

BALL GROUP CSR REPORT 2012



Table of content

Table of content	2
1. Introduction	3
2. CEO statement of continued support in 2013.....	4
3. About BALL GROUP.....	5
3.1 History	5
3.2 Values, Vision & Mission.....	6
4. CSR approach.....	7
4.1 CSR Committee.....	7
4.2 Code of Conduct	7
4.3 UN Global Compact	7
4.4 Other CSR related activities.....	8
5. BALL GROUP staff	9
6. Anti-corruption	12
7. Set up and sourcing	12
8. Environmental impact	13
9. Conclusion	13
APPENDIX I	14

1. Introduction

For the second consecutive year BALL GROUP hereby files a report covering the status on the company's responsible business practices, its CSR policy and ambitions. It follows up on last year's report and covers the activities from March 2012 to February 2013.

Since the very beginning BALL GROUP has been committed to achieve its goals through responsible business practices following the maxim that you should treat others as you yourself would like to be treated. By joining the United Nations Global Compact initiative in March 2011 this CSR approach was strengthened and further structured.

This report aims to shed light onto the actions that have been initiated, the challenges we are facing and the goals we are pursuing. As part of our CSR strategy, we aim to ensure that our suppliers are in compliance with Global Compact's 10 principles and we 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 there will always be potential in further developing and improving our combined efforts of raising the bar for responsible business practices.



2. CEO statement of continued support in 2013

At Ball Group we consider corporate social responsibility as an integrated part of our business model, and when conducting our business we seek to treat others like we expect others to behave towards us.

Based on this assumption it has been a natural decision for Ball Group to join UN Global Compact. In our daily business we do our utmost to honor UN Global Compact and to promote its principles towards our business partners.

Besides UN Global Compact, the principles of Ball Groups business practices are based on internationally adopted conventions and national laws in regards to human rights, employee rights, environmental protection, anti-corruption and animal welfare.

We incorporated these principles in our Code-of-Conduct (CoC) and all our suppliers are asked to comply to these as an integrated part of our business relation. In some cases our suppliers are not able to fully meet all our requirements yet, but we see our CSR policy as a process that has to be taken step by step. We demand a clear commitment from our suppliers to adopt the principles and to act upon these. We recognize and accept that investing in higher standards of these principles can cause higher costs for Ball Group for short-term businesses, but we believe in long lasting relationships – and by that, we believe that adopting these principles will be cost-effective in the long run.

By being a part of UN Global Compact we welcome the opportunity to state our point of view in regards to CSR, and we are looking forward to keep contributing to a further development of these principles.

Ole Holm

CEO Ball Group

3. About BALL GROUP

3.1 History

As presented in the first annual report, 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 Denim Identity by Zizzi (former Zizzi Jeans) and in July 2006 the brand Zay were introduced to the market. PULZ started up in August 2007. Culture, Denim Identity by Zizzi, Zay and PULZ have since the start proved successful in every its segment.
- In November 2010, byBURIN and Details by Zizzi emerged as BALL GROUP's accessory brands. While byBurin was sold in 2012, Details by Zizzi still persists.

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, Iceland, Holland, Germany, England, Spain and Singapore.
- Pulz is sold and marketed in Denmark, Norway, Sweden, Austria, Germany, Iceland, England and the Faroe Islands.

Plus sizes (size 42 to 56)

- ZIZZI CONCEPT currently holds a total of approx. 130 stores located in Denmark, Norway, Sweden, Germany, Finland and Estonia. Half 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, England, Iceland, France, Belgium, Latvia and Estonia.

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 both the regular size and the plus size segment, we are thus well equipped to continuously expand this exciting and ambitious company.

3.2 Values, Vision & Mission

The following core values represent the foundation of BALL GROUP's success (that we think go hand in hand with UN Global Compact's principles):

Dedication - We walk the extra mile

Courage - We dare to make a difference

Team Effort - We achieve more together

Drive - We keep moving

Closeness - WE CARE

Common Sense - We focus on results

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

"Eliminating boundaries in fashion"

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!"



