



2020

N&K SPEDITION

Corporate Social Responsibility



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COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



## WORDS FROM OUR CEO

N&K spedition operates in the constant challenging industry, of transporting food products all over Europe. As this industry is constantly changing, we are always trying to evolve, in order to provide top quality service to all our clients. We have recently faced many challenges both from the political side, and from customers with regards to environmental and labour standards, and being one of the leading transporters of food products in Europe, we take our responsibility in this matter very seriously.

In 2019, we have seen the increasing awareness towards the conditions that drivers in Europe are working under. N&K spedition has taken this opportunity, and devoted many resources, towards strengthening and applying our rules on this subject, to any partner that works with us. With the help of extensive physical audits, we have ensured that all partners live up to these standards, and we have been very impressed with the work that they have done in this area and ensuring that the partners we have, fulfil the contractual terms set, together with our Code of Conduct, we have been impressed by the work that our partners have done.

We will keep working hard on ensuring that the labour and accommodation standards that we have set, are always met, and have devoted even more resources to this internally in 2020. Having also integrated the 10 principles of the UN Global Compact, is something that N&K is very proud of, as are we of the response we have received on this, both in- and externally.

We have worked extensively with the tools, provided from our SEDEX membership, to increase our performance from earlier results. This has been hard work and has used a lot of our resources. What we achieved internally, and the respect seen from both partners and customers has been very satisfying and reassuring in that our ambitious ways of working with our compliance, is the correct path chosen by N&K Spedition.

The year of 2019 has been a learning curve for years to come, and 2020 will continue on the same path, and we keep improving on our successful work on compliance, quality and IFS in order to be a respected partner for customers and subcontractors. We hope everyone will be able to see our ambitious way of working for the future, taking the responsibility we have in the industry.



Martin Gade Gregersen  
CEO, N&K Spedition



**“QUALITY IN TRANSPORT IS NOT ONLY A SAYING FOR US BUT BEING PRACTISED DAY BY DAY BY OUR EMPLOYEES.”**

## N&K SPEDITION OUTLINE

### OVERVIEW

N&K Spedition was founded by Per B. Jensen in 1988 at a small office in Esbjerg. With just a few trailers N&K began to transport fish from the North to the Netherlands and returned fruits and vegetables to all Scandinavian Countries. N&K since then has experienced a strong and steady growth; the headquarter remains in Esbjerg but has increased in size to have space for well over hundred employees. Through the years, we have expanded our activities to many countries and installed branches in Sweden, Norway, Lithuania Spain, and China (Shanghai).

### EUROPE'S LARGEST TEMPERATURE-CONTROLLED LOGISTICS OPERATOR

When N&K spedition merged with HSF Logistics in 2017, we became the largest temperature-controlled logistics operator in Europe. With more than 1.000 employees, 1.000 lorries and 1.500 trailers we cover the European Continent including Great Britain to a full extend. Offices spread all over Europe offer a complementary network to all our customers.

### QUALITY AND UNIQUE SERVICES

Quality in transport is not only a saying for us but being practised day by day by our employees. Our trailers are custom-built for transporting almost all kinds of chilled and frozen goods. Furthermore, we handle all paperwork regarding the transports on behalf of our customers and offer the opportunity to monitor both the location and the temperature of the transported goods. Our forwarding departments are available 24/7 so are our drivers. We are proud to tailor

our service to every customers' needs. To be able to offer a unique service product in the area of refrigerated transports is an affair of the heart. For offering Food Safety and traceability to the highest standards, we are certified regarding the International Food Safety (IFS) to a Higher Level yet again this year. That ensures our customers having the highest quality standards while transporting their chilled and frozen goods – and we keep it under control this way.

### CONTROLLED DISTRIBUTION

We are glad to provide a wide-ranging stock control for our customers as every food sector has its highs and lows regarding supply and demand. We offer stepless reliable and flexible solutions at HSF Logistics facilities in Nijmegen, Winterswijk and Neuenkirchen-Vörden. All these locations could not only preserve food products but also offers ready-for-shipment services through order-picking, repacking, wrapping, labelling and blast-freezing.

