

**GLOBAL COMPACT
COMMUNICATION
ON PROGRESS
ON OUR WAY
TOWARDS GLOBAL
RESPONSIBILITY
2009**

STATEMENT FROM OUR CEO

Why do Hartmann support UN Global Compact?

Global Compact is about taking responsibility for the impact of our business activities. The approach is internationally accepted and since our business activities are spread out all over the World it makes perfect sense for Hartmann to support UN Global Compact. In my position as CEO I see the following benefits for our company:

- **Competitive advantage:** Global Compact makes life easier for Hartmann when we are supplying large corporations, which increasingly demand social responsibility throughout the value chain.
- **Staff motivation:** Social responsibility adds to the favourable reputation of Hartmann. This is important in order to attract, maintain and motivate staff.
- **Network for inspiration:** Exchange of experience is critical. The network Hartmann has archived through Global Compact is of great value for the future development of sustainable and social responsible business.

That is why Hartmann continuously have supported the UN Global Compact initiative since 2003 and will continue our support in 2010.



Peter Arndrup Poulsen,
CEO







Business relevance in relation to Global Compact themes

Three brothers and a paper bag plant, inherited from their father in 1917. Today, more than 90 years later, Hartmann has grown into an international corporation with six production facilities in Europe and one in North America. Hartmann specializes in moulded-fibre packaging with two core areas of business: Egg packaging and industrial packaging. Hartmann is headquartered in Denmark.

Our suppliers and customers are mainly located in Europe and we have almost none suppliers or customers in high-risk countries. If we use suppliers from high-risk countries we insure that they comply with our ten sustainability principles¹ and the principles of UN Global Compact.

Figure 1: Overview on business relevance of Global Compact themes

Global Compact theme	Environment	Labour Standards	Human Rights	Anti-corruption
Business relevance				

At Hartmann we rate the business relevance of the four Global Compact themes as seen in figure 1. Our main business focus is reducing CO₂ emissions by reducing the energy use at our production sites. Life Cycle Assessments² clearly shows that this is our biggest environmental impact.

Labour standards, human rights and anti-corruption are important for Hartmann and clearly addressed in our ten sustainability principles. But the environmental area is for sure the place we can do the biggest improvements by reducing our energy use. This Communication On Progress (COP) will therefore focus on our environmental achievements and goals.



¹ See back cover for overview of the ten sustainability principles of Hartmann

² Source: Danish Environmental Protection Agency, Report no.546

ENVIRONMENT

Protecting the environment is a key concern for Hartmann. The three Global Compact principles on environment are drawn from a Declaration of Principles and the international action plan entitled Agenda 21. The Agenda emerges from the UN Environment and Development Summit held in Rio in 1992. The Hartmann 10 Sustainability Principles were introduced in 2003 and principle no.10 focus on the environment.

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

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

Hartmann Principle 10: Proactive environmental protection

Hartmann will endeavour to protect, respect and safeguard environmental values by means of the systematic and proactive integration of environmental considerations in its daily business activities, by the development of environmentally friendly production methods and products, by training its employees in environmental issues, and by influencing the stakeholders in the value chain to which the Group belongs.

Environmental progress

Key results in 2009:

- A 10% reduction of Hartmann's energy consumption per kilogramme of product.
- An extensive cradle-to-grave lifecycle analysis (LCA) of moulded fibre packaging.
- Compostability Certificate for Hartmann's moulded-fibre packaging.
- Signing the Climate Statement of the Danish Council for Sustainable Business Development. The work of the members of the council focuses on their own climate work and on promoting intensified international, societal efforts.
- Leading up to COP15 and the United Nations' Sign the Deal campaign, Hartmann was an active player, acknowledging its support through the UN campaign.
- Renewal of ISO 14001 certificates at all European factories.

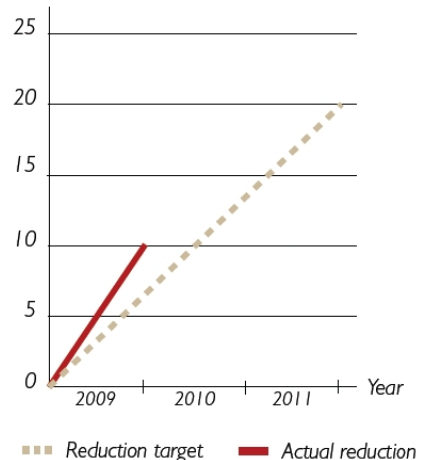
Hartmann reduced energy consumption by 10% in 2009

In 2007, Hartmann endorsed the UN Caring for Climate charter, committing itself to reducing its carbon footprint and energy consumption substantially. Hartmann's goal for reduction of energy consumption is set at 20% per kilogramme product over a period of three years from 2009 to 2011. Hartmann achieved a 10% reduction in 2009. Hartmann focuses on six areas to achieve its goal of a 20% energy reduction by the end of 2011:

- Investments in new process technology
- Maintenance and replacement of old equipment
- Training of staff
- Knowledge sharing
- Developing best practices across the Group
- Involving experts

Figure 2: Reduction of energy consumption

Per kilogramme product (%)



Hartmann has appointed a person to be in charge of energy in Europe and to head the various energy initiatives across the factories. Each factory also has a person in charge of implementing energy initiatives and sharing experience and initiatives. This initiative is an example on how we support a precautionary approach to environmental challenges - as outlined in Global Compact principle 7.

