Communication on Progress

“2013”

Artoos
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BELGIUM
www.artoos.be

Communication on Progress (COP) - 2013

Introduction

Artoos is a vertically integrated one-stop communication partner for direct marketing offering the whole process for developing, producing and distributing marketing communication projects: design – production – fulfillment. Both for graphic (printing) and on line communication.

In carrying out our customers' projects completely by ourselves - with our 132 employees, our own high tech infrastructure and focusing on end-to-end automation - we offer a quite unique business model.

Over the last 18 years this business model has shown to really being sustainable, the 'final' proof being the fact that also during the economic recession and a fire on the company grounds in 2011, our figures remained positive.

However, since 2008 Artoos has sustainable entrepreneurship ingrained as a main principle in day to day management and development of this business model. Consequently, this means that when it comes to strategic decisions we always take into consideration three things: economics, environment and society.

Statement of continued support for the Global Compact

Many years ago former CEA, mister Artoos, enlisted Artoos as a member of Global Compact because he and the management team strongly believed in the 10 principles Global Compact writes out. As new CEO of the company, I stand by this decision. That is why these important values keep forming the foundations in every action Artoos undertakes (commercially, production-wise, HR). We support public accountability and transparency.
Therefore we publish CSR reports and other corporate information brochures, make CSR related information known on our website (www.artoos.be) and organize meetings with a representation of our stakeholders in order to discuss our actions on :

- **People**

Artoos is known to be technically progressive, through state-of-the-art production equipment. However, even more so than technology, it is people who constitute the heart & soul of our company, our employees who enter into a true partnership with our clients.

- **Profit**

Even in economic difficult times Artoos is a financially healthy company. The ambitious but realistic financial management is shown by continuous growth and a high EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization).

- **Planet**

Artoos shows how environmental awareness and the pursuit of optimal price/quality ratio go together in harmony. We undertake the necessary to guarantee quality and clean printed matter at a competitive price, all of this in a climate neutral environment.

By writing this COP we would like to further confirm our continued support to the 10 principles of the Global Compact.

Best regards,

Christophe Segaert
CEO Artoos
July, 10th 2014

Principle 1: An organization should support and respect the protection of internationally proclaimed human rights

Principle 2: An organization should make sure that they are not complicit in human rights abuses

Principle 4: An organization should support the elimination of all forms of forced and compulsory labour

Principle 5: An organization should support the effective abolition of child labour

Our commitment or Policy

As a Belgian company, we are subject to Belgian social law. Protection of human rights, prohibition of compulsory labour & child labour are fundamental principles of the Belgian and European social law.
We operate according to Belgian rules and regulations, and are liable to official inspection by the Belgian government.

We take these principles also into account in our business affairs. That is why we decided e.g. to promote paper with a FSC (Forest Stewardship Council)–label for printing. Since the end of 2012 we also offer the possibility to use paper with a PEFC (Programme for the endorsement of Forest Certification schemes Council)-label for printing. Not only environmental aspects are important within FSC and PEFC, social aspects are equally important.
In 2013 63% of all the paper used for printing was with an FSC-label.

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

Our commitment or Policy

Our employees are free to establish and join organizations of their own choice, given these do not violate the law or pursue unethical goals.
Trade unions are represented in our organization. Membership is generally accepted, as is non-membership. Consultations between trade unions and the organization's management are organized on a regular basis. Works council as well as Health and Safety Committee happen in all openness and
with mutual respect.

Principle 6: An organization should support the elimination of discrimination in respect of employment and occupation

Our commitment or Policy

As stated by Belgian law, Artoos does not discriminate on the grounds of ethnic or social origin, gender (including pregnancy or maternity), age, sexual orientation, politics, religion/belief, trade union membership or non-membership.

Principle 7: An organization is asked to support a precautionary approach to environmental challenges

Principle 9: An organization should encourage the development and diffusion of environmentally friendly technologies.

