



UN GLOBAL COMPACT

Communication On Progress 2011/2012

Kluntz A/S Corporate Social Responsibility report for UN Global Compact

Statement

As CEO of Kluntz A/S, I hereby confirm my continued support to the Global Compact and its 10 principles.

It is our firm belief that every company, no matter size, can do a positive difference, when promoting CSR to its valuechain. We take every opportunity to encourage other companies to join CSR networks such as Global Compact, Ethical Trading Initiative Denmark (DIEH) and the Danish Council for Sustainable Business Development (RBE), which we are members of ourself.

2011 was a period with many challenges for us and it has been necessary to focus on domestic issues. We have however begun implementing measures to improve CSR further in our valuechain, as you will read in this COP.

Hoerning, June 20, 2012

Kluntz A/S

Peter Nielsen
CEO



Introduction of Kluntz A/S

Kluntz was founded in 1996. We give advice on and sell incentive product marketing. We are a staff of 10 and our turnover in 2011 was USD 4.000.000.

We help our customers by creating value for them when they buy corporate clothing, promotional products or gift items. We believe that by having a strategic approach to incentive marketing products our customers achieve motivation, recollection, visibility and sympathy.

Many of the promotional products available is of poor quality and quite useless. At Kluntz we guide customers to select better quality products that will last longer and products that actually fulfill a demand. Our focus is also on promoting products made from renewable sources or from recycled materials. We commit to always offer a sustainable alternative if it exists.

Beside from donations to UNICEF and Save The Children, Kluntz has supported many activities through the past year, e.g.; a home for mentally ill, a beggars banquet, a campaign (Verdens Bedste Nyheder) to support the 2015 goals and local sport and cultural activities.

Suppliers

Kluntz mainly import from EU and China.

It is of great importance that the women and men who manufacture the goods we sell are treated in a fair and respectful manor. Being a SME in a highly competitive businessarea, where customer demand change rapidly due to new fashiontrends and the general development of new products, it can be very difficult to control our suppliers and their sub-suppliers, as we often change suppliers, due to changing demand. The fact that orders are often small, does not allow for costly expenses to audit the suppliers on site. Many SME's face this challenge. So what can we do?

Why the supplier should commit

Instead of just demanding suppliers to sign a Code of Conduct, it is important to inform them about the advantages they will achieve, by treating their employees in a fair and respectful manor. Happy people are more efficient, make less mistakes and are less sick. Due to this, the owner can have a competitive advantage and earn more.

The past

In 2003 we issued our first Supplier Code of Conduct and sent it to all our suppliers. It was sent to both producers and wholesalers. We experienced that many were reluctant to sign it, for various reasons:

1. Some probably because they could not meet the principles and had no intention to.
2. Some because their company policy did not allow audits and scrutiny of their company files by others than themselves.
3. Some wholesalers did not want to give information about the origin of their products, because they considered this information a company secret.

In 2005 we issued an updated Supplier Code of Conduct, that allowed for wholesalers to send us their own Supplier Code of Conduct instead of signing ours. If their own could meet the principles in our Code, we would accept it.

Also in our 2005 Supplier Code of Conduct we took a more soft attitude to our demands, pointing out that we would not terminate a co-operation, if a supplier did not meet the principles, at the time of signing the Supplier Code of Conduct, provided that the supplier were willing to improve the failing areas to an acceptable level.

In 2007 we again sent our suppliers a new version of our Supplier Code of Conduct, this time informing about our participation in UN Global Compact.

Producers and wholesalers that does not sign and return our Supplier Code of Conduct can not be accepted as suppliers to Kluntz A/S. Wholesalers with a code that comply with ours, can be accepted.

The future. Actions to improve conditions at our suppliers

In 2011 and 2012 we have segmented our suppliers into 3 groups:

1. European wholesalers
2. European producers
3. Far east producers
 - A. Regular suppliers
 - B. One time suppliers

Group 1 and 2 will have to sign our Supplier Code of Conduct 2012 or present a matching one of their own. Group 3A will have to sign our Supplier Code of Conduct and fill the Self-assessment Questionnaire 2012. Group 3B will have to sign our Supplier Code of Conduct

The Self-assessment Questionnaire will help the regular supplier to a deeper understanding of the Supplier Code of Conduct and serve as a tool for making improvements.

