

UN Global Compact

COMMUNICATION ON PROGRESS

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This Communication on Progress (COP) covers the period from 1 January 2017 until 31 December 2017.

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, labor, 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, labor and the United Nations.

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

- Make the Global Compact and its principles an integral part of business strategy, day-to-day operations and organizational culture;
- Incorporate the Global Compact and its principles in the decision-making processes of the highest level governance body (i.e. Board);
- Contribute to broad development objectives (including the Millennium Development Goals) through partnerships;
- Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and
- Advance the Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large¹.

¹ Reference: www.unglobalcompact.org

The ten universal principles

Human Rights principles

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

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

Labor principles

Principles 3: Businesses should uphold the freedom of association and the effective recognition of right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labor;

Principle 5: The effective abolition of child labor; 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 challenges; and

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

Anti-corruption principles

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

² Reference: www.unglobalcompact.org

Who are we?

B8 A/S is a 100% Danish-owned company and is one of the largest manufacturers of office furniture in Denmark. We supply companies with furniture, interior design, service solutions and project management. We have our own range of furniture which are designed and manufactured at our headquarter in Denmark. In 2017 we changed our name from Duba-B8 A/S to B8 A/S. We created a tag-line 'Work Smarter' to illustrate that our focus in the future will be more digital. This is both for our employees and for our customers.

The Vision is: We will be the world's best supplier of sustainable interior design and services, which generates well-being, productivity and efficiency for our customers.

The Mission is: We will develop and share our knowledge of furniture, interior design and services in order to become the preferred business partner in the market for intelligent furniture solutions for workspaces.

Our primary customer segment is Corporate Accounts in Scandinavian. Corporate Accounts are defined as having more than 1000 employees within Office, Care or Learning. With this customer focus we are making many tailor-made furniture concepts in order to service our customer in the best possible way. This has resulted in more than 80 % of our own production is created for specific customer 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.

Work Smarter - The core of our business

Work Smarter is our main philosophy, which underlines everything we do. Our goal is to create intelligent solutions in both furniture, interior design and services, making it possible to work smarter.

Innovative Craftsmanship: We are proud of our tradition for furniture and innovative craftsmanship. For more than 100 years we have developed and shaped furniture uniting design, quality and functionality.

Interior Design: Interior design is our passion. We strive to unite aesthetic design and activity-based spaces, which strengthens the well-being and business for our customers and their employees.

Insightful Experience: Our many years of experience covers more than expert knowledge in furniture and project managing. We also have valuable insight in the future development concerning organization, management and administration, giving both us and our customers a head start in the market.

The Executive Board on B8 & CSR Policy

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

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 B8 organization into a modern Scandinavian company in a globalized 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 B8 company. Endorsing the UN Global Compact is a specific way to tell the world around us that we are willing to shoulder our social responsibility. At the same time, it constitutes a hand extended to our suppliers, customers and partners: "come and join us – together we can make a difference". I hope that this global network of commercial companies will grow both in size and in influence over the coming years. One thing is for sure: B8 will also be a part of it in the future.

Peter Arndrup Poulsen,
CEO B8 A/S

Human Rights Principles and Labor Principles

B8 operates production in Denmark and sales offices in Denmark, Norway, Finland, Dubai and Singapore. A total of 148 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 B8, and externally through our suppliers and partners.

The countries of Scandinavia have a long tradition of implementing legislation to regulate the behavior 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.

B8 employees work flexible working hours, which means that the individual employee cooperates with their superior to plan work so that both workplace requirements and the individual employee's needs are taken into account. If working conditions allow, salaried workers are permitted to work from home. The flexi-hours and work from home schemes should be seen in the light of a desire to give B8 employees the opportunity to create work-

life balance.

Child labor

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. B8 employs 3 persons 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 2017 B8 has employed one graduate student from the University in Aarhus 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 B8 complies with the collective agreements mentioned and belongs to the Industrial Maternity Fund, our employees receive full pay for a period of 18 (4+14) weeks and thereafter full pay for 11 weeks of their parental leave.

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

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

Holiday entitlements

According to the Danish Holidays Act, paid employees are entitled to five weeks' holiday, three of which they must be allowed to hold consecutively. At B8, employees also accrue five extra

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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 Christ- mas 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 Easterweek, 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 B8 is a good place to work with regard to both physical and social working environments. This commitment permeates all areas of the organization – from owners, board members and managers to individual employees – in shared efforts to promote a good, enjoyable working environment on an everyday basis.

In 2017, we celebrated quite a few jubilees as shown in this table:

Jubilee (years)	10	25
Number of employees 2017	8	1

The average seniority in 2017 was 9,65 years.

