



UN GLOBAL COMPACT
COMMUNICATION ON
PROGRESS 2014

CONTENTS

Introduction	2
About Metz A/S	3
Metz' approach to CSR	4
CSR Activities	5
UN Global Compact and ISO 26000 Analysis	5
Responsible Supply Chain Management	5
Our Employees	8
Appendix: Metz CSR Policy	9

UNGC
COMMUNICATION
ON PROGRESS

INTRODUCTION

Metz A/S (Metz) signed up to the UN Global Compact in November 2013, because we wanted to adopt an internationally recognized framework for structuring and reporting on our Corporate Social Responsibility (CSR) efforts. With our commitment to the UN Global Compact, we emphasize that we as a company are committed to continually improve and document our work within CSR, and that we wish to communicate this to our stakeholders, including our customers, our suppliers and employees.

As a supplier of promotional products, we work as an intermediary between the end customer and the supplier. Sometimes our suppliers are agents, who work as intermediaries just like us. Metz has a network of many suppliers and subsuppliers, and therefore also a responsibility to seek to influence our suppliers in terms of establishing responsible supply chains for the products that we ultimately sell to the end customer.

The purpose of this Communication on Progress report (COP) is to document and communicate how we work with the ten principles of the UN Global Compact, both within our own organization and in our network of suppliers and customers.

An important part of Metz' approach to CSR is to systematize and strengthen our risk management processes and our efforts to establish responsible processes for the production of the products we sell, so that our customers and other stakeholders can have confidence in us as a company and as a reliable business partner.

In the following pages we present Metz' approach to CSR, our ambitions for working with CSR principles as well as the CSR activities and projects that we have conducted or initiated during 2013/2014.



Yours sincerely,



Claus Hedegaard
CEO



ABOUT METZ A/S

Metz is an owner-driven company that supplies promotional products and corporate gifts to companies and organizations. Metz was established in 1993 and today employs 32 people at our company headquarters north of Copenhagen in Denmark.

We do not produce any of the items we sell however, we act as trendspotter and purchaser for our customers, the majority of which are large Danish companies. Most of the products we sell are produced according to our customers' wishes and needs.

We are members of several international networks such as the global promotional product procurement organization, IGC Global Promotions (IGC), and the European Promotional Product Association (EPPA) with whom we collaborate closely.

Our mission is to provide high quality products while also influencing and improving conditions relating to labour rights, human rights and the environment in our supply chain. We do this by communicating and by providing guidance to our suppliers, and thus we try to motivate our suppliers to improve their processes and to comply with the principles of the UN Global Compact. Since we are not a manufacturer, this is the area that we will be able to influence the most, and have the greatest impact.



MEMBER OF
IGC GROUP



UNGC
COMMUNICATION
ON PROGRESS

METZ'S APPROACH TO CSR

The backbone of Metz' CSR strategy is shaped by the ten principles of the UN Global Compact as well as our membership of the industry association EPPA. EPPA has developed a CSR certification program that focuses on verification and risk assessment of suppliers, which in time will develop into a valuable framework for companies in the promotional products industry working systematically with CSR.

Together with our suppliers – and building on the UN Global Compact principles and the guidelines in EPPA's certification program – we wish to work towards a more responsible supply chain for our customers and our other stakeholders.

We do this by collaborating proactively with our suppliers and assessing our partnerships in order to strengthen their compliance with internationally proclaimed principles for Human Rights and Labor Standards, Environment and Anti-corruption. This approach is also defined in our company's CSR policy that structures and motivates our efforts within CSR, see appendix.

Our CSR policy builds on our ambition to make a positive difference to our stakeholders. One of the ways to do this is to create a transparent and responsible value chain. Our CSR efforts are driven by the following ambitions;

- We believe that by working responsibly, over the long term we can outperform competitors, who do not adhere to the same standards and practices as we do.
- We strive to monitor and manage the CSR risks associated with our business, as well as communicate our performance to our customers, so that we can support the success of their own businesses.
- We know that responsible business conduct provides sustainable, long-term business results, and that responsibility is a prerequisite for retaining our customers' trust and confidence.