4. CSR approach

4.1 CSR Committee

CSR has always been a natural part of BALL GROUP's business approach, rooting in the general maxim that you should treat others as you yourself would like to be treated. The CSR Committee (appointed in 2011) – headed by Conni Schrøder (Supply Chain Manager) and further consisting of Ole Holm (Chief Executive Officer), Peter Møller (Chief Financial Officer), Lisbeth Kjerulf Mikkelsen (Brand Manager) and Beatrice Olie (Product Coordinator) – remains unchanged.

The Committee continues to convene once a month, initiating short-term and long-term actions and defining goals to pursue. In the following, the activities initiated and undertaken from March 2012 to February 2013 are being presented.

4.2 Code of Conduct

As elaborated on in the last report, BALL GROUP revised its Code of Conduct in the beginning of 2012. It was sent out to all first tier suppliers in March 2012 and has since been available on our extranet. The current Code of Conduct describes the core values and ethical principles and behaviour that BALL GROUP wishes to promote throughout the supply chain. It incorporates Global Compact's 10 principles and one additional animal welfare principle.

All suppliers have with their signature warranted to commit to and comply with this Code of Conduct.

4.3 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.

In 2012, Conni Schrøder has further joined the CSR board of directors of the Danish trade- and employer's association "Dansk Mode & Textil". In this context a letter was issued to the Danish minister of trade and investment deriving from the debate on minimum wage versus living wage. It was communicated that extremely low wages and consequently poor living conditions may not be ignored, and that all members are encouraged to take all measures necessary in order to improve these conditions.

The general goal of cooperating with "Dansk Mode & Textil" is to share experiences and to create standards in order to optimize CSR practices in different countries.

In September 2012, a SUPPLIER SELF ASSESMENT QUESTIONNAIRE¹ was sent out based on Global Compact's 10 principles. Data on the CSR performance of the majority of BALL GROUP's suppliers was collected, registered and evaluated.

The collected data builds the groundwork for our current and near future CSR focus.

4.4 Other CSR related activities

As we regard it as our obligation to seek advancing animal welfare as well, in addition to incorporating an animal welfare principle in our Code of Conduct a letter was issued. In this letter we informed all suppliers that use non-textile parts of animal origin (in particular fur) in their production, that we expect them to work towards achieving the ethical aspirations stated below:

11. Animals should be treated humanely according to animal welfare laws and international recommendations

In businesses where animals are used in labour and/or in the production (fur, wool, etc.) such animals must be fed and treated with dignity and respect, and no animal must deliberately be harmed nor exposed to pain in their lifespan. Taking the lives of animals must at all times be conducted by using the quickest, least painful and non-traumatic method available, approved by national and acknowledged veterinarians and only conducted by trained personnel.

Suppliers will seek to increase traceability in production – in particular regarding the origin of the individual animal – and will thus increase awareness of animal welfare.



¹ See appendix I

5. BALL GROUP staff

We believe that people are the key to success and it's our mission to support and advance them – pursuing the mission to empower people to succeed. We believe that this is the right strategy in order to continuously retain and attract qualified personnel.

In the following we would like to give a short insight into life and work at BALL GROUP. In this context, three employees that returned to the company after a leave of absence have been interviewed:

Vibeke Christensen (Accountant)

Vibeke started working at BALL GROUP as an accountant in March 2001. She quit in January 2008 and returned in August 2008. Today, she is the accountant in charge of all our shops in Norway, BALL Finans, handling of franchise and marketing fees as well as various other ad hoc tasks.

Why did you quit?

“My family and I are living on the countryside which requires a lot of driving forth and back to various activities – both my kids' activities but also my own. Beyond that, the driving distance to work is considerably long.”

Why did you return?

