

Troldtekt A/S Corporate Social Responsibility

Communication on Progress for the UN 2016

About this report

Troldtekt A/S's CSR reporting is based on the Global Reporting Initiative

This report relates to the calendar year 2016. In publishing this report, Troldtekt A/S confirms its continued support for the UN Global Compact. At the same time, the report describes the progress we have made within CSR, while also providing a status on our objectives and initiatives.

This is the third year that our reporting is based on the Global Reporting Initiative (GRI G4) methodology. The structure which has been chosen enhances the quality of our content and data collection. Even though the report contains GRI G4 standard information, there are deviations from the guidelines.

Analysis and dialogue

The parameters in GRI G4 which we report on are the result of a thorough materiality analysis which we have carried out in collaboration with the consultancy firm Carve Consulting. Subsequently, in 2015 we carried out an analysis where a number of key stakeholders were interviewed about the contents of the report. The stakeholders involved comprised Troldtekt's employees, representatives from the local community at our factory in Troldhede, suppliers, distributors and architects. The responses which we received were assessed, but did not give rise to any changes in our GRI G4 structure. The GRI G4 content index can be found on pages 40-41.

Continually improving data

We are continually improving our data, and thus also our reporting. For example, we have not previously registered absence due to illness among our salaried employees, but a new IT solution means that this is

now possible. From 2017, we will thus be able to report on absence due to illness among all employee groups.

Waste is another example of an area where our data basis has been improved in 2016. Specifically, this has meant that, in this report and in future, waste fractions will be divided in a new way.

We have also improved the data overview. Rather than indexing data from 2016 in relation to 2014, we have decided to show the actual figures for three consecutive years. This improves clarity and is in line with the GRI G4 guidelines.

Report structure

The report comprises three sections. First we talk about Troldtekt in general with a status from the Board of Management and focus on our strategic work with CSR. Then follow six business cases, which provide examples of our specific 2016 activities within the Global Compact's four main areas: human rights, labour rights, the environment and anti-corruption. The last part of the report

is the actual data reporting, which is based on GRI G4 indicators.

CSR policy and Code of Conduct

Troldtekt's CSR activities are anchored in the management as a strategic focal point for our business strategy which is based on the Cradle to Cradle principles.

In our internal CSR policy, we have introduced requirements for our daily activities based on the ten principles of the UN Global Compact. Our CSR policy is available online at troldtekt.com under the menu item 'Environment & CSR'.

The report covers Troldtekt's activities, including our work with suppliers who have signed our Code of Conduct. Troldtekt's cooperation with its suppliers is still very much based on our Code of Conduct, which is also available at troldtekt.com.

If you have any questions about the report, please contact Troldtekt's environmental manager Renate Blom on tel.: +45 5215 9362 / email: reb@troldtekt.dk.

All Troldtekt's CSR reports can be found at www.troldtekt.com.





In 2016, Trolldtekt was awarded the Danish Building Industry Climate Award for its designer solution Trolldtekt® wave.

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More focus on prevention

Less paint waste, efficient sorting of waste and training in anti-corruption. These are three examples of CSR initiatives that were launched by Trolldtekt in 2016. In 2017, we will increase our focus on preventing industrial injuries.

At Trolldtekt, we want to take an in-depth rather than a broad approach to CSR. We are continuously improving in selected areas where our dedicated efforts can make a real difference for people, the environment and society. In 2016, this resulted in a number of specific initiatives which we are very proud of, and which you can read more about in this report.

Last year, we brought in more experience and knowledge within the CSR area through the appointment of Renate Blom, who is now responsible for our CSR and environmental efforts. First and foremost, she is helping to further hone our work, and she has already made her mark on this report, which this year is much clearer and more readable than previous reports.

Production optimisation

In 2015-2017, we are investing more than DKK 100 million in our production facilities, which means that we are increasing capacity by 40 per cent. However, at the same time we are optimising our energy and resource consumption in a number of areas. One example is our new painting facility which was commissioned in 2016, and which has meant that we have been able to reduce paint waste by more than 70 per cent.

Waste and anti-corruption

In 2016, we also – thanks to valuable input from our employees – launched a new system for sorting waste. The initial results are positive, but improvements are still needed.

In a slightly different area, but still in keeping with our CSR strategy, we have launched a number of internal training courses on anti-corruption. This is not an area that receives much



attention in Denmark, but on several of our export markets corruption is something that we have to address.

Goal of zero industrial injuries

At the time of writing, we have made a start on measures that relate to the calendar year 2017. This year, we are focusing, in particular, on preventing accidents. Unfortunately, last year there were a number of industrial injuries which should not have happened, and we are taking a serious look at the issue. Together, the management, employees and the occupational health and safety organisation must therefore find new solutions to prevent both industrial injuries and near-misses.

Shared responsibility

In 2017, we will continue to live up to Trolldtekt's values in practice. We will be innovative, credible and socially responsible, and when I say 'we', I mean all employees. Each and every one is responsible for ensuring that we make a positive difference. And in my experience, it is a responsibility that everyone is willing to shoulder. This is a culture that we must nurture and protect.

A handwritten signature in blue ink, appearing to be 'Renate Blom', written in a cursive style.

Troldtekt's company profile

Responsibility has always been a fundamental value at Troldtekt and in the company's business strategy.

Troldtekt has produced cement-bonded wood wool products since 1935, and today we are one of Europe's leading suppliers of acoustic solutions. Troldtekt acoustic panels are still manufactured from the same sustainable materials as 80 years ago: Danish Norway spruce and Danish cement.

Responsibility has always been a fundamental value for Troldtekt. At Troldtekt, we believe in looking after the environment.

The Troldtekt mission

Being a creator and communicator of innovative acoustic solutions.

The Troldtekt vision

Being a trendsetter in intelligent acoustic solutions.

The Troldtekt guiding principle

Sustainable indoor climate.

Activities

Troldtekt's principal activity is the manufacture and sale of acoustic cement-bonded wood wool wall and ceiling panels for all types of buildings from private homes, schools, institutions, offices and industrial buildings to sports halls and swimming pools. The company supplies complete ceiling and wall cladding solutions which integrate good acoustics, fire protection and a healthy indoor climate with ventilation, decoration and loudspeaker systems.

Troldtekt's production takes place at state-of-the-art facilities in the small town of Troldhede in western Jutland.

Sales, administration, marketing and technical support functions are located at the company's head office in Tranbjerg, a suburb of Aarhus. In 2015, Troldtekt opened an office in Hamburg, and in 2016 an office in Malmö in Sweden.



Troldtekt also works with a number of distributors abroad, mainly in northern Europe.

Troldtekt's role in construction

Troldtekt's direct customers are builders' merchants and DIY stores, while building consultants, architects and private clients comprise the company's indirect customers.

Markets

In Denmark, Troldtekt is a leading supplier of acoustic panels, and the domestic market plays a major role. In addition, Troldtekt is primarily active on the neighbouring European markets.

Suppliers

Troldtekt's Code of Conduct forms the basis for the company's cooperation with its suppliers. The Code of Conduct is based on the general principles contained in international conventions. All Troldtekt's key suppliers are Danish, and either supply certified wood, cement, paint, packaging or wind energy.

Community activities

CSR is rooted in Troldtekt's corporate culture, and it was therefore natural

for the company to join the UN Global Compact. In continuation of this commitment, Troldtekt has integrated the Cradle to Cradle concept in its business strategy.

Troldtekt plays an active role on a number of committees, in organisations and associations, among others:

- Green Building Council Denmark
- BYG Netværket
- The board of BIPS
- DI's special building policy committee
- Committee work in Danish Standards

Organisational changes

In 2016, Troldtekt A/S established the subsidiary Troldtekt AB in Malmö in Sweden.

Troldtekt is a fast-growing company. From 1 January to 31 December 2016, the number of employees increased by 10 per cent. No other significant changes were made to Troldtekt's organisation.

Information

For more information on Troldtekt A/S and its products, CSR activities and technical documentation, please visit www.troldtekt.com.

Troldtekt, the story

Louis Hammerich takes over the business and expands the range to include wholesale products and begins to import building materials from abroad.

The business has grown, and A/S L. Hammerich & Co. moves into modern new premises in Grønnegade in central Aarhus. Poul Hammerich, Louis's son, takes over management of the company.

Poul Hammerich sets up the 'Grosserer L. Hammerich og Hustru Ellen, f. Lisbergs Legat' foundation to support families and staff. Poul Hammerich dies at a young age, but the foundation is subsequently realised.

The fourth generation of the Hammerich family, Peter Hammerich, joins the company management.

Thorkild Bjerglund Andersen, who has been on the company's board of directors since 1973, purchases A/S L. Hammerich & Co.

Running out of space again, A/S L. Hammerich & Co. moves to the old Østergaard manor in Malling, which Thorkild Bjerglund Andersen has renovated while farming the adjoining land. Huge investments are made in streamlining and modernising production in Troldhede.

A/S L. Hammerich & Co. and A/S Troldhede Pladeindustri merge under the name A/S L. Hammerich & Co., with sales and administration in Malling and production in Troldhede.

Following a business succession, A/S L. Hammerich & Co. moves to more contemporary premises on Sletvej in Tranbjerg outside Aarhus, and the company name is abbreviated to L. Hammerich A/S.

Troldtekt qualifies for Cradle to Cradle certification in the silver category and prepares a roadmap for developing Cradle to Cradle quality at Troldtekt through to 2022.

