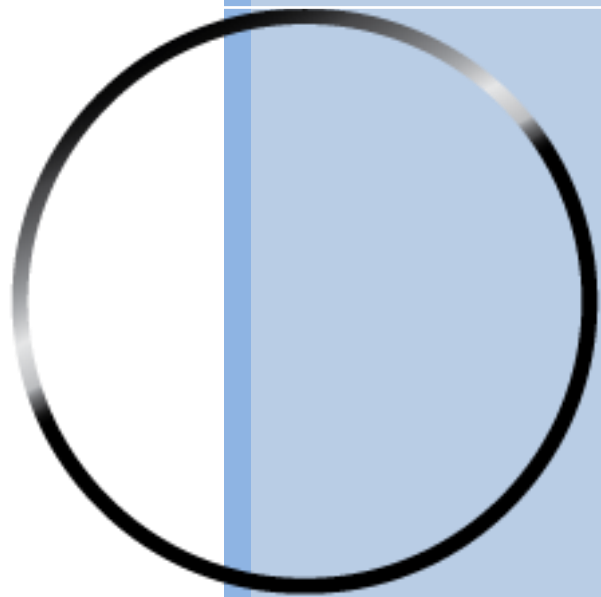


# CSR REPORT 2014



**BALLGROUP**

## **CEO STATEMENT 2014**

2014 turned out to be another turbulent year with more geopolitical disturbance, distinctive drop in commodity prices, and lack of consumer confidence.

These rapid macroeconomics changes places even higher demands on the CSR work conducted around the world, and we therefore warm welcome the many new members of the UN Global Compact – we strongly believe that the global challenges must be solved as a joined effort.

At Ball Group we continue to improve the principals of UN Global Compact and by working closely with our partners we try to gain better conditions for human rights, labour rights, environment and animal welfare.

We still base this work on our basic values of treating others like we expect to be treated our self. In day to day business we try to achieve this goal in our behaviour towards others, and by constantly updating our Code of Conduct in order to clarify our goals among our partners. Among other things, we have in 2014 put a special attention towards the use of chemicals in the production, and we are very pleased that suppliers have adapted to these goals, and we do see continuous improvements. Some of the suppliers reach the targets more rapidly than others, but all of them work proactively towards the principals of UN Global Compact.

We therefore meet 2015 with a lot of faith in the future for our self and our partners, and we are looking forward to being a part of the UN Global Compact for another year.

Ole Holm

CEO

Ball Group

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## 1. COMPANY PRESENTATION

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.

- 2000 – In August, the brand Zizzi arose from a desire to offer fashion clothes for the so-called curvy fashion segment (size 42-56). Zizzi became an immediate success and the concept has since been elaborated on with a well-established store concept.
- 2004 – In August, the brand Culture were established with its first collection
- 2007 – In August, PULZ Jeans were launched.
- 2014 – In August, Educe were launched

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

### Regular (size 36 to 42)

- Culture is sold and marketed in Denmark, Norway, Sweden, Iceland, The Netherlands, Germany, England, Switzerland and Austria, Belgium, Ireland, Israel, Spain and the Faroe Island.
- Pulz is sold and marketed in Denmark, Norway, Sweden, The Netherlands, Austria, Germany, Iceland, England, Faroe Islands, Finland, Greenland and Poland.
- Educe is sold and marketed in Denmark, Norway, England and Iceland.

### Curvy Fashion (size 42 to 56)

- ZIZZI CONCEPT currently holds a total of approx. 120 stores located in Denmark, Norway, Sweden, Germany, Finland, The Netherlands and Estonia. Half of these stores are operated by franchisees. Zizzi is also sold in leading multi-brand stores in Denmark, Norway, Sweden, Germany, The Netherlands, Finland, England, Iceland, France, Belgium, Austria, Italy and The Czech Republic.

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 curvy fashion segment, we are thus well equipped to continuously expand this exciting and ambitious company.

## **1.1 VALUES, VISION & MISSION**

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:

**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!”**

## **2. CSR APPORACH**

### **2.1 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 is 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 Janni Nansen Schmidt (Marketing Manager).

