



Schur[®]

International Holding a/s

CVR. no. 31 15 85 91

Corporate Social Responsibility

2018



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

STATEMENT ON CONTINUED SUPPORT

The work and the co-operation with Global Compact are important to Schur. Since we joined the initiative in 2015, we have reported on sick days, work-related accidents, gender distribution, waste, CO₂ emission and energy consumption. This year, it makes us particularly proud to inform that since 2015 we have continuously focused on initiatives with a view to reducing the energy consumption. At the end of this year, the initiatives will result in an overall reduction of 40% in the Danish companies, which was the goal at the end of 2020.

Global Compact's 10 principles are our guiding star and framework when we work with the three-part bottom line: people, climate/environment and finances. Since 2017 we have elaborated on and documented the work by means of the UN Guiding Principles on Human Rights and Business as well as OECD's Guidelines for Multinational Enterprises. The due diligence work gives us a broad and important insight into our companies' sustainability and it provides a solid foundation for our strategic CSR work. During the past accounting year, we have completed impact analyses in our Swedish and Danish companies. During 2019, the remaining production companies in the Group will be analysed and initiatives to avert and prevent negative impacts on environment, human rights and anti-corruption will be carried out in all companies.

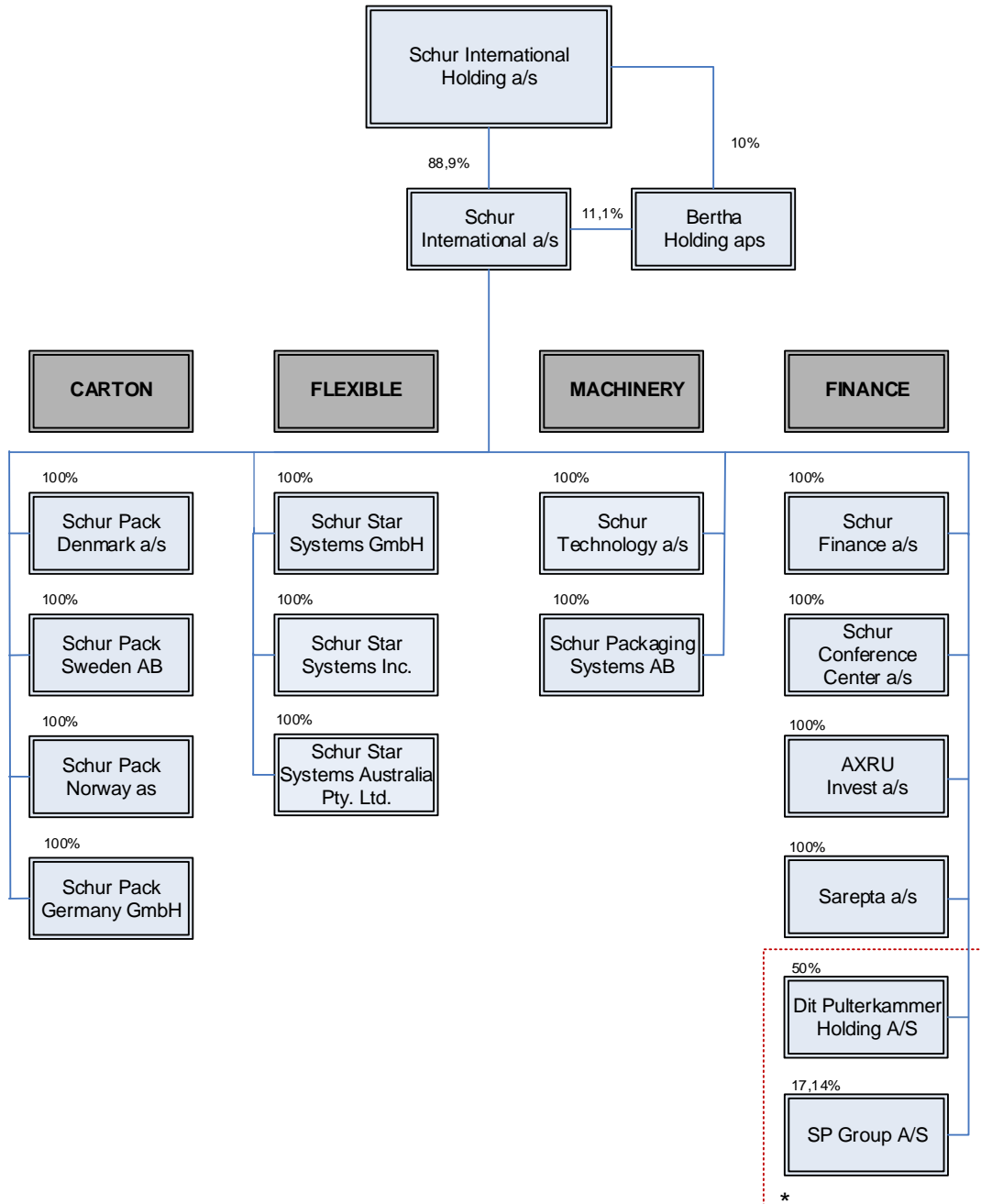
This report will be the last one in this format. In future, we will describe our strategic ambitions for the coming years in relation to the Global Goals.

