

# CORPORATE DESCRIPTION

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# SANISTÅL – WHO WE ARE

Sanistål is an innovative wholesaler and a results-driven business partner which markets a complete range of products and service concepts for the construction and manufacturing industries. Our range comprises more than 130,000 different product items. We have the most complete assortment of products in Denmark and distribute our products from two central warehouses, one in Taulov and the other in Billund. Our customers place their orders at our efficient online shop or by contacting one of our sales representatives. Or our customers find what they need in our nationwide network of shops. Sanistål is also geared to provide expert advice whenever the need arises.

#### **BUSINESS AREAS**

Our business covers all of Denmark and is divided into two divisions: Construction and Industry. The Construction Division includes Carl F with sales and advice about fittings and covers all our activities targeting plumbers and HVAC technicians, contractors, carpenters and joiners. The Industry Division covers tools, technical components and steel products for manufacturing companies. Advanced hydraulics solutions are sold through our subsidiary Serman & Tipsmark. Outside Denmark, Sanistål's products are marketed through our subsidiaries in Germany and Eastern Europe.

#### **OUR FOCUS**

Sanistål maintains unwavering focus on generating profitable growth and leading the way to increased competitiveness for our customers. We do this by being the best at our core services, by challenging our processes, by creating new streamlining service concepts and by always being a pleasant surprise for our business associates. We realise that the human factor is decisive – both for the collaborative process and our business.

Further details about Sanistål are available on sanistaal.com.





employees and to provide good working conditions for them. We launch initiatives based on the firm belief that preventative measures are more valuable than treating the symptoms if problems arise. We have been very successful at this, as reflected in the continuously rising level of employee job satisfaction. It started out high and is now higher than ever.

#### EMBEDDING THE CSR FEFORTS

Sanistål set up a CSR department in 2012. This department is charged with gathering the activities described in this report and preparing supportive tools for employees responsible for sales and purchasing. The CSR team is made up of employees from HR, warehouses, distribution, purchasing and sales – and gathers this wide range of input and coordinates it from one place. It also means that our CSR principles are centrally embedded in Sanistål's daily work. The team reports to a steering committee responsible for the CSR strategy and its implementation.

#### SANISTÅL'S CSR PROCESS

The social and environmental risks relating to Sanistål's business activities are systematically identified and monitored. We launched this process in 2012. This enables us to provide more complete and specific information about our CSR efforts to our most important stakeholders. Within the Sanistål organisation, this structure will enhance our CSR efforts by enabling us to continue to identify areas where our CSR efforts create the most value for Sanistål's stakeholders.

With this as our starting point, our CSR efforts have been systematically implemented in the parent company so far. This means that the content, data and figures cited in this report cover the parent company. Based on our deeper insight into the value of each CSR action, Sanistål will in 2013 intensify its focus on specific activities and areas which create value for the business and for our subsidiaries.

The focal point of this CSR report is our employees. Structurally speaking, the report follows our value chain: we review the process completed by our products, starting with our purchase of them and ending when they reach the customer. This means that we describe Sanistål's activities and the most important CSR perspectives in each link of the value chain. Accordingly, the report is divided into the following sections: Employees, Product Purchases, Warehouse & Buildings and Sales & Distribution.

Christian B. Lund

CEO

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# **EMPLOYEES**

#### CORNERSTONE OF SANISTÅL'S CSR EFFORTS

Employees are a central part of Sanistål's set of values relating to our customers.

For years, Sanistål has focused on having a strong corporate culture and has integrated the concept of "We go further" into our employees' daily work. We maintain unwavering focus on occupational health and safety, wellbeing and job satisfaction based on our firm belief that Sanistål and our employees achieve better results by working together.

The annual job satisfaction survey and an employee turnover rate of 13.38% in 2012 are proof of our high level of employee satisfaction.

The job-satisfaction survey gives high priority to employee-related areas such as occupational health and safety, information, motivation and loyalty and underpins the company's efforts in these areas.

OCCUPATIONAL HEALTH AND SAFETY Sanistål gives high priority to occupational health and safety.

We keenly focus on both the physical and the psychological working environment, which is also reflected in our structured OHS organisation in which the executive management is represented.

The company's overarching OHS policy is based on the following statements:

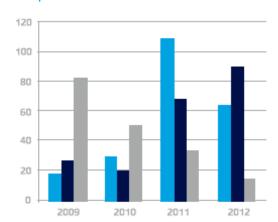
Sanistål wants to be one of the best in its sector, measured in terms of occupational accidents:

- > the better the working environment
- > the higher the level of employee satisfaction
- > the better the customer service
- > the higher the level of customer satisfaction;
- > and the better our bottom line.