The Committee continues to convene once a month, 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 2014 to December 2014 is being presented.

### **2.2 CODE OF CONDUCT**

BALL GROUP's Code of Conduct describes the core values, 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.

The Code of Conduct is an integrated part of BALL GROUPs supplier manual and our overall CSR policy, which all suppliers with their signature have warranted to commit to and comply with.

BALL GROUP's Code of Conduct is based on UN Global Compact's 10 principles and sets additional requirements. In the following the key points of our Code of Conduct is being presented. We do not release our detailed Code of Conduct.

## **1. Business should support and respect the protection of internationally proclaimed human rights**

BALL GROUP respects and supports initiatives to promote internationally declared human rights and condemns violation of these. Suppliers warrant to support and not violate such rights.

## **2. Business should make sure that they are not complicit in human rights abuses**

Suppliers shall seek to prevent or lessen adverse human rights impacts that are directly linked to their business, even if they have not contributed to those impacts.

## **3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining**

Suppliers will acknowledge and protect the right to organize and collective bargaining, freedom of association and freedom of opinion and expression. Suppliers will allow these rights, will not interfere with worker's union and will not prevent workers from joining these unions.

## **4. Business should uphold the elimination of all forms of forced and compulsory labour**

Suppliers must not use any kind of forced or prison labour.

## **5. Business should uphold the effective abolition of child labour**

Child labour is defined as employment of children under a certain age at regular and sustained labour. The age shall be determined according to local laws and societal norms while at the same time following the UN Convention on the Rights of the Child that "recognizes the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development." (Article 32)

## **6. Business should uphold the elimination or discrimination in respect of employment and occupation**

Employees shall not be subjected to discrimination regarding race, colour, caste nationality, religion, gender, age, sexual orientation, marital status, disability, trade union

membership, political affiliation or personal opinion at any time during recruitment, during employment or after termination of the working contract.

#### **7. Business should support a precautionary approach to environmental challenges**

Suppliers warrant that national environmental laws and regulations are complied with at all times.

#### **8. Business should undertake initiatives to promote greater environmental responsibility**

All chemicals and hazardous materials must be safely handled, stored, transported and disposed of according to local law.

Water should be used responsibly. This includes reducing water use and implementing water recycling as much as possible. Suppliers must treat and dispose of wastewater according to local law.

Suppliers should work to reduce energy consumption and greenhouse gas. All emissions that are produced during production must be monitored, controlled and treated as required by local law.

#### **9. Business should encourage the development and diffusion of environmentally friendly technologies**

Suppliers must follow and comply with BALL GROUP's chemical content restrictions. They warrant that all delivered goods comply with EC regulations as to chemical contents allowed.

Suppliers shall work to improve resource efficiency e.g. by implementing cleaner production techniques and reduce waste during production processes.

#### **10. Businesses should work against corruption in all its forms, including extortion and bribery**

Suppliers should display the highest level of ethical integrity when dealing with workers, subcontractors<sup>1</sup>, second tier suppliers<sup>2</sup> and BALL GROUP employees. They should work against corruption in all its forms, including extortion and bribery.

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<sup>1</sup> A subcontractor is doing (part of) the work that the first tier supplier has agreed to do for BALL GROUP.



Any monetary incentive or encouragement of BALL GROUP employees is prohibited. Furthermore, BALL GROUP personnel are not permitted to accept gifts of greater value except in case of special anniversaries, weddings, etc.

### **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.

## **3. CSR ACTIVITIES AND RESULTS**

### **3.1. CHEMICAL TESTING**

BALL GROUP has spent the last 1½ year on clarifying the most optimal CSR strategy for the coming years. Through research among our suppliers, we have been able to clarify our most challenging areas (ref. CSR report 2014). We continuously strengthen our understanding and insight to the CSR field, and our needed focus points in our supply chain. As last year's research among our suppliers showed, the environmental aspect is the area lacking focus the most. We are fully aware, and acknowledge, that BALL GROUP as a company has limited power and control in relation to our supplier and the entire CSR aspect of the fashion industry. We do though truly believe that small steps in the right direction are more valuable for the entire industry, than deadlock and disregard.

