



## 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, 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 main elements of Chayas work with CSR are as follows:

- Chayas 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 to 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.

#### Labour

- 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 labour;
- Principle 5: the effective abolition of child labour; 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 labour rights

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

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

We have implemented a whistleblower system so our employees can report any breaches on the human and labour 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 have also made a self-assessment questionnaire which all of our future suppliers should fill out before we enter any partnership. The questionnaire is regarding labour rights, human rights, safety, environment and subcontractors.

### 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 2012 and 2013 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 monthly, 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 monthly meetings with our managers to make sure everything is as it should be. The managers have regular meetings with the rest of the staff.

### **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 are listed.

What do we do in concrete terms:

- When a new employee starts they attend Chayas tea Academy – a thorough education in the world of tea
- Chaya has through the years made a lot of materials about our different groups of products for which employees should familiarize
- New employees will start as a trainee and learn form an experienced employee, before they ' are let loose ' on their own. No one stands alone in a store or at the warehouse before they have expresses that they are comfortable with it, and that we have the same feeling.
- Strengthening employees ' professional and social skills through participation in trade shows and supplier visits and/or further education at Chayas Tea-Academy.

### **Measurements**

The majority of our customers are happy with the provided service. Because of the education all employees get when they start working at Chaya they are able to answer all relevant questions about our products. At the same time that makes the employees feel good about their job because they know every aspect.

### **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 means, 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 labour rights. Chaya strives also to 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 only vendors who to us demonstrate that they support the UN Global Compact's 10 principles on.
- Implementation of audits of ethical guidelines with strategic suppliers.

### **Measurements**

We have recently bought bar chairs to make it more comfortable for the young employees who poor up the tea. It has been a success and relieve for the young employees.

At the same time we only use suppliers who can demonstrate that they support the 10 principles. We expect that they show us all their CSR related material. Chaya's CEO conducts regular visits to a selection of our suppliers every year where we discuss CSR issues among other things.

### **Child Labour (Chaya)**

Chaya hires in its stores young labourers from 13-years of age. 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.
- Too many of our young laborers their work with Chaya is their first contact with the labour market, and we aim to give young people an understanding of the needs of an employer for responsible employees (meeting on time, sickness absence, presentable appearance, efficiency, etc.), so that they provide the best possible for their future working life.
- If young people have an interest in it and has achieved the necessary product knowledge, they can from they are 15-years of age get direct customer contact, which for some are very motivating. We ensure that there is always an adult in the business at the same time.

### **Child labour (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 only 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 exclusively 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 come to 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.

We have also made a self-assessment questionnaire which all of our future suppliers should fill out before we enter any partnership. The questionnaire is regarding labour rights, human rights, safety, environment and subcontractors.

Efforts in the field of environment are particularly aimed at:

