



This is our Communication on Progress in implementing the principles of the United Nations Global Compact.

We welcome feedback on its contents.

# UN GLOBAL COMPACT

## COMMUNICATION ON PROGRESS REPORT

### 2011



Spirit Wholesale A/S    Ouskjær 32    DK 7100 Vejle    + 45 76 41 29 30    [www.metoo.dk](http://www.metoo.dk)

## Statement of support

Spirit Wholesale is dedicated to fulfil the intentions of the 10 principles outlined by the UN in the Global Compact Initiative. We strive to influence our suppliers and business partners to support, to participate and to live up to the principles of the Global Compact Initiative for a sustainable development.

Spirit Wholesale has been a member of Global Compact since 2008 and our support is unchanged. Through this concept we endeavour to respect fundamental human rights and basic workers rights and to implement these principles in our company and influence our suppliers and business partners to do the same with their suppliers. We continuously set targets within the 10 principles and we have begun measuring our performance year by year.

Our commitment to work with sustainability in a business driven way is more relevant than ever. We want to support our brandname and to run our in-house performance as sustainable and cost efficient as possible.

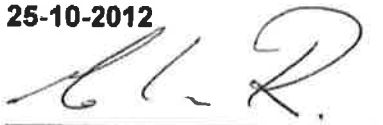
At the same time it is our conviction that we are able to make a little difference in a tough world. Thus we contribute with donations through private charity initiatives of various kinds besides our business driven CSR-efforts.

This COP-report will be available through the UN Global Compact homepage.

**Date:**

**Signature:**

**25-10-2012**



**Claus Rasmussen, CEO**

ME TOO · NEXT↑LEVEL · PL

# Annual Communication on Progress 2011

## Company data :

<b>Company name</b>	Spirit Wholesale A/S	<b>Date</b>	8-11-2012
<b>Unit (if applicable)</b>			
<b>Address</b>	Ouskjær 32 7100 Vejle	<b>Membership date</b>	19-02-2008
<b>Country</b>	Denmark	<b>Number of employees</b>	32
<b>Contact name</b>	Claus Rasmussen	<b>Sector</b>	Textile & Clothing
<b>Contact position</b>	CEO		
<b>Contact telephone</b>	+ 45 76 41 29 30		

## Brief description of nature of business

Spirit Wholesale ApS is a family owned business that designs and sells clothes for children from 0-14 years. The company is founded, owned and operated by husband and wife Ginnie Nørskov and Claus Rasmussen. It is an international company with production through agents in Portugal, China, India and Thailand. The company has two strong brands, METOO and NEXT LEVEL and has an export to 17 countries primarily in Europe. The products are sold worldwide through distributors.

The company's mission is to create exclusive children's clothing at competitive prices with a strong focus is on international design in cheerful colors.

## Human Rights

**Principle 1**      **Business should support and respect the protection of internationally proclaimed human rights**

**Principle 2**      **Make sure that they are not complicit in human rights abuses**

## Our commitment or policy

In 2008 a risk assessment of the potential areas of human rights abuses in our production countries was conducted. We are committed to uphold human rights principles, and as a consequence of our risk analyse, we made a clear sustainability policy.

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

We strive to influence our suppliers by upholding a constant pressure for documentation of complying with fundamental human rights conventions and decent working conditions within our sphere of influence.

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

Our policies and values in combination with our in-house procedures for hiring new employees, for running the company and for dismissal will ensure us against discrimination or other human rights abuses.

Our headquarters in Denmark are under strict Danish legislation, which does not allow any discrimination. Terms of employment are established by individual workers contracts according to Danish legislation.

Our Code of Conduct, procedures and our in-house awareness of worker interests will prevent us from committing human rights offences. It is also 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 or HIV/aids tests are allowed.

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

### ***Headquarters***

We have set up key points on specific areas within human rights in our head office in Vejle and at our main suppliers in order to be able to measure our efforts year by year.

Due to the general financial crises in Europe we have not been able to attend our goal from last year about educating our staff in CSR issues. We hope to be able to go forward with our plan to educate our salesstaff including salesrepresentative in CSR, our Code of Conduct, our productmarks, and our restricted chemicals programme in 2012-2013. We want our sales people to be able to use our sustainability effort as an active tool in sales.

