

UN GLOBAL COMPACT  
Communication on Progress 2015/2016

**SKAGERAK**  
DENMARK

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# STATEMENT OF CONTINUED SUPPORT

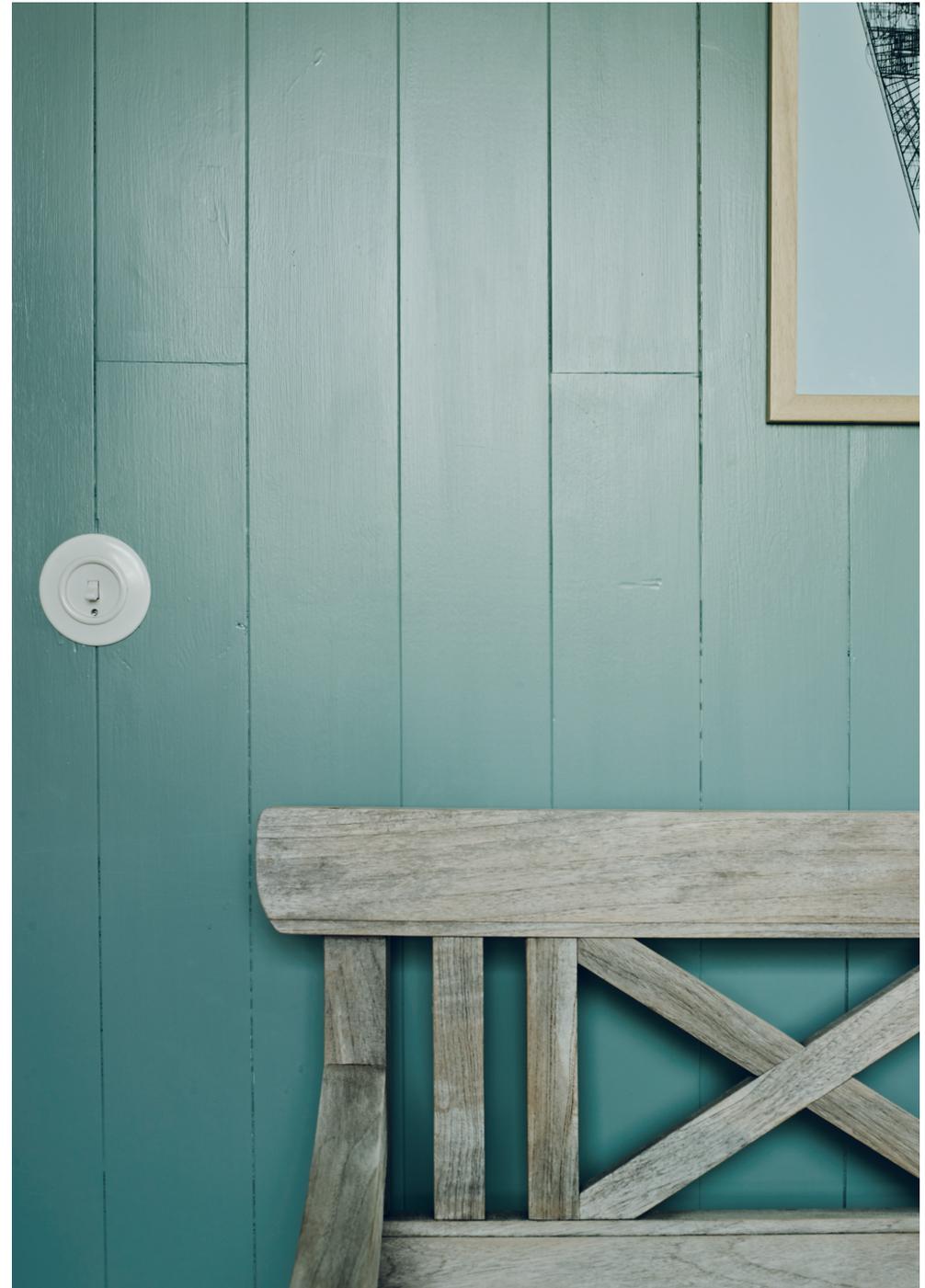
Though we are only barely half way through the year, 2016 has already been eventful; important milestones have been passed and we are excited about the thought of what the future holds for Skagerak.

