

NORWEX CHINA

**2011 Corporate Social
Responsibility Report**



Corporate
Social
Responsibility
Report

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About Norwex China

Since 1994, when we started to sell microfiber, we have always devoted ourselves to improve quality of life by radically reducing the use of chemicals in personal care and cleaning. A healthy environment and personal life have always been, and will continue to be, the focus for Norwex.

A holding company, Norwex Holding AS, was established in 2000 to enable Norwex China group to expand internationally and to further our product development.

Today the Norwex group consists of six main companies, including Norwex Canada, Norwex Baltic, Norwex China, and Norwex Australia.

In 2005, Norwex came to China where we set up our first company, with further development and to cater to the demand from overseas market, we setup the first factory in Jiangsu Province of China in 2009, since then, the factory has being growing and extending fast, in just 2 years, we have grown up from a small-sized enterprise to a medium-sized enterprise.

We are here to protect the Intellectual property of Norwex worldwide and to prevent 'copycats' from emerging, to establish efficient production, product development, quality control, and to open up markets in the Far East and Asia.

Norwex China at glance

Norwex creates value by fulfilling the needs of customers and consumers in a spirit of innovation, through continuous efficiency enhancements and with a clear desire to contribute to sustainable development. The company develops, produces cleaning products. In 2011, Norwex China had annual sales of CNY 48million and about 160 employees.



Foreword by the CEO

Corporate Social Responsibilities are in today's business environment crucial to create a sustainable and ethical supply chain for manufacturing and sales & marketing organizations. An unethical supply chain that takes advantage of one or more stakeholders is unsustainable in the long term, but more importantly for Norwex China, contrary to the company's core values. We in Norwex China also believes that having a ethical and integral supply chain and ourselves operating with integrity is a great value add to our customers who ultimately purchase what is made by Norwex China and as such is the most important stake holder for us.

CSR for Norwex China means that all stakeholders are treated with integrity in all of the supply chain. We start with ourselves by ensuring Norwex China is meeting and exceeding the minimum requirements in United Nations Global Compact (UNGC). Second we encourage our suppliers, and prefer suppliers that follow UNGC. To ensure a minimum of compliance we ask all of our suppliers to submit a self-assessment to their own CSR activities and Norwex China also actively follow up with our suppliers by onsite CSR inspections to ensure compliance.

While ensuring a proper CSR compliance isn't currently met by all of our suppliers, we see progress made, working conditions improved and labor regulations being adhered to in an ever-increasing effort by our suppliers. Education to and inspections at our suppliers' sites will continue to be made as we move into 2012/2013 and results of our inspections will be communicated to all stakeholders.

I wish to thank Candy Shi for all the effort made in inspecting, follow-up and working with our suppliers to improve compliance to Norwex China's CSR standards.

Sincerely,

A handwritten signature in black ink that reads "Thomas Nicolaisen". The signature is written in a cursive, flowing style.

Thomas Nicolaisen
CEO Norwex China

Target indicators, outcome and progress in 2011

Area **Results 2011** **Measures and progress**

Environment

Chemicals	We don't use any chemicals in our products; all of our products are 100 percent environmental friendly.	Work on innovation to environmental friendly products continues.
Waste	The value of the waste in 2011 increased 41 percent compared with 2010.	The focus will be initially on quality control process.
Environmental management	All the industrial waste has been recycled; recycling in office is also going well.	Recycling project will be continued and more regulated in our factory.

Workplace

Safety at work	100 percent	Training for staff on health and safety will be continued.
Human rights and discrimination	0 cases of child or forced labor. 0 cases of discrimination.	Our HR department will be further focus on making sure that rules and laws are strictly followed up.
Employee performance reviews	100 percent completed	Managers will continue to focus on employee career development and each staff will have a training plan which will be obligatory for performance review in 2012.

Customers and suppliers

Anti-corruption	0 cases of corruption.	Training course on corruption has continued.
Suppliers	Self-assessment survey implemented at suppliers, 59.4% of suppliers completed the survey.	The self-assessment and auditing of suppliers will be further developed in 2012.

Society

Transparency	Our COP for 2010-2011 also conforms to UN Global Compact principles and was published both internally and externally.	COP/CSR reporting is continuously developed to be more educational and user friendly.
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Environment responsibility

Are we doing the right things?

Norwex's mission: improving quality of life

Norwex continuously strive to improve quality of life. The awareness around our indoor climate is increasing, and we believe that we represent a strong trend for the future. There is no doubt that chemicals are harmful to our health. This is why the company mission implies we shall improve health thus improving quality of life.

