



*Kohberg*

**Kohberg Bakery Group A/S  
United Nations Global Compact  
Report 2018**

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<b>ACTIVE</b> in "Danmark mod Madspild"	100 % sustainable palm oil	<b>100 %</b> bread trays made of recycled plastic
<b>0%</b> of our eggs come from battery hens	<b>BRC</b> Food Certificate	<b>100 %</b> of the flour and grain we bake ourselves are grown without glyphosate and plant growth regulators
Job satisfaction and loyalty rating <b>79 %</b>	<b>The largest</b> Danish-owned bakery	
<b>60 %</b> of our products bear the Nordic Keyhole label		



Published by:  
Kohberg Bakery Group A/S  
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This report is not only Kohberg's annual report on our corporate social responsibilities but also a mandatory report in pursuance of Article 99a of the Danish Financial Statements Act regarding social responsibility. The same report is filed as our annual (CoP) Communication on Progress with regard to the United Nations Global Compact scheme.

## WE'RE BAKERS - AND THEREFORE WE HAVE OBLIGATIONS

In more or less every household in Denmark, there is Kohberg bread on the table at least one daily meal. Whether it is for breakfast, in a packed lunch, as a sandwich at lunchtime or a side dish with a hot meal, bread is one of the Danish consumers' essential food items. Kohberg is one of Denmark's best-known food brands. We are a workplace for about 550 people at three locations: Haderslev, Bolderslev and Høje Taastrup. For these and many other reasons, we have obligations.

In the run-up to this year's CSR report, we have adopted a new approach to CSR. Like so many other companies around the world, we studied the United Nations 17 Global Goals for sustainable development and decided to make goal no. 12 our absolute, strategic goal for CSR. As we continued to work we decided to focus on four strategic areas that are positive and valuable, especially in the light that we promise our consumers that "we're bakers".

The four areas are Environmentally Sustainable Consumption, Good Food Products, A Good Place to Work and Responsible Corporate Governance. This simply means that we will continue to focus on environmental and human factors. These four areas are those in which we seek to advance even further in future years.

As a workplace, we have 550 people on loan from their families every day. Therefore, we have increasing focus on safety at work. As a food producer, we consume water, heat, electricity and many other things. We have launched and will continue to launch initiatives to reduce our carbon footprint to a minimum. One fine example is "Danmark mod Madspild" (Denmark fights Food Waste) - a movement that inspires Danes and the food industry. Kohberg plays a leading role. In Denmark, we throw away more than 700,000 tons of food every year. The goal of the movement is to cut food waste by half by 2030.

Good food requires solid knowledge of the value chain. At Kohberg, we know the precise origin of our ingredients, we make stringent demands on our suppliers and we focus generally on ensuring that our bread is baked from scratch and with good quality ingredients. For example, we use flour that is free of plant growth regulators, and we have focus on organic products and a great deal more besides. We are dedicated to our cause every single day. Why? Because we're bakers.

Kind regards,

René Normann Christensen  
CEO, Kohberg Bakery Group A/S



## ABOUT KOHBERG

Kohberg Bakery Group is the largest Danish-owned bakery. Almost every Danish consumer recognises the brand. Danes eat bread throughout the day - at breakfast, lunch and dinner, and as snacks between meals.

Our 550 employees - of whom 80 are fully qualified bakers - work at our modern bakeries at Bolderslev, Haderslev and Høje Taastrup in Denmark and at our Hinnerup warehouse.

Revenue MDKK 949

EBITDA MDKK 18.9

Equity MDKK 88

550 employees

### OWNERSHIP

Kohberg is part of the ownership structure under KOFF A/S, a family-managed holding company. Kohberg Bakery Group is KOFF A/S' largest food-producing company.

This CSR report covers Kohberg Bakery Group A/S, including a subsidiary, H. C. Andersen Bagergården A/S.

### PRODUCTS AND SERVICES

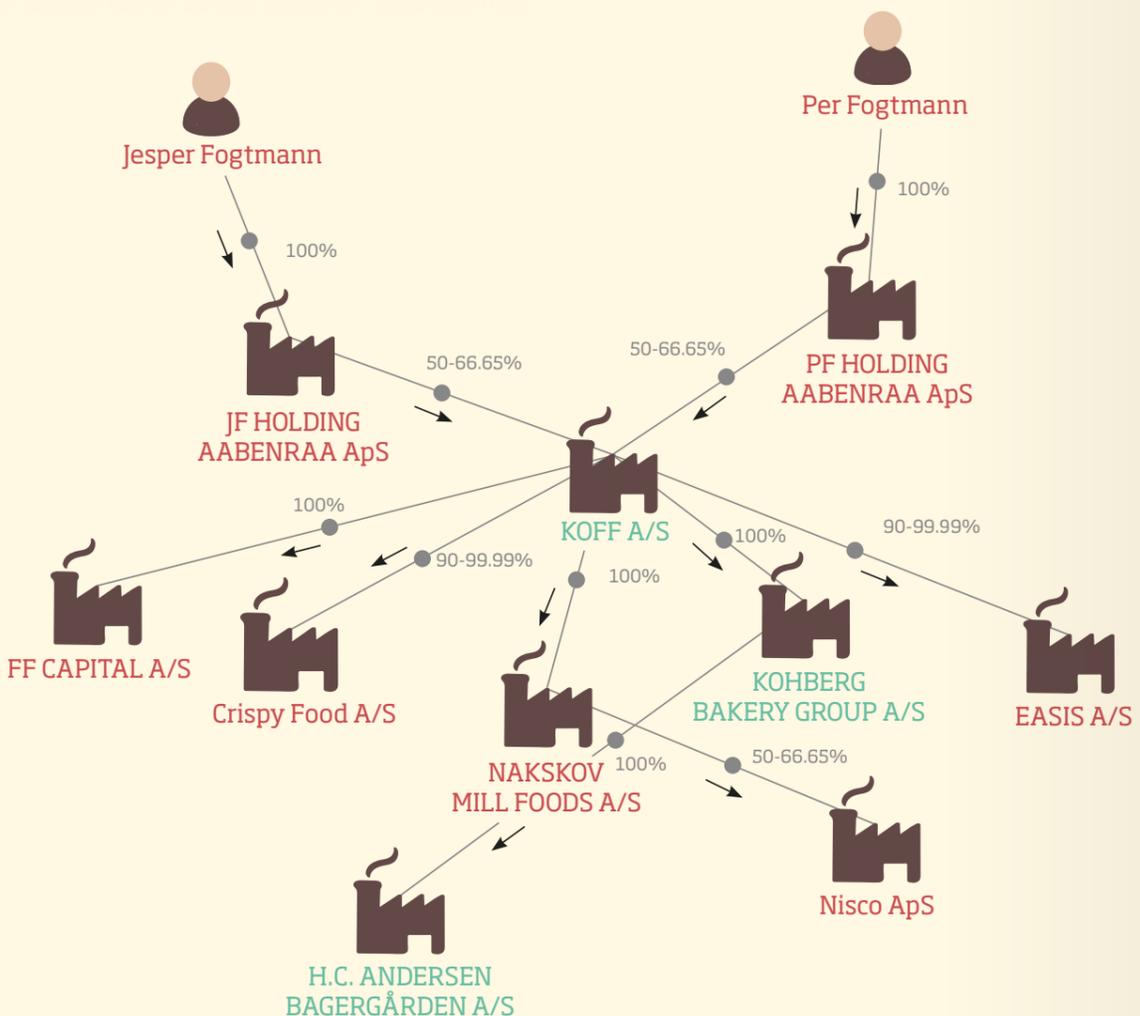
At Kohberg, we primarily bake fresh-baked, pre-packed bread and distribute it to retail stores and food service wholesalers. We also supply private-label bread to retail chains. We supply frozen bake-off products (bread and Danish pastries) to in-store bakeries and food service wholesalers, and fresh bread to in-store bakeries.

