



HAARSLEV™

Processing Technology

ANNUAL ESG REPORT 2021

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OF TOMORROW**

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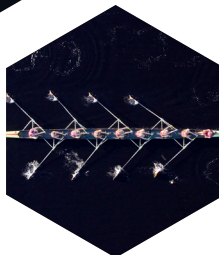


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Haarslev HQ, Denmark

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INTRODUCTION ABOUT HAARSLEV

1 Introduction

A word from our CEO



● Han Defauwes, CEO



BIG AMBITIONS

Welcome to the first-ever ESG report that Haarslev has produced. We're extremely proud of having taken this crucial step, as well as of the contents of the report – and the progress the report reveals and documents.

Haarslev is already the market leader in durable, high-quality equipment for rendering by-products and waste from meat, poultry and fish, and in delivering sustainable food and feed processes. And we have big ambitions ...

We aim to be the leading force in responsible business in and around industrial rendering worldwide – we intend to set the standard.

2021 HIGHLIGHTS/ACHIEVEMENTS

- Achieved a full scope 1-3 GHG emissions overview
- 4% reduction in Scope 1 and 2 emission intensities, compared to 2020
- Increased our share of renewable electricity and started electrification of our vehicle fleet
- Achieved EcoVadis Bronze medal
- Introduced sustainability rating into our product development process
- Improved our strong focus on compliance and HSE

LOOKING TO THE FUTURE

I'm also proud to point out that a big part of Haarslev's new perspectives for responsible, SDG-compliant future business lies in putting our unique specialist know-how to the best possible use.

We are doing this by enabling our customers to recover large volumes of organic waste from our society's food production, using safe, hygienic plants that get more out of the planet's scarce resources and deliver higher end-product value than ever before.

To make this happen, we are placing more and more emphasis on close collaboration with major companies in our customer markets, in order to share and pool know-how, experience and ideas with a view to reducing the negative impacts and boosting the positive benefits

from our core activities, and from applying our unique know-how to tackling real-world waste challenges.

Collaboration and knowledge-sharing are important tools in ESG agendas, and in applying Haarslev's specialist know-how and engineering skills to improve living conditions and reduce environmental impacts worldwide. We're developing new thinking and innovative solutions for the future ... for responsible use in a "circular economy" model that safeguards the world's limited resources.

TAKING CARE OF TOMORROW ...

Part of our shift in emphasis towards the "ripple effect" that our capabilities can have on ESG agendas everywhere is that we've recently adopted a new corporate tag line – "Taking care of tomorrow"

This highlights the forward-thinking responsibility agendas that lie behind our business.

There is no planet B – and we have responsibilities.

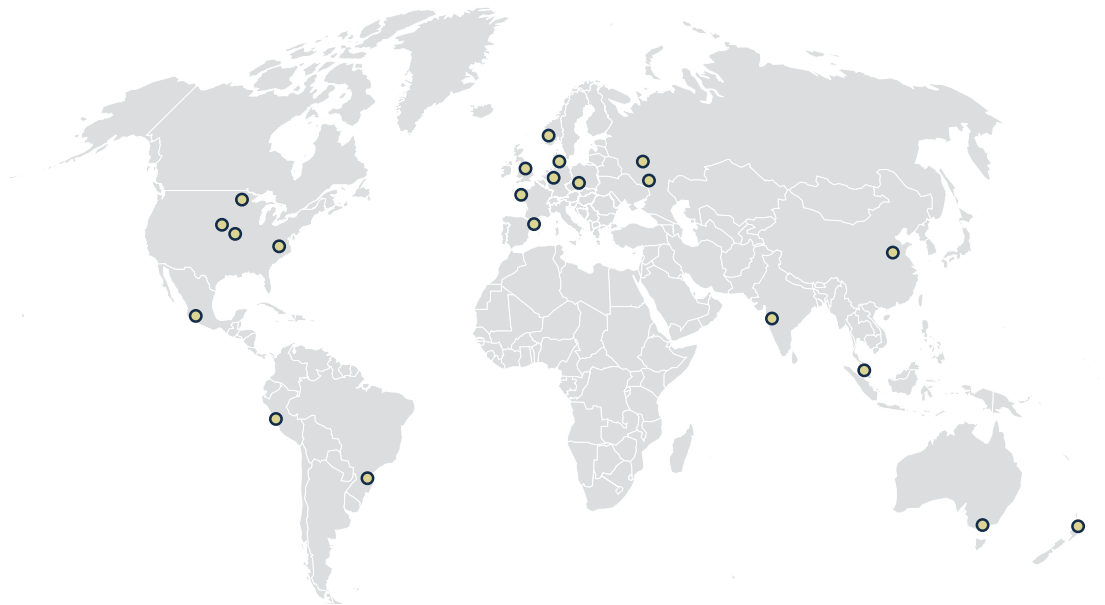
**ESG
RESPONSIBILITY
IS OUR
"LICENSE
TO OPERATE"**

**TAKING CARE OF
TOMORROW**



100 YEARS SINCE FOUNDATION

OWNED BY ALTOR SINCE 2012



ONLY GLOBAL VENDOR

COUNTRIES
15

CONTINENTS
5

COUNTRIES SOLD TO
+120

67%
EMPLOYEES IN SUPPLY CHAIN

CERTIFIED ENGINEERS
+115



EMPLOYEES
~900

**15,000
ORDERS
PR YEAR**

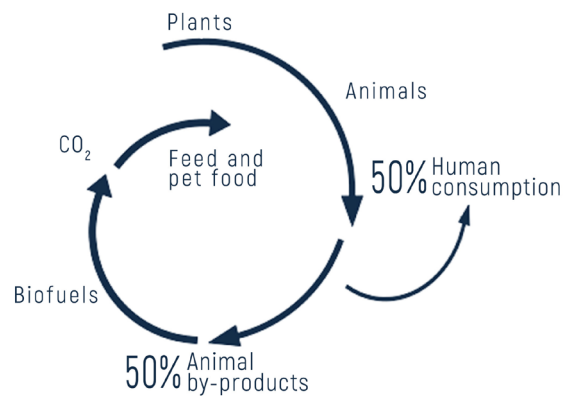
**€215
MILLION
ORDER
INTAKE**

CRUCIAL FOR A CIRCULAR ECONOMY

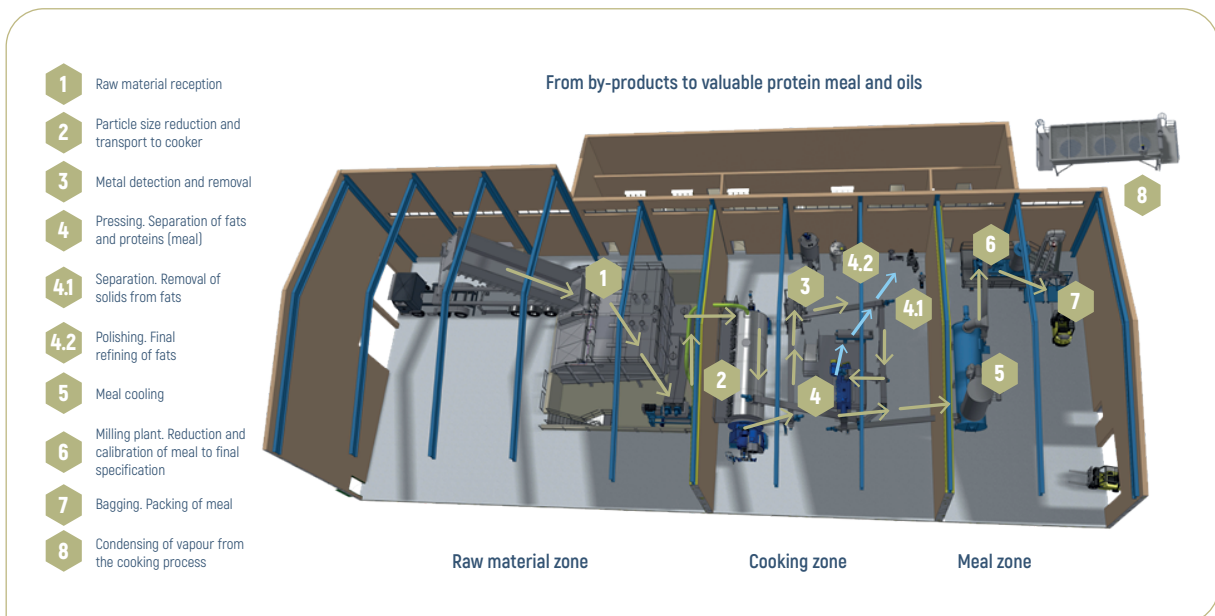
The rendering industry plays a vital part in the circular economy. It's all about getting the most out of the limited resources available.

