

PRESSALIT®

Communication on Progress

2011

Report on the UN Global Compact

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About Pressalit

Pressalit started in 1954 and is today one of Europe's leading manufacturers of toilet seats and bathroom solutions for persons with reduced mobility.

Today, Pressalit Group comprises two independent business areas: Pressalit Seats and Pressalit Care. The business areas pursue their own objectives and are oriented towards their chosen segments, while we share and develop a dynamic culture based on our common core values: We listen. We give. We play. We take action.

From our headquarters in Ry, Pressalit's 386 employees generate a turnover of DKK 460.4 million (2010), primarily in European markets. The company's export share in 2010 was 80%.

Managing Director's Report

Corporate Social Responsibility is prominent on the agenda in Denmark, and an integral part of the way we do business at Pressalit. We continue to take our responsibility to be a socially responsible company seriously.

Since our last Global Compact report, we have received an award for our CSR efforts and we have expanded our website to include sections on CSR – including the Global Compact. Furthermore, we continue to cite our involvement in the Global Compact when we are invited to speak on CSR and in the cooperation with our clients, as seen in our latest brochure on Original Equipment Manufacturing.

This report outlines some of our activities and results in 2011 relating to our commitment to the Global Compact. Each of the activities is described separately. We only mention each activity once, despite the fact that some of them relate to more than one principle. The measurement of activities and results is only described where relevant. We hope this makes the report easy to read and gives a good indication of our intentions and actions.

With this report, I aim to emphasise our continued support of the Global Compact.

Best regards,



Dan Boyter

*Executive Vice President
Pressalit*

The Global Compact at Pressalit

Overall

An important cornerstone of Pressalit's Corporate Social Responsibility activities is its ongoing participation in the United Nations Global Compact initiative.

In 2011, Pressalit took yet another step towards increasing the visibility of our CSR approach and initiatives by communicating more directly about our CSR activities on the Pressalit website. This section of the website also emphasises our participation in the Global Compact as a part of the company's vision of uniting responsibility and performance.

In addition, the principles of the Global Compact remain an integral part of our Code of Conduct, which applies to all Pressalit employees.

We work continuously on the Code of Conduct. For example, it represented a separate focus area in this year's work with Business Excellence, as the various departments were specifically asked about how they incorporate the code into their daily work.

Overall: Supplier management

The principles of the Global Compact are incorporated into our purchasing terms and are a natural part of our own quality studies, as well as those we buy from external companies.

Since our last COP, Pressalit Care's purchasing function has merged with Pressalit Seats purchasing, and the best of the two functions – from a Global Compact perspective – has now become the standard. In 2012 we also initiated a small internal project to assess how we can better communicate our standards for supplier management and potentially enhance the standards.

Human Rights (Principles 1-2)

Concrete initiatives – diversity

Strength in a range of diversity

At Pressalit, we have four values, one of which is: "We listen – because at Pressalit we respect other people and their views. We enjoy recognition for our efforts - we believe in finding strength through being different."

When we developed our Code of Conduct in 2009, we included this value as one of the code's five main chapters, entitled diversity, in which we wrote: "We find strength through diversity. We strive to reflect a global society and are therefore attentive to diversity in terms of ethnicity, educational background, gender, religion, sexuality, age and ability."

We constantly work to enhance our diversity so that every department at Pressalit is strengthened through diversity. In 2011, we continued our diversity efforts by formulating a range of possible ways that the individual departments can be more diverse in the make-up of their staff. Each department in the company has been asked to select three areas that will form the basis of its diversity efforts in the next few years.

Another area of focus in our diversity efforts is trainees, where we have now established the ability to take in trainees from the municipal system (a person on sick leave who needs to gradually get used to working again

and exploring his/her boundaries for working with pain and/or injuries, an unemployed person who wants to explore new opportunities in a different area of work, etc.).

The range of diversity has given us a tool for taking a snapshot of the department and identifying areas we wish to strengthen. We can then use this snapshot in connection with recruitment so that we can match potential employees with the department's current make-up.

Host of a career day for people with disabilities

In June, Pressalit was invited to be a role model for the campaign, "Abilities in focus", where the aim was to focus on the great resource that people with disabilities represent.

The invitation entailed Pressalit hosting a career day for the target group, where we had a chance to present the company and tell them about our recruitment procedure. In addition, the day provided some of our employees with and without disabilities to talk about their jobs, backgrounds, etc. in small workshops.

We at Pressalit were greatly honoured by the request to be a role model. It also gave us the opportunity to market our diversity, as the event appeared on websites, in advertisements for the conference in newspapers and in some printed materials with specific examples. Lastly, it also provided an opportunity for some of our employees with disabilities to stand before a group and talk about their personal situation. Some of the employees chosen to host some smaller workshops at the career day had not previously spoken so openly about their handicaps and jobs outside of their own departments. As a company, we encourage openness about special considerations, etc., but practicing this openness is the responsibility of the individual employees and departments, so that it is adapted to individual needs and wishes. Thus it is not necessarily evident which employees are with or without disabilities.

