

Communication on Progress report

C.K.Produktion A/S
March 2021



CEO Statement:

2020 have in many ways been a different year than we all expected. This is also the case for C.K. Produktion A/S. The Corona virus came to Denmark in February/March 2020 and turned everything we know around. Denmark was shut down, the schools were closed, all employees in the state was sent home and all private employees was encouraged to do the same if possible. This was a very unsure and difficult time, and it lasted for the most of 2020. The unsure situation made an impact on our turnover which went up and down. This made the staff situation very complicated and uncertain both for the management and all of the employees. We were not able to work from home since we are a production company, so we had to come to work every day. We made some changes in the way we eat lunch, we disinfected our hands a lot and we kept a distance to one another whenever possible. This have resulted in us coming into work every day and no one have been infected with Covid-19. We are very happy and proud of the way we managed to get through these difficult times, and we hope for a better 2021.

We signed up for the UN Global Compact initiative in 2018. An initiative we as a company support, as we in our continued development would like to deliver our good quality products to our customers, in a sustainable manner. Since we are a company that delivers our products to customers in many different countries, it is important for us to support a sustainable future. Our commitment to the UN Global Compact contributes to this, as it gives us some international guidelines for thinking sustainability into our daily lives and our production. C.K. Produktion A/S will continue to support the UN Global Compact initiative in the future.

Alfred Skov Madsen, CEO and owner of C.K.Produktion A/S



Introduction to C.K. Produktion A/S

C.K. Produktion A/S is a Danish owned company in the Plastic industry. We are a sub supplier in injection moulded plastic components for the industry. We are based in Billund, Denmark and have been in the industry for more than 40 years. We deliver high quality products to our customers who are placed in very different places around the world.

Our 40 competent employees and 5,500 m² of production facilities complete a variety of different tasks, which are keen to develop in an environmentally friendly manner.

Our automated machinery park has the latest technology in production and automation. Items from under 1 gram and up to 5 kilograms can be moulded on our 45 production lines, with a clamping force from 25 - 650 tons. Exports, which make up approx. 15%, primarily go to the European market.



Anti-corruption:

At C.K. Produktion A/S we take great distance from corruption. We have been in the industry for more than 40 years, and have never had a case regarding corruption, bribery or anything related to it.

To prevent corruption, we have an internal anti-corruption policy. We do not consider ourselves to be placed geographically in high risk of corruption, and our sales personnel, who we consider to be most likely to experience corruption, have been informed about how they should act and what to do if they ever experience corruption. They can also find a guide in the policy on how to handle such situation and who they should contact.

We have repeatedly signed code of conducts where anticorruption has been a topic. We have no problem with this, as we do not use methods that are not legal and does not support a clean and secure market. Furthermore, we expect from our suppliers to take a great distance from corruption as this is required from our side if we should do business together. If a supplier does not have a policy (internal or external) regarding corruption and have not considered what to do if they experience corruption, we do not go into business together.

To bring even more focus on corruption we have decided to have an introduction regarding corruption and bribery for all relevant employees before the end of 2021. We will also go review our policy with the sales personnel to see if it is adequate – this will also be done before the end of 2021.



Human Rights:

As a company we have a responsibility to respect at protect the human rights. In Denmark, were we are based, violations of the human rights are rare. The working conditions in Denmark are amongst the best in the World and we have no entities anywhere else. Despite our location, we are still very aware of our responsibility and we take it very seriously. We have a responsibility in keep protecting our employees against violations of the human rights, and we have a responsibility regarding our business partners and the people who are affected by us and our products.