By utilising meat, fish and poultry by-products that would otherwise be discarded as waste, and processing them into valuable proteins, oils and other ingredients used for animal feed and other commercially valuable and environmentally responsible products, the rendering industry has become a textbook example of how to make effective, responsible use of the planet's limited resources.

The figure below shows how such waste, by-products and co-products are part of a circular flow that puts these resources to best possible use.



PROCESS FLOW



REDUCING ENVIRONMENTAL IMPACTS

Haarslev equipment enables rendering operations to reclaim otherwise discarded meat leftovers, which drastically reduces the waste footprint of food production.

- “Recycling” unwanted meat by-products and fish by-products into animal feed, pet food and fertiliser helps grow the next generation of food
- Renderers recycle millions of kilos of used cooking oil into biodiesel and other fuels, and into ingredients for pet food and animal feed.

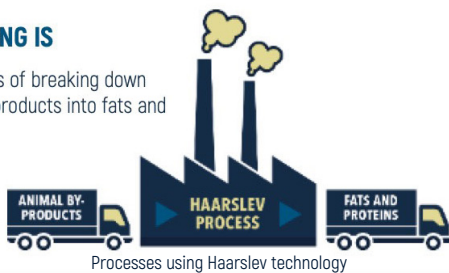
Haarslev equipment also enables rendering operations to significantly reduce greenhouse gas emissions (GHGs).

- A typical rendering plant sequesters five times more GHG emissions from the environment (carbon dioxide, methane, etc.) than it emits
- Rendering avoids at least 90% of the GHG emissions that would otherwise result from industrial composting as a way to dispose of such waste.

RENDERING IS AN ENVIRONMENTALLY RESPONSIBLE WAY TO RECYCLE MATERIAL THAT WOULD OTHERWISE BE WASTED

RENDERING IS

The process of breaking down animal by-products into fats and proteins



UP TO 50% OF A COW WASTED

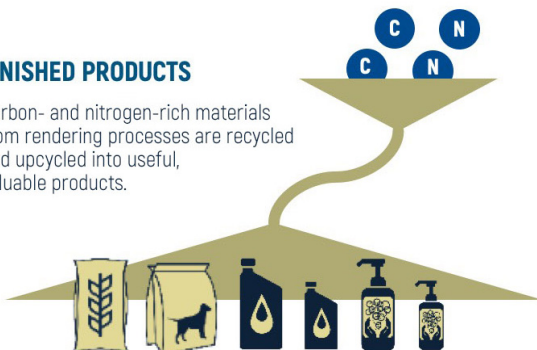
In some markets, as much as 50% of a cow carcass is considered inedible, and only suited for waste.



Some animals die on the farm or in transit to slaughterhouses, as a result of injuries, age, accidents, etc. Renderers prevent all this material from going to waste, as well as preventing health hazards by eliminating pathogens.

FINISHED PRODUCTS

Carbon- and nitrogen-rich materials from rendering processes are recycled and upcycled into useful, valuable products.



INGREDIENTS

Rendering products are used as ingredients in:

- Pet food
- Feed for cattle, pigs, poultry, fish and other livestock
- Fertiliser
- Biofuels



They are also used in commercial products such as soaps, detergents, lubricants, etc.



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SUSTAINABILITY AT HAARSLEV

2 Sustainability at Haarslev

SUSTAINABILITY AT HAARSLEV

The Haarslev vision of becoming “the undisputed leader in creating solutions for sustainable feed and food processing” reflects the fact that sustainable thinking is at the core of our business.

We follow market trends closely, and continually strive to positively impact the environment by examining and reducing our own carbon footprint – in addition to enabling our customers to reduce theirs.

At Haarslev we say, “Taking care of tomorrow”. This has several aspects to it.

Sustainability is not only about environmental efforts. It is just as important to ensure that we run our business in a responsible manner in terms of the full spectrum of economic, environmental and social concerns.

2016-2020

In this period, we focused on building a strong compliance foundation, introducing global policies to make sure our in-house processes are fully aligned with the expectations associated with our position as industry leader in our specialist field.

2020-2021

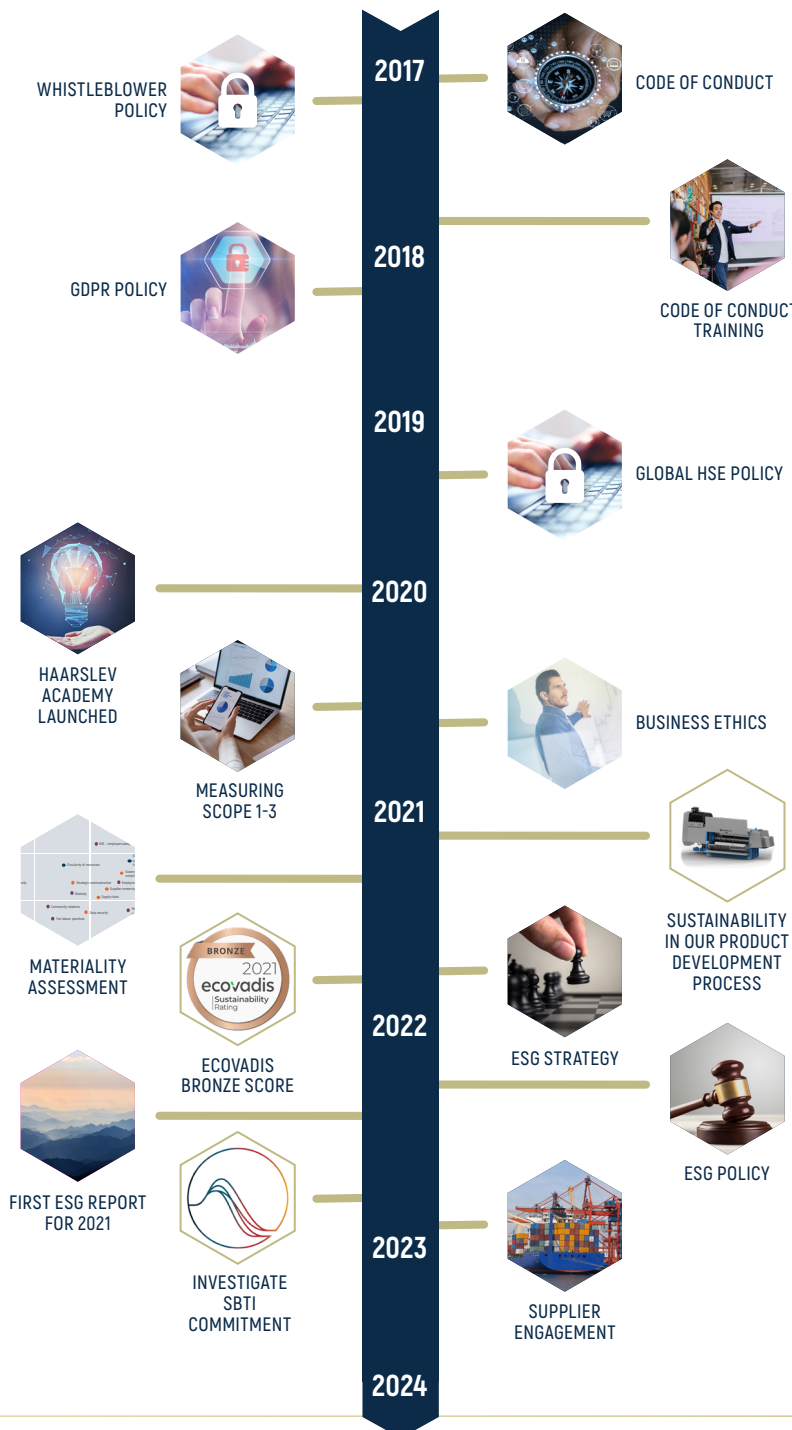
Sustainability was identified as a central pillar in the Haarslev 2025 strategy, right at the heart of what we do and who we are as a company. At the same time, we started measuring the company’s Scope 1-3 emissions and initiated several ESG-related projects.

We also published our first Sustainability Report for the reporting year 2021.

2022-

With a stronger baseline for quantifying the company’s Scope 1-3 emissions, we will work towards setting ambitious targets and investigating possibilities for concrete Science Based Targets Initiative (SBTi) commitments, as well as continuing to improve our data quality.

We will also engage with suppliers to identify and implement effective ways to reduce CO₂ emissions.