Our commitment or Policy

CO_2 emissions are amongst the most important factors causing global warming, and the decline of our environment and its biodiversity. This is exactly why we go through great lengths in order to reduce CO_2 emissions.
The next step after reduction is to ask Climate Partner, a specialized German engineering firm, to measure and calculate the remaining greenhouse gasses produced by our machinery and printing work, and convert them into its CO_2 equivalent. Once calculated, we neutralize our production site and our own printing work. This since 2010.
We stimulate our clients to do the same, and neutralize the leftover CO_2 emissions of their printed matter.

1. **Design & set up**

During the design processes, we advise our clients how to make it as "green" as possible.
We look at the design, recommend FSC, PEFC or recycled paper, determine which printing press is the most energy efficient etc.

2. **Calculation**

Artoos calculates the CO_2 emissions of the printed matter. For this we use a computational model that has been built by Climate Partner in accordance with the "Greenhouse Gas Protocol" from the WBCSD (World Business Council for Sustainable Development).
Wherever we write CO_2 we mean greenhouse gasses expressed as their CO_2 equivalent in accordance with recommendations from the IPCC.

Climate Partner calculated for us:

- The direct CO_2 emissions from our production site in Kampenhout (transport, cooling installations, printing presses, air-conditioning, etc.). Once measured and calculated, we neutralized this
- The CO_2 emissions from our energy resources (which is nil, because we purchase from a completely green, climate neutral source)
- All other indirect CO_2 emissions relating to the printing work that we as a printer have no control of, e.g. the CO_2 emissions for the paper manufacturer and the supplier

We add the specific parameters relating to our client's printed matter to this model, such as:

- The print run;
- Dimensions;
- Paper selected;
- The weight of the inks and dyes as used;
- Which printing press is used;
- How long this printing press is used;
- How many printing plates are used;
- The transport involved to deliver the printed matter to the client.

The module uses the above information to calculate the exact amount of CO_2 emissions produced by the printed matter.

Since the start of the calculation of our CO_2 emissions we were able to reduce these emission by approximately 50% because of several actions that have been taken.

3. Neutralization

Knowing the amount of CO_2 emissions produced by the print job, our clients are stimulated to neutralize these emissions through voluntary purchasing of green emission rights in a project of their choice. They can choose from a portfolio of projects that are strictly selected and carry the "Gold Standard" label. The Gold Standard is an NGO which was partly founded by the World Wide Fund for Nature. It only awards its certificates to projects that represent an ideal mix of CO_2 emissions and sustainable development. It officially confirms that the emissions have been compensated for by purchasing premium CO_2 credits.

The use of Gold Standard carbon credits is also an example of practicing the 10 Global Compact principles.

Principle 8: An organization should undertake initiatives to promote greater environmental responsibility

Our commitment or Policy

In the past the printing business had a negative image when it comes to environmental issues. That is why we – at Artoos - have committed ourselves to protect the environment in any way we can. In the printing industry, the limitations of environmental protection are mostly determined by technology. Nearly all technological progress also means environmental progress. Artoos is aware of this and has the most modern and energy-efficient infrastructure from prepress to finishing. Not only is it possible to produce high quality products with these machines but they are also very energy efficient, use less raw material, make less noise, are more ergonomic to work with, …

But we do much more than offering an environmentally friendly infrastructure. We also created an environmental management system in accordance with the ISO 14001:2004 standard. In 2012 we renewed our ISO 14001 certificate. This is now valid for a new period of 3 years. Our environmental policy is published on our website (www.artoos.be)

Since we started our environmental management system, the phrase "measuring is knowing" is the basis of our environmental policy/way of thinking. We noticed that the more precise measurements are performed, the quicker we can take action to prevent or improve the things that need our (urgent) attention.

Within our management system we have set ourselves goals. These are evaluated yearly. Based on this evaluation and new situations in our company we set new goals or adjust our existing goals for the year to come.

