

# JUNCKERS CSR REPORT 2018



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## **20** 4. SUMMARY 2018

# 1. MANAGEMENT DIRECTIVE

At Junckers Industries A/S, we are working on implementing environmentally and socially responsible business practices as part of our daily operations.

Therefore, in 2011, Junckers entered as a signatory to UN Global Compact to support the 10 principles in the 4 main areas of: Human Rights, Labour Standards, Environment and Anti-corruption. Since then, the company has described the progress of its work with the individual principles in the company's annual CSR report.

As a signatory to the Global Compact, Junckers support the work of the organisation and strengthen its own work within corporate social responsibility. Junckers has been a workplace for many people with different backgrounds and education for more than 80 years and is still one of the largest companies in the timber industry in Denmark. Junckers has a responsibility to society and its employees, both as a company and as an employer. Junckers' aim is to be a company that society can be proud of and to have a workplace where employees look forward to coming to work.

The responsibility for implementing the principles into the everyday life of the company's will be defined and delegated by the organisation, and the employees will be informed about the agreement and its significance.

Some of the principles have been integrated into the company's operations in advance, as Junckers has already worked systematically with these areas for many years, following the implementation of its environmental and working environment certifications.

Junckers envisage obvious benefits in adopting the Global Compact, as the company will become structured and made visible by the numerous good initiatives that have already been taken within CSR. This means that the company will be stronger on the market among the customers who emphasis that their suppliers are also serious and trustworthy within CSR.

Committing to the UN Global Compact principles is also well in line with the company's other work within the environment, working environment and energy management (ISO 14001, OHSAS 18001, ISO 50001 certified), as well as with its track record of using sustainable wood (PEFC™ and FSC® certified).

In addition to continuing to safeguard the progress of the Global Compact principles that have already been implemented, the company's energy consumption is still a focus area, due to CO2 emission and the major economic costs of energy. In 2018 focus has been on ensuring low energy consumption in the new kiln drying facilities planned for 2019. Furthermore, LED lighting has been installed in a number of production and office facilities. The conversion to electric forklifts from diesel and lpg forklifts continues. It is however still challenging to replace large machines but the outlooks are promising.

In October 2018 the privately owned industry investment company Jysk Fynsk Kapital A/S (JFK) purchased the share majority in Junckers. The management and owners confirm a continued support to UN Global Compact.

The annual CSR report (the COP) will be published on [www.junckers.com](http://www.junckers.com) and will also be used when communicating with external stakeholders, among these, customers.

F. Junckers Industries A/S, Koege,  
Denmark May 2019

Carsten Chabert  
Chief Executive Officer

# 2. GENERAL

## 2.1 Description of Junckers as a company

### 2.1.1 History

Flemming Juncker was a young Danish graduate in forestry with foresight. The young forestry graduate knew that the economic viability of the Danish forests was in a bad condition. It was necessary to find new fields of application for the wood that had up until then, been used as firewood or simply left in the forests. Flemming Juncker started the sawmill in 1930 to produce an order of 40,000 railway sleepers from beechwood for DSB (The Danish State Railways). In order to do this, he rented 7,000 m² of ground from Køge Shipyard in Denmark and bought a frame saw in Sweden.

The production of the railway sleepers was thought to be a one-off assignment. The remaining wood was sold to the Køge Timber Factory. When the collaboration ended, Juncker had to find other ways to dispose of the remaining wood.

This was the beginning of the 2-strip beech parquet board. Two rows of staves assembled into one board on a “Lindermann machine”. The idea of the beech parquet floors was to drive the Swedish pinewood floors out of the Danish housing market. It worked, and the foundations for Junckers’ solid hardwood flooring were now in place.

### 2.1.2 Key figures, end of 2018

Number of employees, Køge: .....	305
Number of employees, Nørre Alslev: .....	20
Number of employees, foreign sales companies:.....	35
Annual turnover:.....	DKK 449 m.
(International sales account for approx. 70%).	
Logs for parquet consumption, Køge: .....	130,934 m³
Consumption of raw planks,	
Nørre Alslev:.....	3,199 m³
Production of oil and lacquered products: .....	1.346,000 litres.





### 2.1.3 Production flow

Junckers operates its production from two factories in Denmark: The factory in Køge produces the solid hardwood parquet flooring and the lacquered/oil products. Administration, technology, development, packaging and shipping operations etc. are also located here. The factory in Nørre Alslev produces solid hardwood plank flooring and subconstructions that are shipped via Køge. Parquet production is approx. 10 times greater than plank production, both in terms of production and resource consumption.

