

# UN Global Compact **Communication on progress**

September 2012



**Duba•B8**



## COP - Communication on progress - 2012

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### Contents

What is the UN Global Compact	4
The ten universal principles	5
What is Duba-B8?	6
The Executive Board on Duba-B8 & CSR Policy	7
Human Rights Principles and Labour Principles	8
Rights and obligations	8
Working time	8
Child labour	9
Maternity leave	9
Holiday entitlements	9
Days off and Public Holidays	9
Sickness	10
Staff benefits	10
A safe and healthy workplace	11
Initiatives to improve the physical working environment	12
Registration of near-misses	12
APV - Workplace Assessment	12
The Health & Well-being project	14
Background	14
Jobcenter Viborg – Absenteeism project	15
One Company event on the theme of well-being	15
Well-being talk by Hans Erik Folberg	16
Pulse Packs	16
Management course in employee welfare and retention	16
LEAN and communication	18
Our suppliers' working environment	20
Suppliers' Code of Conduct - Status	20



Environmental Principles	22
Eco-friendly heating and development in heating consumption	22
Initiatives in electricity and power consumption	24
Office furniture of sustainable wood	24
Certified office furniture for the public sector – The SKI Agreement	26
Recycling of wood chips	27
Anti-Corruption Principles	28
Accounts and audits	28
Acceptance of gifts	28





This Communication on Progress (COP) covers the period from 8 September 2011 until 7 September 2012, on which date this report is completed and published.

## What is the UN Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

As social, political and economic challenges (and opportunities) — whether occurring at home or in other regions — affect business more than ever before, many companies recognize the need to collaborate and partner with governments, civil society, labour and the United Nations.

Participation in the Global Compact is a widely visible commitment to the implementation, disclosure, and promotion of its ten universal principles. A company joining the initiative is expected to:

- Make the Global Compact and its principles an integral part of business strategy, day-to-day operations and organizational culture;

- Incorporate the Global Compact and its principles in the decision-making processes of the highest level governance body (i.e. Board);

- Contribute to broad development objectives (including the Millennium Development Goals) through partnerships;

- Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and

- Advance the Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large<sup>1</sup>.

1) Reference [www.unglobalcompact.org](http://www.unglobalcompact.org)



## The ten universal principles

### Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

### Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation

### Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

### Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery<sup>2</sup>.

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2 Reference [www.unglobalcompact.org](http://www.unglobalcompact.org)





## What is Duba-B8?

Duba-B8 A/S is a 100% Danish-owned company and the largest manufacturer of office furniture in Denmark. Duba-B8 designs and manufactures a range of office furniture under its own name and also deals in recognised national and international brands. The company's customer base includes the largest businesses and public sector bodies in Scandinavia. Duba-B8 designs, manufactures, delivers, services and disposes of complete solutions for businesses. Many furniture concepts are tailor-made for the customer in question, and 80% of the company's own production is created for specific customers and specific layouts. Our customers typically focus on corporate identity, employee development and well-being, the environment and CSR. We work with product development from a holistic perspective, where the end product is more than just an item of furniture; it is also work enjoyment for the end user and a product that aligns with the company's goals and values. Duba-B8 is the result of a merger between two traditional Danish office furniture manufacturers: System B8 møbler and Duba Møbelindustri. Both these furniture companies were founded as family businesses by men with strong opinions and visions. These opinions and visions still exist to this day and make up a part of the Duba-B8 identity, which finds expression, for example, through Duba-B8's corporate mission:

Duba-B8's mission is to create freedom at work for ...

... Our customers' business – through a flexible and customer-oriented layout that improves conditions for deploying values, knowledge and communication throughout the company. During the work process, we involve the customer and the customer's external partners so as to ensure that the interior and exterior design of the building form a coherent entity. This working relationship helps optimise space allocation, acoustics/lighting conditions and a spatial design that supports the creation of ideas and their realisation in practice. The end product is a workplace where people genuinely want to work and develop, and where there is authentic freedom at work.

... Individual employees – through an ergonomic and flexible layout that respects the needs of the individual for development, maturity and in-depth focus, and which supports the employee's options for knowledge sharing and teamwork with others on an everyday basis. This helps boost work enjoyment for the individual.

... The environment and our surroundings – we provide solutions designed with consideration for the environment and our surroundings by applying furniture design that ensures a long service life for our products. We create modular, mobile and flexible furniture concepts that can be supplemented and thus reused in new interior layouts at the company. Working with our customers, furniture professionals and architects, we strive to create furniture concepts and interior designs that are not only sustainable but also eco-friendly.



## The Executive Board on Duba-B8 & CSR Policy

Duba-B8 has drawn up a CSR policy (the Duba-B8 Code of Conduct and Suppliers' Code of Conduct) that lays down the framework for interaction with our stakeholders. These stakeholders include: customers, suppliers, employees, public authorities and the local community. Duba-B8's CSR policy is founded on the ten principles of the UN Global Compact and is built on Duba-B8's mission to create freedom at work for our customers, our customers' employees, the environment and our surroundings. Duba-B8's mission to create freedom at work is the value base that permeates every decision and action that stems from the organisation, and Duba-B8's CSR policy is a natural extension of the same.

Both the mission to create freedom at work and Duba-B8's Code of Conduct are points of reference in everyday work and interaction with customers, suppliers and partners. They also form the foundations for our interaction with one another. Moreover, the attitudes and values expressed through our mission and policies constitute what could be termed "the company spirit".

The values, which can be expressed through words such as credibility, responsibility, profitability, sustainability and respect, should not be viewed exclusively as concepts linked to a modern company, but as firmly rooted values which, throughout the 98-year history of the business, have helped shape the Duba-B8 organisation into a modern Scandinavian company in a globalised world.

When sustainability is expressed as specific actions, whether these are initiatives which directly affect the working environment for our employees or the purchasing choices we make, sustainability ceases to be a declaration of intent and becomes a principle for actions that help drive the company forward.

Fulfilment of the goals of the UN Global Compact does not start with ten principles, but with the way in which we interact with each other on a daily basis. Social responsibility starts with the actions we take and the decisions we make on an everyday basis as people and players in the Duba-B8 company.

Endorsing the UN Global Compact is a specific way to tell the world around us that we are willing to shoulder our social responsibility. At the same time, it constitutes a hand extended to our suppliers, customers and partners: "come and join us – together we can make a difference". I hope that this global network of commercial companies will grow both in size and in influence over the coming years. One thing is for sure: Duba-B8 will also be a part of it in 2013.

