



**Trip Trap Denmark A/S**  
**UN Global Compact Communication on Progress**  
**2012-2013**

## Progress report 2012-2013

### 1. About the report

Trip Trap has been subscribing to the UN Global Compact since 2010. Though the company has been working with initiating and developing sustainable business practices for many years, the first progress report set out the official direction for Trip Trap's contribution to global progress.

Following its compliance to the voluntary UN Global Compact program, Trip Trap is committed to meet reporting requirements, and subscribing to the UN Global Compact has enabled a more integrated focus on the topics of responsibility and sustainability. So during 2012-2013 Trip Trap has continued its progress within the areas of human rights, labour, environment and anti-corruption. The following progress report was prepared in compliance with the content demands of the GC Active level and captures the company's contribution to the UN Global Compact.

### 2. CEO statement of continued support in 2012-2013



Succeeding in today's business environment requires a constant reaction to changing trends, internally as well as externally.

At Trip Trap we recognise the need for pushing forward, also when it comes to sustainability. So focusing on better CSR strategies, procedures, work routines and goals are core activities throughout the next year as well.

The year of 2012-2013 is our third year of officially committing to the UN Global Compact. And we are off to a fine start. Our audit procedures have been fine-tuned, suppliers have improved significantly with respect to conforming to our standards and we have successfully introduced several new suppliers.

Alongside this, it has been a pleasure to introduce a new award that draws attention towards the use of alternative raw materials in the next generation of Danish design, and to launch our new brand With A View that focuses on local raw materials closer to Europe.

At Trip Trap we believe that such initiatives contribute positively to the extension of our FSC certification till 2018 and they all correspond to our basic principle of "Use and Preserve"

Jesper Panduro, CEO

June 3<sup>rd</sup> 2013



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### 3. Practical actions undertaken to implement the UN Global Compact principles

Responsibility is a cornerstone at Trip Trap and has defined the vision “Use and Preserve” Though not formally articulated until recent years, responsible business practices have been part of Trip Trap for years.

Contributing to Trip Trap’s responsible business practices is among others, the company’s Code of Conduct (CoC), that clarifies a range of terms under which suppliers as well as their employees and sub-suppliers must undertake their operations at all times. The CoC incorporates the UN Global Compact’s ten universally accepted principles, and a close cooperation with NEPCon ensures continuous follow-ups on suppliers’ compliance to the CoC.

Trip Trap’s suppliers also self-assess, and these assessments are followed up by NEPCon and the company to ensure correct execution. In cases where one or more conditions do not meet the requirements prescribed by the CoC, i.e. where non-compliance is recorded, an individual plan is made in cooperation with the supplier to bring things up to standards. The focus on auditing and re-auditing ensures that Trip Trap can vouch for its supply chain the same way as the products.

#### 3.1. Fine-tuning audit procedures

In 2011-2012 Trip Trap initiated the process of fine-tuning its follow-up procedures and in 2012-2013 the process has intensified. Hard work has been invested into achieving even better results in the implementation of the company’s CoC. The ten principles of the UN Global Compact have continued to serve as a baseline for the CoC implementation as well as the company’s Zero Tolerance requirements, that all suppliers and sub-suppliers should meet at all times<sup>1</sup>.

The previous progress report mentioned that re-audits of five main suppliers were scheduled to be carried out by NEPCon. Based on an internally agreed-upon timeframe of two years between each audit the re-audit circle was scheduled to begin in the end of 2012. The procedure resembles previous procedures but Trip Trap and NEPCon have been closely cooperating to improve the audit form to make it more transparent. Such transparency serves to make it easier for Trip Trap and the suppliers to work with, follow up on and compare data from one audit to the next.

Improving the audit form has, however, caused a delay of the scheduled re-audits. This means that the re-audits of five audited suppliers, that were scheduled to begin in the end of 2012, have been postponed to this summer in order to reach the highest level of data comparability.

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<sup>1</sup> Trip Trap CoP report 2010-2011



