



CORPORATE SOCIAL RESPONSIBILITY

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS 2018

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UNGC
COMMUNICATION
ON PROGRESS

CEO STATEMENT OF CONTINUED SUPPORT

The purpose of our Communication on Progress report (COP) is to document and communicate the way we work with the ten principles of the UN Global Compact and how we address the Sustainable Development Goals (SDG's), within our own organization as well as in our network of suppliers and customers. We strive to continually improve our CSR performance, both in our supply chain and within the daily operations of our organization. We are confident, that responsible business management will deliver sustainable business results. It is primarily the companies of the world that drive globalization, and it will only be through a global fellowship and cooperation that we can ensure progress for the benefit of the world's economies and societies.

This report is our fifth Communication on Progress and it is still my pleasure to inform you that Metz A/S reaffirms our support to the United Nations Global Compact and its 10 principles.

Yours sincerely,



Claus Hedegaard
CEO



INTRODUCTION

Metz A/S signed up to the UN Global Compact in November 2013, as we wanted to adopt an internationally recognized framework for structuring and reporting on our Corporate Social Responsibility (CSR) efforts. With our commitment to the UN Global Compact, we recognize that we as a company are committed to continually improve and document our work within CSR, and we wish to communicate this to our stakeholders, including our customers, suppliers and employees.

As a supplier of promotional products, we work as an intermediary between the end customer and the supplier. On some occasions, our suppliers are agents, who work as intermediaries just like us. Metz has a network of many suppliers and sub-suppliers, and therefore we have a responsibility to seek to influence our suppliers in terms of establishing responsible supply chains for the products that we ultimately sell to the end customer.

In the following pages, we presents the Metz approach to CSR, our ambitions for working with the CSR principles as well as the CSR activities and projects that we have conducted or initiated during 2018.

UNGC COMMUNICATION ON PROGRESS



ABOUT METZ A/S

Metz A/S was established in 1993 and is an owner-driven company that supplies promotional products and corporate gifts to more than 200 companies and organizations. Metz is the leading and largest supplier in the industry in Denmark and employs 47 people at our headquarters North of Copenhagen in Denmark.

Metz acts as a trend spotter and purchaser on behalf of their customers. As a supplier of promotional products and corporate gifts to Denmark's largest companies, Metz has to be a responsible and trustworthy partner in all areas. Most of the products are produced, according to the customers' wishes and needs.

As the only Danish company, Metz has obtained membership and part ownership of the world's largest procurement organisation, IGC Global Promotions. IGC was founded in 1956 and is a global network represented in 52 countries.

Our mission is to provide high quality products while also influencing and improving conditions relating to labour rights, human rights and the environment in our supply chain. We do this by communicating and by providing guidance to our suppliers in order to help them improve their processes and to comply with the principles of the UN Global Compact. Since we are not a manufacturer, this is the area that we will be able to influence the most, and thus have the greatest impact on.



MEMBER OF
IGC GROUP



UNGC COMMUNICATION ON PROGRESS

OUR APPROACH TO CSR

The backbone of the Metz CSR strategy is shaped by the ten principles of the UN Global Compact.

