

2014

Georg Jensen A/S
CSR – Communication on Progress
2014

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GEORG JENSEN A/S

Communication on Progress

2014

Contents

CEO Foreword.....	3
1. The Business of CSR.....	4
2. Responsible Supply Chain and Human Rights.....	7
Fine Jewelry.....	8
Silver Hollowware and Living.....	8
<i>A story - Georg Jensen and Costa Verde: partners for “good”.....</i>	9
3. Manufacturing.....	11
Policy.....	11
Freedom of Assembly, Discrimination and Fair Working Conditions.....	11
Health and Safety.....	11
<i>A story - Being a part of Georg Jensen: when social impact and good business meet.....</i>	14
4. Governance.....	16
Anti-corruption Policy.....	16
Activities and Management.....	16
Results for the Year.....	16
Diversity and Board of Directors.....	17
5. Community Benefits.....	18
Policy.....	18
Activities and Results.....	18
<i>HIV/Aids.....</i>	18
<i>White Factory Initiative.....</i>	18
<i>Volunteer Work.....</i>	19
6. Environment and Climate Change.....	20
Policy.....	20
Activities and Results.....	20
<i>Energy Savings.....</i>	21
7. About the Report.....	24
Appendix I: 2014 at a Glance.....	25

CEO Foreword

Georg Jensen continues to stay dedicated to the principles of the UN Global Compact, as we have been since we signed up in 2009. As our Company becomes increasingly global, so does our insight into the need to care for that same fragile global eco-system on which we so depend. It also becomes evident that as a company in growth, the continued need for awareness and understanding of CSR is a constant factor.

As we expand our presence into new locations and develop new businesses, our social obligations toward our surroundings, locally and globally, are more prominent than ever.

We remain focused on and strive to improve in the same areas as we have in the previous years – anti-corruption, conflict-free gold and diamond sourcing, HIV/AIDS and anti-drug involvement in local communities, power savings and wastewater reductions and more. One very specific new initiative in a local community is a scholarship program for the children of employees at our Thailand factory.

We are working hard to implement CSR policies as an integral part of Georg Jensen's corporate strategies. As part of this dedicated effort, a new Steering Group has been set up to work on updating Georg Jensen's CSR strategy. The purpose of the Group is to further strengthen global CSR implementation. The agenda of the Group is dual: It is imperative to ensure the presence of CSR within our Corporate Governance; it is also of vital importance to ensure that CSR becomes a natural and integral part of everyday business and operations for all Georg Jensen employees, now and in the future – whether at our headquarters in Denmark, our factory in Thailand, or our stores around the world.

However, having high internal expectations does not suffice. We also cooperate proactively with our external suppliers and vendors to have the same high standards for responsibility and sustainability. We commit all suppliers to our Georg Jensen Code of Conduct in order to ensure that our suppliers operate in accordance with internationally recognized minimum standards on human rights, labor, ethics and the environment.

We want to remain proud of our products as we have been in the now 110-year history of our brand. We also want our customers to be equally proud to purchase our products, and to wear and display them with confidence in the integrity of their origin.



David Chu

CEO

Georg Jensen

1. The Business of CSR

With more than a century of legacy, Georg Jensen continues to set international standards for art and design. The philosophy of Georg Jensen himself was to create democratic designs possessing both functionality and beauty. His artisanal skill and artistic talent combined with his continuous ability to identify and support design talent was the foundation on which he built Georg Jensen in Copenhagen in 1904.

Since then the company has expanded and evolved. Today Georg Jensen is a global manufacturer and a retail business with five primary business lines: fine jewelry and watches, Silver Hollowware, Men's Accessories and Luxury Living. However, the company never ceases to go back to those very roots of design, art and innovation that define Georg Jensen's masterpieces. Our legacy, however, is connected to the development of a modern company that is in constant transition to meet the needs and tastes of the modern and conscious customer. This means that we never compromise in upholding the highest standards for our products and our moral responsibilities to run our company to the benefit of our employees, suppliers and the environment. Committing the company to incorporating corporate social responsibility in its business practices is an essential part of conducting the business of Georg Jensen

Although our efforts must continue and we must search for new ways to improve and evolve, we are unwavering in our commitment to Georg Jensen's mission to act responsibly and strive toward sustainability; as we say, "Our products have no "back-side" and neither should our company".

We continue to live up to that mission in the way we manufacture our products, invest in our communities and protect and develop our employees. We continue to make progress in our CSR efforts, even as our business continues to grow and evolve.

Since 2009 onwards CSR has become more standardized within the company and more policies, guidelines and procedures have been developed to ensure that we generate the needed results within the sphere of social responsibility. It is our ambition to work toward Membership of the Responsible Jewellery Council within a few years.

Our brand compares to the best in the world and so should our internal standards for responsibility. This means the Georg Jensen already has set out to integrate many of the requirements of the Responsible Jewellery Council in our governance structure. Our focus is strongly set on the requirements for responsible sourcing, manufacturing and employment, since these are core risk areas in the line of our business.

