



# Communication on Progress

Period: 2021-2022

## Statement of continued support by the Chief Operational Officer

### To our stakeholders

I am pleased to confirm that Borch Textile Group 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.

In the coming year, we will continue to work with the Global Compact ten principles throughout our daily operations and thereby continue to contribute to the UN Sustainable development goals.

Sustainability at Borch begins with our company's values of conducting our operations responsibly and striving to continuously improve our social, ethical and environmental performance. Doing business responsibly for us means pursuing opportunities to solve societal challenges through innovation and collaboration.

Ulrich Mosegaard

Chief Executive Officer

## Statement by the Borch Group management

The overall aim of our CSR is to be a responsible and sustainable company regarding social, ethical, and environmental issues.

Improving continuously regarding our responsibility in the four areas of Human Rights, Labour, Environment and Anti-Corruption, makes up the framework from which we base our decisions. Continuous improvement for us is necessary and occurs through awareness of the impacts and the available solutions which are variable with technological developments and new knowledge from stakeholders and specific industry-oriented projects.

We conduct our business responsibly supporting the UN Global Compact principles and thereby contributing to advance the Sustainable Development Goals (SDGs).

Responsible business for us means avoiding infringing on human rights, avoiding harm to public and the environment and addressing all adverse impacts associated with our operations and value chain.

In practice, this means making sure that a company identifies, prevents, mitigates and accounts for any negative impacts it may have on society and the environment, and establishes a culture of integrity and compliance.

Our contribution to the SDGs and in particular SDGs 8, 12 and 17 which are closely related to our type of operations is linked (directly and indirectly) to the GC principles. We consider business risks related to SDGs, and adjust our business practices to avoid doing harm and thereby undermining the SDGs.

In this last period, Borch Textiles focussed on the working conditions of employees in the supply chain and the implementation of a circular economy model that could accelerate our circular transition. We therefore initiated various activities to tackle the impacts in these two areas. A directive from the CEO Mr. Mosegaard stated that efforts to achieve our goals and reduce impacts in these areas should be measurable, transparent, and credible. The projects undertaken therefore included both metrics and third-party credible compliance schemes.

In this last period, our CEO was awarded the owners sustainability award in the region of Sjælland.



## Environment

### Policy and goals

The overall aim is to reduce environmental impacts resulting from our operations on a continuous basis. This encompasses our internal operations as well as our supply chain from the production of raw materials and fabrics to the manufacture of garments.

Within this overall aim, BTG has defined specific areas that we are systematically working with and are prioritising yearly as shown in the table below.

Area	Explanation
LCA	On specific products and in cooperation with the Danish Technical university and through ISO Type 1 Eco-labelling
DESIGN	Design as a catalyst for circular transition
MATERIALS	Tracking measuring and documenting the environmental impacts, supplier guidelines, chemical responsibility, impact reduction management, material selection and approval procedures
PRODUCTION	Reduction of environmental impacts throughout the life cycle of the production and manufacturing processes. Cooperation with suppliers in chemical management, resource reduction, waste reduction and waste treatment
PACKAGING	Program, including PRSL
TRANSPORTATION	Carrier selection, optimisation and utilisation of transportation assets
USE	Prolonging lifetime of products
END OF USE	Recycling possibilities

### Assessment and Implementation

We are working with our certified ISO 14001 environmental management system which helps us manage our environmental responsibilities in a systematic manner.

We are also constantly monitoring the market for any new technological developments that may enhance our environmental performance internally, in the packaging and transport areas, as well as optimisation of resources in the use/end of use phases.

Regarding the assessment of our suppliers, we use third party certifications such as Oeko-tex/Oeko-tex step, the EU Ecolabel as well as dialogue to assess the environmental performance.

We have mapped almost all our suppliers and we have gone into dialogue with most of these about various environmental issues such as use of third-party certifications, clean water and so on.

As a minimum we expect that everyone involved directly or indirectly in our operations and supply chain comply with all National and regional environmental legislation of the country in question.

### Measurement of outcomes

This last reporting period, we focussed and achieved the following:

1. The application for a licence of the EU Ecolabel scheme to further encompass our operational garments. This application was completed, lodged and approved by the competent body in Denmark (Ecolabelling Denmark).

The EU Ecolabel documentation for this certification covers the following:

Stage	Criteria Explanation
FIBRE PRODUCTION, AND ACCESSORIES	Covers the environmental production impacts of the fibres relating to antimony use (less than 260ppm), the VOC emissions, the recycled content as well as heavy metal use in Zips, buttons etc

CHEMICALS AND PROCESSES	Covers chemical use in spinning, fabric production, pre-treatment, Dyeing, printing, finishing and making up as well as energy and water use/emissions.
FITNESS TO USE	Covers Dimensional changes during washing and drying, Colour fastness to washing, perspiration, dry/wet rubbing and light. Also covers fabric resistance to pilling and abrasion and durability of function.
CSR	Covers fundamental principles and rights at work as described in the international labour organisation core labour standards and the UN global compact.

*This process of documenting compliance to the EU Ecolabel meant that we now have a traceable, well documented product throughout the life cycle. It also means that in some cases our suppliers had to readjust or substitute procedures and products used such as chemicals.*

2. A LCA was organised and conducted by the DTU (Danish Technical University). The LCA concerned a comparison of Hospital uniforms made of 65% Polyester and 35% Cotton as opposed to Hospital uniforms made of 45% Polyester and 55% Cotton.
3. The approval of an ISO 14001:2015 certification. The outcomes of this system include:
  - Enhancement of our environmental performance
  - Fulfilling our compliance obligations
  - Achieving our environmental objectives
4. A circular economy transition project. The aim of this project is to help us work in a more circular manner regarding our products and operations.

