

GLOBAL COMPACT

Communications on Progress 2010

About PILGRIM

PILGRIM History

Two Danes, Annemette Markvad and Thomas Adamsen, founded PILGRIM in 1983. They spent the first years travelling around Denmark selling jewellery in the streets and at rock festivals. Some jewellery items were produced in their small apartment in Skanderborg and they were always quick to turn a good idea into reality. They soon began exhibiting their wares at trade fairs in Denmark and later on, family and friends became involved in the business.

A few years later, Annemette, Thomas and the now-expanding business moved to larger premises – the basement of a large, old house. In 2003, they moved again into the present headquarters in Skanderborg, Denmark.

Today approximately 70 people are based at the Skanderborg facility and our designs within jewellery, watches and sunglasses are represented at more than 4,000 retailers and 50 concept shops around the world.

Be outstanding



Behind the PILGRIM brand is a group of creative and highly socially-committed people whose focus is on being outstanding and faithful to what we stand for. This is manifested, for example, in the ways in which we behave and treat each other and our partners, and in our dedication to Médecins Sans Frontières. Since 2003 PILGRIM has supported the humanitarian organization. We design and produce one or more MSF products annually. These are sold in aid of MSF.

We also aim to make our customers special and to make them stand out from the crowd with that little extra touch that our PILGRIM design offers. And with the introduction of our Charms concept and later our Create it concept, it is now possible to create a unique item of your very own. It's never been easier to be outstanding.

Statement from the Chairman of the Board

It is my great pleasure to confirm our continuing support for the Global Compact and its ten principles. As for most other companies, 2009 has been a difficult year for PILGRIM. However, we have worked hard to improve results and in the process we never gave up working with Corporate Social Responsibility. We continue to offer support and help to our suppliers to continually improve compliance with our Code of Conduct. Meanwhile, we conduct audits guided by our Positive Auditing system. We continue to allocate some of our profits to the PILGRIM Foundation so that we can continue efforts to reduce poverty

and provide aid in developing countries. In addition, we still offer support to MSF and other organizations through product sponsorships.

In the following COP we outline all actions taken in the past year to support implementation of the ten principles presented by Global Compact. We will make every effort to make our commitment become reality. And we hope our example will encourage more people to become involved in The Global Compact and to embrace the ten principles thus creating a better future for the world.

Thomas Adamsen

Chairman of the Board

PILGRIM and Responsibility

It's our belief that operating from the heart and with social responsibility is an important part of running a business. And this belief is an important element when we choose collaboration partners.

In addition to other initiatives, we've established a Code of Conduct with our suppliers in the Far East.

Our dedication to Médecins Sans Frontières is another example of our desire to help wherever we can.



CSR

Social Responsibility is one of our core values in PILGRIM. We are keen to influence our suppliers and convince them that proper conduct is a necessity. We have signed the Code of Conduct with all our suppliers. We have full-time staff who are employed to work exclusively with compliance to the Code of Conduct.

In 2009-2010, we work together with our suppliers towards making continuous improvements at their workshops. We conduct factory audits to discover the actual conditions at the factory. Then we ask the factories to make corrections according to the Corrective Action Plan, prepared by us upon completion of the audit. After that, we pay follow-up visits to check whether all issues in the CAP have been corrected according to agreement. From time to time, we also visit the factories unannounced. By doing this, we make sure that we are always aware of how the factories are really run. With this combination of activities, we aim to improve general conditions at the factories. What makes us happy and confident is that we can see the factories' positive reactions in cooperating with us on making improvements.

If a factory is carrying out a fire drill, they often call us first so that we can go to the plant to see how it is doing. We offer suggestions and ideas for the whole process, whenever possible. The factories also call us when they are holding an activity or event for the workers, e.g. birthday parties or sports day, etc. It is nice for us to be there to experience these events. The factories earn extra points for doing this kind of extra human resource management.

At the very beginning when we audited the factories based on the Positive Auditing system, the factories felt somewhat nervous and they were reluctant to show us the real situation of the factories, including the real documents and the real records, etc. But in our audits later on, after we tried our best to make sure that factory management understood the benefits and the importance of complying with the Code of Conduct, we were happy to see all the real documents and that the factories were willing to tell us the truth. However, there still is room for improvement. We take this as a very positive sign for our future cooperation with the suppliers and as a step towards further improvement.

As we do not own the factory facilities ourselves, it is not easy for us to influence working procedures. However, we have made great efforts to establish close and good relationships with our suppliers. We place emphasis on learning, trust and cooperation. We will continue to work on improving conditions at our suppliers. We are aware that this is not an overnight project. We are prepared to meet the challenges facing us in the long run. We are also confident that all our efforts will in the end be beneficial not only to ourselves but also to the factories. We believe in the brighter future.



The PILGRIM Foundation was established by PILGRIM in 2007. It is based on the desire to support humanitarian projects and then follow them at close range. The foundation is primarily involved in development work in East Africa.

The purpose of the foundation is to provide humanitarian aid to benefit children and young people in developing countries, as well as other projects in developing countries , providing help to self-help in a specific and targeted way.

We continue to contribute to the PILGRIM Foundation despite difficult times in the past year due to the financial crisis. The foundation receives an annual percentage of PILGRIM's profit (or a minimum amount of DKK 400,000), in addition to support from private individuals.



MSF

Since 2003 PILGRIM has supported the humanitarian organization MSF, designing and producing one or more special MSF products each year, to aid the work of MSF.

