

## Statement of support

Borch Textile Group has been a member of Global Compact since 2008 and our support is unchanged. Borch Textile Group is dedicated to fulfill the intentions of the 10 principles outlined by the UN in the Global Compact Initiative.

Through this concept we are committed to respect fundamental human rights and basic workers rights and to implement these principles in our company and we strive to influence our suppliers and business partners to live up to the same within their suppliers.

We have established a CSR-program in our supply chain and our commitment to help people employed by our suppliers is grounded in our conviction that all businesses must be sound and sustainable.

Environmental challenges are important to us and we have influenced our suppliers always to take a precautionary approach to environmental challenges and always choose an environmental friendly method. We are proud to make our modest contribution to a cleaner planet by prioritizing fabrics with environmental labels.

We will focus on measuring our performance within the ten principles in Global Compact the coming year.

This COP-report will be available through the UN Global Compact homepage. [www.unglobalcompact.org](http://www.unglobalcompact.org)

**Date:** 25-05-2012

**Signature:**



Ulrich Mosegaard, CEO

# Global Compact

## Annual Communication on Progress 2011

### Company data :

<b>Company name</b>	Borch Textile Group A/S	<b>Date</b>	27-05-2012
<b>Unit (if applicable)</b>			
<b>Address</b>	Strudsbergsvej 4 4200 Slagelse S	<b>Membership date</b>	18-08-2008
<b>Country</b>	Denmark	<b>Number of employees</b>	16
<b>Contact name</b>	Michael Mosegaard	<b>Sector</b>	Textile & Clothing
<b>Contact position</b>	Director		
<b>Contact telephone</b>	+ 45 5852 4550		

### Brief description of nature of business

Borch Textile Group A/S is a family owned business selling textile products for the healthcare industry and the hotel & restaurant industry. The company was founded in 1947 and acquired in 1972 by Niels Mosegaard, who is still the chairman of the board. To day the company is operated by the two brothers Ulrich and Michael Mosegaard. It is an international company situated in Slagelse with production in EU, Turkey, USA, Vietnam, Malaysia, China and Pakistan.

The company's mission is to be a trendsetting Scandinavian textile corporation within the range of textile products for the healthcare and hotel & restaurant industry. Our focus is on product innovation and consumer comfort.

The company has three strong daughter companies, Borch Textile Poland, Almedahls Alingsås, Sweden and Sølvberg Tekstil, Norway, and is exporting to 10 countries primarily in Europe. This report does not include local efforts in the daughter companies in Sweden, Poland and Norway. It is a priority to include local activity in the daughter companies in our COP-report 2012.

## Human Rights

<b>Principle 1</b>	<b>Business should support and respect the protection of internationally proclaimed human rights</b>
<b>Principle 2</b>	<b>Make sure that they are not complicit in human rights abuses</b>

### Our commitment or policy

Borch Textile Group has always been addressing environmental issues in the production and since 2008 we have worked on CSR including human rights in a more strategic way.

We are committed to uphold human rights principles, and as a consequence of our strategic work we formulated clear sustainability policies and have developed a responsible supplier programme.

According to our policy the company and all suppliers to Borch Textile Group must always respect the protection of internationally proclaimed human rights. It is also an obligation for us and our suppliers always to comply with all national laws relevant to human rights issues.

Our CSR-policy is covering all human rights issues and we are mostly focused on working hours, compensation and OHS (occupational health and safety).

We mainly operate in long terms relationships with a group of core suppliers with whom we have been doing business with for a long time. It is our belief that we have influenced our core suppliers by upholding a constant pressure and demand for documentation for decent working conditions every where our company is represented.

## **A brief description of our processes or systems**

Our policies and our in-house procedures for hiring new employees, for running our company and in a situation of dismissals will ensure us against discrimination or other human rights abuses.

In Denmark we observe all Danish legislation, which does not allow any discrimination what so ever. All terms of employment are established by individual workers contracts according to Danish legislation. Our code of conduct, our internal procedures, our in-house awareness of worker interests will prevent us from committing human rights offences.