Christian Jacob Flarup

CEO, Duba-B8 A/S





## Human Rights Principles and Labour Principles

Duba-B8 operates production in Denmark and sales offices in Denmark and Norway. A total of 140 people are employed at the company's facilities in these countries. Our customers are primarily Scandinavian companies that operate at global level, and we service these customers' overseas departments through a network of partners. In the following sections, we therefore differentiate between how we work with the principles of the UN Global Compact internally at Duba-B8, and externally through our suppliers and partners.

The countries of Scandinavia have a long tradition of implementing legislation to regulate the behaviour of both citizens and companies. This legislation covers all areas: fundamental rights of freedom, employer and employee rights, the environment and occupational health and safety.

### Rights and obligations

In Denmark conditions related to working hours, wages, maternity leave, gender equality, holidays and time off, occupational health and safety, environmental impact and waste disposal are all determined by law. The legislation in all of these areas designates minimum requirements.

In a range of areas, however, we work more intensively and more broadly than we are obliged to by law. We have agreements with several of our employee groups and have set up a collaboration committee to deal with any conflicts that may arise. Provisions in the collective agreements that apply to some groups of employees are, by tradition, extended to apply to all our employees, including those who are not covered by a collective agreement. This means that all monthly-paid workers work under the terms of the Industrial Agreement (the collective agreement for salaried employees in industry). The hourly-paid employees are covered by the Industrial Agreement and the Collective Agreement for the Danish Woodworking and Furniture Industries.

### Working time

The European Working Time Directive and the collective agreements provide the framework for the maximum number of hours that may be worked.

In the collective agreements, working time in Denmark is fixed at an average of 37 hours a week. Working time in excess of 37 hours is recompensed at a predetermined higher rate of pay or time is taken off in lieu. Some groups of employees have to accept overtime and this is reflected in their salary. In pursuance of the Danish Working Time Act, the average working week must not exceed 48 hours a week over a period of four months. According to the Danish Working Environment Act, an employee has the right to 11 hours of rest in any working day. A working week may comprise of maximum 6 (7) days and 1 (2) rest days.

Duba-B8 employees work flexible working hours, which means that the individual employee cooperates with their superior to plan work so that both workplace requirements and the individual employee's needs are taken into account. If working conditions allow, salaried workers are permitted to work from home. The flexihours and work from home schemes should be seen in the light of a desire to give Duba-B8 employees the opportunity to create work-life balance.





## Child labour

In Denmark children are required to attend school for nine years, and children and adolescents under the age of 15 who attend school are not permitted to take normal work. However, from the age of 13, children may do a limited number of hours of light work after school. Figures from 2005 show that 48 percent of boys and 44 percent of girls aged 13-15 years have a job in addition to their schooling. When children and young people have jobs, they do so to earn money for their own use, i.e. to fund leisure pursuits and entertainment. Children and adolescents who are covered by the obligation to attend school must not work more than two hours a day on school days and not more than 12 hours a week. Children and adolescents are not allowed to work between 20:00 and 06.00. Children and adolescents may only do light work, and their duties must not include heavy lifting, contact with hazardous substances, or operating heavy machinery. Pay conditions for children and adolescents are typically established under the collective agreement. Duba-B8 employs three children/adolescents under the age of 18 (two in administration and one in production). Their work includes light office tasks and light odd jobs in the assembly department.

The same working conditions apply to apprentices as to other employees. The working conditions for apprentices must be the same as for any other group of employees. If an apprentice is under 18 years of age, the regulations for child and adolescent work are applicable. Duba-B8 currently employs 2 adult apprentices. It is an integral part of the Duba-B8 values that Duba-B8 as a company has a social responsibility to train people who want to work in the furniture industry.

## Maternity leave

According to the Danish legislation, a mother is entitled to hold four weeks of maternity leave prior to the birth and 14 weeks after her child is born, as well as 46 weeks' parental leave. In pursuance of the Danish Maternity Leave Act, the mother is entitled to a maternity allowance during maternity leave. However, as Duba-B8 complies with the collective agreements mentioned and belongs to the Industrial Maternity Fund, our employees receive full pay for a period of 18 (4+14) weeks and thereafter full pay for 11 weeks of their parental leave.

## Holiday entitlements

According to the Danish Holidays Act, paid employees are entitled to five weeks holiday, three of which they must be allowed to hold consecutively. At Duba-B8, employees also accrue five extra days of holiday a year after nine months' employment at the company. This too is covered by the collective agreement. Holiday pay is calculated as 12.5% of the employee's salary, which is paid out when the employee takes holiday.

## Days off and Public Holidays

For employees in production the following are days off: 1 May, Danish Constitution Day (5 June) and Christmas Eve (24 December). For monthly paid employees, 1 May is not a day off. There are also a number of Public Holidays which will usually be days off. These are Palm Sunday, Thursday and Friday in Easter week, Easter Sunday and Monday, Ascension Day, Prayer Day and Whit Sunday and Monday. These are all public holidays for which employees receive pay.





## Sickness

According to the Employers' and Salaried Employees' Act, which applies to all employees in Sales and administration, an employee is entitled to pay during a period of sickness. For the hourly-paid employees, after nine months' employment, the employer may grant up to nine week's absence with pay in connection with sickness, corresponding to the hourly rate of pay the employee would have received if he or she had worked. This too is included in the collective agreement.

According to the collective agreement, parents are entitled to one day off work with pay if their child is sick. This applies equally to salaried employees and hourly-paid employees who have nine months' seniority.

## Staff benefits

We place great emphasis on developing the potential of the individual employee and on retaining staff at our company. As a company, we are committed to ensuring that Duba-B8 is a good place to work with regard to both physical and social working environments. This commitment permeates all areas of the organisation – from owners, board members and managers to individual employees – in shared efforts to promote a good, enjoyable working environment on an everyday basis.

Duba-B8 employees are offered a variety of staff benefits. All our employees have free coffee and tea, chilled drinking water and fresh fruit. At the Bjerringbro facility we have a staff cafeteria, where employees can buy healthy and nutritional meals. The ingredients are mostly organic. From autumn 2012, employees will also be able to order meals to take home. In Søborg and Oslo, there is a lunch scheme for everyone. Regardless of how they are run, all our lunch schemes offer our employees healthy and nutritional food. Duba-B8 meets 50% of the costs of the lunch schemes. The remainder is paid by the employees.

For a long time now, it has been possible to take out health insurance via a joint Duba-B8 insurance scheme. However, from 2012 the value of this health insurance has become taxable. Employees have therefore been offered the chance to continue the health insurance under the new conditions. The health insurance provides fast and professional medical assistance in different situations, including surgery at a private hospital, physiotherapy, and all our employees will continue to enjoy these benefits. The health insurance covers employees in Denmark. At present it is not possible for us to offer health insurance to employees in our Norwegian sister-company Duba-B8 as.