### INTEGRATED SOLUTIONS ON A GLOBAL STAGE

Being on the global stage with N&K Air Solutions, we have closed the gap between trucking and air freight and therewith can provide all-from-one solutions. As air freight is different in all markets, N&K Air Solution adapts to the customers' needs in order to be able to offer more steps in the transport chain. Our aim is to be a long-term full-range service supplier with a wide range of cargo from Scandinavia and Europe to all over the world – being our customers' single source for intercontinental transport solutions of unequalled quality.

# CSR AT N&K SPEDITION

Every employee plays an active role in N&Ks CSR policy together with our managerial staff, HR and Quality & Compliance Departments which must however take over the lead. The partnership with Green Network, which includes training and consultancy, keep us on track and help the leading departments to fulfil their roles as supporting guides for all employees. As an outcome, N&K offers internal trainings on different CSR aspects to their staff. Furthermore, our Quality & Compliance staff is available for any concerns regarding N&Ks CSR policy whenever on duty and represents their work internally at all our branches, but also externally at customers and partners.

## N&KS CSR POLICY

N&K has for many years worked on CSR topics in close dialogue with customers and partners. Having seen the necessity to set a concrete framework on CSR, N&K intensified its CSR policy in recent years using large-scaled internal and external resources. N&Ks CSR policy today consists of 5 pillars on which this report is also structured. By joining UN Global Compact in 2019, N&K have taken the opportunity to use the 10 principles and all four areas Human and Labour Rights, Environment and Anti-Corruption as guidelines for future initiatives and thereby supporting common global goals.



## N&KS CODE OF CONDUCT

Based on the frameworks of the UN Global Compacts 10 principles and the UK Anti Bribery Act, N&K has developed two Code of Conducts: One is tailored to the needs of the daily operation handled and one is made to take our Suppliers and sub-contractors on board. We ensure in that specific way that our efforts for Human and Labour Rights are concentrated efforts. A full version of our Code of Conduct could be found at our website [www.nkspedition.dk](http://www.nkspedition.dk)

**WE SUPPORT**





## EMPLOYEES/WORKING ENVIROMENT

N&Ks employees are the key factor in N&Ks business. Their personalities make the difference: Each of them with their individual skills and knowledge has its part in N&Ks success in business. Therefore, N&K is highly aware of the importance of attracting qualified staff and supporting them becoming members of the N&K family.

employee development talk, which overall aim is to give a feedback and motivate for the upcoming working year and we will use these to identify possible actions to increase satisfaction.

### TRAINING AND DEVELOPMENT

As a family-owned company, we always focus on a great working environment for our employees. Paired with a high level of personal freedom and self-stewardship, our employees should be able grow and evolve at their work. Decisions on relevant issues for all employees are made in close collaboration with our staff. Regular trainings should extend the already profound knowledge of N&Ks staff.

