

GLOBAL COMPACT

Communications on Progress 2012

ABOUT PILGRIM

PILGRIM History

Two Danes, Annemette Markvad and Thomas Adamsen, founded PILGRIM in 1983. They spent the first years travelling around Denmark selling jewellery in the streets and at rock festivals. Some jewellery items were produced in their small apartment in Skanderborg and they were always quick to turn a good idea into reality. They soon began exhibiting their wares at trade fairs in Denmark and later on, family and friends became involved in the business.

A few years later, Annemette, Thomas and the now-expanding business moved to larger premises – the basement of a large, old house. In 2003, they moved again into the present headquarters in Skanderborg, Denmark.

Today approximately 70 people are based at the Skanderborg facility and our designs within jewellery, watches and sunglasses are represented at more than 4,000 retailers and 50 concept shops around the world.

Behind the PILGRIM brand is a group of creative and highly socially-committed people whose focus is on being exceptional and faithful to what we stand for. This is manifested, for example, in the ways in which we behave and treat each other and our partners, and in our dedication to Médecins Sans Frontières. Since 2003 PILGRIM has supported the humanitarian organization. We design and produce one or more MSF products annually. These are sold in aid of MSF.

We also aim to make our customers special and to make them stand out from the crowd with that little extra touch that our PILGRIM design offers. And with the introduction of our Charms concept and later our Charming and SNAP concepts, it is now possible to create a unique item of your very own.



PILGRIM AND RESPONSIBILITY

It's our belief that operating from the heart and with social responsibility is an important part of running a business. And this belief is an important element when we choose collaboration partners.

We've established a Code of Conduct with our suppliers in the Far East, in addition to other initiatives.

In our desire to help wherever we can we have established a PILGRIM Foundation.

Besides this we work with different kinds of sponsorships to humanitarian organizations and projects.

CSR

Social Responsibility is one of our core values in PILGRIM. We are keen to influence our suppliers and convince them that proper conduct is a necessity, thus we have signed the Code of Conduct with all our suppliers.

In 2011-12, we'll continue working together with our suppliers towards making continuous improvements at their workshops. We continue to conduct factory audits to discover the actual conditions at the factory. Then we ask the factories to make corrections according to the Corrective Action Plan, prepared by us upon completion of the audit. After that, we pay follow-up visits to check whether all issues in the CAP have been corrected according to agreement. From time to time, we also visit the factories unannounced. By doing this, we make sure that we are always aware of how the factories are really running. With this combination of activities, we aim to improve general conditions at the factories. Although we have met some difficulties in some aspects due to the difference in different places, we are always trying our best to make our suppliers believe the progress in implementation of our Code of Conduct will bring benefits to all parties involved. What makes us happy and confident is that we can see the factories'

positive reactions in cooperating with us on making improvements. We're also glad to see the factory is doing more and more things step by step to improve. One of our factories begins to do some simple audits at their own suppliers and they show us the reports and photos for this. They sometimes ask for better solutions to see whether there is new way to improve. We regard this as a positive sign in the process of our Code of Conduct implementation.

If a factory is carrying out a fire drill, they often call us first so that we can go to the plant to see how it is doing. We offer suggestions and ideas for the whole process, whenever possible. The factories also call us when they are holding an activity or event for the workers, e.g. birthday parties or sports day, etc. It is nice for us to be there to experience these events. The factories earn extra points for doing this kind of extra human resource management.

At the very beginning when we audited the factories based on the Positive Auditing system, the factories felt somewhat nervous and they were reluctant to show us the real situation of the factories, including the real documents and the real records, etc. But in our audits later on, after we tried our best to make sure that factory management understood the benefits and the importance of complying with the Code of Conduct, we were happy to see all the real documents and that the factories were willing to tell us the truth. However, there still is room for improvement. We take this as a very positive sign for our future cooperation with the suppliers and as a step towards further improvement.

As we do not own the factory facilities ourselves, it is not easy for us to influence working procedures. However, we have made great efforts to establish close and good relationships with our suppliers. We place emphasis on learning, trust and cooperation. We will continue to work on improving conditions at our suppliers. We are aware that this is not an overnight project. We are prepared to meet the challenges facing us in the long run. We are also confident that all our efforts will in the end be beneficial not only to ourselves but also to the factories. We believe in the brighter future.

