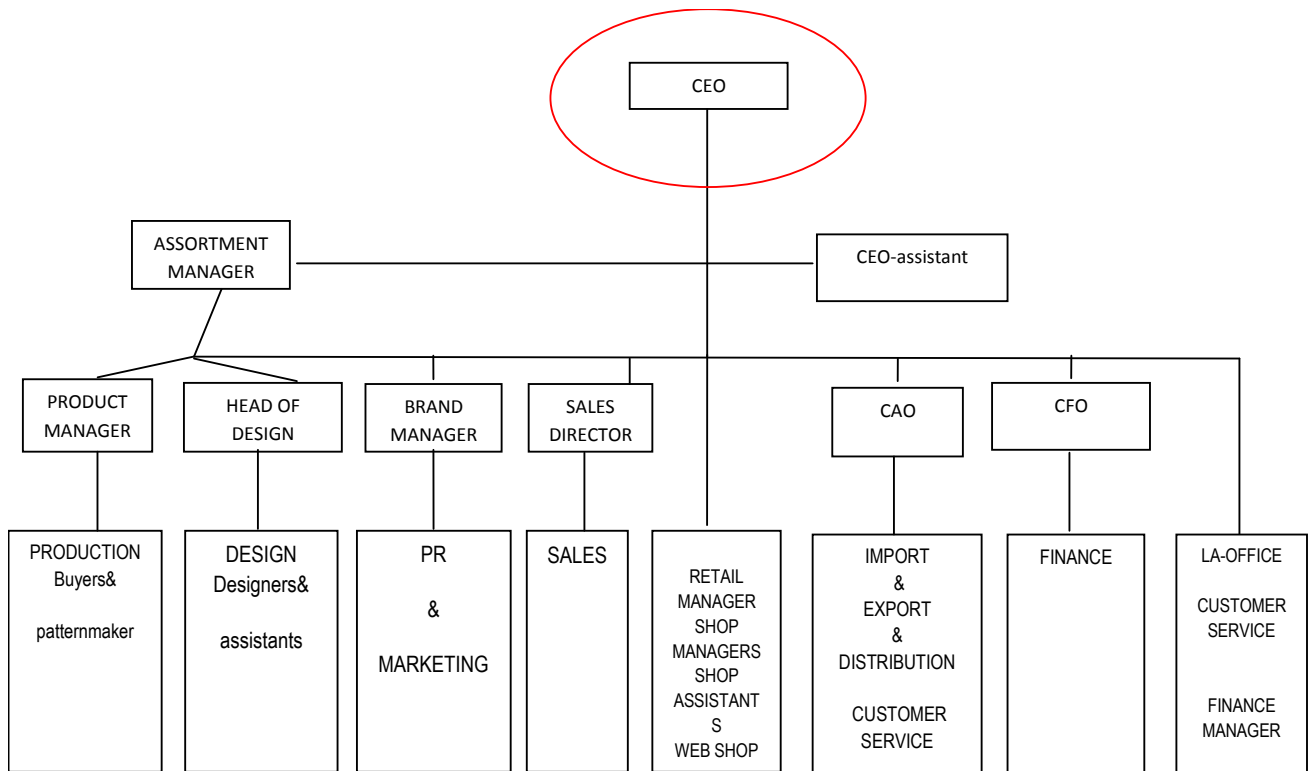


SOCIAL REPORT 2014

Member of Fair Wear Foundations since June 2009

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Odd Molly in brief

Odd Molly is a Swedish company that designs, markets and sells fashion primarily through outside retailers around the world. In addition, our clothing is sold through five concept stores, two shop-in-shops and in Odd Molly's own web shop. The products are distinguished by beautiful, personal and daring design, combined with high quality and a distinctive profile. The brand is positioned at the upper end of the medium price segment.

In 2014 Odd Molly's products were sold in more than 30 countries and sales amounted to 294.3 MSEK.

Odd Molly is concerned about its fellow humans and the environment – and how these may be affected by the company's operations. Since its inception in 2002, Odd Molly has prided itself on being a good world citizen and accepting responsibility for its business relations.

Odd Molly's goal is that all its contacts, from end consumers to business partners will find value-added in their relationship with the company. Odd Molly's future growth will be achieved while maintaining an attention to quality and acting responsibly toward stakeholders with the help of corporate responsibility, among other, as a strategic step.

