

# ***Reducing KiK's environmental footprint***

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**18 March 2010**

- ✓ KiK stands for 'customer is king'
- ✓ Mainly supplies textile and non-food
- ✓ Offers good quality at affordable prices
- ✓ Founded in 1994
- ✓ Headquarters in Bönen, Germany
- ✓ 2900 stores in 6 European countries (Germany, Austria, Slovenia, Czech Republic, Hungary and Slovakia)
- ✓ Turnover more than 1 billion Euro



## ✓ Product examples



shirts  
per **5,99**



baby t-shirt  
per **1,99**



scented tea light  
per **1,99**



T - Shirt  
per **2,99**



baby tights  
per **2,99**



## CSR at KiK



- ✓ CSR department with 9 employees
- ✓ Directly connected to company management
- ✓ Strategic partnerships in sourcing markets
- ✓ Major focus:
  - Environmental
  - Social
  - Economic

## Social

- ✓ KiK has established a Supplier Management System based on its Code of Conduct.
- ✓ All suppliers undergo an audit procedure.
- ✓ Key suppliers are qualified by external partners.
- ✓ Additional projects with local and international NGOs, such as AWAJ Foundation or Care in Bangladesh.

## Social

### Current social projects in Bangladesh:

- ✓ 3 doctor stations in cooperation with AWAJ
- ✓ 6 childcare centres in cooperation with Phulki
- ✓ Sanitary napkin projects (in 2 factories) with Phulki
- ✓ Health & safety training (1000 workers with AWAJ)
- ✓ Cooperation with Care Bangladesh
- ✓ 3 schools in Dhaka in cooperation with GSS



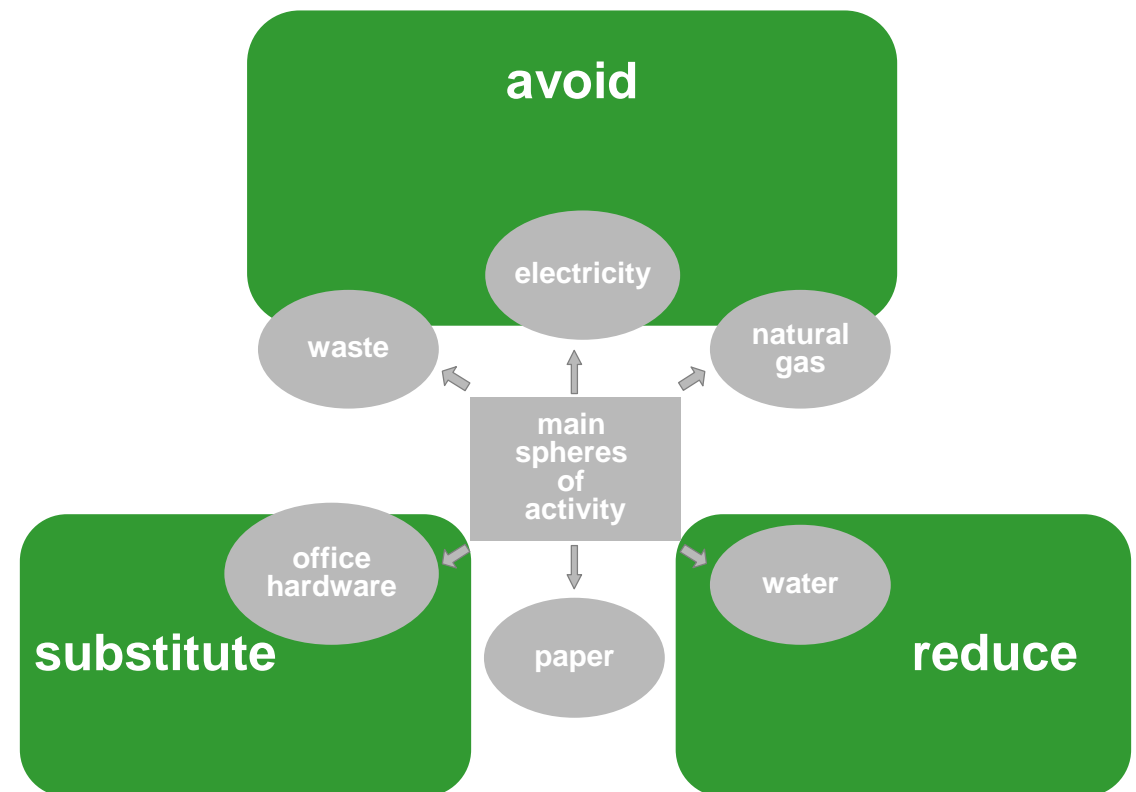


## Environmental

- ✓ The issue of climate protection has been identified as a key challenge for the future.
- ✓ Therefore different activities have been developed over the last 2 years to reduce our impact on the climate.
  - ✓ Implementation of ISO 14000 management system
  - ✓ Green buildings
  - ✓ Optimised energy supply
  - ✓ Paper
  - ✓ Product and production CO2 footprints

