

CSR report

# 2018

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The NORDEX FOOD GROUP mission/business model:

*To develop, manufacture, market and/or sell a wide assortment of "White Cheeses and more" which are inspired by/originating from the Southeast-Mediterranean area with the objective to satisfy the demand for these products, either fulfill basic or experimental needs.*

CSR stands for Corporate Social Responsibility. Companies can engage in CSR motivated by many different reasons. Our work with CSR in the NORDEX FOOD GROUP is derived from the following motives:

- We want to be part of making the world a better place to live in now and in the future.
- Our customers, consumers and employees are requesting it => license to operate
- We have got a legal obligation.
- As it pays off in the long run.

FN's Global Compact has defined 4 main areas and within these in all 10 principles to guide CSR work in companies.

#### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

#### Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

#### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies

#### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

As of the 11th of December 2018 the NORDEX FOOD GROUP (NORDEX FOOD A/S) is affiliated with UN's Global Compact (UNGC), which obliges us to integrate the 10 principles into our business activities and report back to the UNGC on the efforts made.

The ten principles can at first seem high-flying, however it is basically about making demands on ourselves and on our value chain. To make it more tangible we can look at some examples of how we work with CSR:

- We can work to improve our employee' work and health and safety environment internally in the company.
- We can develop new products/services which have a positive social or environmental impact.
- We can work systematically with environmental and global climate impact.

- We can demand from our suppliers that they adhere to human and labour rights.
- We can partner with our suppliers to improve social and environmental conditions.

MAP (Managing Director) is responsible for the GROUP CSR policy as well as reporting to the UNGC.

The annual report to the UNGC contains a description of NORDEX FOOD GROUP's policy/guidelines for the four core areas. Furthermore, it contains a general description of how we specifically have worked with the four core areas as well as a risk assessment related to activities which can impact our CSR negatively.

It is our long term ambition to add KPIs and clear goals within each of the core areas.

It is furthermore our long term ambition to integrate some of UN's 17 sustainable development goals (SDGs) into our policy.

### **Policy for "Respect for Human Rights" and "Social conditions and employee relations"**

NORDEX FOOD GROUP has, through the UNGC, committed itself to respect human rights (see UN's 1948 Universal Declaration of Human Rights). The decision applies to the entire company incl. foreign subsidiaries. Not all 30 rights in the UN Declaration are directed towards businesses. NORDEX believes that with our work we can influence the following rights:

- *Article 2.* Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.
- *Article 3.* Everyone has the right to life, liberty and security of person.
- *Article 7.* All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.
- *Article 12.* No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.
- *Article 19.* Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.
- *Article 20.* Everyone has the right to freedom of peaceful assembly and association.
- *Article 24.* Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.
- *Article 25.* (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
- *Article 26.* Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

We will, to the best of our ability, try to avoid and mitigate possible negative effects on these.

As a starting point, all our decisions are based on the values which are anchored in the Danish culture. These are values and a culture, which over many years has refined the respect for human rights. In addition to selling and purchasing products globally, we also, through our actions, convey this respect for human rights and social relations with all our partners in the value chain.

Since the company's founding in 1984, the NORDEX FOOD GROUP has strived for happy employees. This was before everyone talked about CSR and for us it is rooted in our corporate culture to create a workplace with a focus on a good working environment - including health & safety and well-being.

Description	Activities / results / hedging risks
<p><i>Work environment:</i></p> <p>Everyone in the company is responsible for and must contribute to a good working environment in a joint collaboration between the company, the managers and the employees. A good working environment is hence a shared responsibility, but the daily practical and work environment is rooted in the working environment committee under the name of the "Arbejdsmiljøorganisationen", AMO (staff employer welfare committee) in all our companies with more than 50 employees. Each year, the AMO prepares an annual plan for the working environment, and in addition to the annual overall discussion and planning, the AMO holds meetings as needed, at least quarterly. Minutes are made from the meetings and this is placed on the company's intranet, where the annual plans can also be found.</p> <p>At our dairies, hard physical work is done, so here we have a special focus on avoiding accidents and preventing wear and tear.</p>	<p><i>Dronninglund (75 employees):</i></p> <ul style="list-style-type: none"> <li>• We have followed up on Occupational Health Assessment (OHA) Physical which was made at the head office in Dronninglund at the end of 2017. The challenges were limited space and noise due to many people in one room. During the year 2018, we have created an extra 750 square meters of office space. In 2019 we will follow up with new OHA Physical approx. 3-4 months after offices and desks have been placed, which means in the autumn 2019.</li> <li>• We have followed up on OHA Psychology / Wellbeing which was also applied in Dronninglund at the end of 2017. Our level related to wellbeing is extremely high. The only minor remark was on "bullying and offensive behavior" and we will not accept that. In 2018, we have therefore had bullying and abusive behavior as a topic for discussion in our appraisal conversations and a policy for abusive behavior was made. With very great pressure on the organization and resources from our ERP project D365, the well-being in 2018 is not assessed in the same depth as the measurement in 2017.</li> </ul>

