

COP REPORT 2021



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- Oil boiler replaced by heat pump in our office in Jutland.
- Electrical car charging stations established at our office in Jutland.
- ISO 14001 certified.
- Workplace assessment conducted showing that the work environment is healthy in every way and that we have a positive workplace culture.
- Whistle blower arrangement now also part of our Supplier Code of Conduct as it is of our employee Code of Conduct.
- Sustainability training performed for all employees and now part of our onboarding.
- Sustainability action plans created.
- CRM used as data hub for all sustainability reporting's.
- E-commerce platform launched.
- Acquisition of Gigacom in Sweden – part of expansion strategy.
- HF Fast Splice Kit – reduced packaging and materials.
- Innovation Lab established.

100 years of business

A year of celebration

This year is special to us as we can celebrate 100 years of existence. As a company and group, we are proud and honored to carry the responsibility of an impressive history and legacy.

At the same time, we are devoted to take on the responsibility of continuously adjusting to the need of our customers and following local and global market tendencies for many decades to come.

Since 2012 we have measured our climate impact but have in 2021 decided to implement a new baseline measurement.

In our work with sustainability, we are continuously learning and consequently we transparently adjust and improve whenever we identify and obtain new knowledge in data or ways of improving.

During 2021 we have continued our solid financial performance from 2020 and increased our focus on sustainable initiatives with an ISO 14001 certification. We have completed sustainability training and education for all employees with updated responsibility of each function within sustainability work.

Many new sustainability initiatives have been accomplished this year and we continue improving our focus and results day by day towards our ultimate sustainability vision of 2030. With 10 years of UN Global Compact membership this year, we are pleased to confirm our continued support to the UN Global Compact and its Ten Principles.

Bent Baunegaard Madsen



HF FØLSGAARD
Your Technical Partner

Bent Baunegaard Madsen
CEO



Our Business

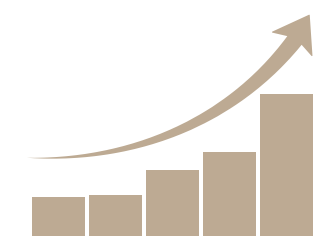
Global tech company – sustainable solutions for tomorrow

Hans Følsgaard A/S (hereafter referred to as Følsgaard) is a well-established global tech company supplying high-tech standard and customized solutions, primarily to the infrastructure and manufacturing sectors. We develop solutions that reduce production costs and lead time, promote growth and profit for our customers. We advise on and deliver a broad portfolio of own brands, and select the optimal solutions, regardless of industry. Our various business areas allow us to create holistic solutions, including consulting, development, implementation, and testing.

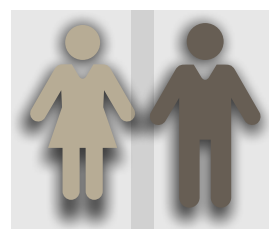
We are a responsible company that works proactively with the UN sustainable development goals contributing to greater sustainability through our solutions and products for the benefit of individuals, society, and the environment.

Virtues such as propriety, reliability and timely care have been crucial to our success through our 100 years of existence. Today and in the future, we are deeply involved in the transition to a more sustainable world.

That is why sustainability is a natural part of our DNA and our ambition to be the best in the world - and for the world.



DKK 779 mill.
TOTAL REVENUES 2020/2021



100 EMPLOYEES
64 MALE - 36 FEMALE



6 OFFICES
DENMARK, NORWAY, SWEDEN, GERMANY, CHINA

Globality obliges

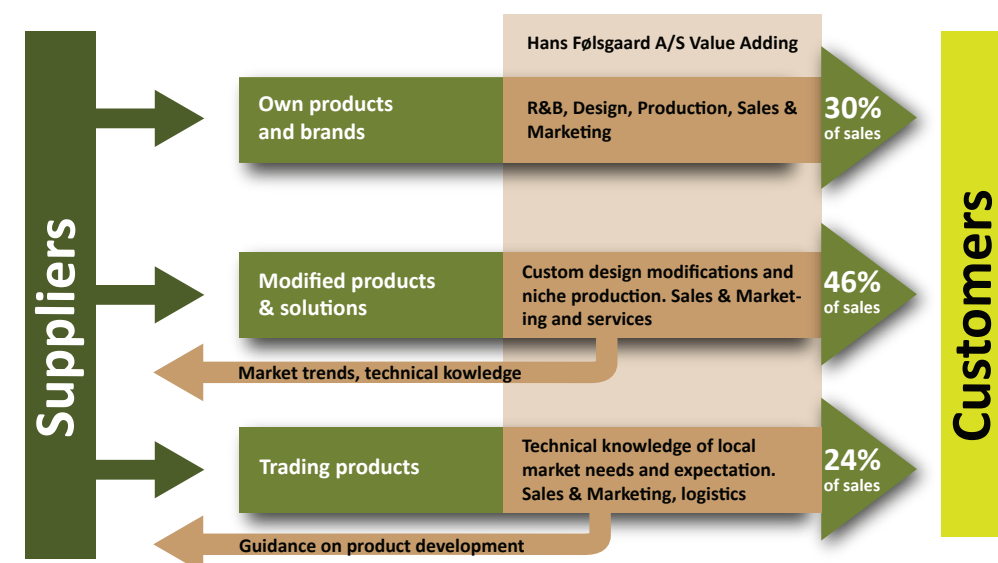
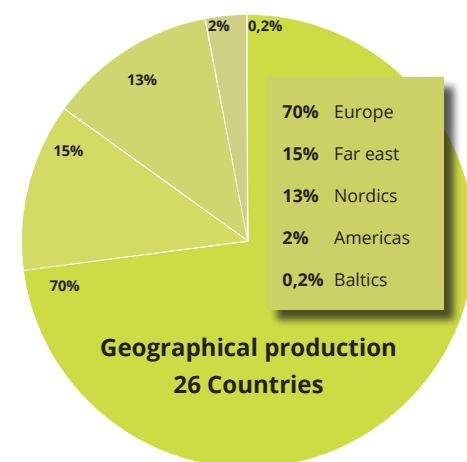
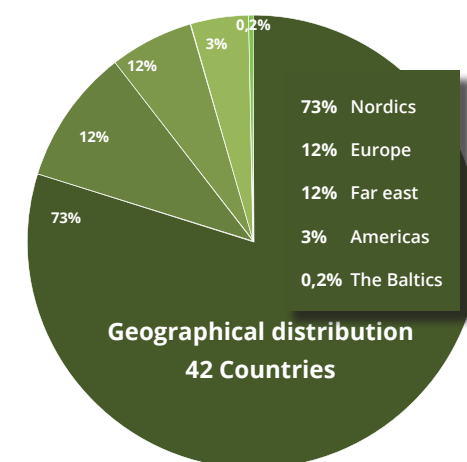
As a global company doing business with +40 countries worldwide, we have not only a great opportunity, but also a responsibility to contribute to sustainable development.

The Nordics, accounting for 70% of our distribution, are leading in sustainability and naturally we experience increasing customer demands for sustainable solutions. Demands we pass on and aim to meet in close co-operation with our worldwide OEM-partners and suppliers. More than 75% of our products are either own brands or customized solutions, giving us the opportunity to influence and inspire our partners to choose and in-design more sustainable materials and solutions.

With 80% of purchase volume assessed according to our Code of Conduct, our way of doing business contributes to positive change throughout our supply chain. Our Code of Conduct 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.

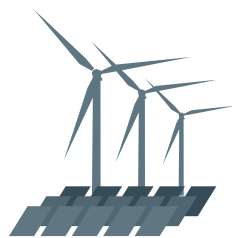
Our biggest business area is renewable energy (wind and solar). Others are Infrastructure, Energy, Telecom, Industry and Transport (EV, Container, Rail, Tunnel) – all of which have a huge positive impact. Still, there is a negative impact of our globalization, viz. the transportation of goods. We must reduce CO2 emissions from our transportation again in close cooperation with customers and suppliers.

