



HARBOES BRYGGERI A/S

BUSINESS-DRIVEN CORPORATE SOCIAL RESPONSIBILITY

REPORT AND POLICY ON CORPORATE SOCIAL RESPONSIBILITY AND DIVERSITY;
SEE SECTIONS 99 A AND 99 B OF THE DANISH FINANCIAL STATEMENTS ACT
(ÅRSREGNSKABSLOVEN) FOR THE 2016/2017 FINANCIAL YEAR

FOCUS AND FOCUS AREAS:

Sustainability is a key element in Harboe's strategy for the group's continued growth and development.

In addition to its Danish brewery, Harboes Bryggeri A/S has a brewery in Germany and a brewery in Estonia. For all three companies, efficient resource utilisation throughout the value chain are at the centre of operations, the focus being on:

- Sustainable raw materials.
- High quality standards for all production units, based on state-of-the-art technology and with consideration for environmentally-friendly solutions.
- Continuous development of more sustainable types of packaging.
- Optimisation and streamlining of transport, internally and externally.
- Employees and health, underpinned by responsible occupational health and safety programmes.

Harboe's corporate social responsibility activities are rooted in policies on corporate social responsibility and diversity with such policies being based on commercial prioritisation of value creation and risk mitigation. Moreover, a number of guidelines have been formulated for Harboe's corporate social responsibility in our policies on quality, food safety and environment.

The group has selected the following CSR focus areas, which can be summarised under these headings:

- Code of Conduct
- Human rights
- HR
- Climate and environment
- Consumer issues
- Local community development

KEY PERFORMANCE INDICATORS (KPIs)

In recent years, Harboe has been working on the individual KPIs in the HR area. We will carry on this work, which is very valuable when it comes to assessing performance throughout the year.

In 2017/2018, in addition to continuing the good work in this area, we will also extend our efforts to other areas – especially climate and environmental issues. In the area of climate and environment, we want to establish KPIs and procedures and processes for measurement of performance during the 2017/2018 financial year, with reporting based on this performance measurement in 2018/2019. ■

CORPORATE SOCIAL RESPONSIBILITY

Report in accordance with Sections 99a and 99b of the Danish Financial Statements Act (Årsregnskabsloven)

“Positive relations with the company's stakeholders are essential to Harboe's future growth and value creation.”

ORGANISATION

POLICY

The Harboe group's organisation is constantly evolving to always be able to meet demand and requirements of customers, markets, employees, authorities and other stakeholders and to execute the group's international growth strategy.

The composition of the management is a key priority to Harboe, being the prerequisite for the correct implementation and execution of overall strategies and for ensuring that the day-to-day work of the group's production units is completed.

RISK

By developing the organisation for the performance of day-to-day tasks and realisation of policies and strategies, Harboe avoids exposure to unnecessary risks, loss of business and absent growth.

ACTIVITIES AND RESULTS

COMPOSITION OF MANAGEMENT

In the selection process for hiring new staff, the skills of the candidates are essential. Therefore, all candidates are screened and assessed by an external recruitment consultant. Another key parameter is diversity in gender, nationality and age. Harboe aims for an even ratio between women and men at the top management level (the Board of Executives and the management group directly below the Board of Executives). Harboe aims to have both genders represented in the final rounds of the recruitment process where their skills are assessed in individual interviews with the members of the top management. Moreover, the group's values and management practice integrate the fact that everyone, regardless of gender and background, with relevant management skills and development ambitions is invited

to participate in training and to apply for management positions. As a result, two women have been employed in management positions over the last two years. The target, set to be achieved by 2020, is for each gender to be represented by at least 40%.

At the end of the financial year, the ratio between men and women is 29% women (27% 2015/16) and 71% men (73% 2015/16).

TARGET FOR WOMEN ON THE BOARD OF DIRECTORS

With a view to ensuring a more equal distribution of men and women on Harboe's supreme governing body, Harboe's Board of Directors has fixed a target for one-third of the members of the Board of Directors to be women. The aim is for this target to be realised in connection with the company's annual general meeting in 2017.

As part of the process of identifying new potential board members, Harboe makes a point of adding competencies relevant to fulfil the group's strategy. Emphasis is also placed on the Board of Directors being composed such that its members match each other in the best possible way in terms of experience, age, gender etc. in order to ensure a competent and versatile contribution to Harboe's management. This is an ongoing process, and in the past year, we also discussed the future composition of the Board of Directors.

