

Report on

# **Responsible Business Conduct 2019**

for Cathrine Hammel AS

CATHRINE HAMMEL®

# SUSTAINABLE GOALS



# To Readers Of The Report

Business is key for the achievement of the Sustainable Development Goals (SDGs). A well-functioning and responsible business community contributes to sustainable development through job creation and innovative solutions to global challenges. However, business operations can also have a negative impact on people, the planet and the society. Members of Ethical Trade Norway have committed themselves to work with due diligence for a more sustainable business practice.

The basis of this work is Ethical Trade Norway's Declaration of Principles, which covers the decent work agenda, human rights, environment/climate, anti-corruption and animal welfare. Members are obliged to report annually on challenges they face and on measures carried out to address these. The reporting template is this year for the first time based on the OECD due diligence model. It is new for us and new for our members. It is this report you are currently holding in your hands. The report is publicly available on our website.

The template seeks to respond to the expectations concerning due diligence for responsible business conduct as described in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises. Ethical Trade Norway's report covers essential elements of the Global Report Initiative (GRI) reporting framework and can be used as a progress report for the Global Compact.

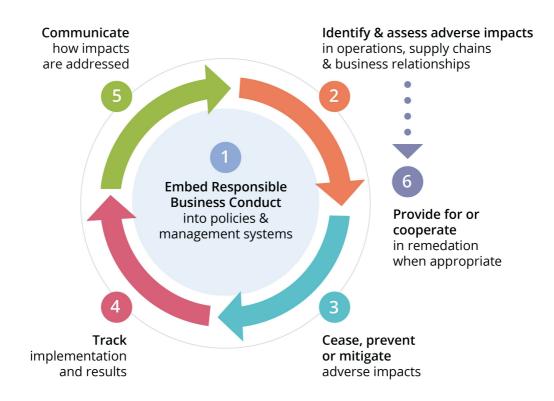
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**Heidi Furustøl** *Executive Director* Ethical Trade Norway

# Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



# Preface From CEO

The philosophy of the Cathrine Hammel brand from the very beginning in 1988 has been to make high quality, made to last timeless essentials in comfortable, natural materials with the perfect fit for the modern woman, an opposite to today's fast fashion. Cathrine Hammel timeless design are clothes which reflect what any woman wishes to wear, and which can last and be reused for many years.

Cathrine Hammel AS became member of Ethical Trade Norway October 2018. As we know the main challenge in the work for ethical trade is to have sufficient transparency and traceability in the supply chain, we have chosen Ethical Trade Norway for their competence and resources as a support in our long term work for ethical trade.

Cathrine Hammel AS aims to be responsible, transparent, traceable and sustainable in all our work, with respect for human beings, animals and the environment.

The Cathrine Hammel brand works with only a few selected suppliers, and some suppliers have been with us from the very beginning. Our long term goals are to have a good long-term relation with our suppliers, to secure improved working conditions and environmental conditions in our supply chain, and to increase the awareness on ethical trade in general.

" Our ambition is to produce in a responsible, transparent, traceable and sustainable way, with respect for human beings, animals and the environment. "

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Cathrine Hammel *Owner and Head Designer* 

# Company information and business context

### Key company information

#### **Company name**

Cathrine Hammel AS

#### Head office address

Oscarsgate 26 B, 0352 Oslo, Norway

#### Main brands, products and services offered by the company

Brand: Cathrine Hammel, a womens fashion brand made to last. Main products: Knitwear, dresses, tops, blouses, skirts, pants, jackets, coats

#### **Description of company structure**

Family owned company founded in 1988. Head office and 3 concept stores located in Oslo, Norway. Warehouses in Norway, Denmark and Hong Kong. Worldwide distribution through webshop and multi-brand stores/retailers.