As for exports, Kohberg sells under its own brand and under private labels, e.g. to food service wholesalers and retail stores.

Our range includes the following product categories:

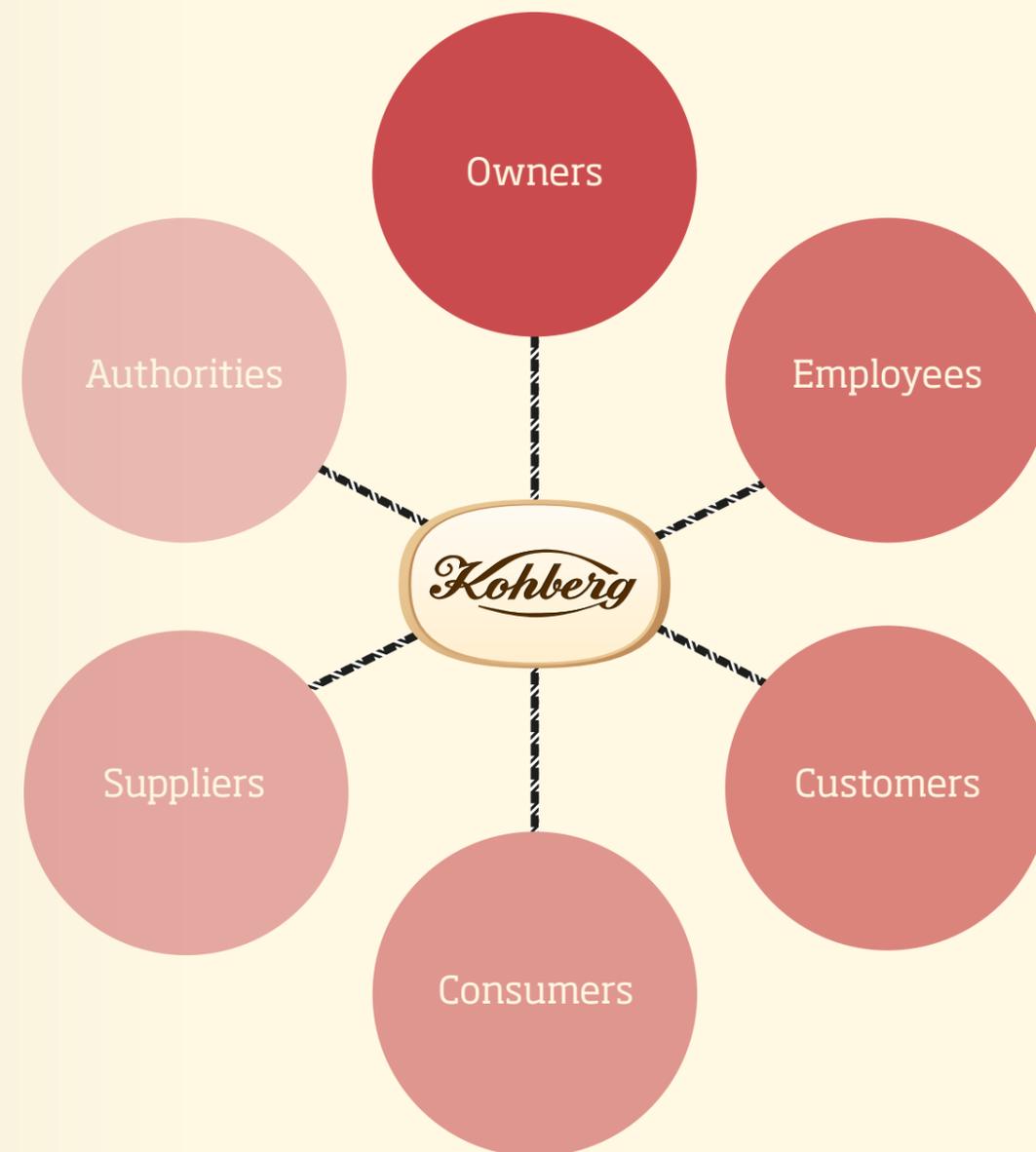
- Rye & Multigrain Bread
- Lunch & White Bread
- Breakfast Rolls
- Buns
- Sandwiches & Burgers
- Fast food
- Danish Pastry
- Snacks

Organic and vegan variants are available in several product categories. Kohberg also offers gluten-free and lactose-free bread.