This year we have celebrated the company's 40<sup>th</sup> anniversary, and this milestone was the perfect time to announce that our Danish brand would change its name to Skagerak; the same name it is already known by in the rest of the world. We feel that this name is the perfect symbol of our brand; ever changing but true to its values, and thereby recognizable in all parts of the world.

Even though a 40<sup>th</sup> anniversary and change of name are important to us, it is in between such milestones that one finds the heart of the company, amongst the busy work life and everyday activities. In all of our business operations we strive to make mindful decisions in favor of the environment, people and future generations. And therefore, we continue to support the work and ambitions of the UN Global Compact.

Yours sincerely,

Jesper Panduro  
CEO



# OUR CODE OF CONDUCT

Contributing to Skagerak's everyday work with responsible business is its Code of Conduct (CoC), which aims to ensure efficient and responsible production at all levels. The CoC is an agreement between Skagerak and its suppliers and consists of a multitude of requirements to be met by the suppliers, their employees and sub-suppliers. The ten universally accepted principles provided by the UN Global Compact are embedded within the code. Of all elements of the code, six points are handled with zero tolerance. These are: no forced labor, no child labor, dignified treatment of employees, avoidance of highly dangerous working conditions, initiation of the reduction of pollution of air, water and soil, and abidance by international humanitarian conventions. If Skagerak has reason to believe that a supplier is committing such violations, the business relationship will be terminated immediately. However, as the aim of the code partly is to help suppliers improve social and environmental standards, other cases of non-compliance are approached by creating an individual plan in cooperation with the supplier in order to bring things up to standard and achieve compliance with the provisions of the code.



# HUMAN RIGHTS

## AIM

Skagerak supports internationally proclaimed human rights and it is company policy to ensure that none of its operations are complicit in regard to human rights violations.

The company not only backs away from and disapproves of positions and actions not in compliance with the Universal Declaration of Human Rights, whenever possible it will also make an effort in regard to changing the unsatisfactory circumstances in question.

## ACTION

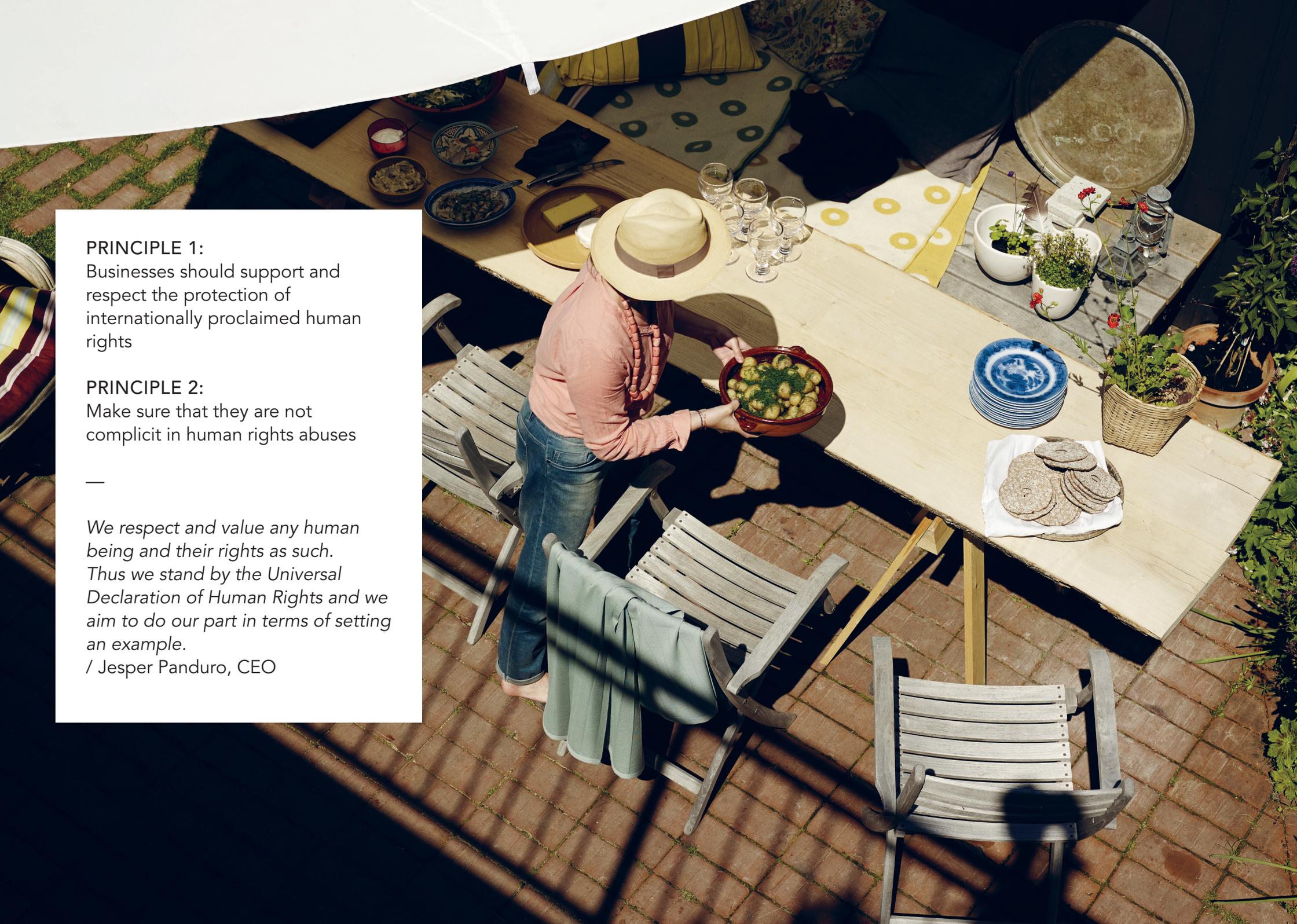
Skagerak's operations are bound by Danish as well as international legislation, wherefore human rights are respected at all times and at all levels. In order to ensure that this is followed through throughout the entire supply chain, matters concerning human rights are included within the CoC and any violations hereof are as a fact handled with zero tolerance.

