

UN Global Compact

Communication on progress

2015



Duba•B8



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This Communication on Progress (COP) covers the period from 6 September 2014 until 31 December 2015. From 2016 the COP report will follow our financial reporting year, which is 1 January to 31 December.

What is the UN Global Compact

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

As social, political and economic challenges (and opportunities) — whether occurring at home or in other regions — affect business more than ever before, many companies recognize the need to collaborate and partner with governments, civil society, labour and the United Nations.

Participation in the Global Compact is a widely visible commitment to the implementation, disclosure, and promotion of its ten universal principles. A company joining the initiative is expected to:

- Make the Global Compact and its principles an integral part of business strategy, day-to-day operations and organizational culture;

- Incorporate the Global Compact and its principles in the decision-making processes of the highest level governance body (i.e. Board);

- Contribute to broad development objectives (including the Millennium Development Goals) through partnerships;

- Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and

- Advance the Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large¹.

1) Reference www.unglobalcompact.org



The ten universal principles

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Labour Principles

Principle 3: Businesses 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; and

Principle 6: The elimination of discrimination in respect of employment and occupation

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery².

2) Reference www.unglobalcompact.org





What is Duba-B8?

Duba-B8 A/S is a 100% Danish-owned company and the largest manufacturer of office furniture in Denmark. Duba-B8 designs and manufactures a range of office furniture under its own name and also deals in recognised national and international brands. The company's customer base consists of three segments: large international businesses, small and medium sized Danish companies and public sector bodies in Scandinavia. Duba-B8 designs, manufactures, delivers, services and disposes of complete solutions for businesses. Many furniture concepts are tailor-made for the customer in question, and 80% of the company's own production is created for specific customers and specific layouts. Our customers typically focus on corporate identity, employee development and well-being, the environment and CSR. We work with product development from a holistic perspective, where the end product is more than just an item of furniture; it is also work enjoyment for the end user and a product that aligns with the company's goals and values. Duba-B8 is the result of a merger between two traditional Danish office furniture manufacturers: System B8 møbler and Duba Møbelindustri. Both these furniture companies were founded as family businesses by men with strong opinions and visions. These opinions and visions still exist to this day and make up a part of the Duba-B8 identity, which finds expression, for example, through Duba-B8's corporate mission:

Duba-B8's mission is to create freedom at work for ...

... Our customers' business – through a flexible and customer-oriented layout that improves conditions for deploying values, knowledge and communication throughout the company. During the work process, we involve the customer and the customer's external partners so as to ensure that the interior and exterior design of the building form a coherent entity. This working relationship helps optimise space allocation, acoustics/ lighting conditions and a spatial design that supports the creation of ideas and their realisation in practice.

The end product is a workplace where people genuinely want to work and develop, and where there is authentic freedom at work.

... Individual employees – through an ergonomic and flexible layout that respects the needs of the individual for development, maturity and in-depth focus, and which supports the employee's options for knowledge sharing and teamwork with others on an everyday basis. This helps boost work enjoyment for the individual.

... The environment and our surroundings – we provide solutions designed with consideration for the environment and our surroundings by applying furniture design that ensures a long service life for our products. We create modular, mobile and flexible furniture concepts that can be supplemented and thus reused in new interior layouts at the company. Working with our customers, furniture professionals and architects, we strive to create furniture concepts and interior designs that are not only sustainable but also eco-friendly.



The Executive Board on Duba-B8 & CSR Policy

Duba-B8 has drawn up a CSR policy (the Duba-B8 Code of Conduct and Suppliers' Code of Conduct) that lays down the framework for interaction with our stakeholders. These stakeholders include: customers, suppliers, employees, public authorities and the local community. Duba-B8's CSR policy is founded on the ten principles of the UN Global Compact and is built on Duba-B8's mission to create freedom at work for our customers, our customers' employees, the environment and our surroundings.

Duba-B8's mission to create freedom at work is the value base that permeates every decision and action that stems from the organisation, and Duba-B8's CSR policy is a natural extension of the same. Both the mission to create freedom at work and Duba-B8's Code of Conduct are points of reference in everyday work and interaction with customers, suppliers and partners. They also form the foundations for our interaction with one another. Moreover, the attitudes and values expressed through our mission and policies constitute what could be termed "the company spirit".

The values, which can be expressed through words such as credibility, responsibility, profitability, sustainability and respect, should not be viewed exclusively as concepts linked to a modern company, but as firmly rooted values which, throughout the more than 100-year history of the business, have helped shape the Duba-B8 organisation into a modern Scandinavian company in a globalised world.

When sustainability is expressed as specific actions, whether these are initiatives which directly affect the working environment for our employees or the purchasing choices we make, sustainability ceases to be a declaration of intent and becomes a principle for actions that help drive the company forward. Fulfilment of the goals of the UN Global Compact does not start with ten principles, but with the way in which we interact with each other on a daily basis.

Social responsibility starts with the actions we take and the decisions we make on an everyday basis as people and players in the Duba-B8 company. Endorsing the UN Global Compact is a specific way to tell the world around us that we are willing to shoulder our social responsibility. At the same time, it constitutes a hand extended to our suppliers, customers and partners: "come and join us – together we can make a difference". I hope that this global network of commercial companies will grow both in size and in influence over the coming years. One thing is for sure: Duba-B8 will also be a part of it in 2016.

Peter Arndrup Poulsen

CEO, Duba-B8 A/S





Human Rights Principles and Labour Principles

Duba-B8 operates production in Denmark and sales offices in Denmark, Norway, Finland and Singapore. A total of 183 people are employed at the company's facilities in these countries. Our customers are primarily Scandinavian companies that operate at global level, and we service these customers' overseas departments through a network of partners. In the following sections, we therefore differentiate between how we work with the principles of the UN Global Compact internally at Duba-B8, and externally through our suppliers and partners.

