

clas ohlson

CSR Report 2009/10



Extract from Annual Report 2009/10

Sustainable development

Clas Ohlson is a pure retailer with 120 stores in Sweden, Norway, Finland and the UK. In Sweden and Norway, we also sell through mail order/Internet. The company offers a range of 15,000 products within the areas of hardware, home, multimedia, electrical and leisure. The head office and distribution centre is located in Insjön, Dalarna, and we have a total of approximately 3,400 employees. The company does not own any factories, but cooperates with about 600 suppliers and 750 manufacturers in 30 countries. The impact of our operations on people and the environment and how we address the issue of sustainability is described in this Corporate Social Responsibility (CSR) report.

Basis for Clas Ohlson's CSR work

Our business concept is to make it easy for people to solve their everyday practical problems in life. Our own operations and those of our suppliers and manufacturers are subject to demands concerning working conditions and other human rights, work environment and environmental impact. Through a sustainable business concept and operation, Clas Ohlson aims to create value for its shareholders, customers and employees, as well as for the community as a whole.

Clas Ohlson aims to contribute to sustainable development and protect living conditions for current and future generations.

Efforts to contribute to sustainable social development are of critical importance to our business operations; in part due to increasing demands from customers, employees and other stakeholders, but also because sustainability generates new business opportunities for Clas Ohlson. All major investment decisions shall take economic, social and environmental implications into account.

Our corporate culture is distinguished by the unique Clas Ohlson spirit, which is characterised by responsibility, team spirit, mutual respect and an open exchange of thoughts and ideas. Clas Ohlson's culture and tradition also include caring about customers, employees and the community as a whole.

Our sustainability vision

We shall commit the company's resources to economic, social and environmental development that contributes to sustainable living conditions for current and future generations.

Clas Ohlson's CSR organisation and responsibility

Clas Ohlson's sustainability programmes are led by the CSR forum comprising the CEO, Director of Information, Director of Purchasing, Director of Supply Chain, Director of HR, Environmental Coordinator, Internal Controller and the Code of Conduct Manager.

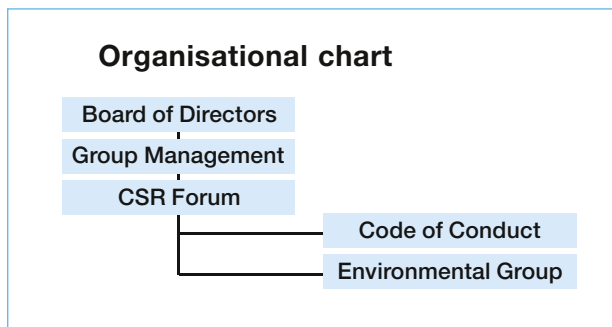
The CSR forum makes decisions pertaining to goals,

strategies and activities for the entire Group's CSR programmes and monitors whether the company is effectively working toward its established goals.

The CEO has overall responsibility, and the CSR programmes shall be integrated into and encompass the entire organisation.

Clas Ohlson works according to the philosophy that issues relating to sustainability require an overall approach and that these issues must permeate the entire organisation and its various operations. This requires the involvement of the entire organisation, down to each individual employee, in efforts to achieve a sustainable society.





Policies and reporting period for Clas Ohlson's Sustainability Report

This is the second Sustainability Report that Clas Ohlson has prepared, and it is based on the latest Global Reporting Initiative (GRI) guidelines. Clas Ohlson has chosen to apply C level* disclosure to this report (not reviewed by an external party). A cross-reference table is presented on page 45 detailing where the various GRI indicators can be found in Clas Ohlson's Annual Report, Sustainability Report and website.

The information and performance indicators provided in the Sustainability Report are selected on the basis of significance and relevance from a sustainability perspective for Clas Ohlson and according to requests from our stakeholders.

The Sustainability Report pertains to the 2009/2010 financial year, meaning the 1 May 2009 – 30 April 2010 period. Some sections contain information, performance indicators and diagrams for the 1 January 2009 – 31 December 2009 period.

Restrictions

The sustainability report relates to Clas Ohlson's own operations, meaning our direct impact on people and the environment, but also the impact of our suppliers' and manufacturers' operations on people and the environment.

We consider the entire lifecycle of the product, meaning how it is manufactured and used and its impact on the environment when its operational life is over.

With respect to suppliers and manufacturers, we are responsible for placing demands, developing long-term relations and supporting these stakeholders in their efforts concerning human rights, working conditions, the work environment and environmental impact. We also conduct continuous reviews and audits and terminate cooperation with manufacturers that will not or cannot live up to our demands.

Clas Ohlson's stakeholders and target groups

Clas Ohlson's key stakeholders and target groups are customers, employees, shareholders, suppliers and manufacturers, as well as the general public.

We engage in a continuous dialogue with key stakeholders and also conduct internal and external surveys to ensure that we keep abreast of opinions and requests concerning the company's operations and development.

The expectations and demands placed on Clas Ohlson by stakeholders differ. An open dialogue will generate increased knowledge and assist in determining the aspects of our sustainability efforts that need improvement.

We engage in meetings with a number of funds and asset management companies and their sustainability analysts

concerning various CSR issues and the opportunities and challenges facing Clas Ohlson. Several of these analysts have also been on factory visits to monitor the methods we use to inspect and check our manufacturers in Asia. During the financial year, Clas Ohlson also held meetings with Amnesty International, Swedwatch and Save the Children in an effort to learn from their experiences, know-how and work with respect to human rights.

Participation in international sustainability initiative

Clas Ohlson is a signatory to the UN petition to promote work in the area of human rights, the UN Global Compact. During the year, we introduced a policy against corruption and bribes that applies to employees, suppliers and manufacturers. In addition, for the second consecutive year, we contributed to the international climate initiative, the Carbon Disclosure Project (CDP). This requires that we report both direct and indirect emissions of greenhouse gases from our operations that occurred in 2009.

Employee surveys

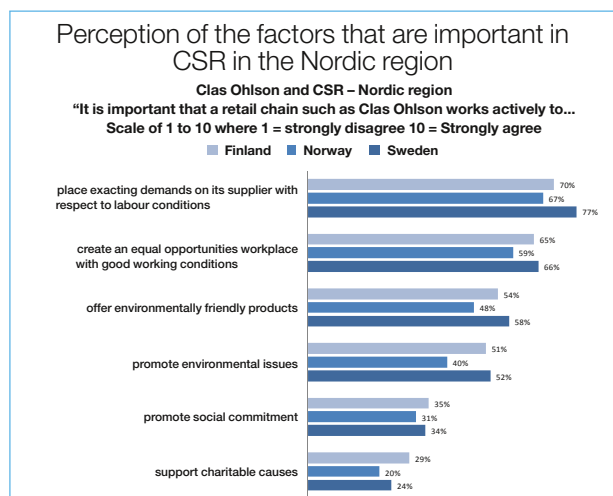
Our work environment survey reveals a high level of job satisfaction and an excellent working environment. During the financial year, an employee survey encompassing the entire Group was implemented – Employee Satisfaction Index (ESI). (Read more on pages 38-41).