Troldtekt Deutschland GmbH is established in Hamburg, the company's first foreign subsidiary. The strategic focus on neighbouring export markets is followed up by a significant expansion of production capacity in Troldhede.

1855

1884

1911

1931

1935

1936

1947

1977

1982

1988

1993

1998

2000

2003

2005

2008

2010

2012

2014

2015

2016

J. C. Seidelin opens the first dedicated store for building materials at Fredens Torv in Aarhus.

L. Hammerich Specialforretning i Bygningsartikler is renamed Aktieselskabet L. Hammerich & Co. The public limited company has registration number 645 and is thus one of the oldest surviving public companies in Denmark.

A/S L. Hammerich & Co. acquires A/S Troldhede Pladeindustri in Troldhede. Fibreboard and the cement-bonded wood wool Troldtekt® panels are manufactured here, and a registered trademark is acquired in 1936.

Svend Hammerich joins the company management and helps re-establish the company's position following the Second World War.

The product range is extensively restructured, with a 100 per cent focus on Troldtekt and a few trade goods. All warehouse facilities are moved to Troldhede, while sales and administration are moved to new offices on Klamsagervej, Åbyhøj. Peter Hammerich leaves the company.

A/S L. Hammerich & Co. moves to the sawmill Aarhus Savværk's former premises on Søren Nymarks Vej in Højbjerg.

The new millennium marks the beginning of a period of strong product development. Troldtekt is no longer just acoustic panels, but acoustic solutions with integrated lighting, sound, ventilation and decoration.

Thorkild Bjerglund Andersen's heirs take over the company and carry on the family-owned enterprise under the management of a professional advisory board.

The 75th anniversary of the production of Troldtekt acoustic panels is marked by changing the company name to Troldtekt A/S. Troldtekt receives the Danish Building Industry Environment Award the same year for its focus on the environment and sustainability throughout the product's entire life cycle.

The CSR Foundation awards Troldtekt A/S the CSR Awards' Strategy Prize for its solid and strategic approach to CSR and for having established CSR in all parts of the business, including at executive level and in the business strategy.

The company's second foreign subsidiary, Troldtekt AB, is established in Malmö in Sweden, and production capacity is further expanded.

The values infuse our daily lives

Being innovative, credible and socially responsible are the values that tie Trolldtekt together. The employees have arrived at the values together, and have in 2016 been working to implement them in practice.

Trolldtekt's values are not just empty words that look good on a website. They are principles that everyone in the company can recognise, identify with and act on. In 2015, the employees were heavily involved in updating Trolldtekt's set of values.

- There is a clear desire on the part of both Trolldtekt's management and employees that we have values that motivate us while clearly reflecting our daily lives. Therefore, it was crucial that the employees contributed to preparing the values, says Peer Leth, CEO of Trolldtekt.

The essence of the principles

Back in 2008, Trolldtekt held its first internal values day for the salaried employees, which resulted in a set of values centred around the word

'acoustics'. Since then, the business and the world at large have seen considerable developments. Among other things, Trolldtekt takes a much more systematic approach today to CSR and its environmental initiatives.

- It was therefore natural to have a new session in 2015. Here, the employees together came up with a lot of good principles for our company. These principles were then narrowed down initially to eight to ten values, and then finally boiled down to three: We're innovative, we're credible, and we're socially responsible, says Peer Leth.

Values game tested morale

In 2016, Trolldtekt worked with translating the three values into everyday situations – a process which will continue in 2017.

- Specifically, in 2016 we organised an in-house theme day for our salaried employees where we played a values game. Here, we tested our ethics, morals and principles in a number of hypothetical, yet realistic scenarios. One scenario looked at the grey areas in corruption, says Peer Leth, adding:

- In 2017, we're also holding a values day at our factory in Trolldhede. We have three shifts in production, and some employees therefore meet very rarely. The aim of the day is to help ensure that employees across the company strengthen their relations and have an opportunity to discuss values. It's important that they have a common understanding when passing on tasks to each other.

Values

In 2015, Trolldtekt decided to update and strengthen the company's values. A large group of employees participated in the process, and the result was three new values which convey that we are:



Innovative

We create results through development. Innovation must ensure that Trolldtekt is a trendsetter within intelligent acoustic solutions that focus on a sustainable indoor climate.



Credible

We do what we say, and we keep our promises. We also communicate openly about our sustainable objectives and results.



Socially responsible

We act responsibly in all parts of the business, including in relation to the environment, society and employees. Corporate responsibility is rooted in our strategic work with Cradle to Cradle.



▲ Values day for employees 2014.

In what way is Trolldtekt innovative, credible and socially responsible?

Trolldtekt's CEO Peer Leth provides a few examples from daily life.

How are you innovative?

- The company is at the forefront of developments in order to safeguard our existence. This applies in the environmental area, where we've launched waste sorting in our production as well as a take-back strategy, so that in 40-50 years we can safely take back our products.

- Innovation is also about product design. We're finding, for example, that in many modernised industrial buildings people would like to keep the original ceilings, and we've therefore started developing more acoustic solutions for the walls.

How are you credible?

- We set the bar high, and there are things we choose not to do even

though it has a negative impact on our revenue in the short term. Among other things, our products are subject to a Cradle to Cradle materials assessment before we launch a new product.

- And then we're honest about our CSR efforts instead of trying to paint a rose-tinted picture. Therefore, we've been completely open about the fact that, in 2016, we had a number of industrial injuries which really should not have happened.

How are you socially responsible?

- Our operations are based on our CSR strategy, where the environment also plays a major role. This means, among other things, that we've chosen a more expensive technology

for our drying oven and painting facility, because this technology enables us to reduce our resource and energy consumption.

- Moreover, we fully support projects which relate to good acoustics. For example, we support the Danish Association of the Hard of Hearing, and we have also donated money to Huset in Herning, so that it can offer the socially vulnerable a space where they have the peace and quiet for concentration and conversation.

Cradle to Cradle quality in Trolldtekt

Trolldtekt’s Cradle to Cradle roadmap shows the direction for our work with the circular economy up until 2022.

CSR and sustainability are strategically integrated in the senior management at Trolldtekt. Trolldtekt A/S’s business strategy is based on the Cradle to Cradle vision of creating healthy products that benefit human health and the environment, and which can be incorporated into the natural cycle without wasting resources.

Returned to nature as compost

We work systematically with the circular economy, for which closed resource cycles are a central tenet. Via our Cradle to Cradle certification, we can document that Trolldtekt acoustic panels can be safely returned to nature as compost.

In 2016, we launched a take-back scheme which is designed to ensure

that it is possible for cement-bonded wood wool waste to be collected from building sites and returned to nature.

Commitment to published objectives

Trolldtekt’s Cradle to Cradle roadmap is an ambitious and publicised plan for how our work with the circular economy will continue to develop. For each of the five Cradle to Cradle criteria categories, we have drawn up concrete action plans to ensure that we achieve the defined objectives.

Many initiatives have been launched, and many goals have already been fulfilled, but the roadmap is revised every other year following re-certification, so that it continues to describe more ambitious goals for the future.



Cradle to Cradle scorecard

Theme \ Tier	Basic	Bronze	Silver	Gold	Platinum
 Material health			✓		
 Material reutilization				✓	
 Renewable energy				✓	
 Water stewardship					✓
 Social fairness				✓	

Cradle to Cradle roadmap

	Results achieved 2012-2016	Objectives 2017/2018	Objectives 2019/2020	Objectives 2021/2022	Long-term objectives
Material Health 	<ul style="list-style-type: none"> ✓ Trolldtekt acoustic series in natural and standard colours, C2C-certified. ✓ Product development based on C2C principles. <p>C2C SILVER level.</p>	<ul style="list-style-type: none"> • Launch of new C2C-certified products. 	<ul style="list-style-type: none"> • Optimise paint recipe so that Trolldtekt acoustic panels in natural and standard colours can advance to C2C GOLD level. 		C2C PLATINUM level.
Material Reutilisation 	<ul style="list-style-type: none"> ✓ Complete reuse of production waste in the biological cycle. ✓ Take-back scheme for collecting cement-bonded wood wool construction and demolition waste in Denmark established. <p>C2C GOLD level.</p>		<ul style="list-style-type: none"> • Facilitate the possibility of a third-party system for the registration, collection and reuse of cement-bonded wood wool in Denmark. 	<ul style="list-style-type: none"> • Facilitate the possibility of a third-party system for the registration, collection and reuse of cement-bonded wood wool on the primary export markets. 	C2C PLATINUM level.
Renewable Energy 	<ul style="list-style-type: none"> ✓ DONG Energy climate partner. 100% renewable energy for electricity consumption (wind power) from 2013. ✓ 20% reduction in energy consumption per produced m² compared to 2012. <p>C2C GOLD level.</p>	<ul style="list-style-type: none"> • Running-in of a new, energy-efficient biomass boiler. 			C2C PLATINUM level.
Water Stewardship 	<ul style="list-style-type: none"> ✓ No wastewater discharge from production. ✓ Water-saving scheme established. <p>C2C PLATINUM level.</p>		<ul style="list-style-type: none"> • Launch initiatives aimed at partial self-sufficiency with process water. 		Maintain C2C PLATINUM level.
Social Fairness 	<ul style="list-style-type: none"> ✓ CSR reporting to UN Global Compact from 2010. ✓ CSR reporting follows the GRI G4 structure. ✓ C2C principles introduced in the organisation and value chain. <p>C2C GOLD level.</p>	<ul style="list-style-type: none"> • The structure of the CSR reporting follows the new GRI standard. 		<ul style="list-style-type: none"> • CSR reporting has been verified by an independent third party. 	C2C PLATINUM level.