In addition to the above, we are in dialogue with the Danish Technical University to conduct another LCA on 2 qualities of our hospital uniforms so that we can determine which has the lower impact.

Besides the above initiatives, we require that as a minimum all of suppliers are supplying OekoTex standard products.

## Human Rights and Labour

### Policies and goals

The Borch Textile Group A/S (BTG) is continuing to work actively regarding human rights and labour issues.

The overall aim is to provide a pleasant work environment with proper and safe work conditions which take into account both the physical and psychological needs of all our employees and our suppliers employees.

BTG supports and respects the Universal Declaration of Human Rights and the ILO core conventions. Human rights abuses will not be tolerated and BTG will not engage in businesses with any stakeholders where human rights abuses occur.

BTG has a number of policies and procedures in place to ensure that all employees are treated fairly, with respect and according to the applicable laws covering our industry.

Regarding our supply chain, we engage in constructive dialogue and try to use our position to both influence and require that our suppliers comply with the articles in the UDHR and the ILO core conventions

We expect that our suppliers work with labour issues as specified in our code of conduct covering the Global Compact principles and consequently treat their employees with respect and dignity.

We expect as a minimum that the country's rules and legislation covering labour issues are upheld.

In the coming year, BTG will continue to work towards ensuring that human rights and labour issues are aligned with UNGC principles.

### Assessment and Implementation

Assessment of our policies, procedures, working conditions and employee rights occur through:

- The annual work environment evaluation: This is both compulsory and a good tool that enables us to look at the work environment, the ergonomics and the psychological aspects associated to our daily operations
- Management meetings: Policies, procedures, complaints are reviewed and action plans are formulated.
- Weekly meetings: Workers rights is an open point on the agenda for all employees
- Through the use and sparing with external consultants.

Regarding our supply chain through:

- The Amfori BSCI membership through which we have access to the sustainability platform and can both manage our supply chain and organise audits performed by credible third-party auditors.
- Regular visits to our supplier's facilities. These visits have been restricted through the pandemic period.
- The BTG questionnaire, regarding social and environmental aspects and compliance to both the country's laws and regulations as well as our requirements.

BTG prepares an action plan and implements the actions that are based on employee input, the APV evaluation and input from external consultants.

All employees are issued with a contract of employment which clearly states the terms and conditions including salary rates and overtime arrangements. Employees receive information on the company, the company's standard terms of employment such as salary, sickness leave, holidays etc., the company's policies, rules and expectations regarding ethical and social issues such as, smoking, alcohol and mobbing policies etc. and education activities.

### Measurement of outcomes

The Borch Textile Group has an excellent reputation both within the industry, with customers and the local society and has not been subject to any investigations, legal cases or incidents involving Human Rights violations

A flexible time system is in place and payment for overtime is defined and applied according to the country's legislation.

Necessary safety measures such as firefighting equipment, first aid kits, machines safety instructions, ladders inspections are in place and fire drills, evacuation procedures, first aid training and so on, are conducted on a regular basis.

Awareness about our CSR work has increased both amongst our employees as well as within our supply chain and business partners.

Employees have access to clean amenities, refreshments and training courses relating to personal and competence development.

Our suppliers have signed the BTG's legally binding trade agreement that includes compliance to the chemicals REACH and BTG's CSR requirements. Our suppliers are either Amfori BSCI members/participants and or SA 8000 certified.

We work very closely with our suppliers in aligning our activities, policies and procedures according to our own and our customers code of conduct.

Locally, we support a number of humanitarian and research organisations such as the Cancer association, Red cross youth, Children's foundation and so on

## Anti-corruption

### Policy and goals

Our anti-corruption policy states clearly that corruption in all its forms including extortion and bribery is not tolerated.

### Assessment and Implementation

Our company and its affiliates are located in Scandinavia which is regarded as one of the least corrupted areas in the world and where corruption is forbidden.

Our Bribery is clearly communicated to all our business partners and we try to influence them in realising that corruption is very wrong and that they should refrain from using bribery in any situation whatsoever.

We are aware of the demand for small facility payments in various countries due to cultural reasons and we have informed our suppliers that we consider this corruption and preventing this is a key issue for our cooperation, which is why we might carry out unannounced inspections to disclose bribery if we have any such indications whatsoever.

### Measurement of outcomes

BTG includes an anti-bribery clause in our staff handbook that forbids all employees to receive any gifts or like from customers, suppliers or other company relations to a value of more than 50 dollars.

Until now we have never been involved in any legal cases regarding bribery and we are confident that we comply with all relevant legislation in Denmark regarding corruption and bribery.

We have raised awareness about bribery and anti-corruption in our supply chain.

We have established a CSR program for suppliers in risk countries where 30% of our production takes place. Presently, our production in risk countries is at A-rated suppliers only. 100% of our suppliers (in buying volume) have signed our Code of Conduct.

We will continue to encourage suppliers to organize local training in the areas described in our Code of Conduct which includes anti-corruption and to have external audits done.

We have encouraged our suppliers to set up anonymous suggestion boxes in the factories.