



CSR-report 2019



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CEO Statement

Our business model in NORDEX FOOD is to develop, manufacture, market and/or sell a wide assortment of “White Cheeses and more” which are inspired by/originating from the Southeast-Mediterranean area with the objective to satisfy the demand for these products, either fulfill basic or experimental needs



The CSR report in NORDEX FOOD describes our policies for the 4 Global Compact areas as well as 2 more for NORDEX FOOD relevant areas – Animal Welfare and Food Safety.

Furthermore, it contains a general description of how we specifically have worked with these 6 core areas as well as a risk assessment related to activities which can impact our CSR negatively.

We do not yet have the report we want, but we are closer than last year, and we are working to get there.

It is our ambition to add KPIs and clear goals within each of the core areas.

It is furthermore our ambition to integrate some of UN’s 17 sustainable development goals (SDGs) into our policy.

Enjoy reading



Martin Aagaard Pedersen



The way we work with CSR

CSR stands for Corporate Social Responsibility. Companies can engage in CSR motivated by many different reasons. Our work with CSR in the NORDEX FOOD is derived from the following motives:

- We want to be part of making the world a better place to live in now and in the future.
- Our customers, consumers and employees are requesting it => license to operate
- We have got a legal obligation.
- It pays off in the long run.

FN's Global Compact has defined 4 main areas covering 10 principles to guide CSR work in companies..

Human Rights

- 1.** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2.** Make sure that they are not complicit in human rights abuses.

Labour

- 3.** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4.** The elimination of all forms of forced and compulsory labor;
- 5.** The effective abolition of child labor; and

- 6.** The elimination of discrimination in respect of employment and occupation.

Environment

- 7.** Businesses should support a precautionary approach to environmental challenges;
- 8.** Undertake initiatives to promote greater environmental responsibility; and
- 9.** Encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- 10.** Businesses should work against corruption in all its forms, including extortion and bribery.

As of the 11th of December 2018, NORDEX FOOD (NORDEX FOOD A/S) joined the UN Global Compact (UNGC), which obliges us to integrate the 10 principles into our business activities and report back to the UNGC on the efforts made.



The ten principles are basically about making demands on ourselves and on our value chain. To make it more tangible, we can look at some examples of how we can and will work with CSR:

- We can work to improve our employee's health and safety environment internally in the company.
- We can develop new products/ services which have a positive social or environmental impact.
- We can work systematically with environmental and global climate impact.
- We can demand from our suppliers that they adhere to human and labour rights.
- We can partner with our suppliers to improve social and environmental conditions.



Respect for Human Rights

The basic values in NORDEX FOOD are:

- **Autonomy**
- **Integrity**
- **Responsibility**
- **Ownership**

All decisions taken in NORDEX FOOD are based on these 4 values. These are only words if you don't live up to them. The values have been a part of our management and corporate culture since the beginning in 1984. We ARE these values – recently we have also defined them in words – not the other way around.

NORDEX FOOD respect human rights. We follow UN's 1948 Universal Declaration of Human Rights. Not all 30 rights in the UN Declaration are directed towards businesses. NORDEX believes that with our work we can influence the following rights:

■ **Article 2.**

Everyone is entitled to all the rights and freedoms set forth in the Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

■ **Article 3.**

Everyone has the right to life, liberty and security of person.

■ **Article 7.**

All are equal before the law and are entitled without any discrimination to equal protection of the law.

■ **Article 12.**

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honor and reputation.

■ **Article 19.**

Everyone has the right to freedom of opinion and expression.

■ **Article 20.**

Everyone has the right to freedom of peaceful assembly and association.

■ **Article 24.**

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

■ **Article 25. (1)**

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family.

■ **Article 26.**

Everyone has the right to education.

We will, to the best of our ability, try to avoid and mitigate possible negative effects of these.

In 2020 we will send a NORDEX FOOD Supplier Code of Conduct to the largest and most relevant suppliers.



Labor and social responsibility



Since the founding of the company in 1984, NORDEX FOOD has strived for high employee wellbeing. It is rooted in our corporate culture to create a workplace with a focus on a good working environment - including health, safety and well-being.

