

BALL GROUP CSR REPORT 2011



Table of content

Table of content	2
1. Introduction.....	3
2. About BALL GROUP.....	4
2.1 History	4
2.2 Values	5
2.3 Vision	5
2.4 Mission.....	5
3. CSR approach.....	6
3.1 CSR Committee	6
3.2 UN Global Compact	6
3.3 Code of Conduct	7
4. BALL GROUP staff	8
5. Anti-corruption	10
6. Set up and sourcing	10
7. Environmental impact	11
8. Conclusion	12

1. Introduction

This is BALL GROUPS first annual report covering the status on the company's responsible business practices it's CSR policy and ambitions.

Since the very beginning BALL GROUP has been committed to achieve its goals through responsible business practices following the maxim that you treat others as you yourself would like to be treated. In March 2011, it was decided to strengthen and further structure this CSR approach by joining the United Nations Global Compact initiative. As part of our CSR strategy, we aim to ensure that our suppliers are in compliance with Global Compact's 10 principles and we strongly support initiatives that seek to advance human rights, labor rights and working conditions, environmental impacts and ethical business practices.

We are proud of being part of the United Nations Global Compact initiative and recognize that our combined efforts of raising the bar for responsible business practices are an ongoing process that will never reach a final destination.



2. About BALL GROUP

2.1 History

The company we today know as BALL GROUP was founded in 1988. The primary idea was to provide fashionable clothing at reasonable prices while relying on strong business acumen. This was the beginning of the business concept as we know it today. BALL GROUP stays true to this concept, but the targeted customer segment has been broadened.

- In August 2000, the brand Zizzi arose from a desire to offer fashion clothes in so-called plus sizes (42-56). Zizzi became an immediate success and the concept has since been elaborated on with a well-established store concept.
- In August 2004, the brands Culture and Zizzi Jeans and in July 2006 the brand Zay were introduced to the market. PULZ started up in August 2007. Culture, Zizzi Jeans, Zay and PULZ have since the start proved successful in every its segment.
- Recently, in November 2010, byBURIN and Details by Zizzi emerged as BALL GROUPS accessory brands.

Today, BALL-GROUP stands strong in its two main segments:

Regular sizes (size 36 to 42)

- Culture is sold and marketed in Denmark, Norway, Sweden, Finland, Holland, Germany, Ireland and Spain.
- Pulz is sold and marketed in Denmark, Norway, Sweden, Austria, Germany, Iceland, Britain and the Faroe Islands.

Plus sizes (size 42 to 56)

- ZIZZI CONCEPT currently holds a total of approx. 120 stores located in Denmark, Norway, Sweden, Germany, Finland and Estonia. Most of these stores are operated by franchisees. The in-store brands – Zizzi, Zizzi Jeans & Zay – are also sold in leading multi-brand stores in Denmark, Norway, Sweden, Germany, Holland, Finland, Iceland, Russia, Belgium and Estonia.

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

2.2 Values

In 2011 BALL GROUP hired an external company to identify and put into words, which values represent the foundation to our success. The goal was to determine the key for success in business while at the same time maintaining the company's spirit and work atmosphere. It was conducted a thorough survey interviewing every third staff member, both in Denmark, Sweden and Norway. The following core values were identified (that we think go hand in hand with the UN Global Compact principles):

- Dedication** - We walk the extra mile
- Courage** - We dare to make the difference
- Team Effort** - We achieve more together
- Drive** - We keep moving
- Closeness** - WE CARE
- Common Sense** - We focus on results

2.3 Vision

All boundaries are manmade. BALL GROUP wishes to create new opportunities in fashion, challenging the limitations of conventional thinking. Therefore, our vision is:

“Eliminating boundaries in fashion”

2.4 Mission

We believe that people are the key to success, and it's our mission to support and advance them. Therefore, BALL GROUP pursues its vision by the mission:

“We empower people to succeed!”



