RESPONSIBILITY MANIFEST

2020





Weaving good life

We are the fourth generation of weavers in our family. When Esko's grandfather acquired the first industrial weaving looms in the 1930s, Finland was still a relatively poor country. Household textiles were cherished valuables and they were durable and made to stand the test of time. In those days beautiful textiles could be passed on to the next generation.

To create long-lasting products is still the starting point for our production. We are just living in different times and need to address the great challenge of our times, the excessive consumption of natural resources. We are against low-cost manufacturing that exploits nature and yields short-lived product use.

We are known for making our decisions using our heart and by placing people first. Everything we do is transparent. Since we manufacture our own products, we are able to make sure our employees receive fair treatment and pay. We only use ecological, certified natural materials such as linen and wool. And, we know where the materials come from.

We are guided by the thought that we are weaving a good life for people around the world. With this responsibility report we want to walk you through the concrete actions we take.

The responsibility manifest of Lapuan Kankurit along with our promises to the consumers and to our partners is featured on the next page. It is followed by a description of how products are created. We will describe our process from the flax field to the conception of a product design all the way to the end user. We will demonstrate how we have incorporated responsibility in every step of the way.

We want to pass on a lasting legacy for generations to come.

JAANA JA ESKO HJELT WEAVERS IN FOURTH GENERATION



TRAILBLAZER IN SUSTAINABLE DESIGN

The longer textile products are used, the better it is for nature. This is why we aim to design and manufacture products that are durable, have great longevity and versatile, multifunctional purposes. We cooperate with talented top designers in developing our products.

The following principles of sustainable design are always taken into consideration when we begin designing our products:

LONGEVITY

We prefer to design

our colour palette

according to the

interior decor of

our clients instead

of going along with

fast fashion.

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MULTI-FUNCTIONALITY

Our aim is to create products and patterns as versatile and multifunctional as possible. A small towel can be used in the kitchen or bathroom, as a small table cloth or as a cover for the computer screen. A large table cloth can be used as a bedspread or as also in the sauna. A large linen towel can act as a blanket during the summer. The only limit is

your imagination.

MATERIAL

The longevity and durability of a product begin with choosing a fibre. This is why we purchase yarn only from the best spinning mills in Europe. Linen and wool - the products we use most - are eco-friendly stains from linen by washing it at low temperature of 40 degrees. For wool, airing it outdoors is often enough.

WEAVING ACCORDING TO EXACT MEASUREMENTS.

The most important thing in product design is utilising the entire width of the fabric. Most of our products are woven using exact measurements in order to avoid producing cutting waste. For example, many of our bathrobes have the fabric edges utilised. Those details are actually an essential part of the product's design.

FINISHING

Careful finishing treatment affects the durability of the fabric. Almost all of our linen fabrics undergo a finishing treatment. This ensures that the high-quality product maintains its shape also after it's been washed at home. Whenever possible, in terms of structure and composition of fabric, we use only things are quality and a long product lifespan.



We design most of our products to be made from fabric woven according to exact measurements. This leaves almost no waste.

Some of the products result in leftover fabric which is utilised in making our so-called zero waste products, such as bread bags, laundry bags and wash mittens made from linen terry.

If there is leftover fabric still
left, it will be sold at our sales
events and our factory outlet.
We also donate leftover fabric to
schools to be used for educational
purposes.

A significant part of the yarn is dyed near our weaving mill in Lappajärvi. This ensures that there are no large amounts of yarn left in storage. If a dye batch is no longer available, the rest of the yarn in that colour is woven and the fabric is sold at our sales events and our factory outlet.





MASTERS OF LINEN - GUARANTEE FOR QUALITY AND TRACEABILITY

We are a proud member of the Masters of Linen family. The Masters of Linen label is granted to linen products manufactured using linen yarn grown and spun in an eco-friendly manner in France, Belgium or the Netherlands.

The linen must meet the strict requirements set for growing, further processing and textile production. Masters of Linen guarantees that the origin of the linen is 100 percent traceable.