Solar-Powered Charger for mobile phones/MP3 players, cameras, etc. (non-original). Compact, convenient emergency charger. Built-in 1100 mAh battery which charges automatically when exposed to light. Can also be charged via the USB port. Comes with 6 interchangeable DC connectors which fit most Sony Ericsson, Nokia, Samsung, and mini USB devices. Size: 94x44x11 mm. **38-3632**

Customer survey

Each year, Clas Ohlson conducts a large customer survey encompassing Sweden, Norway and Finland. The customer survey for this financial year included questions relating to the customers' view on sustainability and which areas they believed were most significant with respect to the environment, ethics and social responsibility.



In this year's survey, customers indicated that they believe that our social work is most important, closely followed by a good personnel policy and our environmental programmes. Dialogue with our customers regarding sustainability is important and will be further developed to include our customers in the development of our business and the products we offer.

Our stores

In conjunction with store establishments, Clas Ohlson cooperates with municipalities, regions and government authorities.

The stores share a common interest in creating a vibrant local business community, particularly in the city locations where Clas Ohlson primarily establishes stores. Central locations mean that people are able to shop where they spend their workdays, thus reducing the need for car journeys to shopping centres outside the city centre. Each year, we open a large number of new stores in our current four markets, thereby creating many new job opportunities.

Significant events in 2009/10

During the financial year, we have taken additional development steps in our long-term programme focused on reviewing our Code of Conduct. During the financial year, 444 factory visits were conducted in Asia compared with 357 in the preceding year.

In partnership with Dalakraft, district heating was introduced at Clas Ohlson's distribution centre and head office in Insjön, thus contributing to reduced carbon emissions.

Clas Ohlson has helped in efforts to phase out traditional light bulbs through aggressive marketing activities. Customers have received guidance from our competent personnel and a specially produced brochure to identify the right alternative.

The implementation of a major employee survey, ESI, contributed to systematic work to develop our employees and our work environment (read more on page 39).

*GRI application levels

The guidelines have three different application levels: A, B and C. The reporting criteria at each level reflect a measure of the extent of application or coverage of the GRI Reporting Framework. At each level, a "plus" (+) may be added, meaning that the item in the report has been verified externally.

The strategies are as follows:

Strategy	Activity
Open dialogue with our stakeholders and opinion-builders pertaining to our CSR work.	<ul style="list-style-type: none"> - Identify and develop relationships with individuals and organisations in the CSR area. - Improved CSR communication both internally and externally.
Deepen cooperation with stakeholders and manufacturers to create continuous social and environmental improvements.	<ul style="list-style-type: none"> - Projects to assist selected manufacturers to reduce their environmental impact. - Continued development of CSR programmes to influence working conditions at our manufacturers in Asia.
The CSR perspective shall be an integral part of our business. We shall capitalise on the business opportunities that exist in the area of sustainable development and strengthen our long-term competitiveness.	<ul style="list-style-type: none"> - Continue internal training activities in relation to sustainability. - Continued development of stakeholder dialogue, both internally and externally. - Development of system support and performance indicators for improved control and measurement of sustainability programmes
Develop the product range and communication, which helps our customers in their selection of products that contribute to sustainable development.	<ul style="list-style-type: none"> - Continuous development of the product range with respect to both commercial potential and sustainability aspects. - Developed customer communication that highlights products and activities that contribute to sustainable development.
We shall make a difference in society by supporting selected charitable causes in countries where we conduct operations.	<ul style="list-style-type: none"> - Preparation of long-term strategy for cooperation with charity organisations. - Developed cooperation with international organisations to make a difference in society.

Clas Ohlson's work to promote human rights and better working conditions

Clas Ohlson aims to contribute to promoting human rights in countries where it operates. The company's responsibility not only extends to its own employees, but also to the individuals that participate in the production of the products it purchases. While part of this responsibility involves placing demands, it is also about developing long-term relationships and supporting our suppliers in their efforts to achieve sustainable improvements.

Our supplier chain

Clas Ohlson is a pure retailing company. The company does not own any factories, but purchases its entire product range from suppliers and manufacturers in 30 countries.

Some 37 per cent is purchased directly from factories in Asia, primarily China. When purchasing directly, we have a better opportunity to monitor and support manufacturers in their efforts to improve working conditions and the work environment.

Long-term commitment and cooperation

We want to contribute to an improved work environment and working conditions for the staff of the suppliers and manufacturers with whom we cooperate. We are also partially responsible for ensuring that the environmental impact of the products is as low as possible throughout their entire lifecycle. These are long-term and complicated programmes that require commitment and input from the entire organisation and from the suppliers and manufacturers with whom we cooperate.

History of Clas Ohlson's CSR work

- 1998 Policy concerning child labour introduced
- 2001 Environmental policy introduced
- 2004 Launched process to develop and introduce Code of Conduct
- 2005 Clas Ohlson's Code of Conduct for suppliers adopted by Board and published
- 2006 Working basis for the company's systematic CSR work is prepared, approved and tested
- 2007 First external CSR audits carried out
- 2008 Establishment of a special Corporate Social Responsibility organisation in Shanghai
- 2009 Expansion of the number of audits and deepening of cooperation with suppliers in regard to our Code of Conduct



In recent years, we have taken several important steps in our cooperation with suppliers. We are aware and are humble ahead of the challenges and opportunities involved in our efforts to achieve sustainable improvements.

Integral part of operations

The CSR work is an integral part of Clas Ohlson's operation. Targets are set, planned and monitored by our CSR forum (read more on page 29).

Our purchasing department in Insjön and CSR department are jointly responsible for ensuring that all of our suppliers and manufactures sign and comply with the stipulations in our Code of Conduct. They are also responsible for supporting our manufacturers in their efforts to achieve continuous improvement. A well-functioning cooperation between both these departments is a fundamental requirement for our work relating to social responsibility in the supplier chain. Consequently, the two departments work closely with one another and jointly plan and review targets.

Our CSR department in Shanghai

Our CSR department in Shanghai is responsible for monitoring, assessing, reviewing and training/informing our suppliers and manufacturers in Asia. The assignment includes CSR audits of manufacturers throughout China. In organisational terms, the department reports to Clas Ohlson's CEO and, at the end of the year, included:

- A CSR Manager, Supply Chain
- A CSR coordinator and team leader
- A CSR administrator
- Four CSR auditors, who perform audits of manufacturers



Our purchasing

Clas Ohlson's purchasing department is one of the largest departments in the company. More than 100 people work in the department tasked with purchasing the 15,000 products included in the range. The purchasing department is divided into five sections, based on Clas Ohlson's five product areas: Hardware, Home, Multimedia, Electrical and Leisure.

Those working on our product range include purchasing assistants, product assistants, product technicians, product managers and category managers. In specific terms, it involves finding the right product at the right price and quality and developing the cooperation with suppliers who can comply with our Code of Conduct.

Nina Rosén is one of the people working in Clas Ohlson's purchasing department. She is product manager for about 1,500 products in gardening, nails/screws/fixings and fittings categories. She has worked for the company for a total of 21 years, two of which in her current role.

Describe the process when purchasing a new product.

"If it involves a new supplier that we have not used in the past, a general review is conducted by ourselves or our agents to ascertain whether they comply with our overall requirements placed on quality, delivery capacity and potential to meet the demands of our Code of Conduct.

"The next step is to examine the product features, quality and price level. We order test products that are studied, tested and assessed by our skilled engineers in Insjön. If the product tests and price are considered satisfactory, a preliminary decision is taken to include the product in the range. A new supplier must sign our Code of Conduct and before an order is placed, we or one of our agents must have visited the factory to confirm that it meets our requirements (Short Facility Assessment).

