



Hans Følsgaard A/S

COP report 2016

Content



CEO Statement

2016 was a great year for Hans Følsgaard A/S as we have made progress on almost every market parameter. Moreover, our biggest sales increase comes from customers in the green sector and the infrastructure sector having a positive impact on the environment.



We continuously tailor our solutions to match our customers' needs and end products in a simple way minimizing resource consumption.

We have experienced significant growth in our telecom department as well.

More and more Danish homes have fiber-to-the-home broadband connections. The mobility in the society has grown considerably and people work from home and closer to home – resulting in less transport and less environmental impact.

In 2016 we replaced our CRM system with a new one improving the integration with our ERP, e-mail and marketing systems providing us with a vital tool for business growth and enterprise transparency. It fosters greater communication, productivity and collaboration across the organisation on all projects and activities in our comprehensive product range and very mixed customer portfolio.

Getting a good overview fast means less resources spent for us and for our customers. Furthermore, it enables us to prioritize the projects which add most value to us and our customers.

We have new big projects for the coming year 2017 some of which were launched in 2016. The three most important ones are our LEAN project ensuring optimal workflow within our company, the introduction of ISO as we expect to be ISO certified during the first half of 2018 and third but not least we wish to expand our business globally establishing our presence outside of Scandinavia.

We plan to establish a company in Germany in the first quarter of 2017 enabling us to serve our German customers in the energy and telecom sector even better than we do today.

These projects help us develop and create more successful partnerships with customers and manufacturers/suppliers. We keep strengthening our relationships with our suppliers and expect of them to adhere to the principles of UN Global Compact. HF joined the UN Global Compact in 2012 and we are pleased to confirm our continued support to the UN Global Compact and its ten principles.

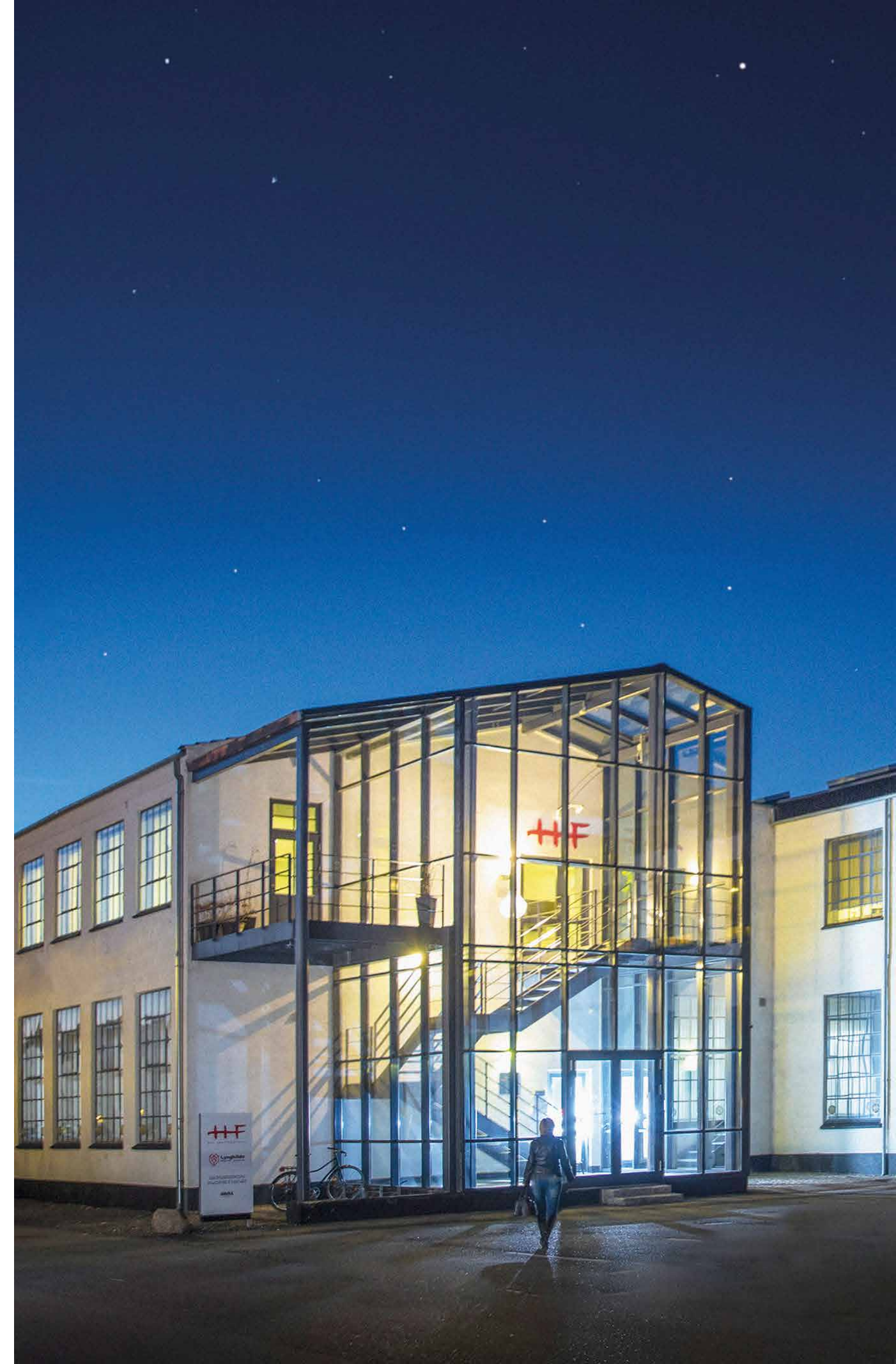
Although it has been an incredibly busy year, we have managed to keep the HF spirit high and our employees satisfied and happy.

