



IC GROUP

IC GROUP **CORPORATE RESPONSIBILITY**
REPORT 2017

MESSAGE FROM THE CEO

IC Group owns a portfolio of Premium brands with employees engaged in operations globally.

As we constantly work towards becoming one of the best developers of Premium brands, we want to put this same drive and creativity to use in the area of responsibility. Our aim is to be a responsible developer, and this means not only being in compliance with international standards, but also trying to achieve higher levels of sustainability by joining forces with various stakeholders based on a partnership approach.

During this financial year, a key focus area has been to continue analyzing and assessing risks in our value chain. We ceaselessly work to establish a transparent overview together with our supply chain partners that allows us to identify and dive deeper into areas where we see challenges and opportunities for improvement.

As an example, our due diligence processes showed us that we should include Romania, an important sourcing country to us, in our engagement with BSCI. Enrolling our Romanian suppliers has been a major focus and has deeply involved our production office in Romania, building awareness and knowledge both internally and with our suppliers.

This leads me to emphasize the importance of training and education of both our employees and our supply chain partners. We have conducted multiple training sessions on chemical management and sustainable purchase practises with both internal and external experts. An example is our anti-corruption e-learning where more than 700 employees are enrolled and constantly trained and re-trained. Our firm belief is that training and awareness building is a pre-requisite for real change to happen.

There is no doubt that IC Group will continue its strong support of the UN Global Compact Principles and will work towards even better systems for implementing corporate responsibility efforts. This includes continuing our emphasis on creating strong partnerships with our suppliers with focus on dialogue and education as vehicles for the development of a more sustainable supply chain alongside with active memberships of the Sustainable Apparel Coalition, The Bangladesh Accord and Leather Working Group, to mention a few.

In the next pages you will find more information on IC Group's commitment to the UN Global Compact, and how we translate this commitment into concrete activities and results.

CEO
Alexander Martensen-Larsen

CORPORATE RESPONSIBILITY IN IC GROUP

Our corporate responsibility framework of People, Planet and Profit is based on international principles and the UN Global Compact. Our work with these principles has played an important role in guiding our Company in making the right decisions while also contributing to our readiness to meet future challenges. By matching our overall framework with policies and processes allocated to the relevant functional departments, we have created a solid foundation for our Corporate Responsibility work.

The first part of the Global Compact Communication on Progress report presents IC Group's corporate responsibility (CR) policy and then provides highlights of our CR activities in the financial year 2016/17. This is followed by a description of our work on People, Planet and Profit and, subsequently, by our plans and targets for the next financial year. In the last part of the report we provide a matrix showing an overview of activities and results vis-a-vis the 10 principles of the UN Global Compact.

Business model

IC Group creates value through active ownership of fashion and apparel brands in the Premium segment. We focus on this market segment as it has historically been characterized by strong growth rates and solid earnings. Furthermore, this segment is characterized by a high degree of internationalization which also forms the strategic target of the Group Premium brands. As a Group, we hold strong competences within this segment in which we have succeeded in operating and developing brands. Historically, we have generated solid revenue growth and high earnings.

All of the Group Premium brands are operated as independent business units with clearly defined strategic plans, and they are responsible of their respective earnings development.