On the current Board of Directors, the board members elected by the general meeting consist of four men and one woman. The overall best qualified candidates when new members were to be appointed to the Board during the financial year were men; consequently, the target has yet to be met. In the period up



to the annual general meeting in August 2017, the Board of Directors will continue its discussions on its composition and decide how best to meet the target for the proportion of women.

RISK MANAGEMENT

The ongoing development of the organisation is to help strengthen the group's risk management. Risks are regularly mapped and subsequently the necessary precautions are taken to address these risks and ensure that sufficient processes are in place in the event of increased risk exposure and non-compliance.

DIALOGUE WITH THE OUTSIDE WORLD

At Harboe, internal dialogue is an important part of

our everyday working lives, but dialogue with customers, suppliers, the local community, authorities, shareholders and other stakeholders is equally important.

Depending on the stakeholders, we employ various means of communication to ensure that the right information reaches the right recipient at the right time.

Harboe wants to engage in dialogue with our stakeholders and with the opening of our new visitors' centre, we hope to reach an even wider audience than we currently do. At present, communication with stakeholders tends to be one-way-communication through our website and publications. ■

CODE OF CONDUCT

POLICY

Over the past year, Harboe has been working on a Code of Conduct, the primary focus of which is compliance with anti-corruption legislation and promotion of social responsibility in the value chain. This resulted in a separate section on anti-corruption in the Code of Conduct and the staff manual, including specification of Harboe's policy of compliance with legislation and industry standards for anti-corruption towards employees.

RISK

Given that Harboe's production units are all based in the EU with a continued expansion of our international activities, we must constantly increase our awareness of anti-corruption issues. With a presence in 115 countries, Harboe is exposed to potential complicity to violation of applicable anti-corruption legislation through the actions of employees and business partners.

ACTIVITIES

- Drafting of Code of Conduct, setting out the company's policy of ethical standards

With the implementation of the group's Code of Conduct, the management wants to introduce a set of rules that is shared with employees and business partners and opens up dialogue on social responsibility with the group's stakeholders. By simultaneously setting out Harboe's position to all employees and

implementing policies for gifts, use of company funds and consequences for violation of these guidelines, the group seeks to minimise, or preferably eliminate, its exposure.

The management is aware of the risk of violation of anti-corruption legislation through the expansion of the group's activities to countries with business cultures and ethics that are different from those known from our neighbouring markets. Through reporting, the company's management ensures that requirements on the provision of necessary information on trading relationships, also in terms of ethical standards, are observed.

- Ensure a high level of information about customer contact and negotiations through employee reporting

The group's policy is that business must always be conducted with respect for and in compliance with national and international competition laws.

We operate in a highly competitive market with a wide range of products in each category. Negotiations with both new and existing customers are based on offers made in accordance with good business conduct and the group's overall strategy.

Through reporting procedures, the management actively participates in negotiations with and offers to

major customers to reduce the risk of establishment of partnerships based on actions that expose the company to potential competition law violations.

- Focus on compliance with tax law

Harboe is subject to national tax regulations, primarily in Denmark, Germany and Estonia. Harboe always seeks to comply with the tax laws of the individual countries and engages in ongoing dialogue with the authorities to always ensure such compliance.

PERFORMANCE

ANTI-CORRUPTION

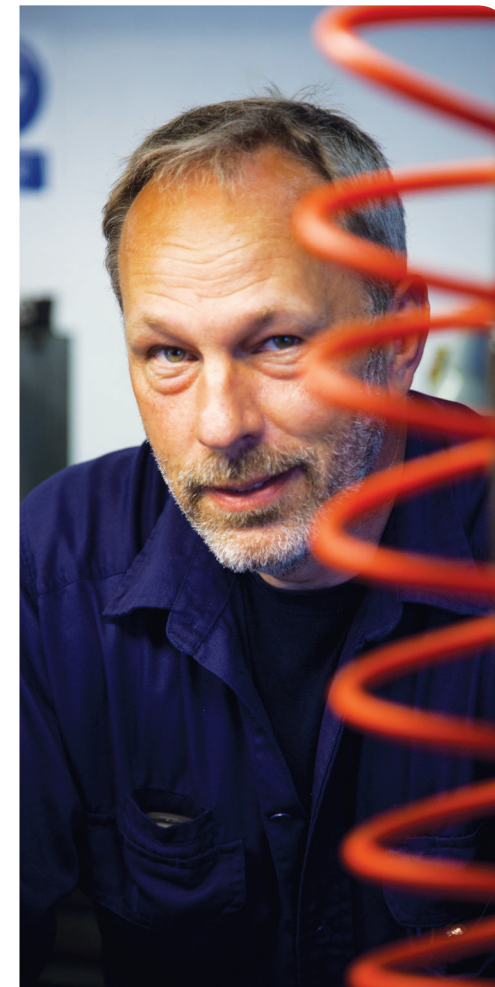
The management is not aware of any instances of non-compliance with the company's anti-corruption policy in the past financial year.

