

CSR Report 2020

Communication on Progress (COP)

A SUSTAINABLE INITIATIVE

Mekoprint has been a member of the UN Global Compact since 2017, and we are very ambitiously committed to support the UN Global Compact and its ten principles with human rights, labour, environment and anti-corruption. As part of the UN Global Compact membership, Mekoprint is primarily focusing on the Sustainable Goal no. 12 "Sustainable Consumption and Production", but in the following years more goals will be evaluated and selected – such as Goal no. 9 "Industry, innovation and infrastructure" and Goal no. 17 "Partnerships for goals", which the company in particularly can contribute to.

At Mekoprint we have an ambitious objective to be a "sustainable development and production partner". We want to be a sustainable frontrunner that sets the standard with a balanced development of the company, based on a fourfold bottom line measured on 1) Job satisfaction and management quality 2) Customer satisfaction 3) Social responsibility and 4) Economic growth. We want to lead the charge in optimizing the sustainability throughout the value chain by delivering maximum value with a minimum amount of resources and environmental impact.

This year we have once again achieved positive results in our efforts in working with sustainability. We have achieved CO₂ neutral production for all our customers, climbed the ranks of the Great Place to Work to an impressive 12th place as Denmark's best places to work among medium-sized companies and received the award "CSR Gold Rating" from the independent analysis company EcoVadis in developing a more sustainable customer collaboration.

This report gives a short status of what we have achieved in 2019 by working together with our stakeholders. We will continue working for sustainable growth.



Anders Kold
CEO



Torben Jensen
CFO

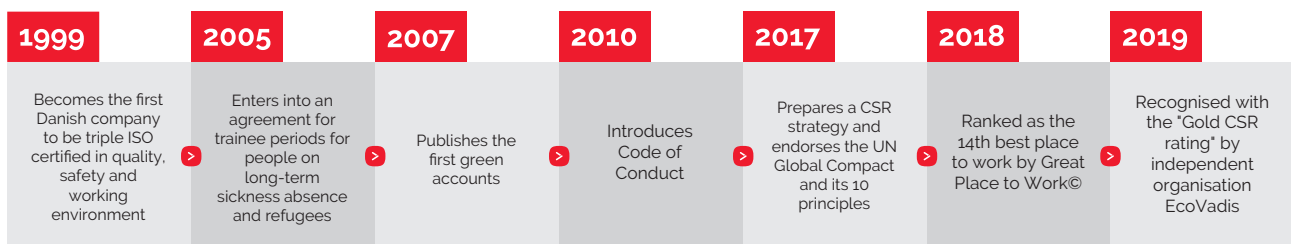


Crucial steps towards a Sustainable development & production partner

2019 was an exceptional year in many ways. We celebrated Mekoprint's 65th anniversary, introduced CO2 neutral production for all our customers, were named "Entrepreneur of the Year" in the North Denmark Region at the EY Entrepreneur of the Year awards, and moved up to an impressive overall 12th place as Denmark's best place to work among medium-sized companies. We have come far, but there is still a lot of work to be done to achieve our objectives for 2020 and towards 2030, as a "sustainable development & production partner."

At Mekoprint, this is expressed in our desire to be a sustainable frontrunner that sets the standard with a balanced development of the company, based on a fourfold bottom line measured on 1) Job satisfaction and management quality 2) Customer satisfaction, 3) Social responsibility and 4) Economic growth.

This report offers a brief overview of our work in 2019 as regards the CSR strategy drawn up in 2017, with objectives going towards 2020. In the CSR strategy, our social responsibility has been subdivided into the environment, supplier collaboration and our other social responsibility work with particular focus on child and youth development, all of which are described briefly in this report.



United Nations Global Compact

> Job satisfaction and well-being continue to rise

Our employees are Mekoprint's most valuable asset, which is why the continued increase in job satisfaction is extremely positive. At Mekoprint, we have an ambitious objective of having a "Great Place to Work Trust Index" of 96% and being among the top 10 for medium-sized companies in Denmark by 2020. Since 2014, Mekoprint has participated in the Great Place To Work survey and has been certified as a "great place to work" every year. In the most recent employee survey from the autumn of 2019, for the second consecutive year, as many as 97% of Mekoprint's employees stated that *"all things considered, I believe that Mekoprint is a great place to work."* Once again, this makes us extraordinarily proud. The Trust Index rose from 90% to 92%, and we have now moved up two places which puts Mekoprint at an impressive over-

all 12th place in 2019. So, we are well on our way towards our goal of being in the top 10 by 2020!

