



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 2012



Statement of support

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

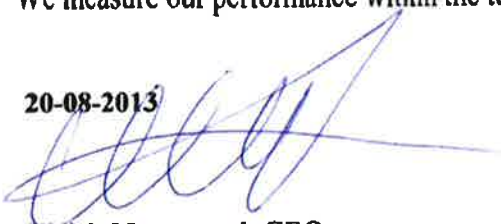
Through this concept we are committed to respect fundamental human rights and basic workers rights and to implement these principles in our company. We strive to influence our suppliers and business partners also to live up to the same principles and to influence their suppliers.

We have established a CSR-programme in our supplychain and our commitment to improve working conditions for the workers employed by our suppliers is grounded in our conviction that all businesses must be sound and sustainable for all involved.

Environmental challenges are also important to us and we take a precautionary approach to environmental challenges and always choose an environmental friendly method if possible. We are proud to make our modest contribution to a cleaner planet by prioritising environmental friendly methods and fabrics with environmental labels.

We measure our performance within the ten principles in Global Compact year after year on selected areas.

20-08-2013



Ulrich Mosegaard, CEO

Global Compact

Annual Communication on Progress 2012

Company data :

Company name	Borch Textile Group A/S	Date	20-08-2013
Unit (if applicable)			
Address	Strudsbergsvej 4 4200 Slagelse S	Membership date	18-08-2008
Country	Denmark	Number of employees	16
Contact name	Ulrich Mosegaard	Sector	Textile & Clothing
Contact position	CEO		
Contact telephone	+ 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 one of his sons, Ulrich Mosegaard. It is an international company situated in Slagelse with production in EU, Turkey, USA, Vietnam, Malaysia, China and Pakistan.

The company has three strong daughter companies, Borch Textile in Poland, Almedahls Alingsås in Sweden and Sølvberg Tekstil in Norway. Borch Textile Group is exporting to 10 countries primarily in Europe.

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.

This COP-report includes the CSR efforts in one daughtercompany, Borch Textile A/S, Slagelse and the supplychain work of that company. For the moment the report does not include local efforts in the daughter companies in Sweden, Poland and Norway. It is however a top-priority to include local activity in all daughter companies in our next COP-report 2013.

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 (What we want)

Borch Textile A/S has always been addressing human right issues in running our business and since 2008 we have worked with CSR 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 and UN conventions relevant to human rights issues.

In our supplychain 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 of upholding basic human rights conventions every where our company is represented.

What we do

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 Danish legislation, which does not allow any discrimination and we have policies to follow. All terms of employment are established by individual workers contracts according to Danish legislation. Our CSR-policy is covering all basic human rights issues and we work under strict danish legislation and two collective agreements.

We are confident that Danish legislation, our collective agreements, our internal procedures and 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, a Code of Conduct, and a questionnaire to the Code of Conduct. We are at the moment in the process of mapping our suppliers in all daughtercompanies with the intentions to start up audit procedures.

At the moment 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. We consider a gamechange towards a more transparent system with external auditors. Read more about this in our next COP-report.

What have we achieved / and plans for next year

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

In 2013 we will establish a whistleblower system for the staff to forward their worries and claims in an anonymous way. We have had some organisational challenges in 2012, so we had to postpone that effort to 2013. We plan to educate our employees in CSR and especially our CSR-programme in risk countries in 2013.

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 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.

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. 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.

In 2012 we have spent many resources mapping our suppliers in all companies in Borch Textile Group. We are considering how to strengthening our work in the supplychain and are collecting background information for that purpose.

One big supplier that we believed had SA 8000 certification failed and is now preparing for BSCI audit in 2013. In 2012 25 % of our buying volume (BV) from risk countries come from suppliers with first audit completed and 60 % of the BV came from suppliers screened with our selfassessment tool. We will extent our percentage of suppliers, who have had a social audit done in their factory and we consider what CSR-concept is in the best interest of our customers as well as our suppliers.

We will continue to encourage suppliers to organize local training within the areas of our Code of Conduct and to have external audit done. Read more about that in our next COP-rapport 2013.

Labour

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

Our commitment (What we want)

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 very much support the principles of freedom of association and the right to collective bargaining. Borch Textile Group A/S is a member of the Danish Federation of Textile & Clothing and we respect the danish collective agreement system as a supplement in line with danish labour 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.

It is a core value to us that all employees in Denmark and where ever our products are produced are treated with respect and dignity.