Our efforts targeting health and safety in the workplace resulted in a sharp decline in the number of accidents leading to absence and in the number of near-miss accidents.

We are continuously working on new preventive efforts to maintain focus on employee safety. Therefore, all employees were offered a first-aid course during working hours in 2012. 130 employees chose to take the course.

#### Occupational accidents and near-miss accidents



- Number of accidents with absence
- Number of accidents without absence
- Number of near-miss accidents

#### SAFETY AND WELLBEING

Company employees work in many different fields. This means that our occupational health and safety efforts are comprehensive and cover areas from health and wellbeing to essential safety precautions.

#### SAFETY

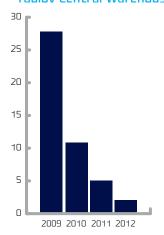
Safety in relation to work performance has high priority at Sanistål which has a targeted focus on the prevention of accidents. All accidents and near-miss accidents are logged and studied. The company has a zero-tolerance policy in the event that safety rules are violated as a violation will trigger the issuance of a caution to the individual employee.

Sanistål's CSR activities are largely focused on ensuring employee safety and helping to ensure good working conditions. Naturally, there is particular focus on employees working at the central warehouses in Billund and Taulov respectively. There is keen focus on preventing occupational accidents and nearmiss accidents. These continuous preventive efforts reduced the number of near-miss accidents from 110 in 2011 to 65 in 2012. Work continues to be focused on improving processes and procedures to ensure that this positive trend continues.

The central warehouse in Taulov was certified to OHSAS 18001/2008 ("Crown Smiley") while the central warehouse in Billund is working to achieve OHSAS 18001, aiming for certification in 2013.

The process of certifying the central warehouse in Taulov had the positive result of reducing the number of occupational accidents to 2 in 2012.

# Occupational accidents Taulov Central Warehouse



By comparison, the number of accidents at the central warehouse in Taulov was 28 in 2009, thus clearly illustrating and documenting the effect of the preventive measures implemented in the interim.

#### **EMPLOYEE WELLBEING**

From 2010 to 2012, efforts to achieve a healthy working environment focused specifically on employee health and wellbeing. With this in mind, Sanistål worked together with a physiotherapist to carry out health-profile tests of 435 employees.

The heightened awareness of health promotion resulted in various sports activities, which also prompted many employees to now take part in weekly training sessions focused on relaxation and body building.

#### **DIVERSITY**

Sanistål is aware of its social responsibility and generally wishes to attract, develop and retain employees, regardless of social background, nationality or gender. Diversity helps to ensure a healthy working environment and reflects the world around us.

At the end of 2012, 26.5% of Sanistål's employees were women and 73.5% men. The percentage of women in managerial positions was 14.08%.

Sanistål is actively working to break down linguistic barriers and deal with cultural challenges which inevitably arise in a diverse working environment where employees of different nationalities and social backgrounds work together.

Employees with foreign backgrounds are offered language classes in Danish and, as an extra effort, any employee with reading, writing and math difficulties is offered the option of taking part in preparatory adult education classes.

In 2012, 137 employees were screened for reading, writing and math skills. Of this number 31 chose to take classes in Danish and mathematics.

Sanistål believes that the positive effect of supporting these educational needs, regardless of employees' theoretical backgrounds, is traceable in Sanistål's social capital.

#### **EMPLOYEE RETENTION**

The central warehouses make a targeted effort to retain employees with physical injuries. If an employee needs a light job for a while, the warehouse concerned also makes a big effort to find a job for him/her that is less physically demanding.

Also, the warehouses seek to minimise physical strains wherever possible. As the risk of Monotonous Repetitive Work (MRW) is greatest at the Billund warehouse, a rotation principle applies here where

warehouse employees switch job duties at fixed intervals to maximise the variety of their working positions. As most tasks at the Taulov warehouse have been automated, these employees do not experience the same degree of physical strains. Even so, there is still focus on designing workplaces and job duties to ensure employee retention.

Sanistål actively lives up to its social responsibility commitments. Wherever possible, the company supports any measures intended to uphold, implement and ensure that employees with occupational challenges in the form of physical injuries, unemployment, etc., have an opportunity to test their abilities in the labour market. Similarly, a big effort is made to retain employees on sick leave.





# PRODUCT PURCHASES

As a wholesaler, we give priority to mitigating customers' risks arising from whom they choose as their supplier. We note an increasing demand to know where we buy our products, under which conditions they are manufactured, etc. At Sanistål, we purchase goods from all over the world, i.e. we also buy goods from countries where there is a greater risk of international social and environmental guidelines being violated. This naturally increases the need to be able to document how a product was manufactured, which is in keeping with the requirements of both Sanistål and our customers.