Metz is an organization with a global network of suppliers and customers. Our main area of impact from a CSR perspective is our supply chain, which due to our global value chain is the area where we can make the biggest difference in terms of integrating CSR principles into business practices. For Metz, responsible supply chain management (RSCM) is therefore a strategic CSR focus area that supports our overall business strategy. RSCM is our main priority in terms of CSR and the primary focus of our CSR activities in 2013/2014, and will continue to be in the future.



CSR ACTIVITY

We experience limited inquiries for sustainably produced items currently, i.e. products that are certified and documented in terms of responsible and sustainable business practices, however we expect this demand to grow significantly in future.

UN GLOBAL COMPACT AND ISO 26000 ANALYSIS

In 2013/2014 we concentrated our CSR efforts around creating a more systematic and structured approach to CSR and managing risks in relation to our supply chain. As a starting point, we engaged with a third party consultancy to conduct a combined UN Global Compact and ISO 26000 gap analysis in order to map and analyze our current performance and areas for improvement within CSR. The outset for conducting the analysis was to obtain input and recommendations for a further systematization of our performance and governance in relation to CSR.

The analysis has been performed with a review of our governance documents, procedures and activities in relation to CSR, as well as interviews with key employees within the organization. The review found that Metz is committed to implementing the guidelines in ISO 26000 and the principles of the UN Global Compact and is already working to do so.

Going forward we will use the detailed recommendations from the ISO 26000 and UN Global Compact gap analysis to define the measures we need to prioritize to further strengthen the integration of CSR principles into our existing management system and decision making.



UNGC
COMMUNICATION
ON PROGRESS

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

At Metz we recognize the challenges and risks connected to managing global supply chains, and that our supply chain is the area where we have our biggest impact and opportunity to influence social and environmental conditions. However we also recognize that not having our own production poses a risk and to some extent limits the control and leverage we have in terms of improving the sustainability of our supply chain.

Our business model is based upon sourcing either directly with the supplier or indirectly through an intermediary. We distinguish between direct suppliers, companies selling branded goods, recognized agents or other intermediaries. The latter group often manages an independent network of suppliers and will therefore often represent higher supply chain related risks than a single supplier.

For Metz, working with RSCM is about finding the right balance between the risks and the resources we have, and thus setting realistic goals for improvement. Our RSCM system is based on the UN Global Compact framework. The ten principles of the UN Global Compact, the principles in the ILO conventions, the UN Declaration on Human Rights as well as our membership of EPPA form the basis of the demands we present to our suppliers. The Metz Supplier Code of Conduct outlines the requirements that we expect our suppliers to comply with.

The focus of our RSCM system is to put in place a systematic management system that enforces responsible business practices across the supply chain with the purpose of monitoring significant risks and determining the effort needed to achieve reasonable confidence about suppliers' level of compliance with the Metz Supplier Code of Conduct and international standards. However, we recognize that this integration cannot be accomplished overnight. Such a system should be implemented gradually.

ACTIVITIES AND PROJECTS

Our main area of impact from a CSR perspective is our supply chain, and due to our global value chain, it is the area where we can make the biggest difference in terms of integrating CSR principles into business practices. Responsible supply chain management (RSCM) is therefore a strategic priority for our business.

During the past year, we have conducted a process to further develop our RSCM system and the supporting workflows. As such, we have mapped out our different processes, our main CSR risk areas as well as possibilities and leverage in relation to reducing risk relating to Anti-corruption, Environmental impacts, Labour standards and Human Rights in our supply chain. This exercise has also included a revision of our Supplier Code of Conduct and our CSR policy in order to create better alignment between our processes and our governance documents.

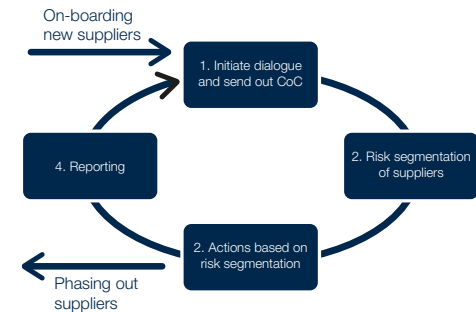
Furthermore, this work has resulted in the implementation of a simple and manageable risk segmentation model, and a succeeding process for following up with suppliers based on the results of the risk segmentation process.





