

2013

Georg Jensen A/S
CSR - Communication on Progress 2013

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Georg Jensen Communication on Progress 2013

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About the report

Scoping our UN Global Compact report

In 2009 Georg Jensen signed the UN Global Principles and thereby set out on a journey to comply with the ten principles. This meant that Georg Jensen assessed current operations and processes in order to understand the real and potential risk of breaching the principles. A second step was to determine what processes and actions needed to be established in order to monitor and prevent incidents from happening. Finally, a third step was to report on the risk mitigating activities and results. Every year Georg Jensen travels through this process and every year we find areas of improvement. This strategic view helps us improve and constantly rethink our business processes and operations.

The advancement and integration of the principles is a continuous process and Georg Jensen has further development potential in relation to the improvement of our CSR strategy, our activities and reporting both in terms of data quality and in terms of establishing a more defined management approach for all CSR focus areas throughout the Group. The purpose of our reporting is to advance transparency in the activities we already have initiated, the challenges confronting us and the goals we intend to pursue going forward.

Report scope

This report describes our CSR activities and progress during the financial year 2013 and covers the entire Georg Jensen Group (hereinafter referred to as Georg Jensen) including our relation to our global partners and suppliers.

Stakeholder engagement

The report has been developed without direct engagement of external stakeholders. However, we are experiencing growing expectations, especially from our customers who expect us to integrate responsible business practices into our organisation and in terms of increased regulation and standards within the sector. At Georg Jensen we acknowledge and listen to these expectations and strive to accommodate our stakeholders' expectations. This report serves as a part of this effort.

However, the report is meant for all stakeholders with an interest in Georg Jensen, our partners and shareholders, our employees, society at large, as well as our customers and strive to accommodate our stakeholders' expectations. This report forms part of this effort.

However, the report is intended for all stakeholders with an interest in Georg Jensen, our partners and shareholders, our employees, society at large as well as our end users and customers.

1. Georg Jensen supports United Nations Global Compact

The overall goal for Georg Jensen is to be an economically viable company and we believe that an important criterion for meeting our financial goals is to be a socially responsible and environmentally sound company. This aspiration demands an on-going commitment to integrate responsible practices into all our business processes. Our external framework for responsibility is the UN Global Compact, which requires companies to integrate the ten principles of responsibility into company governance and operations. One of the requirements for signatories to the UN Global Compact is yearly reporting on the progress on the ten principles. This CSR report covers our activities from January 1 to December 31, 2013 and addresses all of the four themes of the UN Global Compact.



Overview over UN Global Principles addressed by the report:

<i>UN Global Compact principles addressed</i>	Human Rights	Labour Rights	Environment	Anti-corruption	Page
<i>Support of UNGC Implementation of principles</i>	●	●	●	●	3
<i>Business Integrity</i>	●	●		●	5
<i>Anti-corruption</i>	●	●	●	●	7
<i>Suppliers and Sourcing</i>	●	●	●	●	8
<i>Environment</i>	●	●	●		10
<i>Fair and Safe Employment</i>	●	●	●		13
<i>Community Engagement</i>	●	●	●		18

2. CEO Statement

We at Georg Jensen are very focused on living up to the international standards of the UN Global Compact's principles. We experience a growing demand towards the global industry to seek transparency and to continuously comply with international standards as a minimum. As a global manufacturer and a retail business, we welcome this development based on a belief that sustainability and profit go hand in hand, and we have an obligation towards our surroundings to join the efforts towards a viable way of doing business.

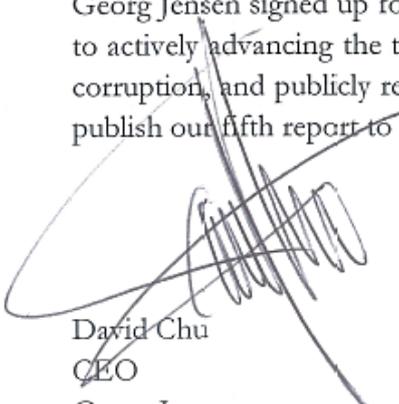
As a company, we strive to integrate CSR into our value chain, from the sourcing of raw materials and production processes to offering our customers unique, crafted products, which combine aesthetics and functionality. We work proactively with our global suppliers and vendors to do the same. Some of the initiatives I would like to mention in this context are our China Supplier Audit programme and our focus on anti-corruption.

Our products have no back sides, neither should our company. We know that the global luxury consumer of today is more than ever willing to pay for authentic design of exceptional quality, but origin and the circumstances under which our products are sourced, produced and sold are of equally high importance to our educated customers – and to us. Our social responsibility plays a large role in our continual development, and as an example we are very engaged in the community surrounding our factory in Thailand, in addition to supporting local HIV/AIDS and anti-drug programmes there.

Our primary objective is the continued elevation and building of the Georg Jensen brand whilst ensuring that our company remains firmly on a path of sustainable and profitable growth over the long term. We want to grow – but we want to grow responsibly. We want to minimise waste and resource consumption wherever possible. Locally, at our factory in Hjørring, we have had great success with wastewater reduction schemes and power savings by replacing ordinary light sources with LED – something we are in the process of introducing at our headquarters as well.