COMPETITION

Based on the activities for the year, it is assessed that, once again, Harboe was not involved in any cases of non-compliance with competition laws during the past financial year.

TAX PAYMENTS

The management believes that, once again, Harboe complied with the tax laws of Denmark, Germany and Estonia in the financial year, establishing a high level of credibility in this area. ■



HUMAN RIGHTS

POLICY

Harboe complies with applicable rules and agreements in the area of labour and human rights. In this connection, it is important for us to ensure that employees are employed under decent conditions and ensure that there is no discrimination or differential treatment. This is an integral part of our HR policy and is described in detail in our staff manual.

In the 2016/2017 financial year, a Code of Conduct was developed. Based on the UN Global Compact, the Code of Conduct sets out Harboe's ethical standards on human rights, among other things, as also described above.

Our primary suppliers are based in the EU and, accordingly, are subject to the same basic obligations in terms of employee rights and opportunities. In addition, it is important to Harboe to visit all suppliers and major customers regularly to eliminate obvious risks of non-compliance with our ethical standards.

RISK

As Harboe conducts business activities spanning across the world, the risk exists that Harboe's business partners do not meet the same ethical standards as Harboe.

Digitisation exposes our employees to potential violation of their personal data which Harboe needs to possess to comply with Harboe's obligations under the employment relationship.

ACTIVITIES

DRAFTING OF THE CODE OF CONDUCT

Brewery operations are human resource-intensive, which makes the observance of human rights a key issue for Harboe. Employee wellbeing is highly prioritised and vital to the work done. The new Code of Conduct will help

communicate Harboe's ethical standards to stakeholders and business partners and help ensure their compliance with these standards.

BACKING TO LOCAL TRADE UNIONS

Harboe recognises and supports employees' rights to join or not join trade unions. For a number of years, Harboe has had good and constructive relations with local trade union departments. Unless an employee wants us to keep his or her trade union informed of special circumstances, employees are not expected to disclose when employed their trade union affiliation or non-affiliation.

OPEN DIALOGUE BETWEEN EMPLOYEES AND MANAGEMENT

To ensure the group's constant optimisation of routines and processes, all employees must be able physically, mentally and in terms of skills to perform the tasks that are part of the individual employee's responsibilities. The management focuses on correct and timely training of new employees and on correct use of the skills and competencies available for the benefit of the employee and the company alike. In the event of a shortage of skills in parts of the organisation, Harboe will look into the possibilities of skills development of existing employees before hiring new ones.

Employee input is essential to the company's operations and employees should feel that there is room for them to voice their views and feel that their opinion is valued. To this end, we seek to create open dialogue between management and employees through daily presence in offices and production facilities and through regular information meetings. Moreover, employees are offered performance interviews to provide a confidential room where the focus is on the individual employee's development.



AWARENESS OF DISCRIMINATION

Harboe's policy on bullying and discrimination in the workplace was included in the latest update of the staff manual. Harboe disapproves of bullying in all its forms and has a policy of zero-tolerance of bullying and discrimination, whatever the reason.

PREPARATION OF PERSONAL DATA PROTECTION POLICY

Harboe is aware of the responsibility undertaken when storing potentially sensitive information about employees and business partners.

In general, we only request the information about our employees that is required to enable us to meet our obligations towards the employee. Should we obtain information beyond this scope, we will keep this information only by agreement with the employee.

✓ PERFORMANCE

CODE OF CONDUCT

It is still too early to assess the impact of the recently developed Code of Conduct. We hope our business partners will welcome the Code of Conduct in the coming financial year and trust it will help to create dialogue.

TRADE UNION AFFILIATION OR NON-AFFILIATION

During the past year, we have not been involved in any industrial disputes and we have not been in contact with trade unions over workplace issues.