Here is a short description of the parquet flooring production process: The process starts with the logs from the forest arriving at the log yard. The wood is transported to Junckers by lorry, train or ship. The logs are stored at the log yard until they are ready to be cut. The logs are sorted at the sawmill and cut into staves, which are subsequently dried in the chamber drying plant or pressure drying plant. Once dry, the staves are planed, sorted, labelled and assembled into floorboards. The floorboards are then polished and shaped. Grooves are cut on the back for the brackets used when the floor is laid. The last stage of the process is when the floorboards are treated with lacquer or oil.

Besides being a manufacturer of solid hardwood flooring, Junckers is also the supplier of the Junckers Wood Care system. The system consists of lacquer, oil, lye and soap products for the treatment and maintenance of, e.g. floors, ceilings, furniture and wooden terraces. Junckers Wood Care system is available for both the retail and professional market, and is also used in-house for the treatment of Juncker's wide range of wooden floors, which are finished at the factory before being delivered to the customers.

Junckers Industrier A/S has sales companies in Great Britain, Germany, France, Italy, Spain and the United States. Junckers floors and Wood Care systems are sold worldwide through their wide network of distributors. The lacquer and oil products have been developed in Junckers own laboratory and are therefore specifically produced for the treatment of high quality wooden flooring.



#### 2.1.4

#### CSR challenges in Junckers' history

Junckers has undergone considerable development over the course of time, despite the fact that products and raw materials have basically been the same for the past many decades. Although some conditions haven't changed much since the beginning, in spite of developments, the following significant changes and conditions can be singled out:

- » Environment: Up until the mid-1990s, the company would receive many complaints regarding dust, smell, noise, sewage etc. In addition to flooring, Junckers also produced pulp and MDFs (Medium density fibreboards), and these productions gave rise to a number of local environmental problems. The closure of pulp and MDF production resulted in a significant reduction of emissions from the company, and the introduction of environmental management, along with a number of technical improvements meant that the number of annual complaints from neighbours for approx. the past 5 years, are now in the region of 0-1.
- » Environment: Up until the mid-1990s, the company would receive many complaints regarding dust, smell, noise, sewage etc. In addition to flooring, Junckers also produced pulp and MDFs (Medium density fibreboards), and these productions gave rise to a number of local environmental problems. The closure of pulp and MDF production resulted in a significant reduction of emissions from the company, and the introduction of environmental management, along with a number of technical improvements meant that the number of annual complaints from neighbours for approx. the past 5 years, are now in the region of 0-1.
- » Working environment: Despite the introduction of robotics, visual systems, automatic sorting, etc., many manual functions are still used in the production of the flooring. The main problem, in terms of pure ergonomics, is the monotonous repetitive work (MRW), which, despite technological improvements, continues to occur, and in the long-term can cause muscle and joint injury. Rotational systems, where employees change workplace several times a day, have reduced the risk of health injuries significantly however. Junckers are trying to reduce the amount of MRW jobs on a constant basis, and the progress for this is positive.
- » Tropical wood: Junckers has previously experienced significant sales of market goods, such as Merbau and Jatoba. Despite meticulous purchasing work, it was not always possible to check the legality or sustainability of the wood, but Junckers sought to guide its suppliers in the right direction, which was more than many other companies were doing at that time. The sale of tropical wood today, only accounts for a very small part of Juncker's revenue, and through certifications within the PEFC™ and FSC® and most recently with the introduction of the "European Union Timber Regulation" in 2013, all the wood purchased is legally harvested.



## 2.2

### Implementation of the UN Global Compact at Junckers

Junckers supports all 10 principles within the Global Compact, and through its compliance with Danish legal requirements, the company also works with the principles every single day, albeit “subconsciously”. For simple reasons of resource, Junckers has chosen to thoroughly prepare and describe the ten principles separately in detail and gradually incorporate the principles so that the systematic work with CSR and the documentation of the work is built up gradually with the inclusion of the experiences gained along the way.

Up until now, Junckers has therefore decided to concentrate on 6 of the principles:

Area	Principle	
Human rights	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.
Workers' rights	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Relevance, progress, etc. of each principle is described in section 3.

