

United Nations Communication on Progress



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Statement of support

We have entered our second year as part of the UN Global Compact. As a company we have shown that we have the character to back our commitments in all the areas of endeavour that we have been committed to: in the marketplace, environment, workplace and our communities. We have by extension displayed our commitment to the principles of the UN Global Compact, and we believe that even as we strive for progress, our drive will be in the direction of reaching out to the entities and people we do business with. We have become even more aware that the stated CSR objectives are measurable and in line with both our visions within this area and the principles of the UN Global Compact. Our belief that we cannot be an island all by ourselves and the special meaning we attach to the word “global”, as in UN Global Compact, is what strengthens our resolve.

September 24th 2013

**Jørgen Kailow
CEO, Kailow Group**

Commitment

Kailow has ultimo 2011 managed to have a DS49000 certification, which is the Danish CSR certification with references to all parts of the ISO 26000 social responsibility.

In addition, DS 49000 refers to the climate parameter, which also is implemented in the company's system.

The company's CSR system, DS 49000, is third part certified by the DNV (Det Norske Veritas), which ensures that the company meets its own standards, DS 49001, ISO 9001, ISO 14001, and OHSAS 18001.

Kailow and the suppliers also meet the Graphic CSR Code of Conduct, which is based on the Ten Principles of the UN Global Compacts and is specified below.

Furthermore, the company's management handbook works as a working tool for all employees, by which it ensures that all employees at all levels are committed and involved in the company's CSR work.

Vision

It is Kailow's vision to show social responsibility through all their activities and in cooperation with their customers, suppliers, and employees to obtain the highest possible standard for their services, products, environment, work environment, and social relations.

This we will do by:

- Putting development of new ideas, products, and processes in the centre
- Giving our employees the opportunity for professional and personal development and encourage them to work in a cooperation, which is based on openness, honesty, and mutual respect
- Putting work environment and social conditions for the individual high
- Optimizing and preparing our environmental performance continuously
- Being in close dialogue with customers and suppliers
- Working towards Kailow being a part of the tolerant labour market
- Promoting health at our joint working place by focusing on health and work environment
- Informing employees and people, who work on our behalf, about politics and its consequences for the individual's working place

Management of suppliers

Furthermore, the management system has a separate tool containing procedures and instruction to cooperation with sub suppliers. Fundamentally, all suppliers within the scope of the system must be pre-approved with reference to UN Global's 10 principles. The result of the introductory examination leads to either a deselection or a categorization of a possible sub supplier respectively green, yellow, or red category. Within each of these categories, guidelines are describes for demand to the sub supplier's objectives for improvements. The aim of the tool is to search for opportunities for improvement of business partner (sub suppliers), CSR level, and through this disseminate Kailow's and UN Global's 10 principles as much as possible.

International conventions and the Graphic CSR Code of Conduct

Fundamentally, Kailow complies with all principles regarding international conventions, which Denmark has joined, including defined employer rights in accordance with ILO's conventions and the Danish labour market's collective agreements.

Furthermore, Kailow has adapted "The Graphic CSR Code of Conduct", which is a tailored sub-standard fully compliant with UN Global Compact. Adapting and implementing The Graphic CSR Code has made our CSR work more coherent and evidential according to continuous improvements on essential impacts within the CSR scope.

In the following the scope of "The Graphic CSR Code of Conduct" is listed:

HUMAN RIGHTS (principles 1 and 2)

Human rights in the production country

The company and its suppliers (hereafter named "the company") are with regard to national and societal customs not involved in any violation of human rights in the production country.

This also includes violation of national laws, religious, and cultural practice.

Harassment and punishment

The company treats all employees with respect and dignity. The company refrains from corporal punishment of employees, threats of violence, sexual and psychological harassment, bullying, abusive behaviour, and verbal scold.

The company has drawn up policies and prevention steps to protect employees from harassment and punishment.

Protection of privacy

The company respects the employees' privacy, both in terms of collection of personal information and surveillance of the workplace.

Collection and registration of personal information make a minimum, and it is ensured that only information with a legal basis in the country's national legislation is registered. Personal information is stored in a safe and responsible manner, and only persons with appropriate business have access to this information.

The employees are informed, if there is surveillance of the workplace. The company informs the employees about the type of information that is stored, for how long and for what purpose. Employees have access to view these data.

Opportunities of complaining and sanctions

The company is open to a complaint from employees, including how complaints are handled and settled.

Employees are able to lodge complaints without the risk of threats of reprisals. The company is cooperating with the relevant employee representatives / trade unions on establishment of procedures for complaining. The procedure applies to all, is transparent, and employees are notified with this.

