



BY APPOINTMENT TO
HER MAJESTY THE QUEEN OF DENMARK

GEORG JENSEN

ESTABLISHED 1904

SUSTAINABILITY REPORT 2016



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1. ABOUT THE REPORT

This report represents Georg Jensen A/S' eighth annual Communication on Progress (COP) report aligned with the UN Global Compact framework. The report is also our statutory report on our corporate social responsibility (CSR) according to the Danish Financial Statements Act § 99a and § 99b. The report covers sustainability activities during financial year 2016 and is published at the same time as Georg Jensen's Annual Report.

With this report, we want to communicate to our stakeholders Georg Jensen's sustainability activities as well as our management of significant risks within sustainability and social responsibility. The report covers the material sustainability issues in our value chain - from design through production to our customers - and addresses our key focus areas: responsible business and supply chain management, environment, anti-corruption, employee development and diversity. All of these focus areas are integrated into Georg Jensen's business procedures and strategy.

The health, safety and environmental data in this report covers our corporate headquarters in Copenhagen, our Hjørring production facility in Denmark and our Chiang Mai production facility in Thailand. Our sales facilities are not included in the reported data. The environmental data covers company owned manufacturing facilities in Hjørring and Chiang Mai. The energy data, converted to tons CO₂, is based on our company owned facilities in Denmark and is calculated based on the methodology provided by the Danish Department of Energy - Energistyrelsen, EnergiNord and the Greenhouse Gas Protocol. Other environmental data is based on local authorities' assessments and inventory, respectively in Denmark and Thailand. The report content concerning our Thai operations is, furthermore, partly based on data provided in our mandatory annual report to our investor IFU¹.

The COP report has been developed without direct engagement of external stakeholders, and while we are proud of our results, we recognize that there is more to be done. We look forward to share our ongoing progress to ensure sustainable value creation in our business.

We always welcome comments and feedback on our COP report: csr@georgjensen.com

¹ Read more about the Investment Fund for Developing Countries (IFU) here: <http://www.ifu.dk/dk/service/english>

2. CEO FOREWORD



Ms. Eva-Lotta Sjöstedt
Chief Executive Officer

Within my first year as CEO in Georg Jensen, we have taken the initial steps on a journey to transition and focus the Georg Jensen business and brand offering. This has entailed a move to unite our products under 'one brand', and to ensure that we conduct our business operations in line with our ambition for ensuring social awareness and responsibility across our activities.

Previously, many of our customers have perceived the Georg Jensen brand as an umbrella for many different or distinct product brands - Georg Jensen silverware, jewelry, watches and home products. Therefore, we have in 2016 gone through a comprehensive strategy process, enabling us to rethink our business approach, model and processes, as well as our brand offering in order to create a more unified brand image and representation. One of the core pillars in our new strategy for 2017-2020 is to maintain our legacy of providing our customers with high quality Scandinavian and timeless designs, while ensuring that we conduct our business in a responsible manner with a dedication to preserving the environment and the local communities in which we operate.

Most companies are increasingly facing the dilemma of balancing business growth with sustainability. Even though our products are still closely linked to our Danish heritage and roots, Georg Jensen is today a global company. Therefore, the need to understand our social responsibility and the impact of our operations has high priority, when discussing our strategic direction and the daily management of our business. Operating in a global market place with numerous stakeholders require us to be able to understand and function in many different and ever changing social and cultural contexts as well as to recognize, foresee, listen and respond to the changing needs of our customers. With this backdrop, we continuously work to improve the way we handle our responsibility towards our customers, employees, suppliers, agents, distributors and partners. Our continuous commitment to the UN Global Compact² and its 10 principles are one of the pillars that guide our new strategy for 2017-2020 and our effort in terms of working with our supply chain, environmental impact, third party risks and employee development.

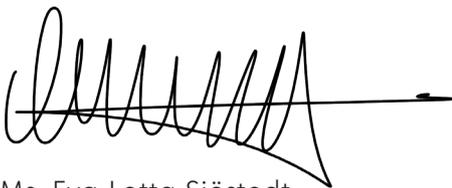
² Georg Jensen has been a signatory member of the UN Global Compact since 2009.

In the last year, we have, in support of our new strategic direction, launched a couple of focused initiatives within CSR. This among others entails the initiation of a partnership with UN Women to support the empowerment of women on a global scale. This issue is closely linked to the Georg Jensen culture and as we see it, it is one of the most imminent and significant causes to ensure long term stability, growth and sustainability within local communities across the globe. In 2016, we furthermore launched the marketing campaign 'You can never be too much you', portraying five female role models, who have each defied the conventions of their individual industries. Encouraging diversity and the empowerment of women on a global scale is one of our focus areas and this is something that we, going forward, increasingly want to enforce and articulate in our business operations, external communication and marketing efforts.

Even though the last year has marked the beginning of a strategic transition within Georg Jensen, we are aware of the fact that we need to take further steps in our journey towards ensuring the sustainability of our business operations. In the coming year we will work towards putting our strategy into concrete actions that can support our ambition of being a responsible and socially conscious business - both when it comes to our employees, customers, suppliers and business partners.

I hope that you will find this report of interest.