Matters relating to CSR are communicated internally to employees through the company's intranet, at meetings, etc., and externally via sellers, subsidiaries and marketing material. A section on CSR and a link to the COP report can be found at [www.junckers.com](http://www.junckers.com)

## 2.3

### Anchoring and organising of CSR work

The CEO has the overall responsibility for implementing the principles of the Global Compact into the company. The day-to-day work of implementation, information, coordination, reporting, etc., is carried out in a collaboration consisting of:

- » The purchasing manager, who coordinates the literacy relating to CSR and manages contact with suppliers, e.g. risk screening and acceptance of the Supplier Code of Conduct. The purchasing manager is also responsible for describing the progress of the CSR work in the annual CSR report.
- » The technical manager, who as “system man”, is responsible for written documentation, reports and internal communication.
- » The marketing manager, who manages external communication for commercial purposes.

## 2.4

### Reference to existing structures at Junckers

Junckers Industries in Denmark are certified in accordance with:

- » ISO 14001:2015 (environment)
- » OHSAS 18001 (working environment)
- » ISO 50001 (energy management)
- » PEFC™ and FSC® (legal and sustainable wood)

There is no production within the foreign sales companies and they are therefore not covered by the production-related certifications.

Junckers Industries A/S has been approved and granted labelling authorisation in accordance with Dansk Indeklimamærkning (Danish Indoor Climate Labelling). This agreement ensures that there are no chemical substances in the flooring and that the products cannot adversely affect the air quality in the room.

### THE LABELLING INCLUDES:

- » Junckers Wooden Flooring
- » Junckers Water-based care, Furniture and
- » Floor Lacquer
- » Junckers Furniture, Table tops and Floor Oil

### SUSTAINABLE CONSTRUCTION:

In co-operation with Rambøll, the ways in which Junckers positively contributes to focus areas have been identified, such as overall economics, indoor climate and materials within the certification agreements:

- » LEED (Leadership in Energy and Environmental Design)
- » BREEAM (Building Research Establishment Environmental Assessment Methodology)
- » DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council))

### SUSTAINABLE BUILD:

As a resource partner, Junckers Industries A/S supports Sustainable Build, which was initiated by the Danish Industry Foundation, the Danish Architecture Centre and Leaderlab. Sustainable Build promotes growth in sustainable construction and is actualised in partnership with suppliers, companies and organisations of the building industry, as well as the Green business development fund.

### THE EU TIMBER REGULATION:

In connection with the implementation of the EU Timber Regulation of 3 March 2013, Junckers has incorporated the use of a Supplier Code of Conduct as a part of Due Diligence. Suppliers of wood-based products considered to be at risk of not complying with these legal requirements must sign Junckers Supplier COC in order to minimise the risk of Junckers inadvertently buying wood-based products of controversial or illegal origin.

A comprehensive management system has been organised to cover all standards. The contents of the management system are freely available for all employees. The overall responsibility for the system lies with the head of production. Compliance with the individual standards is audited by internal and external audits on an annual basis.

Procedures, registrations, documentation, policies, etc. related to CSR are implemented in the environmental management system on a constant basis and follow its overall methodology.





# 3. STATUS FOR THE 10 PRINCIPLES

As a signatory to the Global Compact agreement, Junckers expresses its support for all 10 principles of the organisation. Junckers' implementations of the principles are being phased in gradually (see section 2.2). Therefore, below described are only the work and results for the principles, that the company has approached in details until now.

## 3.1

### Principle 2: Businesses should make sure that they are not complicit in human rights abuses

#### 3.1.1

##### Relevance for Junckers

Junckers and its sales companies are located in countries that have adopted agreements regarding the compliance of international human rights, and where human rights are included as a fixed part of national legislation. Junckers thus considers the risk of violating human rights within the company to be insignificant.

Junckers has therefore chosen to focus on the risk of indirect violation that can occur through trade with suppliers who have little respect for human rights. Junckers has less than 10 suppliers from countries outside the EU and North America.

#### 3.1.2

##### How has the principle been implemented in Junckers?

As mentioned in section 3.1.1, Junckers considers the risk of violating human rights within the company to be insignificant due to their compliance with international rules and conventions in this area. The principal is therefore "informally" implemented at the present time.

The company has developed a Supplier Code of Conduct (SCOC), which specifies a specific number of requirements made by the company to its suppliers. The requirements encompass a combination of the 10 principles contained in the Global Compact.



