



PINDSTRUP

**Corporate Social
Responsibility Report
for
Pindstrup Mosebrug A/S
2018/2019**

**Statutory Statement of CSR
February 2020**

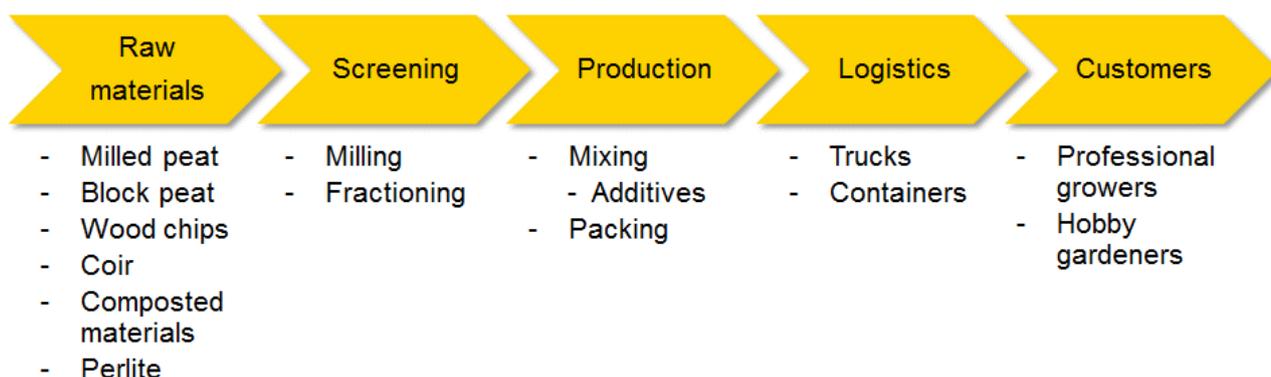
Corporate Social Responsibility Report for Pindstrup Mosebrug A/S 2018/2019

This is the statutory Corporate Social Responsibility (CSR) Report, pursuant to sections 99a and 99b of the Danish Financial Statements Act. The report is a supplement to the Annual Report for Pindstrup Mosebrug A/S, covering the 2018/2019 financial year.

About the company

Pindstrup Mosebrug A/S is one of the world's leading producers of high-quality substrates for professional growers as well as hobby gardeners. The head office is located in Denmark, and Pindstrup has production sites in five countries, and sales offices, consultants and customers in many countries across the globe. We operate at both business-to-business and business-to-consumer markets.

Business model



Risks

The table below presents an overview of identified main risks for the company, impact, and action related to each of the policy¹ areas covered by this report.

	Human Rights	Social and Employee Terms	Environment and Climate	Anti-Corruption and Bribery
Risk	With an international presence and production sites in several different countries, non-compliance with human rights and labour standards is a risk.	The safety of our employees is a critical issue, particularly as we use heavy equipment and heavy transport in our production sites.	With own production and sourcing of raw materials, negative environmental impact is a risk.	The risk of bribery and the reinforcement of anti-corruption legislation requires an ongoing focus on compliance, especially in high-risk countries.
Actions	A policy on human rights has been developed, and we have a strong, ongoing focus on ethical management at our own production sites and in the dialogue with suppliers.	At management level and across locations, safety is a priority and a strong focus area. We continue our work to creating a safer work environment, e.g. through traffic management in our global production sites.	We work systematically to reduce our environmental footprint. We work on re-establishing bogs and on energy efficiency across locations. In 2018/2019, we completed a project on assessing the energy consumption from our global production sites.	A policy on anti-corruption has been developed, and we continue our commitment to do business with a strong ethical mind-set in accordance with our values.

¹ Cf. The Danish Financial Statements Act §99a

Policies

Human Rights

Policy

Pindstrup supports and respects internationally acknowledged human rights across the company. We accept the responsibility we have towards our employees and the communities in which we operate, and we expect the same of suppliers.

In Pindstrup, we

- support and respect international agreements regarding human rights
- do not accept forced labour and/or child labour
- respect our employees' free choice of union and their right to take part in collective bargaining
- meet current, local standards regarding work hours across the Group
- comply with the laws and regulations that apply in the countries in which we operate, and we aim to ensure that Human Rights are an integral part of relevant processes.