Happy reading,

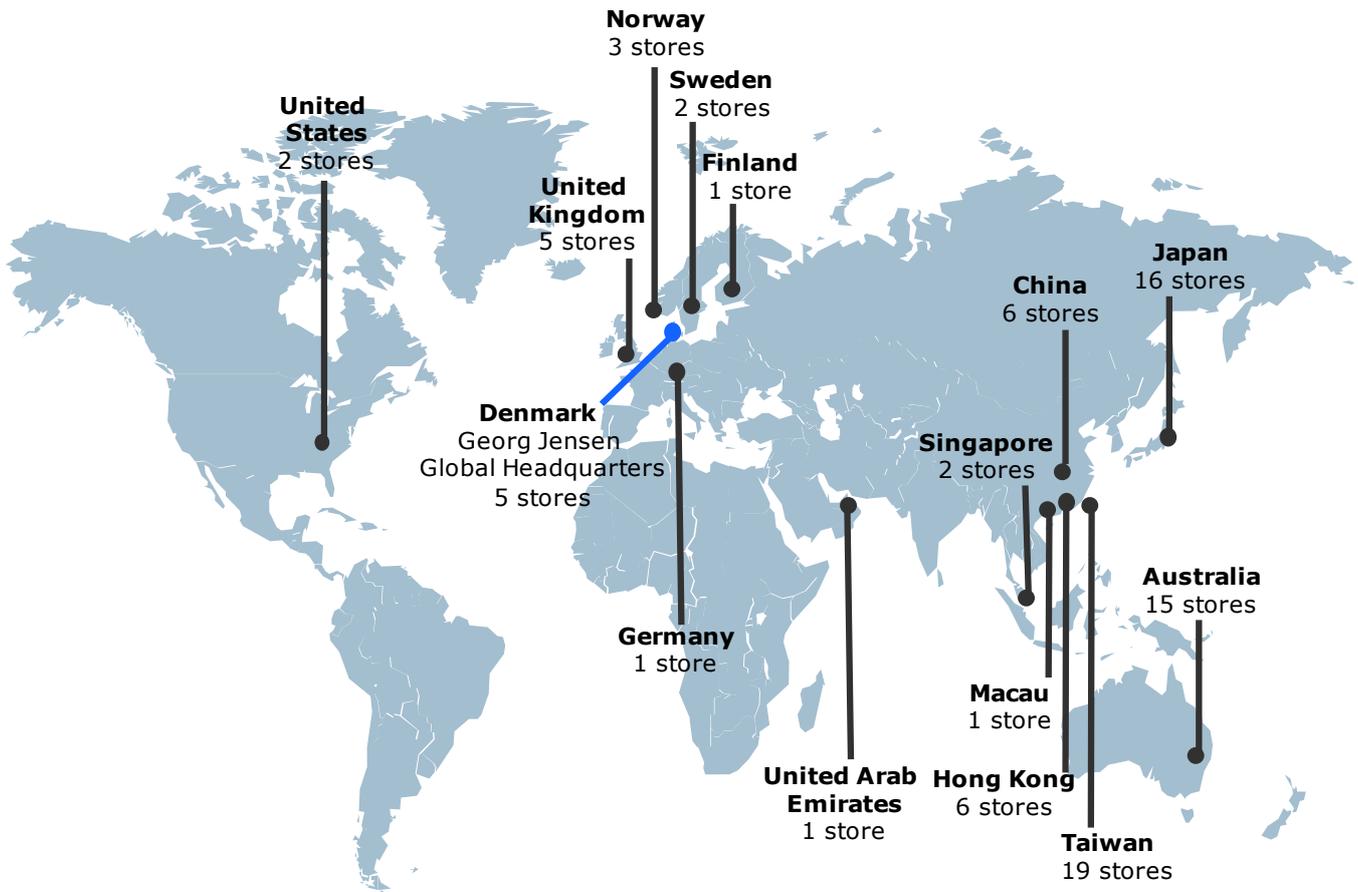
A handwritten signature in black ink, appearing to read 'Eva-Lotta Sjöstedt', written over a horizontal line.

Ms. Eva-Lotta Sjöstedt
Chief Executive Officer
Georg Jensen

3. OUR FOCUS ON RESPONSIBILITY

In 2016, we have continued to further our focus on providing our customers with high quality Scandinavian designed and timeless products designed to last a lifetime. Today, we operate globally, providing our selections of products to the market covering; fine jewelry, watches, silver hollowware and living. We have in the last year experienced growth in our core markets in Australia, China, Japan, Taiwan, Denmark and the United Kingdom.

Our stores:



Building on our heritage from 1904, when Georg Jensen himself established the company, we still focus on providing the market with consistent high quality Scandinavian designed products. Meanwhile, as our business is expanding and our market context hereby is changing, we today also work diligently to ensure responsible and sustainable business practices, based on the motto that our products do not have a “backside” - and nor should our company.

Sustainability has increasingly become part of the discussion in society and with the launch of the UN Sustainable Development Goals (SDGs)³ in the autumn of 2015 and the dramatic changes that we see in our climate, it is evident that we all have a role to play to ensure the future of our planet. In our strategic work with sustainability, we will therefore further strengthen the emphasis on our responsibility towards our employees, the surrounding environment and our impact on the local communities in which we operate.

CASE:

Teaming up with UN Women.



In the late fall of 2016, we were contacted by UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women⁴, who proposed to initiate a partnership with us focusing on providing equal rights for women and men. Diversity and empowerment of women is an issue closely linked to Georg Jensen's core values and strategy for conducting a responsible business. Therefore, the partnership with UN Women aligned with our values and strategy perfectly. With this partnership, we will particularly focus on female empowerment, leadership and WEP (women empowerment program) - to ensure that we contribute to a positive development of women and the promotion of gender equality across our value chain. We will in the coming year together with UN Women agree on the final scope of the partnership and the concrete initiatives that we will work on going forward.

OUR CSR GOVERNANCE

We ensure that our CSR efforts are integrated in our daily business operations and strategic decision making by anchoring the governance for CSR with a CSR steering committee, encompassing employees from across our organization, chaired by our CEO Eva-Lotta Sjöstedt. Having our CEO as the chairperson of the CSR steering committee ensures that we have clear top management commitment, a distinct tone at the top and the potential to make a real impact in our CSR efforts.

³ Read more about the Sustainable Development Goals (SDGs) here: <http://www.un.org/sustainabledevelopment/development-agenda/>

⁴ The United Nations General Assembly created UN Women in July 2010. The aim was to establish an agency for the United Nations Entity for Gender Equality and the Empowerment of Women. See more at: <http://www.unwomen.org/en/about-us/about-un-women#sthash:jZU3lQBB.dpuf>

The composition of our CSR Steering Committee:



The CSR steering committee meets on a quarterly basis, to discuss the progress of CSR within Georg Jensen, including which strategic and operational improvements should be made to meet our obligations, expectations and targets for conducting a responsible and sustainable business. On daily basis, our Head of Quality and CSR ensures that CSR is implemented in our daily operations. The Head of Quality and CSR is responsible for monitoring that agreed CSR activities are implemented at the production facilities in Hjørring in Denmark, at our office in Shenzhen, China, and Chiang Mai in Thailand, as well as the responsibility for monitoring external partners' facilities in terms of social compliance, working conditions, environmental performance and anti-corruption. Furthermore, we have a local CSR responsible at our production facilities in Thailand and at our office in Shenzhen, China, who work to ensure that our focus on CSR is upheld and acted on in our daily operations.