## Steps to an environmental management system

- ✓ In 2010, KiK will establish a holistic environmental management system.
- ✓ Overall goal is to reduce CO<sub>2</sub> emissions and the conservation of natural resources 30% of our stores are supplied with eco energy
- ✓ Implementation according to the international standard ISO 14001.
- ✓ Spheres of activity include all environmentally relevant processes at KiK headquarters





## Green buildings

- ✓ In Europe, KiK is the first textile discounter in the European Commission's green building programme, which targets reducing energy use in buildings.
- ✓ 3 of our stores have the 'green building standard'
- ✓ 10 more stores are to receive the 'green building standard' this year



## Green buildings

- ✓ A green building store makes a difference:
- ✓ Optimises isolation
- ✓ Innovative climate and air ventilation system
- ✓ Heat recovery with 80% efficiency
- ✓ Saves 50% of energy
- ✓ Reduces CO<sub>2</sub> emissions by 40%

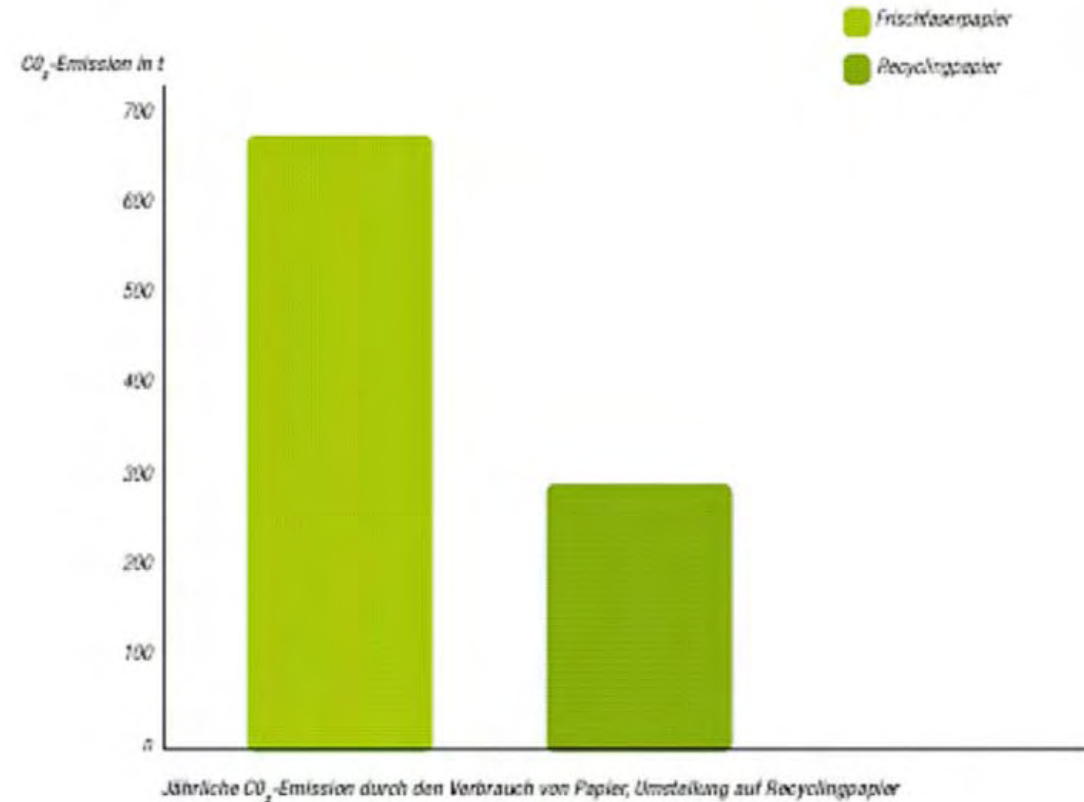


## ***Energy supply***

- ✓ 30% of our stores are supplied with eco energy
- ✓ 70% of our stores will be supplied with eco energy this year
- ✓ Transportation of merchandise by sea freight

## Environmental management at KiK headquarters in Germany

- ✓ Through only using recyclable office paper, our CO<sub>2</sub> emissions have been reduced by more than 17 tonnes per year.