What we do

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 A/S 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 have 4 annual meetings and keep record of the 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 prefer 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 and we have 5 weeks of vacation and paid sick leave. In 2012 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. 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. Every employee has all together 5 weeks plus extra 5 personal holidays every year plus all public holidays.

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

We have established a CSR-programme for suppliers in risk countries. The programme includes several working tools such as a self-assessment template, a Code of Conduct, and a questionnaire to the Code of Conduct. 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 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 whatsoever and no pregnancy test are allowed. HIV/AIDS tests are not allowed either.

According to our Code of Conduct 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 insist, 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 another family member a job.

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.

We are at the moment in the process of mapping our suppliers in all daughter companies with the intention to start up audit procedures. In 2012 we have spent many resources mapping our suppliers in all companies in Borch Textile Group. We are considering how to strengthen our work in the supply chain and are collecting background information for that purpose.

At the moment 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. We consider a game change towards a more transparent system done by external auditors.

What have we achieved / and plans 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 have raised awareness 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.

29 % of all employees work under a collective agreement. At the moment all together 43 % are regulated by a collective agreement since the company voluntary follow all relevant collective agreement in our area of business.

We have a detailed staff handbook with supplementary rules. 100 % of our employees have a private health insurance. Our flow of employee is at the moment 14 % and we expected it to be 10 % in 2013. Our goal for absence because of sickness is 2,25 %. In 2013 we will also establish a whistleblower in Slagelse in order for the staff to be able to make complaints anonumously. We have spend 35.000 DKr. on charity programmes in 2012 and we plan to do the same in the years to come.

Our suppliers

We have raised awareness about about CSR issues in our supply chain in general and especially about human rights and labour rigts at all our main suppliers in risk countries. We have incorporated our CSR-policies in our Code of Conduct and we have the Borch Group trade terms signed by all suppliers.

At the moment our production in risk countries is placed at category A suppliers only. 100 % of our suppliers (buying volume) have signed our Code of Conduct

One big supplier that we believed had SA 8000 certification failed and is now preparing for BSCI audit in 2013. In 2012 25 % of our buying volume (BV) from risk countries come from suppliers with first audit completed and 60 % of the BV came from suppliers screened with our selfassessment tool.

We will encrease our percentage of suppliers, who have had a social audit done in their factory and we consider what CSR-concept is in the best interest of our customers as well as our suppliers.

We will continue to encourage suppliers to organize local training with in the areas of our Code of Conduct and to have external audit done. Read more about that in our next COP-rapport.

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 (What we want)

Borch Textile Group holds the position that business should support a precautionary approach to environmental challenges in the society. We strive to reduce our global footprint and we are 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 nabourhood.

We want to reduce our CO2 emmissions from transportation as much as possible. However our own production (70 %) from East Europe must be transported by road.

We will continue to raise awareness to our employees about the importance of contributing to a clean environment and stay focussed on our goals.

What we do

Our environment efforts are as follows:

- We are focussing on environmental impact from running our headquarters, incl. transportation.
- We are focussing on fabric with EU-flower or Oeko-Tex 100 label.
- We have a restricted chemicals programme for all suppliers.
- We are compliant with the environmental legislation in Denmark and we expect our suppliers to comply with their national legislation too.

In headquarters

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 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 measure our annual consume in various areas and we set goals for next year. We also measure the percentage of clothes we sell with Oeko-Tex 100 or EU-flower label.

Our suppliers

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

Our restricted chemicals programme with limit values according to the Oeko-tex 100 concept 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.

It is our policy to use Oeko-Tex 100 labelled fabric or EU-flower labelled fabric as much as possible and we make an effort to persuade our customers to choose clothes with environmental friendly fabric.

Measurable results or outcomes

In headquarters

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

In 2011 we have started to measure our total consumption of electricity, water, gas, and consume in general and we will focus on setting realistic goals. We will continue to focus on areas where we can have an considerable impact and we have appointed a responsible person in the organisation to handle this work. Our present performance can be seen in Appendix 1 to this report.

Today 100 % of all fabric (own production) is Oeko-Tex 100 labelled and the European environmental label, the EU-flower, is on 30 % of all the fabric we buy or used in our own production in EC.

Our suppliers

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.

In 2013-2014 we will strengthen our testing efforts for all clothes not holding a Oeko-Tex 100 label or EU-flower label.