### ***Suppliers***

We have incorporated our policy in our general code of conduct. The code of conduct is a part of our trade terms agreement signed by all suppliers. The trade terms implement our code of conduct and our restricted chemicals in the legal contract between Spirit Wholesale and our suppliers.

According to our CSR-programme all our main suppliers will have to issue selfassessment templates to help them identify areas for improvement in 2012. We provide all suppliers with the selfassessment tool every third year. Unfortunately we and our suppliers have experienced that we are not yet ready for next step which is internal or external audits. However we will continuously encourage suppliers to subscribe for local training and to have a pre-audit done in order to have a specific corrective action plan (CAP) to work from. It is a goal for 2012/2013 that 75 % of all suppliers based on buying volume must issue a selfassessment template.

## **Measurable results or outcomes**

We have raised awareness about about CSR issues in our headquarters and especially about human rights and labour rights at all our main suppliers in risk countries.

As a result of our focus on equal oportunities 80 % of all our employees on management level or working with confidential work, are female.

All our suppliers have signed our Trade Terms with our Code of Conduct. We are under procedure with collecting selfassessment templates from core suppliers. We have selected our core suppliers and we are instructing them to prepare for external audit based on their selfassessment templates.



<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**

Spirit Wholesale supports the fundamental labour principles in Denmark and we do our utmost to influence our suppliers to hold the same position.

We support the principles of freedom of association and the right to collective bargaining. We are a member of the Danish Federation of Textile & Clothing (DM&T) and we respect the collective bargain agreement system as a supplement to danish labour legislation in our area of business.

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 in employment.

Our suppliers must comply with both national legislation and the specific rules in our Code of Conduct.

It is a part of our policy that all employees in Denmark and where ever our products are produced must be treated with respect and dignity. We do not tolerate child labour as defined in the ILO conventions below 15 years or the local defined school age. Spirit Wholesale recommends suppliers to treat young workers between 15-18 ( in some countries from 14-18) as a vulnerable group, that should always be given appropriate jobs only and never be engaged with dangerous work or long hours.

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.

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

### ***Our headquarters***

In our headquarters in Denmark we follow the danish legislation on labour rights. According to the Danish Health and Safety Work Act we have a health and safety committee with representatives from the workers and the management group. Our occupational and safety work is well organised and functions successfully according to the intentions of the Danish legislation. We have made the compulsory APV assessments for all workplaces and we are keeping records of any accidents what so ever. We keep records of all our meetings and we discuss any work related issues in the health and safety group. Our laws on Occupational health and safety are strong and we have never had any working related accidents in our company history. Since October 2010, the psychical work environment has been included in the work in the committee according to Danish legislation.

We follow the collective agreements in our area on a voluntary basis and we are paying our workers above average for similar jobs in the industry.

We have a system where overtime is always voluntary. We do not pay a primium for overtime hours, because the employees prefer to save up hours and have some hours or days off for several personal reasons on a individual basis. We try to meet the wishes from our employees as much as running the company allows us.

### ***Our suppliers***

Our policies and positions are transfered into concrete rules in our supplier Cde of Conduct. The Code of Conduct includes the most important international human rights principles and main labor

standards.

According to our Code of Conduct it is a general rule that no worker must work more than 48 hours a week + 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. We comply with these rules in Denmark and expect our suppliers to do the same.

The occupational health and safety work with our suppliers is of most importance to us and we have - as a minimum - a legal framework in the national laws in our production countries. When visiting suppliers we frequently 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. We also ask suppliers to explain their wage policy and we debate living wages with our core suppliers.

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

### **Headquarters**

We are in compliance with Danish legislation and collective agreements in our area. 78 % of all employees are working according to terms regulated in the relevant collective agreement. All employees have all together 5 weeks vacation plus 5 personal holidays every year plus all public holidays. After 6 months in job all employees have a private pension of 12 % of the salary, hereof is 2/3 paid by the principal.

Most employees have the right to spend one day working from their home, whenever it is in the best interest of the company as well as a wish from the employee.