We work on 5 domains. One goal depends on the result of most of our other goals: this is our climate neutral theme. Other goals include reducing waste streams (especially paper and ink waste), reducing and/or controlling solvent usage, reducing and/or controlling usage of water, reducing our energy consumption.

To make the necessary calculations, statistics, … we need to obtain all the figures. To be able to do so we ask our employees for example to weigh the baskets with paper waste, to monitor the usage of printing alcohol, to save on electricity in the office, ….

We tell them about our progress on several occasions: at team meetings, at our annual meeting, in a monthly company newsletter, in our company brochure, CSR report, …

We also inform our clients, suppliers, … of our goals and work efforts in theme magazines, on our website, in external meetings, on seminars, CSR report, …

In accordance with financial reports all our results are compared on a 3 year basis. To be able to make the right conclusions we also calculate ratio's. In that way we also take into account the production and economic factors of that period.

Looking at all the gathered information we can conclude that we are still making a positive progress.

Paper waste

Paper waste	**2011**	**2012**	**2013**
Purchased paper (ton)	3.570,18	3.746,70	3.945,82
Paper waste (ton)	1.218,14	1.258,64	1.199,85
Ratio waste/new paper	0,34	0,34	0,30

Where in 2011 34% of the bought paper was thrown away as waste, in 2013 this has decreased to 30%. For the printing industry this is remarkably low.

Ink waste

Ink waste	**2011**	**2012**	**2013**
Waste	10,341	11,951	12,257
Purchased paper (production in m²)	28.515.945	28.077.593	31.545.515
Ratio waste/production	3,626*	4,256*	3,886*

*number to divide by 10.000.000

The ratio waste/production (= paper) has gone up with 7,2% compared to 2011. But at the same time the ratio has decreased 8,7% compared to 2012. Because the production has increased at the same time as the amount of ink waste, we obtain a positive end result.

Solvents

	2011	**2012**	**2013**
ton VOC emission	6,42	3,846	4,652
m² purchased paper (= production)	28.515.945	28.077.593	31.545.515
Ratio VOC-emission/production	2,251*****	1,369*	1,475*

***** number to divide by 10.000.000

VOC = volatile organic compounds

In the ratio VOC emissions/production both parameters have increased. But unlike the ratio ink waste/production the increases here have led to an increment of the ratio with 7,74% compared to 2012. However compared to 2011 we end with a positive result (= decrease of 34,5%).

The reason for the greater VOC emissions is due to the simple fact that we used more alcohol in the production of printed matter. This was necessary because the number of printed matter has gone up.

Energy

We have 2 sources of energy: electricity and natural gas.

Electricity

	2011	2012	2013
electricity consumption(kWh)	2.090.587	1.930.412	1.981.150
m² purchased paper	28.515.945	28.077.593	31.545.515
Number of employees	142	140	132
Surface building in use	7.697 m²	7.355 m²	10.043 m²
Ratio electricity consumption/paper (x)	0,073	0,069	0,063
Ratio electricity consumption/employee (Y)	14.722,44	13.788,657	15.008,712
Ratio electricity consumption/surface (z)	271,611	262,463	197,267
Total ratio$_{electricity}$: x*y*z	291.910,70	249.711,85	185.941,81

Over the years we have learned that whenever we are producing, we consume electricity. But we make sure that every installation or machine that we use has an energy-saving aspect. Because we had to produce more printed matter, our electricity consumption has gone up. Despite the fact that our electricity consumption has increased, the ratio electricity/paper*employee*surface decreased 25,5% compared to 2012 and 36,3% compared to 2011. The reason for this, is the augmentation of the surface we use. This shows that we have a responsible electricity consumption.