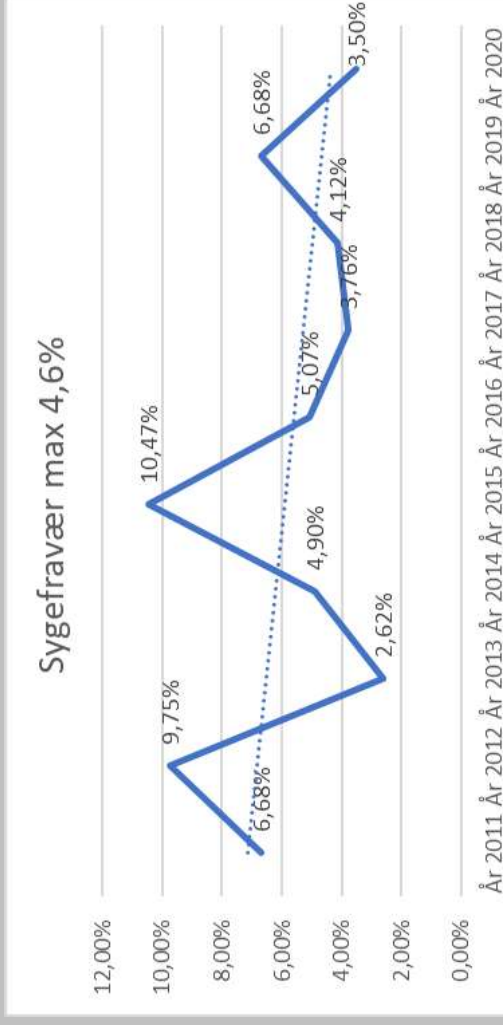
We expect of all suppliers and business partners to protect and respect the human rights. If this is not the case, we do not go into business with them.

We joined the UN Global Compact in March 2018 and ever since we have actively striving to incorporate the 10 principles into our business and a more sustainable business strategy, and we will keep on doing that in the future as well.

C.K. Produktion A/S honor, follows and is in compliance with the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

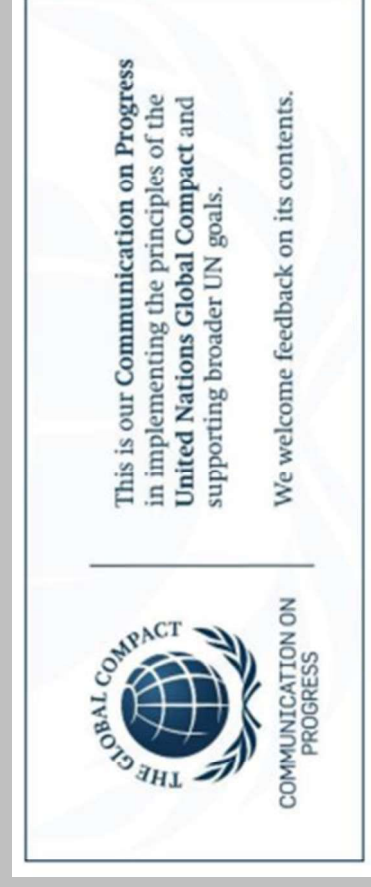


Labour:



The most important thing for us is our employees. The employees are committed to always deliver their best, and they are the main reason C.K. Produktion A/S has been delivering high quality products for more than 40 years. We respect our employee's right to collective bargaining and freedom of association.

In C.K. Produktion A/S we are 40 employees who all have health insurance. We have chosen to give health insurance to all employees because we care very much about our employee's well-being, and therefore we also aim to have no more than 4,6% sick leave a year. As seen in the chart below, our sick leave has decreased from 6.68% in 2019 to 3.5% in 2020. The KPI for 2021 is to have no more than 4,4% sick leave. (See chart of sick leave to the left)



Labour:

Gender equality:

We are in an industry that are often dominated by men, this also mean we primarily receive applications from men. We always employ after qualifications, and we have a transparent hiring process where we take great pride in our effort not to discriminate. This is reflected in our staff where 50% is women despite the majority of male applicants. Do to these two factors (majority of male applicants and the fact we hire based on qualifications) we do not use gender targeting which is reflected in the Executive management and the Board of Directors, where there are 0 percent women.

Health and safety policy

At C.K. Produktion A/S health and safety is key elements in our daily life. We have a health and safety policy to ensure the safety of all our employees and a good working environment for everyone. It is a KPI for 2021 to review our health and safety policy and possibly changed it / add sections if necessary.

As seen in the chart on the right we measure on work related injuries (blue) and nearby accidents (orange). The goal is to have 0 work related injuries and a maximum of 2 nearby accidents. In 2020 we had 0 work related injuries and 1 nearby accident. This is a decrease from the year before where we had 3 work related injuries which mean we did not meet our KPI for 2019.

