they arise.

Our approach is about demonstrating respect and 50 years of success on the market mean a lot for our business, our employees, for society and for the planet.



## G4-4 Primary brands, products and/or services

### Quality and consistency have been the hallmarks for 50 years' success in the market.

Klopman is actively involved in the production process from selection of the raw material through spinning, weaving, dyeing and finishing, to ensure the best quality at every stage. Our goal, supported by our highly experienced team, is to deliver ultimate satisfaction to all our customers at all times.

Klopman fabrics, in over 300 different styles and 500 active colours, can also be custom-developed according to customer requests. They offer durability with outstanding colour performance, even when subjected to industrial laundry processes.

Our range of fabrics are designed for use in the most demanding working environments, offering versatility and fitness for purpose.

They are manufactured to enhance freedom of movement and to offer exceptional protection and durability, as well as safety and comfort to the wearer.

You can choose from poly/cotton fabrics and cotton-rich fabrics with characteristics such as antibacterial, antistatic, flame-retardant and high-visibility for PPE applications. Klopman works with well-known chemical fibre suppliers like Cordura, Lycra, Kermel, Nega-stat, Proban, Sanitized, Teflon and Epic, to make their finishes available on our fabrics and our company one of the world's most respected textile producers. We also offer laminated and softshell solutions into our collection.

We have recently introduced INDIGOSTAR, a completely new collection of poly/cotton denim stretch fabrics.

Most of our fabrics are available in different finishes for customised functionality (crease-resistant, skin-friendly, water-repellent, antibacterial, anti-mosquito or simply brushed fabric) or in denim, striped or cross-dyed.



Our fabric range is divided into three different business units:

Brand / Product / Service	Description
<p><b>WORKWEAR FABRICS</b></p>	<p>Klopman works closely with Europe's largest garment manufacturers and rental laundries; a unique position that allows us to monitor trends and analyse feedback from wearer trials and end-users. Universally recognised for the quality, performance, durability, consistency and colour retention of our fabrics, Klopman also has a well-deserved reputation for innovation and has been responsible for many of the most exciting developments in the world of workwear fabrics.</p> <p>We've developed a new collection of poly/cotton stretch fabrics to meet the specific requirements of medium and heavy industries.</p>
<p><b>PROTECTIVEWEAR FABRICS</b></p>	<p>Keeping people safe in hazardous working situations, in accordance to clients' needs and local weather conditions, is Klopman's mission in the Protectivewear sector.</p> <p>We offer a complete range of Protectivewear products that covers all the following:</p> <ul style="list-style-type: none"> <li>Multifunctional (antistatic, chemical repellent, welding protection, etc)</li> <li>Inherent Flame Retardant fabrics</li> <li>Treated Flame Retardant fabrics</li> <li>Barrier fabrics</li> <li>Antistatic</li> <li>Laminates for foul weather protection</li> <li>High Visibility.</li> </ul>
<p><b>CORPORATEWEAR FABRICS</b></p>	<p>Corporatewear fabrics emphasise comfort and long-lasting performance. From denim to outdoor fabrics, from apparel to casual work fashion, our collection of fabrics is specially developed to meet fashion needs in terms of comfort, elasticity and garment design in line with the highest standards.</p> <p><b>CAREERWEAR &amp; APPAREL FABRICS:</b> guarantee easy care combined with comfort and freedom of movement.</p> <p><b>CASUAL FABRICS:</b> offer comfort, elasticity and garment design flexibility.</p> <p><b>OUTDOOR:</b> to keep the wearer warm and dry</p> <p><b>DENIM:</b> the professional alternative to traditional cotton denim, offering a choice of intense colours.</p> <p>With superior stretch and recover qualities, our stretch fabrics guarantee superb comfort and enhance the wearer's confidence, morale and sense of wellbeing.</p>

## Events

Trade fairs serve as a business and information platform for manufacturers, retailers and designers from around the world and in 2017 Klopman products were displayed at two of the major textile exhibitions.

# techtex

### TECHTEXTIL

Featuring the new K-FLAME XTRA 245 Softshell/Laminate and the new Stretch fabric range, demonstrating Klopman's philosophy of combining comfort and security needs for multiple industries.

Among the various events organised within the fair we like to highlight the fashion contest which featured fashion outfits designed by Accademia Italiana and manufactured with Klopman fabrics; further proof of our company's determination to support young talent.

### A+A TRADE FAIR IN DUSSELDORF



This trade fair is a leading event for personal protection equipment, corporate security and health at work. As well as our full range of new protectivewear with a special focus on new inherent flame-retardant fabrics, we also presented the latest products developed by our R&D Team, Kendurion, Cottontec, Indigostar and the completely new ESD brochure.



## 50<sup>th</sup> CORPORATE ANNIVERSARY

Klopman decided that the A+A Fair would be a perfect opportunity to share the company's success with our major and historical clients and stakeholders, and hosted a party to celebrate the company's golden anniversary.

The 50<sup>th</sup> year milestone was not only a cause of celebration but also an opportunity to strengthen relationships with customers and stakeholders and to increase awareness of the business' long and successful run thanks to their support as well.



### ADIPEC

In November Klopman exhibited at the Abu Dhabi International Petroleum Exhibition and Conference, ADIPEC. It's an international event for the oil and gas industry, which allowed us to display a full range of products with a special focus on Flame-Retardant fabrics and the K-Flame range.

### HOFEX

Klopman participated at the HOFEX 2017 trade fair held in Hong Kong in May. The event is dedicated to the Food & Drink, Hotel, Restaurant & Foodservice equipment sectors. Klopman reserved an exhibitor space in collaboration with a partner to present our range of workwear products.

### BIOT

In December Klopman exhibited in Moscow, Russia, at BIOT fair. This event showcased products like garments, textiles and shoes, personal and collective protective equipment, measurement instruments, fire prevention and fire-fighting equipment and accessories. We promoted our full range of products, with special attention paid to new fabrics such as Kendurion fabrics and the Greenwear product line.

## New products launch

**GREENWEAR:** a completely new approach to sustainability, where long-lasting performances are achieved through more sustainable materials (organic cotton, recycled PES and TENCEL®) while respecting the environment.



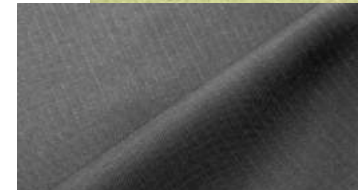
### KENDURION

Kendurion is the new Klopman fabric range developed with a **special dot-print technology** on the surface to protect the wearer from abrasion risks. For even greater worker protection, this completely new product can also feature Klopman's outstanding **Flame-Retardant feature**.



### ESD Fabrics

Our Electrostatic Discharge Protection (ESD) fabrics have been specifically conceived for the automotive and electronic industries, guaranteeing maximum ESD and antistatic protection to the wearer. They meet the industry's toughest requirements both in terms of certification and safety, being compliant to European Standards EN 1149-1, EN 1149-3, IEC 61340-4-9 and EN 61340-5-1.



### COTTONTEC

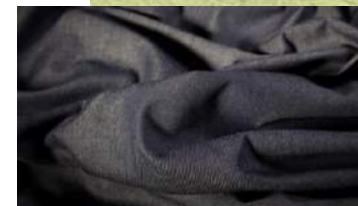
Specifically developed for hot and humid climates, Klopman's 100% cotton fabric range, Cottontec, represents the best choice for all kinds of physically active occupation. This fabric ensures very good shrinkage performance even after repeated washes and excellent colour performance and colour continuity.



### INDIGOSTAR

Indigostar is a completely new collection of poly/cotton mechanical stretch fabrics designed to offer the wearer superb comfort and freedom of movement. These fabrics present a denim look and are based on yarn dyed in warp to guarantee exceptional colour consistency and to enhance their technical performance.

They are all extremely durable and suitable for industrial laundering.



## G4-5 Headquarters



The company has its headquarters in Frosinone, Italy, and has commercial branch offices in Düsseldorf, Lyon, Moscow, Borås (Sweden), Dubai and Bangkok.

Its vast network of sales representatives, agents and distributors in Europe and the rest of the world are a significant component of the company's commitment to continuous growth.



## G4-6 Countries of significant operations

Our organisation is active in 64 countries.