Superior quality is part of the DNA of the Georg Jensen brand. This means excelling in every way, also when it comes to CSR. Georg Jensen pledges to continue to work in a structured and strategic way towards our goals of constantly monitoring, developing and improving in this area for a better future.

Georg Jensen signed up for the UN Global Compact in 2009. By doing so, we committed ourselves to actively advancing the ten principles in the areas of human rights, labour, environment and anti-corruption, and publicly reporting on our progress. We stand by this commitment and are proud to publish our fifth report to the UN Global Compact.



David Chu
CEO
Georg Jensen

3. The Georg Jensen Group

Georg Jensen A/S is a Danish company founded in 1904 by the silversmith Georg Jensen and, as such, spans the history of the decorative arts of the 20th century. The company has a long tradition of design within the segments of Hollowware & Silver, Fine Jewellery, Watches, Living and Seasonal merchandise. We are proud of our Danish roots and stay loyal to our heritage and tradition of ensuring high quality products and unique craftsmanship.

Georg Jensen has an extensive retail operation represented on several continents. In 2013, Georg Jensen had 10 flagship stores, 22 directly operated stores, 58 concession stores and 8 other-category stores in 11 countries in Asia, Europe, the Middle East and the U.S. Although a truly global company, we strive to retain the Danish approach to doing business with respect for the local cultures in which we operate.

In the past years, the Georg Jensen Company and brand have undergone significant changes and experienced a strong commercial turnaround, which has created a solid platform for Georg Jensen as an international luxury brand. In November 2012 Axcel, the owner of Georg Jensen since 2001, sold the company to the international investment fund, Investcorp. In 2013, David Chu was appointed CEO of Georg Jensen. Following this change in leadership, new products, new positioning, new production and new sourcing capabilities were introduced, with a distinct focus on high-end jewellery, fine watches, Living products and hollowware.

Employees	1,197
Turnover DKK	985m
EBITDA DKK	47m

Georg Jensen has production facilities in Copenhagen (Denmark), Hjørring (Denmark) and Chiang Mai (Thailand). At December 31, 2013, Georg Jensen employed 1,197 people. CSR-related issues are managed by the CSR group core team located in Copenhagen, but with onsite responsibility at our production facility in Thailand.

4. Business Integrity

Georg Jensen's strongest concern is the safeguarding of our consumers' confidence in our products and our brand. Our CSR approach supports our stakeholder relationships and helps us to achieve our business and development goals. We have outlined our responsibility in policies developed to comply with the objectives of CSR and approved by the Board of Directors. This includes adhering to international codes of practice on conflict diamonds, following anti-corruption procedures and encouraging the ethical integrity of our people.

Our approach to CSR is divided into three levels. The first is the mandatory level, where we patently follow local and national legislation. The second level involves our commitment to following international standards and principles including but not limited to the UN's Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the OECD's Guidelines for Multinational Enterprises, the Rio Declaration on Environment and Development, the UN Convention against Corruption, as well as applicable legislation governing the interest of our stakeholders. Our Code of Conduct, our Supplier Code of Conduct and our CSR policies are all

aligned with these principles. Finally, the third level is for us going beyond standards and legislation; for example by showing our involvement in the communities where we are present.

The areas covered by our CSR policy are: 'Anti-Corruption', 'Environment', 'Sourcing and Suppliers', 'Fair and Safe Employment' and 'Community Engagement'.

In order to emphasise the strong link between Georg Jensen's product stewardship and applying responsible business standards, the responsibility of monitoring overall CSR compliance has been delegated to the VP of Quality & CSR. Key performance indicators are regularly monitored and appropriate audits are performed and followed up upon.

Business integrity and ethical conduct are a fundamental part of management procedures and Georg Jensen's Code of Conduct is an underlying driver in all we do. The methods we employ to attain results are as important as the results themselves. Hence, the work in the past year has focused on improving our processes and monitoring. The benefit of this has been that we have increased our control of the supply chain.

Our employees are expected to perform their work with honesty, truthfulness and integrity, and conduct their business affairs fairly. All employees are responsible for the immediate and accurate reporting to higher management of work-related information of importance to the governing guidelines. We strongly encourage dialogue to make each other aware of situations that give rise to ethical questions and to articulate acceptable ways of handling those situations.

To improve our efforts to facilitate sound business ethics, we implemented a formalised whistle-blower programme back in 2012. The programme has been communicated to all employees. In 2013, however, we have had no reporting incidents. It is our goal to continue the implementation of the programme and work to ensure that all managerial staff and employees are aware of their responsibilities and the possibilities of using the whistle-blower programme.

One of the biggest challenges for the jewellery industry, hence also for the Georg Jensen Group, is responsible sourcing of raw materials such as gold, metals and diamonds. Following this, responsible sourcing of raw materials is one of our materiality focus areas now and going forward. This focus forms a vital part of a proactive approach to ensuring superior quality in our products, and we believe that there is a deep connection between safeguarding quality and working within a CSR framework. Managing CSR risks is therefore also a part of our product stewardship. Quality standards such as ISO are a valuable tool for safeguarding quality. However, in our experience, operating in the particular areas that we do, we cannot always trust the certified quality levels, for which reason we assign great weight to our own assessments of suppliers.