PILGRIM Foundation

The PILGRIM Foundation was established by PILGRIM in 2007. It is based on the desire to support humanitarian projects and then follow them at close range.

The purpose of the foundation is to provide humanitarian aid to benefit children and young people in developing countries, as well as other projects in developing countries, providing help to self-help in a specific and targeted way.

We continue to contribute to the PILGRIM Foundation despite very difficult times in the past years due to the financial crisis. The foundation these years receives a minimum amount of DKK 50,000 from PILGRIM A/S but is not active in 2011-12.



MSF (sponsorship)

Since 2003 PILGRIM has supported the humanitarian organization MSF, designing and producing one or more special MSF products each year, to aid the work of MSF.

These products can be bought from any of our PILGRIM shops, PILGRIM retailers, on the PILGRIM webshop, and on Médecins Sans Frontières' Danish website.

Médecins Sans Frontières is an independent humanitarian medical aid agency committed to international emergency zones. As such, their only source of financial income is by donation.

The MSF products from PILGRIM have already generated more than EUR 1,800,000.



More sponsorships

At PILGRIM, we have chosen primarily to support specially-selected charitable projects. We mostly support these projects through our designs and knowledge and products.

Our sponsorship work is within the following areas:

- We design products that we help market and sell to benefit charity. We currently collaborate with MSF (Doctors without Borders), as mentioned above.
- We donate products to events that support charity purposes.
- We design products specifically for organizations which take care of the sales and marketing themselves.

- We extend financial support to sports, children and young people and culture, as well as charities within the local area of Skanderborg, Denmark, where PILGRIM's head office is located.

PILGRIM does not provide financial support (excluding the above mentioned), but rather lends its support via products.

PILGRIM does not support individuals – only recurring events or well-established associations able to prove that the funds are sent to charity.

In 2011-12, we continued supporting charities, including:

- KIRKENS KORSHÆR (The Church Army, collaboration since 2006))

Just before Christmas PILGRIM once again produced a special jewellery item for the charitable organization Kirkens Korshær which helps shelter the homeless. Kirkens Korshaer takes care of the marketing and selling of this jewellery and they receive the entire profit from the sale.

This collaboration began through one of our collaboration partners who is a Kirkens Korshaer volunteer. The proceeds go to running a total of 29 shelters.

www.kirkenskorshaer.dk



- THE ADHD ASSOCIATION (collaboration since 2009)

We produced jewellery for the Danish ADHD (Attention Deficit Hyperactivity Disorder) patients association and profits from sales of the jewellery went to the organisation.

www.adhd.dk



- PINK CUP

Pink Cup is a golf tournament arranged by the Kræftens Bekæmpelse (Danish Cancer Society). Pink Cup brings together around 6,000 women every year and together they make a difference bringing breast cancer into focus and raising money for more research, patient support and prevention. PILGRIM sponsored Kræftens Bekæmpelse and the fight against cancer by donating the prizes for the Pink Cup.

www.cancer.dk

www.pinkcup.dk



- CHILDREN FORCED TO FLEE

PILGRIM is again donating money to this years "Danmarks Indsamling 2012". The appeal culminises in an annual televised event, organized and operated by Denmark's 12 largest humanitarian organizations in cooperation with the TV station DR1.

The money donated this year will be used in projects to help the millions of Africans, of whom half are children, who are forced to leave their homes due to drought, war, poverty, natural catastrophes or climate change.

www.danmarksindsamling.dk



- FORENINGEN MOR (The organisation "Mother")

PILGRIM is donating jewellery items to this organization, helping widowers and single mothers.

www.foreningenmor.dk



- HUS FORBI

PILGRIM is donating money to this organization, helping homeless people.

www.husforbi.dk



PILGRIM AND THE ENVIRONMENT

PILGRIM complies with all statutory limits on lead, nickel, cadmium and mercury, which means that our jewellery is, for example, nickel-free. We conduct on-going random checks during production to make sure that PILGRIM jewellery is 100% nickel-free. We also get documentation from our suppliers that all products are nickel-free.

We have also instigated numerous initiatives to reduce our carbon footprint through recycling policies and energy reduction.