



United Nations Global Compact Nowy Styl Group Communication on Progress 2013

This report is Nowy Styl Group Communication on Progress for the UN Global Compact. It details our work, progress and achievements within the area of corporate social responsibility, aligned with the UNGC's ten principles.

Contents

Statement from CEO.....	1
About Nowy Styl Group	2
Our vision.....	3
UN Global Compact principles	
Human Rights Principles	5
Labour Principles	6
Environmental Principles.....	8
Anti-Corruption Principles.....	14
Our plans for 2014.....	16

Statement from CEO of continued support

Nowy Styl Group is proud to participate in the United Nations Global Compact (UNGC) since December 2012. In our first annual Communication on Progress we describe our actions that integrate the Global Compact and its principles into our business strategy, culture and daily operations.

I am pleased to confirm that Nowy Styl Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Nowy Styl Group will continue to engage with stakeholders and communities to have a positive impact in the places where people live and work. I look forward to continuing Nowy Styl Group's work with the UNGC in 2014, and furthering our commitment to being socially responsible and doing the right thing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Krzanowski', with a large, sweeping flourish above the letters.

Adam Krzanowski
President & Chief Executive Officer

About Nowy Styl Group

Nowy Styl Group is one of the most dynamically growing furniture groups in Europe. Founded in 1992 in Krosno in Poland as Nowy Styl the company specialized mainly in office chairs. Today, we sell several furniture ranges, large number of ergonomic chairs, classic and modern lounge seating, stadium seating and wooden floors. Our broad product portfolio comprises of 6 brands:



With over 20 years' experience we are able to deliver to over 100 countries around the world. In 2012, 75% of our revenue came from export markets – mainly Western Europe.

We operate close to our customers through a global sales network and modern production sites in Germany, Poland and Ukraine. We have 19 departments in Europe, USA and UAE and a developed distribution network, that help us meet our clients' needs across the globe.

Thirteen technologically advanced production plants in Poland, Ukraine and Germany allow us to manufacture high quality products very efficiently. Our furniture solutions can be seen in showrooms located in 14 European cities such as London, Paris and Prague, as well as many dealer showrooms around the world. We are also keen to meet our clients on international fairs like Orgatec, the largest furniture fair in Europe.

Nowy Styl Group received several awards in the area of product design, manufacturing technology achievement, Top 100 employer in Poland, social and business activities in the Podkarpackie region.

Our business objective is to build a strong company culture and market position. We focus on building long-term relations with people: employees, suppliers and customers. Customer experience sits at the centre of our product development strategy. We make great products – which we love using ourselves on daily basis, we wouldn't hesitate to recommend our products to any of our friends or family.

Our vision

PEOPLE

To build lasting and positive relations with our business and social environments. We develop our company while communicating with the local community, customers and contractors.

PRODUCT

The objective and direction of our activities are outlined by our motto: Delivering Variety. Our offer includes a wide range of products and services available across the globe. With our innovative technologies we are able to assist our customers by creating solutions dedicated to their specific needs.

ENVIRONMENT

A sense of responsibility for the natural environment motivates us to actively control our environmental impact. We choose effective technologies which improve the productivity and energy efficiency of the production process.

Ten Principles of the United Nations Global Compact

Since our accession in December 2012, we have been supporting the Ten Principles of UN Global Compact, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption that were guiding us in our daily operations.

Human rights

- **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.

At the Nowy Styl Group we adhere to the provisions of the Universal Declaration of Human Rights and the European Convention on Human Rights. We provide opportunity for professional development to all employees regardless of their gender, national origin, faith, race, sexual orientation, religious views, social background, age and type of employment.

External environment

At the Nowy Styl Group we care about the well-being of all groups of stakeholders as well as partner relations with our customers, suppliers and contractors. We respect our competitors. We cooperate only with enterprises which observe human rights.

Compliance with law

Respecting the health and safety of its employees the Nowy Styl Group complies with relevant provisions of law and does not tolerate their infringement on or outside company premises. Any signs of unlawful activities and any physical or psychological violence will not be tolerated.

