



**HAARSLEV™**

Processing Technology

**CSR**  
**REPORT**

2018

# STATUTORY ACCOUNT OF THE COMPANY'S

## CSR Performance 2018

### Statutory account of the company's CSR performance 2018

This statutory account for Haarslev's CSR performance (cf. the Danish Financial Statements Act, § 99a and § 99b) is part of the management review for 2018 and covers the financial period 01.01.2018-31.12.2018. This account is developed for the legal entity Haarslev Industries A/S only and does therefore not include any subsidiaries.

#### 1. Introduction

Haarslev is a global provider of solutions and equipment for the drying, dehydrating and processing of fish-based and animal by-products from the brewing and distilling industries. The company also offers its process solutions, drying and dehydrating equipment for the municipal and industrial environmental sectors.

Haarslev seeks to run a responsible and profitable business. By offering rendering and processing equipment which ensures efficient reutilization of industrial and societal waste and by-products, we create shared value for our company, our investors, our employees, our customers, the environment and society in general. We contribute to both local and global sustainable development through the manufacturing of high-quality durable products for the protein- and bio-reutilization industries, and we do so under decent working and environmental conditions.

Our CSR focus areas for the year of 2018 and our upcoming CSR goals for the upcoming years are described below in section 2-5. We have also described primary CSR risks in relation to our operations.

#### 2. Business Principles

##### 2.1 Quality

Our primary risk related to quality is that our products could fail to meet customer requirements and expectations.

We develop and manufacture machinery for our customers in accordance with their needs and demands, and we adapt our products so that they always meet the specific legislation and industry standards, which apply in the markets where we operate. To ensure that our products live up to the highest possible quality standards, and that our manufacturing processes run appropriately and lean, we design our products and develop processes in accordance with clear procedures and policies. We are continuously working to develop and refine the policies, processes and systems, which support and promote the responsible and resource-efficient operation of a company in rapid growth.

We always strive to ensure that our products perform in line with our customers' expectations. This we recognize as one of our most important tasks as a supplier to industries to which operational stability and continuity are crucial. In case a customer experiences operational stoppage, we are

willing, ready and go a long way to make sure that their operation is quickly and efficiently restored. To ensure operational stability and continuity for customers with older equipment, we have for more than 30 years filed documentation and specifications for all equipment supplied. To strengthen our quality processes in 2018 our Project and Engineering Centre has focus on both correcting and improving design and drawings before entering our production. In production we have established a quarantine area to separate bad item from good. Hereby we have optimized our workflow and at the same time minimize errors before shipping to our Customers.

## 2.2 Good Business Practices and Legal Compliance

Our primary risk in relation to business practices is that employees or agents could use gifts, payments or other means to illegally influence a client's or other stakeholder's decision or vice versa.

We run our business in accordance with principles for good business practices, and we work actively and continuously to make sure that all our stakeholders are content, from investors, employees, customers and suppliers to governmental authorities, competitors, business associations and local communities.

Our policy in this area is mainly expressed through our Code of Conduct. The process will be updated every second year.

Two versions of the Code of Conduct – one for our suppliers, agents etc. ("Partner Code of Conduct") and one for our employees ("Employee Code of Conduct") - has been implemented during 2018.

The Partner Code of Conduct has been published on [haarslev.com](http://haarslev.com), and all close business partners, such as agents and distributors, shall sign the Partner Code of Conduct before initiating any business with us.

All employees have been trained in the Employee Code of Conduct. The training consists of an introduction session and an online training session quiz available at our Intranet. All employees receive an Employee Code of Conduct booklet. The booklets have been translated into seven different languages. This is to ensure that all employees have a good understanding of the Employee Code of Conduct. We want to make sure that each and every employee receives the training – therefore, attendance to the introduction session is registered.

Both the Employee- and Partner Code of Conduct includes a section regarding our business principles – hereunder sections regarding Anti-Corruption and Bribery, Gift, Entertainment and Other Business Courtesies, Money Laundering, Fair Competition Practice and Legal Compliance. Many of the subjects in the Code of Conduct – hereunder Gift, Entertainment and Other Business Courtesies and Fair Competition – will in 2018 be further elaborated into internal policies. We are not aware of any breaches concerning corruption and bribery in Haarslev in 2018.