Whenever possible Skagerak makes use of only FSC®-certified wood<sup>1</sup>. An FSC® forest does not only have to take the environment into consideration, but also all the people who are in any way affected by the operations related to the execution of forestry in the given forest. As such, by making use of FSC®-certified wood, Skagerak supports others in their work with right and just conditions for all people.

## AND RESULTS

Skagerak has never been complicit in any human rights violations and will continue to make an effort in regard to avoiding such violations. Moreover the company will continue to speak in favor of a right and equal treatment of all human beings.

<sup>1</sup>Skagerak's FSC® certification number: RA-COC-000903, licence number: FSC®-C004462.



**PRINCIPLE 1:**

Businesses should support and respect the protection of internationally proclaimed human rights

**PRINCIPLE 2:**

Make sure that they are not complicit in human rights abuses

—

*We respect and value any human being and their rights as such. Thus we stand by the Universal Declaration of Human Rights and we aim to do our part in terms of setting an example.*

*/ Jesper Panduro, CEO*

# LABOR

## AIM

Skagerak respects and speaks in favor of all rights according to Danish and international legislation, and its aim is to sustain a healthy and safe working environment at all levels of the supply chain. The company is constantly working towards lowering the number of non-conformance reports with a total number of zero cases of non-compliance being the ultimate goal.

## ACTION

Skagerak meets local standards and industry norms and takes further steps by using its CoC as an agreement between itself and its suppliers. The CoC consists of a multitude of requirements to be met by the suppliers in order to ensure efficient and responsible production and further social and responsible behavior in general.

To make sure that the suppliers meet the requirements of the code they are being audited at regular intervals and are furthermore required to perform self-assessments. Audit procedures are performed by independent, local auditors recommended by NEPCon or Rainforest Alliance. NEPCon and/or Skagerak itself furthermore follow up on the suppliers' self-assessments to ensure appropriate compliance.

At the moment Skagerak is rewriting the procedure for how the company should handle business operations involving suppliers. Part of the aim of the rewritten procedure is to have a clear standard

policy on how the company should work with its suppliers and how to handle potential disputes between the company and its suppliers. As such it should be easier to take action, when action is required and thus the purpose is to ensure responsible business at all levels.

