

CSR COP 2018



SUSTAINABILITY IN CHAYA
COMMUNICATION ON PROGRESS 2018

ABOUT CHAYA

Chaya is run by three generations of women; Bente Valbak, Kirstine Laurents and Sofie Laurents.

The Chaya universe consists of two tea shops selling 80 different varieties of tea, sweets and accessories. Online sales is available as well as company gifts.

In addition to this Chaya has in 2018 taken over the full time management of Queen Louise's Tea House and the greenhouse Paradehuset in Bernstorffsparken. Afternoon Tea, brunch, tapas and Christmas events are amongst the services being offered in the Tea house. Paradehuset is being rented out for private parties and events.

CSR AND SDG ATTENTION IN CHAYA

Corporate Social Responsibility

In Chaya the work with corporate social responsibility and sustainability is an integral part of our values. We have integrated CSR principles in a range of our business processes and will continue to seek to comply with demands from the UNGC and Sustainable Development Goals (SDGs).

Chayas work with CSR supports the ten principles of the UN Global Compact and focus is particular on human rights, labour standards, environment and anti-corruption. Chaya has identified a set of ethical guidelines, which provide the overarching framework for work with social responsibility.

The priorities in 2018

Acknowledging the need for quickly acting on The Sustainable Development Goals (SDG's), Chaya has chosen to invest resources in locating the most urgent steps to take. From there a call to action plan has been developed and implemented.

To adhere to future global requirements and to protect the Chaya brand we have chosen to work dedicated with SDG 12. Sustainable consumption and production. The goals are interconnected, and Chaya cover other SDG's which will be explored later in 2019.

EXTRACT OF CONCRETE EXAMPLES OF OUR WORK WITH SUSTAINABILITY IN 2018

Sustainable Bottom Line (Bæredygtig Bundlinie)

Being a smaller business and yet wanting to accelerate change for sustainable business development, Chaya approached the project "Sustainable Bottom Line" early Spring of 2018. The project, hosted by Gate 21 (a partnership between municipalities, companies and knowledge institutions) has provided knowledge sharing and concrete assistance in resource-efficient solutions. In order to demonstrate our impact and make sustainability more measureable and quantifiable we will continue to improve our profile after finalisation of the project in January 2019.

Redesign of products and procedures

All packaging material (ie tea boxes) is presently being analyzed by professionals for a sustainable solution to be developed.

Portfolio of postcards, menu cards, catalogues and posters are now cradle to cradle certified

Shipment boxes are FSC certified and old cardboard boxes are being reused for transport. Furthermore we will look into alternative ways of transportation.

Currently working with experts to see if we can minimize CO2 in the production of teabags
An increased focus has been and will be on reducing plastic, i.e. straws are no longer offered in our teahouse and restaurant. Chaya carry plastic bags and possible alternatives are currently being studied by professionals who are evaluating the impact and pro/cons.

Waste

Where at all possible waste/sorting has been and will be optimised even further in respect to paper, plastic, metal, glass and other valuable resources. A long with this we are working with recycling, reuse and prevention.

Food waste

In Chaya we wish to have a high focus on food waste. In our stores and in our online shop, we reduce the price on products by up to 70% when they approach the "best before" date. This helps ensuring that we do not throw away items. Currently we are studying a number of food waste initiatives, in particular in our teahouse, that will come into action and communicated during 2019.

Environmental policy – incl organic attention

Chaya is currently developing an environmental policy in respect to all parts of the company. Starting off with the Queen Louises Teahouse and restaurant. Short term goal is to obtain the Green key label ultimo 2018 primo 2019. (www.greenkey.dk/en). This will enable us to have an even stronger focus on circular economy and ensure that we continue to develop our sustainable business actions. The Greenkey label will make us commit to an even stronger concentration on our organic procurement and in general work with areas that has a strong environmental impact. When developing new tea receipies we aim to procure 90% organic tea. Long term goal, if found feasible, is to obtain The Organic Cuisine Label.

Educate and communicate on CSR and SDGs

We have made a commitment in the Management team to educate our employees in relation to the link between our CSR policy and the SDG's. This will be carried out end 2018. We will continue to work with our customers, partnerships, suppliers and organisations on ensuring that the principles are adhered to. Where relevant we will inform and guide on our SDG's efforts. Our progress with CSR and SDGs will be communicated externally (e.g. website, newsletter) during 2019. Chaya joined the UN Global Compact Danish Network in 2018 and wish to be an active member of same. Our aim is to gather knowledge and to share best pratice and contribute where possible.