4. OUR VALUE CHAIN

The content of this COP report has been structured according to the different activities within our value chain. Thus, you can in the following chapters read more about our sustainability work related to:



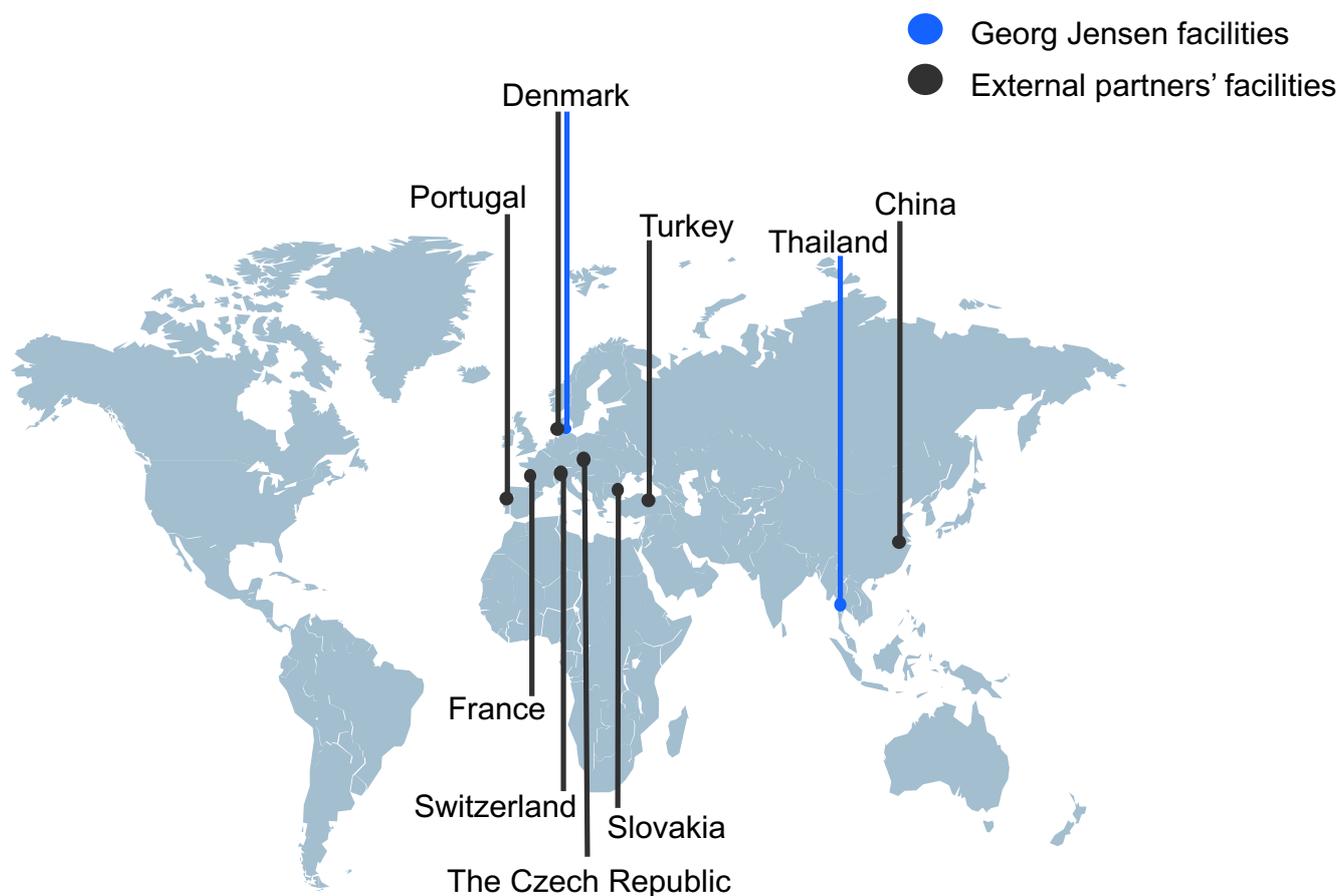
DESIGNING PRODUCTS TO LAST A LIFETIME

At the beginning of every new design process, we carefully plan the outline of the product design, including considerations of the product durability, functionality and quality as well as the choice of materials to be used to uphold our standards. In terms of our Silver Hollowware pieces, a substantial amount of these are still made based on the original precepts and design plans created by Georg Jensen himself more than a century ago. With some of these pieces, we have had to change a few of the design components in order to meet current customer expectations and comply with newer regulations. This is for instance the case in terms of the use of ivory in our products, which has been banned globally since 1990. As a result, we have replaced the ivory elements in our designs with pieces of tusk from woolly mammoths, which have similar features and qualities. By using mammoth tusk as a substitute, we wish to minimize the severe negative impact on the population of elephants threatened by ivory poaching. We diligently monitor the industry trends to ensure that we are able to change our design processes to meet new regulation and potential sanctions. Being aware of the impact of the materials in our products is key to understanding our overall impact on the environment as well as the local communities in which we operate. Life giving natural resources such as water is increasingly becoming scarce and we therefore do our part to ensure that we do not cause excessive harm. You can read more about our work with minimizing our environmental impact on page 27 of this report.

RESPONSIBLE SOURCING

Being part of the fine jewelry industry, we are aware of our responsibility both in terms of handling the challenges related to the mining of precious stones and metals, and within the processing of these materials, before they go into our designs. These challenges span from issues related to corruption, human rights, labor rights, child labor, and land rights to the negative environmental impacts of the mining operations. In the following section, you can read more about how we work to ensure responsible sourcing practices within our value chain.

We currently source from a number of suppliers across the world, located primarily in Thailand, China, Denmark, Switzerland, France, Portugal, the Czech Republic, Slovakia and Turkey.



For the sourcing of skin and leather to our products, we screen all materials to ensure that we never use skins from endangered animal species. This practice is established to ensure that we are compliant with our license from CITES⁵, an organization who works to mitigate the extinction of endangered animals due to overuse of skins. All leather used in our products must furthermore comply with the REACH requirements⁶ to ensure that our customers are not exposed to hazardous chemicals through our products. We therefore require that all our suppliers are able to disclose detailed information on the identity of the materials' substance before we incorporate them in our products.

⁵Read more about CITES here: <https://www.cites.org/>

⁶Read more about REACH here: <https://echa.europa.eu/regulations/reach/understanding-reach>

CONFLICT-FREE SOURCING

In the sourcing pillar of our value chain, we engage many suppliers and sub-suppliers, creating a complex, and at times covert, net of business operations, processes, stakeholders and responsibilities. This complexity prompts us to enforce a set of strict requirements to the traceability of the origin and processing journey of the raw materials that go into our products. This is particularly crucial when sourcing precious metals, gems and diamonds, but is also relevant for the other raw materials, such as skins and leathers, that we use in our product range. We focus on the traceability of the raw materials to ensure that we monitor and mitigate the risk of unethical business practices taking place in our supply chain.

Our commitment to responsible sourcing is formulated in our policy on conflict-free sourcing, which states that Georg Jensen will not through sourcing of precious stones and materials contribute to the funding of armed conflicts. We uphold a firm stance on this and demand that all our suppliers comply with and conduct conflict-free sourcing. This is among other initiatives ensured by requiring all suppliers to sign our Code of Conduct and our zero tolerance standard.