3. CSR approach

3.1 CSR Committee

CSR has always been a natural part of BALL GROUPS business approach, rooting in the general maxim that you treat others as you yourself would like to be treated. In 2011, it was decided to strengthen and further structure this approach and a CSR committee was appointed. The committee is headed by Conni Schroeder (Supply Chain Manager) and further consists of Ole Holm (Chief Executive Officer), Peter Moller (Chief Financial Officer), Lisbeth Kjerulf Mikkelsen (Brand Manager) and Beatrice Olie (Product Coordinator).

The Committee convenes once a month and has elaborated on the company's CSR approach in front of the board of directors twice in 2011. It was decided to proceed with the planned initiatives and consequently, BALL GROUP joined United Nations Global Compact in March 2011.

3.2 UN Global Compact

The United Nations Global Compact initiative targets human rights, labor rights and working conditions, environmental impacts and ethical business practices. By joining the UN Global Compact, we aim to communicate on our social commitment within a widely accepted and recognizable framework.

HUMAN RIGHTS
1. Businesses should support and respect the protection of internationally proclaimed human rights 2. Businesses should make sure they are not complicit in human right abuses
LABOUR STANDARDS
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining 4. Businesses should uphold the elimination of all forms of forced and compulsory labour 5. Businesses should uphold the effective abolition of child labour 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation
ENVIRONMENT
7. Businesses should support a precautionary approach to environmental challenges 8. Businesses should undertake initiatives to promote greater environmental responsibility 9. Businesses should encourage the development and diffusion of environmentally friendly technologies
ANTI-CORRUPTION
10. Businesses should work against corruption in all its forms, including extortion and bribery

In 2011, we have further joined the Danish trade- and employer's association "Dansk mode & Textil" where Conni Schrøder is a member of the CSR committee, too. The goal is to share experiences and to create standards in order to optimize CSR practices in different countries.

3.3 Code of Conduct

Following a thorough evaluation process and discussion it was decided to revise BALL GROUPS existing Code of Conduct, in order to make it more consistent with Global Compact's principles. It describes the core values and ethical principles and behaviour that BALL GROUP wishes to promote throughout the supply chain, incorporating Global Compact's 10 principles and an additional animal welfare principle. We don't require our suppliers to join UN Global Compact – although it would be very much appreciated - but expect them to live up to the specified ethical aspirations regarding business practices.

BALL GROUPS revised Code of Conduct will be sent out to all first tier suppliers in March 2012 and will be available on our extranet from then onwards.

Furthermore, our CEO issued information letters to all suppliers requesting compliance with restrictions and regulations regarding sandblasting of jeans (2011) and animal welfare (2011).



4. BALL GROUP staff

BALL GROUPS employees are one of the most important assets of the company. Our objective is to continuously attract and retain qualified personnel by offering attractive employment terms. We believe that a certain diversity in gender, age, education, attitude and outlook on life creates a good and prosperous work environment.

The following tables illustrate that we are an expanding company that mostly attracts young women - due to being a fashion company.

Seniority	Men	Women
0-6 mdr.	6	18
7-12 mdr.	1	8
1-2 år	8	30
3-4 år	5	25
5+ år	9	24
I alt	29	105

Seniority distribution (02/2012)

Age	Men	Women
18-25	2	2
26-35	9	47
36-45	12	42
46+	6	14
I alt	29	105

Age distribution (02/2012)

At BALL GROUP we take pride in the fact that our employees are happy, healthy and motivated. We believe that it should be fun, instructive, safe and satisfying to be at work.

"Never more than 5 years at the same workplace, and now more than 20 years with BALL GROUP. This says little about myself but much about BALL GROUP. This company is constantly on the move and developing, which is why the feeling of 5 years - same place same tasks - never existed. (...) One of the most important keys to our success is integrity, solidarity and fellowship. Being a part of this organization is very rewarding and gives 'can-do' spirit. The strength of BALL GROUP lies in the combination of co-workers who have an interest in learning new things, who embrace change, who like working together and find joy in meeting up every day. Another source of our success is of course our customers who add spice to our everyday life by giving both challenges and delights. I believe in team effort with a good management, an open eye for trends and markets and the ability to make a difference. I believe that this spirit will continuously enable us to accomplish all our aspirations." (Gurli Gram Høy, Customer Service, employed since 01.03.1988)

All workstations at BALL GROUP are equipped with height adjustable desks. We have a good cafeteria where for a small monthly fee there is free access to tea, coffee, water, fruits and luncheon-consisting of a warm dish, bread and a salad bar. Furthermore, a massage therapist offers her services during work hours two to three times a month. The treated employees receive full payment for the duration of the treatment.