“I chose to return because BALL GROUP is a young and dynamic company that is constantly on the move and developing. You feel like you are playing a role in the company's success and that you are making a difference. Furthermore, your bosses are down-to-earth and give you a lot of freedom to work independently with many exciting tasks while at the same time being there for you when you need them.”



Birgit Grøndal (Accountant)

After several years of employment Birgit stopped working for BALL GROUP in August 2009 because the driving distance to work was too long considering having small children at home. She joined us again in March 2012.

Why did you return?

“I chose to return after my children had grown a little older. Working as an accountant at BALL GROUP is very exciting and gives more opportunities than there are in most other jobs. You receive your own area of responsibility which you take on relatively independently. The management has confidence in your abilities. As an employee at BALL GROUP you have to embrace change since the company is perpetually on the move and you are constantly learning new things. And last but not least you have great co-workers who by their integrity, solidarity and fellowship *make your day* – every day!”



Charlotte Nielsen (Back Office Coordinator)

Charlotte was employed at BALL GROUP in 2006 as a buying assistant. She was headhunted for another job in December 2007 but came back in August 2008. Upon her return Charlotte was employed as a buying assistant again and is now working as Back Office Coordinator in our growing plus size department.



How did we lure you back to BALL GROUP?

“Generally, work assignments and tasks are versatile and challenging at BALL GROUP. As a responsible and reliable employee you are given a lot of freedom to work and plan your time independently. Management is down-to-earth and straightforward following a pragmatic and horizontal decision-making approach. BALL GROUP is a relaxed and congenial workplace where employees like working together and thrive. I’m proud of being a part of this great company.”

Working conditions

The following tables illustrate that we are an expanding company that mostly attracts women – due to being a women’s fashion company.

Seniority	Men	Women
0-6 months	1	9
7-12 months	4	12
1-2 years	6	24
3-4 years	7	41
5+ years	10	31
Total	28	117

Tab.: Seniority distribution (02/2013)

Age	Men	Women
18-25	4	5
26-35	6	50
36-45	11	46
46+	7	16
Total	28	117

Tab.: Age distribution (02/2013)

There’s been an increase in staff of 11. In particular more young people from the age 18 to 25 were employed in 2012. Of the 9 employees below the age of 25 who currently are employed (in 2011 it was only 4), 6 are trainees. Due to the difficult job situation for Denmark’s youth, there’s been made a general decision about taking in more trainees in different departments.

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. We also believe that a certain diversity in gender, age, education, attitude and outlook on life creates a good and prosperous work environment.

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 warm dish, bread and a salad bar. The food is being delivered from an external caterer that has in the course of 2012 fully implemented a healthy

lifestyle approach. Beyond that, we continue substituting the majority of sodas, candy, chocolate and other sugary treats with water and fruits.

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 have many employees in childbearing age and in 2012 alone we had 17 employees on maternity leave. Currently, there are 11 colleagues on maternity leave. We are very happy that everything has gone well for our employees and that healthy children were born. However, pregnancies are one of the main reasons for our relatively high sickness absence in 2012 (see table below):

Sickness absence	
2010	1.7%
2011	1.9%
2012	3.3%

If we subtract absence due to pregnancy from the figures above we come down to 2.3% and if we further abstract from injuries or disease that don't repeatedly occur (e.g. knee surgery), sickness absence is down to 1.2%. This fits well in line with the overall impression we have, that our employees are healthy and happy to come to work.

We didn't record any work accidents in 2012.



6. Anti-corruption

BALL GROUP believes in fair competition and we are dedicated to work against corrupt practices in all operations linked to our business. Consequently, the following anti-corruption paragraphs were incorporated in both our Code of Conduct and the employee manual according to what we consider to be a proper business conduct:

- It is expected that suppliers 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.

All suppliers have with their signature warranted to commit to and comply with the above. In all completed self-assessment questionnaires the answer to the question if the supplier takes part in any form of corruption, including extortion and bribery was – without any exception - negated.