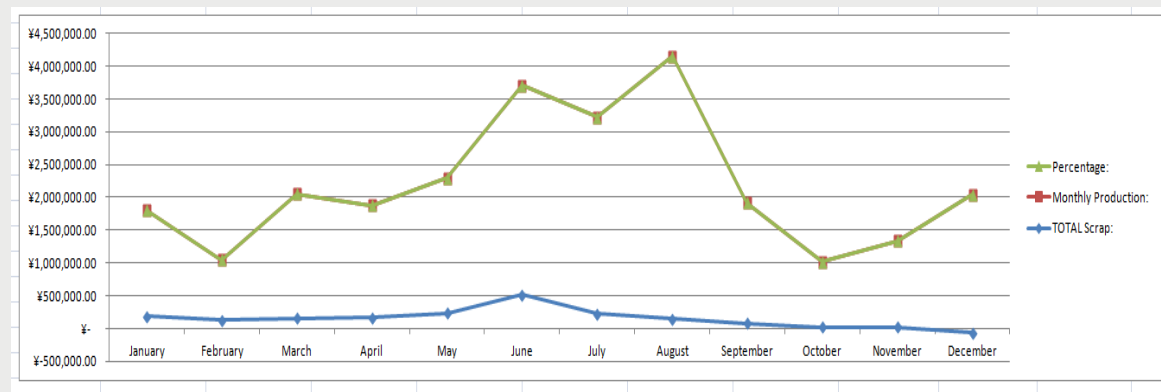
Norwex' contribution to a better planet Earth and fewer diseases and poisonings of people is to radically reduce the use of chemicals in the indoor environment both in cleaning and personal care.

Norwex is continually seeking better technologies for producing products as well as the characteristics of the products itself.

Waste

Waste in 2011 increased by 41% compared with 2010.

The focus was initially on quality control process and progress has been made when actions were taken, the scrap rate was reduced month by month in the second half of year 2011; the general trend of total scrap was going down compared with the data in the early 2011.



Continuous work is under way in the local operation to find waste disposal alternatives with a higher degree of recycling and lower cost. Recycling is carried out by external and internal partners.

In 2011, all the industrial waste from production has been recycled. Our recycling programs also cover the recycle of office daily use items.

Responsibility for employees and the workplace

Norwex's responsibility for employees and the workplace includes human rights, a healthy working environment and employee development. The same respect for health and safety must prevail irrespective of where operations are conducted.

Human rights

Human rights comprise fundamental rights and are defined as conventions and declarations in

respect of child labor, forced labor and the right to freedom of association, diversity issues and gender equality. All of these areas are addressed in Norwex's Corporate Social Responsibility Code of Conduct. Our Whistleblower policy gives all employees the opportunity to report suspected violations of laws or regulations.

Child and forced labor

- ***Violation of child or forced labor is 0.***

We have been adhering to the UN Global Compact Human Rights principles and SA8000 standard since we participated in the UN Global Compact in 2010.

No violation occurred in 2011 in respect of child or forced labor.

Diversity and equality

- ***Number of reported and investigated cases of discrimination is 0.***

Norwex's CSR Code of Conduct states that Norwex does not apply especial treatment to employees in regard to employment or work assignments on the basis of gender, religion, age, disability, sexual orientation, nationality, political opinions or social or ethnic origin.

In 2011, 0 cases of discrimination were reported.

Work environment - Health and safety

- ***Work-related injuries/illnesses: 2 cases***
- ***Average number of work days lost per injury per year: 7.5***

Workplace relationships

- ***Percentage of employees joined the labor union: 100.***
- ***Cases of labor dispute: 0.***
- ***Cases of dismissal due to violating company core values: 1.***

Within Norwex, continuous change processes are under way in connection with acquisitions, rationalization.

Accordingly, a primary task is to provide the conditions for change and, with respect for each employee, reduce uncertainty and insecurity, while at the same time ensuring the company's continued competitiveness.

All staff in Norwex have signed labor contract and are ensured stable job and income, no labor dispute was found in 2011. In 2012, we will continue to manage the whole process of human resource relationship, labor contract, coping with dissension, solving problems, creating a good environment for communication.

Norwex's Core Values: Integrity, Trust, Respect.

Norwex's core values are the fundamental of maintaining good relationships between company and employee as well as between employee and employee. We encourage all staff to speak out freely and to be a person can be respected, trusted. Our monthly conversation between CEO and employee is going well, we require every staff to adhere to our core values and staff that violates core values will have formal consequences. Staff awareness of mission and core values in 2011 was 95%.

Talent management

- ***Salaried employees that have completed performance review: 100 percent***
- ***Average number of training hours per employee per month in Norwex China was 3.***

Employee performance review process

Employee performance review is structured to help motivate employees and aid them in their performance and development. Managers and employee adhere to an established structure when preparing for the review, quarterly performance review survey is conducted to better understand how managers conduct the review and to improve the review quality. In 2011, all the admin staff completed the performance review survey.

At the review, the parties discussed targets for the past and the future, career development, mobility and development needs. Performance and potential are evaluated and in 2012, managers will continue to focus on employee career development and each staff will have a training plan which will be obligatory for performance review, and each team leader from production team will also have their performance review conducted quarterly.

Training and development

Norwex's principle for human resource development is to provide suitable training course to increase employee proficiency and retention rate. At the same time, employee has the opportunity to choose what training course they would like to take based on the individual development plan.