Consequently, we have composed and implemented a Supplier Code of Conduct designed to enforce that our suppliers operate in accordance with internationally recognised standards on human rights, labour, anti-corruption and the environment. Compliance with the terms of the Code of Conduct is a precondition for any agreement or contract between Georg Jensen and suppliers. The Code of Conduct provides consistent guidance on ethics within the Group and for suppliers of Georg Jensen. In addition to meeting the terms of the Code of Conduct, all suppliers must of course also comply with applicable national laws and regulation. In order to broaden the internal

understanding of CSR an ethical questionnaire has been developed and we ask all suppliers to self-assess their activities. The questionnaire provides operational and detailed instruction to employees and managers on compliance and ethical issues. Both the CSR policy and the Supplier Code of Conducts are available on our website, www.georgjensen.com.

5. Activity Areas

In this report we explain how Georg Jensen integrates the principles of the UN Global Compact and responsible practices into the business. We have divided our activities into five overriding activity areas that make sense in relation to our business operations, in the communities that surround our operations and our stakeholders. The remainder of this report on how Georg Jensen integrates the principles of the UN Global Compact and responsible practices into the business, will therefore aim to describe the activities and actions we have instigated in 2013 and the results we have achieved in 2013 within these areas. The activity areas are defined as *'Anti-corruption'*, *'Environment'*, *'Sourcing and suppliers'*, *'Fair and Safe Employment'*, and *'Community Engagement'*.

Despite our strong focus on human and labour rights the Georg Jensen Group does not have a stand-alone human rights policy. However, our respect for human rights is an integral part of the company's operations and is reflected in our CSR policy, our Code of Conduct, and the Zero-Tolerance Policy.

These documents are enforced on the Group, suppliers and partners as the actions or omissions of our employees, business relations and suppliers in this respect can impact the company's own human rights profile. They particularly come to work in the regions where local legislation does not naturally protect human rights, labour rights or serve environmental interests – e.g. in Southeast Asia.

5.1 Anti-corruption

Corruption is a general challenge for many industries and companies. Georg Jensen operates in territories and within an industry where transparency and corruption are imminent issues. At Georg Jensen we recognise that, as an increasingly global company, we have a special responsibility for addressing challenges related to corruption within our own sphere of influence, but we also acknowledge that corruption is a problem that companies can solve much better if they collaborate.

Our conviction to uphold ethical standards in all our corporate activities means that we implement strict guidelines covering facilitation payments, bribery, entertainment and gifts, and our screening processes provide full transparency to mitigate the risk of corruption. Georg Jensen operates a zero-tolerance policy towards corruptive behaviour of employees and representatives. Any indication implying corruption will immediately trigger an internal investigation.

Our Zero-Tolerance Policy has reached its first step of roll-out to Southeast Asian operations. In 2014 we will focus on a roll-out across the Group to ensure compliance by all employees. It is our goal to create a common mind-set in all our employees that any form of corruption is illegal and

compromises our company and we strive to do business with customers and suppliers of a sound business nature and reputation.

The on-going assessments render visible that the main risk in terms of corruption lies within our supply chain operations based in China. Previously we were satisfied with a supplier self-assessment, however, due to Georg Jensen's increased focus on anti-corruption all suppliers and partners are now evaluated within our own due diligence framework. This means that a potential supplier is audited and must sign and commit to our Code of Conduct. Before the partner signs we discuss and work them through the meaning of every paragraph of the Code. This process helps us in vetting whether a potential partner is involved with undue relationships and channels of influence.

Not only do we state how we expect suppliers to comply with our policy, we equivalently implement anti-corruption measures in cooperation with their sub-suppliers. As an outcome of this procedure we have had to terminate our business relationship eventually with suppliers or turn new potential suppliers down. The terminated suppliers are under investigation, but until we have clear evidence that they are not in breach of our Zero-Tolerance Policy and will apply sound business methods we will not resume the collaboration.

Forward looking we will continue to improve the screening procedures regarding anti-corruption, review processes and further incorporate additional initiatives. Furthermore, we continue to monitor the initiatives and guidelines issued by the OECD (Organisation for Economic Cooperation and Development) and Transparency International to identify policies and procedures that could improve our anti-corruption measures.

5.2 Sourcing and Suppliers

Superior quality is a rule that we live by at Georg Jensen and our quest for product stewardships is aligned with responsible practices in the production. Considering significant risks within the company, CSR criteria specifically addressing our suppliers constitute a strategic focus area for Georg Jensen.

Sourcing and production - a significant part of our total operations and activities within this area - are naturally of strategic importance to the Group. As a part of the Jewellery and Living products sector and due to our work with precious metals and jewels, our supply chain is also identified as an area of high risk, which is why we consider responsible supply chain management to be of the highest importance to the company. Some of our products, in particular those from China, are made by sub-suppliers. Despite the fact that all our sourcing is handled through our own sourcing office located in China, the use of a considerable number of sub-suppliers poses a risk of reduced control with the company's sourcing and compliance with company guidelines.