EMPLOYEE PARTICIPATION AND INFLUENCE

We still find that our employees are interested in the

company and in engaging in dialogue with the management about day-to-day work. This creates a strong foundation for a successful company in which dialogue makes employees feel that they are appreciated and contribute to growing the business. At the same time, employees are keen to develop their skills and actively participate in courses and training programmes. This again helped to improve the quality of the work performed at our three breweries.

DISCRIMINATION AND VULNERABLE GROUPS

We have never been confronted with a situation involving bullying or discrimination, but we feel it necessary to make our position clear to let our employees know that situations of that nature will be addressed. In the past financial year, once again, we were not approached by employees who had been exposed to bullying or discrimination.

PROTECTION OF PERSONAL DATA

The protection of personal data is part of the group's IT policy. All systems are updated regularly to ensure optimum protection.

In the past financial year, the group's personal data protection policy was incorporated into the staff manual and our employees were notified that they are entitled to insight into this data and to have incorrect and obsolete data deleted.

We have not experienced any breaches of the systems to expose our employees to unauthorised access to their personal data. ■



🏢 POLICY

Through regular information and dialogue with employees, Harboe seeks to ensure a safe and healthy working environment for all its employees. Management values and HR strategy are based on the group's strategy of realising value-adding business results, while at the same time wanting to run an attractive business that fosters pride and employee satisfaction. Therefore, and in order to underpin this strategy, it is important for Harboe to be able to recruit motivated managers and employees with the skills needed to implement the strategy in practice.

Harboes Bryggeri A/S is certified in accordance with the OHSAS 18000:2008 standard for occupational health and safety. This standard prescribes requirements for the management of occupational health and safety and ongoing structured follow-up, which has generated positive results. As Harboe wishes to achieve the same positive effects in Germany and Estonia, work is ongoing to implement similar standards and processes in these countries. Previously, the objective was to achieve certification in both Germany and Estonia in 2017/2018. While this remains the objective for Germany, it is not expected to be achieved until 2018/2019. The management has decided to postpone implementation and certification in Estonia due to the ongoing restructuring of the company.

⚠️ RISK

For many employees, the operation of the company's core production activities involves manual labour and handling of hazardous equipment and machinery. Accordingly, occupational injuries constitute a significant risk to employees if they are not properly instructed in how to perform each task or if they fail

to comply with the instructions given. These are high-priority areas for the management.

✳️ ACTIVITIES

The overall strategy for ensuring employee conditions across production sites is defined at group level. This strategy will apply to all employees and we must ensure that all employees are given the same opportunities and safe working conditions.

FOCUS ON SKILLS, TRAINING AND RETENTION

The development of each employee's skills and the knowledge that employees accumulate are of considerable value to the company. Therefore, the ability to retain employees is important. Through performance interviews, we seek to identify each employee's skills and ambitions and to define development plans to form the basis of training and skills development.

As an integral part of the group's HR policy, we seek to create an environment that makes allowance for particularly vulnerable persons. We want to integrate all employees in the organisation.

PRIORITISATION OF DIVERSITY

In the recruitment of new employees, the primary focus is on professional and personal skills, but another priority is to focus on creating a diversified workplace with equal conditions and opportunities for all employees, regardless of gender, nationality, religion or age. This provides for a dynamic environment with professionally founded discussions and sharing of experience.

REDUCTION OF ABSENCE DUE TO ILLNESS AND INJURY

Harboe is dedicated to ensuring a safe working environment that seeks to minimise absence due to illness





and injury. Work is currently ongoing to analyse risks and prioritise and address these risks in accordance with the risk posed to employees by each factor. Through ongoing implementation of safety measures and follow-up on near-misses, we seek to minimise occupational injuries.

FOCUS ON GENERAL HEALTH AMONG EMPLOYEES

Harboe emphasises general employee health and well-being, as this helps to create a good environment for each employee. For a number of years, many employees have taken up the offer of health checks and advice on lifestyle changes. It is very positive that new employees are taking up the offer. This initiative is underpinned by the continued prioritisation by the group's employee restaurants in both Denmark and Germany to provide healthy, balanced and nutritious food. The employee restaurants also enable employees to meet and form relations across departments. This helps to promote an informal atmosphere and close dialogue in everyday working life.

