

Communication on Progress Report Georg Jensen Group



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This Report covers activities from 28 January 2009 to 30 December 2009 for The Georg Jensen Group (Georg Jensen) as presented in the group model below. Unless otherwise stated, the general information on Georg Jensen includes information from 31 December 2010.

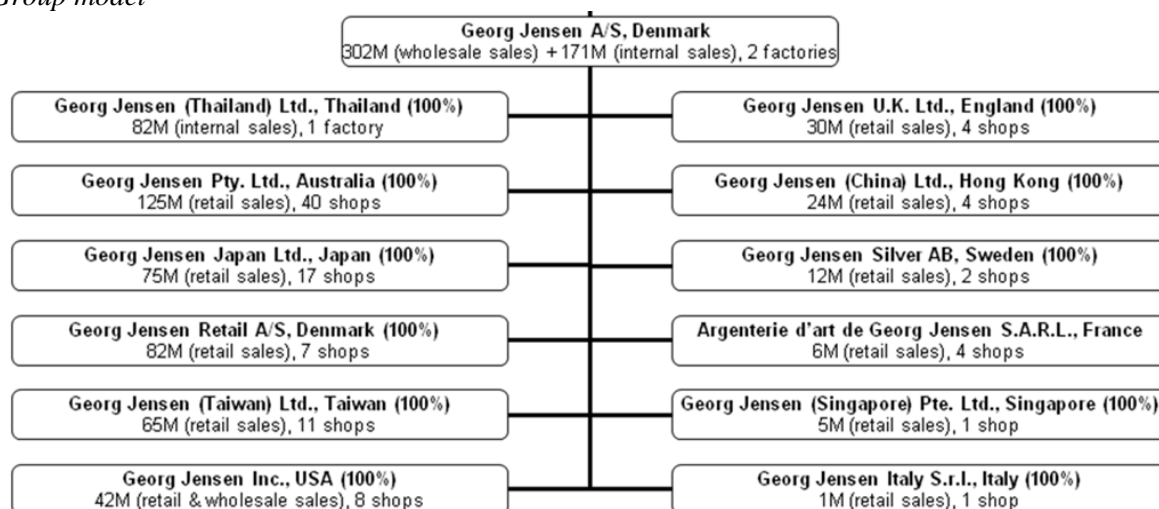
Introduction to Georg Jensen

In 1904, Silversmith Georg Jensen opened a shop in central Copenhagen in Denmark. He presented his items in a small wooden cabinet outside his shop. Georg Jensen's jewellery, cutlery and other designs immediately attracted attention, and his products became much coveted both in and outside Denmark.

Today Georg Jensen has 34 independent shops and 48 "shops in shops" in department stores in 9 countries in Asia, Europe and the U.S. Georg Jensen's main activities are to design, produce, market and sell designer jewellery, watches, cutlery, silver hollowware and interior products as well as Christmas and Easter decorations under the name of Georg Jensen.

The Georg Jensen Group

Group model



Georg Jensen has production facilities in Frederiksberg (Denmark), Hjørring (Denmark) and Chiang Mai (Thailand) and on 31 December 2009 had 1,016 employees. In 2009, Georg Jensen's net turnover totalled DKK 768.1 million, which is a reduction of DKK 46.8 million compared to 2008.

Georg Jensen is a 100% owned subsidiary of the Royal Scandinavia Group.

Georg Jensen CEO Statement

Georg Jensen supports the UN Global Compact and its Principles, not only because it is “the right thing to do”, but because conducting business in accordance with the UN Global Compact Principles is the right way for us to do business.

In 2008, we began to systematically map material social and environmental conditions and, by signing the UN Global Compact in 2009, committed ourselves to continuously work in agreement with the UN Global Compact Principles, while at the same time encouraging other companies to do the same. The users of Georg Jensen’s products should be able to own or wear Georg Jensen’s products with pride, knowing with certainty that they are produced in a responsible way.