"The final step is to place the actual order and manage all the administration associated with the purchase and delivery. Products from Asia are mainly transported by sea to Gothenburg and then onward to the distribution centre in Insjön. Since it takes at least four months from when an order is placed to when it is delivered, it is necessary to plan well in advance to ensure that the goods reach the stores at the right time, neither too early nor too late."

What is the division of work between you as a purchaser and the CSR organisation in China?

"We work closely together and participate in various parts of the process. We meet our manufacturers at various stages in the purchasing and auditing process and communicate regularly when various questions arise. All product managers at Clas Ohlson participate in an audit to learn the procedure and to be able to contribute to the Code of Conduct process when we perform site visits.

"Prior to placing orders with existing suppliers, we can also view the status of a supplier through a colour-coding system that indicates any shortcomings that may have been highlighted in recent audits. This allows me as the purchaser to make a comprehensive evaluation concerning the selection of supplier taking into consideration price, quality of the products, and the factory's progress in the areas of environment and working conditions.

"In our role as a purchaser, we receive training in social issues. Our agents, who assist us in our purchasing work in Asia, are experienced and also provide us with effective support. I feel that I am part of the process and can make a difference. We are currently working on generally developing our work tools and administrative support in the purchasing process, particularly with respect to our work on our Code of Conduct."



Our tools and processes

Code of Conduct

Clas Ohlson's Code of Conduct is an important tool in efforts to improve working conditions and the work environment. The Code refers to international conventions and national legislation and regulations. It is based on the OECD's guidelines for multinational companies and also adheres to the United Nations' ten principles (UN Global Compact) for human rights, labour, environment and anticorruption.

The Code of Conduct includes the demands concerning working conditions, the work environment and environmental impact that we place on our own operations and those of our suppliers and manufacturers. The Code is available in Swedish, Norwegian, Finnish, English, Mandarin and Vietnamese. Read more at www.clasohlson.se.

We strive to establish long-term relations with our suppliers and manufacturers and believe in the value of cooperation and active dialogue. The Code of Conduct will be developed based on our experiences and cooperation with manufacturers.

Supplier and manufacturer requirements

All of our suppliers and manufacturers must sign our Code of Conduct. Suppliers and manufacturers that refuse to, or cannot, meet our requirements are not permitted to be, or continue to be, a partner of Clas Ohlson.

Suppliers are in turn responsible for ensuring that their sub-suppliers and manufacturers adhere to our Code. Generally speaking, suppliers that are managed by a committed administrative team and have an effective system for reviewing, inspecting and document management are best at meeting the requirements in the Code of Conduct.

Assessment and inspection of factories

Before Clas Ohlson purchases products directly from new suppliers or manufacturers in Asia, an initial assessment of the CSR level of the factory is conducted by visiting the site.

To identify any shortcomings, we also ask the manufacturer to conduct a self-assessment, which involves completing a comprehensive questionnaire. The most extensive inspection takes the form of an audit, when our own or external auditors conduct a review of the manufacturing facility, interview personnel and study various documentation.

The Code refers to:

- UN Convention on Human Rights
- UN Convention on the Rights of the Child (1989)
- ILO Convention on the Minimum Age for Employment (no. 138, 1973)
- ILO Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labour (no. 182, 1999)
- ILO Declaration on Fundamental Principles and Rights at Work (1998)

Our Code of Conduct is currently available in Swedish, Norwegian, Finnish, English, Mandarin and Vietnamese.



Proactive work

Much of our efforts related to the Code of Conduct in the supply chain are focused on manufacturers in Asia from which we purchase products directly via our purchasing office in China or using our local agents/trading houses.

The work is based on the joint ambition of ourselves and the manufacturers to gradually improve any shortcomings. From the beginning, certain manufacturers are not fully aware of the requirements and regulations they must follow or how they should proceed to ensure compliance. Our auditors inform manufacturers of our requirements and which areas they must improve. They also present them with the various possibilities that they can use in the process of continuous improvement. If, despite discussions, the manufacturer does not grant us access to perform an audit or does not carry out the required improvements, we terminate the cooperation.

Recurring audits

Audits are conducted on a regular basis and manufacturers are reviewed at least every two years.

During the financial year, we conducted 444 audits, up 24 per cent on 2008/09. Some 420 audits were carried out by our own inspectors and 24 by independent auditing companies specialising in social responsibility and human rights.

An audit usually takes one to two days, depending on the size of the factory and the number of employees. The audit is documented in a report together with an action plan and measures that must be implemented if the manufacturer does not fulfil the various criteria of the Code.



The CSR audit process

At Clas Ohlson's office in Shanghai, four auditors are employed to check conditions in factories. Clas Ohlson performs internal audits using its own auditors and external audits through independent organisations.

An audit is initiated following an opening meeting at which we meet the owner or a senior official at the factory. During this meeting, we describe the audit process and the factory is presented with a list of documents that will be reviewed. Following the opening meeting, a visual inspection of the factory and all its premises is conducted, including lunch rooms and residences. The auditors take photographs to document everything they see.



The auditors check the status of the following items:

- Are the fire extinguishers easily accessible and labelled?
- Are the exits and evacuation routes clear?
- Do workers have sufficient protective equipment?
- Do they use hearing protection?
- Are the chemicals labelled?
- Are the machines fitted with protective guards?
- Is there first-aid equipment?



In the next phase, a review is conducted of such documents as payrolls, timesheets, ID cards, employment contracts and various types of certificates and permits. This is followed by interviews with employees at the factory. Primarily, these occur individually, but sometimes they may also occur in groups. All interviews are voluntary and confidential, and it is important to protect the individual employee.

The visit is rounded off with a meeting at which factory management is informed of the findings of the audit. If deviations have been identified, a joint discussion is held regarding the changes that must be made and when these must be completed.

A post-control is subsequently conducted at the factory to ensure that it complies with the audit's improvement requirements. The control is conducted either by Clas Ohlson's own representatives or by an independent organisation. We also retain the right to perform unannounced audits at our suppliers. The audits are paid for by Clas Ohlson.

Minimum requirements

Clas Ohlson has a number of minimum requirements that the manufacturer must meet before we can purchase its products. For example, we do not tolerate child labour or forced labour and there must be a satisfactory level of fire safety at the factory. If a serious deviation is identified, it must be immediately rectified before the manufacturer may commence or continue to deliver to Clas Ohlson. Manufacturers' CSR levels are determined in accordance with a colour chart:

- Green** – fulfils the requirements of our Code of Conduct
- Yellow** – a number of deviations from the Code have been identified
- Orange** – we have identified high-risk deviations from the Code
- Red** – we have identified zero-tolerance deviations from the Code

Observations and improvements

The majority of remarks made in our audits related to the areas of health and safety (for example, deviations in relation to the use of safety equipment, evacuation and fire safety) and salary and working hours (for example, overtime and social insurance).

Most improvements also took place in the area of health and safety. For salaries and working hours, it takes a longer time to implement lasting change. The issue is complex and requires long-term improvement work in which both purchasers and manufacturers of goods in Asia, in consultation with authorities and non-profit organisations, must work to jointly develop sustainable solutions.

Nearly all of the manufactures that were assigned the status zero-tolerance (red) or high-risk deviations (orange) immediately implemented the necessary improvements.