In Skælskør, Denmark, a number of employees work three shifts and also work nights. This may place a strain on the health of the individual employee. In partnership with the local occupational health service, all employees in this group are offered a health check. This is to ensure that their health is not affected by their work, no matter how often they work nights. This health check may also identify other factors that may help to improve the general health of our employees.

IMPROVING OCCUPATIONAL HEALTH AND SAFETY AT INDIVIDUAL PRODUCTION UNITS

In order to underpin the overall strategy for the group, individual production units evaluate and implement

local initiatives that are to help improve employee conditions at the various locations. In the past year, noise screening was performed, along with optimisation of indoor climate/ventilation systems etc. and identification of heavy lifting.

Skælskør's certification in accordance with the OHSAS 18000:2008 standard for occupational health and safety ensures structured and documented occupational health and safety work and helps to promote open dialogue on occupational health and safety and, by extension, a higher degree of implementation in the company. The initiatives implemented will help us, once again, to excel in the upcoming audit at the beginning of the 2017/2018 financial year.

A workplace assessment has been initiated to identify daily lifting by employees and required guidance and aids for heavy lifting. This especially applies to the production facilities, but also to offices and processing facilities. The assessment is expected to be completed at the beginning of the 2017/2018 financial year. Following the completion, the necessary measures will be initiated.

✓ PERFORMANCE

QUALIFIED LABOUR AND DIVERSITY

Most of Harboe's employees are employed in production, process, service and inventory, which are traditionally predominated by men. This affects the gender composition of the applications received and is also still reflected in the overall gender balance in the group, with between 70% and 82% men at the three production sites. In other group functions, the gender balance is still more even. In these functions, women make up between 44% and 59% of the employees at the three production sites.

Harboe's policy on the underrepresented gender at other management levels is an integral part of Harboe's recruitment and diversity policy. With the growing internationalisation of the company and strengthening of development, sales and marketing functions, Harboe has focused on further increasing diversity.

EMPLOYEE DEVELOPMENT AND RETENTION

As part of the establishment of an administrative structure to facilitate the conduction of quality performance interviews and follow-up for the benefit of both the company and the employees in compliance with the policy in this area, a target was set of annual interviews with at least 50% of the employees employed in production, process, service and inventory and 80% in administration, development, sales and marketing, despite higher ambitions.

In 2016/2017, all team leaders at Harboes Bryggeri A/S completed follow-up training for their team leader training to equip them to communicate principles and procedures to the other employees of the individual teams. In addition, the team leader training programme in the process area was adapted and all process employees completed the training in the spring of 2017. The purpose is to provide a common professional language and equip and motivate employees to share the responsibility for the performance of the work. A similar training programme is regularly conducted in Germany and with the programme we seek to recruit the necessary labour for the company.

At the beginning of the financial year, we launched a mentoring programme for a Syrian refugee to assess

the refugee's skills in relation to what we had to offer the employee. It soon became clear that the employee was highly qualified, and the programme led to a permanent position. We are keen to expand this mentoring programme, and are currently looking into how best to do this. Germany has a statutory requirement for a scheme for particularly vulnerable employees in the company or financial support for a general scheme. We believe that both the employee and the company will benefit the most if these persons are offered a job that considers their needs and integrates them into the company's daily work.

In our capacity as an employer, we are delighted that employees demonstrate their satisfaction with working for our companies through long service. In 2016/2017, we celebrated the 25-year anniversaries of 12 employees as part of Darguner Brauerei GmbH's 25-year anniversary. Two employees celebrated their 25-year anniversaries with Harboes Bryggeri A/S.

HEALTH, SAFETY, ABSENCE DUE TO ILLNESS AND INJURY

In Denmark, once again, absence was low this past year, at just 2.84%. In Germany, the employee absence rate was 6.7% and in Estonia it was 5%. For the latter two, this represented a slight improvement on the previous financial year, but not sufficient to meet the target of a maximum employee absence rate of 3%. For the coming financial year, funds have been earmarked for examining how to further reduce the absence rate. In 2016/2017, only Denmark met the target of a maximum of four annual occupational injuries for Denmark and Germany and two for Estonia. Following each inju-

ry, an event assessment was initiated and corrective actions were implemented to prevent recurrence. None of the recorded injuries were of a serious nature.

The continuous health-focus offers have clearly raised the level of health awareness among the employees. This is seen, for instance, in an increase in the number of employees taking up the offer of lifestyle counselling.