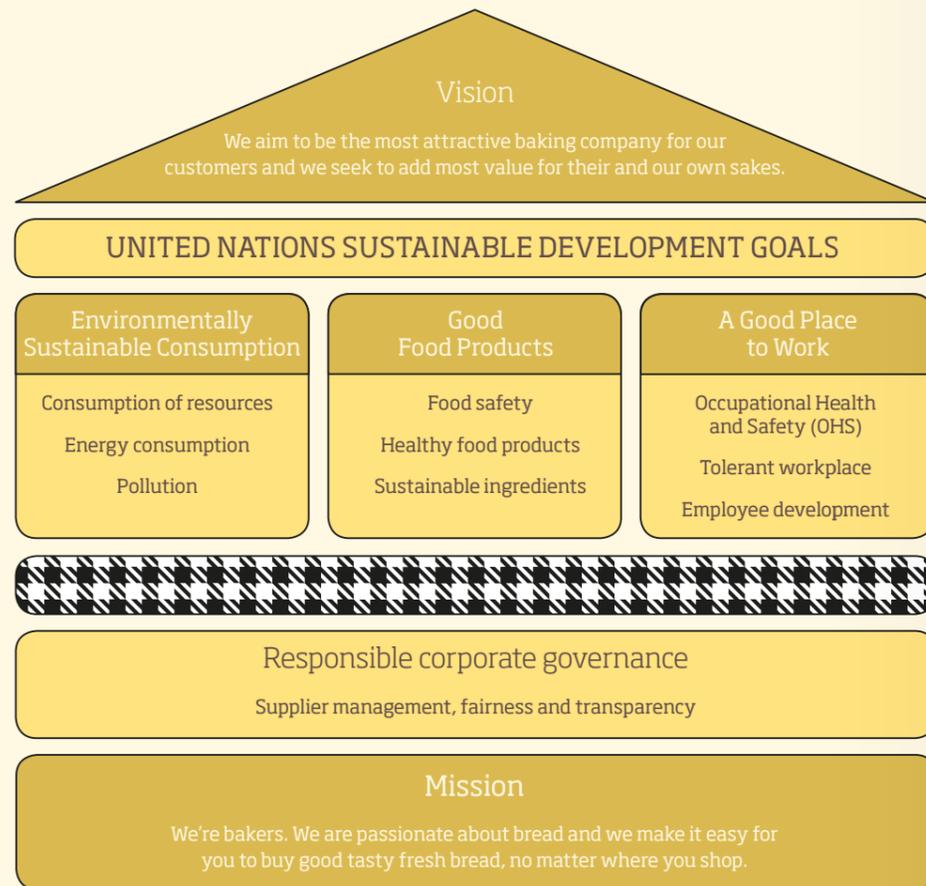
## KOHBERG AND ITS SURROUNDINGS

As a food-producing company, Kohberg has an impact on its surroundings. Similarly, a range of factors in our surroundings affects us, e.g. public authorities and legislation, the employees at our bakeries, our customers and the consumers who enjoy our bread and Danish pastries.



# CSR STRATEGY AND FOCUS AREAS

We have a consistent, common target: We at Kohberg bake the best bread for the Danish people. We have devised a framework for ourselves and for our business activities - and we have a mission. We are diligent in our work with Corporate Social Responsibility because acting responsibly and encouraging adds value for customers, partners and ourselves. We seek to influence our surroundings to do the same.



## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

### GOAL 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

Continued economic growth and sustainable development depend on successfully minimising our impact on the natural environment. We can achieve this in many ways, including changing how we consume resources and dispose of waste and pollutant substances. As a commercial enterprise, Kohberg is obliged to examine how we recycle and reduce waste volumes. As a food company, we have become active in efforts to reduce global food waste per head by half. We believe this will improve food safety at the international level and help drive the world economy towards a better use of its resources.



### FOCUS AREAS

Based on recent research, we at Kohberg have decided to build our CSR work on three pillars/focus areas. These are:



**Environmentally Sustainable Consumption**



**Good Food Products**



**A Good Place to Work**

And we have added a fourth pillar, **Responsible Corporate Governance**, as this indirectly affects the other three.