Lodged complaints must be followed up with research and reporting and must not result in discrimination of complaints cf. principle 6.

LABOUR (principles 3 to 6)

Freedom of organization and collective bargaining (§ 3)

In this code, organizations are defined as an organization of employees with the aim to promote and protect the interests of the employees.

The company recognizes the right of the employees to join unions of their own choice without prior authorization. However, the national legislation in the production country is taken into consideration.

The company recognizes the right that organizations negotiate wages and working conditions collectively on behalf of their members.

If the national legislation does not allow organization of independent trade unions, the company allows the employees to form organizations consisting of representatives for the employees, who can discuss issues related to work.

Working environment

A safe and healthy working environment is a human right.

The company is engaged in making sure that the working environment is of such a standard in relation to the technical progress that the employees are not exposed to conditions or risks that can affect their health in the short or long term. This regards both occupational diseases and accidents at work.

The company is engaged in making sure that a system is built, which supervises the working environment and continuously works to improve the working environment conditions in accordance with the specified objectives. Specifically, this means:

Working environment – cooperation

- the elected representatives of the employees are involved in this work
- safety committees are established in areas with more than 9 employees
- all involved get the necessary education and training
- workers receive adequate instruction in the work including working environment risks
- audits (external/internal) are made at least once a year, where the employees get the opportunity to comment on their working environment
- targets are followed up (in relation to audits)

Working environment – chemicals

- the least hazardous chemical substances and products are used in connection with printing operations, among others through substitution of dangerous substances and products with less hazardous or non-hazardous (substitution). This could be e.g. inks, adhesives, and chemicals for washing and cleaning of machines/rollers
- there is adequate ventilation in both the working area and working processes with a risk of inhalation of vapours, dust, etc.
- precautions against inhalation of vapours, dust, etc. are taken
- the employees through datasheets know the chemicals they work with and know where first aid and protective equipment is located
- appropriate personal protective equipment is used, where there is no extraction of dangerous substances. The equipment is paid by the employer

Accidents and machine protection

- graphic machines are provided with effective protection measures such as screens, switches, emergency stop, etc.
- the protective measures are supervised
- machines undergo inspection and maintenance at appropriate time intervals
- the employees wear shoes for protection against foot injuries, when necessary
- accidents are recorded and investigated in order to prevent further accidents
- a sufficient number of people have undergone training in first aid

Noise

- the employees are not exposed to noise that can damage their hearing. Noise reducing measures are made, where it is easy to establish. At a minimum, the employees wear proper hearing protection, which is provided by the employer

Ergonomics and work operations

- the workplace is designed so that poor working postures and movements are avoided in the best way
- furniture and equipment, e.g. in the form of lifting equipment, is available to help eliminate heavy lifting and poor postures/movements

Indoor climate

- there is a clean and comfortable indoor climate/temperature in the workplace. This is achieved through cleaning, good lighting, and if necessary through mechanical ventilation and other heat control

Welfare measures

- there are clean and adequate washing and toilet facilities separated for both sexes

Pregnant women

- pregnant women is protected from working with chemical products, which are considered a risk for foetus defects and against heavy lifting and other loads that can cause miscarriage or premature birth.

FORCED LABOUR (principle 4)

The company is engaged to refrain from making use of any form of forced or compulsory labour:

- As a means of maintaining work discipline
- As a punishment for having participated in strikes
- As a means of discrimination on grounds of race, social status, nationality, or religion

CHILD LABOUR (principle 5)

The company is engaged to dissociate from use of any form of child labour. The minimum age for employment is not less than the age of compulsory schooling and under no circumstances less than 15 years. This applies regardless of whether the laws of the production country allow lower employment age.

However, in countries with insufficiently developed economy and educational facilities persons with a minimum age of 14 year can be employed in a transitional period after consultation with interested employers and employees' organizations.

The company is engaged to register and document that there are no employees, who violate the rules on child labour. The registration contains at least the name, age or date of birth plus a certificate for all persons under 18 years.

DISCRIMINATION (principle 6)

Discrimination is defined as:

- Any separation, exclusion, or discrimination based on race, colour, age, sex, marital status, sexual orientation, language, religion, mental or physical disability, health status, political opinion, national or social origin
- Any other separation, exclusion or discrimination as a result of nullifying or impairing equality based on union membership or after negotiation with representative employee associations/representatives

It is not considered discrimination, if the separation, exclusion or discrimination is due to specific qualifications for employment.