The countries of Scandinavia have a long tradition of implementing legislation to regulate the behaviour of both citizens and companies. This legislation covers all areas: fundamental rights of freedom, employer and employee rights, the environment and occupational health and safety.

Rights and obligations

In Denmark conditions related to working hours, wages, maternity leave, gender equality, holidays and time off, occupational health and safety, environmental impact and waste disposal are all determined by law. The legislation in all of these areas designates minimum requirements.

In a range of areas, however, we work more intensively and more broadly than we are obliged to by law. We have agreements with several of our employee groups and have set up a collaboration committee to deal with any conflicts that may arise. Provisions in the collective agreements that apply to some groups of employees are, by tradition, extended to apply to all our employees, including those who are not covered by a collective agreement. This means that all monthly-paid workers work under the terms of the Industrial Agreement (the collective agreement for salaried employees in industry). The hourly-paid employees are covered by the Industrial Agreement and the Collective Agreement for the Danish Woodworking and Furniture Industries.


Working time

The European Working Time Directive and the collective agreements provide the framework for the maximum number of hours that may be worked.

In the collective agreements, working time in Denmark is fixed at an average of 37 hours a week. Working time in excess of 37 hours is recompensed at a predetermined higher rate of pay or time is taken off in lieu. Some groups of employees have to accept overtime and this is reflected in their salary. In pursuance of the Danish Working Time Act, the average working week must not exceed 48 hours a week over a period of four months. According to the Danish Working Environment Act, an employee has the right to 11 hours of rest in any working day. A working week may comprise of maximum 6 days and 1 rest days.

Duba-B8 employees work flexible working hours, which means that the individual employee cooperates with their superior to plan work so that both workplace requirements and the individual





employee's needs are taken into account. If working conditions allow, salaried workers are permitted to work from home. The flexihours and work from home schemes should be seen in the light of a desire to give Duba-B8 employees the opportunity to create work-life balance.

Child labour

In Denmark children are required to attend school for nine years, and children and adolescents under the age of 15 who attend school are not permitted to take normal work. However, from the age of 13, children may do a limited number of hours of light work after school. Figures from 2010 (Danmarks statistik) show that 52 percent of girls and 45 percent of boys age 15 years have a job in addition to their schooling. When children and young people have jobs, they do so to earn money for their own use, i.e. to fund leisure pursuits and entertainment. Children and adolescents who are covered by the obligation to attend school must not work more than two hours a day on school days and not more than 12 hours a week. Children and adolescents are not allowed to work between 20:00 and 06.00. Children and adolescents may only do light work, and their duties must not include heavy lifting, contact with hazardous substances, or operating heavy machinery. Pay conditions for children and adolescents are typically established under the collective agreement. Duba-B8 employs 1 person under the age of 18, who performs light office tasks.

Education

The same working conditions apply to apprentices as to other employees. The working conditions for apprentices must be the same as for any other group of employees. If an apprentice is under 18 years of age, the regulations for child and adolescent work are applicable. Duba-B8 currently employs 2 adult apprentice and 1 apprentice under 25 years of age. It is an integral part of the Duba-B8 values that Duba-B8 as a company has a social responsibility to train people who want to work in the furniture industry. This is also reflected in relation to higher educations - students need intern ships and often it is a struggle to find companies willing to invest the time and effort of offer internships. In 2015, Duba-B8 has invited four different kinds of students to spend their internship at Duba-B8. This brings new knowledge to the company and Duba-B8 contributes to ensuring a well educated population.

Maternity leave

According to the Danish legislation, a mother is entitled to hold four weeks of maternity leave prior to the birth and 14 weeks after her child is born. In pursuance of the Danish Maternity Leave Act, the mother is entitled to a maternity allowance during maternity leave. However, as Duba-B8 complies with the collective agreements mentioned and belongs to the Industrial Maternity Fund, our employees receive full pay for a period of 18 (4+14) weeks and thereafter full pay for 11 weeks of their parental leave.





The child's father is entitled to two weeks' paternity leave, which must be taken between the first and fourteenth week and can begin on the day the child is born. Paternity leave must be taken as a contiguous period. The mother and father can also share 8 weeks of parental leave.

Parental leave may be divided between the parents and taken as two separate periods (unless otherwise agreed with the employer).

Holiday entitlements

According to the Danish Holidays Act, paid employees are entitled to five weeks holiday, three of which they must be allowed to hold consecutively. At Duba-B8, employees also accrue five extra days of holiday a year after nine months' employment at the company. This too is covered by the collective agreement. Holiday pay is calculated as 12.5% of the employee's salary, which is paid out when the employee takes holiday.

Days off and Public Holidays

For employees in production the following are days off: 1 May, Danish Constitution Day (5 June) and Christmas Eve (24 December). For monthly paid employees, 1 May is not a day off. There are also a number of Public Holidays which will usually be days off. These are Palm Sunday, Thursday and Friday in Easter week, Easter Sunday and Monday, Ascension Day, Prayer Day and Whit Sunday and Monday. These are all public holidays for which employees receive pay.

Sickness

According to the Employers' and Salaried Employees' Act, which applies to all employees in Sales and administration, an employee is entitled to pay during a period of sickness. For the hourly-paid employees, after nine months' employment, the employer may grant up to nine week's absence with pay in connection with sickness, corresponding to the hourly rate of pay the employee would have received if he or she had worked. This too is included in the collective agreement.

According to the collective agreement, parents are entitled to one day off work with pay if their child is sick. This applies equally to salaried employees and hourly-paid employees who have nine months' seniority.





