



HAARSLEV™

Processing Technology

**CSR
REPORT**

2015

STATUTORY ACCOUNT OF THE COMPANY'S

CSR Performance 2015

Statutory Account of the Company's CSR Performance 2015

Statutory account of the company's CSR performance 2015 This statutory account for Haarslev Industries A/S' CSR performance (cf. the Danish Financial Statements Act, § 99a and § 99b) is part of the management review for 2015 and covers the financial period 01.01.2015-31.12.2015. This account is developed for the legal entity Haarslev Industries A/S only and does therefore not include any subsidiaries.

1. Introduction

Haarslev Industries A/S 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 2015 and our upcoming CSR goals for the upcoming years are described below in section 2-5.

2 Business Principles

2.1 quality

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. In order 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.

As part of the plan to implement a more structured approach to the measurement and evaluation of the direct results of our quality assurance and customer service activities, we have in 2015 employed a dedicated Quality Coordinator.

2.2 Good Business Practices and Legal Compliance

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 which applies to our Employees.

We will improve our Code of Conduct for the whole group in 2016, and in connection herewith we will develop two versions: one for our suppliers, agents etc. ("Partner Code of Conduct") and one for our employees ("Employee Code of Conduct").

The Code of Conduct will be announced on Haarslev Industries' group homepage in 2016 (haarslev.com). Furthermore, our employees and partners will be asked to sign the Code of Conduct in order to ensure commitment.

The Code of Conduct will include 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 2016 and 2017 be further elaborated into policies. Furthermore, a Whistleblower Policy will in 2016 be developed in order to ensure a process when suspected violations of the Code of Conduct or the law have been detected.

As special attention needs to be taken in terms of legal compliance, a Legal Manager will be appointed for the group in 2016. The Legal Manager will be responsible for all ongoing legal issues in the group, legal training of the employees and development of a legal framework.

The development of a legal framework - which will take place in 2016 and 2017 - will result in a standardization of Haarslev Industries A/S' legal documents – from terms and conditions to legal contracts (sale- and purchase agreement, agency agreement, confidentiality agreement etc.). These initiatives will strength our work related to good business practices and legal 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 do not assess and evaluate the results of these activities yet but are considering how to do so in the future.

2.3 Responsible Supply Chain Management

In order to strength out focus on supply chain management, it has been decided to employ a new COO for the whole group in 2016. The new COO will be responsible for the global supply chain from procurement to delivery. The new COO will furthermore play a major role in terms of implementing the Partner Code of Conduct in 2016.

We do not have any formalized policy in regard to responsible supply chain management but we have initiated a forward-looking sourcing strategy process of which Quality, Health, Safety & Environment (QHSE) measures are a part. The strategy process will continue in 2016.

3. Environment & Climate

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 and installed new electricity meters to monitor consumption. In 2015, we reorganized our production flow through the production floor making it possible to close down two production halls. Measurements show that these changes have lowered our energy consumption considerably.

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.

Our focus on the environment and climate will be further elaborated in our Code of Conduct in 2016.

4. Principles of Human Rights and Work Environment

4.1 Human Rights

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, but human rights issues are an integrated part of our employment policy at Haarslev Industries A/S e.g. concerning non-discrimination, freedom of association and the right to safe and healthy working conditions. See section 4.2 below.

It is the plan to strengthen human rights policy issues central to Haarslev Industries A/S in the revision of the Code of Conduct in 2016, and special focus will be taken in terms of Non-Discrimination, Forced/Child Labor and Freedom of Association.

4.2 Work Environment

We have a strong focus on safeguarding the physical and mental well-being of our employees. We have 392 employees, including 250 blue-collar workers in our production (64%) and 143 white-collar workers in our administration (36%). 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 particular 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 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. In order 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 2015 was 22 versus 14 in 2014. We work consistently to reduce this number. As a new initiative in 2015, 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 2015 was 3,06 % versus 3,82 % in 2014.

As part of our focus on safeguarding the well-being of our employees, we conduct yearly health and well-being surveys and examinations of all our employees 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 2015, nearly all employees participated (94%).

All blue-collar workers in the production are covered by the current collective agreement for metal workers. 107 (75%) 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.

In 2015, we completed an extension of the main office with 20% allowing for a major relocation of our office staff to give each employee a better workspace. The building is complete in full compliance with all environmental rules and regulations.

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 in order to support the social life among our employees and give their families the chance to see our facilities and meet colleagues.

The revision of the Code of Conduct in 2016 will also 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 2016 and 2017, hereunder a Data Protection Policy.

Furthermore, in order to strengthen our work environment, a HR manager will be employed for Haarslev Industries A/S and a HR Partner for the whole group.