Lifecycle analysis (LCA)

In recent years, Hartmann has worked systematically with lifecycle analysis (LCA) to improve the environmental profile of moulded fibre packaging, including CO₂ emissions. In 2009, the European Moulded Fibre Association (EMFA) coordinated an extensive cradle-to-grave LCA of moulded-fibre packaging. The analysis was reviewed by the independent consultancy firm Pöyry Energy Consulting, and a growing number of customers include this analysis in their considerations concerning their choice of materials.

Networking

Hartmann is still the chairman of the Corporate Social Responsibility Manager Network, which is facilitated by the Confederation of Danish Industry. This network is a new and important way to promote the principles of Global Compact to other companies. Hartmann is also an active member of The Danish Council for Sustainable Business Development and the Global Compact Nordic Network. We will continue our corporation and participation in both networks in 2010. Our participation in these networks allows Hartmann to work with Global Compact principles 8 and 9 regarding promotion of environmental and social responsibility to other companies and the development of environmentally friendly technologies.

Training of sales teams

In 2008 Hartmann launched a new sales- and marketing campaign under the slogan “Choose Fibre. Save Nature”. This campaign is focusing on the environmental advantages of using packaging from biodegradable and recycled paper fibres seen from a life-cycle perspective. In 2009 our sustainability team made a comprehensive training of our sales teams in sustainability themes and environmental sales arguments. The feedback from our sales teams was great and the conclusion was that they now have better possibilities to promote the ideas of Global Compact principle 8 regarding greater environmental responsibility when it comes to moulded fibre packaging.



Hartmann is the only packaging company that has received the prestigious EU Award for Environmental & Sustainable Management.

LABOUR STANDARDS

The labour principles of the Global Compact are derived from the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO). Global Compact's four labour standard principles all relate to the four key conventions of the ILO. The Hartmann 10 Sustainability Principles were introduced in 2003 and principle no.5 to 8 focus on labour standards.

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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Hartmann Principle 5: Non-discrimination and equal opportunities

Hartmann will endeavour to prevent discriminatory practices and secure equal opportunities by means of the application of procedures and practices to prevent discrimination in connection with recruitment or dismissal, career development, training and education, or the granting of staff benefits. Hartmann will endeavor to promote non-discrimination and equal opportunities for employees in companies forming part of the value chain to which the Group belongs.

Hartmann Principle 6: The right to organise and collective bargaining

Hartmann recognises the right of its employees to be members of a trade union and to negotiate pay and working conditions collectively. The Group further recognises the right to organise and collective bargaining in companies forming part of the value chain to which the Group belongs.

Hartmann Principle 7: Rejection of forced labour

Hartmann does not accept the use of forced labour – neither inside the Group nor in companies forming part of the value chain to which the Group belongs.

Hartmann Principle 8: Preventing child labour

Hartmann will not employ persons below the minimum age and the Group will apply preventive procedures and practices accordingly. The Group will make an effort to promote that similar procedures and practices are applied by companies forming part of the value chain to which the Group belongs.

HUMAN RIGHTS

The UN Universal Declaration of Human Rights from 1948 comprises a set of fundamental rights signed up to by Heads of Governments. The Hartmann 10 Sustainability Principles were introduced in 2003 and principle no.1 to 3 focus on human rights and well being of employees.

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

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

Hartmann Principle 1: Health and safety in the workplace

Hartmann will endeavour to secure health and safety in the workplace by means of cleaner technologies, procedures and practices as well as by the development of competencies and efforts to change attitudes among the employees. Hartmann will also make an effort to promote similar conditions for employees in companies that are part of the value chain to which the Group belongs.

Hartmann Principle 2: The well being of employees and their families

Hartmann will endeavour to secure the well being of employees and their families by means of relevant local initiatives, practices and procedures that are in keeping with local traditions, conditions and needs. Hartmann will also make an effort to promote similar conditions for employees and their families in companies that are part of the value chain to which the Group belongs.

Hartmann Principle 3: Fair wages

Hartmann will endeavour to secure fair wages by means of a wages policy that is consistent with the situation prevailing in other local industrial companies and which enables the Group to attract and retain qualified employees. Hartmann will also make an effort to promote fair wages for employees in companies that are part of the value chain to which the Group belongs.

ANTI-CORRUPTION

This principle draws on the UN Convention against Corruption in 2003 as its underlying legal instrument. Bribery of foreign civil servants was first criminalized by the OECD Convention from 1996. The Hartmann 10 Sustainability Principles were introduced in 2003 and principle no.9 focus on anti-corruption.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Hartmann Principle 9: Refraining from bribery and corruption

Hartmann refrains from using bribery and corruption by means of openness towards relevant business partners and by setting up a set of guidelines specifying how to avoid bribery and corruption. Hartmann will also contribute to minimising bribery and corruption in companies forming part of the value chain to which the Group belongs.

