

## Statement of Support 2016/7

### Brief description of Kluntz A/S:

Kluntz was founded in 1996. We sell incentive product marketing, and provide our customers with good service and advice for the best promotional product to meet their purpose. We are a staff of 12 and our turnover in 2016 was approx. 3 million Euro.

We help our customers by creating value for them when they buy corporate clothing, promotional products or gift items. We believe that by having a strategic approach to incentive marketing products our customers achieve motivation, recollection, visibility and sympathy. We also consider our commitment to ethical trade as an “added value” to our products. So buying sustainable products from us, can also improve the images of our customers.

At Kluntz, our primary service is to guide our customers in selecting the best quality and the best product to meet their needs and we take pride in promoting sustainable alternatives to most of the products we sell. We always guide our customers into making the most sustainable choice available.

The management of Kluntz A/S is very committed to sustainability and to optimize the internal processes in the company. Therefore, Kluntz A/S have chosen to be ISO9001 certified during 2016. This certificate has helped to establish processes and procedures to ensure a good quality management program. The management system incorporated to meet this certification helps us in managing sustainability as well.

HUMAN RIGHTS	
Principle 1	Business should support and respect the protection of internationally proclaimed human rights
Principle 2	Make sure that they are not complicit in human rights abuses

### Kluntz´ A/S commitment to the principles

Kluntz A/S supports the Universal Declaration of Human Rights and the UN Guiding Principles on Human Rights. And through our membership of BSCI we focus on implementing these principles.

## How Kluntz A/S have implemented the principles of Human Rights

In 2016, Kluntz have joined BSCI to manage our social and environmental impact and to implement the principles of Human Rights in our supply chain

The Business Social Compliance Initiative (BSCI) is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories in their global supply chains. The BSCI principles are based on ILO conventions, the UNGP on Business and Human Rights as well as the OECD Guidelines.

BSCI companies take active part in developing and implementing a system for improved working conditions in the global supply chain. BSCI offers us one single implementation system and one Code of Conduct, that we share with thousands of other companies. For a company our size this is a unique opportunity to influence our suppliers to think and act more sustainable and help them to reach their goal and measure their progress.

We are in the process of still mapping production units and register which of our suppliers are already in the BSCI platform. In 2016/17, we have focused on our top 5 suppliers to get BSCI audited factories and have reached three of those, who are either members of BSCI or have factories with a BSCI audit and report.

BSCI audits the following Performance Areas:

- 1- Management system and cascade effect
- 2- Workers involvement and protection
- 3- Freedom of association and collective bargaining
- 4- No discrimination
- 5- Fair remuneration
- 6- Decent working hours
- 7- Occupational health and safety
- 8- Child Labour
- 9- Young workers
- 10- No precarious employment
- 11- No bonded labour
- 12- Protection of the environment
- 13- Ethical business behavior

BSCI introduced a new Code of Conduct in 2014, which they started auditing against in 2015/6, which means that many factories last year had the “old” rating of Non-Compliant, Improvements needed or Good. Now the ratings are from A to E. Therefore, it has not been completely possible for us to compare the old ratings with the new ones, but we will be able to do so following the next year.

The factories that have BSCI and producing for us, are in China, Bangladesh and Turkey.

Regarding Human Rights in these countries, they are currently rated as high-risk countries. For Turkey due to the Syrian refugees crossing the border and seeking work in Turkey. Via the BSCI, we support initiatives to support these vulnerable workers and help them to seek better working conditions.

In Bangladesh, we work with factories who are also part of the Accord on Building and fire safety, which means that they undergo extra audits from engineering companies with focus on only these issues, and focusing on workers' rights to form safety committees thereby ensuring safer working conditions

In China, the main issue is still fair remuneration and working hours, which is normally the result of both poor purchasing practices and poor production planning. Rather than an act of deliberately underpaying and forcing overtime.

**The measurement of outcomes in 2016 regarding Human Rights/ plans for 2017**

We have in 2016/7 made a Human Rights Policy, which is a good back- up for our continuous focus on Human Rights in our Supply Chain. We will however focus on BSCI for the implementation, as this is where we can get leverage to our suppliers.

During 2016/7 we have added factories of 3 of our suppliers into the system – which adds up to 13 factories in total. This is only 4 more factories than last year, where we set the goal for 10 more factories.

Status of these factories are as such:

<b>Factory</b>	<b>Previous Rating</b>	<b>Current rating</b>
Factory 1	C	C
Factory 2	Improvements needed	C
Factory 3	D	D
Factory 4	Improvements needed	No audit
Factory 5	Improvements needed	C
Factory 6	Good	C
Factory 7	C	C
Factory 8	C	C
Factory 9	C	C
Factory 10	New	C
Factory 11	New	B
Factory 12	New	A
Factory 13	New	B
	<b>Overall ratings</b>	<b>Overall improvements</b>
	D = 11%	D = 8%
	C = 44%	C = 61%
	B = 0 %	B = 15 %

	A = 0 %	A = 8 %
	Unrated = 0%	Unrated = 8%

As mentioned earlier, then it is not possible to compare directly as some factories last year were rated with the old ratings. But the ones where we can compare, we do see a good improvement in the percentage of C-rated factories and a lower rate of D- rated factories. The new factories we have onboarded are very nicely rated and their improvement rate in BSCI system, is very good, they have continuous improvement.