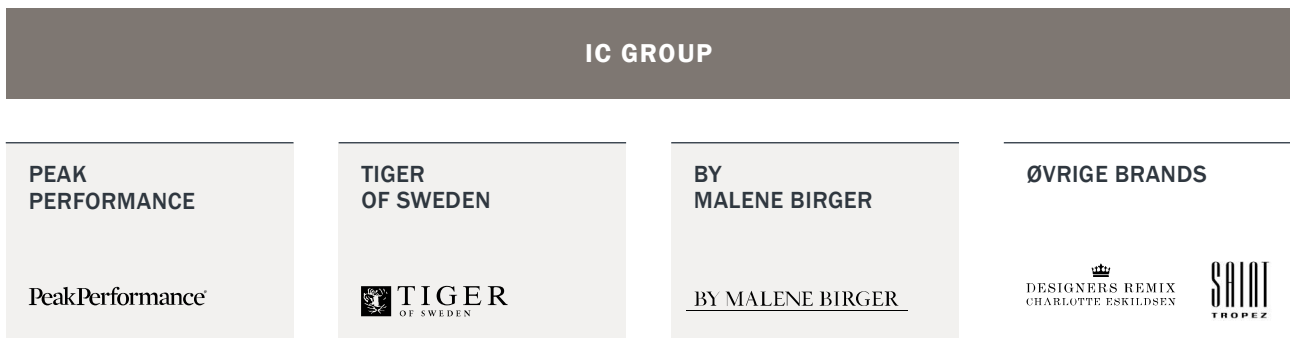
Furthermore, the Group structure comprises the central functions which are shared by all Group Premium brands. These infrastructure functions count Sourcing, Logistics, IT and Financial Shared Services. The overall target of these functions is to deliver cost-efficient and price-competitive services supporting the operations of each Premium brand.

The Group's portfolio comprises the three Premium brands; Peak Performance, Tiger of Sweden and By Malene Birger which form the strategic core of the portfolio strategy.

Peak Performance has been a part of the Group since the Group was formed through a merger in 2001. Tiger of Sweden was acquired in 2003, and during that same year, IC Group (former IC Companys) founded By Malene Birger in cooperation with the creative designer behind the brand.

All three brands have since their inclusion in IC Group generated solid revenue growth and sound earnings. All three Premium brands also have a high degree of brand awareness in their Nordic core markets and are, furthermore, considered to hold significant international growth potentials.

In addition, the Group owns the two brands; Saint Tropez (wholly owned) and Designers Remix (equity share of 51%). Saint Tropez is a Fast Fashion brand whereas Designers Remix operates within the Premium segment. None of the two brands utilize the above-mentioned infrastructure functions.



Risk management

Due to the Group's activities, IC Group is exposed to a number of risks. This entails a variety of risks all inherent in the apparel and fashion industry. The Management considers efficient risk management as an integrated part of all Group activities and works continuously to minimize uncertainty. Furthermore, the Management regularly assesses the risks in order to determine whether the risks have changed or the risk control measures are adequate or relevant. No significant changes have taken place during the financial year under review compared to the financial year 2015/16.

The Group creates stakeholder value by managing and minimizing uncertainty within the core activities. The Group's processes are set up in such a manner that risks are controlled efficiently based on the experiences and competences achieved over time by the Group. It is the Group's policy to take out insurance coverage to hedge against inherent risks where deemed possible. The Board of Directors reviews the Group's insurance annually to ensure that coverage is adequate.

In respect of IC Group's corporate responsibility, the following risks in particular are relevant:

RISKS DESCRIPTION

MONITORING AND MITIGATION

| | |
|--|---|
| <p><u>Risk of loss of brand value</u> through bad publicity in media or changed brand perception with the core consumer</p> | <ul style="list-style-type: none"> • Strong control of quality level during the collection development process • Pro-active corporate responsibility policy as well as guidelines and stringent requirements for the product development process. Distribution channels are adjusted and developed on an on-going basis to support the brand value in the best possible way • Significant internal resources are allocated to brand building and marketing |
| <p><u>Political risks</u> relate mainly to the Groups' sourcing activities as a substantial part of its raw materials and finished goods are sourced in markets posing not insignificant political risks.</p> <p>The Group's largest political risk factor concerns reliable supplies from China and Romania, which account for 43% and 18% of the Group's sourcing, respectively.</p> | <ul style="list-style-type: none"> • Continuously monitoring of the political conditions of the global sourcing markets • Geographic relocation of sourcing may take place if deemed necessary |
| <p><u>Supplier risk</u>, including risk of errors and omissions of ordered products as well as dependency of a few key suppliers</p> | <ul style="list-style-type: none"> • Compliance control of the Group's business and ethical standards through a systematic scoring of all suppliers • The Group has a total of 148 (148) suppliers of which the 10 largest suppliers account for 45% (49%) of the total production value. The largest individual supplier accounts for 13% (11%) of the total production value, and the Group is thus not dependent of one individual supplier |
| <p><u>IT risks</u>, including unauthorised access, fraud and cybercrime as well as system downtime</p> | <ul style="list-style-type: none"> • The Group's IT function manages these risks by continuous maintenance of systems, using IT security technologies and keeping back-up of critical data |
| <p>Loss of <u>key employees</u></p> | <ul style="list-style-type: none"> • Through the Group's work on HR, guidelines, tools, processes and training are being developed and updated, and an annual employee survey is conducted to retain and develop employees |

