

COP REPORT 2021

UN Global Compact

PILGRIM

RESPONSIBILITY. HUMAN RIGHTS. RECYCLE.
RESPECTFUL COOPERATION. FSC. RESOURCE EFFICIENCY.
GREEN. HUMAN RIGHTS. WASTE-SORTING. RESPONSIBLE
CONSUMPTION AND PRODUCTION. REUSE. ECO-
FRIENDLY. SUSTAINABLE DEVELOPMENT. GREEN.
REDUCE. ANTI-CORRUPTION. COMMITMENT. FSC. LABOUR RIGHTS.
RECYCLE. RESPECTFUL COOPERATION. FSC.
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WASTE-SORTING. RESPONSIBLE CONSUMPTION AND PRODUCTION.

STATEMENT OF SUPPORT FROM OUR CEO

2021 began with a sense of hope – a hope that turning a new year as well as a new page would mean a return to normal after a challenging 12 months. But COVID would prove slow to loosen its grip on normality. If anything, the global situation only showed us exactly how closely linked and interdependent we all are. And, as in 2020, the importance of doing our utmost to protect our planet simply became even clearer.

The need for new solutions that contribute to sustainable development in the fashion and lifestyle industry is greater than ever. We eagerly applaud and embrace this development in all aspects of our business.

Throughout the year, we have investigated options to promote this development and have come up with solutions that we are proud to share with you in this Communication on Progress (COP). To ensure continuous progress and development, we have focused a great deal of effort on our home activities, which were sheltered from COVID-related issues.

Fifteen years ago, in 2007, we signed the UN Global Compact. Our signature is a testimony to our long-term commitment to support the ten principles of human rights, labour rights, environment, and anti-corruption. Almost 40 years of dedication to designing and producing jewellery and our optimistic approach to continuously developing our business in a responsible direction prove that we are in it for the long haul.

Moving forward, recycling, resource efficiency, communication and decreasing carbon emissions will be our primary focus areas. We strongly believe these are essential to driving the industry towards a more responsible future. Furthermore, we will be focusing on finding better materials solutions. As we face increasing demands from our customers and are introduced to different tools to meet them, we will use this COP to express our commitment to developing and implementing our responsible direction. In the following COP report, we outline our progress and goals for the future.

On behalf of the PILGRIM organization, we commit ourselves to driving the changes needed to create a better future for our planet and the people inhabiting it.

Annemette Markvad
CEO & founder

Description of PILGRIM

JEWELLERY IS OUR PASSION; IT IS ALL ABOUT DREAMS, STYLE, HEART, AND SOUL. WE TAKE PRIDE IN KEEPING THE BRAND AUTHENTIC – STAYING TRUE TO WHO WE ARE AND WHERE WE COME FROM. PILGRIM IS STILL ALL ABOUT GOING OUT AND SEEKING NEW THINGS, NEW WAYS, AND NEW ADVENTURES. BUT IT IS NOT JUST THE DESTINATION THAT MATTERS – IT'S HOW WE GET THERE. WE ARE A DYNAMIC BRAND, CONSTANTLY MOVING AND DEVELOPING.



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CLOSE TO OUR HEARTS

Each year, we support projects that are close to our hearts. This year was no exception.

Since 2003, Pilgrim has supported **Médecins Sans Frontières** (Doctors Without Borders) and helped provide doctors in areas where people urgently need medical assistance. In 2021, this need continued to be more relevant than ever. We therefore donated DKK 156,100 / EUR 20.940 to MSF.

**To date, Pilgrim has
donated more than
DKK 15.000.000 /
EUR 2.000.000
to MSF**

In 2021, we also donated 600 packages containing a total of approx. 1,000 pieces of jewellery. Their total value was DKK 200,000 / EUR 26.875 (recommended resale price).

The packages were donated to these six organisations:

- Save the Children
- Blue Cross
- Mødrehjælpen
- Eventyrjul
- Børnehjælpsdagen
- Børneulykkesfonden



PILGRIM

OUR COMMITMENT TO THE PRINCIPLES

At PILGRIM, we have made a strategic decision to support the UN Global Compact initiatives and thus ensure that we follow the principles of responsible business management.