Jørgen Stenberg
CEO



Key Events 2016

- Launch of new sustainable product '1 to 3 splitter box'
- Warehouse: Optimized lighting to minimum 100 lumens, new pallet drawer pull-out units and height adjustable forklifts to avoid lifting above shoulder level to further improve the work environment.
- Bigger waste sorting containers limiting CO² emission
- The staff association received a large contribution from the Hans Følsgaard Foundation to further improve employee well-being.
- New CRM system fully integrated with ERP, e-mail, phone and marketing system
- Addtech education for all employees
- Reduced CO₂ from paper consumption by further 16%
- Reduced CO₂ emission from in- and outbound shipments by 18%
- New air conditioning system in our server room reducing power consumption by 20%



Employees

Our employees are our most valuable assets and we treat them as such. Our future development depends on them; their well-being and job satisfaction are important to us.

We allow our employees a high degree of autonomy. Giving our employees the freedom to manage much of their own work we get flexible, dedicated and satisfied employees in return. HF's ambition is to always attract and keep the best employees. Thus, HF conducts annual performance appraisal dialogues in order to identify the areas where the employee would like to grow and develop and to ensure a healthy social work environment. Education & Training.

Education & Training

Our vision is to be our customers' Technical Partner of choice. Being a Technical Partner, we advise our customers on technical solution and therefore we have

a professional responsibility to update our employee's knowledge. HF acknowledge the need for ongoing education and competency.

- HF acknowledge the need for ongoing education and competency. In 2016 all external colleagues attended Addtech business school and our managers attended manager courses.
- The annual team-building sessions in each department under guidance and supervision of Strategic management consultants have been duly carried out in 2016 – to ensure continuous growth, wellbeing and job satisfaction in the teams.

Health

The health and wellbeing of our colleagues is really important. The company is already providing free health insurance for colleagues and their children, free eye examinations and free weekly massage and coaching.

Further to this the staff association at HF has in 2016 been granted a large amount from the Hans Følsgaard Foundation to further improve the wellbeing of our colleagues. Measures such as reimbursement for sports membership fees has already been taken in 2016 and more will come in 2017.

