



PINDSTRUP

**Corporate Social
Responsibility Report
for
Pindstrup Mosebrug A/S
2019/2020**

**Statutory Statement of CSR
February 2021**

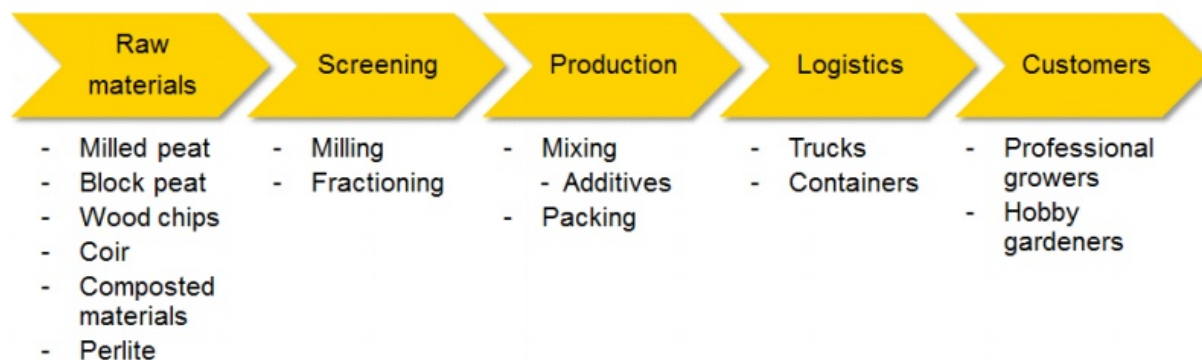
Corporate Social Responsibility Report for Pindstrup Mosebrug A/S 2019/2020

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 2019/2020 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 private 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 create 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. We have strengthened our focus on energy consumption on 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

Result: During this financial year, we have experienced no breaches in terms of the human rights policy.

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 all stakeholder groups regarding environmental challenges and opportunities
- meet current legal requirements and relevant demands from external partners.

Policy implementation and progress

Result: Consequently, we have entered a dialogue with one of our key suppliers on packaging and foil to increase the share of recycled material on selected retail products.

Furthermore, we have benchmarked our collected data on energy consumption per m³ produced for FY 2019/2020 against our baseline year (FY 2018/2019). This enables us to identify focus areas in terms of energy optimization. Data include energy consumption at the head office in Denmark as well as our production sites in Denmark, Latvia, Northern Ireland, Russia and Spain.

In 2020, investments in 21 new loading shovels, tractors and excavators were made, which are expected to decrease the energy consumption in the future.

Total consumption per m³ produced FY 2019/2020: 19.0 kWh/m³. Baseline year: 18.4 kWh/m³.

The method for calculation of energy consumption per m³ of finished products produced does not take into consideration the effect of stock changes in raw materials. The raw materials go into the finished products, but due to seasonal variations there may be either an increase or decrease of raw materials in stock. Over time the production of raw materials will be equivalent with the production of finished products. In 2020 the production of raw materials exceeded the volume used in the production of finished products, thus building up inventory. This explains the increase in consumption per m³ compared to last year.

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 comply 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 launched a "safety first" campaign to continue to promote the importance of safety measures.

Result: This, together with continuous focus and improvement, have helped us to achieve a significant reduction in work accidents from 16 work accidents within the financial year 2018/2019² to 5 work accidents within the financial year 2019/2020. Going forward, our target is to achieve a year-to-year reduction in work accidents.

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.

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

Policy implementation and progress

Result: During this financial year, we have experienced no non-compliance with the anti-corruption and bribery policy. We continue to be observant, and as we have experienced no cases of non-compliance, we have decided to increase awareness of this focus area by training relevant managers and staff in handling and reporting anti-corruption and bribery matters.

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 or age. We see an inclusive culture as a prerequisite for attracting the most talented employees and developing the business positively.

The overall objective of the policy on other management levels is to ensure an inclusive and versatile workplace that promote equal opportunities no matter gender. It is important for everybody to have equal access to the management levels irrespective of gender. 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.

Policy implementation and progress

During this financial year, we have continued to implement the Diversity and Inclusion policy with all companies within the Pindstrup Group. We have also expanded “other management levels” to include the management team in Pindstrup Mosebrug A/S and the management teams at our production sites. This year, the gender composition of other management levels was 15% women and 85% men. Consequently, the Board of Directors has prepared a policy to increase the proportion of the underrepresented gender at the Company’s other management levels.

This year, we have focused on getting a baseline and a policy on diversity and inclusion in place for other management levels to help increase the proportion of female managers. Our most recent member of the management team on our production site is a woman.

