



**HAARSLEV™**

Processing Technology

# CSR REPORT

2019

# **STATUTORY ACCOUNT OF THE COMPANY'S CSR Performance 2019**

## **Statutory account of the company's CSR performance 2019**

This statutory account for Haarslev's CSR performance (cf. the Danish Financial Statements Act, § 99a and § 99b) is part of the management review for 2019 and covers the financial period 01.01.2019-31.12.2019. This account is developed for the legal entity Haarslev Industries A/S only and does therefore not include any subsidiaries.

### **1. Introduction**

As the global population continues to rise and the world's supply of vital proteins, minerals, fuel and other essentials are increasingly constrained, it has become vital to utilize resources more efficiently.

For over a century, Haarslev has been helping the world turn organic waste into valuable proteins and other products we all depend on. The principle is simple: Instead of simply throwing out leftovers from meat, poultry and fish production, break this waste down into its constituent parts – including proteins, ingredients and fuels we can use. Haarslev supplies the specialist knowhow and equipment to help the rendering and processing industries make this happen.

Haarslev seeks to run a responsible and profitable business. By offering rendering and processing solutions which ensures efficient reutilization of industrial and societal waste and by-products, we create shared values 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 2019 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 Risks**

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 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 2019-20 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**

We run our business in accordance with principles for good business practices to avoid any risk of unethical business practices, such as using illegal means to obtain an advantage. 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 these areas are mainly expressed through Haarslev's Code of Conduct and through the Compliance programme which will be implemented during 2020.

Haarslev's compliance program will be a set of internal policies and procedures of Haarslev to comply with laws, rules, and regulations or to uphold Haarslev's reputation. The compliance team will examine the rules set forth by government bodies, creates a compliance program, implements it throughout Haarslev, and enforces adherence to the program.

Haarslev have two versions of the Code of Conduct – one for our suppliers, agents and business partners ("Partner Code of Conduct") and one for our employees ("Employee Code of Conduct"). Haarslev Code of Conduct was implemented in 2017 and will get renewed every second year. The Partner Code of Conduct has been published on [www.haarslev.com](http://www.haarslev.com), and business partners, such as agents and distributors, have signed the Partner Code of Conduct before initiating any business with Haarslev.

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 have received an Employee Code of Conduct booklet. The booklets have been translated into seven different languages to ensure that all employees have a good understanding of the Employee Code of Conduct. We want to make sure that each employee receives the training where 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. Furthermore, a Whistleblower Policy and scheme has been implemented in order to ensure a process when suspected violations of the Code of Conduct, laws or business rules 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 level in compliance with the 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 personal 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 are not aware of any breaches concerning corruption and bribery in Haarslev in 2019.

### **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.

As a part of our code of conduct we expect our Partners to strive to minimise and prevent their own negative impact on the environment – from heating of buildings, consumption of electricity and waste management to the manufacture and handling of goods, distribution services and any other activities associated with their business. We expect our Suppliers to integrate environmental considerations into their activities and strive for continuous improvement, by minimising any adverse effects of their activities upon the environment.

Our Partners are to comply with any relevant local and national environmental laws and regulations, as well as any requirements for environmental licences and permits.

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 past years we have for a large extent replaced the use of solvents in our processes by biodynamic products with positive impact on the environment.

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 and some have already been initiated. We believe that our activities in 2019 have contributed to minimizing our environmental impact.

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

### **4.1 Human Rights**

As an international provider of rendering and related processing solutions Haarslev has a Global network of business partners. Our suppliers are primarily based in Europe and we are aware that specific risks may occur among our business partners as for human rights, labour discrimination, child labour and others.

It is, however, our perception that these risks do not often occur within the machinery factories, engineering, aluminum and stainless steel industries. Even so we naturally strive towards making sure that our most important suppliers act in accordance to Haarslev code of conduct to eliminate these risks.

We support and respect and expect our Partners to 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 that our Partners' businesses are not complicit in abuse of human rights. We do not have a separate human rights policy. The primary reason is that we follow the Danish 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 2019.

### **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 2019 was 17 versus 19 in 2018. We work consistently to reduce this number and the goal for 2020 is set to maximum 18 injuries. Among other things we are conducting sick leave appraisals with all employees on leave to secure fast recovering and quicker return to work.

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 2019 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 are in place in 2019, hereunder a Data Protection Policy. We believe that the described efforts have contributed positively to the work environment in 2019.

