



CSR REPORT 2017



Zizzi

CEO STATEMENT 2017

Ball Group has been a member of UN Global Compact since 2011, and we are proud of being part of a global movement with more than 9.700 companies in 161 countries, promoting responsible business.

Within our own organization we have integrated the UN Global Compact guiding principles in many aspects, and we also continuously promote this throughout our global supply chain.

Our employees are the backbone of our business and success, and their wellbeing and working conditions are always the center of our concern. We constantly work on improving working conditions and maintain a high level of employee satisfaction.

This year we have prioritized to expand the focus on our global supply chain, and throughout the year, we have started different projects within chemical restrictions, quality assurance, social compliance and overall transparency in our global supply chain.

We meet 2018 in strong faith for the future, and look forward to continuing our work and efforts within responsible business, while being one of the fastest growing plus-size fashion brands.

Kuno Kildetoft Mehlsen
CEO
Ball Group

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1. COMPANY PRESENTATION

Ball Group, based in Denmark, is the company behind the fashion brand Zizzi. The company was founded in 1988, and today the equity fund Axcel is the main shareholder of Ball Group.

Zizzi are specialized in female plus-size fashion size 42 – 56, and we design fashion items with a unique blend of colours, variety of qualities, shapes and details. We cover our customers different fashion needs – with attractive prices and great value, in the low to medium price range segment. We are one of the fastest growing plus-size fashion brands, and we are present in more than 400 multi-brand stores throughout Europe. Our retail concept currently holds 112 Zizzi concept stores.

- Total shops - 112
- Own stores - 95
- Franchise stores - 17
- Webshops/countries – 6

Our ZIZZI shops are located in Denmark, Sweden, Norway, Finland and The Netherlands. Zizzi is also sold in leading multi-brand stores and onliners in Denmark, Norway, Sweden, Germany, The Netherlands, Finland, England, Iceland, France, Belgium, Austria, Czech Republic, Russia, Spain, Estonia, Greenland, Ireland, Greece.

Ball Group is today known as a company that continuously delivers the latest trends, where service, flexibility, business acumen and "value for the money" are key aspects. With our current position in the curvy fashion segment, we are thus well equipped to continuously expand this exciting and ambitious company.

1.1 VALUES, VISION & MISSION

MISSION

We exist to design, source and market fast-moving fashion products for the international plus-size women from size 42-56.

VISION

Our vision is to be true and inspiring leaders providing plus-size women with equal opportunities when it comes to fashion and service.

CORE VALUES

The following core values represent the foundation of Ball Group's success, and mirrors all aspects of our businesses, hereunder also our approach to the CSR field:

Customer focus

We value our customers and want to build long-lasting relationships based on great products and impassioned customer service.

We know them personally, pay attention to their needs and aim to give them more than they expect.

Team spirit

We value team spirit and the strength of common dreams and shared ambitions.

Our team members are personally accountable for making the team stronger, through dedication, sincerity and positive thinking in their daily interactions.

Profit

We value profit and salute the accomplishments that drive the profits of our business.

We acknowledge profit as being fundamental to our existence and to our future opportunities and as a source of pride in having achieved what we set out to do

2. CSR APPORACH

2.1 CSR COMMITTEE

Being responsible and acting this way, is a natural part of Ball groups business approach. This counts for both our internal and external activities, where we basically believe in treating others in a fair and ethical way, and expect other to act in same way towards us. The CSR Committee is headed by Mette Würtz Nielsen (Head of Product & Buying) and further consisting of Kuno Kildetoff Mehlsen (Chief Executive Officer), Rikke Knudsen (Finance Director) and Chalotte Bahr Skoett (Back office coordinator).

The Committee continues to convene, initiating short-term and long-term actions and defining goals to pursue. In the following, Ball Group's overall CSR policy in terms of the Code of Conduct, together with the activities initiated and undertaken from January 2017 to December 2017 is being presented.

2.2 CODE OF CONDUCT

The Code of Conduct is part of our supplier manual, and as part of our Responsible Supply chain strategy, we have revised the supplier manual and the Code.

As a member of UN Global Compact, our Code of Conduct is based on the UNGC's guiding principles for universally recognised principles on human rights, labour rights, the environment, anti-corruption and additional ethics regarding animal welfare. All our suppliers have signed the new Supplier manual incl. the Code and therefor all involved parties also accepts the addition regarding the limit for incentives and encouragement. The Code extend to all Ball Group's suppliers (1) and all their workers, regardless of their status or relationship with the supplier, and therefore applies to the workers engaged informally, on short-term contracts, or on part-time basis.

The supplier is responsible for ensuring that their business relationships is including home based workers, sub-contractors (2) and other suppliers (3) in the supply chain taking part of the production.