For a full overview of the identified risks in respect of IC Group's activities, please see page 27 in the Annual Report for 2016/17.

Due Diligence processes and the use of operational KPIs

Through our membership of BSCI, we actively support and participate in improving CR related topics and challenges in our supply chain. The membership implies that we disclose our supply chain to BSCI who then on behalf of IC Group and other member companies conducts audits and follow up upon issues detected. As part of our own due diligence process, we aim at requiring compliance with BSCI and thereby our own Code of Conduct when engaging with new suppliers. In addition, we prepare and update a country risk analysis to support our decision-making when engaging with suppliers. Finally, we update our knowledge on specific issues in our business or in certain regions through participation in projects and surveys to disclose specific risks or issues we will need to address in our CR approach.

As our Global Compact Communication on Progress report indicates, we also follow performance and development by monitoring data and KPIs, but we have not set strategic target KPIs to form part of the continuous management reporting. We monitor and respond to changes in all areas and can support the development with data, but we mainly deal with strategic CR targets through our membership in BSCI where we have a stronger voice when cooperating with other similar companies.

Corporate responsibility policy

IC Group recognizes that the Group is part of an industry with many CR challenges both in terms of complex supply chains and resource challenges. These difficult tasks are taken seriously and the Group has adopted an overall approach of making sure that it is not a barrier to sustainable development. However, IC Group would like to take it one step further and, where possible, work towards turning these challenges into opportunities. The Group therefore strives at employing its creativity and strong innovation skills to make a difference and contribute to sustainable development.

IC Group's CR efforts are grounded in the UN Global Compact's 10 principles which are based on internationally adopted declarations and conventions on human rights, labour rights, environmental protection and anti-corruption. We use these principles and the United Nations Guiding Principles as the overall framework to guide our CR policies and implementation processes.

For IC Group, CR is about not only making sure our products live up to our high quality standards and customer expectations, but also that they are produced responsibly. We consider CR to be an integrated part of our business and an essential element in our Company's profitability. Furthermore, our work with CR plays an important role in making sure IC Group is ready to meet future challenges.

We pledge to work pro-actively internally as well as externally with our suppliers to promote compliance with these principles. We will never be able to guarantee 100% compliance, but we strive to make a positive difference and set up due diligence processes to avoid non-compliance issues. Furthermore, we use our Compliance Hotline to enable access to remediation in cases of non-compliance.

i For a complete description of the CR policy including our specific People, Planet and Profit policies, please see the table below and our corporate web page: icgroup.net/responsibility/

Highlights of activities in 2016/17

Continuous development of our implementation framework

IC Group's CR implementation framework guides us in operationalizing our CR policies and in dealing with the dilemmas intrinsic to working with responsibility. We continuously assess and develop the framework, integrating international best practices to be able to make the right decisions.

Again this financial year, a key focus area is the analysis and assessment of risks in our value chain. We continuously work to establish a transparent overview that allows us to identify and dive deeper into areas where we see challenges and opportunities for improvement. The most important deep-dive has been social matters focussing on due diligence processes and BSCI. We have restructured our work with BSCI and reached 81% coverage in total for high-risk countries.

Furthermore, environmental issues have been in focus. Chemical management and an extended focus on leather have led the way. We have added the BLC Leather Technology Centre to our list of experts helping us improve our leather supply chain. This leads to the overarching importance we lay on internal and external training. Besides continuously training for our suppliers and our brands in chemical management, we have also conducted e-learning on anti-corruption for 700 internal users.