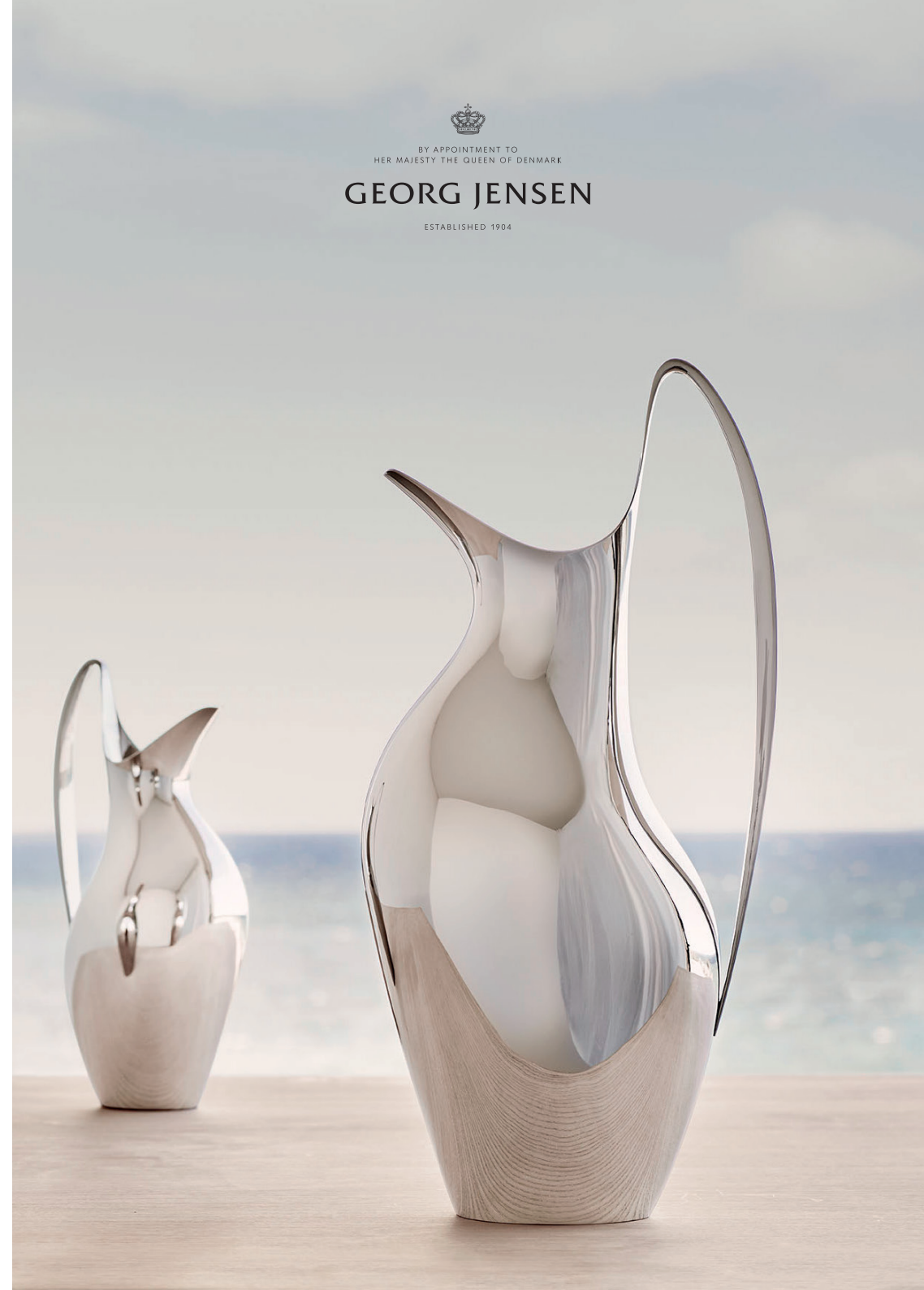
Together with our suppliers and building on the UN Global Compact principles, we wish to work towards a more responsible supply chain for our customers and our other stakeholders.

We do this by collaborating proactively with our suppliers and assessing our partnerships in order to strengthen their compliance with internationally proclaimed principles for Human Rights and Labor Standards, Environment and Anti-corruption. This approach is also defined in our company's CSR policy that structures and motivates our efforts within CSR, see appendix.

Our CSR policy builds on our ambition to make a positive difference to our stakeholders. One of the ways to do this is to create a transparent and responsible value chain. Our CSR efforts are driven by the following ambitions;

- We believe that by working responsibly, over the long term, we can outperform competitors, who do not adhere to the same standards and practices.
- We strive to monitor and manage the CSR risks associated with our business, as well as communicate our performance to our customers, so that we can support the success of their own businesses.
- We know that responsible business conduct provides sustainable, long-term business results, and that responsibility is a prerequisite for retaining our customers' trust and confidence.

Metz is an organization with a global network of suppliers and customers. Our main area of impact from a CSR perspective is our supply chain, which due to our global value chain is the area where we can make the biggest difference in terms of integrating CSR principles into business practices. For Metz, responsible supply chain management (RSCM) is therefore a strategic CSR focus area that supports our overall business strategy. RSCM has been our main priority in terms of CSR and the primary focus of our CSR activities in the past years, and will continue to be in the future.




BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK
GEORG JENSEN
ESTABLISHED 1904

METZ STAKEHOLDER CSR ACTIVITY 2018

CUSTOMERS

Over the last two years there has been a significant change, in the requirement from our customers. Most of our clients have procedures to ensure that there are no breaches in their supply chain. To accommodate this, we have been through an assessment from Achilles (who is a global supply chain risk management provider) in order to demonstrate our responsible business behavior. And we were approved in September 2018.

THE FOLLOWING AREAS WERE COVERED IN THE ACHILLES ASSESSMENT

INSURANCES

SUPPLY CHAIN
MANAGEMENT

QUALITY
MANAGEMENT

HEALTH & SAFETY
MANAGEMENT

FINANCIALS

MANAGEMENT
TEAM

COMPANY
INFORMATION AND
PROFILE

DATA PROTECTION

ENVIRONMENTAL
MANAGEMENT

CORPORATE SOCIAL
RESPONSIBILITY



SUPPLY CHAIN

Our main area of impact from a CSR perspective is our supply chain, which is the area where we can make the biggest difference in terms of integrating CSR principles into business practices. It is important that our supply chain has a responsibility towards CSR and towards us, and we believe that building bridges between our companies will result in better products and better business relationships.

From our recent factory visits we can see a positive development in the number of projects with the factories in question, and we can see that the factories take greater ownership of our projects when they get this extra attention and interest.

We will therefore continue same approach from the previous years and keep visiting our primary factories and business partners every year.



METZ GIFTS SHOWROOM

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

At Metz we recognize the challenges and risks associated with managing global supply chains, and that our supply chain is the area where we have our biggest impact and opportunity to influence social and environmental conditions. However, we also recognize that not having our own production poses a risk and to some extent limits the control and leverage we have in terms of improving the sustainability of our supply chain.

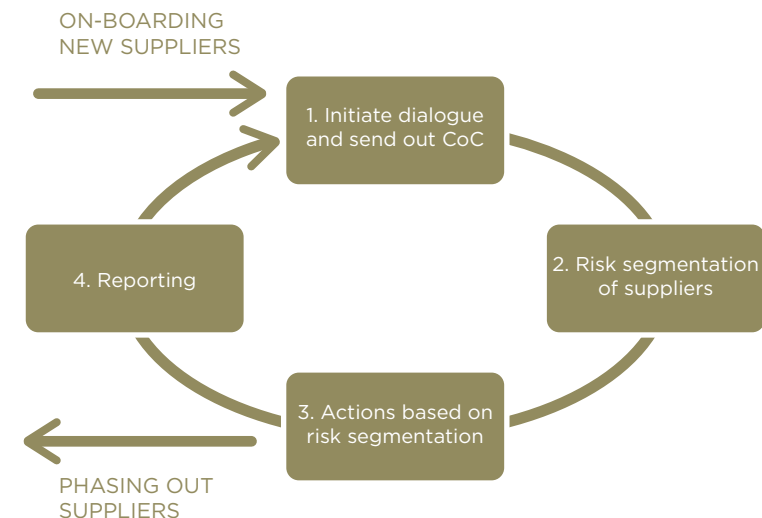
Our business model is based upon sourcing either directly from the supplier or indirectly through an intermediary. We distinguish between direct suppliers, companies selling branded goods, recognized agents or other intermediaries. The latter group often manages an independent network of suppliers and will often represent higher supply chain related risks than a single supplier.

For Metz, working with RSCM is about finding the right balance between the risks and the resources we have, and thus setting realistic goals for improvement. Our RSCM system is based on the UN Global Compact framework. The ten principles of the UN Global Compact, the principles in the ILO conventions and the UN Declaration on Human Rights form the basis of the demands we present to our suppliers. The Metz Supplier Code of Conduct outlines the requirements that we expect our suppliers to comply with.

The purpose of our RSCM system is to have a systematic management system that enforces responsible business practices across the supply chain with the purpose of monitoring significant risks and determining the effort needed to achieve reasonable confidence about suppliers' level of compliance with the Metz Supplier Code of Conduct and international standards.

RISK SEGMENTATION OF SUPPLIERS

Our risk assessment is based on four steps, whereas some of our suppliers need only go through the first two. We make this distinction because it is important for Metz to be able to implement a risk based but also resource efficient supplier management system.