Seniority and employee satisfaction

We place great emphasis on developing the potential of the individual employee and on retaining staff at our company. As a company, we are committed to ensuring that Duba-B8 is a good place to work with regard to both physical and social working environments. This commitment permeates all areas of the organisation – from owners, board members and managers to individual employees – in shared efforts to promote a good, enjoyable working environment on an everyday basis.

Even though staff retention is not a precise measurement of employee satisfaction, the figures do give some indication of how satisfied employees are with their workplace. Average seniority at Duba-B8 is currently 9.99 years, i.e. almost ten years. In 2016, we are able to celebrate quite a few jubilees as shown in this table:

Number of employees with seniority at Duba-B8 (years)	10	25	40	50
Number of employees	11	1	1	1

Behind the average figure of 9.99 years, there is a relative wide range, as the company regularly recruits new employees and employees do seek new challenges outside the company. However, there is a relatively large group of employees, who have been with the company for 10 years or more. Studies by Statistics Denmark reveal that Denmark has Europe's most mobile workforce: 20% of the workforce has less than one year's seniority in their current job. According to another Statistics Denmark report (2004), the national average is 7.2 years.

Part of our more than 100-year history is that some families have been employed at Duba-B8 for generations. Here is a short story about the Nielsen family's employment and engagement with Duba-B8:

"Frank Nielsen was employed as a furniture maker in 1930 and worked at the factory for 50 years. His children were also employed at the factory, and today his grandchild also works there. Here is Frank Nielsen in a group photo of the employees from 1939. His son Tyge Frank Nielsen was for many years technical product developer at the factory (bottom left next page). The third generation, Martin Frank Nielsen is a carpenter in the model carpentry (bottom).

The history of the Nielsen family's long commitment is not unique, as many people can count their affiliation with the company for generations."






Staff benefits

Duba-B8 employees are offered a variety of staff benefits. All our employees have free coffee and tea, chilled drinking water and fresh fruit. At the Bjerringbro facility we have a staff cafeteria, where employees can buy healthy and nutritional meals. The ingredients are mostly organic. It is also possible to order meals to take home. In Copenhagen and Oslo, there is a lunch scheme for everyone. Regardless of how they are run, all our lunch schemes offer our employees healthy and nutritional food. Duba-B8 meets 50 % of the costs of the lunch schemes. The remainder is paid by the employees.

For a long time now, it has been possible to take out health insurance via a joint Duba-B8 insur-





ance scheme. The health insurance provides fast and professional medical assistance in different situations, including surgery at a private hospital, physiotherapy etc. The health insurance covers employees in Denmark. At present it is not possible for us to offer health insurance to employees in our Norwegian sister-company Duba-B8.

A safe and healthy workplace

According to ILO Convention No. 187, Promotional Framework for Occupational Safety and Health Convention, 2006, Duba-B8 is obliged to work to create a safe and healthy working environment for its employees. In this Convention, working environment is defined as covering not only the physical aspects of the work, but also the mental aspects too. This chapter will consider issues that concern both the physical and the mental working environment. Common to problems in the physical working environment is the fact that they are relatively easy to identify and find operational solutions for. Problems with the mental working environment are often more difficult to relate to causes and a change in behavior is more frequently required in order to rectify the problems. This chapter therefore makes a clear distinction between measures aimed at bringing about improvements to the physical environment and those targeted at the mental working environment.

Duba-B8 is certified according to the OHSAS 18001 standard for occupational health and safety. This confirms that Duba-B8 works purposefully and systematically to improve occupational health and safety on an ongoing basis. We have drawn up a range of safety policies and contingency plans, which are openly available on the company intranet. Moreover, we have established a working environment committee that deals with occupational accidents and near-accidents and implements measures to prevent the recurrence of similar incidents. This committee consists of representatives of the management and representatives of the employees. Every second year an election is held to elect employee representatives for the committee.

Over the past seven years, systematic records have been kept of sick leave, accidents and near-accidents. These records form part of the fulfilment of our objectives in accordance with the OHSAS 18001 standard.





Table: Recording sick leave, accidents and near-accidents.

Financial Year	Incidents (for which notification is mandatory)	No. of "Near-Misses"	Ratios (rounded figures)	No. of employees	Index = No. of incidents/ employee expressed as a percentage	Index = "Nearmisses"/ employees expressed as a percentage	Absentee-ism
2009	3	0					6,9 %
2010	3	4	1:1	118	3 %	3 %	4,0 %
2011	4	3	1:1	126	3 %	2 %	2,6 %
2012	2	37	1:12	135	1 %	27,4 %	3,0 %
2013	5	14	1:3	160	3,1 %	8,8 %	2,6 %
2014	8	19	1:2	163	4,9 %	11,7 %	1,7 %
2015	2	18	1:9	183	1,1 %	9,8 %	1,9%

The results for 2015 shows that we have emphasized the focus on risk understanding. There were 2 accidents and both of these accidents involved employees from the administration which were hurt while moving through production facilities. Preventive measures are described below.

Measures to improve the physical working environment

Duba-B8 is a workplace where many different departments operate side by side. 119 employees are employed to handle administrative or management tasks. These are tasks that rarely result in occupational accidents or injuries. A total of 64 employees work in our production department. This work often involves the use of large machinery which has the potential to cause serious occupational injuries if the work is performed incorrectly or inappropriately. The very different working conditions of these two groups of employees mean that it is appropriate to describe working environment measures for the physical working environment separately for the two groups.

Recording of near-accidents

It is only through painstaking reporting that real accidents can be avoided. All registered near-accidents are investigated and preventive action taken.

