

GANNI

CSR REPORT
MARCH 2018

CONTENT

04

CEO statement

06

Introduction & background

07

Our approach

08

On-going initiatives

12

Human rights

15

Labour

18

Environment

21

Anti-corruption



CEO statement

“As a fashion brand, we constantly seek to challenge trends, but we also want to challenge the way we operate.

We strongly believe that a joint international and political commitment between companies and countries is the only way to move in the same direction, and make essential changes in the world”

GANNI has been a member of the UN Global compact since 2016 and it is a pleasure to confirm that Ganni continues to support the 10 principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

Last year I presented our first steps towards sustainability. This year I am proud to present our initiatives – undertaken and in progress - and achievements – as well as the new targets for 2018.

- Nicolaj Reffstrup, CEO



Introduction & Background

The scope of this communication on progress is to clearly outline Ganni's commitment to the UN global compact and its 10 principle of human rights, labour, environment and anti-corruption. Finally, we hope to provide the reader with an understanding of our CSR objectives, initiatives undertaken, performance and outcome and our CSR scope for 2018.

Ganni is a Danish fashion company founded in 2000. In 2009 Ganni turned into the fashion brand we know today, when Ditte Reffstrup Creative Director and her husband Nicolaj Reffstrup CEO invested in the company.

In 2017 Ganni entered into a partnership with the global equity firm L. Catterton with the aim to take Ganni to the next level of the fashion industry.

Ganni has experienced a positive growth since 2009 - both in turnover and head count. We ended 2017 with a very positive result and we expect continued growth in the future.

Today we are represented in more than 400 stores worldwide including 18 concept stores in Denmark, Norway, and Sweden. We have 55+ employees operating from our head office in Copenhagen and recently opened offices in London and New York. We run our manufacturing operations in India, China, Turkey, Portugal, Bulgaria and Italy with great support from our specialized and closely related suppliers.

We look forward to continuing our journey and our developments.

Our approach

At GANNI we work with an “inside out” approach: to first take responsibility, act and influence our internal circle of employees and network.

It is crucial factor that each individual takes responsibility and only then can we inspire and imprint our values to our external surroundings.

We believe that the human factor is the determining key to strengthen our CSR activities and have therefore spent the major part of 2017 focused on our ethical and social behaviour.

In 2018 we will start focusing more on our external activities. The scope will be to investigate new and best practices, new initiatives based on social, environmental and economic approaches, to engage more in the circular business model and the 17 UN sustainable development goals.

On-going initiatives

Since January 2017 we have incorporated a label in all our garments that represent our project “CO2 Compensated Clothing”. The project is approved by the Global Standard Foundation and the UN. The aim of the project is to keep track of our current CO2 emission level and compensate for our carbon footprint by supporting the social development project “Energy Efficient Cook Stoves “. The project supports women and their families in gaining access to efficient and clean cook stoves through local and unique solutions. Through the “CO2 compensated clothing” project we support the SDG no. 7 “Affordable and clean energy”, SDG no. 13 “Climate Actions” and SDG no. 3 “Good health and wellbeing”

See the full report of GANNI CO2 Footprint analysis:

<https://www.portal.cemasys.com/cook-stoves-nepal>

For the last 3 years we have supported the organization Nordic Designers Aid by donating our leftover garments. The leftover garments are upcycled and resold in Africa with profits supporting development projects. In 2016 the profit funded a daycare for vulnerable families, allowing the women/mothers to attend a job and provide an income for the family’s survival. In late 2017 we supported the pilot project “Teenage girl empowerment program”. The goal of is to inspire and transfer life skills in order to equip girls to be resilient, courageous, compassionate and empowered young women. The result of the pilot project was very positive and we will continue our support in 2018, when the program will be enrolled as a large-scale project.

<http://nordicdesignersaid.com/om-os/>

Our code of conduct sets the ethical and social behavioural framework and outlines our standards and demands to external partners and suppliers. The code of conduct is based on the UN 10 principles. It is updated once a year and must be read and signed by all partners/suppliers.