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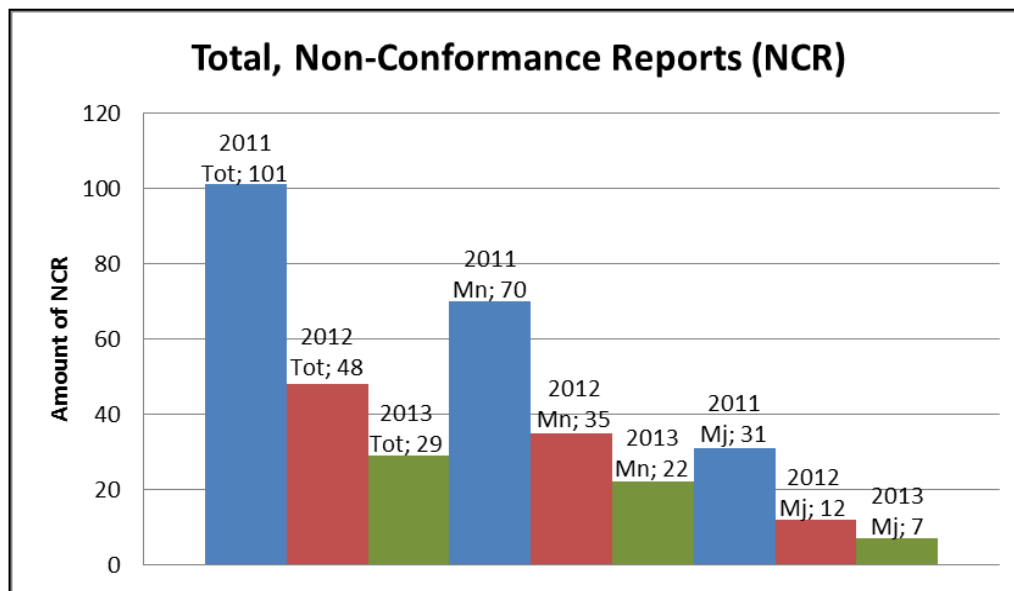
### 3.2. Dealing with cases of non-conformance

Trip Trap's CoC guides the path for the company's continuous development of responsible businesses. Therefore, all Non-Conformance Reports (NCR) represent deviations from the CoC and its reference points<sup>2</sup> and are therefore followed up on continuously.

The previous progress report stated that from the year of 2010-2011 to the year of 2011-12 the five suppliers that represent the majority of Trip Trap's wooden products improved in their audit results. This improvement to an extent that 52% of Total NCR were closed by third party audits and Major NCR, that were particularly in focus, were reduced by 61%<sup>3</sup>.

To continue the progress stated in the previous report, Trip Trap has continued following-up on-site and reviewing and discussing any open NCR with the suppliers in question. It is fortunate that the internal efforts have paid off and the total amount of NCR has decreased once again. Fig. 01 below demonstrates the decrease in total NCR as well as it specifies the degree to which the categories of Minor NCR (Mn) and Major NCR (Mj) contribute to the total picture.

Fig 01:



Note: Tot= Total NCR. Mn= Minor NCR. Mj= Major NCR

<sup>2</sup>The UN Global Compact principles, the general principles of the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966) and the Eight Fundamental ILO Conventions

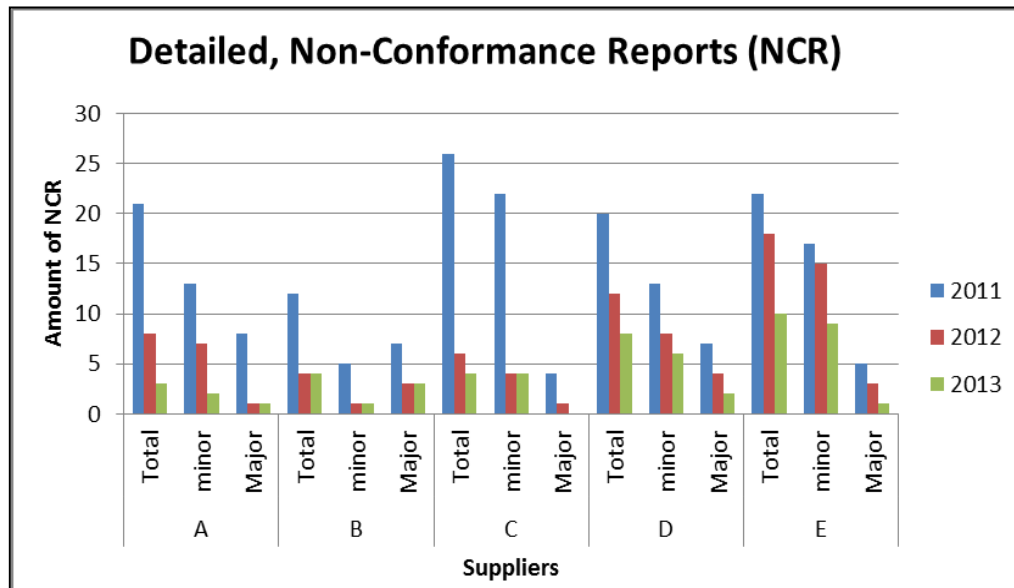
<sup>3</sup> Trip Trap Global Compact Communication on Progress 2011-2012, fig. 01 & 02



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Fig. 02 below demonstrates the year-to-year development of the five key suppliers within the NCR categories of Totals, Minors and Majors. At all suppliers but one (Supplier B) the Total NCR have decreased with 33% or more from the previous progress report to this year's report. And assessing the development throughout all previous progress reports, the decrease is even more positive.