- Food safety and quality
- More focus on use of FSC-certified packaging

### **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 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.

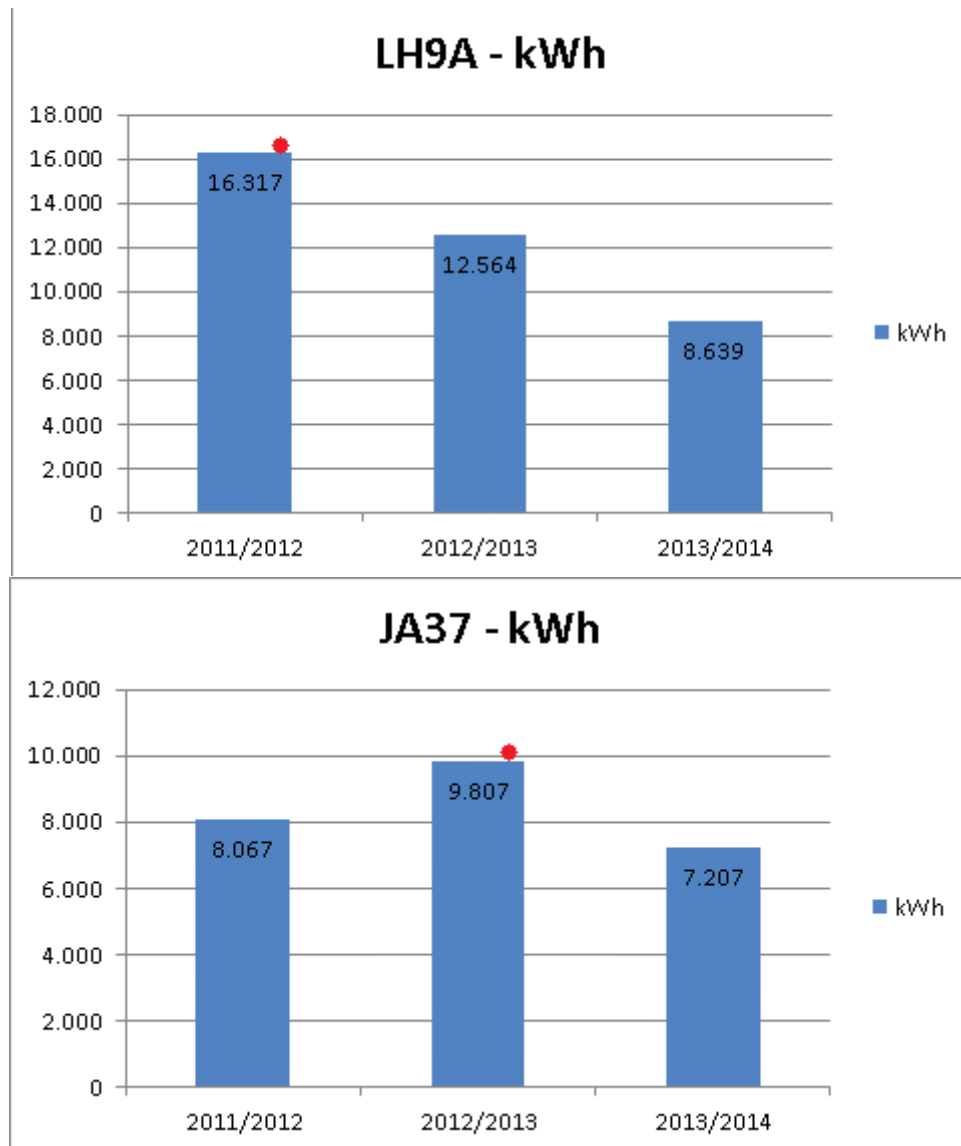
Chaya's business insurance contains product liability insurance.

### **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/da-DK/Searching/DetailsView.htm?virk=515452>
- <http://www.findsmiley.dk/da-DK/Searching/DetailsView.htm?virk=100219815>
- <http://www.findsmiley.dk/da-DK/Searching/DetailsView.htm?virk=100627082>

We have also changed all the lights in the two shops to LED-lights. Since we have changed the lights in the shops in 2012 and 2013 the electricity consumption is lower than before. The graphs are shown below. The red dot shows when we changed the lights.



**FSC-certified packaging**

In the future one of our goals is to use mainly FSC-certified packaging a paper. A lot of our packaging is already FSC-certified - and definitely more than last year but during the next year is it still our plan to increase focus on that matter and replace some of our current packaging with FSC-certified packaging.

**Date service**

Food waste is a big problem in Denmark and we do our best to help decreasing food waste. We have made an area in our shops were we sell goods that will expire in the short future or goods which will no longer be a part of our assortment and those goods are much cheaper than normal. The same goods are available on our website. Goods, mostly tea, we can't sell before they reach their expiration date are donated to "Suppekøkkenet" which is a place in Lyngby, where socially exposed and lonely people can come by and get a bowl of soup – or a cup of tea. It is our goal to make sure all of our goods that expire are sold before they do so that we can increase our waste to almost nothing.

## **LED lights**

We have just moved into a new warehouse which is much smaller than the one we have had for several years. The light balls are normal light balls so the aim is to change them all into LED light balls to save electricity and in that way take care of the environment.

The move to this smaller warehouse will in general lead to less use of heat and electricity which is positive for the environment since the energy is reduced.

## **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 whistleblower 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 costumers.