

Corporate Social Responsibility

2015



STATEMENT OF CONTINUED SUPPORT

The history of Schur began in 1846 when Johan Wilhelm Schur founded a small lithographic workshop in Horsens, Denmark. Almost 170 years later - still owned by the family with the sixth generation about to join management. This would not have been possible if we had not taken responsibility for the world in which we live and treated our stakeholders with respect, honesty and loyalty. Wars, recessions and untimely deaths in the family have played an integral part in our history. However, the employees supported our company, as did customers and suppliers close to us.

Today's global marketplace creates new standards and poses ever growing challenges. However, our focus on corporate social responsibility (CSR) contributes to ensure that we will be able to hand over a financially sound and strong organization to the next generation in a safe and sustainable society and environment.

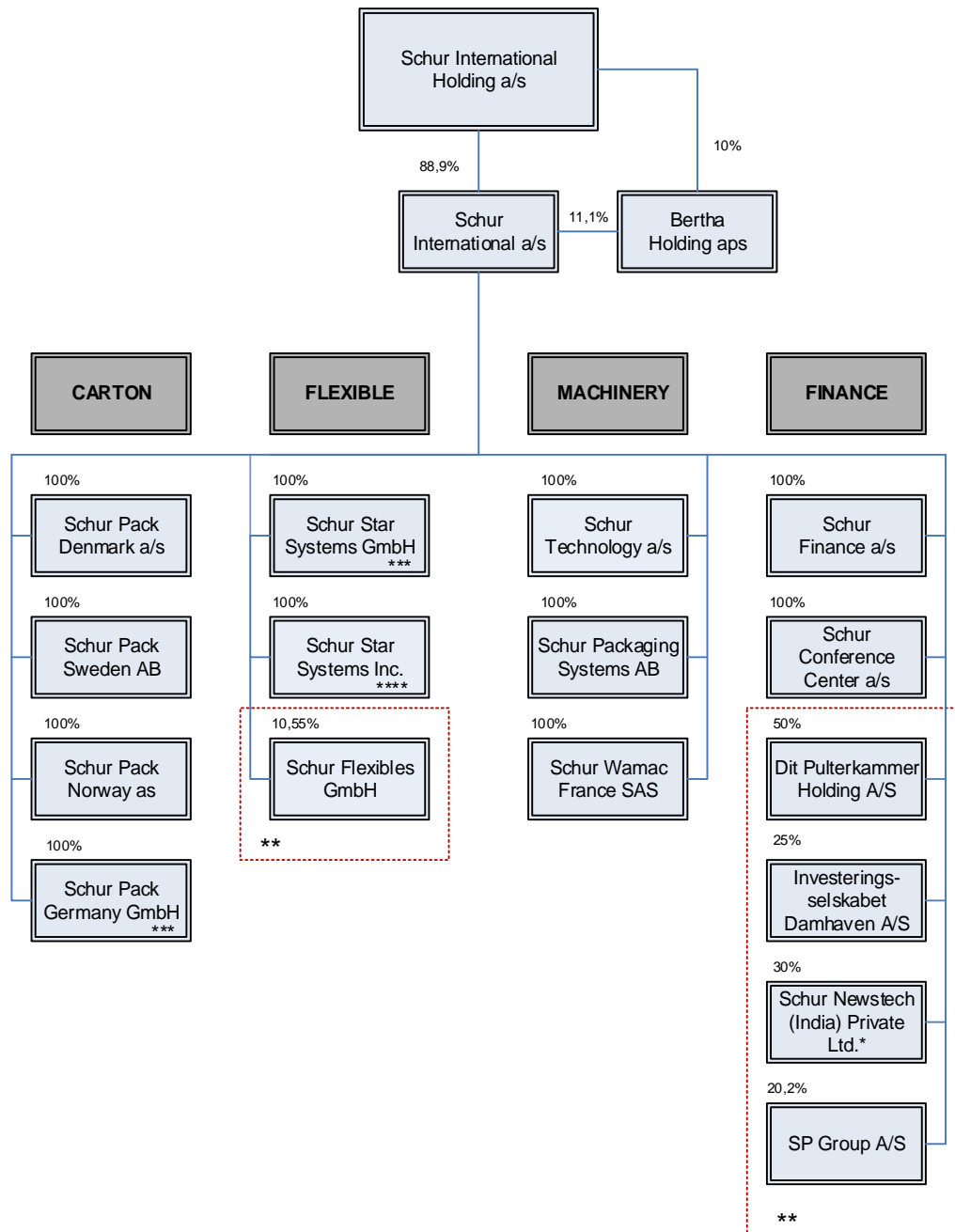
Schur's CSR strategy and efforts are closely connected to the company's values.