Spinning and weaving mills commit to adhere to the strict criteria regarding production and purchases. Yearly inspections are conducted to certified companies to ensure criteria are duly adhered to. Lapuan Kankurit is committed to using only traceable European linen. We report our use of linen every year to Masters of Linen CELC organisation.

SPINNING AND DYEING MILLS

We prefer working with European spinning and dyeing mills which we know and have visited. We dye part of our yarn in Finland.

We cooperate only with certified operators who share our values, adhere to our Code of Conduct and use materials that are traceable and verifiable.

Did you know?

Our linen towels are light because linen is very absorbent. The less material is used, the more natural resources are saved. In addition, energy is saved in both logistics as well as in manufacturing.

OTHER NATURAL MATERIALS WE USE

We use only natural materials. In addition to linen, we use also wool, cotton and Tencel. It's a cellulosic lyocell fibre made from pulp. We have increasingly begun to use more Tencel instead of cotton as it is a more environmentally friendly alternative.

We expect transparency and traceability from all our suppliers. Certifications help guarantee an ethical approach towards nature, people and doing business.



100% mulesing -free wool

WOOL

The quality and characteristics of wool vary according to the breed of sheep, their living conditions and natural environment. In order to achieve the best possible result, we acquire our wool from different parts of the world: New Zealand, South America, the Nordic countries and South Africa.

We buy our wool yarn only from spinning mills that purchase wool fibre from certified suppliers and adhere to our Code of Conduct. We aim to focus on using wool fibres that come from countries emphasising the welfare of animals. We do not condone animal abuse and we procure solely wool

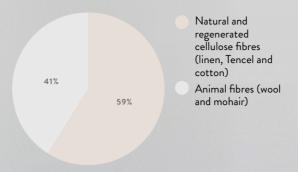
that is certified and mulesing free.

Most of our wool yarn is spun in EU. We are hoping to be able to use also Finnsheep wool in ou weaving mill in the future.

Did you know?

The less there is washing, the better it is for the environment. Stains can be removed from linen by washing using water at the temperature of 40 degrees. The best way to clean wool is airing it in freezing weather. Airing textiles means you can wash them less often.

LAPUAN KANKURIT PRODUCT GROUPS 2019



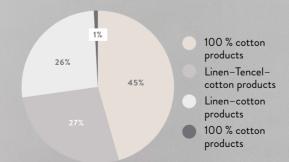
TENCEL

Tencel® is a registered trademark of an Austrian company <u>Lenzing</u> for the lyocell fibre it manufactures. 100 percent of Tencel comes from EU. It is a cellulose fibre with an environmentally friendly manufacturing process. It is a closed loop process meaning that within the fibre production the same chemicals get used and reused again and again. Tencel is made from eucalyptus tree. Its production is FSC certified guaranteeing that also the forestry industry related to product manufacturing is responsible.

COTTON

In 2019, 58 percent of the cotton we used was GOTS* certified OEKO-TEX** standard organic cotton. During 2019 we replaced a significant part of the cotton we use with GOTS certified cotton. Our objective is that by 2025 we will be using only GOTS certified cotton.

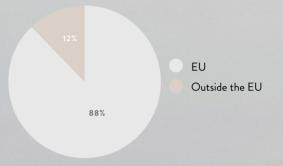
CELLULOSE FIBER PRODUCTS 2019



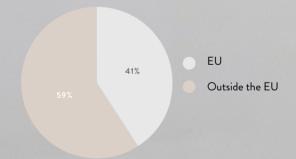
REQUIREMENTS FOR OUR SUPPLIERS

- We require that the yarn and chemicals we purchase have a valid STANDARD 100 by OEKO-TEX certification** concerning product safety.
- We require our suppliers to adhere to the requirements concerning materials and raw materials set by EU regulation 1907/2006 (REACH).
- Our Code of Conduct lists all our requirements regarding working conditions and the environment we set our suppliers.

SPINNING OF WOOL AND MOHAIR YARN 2019



SPINNING OF COTTON YARN IN 2019



*GOTS

Global Organic Textile Standard (GOTS) is an internationally recognised organic textile standard. The standard can be issued to organically produced cotton or wool.