The SCOC has been approved by Junckers' board of Directors and is distributed to those who are considered to be at risk in relation to the "Universal Declaration of Human Rights and Workers' Rights, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption", which

are consolidated in Junckers' "CSR Performance Evaluation Procedure." Initially, it is currently suppliers from Asia and Eastern Europe, who are considered to be relevant in terms of signing our Supplier Code of Conduct.

A program has been set in motion to audit whether the standards contained in the SCOC are being complied with. An audit form, letter of intent and accompanying list of documents to be displayed/delivered have been prepared and will be updated at least once a year. Initially, the audits will be conducted by Junckers themselves at the suppliers. The results of these audits will form the basis for assessing whether it subsequently will be relevant to involve an external auditing company in the process.

#### 3.1.3

##### What did Junckers do last year?

The planned review and evaluation of the Supplier Code of Conduct and the associated evaluation procedure, as well as the planned follow-up audit with one supplier in Asia was re-scheduled for the third quarter of 2019

#### 3.1.4

##### Results achieved, incl. description of measurement/ calculation method, data sources and potential uncertainty

The actions were re-scheduled for 2019 – see point 3.1.3.

#### 3.1.5

##### Plans for next year

A review and evaluation of the Supplier Code of Conduct and the associated evaluation procedure, as well as a follow-up audit with one supplier in Asia is scheduled for the third quarter of 2019.

## 3.2

### Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

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#### 3.2.1

##### Relevance for Junckers

Junckers has a clearly defined employment policy that ensures principle 6 is complied with in the actual period of employment. It is therefore a primary objective for Junckers to ensure that there is no discrimination/ bullying on a day-to-day basis

#### 3.2.2

##### How has the principle been implemented in Junckers?

How has the principle been implemented in Junckers?

Junckers has a clearly defined employment policy:

*"It is Junckers Industries aim to hire the applicant best qualified for any job within the given financial framework.*

*The company's core value is to aim for diversity at work so that all applicants are guaranteed equal opportunities; regardless of sex, age or ethnic background.*

*A newly appointed employee must possess the qualifications that reflect the demands required for the job, as well as those of Junckers' current standards of conduct and values.*

*In addition to an applicant possessing professional and human requirements, basic language skills that are necessary for daily communication and compliance with the environmental management concept may be required. The company will encourage a potential applicant to acquire these attributes or actively contribute to a qualified applicant in gaining these qualifications.*

*In addition to normal employment, Junckers also engages employees for short-term jobs, and has a positive attitude for engaging employees in job training if this is compatible with actual circumstances."*

As the risk of discrimination in the period of employment is considered to be very small, especially in view of the company's employment policy (as mentioned above), the primary focus is to ensure that there is no discrimination/ bullying on a day-to-day basis.

Part of the common framework is also an overall consequence policy. This should be exerted in cases where an employee feels harassed or bullied to an extent that cannot be accepted by the company.

The company has decided to train a number of employees as "job satisfaction agents" to run in parallel with the proposal for a job satisfaction policy. The work areas, tasks and competencies of the job satisfaction agents are described in a separate document.



The departments' common framework for the implementation of job satisfaction work has been organised under four headings:

## Junckers' job satisfaction policy:

***All employees at Junckers Industries in Denmark must contribute to create and maintain a workplace where the tone and behaviour towards fellow colleagues is both positive and respectful. Bullying, harassment and any other behaviour that can cause harm to others will not be tolerated."***

### 1. Acknowledgement

- » Acknowledge the experience and knowledge of your colleagues.
- » Praise your colleagues when they deserve it.
- » Appreciate extraordinary effort - it's not to be taken for granted!
- » Simply say thank you.
- » Believe that your colleagues are doing their best.

### 2. Security

- » Respect agreements and confidentiality.
- » Be visible, accessible and present as a leader.
- » The work should, as far as possible, be planned so that it is predictable and transparent.
- » Provide adequate instruction for new tasks.
- » A good atmosphere provides a sense of security.
- » Take responsibility and make sure that everyone is happy.

### 3. Communication

- » Communication should always be open and direct
- » Avoid irony and insinuations, especially if you are a leader.
- » Avoid misunderstandings by adapting the communication to fit the recipient.
- » Conduct regular departmental meetings – this also provides a sense of security!

### 4. Good tone

- » Greet your colleague (this shows that you acknowledge them).
- » Politeness (always gratifying, never damaging!).
- » Adapt your language and tone to avoid upsetting others.
- » It is your rightful duty to put your foot down if you are offended by someone's tone and behaviour.
- » Listen and try to understand the other person's point of view.
- » Respect each other's personalities and work.
- » Friendly nicknames are OK but "nasty" nicknames are bullying!
- » Think before you speak!

