Sustainability Report 2019

Global Compact - Communication on Progress (COP)

Creating

a more sustainable future

together

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> ABOUT THE REPORT

We are proud to present the Communication on Progress (COP) report 2019 of Mekoprint A/S, which comprises Mekoprint A/S' work with CSR activities as well as the future targets for this area. The report is based on our activities in Denmark through our 5 factories in Støvring, Aalborg and Hornslet. The future Mekoprint group COP report will aim to include activities in Poland and Hong Kong.

The report is based on our membership and adherence to the UN Global Compact, which establishes ten basic principles, derived from internationally applied conventions about human rights, labor rights and the environment. Additionally we list the strategic CSR objectives for 2020 and actions for 2018 through division of our 6 key stakeholders: Employees, Environment, Suppliers, Customers, Society and Finance with a sustainable future as the common focal point.

CSR towards 2020

Employee satisfaction, trust and awareness of our sustainability are to be increased so that by 2020 we have sustainable development targets in place for all employees and teams – and a Trust Index score of 96%.

Our **environmental impact**, energy reduction and resource waste must be far below the maximum permitted by applicable legislation and we intend to become CO2-neutral by 2020.

Financially we need to ensure profits for long-term investment in increased sustainability and resilience to economic trends.

We are fighting for a more **sustainable future** together

New **supplier criteria** based on sustainable raw materials and work processes must be set out to ensure that sustainability in all supplier products is classified by 2020.

We want to support young people's development in **society** by offering leading educational partnerships and helping vulnerable young people by working with selected aid organisations.

Product design and partnership with **customers** must be optimised at the lowest possible total cost and environmental impact which must be reflected by >50% customer-ambassadors by 2020.

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> A SUSTAINABLE INITIATIVE

Mekoprint has been a member of the UN Global Compact since 2017. We are ambitiously committed to support the UN Global Compact and its ten principles within human rights, labour, environment and anti-corruption, as well as the fulfillment of the Sustainable Development Goals (SDGs). We particularly focus on the Sustainable Development Goal no. 12: Responsible Consumption and Production.

Our core values of being curious, ambitious, actionable and responsible are increasingly important to us and to our environment, and we tirelessly strive towards sustainability across the board to ensure our employees' satisfaction, our customers' confidence and our own sense of meaning in navigating Mekoprint in increasingly unquiet waters.

This year we have once again made a step in the right direction towards becoming one the best workplaces in Denmark as we continue to climb the ranks of the Great Place to Work from a place in top 30 to top 15.

Since 2012, we have followed a code of conduct – a set of ethical rules, which guide the cooperation between Mekoprint, Mekoprint's employees and Mekoprint's suppliers to ensure that the development of products and services is consistent with our objective to act responsibly and fairly towards all groups of stakeholders.

Balancing our increasing production and activities is one of our main concerns regarding our use of resources. We are constantly working to produce more with fewer resources.

Our motto is "Creating together" and this is lived out both internally, with our suppliers and local community and not least our customers. We believe that it is mutually beneficial to work in teams. This report gives a short status of what we have achieved in 2018 by working together with our stakeholders. We hope you will enjoy reading about our company and our mission to let sustainability walk hand in hand with a growing manufacturing company.

Anders Kold
CEO

Torben Jensen
**CFO**

> ABOUT MEKOPRINT

> FAMILY OWNED COMPANY FOR 65 YEARS

Mekoprint is a family owned company established in 1954 by Erland Kold. The history of Mekoprint began, when Erland Kold bought a share of Aalborg Kliché- and Metal sign factory. The metal sign factory became Mekoprint, who produced etched metal signs and self adhesive transfers for marking of motors, pumps and agricultural machines. In 1973, Esben Kold took over the management, and with a background as a chemical engineer and a graduate in business administration, the company developed into a high-tech, growth oriented company with a wide range of technologies, competences and product solutions. After more than 40 years, Esben Kold passed on the baton to his son Anders Kold, who since March 1st 2015 has been in charge of the company as the third generation in the company.

> GROUP FACTS

Mekoprint is a 100% order producing high-tech company with a focus on innovative, partner based relations with customers and suppliers. The customer specific solutions, created together with the customers, are based on a close cooperation, a common goal, and the ideal combination and exploitation of our own and customers' strengths. Mekoprint primarily work with customers who have special requirements for customer specific products and total solutions within user interfaces, high volume flexible foils, EMC shields, cable harnessing, metal signs and manufactured metal parts. Mekoprint offers more than 30 manufacturing technologies, have more than 20.000 customer specific part numbers and supply to all major industries from industrial automation to medico.