Status per active manufacturer 30 April 2010

Status	Green	Yellow	Orange	Red
Percentage	7%	89%	3%	1%

The current status relates to the status assigned to the manufacturer following the most recent audit.

Number of audits/status per financial year

Year	06/07	07/08	08/09	09/10
Green			14	11
Yellow	4	24	296	332
Orange				50
Red		14	49	51
Total	4	38	359	444

The information relates to the status assigned to the plant following the most recently implemented audit.

The status may be derived from an initial audit, a second audit or follow-up audits.

GRI (Global Reporting Initiative)

In 2009, Clas Ohlson introduced GRI – the global reporting standard for sustainability activities – the aim of which was to make it easier for the outside world to follow our sustainability efforts. The introduction of GRI has also created value for Clas Ohlson by providing a framework with well-defined performance indicators to set targets for, and monitor results in, selected areas.

Reporting of deviations and measures taken

A number of selected performance indicators in the area of human rights (HR) are presented below.

HR4K – Non-discrimination

In connection with manufacturer audits, we have identified 15 deviations relating to discrimination. These cases related to discrimination in conjunction with job advertisements, for example, age/gender requirements of job seekers. Clas Ohlson has demanded that the advertisements be changed and that the company introduce a non-discrimination policy if such a document does not already exist.

HR5K Freedom of Association and Collective Bargaining

We have made nine observations regarding restrictions to freedom of association. We have demanded that these suppliers shall introduce a system to remove these restrictions. In general, freedom of association is a major problem in Asia and represents a major and significant development area that requires cooperation among manufacturers, purchasing companies, non-profit organisations and authorities.

HR6K – Child Labour

We identified one case of child labour – a 15-year-old boy that worked in a factory where his mother also worked. The boy discontinued working at the factory and we worked together with him, his parents and the factory management to identify a good alternative for the boy and his future. He is now enrolled in a three-year vocational course at a boarding school close to his home town. The factory is paying for the course and has also guaranteed that his job will be reserved should he decide to return to the factory on completion of

his training. In a further 26 cases, various factories have not been able to present satisfactory documentation in relation to ID papers that would enable us to establish the age of employees. In these instances, Clas Ohlson has demanded that the companies introduce a policy against child labour and procedures to maintain a register of ID papers.

HR7K - Forced and Compulsory Labour

We have made two remarks relating to the risk of forced and compulsory labour. One of these involved a factory that required the employees to deposit wages in return for a job at the company. The second related to a factory that confiscated the workers' ID papers. In both cases, Clas Ohlson demanded that these practices cease immediately and that the factories introduce policies and procedures to prevent forced and compulsory labour.

Our challenges

Clas Ohlson has a broad range of about 15,000 products and thus has a large number of suppliers and manufacturers. For many suppliers, Clas Ohlson is a small customer that represents less than 5 per cent of their annual sales. Thanks to our CSR department in Shanghai, we have increased our capacity to verify compliance with our Code of Conduct. Challenges faced by Clas Ohlson when working with manufacturers in Asia include:

- excessive overtime work
- absence of or weak trade unions
- low level of knowledge among employees about their rights
- poor working environment and inadequate protective equipment
- falsified documents, for example, time sheets
- corruption, bribes and other practices that make it more difficult to conduct checks.

All companies that directly or indirectly operate in Asia face these challenges and can, in various ways, help to improve the conditions. Clas Ohlson's strategy is to use a combination of in-house CSR auditors and external audit firms. Close cooperation between our CSR department in Shanghai and our purchasing department in Insjön is decisive in efforts to achieve results. Clas Ohlson is also a member of CSR Asia to exchange knowledge and help to improve conditions for workers in Asia.

Deviations based on GRI indicators after the implementation of audits:

GRI indicators	2006/07	2007/08	2008/09	2009/10	Totalt
HR4K – Non-discrimination – total number of incidents of discrimination and actions taken.			16	15	31
HR5K Freedom of Association and Collective Bargaining – operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		1	29	9	39
HR6K – Child Labour – operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.		1	1	1	3
HR7K - Forced and Compulsory Labour – operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.			5	2	7

Training of employees

Training courses and information are probably the most important success factors in our CSR work.

New Clas Ohlson employees are trained in CSR issues in conjunction with the introduction programme in Insjön. On the company's intranet, employees can view a video training course on Clas Ohlson's social responsibility.

Our purchasing department receives training and regular information about CSR issues. During the financial year, our purchasers also participated in audits at manufacturers in China, which provides increased knowledge and experience concerning the process and creates insight into how they as purchasers can contribute to the improvement programme.

When recruiting CSR auditors, we only employ experienced auditors. During the financial year, our auditors underwent an environment training programme that was developed in cooperation with an external audit firm. The course included information about environmental pollution in various types of industries and production processes.

During the year, we prepared training material for our manufacturers. We also provided in-service training to our agents regarding Clas Ohlson's CSR programmes. These training courses were held in Shanghai, Hong Kong and Taipei.

External information

During the financial year, we produced a brochure on sustainability aimed at both employees and customers, which provided a brief overview of Clas Ohlson's sustainability programmes. We also expanded the CSR information on Clas Ohlson's website, which now includes a number of case studies with examples from various sustainability initiatives that have been conducted in relation to the environment, human capital and human rights.

Cooperation with other companies and organisations

To increase our opportunities to promote change and influence manufacturers, we endeavour to cooperate with other companies and organisations. During the financial year, for example, we became a member of the organisation CSR Asia. As part of our stakeholder dialogue – which is an in-

tegral part of our sustainability efforts – we participated in seminars arranged by Swedwatch, Save the Children and Amnesty International during the year. We also conducted a dialogue with analysts and other representatives of ethical funds who monitor Clas Ohlson.

Glossary and definitions

CSR (Corporate Social Responsibility)

CSR means that companies, on their own initiative, demonstrate active commitment and responsibility in terms of social development. The term encompasses companies' social responsibility, environmental responsibility and HR policies.

Code of Conduct

A Code of Conduct includes guidelines that describe how a company should conduct operations, ethically, socially and environmentally. It is often based on various international agreements, such as UN and ILO conventions, national legislation and regulations. Requirements may also pertain to suppliers' and manufacturers' production. By applying a Code of Conduct, companies aim to ensure that products are manufactured under satisfactory working conditions.

Global Reporting Initiative (GRI)

Global reporting standard for sustainability programmes. Introduced in 2009 at Clas Ohlson.

Suppliers

Companies with whom we place orders.

Manufacturers (factories)

Companies that manufacture our products.

Agents

Suppliers in Asia with whom we have a long-standing relationship and who purchase products from other suppliers and manufacturers in Asia.

Read more

The complete Code of Conduct is available on our website at www.clasohlson.se.

Further information about Clas Ohlson's efforts to promote human rights is also available on the website.