The HIGG index and membership of the Sustainable Apparel Coalition (SAC) continue to be of utmost importance, and we contribute to several work streams within SAC, engaging our employees from brands, production offices and HQ.

| | PEOPLE | PLANET | PROFIT |
|------------|---|---|---|
| PRINCIPLES | UNGC Principles 1-6 | UNGC Principles 7-9 | UNGC Principles 10 |
| POLICIES | People CR policy | Planet CR policy | Profit CR policy |
| PROCESSES | Processes supporting the implementation of the People principles and policies | Processes supporting the implementation of the Planet principles and policies | Processes supporting the implementation of the Profit principles and policies |

Figure 1 - 3 X 3 Ps. Overall CR implementation framework - From Principles to Policies to concrete Processes.

IC Group’s CR implementation framework (Figure 1) continues to provide valuable guidance in our everyday CR work where the processes offer hands-on guidance on how to operationalize the CR work.

Our work on our People, Planet and Profit responsibilities

People – UNGC principles 1-6

PEOPLE POLICY

IC Group supports and respects the Universal Declaration of Human Rights which is outlined in the UN Global Compact principles 1-6. We do this by continuously identifying and assessing potential adverse human rights impacts both internally in IC Group as well as in cooperation with our suppliers. Furthermore, we regularly assess opportunities for using our core competences to make a positive contribution to the realization of the Universal Declaration of Human Rights.

Our work with Human Rights also includes our efforts to create a conducive working environment for our employees, which provides the opportunity to develop and achieve a good work/life balance.

Furthermore, we use education both externally with our suppliers and internally as a mean to develop the capacity and understanding of the importance and value of working with human rights.

The International Accord on Fire and Building Safety in Bangladesh

To date the Accord has concluded fire, electrical and structural inspections in more than 1,600 factories resulting in more than 1500 CAPs. Since IC Group signed the Accord in 2013, we have supported our suppliers in working with the Accord. Our suppliers in Bangladesh have been inspected by the Accord, and we are working with them to make sure that the corrective action plans are implemented. Since the Accord expires in 2018, we are engaged in planning for the future “after the Accord” together with all the stakeholders.

BSCI (Business Social Compliance Initiative)

Since joining BSCI in 2007, BSCI has played an important part of IC Group’s work on responsible value chain management. BSCI is a business-driven initiative for companies committed to improving working conditions in the global supply chain. Built on the 3 pillars of Monitoring, Empowering and Engaging, BSCI unites hundreds of companies around one common Code of Conduct and supports them in their efforts to build a responsible supply chain by providing them with a step-by-step development-oriented system.

As a result of a thorough consolidation in our supplier base, we have opened up for an even closer cooperation with our suppliers on CR and other related matters. We continue to encourage our suppliers to participate in training and workshops within BSCI around the world. Our work with BSCI continues to be an important foundation of our work with and commitment to CR.

We have worked in-depth with our supply chain in Turkey and Romania the past year with regard to BSCI – a decision based on our internal due diligence processes. As a result, we have reached a BSCI footprint of 81%.

DIEH (Danish Ethical Trading Initiative)

As one of the founding members of DIEH, IC Group continues to play a significant role in the initiative. Our engagement in DIEH reflects the Group's belief in working together in a multi-stakeholder approach to create sustainable solutions to the challenges in the industry. This also reflects the growing awareness in the industry that no single stakeholder can solve the complex challenges alone. On the contrary, there is great potential in working together and in identifying where each stakeholder has the best competences to contribute to sustainable solutions.

Social and Labour Capacity Building in Bangladesh

Apart from participating actively on BSCI, we have also joined some of the social and labour projects run in Bangladesh. One of those is held by DIEH, and our suppliers in Bangladesh may strengthen their knowledge through those trainings. By joining these kind of capacity buildings, we believe our suppliers can improve even better from what they have learnt, and workers can voice out problems freely.

