

NOA NOA
COMMUNICATION ON PROGRESS
2015



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INTRODUCTION

This is Noa Noa's Third Communication on Progress report.

The strategic commitment to join and support the 10 principles of UN Global Compact was made 4 years ago and the framework is still the base in the CSR work at Noa Noa. CSR has been part of Noa Noa's business practice for many years and goes hand in hand with our value of acting responsibly.

This report covers the progress in Noa Noa during 2015 in regards to the Global Compact principles and the aim and goal for the coming year.

CEO STATEMENT

To our stakeholders:

I am pleased to confirm that Noa Noa reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Henrik Aaen Kastberg
CEO

OUR ETHICAL GUIDELINES

ACTING RESPONSIBLY

We will approach CSR and promote an ethical supply chain in accordance with our values and within the framework of our membership of BSCI and the ten principles of UN Global Compact on human rights, labour, environment and anti-corruption.

COMPLYING WITH LAW AND INTERNATIONAL RECOGNIZED RIGHTS AND STANDARDS

We are committed, wherever we operate and at all times, to comply with all applicable laws and regulations, the ten principles of UN Global Compact, and the requirements following from our BSCI membership.

MANAGING EXPECTATIONS

We will in a clear, adequate and timely manner make sure that our employees, partners, and suppliers are familiar with what we require of them in relation to human rights, labour, environment and anti-corruption. We will be open and honest about the challenges we might face and take responsibility for solving. And we will communicate our objectives and the results we achieve as soon as possible.

GROWING EMPLOYEES' TEAM SPIRIT

We believe that we can achieve more as a team than as individualists. We value diversity and assist each other. Our behavior is constructive and we seek individual solutions to individual problems and resist all aspects of discrimination and harassment.

SUPPORTING OUR SUPPLIERS' ETHICAL EFFORTS

Accepting that we cannot guarantee that ethical problems may not arise in our supply chain, we consider it essential that our products are manufactured and handled in a proper and responsible manner by our suppliers. To that end we ask every supplier to accept, sign and follow our Suppliers' Code of Conduct (CoC). The CoC is based on the ten principles of Un Global Compact and the BSCI Code of Conduct, and it provides our suppliers with the ethical roadmap needed when working with Noa Noa. Our membership of BSCI constitutes the main tool for translating the intentions of the CoC into reality. According to the BSCI compliance system we call for self-assessments, monitor compliance, commission external audits and facilitate corrective measures and training when needed. If a supplier fails to comply with our CoC we will always respond in an effective and appropriate manner and, whenever possible, we will opt for a response facilitating corrective measures and leading to progress. However, in the event of gross negligence on behalf of a supplier, we will not hesitate to terminate a contract if appropriate.

PROTECTING OUR BRAND

We insist that every individual representing Noa Noa is under a special obligation not to engage in any activity (both in words and action) that compromises our ethical guidelines including corruption in all its form. This is stated in our internal management guidelines.

ANIMAL WELFARE

At Noa Noa we are strongly opposed to any form of animal cruelty including, but not limited to, methods such as mulesing and live plucking of birds/rabbits. We only use leather, fur, feathers, and wool from animals used for food production.

LIMITING OUR ENVIRONMENTAL IMPACT

We will monitor our environmental footprint and continuously look for possible ways of reducing our energy consumption, improving the sustainability profile of our packaging, increasing recycling of unsold clothing, as well as promoting environmental friendly manufacturing in the supply-chain.

EASING DIFFICULT LIFE CIRCUMSTANCES FOR CHILDREN AND WOMEN

We will, while respecting the integrity of our brand and customers, support projects helping children and women in operating countries and main supplier countries or elsewhere when a suitable project is found. Noa Noa collaborates with SOS Children Villages, an independent international NGO development organisation, which works to improve Children's rights and living conditions.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

BSCI ENGAGEMENT – UPDATED CODE OF CONDUCT

Through the membership of BSCI Noa Noa supports initiatives that secure the human rights of workers in our supply chain. We continuously audit our suppliers and act on audit results to support improvement in the conditions for the workers in the production.

The work with BSCI has been upgraded in 2015 as BSCI released a new Code of Conduct and a new auditing process. Noa Noa has adapted and implemented the new way of working and are embracing it in the daily work with all our suppliers. At the same time a supplier mapping was made of all our suppliers. This mapping made it clear, internally, whom of our suppliers are the most important to Noa Noa as well as highlighting the risks in the supply chain. This enables a more focused work with BSCI auditing and follow-up.

During 2015 the new BSCI Code of Conduct was distributed to all our business partners and suppliers in production, and signed in return. The audits conducted during 2015 have been made according to the updated audit protocol.

HIGG INDEX – 2 YEAR PROJECT

During 2015 Noa Noa got the opportunity to take part in a project facilitated by DAFI (Danish Fashion Institute) and organized by SAC (Sustainable Apparel Coalition). It is a 2 year project that started during the last half year of 2015 and will be running through 2016 and beginning of 2017. The project focuses on Small and Medium-sized Enterprises and the use of the Higg Index, developed by SAC and its partners. The aim is to make Higg-Index more accessible and useful to smaller companies in the future.

Noa Noa joined the project to get insight to what the Higg Index could do for us and how useful it is. At the same time the Higg-index project is a self-evaluation of the company as well as some chosen main suppliers which gives us valuable information for the future. We are looking forward to the development of the project during the coming 2 years. The project covers both social and labour aspects as well as environmental.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of forced or compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

BSCI ENGAGEMENT

Through our membership of BSCI we support initiatives to improve Labour rights in our production countries. We continuously audit our suppliers and act on audit results to support an improvement in the working conditions for the workers in the production.

See previous chapter regarding update on BSCI during 2015.