Skagerak has furthermore embarked on further development of the procedure on how suppliers conduct self-assessments. The purpose is to find ways to motivate the suppliers to conduct self-assessments more frequently, which in the end should be a motivational factor for detecting and correcting any cases of non-compliance.

# LABOR

## AND RESULTS

As is evident from figures 1 and 2, this year has seen an increase in the number of non-conformance reports, which is of course unfortunate. However, this is not merely an indication of unsatisfactory performance, there are circumstances influencing these results. Skagerak has just started cooperating with a new supplier that has yet to undergo the same learning curve as some of the other suppliers. Other factors such as changes in local policies have too created obstacles outside the reach of Skagerak, which have had a negative influence on the suppliers' ability to fully comply to the CoC, thus resulting in a rise in cases of non-compliance. But also the fact that the bar for what constitutes a safe and healthy working environment is continuously raised, means that inconsistencies are likely to appear at first. Skagerak is of course aware of this and the company is doing its best to make these occurrences the exception and not the rule.

Skagerak takes these matters very seriously, and will continue to work in close collaboration with each supplier in order to bring things up to standard. However, if compliance with the requirements of the code is continuously not satisfactory, Skagerak will hold back new business until improvements are recorded. Is the supplier still, despite continuous guidance provided by Skagerak, unwilling to rectify the situation Skagerak sees no option but to terminate the cooperation. This has been the case recently when Skagerak had to terminate the cooperation with one of its suppliers due to this supplier's lack of CSR acceptance.

# LABOR

## CASES OF NON-CONFORMANCE

All deviations from the CoC are catalogued and described as Non-Conformance Reports (NCRs), here one distinguishes between minor and major NCRs, depending on their level of seriousness.