Qualitative goals	What have we achieved in 2009/10	Objectives in 2010/11
<ul style="list-style-type: none"> Continued efforts to assess, monitor and improve the conditions for humans and the environment among suppliers and manufacturers. 	<ul style="list-style-type: none"> Completed an initial assessment and audit of our existing manufacturers in Asia. New manufacturers assessed and audited in conjunction with the initiation of our cooperation. Continuous efforts to monitor manufacturers' improvement work. New assessment and audit performed at least every second year. 	<ul style="list-style-type: none"> Further development of the company's assessment and auditing work for manufacturers. Systematic post-control of manufacturers' improvement work. Measure the environmental effects of factories and work to reduce their footprint in partnership with a number of manufacturers.
<ul style="list-style-type: none"> Expand our information and training programmes for manufacturers. 	<ul style="list-style-type: none"> New training material developed for manufacturers. 	<ul style="list-style-type: none"> Expand our work aimed at informing and training manufacturers.
<ul style="list-style-type: none"> Continuous training for our CSR auditors. 	<ul style="list-style-type: none"> Our auditors underwent a two-day environment training course. 	<ul style="list-style-type: none"> Continuous training.
<ul style="list-style-type: none"> Strive to establish cooperation with other companies and organisations to further increase the potential to influence and improve. 	<ul style="list-style-type: none"> Strategic partners i organisationen CSR Asia 	<ul style="list-style-type: none"> Cooperate with more companies and organisations. Examine various initiatives that work to harmonise companies' CSR programmes.
<ul style="list-style-type: none"> Endeavour to improve internal and external communication. 	<ul style="list-style-type: none"> CSR brochure for our employees and customers. CSR information developed for our website. Marketing of energy-saving products. 	<ul style="list-style-type: none"> Increased internal and external CSR communication. Further develop stakeholder dialogue.

Clas Ohlson's values and employees

Clas Ohlson's employees are the core of the Clas Ohlson brand. A comment we frequently hear from our customers is that we provide good service, have pleasant and knowledgeable staff and they thus expect a little bit more of Clas Ohlson.

Clas Ohlson is continuing to expand at a rapid pace. The company currently has more employees than ever and has stores and offices in Sweden, Norway, Finland, the UK and China. This places exacting demands on Clas Ohlson as a responsible employer.

With the purpose of safeguarding expertise for future growth and expansion, we place great importance on attracting and retaining the industry's best employees. Key success criteria in this work include providing access to internal career opportunities, continuous skills development, market-based salaries, and health and diversity programmes.

An eventful year

The following events, measures and activities provide a brief summary of our HR and training work during the 2009/10 financial year.

- Continued focus on staff optimisation in the store to ensure that we can provide good service to our customers in an efficient manner.
- Focus on skills development with respect to business approach and sales as part of the process to create the conditions for increased sales in our stores.
- Start-up of Clas Ohlson's first trainee programme with the first trainees in place in autumn 2010.

- Implementation of a major employee satisfaction survey (Employee Satisfaction Index, ESI) for the Group's more than 3,000 employees in four countries.

Strong corporate culture

Our corporate culture builds on founder Clas Ohlson's strong way of doing business and the personal care he showed for customers and employees. The goal is for customers to always be satisfied with their purchases and our service. On each separate occasion, the meeting with the customer shall be characterised by friendliness, involvement and knowledge. Managers in the company have a special responsibility to set a good example. We thus place considerable importance on their ability to communicate, delegate and develop members of their team, which is particularly important given the company's rapid rate of expansion.

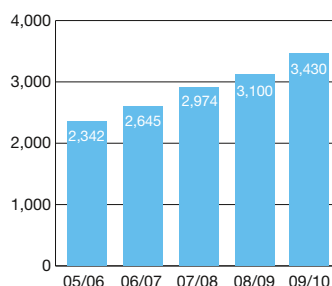
Accordingly, the company's core values form the basis for work to recruit and train new employees and managers in the company. The introduction programme is built up around our history and concept and aims at, an early stage, to provide new employees with knowledge of the range, service and attitude to both customers and employees. During the year, about 210 staff at 14 stores completed our training programme in Insjön. For our employees from the UK, this was a particularly exciting adventure.

As the company grows internationally, we see the need to precisely define the Clas Ohlson spirit. During the year, a project related to core values was launched with the aim of ensuring that all employees, regardless of responsibility or market, understand the significance of our origins and corporate culture. The platform will function as an important framework for how we develop leadership, employeeship, career development programmes and reward systems.

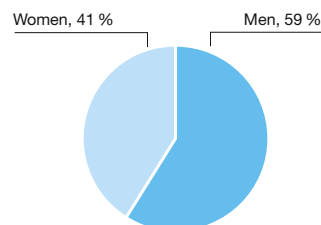
Proud employees

At 30 April 2010, the number of employees in the Group totalled 3,430. Of this number, 54 per cent were full-time employees.

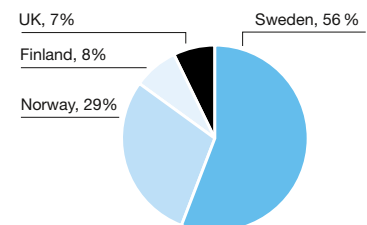
Total number of employees



Number of employees, men/women



Employees per country



Total	Store employees	Supervisors	Store managers	Salaried workers	Other managers	Stockroom workers	Supervisors, Distribution centre	Total
Total number of training hours	30,784	5,007	2,746	2,309	841	443	96	42,226
Average per employee	14	15	23	6	14	2	4	12



Sandra Salama is one of many employees who have chosen to pursue a career at Clas Ohlson. She currently deals with HR issues at our head office in the UK.



Sandra took the step over the North Sea

Sandra Salama took an exciting and revolutionary step in her career when, at the end of 2008, she made the move from the Clas Ohlson store in Uddevalla, Sweden, to our newly opened store in Croydon, outside London.

When Sandra was first offered the role of Administrative Controller, she was apprehensive as she was unsure whether she would enjoy handling invoices and salaries. "As it turned out, I think it is great," says Sandra.

Sandra has also assisted in the coaching of colleagues in other newly opened stores in the UK. She has even managed to fit in a return trip to the store in Västra Frölunda, where she helped with the start-up of the new cash register system.

Sandra subsequently became involved in the recruitment of store employees and she has now advanced to the head office in Kingston, where she works with administration and HR issues.

"My job is both enjoyable and challenging. We try to identify people who will be a good match for the special culture, friendly approach and spirit that characterise Clas Ohlson. In general, the British have made a very positive impression on me."

In the beginning, Sandra took a leave of absence from the Uddevalla store, but now she is firmly rooted in the UK.

"I feel that my employer is really prepared to invest in me. I am happy that I took the opportunity to come to the UK, because it's an amazing feeling to know that I have played a part in building up an entirely new company. This is actually true; we were completely unknown in the beginning."

The fact that the British have discovered Clas Ohlson and like the concept is beyond doubt according to Sandra.

"They appreciate our range and more and more people are visiting our stores. The fact that they can find everything under one roof is an impressive feature for the British."

Sandra does not regret leaving the everyday life and safety of Uddevalla.

"Certainly not. It's important to try new things. My plan is to remain here, but for how long I don't know. But I do know that I want to be part of Clas Ohlson's journey in the UK."

During the financial year, 615 new employees were hired, of which 109 in Norway, 286 in Sweden, 145 in the UK and 75 in Finland.

Clas Ohlson conducted the first Group-wide employee survey during the financial year. Some 82 per cent of employees responded to the survey, which is a high response rate. The total result for the Group was an Employee Satisfaction Index (ESI) of 72 per cent, which – according to an external comparison – is well in line with other companies. The employee survey has provided us with a solid platform on which we can develop our strategy for how to attract, reward and motivate staff and how we should design leadership action plans.