Another initiative supporting our commitment to conflict-free sourcing is our longstanding use of suppliers, who are either certified by the Responsible Jewellery Council⁷, or who provide a guarantee for the raw materials (i.e. gold, silver, diamonds and gemstones), assuring that they are conflict-free. Since 2013, our work on responsible sourcing has been guided by the Dodd-Frank Act⁸ and The Kimberley Process⁹ on conflict-free precious metals, minerals and diamonds. A result of this work can be seen in our use of and relationship with our suppliers. For instance, all of our seven suppliers of gold and silver as well as our two suppliers of diamonds have been certified according to the Responsible Jewellery Council⁷, the Jewelers Vigilance Committee¹⁰ or registered by the London Bullion Market Association¹¹. This is a step in the right direction to ensuring that our products always live out to our standards for responsible business operations. Nevertheless, to make a real impact on the supply chain operations within the jewelry industry, we believe that the effort should be anchored and driven on an industry level and not by an individual company. Through a collective push, can we create a noticeable impact on the sourcing industry as a whole and ensure 100 percent conflict-free sourcing of diamonds, precious metals and gemstones.

⁷Read more about the Responsible Jewellery Council here: <http://www.responsiblejewellery.com/>

⁸Read more about the Dodd-Frank Act on conflict minerals and diamonds here: <https://www.sec.gov/spotlight/dodd-frank/speccorpdisclosure.shtml>

⁹Read more about The Kimberley Process on diamonds here: <http://www.kimberleyprocess.com/>

¹⁰Read more about the Jewelers Vigilance Committee here: <http://www.jvclegal.org/>

¹¹Read more about the London Bullion Market Association here: <http://www.lbma.org.uk/>

CASE:

Partnering with Gemfields to develop a limited edition charitable collection

In 2016, we entered into a partnership with Gemfields¹², a world-leading supplier of responsibly sourced colored gemstones, to provide the market with an exclusive, limited edition jewelry collection. The collection of five unique pieces, which was launched in October 2016, encompassed Georg Jensen's attention to timeless design, while focusing on Gemfields' work to ensure sustainable mining practices in Zambia, where emeralds and amethysts are excavated, and in Mozambique, where rubies are extracted. With Georg Jensen's focus on responsible business and Gemfields' dedication to preserving the African environment, 20 percent of the collection's proceeds will go to Niassa Carnivore¹³, a nonprofit organization dedicated to conserving wild lions in Zambia and Mozambique.



MANUFACTURING OUR PRODUCTS

We currently manufacture all our Silver Hollowware and Jewelry products within our own production facilities. Our seasonal products for Christmas and Easter are also produced in-house. Our Living products are outsourced to external partners, primarily in China and Turkey. All of the items in Georg Jensen Watches product ranges are manufactured at external partner facilities.

OUR PRODUCTION FACILITIES IN DENMARK

As a brand with strong roots in our Danish legacy, we are pleased in the fact that we have succeeded in upholding some of our manufacturing operations in Denmark. At our Hjørring facility we currently produce our Seasonal products for Christmas and Easter. Furthermore, all products in our Silver Hollowware product range are produced in our Smithy located at our global company headquarter in Copenhagen, while our Silver cutlery are produced at our Thailand factory.

¹² Read more about Gemfields' work here: <http://consumer.gemfields.co.uk/responsible-coloured-gemstone-mining/sustainability>

¹³ Read more about Niassa Carnivore's work here: <http://www.niassalion.org/>

VOICE: CARRYING-ON YEARS OF CRAFTSMANSHIP TRADITION

Ms. Tina Susanne Bentzen
Silversmith

I started as a trainee in the Georg Jensen silver Smithy in Copenhagen, Denmark, in 2006. During my time at Georg Jensen, there has been a shift in the composition of the workforce of the Smithy - when I started 11 years ago, we were merely five women out of the 30 people working in the Smithy - today we have a 50/50 distribution of men and women.

When we create a product in the Smithy, it usually goes through at least five set of hands and about a 100 work hours, before it is finalized and ready to be sent to the customer. We thus work closely together across specialist areas to create the individual product. In this sense, we greatly rely on each other to share knowledge, experiences and contribute to the process. Three words that to me characterizes the silver Smithy as a work place must be; 1) a strong sense of community and collaboration, 2) respect for the original Georg Jensen design and artisanship, and 3) a high degree of professional pride in what we do. Through the Georg Jensen silver Smithy, I have had the opportunity to develop my craftsmanship, learning skills that are rooted in more than a century long tradition, focusing on creating designs that are both beautifully crafted and made with a simplistic and practical functionality. This essence of high quality, effortless and timeless design makes me proud to be part of Georg Jensen.



OUR PRODUCTION FACILITY IN CHIANG MAI, THAILAND

At the Chiang Mai facility, we have in 2016 launched several initiatives to improve our onsite sustainability performance. The initiatives are organized into two categories, focusing on;

- 1) Our environmental performance.
- 2) Our efforts to secure our employees' health and safety.

OUR ENVIRONMENTAL INITIATIVES AT CHIANG MAI

In terms of improving our environmental performance, we have launched an environmental prevention and protection program, focusing on noise, air, water and waste pollution of our operations. The program encompasses activities that are internal to our operations such as energy conservation, waste water treatment analysis and the donation of residual aluminum from our production to the Prostheses Foundation of Thailand H.R.H Princess's mother¹⁴. Furthermore, the program also include some external initiatives such as the 'Plant for the planet' initiative, where we work together with the local administrative office in Chiang Mai to replace the vegetation in areas damaged by forest fire and a cooperation with a local charity to clean up a local river close to the factory facility. You can read more about our work to minimize our environmental impact on page 27 of this report.

OUR EFFORTS TO SECURE OUR EMPLOYEES' HEALTH AND SAFETY

For our second focus area - health, safety and employee development - we have in 2016 conducted a series of human resource trainings in order to develop the skills of our employees as well as occupational safety trainings to raise awareness of on the job safety measures that each employee must comply with. In November 2016, this effort was further developed by the launch of a 'Safety week' in the workplace. In 2016, 227 of our 638 employees at the Chiang Mai facility received training in health and safety procedures.

In 2016, we had eight work related accidents at the Chiang Mai factory. Out of the eight; two of the accidents were considered to be 'minor', five were categorized as 'moderate' and one was 'major', which implied that the employee was absent from work in more than three days. The number of accidents has from 2015 to 2016 increased by one and this is of course an unfortunate development, which we in coming year will work systematically on reverting.