We are pleased that our sickness absence is low (see below table). It is however one of the KPI that we want to focus on in the future.

Sickness absence	
2010	1,7%
2011	1,9%

In general, we concentrate more on health and therefore substitute the majority of sodas, candy, chocolate and other sugary treats with water and fruits.

We also offer a pension and health care scheme to all BALL GROUP employees.



5. Anti-corruption

BALL GROUP believes in fair competition and we are dedicated to work against corrupt practices in all operations linked to our business. In 2011, members of the CSR committee have attended a course on what corruption is and how to identify, avoid and prevent it. Consequently, the anti-corruption paragraphs in both our Code of Conduct and the employee manual were amended according to what we consider to be a proper business conduct:

- It is expected that suppliers should display the highest level of ethical integrity when dealing with workers, subcontractors, second tier suppliers and BALL GROUP employees. They should work against corruption in all its forms, including extortion and bribery.
- Any monetary incentive or encouragement of BALL GROUP employees is prohibited. Furthermore, BALL GROUP personnel is not permitted to accept gifts of greater value except in case of special anniversaries, weddings, etc. In case of doubt, management should be contacted for assessing individual cases.

6. Set up and sourcing

The following departments are located in Denmark: Design, Construction, Purchase, Sales, Financial, IT and Logistics. Our main products – textiles and accessories – we primarily source in Turkey, England, China, India and to a lesser extent in Bangladesh.



The CSR committee is currently working on SUPPLIER SELF ASSESMENT QUESTIONNAIRE in order to measure and categorize our suppliers according to possible CSR risks. The questionnaire is scheduled to be sent out in the first half of 2012. By that we aim to enable ourselves to evaluate suppliers on their CSR performance and to find satisfactory solutions in cooperation with them.

In addition, BALL GROUPs revised Code of Conduct includes that businesses involved in the production as first tier suppliers must be open and accessible for announced and unannounced audits for monitoring and evaluation of compliance. We are convinced that the revised Code of Conduct and related audits will lead to fruitful discussions with our suppliers and result in concrete initiatives to raise the CSR knowledge of our supply chain.

7. Environmental impact

In 2012, we plan to monitor exhaust emission in relation to the shipment of our goods, in particular sea freight in comparison to air freight, seeking to find ways of improving resource efficiency and reducing emissions. For starters, we have requested our forwarders of incoming cargo to send an environmental account by March 2012. We also considered using trains for the shipment of our goods from China, but unfortunately this is no option for us as our products are very easily marketable and therefore at risk of being stolen.

In the second half of 2011 we increased our focus on waste management and started collecting paper in our offices for recycling purposes by putting special wastepaper baskets up. Since the start we have collected 1.200 kg paper. In addition to that we gathered plastic and cardboard in our warehouse facility throughout 2011 amounting up to 18.136 kg recyclable material. We believe that by optimizing the procedures we will collect and return an even greater amount of recyclable material in 2012 and thereby reduce the output for incineration.



In 2011, three members of the CSR committee attended a course about chemistry. The revised Code of Conduct asks suppliers to follow and comply with BALL GROUPS chemical content restrictions, which describe the limitation and prohibition of substances in products manufactured for BALL GROUP.

8. Conclusion

BALL GROUP is looking forward to continuing the work with United Nations Global Compact seeking to raise the bar for responsible business practices. We are convinced that the groundwork laid in 2011 will lead to more concrete initiatives in 2012, seeking to raise BALL GROUPS and our supply chain's CSR performance.