Restricting the use of Uzbek cotton

We understand that the cotton supply chain is complex, that cotton is a commodity that tends to be commingled and that tracing the origin of cotton in finished products is difficult. We are asking our suppliers to make their best efforts to trace their cotton sources and avoid any cotton from Uzbekistan. We do not prescribe a single approach or timeline, but consider this an ongoing effort that will require the involvement, support and action of a broad range of stakeholders in order to improve our collective abilities to trace cotton origins and ultimately to ensure that cotton used in our products is not made with forced labour or any other human rights violations.

Supplier Scorecard

Not only have we further consolidated our purchase, focusing on using partner suppliers, with whom we have long lasting business relationships, but we have also increased the use of our supplier scorecard, which was implemented in 2012/13. Parameters like quality, price and delivery together with CR parameters form a solid base for promoting a dialogue between our suppliers and IC Group. In 2016/17, more than 95% of our suppliers were covered by our supplier scorecard.

The feedback from our suppliers has been positive. The dialogue not only strengthens our partnerships but our suppliers have also welcomed measurable performance targets and have been able to utilize the scorecard information internally. We will continue developing and rolling out the score card together with our suppliers.

Global employee satisfaction

In IC Group our work with employee satisfaction is a continuous process which is closely followed by the top management. Satisfied, engaged employees and empowering leadership are absolutely necessary in a high performing organization. Each manager sets new targets each year and both individuals and teams are assessed to develop a performance culture based on performance recognition and respect for work/life balance.

To support this process, the annual Employee Survey ensures that we have a continuous idea of what our strengths are and where we need to improve. The overall results from last year's Employee Survey show a score on Satisfaction & Motivation of 71 points (which equals high satisfaction and motivation). On Loyalty the score was a high 81 points.

Planet – UNGC principles 7-9

PLANET POLICY

IC Group supports the UN Global Compact's principles for the environment (principles 7-9). Practically, we do this by continuously assessing our environmental challenges and following the overall principle of taking a precautionary approach to environmental challenges. Furthermore, we focus on educating our staff to become even better at identifying where in the supply chain we can take action to reduce our impact on the environment and where we can work with our suppliers to facilitate that they, e.g., use environmentally friendly technologies.

Sustainable Apparel Coalition - Engaging Key Stakeholders

The Higg Index is a tool developed by the Sustainable Apparel Coalition (SAC). The implementation of this tool is continuously one of the Group's key focus areas. SAC is an organization bringing together some of the key players in the fashion industry accounting for approximately 40% of the world market for apparel and footwear. SAC leads the way in creating a common sustainability standard throughout a product's full lifecycle - both environmentally and socially. The core tool, The Higg Index, allows companies and suppliers to benchmark their scores against other users of the index in a transparent forum, supporting a new, partnership-based approach to value chain management. Since IC Group joined SAC, the Group has participated actively in developing The Higg Index and implemented all three modules of the index - the product, the brand and the facility modules.

i For more information on the Sustainable Apparel Coalition, please see: apparelcoalition.org.

The Product Module –Design Development Module (DDM)

The aim of the DDM is to provide designers and buyers with a tool to be able to compare the sustainability of different materials, manufacturing processes etc., already during the pre-production phase. The product module has been implemented in Peak Performance which applies the module to a large number of product categories.

Using the DDM has created increased awareness on the sustainability of different design choices and increased the dialogue and collaboration between designers and buyers. This has also spurred creative thinking and dialogue with the supply chain on how to implement new sustainability initiatives.

The Brand Module

By using the brand module, companies are able to score their own performance on both environmental and social/labour issues, and then share the scores online with other value chain partners. IC Group has used the brand module in Peak Performance and in IC Group's corporate entity and has shared these scores. This enables the Group to benchmark against other Higg Index users. Peak Performance is pioneering this work and has raised the Higg Index score by 20% during last financial year. The raise of the Index was achieved by entering the ECAP project,

The Facility Module

The facility module is targeted at raw material suppliers and producers to allow them to score their performance on environmental and social/labour issues. IC Group has used the facility module for training our suppliers. Besides developing their capacity to work with The Higg Index, this module has also been used as a way to build trust and transparency in the value chain. When IC Group connects with a value chain partner using The Higg Index, the Group automatically shows them its scores. The index is not just another audit tool, but a tool that will help the users identify opportunities and potential for improvements in the value chain, and how stakeholders can work together to find sustainable solutions.