For the past two years, Mekoprint has been working intensively to make management responsibilities regarding the collaboration on Mekoprint's development towards the realisation of the strategic objectives visible. In connection with the employee survey, an extended management survey was conducted, focusing on employees' perception of the quality of management. At the end of 2019, this survey has formed the basis for an even clearer picture of each manager's individual development focus. Simultaneously, in 2019 work has been done on an even more targeted culture of improvement, based on Mekoprint's value-based management philos-

ophy. In order to strengthen this culture of improvement, common guidelines have been drawn up in the ISO-certified management system on how to work with improvements, with a particular focus on team-based involvement of all employees in the work. The work is still being implemented as part of a cross-organisational, strategic project for the whole of Mekoprint in 2019/20, with different methods for involving all employees in each division.

Mekoprint's ambition to be one of the best places to work also means being one of Denmark's healthiest workplaces. Back in 2018, Mekoprint offered all employees a comprehensive health check, providing the employees with a "Fit score", a "Diet score" and a "Mind score". 2019's health check was postponed to January 2020, where in addition to the health check, a health week will be held

focusing on healthy eating, recipes for dinner and healthy juices and snacks. Furthermore, employees and their partners are offered a lecture on health myths in order to visualise the small changes that are needed for all of us to live more healthy everyday lives. Similarly, they are still encouraged to use their daily four minutes for physical exercise. In 2019, a partnership was also established with a mental coach whose services Mekoprint offers to employees, both for prevention and treatment of stress or other life crises which employees might experience. In 2019, there have been three examples where employees said that if they had not received this help, they would have faced long-term sick leave. So, in many cases, our preventative measures have succeeded when there has been a particular risk of stress.

Focus areas from the Great Place To Work® survey	2014	2015	2016	2017	2018	2019
Interdisciplinarity						
The management keep me informed of important topics and changes	45%	51%	71%	79%	77%	87%
The management have clear strategies for where the workplace is going, and how it will get there	65%	69%	78%	85%	85%	91%
The management express their expectations openly and clearly	59%	64%	82%	85%	85%	86%
Pride and togetherness						
My work is worthwhile – it's not 'just a job'	74%	74%	79%	92%	90%	93%
I am proud to tell others that I work here	76%	80%	81%	95%	95%	96%
I want to work here for a long time	74%	83%	87%	94%	92%	95%
All things being equal, I think that this is a really good place to work	81%	91%	84%	98%	97%	97%
Respect						
I am offered vocational training and improvement	48%	48%	56%	63%	80%	81%
I get the necessary resources and equipment to do my work	64%	70%	74%	89%	89%	90%
Fairness						
The employees are treated fairly regardless of age	79%	85%	83%	95%	95%	94%
The employees are treated fairly regardless of ethnicity	87%	91%	93%	96%	99%	98%
The employees are treated fairly regardless of gender	75%	84%	88%	93%	91%	95%
The employees are treated fairly regardless of sexual orientation	88%	94%	92%	97%	99%	100%
The employees are treated fairly regardless of any impairments	77%	84%	91%	93%	92%	97%
Trust Index© Average						
Trust Index©	66%	74%	77%	85%	90%	92%

> Sustainable development of customer collaboration

In 2019, the development of a more sustainable customer collaboration particularly focused on large customers Grundfos and Velux and included an evaluation of Mekoprint's CSR work and opportunities for sustainable optimisation of the collaboration. Regarding the collaboration with Grundfos, amongst other things, this has resulted in independent analysis company EcoVadis awarding Mekoprint an overall "CSR Gold rating" in 2019, represent-

ing a top 5 ranking among all rated companies. Moreover, the focus has generally been on minimising the consumption of resources in collaboration with each individual customer, including reducing the consumption of packaging with the increased use of returnable packaging when practicable.

Customer satisfaction has risen to a Net Promoter Score of almost 40%, which means that progress is still being made in approaching the target of 50% by the end of 2020. However, the expectation is that one or two of the four divisions will not quite meet this ambition, which is why it will take an additional one or two years before the target is reached for the company as a whole.