The results of the survey showed that the majority of employees are proud to work for Clas Ohlson and feel that they can influence decision-making. Confidence in managers and Group management is strong, and our efforts in the areas of diversity, non-discrimination and equal opportuni-

ties are highly rated. Employees also listed a number of improvement areas, such as more internal information, more rapid IT development and better technical support. We view these as important development areas in the forthcoming financial year.

Diversity enriches

We firmly believe that good results, satisfaction, commitment and teamwork are achieved through diversity. Consequently, we strive to achieve an even distribution of staff with different experiences and backgrounds. No one shall be discriminated against on the grounds of gender, age, religion or belief, sexual preference or ethnic and national background. Results from the employee survey indicate highly favourable results in this area.

The Group's gender equality policy underlies our diversity programmes. The objective is that neither gender should account for less than 40 per cent in any of the occupational

categories, which is achieved through strategic competence development combined with the prioritisation of an even gender distribution in connection with recruitment.

During the 2009/10 financial year, women accounted for 41 per cent of Group employees (41 per cent 2008/09). The portion of women among senior management in the Group was 13 per cent (22 per cent in 2009/10).

A large share of our store employees are younger than 29. This is a natural situation, since many of these are students employed part-time who work on weekends and evenings.

Continuous skills development

Motivated and skilled employees form the basis for our continued expansion and success. Ahead of each financial year, we conduct a review of the Group's collective training

requirements. These requirements are subsequently compared with the prevailing business goals.

The Clas Ohlson Academy in Insjön is responsible for all training in the Group. This includes mandatory and voluntary training, in all countries and for all occupational categories. A trainee programme for young people who wish to grow with the company will be introduced in autumn 2010.

The aim is to safeguard employees' skills and career development as well as regrowth and growth within the company. Another important task is to manage, develop and firmly root the Clas Ohlson spirit.

During the 2009/10 financial year, 2,000 employees completed some form of training. Those who do not have the opportunity to attend on location in Insjön participate via video conference and interactive training, which is efficient in terms of the environment and costs.

Competitive salaries

Clas Ohlson's salary policy requires that salaries shall be competitive and match or surpass those of other companies in the industry, when the company achieves its goals. The salary level is based on competence and performance.

In addition to fixed salary, all employees – regardless of professional capacity – have some form of profit-based salary, health maintenance allowance and staff discounts.

Preventive healthcare programmes

Clas Ohlson shall offer a good working environment where employees feel a sense of satisfaction, security and community in their work, in addition to physical and mental well-being at the workplace. Our approach to employee health forms a natural part of our programmes to address work environment issues.

Our annual employee survey revealed that the work environment is good and the satisfaction factor is high, which in turn is demonstrated by the company's low staff turnover and low levels of ill-health relative to the industry in general.

Total sickness absence in 2009/10 was 3.1 per cent, down 0.5 percentage points on 2008/09. The proportion of total sickness absence accounted for by staff on long-term sick leave during the same period decreased from 27 per cent to 21 per cent.

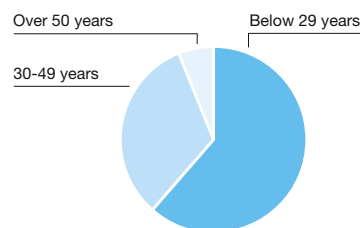


Capere Citrus Juicer, presses fresh juice directly into a glass or container. Stainless steel sieve. 500 ml juice container. Two different sized cones. 220-240 V/85 W. 34-3022

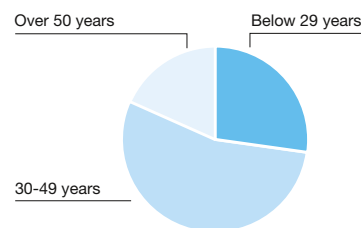
A young organisation

Employees below the age of 29 account for a large proportion of our staff, which is natural as many of the employees in our stores work part-time. It is common for students to work in one of the Clas Ohlson stores at weekends and evenings.

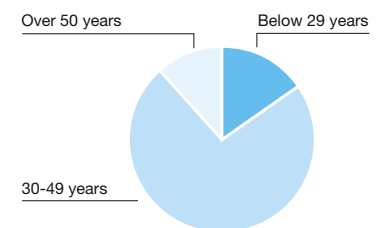
Age breakdown – Stores



Age breakdown – Distribution centre



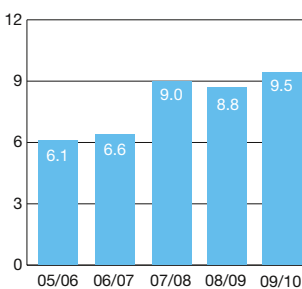
Age breakdown – Salaried employees





We place great importance on ensuring that new employees receive a solid introduction to the company and knowledge of our products, service, corporate culture and history. Our expansion into the UK means that the Clas Ohlson spirit has been exported to yet another country.

Staff turnover



Number of employees*	Sweden	Norway	Finland	UK	Total
Stores	1,166	913	230	239	2,548
Distribution centre	347	0	0	0	347
Salaried employees	386	90	41	18	535
Total	1,899	1,003	271	257	3,430
– of whom women, %	41	39	40	53	41

Average period of employment in the company, years*	Sweden	Norway	Finland	UK	Total
Salaried employees	7	7	4	1	4
Stores/Distribution centre	6	3	3	1	3

Average absence due to sickness, %	Sweden	Norway	Finland	UK	Total
Total absence due to sickness	2.9	7.1	3.7	3.1	3.1
– of which, long-term sick leave	23	49	-	22	21
– of whom, men	2.4	5.4	2.7	3.6	2.6
– of whom, women	3.6	9.8	5.2	2.6	3.9
– of whom, employees aged below 29	0.9	5.4	4.1	2.9	3.3
– of whom, employees aged 30–49	5.8	9.6	3.5	3.7	2.8
– of whom, employees aged over 50	4.5	5.8	0.4	2.9	4.4

* 30 April 2010

Our responsibility for the environment

Clas Ohlson purchases products from approximately 600 suppliers in 30 countries. The products are transported by sea, air, road and rail to the distribution centre in Insjön, Dalarna, where they are stored and sorted for onward distribution to Clas Ohlson stores in Sweden, Norway, Finland and the UK. Goods are mainly distributed by road, but sea and rail are also used.

Consideration and responsibility play an important part in Clas Ohlson's corporate culture. We work actively to achieve our environmental targets and believe that improving the company's environmental performance is a task that cannot wait.

Clas Ohlson's environmental policy establishes that the environmental perspective shall be included in all key decisions to create long-term value for Clas Ohlson's customers, employees, shareholders and for society in general. We apply a lifecycle approach that encompasses the entire chain, from manufacturing and transport to use and waste management.

Key events during the year

- All of our own properties in Insjön have been connected to bio-based district heating since December 2009. This yields a reduction in carbon emissions of about 1,000 tonnes per year compared with the earlier heating method that was based on fuel oil.
- During the 2009/10 financial year, the ErP directive gained legal force in the EU. The new demands on energy efficiency have impacted many product categories in Clas Ohlson's range, for example, light sources. Effective

September 2009, light bulbs are being phased out in favour of more energy efficient light sources that entail an energy saving of up to 85 per cent.

