

FRONTMATEC

UN global compact communication
on progress report





Frontmatec Groups ApS ["Frontmatec"] has been a member of the UN Global Compact since 2017, and I am pleased to confirm that Frontmatec reaffirms its support of the Ten principles of the United Nation Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In its, Frontmatec first Communication on progress report, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our primary channels of communication.

The UN Global Compact is an overall framework for our future work with CSR, where the focus is and will be on the four principal areas:

- Human rights
- Corruption
- Environment
- Labour

Yours Sincerely

A handwritten signature in blue ink, which appears to read "Henrik Andersen". The signature is fluid and cursive.

Henrik Andersen

CEO, Frontmatec Group ApS, COP for 2018

About Frontmatec Group ApS

Frontmatec develops world-leading customized solutions for automation in the food industry, other hygiene sensitive industries and the utilities industry. We are especially renowned for our high-quality systems for the entire value chain of the meat industry – from carcass grading, slaughter lines, cutting and deboning lines, hygiene systems and control systems to logistics and packaging.

No matter the solution, be it for a pork or cattle plant, we never compromise on our key design criteria:

- Animal welfare
- Ergonomics
- Hygiene
- Meat quality
- Yield optimization

With operations in Europe, the Americas and Asia, Frontmatec serves a wide range of highly respected customers, from local industrial players to large global food processors. With 1200 employees in 10 countries, Frontmatec strives to offer more complete and unique solutions, which will create value for our customers.



Human rights principles

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human right abuses

What we want

Frontmatec is an international company with different cultural and work behaviour; therefore it is our priority to be an internationally open and accommodating workplace and thereby respect human rights. We can in no way accept discrimination based on race, religion, gender, age, disability or any other kind. Every employee in Frontmatec shall have equal opportunity to build a career and shall feel safe in every situation while working for Frontmatec.

We will support and respect international human rights contained in the International Bill of Human Rights. We will assess our actual and potential adverse impact on these international human rights. We will remedy adverse impacts on human rights in case we are involved in such.

We will respect the privacy of our customers and employees.

We will work to ensure non-discrimination and equal opportunities. This applies internally with regard to our employees and externally in our value chain.

Our goal is to protect our employees and all of business partner's personal data.

Assessment

For the past year, Frontmatec has focussed on protection of personal data - General Data Protection Regulation (GDPR). The goal of Frontmatec is to protect employees and all of business partner's personal data.

Frontmatec supports the fact that digital rights, and protection hereof needs to be integrated into the business operations and strategies of companies.

The GDPR stands out as one of the first instruments that provides a concrete answer on how to practically incorporate human rights – in this

case the right to privacy and data protection – into businesses' online operations.

What we have achieved

To achieve compliance in this field, Frontmatec has conducted needed policies and goals across the organization.

Following policies are implemented:

- General data protection policy
- Processing of employees' personal data
- IT Security Policy
- Personal Data Processing Job Application

The policies are implemented and uploaded on Frontmatec Intranet so all employees have access hereto at all times in the language they understand. For those without IT access the policies have been printed and shared with the employees.

Furthermore, information meetings has been conducted at all of Frontmatec European sites to all employees, white and blue collar. For those employees processing the personal data, an internal GDPR training has been conducted introducing the employees to the rules, obligations and responsibilities.

Frontmatec has also conducted a Contingency plan, so all employees at all-time know what to do if we face a breach.

What remains to be done

At this moment, Frontmatec is finalizing Binding Corporate Rules ["BCR"] to make intra-organizational transfers of personal data across borders in compliance with GDPR. After finalization, BCR are required to be approved by the data protection authority in each EU Member State.

Hereafter Frontmatec can conduct implementation and training in companies outside EU. This is to be done end of 2019.

To maintain our good work with GDPR and maintain same positive progress Frontmatec will have an ongoing procedure, regarding complying with the rules and with necessary adopt needed changes.

Measurement of outcome and goal

It is Frontmatec goal that all employees have been introduced to GDPR policies and understands the importance hereof and their rights in connection with processing of their personal data.

We have implemented KPI's where the following is a task: Employees must know and have signed an adequate data policy.

The measurement and outcome can be realized in Frontmatec COP 2020.

Labour rights principles

Principle 3

Business 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 compulsory labour

Principle 5

The elimination of all forms of child labour; and

Principle 6

The elimination of discrimination in respect of employment and occupation

What we want

We will provide our employees with an employment framework that will always follow applicable laws and collective agreements in our areas with regards to the payment of fair wages as well as other employment conditions. We will work to ensure that our employees have development opportunities at work by offering education and training.

We will provide our employees with equal opportunities as well as a safe, healthy and non-discrimination working environment.

