

Global compact annual communication on progress

Company:

CMS Group I/S
Strandlodsvej 6B, 2
DK – 2300
Copenhagen S
Denmark

UNGC Responsible:

Mia Bosse
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Date: 14th of January 2019**Membership start:** May 2011**Number of employees:** 25**Sector:** Textile

Brief description of nature of business

CMS group is a Danish fashion company behind the brand Modström. Modström designs 4 ready-to-wear collections and 2 outerwear collections each year to match every season in fashion. In addition, our express diffusion range Special Selection is released around 6 times a year as a testament to our dedication to staying curious and in the now.

The company culture is characterized by a passion for fashion, entrepreneurship and hard work, which brings a hands-on female perspective to the fashion industry. Focusing on creating a meaningful business model throughout the supply chain all the way to the girl on the street. The overall mission is not to aim the Modström design at an exclusive crowd but instead create a beautiful and easy-to-wear wardrobe relevant to many women. The following 3 statements, related to social responsibility, are part of Modström core values:

- We believe in teamwork
- We respect each other
- We show responsibility

Statement of support

To our stakeholders,

I am pleased to confirm that Modström I/S reaffirms its support of the 10 Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

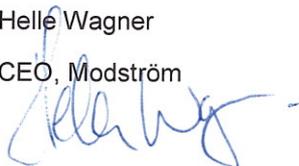
We take pride in our designs and we take pride in being a responsible company in the fashion industry. To us, Corporate Responsibility (CR) is about taking an open and active stand on how our designs are produced. Therefore, we have decided to work within the standards of the UN global compact and their 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

We work closely with our trusted suppliers to make sure all of our garments are produced under proper conditions, and inform and guide our suppliers and subcontractors on our values and the 10 principles we wish to adhere to.

For Modström to keep progressing each year, we actively take an approach to reaching the 10 principles by having a representative from each department meet every 3rd months to discuss how Modström and everyone involved in Modström can influence, impact and inspire positive action.

Signature

Helle Wagner
CEO, Modström



Modström

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Business should make sure that they are not complicit in human rights abuses

Commitment

We believe that discrimination regardless of race, sex, color or religion is unacceptable. Working conditions must be safe and hygienic as well as lodgings at our suppliers (if applicable). All work must be voluntary and child labour shall not be used.

Action

When entering into a contract with a supplier, we stipulate that the supplier signs a declaration stating that the supplier under no circumstances will manufacture garments that bear risk to consumers' safety. In specific, no products can contain any harmful substances. Further, we require that no employees are exposed to substances that bear risk to the employees' health. We closely monitor the development of the legal regulation of substances, and if new requirements occur, we immediately inform our suppliers. Just as well, as we expect our suppliers to constantly follow the legal situation in their countries.

We strive for long term relationships with our suppliers and believe that together we can grow. Our suppliers have shown great interest in supporting our commitment to UNGC and they all have a very constructive view on human rights.

We stipulate that all suppliers sign our code of conduct to accept these terms cooperating with Modström.

Modström has also taken a conscious choice to support DINNødhjælp, a voluntary non-profit organization that are fighting for children's rights. Especially focusing on putting an end to the accusations of witchcraft particularly those directed at children in Nigeria. Modström has since 2014 sponsored a Child Development Officer to the DINNoedhjaelp orphanage in Nigeria and with each collection, made by Modström, we design a special charity style and donate the profit to DINNoedhjaelp.



Future plans

Modström will continue to support DINNødhjælp and should we get the opportunity to support another NGO or be a voice for human rights, we will do so.

Modström has previously participated in the Danish campaign called "Verdens Bedste Nyheder" meaning The World's Best News. Modström participated in a campaign against poverty by putting a banner on all employees' e-mail signatures and by informing on our website as well as on other social medias. Modström plans to do more projects in 2019 for this news site and by this show our support to the United Nations.

Modström

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. The elimination of all forms of forced and compulsory labor
5. The effective abolition of child labor
6. The elimination of discrimination in respect of employment and occupation

Commitment

As stated in Modström's Supplier Code of Conduct, we have a clear stance, when it comes to the working conditions of the employees at our suppliers and subcontractors' factories. We do not tolerate any form of forced labor or child labor and all employees are entitled to a safe and healthy environment.

Action

We strive to ensure that all of our garments are produced under proper conditions, and inform and guide our suppliers and subcontractors on our values and principles. We have great trust in our suppliers, and wish to build up long-lasting work relationships. Therefore, in case of non-compliance of our principles, we immediately take action and work alongside our suppliers to help them improve their work processes. If it is a matter of a serious violation of Modström's Supplier Code of Conduct, we do not hesitate to immediately terminate the cooperation.

We visit our factories around the world to make sure that the above principles are complied with. Also, we have deliberately chosen to place our production with suppliers, who also manufacture garments for some of the world's major fashion companies. These companies have greater resources, than we as a small Danish company do, and are therefore able to more regularly conduct audits at the factories, thus keeping a very strict supervision. This provides us with a further guarantee that our high standards are met.

In Denmark at Modström's head office we follow Danish legislation and all employees have individual contracts.

Future plans

During 2019 we will renew our Code of Conduct and send new contracts to our suppliers, reminding them of our principles and to accept these terms when cooperating with Modström. We will also continue to visit our factories yearly and check on the working conditions, this will also bring us closer to our suppliers and help built even better relationships in the future.

It is a continuous focus for the management to ensure a good work environment at Modström, and in 2019 we will introduce a series of new actions to create an even better work environment at our headquarters. We will also introduce a CSR guideline to give an introduction to Modström's CSR policy and should be used to form a toolbox for the way we work, understanding where we are now, where we want to be in the future and how everyone involved in Modström can influence, impact and inspire positive action.

