



CSR at JYSK

- We call it 'trade & attitude'

CSR strategy

CSR (Corporate Social Responsibility) is one of the 14 key words that form the JYSK concept. The CSR strategy generally describes how to reach the goal and also describes why and how JYSK works with CSR.

The strategy can be used as a learning tool, both internally and externally, in creating an understanding of the basis for JYSK's CSR effort.

JYSK's definition of CSR

JYSK defines CSR as taking responsibility for our products and the production of these. JYSK strives to be a socially responsible employer in the relation with employees and must work on ensuring that our business associates are responsible in the relation to their employees. At the same time we wish to be an environmentally conscious actor within retail. We want to be responsible and entrepreneurial regarding the environment and we want to influence the development of society in a more sustainable direction. Sustainability is widely known to consist of three dimensions: society, environment and economy. These three dimensions are the basis for JYSK's CSR effort.

Why CSR?

Responsibility is one of the elements of 'JYSK Values' and a part of the foundation of Lars Larsen's business philosophy. We call it 'trade & attitude'.

We are in contact with many thousands of customers each day and therefore, responsibility and credibility are central to our way of running a business. The employees expect their employer to take responsibility and society rightly expects companies to take their part of the responsibility for our society. CSR will always be a challenge on the operational level. It is a continuous process where new areas and methods will develop to which a company must relate. It is a goal for JYSK to always be updated on new developments. We consider our dialogue with the world around us as a part of a learning process and at the same time, we experience a greater understanding of the complex issues a global company is faced with. Due to this understanding, we can and will e.g. initiate untraditional working relations with NGOs in order to work on CSR processes together.

Goal

JYSK wishes to be perceived as a company who has actively taken a stance and makes a difference in the area of CSR. We must project a positive image in the area of CSR, both towards customers and employees.

Limits

In principle, CSR – to show responsibility – belongs in every department and in every action of the individual JYSK employee.

The CSR strategy focuses on the making of our products and on our attitude towards environment and sustainability.

This CSR strategy is therefore limited and is not covering other CSR efforts in JYSK including those concerning employees. The HR strategy covers that aspect.

In daily work we focus our primary CSR effort on those countries that BSCI (Business Social Compliance Initiative) has identified as high risk countries. These are countries with a risk that e.g. the rights of workers and environmental policies are violated, even though the countries often have legislation in these areas. At JYSK it is the Purchasing Director's and the Communications Manager's responsibility that JYSK's CSR strategy stays on track. Internal and



external communication is a crucial point for a large part of the implementation of JYSK's CSR strategy. In addition to the contractual obligations of our suppliers, working with CSR is characterised by dialogue, networking, organisational work, recommendations and cooperation. Read more about communication in JYSK's communication strategy.

Value based CSR

Just like 'JYSK Values' are basic and value based indicators of how we can all give the customers a great offer, JYSK also has a value based approach to CSR. The world is changeable and therefore every single challenge in the area of CSR cannot be recorded. The four basic principles form a value based foundation for the CSR effort, against which the daily CSR effort should always be measured.

JYSK's four basic principles of the CSR effort

1. JYSK wants to make a difference
2. JYSK focuses on what creates the most CSR value
3. JYSK does not turn its back on problems
4. JYSK puts action behind words

1. JYSK wants to make a difference

JYSK wants to make a difference in the industry and we must therefore as a minimum meet the standards of our competitors. We will show initiative and drive and we will try out new solutions. We are not afraid to listen to, or enter into a dialogue with, the world around us about the social challenges we are all faced with. We believe in cooperation with relevant trade associations and NGOs. And we believe that unconventional working relations, with e.g. competitors, can unlock traditional patterns and create surplus value for everyone.

2. JYSK focuses on what creates the most CSR value

The choices JYSK makes in relation to the CSR effort must always be based on what creates the most CSR value and does most for the parties involved. The CSR work is never completed and new challenges and areas always appear. At JYSK we channel our resources to where we get the most out of our effort. That is why our CSR effort is based on our primary product categories. This is where we can make the greatest difference. Garden furniture (FSC and TFT) and textiles (BSCI) are examples of this strategy.

3. JYSK does not turn its back on problems

JYSK regards the termination of working relations as the last resort in the case of a supplier failing to live up to our contract. Involvement creates change and progress. That is why it is better to keep pressing for a change of attitudes than it is to steer clear of the challenges and just stand idly by. JYSK has repeatedly succeeded with this strategy, a success which can be traced back to individual employees at the companies of our suppliers. That is why we will gladly trade with a supplier who faces challenges with CSR, as long as the supplier commits to continuously making improvements. Through commerce and cooperation JYSK can take its share of the responsibility for improving the conditions in e.g. third world countries.

But we do not waste our time with opposition. That is why we will only engage in cooperation with suppliers who also want to contribute to a positive development. If a supplier does not live up to agreements of continuously improving processes, we will reconsider our working relation. This might consequently mean that the working relation will be terminated.