- (1) First tier (T1) - The supplier is the legal entity that invoices BALL GROUP for goods or services directly.
- (2) The subcontractor is doing work on behalf of the T1 supplier.
- (3) Second tier (T2) - The supplier is delivering goods or services to the T1 supplier.

Human Rights

- We support and respect the protection of internationally proclaimed human rights, and make sure that they are not complicit in human rights abuse.

Labour

- We uphold the freedom of association and the effective recognition of the right to collective bargaining.
- We uphold the elimination of all forms of forced and compulsory labour
- We uphold the effective abolition of child labour, and the elimination or discrimination in respect of employment and occupation

Environment

- We support a precautionary approach to environmental challenges and undertake initiatives to promote greater environmental responsibility.
- We encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- We work against corruption in all its forms, including extortion and bribery.
- Ball Group personnel and appointed associates cannot accept any monetary incentive or encouragement. In case of special anniversaries, weddings e.g. smaller gifts are allowed of maximum value 50 \$.

Animal welfare

- We support and respect the protection of endangered animals, and refrain from using materials derived from endangered species. The materials we use for the products is a by-product, and from animal's breed for the food industry.

3. ACTIVITIES AND RESULTS

This year we have prioritized to increase our focus within responsible supply chain management and worked with various both short- and long-term projects as described

below. This is long haul move and an ongoing process, but we believe that our new sourcing strategy made this year with more focus on direct sourcing, reduced supplier base and transparency throughout the supply chain, will be beneficial for both people, planet and profit – as we overall in many aspects creates better products.

To speed up this process and support our buying department, we have entered a partnership with Compliance House, a consultant company specialized within responsible supply chain management, social compliance and chemical management.

3.1. CHEMICAL MANAGEMENT

In the areas of chemical management we have significantly improved our effort and 1st August we launched a new chemical management program. The new program is a big step in the right direction, when it comes to reduce and control the use of chemicals in the supply chain.

Previously our random chemical testing program was based on EU legislation, and the new Ball Group RSL (Restricted substance list) is more ambitious and goes beyond the limited and sparse EU legislation, which only applies to a smaller part of chemicals already known for being harmful to both people and planet.

To follow up on the Ball Group RSL, we have implemented a new chemical test program. Based on certain defined risk criteria's the program ensure that the that random checks are representative for all our suppliers and type of materials e.g. We select various materials from our collection and chemical tests are performed according to the Ball Group RSL. For further information, the RSL can be found on www.ballgroup.com

Since July we have had 25 chemical tests performed, and that is a big increase compared to the previous years. In 2018 we expect to have around 50 chemical tests performed.

3 out of 25 performed tests failed according to Ball Group RSL, and all the cases were within the limits of the EU legislation or not covered by the legislation. Each of the cases has been handled individual and solved with respect for our supplier's situation as they

also need a fair chance to adjust their supply chain. However in 2018 we will enforce the Ball Group RSL with zero tolerance, with 2017 leaving room for adaption.

The chemical testing program and each supplier's performance, level of knowledge and attitude is also valuable as part of the evaluation of our supplier base, where we at the same time gain more insight and transparency into our supply chain.

3.2 SOCIAL COMPLIANCE

In 2017 Ball Group decided to increase the frequency of travelling and more than doubled the number of visits to our suppliers compared to 2016. We believe that frequent visits is an essential part of maintaining a close cooperation and relation with our suppliers.

Part of the purpose with these visits, is also to get more insight and knowledge in relation to the level and standard of the various production sites. For our buyers it is also important to achieve more knowledge and that requires onsite visits at the production sites.

Many of our suppliers already have a social certification or follow a similar standard like SA8000, BSCI, Sedex, WRAP. For Ball Group this is imperative as part of our responsibility to have our garments made under conditions that are align with UN convention and ILO (International Labour Organisation).

As part of our Responsible Supply Chain management strategy we have also for the first time conducted our own 3rd part audits, as random check program for some factories. Despite that some of the factories already were certified some of our findings during the audits were not up to acceptable minimum standard. The following action plan and constructive dialogue with the supplier has been a good learning process internal for Ball Group.

The 3rd part audits were done in cooperation with Compliance House and their audit team and we will continue to do our own randomly audits in 2018.

3.3 CERTIFICATION

The objective for 2018 is to increase the number of suppliers with BSCI, SA8000, Sedex or similar standards or certification.

We support our suppliers in the aim for a social certification or standard, and this also provide us with more transparency in our supply chain.

Figure 1: Map of suppliers with a certificate

	No. of suppliers 2017	No. of suppliers 2016	No. of suppliers 2015
Holds a certificate	40	21	34
No certificate	3	47	61
Total	43	68	95

Ball Group has successfully increased the number of certified suppliers, and in general reduced the number of suppliers in order to optimize and build an even stronger supplier base.