We are using the findings from our EP&L in the HIGG training with Peak Performance's partner suppliers. GHG in Tier 1 and 5 were identified as having the most impact on our EP&L. This knowledge was combined with our partner's facility module scores to see where we should lay our combined efforts to gain the biggest positive impact.

Chemical Risk Assessment

The Group has worked thoroughly on minimizing harmful chemical usage and improving chemical test performance by better work flows, better communication and due diligence. The project started June 2014 and is ongoing - the development within chemical management moves at a quick pace and ongoing training is of the essence.

Our aim continues to be:

- Achieve a decrease of chemical fails.
- Ensure better risk assessment and due diligence performed earlier in the design and development process.
- Increase communication and cooperation between our brands, our production companies, suppliers and HQ.

We achieve the results through:

- Training of staff of all brands and suppliers by internal and external experts.
- Restricted Substance List (RSL) and other tools, updated, implemented and followed internally and externally.
- Workflows and communication flows implemented and followed

Leather Working Group

The Group has joined the Leather Working Group in order to find feasible solutions on the challenges in the leather supply chain. Leather production may pose a high-risk area which consequently makes it an issue that has the Group's full focus. The chemicals used in tanneries preparing raw leather potentially harm both workers and the surroundings.

IC Group believes that its membership of The Leather Working Group will help create a more transparent leather supply chain. In cooperation with the suppliers, IC Group is working towards ensuring that the tanneries are contacted and urged to become members of Leather Working Group. The tanneries will, after training and audits, be graded according to the level of compliance. One of our biggest product group, accessories, has been produced with the LWG approved tanneries.

IC Group has also joined BLC, Leather Technology Centre, where we can draw on experts for both training and problem solving.

i For more information on the Leather Working Group, please see: leatherworkinggroup.com.

For more information on BLC, please see: blcleathertech.com

Further supply chain deep-dives

As part of our continuous due diligence work and as a result of our chemical risk assessment, we continuously work on mapping our supply chain on wool, down and leather. Our EP&L showed us that our purchase of wool is large with 24% of all material bought. With lower volumes, but still classified as important animal origin products, we have down playing an important role in Peak Performance's products, as leather does within Tiger of Sweden.

FROST DOWN JACKETS - BOTH POPULAR AND SUSTAINABLE

Peak Performance has always produced down jackets of a very high quality, using technologies that combine the most wear-resistant materials with down possessing high insulating power. The Frost down program is made of recycled polyamide fabrics/trims, Blue Sign certified down, eco DWR finish and of course features low impact care instructions.

To Peak Performance, high quality and sustainable production are equally important. The brand's down products are among the best-selling product categories and appeal to all types of consumers, be they dedicated skiers, business people or young people and children.

CLIMATE POLICY

As members of a global industry, we have a responsibility for reducing our carbon footprint. We believe that taking charge of our carbon footprint is not only a sustainability imperative but also a way to future-proof our business to be able to keep growing while respecting the boundaries of our planet.

For IC Group, this entails focusing on the leverage points where we can make the biggest difference in terms of climate change. Among others, we use Environmental Profit and Loss accounting and The Higg Index to learn more about our biggest challenges where we can foster change and help set industry benchmarks. Knowing the climate impacts throughout our value chain means we can make better decisions in the design phase and in the way we source products.

Finally, we are aware that our actions alone only account for a minute share of our industry's carbon footprint and we therefore participate actively through various organizations in making the fashion industry more sustainable.

Profit - UNGC principle 10

PROFIT POLICY

In IC Group we believe that integrating our social, environmental and economic responsibilities is essential for our long-term profitability. In other words, we believe that running a company which respects our People, Planet and Profit responsibilities is not only the best thing for the profitability of IC Group, but it is also how we can make the biggest contribution in the societies where we operate. Furthermore, we also believe that this results in proper risk management for the benefit of our shareholders and other stakeholders.

