

COP 2019 REPORT



Din teknikpartner

CEO Statement

In just a few years time HF will be celebrating the Company's 100th birthday

Reaching such an advanced age in the fast-developing area of technical products and services is only possible due to our ability to quickly adapt and keep up with the latest demands from a market constantly changing thanks to new technologies and market trends. Flexibility and agility are more important than ever for our business to survive and sustain long-term growth. Especially in tackling global warming and world hunger, we as a company must adopt a proactive strategy, think outside the box and implement innovative ideas.

Many of our customers have come a long way on the SDGs already, setting high and ambitious goals. As a supplier HF must be able to deliver the required solutions in order to help our customers reach their goals. Fortunately, more and more of the leading manufacturers from around the globe are thinking sustainability into future products. And in close partnership with these manufacturers HF will supply new innovative sustainable solutions.

The Climate is SDG# 13, but there are many other important goals that we as a company can pursue. We have just begun the process of picking out the SDGs to which our business

can contribute the most. Renewable Energy being our largest business area, SDG 7 is the obvious choice. In 2019 we set up a subsidiary in China to service our largest wind customer locally - resulting in considerable freight savings and CO2 reduction.

HF has been a member of the UN Global Compact since 2012 and it is only natural for us to engage with the SDGs. In the coming strategy period, focus will be on defining

sustainable development goals and establishing initiatives required to achieve them. No doubt it will be an exciting and evolving journey for us.

We are pleased to confirm our continued support to the UN Global Compact and it's Ten Principles.

Jørgen Stenberg



CEO Jørgen Stenberg



Strategy and Governance

Part of the Addtech Group – independence and synergies

HF works as an autonomy unit with widespread self-determination in virtually all areas. We use the group umbrella to explore possibilities of collaboration with the other affiliates and benefit from inter-company synergies.

We cooperate closely on e.g. employee education (Addtech Business School), employee surveys and sustainability work.

HF sustainability work is governed by the Code of Conduct. Addtech’s board of directors via group management is ultimately responsible for the groups sustainability work and determine long-term goals. However, HF supplement these goals by goals and action plans developed by HF. Thus, the operational sustainability work is driven via the decentralized responsibility in HF.

Sustainability is an integral and important part of our strategy. HF aims to respond to a growing demand from stakeholders and customers on sustainability. As from 2018 CSR is a fixed item on the agenda at board meetings.

Addtechs sustainability report has been prepared in accordance with the GRI standards. In conjunction with the end of the financial year HF, as does all affiliates, report sustainability data as part of our non-financial reporting to Addtech.

The annual report is available at Addtech’s company website www.addtech.com.

HF in the Value Chain

HF offers high-technology products and solution to companies in the manufacturing & infrastructure sectors

We are a value-adding link between customers and suppliers and create a mutually profitable and competitive trade with our customers.

We customize, design and produce solutions in collaboration with customers and carefully selected suppliers and manufacturers across the world.

We conduct our own production on a minor scale, thus the major share of production takes place via orders to suppliers.

At one end of the chain we want to be our customers’ Technical Partner of choice and at the other end of the chain we want our suppliers to do better operating with HF than with others or alone.