# *CO2 footprint of a Kik jeans*

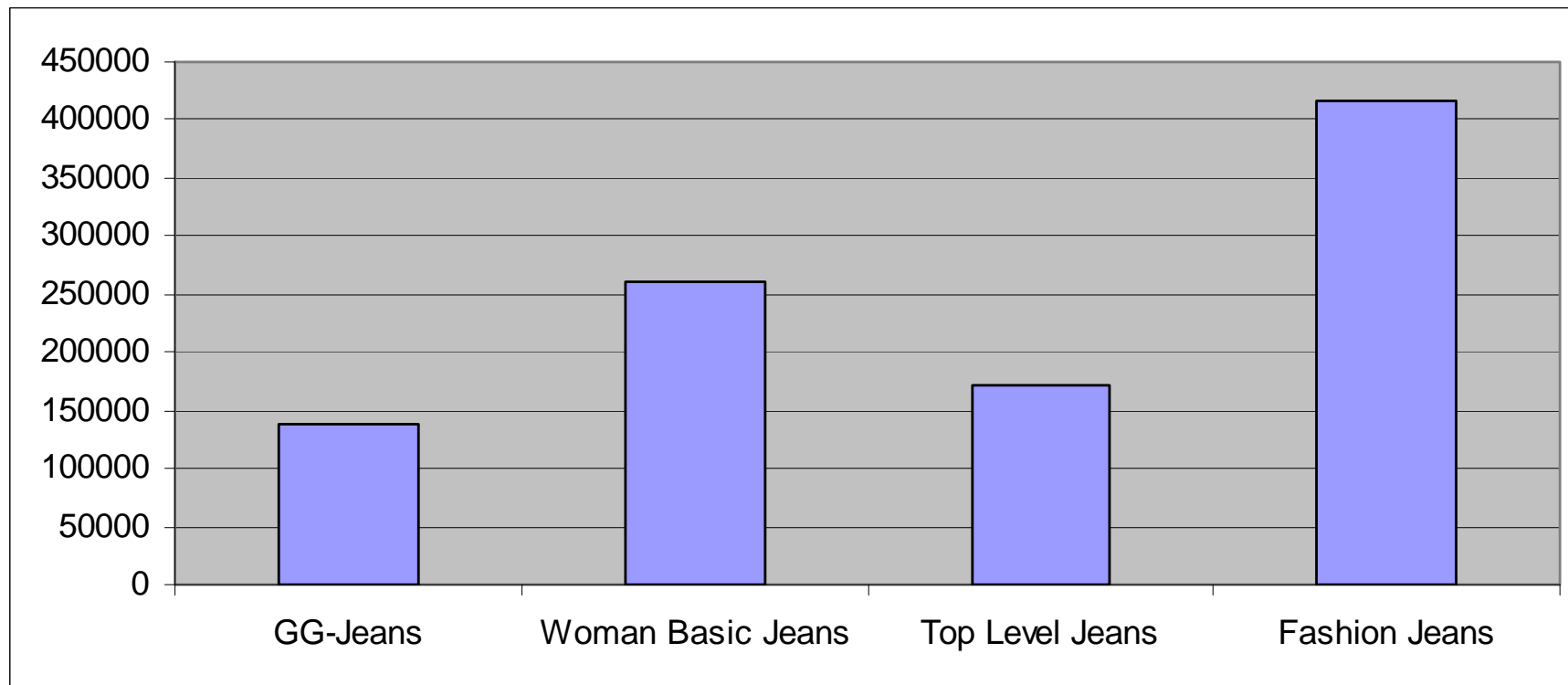
## ***Determining the CO<sub>2</sub> footprint of a pair of jeans***

Objectives of project:

- ✓ Evaluating the CO<sub>2</sub> footprint of a pair of denim jeans along the supply chain, including the cotton crop, production and transportation to customer warehouse
- ✓ Evaluating the overall CO<sub>2</sub> emissions related to our jeans from South China
- ✓ Involvement of the supplier for further improvements as an ongoing project