As an overall framework of our CSR work, we signed and thereby committed ourselves to the international guidelines for corporate social responsibility, the UN Global Compact, in 2015. We are pleased to show our continued commitment by outlining our 2015 initiatives in this first annual Communication on Progress report.

Sincerely

Hans Schur
CEO

GROUP CHART



* The company is in the course of liquidation.

** The companies are recognised under the items "Other securities and equity investments" and "Equity investments in associates".

*** The following fully consolidated subsidiaries avail themselves of the exemption provisions of section 264 (3) HGB (The German Commercial Code):

- Schur Pack Germany GmbH, Büchen, Germany
- Schur Star Systems GmbH, Flensburg, Germany

**** As of 4 November 2015 the company changed its name from Schur Consumer Products Inc. to Schur Star Systems Inc.

COMPANY PRESENTATION

Schur's principal activities include development, production and sale of packaging within cardboard and flexible materials, packaging and production machines as well as complete packaging systems. In addition, the Group develops, produces and sells distribution and mailroom equipment as well as inventory systems and palletising systems for newspapers, weekly magazines and advertising materials – in this segment a fully automatic logistics system for printshops has been developed. In addition, the Group sells innovative consumer products and the wine pourer DropStop®. With the exception of the Parent Company and a few division companies, each company has its own development, production and sales activities.

The packaging companies' products are primarily sold in Northern Europe, while the flexible, machinery and consumer companies sell their products worldwide.

SOCIAL RESPONSIBILITY

Schur accepts the responsibility to contribute to a sustainable development and recognises a natural coherence between responsible conduct and increasing the Group's earnings and future growth.

Schur joined "the UN Global Compact" in the spring of 2015. Schur's CSR measures transform "the UN Global Compact" principles into processes and practice which make the protection of human rights, workers' rights, climate and environment as well as anti-corruption tangible and relevant. Schur wants to send a signal to customers, employees, suppliers and the surrounding environment that CSR contributes to the creation of value – for the benefit of both them and Schur.

CUSTOMER RELATIONS

The customers show a growing interest for CSR. Therefore, it is important that Schur meets the customers' expectations – also beyond what is statutorily required regarding environment and social responsibility. The end users become more and more conscious about the goods, they purchase and ethics behind the manufacturing process the underlying ethics. As packaging is an integral

part of the goods purchased, Schur must live up to expectations. We are met with an increasing demand from our customers to sign their "Code of Conduct" which are their guidelines for ethical and responsible practice. The customers conduct an increasing number of BSCI audits of our factories.

SUPPLIER RELATIONS

Schur will work on ensuring that own sub-suppliers live up to the demands made by the customers. Schur asks own suppliers to provide a written receipt for having been informed about Schur's "Code of Conduct" and for their acceptance of their living up to our demands. In this way Schur reinforces its position vis-à-vis own customers. Schur has control procedures comprising questionnaires and an audit programme.

ANTI-CORRUPTION

In Schur it is our policy that no person may encourage or accept any kind of bribery, receive or give presents of a higher value in an attempt to influence business partners in order to achieve unlawful advantages. Each year Group Management carries out interviews of the individual companies' management about knowledge of corruption. In this connection, it is hereby confirmed that Group Management for this reporting year has no knowledge of examples of corruption.

HUMAN RIGHTS

Furthermore it is Schur's policy to ensure that human rights are complied with and that no differential treatment takes place due to gender, race, skin colour, religion or faith, political opinion, sexual orientation, age, handicap or national, social or ethnic origin. Each year Group Management carries out interviews of the individual companies' management about knowledge of violation of human rights. It is hereby confirmed that Group Management for this reporting year has no knowledge of examples of violation of human rights.

WORKING RELATIONSHIPS AND ENVIRONMENT

Schur continuously aims at improving the employee training programmes and has, in line with previous years, focused on

supplementary training programmes. In addition, both internal and external programmes in relation to the upgrading of managerial skills were carried out throughout the year.

