



Communication on Progress

2014

UN Global Compact



Managerial Commitment

Spectre is a medium sized Danish company with its roots going back to 1947. Particularly since the nineties when we started outsourcing our production to Eastern Europe, we have seen an increasing international approach on a wide range of activities: our export is close to 100%, raw materials for the production are sourced and purchased all over the world – in USA, Europe and Asia – and our production is now based on two platforms in Latvia; Eastern Europe, and Vietnam; Asia.

For many years, we have worked with CSR – even before the term “CSR” existed. We have always had focus on good working conditions and tried to support the local community wherever we have operated. As a company we believe in taking part in the responsibility for the local society. We believe that employees spending a large part of their life working for the company are to be treated with respect and dignity.

We are a Danish company looking upon the business from a Danish viewpoint. One of our fundamental ambitions is to ensure that our employees have working conditions that are “above average” comparing with local standards in the countries of our operations.

Working in a labor intensive industry like garment production with the vast majority of our employees located in Latvia and Vietnam – and with many suppliers located in Asia – it has become increasingly important for us to find a structured and professional way of working with CSR.

In the end of 2010 we decided to apply for a membership of the UN’s Global Compact to show the surrounding world that we mean it seriously when we say we have a strong CSR profile. It is also a simple and efficient way to acknowledge our loyalty to the ten basic principles of the Global Compact.

Another important step was made in 2012 when we began establishing a CSR team across borders, managed from Denmark to make sure our company “DNA” will remain intact and with team members locally in our production countries to help implementing the activities and strategies.

In 2013 we received the SA8000 certificate at our four factories in Latvia, and throughout the last year we have worked intensively on preparing Spectre Vietnam for the SA8000 certification and at the moment we are in the final stage of being approved for the SA8000 certificate in Vietnam.

We want to start working much more goal oriented towards the external environment with particular focus on solid waste and energy efficiency. Further steps are working with our suppliers and our customers to ensure the whole value chain eventually is covered by our CSR programs.

A part of the operational profit will be re-invested in current CSR activities and a constant upgrade of the working environment standards because we believe CSR is not only about ethics and high moral but also good business.

Jesper Klausen

Director Production and Supply Chain

General Introduction of our Company

Spectre is a private label garment manufacturer within the outdoor sports wear industry. Being part of a production chain with factories in Asia and Eastern Europe we are aware of the importance of a strong emphasis on the Global Compact principles. This necessity is stressed by our customers, who are European brand owners, and also by the end users of our products; outdoor/sports enthusiasts, who seem particularly concerned about sustainability.

For several years Spectre has had a strong focus on CSR related issues but only recently initiated a more structured and systematic approach to CSR. The Spectre management has also been emphasizing some of the issues in the Global Compact which has resulted in notable impact at our factories compared to other factories in the garment industry.

As a first step towards a strategic and systematic way of working with CSR a decision was made to aim at obtaining a SA8000 certification. SA8000, created in 1997 by Social Accountability International, is an international standard for improving working conditions around the world. It is an auditable standard for a third-party verification system, setting out the voluntary requirements to be met by employers in the workplace, including workers' rights, workplace conditions, and management systems. The normative elements of this standard are based on national law, international human rights norms and the conventions of the ILO.

Human Rights Principles (1-2)

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Business should make sure that they are not complicit in human rights abuses.

During the last few years our policies and procedures have undergone a thorough development due to our SA8000 certification process in Latvia and Vietnam as mentioned in our CoP 2013.

The UN Guiding Principles from 2011 will be central for the way Spectre will work with human rights in the future.

Though we have production outside Denmark - in Latvia and Vietnam - we have a Danish mindset in the management of these sites, and we have no challenges in relation to complying with the human rights principles within the company.

However, when we look at our supply chain it is clear that the risk of human rights violations becomes more present upstream the chain, due to the conditions in the regions from which we source.



Last year we described how we had established a system to face the challenge of making sure our suppliers and sub-suppliers around the globe offer humane and decent workplaces for the workers. The system takes into consideration whether the supplier resides in a high-risk, medium-risk or low-risk area of the world, and the sourcing volume and importance to Spectre.

But the UN Guiding Principles offers a different way of handling the supply chain moving from “Naming and Shaming to “Knowing and Showing” through transparency. The process suggested by the UN covers a phase of developing policies within the Human Rights, then a Due Diligence Process and, finally Access to Remedy. Spectre will continue with our already established system over the next years, but parallel to this we will start develop our system to fit into the UN Guiding Principles.

Labour Rights Principles (3-6)

- 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; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Freedom of association and collective bargaining is one of the headlines in the SA8000 standard. During the implementation of SA8000 in Vietnam we learned that some adjustments were needed in order to fully comply with SA8000. One of these adjustments was related to the question of trade unions in Vietnam. It turned out that we paid the union representative for her work with workers’ rights, and this is against the regulations because it can give the impression that she takes care of the interests of the company instead of the workers. Now we transfer the mandatory amount to the trade union fond and she gets paid from the fond.

One of the benefits of working with the SA8000 standard is that all existing procedures and processes are investigated thoroughly and new procedures are described formally and in accordance with the high level of the SA8000 standard. It was while going through our documents that we found that we had a 17 year old employee working with processes which, according to the Vietnamese legislation, were categorized as hazardous – processes which in the industry in general in other countries are not categorized hazardous. This way we were able to compensate our employee (who by the time had turned 18 and now were allowed to conduct the work) change recruitment procedure and avoid such cases in the future.

Having the third party audits with Bureau Veritas in Vietnam is giving us an insight into best practices on some areas which are high risk within the textile industry. We are still in a learning process of such

improvements but we feel that we are making an effort in terms of implementing better standards and procedures at Spectre and we will continue to try to impact the whole value chain.

Environmental Principles (7-9)

- Principle 7: Business should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility, and;
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

We are in a process of considering some KPI's within energy consumption in the production. Through an increased focus on this we aim at reducing the energy consumption in general and further we are looking into the possibilities of using more green sources where it is possible.

We continually look for options of tapping into the circular economy (cradle to cradle) with regard to our production waste. Last year we changed partner in Latvia, meaning that our fabric waste is now collected for recycling instead of the former contract, where it ended up as landfill. However, we are still investigating the options of finding a partner who will be interested in using our polyester waste as a new raw material if possible.

Within the last few years we have participated in various networks and conferences, and through these activities discovered a few innovative entrepreneurs who are working hard to become part of the solution of the global challenge regarding the increasing amount of waste. We are in a continuing dialogue with these people to share knowledge and find out if we can partner up somehow. The task of shredding and recycling fabric waste is complex and will not be completed over the next year or two, but we wish to take our part of the responsibility in moving forward in the process, so we will continue participating, analyzing and discussing the options over the next years.

Anti-corruption Principle (10)

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Our Code of Conduct is sent to our partners for signature, when we start up new contracts and within the Code of Conduct we have an anti-corruption principle. We are not familiar with any bribery or corruption issues in relation to our business. However, recently we made a small informal investigation based on our suspicion of a possible case. Luckily, it turned out to be a misunderstanding about a new procedure which was in an implementation process.

We are aware that corruption and bribery are areas of risk in the countries that we operate in, and we stay updated on the topic and will keep informing our employees about our policy.