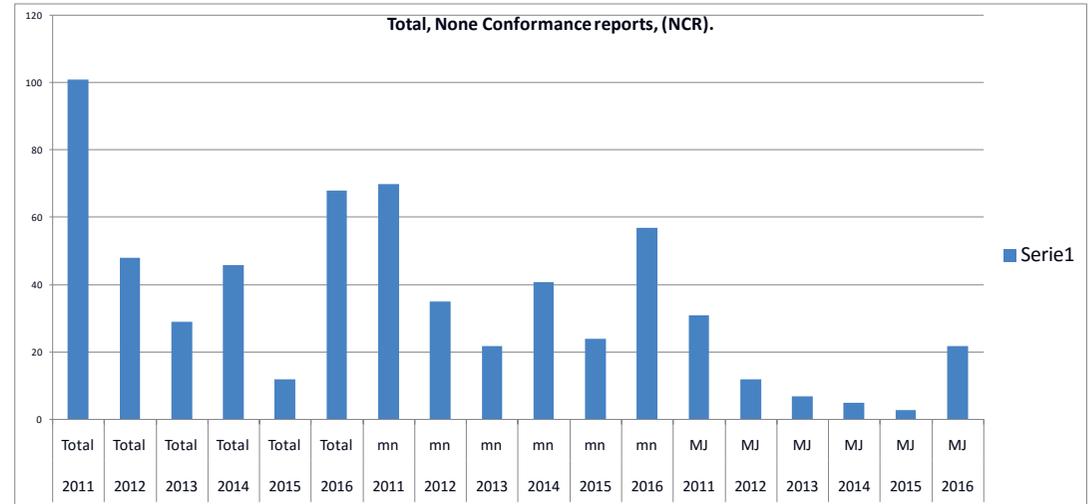


Fig. 1: Total non-conformance reports

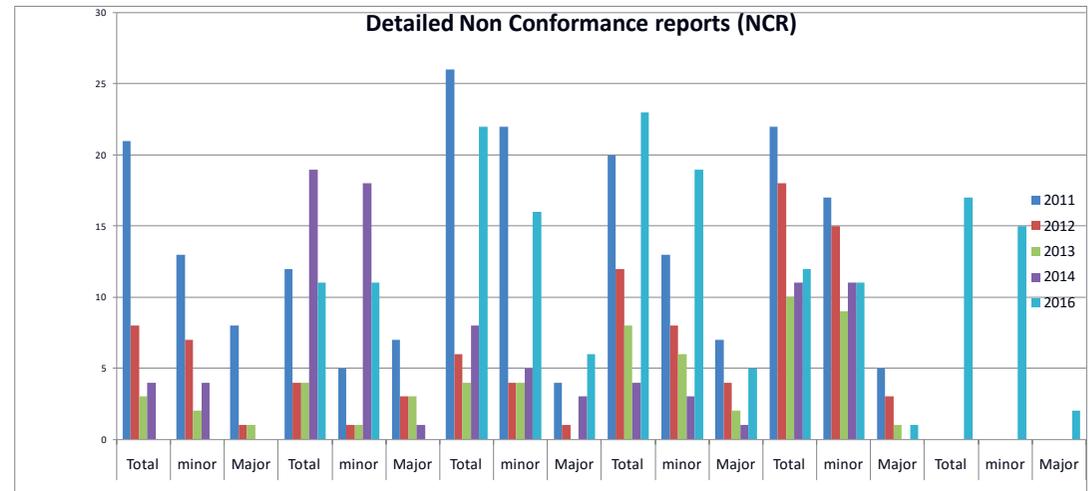


Fig. 2: Detailed non-conformance reports



**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

**PRINCIPLE 6:**

The elimination of discrimination in respect of employment and occupation

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*It is important to us that our suppliers maintain a safe working environment and treat their employees with the respect and dignity they all deserve.*

/ Sanne Rubæk, Partner and Supply Chain Manager

# ENVIRONMENT

## AIM

In general, Skagerak wishes to lower its strain on the environment by being mindful of how resources are being procured, handled, transported and disposed of.

It is furthermore a goal for the company to only use FSC®-certified wood by year 2020. This means that all wood used in the production of any of Skagerak's products is to be FSC®-certified.

## ACTION

The company supports institutions promoting environmentally friendly operations. In particular, the Forest Stewardship Council plays an important part in Skagerak's business operations, as wood is often used in the production of its products. Forestry conducted according to the standards set by the FSC® is both responsible and sustainable; the environment is protected, as is forest wildlife, vegetation and people who work there.

It can be difficult to obtain FSC®-certified wood of the high quality required by Skagerak, which is why changing its supply to all FSC®-certified wood is a process that takes time. At the moment, Skagerak is in search of new suppliers of certified high quality wood. The company is thus looking for suppliers already certified but is also investigating opportunities for influencing non-certified suppliers to take the necessary precautionary measures

to become FSC®-certified. As a result, Skagerak has successfully influenced three suppliers to attain an FSC® certification during the past year.

Skagerak is continuously investigating opportunities for further improvements in regard to waste water. The company is thus exploring its options for substituting some of its raw materials for alternatives producing a lesser amount of waste water. Skagerak is furthermore looking into whether there are any processes or applications which can be changed in order to avoid the need for water treatment altogether.

# ENVIRONMENT

## AND RESULTS

Once again a year has passed and Skagerak is one step closer to the goal of using only FSC®-certified wood. As shown by figure 3, since 2013 the rise has been steady and now FSC®-certified wood constitutes nearly half of the overall wood supply.

The search for improvements in regard to waste water has led to a new design collection that uses a stain which does not produce any waste water whatsoever. This is a very promising development, which may lead to further design collections using the same method in order to protect the environment.

