

**SOCIAL REPORT
2017**

Odd Molly

a brand with a *mind*, a *heart*
and a *conscience*



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Odd Molly wouldn't exist without Molly. A skater girl in Venice Beach in the 80s, whose courage to break free from conventions and follow her own dreams inspired us to start Odd Molly in the first place. But Molly is more than just a part of our history; Molly is Odd Molly's soul. Her values reflect upon everything we do. Odd Molly will always be inspired by Molly, and fight to have more Molly's in the world.

Odd Molly is a brand with a mind, a heart and a conscience.

Odd Molly is also a loving brand with high ambitions, still a brand that will never take itself too seriously. The Odd Molly mind loves to submit to its appetite for more, always being damn fabulous meanwhile

OUR VISION

Odd Molly make a positive difference and contribute to more Molly's in the world.

Mind

Odd Molly wants to help its customers to dress more sustainably and offers a distinctive design concept with sustainable materials, high quality and a long lifespan. As little impact as possible – as long a lifespan as possible. Encourage reuse and recycling.

Heart

Odd Molly wants to fight for the right of girls to decide how to live their lives and contribute to society. A society where girls feel a sense of freedom and dare to follow their dreams through self-sufficiency, freedom of expression and accepted diversity.

Conscience

Odd Molly wants to influence its partners, employees and society in a positive way by actively taking responsibility. Long-term, trusting relationships with partners and employees that create value for those around us.



ODD MOLLY IN BRIEF

Odd Molly is a Swedish company that designs, markets and sells fashion and other lifestyle products for girls. The collections share a distinctive design, with feminine, flattering, easy-to-wear clothing recognized for its high quality, color and patterns.

Odd Molly is driven by strong values and a desire that girls be willing to go their own way, guided by the company's muse, Molly.

The company was founded in 2002 and since 2010 is listed on Nasdaq Stockholm. Odd Molly has over 2,500 shareholders and around a hundred employees in Sweden, Norway, Denmark, Finland and the US.

Odd Molly's products are sold through its own sales channels and external retailers around the world. At year-end 2017 Odd Molly had 18 of its own stores in Sweden, Norway, Finland and Portugal, its own web shop and four stores managed by partners in the US, the Czech Republic and Slovakia. In 2017 Odd Molly's clothing was sold in apx. 40 countries.

In 2017, Odd Molly's net sales amounted to 432,1 MSEK.

OUR RESPONSIBILITIES

Odd Molly is an ethical company that takes social and environmental responsibility. The ethical and environmental guidelines apply to everyone who works with Odd Molly: employees, suppliers, subcontractors and other partners.

Environmental impacts are minimized as far as possible at every level of the company's value chain. Odd Molly is a principled company that tries to set an example by making responsibility part of its corporate culture.

Odd Molly makes high-quality clothing that can be worn year after year and is highly sought-after in the secondhand market.



"The membership in Fair Wear Foundation gives us a possibility to realize the objectives of our core values – that Odd Molly is a brand with a mind, a heart and a conscience. Our goal is that everyone working with Odd Molly should feel good – including the people producing our garments. Every season we learn more about our suppliers and we are proud to see real improvement happen even if it is happening in small steps... We will always continue to try – always for the love of feeling good!" - Anna Attemark / CEO

Odd Molly’s entire concept is based on acting sustainably – usually in collaboration with others in the industry and with external parties. The aim is to continuously take on more responsibility. Odd Molly wants to contribute positively to an even greater extent and get more out of its sustainability efforts by working systematically to achieve clear goals.

Securing good conditions in our factories has been identified as one of our most important tasks. Our collaboration with Fair Wear foundation makes it possible to continuously work towards improvements.

Odd Molly is a member of Fair Wear Foundation, a non-profit independent organization, working together with its members to improve the labour conditions in factories within the textile industry. As a member, Odd Molly has undertaken to comply with *Fair Wear Foundation’s Code of Labour Practices* and to continuously push the supplier toward improvements. Together with the audit team from Fair Wear, we make regular inspections at the factories producing our garments.

Odd Molly believes that long term and tight cooperation with our suppliers is very positive for both parties. Some of our suppliers have been with us since the company started, and most of them for many seasons. We visit each supplier on a regular basis, normally twice a year. This close relationship helps us a lot to make the suppliers understand the importance and the benefits of implementing the Code of Labour Practices.

Odd Molly as member	Fair Wear Foundation
<ul style="list-style-type: none"> Responsible to improve conditions in the supply chain according to the Code of Labour Practice. Production sites shall be regularly audited (at least every 3 years) Improvements shall be made according to corrective action plans. 	<ul style="list-style-type: none"> Check that members respect human rights in their supply chain Check factory conditions through audits Workers complaint hotline in production countries Verifies how well each member is doing through brand performance checks and reports it to the public





SUMMARY: GOALS & ACHIEVEMENTS 2017

The work to improve the social standards in the factories producing our garments is an ongoing work in progress. We have done four audits in China and India during 2017 - in total around 25 audits since we became a member of Fair Wear Foundation in 2009.

