

## Statement of Support 2018/9

### Brief description of Kluntz A/S:

Kluntz was founded in 1996. We sell incentive product marketing, and provide our customers with good service and advice for the best promotional product to meet their purpose. We are a staff of 12 and our turnover in 2018 was approx. 3 million Euro.

We help our customers by creating value for them when they buy corporate clothing, promotional products or gift items. We believe that by having a strategic approach to incentive marketing products our customers achieve motivation, recollection, visibility and sympathy. We also consider our commitment to ethical trade as an “added value” to our products. So, buying sustainable products from us, can also improve the images of our customers.

At Kluntz, our primary service is to guide our customers in selecting the best quality and the best product to meet their needs and we take pride in promoting sustainable alternatives to most of the products we sell. We always guide our customers into making the most sustainable choice available.

The management of Kluntz A/S is very committed to sustainability and to optimize the internal processes in the company. Therefore, Kluntz A/S have chosen to be ISO9001 and ISO14001 certified. These certifications have helped to establish processes and procedures that ensures good management systems. The management system incorporated to meet these certifications helps us in managing sustainability as well.

Kluntz A/S is mainly focusing on contributing to the Sustainable Development Goal no. 12: ensure sustainable consumption and production patterns.

Our membership of Amfor/BSCI and DIEH is part of this.

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 rights abuses

### Kluntz' A/S commitment to the principles

Kluntz A/S supports the Universal Declaration of Human Rights and the UN Guiding Principles on Human Rights. And through our membership of Amfori/BSCI we focus on implementing these principles.

### **How Kluntz A/S have implemented the principles of Human Rights**

Kluntz have joined Amfori/BSCI to manage our social and environmental impacts and to implement the principles of Human Rights in our supply chain

BSCI changed its name to Amfori from January 1<sup>st</sup>, 2018, so hereinafter called Amfori.

Amfori is a leading supply chain management system that supports companies to drive social compliance and improvements within the factories in their global supply chains. The principles are based on ILO conventions, the UNGP on Business and Human Rights as well as the OECD Guidelines.

Amfori companies take active part in developing and implementing a system for improved working conditions in the global supply chain. Amfori offers a single implementation system and one Code of Conduct, that we share with thousands of other companies. This creates a unique opportunity to gain leverage at the supplier level and move forward on the sustainability agenda.

Amfori audits the following Performance Areas:

- 1- Management system and cascade effect
- 2- Workers involvement and protection
- 3- Freedom of association and collective bargaining
- 4- No discrimination
- 5- Fair remuneration
- 6- Decent working hours
- 7- Occupational health and safety
- 8- Child Labour
- 9- Young workers
- 10- No precarious employment
- 11- No bonded labour
- 12- Protection of the environment
- 13- Ethical business behavior

The factories that we have, whom are audited by Amfori/BSCI are located in: China and Bangladesh.

Managing Human Rights in these countries are a challenge as they are both currently rated as high-risk countries. Through our membership of Amfori and DIEH, we support initiatives to

support the vulnerable workers in our supply chain and help them to seek better working conditions.

In Bangladesh, we work with factories who are also part of “The Accord on Building and fire safety”, which means that they undergo extra audits from engineering companies with focus on only these issues, and focusing on workers’ rights to form safety committees thereby ensuring safer working conditions

In China, the main issue is still fair remuneration and working hours, which is normally the result of both poor purchasing practices and poor production planning.

**The measurement of outcomes in 2018 regarding Human Rights/ plans for 2019**

We have made a Human Rights Policy, which is a good backup for our continuous focus on Human Rights in our Supply Chain. We will however focus on Amfori for the implementation, as this is where we can get leverage to our suppliers.

The challenge for Kluntz A/S, is that we have many different product groups and therefore a long list of suppliers, that needs to be managed. However, many of our suppliers are established brands who already have good and well-defined compliance programs, that we can lean to.

The suppliers, that we will instead focus on are the ones where we are dealing with them directly through our close partners in Hong Kong.

In 2019, we have developed a Child Labor Policy, that we will need our suppliers to sign. The Child Labor Policy defines what will happen if we find that any of our suppliers use Child Labor. So instead of just getting rid of the child and the supplier, then Kluntz and our suppliers will take joint responsibility for the future of the child to ensure, that the child does not end up worse of, than he/she was.

We currently have 13 factories in total in the Amfori system.

