RESPONSIBILITY MANIFEST

LAPUAN KANKURIT

weavers from Finland



50 years of learning

This year already marks the 50th anniversary of our family company. These have been years filled with learning new things, and developing and honing professional skills. Over this past year we have been able to promote and drive forward the Finnish textile business and we ourselves have been able to receive more training than ever before.

Throughout the winter and spring, we have had Italian specialists training our employees in our new wool textile finishing plant. We have hired and trained more employees for new production. We have also had students in this field visit us to familiarise themselves with our transparent production chain.

We teamed up with ProAgria, an organisation specialising in developing agriculture, and provided wool spinning and sorting training for sheep farmers. We want to contribute to the well-being of both sheep and people. We have obtained valuable information on

sheep farming from the professionals of ProAgria. This then led us to devise criteria for Finnish wool fibre.

Our work in utilising plant dyeing in our industrial process has, once again, enabled us to take a step forward and we have done test batches dyeing wool with woad, willow and onion. Our Autumn collection features now also products dyed using plant dyes.

Thanks for this are due, among others, to the University of Helsinki's Biocolour project, which provided us a wealth of information on plant-based dyes.

This manifesto features some of the actions we have taken to impact responsibility in production.

Our work is not finished yet, but the more information we possess, the better positioned we are to guide our operations in the right direction.

JAANA JA ESKO HJELT WEAVERS IN FOURTH GENERATION

RESPONSIBILITY MANIFEST

We have our very **own weaving mill** in Lapua, western Finland. That is where we manufacture our products from yarn to a finished product. This enables us to design our products and processes while keeping the ecological footprint as small as possible. We care about our employees the way we care about our family.

Our main raw materials, such as linen and wool, are **certified natural materials**. We use 100 percent European linen certified by Masters of Linen.

We only manufacture products that stand the test of time. We are constantly developing new techniques and looking for new innovations. We are willing to put effort into making sure weaving skills are preserved to future generations.

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:

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 a curtain. A table runner is functional also in the sauna. A large linen towel can act as a blanket during the summer. The only limit is

your imagination.

3

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 choices in use also. You can remove stains from linen by washing it at low temperature of 40 degrees. For wool, airing it outdoors is often enough.

4

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 been designed in a manner where even the fabric edges from the loom are utilised. Those details are actually an essential part of the product's design.

5

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 water and heat to finish our products. The most important things are quality and a long product lifespan.



Towards Zero Waste

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 teaching 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.

Did you know?

You too can make a difference. In terms of product lifespan as well from the environmental point of view, it is crucial that a textile is in use for as long as possible. Products made from natural materials should be taken care of in a correct manner:

Wash according to instructions or air them, remove the pilling from wool and mend the holes in the fabric. When the product has reached the end of its use, recycle it.

LONGEVITY

We prefer to design our colour palette according to the interior decor of our clients instead of going along with fast fashion.



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.

We utilise also plant dyes for dyeing of Finnish sheep wool.

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.





WOOL

We have made significant investments in order to be able to produce wool yarn from Finnish sheep. Some of it usually ends up in the landfill. In addition, we purchase wool yarn from carefully chosen certified suppliers.

WOOL YARN

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: Finland, the Nordic countries, New Zealand, Australia, South America 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.

FINNISH WOOL

In 2022, we manufactured our first products made from Finnish sheep wool. In Lapua, we built a unique wool textile finishing plant that operates continuously. It is the only one of its kind in Finland. We have also built in Lapua a weaving mill, which will begin its operation in the coming year.

The utilisation of Finnish wool comes with considerable advantages in terms of responsibility:

RESPECT FOR NATURAL RESOURCES

According to estimates up to half of the Finnish wool ends up in the landfill. We want to utilise this valuable material.

O TRACEABILITY We purchase the unprocessed wool from sheep farms situated no further than 300 km from our factory. Our ERP system monitors closely the wool batches keeping track of the origin of different wool batches and their farm of origin.

O RESPONSIBILITY O The wellbeing of sheep and the people taking care of them is important for us. This is why we have devised a set of strict criteria which we expect our cooperation partners to adhere to.

