

Communication on Progress 2016

CEO statement

- I am pleased to confirm that Copenhagen Fur 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 period of 2016/17 we will have a continued focus on securing and adjusting the actions previously taken on the four areas (Human Rights, Labour, Environment and Anti-Corruption) within the company. We will also continue to look outwards and help our customers and partners to improve on these areas.

Sincerely yours,
Jesper Uggerhøj
Chief Executive Officer

Human Rights

Assessment, policy and goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment).

Description of policies, public commitments and company goals on Human Rights.

- Copenhagen Fur adheres to the Universal Declaration of Human Rights.
- Also, Copenhagen Fur's declared core values include respect, involvement, openness, transparency and the cooperative movement's belief that humans are strengthened through collaboration. These values underscore the company's devotion to the Human Rights principles.
- All employees enjoy the right to free assembly and association, and three different labour unions are represented at Copenhagen Fur.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

- At Copenhagen Fur we have a full set of policies regarding Human Rights policies. These include e.g. policies regarding stress, pregnancy, illness, consistent repeated work, health etc., which in several cases go beyond minimum law requirements. We have volunteer groups consisting of both management and employees, which attend to improve these policies continuously.
- Copenhagen Fur's extensive policies on labour rights also show our commitment to human rights.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

- Copenhagen Fur is ISO 9001 and OHSAS 18001 certified and adheres to all the requirements regarding these certifications.

Labour

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

- As a Danish company, Copenhagen Fur is governed by Danish working environment legislation, which aims to ensure a healthy and safe working environment where the company is solely responsible for solving the safety and health issues which may arise.
- Copenhagen Fur is also certified by the OHSAS 18001 (Occupational Health and Safety Assessment Series) which means that the company works systematically to improve the working environment in the company.
- Moreover, Copenhagen Fur has the fundamental view that work life should be a rewarding and developing part of the entire life cycle.
- Copenhagen Fur wishes to promote a good working environment with both physical and mental wellbeing of all employees. As a result, work must be carried out safely based on an assessment of the conditions in the working environment, which both in the short- and long term can affect the physical, mental and general health.
- Copenhagen Fur has a full set of HR strategies and follow up procedures for all phases of employment: Recruitment, retention (including working environment standards), development and retirement.
- Copenhagen Fur is certified in accordance to the international standards ISO 9001 (quality management)
- Further, Copenhagen Fur has a strategy for continuous improvement in the production and employs a Continuous Improvement Manager responsible for this field. The strategy for continuous improvement includes goals to
 - Create willingness to adapt among employees by implementing short changeovers, lower the stocks and increase the employees competence level
 - Improve the employees working environment and working conditions during better usage of the factory's physical conditions
 - Achieve a high degree of employee involvement in problem solving and continuous improvement of processes and working conditions

- Create an awareness, in the whole company, of the importance of the production, and the production's contribution to the whole value chain.
- Copenhagen Fur prioritizes continuous development for all groups of employees, why our HR department has a unit responsible for educational activities. The unit, called Fur Academy, aims to develop the organization by offering newly developed, recurrent and needs specific training, which matches Copenhagen Fur's needs in a wide range of capabilities that support the company's vision, strategy and values.

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

- Working environment concerns all employees in Copenhagen Fur. In daily life, it is the individual employee's and manager's responsibility to ensure a good working environment. Copenhagen Fur has a working environment organization made up of a general committee with representatives from management and employees, as well as six working environment groups. The function of the working environment committee is to plan and coordinate the local working environment group's work for safety and health, as well as making an overall prioritization and ranking of Copenhagen Fur's overall working environment tasks.
- In August 2016, Copenhagen Fur was audited and obtained re-certification under the OHSAS18001 standard. The re-certification is valid for three years.
- In the same month, Copenhagen Fur passed an annual ISO9001 audit.
- For our work with continuous improvement in the production, Copenhagen Fur uses TWI (Training within Industry) standards, process descriptions and instructions to describe and learn the process we have today. Based on the standards we improve the processes. There are different ways to get inputs to improve a process:
 - Employees at the machines find a different method to do the job. The method is tested and if approved, documented in a new standard
 - Train the trainer session, where 2-3 trainers improves their technique and challenge our standards
 - Board meetings where management are discussing KPIs twice a week and operators once a week. Deviations creates an action where the process either calls for an improvement or training
 - Workshops e.g.:
 - SMED: Changeover workshops where we work to improve the existing changeover time by focusing on moving external time to internal and afterwards reducing the remaining external time
 - Flow: How to we setup an optimal layout where waste as transport time is reduces. We use a tool called Spaghetti diagram for this

It is important to ensure we have the competences in the company to ensure the possibility to both maintain and expand our position in the market. We are improving the employee's competences by educating TWI trainers that can train the whole staff in our processes and thereby ensuring the right competences and quality.