## Product: jeans

- In 2009 KiK has sourced almost 1 million denim items in PRD



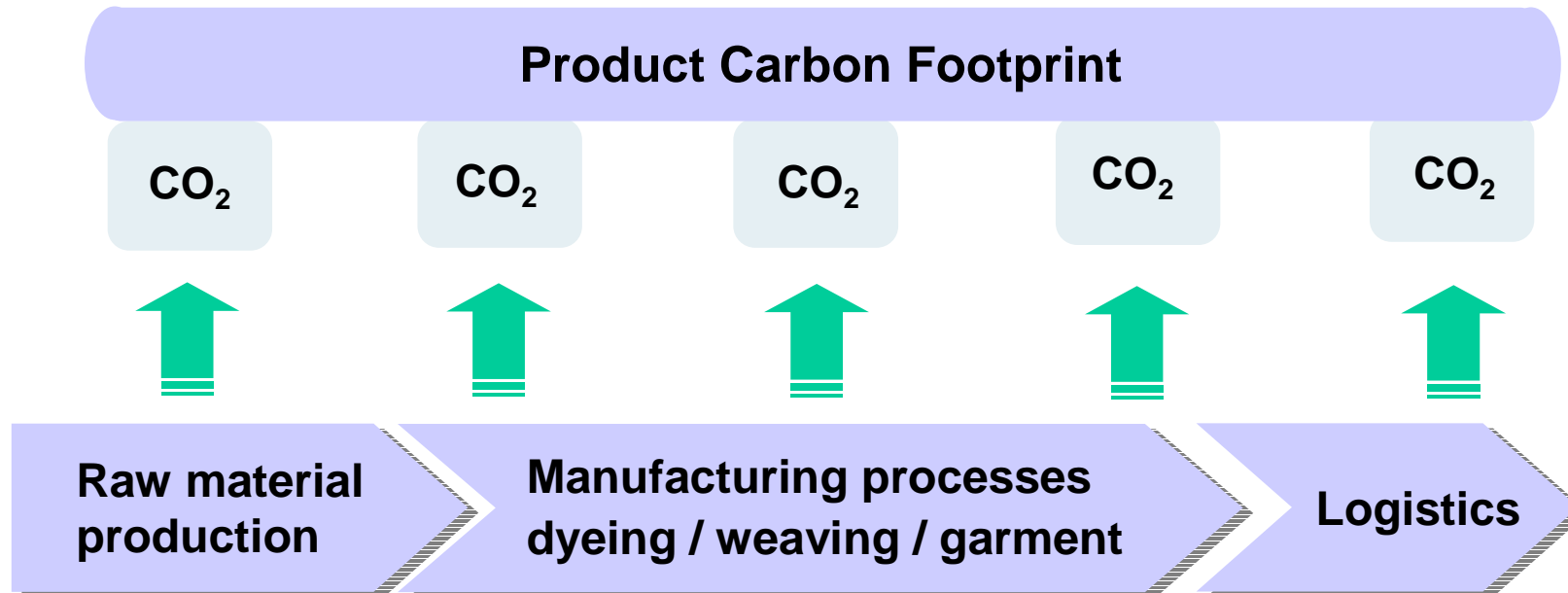


## **Basic data**

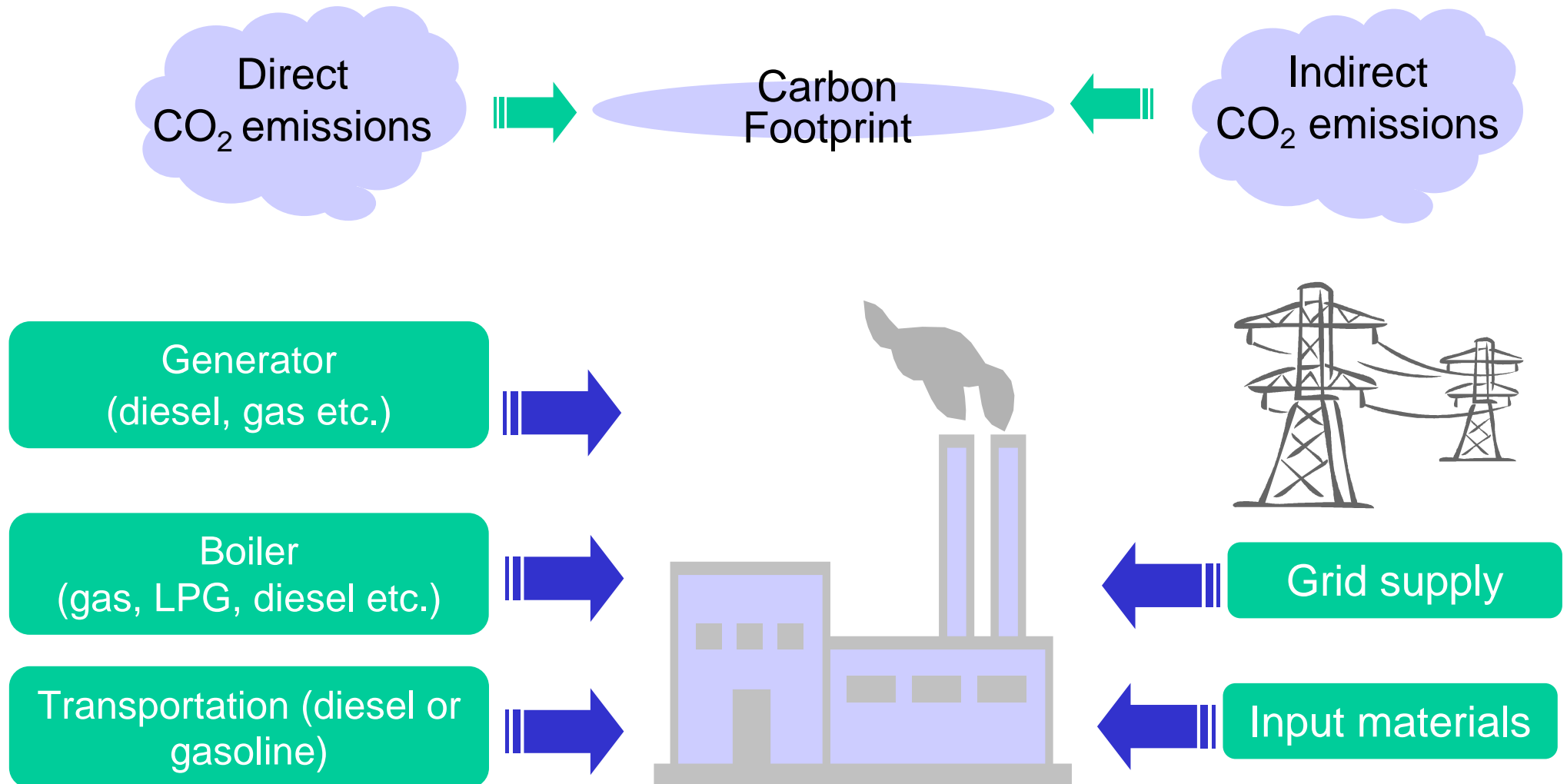
- ✓ Overall pieces: 987,060
- ✓ Number of orders and shipments: 32
- ✓ Average number of pieces per order: 30,845
- ✓ Total weight: 637,2 tonnes
- ✓ Average weight per shipment: 19,91 tonnes
- ✓ Average weight per piece: 640 grams including packing material