- In the warehouse we have in 2016 acquired 3 new height adjustable forklifts to avoid lifts above shoulder level and pallet drawer pull-out units for optimal handling of goods.
- We have optimized the lighting in our warehouse to minimum 100 lumens everywhere.

No incidents of involvements in labor rights violations have been reported in 2016



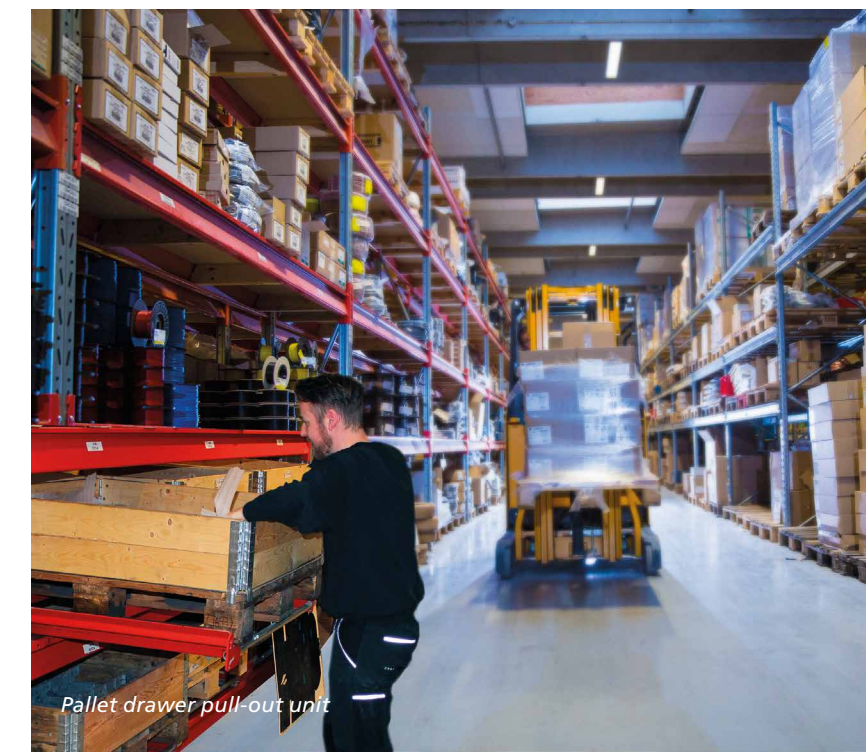
	2014	2015	2016
EMPLOYEES	67	73	69
■ Administration/Sale/Purchase/Finance	50	56	53
■ Warehouse	9	9	8
■ Norway	7	7	7
■ Sweden	1	0	0
■ China	0	1	1
Average age in years:	46,5	47,8	46,7
Average seniority in years:	8,7	9,2	8,6
Sick absence:	1,82%	3,5%	2,76%
Male	50	53	50
Female	17	20	19



Education



Team-building



Pallet drawer pull-out unit

Environment

A strong intention to safeguard the environment forms part of HF's business strategy. The aim is to minimize HF's impact on the environment by working to reduce waste, CO² emission and energy and paper consumption.

HF's main operations consist today of technology sales and distribution and only very limited production.

HF's main direct impact on climate is from the handling, packaging and transportation of finished goods, and business travel. The majority of purchases is from suppliers outside Denmark; i.e. from Europe, the US and Asia, necessitating a high transport volume.

Activities are conducted continuously in HF to safeguard environment; please refer to previous COP reports for information on measures already taken.

Following measures were taken in 2016:

- We have managed to further reduce paper consumption in the office due to the fact that we focus on the paper consumption and monitor how

much paper is used when printing from the individual PC's in the office. Furthermore, we increasingly use electronic communications; viz. from 2016 statement of accounts and invoices are emailed to our customers every month instead of mailed by post. We have also developed an internet web page for frequently requested technical information for our customers to download. This way we not only lower CO² emission we also save money on handling, paper and postage.

- The main reason for the increased electricity consumption is water damage. Unfortunately, our warehouse got weather related water damage in 2016 and the equipment used to rapidly dry out the building and restore the floor consumed a lot of energy.

