

## About Schur

### Business and Operational principles

Schur is an international packaging group with Danish roots, founded in 1846, consisting of companies all of whom are doing business within the packaging industry.

Schur wants to assume the responsibility of contributing to a sustainable development, and the Group (henceforth referred to as Schur) sees no contradiction with both acting responsibly and striving to optimise Schur's earnings and growth.

It is important for a third party to understand that even if packaging is the common thread in Schur's activities, the products, the processes and in several cases the customers are of a different nature across the companies. Furthermore, there are national differences with regard to legislation. Due to these differences Corporate Management acknowledges that there are sometimes different ways as to how each individual company can operate both profitably and ethically correctly. This finally makes Schur a responsible employer and a sustainable business.

However, despite the decentralised organisation, there are common values across Danish and foreign companies in Schur as already previously defined in our Code of Conduct.

### Code of Conduct

In 2005 the Schur Management team defined a Code of Conduct. The Code applies to all employees in Schur both inside and outside Europe. It is the responsibility of the Management and all employees to ensure compliance with this Code of Conduct.

In the event of non-compliance, employees are encouraged and expected to notify the management. Any violation of the Code of Conduct will make Schur act accordingly.

The Code will be revised and updated as and when required, reflecting changes in business requirements and regulations.

### Status regarding CSR in Schur

Schur is in a start-up phase regarding a more systematic and structured approach to work with CSR. We work with a wide range of subjects relating to CSR as documented below. However, we have defined 4 areas to which we will pay special attention. These areas have been chosen because they are most relevant for Schur to work with in accordance with our strategy.

In addition to defining the 4 areas, a process has been initiated including the collection of data from companies in the various countries for the financial year 2009/2010. Like many others who have collected CSR data, we have realised, it is a difficult process due to the many different local ways to quantify measurements.

By the end of the next financial year 2011/2012, we intend to publish the data collected from the last two years (2010-2011). Due to the various activities taking place in the meantime we hope to see progress in the 4 areas selected for our focus and measuring.

In order to be realistic and to manage we have decided to initiate the majority of the new activities in Denmark where the Group headquarters are located. Having learned from experience we will proceed with the introduction of these successes to Schur companies abroad.

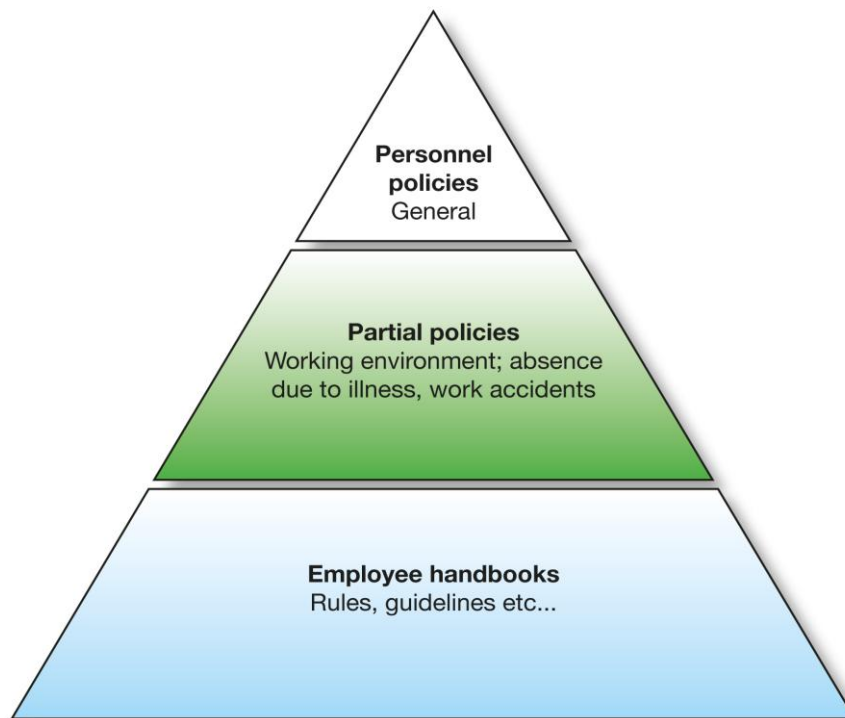
## Workplace

The Group has approximately 1,250 employees placed in approximately 16 different locations. The majority of the companies are production units. In Schur employees have good working conditions and are engaged in their work due to good personnel policies and a good company spirit.

## Personnel Policies

Personnel policies form the overall framework within which employees and managers act in everyday life. The policies affect a wide range of themes of importance to the working life in Schur which create value and make sense to each individual.

Personnel policies are developed in close cooperation between company managements, works councils, HR, etc. The individual HR policies are backed up by actual guidelines to be found in Schur's employee handbooks in the different companies.



## Working environment (internally)

It is important that we have a safe and healthy working environment in Schur where employees thrive. It is also important that our working environment at all times complies with the respective standards and rules of society. A good working environment is a prerequisite to create an attractive workplace.