In 2020, work is primarily done collecting information on the needs and opportunities for Mekoprint to help selected customers in partnerships, developing more sustainable products, e.g. through the customers' choice of materials and through product design which allows recycling of components based on a cradle-to-cradle approach.

> Our environmental footprint on society

In 2019, Harald Karlsen Consulting conducted an energy review of Mekoprint. The aim is to get an overview of Mekoprint's overall energy matters and chart the areas of saving for buildings and energy-consuming systems. The energy review resulted in a total savings potential of 17%, with a payback time of just 1.6 years. One of the improvements is the installation of an energy management system in all the Danish factories, which will be implemented in early 2020. The new system makes it easier to read and measure energy consumption and so to contribute to better energy management. A second improvement is the transition to demand-controlled LED lighting. The demand-controlled lighting provides a further saving in that each light fixture has an individual sensor which automatically adjusts the lighting, depending on whether there are people nearby, and whether daylight is used optimally. Furthermore, it is recommended to replace the older ventilation motors in factories, and install calorifiers or radiant panels for more efficient heat utilisation on the factory floor. The energy review has been reported to the Danish Energy Agency in accordance with the guidelines of Executive Order no. 1382 on Energy reviews for large companies, and we are now looking at whether the energy review will be implemented in Mekoprint's ISO14001 in the future.

Internally, various sustainable initiatives have been taken. Amongst other things, all plastic cups have been replaced by drinking glasses and insulated cups. In January 2020, a new waste sorting system has been implemented in the administration, replacing the traditional bins. There is also a focus on ensuring that employees can continuously come up with ideas and suggestions for improving the environmental and resource waste, and how we can collectively think more sustainably in general. As part of the work on the targeted improvement culture, there is also a focus on developing the improvement culture towards greater awareness of the importance of the daily sustainability work. Financially, focus is on investing in leading, resource-efficient production technology.

We have an ambitious goal of being CO₂ neutral by the end of 2020. We are not quite there yet, but we are well on our way. As of 1 June 2019, Mekoprint has entered into an agreement with E-On for annual deliveries of electricity from wind power, which helps reduce our CO₂ emissions considerably. There is also ongoing consultation with the Growing Trees Foundation network regarding the planting of trees in collaboration with the Danish Nature Agency. The plan is to enter into a partnership before the end of the first half of 2020, in order to be 100% CO₂ neutral by the end of 2020.

As can be seen from the table below, energy consumption has increased in 2019, while CO₂ consumption has dropped as a result of our electricity being supplied by wind energy. Relative to the increased turnover, the CO₂ impact remains below the index for the base year 2012/2013. Similarly, the CO₂ impact of travel and company vehicles has now been included in the calculation. The ambition is to continue to minimise the CO₂ impact, despite increasing activities and increased turnover. As of 2019, the below environmental figures have been calculated for the calendar year, whereas the previous years have been based on the financial year from October to September. Going forward, the environmental figures will be calculated for the calendar year.

Mekoprint A/S*	12/13	13/14	14/15	15/16	16/17	17/18	2019
Energy Consumption							
- Electricity (MWh)	5,974	5,238	5,387	5,186	5,443	5,839	6,502
- Water (M) ³	11,539	9,281	8,552	8,588	10,228	10,569	13,920
- Natural gas (Nm ³)	249,201	204,804	218,285	220,362	224,406	224,406	267,271
- Co ₂ emissions	2,123	2,546	2,013	1,554	1,815	1,985	1,509
- Co ₂ (others)***							193
- Co ₂ emission total							1,702
Index- figures (Energy consumption / Revenue)**							
- Electricity	100	97	91	86	79	74	79
- Water	100	81	75	72	75	68	86
- Natural gas	100	75	82	75	68	59	68
- Co ₂ emission	100	109	89	62	64	61	51

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

** Index numbers calculated by resource consumption relative to revenue with 2012 / 2013 as base year.

*** accounts for district heating, industrial gas and transportation (travel by car/train/flights)

> Mekoprint's social responsibility

We get involved in the surrounding community and particularly support child and youth development. In 2019, Mekoprint again supported various charities with over DKK 70,000, of which DKK 25,000 went towards a whole family week at Ønskeland, which gives vulnerable children and their families inspiration and a better opportunity to break out of the negative patterns of everyday life. Mekoprint's employees have also had the opportunity to support the Christmas Seal Foundation Home (Julemærkehjemmet) by donating money to the Christmas Seal Foundation Home, rather than receiving this year's Christmas present. This has resulted in DKK 4,000 for the Christmas Seal Foundation Home.