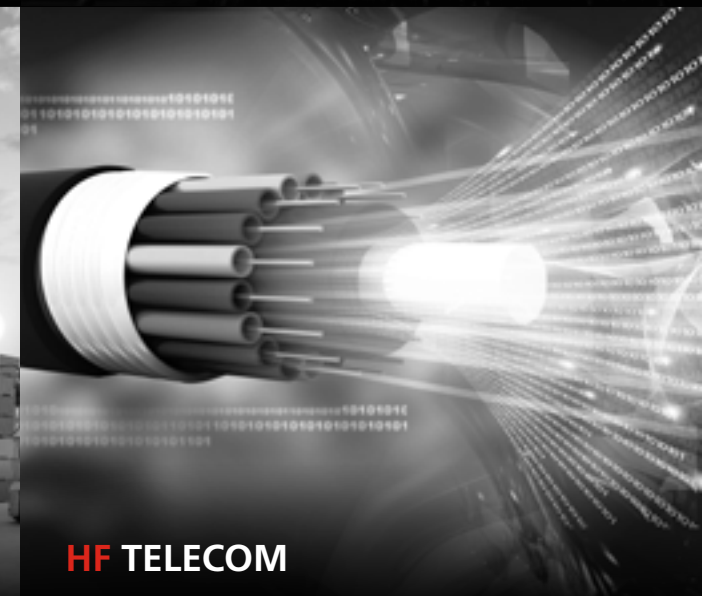
HF AUTOMATION



HF CABLE & CABLE MANAGEMENT



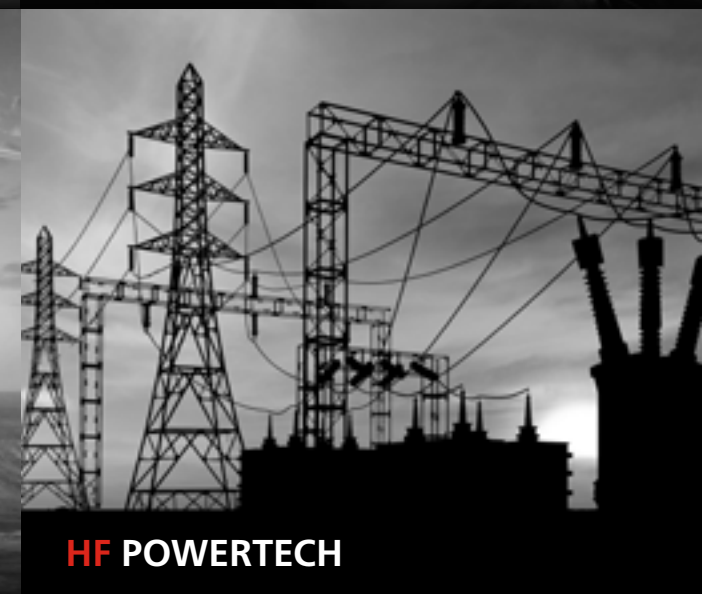
HF CONTAINER



HF TELECOM



HF GREENTECH



HF POWERTECH

Economic Value

2019 was a good year for the HF group

The result was not up to par with the last 2 years but with the 2019 market conditions in mind, including trade wars, Brexit etc., we can only be happy with the result. We came very close to our overall objectives, especially regarding our latest investment in China, where we had good rates and even reached break even after only the first 5 months. 2020 is looking really promising for our China investment too.

HF's profit goal is approx. 10% per year. The profitable target for each subsidiary in the group is a minimum of 45 percent, measured using the relationship between operating profit (P) and work capital (WC). The P/WC model encourages high operating profit a low level of tied-up Capital, which combined with the growth target of 15 percent, enables self-funded long-term profitable growth.

