

UN Global Compact Communication on Progress Report

POMPdeLUX ApS 2021



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

POMP DE LUX

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INTRO

In 2020 we started reporting with the UN Sustainable Development Goals (SDG) as a framework, which we continue in this report regarding the initiatives of 2021. At POMPdeLUX we have chosen to focus our efforts on SDG 8, 12 and 13; Decent Work and Economic Growth (8), Responsible Consumption and Production (12) and Climate Action (13).

The 10 Global Compact principles concerning human rights, labour rights, the environment and anti-corruption are also included in the report. As an international fashion company with partners and manufacturers in Turkey, China, India, Bangladesh and Ukraine, we are very aware of our responsibility to act and produce in a way that puts as little strain on the environment and climate as possible, always taking demand and manufacturing costs into consideration. We will go through those efforts in the following.

As a new feature in this year's report, we have included reflections from CEO & founder of POMPdeLUX Marianne Hoffmann Dyrbøl throughout, to put our efforts into perspective and open up about the challenges we face as a small player in an industry with a high impact on the environment.



POMPDELUX IN NUMBERS

Founded by Marianne Hoffmann Dyrbøl in 2006

60 employees at the HQ in Aarhus, Denmark

2 collections a year: Spring/Summer and Autumn/Winter

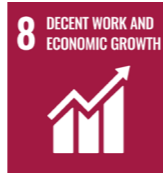
300 consultants in 8 countries

3/4 salespoints: our Home Shopping consultants, pompdelux.com and our 1/2 POMPdeLUX outlet stores

SDG 8

DECENT WORK AND ECONOMIC GROWTH

UNGC principles: 1, 2, 3, 4, 5, 6, 7, 10



The Sustainable Development Goal about Decent Work and Economic Growth regards both the workers in our HQ in Denmark as well as the employees in our global supply chain. Within this section the UN Global Compact concerning human rights, labour and anti-corruption principles are covered as well.

Work environment at the HQ

A healthy work environment at the POMPdeLUX HQ is a great priority, and benefits, a lunch programme, health insurance etc. continue to be a part of the everyday for the employees. We also continued to facilitate movement in our workday with walk & talks and desk bikes, as well as happenings such as an 'exercise day' and an annual 'step-counting' competition.

In the autumn of 2021, we finally resolved most of the covid-19 restrictions that started after the lockdown in the spring of 2020.



GLOBAL COMPACT PRINCIPLES

- PRINCIPLE 1:** The company should support and respect the protection of internationally proclaimed human rights
- PRINCIPLE 2:** The company should make sure it is not complicit in human rights abuse
- PRINCIPLE 3:** The company should uphold the freedom of association and the effective recognition of the right to collective bargaining
- PRINCIPLE 4:** The company should uphold the elimination of all forms of forced and compulsory labour
- PRINCIPLE 5:** The company should uphold the effective abolition of child labour
- PRINCIPLE 6:** The company should support the elimination of discrimination in respect to employment and occupation
- PRINCIPLE 7:** The company should support a precautionary approach to environmental challenges
- PRINCIPLE 8:** Business should undertake initiatives to promote greater environmental responsibility
- PRINCIPLE 9:** Business should encourage the development and diffusion of environmentally friendly technologies
- PRINCIPLE 10:** The company should work against corruption in all its forms, including extortion and bribery

DURING THE YEAR
POMPDELUX AND OUR
EMPLOYEES USUALLY
RECEIVE PRESENTS FROM OUR
BUSINESS PARTNERS – WHICH
IS DIVIDED BETWEEN ALL
POMPDELUX EMPLOYEES VIA
A CHRISTMAS LOTTERY.

Anti-corruption and bribery

We support the 10th principle of the UNGC and have a clear and unambiguous anti-corruption strategy, covering bribery, corruption, gifts and other facility payments. We have implemented our policy in our organization, and we strive to influence our suppliers to uphold the same standards in their range of influence.

Through our membership in BSCI (Business Social Compliance Initiative), we have implemented our policies and Code of Conduct in our supply chain. By cultivating long-term, close relationships with agents and suppliers, we make sure that they know our values and live up to the standards that we expect from partners, for example in regard to bribery and corruption, but also in regard to materials, quality and attention to detail. To cultivate our partnerships, we travel to selected partners each season to get to know the people we partner with, experience their factories and hold them accountable through personal relationships. Unfortunately, that has not been possible in neither 2020 nor 2021 due to Covid-19.