5. Diversity (cf. §99b)

All employees in Haarslev Industries A/S are offered employment based on their qualifications. This principle applies across the company and at all organizational levels. We maintain an unprejudiced, open-minded culture where, as a principle, all employees are treated fair and equal without consideration of religion, ethnicity, nationality, disability, age or gender.

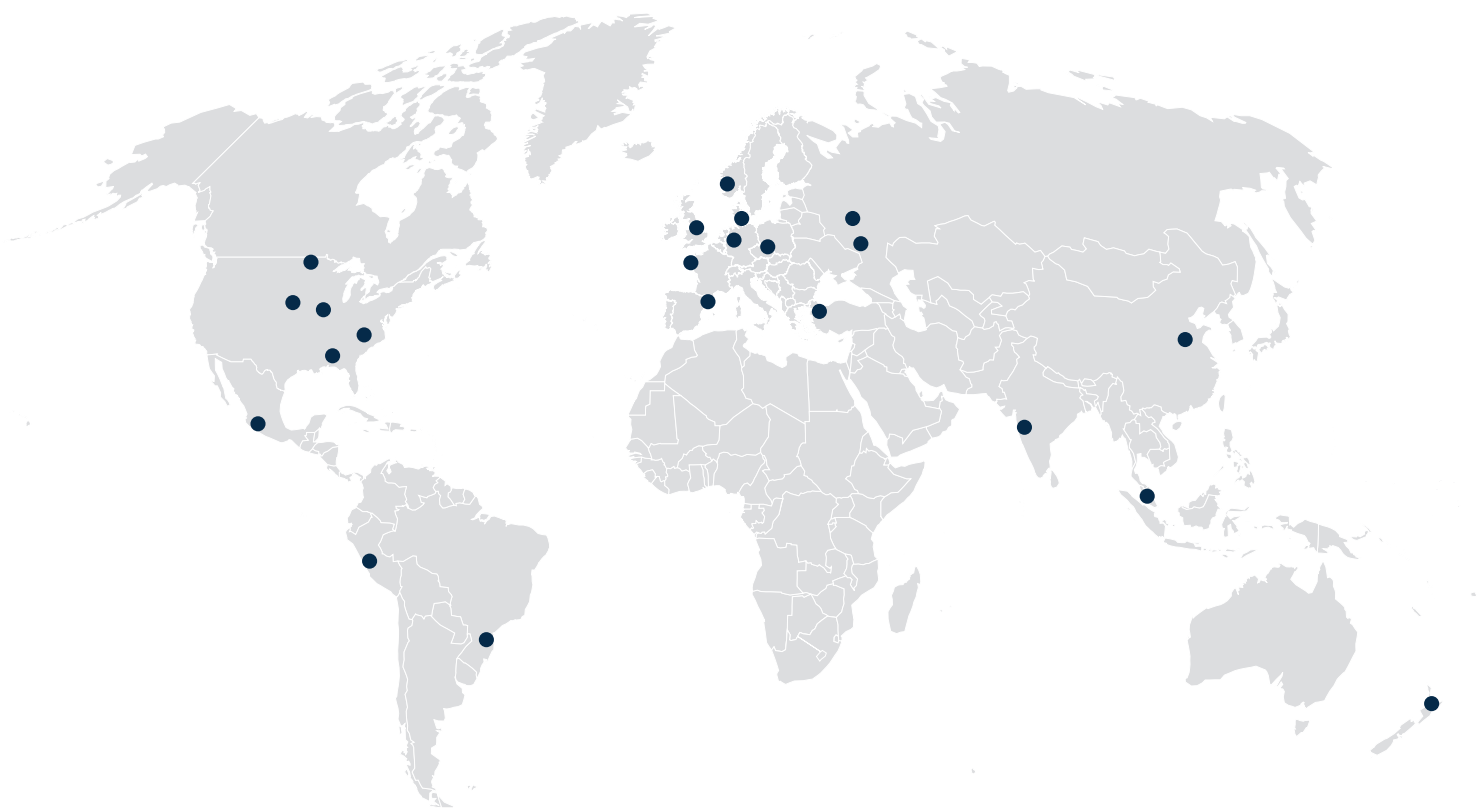
We regard diversity as a strength but we have difficulty attracting female candidates in an industry, which traditionally has an overrepresentation of men. We thus have only 41 female employees (10%), eight of whom work in our production.

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. In alignment herewith, female employees are entitled to paid maternity leave in accordance with the Collective Agreement for salaried employees in Industry (2014-2017).

Haarslev Industries A/S has 27 managers distributed on seven management levels. Today, none of the managers are female (0%). We are in principle against any kind of discrimination, negative or positive, and we welcome diversity in the composition of our staff, both at the management level and at all other organizational levels.



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HEAD OFFICE

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