Trolldtekt’s Cradle to Cradle roadmap describes the overall objectives for the company’s work with CSR and sustainability up until 2022.

Vision:

Trolldtekt A/S will be the leading supplier of healthy indoor climates and good acoustics based on high-quality products which are healthy for users

as well as being beneficial for the environment and future generations.

Strategy:

Trolldtekt A/S’s business strategy is based on the Cradle to Cradle vision of creating healthy products which benefit human health and the environment, and which can be safely incorporated into the natural cycle without wasting

resources. Trolldtekt has therefore entered into a strategic collaboration with Vugge til Vugge Danmark ApS, and together we have developed a roadmap which – based on the five Cradle to Cradle criteria categories – points the way to 2022. For each criteria category, we have drawn up concrete action plans to ensure that we achieve the specific milestones and objectives.

Status at the C2C re-certification in January 2017

Material Health is still at C2C silver level, and Trolldtekt therefore maintains an overall C2C certification at silver level.

Material Reutilisation, Renewable Energy and Social Fairness are all at

C2C gold level. Water Stewardship has advanced to platinum level because water handling in the supplier chain has now been surveyed at primary materials suppliers. To maintain platinum

level for Water Stewardship in future, the supply chain survey must be continuously expanded, updated, and any problems must be addressed.

Troldtekt & CSR

Troldtekt's commitment to CSR was formalised when, in 2010, we joined the UN Global Compact. However, social responsibility has been a core value for the company throughout its existence, and we are continually launching new and ambitious goals within the environment, labour conditions, society and human rights.

CSR is a cornerstone of Troldtekt's identity. Just like the cement that binds the wood wool in Troldtekt's acoustic panels together, CSR is an indispensable part of everything we do. Not a day passes where we do not work to improve our efforts within the different areas specified in the UN Global Compact.

The responsibility for CSR is rooted in Troldtekt's executive management, but all employees, suppliers and partners are co-responsible. Every year, we document and report on CSR initiatives within four key areas: the environment, labour conditions, society and human rights.

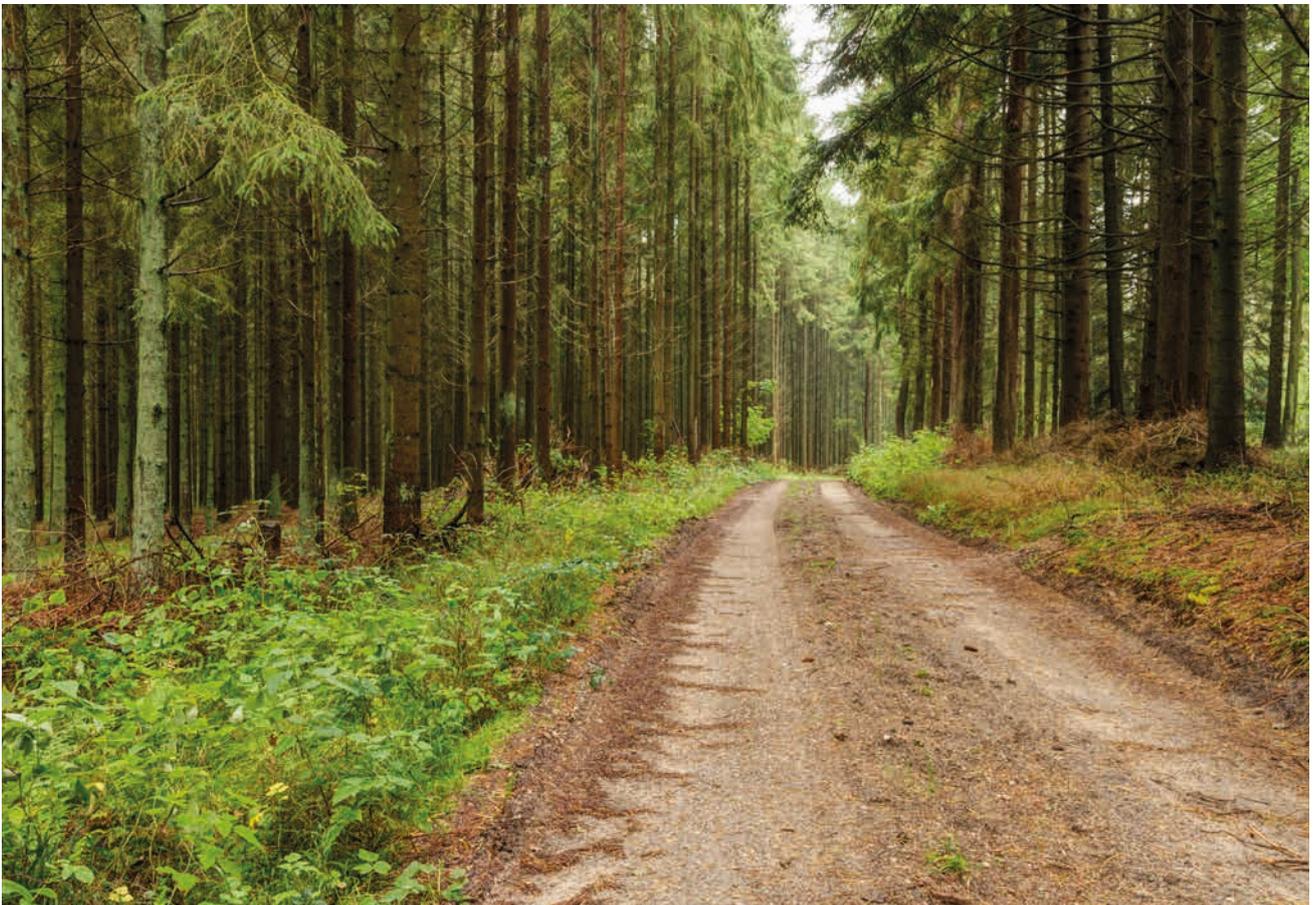
Environment

At Troldtekt, we are committed to ensuring that our activities have a positive impact on the environment and our shared resources. Even though Troldtekt acoustic panels are now produced using the very latest automated technology, the basic materials are still the same natural materials as those used in 1935: wood and cement.

In so far as is possible, all raw materials come from the surrounding area in order to minimise the environmental impact of transport.

Waste from production is recycled and used for compost or energy. We have launched a take-back scheme so that cement-bonded wood wool waste from building sites can be collected, and that offcuts and waste from Troldtekt products can be returned to nature as compost.

Troldtekt's electricity consumption is based on 100 per cent renewable energy from the Anholt offshore wind farm. We work systematically to reduce our energy consumption, among other things through our climate partnership with DONG Energy.





Labour conditions

Troldektek has a long-standing tradition of taking care of all its employees. Respect, co-determination and diversity in the workplace are keywords. We recognise that our employees are the company's most important asset.

We make a priority of retaining employees who are on sick leave, and of preventing industrial accidents and injuries, among other things through employee representation in safety and liaison committees.

In 1936, the founder and then managing director and owner, Louis Hammerich, established a staff fund which could provide financial support to employees past and present who have been hit by misfortune. The foundation still exists, and is one example of how Troldektek actively

seeks to support employees who have suffered a serious illness or accident.

Society

At Troldektek, we play an active role in society and engage in dialogue with the outside world. This is equally true when it comes to our neighbours near the factory in Troldehede and to suppliers on the other side of the world.

In our Code of Conduct, which our suppliers are also obliged to observe, we state that corruption and bribery are completely unacceptable. We also support several associations and organisations, among others the Danish Association of the Hard of Hearing, the Danish Asthma and Allergy Association and the Danish Acoustical Society (DAS).

Human rights

An important part of our commitment to the UN Global Compact is the obligation to support and actively promote human rights.

Troldektek's Code of Conduct is the cornerstone of this work, and we constantly maintain a keen focus on this issue in our dealings with our suppliers and partners.

This applies not only to our suppliers for production, but also service providers who, for example, clean or handle waste. The decision has been made to underline the fact that focusing on human rights is important in all parts of the world, and in recognition of the fact that observing human rights is not a matter of course.

Read Troldektek's CSR policy at troldektek.com under the menu item Environment & CSR.

Systematic waste sorting benefits the environment and our business

In Trolldtekt's production, there is now even more focus on ensuring that cardboard and plastic do not end up in the same container. A new sorting system means that it is easier for Trolldtekt to ensure that the waste is handled correctly following disposal, and that as much as possible is recycled.

Old cardboard boxes, empty paint tins, defective fluorescent tubes and polypropylene plastic Strapex straps. Each day, the manufacture of Trolldtekt acoustic panels generates many different waste fractions that have to be handled in different ways. Some can be recycled, while other fractions require special handling and must be disposed of in an environmentally correct manner. In the past, Trolldtekt had several different hauliers collecting and disposing of the

waste, while some of it, for example cardboard, was incinerated in the factory's boiler. However, this was both inefficient and impractical.

– Cardboard waste has no appreciable calorific value, so we only burnt it to get rid of it. At the same time, it caused problems blocking the feeding system for our boiler, says Allan Madsen, a metalsmith employed in Trolldtekt's maintenance department.