Policy implementation and progress

During this financial year, we have defined and introduced the Human Rights policy, and will implement it with all companies within the Pindstrup Group.

Environment and Climate

Policy

In Pindstrup, we acknowledge the concern for the environment and for climate changes related to human activities, and we take responsibility for reducing the climate impact from our operations.

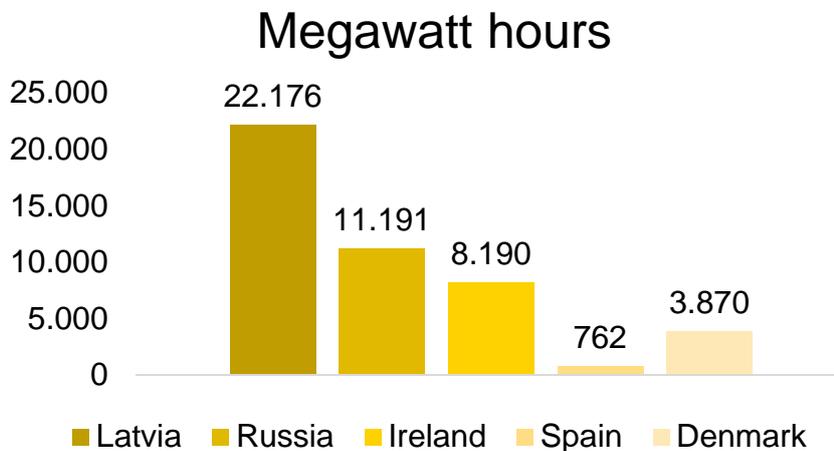
In Pindstrup, we

- promote a sustainable approach throughout the company
- work to prevent and reduce negative impact on environment and climate
- engage in ongoing dialogue with stakeholder groups regarding environmental challenges and opportunities
- meet current legal requirements and relevant demands from external partners.

Policy implementation and progress

During this financial year, we have defined and introduced the Environment and Climate policy, and will implement it with all companies within the Pindstrup Group.

Further, we have established a baseline on energy consumption. The baseline year on energy is FY 2018/2019 and includes energy consumption at the head office in Denmark as well as our production sites in Denmark, Latvia, Northern Ireland, Russia and Spain. Total consumption in FY 2018/2019: 46,189 MWh.



Social and Employee Terms

Policy

In Pindstrup, we

- offer a versatile and including workplace with equal opportunities for all
- create room for employees' personal development in their job
- develop leaders who inspire to bring out the best in our employees
- offer competitive terms of employment for our employees
- create a safe and healthy work environment
- engage in our communities through partnerships, donations, sponsor agreements, events or other ways of supporting
- offer work conditions that are in compliance with legal requirements and relevant guidelines, and that acknowledge the principles of the UN Global Compact.

Policy implementation and progress

During this financial year, we have defined and introduced the Social and Employee Terms policy, and will implement it with all companies within the Pindstrup Group.

Furthermore, we systematically report and follow up on work accidents, as the safety of our employees is a core focus at our locations.

16 work accidents were registered within the financial year 2018/2019².

² Definition of work accident: An accident that leads to one of more days of absence, other than the day of the accident.

Anti-Corruption and Bribery

Policy

All employees and representatives are expected to show honesty and integrity in dealing with customers, other employees, suppliers, business partners, authorities and organisations.

In Pindstrup, we

- have zero tolerance for all forms of corruption, whether giving or taking, and make active efforts to ensure that this does not occur
- strive for transparency in business decisions and practices
- show caution when receiving anything from business partners; the same applies when giving anything of value to business partners
- follow existing legal requirements.

Policy implementation and progress

During this financial year, we have defined and introduced the Anti-Corruption and Bribery policy, and will implement it with all companies within the Pindstrup Group.

Diversity and Inclusion

Policy

An inclusive working environment is vital for Pindstrup to maintain an innovative and high-performing organisation. Pindstrup wants to be an attractive employer that attracts people with high competences regardless of gender, nationality, religion, ethnic background, sexual orientation and age. We see an inclusive culture as a prerequisite for attracting the most talented employees and developing the business positively.

Pindstrup is committed to working towards increasing the share of the underrepresented gender (woman) in executive and managerial positions as well as in the organisation in general. We avoid all forms of discrimination in recruitment processes.

Policy implementation and progress

During this financial year, we have defined and introduced the Diversity and Inclusion policy, and will implement it with all companies within the Pindstrup Group.

