



Schur[®]

International Holding a/s

CVR. no. 31 15 85 91

Corporate Social Responsibility

2016



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

STATEMENT OF CONTINUED SUPPORT

Our company's history started more than 170 years ago. Since Schur was founded in Denmark in 1846, we have experienced the ups and downs of this world.

Thanks to the efforts of our talented staff, good relations to suppliers and customers and responsible management, we have been able to stay in business until today. It is a great pleasure and a great responsibility. It is our task to safeguard Schur's future.

It goes without saying that both then and today we must be engaged in sustainability – what made and will make us able to sustain.

To achieve this, we think it is necessary that we continue to work on a good balance between the three bottom lines – people, planet and profit. This is the only way we can survive as a company. It is also the only way we can overcome today's big challenges together with the rest of the world, like for example climate change.

Since 2015, UN Global Compact and its 10 principles has been the overall framework for this work.

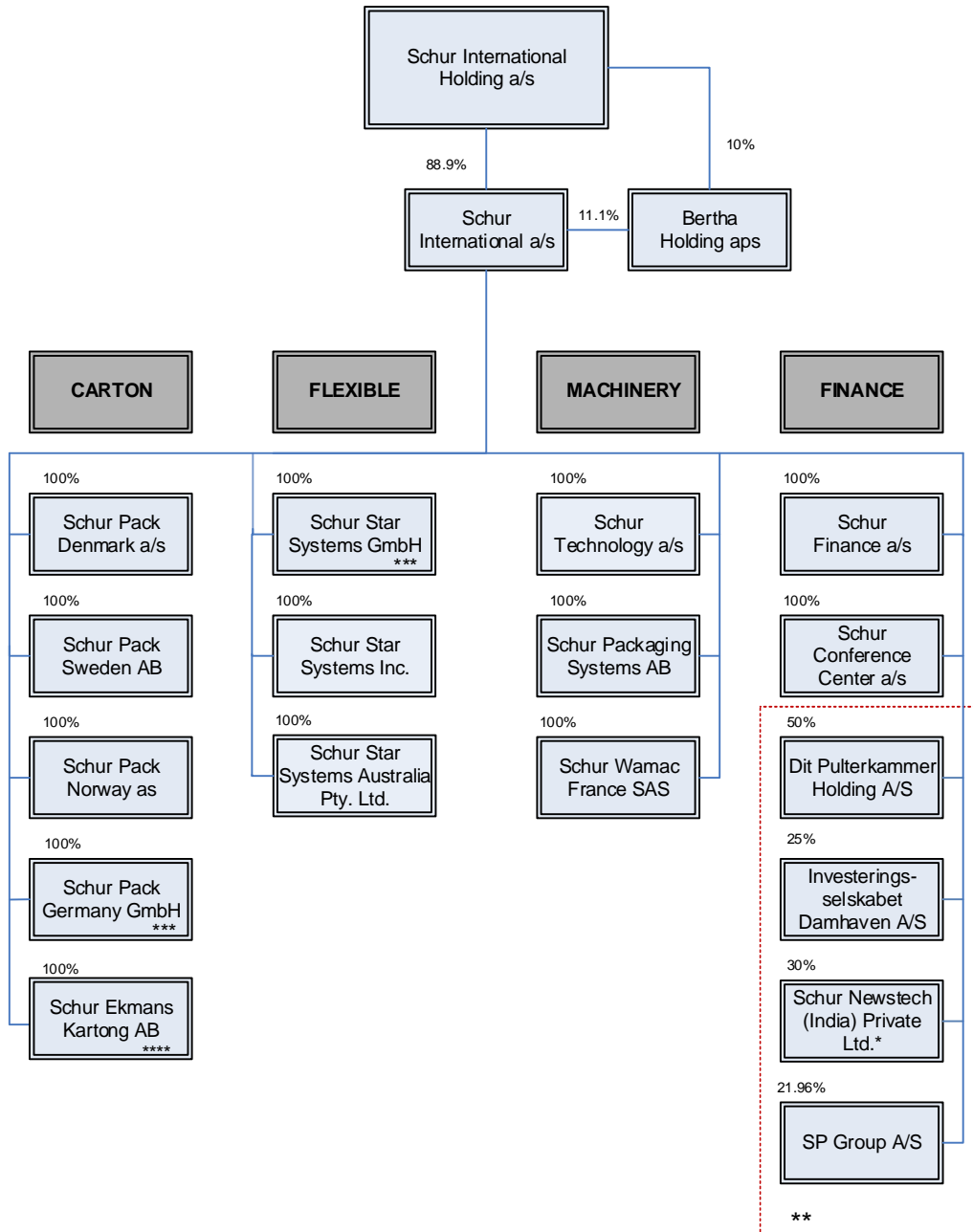
This report includes the results of our Corporate Social Responsibility initiatives implemented during the accounting year 2015/2016. We are pleased to show our continued support via this, our second annual Communication on Progress Report.