We do believe that our focus on sustainability and mapping our supply chain will not only commit, but also inspire to do better.



Our Business

Global tech company – sustainable solutions for tomorrow



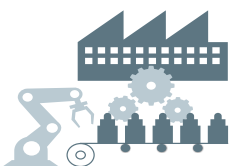
Renewable Energy

Hans Følsgaard develops unique customized solutions for both production and service concepts in close cooperation with our customers and leading manufacturers of innovative and marked leading technical products for renewable energy. Our customized solutions are based on a sharp assessment of requirements for accessibility, production efficiency and optimization of handling costs. We have developed a structure to ensure an efficient flow and minimize cost consuming waste processes from a TCO_{sustainability} perspective. In this way, our work contributes to promoting energy-efficient alternatives for a more sustainable future where more people have access to reliable, sustainable energy at lower cost.



Infrastructure Transport

The transport sector is an industry with great potential for climate improvement. Collaborating with some of the world's leading carriers, Hans Følsgaard develops customized solutions for optimal utilization of electricity in reefer containers. With splitter boxes, marine plugs, splice kits and durable, safe cables our products reduce costs, minimize resource consumption and optimize the use of energy and create safe working conditions for people in the freight industry. The ongoing transformation in transport solutions is significant and requires extensive changes to the infrastructure for electrification to succeed. Hans Følsgaard develop and delivers solutions for Rail, EV, tunnel constructions etc. and has a wide product range to draw on. Our diverse competencies make us a capable partner in the electrified transport infrastructure of the future.



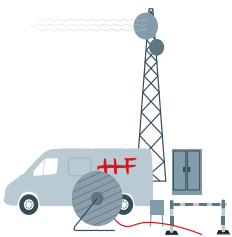
Manufacturing Industry

Efficiency in industrial production is key to a sustainable future. Hans Følsgaard is at the cutting edge of the latest technology advising our customers on Industry 4.0, safety, IO-Link, IOT Cloud Platform, Robots, Cobots, Simulation, Edge computing, DToF etc. Our automation solutions promote smarter production for the world's factories and companies, providing greater productivity and a higher level of safety at lower costs. We provide complete system solutions with all desired functions integrated on a "need & nice to have" basis.



Infrastructure Energy

We design and customize power solutions, ensuring higher operating safety, lower total costs and proper after sales service. Retrofitting the energy infrastructure to improve efficiency and reduce energy consumption is required in a more sustainable future. Hans Følsgaard delivers products for the infrastructure where sustainability has been considered. We advise and deliver transformers with biodegradable oils. The transformers are made from steel with 50% lower CO2 emissions and switchgear without the use of the super potent, highly environmentally harmful SF6 gas. These are examples of technologies that will be in greater demand with the transition to solar and wind energy that requires greater distribution capacity for a more sustainable, less dependent power supply.



Infrastructure Communication

Hans Følsgaard develops innovative solutions in both passive and active products within FTTx. Our unique HFiberCORE™ air blown cable makes it possible to blow faster and further, making far better use of existing pipes. We develop both customer-specific solutions, but also market our own brands with unique features that reduce TCO, minimize resource consumption and ensure greater deployment of fiber networks in less time – providing more people access to fast connections.



"Collaborative Robot with advanced safety technology enables humans to collaborate with robots in manufacturing processes and to share workspace".

Economic Value

Følsgaard operates in business areas where growth has been a general trend for years. But the company still manages to deliver results that cannot just be explained by economic boom. Growth rates are far above market level. This gives cause for pride and confirms that megatrends are not the sole cause for success, but that our analysis of the technological development has been correct. A discipline that Følsgaard has mastered for 100 years.

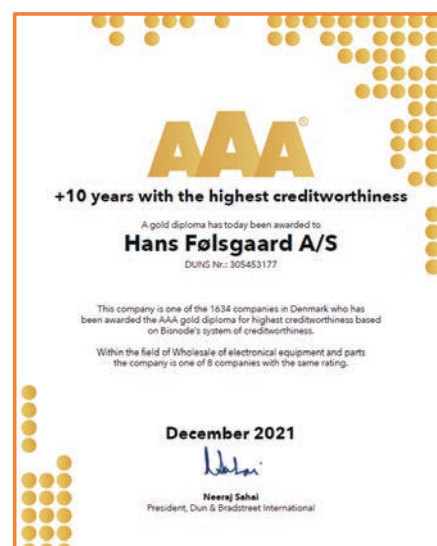
Følsgaard's profit target is approx. 10% per year. The profitable target for each subsidiary in the Addtech group is a minimum of 45 percent, measured using the relationship between operating profit (P) and work capital (WC). The P/WC model encourages high operating profit and a low level of tied-up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

For the tenth+ consecutive year HF has been awarded the highest credit rating, AAA. Consequently, we have been awarded an AAA gold rating (AAA rated for 10+ years in a row). Having an AAA rating means that HF has an exceptional degree of creditworthiness and can easily meet its financial commitments.

Progressive investments

Economic stability provides the opportunity to take greater risks which would be more difficult in a less fortunate scenario. The willingness to invest in sustainability and adaptation is great at Følsgaard.

We are frequently developing new products and initiating projects; an example of which is the latest establishment of our Innovation Lab, where ideas and thoughts potentially translate to products and solutions for the future. A major reason why we can run projects like this is our strong financial foundation. Transformation and development are thus both a necessity to inspire, but also to develop new innovative products.



With the development of the new small 180µ HFiberCORE™ fiber optic cable Følsgaard is taking the fiber optic cable to the next level - a real innovation!

Governance

Følsgaard is part of Addtech and 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 group's 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 Hans Følsgaard A/S and appears from this COP report.

Sustainability is an integral and important part of our strategy responding to a continuously growing demand from stakeholders and customers on sustainability.

Ownership

90 % Addtech

Addtech is a Swedish publicly listed technical solutions group. The business comprises about 140 independent companies selling high-tech products and solutions to customers primarily in the manufacturing and infrastructure sectors in approx. 20 countries. Addtech creates optimal conditions for the profitability and growth of our companies. Common denominators are strong positions in select, well-defined niches with highly skilled, technical knowledge.

Companies within Addtech are operated under their own brands and are free to run and develop their own operations, as long as they deliver on our Group-wide targets. Addtech sets three basic requirements for all companies in the Group:

Profit growth > 15%, Profitability P/WC > 45%, and Sustainable development.

10 % Følsgaard Foundation

Being the actual owner Addtech AB holds the position of the chairman of the board. The Følsgaard Foundation has a seat on the board supporting the company's day to day management in the adopted strategies.

A shareholder agreement between the 2 owners help sustain the original intentions of the former majority shareholder; viz The Følsgaard Foundation. The most important being:

- Ensure social development of the employees *)
- Support the original Følsgaard family through scholarships
- Protection against unwanted foreign takeovers
- Dilution protection

*) The social dimension has been evident over the past many years, in that part of the dividend from Følsgaard has been used on companywide gatherings where all employees attend teambuilding events increasing cross-functional collaboration, coherence and integrating new employees into the unique Følsgaard spirit. And it can be done in a different way than everyday life allows. This has helped to ensure the cohesion of the entire Følsgaard Group.

The infographic features a header for ADDTECH with a bar chart of 140 subsidiaries. Below it, the FØLSGAARD logo is shown with the tagline 'Your Technical Partner'. A red box lists regional offices: HQ - Denmark, Norway, Sweden, Germany, and China. A large red box displays key statistics: Turnover 800 mil DKK, Employees 100, Years 100, and Subsidiaries 4. A blue box at the top right shows Addtech group statistics: Turnover 11.000 mil SEK, Employees 3000, Years 100, and Subsidiaries 140 - operating under their own brands. The bottom half of the infographic shows a photograph of a modern office interior with large windows, a ping-pong table, and a large indoor plant.