- The waste sorting containers delivered to our warehouse are now bigger, thus limiting the number of times the containers have to be emptied and thereby lowering the CO₂ emission.

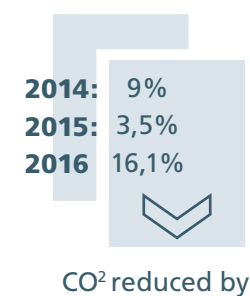
- We do our utmost to consolidate shipments from our supplies to limit transports and handling, thus gaining economic, social and

environmental value. In 2016 we managed to consolidate shipments from yet another supplier from several weekly shipments to just one shipment a week.

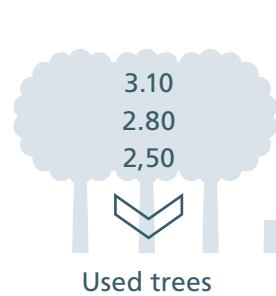
- We take pride in developing environmentally responsible and cost effective solutions – in close cooperation with our customers and suppliers. In 2016 we developed yet another such solution adding Economic, Social and Environmental value; a so-called "1 to 3 splitter box", reducing the energy consumption by 12% on Reefer units and increasing the number of transported units/liters of oil.

- The air conditioning systems in our server room has been replaced by a new system reducing the power consumption by 20%.

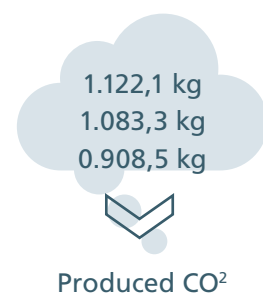
HF has neither been sued nor fined or received any penalties for violation of environmental laws or environmental regulations in 2016



CO² reduced by



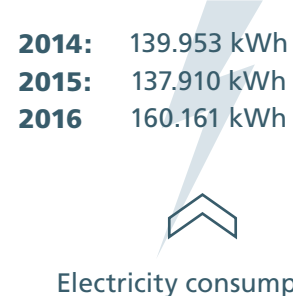
Used trees



Produced CO²



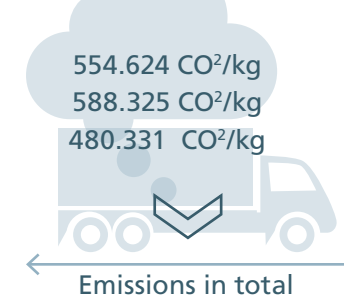
Equiv. to bulb hour



Electricity consumption from non-renewable energy



Transport driven by employees in line of service



Emissions in total resulted from in- and outbound shipments.



Splitter box



Air Conditioning System



Waste Sorting Containers

Society

HF actively supports many worthy causes in the community, thus provide financial support to humanitarian organizations and sports associations.

HF's most important positive impact on society lies in our contribution to economic and social growth in the form of jobs and taxpayers. Through our products, we also help, for example, to bring efficiency improvements and to cut energy consumption (see environment)

HF has employed apprentices Sales Assistant since September 2011. The apprenticeship takes 2 years to complete after which a new apprentice is hired.

