

PILGRIM

DANISH DESIGN

GLOBAL COMPACT

Communication on Progress, 2009

Facts about PILGRIM

PILGRIM is a Danish brand producing fashion jewellery and accessories for men and women. In addition to jewellery, PILGRIM offers a range of sunglasses, and a range of watches. All our products are designed in Denmark.

PILGRIM products reflect broad fashion trends – with a difference. PILGRIM's designs always stand out from the crowd. Often the difference comes from daring the unexpected – like using materials and colours in new and original combinations.

Annemette Markvad and Thomas Adamsen established PILGRIM in 1983. During the first years they travelled around Denmark selling jewellery on 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 swiftly began exhibiting their wares at trade fairs in Denmark and later on, family and friends became involved with the business.

Today PILGRIM has expanded into a global brand, and has its head quarters in Skanderborg, Denmark. PILGRIM has around 200 employees and distributes to more than 5000 shops and department stores all over the world. Over 85% of the total sales come from export.

Statement from the Chairman of the Board

It is with great pleasure that I confirm PILGRIMs continual support of the Global Compact and its ten principles. While I believe that we have been successful in our progress, I also believe that the future is bright and that we will see many more successes in our work with Corporate Social Responsibility. PILGRIM Foundation is a testimony to the fact that we are committed to a long-term solution to reducing poverty and taking a responsibility for international development. Our relationship with organisations such as MSF represents our innovation and desire to incorporate our CSR activities into our core business for the benefit of humanity and our business.

In the following COP we outline our actions and future goals as well as our results and outputs. We are proud to be a supporting member of Global Compact and hope our commitment encourages others to embrace the ten principles thus ensuring a better future for the world at large.

Thomas Adamsen



Chairman of the Board

PILGRIM and Responsibility

Social Responsibility is one of our core values in PILGRIM, and we want to influence our suppliers and make them understand why proper conduct is a necessity. We have established a department within our China office to work exclusively with the [Code of Conduct](#) compliance.

PILGRIM has a Code of Conduct which has been signed by all our suppliers. As we do not own our own production facilities our influence is limited. However, we have made great efforts to establish close and good relationships with our suppliers.



In Denmark we have a CSR (corporate social responsibility) group consisting of four people from different departments in PILGRIM. The group works closely with our China office in order to secure continued development.

We will continue to improve the conditions at our suppliers, but this is not an overnight project. This can take years, just like the fight for equal opportunities and equal pay in the West. The social conditions in China are improving every day, so this will also affect our suppliers. We work closely with our suppliers and encourage them to see the benefits and the importance of complying with the Code of Conduct. Due to the socio-cultural and economic differences that exist between China and countries in the West, this is a complex task, but one that we will make every effort to continue to improve upon.



Actions speak louder than words

‘Positive Auditing’

We have previously collaborated with an external auditing company, but as we would like to ensure a long term, trusting relationship with our supplier, we have developed and begun to implement our own auditing system, Positive Auditing. All of our suppliers will be audited annually with the help of this new system.

Positive Auditing as developed by PILGRIM aims to achieve the suppliers’ confidence and inspire them to develop. We audited our suppliers with Positive Auditing as a test in Year 2008 and we will continue this in the future. The results of audits in 2008 turned out to be promising. The suppliers appreciate that they are given the opportunity to show the positive initiatives they have and how they are progressing. They are positive about the fact that this method does not just focus on the negative elements during an audit, but that they receive credit for their progress.

For each audit, the supplier receives points according to our Best Practice Guide, which outlines what must be achieved to get certain points. The guide has been developed to avoid disagreements during an audit. The Best Practice Guide can be used by both PILGRIM’s auditors and suppliers. The Best Practice Guide regularly updated, usually annually, or when necessary, to make sure that the Guide is always applicable, in case of any change in local laws etc.

If there are areas in which our suppliers do not live up to our Code of Conduct or local laws, the supplier receives no points. If the supplier does not make improvements within a stated period of time, PILGRIM will no longer collaborate with them.

With this new method, the supplier is also judged in terms of honesty, openness, and for anything extra they choose to do for their employees. This includes anything not required legally or by the stated requirements of the customer's Code of Conduct, e.g. free uniforms, an activity day for employees and the supplier's efforts towards minimising corruption, etc.

We would like to underline that we have zero tolerance regarding child labour, forced labour, serious health and safety dangers, and the like.

Building a Trusting Relationship

In order to audit using Positive Auditing, we need to create a trusting relationship with the supplier. For this reason, we cannot make an unannounced audit. But to ensure that we see "the real" situation at the plant, we frequently make unannounced visits. The plant may receive a visit once a week or once a year. The visit may take place on a Sunday evening or a Wednesday afternoon, in other words, during any day of the week during any 24-hour period. We have the opportunity to do this because we have employees in our China office employed for the sole purpose of checking the conditions at the plants. In addition to visits from the auditing team, we have quality assurance employees who work at the plants daily.



Picture 1. PILGRIM jewellery being assembled in a factory in Qingdao

Improving Working Conditions in China

PILGRIM has been involved in a training program at one of our suppliers (who owns five plants), providing training in health and safety in the workplace. In connection with this training, we have established a committee of workers from the various workplaces. They are individually responsible for health and safety at their workplace and are in charge of the communication between their co-workers and plant management. As a result, they require training in meeting with management and management requires training in meeting with the co-workers. The employees were also trained in creating a risk analysis of their workplace.

The purpose of this includes being able to identify the health and safety risks which could be present. We will have the results of this training later this year.