Sincerely,

Hans Schur

CEO

GROUP CHART



* The company is in the course of liquidation.

** The companies are recognised under the items "Other securities and equity investments" and "Equity investments in associates"

*** The following fully consolidated subsidiaries avail themselves of the exemption provisions of section 264 (3) HGB (The German Commercial Code):

- Schur Pack Germany GmbH, Gallin, Germany
- Schur Star Systems GmbH, Flensburg, Germany

**** After the balance sheet date the company changed its name from Ekmans Jönköping AB to Schur Ekmans Kartong AB.

COMPANY PRESENTATION

Schur's principal activities include development, production and sale of packaging within cardboard and flexible materials, packaging and production machines as well as complete packaging systems. In addition, the Group develops, produces and sells distribution and mailroom equipment as well as inventory systems and palletising systems for newspapers, weekly magazines and advertising materials. In this segment a fully automatic logistics system for printshops has been developed. In addition, the Group sells innovative consumer products and the wine pourer DropStop®. With the exception of the Parent Company and a few division companies, each company has its own development, production and sales activities.

The packaging companies' products are primarily sold in Northern Europe and the USA, while the flexible, machinery and consumer companies sell their products worldwide.

SOCIAL RESPONSIBILITY

Schur accepts the responsibility to contribute to a sustainable development and recognises a natural coherence between responsible conduct and increasing the Group's earnings and future growth.

Schur joined "UN Global Compact" in the spring of 2015. Schur's CSR measures transform "UN Global Compact" principles into processes and practice which make the protection of human rights, workers' rights, climate and environment as well as anti-corruption tangible and relevant. Schur wants to send a signal to customers, employees, suppliers and the surrounding environment that CSR contributes to the creation of value – for the benefit of both them and Schur.

CUSTOMER RELATIONS

The customers show a growing interest for CSR. Therefore, it is important that Schur meets the customers' expectations – also beyond what is statutorily required regarding environment and social responsibility. The end users become more and more conscious about the goods, they purchase and the underlying ethics. As packaging is an integral part of the goods purchased, Schur must live

up to expectations. We are met with an increasing demand from our customers to sign their "Code of Conduct" which are their guidelines for ethical and responsible practice. The customers conduct an increasing number of BSCI audits of our factories.

SUPPLIER RELATIONS

Schur acts as a guarantor to its customers that own sub-suppliers live up to the demands made by the customers. Schur asks own suppliers to provide a written receipt for having been informed about Schur's "Code of Conduct" and for their acceptance of their living up to our demands. In this way Schur reinforces its position vis-à-vis own customers. In the course of the year, Schur has further developed control procedures comprising questionnaires and an audit programme which is expected to be used during the coming year.

ANTI-CORRUPTION

In Schur it is our policy that no person may encourage or accept any kind of bribery, receive or give presents of a higher value in an attempt to influence business partners in order to achieve unlawful advantages. Each year Group Management carries out interviews of the individual companies' management about knowledge of corruption. In this connection, it is hereby confirmed that Group Management for this reporting year has no knowledge of examples of corruption.

HUMAN RIGHTS

Furthermore it is Schur's policy to ensure that human rights are complied with and that no differential treatment takes place due to gender, race, skin colour, religion or faith, political opinion, sexual orientation, age, handicap or national, social or ethnic origin. Each year Group Management carries out interviews of the individual companies' management about knowledge of violation of human rights. It is hereby confirmed that Group Management for this reporting year has no knowledge of examples of violation of human rights.

WORKING RELATIONSHIPS AND ENVIRONMENT

Schur continuously aims at improving the employee training programmes and has, in line with previous years, focused on supplementary training programmes in the quality area. In addition, both internal and external programmes in relation to the upgrading of managerial skills were carried out throughout the year.