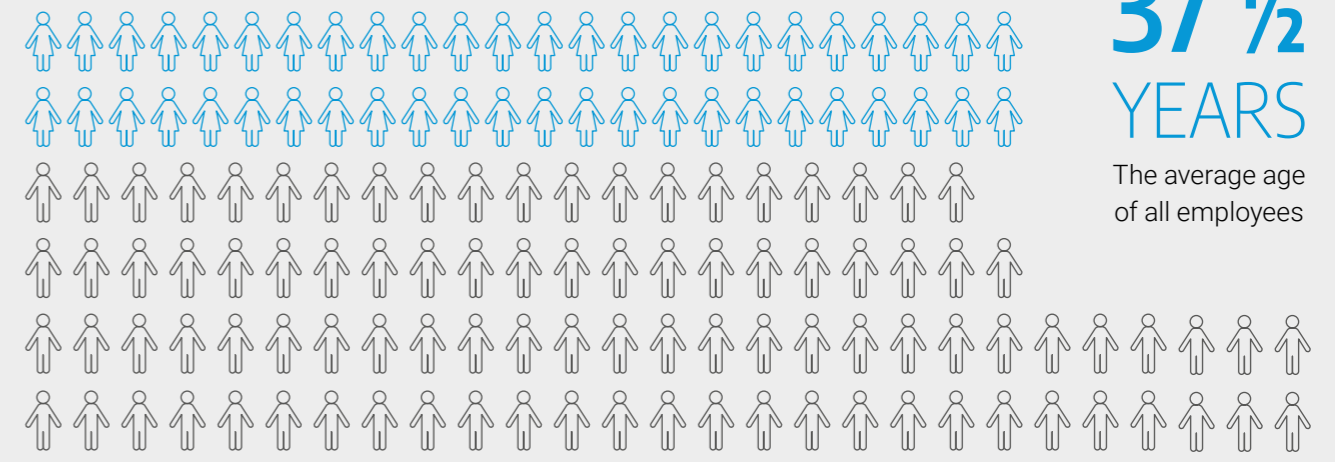
Therefore we plan to place two training for all of the employees: One in respect of CSR in general (performed until the end of Q3/2020) and one in respect of Anti-Corruption (to be finished by the end of Q2/2020).

### EMPLOYEE SATISFACTION

Every third year, N&K is conducting a survey regarding mental and physical health issues for all employees. The outcome of the survey will help our HR team to improve their efforts for a safe and healthy working environment. The current outcome of the survey was that among all N&K head-quarter employees 52% are content with their workplace. 48% are neutral, no one is discontent. Employer satisfaction is important for N&K Specidition. Consequently every year each employee is invited to an

### N&K SPEDITION EMPLOYEES IN 2019

In 2019, N&K has employed 143 people, 48 were of female, 95 of male and 0 of neutral sex



# 37 ½ YEARS

The average age of all employees



## SUPPLIERS

N&K suppliers and subcontractors play a vital role in the frame of the daily operations. In recent years, several cases of serious violations of Human and Labour Rights principles has come up in the European transportation industry. N&K has therefore decided to act on its own behalf: Having seen the necessity of taking action especially on Human and Labour Rights principles due to the risk related to these areas, we intensified and

made more detailed physical audits at our most strategical direct suppliers within six weeks of 2018, extended it to all suppliers in 2019 and continue to do so in the future.

Whereas the first goal was to check-up the drivers' accommodation facilities, we also were interested in creating transparency within the recruitment and employment process to minimise any

risk of modern slavery; also verifying compliance within compensation and working hours.

Motivated from the general positive outcomes of our first visit, we continue our audit program steadily. Up to now, N&K has created its own audit scheme and is consistently improving it. In the latest version in 2020 an environmental part was implemented.

Before starting collaboration with a new supplier, they are in demand of signing our Supplier Code of Conduct, what was specially designed for N&Ks requirements in respect of their Code of Conduct towards suppliers. As all suppliers have agreed to our new and improved Code of Conduct, it is our aim to audit and do random checks ensuring that all sub-contractors are committed to enforce our Supplier Code of Conduct.

