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UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

FEBRUARY 2017

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STATEMENT OF CONTINUED SUPPORT

16 February 2017

Arcon-Sunmark develops, manufactures, distributes and installs large scale solar heating solutions for district heating and industrial processes. Arcon-Sunmark has a proven track record in the solar heating industry with more than 40 years of experience.

I am pleased to confirm that Arcon-Sunmark A/S and its subsidiaries support the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour Rights, Environment and Anti-Corruption.

Our CSR-policy as described in the Code of Conduct, Anti-Corruption policy and Employee Handbook, is based on the Ten Principles and has been approved by the Board of Directors. We have identified prioritized areas of improvement, and have initiated the process of optimizing these. We will follow up on progress on an annual basis.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to share this information with our customers, employees, suppliers and other stakeholders.

Yours sincerely



Søren Elisiusen

CEO, Arcon-Sunmark

HUMAN RIGHTS PRINCIPLES

Commitment

Arcon-Sunmark respects cultural differences and does not do business with any supplier who practices discrimination based on race, religion, gender, age, nationality or sexual orientation.

No employee should ever be exposed to any physical punishment, threats or violence or physical, sexual, psychological or verbal harassment or maltreatment in the work place or in work related situations.

Arcon-Sunmark supports the Universal Declaration of Human Rights. We respect Human Rights within our sphere of influence and operate our business in a transparent and trustworthy way.

Arcon-Sunmark has a dedicated Health and Safety Committee in place to regularly assess and evaluate the working environment.

Arcon-Sunmark sees no significant risks that the Company or its suppliers violates the UN Global Principles 1 and 2.

Implementation

Arcon-Sunmark is on an on-going basis, and in connection with renewals of contracts, in dialogue with large volume suppliers in which our policy is communicated, in particular the Code of Conduct.

We monitor the overall sickness absence in Arcon-Sunmark on a monthly basis in order to detect employee health issues, and assess whether follow-up actions are required.

In accordance with the Danish Working Environment Act, Arcon-Sunmark conducts APV (Workplace assessment Surveys) at least every third year. And continually carries out follow-up actions.

We continuously collect information from our global divisions in order to ensure complete compliance to international and internal standards in regards to hours worked, wages and leave.

Performance Evaluation

Arcon-Sunmark's Code of Conduct, which is in line with the VKR Holding Group's Code of Conduct, has been introduced prior to or during 2016 and accepted by all main suppliers of components for the production of solar panels..

The Code of Conduct has during 2016 been presented to all managers and employees with external contact. All of these have confirmed to have read and understood the Code of Conduct.

In the past years, Arcon-Sunmark has not been subject to any investigations, legal cases or incidents involving Human Rights violations. No incidents or violations of the Human Rights principles have been reported to the Management Team.

LABOUR RIGHTS PRINCIPLES

Commitment

Arcon-Sunmark commits to provide a salary package in line with local standards, a safe and comfortable working environment, openly communicated career paths and well established performance and development evaluation tools.

Arcon-Sunmark respects the right of workers and operates our business with safe and attractive working conditions. We respect the freedom of association and collective bargaining and have no tolerance of forced labour, child labour and discrimination.

Arcon-Sunmark sees no significant risks that the company or its suppliers violates the UN Global Compact principles 3, 4, 5 and 6.

Implementation

Arcon-Sunmark is on an on-going basis, and in connection with renewals of contracts, in dialogue with large volume suppliers in which our policy is communicated, in particular the Code of Conduct.

It is the policy that all Arcon-Sunmark employees undergo annual performance reviews to set individual plans and targets.

We have initiated defined activities to reduce risks of injuries in the work place, and will define activities to maintain a low level of sick absence.

Performance Evaluation

Arcon-Sunmark's Code of Conduct, which is in line with the VKR Holding Group's Code of Conduct, has prior to or during 2016 been introduced and accepted by all main suppliers of components for the production of solar panels..

The Code of Conduct has during 2016 been presented to all managers with staff responsibility. All of these have confirmed to have read and understood the Code of Conduct.

In the past years, Arcon-Sunmark has not been subject to any investigations, legal cases or incidents involving Labour Rights violations. No incidents or violations of the Human Rights principles have been reported to the Management Team.

ENVIRONMENTAL PROTECTION PRINCIPLES

Commitment

Arcon-Sunmark supports a precautionary approach to environmental challenges and undertakes initiatives to promote greater environmental responsibility. Also, we encourage the development and diffusion of environmentally friendly technologies. We actively support a sustainable environmental progress through the development and distribution of solar heating solutions, which significantly reduces emissions of carbon dioxide.

Overall, we consider our production process to have a relatively low impact on the environment. However, we do recognize that parts of our production and related transportation have a negative impact on the environment, and we constantly work to minimize these effects.

Arcon-Sunmark sees no significant risks that the company or its suppliers violate the UN Global Compact principles 7, 8 and 9.

Implementation

We are constantly working on product development to improve the relationship between consumption of resources and performance of our products.

The different parts of the production process are evaluated to identify savings on use of energy, water and other resources.

The geographical location of production is optimized in order to reduce transportation of finished goods.

Performance Evaluation

Product development and process optimization have continued in order to improve effectiveness of the end-product (solar energy collectors), and to reduce the relative consumption of resources (compared to units produced).

Various measures, including digital solutions, have been taken to reduce travelling and consumption of eg. paper.

In 2016, a process to set specific targets for each type of relevant resource has been initialized.

In the past year, Arcon-Sunmark has not been subject to any investigations, legal cases or incidents involving violations of the Environmental Protection principles. No incidents or violations of the Environmental Principles have been reported to the Management Team.

ANTI-CORRUPTION PRINCIPLES

Commitment

Corruption and bribery are recognized as barriers to sustainable development and free trade. Arcon-Sunmark supports the work against corruption in all its forms, including extortion and bribery.

Arcon-Sunmark acknowledges that minor business gifts and moderate entertainment, including meals, are accepted ways to build relationships and generate goodwill between business partners. This practice must however always be conducted in a transparent way, and only to an extent appropriate to our integrity guidelines and business ethics, including the Anti-Corruption policy.

Arcon-Sunmark sees no significant risks that the company or its suppliers violate the UN Global Compact principle 10.

Implementation

Arcon-Sunmark is on an on-going basis, and in connection with renewals of contracts, in dialogue with large volume suppliers in which our policy is communicated, in particular the Code of Conduct and Anti-Corruption policy.

Guidelines of handling issues of corruption, hospitality and donations (Anti-Corruption policy) are provided to all employees with external contact.

Performance Evaluation

Arcon-Sunmark's Code of Conduct and Anti-Corruption policy, which is in line with the VKR Holding Group's policies, has during 2016 been presented to all employees with external contact. All of these have confirmed to have read and understood the Code of Conduct and Anti-Corruption.

The Code of Conduct and Anti-Corruption policies have prior to or during 2016 been presented to all new larger suppliers.

In the past year, Arcon-Sunmark has not been subject to any investigations, legal cases or incidents involving violations of the Anti-Corruption principles. No incidents or violations of the Environmental Principles have been reported to the Management Team.