Country	Main operations
<b>Italy</b> 	<p>PREPARATION TO WEAVING - WEAVING - DYEING AND FINISHING - QUALITY CONTROL</p> <p>In Italy, the 70,000 square-metre plant employs 400 people and produces over 42 million metres of fabric every year. It is a technologically advanced manufacturing facility with a continuous-processing operation, from the selection of fibres through to finished product, providing a 100% guarantee of fabric continuity and consistency of performance.</p>
<b>Indonesia</b> 	<p>Klopman Argo International (KAI) is our new production facility located in Jakarta, Indonesia, to supply Asia-Pacific garment producers with fabric made to the highest European quality and technical standards. The company can now serve customers in the region directly and more efficiently, giving guaranteed quality with significant cost savings on logistics.</p> <p>The KAI facility in Jakarta guarantees the same processes, and therefore the same product, as the Italian plant in Frosinone. This is possible thanks to the local replication of machinery, people's training and constant control operations.</p> <p>The plant employs 70 workers and has a production capacity of 15 million metres.</p>

## G4-7 Nature of ownership and legal form

The legal form of the organisation is: Limited Liability Company

Nature of ownership	Share (in %)
TDV INDUSTRIES S.A.	60.00
MANAGEMENT REPRESENTATIVES KLOPMAN INTERNATIONAL S.R.L.	40.00

Klopman International  
Via Armando Vona, 34  
03100 Frosinone  
Italy

Klopman is today the biggest player in the production and commercialisation of technical fabrics for the workwear, protective wear and corporate wear markets. One in three of today's workwear garments in Europe is made of Klopman fabrics, with a total of over 42 million metres produced annually. Klopman's Frosinone plant is one of the most important industrial locations in the Lazio region.

On December 7th 2016, the French textile company TDV Industries was officially named the new owner of Klopman International together with the Italian top management.

TDV Industries established its roots in the 19th and 20th centuries. In 1866 the Coisne and Lambert families formed a partnership and created a textile factory in Armentières in northern France. After 150 years the two families, shareholders of TDV Industries, are still convinced that the worldwide technical textile marketplace has significant growth potential for the European textile industry.

The investment and the professional guidance guaranteed by the Italian managers, coupled with the commitment to invest by the new generations of the French families, are the basis for Klopman's future development. Klopman and TDV Industries maintained their own identities and management and handle their respective brands in complete autonomy.



Thanks to their various complementary strengths, the two companies will develop strategies guaranteed to benefit the personal protective equipment and professional clothing markets with a more complete, flexible and competitive range of products for professional, civil and military clothing. This goal will be achieved by reinforcing the research and development departments and through the combination of the companies' advanced expertise in differing but complementary areas.

The market will also benefit from the efficiency that the collaboration between the companies can bring in terms of purchasing, management of industrial tools, share of know-how and through the development of a multicultural marketing group which will lead the business forward by studying, understanding and interpreting all different customers' needs.

## G4-8 Markets served

Area	Sector(s) served	Types of customers / beneficiaries	Percentage of total sales accounted for by this market
<b>Germany, Austria &amp; Switzerland</b>	Workwear Protectivewear Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	32%
<b>France, Belgium</b>	Workwear Protectivewear Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	24%
<b>Norway, Sweden, Finland, Denmark, Iceland</b>	Workwear Protectivewear Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	13%
<b>UK &amp; Holland</b>	Workwear Protectivewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	9%
<b>Poland &amp; Hungary</b>	Workwear Protectivewear Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	6%
<b>Italy</b>	Workwear Protectivewear, Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	6%
<b>Russia</b>	Workwear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive,	5%

<b>Spain, Portugal</b>	Protectivewear Corporatewear	Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	2%
	Workwear Protectivewear Corporatewear	Garment Manufacturers/Industrial laundries. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	
<b>Middle East</b>	Workwear Protectivewear Corporatewear	Garment Manufacturers. End user sectors: Automotive, Cleaning, Maintenance & Security, Manufacturing Services, Police, Military, Emergency, Road & Rail Services, Oil Gas Chemical & Petrochemical, Utilities & Waste Removal, Construction & Mining, Public Tenders, Transport, Distribution & Delivery, Food Industry, Healthcare, Pharmaceutical, Laboratories & Cleanroom	2%

### G4-9 Scale of the organisation

CRITERIA	VALUES
<b>Number of employees</b>	402
<b>Total number of operations</b>	1
<b>Net sales / revenue (in Euro)</b>	134,985,000
<b>Equity (in Euro)</b>	26,290,000
<b>Number of products / services provided</b>	320

### G4-10 Total number of employees

CATEGORY	NUMBER OF EMPLOYEES
female	43
male	359
<b>Total number of employees</b>	<b>402</b>

All our employees are full-time employed.

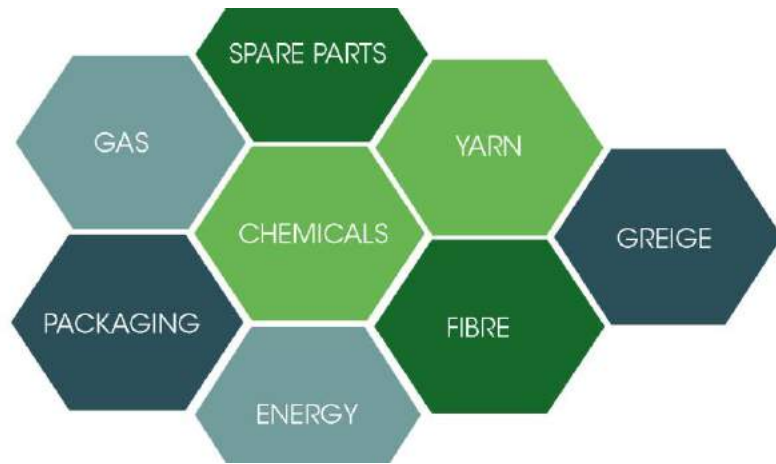
COUNTRY / REGION	OF WHICH ARE FEMALE	OF WHICH ARE MALE	TOTAL NUMBER OF WORKFORCE
Italy	37	346	383
Germany	2	4	6
Sweden	0	3	3
France	2	3	5
UAE	0	1	1
Bangkok	1	1	2
Russia	1	0	1
UK	0	1	1
Spain	0	0	0
<b>Total number of workforce</b>	<b>43</b>	<b>359</b>	<b>402</b>

A substantial portion of the organisation's work is performed by permanent employees. There are no significant seasonal variations in the number of employees.

#### G4-11 Employees covered by collective bargaining agreements

	VALUE
TOTAL NUMBER OF EMPLOYEES	402
TOTAL NUMBER OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	383
<b>PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS</b>	<b>95%</b>

## G4-12 Organisation's supply chain



The company used **a total of 1043 suppliers** in the report period. In the complete supply chain there was an estimated total of 3,500 suppliers in the report period.

Country / region	Number of suppliers	Type
INDONESIA	2	Contractor
INDIA	3	Contractor
THAILAND	1	Contractor
China	1	Contractor
Europe	150	Contractor
Italy	250	Contractor

Klopman maintains an extensive global supply chain consisting of over 1043 suppliers of production materials, chemicals, packaging, supplies, capital equipment and other equipment and services. Maintaining a resilient supply chain in support of Klopman sales and operations depends on our suppliers operating in an ethical manner with respect to human rights, workers' safety and environmental practices. This is enforced through contact terms, purchasing terms & conditions and on-site social compliance visits.

Furthermore, **we make sure our suppliers are aware of our company's Code of Conduct through a qualification questionnaire and insist that the principles are strictly adhered to.** We focus on building strong, long-term relationships characterised by trust and transparency. We are committed to working together with our suppliers on improvements rather than terminating relationships.

Klopman gathers information on their compliance with quality, hygiene, health and safety in workplace standards and their environmental policies, by requiring ISO 9001, ISO 14001 and OHSAS 18001 certifications.



#### G4-14 Addressing of the precautionary principle

All strategic and overarching goals of our sustainability activities are defined by company management. The definition of objectives and implementation of sustainable corporate processes are therefore borne, accompanied and supported by the very highest levels of management within Klopman. Based on the standards defined by management, divisional and departmental heads develop sustainability programmes and submit proposals as to how the company's objectives can be met. Each goal and measure is signed off by the relevant member of management, committing the company to its achievement.

It is implemented in our Code of Conduct, which is intended to establish the basic standards to ensure that executives and employees of the company shall act in accordance with social ethics and in full compliance with the law and in-company regulations.

#### G4-16 Memberships of associations

Our organisation is a member of the associations and interest groups listed here below and membership/participation is of strategic interest:

##### Name of the association

UNINDUSTRIA

UNI ENTE NAZIONALE DI CERTIFICAZIONE

E.T.S.A EUROPEAN TEXTILE ASSOCIATION

EUROCOTON

AIRI

BETTER COTTON INITIATIVE

FAIRTRADE

DIN EUROPEAN STANDARDS COMMITTEE

HOHENSTEIN INSTITUTE

CENTEXBEL

AITEX

STFI

## G4-17 Organisational structure

CLASSIFICATION	NAME OF THE BUSINESS UNIT	LOCATION
OWNERSHIP	TDV INDUSTRIES	France
SUBSIDIARY	Klopman AG	Switzerland
SUBSIDIARY	Klopman GMBH	Germany
BRANCH OFFICE	Klopman Int - Swedish Branch	Sweden
BRANCH OFFICE	Klopman Int. - Thai branch	Thailand
REPRESENTATIVE OFFICE	Moscow repr. office	Russia
BRANCH OFFICE	Klopman Int - Dubai office	UAE

The same business units are included in our consolidated financial statements or equivalent documents and in the sustainability report.