During the year, several meetings took place between factory managers and Odd Molly staff together with auditors from Fair Wear. In total this year we have audited suppliers who carry 65% of our production volume in total, and approximately 90% including the low-risk countries.

We continue to emphasize the suppliers to join the Workplace Education Program offered by Fair Wear. The program offers in-house factory trainings for workers and managers to raise awareness for the Code of Labour Practices. We have found this, as a complement to the audits, to be a good tool to strengthen grievance mechanisms and improve communication between workers and management. The living wages remains our biggest challenge. During the year we have started a dialogue with a couple of factories to join us in a project to see how we can work together toward more fair wages. This is just in the beginning and will continue during 2018.

Brand Performance Check

Fair Wear Foundation use the Brand Performance Check as a tool to evaluate and report on the activities of their members.

The checks examine how the member's management systems support FWF's Code of Labour Practices and rate them as *LEADER*, *GOOD* or *NEEDS IMPROVEMENT*.

Brand Performance Check for year 2016 gave Odd Molly a score of 63 points and a rating as GOOD. The check concerning year 2017 will be done in June 2018.

Brand Performance check summary by Fair Wear Foundation:

Odd Molly has met most of FWF's performance requirements. In 2016, Odd Molly monitored 87% of its production volume. This monitoring percentage, together with a benchmark score of 63, means FWF has awarded Odd Molly the 'Good' rating.

In 2016, Odd Molly focused on developing its CSR policy, which will be integrated throughout the company. Part of this policy is that Odd Molly aims to produce sustainable products, focusing on social and environmental standards, to empower women ('Molly's') around the world and to work with long-term partners internally and externally. This policy will be developed with more concrete activities and targets in 2017.

Odd Molly has a lot of small suppliers and is a minor customer at most of its production locations. This makes it difficult to monitor suppliers and actively follow up on and remediate findings related to overtime and wages. FWF recommends Odd Molly to consolidate its supplier base where possible, limiting the number of production locations where it buys less than 2% of total FOB and increasing production at locations where it buys more than 10% of production capacity. It is advised to describe the process of consolidation in a sourcing strategy that is agreed upon with top management/sourcing staff.

In 2016, Odd Molly improved its due diligence process, not only looking at specific production locations but also analyzing country-specific risks. Odd Molly also improved its internal system to ensure suppliers sign and return questionnaires and post the Code of Labour Practices.

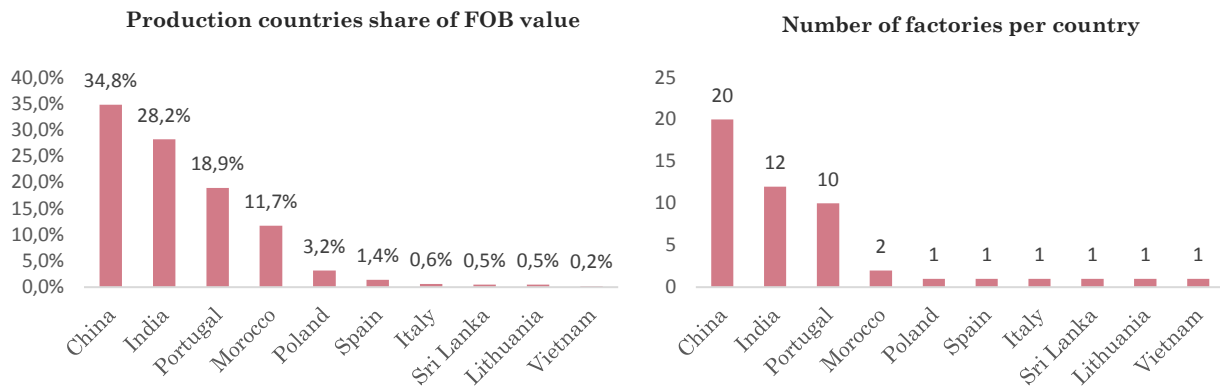
The full report can be downloaded from: <https://oddmolly.com/csr>

1. Sourcing strategy

1.1. Sourcing strategy & pricing

Odd Molly's business concept is to design, market and sell women's fashion, through independent retailers as well as in our own shops worldwide. We do not have any factories of our own, but produce our products at external manufacturers.

To cover the needs for the merchandise we produce, we are today operating in 10 production countries: China, India, Portugal, Morocco, Poland, Spain, Italy, Sri Lanka, Lithuania and Vietnam. During 2017, we worked with 50 suppliers.



We choose our suppliers very carefully. Quality in terms of both product and delivery performance are taken into consideration, as well as the suppliers standard when it comes to environmental and social issues.

