

# ORANA



## UN Global Compact Annual Report for **Orana A/S**

June 2020

# ORANA A/S

## UN Global Compact Reporting on Communication on Progress (COP)

### 0. Period covered by our Communication on Progress (COP)

From 01.10.2018 to 30.09.2019

### 1. Statement of Continued Support by the Chief Executive Officer

05<sup>th</sup> June 2020

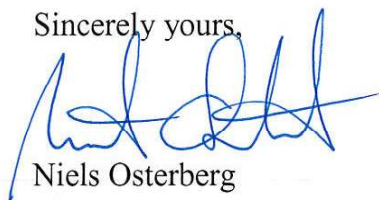
To our stakeholders:

We are pleased to confirm that Orana A/S reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

During the financial year 2019/20, we will continue to intensify our work on CSR, Sustainability and SDGs for the entire Orana Group.

Sincerely yours,



Niels Osterberg  
Director

### 2. Introduction

The Orana Group is committed to sustainability in all business activities and aims to apply highest ethical standards in order to ensure the long-term success of the Orana Group and its stakeholders. In support of this goal, the Orana Group implemented a Supplier Code of Conduct in 2007 and since then all Orana Group production companies have subscribed to the UN Global Compact. Both specify minimum standards expected of Orana and its suppliers and are based on principles for:

- a) Human Rights
- b) Labour
- c) Environment
- d) Anti-Corruption

In the Orana Group, all staff is committed to following these principles. The Orana Group further requires its suppliers to explicitly acknowledge and adhere to the principles embodied in the Code of Conduct to ensure that their own suppliers also will comply with these principles. Commitment is also confirmed through supplier audits and questionnaires.

### **3. Human Rights**

#### Description of Actions

All sites ensure that hiring, remuneration, advancement, training and termination decisions are based on objective factors and not connected to gender, age, nationality, ethnicity, race, colour, creed, caste, language, mental or physical disability, or any other discriminating factors. Instead, this is determined by skills, qualifications, and experience required for the position in question.

All Orana sites do not tolerate workplace harassment, hereunder but not limited to words, signs, offensive jokes, e-mail statements, pranks, intimidation, sexual or physical harassment or violence. Policies are in place to protect all employees.

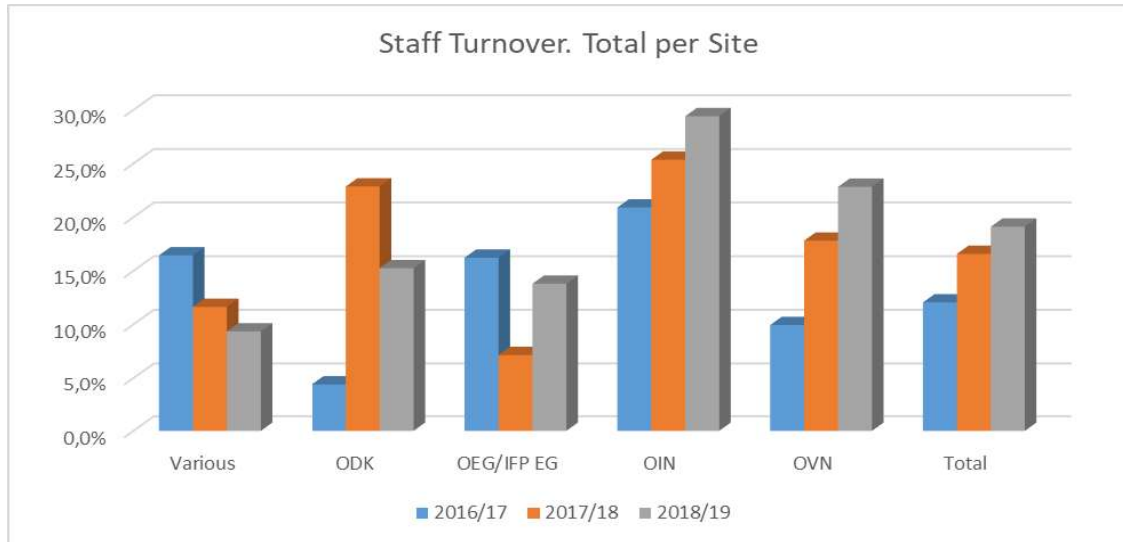
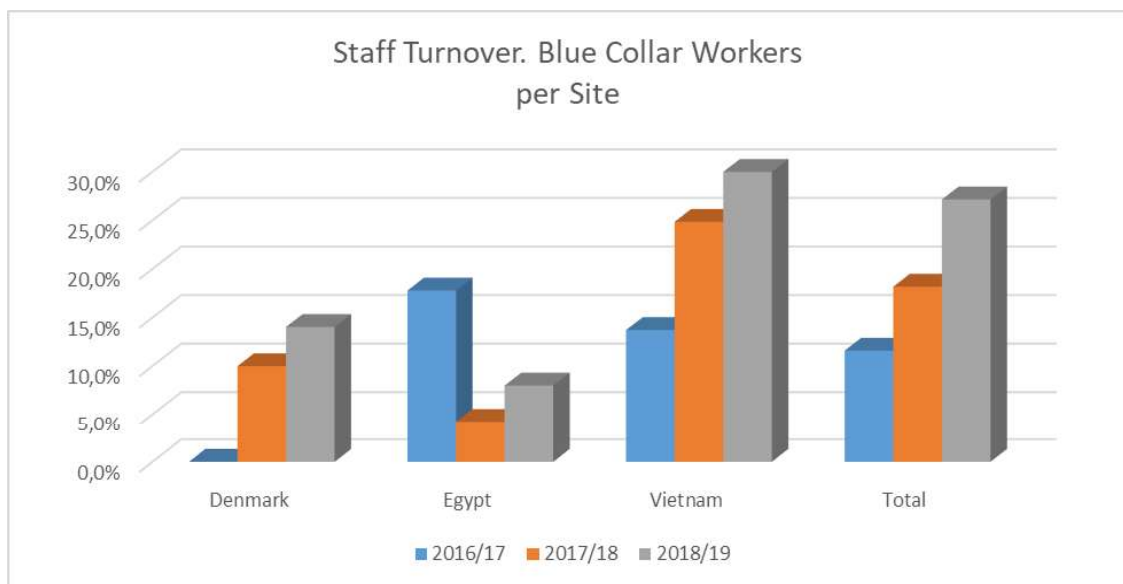
The Orana Group has implemented health and safety prevention policies which comply with national, international and Orana company rules. These policies are made available to employees in a language, which is understood by the employees.