With regards to anti-corruption, we support the 10th principle of the UN Global Compact and apply a zero tolerance approach against corruption in all its forms, including extortion and bribery. To further safeguard our Company against illegal activities and to identify corrupt practices, we apply our Compliance Hotline which provides a confidential system through which employees can report misconduct.

Furthermore, we continuously work to improve our processes and educate our employees on how best to tackle situations where they face corruption challenges.

Compliance Hotline

The Compliance Hotline plays an important role in ensuring that IC Group complies with all internal policies and regulatory requirements and is an important part of the on-going due diligence work. IC Group has not received any cases during the financial year 2016/17.

Though mentioned here under the Profit chapter, the Compliance Hotline is equally relevant with regards to People and Planet non-compliance issues.

Anti-corruption e-learning tool

In order to implement our anti-corruption policy and therefore as a means to educate our staff and agents buying on our behalf, we have invested in an e-learning tool on anti-corruption. The tool is provided by a group of international experts on CSR and e-learning. We have successfully trained and re-trained 700 users with the anti-corruption e-learning tool in the past year.

Plans and targets for 2017/18

In the next financial year, we will continue to improve our framework for implementing our CR efforts and our focus areas will remain the same:

It is an ongoing process to engage suppliers with BSCI, and we want to continue staying with 80% as the target. Chemical management and deep-dives into the supply chain will also continue to be in focus as a result of our due diligence processes. Leather, down and wool supply chain transparency is challenging and continues to require our full attention. Closely connected are the awareness building activities and training, which we will continue to conduct across own employees and suppliers.

CR ACTIVITIES AND RESULTS 2016/17

PEOPLE – SOCIAL RESPONSIBILITY

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| <p>POLICIES CONNECTED TO PRINCIPLES 1-6 IN THE GLOBAL COMPACT</p> <p>IC Group supports and respects the Universal Declaration of Human Rights which is outlined in the UN Global Compact principles 1-6. We do this by continuously identifying and assessing potential adverse human rights impacts both internally in IC Group as well as in cooperation with our suppliers. Furthermore, we use education both externally with our suppliers and internally as a mean to develop the capacity and understanding of the importance and value of working with human rights.</p> |
|---|

| PROCESSES | ACTIONS AND RESULTS |
|---|---|
| INTERNALLY | |
| CR Integration in relevant departments. | CR teams established in brands and production offices. |
| Consultation Committee with participation of management and employees representatives | Half yearly meetings, memos and action plans shared with all employees. |
| Annual employee surveys | Last year the score of annual Employee Survey was 71 on Satisfaction & Motivation, 81 on Loyalty, which are both high scores. |
| Social/labour part of The Higg Index - Brand module | The brand module is implemented in Peak Performance and in IC Group's corporate entity. The results have been employed to set new targets and benchmark our efforts against our peer members of the Sustainable Apparel Coalition (SAC). |
| EXTERNALLY | |
| Country risk analysis | Is conducted continuously on all sourcing countries as part of human rights due diligence. |
| Business Social Compliance Initiative (BSCI) Code of Conduct | 81% of our production deriving from countries with a high-risk profile was from suppliers who had been or were in the process of completing the BSCI auditing (or equivalent) process. We have worked extensively to include Romania in our BSCI framework. |
| Supplier scorecard incl. CR indicators linked to BSCI | The supplier score card has been rolled out to over 95% of our suppliers. High level discussions based on the score card every 6 months |
| Bangladesh Accord on Building and Fire Safety | All suppliers have been inspected by the Accord. The Group ensures in cooperation with the suppliers that corrective actions are implemented whenever possible. |
| Uzbek Cotton | Uzbek Cotton Policy formulated and rolled out to internal and external stakeholders. Regular reminders to all internal stakeholders to keep pushing for transparency on cotton origin. |