### 3.2.3

#### What did Junckers do last year?

During the course of the year, Junckers personnel association arranged a number of events that contributed to the team spirit and happiness of the workplace

### 3.2.4

#### Results achieved, incl. description of measurement/calculation method, data sources and potential uncertainty

In 2017, an examination of the psychological working environment was carried out and the results were very much like the results from previous years. Therefore, it has been decided not to make the same examination each year. The results from the 2017 examination has been addressed by the departments' environmental groups and at information meetings throughout the year.



### 3.2.5

#### Plans for next year

Steps will be taken on an on-going basis, as and when the need arises.

## 3.3

### Principle 7: Businesses should support a precautionary approach to environmental challenges

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#### 3.3.1

##### Relevance for Junckers

Environmental legislation in Denmark imposes great demands on businesses in terms of environmental and resource consumption in a company's activities. The environmental authorities issue industry companies of Junckers' type and size with a detailed environmental approval containing the terms and conditions to be observed. The company is regularly monitored by environmental authority (Køge Municipality for Junckers) inspections, and may be issued with an injunction and ban if conditions are not observed. When establishing new facilities or buildings, an application seeking permission must be sent to the authorities. Part of the application must contain a description and reference to environmental issues and challenges, including in some cases, issues regarding the best use of available technology, risk assessment if facilities or new buildings are deemed to give rise to a specific risk, e.g. pollution or fire hazard, or a description of the anticipated consumption of resources (incl. energy).

Junckers has a healthy and positive dialogue with the environmental authorities, and the cooperation is characterised by openness and transparency. The company's certified environmental management system focuses on environment, resource consumption, responsible waste treatment and more, which today, is a natural part of the daily operation and planning. Junckers therefore unreservedly support the Global Compact's principle of a precautionary approach to environmental challenges.

#### 3.3.2

##### How has the principle been implemented in Junckers?

The company's environmental policy (which also includes the working environment and energy) has been implemented as follows (excerpts):

- » Junckers complies with current Danish legislation, as well as other requirements relating to company certifications, environmental approvals and binding obligations. Discrepancies that occur will be corrected.
- » Implementation of prevention and improvement in the areas of environmental policy; including prevention of pollution, prevention of occupational injury and illness and the reduction of energy consumption, is carried out by Junckers on an on-going basis. This work is documented.
- » Junckers is part of an open and positive dialogue with relevant stakeholders in the areas of environmental policy, and wishes to influence developments in these areas in a positive direction.



### 3.3.3

#### What did Junckers do last year?

Junckers' emission of saw dust, fine particles and noise has met with the authority's requirements for many years and as such, is no longer a direct focus area for significant improvements. Junckers has begun to further reduce noise impact in compliance with environmental approval, as Køge's port area is under expansion and will bring neighbours closer. The "Noise Action Plan 2017", was completed and the resulting noise was calculated in 2018. The results showed an improvement and the night noise level has been reduced. Furthermore, a plan for further action, "Noise Action Plan 2019", was prepared in 2018.

The company's energy consumption is still a focus area, due to CO2 emission and the major economic costs of energy. In 2018 focus has been on ensuring low energy consumption in the new kiln drying facilities planned for 2019. Furthermore, LED lighting has been installed in a number of places.

