

## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

Company	Katvig A/S Langebrogade 6F DK-1411 Copenhagen K Denmark
Member since	2008
Number of Employees	18
Sector	Textile – Childrens Clothing Design Company
Global Compact Responsible	Camilla Thuge Lund Chief Operations Officer <a href="mailto:Camilla@katvig.dk">Camilla@katvig.dk</a> Mobile: +45 21 15 56 29
Submitted	18 <sup>th</sup> Januray 2012/CTL

### Brief description of nature of business

Katvig™ is the story of the little children's clothing company that started in 2003 and in just 7 years has grown across Denmark's borders with our unique and colourful designs and high quality products. Today we sell our products to > 15 countries. The company is located in Copenhagen and employs 16 people. We design 6 collections annually, sell to our customers at fashion fairs, purchase according to sales orders from China, Korea and Ukraine, receive the goods at our central warehouse in Denmark and finally distribute the orders to our customers.

As part of the global business environment we are highly impacted by, global cotton prices, oil prices, workforce structure and salary levels in producing countries and the economic spending power in our markets.

In 2006 we took a strategic decision to become sustainable, and since then our product has step by step been converted to sustainable textiles and sustainable production, whilst at the same time we also work to make all other aspects of our business sustainable and transparent to the consumer.

### Statement of support

Katvig has made a strategic commitment to support the 10 principles in Global Compact. Our Dream is to become world leader in sustainable textile production - constantly challenging the norms of the fashion industry and making a business out of it.

The Katvig™ Standard:

- Our products must live up to our values of sustainability and unique design
- Our supply chain and internal operation is dictated from an ethical, social and environmental aspect
- We must secure transparency for the customers via open communication

Katvig is furthermore a member of Danish Textile Organization (DTB), Danish Initiative for Ethical Trade (DIEH).

### Signature

Vigga Svensson



### Position

CEO

## STRUCTURE OF THIS REPORT

All the 10 Principles under the UN Global Compact are addressed by The Katvig™ Standard. To simplify this report and appropriately outline what we actually do, the COP Report is following the structure of current Katvig Sustainability Dimensions. In below overview the individual principles refer to the Katvig Dimension and under detailed description of the dimension there is a reference to the relevant UN Global Compact Principle.

PRINCIPLE	DESCRIPTION	KATVIG DIMENSION
1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS
2	BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS
3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING	CSR WORK WITH SUPPLIERS
4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS
5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS
6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS
7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES	PRODUCT CONTENT 3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS TRACEABILITY OF PRODUCTS CO2 REDUCTIONS
8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY	PRODUCT CONTENT 3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS TRACEABILITY OF PRODUCTS CO2 REDUCTIONS
9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES	PRODUCT CONTENT 3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION CSR WORK WITH SUPPLIERS TRACEABILITY OF PRODUCTS CO2 REDUCTIONS
10	BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY	CSR WORK WITH SUPPLIERS

## DETAILED DESCRIPTION OF KATVIG DIMENSIONS

KATVIG DIMENSION	PRODUCT CONTENT
REFERENCE TO UN GLOBAL COMPACT PRINCIPLES	Principle 7, 8, 9

### Our Commitment or Policy

Katvig is concerned about how the production of the raw materials used in our designs impacts the environment and the people producing it, as well as the impact to the health of the children wearing our designs. As a consequence we are committed to use Eco-friendly textiles in as many products as possible.

The Katvig™ Sustainability Barometer tracks our progress for share of products based on Eco-friendly textile. Eco-friendly textiles at this stage cover; Organic Cotton, Recycled Cotton, Organic Recycled Cotton and Recycled Polyester.



Source: SS11 Catalogue at [www.katvig.dk](http://www.katvig.dk)

Our target is that 100% of our products are based on Eco-friendly textile by 2015. However we have already achieved that goal with the products from the Autumn 2012 season.

We use The Katvig™ Sustainability Barometer internally and in our communication with customers and consumers.