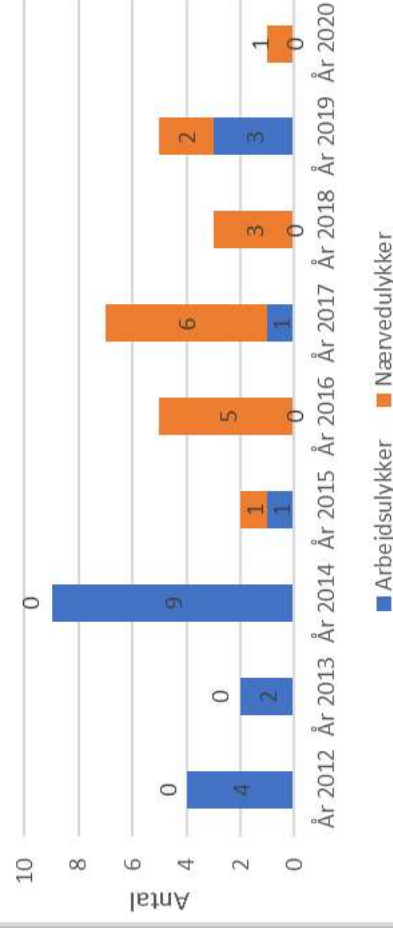
In 2020 we made some improvements that should help reach our KPI – among these improvements is more mirrors in the production hall. This helps when people are driving a forklift and have trouble seeing around

the corners. We have yellow lines on the floor to clearly mark up where forklifts can drive, and where it is only allowed to walk. These yellow lines were also brushed up with fresh paint so they now are even more visible and stands out.

To keep improving our work conditions and safety we have a work environment organization that consist of 3 employees and the CEO. The organization meet every quarter to discuss improvements in the working environment. The work environment organization receive external counseling on workplace assessments and other topics.

The KPI for 2021 is to again have 0 work related injuries and maximum 2 nearby accidents.

Arbejdssulykker max 0. - Nærvedulykker max 2.



Labour:

