

Statement of continued support by the CEO

Hans Følsgaard A/S is a Danish commercial house founded in 1922. The company's main activity today is as a Technical Partner to meet the industry's need for technical solutions within the areas of electronics, electrical engineering, power engineering, cabling, automation, and telecom. HF works closely with some of the world's best manufacturers for whom we are suppliers responsible for



Denmark, Norway and Sweden. HF's specialty is knowledge-based, technical consultancy to customers who require unique solutions and creative sparring for design-in solutions. The head office and central warehouse are both located in Denmark south of Copenhagen.

HF joined the UN Global Compact on 12.12.2012 and spent this first year implementing and integrating the 10 principles in the organization and our business. We have drawn up a CSR policy based on important input from an initial self-assessment and training session, we conducted for all employees to involve our employees and raise the awareness of CSR. We have also drawn up a Supplier Code of Conduct, which we sent to our suppliers together with a supplier self-assessment questionnaire. The result of which gave us no indication of any irregularities but on the contrary only showed us that the majority of our supply chain is preoccupied with CSR as well. Finally yet importantly, CSR is now an integral part of our business strategy.

We have held three workshops to involve and initiate all of our employees in the implementation of the 10 principles in HF. Not only did we make an initial self-assessment to take a CSR DNA-test in our company, the employees have all participated in discussing, defining and choosing the subjects we are going to focus and work on in 2014

Thus, I am pleased to confirm that Hans Følsgaard A/S reaffirms its support of the ten principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. In this our first annual communication on progress we describe our actions to integrate the global compact and its principles into our business strategy, business plan and daily operations.

Yours sincerely,

Jørgen Stenberg
CEO

Human Rights Principles

Principle 1 Business should support and respect the protection of internationally proclaimed human rights and

Principle 2 Make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

The goal of Hans Følsgaard A/S is to influence our employees and business partners to respect and protect human rights. Based on our commitment we have set up a CSR policy in which we state that we will support and respect international human rights. We also underline that we will strive to prevent any human rights violations and that we will remedy violations in case we are involved in such.

In 2013 we have also adopted a Supplier Code of Conduct. In our Code of Conduct our suppliers and business partners are requested to support and respect international human rights and to remedy violations in case they are involved in such.

Our CSR Policy and Supplier Code of Conduct comply with UN Global Compact.

Implementation

Workshops and meetings have been held for all employees describing and defining our CSR Policy on all issues including human rights issues – using also external experts/consultants to clarify and implement the CSR Policy in our organization.

Hans Følsgaard A/S has sent our Supplier Code of Conduct to our suppliers for a written consent to make our position clear. We have also asked our suppliers to report on a number of indicators with regard to human rights.

Our Supplier Code of Conduct has been made public on our website.

We have appointed a responsible point of contact for all external and internal stakeholders for questions and answers related to UN Global Compact, Supplier Code of Conduct and CSR issues.

All employees are given the training and education enabling them to carry out their jobs in a safe and secure manner according to national safety requirements.

The company has taken out a health insurance policy giving all employees access to urgent medical care.

Human Rights Principles

All employees are offered free preventive treatment in the form of a weekly massage.

Foreign employees are given Danish lessons.

Seminars are held for employees and their families on work related issues.

We have made an employee CSR DNA self-assessment in which 52 employees from Denmark and Norway participated and answered 48 CSR related question, all of which were based on and related to the 10 principles of the UN Global Compact. The response rate was close to 100% thus giving a well-founded assessment of the organization's CSR-DNA.

The result showed that HF's employees are highly concerned about social responsibility in-house as well as externally. It is obvious that issues such as ethics, moral, climate and observing the laws preoccupy our employees as they wish to set the standards within these areas.

Together with the 10 Global Compact principles, the CSR DNA self-assessment formed the basis of our CSR Policy.

Measurement of outcomes

No incidents of involvement in human rights violations have been reported in 2013.

Based on our CSR commitment we made a risk assessment of our suppliers in 2013 and made our own audit on selected suppliers. We also asked our main suppliers to report on a number of indicators with regard to human rights. The supplier self-assessment did not indicate any incidents of human rights violations in 2013. We will conduct a follow-up on the supplier self-assessment in 2014.

We will continue to spread the principles on human rights and claim of our stakeholders to treat employees according to the UN Global Compact principles.

With regard to our own employees, wages and working conditions including working hours are determined in collective agreements resulting from central and local negotiations. In general, we follow national labour market regulations and make sure that the salary of our employees is fair

Human Rights Principles

and equal; that overtime is infrequent and limited; and that employees are given reasonable breaks and rest periods. We also seek to offer our employees additional benefits.