Progress on Labour Standards, Human Rights and Anti-corruption

Key results in 2009:

- Renewal of OHSAS 18001 and SA 8000 certificates.
- Promoting our STEP® Human management model for health & safety and social progress on site level.
- Supplier Evaluation with focus on labour standards, human rights and anti-corruption.

One STEP® at a time

Already in 2000, Hartmann won the European Commission’s Management Award for Sustainable Development, having developed a lifecycle-based management model for its environmental and social efforts, the so called STEP® model (STEP®: Systematic Tool for Environmental Progress). Hartmann has since developed yet another STEP® model, and the Group now takes a targeted approach to working with STEP® Environment and STEP® Human.

Figure 3: STEP® Human

STEP® Human					
	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Network		HS & S responsible	HS & S organisation	HS & S organisation	HS & S life-cycle networks
Systematic Management		Preliminary HS & S review	Integrated HS & S management	OHSAS 18001 certificate SA 8000 intentions	Continuous HS & S improvements
Proactive Actions	HS & S due diligence	Overall targets for proactive actions	Proactive actions	Proactive actions	Proactive actions
Life-Cycle Management		Identification of HS & S related customer values	Involvement of suppliers	HS & S life-cycle assessment	HS & S life-cycle management
Communication		Internal sustainability communication	Public sustainability communication	Public sustainability communication	Public sustainability communication
People Development		STEP 2 implementation training	STEP 3 implementation training	STEP 4 implementation training	STEP 5 implementation training

STEP® Human addresses the Global Compact principles regarding labour standards, human rights and anti-corruption. All Hartmann production sites follow this management model.

Supply chain focus

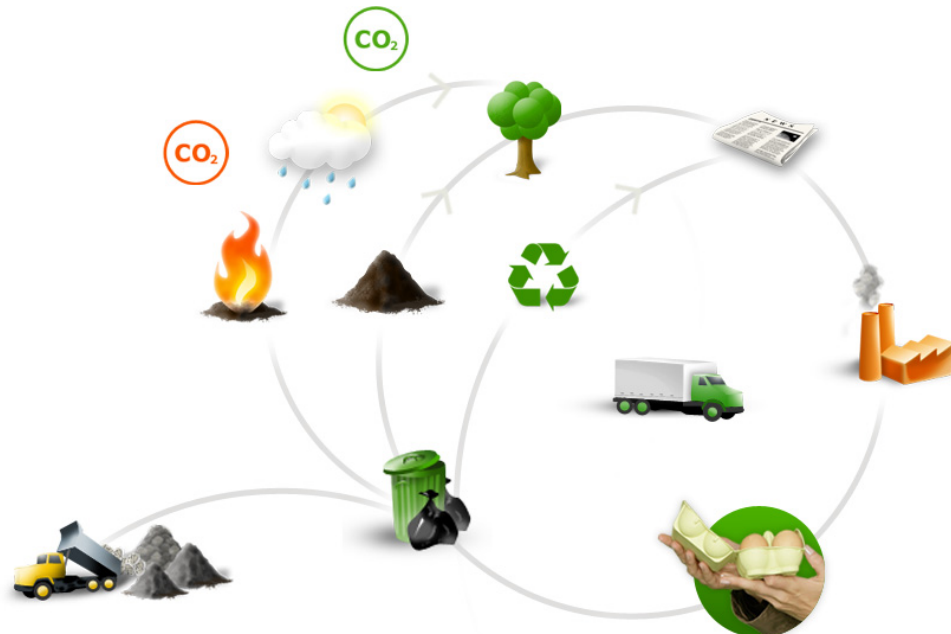
Our European Purchase department has a strong focus on supplier evaluation and key suppliers are continuously evaluated according to our ten sustainability principles.

The following ten principles form the overall framework for our supplier evaluation:

1. Health and safety in the workplace
2. The well-being of employees and their families
3. Fair wages
4. Good relations to the local community
5. Non-discrimination and equal opportunities
6. The right to organise and collective bargaining
7. Rejection of forced labour
8. Preventing child labour
9. Refraining from bribery and corruption
10. Proactive environmental protection

Local purchase departments at site level also carry through local supplier evaluations according to STEP® Human (STEP 3) and our sustainability principles.

Figure 4: Life Cycle of Hartmann Packaging



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The ten sustainability principles of Brødrene Hartmann A/S

HUMAN RIGHTS

- Principle 1 Health and safety in the workplace
- Principle 2 The well being of employees and their families
- Principle 3 Fair wages

SOCIAL RESPONSIBILITY

- Principle 4 Good relations to the local community

LABOUR STANDARDS

- Principle 5 Non-discrimination and equal opportunities
- Principle 6 The right to organise and collective bargaining
- Principle 7 Rejection of forced labour
- Principle 8 Preventing child labour

ANTI-CORRUPTION

- Principle 9 Refraining from bribery and corruption

ENVIRONMENT

- Principle 10 Proactive environmental protection