Odd Molly is a design driven company where the product stands in the first room, we do not primarily compete on price. However, we always negotiate our prices to pay the right price for each product. We negotiate price in two stages, at the making of Selling Samples and at the placement of firm orders. If order quantity exceeds expectations, price can be re-negotiated. In case of orders below production minimum, we are willing to pay a reasonable surcharge, negotiated from case to case.

Odd Molly did not change its sourcing strategy over the years. We are always striving for long term relationships with our suppliers as this has proven fruitful for us and the suppliers as well as it builds a strong product.

The base criteria to select a supplier are:

- General impression of production facilities and management attitude
- Product quality, making and details
- Delivery quality
- Price – prices must be reasonable for each product and we must meet our goal in terms of gross-margin.
- Compliance – the supplier must comply to Fair Wear Foundation Code of Labour practice, and Odd Molly's Quality Assurance & Chemical agreement.
- Over all professionalism in running a factory and previous experience
- Reference customers

1.2. Organisation of the sourcing department

With the best possible product in focus, we have organized our department in teams where designers and buyers are working closely together – being responsible for the product from design and product development to production and delivery. The teams for each product group consist of designer, buyer, design assistant and production assistant. Today the teams are: Light woven/jersey, Heavy woven, Heavy knit, Sport, Accessories & Home.

The department is managed by Assortment manager, Design manager and Production manager who work closely together.

Allocation of orders are decided by the buyers together with the Production manager.

The Production manager is overall responsible for Sustainability but the teams are closely involved in the daily work with these issues.

In India and Portugal, we work with production agents who take care of the daily communication with the suppliers. This is very helpful to improve the control and the communication since these agents can visit the manufacturers daily.

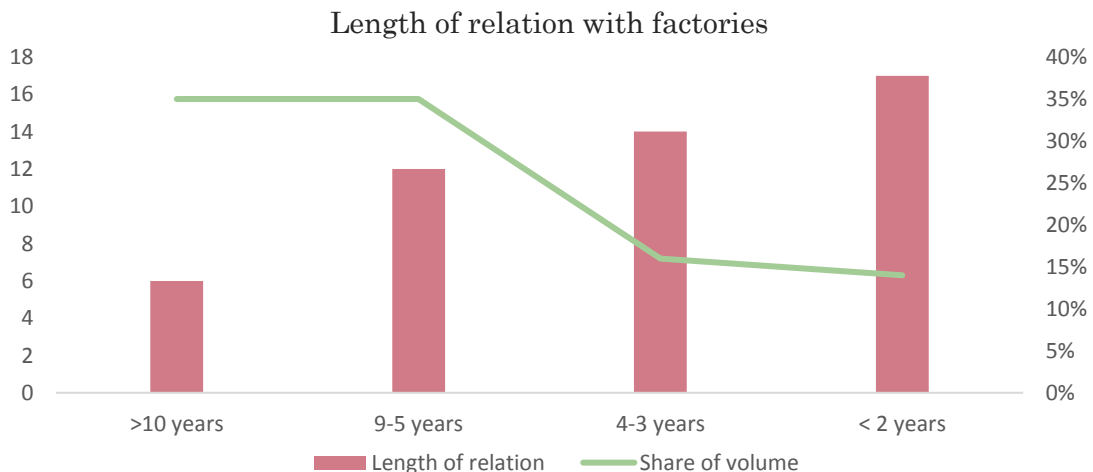
1.3. Production cycle

Odd Molly designs and sell four collections per year: pre-spring, spring/summer, pre-fall and fall/winter. The pre-collections have two delivery drops and the main-collections 4-6 delivery drops.

Main collection	Design and samples	Salesperiod	Production/shipping	Delivery
	26-30 weeks	12 weeks	12-24 weeks	12 weeks
Pre collections	Design and samples	Salesperiod	Production/shipping	Delivery
	16 weeks	8 weeks	12-24 weeks	12 weeks

1.4. Supplier relations

Odd Molly aims for long term relationships with our suppliers as this has proven fruitful for us and the suppliers as well as it builds a strong product.





Our brand is currently developing towards being more of a lifestyle brand than a pure fashion collection and during the last years we have added new product groups to our concept. 2016 we started *Underwear & Sport* and during 2017 we introduced *Ski wear*. As a result, some new factories and production countries have been added to our supplier base and the work to integrate these factories in our monitoring system has started.

1.5. Integration monitoring activities and sourcing decisions

The outcome of the audits done so far did not change our sourcing strategy. It strengthens our basic idea to work with a limited number of suppliers and to have a deep and long-term relation, working together towards improvements per FWF's recommendations.

We evaluate the suppliers' performance regularly based on the criteria:

- Product quality
- Delivery punctuality
- Social – and environmental compliance
- Price
- Communication

The monitoring activities are naturally a central part in this work. Each production team is closely involved in the outcome of audits and follow up on Corrective Action Plans. We try to reward the suppliers with reliable performance with good orders. Our close relation with the suppliers makes it possible to always have an open dialogue regarding whatever issues that need to be addressed and to work towards improvement.