We continue to push our customers' social responsibility as Mekoprint donates 10 Euros to UNICEF per answered customer satisfaction survey, which is conducted annually. However, in the 2019 calendar year, we have only conducted a customer satisfaction survey in one division, while the other divisions have been postponed until early 2020. For that reason, the amount is somewhat lower than in previous years, with DKK 9,000 for Unicef.

Mekoprint also gets involved locally in the community. In the late summer, Mekoprint produced 1,000 medals for a local fun run in Rebild, and the number of students, trainees and apprentices has increased significantly by as much as 14 young people. They are distributed between

finance, IT, graphic technician, industrial operator, industrial technician, boilermaker and toolmaker. In 2020, the work to further formalise our collaboration with both Aalborg University and UCN has continued, which means that even more trainee courses and projects processes will be started. In addition, we will work to formalise our collaboration with Techcollege.

> Social supplier impact

For 2020, we have a goal of having the sustainability of all supplier products classified. That work is still in the preparatory stage, but in 2020 is expected to be limited to a sustainability classification at the supplier level, in the form of a supplier survey in the second half of 2020. This is conducted as a Mekoprint study with a selection of supplier questions similar to those in EcoVadis and similar studies until an ISO standard has been defined, which is expected to happen in 2022. Since 2017, classification at product level has proved to be more challenging to implement, with significant challenges in establishing, e.g. "Country of origin" for many components that are produced in several countries by large, international suppliers. Therefore, the action plan for classification at product level will be drawn up in 2020 as part of an overall sustainable development plan leading up to 2025, in line with what is realistic within each commodity and supplier category.

> Sustainability goals require robust growth economy

Since 2015, Mekoprint has worked determinedly with a growth strategy intended to double turnover and revenue in five years. With the latest annual report for 2018/19, in terms of turnover, we have taken another step in this direction with an increase in turnover from DKK 478 million to DKK 501 million in 2018/2019. This is the highest level of activity ever, showing an average annual growth of 15% over the past four years. For the current 2019/20 financial year, however, it is not likely that turnover will increase with the last DKK 50 million needed to completely double turnover in the five years.

In terms of revenue, Mekoprint is challenged by an extraordinarily high level of investment, which in 2018/19 reached DKK 44 million in factory expansions and new production technologies. Concurrently, work has been done on major customer projects that have required large-scale organisational investment, which will not impact revenue until one to two years from now. Therefore, despite the increase in revenue for the past four years, turnover has not increased. However, earnings are

expected to follow in the next two years, why the 2020 goal of doubling both turnover and revenue is expected to be realised in 2021-2022. The ambition to ensure profits for long-term investment in sustainability and resilience to cyclical fluctuations is still within reach.

> Work on the 17 Global Goals

As part of the UN Global Compact membership, Mekoprint has evaluated and selected three Global Goals which the company can particularly contribute to, in collaboration with customers and suppliers:

- Goal No. 9: "Industry, innovation, and infrastructure"
- Goal No. 12: "Responsible consumption and production"
- Goal No. 17: "Partnerships for the goals"

The next CSR report, which will be prepared in early 2021 to evaluate 2020, will be extended to include an update on the work with the three specifically selected Global Goals. This report will also contain Mekoprint's sustainable development plan towards 2025 and then 2030, as the long-term horizon for the Global Goals.



We are a value-based and sustainable frontrunner, who wants to meet customer needs with a minimum of resource use and environmental impact by being curious, ambitious, dynamic, responsible and creating together, both internally and externally.

CEO Anders Kold

Mekoprint

CSR towards 2020



Sustainable Development GOALS



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, interterminal labour contracts or prisoners involuntary labour can not 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 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 14001:2018
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 CO2 pollution figures in this report and develop goals and targets to reduce these, we undertake an initiative 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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