## A safe and healthy workplace

According to the ILO Convention number 187, Promotional Framework for Occupational Safety and Health Convention, 2006, Duba-B8 is obliged to strive to create a safe and healthy workplace for employees. The convention does not provide a narrow definition of the working environment but includes both the physical and mental impacts of the work. In this section we will examine topics which involve the physical and mental working environments. Common to problems which occur in the physical working environment is that these are relatively easy to identify and resolve in the operational context. By contrast, it is often difficult to pinpoint the cause of problems in the mental working environment and a change of attitude is often needed in order to remedy the problems. This section differentiates very clearly between initiatives to improve the physical and mental working environments, respectively.

Duba-B8 is certified according to the OHSAS 18001 standard for occupational health and safety. This confirms that Duba-B8 works purposefully and systematically to improve occupational health and safety on an ongoing basis. We have drawn up a range of safety policies and contingency plans, which are openly available on the company intranet. Moreover, we have established a safety committee that deals with industrial accidents and near-misses and implements measures to prevent the recurrence of similar incidents.

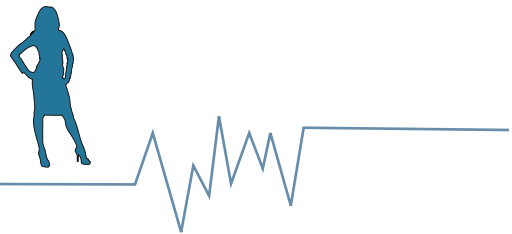
In the last five years we have systematically registered absence due to illness, accidents and near-misses. We are required to register these statistics to comply with the OHSAS 18001 standard.

*Tabel: Registreringer af sygefravær, ulykker og nærvædulykker*

Financial Year	Incidents (for which notification is mandatory)	Total number of incidents	No. of "Near-Misses"	Ratios (rounded figures)	No. of employees	Index = No. of incidents/employee expressed as a percentage	Index = "Near-misses"/employees expressed as a percentage	Absenteeism
2008	7		3	2:1				
2009	3		0					6,9%
2010	3		4	1:1	118	3%	3%	4,0%
2011	4		3	1:1	126	3%	2%	2,6%
2012	2		25	1:12	135	1%	19%	3,1%

SAAt the national level, the percentage absence due to sickness in Q3 2011 was 3.94%. Average absenteeism in Duba-B8 was therefore below the national average.





## Initiatives to improve the physical working environment

Duba-B8 is a workplace where a great many different departments operate side by side. Around half of our employees are employed to handle administrative or management assignments. These are assignments that rarely result in industrial accidents or injuries. The other half of our staff work in our production department. Their work often involves the use of heavy machinery which can potentially cause serious industrial injuries if the work is performed incorrectly or inattentively. The very different conditions under which these two groups of employees work make it reasonable to give separate descriptions of the initiatives taken to improve the physical working environment for these two groups.

### Registration of near-misses

The table shows that the number of near-misses was six times larger in 2012 than in 2011. This is explained by the fact that when we reviewed the individual near-misses we discovered that ratios were incorrect, as it is to be expected that the number of registered near-misses is much greater than the number of accidents. As near-misses are registered in order to implement preventive action which in time will lead to a reduction in the number of accidents, it is crucial that all near-misses are registered. We have therefore strongly emphasised that all near-misses must be registered. This explains the increase in the number of near-misses registered. The near-misses registered represent a broad range of minor incidents and it is therefore not possible to draw definitive conclusions based on this material. As there is no clear pattern in the incidents, we conclude that our preventive action is working and the lack of pattern must be considered positive.

### APV - Workplace Assessment

In Denmark companies are legally obliged to assess the physical and mental working environment every third year. These measurements are called a Workplace Assessment (Arbejdspladsvurdering, APV). The latest Duba-B8 APV was carried out in 2010. The 2010 assessment uncovered issues related to indoor air quality, noise and lighting in the administration facilities in Bjerringbro and Søborg. Generally employees felt that other conditions covered by the APV, including the mental working environment and availability of ergonomical furniture, were satisfactory. We held an ergonomics training course for employees who were interested, and we have tried to resolve individual issues related to the mental working environment that were uncovered in the APV by adjusting the organisation. We have subsequently further investigated the issues related to lighting, air and noise and have proposed solutions to remedy them. The analysis and proposals for remedial action were produced by an external consultancy. The adopted initiatives were implemented in the early months of 2012.

At the offices in Bjerringbro, there were problems related, among others, to the fact that daylight enters the building only from one side of the building and through a number of skylights. This meant that the only employees to benefit from daylight were those whose desks were located on the side of the building that faces the street. Users generally felt that indoor air quality was poor and deteriorated during the day. Immediately after the report was issued, an immediate solution to the problem was implemented as one employee was asked to ensure that the office was thoroughly aired once a day. During spring 2012, more skylights with automatic control systems were fitted, which have resolved the issues related to lighting and air quality. Noise disturbance, which was primarily identified as other colleagues' conversations and telephone calls,



has been sought resolved by the introduction of a telephone policy, which regulates where telephone calls can be taken and the level of telephone ringtones. As part of a comprehensive refurbishment, sound-absorbing materials (acoustic boards and carpets) have been fitted. For certain groups of employees who are especially disturbed by noise we have fitted acoustic screens at individual workspaces.

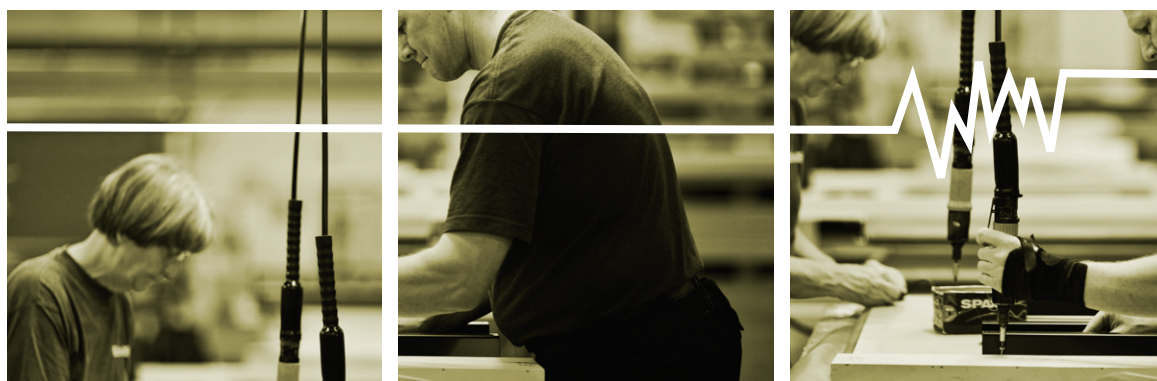
At the Søborg facility, problems have been resolved by reprogramming the automatic window system and by identifying areas which are particularly suitable for conducting telephone conversations. Preliminary feedback indicates that employees are satisfied with the remedial action taken but a decisive conclusion cannot be drawn until after the next APV which will be performed in 2013.