4. JYSK puts action behind words

Rather fewer words and more action. Concepts such as 'CSR', 'Code of Conduct', 'sustainability' and 'ethics' can easily be considered by the outside world as pure marketing. The concepts can be difficult to translate into action, but JYSK has a clear goal that all



recorded CSR work must be action oriented and able to create visible change. We will leave the theory to others.

The four main areas

The following sections describe the four main areas of JYSK's CSR effort: Environment, ethics, product safety and cooperation.

In the contract with suppliers, our demands to environment, ethics and product safety have been accounted for in detail. With a signature, the supplier commits to comply with these.

Failing to do so is considered a breach of contract. If it is established and documented that principles are not followed, the working relation will be reconsidered.

JYSK takes direct CSR responsibility in regards to our direct supplier and a joint responsibility further down the chain of suppliers. The last main area, cooperation, is at the strategic level an expression of JYSK's wish to be – and to be perceived as – a part of society.

Environment

JYSK actively takes part in the work to ensure future generations' right to clean water, air and a nature thriving under the best conditions. Amongst other things, this is done by supporting and cooperating with relevant organisations in order to ensure that our products have been manufactured under environmentally sound conditions. Furthermore, we check the quality of our products via frequent and systematic controls, so our customers can be sure that the products are not a risk to health.

Naturally there is a difference in environmental standards if our Indian and Danish suppliers are compared. That is why we focus on continuous improvement regardless of standards.

JYSK wishes to offer the customers a choice by e.g. being able to choose products which carry a reduced environmental impact in their life, from production and distribution to consummation and disposal, through the use of environmental labelling.

JYSK will in general work for a minimisation of the use of materials which carry an environmental impact. Furthermore, JYSK will work to ensure that the environmental conditions connected with the making of all products are included in the evaluation of the product and the supplier.

JYSK will:

- Work for trade with sustainable wood products.
- Only sell textiles which meet strict criteria and standards better than national standards. The standard and limit value for all textiles is Oeko-Tex 100.
- Follow the individual country's minimum standard of environmental requirements.
- Work to minimise the use of phthalates and work with substitute substances.
- Work to minimise the use of PVC.
- Collect waste from stores for recycling.
- Actively work to minimise the use of packaging.
- Actively participate in the implementation of EU's legislation on chemicals REACH, which is fully implemented in 2018.
- Make sure that customers will always receive an answer within 45 days at the request of whether or not a product contains materials on the SVHC list.

Ethics

As a Danish company, JYSK supports a Scandinavian political tradition which pays tribute to freedom, democracy and basic human rights. These are values on which we will not negotiate or compromise. Quite the contrary, we do our part in teaching others about these basic values. We do not wish to make ourselves the judges of other cultures, but we insist that our values are respected when a supplier wishes to cooperate with us.



JYSK will:

- Not allow child labour in accordance with international conventions.
- Insist that suppliers follow the human rights conventions enacted by the international community.
- Not allow discrimination on the basis of gender, sexuality, race or political convictions.
- Not trade with countries under political boycott by e.g. UN or EU.
- Not allow animal cruelty but will support animal welfare.
- Not allow down and feathers to be plucked from live fowl.
- Follow each country's minimum standard and legislation on ethical and social rights.
- Not accept the rights of employees, including standard of wages, to be violated in the companies of our suppliers.

Product safety

No product can avoid posing a risk of an accident. In principle, nothing can prevent an accident waiting to happen. But through check-ups, JYSK will secure its products in order to bring the risk down to a minimum. Products designed, developed and manufactured for children can never be secured enough against accidents. We will do our best to make sure that these products have been thoroughly tested against almost any conceivable incident. That is why product safety is also required of our suppliers. In cooperation with suppliers, public and private laboratories, test stations and technological institutes, our products are tested to an extraordinary magnitude, to ensure the product safety of each product.

JYSK points to the following as high risk product groups: Toys, products for children, electric products, gas products and cosmetics, soap and other agents which come in contact with the skin.

JYSK will:

- Secure all products for the baby/junior segment through tests and the evaluation of impartial authorities.
- If an accident should happen, the events will be uncovered and the product will be sent for new tests and a procedure of approval by an impartial authority.
- Develop clear manuals and possible warnings in cooperation with the suppliers. These will be enclosed with the product to ensure correct usage.
- Take part in developmental and experimental projects with consumer organisations, governmental authorities and impartial authorities in order to improve both existing and new products.

Cooperation

The change of external circumstances can affect us – just like we can affect the outside world. JYSK wishes to enter a dialogue and cooperate with industry associations as well as independent green organisations, e.g. by cooperating with environmental organisations and public authorities on identifying less environmentally straining and more sustainable products, and informing consumers of these less environmentally straining alternatives. Furthermore, JYSK wishes to enter a dialogue with relevant organisations and working relations on responsible supplier management. We commit to work on a less environmentally straining operation of stores, warehouses and head quarters, e.g. through reducing our energy consumption. We will ensure the opportunity of our employees to acquire knowledge about environmental contexts and about how JYSK's activities affect the environment.