For some of the employees who participated in the workshops, it was a personal victory to conduct the workshop and speak openly to strangers about their situation. For the company, it provided greater openness. One of the employees chose to participate in a short video, in which he explained that he is employed in flexible job for people with a reduced ability to work due to back problems, and also because he has suffered from anxiety and depression. Other employees were surprised to learn that this employee faced these personal challenges. It not only gave the opportunity to put a face and words on the difficult task of relating to mental disabilities, but hopefully also paves the way for other companies to have the courage to hire people with disabilities – including mental disabilities.

Ambassador for "One of Us"

In the summer of 2011, Pressalit's Executive Vice President, Dan Boyter, chose to become an ambassador for a nationwide campaign that will continue until 2015. The aim of the campaign is to destigmatise mental illness to ensure equality for people with mental illness.

Trainees

Pressalit would like to take social responsibility and therefore we are aware of how we can contribute to performing tasks of importance to all of society. For example, we focus on helping with education, so we have trainees and give students the opportunity to take a semester internship with us.

We have agreements with Skanderborg Municipality to provide traineeships to people who the municipality has required to work or determine their ability to work "in the real world".

In 2011, we formalised the agreement with Skanderborg Municipality, establishing seven trainee positions in salaried/hourly-paid job functions. In addition, we also have salaried trainees and we take in trainees from other municipalities than Skanderborg if we can combine suitable tasks with well-suited candidates.

Expected benefits and activities in 2012

Pressalit wants to continue expanding the company's diversity and identifying new ways of realising our value: *we listen and believe that we find strength in diversity.*

For example, at the end of 2011, we had approx. 3% trainees and approx. 7.5% of our employees were employed on special terms.

Within the area of hourly-paid employees, we have had about 20 trainees, while we have had about 9 salaried trainees. Some of these trainees were at the company for four weeks, while others had traineeships of up to six months.

In 2012, we will continue to develop the company's diversity and focus on ensuring that all departments eventually define and set targets for their contribution to a diverse workplace.

Labour Standards (Principles 3-6)

At a prestigious CSR Award show in September 2011, Pressalit received the Danish CSR People Prize for the company's corporate social responsibility work. The award show was part of a CSR theme day, which included presentations by former Vice President Al Gore and major international companies that are leaders in CSR.

In choosing a winner, the jury cited Pressalit's integration of social responsibility throughout the company, our diligent work to innovate in relation to CSR, and our ability to convey positive CSR stories to society.

The credit for such an award not only goes to the company's management; although it is important that management leads the way and shows that it takes social responsibility seriously, nothing is possible without the support of employees. In his acceptance speech, Pressalit's Executive Vice President, Dan Boyter, said: "I would like to thank Pressalit employees for winning this award, because it is a reflection of their efforts. They are good at tackling challenges, such as integrating new colleagues who are socially disadvantaged or disabled, and they can see that it bears fruit."

The day after the award show, a celebration was held for employees at Pressalit in Ry.

Concrete initiative – absenteeism

Over the past couple of years, the company has focused on reducing absenteeism among hourly-paid/salaried employees. The level among salaried employees is 2%, while the above-mentioned group has been at an average of about 7%. At the end of 2011 we truly saw the effect of our efforts, although we have not yet reached the goal of 2% short-term absenteeism and 1% long-term.

Virtually all employees on long-term sick leave resume their jobs with the help of various, individually-adapted part-time positions as soon as the illness permits.

We now also conduct many more conversations about employees' well-being and/or their absenteeism from the workplace. We have made employees' sick days visible on their payslips so that they can always see the past 12 months. We have established a close cooperation with Skanderborg Municipality, who have kindly assigned us a contact person in the municipal administration who handles sickness leave cases for us. This means that we are sometimes ahead of schedule with the conversations required by law, that we can cooperate to find the best solution for the municipality, employee and company, and that we can always obtain the assistance we need from the municipality.

As the company's employees are transferred from hourly pay to terms similar to those in the Danish Salaried Employees Act after nine months of employment, all employees with more than nine months seniority receive pay while on sick leave. The company's management team has helped to define some guidelines for how far the

company goes to retain employees despite long-term illness. This means that the company does not necessarily utilise the 120 day rule, which allows employers to terminate an employee after 120 sick days with a notice period of the current month plus one month. In some cases, the company has terminate employees who, for example, may have six months' notice. During the period until termination, the employee has continued to work in the part-time position and has been promised potential employment after the final determination of his/her ability to work. In 2011 this resulted in two employees transferring from regular jobs to jobs with a wage subsidy for those receiving incapacity benefit.