In the production and logistics departments, a number of minor issues were identified, including draughts and cold air from open doors. This issue was sought resolved immediately by asking everyone to close doors behind them or to wear extra clothing.

The Danish Working Environment Act includes a number of prescriptions for creating a safe workplace but the Act cannot guarantee against accidents in all circumstances. First and foremost, a healthy and safe workplace is achieved by maintaining consistent focus on preventive action and by ensuring that all employees are familiar with safety regulations and comply with them. At Duba-B8 safety training is conducted as on-the-job training, where experienced colleagues show new colleagues how to use the machinery safely. As most accidents involve inexperienced and new employees, it makes most sense to inform and train them in this way.

In connection with the renewal of our OHSAS 18001 occupational health and safety management certificate in spring 2012, the auditor indicated that there was a safety issue with a specific machine. As the machine was fitted with the same safety measures as at the time of the previous audit, and safety was therefore not diminished in the interim period, it was assumed that discovery of the issue could only be attributed to the fact that there was a new approach to the safety issue. As this is essentially what certification is all about, all our production machines were then reviewed. A number of improvements in the shape of safety grilles, mats, lifting gear and emergency stop systems have since been implemented.

The APV established that varnish odours from the paintshop were seeping through the paintshop and into the production department. External consultants measured the fumes and determined that there was insufficient pressure in the extraction system. A new wall was built in order to create more pressure in the extraction system, which has resolved the problem perfectly.







## The Health & Well-being project

*"Health is a condition in an individual or group of individuals, of which physical, mental and social well-being are characteristic."*

### Background

One of Duba-B8's strategic goals is to be the preferred company in the office furniture industry for people who are interested in working in contract sales. We believe that attracting and retaining the best employees is therefore key to our success. Other key strategic goals are to be the preferred supplier of interior design solutions and to have one of our industry's highest revenues. These three strategic goals cannot be seen in isolation but as three interconnecting goals which exert an influence on each other. A healthy mental working environment in which employees thrive is a working environment which attracts highly competent employees, who in turn help retain other highly competent employees, increases productivity, efficiency and innovation, and thus improves our capacity to supply solutions that meet with our customers' complete satisfaction and our chances for creating growth on the bottom line.

If Duba-B8 employees thrive at work, there is a better chance that the solutions our customers receive are solutions which create job satisfaction, and therefore freedom at work for the customer's company and employees. The Health & Well-being project in its entirety must therefore be considered the specific expression of how we work with our strategies and intentions inherent to our mission to create freedom at work.

Duba-B8's mission is to create freedom at work for ...

... Our customers' business – through a flexible and customer-oriented layout that improves conditions for deploying values, knowledge and communication throughout the company. During the work process, we involve the customer and the customer's external partners so as to ensure that the interior and exterior design of the building form a coherent entity. This working relationship helps optimise space allocation, acoustics/lighting conditions and a spatial design that supports the creation of ideas and their realisation in practice.

The end product is a workplace where people genuinely want to work and develop, and where there is authentic freedom at work.

... Individual employees through an ergonomic and flexible layout that respects the needs of the individual for development, maturity and in-depth focus, and which supports the employee's options for knowledge sharing and teamwork with others on a daily basis. This helps boost job satisfaction for the individual.

Absence due to illness costs DKK 56 billion a year in Denmark. Every time an employee reports sick, this has an adverse effect on the company's and society's bottom line. Even though absenteeism at Duba-B8 is below the national average, the global financial crisis has brought more pressure to bear on the employees and thus a greater risk of stress-related disorders, which is also evident in Duba-B8's internal statistics, which show that absenteeism increased by 0.5% between 2011 and 2012.



In September 2011 we launched an internal Health & Well-being project, which aims to improve the health and well-being of our employees generally, to prevent stress and to make a special effort to retain any employee who is absent due to illness for a longer period of time. The Health & Well-being project is an initiative launched by the Duba-B8 board and ownership. The project includes a number of initiatives which are described in detail below.

*Tabel: Projekt Sundhed & trivsel*

What	When	Participation
Jobcenter Viborg – Absenteeism project	Start June 2011	All
One Company event on the theme of well-being	15 Sept 2011	All
Well-being talk by Hans Erik Folberg	End of Sept. 2011	All
Pulse Packs	Start Dec 2011	Interested parties
Management course in employee welfare and retention	6 June 2012	Management team
LEAN and communication	June 2012	Production, Internal Sales, logistics and purchasing

## Jobcenter Viborg – Absenteeism project

The aim of the project is to strengthen the companies' motivation, prerequisites and practices in relation to preventing absence due to illness, and to improve retention of employees who have a reduced ability to work. A total of 153 local companies took part in the project. Each company, including Duba-B8, has reported monthly absence statistics for its employees. The job centre has thus been in a position to monitor absenteeism in the municipality as a whole and has also offered companies a toolbox for taking measures at an early stage, i.e. to prevent absenteeism, and to advise sick employees with a view to retaining them and planning their return to the workplace. As part of this project, the job centre made available the services of consultants with experience in preventing absenteeism and retaining employees. Duba-B8's participation in the project will be concluded at the end of September 2012.

## One Company event on the theme of well-being

On 15 and 16 September 2011 an event was held for all Duba-B8 employees on the theme of health and well-being. The event was organised to kick-start the Health & Well-being project. The event was also part of a tradition at the company to gather all employees at a joint event at least once every three years. The first One Company event was held on the Danish island of Livø in 2008. The purpose of One Company events **is** to strengthen interdepartmental cooperation and to boost the values on which the company is built. In addition to marking the start of the Health & Well-being project, the event also emphasised the importance





of supporting a working environment with focus on health and well-being.

## Well-being talk by Hans Erik Folberg

On 28 September 2011 the One Company event was followed by a talk by author and centre manager Hans Erik Folberg, who has worked intensively with well-being. In his talk, Mr. Folberg identified four main areas in which to create well-being for the individual employee: Diet, exercise, rest and the working environment.