We will protect our employees against any corporal punishment, mental coercion or harassment.

We will recognize our employees' right to employee representation and freedom of association, collective bargaining, working hours, pre-agreed compensated working and rest time.

We will denounce forced labour and child labour. If we hire young workers between 15 and 18 years, they may not perform hazardous work or night-shift work.

We will not discriminate in the workplace because of age, sex, race, colour, disability, religion or belief, language, national or social origin, trade union membership or any other discrimination grounds recognized by international law. We will only make decisions regarding hiring and employment on the basis of relevant and objective criteria.

Assessment

Our work with safety and well-being takes place in the work environment committee. We focus on the individual employee's well-being regardless of location and workplace.

We provide our blue-collar employees with needed working clothes and other safety equipment needed for performance of the work. We also give

a contribution if an employee needs safety prescription glasses or screen glasses.

The Frontmatec employee handbook states that all employees at all-time know their right and respect the rights and freedom of the colleagues.

What we have achieved

We have conducted an employee handbook stating guidelines with focus on openness, safety and acceptable workplace for all employees. We have specially made an anti-sexual harassment policy covering not only sexual but any form of harassment. Frontmatec CEO has made an official statement regarding the anti-sexual harassment policy, making it clear to all employees of Frontmatec that Frontmatec do not tolerate any kind of harassment, that harassment is prohibited and that no one should accept harassment.

What remains to be done

During 2019 Frontmatec will conduct information meetings at all Frontmatec sites, so Frontmatec employees at all-time know their rights and in connections to this conduct assessment of working environment so Frontmatec this way can manage to improve and/or make changes if needed in connection to Labour Principles.

Measurement of outcome and goal

To have a more based focus on safety and employee's health and well-being Frontmatec has implemented KPI's for Lost workhours per 1 million workhours and Sickness days as percentage of total number of workdays.

The outcome for year 2018 was as follows:

- Sickness absence (%) = 1.59% (white collar and blue collar)
- Lost hours caused by work related injuries pr. 1 million hours = 459.3 (only blue collar)

Frontmatec is satisfied with the low number on sickness absence and Lost hours caused by work related injuries, taking in account that Frontmatec is a production company and employs about 575 blue collars.

The 2019 goal for Frontmatec is to keep the low percentage on sickness among employees. This will be done by frequent measurement and needed assessment and handlings if the number should increase during 2019.

Frontmatec takes safety very seriously and a good environment is our main task in day to day business, which is why Frontmatec during 2019 will work to reduce Lost hours caused by work related injuries pr. 1 million hours by 10 %. This will be done by ongoing evaluations and improvement at production sites where an improvement is needed and can contribute to a safer working environment.

The status on our achievement will be described earliest in COP 2020.

Environment

Principle 7

Business should support a precautionary approach to environmental challenges

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9

Encourage the development and diffusion of environmentally friendly technologies

What we want

We will comply with environmental legislation, including thorough ongoing training and monitoring.

We will work systematically to continually improve environmental performance, to reduce our impact on the environment and to promote greater environmental responsibility.

We will support a precautionary approach to environmental challenges.

Assessment

Frontmatec is still working on possible assessment to achieve best participation in the work with principles 7, 8 and 9.

Frontmatec has started the work with Environment principles by minimizing the transportation cost and pollution in this matter by providing company cars for employees to use for free, and made it an obligation for employees to travel together in every situation possible.

Furthermore, to minimize unnecessary traveling by car, train, airplane etc. we have implemented skype for business, so we in that way can have meetings online internally and with customers, whenever possible and whenever a face-to-face meeting is not necessary.

Frontmatec also works together with the suppliers to ensure that our products are compliant with the REACH and RoHS obligations and that no harmful substances are exposed to the consumers and the workers handling the products throughout the supply chain.

Furthermore, Frontmatec designs its equipment so they are ergonomic friendly for the operator and easy to clean, thus ensuring high food safety and hygienic standards as well as reducing the volume of water required for cleaning.

Frontmatec also develops products ensuring correct and humane handling

of animals with minimum stress and suffering caused when processed with our equipment.

What we have achieved

It is not possible to report on any measurement yet, because the implementation of policies and guidelines has only been active for the last year.

What remains to be done

During 2019 Frontmatec will conduct information meetings at all Frontmatec sites, so Frontmatec employees at all times know their rights and in connection to this, conduct assessment of working environment so Frontmatec this way can manage to improve and/or make changes if needed in connection to Labour Principles.