Work environment

Everyone in the company is responsible for and must contribute to a good working environment in a collaboration between the company, the managers and the employees.

A good working environment is hence a shared responsibility, by the working environment committee under the name of "Arbejdsmiljøorganisationen", AMO (staff employer welfare committee) in all our companies with more than 50 employees.

Each year, AMO prepares an annual plan for the working environment. In addition to the annual overall discussion and planning, AMO conducts meetings as needed, at least quarterly. Minutes are made from the meetings and this is placed on the company's intranet, where the annual plans can also be found.

At our dairies, hard physical work is done, so here we have a special focus on avoiding accidents and preventing wear and tear.

2018

Activities/results/hedging risks 2018

Dronninglund HQ (80 employees):

■ We have followed up on Occupational Health Assessment (OHA) Physical which was made at the head office in Dronninglund at the end of 2017. The challenges were limited space and noise due to many people in one room. During the year 2018, we have created an extra 750 square meters of office space. In 2019 we will follow up with new OHA Physical approx. 3-4 months after offices and desks have been placed, which means in the autumn 2019.

■ We have followed up on OHA Psychology / Wellbeing which was also applied in Dronninglund at the end of 2017. Our level related to wellbeing is extremely high. The only minor remark was on "bullying and offensive behavior" and we will not accept that. In 2018, we have therefore had bullying and abusive behavior as a topic for discussion in our appraisal conversations and a policy for abusive behavior was made. With very great pressure on the organization and resources from our ERP project D365, the well-being in 2018 is not assessed in the same depth as the measurement in 2017. Efforts are being made to close the gaps on the resource side. The goal is, of course, to return to the same level as in 2017, when we conduct a new wellbeing survey in November 2019.

■ Ergonomic advice has been offered by a visiting physiotherapist who has instructed the employees on good working positions.

Nørager Dairy (125 employees):

■ Measurement of social capital in 2018: Good result with a few focus areas including workshop, packing and quality. Following up at the end of December 2018, a plan for workshops and action plans is made in the AMO (staff employer welfare committee) between management and employees..

■ A visible recognition of the achievements made was expressed, among other things, when Nørager Mejeri received the Cooperation Prize 2018 from the "Mejeriindustriens Samarbejdsforum" (Dairy Industry Cooperation Forum).

■ During 2019 we will measure accidents and well-being of all our 3 dairies..





2019

Work environment

Activities/results/hedging risks 2019

Dronninglund HQ:

In general, the organization and the available resources has been under strong pressure with the ERP D365 running alongside keeping the daily business running. Unfortunately, this has led to more sick leave due to stress related symptoms and subsequently the sick leave percentage has increase from 2018 to 2019.

We have balanced the pressure through new appointments where relevant.

During autumn 2019 we have implemented "One-2-One"-meetings every second month. It is an individual talk between the employee and his/her direct manager to address issues relating to tasks, responsibilities, work environment etc.

Furthermore, we have launched actions like e.g. free daily fruit, massage, and a recreational as well as a games room for a mental break during the working day.

The 2019-repetition of the OHA Psychology / Wellbeing confirmed a high level of employee satisfaction though it shows a modest overall decline compared to the 2017-survey. Based on the new survey the involved external consultants recommend a focus on:

- emotional demands
- role clarity
- burn out
- stress
- sleeping difficulties

The new survey also shows that 1-2 employees experience bullying and unwanted sexual attention. We do not accept this offensive behavior and this, as well as the themes listed above, will be addressed during 2020.

In January 2019, we started moving into the new office building which among others solved the problem about space and noise due to crowded offices. By the end of 2019, the OHA on our physical work environment was renewed. The survey showed the following major concerns:

- Space, noise and acoustics in the canteen
- Noise and temperature from the ventilation system in the new office building
- Lighting the old office building
- Ergonomics and working positions at intensive PC-screen and desk work

These concerns will be discussed and processed in our AMO during 2020.