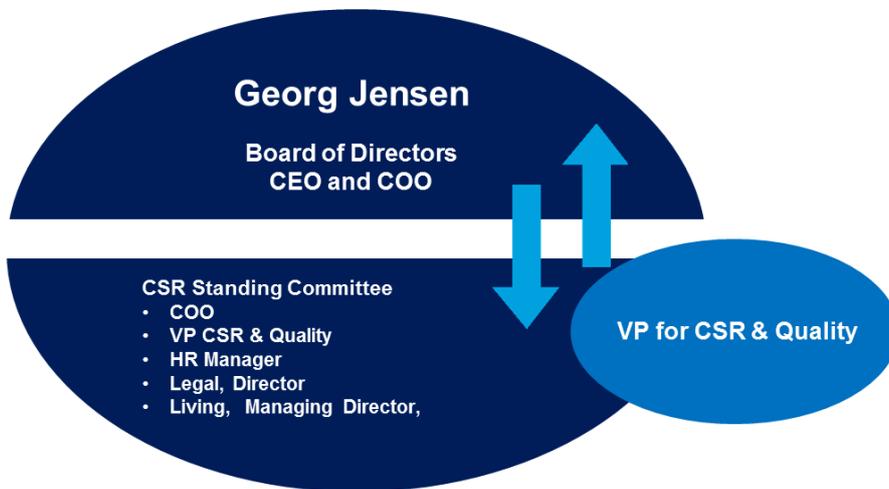
In order to steer Georg Jensen toward our targets and goals we have developed a four-year road map. In 2014, we met our own objectives of improving our CSR governance. Our CSR policy, the Code of Conduct and the road map cover Georg Jensen Group. The Georg Jensen Group has production facilities in Copenhagen (Denmark), Hjørring (Denmark) and Chiang Mai (Thailand). At December 31 2014, Georg Jensen employed 300 people in Denmark and 609 people in Thailand. CSR-related issues are managed by the VP for CSR and Quality located in Copenhagen, however, the VP has onsite responsibility for our production facility in Thailand and Hjørring, respectively.

Road Map 2014

Objectives and targets for Human rights, Labor rights, Environment and Climate Change and Anti-corruption met in 2014		
CSR Governance	• Updated vision, mission and values which include 'sustainability and responsibility'.	✓
	• All necessary policies, guidelines, training tools and global employee handbook are created.	✓
	• Establishment of CSR Steering Committee	✓
International Standards	• Conflict-free diamond sourcing for jewelry and watches.	✓
	• Conflict-free gold sourcing for jewelry and watches.	✓
Suppliers	• Third party 1 st audit of remaining pool of Living suppliers, 2 nd audit of 19 suppliers.	✓
	• Third party 1 st audit of Georg Jensen Thailand facility	✓
	• Significant reduction of non-compliances at audited suppliers at 2 nd audit.	✓
Reporting	• UN Global Compact COP	✓
	• IFU Annual Report on sustainability and CSR	✓

Georg Jensen reinforced the governance of CSR by establishing a CSR steering committee in the early spring of 2014. The CSR Committee consists of our Chief Operating Officer, the Vice President of Quality and CSR, the Human Resources Manager and the Director of Legal as well as our Managing Director for Luxury Living.

The Committee, which reports directly to Georg Jensen's CEO and the Board of Directors, has decision-making powers and direct control over the implementation of CSR initiatives in our business lines. The Committee's initial work was to revise all governing documents and procedures. With this work done and strong CSR governance in place we are more than optimistic about meeting our future business objectives with CSR as a driving force.



Furthermore, we met our objectives of conflict-free gold and diamond sourcing and completed our supplier audits, which has resulted in a significant reduction of non-compliance at suppliers and improvements on site.

2. Responsible Supply Chain and Human Rights

THE UN GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses'

Just as any customer interaction is built upon the relationships our partners form each day with our customers, so too is our connection with suppliers an essential part of responsibly sourcing and manufacturing our products. In 2014, our work has been concentrated on improving the standards we set in 2013 for conflict-free sourcing and responsible manufacturing. We have reduced our group of suppliers to a smaller and more manageable pool and have increased the frequency of conducting audits.

Since it is our goal to become a Responsible Jewellery Council (RJC) member in 2017, we revised our Policies and Code of Conduct in 2014 and aligned them with the RJC Code of Practice. It forms part of our policy commitment to respect human rights. Our supplier management process includes human rights due diligence that seeks to identify, prevent, mitigate and account for how our suppliers address their impacts on human rights. Where we identify that our suppliers have caused or contributed to adverse Human Rights impacts, they shall provide for – or cooperate in legitimate processes to enable the remediation of – those impacts. Georg Jensen follows up on this on an annual basis by performing internal and third party audits on all suppliers.

All of Georg Jensen's suppliers must comply with our Code of Conduct. The scope of the Code is to help suppliers improve their standards, not to cease the business relationship between Georg Jensen and the supplier. We monitor our suppliers' performance on a wide variety of factors ranging from safety and employment practices to environmental performance through the Code. 28 primary suppliers cover Georg Jensen's product range. They have been carefully selected due to their ability to meet our rigorous quality standards and are either fully compliant with our CSR Code of Conduct or have shown the ability to improve and become compliant within an agreed realistic period of time.

We strive to uphold an ongoing dialogue with our suppliers to ensure that they operate in compliance with our Code. 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, but are not limited to, the use of child labor or forced labor, trade in conflict diamonds, corruption, willful or negligent acts or omissions resulting in serious injury or death, abuse of human rights, non-payment of wages and significant adverse effect to the environment.

In the course of the year, we have carried out 14 first-time internal audits and 16 third party audits. Of those, four were first-time audits, ten were second-time audits, and two were audited for the third time.

It is often the case that a first-time audit results in several critical issues, which are often due to the lack of knowledge or awareness on the part of the suppliers. Targets for improvement are set and Georg Jensen helps and consults the supplier in making improvements before the second audit. It is very encouraging to note that in 2014 the majority of third party audits of Georg Jensen's suppliers revealed a high degree of compliance and a low score of critical issues. After the audit we experienced that our suppliers are enthusiastic about improving their scores and non-compliance can be eliminated already within one year.

During the last 3-4 years, the number of suppliers having a critical or negative attitude toward needed improvements has decreased dramatically, and Georg Jensen has not had to terminate the business relationship with any suppliers in 2014.