Unfortunately, one factory is missing to renew the audit, which we will be following-up, by either un-connect with this supplier or push them to get the audit done.

The major reason why factories are rated C, is because of their management system. Along with a new BSCI Code of Conduct, came also increased requirements on the management systems. The suppliers are not used to be working like this, and it will take them a few audits, and trainings before they realize, what exactly it is we require from them. However, on the factory “hardware”, it seems that we have good and compliant factories, which are safe for the workers.

We will be following up with the C-rated suppliers, to see if we can reach a B-rating. Also adding 6 more factories during the next year.

LABOUR	
Principle 3	Business 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

**Kluntz´ A/S commitment to the principles**

Kluntz A/S supports and adhere to the fundamental Labour principles in Denmark and International Labour Rights. We also respect and adhere to the principles of freedom of association and the right to collective bargaining, both locally and in our supply chain.

**How Kluntz A/S have implemented the principles**

Kluntz A/S follows the Danish Labor Law, and we are being audited against it by the Danish Working Environment Authority on a regular basis.

In 2016, Kluntz have joined BSCI to manage our social and environmental impact and to implement the principles of Labour Rights in our supply chain

We are in the process of still mapping production units to register which of our suppliers are already in the BSCI platform, that we can link up with. In 2016/17, we have focused on our top 5 suppliers to get BSCI audited factories and have reached three of those, who are either members of BSCI or have factories with a BSCI audit and report.

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ENVIRONMENT	
Principles 7	Business should support a precautionary approach to environmental challenges
Principles 8	Undertake initiatives to promote greater environmental responsibility
Principles 9	Encourage the development and diffusion of environmentally friendly technologies

## **Kluntz´ A/S commitment to the principles**

At Kluntz A/S, we fully acknowledge our share of responsibility in protecting the Environment and minimizing our environmental footprint throughout the entire supply chain. We set demands both for ourselves and for our suppliers.

## **How Kluntz A/S have implemented the principles**

Kluntz A/S have always had a focus on environmental issues in-house, by using energy saving light bulbs, being cautious when printing and building a low energy consuming office and warehouse.

During 2016 Kluntz we have also invested to become ISO14001 certified. This certification works as a framework for better management control which then results in reducing our environmental impacts. It gives us a management tool to reap the benefits of environmental management.

Through the BSCI Code of Conduct there is a focus on environmental issues and when auditing the factories, the overall rating also reflects the positive or negative impact on the environment.

The ratings in the above sections will reflect the findings in this area and will thus be remediated during next year as well as more audits will be conducted.

## **The measurement of outcomes in 2016 regarding Environmental Protection/plans for 2017**

Our ISO14001 certification has helped us and given us tools to identify and react on any negative impact on the environment that our business may have.

For our supply chain, we will focus on the BSCI audits we are currently doing and help them with remediation. We see very few issues in our supply chain related to environment. The main issues we find are regarding their management systems on environmental protection. However, if we look at our supply chain, basically no matter the product we are making, then the biggest environmental impact that we have, is identified further out in our supply chain than we have currently mapped.

Last year we had ambition to start inquiring for BEPI, but this has turned out not to be the right timing. The suppliers are not quite ready, and we should be able to map our other suppliers based on BSCI first, and then for the bigger suppliers, they will eventually venture into BEPI by themselves, and we will follow that move closely.

## ANTI CORRUPTION

Principle 10

Business should work against all forms of corruption, including extortion and bribery

### Kluntz´ A/S commitment to the principles

It is part of our requirements that suppliers must strive to avoid corruption in their supply chain. Under no circumstance must they be involved directly in any cases involving taking or offering bribes.

If we experience a supplier offering us a bribe, it will be reported immediately and our business relationship will be terminated.

### How Kluntz´ A/S have implemented the principles

It is a clear policy for all our employees in the office in Denmark, that if offered a bribe, they should refuse this and report the incident to the management instantly. Of course, they are aware, that they are not to offer a bribe to any of our stakeholders at any time; this will be reason for termination of employment contract.

Once we embark on a new business relationship, we explain the principles of the BSCI Code of Conduct to them and what we mean when we say that we are against any form of corruption.

### The measurement of outcomes in 2016 regarding anti-corruption/ plans for 2017

There have been no incidents reported during the last year and since we operate from one of the least corrupt countries and buy mostly from other EU countries, we have limited risk of experiencing corruption in our business relationships.

We have no plans for developing in this area further, as this is low risk to us and we have other areas that demands our focus.

### How to communicate this COP to our stakeholders

This Communication of Progress will be available on our website alongside the BSCI Code of Conduct.

Whenever possible and when we participate in network groups, conferences and seminars we will inform about our CSR initiatives and support to UN Global Compact and The Danish Ethical Trading Initiative (DIEH), with whom we are also members.