## G4-18 Method for defining report content and differentiation of aspects

Corporate responsibility and the reporting of our corporate responsibility strategies and programmes at Klopman continues to be a work in progress.

While we discuss initiatives and programmes, as well as progress from year to year, we recognise the need to report quantifiable metrics and targets, in particular as they relate to our social performance and economic impact. Using external standards, such as the Global Reporting Initiative (GRI), helps us ask questions within our organisation which are important to improving our performance.

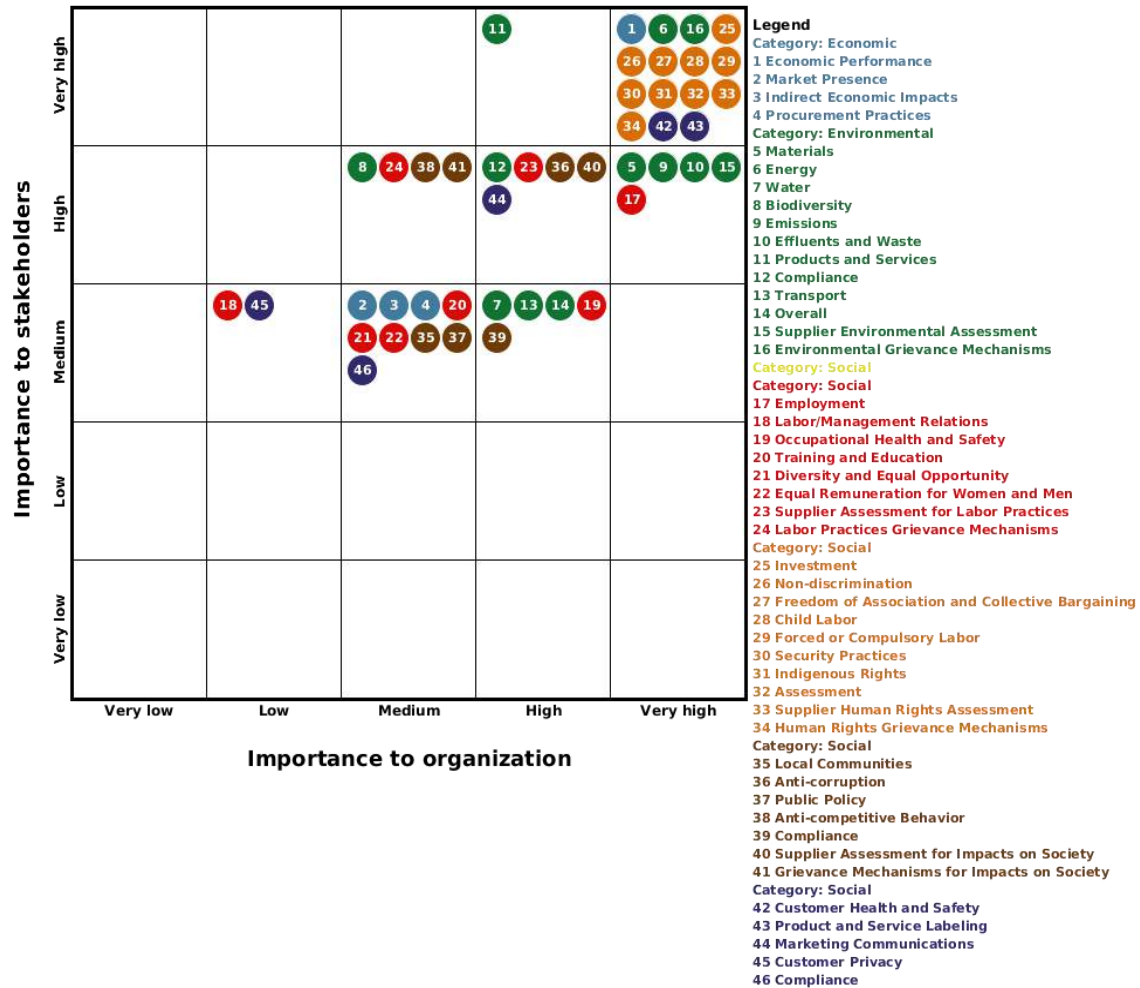
Klopman defines the content of the Sustainability Report by asking company management and stakeholders for their opinions on the different elements to be considered in the report. This enables the company to more thoroughly report on sustainability issues which affect its stakeholders' judgements and decisions.

Our starting point is to report on topics where we have the largest impact. In defining material interests, Klopman identifies its economic, social and environmental impacts and identifies the aspects that have the greatest influence on stakeholder assessment and decisions. The aspects identified as material to Klopman's stakeholders provide the basis for the selection of indicators against which we measure our performance. These aspects form the basis of our sustainability reporting.

The reporting principles for defining content were compiled in close collaboration with internal stakeholders (mid-level and senior executives from Human Resources, Finance, Purchasing and Procurement, Manufacturing, Marketing, Product and Sales departments,



as well as other staff) and feedback from external stakeholders, with which we evaluated topics with regards to their business value, significance to our value chain and relevance to stakeholder expectations. A project to expand and introduce new indicators to support the most material aspects to Klopman's business is planned for the next report.



## G4-20 / G4-21 Material aspects and aspect boundaries within and outside the organisation

We work actively to address human rights across our value chain, including a zero-tolerance approach to bribery and corruption. Our approach to responsible sourcing goes beyond monitoring to engage our suppliers in continuous improvement. We have an inclusive approach to Occupational Health and Safety (OHS), including all persons who are employed by – or working on behalf of - Klopman, i.e. suppliers.

### STAKEHOLDER ENGAGEMENT

#### G4-24 Stakeholder groups engaged

During the reporting period, we continued to engage with all our stakeholders in a two-way dialogue through a host of channels.

#### G4-25 Basis for identification and selection of stakeholders with whom to engage

During the reporting period the organisation's stakeholders were involved in sustainability topics. The identification and selection of stakeholders is made in accordance with the following principles and procedures:

- **Internal stakeholders:** The CEO and management are the driving force associated with subject sustainability. During the discussion about the material aspects and indicators, additional employees were involved gradually into the process.
- **External stakeholders:** Customers and suppliers through on-site audits, surveys and feedback in general.

#### G4-26 Approach for stakeholder engagement

Our stakeholder engagement aims to create meaningful dialogue and build relationships which can help achieve shared goals. Several employees from management, human resources, accounting, manufacturing and sales areas have been involved in the preparation of this report.

### REPORT PROFILE

#### G4-28 Reporting period

The information shown in the report covers the fiscal year from Apr 1, 2017 to Mar 31, 2018.

#### G4-29 Date of most recent previous report

The last sustainability report was released in the year 2017, related to the fiscal year 2016-2017.

#### G4-30 Reporting cycle

Our report is published at periods of one year.

## G4-31 Contact point for questions regarding the report or its contents

Title	Full name	Department	E-mail
Product Manager	Elke Bissdorf	Product Management	elke_bissdorf@klopman.com
Human Resources	Stefano Zigliara	Human Resources	stefano_zigliara@klopman.com
Sales Director	Amaury Sartorius	Sales	amaury_sartorius@klopman.com
Sales Director	Holger Beule	Sales	holger_beule@klopman.com
Purchasing & Procurement Manager	Manlio Ferragni	Purchasing & Procurement	manlio_ferragni@klopman.com
Manufacturing Director	Alfonso Verdoliva	Manufacturing Director	alfonso_verdoliva@klopman.com
Financial Manager	Giampaolo Rossi	Administration and Finance	giampaolo_rossi@klopman.com

For questions in general regarding the report and contents you may contact:

Mrs Giovanna Caprara

CSR Assistant

[giovanna\\_caprara@klopman.com](mailto:giovanna_caprara@klopman.com)

tel. +39.0775.298564

## GOVERNANCE

### G4-34 Governance structure

Our organisation has the following governing bodies and committees in the governance structure; Klopman's corporate governance structure is based on a traditional model.

- The Board of Directors, comprising 6 members
- The Board of Statutory Auditors
- The Surveillance Body according to Law 231.

The Board of Directors is responsible for management oversight and important decision-making concerning the company's management.

## ETHICS AND INTEGRITY

### G4-56 Codes of conduct and codes of ethics

Our organisation follows a set of written values, principles and standards of conduct and norms (e.g. codes of conduct and codes of ethics).

