

UK Modern Slavery Act statement 2017

31 March 2017

Our commitment to responsibility and sustainability

Zebra A/S, the Danish retailer behind the international concept store Flying Tiger Copenhagen, believes responsible corporate practices are critical for the success of our company to protect our brand and advance better social and environmental conditions in global supply chains. Our commitment to responsibility and sustainability is anchored in our values and our policy framework.

In particular, it is of the outmost concern that all Flying Tiger Copenhagen products are produced responsibly, and in respect of international social, environmental and ethical standards. This commitment to responsible sourcing translates in both collaboration and stringent requirements towards our suppliers to ensure they can uphold our requirements.

Our Corporate Responsibility framework is divided into five focus areas and is shared publicly on our website: <http://corporate.flyingtiger.com/csr> and in our latest annual report.

It's about caring



flying tiger
copenhagen

People: Respect the rights of our employees and build a fair, safe, inspiring workplace.

Planet: Protect the planet and reduce our footprint through environmental stewardship.

Products: Ensure fun, safe and inspiring products and ensure responsible production and sourcing.

Partnerships: Strengthen communities through partnerships to support good causes locally and globally.

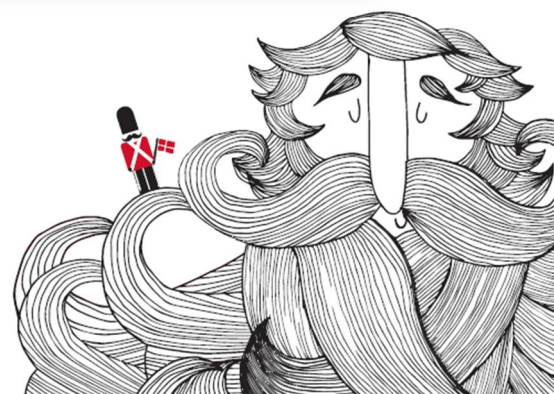
Policies: Conduct Business with honesty, integrity and in compliance with the law wherever we operate.

We commit to respecting internationally recognized human rights and to fight forced labour, slavery and trafficking in our supply chain. This is spelled out in our [Human rights policy](#) and our [Supplier Code of Conduct](#). Our Supplier Code of Conduct requires that all our suppliers respect internationally recognised human rights and implement policies and due diligence procedures to detect, prevent and mitigate any adverse impacts on human rights. Particularly, we expect all our suppliers to ensure that no forms of forced labour, slavery or trafficking, take place in their operations. This is a zero-tolerance issue in our Social Compliance Auditing procedures.



Forced Labour Zero tolerance

Employment must be freely chosen. Suppliers shall not engage in or support the use of forced, bonded, prison, or involuntary labour or human trafficking. All employees must have written and legal employment letters and not be subject to recruitment fees or deposits, forced overtime, lodging of personal documents by the employer, limited freedom of movement.



Supply chain and due diligence activities

We offer a broad product assortment and purchase our products through more than 600 suppliers worldwide. To ensure that suppliers meet our requirements, we have an ongoing focus on continuously improving our compliance processes with regards to quality, safety and social responsibility at the factory level.

From a responsibility point of view, using traders and intermediaries adds complexity to our CSR governance. Most of our purchasing is done through trading companies who source our products from a range of different factories, which they often do not own. Through our social compliance process, which has been in place since 2011, we work to ensure that factories selected for production on our behalf can meet our requirements and that the people producing our products are treated with respect and provided with fair working conditions, of which voluntary labour is a primary condition.

Our responsible sourcing process and due diligence are made up of three main steps:

1. Commitment to the Zebra Supplier Code of Conduct

- All our suppliers sign the Supplier Code of Conduct as part of our purchasing terms and agree to its requirements.
- The Code is based on the Universal Declaration of Human Rights, the Core Conventions of the International Labour Organisation (ILO) including Convention 29 on Forced Labour, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises, and incorporates clear expectations on forced labour.
- Additionally to the Code, suppliers must respect all relevant Zebra's policies, such as the Child Labour and Young Workers Policy, the Homeworkers Policy, the Product Safety Policy.
- It applies to all suppliers to Zebra, both product (items for sale in our stores) and cost suppliers (goods not for resale, logistics, service providers). Suppliers have an obligation to extend the requirements of the Code to their own suppliers and subcontractors and disclose all manufacturing sites, which can be audited at Zebra's wish.
- No orders or purchases take place without a valid Code in place.