3.4 ANIMAL WELFARE

Ball Group still enforce the ban of real fur and in 2017 we also refrain from using Angora fibres or fur originated from rabbits in our garments. Most of the global Angora production is made in countries with poor animal welfare standards and traceability. As part of our 2017 strategy within responsible sourcing and transparency in our supply chain we are going to put even more efforts into the complex areas of traceability of raw materials in 2018.

3.5 ENVIRONMENT

Ball Group has focus on our environmental impact and with our new chemical management program we have taken an important step to prevent and reduce the use of chemicals proven to have a harmful impact on the environment and based on a precautionary principle in our supply chain.

In December this year the Danish Environment Protecting Agency (DEPA) launched a pool of funds to support companies to gain more knowledge about Eco labelling and the requirements for textile products. Ball Group has not explored this field before and with the support of DEPA we look forward to gaining more knowledge about the requirements for Eco labelling. We will start up the process in the beginning of 2018 and hopefully we will be able to apply for a license in 2018.

In our warehouse we re-use export boxes in good condition for further transportation of goods to our own shops.

In the headquarter in Billund and in our shops we have a policy around not using disposable plastic water bottles and instead Ball Group provide the employees with their own refillable water bottle.

4. BALL GROUP EMPLOYEES

4.1. THE UNDER-REPRESENTED GENDER

One of the bearing beams of the UN Global Compact is the wish for equality across genders, races and religions.

In 2017 the top management in Ball Group consists of 2 females, and 4 males incl. the CEO.

Furthermore a female board member has been inserted in a number of the group's subsidiaries since 2016.

4.2 APPRENTICES / TRAINEES

Ball Group wishes to support young people in their aim for education and as part of our social responsibility and for the benefit of the surrounding community. Currently we have 6 employees following an apprentice program – 2 at the head office and 4 in the shops respectively. Furthermore we have 1 trainee at the head office.

We expect to continue the support of new trainees and apprentice in the future.

4.3 WORKING CONDITIONS

Figure 2 illustrate that we are a company that mostly attracts women – due to our position in women's fashion industry.

Figure 2: Seniority and Age Distribution

Seniority	Men	Women
0-6 months	10	14
7-12 months	5	12
1-2 years	9	26
3-4 years	1	6
5+ years	3	28
Total	28	86

Age	Men	Women
18-25	3	7
26-35	14	38
36-45	9	28
46+	2	13
Total	28	86

41 new employees have joined the Ball Group organization in 2017 (figure 2).

In 2017 we had 7 female employees on maternity leave. We are very happy that everything has gone well for our employees and that healthy children were born.

Figure 3: Sickness Absence

Sickness absence	
2013	3.3%
2014	2.8%
2015	2.7%
2016	1,9%
2017	2,6%

At Ball Group we take pride in the fact that our employees are healthy and happy. We believe that it should be fun, safe and satisfying to be at work, while keeping a balance between work and family life. Therefore at a certain extent we offer our employees flexibility and support freedom with responsibility within reasonable working hours.

Ball Group offers all employees a pension and health care scheme. For a small monthly fee there is free access to tea, coffee, water, fruits and luncheon – consisting of a hot dish, whole wheat bread and a big selection of different type of fresh vegetables.

Furthermore an onsite massage therapist offers treatment during work hours on a regular basis. The employees receive full payment for the duration of the treatment.

5. OBJECTIVES FOR 2018

5.1 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

In 2018 Ball Group will continue to follow our strategy for responsible supply chain management where transparency and traceability are one of the cornerstones. Being aware of that RSCM is a long haul move and an ongoing process and we will continue to work with both short- and long-term projects within direct sourcing and evaluation on our supplier base.

We will also continue with our own random social audit program as an integrated part of supplier evaluation and cooperation. In 2017 we conducted 3 audits, and we expect to increase the number in 2018. Keeping in mind, that a competent follow up of audits and their findings are more important than just the number of audit reports.

By the end of 2018 we expect to have performed 50 chemical tests, and by the end of 2018 we aim for 50 tests. The Ball Group RSL will continuously be updated and become more comprehensive to prevent and reduce the use of harmful chemicals.

We will continue our partnership with Compliance House as their expertise within responsible supply chain management, can support our sourcing department and perform quality assurance in an area with high complexity.

6. CONCLUSION

The major organizational changes and reconstruction of business in 2016 also continued into the beginning of 2017 with continually focus on building up a new organization and provide good working conditions for our employees.

In the early spring of 2017 we saw the need for a revision of our current way, structure and strategy in the sourcing department. Therefore we developed a new sourcing strategy with even more focus on responsible sourcing and supply chain management.

This is a long haul and never-ending journey and process but we believe that our new sourcing strategy with even more focus on direct sourcing reduced and optimized supplier

base, less use of harmful chemicals and overall transparency throughout the supply chain will be beneficial for both people, planet and profit – as we in many aspects end up offering our customers better garments.

We look forward to continuing our work in 2018 in close collaboration with all our partners.