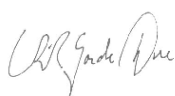
We have a long history of producing elegant and authentic silver hollowware, jewellery, watches and luxury home products of high quality and in timeless Danish design. Our products are often passed down through generations or re-sold as collectible items. The products themselves are, therefore, sustainable and, due to their high quality, the materials are long-lasting and can be re-used or recycled.

Our products are presented with Georg Jensen’s new concept “the Danish Home” that gives you the feeling of being in a Danish home. We also want our employees to experience the feeling of “the Danish Home”. The Danish way of working with social responsibility is incorporated into the Georg Jensen way of doing and running our business, including showing respect and openness towards other cultures, no matter where in the world we operate.

In the jewellery and luxury home products industry – especially when working with precious metals and jewels – supply chain management is often identified as an area of CSR risk. That is why we maintain continuous dialogue with suppliers to optimise knowledge of and compliance with our principles and policies.

We acknowledge the human-induced climate change and are committed to climate and environment-friendly activities.

We also strive to increase focus on and knowledge about the CSR issues in the jewellery and home product industry and will work together with key stakeholders in doing so. In the coming years, we will investigate CSR areas of key concern and work towards integrating these areas into strategies and operations.



Ulrik Garde Due

Georg Jensen's vision, mission and values

The five Georg Jensen values constitute the very foundation of our business and provide guidelines for our employees. Our values set the standard for everything we do and ensure that we always strive to do things even better. The Vision, Mission and Values concept saw daylight in May 2009 and have been approved by the Georg Jensen Management and Board of Directors.

Vision

Our vision is to be a world-leading, Scandinavian lifestyle and luxury brand.

We want to be the preferred brand with those who wish to own unique Scandinavian design within silver, hollowware, jewellery, watches, lifestyle products and seasonal products.

Mission

We are proud of our Danish roots. We are loyal to our unique and timeless design and we maintain the Georg Jensen tradition of ensuring a high quality and unique art ware. It is our mission to enthuse, surprise and inspire our end users and customers all over the world. Our mission consists of these five areas.

1. Our end users

We want to be market leaders and to strengthen the loyalty of our existing end users by developing products that offer value thanks to their innovative, esthetical and functionally superior design. We ensure a competitive relation between price and quality and we make sure that we always have a “best practice” customer service.

2. Our customers and our partners

We make sure that we have a mutually favourable and global co-operation with our customers, suppliers and franchisees at all times.

3. Our shareholders

We aim at increasing the value of our shareholders and ensuring long-term competitive returns on shareholder investments.

4. Our employees

We acknowledge that our success hinges on the full commitment of our employees and a strong “team spirit”. We wish to ensure that we can offer our employees secure and competitive conditions and give them favourable career opportunities.

5. Society

We want to be a responsible member of society and comply with all rules and regulations. We want to live up to the CSR of our business with respect to the health, safety and security of our surroundings and environment.

Values

Our five core values are: Quality, Service, Multiplicity, Performance-oriented & Integrity

Initiatives to support the UN Global Compact Principles

Prior to signing the UN Global Compact, Georg Jensen started, in 2008, to systematically map material social and environmental aspects and issues related to Georg Jensen and Georg Jensen's business operations. The decision that Georg Jensen should engage in the social and environmental agenda stemmed from a genuine desire to actively contribute to finding solutions to some of the social and environmental challenges the world is facing.

In 2009, Georg Jensen initiated a process to define a Corporate Social Responsibility policy and strategy. As part of this strategy process the UN Global Compact's ten principles have been taken into consideration. Georg Jensen aspires to address the UN Global Compact Principles that are material to Georg Jensen and Georg Jensen's stakeholders in a way that secures that Georg Jensen's efforts and actions focus on areas where Georg Jensen can make the largest impact.

Working with CSR is an ongoing journey that requires constant improvement and development. Consequently, Georg Jensen has decided to further structure how the CSR agenda is addressed and managed. Even though some elements of social and environmental responsibility were already on Georg Jensen's agenda, we have only recently embarked on the real CSR journey. There is a strong commitment, and Georg Jensen has in the period from 28 January to 30 December 2009 initiated practical actions and implemented changes that have contributed to a more sustainable and responsible business. These practical actions and how they have contributed to making Georg Jensen more sustainable and responsible will be described further in the following.