Odd Molly is a member of Fair Wear Foundation, a non-profit independent organization, working together with its members to improve the labor conditions in factories within the textile industry. As a member, Odd Molly has undertaken to comply with the 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 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 isn't an invented concept. Odd Molly is for real.

We met 10 years ago and understood immediately that we had a magical connection and an idea worth building a company on. We saw something in our meeting that was missing in fashion heaven and liked the idea of complementing the market, not just competing. Today, 10 years later, we know we were right.

Our personal commitment to an aesthetic design and feeling hasn't changed. We will always give our pens free reign in respectful ignorance of what trends say we should do. We will always stand up for women as a phenomenon far beyond what today's superficial values make her out to be. These two things are deeply rooted in Odd Molly's soul, simply because we are company built on people, on humanity and commitment.

Our message, and our design's, is for real. It's wildly beautiful, it's heartfelt and it's needed. In the past, today and in the future.

And, yes, we will always argue affectionately, challenge conventions and at the same time enjoy a little friendly laugh.

Everyone is an ideal.

You are perfect because you are not.

Vive la difference!

1. Summary: goals & achievements 2014

During 2014 we continued our work to improve the social standards in the factories we work with. We have done in total 4 new audits in China, India and Morocco.

The work to follow up on audits and verify that suppliers are taking action according to the Corrective Action Plans has been going on continuously during the year.

The goal was to keep 90% of our buying volume audited. We ended up with 84% only – mainly because some late changes in the planning of audit dates.

After six years of membership in Fair Wear Foundation, we have found that the audits we do is a good tool to learn more about our factories and we have succeeded to make a difference in some cases. BUT when it comes to the bigger issues like wages, overtime and workers awareness, we find it very hard contribute to real change. Therefore we believe that the Workplace Education Program offered by Fair Wear is a better way to go. The program is designed to give in house factory trainings for workers and managers to raise awareness for the Code of Labour Practices, to strengthen grievance mechanisms and improve communication between workers and management. Moving forward, our goal will be to convince all suppliers to participate in the programme. During 2014, we succeeded with 1 supplier only – but the good news is that all suppliers in India accepted to do the training during 2015 and this is now under planning.

Internally we continue to improve our management system to make sure all buyers are aware and can follow up on CAP's at each factory visit - this is constant work in progress!

The yearly Brand Performance check was made according to the new scoring system. The result for Odd Molly was *GOOD*.

Summary from Fair Wear:

Odd Molly meets most of FWF's management system requirements. The company's sourcing strategy is based on long-term relationships and it works with a stable supplier base. 25% of Odd Molly's 2013 purchasing volume comes from suppliers located in low risk countries. Together with the suppliers the company audited the past years, it has reached a monitoring threshold of 84%. This is below the 90% required of brands in 3+ years of membership; however, FWF awarded a good rating. In light of Odd Molly's strong monitoring system and confirmed plans to conduct audits that will exceed 90% in early 2015.

The company has demonstrated improvements at factories that have been audited. Its monitoring system includes frequent visits to suppliers where buyers are responsible for discussing the status of corrective actions. Odd Molly has uploaded their last Brand Performance Check on the company website, a good practice for increased transparency.

In the future, Odd Molly should investigate the root causes of excessive overtime in factories where the brand has high leverage. Odd Molly also needs to develop a pricing policy where the company knows the labor cost of garments. Odd Molly should continue to actively work on enrolling suppliers in the Workplace Education Program.

The full report can be downloaded from: <http://www.fairwear.org/ul/cms/fck-uploaded/documents/PerformanceChecks/2014/OddMollyperformancecheck2014-05.pdf>
Or <http://oddmolly.se/about/ethics>

After another year of membership with FWF, we still feel that the most important lesson learned, is that there is no such a thing as a perfect factory - but it is possible to make a change even if it is done in small steps!



2. Sourcing strategy

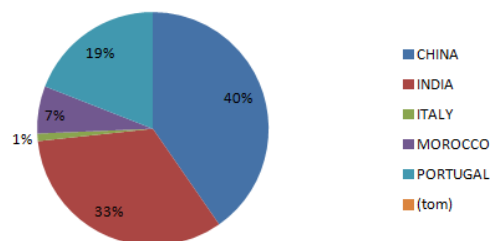
2.1. Sourcing strategy & pricing

Odd Molly's business concept is to design market and sell women's fashion, primarily through independent retailers 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 five production countries: China, India, Italy, Portugal and Morocco. For the moment, we work with approximately 30 suppliers, depending on the season.