### **Our suppliers**

We have established a CSR-programme for suppliers in risk countries, where 30 % of our production takes place. The programme includes several working tools such as a selfassessment template, Code of Conduct, and a questionnaire to the Code of Conduct.

Finally we categorise all suppliers once a year according to clear terms from A-E, and we only accept new suppliers, who can live up to criteria B.

## **Practical actions implemented in the last year / planned for next year**

We will establish a whistleblower system for the staff to forward their worries and claims in a anonymously way.

### **Our suppliers**

We have incorporated our CSR-policies in our Code of Conduct and we have the Borch Group trade terms signed by all suppliers implementing our Code of Conduct and our restricted chemicals list as a legal binding condition.

According to our CSR-programme we provide all new suppliers with a selfassessment tool corresponding to our Code of Conduct before making a permanent contract.

We will encourage suppliers to organize local training with in the areas of our Code of Conduct and to have external audit done. We will extent our percentage of suppliers in risk countries with SA 8000 certification.

## **Measurable results or outcomes**

We have raised awareness about about CSR issues in our headquarters and especially about labour rights. We had no cases so far.

### **Our suppliers**

We have raised awareness about about CSR issues in our supply chain in general and especially at all our main suppliers in risk countries. Our production in risk countries is placed at category A suppliers only. At the moment we have only A-suppliers and 100 % of our suppliers (buying volume) have signed our code of conduct. In 2011 67 % of our buying volume (BV) from risk countries come from SA 8000 certified suppliers and 33 % of the BV came from suppliers screened with our selfassessment tool.

## Labour

<b>Principle 3</b>	<b>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</b>
<b>Principle 4</b>	<b>The elimination of all forms of forced and compulsory labour</b>
<b>Principle 5</b>	<b>The effective abolition of child labour</b>
<b>Principle 6</b>	<b>The elimination of discrimination in respect of employment and occupation</b>

### Our commitment or policy

Borch Textile Group supports the fundamental labour principles in Denmark and abroad. We do our utmost to influence our suppliers to have the same attitude.

We support the principles of freedom of association and the right to collective bargaining and our director is a member of the board of Danish Federation of Textile & Clothing. Borch Textile Group A/S is a member of the Danish Federation of Textile & Clothing and we respect the collective agreement system as a supplement to danish labour legislation in our area of business. It is system of collective negotiation between employer and employee, called the « danish model » resulting in a collective agreement in line with legislation.

We also support the UN global work to eliminate all forms of forced and compulsory labour and the extortion of child labour and any discrimination of employment.

According to our Code of Conduct all suppliers must comply with both national legislation and the more specific rules in our Code of Conduct.

It is a core value to us that all employees in Denmark and every where our products are produced are treated with respect and dignity. We do not tolerate child labour as defined in the ILO conventions under the age of 15 years (14) or the local defined school age. Borch Textile Group recommends suppliers to treat young workers between 15-18 (in some countries from 14-18) as a vulnerable group, that should be given appropriate jobs only and never be engaged with dangerous work.

If a child is ever revealed in the production we insists, that a plan should be made in order for the child to go back to school and at the same time compensation should be given to the family by offering an other family member a job.

It is a rule in our Code of Conduct, that no worker must be subject to discrimination due to race, religion, age, national origin, sexual orientation or gender. No female workers should be discriminated for any reason what so ever and no pregnancy test are allowed. HIV/aids tests are not allowed either.

### A brief description of our processes or systems

In our headquarters in Denmark we follow the danish legislation on labour rights. All employees are allowed to organize in unions as we respect freedom of association and the right to collective bargaining. Borch Textile Group are covered by two collective agreements for the different types of staff according to Danish tradition.

According to the Danish Health and Safety Work Act, our health and safety work includes representatives from the workers and from the management group. Our occupational and safety work is well organised and functions successfully according to the intentions of the law. We keep record of meetings and relevant decisions. We have made the compulsory APV assessments for all workplaces and we are keeping records of any accidents what so ever. We have annual conversations with all employees to obtain personal development.

We do not have any risk of workrelated accidents since our production takes place abroad. We discuss any potential work related issues in the group.