¹⁴ Read more about the Thai Prostheses Foundation of H.R.H Princess's mother here: <http://www.prosthesesfoundation.or.th/en/>

Besides raising awareness of job-related health and safety issues, we also put great emphasis on providing our employees with information concerning seasonal infectious diseases, which may affect their own and their families' health. In line with this, we once a year provide all employees with an annual health check as well as the opportunity to visit our onsite nurse should an employee feel unwell during working hours. We take a great responsibility towards ensuring the health of our employees and therefore we have also joined 'the White factory project', which is an anti-drug program for all employees. Related to this, we have furthermore imposed a 'No smoking' initiative at the factory grounds. We have additionally again in 2016 performed our 'No helmet, No Ride' campaign to draw attention to and demonstrate the dangers related to driving motorcycles - our Thai employees preferred means of transportation - without wearing a helmet. This entailed a safe riding course including both a theoretical and practical element, where all of our 638 employees participated.

Our employees are key to our success. To ensure a happy workforce, where there is a balance in the employees' work-life, we have on the grounds of the factory facilities a sports field, where employees during their breaks or after work can gather for a match of football or petong. We have furthermore established an after school center at the factory facility, so that all employees have the opportunity to bring their children to work so that they are looked after during the working hours. Currently, we have 10 children attending the factory's day care. We moreover remain committed to the Georg Jensen scholarship and education fund program, where employees can seek grants for their children's education. Lastly, we also want to give something back to the local community in which we operate. As a result, we give our employees the opportunity, during their working hours, to donate blood to the Provincial Thai Red Cross. The focus on giving back to the community has also entailed donating the construction of a new school building within the local community. We have furthermore provided food and donations to a rural village to help the rehabilitation after significant damages caused by a fire.

VOICE:

GEORG JENSEN PROVIDES ME WITH OPPORTUNITIES TO GROW

Ms. Pornwipha Takhiao

Quality Assurance Officer

I have been working with Georg Jensen for seven years now, starting as a Quality Controller at the factory in Chiang Mai, Thailand, where I, for the last two years, have worked as a Quality Assurance Officer. In my work, I check and assure that all materials that go into our products live up to our high quality standards as well as provide a final quality assurance check, when the finished product is made and ready to be shipped to the stores. To me this work is closely linked to the core of what represents Georg Jensen's products - exclusive, high quality pieces, which have been produced with great care and attention to details to ensure that each product embodies the unique Georg Jensen style.

To uphold the high quality standards Georg Jensen provides an organized, clean and efficient working environment, where focus is on ensuring that we all have the right knowledge and competencies to fulfil our role in the manufacturing operations. Therefore, we are provided with trainings both in health and safety, but also within specialized areas targeted to our individual job positions. I have for instance been on a training in the ISO 9001-2015¹⁵ standard and in internal audit. Georg Jensen Thailand furthermore offers us great benefits in terms of health care insurance, annual health care checks and an onsite nurse is available during working hours. In addition to this, we get free lunches and every employee has the opportunity to apply for the internal educational fund, to receive a grant to support their children's schooling. All these initiatives makes Georg Jensen a good and caring employer, who puts an effort in to ensure responsible business operations at our factory.



¹⁵ Read more about the ISO 9001-2015 quality management standard here: http://www.iso.org/iso/catalogue_detail?csnumber=62085

HUMAN RIGHTS DUE DILIGENCE

In 2011, the UN unanimously endorsed a set of principles for businesses on human rights; The United Nations Guiding Principles on Business and Human Rights (UNGPs)¹⁶. The UNGPs provide a universally agreed upon definition of what it means for a business to 'respect human rights'. In order for our business to claim that we respect human rights, we are expected to demonstrate that we have established:

1. A human rights policy commitment;
2. A human rights due diligence process; and
3. Processes to enable remediation of adverse impacts.

These are minimum expectations for compliance with UNGPs. Furthermore, with the launch of initiatives such as the Modern Slavery Act¹⁷ in the United Kingdom in the spring of 2015, the UN Sustainable Development Goals (SDGs)¹⁸ in the autumn of 2015 and the strengthened requirements to § 99a and § 99b in the Danish Financial Statements Act¹⁹, human rights is increasingly on the agenda in society.

As part of our commitment to the UN Global Compact, we seek to comply and uphold the highest standards for ensuring that no human rights violations occur within our value chain. Therefore, we seek to comply with the UNs guiding principles on human rights; the UNGPs. To date, we have therefore screened all our potential as well as existing external partners and suppliers for human rights violations. However, to strengthen our efforts in this area, we have in 2016 launched an initiative to further develop our due diligence and CSR supplier screenings to, in addition to this, also implement a systematic human rights due diligence process to be rolled out across our operations. We aim at implementing the human rights due diligence screening in a staged process, initially focusing on the operations that are directly within our own control. This entails our head office in Copenhagen, our production facilities in Hjørring and Chiang Mai as well as our own operated stores. At a later stage, we will then widen our scope of the human rights due diligence screening to also onboard all our main third party partners, such as suppliers and external manufacturers.

EXTERNAL MANUFACTURING PARTNERS

In relation to our Georg Jensen Living and Watches product ranges, we rely on external manufacturing partners to produce our products. As a result of this dependency, we have, within recent years, had a specific focus on building and maintaining strong relationships with our suppliers and partners. The aim of this is to strengthen the overall CSR performance of our supply chain to ensure that we, across our business operations, work to uphold our commitment to sustainable and responsible business practices and that we are able to monitor our progress and mitigate potential risks occurring as part of our operations. This has, among other initiatives, entailed a narrowing down of our overall supplier base, now containing approximately 30 primary suppliers, who are all committed to working with CSR.

¹⁶ Read more about the United Nations Guiding Principles on Business and Human Rights here: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹⁷ Read more about the Modern Slavery Act here: <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

¹⁸ Read more about the UN Sustainable Development Goals here: <https://sustainabledevelopment.un.org/?menu=1300>

¹⁹ Read more about the new requirements of § 99a and § 99b in the Danish Financial Statements Act here: <http://csrgov.dk/file/557863/implementation-of-eu-directive.pdf>

All new suppliers are prior to their onboarding screened through a due diligence process. In this process, we conduct a mini audit at the supplier, where we obtain information and evaluate the supplier according to the Georg Jensen Code of Conduct. Based on the outcome of the due diligence screening, we are able to categorize the potential suppliers. This entails that 'Green' suppliers are directly implementable in our supply chain, whereas 'Yellow' suppliers must improve their CSR performance in some areas, before we allow an order to be placed there. Lastly, 'Red' suppliers are immediately disqualified from our supplier pool and must undergo comprehensive changes and audits to become part of our supply chain. Therefore, Georg Jensen has an office located in Shenzhen in China. A local CSR manager is located here and is responsible for the daily interaction and follow up on our suppliers, which entails visiting the suppliers' facilities, monitoring and auditing their CSR performance to ensure that they live up to the requirements set forth in our Supplier Code of Conduct. Each supplier facility is visited at least four times a year to ensure that we have a good understanding and insight into the business operations at the supplier, including areas such as working conditions, health and safety, business ethics and environmental performance. If we find significant issues at the supplier's, in terms of meeting our requirements, we, besides the regular visits, also conduct biannual audits at the supplier. If we for instance find that a supplier has contributed to negative environmental impacts, we demand that the supplier provides for - or cooperates in a legitimate process to enable the remediation of those impacts. Furthermore, when we experience that a supplier has difficulties in living up to our requirements, we support and provide the supplier with guidance and sparring on how they can improve their performance on the issues raised. The audits at our suppliers are coordinated by our local CSR manager, who primarily use a third party auditor to conduct the onsite visits. This entails that the necessary follow up meetings are conducted by our local CSR manager or the Head of Quality & CSR, depending on the materiality of the meetings. We have previously experienced that if we leave out the follow up meetings, the agreed activities and improvements are not implemented and therefore, it is our belief that being visible and in close dialogue with the suppliers is of great importance.