Value/principle/standard of conduct and norm	Name	Description
Standard of conduct and norm	Contract of employment	Employment contracts are designed by national legal directives and Human Resources
Value	Code of conduct	Developed and implemented by Klopman's executives
Value	Code of ethics	Developed and implemented by Klopman's executives

Our commitment to be ethical throughout our operations is firmly rooted in our corporate values.

Being ethical is about doing the right thing. This means respecting human rights, taking a clear position against corruption and embracing diversity and inclusion.

It also means, of course, respecting laws and regulations wherever we operate and paying taxes accordingly.

We interact with millions of people across various countries and cultures. Whether you are a customer, colleague, business partner or any other stakeholder, we believe that mutual respect, integrity, transparency and honesty are essential to our business.

There are regular training courses in terms of values, principles and standards of conduct and norms for members of the governance board and our employees. New stakeholders are required to read and sign our principles, standards of conduct and norms. This includes members of the governance board, our employees and business partners. The Chief Executive Officer is the person responsible for the values, principles and standards of conduct and norms.

The **Code of Conduct** has been developed to define the key labour standards that Klopman is committed to respecting in our workplace. Our employees understand that complying with this policy is no less important than meeting our existing high-quality standards in terms of product and service.

During 2017, a review of the Code of Conduct was initiated to assess the needs for updates and improvements, for example in light of the increased focus on modern slavery and human trafficking.



Klopman has also developed the **Code of Ethics**, approved by the Governance Board, and distributed to all of our workers. This document outlines the mission and values of our business, how we are supposed to approach problems and ethical principles based on the organisation's core values.

## ECONOMIC

### G4-DMA Disclosures on Management Approach “Economic”

As a major textile producer, Klopman believes it is important to take responsibility for our actions. Our customers have always demanded high standards from us when it comes to products and services and, quite rightly, they expect high standards in terms of corporate social responsibility and trust us to work ethically.

We aim to pioneer new solutions for sustainable development while continuing to shape our business responsibly and increasing our economic success.

We believe that a responsible approach to business contributes to our commercial success in the marketplace.

Responsible business practice is about making money in a way that minimises negative impact and maximises the positive benefits of our business on people and the planet.

Our commitment to leadership in sustainability is embedded in our values: maintaining a balance between economic success, protection of the environment and social responsibility has been fundamental to our corporate culture for decades.

This approach applies to every business function and our employees, all over the world, have embraced the principles of sustainable development in their daily work, and think and act accordingly.

We see excellent economic performance and sustainable management growth as an investment in our future capability.

### Economic Performance

#### G4-EC2 Chances and risks due to climate change

Climate change is one of the major challenges of our time. We believe that we all have a responsibility to meet climate challenges. So, we want to be as climate smart as possible – for example, by optimising energy efficiency and reducing air extraction and fugitive emissions.

In doing so, we expect to reduce our emissions, despite our continued growth.

Our organisation is a typically energy-intensive one subject to special CO<sub>2</sub> regulations with statutory emission limits.

Because of climate change, we are indirectly affected by higher energy and raw material costs and increased requirements for energy management. We have an internal energy management system working to continuously improve our CO<sub>2</sub> strategy.

Any possible consequences of climate change are fully covered by insurance.

The opportunities and risks of climate change for our organisation have been estimated and the risk to our organisation from natural disaster arising from climate change is average.

Cause	Type	Description
Physical	Risk	Earthquake
		Flooding
		Fires
		Scarcity of water
Regulatory	Risk	Compliance with laws
		Reporting obligations

### Procurement Practices

#### G4-EC9 Spending on local suppliers

Our organisation does not have a policy that favours locally based suppliers but, although there is no stated company policy to do so, we currently give preference to locally based suppliers when possible and appropriate.

## CATEGORY: ENVIRONMENTAL

### G4-DMA Disclosures on Management Approach EN (Environment)

No longer can the success and competitiveness of a company be defined purely by growth and productivity. Dealing responsibly with people and the environment has become a key factor in doing business successfully. We have learned how important it is to make it clear and transparent to any interested audience that we take our corporate responsibility seriously.

Klopman carries out all its activities in compliance with strict environmental criteria in accordance with the principles set out in its environmental policy. Day by day, we look at our manufacturing practices, product life cycle and supply chain to assess our net impacts and what we can do to reduce them. This has led us to seek even greater efficiencies and develop entirely new technologies to avoid using harmful materials altogether. Our approach is to integrate environmental strategy into core operations. For this reason, we focus our efforts on the continuous improvement of the environmental performance of our operations, developing products with a positive environmental record, and working with our customers to ensure that these benefits are communicated to the end user.

Such commitment and attention to detail has helped our manufacturing facilities to obtain the ISO 14001 certification — the highest global standard for environmental responsibility. **Klopman also recently obtained the maximum level of the STeP - Sustainable Textile Production certification.**



## Using natural resources efficiently and minimising waste is Klopman's everyday commitment.



### Clean Energy

We produce 70% of our total electrical needs (4MW) through a technology known as cogeneration. This technique utilises the steam from our manufacturing process that would otherwise have been wasted. It is also a highly efficient means of generating heat and electrical power from the same energy source at the same time.

Reduction of electricity	4.2 MW = 70% of our total need
Steam	36.4 tons/h at 50 Atm
Biological wastewater treatment	43,700 m <sup>3</sup> /week



### Clean Air

Advanced air extraction systems are installed throughout our plant to constantly filter and purify the air that is expelled. This ensures that no potentially harmful substances are released into the outside environment. This system generates a reduction of CO<sub>2</sub> of 1588 tons/year.



### Clean Water

Programme for biological wastewater treatment is at 48000 m<sup>3</sup>/week.



### Minimising waste

All liquid by-products used in the manufacturing process are neutralised before being discharged into our own on-site effluent treatment plant. Clean water is recycled to reduce wastage wherever possible. Our continuous dye-range uses state-of-the-art technology, which ensures lower energy consumption and less waste of dyestuff.



### Reducing greenhouse emissions

Directive 2003/87/EC sets limits of greenhouse gas emissions for companies operating in the EU, but is actually performing far more effectively than required.

The CO<sub>2</sub> emission limit set for Klopman is around 0.9 kg per metre of fabric).

Emissions produced during 2017 were 40,225 tonnes/year = 1.0 kg/m.



### Environmentally friendly packaging

Klopman uses various mixes of packaging: plastic, cardboard and wood (crates).

All packaging with mixed materials is completely recycled. To strengthen our sustainability practices, we have also decided to use certified FSC paper to ensure paper is coming from a responsible source and that responsible forestry practices are taking place.

Energy Saving	CO <sub>2</sub> reduction/year (kg/co <sub>2</sub> )
Raw Water Management	511,000
Wastewater piping	60,854
Adoption of inverter technology	618,175
Compressed air circuit	750,000
Heat recovery	599,459

## Energy

### G4-EN3 Energy consumption within the organisation

In the reporting period, energy has been purchased, produced and sold.

Energy source	Energy (GJ)
<b>Non-renewable energy sources</b>	
Natural gas	753,580.80
<b>Total direct energy consumption</b>	<b>753,580.80</b>

### Total amount of indirect energy consumption differentiated by indirect renewable and indirect non-renewable energy sources in Gigajoule (GJ)

Energy source	Energy (GJ)
<b>Non-renewable energy sources</b>	
Electricity	36,789.75
<b>Total indirect energy consumption</b>	<b>36,789.75</b>

**Total amount of self-generated energy broken down by renewable and non-renewable energy source**

Energy source	Energy (GJ)
<b>Non-renewable energy sources</b>	
Electricity	59,113.89
<b>Total energy produced</b>	<b>59,113.89</b>

**Total amount of energy sold broken down by energy source**

Energy source	Energy (GJ)
<b>Non-renewable energy sources</b>	
Electricity	164.16
<b>Total energy sold</b>	<b>164.16</b>

**Total amount of energy consumption within the organisation broken down by non-renewable energy source**

Energy type	Total (GJ)	of which non-renewable (GJ)
Purchased	790,370.55	790,370.55
Produced	59,113.89	59,113.89
Sold	164.16	164.16
<b>Total energy consumption within the organisation</b>	<b>849,320.28</b>	<b>849,320.28</b>

**G4-EN6 Reduction of energy consumption**

**Initiatives to reduce energy consumption**

Initiative	Reduction (in GJ)	Types of energy affected	Base year / reference size	Standards, methods and assumptions
New chiller Replaced to gain more efficiency at plant	1,388.00	Electricity	Year	Cooling frequency control
Reduction of sludge volume Wastewater treatment	48.00	Reduction is expressed in tons	Year	Waste reduction
Thermal energy recovery	23,918.00	Thermal energy	Year	Recovery of thermal energy from wastewater during dyeing process

**Reduction and optimisation**

Dyeing department

Power station thermal recovery from wastewater treatment (prep. to dyeing dept.)	6,280.00	Thermal energy	Year	Recovery of thermal energy from prep. to dyeing wastewater to reduce gas consumption necessary for steam production
New air compressor installation with inverter system CTE	1,260.00	Electricity	Year	Power reduction
PROBAN process optimisation	38.00	Electricity	Year	Power reduction
2 <sup>nd</sup> generation server virtualisation & consolidation	220	Electricity	Year	Power reduction within our IT area
Centralisation and digitalisation of the corporate printing system by introducing multifunctional machines	20	Electricity	Year	Power reduction, maintenance cost reduction, reduced paper consumption

The most important initiative and investment to further reduce energy consumption within the production facility is the installation of a **new co-generation plant**.