Health and safety at work

The Nowy Styl Group is seriously committed to providing a healthy and safe working environment for all of its employees. We ensure that safety standards are kept and our employees are secure on the premises of our offices and plants. We are aware that safety at work does not depend exclusively on technical operability of machinery and equipment but also on employees' competence and proactive attitude towards Health & Safety standards. Therefore the Nowy Styl Group provides all employees with regular safety at work training and reviews the compliance with applicable standards.

Out of concern for the health of our employees we keep setting new standards for workplaces. We maintain excellent sanitary and hygienic standards. We create friendly and ergonomic spaces for our employees. Our employees can take advantage of rest and refreshment areas and work breaks are included in working hours. We are particularly strict about our no alcohol and no intoxicants on site policy.

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.

In February 2013, we have introduced The Code of Conduct – a document that describes ethical standards and good practices followed by the Management Board and employees of the Nowy Styl Group. It has been developed to determine the values that guide us and shape our growth at the Nowy Styl Group.

Employees

As an employer with significant influence in its region we share responsibility for the local job market. We see respect, fair treatment and adherence to the provisions of labour law as the foundations of our relations with employees. We support the reengagement of people who have been excluded from the job market (such as jobseekers older than 50 years, persons with disabilities and inmates). We have a policy of not hiring children under 16 years of age. We make every effort to act in compliance with law and fully respect civil liberties. In 2011 we introduced the Employee Standards Policy. It determines the basic requirements of employees concerning the rules of conduct and ethical norms followed in the performance of daily duties.

Fair pay and time off work

We only hire employees under employment contracts. We do not hire employees illegally. We observe minimum wage regulations. We pay out wages regularly, on specified dates and in proportion to the work performed. The weekly number of working hours does not exceed the limit provided for under regulations. Extra working time is always accounted for appropriately. As we appreciate the importance of high quality of work we have a system of bonuses and extra benefits in place. The Nowy Styl Group provides its employees with holiday entitlements. We do not believe that work is more important than mental and physical health of people who work for us. Our employees have the right to use their holiday entitlement with full support of the company and colleagues.

Lay-offs

We see workforce reduction as the last resort which we want to avoid. In circumstances where cost optimization is necessary we first take measures such as reduction of operational costs or negotiation of the terms of employment and pay. In case of group lay-offs we adhere to procedures provided for under the provisions of law.

Conflict of interests

Appreciating the privacy of its employees the Nowy Styl Group recognizes and respects their activity outside workplace. Exception to this rule is allowed where an employee's activity outside work has adverse impact on that person's work duties, the company's image or business interest of the Group.

Protection of privacy and family life

At the Nowy Styl Group we guarantee full privacy to our employees. The only personal data we collect is that we need for running business. We comply with personal data protection standards. We think about users' private space as we build workplaces. In this way we protect their sense of privacy and individualism.

Our Code of Conduct is founded on family values. We promote activities aimed at maintaining our employees' good relations with their families. We make sure our employees use up their holiday entitlements. Our staff are entitled to full maternity and paternity leave as well as all other rights associated with being a parent. We offer flexible working time to those with family obligations. We support women returning to work after giving birth.

Internal communication

In shaping relations inside the company we base our actions on opinions and information obtained from employees. We therefore attach a lot of weight to communicating with our employees at regular team meetings. We believe that open and frank communication is founded on direct relations of supervisors with their employees.

We regularly communicate with our staff through e-mailing groups and an internal corporate website. Once a month we send out e-Spinacz – our online magazine with news from the company's life. Our employees are not just readers but also contribute a considerable part of the magazine's contents. The magazine, previously printed on paper, was replaced by an electronic version in 2012 due to environmental reasons. We encourage our employees to provide their opinion about procedures and practices in place to supervisors. We make team leaders sensitive to confidentiality issues and the protection of privacy of those who report any infringements.

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.

Our commitment to sustainable development is expressed in the Environmental Policy that we created in 2012.