Mekoprint is headquartered in Støvring and has around 550 employees within 40.000 m2 production areas with majority of the manufacturing in Denmark. Aside from three factories in Støvringg, Mekoprint has one factory in Aalborg and two factories in Poland in Szczecin and Warsaw. In 2012 Mekoprint further established an office in Hong Kong in order to engage with the increased activity in Asia with regional partner production, logistics, sales and customer service. The engagement with Asia, however, goes all the way back to the early 1990's when Mekoprint signed the first partnership agreement with an Asian supplier. Since then the focus has been on producing high quality, at a competitive price. Organizationally, Mekoprint is divided into four divisions each with their own specialized product focus: Graphic Electronics, Chemigraphics, Mechanics and Cables.
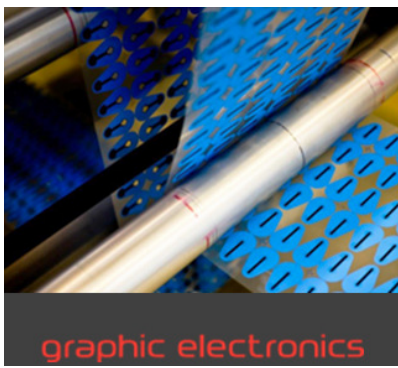
Mekoprint Graphic Electronics develops and produces industrial user interface solutions, foil based high volume products, printed electronics like flexible touch and LED foils, industrial graphical design, production of labels, front foils and transfers based on highly automated digital and silk screen printing. The manufacturing is mainly in Støvring, Denmark, but also with production partners in Asia.

Mekoprint Chemigraphics develops and produces micro precision metal parts, EMC shields and metal signs to everything from pumps to microphones and hearing aids. The manufacturing is primarily in Støvring, Denmark with etched metal parts in low to medium volume and punched parts in high volume. Additionally Chemigraphics has a highly automated setup in multi axis micro machining of micro precision parts.

Mekoprint Mechanics develops and produces cabinets, chassis components, front panels and heatsinks through a range of in-house technologies. These technologies include fiber laser cutting, milling, punching, bending, progressive deep drawing, anodizing, powder coating and graphical printing. The manufacturing takes place at two sites in Denmark and one in Poland.
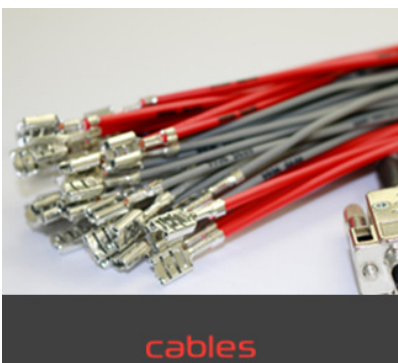
Mekoprint Cables develops and produces cable solutions for industrial use from single wire to complex cable harnesses for use in larger appliances within several industries eg. Industrial automation, pumps and machines. The manufacturing takes place in Poland with around 200 employees while sales activities are centered in Denmark.
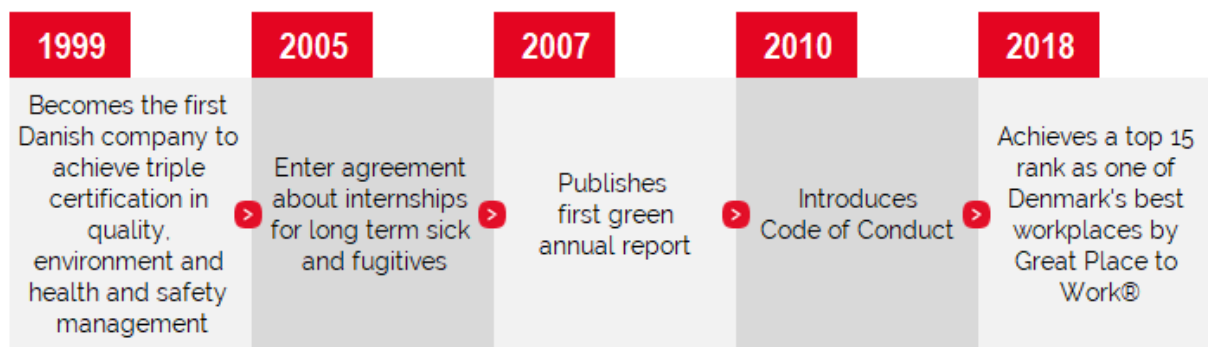
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> OUR VALUES

Every day Mekoprint strives to create a more sustainable production together with select customers by creating the best solutions that maximize value with a minimum of resources and environmental impact. We can only do that by abiding by sustainable values:

We are…

…tirelessly **curious** and **ambitious** in finding better ways to engineer, produce and deliver, by constantly having focus on optimizing resources throughout the entire value chain.