To mitigate this risk, we commit all suppliers to our Georg Jensen Code of Conduct in order to ensure that Georg Jensen suppliers operate in accordance with internationally recognised minimum standards on human rights, labour and the environment. All of Georg Jensen's suppliers must comply with our Code of Conduct. The aim of the Code is to help suppliers improve social and environmental standards not to cease the business relationship between Georg Jensen and the

supplier, but to help suppliers improve social and environmental standards. We are therefore willing to work with our suppliers to achieve compliance with the provisions of the Code. We strive to uphold an on-going dialogue with our suppliers to ensure that they operate in compliance with these standards - also in continuation of the fact that sourcing of gold, silver, copper, brass, steel, and precious stones can have a big impact on the environment and also require strict health and safety standards. However, we will not conduct business with a supplier if compliance with the terms of the Georg Jensen Code of Conduct is deemed impossible. Nor will we conduct business with a supplier who violates the Georg Jensen Zero-Tolerance Standards. This also covers third party suppliers.

Monitoring and Engaging Suppliers

Not only does Georg Jensen plan and carry out regular audits at our production sites, but we also assess the risk of a new potential supplier in a due diligence process before signing a contract. Existing suppliers also undergo a risk assessment and are subjected to Georg Jensen audits on a regular basis.

Our major suppliers of gold, silver, and diamonds are certified by the 'Responsible Jewellery Council', the Jewellers Vigilance Committee or registered by the London Bullion Market Association, which implies that suppliers have to comply with the UN Global Compact principles. However, our target for 2013 was to certify some of our small suppliers that had so far not been operating within this framework. This work has been completed in the course of the year and 99% of all suppliers are now certified. In 2014 the remaining supplier will be certified.

These measures are a part of our strengthened focus on third party suppliers, mainly from China, who supply our tableware and lifestyle products. This focus was initiated in 2011 and continues in an annual cycle. Throughout 2013, we have conducted CSR surveys at supplier sites, strengthened the dialogue with suppliers, as well as set more specific requirements as regards the CSR performance of suppliers. In practice, we have conducted 19 third party audits, two third party re-audits, 14 internal audits and two BSCI audits during the course of the year.

When a breach is discovered the supplier is responsible for remedying any shortcomings, but in many cases, we work out a common solution. However, we uphold a zero-tolerance policy when we discover a material breach. A material breach is any serious non-compliance issue that contravenes the core of the Georg Jensen Code of Conduct. Material breaches include the use of child labour or forced labour, trade in conflict diamonds, corruption, wilful or negligent acts or omissions resulting in serious injury or death, abuse of human rights, non-payment of wages and causing significant adverse effect to the environment.

It is standard procedure to conduct follow-up meetings with most of the suppliers, and future quarterly meetings with the CSR team will be held. The majority of our suppliers welcome our requested improvements, but there are also some who will not move towards compliance. In those cases we re-audit and assess their commitment, if they are deemed unfit to improve within the required timeframe they may be terminated as suppliers.

Regrettably, we have had to terminate cooperation with two suppliers in 2013 and a further four suppliers are being phased out in 2014, due to CSR breaches and lack of initiative to improve the conditions on-site. The two suppliers that have undergone a re-audit or second-year audit have both improved their CSR standards. This indicates that dialogue, consulting in combination with the request of higher standards have a positive impact on suppliers. However, the process must continue, since new breaches and improvement areas keep emerging.

Furthermore, we have found suppliers of whom we had justified reason to believe that they had violated our Zero-Tolerance Standards on corruption. In those cases it is our policy to stop deliveries immediately and collaboration is not resumed until there is substantial documentation showing that the relevant requirements have been met.

The overall outcome of our audits is that the majority of our suppliers still need to improve in order to reach a desired level of standard. The main challenges for improving the course of things are that competition in the Chinese market among the suppliers is toughening combined with a total lack of control and regulation by Chinese authorities. Going forward, Georg Jensen will therefore require that all suppliers sign a stricter agreement on upholding CSR standards and complying with Georg Jensen's Zero-Tolerance Policy.

Sourcing and Conflicts

At Georg Jensen we welcome the increased public focus on the conflict areas from where many metals and precious stones are sourced. Legislation in the U.S. and in Europe has improved, now requiring ever greater transparency. Subsequently the jewellery business has improved its standards as has Georg Jensen.

In 2013 we have worked towards compliance with the Dodd-Frank Act on conflict minerals and diamonds. It is our target to become certified by the Responsible Jewellery Council in 2017, and we are already working determinedly towards complying with the certification requirements. Our major suppliers of gold, silver, and diamonds are certified by the Responsible Jewellery Council, the Jewellers Vigilance Committee or registered by the London Bullion Market Association, which implies that suppliers have to comply with the UN Global Compact principles. However, some of our suppliers, an estimated three out of eight that account for a small part of our total procurement, were not certified within this framework at the beginning of 2013. These suppliers have been our main concern throughout the year and our focus has been set on requiring supplier guaranties and documentation of non-conflict metals and diamonds. The outcome is that all except for one of our suppliers are certified and comply with international rules on conflict metals and diamonds.