Research show that the ratio between accidents at work and near-misses is between 1:5 and 1:10. This means that, for every work-related accident causing personal injury, there are between 5 and 10 near-accidents. In other words, you will have missed 5-10 opportunities to prevent the accident from happening. The statistics illustrate how important it is to register and process near-accidents.

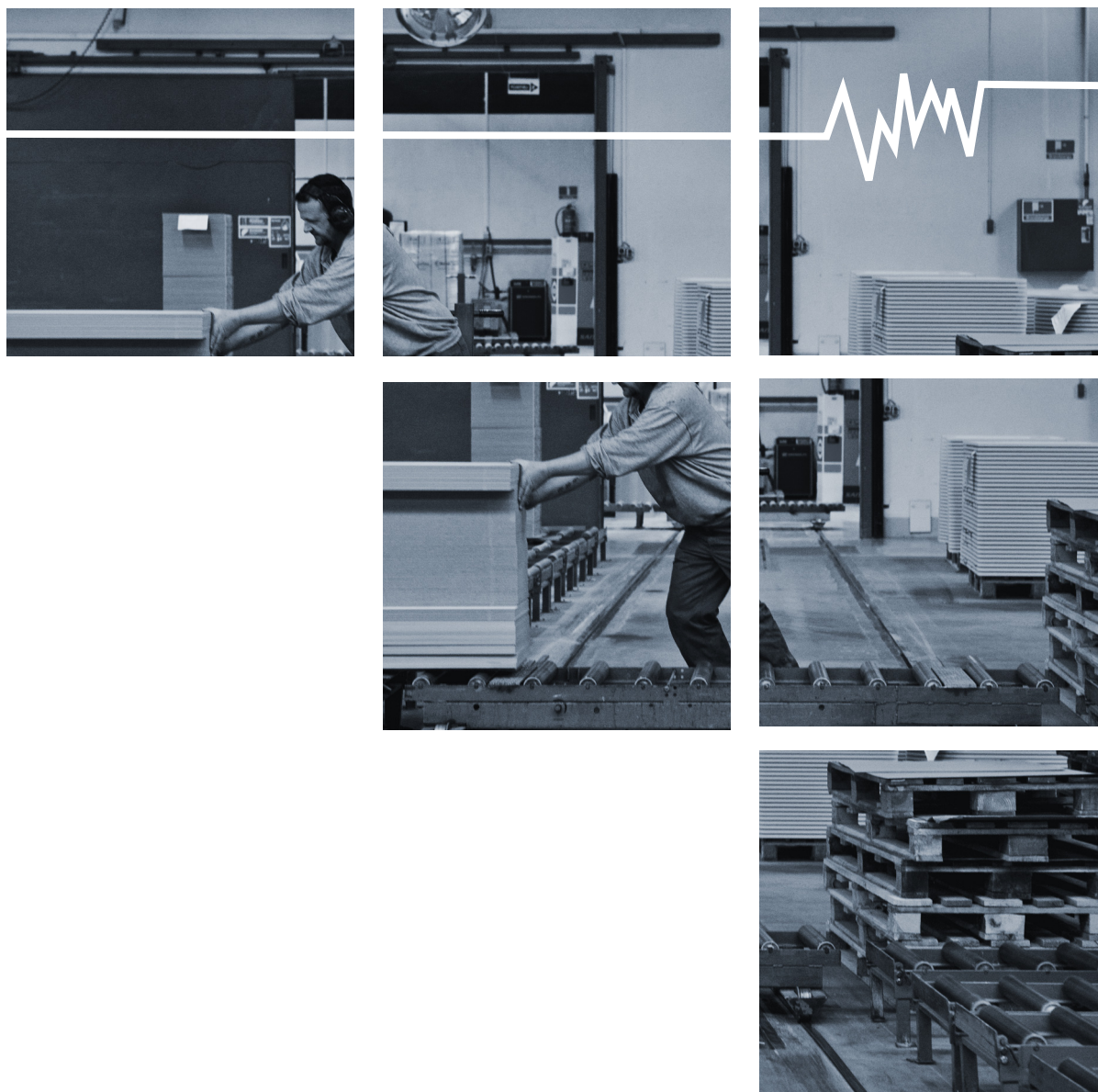
The individual employee's understanding of the risks at the workplace and in his or her surroundings is extremely important. Their understanding of the risk determines whether incidents occurring there are considered potentially hazardous and therefore reported as near-accidents. As part of the introductory programme for new employees, they receive a folder explaining why we register near-



accidents. New employees are also shown how to create a report in the system.

OHSE representatives are also encouraged to note down and report any near-accidents they observe and to make safety inspections before each meeting of the OHSE committee. Representatives are also expected to help keep the workplace neat and tidy on an ongoing basis and to ensure that emergency routes are free of obstacles in order to avoid fall accidents.

Unfortunately, we find that accidents continue to occur in production areas. However, the consequences of such accidents are gradually becoming less severe. Falling sick leave figures indicate that accidents in the workplace seldom cause prolonged periods of sick leave.