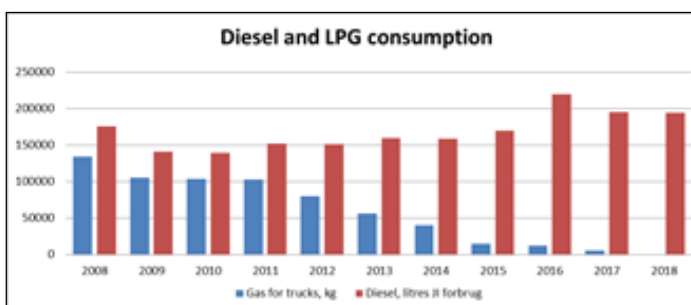
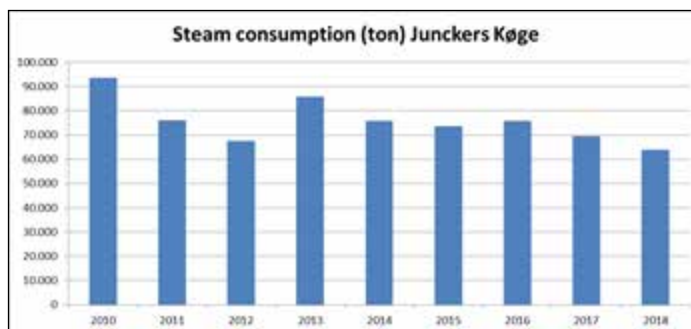
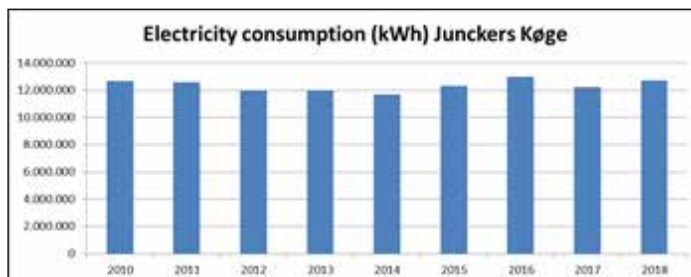
The conversion to electric forklifts from diesel and lpg forklifts continues. It is still difficult to replace large machines but the outlooks are promising.



### 3.3.4

#### Results achieved, incl. description of measurement/calculation method, data sources and potential uncertainty

The graphs below illustrate the progress in energy consumption.



The company's energy performance in general is considered to be satisfactory. Work on reducing energy consumption is still highly prioritised. Junckers is ISO 50001 certified, as well as entered into an agreement with the Danish Energy Agency on energy efficiency.

### 3.3.5

#### Plans for next year

There will be continued focus on reducing heat and electricity consumption in 2019. Several major projects, which are expected to reduce energy consumption significantly, are being worked on.





### 3.4

## Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

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### 3.4.1

#### Relevance for Junckers

Junckers has been environmentally certified according to the ISO14001 standard, since the end of the 1990s. An external audit company follows up on the progress of the environmental objectives every 12 months. Environmental consideration and environmental responsibility are therefore included as a fully integrated principle in the company's operations together with the legal requirements. The new standard of ISO14001, introduced in 2015 has been fully integrated in the Junckers management system.

### 3.4.2

#### How has the principle been implemented in Junckers?

The company has an environmental policy with associated environmental objectives. The management evaluates the operation and proficiency of the environmental management system in relation to the policy on an annual basis. All employees in the company are informed of environmental objectives and action plans. The administrative procedures are carried out by the environmental protection organisation. Work with the environmental objectives is in progress on an on-going basis throughout the year.

### 3.4.3

#### What did Junckers do last year?

Please refer to the company's environmental report that can be downloaded at [www.junckers.com](http://www.junckers.com)

### 3.4.4

#### Results achieved, incl. description of measurement/calculation method, data sources and potential uncertainty

Please refer to the company's environmental report that can be downloaded at [www.junckers.com](http://www.junckers.com)



### 3.4.5

#### Plans for next year

Please refer to the company's environmental report that can be downloaded at [www.junckers.com](http://www.junckers.com)

### 3.5

## Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

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### 3.5.1

#### Relevance for Junckers

Junckers produces solid hardwood parquet and plank flooring. The four main wood species used for the floors are beech, oak, maple and ash. The wood is purchased from neighbouring regions, i.e. Denmark, South Sweden, Germany and Poland. A lesser amount is purchased in the USA and Canada, who are able to supply planks in specific dimensions and quality. Junckers also sells flooring manufactured from tropical wood species.

Junckers had a natural interest in having a good relationship with forest management since its inception, so the factory's raw material (logs and raw planks) can still be delivered in the right quality at a competitive price. The company has been certified according to the internationally used PEFC™ standard since 2006, as well as the FSC® standard since 2010. The certifications document the traceability of the flooring the company sells as certified, so the customers are sure that the wood used for the flooring has been legally harvested and sustainably managed (PEFC™ and FSC®).