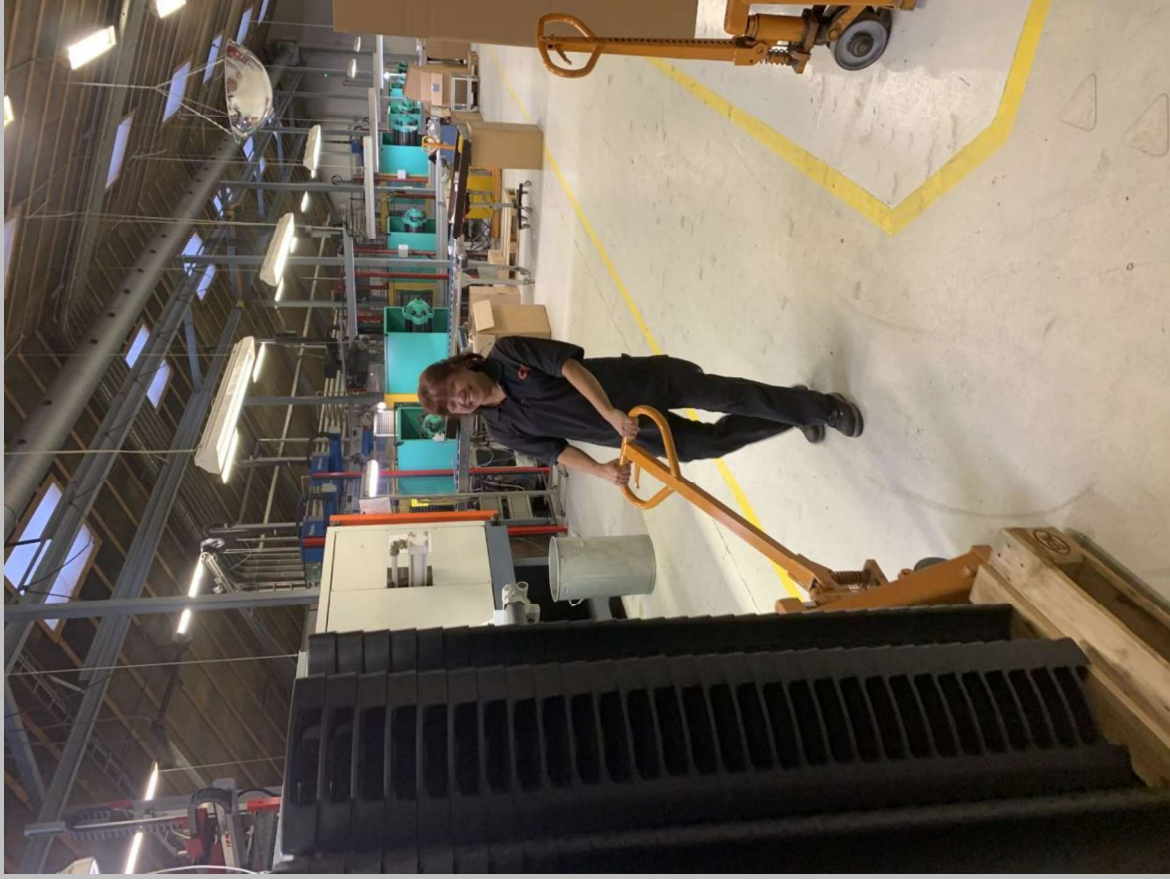
Development of employees

We believe it is good for the employees to develop themselves and see it as a very important responsibility to effort the employees the possibility to do so. It is always possible to talk to your nearest manager regarding continuing education and take this education if relevant. As a company in a smaller town with a lot of small villages in the surrounding area we find it necessary to take responsibility regarding young people's education, and we therefor always have people in training. We currently have 2 young people as apprentices - this corresponds to 5 percent of the employees.

We appreciate our employees very much and are thankful that a lot have chosen to stay with us for many years. We see this as a positive reflection of the initiatives we have on the labour area. We have celebrated several 10, 25- and 30-year anniversaries.

No forced- and child labour

In Denmark forced- and child labor is very unusual. Nevertheless, we as a company still have a big responsibility on this matter. We take great distance from forced- and child labour, and it is expected of our suppliers that they do the same. We do not use suppliers that directly or indirectly contributes to forced- and child labour. To make sure we prevent these types of labour in our supply chain, we have made a risk assessment to see where we would be at the biggest risk of contributing to forced- and child labour. We do not use any suppliers that is geographically placed in a risk country, but we always address the issue when engaging with new suppliers.



Environment:

We always strive to have a responsible production. Being part of the plastic industry, we are very aware of what impact production and plastic can have on the environment and the future planet. We therefore take our responsibility very seriously and every day we think about how to best take care of the environment.

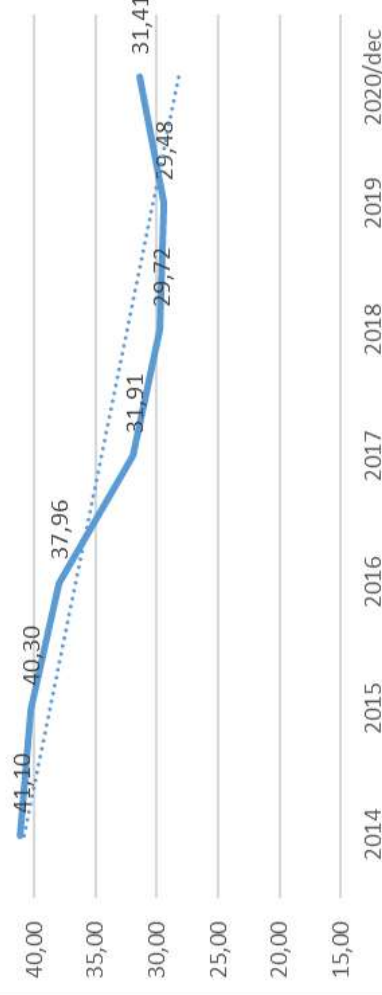
For 2019 we made a key performance indicator saying we would develop a policy on environment, and that it would be finalized at the end of 2021 at the latest. We are in the process of developing our environment/climate policy and we expect it to be done in the fall of 2021.

In the meantime, we work hard on reducing our negative climate impact and have taken several actions/initiatives to do so.

We measure on our electricity consumption and our natural gas consumption, and we strive to decrease them every year.