## The carbon footprint implies all emissions in the supply chain

The Product Carbon Footprint indicate all CO<sub>2</sub> emissions along the supply chain, including raw materials, manufacturing and transportation:

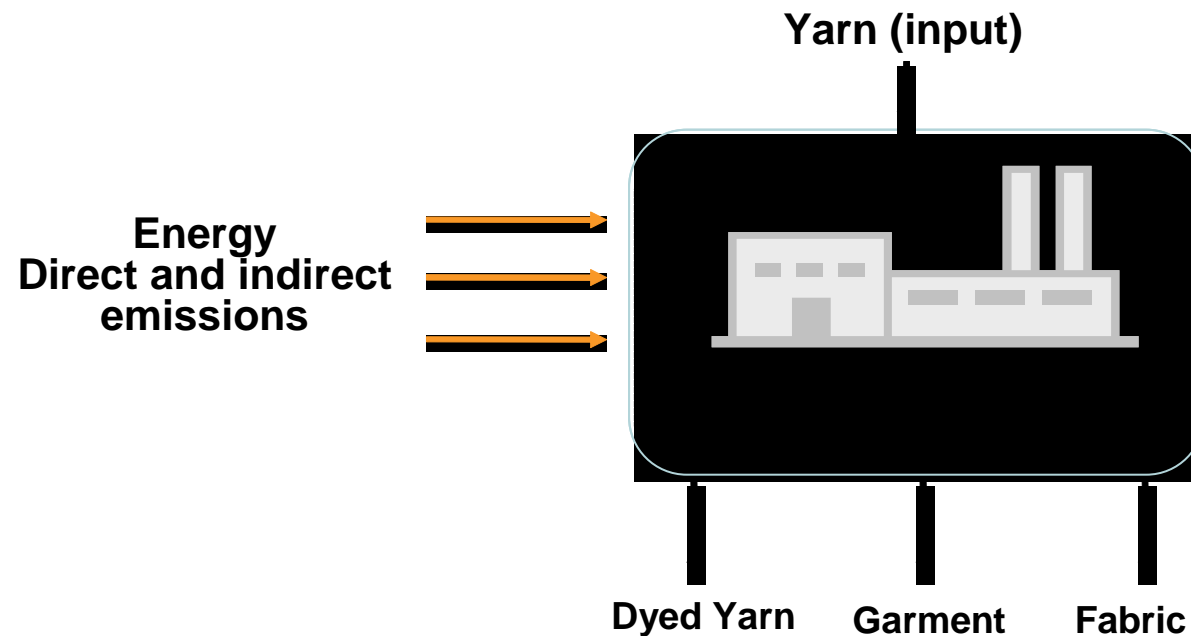


## The Carbon Footprint is calculated by the input materials and energy sources



## Carbon footprint of the production process

- ✓ As a first phase of this project, we consider the production process to include dyeing, weaving and garment as a 'black box'.