The staff-related elements are reflected in the personnel policy, forming the overall framework within which employees and managers act in everyday life. Among other factors, the policy comprises Schur's attitude to working environment, as it is important for Schur to have a safe and healthy working environment where employees thrive. As a minimum, Schur as employer complies with national legislation, collective agreements and rules regarding working hours.

Schur will work on increased work satisfaction, ensure and currently improve work environment in order to prevent physical and psychical damage and thus reduce the number of sick days.

Schur is currently measuring the number of sick days and work-related accidents.

Schur works according to the following objectives:

- As a maximum, the number of sick days in % of the number of working days may amount to 1.5% for salaried employees and 3% for hourly paid employee. The statistics do not comprise absence due to long-term illness.

- The number of work-related accidents is currently reduced by 5% per year and the average number of resulting sick days per accident may not exceed 7 days.

Schur's action and activity plan for the reduction of absence due to illness is now fully implemented in all Group companies. Therefore, the measurements comprise all the companies in the Group. The measurement results have been adjusted for sold companies.

Absence due to illness excluding long-term illness has developed as follows:

	2015/16	2014/15	2013/14	2012/13
Salaried employees	1.38%	1.67%	1.50%	1.50%
Hourly paid employees	4.48%	4.44%	4.25%	4.10%

The trend for the Danish production companies is a decline in absence due to illness. In 2015, the absence due to illness amounts to approx. 2.7% for salaried employees and approx. 3.1% for hourly paid employees (source: Dansk Arbejdsgiverforening).

The absence due to illness among Schur's salaried employees is declining and below the fixed target of 1.5%, whereas the absence due to illness among the hourly paid employees is increasing and exceeds the target of 3.0%.

Schur continually focuses on a reduction of absence due to illness - partly via preventive actions and partly via therapeutic activities. The preventive actions comprise ongoing evaluation and improvements of work processes, physical and psychical working environment as well as offers for medical examinations and vaccination programmes. Furthermore, a "Schur Fitness" programme offers special health promoting activities. The therapeutic activities comprise personal follow-up conversations, advisory services regarding treatment and assistance.

Registrations of work-related accidents are now available from all active consolidated companies, and the comparative figures have therefore been adjusted accordingly.

The number of work-related accidents and related sick days has developed as follows:

	2015/16	2014/15	2013/14	2012/13
Number of accidents	22	23	25	28
Number of sick days	306	349	345	319
Sick days per accident	14	15	14	11

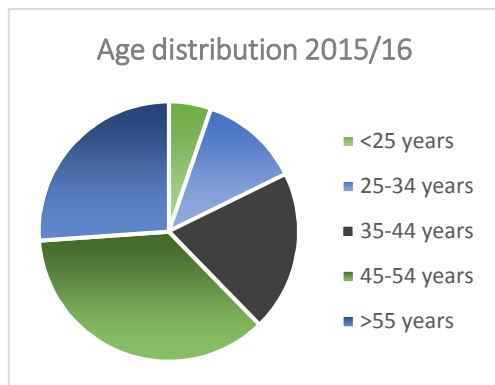
The number of work-related accidents for 2015/16 is calculated to be 22 against a target of 17 based on an annual reduction of 5%, whereas the number of resulting sick days is calculated to be 306. This means that the

number of sick days per work-related accident is calculated to be 14 against a target of 7, which is unsatisfactory. Last year the Group implemented further initiatives and new projects in the Danish companies in order to reduce the number of work-related accidents and thus obtain a reduction of the resulting sick days. The employees are currently trained in safety and first aid with the purpose of reducing the number of work-related accidents. The result of this effort has been a decline in the number of accidents in 2015/16 in the companies concerned, and in addition no work-related accidents and thus no resulting sick days have been registered in two out of three companies. This supports the view that increased focus may contribute to a reduced number of work-related accidents. The experience gained from the two Danish companies will be transferred to the other companies.