During 2020, we will implement a HR-dashboard with monthly updates on sick leave, overtime and on general well-being. The dashboard shall serve as an early-warning system and be indicative for more underlying and more hidden problems on both the physical as well as psychological work environment.



3 x Dairies

Nørager Dairy

During 2019, Nørager Dairy has had a continued focus on social capital and followed the actions plans established based on the 2018-survey. Social Capital is a common denominator for cooperative/interpersonal skills, justice and trust as well as credibility employees in-between and between employees and the management.

A special focus area has been work accidents. That is registration of both accidents and near-to accidents as well as preventing. 2019 has shown a decrease in the number of accidents compared to 2018 and this positive development has continued in to 2020.

We changed the organizational set-up in 2019 by adding a team leader function. The purpose was to limit the number of direct report for the operational managers and thus increasing the manager's presence and availability for the employees.

In general, there is a positive development in the work environment in Nørager Dairy, also exemplified by an invitation to do a presentation of our "work environment journey" on the yearly work environment day in the dairy industry.

In 2020, Nørager Dairy will repeat the Social Capital survey as well as a general OHA survey.



Nordex Romania

Due to absence of a key employee, focus has been on involving employees in planning and decision processes. Furthermore, a new organization is implemented with team leaders in each department.

A KPI-system is implemented, among others with a weekly survey of the general wellbeing of the employees. The result is published on boards throughout the dairy.

In 2020, the focus on involvement, education and training of the employees continues.

Nordex Käserei

Until now, we have had a more defensive approach to the work environment in Nordex Käserei.

The necessary action has been taken on a reactive basis to the challenges that has arisen during 2019. In 2020, the ambition is a more active approach, among others with regular monthly surveys of the general well-being of the employees.

📊 SICK LEAVE 2019:

Head quarter, Dronninglund:	4.74 %
Nørager Dairy:	6.21 %
Nordex Käserei:	6.70 %
Nordex Romania*:	0.44 %
Here off long-term illness:	
Head quarter Dronninglund:	3.51 %
Nørager Dairy: Equivalent to	2-3 %
Nordex Käserei: Equivalent to	2-3 %

*)The sick leave is very low. We will investigate what they do and see if it can be transferred to the other dairies.

Support for the local community

Activities/results/hedging risks 2019

Every year NORDEX FOOD decides to support specific cases in the local community. Some cases are ongoing, some we support every year, and other cases are one-off events.

Examples:

- To support the local community, we have hired students for leisure jobs. Then they can make some money next to the studies. They work a few hours a week, thus helping one or more of our employees with their tasks.
- We support the local art center, Dronninglund Kunstcenter, with both time, materials and economic support.

Support for Denmark and the world

Activities/results/hedging risks 2019

Every year NORDEX FOOD decides to support specific cases in Denmark and the world, some cases are ongoing, some we support every year, and other cases are one-off events.

Examples:

- We supported “Danmarks indsamling” in 2019, which is an annual recurring event organized by 12 Danish humanitarian organizations. The objective is different every year, in 2019 it was “Empower the girls of the world”.
- Through our membership of “Mejerifolk uden grænser” (Dairy people without borders) we have helped two girls in Mongolia receive a dairy education, to strengthen the local milk cooperative ‘Blessed by Yakox’. The small milk cooperative is in Northern Mongolia, where a new small dairy has recently been built. As planned, the two girls will go off to work after graduation so that they can return to the small dairy cooperative with theoretical as well as practical experience.
- We supported the planting and preservation of trees and forest in Denmark in 2019 to preserve clear-cut forest and increase the forest realm, which in turn can absorb and retain CO₂ from the atmosphere.

I 2019 STØTTER VI
DANMARKS INDSAMLING
STYRK VERDENS PIGER



Environmental and climate impact



NORDEX FOOD consists of offices, warehouses and production. In all three areas, we strive to reduce and limit our impact on the environment and climate.

Our dairies, here the manufacturing of cheese, take the major stake of the company's impact on the environment and climate. Therefore, we will mainly focus on our work here. In addition, we must also work on our impact on the environment and climate when we transport our goods. There are three factors that we will follow up on in the future as a measure of the impact of our activities on the environment and climate:

- Energy consumption
- CO₂ emissions
- Water consumption

Impact on Environment and climate

2018

Activities/results/hedging risks 2018

In 2018 we did not measure the impact. But in 2019 we will define and measure the three impact-areas below.