All Orana sites documents accidents and adjusts its processes to prevent future accidents if any. At all sites, workers and managers are trained to respond to emergencies and emergency exits are free from obstruction. Fire extinguishers are available. Work environments are maintained and kept clean. All sites have sufficient and suitable ventilation, lighting, availability of potable water, washing facilities and sanitary facilities and suitable eating areas. All employees are provided with protective equipment and training necessary to safely perform the functions of their positions.

Moreover, all sites have implemented rules in regard to hygiene, alcohol, and smoking.

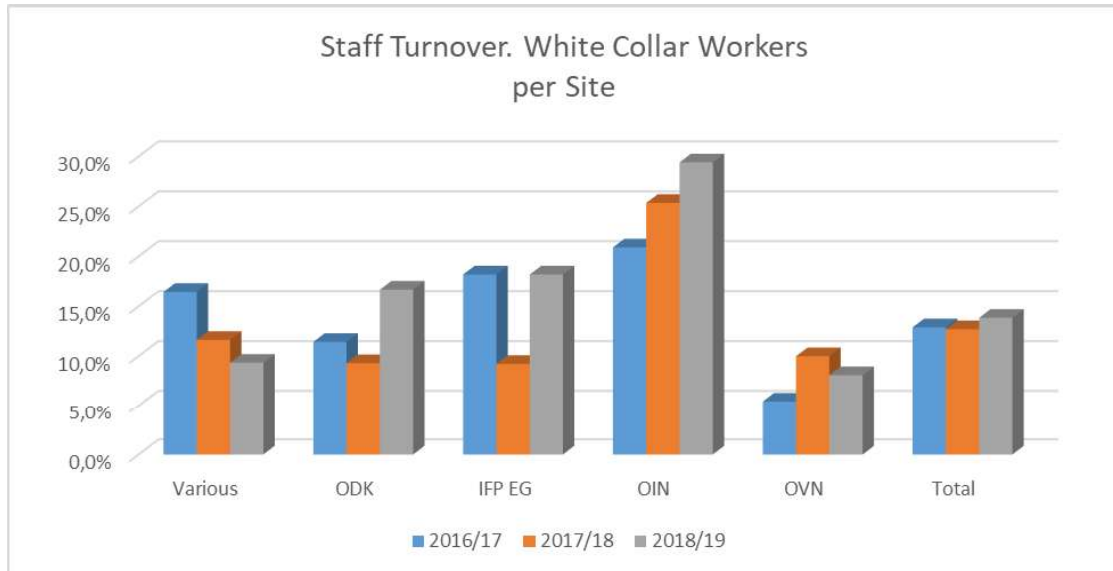
#### Measurement of Outcomes

Employee Turnover is measured for all Orana Group companies. For all sites in total, employee turnover for 2018/19 was 19.1%. This is an increase compared to the year before of 16.6%. See charts below:

**Table 1: Staff Turnover per site:****Table 2: Staff Turnover. Blue Collar Workers per site:**

From the above it can be seen that staff turnover of blue collar workers was high in Egypt in 2016/17 but has improved over the last 2 years.