- ✓ In the second phase, we will analyse the processes within this 'black box'.

## Results carbon footprint (1)

The accumulated carbon emissions of 1 kg denim product add up to approx.  
**10,77 kg of CO<sub>2</sub>**

<u>Cotton Crop</u>	3.54 kg CO <sub>2</sub> per kg of cotton
<u>Transportation</u>	0.13 kg CO <sub>2</sub> per kg of cotton from fields to spinning mill by truck
<u>Spinning</u>	2.63 kg CO <sub>2</sub> per kg yarn Energy source: electricity
<u>Transportation</u>	0.26 kg CO <sub>2</sub> per kg of yarn by truck
<u>Production</u>	3.88 kg CO <sub>2</sub> per kg of output Energy source: electricity, LPG and coal Includes yarn dyeing, weaving and Ready Made Garment
<u>Transportation</u>	0.33 kg CO <sub>2</sub> per kg of final product mainly by sea freight

## ***Results carbon footprint (2)***

- ✓ Total Co2 emission related to our jeans sourced in PRD:

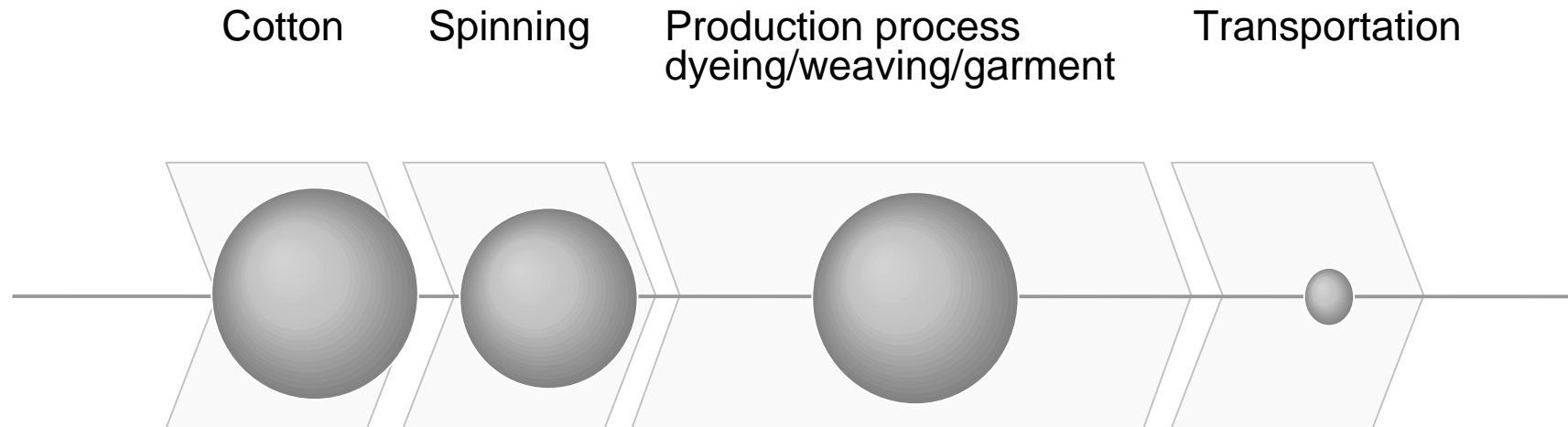
**6862 tons**

- ✓ CO2 footprint of a pair of jeans

**6,89 KG**

## Related carbon footprint (2)

The related carbon footprint is the amount of CO<sub>2</sub> emitted by each phase, per kilogram produced



Proportional carbon emissions within a textile supply chain in China (source: Systain Consulting Asia).



## From cotton field to yarn

### Raw material production

When considering the data from the cotton crop to the spinning mill, we obtain the following absolute figures:

69,295 tonnes of CO<sub>2</sub> for 10,770 tonnes of raw material

Which leads to a relative carbon footprint of:

6.43 kg CO<sub>2</sub>e per kg of yarn produced

This data includes the transportation from the cotton fields to the spinning mill and from the spinning mill to the garment factory

