



# ORIGINALLUXURY

Extract from ORIGINALLUXURY Technology For Transparency  
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# BALLY



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Bally has been committed to responsible business practices since the company foundation in 1851. Since the company's early years, founder Carl Franz Bally pioneered a modern employee benefits model that included an on-site canteen, health care and pension plans. Though Bally is now a global luxury fashion brand with over 600 stores worldwide, the heart of its operations remains in Switzerland, where the company still takes care of people, craft and the environment, remaining true to its values.

Bally's 2022 annual Sustainability Report documents the company's progress to date and reflects its deep-rooted commitment to responsible practices.

The following excerpts represent a synthetic recap of the most relevant initiatives about sustainability. For a comprehensive understanding of Bally's commitments and actions, we recommend consulting the annual sustainability report at this link:

<https://www.ballyofswitzerland.com/on/demandware.static/-/Library-Sites-bally-shared-row/en/v1700218593547/images/2020/new/sustainability/bally-sustainability-report-2022.pdf#zoom=75>

## TRANSPARENCY

Bally strongly believes in the power of transparency. For this reason the company planned its sustainability roadmap in 2019 and has since then published an annual report to provide updates on its journey to sustainability. Every year the company has been increasing its precision in gathering and sharing data, particularly regarding the choice of energy and materials.



## OUR PRODUCTS

In 2022 Bally produced a total number of approximately 450,000 pairs of shoes and 650,000 ready-to-wear items and accessories. This high production volume is matched by exceptionally high standards for both the quality of their pieces, and their ethical and environmental impact.

In 2022, the company introduced the "Preferred Material List", a tool set to transform how products are designed and fabricated by taking Bally's sustainability credentials to a new level. Bally has also made improvements on the global supply chain transparency and continued to develop initiatives that increase the lifecycle of its designs.

## MATERIALS

To achieve the goal of traceability, Bally continues to classify all relevant materials used throughout its supply chain and production processes by weight, which is widely considered the most accurate indicator of material consumption and allows to track more precisely the organization's progress towards a more responsible sourcing.

Bally can therefore consolidate its report in the form of a concentrated material list (arranged in ten main categories) allowing the company to prioritize its efforts on the most relevant material types, being aware that every category includes a number of subcategories and material families. Bally remains attentive to every material used in their supply chain, including small or residual amounts.

Compared to 2021, 2022 saw the occurrence of quantity variations and differences within the same material groups that can be ascribed to a different mix in the collection, concerning not only raw materials but also categories (shoes, accessories and ready-to-wear).

In 2022 Bally was able to classify almost 400 tons of materials more than in 2021. This is certainly the result of an improved traceability ability.

Bally was also able to improve its raw material classification and to correctly weigh the different components of numerous composite materials; the company succeeded, for instance, in identifying 96 tons of leather used within their products but mixed with other materials. Furthermore, 65 tons of other mixed material have been correctly allocated to their proper material category.

Bally's capability of weighing employed materials has also improved, an example being that of the amount of rubber in the soles. In 2021, in fact, the company was aware of the importance and relative weight of rubber in its products, but could not properly classify it yet. In 2022 Bally has finally managed to account for it correctly, reaching the count of 166 tons.

Bally is committed to continue enhancing its systems to become increasingly precise in detailing the components of its products and their weight. In addition, the company is committed to improving its material sourcing. In 2022, around 25% of the material used had a preferable attribute, including:

- Certified materials – e.g. leather from Leather Working Group certified tanneries, GRS certified materials, BCI cotton, FSC paper and wood materials
- Chemically sustainable – e.g. metal-free leather, vegetable tanning
- Materials with less resource needed – textiles requiring less energy and/or water in their processes
- Organic/vegan – e.g. organic cotton
- Recycled material – pre and post-consumer waste.
- Bally is building on this achievement by creating a new Preferred Material List.

## SUPPLY & PRODUCTION

Bally considers their global supply chain partners as an extension of the brand. As such, suppliers are asked to demonstrate their commitment to Bally's shared values by signing and abiding by their Restricted Substances List and Supplier Code of Conduct. Traceability and accountability are of utmost importance, which is why the company maps its supply chain at Tier 1 and 2 levels. In 2022, by continuing to work with advanced models of procurement, production, and distribution, Bally has also managed to reduce the environmental impact of B2B transportation.





## **FLEXIBLE SOURCING**

Bally's flexible sourcing model continues to improve efficiency, enabling the company to adapt the supply chain to meet the required volume thresholds while maintaining long-lasting and trusted relationships with its main suppliers. Bally has established a well-defined production footprint that relies on the flexibility and knowledge of the European supplier industry, as well as a strategic supply base in more competitive locations. In 2022, Bally continued to reduce the impact of their B2B transportation by sourcing materials as locally as possible.

## **OPERATIONAL EFFICIENCY**

Bally's global logistics platform delivers a high degree of operational efficiency. In 2022, the company deployed a more efficient product allocation across different markets and channels, decreasing the overall inventory level and achieving further alignment between sales and supply, thus avoiding unnecessary product buffers.

## **SUPPLY CHAIN TRACEABILITY, ETHICAL STANDARDS & VENDOR MANAGEMENT** **MAINTAINING ETHICAL STANDARDS**

Bally nurtures strong relationships with all suppliers to ensure they meet the highest ethical standards for labor, health and safety, and the environment.

Besides the Restricted Substance List, every supplier is required to sign and respect Bally's Supplier Code of Conduct, which is based on respecting human rights and protecting the environment.

