



C.K. Produktion A/S
Billund, Denmark

COMMUNICATION ON PROGRESS

2022

CEO Statement

2021 was significantly different from 2020, when we were very much affected by Covid-19. In 2021, we grew by approx. 15% in turnover, which is more than usual. However, we also experienced the aftermath of Covid-19 as it was difficult to procure raw materials, which was a big challenge for us. Most raw materials were hard to come by and some we could not procure at all, which made us look for alternatives in the form of other raw materials. These challenges have been very time consuming for us, but we are relieved and proud that we are coming out of 2021 with a significant increase in our activities. Furthermore, energy prices, especially for electricity, increased significantly in the 3rd and 4th quarters, which also affected our business, as a significant amount of electricity is used when production is running. We are in the process of looking into green electricity, and it is a goal for 2022 that we get an agreement in place with our electricity supplier on the supply of green electricity in the future.

We hope for 2022 that our activities will continue to increase, and we can once again meet our own expectations.

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.



*Sincerely
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 operating in the Plastic industry. We are a sub supplier in injection moulded plastic components for the industry.

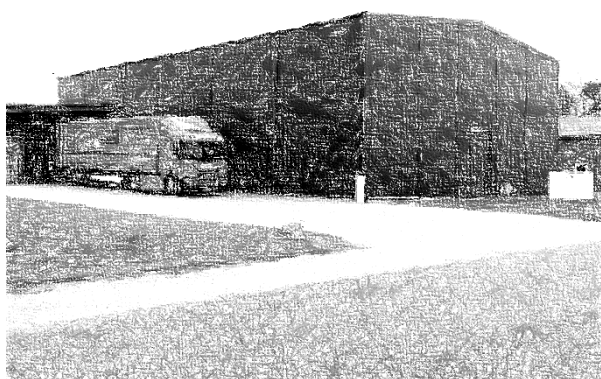
We are based in Billund, Denmark, and have been in the industry for more than 40 years.

We deliver high quality products to our customers who are placed in very different places around the world. Our 42 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. The machines can operate in different sizes and can produce items from under 1 gram and up to 5,5 kilograms 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 and US market.

Anti-corruption

At C.K. Produktion A/S our ambition is to do business with the highest amount of integrity and responsibility. We are placed in Denmark, which we do not consider being in high risk of corruption, which is also supported from the corruption index from Transparency International, where Denmark is placed as the least corrupt country in the world (this is together with New Zealand and Finland).

With more than 40 years of experience in the industry we have never had a case regarding bribery, facilitation payments or anything else related to corruption.



To continue our initiatives to prevent corruption we annually review our internal anti-corruption policy and our employees in sales, who we consider to be most likely to experience corruption, will continuously be informed about how they should act and what to do if they ever experience corruption. It is also possible for them to find a guide in the anti-corruption policy on how to handle such situations should they occur.

We often sign code of conducts where anti-corruption is an included topic from our customers. We have no hesitations to do so, as we do not do business in a way that is illegal or could be perceived as such. 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.

In 2022 it is our ambition to release a supplier code of conduct as well as a policy regarding gifts and hospitality. This policy should help guide our employees in situations where gifts and business courtesies are given or accepted.

Human Rights

We take our responsibility as a company very serious when it comes to respecting and protecting human rights. We are very fortunate to do business and being placed in Denmark, where human rights violations are extremely rare. Working conditions in Denmark are among the best in the world but this does not mean that we should pay no attention to the subject.

We are aware of our responsibility as well as our commitment to keep protecting our employees against violations of their human rights.

We do not only have a responsibility regarding our own employees, but also regarding our business partners, suppliers and the people who are affected by us and our products.

We expect of all suppliers and business partners to protect and respect human rights. If this is not the case, we do not go into business with them. It is our ambition that the supplier code of conduct, which we aim to release during 2022, should also include a section regarding the protecting of human rights when doing business.

We joined the UN Global Compact in March 2018 and ever since we have actively strived 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 honors, follows and is in compliance with the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.