Furthermore, we support and commit to the Danish Fashion Ethical Charter to ensure all our models are treated with dignity and respect. The purpose of the charter is to secure the well-being of models through the core values: accountability, compassionate respect and health and based on four general rules: age limit, healthy diet, wages.

<http://danishfashionethicalcharter.com/>

We believe it is important that all employees feel respected and motivated in their daily work environment.

We regularly conduct Individual employee assessment through quantitative and qualitative question schemes. Furthermore, all employees are entitled to an annual Individual assessment. This is an opportunity for our internal employees to evaluate their immediate manager as well as get feedback on individual performance and to set up new development goals for the individual employee.

90% of GANNI's internal and external employees are women. GANNI is not only a fashion brand for women, GANNI is a brand that embraces women and we will continue to support female empowerment and gender equality!

As part of our environmental strategy we strive to be as digital as possible. We use as little paper as possible and when printing we only use FSC certified, carbon neutral, 100% degradable and TCF (Totally Chlorine Free) printing paper. Since 2016 we have used "digital style set up" for presentations, styles sheets etc. and in 2017 we implemented a "digital expense set up" in the finance department.

Also, in terms of our environmental responsibility, we have an agreement with Dong Energy, so all the energy used at the head office and 70% of the energy used in our

Danish concept stores are provided by wind mills. When it comes to lighting we exclusively use LED in the head office and all new concept stores.

In 2017 we signed up with Global Fashion Agenda (GFA) with the aim to have a circular approach in our business activities and global operations. The scope of the project is to learn, develop and implement new strategies and solutions that will minimize negative impacts and maximizes positive values for people, the environment and economy - on a global scale. By engaging in this project, we support the SDG no. 12 "Responsible consumption and production", SDG no. 14 "Life below water", SDG no. 15 "Life on land" and SDG no. 17 "Partnership for the goal"

Read more: <http://www.globalfashionagenda.com/logo/ganni/>



Human rights

PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2:

Make sure that they are not complicit in human rights abuses.

COMMITMENT

We support and respect the protection of internationally proclaimed human rights and we comply with national laws, rules and regulations in all our global business activities.

INITIATIVES 2017

- Investigate 3rd party Social Compliance Initiative by end 2017
- Supplier scorecard for 1st tier by end 2017
- Guidelines for travelling employees by end 2017

ACTIONS UNDERTAKEN

- Identified 3rd party companies and services
- CSR Performance Analysis of suppliers and partners
- Developed and implemented Supplier Scorecard
- Implemented Factory qualification schedule (Social compliance)

PERFORMANCE AND OUTCOME

We have not identified any signs that any of our suppliers have been subject to legal cases or incidents involving Human Rights violations.

Based on the risk assessment and performance analysis we have developed a Supplier Scorecard, which is used to measure suppliers' performance based on technical and social compliance parameters. Furthermore, we have developed and implemented a factory qualification schedule to use as a measuring tool when visiting new potential suppliers (the schedule includes factory set up, factory management and social compliance).

As a minimum requirement all our suppliers must hold a valid social compliance certificate from a recognized social 3rd party company.

As for travelling employees the guidelines are to be embedded in our culture, not written down. A few simple principles - still to be defined – should become standard procedure when travelling for business to visit suppliers and partners.

Human rights 2018 targets

Continuously work on social compliance
initiative to contribute to human rights by
engaging in programmes that are pro
increased life quality for humans

Labour

PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4:

Businesses should uphold the elimination of all forms of forced and compulsory labour.

PRINCIPLE 5:

Businesses should uphold the effective abolition of child labour.

PRINCIPLE 6:

Businesses should uphold the elimination of discrimination in respect of employment and occupation

COMMITMENT

Ganni respects workers' rights, freedom of association and the right to collective bargaining. We comply with national labour laws in all our global business activities.

We do not tolerate any forms of discrimination of any employees related in our global business activities - irrespective of race, colour, religion, gender, sexual orientation, age, physical ability, health condition, political opinion, nationality or ethnic origin, union membership or marital status.