## A “powerful” investment in sustainability

The replacement of the existing thermoelectric plant presents Klopman with a valuable opportunity to renew and strengthen its commitment to lower energy consumption, higher efficiency for the production facility, reduction of CO<sub>2</sub> emissions and effective climate change mitigation.



As a process for producing both heat and power, cogeneration is one of the cleaner and most innovative options available, achieving high efficiency by using one fuel to generate two types of energy. The installation of the new cogeneration plant will start in the second half of 2018 with completion estimated 6-12 months later.

“Our energy strategy is moving towards a more sustainable approach,” says Alfonso Marra, CEO of Klopman. “Attention to the environment is one of our distinctive characteristics, visible throughout the production process. With the new power plant, even the production of energy will meet the most advanced criteria of efficiency and environmental sustainability, a mark of respect for the territory that hosts us.”

## Water

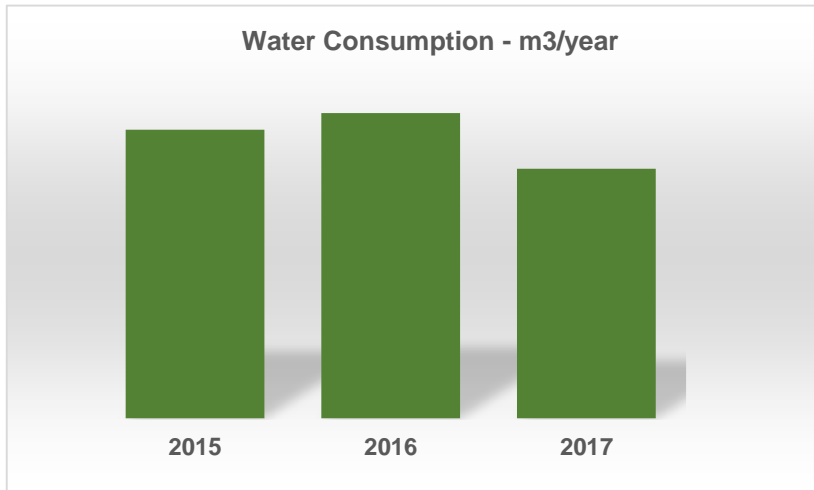
### G4-EN8 Total water withdrawal

Water is an important resource in textile production and therefore responsible water management is vital for the future of communities, the environment and a sustainable business.

Source	Water usage (in m <sup>3</sup> )
Surface water	1,674,918.00
<b>Total of all water sources</b>	<b>1,674,918.00</b>

The values shown above are based on measurements linked to the Foxboro System.

In line with our commitment to use natural resources responsibly, we can state that we have achieved a great goal as, despite the increase in production volumes, water consumption has been reduced.



## G4-EN10 Volume of recycled and reused water

Our organisation's processes service water and wastewater through a further cycle before its final treatment or before it is redirected back into the environment.

Name of water source	Type of water recycling or reuse	Volume of water recycled and reused m <sup>3</sup>	Measuring method	Used measuring standards and assumptions
<b>Cold water recovery</b>	Wastewater recycled and reused in a different process, but within the same facility	243,936.00	Estimation	Foxboro system
<b>Hot water recovery</b>	Wastewater recycled into the same process or another part of the process cycle	212,960.00	Water meter	Foxboro system
<b>Total of water reused</b>		<b>456,896.00</b>		

	Value
Sum of the reused water (in m <sup>3</sup> )	456,896.00
Percentage of the total water withdrawal	27%

## Emissions

### G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)

#### Scope 1 CO<sub>2</sub>e emissions

Emission source	t CO <sub>2</sub> e	Percentage (%)
<i>Stationary combustion</i>	3,374.71	100.0%
<b>Total</b>	<b>3,374.71</b>	<b>100.0%</b>

#### Methods of data collection of direct CO<sub>2</sub>e emissions (Scope 1)

Emission source	Methodologies for data acquisition
Stationary combustion	Calculation based on site-specific data

## G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Our organisation calculates the entire Scope 2 CO<sub>2</sub> emissions with 360report. The emission factors of 360report are mainly the emission factors of DEFRA (Department for Environment, Food and Rural Affairs), but also of GEMIS (Global Emission model integrated systems) and the IFEU Institute.

Results of the input or calculated Scope 2 CO<sub>2</sub> emissions are shown here.

Emission source	t CO <sub>2</sub> e	Percentage (%)
Electricity	0.00	0.00%
District heating	4,091.14	100.00%
<b>Total</b>	<b>4,091.14</b>	<b>100.00%</b>

Emission source	Method of data collection
Electricity	Calculation based on site-specific data
District heating	Calculation based on site-specific data

### Reporting period

The data shown in the CO<sub>2</sub> balance and corresponding indicators refer to the period from Jan 1, 2017 to Dec 31, 2017. Please note that the calculation of the CO<sub>2</sub> as per our legal regulation is based on the solar year and not the fiscal year.

## Effluents and Waste

### G4-EN22 Water discharge

Our organisation produces wastewater discharges, which are shown in the table below.

Location	Volume (in m <sup>3</sup> )	Treatment	Destination	Method of volume estimation	Reuse by another organisation
Wastewater discharges	1,740,677.00	Complete treatment in its own sewage treatment plant	Container collected and disposed of by a specialist company	Measurement	No
<b>Total of all wastewater discharges</b>	<b>1,740,677.00</b>				

Location	Wastewater parameter	Value	Unit
Frosinone	BOD (biochemical oxygen demand)	40.00	mg / l

#### G4-EN23 Waste

Waste type	Amount (in t)	Method of disposal	Information on method of disposal
Industrial waste	277.40	Recovery (including energy recovery)	Information provided by the waste disposal contractor
Packaging waste	37.00	Recycling	Information provided by the waste disposal contractor
Paper / cardboard	163.00	Recycling	Information provided by the waste disposal contractor
Sewage sludge	2,516.00	Recovery (including energy recovery)	Information provided by the waste disposal contractor
Waste oil	1.00	Reuse	Information provided by the waste disposal contractor
Metals	5.00	Reuse	Information provided by the waste disposal contractor
Wood	28.00	Recycling	Information provided by the waste disposal contractor
Construction waste	1.00	Recovery (including energy recovery)	Information provided by the waste disposal contractor
Wastes from the leather, fur and textile industries (WCN 04)	8.70	Recovery (including energy recovery)	Information provided by the waste disposal contractor
Packaging waste, absorbents, wiping cloths, filter materials and protective clothing (WCN 15)	0.90	Recovery (including energy recovery)	Information provided by the waste disposal contractor
<b>Total of non-hazardous waste</b>	<b>3,038.00</b>		

To date, the company diverts 99% of all of the company's waste away from landfill and to places where it could be recovered, reused or recycled.

## Products and Services

### G4-EN28 Impacts of products and services

We're more committed than ever to producing fabrics that last. Designing and producing clothes of higher quality is the first rule that a fabric producer should keep in mind. It's the first and most important way to be sustainable. Extending product lifespans, especially in the workwear industry, is mandatory: the more times a garment can be worn means less production and less consumption.

More durable fabrics  
=  
Less production  
=  
Environmental friendly

### Environmentally friendly packaging

Klopman uses various mixes of packaging materials: plastic, cardboard, paper and wood of which 100% is totally recyclable.

For Klopman packaging matters and paper is a valuable resource. All Klopman paper and cardboard packaging are recyclable because it helps to preserve forests, conserving resources and generating less pollution during the manufacturing process and also reducing solid waste. To strengthen our sustainability practice we have also decided to use certified FSC paper to ensure paper is coming from a responsible source and that forestry practices are taking place.

## Transport

### G4-EN30 Environmental impacts of transport



Reducing our emissions is an important goal within our transport and logistics concept. We focus on expanding intermodal transport, on improving our warehouse network and on transportation optimization (consolidated shipments).