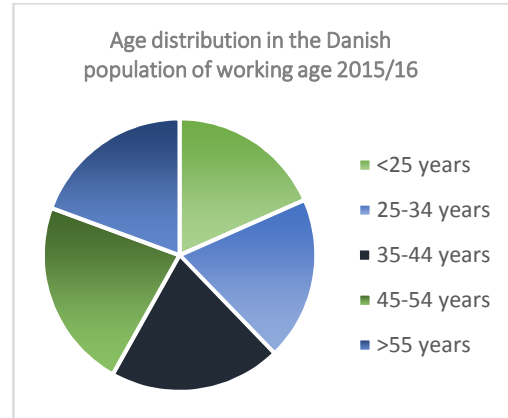
AGE DISTRIBUTION

It is Schur's policy to have an age composition that reflects the age composition of the labour market in Denmark. In connection with employments, we intend to achieve this by aiming at recruiting among the underrepresented groups.

The age distribution in recent years has been fairly steady with a certain predominance of elderly employees. An increasing number of employees can celebrate their 40 years' anniversary. The actual age distribution in 2015/16 is as follows:



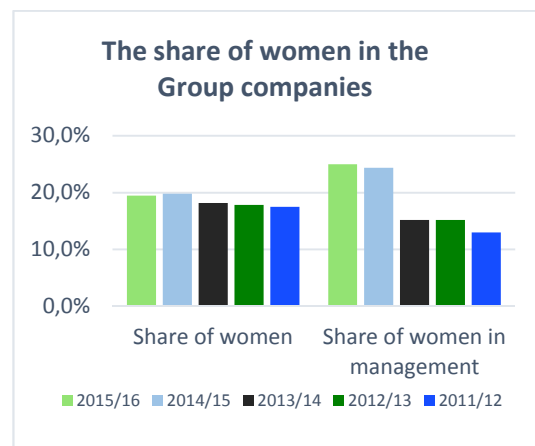
By way of comparison, the age distribution in the Danish population of working age has been as follows:



OBJECTIVES AND POLICIES FOR THE UNDERREPRESENTED GENDER

It is Schur's policy to have special focus on candidates of the underrepresented gender and to employ the best candidate and to spot talents who have the desire and abilities to pursue a wish of a specialist or managerial position. It is Schur's objective to balance the gender distribution in the daily management so that in 2018 this corresponds to the distribution among other employees as a minimum.

As a family-owned company, Schur wants the Board of Directors to be composed of both family members and external representatives who are independent from the family. New elections of external representatives take place under these conditions and subject to the qualifications available and the target regarding the underrepresented gender. In the Parent Company it is our objective to have a composition of the Board of Directors allowing a 30% representation of the underrepresented gender in 2018 as a minimum.



The share of women in the Group companies is calculated to be 19% and has increased slightly during the 5 years. The number of women in management, who constitute 25% this year against approx. 24.4% in 2014/15, has increased. The objective regarding gender representation in the daily management has thus been met during current year. The aim is to continuously increase the share of the underrepresented gender. Schur encourages and supports candidates to improve their skills continuously with a view to promoting their candidacy for a specialist or managerial position.

In the Parent Company's Board of Directors, the share of the underrepresented gender amounts to 12.5%. In the Danish companies, the share of the underrepresented gender has increased from 20% in 2014/15 to 33.3% in 2015/16.

CLIMATE IMPACT

As part of the Schur Group's policies for environment and social responsibility, the Group focuses on the climate impact of the Group's production. The Group is thus continually working on reducing the amount of waste and discharge into air, soil and water. Furthermore Schur wants to store, handle and dispose of waste in an environmentally sustainable way and contribute to reusability to the greatest possible extent.

In relation to technology, it is the Group's policy to implement environmentally sustainable technologies.

Schur is currently measuring the CO₂ emission from company cars, travels, energy consumption for process and heating as well as the amount of waste with the purpose of reducing the environmental impacts.

Schur works according to the following objectives (relative according to activity measured by turnover or produced quantity):

- The energy consumption must be reduced by 40% from 2011-12 until 2021. Up to and including 2015/16, the consumption has been reduced by 32.8%.

- The water consumption must be reduced by 20% from 2011-2012 until 2021. Up to and

including 2015/16, the consumption has increased by 3%.

- The CO₂ emission must be reduced by 40% from 2011-2012 until 2021. Up to and including 2015/16, the emission has been reduced by 21.9%.