In 2016, we conducted 30 audit visits, of which eight were certified and audited according to the Business Social Compliance Initiative and Responsible Jewellery Council, 14 suppliers were audited by a third party auditor, and four were audited by Georg Jensen's Quality and CSR team.

BRINGING OUR PRODUCTS TO THE MARKET CUSTOMERS

Meeting the high expectations of our customers is key to fulfilling our strategic vision. When our customers purchase a Georg Jensen product, they expect the product to have been made with respect for working conditions and the environment and we therefore always strive to act responsibly in everything that we do - both in terms of our production, sales and marketing efforts.

Providing our customers with high quality products also entails upholding high standards for product health and safety. Therefore, we have a set of procedures in place to ensure that our customers are not, through our products, exposed to hazardous substances. This entails that we work to comply with the REACH standard, which is a standard regulation introduced by the European Union to improve the protection of human health and the environment from the risks that can be posed by chemicals. Thus, the REACH standard commits us to identify and manage the risks linked to potentially dangerous substances, when we manufacture and market our products within the European Union. As a result, we must, at all times, be able to demonstrate how we safely use these substances and that we work to find solutions, where we substitute the substances to less hazardous ones.

CASE: YOU CAN NEVER BE TOO MUCH YOU

In 2016, we launched “You can never be too much you”²⁰ - a worldwide marketing campaign, representing five strong female role models, who have defied conventions and risen to the tops of their individual industries. The five women included the Danish film director Susanne Bier, American chef Dominique Crenn, Australian stand-up comedian Sarah Kendall, Norwegian boxer Cecilia Brækhus and Iranian motorcross rider Behnaz Shafei.

“Georg Jensen is for women all over the world who embrace their voices and create their own path - and don’t let anyone else define them. We wanted this campaign to transcend ideals about beauty, putting focus on personality first. The women featured are powerful role models, and we’re very proud to be featuring them in the campaign”, says Georg Jensen’s CEO Eva-Lotta Sjöstedt²¹.



Susanne Bier



Dominique Crenn



Sarah Kendall



Cecilia Brækhus



Behnaz Shafei

²⁰ See the full campaign movie on: <http://www.georgjensen.com/da-dk/kampagner/youcannneverbetoomuchyou>

²¹ Did you know that Eva-Lotta Sjöstedt was appointed the first female CEO of Georg Jensen in January 2016. Today, she is leading the company's senior management team, where 50% of the members are female.

5. WORKING WITH MINIMIZING OUR IMPACT ON THE ENVIRONMENT

Considering the environmental impact of our products and operations is an essential pillar in our strategic approach to CSR. The jewelry industry as a whole has a significant impact on the environment, especially in relation to the mining and processing of the natural resources that go into the jewelry items as well as in the manufacturing process, before the product is ready to be sent to the market. With this backdrop, we have developed our environmental policy, which states that we should always aim to pursue responsible business practices in order to minimize our negative impact on the environment and climate. The policy should guide our decision-making and daily work to ensure that we have a structured approach to and procedures for managing the potential risks related to our environmental footprint. Based on this, we have developed a couple of CSR initiatives to advance our approach to waste management and recycling, with a specific focus on reducing our waste and taking preventive actions in terms of disposing and handling industrial and hazardous waste and chemicals. In terms of our use of raw materials, we work with minimizing our impact on the environment by choosing sustainable packaging materials. This entails that we require that all our paper and cardboard is sourced from responsibly managed forests and that the wooden materials we use for gift boxes and wrapping paper comes from forests managed by the Forest Stewardship Council® (FSC®). We do not fully comply, but we believe that the few remaining areas where we need to improve will be covered within the coming year. At our three production facilities in Hjørring, Copenhagen and Chiang Mai, our efforts related to minimizing our environmental impact are regularly monitored by our Head of Quality and CSR. Furthermore, the facilities' environmental performance is on an ongoing basis subject to internal and external third party audits, which help us identify potential risks we need to mitigate as well as possible improvements that could further minimize our environmental impact. In 2016, the result of these audits of our environmental performance showed that we have reached a satisfactory level. Still we aim to continue investing in this area in the coming years.

For this report, we have calculated the total carbon emissions from our facilities in Hjørring, Copenhagen and Chiang Mai based on the energy providers' readings and CO2 conversion factors.

OVERVIEW OF ENERGY CONSUMPTION (INDIRECT EMISSIONS, SCOPE 2)					
Data measurement	Country	2013	2014	2015	2016
Electricity consumption, purchased (MWh)	Total	2,254	2,158	2,305	1,574
	Denmark	358	359	324	336
	Thailand	1,896	1,799	1,981	1,238
Heating, purchased (MWh)	Total	-	336	305	406
	Denmark	-	336	305	406
	Thailand	-	-	-	-
CO ₂ emissions (tons) ²²	Total	1,081.457	1,048.202	1,138.329	736.000
	Denmark*	108.823	109.123	98.390	86.000
	Thailand**	972.627	939.078	1.039.938	650.000

* Carbon factor Miljødeklaration 2014, Energinet: <https://www.energinet.dk/DA/KLIMA-OG-MILJOE/Miljoedeclarationer/Sider/Til-groent-regnskab.aspx>

** Carbon factor DEFRA 2015: <http://www.ukconversionfactorscarbonsmart.co.uk/FlatFileFormats.aspx>

The data in the above performance overview of our electricity consumption derives from our annual electrical meter readings. Lastly, the calculation of our greenhouse gas emissions from the electrical power consumption is based on specific emission factors provided by the power company.

Looking at our data for the performance overview of our electricity consumption, it becomes evident that our electricity consumption has decreased in 2016 compared to the previous years, which are particularly linked to a more focused effort in this area in our Chiang Mai facility, including the implementation of more efficient production machinery as well as awareness raising activities. For our emissions of CO₂ we saw a significant decrease due to the implementation of a new power transformer and a turn-on-off lighting system inside and outside at our Chiang Mai facility. Furthermore, there have been some fluctuations in the production levels at Chiang Mai, which has resulted in less production to adjust the inventory.