Fine Jewelry

Since 2013 we have been working toward compliance with the Dodd-Frank Act on conflict minerals and diamonds. Our seven suppliers of gold and silver and two suppliers of diamonds have all been certified by the Responsible Jewellery Council, the Jewelers Vigilance Committee or registered by the London Bullion Market Association.

In 2014, we made sure that all our sourcing of gold and diamonds for both jewelry and watches are conflict free. When it comes to promoting the application of standards and certifications, it is mandatory to work at industry level. Our suppliers of diamonds and gold supply some of the world's leading jewelry houses. Together with these forward-looking industry leaders, we can make a collective push for compliance with international standards and improve the practice of our suppliers.

Silver Hollowware and Living

Georg Jensen's supplier engagement has improved the relations and dialogue with our local suppliers as well as strengthened experience across the supplier pool. We have partnered with 19 carefully selected suppliers for silverware and Living products. One of the positive results is that the number of non-compliant suppliers by the second audit has been substantially reduced. Another business and social benefit of our supplier engagement is that the most responsible and best performing suppliers are identified. Their cases are passed on as learning and help set new standards for supplier engagements.

In 2014, two suppliers stood out. One is a developing supplier partnership between Georg Jensen and the Danish manufacturing not-for-profit organization, Rehabilitation Center Aalborg (RCA). Another best case is the Portuguese company, Costa Verde, a model supplier to Georg Jensen's Living series.

A story - Georg Jensen and Costa Verde: partners for “good”

Costa Verde is one of Georg Jensen top performing suppliers. The Portuguese company produces "hard porcelain" for Georg Jensen Living collection. But that's not all they do.

costaverde porcelanas

If you ask Costa Verde, responsibility and high product quality go hand in hand. The quality of the products and services provided to the clients is the cornerstone of the organization's success. So is the responsibility to create the best possible working environment and guaranteeing that the production meets environmental standards.

For this reason Costa Verde set out to become the most modern factory in Europe in terms of facilities, equipment and technology. It is company policy always to invest in improvements. They challenge their suppliers to innovate and advance technology, if it's not already available on the market. This was the case just recently with a German producer of a special Isostatic pressing machine. Costa Verde pushed for improvement of the machine, and despite hesitations the company successfully developed new and more advanced equipment to the benefit of the whole industry - because Costa Verde held on to their idea.

However, the company also likes to challenge itself. This may be the reason why they are in business with some of the most prestigious and demanding brands around the world - including Georg Jensen.

“Georg Jensen is a very demanding customer in what concerns the quality and service, just like any premium brand. What separates Georg Jensen from other premium brands is that they are an extremely challenging partner. Some months ago they asked us to produce two special porcelain articles. We deemed the project impossible. But, they didn't give up and insisted. Time passed and our Creative and Developing team worked hard to find a solution. After nine months of trials we could proudly announce that we were ready to produce. That is Georg Jensen in a nut shell - always aiming high.” Says Carlos Teixeira, President of Costa Verde.



Responsibility

Georg Jensen also values that Costa Verde is serious about integrating social responsibility into the business. The two companies come together in setting higher standards.

“It was very important to us, that Costa Verde is a socially responsible company, and thus corporate decisions take into account the community of which it is part of and the environment of the surrounding area where it performs its business activities. The company also takes into account, during the exercise of its business activities, the respect for human rights, environmental protection, fulfilment of social standards and

respect for ethical values and investment in personal development.” Says Erik Olsen, VP Quality & CSR from Georg Jensen.

Social responsibility is not just a feel good word at Costa Verde. The company was one of the first organizations in the earthenware and porcelain sector to be awarded the OSHAS 18001 standard (in 2006). And since then Costa Verde has been promoting several measures, in order to reduce the risks of occupational accidents and professional illness. Furthermore, Costa Verde is certified according to the ISO 9001 (quality management), ISO 14001 (environmental management) and SA 8000 (human and labour rights management) standard. Company policy is aimed at the continuous improvement of the products and services provided to clients, and the obligations towards its employees and other stakeholders.

Costa Verde is also taking steps to create a positive workplace experience for its employees. Increased training, sport activities, gym classes and theatre activities are just some examples of how the company engages in its employees. The result of this is that people feel increasingly involved in the company and are more motivated. They know, that they are considered an important part of Costa Verde, not just a workforce.

The partnership between the Costa Verde and Georg Jensen has been paying off in many ways. The companies share their experience and improve wherever they find an opportunity. The result is outstanding quality, service and responsibility, which leads to new opportunities.

More information on Costa Verde can be found at <http://www.costa-verde.com/>

3. Manufacturing

THE UN GLOBAL COMPACT LABOR PRINCIPLES

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: the elimination of all forms of forced and compulsory labor

Principle 5: the effective abolition of child labor

Principle 6: the elimination of discrimination in respect of employment and occupation

Our activities with regard to respecting human rights and labor rights involve upholding our responsibility to ensure a safe and healthy work environment for our employees, respecting and encouraging diversity, as well as protecting the rights to collective bargaining and privacy.

Policy

Georg Jensen is committed to providing safe and healthy working conditions for the more than 900 people at our headquarters in Copenhagen and our two own manufacturing facilities, which are located in Hjørring, Denmark and Chiang Mai, Thailand,

respectively.

Our facility in Thailand is TLS 8001-certified and has the ambition to become ISO 9001-certified in 2015. Danish law and work agreements cover many labor aspects that are not legal requirements in Thailand. Therefore, Georg Jensen works to exceed the local requirements in Thailand in order to improve the standards for the local workforce and to set a regional example.

