

# Wernerfelt

## COP 2020-2021

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### Statement of continued support by the chief executive officer

To our stakeholders

I am pleased to confirm that Wernerfelt A/S 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.

During the 2020-2021 period, Wernerfelt has continued to integrate the Global Compact ten principle both in our internal operations and our supply chain.

We are supporting the United Nations sustainable development goals directly and indirectly through our Global compact and are addressing the social, ethical and environmental impacts of our supply chain where most of the related impacts occur.

In the coming year we will continue to work with the ten principles throughout our value chain and contribute to SDGs relating to our operations

Sincerely yours

A handwritten signature in blue ink, appearing to read "Lars Lauridsen".

Lars Lauridsen  
Managing Director

## CSR work at Wernerfelt

Corporate responsibility at Wernerfelt is a continuing process of doing business responsibly within the four areas of human rights, labour, environment and anti-corruption and the 10 principles of Global Compact.

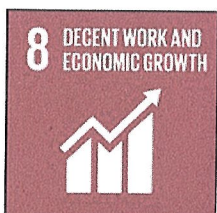
In this last period, an executive decision was made to shift to a more circular economy business model with the aim of maximizing resource efficiency whilst supporting social wellbeing through collaboration with partners in our value chain.

Our CSR work is based and supports the Global Compact 10 principles whilst contributing directly through our operations to advance a number of the UN Sustainable Development Goals below:



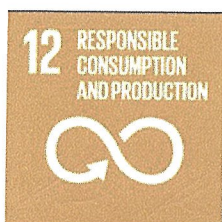
Staff have access to health services as required by Danish Law and are also provided with aids to enhance safety and the ergonomics of both office and warehouse tasks

A yearly work environment evaluation acts as a guideline to improve both the physical and psychological well-being of our employees.



Decent work for our employees means that they receive proper payment and working conditions as required by law. We are working closely together with communities for the purpose of getting people off social benefits and on to permanent jobs.

We are also in close dialogue with our suppliers regarding working conditions of their employees through the EU Ecolabel CSR criteria



Sustainable consumption and production relate to our business practices of sourcing the products we use and the products we offer.

We work closely with our suppliers to improve the environmental impacts throughout the production of our products through EU Ecolabel certification that limits impacts such as emissions and chemical use in fibre production, spinning/weaving and Dyeing.

We also contribute indirectly to other SDGs such as SDG5-Gender quality and SDG13-Climate actio

## Human Rights, Labour and anti-corruption

In this last period, we have continued to work with human rights, labour and anti-corruption as we have done in the previous period.

### Policies and goals:

The elements of our policies are:

#### Human rights:

- Support and respect for the protection of internationally proclaimed human rights and compliance with the Universal Declaration of Human Rights is a must.
- Make sure that we are not complicit to human rights abuses.

#### Labour:

- We uphold the freedom of association and recognise the right to collective bargaining.
- All forms of forced and compulsory labour must be eliminated
- Child labour is not tolerated
- Work against discrimination in respect of employment and occupation.

#### Corruption:

- Corruption in all its forms, including extortion and bribery are not tolerated.

The main goal is to provide a pleasant work environment and proper work conditions, which take into account both the physical and psychological needs of for our employees. We expect that our suppliers work with labour issues as specified in our code of conduct. We expect as a minimum that they uphold the country's rules and legislation covering labour issues.

Our anti-corruption policy is very clear that corruption in all its forms including extortion and bribery is not tolerated. We make it also clear that we will not trade with suppliers that break the corruption principles and with any suppliers that do not comply with the universal declaration of human rights.

### Assessment and Implementation:



New suppliers are assessed through various initiatives depending on the country and the risk attached. We use various tools such as the "suppliers human rights and anti-corruption" questionnaire we have prepared. The questionnaire is sent to suppliers and it must be filled in and signed.

We discuss requirements, expectations and non-tolerance elements relating to human rights, labour and anti-corruption issues and go through our questionnaire with them so that we are sure that they understand it before signing compliance.

We also inform our suppliers of the articles included in the universal declaration of human rights and the core conventions of the ILO concerning the rights of workers and children.

For established suppliers, our assessment is basically done through third-party credible audits and our periodic visits where we go through human rights, labour and anti-corruption issues as part of the agenda.

Implementation and measurement of outcomes:

A yearly evaluation of our supplier's situation regarding human rights, labour and anti-corruption is a part of our implementation procedure and according to the results, we revert with appropriate input.

Suppliers are asked to undergo a third-party audit such as BSCI, SA8000 or any other audit they may be associated with and that includes human rights, labour and anti-corruption issues.

Wernerfelt's stand on Human rights, labour and anti-corruption is communicated to Business partners and our employees.

Rules regarding gifts and responsible business behaviour are in place to prevent corruption.

We inform our employees and our business partners of their rights and have a procedure in place to handle any grievances and or input.

Wernerfelt conducts a yearly work environment evaluation (APV) and prepares an annual report upon which the responsible persons together with management draft the measures needed for the following year in order to improve the working environment both physically and psychologically.

Outcomes in the areas of Human rights, Labour and anti-corruption include:

- Regular discussions with our business partners and our employees regarding Human rights, Labour and Anti-corruption.
- Updating compliance documentation regarding the UNGC 10 principles from third party accredited standards, certifications, tests and audits.
- Various violations from third-party audits that our suppliers are working to correct within the specified time. There have not been any crucial or unacceptable violations reported in this last period
- We have introduced many different measures throughout our offices and storage facilities, such ergonomic desks and chairs, machines for lifting, flexible time schedules and facilities for relaxing and eating as well as offers for participating in various courses.
- There have not been any reports of any human rights or anti-corruption violations

Eleven of our qualities are licenced under the EU Ecolabel which amongst other, sets social and ethical requirements covering the basic principles and rights relating to working conditions such as the ILO's core conventions. The suppliers of these qualities have therefore documented and fulfilled the above criteria.