With reference to last year's CSR report, we have deployed a chemical testing programme in 2014. We have entered a cooperation with Bureau Veritas, who has labs in

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<sup>2</sup> A second tier supplier (referencing BALL GROUP) is a supplier that invoices the first-tier supplier for goods and services rendered.

all our sourcing countries. We have decided to follow a random sampling method, in order to get a better insight to the subject among our suppliers. By following a random sampling method, we are better ensured that all suppliers and types of style have equal chances of being selected for testing. Our testing programme is based on the requirements in REACH (hereunder covering the candidate list of substances of very high concern).

Moreover we have entered a network for the Danish fashion industry, which primary focus is knowledge sharing in regards to reducing chemicals in production. The network meets 4 times a year, discussing various issues, REACH and methods for reducing the risk of chemicals in our products.

We have updated our supplier manual in relation to chemical testing, ensuring that all suppliers are informed about our increased focus on this area, and collected their warranty to this subject.

The performance in chemical tests has been included as a part of our overall evaluation of each supplier. We have a performance scheme in which each supplier is evaluated in terms of different factors of quality. Chemical testing is now an added factor in quality performance.

The chemical testing programme is now a permanent part of our CSR activities, and the work in this field will therefore continue in 2015. The random sampling method will be our guiding approach, but with flexibility in relation to possible concerns in the buying departments on high risk fabrics and decorations.

### **3.2 HUMAN RIGHTS**

The buying departments in BALL GROUP are frequently visiting our suppliers in all sourcing countries. Part of the purpose with these visits, is to keep close relations and be in a constant dialogue with our suppliers, regarding optimization of relevant CSR areas. As stated in our Code of Conduct, human rights is a very important case for BALL GROUP, and the visits at our suppliers is always including extra control and observations, to ensure that human rights always are being fully respected. As our research from 2013 revealed, infringements of human rights is not an issue among our suppliers, and we are pleased to

ascertain that our own observations shows that our supplier are treating their employees respectfully, and within the scope of our Code of Conduct. Frequently supplier visits in our sourcing countries, will be a continuing part of our CSR activities in 2015.

### **3.3 ANIMAL WELFARE**

As noticed in the CSR report for 2013, all fur was excluded from the collections for 2014. The present year has thereby been the first year without any fur in the collections. We continue to hold stand on this decision, until better methods for traceability of fur is implemented in the industry.

### **3.4 ENVIRONMENTAL IMPACT**

BALL GROUP has increased the production in countries closer to Denmark, as well as a constant focus on preferring to transport our products to Denmark via cargo ships, compared to air freights. Both of these initiatives are supporting our focus on reducing our Co2 emission.

A new warehouse system has been implemented during 2014. The new system will have a positive impact on the environment, as our warehouse now is able to pack up higher volume in the boxes, compared to earlier. We are thereby expecting to reduce our Co2 emission, as our frequency of delivery will be reduced. Moreover, our amount of waste cardboard and plastic is expected to be reduced in the future, as a result of the new system. In 2013 we collected 24.630 kg of cardboard and plastic,, compared to 2014 were the amount was down to 24.030 kg.

Our collection of paper has been reduced considerably, from 3.810 kg in 2013 to 1.410 kg in 2014. This is caused by an increased focus on limiting the use of paper in BALL GROUP, hereunder an increased use of electronic files.

In 2014 we have started to collect and sort used plastic bottles and cans, in our canteen. To large boxes for sorting has been installed. We are thereby ensuring the recycling of bottles and cans, instead of the previously destruction.

## **4. BALL GROUP STAFF**

### **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. As noticed in the CSR report from 2013, the board decided in March 2013 to establish a target for underrepresented gender in the top management. The following target was agreed upon, and is still valid:

*"20% of the top management in Ball Group seeks to consist of female's pr. 2017, which also include a minimum of 1 female board member."*

Furthermore, the top management developed a policy for increasing the amount of the underrepresented gender in other management bodies. The following policy was enforced:

*"One of the bearing beams in the UN Global Compact is the wish for equality across genders, races and religions. We have integrated this on our recruitment policy, so that professional and social competencies solely are being used as basis of evaluation. Everyone is thereby guaranteed equal and open possibilities for being a part of Ball Group, and hereafter making use of own possibilities and competencies in the best possible way. The above mentioned basis of evaluation will likewise be used in connection with recruitment for open positions in Ball Group's top management."*

There have not been any changes in members in the top management or the board in 2014. BALL GROUP has though employed 3 new female managers in other management bodies in 2014.

