

## Statement of Support

October 7<sup>th</sup> 2015

To our stakeholders:

I am pleased to confirm that Kluntz A/S re-confirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour Rights, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our ambitions to improve continually the integration of the Global Compact and its principles into our business strategy and daily operations.

We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Hoerning, October 7, 2015

Kluntz A/S

Peter Nielsen, CEO

### Brief description of Kluntz A/S:

Kluntz was founded in 1996. We sell incentive product marketing and provide our customers with good service and advice for the best promotional product for their purpose. We are a staff of 12 and our turnover in 2014 was 3 million Euro.

We help our customers by creating value for them when they buy corporate clothing, promotional products or gift items. We believe that by having a strategic approach to incentive marketing products our customers achieve motivation, recollection, visibility and sympathy. We also consider our commitment to ethical trade as an “added value” to our products. So buying sustainable products from us, can also improve the images of our customers.

At Kluntz, our primary service is to guide our customers in selecting the best quality and the best product for the purpose. We take pride in promoting sustainable alternatives to most of the products we sell, and we guide our customers into making that choice.

HUMAN RIGHTS	
Principle 1	Business should support and respect the protection of internationally proclaimed human rights
Principle 2	Make sure that they are not complicit in human rights abuses

**Kluntz' A/S commitment to the principles**

Kluntz A/S supports the Universal Declaration of Human Rights and the UN Guiding Principles on Human Rights. We have aligned our Code of Conduct with UN Guiding Principles and we use these as a method of implementing the principles of UN Global Compact.

The nature of our business is such, that we have very few regular suppliers with whom we do constant and large business orders. However, we try our best to influence our suppliers to become more sustainable by conducting sustainable business ourselves.

**How Kluntz A/S have implemented the principles of Human Rights**

Based on a risk-assessment done in 2013, we have segmented our suppliers into the following:

Segment	Description of segment	Risk assessment
European wholesalers	These wholesalers have huge stocks of marketing articles. We buy their items and have them customized either on site or in Denmark.	The biggest risk for Kluntz is the complex supply chain. However, the European wholesalers have their own Codes of Conduct based on the same standards.
European producers	They are production units in Europe. Typically used for rush orders and for quantities that do not allow for far east production.	The risk is low, as the factories are based in Europe, which – in regards to human rights – is a low risk area. We are a small customer, and have no real influence.
Far East producers A	This segment is either production units or agents in countries such as China, India or Pakistan with whom we have regular business.	Since these suppliers are based in Asia, we consider them a high-risk in regards to human rights violations. In addition, part of these suppliers are agents, so we know that there is a long supply chain between Kluntz and the production unit, hence where breaches to our Code of Conduct may happen.
Far East producers B	These are production units or agents in countries such as China, India and Pakistan. We have placed orders just one time and may not order again.	Since these suppliers are based in Asia, we consider them a high-risk in regards to human rights violations. However, we are an extremely small customer and they have no regular business with us, so our influence is very low.

Instead of sending out our new Code of Conduct, we have focused on mapping which of our suppliers are already working with sustainability in the supply chain. We have continued asking our suppliers to sign the old Code of Conduct before we enter into a business with them, so our focus on CSR have not decreased during the last year.

**The measurement of outcomes in 2014 in regards to Human Rights/ plans for 2015**

We have tried our best to get information in regards to which requirements are needed in order to reach the EPPA Silver and Gold levels. However, this has been without success, as these requirements have yet to be determined. We have now given up on waiting for these requirements and are looking at alternative measures to work with sustainability in our supply chain.

We can sense from the market that CSR is increasingly becoming a parameter for our customers when they chose their supplier, so we have to focus even more during the next year in getting the right certificates, so we can stand out as a good supplier and business partner.

In 2015/16, we are aiming at finding a way in which we will be able to audit those key suppliers who are not already working with CSR and we expect to train our buyers in sustainable supply chain management.

<b>LABOUR</b>	
Principle 3	Business 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
Principle 6	The elimination of discrimination in respect of employment and occupation

**Kluntz´ A/S commitment to the principles**

Kluntz A/S supports and adhere to the fundamental Labour principles in Denmark and International Labour Rights. We also respect and adhere to the principles of freedom of association and the right to collective bargaining, both locally and in our supply chain.

**How Kluntz A/S have implemented the principles**

Kluntz A/S is following the Danish Labor Law, which is followed up by the Danish Working environment Authority on a regular basis.