For Vietnam, the trend for blue collar workers has been increasing the last few years. This is a general tendency in Vietnam where blue collar workers typically are less loyal. In order to ensure a more positive trend in the future and to create the loyalty with the staff, we have end of 2018/19 increased minimum salaries for blue collar workers to ensure that we are approx. 20% above national average.

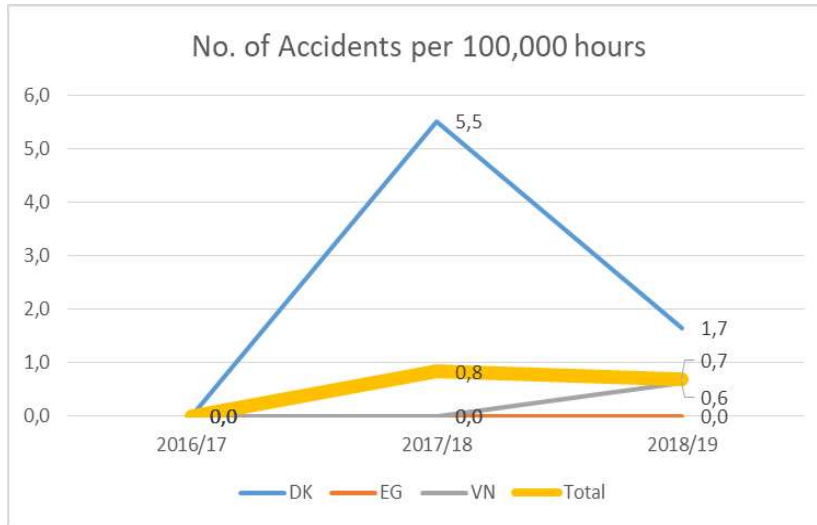
**Table 3: Staff Turnover. White Collar Workers per site:**

For the white collar workers, the resignation % is highest in India where the tendency over the last 3 years also has been increasing. This has mainly been due several changes in management that has effected the staff. New management is in place and it is expected that the trend will be turned around.

Orana is a harassment free and discrimination free organization. In the companies' CSR code, the freedom of association and non-discrimination policy are addressed. There is no any such kind of harassment or discrimination incidences reported in any of the Orana Group companies in the period of communication.

For all Orana Group Companies, the companies are required to keep track of accidents. Accidents are defined as any unintended event that occurs in the course of work that leads to an injury where the employee involved with be absent from work for 5 consecutive days due to the injury.

Below we have calculated how many accidents have occurred per site per 100,000 hours worked:

**Table 4: No. of Accidents per 100,000 hours:**

In Denmark, no accidents were recorded in 2016/17. In 2017/18, 5.5 accidents per 100,000 hours were recorded. This was reduced to 1.7 accidents in 2018/19. In Egypt, no accidents have been recorded in any of the reporting years. In Vietnam, no accidents were recorded in 2016/17 and 2017/18 but 0.6 accidents per 100,000 hours were recorded in 2018/19. For all sites, all accidents are being reported to the relevant authorities and corrective actions and necessary control measures are taken inclusive of training of staff to avoid similar accidents again.

Hygiene audits are being conducted by QC online staff on daily basis as a routine practice at all production sites. The non-conformities found are mainly related to protective clothing, personal and plant hygiene. All non-conformities are closed with proper corrections, corrective and preventive actions.

The Orana Group further offers all staff in the group medical insurance except in the cases where this is provided by the health service of the country in question.

#### 4. Labour

##### Description of Actions

No Orana site will hire any form of forced labour or child labours.

All sites recognize and encourage the freedom of association rights of its employees and ensure that trade unions are able to communicate openly with management regarding working conditions without the threat of reprisal, intimidation or harassment.

All sites pay workers according to applicable wage laws, including minimum wages, overtime hours and mandated benefits.

### Measurement of Outcomes

All staff in the Orana Group have the opportunity to be a member of a trade union if they so wish. Most staff are. Either in the form of external trade unions or in the form of trade unions formed by the Orana Group staff at individual sites.