Waste is a joint responsibility

Allan Madsen and his colleagues raised the issue with Trolldtekt's management, and Trolldtekt has now introduced a new and comprehensive sorting system. Sorting has been introduced for several reasons, but it was vital that the employees themselves were involved and played an active role in the process, says environmental manager Renate Blom.



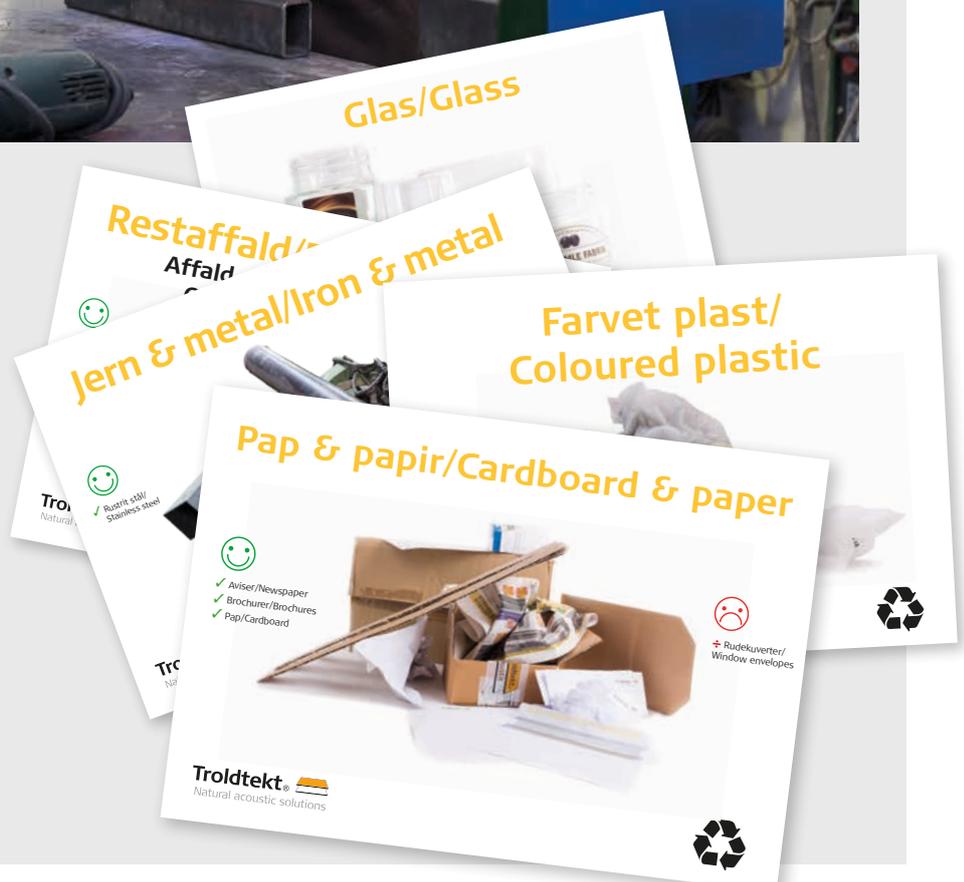
▲ Allan Madsen participated actively in the process of designing a new sorting system.

The right container is close by



Each of Troldekt's production departments has received individual waste bag stands corresponding to their needs. Frederik Haunstrup, an apprentice metalsmith, was asked to weld in specially designed holders for the waste signage which, among other things, has a picture showing what sort of waste should be put in the container.

– We've gone to great lengths to ensure that it's easy to sort the waste correctly, because the right container is always close by. The carpenters, for example, have a lot of packaging, while the metalworkers need to be able to dispose of waste oil, downpipes, metals and chemicals. As an apprentice, it was exciting to help out, not least because it was a challenge to weld the round tubes which the stands are made of, says Frederik Haunstrup.



- The only way to make waste sorting a success is if all the employees can see the sense in it. All it takes is for a single person to chuck something in the wrong container for the system to fall to pieces. It was therefore crucial that we received specific input from the employees on which waste needed to be sorted, says Renate Blom.

Sorting provides a better overview

In addition to the purely practical and environmental benefits, there are other positive aspects of the new waste sorting system. Now a single company handles all the waste, which makes it easier for Troldekt to keep track of what is happening to the waste when it leaves the factory.

- It's an important part of our overall strategy to recycle as much as possible and to act in an environmentally responsible way. It also means that we need to have a grip on the data and documentation so that we know how much waste is incinerated, recycled, sent for landfill etc. It has become much easier now that we have just one company handling all the disposal and recycling, says Renate Blom.



▲ The waste signage is also used to mark the large containers which Troldekt leases.



▲ Tipping bins are emptied using a forklift truck, so there is minimal manual handling.



▲ Plastic is collected locally and then taken to a large container.

Good money in cardboard and plastic

When the stands are full, the company's caretaker Allan Hammer ensures they are emptied into the containers, and that the waste is sorted correctly. There are both good environmental and economic reasons for sorting thoroughly.

– I'm a bit like an employee at a recycling centre. My colleagues know where to find me if they're in

any doubt about which container to put a particular item of waste into. The introduction of the scheme has gone really well, and there have only been a few occasions when things have ended up in the wrong place. It requires, of course, that people pay a bit more attention on a daily basis, but everyone appreciates that it's a good

idea. It makes good sense to protect the environment of course, and with the new scheme, we get paid for the things which can be recycled rather than having to pay for them to be collected. In particular, there is good money in cardboard and plastics if things are sorted properly, says Allan Hammer.

New painting hall results in less waste and greater job satisfaction

A fully automated painting facility has reduced the amount of paint which Troldekt wastes by more than 70 per cent. The hall and the new technology have given the working environment a lift.

Several hundred thousand litres of paint are used every year to paint Troldekt acoustic panels in white, grey, black and special colours. There is a growing demand for painted panels, and in 2016 Troldekt therefore invested a total of DKK 13 million in a new painting facility and a brand new hall in which to house the system.

– Even though we were painting 24 hours a day, seven days a week, the old system could no longer keep pace. The plan was to find space for a new painting system in our existing buildings. However, by constructing a completely new hall, we've been able to design a fully automated production line that is more efficient and offers a far better working environment, says Orla Jepsen, factory manager at Troldekt.

The best technology

When a machine paints the panels, there will always be a certain amount of waste.

Some of the spilled paint can be re-used in production, while a small amount is collected in filters which are incinerated without polluting the environment. However, with the new system, the amount of paint being wasted has been reduced by over 70 per cent.

– We chose the most expensive of the two options, because it was the machine which ensured minimum resource waste. Also, it's easier for our employees to clean and maintain it, says Orla Jepsen.

He also mentions that the new facility requires less energy for air extraction in the hall and for drying the painted panels. However, it is too early at this stage to say how big the energy savings per produced square metre will be.

No more manual work routines

The new painting facility has significantly boosted job satisfaction. The employees no longer have to handle the panels manually – instead they operate the

forklifts and monitor the system.

However, as the new solution is fully automated, there is more technology that they need to understand.

– It's good for the working environment that there is no longer any manual lifting. On the other hand, the technology places new demands on our operators. To equip them in the best possible way, we've entered into an agreement with the company that supplied the painting system on help with the training, says Orla Jepsen.

He adds that the employees now also have a lighter and more attractive working environment:

– As we were in the process of designing a light and airy hall covering 1,200 square metres, we realised it was an obvious opportunity to showcase our design solutions. Therefore, the hall also functions as a showroom which was received with great enthusiasm by both employees and guests.



▲ There is a growing demand for painted panels. The new painting facility is more efficient and cuts waste.

Employees' comments on the new painting hall



Lilly Bonde Pedersen, machine operator

"The new painting facility is much more sophisticated and boasts millimetre precision. It also places different demands on us employees."



Morten Søndergaard, machine operator

"I think it's very positive that there is less waste with the new system, and that it also handles more panels than the old system. It cuts costs, and ultimately contributes to greater job security."



Torben Pehrson, machine operator

"Thanks to the new hall, our work now takes place in nice and cheerful surroundings. However, the new painting system means that we've had to take a lot of new information on board."

HUSET offers a sense of community and peace of mind

In Herning, the independent association HUSET offers a sanctuary for socially disadvantaged citizens. The association has a dream that its newly refurbished multi-purpose room will create a better communal environment and make it easier for people to take the first tentative steps across the threshold.



▲ Henrik Hedelund, HUSET's daily leader, is looking forward to decorating the wall with printed Troldekt panels.

When you step through the door of HUSET in Herning, no one will ask why you have come. Whether you feel lonely, are grappling with alcoholism or are in financial problems, you are always welcome to drop by for a cup of coffee, a meal or just to have a chat about this and that. HUSET offers an accommodating social fellowship which can provide a break from the challenges of daily life.

HUSET is run by an independent association without religious or political affiliations. In addition to serving food and coffee each day, the association organises excursions,

talks and other events for the socially disadvantaged, their relations and anyone else who is interested. Independence is both a strength and a weakness, explains Henrik Hedelund, who is the daily leader:

– We don't have to ask anyone for permission when planning activities for our users. On the other hand, being on our own also leaves us vulnerable, especially financially. We want to keep our user fees low, because if they're too high, it's often those with the greatest need who are excluded. We're therefore very dependent on funding from foundations and businesses.