RISK SEGMENTATION OF SUPPLIERS

Our risk assessment is based on four steps, whereas some of our suppliers need only go through the first two.



We make this distinction due to the fact that it is important for Metz to be able to implement a riskbased but also resource efficient supplier management system.

Once a supplier registers with us, we request the supplier to sign our Supplier Code of Conduct and to complete a self-declaration with a number of questions related to the suppliers' performance on Human Rights, Labour Standards, Environment and Anti-Corruption (step 1). On the basis of various risk-based criteria, such as geographical location, we use the responses and supporting documentation to initially assess in which risk category each supplier should be placed (step 2).

If we assess that the supplier poses a high risk, we will initiate a dialogue with the supplier on responsibility and documentation (step 3). The aim of the dialogue is to clarify or resolve any issues involving non-compliance with our Supplier Code of Conduct. If the initial dialogue does not resolve the issues to our satisfaction, further discussions will take place, which may eventually result in the supplier being phased out as a supplier to Metz.

As this RSCM system is currently in the process of being implemented, we do not have any concrete experience or results to report on in this COP, but we expect that this will be part of the report for 2014/2015.

We expect that the new RSCM strategy supported by our new online system will be rolled out in the beginning of 2015. However our CSR group will manually start implementing the new RSCM strategy in November 2014.

OUR EMPLOYEES

The employees of Metz play a vital role for the success of the company. That is why we need to continuously focus on the elements that advance the commitment, job satisfaction and wellbeing of our employees.

Activities

We do this by inspiring a healthy work environment that supports our employees' job satisfaction and personal development and by fostering good team spirit, e.g. by frequently organizing social events.

We offer all our employees private health insurance and free access to sports facilities as well as a healthy lunch program, which we believe contributes to preventing sickness and strengthening our employees' physical well-being.

To ensure ongoing employee development, annual one-to-one interviews are conducted between the employees and their immediate managers. This is to evaluate job satisfaction and performance, and to define and follow up on employee development goals.

AVERAGE SICK LEAVE FOR METZ EMPLOYEES 2013	AVERAGE SICK LEAVE FOR METZ EMPLOYEES 2012	AVERAGE SICK FOR PRIVATE SECTOR EMPLOYEES IN DENMARK 2012		
2.53	2.60	6.40		
METZ 2014	MALE	FEMALE	TOTAL	AVERAGE YEAR OF EMPLOYMENT
EMPLOYEES	10	22	32	8.78
MANAGEMENT	1	3	4	



APPENDIX: METZ CSR POLICY

As a supplier of promotional products and corporate gifts to Denmark's biggest companies, Metz wishes to be a responsible and trustworthy partner. The foundation of our CSR policy is the aim of making a positive difference by delivering the right products, by providing high quality services and by creating a transparent value chain. Metz was founded upon these values and principles.

Metz does not have any in-house production, but we act as trendspotter and purchaser for our customer base.

Responsible supply chain management and the collaboration with our suppliers are the areas in which we have our biggest CSR impact, and where we can make the biggest difference in relation to advancing responsible business practices.

Metz joined the UN Global Compact in November 2013. Together with our membership of the industry association European Promotional Products Association (EPPA), the ten principles of the UN Global Compact form the framework for and backbone of our CSR strategy and activities.

EPPA has developed a CSR certification program, which focuses on supplier verification and risk segmentation and which in time, will develop into a valuable CSR framework for companies within the promotional products industry.

Together with our suppliers and building on the UN Global Compact principles and the guidelines in EPPA's certification program, we want to work towards a more responsible supply chain for our suppliers and our customers. We do this by proactively impacting and collaborating with our suppliers in order to comply with internationally recognized principles for Human Rights, Labor Standards, Environment and Anti-Corruption.