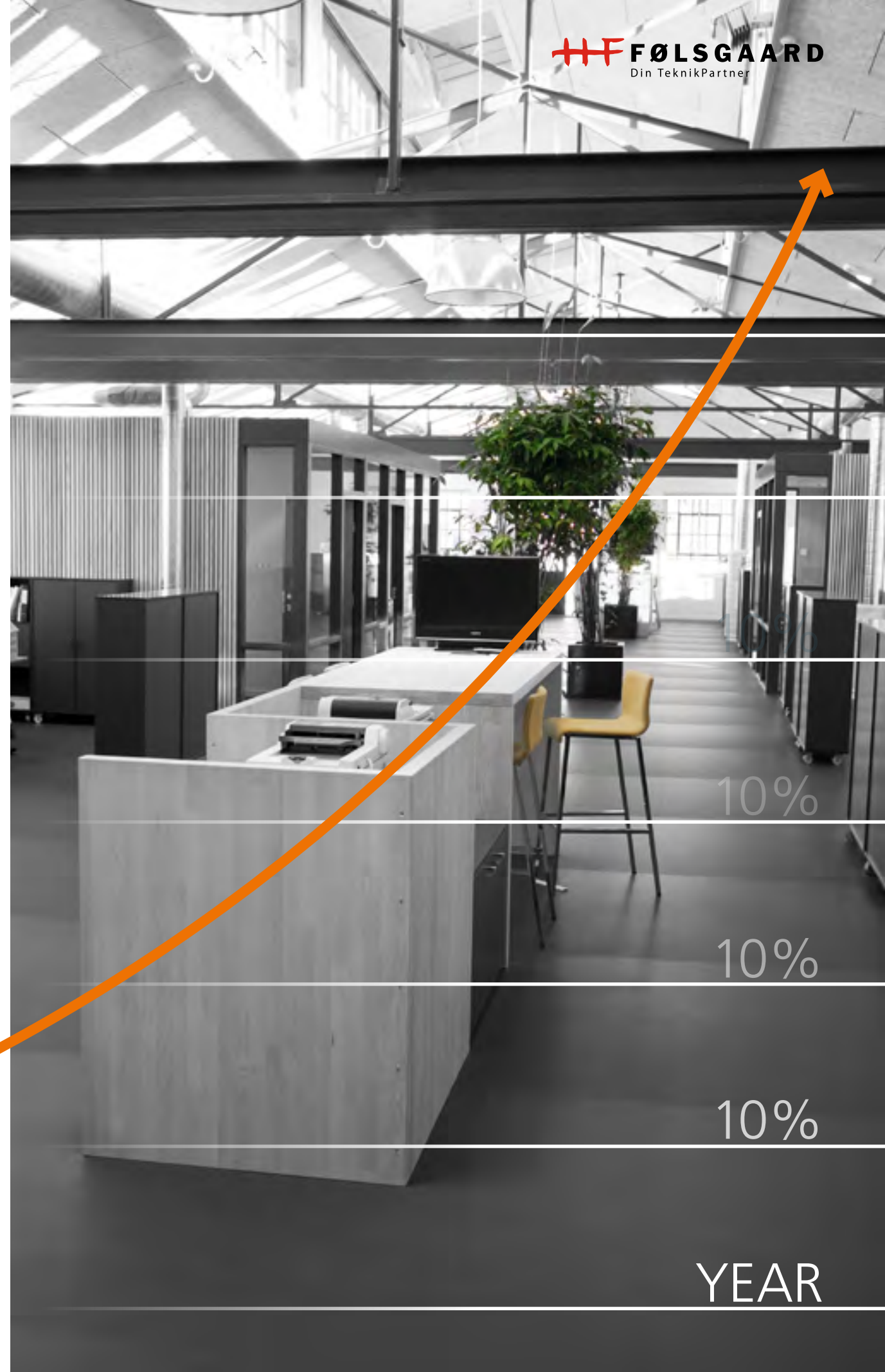
For the eighth consecutive year HF has been awarded the highest credit rating, AAA. Consequently, we have been awarded an AAA silver rating. Having an AAA rating means that HF has an exceptional degree of creditworthiness and can easily meet its financial commitments.

Economic stability and strength gives us freedom and opportunity to invest not only in sustainable business development and projects but also in superior employee recruitment and employee well-being initiatives.



10%
APPROX.
PROFIT PER
YEAR

45%
PROFITABLE
TARGET FOR EACH
SUBSIDIARY



10%

10%

10%

YEAR

Social Value

Our employees are our most valuable assets.

The long-term employees and the long-term cooperation and relationship with our customers and suppliers is largely the engine of our success that is exported to the whole world. We strive to be a reliable, responsible and trustworthy business partner that provides better business for all parties.

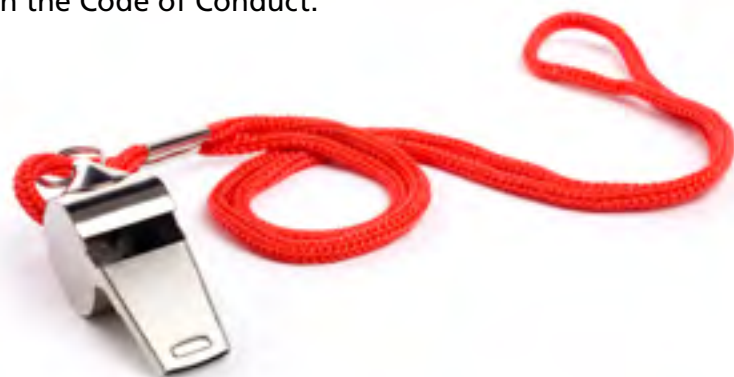
Employees

Our employees are our most valuable assets. Our future development and success depends on them – their well-being and job satisfaction are important to us. We want to be an attractive employer and providing a workplace where employees enjoy their work, have a sense of pride and develop personally.

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 resulting in improved profitability, productivity and quality. We do, however, also set clear requirements.

A cooperate Code of Conduct for employees

As a basis of how we perform and act in our day-to-day work the Code of Conduct summarises the ethical values that the Group believes must be key in our activities, providing a minimum level of acceptable behaviour and covering all employees. We do not accept any actions that breach the Code of Conduct.