HIGH RISK SUPPLIER COMPLIANCE FROM RISK SEGMENTATION

Two years ago, we optimized our internal supplier database, and added levels to the listed suppliers. This provides a quick overview of the supplier's present compliance stage and the requirements needed for the suppliers to move to the next level. This database contains all suppliers. Not all are used for productions and are therefore not categorized as primary suppliers. However, this does not mean that they can't be in the future, that is why it is also important to review and improve their compliance.

From this year's review, we can see an improvement in new and existing suppliers that meet our requirements for documentation. Once again, we have made an extra effort to improve our existing supplier's performance. We have used extra time on guidance and support. Because of this specific task we have been able to move some of the suppliers to level 1. However, we also had to move a few suppliers to level 4. Due to lack of documentation and cooperation

LEVEL 1 - This year 61% were placed in level 1 (against last year's 56%)

Compliant - no supporting documents are needed; however minor improvements may be necessary.

Explanation to the review; If documents have expired, the supplier will be moved down to level 2 or 3 until new documents are received and evaluated.

LEVEL 2 - 15% is placed in level 2 (against last year's 21%)

Partial compliance - supporting documents and/or major improvement needed.

Explanation to the review; If a supplier does not manage to close their major non-compliance findings, if documents have expired or if there has been changes in their organization that affected their compliance, they will be moved a level down until they regain the needed documentation. Similarly, they will be moved to level 1 if they manage to close their caps, get new documentation etc.

LEVEL 3 - 17% is placed in level 3 (against 23% last year)

Not in compliance - Compliance documents are needed.

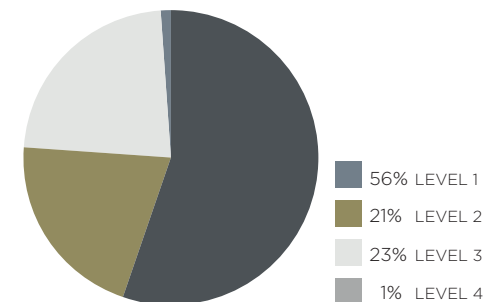
Explanation to the review; When we evaluate if a supplier should be moved to the phasing out level or if they should be moved to level 1 or 2, we look at the overall picture; social compliance, quality of the productions and business cooperation. If all these areas are below what we could expect from our business partners, we will move them to the phasing out level and focus our effort on finding a supplier who can fulfill our requirements.

LEVEL 4 - 7% in level 4 (against last year's 1%).

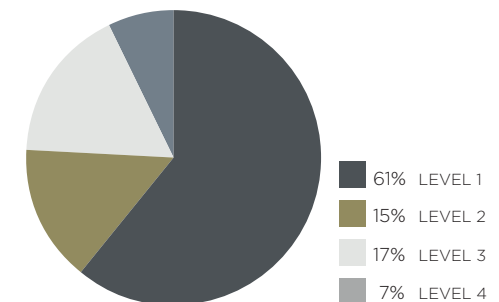
Phasing out level

The phased-out suppliers' contact details will be blocked in our system once we find a replacement, this ensures that there could not be sent inquiries or new orders to the blocked supplier.

Result of our 2017 risksegmentation,
based on high risk area (4 steps).



Result of our 2018 risksegmentation,
based on high risk area (4 steps).