2 Sustainability at Haarslev

SUSTAINABILITY GOVERNANCE

Sustainability has been at the core of Haarslev business strategy for decades. Our position as market leader in our industry means we take pride in always operating at the highest level of integrity.

The way we work rests on a foundation of good business ethics, human and labour rights, employee safety, environmental responsibility and a strong general focus on good governance and compliance with appropriate standards and expectations. This includes principles about anti-corruption and fair competition practices.

In the course of 2022, we will establish a sustainability/ESG policy that will act as the guiding star for the decisions that we make. This policy will be approved by the board of directors.

Our sustainability governance structure enables us to keep track of our progress and to make sure we are on the right path to achieve our goals. This structure also provides us with a clear framework against which to manage priorities, roles and responsibilities. This structure is crucial for ensuring that Haarslev's sustainability strategy and targets are evaluated on a regular basis.

The company's sustainability governance structure is divided into four areas, as described below. By applying carefully formulated policies, standards, processes, procedures and risk management, we make sure Haarslev's sustainability strategy is anchored in the core of our overall corporate strategy for a successful, responsible future.

The board of directors bears ultimate responsibility for the company's sustainability strategy and performance. However, an ESG board comprising top management and relevant key employees has day-to-day responsibility for Haarslev sustainability performance, and it is this board's role to make sure strategy is transformed and implemented in the form of tangible actions that pave the way to achieving the company's long-term goals and targets.



MATERIALITY ASSESSMENT OVERVIEW

In 2021, Haarslev conducted its first materiality assessment to identify reporting topics that are considered of key interest to relevant stakeholders and to the company itself. These topics were based on desk research as well as stakeholder engagement.

The materiality topics we have covered in this ESG report were identified by considering market trends, along with guidance sourced from the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the UN Sustainable Development Goals (SDGs).

We operate in a constantly changing world, and this means we need to undertake these materiality assessments on a regular basis. We intend to do so by monitoring both internal and external trends, and by conducting re-assessments whenever appropriate opportunities or risks occur.

The process for selecting material topics is as follows:

- IDENTIFY TOPICS:** We begin by compiling a gross list based on market trends, ESG-related topics and risks
- PRIORITISE TOPICS:** Topics are prioritised in accordance with their importance for stakeholders and for Haarslev itself, based on input from a selection of the stakeholders mentioned above
- ALIGN ON TOPICS:** After prioritisation, we carry out a final selection of the topics to be covered
- REPORT TOPICS:** We are now starting to provide concrete information about these materiality topics in the annual Haarslev Sustainability Report, enabling us to disclose progress to our stakeholders and other relevant parties.

The materiality matrix below is the result of the process described above.

A total of nine specific topics have been identified as being of key interest, based on their importance to our stakeholders and to Haarslev business operations.



2 Sustainability at Haarslev

STAKEHOLDERS

As the world's focus on sustainability increases, we are constantly being evaluated in terms of the way we operate. We therefore strive for long-term partnerships with all our stakeholders.

For Haarslev, the stakeholders mainly consist of customers, employees, shareholders, strategic partners, local communities, suppliers and the relevant international, national and local authorities.



Openness and dialogue are our preferred tools for maintaining close connections with our stakeholders, as a part of risk management procedure.

Keeping close to our stakeholders and their concerns

ESG DATA



The data in this ESG report is subject to continued improvement as both Haarslev and the more general standards about ESG reporting develop still further. This report uses the GRI framework as inspiration for the data we have decided to include. We now have 2 years of data to work with, and the whole reporting framework will undergo ongoing improvement.



We strive to use the same methodology going forward, in order to make the data comparable over time, and we also strive to be as transparent as possible while doing so. However, there are some risks related to consolidating these kinds of data across the different Haarslev business entities around the world. Where only some entities are included, we have added a separate note to highlight the specific entities included.

2 Sustainability at Haarslev

Targets and achievements

Key targets and performance

Environmental areas	SDG	Status	Achievements	Next steps
Own operations footprint 		●	Promote low-energy solutions	Set ambitious targets and investigate SBTi commitment
Customer footprint 		●	Promote low-energy solutions	Further develop innovative energy-efficient solutions
Circularity of resources 		●	Partnership with Stena Recycling in Denmark	Improve recycling globally and reduce material use in our products, wherever possible
Sustainable products and food waste reduction 		●	Included sustainability in our product development process	Investigate LCAs or EPDs for major equipment
Social areas	SDG	Status	Achievements	Next steps
People and development 		●	Prioritised development and training via measures that include HI leadership course and HI Academy	Integrate core leadership competencies globally
HSE – employee safety 		●	Measuring key HSE KPIs	Target a zero-accident culture
Governance areas	SDG	Status	Achievements	Next steps
Governance and compliance 		●	51% of managers trained in business ethics	100% of all managers trained in business ethics
Supply chain / supplier management 		●	Identified all major suppliers based on carbon footprint	Start ESG screening of key suppliers
Strategic communication 		●	Publish first sustainability report	Full GRI report Continuously communicate

2 Sustainability at Haarslev

OUR CONTRIBUTION TO UN'S SUSTAINABLE DEVELOPMENT GOALS

The framework created by UN's Sustainable Development Goals is used to address specific topics that are of high importance for the future of the planet and its people.

At Haarslev, we are committed to playing an active role, targeting specific SDGs. Based on a review of all SDGs and a materiality assessment, we have decided on three particular goals where we will make additional, specific efforts.

The table on the previous page shows our main achievements and next steps for several specific areas related to the SDGs.



SDGs

Our ambition



"Take urgent actions to combat climate change and its impacts"

Become the global industry leader in reducing own operational carbon footprint and in maximising the effective use of resources, while enabling our customers to increase their own climate actions through our innovative products and services



"Ensure sustainable consumption and production patterns"

Continue to develop responsible and innovative products that positively contribute to the world's responsible consumption, while increasing own circularity of resources through appropriate initiatives that increase levels of responsibility in our own consumption of materials



"Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"

Become the preferred employer in local communities by initiating quality educational development for all employees across all business areas, while also aiming towards a 10%-apprentice workforce and engaging in and donating to local schools



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3

**MAKING
A DIFFERENCE**

3 Making a difference

Our place in the ecosystem

WRANGLING RESOURCES

Mankind uses incredible resources to raise livestock, poultry and fish of all kinds. Whether domesticated or wild, these animals consume vast amounts of water, plants, feed and energy simply to grow. They are energy-devouring natural machines.

But, unknown to most consumers, as much as half of the livestock, poultry and fish slaughtered for human consumption never actually gets used, whether for food or for other purposes. All too often it simply gets dumped or discarded as useless waste – in many countries it can even end as landfill.

Haarslev specialist technology makes it possible to deal with this left-over material – all the innards, offcuts and discards, as well as the by-products and co-products from processing operations. We help and enable Haarslev customers make the most responsible use of these precious naturally derived resources, by turning what would otherwise be low-quality leftovers and waste into other important materials that are more useful and that have greater value.

THE MULTIPLIER EFFECT

The equipment we develop, design and manufacture helps our customers with their ESG responsibility agendas, providing the machinery, systems and know-how that enable them to curate the world's organic resources more responsibly.

Like ripples on a pond, Haarslev know-how and technology centred on resource optimisation and waste reduction have important multiplier effects on meeting ESG targets at our customers' operations, all over the world.

This is where the big payoffs and benefits of Haarslev capabilities and technologies come fully into play – where the real value lies.





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ESG

ENVIRONMENTAL



"IN 2021, WE INCORPORATED ESG THINKING EVEN FURTHER INTO THE CORE OF OUR BUSINESS, AND INTO HOW WE CONDUCT OUR OPERATIONS. WE'VE NOW TAKEN A BIG LEAP IN MEASURING AND REPORTING OUR PERFORMANCE ON KEY ESG PARAMETERS.

IN 2022, WE WILL CONTINUE THIS JOURNEY WITH A STRONG FOCUS ON IMPROVING OUR DATA COLLECTION PROCESS AS WELL AS EXECUTING ON OUR STRATEGY."