Statement of continued support by the Chief Executive Officer Kirstine Laurents

For all the above priorities e.g., redesign of products and procedures we confirm that Chaya reaffirms its support to the ten principles of the UNGC, in particular the areas of Human Rights, Labour, Environment and Anti-Corruption.

www.chaya.dk
www.dronninglouisestehus.dk
www.chayafirmagaver.dk

CHAYA CSR STRATEGY

Corporate Social Responsibility

In Chaya is the work with corporate social responsibility an integral part of our values and supports our way of doing business. Work with corporate social responsibility is an essential part of the development of the company's brands and maintaining good relationships with its main stakeholders.

Chayas work with CSR takes its starting point in our values and the ten principles of the UN Global Compact on human rights, labor standards, environment and anti-corruption. Chaya has identified a set of ethical guidelines, which provide the overarching framework for work with social responsibility.

The main elements of Chaya's work with CSR are as follows

• Chaya's products and production must live up to consumer expectations and customer requirements, and at all times comply with the national rules in force for quality, food safety, environment, work environment and human rights.

• Chayas suppliers focus on efforts to improve quality as well as their general work with corporate social responsibility.

A part of Chayas work with CSR is to protect the company's brand, since consumers must be sure that Chayas products are produced safely and with the use of materials from suppliers who follow our ethical guidelines. Chaya focuses continually on vendors efforts to improve the quality and environment as well as their general work with corporate social responsibility.

THE UNITED NATIONS GLOBAL COMPACT – 10 PRINCIPLES

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labor

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labor;
Principle 5: the effective abolition of child labor; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery. Work with corporate social responsibility also supports a good dialogue with consumers and suppliers, as well as helping to reduce non-financial risks and strengthen the company's identity and culture.

Human and labor rights

In the area of human and labor rights Chaya has chosen to focus on the following areas:

- Health at work
- Competence Development
- Values and ethical guidelines
- Child Labor

We have previously implemented a whistleblower system, so our employees can report any breaches on the human and labor rights anonymously to an external person. If such cases are identified we see no other option but to stop all cooperation if it is not possible to reach an agreement.

We ask suppliers to comply with labor rights, human rights, safety, environment and subcontractors. We revisit current suppliers every 2-3 years and ask for re-confirmation of existing documents.

We enter dialogue with suppliers on above focus areas when we are having meetings.

Our current and future work with suppliers also includes corporation on the SDGs especially the areas Chaya is working with.

Health at work

Chaya strives to create a safe and healthy working environment for employees in the company. Chaya's health policy is focused on a preventive effort to avoid attrition and injuries to employees as well as on actively promoting well-being and efficiency.

In order to further improve the working environment and professionalize we offer the employees in Chaya to enter an optional health system, encompassing health treatments.

What do we do in concrete terms

- In our stores where we mix and repack tea, this is done with relatively high dust development to follow. This dust can for some bother breathing and give asthma-like symptoms. That is why we have installed efficient point in dust filter at the workplace, which virtually removed all dust problems.
- Many items come home in relatively heavy units, which must be handled by the employees. When we renewed our shops, we designed a storage rack for tea that holds 5 kg bags of tea - in the past all tea came in 15 kg bags. This has reduced the number of heavy lifting both in our stores and at our warehouse.
- All full-time employees will after 6 months enter a pension plan with optional health insurance.
- Health at work is also about the personal sense of security that occurs through knowing what is expected of them, and where Chaya as a company is heading. This is ensured partly through the daily contact, but more formalized through sessions with employees, where all current topics are addressed.

Measurements

Measuring the outcomes makes it easier to decide how we can continue to improve the employees' health and safety. We always work on having an overview of our employees' health, both in the form of working environment,

sick leaves and injuries. We have had no incidents of work injuries and our employees have very few sick days. We also have meetings with our managers to make sure everything is as it should be. The managers have regular meetings with the rest of the staff. Several of our employees have been with Chaya for 10-20 years and in general employees stay long with us.

Competence Development

Chaya has a high focus on strengthen the competencies of the employees. It is important for Chaya, that all employees are able to provide a qualified service to clients, and that they can demonstrate a great knowledge of the products. We provide all the employees with an employee handbook where all relevant information is listed.

What do we do in concrete terms

- When a new employee starts they attend Chayas tea course – thorough training in the world of tea
- New employees will start as a trainee and learn form an experienced employee, before they ' are let loose ' on their own.