…**actionable** in everything we do, not least our social responsibility. This is why we measure specific indicators that ensure that we focus on the right pointers, so we constantly advance in a sustainable direction.

…**responsible** by showing a high level of respect and attention towards our customers, colleagues, suppliers, the environment and society.

1999	2005	2007	2010	2018
Becomes the first Danish company to achieve triple certification in quality, environment and health and safety management	Enter agreement about internships for long term sick and fugitives	Publishes first green annual report	Introduces Code of Conduct	Achieves a top 15 rank as one of Denmark's best workplaces by Great Place to Work®

United Nations Global Compact

WE SUPPORT

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> MEKOPRINT CSR TIMELINE

1992	1996	1999	2001	2005
Environmental approval and wastewater permit	DS/ISO 9001 Quality Management Certification	DS/ISO 14001 Environmental Management Certification	First Risk Assessment (APV) through the Danish Working Environment Agency	Agreement on internships for long term sick and refugees
		DS/OHSAS 18001. Occupational Health and Safety Assessment Series Certification		Management of REACH directive EC 1907/2006 regarding use of chemicals

2013	2011	2010	2008	2007
BAT (Best Available Technology) Mechanics Anodising plant	Management of RoHS directive 2011/65/EU	Code of Conduct	Implementation of ATEX directive 94/9/EC	First published report on PRTR (Pollutant Release and Transfer Register)
			Management of REACH directive EC 1907/2006 regarding use of chemicals	External safety audit, hazardous waste.

2014	2015	2016	2017	2018
First employee satisfaction survey conducted with Great Place To Work	Code of Conduct updated according to UN Global Compact	Named one of Denmark's best workplaces by Great Place To Work	First CSR Report	Upgrade of ISO 9001 to ISO 9001:2015 certification
Management of Conflict Minerals Styring according to "The Dodd-Frank Wall Street reform and Customer Protection Act		Formalized cooperation internships for long term sick & refugees	Joined UN Global Compact	Upgrade of ISO 14001 to ISO 14001:2015
		ATEX directive 94/9/EC removed and replaced by ATEX directive 2014/34/EU		DS/OHSAS 18001 is replaced by ISO 45001

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> CREATING A SUSTAINABLE FUTURE TOGETHER

Mekoprint has a proud history of conducting its business to the highest ethical degree, but it was not until recently, that we started to describe and put our achievements on paper. Our work with Corporate Social Responsibility reporting is thus more of a description of the work already being done as well as a tool to keep our eyes on the ball in terms of sustainable development more than a sudden marketing idea. We believe that it's not only possible to be highly ambitious in terms of sustainability while operating a successful business – it's a prerequisite. Following a brief followup on our 2018 targets, we will delve into our work with social responsibility as well as our environmental and climate impact.

	2018 INITIATIVES	2018 STATUS	2020 TARGET
🟢	• HR initiatives according to Great Place to Work process • Increased awareness and follow up on targets for ressource usage and environmental impact	HR initiatives according to Great Place to Work are in process, and further boosted by employment of an HR Development Director.	We have a Trust-index score of +96% and sustainable development goals for each employee and team.
🟡	• Plan for becoming CO2 neutral in 2020 • Adjust goals and efforts in relation to reducing energy usage and waste products	Plan for becoming CO2 is ongoing and goals and efforts in relation to reducing energy usage and waste products are being discussed.	We are a CO2 neutral company with an annual reduction in energy consumption and waste pr. product area.
🟡	• Establish sustainable supplier criteria and complete first product evaluations	Plan for systematic handling of suppliers is prioritized which facilitates product evaluations.	We have **classified the sustainability level** of all supplier products.
🟡	• Evaluate current design processes and competences in relation to sustainability with recommended focus areas for 2018.	Our team of engineers constantly think in efficent prodution methods not only in our own manufacturing but in the entire product lifecycle.	We have **integrated sustainability in our design- and collaboration process** with customer recommendation of +50% NPS.
🟡	• Formalize the cooperation with Aalborg University, Tech College, Ønskeland and Christmas Seal Foundation homes.	We are getting a closer collaboration with institutions through commitment plans, regular meetings and various internships, but still lack some formal agreements.	We are acknowledged for **leading educational cooperation** and supporting young people with social problems.
🟢	• Allocate and optimize usage of DKK 500.000 to work with sustainability.	We have invested heavily in new and more efficient equipment across divisions.Among others 350.000 DKK in LED panels and energy efficient pumps.	We have reached our targets for a robust growth company and allocated 5% of our annual profits to increase sustainability.

