

INTRODUCTION

At GANNI, we believe in our obligation to minimize our social and environmental impact, striving each day to become the most responsible version of ourselves. Committed to continuous improvement, we empower our employees to work independently and contribute to shaping the future of our organization. Recognizing the risks posed by forced labor and human trafficking due to globalization, increasing migration, and complex supply chains, we take the issue of modern slavery seriously and are determined to play our part in its eradication.

This statement, released in compliance with Section 54 of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act of 2010 (SB 657), serves as our declaration for the financial year January to December 2023, encompassing actions taken before 2023. It is a testament to our commitment to transparency and ethical practices within our supply chain. This document plays a pivotal role in our ongoing efforts to combat modern slavery, ensuring that the values we uphold resonate across every facet of our operations.

ORGANIZATIONAL STRUCTURE

Business Overview

Founded in 2000 and originally run by husband-and-wife team Ditte Reffstrup and Nicolaj Reffstrup, GANNI is born and bred in Copenhagen with loyalty to its Danish roots. In their mission to take over the world, in 2017 GANNI partnered with a private equity fund, as a step towards becoming a global brand and expanding our community in Europe, Asia and the United States. GANNI has developed exponentially over recent years with its Scandi 2.0 sense of style full of personality and contrasts. GANNI has more than 100 employees working in offices in Copenhagen, London, New York, Paris and Shanghai and additional 200 employees working in stores across Europe and the United States. The brand is represented in more than 600 of the world's finest retailers.

Integration of Sustainability Responsibilities and governance

In our commitment to sustainability, GANNI has integrated responsibilities into our

organizational and business strategies. The CEO holds the overall responsibility for driving our sustainability efforts, while the sustainability department plays a crucial role in presenting strategies and targets, ensuring the integration of sustainability across various facets of our organization. Each member of the GANNI Executive Committee is instrumental in implementing sustainability goals.

GANNI adopts a holistic, cross-functional approach to addressing human rights and environmental challenges within our operations. At the helm is the Director of Sustainability and CSR, leading a dedicated Responsibility Team comprising management roles focused on social and environmental responsibility, traceability, and material innovation. The Responsibility team collaborates closely with key departments such as Product Development, Design, PR & Marketing, Supply Chain Planning, and HR. The cross-functional collaboration is further facilitated by a project manager responsible for coordinating initiatives that span across departments, ensuring a comprehensive and effective approach to our commitment to responsible business practices throughout the organization.

Our Supply Chain

GANNI's commitment to responsible and transparent practices extends deeply into our supply chain, where the creation of our products involves a carefully selected network of suppliers across the globe. We believe that supply chain traceability is fundamental to achieving our social and environmental strategy, enabling us to assess and combat the risks of modern slavery. In the following sections, we delve into detailed information about our suppliers in different tiers, and their geographical location.

Tier 1: Contractual Suppliers

Our Tier 1 includes 45 contractual suppliers, with whom GANNI maintains direct relationships. These suppliers span across Turkey, China, Portugal, Spain, India, Italy, the United Arab Emirates, Sweden, and Denmark. They enter into mutual business agreements with GANNI, establishing standards for relationships and outlining general requirements and codes of conduct. In 2023, 38% of our suppliers are in Asia, and 62% are in Europe, with Portugal and China hosting a significant number of contractual suppliers.

Tier 1+: Subcontractors & Subsidiaries

It is common for suppliers to outsource production to subcontractors due to capacity or skill requirements. Subcontractors are not owned by the subcontracting facility, while subsidiaries are separate and legally independent entities owned or controlled by the contractual supplier. GANNI has fully mapped the suppliers in this tier. In 2023, 45% of subcontractors are based in Europe (Italy, Romania, Moldova, Portugal, Spain), 25% in Turkey, and 29% in Asia (China and India).

Tier 2: Material Suppliers

Tier 2 suppliers produce materials used to manufacture finished products, involving processes like weaving, printing, and dyeing. While Ganni has a contractual relationship with its Tier 1 suppliers, it's not common to have a contract with Tier 2 suppliers and beyond. To understand Tier 2 suppliers comprehensively, GANNI collaborates with its contractual suppliers to request supplier information. GANNI has fully mapped the suppliers in this tier. In 2023, 45% of Tier 2 suppliers are in Europe (Portugal, Italy, Spain, and France), 14% in Turkey, and 41% in Asia (China, South Korea, India, and Pakistan).

Tier 3: Yarn Suppliers

In Tier 3, raw material transforms into yarn through processes like spinning and dyeing. Limited contact and visibility over Tier 3 suppliers are common, but through good collaboration in the supply chain, GANNI has partly mapped Tier 3 suppliers. In 2023, 18% of Tier 3 suppliers are in Europe (Italy, Spain, Portugal, Northern Ireland, Slovenia), 63% in Asia (China, South Korea, India, and Pakistan), 17% in Turkey, and 1% in Egypt.