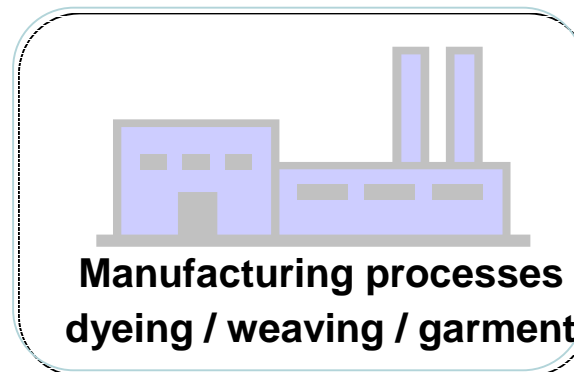
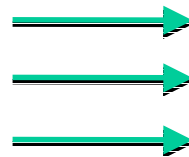
## The production phase

Manufacturing processes  
dyeing / weaving / garment

Energy  
(direct and indirect emissions)

Electricity	4,850,405 kWh
Coal	10,896 tonnes
LPG	64,915 l.

Energy consumption for 2009



Total output (yarn, fabric and garment)  
9,365 tonnes

The average CO<sub>2</sub> emissions per kg of output is 3.88 kg CO<sub>2</sub>e.

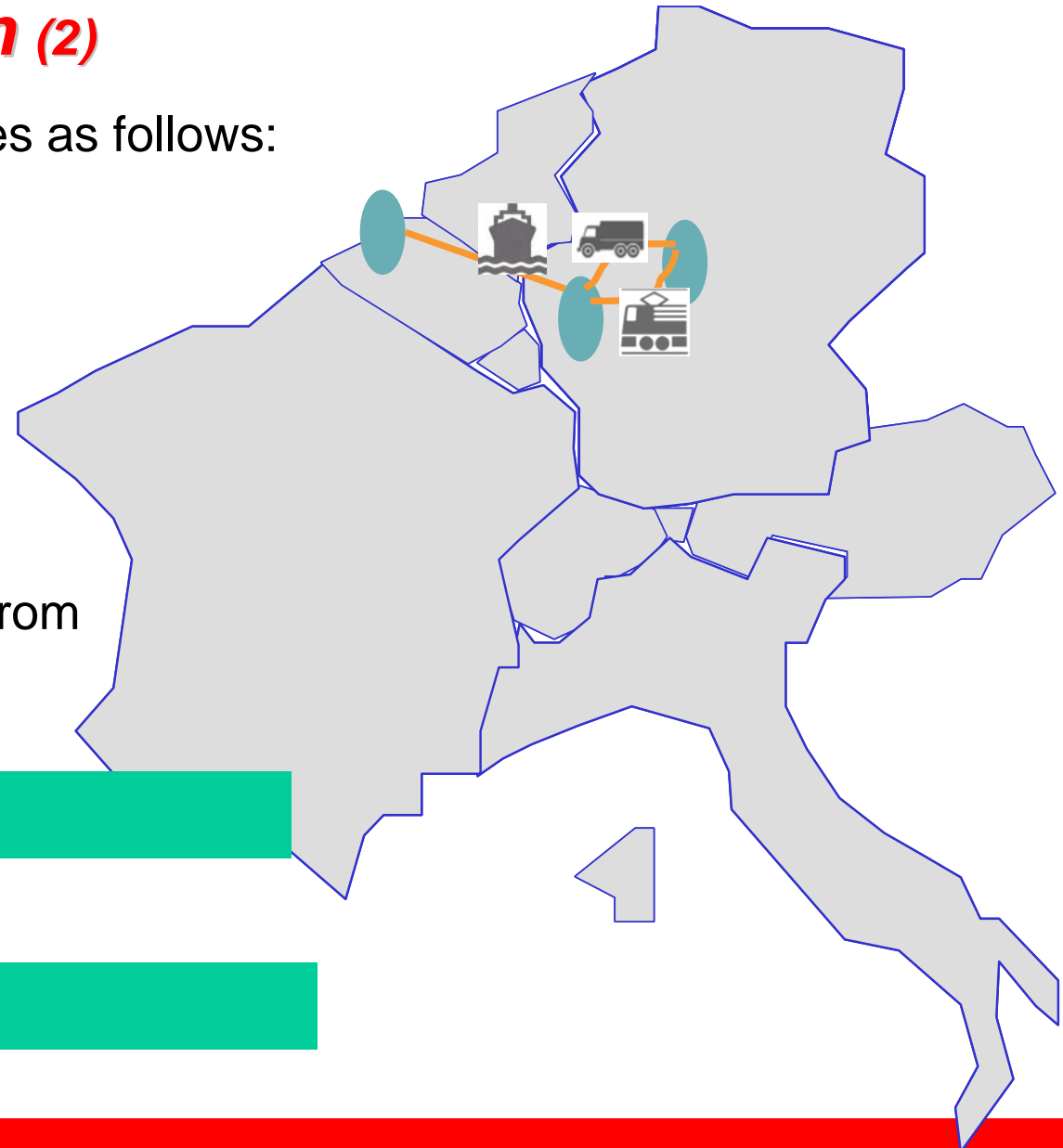
## Impact of transportation (1)

The transportation of a pair of jeans from the factory in Guangdong, China to Bönen in Germany goes as follows:



## Impact of transportation (2)

Within Europe the transportation goes as follows:



### Results:

Carbon emissions emitted by the transportation of one pair of jeans from Kaiping to Bönen.