# VALUE CHAIN AND RISK FACTORS



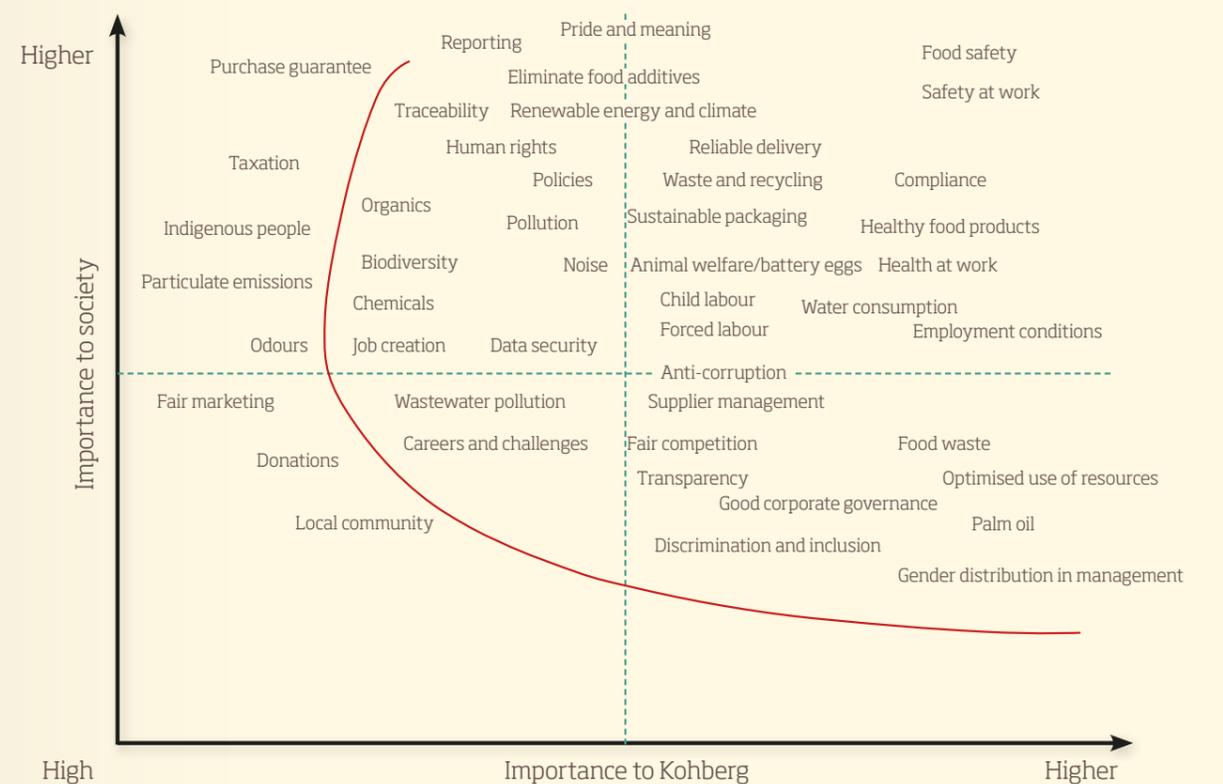
### VALUE CHAIN AND RISK FACTORS

In connection with our strategic CSR work, we have studied Kohberg's value chain, including links of the chain where Kohberg affects our surroundings negatively or is at risk of doing. As we aim to act responsibly, we strive consistently to minimise any negative effects we may have.

### MATERIALITY

By collecting information and analysing the wishes of our stakeholders and the risks at Kohberg and throughout the value chain, we can summarise the situation in a materiality matrix, in which we plot various aspects of CSR work and weight them according to their relative importance for our stakeholders and Kohberg, respectively.

## MATERIALITY



## ENVIRONMENTALLY SUSTAINABLE CONSUMPTION

Every day at our three bakeries, Kohberg bakes thousands of loaves and Danish pastries that are subsequently distributed to stores, wholesalers and eateries across the country. We have a strong focus on our consumption. We strive to incorporate eco-friendly and sustainable alternatives into our patterns of consumption throughout the value chain - from the crops growing in the fields until the bread is transported to our customers. We also strive to reduce the volume of waste.



## KOHBERG FIGHTS FOOD WASTE



Kohberg plays a key role in the "Danmark mod Madspild" (Denmark fights Food Waste) campaign, a movement among Danes and in the Danish food industry that seeks to reduce food waste. In Denmark, we throw away more than 700,000 tons of food every year. The goal of the movement is to cut food waste by half by 2030.

"We are proud to have been one of the founders of "Danmark mod Madspild". At Kohberg, we intend to have a conscious and whole-hearted approach to everything we do at our bakeries and this includes our consumption of ingredients. We have taken up the gauntlet and in future years, we will strive to achieve waste-free production."

- René Normann Christensen, CEO, Kohberg Bakery Group.

## CONSUMPTION OF RESOURCES

### BREAD SHOULD BE EATEN UP, NOT THROWN AWAY

We bake bread and Danish pastries to be eaten up - not to end up in the trash. Throughout our organisation, we have focus on reducing waste. We reduce waste at every phase, from the delivery of ingredients, via the products' progress through the bakery until the final goods are sold. We have implemented LEAN and optimised our processes with a view to reducing waste, and we hold weekly waste meetings to ensure that we maintain consistent focus in this area. Our process waste is shrinking generally. Work continues in 2019, when we will focus on product discards. Most of Kohberg's process waste is used in animal feed and recycling.

### PACKAGING POLICY UNDER WAY

The right packaging is important for our fresh, wrapped bread variants. In addition to the special food contact regulations, we are also keen to contribute to sustainable, eco-friendly solutions. We are therefore in the process of switching a significant share of our bread bags to bags made in plastic film that is 8 % thinner than the film currently used. This is phase 2 of the process of reducing bag thickness. We have reduced film thickness on a previous occasion. We are in the process of writing a packaging policy, into which customers' input and official waste handling plans will be integrated.



We are proud to be one of the founders of "Danmark mod Madspild"

## 100 % RECYCLED BREAD TRAYS

All bread trays used at Kohberg are produced in 100 % recycled materials. Our bread trays are made of high-density polyethylene (HDPE) that was used originally in Kohberg bread trays. When these are broken, the polyethylene is recycled with other materials recycled from beer crates, pallet frames, etc.

"Plastic and recycling grab a great deal of attention nowadays. In fact, our plastic bread trays have been made of 100 % recycled plastic for more than 20 years. We are very proud of this fact - and we know that others commend it. Our trays are durable. Even so, we repurchase 80,000 each year, partly because a large number of them "disappear" and are used for other purposes. We have taken the first steps towards the next phase, in which we will be testing bread trays made of 50 % recycled polymers and 50 % recycled fishing nets."

- Carsten Pedersen, Head of Group Procurement



## ENERGY CONSUMPTION

### WE CONTINUE TO REDUCE OUR ENERGY CONSUMPTION

Bread production requires a relatively high level of energy consumption. In recent years, we have therefore focused our attention on developing an energy-saving production system. This applies to each of our bakeries - at Bolderslev, Høje Taastrup and Haderslev.

Our goal is to reduce total emissions of CO<sub>2</sub> per kilogram finished product. To continue this effort in 2019 we will investigate whether there is a potential to make further energy savings and opportunities to collect data in this field.