Han Defauwes | CEO

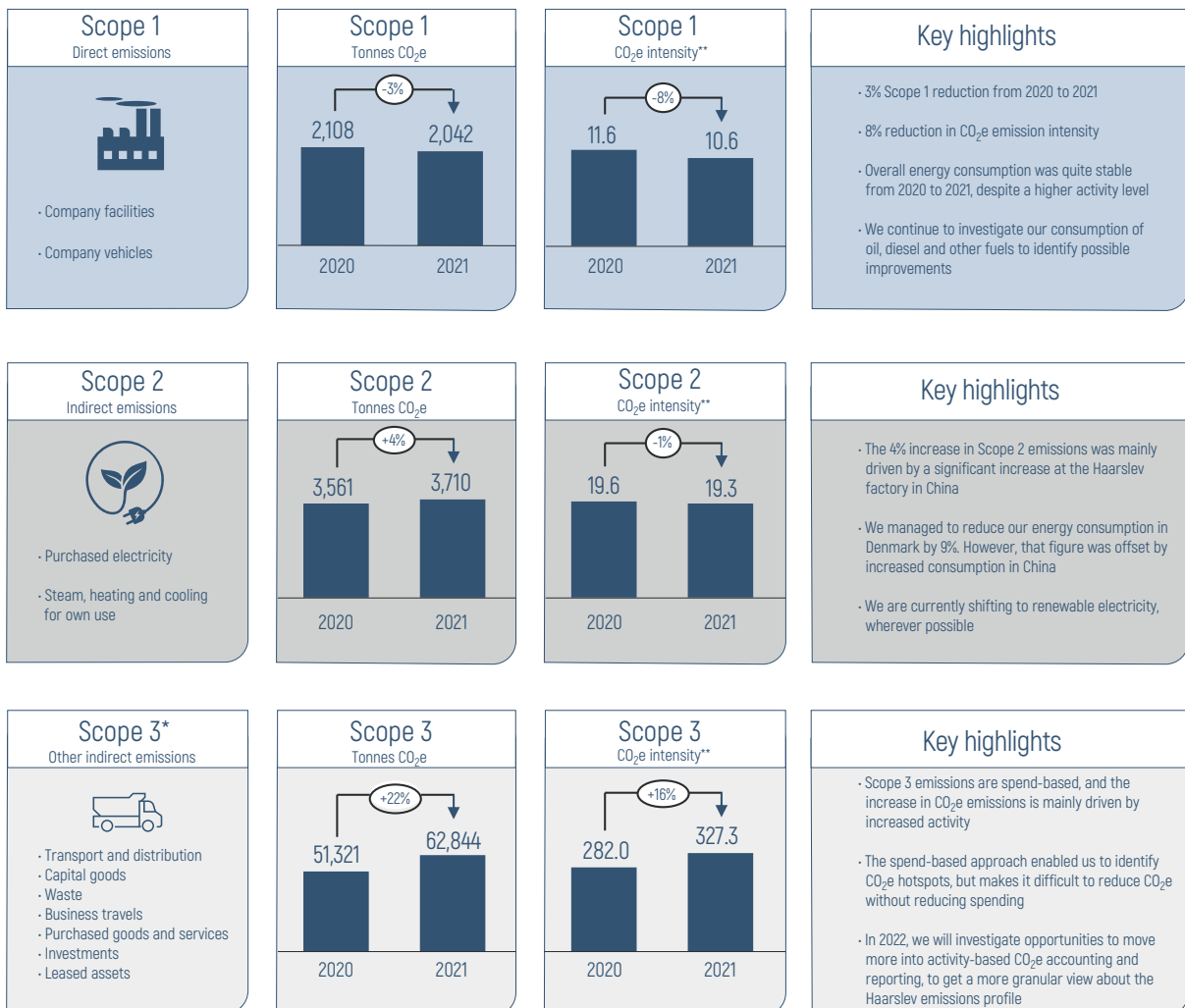
We have a global reach, with offices, production sites and customers all over the world.

To help us do this effectively, we have partnered with Normative – experts in actionable sustainability intelligence – and its science-based carbon accounting engine to assist us with calculating and validating our Scope 1–3 GHG emissions.

OWN OPERATIONS FOOTPRINT

2021 is the first year in which Haarslev reports on the company's greenhouse gas emissions (GHGs).

The reporting framework we have used complies with the Greenhouse Gas Protocol, and is an accepted global standard.



* Spend based
** Intensity – ratio of tonnes GHG emissions to million Euro revenue

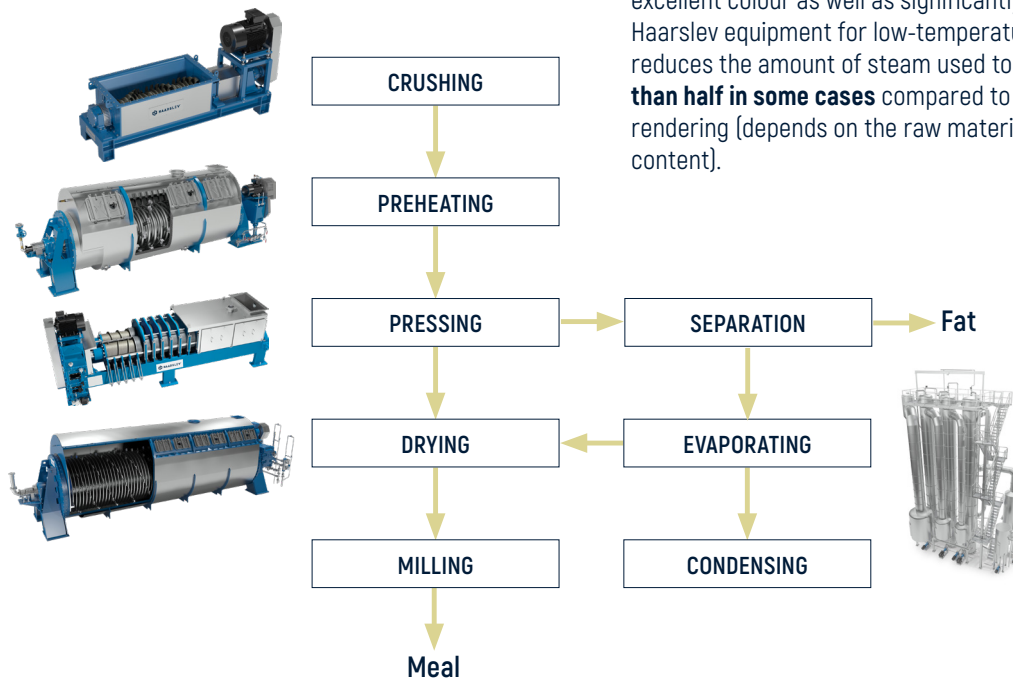
Customer footprint/Sustainable products and reducing food waste

Haarslev supplies low-energy rendering and process equipment as well as other specialist equipment that reduces undesirable odours from such processing operations. This is one of the ways we contribute to reducing energy consumption in an otherwise energy-intensive industry, thus helping our customers reduce their environmental impacts on local communities.

To ensure operational stability and continuity for customers still using older Haarslev equipment, we have more than 30 years' of filed documentation and specifications for equipment supplied. We also offer to renovate or rebuild our customers' used equipment, thereby increasing resource efficiency for our own product line as well as our customers' operations.

One example of the environmental benefits our technology and capabilities provide is the Haarslev Low Temperature Wet Rendering process, which ensures lower energy consumption compared to traditional dry rendering processes, thus also reducing customers' operating costs.

In the wet rendering process, proteins and fat are separated early in the process. This provides fat with excellent colour as well as significantly increased yields. Haarslev equipment for low-temperature wet rendering reduces the amount of steam used to do this to **less than half in some cases** compared to traditional dry rendering (depends on the raw materials moisture content).



SUSTAINABILITY IN PRODUCT DEVELOPMENT



In 2021, we continued to pursue the way we incorporate a whole mindset about sustainability and circularity into our products and services. We therefore took steps to specifically feature sustainability and sustainable solutions as part of the overall Haarslev product development process. This not only makes our products and services more environmentally friendly, but also makes them safer and more hygienic, with the additional HSE and food safety benefits that result from this.

4 ESG Environmental

Circularity of resources

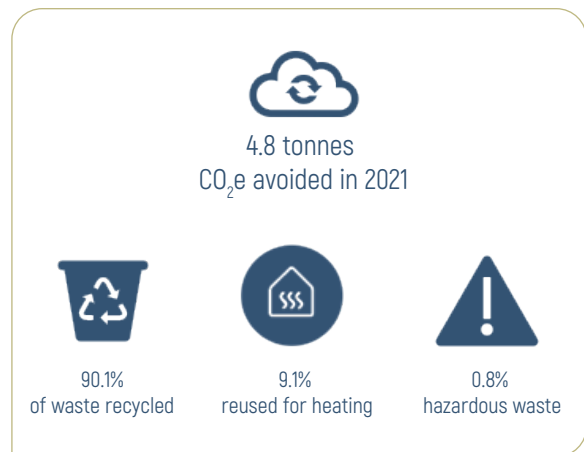
As a major supplier to companies in the rendering industry, we are dedicated to getting the most out of all resources available. This also means Haarslev and the equipment we provide play a significant role in the circular economy.