A room for many purposes

HUSET's premises in Bryggergade in Herning are the focal point for most of the activities. The property includes a courtyard garden and a building with a carpentry, glass and bicycle workshop. Neither the glass workshop nor the large carpentry workshop were being used that often, so the association decided to transform the former into a multi-purpose room which can be used for a variety of activities.

– We want to create a room with a flexible layout. During the day, it will be used as a café with the possibility



▲ Once the new multi-purpose room is finished, it can be used for everything from games to singing.

of playing pool and darts. A friendly game can often help people forget their problems for a while. However, in the evening, it will serve as a venue for singing and talks. It's particularly evening gatherings with singing from the High School songbook which have been very popular, says Henrik Hedelund.

Events attract people to HUSET

The association already has several events planned for when the multi-purpose room is completed in spring 2017. And they are definitely not just for the daily users. On the contrary, HUSET wants to attract as many outside guests as possible. Partly because it is a good opportunity to break down taboos and prejudices about social drop-in centres, and partly because the events can help potential users to overcome their reluctance and step through the door.

– It can be very difficult to cross the threshold for the first time. Many people, especially those feeling lonely, are afraid to reveal their own vulnerability. On the



▲ The old carpentry workshop which has now been transformed into a multi-purpose room.

other hand, they can use an evening of singing as an 'excuse' to come in and check us out. Many people think that our users are down-and-outs who hang out on benches. However, only 1 per cent fall into this category. The remaining 99 per cent could be anyone from your neighbour or a family father to a CEO or a teenage daughter," says Henrik Hedelund.

Supported with labour and materials

A number of businesses, foundations and organisations have contributed to making HUSET's dream of a multi-purpose room a reality. Troldekt has donated an acoustic ceiling so that the acoustics are perfect whether the room is being used as a café or for singing or a talk. Students from the local technical school lent a hand installing the ceiling in the multi-purpose room.

Open factory strengthens the dialogue with neighbours

In spring 2016, everyone living in Trolldhede was invited to an open-house event at Trolldtekt's factory, which plays a key role in the local community. Around 300 people showed up for a day with guided tours and a friendly atmosphere.



The barbecue was burning, the Hjem-IS ice cream van was ready, and the production of acoustic panels in full swing. On Saturday 21 May 2016, about 300 people visited Trolldtekt's large factory in the west Jutland town of Trolldhede. The guests were a mix of local citizens and people related to Trolldtekt's employees.

– Many people in the town have only heard about Trolldtekt, but have never seen our factory, and the same applies to many of our colleagues' families. Therefore, we invited everyone living in

▲ Dressed in high-visibility vests, the 300 or so visitors experienced Trolldtekt's production with their own eyes.

the town to an open-house event, says Orla Jepsen, factory manager.

Prominent in the town

Since 1935, Trolldtekt has been producing cement-bonded wood wool panels in Trolldhede, and after growth and expansion in recent years, the factory plays an even bigger role in the local community.

– This is something that we're very aware of, and we therefore wanted to give our neighbours an insight into what we do and the problems that you often face when running such a big production facility. We believe it creates a better foundation for the dialogue between Trolldtekt and the local community, says Orla Jepsen.

// We have a responsibility to help people in the local area understand what Trolldtekt acoustic panels are all about.

Orla Jepsen, factory manager.



Guided tours and entertainment

Six of Trolldtekt's employees had agreed to be guides, and, wearing high-visibility vests, groups of 20-30 guests were able to experience the production facilities at close quarters. Employees who had family members visiting were allowed to show them round themselves.

– We received a lot of positive feedback from the participants, who thought it was exciting with a guided tour. Also, the visitors included a gentleman who had worked at the

▲ One of the main aims of the event was to give neighbours in Troldhede an insight into the problems that you face when running a large production facility.

factory in the 1960s. He was pretty impressed with our ultra-modern facilities, says the factory manager.

Possible repeat of the success

In a large marquee, barbecued sausages and drinks were being served, and in the area outside, children could have fun in a bouncy castle and get ice creams from the ice cream van.

– Several people asked when we're going to stage the event again, and consequently we're considering whether to hold it as a regular event every three or four years. We have a responsibility to help people in the local area understand what Trolldtekt acoustic panels are all about, and in our experience an open-house event such as this at the factory is a very good way of doing so, says Orla Jepsen.

Troldtekt panels delivered on sustainable pallets

When an order for Troldtekt acoustic panels is shipped from the factory, the panels are stacked on pallets from the sawmill Grønagergård Savværk. And just like the acoustic panels, the pallets are made of sustainable wood which can be traced back to responsible forestry operations.



▲ Jan Kristensen gives a guided tour of Grønagergård Savværk.

The sawmill Grønagergård Savværk is situated in wooded countryside near Gjern to the east of Silkeborg, surrounded by tall trunks and green treetops in all directions. The sawmill, which covers a couple of hectares, has 40 employees who spend their days cutting raw logs of larch, Douglas fir and Norway spruce. The logs are transformed into patio decking, wood cladding, garden furniture – and not least pallets for Troldtekt.

All pallets used to transport Troldtekt products are produced at the sawmill Grønagergård Savværk. This is no coincidence, because just like Troldtekt, the sawmill only uses wood from Danish forests. Thus, even the tiniest splinter

can be traced back to trees which have come from responsibly managed forests. Grønagergård Savværk is certified in accordance with both PEFC™ and FSC®.

Passion for good-quality wood

Grønagergård Savværk is run by Jan Kristensen, a qualified carpenter, and it is his passion for wood and solid craftsmanship which is behind the company's growth to its present size. In 1987, Jan Kristensen had just a single saw, which he used to cut wood for his neighbours. Today, the sawmill has 5,000 square metres of covered premises and supplies private customers, institutions and industry.

All the sawmill's products are made of completely clean, new and untreated wood. And producing pallets helps to ensure that all parts of the logs are used so that nothing goes to waste.

– A tree trunk is just like a pig. It has two 'tenderloins', which are used for patio decking, cladding, building timber, horseboxes and garden furniture. The rest is used for pallets and other types of wood packaging. Without our pallet production, all the surplus wood would be chipped and burnt, says Jan Kristensen.

No crooked stacks

In addition to only using sustainable wood, Grønagergård Savværk also takes



▲ A large oak log is cut into blocks on one of the sawmill's large saws.



▲ Troldekt pallet production.



▲ Timber for pallet production.

considerable pride in producing precisely dimensioned, high-quality pallets.

– We know that our pallet production means more to our customers than most people probably realise. Because without pallets, Troldekt wouldn't be able to ship its panels out to its customers. And if the pallets are not precisely dimensioned, then the pallets loaded with Troldekt acoustic panels will be crooked, which causes problems during both storage and shipping, says Jan Kristensen.

Because of their high quality, each pallet can be used between five and seven times before it has to be

discarded. And because the pallets are made from pure wood, they can be burned without any negative environmental impact.

Shared values

Troldekt's cooperation with Grønagergård Savværk is a good example of how important it is to choose the right suppliers in order to realise the vision of sustainable production.

– We go out of our way to minimise our environmental impact and optimise our resource consumption and processes throughout the entire

product life cycle. For this to succeed, we're dependent on like-minded suppliers such as the Grønagergård Savværk sawmill, where quality and sustainability are deeply rooted in the company's core values, says Troldekt's environmental manager Renate Blom.

FACTS: Troldekt on pallets

- In 2016, Troldekt shipped 65,227 pallets to its customers.
- 28% of them were returned pallets, which were reused.

Anti-corruption: New rules highlight grey areas

Growing exports go hand in hand with a greater risk of encountering dilemmas about corruption. As part of joining the UN Global Compact, Troldekt already has an anti-corruption policy. The management will now work to future-proof these guidelines.



Most people realise that receiving a thick envelope containing a wad of banknotes from a supplier amounts to corruption. But what if the supplier invites you to a football match and dinner afterwards? Or if you invite a customer out to dinner following a business presentation?

A new set of guidelines aims to help salespeople, buyers and managers at Troldekt to make a clear

distinction between good business relations and corruption.

- We must continuously consider anti-corruption as part of our commitment to the UN Global Compact. In addition, we've entered markets where the risk of encountering corruption may be greater than in Denmark. Therefore, we have to have very clear principles in this area, says Kent Vium Pedersen, export manager at Troldekt.

// We must continuously consider anti-corruption as part of our commitment to the UN Global Compact.

Kent Vium Pedersen, export manager.

Keep things professional

Kent Vium Pedersen makes it clear that Troldekt does not consider corruption a big risk on the company's current export markets; nor has the company found itself facing any specific dilemmas about corruption. The new guidelines should simply be seen as due diligence.

- We must have a common set of guidelines of what's OK, and what's not. The biggest grey areas are relationship-building events. Here, our policy is that events must basically be professional before we issue or accept invitations. There should also be professional reasons for meeting our stakeholders, says Kent Vium Pedersen.

- It's also important that we try to look at our company through the eyes of our external stakeholders. Even though something is or might have been normal practice in the construction industry, we

FACTS: Troldekt and anti-corruption

- The work on Troldekt's new anti-corruption guidelines has started, and will involve Peer Leth, CEO, Bo Pedersen, sales manager, and Kent Vium Pedersen, export manager.
- Troldekt's CSR policy already contains principles within this area. For example, no employee may, without the Board of Management's permission, accept gifts in excess of DKK 900.
- Anti-corruption is one of the ten principles of the UN Global Compact, which Troldekt has joined.

must ensure that nothing we do conflicts with the guidelines on anti-corruption or our own policies, he adds.