Furthermore, a Whistleblower Policy and scheme has been implemented this year in order to ensure a process when suspected violations of the Code of Conduct or the law have been detected and for reporting any suspicion of unacceptable behavior in Haarslev.

EU's General Data Protection Regulation ("GDPR") has been effective from 25 May 2018, and Haarslev is at an overall picture in compliance with the new regulation. The GDPR relates to the protection of natural persons with regards to processing of personal data. It has an impact on our processing of HR data but also data related to our physical customers and physical persons employed by our customers and other business partners. Haarslev considers data protection as a serious matter and has taken various measures to ensure compliance.

We are very aware of our role as an important employer and tax base in our local community, and

we maintain a good and constructive relationship with the local authorities.

We listen to our neighbors, we engage in dialogue with our local stakeholders, and we offer guided tours in our production facilities upon request. We have not assessed and evaluated the results of these activities yet but are considering how to do so in the future.

### **3. Environment & Climate**

Our primary risk related to environment and climate is the consumption of energy and resources as well as waste from our production, which – if not managed responsibly – could negatively affect the local environment.

We comply with a number of principles for mitigating our environmental impacts, although they are not contained within a formalized environmental policy. We strive to reduce our resource consumption in production and to always comply with regulatory requirements. In order to achieve these goals, we continuously invest in our production facilities.

For example, in order to reduce our energy consumption, we continue to invest in upgrading the lighting in all our production facilities with energy-efficient LED technology. Installed electricity meters monitors the electricity consumption.

We offer low-energy rendering and process equipment as well as equipment for reducing the odors that may occur from protein reutilization. In this way, we contribute to the reduction of energy consumption in an otherwise energy-demanding industry, and we help our customers improve their impacts on local communities. Finally, we offer to rebuild or renovate our customers' used equipment, thereby increasing resource efficiency of both our own product line as well as our customers' operations.

In the last two years we have for a large extent replaced the use of solvents in our processes by biodynamic products with positive impact on the environment. This process will continue in 2019.

At Haarslev we have great focus on waste handling and recycling with the benefit for both the environment and our costs. We work continuously with noise reducing improvements in our production processes and facilities in respect for our work environment and our neighbors. Further improvements have been planned for 2019 and some have already been initiated.

Our focus on the environment and climate has been further elaborated in our Employee- and Partner Code of Conduct. We believe that the described efforts have contributed positively to environment and climate in 2018.

### **4. Principles of Human Rights and Work Environment**

#### **4.1 Human Rights**

Our primary risk related to human rights is the risk that employees could be discriminated and not treated fairly.

We support and respect the protection of the UN's Universal Declaration of Human Rights and the Core Conventions of the International Labour Organization (ILO), and we are keen on making sure that we do not complicit in human right abuses.

We do not have a separate human rights policy. The primary reason is that we follow the Danish states law and rules within this area. Furthermore, human rights issues are an integrated part of our employment policy at Haarslev e.g. concerning non-discrimination, freedom of association and the right to safe and healthy working conditions. See section 4.2 below.

The human rights policy issues, important to Haarslev, have been strengthened in the Partner- and Employee Code of Conduct, and special focus has been taken in terms of Non-Discrimination, Forced/Child Labour and Freedom of Association.

We are not aware of any violations concerning human rights in Haarslev in 2018.

## 4.2 Work Environment

Our primary risk related to work environment is the risk of work related accidents and -illnesses, which could harm individual people as well as our ability to attract and retain our workforce.

We have a strong focus on safeguarding the physical and mental well-being of our employees. We have 436 employees, including 295 blue-collar workers in our production (68%) and 141 white-collar workers in our administration (32%). All employees have clearly defined work assignments and are thoroughly trained in all relevant matters that enable them to perform their work in a safe and efficient way.

In our production we have focus on making sure that working conditions are appropriate and safe. Easily accessible health and safety equipment is available in all production centers, all employees are provided with thorough continuously training in how to use the machinery, and instruction manuals are attached to all machines where appropriate to ensure correct handling. As the noise level in our production facilities may be significant, all employees are offered custom-made hearing protection.