Staff benefits

B8 employees are offered a variety of staff benefits. All our employees have free coffee and tea, chilled drinking water and fresh fruit. At the Bjerringbro facility we have a staff cafeteria, where

employees can buy healthy and nutritional meals. The ingredients are mostly organic. It is also possible to order meals to take home. In Copenhagen and Oslo, there is a lunch scheme for everyone. Regardless of how they are run, all our lunch schemes offer our employees healthy and nutritional food. B8 meets 50 % of the costs of the lunch schemes. The remainder is paid by the employees.

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

A safe and healthy workplace

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

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

Over the past 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.

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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
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 %
2017	2	6	1:3	148	1,4%	4,1%	2,2%

In 2017 we had two accidents – one in the production facility and one during assembly at a customer. Any accident in B8 is analyzed thoroughly by the working environment committee, and actions are taken to prevent a similar accident from happening again.

The first accident happened due to incorrect use of a chisel during work on a table top. The chisel slipped and cut the employee's left hand on two fingers, but the cuts were small enough that medical attention was unnecessary. Following the accident, coworkers were made aware of the risks of incorrect use of equipment, and instructed in the right ways of positioning one's hands while using a chisel.

The second accident occurred as a service technician reacted out of instinct to avoid an incident. The employee was pushing one wheeled cabinet, as another was taken by the wind. He tries to save the second cabinet, but as he does, the first cabinet starts rolling and falls over his foot. The employee's foot was swollen, and he was therefore absent from work in three days. There was however no permanent damage inflicted. After the accident, all service technicians were clearly reminded that their safety always comes first over the risk of damaging a product.

Measures to improve the physical working environment

B8 is a workplace where many different departments operate side by side. 96 employees are employed to handle administrative or management tasks. These are tasks that rarely result in occupational accidents or injuries. A total of 52 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

B8 has been very focused on providing a safe and secure working environment since its 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.

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.

Minimizing 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 2017 we have continued our digitalization transformation. The objective is to

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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.

Job Satisfaction Measurement

In the last part of 2017 the management decided to start a cooperation with AS3 in order to start measuring the job satisfaction and well-being of the employees. The reason for this should be found in the turbulent year the organization has been through and the wish to ensure the well-being of the employees.

The cooperation is based on a monthly measurement of the stress level and well-being of the employees. Every employee is asked to answer 15 questions in a web survey. When the survey has been submitted, the employee will get an immediate feedback with the result. A color indicates if they are well-balanced (green), yellow indicates a little risk of getting stress, and red indicates that the employee is in high risk based on his or her answers. If the employee is in the risk zone, they get suggestions on how they can improve their well-being and they are given an offer to contact a stress coach. If they ask for the stress coach, they will be called on the telephone and given further advice. The stress coach is a psychologist with expertise in this field.

Afterwards the management will receive a report on the results on their part of the organization, which can help the manager to focus on improving particular areas of their performance or change the conditions for their team in cooperation with the rest of the management team.

The measurements will be conducted in a test period, and then it will be decided whether to continue the surveys or to find another way to ensure and increase job satisfaction in the staff.

Work place assessment

In Denmark every organization is obliged by law to conduct a work place assessment every 3 year. The work place assessment covers both physical and psychical work conditions. In 2017 the assessment was conducted in Bjerringbro, both for the administration and production.

The assessment was conducted as a web survey. The production was invited in groups of 6 employees in order to ensure that the media did not scare of the employee. For the administration every person was invited by mail. In the production the participation was 100% and for the administration the participation was a little lower.

The Working Environment Committee has analyzed the results and different initiatives will be implemented for instance a new noise reduction wall in the production, rearrangement of work stations, more job rotation and so on. In the administration the detected problems are mainly related to a massive work load, disturbances in the work flow and a high level of noise due to refurbishment of the office where the employees have been placed together with the colleagues they have most cooperation with. This will be addressed with more noise reduction and the earlier mentioned job satisfaction surveys.

B8's collaboration with suppliers

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

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

As B8 is a seller of complete interior solutions, the list of products offered are almost infinite. Therefore, in order to reduce the complexity of supplier relations, we categorize our suppliers into three categories based on the degree of collaboration. Suppliers in category A are strategic business partners, with whom B8 strive for close collaboration reflected in special discounts, exclusive retailer agreements, arranging joint events for customers, and joint product development. Products from suppliers in category B are also a part of B8's standard product portfolio, and are therefore still important for B8 to run its business day-to-day. Lastly, the C category consists of a long list of suppliers from which B8 only provides goods on specific customer request.

An example of collaboration with a category A supplier on joint product development is seen between B8 and 1000 Dots; Here, a partnership have been entered where B8 offers FSC certified products by combining 1000 Dots' signature metal frames and B8-produced table tops. In this way, the customer gets the best of both worlds – beautiful recognizable design and the comforting knowledge that they support a responsible way of utilizing nature's resources.

This categorization, as well as the general strategy of reducing the number of utilized primary suppliers, allows for a more focused effort on supporting our suppliers in their occupational health and safety and environmental efforts.