Notes from Marianne Hoffmann Dyrbøl

A lot of our collaboration with our partners is based on relationships and trust, which of course has suffered in the past years because we have not been able to meet with them in real life. We have held virtual meetings during lockdown periods and kept the contact, but we are really looking forward to traveling to partners in 2022.

During the year POMPeLUX and our employees usually receive presents from our business partners – which are divided between all POMPeLUX employees via a Christmas lottery.

BSCI Code of Conduct

Since 2010 we have been a part of the BSCI and through this concept, we are obliged to respect human rights and basic labour standards in our supply chain and to have factories audited through third-party auditors. In 2021 69% of our suppliers were audited according to BSCI or corresponding standards (SEDEX+SA8000).

Third-party audits	2018	2019	2020	2021
%	79%	88%	68%	88%

SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

UNGC principles:



8: Business should undertake initiatives to promote greater environmental responsibility

9: Business should encourage the development and diffusion of environmentally friendly technologies

Responsible production methods, high-quality materials and thoughtful consumption are key focus points for POMPdeLUX and have been since its foundation in 2006. Being a part of the fashion industry, we think a responsible approach to consumption and production is vital. It has always been part of the POMPdeLUX DNA, and we are proud of how far we have come as a small player in the industry – but the work with a responsible approach continues and will never end; there will always be ways of improving, which we will continue to explore in the coming years.

Chemical code of conduct

We have a 100% signed commitment to our Chemical Code of Conduct and our suppliers are obligated to inform us if any production deviates. Our Chemical Code of Conduct follows OEKO-TEX 100 class 1 values; which means that all our products follow the standards – also if they are not certified and labelled with OEKO-TEX. Bureau Veritas do random chemical tests, so we make sure that our Code of Conduct is followed and they found no chemical violations in their tests in 2021.



CASE:

Our re-runner concept which was started as a consequence of the pandemic continued into 2021, because of our successful experience with re-runners in 2020. It is a vital part of our thoughts of No waste, that trans-seasonal styles feature in more than one collection – sometimes with the addition of a new colour.

Jeans, knitted sweaters and pyjamas are examples of styles that were a success as re-runners in 2021.



RESPONSIBLE PRODUCTION
METHODS, HIGH-QUALITY
MATERIALS AND THOUGHT-
FUL CONSUMPTION ARE KEY
FOCUS POINTS FOR POMP-
DELUX



Better, not more

Chemical restrictions and certifications are measurable ways of acting responsibly towards consumption and production. A respectful approach to production and consumption is embedded in the core of POMPdeLUX and we believe that the way towards a more sustainable fashion industry does not only include certifications etc., but also comes from a thought of better, not more clothes. At POMPdeLUX we focus on high-quality materials, trans-seasonality and a small collection of unisex styles in order to prolong the life of our clothes – because children’s wear should be used for more than one season and by more than one child. That is what we believe is the best we can do for the environment.

No waste concept

POMPdeLUX presents two collections a year and is only available through our own sales channels. We distance ourselves from overproduction and destruction of clothes caused by overproduction.

We analyse and balance our buying volume from season to season, making sure that we only buy the clothes we believe we can sell. After the season and sales period, we distribute our remaining stock to our two outlet stores. Lastly, we either donate or sell the remaining stock to a broker, thereby making sure that we do not waste any of the clothes we produce.



WE STRIVE TO HAVE
AS MUCH OF OUR
CLOTHES LABELLED WITH
CERTIFICATIONS LIKE
OEKO-TEX OR GOTS

SDG 13

CLIMATE ACTION

UNGC principles:

8: Business should undertake initiatives to promote greater environmental responsibility

9: Business should encourage the development and diffusion of environmentally friendly technologies

Our corporate responsibility in terms of environmental impact has always been a part of the POMPdeLUX DNA. This includes our local impact from our HQ in Aarhus, as well as our supply chain around the world. Therefore, we continuously track the impact and actions we take regarding our climate. This section includes both the 13th SDG regarding Climate action and aspects of the UNGC principles 8 and 9.

TRANSPORTATION

Our position on transportation is clear; we endeavour to avoid flying clothes to Denmark unless absolutely necessary. We prefer sea freight from the Far East whenever possible but have also opted for rail when sea wasn't an option due to delays in production. However, we still managed to keep our use of air freight on the same level as in previous years, despite the challenges with production and delays due to Covid-19.

