

## Statement of support

Spirit Wholesale is dedicated to fulfil the intentions of the 10 principles outlined by the UN in the Global Compact Initiative. We strive to influence our suppliers and business partners to support, to participate and to live up to the principles of the Global Compact Initiative for a sustainable development.

Spirit Wholesale has been a member of Global Compact since 2008 and our support is unchanged. Through this concept we endeavour to respect fundamental human rights and basic workers rights and to implement these principles in our company and influence our suppliers and business partners to do the same with their suppliers. We have set targets within some of the 10 principles and will begin to measure our performance year by year.

Our commitment to help people who are less fortunate and poor people employed by our suppliers is deeply grounded in our conviction that we are able to make a little difference in a tough world. Thus we also contribute considerably amounts through private charity initiatives of various kinds besides our business driven CSR efforts.

On our homepage [www.spiritwholesale.dk](http://www.spiritwholesale.dk) you can read about how we strive to live up to our commitment on a day to day basis. This COP-report will be available through the UN Global Compact homepage. [www.unglobalcompact.org](http://www.unglobalcompact.org).

Date:  
Signature:

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# Global Compact Annual Communication on Progress 2010

## Company data :

<b>Company name</b>	Spirit Wholesale A/S	<b>Date</b>	18-02-2011
<b>Unit (if applicable)</b>			
<b>Address</b>	Ouskjær 34 7100 Vejle	<b>Membership date</b>	19-02-2008
<b>Country</b>	Denmark	<b>Number of employees</b>	50
<b>Contact name</b>	Claus Rasmussen	<b>Sector</b>	Textile & Clothing
<b>Contact position</b>	CEO		
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## Brief description of nature of business

Spirit Wholesale ApS is a family owned business that sells clothes for children from 0-14 years. The company is owned and operated by husband and wife Ginnie Nørskov and Claus Rasmussen. It is an international company with production through agents in Portugal, China, India and Thailand. The company has two strong brands, METOO and NEXT LEVEL and has an export to 17 countries primarily in Europe. The products are sold worldwide through distributors.

The company's mission is to create exclusive children's clothing at competitive prices. Our focus is on international design in cheerful colors. Our commercial success is the result of a joint effort and unambiguous enthusiasm from our staff.

## 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 or policy

In 2008 we carried out a risk assessment of the potential areas of human rights abuses in the countries where our production takes place. We are committed to uphold human rights principles, and as a consequence of our risk assessment we made a clear sustainability policy.

According to our policy we and all suppliers to Spirit Wholesale 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 relevant to human rights issues.

Our policy is covering all human rights issues, however we mainly focus on working hours and compensation, occupational health and safety and management issues. It is our belief that we can influence our suppliers by upholding a slight pressure for information and documentation for decent working conditions everywhere we are represented.

## A brief description of our processes or systems

Our policies and values in combination with our in-house procedures for hiring new employees, for running the company and for dismissal will ensure us against discrimination or other human rights abuses.

Our headquarters in Denmark are under strict Danish legislation, which does not allow any discrimination. Terms of employment are established by individual workers contracts according to Danish legislation.

Our code of conduct, procedures and our in-house awareness of worker interests will prevent us from committing offences.

## **Practical actions implemented in the last year / planned for next year**

### **Headquarters**

We will set up key points on specific areas within human rights in our head office in Vejle and at our main suppliers in order to be able to measure our efforts year by year. Our second priority the coming year is to educate our buyer staff in CSR issues. Also our sales department staff must learn more about CSR, different initiatives, productmarks, organic production and about the different certifications on the market. We want the sales people to be able to use our responsible supply chain effort as an argument for sale.

### **Suppliers**

We have incorporated our policy in our general code of conduct and we have trade terms agreement signed by all suppliers implementing the code of conduct and our restricted chemicals list in the legal contract between Spirit Wholesale and our suppliers.

According to our CSR-programme all our main suppliers will have to issue selfassessment templates to help them identify the weak areas to work on. We will provide them with a selfassessment tool corresponding to our code of conduct.

We have taken initial steps to prepare our main suppliers for our next step which is external audits. However they will have at least one year to implement the findings from their selfassessment. We will encourage them to have local training and to have a pre-audit done in order to have a corrective action plan (CAP) to work from.

## **Measurable results or outcomes**

We have raised awareness about about CSR issues in our headquarters and especially about human rights and labour rights at all our main suppliers in risk countries.

