

noir
IN DARKNESS ALL COLOURS AGREE



BLACK
noir

Communication on Progress 2009

Covering the period from July 2008-2009



“WE support the Global Compact, as we are committed to produce fashion clothes in a socially and environmentally sustainable way, and by that we attempt to awake and empower the socially conscious consumer. Noir has been highly dedicated to the United Nations’ Global Compact since we signed up in 2006. We consider the Global Compact to be a valuable platform for mutual learning which we use actively to guide our work and to improve our social and environmental performance. In addition, we have also found our engagement with the Global Compact to be a great source of inspiration for others. Something which we consider a great encouragement as we strive to be an important player in introducing and mainstreaming sustainability practices and the Global Compact initiative within the fashion industry”

Niels Egelund, CEO, Noir-Illuminati II

Commitment to the Global Compact

Noir-Illuminati II is a Danish company established in 2005 consisting of two different companies: *Noir* and *Illuminati II*. *Noir* is a fashion company, which designs and sells responsibly produced fashion luxury clothes to conscious consumers. *Illuminati II* is a cotton fabric brand, which develops and produces organic cotton fabrics to supply *Noir* and eventually other brands with responsibly produced cotton fabrics

Noir-Illuminati II joined the UN Global Compact in 2006 as an important step towards integrating universal principles on human rights, labour rights, environmental standards, and anti-corruption into its business model. Today, the company aims to ensure that the principles of the UN Global Compact are respected throughout the company's value chain and requires all suppliers to abide to the principles of the Compact.

It is a far-reaching process to introduce and guarantee compliance with international principles and standards in all the different parts of the value chain but Noir-Illuminati II committed to be a front-runner in the fashion industry. Hence, to Noir-Illuminati II this is a work in progress and the company focuses on ensuring gradual and continuous improvements.

Communicating support to Global Compact

For the past year Noir-Illuminati II has illustrated their commitment to the Global Compact by actively using the "We support" logo on several occasions.

- The logo has been printed on all hangtags next to the company's own logo as well as in all press material for fashion fairs
- The logo has been printed in the company's two fashion catalogues for *Noir* and *Black Noir*
- And the logo has been included at own fashion shows in Copenhagen, August 2008, and during London Fashion Week, February 2009.
- In addition, Noir-Illuminati II is participating in the Red Cross led project, 'Break the Habit'. Red Cross, in cooperation with Danish fashion expert Mr. Uffe Buchard and a number of Danish fashion companies, including Noir-Illuminati II, has launched a campaign to raise awareness of the bad habit of using plastic bags. Noir-Illuminati II has contributed to the project by designing a shopping bag made from ecological cotton and with the ten principles of the Global Compact printed on it.

The company founder, Mr. Peter Ingwersen, has delivered speeches at a number of fashion events around Europe, in which the company's commitment to the Global Compact has been emphasised:

- IAF Convention 2008, Maastricht, October 2008
- Ethical Fashion Day, London, November 2008
- Moda Lab, Madrid, November 2008
- Nordic Fashion Biennale, Reykjavik, March 2009
- Fashion Accelerator, Copenhagen, June 2009

Finally, Mr. Ingwersen has also contributed to a handbook on management and climate change, "Håndbog i Klimaledelse", published by Carl Bro, in which Noir-Illuminati's support to the Global Compact Caring for Climate initiative was high-lighted.

Implementation of the Global Compact principles

As a fashion company based upon a responsible business model Noir-Illuminati II is especially concerned with the social and environmental implications of introducing international standards in the whole supply chain. This translates into an effort to ensure *responsible supply chain management* and *responsible production of fabrics*.

Responsible supply chain management

The fashion industry has experienced a large range of problems in respect to ensuring labour rights and environmental sustainability. These problems have especially come to light in the era of globalization where complex supply chains challenge the ability to ensure responsible management. The industry is well aware of the pressing need to get involved and introduce sustainable solutions. Noir-Illuminati II has been one of the first fashion companies to recognise the responsibility of producers of clothes and is committed to lead the way within the industry.

Commitment

Noir-Illuminati II is dependent on a chain of suppliers from Europe, Asia and Africa in the production and manufacturing of fashion clothes. The company is committed to adhere to the international principles for ensuring sustainable manufacturing represented by the Global Compact and hence expects the same from all of its suppliers.