The noise screening conducted in Skælskør identified some issues that will result in treatment and improvement. This work is ongoing and will be completed ahead of the auditing and renewal of the occupational health and safety certification at the beginning of the 2017/2018 financial year.

Manual labour involving heavy lifting has put a strain on employees at various places in production. The past year's focus on this area resulted in investments both in the brewhouse and at the bottling lines, significantly reducing the volume of heavy lifting, or eliminating heavy lifting altogether. This provides for less strenuous work for the employees, and also enables efficiency enhancement of processes and equipment utilisation.

Safety equipment and aids are replaced regularly, but everything is also checked at regular intervals to ensure that the employees always have the equipment required for them to carry out their job in the safest possible manner. ■



The group's three breweries have a total capacity of 10 million hectolitres. In 2016/17, a total of 6.1 million hectolitres of beer, soft drinks and malt extract were produced, which was in line with the previous year (6.0 million hectolitres). Changes are regularly made to the product mix, for instance towards increased production of ingredients, which are more energy-intensive products.

POLICY

Harboe complies with current environmental legislation and constantly focuses on streamlining and implementing initiatives to reduce the company's environmental footprint. The group's objective is to minimise the resources used in the production process relative to the overall production volume.

In the new Code of Conduct, environment is a priority area.

RISK

The greatest environmental risks involved in the operation of the group's activities are CO₂ emissions, water consumption and emission of polluted wastewater or chemicals.

ACTIVITIES

The group's production facilities are maintained and continually optimised to ensure that production processes are up-to-date, efficient, flexible and as environmentally-friendly as possible. Investments consider resource consumption and environmental impact. At the same time, the aim is for investments to generate positive returns within a short number of years.

In the past five years, Harboe has invested DKK 368 million in the expansion and strengthening of the brewery sector's production facilities. These investments have proved decisive in the competition for large-volume contracts in the main markets in Northern Europe, but also in markets that are new to Harboe. At the same time, the capacity of our modern and efficient production facilities forms a solid basis for realising the group's strategy and further value creation within the strategic development areas and the continued geographical expansion of the activities. Thanks to our investments, we qualify for investment and energy subsidies from the EU and national subsidy schemes.

THE COMPANY HAS SPECIAL FOCUS ON:

REDUCTION OF ENERGY CONSUMPTION

When investing in new plant or optimising or streamlining existing plant, Harboe focuses on using the best materials to future-proof the plant, reduce wastage in process and production and keep the energy consumption as low as possible. These considerations were key focus areas in connection with the investments made during the financial year.

The group's German company is energy-certified (ISO 50001). This places demands on the company's structured and documented work in this area and ensures a daily focus. At the end of the financial year, preparations were initiated for an energy inspection in Skælskør to be conducted at the beginning of the 2017/2018 financial year. This energy inspection is to form the basis for the future work towards energy certification in Skælskør, expected to be implemented in the 2018/2019 financial year.

REDUCTION OF WATER CONSUMPTION AND WASTEWATER EMISSIONS

Harboe prioritises developing new products in disposable packaging (aluminium cans and PET bottles). This reduces water and energy consumption in the production process in connection with cleaning of packaging and transport units. Moreover, disposable packaging offers a greater opportunity for recycling of resources, resulting in low wastage. In large parts of the world, recycling systems have been put in place, entailing that disposable packaging is included in a circular economy with a high recycling rate.

By engaging in close dialogue with its suppliers, Harboe also seeks to participate in eco-innovation in packaging, thereby ensuring reduction of the environmental impact. This applies both in relation to weight and material consumption — factors of key importance to degradability.

Through targeted investments in the parts of the process requiring the use of large volumes of water, focus is on the reduction of water consumption.

REDUCTION OF RAW MATERIAL WASTAGE

The group's ERP system for planning and management of production processes across all production units is constantly optimised. This enables better planning and calculation of the consumption of raw materials and semi-manufactures.

RECYCLING AND REDUCTION OF RESOURCE CONSUMPTION

During the financial year, no additional investments were made in recycling and reduction of the resource consumption. Instead, the investments made in pre-

vious years were monitored closely to assess whether additional investments could make a difference.

REDUCTION OF CO₂ EMISSIONS

During the financial year, we made only minor investments in initiatives for the reduction of CO₂ emissions, but we monitored previous investments closely and are working on a plan for additional investments.

