

GANNI

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MESSAGE FROM FOUNDER

"At GANNI, we recognise that current fashion production can never be 100% sustainable. We know we're not perfect, but we want to be honest with you about how we are working towards reducing the footprint we leave behind.

In our commitment to the planet, we've signed up to a more sustainable future with the help of the UN Global Compact and published our 2018 Sustainability Report.

In 2018, as always, climate change was our top priority. We've been tracking our CO2 footprint and offsetting it with carbon credits since 2016, which has helped us become super aware — because we've essentially imposed a carbon tax on ourselves.

To date, GANNI has launched more than 25 small sustainable initiatives. Some deal with supply chain challenges, while others help create awareness among our community, employees, and partners. But we believe small steps make a huge impact and together we can all be catalysts for change.

From my perspective, sustainability is a prerequisite for being in business — it's not a trend. It's something I've been unhealthily preoccupied with since I studied at university, and my eyes were opened to the impact humans are exploiting the Earth. Always having this on the brain meant I wasn't the most popular guy to sit next to at dinner, but 20+ years later, something's changed, and I love that people are now taking action.

I'm not a visionary or guru, I'm just an ordinary guy who wants to make sure my three kids grow up in a world that's liveable. We've still got a way to go, and you might think we're not doing enough, but know that we are striving to improve and do better every day.

Take a look back at what we managed to achieve in 2018 and stay tuned for what's coming up for the rest of 2019 and the future."

— Nicolaj Reffstrup, Founder, GANNI

For 2019, we're working on including circularity into every project:

- This year we joined the Sustainable Apparel Coalition and implemented the Higg index to allow more transparency and traceability.
 - This year we are looking to implement a garment collection concept which will be available in our stores.
 - We've agreed to produce more sustainable designs and increase the use of recycled textiles in our collections.
 - This year recycled fibres will be an integrated part of our Pre-Fall and Fall/Winter collection. Watch this space for more.
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GANNI SUSTAINABLE DEVELOPMENT GOALS (SDG) FOCUS

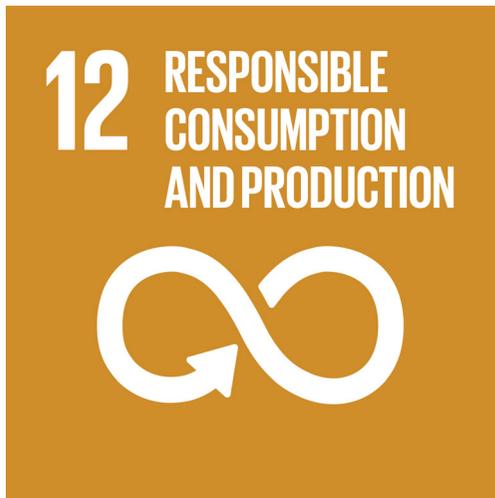
In 2018, we took a decision to incorporate the global Sustainable Development Goals into our sustainability strategy. We support all 17 goals, however, in order to truly help tackle these goals, we have decided to focus on 3 of the goals where we believe we can make the biggest impact.



SDG 5 is in place to end all levels of discrimination against all women and girls everywhere. This includes eliminating all forms of violence against all women and girls in the public and private spheres, including trafficking, sexual and other types of exploitation. As a fashion brand for women, created by women, we feel that it is our responsibility to ensure female empowerment and gender equality is top of our agenda.



The target of SDG 13 is to take urgent action to combat climate change and its impacts. Climate change is now affecting every country on every continent. At GANNI we're making climate change our top priority as we believe it's one of the biggest threats to our planet. By using the data that we have on our carbon footprint and exploring how we can set carbon reduction targets, it will provide us with the tools to proactively reduce our carbon footprint and work towards carbon neutrality.



The target of SDG 12 is to ensure sustainable consumption and production patterns. From a GANNI perspective, this means reviewing our production from the fibres and materials we source, where we produce, where we sell and who we work with, to make solid improvements.