All Orana Group wages are as a minimum consistent with national law and prevailing industry standards. Moreover, wages are based on qualifications. Holiday, sick leave and maternity leave is also provided for in consistency with national law and prevailing industry standards. Working hours and overtime are also consistent with national law and prevailing industry standards.

## **5. Environment**

### Description of Actions

All sites shall comply with all applicable environmental regulations.

### Measurement of Outcomes

The Orana Group has ensured that all required environmental permits and licenses are in place at all sites and that their reporting requirements are followed.

In terms of energy consumption per ton produced, the Orana Group is measuring as follows:

1. Electricity. KwH/ton
2. Oil / gas. l/ton
3. Water. l/ton
4. Waste water. m3/ton

The base data measurement started from year 2016/17 and all the delta comparisons are with base year. All measurements are for produced volumes only. We are not including volumes for commodities we sell but do not produce ourselves. Also all the consumptions are based on entire site inclusive of production, offices, warehouses, etc.

**Table 5: Orana Group. Energy Consumptions**

Energy consumptions	2016-17	2017-18	2018-19	Delta Base year	Delta % Base Year
Electricity kWh/ton	306	280	235	72	23,4%
Gas / Diesel in mJ / ton	1.648	1.353	1.191	458	27,8%
Water m <sup>3</sup> /ton	5,7	4,7	4,7	1	18,2%
Waste water m <sup>3</sup> / ton	3,1	3,3	3,2	-0,1	-3,0%

**Table 6: Energy Consumptions. Site Wise. Denmark**

Energy consumptions	DK				
	2016-17	2017-18	2018-19	Delta Base year	Delta % Base Year
Electricity kWh/ton	212	190	173	39	18,4%
Gas / Diesel in mJ / ton	2.486	1.986	1.664	823	33,1%
Water m <sup>3</sup> /ton	5,2	4,1	4,2	1	19,8%
Waste water m <sup>3</sup> / ton	3,3	3,9	3,6	-0,3	-8,1%

Though from base year waste water discharge has gone up, it has reduced compared to last year. This is due to addition of an extra production line in 2018/19 with low usage of water in the product and less waste water in cleanings.

Also water consumption is improved by 19.8% from base year but there is negative development in comparison to last year. This is due to the water meter installed at the main waterworks which was discovered defected in 2018 and was changed in the summer of 2018 after 8 months of defectiveness. The data for 2017/18 is therefore not fully reliable. The metrics of 4.1 m<sup>3</sup>/ton was expected to be higher.

**Table 7: Energy Consumptions. Site Wise. Egypt**

Energy consumptions	EG				
	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year
Electricity kWh/ton	1.081	953	866	215	19,9%
Gas / Diesel in mJ / ton	1.824	1.255	1.299	525	28,8%
Water m <sup>3</sup> /ton	18,9	12,0	12,1	7	36,1%
Waste water m <sup>3</sup> / ton	NA	NA	NA	NA	NA

Although energy consumptions are improved in comparison to base year, in comparison to last year there is a negative development in diesel and water consumptions. Diesel consumption increased compared to last year. This is due to leakage in a diesel pipeline which was rectified. Water consumption increased compared to last year due to higher number of batches produced. Number of batches increased approx. 22% but not in proportion volume increase and as a result more CIP/hot water rinsing was done.