- Energy consumption
- CO₂ emissions
- Water consumption

2019

Activities/results/hedging risks 2019

We have measured the impact for our 3 dairies, the results are listed in the schedule below. We are still in the process of defining what and how to measure.

Measurement methods and range may need to be reconsidered. We can to some extent compare the 3 dairies when we are aware of that they use 3 different production methods.

■ Nordex Romania: The lower electricity consumption is due to the production method. Water is used as part of the product which means they have the lowest consumption of water besides what is used as part of the product.

■ Nordex Käserei: We are aware that the electricity consumption is pretty high in comparison with the other dairies, and it will be investigated. Due to many small productions with several cleanings in between, they have the highest water consumption.

2020: We will continue to work on how to rectify and define what and how to measure.

We will work to reduce the total energy consumption of the dairies and thus reduce CO₂ emissions.

We will work to reduce the total consumption of water.

We will start up working with our milk suppliers in Denmark to climate check the farms together. This will be done close to the model Arla uses for climate check and hopefully together with the Danish Dairy Board and other Danish dairies in order to do a climate check standard for the dairy industry in Denmark.

Per kg cheese	Nørager Dairy	Nordex Käserei	Nordex Romania
CO2	0.08 kg	0.161 kg	0,052 kg*
Energy Electricity	0.28 kWh	0.412 kg	0.13 kWh
Energy Gas	0.034 m ³	0.000 m ³	0.040 m ³
Energy Oil	0.000 l	0.102 l	0.000 l
Water	0.005 m ³	0.015 m ³	0.005 m ³

*) Approximate value



RSPO

Roundtable on Sustainable Palm Oil



Roundtable on Sustainable Palm Oil (RSPO) is an association that aims to promote the growth and use of sustainable palm oil. By being certified according to the RSPO Supply Chain Certification System, you support the establishment of sustainable and transparent production throughout the supply chain until the product reaches the consumer.

2018

Activities/results/hedging risks 2018

- During 2018, we shifted from mass balance purchased oil to the purchase of segregated palm oil. The dairy in Nørager was certified in 2018

2019

Activities/results/hedging risks 2019

- The dairy in Campulung was certified in 2019.
- We will renew our RSPO certification every year.
- We do not use palm oil in Nordex Käserei.



Energy-efficiency investments



2018

Projects and investment in our dairies to reduce energy consumption - typically electricity and heat.

Activities/results/hedging risks 2018

- Service agreements have been established to obtain optimum operation of cooling systems, boilers and compressors.
- Investment in a wood chip burner has been initiated in Nørager for minimizing the use of fossil fuels.

2019

Activities/results/hedging risks 2019

- Service agreements will continue.
- We have been waiting for the building permission and will start building the wood chip burner ultimo April 2020. We expect to put it in to use by the end of 2020.

The wood chip burner is considered CO₂ neutral, and will have a positive effect on our CO₂ emissions.





Waste reduction



2018

Focus on reducing the total resources used to deliver our products.

Activities/results/hedging risks 2018

- The thickness of a number of foils / packaging-options have been reduced.
- Continuous optimization of CIP plants on our dairies has been carried out to reduce consumption of cleaning chemicals and reduce energy consumption.
- At our dairy in Nørager, collection of product residues and raw material residues has been optimized.
- Investing in new lines and optimizing equipment is generally designed considering the minimization of raw material / product waste.