PEOPLE

Our business relies on people – and how we treat them, matters. The GANNI team operates all over the world, from our offices in Copenhagen, London and New York to our suppliers in Italy, Portugal, Turkey, India and China. We have committed to the UN Global Compact since 2017 and are looking to work with the UN Guiding Principles, which sets a minimum standard for all 48 human rights. This will give us greater visibility on how we can improve our social sustainability.

SUPPLIER CODE OF CONDUCT

Our code of conduct has been in place since 2017 and sets the ethical and social behavioural framework for GANNI and outlines our standards to external partners and suppliers. The code of conduct is based on the UN 10 principles and the International Labour Organisation (ILO) . It's reviewed and signed by all partners and suppliers annually.

The global slavery Index highlights Garment workers as the second most at risk of Modern Slavery. Although we do not own our supply chains, we are always trying to improve our social transparency and that's one of the reasons we joined the Sustainable Apparel Coalition in 2018. This will give us greater visibility of our production sites and areas in which we can work with our suppliers to improve if necessary. To date, 9 of our 39 suppliers are using the HIGG Index.

We're hopeful that by joining the Sustainable Apparel Coalition and also working with the UN Guiding Principles it will connect us to like minded brands, businesses, suppliers and individuals that are cohesively working to promote a more sustainable industry and open to sharing best practice, which will ultimately move the industry forward at a much quicker pace.

GANNI HQ

Over the course of 2018, we made small changes at our head offices. We recognise that these small changes are exactly that - small. However, we feel that starting at head office, and continuing to

make these adjustments while also making larger scale change in our production, it will change the behaviour and the mindset within the company and begin a positive chain reaction that filters throughout the business. We empower and encourage each of our employees to feel a sense of responsibility, especially around climate change and while climate compensating isn't the ideal solution, it raises awareness of the issues our planet is facing.

IN 2018 WE:

- Implemented a Sustainability Guide as part of our onboarding process for new employees, which gives our employees a better understanding of our mindset when it comes to sustainability and CSR.
 - Changed our organic lunch offering to almost 100% Vegetarian
 - Switched our London office to use Green Energy. Now all of our Danish stores and our Copenhagen HQ runs from green energy and we're aiming for 70% green energy in 2019.
 - Implemented a garbage sortation system in our London and Copenhagen offices
 - As part of the holiday gift to GANNI employees and friends of GANNI, we purchased 2,5 tons of CO2 for each individual, which roughly covers the annual CO2 consumption of a citizen. The money spent to carbon compensate will fund UN approved social projects that promote clean energy.
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GLOBAL GIRLS WORLD CUP

In Fall 2018, GANNI once again teamed up with Global Goals World Cup (GGWCUP) in supporting the UN Sustainable Development Goals for the fourth time. GGWCUP is an open women's soccer tournament, and a partnership between EIR Soccer, The United Nations Development Program (UNDP), Save the Children international, the Danish government and a range of supporting soccer and development organizations. The world cup works to raise awareness and mobilize communities in support of the UN Sustainable Development Goals through a powerful female sports platform centering on soccer.

We created a limited edition t-shirt and bandana for the Global Goals soccer tournament, with special attention to the fifth global goal 'Gender Equality'. In addition to the soccer tournament, GANNI financially donated to support the project.

DANISH FASHION ETHICAL CHARTER

In 2018, we continued to support and commit to the Danish Fashion Ethical Charter. The purpose of the charter is to secure the wellbeing of models we work with on shoots and at shows through the core values: accountability, compassionate respect and health and based on three general rules: age limit, healthy diet and wages.



PLANET

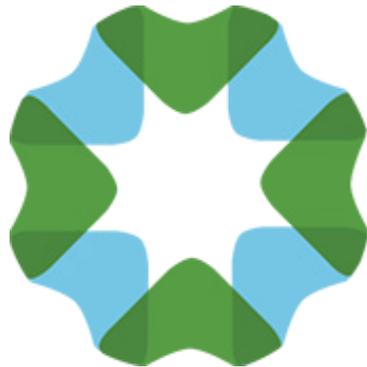
Since 2016, we have been tracking our carbon footprint. In 2018, we continued to calculate our carbon footprint by looking at the whole value chain, from production, clothing manufacturer, transportation to distribution and packaging.