210g CO<sub>2</sub>



212g CO<sub>2</sub>

## Impact of transportation (3)

In comparison to other transportation combinations, KiK's actual transportation combination saves substantial CO<sub>2</sub> emissions per pair of jeans.



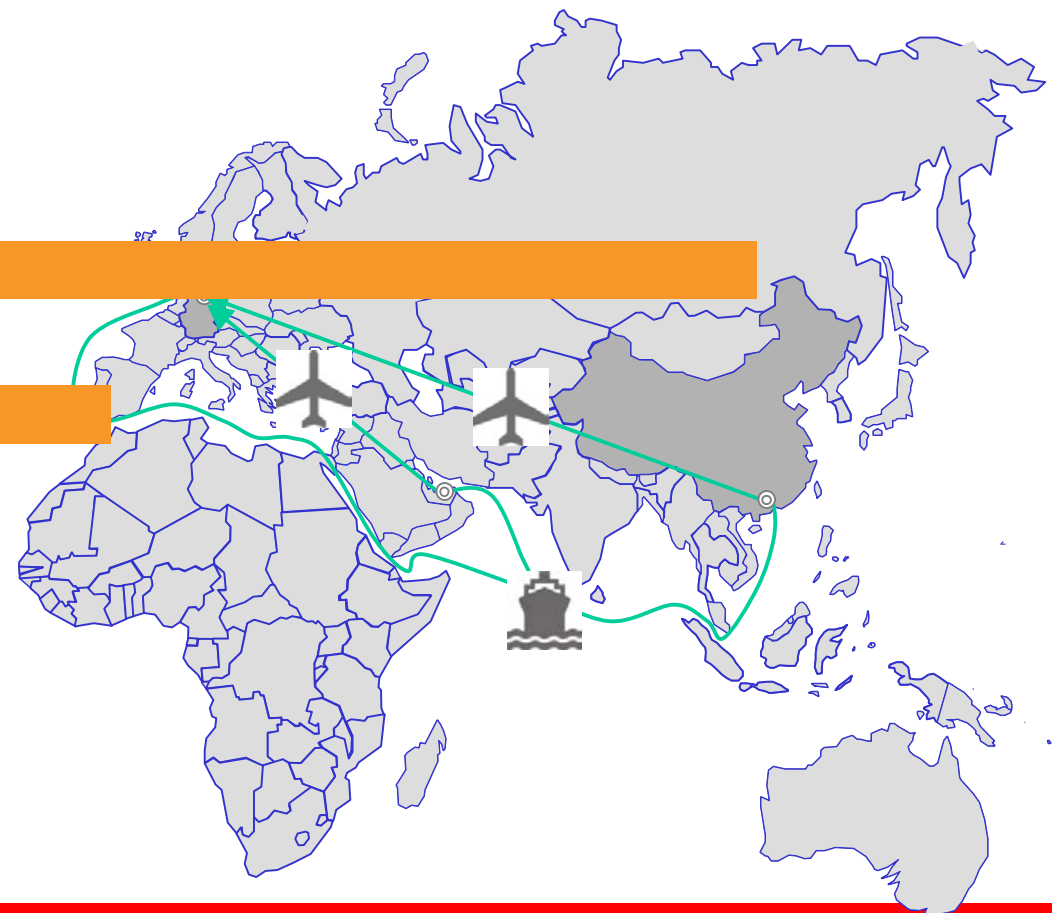
0.211 kg CO<sub>2</sub>



4.4 kg CO<sub>2</sub>



2.5 kg CO<sub>2</sub>



Carbon emissions emitted by the transportation of one pair of 5-pocket jeans from Shenzhen to Bönen.

## Compensation

- ✓ This year KiK will become an official partner to a local Hong Kong NGO called *Heroes 2* and plant 5,000 trees in the Canton Province throughout 2010/2011.

## Conclusion

- ✓ Within this project we have now first ideas about our impact on climate related to our sourcing in PRD with a core product.
- ✓ We see this as a starting point for further ongoing activities especially in the area of optimisation



✓ **Do you have any questions?**