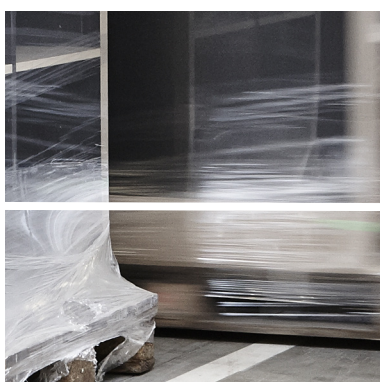
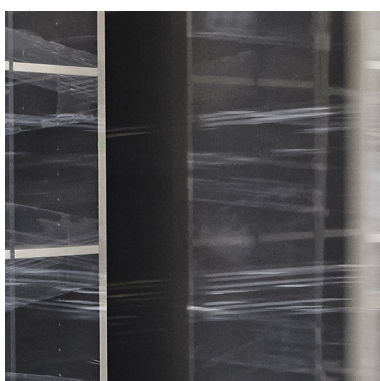
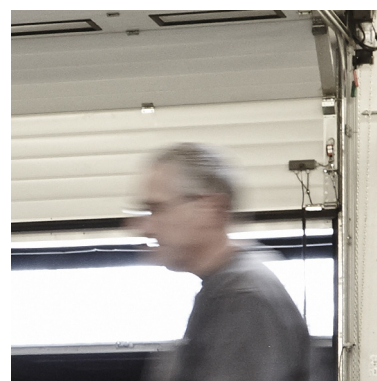
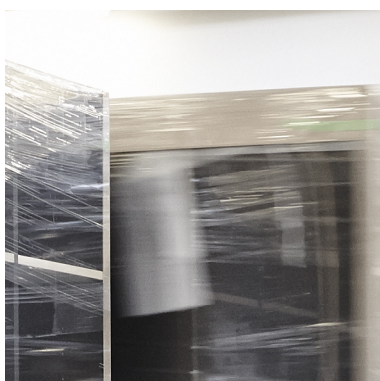


Accident prevention

A safe and healthy working environment is created by preventing, identifying and reducing or eliminating existing risks.

Three examples are given below of how conclusions from near-accident reports are used in practice to initiate measures that will prevent accidents and improve the working environment.

In addition, there are two examples of preventive measures taken in Administration. The risks here are different because the most prevalent danger there is pressure of work. Excessive pressure of work is usually caused by external influences and different preventive measures are therefore required.



Preventive Measures taken in Production Facilities

It is a routine for certain members of the working environment committee to conduct risk assessment in the production facilities. If possible dangers are observed, employees working in the specific area receive directions to rectify the matter.

Forklift trucks are part of a well-functioning production facility and the Goods in / Goods out areas. The canteen is located at one end of the building and the administration is located at the opposite end. Administrative employees need to pass through the production facility to reach the canteen and this represents a risk factor. It is also a risk factor when visitors visit the production facilities and the Goods in / Goods out areas. Preventive measures have been taken to separate walking persons from the forklifts by signs on the floors illustrating where you are allowed to walk if not wearing safety shoes.

To reduce the impact if a forklift colliding with a pedestrian in the production facility all forklifts have been around the workshop to have the velocity of the forklift reduced. Now no forklifts can reach a speed beyond 8 km/h in the production facilities at Duba-B8. As an extra preventive initiative all employees with a forklift license have attended a mandatory information meeting where guidance applicable at Duba-B8 was presented along with consequences of lacking fulfillment of this guidance. All new employees with forklift license are presented for the same information in the introduction programme.

As an experiment we are testing blue lights on some of the forklifts – the advantage of this solution is that there is a blue light on the floor 4-5 meters in front of the forklifts. This means that the pedestrians and other forklift drivers can “look around corners” since the light is visible before the trucks enter the main road.

Another preventive measure is the rise in the number of traffic mirrors in these areas. This is to help the forklift drivers orient when turning corners and prevent collisions.

Safety shoes

All employees in the administration who need to cooperate with colleagues in the production facility have been given safety shoes which are mandatory to use when walking outside the yellow footsteps. This also applies to guests in the production which need to move beyond the pavements.

Loose Carpets

In the administration two large carpets are installed to minimize noise from walking traffic. Since the carpets are made of fibers that change as humidity in the air changes, the carpets can bulge. When this happens your foot can be caught in the carpet and you might fall or twist your knee. To avoid this the carpets have been mounted to the floor with a strong tape.





Corporate stress policy

As a result of the complex nature and potential scope of stress, it was considered appropriate to formulate a stress policy. The stress policy forms part of the retention policy and the task belongs under HR organisationally. The aim of the stress policy is to provide the management with the tools they need to prevent stress disorder from occurring in the first place and to act at an early stage in relation to an employee who is suffering from stress. Experience shows that the earlier a stress disorder is detected and treated, the shorter the illness will last. At the same time, openness and acknowledgement of the problem is an important aspect of the organisational and managerial contingency, as experience within the field shows that even talking about the problem is important in determining how early stress is detected and how effectively the employee can be retained. The stress policy also sets out a number of obligations that apply to all employees:

- 1) Employees are obliged to contact their immediate superior if they experience symptoms of stress disorder.
- 2) Colleagues are obliged to respond if they find that a colleague is showing signs of stress disorder. First to the person suffering from stress, then to the immediate superior.
- 3) A manager is obliged to react if they are notified by either an employee or an employee's colleague.

Minimising stress factors in Administration

In the following, there are two examples of preventive measures taken in Administration. The risks facing administrative employees are seldom associated with physical hazards but often the consequences of external factors causing increased pressure of work, burdening their time and mental capacity. Experience tells us that the greatest risk facing this group of employees is posed by the pressure of working in a highly competitive market and a number of stress factors that follow in its wake. Preventive measures focus therefore on preventing stress as a result of heavy pressure at work.

Throughout 2015 and going into 2016, a Digitalisation Project is going on. The objective is to convert selected manual procedures into digital procedures to increase effectiveness, data security and statistics. An advantage of this project is that the system now takes care of many assignments which the employees used to be able to remember in order for the processes to run smoothly. This eases the burden of the individual employee and it makes it much easier for new employees to get familiar with the tasks and for existing employees to take on new assignments.

An example of a new assignment is training the employees in Customer Service for how to prevent conflicts with customers and how to turn a dissatisfied customer into a satisfied customer. This training is arranged as a reaction to the experiences gained during 2014, where extensive requests for office furniture at the Danish Public Schools resulted in extended delivery times and highly frustrated customers which had a highly negative affect on the Customer Service employees.