The top management body of Pindstrup Mosebrug A/S is the Chief Executive Officer, i.e. one person, therefore gender representation is assumed equal, and no goal is set.

In the Board of Directors of Pindstrup Mosebrug A/S, the current gender composition is 75% male and 25% female members³. The following objective has been set: By the end of 2022, female board members should constitute 25% of the Board.

³ Only board members elected by the General Meeting should be counted when calculating the gender composition.

KPI overview

For the following policy areas, a number of KPIs have been set and will be measured and reported in next year's CSR Report.

Policy area	KPIs for the current financial year (2018/2019)	Status	KPIs for the next financial year (2019/2020)
Human Rights	<ul style="list-style-type: none"> - Define and introduce policy. 	KPI achieved.	<ul style="list-style-type: none"> - Implement policy with all companies within the Pindstrup Group. - Apply policy in supplier contracts.
Environment and Climate	<ul style="list-style-type: none"> - Define and introduce policy. - Establish baseline on energy consumption. 	KPIs achieved.	<ul style="list-style-type: none"> - Implement policy with all companies within the Pindstrup Group. - 2% energy savings per cubic meter sold, compared to baseline year.
Social and Employee Terms	<ul style="list-style-type: none"> - Define and introduce policy. 	KPI achieved.	<ul style="list-style-type: none"> - Implement policy with all companies within the Pindstrup Group. - Reduce number of work accidents from year to year.
Anti-Corruption and Bribery	<ul style="list-style-type: none"> - Define and introduce policy. 	KPI achieved.	<ul style="list-style-type: none"> - Implement policy with all companies within the Pindstrup Group. - Apply policy in supplier contracts.

CSR in practise at Pindstrup

Safety first

– through improved traffic management and safety reminder campaign

Heavy machinery and heavy transport are both fundamental parts of doing business in Pindstrup. It is essential to Pindstrup that our employees know that safety in the workplace is a top priority, and at the same time we need our employees to be aware of how they can help improve and support the safety culture. To achieve this, we launch specific initiatives and actions.

In 2018/2019, improvement of traffic management on our production sites was a priority within the Pindstrup Safety Group. We conducted traffic management plans for all production sites and performed audits to ensure the effective implementation and sharing of best practice. In addition, it was decided that traffic management must be part of the project design for all new projects going forward. We are very pleased that we are already seeing a positive impact from these initiatives in terms of a reduction in traffic accidents.



We want to maintain a strong focus on safety, and the only way to continue this development is by building an even stronger safety culture across the Pindstrup Group and by always taking safety into consideration in everything that we do. Consequently, we will launch a “safety first” campaign in 2020 to continue to remind all employees of the importance of safety. Going forward, our target is to achieve a year-to-year reduction in work accidents. In the longer term, we work towards zero work accidents in Pindstrup.

The work with safety is rooted in executive management, with the Group CEO as the chair of the Safety Group, and it involves all site managers. The Safety Group meets every quarter to share knowledge and best practice, to discuss accidents that may have occurred and to learn from these and implement corrective actions.

Responsible restoration of peat bogs



In earlier days, when a peat bog was no longer in use, the area would be turned into agricultural land, or simply abandoned and often become a forest. Today, we have taken the initiative to work actively with restoration projects – and one such project is CANAPE⁴, which we run in joint forces with the Danish Nature Agency and two local municipalities. The project is part of EU's Interreg program.

The Store Vildmose bog is one of the largest bog areas in Denmark, home to various species and plants, nature, farming, pastureland and peat extraction. For decades, Pindstrup has been extracting peat in licensed areas in Store Vildmose. The first step of the CANAPE project, which is well underway, is to map the opportunities for peat bog restoration and obtain more information on the right balance between nature, climate and local business.

In Pindstrup, we wish to actively participate in bringing back a high degree of biodiversity to excavated areas. Among other things, this includes reintroducing the sphagnum plant in re-wetted areas. In the CANAPE project as well as in other restoration projects, we bring a long track record of experience in bog restoration in the Lille Vildmose bog, among other areas.

The partnership with national and local governmental institutions ensures a high level of expertise, and we are keen to promote responsible peat bog restoration in a cross-regional project.



⁴ CANAPE = Creating A New Approach to Peatland Ecosystems