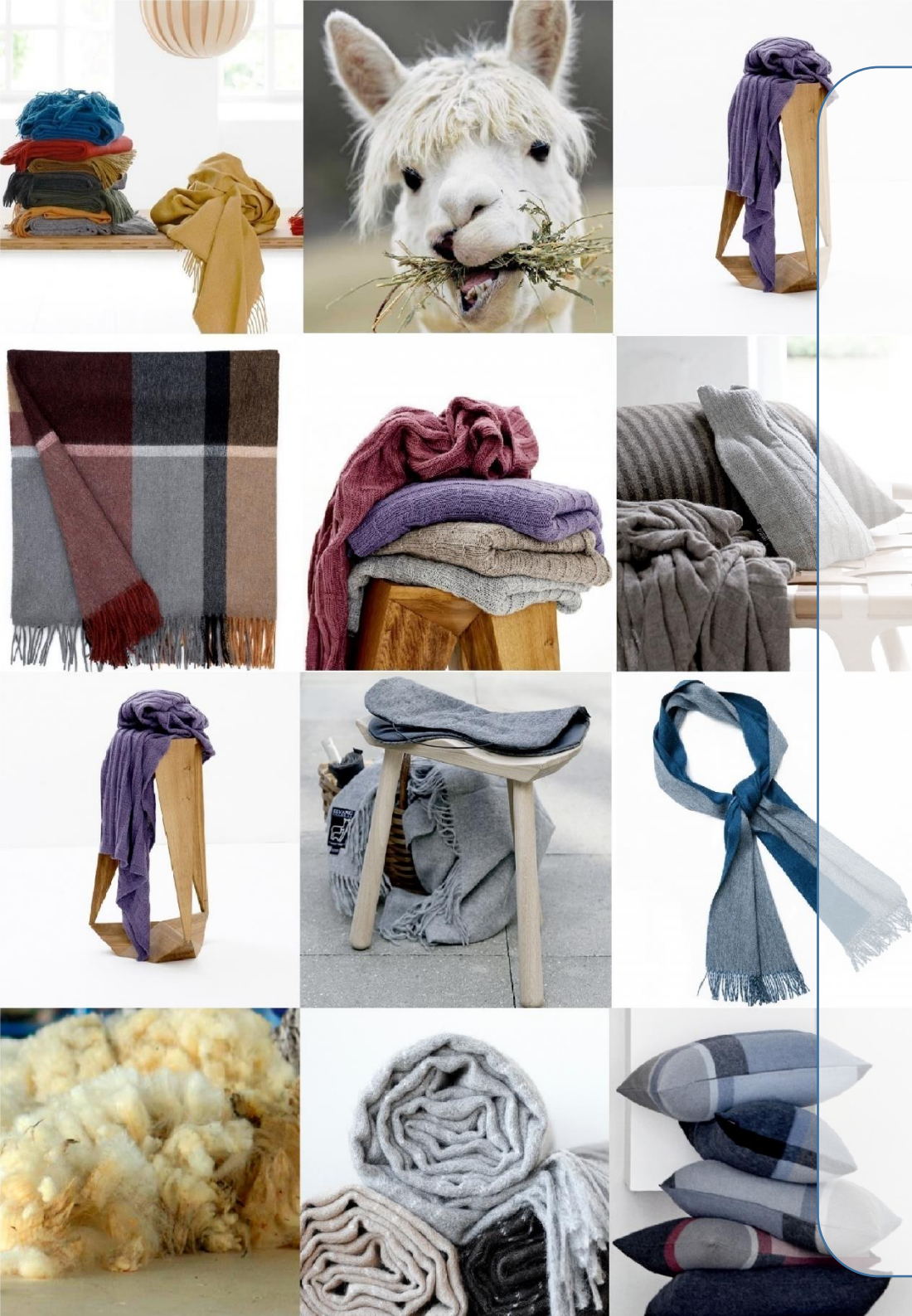


ELVANG
D E N M A R K





ELVANG

In 2002 a business idea took shape after our journey backpacking through the beautiful Peru. A visit to a local market allowed us to experience the unique quality of alpaca wool. At Elvang, we wish to unite the best of two worlds by uniting one of the world's finest fibres from the Peruvian alpaca with contemporary Scandinavian design. Our strong persistence to place production in Peru rested on the justification to contribute to the country's economic growth, and to make use of the Peruvian tradition and expertise of weaving textiles of high quality in alpaca wool. Most important, we wanted to contribute to a sustainable future within the industry and we believe that our sphere of influence and greatest impact will be within securing good working conditions.

