



BALLGROUP

# CSR REPORT 2018



## **CEO STATEMENT 2018**

Ball Group has been a member of UN Global Compact since 2011, which is a global and recognized organization with more than 9.800 companies in 161 countries.

We support the ten principles of human rights, labour, environment and anti-corruption and within our own organization we remain committed to integrating the UN Global Compact guiding principles as part of our strategy, culture and day-to-day operations.

We recognize that the key requirement for participation in the UN Global Compact is the annual communication on progress (COP) and this report also constitutes our non-financial report on CSR based on the requirements in §99a and §99b of the Danish Financial Statements act. (FSA)

This year the number of employees has grown significant and our employees are the backbone of our business and success. The center of our concern is their wellbeing and working conditions and we constantly work on improving working conditions and maintain a high level of employee satisfaction.

We approach 2019 with strong faith in the future and look forward to continuing our work and efforts to sustain a responsible business

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 is specialized in female plus-size fashion from size 38 – 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 300 multi-brand stores throughout Europe. Our retail concept currently holds 114 Zizzi concept stores.

- Total shops - 114
- Own stores - 113
- Franchise stores - 1
- Webshops/countries – 6

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

Our ZIZZI webshop locations are: Denmark, Sweden, Norway, Finland, The Netherlands.

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 38 -56.

### **CORE VALUES**

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

#### **Customer focus**

We value our customers and want to build long-lasting relationships based on great products and passionate 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 APPROACH**

### **2.1 CSR COMMITTEE**

Being responsible and acting responsibly is a natural part of Ball Group's 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 others to act in same way towards us.

The CSR Committee is headed by Mette Würtz Nielsen (Head of Product & Buying) and further comprises 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 2018 to December 2018 are 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 principles for universally recognised human rights, labour rights, the environment and anti-corruption and addition to ethics regarding animal welfare. All our suppliers have accepted and signed our Supplier Manual incl. the Code and therefore all involved parties also accept the addition regarding the limit for incentives and encouragement. When we engage with new suppliers, they firstly have to accept and sign our Supplier Manual and Code of Conduct, before any purchase order can be placed.

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 include home-based workers, sub-contractors (2) and other suppliers (3) in the supply chain taking part in 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.

## **2.3 OUR POLICY FRAMEWORK**

The UN Global Compact principles guide our work towards operating in ways that is sustainable and meet the fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. This means operating in ways that are recognized as good practices in one area, without offset harm in another.

### **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.
- With a global supply chain Ball Group and its employees may be exposed to the risk of corruption. In our employee handbook we have stated that Ball Group personnel and appointed associates are not permitted to accept any monetary incentive or encouragement. In case of special anniversaries, weddings and the like, gifts are allowed of maximum value 50 \$.
- Acceptance of any kind of gift, must be approved by the management as described in our employee handbook that has been explained to all new or present employees.

- 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.

Furthermore, we focus on animal welfare, because transparency and traceability for wool and hides are rather complex, as many of these raw materials are from countries where it can be a challenge to gain insight in the supply chain and the working conditions.

#### **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 are a by-product, and from animal's breed for the food industry.

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

This year our focus has been the implementation of our sourcing strategy and responsible supply chain management. We have reduced our supplier base, increased the volume for more direct sourced articles and gained more insight and transparency in the global supply chain.

#### **3.1 SOCIAL COMPLIANCE**

We are aware of the fact that when sourcing from various countries across the world we may face the risk that human rights potentially can be violated in our supply chain. Therefore, we believe that frequent visits to our suppliers are essential for having a close cooperation and relation with our suppliers, which can help potentially detect and prevent human rights violations.

As part of upholding this, it is essential that all our suppliers accept, sign and comply with our Code of Conduct, which covers issues such as: human rights, labour rights, the environment and anti-corruption.

Part of the purpose with these visits, is to get more insight and knowledge in relation to the level and standard of the various production sites and make sure they are compliant with international standards and are aligned with ILO (International Labour Organisation).



Many of our suppliers already have a social certification or follow a similar standard like SA8000, Amfori, Sedex and WRAP.

As part of our Responsible Supply Chain management strategy we have conducted onsite audits and inspections for 3 suppliers and their factories, regarding social compliance, transparency and quality assurance.

Our goal for 2019 is to conduct onsite audits and inspection for 5 suppliers and their factories.

### 3.2 CERTIFICATION

We support our suppliers in achieving a social certification or standard, and this also provides us with more transparency in our supply chain.

**Figure 1: Map of suppliers with a certificate**

	No. of suppliers 2018	No. of suppliers 2017	No. of suppliers 2016	No. of suppliers 2015
Holds a certificate	44	40	21	34
No certificate	11	3	47	61
Total	55	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.

### 3.3 ANIMAL WELFARE

Ball Group still enforces the ban of real fur and in 2018 we also refrained 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 2018 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.

### **3.4 ENVIRONMENT**

We are aware of the risk inherent in our manufacturing process, which may have a negative impact on the environment, especially in relation to the usage of chemicals and water management as well as transportation from point of fabrication to designated sales points. In Ball Group we focus on our environmental impact in everything we do and with the launch of 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. The chemical management program also provides the base for our precautionary principle in our supply chain.