Freedom of Assembly, Discrimination and Fair Working Conditions

We respect internationally recognized labor rights standards as set forward by the International Labour Organization (ILO), and we follow national requirements for labor practices. We address issues related to human resources through our corporate policies such as our CSR policy, Human Resource policy and our Health, Safety and Environment policy.

Through our supply evaluation and due diligence processes we strive to ensure that, in our own value chain, labor rights are respected, that the freedom of association and the right to collective bargaining are upheld, and that there is no discrimination in respect of employment and occupation at our facility in Chiang Mai, Thailand. In addition to our general respect of the freedom to associate, we have established a Social Welfare Committee, which provides a forum for communication between management and employees. The Committee consists of six employee representatives and six representatives of management. The Committee meets every three months.

Health and Safety

Georg Jensen's Health, Safety and Environment (HSE) policy aims to promote a working culture with every employee and manager assuming responsibility to ensure safe and healthy working conditions by taking preventive measures and carrying out systematic risk assessments. Our managers and employees are trained regularly in health and safety procedures, and new technology is implemented to reduce risks in the manufacturing phase. We also provide safety equipment and clothing for all employees, especially those who work machinery, lift heavy weight or carry out repetitive movements.

Motivation and good cooperation between managers and employees are essential elements of our HSE culture. To promote knowledge about health, safety and the environment and to create a forum for experience exchange between managers and employees across the organization, we hold annual HSE seminars at the Chiang Mai

facility. In 2014, the main focus was on safety in respect of working machinery. Seminars on health and well-being also focused on the reduction of seasonal infectious diseases.

Occupational Accidents

Health and safety improvements are achieved by continuously training our employees and improving the conditions at our facilities. In order to identify and foresee risk, and to depict an optimal location of equipment and machinery before final establishment, a thorough due diligence process is applied, and the health and safety manager is involved in order to advise on possible physical and mental health improvements. Furthermore, the Health and Safety Committee reviews the health and safety statistics on a monthly basis and conducts health and safety surveys. In 2014, this led to improvements in noise levels for the washing rooms, improved ventilation in the polishing rooms, and improved sanitary facilities as well as improved lightning in all sections. Most importantly, we installed safeguards on all machinery in 2014.

Georg Jensen aims to minimize the number of workplace accidents. In 2014, we experienced eight occupational accidents in Thailand, which is one less than in 2013, but three more than in 2012. This is above our target level of an annual 20% decrease. Two of those accidents were significant, leading to more than three days of sick leave.

Recurring procedure for health and safety and responsibility of the HS Committee:

- Any injury or near miss in relation to our activities. Performance statistics are kept and analyzed 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, chemical dust and stack..

In Denmark, three occupational accidents were logged. Of those three accidents, only one was a major accident, and two were moderate. This compares to zero major incidents in 2013. However, no minor accidents were reported, which is equivalent to the 2013 level. Efforts are made at the Danish facility to further reduce injuries and accidents. However, we recognize that a certain part of the production in Denmark requires very detailed manual labor. Due to the nature of such work it is not possible to improve technical safety measures. In these cases, Georg Jensen can only provide more training and instruction.

In Chiang Mai, efforts have been made to improve safety conditions for employees working at machines. However, in the majority of the incidents, the injuries were due to the neglect of safety instructions. This underpins the need for regular safety training. Comprehensive incident reporting systems are in place to review and address the critical issues.

Development Accidents and Injury

Goal

Reduce the total accident rate by 20% annually

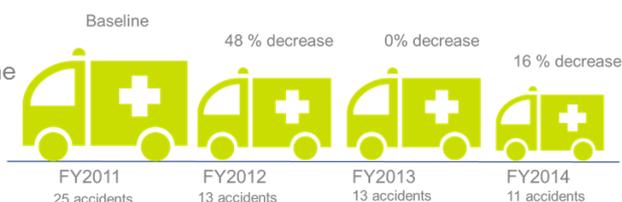
Progress

The total accident rate has been reduced by 16 % in 2014 compared to 2013 and 56 % compared to the baseline year 2011.

Improve

Development

Group Total



The number of accidents across the Group adds up to 11 occupational accidents compared to 13 for the two previous years. This represents a total decrease of 16%, which is slightly below the 20% annual target. The accidents led to an IFR (Injury Frequency Rate) of 6.0 per man hours 1,000,000. This rate represents a slight decrease of 1.2% compared to 2013 (IFR 7.2 per 1,000,000 man-hours). This indicates that the company is moving in a positive direction, but can improve further to observe a more radical decrease.

In 2015, Georg Jensen will continue to work toward minimizing the accident level by implementing more safety shields at stationary machinery and providing more training for employees in how to follow safety instructions. We will also consider reporting of near misses that could have led to an accident, thus strengthening the preventative work performed by our Health and Safety Committee.

Child Labor and Temporary Workforce

Occasionally, we employ temporary workers. When this is the case, all temporary workers are guaranteed paid overtime, access to the canteen, personal leave and vacation, sick leave amounting to 30 days with pay, and health checks. Overtime hours and minimum wages are observed and compliant with or exceeding national legal requirements. Georg Jensen does not employ children or young workers under the age of 18.

Georg Jensen conducts an annual health check in Chiang Mai for all employees. The participants undergo the health check and receive individual guidance on how to improve their health. Regular health checks and continuous information on health are necessary to monitor any critical illnesses such as AIDS and drug addiction, which unfortunately are issues existing in the region of Chiang Mai.

A story - Being a part of Georg Jensen: when social impact and good business meet

Georg Jensen's new lamp production within the Luxury Living series will be manufactured in Denmark at the Rehabilitation Center Aalborg - RCA. The rehabilitation center is not your average manufacturing company, but a not-for-profit center that helps long-term ill and unemployed to rehabilitate and find their way back to work. This is a great business case for Georg Jensen. Here's why.