The code is based on the UN's Global Compact, the ILO's core conventions, and the OECD's guidelines for multinational companies, competition legislation and anti-corruption regulations.

Healthy company culture

HF has a healthy company culture which is important to our employees. We strive to hire employees that fit in our company culture, as our employees are more likely to enjoy their time in the workplace when they fit in with the company culture and when their needs and values are consistent with those in the workplace. They develop better relationships with co-workers, and are even more productive.

Education

We want to capitalize on the full potential of our employees. Education and competence development must ensure that HF's employees are competent technology partners and possess a strong business understanding. Education and competence development focuses on both commercial, technical and personal skills.

All employees must attend training at least once per year. Our employees attend i.e. the Addtech Business School programme.

All administrative managers attended a leadership training course to enhance managerial and leadership competencies including skills such as coaching, conflict management, motivation etc.

Employees are encouraged to contact their manager on any violations or use the groups anonymous whistle blower scheme.



Family-friendly work culture: sometimes employees just have to bring their children to work. In HF we have a play-room with tv, PlayStation, toys and books



Employee bonding through Team-building encourage Cross-Organizational Collaboration; fostering genuine connections, deeper discussions and better processing in their daily work.

Social Value...

Employee survey and appraisal dialogues

To monitor our long-term, strategic work on personal development we annually conduct employee surveys and performance appraisal dialogues.

Workplace assessment

A workplace assessment was conducted in 2018 to measure the physiological and physical and ergonomic work environment, thus enabling corrective actions if needed. We achieved a high response rate of 84%. The assessment showed that the work environment is healthy in every way and that we have a positive workplace culture.

No incidents of involvements in 2019

Health and safety

Health and safety are priority areas. We have a zero vision for work-related accidents, illnesses and incidents and an ambition to focus constantly on promoting health and well-being among our employees.

HF provides free health and accident insurance for employees and their children, free eye examinations and free weekly coaching and massages.

	2014	2015	2016	2017	2018	2019
Employees	67	73	69	76	87	90
Average age in years:	46,5	47,8	46,7	46,3	46,3	47,9
Average seniority in years:	8,7	9,2	8,6	7,6	7,7	8,9
Sick absence:	1,82%	3,5%	2,76%	2,35%	2,67	2,06
Rate of employee turnover	-	-	-	9,4	7,5	10,2
Male	50	53	50	52	57	56
Female	17	20	19	24	30	34

Følsgaard Foundation – employee well-being

A very active HF staff social club has been granted a large amount from the Følsgaard Foundation to further improve the well-being of our employees. Measures such as reimbursement for sports membership fees, CPR training and social and cultural activities involving the employees and their families have been taken.

The purpose of the Foundation is to promote the well-being and coherence of employees in HF and its affiliates by holding or supporting social and/or cultural events or activities for the benefit of the employees.

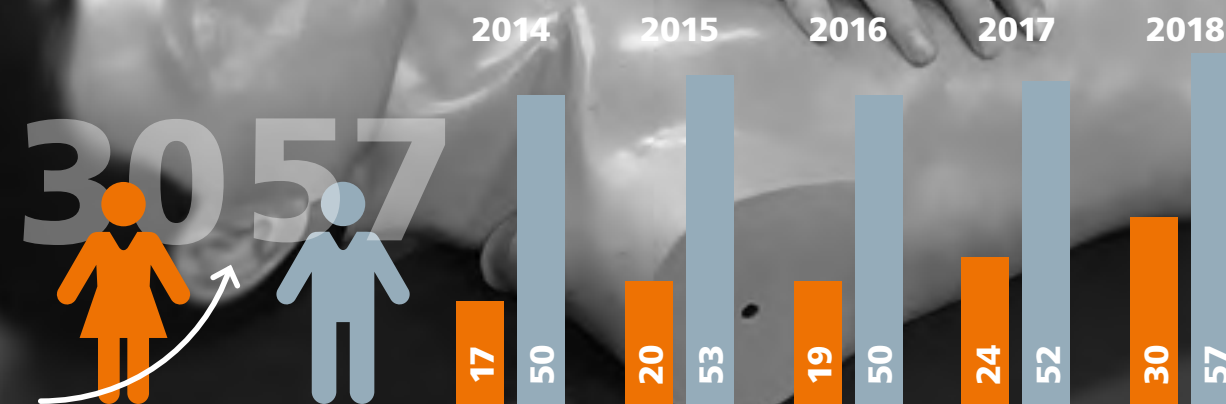
Forming healthy habits is easier said than done

In 2018 30 HF employees participated in 60 days with great success. 60 days is a digital health campaign focusing on exercise, healthy eating and sleeping habits to increase the energy level and general health – all paid for by the staff social club.