5.3. Environment

Georg Jensen pursues responsible environmental practices in numerous ways, including working with energy efficiency in order to minimise the negative impact on climate change, waste reduction and recycling, purchase of environmentally preferable products, optimising our consumption of raw materials and energy and taking preventative actions against contamination and pollution. The core focus of our environmental policies is to optimise our production methods by advancing

environmentally friendly technologies and to reduce our negative impact on the environment wherever we can. We do this by applying state-of-the-art production methods, rigorous recycling and reusing methods, implementing an energy efficiency programme and finally continuous monitoring and inspections. In order to make this work in practice, Georg Jensen has implemented a formalised environmental management system (ISO 14001) in order to improve our methodology, process, operations and to monitor the results.

As a consequence of our policy, all of the Georg Jensen-owned facilities in Copenhagen, Hjørring and Chiang Mai are subject to environmental inspections and are in compliance with and beyond the relevant legislation and respective international standards. Apart from being ISO 14001 certified, our Chiang Mai facility has also achieved a Green Activity certificate issued by the Thailand Industrial Department.

During 2013, a range of optimising initiatives has been initiated to reduce the energy consumption and minimise the company's environmental impact.

Georg Jensen has instituted a recycling and waste reduction programme, which has, since its inception, logged impressive resource savings. For example, we have recycled waste equal to more than 10 tons, avoiding more than 30,000 kg of air pollution and saving more than 2700 litres of hazardous wastewater.

Energy Reduction and Efficiency

Georg Jensen considers energy efficiency to be important and works on reducing the cost and emission that are consequential of energy consumption. Two components are part of our energy efficiency strategy: reduction and optimisation. A few years ago we implemented an energy saving plan. Each year we follow the plan and improve our premises where we can. In 2013 the fluorescent lights were changed from T8 to T5 which will save up to 40% of the energy consumption at our production facility in Thailand. Also, the facility has undergone renovation and insulation with the result that the inside temperature is kept at a steady level with less air conditioning activity. This has improved the work environment and saved energy.

During 2012, all light bulbs at our production facilities in Hjørring were replaced with LED light bulbs. In 2013, this resulted in savings of 72,000 KWh, equivalent to 80% of the earlier energy consumption within lightening. In terms of CO₂ the LED light bulbs provide an annual saving of no less than 30,000 kg¹ CO₂.

Energy efficiency projects are both economically and environmentally sound, which is why we continuously analyse further potential for reducing our energy consumption and our emissions related to the company's facilities.

Note:

¹ Emissions are calculated based on the emissions factor from 2012 provided by Energinet.dk and NordEnergy, the latest available numbers at the date of publishing.

Waste Reduction

All waste at the Georg Jensen production facilities is disposed of safely and sorted into four different categories: general waste, recyclable waste, industrial waste, hazardous waste and hazardous wastewater.

To dispose of our wastewater in an environmentally friendly and safe way we also have a wastewater treatment system in place that separates the water into two categories – industrial wastewater and water used in the facility by employees etc. Both types are managed carefully so that our environmental impact is kept as low as possible.

Industrial Waste

When disposing of our waste we always engage with certified vendors that treat the waste in accordance with regulation. Hard waste such as metals dust and polishing materials are reused. The materials are collected and sent to Umicore Precious Thailand and refined. They return as usable materials and re-enter the production.

Hazardous Waste and Wastewater

Georg Jensen manages all harmful materials and substances with extreme precaution. Hazardous waste includes components which require special care before disposing. Our hazardous chemicals are separated by type: Sulphuric acid ~2.2 tons and Nitric acid ~ 0.8 tons in 2013 equivalent to a total of 3 tons in 2013. This is a 30.71% decrease compared to 2012.

All used materials and substances are sent to general environmental conservation for treatment, and contaminated water deriving from our treatment of metals and precious stones is treated by a reverse osmosis system (RO). Wastewater analysis is standard, and the results are used to constantly improve the process.

An important activity that is contributing significantly to the hazardous wastewater reduction is the implementation of a filter system for contaminated water at the Georg Jensen facility in Hjørring in 2013. The introduction of this wastewater cleaning system results in an annual reduction of 90%, reducing the contaminated chemical water from 3000 litres to 300 litres. Apart from reducing Georg Jensen's environmental footprint, this also means approximately DKK 200,000 in annual savings.

Wastewater and General Waste

The sewage and industrial waters at our facility in Thailand are treated with air and biological flock composed of bacteria and protozoa at a flow rate of 40m³/day.

Our facility in Thailand has introduced a reuse and recycling project which has been a great success. According to legislation the amount of waste that is generated within four specific categories is collected, measured and reused. Not only does the project ensure that waste elements, components of non-hazardous and general waste, are reused, it also engages employees in doing good in the community, since the 'Garbage Fund Project' is organised as an employee cooperative that collects and sells these components. The profit from the waste sold and collected by the Fund is spent on

employee welfare and community projects. In 2013, the garbage collection amounted to a recycled 10 tons of garbage, raising THB 85,000 for community projects.

Suppliers

Finally, our suppliers in China and elsewhere must, as a minimum, live up to local legislation and international standards set by our Supplier Code of Conduct. The suppliers' compliance is assessed at the regular supplier audits. You can read more about our Code of Conduct on our website at www.georgjensen.com/CSR.

5.4 Fair and Safe Employment

Georg Jensen supports and respects the protection of internationally proclaimed human and labour rights including the freedom of association as well as the effective recognition of the right to collective bargaining. Social responsibility forms an integral part of Georg Jensen's core values. Since our foundation in 1904, we have strived to improve the social welfare of our employees and the community as a whole because we see this is a prerequisite for obtaining motivated and committed employees and for operating as a responsible corporate citizen.