We have a very family friendly working environment where every worker can choose to take part in a flexible time system instead of fixed working hours. We have a system where overtime is always voluntary and we do not pay a premium for overtime hours, because the employees want to save up hours and have some hours or days off for personal reasons on an individual basis. We try to meet the wishes from our employees as much as running the company allows us.

We are paying our workers above average for similar jobs in the industry.

We have 5 weeks of vacation and paid sick leave. 2,5 % of the working hours were lost due to sickness. We are in compliance with Danish legislation and follow the collective agreements in our area. Every employee has all together 5 weeks plus extra 5 personal holidays every year plus all public holidays.

According to the relevant collective agreement the employees have a private pension. Half is paid by us and the other half is paid by the employee. The amount is deducted from the salary and paid directly to the insurance company. All employees are encouraged to take education within their area of responsibility.

The company provides everyone with a private illness insurance and coffee, tea and fresh fruit for free besides free breakfast every Friday. As a benefit all employees can buy the company products at very favorable prices.

We strive to give both men and women equal opportunities and we encourage both genders to join relevant training programmes within their area of responsibility.

### **Our suppliers**

Our policies and positions are transferred into concrete rules in our supplier Code of Conduct. The Code of Conduct includes the 10 principles in the UN Global Compact initiative including the most important Labour Rights and conventions.

According to our Code of Conduct it is a general rule that no worker must work more than 48 hours + 12 overtime hours and never on a regular basis. Compensation must always be paid according to a premium rate according to local legislation and all workers must have one day off after 6 days of continuous work.

The occupational health and safety work with our suppliers is of most importance to us and we hold - as a minimum - a legal framework in the national laws in our production countries.

## **Practical actions implemented in the last year / planned for next year**

We are continuously working to improve our working environment, according to the Danish legislation and we will assess any labour related risk of accidents professionally.

We work under the rules in two collective agreements and voluntarily follow the collective agreement for office work.

We strive to give both men and women equal opportunities, however our management group has no women represented for the time being.

We have spent 35.000 DKK on charity programmes in 2011 and we plan to do the same in 2012.

Our flow of employee is at the moment 14 % and we expected it to be 10 % in 2012. Our goal for absence because of sickness is 2,25 %. In 2012 we will also establish a whistleblower in Slagelse in order for the staff to be able to make complaints anonymously.

This report does not include local efforts in the daughter companies in Sweden, Poland and Norway. It is a priority to include local activity in the daughter companies in our COP-report 2012.

### **Our suppliers**

We have raised awareness about about CSR issues in our supply chain in general and especially at all our main suppliers in risk countries. We have established a CSR-programme for suppliers in risk countries, where 47 % of our buying volume is produced. The programme includes several suppliers tools as mentioned earlier. Our production in risk countries is placed at category A suppliers only.

According to our CSR-programme all our main suppliers will have to issue selfassessment templates to help them identify if they have any weak areas to work on within labour rights.

Finally we will develop a simple site inspection tool for our in house staff to be used, when visiting a factory. At the same time we always check that all aisles and runways are free from any obstructing objects and we ask to see documentation that first aid courses and fire drills have been held on regular intervals.

## **Measurable results or outcomes**

We have raised awareness about about CSR issues in our headquarters as and especially about human rights and labour rights at all our main suppliers. Our occupational health and safety work is well functioned. Our measurements can be seen in Appendix 1 to this report.

At the moment 29 % of our staff is covered by a collective agreement. We have a detailed staff handbook with supplementary rules. For 43 % of our staff we voluntarily follow a collective agreement for office workers. 100 % of our employees have a private health insurance. In 2011 our employee flow is 14 %.

### **Our suppliers**

We have raised awareness about CSR issues in our supply chain in general and especially about human rights and labour rights at all our main suppliers in risk countries. In risk countries our production is for the moment placed only at category A suppliers.

100 % of suppliers (BV) have signed our Code of Conduct. In 2011 67 % of our buying volume (BV) from risk countries came from SA 8000 certified suppliers and 33 % of the BV came from suppliers screened with our selfassessment tool.