Once we know the GANNI Carbon footprint, we verify this with an independent and accredited partner, who calculate how much we're costing the earth in monetary value, known as 'Carbon Credits'. We then spend these Carbon Credits on Global Standard Foundation and UN approved social projects that support clean energy and bring positive change to people's lives.

We've continued to work on a project that we have supported since 2016 which provides 'Energy Efficient Cook Stoves' to support women and their families in Nepal and since 2018 in Ghana too, in

gaining access to efficient and clean cookstoves which prevents less carbon monoxide and toxic fumes being inhaled.

The clean cookstove project also helps create jobs for local people, with employment of both men and women in the region. They are educated in the health benefits of using clean-burning stoves and employed in the production of stoves. This gives locals a livelihood, with wages that are 80% higher than the minimum wage. **In 2018, we implemented a total of 2,250 Cookstoves.**



**CLEAN
COOKING
ALLIANCE**

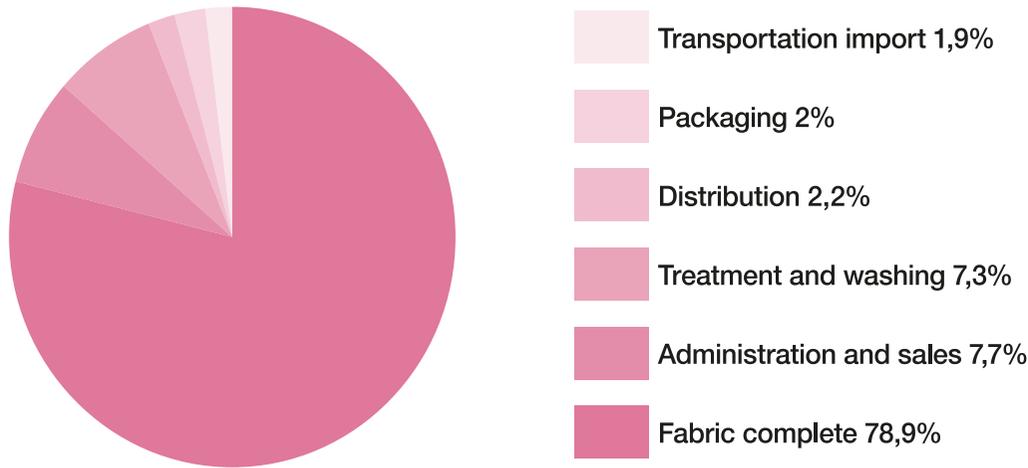
Inside every GANNI style, next to the care label, there is a Climate Compensated label, to show you that we've covered the cost of the CO2 emissions of that item.



GANNI 2018 CO2 REPORT

We work with CEMAsys who evaluate a range of international Life Cycle Assessment studies and marry this with actual production data from GANNI in order to calculate emissions related to transportation, packaging materials, sales & administration, distribution and use of the textiles.

KEY FINDINGS:



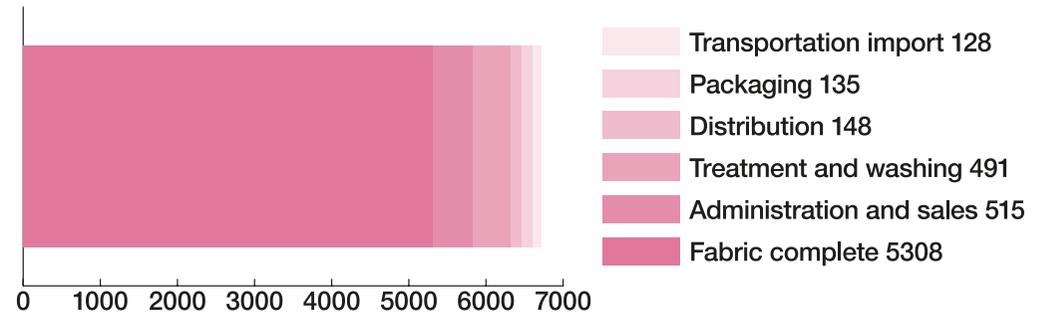
The diagram shows the distribution of GHG emissions for an average GANNI clothing through its life cycle including usage phase.