**100% Öko-tex STANDARD 100 by OEKO-TEX® is an international safety standard for testing and certifying textiles. The label OEKOTEX® means that the yarn is free from harmful levels of chemicals and dyeing agents.



Made in Lapua and Kaunas

Most of our products are manufactured in Lapua, in western Finland. It has been so for the last four generations. In recent years we have invested around 2,5 million euros in the development of our weaving and manufacturing processes in Finland.

On occasions where manufacturing is not possible in Lapua, it takes place in Kaunas, Lithuania. We are co-owners of a weaving mill that produces our brushed wool blankets. Some of the sewing also takes place in our own subsidiary in Lithuania. The same responsibility principles are applied there as are in Finland.

We operate according to Finnish and EU legislation. This means that Lapuan Kankurit adheres to rules and regulation and is, as a manufacturer, responsible for environmental management plans, the wellbeing and healthcare of the personnel, safety of equipment and buildings as well as reports pertaining to these matters.

MULTIFACETED EQUIPMENT

- We use the best technology available ensuring our products are durable and of the highest quality. This is also important for health and safety reasons. We follow closely developments in this field and cooperate with machinery and equipment suppliers.
- We use top of the line technology in our fabric production: Karl Mayer warping machine, Dornier weaving looms and electronic Staübli jacquard machines. These are all safe, long-lasting, easy for our staff to use and represent the best in the business in energy-efficiency. With weaving technology, too, we find it important to support European production.
- In building projects and equipment maintenance, whenever possible, we choose to work with local operators.

WE MANUFACTURE ONLY WHAT IS ORDERED

For us it is the volume of orders that guides the entire production. We do not manufacture products to end up as surplus. For this to happen, we use MES and ERP systems to improve both quality control and traceability of operations as well as to minimise surplus of products.

MES = Manufacturing execution system used at the weaving mill. It helps us trace and identify a production batch all the way back to the batch of raw material. Our objective is to improve monitoring of limited edition products and piece-by-piece production, too.

ERP = Enterprise resource planning system. Transferring all processes to the ERP system improves monitoring and tracing of materials and products.

WHAT HAPPENS IN OUR FACTORY IN LAPUA



Production management and product development



Raw material purchases and storage



Warping



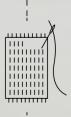
Weaving



Quality inspection

Finishing

and sewing





Storage and logistics



WE MAKE OUR PRODUCTS NOT SOMEBODY SOMEWHERE

Our employees are like family to us. We want to know everyone in our production chain and we want to treat them fairly.

People enjoy it here: longest careers are around 40 years, and there are several employees at the moment with a career spanning over 20 years with us at Lapuan Kankurit.



We believe in

Everyone needs to receive fair pay for their work.

Everyone needs to be able to have a say in developing their work and to thrive at work.

To guarantee quality, you need to listen to your employees.

CORPORATE SOCIAL RESPONSIBILITY

We want to take on social responsibility in the textile industry and employ people in accordance with EU legislation. Our own subsidiary in Kaunas shares the same goals and objectives as we do at our weaving mill in Finland.

85%

percent of our employees are women.
As a female-dominated place of work, we take on social responsibility and support the opportunity for women to balance work and family.

EMPLOYEE TRAINING

We encourage our personnel to boost their personal development and work community. We offer training regularly by providing opportunities to participate in courses organised by equipment manufacturers, Finnish Textile and Fashion and Finland Chamber of Commerce.

We also encourage everyone to join us in creating an atmosphere at work where everyone actively promotes openness and equality to achieve these goals.

In the recent years, we have developed our factory's quality control system together with our staff. We have also put effort in developing our working environment and improving safety at work.

ENVIRONMENT NOW, TOMORROW, FOREVER

Since we make our livelihood from nature, we want to commit to environmentally responsible practices. Our goal is to become a carbon neutral operator and we are constantly working towards that goal.

A significant part of emissions results from transportation of raw material and products. Since our business has grown over the past couple of years and volume of export has increased, there is, of course, increase in number of shipments.

The impact of our own production is small and comes mostly from heat production, energy use as well as production of steam needed for finishing the products.