We work hard to ensure the health, safety and wellbeing of our employees, making continuous improvements in the way we manage our business operations to embed a culture of a fair, safe and healthy employment – where everyone works for improvement of safety and proactivity in preventing harm.

The manufacturing site in Thailand is certified to the “Thai Labour Standard 8001-2010”, which combats discrimination and requires compliance with the adequate living wages, working hours, overtime and breaks requirements in Thailand, while also securing the employees' right to freedom of association, paid holidays, maternity and sick leave. Furthermore, a social accountability management (SA 8000) system has been implemented in order to monitor and safeguard the upholding of our policies. The site is audited on a regular (annual) basis by an independent third party verifier, SGS, in order to uphold the Thai Labour Standard accreditation. In addition our internal audit team assesses our performance to verify compliance with standards and the Georg Jensen Code of Conduct. Our specific goals are to work towards meeting the requirements of the standard every year, but also to exceed it by aiming for a zero-accident and a non-occupational disease working environment.

The particular focus of the standard is to monitor and control safety around any machinery and electronic equipment in particular, as well as a general safe and healthy working environment. Standard controls of lights, noise, water, and air pollution are performed. Rigorous waste management and pollution controls are equally implemented.

Equal Opportunities at Work

Georg Jensen recognises a shared responsibility on behalf of all employees for exercising the principles of mutual respect and dignity in all working relationships and consequently enforces a policy of zero tolerance with regard to harassment or discrimination. We are committed to

supporting local talent in achieving the highest levels within our business and see diversity as an asset. Furthermore, it is fundamental to create fair and equal opportunities for all employees and to encourage our employees to realise their full potential.

As a general rule, employment with Georg Jensen is based on merits only and is offered without any distinction, exclusion, or preference.

The policy formalises our commitment to always choosing the best person for the job regardless of that person's race, ethnicity, national or social origin, gender, religion, age, political opinion, marital status, disability, trade union membership, political affiliation, sexual orientation or other variables.

In 2013, as a natural extension of previous practice, the Board of Directors adopted a Diversity and Equal Opportunity Employment Policy coining Georg Jensen's commitment to a balanced representation of both men and women in management positions.

The ratio of female to male managers in the company is currently 48% to 52%. This very proportionate number of female to male managers has been reached as part of a development strategy in the company for ensuring continued availability of internal candidates of both genders for Board of Directors positions. In the years ahead, the company will work consistently to maintain this ratio by focusing on recruiting a diverse staff and by developing the required skills among employees and managers, to make sure that all experience equal opportunities related to career and leadership positions.

As part of the strategy, the company will work towards a Board composition with both genders being represented by at least 40%. As the current Board of Directors was elected in 2013, the goal is to reach this target by 2017, provided that this does not hinder the continuity of the Board.

Child labour

We have a clear policy of zero tolerance towards child labour, and all our suppliers have committed to living up to the ILO standards. The ILO standards set the general minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). It provides for the possibility of initially setting the general minimum age at 14 (12 for light work) where the economy and educational facilities are insufficiently developed. However, at our production facilities we apply stricter requirements, setting the minimum age at 16 years for light work and 18 years for standard work.

Occupational Health & Safety

Our paramount concern is the health and safety of our employees. This concern reaches beyond such measures required under applicable law. Health and safety underpin all our operations and all our employees are aware that the safety of people and the protection of health are an absolute priority.

We are concerned about the wellbeing of our employees and do our utmost to ensure that they work in as safe an environment as possible at all times. Hazards associated with the production include working in noisy and dusty environments, working with harmful materials as well as the use of

machinery and electrical apparatus. In order to ensure this high standard, we are in compliance with the relevant legal and industry requirements and the applicable labour standards at all our operational sites in Denmark and Thailand.

Our health and safety strategy is underpinned by the occupational health and safety policy. At our manufacturing site in Thailand this is overseen by a safety committee for employee safety, occupational health and environment and is supervised by the management. The committee ensures that the facility operates in accordance with regulations and standards and it provides recommendations for further safety improvements for the operating site. Georg Jensen Thailand also has a certified management system in place that works to ensure the safety and occupational health standard at all sites.

We employ a stringent process of identifying hazards, near misses and misses and assessing risk. We hold regular training and safety meetings to ensure both our employees and contractors adhere to the systems and standards required of them. Contractors must abide by the same standards and monitoring practices as our own employees. Active leadership on safety issues by senior managers of our business is also a critical component of our safety strategy, which includes training in the safety management.

Comprehensive incident reporting systems are in place to review and address:

- Any injury or near miss in relation to our activities. Performance statistics are kept and analysed to ensure adoption of best practices protecting the health and safety of individuals.
- Any unintentional discharge into the environment of damaging substances or near misses in relation to one of our operations.
- Rigorous rules for having material safety data sheets for all materials in the workplace with particular focus of harmful materials.
- Frequent fire emergency response training and controls.
- Annual health and safety analysis regarding work environmental measurement such as light, noise, heat, dust chemical and stack.