Supplier Code of Conduct 2012

http://www.kluntz.dk/pdf/code_of_conduct_2012.pdf

Self-assessment Questionnaire 2012

http://www.kluntz.dk/pdf/Self_assessment_questionnaire_2012.pdf

Fairtrade

Fairtrade products used as gifts offer companies ,that has a CSR strategy, the possibility to get it across to their employees and other stakeholders in a very concrete way. A fairtrade gift can underline the good will of the company to put action behind its word, to walk the talk.

In 2007 we applied for and received government financial support (DANIDA) to initiate a project that should promote fairtrade products from Africa on the business to business market in Denmark. In exchange for products traditionally handcrafted locally in Africa, we would export knowhow within design, innovation and quality control. The project was meant to generate workplaces and prosperity. Unfortunately it proved to be very difficult to allocate the necessary resources to create a success and in 2008 we instead decided to look for partners that were up and running with sustainable or fairtrade productions in developing countries.

Today we have 3 such partnerships. 2 in Africa and 1 in India. We will continue our search for fairtrade partners.

Our employees

Denmark is well known to be a country that respect the human rights. At Kluntz this is also a matter of course. The staff has been informed of our participation in UN Global Compact on a number of occasions and has been told to advocate for UN Global Compact whenever they have a chance to do so.

Present

In Kluntz we have gone beyond what is expected to have a good working environment. We believe that happy employees do their work more efficiently and have less sick leave. In Kluntz we offer our employees:

1. 6 weeks holliday each year.
2. Free leave on childs first day sick.
3. Pension scheme paid 2/3 by Kluntz and 1/3 by employee.
4. Free breakfast every Friday.
5. Free fruit, coffe and tea every day.
6. ½ hour massage once every 2nd week.
7. Free health gym in the company.
8. Ergonomic working tables and chairs.
9. Purchase of all items we sell at net costprice.

For all other areas of our internal CSR commitment please view our CSR Declaration.

CSR Declaration

<http://www.kluntz.dk/content/view/116/207/>

Future

Since we consider ourselves to have done everything possible to create a good working environment, we have no plans at present to improve further. However we keep an eye on the development and listen carefully to the needs of our employees.

The environment

We must all contribute to sustainable actions to save our planet from disaster. We must reduce consumption, reuse products more often and recycle more.

External commitment

As mentioned in our Supplier Code of Conduct, all our suppliers must comply with local laws and regulations, regarding the protection of the environment.

Our suppliers must strive to:

1. Reduce waste and emissions to air, ground and water.
2. Handle chemicals in an environmentally safe way.
3. Handle, store and dispose of hazardous waste in an environmentally safe manner.
4. Contribute to recycling and reusing of materials and products.
5. Implement environmentally friendly technologies.

Internal commitment

In Kluntz we are committed to always offering our customers a more sustainable alternative, to the product they had in mind, if it exist. We seek to live by this rule ourself in all aspects of our corporate and personal lives.

In 2008 we moved to a complete new building which has been build under the new regulations for energy saving houses. We have taken simple measures to reduce consumption of electricity, water and waste, by using available devices and taking pride in recycling/reusing as much as possible. Company cars must run more than 20km, per liter gasoline or diesel.

Anti-corruption

As mentioned in our Supplier Code of Conduct bribes must not be offered, promised, given, accepted or demanded. This commitment apply for our suppliers as well as our own staff and management. Any knowledge of bribery or attempt of bribery must be reported to Kluntz management, who will take appropriate and immediate action.

Communication of CSR and UN Global Compact

This Communication of Progress will be available in our website alongside our Supplier Code of Conduct and our CSR Declaration.

Whenever possible and when we participate in networkgroups, conferences and seminars we will inform about our CSR initiatives and support to UN Global Compact, The Danish Council for Sustainable Businessdevelopment (RBE) and The Danish Ethical Trading Initiative (DIEH), which we are also members of.

We have in 2011/2012 participated in numerous seminars concerning CSR and we have contributed to the awareness of the UN Millenium Development Goals by our participation as partner in the campaign Verdens Bedste Nyheder,