Innovation lab

Like many other companies, we are experiencing significant changes in technologies and in the market. Keeping up requires new products and services. Not wanting to compete against luck, we approached Danish Technological Institute for help to develop a minimum viable innovation system, practical methodologies and team structure to advance our ability to generate and market validate new business ideas.

8 employees from our technical staff representing all business areas and related skills, insight and knowhow have attended a 12-month training program learning to identify and validate market needs, how to create a systematic and measurable progress in innovation tasks, to gather and use relevant information on technologies, markets and end-users and to perform ongoing market tests and experiments before launching new products.

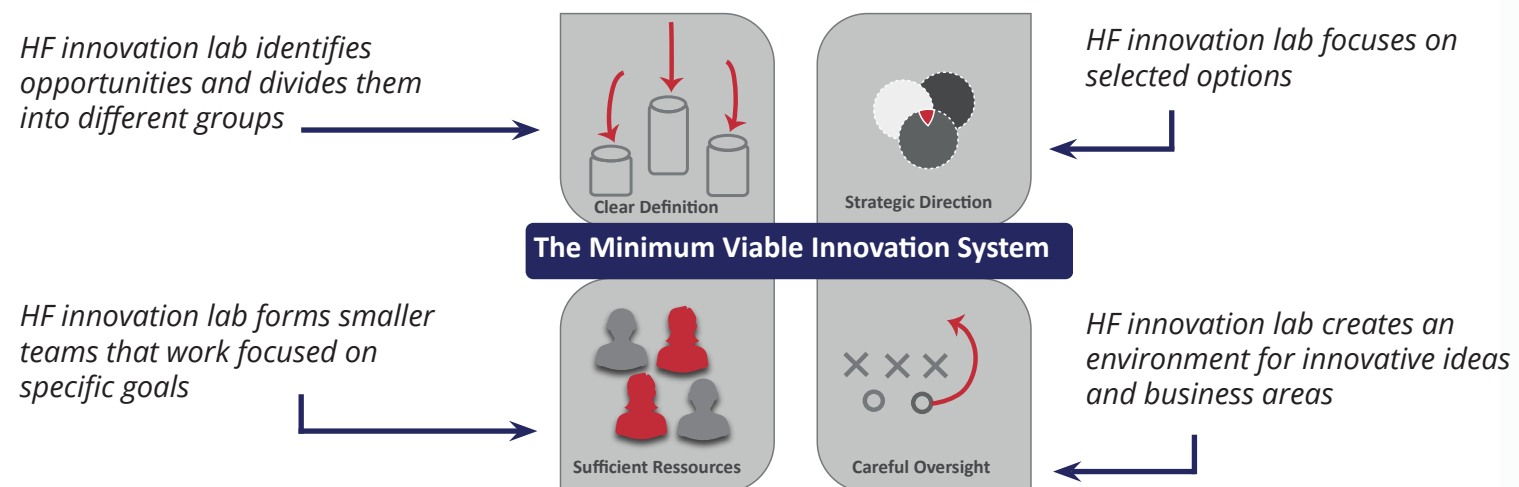
So far, Følsgaard has established a first version of the Innovation Lab and methodology. Several ideas developed during the program are already being validated internally, with clients and/or market stakeholders. The next phase will be an integration of the methodology into the rest of the organisation.

Our Innovation Lab places its knowledge and abilities at our customer's disposition. We invite our customer to team up with our Innovation Lab to find simple and effective solutions to any given challenge. With this initiative, we want to be as open to our customers as possible with mutual profit in return. We put our technical skills and ingenuity at our customers disposal, to reach the best possible solutions.

This unique way of working is part of our aim to detect and innovate according to today's real-world challenges. In addition, we get to know our customers needs even better.

MVIS: Development of a **M**inimum **V**iable **I**nnovation **S**ystem in 6-8 months. **MVIS** is a functional product with just exactly enough features to create value for HF and the customers.

MVIS helps us collect feedback for further product development, enabling us to fully understand our customers requirements



Innovation training "creative thinking"

UN Global Compact 10 principles

Følsgaard has two Codes of Conduct – one for employees and one for our suppliers.

Both codes are based on the UN's Global Compact, the ILO's core conventions, UN's Universal Declaration of Human Rights, the OECD's guidelines for multinational companies, competition legislation and anti-corruption regulations.



Code of Conduct compliance commitment

- 80% our purchased volume comes from suppliers who have signed and been assessed by our code of conduct.
- All employees sign the code of conduct committing to comply with these guidelines in their daily work.

Human Rights:

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 rights abuses.

Labour

Principle 3: Businesses 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 and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Følsgaard action:

Hans Følsgaard A/S will not conduct business with a supplier engaged in violations of fundamental human rights. The following practices are considered unacceptable:

- The use of bonded and forced labor, including forced prison labor and human trafficking
- Any violation of the ILO Convention 182 Worst form of child labor
- Any harsh, inhumane or degrading treatment or punishment of employees
- The exposure of employees to life-threatening work environments, where they have not been informed of the danger and where protective measures have not been undertaken.
- Deliberately causing substantial pollution to air and water or soil contamination
- Any complicity in violations of international humanitarian law and other crim

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.



Følsgaard Action

Signing our COC suppliers commit to not only comply with applicable environmental legislation in the country where they conduct their activities. They must manage their activities in a responsible way as regards the risks of environmental impact, but also take reasonable actions to reduce their direct and indirect negative impact on the environment and continuously monitor improvement objectives. Initiatives have been taken to promote greater environmental responsibility as more questions on environmental impact have been included in the biannual supplier self-assessment.

We have a zero tolerance toward suppliers deliberately causing substantial pollution to air and water or soil contamination.

We comply with applicable environmental legislation as we manage our business in a responsible way as regards the risks of environmental impact. We take action to reduce our direct and indirect negative impact on the environment and continuously monitor improvement objectives. In 2020 we were ISO 14001 certified.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Følsgaard Action

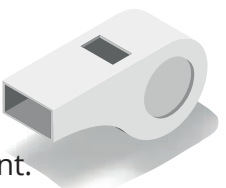
We do not accept any supplier unduly attempting to influence decision makers at Følsgaard, other suppliers, buyers and/or representatives of government authorities/the public sector, etc., or in any other way taking action that may conflict with legislation applicable at the time concerning corruption, bribery, extortion or embezzlement. Suppliers may never offer or receive any favours or other funds that might be considered undue benefits.

We do not accept corruption, bribes or unfair anti-competitive practices. Procurement, sales and marketing of our products and services must be handled professionally and in line with relevant legislation and regulations. We comply with applicable anti-corruption legislation and regulations

Whistleblower-function

Both codes provide an anonymous whistle-blower system encouraging:

- Employees to report incidents that may conflict with the Group's Code of Conduct should it for some reason not be possible to approach their immediate superior or higher management.
- Partners to report incidents that may conflict with the Supplier Code of Conduct



Our Role in Society

As a company, we are an integral part of society. Fortunately, we are able to make a difference to human well-being, not only through our business but also through financial support.

Our contribution to society is largely related to our business, as our products help transform the world in a more sustainable direction, but we also want to have a more direct, positive impact on people's lives.

As a company that looks very much into the future, it is natural for us to support children who represent the future. That is why we contribute to Save the Children, which saves, protects and strengthens children all over the world.

We support Danish Hospital Clowns who help strengthen children's joy of life and courage while they are being treated at the hospital.

In addition to the purely humanitarian, we also strive to contribute to recreational purposes. Historically we have contributed a lot to sports, and we will continue to do so. We therefore support both professional sport and leisure associations.

Annual donations in DKK



Environment

A strong intention to safeguard the environment is part of Følsgaards business strategy.

We focus on the use of renewable energy and seek to reduce CO2 emissions towards neutrality by 2030 at the latest. We strive to limit our consumption of materials, waste, and water as well as negative impact on the local environment via noise, odours and dust. Goals and action plans ensure focus.