The company is not engaged in exercising direct or indirect discrimination in recruitment or to have discriminatory hiring policies, e.g. about salary, working conditions, fringe benefits, pension, possibility of advancement, etc.

All staff receives at least what corresponds to the country's minimum pay.

The company is engaged in creating and pursuing a policy that aims at – in accordance with national practices – promoting equality and eliminate discrimination. It also includes the ability to recruit people from vulnerable groups.

ENVIRONMENT (principles 7 to 9)

The company is engaged to regularly development and maintenance of the production processes and systems for managing and preventing the special environmental conditions of graphic production. It can be in correlation with paper, printing plates, chemicals, and energy issues/consumption.

The company's environmental work and communication with the public is based on dialogue. This means that it is expected that regular dialogue will take place with neighbours, civil society organizations, and others with an interest in environmental activities. This is done through information, which clearly reflects the essential environmental aspects associated with graphic production.

Environment – data and information

Some of the key environmental issues in graphic production are associated with paper, printing plates and ink plus the origin of paper fibres. Therefore, the company is engaged in registration of this information and is able to deliver it at any time to customers and other stakeholders.

Environment – climate

Another important environmental parameter in the production of printed matter is the energy consumption and with that the climate impact. The company is engaged – as far as possible – in providing information on how production affects the environment, and takes this into account in its selection.

It can be done for example by choosing a paper quality that is manufactured with a lower CO₂ emission than similar qualities on the market. Such a choice can reduce the total climate impact of the printed matter by up to 75 per cent.

Environment – recycling

The company reduces, reuses, and recycles waste as widely as possible.

Environment – Chemicals

The company is continuously making a risk assessment of the materials, products, and processes and at all times is able to document and provide information about this. Banned chemicals are not to be used in the company's production.

There are proper storage, handling, and disposal of chemicals and other hazardous substances. In addition, the company ensures to take all the necessary measures to replace these with less harmful chemicals and substances where possible.

Environment – water and VOCs (volatile organic compounds)

The company is engaged in reducing the discharge of waste water and VOC emissions as much as possible and to use the cleanest technology wherever possible.

ANTI-CORRUPTION (principle 10)

Bribery is not acceptable in any form, whether it is private or public, direct or indirect, active or passive corruption. Corruption distorts competition and prevents markets from functioning efficiently and can be considered as an additional tax on investment and trade.

Bribery is defined as a payment that is intended to get someone to do something, which is dishonest, illegal, or against regulations of his duties with the purpose of obtaining an undue advantage.

Facilitation payments are defined as encouraging public officials to perform their tasks such as issuing licenses and permits.

The company actively opposes the use of facilitation payments. It may in some cases be accepted, if it is customary in the country to receive such payments, and all other options are exhausted.

At the same time, the company informs the customer/the company management about the use of facilitation payments.

In addition, the company is engaged in introducing systems that effectively control the economic activities. All persons concerned in the supplying company are informed of the company's code of conduct in connection with corruption and the consequences by violations.

Gifts

Gifts are never given or received in secrecy. It is not allowed to give or receive money gifts or securities.

Gifts are not given, which are so great that the receiver will not be able to provide a corresponding gift.

Never give gifts in connection with offers, offer evaluation, or contract negotiations. It is not allowed to accept gifts that are clearly intended to influence a decision, including the purchase of goods below market price.

Strategy

To support the work with the above vision, Kailow will:

- Sustain a certification after DS 49001, social responsibility
- Sustain a certification after ISO 14001, environmental management
- Sustain a certification after DS/OHSAS 18001, work environmental management
- Sustain a certification after ISO 9001, quality management
- Sustain our connection to UN Global Compact
- Sustain social responsibilities according to the graphic collective agreement for their activities in Denmark
- Make demands to and in relevant extent control suppliers and other business partners, national and international, according to the settings of social responsibility
- Prevent increased burdens in relation to own social responsibility in new investments
- Communicate openly about the company's quality, environmental, work environmental, and social conditions and make its strategies visible
- Sustain all relevant legal requirement in force both through national and international activities
- Meet demands about social responsibility from our interest parties, both regional, national and international
- Continuous work to improve social responsibility conditions through the graphic product's supplier chain and periodic set objectives on the relevant areas for the future performance plus register and document that these objectives are reached
- Offer Nordic Eco-labelled and/or FSC-labelled printed matters
- Complete climate accounts for own production conditions and offer calculation of the printed matter's CO₂ emission and following neutralize the printed matter, if the customer requires it.