The Employee satisfaction survey 2015

The Employee Satisfaction Survey (ESS) is carried out in order to take the temperature of Duba-B8 employees. The ESS presents employees with an opportunity to respond anonymously to a battery of questions to get their view on a number of circumstances, e.g. working conditions, wages/salary, tasks, training, leadership, etc.

The 2015 survey showed that there is a generally satisfactory level of employee satisfaction. Of course, there are areas where there is room for improvement. Ultimately, the management team aims to achieve a high level of employee satisfaction across the board.

To reach this goal, survey results are processed in three phases:

1. The results are reviewed: all department managers invite their employees to attend a meeting to review and discuss the MTU results. At the departmental meeting, the group makes two internal and one external proposals for improvement, which are then communicated to the leadership group by the department manager.
2. Implementation of proposals for improvement: Plans for implementing proposed improvements are drawn up, including KPIs, which are regularly communicated to the organisation at monthly information meetings.
3. Follow-ups and adjustments: Every department holds a follow-up meeting to assess the effect of the improvements implemented. Adjustments may be made.





One company - one culture

Every year since 2008 we have had a One Company event. The objectives of these events are to enhance strategy training, team building and unite the employees of Duba-B8. The key to be One Company is having holistic employees who are not afraid of taking responsibility and have the willingness to be victorious and proactive.

The strategic training is to improve each employees understanding of the goals set. This year's event was very important since the new strategy was introduced by the CEO. After the presentation, our employees were split into teams where they were to complete a quiz about the new strategy. This is in order to increase the individual employees understanding about how he or she contribute to reaching the goals.

At the team building events there are several activities related to the strategy training where the employees get together in teams consisting of members from different departments and across production and administration. In one of the activities each team should use four ropes to lift an object and move it. The challenge and learning of this activity is that if one fails to deliver everyone fails to deliver. Teamwork at the highest level is necessary to succeed as a company. With this and similar activities we strive to provide each of our employees to have the feeling of being a part of the company where each individual role is important and each employee know their tasks and responsibilities.







Duba-B8's collaboration with suppliers

Duba-B8 makes use of an extensive range of external suppliers that supply components for furniture manufacturing or finished furniture where the product has been engineered by Duba-B8 and is subsequently manufactured by subcontractors. Duba-B8's policy is to commit to long-term collaborations with these suppliers. This is reflected in the selection of suppliers and, prior to entering into a collaboration, the way in which the suppliers work and their attitudes with regard to the environment and occupational health and safety issues are evaluated.

This means that the collaboration is not simply a business transaction but that the subsequent aim is to develop the area of environmental and occupational health and safety for our suppliers, so that their occupational health and safety and environmental efforts reflect the internal development at Duba-B8. In order to become a Duba-B8 supplier, you will need to sign Duba-B8's "Supplier's code of conduct" (SCOC)



Our suppliers' working environment

Duba-B8 acts in accordance with the legislation of the countries in which we operate. And we expect our subcontractors to do the same. This is one of the provisions in the collaboration agreement signed between Duba-B8 and the individual subcontractor. Failure to comply with this part of the collaboration agreement may affect the working relationship between the parties. (cf. the Duba-B8 Suppliers' Code of Conduct)

We support and respect the protection of internationally recognised human rights and employee rights and we play our role in ensuring that we do not contribute to the infringement of these rights. We do this primarily by demanding that our suppliers abide by national legislation. In fact, our suppliers sign a document to this effect as a part of their contractual relationship with us and breach of this provision may result in our terminating the contract.

Duba-B8 acts in accordance with and respects the ILO "Declaration on Fundamental Principles and Rights at Work", which is an integral part of the UN Global Compact.

Duba-B8 and the company's subcontractors must play a part in ensuring the freedom of association and the effective recognition of the right to collective bargaining, in assuring effective elimination of all forms of forced or child labour, and in working actively to eliminate discrimination in respect of employment and occupation.

We recognise that the Scandinavian method is just one way of doing things, that major cultural differences exist, and that these may have an effect in the field of labour. We make our suppliers aware of our expectations with regard to observing human rights and employee rights, child labour, the environment and occupational health and safety – particularly when such issues are not unambiguously regulated through national legislation.

We make sure to visit our suppliers in the Baltic region and the Far East before establishing working relationships with them. An agreement will not be entered into if the conditions do not meet our expectations. In order to assess conditions in the Far East, we have also employed our own quality controller, who is responsible for auditing our suppliers so as to ensure that we are in no way associated with child labour, forced labour and the like.

Moreover, as a part of our contract negotiations, our suppliers are required to state whether they apply ethical and social guidelines, and whether they have any outstanding issues with the public authorities before we accept them as suppliers.

The supplier evaluation and the signed collaboration agreement contain numerous parameters, of which the Suppliers' Code of Conduct is one.





Suppliers code of conduct - Status

The majority of our end product suppliers are located in Scandinavia or north-western Europe and are therefore subject to EU legislation which is in line with the 10 UN Global Compact Principles. In the first instance, we have therefore chosen to focus on component suppliers in Asia and then the Baltic region.

Table: Component suppliers' who have acceded to the Duba-B8 Suppliers' Code of Conduct

Year	2013	2014	2015
Active suppliers	301	228	458
Component suppliers	92	89	130
End product suppliers	209	145	328
Component suppliers who have signed the SCOC	19	24	38

During the second half of 2015 in connection with the employment of an End Product Purchasing Manager we have revised the contracts we are applying to our suppliers – this means that no new suppliers have confirmed a SCOC but all suppliers we intend to prolong our cooperation with will be introduced to the new contract and in the future SCOC will be part of this so we expect the numbers to be quite different when we finish 2016. The results from 2015 were a SCOC covered purchased volume of end products of 34% and 81% of components for the production.