## **Environment**

<b>Principle 7</b>	<b>Businesses should support a precautionary approach to environmental challenges</b>
<b>Principle 8</b>	<b>Undertake initiatives to promote greater environmental responsibility</b>
<b>Principle 9</b>	<b>Encourage the development and diffusion of environmentally friendly technologies</b>

## **Our commitment or policy**

Borch Textile Group holds the position that business should support a precautionary approach to environmental challenges in the society. We assess the impact of our operations worldwide. We are compliant with environmental legislation in Denmark and expect our suppliers to comply with their national legislation too.

We are also committed that clothes must not be made under circumstances that harm the environment. We do our utmost to influence our suppliers with a precautionary approach to environmental challenges in their local neighbourhood.

In our headquarters in Denmark we have a clear policy on focussing on resources spend in the organisation. It goes from water consumption, electricity, paper, food and other necessary things. We have an environmental policy never to fly goods to Denmark from our production countries overseas unless it is absolutely necessary. We want to reduce our CO2 emission from transportation. However our own production from East Europe must be transported by road.

It is our policy to use Oeko-tex 100 labelled or EU-flower labelled fabric as much as possible. We are

very much aware, that our clothes must not contain unhealthy or harmful dyes or chemicals.

## **A brief description of our processes or systems**

Our environment efforts are as follows:

- Focusing on environmental impact from running our headquarters
- Focussing on EU-flower or Oeko-tex 100 labelled fabric with defined goals.
- Restricted chemicals programme for all suppliers defined according to the Oeko-Tex 100 limit values

### **In headquarters**

We have implemented a simple management system with focus on reduction of resources and recycling of all materials. Due to Danish legislation we recycle glass, paper, environmental harmful waste and sort our daily waste as much as possible. We also measure our annual consume in various areas.

### **Our suppliers**

We have raised awareness about the environmental impact from running a production and implement our positions to our suppliers. We are especially keen on asking if they have noticed if decent water cleaning facilities in the dyehouses exists also at their sub-suppliers premises.

Our restricted chemicals programme is a part of our Trade Terms and must be signed by all suppliers once a year. When ever we visit our suppliers, we make sure, that they ask for the similar commitment from their sub-suppliers. We ask suppliers to check carefully their sub-suppliers, especially the dyehouses, where the biggest harm to the nature can occur.

## **Practical actions implemented in the last year / planned for next year**

In 2011 we have implemented a systematic measurement of our efforts on various relevant areas within our internal and external environmental impact. We have set up goals and in-house accounting points, and we will limit our resources to areas where we can have a considerable impact.

We will continue to raise awareness to our employees about the importance of contributing to a clean environment.

## **Measurable results or outcomes**

We have successfully raised awareness that the environmental issues are of most importance to European customers. Since we have no production in Denmark our environmental impact is relatively limited. However we have found room for improvement in different areas.

We have started to measure our total consumption of electricity, water, gas, and consume in general and we will focus on setting goals. Our present performance can be seen in Appendix 1 to this report.

We have 100 % signed commitments to our restricted chemicals programme from suppliers and all our core suppliers have obtained a higher awareness on environmental challenges. Our effort on restricted chemicals has contributed to a general higher awareness of avoiding harmful chemicals in our clothes.

Today 100 % of all fabric (own production) is Oeko-Tex 100 labelled. Besides we have decided that the limit values in Oeko-tex 100 shall form the general standard for our restricted chemical programme, also when our clothes is not labelled with Oeko-Tex 100.

The European environmental label, the EU-flower, is on 30 % of all the fabric we buy or used in our clothing.