With this, our fourth annual "Communication on Progress"-report, we will show our continued support to the UN Global Compact.

Yours sincerely,

Hans Schur
CEO

GROUP CHART



* The companies are recognised under the items "Other securities and equity investments" and "Equity investments in associates".

COMPANY PRESENTATION

Schur's principal activities include development, production and sale of cardboard and flexible packaging, packaging and production machinery as well as complete packaging systems and palletising and logistics installations. In addition, the Group develops, produces and sells distribution and mailroom equipment for newspapers, magazines and advertising materials. An additional segment of our operations is marketing of innovative consumer products and the DropStop® pourer. With the exception of the Parent Company and a few division companies, each company has its own development, production and sales activities.

The packaging companies' products are primarily sold in Northern Europe and the USA, while the flexible, machinery and consumer companies sell their products worldwide.

SOCIAL RESPONSIBILITY

Schur accepts the responsibility to contribute to both a socially, environmentally and financially sustainable development and recognises a natural coherence between responsible conduct and increasing the Group's earnings and future growth.

Schur's CSR measures transform the "UN Global Compact" principles into processes and practice which make the respect for human rights, workers' rights, climate and environment as well as anti-corruption tangible and relevant. This is handled via a management system which ensures that the Group complies with UN's minimum standards for responsible conduct of business laid down in the UN's Guiding Principles on Human Rights and Business (UNGPs) and OECD's guidelines for multinational enterprises. At the end of 2018 we have completed analyses in 4 out of 8 companies. The objective is complete implementation before the end of 2019. Schur wants to send a signal to customers, employees, suppliers and the surrounding environment that CSR contributes to the creation of value – for the benefit of both them and Schur.

ANTI-CORRUPTION

In Schur it is our policy that no person may encourage or accept any kind of bribery, receive or give presents of a higher value in an attempt to influence business partners in order to achieve unlawful advantages. Each year Group Management carries out interviews of the individual companies' management about knowledge of corruption. In this connection, it is hereby confirmed that Group Management for this reporting year has no knowledge of examples of corruption.

HUMAN RIGHTS

It is Schur's policy that neither candidates, employees nor business partners shall experience violation of their human rights including differential treatment due to gender, race, skin colour, religion or faith, political opinion, sexual orientation, age, handicap or national, social or ethnic origin. Each year Group Management carries out interviews of the individual companies' management about knowledge of violation of human rights. For this reporting year, no violations of this policy have been registered.

WORKING RELATIONSHIPS AND ENVIRONMENT

Schur continuously aims at improving the employee training programmes and has, in line with previous years, focused on supplementary training programmes.

The staff-related elements are reflected in the personnel policy. Among other factors, the policy comprises Schur's attitude to working environment, as it is important for Schur to have a safe and healthy working environment where employees thrive. Schur as employer complies with national legislation and collective agreements.

Schur works on increased work satisfaction, ensures and currently improves work environment and will thus prevent physical and psychical damage and thus reduce the number of sick days.

Schur is currently measuring the number of sick days and work-related accidents.

Schur works according to the following objectives:

- As a maximum, the number of sick days in % of the number of working days may amount to 1.5% for salaried employees and 3% for hourly paid employee. The statistics do not comprise absence due to long-term illness.

- The number of work-related accidents is currently reduced by 5% per year and the average number of resulting sick days per accident may not exceed 7 days.

Schur's action and activity plan for the reduction of absence due to illness is now fully implemented in all Group companies. Therefore, the measurements comprise all the companies in the Group. The measurement results have been adjusted for sold companies.