#### IMPLEMENTING A CODE OF CONDUCT

At Sanistål, we make a targeted effort to prioritise partnering with suppliers who observe international principles and guidelines in areas such as human rights, labour rights, anti-corruption and the environment. In 2012, we updated our existing Code of Conduct with which we expect all of our suppliers to comply and, wherever relevant, to forward to their external suppliers. The updated Code of Conduct contains guidelines in areas such as OHS and social conditions, the environment, dual use of products, as well as ethical business practices, and the Code of Conduct is based on the principles of the UN Global Compact. As a minimum, all suppliers must observe local law and regulations in the countries in which they operate. Sanistål will take part in developing action plans to boost suppliers to a satisfactory level of compliance with these international principles. Sanistål can decide to stop working with a supplier if the supplier fails to comply with our Code of Conduct or action plans aimed at improvement.

# SUPPLIER MANAGEMENT AND OVERVIEW

Our updated Code of Conduct has been sent to 401 of our suppliers according to a risk-based approach in relation to each supplier's importance to Sanistål. By signing and returning the code of conduct to Sanistål, the supplier accepts to observe the principles and that the supplier is also responsible for passing on the requirement to observe the principles to any of its external suppliers. At the end of 2012, 65% of the Code of Conducts issued had been signed and returned.

Subsequently, we will carry out a risk assessment of all suppliers who have received our Code of Conduct and send a (self-assessment) questionnaire to any suppliers classified as a high or medium risk concerning their compliance with the Code of Conduct principles. The questionnaire must be filled in and returned to Sanistål.

The rollout of the updated Code of Conduct is a comprehensive process which will help to systematise the supplier-management process. For the same reason, it will not be possible for Sanistål to present tangible results and statistics for our updated efforts until 2013.

The aim for 2013 is to send a Code of Conduct to an additional 550 suppliers, once again according to a risk-based approach. We expect roughly 98% of our suppliers to sign the Code of Conduct

#### Code of Conduct

Content of Sanistål's Code of Conduct:

- > Introduction
- > Supplier conduct
  - Child labour and youth labour
  - Discrimination
  - Fair treatment
  - Compulsory labour
  - Occupational safety and health
  - Working hours and wages
  - Right to privacy
  - The right to organise and to collective negotiations
- > Environment
- > Dual use
- > Business ethics
- > Follow-up and compliance

#### INTERNAL TRAINING

During 2012, Sanistål's product managers in the areas of Steel, Industry, Construction, HVAC and Carl F received internal training in the Code of Conduct principles and guidelines, and they are now familiar with the content of and basis for the various requirements we impose on our products and suppliers. A total of 24 managers received this training. The product managers are key to disseminating the Code of Conduct to suppliers as the product managers are in charge of the contracts. This means that product managers are responsible for incorporating the guidelines into all purchase agreements. The training of this group of employees is therefore essential for the further dissemination of Sanistål's Code of Conduct.

# WAREHOUSES AND BUILDINGS

Efficient processing of our storage activities is paramount to Sanistål's business. This means that staff efficiency and resource efficiency are two important parameters. It is essential for the provision of satisfactory products and services to our customers that we provide a healthy working environment where our employees can safely and efficiently perform their duties and that we have energy-efficient facilities and buildings.

#### **ENERGY USED BY BUILDINGS**

Sanistål's clear vision is to reduce the consumption of energy in the years ahead. This makes sound business sense both internally at Sanistål and vis-à-vis our key stakeholders, as it enables us to streamline

our production processes and reduce energy costs. Reducing energy costs in Sanistål's own buildings is the first step in this process and our aim is to qualify the buildings for energy labelling. Concurrently, we will encourage landlords who lease buildings to Sanistål to do the same. In the course of 2012, we designated a person to head up the commencement of this energy-efficiency process. The first step was to chart our present energy consumption and to set targets for reducing it.

# SALES & DISTRIBUTION

#### **FUEL CONSUMPTION**

In 2010, Sanistål outsourced all product-distribution activities in Denmark. Our primary partner is Danske Fragtmænd and we have just extended this partnership. One reason for taking this step is the rewarding dialogue between Sanistål and Danske Fragtmænd in terms of our CSR efforts. We are currently focused on a solution in which key accounts will be offered the possibility of receiving a carbon-emissions report for the transportation of our goods. Sanistål wishes

to continue the collaboration based on this assumption, as this supplier collaboration will benefit our customers and have an impact on their environmental footprint.

Internally at Sanistål, we also set fuel-consumption requirements in relation to the choice of company car and particularly in relation to our sales representatives. From 2013 therefore, all company cars must have a minimum fuel efficiency of 16.9 km/l.



# CSR-report

2012

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