Measurement of outcome and goal

To have a more based focus on or use of energy. Frontmatec has implemented KPI's for:

- Use of water - M3 water spent in the company (in general)
- Use of electricity - kWh spent in the company (in general)
- Use of heating/GAS - M3 spent in the company (in general)

For the last year measurements have been conducted, and based on the results the outcome company goal for 2019 is as follows:

Water M3	2017	2018	2019E
Tandslet	713	784	950
Quebec	1,553	1,509	1,550
Kolding	2,300	1,925	1,200
Electricity kWh	2017	2018	2019E
Tandslet	755,213	679,880	730,000
Quebec	1,930,080	1,780,680	1,900,000
Kolding	713,262	688,852	450,000
Gas M3	2017	2018	2019E
Tandslet	14,678	14,194	15,000
Quebec	68,535	61,400	62,000
Kolding	222,509	218,450	210,000

The status on our achievements will be described earliest in COP 2020.

In the future, when Frontmatec replaces technical equipment, environmental impact is always part of the buying criteria.

Frontmatec welding equipment will over the next 5 years be exchanged with equipment with lower power consumption

Frontmatec has frequent reviews on the buildings in terms of evaluation of energy consumptions. As an example of this, most of Frontmatec lightning is changed to LED.

Reason for estimated increased consumption in Tandslet for 2019 is due to increase in production.

Anti-corruption principles

Principle 10

Business should work against corruption in all its forms, including extortion and bribery

What we want

We will maintain a high level of integrity and accountability in all our external relationships, and we do not participate in corruption or bribery. We will not offer, promise or give any kind of bribes to improperly influence public officials, judges or business associates.

We will also refrain from receiving or accepting any bribes ourselves.

Our agents, intermediaries or other persons acting on our behalf are subject to this obligation not to participate in corruption or bribery.

Assessment

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

In order to maintain a high level of integrity and credibility in all our external relationships, we have adopted anti-corruption and bribery policy (hereinafter called the "Policy").

The intention of the Policy is to serve as a source of information and as a guideline for our employees on ethical behavior. We base the Policy on the values of the Company and it applies to all our employees at all levels, including managers and executive officers, as well as agents and consultants of the Company.

Frontmatec prohibits its employees or associated persons from offering, promising, giving, soliciting or accepting any direct or indirect bribe. The prohibition against bribery is absolute and applies whether the person or company, to, or from, whom the bribery has been offered or accepted, is a public or governmental official, official of a state-controlled industry, political party or a private person or company, regardless of location of

the employee or associated person. The prohibition against bribery is not limited to monetary transfers. Bribery can also take form as a transfer of any other asset, such as a gift, loan, fee, remuneration or any other thing of value.

Frontmatec prohibits its employees or associated persons from making or accepting any facilitation payments. Facilitation payment means any payment made to a public official to expedite the performance of a routine or necessary governmental action, such as issuing a permit.

Facilitation payments must be distinguished from an official, publicly available fast-track process. Provided, that it can be established that the payment is a legitimate fee, the employee is authorized to make the payment.

Frontmatec acknowledges that it in many situations is considered customary and acceptable to give or accept promotional gifts. Therefore, this Policy does not prohibit the giving or accepting of reasonable and appropriate gifts. Employees must make a written report of all hospitality or gifts given or received, exceeding the amount of EUR 100.

The report must be forwarded to the local Finance Manager upon receiving or giving of the before mentioned.

Prior to entering into any contract, arrangement or relationship with a potential business partner, due diligence should be undertaken by the Company.

What we have achieved

We have implemented need policies to have needed guidelines and control in regards to prohibiting and fight against Anti-corruption.

It is not possible to report on any measurement yet, because the implementation of policies and guidelines has only been active for the last year.

Measurement of outcome and goal

To have a more constructed focus on bribery we have implemented KPI's for Zero confirmed incidents in the company.

For the last year, measurements have been conducted, and based on the measurement the outcome company goal for 2019 is as follows:

- Zero confirmed incidents in whistleblowing scheme

The status on our achievement will be described earliest in COP 2020.

To support the above stated goal we have implemented an internal whistle-blower possibility with different approaches anonymously and direct approach is possible.

In 2019, we will focus on a total market, customers, agents and similar analysis/assessment to have a better approach on our work and behaviour and in that way have a better control and tools in place against corruption in all its forms, including extortion and bribery. In connection with the final assessment and results, hereof a training will be conducted at all of our sites to with focus on most exposed areas in our business.

Our fundamental beliefs

Frontmatec and all its employees share a common set of beliefs that defines us as a business. It describes the approach of both management and each individual towards our customers, business partners and colleagues across organisational and national borders.