We comply with environmental legislations and ask the same of our business partners.

Our main operations consist today of technology sales and distribution and limited production, thus our main direct impact on the environment is from the handling, packaging and transportation of finished goods, and business travel.

Doing business with +40 countries worldwide necessitates a high transport volume and it is very important for us to have the dialogue with our partners about how we can optimize packaging and transportation, reduce waste and create more sustainable products matching customer needs.

The environmental perspective must be part of all important decisions and activities conducted continuously in Følsgaard. It is important to us, that our employees have a high level of environmental awareness to be able to advise our customers and in-design sustainable solutions. Thus, we work actively to keep employees up to date with environmental knowledge about our products and the outside world in general through mandatory education.

We work for the development and dissemination of environmentally friendly products and technologies. We prioritize craftsmen and service providers who work in an environmentally responsible manner. We prioritize the use of environmentally friendly consumables in our offices.

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.



Hans Følsgaard A/S was certified by Bureau Veritas according to the ISO 14001:2015 in 2021

The certification is a stamp of approval of our environmental work - even with the distinction from auditor:

"I experience the same great responsibility and commitment in all places - it is rarely seen".

Our focus on the SDGs

Følsgaard has been a member of the UN Global Compact since 2012 and it is only natural for us to engage with the SDGs. Følsgaard acts on sustainable development goals **7, 9, 12** and **13** as they cover our business areas, customer segment and here lies our core competencies.

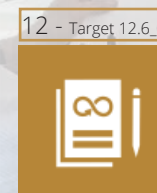
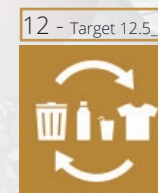
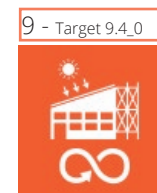
Følsgaard's vision is to be our customers' preferred partner within our line of business. Working towards our vision and running our business we wish to contribute to sustainable development for individuals, society, and the environment.

Aiming to create improvements throughout the value chain we strive to comply with and support our customers' requirements for sustainable solutions by using our know-how, agility, and global supplier network to develop solutions and products that support sustainability.

We aim to motivate, inspire, and create awareness of the importance and benefits of finding sustainable solutions throughout the value chain as we work closely with colleagues, customers, and suppliers worldwide to strengthen relationships and work towards common sustainable goals. Our work with the SDGs strengthens our position as a value-adding sustainable Technical Partner.

We have identified the following focus areas for the coming 3-year strategy period to set a common focus and goal for our work with sustainability.

Action plans have been created to maintain focus and make it possible to track and reach our goals.



Bottom-up strategy: including every single employee; their ideas and perceptions in 2 workshops on sustainability.



Data collection | Documentation | Reporting | Transparency

CRM is our data hub for all sustainability screening, reporting, correspondence, registration etc.

We collect all data in our CRM system in order to make our findings transparent and transform them into actionable insights making it easier to monitor our progress and reach our goals.

Everyone in the company has access to our CRM system that includes data on customers and suppliers of products, freight and services. Using CRM as our data hub keeps everyone aligned and able to take necessary steps based on their individual areas of responsibility and sustainability action plans.

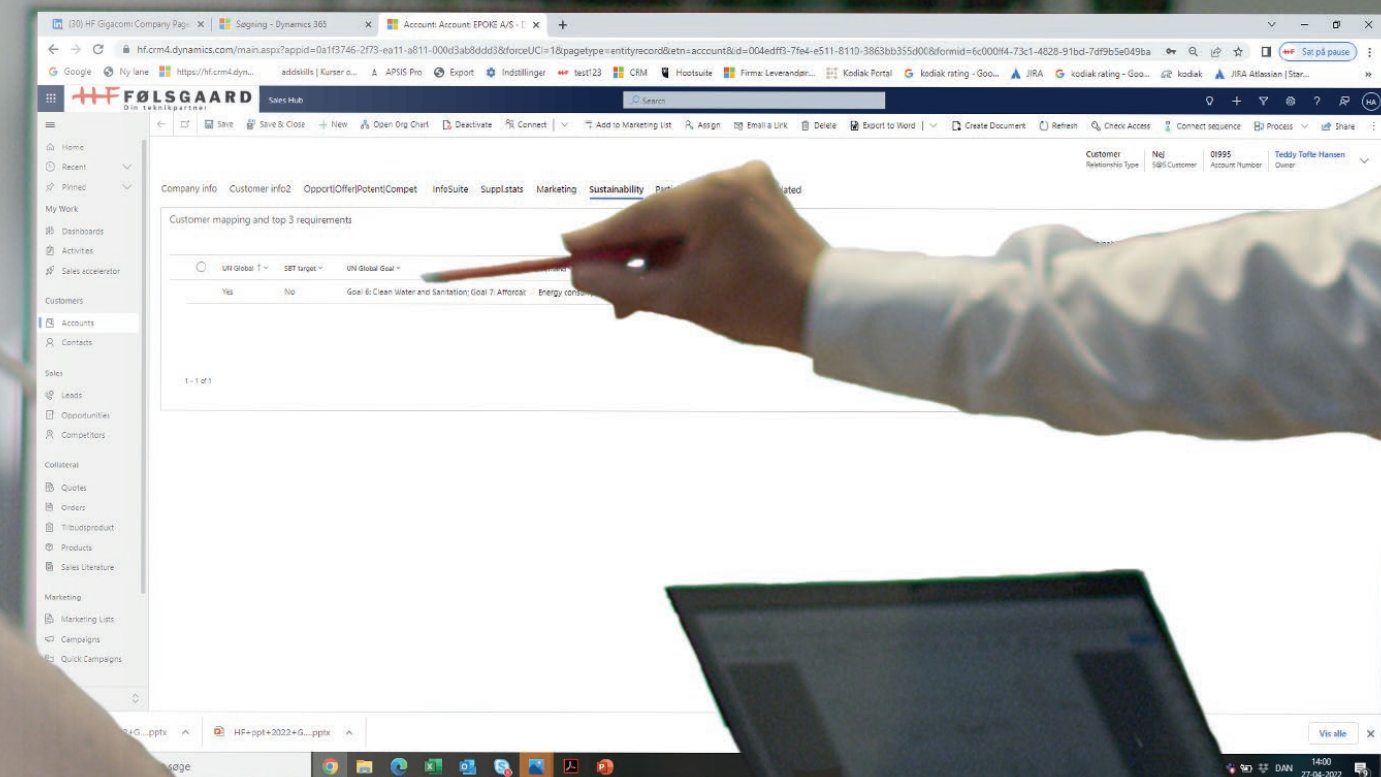
Areas of responsibilities

Who does what? Every business function in the company knows what is expected of them, what action plans to follow.

Everyone must take part in a mandatory course in sustainability and company goals in Følsgaard. Thus, ensuring that sustainability is an integral part of our everyday work and a common responsibility. Education also equips our employees to enter into dialogue about sustainability with our business partners.

Sustainability is now a key element of the agenda at customer and supplier meetings. Action plans ensure focus and progress, and outcomes and commitments are registered in our CRM system.

Our employees are very dedicated and passionate about their work. This goes for sustainability as well and they generate a lot of good ideas.



Sustainability Vision 2021 - 2030

Sustainable business



100%
Sales contributing to sustainable development

KPIs: Share of revenue contributing to UN Sustainable Development Goals

Sustainable organization



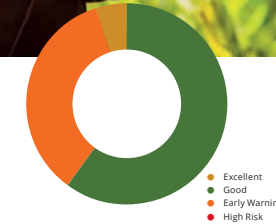
0% Emission
40% Women in leading positions

KPIs: CO₂, Women leading position, Salaries, Employee turnover, Accidents, Sick-leave

Sustainable production



Sustainable supply chain



80%
Purchase volume assessed by Code of Conduct

KPIs: Purchased volume from COC signed suppliers, Purchased volume from assessed suppliers

Sustainable Business

Development

100% of all revenue should contribute to sustainable development. We define contributing to sustainable development as the product or application having a positive impact on the SDGs.