Absence due to illness excluding long-term illness has developed as follows:

	2017/18	2016/17	2014/15	2013/14
Salaried employees	1.78%	1.70%	1.43%	1.72%
Hourly paid employees	4.57%	4.22%	4.25%	4.42%

The trend for the Danish production companies is a decline in absence due to illness. In 2017, the absence due to illness amounts to approx. 2.7% for salaried employees and approx. 3.6% for hourly paid employees (source: Dansk Arbejdsgiverforening).

This year, the absence due to illness for salaried employees increases and exceeds the fixed target of 1.5%. There are no specific reasons for the increase which is not referable to an individual company but is registered in several companies. Contrary to expectations, the absence due to illness for hourly paid employees is increasing and is still exceeding the target of 3%.

Schur continually focuses on a reduction of absence due to illness - partly via preventive actions and partly via therapeutic activities. The preventive actions comprise ongoing evaluation and improvements of work processes, physical and psychical working environment as well as offers for medical examinations and vaccination programmes. Furthermore, a "Schur Fitness" programme offers special health promoting activities. The therapeutic activities comprise personal follow-up conversations, advisory services regarding treatment and assistance.

The number of work-related accidents and related sick days has developed as follows:

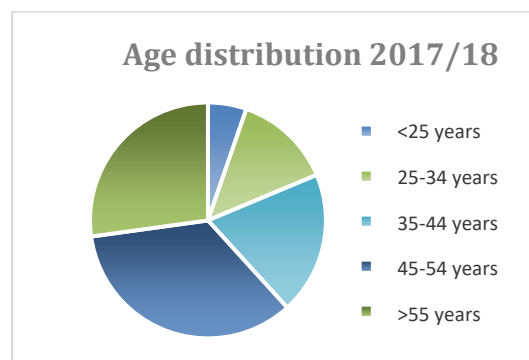
	2017/18	2016/17	2014/15	2013/14
Number of accidents	34	35	22	23
Number of sick days	717	466	306	349
Sick days per accident	21	13	14	14

The number of work-related accidents for 2017/18 is calculated to be 34 against a target of 16 based on an annual reduction of 5%, whereas the number of resulting sick days is calculated to be 717. This means that the number of sick days per work-related accident is calculated to be 21 against a target of 7, which is unsatisfactory.

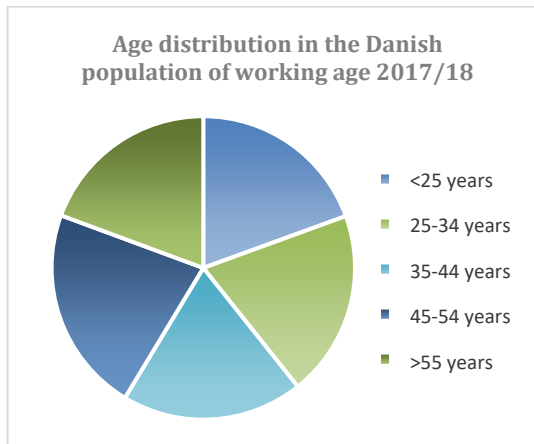
AGE DISTRIBUTION

It is Schur's policy to have an age composition that reflects the age composition of the labour market in Denmark. In connection with employments, we intend to achieve this by aiming at recruiting among the underrepresented groups.

The age distribution in recent years has been fairly steady with a certain predominance of elderly employees. An increasing number of employees can celebrate their 40 years' anniversary. The actual age distribution in 2017/18 is as follows:



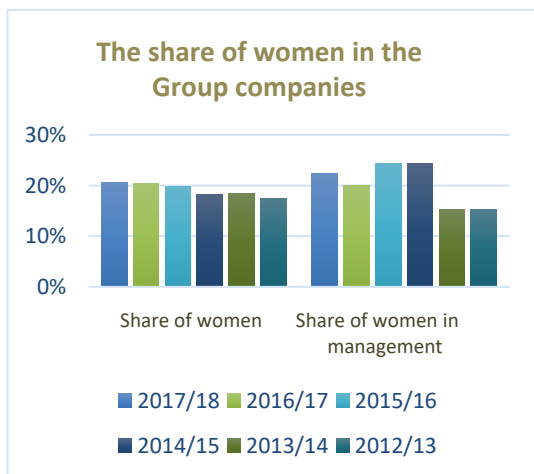
By way of comparison, the age distribution in the Danish population of working age has been as follows:



OBJECTIVES AND POLICIES FOR THE UNDERREPRESENTED GENDER

It is Schur's policy to have special focus on candidates of the underrepresented gender and to employ the best candidate and to spot talents who have the desire and abilities to pursue a wish of a specialist or managerial position. It is Schur's objective to balance the gender distribution in the daily management so that in 2019 this corresponds to the distribution among other employees as a minimum.