As a natural part of the efforts regarding absenteeism, we have also focused on well-being in general and health in particular.

Health study

In 2010, we spent a lot of resources on the mandatory health check for shift workers. We offered this check to all employees in our plastics production, which was more thorough than the legally required check and performed by a doctor. We also hired the doctor to give a presentation prior to the health study and to present the final report.

The report pointed out at least three focus areas: too many employees eat too much and are overweight, too many employees exercise too little, and too many employees (in comparison to the national average) are smokers.

Along with other reasons, the company chose in the summer of 2011 to participate in a large-scale health project that the 3F trade union sought funding for. In contrast to the above-mentioned health check, participation in this project was offered to all company employees. In autumn 2011, 84% of all employees participated in a health check.

Based on the final report, the company must work to produce action plans to improve health in the company even more. In autumn 2012, all employees will again be offered a health check, which we hope will show positive results.

So far, we have chosen 4 areas to work with: smoking, exercise, diet and the relationship between employees and managers.

Exercise

Pressalit has a sponsorship of Ry Family and Company Sports, so we are able to offer employees selected exercise activities. For many years, a group of employees has participated in a spinning course. We currently have a group that goes to zumba dancing, while others go to family swimming. In addition, we have our own running club that meets every Thursday morning before work and goes for a run in the company's beautiful surroundings.

Pressalit's personnel association also offers various activities. Last autumn, a team of employees took part in a pedometer competition and we always send a large group of participants to the DHL relay race.

Change in shift structure

In 2010, we changed the structure of shifts based on a study, offering every employee the possibility of fixed working hours. Relatively few employees wanted to give up working in three shifts. Nonetheless, some changes were implemented so that the number of employees who work on fixed day shifts increased. At the end of 2011, the employees were again asked about their wishes. Once again, very few employees wanted to give up working in shifts.

Employment with special conditions

At Pressalit, we continue our efforts to create job opportunities for people who otherwise might have difficulty getting a job in the labour market. We have a small department that is responsible for our cleaning and maintenance of green areas. All of the employees in this department are employed on flexible terms. In our reception, we have replaced one office assistant position with two people employed on flexible terms, and in other departments we are considering creating job opportunities for employees with a reduced ability to work and/or disability.

Expected benefits and activities in 2012

We expect to continue reducing our absenteeism towards the target of overall absence of 3%.

We expect to maintain a level of employees on flexible terms at around 7%.

We expect continued cooperation with municipal partners to bring people on benefits into trainee positions and to create internship positions for 30 people.

Environment (Principles 7-9)

Concrete initiatives – reduction in electricity consumption

In 2011, we have worked on a project relating to general energy optimisation, which will show concrete results in 2012. In 2011, we have worked to replace light sources, including exploration of how to best reduce electricity consumption with changes in light sources and then implementing these measures in practice. Furthermore, efforts have been made to better utilise our toilet seat pressers, so that they shut down completely for repairs and/or operational failures. For example, we now also shut down and close off areas in production so that electricity and heating are not used while working with the pressers.

Expected benefits and activities in 2012

We have set a goal of a 15% reduction of expenditures on energy consumption for production by 2015.

Anti-Corruption (Principle 10)

Concrete measures

The attention paid to anti-corruption this year has again been primarily centred around our newly-established production facility in Thailand. Our Code of Conduct is translated to Thai and hangs visibly at the company. Leading employees have been given a thorough introduction and, among other things, the Thai employee who oversees human resource tasks has been on a one-week visit to Denmark, during which an introduction to the company culture, various HR-tools, our ideas about CSR and the Global Compact were extensively discussed.

We are also very attentive in the sales and purchasing functions.

Follow-up on goals from 2010:

Principles 3-6:

We expect that yet another group of employees will leave the three shift structure to work during fixed hours.

Very few employees have chosen to go from shifts to fixed hours. Contrary to our expectations, the desire has not spread from the employees who moved to fixed day shifts in 2010 to colleagues who were given this option again in 2011. The day shift has grown larger, but perhaps the relatively modest decrease in pay is more important than the well-being benefits?

We expect to reduce our absenteeism towards the target of overall absence of 3%.

Absenteeism has dropped by approx. 3% in 2011, so we are closer to our goal than we have been in many years. However, the target has not yet been reached.

We will continue to work with Skanderborg Municipality and others to provide traineeships for people with various needs.

We have formalised the cooperation with Skanderborg Municipality through a contract and we have had approx. 30 people in traineeships in 2011.

Principles 7-9:

The result of the year's efforts are primarily found in yet another reduction in electricity consumption via a review of all the company's light sources and subsequent replacement.