- All of our stocks are now centralised to the Distribution Centre (DC) in Insjön, Dalarna. The DC has been equipped with a new pallet crane and miniload system. The investment generates higher efficiency within materials handling and reduces the number of internal transports.
- The shipping companies lowered the cruising speeds of vessels from 22 to 16 knots. Although this results in a 10 per cent reduction in emissions from vessels, it also impacts our purchasing planning since the time for a sea transport from China to Gothenburg increases from between 30-35 days to about 45 days.

Environmental work in a larger context

Our greatest challenge, from a risk and cost perspective, is our dependence on fossil energy types and their impact on the climate, mainly with respect to goods transportation.

Within a few years, global oil production is expected to peak and to subsequently decline. Aside from the threat of a period of shortage, the ongoing political climate work could result in higher taxes and fees.

The impact of logistics on the climate is one of two prioritised areas in our environmental work. In partnership with the transport companies we engage, we are seeking to identify solutions to reduce emissions of carbon dioxide from fossil sources.

Climate change also directs the focus to energy consumption in society. The EU issues directives (for example ErP) that aim to promote the development of products with higher energy efficiency.

Clas Ohlson currently offers a broad range of energy-saving alternatives for the majority of light sources. As a step in this transition process, range and product information is continuously being developed to assist our customers to re-

Environmental goal	Outcome 2009	Analysis	Goal 2012	Activities
Sea freight -5 % CO ₂ /tkm (vs 2007)	+2.5 % (3.79 vs 3.70)	Lower space utilisation rate on vessels due to economic conditions resulted in higher performance indicators.	3.52	Higher space utilisation rate. Reduced shipping speeds to yield a 10% cut in emissions.
Road freight -10 % CO ₂ /tkm (vs 2007)	-4 % (49.9 vs 51.9)	Optimisation of flows yielded lower performance indicators.	46.7	Higher space utilisation rate. Mix of biofuel in diesel.
Rail freight +10% of the share of road transport (vs 2007)	-6 % (15.1 vs 16.1)	Inflow from Gothenburg to Insjön reached the optimal level, with 85% via rail.	17.7	Inter-modal solutions for outflows, meaning deliveries to stores.
Air freight -10 % lower share (vs 2007)	-32 % (0.064 vs 0.094)	Surpassed goal for 2012.	0.085	
Business travel -20 % CO ₂ /tkm (vs 2007)	-9 % (112.6 vs 124.3)	Journeys by car decreased while rail travel increased.	99.4	Revised travel policy. Goal of 140 grams CO ₂ /km for new company cars.
Consumption of electricity at DC in Insjön -25 % kWh/pallet (vs 2007)	-3 % (22.2 vs 22.8)	Remodelling of the DC resulted in a temporary rise in energy consumption.	17.1	Surplus forklifts to be taken out of service. Optimisation of flows, operating time.

Explanation of terms used in table: **CO₂/tkm** = carbon emissions per ton-kilometre; **Inter-modal** = the transport of a unit of goods, such as a container, using multiple modes of transportation, for example rail, sea or road; **DC** = Distribution Centre

duce their own electricity consumption, which benefits the environment and the economy.

The EU's REACH regulation has resulted in intensified focus on the chemical substances that may be contained in products. For our part, this requires more distinct and efficient procedures for imposing demands on, and communicating with, our suppliers. This work is based on our risk assessment model, which basically means that we classify products in terms of supplier category, brand, area of application and user group.

Organisation and responsibility

Environmental efforts are part of Clas Ohlson's sustainability programmes and are coordinated in a CSR forum that formulates goals and strategies, and plans and follows up the sustainability programmes. Read more about Clas Ohlson's CSR forum on page 29.

Goods transportation and business travel

Our overall environmental targets entail that emissions of fossil carbon dioxide per tonne/kilometre shall decrease by 30 per cent by 2020, compared with the base year of 2007.

Of the major flows of goods arriving by boat to Gothenburg, about 85 per cent is transported by rail to the terminal in Insjön, Dalarna. Goods from Swedish and European suppliers are collected for consolidated loading in several districts for onward transport by truck to Insjön.

Trucks are currently used for outgoing deliveries to stores. In cooperation with hired haulage contractors, we have increased the space utilisation rate through more effective coordination. Bio-based diesel is nearing market introduction and will involve a reduction in the climate impact from truck transportation. Our long-term objective is to transfer some of this transport to rail, and simulation models show that this would reduce both emissions and costs for some flows.

Results

Clas Ohlson's total carbon dioxide emissions from goods

transport increased from 9,499 tonnes in 2008 to 11,800 tonnes in 2009 as a result of a rise in the number of stores and sales growth, thus increasing the transport requirement. However, emissions per tonne-kilometre declined in all goods flows. The overall performance indicator decreased from 6.6 grams per tonne-kilometre in 2008 to 6.2 grams per tonne-kilometre in 2009, mainly as a result of reduced air freight and an increase in the proportion of sea and rail transportation. The lower emissions generated by shipping by reducing cruising speeds have not yet impacted the established reporting methods. Consequently, reported carbon dioxide emissions for freight transport may be overestimated by about 7 per cent.

Products

Overall environmental goals

The products we sell shall possess properties that correspond to or surpass market expectations with respect to material qualities, energy consumption and quality. The range and information shall be developed to help our customers reduce their environmental impact.

Quality assurance

The number of chemical substances regulated by the EU's REACH regulation is increasing rapidly. Clas Ohlson has made a comprehensive effort to train suppliers in applicable legislation, how to keep updated and which substances can occur in various products. For example, suppliers have been granted access to substance guides and quick links to relevant legislation. Since 2009, the Group has a dedicated chemicals coordinator whose primary task is to develop sustainable procedures and monitor chemical legislation.

Phasing-out of substances hazardous to the environment and health

We are phasing out the substances regarded as risk substances in the REACH regulation by setting a maximum limit

Energy consumption

	2009	2008	2007
Store premises, kWh Electricity*	139	136	128
Offices, kWh total *	205	233	281
Distribution Centre, kWh *	83	98	100
Distribution Centre, kWh/pallet	22.2	19.6	22.8
Fuel oil, Insjön, m ³	19.8	91.0	76.7

* Per square metre and year

The performance indicators show energy consumption in four different areas: electricity consumption in stores, electricity consumption, district heating and oil consumption of the head office and distribution centre, and electricity consumption per delivered pallet.

Total electricity consumption, GWh

	2009	2008	2007
Store premises	23.4	19.2	15.5
Offices	2.2	2.5	2.5
Distribution centre	4.4	3.7	4.8

Fossil carbon dioxide, tonnes

	2009	2008	2007
Goods transport	11 800	9 499	10 484
Travel	530	420	431
Heating	286*	233	196
Electricity	1 079	507	455

* Due to a technical problem in 2009, district heating was based on 37 per cent fuel oil instead of the normal 7 per cent.