**CASE:**  
**N&KS ONGOING ENDEAVOUR:**

**ONGOING SUPPLIER AUDITS TO ENSURE FAIR WORKING AND ACCOMMODATION CONDITIONS FOR CHAUFFEURS.**

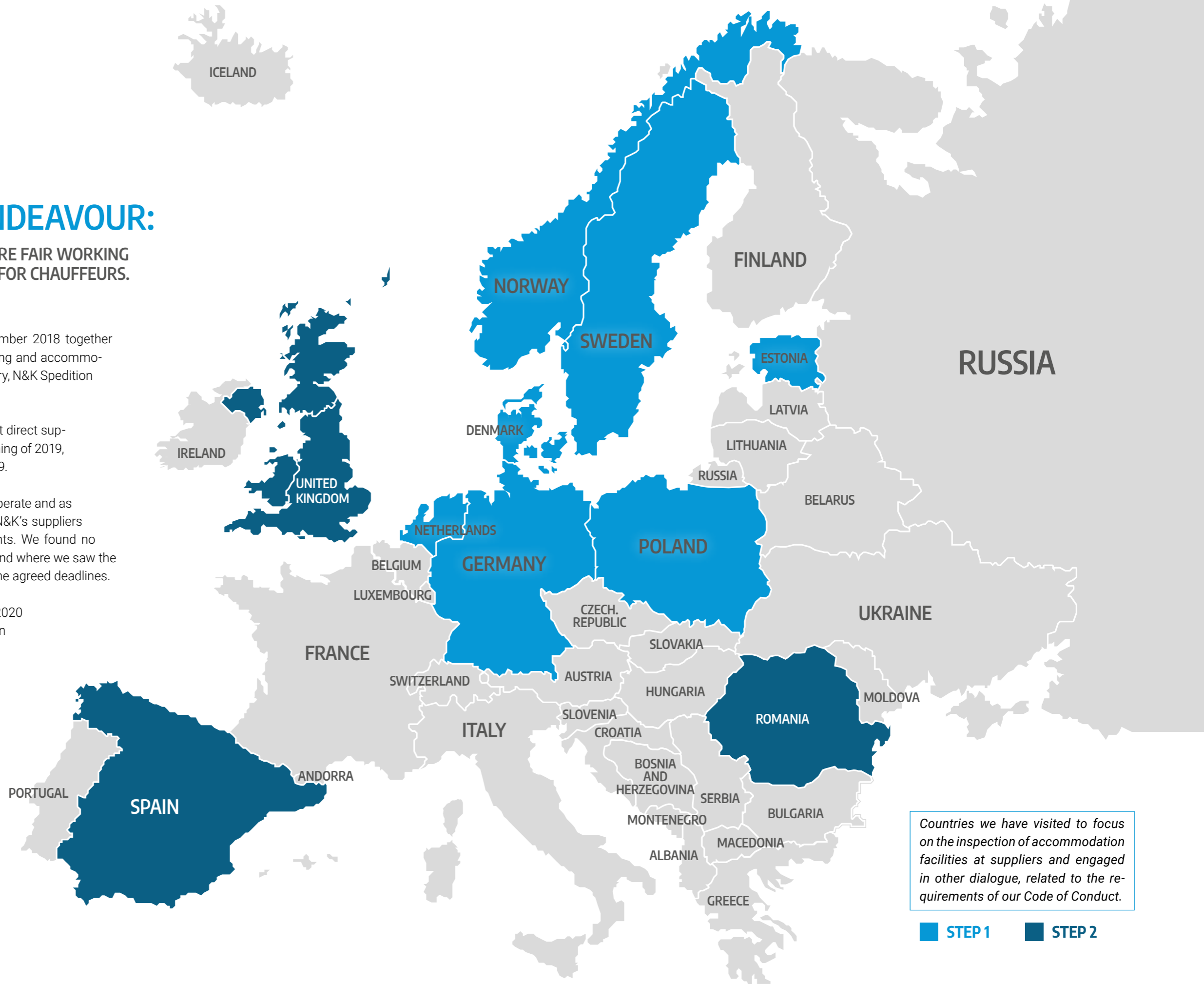
Beginning with the joint commitment in November 2018 together with Danish Crown in order to ensure fair working and accommodation conditions in the Danish Transport Industry, N&K Spedition expedited its own CSR initiatives.

After having visited N&Ks strategically important direct suppliers within six weeks in the end of 2018/beginning of 2019, we continued our visits throughout the year 2019.

Our suppliers were very open and willing to cooperate and as an outcome, we could thankfully confirm that N&K's suppliers are doing good work in the area of labour rights. We found no serious issues which needed urgent measures and where we saw the need for changes, these have been made with the agreed deadlines.