Elvang became a member of two exclusive clubs in 2010, when it became Fair Trade certified through World Fair Trade Organization (WFTO) – at the time only one of two Danish companies to do so – and a member of UN Global Compact. Elvang selects only suppliers in Peru who provide training to alpaca shepherds and opportunities for single mothers to work the wool in their home, secure good working conditions at the textile factories, and pay the shepherds and workers fairly for their work. We take opportunity of the close contact to the shepherds to train them in the care of the alpacas and breeding and shearing techniques. Elvang continues to be committed to support for the UN Global Compact and its ten principles

Kind regards,

Lasse Elvang



LABOUR & HUMAN RIGHTS

Vision

Elvang was founded with Peru in the heart. The issues of human rights and labour standards lie at the heart of our work and we will pursue our business with pride and integrity based on the principles of ethical and fair trade. We will conduct our own business with the same principles we expect of others.

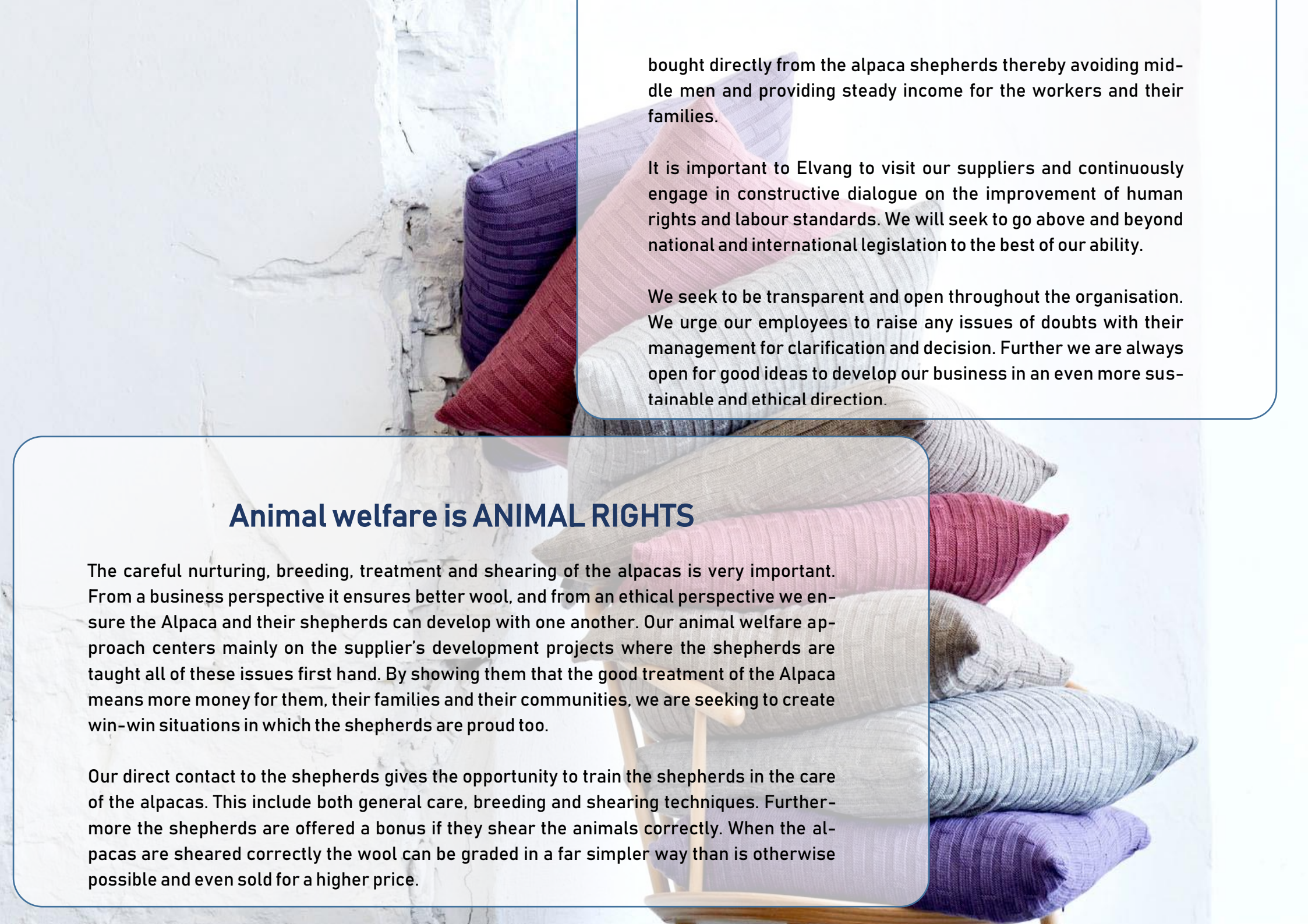
From the beginning, Elvang has deliberately chosen to maintain its production in Peru in order to contribute to Peru's economic growth and relieve the poverty of the alpaca shepherds.

One of the most important areas of concerns is the conditions at our factories in Peru, but increasingly we try to look further down the chain to the livelihoods of the rural shepherds and their communities. Our goal is to eliminate all kinds of discrimination in terms of work procedures and employment of people. We will encourage all those in our supply chain to engage in collective bargaining so best pursue their needs.