#### Turnover in reporting year (NOK)

 $40\,200\,000$ 

#### Number of employees

9

#### Major changes to the company since last reporting period (mergers, acquisitions etc.)

#### Contact person for the report (name and title)

Hanne Haslum, Production and CSR Manager

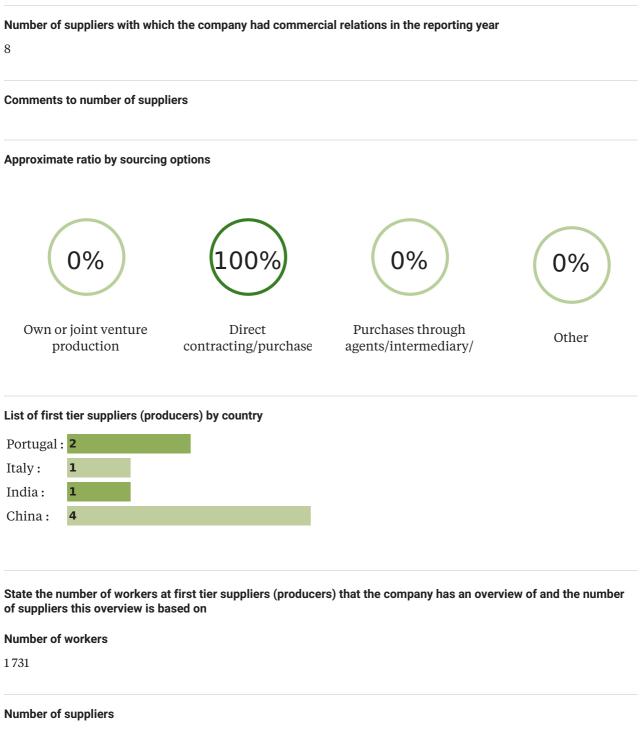
#### Email for contact person for the report

hanne@cathrinehammel.no

## Supply chain information

#### General description of the supply chain and the company's sourcing model

Design, sourcing and production of womens garments under the label Cathrine Hammel.



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#### Comments to number of workers

Supplier#1: 183 workers, supplier#2: 71 workers, supplier#3: 12 workers (100% men), supplier#4: 225 workers, supplier#5: 700 workers (80% women, 20% men), supplier#6: 227 workers (60% men, 40% women), supplier#7: 313 workers (70% women, 30% men)

#### Key inputs/raw materials and associated geographies

Traceable Responsible Wool Standard (RWS) certified merino wool	Argentina Australia South Africa
Mohair fibres	South Africa
GRS certified recycled polyester	China
Econyl regenerated nylon tulle/mesh	India
GOTS organic cotton	Italy
Silk	India

Our merino wool is Resposible Wool Standard (RWS) certified, from 2020 ZQ from nominated best practice farm in South Africa. Mohair traceable to farms South Africa, from 2020 buying from 4 nominated emerging mohair farmers working to be Responsible Mohair Standard (RMS) certified and fully commercial farmers. 2019 in India development of our own Econyl(R) regenerated nylon tulle/mesh from broken fishnets and other nylon waste, in production 2020.

Our Italian denim is GOTS organic cotton with indigo juice sustainable water-saving dye.

Is the company a supplier to the public sector?

No

## Goals and progress

#### Goals and progress for the reporting year

•	
1	
Goal:	Mapping the supply chain
Status :	Ongoing
2	
Goal :	All merino wool to be traceable and RWS certified
Status :	Achieved
3	
Goal :	All knitted wool (not only merino) to be traceable and certified
Status :	Achieved mohair fibres and wool traceable.
•	
4 Goal :	Running orders placed in low season to avoid overtime and secure more even workflow
Status :	Achieved in low season in our supplier India. Ongoing with 2 of our suppliers China
5 Goal:	Sustainable biodegradable alternative to plastic wrapping
Status :	Achieved
6	Turin as first priority transport mothed from Chine to Hamburg reducing best and sin fusight
Goal :	Train as first priority transport method from China to Hamburg, reducing boat and air freight from China
Status :	Achieved
7	
Goal :	GOTS organic cotton
Status :	Achieved on the denim program Italy
8	
Goal:	Recycled polyester labels and recycled FSC paper hangtags
Status :	Achieved on all garments

9	
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 Goal:
 Development of ECONYL regenerated nylon tulle/mesh from broken fishnets and other nylon waste, at our supplier in India

 Status:
 Development achieved. Production 2020

Goal :	Life Cycle Assessment (LCA) 2019



Goal:Designing and producing high quality long lasting alternatives to overconsumption/fast fashionStatus:Continuing

#### Goal for coming years



Communicating our ethical and environmental work on our website and social media



Open factory lists on our website 2020, transparent supply chain

## 3

ZQ certified traceable merinowool from nominated farm in South Africa. Long term cooperation and dialogue with selected South African farms 2020