The policy describes our attitudes to the working environment and how we work with the environment both in daily life and in our safety organisations.

### - Diversity

When hiring, matters such as the candidate's religion, cultural background, sexual orientation, colour of skin, etc. are not considered relevant. We are looking for the right competence, i.e. finding the right person for the right job.

### - Training and development initiatives

It is our aim to provide the employees with continuing and relevant education and training, e.g. production teams are offered different elements of LEAN training.

All Danish office employees are offered e-learning education due to a software upgrade from MS Office 2003 to the 2010 version. The Group has a CfL (Danish Centre for Leadership) membership which the management in all Danish companies can use for advice and update regarding management issues. Each company has a team of employees trained in first aid, and many are also trained to use a heart defibrillator. A number of employees are offered language courses in e.g. English and German.

### **Reduced workforce**

Due to the tough competition from low-wage countries, Schur has had to give notice to many employees. Schur has cooperated with the employees and their negotiation committees together with the local employment agencies to help employees find other jobs or start education programmes. Furthermore, Schur has offered individual job coaching regarding CV, training, etc.

### **Absence due to illness**

We believe that a fundamental prerequisite for a good working environment is that we take a natural interest in and pay attention to each other.

When an employee is struck by a personal crisis, it is important that we as colleagues, managers and employer take our collective responsibility seriously to ensure that the employee experiences a good and safe anchor during the crisis. We do not believe in standard solutions, because each situation is different. Therefore, our contribution will depend on each individual situation.

### **Physical and mental problems in the workplace**

Schur should be characterised by dedication, efficiency, few sick days, and good results. Sometimes, it can be difficult to get all these priorities right in a busy environment, but we will endeavour to live up to this ambition. Therefore, we will work to ensure that we deal with the problems, preferably before they escalate.

Considering the hectic times we live in, stress has become an important theme to relate to. However, it can be difficult, because stress is often caused by a combination of influences from both the private sphere and working life. We will seek to avoid negative stress in the company by enhancing the conditions that foster employee commitment and job satisfaction while maintaining focus on the factors affecting social life negatively.

It calls for both employees and managers to react if they observe signs of stress.

### **Alcohol and other abuse**

In case of an abuse problem it is Schur's policy to enter into a dialogue with the employee in order to handle the situation.

It is important to act if we discover that a colleague has an addiction. One way may be to contact the works council representatives, HR or his/her manager, with whom further steps can be discussed.

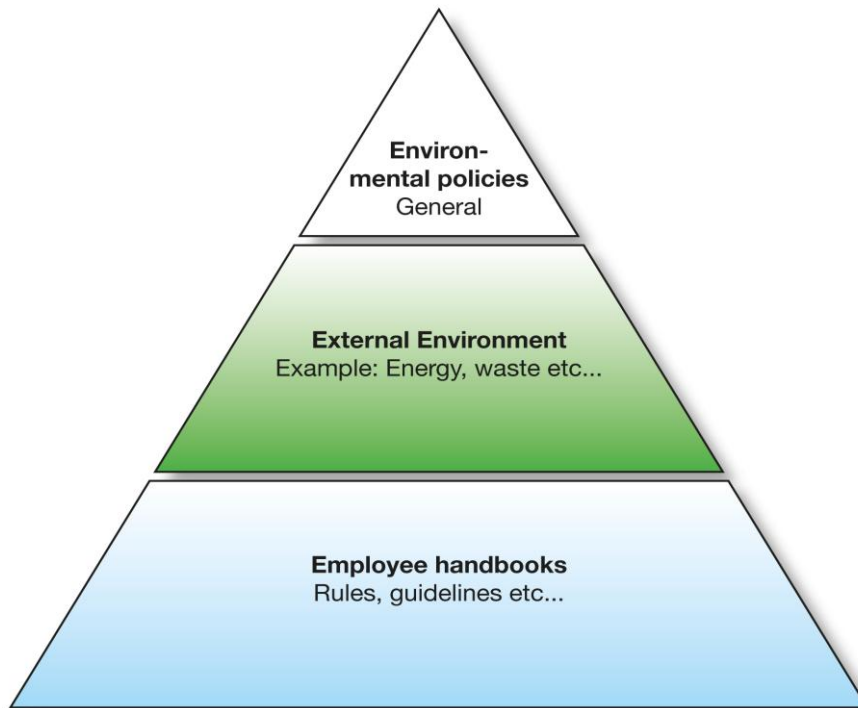
### **Work accidents**

Work accidents have a high priority in Schur companies - one accident is one too many. Schur will continuously monitor how both production and salaried jobs are organised to benefit employee health and well-being. Through collaboration between CRECEA (formerly BST = employees' health service) and the safety organisation occupational health problems are identified and remedied with the best available technology in order to preserve and develop good workplaces. The companies use APV (workplace assessment) as a tool to identify and manage improvements in the working environment.