As Junckers Industrier A/S is based in the EU, it must comply with the EU Timber Regulation, which was implemented on 3 March 2013. As a part of this regulation, it must have a Due Diligence system, which, e.g. must cover these areas:

**Information:** *The operator must have access to information describing the timber and timber products, country of harvest, species, quantity, details of the supplier and information on compliance with national legislation.*

**Risk assessment:** *The operator should assess the risk of illegal timber in his supply chain, based on the information identified above and taking into account criteria set out in the regulation.*

**Risk mitigation:** *When the assessment shows that there is a risk of illegal timber in the supply chain that risk can be mitigated by requiring additional information and verification from the supplier.*

The risk assessment used in connection with PEFC™ and FSC® standards has been added to the requirements of the EU Timber Regulation. This means that we use only one risk assessment for the purchase of raw wood, which is therefore included in Junckers Due Diligence system. Raw wood suppliers based outside the EU must sign Junckers' "Supplier Code of Conduct" as part of the risk mitigation.

### 3.5.2 How has the principle been implemented in Junckers?

The company's purchase policy includes that all raw wood, semi-finished goods (wood) and goods for resale (wood) purchased, must comply with the requirements of the EU Timber Regulation as a minimum and therefore be of legal origin. Junckers procurement strategy also urges its suppliers to certify themselves according to PEFC™ or FSC® standards, to be able to purchase the highest possible amount of purchased raw wood as being from sustainably managed forests. The company therefore continues to pay a premium for certified wood.

Junckers actively participates in the dissemination of PEFC™ certification and has, inter alia: been represented on the board of PEFC™ in Denmark since 1999.

### 3.5.3 What did Junckers do last year?

The total amount of certified raw wood purchased in 2018 has been increased compared to the 2017 level. The increase can

be attributed to minor changes in the purchasing pattern and geographical origin. (see paragraph 3.5.4).

#### PEFC™/FSC® audits:

The external PEFC™/FSC® surveillance audit No. 3 was carried out by 3rd party certification body in August 2018.

2 minor non-conformances from the previous years' audit were closed during the annual external PEFC™/FSC® surveillance audit No. 3. No new non-conformances were recorded in relation to the FSC® standards and no non-conformances were recorded in relation to the PEFC™ standard.

The auditor emphasised that we have well-implemented procedures in general and that we continuously improve our routines to reflect changes in the standards.

An internal audit was conducted at our office/administration and external storage facility in the USA west coast warehouse in July. No non-conformances were recorded and communication between office and storage facility were, based on samples, assessed as being followed as described in procedure I.5.8a.

An internal PEFC™/FSC® audit was conducted at the head office in Køge in August and no non-conformances were recorded.

#### Sale of wood-based waste products:

Junckers Industries A/S sells all of its waste from wood production to its neighbor, VEKS. VEKS has signed an industry agreement that commits them to fulfill a requirement for a proportion of their procurement of biomass to be documented as being sustainable via PEFC™, FSC® or SBP certifications – or by using "alternative" documentation. The requirement is valid from August 1st 2016 and the proportion of biomass to be documented as sustainable will be increased gradually as follows:

2016:	40%
2017:	60%
2018:	75%
2019:	Fully implemented

In 2018 Junckers has sold its waste products as sustainably certified via PEFC™ and FSC® claims, as well as with "alternative" documentation.

### 3.5.4

#### Results achieved, incl. description of measurement/calculation method, data sources and potential uncertainty

Amount of raw wood purchased as certified	PEFC™	FSC®	Total
2010	24 %	41 %	65 %
2011	37 %	28 %	65 %
2012	52 %	13 %	65 %
2013	52 %	29 %	81 %
2014	53 %	21 %	74 %
2015	44%	21%	65%
2016	40%	26%	66%
2017	44%	29%	73%
2018	43%	33%	76%

### 3.5.5

#### Plans for next year

The internal PEFC™/FSC® audit for the headquarters in Køge is scheduled for the 2nd quarter of 2019 and the annual internal PEFC™/FSC® audit in the USA is scheduled for 2nd quarter of 2019.

An external PEFC™/FSC® surveillance audit is planned for the end of August 2019.

#### Circular and new guide on ensuring the use of sustainable wood in the public sector in Denmark:

A circular and guide on ensuring the use of sustainable wood in the public sector in Denmark came into force on 1 July 2014. The circular commits the state (administration and directorates) to ensure that sustainable wood is used for construction, furniture and paper. This was phased in between 1 January 2015 and 1 January 2016. The circular came into force with regard to flooring on 1 January 2016.

The purchase of PEFC™ and FSC® certified products is recognized by the Danish authorities as a method for public purchasers to document they comply with the rules in the circular, as they are recognized by the authorities as being sustainable.

A number of EU countries have already implemented similar rules for public procurement, and on this basis, a growing demand for PEFC™ and FSC® certified products must be expected.