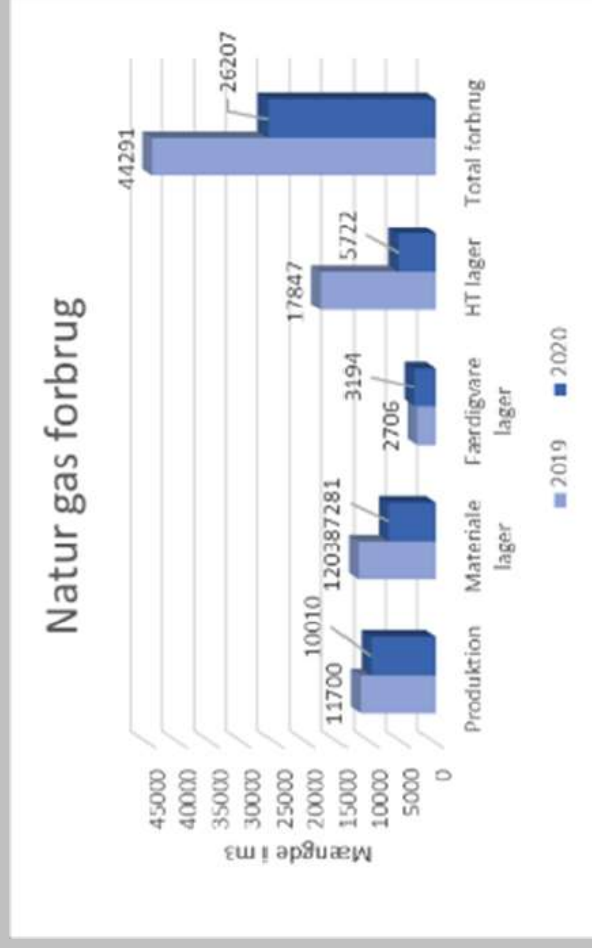
Below you see a chart of our electricity consumption in kw per 1000 Danish kroner turnover. The consumption in kw per 1000 Danish kroner turnover for 2020 have gone up a bit compared to 2019 since our turnover was lower in 2020 due to Covid-19. Even though the turnover has decreased it still consumes the same amount of kw to have the basic infrastructure running. One of the initiatives taken to reduce our electricity consumption is, that we have changed all most all light tubes to LED.

El forbrug i kw pr. 1000 kr^s omsætning

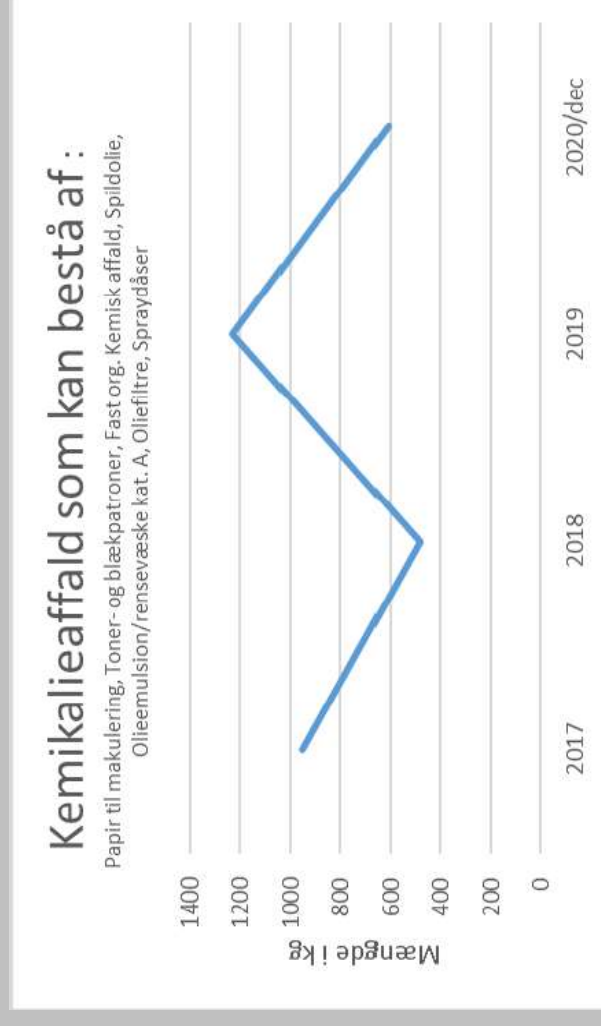


Environment:

As mentioned above, we also measure our consumption of natural gas. As seen in the chart below, our consumption has decreased significantly from 2019 to 2020. This is caused by better utilization of waste heat, as well as a lower temperature in a cold storage.