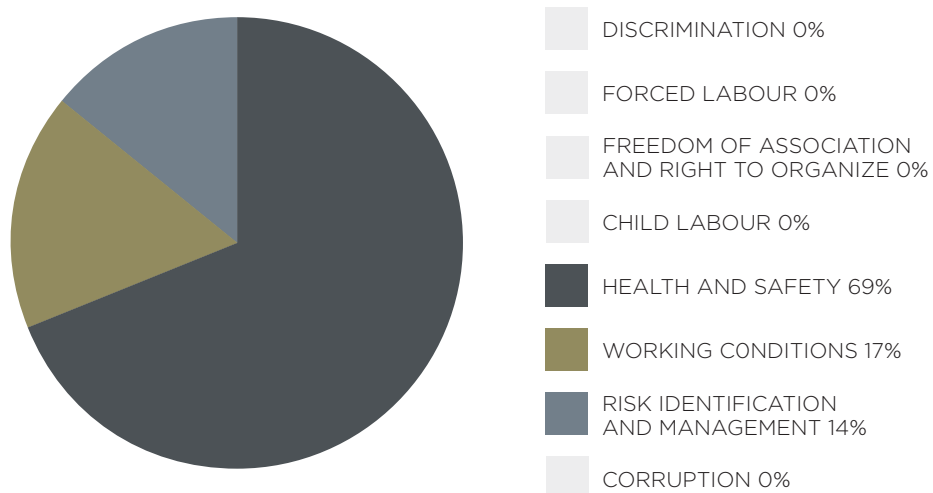


Our target for year 2020 is that 95% of our primary factories (1) in high-risk areas will meet the requirements of our Code of Conduct, today 89% of the factories that have been used for production are in compliance. We will meet our target by phasing out the factories where it has not been possible to improve their CSR performance, by trying to move our primary factories up to our level, and by entering into new partnerships with factories that demonstrate high commitment to the work with CSR. Ideally, we would like to inspire the factories to take responsibility and to understand the importance of social responsibility, so in time it is not a matter of whether they are compliant or non-compliant, but a question of what they are doing extra on CSR within their industry.

(1) A primary factory is defined by the number of orders placed and produced in a two years period.

HIGH RISK SUPPLIER COMPLIANCE FROM METZ CODE OF CONDUCT

Our risk assessment system provides us with a quick overview of our suppliers' performance and identifies which areas that need extra guidance and effort on our part. Please find below the findings (in percentage) from the audit reports that were assessed in 2018 against Metz Code of Conduct.



Like the previous years, we can see from the assessed documents, that it is the area of Health and Safety that needs extra attention. It is important that both the management team and the workers understand why they need to follow these rules (preventing injuries, sickness, fire etc.) and how they can all benefit from having a safe workplace.



OUR APPROACH TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG'S)

The UN Sustainable Development Goals are a framework of international priority areas as part of the 2030 Sustainable Development agenda.

Our approach to the 17 SDGs focuses on the below nine goals. We don't have a direct impact on all nine SDG's and their underlying targets, but by addressing these SDGs is a way to identify our contribution to the biggest global challenges.

Below is a brief description of our activities within each area, a more detailed description of SDG 1, 3, 5, 12 are communicated in this report.

THESE ARE OUR SDG FOOTPRINTS

SDG 1

No Poverty. While global poverty rates have been cut by more than half since 2000, one in ten in developing countries are still living below the international poverty line. Metz and many other leading companies have been working through different CSR programs for several years to make progress in some of the world's poorest economies. In this process, it is easily forgotten that Denmark also have people who needs help. A new collaboration between, "Save the Children" organization in Denmark and Metz makes it possible for Danish companies to donate part of this year's Christmas gift to "Save the Children".

SDG 2

Zero Hunger. One third of the food produced worldwide is wasted – according to "The UN Food and Agriculture Organization". Despite combined efforts and raised awareness for food waste, we all tend to buy more food than we need. To reduce the food waste at Metz, each employee should record if they are attending lunch the following day. This way there will only be ordered food for those who are in office.

SDG 3

Healthy lives. Good health is a determinant of quality of life, well-being and social participation. It's important for Metz to promote a healthy life style and good working environment. In our opinion healthy and satisfied workers will deliver better quality and better service and in the end, this will result in greater success for the company.

SDG 5

Gender Equality. Gender equality is one of the foundation for a sustainable world. At Metz, equality is an essential part of our internal culture and both our employees and our management team consist of men and women. We embrace the fact that all our employees have different work ethics, styles, skills, responsibilities and goals. As part of our CSR policy we would not engage with business partners who do not wish to sign the non-discrimination area in our Code of Conduct.

SDG 6

Clean Water. Ensuring access to safe drinking water is a basic human need, but unfortunately not all have access to clean water sources. And it requires international cooperation. Sustainable management of water waist and access to clean water are essential for the cooperation with our business partners. We request as a minimum that they give their employees access to clean water. As well as manage their production water waste. By having an effectively system that identify and minimize their potential hazards to the environment.

SDG 12

Responsible consumption and production. One of the extensive global challenges is to integrate sustainability with economic growth and welfare and doing more with less. At Metz we always try to find innovative solutions that enables sustainable consumption and production. For instance, we have developed a system that focuses on minimizing product waste by 15-20% on our costumer's web shops.