In 2021, our Danish production site and head office cooperated with Stena Recycling to launch an ambitious project aimed at providing a full overview of Haarslev waste management procedures and how these are implemented.

This resulted in identifying more than 30 different waste fractions, as well as concrete measures to improve the quantities of recyclable material collected. We now evaluate and analyse the monthly data reports about our waste profiles, and then use this key information to undertake appropriate corrective action.

According to Stena Recycling calculations¹, these efforts resulted in preventing more than 4.8 tons of CO₂ emissions in 2021, while maintaining a material recycling percentage of just above 90%.

Moving forward, we will continue our focus towards reducing the waste resulting from Haarslev production activities. We will also investigate opportunities for expanding the data insights we can source from other sites, in addition to those from our facilities in Denmark.



¹ Calculation: The CO₂e saving is the difference between using recycled materials compared to using virgin materials. This key figure shows the quantity of emissions avoided as a result of passing carefully identified material through the recycling process, compared to emissions resulting from extracting new raw materials for the same purpose.

Managing environmental and quality risks

ENVIRONMENTAL RISKS

Our primary risk related to the environment and climate is the consumption of energy and resources used in our production as well as any residual related waste. If this is not managed responsibly, it could negatively affect the environment. As a production company we have high energy consumption, and we are working continuously on reducing our energy consumption.

In 2021 we managed to both reduce our scope 1 and 2 emission intensity, and overall believe have contributed to minimizing our environmental impact.

We strive to comply with local and international legislation for mitigating our environmental impacts, and although they are not contained within a formalized environmental policy, they are to some extent covered by our ESG policy, which contains the guiding principles that we operate by.

We aim at reducing the resource consumption in our production and to always comply with regulatory requirements and minimize the environmental impact.

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 as well as shifting to renewable electricity where possible, which is the case for our Danish HQ and production site as of January 1st 2022.

Further we decided to invest in a software tool that enables real-time tracking of energy usage in selected production halls in the Danish factory, enabling future decisions regarding energy improvement to be based on data, and thereby ensuring focus on highest impact.

As a part of our code of conduct we expect our Partners to strive to minimize 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 minimizing 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 licenses and permits.

QUALITY RISKS

We design, develop, and manufacture the machinery that our customers require to meet their particular needs and demands, and configure our products so that they always meet the specific legislation and industry standards that apply in the markets where we operate.

We work in accordance with clear procedures and policies in order to make sure our products live up to the highest possible quality standards, and that our manufacturing processes are lean, effective and energy efficient.

We continuously develop and refine the policies, processes and systems that support and promote the responsible and resource-efficient operation of a company in growth. We always strive to ensure that our products perform in accordance with our customers' expectations. Haarslev considers this one of our most important tasks as a supplier of know-how and equipment to processing activities in which operational stability and continuity are crucial. If a customer experiences any kind of hiccup or interruption to operations in conjunction with Haarslev equipment or services, we are ready, willing and able to go a long way to make sure their operations are brought back on line as quickly and effectively as possible.

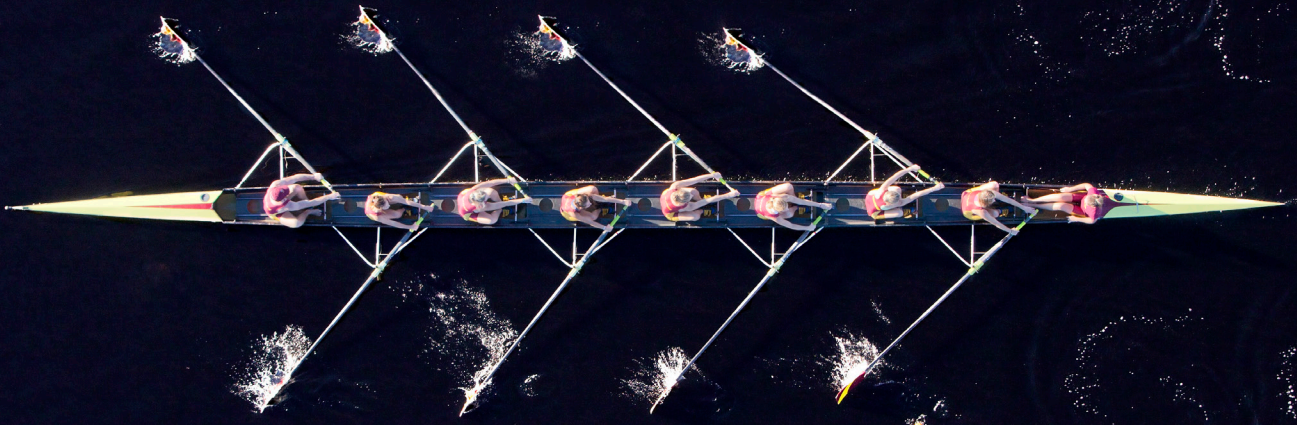
To strengthen our quality management frameworks still further, in 2020–21 the Haarslev Project and Engineering Centre focused on correcting as well as improving designs and drawings before they are used in actual manufacturing, production and assembly.

In our Haarslev production facilities, we have also established a special quarantine area to separate bad items from good items. This means we have been able to optimise workflows and at the same time minimise errors before shipping Haarslev products out to our customers.



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ESG
SOCIAL

The people behind Haarslev

At the core of what we do are three values: **Performance Oriented, Customer Focused and Working Together.**

At Haarslev, we strive to become better every day by having the customer in mind while we are working together. Our employees are critical for success in our journey towards shaping a better tomorrow. It is the hard work of over 900 employees globally that makes the largest single contribution to our performance and results.

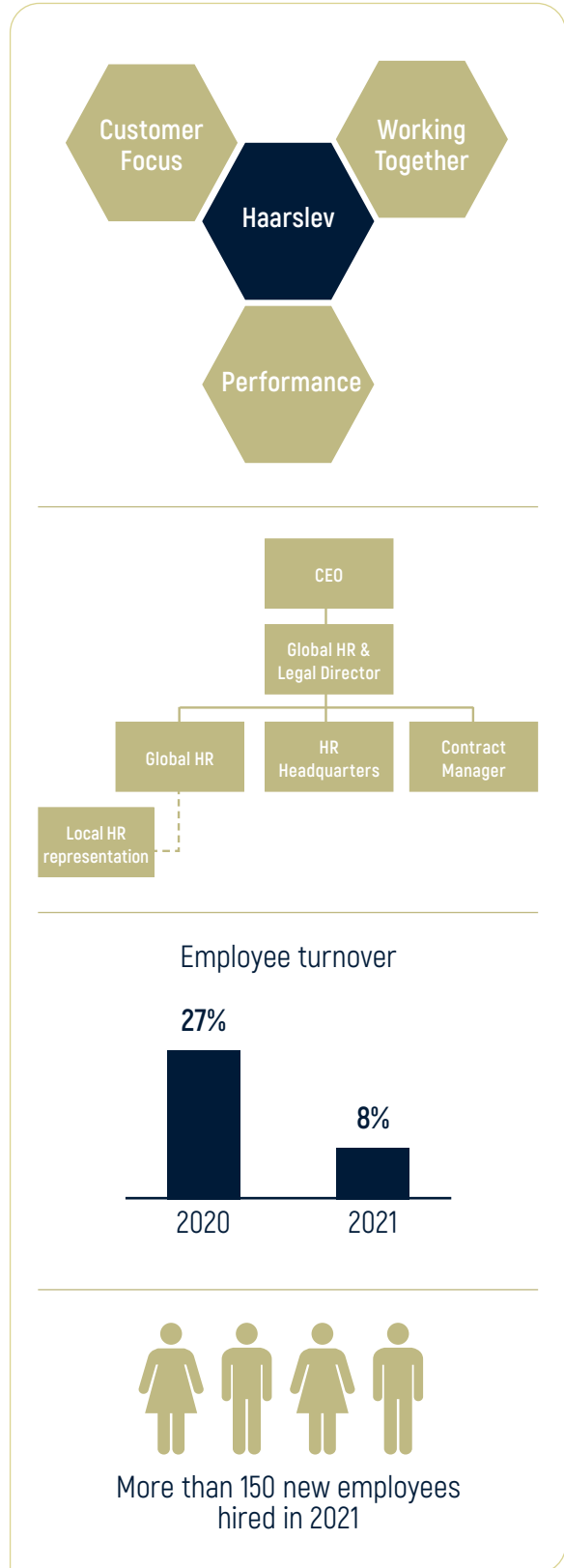
At the heart of working in accordance with Haarslev values is the global HR & Legal department. At Haarslev, HR is responsible for the company's global social and governance initiatives, and the head of the department reports directly to the CEO.