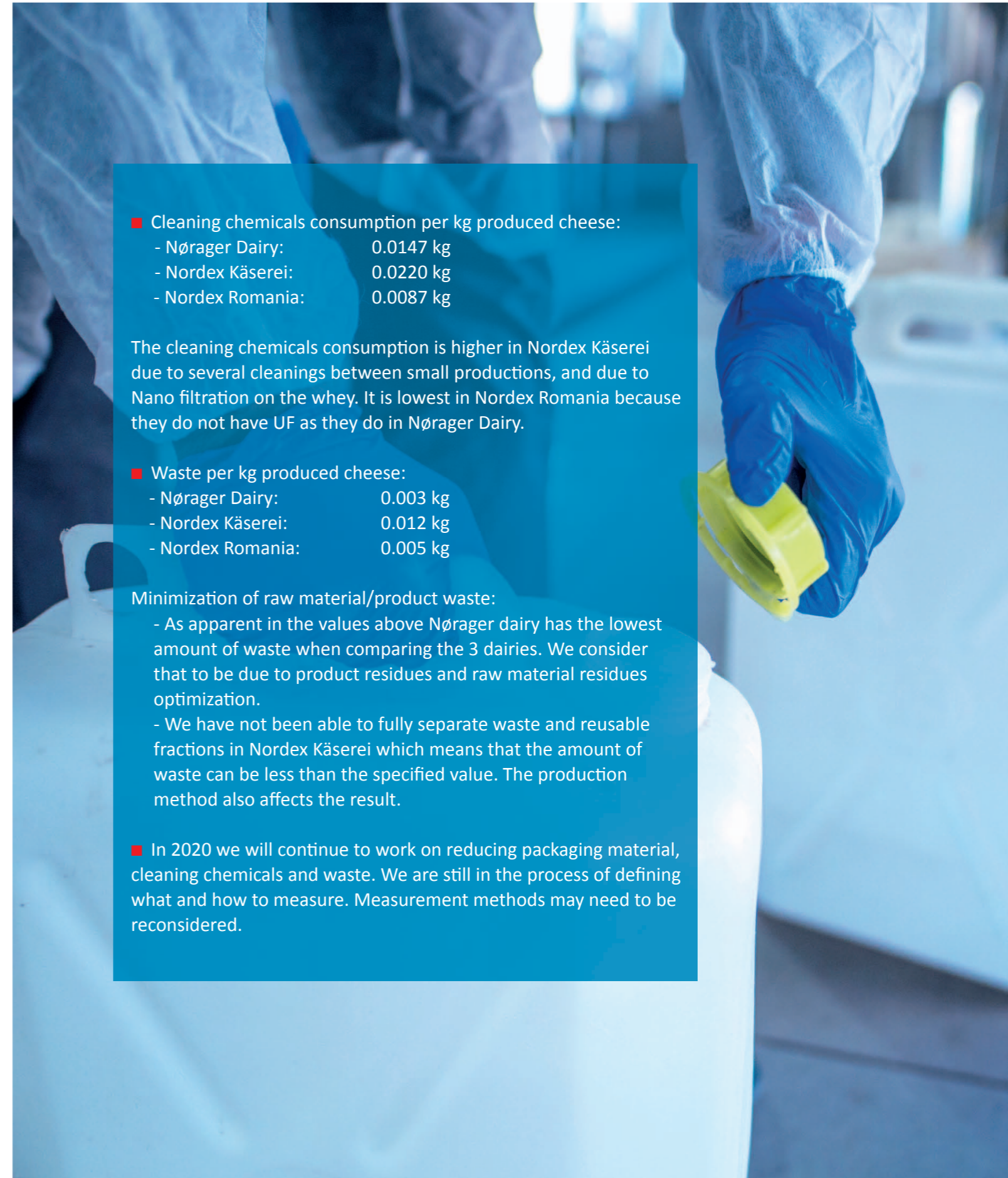
2019

Activities/results/hedging risks 2019

- We have not started to measure consumption and savings on primary packaging, but the topic is articulated and are or will be introduced to the involved parties. We continue to work on reducing our secondary packaging.

Examples:

At Nørager dairy we have automated the palletizing and at the same time we have gone from intermediate cardboard to FSC certified recycled paper. We expect Nørager Dairy to save up to 100 tonnes of paper per year on this basis.