PROFIT – FINANCIAL RESPONSIBILITY

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| <p>POLICIES CONNECTED TO PRINCIPLE 10 IN THE GLOBAL COMPACT</p> <p>Zero tolerance approach towards corruption in all its forms. Whistle-blower system, which provides a confidential system to report misconduct.</p> |
|--|

| PROCESSES | ACTIONS AND RESULTS |
|-------------------------------|--|
| INTERNALLY | |
| E-learning on anti-corruption | Rolled out to all our office staff, 700 employees, with a completion rate of 85%. The average mastery rate is 86%. Twice a year, we enroll new employees in the program. |
| Compliance Hotline | No cases. |
| Anti-corruption policy | No cases. |

PLANET – ENVIRONMENTAL RESPONSIBILITY

POLICIES CONNECTED TO PRINCIPLES 7-9 IN THE GLOBAL COMPACT

IC Group supports the UN Global Compact's principles for the environment by continuously assessing our environmental challenges and following the overall principle of taking a precautionary approach to environmental challenges.

We focus on educating our staff to become even better at identifying where in the supply chain we can take action to reduce our impact on the environment and where we can work with our suppliers to facilitate that they, e.g., use environmentally friendly technologies.

Climate Policy

As members of a global industry, the Group has a responsibility for reducing its carbon footprint. The Group believes that taking charge of its carbon footprint is not only a sustainability imperative but also a way to future-proof its business to be able to keep growing while respecting the boundaries of the planet.

For the Group this entails focusing on the leverage points where the Group can make the biggest difference in terms of climate change. Among others, the Group uses environmental accounting according to the Environmental Profit and Loss method (EP&L) and The Higg Index to learn more about where the Group can foster change and help set industry benchmarks. Knowing the climate impacts throughout the value chain means that the Group can make better decisions in the design and sourcing phases.

| PROCESSES | ACTIONS AND RESULTS |
|---|--|
| INTERNALLY | |
| Risk Matrix and supporting guiding documents for avoiding harmful chemicals | Continuous training of own employees and value chain partners. Project management of Chemical Risk Assessment project covering all staff and suppliers. Continuous deep-dives and revision of tools are also of utmost importance. |
| Restricted substance list (RSL) | Continuously updated on a regular basis. |
| Environmental accounting according to the Environmental Profit & Loss method (EP&L) | Implementation of new and more ambitious RSL along with other connected tools. |
| Design Development module (DDM) | Results show environmental hotspots and are used for communication on mutual transparency towards suppliers, for training and identifying areas for deep-dives into the supply chain. Peak Performance uses the Design Development Module (DDM) to evaluate styles in terms of sustainability. |
| Environmental part of The Higg Index – Brand module | The brand module is implemented in Peak Performance and in IC Group's corporate entity. The results have been employed to set new targets and benchmark our efforts against our peer members of the SAC. In our work with HIGG we focus on the environmental part. |
| Sustainable Fashion Academy | Peak Performance has enrolled 15 employees from design, buying, e-com, retail and finance in a CSR course. The course teaches basic CSR knowledge and has raised the awareness within the brand. |
| EXTERNALLY | |
| Training of suppliers | Several trainings on chemicals by internal and external experts, incl. Leather Working Group and BLC. |
| Supplier scorecard incl. indicators on harmful chemical | The supplier score card has been rolled out to more than 95% of our suppliers in 2016/17. High level discussions based on the score card every 6 months |
| The Leather Working Group (LWG) | Working on a sustainable leather supply chain is an ongoing process. Tiger of Sweden is our brand with far most leather in the collection. |
| Clevertcare.org | All Peak Performance products have a Clevertcare label as of January 2015. |
| Angora | Development of audit protocol and passed audit for the Group's nominated angora supplier. Process established that all angora will be sourced from this supplier. |
| Environmental part of The Higg Index – Facility module | Every year Peak sets targets for the facility module together with these suppliers. 50% of Peak Performance's volume is made by suppliers using the Higg index |
| Deep-dives into materials | Both the wool and down supply chains are in a process of being mapped. This is ongoing every season in order to enhance traceability and transparency. Peak Performance has during the year participated in the European Clothing Action Plan (ECAP). The project has helped the brand to look into all used fibers and measured water, energy and waste. According to those figures, targets have been set on how to convert raw material to more sustainable alternatives |