We work to ensure a safe and healthy working environment and we will work to improve on improving our work environment, the psychosocial as well as physical work environment in 2014.

We seek to improve the qualifications of our employees through continuing education. All employees are entitled to an annual Staff Development Interview with their direct superior, at which mutual working relationship and development targets are agreed upon. Matters that are of importance to the employee's professional and personal development and well-being are discussed.

We register and evaluate sick-days.



Labor Principles

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 the elimination of all forms of forced an compulsory labour

Principle 5 the effective abolition of child labour; and

Principle 6 the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

In our CSR Policy we state that our employees have the right to freedom of association and collective bargaining. We also state that we denounce forced labour and child labour and that we will not discriminate in the workplace. Furthermore, our company handbook describes our policies regarding our employees' rights.

In our Supplier Code of Conduct, our suppliers are requested to support and respect these international labour standards.

Hans Følsgaard A/S is member of the Confederation of Danish Industry (DI)

The company offers free advice on workplace risk assessment according to Danish law.

Implementation

As described under Human Rights, we have sent our Supplier Code of Conduct to our suppliers for a written consent and we have asked our suppliers to report on a number of indicators with regard to labour rights. We have also held several workshops and meetings for our employees to implement the CSR Policy in our organization.

We will continue to update our employee handbook and incorporate the Global Compact principles and we will continue to involve our employees in the process of integrating and spreading the ten principles to all stakeholders.

Labour Principles

Measurement of outcomes

No incidents of involvement in labour rights violations have been reported in 2013. In general we do not hire children or young workers below 18 years of age and no claims of child labour or forced labour were reported in 2013.

In 2013, Hans Følsgaard A/S assessed adherence to Global Compact principles by supply chain partners through a self-assessment questionnaire.

The outcome of the supplier self-assessment shows:

- *That our suppliers are preoccupied with CSR*
- *That many of our suppliers have their own CSR policy and code of conduct.*
- *That our suppliers reported no violations.*

Environmental Principles

Principle 7 Businesses should support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

In our CSR Policy we state that we will work systematically to reduce our negative environmental impact and promote greater environmental responsibility. Since we are not a production company but office based, we concentrate our efforts on energy savings and on our consumption of water and electricity.

In our Supplier Code of Conduct our suppliers are requested to support and respect these principles of environmental responsibility.

Implementation

As described under Human Rights, we have sent our Supplier Code of Conduct to our suppliers for a written consent and we have asked our suppliers to report on a number of indicators with regard to environmental responsibility. We have also held several workshops and meetings for our employees to implement the CSR Policy in our organization.

We have installed an air condition system with low power consumption; our office building has double isolated windows and automatically light control.

We drive low-pollution company cars.

Measurement of outcomes

We have not received any administrative or judicial sanctions for failure to comply with environmental laws and regulations. The outcome of our supplier self-assessment shows no violation of environmental principles and regulations.

Through our energy supplier, we supervise our power consumption.

Environmental Principles

In 2014, we will strive to minimize the consumption of paper and increase the consumption of recycled paper and returnable packaging as we will visualize and reduce energy consumption.

We will continue to seek and choose new solutions in the supply chain that will be beneficial to the environment globally.

Reduction of CO₂ leakage.

Change in production temperature: HF has changed the temperature when producing the product 'Splice Kit' (a repair kit for defect electrical cables); by changing the production technology on the cold shrink, which is part of the Splice kit, from HTV (high temperature vulcanization) to RTV (room temperature vulcanization) we have reduced the CO₂ leakage significantly. Furthermore, we have changed to recycling material.

Pallet optimization: HF offers customers who need to transport products on long distances a special packaging that allows customers to ship more products per palette.

Anti-corruption Principles

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

Assessment, Policy and Goals

In our CSR Policy and our Supplier Code of Conduct, we have made our position clear for all our suppliers, partners and employees that we are against corruption and that we support UN Global Compact anti-corruption principles.

Implementation

We have distributed our CSR Policy to all employees and informed all employees that corruption and bribery is not acceptable.

As described under Human Rights, we have sent our Supplier Code of Conduct to our suppliers for a written consent and we have asked our suppliers to report on indicators with regard to anti-corruption.

Through our expenses, we control that company funds are not used for corruption or bribery – all vouchers must be inspected and approved by the management.

Measurement of outcomes

Our books and accounts are subjected to statutory external audit annually. These audits are used as one of the methods of identifying any suspicious payments, which could be related to bribery or corrupt behavior. Neither claims, request for monetary sanctions for corruption nor legal corruption cases against Hans Følsgaard A/S were reported in 2013.

Furthermore, the outcome of our supplier self-assessment shows no violations of anti-corruption principles.

We will continue to control that company funds are not used for corruption or bribery.