Environmental Principles

We expect a lot from our furniture. We will never be satisfied by simply meeting legal requirements. We consistently strive to identify the most eco-friendly alternatives without making the end product more costly for the customer. We do this because we believe that, as a supplier of workplaces, we have a responsibility to protect the environment, occupational health and safety and our climate.

We at Duba-B8 have focused on our environmental impact for many years, and we have been certified to the ISO 14001 environmental standard since 1998. This means that Duba-B8 works purposefully and systematically to improve its environmental performance on an ongoing basis. Duba-B8's environmental management system is assessed yearly by external auditors who evaluate Duba-B8's actual environmental performance in relation to the procedures in the environmental management system.





Every year, we map the environmental impact generated by our operations, and on the basis of this mapping process we prepare a plan intended to reduce the most significant impacts. When making new investments, we analyse the best technology available and we focus on environmental aspects in connection with product development, concept development and choice of materials.

As mentioned above, Duba-B8 is certified to the ISO 14001 standard, which means that we critically appraise the way in which our activities impact the environment. In addition, we are a member of Danish Furnituremakers' Quality Control association, which obliges us to meet a range of environmental and quality requirements. This ensures that we live up to the applicable EU standards. Office furniture must meet a range of requirements concerning durability, strength and content of environmentally hazardous substances, for example. The Danish Technological Institute carries out tests to check that our furniture abides by the applicable standards.

Duba-B8 strives purposefully to design, manufacture and supply the company's products in a way that makes the least possible impact on the environment, and thus consistently to reduce the environmental impact of our production activities. Sustainability and environmental concerns are integrated into our product development processes and choice of materials.

We provide our customers with solutions designed with consideration for the environment and our surroundings by applying furniture design that ensures a long service life for our products.

However, there is no denying the fact that every item of furniture affects the environment during its life cycle. This applies to everything from materials and product development, through production, transportation and fittings, to use, maintenance and disposal.

Waste management and recycling

The manufacturing process is traditionally considered as a chain of closed processes that starts with a raw material and ends with a product and perhaps some remnants in the form of waste. If you consider the manufacturing process with a cradle-to-cradle vision, all parts of the chain become resources that can be processed and managed in a more or less sustainable manner.

A cradle-to-cradle mindset is about reusing and recycling to the greatest extent possible to ensure that resources do not lose value during the process by being disposed of. In a cradle-to-cradle philosophy the manufacturing remnants of a product are not simply considered waste, they are considered resources that can be either down-cycled or up-cycled. Down-cycling would normally mean that the remnants are incinerated and perhaps used for heating homes and other buildings. Up-cycling involves sorting the remnants at source and reusing or recycling them to turn them into new raw materials that can be included in the cycle.

A large proportion of the waste that is incinerated in Denmark is suitable for recycling. For a number of years, Duba-B8 has sent cardboard packaging and plastic film made from PE back to the supplier for recycling.





The goal for 2015 was to reduce the volume of incinerable waste by 10%. but the results for 2014 and 2015 shows an increase. One explanation for this is that we have begun to analyze our master data to improve efficiency of the production facility – this analysis has shown a lot of inactive item numbers. Typically plastic items of hard plastics as PP and ABS are not reused in Denmark but incinerated, which was our initial approach. In the end of 2015 we had to scrap a lot of furniture items made of ABS and instead of sending them to incineration we made an agreement with a waste company to reuse the ABS.

Another explanation is that we sell more and more take back services to our customers and some of the products not suited for reuse are dis-assembled and some fractions are sorted into incinerable waste. A goal for 2016 is to separate this waste stream from the normal production waste stream.

Table: Reduction of incinerable waste

Year	2011	2012	2013	2014	2015
Incinerable waste in tonnes	47,53	45,65	30,7	37,9	19,7

Certified office furniture

Starting in 2013, Duba-B8 has introduced sales targets for certified furniture. The reason for differentiating between the use of certified wood during the manufacture and sale of certified furniture is because the sale of certified furniture requires the customer to make the choice that the furniture procured will be certified. The order confirmation and invoice will state that the furniture is certified. The targets for increasing the sales of certified furniture are also about increasing the customers' active choice to buy certified furniture.

Duba-B8 became FSC® and PEFC™ certified in 2011. Maintaining and keeping track of two different certification systems requires strict procedures for e.g. handling of raw materials, registration and follow up. At first, we needed both certification systems as none of them covered wood materials as well as laminate and melamine products. Today, we are able to purchase FSC certified laminate and melamine products. Moreover, FSC is the most wide spread and recognized certification and the consequence is that by February 2016 we discontinue our PEFC certification and concentrate on maintaining the FSC certification.

Monitoring and measuring take place quarterly. The target for 2014 was 10% of the overall sales of wood-based furniture to be certified furniture and the target for 2015 has been a proportion of the sale equal to 30% of total sales. We have parted the goal into three types of products – products produced by Duba-B8, products produced by Duba-B8 partners, products with their own brand.

For own produced furniture we reached a total of 21,3%.

Since we have had no partners and only few suppliers of own brands who were actually FSC certified we haven't had any sales of these products. From 2016 our producer of Duba-B8s office chair is FSC certified so we intend to increase the amount of certified furniture in the market, which will be





reflected in our targets for 2016.

Introducing more FSC certified product lines

During 2015, we have introduced the new cabinet series 'REFINE™' which is FSC certified - it is not possible to buy these cabinets without the FSC certificate. Another step in the right direction towards increased percentage of certified furniture is taken as one of our suppliers has become FSC certified. This means that within short our best selling office chair and a meeting and lounge chair will become FSC certified and this will make a huge difference for our percentage of sold certified furniture.