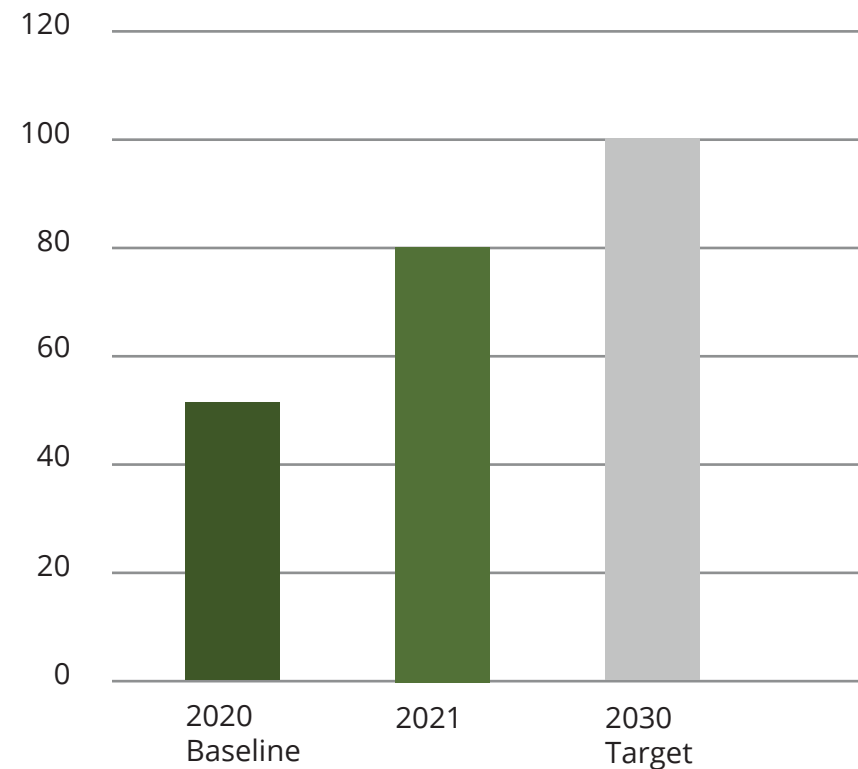
How:

In order to reach our goal, it is our ambition not only to know and meet our customers' requirements but also in close dialogue find and develop new sustainable products. Our customers demand for sustainable products and ways of doing business is increasing and so is the attention to detail in their supplier evaluation. Thus, Følsgaard must be at the forefront of sustainable, technological development, entering into close cooperation and dialogue with our suppliers and manufacturers on the development of sustainable solutions.

We aim to motivate, inspire, and create awareness of the importance and benefits of finding sustainable solutions throughout the value chain.

Sustainability is now a key element of the agenda at customer and supplier meetings. Action plans ensure focus and progress. Outcome and commitments are registered in our CRM system.

Share of sales in % contributing to sustainable development



Sustainable Organization

Diversity - Gender Equality

40 % women in management.

As part of a continuous focus on gender equality in management we aim to recruit a larger percentage of women in management roles, although we always hire the most suitable candidate for the job. Gender diversity is key when keeping employees satisfied and thriving and it also helps attract and retain talented women. Diverse teams perform better and are more creative. We need our employees to thrive and foster new innovative and creative ideas. We allow employees a high degree of autonomy and in return we get flexible, dedicated, and satisfied employees resulting in improved profitability, productivity, and quality, not least job satisfaction.

How:

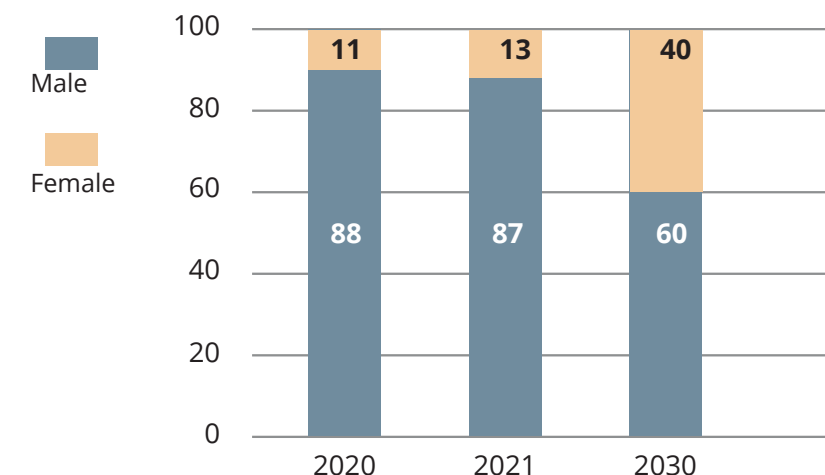
We know our goal is ambitious and we do acknowledge that our progress in gender diversity in leadership is slow. Thus, to attract female applicants, we will change the wording in our recruiting advertising and job postings. By simply avoiding stereotypically masculine words and phrases and focusing on different aspects of working at Hans Følsgaard, we hope to be able to attract a more diverse composition of candidates. Another path is female recruitment in the pipeline. This could potentially contribute to our efforts to recruit more female managers going forward.

Challenges/Risks:

We acknowledge the fact, that our line of business traditionally attracts a larger number of male applicants and since less than 30 % of engineering graduates today are women, and as engineering plays a significant part in our business, we are challenged in reaching our diversity target of 40 % women in management. At this moment there are 13 % female managers in Hans Følsgaard – far from our aim.

Studies show that female engineers want to lead and are interested in management positions, however they are concerned about how to manage work/life balance with a managing position and whether they are sufficiently educated - only few males feel the same way.

Gender equality in % in management team



As a company we try to overcome these concerns with some family-oriented upsides to working at Følsgaard.

- We have a playroom in our office, dedicated for when employees need to bring their children to work. This is to provide extra flexibility when family life needs it.
- Working from home is possible for most employees contributing to a less stressful and healthier life, viz accommodating individual needs, reducing commuting time, tending to family needs etc.
- Our company culture is pro-family, as we often host events for employees and their family. This is very successful and has a bonding effect. Getting to know each other's background and families has a positive effect on company culture.

These initiatives are for all employees but could be especially positive in our quest to attract more women in management.

Overall, 36 % of our employees are female, which, in our line of business, is satisfactory. Translating the overall percentage of female employees to increased female management is key in our effort to reach the 40 % target

**) Our rate of employee turnover has increased in 2021. The primary reasons are a challenging employer market with skilled employees in high demand and a challenge in one of our teams, where we have decided to address a historic challenge. Our employees are our most precious asset and we are continuously doing everything in our power for our employees to thrive and develop through our clear set of leadership values; involvement, transparency and empowerment.*

	2017	2018	2019	2020	2021
Employers:	76	87	90	91	100
Average age in years	46,3	46,3	47,9	48	48,2
Average seniority in years	7,6	7,7	8,9	8,6	8,5
Sick absence:	2,35%	2,67%	2,06%	2,69%	3,17%
Rate of employee turnover	9,4%	7,5%	10,2	6,6%	18,7% *)
Male	56	57	56	56	64
Female	24	30	34	35	36



Heike Kaiser-Jäger, the new Sales Manager for our subsidiary in Germany, is the latest member of our management team.

Sustainable organization

Employee

Employee retention, long-term corporation and relationship with customers and suppliers is key to our success. We depend on being a reliable, responsible, and trustworthy business partner that provides better business for all parties.

Our employees are our most valuable asset. Our business needs to adapt to changes and stay innovative and creative. We strive to maintain our positive business culture, to create the best foundation for employees to perform and foster new ideas.