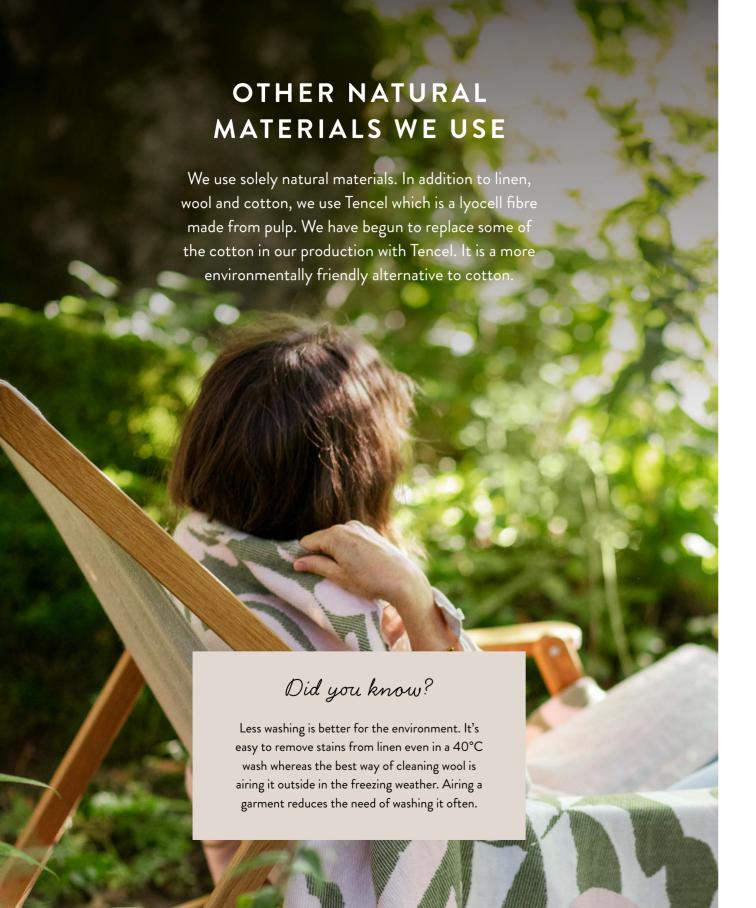
4 CIRCULAR ECONOMY
With the new investments we are also developing circular economy. In addition to utilising Finnish wool, we are also developing the recycling of our products. Our objective over the next years is to participate in textile refinement projects and to be able to make use of processed fibres in our own spinning operations.

ECOLOGICAL PRODUCTION

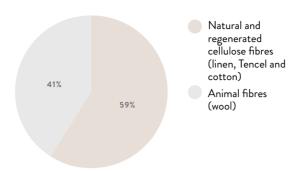
We have built the new wool finishing plant to be as energy-efficient and water-saving as possible by utilising, for example, geothermal energy and heat recovery.

MATURAL PLANT DYE

O Since we are the ones pulling the strings, so to speak, we can utilise plant dyes in our wool yarn production.



LAPUAN KANKURIT PRODUCT GROUPS 2022



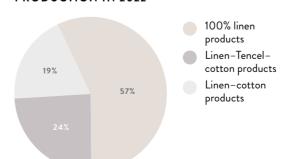
TENCEL

Tencel® is a registered trademark of an Austrian company Lenzing for the lyocell fibre it manufactures. 100 percent of Tencel comes from EU. It is a regenerated 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 pulp. Its production is FSC certified guaranteeing that also the forestry industry related to product manufacturing is responsible.

COTTON

In 2022, 78% of the cotton we used was certified bio-organic cotton adhering to the Öko-Tex** standard. In 2021, that figure was 66%. Our objective by 2025 is to use solely certified bio-organic cotton.