Production countries 2014



We chose 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 in order 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's 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 be able to sign Fair Wear Foundations questionnaire/Code of Labor practice, and Odd Molly's Quality Assurance & Chemical agreement.
- Over all professionalism in running a factory and previous experience
- Reference customers

2.2. Organisation of the sourcing department

Sourcing-and production department:

We do not have a separate department for sourcing, design and production since we found it more efficient to work with the product development and production in small teams for each product group.

The department is managed by Assortment manager, design manager and production manager who work closely together.

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, Accessories & Home.

The production manager is also responsible for CSR.

2.3. Production cycle

Odd Molly designs and produces four collections per year: pre-spring, Spring/ summer, pre-fall and fall/ winter.

This is a new system and was effective from 2014. Compared to our old system with only two selling-periods, this allows longer lead-time for production without any risk in terms of pre-bookings from our side. It also evens out the workload for the suppliers as well as in our office.

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



2.4. Supplier relations

Spring 2015 Odd Molly has launched some new concepts: *Odd Molly HOME, Beachwear and Rainwear*. This means our supplier base has been extended with a number of new factories in India and Portugal. Odd Molly staff has been visiting the factories to ensure quality level and social standards. No audits have been done by FWF in these factories yet but will be planned during 2015 if the concept turns out to be successful.

2.5. Integration monitoring activities and sourcing decisions

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

3. Coherent system for monitoring and remediation

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

We choose the factories for auditing and follow up on CAPs based on importance of the supplier and size of actual orders, as well as earlier performance.

Odd Molly staff visit all factories at least twice a year to work with product development and quality assurance. The factories are also visited regularly by our local production agent in India who helps to follow up on the CAPs.

Odd Molly buyers normally follow up on CAPs from previous audits during every visit at the factory. In between visits the follow ups are done by e-mail if necessary.

3.1. INDIA

2014 33% of Odd Molly's buying volume was bought from India. We worked with in total 12 factories in India. However, only 5 of these stand for 30, 5% of the total volume and we have concentrated the monitoring activities to these factories.

*Supplier no 3734, India 12% of Odd Molly's total buying volume 2014
Audit date August 2013*

We have been working with this factory since 2010 and it has become one of our most important suppliers with growing orders every season. The first full audit by FWF was done 2013. Before that, Odd Molly staff and an auditor from FWF visited the factory for Cap verification based on previous audits done by SGS. During 2014 we concentrated on follow up on the CAP from the audit made 2013.

Important findings:

- One positive point of interest in this factory is that the turnover of workers is very low – many have been staying with the factory for years.
- Overtime is an issue in this factory. Managers were hesitant to show records due to bad past experience. We have had a dialogue with the management to ensure transparency.
- Workers were not fully aware about FWF complaints procedure, and contract workers not aware of the company policies, committees or suggestion box. The management confirms that training has been held and introduction to the complaints procedure is now part of the introduction training. Nevertheless this is a constant challenge since contract workers are highly mobile.
- A number of health and safety issues were found during the first audit and most have been corrected by now. For example the drinking water has been tested and the fire drills have been conducted more regularly.
- No complaints have been filed against this supplier.

*Supplier no 4849 India, 9, 5% of Odd Molly's total buying volume 2014
Audit date August 2013*

We placed the first order with this supplier during 2012. Odd Molly staff has visited the factory twice and an audit performed by FWF was made during 2013 with follow-up in 2014.

Important findings:

- Management provides a Trust Fund, which invests a profit margin, for the welfare of the workers, such as education scholarship for the children of workers and health expenses for tailors.
- The workers consider this factory as one of the best factories in the region, as it provides a good working atmosphere.
- The audit team observed good practice regarding; (1) document maintenance. All documents were up-to-date, as per legal requirement, and their retrieval time was incredible (2) OHS of the factory (3) worker-management interaction at the shop floor.
- Overtime is an issue in this factory and overtime hours are not visible in the pay slips. Management agreed to improve the production planning. This is work in progress and we could not yet verify that it has been fully implemented.
- No complaints has been filed against this supplier

*Supplier no 3739 India, 3, 5% of Odd Molly's total buying volume 2014.
Audit date November 2014*

This is one of Odd Molly's oldest suppliers and was first audited 2009. However, 2010 we stopped the co-operation due to logistic problem. 2013 we started again and a new audit was done 2014. We were happy to see that big improvements had been done since the first audit.