## 4

Buying our mohair from 4 emerging farmers in South Africa, processing and testing out possibility to manufacture the mohair garments in South Africa

## 5

ECONYL(R) regenerated nylon tulle from broken fishnets and other nylon waste produced for us in India 2020

## 6

Continue working on sustainable alternatives to new production, repair, reuse/vintage and renting

## 7

Environmental Product Declaration (EPD) and sustainable focus on sourcing all materials in all our clothing, including the cotton, viscose and silk and new developments to reduce Green House Gas (GHG) emission in the production line

## 8

Climate compensation through our wool and mohair supply chain

## 9

Continue mapping the supply chain. Focus anti-corruption and workers rights.



Running orders placed in low season to avoid overtime and secure more even workflow



All wool and mohair to be traceable and certified



Reducing waterconsumption by choice of raw materials and dyeing/washing methods in the production line



Continuing to design and produce high quality long lasting alternatives to overconsumption/fast fashion



# 1

# Governance and commitment to responsible business conduct

Commitment to sustainability means that the business should have relevant policies and codes of conducts in place, as well as effective management systems for implementing them. Central to this is the company's work with due diligence. This means, among other things, the business need strategies and action plans for how the company identifies and manages its risk of negative impact on people, society and the environment, including through business relationships and in the supply chain. Systematic management of such risks will strengthen the company's contribution to the Sustainable Development Goals. Strong commitment from top-management, and clear division of the responsibility for conducting due diligence is key. Those involved need to know how to proceed. Sustainability should be an integral part of business operations. Essential to this is transparency on the company's commitments, challenges faced and measures undertaken to manage those challenges.

## 1.A Policy commitment

#### 1.A.1 What does the company say publicly about its commitment to respect people, society and the environment?

Our Code of Conduct includes company's policy and commitment and how we do business. We are working on our public sustainability and ethical trade communication, and will have this published on our website during 2020.

#### 1.A.2 How is the commitment/policy developed and how is it anchored in the company?

Our Code of Conduct is our most important framework for ethical trade and reflects our values, integrity and ethics, expectations and commitments for Cathrine Hammel employees and the Supply Chain. The Code of Conduct was approved by the Cathrine Hammel board September 2018.

### 1.B Organisation and internal communication

# 1.B.1 How is the work with responsible business conduct organised within the company and why in this particular way?

Due to being a small company, the work with responsible business conduct is organized in the production department to efficiently combine all supply chain work with the responsible business conduct. Our Code of Conduct which is our guideline, is approved by the Cathrine Hammel board September 2018.

# 1.B.2 How are employees made aware of the ways in which responsible business conduct should inform their decisions and actions?

The same person responsible for the CSR is also responsible for the production, negotiations, and supplier follow-up. The Code of Conduct and updated supplier info is available to all Cathrine Hammel employees. Decision-making employees in the company frequently meet and discuss supplier strategy.

1.B.3 How does the company make sure employees have adequate competencies to work towards implementing responsible business conduct?

Through frequent internal information, presentations, meetings

## 1.C. Plans and resources

# 1.C.1 How is the company's commitment to respect people, society and the environment rooted in strategies and action plans?

Our strategy and action plan is the same as our goals:

1. Communicating our ethical and environmental work on our website and social media

2. Open factory lists on our website 2020, transparent supply chain

3. ZQ certified traceable merinowool from nominated farm in South Africa. Long term cooperation and dialogue with selected South African farms 2020

4. Buying our mohair from 4 emerging farmers in South Africa, processing and testing out possibility to manufacture the mohair garments in South Africa

5. All wool and mohair to be traceable and certified.

6. ECONYL(R) regenerated nylon tulle from discarded fishnets and other nylon waste produced for us in India 2020

7. Running orders placed in low season to avoid overtime and secure more even workflow

8. Continue working on sustainable alternatives to new production, repair, reuse/vintage and renting

9. Environmental Product Declaration (EPD) and sustainable focus on sourcing all materials in all our clothing, including the cotton, viscose and silk and new developments to reduce Green House Gas (GHG) emission in the production line.