Environment

Georg Jensen supports the precautionary approach to environmental challenges and believes that businesses should undertake initiatives to promote greater environmental responsibility. Georg Jensen is making an effort to reduce the impact on the environment, both in relation to surrounding communities with whom Georg Jensen interacts when manufacturing, transporting and selling its products and the global environment as a whole.

Practical Actions

All Georg Jensen's three production facilities, Frederiksberg (Denmark), Hjørring (Denmark) and Chiang Mai (Thailand) are subject to environmental inspections and comply with legislation and in-

ternational standards. Georg Jensen takes actions that go beyond legal compliance by optimising usage of raw material and energy, taking preventive actions against contamination and pollution as well as optimising usage of recyclable raw material.

In the production process, usage of processing aids that are considered hazardous to the environment is limited, under close supervision and is constantly being optimised to reduce any negative impact on the environment as well as the working environment.

Thanks to investments in recycling plants, Georg Jensen has been able to re-use and re-melt silver, gold and brass on the manufacturing sites in Thailand and Hjørring. Further investments have been made in a water-purifying plant that recycles purified waste water at the manufacturing site in Thailand. Continuous improvements in quality management have been introduced at all manufacturing sites, focusing on reducing raw material spills.

Regional distribution centres have also been established to reduce transportation time in order to reduce the environmental impact from transportation. The factory in Thailand participated in the project “Plant for the planet”, where trees were planted in order to make the factory CO₂ neutral, and the project was conducted in co-operation with a local university.

Planting for the planet



Measuring the outcome

In 2009, Georg Jensen did not systematically measure the outcome of CSR activities related to the environment. As part of the strategy process that was initiated in 2009, it was decided to develop corporate measurements to evaluate the outcome of key CSR initiatives and actions. However, Georg Jensen is aware of how selected actions taken in 2009 have contributed to making Georg Jensen more sustainable and responsible. This will be elaborated in the following.

There were no comments in 2009 from the environmental inspections of Georg Jensen's production facilities.

In 2009, the manufacturing site in Thailand became CO₂ neutral by planting 13,000 trees. Approximately 500 employees and executives planted the trees. In co-operation with the Ma Joe University, Georg Jensen had calculated that it would take 13,700 trees to neutralise the amount of CO₂ the factory emits into the atmosphere. This resulted in an absolute neutralisation of 13,000 CO₂ tonnes yearly.

Georg Jensen's manufacturing sites have achieved extraordinary good results focusing on optimising the re-melting silver, gold and brass. The normal level of spill of raw material within the jewellery industry is 8-10%. Georg Jensen has minimised the spill to less than 2.5% of silver, gold and brass used in manufacturing. Having such a low level of spill is a great benefit both from an environmental and commercial point of view.

As a result of increased focus on energy reduction, several actions have been taken on the manufacturing site in Thailand. New electronic ballast was added to all the fluorescent lights in the company, lights and air conditioners are turned off during breaks and doors as well as walls have been renovated to prevent air leakage. This prolongs the effect of air conditioning and reduces the usage of it.

Social (Human Rights and Labour Rights)

Georg Jensen supports and respects the protection of internationally proclaimed human rights and the freedom of association as well as the effective recognition of the right to collective bargaining. Social responsibility forms part of Georg Jensen's core values, and Georg Jensen has since its foundation in 1904 taken numerous actions related to the social welfare of employees and the community as a whole.

Practical Actions

As a multinational company, Georg Jensen has included its values relating to social responsibility in all its activities in other parts of the world while always respecting the local cultures. Georg Jensen participates actively in social, educational and health-promoting initiatives.

The manufacturing site in Thailand has been certified by the "Thai Labour Standard TLS 8001-2003" which combats discrimination and requires compliance with the maximum working hours requirements in Thailand, while also securing the employees' right to freedom of association.

Georg Jensen has incorporated the Danish way of working with social responsibility into the manufacturing site in Thailand. However, Georg Jensen has done so in a way that shows respect and openness towards other cultures and religions.

