



- Communication on Progress 2018/2019

Welcome


Welcome to OrifO's annual CSR report 2018/2019.

In spring 2017, OrifO joined the UN Global Compact. Being a member helps us realizing and evaluating where we are as a sustainable company, and to remind and inspire us in our daily activities on how to act responsibly.

For us responsible business activities come from living our values in our daily life. We hope our values are visible in this report – and who knows it might even be inspiring. Together we can help make Global Goals local business.

Enjoy reading our 2018/2019 report.

Best regards,



Ib Runge Hansen
Owner / CEO
OrifO ApS

About OrifO

OrifO ApS is located in Haderslev, Denmark 60 km north of the Danish/German border. The company offers international experience and knowledge in the sales and distribution of shelf stable military and outdoor food products. The main commercial activities of OrifO is to support military forces and humanitarian aid organizations. Our global supply base ranges from the Americas, the Far East to Europe and are all highly recognized manufacturers in their respective fields holding international quality assurance accreditations such as ISO, EFSIS/BRC, IFS and HACCP.

Operating on a global scale the logistics operation has partnered with professional transporters, that manage multiple temperature trucking/shipping fleets. This combination enables us to deliver orders fast, efficiently and in a perfect condition world-wide.

Below are our mission and vision:

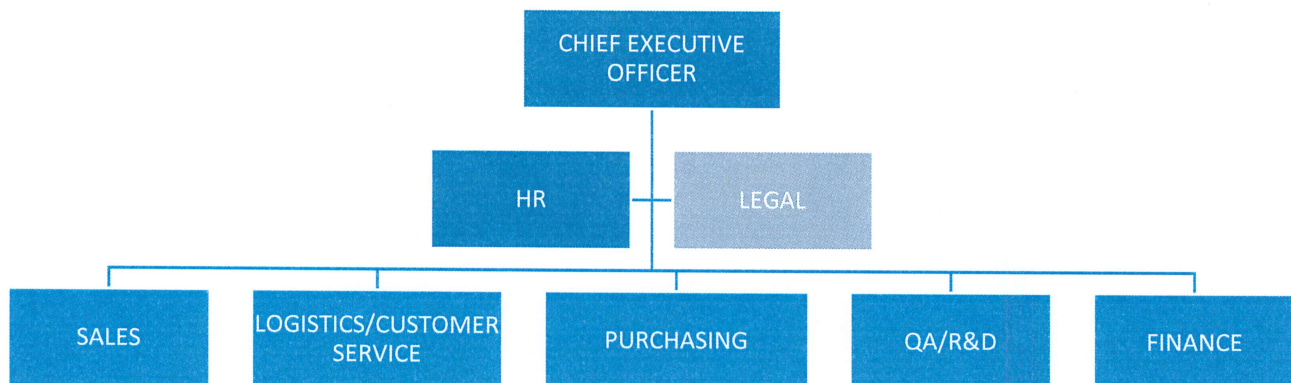
Our mission:

It is our mission to enhance the lives of servicemen- and women during operational activities by providing appetizing and nutritional food.

Our vision:

We wish to lead our core markets in the development and supply of shelf stable food products for the militaries in our core markets.

Below is the organization chart for OrifO:



Joining the UN Global Compact

In 2017, we joined the United Nations Global Compact. It is important for us as a company to try to make a difference. It is our philosophy that by taking an active part in relation to the UN principles, we can make a difference.

There are two ways we can work with the Global Compact principles:

- Direct influence within our own business
- Indirect influence through our surroundings (customers, suppliers etc.)

It is important that we are aware of the two ways that we can influence our surroundings.

In our daily work life, we work with both approaches and therefore both ways will be described in this report.

The 10 principles:

Human Rights:

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

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

At OrifO we respect and support the international human rights. We respect the privacy of our employees, customers and suppliers.