2. Coherent system for monitoring and remediation

Odd Molly's system for monitoring and remediation is built on close communication with the suppliers. It starts already at the introduction stage of new suppliers when they are informed about our membership in Fair Wear Foundation, introduced to the Complaint Procedure and asked to fill in the Code of Labour Practice. Before production order is placed, the same must be signed and the manufacturer must be visited by Odd Molly representative.

Percent of suppliers under monitoring		Monitoring activity
<i>High Risk countries (China, India, Morocco, Sri Lanka)</i>	65%	<i>Regular audits by FWF, Corrective action plans, workers sheets displayed, signed Code of Labour Practice</i>
<i>Low Risk countries (Portugal, Spain, Lithuania; Italy)</i>	25%	<i>Worker's Information sheets displayed, signed Code of Labour Practice, visits by Odd Molly</i>
<i>"Tail" of suppliers with less than 2% of production volume</i>	<10%	<i>Worker's Information sheets displayed, signed Code of Labour Practice, visits by Odd Molly</i>

We choose the factories for auditing based on importance of the supplier and size of actual orders, as well as earlier performance. After the audit, we communicate with the factory management directly to make sure efforts are made to improve according to CAPs. The Production manager and buyers are visiting the factories to verify the improvements once a year. Sometimes auditors from Fair Wear is joining during these visits. In between, the buyers are visiting the factories minimum 2 times per year to work with product development and quality assurance.

The factories are also visited regularly by our local production agents who helps to follow up on the CAPs.

All the factories audited so far have shown a very positive attitude and willingness to improve. We have found no sign of child labour, forced labour, discrimination in employment. All factories pay at least minimum wages per the local laws. However, living wages per FWF wage ladder as well as excessive overtime is still an issue in most cases.

2017 Odd Molly started production in new countries - Sri Lanka, Lithuania and Vietnam. We have been using the information provided in Fair Wear Foundations *Country studies* as well as our own check-list to make a fair risk-assessment.

2.1. CHINA

China carries 34.8 % of Odd Molly’s buying volume. During 2017, we worked with 20 factories in China.

Highlights 2017:

- Four full audits conducted by Fair Wear Foundation staff. Three of them was first-time audits and one a re-audit.
- Production manager and buyers at
 - Odd Molly had several meetings to follow up on previous audits.
- No complaint was filed.



Most important findings per FWF labour standard, China:

Employment is freely chosen:

We have found no signs of forced labour. All workers are free to hand in their letter of resignation and leave the factories.

No discrimination in employment:

We have found no signs of discrimination during recruitment or during workers stay in the factory. Most factories do have policies on sexual harassment, discrimination and women's rights. Workers are recruited and promoted based on their skills rather than cultural background, nationality, religious belief etc.

No exploitation of child labour:

We have found no signs of child labour. All factories show that their staff at HR department is well trained in factories prohibition of child labour and they follow these policies strictly. There are systems in place to verify the authentic of ID card via internet.

Some factories might from time to time employ juvenile workers, between 16-17 years. In these cases, the worker is registered with the local labour bureau per the legal requirements. Juvenile workers cannot perform any dangerous work and are mostly used in the sewing department. At the time of our audits, there has been no juvenile workers employed in any of the factories.

Freedom of Association and the right to collective bargaining:

We find this to be an area for improvement. Most of the factories do not have an independent union or worker's committee which is run by workers without management involvement. Some of the factories has a trade union which is subject to the All China Federation of Trade Unions (ACFTU) but the chairman is most of the times appointed by management and not by democratic elections. All factories state that they respect workers' choice and the freedom of association and never intervenes workers to join the trade union or to organize any kind of worker committee. Nevertheless, it seems to be the common fact that the workers themselves show very little interest in the trade union. They are not aware of freedom of association or collective bargaining and see the union as a symbol that cannot give any practical benefits. Instead they like to go directly to the management with any kind of complaints or expressions. We see the participation in Workers Education Program as the most valuable tool to improve this area.

Payment of Living Wage:

Payment of living wage is one of the biggest challenges. Most factories are claiming that they have a shortage of manpower and therefore need to increase wages. But still the big gap between skilled and unskilled workers remains. We also find significant difference in wage level between our factories. In some cases, all workers are paid between Industry Average and the Asia Floor Wage – or even above that for the most skilled workers. In some factories, the level is between Legal minimum and Industry average. It's also an observation that many factories do not pay leaves, benefits and overtime premium to workers according to legal requirements.

The above is our most common findings and this year's audits were no exception. The factory that was re-audited, could show a small step forward - they have improved the payments for annual leave and statutory holiday leaves as well as payment for overtime hours.

Odd Molly will continue to encourage the management in each factory to work towards the living wage. During 2016, we started to ask the suppliers for more transparent price-calculations to analyze how big part of the price we pay per product that is linked to wages. This year we have taken next step and started the dialogue with two factories to see if they are willing to participate in a project together with us to investigate how we can step towards living wage. This is a long-term project that we will continue during 2018.