This shows that 79% of the emissions from GANNI's production comes from producing the actual fabric. This include the whole process from crop cultivation (or oil/gas production for synthetic fibers), fiber production, yarnning, dyeing to final Fabric.

CO2 REDUCTION

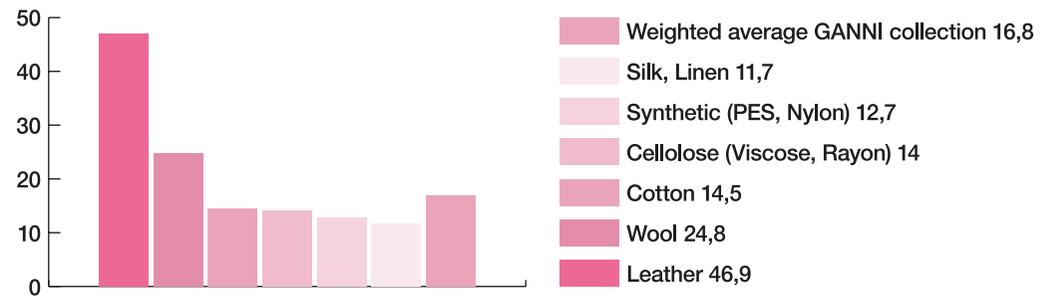
We are a signatory of the UNFCCC Charter for Climate Action which recognises the crucial role that fashion plays towards climate action and the Paris Agreement. From the 2018 CO2 data we know that fibre and material choice has a huge impact on our carbon footprint and that's why we have committed to a 30% reduction in CO2 per Kg of clothing produced by 2030. We want to reach this much sooner and we're hopeful that by joining the charter and actively participating in the working groups, we, with the industry will be able to find solutions.

GHG emission from GANNI 2018 collections (ton CO2 emission)



Production of the fabric is by far the largest contributor to the clothing carbon footprint and therefore the choice of the textiles is of great importance.

GANNI clothing fabric production (kg Co2 emission per kg)



A weighted average for all GANNI clothing shows a carbon footprint of 16.8 kg CO2 emission per kg clothing that is a 2% reduction in comparison with 2017.

PACKAGING

In 2018, we started to make a few tweaks to our packaging and pledged our support to the Ellen MaCarthur New Plastics Economy Commitment.

From 2019, all GANNI packaging will be from sustainable sources

– Our new carrier bags are biodegradable. The bags are made from cornstarch and our new online order packaging is recycled plastic.

– Any paper used for wrapping or cardboard is FSC Certified and chlorine free- which means it comes from sustainably managed forests without risk of deforestation.

– Our sunglass cases are made from Recycled polyester, the dyes and thread are Oek-tex certified and the glue meets REACH standards.

– The dustbags that come with our shoes are GOTS certified organic cotton (and reusable!)

REPACK

In 2018 we started plans to implement RePack for February 2019. RePack is a reusable packaging solution to avoid single use packaging. If the trial is successful we will look to offer RePack as an option at checkout indefinitely.

CIRCULARITY

We work on giving life to old stock through upcycling projects, donation, and re-use - such as our upcycled denim accessories and use old stock in collaborations to ensure the best use.

While we work extremely hard to not create clothing waste, sometimes we do have to deal with clothing that has not managed to sell through our outlet channels like POSTMODERN or is not fit for selling (e.g. claims and faulty items). In 2018, we formed a partnership with SOEX to ensure that clothing is handled in the most environmentally positive way possible, in accordance with the international waste hierarchy. SOEX give clothes a second life

cycle. They do this through re-selling, as the first port of call. If unsuccessful in re-sell the products are mechanically recycled to create secondary raw materials.