Important findings:

- Almost 99% of the findings raised during last audit by FWF audit team had been taken care of. The worker safety and ergonomics are followed, like fire management and first aid systems are good, trained workers wear badges for identification, good practices are posted

on the shop floor. Policies are well maintained. Worker committees (works committee, anti-sexual harassment committee, health and safety) are maintained and representatives are elected by the workers. Records are maintained.

- However, some mismatch between offsite and onsite interviews, suggested that workers could be coached and some documents might be incorrect. As a good point, management agreed to it, which shows their willingness to be transparent. Secondly, they regard the audit process as beneficial and learning.
- The complaints handler received a complaint on 28 Sept from a worker from this factory. The problem is with regard to the illegal termination of the worker. Odd Molly is addressing the issue to the management to find a solution.

*Supplier no 5754 India, 1% of Odd Molly's total buying volume 2014.
Audit date January 2015*

We placed the first order with this supplier during 2013. Odd Molly staff has visited the factory several times – however 2014 they moved to new premises and the audit was done in the new factory January 2015. This is the first audit ever done in this factory. The management expressed its willingness to learn from the audit.

Safe and Healthy conditions were in general good. The HR team was found to be experienced and understand the need of a safe working environment, even if this was the first audit in this factory. Factory management is also very concerned about environmental issues. A solar power plant is installed and a system for harvesting rainwater is planned to be built.

However, also in this factory mismatches between the offsite and onsite interviews were observed which raise the suspicion of coached workers and falsified documents. Odd Molly will have a dialogue with the management to ensure full transparency for future.

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

Most important findings per FWF labor standard, India:

Employment is freely chosen:

We have found no signs of forced labor. Appointment letters are given to workers in all factories but in some cases we found them being incomplete and not updated.

No discrimination in employment:

We have found no proof of discrimination during recruitment or during workers stay in the factory. 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 to improvement and we will continue to push the suppliers to join the WEP training during 2015.

No exploitation of child labor:

We have found no signs of child labor. 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.

Freedom of Association and the right to collective bargaining:

Most factories do not have any unions. It seems to be a common practice in the region since the unions are seen more like political organizations that pays less attention towards workers welfare. Instead it is a common practice to have Workers Committees which takes up concerns of workers with the management. All factories do have such committees, still in many cases we found that workers are not aware about their rights and they need more training. Also the method of selecting members to these committees needed in some cases to be improved. Inspection of documents in all factories showed that the workers do have right to bargain collectively.

Further noted, even though the factories do have improved training it is still a case that many workers are unaware of their rights. Thereby this seems to be something which requires monitoring continually.

Payment of Living Wage

We have found payment of living wage according to the wage ladder being our biggest challenge in CoLP. All factories are paying more than the legally required minimum wages but still not reaching the living wage at all levels in the factories. Most suppliers actually pay considerable more than living wage to those workers who are considered to be most skilled. -however, there remains a large gap as between skilled and unskilled workers with regards to payment.

For Odd Molly as a company we are not in a position to guarantee a certain amount of production orders from season to season and we normally hold only a small percentage of the total production capacity in each factory. We will continue to encourage the management in each factory to work towards the living wage level but we see this as a long term project that can only be successful if all customers in factory work towards the same goal.

No excessive working hours:

We try to work together with factories to plan the production in order to avoid overtime as much as possible. Still overtime occurs during peak periods in most factories. In some cases we found overtime hours not being properly recorded on wage slips which needs to be improved.

Again it is hard for Odd Molly to alone to help by changing our own production planning. We only stand for a small part of the factories total orders and all brands tend to follow the same timetable in terms of delivery periods.

Safe and healthy working conditions:

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

We have no reports on case of serious injury at any of the factories even though we found many 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 CAP: s.

Although it has been observed in CAP: s multiple times and further improvements have been rectified, new observations with regard to safe and healthy working conditions constantly emerge. It seems to require constant monitoring.

Legally binding employment relation

We find that most factories provide appointment letter in local language to all workers along with the company rules and policies for the workers awareness on their rights and responsibilities. However, we have found some cases with casual workers where records were not kept.

3.2. CHINA

China carries apx. 41% of Odd Molly's buying volume. During 2014 we worked with in total 10 factories in China. We have concentrated the audit activities during the year to the 4 biggest once standing for the apx 32% of the buying volume.