No excessive working hours:

This is also an area for improvement where small steps are taken. We try to work together with factories to plan the production to avoid overtime as much as possible. Fabrics and yarns are pre-booked and our delivery schedule is spread almost over every month of the year. Still overtime is an issue in most Chinese factories. Unfortunately, our leverage is low, and overtime is mostly not caused by Odd Molly but other bigger clients during peak-periods.

We continue to have a dialogue with the factories to secure that no overtime is caused by Odd Molly as a first step.

Safe and healthy working conditions:

All factories provide on-going training for the workers and conduct fire drills on a regular basis. We have no reports on cases of severe injury at any of the factories even though we found practical issues that needed to be improved regarding safe and healthy conditions. In most cases management, has been very open for improvement and immediate actions have been taken per the CAPs.

Examples of findings from this year: in the factories that were audited for the first time, issues such as workers not wearing protective masks, emergency exit signs missing etc., were found.

Most of the findings could be rectified asap after the audit. The factory that was re-audited showed improvement in their ergonomic program such as installing chairs with backrest and anti-fatigue floor mats.

Legally binding employment relation:

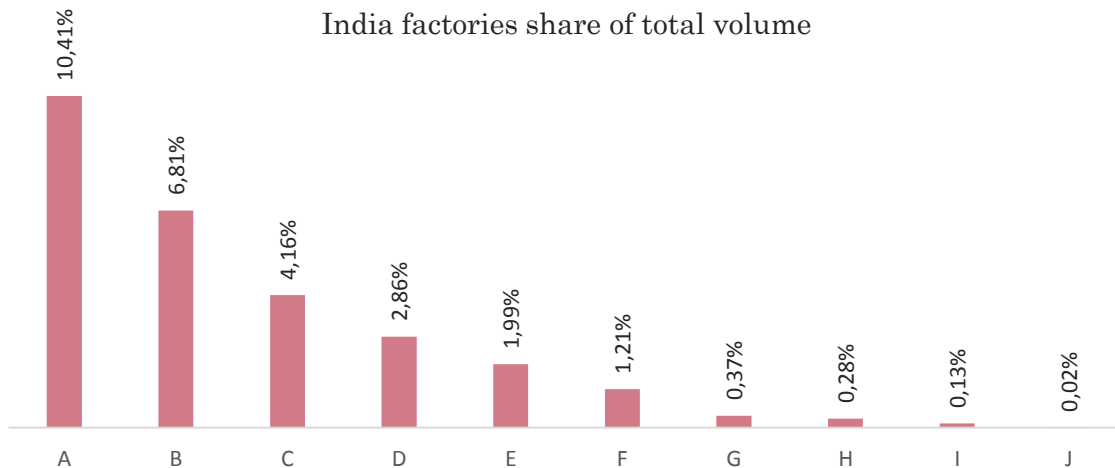
We find that workers in all factories sign labour contracts that are legal and fair. For Social Security, we found in previous audits that some factories increase their coverage up to 95% of the workforce. However, during the new audits this shows to be an area for improvement, especially for the temporary workers.

2.2. INDIA

India carries 28.2 % of Odd Molly’s buying volume. During 2017 we worked with 10 main factories in India.

Highlights 2017:

- Two full audits conducted by Fair Wear Foundation staff – one factory audited for the first time and one re-audit.
- Production manager and Buyers at
 - Odd Molly had several meetings to follow up on previous audits.
- One factory participated in Workers Education Program
- Complaint where filed towards three factories during 2017.



Most important findings per FWF labour standard, India:

Employment is freely chosen:

We have found no signs of forced labour. Appointment letters are given to workers in all factories. One factory did not keep proper records of workers who lived in the dormitory as well as the need to improve their register for loan and advance. Management agreed to improve this and it will be verified during upcoming visits.

No discrimination in employment:

We have found no proof of discrimination during recruitment or during workers stay in the factory this year. Most factories do have policies on sexual harassment, discrimination and women's rights. However, the functionality of these policies and the committees in the factories is a constant subject of improvement. Last year, after several factories were enrolled in the Workers Education program we could verify some improvement. For example, in one factory women were

now doing more skilled work like stitching while before you could find women working only with un-skilled work like finishing. Another factory with a high number of female workers did not have any maternity beneficiaries. After the training they started an awareness program about maternity rights & benefits so that women workers will enjoy maternity benefits in future. This year we had one more factory participating in the WEP and part of the training was reserved for formation of Internal Complaints Committee/Sexual harassment prevention and training of its members.

No exploitation of child labour:

We have found no signs of child labour. None of our factories in India recruited workers below 18 years old. Proof of age is demanded, and some factories also keep dental certificate for this reason. The factory that was audited for the first time, needs to improve their system of age verification, something that we will follow up during coming visits.