Natural gas

	2011	2012	2013
Gas consumption (kWh)	580.093 kWh	311.285 kWh	396.966 kWh
Number of employees	142	140	132
Surface building heated by natural gas	5.866 m²	5.063 m²	6.675 m²
Ratio gas/employees (x)	4.085,16	2.223,464	3.007,318
Ratio gas/surface (y)	98,891	61,482	59,471
Total ratio$_{gas}$: x*y	403.985,56	136.703,013	178.846,902

In the total gas ratio the augmentation of the gas consumption (because of the bigger surface and a long and hard winter period) has led to an increment of the total ratio with 30,83% compared to 2012. However compared to 2011 we end with a positive result (= decrease of 55,72%).

Water

	2011	2012	2013
Water consumption	2.947 m³	1.369	1.931
m² purchased paper	28.515.945	28.077.593	31.545.515

m² purchased plates	47.942	61.819	66.639
Number of employees	142	140	132
Water/paper (x)	10,033**	4,876**	6,121**
Water/plates (y)	0,061	0,022	0,029
Water/employees (z)	20,75	9,78	14,629
Total ratio (=x*y*z)	13,18**	1,06**	2,59**

**** number to divide by 100.000

In the total ratio water for 2013 2 out of 3 parameters have gone up. This leads to a very obvious increment of the ratio compared to 2012. However compared to 2011 we end with a very positive result (= decrease of 80,4%). The increase of the water consumption and the number of plates 2013 versus 2012 is only due to a growth of the production of printed matter.

Ecological footprint

The previous results and all positive changes that are metioned above result to the following:

	2011	**2012**	**2013**
CO_2 emissions (kg)	398.710[21]	298.492	318.836
m² purchased papier	28.515.945	28.077.593	31.545.515
Number of employees	142	140	132
Surface building in use	7.697 m²	7.355	10.043
Ratio CO_2/paper (x)	0,014	0,011	0,010
Ratio CO_2/employees (Y)	2.807,82	2.132,09	2.415,42
Ratio CO_2/surface (z)	51,80	40,58	31,75
Total ratio CO_2: x*y*z	2.036,2	951,72	775,05

Based on all the environmental information we gathered in 2013 Climate Partner, a specialized German engineering firm, calculated our ecological footprint 2013. The footprint 2013 has increased 6,8% compared to our footprint 2012 but still 20% less compared to the footprint 2011. For this calculation 3 scopes are used: the direct CO_2 emissions, the CO_2 from our energy sources (always 0 because of the use of 100% green energy) and all other indirect CO_2 emissions relating to the printing work that we as a printer have no control of . This scope dropped 3,6% compared to 2012.
The reason for the augmentation is only an increase of the direct CO_2 emissions (= heating + airconditioning + company cars). In this scope 2 parameters have increased (larger surface area to heat and to cool). This larger surface area is responsible for an 18,6% decrease of the total ratio CO_2 emissions compared to 2012 and even an 61,9% decrease compared to 2011.
The figures show, without any doubt that Artoos pays attention to decreasing its ecological footprint and works in a sustainable way.

Principle 10: An organization should work against corruption in all its forms, including extortion and bribery

Our commitment or Policy

Corruption, extortion and bribery are prohibited by Belgian law. We are subject to Belgian law and act as such.
We are transparent in our financial dealings and have external auditors to oversee our accounts. On a yearly basis, our intentions for the future are explained and documented to all employees.

CSR reporting

In the past we have published 2 CSR reports. Both are available on our website www.artoos.be. In both documents the material indicators of the GRI G3 Guidelines were coverd.

A new CSR report is expected later this year.

ISO 26000

Since 2011 we are implementing the principles of ISO 26000.

A GAP analyses was made. After deciding which of the missing points were of any materiality for us, we started several actions.
Commuting e.g. is a topic that we have put (and are still putting) in the spot lights. We have tried to motivate people to use sustainable transport to come to work. Especially the use of electric bikes is an important topic. As a result of this the number of sustainable commuters has gone up with 5,9% compared to 2012 and with 63,6% compared to 2011.

2014 is the year to unfold more actions.