

*UN Global Compact*

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# COMMUNICATION ON PROGRESS

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DUBA**B8**

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## UN Global Compact Communication on progress

2016

This Communication on Progress (COP) covers the period from 1 January 2016 until 31 December 2016.

### 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 large<sup>1</sup>.

<sup>1</sup>) Reference [www.unglobalcompact.org](http://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 bribery<sup>2</sup>.

<sup>2</sup>) Reference [www.unglobalcompact.org](http://www.unglobalcompact.org)

## What is DubaB8?

DubaB8 A/S is a 100% Danish-owned company and the largest manufacturer of office furniture in Denmark. DubaB8 designs and manufactures a range of office furniture under its own name and also deals in recognised national and international brands. Our customer base consists of four segments: small accounts, medium accounts, large accounts and corporate accounts. DubaB8 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. DubaB8 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 are a big part of the DubaB8 identity.

### Our customer promises

For DubaB8 and our valued customers, furniture and interior design are not costs. We are convinced that activity-based interior design must create solutions that meet and improve the organisation's performance and capacity to meet corporate and strategic goals. Our primary objective is to ensure that your interior design solution adds value to your business and make your new furniture a profitable investment. Our office furniture, services and interior design solutions create value via three signally important parameters.

**Efficiency:** We supply office furniture, services and interior furnishing solutions focusing on Total Cost of Ownership – whilst we optimise efficiency, reduce overheads and eliminate risk for our customers.

**Performance:** We use activity-based working as a tool to create individual office solutions to boost job satisfaction, knowledge-sharing and flexibility - stimulating organisational development and performance.

**Brand Power:** We design and produce furniture and solutions that combine aesthetics, functionality and quality - and create attractive spatial perceptions that strengthen the visual brand identity of our customers.

## The Executive Board on DubaB8 & CSR Policy

DubaB8 has drawn up a CSR policy (the DubaB8 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. DubaB8's CSR policy is founded on the ten principles of the UN Global Compact and is built on DubaB8's mission to create freedom at work for our customers, our customers' employees, the environment and our surroundings.

DubaB8's mission to create freedom at work is the value base that permeates every decision and action that stems from the organisation, and DubaB8's CSR policy is a natural extension of the same. Both the mission to create freedom at work and DubaB8'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 DubaB8 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 DubaB8 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: DubaB8 will also be a part of it in 2017.

Peter Arndrup Poulsen

CEO, DubaB8 A/S

## Human Rights Principles and Labour Principles

DubaB8 operates production in Denmark and sales offices in Denmark, Norway, Finland, Dubai and Singapore. A total of 153 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 DubaB8, 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.

DubaB8 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 flexi-hours and work from home schemes should be seen in the light of a desire to give DubaB8 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. DubaB8 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. In 2016 DubaB8 has employed three graduate students from the University in Aarhus and Aalborg as part time employees. This approach brings new knowledge to the company and gives the students insight in the mechanism in a company when you apply theories in practice which can be useful both in relation to their study and in their future career.

### 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 DubaB8 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 DubaB8, 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

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 DubaB8 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.

In 2016, we celebrated quite a few jubilees as shown in this table:

Number of employees with seniority at DubaB8 (years)	10	25	40	50
Number of employees	11	1	1	1

The average seniority in 2016 was 11,09 years.

### Staff benefits

DubaB8 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. DubaB8 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 DubaB8 insurance 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 DubaB8.

### A safe and healthy workplace

According to ILO Convention No. 187, Promotional Framework for Occupational Safety and Health Convention, 2006, DubaB8 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.

DubaB8 is certified according to the OHSAS 18001 standard for occupational health and safety. This confirms that DubaB8 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 eight 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%
2016	5	5	1:1	153	3,3 %	3,3 %	2,0 %

In 2016 we had 5 accidents – two which occurred under our yearly company event. Since we have decided to make an event for all employees where we meet under different conditions we find it important to do physical activities – this bears a risk, which we are willing to accept.

The other accidents are unacceptable and should be prevented – for that reason we analyze each incident carefully. One accident occurred due to slippery weather conditions in the winter time, because an employee attended before normal working hours – the hours in which winter measures are taken has been expanded. Another accident occurred because of an old removal of a machine had not been completed. Pipes weren't grinded down to the level of the rest of the floor – our maintenance department has completed the task. On the quarterly safety committee meeting the safety representatives are encouraged to look for other level differences which may lead to new incidents.