As a family-owned company, Schur wants the Board of Directors to be composed of both family members and external representatives who are independent from the family. New elections of external representatives take place under these conditions and subject to the qualifications available and the target regarding the underrepresented gender.



The share of women in the Group companies is calculated to be 21% and has increased

slightly during the 5 years. The number of women in management, which this year constitutes 22% against approx. 20% in 2016/17, has increased. The objective that the gender representation in the daily management must match the gender representation in the organisation has been met.

The aim is continuously to increase the share of the underrepresented gender. Schur encourages and supports candidates to improve their skills continuously with a view to promoting their candidacy for a specialist or managerial position.

In the Parent Company's Board of Directors, the share of the underrepresented gender amounts to 11.1%. In the Danish companies, the share of the underrepresented gender is 33.3%. No election of Board members has been held during the accounting year. The objective for 2020 is 28.6% and 33.3% respectively.

CLIMATE IMPACT

As part of the Schur Group's policies for environment and social responsibility, the Group focuses on the climate impact of the Group's production. The Group is thus continually working on reducing the amount of waste and discharge into air, soil and water. Furthermore Schur wants to store, handle and dispose of waste in an environmentally sustainable way and contribute to reusability to the greatest possible extent.

In relation to technology, it is the Group's policy to implement environmentally sustainable technologies.

Schur is currently measuring the CO₂ emission from company cars, travels, energy consumption for process and heating as well as the amount of waste with the purpose of reducing the environmental impacts.

Schur works according to the following objectives (relative according to activity measured by turnover or produced quantity):

- The energy consumption must be reduced by 40% from 2011-12 until 2021. Until 2017-18 the relative consumption in the packaging companies has declined by 33%.

- The water consumption must be reduced by 20% from 2011-12 until 2021. Until 2017-18

the relative consumption in the packaging companies has declined by 27%.

- The CO₂ emission must be reduced by 40% from 2011-2012 until 2021. Until 2016-17 the relative emission in the packaging companies has declined by 25.1%.

- Waste in the packaging companies measured must be reduced to 15% in 2021. There are no fixed measuring methods for other companies.

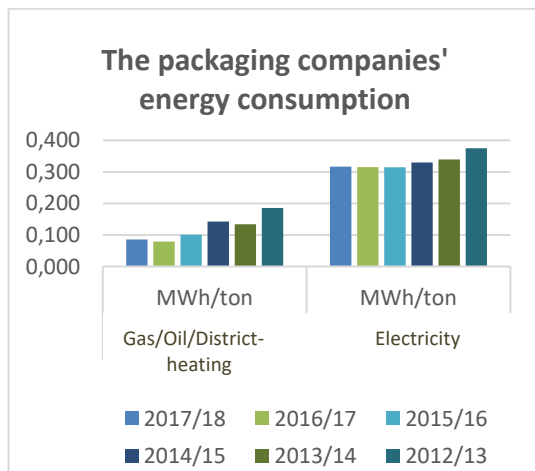
ENERGY AND WATER CONSUMPTION

After adjusting the measurement results for divestments, the energy and water consumption for the past four years has developed as follows:

The development is influenced by several factors including increased production volume. The relative consumption remains unchanged with a declining trend.

MWh	2017/18	2016/17	2014/15	2013/14
Gas	2,842	2,593	2,453	3,468
District heating	4,969	4,467	4,293	4,772
Oil	150	90	100	51
Electricity*	25,966	25,329	19,159	17,992
Water (M3)	17,112	16,647	16,940	16,957

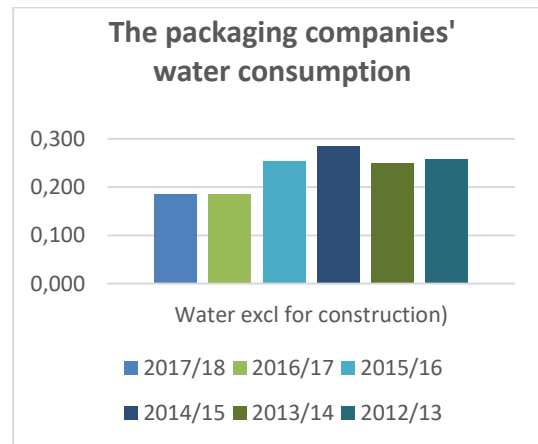
* Of this RECS certified electricity in 2017-18 amounted to 5,000 MWh equivalent to 96% of the electricity consumption in the Danish companies.