We continuously ensure that our employees use the health and safety equipment provided in the right way. Production supervisors organize information meetings every week at which any accidents, near-misses and risk situations are scrutinized and addressed. Every two months, the supervisors and occupational health and safety representatives conduct inspection rounds in the production centers with the aim of identifying and eliminating safety deficiencies and risks. To visualize progress and improvements to the organization, we have established whiteboard meetings and posters with actions central in the production area.

The number of occupational injuries in 2018 was 19 versus 18 in 2017. We work consistently to reduce this number and the goal for 2019 is set to maximum 10 injuries. Among other things we are conducting sick leave appraisals with all employees on leave to secure fast recovering and quicker return to work. The registered sick leave among employees in 2018 was 4,3 % versus 3,6 % in 2017. As part of our focus on safeguarding the well-being of our employees, we conduct bi-yearly health and well-being surveys and examinations of employees working on nightshift, followed by actions plans to improve the findings in the surveys.

We offer all employees participation in a collective health care scheme from which they must opt-out if they do not wish to take part. In 2018, nearly all employees participated (97%).

All blue-collar workers in the production are covered by the current collective agreement for metal workers. 85(60%) of our white-collar workers are not covered by a collective agreement, but nevertheless we offer them the same conditions as those who are.

To ensure effective communication and employee involvement across the organization, we publish information and news on our extensive intranet. In addition, we arrange monthly information meetings for all employees. By doing so, we ensure that all employees are well informed about the development of our business and that there is an ongoing, constructive dialogue across the organization at all times.

We offer all employees a number of benefits, which are described in our employee handbook.

We have three staff associations – two for white-collar workers and one for blue-collar workers. The primary purpose of the staff associations is to make sure that selected special occasions are celebrated and that social activities are arranged. Management supports these on an ongoing basis.

Every year the management invites the employees and their close relatives to a summer party

and a Christmas party to support the social life among our employees and give their families the chance to see our facilities and meet colleagues.

Also in 2018 we have supported sporting events in the local community as "Eventyrløbet" and "DHL Staffetten". We use those events to encourage our employees to participate and be active together.

The Employee Code of Conduct include a special focus on work environment, hereunder Employee Privacy. In order to ensure compliance with the Code of Conduct, policies on work environment will be drafted in 2018 and 2019, hereunder a Data Protection Policy. We believe that the described efforts have contributed positively to the work environment in 2018.

## 5. Diversity (cf. §99b)

Our line of business has been significantly overrepresented by men for many years and this is also still the case when we look at the overall gender distribution.

However, we see a great strength in a diverse workforce, and know that it is an important step in ensuring a more diverse management team. Our target is for Haarslev is that women must occupy 18 % of other executive positions (which include C-level+SVP, VP, Directors and Managers) by 2022. In 2018, we thus have only 50 female employees (11%), thirteen of whom work in our production. On management level, Haarslev has 33 managers, and 5 of the managers are female (15%).

Furthermore, our goal is that 20% of the board members elected at the general meeting are to be women (equivalent to 1 women) in 2022. In 2018, the board of directors consisted of five members, elected by the General Assembly, of which none are female.

All board members must hold the right qualifications and relevant experience, and it is our policy to strive to identify talented female managers and motivate female candidates to run for the board or apply for other management positions in our organization. The aim is to have female candidates for interview when new candidates for management positions and for the board of directors must be appointed. In alignment herewith, female employees are entitled to paid maternity leave in accordance with the Collective Agreement for salaried employees in the Danish Industry sector.

To achieve our goals, our HR department has special focus on gender diversity and will over the upcoming years initiate the work in terms of formalizing and improving our policy which shall strengthen the representation of women in the company, hereunder especially on management level. Leadership programs for both men and women has been establish in 2018 as a part of strengthen the management of female leaders, but also to strengthen the representation of female leaders in Haarslev.

We operate in a male-dominated industry and we are a relatively male-dominated business. In practice this makes it difficult to attract women to board and management positions.

The composition of subsidiary entity boards is often based on group considerations. In our case we are owned by a private equity fund with an exit plan within a foreseeable future. We expect that the current members of the board of directors which are all elected by the General Assembly will remain in the board until exit.



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## MASTER YOUR PROCESS

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