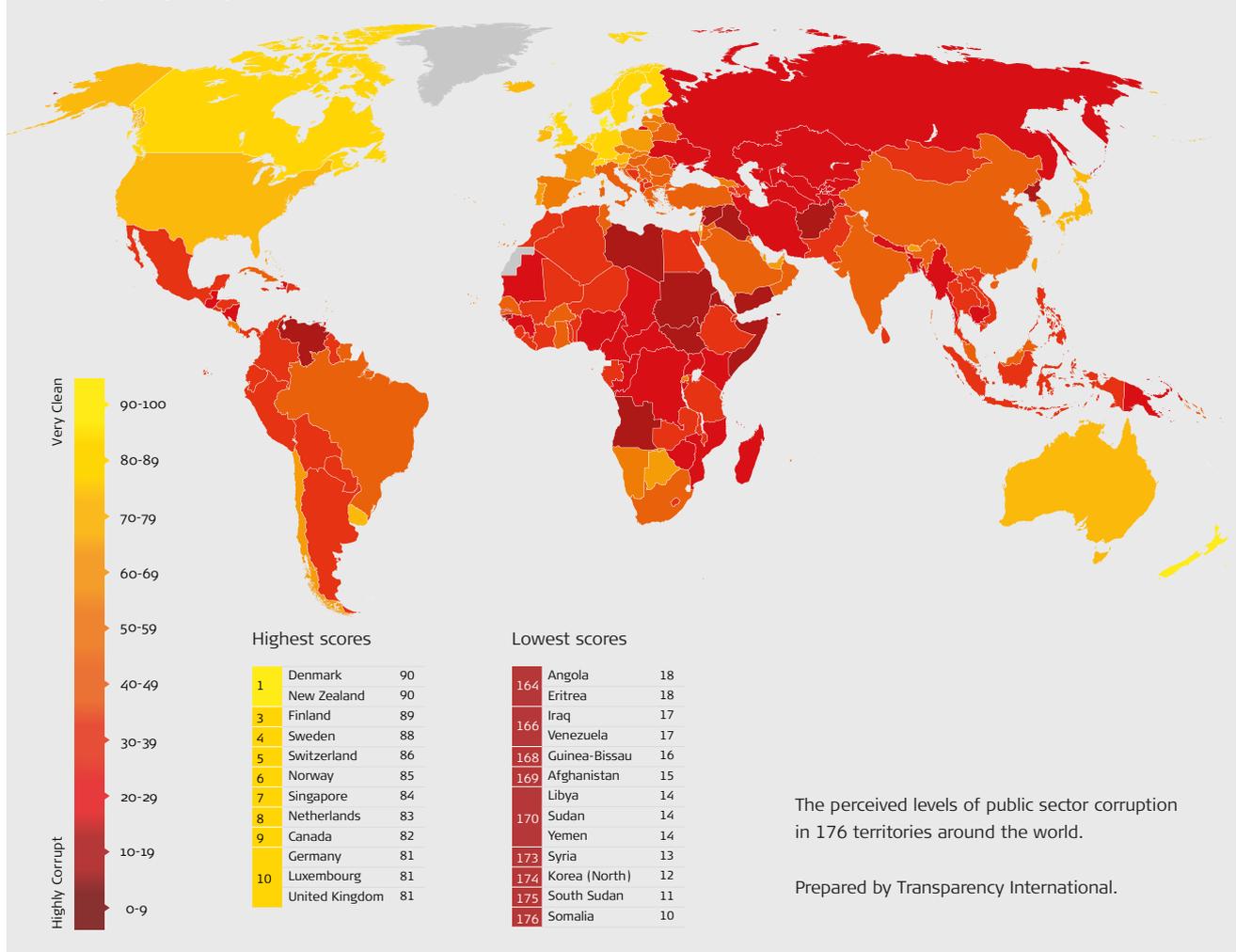
Must be easy to understand

In preparing the new anti-corruption guidelines, Troldekt has been inspired by a large Danish company which is also represented in many markets. During a presentation, Troldekt's sales team heard how this company

has set out some relatively simple rules for its employees.

- It's important that the guidelines are easy to understand to avoid situations where subjective assessments have to be made to decide whether or not something is OK. Of course, common sense is helpful in most cases, so it's the tricky grey areas that we focus on," says Kent Vium Pedersen.

Corruption perceptions index 2016



The perceived levels of public sector corruption in 176 territories around the world.

Prepared by Transparency International.

GRI G4 indicators

The purpose of GRI G4 is to increase comparability between organisations. Troldekt uses the GRI G4 guidelines to ensure well-structured reporting. Even though the report contains GRI G4 standard information, there are deviations from the standard's guidelines. In preparing its CSR reporting, Troldekt has carried out a materiality analysis based on GRI G4. This has resulted in 36 indicators which Troldekt is reporting on in 2016. The data is continually improving, and thus also the reporting. G4-EN23 has thus changed significantly following a comprehensive review of the whole area of waste management. Also, we have chosen to publish figures for three consecutive years to show the development.



Environment

Troldtekt is a dynamic, growing company. In 2016, production increased yet again. In addition, for certain product types we have increased the material content. This has resulted in denser panels and thus improved quality. Data on the company's materials consumption illustrates this increase in the consumption of raw materials.

Troldtekt's business depends on continued access to energy and the materials which are used to manufacture the company's products. We are constantly focusing on optimising the consumption of materials and energy. This is why we are especially pleased that we have successfully reduced energy consumption over a three-year period by 20 per cent per produced m².

In 2016, 83 per cent of the purchased wood was PEFC or FSC®-certified.

G4-EN1 – Materials consumption

All materials are purchased from external suppliers. The data is obtained from supplier invoices or statements provided by the supplier.

	Material	2014	2015	2016	Unit	Renewable material
Raw materials	Wood	34,010	34,945	40,375	m ³	yes
	Cement, grey	2,178	2,270	2,535	tonnes	no
	Cement, white	11,219	13,396	16,880	tonnes	no
	Accelerator	220,607	160,732	135,942*	litres	no
	Sodium silicate	227,157	208,560	285,915	litres	no
	Paint	268,522	334,094	412,091	litres	no
Associated process materials	Water	15,389	15,580	13,901	m ³	yes
	Asphalt cleaner	4,140	1,630**	5,175	litres	no
	Mould oil	94,038***	155,392	155,149	litres	no
Packaging	Cardboard	48	65	62	tonnes	yes
	Foil	15	21	19	tonnes	no
	Wood pallets	36,131	44,850	45,467	pcs	yes

* Focus on the use of accelerator, as well as a generally lower requirement has resulted in a significant reduction in the use of accelerator.

** Error in the registration. The actual consumption is estimated to be approx. 4,500 litres.

*** The consumption of mould oil by subsuppliers was first registered in 2015.

G4-EN2 – Percentage of recycled materials

Material	2015	2016
Total proportion of recycled materials as a percentage of total materials consumption	2.5%	1.6%

Each Troldtekt panel contains cement, which is partially produced from recycled materials (the cement may contain ash and sand from offshore channels).

The amount of recycled materials in cement has decreased in 2016 compared to 2015.

Recycled materials in grey cement: 17.26 per cent, corresponding to 438 tonnes.

Recycled materials in white cement: 1.15 per cent, corresponding to 194 tonnes.

G4-EN3 – Energy consumption within the organisation

The tables below provide an overview of Trolldtekt's energy consumption in 2014-2016.

Only energy consumption at the factory in Trolldhede is calculated.

	2014	2015	2016
Energy consumption (GJ)	68,251	72,761	67,906
Percentage from renewable energy sources	95%	95%	94%

Consumption is distributed across the following entries:

	Quantity (GJ)			Share of total energy consumption			Share of renewable energy sources	Contributes to emissions	Produced externally/internally
	2014	2015	2016	2014	2015	2016			
Electricity consumption	16,650	18,193	18,634	24%	25%	27%	100%	no	Externally
Biofuel	48,071	51,034	45,169	70%	70%	67%	100%	no	Internally + externally
Heating oil	440	373	538	1%	1%	1%	0%	yes	Externally
Gas (trucks)	654	715	828	1%	1%	1%	0%	yes	Externally
Diesel (trucks)	2,437	2,447	2,737	4%	3%	4%	0%	yes	Externally

G4-EN5 – Energy intensity

	2014	2015	2016
Energy consumption per m ² of produced panel	28.49 MJ	27.51 MJ	22.92 MJ
The development affects Trolldtekt's environmental performance	Positively	Positively	Positively

The energy intensity per produced m² of acoustic panel has been reduced by 20 percentage points since 2014.

EN3 shows the extent to which the energy comes from internal or external sources.

G4-EN6 – Reduction of energy consumption

	2014	2015	2016
Total energy savings	8,331 GJ	2,602 GJ	13,587 GJ

The new drying oven was installed in September 2015.

The energy savings in 2016 are primarily due to the oven's reduced energy consumption.

The table presents an overview of direct CO₂ emissions from sources that are owned or controlled by Trolldtekt.

Direct sources of emissions	Tonnes CO ₂		
	2014	2015	2016
Biofuels for drying*	-	-	-
Heating oil	31	32	38
Gas for trucks	68	75	87
Diesel for trucks	169	169	189
Total	268	276	314

*Biofuels are regarded as a CO₂-neutral energy source.