Within our company goals we estimate to change in the short/mid-term our car policy enabling our managers entitled to a company car to order vehicles with an electric drive.

## Overall

### G4-EN31 Environmental protection expenditures and investments

Our major investment in this regard is the installation of a new co-generation power station (For details see G4-EN6 Reduction of energy consumption).

## CATEGORY: SOCIAL

### SUBCATEGORY: LABOUR PRACTICES AND DECENT WORK

#### G4-DMA Disclosures on Management Approach “LA (Labour Practices and Decent Work)”

Our products are manufactured by people, used by people, and serve people within their daily duties.

That is why human rights are important to Klopman.

A safe and healthy workplace means caring not only for our employees but also for our customers and shareholders, as wellbeing at work leads to increased performance, higher productivity and stronger employee engagement.

At Klopman we make sure that our activities are in line with our Code of Conduct, based on the declaration of the ILO convention.

We respect and recognise the unique role of each employee and his/her contribution to the success of the company. All colleagues - regardless of their position, nationality, gender, age - are treated and supported equally by the executives.

For our employees:

- We offer training and career development opportunities
- We have an efficient communications, information and co-determination system
- We pay appropriate salaries and wages
- We provide safe and hygienic working environments for all staff, with adequate ventilation, lighting, and temperature control.

Our people are the key to our success, and our achievements are a result of their engagement and commitment. Offering good working conditions and keeping our people safe, healthy and engaged is always a top priority.

#### Helping people achieve their potential is one of our HR goals.

Within this philosophy, our company has been working for more than a year **on competency model development and implementation.**

A more complete way of approaching this is to link individual performance to the goals of the business. To do this, our company will use 'competencies.' These are the integrated knowledge, skills, judgement and attributes that people need to perform a job effectively.



This path has continued through competency lab sessions.

Having a defined set of competencies for each role in our business shows workers the kind of behaviours the organisation values, and which it requires to help achieve its objectives.

Not only can team members work more effectively and achieve their potential, but there are many business benefits to be had from linking personal performance with corporate goals and values.

### Investing in the professional values of our employees

Klopman Together is a language, a point of view and a way of making things, conceived to achieve our common goals and to compete for the future.

It is an advanced and innovative system to improve the way we manage our people, and the way our people manage their work and their careers.

It is called Competency Model; a system created to nurture everyone's talents, enhancing technical skills and individual capabilities, with the aim of helping all our people – and Klopman as a whole – achieve their maximum potential.



### New campaign - Klopman for its people

In view of our renewed social commitment, we launched the campaign to offer to every one of our employees the opportunity to become personally engaged in social activities or personal growth.

The most voted-for initiative was the one relating to English language courses at basic and advanced levels.

The language lessons are in progress and are held after working hours, compatibly with workers' shifts.



### Internal Communication

Our internal communication has been improved with the aim of reinforcing employees' feeling of belonging.

This has been possible through:

- a stronger sharing of objectives
- communication activities to sustain the importance of our people inside the company
- communicating the company's 50 years in business.



Internal communication has been further improved thanks to:

- new TV/interactive screens installed in common areas of the company (entrance + canteen + entrance hall) to communicate events, news and more to all employees
- communication of the introduction of the Klopman Competency Model with a leaflet to be given to each employee, containing the following information: values and company vision, an explanation of the Competency Model and the display of roll-up banner placed inside Klopman Frosinone plant
- press releases and news shared on the company bulletin boards to keep our employees informed about the company's latest activities and initiatives
- social activity (called *Klopman per il sociale*): employees voted from various social initiatives, choosing the English course organised by the company. Dedicated communication material has been created for that.

## Employment

### G4-LA1 Employee overview and development

Our people are central to our business. Ensuring that our people can thrive and succeed at work is vital to our business success because it motivates all of us to work together to deliver the best service to our customers. Our people are proud of our culture of total dedication to customer service, continuous improvement and the highest quality and performance. This is demonstrated by our high level of staff loyalty and the continuous transfer of skills and technical expertise across generations of Klopman employees. It makes straightforward business sense that we will grow as a company by growing our people.

Numbers on our employees are shown in the paragraph "G4-10 Total number of employees".

### G4-LA2 Benefits provided

Klopman provides to its employees the following company benefits:

- Sunday night and public holiday surcharges
- Health insurance and accident insurance
- Employees receive monthly financial support for the purchase of one daily meal
- Additionally, an annual bonus equal to one month's salary is paid as well as a production premium.
- Employees who travel abroad receive travel reimbursements through the filling out of expense notes



- Partnerships for discounts for special rates related to health insurance, car insurance, banks, shops, pharmacy.
- Production workers receive work clothes and their personal protective equipment. Our people showed great pleasure when receiving their new uniforms, not only for the innovative design and comfort for the wearer, but also for the sense of belonging that a corporate uniform can inspire. The new uniforms were manufactured with Klopman's "mechanical" comfort stretch fabrics Showstar and Starlight.

#### G4-LA3 Parental leave

As per our country's legislation, our employees can take parental leave and return to work to the same or a comparable position.

#### Occupational Health and Safety

#### G4-LA5 Total workforce represented in formal joint management-worker health and safety committees

The commitment to making health and safety an integral part of daily operations is strong across all management levels.

We measure the success of our initiatives by H&S audits, surveys, H&S inspections and the frequency and severity of any injuries sustained to our workforce.

Preventative and early intervention measures to manage safety risk are in place and closely monitored.

#### New safety video

In addition to having appointed a Health & Safety Committee at facility level, this year we have developed a safety video addressed to our workers and employees as well as every visitor who enters a Klopman facility.

Before walking into the plant, the visitor is registered and invited to view the three-minute safety video and sign their acknowledgement of our safety procedures.



## G4-LA6 Injuries, occupational diseases, lost days and absenteeism

Criterion	Number of female	Number of male	Total
Theoretical number of hours	40	40	80
Lost hours		1,192	1,192
<b>Illness-related absenteeism</b>			
Hours lost due to sickness	3943.10	27838.67	31781.77
<b>Reportable accidents</b>			
Number of reportable accidents	0	8	8
Number of lost days per reportable accident		149.0	149.0

The type of injuries reported refer to first aid intervention such as bruises and minor traumas.

## G4-LA8 Agreements with trade unions covered health and safety

Our organisation has formal agreements with trade unions concerning safety and health at the workplace.

Workers are screened on a regular basis according to our national laws.

## Supplier Assessment for Labour Practices

### G4-LA14 Suppliers that were screened for impacts on labour practices criteria

We work actively to address human rights across our value chain; our zero-tolerance approach against bribery and corruption is applicable to our value chain.

Our approach to responsible sourcing goes beyond monitoring to engage our suppliers in continuous improvement.

Ensuring our suppliers meet high social, ethical, human rights and environmental standards is a fundamental part of our responsible business approach.

Our major suppliers are screened through a supplier practice questionnaire in order to determine if their behaviours are in line with our company Code of Conduct.

## HUMAN RIGHTS

### G4-DMA Disclosures on Management Approach “HR (Human Rights)”

Human rights obligation is particularly evident in our management approach.

In our code of conduct, based on the rights of the ILO Declaration on the Fundamental Principles and Rights, we commit ourselves to respect human rights in all our actions and activities.

Klopman upholds and promotes human rights in every context in which it operates, by creating equal opportunities for its people and fair treatment for all - regardless of race, nationality, political creed, religion, gender, age, minority status, disability, and sexual orientation, personal or social condition – and always respecting the dignity of each individual and each employee. This promise is outlined in our Code of Ethics.

Klopman offers equal opportunities, ensuring fair treatment on the basis of individual expertise and abilities and hiring people under legal employment contracts, mainly on an open-ended basis, in accordance with laws, national labour agreements, company agreements and current regulations.

Our workers are free to join trade unions and sees that our relationships with the unions are cooperative and friendly, and workers may report their opinions to Human Resources directly or via delegates.

Klopman does not allow and does not tolerate employment situations that violate current regulations on child, women's and immigrant labour. This also applies to our external contractors, suppliers and business partners.

### G4-HR2 Training on aspects of human rights

The main vehicle to ensure that all workers and employees are fully aware of the standards and principles on human rights and fully understand the code of conduct is training programmes.

The implementation of the training hours on this subject is one of the goals set on a short to mid-term basis.

### Freedom of Association and Collective Bargaining

#### G4-HR4 Freedom of association and collective bargaining

In our organisation, there are no business or supplier locations in which the right of workers to freedom of association and collective bargaining is violated or could be significantly compromised.

## **Child Labour**

### **G4-HR5 Risk of child labour**

In our organisation, there are no business locations or suppliers which are considered risky with regard to child labour and youth work.