Our commitment refers to the internationally recognized principles for sustainable development set out in the UN Global Compact and made operational by the UN Guiding Principles on Business and Human Rights (the UNGPs) and the OECD Guidelines for Multinational Enterpris-

es (the OECD), including core labour rights from the ILO Declaration on Fundamental Principles and Rights to Work, the Rio Declaration on Environment and Development, the UN Convention against Corruption, and the UN Principles for Responsible Investment (PRI). Besides meeting fundamental responsibilities and complying with corporate governance, this report also shows our support for the 17 UN Sustainable Development Goals (SDGs) and how we embrace the commitments entailed.

We have chosen to focus primarily on goal no. 12 “Responsible Consumption and Production”. We believe this is where we have the best possibilities of making a significant and positive change by virtue of our line of business.

WORKING CONDITIONS

In our supply chain

Our supply chain consists of seven suppliers, all based in China. We have worked continuously with these suppliers for more than 14 years and built strong relationships with them. Our auditing and training programme for suppliers and workers has existed for the past 14 years and has evolved in many directions over this period.

Our suppliers are audited at least once a year. Our own trained staff conduct these audits, while at the same time providing training on remediation. We believe this is the right approach for a continuous respectful cooperation between PILGRIM and our suppliers.

It is important to us not merely to point out improvements, but also to highlight suppliers' ongoing efforts and guide them where they lack knowledge or resources.

We have a Code of Conduct addressing the principles of PILGRIM and the UN Global Compact, as well as a set of chemical restrictions. All seven suppliers sign both documents, and all new suppliers are also required to sign them before beginning a business relationship with PILGRIM.

As part of a responsible sourcing strategy, we rarely change our suppliers. We know them well, and they know us. We aim to remain respectful business partners, not only to ensure excellent product development and quality, but also because we know their social and environmental performance. We have been with our suppliers through their challenges and successes and know they have the right mindset to understand our wishes for a more responsible future, and – most importantly – they share it. Because of the pandemic audits could only be conducted at four suppliers in 2021, all in September. The audits found small opportunities for improving fire safety improvements, improvements that have been made within the timeline given in the corrective action plans. Fortunately, the issues were minor and easily resolved by on-site personnel. Our focus will therefore be on conducting re-audits to ensure that the necessary corrections and additions have been made and to avoid recurring issues.

In 2021, a supplier relocated its factory. This is a very positive development, as the new factory

is more modern and provides far better working conditions than the previous one.

We are fortunate to have employees stationed at our China office, near our suppliers' facilities. In 2021 we developed a standard operating procedure and a follow-up procedure for our audits so our China office can be further involved in the process.

PILGRIM has traceability to the production facilities and plating facilities of the entire supply chain. All our Tier 1 suppliers (production facilities) are part of our auditing programme. We are in the process of mapping Tier 2, which has been slowed down because of the pandemic and its re-appear-

ance in China. We did, however, map our supply chain for GRS and RCS certification. Suppliers holding these certificates will have been audited by external third parties.

The Sustainable Development Goal where we have the greatest leverage is goal no. 12: "Responsible Consumption and Production". Our auditing programme, sourcing policy and ongoing supplier training are all examples of our actions towards achieving this goal.

At home

At our headquarters we have worked on implementing new forms of cooperation and improving

teamwork skills. Furthermore, we have upgraded the terms of the employee handbook. We have also improved the parental leave conditions by extending the period of full pay for mothers and fathers and including parental leave for adoptive parents.

An occupational therapist has assessed all workstations to ensure they are ergonomically correct and thereby help prevent any physical damage and injuries. Employees have been offered access to first aid training and smoking cessation courses. PILGRIM has also purchased access to the e-learning platform GoLearn, so all employees can receive supplementary training in any field they desire.

OUR PLANS FOR 2022

To our great disappointment, the COVID-19 situation meant that once again, we were unable to fulfil all our ambitions. Therefore, many of our plans for 2021 will be continued in 2022.

We are experiencing an increasing focus on sustainability and facing more requirements to meet certain standards and provide more documentation.

PILGRIM is proud of the fact that we have developed our company and supply chain in a more responsible direction over the past 14 years. We have learned a great deal and gathered much information about our suppliers' progress. SDG no.12 is a two-fold goal including both production and consumption.

Our role in ensuring responsible production is natural, and there is no denying the impact we can make by focusing on this. Still, as we are fully committed to the goal in its entirety, we are also deeply focused on enabling responsible consumption, and this is a key element of our planned progress in 2022.