The staff-related elements are reflected in the personnel policy, forming the overall framework within which employees and managers act in everyday life. Among other factors, the policy comprises Schur's attitude to working environment, as it is important for Schur to have a safe and healthy working environment where employees thrive. As an employer, Schur complies with national legislation, collective agreements and rules regarding working hours as a minimum.

Schur will work on increased work satisfaction, ensure and currently improve work environment in order to prevent physical and psychical damage and thus reduce the number of sick days.

Schur is currently measuring the number of sick days and work-related accidents.

Schur works according to the following objectives:

- As a maximum, the number of sick days in % of the number of working days may amount to 1.5% for salaried employees and 3% for hourly paid employee. The statistics do not comprise absence due to long-term illness.

- The number of work-related accidents is currently reduced by 5% per year and the average number of resulting sick days per accident may not exceed 7 days.

Schur's action and activity plan for the reduction of absence due to illness has not been fully implemented in all Group companies. Therefore, the measurements solely comprise companies in which implementation has been completed. The measurement results have been adjusted for sold companies.

Absence due to illness excluding long-term illness has developed as follows:

	2014/15	2013/14	2012/13	2011/12
Salaried employees	1.76%	1.64%	1.69%	1.64%
Hourly paid employees	3.55%	3.56%	3.53%	3.60%

In the production companies in Denmark, absence due to illness is declining. In 2013, absence due to illness amounts to approx. 2.5% for salaried employees and approx. 3.0% for hourly paid employees (source: Danmarks Statistik).

Schur's salaried employees' absence due to illness is increasing but close to the fixed target of 1.5%, whereas the hourly paid employees' absence is declining but exceeds the target of 3.0%.

Schur continually focuses on a reduction of absence due to illness - partly via preventive actions and partly via therapeutic activities. The preventive actions comprise ongoing evaluation and improvements of work processes, physical and psychical working environment as well as offers for medical examinations and vaccination programmes. Furthermore, a "Schur Fitness" programme offers special health promoting activities. The therapeutic activities comprise personal follow-up conversations, advisory services regarding treatment and assistance.

Registrations of work-related accidents are now available from all active consolidated companies and the comparative figures have therefore been adjusted accordingly.

The number of work-related accidents and related sick days has developed as follows:

	2014/15	2013/14	2012/13	2011/12
Number of accidents	23	25	35	21
Number of sick days	349	345	319	132
Sick days per accident	15	14	9	6

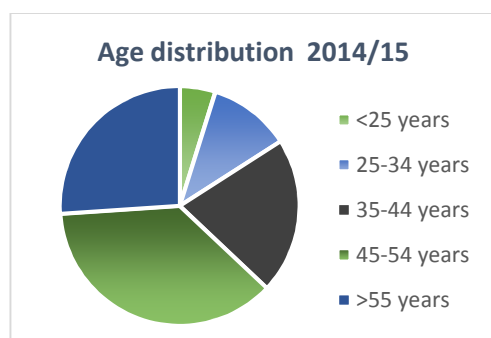
The number of work-related accidents for 2014/15 is calculated to be 23 against a target of 18 based on an annual reduction of 5% whereas the number of resulting sick days is calculated to be 349. This means that the number of sick days per work-related accident is calculated to be 15 against a target of 7. The increase is unsatisfactory. Therefore, further initiatives and new projects have among others been implemented in one of the Danish companies in order to reduce the number of work-related accidents and thus to obtain a reduction of the resulting sick days. Furthermore, the employees are currently trained in safety and first aid; all for

the purpose of reducing the number of work-related accidents.

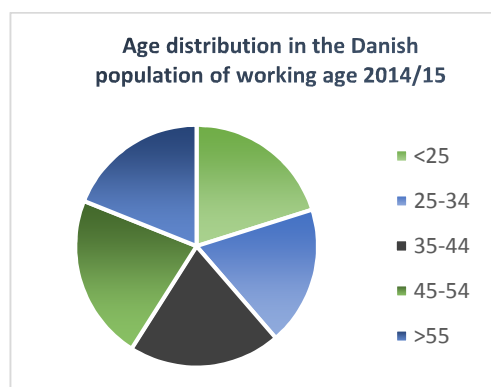
AGE DISTRIBUTION

It is Schur's policy to have an age composition that reflects the age composition of the labour market in Denmark. In connection with employments, we intend to achieve this by aiming at recruiting among the underrepresented groups.