## 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 2019, we thus have only 53 female employees (12%), Seventeen of whom work in our production. On management level, Haarslev has 33 managers, and 4 of the managers are female (12%). 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 2019, the board of directors consisted of five members, elected by the General Assembly, of which none are female. The target was not achieved in the financial year as there was no election for the board.

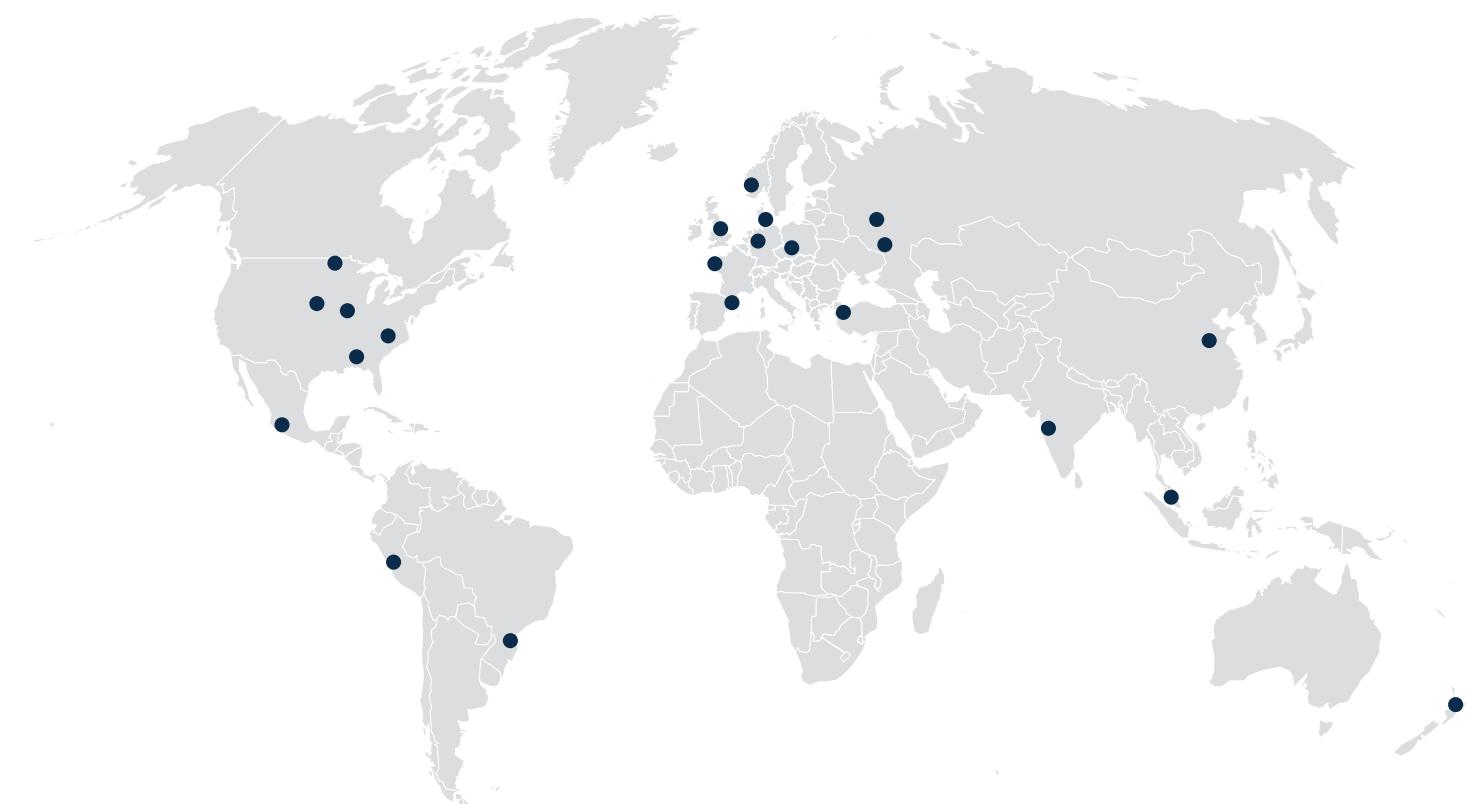
All board members must hold the right qualifications and relevant experience, and it is our policy to strive to identify talented female managers and motivate female candidates to run for the board or apply for other management positions in our organization. The aim is to have female candidates for interview 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 initiated last year 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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