

Oslo, 1st December 2015

TO UN Global Compact

Communication on progress (COP) from Kebony AS:

To our stakeholders:

I am pleased to confirm that Kebony AS reaffirms its support of the 10 Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Christian Jebsen
CEO

1. Human Rights

Assessment, policy and goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

- Kebony AS complies with the Universal Declaration of Human Rights and how this is implemented in Norwegian law, including compulsory reporting in the Annual Report. Our internal quality assurance system includes code of conduct for all employees. During 2015, Kebony has made actions in order to encourage business partners and suppliers to adhere to the Global Compact principles. General terms & conditions for both sales and purchase were amended to reflect that Kebony requires business partners to comply with UNGC principles or equivalent.
- We have, however, not yet done an assessment of Human Rights related risks and impact in industry sector and countries of operation.
- Goals in the area of Human Rights for the upcoming year are to work closer with business partners outside Scandinavia and Europe.

Implementation

- *Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.*
- Kebony is a small company, and addresses the topics through the internal line responsibilities, as well as in consultation with stakeholders and affected parties.

- Kebony has reformulated its ethical guidelines and code of business conduct and has actively communicated it also outside of the company.
- Next step will be the translation into the 6 languages on the website (EN, DE, DK, FR, NO, DK, SE).

Measurement of outcomes

- *Description of how the company monitors and evaluates performance.*
- Kebony AS' Annual Report requires reporting on anti-discrimination and other relevant topics. So far, this is the only formal reporting done.

2. Labour

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities). Description of written policies, public commitments and company goals on labour rights.

- Kebony supports the freedom of association and collective bargaining. Kebony follows the outcomes of the yearly collective bargaining in Norway. In 2013, Kebony entered into a formal agreement with Fellesforbundet (Labour union) on behalf of some of our staff, and has continues with formal follow up foras during 2014.
- Kebony actively seeks to avoid employment discrimination when recruiting or promoting people.
- The company has written policies (personnel handbook) that clearly state employee rights and responsibilities and their compensation and benefits.
- Kebony encourages business partners and suppliers to adhere to the UN Global Compact Labour principles or equivalent, and aim to address labour-related topics with our different stakeholders in the upcoming year.

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

- HSE has been higher on the agenda last year, with active participation from employees (suggestion box etc). Although HSE was already at a high level, with last year's effort Kebony approaches industry leader standards.
Linked to the effort in the HSE-area, Kebony has improved insurances related to possible work accidents or illness.

Measurement of outcomes

- *Description of how the company monitors and evaluates performance.*
- Demographics of management and employees are reported in the Annual Report (compulsory by Norwegian law). No external audits (e.g. SA 8000) conducted.

3. Environment

Assessment, policy and goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

- Kebony has thorough assessments of the environmental footprint and impact of the company's products.
Kebony's core business has a clear positive environmental reason, and the company has several certifications supporting this (Nordic Eco-label (the "Swan"), FSC, PEFC, Sundahus).
- In 2015 Kebony joined the Norwegian Green Building Council and thus qualifies for classification within BREEAM NOR.
- Kebony encourages business partners and suppliers to adhere to the UN Global Compact environmental principles or equivalent.

- Specific goals in the area of environmental protection for 2016: Continue improving work with X-grade products from our production, hereby finding alternative applications that will benefit from an environmental friendly Kebony technology.
- Only work with suppliers which can guarantee high environmental standards.

Implementation

- *Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.*
- Kebony continues the development of our environmentally friendly technology and continues to purchase only sustainable & certified raw materials.

Measurement of outcomes

- *Description of how the company monitors and evaluates environmental performance.*
- Kebony has a close cooperation with the authorities regarding environmental issues. The company has had several external audits of environmental performance.

4. Anti-Corruption

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

- Kebony has a written company policy of zero-tolerance for corruption, bribery and extortion, as well as protocol to guide staff in situations where they get confronted with extortion or bribery.
- Kebony encourages business partners and suppliers to adhere to the Global Compact anti-corruption principles or equivalent.
- Kebony does not have specific goals in the area of anti-corruption for the upcoming year.

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

- Kebony has performed awareness raising and training of employees about the company's policies regarding anti-corruption and possible conflicted situations.
- Kebony's ethical guidelines contain a clause in which we and our stakeholders distance ourselves from any kind of bribery.

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

- Kebony does not see corruption as a main issue in our operation. Going forward, new business in emerging markets might change this perception.