Junckers therefore wish to continue to increase the amount of purchased certified felled timber and pay, e.g. a higher price for certified raw wood in order to influence forest owners to become certified according to PEFC™ or FSC® standards.

## 3.6

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

#### 3.6.1

##### Relevance for Junckers

Sales companies in Europe and the USA represent Junckers outside of Denmark. The company collaborates with commercial agents in Eastern Europe/Russia, the Middle East, Asia and Oceania. Overall, this means that the company's sellers operate in different cultures with major differences and tolerance to corruption and corruption-like transactions among them. Junckers has once and for all made it clear that the company is against corruption, extortion and bribery, and that it is unacceptable for an employee to participate in this type of behaviour, be it as a giver or receiver.

#### 3.6.2

##### How has the principle been implemented in Junckers?

Junckers stance on corruption was published on their homepage with the following wording: *"We are against corruption, extortion and bribery and it is not permitted for this to be offered, promised, given, accepted, tolerated, required or deliberately benefitted from."*

Junckers has chosen to focus on the risk of indirect violation that can occur through trade with suppliers who have no respect for human rights.

Junckers has prepared a Supplier Code of Conduct, which is sent to the suppliers that the company considers having the highest risk of failing to comply with Juncker's requirements for, e.g. anti-corruption (see also section 3.1).

A program has been set in motion to audit whether the standards contained in the SCOC are being complied with.



An audit schema, letter of intent and accompanying list of documents to be displayed/delivered have been prepared. Initially, the audits will be conducted by Junckers themselves at the suppliers. The results of these audits will form the basis for assessing whether it will subsequently be relevant to involve an external auditing company in the process.

Junckers has prepared and implemented Due Diligence in accordance with the EU Timber Regulation applicable from 3 March 2013. A risk assessment for suppliers of wood-based products must be made as part of Due Diligence. Junckers uses the criteria from the FSC CW standard to assess the risk. Criteria related to illegal logging are used as primary indicators and sources of conclusion. The supplier must sign Junckers Supplier Code of Conduct if they are based in a country where there is a potential risk of, e.g. corruption. By signing Junckers Supplier Code of Conduct, suppliers we consider to be "at risk" in relation to corruption confirm, among other things, the following:

*"Suppliers shall not engage in any form of bribery, corruption, extortion or embezzlement in any business practices and transactions carried out by them or on their behalf by business partners. They will not offer, accept or countenance any payments, gifts in kind, hospitality, expenses or promises as such that may compromise the principles of fair competition or constitute an attempt to obtain or retain business from any person or to influence the course of the business or governmental decision-making process."*

*The Supplier shall also refrain from offering funding, donations, lavish gifts and extravagant entertainment to any employee of Junckers Industries A/S or any other counterparts in Junckers Industries A/S in an attempt to influence business decisions."*

### 3.6.3 What did Junckers do last year?

The planned review and evaluation of the Supplier Code of Conduct and the associated evaluation procedure, as well as the planned follow-up audit with one supplier in Asia was re-scheduled for the third quarter of 2019.

### 3.6.4 Results achieved, incl. description of measurement/calculation method, data sources and potential uncertainty

The actions were re-scheduled for 2019 – see point 3.1.3.

### 3.6.5 Plans for next year

A review and evaluation of the Supplier Code of Conduct and the associated evaluation procedure, as well as a follow-up audit with one supplier in Asia is scheduled for the third quarter of 2019.



# 4. SUMMARY 2018

	Human rights		Workers' rights					Environment			Anti-corruption
	Principle 1	Principle 2	Principle 3	Principle 4	Principle 5	Principle 6	Principle 7	Principle 8	Principle 9	Principle 10	
Separately formulated policy	-	-	-	-	-	+	+	+	+	+	+
Relevance for Junckers described in COP	-	+	-	-	-	+	+	+	+	+	+
Direct financial benefit for the company	-	-	-	-	-	+	+	+	+	+	-
Principle implemented into daily operation	informal	formal	informal	informal	informal	formal	formal	formal	formal	formal	formal
Significant progress in 2018	-	+	-	-	-	-	+	+	+	-	-
Part of Supplier Code of Conduct	+	+	+	+	+	+	+	+	+	+	+
Priority in 2019	+	++	+	+	+	++	++	++	+	++	++
Partnerships	-	-	-	-	-	-	-	-	-	-	-

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

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

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





# JUNCKERS

Walking on Danish design