What we deliver

We deliver customized solutions of the highest quality based on years of experience and true craftsmanship. We are the highly experienced partner that customers count on for every step of the journey – from the initial design phase to the after sales service. Time is of the essence – we react promptly and professionally when dealing with any issues.

How we work

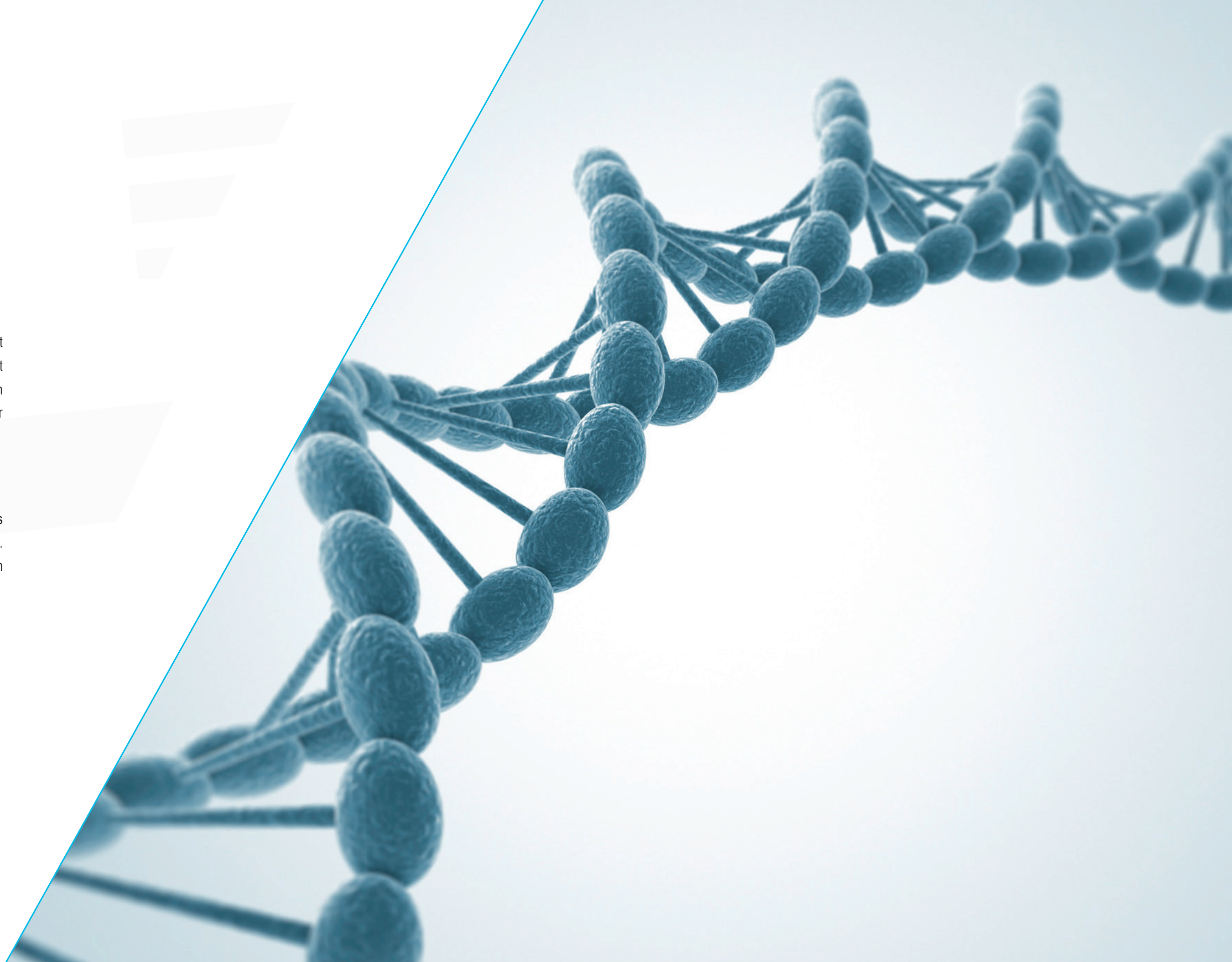
Our culture is based on a strong work ethic and an unyielding dedication to the customer. We are a proud and flexible team that is closely knit and we keep our feet on the ground. We possess an unrivaled expertise of our industry and each one of us takes our responsibility for our deliveries seriously.

Our promise

Our customers can expect high quality solutions that are innovative and at the forefront of technology, yet thoroughly tested and highly reliable to secure minimum down-time and maximum productivity. We deliver to our promise – every time.

Our heritage

Our business is built on in-depth knowledge of the fields we work in and long-term relations with our customers. Quality, dedication, reliability, and personal service run in our blood.



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