Our suppliers' working environment

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

We support and respect the protection of internationally recognized 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

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relationship with us and breach of this provision may result in our terminating the contract.

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

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

We recognize 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 labor. We make our suppliers aware of our expectations with regard to observing human rights and employee rights, child labor, 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 labor, forced labor 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 B8 Suppliers’ Code of Conduct

Year	2014	2015	2016	2017
Active suppliers	228	458	410	425
Component suppliers	89	130	93	91

End product suppliers	145	328	317	334
Suppliers who have signed the SCOC	24	38	38	27

The results from 2017 were a SCOC covered purchased volume of end products of 24% and 80% of components for the production.

The percentage reflects that we have replaced some of our current components supplier with new ones who have also signed the SCOC. The reduction of the end product suppliers percentage reflects the decision of allowing unrestricted purchase from C-suppliers.

The target for 2018 is to have a purchase volume of 70 % from A and B suppliers. This shift will increase the purchase volume covered by the SCOC.

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

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

As mentioned above, B8 is certified to the ISO 14001 standard, which means that we critically appraise the way in which our activities impact the environment. In addition, we are a member of Danish Furniture-makers' 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.

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

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

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

Waste management and recycling

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

A cradle-to-cradle mindset is about reusing and recycling to the greatest extent possible to

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

A large proportion of the waste that is incinerated in Denmark is suitable for recycling. For a number of years, B8 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 been achieved.

Along with this we have continued 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 2018.

Table: Reduction of incinerable waste

Year	2012	2013	2014	2015	2016	2017
Incinerable waste in tons	45,65	30,7	37,9	49,7	52,0	43,9

Certified office furniture

When developing new series in our product portfolio, our approach at B8 is to look at the complete life cycle. When we began the certification process back in 2010 with the aim of achieving FSC Chain of Custody Certification our goal on the supply side was to buy 100% certified wood if available in the market. On the demand side, we wanted to use the FSC certification as leverage and as an indicator of our customers' willingness to support the initiative; hence making it an active choice on hand of the customer to achieve FSC certified furniture. In the later years, beginning with the Refine series we have decided to make the decision for our customers, and ensure that every product in the range is FSC certified if possible.

In 2017 we have launched the new desktop series S60 and a new series of couches called Annex. S60 is prepared to be sold as FSC-certified and at the moment we are working on the last details on Annex to ensure full FSC-certification on this product range, too.

On the supply side, we are still waiting for the linoleum producer, Forbo, to achieve their FSC certification. When this last important material is ready, we can offer our customers the full range of B8 products as FSC certified.

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.

—— Communication on progress - 2017

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.

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.

Throughout many years B8 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 B8 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.

Through 2016 we struggled with our suppliers in order to ensure the needed documentation for the Nordic Ecolabel. Ultimately, we chose to change some of our suppliers and consequently we sought out new suppliers, willing and able to provide the needed documentation.

Finally, in May 2017 we achieved the Nordic Ecolabel on the first four work desks. The project was conducted in close cooperation with our client Ramboll since they have a very proactive approach to achieve their corporate sustainability goals. Their FM Global Procurement Manager has entered the Danish Purchaser Network “We buy Eco-labeled” and as an offset of this network Ramboll has made a strategy on only purchasing eco-labeled products, when there is made a criterion on the given product.

They did not find existing eco-labelled products matching their needs, so instead they asked B8 to change the existing product to be able to Ecolabel it. We think this is a good example of the benefits of co-creating products with our customers to meet their needs; both regarding design and functionality but also in relation to support their corporate identity and in the achievement of related goals.

The example of this project really highlights the effect in the Supply chain when you have an active customer setting targets for you, and how it flushes down the chain and affects the environmental performance at supplier and sub-suppliers.

In the end of 2017 we added four for products and we expect to expand the range of eco-labeled products in 2018.

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

Anti-Corruption Principles

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

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

Accounts and audits

B8 meets applicable legislation and best practices in accounts and audits. At B8, bookkeeping, budgets, audits, project evaluation, etc. must produce accurate data in accordance with best accounting practices. Corporate assets must be recognized 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

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

Employees may, however, give and receive gifts where such exchange is an ordinary, acceptable business practice. The maximum acceptable value for gifts and services given or received must be in accordance with the level that is customary in the industry. An employee's immediate superior shall ascertain on a case-by-case basis if the gift-giving can be considered acceptable business practice. Exchanging modest gifts with customers and suppliers from time to time is intrinsic to certain functions at B8. In this context, it is customary to share such gifts with colleagues or pass them on to colleagues in functions that do not normally receive gifts.

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

It is particularly important that:

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

B8 is FCS® certified. These certificates and our commitment to the UN Global Compact include an obligation to desist from engaging in bribery and any other type of corruption. 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.