10. Climate compensation through our wool and mohair supply chain

11. Continue mapping the supply chain. Focus anti-corruption and workers rights.

12. Reducing waterconsumption by choice of raw materials and dyeing/washing methods in the production line

13. Continuing to design and produce high quality long lasting alternatives to overconsumption/fast fashion

# 1.C.2 How is the company's strategies and action plans to work towards being responsible and sustainable followed up in top management and in the board?

By approval of the board and frequent internal presentations and meetings.

# 1.D Partnerships and collaboration with business associates, such as suppliers

# 1.D.1 How does the company make clear in its business relationships (in particular in the supply chain) the importance it places on responsible business conduct?

All suppliers receive by mail and must sign and return the Supplier Code of Conduct before any business is started. In price negotiations the whole picture including ethical and sustainable values are considered and emphasized.

### Indicator

#### Percentage of suppliers that have accepted guidelines for suppliers



2019 2018 CoC must be understood, signed and returned before any orders are placed

## 1.E Lessons learned and changes

# 1.E.1 What lessons has the company learned during the reporting period concerning sustainability, and what has changed as a result?

Our company learned in 2019 from studying and visiting on farms that much of the South African wool and mohair industry today is sustainable and transparent and that our most responsible action as a brand to make an measurable improvement is to buy merino wool directly from sustainable South African merino ZQ farms with best practice and quality and mohair directly from 4 emerging mohair farmers with best practice and quality helping them on the way to becoming Responsible Mohair Standard (RMS) certified commercial farmers and encouraging other emerging farmers to follow. We also learned that it will be possible within a few years to produce mohair garments in South Africa and by that increasing the traceability, transparency and sustainability in our supply chain.

Our company learned in 2019 that it was possible to develop and produce the very first sustainable Econyl regenerated tulle in India from broken fishnets and other nylon waste. From 2020 all Cathrine Hammel tulle will be Econyl regenerated nylon tulle from fishnets and other nylon waste.



Defining the focus for reporting

# Identify and assess the company's impact on people, society and environment

"Identify and assess" is about identifying the company's risk for, and actual negative impact on, people, society and the environment, including in the supply chain and through business relations. As a first step the company should get an overall risk picture, before subsequently prioritising measures where the risk of negative impact is the greatest, i.e. salient issues. How the company is involved in the negative impact is central to determine the right actions to take. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

## 2.A Mapping and prioritising

#### STATEMENT ON SALIENT ISSUES

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

## 2.A.1 In the table below state the salient issues associated with the company's activities and business relationships, particularly in the supply chain and during the reporting period

Salient issue	Related topic	Geography
Workers rights	Freedom of association and collective bargaining	China
Working hours, use of overtime, living wages	Wages Working hours	China India South Africa
Animal welfare, draught	Animal welfare Water	South Africa
GHG footprint, environment	Environment Emission Energy Water Use of materials	Global
Corruption	Corruption	Global

#### DETERMINATION OF SALIENT ISSUES

# 2.A.2 Describe how the salient issues were determined, in terms of processes and sources of information, including any input from stakeholders

Animal welfare is of high priority to Cathrine Hammel. The animal fibres Merino wool and Mohair are the two most important materials for the brand. And any animal fibre runs the risk of breach on animal welfare regulations. Throughout 2019 we have focused on traceability and due diligence through the wool supply chain to discover where and how to improve the way we buy our wool. To make sure we do our very best to buy responsible animal fibre, we have Responsible Wool Standard (RWS) to have a third party checking farms and cutting, and to make sure the five freedoms are followed. We joined Ethical Trade Norway's Due Diligence Wool and Mohair industries in South Africa, where we visited sheep and goat farms and relevant stakeholders in the South African wool and mohair industry. We found the wool and mohair industry was willing to change and already had started improvements. As a result of the project Cathrine Hammel has started as a pilot project (business with a social aspect) buying our mohair fibres from 4 emerging mohair farmers, helping them on the way to become Responsible Mohair Standard (RMS) certified, becoming commercial farmers with market access, and we changed to ZQ with nominated best practice South African merinofarm for even more/improved traceability, transparency, dialogue and closer follow-up.

#### ADDITIONAL SEVERE IMPACTS

2.A.3 Identify any severe impacts on people, society and the environment that occurred or were still being addressed during the reporting period, but which fall outside of the salient issues, and explain how they have been addressed.