## Pulse Packs

In December 2011 the Pulse Packs project was launched. The objective was to focus on exercise as a means of promoting well-being and to encourage employees to engage in exercise as a means by which to create community spirit and to make exercise a regular feature in their lives. We launched three Pulse Packs: Running, cycling and walking. To maintain motivation, specific goals were identified for the running team, cycling team and walking team, i.e. the Viborg 24-hour run, the Aarhus-Copenhagen cycling event and Hærvejsmarchen (a civilian walk on the old military road), respectively. Participation in Pulse Packs was voluntary. Duba-B8 provided support to buy equipment and registration fees. The running team has 18 regular members and is the team that has most successfully maintained motivation, and has even encouraged more participants to join them in the process. The running team plans to continue activities, including joint training sessions, after the Health & Well-being project comes to a close at the end of 2012. At the time of writing this COP report, the cycling team comprising two participants who have both completed the Aarhus-Copenhagen cycling event.

The walking team's goal was to participate in Hærvejsmarchen, but they found it was difficult to get people to register for the walk. Consequently, the walking team decided to organise Duba-B8's participation in the Danish Cancer Society's "Stafet for Livet" (relay for life). "Stafet for Livet" is a 24-hour relay to raise funds for the Danish Cancer Society. It was agreed that Duba-B8 would support the fundraising event with a sum corresponding to the fee for each entrant plus DKK 5 for each round (a round = 450 m). The walking team then decided to invite the other exercise teams to join the relay and also gave employees' families the opportunity to take part. On the day of the relay there were 75 people on the team. In the 24 hours they either walked or ran a total of 876.6 km and raised DKK 23,000. That our employees decided to join this particular initiative is explained by the fact that it united several of the objectives of the Pulse Packs project: It created community spirit and it raised money for a charitable cause that is close to our hearts and personally relevant for many people. After the event the employees agreed that the project was a great success which they hope to repeat next year.

## Management course in employee welfare and retention

In June 2012 members of the management team attended a welfare and stress management training course. The objective of the course was to reduce absenteeism, retain key employees and improve job satisfaction and efficiency.

During the course, the managers were introduced to a number of tools which will qualify them to identify the symptoms of overload, to tackle burned-out employees and thus to help retain employees at the



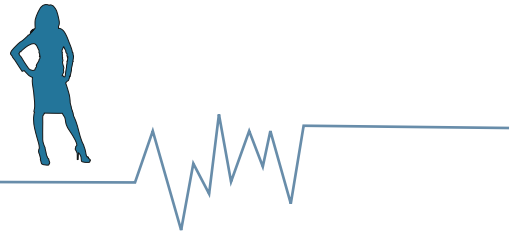


company. The course aimed therefore to prevent and retain. It is not yet possible to draw any conclusions as to how far the course will have an effect on absenteeism in the long term. Where employee retention is concerned, we know that to date we have succeeded in retaining the vast majority of employees who have had a long period of illness, for example, by introducing an employee retention policy built on best practices in this area.

To quote Sales Manager Martin Viller about the training course:

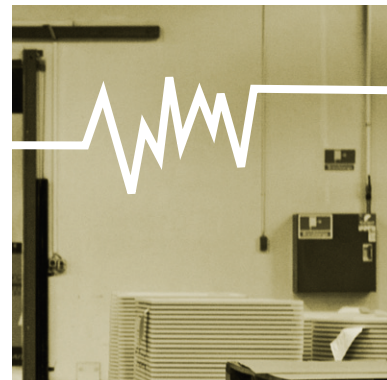
*"The training course has definitely had an effect on the way I lead because I am better at assessing if my colleagues are feeling well. The course also gave me a better understanding of the importance of working in a sustainable way. What I mean by "sustainable" here is that we achieve work-life balance, which in the long term creates energy for both life and work, and thus creates well-being."*





## LEAN and communication

The Production department, Internal Sales and the logistics and purchasing function attended a training course in June 2012 to learn about LEAN, communication and cooperation. The purpose of the training course was to create more efficiency by implementing the LEAN principles in the Supply Chain. In addition to purely operational initiatives which are implemented in line with the LEAN model, the goal of the project was to strengthen cooperation between the individual functions and units. The premises for this aspect of the course are that the ability to communicate and cooperate between the different units makes processes faster and more efficient, minimises faults, and generally improves productivity. From the perspective of employee welfare, efficiency, productivity and job satisfaction go hand in hand. If employees do not thrive in their work, productivity will fall. Much of the training course comprised exercises in adopting an accommodating approach to other members of the team, thus utilising the diversity inherent in any team originating from individual team members' personalities. The training also included exercises in exploiting



disagreement and diversity within the team to achieve better ways of resolving difficulties and exercises in which the participants learned to see conflict as a driving force rather than a hindrance to higher productivity. At the end of the course, the participants prepared a common list of regulations which determine how Duba-B8 employees must act to create better teamwork and well-being:

## The Duba-B8 rules of play:

### Positive tone

- Speak politely and directly
- Anyone may hear everything you say
- We WANT to communicate
- Speak a language everyone on the team understands

### Help one another

- Cooperation across the board
- Give and receive assistance

### Respect one another

- Make use of each others' skills
- Share knowledge
- Good conflict management
- Positive feedback

### Loyal to the system

- Data discipline

### Loyal to decisions reached

### Trust

- Do the work as agreed
- Keep promises – if you can't keep them, let people know
- Notification of absence
- Openness and honesty

### Share experiences

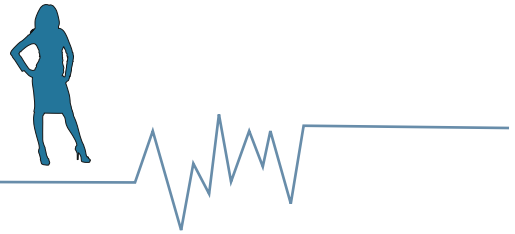
- Proposal for solution via dialogue
- Open to innovation

### Take responsibility

- Can trust each other
- Align expectations

This training course marks the end of the Health & Well-being project for the time being. It is still too early to draw any conclusions as to the general effect of these initiatives because the overall goal was to change the individual employees' patterns of behaviour, to strengthen the team as a whole and thus create greater employee welfare. Changing people's behaviour takes time and is not achieved overnight.





## Our suppliers' working environment

We have to take into account that we make purchases from countries all over the world, and must therefore make demands on our suppliers and partners because the conditions at their facilities may be different.