The company provides everyone with a private illness insurance and a canteen with healthy food at reduced prices, massage facilities, coffee, tea and fresh fruit free of charge.

Today 80 % of our management group or employees with confidential work, are women.

Around 10 % of all employees are working on special terms and in 2011/2012 and the same is expected in 2012/2013. In 2012/2013 5 % of all employees will receive first aid training.

### **Suppliers**

According to our CSR-programme all our main suppliers will have to issue self-assessment templates to help them identify areas for improvement. We provide suppliers with the self-assessment tool every third year. Unfortunately we and our suppliers have experienced that we are not yet ready for internal or external audits. However we will continuously encourage suppliers to subscribe for local training and to have a pre-audit done in order to have a specific corrective action plan (CAP) to work from.

It is a goal for 2012/2013 that 75 % of all suppliers based on buying volume must issue a self-assessment template. Finally we are planning to make a simple eye opening tool for our in-house staff to be used, whenever we are visiting a factory.

## **Measurable results or outcomes**

We have raised awareness about CSR issues in our headquarters as and especially about human rights and labour rights at all our main suppliers. Without measuring our efforts we have no doubt that our initiatives beyond our legislative obligations have strengthened the loyalty and enthusiasm amongst our staff. When we say we, we mean we.

We have a tradition of donating considerable amounts to different charity arrangements such as company donations to families with children with cancer, sending all surplus production to different orphanages in Sydafrika, Bolivia, Ukraine, Rumænien, Indien, Mongoliet m.fl. Also in 2011 we have

given economic donations, however at a lower level due to the financial situation in our country.

### **Suppliers**

Today all our main suppliers know exactly what we mean, when we talk about good CSR. We have signed Code of Conduct from all suppliers and we have asked selected suppliers in risk countries to work together with us about CSR in our supply chain for the coming years. We are instructing them to make selfassessment templates in 2012/2013, however we are not yet ready to continue with external audits.

We are confident that our relationship with our suppliers will grow stronger due to the CSR process they will have to undergo because of our subscription to the UN Global Compact.

## **Environment**

**Principle 7      Businesses should support a precautionary approach to environmental challenges**

**Principle 8      Undertake initiatives to promote greater environmental responsibility**

**Principle 9      Encourage the development and diffusion of environmentally friendly technologies**

### **Our commitment or policy**

Spirit Wholesale holds the position that business should support a precautionary approach to environmental challenges in the society. We are compliant with environmental legislation in Denmark and expect our suppliers to comply with their national legislation.

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 neighbourhood.

In our headquarters in Denmark we have a clear environmental policy 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 Far East unless it is absolutely necessary.

We are very much aware, that our clothes must not contain unhealthy or harmful dyes or chemicals. We condemn PVC, formaldehyde and AZO-dyes containing heavy metals in an concentration of more than 0,1 ml (REACH). 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.

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

Our environment efforts are as follows:

- Focusing on environmental impact from running our headquarters
- Waste management in headquarters
- Restricted chemicals programme for all suppliers based on Oeko-Tex 100 limit values

#### **Headquarters**

We have a waste management system with focus on reduction and recycling. Due to Danish legislation we recycle glass, paper, environmental harmful waste and sort our daily waste as much as possible. We also register our consume of heating electricity, and commercial waste, transportation by air and sea.

#### **Suppliers**

Our restricted chemicals programme is a part of our Trade Terms and must be signed by all suppliers once a year. Whenever we visit our suppliers, we make sure, that they ask for the similar commitment from their sub-suppliers. We are especially keen on asking if they have noticed if decent water cleaning facilities in the dyehouses exists.

We ask suppliers to check carefully their sub-suppliers, especially the dyehouses, where the most pollution can occur.

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

In 2011 have started to measure our efforts on various relevant areas within our internal and external environmental impact. We have developed in-house KPI's, and we will limit our resources to areas where we can have an considerably impact.

We are in the process of pointing out a responsible person for our environmental work.

Since we have moved to a brand new domicile and since we have no production in Denmark our environmental impact is relatively limited. However we can always find room for improvement in different areas and raise awareness to our employees about the importance of contributing to a clean environment. We plan to reduce our in-house consumption by 10 % i 2012/2013.