Even when the products are not provided with some of the official environmental labels, there is a series of products on which a special effort has been made to reduce the environmental strain. We continuously work on influencing our suppliers, so they will adopt a reasonable



environmental policy.

Furthermore, we gladly make our knowledge and expertise available to relevant forums and industry networks. So we can hopefully inspire others – or be inspired ourselves.



CSR in the chain of suppliers

In order to carry CSR down through our chain of suppliers, JYSK is particularly active in the following places:

- **BSCI (Business Social Compliance Initiative)**. A European cooperation with more than 230 companies as members (per 1.1.2009). In 2009-2010 JYSK, via the Communications Manager, represents the more than 20 Danish members of BSCI's Supervisory Board. BSCI is a common and standardised tool for supervision and improvement of social standards in all countries of consumer product suppliers. BSCI started its work in the area of textiles, but today the tool has expanded on to a series of product groups. BSCI has developed a common, ethical set of rules, in the form of a Code of Conduct, which suppliers of BSCI members must sign. Amongst other things, it prohibits child labour, forced labour and discrimination, and sets requirements of safety, reasonable working hours and environmental protection. Members of BSCI must continuously make inspections of working hours and environmental protection. And members must make inspections of their suppliers, with the assistance of independent inspectors approved by BSCI, where a plan of action is followed up on. If a supplier violates the rules, the supplier must cooperate on making improvements, and the BSCI will be notified. www.bsci-eu.org.
- **UN's Global Compact**. JYSK is – via the BSCI – a member of UN's Global Compact, a call for companies worldwide to contribute to setting social and environmental parameters which will ensure open and free markets. Global Compact encompasses ten principles from international conventions on human rights, rights of employees, environment and corruption. www.unglobalcompact.org.
- **FSC (Forrest Stewardship Council)** is used on wooden products. The FSC label guarantees that the wood comes from responsible forestry and that it has been grown and felled in agreement with the local population, so exploitation of the nature is avoided. More than 80 % of JYSK's hardwood garden furniture carries the FSC label. www.fsc.org.
- **TFT (Tropical Forest Trust)** invests in forests and factories which meet the highest social and environmental standards. In 1999 JYSK was a co-founder of TFT and is today represented on the board of TFT by a representative from Dänisches Bettenlager. Members of TFT commit to increase the share of FSC-certified wood. JYSK gives the TFT a percentage of the direct cost price (prior to tariffs, freight etc.) of the wood that is not sustainable. The idea is, that the amount decreases as the companies increase the share of sustainable wood. At the same time, members are ensured access to sustainable wood as the TFT works to increase the supply of FSC-certified forests. www.tropicalforesttrust.com.
- **PEFC**. JYSK is working on getting all indoor furniture PEFC-certified. This certification builds on guidelines for sustainable forestry, which focuses on more natural forestry with mixed stands, more use of hardwood trees and still less use of fertilisers and pesticides. www.pefc.org.
- **Rådet for Bæredygtig Erhvervsudvikling** (The Council of Sustainable Industry Development) is founded by Danish companies including JYSK. JYSK's Communications Manager represents JYSK in the council. The purpose is, through cooperation between



the members, to encourage sustainable work with social, environmental and ethical principles on the market and in regards to suppliers. www.rbenet.dk.

CSR in our products

To offer our customers an alternative to conventional products, JYSK offers products with the following labels:

- **Fairtrade** is a label for fair trade which meets minimum standards of payment, working conditions, democratic development and environment. Workers receive a fair price for their products and the money goes directly to them – without any middlemen. Furthermore, decent working conditions have been ensured and the environment is taken into consideration. At JYSK, this label is found on certain towels, tea towels, bed linen, duvets and pillows. www.fairtrade.org.uk.
- **Blomsten** (the Flower) is the EU's official environmental label. The label, like the Swan label below, is the guarantee of a high environmental standard. The label is found on bed linen and towels at JYSK. www.ecolabel.dk/inenglish.
- **Svanen** (the Swan) is Nordisk Ministerråd's (Nordic Council of Ministers) environmental label. The Swan guarantees that the product is among the least environmentally straining, without any degradation of quality and function. At JYSK, the label is found on bed linen and towels amongst other things. www.ecolabel.dk/inenglish.
- **Øko-Tex-mærket** (the Oeko-Tex label). The purpose of this label is to protect the consumer from harmful substances in textile products. The label ensures that the environmental effects in the individual stages of textile production have been approved and meets health requirements. The label is found on a large part of home textiles. www.oeko-tex.com.
- **KRAV-mærket**. (the Requirement label) An organisation which controls and certifies organic production on behalf of the Swedish state. KRAV guarantees that the environment, animal welfare, social responsibility and health have been taken into consideration in the production process. www.krav.se/sv/System/Spraklankar/In-English/.