No injuries or work-related illnesses was reported in 2019



First aid brush up and course for new employees



Rising numbers of women in the organization.

Setting high standards for our suppliers

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

We make high demands at ourselves and so it is natural for us to make the same high demands on every part of the value chain. 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.

Supplier self-assessment

During the year of 2018 we continued to progress our work on supplier assessments to develop dialogue and ensure constant improvements. HF evaluate its worldwide suppliers and is screening them biannually, enabling us to manage risk, optimize supplier performance and maintain long-lasting supplier relationships

in 2018 we conducted a supplier self-assessment of all suppliers using a new group-wide tool. Applying the 80/20 rule we are proud to say that all our largest suppliers producing 80% our turnover have responded and more so.

The supplier self-assessments showed no indication of risk.

Group Code of Conduct

Our vision is to be a leader in value-added technology trading. In order to live up to our vision, we must constantly develop, but never compromise on the principle of being a responsible company.

A CSR council in Addtech bears the responsibility for continuous development of group-wide tools and processes for sustainability work and for disseminating the same for use within the group companies. Thus, a common Code of

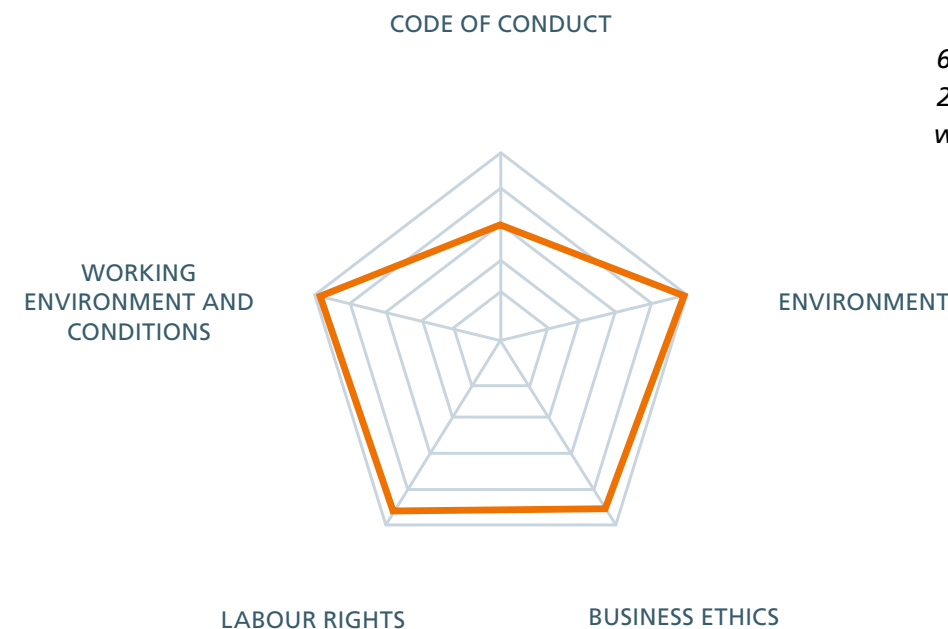
Conduct for suppliers has been developed in 2017 and is used by all the companies in the group including HF.

The Code of Conduct for Suppliers summarizes the ethical values that the Addtech Group believes should apply in the relationships with all our suppliers of products and services. The code is based on the UN's Global Compact, the ILO's core conventions, the OECD's guidelines for multinational companies, competition legislation and anti-corruption regulations.

Anti-corruption

We have a stated policy of zero tolerance of corruption, bribes and unfair anti-competitive practices.

No cases of corrupt were found to have occurred during 2019 or previous years.



SUPPLIER SCREENING

66 suppliers from more than 20 countries throughout the world has taken our supplier self assessment



Setting high standards for our suppliers...

Child labour

The UN convention on the Rights of the child, the ILO's minimum Age convention (no 138) concerning Minimum Age for Admission to Employment and the ILO's convention (no 182) concerning the prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour serve as guidelines for all activities conducted in our group.