SOS CHILDREN'S VILLAGES

Noa Noa has during 2015 decided to end the donations to SOS children's villages for the future. Noa Noa will always be a small player in a big organization like SOS children's villages and the influence of Noa Noa would always be limited. Instead of supporting SOS children's villages Noa Noa has made a strategic decision to focus on smaller social projects where Noa Noa can have a larger impact and influence. During 2016 Noa Noa will work on smaller projects and implement in our collection development.

PAPERCHAIN JEWELLRY - 2016

Noa Noa has started up a project with a group of women from Uganda who are producing handmade jewellery. Their brand is called Paperchain and they will produce a small capsule collection for Noa Noa in the fall of 2016. We anticipate that this will be a success for both parties.

The aim of the Paperchain project is to help the street kids of Uganda by helping their parents. The salary enables the women to create a sustainable economy for their families and, in the long run, keeps children off the streets. This collaboration helps the women to create a better future for their children. Noa Noa will also communicate this project and spread the word in our industry.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

RESTRICTED SUBSTANCE LIST (RSL)

During 2015 Noa Noa kept focus on the chemicals used in our production and continuously seeks new knowledge and insight to the area. Extensive work and lack of resources made it impossible to reach the targets set for 2015 by finishing the RSL (Restricted Substance List) and improving the workflow of controlling chemicals in our production. This goal has been postponed and our new goal is to finish the Noa Noa RSL in the first half year of 2016, and distribute it throughout the supply chain accordingly along with an updated version of our Standard Operating Procedure (SOP).

A clear Chemical policy has been set for the company during 2015 and is as follows:

Noa Noa shall act as a sustainable and responsible actor on the global fashion market. To be able to do so, restrictions and limitations for chemical use/content must be followed on all markets where Noa Noa is present. By this, Noa Noa together with its suppliers will contribute to a more sustainable production of fashion garments via education and a constant move for more sustainable and environmental friendly production.

INDUSTRY NETWORKS

To stay updated with the industry standards and new regulations regarding chemicals used in production and finished products, Noa Noa continued its membership of the Swedish textile industry chemical network facilitated by SWEREA IVF as well as the Danish network facilitated by Bureau Veritas.

Network meetings during the year have kept the company updated in the area as well as provided several interesting and useful relationships within the industry by exchanging experiences and knowledge.

An expert from SWEREA IVF visited Noa Noa during the year for individual feedback and guidance in the future work with chemicals. This meeting was very useful and important for the future work and development.

TRANSPORT – BOAT VS AIR FREIGHT

At Noa Noa we continuously look for possible ways of reducing our energy consumption and CO2 footprint. We aim for all production transport from Far East to go by sea rather than air. And we aim for all European transport to go by truck rather than air. We do face some difficulties with our Express collection that needs to hit stores very quickly and are therefore often transported by air. Despite this we manage to keep the goal of 80% by sea and 20% by air from last year. During 2015 83% was shipped by sea and 17% by air and we aim for keeping the same level and potentially improving during 2016.

RECYCLING

All Noa Noa garments which are re-located to our outlets, e.g. styles with minor defects are sent to charity. This we plan to continue doing during 2016.

Fabric swatches or parts of garments received from suppliers that are not useful anymore will be donated to child care centres for them to use for creative activities with the children. This has been highly appreciated during 2015 and we will therefore continue throughout 2016.

During 2015 Noa Noa set new requirements for the quality of polybags used for packing. The Polybags are now to be marked with “recyclable” or a symbol indicating this. The use of these new polybags is introduced in our AU16 collection and will be used during first half of 2016 and onwards.

NO-WASTE JEWELLERY BAGS

During 2nd half of 2016 all our jewellerys will be delivered together with a no-waste jewellery bag produced in waste from our previous production.

FSC HANGTAGS

During 2016 Noa Noa will roll out a project to introduce hangtags produced by FSC labelled material. The project is under investigation and is not yet settled due to ongoing price negotiations and production requirements. Noa Noa is determined to change from conventional paper sources to FSC but the right supplier of this material has to be found. The project is planned to be ready and rolled out during 2016.

ANTI-CORRUPTION

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

SUPPLIER CONTRACT

Corruption in our Supply Chain is of zero tolerance and to be able to control it and to make sure that it does not occur Noa Noa has chosen to make use of the BSCI tools available. Suppliers are requested to sign the BSCI Code of Conduct that covers among other areas, the Anti-corruption policy. This is followed up by regular audits of suppliers where these parameters among others are controlled.

The BSCI Code of Conduct was updated and distributed during 2015 to all our business partners and suppliers in production and signed in return. The requirements for Anti-corruption measurements were, as well as the other areas, enhanced in this new version.

Additionally we are developing and distributing a new Standard Operating Procedure (SOP) during second half of 2016 where requirements for anti-corruption will be stated even more clearly, along with the BSCI Code of Conduct.

INTERNAL MANAGEMENT GUIDELINES

Noa Noa does not engage in business relations with customers, suppliers or partners where corruption, bribe or personal relations / gifts are necessary to drive business. No employee are allowed to take bribe, Noa Noa has a zero tolerance for misuse of means, fraud and theft.

Noa Noa does not allow any of above components to drive our sales, we rely on standard terms and the design and products in itself to be competitive and satisfy the customer need and grow the business. Decisions taken can only be based on a sound financial basis and deviations from these guidelines are considered inappropriate behaviour.

The Anti-Corruption guidelines have been incorporated in our management guidelines. These guidelines will be updated during 2015.

CONCLUSION

Noa Noa is looking forward to continuing the work with the United Nations Global Compact. The 10 principles in combination with our engagement in BSCI give us a very good base to be plan and execute our CSR strategies.

We will continue our responsible journey towards our supply chain, society and environment.