Freedom of Association and the right to collective bargaining:

Most factories do not have any unions. It seems to be a frequent practice in the region since the unions are seen more like political organizations that pay less attention to worker's welfare. Instead it is common to have Workers Committees which take up concerns of workers with the management.

In previous audits it has been a finding that some factories lack this kind of committees and in many cases the functionality of these committees needs to be improved. This year's audits showed the same result. Even though several factories participated in Workers Education Program most workers are not aware of their rights. Since the workforce is changing constantly, training must be held on regular basis in the factories and this can still be improved.

Inspection of documents in all factories showed that the workers do have right to bargain collectively.

Payment of Living Wage:

We have found payment of living wage per the wage ladder being our biggest challenge in India. Even if factories pay the legally required minimum wages, most do not reach the living wage at all levels in the factories. Most suppliers pay considerable more than living wage to those workers who are most skilled. However, there remains a large gap between skilled and unskilled workers regarding payment. This year we found during audits, indication that one factory did not pay the workers according to the correct classification "unskilled" or "skilled", meaning they did not get the correct payment. System for wages records and slips also needed to be improved. We have also received complaints from three factories relevant to this labour standard, indicating that wages have been paid too late or not according to legal requirements.

Odd Molly will continue to encourage the management in each factory to work towards the living wage. We have started to ask the suppliers for more transparent price-calculations to analyze how big part of the price we pay per product that is linked to wages. This is a long-term project that we will work with continuously.

No excessive working hours:

Overtime occurs during peak periods in most factories.

We have found both through audits and the complaints that were filed during this year that this is an ongoing issue, despite our previous efforts. Odd Molly is trying to work with the factories to plan production so overtime can be avoided. The challenge is that we only stand for a very small part of the factories total production and all brands tend to follow the same timetable in terms of delivery periods. Nevertheless, we will continue the dialogue towards improvements.

Safe and healthy working conditions:

Most factories are organized with health and safety committees and provide training for the workers. Still in some cases we find this not being good enough since workers are not aware of the functioning and purpose of these committees.

We have no reports on cases of severe injury at any of the factories even though we found practical issues that needed to be improved in regards of safe and healthy conditions. In most cases management, has been very open for improvement and immediate actions have been taken according to the CAPs.

Examples of improvements we found this year: Fire drills are conducted on regular basis, fire exits that used to be blocked are now ok, maintenance of toilets has been improved, rubber mats and chairs with backrest has been installed, rest room has been provided etc. Still we made new findings such as workers not wearing the correct safety equipment, lack of first aid training etc. This is an area for constant monitoring and improvements.

Legally binding employment relation:

We find that most factories provide an appointment letter in the local language along with the company rules and policies for the worker's awareness on their rights and responsibilities. However, this year we found one factory where workers did not receive copies of the appointment letters, something management agreed to improve.

2.3. MOROCCO

Morocco carries 11.7 % of Odd Molly's buying volume. During 2017 we worked with 2 factories in Morocco. So far, we concentrated the monitoring activities to one of them standing for almost all the volume. Since Fair Wear Foundation is not active in Morocco, our first audit done 2012, was made by the company UL. Fair Wear's team from Tunisia made the second audit 2014. During 2017, the factory was audited several times by other companies and we have been following up on those reports according to FWF audit assessment tool.

Highlights 2017:

- The factory has shared audits from BSCI and Wrap
- No complaint where filed during 2017

Most important findings per FWF labour standard, Morocco:

Employment is freely chosen:

We have found no signs of forced labour. Appointment letters are given to workers. In previous audits in one factory it was found that workers must sign an agreement letter that oblige him to payback all the loan increased by an amount of 10% if he decides to leave the job. This routine has been changed and workers can now pay back without any penalty.

No discrimination in employment:

We have found no proof of discrimination during recruitment or during workers stay in the factory.

No exploitation of child labour:

We have found no signs of child labour.

Freedom of Association and the right to collective bargaining:

No findings.

Payment of Living Wage:

Most workers in the factory earn more than the Living Wage. Still there is a big variation in wages between the most skilled and unskilled workers. Everybody is paid over the legal minimum wage.

No excessive working hours:

No findings.

Safe and healthy working conditions:

Several improvements have been done since last audit: Ventilation system has been installed in the ironing area, protective gloves are now used, responsible persons had first aid training, stairs are equipped with anti-slip strips and chairs has been replaced. A health and safety committee has been formed, is active and conducts meetings since 2015.