Georg Jensen considers health and safety very important and wants to provide a safe working environment for its employees. In that context Georg Jensen arranged a "safety week" where extra attention was given to occupational health and safety at the manufacturing site in Thailand.

Safety week



The manufacturing site in Thailand participates in arrangements that focus on poor children's conditions and offers financial support to these arrangements. This site is located close to "The Golden Triangle", which is an area that, for a long period of time, sadly has been struggling with drug-related

problems. Accordingly, Georg Jensen supports the national antidrug programme in Thailand and has introduced a specific drug policy on how to help and handle employees with drug problems or addictions.

The sourcing of gold, silver, brass, steel and precious stones can be burdening on the environment and requires strict health and safety standards. The mining industry has been an area with historically cases of human rights violations. Georg Jensen is aware of the risks and challenges that accompany the sourcing of these types of raw materials. Therefore, all of Georg Jensen's suppliers must comply with all international standards relating to the environment and labour conditions as well as with international human rights declarations. Georg Jensen is aware that China may pose an area of risk. Georg Jensen did in 2009 decide to develop an action plan that will minimise and address risks related to suppliers in China in a responsible way.

Measuring the outcome

In 2009 Georg Jensen did, similar to environmental outcomes, not systematically measure the outcome of the CSR activities related to social, human rights and labour rights activities. However, Georg Jensen is aware of how selected actions, related to social, human rights and labour rights, taken in 2009 have contributed to making Georg Jensen more sustainable and responsible. This will be elaborated in the following.

In 2009, the manufacturing site in Thailand was audited by the Thai Labour Standard Accreditation and The Thai Labour Standard Accreditation. Only minor comments were made in relation to the audit. The comments were addressed and resulted in, for example, a new Safety officer being recruited.

In Thailand the working day is 8 hours and the maximum working week is set to 48 hours. Georg Jensen has decided that the working week should be 40 hours, and that the workers should have Saturday and Sunday off from work. This decision was made thanks to a desire from Georg Jensen to offer its Thai employees working conditions similar to those of the employees in Denmark. The workers are paid full wages i.e. as if they worked 48 hours a week. Georg Jensen also respects the Thai culture and religion for which reason robes were donated to Buddhist monks at a nearby monastery. Candles were also donated to a nearby temple.

As previously mentioned, Georg Jensen also arranged a safety week to attract extra attention to, and educate employees and management on, safety. In 2009, the manufacturing site in Thailand experienced a decrease in work-related accidents.

To secure proper CSR awareness amongst managers and employees, 465 persons were trained in the Thai Labour Standard. Relevant employees of special importance to the management of CSR were identified, in total 32 persons, where 11 people joined the safety committee, 12 persons joined the

welfare committee and 9 persons joined the “Thai Labour Standard Committee”. Representatives of The Welfare Committee are elected by the employees for two years at a time. The committee helps secure the employees freedom of association and collective bargain rights, and Georg Jensen respectfully follows all regulations on this area.

Georg Jensen does not discriminate on nationality, race, religion, age, sex, marital status, sexual orientation, disability, trade union membership, political affiliation or personal opinion. And at the manufacturing site in Thailand there is one disabled worker who is paid the same wage as other workers with the same qualifications.

The manufacturing site in Thailand donated THB 150,000 for the benefit of poor children’s conditions and has also received an award for its anti-drug programme.

As a result of the action plan, particularly regarding Georg Jensen’s suppliers in China, Georg Jensen has strengthened the dialog and set more specific requirements on CSR, environment, labour conditions and human rights conditions, to the suppliers. Georg Jensen has also decided to include requirements for CSR policies and performance of CSR-related audits when selecting future suppliers.

Georg Jensen looks forward to continuing the CSR journey and working with the UN Global Compact Principles in order to make Georg Jensen an even more sustainable and responsible company.

For more information about Georg Jensen, please visit our webpage www.georgjensen.com or contact: Annemette Moesgaard, Global Communication & PR Manager - amm@georgjensen.com