Systems, activities and outcome

As a necessary result Noir-Illuminati II has put in place several systems to ensure that all of the company's manufacturing suppliers operate in accordance with internationally recognised minimum standards on human rights, labour and the environment.

1. **Code of Conduct:** Noir-Illuminati II has developed a Code of Conduct that stipulates the principles and standards which all suppliers and sub-suppliers are asked to commit to. The Code is based on the UN Global Compact and hence the general principles contained in 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), the Eight Fundamental ILO Conventions and other relevant international human rights and labour principles.

The provisions of the Code extend to all workers, regardless of their status or relationship with a supplier. The code therefore also applies to workers who are engaged informally, on short-term contracts, or on a part-time basis.

The aim of the code is not to necessarily exclude individual companies, but rather to assist selected suppliers improve social and environmental standards. Noir-Illuminati II is therefore willing to work with suppliers to achieve compliance with the provisions of the code. However, no business will be conducted with suppliers which, engage in violations of fundamental human rights.

Activities and outcome

- Last year Noir-Illuminati II worked with five manufacturing suppliers from Europe, Asia and Africa. Today the number has increased to 12, all of which has committed to and signed the Code of Conduct.
- Noir-Illuminati II is expecting to introduce regular and independent audits of manufacturing suppliers in the next years, to further ensure compliance with the Code.

2. **Questionnaire for suppliers:** As a supplement to the Code of Conduct Noir-Illuminati II has created a "Questionnaire for suppliers" which is used to clarify whether an existing or potential supplier complies with the Global Compact principles in general and the specific requirements of the Code. Through the questionnaire the suppliers are asked to answer questions on which systems and practices they have in place on the production site to ensure compliance with minimum standards on human rights, labour and the environment.

The questionnaire is especially used when working with partners outside of the EU where the local legislation on and enforcement of worker's rights and environmental protection often are less strict. The

questionnaire has proved to be a useful tool to screen potential candidates before engaging in a business relation and to support the auditing of existing suppliers.

Activities and outcome

- The questionnaire has been used on three occasions in 2008 to screen potential candidates as well as in five different auditing activities.

3. **Auditing:** Noir-Illuminati II periodically conducts audits of selected suppliers to ensure compliance with the Code of Conduct. The audits are internal in the sense that they are performed by a team from Noir-Illuminati II headquarters who are confident with the required standards for suppliers and the demands in the Code.

The Noir fashion company consists of two individual brands *Noir* and *Bllack Noir*, and the question of auditing differs in regards to the two. Noir being a luxury brand is committed to ensuring the highest quality in all styles and collections. This involves guaranteeing the highest quality in production. As a result the vast majority of production sites to the Noir collections are located within the EU where the standards for productions are higher due to the strict EU legislation on workers' rights and environmental protection.

Bllack Noir is the new diffusion line of Noir-Illuminati II. This brand is designed to meet the demand of the middle segment in fashion, meaning fashionable, good quality and middle priced clothes. The Bllack Noir collection, being less dependent on luxury and the highest quality in production, is produced outside of Europe and primarily in Asia. Working with suppliers from developing countries creates an additional need for ensuring compliance with international standards since the legislation and law enforcement typically is less strict than in most developed countries.

At this point in time Noir-Illuminati II has only performed audits on select production sites in Europe supplying to the Noir collection. The next crucial step for the company will be to initiate audits of production sites in Asia to ensure compliance with the company's Code. Noir-Illuminati II is planning to engage independent auditors to perform the audits in the future. It is expected that a partner will be identified and hired during the coming year. Until the new initiative can be implemented Noir-Illuminati II is relying heavily on their "Questionnaire for suppliers" when monitoring compliance of Bllack Noir suppliers with basic principles for human rights, labour rights and environmental protection.

Activities and outcome

- During last year Noir-Illuminati II carried out in-depths audits of all the production sites in Lithuania. In November 2008 internal auditors performed four different audits using the questionnaire and Code of Conduct as benchmarks. The audit showed good results. In general the national labour laws in Lithuania are quite strict and ensuring advanced security for employees. However, none of the suppliers hold any kind of certification at this time.
- The year before Noir-Illuminati II carried out one in-depth audit of a key production site in Turkey.