This year we have started to use certified organic cotton and certified recycled polyester, and in 2019 we aim to increase the volume of more sustainable materials. However, it takes time to implement new materials and so far, sales results are not as expected.

We have been screening some of our suppliers as part of gaining more knowledge about Eco labelling and the criteria for the environmental impact in textile production. This is an area where both we and our suppliers are still learning, and we will continue to gain more knowledge in this field in 2019.

A larger part of our goods is produced outside EU and being shipped by sea. 27 % of this volume is sent by air because of delays or immediate demands from the shops. We are aware that the environmental impacts from air shipments are significant higher compared to sea shipment, and in 2019 we will aim to reduce the volume of air shipments to be less than 20%.

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

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

We are also in a process where the traditional lightning is gradually replaced with LED lightning.

### **3.5 CHEMICAL MANAGEMENT**

In 2018 we have had more than 50 chemical tests performed, as part of our random chemical testing program. In comparison we have had 25 tests performed in 2017, and our goal for 2019 will be 60 chemical tests.

5% of the performed tests has failed according to our RSL, and each of the cases has been handled individual and solved in co-operation with the respective supplier. Our goal for 2019 will be that less than 3% of the performed tests will be failed.

The random chemical testing program is representative and gives us a good indication on each supplier's performance, level of knowledge and attitude, which is also very valuable as part of the evaluation of our supplier base. The backbone of the testing program is the Ball Group RSL (Restricted Substance List) that is updated annually and with criteria's exceeding EU requirements.

We believe the testing program is a big step in the right direction, when it comes to reduce and control the use of restricted and harmful substances in the supply chain. For further information, the RSL can be found on [www.ballgroup.com](http://www.ballgroup.com)

Currently we are not measuring all the results of these activities, but we are working towards doing so.

## **4. BALL GROUP EMPLOYEES**

There may be a risk that we are unable to attract and retain the right employees to grow our business. To mitigate the risk, we have launched a number of initiatives to support and develop our employees, with the aim to provide them with the foundation to grow with the business, while keeping a balance between work and family life.

### **4.1 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	16	35
7-12 months	3	12
1-2 years	10	21
3-4 years	6	16
5+ years	4	27
<b>Total</b>	<b>39</b>	<b>111</b>

Age	Men	Women
18-25	5	6
26-35	15	49
36-45	15	32
46+	4	24
<b>Total</b>	<b>39</b>	<b>111</b>

**Figure 3: Sickness Absence**

Sickness absence	
2013	3.3%
2014	2.8%
2015	2.7%
2016	1,9%
2017	2,6%
2018	3,4%

Considering the increasing number of new employees, our aim in 2019 for sickness absence will be 3.0%.

Our employees can use an onsite massage therapist during work hours, get advice from a chiropractor in proper working conditions at the workstations and attend first aid course. Furthermore, we have a station with first aid kit and a defibrillator.

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.

## **4.2 APPRENTICES / TRAINEES**

Ball Group wishes to support young people in their aim for education and currently we have 7 employees following an apprentice program – 3 at the head office and 4 in the shops respectively.

We expect to continue the support of new trainees and apprentice in the future and aim for the same number in 2019.

#### **4.3 THE UNDER-REPRESENTED GENDER**

One of the aspirations of the UN Global Compact is equality across genders, races and religions.

In 2018 - the executive board consist of 4 males board member and the executive management team consist of 2 females, and 3 males incl. the CEO.

Therefor, we have set a target for the board to attain as a minimum 1 female member within a 4 years period. Since there has not been any removal of the current board members in 2018, this goal has not yet been achieved.

Currently, we do not have an explicit policy for the under-represented gender at management level, but the process for working on enhancing the presence of the under-represented gender is inherent to our organization and we focus on ensuring diversity across the organizational levels in general.

### **5. OBJECTIVES FOR 2019**

#### **5.1 RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

In 2019 Ball Group will continue to follow our strategy for responsible supply chain management (RSCM) where transparency and traceability are two of the cornerstones. Being aware that RSCM is a long-haul move and an ongoing process, we will continue to work with various projects within environment impact, more sustainable materials and evaluation of our supplier base.

We will also continue with our on-site audit and inspection program as an integrated part of supplier evaluation and cooperation. In 2018 we conducted 3 audits, and we expect to increase the number to 5 onsite audits in 2019. This is based on the fact, that a competent follow-up of audits and their findings are more important than just the number of audit reports.

In 2018 we have performed more than 50 chemical tests which was what we aimed for in 2017. The Ball Group RSL will be updated once a year and become more comprehensive to prevent and reduce the use of harmful chemicals.

## **6. CONCLUSION**

The large increase of new employees this year has been a great challenge, and we have invested a great deal of energy and resources within our organization, in order to have a smooth integration of the many new employees.

Responsible Supply Chain management is a never-ending journey and process, and we will continue to focus on direct sourcing, building a strong supplier base and strict chemical management. We hope that the demand for more sustainable materials will be stronger, and the number of garments made of certified organic cotton and recycled materials will increase in 2019.

We look forward to continuing our work and development of business in 2019, in close collaboration with our customers, partners and suppliers.