Labor rights -& working conditions:

Principle 3; Business should uphold the freedom of association and the effect recognition of the right to collective bargain;

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

Principle 5: The effective abolition of child labor;

Principle 6: The elimination of discrimination in respect to employment and occupation;

*Within our own working environment, we have direct influence on labor rights and working condition. The employees of OrifO are very important, as they are the key factor and the main engine behind all activities within the company, and it is vital for OrifO to attract and maintain qualified employees and keeping them healthy and sound. We work from the phrase **freedom with responsibility**, which means that the employees have the flexibility in their daily work to schedule for instance a doctor's appointment etc. All employees have a health insurance through OrifO. It can cover both physical and mental issues. We encourage that all employees continuously participate in relevant courses and training to always be updated with relevant skills and information. All this information is written in our Employee handbook.*



OrifO has a staff association, which arranges social events e.g. golf day, go-kart and wine tasting.

Furthermore, we have a canteen where fresh and healthy food is served every day, as well as free fruit during working hours.

Besides protecting our own working environment, we also support our suppliers in improving and maintaining their good working conditions. We believe that a good, safe and healthy working environment is a priority among all our suppliers. Our suppliers must pass our Supplier Approval Process and has been asked to commit to the UN Global Compact Principles. We don't partner with suppliers that do not comply with the principles.

As an example, on how our suppliers increase their focus on labor rights- and working conditions, more suppliers joins industrial interest organizations, where they implement and start to practice specific requirements mentioned by these International Labor Organizations. Latest, one of our key suppliers in Thailand has joined the Good Labor Practice (GLP) by Thai Tuna Industry Association (TTIA).

Environment:

Principle 7; Business should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility and;

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

We, the employees at OrifO have a high awareness of the environmental challenges, and we understand that even small changes and actions in the daily activities has a huge impact. Therefore, we focus on recycling as much material as we possibly can, like paper, cardboard and plastic.

Regarding the environment we practice direct influence in several ways. When printing for internal use, we make sure that we only print relevant papers, mostly in black and white and preferably on two sides.

Our office has light sensor system, that switches off when no one is in the room. This way we can make sure that no light is unnecessarily turned on. In 2019 we have changed our lighting to LED-lights. This means a decrease in consumption of energy of 2/3.

Our office is in a building with several other offices. Because of that we can share the environmental and financial costs; for instance:

- *aqueducts*
- *sewers*
- *ventilation*
- *high-insulated windows*
- *heat*
- *meeting rooms*
- *Canteen/Garbage sorting*

Furthermore, OrifO can have a direct influence on the way we ship our products. We don't have any production of our own, but we mainly trade with suppliers within our near market in the EU. Within Europe, we mainly use consolidated trucks. We have a few suppliers outside of the EU, and almost all products from overseas suppliers are shipped by Ocean Freight, as this is a less environmentally damaging transport mode. Only very few of our products are being shipped by airfreight. We always work with forecasts and schedule our production in time, so that we can avoid shipping by air. We continually work to optimize our shipping activities, and we always do our best to minimize our transportation impact on the environment.

We have very high requirements with our suppliers. They have a huge impact on the quality of our products and the ethical obligations that comes with being a manufacturer. It is our expectation that they recognize their responsibility towards their surroundings. We ask all our suppliers to sign our Quality Assurance Commitment (QAC). Our aim with this document is to affirm a high standard of quality in the way we work, the products we deliver, our relationship with authorities, customers, suppliers, social responsibilities and our environment to ensure continuous improvement. Our QAC covers amongst others:

- *Food safety and legality*
- *Requirements for our suppliers*
- *Requirements for the products*
- *Handling of non-conformities arising from specification, labelling and defect products or packaging material*
- *UN Global Compact principles throughout the supply chain*

One of our focus areas in relation to our surroundings is food fraud. We take our precautions against food fraud by only working with approved suppliers, having either a BRC, IFS, HACCP or similar approved food safety systems. Furthermore, all suppliers must identify and record all potential hazards to prevent any kind of fraud, and malicious contamination. Upon our request, this must be presented to OrifO.

Finally, where it is possible, we support and encourage our suppliers to avoid raw material waste in their production process, by promoting ideas on how to optimize their production facilities and machinery.