Responsible production of fabrics

The fashion industry in general and Noir-Illuminati II in particular is experiencing huge difficulties in finding large quantities of high-quality fabrics that are produced in a sustainable way. To Noir-Illuminati II this is indeed a challenge since the company's stated aim is to produce fashion clothes to socially conscious consumers. In this regard the company is committed to becoming a frontrunner in terms of designing clothes which are not only manufactured in a responsible manner but which are also exclusively made from responsibly produced fabrics.

Commitment

To overcome this challenge, Noir-Illuminati II has developed a strategy for both the short and the long run. In the short run the company is committed to use fabrics developed from raw materials like cotton, silk and fur which are extracted in accordance with certified Global Compact principles on human rights, labour and the environment. In the long run the company is committed to exclusively using fabrics which are produced from organic and fair traded raw materials.

Systems, activities and outcome

In order to live up to its commitment, Noir-Illuminati II is pursuing the two strategies concurrently: In the short run to source from suppliers who are certified to comply with the company's requirements for responsible production of fabric; and in the long run to produce its own Illuminati II organic cotton to supply the manufacturing of Noir, Bllack Noir and eventually other fashion brands with responsibly produced fabric.

1. Short run sourcing

Fabrics used in production of fashion clothes are typically sourced vertically by the partners in charge of the actual manufacturing, which of course can challenge the ability to guarantee the use of responsibly produced fabrics. To ensure the necessary supply of responsibly produced fabric in the short run the company has put in place systems to ensure that the sub-suppliers supplying fabrics to the manufacturers comply with international standards and the company's own requirements.

It is emphasised in the Code of Conduct that it is the clear responsibility of suppliers to ensure that sub-suppliers do not violate the standards of the Code. This includes that suppliers strive to use certificated sub-suppliers of fabrics, ensuring responsibility in the production. Noir-Illuminati II is especially concerned with working with partners who hold certification on standard work conditions (e.g. SA8000), and/or certification on ecology and fair trade (e.g. Oeko-Tex 100 and Eco Cert).

However, it has proved to be impossible to ensure one hundred percent certified suppliers and sub-suppliers throughout the supply chain. Consequently, Noir-Illuminati II has made it corporate policy to strive to work with certified suppliers where at all possible, and to use the Code of Conduct actively to ensure compliance with minimum standards where certifications are not available. Hence, it is the aim of Noir-Illuminati II to produce luxurious fashion made from sustainable and certified fabrics to the extent that is possible considering the quality and the supply on the international market.

For the *Noir collection* the company makes every effort to use European suppliers who are governed by the strict EU legislation and who source high-quality and certified cotton fabrics from African countries. This is part of an overall attempt to support African cotton production until the company's own Illuminati II produced luxury cotton is available for production of Noir clothes. In addition, the Noir brand is striving to ensure that as many suppliers as possible are certified with Oeko-Tex 100, an international testing and certification system for textiles, limiting the use of chemicals and other harmful substances in production.

Activities and outcome for the Noir collection

- In the production of the 2009 Noir collection 50 pct. of the suppliers of fabrics hold specific certification on sustainable production. Noir-Illuminati II expects that the number will increase to 60 pct. in the next year.

For the *Bllack Noir collection* the company strives to make sure that all suppliers as a minimum are certified with SA8000 or equivalent. Dealing mostly with suppliers and sub-suppliers from developing countries this has proved to be quite a challenge. However, the majority of suppliers are located in Asia where it has been possible to identify suppliers complying with minimum standards and at the same time

delivering the necessary quality in products. In addition, the brand seeks to include as much organic certified and fair traded fabrics in the production as quality demands allow.

Activities and outcome for the Bllack Noir collection

- The number of suppliers from developing countries supplying to the Bllack Noir collection has grown by 300 pct. over the last year.
- Today 30 pct. of the sub-suppliers hold specific certification on sustainably produced fabrics
- Noir-Illuminati II has initiated an important cooperation with a sub-supplier from Kenya, Kipo Trade, who has specialised in supplying full certificated and ecologically produced fabrics. The company currently holds a SA8000 certification and is planning to go for fair trade certification in the coming year. Kipo Trade can guarantee responsibly produced fabric since the company is directly involved in all steps of the supply chain from growing the raw cotton to the manufacturing of ready to use fabrics. The company is currently supplying the Bllack Noir collection with two styles but the number is expected to increase to five styles over the next year.