Since the implementation of the above mentioned paragraphs, management has been contacted by suppliers a number of times regarding proper business conduct in relation to for example invitations to social gatherings.

7. Set up and sourcing

The following departments are located in Denmark: Design, Construction, Purchase, Sales, Finance, IT and Logistics. Our main products – textiles and accessories – are primarily sourced in Turkey, England, China, India, Italy, Singapore, Hong Kong, Germany, Holland and to a lesser extent in Bangladesh.

BALL GROUP's Code of Conduct requests that businesses involved in the production as first tier suppliers must be open and accessible for announced and unannounced audits. Our Code of Conduct and related audits have proven to lead to fruitful discussions with our suppliers. We are convinced that to keep communicating with them about CSR issues at hand will increase awareness and thus result in more concrete initiatives to increase CSR knowledge of our supply chain.



8. Environmental impact

Following our plan for 2012, we have had focus on monitoring exhaust emission in relation to the shipment of our goods, in particular sea freight in comparison to air freight. In 2012 we reduced air freight by 6.721kg. For 2013 we are seeking to find ways of further improving shipment efficiency and reducing emissions. We have also held meetings with our carrier regarding the use of gas in containers from the Far East and defined which other products our goods may be transported with.



Our increased focus on waste management persists. We collected a total of 1.356kg wastepaper in 2012 and gathered plastic and cardboard in our warehouse facility amounting up to 22.157kg recyclable material. We, however, don't expect to collect and return a greater amount of recyclable material in 2013 as we intend to reuse cardboards and economize on plastic material – thereby reducing the output for incineration.

In 2012, two members of the CSR committee attended a course about chemistry again. We are constantly looking for updated information on chemical restrictions and regulations, amongst others through the trade- and employer's association "Dansk Mode & Textil".

Furthermore, the CEO issued an information letter to all suppliers regarding the limitation and prohibition of chemical substances in products manufactured for BALL GROUP and requesting compliance with BALL GROUPS restrictions and regulations (which include the European Community Regulation REACH on chemicals and their safe use).

As a responsible business partner and due to increased focus from the media on responsible business practices regarding hazardous chemicals, we have decided to follow the recommendation of Danish authorities regarding acceptable levels of NPEs (nonylphenol ethoxylates) allowed in the final product of max. 100 ppm. Our supplier manual has been updated accordingly and all suppliers have warranted to commit to and comply with the above.

9. Conclusion

BALL GROUP is looking forward to continuing the work with United Nations Global Compact seeking to contribute with practical measures that can help to increase awareness of responsible business practices. We are convinced that the groundwork laid in 2011 and advanced in 2012 will lead to more concrete initiatives in 2013. We recognize however that there will always be potential in further developing and improving our own and our supply chain's CSR performance.

1. COMPANY DETAILS

Corporate Name:	
Full Address:	
E-mail:	
Phone Number:	
Completed by:	Date:

2. ORGANISATION & RESPONSIBILITIES

- Please inform us about any organizational changes promptly.

<ul style="list-style-type: none"> • Who is responsible for all matters regarding <u>Human Resources</u>? • Who is responsible for all matters regarding <u>Health & Safety</u>? • Who is responsible for all matters regarding <u>Environmental Issues</u>? • Who is responsible for all matters regarding <u>Quality</u>? 	Name: _____
	E-Mail: _____
	Name: _____
	E-Mail: _____
	Name: _____
	E-Mail: _____
	Name: _____
	E-Mail: _____

3. HUMAN RIGHTS

<ul style="list-style-type: none"> • Does your company respect and support initiatives to promote internationally declared human rights? 	<table> <tr> <td>Yes</td> <td>No</td> <td>N/C</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Yes	No	N/C	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	No	N/C					
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