The last incident occurred because of low awareness on the securing of loose bands, when a transportation aid had been unloaded. The loose band disentangled during return and hence blocked the wheel of the electric pedestrian pallet truck which lead to a twist of the spine of the employee because of the sudden stop. The distribution center has discussed the case on their weekly meetings to raise awareness among the staff.

## Measures to improve the physical working environment

DubaB8 is a workplace where many different departments operate side by side. 104 employees are employed to handle administrative or management tasks. These are tasks that rarely result in occupational accidents or injuries. A total of 49 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.

## Raising risk understanding in the organisation

DubaB8 has been very focused on providing a safe and secure working environment since it's very beginning. It has never been necessary to discuss whether a helping aid should be installed if it was needed to spare the employee. Over the years, we have realized that it is not sufficient to offer all the help aids available – it is also crucial to raise awareness and understanding of work place hazards and risks. Over time, you can make a habit of neglecting risks and because it is part of your daily routine it would never be a threat to the employee. Whenever a new colleague was introduced to the same work place he would end up getting hurt because he wouldn't know to be aware of the lacking security screening or a defective emergency stop or other inappropriateness in the working environment. To avoid blindness for our own flaws we have engaged with a security advisor from the company AvidenZ. Each year we are urged to use a minimum of 5 hours together with the advisor to discuss risk evaluation with the Security Committee and to agree on which issues should be in focus.

In 2016 the main focus has been on the use of trucks, the behavior of administrative personnel entering the production and the tidiness of the production as well as behavior and consequences from the management in the case of inappropriate behavior. We have discussed the role as a safety representative, which should be to help and guide their colleagues and emphasized the importance of clear and concise management, who lead by example.

## Risks in the administration

DubaB8 has had a very turbulent 2016 with a loss of a major Public Tender in the first half of the year. This has led to a reduction of the staff with the risk of increasing stress in the remainder of the organization. To ensure that the managers were aware of their role and responsibility to avoid stressed employees a series of inhouse management training has been conducted. The themes for the training has been self-management, organizational management, management of change and stress avoidance. Alongside with this training there has been training in transactional lean for all levels of the administration as well as operational lean has been trained in the production

## 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.

### 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 2016 and going into 2017, 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.

### 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 DubaB8. 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 main focus of the one company event this year was to raise enthusiasm and fighting spirit throughout the organization and to make a strong bond between the employees. All employees were gathered under the open sky where the managing director illustrated his skills with a hunting horn and made a pep talk. Afterwards all employees attending the team building event were divided into running, walking or biking teams. All teams got a mandatory assignment – they had to prepare two-three minutes of entertainment for the evening's dinner with the theme Team Spirit and the best entertainment would win a prize.

The rest of the day was used walking, running or cycling meanwhile ingredients from the nature were collected for the evening's self-prepared dinner. Each team was responsible for a course cooked over bonfires for instance salmon smoked on a board, roast in an earth oven, salads and so on.

The entertainment was presented during the evening and a panel of judges had observed the teams all day and were asked to give feedback after the presentation. Various entertainment was presented over songs, dances, stand-up comedians as well as a power point show. The three best shows were rated at the end.

The learning of the day was that we can all play an important role in a team – one person couldn't achieve the same result team. The variety of the teams also showed an important lesson – that skills you don't have yourself can be found elsewhere in your organization and the way to learn where to find these skills is to work and come together

### DubaB8's collaboration with suppliers

DubaB8 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 DubaB8 and is subsequently manufactured by subcontractors. DubaB8'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 DubaB8. In order to become a DubaB8 supplier, you will need to sign DubaB8's "Supplier's code of conduct" (SCOC)

### Our suppliers' working environment

DubaB8 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 DubaB8 and the individual subcontractor. Failure to comply with this part of the collaboration agreement may affect the working relationship between the parties. (cf. the DubaB8 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.

DubaB8 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.

DubaB8 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 DubaB8 Suppliers' Code of Conduct

Year	2013	2014	2015	2016
Active suppliers	301	228	458	410
Component suppliers	92	89	130	93
End product suppliers	209	145	328	317
Component suppliers who have signed the SCOC	19	24	38	38

The results from 2016 were a SCOC covered purchased volume of end products of 31% 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 DubaB8 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 DubaB8 works purposefully and systematically to improve its environmental performance on an ongoing basis. DubaB8's environmental management system is assessed yearly by external auditors who evaluate DubaB8'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, DubaB8 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.

DubaB8 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, DubaB8 has sent cardboard packaging and plastic film made from PE back to the supplier for recycling.