Duba-B8 acts in agreement with the legislation of the countries in which we operate. And we expect our subcontractors to do the same. This is one of the provisions in the signed co-operative agreement between Duba-B8 and the individual subcontractor. Failure to comply with this part of the co-operative agreement may affect the working relationship between the parties. (cf. the Duba-B8 Suppliers' Code of Conduct)

We support and respect the protection of internationally stated human rights and employee rights, and we play our role in ensuring that we do not contribute to the infringement of these rights. We do this primarily by demanding that our suppliers abide by national legislation. In fact, our suppliers sign a document to this effect as a part of their contractual relationship with us, and breach of this provision may result in our terminating the contract.

Duba-B8 acts in accordance with and respects the ILO "Declaration on Fundamental Principles and Rights at Work", which is an integral part of the UN Global Compact.

Duba-B8 and the company's subcontractors must play a part in ensuring the freedom of association and the effective recognition of the right to collective bargaining, in assuring effective elimination of all forms of forced or child labour, and in working actively to eliminate discrimination in respect of employment and occupation.

We recognise that the Scandinavian method is just one way of doing things, that major cultural differences exist, and that these may have an effect in the field of labour. We make our suppliers aware of our expectations with regard to observing human rights and employee rights, child labour, the environment and occupational health and safety – particularly when such issues are not unambiguously regulated through national legislation.

We visit our suppliers in the Baltic region and Asia before establishing working relationships with them. In order to assess conditions in Asia, we have also employed our own quality controller, who is responsible for auditing our suppliers so as to ensure that we are in no way associated with child labour, forced labour and the like.

Moreover, as a part of our contract negotiations, our suppliers are required to state whether they apply ethical and social guidelines, and whether they have any outstanding issues with the public authorities before we accept them as suppliers.

### Suppliers' Code of Conduct - Status

Duba-B8 has 186 active suppliers. These are suppliers of components and finished goods – distributed 102/83. The majority of our finished goods suppliers are located in Scandinavia or North West Europe and are therefore subject to European Union legislation, which correlates to the ten principles of the UN Global





Compact. The main focus in this report will be the suppliers of components in Asia. Secondary focus is on suppliers from the Baltic states. To date 18 out of 102 suppliers of components have signed our Suppliers' Code of Conduct, and thus declare that they meet our ethical regulations. These 18 suppliers of components represent 71% of the volume of components purchased.

A general review of our suppliers reveals that 37% of our total purchase volume is covered by the ethical standards which Duba-B8's suppliers have agreed to meet. The goal for 2012/2013 is to persuade suppliers of a further 30% of total purchase volume to accede to our Suppliers' Code of Conduct.





## Environmental Principles

A mission centred on freedom at work for the environment and our surroundings

We expect a lot of our furniture. We will never be satisfied by simply meeting legal requirements. We consistently strive to identify the most eco-friendly alternatives without making the end product more costly for the customer. We do this because we believe that, as a supplier of workplaces, we have a responsibility to preserve the environment, the working environment and our climate.

For many years now Duba-B8 has focused on our environmental impact and we have had ISO 14001 environmental certification since 1998. This means that we at Duba-B8 work purposefully and systematically to continually improve our environmental performance. Duba-B8's environmental management system is assessed yearly by external auditors who evaluate Duba-B8's actual environmental performance in relation to the procedures in the environmental management system.

Every year, we map the environmental impact generated by our operations, and on the basis of this mapping process we prepare a plan intended to reduce the most significant impacts. When making new investments, we analyse the best technology available and we focus on environmental aspects in connection with product development, concept development and choice of materials. As mentioned above, Duba-B8 is certified to the ISO 14001 standard, which means that we critically appraise the way in which our activities impact the environment. In addition, we are a member of Danish Furnituremakers' Quality Control association, which obliges us to meet a range of environmental and quality requirements. This ensures that we meet the applicable EU standards. Office furniture must meet a range of requirements concerning durability and content of environmentally hazardous substances, for example. The Danish Technological Institute carries out tests to check that our furniture abides by the applicable standards.

Duba-B8 strives purposefully to design, manufacture and supply the company's products in a way that makes the least possible impact on the environment, and thus consistently to reduce the environmental impact of our production activities. Sustainability and environmental concerns are integrated into our product development processes and choice of materials. We provide our customers with solutions designed with consideration for the environment and our surroundings by applying furniture design that ensures a long service life for our products.

However, there is no denying the fact that every item of furniture affects the environment during its life cycle. This applies to everything from materials and product development, through production, transportation and fittings, to use, maintenance and disposal.

### Eco-friendly heating and development in heating consumption

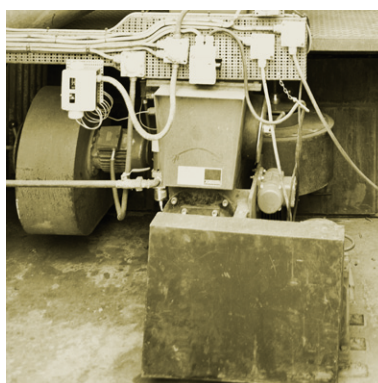
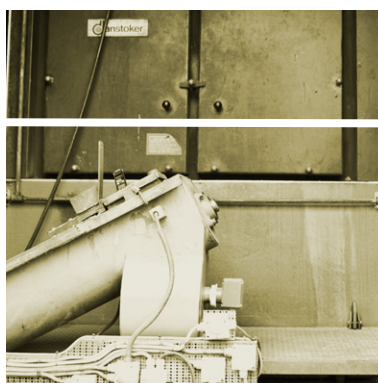
Duba-B8 has a declared aim to ensure that heating of the administrative and production facilities in Bjerringbro is made in a way that saves most energy and CO2 emissions, i.e. we aim to eliminate the use of fossil fuels. We achieved our aim at the end of 2011 when we switched to using our own fuel-incineration plant to heat the Bjerringbro facilities. These facilities are now heated by a fuel-incinerator which burns wood chips. The wood chips are made of timber felled to thin out plantations, i.e. wood which is only suitable for



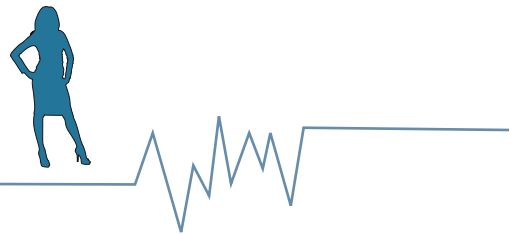
burning. We should add that on rare occasions (when the incinerator is being cleaned), we use heating oil for heating. Where heating consumption is concerned, this is to a great extent dependent on the length and severity of the winter season in Denmark. Monthly MW consumption fluctuates depending on the time of year and outside temperatures.