Status of these factories are as such:

<b>Factory</b>	<b>Previous Rating</b>	<b>Current rating</b>
Factory 1	C	C
Factory 2	C	C
Factory 3	D	C
Factory 4	No audit	C
Factory 5	C	C
Factory 6	C	C
Factory 7	C	C
Factory 8	C	C
Factory 9	C	C
Factory 10	C	C

Factory 11	B	A
Factory 12	A	A
Factory 13	B	A
	<b>Overall ratings last year</b>	<b>Overall rating this year</b>
	D = 8%	D = 0%
	C = 61%	C = 77%
	B = 15%	B = 0%
	A = 8%	A = 23 %
	Unrated = 8%	Unrated = 0%

There has been good improvement in the ratings of the factories that we have listed for BSCI/Amfori audits. The majority of the factories are rated with. C, the main reason for this being because of their management system. Along with a new Amfori Code of Conduct, came also increased requirements on the management systems. The suppliers are not used to be working like this, and it will take them a few audits, and trainings before they realize, what exactly it is we require from them. However, on the factory “hardware”, it seems that we have good and compliant factories, which are safe for the workers.

For the following year our focus will turn inwards a bit, as we need to increase our collaboration with our partners in Hong Kong and provide new structures to report in on new factories and the requirements, we set on them. The aim is that this focus, will eventually increase the number of factories we have in the Amfori database.

<b>LABOUR</b>	
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
Principle 4	The elimination of all forms of forced and compulsory labour
Principle 5	The effective abolition of child labour
Principle 6	The elimination of discrimination in respect of employment and occupation

### **Kluntz’ A/S commitment to the principles**

Kluntz A/S supports and adhere to the fundamental Labor principles and International Labor Rights. We also respect and adhere to the principles of freedom of association and the right to collective bargaining, both locally and in our supply chain.

### **How Kluntz A/S have implemented the principles**

Kluntz A/S follows the Danish Labor Law, and we are being audited against it by the Danish Working Environment Authority on a regular basis.

In 2016, Kluntz have joined Amfori to manage our social and environmental impact and to implement the principles of Labour Rights in our supply chain

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ENVIRONMENT	
Principles 7	Business should support a precautionary approach to environmental challenges
Principles 8	Undertake initiatives to promote greater environmental responsibility
Principles 9	Encourage the development and diffusion of environmentally friendly technologies

### **Kluntz' A/S commitment to the principles**

At Kluntz A/S, we fully acknowledge our responsibility in protecting the Environment and minimizing our environmental footprint throughout the entire supply chain. We set demands both for ourselves and for our suppliers.

### **How Kluntz A/S have implemented the principles**

Kluntz A/S have always had a focus on environmental issues in-house, by using energy saving light bulbs, being cautious when printing and building a low energy consuming office and warehouse.

Kluntz have invested to become ISO14001 certified. This certification works as a framework for better management control which then results in reducing our environmental impacts. It gives us a management tool to reap the benefits of environmental management.

Through the Amfori Code of Conduct there is a focus on environmental issues and when auditing the factories, the overall rating also reflects the positive or negative impact on the environment.

**The measurement of outcomes in 2018 regarding Environmental Protection/plans for 2019**

Our ISO14001 certification has helped us and given us tools to identify and react on any negative impact on the environment that our business may have.

For our supply chain, we will focus on the Amfori audits we are currently doing and help them with remediation. We see very few issues in our supply chain related to environment. The main issues we find are regarding their management systems on environmental protection. However, if we look at our supply chain, basically no matter the product we are making, then the biggest environmental impact that we have, is identified further out in our supply chain than we have currently mapped.

<b>ANTI CORRUPTION</b>	
Principle 10	Business should work against all forms of corruption, including extortion and bribery

**Kluntz' A/S commitment to the principles**

It is part of our requirements that suppliers must strive to avoid corruption in their supply chain. Under no circumstance must they be involved directly in any cases involving taking or offering bribes.

If we experience a supplier offering us a bribe, it will be reported immediately and our business relationship will be terminated.

**How Kluntz' A/S have implemented the principles**

It is a clear policy for all our employees in the office in Denmark, that if offered a bribe, they should refuse this and report the incident to the management instantly. They are also aware, that they are not to offer a bribe to any of our stakeholders at any time; this will be reason for termination of employment contract.

Once we embark on a new business relationship, we explain the principles of the Amfori Code of Conduct to them and what we mean when we say that we are against any form of corruption.

#### **The measurement of outcomes in 2018 regarding anti-corruption/ plans for 2019**

There have been no incidents reported during the last year and since we operate from one of the least corrupt countries and buy mostly from other EU countries, we have limited risk of experiencing corruption in our business relationships.

However, the production countries where we are operating in can have issues around anti-corruption why we have developed an Anti-corruption Policy for both our internal staff and suppliers. Full implementation of this will be our focus during 2019/20.

#### **How to communicate this COP to our stakeholders**

This Communication of Progress will be available on our website alongside the Amfori Code of Conduct.

Whenever possible and when we participate in network groups, conferences and seminars we will inform about our CSR initiatives and support to UN Global Compact and The Danish Ethical Trading Initiative (DIEH), with whom we are also members.