SDG 13

Climate Actions. Global warming is already having effects on the climate. And we all need to take actions. To make our impact on the reduction of greenhouse gas emissions and lower other potential production hazard. That could influence the environment and impact climate changes. We ask our business partners to have an effective system on the factories that identifies and minimize their potential hazards to the environment. Relating to their production energy consumption, emissions to air, land and water.

SDG 14

Life Below Water. Plastic and other forms of waste entering marine environments poses a significant challenge. We need to keep the oceans safe and clean and reduce the number of plastic bags ending up in the water. At Metz, we promote the use of reusable shopping bags instead of plastic bags. As a result we have decreased our production of plastic bags by 67% since 2016.

SDG 15

Life on Land. Land and forests are essential for a sustainable world. To protect the forests we need to prevent illegally-harvested timber. This can be done in many ways. We have chosen only to purchase notebooks from FSC certified factories in China. To make sure that our paper productions are as responsible as possible. And do not have a negative effect on the forest.

NEW COLLABORATION BETWEEN, "SAVE THE CHILDREN" AND METZ

Poverty is more than the lack of income. One of its manifestations include for instance social discrimination and exclusion. The organization "Save the Children", provides experiences to children from the poorest families in Denmark and helps them become part of a community.

According to "Save the Children", more than 62,000 children lived in poverty by the end of 2016. Common for the children living in poverty, is that they often isolate themselves and have fewer friends than their surroundings. Children from poor families often carry a feeling of being different and try to conceal the family's economy for the outside world. It's hard to be a poor child in a rich country when you do not have the same opportunities to participate in social activities, vacations and leisure facilities like others. Growing up in social isolation has consequences for a child's development. Therefore, "Save the Children" tries to ensure that all children in Denmark have access to become part of a community (1)

A CHRISTMAS TO REMEMBER

ALL KIDS DESERVES A MERRY CHRISTMAS

Metz and many other leading companies have been working with different CSR programs for several years to make progress in some of the world's poorest economies. In this process, it is easily forgotten that Denmark also have people who needs help. A new collaboration between "Save the Children" organization in Denmark and Metz makes it possible for Danish companies to donate part of this year's Christmas gift to "Save the Children". By choosing the exclusive Cobra bowls from Georg Jensen, a contribution will be made to "Save the Children" and will among other projects be used for special Christmas events for vulnerable families around in Denmark.

COMPANY CHRISTMAS GIFTS - firmajulegaver.metz.dk

We are committed every year to develop and produce 100,000 Christmas gifts that are worth remembering.

Besides our customer defined Christmas web shops (with their own gift choice). We have a predefined Christmas web shop with a minimum of 25 different gifts within each budget. As a standard, one of the 25 gifts is a donation gift.

(1) <https://redbarnet.dk/vores-arbejde/fattigdom-i-danmark/>



Red Barnet

ALLE BØRN FORTJENER EN GOD JUL

Et nyt samarbejde mellem Red Barnet og landets største leverandør af firmagaver Metz gør det nu muligt for danske virksomheder, at donere en del af årets julegave til Red Barnet.

Ved køb af de eksklusive Cobra skåle fra Georg Jensen støttes bl.a. Red Barnets julearrangementer for udsatte børnefamilier rundt om i Danmark.



METZ

EN FORSKEL DU BLIVER HUSKET FOR

Årets donationsjulegave fra Metz støtter Red Barnet.

A DIFFERENCE FOR THE ENVIRONMENT

We are dedicated to continuously improving our influence to the environment. That is why we always look at new ways to optimize our processes and improve our products to minimize our environmental impact.

CUSTOMER WEBSHOPS WITH ENVIRONMENTAL FOCUS

One of our core business areas is worldwide distribution of promotional items through our web shops. For this reason, we have years ago developed a system that focuses on minimizing waste by 15- 20%. This includes all aspects that are associated with the finished item like production, storage and delivery. Furthermore, this also prevents our customers from spending money on ordering quantities that are not used.

FSC CERTIFIED NOTEBOOKS FROM CHINA

To make sure that our paper productions are as responsible as possible, we have made an internal policy only to purchase notebooks from FSC certified factories in China. By using FSC certified paper we are assured that the harvested trees are replaced or allowed to regenerate naturally. Metz is approved as a distributor of FSC® certified products and have a trademark license: FSC-N001788

REDUCTION OF PLASTICBAG PRODUCTIONS

Plastics is a huge environmental problem and impacts the oceans and marine life. We want to make our contribution to keep the oceans safe and clean and reduce the number of plastic bags ending up in the water. Therefore, we promote the use of reusable shopping bags instead of plastic bags to our customers. As a result, we have decreased our production of plastic bags by 67% since 2016.