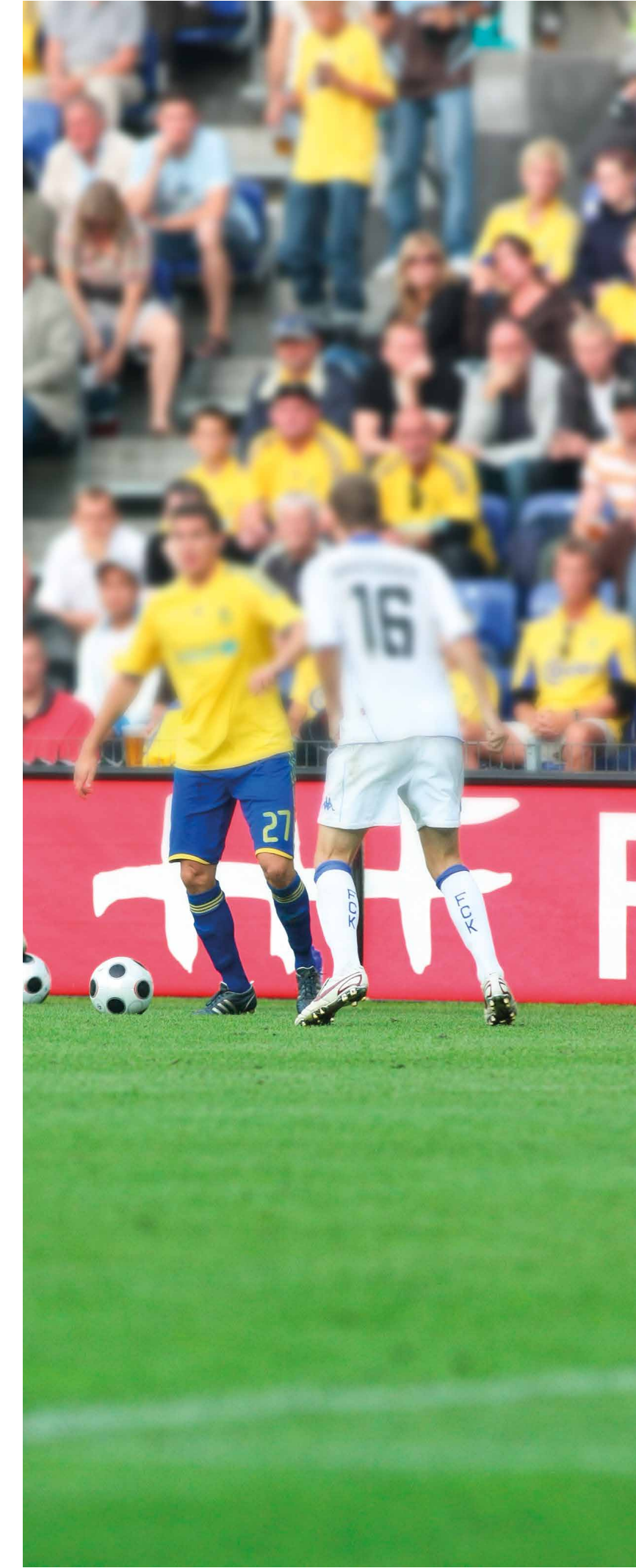
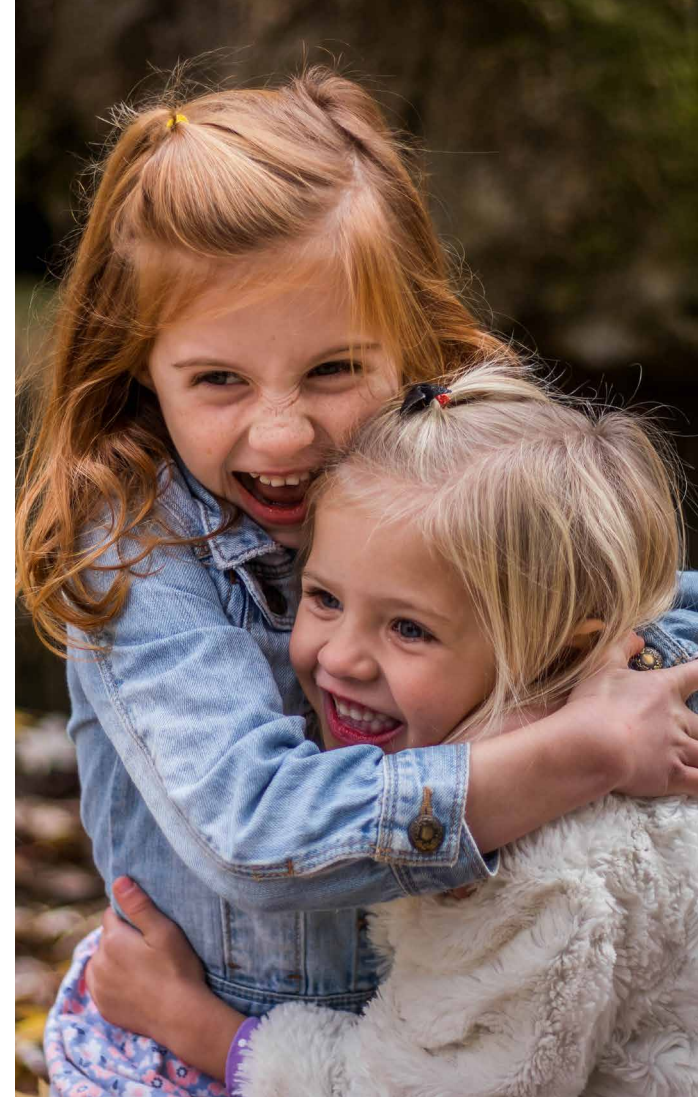
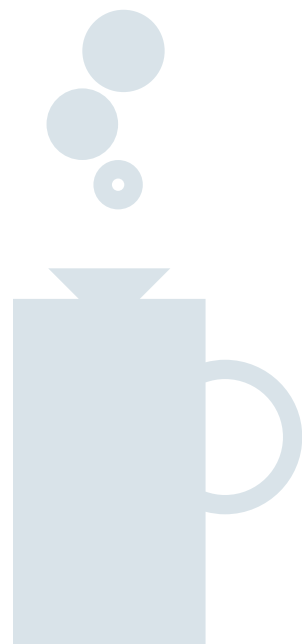
Examples of social commitment projects in 2016