The goal of reducing incinerable waste by 10% has not been achieved. In 2016 we have continued to change plastic shells at our customers due to a production failure. The shells have not been possible to set aside for reuse and has been treated as incinerable waste.

Along with this we have increased our take back services from our customers and some of the

products not suited for reuse are dis-assembled and some fractions are sorted into incinerable waste. We haven't achieved the goal of separating this to its own waste stream but will continue the effort to do so in 2017.

Table: Reduction of incinerable waste

Year	2011	2012	2013	2014	2015	2016
Incinerable waste in tonnes	47,53	45,65	30,7	37,9	49,7	52,0

## Certified office furniture

Starting in 2013, DubaB8 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.

DubaB8 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 was that by February 2016 we discontinued our PEFC certification and concentrated on maintaining the FSC certification.

Monitoring and measuring take place quarterly. The target for 2016 was 30% of the overall sales of wood-based furniture to be certified furniture.

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

In 2016 our office chair has been FSC certified but we haven't used the opportunity to perform a campaign on the chair since it would be necessary to retrieve new item numbers on the chair to sell it as FSC certified – the reason for this is you have to be able to clarify which products has full traceability and which doesn't.

This is applied per item number. In 2016 one of our end product partners Magnus Olesen has obtained the FSC certification and now we hope to be able to promote a chair or table together with them in 2017. We have also made agreements with an Italian FSC certified producer of end products and the range of end products will hopefully expand even more over the years to come.

## The Nordic Swan Ecolabel - The official Ecolabel in the Nordic Countries

The Nordic Swan Ecolabel is the official Ecolabel of the Nordic countries, a voluntary and positive practical tool for consumers and purchasers to help them actively choose environmentally sound products. The Nordic Swan Ecolabel is an ISO 14024 type 1 Ecolabelling system and is a third-party control organ.

The Nordic Swan Ecolabel is established and internationally well-known. A recent Nordic market survey showed that in the Nordic countries 94 percent recognized our trademark as an Ecolabel.

### Benefits of the Nordic Swan Ecolabel

The Nordic Ecolabel trademark is an effective and simple marketing tool that is a guarantee that products have fulfilled stringent environmental and climate criteria. The Nordic Swan Ecolabel symbolizes the work towards a sustainable consumerism and production, which are key factors in achieving a sustainable society.

### The process of ecolabeling

Throughout many years DubaB8 has used the requirements of the Nordic Swan Ecolabel when we make requirements on our products and for our suppliers – this has been natural since the Nordic Swan Ecolabel is a public framework indicating which products perform best when you look at them with a life cycle approach.

The framework is often used in part as requirement specifications in Public Tenders in Scandinavia – as a consequence of this DubaB8 has considered to implement the framework and attain the label on a range of products. Because of the nature of our way of working with our customers where we customize our products to the need of our customers, we do not have a standard range and hence we have been in a dialogue with Ecolabelling Denmark to find out, how to find a way of expanding the range of furniture made on the same base of materials without creating an administrative monster. Over the years, we have reached a mutual understanding and since we have more and more customers, who wants a certified product range, we decided to go after the label in 2016.

The application was sent in May with an expected deadline on achieving the Ecolabel by the 1st of October.

Unfortunately the road to our Ecolabel turned out to be bumpier than we expected, and in the process of collecting the documentation needed to obtain the approval, one of our suppliers had very big difficulties retrieving the data from their sub-suppliers.

This means that we didn't reach our goal, and at the moment we are still struggling to get the documentation of one of the more than 70 requirements. To satisfy the customers, whom we have promised to ecolabel their product range, we are looking at alternative possibilities regarding raw materials and suppliers.

We expect the first items to get the label in the 1st quarter of 2017.

## 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, DubaB8's internal environmental rules go one step further in several areas. Any company wishing to become a DubaB8 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 DubaB8'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 DubaB8's employees grants or accepts undue benefits to or from Danish or foreign officials or private sector representatives. We at DubaB8 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 DubaB8 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

DubaB8 meets applicable legislation and best practices in accounts and audits. At DubaB8, bookkeeping, 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

DubaB8 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 DubaB8. Furthermore, DubaB8 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 DubaB8. 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 DubaB8, are not only infringements of the DubaB8 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 DubaB8 employee. DubaB8 employees are not permitted to participate in any transactions of this kind.

It is particularly important that:

1. DubaB8 employees do not become involved in any kind of agreement or trading that includes kickbacks or similar kinds of financial rewards.
2. DubaB8 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. DubaB8 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. DubaB8 never transfers money prior to a tender.

DubaB8 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. 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.