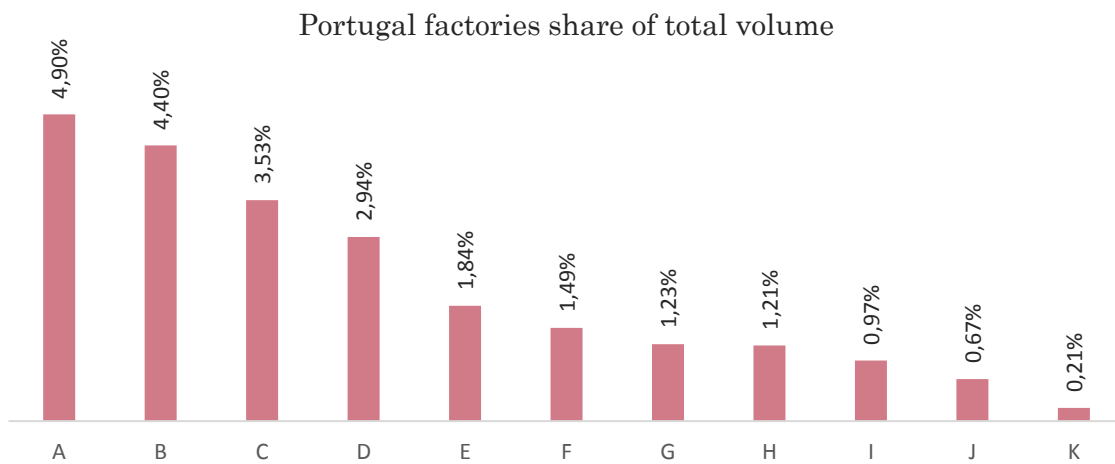
Legally binding employment relation:

No findings

2.4. PORTUGAL

Portugal carries 18.9 % of Odd Molly’s buying volume. During 2017, we worked with 12 main factories.

All suppliers are informed about the FWF membership. Questionnaire has been signed and Code of Labour Practice is posted. Since Portugal is a low-risk country we do not make any audits with Fair Wear staff but all suppliers have been visited by Odd Molly Buyers and Production manager.



2.5. SPAIN

We work with one supplier in Spain producing our Espadrillos. They carry 1.4% of the total volume. The factory has been visited by Odd Molly staff and they are informed about the membership in Fair Wear. Code of Labour Practice has been sent out and the questionnaire has been signed. No other monitoring activities so far.

2.6. POLAND

Poland with one supplier only carries 3.2 % of Odd Molly’s buying volume: This supplier is Swedish with its own factory set-up in Poland. They have been informed about the FWF membership. Code of Labour Practice has been sent out and the questionnaire has been signed. No other monitoring activities so far

2.7. ITALY

A small part of our denim production is made in Italy, around 0.6% of total volume. The factory has been visited by Odd Molly staff and they are informed about the membership in Fair Wear. Code of Labour Practice has been sent out and the questionnaire has been signed. Another FWF



member is also working with this factory. Since our volumes are too small, we will not continue with this factory and therefore no monitoring activities are planned.

2.8. SRI LANKA

2017 we started to work with one supplier in Sri Lanka, producing our lingerie line. Until now volume is only 0.5% of the total volume. The factory has been visited by Odd Molly staff and they are informed about the membership in Fair Wear. Code of Labour Practice has been sent out and the questionnaire has been signed. Another FWF member previously made audits at this factory and we will work together with them to follow up on CAPs.

2.9. LITHUANIA

To fulfil the need of our new ski-line, we started with one new supplier in Lithuania during the year. So far, they only make 0.4% of the total volume. Code of Labour Practice has been sent out and the questionnaire has been signed. No other monitoring activities so far. Other FWF members are also working with this supplier.

2.10. VIETNAM

During 2017 the Chinese supplier who's making our swimwear decided to move our production to their facility in Vietnam, since volume is increasing. Code of Labour Practice has been sent out and the questionnaire has been signed. We have not yet made any monitoring activities but are planning to do so during 2018. For the time being, the factory has shared audit reports from other companies.

3. Complaints handling

We have experienced that it is hard to make sure that the Code of Labour Practice and information about FWF's complaint service is posted in a proper way (visible on notice boards and in local language). We require all suppliers to send us photo-proof of the posted CoLP and these photos are filed in our supplier register and included in the supplier evaluation. We also verify that the Code is posted during audits. In case of any complaint, FWF will forward the same to Odd Molly. We will then communicate with FWF and start a dialogue with the supplier to solve the situation.

The amount of complaints has increase as more suppliers has participated in Workers Education Program and the Complaint Handlers phone-number has been more accessible. We see this as very positive since it proofs that the system is working!

During 2017 we handled three complaints towards factories in India

The cases are relevant to the following labour standards of FWF's Code of Labour Practices:

- Payment of living wage
- Legally binding employment relationship
- No excessive working hours

Odd Molly had discussions with the factories to solve the issues in the best possible way. To take part of the details, you can find the full reports on:

<https://www.fairwear.org/resources/?type=complaints>



4. Training and capacity building

4.1. Activities to inform staff members

Product manager is updating all employees about all FWF-related activities in weekly meetings. We continuously work on increasing the buyer's awareness of various CSR issues in their daily work. We have had training session for the buyers with Fair Wear to increase their ability to make proper follow up on CAPs when they visit our suppliers

4.2. Activities to inform agents

Production agents in countries where we are using such are informed about our membership. In India, the agent takes part in the audits and is very active in the work to follow up on the Corrective Action Plans. They have an on-going dialogue with the suppliers and report back to us regarding any progress made. Since they visit the suppliers regularly, they can verify improvements on site.