PERFORMANCE

REDUCTION OF ENERGY CONSUMPTION

As the group has concurrently been developing the product mix, the investments made in recent years to reduce the energy consumption have yet to pay off through lower consumption. Energy-intensive products make up a large part of the production and have partly offset the effects of investments. In this context, it is positive that the energy consumption is constant. Tangible results with indications of future developments are expected to be seen in the course of 2017/2018 and 2018/2019.

REDUCTION OF WATER CONSUMPTION AND WASTEWATER EMISSIONS

A comprehensive technology update of Harboe's water treatment plant in Skælskør has optimised the energy consumption for the water treatment process, reduced the risk of wastewater emissions containing chemicals and ensured compliance with the threshold values for wastewater. The risk of human error has been reduced through automation and alarm systems.

Optimisation of the CIP plant, which improves the cleaning process and reduces the consumption of en-

CLIMATE AND ENVIRONMENT

ergy, water and chemicals, has reduced both waste-water emissions and the amount of chemicals for the local water treatment plant to handle.

REDUCTION OF RAW MATERIAL AND SEMI-MANUFACTURE WASTAGE

A group-integrated ERP system, underpinned by new and automated plant, has helped ensure optimum utilisation of raw materials and semi-manufactures, leading to reduced wastage.

RECYCLING AND REDUCTION OF RESOURCE CONSUMPTION

The results of previous years' work to optimise the brewing process by reducing and recycling resources have prompted a decision for future investments to reduce the consumption of raw materials, water and energy even further.

REDUCTION OF CO₂ EMISSIONS

The group's investments in energy-saving measures and recycling of resources have led to a reduction of the company's CO₂ emissions.

Moreover, at the breweries in Skælskør og Dargun investments have been made in CO₂ collection plant, which, in addition to reducing costs, also help reduce the companies' overall CO₂ footprint.

Starting in 2017, jumbo trailers can be used for transport to and from the brewery in Skælskør. Over the coming years, this is also expected to make a positive contribution to the overall environmental accounts.

FUTURE ACTIVITIES

In the coming year, Harboe will continue to assess the need for further investments in efficient utilisation of resources and capacity. The planned investments for 2017/2018 are focused on process and production equipment, energy optimisation and efficiency improvement as well as investments supporting the strategic group development.

Continued focus on additional energy optimisation, possible investments in alternative energy sources, demands on all links of the value chain to use sustainable raw materials, more environmentally-friendly packaging, process optimisation and streamlining of distribution are to facilitate further CO₂ reductions — also in the future.

As part of the construction of Harboe's visitors' centre, solar panels will be fitted on the storage building in Skælskør in 2017/2018. This will help further reduce the energy consumption of the production process and raise Harboe's environmental profile. ■



CONSUMER ISSUES

POLICY

As an international drinks manufacturer and supplier to food companies worldwide, product quality and safety are paramount. Harboe will meet the highest food safety standards by using raw materials that ensure a high and uniform quality throughout the entire value chain – from raw material to the finished product.

Harboe supports the industry's responsibility work and health authority guidelines for consumption of alcohol. In our marketing, we are aware of our responsibility to communicate correctly and ensure compliance with marketing legislation.

RISK

Harboe is aware of the risk of excessive consumption of both alcohol and soft drinks/sugary products which may have negative impacts on consumer health.

ACTIVITIES

FOCUSED WORK ON CERTIFICATIONS

To ensure the highest standards, our breweries are certified according to internationally recognised standards. This ensures focus, structure and documentation of significant processes and results. These standards also impose stringent requirements for handling of errors and deviations to prevent a recurrence of errors. The work on structured and documented corrective and preventive actions was prioritised further in 2016/2017.

Based on a requirement in the latest version of the BRC standard, a vulnerability analysis was conducted

on all raw materials suppliers. The vulnerability analysis was based on information about the supplier's certification, geographical location, history and the price level of the raw material. The group's primary suppliers are all based in the EU and thus subject to uniform regulatory requirements, helping to ensure quality.

QUALITY CONTROL OF SUPPLIERS

In 2016, Harboes Bryggeri A/S introduced a new supplier approval procedure under which raw materials suppliers without a quality certification recognised by Global Food Safety Initiative (IFS, BRC, ISO 22000 FSSC) were audited by trained auditors from Harboes Bryggeri A/S. These audits included quality, environment, occupational health and safety and CSR issues.