*Tabel: MWh-forbrug og forbrug af skovflis*

Year	MWH per year	MWH per year (wood chips)	Share of wood chips (%)
2009	2758.8	383.63	14%
2010	3228.5	2040.81	63.2%
2011	2491.6	1,950.825	78.3%
2012 (until July 2012)	1,547.5	1,547.5	100%







## Initiatives in electricity and power consumption

Duba-B8 works closely with electricity supply company Energi Midt to find ways of reducing electricity consumption. We have done so since 2008. Energy-saving projects are selected on the basis of a variety of criteria, including payback time and benefits measured in Kwh and we seek to ensure that the easiest savings are made first. The figures in the table below show the development of electricity consumption from 2008 until 2011. The reduction in electricity consumption and thus the benefits gained from electricity-saving projects is shrinking as a consequence of the strategy described above in which the most effective initiatives are implemented first. As the consumption table shows, the reduction was greatest from 2008 to 2009.

In 2008 we launched a major refurbishment project in our production department. Automatic switches were installed in the air extraction system and in machinery, so that both shut down during breaks and when they are not in use. This initiative led to savings of 787,416 Kwh, corresponding to 32%. Further measures were carried out in 2009, corresponding to further savings of 245,845 Kwh, or 14%. From 2010 to 2011 electricity consumption increased by 10,889 Kwh. This is explained by the fact that the sum of Kwh has not been corrected for the number of production hours and fluctuating consumption in different years can in part be ascribed to fluctuations in the number of production hours. Several factors affect the number of production hours. These include demand and the product mix, as the combination of a) elements that require processing with b) the volume of goods we do not produce ourselves will inevitably influence the number of production hours worked and thus our electricity consumption, without this necessarily having been caused by a fall in turnover. The 10,000 Kwh increase from 2010 to 2011 is therefore explained by a higher number of production hours. If corrected for the difference in the total number of production hours in 2010 and 2011, the figures in fact reveal a 10% reduction in electricity consumption per production hour.

Tabel over elforbrug, Bjerringbro

Year	2008	2009	2010	2011
Kwh	2,480,489	1,693,073	1,447,228	1,458,117

A series of electricity-saving measures was introduced in 2011 and 2012, although these are not immediately apparent in the power consumption table. New control systems have been fitted to three machines so that they only consume electricity when they are in use. For each of these machines, we save 40% annually or 24,072 Kwh, corresponding to the average annual consumption of six households.

At the administration facilities in Bjerringbro, sensors have also been installed so that lighting switches on and off automatically.

## Office furniture of sustainable wood

Wood is the primary component material of the furniture produced at Duba-B8. Wood is a natural, CO<sub>2</sub>-neutral material and a renewable resource.

Over the years, we have also made requirements on our suppliers to ensure that the wood we purchase



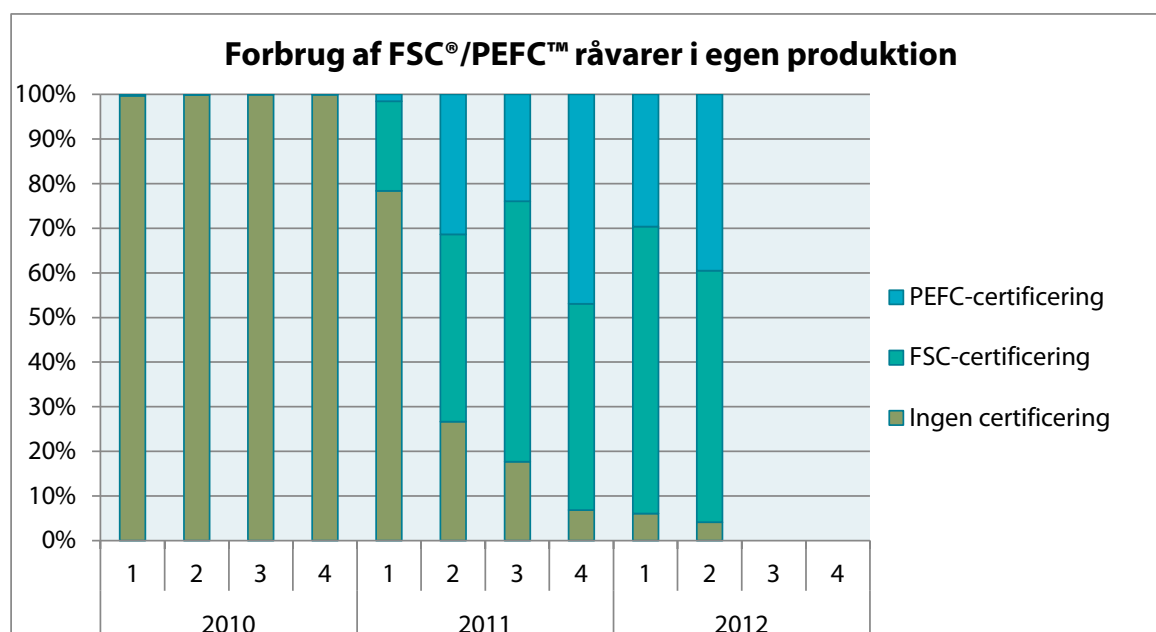


comes from forests that operate replanting programmes. That is why it was a natural next step to require documentation for the origin of the wood – i.e. a guarantee of sustainable forestry – that we can pass on to our customers. It is for this reason that we were FSC® and PEFC™ certified at the start of 2011 .

Since certification we have worked purposefully to replace non-certified with certified materials. The goal is for all the timber-based materials we use to be certified, i.e. 100%. We have sought to achieve this by selecting components made in certified materials in preference to non-certified materials from the same supplier. In cases where the supplier is neither FSC nor PEFC certified, we have asked the supplier to investigate whether it is possible to achieve certification and if not, we have switched to a new supplier. Based on our request, two of our suppliers have decided to apply for certification. The table below shows that by the end of 2011 93.2% of components were certified. This year to date 94.8 % of wood components are certified. We aim to reach 100% by the end of 2012.