🟢 Completed activites   🟡 Ongoing/planned activities   🔴 Activities put on hold/postponed

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> INCREASED HR EFFORT AND EMPLOYEE SATISFACTION

This year we made a serious commitment to our HR effort through hiring of an HR Development Director on January 1st 2018. An important new HR project – Mekoprint Academy – with focus on management development in the initial phase. The purpose is to enhance our management and its competences in leading teamwork to ensure employee satisfaction and focus. In the coming year the management development will be evaluated in cooperation with an external management advisor, after which the focus will be on employee development. The overall purpose of Mekoprint Academy is to co-create continuous improvement, clarify our LEAN culture and create a culture of improvement in our daily life where all employees are conscious of Mekoprint's mission and strategy.

> HEALTHY EMPLOYEES

Our ambition to become one of the best workplaces in Denmark also entails being one of the healthiest workplaces. In 2018 there has been numerous inspirational presentations with focus both on mental and physical health with Stress Coach Pia Callesen among others. In order to boost the physical fitness, all employees are offered an annual health check-up, which will be a recurring non-compulsory event. Employees are encouraged to make daily small exercises and stretches with specific instructions on how to perform these.

> INCREASING TRUST

At Mekoprint we have an ambitious goal of having a Trust Index of 96% and being in the top 10 of Denmark's best workplaces for mid-sized companies by 2020. Mekoprint has participated in the Great Place to Work initiative since 2015 and has been certified as a "Great Place to Work" every year. 97% of Mekoprint employees expressed that "all in all I consider Mekoprint to a really great place to work". We can only humbly be proud of this achievement.

In our latest employee satisfaction survey from the fall of 2018, our Trust Index has increased from 89% to 90% and we've moved 9 spots up the list from 2017, and now rank as an notable 14th place. We are well on our way towards our goal of getting a top 10 position in 2020. See appendix 2 for our target focus areas of this year's Great Place to Work analysis.

Our customers also gain trust in our ability to give them competent development advice in terms of material selection and product integration in the customer's production line. This is also verified by an increase in the Net Promoter Score from 29 in 2017 to 35 in 2018.

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> WORK ENVIRONMENT

When we say we work towards a sustainable future, we especially focus on our environmental and climate impact. Relative to our revenue growth of 17%, we have increased our use of resources marginally compared to the previoius year. This primarily due to increased activities on water-using manufacturing machines. This is a two-edged dilemma in the case of our roll-to-roll etching machine which uses a lot of water, but produces sustainable LED panels. We are continuously changing to low-energy solutions where possible, and are measuring our power consumption in special areas and for specific machines in order to monitor and act as needed. See appendix 3 for energy consumption and climate impact for each division.

Mekoprint A/S*	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Energy Consumption							
- Electricity (MWh)	6.282	5.210	5.567	5.054	5.310	5.443	**5.830**
- Water (M³)	11.730	10.202	9.084	8.121	8.592	10.228	**10.569**
- Natural gas (Nm3)	251.869	249.201	204.804	218.285	220.362	224.406	**224.406**
- CO_2 emission	2.426	1.630	2.141	1.581	1.118	1.371	**1.212**
Index figures (Energy consumption/Revenue)**							
- Electricity (MWh)	100	94	92	86	87	77	82
- Water (M³)	100	87	77	69	73	87	90
- Natural gas (Nm3)	100	99	81	87	87	89	89
- CO_2 emission	100	76	91	70	47	50	56

*Excl. data from Mekoprint Hong Kong Ltd., Mekoprint Mechanics Hornslet, Mekoprint Polen Sp.z.o.o, Mekoprint Cables Sp.z.o.o

**Index numbers calculated by resource consumption relative to revenue with 2011/12 as base year

Mekoprint has had short- and long term environmental impacts on the agenda, particularly since being certified in the internationally renowned environmental management system ISO 14001 in 1999. In October 2018, Mekoprint A/S was converted to DS/ISO 45001:2018 (OHSAS 18001:2008), and Mekoprint Mechanics in Hornslet was simulatenously certified according to DS/ISO 14001:2015 and DS/ISO 45001:2018 (OHSAS 18001:2008). Our ambition to be CO_2 neutral in 2020 must not solely be redeemed through buying carbon offsets. That is why we have partnered up with EnergyTeam (EnergiTeam) in order to prioritize the most important target areas to become CO_2 neutral. In the long term our ambition is that our energy consumption is covered by a combination of wind and solar power. This process is currently in progress, and we are looking in to possibilities of establishing a solar park.

