



IC GROUP

IC GROUP **TRANSPARENCY IN
SUPPLY CHAINS STATEMENT 2017**

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Following statement is in accordance with the UK Modern Slavery Act

In IC Group we recognize that we are part of an industry with many Corporate Responsibility (CR) challenges in terms of complex supply chains. Our overall approach is to take these challenges seriously and make sure that we are not a barrier to sustainable development. However, we would like to take it one step further and, where possible, work towards turning these challenges into opportunities where we can use our inherent creativity and strong innovation skills to make a difference and contribute to sustainable development.

1. UN Global Compact and Human Rights Policy

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

i For a detailed description of our CR policies and processes, please visit www.icgroup.net/responsibility.

HUMAN RIGHTS POLICY

Our responsibility to support and respect human rights

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 realisation 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.

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.

2. BSCI and DIEH

Since joining BSCI in 2007, BSCI forms the foundation of IC Group's initiatives on responsible supply chain management. We have adopted BSCI's common Code-of-Conduct, and compliance is a pre-requisite in our onboarding processes.

A big part of BSCI's work and budget is capacity building and empowering of suppliers and members. BSCI's emphasis on capacity building is very much in sync with our approach and belief that it is through these activities that we will see real progress with our suppliers.

As part of our efforts to promote decent working conditions, IC Group co-founded the organization the Danish Ethical Trading Initiative (DIEH) in February 2008. DIEH is a multi-stakeholder initiative which functions as a resource centre for the member organizations and seeks to promote ethical trade and responsible supply chain management among Danish companies. DIEH's overall aim is to promote international trade that promotes human rights and working conditions, and contributes to sustainable development in developing countries and emerging economies.

i For further information about DIEH, please visit www.dieh.dk.

3. Supplier relationships

We pledge to work pro-actively internally as well as externally with our suppliers to promote compliance with UN Global Compact's ten principles. Unfortunately, we will never be able to give a 100% guarantee of 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.

In general, we see our suppliers as critical partners in these efforts. Consequently, using a partnership approach to promote responsible supply chain management is a main focus area. Furthermore, we have developed a supplier scorecard which in addition to parameters like quality, price and delivery also includes social CR parameters. This is used as a tool to further promote dialogue with our suppliers and emphasize our focus on CR performance as an important aspect of being an IC Group supplier.

IC Group is an active member of the Sustainable Apparel Coalition and has co-signed the Social Labour Convergence. Our experts are part of the work group developing the framework. We believe that creating one common audit protocol for the entire footwear/apparel supply chain will be a huge step towards supply chain transparency.

i For more information: <http://apparelcoalition.org/worlds-leading-apparel-brands-combine-forces-to-transform-global-labor-conditions1>

Key actions in the past financial year 2016/17

Our human rights due diligence processes singled out the following three key focus areas on top of our overall supply chain work within UNGC and BSCI:

- 1. BSCI: renewed focus on Turkey and Romania.**
In 2016/17, 81% of our production from risk countries originated from suppliers audited by BSCI or equivalent. We have worked hard together with our suppliers to get them enrolled in audits. The decision to add Romania and renew the focus on Turkey was heavily influenced by the current Syrian refugee crisis which our due diligence processes flagged.
- 2. Myanmar**
One of our brands wished to enter Myanmar together with two suppliers, who have built new production facilities in Myanmar. We conducted a thorough due diligence process, including our own assessment of the suppliers in Myanmar, BSCI audits, discussions with BSR and Danish Human Rights, before making the final decision to place production in Myanmar. We continue to be alert to the development in Myanmar and our suppliers' compliance. Our suppliers are highly specialized with skilled staff, and the wages are well above minimum wages.
- 3. Challenges within the cotton supply chain**
We continue to be aware of potential workers' rights violations in the cotton supply chains, not limited to Uzbekistan, and we have been members of the Better Cotton Initiative since 2013. We have formulated a policy on Uzbek Cotton, shared it with our suppliers and incorporated it in our Standard Operations Procedures. Our Uzbek Cotton Policy is available at: <http://www.icgroup.net/responsibility/people/uzbek-cotton-policy>.

i Please find a link to our annual CR report, which is also uploaded to UNGC: <http://www.icgroup.net/responsibility/corporate-responsibility-report/>.

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IC Group A/S

Henrik Heideby

Chairman of the Board of Directors