Centrally placed in this function are our HR & Legal Director and People and Business Partners, who together set the direction for targeted initiatives to fulfill our promises to Haarslev employees. Locally, however, there are key representatives who make sure these initiatives are implemented effectively in all of our sites, while keeping the local community and regulations in mind.

Up until 2020, we implemented many new people-focused initiatives, including Annual Performance Reviews, Engagement Surveys, training programmes and ensuring basic employee rights and benefits. Towards 2025, the focus will be on strengthening and integrating these initiatives, and making sure we do things right regardless of where we do them.

Many of these initiatives were affected by the COVID-19 pandemic, which impacted all parts of our global business, everywhere in the world. Our 2020 employee turnover increased by a staggering 27% and, to keep our employees safe while maintaining the necessary commercial momentum, we made sure stringent governance policies were in place, in accordance with local governmental guidelines.

Even though COVID-19 dramatically affected our business, order intake and revenue, it now seems that the pandemic is on the retreat and our employee turnover has dramatically fallen to below an acceptable 8% and we can now refocus our efforts and resources to a development mode.



Performance requires people

To ensure performance in a complex global market, you need people of many different kinds and with many different skill sets in order to deal with a wide spectrum of hugely different tasks.

Men have always been significantly over-represented in our particular field of business, although gender gaps in these traditionally male-dominated fields are narrowing. Our focus continues to be on offering and ensuring equal opportunities and on driving towards a diverse workforce. We see a great strength in a diverse workforce, and know that it is an important step in ensuring innovation and creativity.

By 2021, we had 17% females in our workforce as a whole. Our target is to have 20% of board members female by 2022, and to have 8% females in the senior management team by end of 2022. We have started to work with gender diversity on the board of directors in connection with establishment of this goal. It has not before now been a focus in Haarslev to have gender diversity in the board of directors. As it is the first time for Haarslev to establish focus on gender diversity of board members, Haarslev has not yet made improvements.

To achieve these goals, our HR department has maintained a special focus on gender diversity and on strengthening the representation of women in the company – and especially at management level. Because we operate in a male-dominated industry, it is more difficult to attract females to management and board positions.

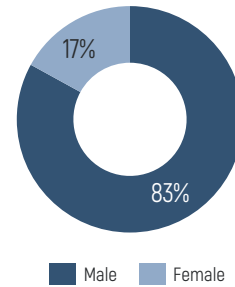
As a result of our successful focus on unbiased hiring and HR policy implementation based on demographical characteristics, Haarslev acknowledges that diversity is also about *who* you are.

During 2022, we will place even more focus on developing Haarslev's already unbiased recruitment processes towards not only ensuring equal rights, but also adding value to who you are, because diversity also involves teams consisting of different types of people who each bring different strengths to the table. A heterogenous difference in strengths is becoming increasingly important when doing business in global markets.

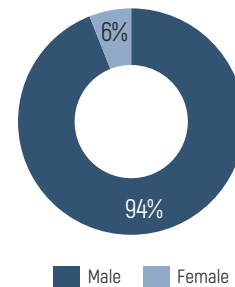
While your professional skills and capabilities are

important, who you are and your personal values are also crucial for us here at Haarslev, and for how our employees work with us as the employer and with each other as colleagues.

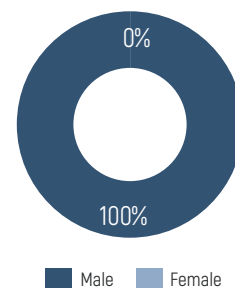
Gender diversity in the company
Share of males and females in the Haarslev Group



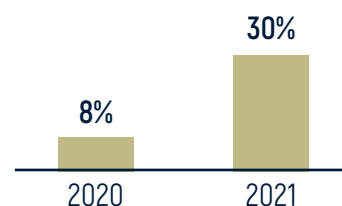
Gender diversity in the GMT
Share of males and females in the global management team



Gender diversity on the BOD
Share of males and females in the board of directors



Diversity
Share of females in leadership training



Performance requires people

Haarslev is very well aware that developing our employees and their skills is essential to staying competitive in a world with increasing competition for talent.

Having an innovative, creative and diverse workforce involve deploying a vast set of skills but also demands more of our managers, because leading diverse teams is a skill in itself. Haarslev tries to balance our focus on the development of employee and manager skill sets, because it is important that such development work is coordinated and integrated.

At Haarslev we have considerably increased our focus on employee development over recent years. The opportunities currently offered include:

- The Haarslev Leadership program
- Leadership training and female participants
- Haarslev Academy – an online e-learning platform, currently featuring more than 115 videos featuring training material on multiple topics, targeting a broad audience of Haarslev employees.

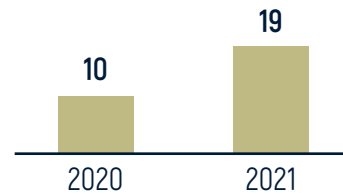
We continuously implement new initiatives to make Haarslev a more attractive company to work for. Conducting regular performance reviews as well as engagement surveys is just one way of fostering employee engagement.

Such surveys also help senior management identify areas where improvements are needed, as well as providing each department with specifics about where and how to improve working conditions and employee satisfaction. We do carry out Annual Performance Reviews (APRs) for staff working in production as well as the offices, but at the moment our systems are only able to capture the APR results for office employees. We are striving towards getting all APR data into the system to get a full overview.

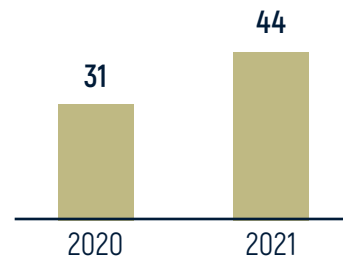
During 2022, Haarslev will be focusing on establishing which employee benefits we have globally from health insurance, health checks, catering services, flexible working hours, ensuring a healthy work-life balance and celebrating employees' jubilees and personal anniversaries.

Moreover, we want to establish how we, as a company, ensure community engagement wherever in the world we operate. This includes initiatives ranging from donations to local hospitals, sports clubs, schools and other activities, through engaging locally to increase biodiversity or by offering internships to students from local schools, thus nurturing and ensuring the talents of tomorrow.

People and development
Average training hours per employee



People and development
Share of office employees receiving APR



HSE – employee safety

Safety concerns are hardwired into Haarslev thinking – working together also means working safely.

We have a strong focus on safeguarding all aspects of the physical and mental well-being of our employees. We are committed to maintaining and improving high standards of health and safety in all Haarslev business entities and in all markets in which the company operates.

Our primary element of risk related to the work environment lies in the risk of accidents and job-related illnesses, which could harm individual employees as well as affecting the company's overall ability to attract and retain our workforce.

Haarslev production facilities involve the use of many advanced technologies and much complicated equipment. Many Haarslev products are extremely big and heavy, and take a lot of lifting and moving.

So it's not surprising that providing a safe, healthy working environment for all our employees and sub-contractors is – and always has been – crucial for Haarslev. In fact, we consider it a basic human right, which is why HSE is a top priority throughout the company.

During 2022, we will bring together our many safety initiatives within one dedicated HSE department, tasked with ensuring the safety of our employees in our own operations and offices, and also our employees working at customer sites. Establishing a centralised HSE unit within our company will make it possible for us to align and compare data about workplace incidents and accidents, and enables Haarslev to set ambitious targets for reducing these as well as conducting internal audits on ourselves and our operations.

Guided by the company-wide Haarslev HSE policy, we will set a realistic timeframe for becoming globally compliant with regard to all appropriate and relevant health and safety concerns, throughout our organisation. This will take place in the course of 2022.





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6

ESG
GOVERNANCE

6 ESG Governance

Human rights

We work actively and continuously to make sure all Haarslev stakeholders are content – ranging from investors, employees, customers and suppliers to government authorities, competitors, business associations and local communities.

Doing business right is not only done through a value-based strategy aimed at ensuring the safety, development, and training of our staff.

As an international provider of rendering and related processing solutions, Haarslev has a global network of business partners. Our suppliers are located throughout the world, and we are well aware that specific risks may occur among other business partners with regard to human rights, labour discrimination, child labour and other issues.