We will continue to visit selected suppliers in 2020 with an updated program, which is based upon our Code of Conduct. Beside having a focus on fair working and accommodation conditions for chauffeurs, we also invite our suppliers to take action in order to reduce their Carbon Footprints. This is newly implemented for the audits planned in 2020.

We aim to have visited all regular used suppliers by the end of Q4/2020 at least one time. We are looking forward verifying the standards of our suppliers among our Code of Conduct; and we plan to have no critical findings within this year.



*Countries we have visited to focus on the inspection of accommodation facilities at suppliers and engaged in other dialogue, related to the requirements of our Code of Conduct.*

■ STEP 1 ■ STEP 2





## ENVIRONMENT & CLIMATE

Focus on environmental issues has increased over the last few years and we all need to make a reasonable effort in order to achieve sufficient planet protection. N&K Spedition want to contribute by implementing ways to make our company and transport greener and thereby reduce our environmental impact, while still keeping our customer's products cool and on the move. We have made environmental focus a part of our working day as well as inform our employees, customers, partners and subcontractors about our environmental performance and continuous focus. N&Ks see its most impact on the environment by using lorries for the distribution of its customers goods. Therefore we will set our goals here: Focus on the use of latest technology (see KPIs p. 22) and measuring the current estimated CO<sub>2</sub>-emissions of the towing units for this year as a basis year for future KPIs (see KPIs p. 22).

### ON THE ROAD WITH ...OUR TRAILERS

N&K focus on new and sustainable technologies when choosing the right provider for our fleet. We set out the goal for 2019 that at least 20% of our trailer fleet will be equipped with solar panels by the end of Q4. New trailers with cooling units that are equipped with solar panels on the roof will decrease the total costs of ownership as well as offer significant reductions of the CO<sub>2</sub> emitted. We can now state that to the

beginning of 2020 we have more than 20% of our trailers equipped with solar panels and for 2020, we expected at least 40% of trailers with solar panels in the fleet.

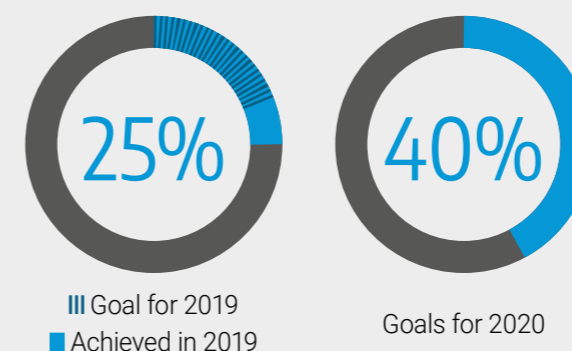
### OUR SUPPLIERS

N&K suppliers are an important factor when it comes to reduction of noxious substances. Currently, already 88% of all by N&K used tractor units are classified in Euro 6, which has a lower pollutant emission than the Euro 5-units. For 2020, N&K strengthen its efforts to use 91% off all units with Euro 6 engines until Q4/2020 (see KPIs p. 22).

### OUR SERVICES

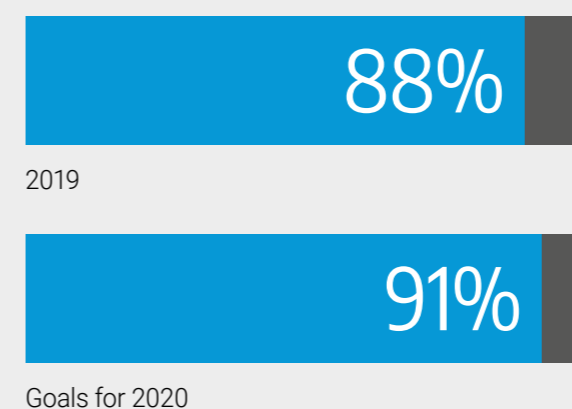
One core value is to offer an unrevealed high level of service for every customers' needs. With using an EDI (Electronic Data Interchange) and TrILERmate, we managed improving service quality and environmental friendliness the same time. With EDI, we could in close collaboration with our customers manage all relevant documents digitally. With TrILERmate (and from 2020 together with its brother Freightmate), we are able to make vehicles- and materialreports electronically and without the use of traditional paper. Beside reducing numbers of printed pages through our EDI and TrILERmate, Freightmate is intended to close one of the last analogue documentation gaps in the transport chain.