Labour

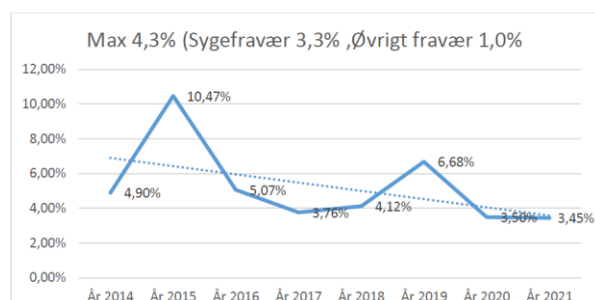
The most important ingredient in our success and our timeline of more than 40 years is our employees. The employees are committed to always deliver their best, and they are the main reason C.K. Produktion A/S has been delivering high quality products for more than 40 years. We respect our employee's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

All 42 employees in C.K. Produktion A/S have health insurance since our employee's wellbeing is very important to us. Every year we aim to have as low a sick leave percentage as possible, and for 2021 the goal was to be under 4,3%. As seen in the table below, the sick leave is on 3,45% which is the lowest since 2014.

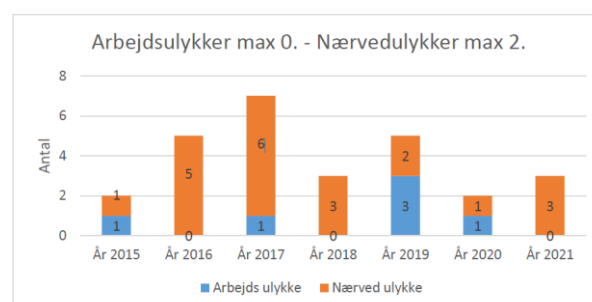
Health and safety policy

Being a production company, we take health and safety very serious in our everyday life. To secure the best possible working environment for all employees, we have a health and safety policy which is reviewed each year.

Furthermore, we measure on work related injuries and nearby accidents. A KPI for 2021 was to have zero work related injuries and a maximum of 2 nearby accidents. As seen in the chart on the right, we reached our KPI regarding work related injuries (blue) but did not meet our goal regarding nearby accidents (orange). We have reviewed all 3 of the nearby accidents and initiated the required measures to avoid them in the future.



In the production areas we have taken some initiatives to secure a safe working environment and to prevent accidents and work related injuries. These initiatives include mirrors in the production hall that helps when people are driving a forklift and have trouble seeing around the corners. Furthermore, we have yellow lines on the floor to clearly mark up where forklifts can drive, and where it is only allowed to walk.



To keep securing and improving our work conditions and safety at work, 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.

A key performance indicator for 2022 is to have 0 work related injuries and no more than 2 nearby accidents.

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.

Development of our employees

In an industry where new technology and trends are not uncommon, we highly appreciate that our employees have the drive to develop themselves and to continuing education, which is always possible at C.K. Produktion A/S.

We are placed in a smaller town with a lot of small villages in the surrounding area where the possibility for education is limited. Therefor we take great pride in the responsibility, we as a company believe that we have, in making it possible for young people to have an apprenticeship. We currently have 3 apprentices – this constitutes more than 7 percent of the employees.

Our employees are our greatest asset, and we are pleased that many of them decides to stay with us for many years. Over the years we have celebrated several 10, 25- and 30-year anniversaries. In 2021 we had one anniversary for 25 years.



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.

The above-mentioned supplier code of conduct will also include a section on forced- and child labour.

Environment

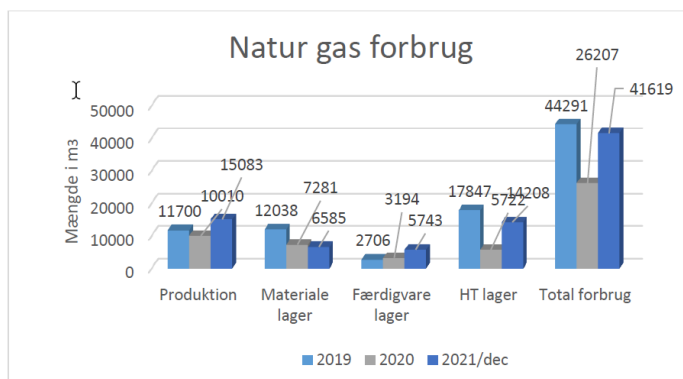
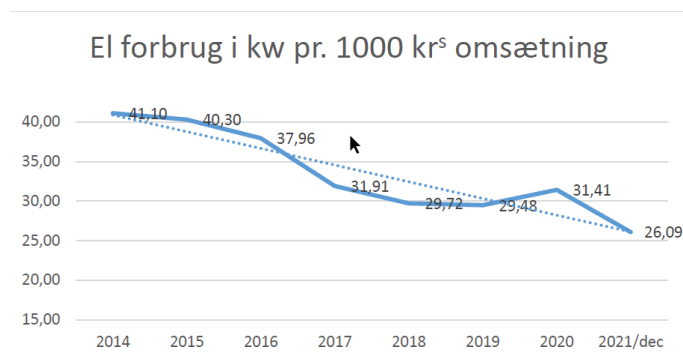
We are a part of the plastic industry which make us very much aware of the challenges we face when it comes to the environment. We strive to do business in the most sustainable way as possible and to have a responsible production line. We know what negative impacts plastic can have on the environment and our future planet if not handled and dealt with properly.