Progress and results

The standards at our biggest and primary supplier are very high. Among many initiatives the workers have access to free health and dental facilities on site, and salaries for the workers are equal, transparent and non-discriminative between men and women, the workers has a free right of association. All salaries exceed the Peruvian minimal wage. Furthermore child labour is completely avoided at our supplier's factory.

Our production supports more than 200 workers at the factories and approximately 60 percent of our primary supplier's wool is



bought directly from the alpaca shepherds thereby avoiding middle men and providing steady income for the workers and their families.

It is important to Elvang to visit our suppliers and continuously engage in constructive dialogue on the improvement of human rights and labour standards. We will seek to go above and beyond national and international legislation to the best of our ability.

We seek to be transparent and open throughout the organisation. We urge our employees to raise any issues of doubts with their management for clarification and decision. Further we are always open for good ideas to develop our business in an even more sustainable and ethical direction.

Animal welfare is ANIMAL RIGHTS

The careful nurturing, breeding, treatment and shearing of the alpacas is very important. From a business perspective it ensures better wool, and from an ethical perspective we ensure the Alpaca and their shepherds can develop with one another. Our animal welfare approach centers mainly on the supplier's development projects where the shepherds are taught all of these issues first hand. By showing them that the good treatment of the Alpaca means more money for them, their families and their communities, we are seeking to create win-win situations in which the shepherds are proud too.

Our direct contact to the shepherds gives the opportunity to train the shepherds in the care of the alpacas. This include both general care, breeding and shearing techniques. Furthermore the shepherds are offered a bonus if they shear the animals correctly. When the alpacas are sheared correctly the wool can be graded in a far simpler way than is otherwise possible and even sold for a higher price.

ENVIRONMENTAL SUSTAINABILITY

Vision

With our production intentionally placed in Peru, we, as many, face the challenge of sustainable transportation.

ELVANG is working towards reducing the emission of Co2 by working towards only shipping through sea freight. By focusing all production to one region we will streamline shipping and transport as much as possible.

Progress and result

Last year we sourced all our packaging from Peru, meaning every Elvang product is entirely sourced from the region. We will maintain our commitment to and engagement with the Peruvians and their tradition and expertise of weaving textiles of alpaca wool. Our commitment to WFTO (see next page) also adhere Elvang to respect the environment.

As we are aware that freight with airplanes is less environmental friendly we have decreased our total transportation by air to only 9 percent in 2018. Rare delays in production makes it difficult to reach 100 percent of transportation by ship, hence our goal is at least 90 percent.

Fair Trade

In 2010 ELVANG became Fair Trade certified. In 2018 ELVANG advanced to “Guaranteed member”. This means that ELVANG complies with World Fair Trade Organizations 10 principles of fair trade including, sustainable environmental management, providing capacity building, transparency and accountability monitored by WFTO.



Global Compact

We are also a member of the UN Global Compact, a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. As a member we must implement and report our initiatives within these areas every year.



PROJECTS

Company of the year

We are lucky and very proud to be acknowledged for our sustainable way of running our company. At Messe Frankfurt Elvang became “Company of the Year 2011” – it did so because of our extensive support of rural areas in Peru. Elvang selects only suppliers in Peru who provide training to alpaca shepherds and opportunities for single mothers to work the wool in their home, secure good working conditions at the textile factories, and pay the shepherds and workers fairly for their work.

Supply chain

Through our suppliers we engage in a development project. The development project is an educational initiative where we support educating the alpaca shepherds in breeding and care of alpacas securing our supply and further development for the locals in the business. The process of ELVANG evaluating the new supplier’s production made them acutely aware of the importance of documenting their CSR profile. The supplier has therefore with our full support applied to the World Fair Trade Organisation (WFTO) for a fair trade certification.

Production in Peru

Elvang have from the beginning wanted to keep the production in Peru. We do this to ensure economic growth in Peru and alleviate alpaca shepherds poverty.

By producing in Peru we retain their traditional expertise for weaving textiles in alpaca wool.

ANTI-CORRUPTION

Vision

We maintain a completely open dialogue with our suppliers and encourage them to offer a price that includes all possible cost. We always offer to pay up-front thereby providing the best possible working conditions for our suppliers. Furthermore, we strive towards being as loyal to our suppliers as possible and aim for a long-term and steady business relation. We maintain a commitment to dealing with them directly and never deal through intermediaries.

Progress and results

Through the rural development project the alpaca shepherds are getting a fair price of up to 40% higher than their usual pricing. It ensures that shepherds are not being offered below-valuation prices for their goods and gives them a clear view of their actual market value.

We will continue being loyal to our suppliers offering them the needed support to avoid extortion and bribery and we have increased the percentage of alpaca wool purchased directly of