4.3. Activities to inform manufacturers and workers

Managers at each factory are informed about the FWF system in a direct dialogue with Odd Molly production manager or our local buying offices. in an early stage. Their willingness to comply to the Code of Labour Practice is crucial in our choice of suppliers.

We will not place any orders with a supplier unless they have signed our Master Purchase agreement, containing

- a. General Buying and Delivery Terms
- b. Fair Wear Foundation and Social Compliance
- c. Legal Compliance & Policies, Product Safety & Quality Assurance

The responsible buyer follows up that all these documents are answered and signed.

We control when we visit the factories that CoLP is posted or we ask for photo-evidence– this needs to be monitored constantly.

Odd Molly is encouraging all suppliers to take part in the WEP training provided by FWF. Until now we had 9 factories in China and India participating. These factories produce 30% of the total production volume, and 40% of the volume produced in High-risk countries (China, India & Morocco). The response from the suppliers has been very positive.

5. Information management

To keep track on all the production locations we ask all suppliers to fill in a spreadsheet with the details for their main factories as well as the subcontractors. Main suppliers are quite easy to track since we pay visits every season. However, to keep track on the sub-contractors are a challenge and constant work in progress. This information is entered in the supplier register of fair Wear Foundation.

During 2016 we improved our internal system to keep track on progress when we included the audit results in the general evaluating system of suppliers. This scoring system is monitored by Buyers and Production manager together and is an useful tool in the communication with the suppliers.



6. Transparency & communication

Odd Molly aims to be fully transparent regarding all our CSR activities.

We inform on the website www.oddmolly.com about the membership of Fair Wear Foundation which was also announced in a press release 3 June 2009.

Sales agents and staff in our shops are continuously informed about our Sustainability work to be able to fully understand and communicate to our end consumers.

Any question related to CSR that might be raised from customers, are answered directly by Production & Sustainability manager through our Customer Service.

7. Stakeholder Engagement

Sustainability is, and has always been, an integral part of Odd Molly. During the year Odd Molly started to shape a new sustainability strategy with support from external specialists. The company started a dialogue with its most important stakeholder groups to better understand which issues they feel as most important. We interviewed owners, board members, staff in the office and in our shops, end consumers and bloggers. The result has been a base for selecting the key aspects for Odd Molly to focus on, and clear goals for how Odd Molly can measure its performance will be set accordingly.

The most important issues are Workers Welfare, Gender Equality/Women's rights and environmental responsibility.

This applies to everyone who works with Odd Molly: employees, suppliers, subcontractors and other partners.

To deal with the country specific challenges in our production countries, the Country Studies by Fair Wear is an important support.

We also get information from our local agents/production offices regarding the local situations.

8. Corporate Social Responsibility

Other CSR activities during 2017:

Sweden Textile Water initiative

To contribute to a better and more efficient water management in the factories we use, Odd Molly was in 2010 one of 34 Swedish companies who formed Sweden Textile Water Initiative (www.stwi.se) together with Stockholm International Water Institute

By developing guidelines for sustainable water use in the production and manufacturing processes of textiles and leather, we aim to contribute to wiser water management in our supply chain.

Through "STWI Projects" SIWI and Swedish brands (STWI) in cooperation with local consultants, support production units by identifying factory-based projects to become more efficient in water, wastewater, energy and chemical management. The production units get education and technical support to implement these projects.

Swedish International Development Cooperation Agency, Sida, is financing 50% of the project.

Until now, 7 of Odd Molly's suppliers has been participating.

The result was amazing – by doing small investments or changes in routines, a lot of savings could be done in terms of money, energy, water and Chemicals. To read more details, please follow the link below for the first Global Report:

<http://stwi.se/2015/11/24/modelling-sustainability-stwi-global-report-launched/>



Chemicals

All Odd Molly's suppliers must sign our lists of Restricted Chemicals, following the European legislation. To make sure that all suppliers are following the rules, we test our materials at accredited laboratories. Odd Molly is also a member of "Kemikaliegruppen" within the Swedish research center SWEREA, supporting textile companies in their management of chemicals within their supply chain.

Animal Welfare

Odd Molly is a member of "Fur Free Retailers program".

This means Odd Molly does not use real fur, only skin and fur from animal's bread for the food-industry.

We do not accept Mulesing and all our Merinos are certified to be non-mulsed.

We do not accept harmful sheering methods of Angora rabbits therefore we do not use angora yarns.

All our down fillings are certified by IDFL to not be plucked from living birds.



To learn more about our work with sustainability within the supply chain, please visit

<https://oddmolly.com/esr>

<https://corporate.oddmolly.com/en/section/sustainability/>