RevalideringsCenter Aalborg

Today RCA employs 160 individuals with very different backgrounds and reasons for being at the center and different needs for habilitation. The center offers initial assessment and training and slowly integrates their employees into the manufacturing and production processes.

Some have been struck by severe illness such as cancer or heart diseases, some have been permanently injured in an accident, and some have mental illnesses or special needs which the common job market has difficulty accommodating. For whatever reason, everyone at RCA has in common that they have lost the normal connection to the employment market. The rehabilitation center marks a new beginning. It is a way of slowly adapting to work and to reintegrate with colleagues and co-workers. For many the rehabilitation center is the last chance to get back into the employment market. Many of the employees are young people whose only other alternative is an early pension and perhaps a life without ever having been in work.

Georg Jensen has since 2009 cooperated with RCA - and with great success. Initially RCA repacked and repaired Georg Jensen goods produced in China. Very quickly it became clear that the quality work RCA provided would make a great business case for Georg Jensen. In 2014 Georg Jensen signed a contract with RCA to produce high-end lamps for the Living Series. The benefits are evident. RCA provides reliable and high quality work and their production facilities are state of the art, because all profits are reinvested into upgrading the organization to the benefit of employees and customers.

“When it comes to the manufacturing of electrical products such as lamps, there can be no errors. Safety standards and requirements are extremely high and meeting those standards is increasingly difficult for Chinese suppliers. Furthermore, it is of great advantage for Georg Jensen that the manufacturing process is close to the company owned Hjørring facility. The short geographical distance enables a very close collaboration. We are not just a customer to RCA and they a supplier to us. It is a real partnership based on dialogue and the common goal of delivering the very best product under the very best circumstances,” says Erik Olsen VP Quality & CSR Georg Jensen.

At RCA there is no doubt about the great value of partnering with Georg Jensen.



“Many of our employees have lost confidence in themselves. They have experienced resistance and defeat in different ways. Working with a globally known Danish brand contributes to reestablishing their self-respect. Georg Jensen has had its facility in near-by Hjørring since 1972. Everyone in Denmark knows the legacy of Georg Jensen, the meaning of the brand and the high-end quality they deliver. Manufacturing for Georg Jensen means being part of a success story. Our employees can tell family and friends about their achievements and for many that is perhaps the first positive news in a very long time. It is incredible how this reestablishes self-respect and motivation for working,” says Leif Skovsmose Head of RCA.



What distinguishes the rehabilitation Center Aalborg from other rehabilitation initiatives is that the center provides safe and meaningful employment and creates good socio-economics at the same time.

The center is a public initiative under the Kommune of Aalborg, but works on business terms. RCA offers people with special needs a real job in a protected environment that enables them to slowly rehabilitate and integrate into the job market. Employees stay for a period of four months and up to a year, before they are rehabilitated and move on to employment elsewhere. When they work the amount of hours that is available to them, they train and rehabilitate with the help of psychologists and chiropractors in a positive social environment that offers social events to ensure the reintegration of the individual.

RCA also offers organic and nutritious meals in their canteen and provides physical education, health and nutrition programs that enable employees to change to a healthier lifestyle. All working stations are designed with physical and mental well-being in mind, and RCA takes every possible initiative to transform operations into a sustainable facility with a positive effect on the environment and reduction of climate change.

The profits generated at RCA are all reinvested in the facility in order to improve the general conditions, which makes it a model facility often showcased to foreign authorities and businesses. In 2014 RCA invested in LED-lightening, which led to savings of 19.000 kg CO₂

Leif Skovsmose credits Georg Jensen for contributing to RCA’s growth and success. “Not only does it have huge social impact that we can reach out to more people and increase from to employing 140 approximately 200 people that would have been long-term unemployed, but it also helps us grow our business. Georg Jensen’s products are in the superliga of quality and design. The quality standards are extremely high. RCA has proved that we can meet those standards. When our future customers learn that we can meet Georg Jensen’s requirements, they have no hesitations in partnering with us.”

RCA has been an ongoing success to the benefit of the individual, to society and to the businesses that partner with RCA for their production. Georg Jensen is proud to be one of them.

More information on RCA can be found at <http://rca-aalborg.dk/>

4. Governance

THE UN GLOBAL COMPACT
ANTI-CORRUPTION PRINCIPLE
Principle 10: Businesses should work
against corruption in all its forms,
including extortion and bribery

Georg Jensen adheres to sound governance principles and is structured to enable continued improvement and leadership on responsibility issues and good governance. Our directors, managers and employees are committed to the ethical principles and good governance, embodied in our policies, Code of Conduct and procedures.

Anti-corruption Policy

We promote anti-corruption through policies and training, through a culture that acknowledges open discussion of ethical dilemmas, and by monitoring compliance in our own operations and among our partners. We are engaged in working against corruption in all its forms and apply consistent high ethical standards across our value chain. We have a zero tolerance policy for both bribery and facilitation payments and require that our partners also adhere to our high expectations and standards for ethical conduct.

Activities and Management

We specifically manage anti-corruption through our anti-corruption policy, Code of Conduct and related procedures, which guide our employees when making ethical decisions. We also systematically monitor compliance with our Code of Conduct through our auditing system. In 2013, Georg Jensen launched an internal whistle-blower function, which provides employees with the opportunity to anonymously report on observed breaches with laws and policies. Employees who suspect that an anti-corruption violation or fraud is occurring or has occurred are encouraged to report it immediately to their direct manager. So far no incidents have been reported.

The Georg Jensen Code of Conduct represents our most important policies addressing anti-corruption in our compliance structure. This is supported by both corporate and local procedures and guidance on our interactions with suppliers and third party auditors. Georg Jensen's procurement policies also address our commitment to ensure that Georg Jensen enters into agreements and makes purchases in a transparent and responsible manner.