For 2021 it was a key performance indicator to have created and published an environment/climate policy. Due to the above-mentioned challenges regarding the lack of raw materials which was very time consuming for us, the policy is still in the process of being done. We continue to develop our environmental policy during 2022.

We continue our environmental initiatives in our everyday work. This includes that we measure on our electricity consumption and our natural gas consumption, and we strive to decrease them every year. On the right 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 2021 have gone down compared to 2020. One of the initiatives taken to reduce our electricity consumption is, that we have changed all most all light tubes to LED. Furthermore, when we invest in new machines, we always strive for the newest technology which is also more environmentally friendly.

As mentioned above, we also measure on our consumption of natural gas. As seen in the chart on the right, our consumption has increased significantly from 2020 to 2021. This is, among other things, caused by the winter of 2021 that was very cold, and we therefor used more natural gas for heating.

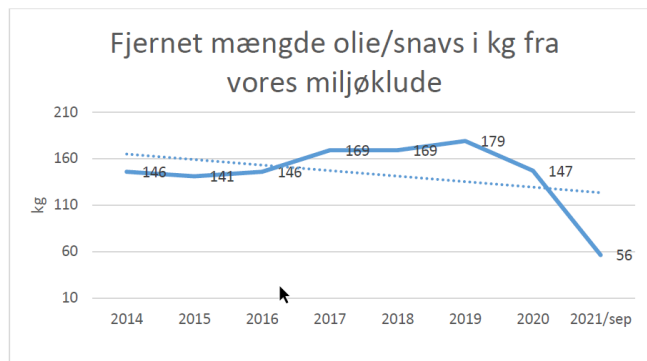
In 2022 we invest in a new compressor which use less electricity. The waste heat from the compressor will be used to heat a 750 m² storage, which will save a significant amount of gas for heating.



Some of the other daily initiatives we measure on in relate to the environment are our chemical waste and environmental cloths.

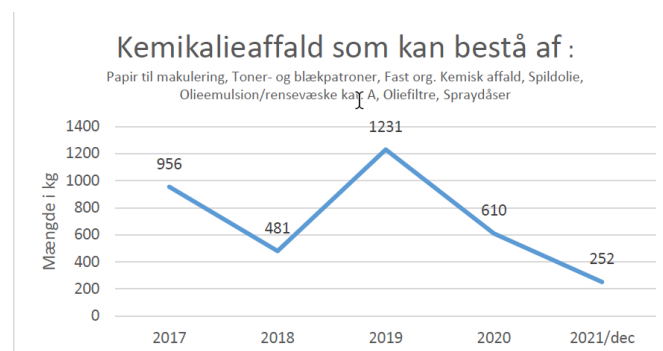
Instead of using paper to clean up spilled oil we use these environmental clothes. It is better for the environment and safer for the employee. It is safer for the employee due to minimum of fire risk and the clothes does not release any toxic steams. It is better for the environment because more than 90 percent of the absorbed waste materials is recycled/reused. On the right you can see a chart that illustrates the amount of waste in kilos that are taken out of our environmental cloths.

It is also shown on the right the significant reduce we have had in chemical waste. The reduced amount of chemical waste is mostly due to a decrease in the use of spray cans.



As a production company, we always look to the use the most responsible raw materials, and we have items produced in 100 percent recycled plastic.

We have just been audited in regard to our ISO 9001 certification, and it is agreed that by spring 2023 we will be ISO 14001 certified.



Key performance indicators for 2022

Key performance indicators
Human Rights
Supplier code of conduct
Keep in compliance with the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
Labour Rights
0 work related injuries + maximum 2 nearby accidents
Section of forced- and child labour in supplier code of conduct
Environment
Climate/environment policy
New compressor to reduce the use of natural gas for heating
Prepare for ISO 14001 certification (in the spring of 2023)
Anti-corruption
Supplier code of conduct
Policy for gifts and hospitality