We allow our employees a high degree of autonomy and value their ideas and perceptions. All employees have participated in the company's strategy making - in return we get flexible, dedicated, and satisfied employees resulting in improved profitability, productivity, and quality.

Education

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

Education leads to increased job satisfaction and the ability to attract high quality employees not to mention an increased capacity to adopt new technologies and to stay in the forefront of technology. Employees are allowed to identify their own need for education and will often be granted the opportunity to take part in activities to improve or renew their skillset. This autonomous approach raises employees' sense of ownership, giving them the feeling of contributing to our continued success.

Mandatory education

Besides individual education, certain skills are provided for several or every employee:

- Sales training – sales staff
- Leadership – management team
- IT security – all employees
- Sustainability Training – all employees
- Innovation – members of Innovation Lab

Health and Safety

We have a zero target 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.

Culture/DNA

Over the course of 100 years Følsgaard has built a unique business culture. With a tradition of retaining both managers and employees for many years, we achieve a high level of expertise and recognition in the industry. A sense of pride and commitment is prevalent and often recognized by new colleagues as well as customers and partners.

Our own employees describe us as passionate, competitive, independent, reliable, and innovative.

An eNPS score (Employee Net Promoter Score) of 68 % confirms, that our employees are very satisfied in their job.

eNPS
68%

Social staff club

The purpose of the social staff club is to promote the wellbeing and coherence of employees in Følsgaard and its affiliates by hosting or supporting social and/or cultural events or activities for the benefit of the employees

The social staff club has been granted a considerable amount from the Følsgaard Foundation to further improve the well-being of the employees.

Measures such as reimbursement for sports membership fees, CPR training and social and cultural activities involving the employees and their families is taken every year.

Teambuilding and other social events create joy and cohesion in the organization, here illustrated by tug of war at an event including both colleagues and family.

Sustainable organization

CO2 Emission

0% CO2 - we want to reach co2 neutrality by 2030

How:

As a global company, we not only have the responsibility but also the opportunity to inspire and make changes. We have set an ambitious goal of CO2 neutrality in 2030. We are in dialogue with customers and suppliers on consolidation of freight, better planning and optimized packaging – and this work continues with actions plans and focus areas.

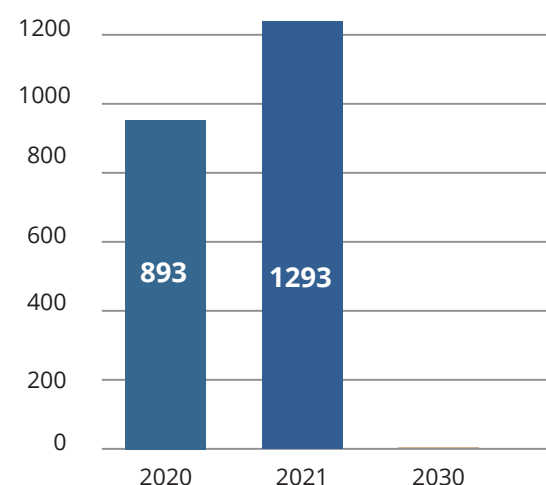
To reach our goal, we are dependent on new technology within sustainable fuel for cars, aircraft and ships; a development we follow closely in cooperation and dialogue also with our carriers. Action plans have been created to maintain focus and make it easier to track progress and reach our goals.

Scope 1: We strive to only travel when absolutely necessary – to replace travelling with online meetings when possible. We plan to use electrical vehicles by 2026.

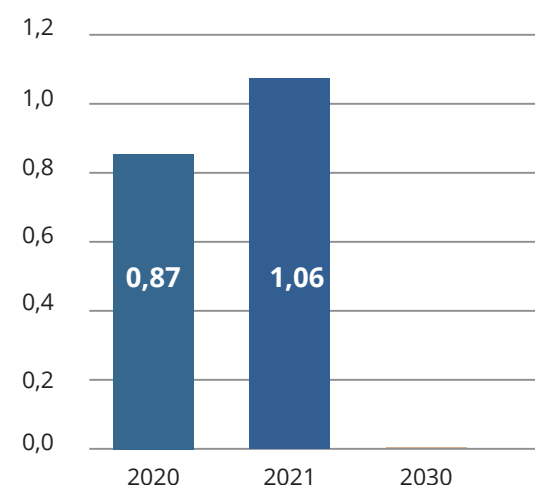
Scope 2: Wind and Wave is Følsgaard’s primary renewable energy source

Scope 3: We are mapping our transportation of goods to identify potential improvements. Consolidating and optimizing in- and outbound transportation. We ask of our freight suppliers to provide us with co2 data and enter into dialogue about co2 reduction, fuels, ecodriving etc.

CO2 in ton | Total



CO2 intensity | ton CO2/revenue



Challenges/Risks:

To reach our goal, we are dependent on new technology within sustainable fuel for cars, aircraft and ships; a development we follow closely in cooperation and dialogue also with our carriers.

We are a global company with a large geographical reach – our customers and suppliers span the globe reaching +40 countries in 2021. Thus, our main impact on the environment is from the handling, packaging and transportation of goods.

On top of that we are experiencing growth rates far above market level – all of which is having a visible impact on our CO2 emission. Our total CO2 emission has increased. Emissions from inbound transport has increased by nearly 50%. This is primarily due to many new projects requiring transportation of goods from Europe and change in supplier from China to Europe requiring transport by truck and not as previously by ship from China.

Business travel accounts for our second largest CO2 emissions. Our partnerships are close and long lasting. Some of them go back more than half a century. Our suppliers represent an important, key strategic resource when it comes to innovation, risk, TCO, sustainability and corporate social responsibility. They are prerequisite for our continued sustainable development and growth, thus it is important for us to visit customers and suppliers and maintain dialogue and cooperation – this has been crucial to our ability to design and develop customer-specific solutions and swiftly bring them to the market.

This also applies to the solutions we offer our customers. Our business areas being renewable energy, infrastructure and industry, we experience increasing demands from our customers to reduce CO2 and account for our CO2 emission on a product level. We constantly follow the technological development to make sure that we can offer and encourage our customers to choose the sustainable solution. E.g. we refuse to sell other than SF6 free switch gear to the renewable energy sector and we also offer transformers with 50% less CO2 emissions – it does not make sense to make ‘green’ energy from a ‘black’ infrastructure.

	Consumed energy CO2 (Scope 2)	Combustion of fuels CO2 (Scope 1)	TOT Goods Transport CO2 (Scope 3)	Business travel - air (Scope 3)	Business travel - car (Scope 1)	Business travel - train (Scope 3)
2020	59,2	-	658	9,8	166	0
2021	68,2	73,0	981	28,9	142	0



Sustainable Production

At our 3,894 m2 central warehouse, we handle receipt, inspection, kit-set assemblies, customer-specific packaging, labelling, and shipping of goods globally.

Our central warehouse is adapted to efficient workflows and organized with consideration of our employees and the environment. We have focus on creating the best possible working environment and at the same time reduce waste and optimize our packaging using less, but more sustainable packaging, e.g., packaging material that is reusable, water-based, biodegradable and using only ISPM-15 pallets. Forklifts, trucks, and stackers use electrical power.

We want to reduce waste, consume as little plastic as possible and use sustainable packaging materials only.

We measure total waste and packaging consumption and our waste and packaging intensity (tons of waste/revenue and tons of packaging/revenue). As we grow, we generate more waste. We aim to reduce our footprint and we need as sustainable and minimal packaging as possible, demanding our business partners do the same.

How:

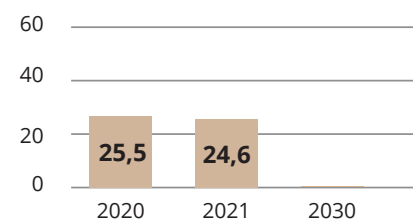
We have begun reviewing our entire waste management and continue our focus on sustainable packaging material today using packaging that is recyclable, water-based and/or biodegradable.