All our CSR documents have been aligned with the UN Guiding Principles during 2013. In 2014, we have been mapping our supply chain to find out how each supplier is working with sustainability, so that we can focus our efforts where it makes a difference.

In regards to Labour Rights in our supply chain, we have our current Code of Conduct, which we ask our suppliers to sign and return to us. We have tried our best to get information in regards to which requirements are needed in order to reach the EPPA Silver and Gold levels, but these requirements have yet to be determined. We are now looking at alternative measures to work with sustainability in our supply chain.

We can sense from the market that CSR is increasingly becoming a parameter for our customers when they chose their supplier, so we want to focus even more during the next year in getting the right certificates, so we can stand out as a good supplier and business partner.

In 2015/16, we are aiming at finding a way in which we will be able to audit those key suppliers who are not already working with CSR and we expect to train our buyers in sustainable supply chain management.

**The measurement of outcomes in 2014 in regards to Labour Rights/ plans for 2015**

The documents that will enable us to receive more signatures and answers from our suppliers are ready, but we are, as mentioned, waiting for the final guidelines to be able to distribute them out to our suppliers.

We have continued our focus on the wellbeing of our own staff in the office in Denmark and we always seek to do better in developing people in our organization.

When implementing UN Guiding Principles we are required to look at our own operations first and how they affect all the Human Rights. We have not yet been able to make this analysis, as we have been focusing on other internal issues. However, this will be part of our strategy for 2015/16.

ENVIRONMENT	
Principles 7	Business should support a precautionary approach to environmental challenges
Principles 8	Undertake initiatives to promote greater environmental responsibility
Principles 9	Encourage the development and diffusion of environmentally friendly technologies

**Kluntz´ A/S commitment to the principles**

In Kluntz A/S, we fully acknowledge our share of responsibility in protecting the Environment and minimizing our environmental footprint throughout the entire supply chain. We set demands both for ourselves and for our suppliers.

Our Code of Conduct states that our suppliers must strive:

- To reduce waste and emissions to air, ground and water.
- To handle chemicals in an environmentally safe way.
- To handle, store and dispose of hazardous waste in an environmentally safe manner.
- To contribute to recycling and reusing of materials and products.

- To implement environmentally friendly technologies.

**How Kluntz A/S have implemented the principles**

In our Code of Conduct, there has always been a focus on environmental issues, and this focus has continued in the new development of the Code.

We have always had a focus on environmental issues in-house, by using energy saving light bulbs, being cautious when printing and building a low energy consuming office and warehouse.

**The measurement of outcomes in 2014 in regards to Environmental Protection/plans for 2015**

Apart from the risk assessment made last year, we have not been able to focus so much on the environmental impact in our supply chain. However, we will focusing on developing a self-assessment tool for our suppliers during 2015/16.

In 2015/16, we will do an internal assessment to make sure that we are still doing our best in order to be environmental friendly in our office in Denmark. It is important to check the status occasionally that we live up to our own high standards towards which we strive.

<b>ANTI CORRUPTION</b>	
Principle 10	Business should work against all forms of corruption, including extortion and bribery

**Kluntz´ A/S commitment to the principles**

It is part of our requirements that suppliers must strive to avoid corruption in their supply chain. Under no circumstance must they be involved directly in any cases involving taking or offering bribes.

If we experience a supplier offering us a bribe, it will be reported immediately and our business relationship will be terminated.

**How Kluntz´ A/S have implemented the principles**

It is a clear policy for all our employees in the office in Denmark, that if offered a bribe, they should refuse this and report the incident to the management instantly. Of course, they are aware, that they are not to offer a bribe to any of our stakeholders at any time; this will be reason for termination of employment contract.

Once we embark on a new business relationship, we explain the principles of our Code of Conduct to them and what corruption mean.

### **The measurement of outcomes in 2014 in regards to anti-corruption/ plans for 2015**

There have been no incidents reported during the last year and since we operate from one of the least corrupt countries and buy mostly from other EU countries, we have limited risk of experiencing corruption in our business relationships.

We have no plans for developing in this area further, as this is low risk to us and we have other areas that demands our focus.

### **How to communicate this COP to our stakeholders**

This Communication of Progress will be available on our website alongside our Supplier Code of Conduct.

Whenever possible and when we participate in network groups, conferences and seminars we will inform about our CSR initiatives and support to UN Global Compact, The Danish Council for Sustainable Business development (RBE) and The Danish Ethical Trading Initiative (DIEH), with whom we are also members.