### A brief description of our Processes or Systems

During the design phase of each collection we agree which products should be based on sustainable fibers. The decision to convert is a balance between the following factors:

- Does the design (fabric) exist in an Eco-friendly version?
- Do we have a supplier that can deliver?
- Can we achieve our overall margin targets for the collection?
- Do we have the capacity and capability to convert in case we're lacking both fabric and supplier?

We continuously wish to increase the share of products based on Eco-Friendly fibres, we do not wish to go back. Products that have already been converted will stay sustainable.

### Actions implemented in the last year

List of product groups converted during last year:

- Swimwear converted from conventional polyester to recycled polyester
- Knitwear converted to include recycled polyester
- Outerwear and fleece based on recycled Polyester
- All non organic cotton phased out.

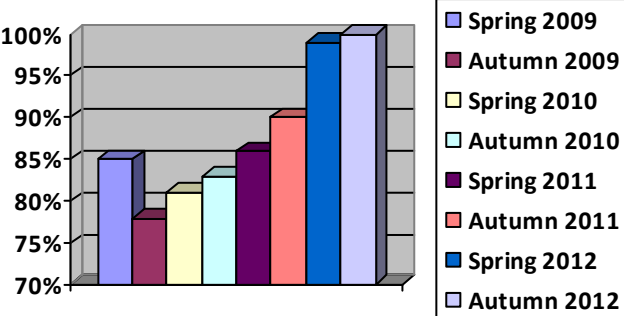
### Actions planned for next year

As we have already achieved our target we need to improve the fibre base even further through innovation of new fibre types etc. We also need to develop a new way of measuring progress.

### Measurable Results or Outcomes

The below graph show the development over that last 6 seasons and 2 planned ahead.

### Share of Eco-friendly Textiles



Source: Katvig™ Sustainable Barometer December 2011.

KATVIG DIMENSION	3 <sup>rd</sup> PARTY VERIFICATION OF PRODUCTION
REFERENCE TO UN GLOBAL COMPACT PRINCIPLES	Principle 1, 2, 4, 5, 6, 7, 8, 9

### Our Commitment or Policy

Katvig is concerned about the environmental, ethical and social aspects of textile production and wants to ensure that our Products live up to the leading global standards within this area. We believe the best insurance, both for us and the consumer is to let our suppliers and products be verified by 3<sup>rd</sup> party.

The Katvig™ Sustainability Barometer tracks our progress for share of products with 3<sup>rd</sup> Party Certificates. 3<sup>rd</sup> Party Certificates at this stage cover; GOTS, GRS, EKO, EU Flower, OE Blended. All these certificates can only be achieved if the supplier can guarantee minimum requirements within environment and social aspects of both product and process. We no longer use OekoTex because we think it gives the consumer a false sense of security.



Source: SS11 Catalogue at [www.katvig.dk](http://www.katvig.dk)

Our target is that 100% of our products are 3<sup>rd</sup> Party Verified by 2015.

We use The Katvig™ Sustainability Barometer internally and in our communication with customers and consumers.

### A brief description of our Processes or Systems

During the design phase of each collection we agree which products should be produced under which certificate. The decision to convert is a balance between the following factors:

- Can the design (fabric) achieve a certificate?
- Do we have a supplier that can deliver with this certificate?
- Can we achieve our overall margin targets for the collection?
- Do we have the capacity and capability to convert in case we're lacking both fabric and supplier?

We continuously wish to increase the share of products based on 3<sup>rd</sup> Party certificates, we do not wish to go back, however since we have phased out OekoTex we have gone back the last year. Note: Autumn is always lower than Spring as Knitwear generally are hard to certify.

### Actions implemented in the last year

OekoTex completely phased out.