	<p>Efforts are being made to close the gaps on the resource side. The goal is, of course, to return to the same level as in 2017, when we conduct a new wellbeing survey in November 2019.</p> <ul style="list-style-type: none"> <li>• Ergonomic advice has been offered by a visiting physiotherapist who has instructed the employees on good working positions.</li> </ul> <p><i>Nørager Dairy (125 employees):</i></p> <ul style="list-style-type: none"> <li>• Measurement of social capital in 2018: Nice result with a few focus areas including workshop, packing and quality. Following up at the end of December 2018, a plan for workshops and action plans is made in the AMO (staff employer welfare committee) between management and employees.</li> <li>• A visible recognition of the achievements made was expressed, among other things, when Nørager Mejeri received the Cooperation Prize 2018 from the “Mejeriindustriens Samarbejdsforum” (Dairy Industry Cooperation Forum).</li> <li>• During 2019 we will measure accidents and well-being of all our 3 dairies.</li> </ul>
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**Policy for "Environmental and climate impact"**

The NORDEX FOOD GROUP consists of offices, warehouses and production. In all three areas, we strive to reduce and limit our impact on the environment and climate.

Our dairies, here the manufacturing of cheese, take the major stake of the company's impact on the environment and climate. Therefore, we will mainly focus on our work here. In addition, we must also work on our impact on the environment and climate when we transport our goods. There are three factors that we will follow up on in the future as a measure of the impact of our activities on the environment and climate.

- Energy consumption
- CO2 emissions
- Water consumption

In 2018 we did not measure the impact. But in 2019 we will define and measure the three above impacts.

Description	Activities / results / hedging risks
<p><i>RSPO:</i></p> <p>Roundtable on Sustainable Palm Oil (RSPO) is an association that aims to promote the growth and use of sustainable palm oil. By being certified according to the RSPO Supply Chain Certification System, you support the establishment of sustainable and transparent production throughout the supply chain until the product reaches the consumer.</p>	<ul style="list-style-type: none"> <li>• In the course of 2018, we shifted from mass balance purchased oil to the purchase of segregated palm oil.</li> <li>• The dairy in Nørager was certified in 2018 and the dairy in Campulung in 2019.</li> </ul>
<p><i>Energy-efficiency investments:</i></p> <p>Investment in plant / projects that aim to reduce energy consumption - typically electricity and heat.</p>	<ul style="list-style-type: none"> <li>• Service agreements have been established to obtain optimum operation of cooling systems, boilers and compressors.</li> <li>• Investment in a wood chip burner has been initiated in Nørager for minimizing fossil fuel.</li> </ul>
<p><i>Waste reduction:</i></p> <p>Focus on reducing the total resources used to deliver our products.</p>	<ul style="list-style-type: none"> <li>• The thickness of a number of foils / packaging has been reduced.</li> <li>• Continuous optimization of CIP plants on our dairies has been carried out in order to reduce consumption of cleaning chemicals and reduce energy consumption.</li> <li>• At our dairy in Nørager, collection of product residues and raw material residues has been optimized.</li> <li>• Investing in new lines and optimizing equipment is generally designed taking into account the minimization of raw material / product waste.</li> </ul>

**Anti-corruption and bribery policy:**

In the NORDEX FOOD GROUP we do not tolerate corruption or bribery, regardless of whether it happens internally or externally with the companies we work with.

- We clearly articulate to our partners that we do not tolerate corruption or bribery.
- We do not take a political position, no matter where in the world we operate.
- We tell employees (in job interviews and appraisals) and partners (at meetings) about our values and focus on orderliness.

Description	Activities / results / hedging risks
<p><i>Supplier Management:</i></p> <p>As a responsible company, it is not only important to take care of yourself. We must spread rings in the water and as far as possible influence our partners in the value chain to also follow and work with the UN Global Compact 10 principles for corporate social responsibility.</p> <p>The supplier side is about both suppliers of merchandise and raw material procurement for further processing</p>	<ul style="list-style-type: none"><li>• 2019: Preparation of a short and precise note that NORDEX's expects our partners, like us, to follow the UN Global Compact's 10 principles for corporate social responsibility.</li></ul>
<p><i>Dairy Standard:</i></p> <p>BRC standard version 8 contains two new concepts of TACCP and VACCP. These describe respectively; Threat Assessment Critical Control Points and Vulnerability Assessment Critical Control Points - both areas intended to prevent food fraud.</p>	<ul style="list-style-type: none"><li>• BRC standard at Nørager Dairy contains VACCP and TACCP.</li><li>• We work in the direction of BRC standard with all our dairies.</li></ul>