We have selected the suppliers we want to work together with about CSR in our supply chain. We are instructing them to make selfassessment templates and to prepare for external audit. Some suppliers can have audits very soon and others will have to wait another 2-3 years.

## **Labour**

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

## **Our commitment or policy**

Spirit Wholesale supports the fundamental labour principles in Denmark. We do our utmost to influence our suppliers to hold the same position.

We support the principles of freedom of association and the right to collective bargaining. We are a member of the Danish Federation of Textile & Clothing (DM&T) And we respect the collective agreement system as a supplement to danish labour legislation in our area of business.

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.

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 part of our policy that all employees in Denmark and where ever our products are produced are treated with respect and dignity. We do not tolerate child labour as defined in the ILO conventions below 15 years (14) or the local defined school age. Spirit Wholesale reconmends 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 insists, 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 an other family member a job.

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 what so ever and no pregnancy test are allowed. HIV/aids tests are not allowed either.

## **A brief description of our processes or systems**

### **Our headquarters**

In our headquarters in Denmark we follow the danish legislation on labour rights. According to the Danish Health and Safety Work Act we have a health and safety committee with representatives from the workers and the management group. Our occupational and safety work is well organised and functions successfully according to the intentions of the Danish legislation. We have made the compulsory APV assessments for all workplaces and we are keeping records of any accidents what so ever. However since we are not handling the goods from our headquarters, we do not have any risk of workrelated accidents. We keep records of all our meetings and we discuss any work related issues in the group. From October 2010 the psychical work environment must be included in the work too according to our laws.

We are paying our workers above average for similar jobs in the industry.

We have a system where overtime is always voluntary and we do not pay a primium for overtime hours, because the employees wants to save it up and have some hours or days off for several personal reasons on a individual basis. We try to meet the wishes from our employees as much as running the company allows us.

We strive to give both men and women equal opotunities and for the time beeing more than 50 % of our management group are women. Our laws on Occupational health and safety are strong and we have never had any working related accidents in our company history.

### **Our suppliers**

Our policies and positions are transfered into concrete rules in our supplier code of conduct. The

code of conduct includes the 10 principles in the UN Global Compact initiative including the most important Human Rights principles and conventions.

According to our Code of Conduct it is a general rule that no worker must work more than 48 hours + 12 overtime hours and never on a regular basis. Compensation must always be paid according to a premium rate according to local legislation and all workers must have one day off after 6 days of continuous work.

The occupational health and safety work with our suppliers is of most importance to us and we have - as a minimum - a legal framework in the national laws in our production countries. We frequently check that all aisles and runways are free from any obstructing objects and we ask to see documentations that first aid courses and fire drills have been held on regular intervals.

## **Practical actions implemented in the last year / planned for next year**

### **Headquarters**

We are in compliance with Danish legislation and collective agreements in our area. Every employee has all together 5 weeks plus 4 personal holidays every year plus all public holidays.

Most employees have the right to spend a day working from their home, whenever it is in the best interest of the company as well as a wish from the employee.

The company provides everyone with a private illness insurance and we have a canteen with reduced prices, massage facilities, several health care initiatives, coffee, tea and fresh fruit for free.

### **Suppliers**

According to our CSR-programme all our main suppliers will have to issue selfassessment templates to help them identify if they have any weak areas to work on within labour rights. We will provide them with a selfassessment tool corresponding to our code of conduct. We will encourage them to take advice from a local consultancy in order to become compliant to our code of conduct within the area of labour rights.

We have already taken steps to prepare our main suppliers for our next step which is external audits for selected main suppliers. However we will give our suppliers at least one year to implement the findings from their selfassessment. We will encourage them to have local training and to have a pre-audit done in order to have a corrective action plan (CAP) to work from.

We will set-up a few relevant key points on specific areas within labour rights in our head office in Vejle and at our main suppliers in order to be able to measure our efforts year by year.

Finally we will develop a simple eye opening tool for our in house staff to be used, when ever someone is visiting a factory.

## **Measurable results or outcomes**

We have raised awareness about about CSR issues in our headquarters as and especially about human rights and labour rights at all our main suppliers. Without measuring our efforts we have no doubt that our initiatives beyond our legislative obligations have strengthened the loyalty and enthusiasm amongst our staff. When we say we, we mean we.

We donate considerable amounts to different charity arrangements such as company donations to families with children with cancer, sending all surplus production to different orphanage in Sydafrika, Bolivia, Ukraine, Rumænien, Indien, Mongoliet m.fl. We also support the annual "Denmark collection", and lately we contributed and designed a special bike helmet in a large

promotion on child safety.