- Donations to Julemærkehjemmet in Denmark which helps children who have problems with bullying and social isolation.

- Donation to Børns Voksenvenner (Childrens Adult Friends) make a positive lifelong impact on children and young people with delicate or difficult family relationships. Based on knowledge, professionalism and experience they create valuable and developing friendships between the affected children and resourceful adults.
- Donation to Stine Sofie Foundation for Children in Norway against violence and abuse.
- Donations to organizations that help fight cancer.
- Sponsorship for sports clubs, handicap sports and local initiatives.

During the period, HF was not ordered to pay any fines because of offences in the form of breaches of laws and regulations governing the provision or use of products and services.

2014: DKK 547.107
2015: DKK 547.072
2016: DKK 756.311



Suppliers

We consider ourselves the right-hand man not only for our customers but also for our suppliers throughout the world.

Hans Følsgaard A/S work with some of the world's foremost manufacturers of innovative and market-leading technical products and trade with over 20 countries in Europe, USA and Far East. Our long-standing and close relationship with our partners make the way from manufacturer to customer and vice versa shorter, processing time faster and customized solutions possible and accurate.

Our partnerships are long lasting some of them go back 50 and even 60 years and HF works continuously on deepening supplier relationships. Our choice of

suppliers is essential for our business and we are very selective. We ensure not only that their products match our customers' requirements, but also that our suppliers are socially and environmentally responsible.

We encourage our suppliers to sign our supplier code of conduct that support the ten principles of the UN global compact. As part of these efforts, HF conducted its first supplier self-assessment in 2013 comprising 30 of the company's largest suppliers, and has decided to screen our suppliers biennially.

We do our utmost to consolidate shipments from our supplies to limit transports and handling, thus gaining economic, social and environmental value. In 2016 we managed to consolidate shipments from yet another supplier from several weekly shipments to just one shipment a week.

We take pride in developing environmentally responsible and cost effective solutions – in close cooperation with our customers and worldwide suppliers. In 2016 we developed yet another such solution adding Economic, Social and Environmental value; a so-called "1 to 3 splitter box", reducing the energy consumption by 12% on Reefer units and increasing the number of transported units/liters of oil.

No violation of principles and regulations has been reported in 2016



Hans Følgaard A/S is a subsidiary in the Addtech Group

Addtech has a Code of Conduct that covers all subsidiaries, and each year a sustainability report is produced to present the results of the CSR work. The reporting complies with the guidelines for Application Level C of the Global Reporting Initiative (GRI).

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