A short meeting is conducted every morning where employees have the opportunity to discuss all relevant topics freely as well as management meetings with each employee at least once a year to discuss various workers conditions including salary negotiation.

Wernerfelt is actively engaged in the local community by supporting the handicap sport association, by cooperating to provide practical experience for unemployed people and by providing various textiles to a project involving school children that learn sewing. In this last period, we have cooperated with the unemployment agency and have helped a young unemployed person to start working with us.

A number of our suppliers are holding various certifications, standards and audit results such as SA 8000, BSCI audits and work environment system OHSAS 8001. All of our suppliers are working with improvements needed.

## Environment

We believe that it is important to be transparent, work methodically and impartially with a third-party input and verification to reduce related impacts to our operations. We therefore use a consultant to spar with and each year we select a concrete area to work with.

This last period, and with the help of our consultant, an executive decision was made to work with making a transition to circular economy. For us, circular economy means to both reduce environmental impacts/CO2 and to gain economically.

We have therefore participated in a National-wide "Green circular transition" project where amongst other things, we looked at resource optimisation, waste reduction and CO2 reduction.

A part of this project was to use a CO2 measurement tool and a workbook provided by the organisers with the objective of developing a circular economy business plan.

The outcome of this project was that we identified three focus areas that would help us make the circular transition. These are:

1. Certification of more products with the EU Ecolabel
2. CO2 reduction through fibre substitution and changing over to a more environmental dyeing process called dope dyeing. As such, we have set in motion a cooperation with the Danish Technical University to carry out a comparative LCA of virgin polyester versus recycled polyester as well as conventional cotton versus organic.
3. Energy optimisation

Implementation plans are developed and include the activities needed to achieve the goal, milestones, responsible persons, resources needed and limitations/challenges.

Our policies, goals, assessment and implementation procedures are the same as the last period.

### Policies and goals:

The policies regarding the environment are based on the three environmental principles of Global Compact and as such Wernerfelt:

- Supports a precautionary approach to environmental challenges
- Undertakes initiatives to promote greater environmental responsibility
- Encourages the development and diffusion of environmentally friendly technologies

The overall goal is to reduce environmental damage resulting from our operations. This includes our internal operations that are mainly administrative as well as our supply chain, which includes the production of raw materials and fabrics.

We require that all suppliers must adhere to laws and regulations as a minimum if they wish to do business with Wernerfelt. We also require that all products are Oeko-tex 100 standard certified as a minimum but Wernerfelt encourages suppliers to go beyond the minimum requirements.

### Assessment and Implementation

Assessment and implementation of environmental impacts are performed on the two areas of products and our buildings. The impacts relating to our products occur within our supply chain from fibre production to manufacturing to transporting. The most important factor in our environmental strategy is to establish a close cooperation with our suppliers and use this to tackle and reduce any associated impacts

We are therefore very active in visiting our suppliers regularly and environmental issues concerning the production of raw materials, chemicals and processes, packaging, transport and minimisation of related

impacts are discussed during these regular visits. We inform our suppliers of legal compliance EU and Danish legislation regarding prohibited substances, heavy metals and so on.

Suppliers are asked to read our environmental requirements that cover issues such as chemical use, wastewater treatment as well as other areas of concern and answer our questionnaire regarding these issues.

Third-party certifications and audits are tools that we use to assess many of our suppliers and we inform our suppliers of such tools and the benefits of using them.

Regarding environmental issues at our premises, we monitor the market for innovative sustainable solutions suite to our operations and consider options that can save energy, waste and reduce environmental impacts in packaging and transport.

#### Measurement of outcomes

##### Buildings:

Our buildings include our offices and warehouse and we have procedures in place to improve our performance and reduce impacts relating to energy, waste and product use.

We are monitoring the market and implementing energy efficiency solutions and for environmentally friendly products.

Office related products such as paper products are all certified with either the EU Ecolabel or the Nordic Swan.

We have established a waste recycling system where we sort all types of waste separately so that it can be processed in the communal recycling centre.

##### Products:

The environmental impacts associated to textile products are well documented and the use of chemicals during the life cycle is a big part of these impacts. We have therefore insisted that all our products are Oekotex 100 standard certified as a minimum.

Going beyond minimum requirements, we are continuing to hold a licence for the EU Ecolabel for 11 of our qualities and we have started the process of preparing an application to include another 9 qualities.

These qualities adhere to strict criteria throughout the life cycle of the products and include:

- Textile fibres (Cotton and polyester fibres) that address soil, air and water emissions
- Chemicals and process criteria that address Hazardous substances and substances of very high concern in the various processes such as dyeing and finishing
- Energy efficiency in washing, dyeing and curing
- Wastewater discharges
- Emissions to air from finishing
- Fitness for use criteria that address dimensional changes, colour fastness to light, rubbing etc. wash resistance, fabric resistance to pilling and abrasion and durability of function
- CSR criteria covering the fundamental principles and rights at work

#### Communication

It is important for us that our business partners are aware of our policies, our initiatives and our way of working. We are of "the old school" and prefer to communicate our CSR work directly to our business partners. We therefore use time in scheduled one-to-one meetings where we cover CSR issues. All our business partners are well aware of our CSR strategies and initiatives.

We also use our web site to inform generally of our CSR work.