Tabel: Udvikling i andelen af certificerede trækomponenter

Year	2010				2011				2012	
Quarter	1	2	3	4	1	2	3	4	1	2
No certification	99,72%	99,92%	99,96%	99,99%	78,38%	26,67%	17,70%	6,80%	6,08%	4,10%
FSC® certified	0,00%	0,00%	0,00%	0,00%	20,08%	41,97%	58,38%	46,30%	64,29%	56,40%
PEFC™ certified	0,28%	0,08%	0,04%	0,01%	1,54%	31,36%	23,91%	46,90%	29,63%	39,50%



3) FSC® licenskode: FSC® C104600 og PEFC™- licenskode: PEFC/09-31-044





## Certified office furniture for the public sector – The SKI Agreement

In July 2012 Duba-B8 was selected as the supplier of a binding agreement with National Procurement Ltd. – Denmark (known as SKI) and thus became the sole supplier to 67 Danish municipalities, in which about 70% of the Danish population resides. For several years it had been discussed how far the public sector should lead the way in “buying green”. There has been no real disagreement about how far sustainability is a legitimate cause. The debate has focused on what factors the public sector may and must take into account in its procurement policies and how the different factors should be weighted. In the past price has always weighed most heavily in the choice of suppliers to the public sector. Ahead of the tender for SKI Agreement 50.31/50.32, the issue of what environmental requirements the public sector should make of the tenderers was discussed. Due to public tender regulations SKI is not permitted to require that tenderers are FSC or PEFC certified. In connection with the tender, SKI required instead that the products had to be made from sustainable timber. However, having selected Duba-B8 as supplier, the municipal authorities have an opportunity to choose certified furniture by default. This agreement represents an important advance in relation to the Danish public sector’s potential to opt for sustainable furniture.



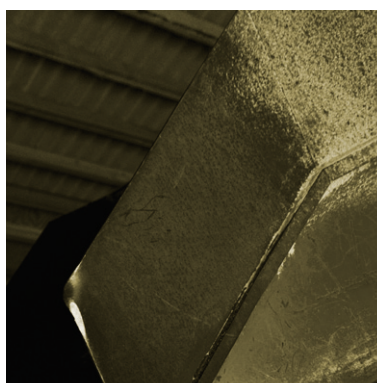
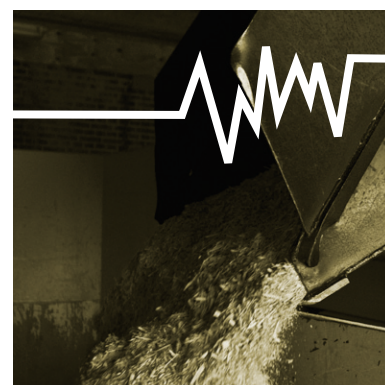
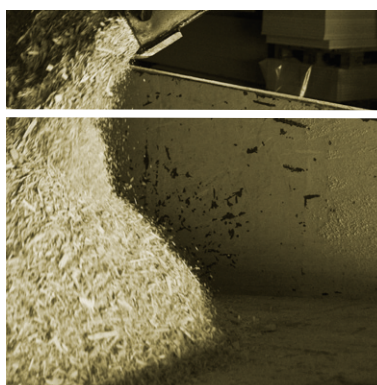
## Environmental requirements on suppliers

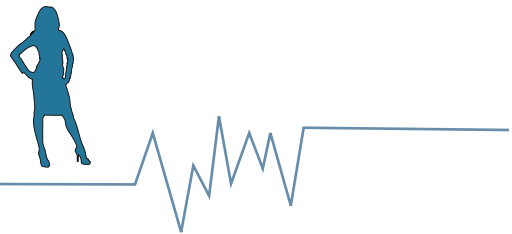
We require the same high standards of our suppliers as we do of ourselves.

Any company wishing to become a Duba-B8 supplier is required to provide documentation of the components' impact on the environment, quality and the working environment. Our subcontractors must likewise abide by the environmental standards and regulations that apply within the EU.

### Recycling of wood chips

In previous years waste timber from production in Bjerringbro accounted for 10% of the fuel we used for heating. From the beginning of 2012 the waste timber has been replaced by biofuel. Waste timber consists of material extracted during production, furniture board off-cuts and wood from our re-entry department. Waste wood from furniture production is sent to a subcontractor for recycling after which it is used to make new furniture board. We have also reduced emissions of VOCs and NOx particles from the heating plant in Bjerringbro, corresponding to particle emission from the volume of waste wood that is now recycled.





## Anti-Corruption Principles

Even though we are based in Scandinavia, whose countries are rated among the least corrupt in the world, we must take into account conditions in the rest of the world – primarily in relation to our suppliers. We must seek to avoid putting ourselves in positions where bribery and corruption are necessary. For this reason, none of Duba-B8's employees grants or accepts undue benefits to or from Danish or foreign officials or private sector representatives. We at Duba-B8 are familiar with, respect and abide by anti-corruption regulations as expressed in Danish legislation.

### Accounts and audits

Duba-B8 meets applicable legislation and best practices in accounts and audits. At Duba-B8, bookkeeping, budgets, audits, project evaluation, etc. must produce accurate data in accordance with best accounting practices. Corporate assets must be recognised in their entirety in the company's principal ledgers.

All items in the accounts must refer to a voucher. The accounts and the appurtenant vouchers are reviewed as part of the annual audit, which is a legal requirement in Denmark. This system provides transparency in our accounting and presents a minimal risk of bribery and corruption.

### Acceptance of gifts

Duba-B8 employees must not accept gifts or services from customers, potential customers or suppliers, the acceptance of which might influence decision-making in any way that is contrary to the best interests of Duba-B8.

Furthermore, Duba-B8 employees are not permitted to solicit current or potential customers or suppliers by giving them gifts or services.

Employees may, however, give and receive gifts where such exchange is an ordinary, acceptable business practice. The maximum acceptable value for gifts and services given or received must be in accordance with the level that is customary in the industry. An employee's immediate superior shall ascertain on a case-by-case basis if the gift-giving can be considered acceptable business practice. Exchanging modest gifts with customers and suppliers from time to time is intrinsic to certain functions at Duba-B8. In this context, it is customary to share such gifts with colleagues or pass them on to colleagues in functions that do not normally receive gifts.

If an employee is offered a gift or service, the value of which exceeds the level customary in the industry, he or she must notify his/her immediate superior or the Chairman of the Board.

Money transactions and other kinds of rewards that are not part of the recipient's work-related obligations, and which are made for the purpose of obtaining specific competitive advantages for Duba-B8, are not only infringements of the Duba-B8 Code of Conduct, but also in breach of international conventions and the national legislation in most countries. This applies regardless of whether the recipient is employed by a customer, by a public authority, or simply not a Duba-B8 employee. Duba-B8 employees are not permitted



to participate in any transactions of this kind.

It is particularly important that:

1. Duba-B8 employees do not become involved in any kind of agreement or trading that includes kickbacks or similar kinds of financial rewards.
2. Duba-B8 employees do not transfer sums of money to public sector employees, except where this is determined by law or by dint of a signed agreement with a public authority to this effect.
3. Duba-B8 never pays commission or makes similar payments to intermediaries, except where such payments are made on the basis of a written agreement that includes a detailed description of the task/purpose.
4. Duba-B8 never transfers money prior to a tender.





[www.duba-b8.com](http://www.duba-b8.com)

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