Main Objectives

With a view to continuously develop the company's level within CSR, a range of main objectives are stated and outlined in the following KPI areas:

- Customers
 - Developing of methods for analysing selected customer segments for in that way to cover our customers' expectations to service and products regarding relevant CSR parameters for graphic production.
 - This KPI is seen as being widely covering and measurable for the company's total performances on the CSR area, since knowledge about the customers' requests and needs is expected to induce additional sales of graphic products produced under the company's certificates (standards).
- Errors and complaints – including errors from sub suppliers
 - Errors in connection with production of graphic printed products weaken the company's competitiveness and are a latent threat to loss of customers.
 - Errors produce loss of resources such as paper, colour, and energy and are a well documented significant environmental factor. Thus, a number of completed life cycle analyses show that conditions such as waste of paper, printing ink, and printing plates represent more than 90 % of the environmental impact.
- Work environmental impact, which are prioritized by the employees in connection with workplace assessment (APV)
- Sub suppliers
 - A structure and tools are made for selection and strengthening of sub suppliers. In this connection, objectives will continuously be outlined for sub suppliers' performance on the CSR area.

Achievements in 2012

The following had successfully been done and implemented:

Labour

- Health promotion
- Retention of employees on long term sick leave

- Identification of risk by operating machines
- Handbook is made electronic to secure a better update assurance
- Reduce chronic pains in the neck and shoulder area with 40 % or more by 2-10 minutes specific exercises with training elastic 3 times a week through minimum 10 weeks.

Environment

- Maintenance of certificate for use of GA ClimateCalc
- Sustain license to The Nordic Eco-label
- Sustain license to FSC
- Increase the employees' knowledge of the company's environmental performance and the agreements, which the company has joined.
- Energy efficiency and CO₂ neutralization of the printed matters. Listing of objectives for a continuous minimization of the total environmental impact for production and products. Conditions will be:
 - To use climate data for the company in connection with new purchase of production equipment and significant raw materials
 - To list objectives for relevant climate data in preparation for reduction of the company's total environmental impact
 - To counsel customers in connection with choice of paper qualities
 - To set objectives for continuously increasing the sales of CO₂ neutralized printed matters
 - To reduce paper waste and shredded paper percentage in production
- Reduce intern errors and errors in relation to suppliers

Suppliers

- Sub suppliers – a structure and tools are developed for selection and strengthening of sub suppliers. In this connection, a matrix will be developed for entering of binding agreements for continuous improvements of the CSR area

Stakeholders

- Customers – methods are developed and regular analyses are completed on selected customer segments
- Kailow's CEO is a member of the trade council in Rødovre Kommune, and Kailow supports and contributes to the local association activities (football club and ice hockey)

Our 2013 plans

Labour

- Selection of method for completion of job satisfaction analysis, evaluation and listing of focus areas
- Maintenance of DS/OHSAS 18001

Environment

- Maintenance of certificate for use of GA ClimateCalc
- Sustain license to The Nordic Eco-label version 5
- Applying and implementation of the EU Eco label for printed matter
- Sustain license to FSC
- Energy efficiency and CO₂ neutralization of the printed matters. Listing of objectives for a continuous minimization of the total environmental impact for production and products. Conditions will be:
 - To use climate data for the company in connection with new purchase of production equipment and significant raw materials
 - To list objectives for relevant climate data in preparation for reduction of the company's total environmental impact
 - To counsel customers in connection with choice of paper qualities
 - To set objectives for continuously increasing the sales of CO₂ neutralized printed matters
- The action plan for reducing paper waste and shredded paper percentage in production is now in its second year. The goal is now set for a reduction of 22 % of the existing paper waste. It is a very ambitious goal and there have been taking special steps of actions to analyse in depth the production flow from sales to finishing, implementation and training

in new procedures. Furthermore and parallel with this work, an awareness campaign among the employees about the importance of doing deviation reports of mistakes will be initiated.

Suppliers

- Sub suppliers – as a follow up the new tools for selection and strengthening of sub suppliers (The Graphic CSR Code of Conduct) has been send to all suppliers with in the scope of Kailow's DS 49001 (CSR) management system. In this connection, an onsite audit has been carried out at a foreign supplier. This has improved the matrix for supplier control and continuous improvements of the CSR area within the whole supply chain.

Stakeholders

- Customers – according to Kailow's special interest database, selected customer segments will be analysed (their vision, CSR work in praxis, website etc.) to get special knowledge about requests and needs to induce additional sales.
- Media presentation about Kailow's CSR work will be done and invitations and request of participation in relevant events will be sent with the purpose to enlighten, encourage and promote them to implement CSR principles in their business.