The jewelry industry deals by nature in very valuable products. Regrettably, this can lead to instances of corrupt behavior, particularly in certain geographical areas where the risk of exposure to corruption is higher than in Denmark according to Transparency International. This stresses the importance of Georg Jensen's internal procedures and efforts to ensure that our employees, partners and suppliers comply with our standards and expectations for responsible conduct.

Results for the Year

We monitor our external and business partners' adherence to Georg Jensen's Code of Conduct and related procedures through systematic compliance reviews and audits, which specifically focus on business ethics.

We have increased the number of reviews in recent years and enhanced our auditing tools to ensure that we target the areas with the highest potential corruption risk.

In 2014, we placed considerable focus on conducting anti-corruption due diligence of our suppliers and of our own facilities. The process involved reviewing the commercial and ethical reputation damage that irresponsible behavior and corruption may lead to. In 2014, 30 managers and employees in relevant positions at our Chiang Mai facility were trained in the Code of Conduct and the understanding of our zero tolerance policy toward corruption. Prior to the training, we asked staff to self-assess the risk of corruption through a questionnaire. The self-assessment indicated that there is a perceived low risk.

The policy and Code of Conduct have also been communicated to 23 of our local and overseas business partners. The process has generally confirmed the level of trust we have in our employees and partners.

Diversity and Board of Directors

At Georg Jensen, we believe that diversity of our workforce as well as our management will provide the best dynamics for growth and innovation. Hence, achieving a balanced and diverse workforce forms part of our good governance strategy.

As part of the strategy, we previously pledged to work toward a Board composition with both genders being represented by at least 40% by 2017. The CEO of Georg Jensen is a male, and the COO a female, and the composition of the Senior Management Team of the company also adheres to the aim of having at least a 40% representation of both genders.

At the next management level, the ratio is 34% male to 66% female employees. This indicates a slight increase in the favor of female managers in the company, who only represented 52% in 2013. This development is explained by an industry bias toward female employees. However, Georg Jensen stays true to the policy of recruiting diverse staff to remain an equal opportunity employer. By proactively developing its internal employees and managers of both genders for future leadership and supervisory board positions, Georg Jensen aims to continue to work consistently toward an equal representation at all management levels by 2017.

5. Community Benefits

Policy

Georg Jensen actively supports the development of the communities in which we operate through the support of local initiatives. Our company has a longstanding history of civic engagement in the locations where we operate, such as Thailand and Denmark. In these regions, our facilities are significant employers, and as such we seek to make a positive social impact.

The social challenges of course vary between Denmark and Thailand. In both countries, however, we adhere to the principle of positively influencing socio-economic development.

In Denmark, one of the prevalent challenges is to provide adequate training opportunities within our sector. Few other jewelry companies have production and training facilities in Denmark, and as a relatively big employer in our field 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 continue to uphold the proud tradition of Georg Jensen, e.g. by training silversmiths, which has become a very rare occupation in Denmark. In 2014, we started a class of ten trainees.

Activities and Results

An example of our social impact in the local region is our partnership with Rehabilitation Center Aalborg (see chapter 3. Suppliers)

Other examples of our commitment to positively impact on the communities where we operate are our recurring community engagements in Chiang Mai, Thailand. In 2014, one new initiative in the local community is a scholarship program for the children of employees at our facility.

HIV/Aids

Unfortunately, HIV/Aids and drug addiction are serious issues prevailing in the region of Chiang Mai. We remain focused on and strive to improve in these same areas as we have in previous years.

Our key focus has been on HIV/Aids prevention, care and support. Our efforts in this regard have 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.

Our prevention efforts include implementing a number of awareness and training interventions to prevent and manage HIV/Aids and related risks. They include a manager training program and the training and use of peer educators to facilitate the sharing of experience 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 toward employees living with HIV/Aids, and we support employees living with HIV/Aids by advising them and their families in their contact with the local offices or public health authorities.

White Factory Initiative

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 program and put in place an anti-drug policy already back in 2002, which is enforced every year, outlining the way we handle employees who suffer from drug-related problems. To further strengthen this position we joined the '*White Factory Initiative*' in 2003, which is an initiative organized by the Thailand Government Office of Labour & Social Welfare that awards companies doing a big effort in ensuring a drug-free working environment.

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

Volunteer Work

In 2014, we engaged in the Children's Day for the sixth year in a row. This annual event supports children who live under poor conditions in a village in the nearby rural area.

We have also initiated a non-smoking campaign at our facility and a "no helmet no ride campaign" to mitigate the health and safety risk of our employees. Both smoking and riding a scooter or motorcycle without wearing a helmet is common practice in Thailand, and the general level of risk awareness is much lower than in Western countries as the law is very lax about this issue and few public safety campaigns target safety risks.

Employees at Chiang Mai have volunteered their time and resources to engage in donating clothes, blankets and food for the local orphanage event, cleaning temples in the community, and handing out bike helmets to school children. A total of 795 hours of employees' work time have been donated to the community through charity work.

Finally, our facility in Thailand has launched a reuse and recycling project, which has become very successful. In compliance with 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 organized as an employee cooperative that collects and sells these components. The profit earned from waste sold and collected by the Fund is spent on employee welfare and community projects. In 2014, the garbage collection amounted to a recycled five tons of garbage, raising THB 80,000 for community projects and employee funds.

6. Environment and Climate Change

THE UN GLOBAL COMPACT ENVIRONMENT PRINCIPLES

Principle 7: Business should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Georg Jensen promotes environmental responsibility by optimizing our production process, purifying and recycling solvents, and reducing our CO₂ emissions.