# Global Compact COP 2011

	Policy/system	Measurements	Objektives 2012																																			
Human Rights	<b>Headquarters:</b> Policy + Code of Conduct (CoC) <b>Suppliers:</b> Code of Conduct	<b>Headquarters:</b> No cases <b>Suppliers:</b> 100 % of buying volume (BV) have signed Code of Conduct 67 % of BV in <b>risk countries</b> (outside EC) came from SA 8000 certified factories and 33 % of BV in <b>risk countries</b> screened with self assessment.	<b>Headquarters:</b> Suggestion box/whistleblower system <b>Suppliers:</b> 100 % of BV with signed Code of Conduct 75 % of BV in <b>risk countries</b> from SA 8000 certified factories and 25 % of BV in <b>risk countries</b> screened with self assessment.																																			
Labour Standards	<b>Headquarters:</b> Policy Code of Conduct Three collective agreements  <b>Suppliers:</b> Code of Conduct	<b>Headquarters:</b> 35.000 DK. used on charity programs 29 % with a collective agreement 43 % are voluntary covered by a collective agreement 100 % of employees with private health insurance 14 % employment flow 2,5 % non-attendance due to sickness  <b>Suppliers:</b> 100 % of BV have signed Code of Conduct 67 % of BV in <b>risk countries</b> from SA 8000 certified factories and 33 % of BV in <b>risk countries</b> screened with self assessment.	<b>Headquarters:</b> Suggestion box/whistleblower system 35.000 DKr. used on charity programs 29 % with a collective agreement 43 % are voluntary covered by a collective agreement 100 % of employees with private health insurance 10 % employment flow 2,25 % non-attendance due to sickness  <b>Suppliers:</b> 100 % of BV with signed Code of Conduct 75 % of BV in <b>risk countries</b> from SA 8000 certified factories and 25 % of BV in <b>risk countries</b> screened with self assessment.																																			
Environment	<b>Headquarters:</b> Environment policy   <b>Suppliers:</b> Restricted chemicals programme.	<b>Headquarters:</b> <table><tr><td></td><td>2010</td><td>2011</td></tr><tr><td>Electricity in KwH</td><td>23306</td><td>23690</td></tr><tr><td>Water in M3</td><td>98</td><td>80</td></tr><tr><td>Gas in cbm</td><td>56829</td><td>52570</td></tr><tr><td>Transportation by Ship/aeroplane/road</td><td>60%/2%/38%</td><td>60%/2%/38%</td></tr><tr><td>Oeko-tex 100 (own production)</td><td>100%</td><td>100%</td></tr><tr><td>EU-flower (own production)</td><td>30%</td><td>36%</td></tr></table> <b>Suppliers:</b> 100 % signed commitment to our restricted chemicals program		2010	2011	Electricity in KwH	23306	23690	Water in M3	98	80	Gas in cbm	56829	52570	Transportation by Ship/aeroplane/road	60%/2%/38%	60%/2%/38%	Oeko-tex 100 (own production)	100%	100%	EU-flower (own production)	30%	36%	<b>Headquarters:</b> <table><tr><td></td><td>2012</td></tr><tr><td></td><td>23000</td></tr><tr><td></td><td>80</td></tr><tr><td></td><td>52570</td></tr><tr><td></td><td>60%/2%/38%</td></tr><tr><td></td><td>100%</td></tr><tr><td></td><td>38%</td></tr></table> <b>Suppliers:</b> Final random inspections of chemicals at core suppliers in <b>risk countries</b> .		2012		23000		80		52570		60%/2%/38%		100%		38%
	2010	2011																																				
Electricity in KwH	23306	23690																																				
Water in M3	98	80																																				
Gas in cbm	56829	52570																																				
Transportation by Ship/aeroplane/road	60%/2%/38%	60%/2%/38%																																				
Oeko-tex 100 (own production)	100%	100%																																				
EU-flower (own production)	30%	36%																																				
	2012																																					
	23000																																					
	80																																					
	52570																																					
	60%/2%/38%																																					
	100%																																					
	38%																																					
Anti-corruption	<b>Headquarters:</b> Anti-corruption policy Code of Conduct Suggestion box  <b>Suppliers:</b> Code of Conduct	<b>Headquarters:</b> No cases <b>Suppliers:</b> 100 % of BV have signed Code of Conduct 67 % of BV in <b>risk countries</b> from SA 8000 certified factories and 33 % of BV in <b>risk countries</b> screened with self assessment.	<b>Headquarters:</b> Suggestion box/whistleblower system <b>Suppliers:</b> 100 % of BV with signed Code of Conduct 75 % of BV in <b>risk countries</b> from SA 8000 certified factories and 25 % of BV in <b>risk countries</b> screened with self assessment.																																			