■ Cleaning chemicals consumption per kg produced cheese:

- Nørager Dairy: 0.0147 kg
- Nordex Käserei: 0.0220 kg
- Nordex Romania: 0.0087 kg

The cleaning chemicals consumption is higher in Nordex Käserei due to several cleanings between small productions, and due to Nano filtration on the whey. It is lowest in Nordex Romania because they do not have UF as they do in Nørager Dairy.

■ Waste per kg produced cheese:

- Nørager Dairy: 0.003 kg
- Nordex Käserei: 0.012 kg
- Nordex Romania: 0.005 kg

■ Minimization of raw material/product waste:

- As apparent in the values above Nørager dairy has the lowest amount of waste when comparing the 3 dairies. We consider that to be due to product residues and raw material residues optimization.
- We have not been able to fully separate waste and reusable fractions in Nordex Käserei which means that the amount of waste can be less than the specified value. The production method also affects the result.

- In 2020 we will continue to work on reducing packaging material, cleaning chemicals and waste. We are still in the process of defining what and how to measure. Measurement methods may need to be reconsidered.



Anti-corruption and bribery



In NORDEX FOOD we do not tolerate corruption or bribery, regardless of whether it happens internally or externally with the companies we work with.

- We clearly articulate to our partners that we do not tolerate corruption or bribery.
- We do not take a political position, no matter where in the world we operate.
- We tell employees (in job interviews and appraisals) and partners (at meetings) about our values and focus on orderliness.

Supplier Management

As a responsible company, it is not only important to take care of yourself. We must spread rings in the water and as far as possible influence our partners in the value chain to also follow and work with the 10 UN Global Compact principles for corporate social responsibility.

The supplier side is both suppliers of traded goods as well as suppliers of all elements in the processing of the finished goods.

2018

Activities/results/hedging risks 2018

- 2019: Preparation of a short and precise note that NORDEX FOOD expects our partners, like us, to follow the UN Global Compact's 10 principles for corporate social responsibility.

2019

Activities/results/hedging risks 2019

- The Supplier Code of Conduct is developed, and we will start by having it signed by the most relevant suppliers of traded goods and the suppliers of dairy raw material and primary packaging suppliers in 2020.





Food safety and quality

Quality systems



At NORDEX FOOD, the customer is always in focus and quality wise this means that our products are delivered in the right quality to the customers and eventually that the consumer can safely eat our products.

Food safety and quality is basic for our company to remain.

- Both own dairies and suppliers of traded goods as a minimum follow the legislation and demands from the food authorities in the respective countries.
- The quality of the products is according to customer wishes and expectations.
- Our own dairies will continue being GFSI certified to maintain their high product standard.
- We wish to do things right the first time.

2018

Activities/results/hedging risks 2018

- BRC standard at Nørager Dairy contains VACCP and TACCP, to prevent Food fraud.
- We work in the direction of BRC standard with all our dairies.



2019

Activities/results/hedging risks 2019

We want to continue to prioritize our food safety and quality as well as give it more room in the CSR context.

- All suppliers of traded goods and raw materials are authorized to produce.
- Our Dairy standards are:
 - Nørager Dairy: BRC gade AA and IFS higher level, VACCP, TACCP included.
 - Nordex Käserei: IFS higher level, VACCP, TACCP included.
 - Nordex Romania: FSSC 22000

Our suppliers of traded goods shall also in the future be certified or approved of by a third Party.

Nordex Romania will add VACCP and TACCP to their quality program in 2020.

Nordex Head office is planning to be BRC certified at the end of 2020.



Animal welfare



We have added Animal welfare to our CSR as we recognize the importance of animal welfare, when being in the business of producing and trading dairy products.

We expect all our suppliers of milk-based product to follow animal welfare legislation in their respective countries.

Our animal welfare policy is based on the 5 freedoms from “World Organization for Animal Health”.

- Free from hunger, malnutrition and thirst
- Free from fear and distress
- Free from heat stress or physical discomfort
- Free from pain, injury and disease
- Free to express normal patterns of behavior

2019

Activities/results/hedging risks 2019

- We will work to improve animal welfare at our contracted Danish dairy farms.
- It is our intention to introduce “Hjertemælk” level 1 at all contracted farms supplying milk to Nørager Dairy.





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