USE OF ENERGY

- During 2019 we switched to using wind energy.
 This has resulted in a 50 percent decrease in carbon dioxide emissions from energy consumption.
 We are looking into solar power in 2020-2021.
- Heat energy is produced by a district heating plant utilising mostly woodchip and other by-products from sawmill industry.
- Our production uses a heat recovery system.
- · Light fuel oil is used for producing steam needed

for finishing of products. Investments were made in 2018 to improve the operating efficiency of the steam heat.

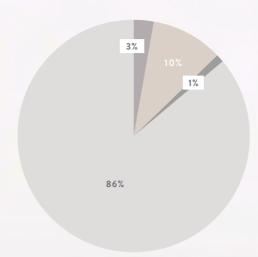
USE OF WATER

- Volume of water used is 2175 m3 per year. It is used mostly as a finishing treatment for products.
- We are developing our finishing processes and are looking into ways in which to decrease and recycle the use of water in processes.

RECYCLING

- We have participated in projects by Metropolia University of Applied Sciences to study shredding and recycling of used wool. We look forward to continue the projects.
- Our development project involves sorting and reusing linen waste collected from consumers.
 (e.g. using the material for absorption products)

CARBON FOOTPRINT 2019:



- Annual greenhouse gas emissions resulting from electricity consumption
- Annual greenhouse gas emissions resulting from use of fossil fuel to generate heat
- Greenhouse gas emissions resulting from business travel
- Greenhouse gas emissions resulting from transportation of products and raw material

Lapuan Kankurit carried out the calculations using a carbon footprint calculation tool created by the Finnish Environment Institute.

USING LESS PACKAGING

- Cooperation with RePack on our online orders starting from April 2020.
- Our cardboard boxes are recycled. We have decreased the use of cardboard and carton during 2019 by 13 percent. Our goal for 2020 is to renew our packaging strategy and to decrease the use of plastic by 20 percent.
- We are assessing the use of bio-based materials for packaging purposes.
- RINKI membership in Finland (RINKI is a Finnish non-profit service company providing responsible packaging solutions). Der Grüne Punkt membership in Germany. It helps with active monitoring of packages delivered to Germany and compensation for packaging waste.

GOALS

- We will continue monitoring our environmental footprint and instilling target-oriented action throughout the organisation.
- We will continue eco-balance calculations and the development of carbon footprint monitoring as we strive towards becoming a carbon-neutral operator.
- We monitor and report on amount of waste generated yearly and aim actively to reduce the amount of waste.
- Development of a new intranet system continues in 2020. Documentation in accordance with ISO 14001 standard criteria is part of the company's quality control system.

ACTION FOR A BETTER FUTURE

We want to maintain and promote Finnish textile expertise and Finnish textile industry in order to pass on the ecological linen traditions. As weavers in fourth generations, we want to pass on our skills to the next generation.

Our site provides information about where and how each product has been made. We are more than happy to answer your questions!

HOW WE TAKE ACTION

EDUCATING YOUNG PEOPLE

We take on the responsibility of keeping the education and training in this field going in Finland. We train weavers and industrial staff in Lapua using work-based learning and apprenticeship programmes. We cooperate with Aalto University by offering textile students opportunities to learn weaving techniques at our factory.

LOOKING FOR NEW TECHNIQUES AND INNOVATIONS

As our passion is developing the best textiles in the world, we are constantly developing and looking for new techniques and innovations, be it fibres, material or processes. For example, a few years ago we started using Tencel to replace cotton. Weaving it with linen has produced great results.

PARTICIPATION IN DEVELOPMENT OF CIRCULAR ECONOMY

We want to participate in circular economy projects and be part of developing new recycled and wood-based fibres. For example, we have participated in Aalto University's loncell test weaving project. We follow actively the development of circular economy through our involvement in Finnish Textile and Fashion, the central organisation in this field. Our CEO Esko Hjelt is a member of the board.

WE LEAD BY EXAMPLE

It is our responsibility to act transparently and lead by example by showing that textiles can be manufactured also responsibly.

Let's weave a good life together!





LAPUAN KANKURIT weavers from Finland

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