INITIATIVES 2017

- Add BSCI or SA8000 as supplier evaluation criteria by end 2017:
- Guidelines for travelling employees and CSR assessment report by end 2017:
- Supplier mapping of 2nd tier suppliers by end 2017:

ACTIONS UNDERTAKEN

- Identified management throughout the various operations in terms of diversity factors, such as gender, age, health conditions etc.
- CSR Performance Analysis of suppliers and partners
- Developed and implemented Supplier Scorecard
- Implemented Factory qualification schedule (Social compliance)

PERFORMANCE AND OUTCOME

We have not identified any signs that any of our suppliers have been subject to legal cases or incidents involving illegal labour acts.

As described under “human rights”, we have performed a risk assessment and performance analysis, and based on the result we have developed a Supplier Scorecard, which is used to measure suppliers’ performance based on technical and social compliance parameters.

As a minimum requirement all our suppliers must hold a valid social compliance certificate from a recognized social 3rd party company. In each country the supplier is responsible for implementing, complying with and reporting any violation related to labour acts.

Labour 2018 targets

Continuously ensure and update labour
standards based on European laws and
regulations

Support and promote that all our
suppliers/workers have the right and op-
portunity to be a member of a trade union

Environment

PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

COMMITMENT

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

INITIATIVES 2017

- Communicate Supplier Manual with updated chemical and technical restrictions by October 2017:
- Investigate the potential of installing LED light in 100% of the Danish stores by March 2018:
- Decrease our incoming amount of plastic from samples by 10% by March 2018:

ACTIONS UNDERTAKEN

- Update of our Manual business agreement (MBA), including chemical and technical restrictions
- Identify various operations throughout the supply chain with the aim of developing and implementing more environmental friendly technologies
- Responsible packaging and sampling strategy

PERFORMANCE AND OUTCOME

Our MBA, including restricted chemical substance list and technical restrictions, has been updated and signed by all suppliers.

Installing LED lights in all Danish stores is in progress, but the installations will happen gradually and not within a specified timeframe. Furthermore, LED lighting is already a natural part of our strategy and will be installed in all new concept stores.

We have acknowledged that we need to tackle our use of plastic differently than first expected, as we need polybags to protect the garments. We have changed the strategy to switch from conventional polybags to biodegradable polybags starting from the 18.3 collection in 2018. The initiative will be rolled out in China and by time implemented in all production countries.

This project is a part of a large-scale transformation of our overall GANNI packaging.

Environment 2018 targets

Identify and develop design and sourcing
strategy for cyclability

Increase the volume of used garments
collected and resold

Increase the use of recycled textile fibres

Anti-corruption

PRINCIPLE 10:

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

COMMITMENT

GANNI has zero tolerance for any form of corruption and bribery and we do not accept any kind of corrupt practices, including extortion and bribery.

We adhere to the highest standards of moral and ethical conduct, and we always respect and follow applicable laws and regulations in our global operations.

INITIATIVES 2017

- Adding Anti-Corruption to our new employee introduction by 2017
- Articulate our stand on Anti-Corruption to existing employees once a year
- Guidelines for travelling employees by July 2017

ACTIONS UNDERTAKEN

- Internal and external dialogue procedures
- Update of GANNI employee manual
- Full transparency in the supply chain (internal) with information available internally

PERFORMANCE AND OUTCOME

At this stage we are not experiencing a high risk of corruption, but it is very important that all involved stakeholders understand, agree and comply with our anti-corruption policies.

By signing our code of conduct all suppliers agree and confirm not to support or be involved in any kind of corruption or bribery.

Our employee manual clearly describes the difference between business related presents and bribery. Furthermore it stresses that employees must avoid any financial and personal interests affecting or may be suspected of affecting work-related dispositions or conflicting with Ganni's interests and ethics. All new employees must read and sign the employee manual.

Anti-corruption 2018 targets

Ensure suppliers have introduced an anti-corruption policy and programme in their organisation and business operations

More transparency and accessible information for our external stakeholders

Monitor and follow up our anti-corruption policies