We have presented different providers of similar training to our other suppliers, and highly recommended that they begin this type of training program. Should they register for one of the recommended programs, they will naturally get extra points in our Positive Auditing system.

Responsibility for the local community

We support the local community in the town where PILGRIM has its head office. Cultural activities and sports, particularly for non-elite youth are supported economically or through product sponsorship. PILGRIM supports local as well as international charities through product sponsorships for fundraising events. PILGRIM donates products to approximately fifty charities every year.

PILGRIM Foundation; an International effort

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.



Picture 2. Students participating in the PILGRIM Foundation HIV-AIDS awareness camp

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

The foundation has initiated several projects involving street children in Tanzania. One of our current projects is a collaboration with some of the established NGOs in Tanzania regarding Street Business Toolkits – a training program that gives street kids a chance to run a business and get away from the harsh life on the street. The foundation also supports several vocational training programs which help the most vulnerable children and youth to better futures. Efforts toward informing about HIV-AIDS and human rights are also supported by the foundation.

The foundation receives an annual percentage of PILGRIM's profits (or a minimum of DKK 300,000/€ 40,300/£37,200), in addition to support from private individuals.

Doctors without Borders - MÉDECINS SANS FRONTIÈRES



Since 2003 PILGRIM has supported the humanitarian organisation Médecins Sans Frontières. Twice a year, PILGRIM designs and produces one or more special MSF products, sold to benefit MSF. The entire profit from the sale goes directly to Doctors without Borders and their invaluable work. This means that the retailers who sell MSF products do not earn from the sale either.

Since 2003, the sale of MSF products has generated € 1,473,772 (£ 1,385,797) to Doctors without Borders.

Other humanitarian partnerships

In 2005, Kirkens Korshær [The Salvation Army] got in touch with PILGRIM to hear whether we would design and produce an item of jewellery for them. They wanted to sell it before Christmas to benefit the organisation's users, many of whom are addicts and homeless. The sale was a roaring success and the next year Kirkens Korshær sold a new, specially designed jewellery item from PILGRIM.

PILGRIM has also collaborated with Debra Ireland which is an Irish charity benefiting children and youth with the skin disorder EB. EB is a painful, genetic skin disorder that has its onset at birth and becomes increasingly severe. The organisation is run by volunteers and is dependent on donations. Several times since 2004, PILGRIM has designed and produced jewellery bearing the organisation's logo – a butterfly. Debra Ireland receives the entire profit from the sale of the jewellery which can be bought on www.debraireland.org.

For several years we've designed and produced jewellery to benefit the children's ward at Falster Hospital in Denmark. Kit Nørholm Koch leads the support organisation that raises funds for the children's ward. Kit approached PILGRIM and asked whether we could help by designing jewellery that could be sold to benefit the children's ward at the hospital. This [charitable organisation](#) provides the selling and distribution and receives the entire profit which goes directly to the children's ward.

PILGRIM and the Environment

PILGRIM complies with ALL statutory limits on lead, nickel, cadmium and mercury, which means that our jewellery is, e.g., nickel-free. However, we have also instigated numerous initiatives to reduce our carbon footprint through recycling policies and energy reduction. In PILGRIMs warehouse used cardboard is shredded in a machine so that it can be reused for wrapping and protecting the jewellery that is packed and sent out from PILGRIM. This has not only reduced our energy waste but has also served as an economic benefit to PILGRIM as the cost of the packing material has been reduced. All our disposed cardboard and paper is sent for recycling elsewhere. We have also started using recycled paper for our catalogues and press material.

The Present and the Future

Coorporate Social Responsibility has always been an integrated part of PILGRIMs mission. During the past few years PILGRIM has been more focused than ever in relation to improve working conditions at the suppliers in China. The most significant move in this direction was setting up an office in China and establishing a department responsible for working with the Code of Conduct and the newly developed 'Positive Auditing' system. This will secure continual development and improvement at our suppliers. PILGRIM is interested in cooperating with the other brands that have products produced by our suppliers. This

cooperation could consist of sharing reports from our audits. Our suppliers are burdened by all the audits their customers make. It would therefore be advantageous for them, if their customers made a joint audit.

At our head office we have also focused and structured our CSR policies, including the sponsorship process, the initiation of new environmental and charitable CSR related initiatives, by setting up a CSR committee in charge of coordinating these activities. In PILGRIM CSR has been prioritised at management level and Thomas Adamsen (PILGRIM's Chairman of the Board) has been actively participating in conventions including the Global Compact Summit in Geneva and as a key spokesperson alongside the Danish Minister of Business and Industry and Global Compact board member Mads Øvlisen at the CSR Day (hosted by Danish Standard) in Denmark.

PILGRIM is very proud to have founded PILGRIM Foundation, as well as to have established long term relationships with MSF, Debra Ireland, Kirkens Korshær and Lolland Falster Hospital. PILGRIM has recently joined forces with Reden on an initiative to fight female human trafficking. PILGRIM receives a number of proposals to team up with charities to collaborate on humanitarian causes and chooses one or more projects yearly. The Global Compact and the 10 principles that it represents have been very useful in terms of creating PILGRIM's focus and structure in relation to its CSR policies.

It is expected that PILGRIM will continue to be a role model in relation to innovative CSR activities in Denmark. PILGRIM will continue to be active in the various networks available, and speak for action and change. PILGRIM is currently supporting Fairtrade Jewellery in Africa and working on ways to incorporate it into its product line. PILGRIMs CSR activities go beyond responsibility, as we believe that these activities are beneficial to our core business and brand at the same as benefitting those in need by contributing to poverty reduction, human rights, and improving the conditions for the poor as well as reducing the negative human-impact on the environment.