### OPTIMISED ROUTES AND NEW FUEL-EFFICIENT DIESEL TRUCKS

To reduce our consumption of working hours and diesel, we have focus on reducing our trucks' "ports of call". To avoid travelling excessive kilometres, we have reviewed truck routes, reduced the number of trucks and filled the remaining trucks as much as possible. We do our utmost to bring sales as close as possible to production. Our approach to purchasing is generally based on a subsidiarity principle, and we prefer to be close to our suppliers, not least geographically. If we have local suppliers, we can optimise our fleet.

We are also in the process of switching to newer, more fuel-efficient trucks. In 2019, we expect our own trucks to run 3.85 kilometres on a litre of diesel, which will reduce diesel consumption by 8 %.

## POLLUTION

### ALL OUR TRUCKS COMPLY WITH STRINGENT EU FUEL ECONOMY REGULATIONS

We seek to ensure that all our trucks meet the most stringent EU regulations regarding fuel economy. These standards restrict NO<sub>x</sub> and particulate emissions from trucks. To achieve this, many vehicles will be replaced in 2019.



## CLEANING WITH RESPECT

At Kohberg, there is focus on the environment in every corner of the company, including cleaning.

In this respect, the bakery at Høje Taastrup has taken an important step and Bolderslev has also come along: We have invested in a cleaning system using steam, high pressure and very hot water. This cleaning method is beneficial for the machinery, employees and environment.

“Tecnovap steam cleaning produces dry, saturated steam under pressure, effectively raising the boiling point of the water. The steam reaches a temperature of 180° C, which means that it evaporates and cleaning leaves very little water behind. This cleaning method is gentle, eco-friendly and also very effective. There is no need to use cleaning agents and chemicals when you clean using steam under high pressure. Finally, we also find that we spend less time cleaning. Cleaning processes are simplified which is highly beneficial for our employees.

- Gitte Bartholomæussen, Cleaning Supervisor



## ENVIRONMENTALLY SUSTAINABLE CONSUMPTION



### ANNUAL RESULTS 2018

Risks	Focus Areas	Target(s)	Action	Results
Chemical substances Water consumption Waste and food waste Biodiversity Animal welfare CO <sub>2</sub>	<b>Consumption of resources</b>  <b>Policy</b> Environment Policy  Climate Policy	<b>Process waste</b> 9.0 % process waste from ingredients (from source to packed end-product)  <b>Food waste</b> 1.9 % end-product food waste (from packed end-product to product sale)	LEAN implementation  Process optimisation  Weekly waste meetings	9.8 % process waste from ingredients (from source to packed end-product)  2.0 % end-product food waste (from packed end-product to product sale)
CO <sub>2</sub>	<b>Energy consumption</b>  <b>Policy</b> Climate Policy	<b>Diesel consumption</b> 3.2 km per litre Diesel economy in own trucks	New, more fuel-efficient trucks	3.2 km per litre diesel consumed by own trucks
Particulate pollution	<b>Pollution</b>  <b>Policy</b> Environment Policy	<b>Particulate emissions</b> All our own trucks comply with stringent EU fuel economy regulations	We have upgraded our trucks to meet stringent EU fuel economy regulations	All trucks purchased meet stringent EU fuel economy regulations

### GOALS 2019

Risks	Focus Areas	Target(s)	Planned Actions
Chemical substances Water consumption Waste and food waste Biodiversity CO <sub>2</sub>	<b>Consumption of resources</b>  <b>Policy</b> Environment Policy  Climate Policy	<b>Process waste</b> 6.9 % process waste from ingredients (from sourcing to packed end-product)  <b>Food waste</b> 1.9 % end-product food waste (from packed end-product to product sale)	Process optimisation  Weekly waste meetings  Focus on discards, forecasting and planning.
CO <sub>2</sub>	<b>Energy consumption</b>  <b>Policy</b> Climate Policy	<b>Diesel consumption</b> 3.85 km per litre consumed by our own trucks (8 % improvement)	New, more fuel-efficient trucks
Particulate pollution	<b>Pollution</b>  <b>Policy</b> Environmental Policy	<b>Particulate emissions</b> All our own trucks comply with stringent EU fuel economy regulations	We will have upgraded our trucks to meet stringent EU fuel economy regulations

### MORE ENVIRONMENTAL IMPROVEMENTS ON THEIR WAY

In future, we will be looking to identify more focus areas that respect the environment. We have already begun to review wastewater processing and sorting waste is another area in which we believe we can improve even more on current performance. For example, we wish to examine whether other companies could use the waste cardboard, paper and plastics generated at Kohberg so that we can minimise the net volume of waste and protect the environment.





## GOOD FOOD PRODUCTS

We bake Kohberg bread and Danish pastries using proud baking traditions. This year marks the 50th anniversary of the opening of Alfred Kohberg's first bakery. He soon became famous for his delicious rye bread. Even since, we at Kohberg have focused on making good bakery products using good quality ingredients. In addition to a demand for tasty bread and Danish pastries, our customers also look for healthier alternatives that also meet their expectations regarding food safety and responsibility. Making good tasty products is our most important goal. When we source ingredients, we monitor that they meet our own standards. For example, every plant-based ingredient we use is grown without plant growth regulators.



## FOOD SAFETY

### CERTIFICATES SAFEGUARD CONSUMER INTERESTS

All three Kohberg bakeries have British Retail Consortium (BRC) certificates. Food-producing companies that export to the UK and the rest of the world use the BRC Global Standard for Food Safety. It requires that they comply with the most stringent requirements regarding management, food safety, hygiene, maintenance and employee training.



The overarching goal of the BRC Food Certificate is to safeguard consumer health. Via our partnership with BRC, we have reviewed and described all our procedures and work processes. By means of ongoing replacement of equipment and machinery, we hope to optimise even further. In 2018, two of our bakeries are BRC certified at Grade B. Our bakery in Haderslev is now classified as a BRC Grade A bakery, the highest possible rating.