Supplier no 2571, China 3, 6% of Odd Molly's total buying volume during 2014

The factory was audited 2013 and during the past year we have done follow up on the CAP. However, since the outcome of the audit at this factory was quite good and it can be used as a good example in many ways, we choose focus our resources the past year in other factories. Another FWF member is also a client and we have been in contact in the past to help each other with follow up to avoid double work as well as to get a greater impact at the factory.

Important findings:

- Factory management are willing to advance the working conditions and labor standards of the factory and make remediation accordingly; they are open to accept all non-compliance identified by audit team and commit to taking the corrective action plans (CAP) according to the proposed timeframe in the CAP report.
- Factory management confirms that they have other costumers as well who are pushing for living wages and overtime issues, and they are running a project in the factory to find out how they can be more efficient and improve on those areas.
- It was found during the audit the factory did not pay leave and overtime premiums correctly. Management has provided documents to ensure this has been corrected and it will be followed up during the coming year. The factory also launched a new internal policy to reduce the overtime in total.
- FWF CoLP had at the time for the audit not been forwarded to the subcontractors for printing and embroidery –but has been done now according to management. Needs follow up during 2015.
- Supplier adopts the automatic hanger system for linking which increase 27% productivity compared with the normal linking lines.
- Workers complaints have been filed to the management regarding bad food quality, too hot areas in parts of the factory. Management confirms that they take this seriously and they see the workers as the most valuable asset of their company.

- Supplier provides free childcare services with a preschool teacher to take care of workers children.
- There is no ergonomic program in the factory. Management agrees to discuss improvement but this is still an open issue.
- No complaints has been filed against this factory

Supplier no 3751, China 5% of Odd Molly's total buying volume 2014.

Audit date was June 2014. This was the first FWF audit in this factory; however management informs that they have been audited about 5 times by other clients.

Important findings:

- The Code of Labor Practice was not posted in the factory. This was immediately corrected.
- Workers were not aware of the FWF CoLP or the grievance mechanism. Management confirms they will arrange training and this will be verified by Odd Molly.
- Various complaints from workers concerning food quality, temperature in the factory etc. Management promise to take all grievances seriously and improve accordingly.
- Overtime is an issue during peak season. Management agrees to work towards improvement even though we know this will be a long term project.
- Wages are paid above minimum wages but do not reach the level of Living Wage.
- The factory has invested in their ergonomic program such as chairs with backrest, anti-fatigued floor mats etc. They state they will try their best to perfect the ergonomic program step by step.

Supplier no 3719, 17, 6% of Odd Molly's total buying volume 2014.

Two audits have been done by FWF, July 2009 and March 2013.

Important findings:

- Factory management is cooperative and transparent to support the audit team during the two-day field audit and willing to improve the working conditions and labor standards of their factory.
- Management is open to accept all non-compliance identified by audit team and commit to making the corrective action plans after internal discussions.
- Overtime has been observed at both audits and even though some improvement has been made, it is still an ongoing issue. Odd Molly tries to adjust and plan our production schedule as much as possible, but is really hard since all the brands to have the same timetable and OM only stand for
- There are big differences in the wages. The most skilled workers in linking and stitching areas are paid a lot more than the Asian floor wage. The unskilled workers are paid much less, although still above the legal minimum wage.
- No complaints has been filed against this factory

Supplier no 3768, 6, 6% of Odd Molly's total buying volume 2014

Audit date: May 2013 and November 2014.

Important findings:

- Management was cooperative and transparent to support the audit team during the two-day field audit and willing to improve the working conditions and labor standards of the factory. Still some issues found in the first audit was still open
- Overtime in general is an ongoing issue in the factory especially in peak season. Management agrees to work towards improved working efficiency and reduce the working hours step by step. Odd Molly has tried to help by adjusting our purchasing system and arrange for better production lead-times. Improvement in this area will be an ongoing process.
- Some health and safety issue was found - for example one building was missing one fire exit, some chemical tanks did not have the 2nd protection of leakage and there was a big room for improvement of cleaning the toilets and drinking water areas. During the second audit it was found that not many actions had been taken to improve. We have had a dialogue with the factory management and they have promised to take action immediately. This will be verified during the coming months.
- No complaints has been filed against this factory

Most important findings per FWF labor standard, China:

Employment is freely chosen:

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

No discrimination in employment:

We have found few signs of any 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 culture background, nationality, religious belief etc.

No exploitation of child labor:

We have found no signs of child labor. All factories show that their staff at HR department is well trained in factories prohibition of child labor 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 labor bureau according to 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 worker employed in any of the factories.