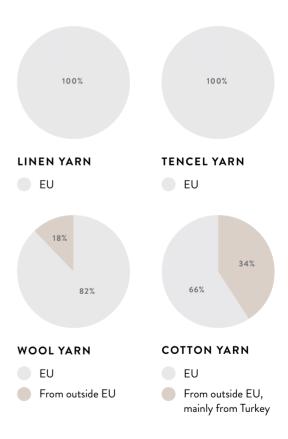
PLANT FIBRES AND OTHER REGENERATED FIBRES IN LAPUAN KANKURIT PRODUCTION IN 2022



REQUIREMENTS FOR OUR SUPPLIERS

- We require that the yarn and chemicals we purchase have a valid STANDARD 100 by OEKOTEX 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 YARN IN 2022



**100% Ökotex STANDARD 100 by OEKOTEX® 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.



We can show you around our factory since we are behind the entire manufacturing process from some of the harvesting of fibres to every step of the way from yarn to fabric and the finished product. We aim for complete transparency and are happy to take groups on tour.

Almost 91 %

of products are woven in own weaving mill in Lapua, Finland

7 %

of products are woven in a weaving mill we co-own in Kaunas, Lithuania (brushed wool textiles)

<2%

of products bought from European partners (hot water bottles inside the covers, piece-dyed linen textiles)

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 2021, we started investing millions in the production of Finnish lambswool, development of finishing processes and weaving machinery. In recent years we have invested around 5 million euros in the development of our manufacturing processes in Finland.

Insofar as our production takes place outside of Lapua, we use the weaving mill we are part owners of, in Kaunas, Lithuania (7% of wool blankets). Some of the sewing is done in Lapua and some in Kaunas, in our subsidiary, which follows the same responsibility principles as the production in Lapua.

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
- We invested in the new premises of the sewing plant in Kaunas last year.
 Simultaneously we invested in automatic sewing and cutting machines in Lapua. This latest technology enables our production to grow.
- 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.

WHAT HAPPENS IN OUR FACTORY IN LAPUA





Raw material purchases and storage

Production management

and product

development



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 10–20 years with us at Lapuan Kankurit.

Our beliefs

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.

Diversity is an asset: our employees come from different countries and cultures.

43

The average age of our employees is 43 years. 49% of our employees are under the age of 40.

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.

83%

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 in-house training as well as 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 past couple of years, we have developed our plant's MES system together with our employees. We have also put effort in developing our working environment and improving safety at work.

We have a personnel of 35 in Finland and 22 employees in Lithuania.

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.

In 2022, our turnover grew by 6% compared to 2021. The amount of woven metres decreased slightly. There is increase in import and transportation, and a significant part of our emissions result from transportation of raw material and products.

The environmental impact of our production is low consisting mainly of heat production, use of energy and production of process steam to be used by the finishing facility.

USE OF ENERGY

- We have used wind energy throughout the entire year of 2022. Our carbon dioxide emissions resulting from consumption of electricity decreased by 14% to 3264 kg CO2eq in 2022.
- We utilise geothermal energy in our new production plants. We have also made preparations to utilise solar energy.
- 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 the recent years to improve the operating efficiency of steam heat.
- Business travel increased as trade fairs were being organised again. As a result, in 2022, the greenhouse emissions were 8707 kg CO2e.

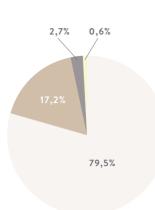
USE OF WATER

- The use of water per weaved metre was 6,5 litres per metre marking a reduction of 6% compared to the previous year. Water is used in the finishing of the fabrics to improve the quality of the fabric and prolong the service life of the product itself.
- We have invested in a new finishing plant, we are developing our finishing processes and we are currently investing to improve the recycling of water in our processes.

DISTRIBUTION OF CARBON FOOTPRINT IN 2022

- Greenhouse emissions caused by electricity consumption
- Emissions caused by waste management and business travel
- Greenhouse emissions caused by fossil fuel thermal energy consumption
 - Greenhouse emissions caused by transport

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



IN 2022, OUR CARBON FOOTPRINT DECREASED BY

-22%

RECYCLING

- We are exploring the recycling of discarded wool as part of our Finnish wool development project
- Some of our developments include the sorting and use of linen waste (e.g. using the material in absorption products). We are also recycling cardboard boxes and the polypropylene used in transportation of yarn reels.
- Our stores receive discarded linen and wool textiles manufactured by our company.
- Encore Pohjanmaa, our partner in recycling, is responsible for the recycling of the polypropylene used in transportation of yarn reels.