Schur continues to focus on energy optimisation especially in relation to renovations of buildings and installations and renovation and replacement of production

equipment. Most recently, gas heating in the Danish factories has been replaced by district heating. The energy initiatives are currently supplemented by an effort to change the attitude of all employees with a view to saving energy.

Like the consumption of energy, the relative consumption of water shows a positive development in that the consumption of water per produced tonne in the packaging companies is declining. The development during the past 6 years is shown below:



CO₂ EMISSION

CO₂-emission from cars and travels is increasing during the period, however, with a small decline in emission from cars and can be attributed to a higher number of cars and more and longer business travels. However, the measurements document that during the past 6 years, the CO₂-emission per driven km has been reduced due to focus on the energy rating of the cars. The development, which has been adjusted for divestments, has been as follows:

g/km	2017/18	2016/17	2014/15	2013/14
CO ₂ emission	0.145	0.145	0.156	0.163

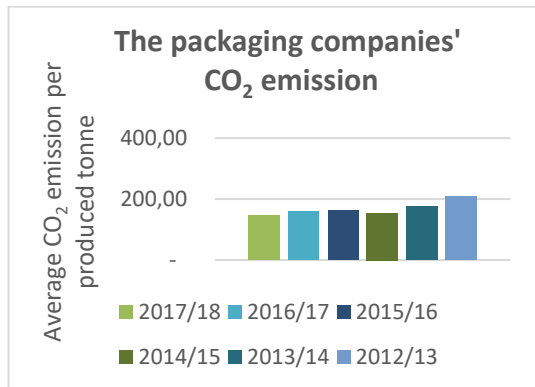
At the present moment it is not possible to measure the CO₂-emission from the production process itself. However, Schur measures the indirect CO₂ emission from the energy consumption in the Group which appears from the table below.

The increase from 2013-14 until last year can be attributed to increasing production and new companies in the Group.

The decline from 2016-17 until this year can be attributed to a greener production due to the change from gas to district heating in Denmark.

Indirect CO ₂ emission				
Ton	2017/18	2016/17	2014/15	2013/14
Indirect CO ₂ emission	12,180	13,006	9,946	8,538

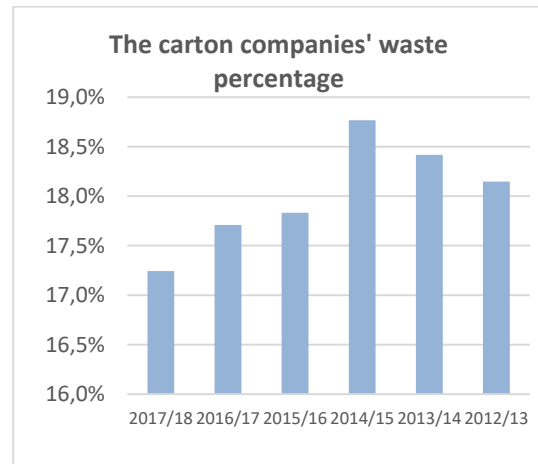
If you look at the relative consumption in relation to the quantity produced by the packaging companies, it turns out that due to the improvement in energy consumption, the production has become more energy-efficient.



WASTE

Schur will measure waste in the following areas: Carton, film/plastic, hazardous waste, chemicals and other combustible material as well as electronics, cables and metals. Initially Schur has chosen to focus on waste consisting of carton and film/plastic. The objective is a reduction of the waste percentages to under 20% for film/plastic and 15% for carton, respectively.

During the past 6 years, the waste percentages have developed as follows:



The decline in the waste percentage can be attributed to an optimisation of production processes by means of new production methods and modern equipment. The waste percentage is now close to the target of 15%.

The vast majority of the carton waste is used for the manufacture of recycled carton whose share of the total carton consumption is increasing. Likewise, large parts of the plastic waste are reused, as mono film plastic is reused for the manufacture of granulates for new plastic.

Last year, a program was developed for the translation of bags, running metres and number of impressions into kg, so that the difference between ingoing and outgoing kg constitutes the waste in the company.

This calculation which has been introduced as test in our German flexible company, shows a total waste percentage of 26.9% for 2017-18.

The waste percentage is very dependent on the average order size but subject to reasonably constant order sizes, the short-term objective is to reduce the waste percentage to 25% and eventually to the 20% mentioned.

MORE ABOUT CSR

For further information about Schur's CSR activities, reference is made to the homepage.

www.schur.com/en/csr