As an example, we helped one of our suppliers with proposing a different packing cutting mechanism, in order to avoid sharp ends on their sachets, which sometimes resulted in damaging other packings within the same carton, which thereby resulted in some products had to be wasted.

Anti-Corruption:

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

We practice a high level of integrity in our relationship, and we don't accept corruption. We have transparency in all our agreements with external partners.

Examples of working procedures and procedures to prevent bribery, corruption and fraud include:

- Gifts from suppliers will be shared among all employees
- We have a supplier questionnaire, which all suppliers shall complete prior to any co-operation. This questionnaire has the UN GC 10 principles incorporated. We ask our suppliers whether they comply with the principles.
- We regularly visit the suppliers and their production sites, where we watch and evaluate their production processes.

Evaluation of last year's focus points

In 2017 and 2018 we planned to have a focus on the below 4 point. In this section, we have described how we continually have worked on implementing these focus point in our business.

- **Increase focus on receiving signed QACs and having more of our suppliers take an active part in our CSR strategy.**
We have had increased focus on receiving the signed QAC and the commitment of our supply base.
- **Focus on non-conformances. With almost every non-conformance comes energy consuming tasks. This could be shipping the non-conforming products back and forth, maybe relabeling or in worst case maybe produce a new production. We will in 2018/2019 implement "first-time right" strategies. By implementing a first-time right tool, we would have focus on all aspects from start to end of an order process.**
It has been agreed that when we make a larger project, we will have a Project Manager. The Project Managers responsibility is to keep the overall overview of ongoing activities, and to make sure that the correct action is being taken, and agreements are aligned from the beginning. The Project Manager is also to obligated to document all agreements made, to make information available for other project participants.
- **Increased focus on specifying the customer's requirements/needs. When being specific regarding the requirements sometimes several steps can be avoided.**
We have increased focus on evaluating and reassessing the said requirements from the customers, suppliers and other business partners. Is it a requirement, or is it just "nice-to-have"? It is OK to question a wish from a customer, and to challenge them on their actual need, by sometimes proposing a different solution. This solution might be even more sustainable and efficient and can sometimes also be even more relevant for the customer in the end.
- **Every year we make an internal management evaluation. This evaluation is dealing with issues such as internal resources, non-conformances and the costs related to this etc. We will in 2018/2019 expand this management evaluation into a working tool. We believe that by making it a working tool – we can get much more out of it.**
In 2017 we received 70 non-conformances, in 2018 this number was only 33. With almost every non-conformance comes often expensive and time-consuming procedures. This could for instance be due to transportation of the non-conformance products, production of new products etc.

Charity

The 2018 OrifO Christmas Donation

For Christmas 2018 we again decided to donate money for charity, that we otherwise would have spent on presents to customers and business partners.

In 2018 we have chosen 3 organizations;

1. Médecins Sans Frontières.
Médecins Sans Frontières is a private, international humanitarian organization providing humanitarian aid in the form of medical relief to victims of conflicts and disasters throughout the world.
2. Støt soldater og pårørende.
This organization aims to provide financial support who have been injured in service.
3. KFUM soldaterhjem i Haderslev.
This organization is providing a safe "home" for the soldiers while they are on duty and completing their tasks at the military base, but also a gathering point for retired soldiers.

Beside above, we donate non expired samples of food products from our warehouse to veterans. We are happy that our veterans will enjoy these products.

Future initiatives

In 2019 and 2020 we are planning to:

- Continue our focus on having more of our suppliers take an active part in our CSR strategy.
- Continued focus on specifying the customer's requirements/needs. By 2019/2020, we are going to start implementing a new tool for product development, this to simplify the process, and to even better aim for our "first time right" strategy.
- We will continue to develop our Internal Management Evaluation, to maintain focus and improve our internal resources, and non-conformances.
- It is our goal to work towards being a paperless company, to minimize our global footprint.
- Execute Internal exercises in how and where we can be more efficient and where we can cut away unnecessary procedures and find more resources for the individual employee to improve the working environment.
- We are going to focus on where we can improve packaging material, packing methods and shipment processes.

This is our Communication on Progress in implementing the 10 principles of the UN Global Compact.