UNIFORM QUALITY STANDARDS AND PROCEDURES

In 2017, the quality department in Skælskør started work on implementing an IT system for document and deviation management. This will enhance user-friendliness and transparency across the group's companies and help disseminate knowledge of the quality standards. The system will initially be implemented in Skælskør and subsequently in Estonia and Dargun. The system will underpin the increased prioritisation of collaboration between the three breweries and the implementation of selected group procedures.

DEVELOPMENT OF MORE NATURAL AND NUTRITIOUS PRODUCTS

Our development department is dedicated to developing existing products and creating new ones to meet market demand for more natural and nutri-

tious products. This has resulted in close collaboration with malt extract customers, in particular.

PERFORMANCE

Our focused certification work has paid off. In early 2017, in connection with the latest audit, Harboes Bryggeri A/S was awarded the IFS higher level certificate and the BRC AA grade certification – both the highest level of the certification standard in question and an improvement on the previous year. Harboe is also certified in accordance with OHSAS 18001:2005, GMP + B2 Production of Feed Ingredients, Halal, Kosher, Organic products and the straw shortener concept.

Darguner Brauerei GmbH is certified in accordance with ISO 9001:2008, International Food Standard – issue 6 (higher level), HACCP and feed certification. The brewery's beer and juice products are also certified in accordance with kosher standards.

Viru Ölu AS is certified in accordance with ISO 22000.

Implementation of a common emergency response plan started in 2016/2017. In 2016, as part of our insurance programme, the companies in Skælskør and Dargun performed an audited Recall Challenge, designed to emulate a real recall, based on this procedure. Both companies completed the challenge without significant comments.

Based on inquiries from customers and consumers, the breweries are dedicated to initiating corrective and preventive actions immediately, where needed, to minimise the risk of a recurrence of such incidents that

may lead to complaints at a later point in time. Through close dialogue with customers and consumers, we are able to ensure and improve the quality of our products.

In the ingredients area, we can offer alternatives to additives and preservatives to make products more natural. Moreover, in 2016/2017, we were able to relaunch EGO, a range of organic soft drinks, offering exciting new flavours. ■



LOCAL COMMUNITY DEVELOPMENT

POLICY

The Harboe group is firmly rooted in the local community and aware of its social responsibility to help develop the community. Moreover, the ability to attract qualified labour also depends on being able to offer employees wishing to settle down close to the company an attractive local community with good sports, cultural and job opportunities.

RISK

If local companies do not support sports and cultural activities, small towns and cities could miss out on opportunities for taking initiatives that benefit the inhabitants personally and the town or city economically. If the local community is not attractive to existing and potential employees, Harboe may face problems attracting and retaining talented and competent employees.

ACTIVITIES

- Support and sponsorships for local associations and events
- Focus on job creation

PERFORMANCE

COMMUNITY INVOLVEMENT

Harboe continues to prioritise community initiatives

and this year, once again, sponsored a number of sports activities, cultural events and charities, the purpose being to support the business, generate positive mention of the company and the local community and make a difference to our employees and their families.

EDUCATION AND CULTURE

Each year, Skælskør hosts a number of recurring cultural events, but the town is also known for Guldagergaard – International Ceramic Research Center, which attracts both national and international attention and artists. In the past financial year, Harboe established a partnership with Guldagergaard on the vintage brews ‘Årgangsbryg 2017’ and ‘Årgangsbryg 2018’. ‘Årgangsbryg 2017’ features one of the artworks exhibited in Guldagergaard. The purpose of this partnership is to promote and raise awareness of community activities that may benefit the town in multiple ways.

Harboe prioritises making its knowledge available to citizens, students and schools through various activities. This helps create dialogue about education and business opportunities in the local community. Regrettably, due to the extensive work involved in the construction of our new visitors’ centre, we did not have much opportunity to invite the public into the

brewery during the past financial year. The visitors’ centre is scheduled to be completed in late summer 2017, and we are really looking forward to welcoming the group’s stakeholders and to presenting Harboe’s history, products and brands in a dynamic environment.

Each year, the group’s companies take on a number of trainees and interns — both students from primary and secondary school and students in higher education programmes – for shorter or longer periods of time. This gives the young trainees and interns insight into the job opportunities in a manufacturing company and gives the students the opportunity to test theory in practice and inspire their colleagues through the sharing of new knowledge.

JOB CREATION

The group’s production units are all located in small towns and many of the employees live in or around these towns. Thus, local job creation is a priority for the group – not just at individual production sites, but also with the group’s sub-suppliers. ■