2. Supplier Compliance Evaluation

- Suppliers and factories go through a risk-prioritization process where we consider: country of operation, product risk, brand exposure, use of subsuppliers. Suppliers with the highest risk score are selected for physical audits which take place through our internal auditing team in China or external auditors in the rest of the world.
- Physical audits must always follow the Zebra Audit protocol which consists of 115 questions which assess practices in the areas of ethics, subsupplier management, human rights, labour practices, and the environment. Audits include a combination of site assessment, documentation review, management interviews and anonymous workers' interviews. Transparency is a key indicator of compliance and we strictly review record keeping and management systems, particularly on employment practices.
- We assess the risk and presence of forms of forced labour through dedicated indicators and counter-verification during anonymous workers' interviews. We recently updated our Audit protocol to include stricter verification on forced labour and in particular the use of labour agencies and their recruitment and employment practices. Flagrant use of forced labour in any form is a critical zero-tolerance issue which leads to the factory being deselected and with potential commercial consequences for the primary trader.

3. Improvement and remediation

- Factories that present major and critical non-compliances must implement a corrective action plan (CAP) within a defined timeline. The CAP is reviewed regularly until closure by the Zebra Social Compliance teams in China and Denmark, and the factory must go through a re-audit to verify improvements. Re-audits are semi-announced or unannounced.
- Factories that present severe zero-tolerance issues are rejected (e.g. use of child labor, forced labor, severe safety and human rights issues, attempted bribery of auditor). In some cases where good faith and procedural errors can be verified, the factory is put through a requalification process which includes training, a strictly monitored improvement plan and a re-audit.



In 2016, we focused our due diligence efforts to capture the highest risks in our supply chain through a supplier and product segmentation analysis. Our strategic auditing program included 225 audits at our suppliers' factories in China, India, Nepal and Pakistan. Among the most recurring issues, we have seen poor health and safety management, working hours and payment terms; occasionally the practice of forced overtime has occurred, which prompted the necessary remediation actions. No other forms of forced labour were found at our suppliers' factories or at the sub-suppliers we visited. In 2017, auditing efforts will expand to a higher number of locations and increase monitoring of sub-contracting practices.

Capability building and effectiveness measures to prevent forced labour

An additional risk to systemic social compliance issues in sourcing from high risk locations, is the lack of sufficient competencies among suppliers, factories and procurement professionals to significantly prevent and tackle non-compliance with ethical standards. Therefore, we have decided to start up an impactful capability building component as part of our program, both linked to auditing activities and supplier management, and to our corporate sourcing processes.

In 2016, the Zebra Social Compliance team engaged our top 24 suppliers, representing almost 80% of Zebra's purchasing, in a capability building program on social compliance, quality and safety. The in-person training was delivered to app. 70 attendees and has continued for selected high-priority traders, overseeing the highest number of producing factories, with follow up workshops, e-learning and the initiation of own factory compliance activities. Labour standards and our requirements on forced labour, including a selected e-learning on the UK Modern Forms of Slavery Act, have been and will continue to be part of the curriculum in 2017.

At the factory level, capability building in the form of e-learning or face-to-face training has also been kicked off. Training on basic factory compliance has been complemented by specific e-learning on employment practices targeted at site and human resources managers.

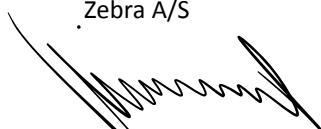
Our procurement teams were also involved in training in 2016 and will be continuously trained in both our social compliance requirements and in topical issues, such as the UK Modern Forms of Slavery Act. The training curriculum includes notions of social compliance and ethical standards, how to identify supply chain risks and supplier engagement on social compliance.

About Zebra A/S

Flying Tiger Copenhagen is the brand name of the Danish retailer Zebra A/S, based in Copenhagen, Denmark. Our concept is to sell quirky design products of great quality at favourable prices, through our own 700+ stores across Europe, North America and Asia. Our assortment covers more than 7.000 decorative, practical and colourful items.

Signed by:

Zebra A/S



Michael Hauge (CEO)

Zebra A/S



Henrik Skov (CFO)