### TRAILERS WITH SOLAR PANELS



### REDUCING POLLUTION

Units with Euro 6 engines



### EDI - ELECTRONIC DATA INTERCHANGE

EDI helps us to reduce the paper consumption. Many documents are provided digital instead of paper based. This is done wherever no hard copy is needed due to statutory regulations.

### FREIGHTMATE

Freightmate is an in-house developed app which allows digital transfer of documents around any transport procedures. It will go on its test run in 2020 in order to get introduced for all N&K transports in 2021. It is one of N&Ks instruments to reduce paper consumption.



### TRILERMATE

TrILERmate is a kind of app which allows digital transfer of documents and information regarding each of N&Ks trailers. It is one of N&Ks instruments to reduce paper consumption.





## BUSINESS ETHICS



### N&KS APPROACH TOWARDS ANTI-CORRUPTION

As a sustainability-oriented company, it is of great importance that N&K Spedition works with business ethics and morality and are never compromised to any legislation, whether locally or internationally. At N&K Spedition, its Employees, Suppliers and partners must be committed to the highest standards of integrity, honesty and fairness in all internal and external relationships as specified in our Code of Conduct.

### EMPLOYEES RESPONSIBILITY

In this, it is stated that no Employee shall directly or indirectly accept, solicit, or offer to pay bribes or other prerequisites even under unlawful pressure. This prohibition also applies to areas where such activity may not violate local law. None of N&K Spedition's Employees is allowed giving or receive unjustified advantages from any public officials or employees in private companies. N&K Spedition operates using specific rules to address anti-corruption, competition and conflict of interest issues that is described in the before mentioned Code of Conduct. The principles do not prohibit normal and appropriate hospitality given or received. In case of doubt, N&K Spedition Employees are responsible to make sound judgement and report any such immediately. In case any of N&K Spedition's Employees are asked to pay a bribe, the incident, including who asked for the bribe, must be recorded and reported to the management or the Whistleblower System.

### TRAINING

Within N&Ks daily operations, a potential risk regarding attempts of corruption and bribery could be seen. Taking control of the risk and fulfilling N&Ks demands on the prevention of corruption and bribery, we plan to set a specific training for all N&Ks employees. All employees shall at least past the training until the end of Q2/2020 (see KPIs, p. 22) to minimise any risk within this sector.

### WHISTLEBLOWER

One of N&Ks overall goals is to act responsibly and circumspectly. Having a channel open for any possibly violation regarding law or ethical behaviour within N&K, the Whistleblower System is available on the N&K homepage in seven different languages and is already covering the requirements of the new EU draft law. If wished, all inquiries could be done anonymously both from internal and external positions.

N&K will handle all incoming reports about possible violations within one month. The confidential information will exclusively be handled by our Quality and Compliance Department. Depending on the reported information, Quality & Compliance will in agreement with the Executive Board advise measures and supervise the enforcement, if necessary. Furthermore, we are steadily proving our procedures and improve where possible.

### COMPLIANCE CHECKS ON SUPPLIERS

Before we begin collaboration with a new supplier, we do in general compliance checks on them to ensure, that the suppliers' behaviour is according to the current applicable regulations. The compliance checks covers the areas Legal, Labour and Human Rights, environmental issues and anti-corruption as mentioned in the supplier section of this report.

