

UK Modern Slavery Act Statement 2023

April 2024

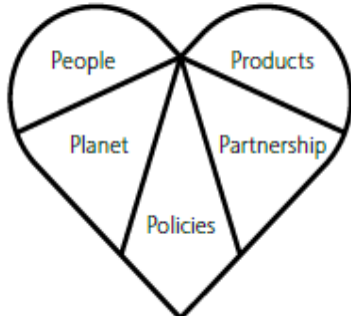
Our commitment to responsibility and sustainability

We believe 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.

It is of the utmost 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



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 recognised 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 Supplier Code of Conduct and our Social Compliance Auditing tools and procedures are designed to stringently follow-up on this requirement.

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.

Our supply chain and due diligence activities

In 2023 we purchased products from around 191 suppliers worldwide. Approximately 81 percent of our spend comes from suppliers based in China; 18 percent from suppliers based in Europe and the remaining 1 percent come from suppliers spread across the world. Most of our direct suppliers are trading companies who source from a range of different factories, enabling us to offer a broad array of novel products across a variety of categories. Through our social compliance process, 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.

We have an ongoing focus on continuously improving social compliance process and our performance. Since 2017, we are continuously strengthening our due diligence process by improving an audit management allowing for a systematic and more thorough process. We have also worked internally on tightening the social compliance process to our purchasing practices. The process consists of 3 main steps as described below.

1. Commitment to the Zebra Supplier Code of Conduct

- All product suppliers sign the Supplier Code of Conduct. 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. The Code is supported by additional policies that suppliers also are required to comply with, such as the Child Labour and Young Workers Policy and the Homeworkers Policy that detail requirements of the Code.
- No orders or purchases can take place without a valid Code in place. Commitment to the Code must be renewed every 2nd year in writing. 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.

2. Risk assessment and factory audits

- Our audit management tool is linked to the Bill of Material (BOM) procedure where each product goes through an approval process to ensure that no hazardous and dangerous materials form part of the product. Via the audit management tool, each factory and product are assessed in a two-step process:
 - 1) Factory information for all items is gathered from the BOM tool and items are automatically assigned a risk rating based on: i) country of production; ii) purchase volume; iii) product category.
 - 2) The automatic risk rating is combined with a manual process looking at: i) brand exposure of product; ii) audit history and performance of factory, including sub-contracting practices.
- Items rated high-risk are selected for audit. Factory audits are conducted by a combination of an internal audit team based in China and an external provider, specialised in social compliance.
- All audits follow the Zebra Audit protocol which consists of 115 questions which assess practices in the areas of ethics, sub-supplier management, human rights, labour practices, and the environment. The questions are the same as last year. 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. Our audit protocol includes questions on 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.
- All factories are evaluated from A (compliant) to E (Zero-tolerance) and provided with a Corrective Action Plan (CAP) as part of the audit.

3. Improvement and remediation

- All factories, apart from A rated factories, 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 labour, forced labour, 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 2023, we conducted 279 audits in our factories in China, in addition to the pre-screening of 184 factories, 16 of which required in person audits. The most common issues to improve were ensuring a safe and healthy working environment and reducing overtime. In 2023, we have conducted an extensive double materiality assessment which has identified working time and adequate wages as the most salient human rights issues affecting the organization. We have already been working with these issues in our social compliance process, which can be seen in more detail in our Responsible Procurement section in our annual report. We will continue to look for areas to improve our activities across all salient human rights topics.

Supplier ratings, %

| Rating | >=80 | 60-80 | 40-60 | 20-40 | 0-20 |
|----------------|------|-------|-------|-------|------|
| % of suppliers | 3 | 50 | 32 | 6 | 9 |

We do on occasion come across factories using child labour. We have a zero tolerance for child labour and strict rules for young workers (between 16 and 18). If we find child labour, the factory must immediately remediate the case and will be put on hold until further notice. While the existence of child labour is unacceptable, proactively looking for child labour in our supply chain means that we can remediate and change things one case at a time. The remediation process is handled in partnership with the Centre for Child Rights and Business. The Centre are experts in these types of cases, they make sure that every case is handled with respect to the individual child's circumstances. They engage in dialogue with the family and ensure appropriate measures, like enrolling in vocational schools and monthly living stipends throughout the remediation period. In 2023, we found no cases of child labour.

Our capability building programme and effectiveness measures to prevent forced labour

Our strategic audit programme is critical to ensure compliance with the standards of our Supplier Code of Conduct. During our programme, however, we have learned that a crucial root cause to many of the non-compliances we find is a lack of sufficient knowledge and competencies among our suppliers and their factories to comply with our standards.

To drive genuine improvements, we have therefore started an impactful capability building programme, both linked to auditing activities and supplier management, as well as to our own corporate sourcing processes. The programme involves a set of different activities, as detailed below.

This training is complemented with individual dialogue with our absolute top 15 suppliers through-out the year. The dialogue involves training, workshops, review of internal systems, and stringent follow-up to ensure progress. We will gradually enhance the scope of this dialogue to include more of our key traders.

The capability building of the traders is combined with factory training of their strategic suppliers, applying both e-learning as well as in-house training. Labour standards and our requirements on forced labour have been and will continue to be part of the curriculum in 2024. Factory training is increasingly integrated into our audit follow-up, realising that some factories need to learn about social compliance and our standards before being able to improve their performance.

In 2023, we continued the close engagement with our suppliers. We launched our Supplier Performance Management programme, which has helped us understand the main points of development that each of our partners should implement, segmenting our vendors according to performance levels: Gold, Silver, Bronze, and Red based on results in Quality, Sustainability, Delivery and Business relationship. In 2023, we have begun running large in person supplier conferences twice a year, focusing on strategy exchange, learning and development. We have also maintained our already established Supplier Academy, which runs frequent sessions on relevant topics within social requirements, sustainability, compliance, procurement, and quality. This allows us to provide training related to the ever-changing retail scenario while reaching a broader audience. In 2023, we had four training sessions with an average of 26 suppliers represented in each session. All sessions are recorded and shared with new suppliers during their onboarding.

Our capability building programme also targets our own procurement and all procurement staff are subject to training. The training curriculum includes notions of social compliance and ethical standards, how to identify supply chain risks and supplier engagement on social compliance. Avoiding and detecting forced and bonded labour, including modern forms of slavery, forms an integral part of the training.

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 900+ stores across Europe, North America, and Asia. Our assortment covers more than 7.000 decorative, practical, and colourful items.

Zebra's Modern Slavery Act statement was prepared by the Sustainability team and approved by Zebra's Board of Directors in April 2024.

Signed by:

Zebra A/S on date: 18 April 2024



Martin Jermiin (CEO)



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