Carbon dioxide emissions from transport and travel

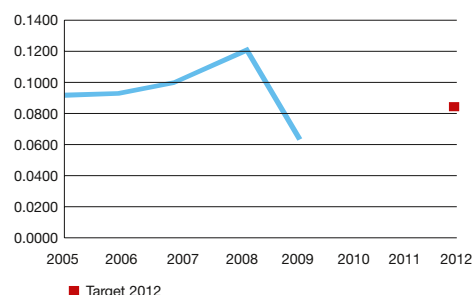
Transport gram CO₂ per ton-kilometre

	2009	2008	2007
Outgoing freight	50.1	50.6	51.7
Incoming freight – Europe	18.9	24.1	28.8
Incoming Freight – Asia	4.19	4.55	4.17

Corporate travel gram CO₂ per person-kilometre

	2009	2008	2007
Average value road, air, rail travel	112.6	112.8	124.3

Proportion of air freight (%) of the total goods flow



of 0.1 per cent by weight. For textiles and leather products, we have identified additional substances, in excess of the legislative requirements, that we are working to minimise in our products. These include nonylphenol, formaldehyde, and allergy-inducing dispersion colours. We also impose stricter requirements for identifying risk substances in materials that come into contact with skin when in use and for products used by children.

Energy efficiency

The EuP directive (Energy-using Products) was introduced in the EU in autumn 2007. In November 2009, it was renamed ErP (Energy-related Products), and was expanded to include products that affect the energy requirement. It aims to integrate environmental aspects early on in the design phase, hence improving the products' energy efficiency. To date, the directive covers some 20 product groups, of which a significant portion is included in Clas Ohlson's range, which contains a large number of electrical and electronic products.

Sustainability and quality - after-market service

Clas Ohlson offers a range of more than 9,000 spare parts for products that are sold in Sweden, Norway, Finland and the UK. This is highly beneficial from an environmental perspective, since the lifecycle of the products is extended by repairing rather than discarding them. Our after-market service, our extensive range of spare parts and the employees' knowledge of the products is highly appreciated by customers.

Energy

Overall environmental goals

All energy use in our own and leased premises and properties will be documented. Efforts will be directed toward specified savings targets for the distribution centre, head office and stores. Energy from fossil sources will be discontinued in our own operations.

Distribution Centre

The performance indicator for our combined energy consumption in the distribution centre has declined 17 per cent in three years (2007-2009).

As the remodelling of the distribution centre is completed and new, efficient handling equipment is made operational in 2009/2010, we expect that our goal to reduce the consumption of electricity in operations by 25 per cent by 2012 will be achieved.

Offices

Clas Ohlson's head office in Insjön, including such Group-wide functions as management, accounting, purchasing, marketing and HR, comprises two buildings totalling 20,000 square metres. These buildings also house the Insjön store and customer service, with workshops, spare parts store and so forth. From December 2009, all sections of the buildings are connected to bio-based district heating. The performance indicator for the combined consumption of electricity, district heating and oil has declined by 27 per cent in three years.

Stores

Clas Ohlson owns no store premises, with the exception of Insjön. Electricity and energy requirements vary strongly among the various stores. For example, some stores have their own escalators, additional electric signs, etc., which

entail increased electricity consumption.

The annual increase in the performance indicator since 2008 from 136 kWh per square metre and year to 139 kWh per square metre and year will be reviewed and measures taken. In Sweden, a project is ongoing to determine electricity consumption in stores and in Norway, Clas Ohlson is participating in a development project that will test and evaluate new lighting technology.

Waste

The WEEE directive (Waste Electrical and Electronic Equipment) is applicable to all our markets, and Clas Ohlson assumes its producer responsibility through membership in the national waste collection systems EI-Kretsen in Sweden, Elretur in Norway, Serty in Finland and Valpak in the UK.

For many years, the distribution centre in Insjön has employed efficient systems for sorting at source and recycling. Surplus packaging is pressed into large bales that are sold and become raw material for new products. This also pertains to various fractions of plastics. Other waste is sorted at source into approximately ten fractions.

Packaging

In cooperation with our suppliers, we shall reduce the proportion of environmentally hazardous product packaging. This shall be accomplished by avoiding the use of plastic packaging or by replacing PVC with PE or PET plastics.

Our stores sell 7.6 million carrier bags annually. Some 16 per cent of these are paper bags, but the majority are manufactured from polyethylenes (PE). During the financial year, customers were given an additional alternative: a durable, reuseable bag of reinforced PP plastic. The packaging used for items purchased by Clas Ohlson's mail order/ Internet sales customers has been environmentally adapted. The proportion of recycled fibre has risen from 38 to 51 per cent and all the adhesives used are bio-based.

Clas Ohlson fulfils producer responsibility for packaging through membership in national waste collection systems in Sweden, Norway, Finland and the UK.

Printed matter

Overall environmental goal

Environmental impact shall be part of the basis for decisions in the choice of communication channels. We strive to increase the proportion of customer and shareholder communication issued on the Internet. The production of our printed matter shall take place using technology and materials that have a well-documented low environmental impact. Printed matter shall be recoverable as high-quality fibre raw material.

Clas Ohlson has issued a catalogue annually since 1918. The catalogue is printed in accordance with the Nordic Swan ecolabel criteria and distributed mainly with deliveries of products to our stores. From the 2008/2009 financial year, the catalogue has been published twice annually to increase flexibility in product range and prices.

In addition to the catalogue, we send out regular direct-mail advertising printed on Swan-labelled paper. The Clas Ohlson Annual Report is printed on Nordic Swan eco-labelled paper and is only distributed to shareholders who have requested printed information from the company. This has led to a reduction of about 70% in the number of issues printed, fewer dispatches and a consequent reduction in environmental impact.

Legislation and guidelines

Clas Ohlson is mainly impacted by the following EU directives:

- Regulation of the use of substances hazardous to the environment and health in products (RoHS, REACH).
- Regulation of products' energy efficiency (ErP).

- Producer responsibility for waste electrical and electronic equipment (WEEE).

Read more

For further information on our environmental and sustainability programmes, visit our website www.clasohlson.se.

RoHS: 2002/95/EC on the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment.

The RoHS directive forbids the use of mercury, cadmium, lead, hexavalent chromium and the flame-retardant substances PBB and PBDE in new electrical and electronic products released into the market as of 1 July 2006.

The quantity limit is 0.1 per cent by weight (0.01 per cent cadmium by weight) of homogeneous material.

RoHS covers the product categories included in WEEE.

In Sweden, the Swedish Chemicals Agency is the regulatory body.

REACH: 1907/2006/EC Registration, Evaluation, Authorisation and Restriction of Chemicals.

The directive came into effect throughout the EU on 1 June 2007 and the regulations in REACH will be introduced on a step-by-step basis through 2018. REACH is based on the principle that it is the party that manufactures or introduces a chemical into the market who is responsible for determining the risks associated with the chemical before it is put into use.

Chemical manufacturers and users shall prepare data on the chemicals' properties and assess the risks. A new authorisation procedure will be introduced for chemicals with properties that are seriously hazardous to the environment and health. Particularly hazardous substances are entered in a so-called candidate list.

All who manufacture, import or sell goods containing more than 0.1 per cent by weight of a substance on the candidate list must present this information to their customers to ensure that the product can be handled in a safe manner.

WEEE: 2002/96/EC on Waste Electrical and Electronic Equipment.

The aim is to design and produce electrical and electronic products in such a manner so as to prevent waste. When waste anyway occurs, it shall be collected and reused or recycled in an environmentally sound manner.

Manufacturers and importers shall pay for future recycling of products and ensure that collection and environmentally sound recycling is performed.

In Sweden, the Swedish Environmental Protection Agency is the regulatory body.

Clas Ohlson's GRI profile

A complete version is available at www.clasohlson.se . Clas Ohlson reports at C level.		
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