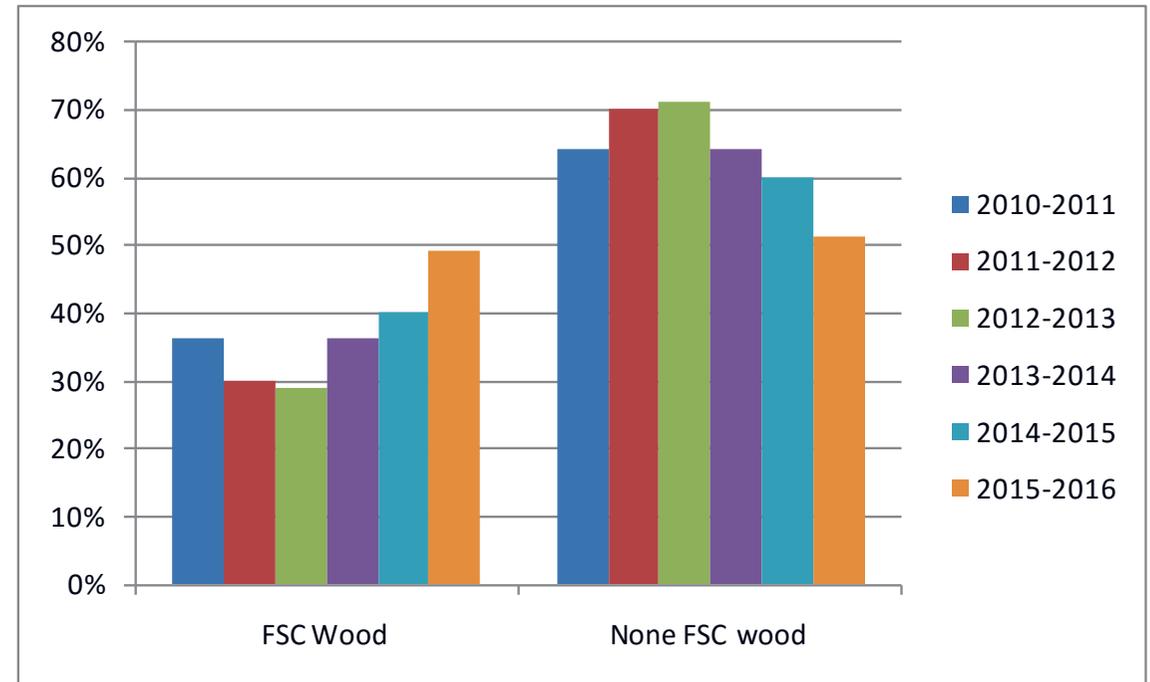
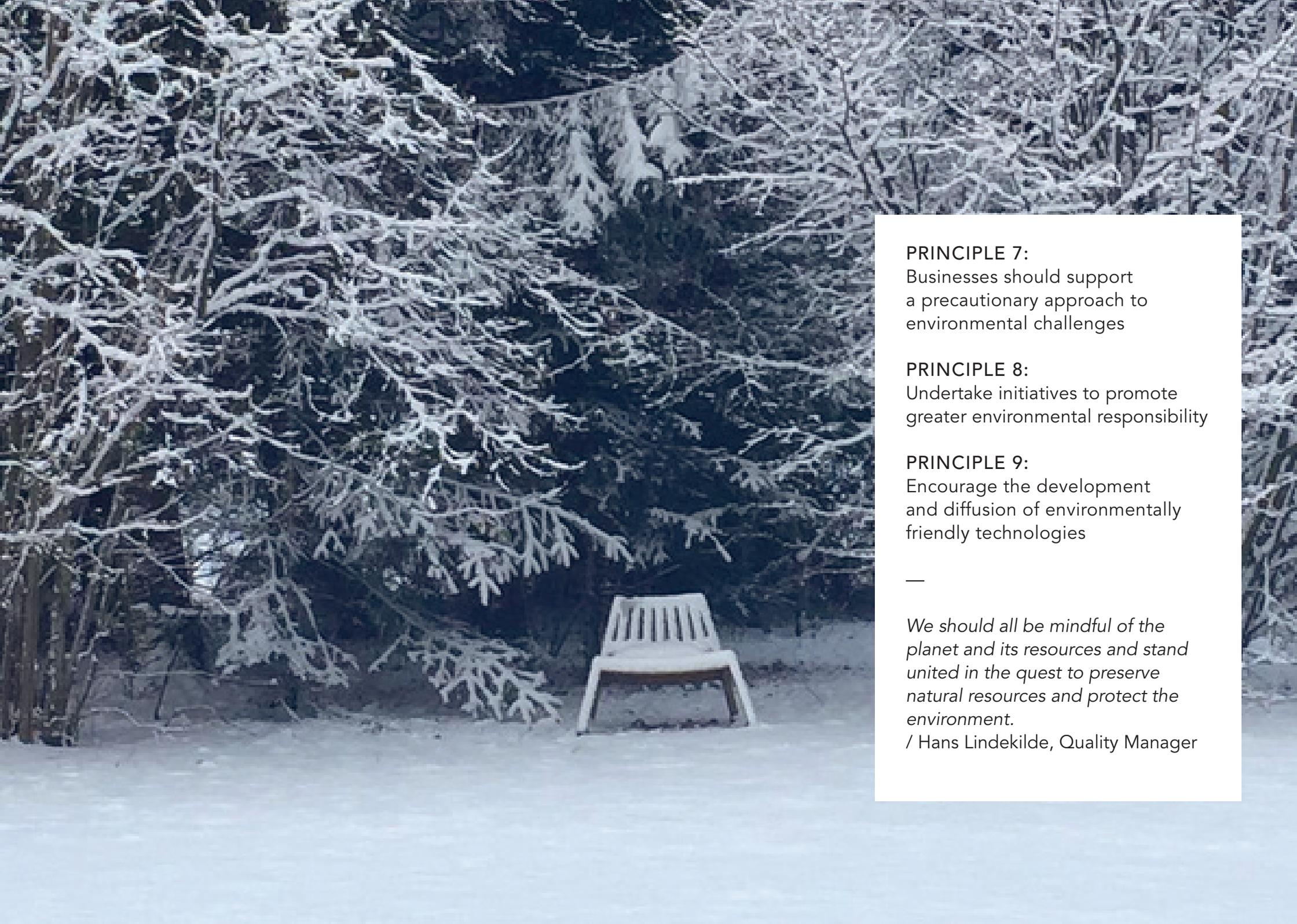