In terms of the waste generated in the manufacturing of our products, we take great care and maintain rigorous and precautionary activities for handling and discarding the materials and waste in an environmentally friendly manner:

OVERVIEW OF WASTE VOLUME*				
Data measurement	Country	2014	2015	2016
Water (m ³)	Total	10,983	14,666	12,623
	Denmark	1,537	2,218	2,118
	Thailand	9,446	12,448	7,83
Wastewater (m ³)	Total			5,776
	Denmark	37,526	22,316	295
	Thailand	6,612.2	8,713.6 ²³	5,481
Waste (kg)	Total	144,500	123,030	76,750
	Denmark	109,460	77,820	71,870
	Thailand	35,040	45,210 ²⁴	4,880

*Waste volumes are calculated based on annual statements from approved waste carriers handling ordinary and hazardous waste.

²² We have chosen to report this data in tons instead of kg/MWh, which we have previously used. This is done to ensure that we can benchmark our environmental performance towards the performance of our peers.

²³ At the Chiang Mai facility in Thailand the wastewater is used to water the facility's garden. The stated numbers are estimates (70% of the water consumption)

²⁴ Excluding brass and copper scrap.

6. OUR PEOPLE

Having an engaged and dedicated workforce with satisfied and motivated employees, is a key element in continuing our business' growth and entry into new markets. By the end of 2016, we employed 612 employees at our Thailand facility, 195 at our headquarters and manufacturing sites in Denmark and 545 in our stores spread out across the world - entailing that our total global workforce is 1352 people.

To ensure that our employees continue to see Georg Jensen as a responsible employer and a workplace, where they can thrive and grow, we have focused our activities on labor rights, health and safety measures, diversity and employee development.

DIVERSITY

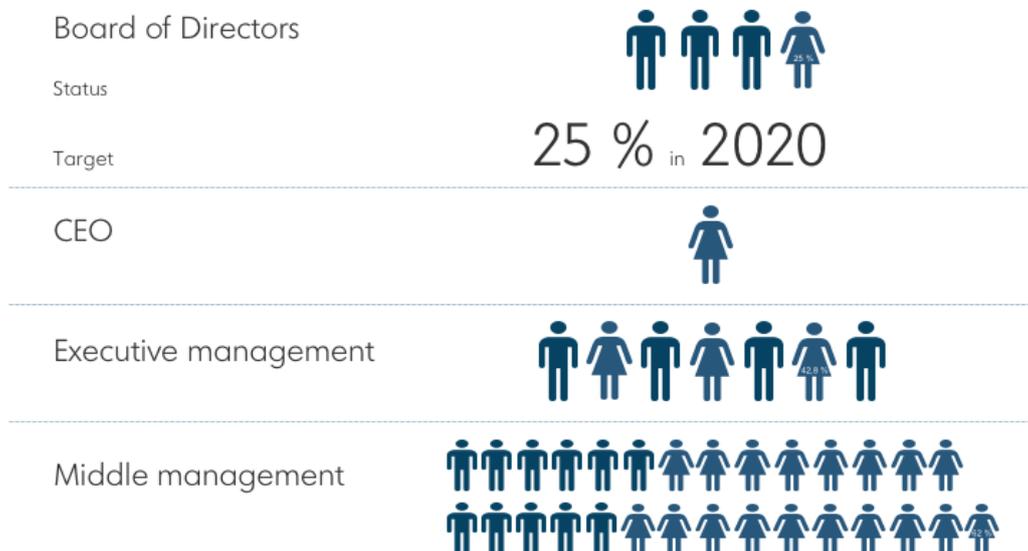
We believe that being a diverse and inclusive company with people of differing nationalities, gender, educational backgrounds, vocations, religious beliefs, political views and sexual orientation enable us to stay up to date with market tendencies and customer demands to innovate our business and continue our growth into new segments and markets. Even though

this is part of our core values, we have not currently developed a policy for gender equality, but this is something that we will work to formalize in the coming year. Aligned with our values and strategic direction, it is our ambition to uphold and promote a diverse workforce across our business operations. Therefore, we are working to ensure a balanced gender representation at all levels of our organization - from our Board of Directors to the executive management and through to our managers and team leaders.

This section covers our statutory reporting on the underrepresented gender at the Board of Directors and top management levels according to the Danish Financial Statements Act § 99b.

To guide our efforts in ensuring gender diversity, we in 2016 continued to work towards our target of 33.3 percent women on our Board of Directors to be reached by 2020. In 2016, we had a new female member elected to our Board of Directors, which has resulted in the Board now consisting of four shareholder elected members; one female and three male. With the change in the number of board members from three members to four, we have chosen to change our target for the gender distribution on our Board to 25 percent, which in the Danish Business Authority's guidance on §99a in the Danish Financial State-ments Act is equivalent to an equal gender distribution. In terms of the daily leadership of Georg Jensen, we welcomed our first-ever female CEO, Eva-Lotta Sjøstedt, in the beginning of 2016. Furthermore, out of the seven members of our executive management team, the gender distribution is four men as well as three women, representing a 42.8 percent of the total group. At the middle management level, there is a slight over-representation of women with 62 percent, equivalent to 18 femal in middle management out of 29 in total. Based on this, we continually aim to balance the

representation of both genders on all management levels. We are currently working to develop global initiatives with the aim of mapping our performance, competencies and talent, as well as developing our employees through mentoring programs. In this way, we proactively develop our internal talent pool of both genders towards future leadership and supervisory positions at Georg Jensen. We will in the coming year continue to work towards an equal gender representation on all organizational levels by 2020.