List of product groups converted during last year:

- Fashion groups achieved GOTS, Chino's Socks, Swearwear, Lumberjack

### Actions planned for next year

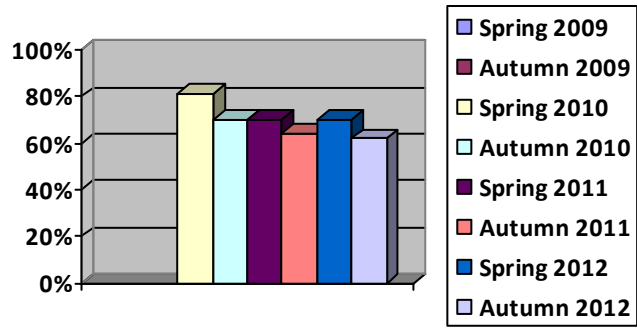
List of product groups we plan to convert during the next year:

- GRS for Outerwear, Silky, Fleece

### Measurable Results or Outcomes

The below graph show the development over that last 6 seasons and 2 planned ahead.

**Share of 3rd Party Certificates  
Textiles**



Source: Katvig™ Sustainable Barometer December 2011.

<b>KATVIG DIMENSION</b>	<b>CSR WORK WITH SUPPLIERS</b>
REFERENCE TO UN GLOBAL COMPACT PRINCIPLES	Principle 1, 2, 3, 4, 5, 6, 7, 8, 9, 10

### **Our Commitment or Policy**

Katvig is concerned about the environmental, ethical and social aspects of textile production and is committed to continuously work with our suppliers to improve these aspects and to ensure that they comply with our code of conduct for doing business.

The Katvig™ Supplier Agreement is our primary tool, it contains what we believe are the critical guidelines in doing business, and must be signed by the supplier before we start working together. We are committed to establish transparency of our CSR work both internally and externally.

Our target is that our Katvig™ Supplier Agreement is always up to date, signed by all suppliers and that a consistent follow up process is in place.

### **A brief description of our Processes or Systems**

The Katvig™ Supplier Agreement was developed during 2007 and must be updated from time to time. When we visit suppliers we follow up on the guidelines in the Agreement and identify areas of improvement.

For new suppliers the Agreement is discussed through before signed by supplier.

A key point in the Katvig™ Supplier Agreement is that the supplier is conforming to leading global standards and can document this through certificates or membership with relevant organisations.

We will use our memberships with the Danish Textile Organization, Danish Initiative for Ethical Trade (DIEH) and UN Global Compact to participate in network groups, keep our self up to date and exchange experience with others.

### **Actions implemented in the last year**

- The Katvig™ Supplier Agreement has been implemented with all suppliers
- We decided NOT to implement our own "Supplier certificate" to avoid confusion of consumers.

### **Actions planned for next year**

- None

### **Measurable Results or Outcomes**

All suppliers have signed the new Katvig™ Supplier Agreement.

<b>KATVIG DIMENSION</b>	<b>TRACEABILITY OF PRODUCTS</b>
REFERENCE TO UN GLOBAL COMPACT PRINCIPLES	Principle 7, 8, 9

**Our Commitment or Policy**

We want to have full transparency of our products from cotton field to consumer, to ensure we live up to our sustainable principles in the full supply chain and are able to share this traceability with customers and consumers.

Our target is that all our products are fully traceable.

**A brief description of our Processes or Systems**

New area that we do not yet have a process for.

**Actions implemented in the last year**

Katvig™ Cottonwear has been described from Field to Shelf and handed over to Brand marketing for further refinement and communication.

**Actions planned for next year**

Communicate the “trace” developed.

**Measurable Results or Outcomes**

None yet.

<b>KATVIG DIMENSION</b>	<b>CO2 Reductions</b>
REFERENCE TO UN GLOBAL COMPACT PRINCIPLES	Principle 7, 8, 9

**Our Commitment or Policy**

Katvig is committed to actively work to reduce the CO2 submission from our products and processes.

**A brief description of our Processes or Systems**

New area that we do not yet have a process or transparency for.

**Actions implemented in the last year**

Work on a Katvig CO2 statement started.

**Actions planned for next year**

Establish CO2 Footprint for our Logistics operation.

**Measurable Results or Outcomes**

CO2 statement available.

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

The Katvig COP Report will be available for download on our website [www.katvig.dk](http://www.katvig.dk) and also uploaded to UN Global Compact’s website.