Schur's employees are urged to come up with good ideas to improve the working environment. Employees are encouraged - and in some cases they have an obligation - to report faults, inconsistencies and near misses. Safety organisations play a central role in working with pre-assessment of technical installations, testing and evaluation of new chemical substances and approval of new suppliers. We take pride in emphasizing that in general the companies have relatively low accident rates.

## Environment (externally)

Being a group of primarily production companies, it is important that Schur undertakes the responsibility of reducing the Group's impact on the internal and external environment. It is our fundamental belief that we show responsibility for the environmental and climatic influences that Schur's activities cause. Therefore, it is Schur's policy through a proactive effort to prevent and minimize environmental impacts resulting from our activities. Consequently, we are continuously working to use more environmentally friendly processes, technologies and materials. This is achieved through working with environmental management systems.



We have chosen to concentrate on 2 environmental factors, because management believes that, also in the short term, we will be able to improve in these areas for the benefit of the environment as well as the economy. We are talking about the factors: energy consumption and waste minimization/handling.

Schur has proven to be skilled when it comes to developing products together with customers and to match the many requirements the products are expected to meet. Apart from the fact that the packaging shall be able to hold, protect, carry and sell the customer's products, we also face increasing requirements to produce with the least possible resources and material consumption and thereby avoid excess wrapping.

### **Standards provide good overview**

Schur complies with applicable laws, and furthermore has certifications that go beyond the law. Certification helps to ensure direction, coordination and monitoring of the environmental initiatives in the Group. In other words the certifications help us to ensure that we really produce efficiently without unnecessary waste of resources.

The type of certifications differs from company to company, because certifications vary with the kind of packaging produced, specific demands from the customers, etc. In general the companies have certifications in quality (ISO 9000), environment (ISO 14000), standards for packaging materials (BRC/IOP), just to name some. These certifications are integrated into the daily work routine and provide a good overview and control of the company's environmental performance.

In addition to the internal audits undertaken in the Schur companies, external auditors perform official audits and approve the company's certifications on an annual basis.

Even though it is not a regulatory requirement several Schur companies also issue green accounts in order to work with the environment in a systematic way.

In Schur it is a routine to evaluate the essential raw materials in relation to environmental impact, before taking them into use. This is a prerequisite for sustainability in our own productions. All employees are included on a regular basis to help find solutions on how to improve the environmental management.

### **Energy**

Schur focuses on energy consumption in order to reduce our CO<sub>2</sub> emissions. We have this focus for environmental reasons. However, the fact that the price of energy is likely to increase further in future is another reason for all Schur companies to focus on reducing energy consumption.

The main impact on the environment is caused by Schur's production. Therefore, the production companies take a special interest in reducing energy consumption. If the tax system in Denmark is changed, projects will undoubtedly be initiated to contribute to recycling a larger proportion of the excess waste heat. Schur has plans for a large portion of the excess waste heat, especially in our flexible companies, all of whom use a lot of energy in the extrusion process.

To further professionalise Schur's environmental work, we have chosen to enter into a strategic alliance in the form of a partnership agreement with the Danish energy company DONG. Through their expertise in the energy field we are convinced that DONG can help us ensure that we achieve this goal. We believe that there is a potential for starting up energy saving projects. To ensure that we initiate action in relevant areas to maximize reduction of CO<sub>2</sub> emissions, power consumption etc. DONG has been screening the Danish Schur companies and made suggestions for tangible improvements. We are now in the process of prioritizing the projects we will start up in order to achieve our environmental goals. One of the first projects will be to start improving and renewing ventilation systems in some companies in both the carton and the flexible divisions.

### **Waste**

The packaging industry is often accused of producing a lot of waste, which is partly true. However, this is hard to avoid as packaging has many functions; e.g. it is important to point out that since Schur has many customers in the food industry, our packaging also helps to avoid unnecessary food waste, which is another problem in society.

There must be no doubt, however, that Schur wants to reduce waste. Therefore, we have focus on creating routines that can help reduce the quantities by sorting, recycling, reuse, etc.

### **Suppliers**

Schur is not formally checking up on suppliers and currently has no plans to do so in the near future. For example, we do not send auditors to check up on the Group's suppliers because we believe that it would be too excessive a burden to assume. On the other hand this does not mean that Schur will accept under any circumstances if a supplier does not meet our standards for social responsibility if it is related to environment, occupational health, safety, anti-corruption, etc.

### **Further work on CSR**

In Schur, we consider the CSR challenges as a process. We believe in the saying "you must learn to crawl before you can walk" and have therefore chosen to start out in a small scale, measuring a few areas at a time and learn from them before we move on towards new goals.

While Schur will continue to maintain high levels in terms of safety, health, human rights, anti-corruption, etc., the environmental issues will be our main focus in future and in this area we expect to be able to achieve substantial progress through our comprehensive efforts. We see great potential in concentrating on the environment and we believe that this will make a difference in society.