Policy

Georg Jensen pursues responsible environmental practices, including energy efficient practices, in order to minimize the negative impact of climate change. Our environmental key focus is waste reduction and recycling, purchasing environmentally preferable products, optimizing our consumption of raw materials and energy and taking preventative actions against contamination and pollution.

Our environmental policy ensures that our efforts are prioritized and coordinated in order to reduce our environmental footprint. Our ambition is to disconnect production from an increased environmental impact. While our own facilities leave a moderate carbon footprint, we do not hesitate to take the steps necessary to improve our energy efficiency whenever possible. Our approach has enabled us to manufacture safely, while emitting less CO₂ and reducing the amount of waste and wastewater. We have also implemented strict procedures for disposing and handling industrial and hazardous waste and follow the local regulations in this respect.

As a consequence of our policy, all of the Georg Jensen-owned facilities in Copenhagen, Hjørring and Chiang Mai are subject to both internal and external third party environmental audits. Apart from monitoring compliance, audits focus on possible improvements that can lead to further environmental benefits. The core focus of our environmental policy is to improve our manufacturing facilities in order to reduce our negative impact on the environment. We do this by advancing environmentally friendly technologies, applying rigorous recycling and reusing methods, implementing an energy efficiency program. We rigorously monitor and inspect our environmental impact.

Activities and Results

In 2014, our main focus has been on taking initiatives that are tangible for our customers. We have initiated a packaging program that will make our customers comfortable knowing that our wrapping paper and gift boxes come from responsibly managed forests. Georg Jensen uses four main suppliers for gift boxes and paper and four wood suppliers' products for the Luxury Living series. In 2014, we cooperated with our suppliers in order to prepare them for a 100% FSC delivery in 2015. This means that as of 2015 all materials applied for gift boxes and wrapping paper come from forests certified as being responsibly and sustainably managed by the Forest Stewardship Council® (FSC®).

The Forest Stewardship Council is an independent, non-governmental organization established to promote responsible foresting and forest management.

The FSC® is a third party certification system that evaluates forest management activities and the tracking of forest products through factories to the market place.

FSC certification assures that wood and paper products come from well-managed and renewable sources.

Supplying FSC wood for products is slightly more complex than supplying paper and boxes. We have cooperated intensively with our wood suppliers to equip them for a FSC certification, and all of them will be ready to supply Georg Jensen with FSC wood as of September 2015.

We also work to reduce our packaging and shipping materials. It is our ambition to include our packing suppliers in the FSC program in 2016 and make sure to use shipping and handling services that are aligned with our line of thought. In most of the countries where we operate, we use UPS for shipping and handling.

Energy Savings

Georg Jensen considers energy efficiency to be important and works on reducing the costs and emissions that are consequential of energy consumption. Two components form part of our energy efficiency strategy: reduction and optimization.

Hjørring, Denmark

Energy efficiency projects are both economically and environmentally sound, which is why we continuously examine whether there is a further potential for reducing our energy consumption and emissions related to the company's facilities. Our efforts to minimize our environmental footprint resulted in a reduction of our energy consumption and CO₂ emissions. The Hjørring facility transitioned in 2012 to become an 'LED lighted only' facility. This initiative saves Georg Jensen approximately 71,000 KWH annually, equaling an annual 17% reduction compared to the baseline year of 2012 and the historical energy consumption as regards lighting. In terms of CO₂, the LED light bulbs provide an annual saving of no less than 29,000 kg of CO₂.

Chiang Mai, Thailand

The experience gained in Denmark as regards the reduction of electricity consumption through the installation of LED lights was transferred to our facility in Thailand. In 2014, the fluorescent lights at our production facility in Thailand were changed to more energy efficient LED lights, which will represent 40% of annual electricity savings. Furthermore, the facility has undergone renovation and insulation so that the inside temperature is kept at a steady level with less air conditioning or heating activity. In addition to reducing energy costs for heating and ventilation, such measures have improved the working environment by reducing dust and noise.

<i>Table 1 Denmark</i>	2014	2013
Indirect emissions (Scope 2)		
Electrical power, purchased (MWh)	359	358
Heating, purchased (MWh)	34	59
CO2 emissions (kg/MWh)	147	147
Savings in CO2 compared to baseline year 2012 (kg/MWh)	29	29
Reduction compared to baseline year 2012 (%)	17	17

<i>Table 2 Thailand</i>	2014	2013
Indirect emissions (Scope 2)		
Electrical power, purchased (MWh)	1,799	1,896
Heating, purchased (MWh)	-	-
CO2 emissions (kg/MWh)	561	561.20
Savings in CO2 compared to baseline year 2012 (kg/MWh)	27	25
Reduction compared to baseline year 2012 (%)	50	-

Electricity

Electrical power consumption is based on meter readings recorded at the end of the year. The calculation of greenhouse gas emissions from electrical power consumption is based on specific emission factors provided by the power company. We have calculated the total carbon emissions from our locations in Hjørring, Copenhagen and Thailand based on the energy providers' readings and CO₂ conversion.

Waste and Emissions Data 2014

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

Georg Jensen has instituted a recycling and waste reduction program, which has, since its inception, logged impressive resource savings. 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 was reduced by ~0.3 tons and Nitric acid equally by ~ 0.3 tons in 2014. This is a 12% decrease compared to 2013.

To dispose of our wastewater in an environmentally friendly and safe way, Georg Jensen has a wastewater treatment system in place that separates the water into two categories: industrial wastewater and water used at the facility by employees. Both types are managed carefully so that our environmental impact is kept as low as possible. A wastewater analysis is conducted on an annual basis, showing standard level results for both facilities. Results and values are used to constantly improve the process. For 2014, the analysis shows that our wastewater is well below standard level compliance. Hazardous wastewater is not recycled but handled safely and disposed

of only through government-licensed operations. In 2014, we reduced hazardous wastewater by 12% compared to 2013. Furthermore, up to 70% of general consumed wastewater was treated and reused in 2014.