### **4.2 TRAINEES**

BALL GROUP wishes to support young people in their aim for education. Currently we have 2 employees following a trainee programme in the buying and warehouse department, respectively. In 2014 five trainees completed their individual programme. Three of those have entered a new employee contract with Ball Group, and two has followed new opportunities in other companies. We are proud of sending competent and well educated employees on to other companies. BALL GROUP expects to continue the support of new trainees in the future.

### 4.3 WORKING CONDITIONS

Figure 1 illustrate that we are an expanding company that mostly attracts women – due to our position in women’s fashion industry.

**Figure 1: Seniority and Age Distribution**

Seniority	Men	Women
0-6 months	6	19
7-12 months	4	10
1-2 years	0	11
3-4 years	6	26
5+ years	12	55
<b>Total</b>	<b>28</b>	<b>121</b>

Age	Men	Women
18-25	7	5
26-35	7	43
36-45	10	50
46+	4	23
<b>Total</b>	<b>28</b>	<b>121</b>

9 new employees have joined the BALL GROUP organization in 2014 (figure 1).

In 2014 we had 11 employees on maternity leave. We are very happy that everything has gone well for our employees and that healthy children were born.

**Figure 2: Sickness Absence**

Sickness absence	
2012	3.3%
2013	3.3%
2014	2.8%

The sickness absence in 2014 shows a decrease from 3.3. % in 2012 and 2013 till 2.8% in 2014 (figure 2). It is a very positive development, and we perceive it as a reflection of the highly satisfactory results from last year’s employees’ satisfaction survey. 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 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 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 three to four times a month. The treated employees receive full payment for the duration of the treatment.

## **5. OBJECTIVE FOR 2015**

### **BSCI CERTIFICATION**

In order to influence improvements of the entire CSR area among our suppliers, we have decided to focus on BSCI certifications in 2015.

The objective for 2015 in the CSR field is therefore to increase the number of suppliers with BSCI certification. We believe that CSR is a common and cooperative task, which should be improved with a joined effort from BALL GROUP and our suppliers. By aiming for a higher number of BSCI certificated suppliers, we are stimulating the motivation for improvement within all areas of UN Global Compact. We will undertake a survey among our current suppliers, for revealing the number of BSCI certificated production plants.

We do acknowledge that a 100% of BSCI certified suppliers is preferred, but we also believe that productions facilities are at different stages in the development process, and that our influence can be applied positively, by supporting less developed suppliers in the improvement process, compared to cutting the cooperation and leaving the suppliers at a negative plateau. By focusing on supporting our suppliers in the aim for BSCI certification we are attacking several parts of the CSR field at one. Moreover it will provide us with an even greater insight to the weak points at the facilities of each supplier. By getting more information about the weak areas, we are better prepared for supporting each supplier in the needed fields.

## **6. CONCLUSION**

The primary focus in 2014 has been the area of chemical testing. The area of chemical is complex and a lot of knowledge needed to be obtained. By entering an industry network focusing on chemical testing has provided us with the needed knowledge, and understanding of this field in the business processes. The cooperation with Bureau Veritas has ensured that we have been in possession of a strong partner with valuable competencies and knowledge within this field. We have put a lot of effort in the implementation of our testing programme, and have completed the first tests, with very satisfying results. The programme is now a permanent part of our CSR activities in our day-to-day business, and will thereby continue in 2015.

Furthermore, we have continued to focus on the compliance with human rights among our suppliers as a part of our everyday businesses, together with a constant aim for reducing our environmental impact.

The focus for 2015 will be BSCI certification of our suppliers. The task includes a research among our suppliers, revealing the number of already BSCI certified suppliers, and a plan for supporting the suppliers lacking the BSCI certification.