USING LESS PACKAGING

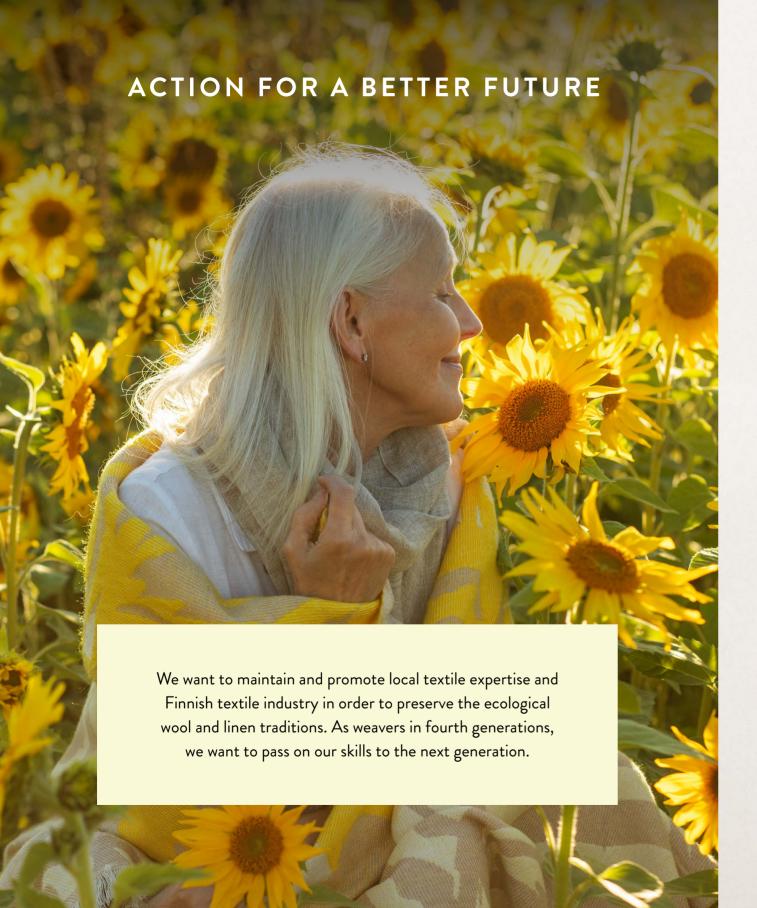
- We continue cooperating with RePack.
- We are recycling our cardboard. In 2022, the use
 of cardboard and carton packaging decreased by
 11% and the use of plastic packaging decreased
 by 14%. We are continuously looking for
 environmentally friendly packaging alternatives.
- We are members of Finnish Packaging Recycling RINKI. We are actively monitoring our use of packaging materials. We are members of Grüne Punkt in Germany. It helps actively monitor our use of packaging materials with deliveries to Germany as well as ensures our carbon offsetting.

ACTIONS AND GOALS

- Our environmental management programme was granted the EcoCompass certificate in the summer of 2022. We have structured our entire business operation according to the certification criteria.
- We are among the first companies to participate in the 2035 Carbon Neutral Textile Commitment organised by the Finnish Textile & Fashion.
- We will continue monitoring our environmental footprint and instilling targetoriented 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. Our focus is on assessing the carbon footprint of yarn producers.
- We monitor and report on amount of waste generated yearly and aim actively to reduce the amount of waste.
- Documentation according to ISO 14001 is part of our company's quality management.







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 using work-based learning and apprenticeship programmes. We cooperate with Tampere University of Applied Sciences and Aalto University. Our collaboration with Aalto University includes 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 as well as in other new innovative fibre projects. We follow actively the development of circular economy through our involvement in Finnish Textile and Fashion, the central organisation in this field. Esko Hjelt, owner of our company, 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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