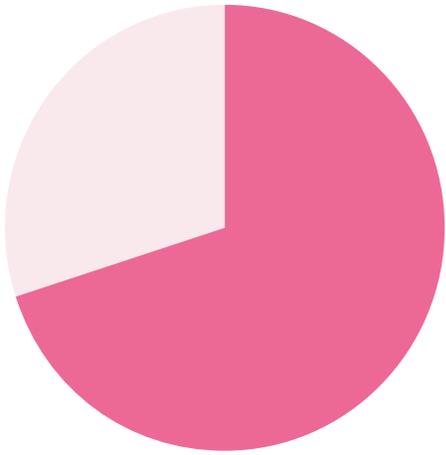
These materials are then reprocessed into new products in various industries, to create products like microfibre cloths. SOEX is working on solutions to recycle textiles and shoes into new fibres and granules so that they can go back into the fashion loop, promoting a more circular economy.

In 2019, we plan to implement the I:CO* take-back system in our retail stores, so we can collect pre-loved clothing and shoes from our customers to ensure these are handled in the best environmental way.

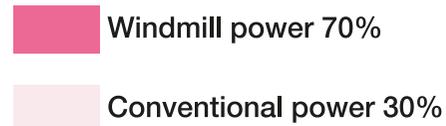
* I:CO, short for I:Collect, is a respected global solutions partner and innovator for collection, reuse and recycling of used clothing and shoes. I:CO is an 100 percent subsidiary of SOEX. More information www.ico-spirit.com.



RETAIL STORES



We're happy to say that in 2018 we use green energy in all of our Danish stores, with 70% powered by windmills. Any new GANNI concept stores will also use green energy, alongside LED lighting.



In our pledge to the planet, we're trying to incorporate more sustainable elements into every new store we open.

We know it's a small step, but we hope with every store we can do more to reduce our footprint on the planet and support businesses that are trying to do make the world a better place.

We introduced recycled plastics in our Danish stores, in our store displays from Smile Plastics, who transform waste materials into unique decorative panels for the architecture and design industry.

Every Smile Plastics panel is a unique material and is made by hand-selected recycled plastics - consisting of a mix of plastic bottles, yoghurt pots and packaging, plant pots, food packaging, and coffee grounds.

To expand on this, we're currently in conversation with a company that could potentially use some of our sample or customer claims and recycle them into furniture- which would be super cool!

When it comes to our retail concepts, we have a long way to go when it comes to sourcing sustainable materials - so any companies reading this that have experience in this area, **please get in touch.**



POSTMODERN

GANNI is proud to have a reuse concept store based in our hometown Copenhagen, that gives GANNI girls an opportunity to shop pieces they love from past seasons, one-off samples and other rare pieces.

Our POSTMODERN concept is part of our sustainability strategy. Reusing garments is considered to be one of the most environmentally beneficial ways to reuse clothes.

By extending the life of a product by just nine months, it can lower its water, carbon and waste footprint by 20-30%. From 2019, we will start to test sustainable initiatives on prolonging our clothes through our POSTMODERN store.

Come and visit us in Christianshavn

Overgaden Oven Vandet 40
1415 Copenhagen, Denmark
10AM - 6PM





PRODUCT

In 2018, we created Sustainable Definitions for each fibre and material we either use or may use in the future. This is shared with our sourcing and production team who can use the scale to evaluate what fibres and materials we should proceed with. We're hoping that now we have joined the Sustainable Apparel Coalition, we can use the HIGG Material Index to strengthen our Sustainable Definitions and can start to provide more detail on environmental impact, especially towards carbon emissions.

BIODEGRADABLE RAINWEAR

For our Pre-Fall 2018 collection, we included rainwear made from biodegradable thermoplastic instead of Polyurethane (PU). We didn't widely communicate this material, but it resonated with our customers and we have carried this material forward and included it in our Pre-Fall 2019 collection.