### BIG SMILES

As a food-producing company, it is imperative that we cooperate with the food safety authorities. For the sake of our customers, employees and the company itself, it is crucial that Kohberg is well organised when it comes to factors such as hygiene and self-monitoring. The Danish Veterinary and Food Administration's (DVFA) mandatory audits help to ensure that we maintain consistently high standards. In 2018, the DVFA awarded our bakeries at Haderslev and Høje Taastrup, the warehouse in Hinnerup and the cold store in Haderslev a DVFA "Elite Smiley". At the end of 2018, the Bolderslev bakery forfeited its Elite Smiley as the DVFA inspection made several remarks. We have of course rectified all the remarks but we cannot regain our Elite Smiley until 12 months after the last remark.



## HEALTHY FOOD PRODUCTS

### BAKED WITHOUT PLANT GROWTH REGULATORS

Every type of flour and grain we use in our products is grown without glyphosate (the active ingredient in Roundup herbicides), without plant growth regulators and on fields that are not fertilised with biosolids. We believe that our policy protects the environment and ensures that we provide healthy products for our customers and consumers. Of course, all our products comply with Danish and European legislative requirements. To ensure that we meet market requirements and transport the ingredient we use most over the shortest possible distances, we buy only Danish rye.

### EAT MORE WHOLE GRAINS

As an active partner in the Danish Whole Grain partnership, Kohberg promotes public health and encourages the Danes to live according to an official dietary recommendation: Eat more whole grains.



Kohberg regularly introduces new and healthier bread that carries the Whole Grain Logo to help consumers make healthier choices. The logo guarantees that the bread contains more whole grains and has a healthy nutritional profile (fats, carbohydrates, salt and fibre). In 2018, 21 of our bread and bun products carried the Whole Grain Logo. Every time we introduce new bread and bun products, we consider whether the bread in question could contain a higher percentage of whole grains and therefore qualify to carry the Whole Grain Logo.

On average, Danes consume 63 g of whole grains a day. The official recommendation is 75 g per day, which corresponds to three slices of our delicious Herkules rye bread.

### THE NORDIC KEYHOLE LABEL - A GUIDE TO HEALTHIER FOOD CHOICES

By means of the Nordic Keyhole label, Kohberg helps consumers to recognise healthier foods. We strive to increase the number of products that have the Keyhole label. The label identifies healthier foods within a specific product group.



In 2018, most of our own retail brands carried both the Keyhole label and the Whole Grain Logo. 29, i.e. more than 60 %, of our products carried the Nordic Keyhole label.

### VEGAN - GREEN ALTERNATIVES

Since we joined the Danish Vegetarian Association's labelling scheme in 2018, more than 80 of our bread types are "Vegan". We back sustainability, the underlying issue in many Danes' decision to eat wholly or partially vegan. The V-label makes it easier for consumers to identify and choose a green alternative.



The Vegan label guarantees that the bread contains no animal products, e.g. no milk, egg or honey.

## BREAD FOR 50,000 DANISH CELIAC SUFFERERS



At Kohberg, we aim to bake for everyone. We have therefore developed gluten-free variants to the benefit of approximately 50,000 Danes who suffer from celiac disease and who must therefore avoid gluten and wheat.

"Our gluten-free products are produced at a bakery that is 100 % gluten-free. We ensure that celiac sufferers have nothing to fear when they eat our products."

- Britt Hougaard, Marketing and Communication Manager

Gluten-free sandwich bread is labelled with the Danish Celiac Association's logo and signals to kitchen staff and end-users that Kohberg takes food safety seriously.

## SUSTAINABLE INGREDIENTS

### ORGANIC FOOD - CLOSE TO KOHBERG'S HEART

More Danes are now opting for organic foods and many professional kitchens have more organic dishes on the menu. Organic food is very close to our heart. Organic baking demands more of us as bakers. It requires solid craftsmanship and that we walk the extra mile to find the best organic ingredients.



Our organic products are labelled to provide consumers with organic alternatives. Moreover, they can rest assured that the bread meets official requirements regarding organic foods.

The Danish authorities inspect products bearing the Danish Ø-logo and the text "statskontrolleret økologisk". The green EU organic logo shows that the product complies with the guidelines in the EU Organic Regulation. The same rules apply to the Danish Ø-logo. Kohberg joined both labelling schemes voluntarily. 13 % of all our products are organic.

### NO EGGS FROM BATTERY HENS

As a food-producing company, Kohberg believes that animal welfare is important. Consequently, we do not use eggs from battery hens in our bread and Danish pastries. We also require our suppliers to avoid using eggs from battery hens. All products produced at Kohberg have been 100 % free of eggs from battery hens since 2016. Since then, consumers have become increasingly opposed to eggs from battery hens and retail has growing focus on this issue. A number of retail stores refuses to sell eggs from battery hens and are phasing them out of their products.

### 100 % SUSTAINABLE PALM OIL

In 2012, Kohberg joined the "Roundtable for Sustainable Palm Oil (RSPO)". Today, we use only certified segregated palm oil, i.e. palm oil kept separate from conventional palm oil throughout the supply chain. RSPO certification is the market's most stringent certification scheme. RSPO certification is prestigious. Kohberg is assured a stable supply of palm oil for production purposes. In response to customer demand, we can of course produce without palm oil. Furthermore, we also use only sustainable oil elsewhere in production, e.g. as cutting oils and conveyor belt lubricants.