No incidents involving any breach of these conventions were reported during 2019.

Labour law

We and our suppliers must, under our Code of Conduct, at least meet the minimum requirement of national legislation in the area of labour law. Guidelines regard labour law are set out in our code of conduct. We have zero tolerance policy on force labour and works actively to assure that no breach of regulations takes place in our operations or value chain.

No incidents in connection with infringements of human rights, corruption, working conditions were reported in 2019 or in previous years.



Our Role in Society

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

HFs most important positive impact on society lies in our contribution to economic and social growth in the form of jobs and taxpayers.

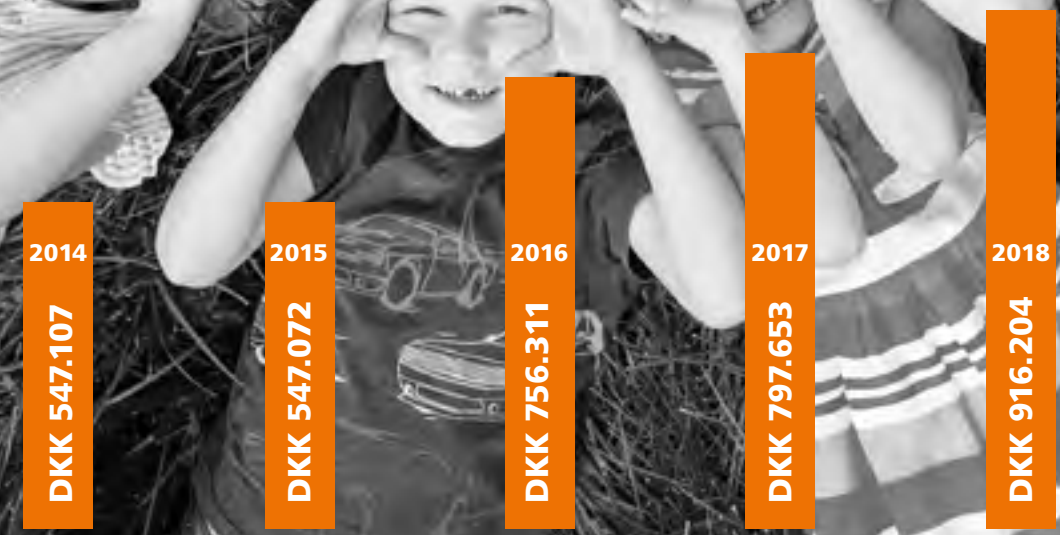
Through our products, we also help, for example, to bring efficiency improvements and to cut energy consumption.

HF employ apprentices since 2011. The apprenticeship takes 2 years to complete after which a new apprentice is hired.

Examples of social commitment projects in 2019

- Donations to Julemærkehjemmet in Denmark which helps children who have problems with bullying and social isolation.
- Donation to Stine Sofie Foundation for Children in Norway against violence and abuse.
- Donations to organizations that help fight cancer.
- Donation to the Paralympic Team Denmark
- 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.



DONATIONS AND SPONSORSHIP

Environmental Value

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

Sustainable electricity consumption

Wind is HF's renewable energy source as from May 2018 the

electricity HF consumes come from wind turbines, thus reducing the amount of electricity generation from fossil fuels, which results in lower total air pollution and carbon dioxide emissions.

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.

We do our utmost to consolidate shipments from our suppliers to limit transports and handling, thus gaining economic, social and environmental value.

The environmental perspective must be part of all important decisions and activities conducted continuously in HF to safeguard environment.

We take pride in constantly striving to reduce CO² and energy consumption and in developing environmentally responsible and cost-effective solutions – in close cooperation with our customers and suppliers.

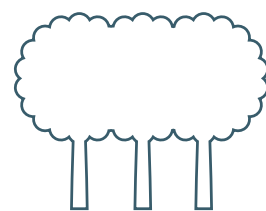
Through our Code of Conduct we encourage our suppliers to do the same.