- In 2015/2016, Fur Academy identified a need for and offered 18 different courses and educations for different groups of employees.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

- As an ISO9001 certified company, Kopenhagen Fur systematically works with the quality and working environment in the company through continuous improvements, deviation handling and preventive actions. Activities include risk assessments in connection with changes, systematic handling of near misses and injuries, 55 inspections, internal and external audit. In addition to measurements of quality and supplier satisfaction, Kopenhagen Fur also measures employee satisfaction and working environment, including sick leave and injuries, as well as making workplace assessments.
- Regarding the work with continuous improvement, Kopenhagen Fur documents all TWI trainings in a competence matrix, and evaluate the number of resources we need in a given process to remove vulnerability.

Environment

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

- Kopenhagen Fur continuously works to implement protection of the environment in our daily business practices at corporate level and to reduce our external environmental impact. This includes ensuring sustainable and economically sound operations of Kopenhagen Fur's buildings and processes within electricity, water, heating and cooling, in order to ensure that Kopenhagen Fur is an environmentally and resource-conscious business.
- As world leader within our field, Kopenhagen Fur also aims to inspire, help and nudge our partners to become aware of environmentally friendly alternatives within their respective fields.

Implementation

Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

Several actions to reduce and streamline energy consumption were implemented in 2015/2016.

Lighting:

- Copenhagen Fur has continued to install LED lights or other environmentally friendly lighting solutions in existing as well as new buildings, as reported in last year's COP. The relevant department continuously look for new potential solutions within environmentally friendly lighting solutions.

Ventilation and heat:

Kopenhagen Fur has initiated several initiatives to reduce energy consumption and use energy more efficiently at company headquarters.

- The work with changing the motors in the ventilation systems of the auction house to new ones - automatically leading to reduction of energy consumption - continued in 2015/2016.
- Kopenhagen Fur has been working on finding a suitable technical solution involving installation of heat pumps, which will allow us to reuse the waste heat from a new refrigeration system at the auction house. When in place, such a solution will allow us to sell surplus energy to the local district heating supplier. Currently, only few Danish companies reuse and sell surplus heating. Thus, Kopenhagen Fur wants to be a frontrunner in this field.
- To lower energy consumption further, we have installed CO2 sensors in the production facilities at Kopenhagen Fur's headquarters in order to recover a greater portion of the preheated air in the production halls. This leads to a reduction of the amount of fresh air that has to be drawn into the buildings per air change.
- Further, in 2015/2016 we started working towards being able to reuse excess heat in internal heating loops.

Buildings

- All windows at company headquarters have been replaced in order to save energy.
- Parts of the roof at headquarters has been renovated and further insulated. Also, measures have been taken to reduce excessive heating of upper floor offices during summertime.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

- Energy consumption is continuously measured and possible waste is located through the energy analysis system. We are working on improvements to reduce energy consumption per skin.

Anti-Corruption

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

- One of Kopenhagen Fur's declared core values is transparency. The transparency principle dictates that all customers or suppliers are treated equally, and that all terms and conditions, sales programs and sales reports are made public.
- Kopenhagen Fur has exact procedures for new customers and makes a great effort in knowing all suppliers and customers to the company (KYC). Financial transactions to buyers and suppliers is only made with an underlying trade with pelts and products related to the fur industry.
- Kopenhagen Fur has a restrictive gift acceptance policy, which applies to all employees.

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

- The principle of transparency is one of the most important elements of Kopenhagen Fur's core values. To ensure that all employees embrace this value, all new employees are educated in the principle – both specifically for their own area of expertise but also for the entire company.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

- The transparency principle means that Kopenhagen Fur has not experienced any cases of corruption within the last year.