#### Suppliers

All our main suppliers know exactly what we mean, when we talk about good CSR. We have asked selected suppliers in risk countries to work together with us about CSR in our supply chain for the coming years. We are instructing them to make selfassessment templates this spring. Some suppliers will be ready to have audits done very soon and others will have to wait another 2-3 years. We are confident that our relationship with these suppliers will grow stronger due to the CSR process they will have to undergo because of our commitment.

## 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 or policy

Spirit Wholesale holds the position that business should support a precautionary approach to environmental challenges in the society. We are compliant with environmental legislation in Denmark and expect our suppliers to comply with their national legislation.

We are also 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 neighbourhood.

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 Far East unless it is absolutely necessary.

We are very much aware, that our clothes must not contain unhealthy or harmful dyes or chemicals. We condemn PVC, formaldehyde and AZO-dyes containing heavy metals in an concentration of more than 0,1 ml. We have decided that the limit values in Oeko-tex 100 form the general standard for our restricted chemical programme, also when our clothes is not labelled with Oeko-Tex 100.

### A brief description of our processes or systems

Our environment efforts are as follows:

- Focusing on environmental impact from running our headquarters
- Waste management in headquarters
- Restricted chemicals programme for all suppliers based on Oeko-Tex 100 limit values

#### In headquarters

We have a waste management system with focus on reduction and recycling. Due to Danish legislation we recycle glass, paper, environmental harmful waste and sort our daily waste as much as possible.

#### Suppliers

Our restricted chemicals programme is a part of our code of conduct 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 are especially keen on asking if they have noticed if decent water cleaning facilities in the dyehouses exists.

We ask suppliers to check carefully their sub-suppliers, especially the dyehouses, where the biggest harm to the nature can occur.

## **Practical actions implemented in the last year / planned for next year**

In the coming years we will begin to measure our efforts on various relevant areas within our internal and external environmental impact. We will set up in-house accounting points, and we will limit our resources to areas where we can have an considerably impact.

We are in the process of picking out the right areas for our company to work on and to built up the relevant organisation and to point out a responsible person for our environmental work.

Since we have recently moved to a brand new domicile and since we have no production in Denmark our environmental impact is relatively limited. However we can always find room for improvement in different areas and raise awareness to our employees about the importance of contributing to a clean environment.

We also plan to train all employees in occupational health and safety, first aid and waste mangement within the next two years.

## **Measurable results or outcomes**

We have unfortunately no measurable results on this area so far, however every one in the house and all our core suppliers have obtained a higher awareness on environmental challenges. We have only very few figures on our total consumption of electricity, central heating and consume in general, since we had only had our new domicile only 2 years.

However were are confident that the facilities and the surroundings in a complete new domicile have contributed to a very high satisfaction with the working environment in our company.

Our effort on restricted chemicals has contributed to a general higher awareness of avoiding harmful chemicals in our clothes. Finally the number of items in our baby collections marked with the health label, Oeko-Tex 100 has increased.

## **Anti-Corruption**

**Principle 10 Business should work against all forms of corruption, including extortion and bribery**

### **Our commitment or policy**

We strongly refrain from any forms of corruption, including extortion and bribery. We also comply with all relevant legislation in Denmark regarding corruption 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.

### **A brief description of our processes or systems**

We have made a risk assessment in 2008 and we are happy to realize, that we have no suppliers in some of the most corrupted countries in the world. Our headquarters is situated in Denmark, which is regarded as one of the least corrupted countries in the world. Corruption is

forbidden in Denmark and does almost never take place. We have no internal procedures to disclose or to monitor corruption on a daily basis because it is hardly relevant for us.

We try to influence our suppliers, that corruption is very wrong and that they should 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.

## **Practical actions implemented in the last year / planned for next year**

We encourage our suppliers to set up 'whistle-blowing" facilities or anonymous suggestion boxes to all employees in the factories. Employees should be comfortable in having a safe place to bring forward their assumptions.

## **Measurable results or outcomes**

Until now we have never bin involved in any legal cases regarding corruption and thus we have no measurements of our focussing on bribery and anti-corruption in our headquarters.

## **How do you intend to make this COP available to your stakeholders?**

Since Spirit Wholesale is a 100% family owned company 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](http://www.unglobalcompact.org). We will also make it available to our boardmembers and to all employees at our monthly meetings.