Modström

Environment

7. Businesses should support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies

Commitment

At Modström we are aware of our environmental responsibilities and want to produce as sustainable as possible. We continuously want to educate ourselves to become aware of the possibilities that will still comply within our business in fast fashion. We strive to have a close dialog with our suppliers on what we can do to become more sustainable in our production, as well as working continuously on finding more sustainable ways and procedures at our own office.

Action

We do what we can to encourage our suppliers to always think more about the environment and to avoid all unnecessary use of chemicals. We expect all suppliers to live up to the REACH regulations and will randomly make tests to see if the garments will pass. REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. We require all suppliers to sign a document stipulating the same to ensure their commitment.



To avoid any waste from packing, we use export cartons from our suppliers instead of using new cartons when sending out goods to customers. Any new cartons we order in case we need them are FSC marked. We also strive to use FSC marked paper for our collection look books.

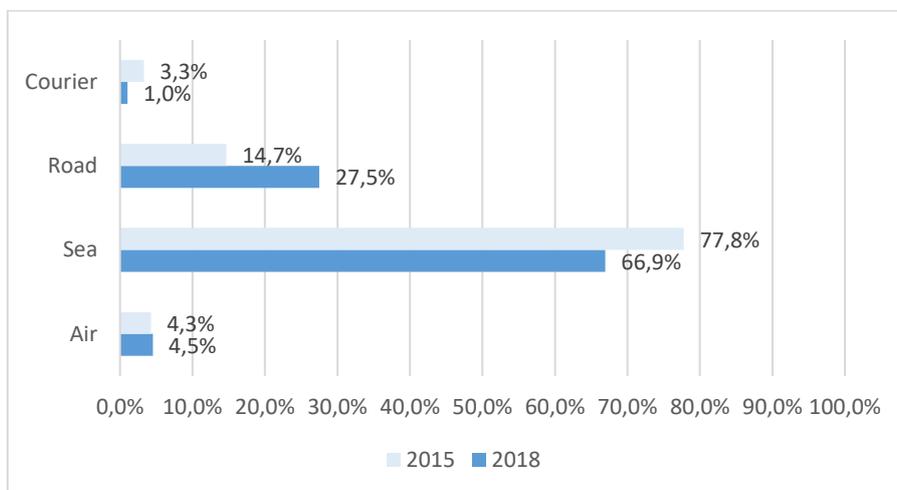
Purchases made from our webshop or in one of Modström's stores are packed in recycled plastic bags. Additionally, we have, in cooperation with suppliers, reduced plastic waste by reducing weight of polybags in which our basic t-shirt programs are packed, and our outerwear being shipped to external warehouse for pressing and re-packing are not packed in single polybags.

We think information is the key to change, so we also make an effort to involve our customers, by encouraging them to think more environmentally friendly when washing and taking care of their Modström clothes by advice given on our care labels.



Modström

Also, we always strive to reach shipment dates in due time to avoid airfreight and as shown on the schedule below, we have successfully kept our percentage of shipments by air to a minimum since 2015. The increase in roads shipment is due to a shift in supplier and is also shown by the down crease in shipments by sea.



Future plans

Modström will continue to improve their environmental footprint by continuously re-evaluating our approach to being as sustainable as possible.

We believe we have to start with ourselves so at Modström headquarter we have taken a conscious choice to be more sustainable. This means using products such as detergent for laundry and washing marked with The Nordic Eco-label. We also plan to introduce a new and more sustainable coffee brand than the one we currently use and all milk will be organic and free-range.

In order to save paper, we re-use copy paper when possible and encourage our employees to only print when necessary.

We are always trying to save energy and therefore we will change all our spot lights to LED bulbs in our office and at our warehouse in 2019. We will also turn off our computer screens every night before leaving the office.

We will keep striving to avoid airfreight shipments and always aim to reduce our carbon footprint.

In 2017 we decided to add programs using recycle material to our collections and during 2018 we have produced 12 programs, in 2020 we hope to increase this amount and hopefully introduce more fabrics from recycled materials. We are also looking into our options for using leftover fabric to produce smaller items and hereby minimize fabric waste.

We plan on trying to minimize our use of plastic for polybags and water bottles, by trying to find an alternative. If this is not possible, we will make sure to take the proper measurements for recycling all plastic in the most environmentally friendly way.

Modström is strongly against combustion of our clothes and wish to recycle or reuse old or ruined styles in the most considerate way. Therefore, we are currently looking into alternatives to combustion and plan on finding a solution for this during 2019.

Modström

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery

Commitment

Modström strongly refrains from any sort of corruption or bribery. It is our company policy that bribery must not be offered, accepted or demanded at any time.

Action

According to Danish law bribery is forbidden and no employees at Modström are allowed to receive any personal gifts from suppliers or business partners.

We do not have any procedures to monitor our employees in Denmark as we consider this irrelevant, we believe in freedom of responsibilities.

We believe that it may be quite relevant to focus on this principle together with our suppliers in Asia where bribery and extortion is more commonly accepted. We want to fight this wherever possible and raise awareness.

Future plans

Modström has never been involved in bribery or anti-corruption of any kind, and we are confident that we comply with the Danish legislation in this respect. From our suppliers we are told that corruption and bribery is not a big issue and we are confident that they are also focused on working towards a zero tolerance.

We will renew our code of conduct during 2019 and make sure our suppliers understand Modström in no way supports or tolerates bribery.

How do you intend to make this COP available to your stakeholders?

This COP will be available at our website www.modstrom.com

Modström