Anti-Corruption

Principle 10

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

Our commitment (What we want)

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

What we do

Our mothercompany and daughters are situated in Scandinavien, which is regarded as one of the least corrupted areas in the world. Corruption is forbidden and does almost never take place.

We refrain from using bribery in all our relations to our suppliers and we try to influence our suppliers, that corruption is very wrong and that they should also 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.

What have we achieved / and plans for next year

Headquarters

We have included a anti-bribery clause in our staff handbook that forbids all employees to receive any gifts from customers, suppliers or other company relations to a value of more than 50 dollars.

Until now we have never bin involved in any legal cases regarding bribery and we are comfortable that we comply with all relevant legislation in Denmark regarding corruption and bribery.

In 2013 we will also establish a whistleblower in order for the staff to be able to make complaints anonumously. Employees should be comfortable in having a safe place to bring forward their assumptions.

Our Suppliers

We have raised awareness about bribery and anti-corruption in our supply chain. We have established a CSR-programme for supliers in risk countries, where 30 % of our production takes place. At the moment our production in risk countries is placed at category A suppliers only. 100 % of our suppliers (buying volume) have signed our Code of Conduct

One big supplier that we believed had SA 8000 certification failed and is now preparing for BSCI audit in 2013. In 2012 25 % of our buying volume (BV) from risk countries come from suppliers with first audit completed and 60 % of the BV came from suppliers screened with our selfassessment tool.

We will continue to encourage suppliers to organize local training with in the areas of our Code of Conduct and to have external audit done. We have encouraged our suppliers to set up anonymous suggestion boxes in the factories.

How do we intend to make this COP available to your stakeholders?

Borch Textile Group is a 100% family owned company hence we keep our dialog with stakeholders on a relatively low level. This Communication on Progress report (COP) will be made available through the UN Global Compact homepage. www.unglobalcompact.org. We will also make it available to our boardmembers and to all our employees at our monthly meetings with the staff.

Global Compact COP 2012

	Policy/system	Measurements	Objektives 2014																																										
Human Rights	Headquarters: Policy + Code of Conduct (CoC) Suppliers: Code of Conduct	Headquarters: No cases Suppliers: 98 % of buying volume (BV) have signed Code of Conduct 25 % of BV in risk countries (outside EC) with 1. st. audit 60% of BV in risk countries screened with self assessment.	Headquarters: Suggestion box/whistleblower system Suppliers: 98 % of BV with signed Code of Conduct 25 % of BV in risk countries with 1.st.audit 60% of BV in risk countries screened with self assessment.																																										
Labour Standards	Headquarters: Policy Code of Conduct Three collective agreements Suppliers: Code of Conduct	Headquarters: 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 Suppliers: 98 % of BV have signed Code of Conduct 25 % of BV in risk countries with 1.st audit 60 % of BV in risk countries screened with self assessment.	Headquarters: 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 Suppliers: 98 % of BV with signed Code of Conduct 25 % of BV in risk countries with 1.st.audit 60 % of BV in risk countries screened																																										
Environment	Headquarters: Environment policy Suppliers: Restricted chemicals programme.	Headquarters: <table><tr><th></th><th>2010</th><th>2011</th><th>2012</th></tr><tr><td>Electricity in Kwh</td><td>23306</td><td>23000</td><td>23829</td></tr><tr><td>Water in M3</td><td>98</td><td>80</td><td>60</td></tr><tr><td>Gas in cbm</td><td>56829</td><td>52570</td><td>55964</td></tr><tr><td>Transportation by Ship/aeroplane/road</td><td>60%/2%/38%</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><td>100%</td></tr><tr><td>EU-flower (own production)</td><td>30%</td><td>38%</td><td>38%</td></tr></table> Suppliers: 98 % signed commitment to our restricted chemicals program		2010	2011	2012	Electricity in Kwh	23306	23000	23829	Water in M3	98	80	60	Gas in cbm	56829	52570	55964	Transportation by Ship/aeroplane/road	60%/2%/38%	60%/2%/38%	60%/2%/38%	Oeko-tex 100 (own production)	100%	100%	100%	EU-flower (own production)	30%	38%	38%	Headquarters: <table><tr><th></th><th>2014</th></tr><tr><td></td><td>23000</td></tr><tr><td></td><td>60</td></tr><tr><td></td><td>52000</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> Suppliers: Final random inspections of chemicals at core suppliers in risk countries .		2014		23000		60		52000		60%/2%/38%		100%		38%
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