- Waste in the packaging companies measured in kg must be reduced to 15% in 2021. There are no fixed measuring methods for other companies

Schur has for a longer period worked at the reduction of the energy consumption in a climate partnership with DONG. Firstly, the initiatives have comprised special projects regarding all the buildings in the Group with the aim at reducing the energy for heating, including among others re-insulation. Secondly, the initiatives have comprised projects regarding energy savings in the production, including more energy-efficient replacements of heating and ventilation systems. Finally, more energy-efficient production facilities have been installed.

As the development in consumption is influenced by the acquisition and disposal of companies, it has been decided to change the performance targets from absolute to relative targets as of next year.

ENERGY CONSUMPTION

After adjusting the measurement results for divestments, the energy and water consumption for the past four years has developed as follows:

MWh	2015/16	2014/15	2013/14	2012/13
Gas	4,089	5,199	5,445	6,670
District heating	4,293	4,772	4,216	6,602
Oil	100	51	200	350
Electricity*	19,159	17,992	18,999	22,070
Water (M3)	14,732	16,564	13,101	14,265

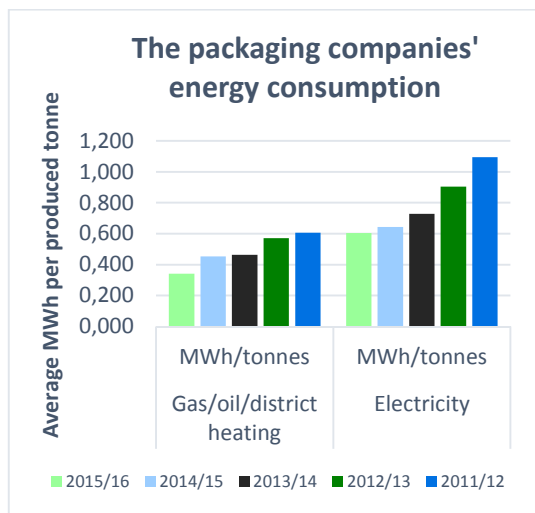
* Of this RECS-certified electricity in 2015/16 amounted to 3,600 MWh, in 2014/15 2,700 MWh, in 2013/14 2,400 MWh, in 2012/13 2,175 MWh and in 2011/12 2,150 MWh.

The development shows partly the impact of a major conversion from heating with oil-fired boiler to district heating and partly the overall savings due to energy initiatives, viz. 33% savings in heating plus 15% savings in electricity (primarily process energy) from 2011/12 until now. Compared to last year, the

consumption of electricity has increased but as shown below, the relative consumption continues to drop in relation to the quantity produced.

The big decline in gas can particularly be attributed to the investment in a ventilation system in the Group's Danish company, Schur Pack Denmark a/s, which utilises the heating from the production. Consequently, the company has reduced its consumption of gas by 45% from 2014/15 until 2015/16.

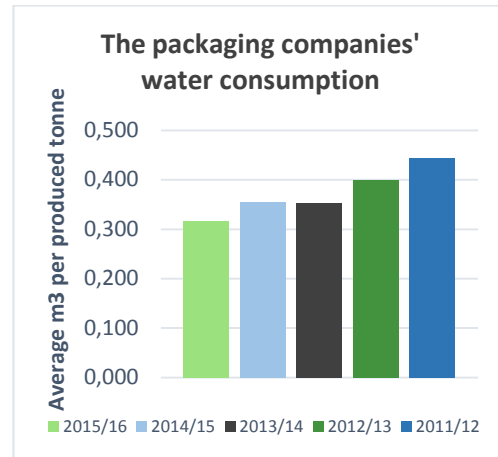
If you look at the relative consumption in relation to the quantity produced by the packaging companies, it turns out that the production has become more energy-efficient.



Schur continues to focus on energy optimisation in connection with all renovations and constructions of new buildings, installations and renovation and replacement of production equipment. More recently in connection with the construction of a new folding box plant in Germany where energy optimisation has been a focal point. For example space heating is effected by the recycling of waste material from production and more than 20% energy consumption is generated by an own solar power plant. The energy initiatives are currently supplemented by an effort to change the attitude of all employees with a view to saving energy.