However, we do not consider that such occurrences are a significant concern within the engineering, aluminium, iron and steel operations from which Haarslev usually sources materials and components. Even so, we strive towards making sure our most important suppliers act in full accordance with the Haarslev Code of Conduct to eliminate any such risks.

We expect our business partners to always support and respect the protection of the UN Universal Declaration of Human Rights and the Core Conventions of the International Labour Organization (ILO), and that our partners' businesses are not complicit in any abuse of human rights.

However, we do not have a separate policy that is specifically about human rights – even though these rights are important to Haarslev. We have the principles of human rights and rights at the workplace integrated in Haarslevs employee code of conduct. With that, Haarslev undertakes to support and respect human rights and core conventions of the International Labour Organization (ILO). Furthermore, human rights issues are an integrated part of the Haarslev employment policy, covering matters that include **non-discrimination, freedom of association and the right to safe, healthy working conditions**. Human rights policy issues have been strengthened in our corporate codes of conduct for commercial partners as well as employees, and special focus has been allocated to issues associated with non-discrimination, forced/child labour, and freedom of association. We are not aware of any violations concerning human rights in Haarslev in 2021.

During 2022, we will ask from all our key suppliers to sign and comply with Haarslevs code of conduct as well as investigate the opportunities to carry out additional ESG screening of selected suppliers and set standards for our suppliers through a global supplier policy. We will report on progress about this in next year's report.



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**HUMAN RIGHTS
VIOLATIONS IN 2021**

Compliance & Business Ethics

We run our business in accordance with principles for good governance, in order to avoid any risk of unethical business practices, such as using illegal means to obtain an advantage. Our governance principles have full backing right from board level, via a strong, holistic approach to compliance and risk.

All our governance policies are shown on the company intranet, which is available for all Haarslev employees. Other key company policies about compliance and good business ethics are available at www.haarslev.com

CODE OF CONDUCT AND WHISTLEBLOWER PROGRAMME

The Haarslev Code of Conduct was implemented in 2017, and is revised and renewed every second year. The Haarslev Code of Conduct contains the guiding principles for the way we strive to conduct our business.

Haarslev works with two different 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"), which throughout 2021 has been sent out to all new employees as a part of their onboarding.

The Partner Code of Conduct is published on www.haarslev.com, and business partners, such as agents and distributors, have to sign the Partner Code of Conduct before initiating any business with Haarslev.

The Employee Code of Conduct has been translated into seven languages to make sure all employees have a good understanding of this important framework for good conduct.

A whistleblower policy and programme have been implemented to support our Code of Conduct and – in particular – if a violation occurs, in order to ensure a structured, responsible process when suspected violations of the Code of Conduct, laws or business rules have been detected and for reporting any suspicion of unacceptable behaviour within Haarslev. Any concerns about such events or behaviour can be reported anonymously via www.haarslev.com. We are not aware of any incidences involving corruption, bribery, discrimination or legal breaches having occurred in Haarslev during 2021.

During 2021, we extended a partnership with PwC to increase the value creation provided by our internal training programme about business ethics. We have set up five training modules, each focusing on specific aspects of business ethics and areas of required compliance. 52 Haarslev managers have completed this training programme to date.

The training programme contains e.g. information about Haarslev's policy for anti-corruption and bribery. The policy requires a zero-tolerance for corruption and bribery. Furthermore Haarslev also has a zero tolerance for inappropriate gifts, entertainment or other business courtesies. Any breach of e.g. anti-corruption may put Haarslev, its brand, its employees, and its products or services at substantial risk.

Any violation of the Employee Code of Conduct must be reported to the General Manager or Human Resources/legal Department in Group who will handle the case properly.

During 2022, we will investigate whether it will be possible to have all Haarslev employees undergo these training modules, regardless of where they may be working.

COMPLIANCE AND BUSINESS ETHICS

 <p>Module 1 Code of Conduct and Whistleblower Programme</p>	 <p>Module 2 Anti-bribery, anti-corruption and conflicts of interest</p>	
 <p>Module 3 Gifts and hospitality</p>	 <p>Module 4 Sanctions</p>	

6 ESG Governance

Compliance programme

The Haarslev compliance programme consists of local regulations, internal guidelines and Haarslev procedures used to comply with appropriate legislation, rules and regulations. The Group Legal department examines the applicable rules laid out by government bodies, and is responsible for implementing this compliance programme within Haarslev.

The compliance programme will be re-assessed in the course of 2022 in order to comply with latest developments and initiatives with regard to human rights, and to align all necessary Haarslev legal initiatives within one, unified framework.

DATA AND COMPLIANCE

The Employee Code of Conduct includes a special focus on the work environment, including employee privacy. We have policies about the work environment in place in order to ensure compliance with the Code of Conduct, including a data protection policy. We believe that these efforts have contributed positively to the work environment at Haarslev during 2021.

The EU General Data Protection Regulation (GDPR) has been in effect since 25 May 2018, and Haarslev complies with these requirements at an overall level. However, we do not currently have a dedicated data ethics policy as required by the new § 99d in the Danish Financial Statements Act because we for the time being do not have automatically generated data and algorithm done by a computer. We intend to have a dedicated data ethics policy in place by H1 2022/mid-2022. Meanwhile, we will continue to maintain a strong focus on data and customer privacy, and will also continue to train, educate and inform our employees about matters and issues within the scope of GDPR provisions. During 2022, we will maintain our focus on GDPR requirements in order to make sure Haarslev continues to handle sensitive data correctly.

6 ESG Governance

Compliance program

CYBER SECURITY AND THE HAARSLEV BACKBONE

At a time when digitalisation is accelerating exponentially, strong IT governance is crucial for safeguarding our business and the Haarslev intellectual property that helps give us a key competitive edge.

It is also vital for protecting both our own data and the data of our customers, suppliers and business partners.

Prevention is vastly better than any after-the-fact cure. We strive to implement and maintain strong, robust procedures, frameworks and systems to detect and prevent a broad spectrum of IT threats and possible "accidents". We also focus on our ability to deal with any such events promptly and effectively if and when they do arise.

Haarslev launched its first stringent, company-wide IT security policy in 2019. In order to strengthen our focus on cybersecurity, we resolved to set a strong team with specialist skills and forward-looking capabilities that put us in a strong position to keep up with rapidly changing IT tools and technologies, and to act preventively and proactively.

We continuously train and educate our employees in all aspects of good data management, IT governance and security, and make IT security a key part of our practical mindset in day-to-day operations as well as in systems design and company planning throughout the Haarslev Group.

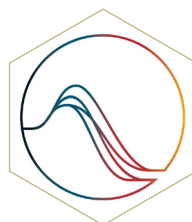
In the course of 2022, we are conducting a global risk assessment in order to highlight our current status with regard to IT governance and security. These measures will also identify concrete improvements that we can make to the Haarslev IT infrastructure in order to modernise our IT setup and data management practices still further, to minimise the risk of IT security breaches and to prepare us to conduct robust operations in an increasingly digital future.

SUPPLY CHAIN

Our analysis of Haarslev Scope 3 emissions shows that around 90% of the company's carbon footprint derives from this particular category of emissions. We have used spend-based analysis to highlight hotspots in this emissions profile, and will use this information to work actively with our suppliers. In 2022, we plan to start having our key suppliers sign a Code of Conduct to strengthen our overall governance framework.

As mentioned previously, we will soon also start making commitments via the Science Based Targets Initiative (SBTi). This will, however, require an in-depth analysis of our Scope 3 emissions, and a move from spend-based to activity-based analysis and reporting. We will spend 2022 investigating the resources needed to do this, before any decision about signing up for the SBTi.

Finally, we will further investigate opportunities for beginning a more stringent ESG screening process of suppliers that we consider crucial to our business, that have a high Scope-3 carbon footprint or that are found to be a high-risk supplier from a governance perspective.





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7

APPENDIX

Scope 1

NEW FLEET POLICY To reduce the company's consumption of fossil fuels, we introduced a new car policy about the use of vehicles, insisting on only electric or hybrid cars wherever these are available. Any deviation from this fleet policy must be supported by a proper cause and approval from senior management.

ELECTRIFICATION We are also striving to electrify other areas of the company's activities, and move away from the use of fossil fuels in general. Whenever possible, we are replacing our gas and diesel forklifts and stackers with corresponding electric equipment, on an ongoing basis.

Scope 2

RENEWABLE ENERGY We continue to investigate opportunities for shifting to renewable energy sources. From 1 January 2022, we are moving to 100% renewable electricity in Denmark, where we have our head office and main production site.

For our new German office for Haarslev Press Technology, we selected a building fitted with solar panels to increase the share of renewables.