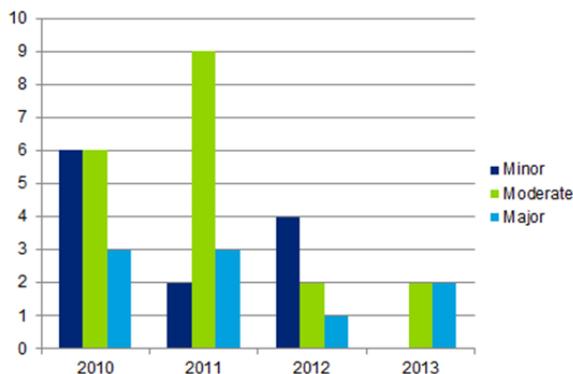
These are carefully analysed to ensure adoption of best practices in order to secure a safe work environment for the benefit of all employees.

In order to continuously improve our working environment and safety standards, Georg Jensen arranges regular health and safety training for all employees with special attention on occupational health and safety at our production site in Thailand. In 2013 we have maintained a strong focus on reaching our zero- accident target. A key initiative in working towards this goal was our safety week for all employees at the production site. This training course comprises mandatory health and safety training and is repeated annually for all 610 employees.

The abovementioned initiatives have contributed to improving health and safety standards in general, however, the rate of incidents increased in 2013 with one major incident and five moderate incidents at our Thailand site in 2013. This is an increase from no major incidents and only two moderate incidents to one major incident and five moderate in Thailand, but a decrease from four

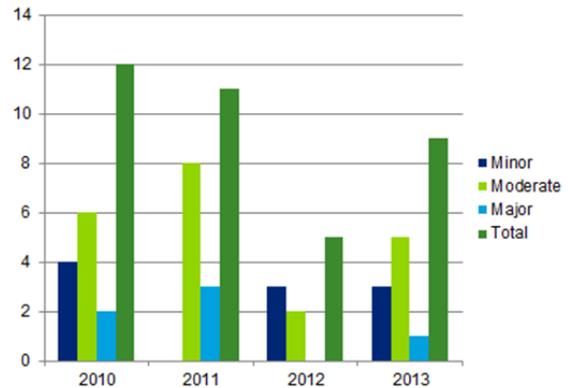
major and three moderate incidents in 2012 at the group level to only two major and two moderate. The cause of the increase of incidents at the Chaing Mai facility is currently being assessed and we expect to apply more training and more frequent controls in 2014 in order to reach our long-term target of zero accidents.

Georg Jensen Group



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Georg Jensen Thailand



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Legends

Group: Copenhagen headquarters and Hjørring facility

Thailand: Chaing Mai facility

Minor implies that the accident can be treated by the nurse and that the employee can return to work immediately.

Moderate implies that the employee can return to work or within no more than 3 days.

Major implies that the employee will be absent from work for more than 3 days.

Health and wellbeing

Our health and wellbeing vision is to achieve a zero-harm record and a healthy and productive workforce. Our approach to health and wellbeing is to link preventing and treating occupational diseases with other employee health programmes. These include accident and emergency medicine and primary health care.

To improve health services Georg Jensen occupies a full-time nurse at the Thailand site who conducts the annual health check-up of employees. Since 2011, the nurse has physically been placed in a room equipped for health purposes within the production area in order to be promptly at hand should an accident unfortunately occur. To prevent and treat infectious diseases, employees are offered regular health checks and we maintain a high level of information and communication about our hygiene rules in order to prevent any diseases from spreading.

A particular focus is HIV, which remains a long-term priority issue for employee wellbeing in our Thailand operation, where the majority of our employees are based. Our vision and strategy for the management of the HIV risk includes prevention, care and support.

This focus on HIV/Aids has been certified by The Department of Labour Protection and Welfare, the Ministry of Labour and the Department of Disease Control for effectively managing HIV/Aids in the workplace in line with the ASO criteria: Non-discrimination towards employees living with HIV/Aids.

Our prevention efforts include implementing a number of awareness and training interventions to prevent and manage HIV/Aids and related risks. These include a manager training programme, publicity campaigns and the training and use of peer educators to facilitate the sharing of experiences through discussion and debate. Employees are offered routine HIV counselling and testing, either during occupational medical examinations or primary care consultations.

Finally we support a non-discriminative environment towards employees living with HIV/Aids and we support employees living with HIV/Aids by advising and supporting them in their contact with the local offices or public health authorities. We also engage with their families in terms of giving them advice on how the company helps them.

Anti-drug policy

Another strong concern for Georg Jensen in Thailand is drug addiction. Our production facilities are located near the so-called “Golden Triangle”, which is an area that has unfortunately been struggling with drug issues for a historically long period of time. Our efforts to mitigate the use of illegal substances and prevent drug addiction go hand in hand with our strong concern for health and safety at the workplace. Thus, Georg Jensen collaborates with the national anti-drug programme and put in place an anti-drug policy already back in 2002, which has been enforced every year, outlining how we handle employees who suffer from problems with drugs. To further strengthen this position we joined the ‘White Factory Initiative’ in 2003, which is an initiative organised by the Thailand Government Office of Labour & Social Welfare that awards companies doing a big effort in ensuring a drug-free working environment. Georg Jensen has received this award for the company’s anti-drug programme from 2003-2011, as the only non-Thai company. Since 2011, we

have maintained our status; however, the Office of Labour & Social Welfare has now changed the system, and now we re-apply for the award every year.