In 2011, the average number of training hours per employee per month in Norwex China was 3.

Compensation and benefits

An important factor to ensure the Norwex' s long-term success is to have a system of rewards that takes employees' performance into account. The scope for this is outlined in company Compensation and Benefits Policy. The basis of the policy is that the compensation structure is based on a systematic evaluation system for work content and performance.

Responsibility for customers and suppliers

Norwex' s responsibility for customers and suppliers is based on quality and safety in the products we deliver in parallel with sound business ethics.

Customer satisfaction

- **Customer return rate: 0.34 percent**

We seek to deliver experiences that increase satisfaction and drive loyalty—not only based on the performance of our products but also with regard to every interaction we have with our customers.

We are continuously working on our products and how we can improve on the quality, performance, and reliability. In 2011, company got ISO9001:2008 certification which its aim is not only to provide products with good quality, but also to enhance customer satisfaction.

We are convinced that sustainable business practices will contribute to the successful pursuit of our strategic priorities and thus to the long-term growth of our company. Our insistence that each new product must combine high quality with responsibility toward people and the environment results in more efficient products and improved technical solutions.

Suppliers

- **Percentage of suppliers have completed CSR self-assessment Survey: 59.4**
- **Percentage of suppliers have signed Supplier Partnership Agreement: 57.14**

Norwex' s objective is to work with suppliers who support our quality requirements and business principles. Evaluation of suppliers is partly through self-evaluations that contain questions regarding the work environment, human rights, environmental management and social responsibility.

Supplier CSR Self-assessment survey which covers policies and performance indicators that relating to national and local statutes and regulations as well as

“Norwex CSR Code of Conduct” was conducted through all Norwex' s active suppliers, the survey completion rate is 59.4%.

To build a closer and stronger cooperation and partnership between our suppliers and us, we developed the Supplier Partnership Agreement which describes commitments from both Norwex and Supplier to how this partnership should work. The agreement contains details on how Norwex and Supplier will work together on:

- Quality management for Norwex and Supplier
- Administrative routines
- Setting goals and tracking performance
- Manufacturing management and ERP support from Norwex
- Mutual confidentiality agreements
- Integrity statements
- Joint Corporate Social Responsibility commitments
- Joint training programs
- Norwex Supply Chain Management Program

Annual quality auditing on suppliers was completed, only one supplier was found unqualified according to our audit report and supplier relationship was ended in 2011.

Products

Safe products are of the utmost importance for customers and consumers, as well as for Norwex.

When developing new products, consideration is always given to legal and customer requirements, product liability, and environmental, health and safety aspects during manufacture and use where relevant.

With the great support of Norwex, our customer has gained license of Nordic Ecolabelling and the renewal of the license went well in 2011.

We are continuously working on innovation of production craft, cost savings, improving efficiency etc. New production craft is under analysis and research, the target of our production team is to enhance the level of automation and reduce the use of manual operation to save labour cost and material cost, and thus to reduce the impact from ever-increasing raw material and labour cost.

Responsible for the society and community

Norwex' s ambition is to contribute to global development by supporting the local communities in which it conducts operations.

Social commitment

Norwex participates in social activities, in the winter of 2011, the donation of clothing and other articles in daily use was initiated by Norwex staff, all the

donations were sent to the people who live in impoverished mountainous area of China and are eager for a warm winter.

The same donations were also sent to local children welfare association where children there need to be cared, loved and helped mostly emotionally and spiritually.

Our products were sent to local aged welfare association and hopefully our love could be passed to more and more people through our products.

Norwex and Save the Children Program

In 2012, Norwex will be committed to cooperate with Children of Shambala (CoS) which is a Norwegian independent non-political non-religious humanitarian organization alleviating poverty in Central Asia. CoS was founded in 2006 and has so far implemented more than 110 small scale development projects. The most important project today is "Orphanage Without Walls" (OWW).

Norwex' s ambition is to assume an increased global social responsibility by contributing to children's development and education. Norwex supports OWW project, which committed to alleviate poverty and improve quality of life in remote communities in Central Asia.

The sponsorship will be started from top management; the goal is to take responsibility for society and the community and to make the initiative spread to each individual through trainings and educations.

UN Global Compact Index

Norwex China is a signatory to the United Nations Global Compact, a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. Norwex China is required to annually communicate its progress in promoting the UNGC's ten principles. The index below provides links to UNGC disclosures according to each of the ten principles.

The Ten Principles of the United Nations Global Compact

Principle	Location
1. Businesses should support and respect the protection of internationally proclaimed human rights.	Page 3, 5, 6
2. Businesses should make sure that they are not complicit in human rights abuses.	Page 3, 5, 6
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Page 5
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	Page 3, 5

5. Businesses should uphold the effective abolition of child labor.	Page 3, 5
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Page 3, 5
7. Businesses should support a precautionary approach to environmental challenges.	Page 3-4
8. Businesses should undertake initiatives to promote greater environmental responsibility.	Page 4
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	Page 4, 8
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Page 3