## **Forced or Compulsory Labour**

### **G4-HR6 Risk of forced and compulsory labour**

Within our organisation, there are no business locations or suppliers with a significant risk for incidents of forced or compulsory labour.

### **G4-HR7 Security personnel trained in the human rights aspects**

In our organisation, there are no directly hired security staff. However, third parties who provide us with security personnel are trained in the matter of human rights.

### **G4-HR9 Examination of the business locations for compliance with human rights**

Klopman's headquarters in Italy is examined with regard to human rights and potential impacts.

We have adopted various measures to avoid impacts on human rights.

As a company with employees from different nationalities, there are neither cultural nor language barriers. All employees at Klopman are supported, challenged and treated equally. Our training concepts are provided to the entire workforce.

In this context Klopman's employees agree in their employment contract to respect each country's local tradition. This includes avoiding any interference in political and religious affairs of the host countries. Our aim is to make sure that neither the host nor the home country nor Klopman are depicted negatively.

## Supplier Human Rights Assessment

### G4-HR10 Suppliers that were screened for impacts on human rights

We have high expectations of our suppliers in terms of quality, price, lead times and sustainability.

That said, creating a sustainable supply chain starts with us. We have developed advanced systems for managing our supply chain and helping suppliers to improve their performance. And we continue to advance them further every day. We need to choose the right partners from the start and know exactly where and under what conditions production takes place. Throughout a partnership, we must enable, promote and reward constant improvement. However, achieving 100% compliance with all our requirements amongst all our suppliers is a challenge. Major challenges are health and safety, excessive overtime, wages, freedom of association and industrial relations.

We are working to embed our sustainability principles in all of our procurement processes and to extend them as far “upstream” in our supply chain as possible.

## Human Rights Governance Mechanisms

### G4-HR12 Formal complaints procedure in relation to human rights impacts

Our organisation provides the opportunity for formal complaint procedures in relation to human rights impact. In the period under review, no formal complaints relating to human rights were submitted, addressed or resolved.

## SOCIETY

### G4-DMA Disclosures on Management Approach “SO (Society)”

Social commitment is firmly anchored in our corporate identity.

This open and participatory strategy aims to establish relationships based on trust and collaboration that integrate the company into the social, environmental and institutional network of the local territories where projects/programmes are implemented through collaboration agreements.

Projects and programmes carried out in 2017 include actions geared towards promoting sustainability, supporting local and regional communities, and contributing to cultural and educational projects.

## Local Communities

### G4-SO1 Engagement with local communities

In 2017, we have undertaken actions designed to promote sustainability to support local and regional communities, and to contribute to cultural and educational projects.

Within the educational scope, Klopman has sustained several projects:

- Opened our doors to over 10 schools visiting our company facilities, of which the most important was the University of Cassino.
- Co-sponsors of the annual exhibition organised by the local music conservatory, involving more than 300 students coming from all over Italy
- Actively involved in the Alternation Project between school and work
- Donations to local institutions have been made to promote innovation and sustain scholarships
- Charity donation to the Foundation Telethon to support research on genetic diseases.

**Within the scope of social commitment, major activities were concentrated in conjunction with the celebration of our Golden Anniversary.**

Corporate anniversaries are an excellent opportunity to remind and revise the vision of the company. They also represent a chance to thank the people involved in the success and to celebrate the milestone with them.

*A big event was held at Klopman headquarters in Frosinone on December the 16th.*

Our employees and their families enjoyed plant guided tours, street artists, an area for kids and special activities to celebrate the joy of Christmas and the company's 50th anniversary.

## A great day with our big family to support important initiatives as well.

One of the major initiatives was fundraising for an important non-profit organisation, "Andrea Tudisco".

It operates with the aim of protecting the right to health of children who, not supported by the structures of their city of residence, need to be treated in specialised departments of Roman hospitals.



The charity association offers free hospitality and assistance to children with serious illnesses and to their families, allowing the child to "live and fight" illness and discomfort through the reception and love of their family and a community.

The Andrea Tudisco Association has been recognised at national level by the Ministry of Labour and Social Policies for carrying out activities of evident social value.

The Association believes that having the opportunity to enjoy a home environment and the continuity of affective relationships is part of the therapeutic path: feeling at home is an effective way to have the energy to fight the disease.

During our family day they promoted their values by organising events to entertain the children attending the party, as well as other activities aimed at raising awareness regarding children's health.

Overall, we collected €2000, which our Chairman, as evidence of his strong commitment to social responsibility and the best practices of good corporate governance, decided would be tripled before donation.

This event has allowed us to honour 10 employees whose unwavering support, energetic spirit and trustworthy guidance helped us reach this milestone.



## A special stamp to celebrate our 50-year anniversary

To commemorate extraordinary events, Poste Italiane operates Temporary Philatelic Services with special stamps.

The special stamp illustrates the theme of the event; after the period of normal use (60 days), the stamp becomes part of the historical postal collection and is kept in the Historical Museum of Poste and Telecomunicazioni.

Klopman couldn't miss the opportunity to mark such an important milestone with the issue of a dedicated special stamp linked to the creation of personalised postcards.

The folder containing the postcards and the stamp could be purchased directly on site during the celebration on December 16<sup>th</sup>. These are exclusive products, which gain value as time goes on.



## International sponsored events



### E.T.S.A. Conference June 2017

The ETSA 2017 Members' Conference took place in Paris from the 14<sup>th</sup> to the 16<sup>th</sup> of June.

The theme of the conference was "Innovation and Disruption" and Klopman CEO Alfonso Marra gave a speech on circular economy during the final discussion.

For this event Klopman and TDV Industries sponsored the Gala Dinner.



This award celebrates organisations that address a social or environmental need while reinvesting profit or surplus from trade to achieve their social missions. The award also recognises those achieving the greatest impact while demonstrating excellence in all aspects of enterprise – from innovation, staff engagement and customer focus to growth, leadership and financial performance.

Klopman was one of the three finalists in the category Best Corporate Social Responsibility

## PRODUCT RESPONSIBILITY

### G4-DMA Disclosures on Management Approach “PR (Product Responsibility)”

Klopman products are intended to help reduce energy and resource consumption, promote recycling, and prevent global warming. Our commitment to fabric performance and continuous development in advanced technologies, together with our respect for the environment, run through all aspects of our manufacturing process - from fibre selection, weaving and dyeing through to our finishing.

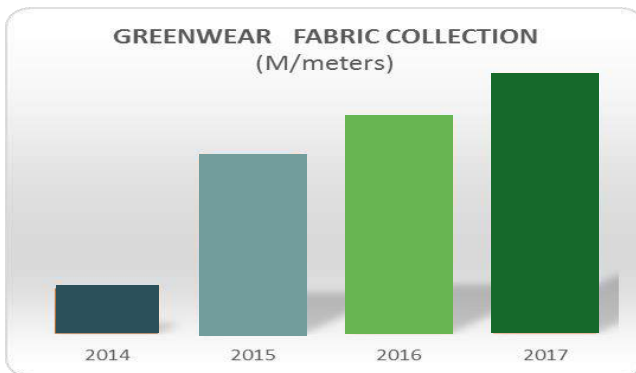
The best way to be sustainable is to produce products that last. A product that lasts is a product that doesn't need to be discarded and that does not need to be replaced so many times.

Our R&D department and our production engineers constantly work towards alternatives for existing raw materials, waste reduction, reduction of energy use and renewable energies.

Quality and safety are the main features of Klopman products, as we are constantly looking for ways to make our products more sustainable.

We aspire to be a company that contributes to society through the advanced fabrics we develop.

While focusing on product innovation, Klopman never forgets its purpose: high ethical standards, market leadership and safe products for the wearer.



Another important goal achieved was applying Oeko-Tex® OC1 finish to our Greenwear line of fabrics and on request to other fabrics from our workwear line.

**2017** showed a significant increase in production volumes with regards to our "GREENWEAR" fabrics, TENCEL™ fabrics, fabrics from the workwear as well as the protectivewear range with Fairtrade cotton organic cotton, while we have tripled (300%) the production of fabrics with recycled PES.

As a result of this strategy towards a production increase of "GREENWEAR" products and our commitment to environmentally friendly practices, our customers have requested more and more projects with FAIRTRADE cotton, BCI cotton, recycled PES and TENCEL™ fabrics.

**Wear fabrics responsibly produced**



### FAIRTRADE Certified Cotton

The Fairtrade Certification mark guarantees that cotton-based products have been certified in accordance with Fairtrade standards validated by FLOCERT (Fairtrade Labelling Organization). Buying products made from FAIRTRADE certified cotton ensures that the farmers receive a fair and stable price for their cotton, guaranteeing a better livelihood for their families. Klopman's range of fabrics made with FAIRTRADE cotton offers the high level of quality and performance that customers expect from Klopman.