It is though our experience that it continues to be a struggle to implement sustainable purchasing at especially public institutions in Denmark. Public purchasing takes places as public tenders and lowest price keeps being the most popular factor to determine which supplier to point out as winner.

Suppliers to the Danish contract market are also presenting a challenge towards increased sales of certified furniture. They lack interest and incentive to take on the work of becoming a certified company.

On a continuous basis, we experience that distributors, suppliers and competitors strut in borrowed plumes and market their furniture as certified even though they are not certified themselves. We have seen more than a few examples of brochures and sales materiale stating that the furniture is FSC certified due to the raw material being FSC certified

This makes it difficult for customers and professional purchasers to figure out what to ask for in order to make sure they actually buy certified furniture.

There might be light at the end of the tunnel as a new Tender Legislation became effective from January 2016. It provides better possibilities to demand sustainable certified furniture and alternative documentation to a certificate can only be accepted to the point where it takes as little effort to check as an official certificate does.

Even if the use of sustainably grown wood is an increasingly common requirement in tender documents from both public and private companies, it is not yet common for this to include requirements for the furniture delivered to be certified.

There is a need for an attitude change in this area if the demand for certified furniture is to move decisively in the right direction.

Environmental requirements for suppliers

As we all know, environmental and climate impact does not respect national borders and it is therefore natural that we place the same high requirements on our suppliers as we do on ourselves.

Our subcontractors must abide by the environmental standards and regulations that apply for products supplied within the EU. Even though the EU's environmental rules are among the strictest in the





world, Duba-B8's internal environmental rules go one step further in several areas. Any company wishing to become a Duba-B8 supplier is required to provide documentation of its components' impact on the environment, quality and occupational health and safety. It is therefore appropriate, when entering into collaboration with new suppliers, that this takes place in close dialogue with Duba-B8's quality and environment team. And it is evident that committing to long-term relationships with subcontractors and collaborating with them to develop the environmental, quality and occupational health and safety issues based on the requirements placed on us and our products by customers results in long-term benefits to both the environment and the climate.

Anti-Corruption Principles

Even though we are based in Scandinavia, whose countries are rated among the least corrupt in the world, we must take into account conditions in the rest of the world – primarily in relation to our suppliers. We must seek to avoid putting ourselves in positions where bribery and corruption are necessary. For this reason, none of Duba-B8's employees grants or accepts undue benefits to or from Danish or foreign officials or private sector representatives. We at Duba-B8 are familiar with, respect and abide by anti-corruption regulations as expressed in Danish legislation.

The employees at our office in Singapore take pride in following the Duba-B8 corporate approach towards anti-corruption. They do not accept or give any gifts that exceed the value of a good quality cup of coffee or on special occasions, a business lunch.

Accounts and audits

Duba-B8 meets applicable legislation and best practices in accounts and audits. At Duba-B8, book-keeping, budgets, audits, project evaluation, etc. must produce accurate data in accordance with best accounting practices. Corporate assets must be recognised in their entirety in the company's principal ledgers.


All items in the accounts must refer to a voucher. The accounts and the appurtenant vouchers are reviewed as part of the annual audit, which is a legal requirement in Denmark. This system provides transparency in our accounting and presents a minimal risk of bribery and corruption.

Acceptance of gifts

Duba-B8 employees must not accept gifts or services from customers, potential customers or suppliers, the acceptance of which might influence decision-making in any way that is contrary to the best interests of Duba-B8. Furthermore, Duba-B8 employees are not permitted to solicit current or potential customers or suppliers by giving them gifts or services.

Employees may, however, give and receive gifts where such exchange is an ordinary, acceptable business practice. The maximum acceptable value for gifts and services given or received must be in





accordance with the level that is customary in the industry. An employee's immediate superior shall ascertain on a case-by-case basis if the gift-giving can be considered acceptable business practice. Exchanging modest gifts with customers and suppliers from time to time is intrinsic to certain functions at Duba-B8. In this context, it is customary to share such gifts with colleagues or pass them on to colleagues in functions that do not normally receive gifts.

If an employee is offered a gift or service, the value of which exceeds the level customary in the industry, he or she must notify his/her immediate superior or the Chairman of the Board. Money transactions and other kinds of rewards that are not part of the recipient's work-related obligations, and which are made for the purpose of obtaining specific competitive advantages for Duba-B8, are not only infringements of the Duba-B8 Code of Conduct, but also in breach of international conventions and the national legislation in most countries. This applies regardless of whether the recipient is employed by a customer, by a public authority, or simply not a Duba-B8 employee. Duba-B8 employees are not permitted to participate in any transactions of this kind.

It is particularly important that:

1. Duba-B8 employees do not become involved in any kind of agreement or trading that includes kickbacks or similar kinds of financial rewards.
2. Duba-B8 employees do not transfer sums of money to public sector employees, except where this is determined by law or by dint of a signed agreement with a public authority to this effect.
3. Duba-B8 never pays commission or makes similar payments to intermediaries, except where such payments are made on the basis of a written agreement that includes a detailed description of the task/purpose.
4. Duba-B8 never transfers money prior to a tender.

Duba-B8 is FCS® certified. These certificates and our commitment to the UN Global Compact include an obligation to desist from engaging in bribery and any other type of corruption. In 2014-2015, we contributed to anti-corruption by supporting FSC Danmark. We sponsored activities, which aimed to increase awareness of FCS® in the contract market and we plan to continue this in 2016. We hope that, in time, these efforts will help to increase the demand for certified furniture – and thus more efforts to combat corruption in all its forms.







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