3

Management of salient issues

# Cease, prevent or mitigate negative impacts

"Cease, prevent and mitigate" is about managing findings in a way that contributes to a sustainable and responsible business conduct. The most severe negative impact on people, society and the environment should be prioritised first. This does not mean that other risks are less important or that they are not handled. The way the company is involved in the negative impact is central to taking the right action. Negative impact that the company causes or contributes to must cease, and the business must work to prevent and mitigate such risk. To address negative impact directly linked to the company, e.g. in the supply chain, the business must use its leverage to influence the entity causing the adverse impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the company's policy documents and management systems. Effective management of the negative impact on people, society and the environment is a major contribution to the achievement of the SDGs.

### 3. A Cease, prevent or mitigate

3.A.1 For each salient issue in your supply chain, add a goal, status and describe specific actions and progress made in the reporting year

Salient issue	Workers rights
Goal :	Workers in our supply chain should be allowed to collective bargaining and be able to speak their opinion.
Status :	Ongoing
Objectives in reporting year :	Starting the process of finding out how the situation is for our workers in our supply chain

#### Actions :

We are mapping our supply chain for understanding practises for workers rights, (focus China)

Salient issue	Working hours, use of overtime, living wages
Goal :	Workers in our supply chain should be paid fairly, and have decent working hours.
Status :	Ongoing
Objectives in reporting year :	Starting the process of finding out how the situation is for our workers in our supply chain (focus China and India)

We are mapping our supply chain for understanding practises for living wages, and use of overtime. We communicate that living wages should be discussed when discussing the material and garment prices. We communicate our production plans and deadlines through our supply chain as soon as they are ready. Orders placed in low season where possible (India, China)

Salient issue	Animal welfare, draught
Goal :	Animal welfare Certified wool and mohair
Status :	Achieved Responsible Wool Standard (RWS) for 2019, ongoing mohair Responsible Mohair Standard (RMS) for 2020
Objectives in reporting year :	Animal welfare focus in all our wool and mohair products

Changed after IEH wool and mohair Due Diligence project South Africa and farm visits to ZQ merino for closer tracing, transparency and higher animal welfare standard. Changed to traceable mohair buying from 4 nominated emerging farmers South Africa through a pilot project, helping them on the way to becoming "green" ceritified as Responsible Mohair Standard (RMS) commercial farmers. Business with a social aspect, help saving jobs and create optimism.

Salient issue	GHG footprint, environment
Goal :	Finding our carbon footprint as a brand
Status :	Achieved
Objectives in reporting year :	LCA report to find out where in our supply chain it is most important and possible to start making improvements

Making a LCA with Cemasys, to have facts to work with and to know where to focus to decrease our carbon footprint.

Salient issue	Corruption
Goal :	Transparency in our supply chain (as opposed to opaque suppliers) as a tool to limit corruption, understanding and deciding the selection of qualities, prices and suppliers.
Status :	Ongoing
Objectives in reporting year :	Using transparency in our supply chain to work against and limit corruption, and nominating spinners and weavers we have direct communication with.

Knowing our suppliers from many years. Making the patterns ourselves and having direct communication with spinners, weavers, and accessory suppliers to be able to check and negotiate prices and be free to place orders with the most suitable supplier to the correct price. Doublechecking manufacturers CMT prices when we know the material cost.

## Other actions related to management of negative impact:

#### Describe general actions to cease, prevent or mitigate negative impacts, including in your supply chain

#### 3.B.1 Reduction of environmental and climate footprint

We have checked with our suppliers which ones have renewable energy at their production plant, which processes requires excess use of water, and our denim for AW19 was organic cotton indigo juice sustainable dyed denim. We have developed our own Econyl tulle from regerated fishnets and other nylon waste. We have changed our polyester to be recycled (GRS certified). We have sourced more sustainable mohair (emerging farmers in South Africa) and merino (ZQ) and are working on how to climate compensate directly through these supply chains. We have changed to train as our preferred transport from China to Hamburg, previously only sea and air. We have replaced all our plastic polybags with biodegradable corn bags which decompose in food waste. After finishing the LCA report we got a better picture where we can further reduce our climate footprint by sourcing lower GHG emission materials and by working towards climate compensation/reduction in our own supply chain.