### Organic Cotton

In 2015 an environmental study was conducted to compare conventional cotton against organic cotton.

The objective of the study was to quantify the environmental benefits associated with the production of organic seed cotton against conventional seed cotton using a lifecycle assessment (LCA) approach and also to identify the environmental hotspots across the production process. The results confirmed that organic cotton production systems are extensive cultivation systems which are readily adaptable to available resources and natural conditions. The result has encouraged us to continue supporting organic cotton with more fervour.



### BCI Better Cotton Initiative

The Better Cotton Initiative seeks to grow responsible cotton through carefully controlled application of water and use of approved fertilisers and pesticides, thereby dramatically reducing the environment footprint of cotton farming.



### TENCEL™ Fabrics

Klopman has a portfolio of different fabrics made with TENCEL™, a functional fibre of natural origin, extracted from wood. TENCEL™ is a new generation of lyocell fibres made from the wood pulp of eucalyptus trees. The fibre is environmentally friendly, based on the recycling and reuse of chemicals from the production process, an economical use of energy and water, and FSC systems that ensure all wood comes from sustainable forests.



## Recycled Polyester

We also offer fabrics made with recycled polyester to the market. The yarn of recycled polyester is developed using PET clear plastic water bottles as raw material.

Fabrics made with recycled polyester maintain Klopman's high quality standards in terms of comfort, image and durability, while increasing sustainability and respect for the environment.

Polyester is now the largest single fibre group used for workwear and uniforms worldwide. Using PET clear plastic bottles as the raw material means making ethical, sustainable use of thousands of tonnes of waste plastic, which might otherwise end up in landfill. Fabrics made with recycled polyester maintain all the performance characteristics you'd expect from Klopman workwear fabrics. They also help us work towards a more sustainable world and demonstrate real respect for our environment.



### Oeko-Tex® Certification

Klopman fabrics are certified to Oeko-Tex class 1 and class 2.

The Oeko-Tex standards regulate and control the use of harmful substances in textile production. Approval under this standard ensures that our fabric poses no risk to human health and will provide skin-friendly clothing

## Customer Health and Safety

### G4-PR1 Impacts of products and services on health and safety

100% of our product and service categories were examined with regard to their effects on health and safety through the entire lifecycle.

Klopman has been responsible for many of the most exciting developments in the world of workwear and protectivewear fabrics.

Our commitment to fabric performance and continuous development of advanced technologies, together with our respect for the environment, run through all aspects of our manufacturing process - from fibre selection, weaving and dyeing through to our finishing.



## Research & Development

An important objective of our strategy is promoting sustainable consumption that conserves resources. Our products are the key here. They are used by millions of workers and industrial laundries every day. This is why we concentrate on developing products that enable the efficient use of resources such as energy and water.

Through targeted communication, we also strive to encourage responsible behaviour while using our products.

It is imperative for us to offer sustainable products and to be socially responsible and respectful to the planet.

Klopman follows strict requirements and procedures to ensure that all materials in the company's products are safe for end users, employees and the environment.

## Chemicals

We use the right chemicals judiciously and responsibly. We make a continual effort to find substitutes with a smaller environmental impact.

The chemicals used in the production process are managed under strict controls, and potential exposure to employees, customers and the environment is evaluated. Only chemicals that meet Klopman's stringent safety requirements and comply to the REACH regulation are chosen.

100% of Klopman products are certified Oeko-Tex 100.

Klopman monitors the development of all relevant regulations and ensures environmental and human safety for all its products.

### G4-PR2 Non-compliance with regulations concerning products and services

During the reporting period, there were no violations of regulations or voluntary codes regarding the impact of products and services on health and safety.

## Product and Service Labelling

### G4-PR3 Product and service information and labelling

Klopman ensures that its products are:

- **safe**, in compliance with the Italian and international laws applicable to the textile industry;
- **reliable**, pursuant to its customers' needs and its internal quality standards.

Each product has a Technical Data Sheet (TDS) that summarises the performance and other technical characteristics useful to the customer/end user. The TDS also reports compliances to standard norms and the Oeko-Tex® classification.

Klopman has introduced a new labelling/hangtag system to reinforce our message to the end user, following the concept that "the garment makers choose Klopman fabric because it's the best on the market to protect you".

A literature review was performed across different topics, and we introduced new literature specifically dedicated to the launch of new fabric lines such as Stretch fabrics and Laminates.

The structure of our new website provides visitors with an easier way to learn about Klopman's products and services.

### G4-PR4 Non-compliance with regulations and voluntary codes concerning product and service information and labelling

There were no cases of non-compliance with regulations and voluntary codes related to the information and labelling of products and services.

### G4-PR5 Customer satisfaction

Business growth runs parallel with customer satisfaction.

The world is changing, customer demands are changing even more rapidly, and this is why at Klopman we consider customer satisfaction one of the main aspects of our management system.

It is seen as a key performance indicator within business and increasingly has become a key element of business strategy.

Markets evolve and customers change, so it's vital to investigate whether our products and services offer the right solutions.

### Customer Portal

To serve our customers in a more effective way, we have worked on an important new project: a dedicated **Customer Portal** to be launched in 2018.

This new service is designed to give our customers easy access to a wide range of documents and information.



## Marketing Communication

The initiatives described in the previous paragraphs confirm the company's continuous commitment to customer care within our marketing activity. **Responsible marketing** is an important part of being a responsible company. We take it into consideration right from the start when planning our communication campaigns and advertising our products, as we believe that responsible marketing builds trust between the company and its customers.

## Corporate identity

To celebrate the company's 50 years in business we have undertaken various initiatives to reinforce the company image and perceived corporate identity:

- a 50-year anniversary logo has been developed
- a company video has been made to celebrate the anniversary
- a customers' party was held on October in Düsseldorf in a modern art museum
- a Family Day was hosted to celebrate both Christmas and the company anniversary, with invitations extended to all employees and their families. Guided plant tours, charity activities and entertainment for both adults and children made that day a special one.

## Product Marketing

New communication material has been created to showcase for our customers/end users our products and to communicate their benefits, including new labels, swatch cards, hangtags and brochures.

## Customer Relationship Management

2017 was the year in which Klopman implemented its first CRM, mainly for use by the salesforce. The marketing department, together with IT, worked hard to finalise this system, which is designed to manage the company's interactions with customers. It is a great tool to help contact management, sales activities and productivity.

Our CRM software is an internet-based application that covers a broad set of applications designed to help our sales and marketing team to manage many of the following business processes:

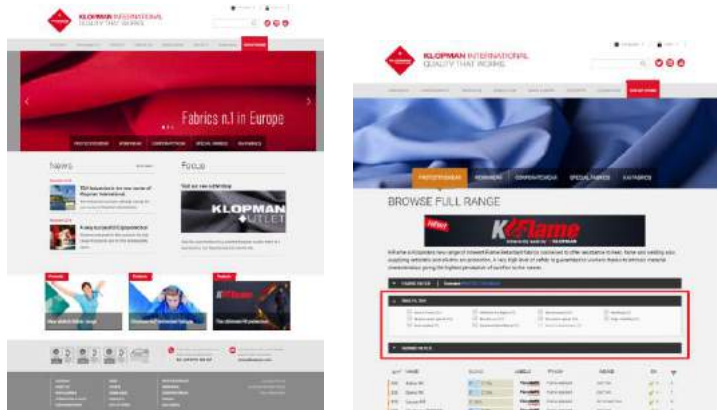
- maintain a constant relationship with acquired and potential customers
- understand their needs and anticipate market trends
- develop products and services that increase customer satisfaction (also through targeted communications)
- customer data
- access business information.



## New website

Klopman has also launched a new website, using the existing content management system (CMS). With a new, innovative way of presenting our products, the website includes a section dedicated to Klopman's commitment to sustainability and focuses more on products featuring a smart 'norms and risk filter' to help the end user to surf through our products.

The website also boasts a clean design and intuitive and consistent site-wide navigation system with improved menu functionality and a responsive design, to make it easy to navigate from mobile devices too.



We also communicate to our audience through press releases published on national and international media and by posting news on our social media feeds: LinkedIn, Twitter and Facebook.

The webmail **electronic signature** is another way of communicating our news to customers and suppliers. The banner signature is periodically updated, informing customers and stakeholders about the latest company developments, participation in events and product promotion.

## GRI Content Index

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## IMPRINT

### Klopman International

VIA ARMANDO VONA, 34

03100 FROSINONE, Italy

<http://www.klopman.com>

[giovanna\\_caprara@klopman.com](mailto:giovanna_caprara@klopman.com)

0039 0775 298564