Like the consumption of energy, the relative consumption of water shows a positive development in that the consumption of water per produced tonne in the packaging companies is declining. In 2014/15 the consumption of water was influenced by the

construction of the new folding box plant in Germany. If this consumption is ignored, the consumption in 2014/15 was 14,733 m³ which is on level with that of this year. The development during the past five years is shown below:



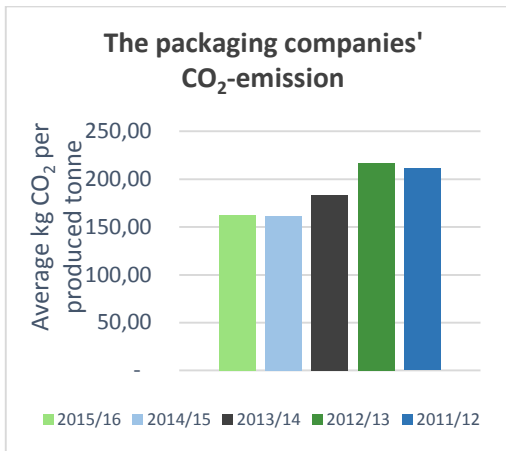
CO₂-EMISSION

CO₂-emission from cars and travels is increasing during the period and can be attributed to a higher number of cars and more and longer business travels. However, the measurements document that during the past 5 years, the CO₂-emission per driven km has been reduced due to focus on the energy rating of the cars. The development, which has been adjusted for divestments, has been as follows: In 2011/12 the CO₂-emission amounted to an average of 0.188 g/km, in 2012/13 0.189 g/km, in 2013/14 0.181 g/km, in 2014/15 0.163 g/km and most recently in 2015/16 0.156 g/km.

At the present moment it is not possible to measure the CO₂-emission from the production process itself. However, Schur measures the indirect CO₂ emission from the energy consumption in the Group which in 2011/12 amounted to 11,636 tonnes, in 2012/13 12,919 tonnes, in 2013/14 10,356 tonnes, in 2014/15 8,891 tonnes and in 2015/16 9,407 tonnes. The increase from 2014/15 until this year can be attributed to increasing production and thus increasing consumption of electricity.

If you look at the relative consumption in relation to the quantity produced by the packaging companies, it turns out that due to the improvement in energy consumption, the

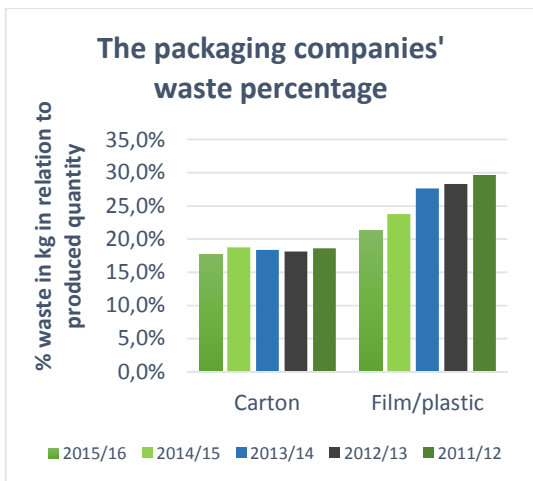
production has become more energy-efficient.



WASTE

Schur will measure waste in the following areas: Carton, film/plastic, hazardous waste, chemicals and other combustible material as well as electronics, cables and metals. Initially Schur has chosen to focus on waste consisting of carton and film/plastic. The objective is a reduction of the waste percentages to under 20% for film/plastic and 15% for carton, respectively.

The waste percentages have during the past 5 years developed as follows:



Following the above it should be noted that basically all carton and film/plastic waste is being reused for new raw materials and only a minor part is being incinerated and used in the heat production.

The waste percentage for film/plastic is declining and very close to the target of 20%

as a result of more efficient processes and new production equipment.

The waste percentage for carton increased slightly last year, which could be attributed to changed order mix, declining average size of orders and other complexity of products and consequently the production process. This year, the waste percentage has been reduced to 17% which is the lowest level in five years.

It should be noted that a major part of the waste is sold and reused for the manufacture of carton and film/plastic.

Recycled carton board is increasingly used in carton production and unprinted plastic is reused for the manufacture of granulates for new plastic.

Schur wants to minimise waste via high quality and efficiency in the production processes by means of new production methods and modern equipment, cf. the mention of the new folding box plant in Germany.

MORE ABOUT CSR

For further information about Schur's CSR activities, reference is made to the homepage:

www.schur.com/da/csr.