Read more about Kohberg and RSPO here:

<https://www.rspo.org/members/1904/Kohberg-Bakery-Group-AS>



## GOOD FOOD PRODUCTS



## ANNUAL RESULTS 2018

Risks	Focus Areas	Target(s)	Action	Results
Food safety	<b>Food safety</b> <b>Policy</b> Human Rights Policy	<b>BRC certification</b> All three locations have a BRC certificate.	Third-party certification	Grade B at 2 locations Grade A at 1 location
		<b>Elite Smiley</b> 4 out of 5 locations are awarded an Elite Smiley	Audited by the Danish food product authorities	4 out of 5 locations are awarded an Elite Smiley
		<b>Audits</b> 14 internal BRC audits	Internal audits	All 14 planned audits were completed
Healthy food products Chemical substances Pollution	<b>Healthy food products</b> <b>Policy</b> Human Rights Policy	<b>Glyphosate</b> 100 % of flour and grain products purchased are glyphosate-free	Supplier requirements	100 % glyphosate-free
		<b>Plant growth regulators</b> 100 % of flour and grain products purchased are free of plant growth regulators	Supplier requirements	100 % free of plant growth regulators
		<b>The Whole Grain Logo</b> 44 % of all our products bear the Whole Grain Logo (21 out of 48 products)	Recipe monitoring Whole grain calculation	44 % of all our products bear the Whole Grain Logo (21 out of 48 products)
		<b>The Keyhole label</b> 66 % of all our products bear The Nordic Keyhole label (29 out of 48 products)	Recipe monitoring	60 % of all our products bear the Nordic Keyhole label (29 out of 48 products)
Biodiversity Animal welfare Child labour Forced labour Working conditions Wages Chemical substances	<b>Sustainable ingredients</b> <b>Policy</b> Environment Policy	<b>Eggs</b> 100 % of eggs purchased (kg) are not from battery hens	Ingredients requirements - suppliers	100 % of eggs purchased (kg) are not from battery hens
		<b>Palm oil</b> 100 % of palm oil purchased (kg) is RSPO-certified	Ingredients requirements - suppliers	100 % of palm oil purchased (kg) is RSPO-certified
		<b>Organic</b> 13 % of all our products are organic (6 out of 48 products)	Supplier requirements Recipe follow-ups Organic accounting Organic inspection	13 % of all our products are organic (6 out of 48 products)

## GOALS 2019

Risks	Focus Areas	Target(s)	Planned Actions
Food safety	<b>Food product safety</b> <b>Policy</b> Human Rights Policy	<b>BRC certification</b> All three locations have BRC certificates	Third-party recertification
		<b>Elite Smiley</b> 4 out of 5 locations are awarded an Elite Smiley	Focus on food safety
		<b>Audits</b> 14 internal BRC audits	Internal audits
		<b>Audits</b> 2 supplier audits	Select 2 suppliers and perform audits on their premises
Healthy food products Chemical substances Pollution	<b>Healthy food products</b> <b>Policy</b> Human Rights Policy	<b>Glyphosate</b> 100 % of flour and grain products purchased are glyphosate-free	Supplier requirements
		<b>Plant growth regulators</b> 100 % of flour and grain products purchased are free of plant growth regulators	Supplier requirements
		<b>The Whole Grain Logo</b> 44 % of all our products bear the Whole Grain Logo (21 out of 48 products)	Recipe monitoring Whole grain calculation
		<b>The Keyhole label</b> 60 % of all our products bear the Nordic Keyhole label (29 out of 48 products)	Recipe monitoring
Biodiversity Animal welfare Child labour Forced labour Working conditions Wages Chemical substances	<b>Sustainable ingredients</b> <b>Policy</b> Environment Policy	<b>Eggs</b> 100 % of eggs purchased (kg) are not from battery hens	Ingredients requirements - suppliers
		<b>Palm oil</b> 100 % of palm oil purchased (kg) is RSPO-certified	Ingredients requirements - suppliers
		<b>Organic</b> 13 % of all our products are organic (6 out of 48 products)	Supplier requirements Recipe follow-ups Organic accounting Organic inspection

## A GOOD PLACE TO WORK

We employ 550 people at our bakeries, warehouses, and in sales and administration. We believe it is important that Kohberg is a good, responsible and safe place to work. A Good Place to Work is therefore also a core focus area for us.



## OCCUPATIONAL HEALTH AND SAFETY (OHS)

### FOCUS ON SAFETY AT WORK

As Kohberg is a production company, safety is a priority issue for us. We strive to improve the working environment and safety across the organisation. This work involves devising specific safety procedures for work processes. However, we also invest in new and better solutions to improve safety, e.g. trucks with headlights that light the floor so that others are forewarned when a truck is about to turn a corner. We record every industrial injury and accident and the number of days of absence such events result in. We also register near misses. In 2018, 28 injuries/accidents involving absence were reported at Kohberg. We aim to reduce this figure by 25 % in 2019. To uncover potential risks, efforts are currently being made to increase reports of near misses at Kohberg. We endeavour to receive more reports as we suspect that a large number of near misses are not currently reported.

### A HAPPY WORKING ENVIRONMENT

Of course, we meet every legislative requirement regarding the working environment. The Danish Working Environment Authority often visits to Kohberg to evaluate working conditions here. We run an effective works committee that helps to spotlight this area. In May 2019, four out of five Kohberg locations has a green Working Environment Smiley. This shows that we meet work environment regulations regarding e.g. noise, heavy lifting and the mental work environment.



## WE BELIEVE THAT EMPLOYEE DEVELOPMENT IS WORTHWHILE

Industrial Operator Maria Hammelsvang will soon take the next step up the career ladder. In July 2019, she will begin studying at EUC Lillebælt in Fredericia to become a qualified process operator. We met Maria at an education fair in Tønder last autumn. Maria visited the Kohberg stand, and we had a frank chat about her ambition to become a process operator.

Maria qualified as an industrial operator at the Arla dairy in Branderup. However, as Arla does not educate process operators, it was not possible for Maria to pursue her ambition there.

At Kohberg, we are anxious to support our employees' development, personal as well as professional. Moreover, we are keen to employ more process operators. We seek good results cooperating and making good use of colleagues' diversity. We believe that process operators and bakers can work together, share knowledge and actively contribute to achieving our goals.

Maria Hammelsvang is looking forward to starting her training in July. At Kohberg, we are looking forward to welcoming Maria when she joins our team.