The increase in truck transportation is due to a larger number of styles being produced in Turkey, which we will continue in 2022.

Transport in numbers:

%	2018	2019	2020	2021
Ship	63%	71%	79%	55%
Air	16%	9%	9%	9%
Truck	8%	16%	10%	21%
Rail	13%	4%	2%	14%

NOTES FROM MARIANNE HOFFMANN DYRBØL

Transporting our products has, since the autumn of 2020 and continuing in 2021, been challenged by the chaos that is in the shipping business currently. Up to 500% price increase on shipping, in addition to substantially prolonged transport times, have affected our product flow significantly. Therefore, I'm very satisfied with our transportation numbers from 2021, where we managed not to increase our environmental impact despite the challenges in the business.



HQ CONSUMPTION

By continuously measuring our consumption of water, waste, cardboard recycling, heating and electricity at our HQ, we make sure that it stays at an acceptable level. In 2020 the numbers were affected by the lock-down in the spring, where all employees worked from home. Therefore, we had anticipated an increase in 2021, which fortunately wasn't the case. Especially our waste and electricity consumption is lower than expected.

(Per employee)	2018	2019	2020	2021
Water in m ³	8,7	7,8	7,5	8,3
Waste in KG	425	357	243	192
Cardboard for recycling in kg	852	897	894	797
Heating in m ³	401	490	525	573
Electricity in KwH	3.420	4.347	3.661	3.615

CERTIFICATIONS

We strive to have as many of our clothes labelled with certifications like OEKO-TEX or GOTS, as well as choosing materials such as ECO-VERO and recycled polyester whenever possible and when it meets our requirements for quality and price. In 2021 we succeeded in increasing our production with these materials. An overall 74% of our buying volume was either certified or produced in organic or recycled materials in 2021. We are satisfied with this result but are also aware that we might not be able to match these numbers in the coming years, due to challenges with supply and drastic price increases.

% of buying volume	2018	2019	2020	2021
OEKO-TEX	36%	35%	10%	18%
GOTS	7,2%	14%	12%	16%
OEKO-TEX+GOTS	3%	6%	14%	12%
Organic Cotton		0,5%	11%	16%
Eco-Vero		0,71%	8%	5%
Recycled Polyester			4%	7%
Overall	46,2%	56,21%	59%	74%

NOTES FROM MARIANNE HOFFMANN DYRBØL

Prices on raw materials have increased and the tendency continues. Unfortunately, it means that our products will become more expensive for our customers.

The turbulence in the market and an increased global focus on sustainability means that the demand for organic cotton and recycled polyester, as an example, heightened drastically in 2021, which resulted in massive price increases. It also resulted in more fraud, which can be difficult to see through as a small player in the business. It has of course been very important in our production and ordering process – making sure that our customer doesn't pay for something that isn't what it claims to be. We aim to buy as much as possible with certifications, such as GOTS and OEKO-TEX, while keeping the balance between price and demand.

POMP DE LUX[®]



STATEMENT OF CONTINUED SUPPORT

2021 was, just like 2020, dominated by the pandemic, and the challenges that we faced in '20 continued into '21. The pandemic kept being an issue in all our markets – especially challenging our consultants and their businesses, but also challenging our production in the Far East. Challenges with supply, freight and increasing prices became even more evident in 2021, and we don't expect those challenges to have resolved in 2022.

In our opinion, overproduction is an overwhelming issue in the fashion industry and in 2021 we once again decreased our buying volume significantly to avoid overproduction. We continuously try to balance between the lowest possible environmental impact and meeting our customers' expectations of price and quality. We believe that producing high-quality products extends the lifetime value of the garments and decreases the impact significantly.

Despite challenging times, this work continued in 2021 and this report outlines our actions, the results of our work, and how we aim to keep working to lower our impact from producing clothes in the future. There are always new and innovative ways to manufacture clothes, and we will continue to explore these in order to provide the best possible products to our customers within our concept. With these introductory notes and the following communication of progress report, I state POMPdeLUX's continued support of the UN Global Compact.

We aim to design and produce high-quality, affordable products under the best possible conditions with the lowest possible impact, ensuring that POMPdeLUX garments can last for years and be worn by more children.



Hinnerup 2022-17-06

Marianne Hoffmann Dyrbøl

CEO

POMPdeLUX Aps