## Measurable results or outcomes

Our measurement from 2011 can be seen on last page of this COP-report. However were are confident that the facilities and the surroundings in a complete new domicile have contributed to a very high working satisfaction within the working environment in our company.

We have 100 % signature on our restricted chemicals programme in the supplychain. The number of items in our baby collections of fabric with the health label, Oeko-Tex 100, has increased to 10 % of our total buying volume.

## Anti-Corruption

**Principle 10**      **Business should work against all forms of corruption, including extortion and bribery**

### Our commitment or policy

We strongly refrain from any forms of corruption, including extortion and bribery. It is our policy that bribery must not be offered, promised, used, accepted, demanded or contributed from. We comply with all relevant legislation in Denmark regarding corruption and bribery.

We strongly support the work done by UN and other international organisations against corruption since we very much denounce this phenomenon.

### A brief description of our processes or systems

We completed a risk assessment in 2008 and we are happy to realize, that we have no suppliers in some of the most corrupted countries in the world. Our headquarters is situated in Denmark, which is regarded as one of the least corrupted countries in the world. Corruption does almost never take place in Denmark. We have no internal procedures to disclose or to monitor corruption on a daily basis because it is hardly relevant for us.

#### **Suppliers**

We try to influence our suppliers, that corruption is very wrong and that they should refrain from using bribery in any situation what so ever. However we are aware of the demand for small facility



payments in various countries due to cultural reasons. We have informed our suppliers that corruption is a key issue for us and that we might carry out unannounced inspections to disclose bribery, if we have any such indications what so ever.

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

In 2013 we plan to set-up a whistle-blower arrangement or an anonymous suggestion box for all employees to be comfortable in having a safe place to bring forward their assumptions or complaints. We will encourage our suppliers to establish whistle-blower arrangements too.

## **Measurable results or outcomes**

Until now we have never bin involved in any legal cases regarding corruption and thus we have no measurements of our focussing on bribery and anti-corruption in our headquarters.

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

Spirit Wholesale is a 100% family owned company and we keep our dialog with stakeholders on a relatively low level. This Communication on Progress report (COP2011) will be made available through the UN Global Compact homepage. We will also make it available to our boardmembers and to all employees at our monthly meetings.

# Global Compact COP 2011-2013

Appendix 1

	Policy/system	Measurements 2011	Objektives 2012/2013																														
<b>Human Rights</b>	Policy + Code of Conduct (CoC) <b>Suppliers:</b> Code of Conduct	<ul style="list-style-type: none"> <li>80 % of all employees on management level or with confidential work are women</li> </ul> <b>Suppliers:</b> <ul style="list-style-type: none"> <li>100 % of buying volume (BV) &gt;1 % have signed Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>80 % of all employees on management level or with confidential work are women</li> <li>Suggestion box/whistleblower system</li> </ul> <b>Suppliers:</b> <ul style="list-style-type: none"> <li>100 % of BV with signed Code of Conduct</li> <li>75 % of BV in <b>risk countries</b> screened with self assessment.</li> </ul>																														
<b>Labour Standards</b>	Policy + Code of Conduct <b>Suppliers:</b> Code of Conduct	<ul style="list-style-type: none"> <li>78 % are voluntary covered by a collective agreement</li> <li>78 % have collective pension of 12 % of the salary</li> <li>5 % are employed on special terms</li> <li>100 % have an annual development conversation</li> <li>25.000 DK. spend on charity programs</li> </ul> <b>Suppliers:</b> <ul style="list-style-type: none"> <li>100 % of buying volume (BV) &gt;1 % have signed Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>78 % are voluntary covered by a collective agreement</li> <li>78 % have collective pension of 12 % of the salary</li> <li>10 % are employed on special terms</li> <li>100 % have an annual development conversation</li> <li>30.000 DK. spend on charity programs</li> <li>Suggestion box/whistleblower system</li> </ul> <b>Suppliers:</b> <ul style="list-style-type: none"> <li>100 % of BV with signed Code of Conduct</li> <li>75 % of BV in <b>risk countries</b> screened with self assessment.</li> </ul>																														
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