It requires a close dialogue with our partners throughout the supply chain - with those who produce and send goods to us, but also with those who deliver packaging and handle our waste.

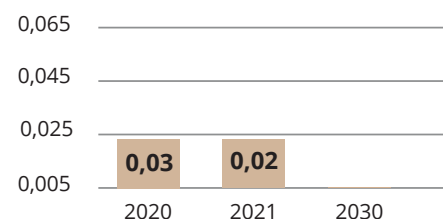
Challenges/Risks:

The process of waste reduction is ongoing, and we are constantly taking steps to reduce resource consumption in our production in close cooperation with suppliers and customers. We seek to find better ways to measure our consumption and CO2.

Waste in ton



Waste intensity ton waste/revenue

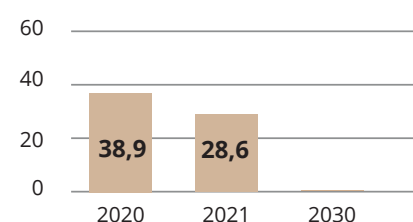


Looking at our net waste reduction, we have reduced the amount by 0.6 tons or 2.4% and the intensity by 33% and the weight of packaging material by 34%

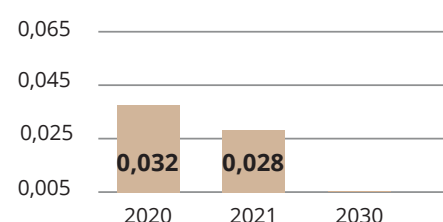
Today we sort our waste in:
Big containers
(tonnes appear from below figure)

- Cardboard
- Combustible
- Clear plastics
- Wood (not pallets)

Packaging in ton



Packaging intensity ton packaging/revenue



Small containers
(weight will be reported as from next year)

- Electronics
- Metal
- Paper
- Illumina
- Glass

Følsgaard takes action on plastic

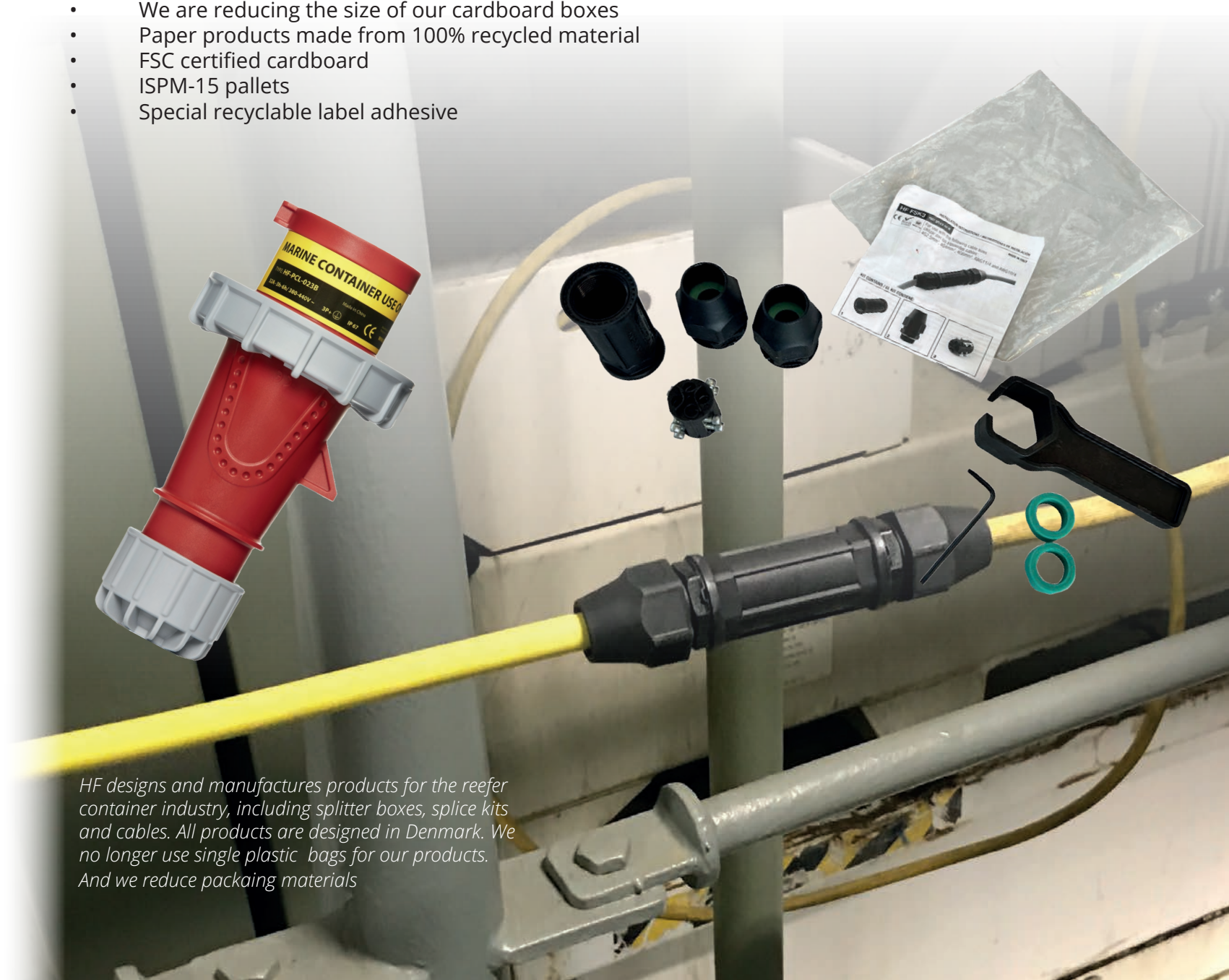
We also work closely with our customers on this subject. Customer demands are increasing, and more customers want to be able to measure the environmental impact of each individual product, a wish we strive to comply with.

In close collaboration with a customer within the reefer container industry and our OEM partner, we have reduced the parts and packaging of our HF Fast Splice Kit by 38%. Last year we changed the packaging of HF Marine Plug so that it is packed in bulk and not in individual plastic bags. This year we have changed the packaging of HF splice kit so that there are fewer parts, and it is packed in bulk, not in individual plastic bags, thus having managed to reduce the parts by 38%.

Considering that we produce and ship full containers of these products, reduction in plastic consumption is significant, not to mention handling, materials and CO2.

Examples of sustainable initiatives in production:

- We are reducing the size of our cardboard boxes
- Paper products made from 100% recycled material
- FSC certified cardboard
- ISPM-15 pallets
- Special recyclable label adhesive



HF designs and manufactures products for the reefer container industry, including splitter boxes, splice kits and cables. All products are designed in Denmark. We no longer use single plastic bags for our products. And we reduce packing materials

Sustainable Supply Chain

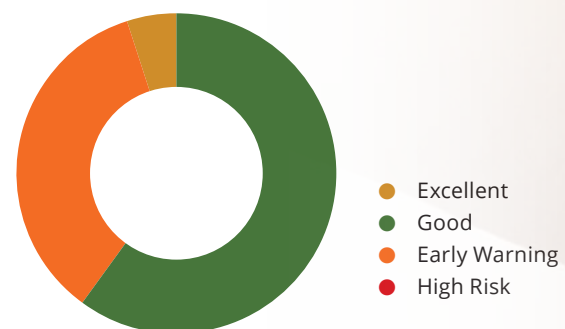
80% Share of purchased volume from external suppliers who have signed Supplier Code of Conduct based on the UN's Global Compact, the ILO's core conventions, and the OECD's guidelines for multinational companies, competition legislation and anti-corruption regulations.

We aim to gain sustainability insight throughout the value chain. We make high demands at ourselves and it is natural for us to demand the same from every part of our supply chain. Our choice of partners 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.