PAPER COPIES

	Per empl.:		
2014:	3,10	0,046	—
2015:	2,80	0,038	▼
2016:	2,50	0,036	▼
2017:	2,40	0,035	▼
2018:	2,54	0,033	▼
2019:	2,56	0,000	▼

	Per empl.:		
2014:	1.122,1 kg	18,2	—
2015:	1.083,3 kg	14,8	▼
2016:	0.908,5 kg	13,2	▼
2017:	0.883,5 kg	11,2	▼
2018:	0.919,6 kg	10,6	▼
2019:	0,927,6 kg	10,7	▲

	Per empl.:		
2014:	70.648,6 Hrs.	1054	—
2015:	68.205,8 Hrs.	934	▼
2016:	57.285,0 Hrs.	830	▼
2017:	55.625,0 Hrs.	731	▼
2018:	57.902,0 Hrs.	665	▼
2019:	59.406,0 Hrs.	???	▼



USED TREES



PRODUCED CO²



EQUIV. TO BULP HOUR

ENERGY

2014:	139.953,0 kWh	—
2015:	137.910,0 kWh	▼
2016:	160.161,0 kWh	▲
2017:	161.928,0 kWh	▲
2018:	158.012,0 kWh	▼
2019:	164.481,0 kWh	▲



RENEWABLE ENERGY SINCE MAY 2018

TRANSPORT

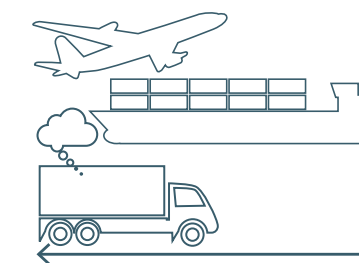
2014:	1.116.667,0 km	—
2015:	1.070.000,0 km	▼
2016:	1.203.300,0 km	▲
2017:	1.339.670,0 km	▲
2018:	1.318.184,0 km	▼
2019:	1.353.039,0 km	▲



TRANSPORT DRIVEN BY EMPLOYEES IN LINE OF SERVICE

SHIPMENT

2014:	554.624,0 CO ² /kg	—
2015:	588.325,0 CO ² /kg	▲
2016:	480.331,0 CO ² /kg	▼
2017:	419.834,0 CO ² /kg	▼
2018:	721.732,0 CO ² /kg	▲
2019:	515.456,0 CO ² /kg	▼ 25%



EMISSIONS IN TOTAL FROM IN- AND OUTBOUND SHIPMENTS

Walk the talk

At Hans Følsgaard A/S the respect for the environmental issues and the human resources begins within the company.

Our warehouse facilities are designed and organized in consideration of our employees as well as the environment. We have focus on creating the best possible working environment and constantly strive to find ways to reduce CO₂-emission.

HF's local warehouse is 4244m² (some 45682.03 ft²) and employs 12 men and is located only 100 meters (300ft.) from our Danish headquarter. The warehouse annually ships more than 23,000 and receiving some 9,000 parcels and pallets from more than 20 countries.

Daylights is the preferred lighting in the warehouse using glass domes as far as this at all practical – both in consideration of our employees as well as the environment. Artificial lighting comes from highly energy efficient fluorescent lamps (argon).

To minimise draught there's only one gate for transportation of goods in and out of the warehouse. Heating is by natural gas, and only areas regularly used by the employees are heated to optimise the energy consumption. For the same reason temperature sensors are used to control the heating. Fork lifts, trucks and stackers are all electrically operated.

Plastic pollution – HF takes action on plastic

Plastic pollution is one of the most important environmental problems that we face today. We have changed the packaging of our products for the container industry – now using no single plastic bags but cardboard boxes only. Considering that Hans Følsgaards A/S is shipping full containers of this particular type of product, this adds up to a vast amount of plastics being substituted by the environmentally friendly cardboard.

Warehouse facts

- Cardboard only from re-used material
- All cardboard boxes are self assembly (no tape needed)
- Waterbased print
- Tape biodegradable
- Wrapping for pallets biodegradable (Suckercane-First-Mover)
- Garbage sorting for re-use
- Forklifts, trucks and stackers uses electrical power
- Optimized Energy Consumption
- LED light all over
- No single plastic bags
- Economizing on cardboard boxes and package

Logistics Partner:

As of the end of 2019, we use only one Logistics Partner for overseas pallet shipments, reducing the number of trucks and hence reducing CO₂ footprint as well.

We are also encouraging customers to have as few weekly shipments as possible instead of several times a week - resulting in decreased resources and transport used for both the customer and HF.

[HF has neither been sued nor fined or received any penalties for violation of environmental laws or environmental regulations in 2019.](#)



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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