SUSTAINABLE INNOVATION

To us, sustainable innovation is imperative. We find re-thinking sustainability by introducing disruptive business models or innovative materials fascinating and are all for it.

We're working on a rental model concept, that we are piloting spring 2019 and various upcycling projects throughout the year.

As an SME, we can't do it all and that's why we're keen to collaborate and support emerging solutions for sustainability in any way that we can.

One example of this is teaming up with responsibly sourced e-commerce platform SARDIN.

We are working with co-founder Rune Orloff, as our go-to 'sustainability guru'. Rune is helping us in moving toward a more environmentally conscious future and advising us on fabric sourcing and establishing made-to-order collaborations around the world to eliminate overproduction.

RESTRICTED SUBSTANCES LIST

We've been adhering to European REACH standards for our chemical usage since 2017. In 2018, we strengthened our restricted substances list and the limits that chemicals could be present during the production process. We continue to work with our partner SGS to review potentially harmful chemicals and test between 25-30 products per collection to ensure the Restricted Substances List is fully respected.

GARMENT CARE GUIDE

We created a Garment Care guide for our retail store teams and conducted training for all retail teams. The GANNI team in stores are aware of what materials we work with and can inform the customer on the best ways to take care of the pieces their purchasing and also how to handle these in the most environmentally friendly way.

In 2019, we will share our Garment Care guide with customers on GANNI.COM, to encourage caring and extending the life cycle of their favourite pieces.

COMMITMENTS

GLOBAL FASHION AGENDA: COMMITMENT TO A CIRCULAR ECONOMY

Our mission is to go full circle. We're a signatory of the Global Fashion Agenda (GFA) with the aim to have a circular approach and solutions in our business activities and global operations. We've committed to the following by 2020:

- Implementing design strategies for cyclability
- Increasing the volume of used garments and footwear collected
- Increasing the volume of used garments and footwear resold
- Increasing the share of garments and footwear made from recycled post-consumer textile fibres

GLOBAL FASHION AGENDA: ASSOCIATE PARTNER

In 2019 we joined Global Fashion Agenda's Associate Partner programme, which aims to connect select brands and retailers to support, advise and inspire each other on sustainability in a fashion context.

ELLEN MACARTHUR NEW PLASTICS COMMITMENT

In December 2018, GANNI signed the Ellen Macarthur plastics commitment, that signals our intent to actively identify problematic and unnecessary plastic packaging and to take action to eliminate those through redesign, innovation, and new (reuse) delivery models. GANNI will be announced as a signatory in March 2019. Exciting!

UNDP: SUSTAINABLE DEVELOPMENT GOAL ACCELERATOR

We signed on to the United Nations Development Programme called the SDG Accelerator, that aims to accelerate small and medium Danish companies' work to develop new products, services and business models under the auspices of the Global Sustainable Development Goals. In the SDG Accelerator, the participating companies get help and a solid method for developing new products, services or business models that address the challenges of the SDG's. The programme begins in March 2019.

UN CHARTER FOR CLIMATE ACTION

We are a signatory of the UN Charter for Climate Action which recognises the crucial role that fashion plays towards climate action and the Paris Agreement. GANNI has committed to a 30% reduction in greenhouse gas emissions by 2030 and is aligned with their vision of zero emissions by 2050.



Global
Commitment



United Nations
Climate Change

LOOKING AHEAD

The earth's resources are precious, and as a fashion brand, we believe it's our moral obligation to understand our impact on the planet and create meaningful change.

At GANNI our stance on being 'honest, not perfect' stands truer than ever before. We want to ensure that sustainability is embedded authentically throughout our business, and with full transparency.

By being open with you in sharing knowledge, our findings and learnings, we believe we can create genuine and meaningful change. We hope our report has provided you with a sense of what we're trying to achieve and highlights where we need to improve along the way.

As always, we'd love to hear your feedback.

sustainability@ganni.com