An important step is to include our suppliers more deeply in the process of increasing the responsibility of our production. To this end, we will be developing our new supplier manual, which will give a thorough account of who we are and how we wish to do business. It will contain all our policies, documentation requirements, a description of our audit program and the accompanying procedures. All suppliers will be asked to sign the manual.

ENVIRONMENT

We are aware that some of our supply chain partners have a negative environmental footprint. However, we also know that we can reverse this over time. We can do so through our own actions, but also in collaboration with key stakeholders in our value chain. In 2021, we took action within different areas of our value chain as stated below.

Responsible production: Our Code of Conduct addresses the environmental impacts of our supply chain. Our suppliers have signed and committed themselves to compliance with these requirements. In 2021 we developed a supplementary responsible sourcing policy and an environmental policy. Through our due diligence process, we check that the plating factories comply with local requirements regarding wastewater treatment, chemical handling and chemical waste.

Responsible consumption: In 2021, we focused on educating our retail staff on the sustainable initiatives we undertake in PILGRIM. Through a “Sustainability Guide” we instructed them on how our products are produced and what we are doing to check conditions on our production sites. In 2021 we also developed and initiated a communication strategy for information about our CSR journey.

Materials: We work closely with suppliers to reuse any parts from the production that are recyclable. However, we also know there is still more to do and more to learn. In 2021 we proudly presented our first recycled collection, Leaf, consisting of 10 beautiful handmade designs made from at least 75% recycled material.

In 2021 we also started the process of replacing our acrylic jewellery plates in stores with plates made of recycled PP.

Chemicals: In 2021 we developed a strategic testing programme to ensure our products are efficiently tested for hazardous and restricted chemicals to ensure they are safe to produce and wear.

Waste: In 2021 we set up a new waste-sorting system at our headquarters.

Packaging and wrapping: In 2021 we fully rolled out our new packaging strategy. This means all polybags are made of 100% recycled plastic and no bubble wrap is used. All wrapping in stores and all paper and cardboard are made of wood originating from certified responsibly managed forests. Ribbons are made from organic cotton or dead stock cotton and the glue is non-toxic.

Closing the loop: In 2021 we set up take-back systems in our warehouse and out in the stores

OUR PLANS FOR 2022

Responsible production: At PILGRIM we have set up a due diligence process where we continuously investigate and resolve our supply chain issues. This is an ongoing process, and there will always be areas to improve. In 2022, we will continue expanding our auditing beyond Tier 1. We will also explore the possibility of production solutions facilitating the upcycling process.

Materials: We will present our second recycled collection, Blossom, consisting of beautiful hand-made pieces made from at least 75% recycled material. We plan to further investigate new, more responsible materials and develop a materials strategy. It is our aim that in 2022, 10% of all collections should be produced using at least 75% recycled materials. This figure number should rise to 30% by 2023 and 60% by 2024.

to collect used jewellery. The amounts are as yet too small to set up an upcycling project. We will be storing data until we have enough to begin a recycling project. The goal is to prevent useful resources going to waste.

Carbon neutral e-commerce: We have once again collaborated with Spinnin' through Lifestyle and Design Cluster. This year's project investigated how we can make our webshop carbon neutral. This will be further explored in 2022.

Closing the loop: We will be experimenting with the take-back solution set-up in our stores to determine the volumes we can expect to collect in a year.

Transportation HQ: We will be installing electric vehicle charging stations at our headquarters.

Carbon accounting: We plan to participate in two publicly funded projects where we will focus on calculating and reducing our carbon footprint in scope 1 and 2. This is our main focus for 2022, and the preparation, analysis and resulting actions will take up much of our time and resources in the year to come.

Carbon neutral E-commerce: We will continue to work on making our webshop carbon neutral, using the insights we can gather.





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ANTI-CORRUPTION

PILGRIM condemns corruption in any shape or form.

Our Code of Conduct emphasises the importance of suppliers working against all forms of corruption. If any corruption is detected, PILGRIM will end the cooperation immediately. In 2021, we detected no incidents of corruption in our supply chain.

In 2021 we distributed our recently developed anti-corruption policy and collected the required signatures from our suppliers.

The policy serves to guide our suppliers about how to avoid involvement in different forms of corruption, and what they should do if they find themselves exposed to any kind of corruption.

OUR PLANS FOR 2022

In 2022 we will follow up on our newly developed anti-corruption policy.

**This report will be updated
on an annual basis.**

**We welcome back any feedback
on the report's content
to mail@pilgrim.dk**

JOIN THE JOURNEY

www.pilgrim.net