Fig. 02:



Though Trip Trap is pleased with the overall development, it is naturally important to acknowledge and above all stress that room for improvements still remains with respect to all of the suppliers. To meet this, Trip Trap therefore focuses on documenting a continuous development regarding the issues raised. This is done for example by reviewing and discussing any open NCR with the suppliers and staying focused on any external factors that can affect the progress.

Regardless of the efforts put into dialogue and negotiating with each of the suppliers, fluctuation of production and orders throughout the year still remain a challenge to the company's progress. The reason for this is that the fluctuation causes difficulties with respect to predicting for example the number of employees and thereby also ensuring that all employees have the right mind-set regarding their everyday at the sites.

To move forward and continue the positive development at each supplier, dialogue and negotiation are vital. Especially when it comes to making top- and middle management understand the power of undertaking their day-to-day businesses responsibly and understanding the need to inform and educate their employees. Progress is a step by step process and Trip Trap continues contributing to this process by taking on the role as an active sparring partner to its suppliers.



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### 3.3. Introducing new suppliers

The previous progress report highlighted two areas concerning new suppliers at the time: Firstly, a newly established cooperation with a supplier in Asia, which had both signed the CoC, conducted a self-assessment and an internal on-site pre-audit. Secondly, an exploration of the possibilities for producing Forest Stewardship Council (FSC®) controlled and certified wood material in Nicaragua and the Baltic countries<sup>4</sup>.

To follow up on the initiated efforts of the new Asian supplier, a third party SMETA<sup>5</sup> was carried out with fine results. Trip Trap did not audit the new Asian supplier itself as the standards of the third party audit was considered to meet the same standards as the company's own audits. Today the supplier figures in Trip Trap's supply chain as one of the company's few trusted suppliers.

With respect to exploring the opportunities for producing FSC controlled and certified wood material in Nicaragua and the Baltic countries, the results were positive. With this, the chance for Trip Trap to improve its reaction to the market by means of for example shorter lead-time, less stocks and reduced carbon emission became a reality.

In Nicaragua the first orders have been placed and the first shipment has been shipped and received. With this, Trip Trap contributes to maintain local employment rates and can at the same time rests assure that employees are treated with respect to high human considerations.

Also in the Baltic countries the first orders have recently been placed and the first shipment has been delivered. New production facilities in Lithuania contribute positively to Trip Trap moving towards an even higher degree of responsibility by means of:

- 1) Closer proximity to wood materials, thus decreasing freight of wood from far away
- 2) Closer proximity to the Danish stock, thus decreasing on-site stock activities
- 3) Security in having few suppliers spread across different markets, thus not being so sensitive to single market developments.

Although the new Lithuanian production facilities both provide fine conditions for the employees and contribute positively to strengthening Trip Trap's supply chain, there are still challenges to accede to in the future with respect to matching the quality expectations of Trip Trap with the ones of each facility. This is naturally an element that is continuously followed-up on, but Trip Trap believes that the cooperation will be of benefit to all parties in the long run.

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<sup>4</sup> Trip Trap FSC License code: FSC C004462

<sup>5</sup> Sedex Members Ethical Trade Audit

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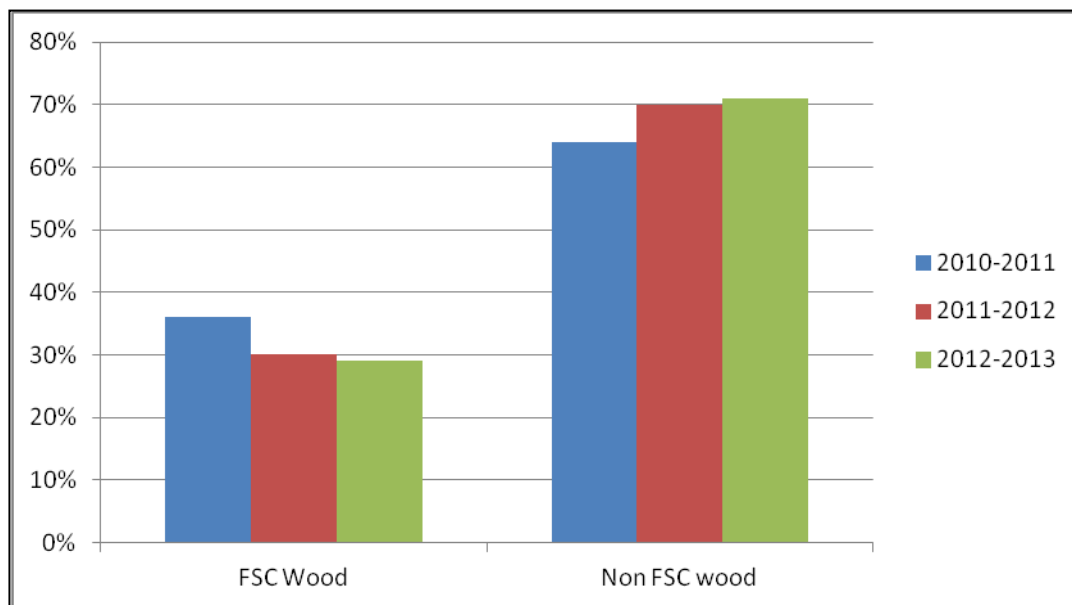
### 3.4. Increasing the focus on raw materials further