If yes, how?	<hr/> <hr/> <hr/> <hr/>			
<ul style="list-style-type: none"> Is your company compliant with all local relevant Health & Safety legislation? 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/C <input type="checkbox"/>	
<ul style="list-style-type: none"> How many work accidents per year do you record (in average)? 	<hr/>			
<ul style="list-style-type: none"> Do all employees undergo effective training regarding health and safety precautions in the work place? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>
<ul style="list-style-type: none"> Is there free access to: <ul style="list-style-type: none"> - toilets - water - medical aid - sanitary food storage - religious facilities? 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	

4. LABOUR STANDARDS

<ul style="list-style-type: none"> Do you have a union at your premises? <p>If not, how do you facilitate collective bargaining or communication with management?</p>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/C <input type="checkbox"/>	
<hr/> <hr/> <hr/> <hr/>				
<ul style="list-style-type: none"> Do you use forced or bonded labour in facilities that are producing for BALL GROUP? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>
<ul style="list-style-type: none"> How many days off do you offer in a 7 day period? 	<hr/>			
<ul style="list-style-type: none"> What is the maximum working time at your premises (pr. week)? Normally and with overtime included? 	_____ hours (normal) _____ hours (incl. overtime)			
<ul style="list-style-type: none"> Are wages sufficient to meet basic needs (put in relation to working hours)? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>

<ul style="list-style-type: none"> Do you use child labour (children below the age of 15)? <p>If yes, do local laws allow the employment of children below the age of 15?</p> <p>Do these children attend to school?</p>	<p>Always Sometimes Never N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Are you able to verify the age of all workers employed? <p>If yes, how?</p>	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>_____</p> <p>_____</p>
<ul style="list-style-type: none"> Do you discriminate regarding race, colour, caste, nationality, language, religion, gender, age, political interests, handicap, sexual orientation or marital status at any time during recruitment, during employment or after termination of the working contract? 	<p>Always Sometimes Never N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Do the working conditions compromise your employees' physical health in any way? 	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Do the working conditions compromise your employees' mental health in any way? 	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>

5. ENVIRONMENT

<ul style="list-style-type: none"> Do you comply with national environmental laws and regulations? 	<p>Always Sometimes Never N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Does your company have an environmental policy? <p>If yes, please send to: beol@ball-group.com</p>	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Are initiatives in place within your company to reduce/conservate resources? 	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Does your company recycle? 	<p>Yes No N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> What does your organization do to reduce the volume of waste created that must then be recycled? 	<p>_____</p> <p>_____</p> <p>_____</p>
<ul style="list-style-type: none"> Does your organization comply with laws and regulations in the handling of hazardous waste? 	<p>Always Sometimes Never N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>
<ul style="list-style-type: none"> Do you comply with EC regulations as to chemical contents allowed? 	<p>Always Sometimes Never N/C</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>

<ul style="list-style-type: none"> Do you comply with BALL GROUPS Chemical Restrictions and Requirements? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>
<ul style="list-style-type: none"> Do you buy all components for BALL GROUPS products at official vendors? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>
<ul style="list-style-type: none"> Does your company have stated targets for improvement? If yes, please send to: beol@ball-group.com 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/C <input type="checkbox"/>	

6. ANTI-CORRUPTION

<ul style="list-style-type: none"> Does your organization have a formal code of ethics in place? If yes, does it align with BALL GROUPS code of ethics? 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/C <input type="checkbox"/>	
<ul style="list-style-type: none"> Do you take part in any form of corruption, including extortion and bribery? 	Always <input type="checkbox"/>	Sometimes <input type="checkbox"/>	Never <input type="checkbox"/>	N/C <input type="checkbox"/>

7. OTHER

<ul style="list-style-type: none"> Have you been certified by an internationally acknowledged institute? If yes, by which one? 	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/C <input type="checkbox"/>	<hr/> <hr/>
--	---------------------------------	--------------------------------	---------------------------------	-------------

I hereby confirm that the information provided is to the best of my knowledge true.

STAMP & SIGNATURE: _____