These products can be bought from any of our PILGRIM shops, PILGRIM retailers, on the PILGRIM webshop, and on Médecins Sans Frontières' Danish website.

Médecines Sans Frontières is an independent humanitarian medical aid agency committed to international emergency zones. As such, their only source of financial income is by donation.

The MSF products from PILGRIM have already generated more than EUR 1,500,000.



Sponsorships

At PILGRIM, we have chosen primarily to primary support specially-selected charitable projects. We support these projects through our products.

We have also chosen to extend financial support to sports, children and young people and culture, as well as charities within the local area of Skanderborg, Denmark. where PILGRIM's head office is located.

We design a product that we help market and sell to benefit charity. This is how we currently collaborate with MSF (Médecins Sans Frontières). We extend financial support to children and young people, sports and culture in the local area of Skanderborg, Denmark. We donate products to events that support charitable purposes. We have also designed a product specially for an organization which then take cares of the sales and marketing itself.

PILGRIM does not support individuals – only recurring events or well-established associations able to prove that the funds are sent to charity. With these exceptions, PILGRIM does not provide financial support but rather lends its support via products.

In 2009-2010, we offered to sponsor local sports activities in Skanderborg. We have implemented sports sponsorship in cash, including financial support to Skanderborg Handball and Skanderborg Cricket Clubs.

In 2009-2010, we continued to support charities including Kirkens Korshaer, Debra Ireland and Falster Sygehus, etc. PILGRIM produced and presented special designs for these charity organizations in 2009. We list the details in the following paragraphs.

We produced jewellery for the children's department of the hospital in Nvkobing Falster who received the profits from sales of the jewellery. In 2009, the proceeds were used to buy daily Christmas surprises for the children, fund events for chronically-sick children, buy TV, DVD players and playstations for the children's rooms, paintings to adorn the isolation rooms, furniture, a play room and toys, etc.

We produced the jewellery for the charitable organization Kirkens Korshaer (Danish Church Army) which helps shelter the homeless. Kirkens Korshaer received the profits of selling our jewellery. The proceeds go to running a total of 29 shelters.

We produced jewellery for Reden International (The Nest International) and they received the profits from sales. Reden International is an organization which fights trafficking in women. The organization provides practical support for foreign women in prostitution in Denmark. Reden International is the largest and best-functioning non-governmental anti-trafficking organization in Denmark. Reden International runs a 24-hour, manned crisis centre for trafficking victims, outreaching social work on the street in Vesterbro, Copenhagen, and sets up and runs a meeting place for foreign women in the world of prostitution. The main offers for the women include health support (access to the

healthcare system, even when the woman does not have legal residence), legal support (legal assistance and lay representation at questionings and trials), social support (bridge-building to the Danish social system), prepared repatriation (contact to the local NGOs and support in the native country), refuge at a crisis centre (safe stay with guidance, care and activities), guidance and care (at all levels in the process based on the individual women's needs).

We produced jewellery for the Danish ADHD (Attention Deficit Hyperactivity Disorder) patients association and profits from sales of the jewellery went to the organisation.

We also continued to produce jewellery for Debra Ireland, which is an Irish charity benefiting children and young people with the skin disorder EB. They received the profits from selling the jewellery especially designed for them. Epidermolysis Bullosa (EB) is a genetic condition where the skin breaks at the slightest touch, causing painful, open blisters and wounds. EB can mean a life of extreme pain and disability. At its worst, the disease is fatal in infancy and sufferers with severe EB are likely to contract a fatal skin cancer. DEBRA provides specialist EB nursing, funds extensive medical research and provides counselling, welfare, respite and advocacy

We continue to support the MSF organization and, indeed, have never ceased to support MSF, even though we have had a financially difficult year.

PILGRIM and the Environment

PILGRIM complies with all statutory limits on lead, nickel, cadmium and mercury, which means that our jewellery is, for example, nickel-free. We conduct on-going random checks

during production to make sure that PILGRIM jewellery is 100% nickel-free. We also get documentation from our suppliers that all products are nickel-free.

We have also instigated numerous initiatives to reduce our carbon footprint through recycling policies and energy reduction.



We, in cooperation with Dyberg-Larsen, have produced beautiful sustainable bags, made from old jewellery catalogues. By doing this, we offered you the chance to grab a lot of PILGRIM jewellery all at once. The old PILGRIM catalogues are transformed into beautiful hand-woven bags that are beneficial to the environment as well as to poor workers in Mexico. For each sold PILGRIM-bag, the organization Trees for the Future will plant a tree.

The Present and the Future

We have designed Smiley jewellery to make people smile and express joy. The Smiley jewellery consists of a necklace with a globe containing three cords and three colourful little smileys. The idea is to place the smiley on the cords to create a beautiful bracelet. It is at times like these that you appreciate the things that are close to you, such as good friends and the little positive experiences that create a sense of joy and intimacy. That is why we have designed the Smiley jewellery as a way make people smile and express joy.



By designing the Smiley jewelley, we intend to bring something positive and enthusiastic to ourselves as well as to everyone else in the world. Our commitment to smiles and happiness is also reflected in our efforts towards improving general conditions at our suppliers. Corporate Social Responsibility will always be an integrated part of PILGRIM's mission. We are certain that our constant focus and attention on this will ultimately bring important changes to the negative sides of human rights and impact on the environment, etc. We are aware, of course, that we have a long way to go and we are prepared to overcome any difficulties we may meet in the long run. We will always progress with smiles, like the Smiley series.