G4-EN16 – Indirect CO₂ emissions (Scope 2)

Indirect sources of CO ₂ emissions	Tonnes CO ₂		
	2014	2015	2016
Electricity	0	0	0

Troldtekt has no indirect CO₂ emissions (Scope 2), because we only buy wind energy for the production of Troldtekt acoustic panels (from the Anholt offshore wind farm with Climate Investment).

G4-EN17 – Other indirect CO₂ emissions (Scope 3)

This indicator covers a number of other indirect emissions of CO₂ from sources that are not owned or controlled by Troldtekt, but where the CO₂ emissions result from the company's activities. CO₂ emissions from transport account for less than 0.5 per cent of total CO₂ emissions in Scope 3. Moreover, the data is subject to considerable uncertainty. We have therefore decided not to include the CO₂ emissions stemming from transport in Scope 3.

Indirect sources of CO ₂ emissions	Tonnes CO ₂		
	2014	2015	2016
Production of purchased process materials, raw materials and packaging	17,012	19,551	22,041

Although the consumption of cement has increased in 2016, CO₂ emissions have not increased correspondingly, as Aalborg Portland has reduced its CO₂ emissions.

G4-EN18 – CO₂ emissions intensity

This shows the intensity of CO₂ emissions per produced m² of acoustic panel both in total and broken down according to the information from EN15, EN16 and EN17.

	Volume (tonnes)			Kg CO ₂ /m ²			The development affects Troldtekt's environmental performance
	2014	2015	2016	2014	2015	2016	
In Scope 1	268	276	314	0.11	0.10	0.11	Negatively
In Scope 2	0	0	0	0	0	0	Status quo
In Scope 3	17,012	19,551	22,041	7.10	7.39	7.44	Negatively
Total CO ₂	17,280	19,827	22,355	7.21	7.50	8.45	Negatively

The amount of CO₂/m² panel has increased due to a change in the product mix in 2016, where the proportion of panels with a higher density has increased.

G4-EN19 – Reduction of direct and indirect CO₂ emissions (Scopes 1 & 2)

In EN6, we described how Troldtekt has achieved an energy saving. The saving has been achieved in CO₂-neutral areas in production. As such, the energy savings thus do not reduce CO₂ emissions any further.

The savings in energy consumption have primarily been realised due to the drying oven, which is heated with biofuel which is CO₂-neutral. G4-EN15 – Direct CO₂ emissions (Scope 1)

G4-EN20 – Emissions of ozone-depleting substances

This provides information about Troldtekt's emissions of ozone-depleting substances.

CFC-11 equivalent (kg)		
2014	2015	2016
0.0039	0.0044	0.0050

The increase in emissions of ozone-depleting substances reflects the increase in production.

G4-EN21 – SO_x

This shows Troldekt's discharges of SO_x.

SO _x equivalent (tonnes)		
2014	2015	2016
49.2	54.7	62.6

The increase in SO_x emissions reflects the increase in production.

G4-EN23 – Total weight of waste by type and disposal method

Waste types	Volume (tonnes)		Treatment
	2015	2016	
Cement-bonded wood wool	4,516	5,118.3	Recycled
Wood	54	47.8	Incineration
Cardboard (packaging)	4	5.2	Recycled
Iron and metal	-	86.1*	Recycled
Ash from biofuels	14	41.4	Recycled
Hazardous waste for reuse	1	4.7	Recycled
Hazardous waste for incineration	-	24.2	Incineration
Hazardous waste for landfill**	28	0.1	Landfill
Suitable for incineration	49	50.2	Incineration

** Dismantling the equipment in the drying hall has contributed large volumes of iron and metal for recycling.

* In 2015, the ash from biofuels in Troldekt's production was disposed of through one of the company's partners who forwarded it for landfill. The ash can be used directly for agricultural purposes without prior processing. This was implemented in Q4 2015.

All waste disposal is carried out by approved suppliers. Waste data has been compiled and supplied by these suppliers. In 2015, a new method for calculating waste data was introduced. This makes comparisons with previous years difficult, and therefore only data for 2015 and later is shown.

In 2016, the entire waste area was reviewed and carefully tidied up. This has resulted in an increase in the volumes of waste which are sent for correct waste treatment.

G4-EN27 – Extent of mitigation of environmental impacts

- Introduction of a new waste sorting system which will ensure correct waste treatment and at the same time increase the volumes of waste for recycling. See the article on pages 14-17.
- A new and fully automated painting facility has reduced waste volumes by more than 70 per cent. See the article on pages 18-19.
- The full effect of the new drying oven which was installed in Q4 2015 can be seen in 2016, where the energy consumption per produced m² panel has been reduced by 17 per cent in 2016 relative to 2015.

G4-EN28 – Percentage of products sold and packaging materials recycled

	2014	2015	2016
Wood pallets delivered (no.)	53,134	61,419	65,227
Wood pallets returned (no.)	19,256	18,821	18,537
Wood pallets returned (%)	36	31	28

The number of wood pallets returned by customers is unchanged. However, in percentage terms there has been a decrease, as the total number of pallets delivered has increased. We will continue to help customers return used pallets. See the article on pages 24-25.

G4-EN29 – Sanctions for non-compliance with environmental laws and regulations

Troldtekt has not been sanctioned for failing to comply with environmental laws and regulations in the reporting period.

G4-EN32 – Percentage of screened suppliers – Environment

Troldtekt's Code of Conduct states that our suppliers must strive to minimise the environmental impact of their activities. They must also have procedures to effectively prevent and address any environmental issues and industrial accidents which may impact society and the environment.

All new Troldtekt suppliers must sign our Code of Conduct. Only if suppliers comply with the guidelines can they start doing business with us. We have been doing business with many of our suppliers for a number of years, and we generally have a low supplier turnover.

Twenty-seven of Troldtekt's main product-related suppliers have signed Troldtekt's Code of Conduct. Approx. 90 per cent of our product-related purchases thus come from suppliers who have signed our Code of Conduct.

G4-EN33 – Environmental impacts in the supply chain

All suppliers who have signed our Code of Conduct are categorised in low, medium or high-risk groups. This happens, among other things, on the basis of their specific risk of having a negative environmental impact.

No. of suppliers who have signed Troldtekt's CoC	Percentage categorised in low-risk group	Percentage categorised in medium-risk group	Percentage categorised in high-risk group
27	96%	4%	0%

We have no suppliers in the high-risk group. Should we see this in future, we will maintain our relations with such suppliers in order to exert a positive influence. We visit our suppliers at regular intervals, and CSR is an important parameter in the dialogue. Read about the sawmill Grønagergård Savværk on pages 24-25.

G4-EN34 – Grievances about Troldtekt's environmental impacts

In 2016, Troldtekt was contacted by neighbours living to the north of the factory, who felt inconvenienced by the dust and noise coming from the factory. We entered into a positive dialogue concerning the issue, and subsequently decided to erect a barrier in the area in question.

Due to the requirements regarding fire compartmentation in relation to existing buildings, the construction work did not start in autumn 2016 as we had hoped. Instead, we received planning permission from the municipality at the end of 2016, and we expect the sound and dust barrier to be completed in spring 2017.

This is a good example of the positive and constructive dialogue we have with our neighbours. Our neighbours basically understand the challenges inherent in having a factory located so close to residential areas. It is very important for Troldtekt that, through such positive dialogue, we do our utmost to reduce the impacts of our production on the surrounding community.

Labour conditions

Troldtekt's employees are the company's most important asset. Consequently, their safety, health and rights are the foundation stone for our business. We are always seeking to further improve the working environment and make Troldtekt an even more attractive place to work.

Social fairness is not just a high priority for our own employees – it is also important that our suppliers treat their employees well. We ensure this through our Code of Conduct.

G4-LA1 – Workforce and employee turnover

The table below is a summary of the number of employees and staff turnover in Troldhede and Tranbjerg, and how employees are distributed according to their terms of employment. Please note that the table includes apprentices, flexitimers and paid student interns, while young workers are not included.

Location	Age	Salaried employees		Hourly paid workers		New employees		Employees who have left Troldtekt	
		Women	Men	Women	Men	Women	Men	Women	Men
Tranbjerg	-30	1	0	0	0	1	0	0	0
	31-50	11	6	0	0	3	0	1	0
	51-	3	3	0	0	0	0	0	0
Troldhede	-30	0	0	0	3	0	0	0	0
	31-50	5	2	0	35	3	0	0	3
	51-	3	1	2	15	1	0	0	2

Employment	No. in Tranbjerg	No. in Troldhede
Full-time employees	18	63
Part-time employees, incl. flexitimers	5	2
Permanent employees	23	65
Short-term contracts, including paid student interns	1	1
Total	24	66

Employees in the subsidiaries are not included in the figures. Troldtekt Deutschland GmbH has appointed two salaried employees, and Troldtekt AB has a single salaried employee.

G4-LA5 – Percentage of total workforce represented in formal committees

In addition to the statutory working environment committee, Troldtekt has set up a works council. Both employees and the management are represented on both. Eleven per cent of our total workforce is represented in these formal safety and health committees in Troldtekt.

G4-LA6 – Industrial accidents and absence due to illness

The figures include the 66 employees at the factory in Trolldhede. From 2017, we expect to be able to include figures for the 24 employees at the office in Tranbjerg.