EMPLOYEE COMPETENCY DEVELOPMENT

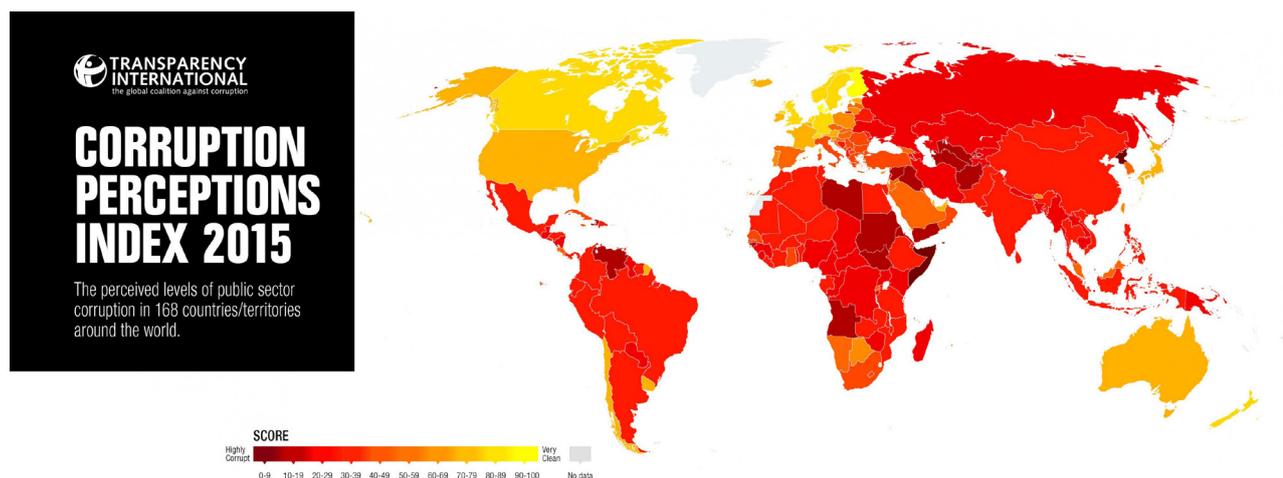
Our values; Responsible, Innovative and Brave, guide the way we behave, develop and interact with others around the world. One of the key values in our work is that all people are valued, treated with respect and empowered to achieve their full potential. The Georg Jensen values must be known, understood and lived out in the way we manage and interact with people - both internally in our daily operations, but also as part of our management of external stakeholder relations. With this as our point of departure, we work together as 'one brand' with a clear direction and focus on cross-functional excellence and process-driven thinking to achieve our company goals.

One of our strategic initiatives in Strategy 2020 is People. We believe investing in people is crucial for our success and performance in order for us to hire, retain and motivate the right people with the right skillset and capabilities in alignment with our strategy 2020 and our core values. This focus has been chosen, as we believe that our employees are one of the most fundamental building blocks to sustain our business performance and success. Therefore, we must continuously strive to develop and empower our employees to ensure that we function as an attractive workplace.

The People initiatives in Strategy 2020 will secure focus on employee development going forward. As part of the People shift in Strategy 2020, we define and develop the talent of tomorrow, ensure career paths and succession planning. In 2017 we launch a number of global human resource initiatives, one of them being launching a Global Leadership Program to improve level of management skills, another being establishing a global Succession Planning process to secure next generation and support development and focus and mapping of our talents and a third being conducting a Global Employee Engagement Survey (ESS) to listen to the voice of our employees. These initiatives will relieve and develop our organization to meet the demands and tendencies of the future.

7. ANTI-CORRUPTION

Operating in a global market context and with a global supply chain impose certain risks to our operations, including the risk of corruption and unethical business conduct occurring. We do currently operate in some countries, which have in 2016 been rated as medium to high-risk countries by Transparency International²⁵, based on an assessment of how cultural norms and traditions might increase the risk of corruption occurring.



Source: Transparency International Corruption Perceptions Index 2016

These countries include Thailand, China and Turkey, where we have bigger parts of our manufacturing and sourcing, and we are therefore particularly aware of our responsibility in terms of attentively monitoring and controlling our business practices in these countries. Many of the activities are outside the sphere of our control, but this does not excuse inattention to this issue or free us from the responsibility of enforcing anti-corruption practices in our operations. Therefore, we have since 2011, used our Code of Conduct as one of our fundamental guiding documents for anti-corruption to be upheld and signed by our external partners. The Code of Conduct states that our suppliers and external partners should apply attentiveness and ensure that all reasonable measures are undertaken to improve and promote anti-corruption and avoid neglect. Furthermore, the suppliers' contracts with potential sub-suppliers must always include a section on anti-corruption to ensure that the contract holder upholds and complies with the applicable laws and regulations within this area.

Furthermore, we have as a supplement to the Code of Conduct also developed a specific policy on anti-corruption for our Thailand facility, which was launched in 2013. The anti-corruption policy is applicable to all employees as well as everyone that Georg Jensen Thailand does business with, including agents, representatives, consultants and independent contractors. The policy focuses on potential misconduct such as bribery, corruption, facilitation payments and kickbacks as well as the remediation and control requirements that must be upheld and how potential incidents can be reported.

²⁵ Read more about Transparency International's 2016 study here: http://www.transparency.org/news/feature/corruption_perceptions_index_2016

We have in 2016 launched an ethics campaign at the Chiang Mai facility. The aim of the ethics campaign was to raise the awareness and understanding of the potential situations, where dilemmas in terms of ethical business behavior can emerge as well as how to respond in these cases. In addition to the ethics campaign, 50 employees went through a training on anti-corruption and business ethics in 2016. Furthermore, we trained 50 of our most risk exposed employees in Thailand in the principles of our anti-corruption policy in 2016. The training entailed a mandatory e-learning and was aimed at providing our employees with knowledge and understanding of the risks, contextual dilemmas and potential situations, where unethical business behavior might occur, as well as the implications on the business and Georg Jensen's brand should such incidents occur. Thus, the training covered topics such as fraudulent business behavior and third party risks. A key element of the e-learning training was to communicate to our employees what they should do and which internal reporting mechanisms they can use, if they find themselves in a potentially difficult situation. Since 2013, we have operated an internal whistle-blower function, enabling all employees to anonymously report potential breaches with national or international legislation or with the Georg Jensen Code of Conduct. In 2016, no incidents have been reported to the whistle-blower function at Georg Jensen.

Managing the potential risks that we face in our operations and hereby upholding our brand reputation and license to operate is crucial to our business success. Therefore, we need a thorough process in place to monitor our exposure to corruption risks. A key building block in this process is systematic and ongoing auditing of our own operations as well as the business activities at our external partners in addition to a solid investment in building strong relationships with our external partners. In this way, we seek to ensure that we continuously identify, target and mitigate the specific areas, where the risk of corruption is high.

8. UN GLOBAL COMPACT COMPLIANCE OVERVIEW

	UN Global Compact Principles	Section
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	'Manufacturing our products'
	Principle 2: Make sure that they are not complicit in human rights abuses.	'Manufacturing our products'
Labor Rights	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	'Manufacturing our products'
	Principle 4: The elimination of all forms of forced and compulsory labor.	'Responsible sourcing' 'Manufacturing our products'
	Principle 5: The effective abolition of child labor.	'Responsible sourcing' 'Manufacturing our products'
	Principle 6: The elimination of discrimination in respect of employment and occupation.	'Our people'
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	'Working with minimizing our impact on the environment'
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	'Manufacturing our products' 'Working with minimizing our impact on the environment'
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	'Working with minimizing our impact on the environment'
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	'Anti-corruption'