Environmental impact control

The Nowy Styl Group aims to minimize its adverse impact on the natural environment. We implement environmental management based on the ISO 14001 standard. By developing our machinery stock we invest in solutions that improve productivity and reduce adverse environmental impact. Our technological improvements of the last decade have allowed us to significantly reduce energy consumption. We modernize the production process to achieve the best possible reduction of CO2 emissions.

We constantly monitor the influence of our operations on the environment. Production plants in which we use substances classified as hazardous are covered by top grade crisis management procedures. In order to ensure a high level of safety we comply with the EU Regulation on the safe use of chemicals – REACH.

We organize the treatment of our production sewage and gaseous emissions, the treatment processes being carried out on the premises of our production plants.

In 2014 we plan to open a new production plant. The implementation of modern assembly lines will help us save the resources used in the production process.

ENVIRONMENTAL CERTIFICATES

ISO 14001 – as a result of introducing production processes compliant with environmental protection standards and regulations the Nowy Styl Group has implemented an environmental management system based on the requirements of ISO 14001: 2004. The following areas have been certified: management, production planning and coordination, designing, production, purchasing, sales and delivery of furniture products and chairs. The company's efforts were confirmed in 2009 with a certificate which is renewed annually following an external audit.

FSC – certificate for wood and wood products. It is awarded for management that is compliant with global environmental protection standards and respect for social values of indigenous populations, while adhering to good practices of forest resources exploitation. The Nowy Styl Group is Chain of Custody certified which confirms the origin of raw materials obtained for our manufacturing purposes. Under this certificate Baltic Wood products are signed with the Rainforest Alliance trademark.

Development of environmental awareness

We work to engage employees in our environmentally friendly activities. We promote the idea of taking up small, everyday environmental challenges. We encourage our colleagues to reduce the amount of waste produced, cut down the amount of travel and use water and energy more efficiently. We believe that this approach will benefit the Nowy Styl Group and will start to affect our employees' private choices.

Being a company with subsidiaries in 13 countries we used to produce quite significant number of marketing materials. In 2013 we implemented the project that aimed at reduction of paper. We have bought and distributed to our sales people tablet computers with dedicated software. It helped them to reduce the number of printed catalogues they had to carry with them on business meetings. It has also simplified the process of updating our promotional materials.

Implementation of Electronic Data Interchange (EDI) technology allowed us to send and receive commercial documents electronically – mainly order documents – what reduced the number of documents printed. Our customers are also encouraged to use the sales portal. The Polish version was re-launched this year and next year it will be expanded to our English and German partners.

In September, 21 we organized Open Days for our employees and their families. They could visit all of our production plants and get to know the work of their children and spouses. It was a great chance to promote health and safety as well as environmentally friendly behaviours.

Products

With the development of our business we aim to become fully ecologically responsible for our supply chain and extend the life cycle of our products.

This year we have started to enrich our products' cards by the information about recycling, hazardous substances and compliance with REACH regulation.

To reduce the quantity of raw materials used in the production we have designed a chair made of secondary raw materials – recycled components of our chairs. The project won a distinction award in the Sustainable Responsibility Leader's contest organized this year by Forbes magazine and PwC Poland.



We purify 99%
of emitted gases



We purify 99%
of waste we produce



We invest in energy-saving
manufacturing technologies



We use wood waste
to produce thermal energy



We recycle plastic
to make components
of our chairs



We use EU Flower
certified fabrics and
processed materials



We promote environmentally
friendly activities among
our employees



We are economical with
paper in our office work



Our environmental
policy is in accordance
with ISO 14001



We fund scholarships
for students



We care about the
development of our
local society



We cooperate with
Magura National Park,
and join in its efforts to
educate tourists



Environmental policy

It is the objective and policy of the Nowy Styl Group for the Company to follow the principles of sustainable development so as to ensure that its manufacturing processes affect the natural environment to the least possible extent. The Company declares that all of its activities are in compliance with legal and other applicable requirements.