The age distribution in recent years has been fairly steady with a certain predominance of elderly employees. An increasing number of employees can celebrate their 40 years' anniversary. The actual age distribution in 2014/15 is as follows:



By way of comparison, the age distribution in the Danish population of working age has been as follows:



OBJECTIVES AND POLICIES FOR THE UNDERREPRESENTED GENDER

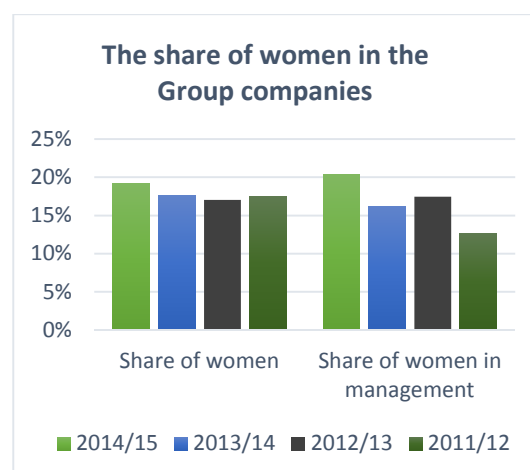
In Schur it is our policy to have special focus on candidates of the underrepresented gender and to employ the best candidate and to spot talents who have the desire and abilities to pursue a wish of a specialist or managerial position. It is our objective to

balance the gender distribution in the daily management so that in 2018 this corresponds to the distribution among other employees as a minimum.

It is also our policy to balance the gender distribution of the Board of Directors with an objective of at least 30% representation of the underrepresented gender in 2018.

As a family-owned company, we wish the Board of Directors to be composed of both family members and external representatives who are independent from the family. New elections of external representatives take place under these conditions and subject to the qualifications available and the target regarding the underrepresented gender.

In the Parent Company it is our objective to have a composition of the Board of Directors allowing a 30% representation of the underrepresented gender in 2018 as a minimum.



The share of women in the Group companies is calculated to be 19% and has increased slightly during the 4 years. The number of women in management, who constitute 20% this year against approx. 16% in 2013/14, has increased. The objective regarding the gender representation in the daily management has thus been met during the current year. The aim is to continuously increase the share of the underrepresented gender. We encourage and support candidates of the underrepresented gender to improve their skills continuously with a view to promoting their candidacy for a specialist or managerial position.

In the Parent Company's Board of Directors, the share of the underrepresented gender

amounts to 10% and has remained unchanged in recent years, as no replacements of the Board of Directors have taken place.

CLIMATE IMPACT

As part of the Schur Group's policies for environment and social responsibility, the Group focuses on the climate impact of the Group's production. The Group is thus continually working on reducing the amount of waste and discharge into air, soil and water. Furthermore Schur wants to store, handle and dispose of waste in an environmentally sustainable way and contribute to reusability to the greatest possible extent.

In relation to technology, it is the Group's policy to implement environmentally sustainable technologies.

Schur is currently measuring the CO₂ emission from company cars, travels, energy consumption for process and heating as well as the amount of waste with the purpose of reducing the environmental impacts.

Schur works according to the following objectives (relative according to activity measured by turnover or produced quantity):

- The energy consumption must be reduced by 40% from 2011-12 until 2021. Up to and including 2014/15, the consumption has been reduced by 21.7%.

- The CO₂ emission must be reduced by 40% from 2011-2012 until 2021. Up to and including 2014/15, the emission has been reduced by 24.4%.

- Waste in the packaging companies measured in kg must be reduced to 15% in 2021. There are no fixed measuring methods for other companies

Schur has for a longer period worked at the reduction of the energy consumption in a climate partnership with DONG. Firstly, the initiatives have comprised special projects regarding all the buildings in the Group with the aim at reducing the energy for heating, including among others re-insulation. Secondly, the initiatives have comprised projects regarding energy savings in the production, including more energy-efficient replacements of heating and ventilation

systems. Finally, more energy-efficient production facilities have been installed.