Fig. 3: FSC® wood



**PRINCIPLE 7:**

Businesses should support a precautionary approach to environmental challenges

**PRINCIPLE 8:**

Undertake initiatives to promote greater environmental responsibility

**PRINCIPLE 9:**

Encourage the development and diffusion of environmentally friendly technologies

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*We should all be mindful of the planet and its resources and stand united in the quest to preserve natural resources and protect the environment.*

/ Hans Lindekilde, Quality Manager

# ANTI-CORRUPTION

## AIM

At all times, Skagerak will back away from and speak against corruption in all its forms. By setting an example, Skagerak wish to urge anybody to do the same in order to establish a business environment where anti-corruption is the norm, no matter which country is in question.

## ACTION

Skagerak has its roots in Denmark, one of the countries in the world with the lowest level of corruption, hence corruption is in no way part of the business culture in general nor is it in any way part of how Skagerak chooses to conduct its business operations. Skagerak will never demonstrate any form of corruptive behavior in order to better its own situation nor is it willing to receive any form of bribery or succumb to others' attempts to exert corruption.

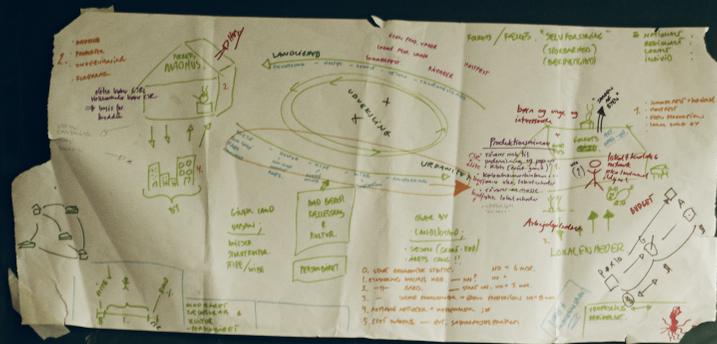
Skagerak would like for its suppliers to include an anti-corruption clause within their respective business policies. Thus Skagerak is doing whatever possible to encourage such actions towards preventing corruption.

## AND RESULTS

Skagerak is in no way involved in any form of corruptive activities and distances itself from such behavior. The company finds it important to acknowledge the prevalence of corruption, as debating the issue may be the best way to start the fight against it.

In this way Skagerak promotes an environment where business can take place under honest, fair and safe conditions for all parts.

Skagerak's efforts have resulted in some of the suppliers incorporating an anti-corruption clause in their business policies – this is a vital step in the right direction towards preventing corruption.



# MENU

SOMMERBRÆNDENDE KÆRLIGHED  
i knuste nye kartofler, hi lavet bacon  
& nye asparges

Sommerkål i syret dressing

Lynsyltede rødbede

Grøn salat



## PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery

*Corruption is one of those subjects that are almost taboo, but I believe that the more we discuss the issue the more awareness we can create about the fact that a solution is needed.*

/ Hans Lindekilde, Quality Manager