We encourage our suppliers in their work with sustainability through dialogue and close cooperation. We request sustainable alternatives from our suppliers (material, products, packaging) and in close cooperation with our suppliers develop solutions and products that support sustainability and also find ways to reduce CO2 from transportation.

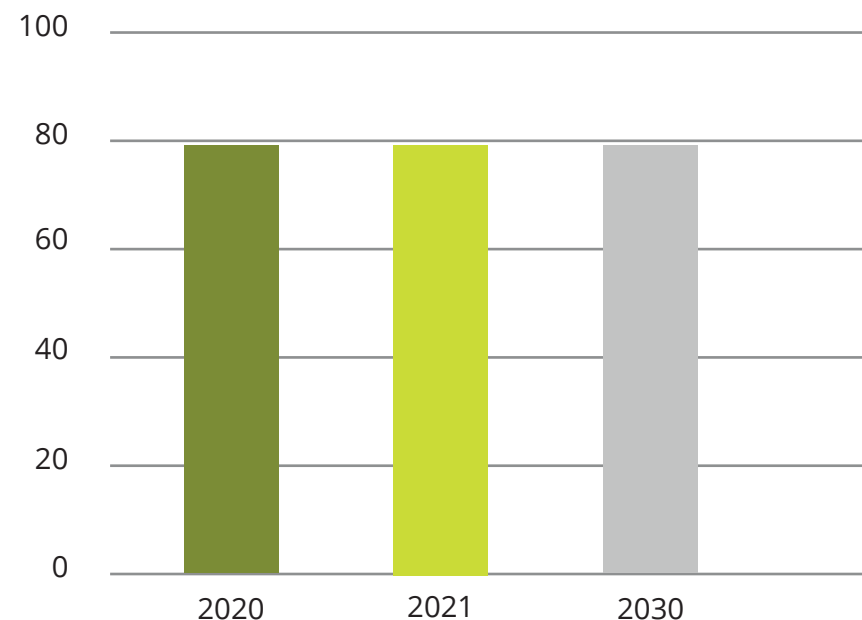
We evaluate our worldwide suppliers and screen them biannually, enabling us to manage risk, optimize supplier performance and maintain long-lasting supplier relationships. The self assement includes more than 50 questions on:

- Compliance and governance areas
- Health and safety management
- Labour rights compliance
- Business ethics, Anti-corruption
- Environmental management
- Quality management
- Sustainability



All replies, results and documents are filed in our CRM system to ensure transparency and to make it easier to track and reach our goals.

Purchased volume from assessed suppliers - %



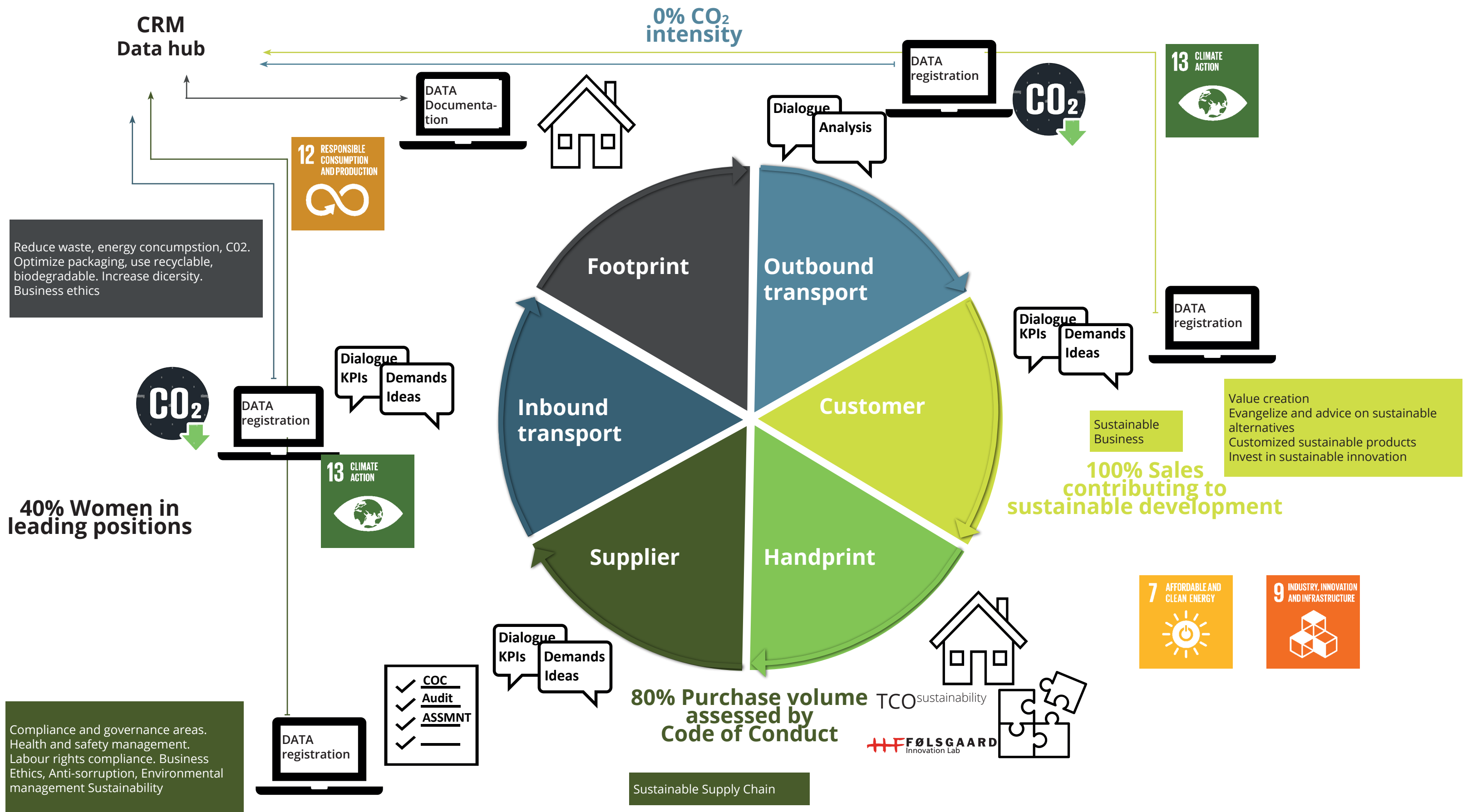
We are proud to say, that all our largest suppliers from more than 15 countries from North America, Europe and Asia producing 80% of our turnover have responded and more so.

Our suppliers represent an important key strategic resource when it comes to innovation, risk, TCO, sustainability and corporate social responsibility.

Our partnerships are long lasting. Some of them go back more than half a century and we strive continuously on deepen these supplier relations to develop mutually beneficial, collaborative partnerships for the benefit of the entire supply chain.



Følsgaard sustainability work at a glance



HF FØLSGAARD

Your Technical Partner



Hans Følsgaard A/S
Theilgaards Torv 1
DK-4600 Køge
Tel.: +45 4320 8600
E-mail: hf@hf.net



HF Danyko A/S
Bark Silas Vei 8
N-4876 Grimstad
Tel: +47 37 090 940
E-mail: danyko@hf.net



HF Gigacom AB
Västberga Allé 5
SV-126 30 Hägersted
Tel: +46 10 601 59 90
E-mail: gigacom@hf.net



HF Technikpartner GmbH
Hüttenkamp 5
24536 Neumünster
Deutschland
Tel.: +49 4321 963 8440
E-mail: hf@hf.net



Hans Følsgaard Electrical
Solutions (Tianjin) Co., Ltd.
No. 18, North of Fuyuan
Avenue,
Wuqing Development
Area, Tianjin - China
Tel: +86 2222133211

Central storage:
Theilgaards Allé 11
DK-4600 Køge
Tel.: +45 4320 8600
E-mail: hf@hf.net

Hans Følsgaard A/S
Ellemosen 4
DK-8680 Ry
Tel.: +45 8788 7700
E-mail: hf@hf.net