ENERGY CONSUMPTION

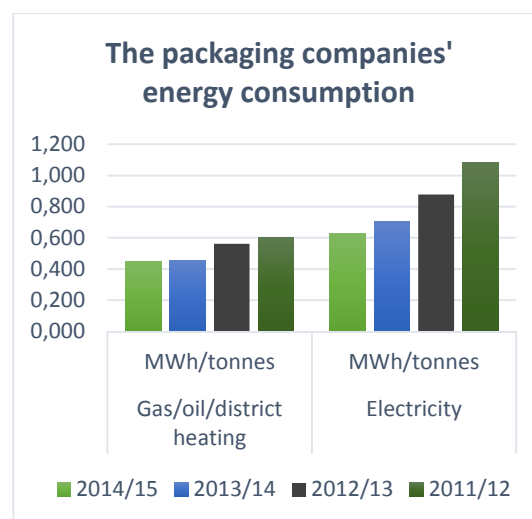
During the last 4 years, energy consumption has developed as follows:

MWh	2014/15	2013/14	2012/13	2011/12
Gas	5,208	5,457	6,692	7,017
District	4,772	4,422	6,808	3,918
Oil	51	200	350	2,054
Electricity*	18,549	19,949	23,079	23,533

*Of this RECS-certified electricity in 2014/15 amounted to 2,700 MWh, in 2013/14 2,400 MWh, in 2012/13 2,175 MWh and in 2011/12 2,150 MWh.

The development shows partly the impact of a major conversion from heating with oil-fired boiler to district heating and partly the overall savings due to energy initiatives, viz. 23% savings in heating plus 21% savings in electricity (primarily process energy) from 2011/12 until now.

If you look at the relative consumption in relation to the quantity produced by the packaging companies, it turns out that the production has become more energy-efficient.



Schur continues to focus on energy optimisation in connection with all renovations and constructions of new buildings, installations and renovation and replacement of production equipment, most recently in connection with the construction of a new folding box plant in Germany where energy optimisation has been a focal point. For example, space heating is effected by the

recycling of waste material from production and more than 20% energy consumption is generated by an own solar power plant. The energy initiatives are currently supplemented by an effort to change the attitude of all employees with a view to saving energy.

CO₂-EMISSION

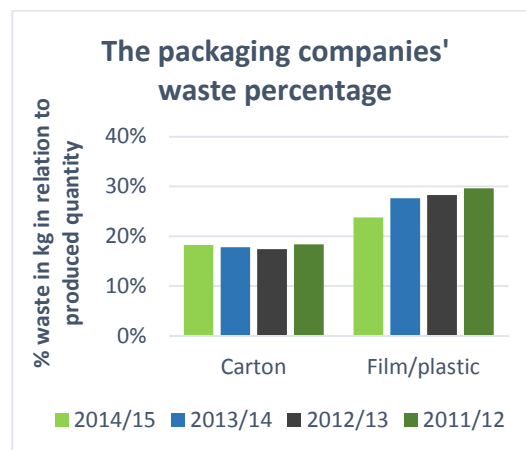
CO₂-emission from cars and travels is increasing during the period and can be attributed to a higher number of cars and more and longer business travels. However, the measurements document that during the past 4 years, the CO₂-emission per driven km has been reduced due to focus on the energy rating of the cars. In 2011/12 the CO₂ emission amounted to an average of 0.201 g/km, in 2012/13 0.202 g/km, in 2013/14 0.191 g/km and most recently in 2014/15 0.179 g/km.

At the present moment it is not possible to measure the CO₂-emission from the production process itself. However, Schur measures the indirect CO₂-emission from the energy consumption in the Group which in 2011/12 amounted to 12,060 tonnes, in 2012/13 13,435 tonnes, in 2013/14 10,807 tonnes and in 2014/15 9,116 tonnes.

WASTE

Schur will measure waste in the following areas: Carton, film/plastic, hazardous waste, chemicals and other combustible material as well as electronics, cables and metals. Initially Schur has chosen to focus on waste consisting of carton and film/plastic. The objective is a reduction of the waste percentages to under 20% for film/plastic and 15% for carton.

The waste percentages have during the past 4 years developed as follows:



The waste percentage for film/plastic is declining as a result of more efficient processes and new production equipment.

The waste percentage for carton is increasing slightly, which can be attributed to changed order mix, declining average size of orders and other complexity of products and consequently the production process.

It should be noted that a major part of the waste is sold and reused for the manufacture of carton and film/plastic.

Recycled carton board is increasingly used in carton production and unprinted plastic is reused for the manufacture of granulates for new plastic.

Schur wants to minimise waste via high quality and efficiency in the production processes by means of new production methods and modern equipment, cf. the mention of the new folding box plant in Germany.

MORE ABOUT CSR

For further information about Schur's CSR activities, reference is made to the homepage.

www.schur.com/da/csr