### SEDEX

N&Ks membership in the world's largest global platform for sharing responsible sourcing data on supply chains shows us our current status in the four areas Labour, Health and Safety, Business Ethics and Environment. As we get status "orange" in the area of Business Ethics, N&K will strengthen its efforts to be able to receive status "green" by the end of 2020, this includes among other efforts the before mentioned training of all employees on anti-corruption.

# N&K Expedition

Keeping it cool



## QUALITY AND FOOD SAFETY

### IFS

Quality and Food Safety are in close relation to each other for N&K due to our core competence of transporting chilled and frozen food stuff. N&K has improved the efforts even to be ahead in these areas. A strongly followed complex quality program protects our customers as well as their end-customers in respect of Food Safety.

### OUR APPROACH

In means of quality, Food Safety is one of our most ambitious ways of working. We deliver several tonnes per day to various destinations in Europe, su-

permarkets, production, warehouses and cold stores. All we deliver is related to consumer goods in any feasible way. We transport both chilled products and frozen food, where we know, that the quality of food, must be the highest, as it will be in store for consumers to buy. We have built very strict procedures, as when it comes to Food Safety and Quality, there is no compromise.

### HIGH LEVEL GOAL

Therefore we also acknowledge that there are standards in the transport industry to ensure that partners and customers can track our way of working

with Food Safety and Quality, and therefore we are certified IFS logistics, and have for several years in a row received, the Higher Level certificate. We are very proud of this, and will continue to aim for Higher Level, as we cannot allow any compromise for the safety of food. We are well aware that different products can contaminate and risk the health of others, and therefore the training for our entire system within Food Safety, Food fraud and Food Quality is being held once a year to the operations and management. We always look into the newest regulations by authorities, and by changes we will amend, and ensure that operations and procedure will be maintained accordingly. Our measurements are vital for N&K Spedi-

tion, as we then know where to work more sufficiently and minimize any risk for the safety of any product in our possession.

## KPI OVERVIEW

CATEGORY	FOCUS AREA	KPI	GOAL 2019	RESULT 2019	GOAL 2020
Environment	Solar panels on trailers	Percentage of trailers with solar panels	20%	Approx. 25%	40%
Environment	Carbon Footprint	Assessing an estimate of the CO <sub>2</sub> emissions from the trucks hauling the N&K Spedition trailers for a full year	All suppliers to be ready sending data beginning Q1/2020	Ready to go	Baseline for future KPIs
Environment	Technology	Creating transparency of the various tractor units used by our suppliers	Define compliance level of our requirement of EUR 5 and EUR 6	88 % EUR 6-units 12 % EUR 5-units	91% EUR 6-units 9 % EUR 5-units
Business Ethics	SEDEX	Improve our ethical performance	Find goal for 2020	Achieved	Achieving status "green" instead of "orange" in the area "Business Ethics"
Suppliers	Supplier Audits	Based upon the learnings from the supplier audits conducted Q4 2018/ Q1 2019 and Q4 2019 combine with the due diligence risk evaluation process (as per Code of Conduct and Food Safety/Quality)	Audit all high-risk suppliers by the end of Q4/2019	Achieved	Audit all regular used suppliers by the end of Q4/2020
Suppliers	Code of Conduct	Ensure suppliers have signed off the N&K Spedition Supplier Code of Conduct	Direct suppliers	Achieved	One-way-suppliers by the end of Q4/2020
Business Ethics	Training	Ensure that all employees have participated and signed off an anti-corruption training	-	Set goal for 2020	Ensure training by the end of Q2/2020
Employees	Training	All N&K Spedition teams has participated in the CSR-training	-	Set goal for 2020	Ensure training by the end of Q3/2020
Food Safety	Quality	Hold as a minimum the IFS Higher Level Certification	IFS Higher Level Certification	Achieved 97,14 %	IFS Higher Level Certification

**“WE LIVE UP TO THE HIGHEST QUALITY STANDARDS WHILE TRANSPORTING OUR CUSTOMERS’ CHILLED AND FROZEN GOODS”**

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### **N&K Spedition Group of Companies**

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