#### 3.B.2 Adapting own purchasing practices (sourcing)

We have gradually adapted our purchasing practises/sourcing to communicating production and delivery forecast time ahead to factories, transport companies and warehouses. We are focusing on placing orders in time for suppliers to have enough lead time to be able to avoid overtime. We always consider ethical and sustainable factors during price negotiations, and have close dialogue with our suppliers. At our smallest supplier where we are the only customer we are cooperating and communicating about minimum and maximum capacity to try to keep some running production at low periods and try to avoid overload and overtime at peak periods.

### Indicator

Percentage of suppliers with whom we have had a business relationship for more than three years



Cathrine Hammel has stable supplier relations, has worked with some of the suppliers since the very beginning 22 years ago, and focus on a long term relationship with the suppliers.

#### 3.B.3 Choice of product design and of raw materials

Sourcing sustainable materials where possible. Responsible wool standard (RWS) / ZQ traceable sustainable Merino. Traceable mohair. Changing from regular fossil based new nylon to ECONYL regenerated nylon from fishnets and other nylon waste in all our tulle/mesh products.

3.B.4 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation.

#### 3.B.5 Contribute to development, capacity building and training of suppliers and workers in the supply chain:

By joining the pilot mohair project and thereby commiting to buy mohair from 4 nominated emerging South African mohair farms, we are contributing to business with a social aspect, helping poor and talented farmers with sustainable green farming to become Responsible Mohair Standard (RMS) commercial farmers, creating jobs and optimism. Business with a social aspect, mohair with a meaning.

3.B.6 Other plans and measures taken to deal with salient issue



# Track implementation and results

Tracking implementation of actions and results is key to the company's due diligence process. For example, is the identifying and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect real conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the company's negative impact work as intended? Is negative impact remediated where relevant? This may apply to actions taken by the company alone or carried out in collaboration with others. Companies must have procedures and systems to track their implementation and results in order to assess them. The company's experience with due diligence is used to improve processes and results in the future.

## 4.A Monitoring and assessment

# 4.A.1 Describe responsibilities and procedures within the company for tracking performance with respect to due diligence activities

Monitoring is carried out through data collecting and reporting. Production manager has the responsibility, and collects and systemizes the information.

# 4.A.2 Describe how the company evaluates the effect of its own efforts, or those made by suppliers (and other business relations), to identify, prevent and mitigate salient issues

As a small brand, it is not always easy to measure the effects of what we do or to see any visible change in the end of the line. But we can see the change in what we do at our small Indian supplier, where smaller or larger orders make a significant difference.

In South Africa we learned that by changing our sourcing to emerging farmers, although small scale, it creates jobs, wages, optimism and synergy effects in the mohair industry and encourages others to follow.

When measuring Green House Gases (GHG) through an LCA report, we choose to lean on external specialists in the field like CEMAsys and trust their analysis tool.



# Communicate how impacts are addressed

Relevant external communication on company due diligence for responsible business conduct needs to build on specific activities and results. This include external communication of policies and codes of conduct, or processes and activities related to identifying and managing the company's actual and potential negative impact on people, society and the environment. Communication should also include findings, effects and results of concrete actions or activities.



## 5.A External communication

#### 5.A.1 Describe how the company communicates with affected stakeholders when managing its salient issues

Although sometimes challenging, we communicate with the workers like for example the workers at the different stitching units when visiting the factories we work with in India and in China. We have communicated with the merino wool farmers and mohair emerging farmers when we visited their farms in South Africa.

# 5.A.2 Describe how the company communicates publicly about its own work on identifying and management of salient issues

We are working on our public sustainability and ethical trade communication, and will have this published on our website during 2020.

We are publishing our supplier list 2020 and working towards transparency.



# Provide for or cooperate to ensure remediation when appropriate

Once a company has identified that it has caused or contributed to negative impact on people, society or the environment, the company must provide for, or cooperate to ensure remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. When appropriate, companies should provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints.

## 6.A Remediation

#### 6.A.1 Describe the company's policy for remediation of negative impacts on people, society and the environment

If our operations directly or indirectly cause harm to people or the environment, we commit to remediation support.

#### 6.A.2 Describe cases of remediation in reporting year, if relevant

We have not had any cases.

## 6.B Secure access to grievance mechanisms

6.B.1 Describe what the company does do to ensure that workers and communities have access to effective remediation mechanisms, when appropriate:

We have not started working on this yet.

Contact details:

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