Water consumption is calculated for the entire Chiang Mai facility. Process wastewater is treated by an RO System and has a factor well below the standard of 5m³/day. The water system and values are inspected twice a year by the local authorities and through internal audits. Hazardous waste such as sulphuric acid and nitric acid is sent to GENCO for disposal. Non-hazardous waste such as plaster and rubber is sent to WMS (government-licensed disposal organization).

Table 3	2014 TH	2014 DK
Sanitary wastewater (m ³)	-	-
Process wastewater average (m ³)	7.87	31.64
Annual wastewater consumption for process (m³)	9,446	
Nickel (metric ton)	-	9.7
Sulphuric acid (metric ton)	1.94	-
Nitric acid (metric ton)	0.58	-
Plaster (metric ton)	35.52	-
Rubber (metric ton)	1	-

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

Table 4 Denmark: Break Down of Waste Type	2014
Nickel (metric ton)	9.7
Waste from wrack cleaner (stripper E11) (metric ton)	2.7
Waste form Palladium rinse (metric ton)	1.6
Waste from Sulphuric acid rinse (metric ton)	3.6
Waste from ultrasonic cleaner (metric ton)	4.5
Waste from rinse water after gold bath (metric ton)	2.1
Ion water waste (metric ton)	2.3

7. About the Report

This report represents Georg Jensen's sixth annual Communication on Progress report aligned with the UN Global Compact framework as well as our non-financial statutory report on CSR as required by the Danish Financial Statements Act. This report is based on data provided in our statutory annual report to our investor, IFU. IFU is a sustainable investor, which offers advice and risk capital to Danish companies investing in developing countries and emerging markets.

This report covers the activities of Georg Jensen for the financial year 2014 and is published together with Georg Jensen's annual report. It describes our activities and progress in 2014 as well as our planned activities and targets for 2015. The report has been developed without the consultation of external stakeholders. However, the purpose of the report is to communicate Georg Jensen's activities to our stakeholders and to support and strengthen our management of significant CSR and sustainability issues as well as to uncover new areas of improvement.

The report covers corporate social responsibility and sustainability issues such as human rights, labor rights, occupational health and safety, environmental issues and climate change, anti-corruption and community development. All of these issues have been integrated into Georg Jensen's business procedures and strategy. The report describes previous activities in some areas in order to explain the results produced during the reporting period.

The health, safety and environmental data cover our corporate headquarters, our Hjørring facility in Denmark and our Chiang Mai facility in Thailand. Sales facilities are not included. We recognize that we must continuously improve the logging by our data quality and data monitoring systems. Accidents are logged on a monthly basis, and accumulated data are calculated based on OHSAS' incident rates:

(Injury Severity Rate) = lost day number x 1,000,000/man-hours of all employees
= (136x1,000,000)/1,281,798.63 = 106.1 and IFR (Injury Frequency Rate) = accident number x
1,000,000/man-hours of all employees = (8x1,000,000)/1.281,798.63 = 6.24.

Environmental data cover the company-owned facilities in Hjørring and Chiang Mai. The energy data converted into tons CO₂ are based on our company-owned facilities in Denmark and are calculated based on the methodology provided by the Danish Department of Energy (Energistyrelsen), the local energy supplier, EnergiNord, and the Greenhouse Gas Protocol. The 40% energy reduction at the facility in Chiang Mai is an estimate based on the calculation of the Watt savings per light unit.

Other environmental data are based on the local authorities' assessments and inventory in Denmark and Thailand, respectively.

While we recognize that there is much more to be done, we are proud of what has been achieved in 2014, and we look forward to continuing our work and to communicating the progress we make.

Contact details for submitting comments, questions and feedback on the report:

csr@georgjensen.com

Appendix I: 2014 at a Glance



99 %

OF LIVING SUPPLIERS IN AUDIT EITHER BY THIRD PARTY OR BY GEORG JENSEN

Supplier Audits

Every year Georg Jensen's primary Living suppliers are subjected to one or more audits. They are evaluated thoroughly and given a score based on their ability to comply depending on the amount of non-compliances and the gravity of breaches. Furthermore, their ability and speed to action to close a breach is scored.



65 %

REDUCTION IN TOTAL INCIDENTS SINCE 2011 BASELINE YEAR.

Injury Frequency Rate

In 2014 we continued our trend of improving our IFR due to a sustained focus on occupational safety. Although, we are pleased with this trend, we will continue to find ways to move closer to a zero-accident target. Georg Jensen expects to improve the IFR by further 20 % in 2015. Action will be taken to improve safety around technical machinery and to improve the training procedures.

*based on OHSAS calculations



70 %

OF WASTE WATER IS REUSED AT GEORG JENSEN'S THAILAND OPERATION

Re-use of Water

Our goal is to minimize the impacts of local water and our facilities emit very little water. All water is treated with RO and AS systems before being emitted or reused. General wastewater is not reemitted to the public, but reused for watering the facility garden. In Denmark wastewater has been reduced by 36 % from 2013 to 2014.



795 H

OF WORK TIME HAVE BEEN DONATED TO EMPLOYEE VOLUNTEER WORK

CHARITY WORK

Chiang Mai employees volunteer their time and resources to engage in local charity work. In 2014 they have among others been engaged in donating clothes, blankets and food to the local orphanage. Volunteering also included cleaning temples in the community, handing out biking helmets to school children and donating blood.