Essential guidelines of the Environmental Policy, based on the requirements of standard ISO 14001:2004, are as follows:

- **Strive for the reduction of emissions to air and water of pollutants from technological processes** in which furniture components are manufactured from wood, wood-based materials, metal, plastics and upholstery.
- **Economical management of key raw materials used in the manufacturing processes at the Plant**, as well as other raw materials and supplementary materials used for production.
- Rational management of water in technological processes.
- **Strive for the efficient use of wood scrap** for the production of energy.
- Manage other scrap materials in a way ensuring most of them can be recycled.
- Carry out selective waste management in accordance with legal requirements.
- Consume thermal and electric energy in an economical and controlled way.
- Follow an environmental policy that is transparent and open to interested parties.
- Shape the environmental awareness of the Group's personnel.

Management Board of the Company declare they are fully committed, and will provide all organisational and financial means necessary to maintain and improve the Environmental Management System.

*Management Board Nowy Styl
January 2012, Krosno*



Anti-corruption principles

- **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

Each employee is obliged to sign the Employee's Principles Card which set up the guidelines for cooperation with customers, suppliers and competitors.

Fair competition

The Nowy Styl Group takes measures to ensure a high level of business culture and practices. We follow the standards of fair competition. We never intentionally provide unreliable or untrue information which might affect our and our competitors' market position. The Nowy Styl Group builds its competitive advantage solely on the advantages of its products and services.

Any unfair activity aimed at taking over customers or contractors from other companies is forbidden at the Nowy Styl Group. This refers to any activity as to which there may be any legal objections (e.g. slander, forgery or corruption). The Nowy Styl Group forbids its employees from initiating conspiracies, cartels or any other relations which might unethically influence the Group's market position.

All information about competitors acquired by the Group comes only from fair, official sources and the Group does not use that information in an unlawful way. The Nowy Styl Group meets its reporting obligations. We provide authorized institutions with information proving our compliance with the commercial and competition protection law.

Public procurement

Our employees and Management Board obtain knowledge about public contracts only from fair and open sources. As an organization which delivers a lot of public contracts the Nowy Styl Group attaches particular weight to transparency and reliability of information provided for tenders all over the world. Any activity displaying the signs of unfair competition is forbidden, such as obtaining classified information, providing incomplete or unreliable data, building relations with public entities by engaging in a corruption activity or an informal contact.

Suppliers and partners

We build lasting and positive relations with our partners and suppliers. Out of concern for the development of good business practices we choose well-tried and reliable contractors who comply with high ethical standards. At the same time, as we operate in culturally distant regions, we adhere to local regulations and social norms.

Corruption

Employees of the Nowy Styl Group never offer, hand in or accept any gifts, payments or other benefits aimed at obtaining advantage for the Group. Our relations with public officials are initiated openly. We do not support their activity financially or by means of any other benefits.

Intellectual property

Respect for of artists' and other entities' intellectual property rights and interests protected by law is an important value for the Nowy Styl Group. The Nowy Styl Group pays special attention to using legal software and hardware in its daily work. A designated unit of our IT Department monitors this issue on a continuous basis to prevent downloading illegal files or software.

External communication and marketing activity

In its daily activity the Nowy Styl Group pays regard to the interests of various groups of stakeholders. We inform about any activities which might affect the environment and the local community. We provide reliable information to the press and answer any questions asked by the media.

The Nowy Styl Group makes reliable information about its products and production process available to all of its customers and contractors. Along with our products we provide information which may improve the quality of use and reduce any potential hazards. This means that we add information about the ergonomics of our products and their appropriate use to operation manuals as required by regulations. All marketing and advertising materials prepared by the Nowy Styl Group are developed based on the features and specifications of products. We never provide information that is untrue or might be interpreted incorrectly. We avoid any unethical methods of winning customers' interest: we refuse to accept comparative or negative advertising.

Our plans for 2014

In 2014 we will continue our support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

As sustainable thinking and acting has long been a tradition in Nowy Styl Group we plan to create in 2014 a Sustainability Report in which our social, economic and environmental measures will be published according to GRI methodology.