Freedom of Association and the right to collective bargaining:

Most of the factories are unionized, even though the chairman normally is appointed by management and not by democratic elections, and even though there is only one union allowed in China, the official national trade union. 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. Factories confirm to give more training but this is an area that needs constant monitoring.

Payment of Living Wage

We have found payment of living wage according to the wage ladder being our biggest challenge in CoLP. All factories are paying more than the legally required minimum wages but still not reaching the living wage at all levels in the factories. Most suppliers actually pay considerable more than living wage to those workers who are considered to be most skilled. -however, there remains a large gap as between skilled and unskilled workers with regards to payment.

For Odd Molly as a company we are not in a position to guarantee a certain amount of production orders from season to season and we normally hold only a small percentage of the total production capacity in each factory. We will continue to encourage the management in each factory to work towards the living wage level but we see this as a long term project.

No excessive working hours:

We try to work together with factories to plan the production in order to avoid overtime as much as possible. Still overtime is an issue in most Chinese factories.

At first audits we have found cases where overtime exceeded the legal limits. According to management overtime hours is now reduced to be within the legal limits and is strictly voluntary. This issue needs constant monitoring since workload might be very different from season to season depending on the current size of factories orders.

Safe and healthy working conditions:

All factories provide on-going training for the workers and conduct fire drill on regular basis.

We have no reports on case of serious injury at any of the factories even though we found many 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 CAP: s.

Although it has been observed in CAP: s multiple times and further improvements have been rectified, new observations with regard to safe and healthy working conditions constantly emerge. It seems to require constant monitoring.

Legally binding employment relation

We find that workers in all factories sign labor contracts that are legal and fair. Probation period is 1 month.

3.3. PORTUGAL

Portugal carries apx. 19% of Odd Molly's buying volume:

All suppliers have been informed about the FWF membership. Questionnaire has been signed and Code of Conduct has been sent out. No other monitoring activities so far.

3.4. MOROCCO

*Supplier no 15, Morocco, 10, 3 % of Odd Molly's total buying volume 2013
Audit date April 2013.*

Meeting has been held between Odd Molly staff and factory manager to follow-up audit on the CAP as carried out in 2012. Since FWF doesn't have a set up in Morocco, the audit was conducted by UL-STR but according to FWF monitoring system.

Important findings:

- In general there is a good social atmosphere in the factory. Workers confirm that the manager initiates many social actions and medical help for workers and they believe working conditions has been much improved.
- The factory has started a program against illiteracy for workers.
- 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.
- Some remarks with regard to Safe and Healthy regulations were found, such as chairs not being ergonomic, stairs not provided with anti-slip strips.
- OHS responsible should be trained in health and safety and first aid, as well as the workers should understand the role of OHS responsible.
- Better contract between the factory and home workers has been established since our audit.
- No complaints have been filed against this factory.

4. Complaints procedure

During audits we have confirmed that factories display the information about FWF's complaint service in a proper way (posted on visible notice boards and in local language). 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 in order to solve the situation.

During 2014 we have had two complaints filed towards factories in India.

The cases are relevant to the following labor standards of FWF's Code of Labor Practices:

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

Odd Molly is having ongoing discussions with the factories to solve the issues in the best possible way. Documents provided by the factory and are being cross-checked and improvements will be verified during re-audits. As an important step we have also planned WEP training in both factories

5. Training and capacity building

5.1. 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.

5.2. 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 CAPs.

5.3. Activities to inform manufacturers and workers

Odd Molly is encouraging all suppliers to take part in the WEP training provided by FWF. So far training was held in one factory only, but more are planned during 2015.

During August 2013 training regarding European Chemical laws and banned substances was organized in India, by UL.

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 in 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 CSR 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 CSR manager/product manager.

7. Corporate Social Responsibility

Other CSR activities during 2014:

STWI

To contribute to a better and more efficient water management in the factories we use, Odd Molly was 2010 one of 34 Swedish companies who formed Sweden Textile Water Initiative 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.

2015 STWI launches STWI projects

SIWI and Swedish brands (STWI), will 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 then will get education and technical support to implement these projects. (www.stwi.se)

Swedish International Development Cooperation Agency, Sida, is financing 50% of the project. 3 of Odd Molly's suppliers are participating in the project.

Chemicals

All Odd Molly's suppliers have to 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

To make a clear statement regarding our policy to not use what is classified as "real fur" we in November 2012 joined the "Fur Free Retailers program".

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