ENVIRONMENTAL FOCUS IN OUR SHOWROOM

This year we have dedicated a part of our showroom to display environmentally friendly products. Like, re-cycled pens, re-cycled and FSC notebooks, umbrellas, shopping bags, mugs, drinking bottles etc. We hope that this will contribute to more sustainable product purchases.

IT IS THE SMALL THINGS THAT CAN HELP MAKE A DIFFERENCE

Through the years we have reduced our water waste, battery waste, food waste and reduced our CO2 emission by moving our warehouse location.



PROMOTING A GOOD AND HEALTHY WORKING ENVIRONMENT

Good health is a determination of quality of life, well-being and social participation. As part of this, we believe that a good working environment is just as important and that it contributes to our employees good health.

A good working environment is not only about the way we talk to each other, it's about giving the employees the right tasks, challenge their expertise, and about supporting a good team spirit. It's important that the employees get proper answers and guidance to their questions and feel that they are listened to when they present their suggestions and ideas. In other words, each employee should feel important and valued.

We believe that employees that are healthy and satisfied, have fewer sick days and are more productive on the job. Not only does this the investment in our employees have cost benefits for Metz, but also for the individual. This is not something we only practice in Metz but also something that we promote to our business partners. Therefore, we will keep focusing on promoting the benefits of having a good and healthy working environment, what it can do for the company by giving the workers the right tasks, challenge their individual areas of expertise, but also the benefits that comes from a good team spirit in the workplace.



OUR EMPLOYEES

- A DIFFERENCE TO BE REMEMBERED BY

Our payoff: "A difference to be remembered by" reflects not only on the promotional items that we sell to our clients. But it also reflects the culture within Metz and is the center of our daily work in the organization in relation to the service we provide to our customers, what we can do to help others and how we treat our colleagues.

OUR EMPLOYEES ROLE IN THE SUCCESS

At Metz, we acknowledge that each employee plays a vital role in the success of the company. We continuously focus on the elements that advances their commitment, job satisfaction and their wellbeing at work. We do this by having annual one-on-one development interviews, by offering a private health insurance for our employees and their children, by fostering a good team spirit (e.g. by frequently organizing social events) and by giving the employees access to fitness, spinning, yoga, healthy lunch programs, free fruit etc.

CULTUR COMMITTEE

As Metz grows and more new colleagues arrives we have in 2018 founded a social steering group called "Metz cultur committee". The purpose is to build relationships across the different departments by gathering colleagues for social events (like; social walks, petangue competition, dinners, theaters etc.). It has been well received and the project will therefore continue in 2019.

GENDER EQUALITY

Equality is an essential part of the Metz cultur. We believe that gender equality in our employment staff and management team together with a supporting and communicative management style delivers innovative results for our company.

METZ EMPLOYEES BY OCTOBER 2018	MALE	FEMALE	TOTAL
EMPLOYEES	16	31	47
MANAGEMENT TEAM	3	4	7

STATEMENTS FROM OUR EMPLOYEES



METZ IS LIKE ONE BIG FAMILY

APPENDIX: METZ CSR POLICY

Metz wishes to be a responsible and trustworthy business partner as a supplier of promotional products and corporate gifts to Denmark's largest companies. Metz does not have any in-house production, but acts as a trend spotter and purchaser for our customers. By delivering the right products, by providing high quality service, and by creating a transparent valuechain, we want to support a successful business for our customers. Metz was founded upon these values and principles.

We created our CSR policy with the goal of making a positive difference. Responsible supply chain management and the collaboration with our suppliers are the areas in which we have our biggest CSR impact, and where we can make the biggest difference in relation to advancing responsible business practices. The framework for, and backbone of, our CSR strategy and activities are based on the ten principles of the UN Global Compact that we joined in November 2013.

By building on the UN Global Compact principles, we will work towards a more responsible supply chain. We do this by proactively influencing and collaborating with our suppliers in order to comply with internationally recognized principles for Human Rights, Labour Standards, Environment and Anti-Corruption.