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> SOCIAL RESPONSIBILITY

We are commited to engange and support our local communities and have a specifici focus on young people with welfare problems. Mekoprint continues to support Land of Wishes (Ønskeland) with around EUR 3.000, which gives troubled kids a chance to get a break from their daily life. Aside from this we annually support the Christmas Seal Foundation and have in 2018 supported Team Rynkeby's fundraising bicycling trip which is donated directly to Childrens Cancer- and Childrens Lung Foundation. We also continue to nudge our customers to help us help others by donating EUR 10 to Unicef for each answered customer satisfaction survey conducted annually. This resulted in a donation of around EUR 3.000 in 2018. In the coming years we will continue to expand our cooperation with the University of Aalborg (AAU) and University College Nordjylland (UCN) with educational collaboration, so we will have even more apprentices and interns throughout the divisions. In the coming year we will work towards a formalization of our cooperation with AAU, UCN and Tech College Aalborg.

> PUSHING SUPPLIERS

We have a 2020 goal of having all supplier products classified in terms of sustainability. This contains both criteria for sustainable raw material and work processes. We have little by little started this process, but we will make a serious push in this direction in the coming years. In relation to Conflict Minerals (3TG), the CFSI Conflict Minerals declaration was updated from rev CMRT5.01 to CMRT5.10. Simultaneously we have collected new declarations from suppliers of surface treatment of gold and tin.

> SUSTAINABLE GROWING BUSINESS

Since 2015, Mekoprint has worked with an ambitious growth strategy to double our revenue and profit in 5 years through an annual growth of 15%. This year we met this ambitious target and revenues increased by 17% to EUR 62 mill. and earnings are up 35% to EUR 27 mill. Our 2020 goal of ensuring profits for long term investments in sustainability and resilience to cyclical fluctuations are thus within reach.

As an order producing manufacturing company, our customers determine our future, so it is of utmost importance that our customers value our flexible service, our high quality products and development advice regarding product optimization to minimize total costs and minimize environmental impact. This is why we're proud of our latest result in our annual customer satisfaction survey which counts a Net Promoter Score of 35, up from 29 last year. We are well on the way towards our goal of having 50 percent net promoters in 2020.

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> APPENDICES

> APPENDIX 1 – UN GLOBAL COMPACT AND MEKOPRINT

		How we work with the principle
SOCIAL RESPONSIBILITY		**CERTIFICATION: OHSAS 18001**
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	With our code of conduct and audits, we ensure that our suppliers live up to internationally proclaimed human rights.
Principle 2	make sure that they are not complicit in human rights abuses.	We regularly audit our cooperation partners and suppliers to ensure they live up to the signed code of conduct.
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	We and all suppliers associated with Mekoprint allow employees and other associated employees to freely organize in legal unions and to take part in collective bargaining.
Principle 4	the elimination of all forms of forced and compulsory labour;	Forced labour, bonded labour, interminal labour contracts or prisoners involuntary labour cannot be used at Mekoprint or our suppliers.
Principle 5	the effective abolition of child labour; and	We respect childrens' right to development and education. We have demanded through our code of conduct that our suppliers do the same and that they comply with all local regulations in terms of minimum working age.
Principle 6	the elimination of discrimination in respect of employment and occupation.	We and all our suppliers must refrain from discriminating based on personal characteristics in relation to employment, compensation, educational opportunities, promotion, dismissal or severance.
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	We expect the highest degree of integrity and honesty in all business activities. We and our cooperation partners must avoid corruption in any form.
ENVIRONMENT AND CLIMATE IMPACT		**CERTIFICATION: DS/EN ISO 14001**
Principle 7	Businesses should support a precautionary approach to environmental challenges;	We and our cooperation partners work continually with reducing waste and pollution of air, soil and water. Chemicals are handled in an environmentally sound way, and hazardous waste are handled, deported and discarded in an environmentally friendly way.
Principle 8	undertake initiatives to promote greater environmental responsibility; and	When we publicize our resource consumption and CO_2 pollution figures in this report and develop goals and targets to reduce these, we undertake an iniative to promote our greater environmental responsibility.
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	We continually work with optimizing our resource usage through digitalization, automation and LEAN, and further work to make our customers' resource usage more efficient.