	2015	2016
No. of lost-time injuries	2	8
Injury frequency (no. of industrial injuries/1 million hours worked)	22.49	82.6
Absence as a result of industrial injury (hours/1,000 hours worked)	7.24	5.58
Absence due to illness, total (%)	4.57	3.69

The number of lost-time injuries increased significantly in 2016. The accidents vary depending on the location and cause, but 'traffic' and 'conduct' are recurring factors. In 2017, we will focus, in particular, on traffic and conduct in connection with preventive measures.

G4-LA12 – Composition of senior employees according to gender and age

The following provides a summary of the composition of senior employees in Trolldtekt broken down by age and gender in per cent.

	Women <30	Women 30-50	Women >50	Men <30	Men 30-50	Men >50
Distribution of senior employees in per cent*	0%	14%	14%	0%	43%	29%

*The figures are rounded off.

G4-LA14 – Percentage of screened suppliers – Labour rights

According to Trolldtekt's Code of Conduct, our suppliers must comply with certain guidelines within the field of labour rights. Among other things, they must comply with local legislation concerning a minimum wage, and employees must be paid a wage which ensures them a fair standard of living. Employees must also have the right to paid holiday, absence due to illness, maternity/paternity leave and trade union membership.

All new Trolldtekt suppliers must sign our Code of Conduct. Only if suppliers comply with the guidelines can they start doing business with us. We have been doing business with many of our suppliers for a number of years, and we generally have a low supplier turnover.

Twenty-seven of Trolldtekt's main product-related suppliers have signed Trolldtekt's Code of Conduct. Approx. 90 per cent of our product-related purchases thus come from suppliers who have signed our Code of Conduct.

G4-LA15 – Risk of negative labour practices in the supply chain

The status is that 96 per cent of suppliers who have signed our Code of Conduct are placed in the low-risk group, and 4 per cent are in the medium-risk group, and there are no suppliers in the high-risk group.

A single supplier accounts for the 4 per cent placed in the medium-risk group, being based in a country where good labour conditions are not enforced through statutory legislation. Trolldtekt has visited the supplier, and in this connection conducted a very satisfactory audit (on-site inspection).

There have not been any incidents among Trolldtekt's suppliers which required reprimands or other measures.

Society

At Troldekt, we want to make a positive contribution to the local communities in which we are represented. We are doing this by, among other things, engaging in close dialogue with local stakeholders. Moreover, we have fixed guidelines on anti-corruption, and through thorough documentation we are doing everything in our power to make sure that our products contribute to the safety and health of our customers.

As market leader in Denmark within the production and supply of acoustic solutions, we have the opportunity to lead the way and set a good example in terms of influencing society around us.

G4-S03 – Percentage of screened suppliers – Anti-corruption

Troldekt's suppliers must not directly nor indirectly engage in or benefit from any form of corruption or bribery. This is stated in our Code of Conduct, which all new suppliers must sign before they can start doing business with us. We have been doing business with many of our suppliers for a number of years, and we generally have a low supplier turnover.

Twenty-seven of Troldekt's main product-related suppliers have signed Troldekt's Code of Conduct. Approx. 90 per cent of our product-related purchases come from suppliers who have signed our Code of Conduct.

You can read more about our work on anti-corruption in the article on pages 26-27.

G4-S04 – Implementation of guidelines for anti-corruption

All employees are informed at canteen meetings and office meetings about the company's CSR policy, and the CSR policy is also incorporated in the company's staff manual, of which the employees have also been informed.

In 2016, we took steps to future-proof our anti-corruption guidelines (see the article on pages 26-27). This work will continue in 2017.

Number of suppliers screened with CoC*	Percentage categorised in low-risk group	Percentage categorised in medium-risk group	Percentage categorised in high-risk group
27	96%	4%	0%

*The figures are rounded off.

G4-S05 – Cases of corruption or bribery

No cases of corruption or bribery were identified at Troldekt in 2016.

G4-S08 – Sanctions for non-compliance with laws and regulations

Troldekt was not sanctioned for non-compliance with laws and regulations in 2016.

G4-S09 – Percentage of screened suppliers – Society

Troldekt's Code of Conduct provides guidelines for the company's cooperation with its suppliers, including criteria relating to their impact on society.

All new Troldekt suppliers must sign our Code of Conduct. Only if suppliers comply with the guidelines can they start doing business with us. We have been doing business with many of our suppliers for a number of years, and we generally have a low supplier turnover.

Twenty-seven of Troldekt's main product-related suppliers have signed Troldekt's Code of Conduct. Approx. 90 per cent of our product-related purchases thus come from suppliers who have signed our Code of Conduct.

G4-SO10 – Risk classification of suppliers – Society

The status is that 96 per cent of suppliers who have signed our Code of Conduct are placed in the low-risk group, and 4 per cent are in the medium-risk group, and there are no suppliers in the high-risk group.

A single supplier accounts for the 4 per cent placed in the medium-risk group, being based in a country where companies' positive impacts on society are not enforced through statutory legislation. Troldekt has visited the supplier, and in this connection conducted a very satisfactory audit (on-site inspection).

There have not been any incidents among Troldekt's suppliers which required reprimands or other measures.

G4-PR1 – Assessment of products

Through Troldekt's work with Cradle to Cradle certifications, a raw materials assessment has been carried out of Troldekt's acoustic panels. This has resulted in the phasing-out of harmful substances, and Troldekt acoustic panels are therefore Cradle to Cradle-certified in the silver category. The panels have also been recognised for their contribution to a healthy indoor climate and have, for example, been awarded the Danish indoor climate label Indeklimamærket, the Finnish quality label M1 and Allergy Friendly UK.

G4-PR9 – Sanctions for non-compliance with laws and regulations concerning use of products

Troldekt was not sanctioned for non-compliance with laws and regulations concerning the provision and use of products in 2016.

Human rights

Troldekt wishes to promote CSR in the building industry. An important aspect of this work is supporting and promoting human rights. Troldekt has also made a commitment to this through joining the UN Global Compact.

Through our Code of Conduct, we are seeking to ensure that our product-related suppliers respect human rights. This is something which is very important for us.

G4-HR5 – Risk of child labour

Troldekt deems there is no risk of child labour in our organisation.

Through our Code of Conduct, we take an active approach to the elimination of child labour.

G4-HR10 – Supplier screening related to human rights

Troldekt's suppliers must neither directly nor indirectly be involved in child labour. This is stated more explicitly in our Code of Conduct, which all new suppliers must sign in order to start doing business with us.

In so far as possible, we use suppliers in countries with a low risk of child labour.

G4-HR11 – Risk classification of suppliers – Human rights

The status is that 96 per cent of suppliers who have signed our Code of Conduct are placed in the low-risk group, and 4 per cent are in the medium-risk group, and there are no suppliers in the high-risk group.

A single supplier is placed in the medium-risk group, being based in a country where there is generally a risk of insufficient respect for human rights. Troldekt has visited the supplier, and in this connection conducted a very satisfactory audit (on-site inspection).

There have not been any incidents among Troldekt's suppliers which required reprimands or other measures.



Status 2016

Category	Description of objectives	Status
General	Reviewing suppliers in relation to the Code of Conduct; evaluating the current criteria for the classification of suppliers and implementing a new risk assessment.	Objectives will be transferred to 2017.
Labour conditions	Focussing on safety culture. An external presentation is held which must pave the way for a subsequent competition on the best safety measures which have been implemented.	Activity not realised. Objective expanded and transferred to 2017.
Environment	Reviewing and optimising waste management at the Trolldhede factory.	Realised, see article on pages 14-17.
Environment	Achieving a 10 per cent saving on total energy consumption per m ² produced panel relative to 2015.	Realised; the total saving achieved was 17 per cent.
Environment	Initiating activities that encourage customers to return more used pallets.	Not realised. The objective is not being transferred to 2017, as we have reassessed the necessity thereof. See the article on pages 24-25.
Society	Identifying groups of employees who may be particularly exposed to bribery or corruption. These employees will receive instructions and training in how to reject bribes and corruption.	Realised; see the article on pages 26-27.

New objectives for 2017

Category	Description of objectives	Status
General	Reviewing suppliers in relation to the Code of Conduct; evaluating the current criteria for the classification of suppliers and implementing a new risk assessment.	
Labour conditions	Initiating activities which place further emphasis on the safety culture. The aim is to reduce the number of accidents.	
Anti-corruption	Developing and implementing new guidelines for anti-corruption.	
Environment	Reviewing and optimising waste handling at the offices in Tranbjerg.	
Environment	Phasing-out oil for heating, Trolldhede.	

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CSR report 2016	This report was uploaded to the UN's Global Compact on 26 April 2017
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About Troldtekt Troldtekt acoustic solutions for ceiling and wall cladding are among the leading products for ensuring good acoustics, efficient fireproofing and a healthy indoor climate. The company's main product is Troldtekt acoustic panels which are made from wood and cement and which are Cradle to Cradle-certified in the silver category. Troldtekt acoustic panels are the obvious choice for ceilings in most types of buildings – from offices and commercial buildings to schools, institutions, swimming pools, sports centres and private homes. Troldtekt A/S was founded in 1855 as a trading company in Aarhus. Since 1935, the company has produced Troldtekt cement-bonded wood wool in Trolldhede in western Jutland.

Certifications