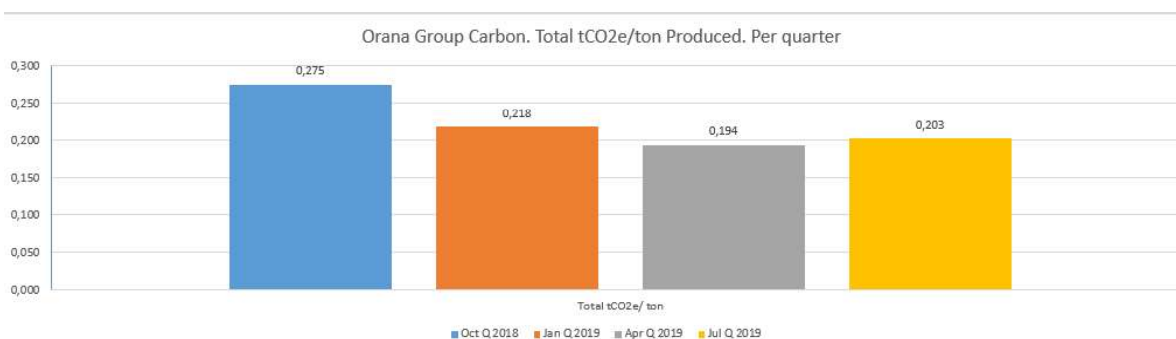


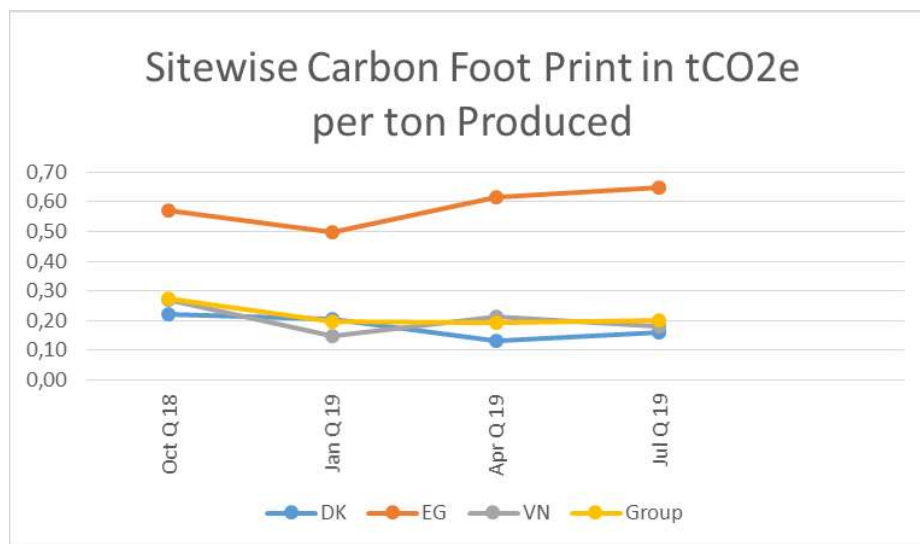
**Table 8: Energy Consumptions. Site Wise. Vietnam**

Energy consumptions	VN				
	2016-17	2017-18	2018-19	Delta Base Year	Delta % Base Year
Electricity kWh/ton	272	258	210	62	22,8%
Gas / Diesel in mJ / ton	876	782	789	88	10,0%
Water m3 /ton	4,1	4,1	4,2	-0,1	-1,3%
Waste water m3 / ton	2,9	2,8	2,9	0,0	0,0%

Water and wastewater consumption was higher this year compared to last year and base year due to increase in volume of one product requiring double processing and more CIPs/hot water rinsing. It is for the same reason that diesel increased compared to last year as more steam was needed to produce this product with double processing per ton compared to other products.

The Orana Group has set up a new calculator of carbon foot print measuring per ton produced for Scope 1 and Scope 2 that started measuring in October Quarter 2018. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are emissions from sources not owned or controlled by the company. It is under Scope 3 where the Orana Group is making a difference by having decentralized productions. By establishing carbon foot print measuring for Scope 1 and Scope 2, we will be able to begin assessing our impact in these areas and will be able to establish initiatives to address opportunities for improvement. Below is the result for the first year of measuring:

**Table 9: Group Carbon Foot Print. Total tCO2e/ton produced per Quarter**

**Table 10: Sitewise Carbon Foot Print in tCO<sub>2</sub>e/ton produced per Quarter**

The reason for the higher tCO<sub>2</sub>e/ton for Egyptian site is due to the leakage in the diesel pipeline as explained under Table 7 above.

A system for the safe handling, recycling, and management of waste and wastewater discharges is further implemented at all sites.

## 6. Anti-Corruption

### Description of Actions

The Orana Group has a zero tolerance on corruption. All corruption, extortion, and embezzlement are prohibited. Employees are not allowed to pay or accept bribes in business or government relationships. All Orana sites shall conduct their business consistent with fair competition and in compliance with anti-trust laws.

The Orana Group's relationships with suppliers are based entirely on sound business decisions and fair dealing. Employees are not allowed to accept any gifts or entertainment. Employees are not allowed to accept or give kickbacks when obtaining or awarding contracts.

### Measurement of Outcomes

All staff at Orana Group companies are instructed not to pay corruption or bribery in order to unjustly influence public officials or suppliers. When deemed necessary, Orana Group Management and local management teams encourage employees to go to government officials / other relevant meetings two persons at a time in order to discourage corruption and bribery.

Additionally, the Orana Group has established a whistleblower function on corruption starting in Vietnam from 1<sup>st</sup> October 2019. When we finish testing the function in Vietnam, we will expand to other sites.