Going forward, we will work to strengthen diversity and inclusion in our managerial levels by

- endeavouring to ensure that both sexes are represented on the list of relevant candidates when conducting job interviews and use professional recruiters.
- offering professional and personal skills development with a particular focus on encouraging both genders to develop their management skills.
- ensuring that female employees experience the same opportunities in their careers and in achieving managerial positions as their male counterparts.

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. In the past year, no new board members have been elected.

³ Only board members elected by the General Meeting are 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 (2019/2020)	Status	KPIs for the next financial year (2020/2021)
Human Rights	Implement policy with all companies within the Pindstrup Group.	KPI not achieved.	Continue implementation of policy.
	Apply policy in supplier contracts.		
Environment and Climate	Implement policy with all companies within the Pindstrup Group.	KPI not achieved.	Continue implementation of policy.
	2% energy savings per m ³ product produced compared to baseline year.	KPI not achieved.	2% energy savings per m ³ product produced compared to baseline year.
Social and Employee Terms	Implement policy with all companies within the Pindstrup Group.	KPI not achieved.	Continue implementation of policy.
	Reduce number of work accidents from year to year.	KPI achieved.	Achieve a year-to-year reduction in work accidents.
Anti-Corruption and Bribery	Implement policy with all companies within the Pindstrup Group.	KPI partially achieved.	Continue implementation of policy.
	Apply policy in supplier contracts.	KPI partially achieved.	Continue to implement in supplier contract.

CSR in practise at Pindstrup

Community impact in Russia

– through community work, in-kind giving, and skill training

As part of our ongoing effort to be an active and responsible citizen in the communities where we live and work, we engage in several initiatives. In alignment with previous years Pindstrup has allocated more than 600,000 Rubles as well as donated substrates and peat to the local community of Plyusky District, Pskov Region of Russia, where our Russian production site is located.

Urban beautification projects around our local community



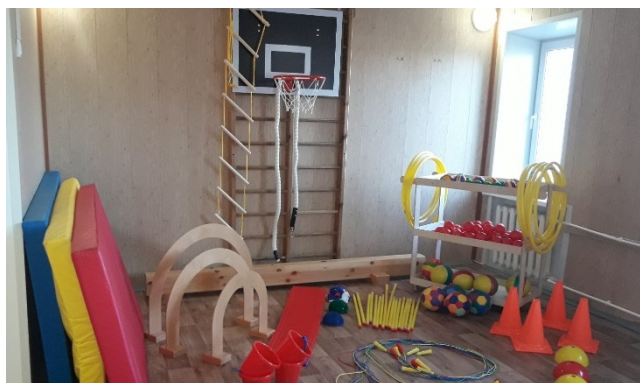
Community work and giving

As a company, we have a significant impact on the municipality and neighbourhoods we are part of. The projects we are involved in vary a lot depending on the current needs of local citizens and administration of Plyusky District. This year, the projects included renovation of a local nursery, a campsite for kids and providing sports equipment. We also donated 300 m³ of substrates and peat to the local stadium. In addition, we donated substrates to urban beautification projects around the local community.

We also have a strong focus on supporting culture as well as local communities. This year we financed the renovation of a roof and a sauna, and we assisted local schools with different projects. We also support the celebrating of the local festive season.

Skills training: Providing opportunities

In relation to the community, our local employees play a vital role our achievements. To provide our local employees with the best possible opportunities to develop and grow, we offer free English lessons. This year, 23 employees participated in English lessons. The majority attends classes twice a week, and some even five days a week. Apart from better coherence between colleagues across the Group and our global locations, the language skills also provide the employees with better opportunities going forward.



Providing a local pre-school with new toys.

Certifications to promote sustainability

In Pindstrup, we wish to actively take part in the work with recognised certifications that promote sustainable performance. For now, we work predominantly with two certifications based on environmentally appropriate and sustainable practices, Responsibly Produced Peat (RPP) and Forest Stewardship Council (FSC).

Responsible Produced Peat certifications

The RPP Principles and Criteria ensure responsible peatland management during and after peat production. In spring 2020, we decided that Pindstrup Latvia should apply for RPP certification on the first bog. Within the next five years the plan is to achieve RPP certification for on all our bogs in Latvia.



We are well under way in the certification process. The status on the application process is that we have received positive feedback from the ornithologists and biotope experts regarding peat extractions influence on the surrounding areas. Currently we await the authority's approval of a new extraction project on the specific bog. We expect the RPP authorities to audit our first bog in Latvia in early 2021.

Forest Stewardship Council

FSC is an internationally applied certification to ensure the responsible conduct in terms of wood and wood products. The FSC certification documents that the wood we use to produce wood fibres at our factory in Latvia originates from forests that are sustainably managed. This entails that all wood chips used in our Forest Gold products produced in Latvia hold the FSC certification.



Our work with FSC helps to promote their mission on environmentally appropriate, socially beneficial, and economically viable management of the world's forests.