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> APPENDIX 2 – GREAT PLACE TO WORK 2018

Focus areas from the Great Place To Work analysis	2014	2015	2016	2017	2018
Clear change management and communication					
The management always inform me about important issues and changes	45%	51%	71%	79%	77%
The management have clear strategies for where the workplace is going, and how it gets there	65%	69%	78%	85%	85%
The management expresses its expectations openly and clear	59%	64%	82%	85%	84%
Well-being and motivation					
My work here has special meaning: this is not 'just a job'	74%	74%	79%	92%	90%
I'm proud to tell others I work here	76%	80%	81%	95%	95%
I want to work here for a long time	74%	83%	87%	94%	92%
All in all I think this is a really good place to work	81%	91%	84%	98%	97%
Individual Development Plan and competence development					
I am offered training or development to further myself professionally	48%	48%	56%	63%	80%
I am given the required resources and equipment to do my job	64%	70%	74%	89%	89%
Non-discrimination					
Employees are treated fairly regardless of age	79%	85%	85%	95%	95%
Employees are treated fairly regardless of ethnicity	87%	91%	93%	96%	99%
Employees are treated fairly regardless of sex	75%	84%	88%	93%	91%
Employees are treated fairly regardless of sexual orientation	88%	94%	92%	97%	99%
Employees are treated fairly regardless of reduced work ability	77%	84%	91%	93%	92%
Trust Index Average					
Trust index	66%	74%	77%	89%	90%

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> APPENDIX 3 – DIVISIONAL KEY FIGURES FOR ENERGY CONSUMPTION

Mekoprint Chemigraphics	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Energy Consumption							
- Electricity (MWh)	937	932	865	786	876	1.145	1.334
- Water (M³)	3.281	3.375	2.786	2.632	3.100	4.743	5.345
- Natural gas (Nm3)	83.436	90.337	70.085	71.614	74.152	66.205	91.905
- CO_2 emission	371	301	340	254	192	307	273
Index figures (Energy consumption/Revenue)							
- Electricity (MWh)	100	101	98	91	95	98	92
- Water (M³)	100	110	89	93	90	64	72
- Natural gas (Nm3)	100	105	90	87	96	116	106
- CO_2 emission	100	82	97	74	53	66	48

Mekoprint Mechanics	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Energy Consumption							
- Electricity (MWh)	3.538	2.709	3.038	2.705	2.829	2.442	2.792
- Water (M³)	5.901	4.438	4.241	3.810	3.919	3.578	4.345
- Natural gas (Nm3)	71.953	48.993	56.817	55.707	56.490	50.905	58.588
- CO_2 emission	1.352	831	1.157	834	583	635	545
Index figures (Energy consumption/Revenue)							
- Electricity (MWh)	100	93	89	86	78	61	70
- Water (M³)	100	83	82	87	77	63	72
- Natural gas (Nm3)	100	91	74	73	65	54	65
- CO_2 emission	100	75	89	70	42	42	33

Mekoprint Graphics	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Energy Consumption							
- Electricity (MWh)	831	722	657	582	562	589	557
- Water (M³)	810	794	787	629	598	628	721
- Natural gas (Nm3)	43.624	41.686	34.139	33.960	27.146	36.072	36.722
- CO_2 emission	323	227	255	184	119	158	114
Index figures (Energy consumption/Revenue)							
- Electricity (MWh)	100	104	95	87	98	103	90
- Water (M³)	100	115	94	97	90	120	113
- Natural gas (Nm3)	100	118	116	96	107	113	119
- CO_2 emission	100	84	94	71	53	71	47

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Mekoprint Electronics	11/12	12/13	13/14	14/15	15/16	16/17	17/18
Energy Consumption							
- Electricity (MWh)	976	847	1.007	981	1.043	1.268	1.382
- Water (M³)	1.738	1.595	1.270	1.050	1.080	1.279	1.558
- Natural gas (Nm3)	52.856	68.185	43.763	57.004	62.574	71.224	74.166
- CO_2 emission	380	271	389	310	223	271	279
Index figures (Energy consumption/Revenue)							
- Electricity (MWh)	100	92	100	97	103	102	105
- Water (M³)	100	137	80	104	114	106	104
- Natural gas (Nm3)	100	98	71	58	60	58	67
- CO_2 emission	100	76	99	78	56	56	55

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