Tier 4: Raw Material

Tier 4 corresponds to the raw material source, such as cotton and animal farms, and man-made fiber producers. Farmers typically work with agents consolidating raw material input, making it challenging to track and report on this stage of the supply chain. GANNI is continuously working to improve visibility on this tier by collaborating with its supply chain partners and enhancing the chain of custody through certification programs.

For a detailed overview of our supply chain, including a comprehensive list of T1 & T2 suppliers, please visit the [Open Supplier Hub](#) via this [link](#).

POLICIES & STANDARDS

Our Responsible Business Conduct is the foundation of everything we do. We are committed to upholding internationally recognized human rights standards across all aspects of our operations. These standards are based on regulations set by respected organizations like the International Labour Organization (ILO), the UN Universal Declaration of Human Rights, the Code of Labour Practice used by Fair Wear Foundation (FWF), and the UN Guiding Principles on Business and Human Rights. Our goal is to ensure that our business is ethical and fair for everyone involved, including people and animals. We believe that a strong focus and continuous improvement of an ethical business and compliance to the principles below will ultimately benefit all parties and countries - both economically and socially.

This Responsible Business policy applied not only to GANNI employees, but also to our supply chain partners, service providers, and all vendors associated with GANNI.

[1. Human Rights Policy:](#)

Our Human Rights Policy ensures that human rights are respected and upheld across all aspects of our operations. Aligned with internationally recognized standards, this policy is regularly reviewed and updated to stay up with the best practices and emerging regulatory requirements.

[2. Supplier Code of Conduct:](#)

Our Supplier Code of Conduct sets the foundation for fair and responsible treatment within our supply chain. It outlines the expectations and standards we require from all business associates, fostering a collective commitment to ethical conduct.

[3. Involuntary Workers Policy:](#)

Our Involuntary Workers Policy establishes a zero-tolerance approach to forced labor, slavery, and human trafficking. It ensures that workplaces within our operations, including suppliers and subcontractors, remain free from any form of involuntary labor.

[4. Migrant Workers Policy:](#)

Addressing the unique challenges faced by migrant workers, our Migrant Workers Policy emphasizes fair treatment, ethical recruitment practices, and the protection of their rights.

[5. Child Labour Policy:](#)

Our Child Labour Policy reflects our unwavering commitment to eradicating child labor from

our operations and supply chain, strictly prohibiting its use in any form.

In conjunction with these policies, we have implemented robust investigative and management procedures to identify, assess, and mitigate modern slavery risks, including regular audits, supplier assessments, and collaboration with external organizations dedicated to promoting fair labor practices.

We regularly review and update to these principles, ensuring alignment with the latest best practices and emerging regulatory requirements.

DUE DILIGENCE

Risk Assessment in the Supply Chain

GANNI recognizes the inherent human rights risks within our supply chain and integrates a due diligence process following OECD guidelines into our corporate structure. This process is designed to identify, prevent, mitigate, and hold ourselves accountable for any potential impacts on human rights throughout our supply chain.

The process started with a human rights risk assessment at various levels—country, sector, business model, and product level. Utilizing tools like MVO risk tools and referencing reputable organizations' research studies such as the Global Slavery Index by Walk Free Foundation, the ITUC Global Rights Index, Freedom House Index and Corruption Perception Index to enhance our understanding and provide insights for informed decision-making.

Supplier Monitoring and Evaluations

GANNI implements a supplier selection process, communicating our Code of Conduct and expectations to potential suppliers. This process ensures a clear understanding of our commitment to responsible and ethical business practices.

Upon onboarding new suppliers, GANNI begins an initial factory assessment by reviewing a self-assessment questionnaire or existing audit data. Based on the assessment result, we categorize suppliers into three distinct categories: Green (Satisfying), Yellow (Partially Compliant with evidence of improvement), and Red (Inadequate). According to the categories, production activities are determined. Suppliers categories as Red, no production will be allowed until all non-compliance are resolved and have been verified by a third party again.

To ensure ongoing compliance, GANNI regularly evaluates the labor conditions of existing suppliers, reaffirming their adherence to ethical standards, which include a prohibition against the use of any form of forced labour, child labour or human trafficking. In 2023, 77% of our contractual suppliers have undergone audits, with a few exceptions for those in low-risk regions or those in the process of relocating to new factory premises. 55.2% of all of the production facilities, including subcontractors have undergone 3rd party audits. We are working toward a full coverage of the audit by 2025, and also expanding the scope of factory assessment to Tier 2 and Tier 3 suppliers.

Whilst we use audits to provide an overview of the supplier's management practice, and working conditions and identify areas for improvement, it is not the only tool to monitor the supply chain conditions. GANNI's team also often visit suppliers and subcontractors on-site or conducts self-assessment by reviewing supporting documentation.

Continuous Improvement

GANNI's approach to follow-up actions is tailored to the severity and likelihood of issues. In 2023, we adopted Fair Wear's supplier management systems for ongoing monitoring and validation of supplier progress. We offer improvement suggestions, and assess progress through follow-up sessions.