Trip Trap acknowledges how its businesses as an international provider of wooden furniture and accessories can impact the world. Moving towards continuously improving the day-to-day practices is consequently a main focus. For this purpose, the membership of FSC provides a good guide to how to run its businesses alongside the company's CoC.

The previous progress report highlighted that Trip Trap continued to use FSC certified wood for all of its white painted furniture, certified FSC mix for all oak accessories, and out of the total range of wood 30% was FSC certified. The latter represented a small decrease of one percentile compared to the year before.

Since the previous report, the situation has changed a bit. Though Trip Trap still uses certified FSC for all white painted furniture and certified FSC mix for all oak accessories, the overall use of FSC has decreased with a single percentile to 29%. See Fig. 03 below.

Fig. 03:



This result could initially indicate a step back but in Trip Trap it is not considered a such as the company has actively reordered its priorities. This means that instead the company now prioritises wood for the white furniture that is a bit more expensive but the quality is also better. The shift towards wood of better quality not only means that the furniture will last longer but also that they will have lesser impact on the environment in the long run.



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A wide range of Trip Trap's products are already made of FSC certified wood without being labelled externally and/or marketed and as such. The reason for this is that the company is currently focusing on selling and thus bringing down the stock of the non-certified editions, so when the respective items are labelled and marketed as FSC certified no mix-ups can occur because only FSC certified editions are in stock. This way of doing it represents a method to assure the transition process and compliance to the FSC system.

Trip Trap's continuous quest towards finding new ways to develop, test and implement more FSC certified wood to the overall range of products contributes to the "2020 goal" of having all raw materials for wooden furniture FSC certified. Despite a decrease of one percentile this year, the company will get significantly closer to its 2020 goal during the period of 2013-2014 with a shift to FSC teak as well.

Although the FSC cooperation guides attention towards improving responsibility in early stages of the supply chain, it also has another layer to it. Besides the initiatives towards making the supply chain more transparent, Trip Trap also contributes actively to raising awareness about FSC and the organisation's work and progress:

In 2012 Trip Trap presented the "Crafted Award" and participated in "FSC Green Goods Auction"<sup>6</sup> and "The World's Best News"<sup>7</sup>. With the "Crafted Award" Trip Trap wished to challenge the next generation of young designers at Danish design schools to make the best design of alternative raw materials that currently go to waste around the world. By doing so, Trip Trap wishes to draw attention to the benefits of rethinking the use of traditional raw materials like oak, ash and teak. The auction and the news represent 3<sup>rd</sup> party initiatives that Trip Trap supported (and also this year supports) by means of company partnerships.

### 3.5. Optimising the Head Quarter

In addition to focusing on bringing the supply chain up to the highest standards Trip Trap has also taken more straight forward steps towards being an even more responsible company.

The previous progress report stated that along with the relocation of the company's Head Quarter in 2012 significant savings on electricity and heating were expected. A recent assessment of the budgets shows that this expectation has been met. With the new Head Quarter expenses and thus emission have not only decreased, they have decreased significantly.

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<sup>6</sup> An auction at the well-established Danish auction site Lauritz.com

<sup>7</sup> "Verdens Bedste Nyheder" is about communicating the progress made in the development countries



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### 4. Recent achievements and future goals

#### 4.1. Achievements in 2012-2013

- Audit procedures has been fine-tuned
- Total NCR have decreased by approx. 39%.
  - Minor NCR have decreased by approx. 37%
  - Major NCR have decreased by approx. 58%
- All high-risk classified suppliers, i.e. the ones outside EU, have filled in the supplier self-assessment and signed Trip Trap's CoC
- All new suppliers, i.e. the ones in Nicaragua and the Baltic countries, have completed the self-assessment and signed Trip Trap's CoC
- The Crafted Award has been introduced

#### 4.2. Goals for the future

- By 2014 the new audit format is implemented in Trip Trap
- By 2014 an overall strategy for carrying out CSR activities in Trip Trap is ready
- By 2020 all wood used for Trip Trap's furniture is FSC certified