Values and ethical guidelines

The company's values and the ethical guidelines are included as an integral part of the employment relationship for Chayas employees. The ethical guidelines mean, among other things, that Chaya does not tolerate discrimination, with regard to the employee's sex, race or religion. Mutual respectful behavior between employees, as well as in the relationship with suppliers and customers.

Chaya follows internationally accepted principles of human and labor rights. Chaya strives also that suppliers and partners follow the ethical guidelines, and these are incorporated in the company's trading conditions with major vendors as well as customers.

What do we do in concrete terms

- Accident rate among Chayas staff has for many years been 0 per million. working hours. This, we are trying to maintain, on the one hand, to focus on ergonomic and safe new-layout of the workplace, and, on the other hand, by listening to and responding to all suggestions from employees for the improvement of existing conditions.
- We use vendors who demonstrate that they support the UN Global Compact's 10 principles.

Measurements

We expect that our suppliers will provide all their CSR related material and will be evaluating when appropriate.

Child Labor (Chaya)

Chaya employs young people from the age of 13 years. They have various tasks such as packing of tea, tea brewing, waste management, etc.

What do we do in concrete terms

- We shall ensure that the applicable rules for young people-work adhered regarding to working hours, breaks, etc.
- We are very flexible regarding timetabling of the working time of young people, so that the work does not interfere with their school
- We talk frequently with young people and are making sure that work with Chaya does not affect their ability to

do homework, have recreational interests, and grow their social networks.

• Many of our young employees enter their first working place with Chaya. It is their first contact with the labor market, and we aim to give them an understanding of the needs of an employer (meeting on time, sickness absence, presentable appearance, efficiency, etc.), so that they provide the best possible for their future working life and for Chaya.

• If young people have an interest and has achieved the necessary product knowledge, they can from the age of 15-years get direct customer contact, which can be very motivating. We ensure that there is always an adult present in the shop at the same time.

CHILD LABOR (SUPPLIERS/SUB-CONTRACTORS)

Chaya is in a business with categories (tea, coffee and chocolate), of which from time to time we hear about problems with child labor. This we condemn, and we deal with suppliers who guarantee that they have a focus on this problem with their subcontractors. At the same time, we collect signatures and statements that support the CSR policy from our suppliers.

What do we do in concrete terms

• As mentioned earlier we act with vendors, who are supporting the UN Global Compact's 10 principles.

• If we identify any cases where our vendors are not supporting the principles, we see no other option but to stop the cooperation if we can't reach an agreement.

• When we visit our suppliers, we are discussing this issue with them.

Environment

On all Chaya's production sites, the focus is on continuing to limit the environmental impact of the company's activities. The result of the different approaches (e.g. switching to LED lighting in all stores) have in recent years resulted in positive developments within significant areas.

Efforts in the field of environment are particularly aimed at

SDGs

Please see information in this report on our work with environmental related issues in particular our work in 2018 with the SDGs.

Food safety and quality

The work of food safety is according to principles of HACCP (Hazard Analysis and Critical Control Points) and put in place in systems that ensures full traceability in all stages of production. Chaya is thus, as required, capable at very short notice to implement a full withdrawal, if this should become necessary.

Chaya's business insurance contains product liability insurance.

Measurements

Several times a year the Danish Veterinary and Food administration visits our shops and warehouse. We have not had any complaints. On all the reports we have got Smiley¹ which is the best obtainable smiley besides the Elite Smiley. The reports can be seen here:

<http://www.findsmiley.dk/515452>

<http://www.findsmiley.dk/91397>
<http://www.findsmiley.dk/710385>
<http://www.findsmiley.dk/109955>

Anti-corruption

Chaya works against all forms of corruption, including extortion and bribery, and the company's business practices should always be in full accordance with the law.

Chaya's ethical guidelines require that employees must not give or receive bribes or improper payment for private or corporate gain. It has disciplinary consequences, if employees are involved in bribery.

What do we do in concrete terms

- We reject all calls for the conclusion of unethical business practices regardless of the consequences – this applies in relation to suppliers as well as customers.
- We refrain from encouraging the conclusion of agreements, including bribes and similar unethical
- Attitudes to the anti-corruption included in cooperation with Chaya's customers and suppliers.
- We have implemented a whistleblowers system. The employees can report anonymously to an external person if they see any signs of corruption.
- If we identify any cases of corruption we will see no other way but to stop all cooperation if it is not possible to reach to an agreement – this implies to both employees, suppliers and customers.



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