Finally, regarding fur, all skins are sourced from the European company Saga Furs who certifies all furs under the OA standards. Hence, all fur used in Noir-Illuminati II production is certified in a manner that guarantees that they are bred solely within the EU and therefore under the highest standards and rules in the world concerning animal welfare.

2. Long run: own production of sustainable cotton

Since the establishment of Noir-Illuminati in 2005 the company has been working on setting up the branch Illuminati II with the aim of producing organic and fair traded cotton to be used in the Noir and Bllack Noir collections as well as be sold off to other fashion companies.

The fact that the cotton is grown organically means that there is a special focus on the environment and the health of the people who grow it. The fair traded certification of the cotton ensures a fair price and focuses on good working conditions for the farmers and respect for the local communities involved.

The idea behind Illuminati II is to introduce the finest cotton fabrics out of Africa to all the segments in the fashion industry – the luxury fashion brands, the middle priced brands and the entry priced brands. Hence, the idea is to produce cotton fabrics which are all certified and responsibly produced, but which differ in price and quality.

Illuminati II is supported by the Danish International Development Agency (Danida), who has funded a three phase project with the objective of producing cotton fabrics from organic and fair traded cotton in Uganda. The CSR element of the project is manifold. In the short run the project will support the small farmers in Uganda who produce organic cotton on fair traded principles. In the long run the project will contribute to upgrading the whole production chain of organic fabrics in Uganda.

During the first phase of the project, the ‘contact phase’, the local project partner was identified. The project is carried out in collaboration with the local company, Bo Weevil, which is specialised in production of fair traded and organic certified (Ecocert) cotton in Uganda. Bo Weevil is handling the sourcing of cotton from farmers and oversees the spinning of cotton lint.

At present it is not possible to ensure the necessary quality from the weaving of cotton fabrics in Uganda, why the actual textile from the Ugandan cotton is produced by a certified partner in Turkey. However, it is the clear expectation that the weaving will be carried out in Uganda as soon as the local capacity allows the right quality.

Activities and outcome

- The second phase of the project, the ‘pilot phase’ was initiated in December 2008 and will continue around 12 months. During this phase two main activities are in process: Weaving trial and variety trial.
- The purpose of the weaving trial is to assess the application of existing organic and fair trade certified cotton from Uganda in the Black Noir collection. The fall collection is currently being produced with 100 pct. cotton supply from the Illuminati II branch in Uganda. Following the launch of the first Illuminati II cotton, Noir-Illuminati II is planning to establish the Noir Foundation, which will donate 1 pct. of the turnover to projects selected by the local farmers in Uganda.
- The purpose of the variety trial is to introduce a new and longer stapled cotton crop for production of luxury fabrics used in the Noir collection. The cotton currently available in Uganda does not have fibres long enough for it to be woven into luxury fabrics. Hence, Illuminati II is engaging in developing a new long staple crop in Uganda from which it will be possible to create finer fabrics. The first test of the new high quality fabric is expected to be ready by December 2010 and actual production can subsequently be initiated in another 2-3 years.
- Noir-Illuminati II is scheduled to meet with the Vice president of Uganda at a private meeting in Kampala in August 2009. The purpose of the meeting is to discuss the potential for further expansion of organic and fair traded cotton production in Uganda.
- Finally, Noir-Illuminati II is in the process of upgrading their corporate social responsibility (CSR) strategy, which is expected to be ready for implementation later this year.

Future plans

Noir-Illuminati II is aware of the comprehensive process of introducing and streamlining responsible principles throughout the value chain. The company is proud to see that the work is in constant progress with small improvements occurring every day.

At the same time Noir-Illuminati II of course recognises the need for continuous efforts in the future in order to reach its goals and live up to its commitments. Hence, the company continues to:

- Improve the work with sub-suppliers in an effort to deliver sustainable cotton
- Increase the positive impact of Noir-Illuminati II on the communities in which they operate. Especially in Uganda where the Illuminati II company will introduce a long range of socially responsible initiatives, such as HIV/AIDS programmes and promotion of education and gender issues.

In addition and finally, Noir-Illuminati II is committed to addressing the issue of climate change both in the production of clothes and fabrics. Hence, the company will develop a climate change strategy over the next year.