We tackle non-compliance with a strong focus on continuous improvement, collaboration, and shared values. In instances of non-compliance, GANNI works closely with the supplier to implement a corrective action plan, ensuring timely resolution through regular communications and site visits. Within the first month post-audit, a follow-up is conducted to address urgent issues, followed by another at the three-month mark to track the progress of planned corrective actions. By the ninth month post-initial audits, we aim to have resolved 90% of non-compliance issues. For more structural issues, ongoing attention and improvements are pursued with our continuous support.

While forced overtime and the retention of workers' passports or personal documents were not violated, in 2023, two audit findings were identified regarding migrant workers without work permits who were working informally in the subcontractors' factories. GANNI actively collaborated with the supplier and proactively introduced a local NGO specializing in work permits for foreign employees. Unfortunately, during the application process, the foreign workers resigned and moved to another city, leading to a pause in the work permit application. We have reinforced the supplier's understanding of informal employment, legal

requirements, and the benefits of obtaining work permits via regular dialogue and raising awareness about workers' rights.

Grievance Mechanism

Social audits provide an overview of the supplier's management practices, working conditions, and identify areas for improvement. Nevertheless, we are aware of the inherent limitations of audits; they often capture just snapshots of the full picture. Therefore, workers must be given a voice and a channel to raise issues and find solutions. We encourage our suppliers to establish a compliant channel to resolve issues internally, and we have set up external complaint hotlines in collaboration with the Fair Wear Foundation to ensure workers have access to remedies.

TRAINING

Staff Training

Our social responsibility staff have completed various training courses addressing modern slavery, Uyghur and minority issues in China, and human rights risks in specific countries. The insights gained from these courses have been integrated into our broader social responsibility program. Expert organizations like Fair Wear Foundation have facilitated these training sessions, enabling us to extend the knowledge to our suppliers and internal teams, including sustainability, sourcing, production, and compliance personnel closely engaged with our suppliers. Senior management, including board members, receive regular updates on our due diligence efforts regarding modern slavery and labor conditions.

Supplier Training

Regarding supplier training, we actively communicated about human rights policies, addressing ethical challenges such as modern slavery, migrant worker rights, and child labor prevention with our suppliers directly. In 2023, we host sessions with our suppliers across key regions, including Turkey, China, Portugal, Spain, and Italy. Collaborating with The Centre for Child Rights and Business, we also conducted a workshop for Turkish suppliers specifically focused on Child Labor Prevention & Remediation. This workshop aimed to equip participants with the knowledge and tools necessary to prevent and address

child labor in both their operations and supply chains.

WORKING TOGETHER

We know that we cannot tackle the supply chain issue alone, so we have to team up with industry partners and join voluntary initiatives to hold ourselves in accountable and learn from experts. The following is a list of initiatives where we engage in ongoing dialogues to address human rights and modern slavery concerns within our supply chains and beyond:

1. **Transparency Pledge** is a voluntary industry initiative to encourage brands to be more open. As a signatory of the Transparency Pledge, GANNI has committed to disclosing our factory list as a part of the apparel and footwear industry's efforts for more transparency to improve working conditions.
2. **Open Apparel Registry** is an open-source map and database of global apparel facilities, their affiliations and unique OAR IDs assigned to each facility to enable greater transparency and alignment of the supply chain. GANNI has been contributing to this supplier database since 2020.
3. **The Centre for Child Rights and Business (CRIB)** is an organization that assists businesses in ensuring child rights and human rights compliance within their supply chains. GANNI became a member of CRIB in 2022, and have worked on improving the well-being of children and families and strengthening children's rights.
4. **Fair Wear Foundation** is an independent, non-profit organisation that works to improve conditions for workers in the fashion supply chain. We have been a member of Fair Wear Foundation since 2022 and are applying their guidelines on Human Rights Due Diligence, and grievance procedures into our operation and supply chain.
5. **Fairly Made** is a supply chain tracing and impact assessment platform where our supply chain partners are mapped out and material impact are assessed.

NEXT STEPS

GANNI is committed to improving the transparency of our supply chain by extending our visibility beyond Tier 1, all the way to the raw materials. We will also broaden supplier monitoring beyond Tier 1, incorporating various approaches for Tier 2 and 3 suppliers. This ensures a comprehensive overview of working conditions, holding us accountable for practices throughout the supply chain.

To ensure we meet our goal, GANNI adopted EiQ, a supply chain analytics tool developed by ELEVATE. This tool allows us to assess risks geographically and on a product level, extending the monitoring program beyond Tier 1 to upper tiers and subcontractors. GANNI will also continue our collaboration with Fairly Made, an impact assessment and supply chain traceability platform to gain site-specific data.

Through a centralized platform, we will efficiently manage and track supplier performance, ensuring continuous improvement for migrant worker protection and ensuring responsible recruitment practices and labor conditions.