Today Georg Jensen also serves as a learning centre for other companies on how to effectively implement and manage a well-functioning drug policy.

We address the critical and necessary health and safety risk of our employees, but also introduce activities that contribute to greater wellbeing and increased physical activity. In 2013 Georg Jensen has provided for the establishment of a football field and other sport fields at our Thailand production site and established an aerobics dance project for employees who would like to exercise more. Apart from the physical benefits this also has a positive social function as being a place to meet and relax after work. We have also established a breast-feeding room for nursing parents.

5.5 Community Engagement

Georg Jensen wants to be an active and trusted partner in the communities, where we are present. As a part of this engagement we participate in a range of different community involvement initiatives throughout the year. Our engagements span widely and address both social and environmental challenges. As an employer of significance we are equally aware of the key role we play in those communities and do our best to engage with the local community. This is in particular enforced in the Chiang Mai region in Northern Thailand, where our main production site is located.

The Georg Jensen site in Chiang Mai was established back in 1998 and has since grown to be a significant employer in the region with more than 600 employees. Over the years the site has become a model site for jewellery production and it has since its opening been rewarded several times for its environmental and social standards. It is the goal for Georg Jensen not only to create a safe and healthy workplace for our employees, but also to set a standard for jewellery production in an emerging economy. It is important to us not only to run a production facility that functions at its best, where employees can have dignified employment conditions and that does minimal harm to the environment, but also to positively engage with and develop the community that surrounds and depends on the facility; like Georg Jensen depends on the community to approve of our presence.

Since the first establishment, community engagements have been started. Some of the most significant ones have become a tradition. In 2013 the most important initiatives have been concerned with education, environment and dignified employment.

Environment – Plant for the Planet

Georg Jensen has run this project annually since 2009. Over the past five years, Georg Jensen employees and managers have planted no less than 62,000 trees in collaboration with the anti-deforestation project Plant for the Planet. Plant for the Planet is an initiative that engages people, communities, organisations, business and industry, and governments to plant trees to fight global warming. The objective of the Plant for the Planet is to plant at least one billion trees worldwide each year.

During the first year of our involvement in the project, 500 employees and managers managed to plant no less than 13,000 trees. In 2010 and 2011, a total of 22,000 trees were planted. Throughout 2012, 630 employees participated in the planting of an additional 15,000 trees, and the goal for Georg Jensen is to continue this activity on an annual basis and to plant another 10,000 trees each year.

The planting is a collaboration between Georg Jensen in Thailand and Project of Conserving, Studying and Developing the Forest of Ban Pong from Royal Projects in the Chiang Mai Province.



Donations and sponsorships

Engaging with communities is a big part of our local presence in Thailand. During 2013, we planned and carried out a range of different community engagement activities that all contribute to strengthening the local commitment, as well as create value for the communities in which we operate.

We donated money to a number of locally embedded projects initiated in the community surrounding our factory in Thailand. With the aim of creating value for the local community we chose to support local soccer competitions, a charity fair, local schools and the community event 'National Police Day'. We also facilitated blood donation sessions organised by the Thai Red Cross Society, with the purpose of providing blood to support the work of the local Red Cross organisation.

Education

The social challenges of course vary from country to country and region to region. In Denmark one of the prevalent challenges is to provide adequate training opportunities within our sector. As a relatively big employer in the areas where we operate, we acknowledge that we also play a role in relation to the local educational system. In continuation of our presence, we see it as one of our responsibilities as a company to help provide educational opportunities for people in these communities.

We do this in part by providing full-time trainee positions at our facilities in Copenhagen and Hjørring, or by taking in trainees and students enrolled in education at group level administration and at our sites.

In 2013, we engaged a total of 24 people enrolled in education across the Group, divided into the following groups: Interns, trainees and student workers.

Georg Jensen Group	1 Intern
	9 Trainees
	14 Student Workers

Case Human Rights - Children's Day

As a part of our local involvement, our factory in Thailand annually hosts an event to support local children who live under poor conditions. This event is called Children's Day, and the underlying idea is to help a small village where one of our employees lives to ensure a better everyday life for children in the local area.

In 2013, 150 Georg Jensen employees visited "Ban Pa Lho" in the Chiang Mai province, and carried out a list of restorative projects and donations for the local school, e.g. renovation of the kitchen and canteen, donations of teaching stationery and equipment, TV, toiletries, sports equipment, a 100amp solar cell battery, a shelving unit as well as shoes and clothes for the children. Further we have engaged in a light sharing project providing a starter donation and fluorescent light to a temple and a school.



Case - Labour Day celebrations

Labour Day May 1 is celebrated throughout Thailand and it is a day of celebration and festivities. This is also the case at the Georg Jensen factory in Thailand, where May 1, 2013 marked a day of celebration for all employees.

On May 1, all employees were invited to join a day of fun activities at the local stadium, including such different activities as football, relay races and cooking competitions. The governor of Chiang Mai was also invited and gave an opening speech, giving a special thanks to Georg Jensen for the factory's efforts to provide a sound working environment for the employees.