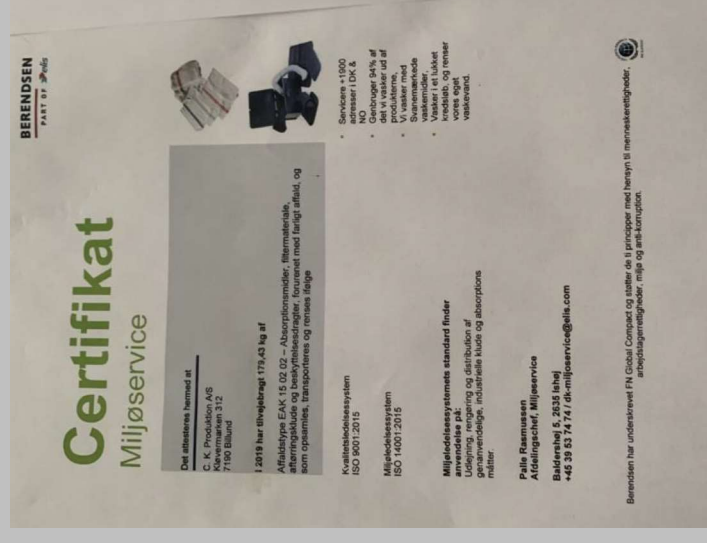
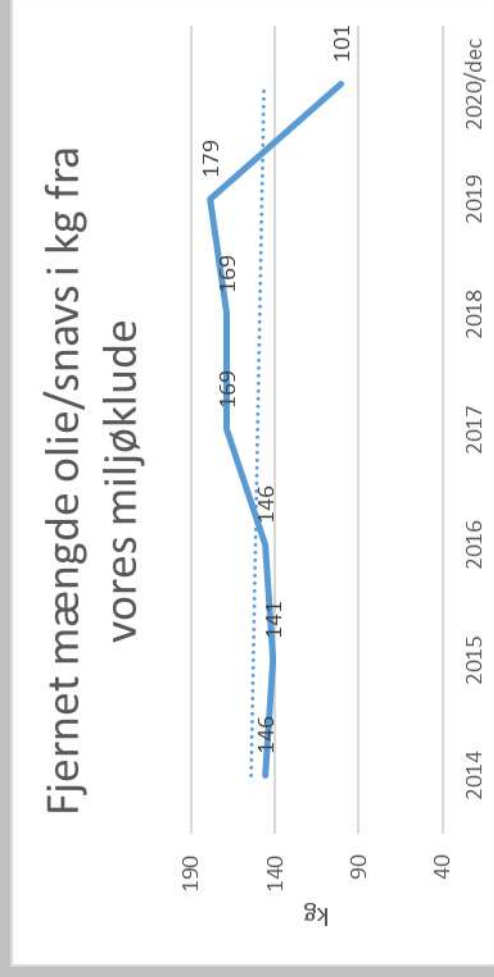


Furthermore, we measure on our chemical waste which can consist of toner and ink cartridges, spray cans, solid organic chemical waste, waste oil and much more. As shown in the chart below, we had increased from 2018 to 2019 and managed to decrease it again from 2019 to 2020.



Environment:

As part of our work with decreasing our environmental impact, we have something called environmental cloths. Instead of using paper to clean up spilled oil we use these environmental clothes. It is better for the environment and safer for the employee. It is safer for the employee due to minimum of fire risk and the clothes does not release any toxic steams. It is better for the environment because more than 90 percent of the absorbed waste materials is recycled/reused. Below is seen a chart that illustrates the amount of waste in kilos that are taken out of our environmental cloths.



Key Performance indicators for 2021

During 2021 we will keep working on being a more sustainable business and keep implementing the 10 principles of the UN Global Compact in our everyday life.

Key Performance Indicators for 2021:

Human rights: To keep being compliant with the International Bill of Human Rights and the International Labour Organization's (ILO)

Declaration on Fundamental Principles and Rights at Work. **+** To keep up to date on other relevant legislation regarding Human Rights.

Labour Rights: Decrease the amount of sick leave from a maximum of 4.6% to a maximum of 4.4%. **+** To keep having apprentices **+** to keep having a transparent and non-discriminating hiring process **+** keep our target of 0 work related injuries and maximum 2 nearby accidents **+** review our health and safety policy.

Environment: To finalize our environmental policy in the fall of 2021 **+** to keep measuring on our electricity consumption, consumption of natural gas, chemical waste and waste absorbed in environmental cloths.

Anti-corruption: review our anti-corruption policy and educate relevant employees about corruption and bribery.