LED LIGHTS During 2021, we initiated a large project of changing more than 1,300 lights to LED bulbs in 22 production halls in Denmark. This is estimated to save around 850,000 kWh, while at the same time significantly improving the light available, and hence making working conditions for our employees even better.

MONITORING In 2021, we also entered a partnership with IQ Energy Nordic focusing on "you can't manage what you can't measure". We installed more than 90 sensor monitors at Haarslev facilities in Denmark to provide live monitoring of the company's energy consumption. Initial findings show potential annual savings amounting to ~800,000 kWh.

In 2022, we will investigate these potential savings further, as well as continuing to implement other relevant improvements.

Scope 3*

DATA INSIGHTS We now have a 2-year baseline for the company's Scope 3 emissions, which gives us a deeper insight into hotspots and help us prioritise our efforts. The analysis clearly shows that raw material, major components and the use of sub-suppliers together account for a large part of our Scope 3 emissions. We will continue to improve our data quality and insights in the coming years, and move the focus from spend-based to activity-based analysis.

SUPPLIER MANAGEMENT In 2022, we will initiate a supplier management programme in which we will investigate opportunities for engaging with key suppliers. This will involve screening them with regard to ESG criteria as well as taking a collaborative approach to identifying suitable emissions-saving projects.

BUSINESS TRAVEL The COVID-19 pandemic taught us that we can achieve more than we ever expected via online meetings. We have therefore decided to reduce the overall amount of Haarslev business travel activity by almost 20% compared to pre-pandemic figures.

* Spend based

About this report

This report covers topics that we consider important and relevant regarding environmental, social and governance elements for Haarslev's financial year 1 January 2021 to 31 December 2021.

We want to provide readers with the best possible overview of Haarslev's ESG performance for the year, as well as a look at our ESG targets and ambitions for the future.

This report supplements the Haarslev Annual Financial Statement, which primarily covers financial and economic performance. This statutory account for Haarslev's CSR/ESG performance (presented in accordance with the Danish Financial Statements Act, § 99a and § 99b) is part of the management review 2021

and covers the financial period 01.01.2021–31.12.2021.

This account was developed for the legal entity Haarslev Industries A/S, but also covers input from subsidiaries, and thereby the whole Group. Unless otherwise stated, the data in the report covers Haarslev globally, and includes all its entities.

This is the first ESG report Haarslev has ever published, and we expect to publish such a report each year, going forward. Haarslev is constantly working on improving the processes, data quality and reviews required to improve our reporting about each of the fields involved in ESG monitoring and reporting. We welcome feedback of all kinds about our ESG report and performance, order to help us do this. Any questions, comments or other relevant feedback can be sent to ESG@haarslev.com.



7 Appendix

Governance data & KPIs

		Metric	2020	2021	Measurement	Standard
Environmental	GHG emissions	Scope 1 GHG emissions	2,108	2,042	Tonnes CO ₂ e	GRI 305-1
		Scope 2 GHG emissions	3,561	3,710	Tonnes CO ₂ e	GRI 305-2
		Scope 3 GHG emissions	51,321	62,844	Tonnes CO ₂ e (upstream)	GRI 305-3
		Scope 1 GHG emissions intensity	11.6	10.6	Tonnes in CO ₂ e/EURm Revenue	GRI 305-4 (a-c)
		Scope 2 GHG emissions intensity	19.6	19.3	Tonnes in CO ₂ e/EURm Revenue	GRI 305-4 (a-c)
		Scope 3 GHG emissions intensity	282.0	327.3	Tonnes in CO ₂ e/EURm Revenue	GRI 305-4 (a-c)
		Share of renewable electricity	13%	20%	%	GRI 302-3 (a)

		Metric	2020	2021	Measurement	Standard
Social	Employment	Number of FTS (at year end)	941.7	909.5	Number	GRI 203-2
		Employee turnover	27%	7.3%	%	GRI 401-1 (b)
	Diversity	Total FTE ratio	17%	17%	Female / male ratio	GRI 203-2 (indirect), 102-8 (a) (indirect) and 401-1 (a&b)
		Executive team (global management team)	11%	6%	Female / male ratio	GRI 405-1 (a.i & b) and 102-22
		Board of directors	0%	0%	Female / male ratio	GRI 405-1 (a.i & b) and 102-22
	Employee development & dignity	Engagement survey	88%	84%	% of participation	
		Leadership training	12	23	Total participants	GRI 404-1 (all)
		Female participants in leadership training	8%	30%	Female distribution in %	GRI 404-2
		Non-discrimination policy	Yes	Yes	Policy in place	GRI 406-1
		Incidents of discrimination	0	0	Number	GRI 406-1
	HSE	Global HSE policy	Yes	Yes	Policy in place	
		Number of incidents	N/A	56	Number	
	Human rights	Child and forced labour policy	Yes	Yes	Policy in place (code of conduct)	GRI 403-9 (a.i), 403-10 (a.i)
		Human rights policy	Yes	Yes	Policy in place (code of conduct)	
		Number of human rights violations	0	0	Number	

7 Appendix

Governance data & KPIs

		Metric	2020	2021	Measurement	Standard
Governance	Supplier management	Business ethics policy for suppliers	No	No	Policy in place	GRI 308-1 (all), 414-1 (all)
		Share of suppliers that have been screened for compliance and ESG	0	0	% of signed	GRI 308-1 (all), 414-1 (all)
	Compliance	Ethics and anti-corruption policy	Yes	Yes	Policy in place	GRI 205-2 (a-b, d-e) (indirect)
		Share of managers who have completed Haarslev business ethics training	N/A	51%	% of managers	
		Whistleblowing channel in place	Yes	Yes		GRI 102-17 (all), 207-2 (b)
		Number of whistleblower cases	0	1	Policy in place	
	GDPR	Data privacy policy (GDPR)	Yes	Yes	Number	GRI 418-1 (all)
		Data ethics policy	No	No	Policy in place	
		Substantiated complaints concerning breaches of customer privacy	0	0	Policy in place	GRI 418-1 (all)
	ESG reporting	Sustainability report published	No	Yes	Number	
		Management approach to ESG	Yes	Yes	Comment	GRI 103-2 (all)
		Focus on specific Sustainable Development Goals	No	Yes	Comment	
		External audit of ESG reporting	No	No	Comment	

7 Appendix

GHG calculations

To calculate Haarslev's actual greenhouse gas emissions, we teamed up with Normative. The Normative Emission Accounting Engine follows the Greenhouse Gas Protocol, the widely used international protocol for carbon accounting. The engine uses science-based

emissions data and a combination of spend-based, activity-based and supplier-specific methods to calculate a company's greenhouse gas emissions. Each business activity that gets inserted into Normative is paired with a corresponding emissions factor, to then calculate Haarslev's total carbon footprint:

$$[\text{BUSINESS ACTIVITY} \times \text{EMISSION FACTOR}] = \text{COMPANY CARBON FOOTPRINT}$$

The **business activity** consists of the actual data inputs that Haarslev provides to Normative – in terms of litres, km, kWh, €, etc.

The **emission factor** represents the amount of greenhouse gases emitted for each activity. The results from the Normative Carbon Accounting Engine are always validated by Normative Sustainability Experts.

The Normative Carbon Accounting Engine uses emissions data from government databases, academic studies, company reports and regulatory disclosures. These are regularly updated by Normative Sustainability Engineers.

FOR SCOPE 1

For vehicles and fuel use, conversion factors from the UK Department of Environment, Food and Rural Affairs and Ecoinvent are used.

FOR SCOPE 2

For electricity consumption, the Normative Carbon Accounting Engine calculates the market-based emissions. Market-based means the supplier-specific

emission factor provided by the utility provider, also including renewable certificates if these were purchased, or residual mixes where no supplier is disclosed.

Normative can also calculate location-based emissions, where the average supplier-mix of the particular country is used instead. Both methods are accepted by the Greenhouse Gas Protocol.

FOR SCOPE 3

For spend-based calculations, the EXIOBASE Multi-Regional Environmentally Extended Input Output (EEIO) Model is used to calculate upstream emissions. Normative calculates the "cradle-to-gate" emissions generated by the purchased product or service based on every transaction to a supplier, that supplier's economic activity sector and the multi-regional EEIO emission factor.

For Scope 3 calculations in which activity data is used, other scientific sources and emission factor databases are used, including DEFRA, Idemat, Quartz and EPDs.



TAKING CARE OF TOMORROW

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GLOBAL EXPERIENCE - LOCAL PRESENCE

For questions related to this report
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