The Bally Supplier Code of Conduct is divided in four chapters, each one covering a macro topic and detailing the related required standards:





## 01 SAFE WORKING AND HUMAN RIGHTS

- Prohibition of child labor and regulation on minimum working age
- Prohibition of forced labor and requirements on voluntary employment
- Non-discrimination and Harassment guidelines
- Freedom of association and collective bargaining that need to be granted
- Provisions on working hours, compensation and benefits, and Regular employment
- Health and Safety of workers who shall be provided a safe workplace

## 02 ENVIRONMENTAL AWARENESS AND PROTECTION OF NATURAL RESOURCES

- Protection of animals and animal welfare
- Efficient energy use and reduction of GHG emissions
- Responsible water consumption
- Minimization of materials consumption and waste management
- Product quality and safety
- Handling of hazardous materials, chemicals, and substances

## TRACEABILITY

- Prohibition of outsourcing without authorization
- Material and product traceability along the supply chain

## ADDITIONAL PROVISIONS

- Anti-money laundering
- Anti-bribery
- Taxation
- Confidentiality of information

In addition, Bally has made it possible for any individual to report any situation or circumstance that may conflict to it. Vendors are invited to report any violation or breach of the Supplier Code of Conduct. They can contact the Internal Audit department via post or a dedicated email address.

Bally did not receive any reports in 2022, nor did they receive any fine for non-compliance regarding regulations and laws on environmental, social, and economic issues.



## VENDOR MANAGEMENT

Bally periodically interviews the majority of its suppliers on a range of themes, including environmental and social issues. Over the past three years, the company developed a holistic Vendor Management System that allows to trace suppliers' performances according to a set of six measures:

- Technical and commercial evaluation
- Financial scoring
- Economic evaluation
- Ethical and juridical evaluation
- ESG parameters
- Certifications

This evaluation covers all aspects of a client-supplier relationship and is aimed at achieving the following targets:

- Enhance the knowledge of the supply chain by structuring the relevant information and making it available to the organization
- Ensure the capacity to isolate and manage improvement points in all aspects contributing to the success of a business relationship with dedicated action plans
- Ensure the capacity to track suppliers' progress and evaluate them correctly
- Ensure the capacity to select partners according to specific criteria
- Manage suppliers in an open and transparent manner

In 2022, Bally surveyed suppliers representing 95% of their expenditure value, and none revealed any concerns regarding negative or social impacts in the supply chain.

In addition, Bally highlights the following data regarding its suppliers network:

- 64% already have policies in place aimed at reducing their environmental footprint
- 33% have green energy supply agreements
- 30% already have circular material processes in place

## BALLY'S COMMITMENT TO SUPPLY CHAIN TRANSPARENCY

Since early 2022, Bally has shared a list of trusted companies that represent the majority of its Tier 1 and Tier 2 suppliers. This list is regularly updated and covers the main product categories they develop, including shoes, leather goods, ready-to-wear pieces, and accessories. The 2022 list offers disclosure on 79 suppliers accounting for 52% of Tier 1 and Tier 2 suppliers in expenditure value. Information about their name and their address, their parent company, the number of employees, certifications and existence of free trade unions systems are made available.

## BALLY SUPPLIERS LIST

It is worth noting that any individual supplier may appear as both Tier 1 and Tier 2 as it fulfils distinct roles and positions across separate business units within Bally. However, the Vendor Management System allows Bally to correctly trace the respective roles each supplier plays across their supply chain.





## DIGITAL TRANSFORMATION

In recent years, the Covid-19 pandemic decisively accelerated Bally's path towards a best-in-class digital infrastructure. For instance, the company evolved its B2B communications with the development of a virtual showroom accompanied by virtual collection presentations, expanded its e-commerce presence, and was able to enrich the virtual dialogue with customers through content creation and social media.

In 2022, Bally continued to accelerate the digital investment and transformation, given its growing importance as a sales channel, and increasing share of voice in customer engagement. In September, Bally launched a new Digital Platform which works in parallel with the e-commerce website to offer an immersive experience of Bally's vision and creative direction, showcasing collections and runway shows, as well as the brand values and projects.

## BALLY'S DIGITAL ARCHIVE

Bally is closely connected to the Ticino region through its leadership within the Lifestyle Tech Competence Center (LTCC). The LTCC is a Swiss association that brings together diverse companies from a variety of industries to leverage technology for more sustainable business practices. It aims to support businesses conducting research and development in the lifestyle-tech arena, and to promote collaboration between academic institutions and companies, encouraging the exchange of technology and knowledge.

At LTCC, in addition to several innovation projects, Bally is working on the digitalization of its archive. Documenting more than 170 years of Bally history, it is fundamental for the company to preserve this archive, as a testament to their roots to help maintain the key values and the identity in a transformative time.

Archives allow brands to control their materials and curate their own story more directly. For this reason, as fashion has strengthened its role in modern culture, brands are thinking carefully about their archives and how to handle them; they want to preserve the past to build on their future. Archival fashion is not only culturally enriching but provides a rich source of inspiration for Bally's designers. It can also become an engaging communications tool for employee onboarding, retail partnerships, museum exhibitions, social media, and content creation.

The project involves transforming Bally's historical archive – which includes around 40,000 assets, from shoes to posters, and much more – into an innovative digital tool, through:

- digital content acquisition (tagging, scanning, etc.)
- digital preservation
- content enrichment
- user-friendly accessibility (high-definition assets)

Bally aims to complete their archive digitalization project by 2027.

<https://www.ballyofswitzerland.com/en/home>



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**Pioneering Transparency Through  
Technology in the Luxury Sector**