## EMPLOYEE DEVELOPMENT

### HAPPY EMPLOYEES

We need to know how well our employees thrive at their place of work, and whether there are any areas, in which we can take steps to boost employee satisfaction. Every second year, we conduct a job satisfaction survey. All our employees have an opportunity to take part. We measure two main areas: job satisfaction and loyalty. The survey is an important tool in our work. We are therefore delighted to note that 83 % of the workforce took part in the latest survey in 2017. Kohberg scored 79 % on loyalty and 72 % on job satisfaction. Our industry overall scores 65 % on job satisfaction. At Kohberg, we seek to maintain this excellent level in the upcoming survey.

### EMPLOYEES CHOOSE EDUCATION

We make special efforts to ensure that we send even more of our employees on training courses or further education. Well-trained employees help Kohberg to meet our strategic goals. However, our focus on education is also motivated by a desire to give employees the chance to engage in further education. We want our employees to be happy in their work. A well-educated workforce also makes it easier for us to recruit in-house.

Thanks to the IKUF industrial skills development scheme, all our employees are offered two weeks' training of their choice every year. For example, unskilled employees can train to become process operators via the IKUF scheme. In 2018, 45 employees completed an IKUF training course. They received a total of 3,130 hours of tutoring. Kohberg's salaried employees can take part in a variety of external training courses. In 2018, our salaried staff received the equivalent of 856 hours of training.

## TOLERANT WORKPLACE

### EMPLOYEES WITH SPECIAL NEEDS

Kohberg can accommodate - and is indeed very willing to accommodate - special needs. We are all different and society must provide more jobs that are adapted to the individual. At Kohberg, we employ a number of people on special conditions of employment. Specifically, in 2018, we have seven employees in flexijobs in administration, production and supply chain.

Moreover, we at Kohberg have a strong desire to do our bit to educate the next generation of qualified employees. The young will help us in the future so it is important that we help them now. In 2018, we offered nine apprenticeships in various functions in the organisation.

### WOMEN IN MANAGEMENT

By 2022, we aim to have at least one female board member (this aim was not yet achieved by end 2018). We aim to achieve an appropriate equal distribution of men and women in management. Nevertheless, when we hire new employees and appoint leaders, we hire the best candidate regardless of gender.

At the end of 2018, the executive management team counts five. Of these five, two are female. We consider the 40:60 ratio between females and males to be satisfactory.

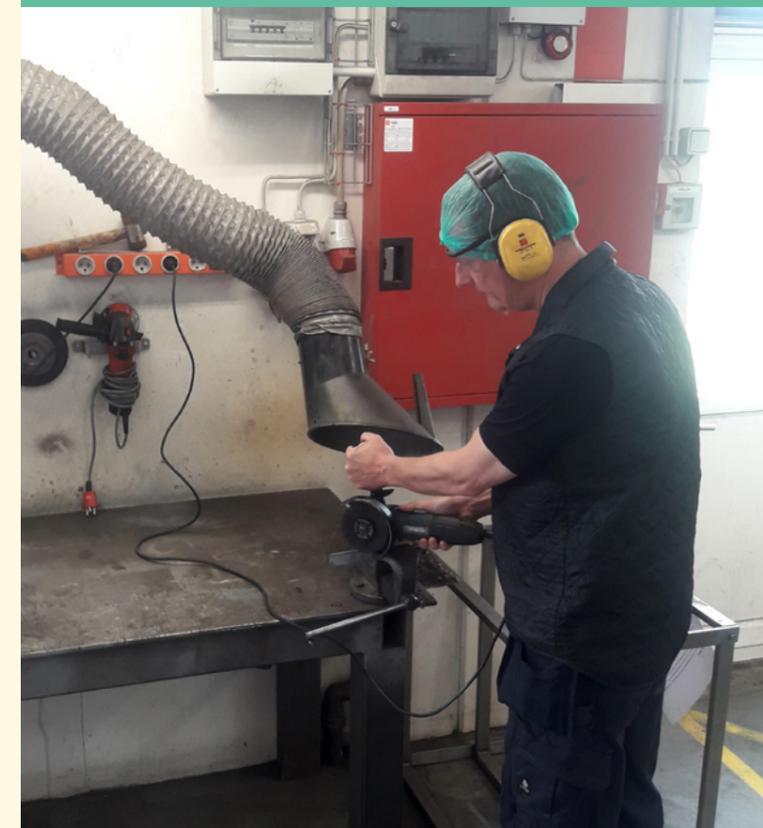
## REACHING OUT TO THE LONG-TERM UNEMPLOYED

At Kohberg, we welcome people in practical work experience all the time. We help them to gain a foothold in the employment market.

"At present, I guess we have five or six with our company. For some, we open a door to the labour market and for others, we help them to return to employment. Some are on their way back to work after long-term illness. Others have fallen off the merry-go-round for some other reason and need to test precisely how much work they are capable of doing. We also help to integrate newcomers to Denmark. In essence, we teach them what it is like to work at a Danish workplace," explains Teddy Krogh Jensen, Production Manager at H.C. Andersen Bagergården (bakery) in Haderslev.

A period of practical work experience usually lasts three months. Then the client and Kohberg will discuss whether the cooperation will continue or, alternatively, will be brought to an end. Continuation depends on both parties. At the end of the period of practical work experience, we evaluate whether we can offer a flexijob - or even regular employment if we have a labour shortage.

Tomasz Østergaard-Sørensen from Haderslev Jobcenter (employment centre) says: "We appreciate Kohberg's willingness to cooperate. Kohberg gives our clients a chance to gain practical work experience. Kohberg helps them to return to work - or to start work for the first time. The employment centre cannot prepare them for employment. If it wasn't for these practical work experiences at a company, we'd really find it very difficult to get them back into employment. Some would find it difficult even to get a foot inside the door. This applies to many recent newcomers to Denmark who don't speak Danish. Some of them have no previous work experience at all. Kohberg really does make a difference."



# A GOOD PLACE TO WORK



## ANNUAL RESULTS 2018

Risks	Focus Areas	Target(s)	Action	Results
Safety at work Health at work	Occupational health and safety  <b>Policy</b> Employees' Rights Policy	<b>Fatalities</b> 0 fatalities as a result of industrial accidents	Focus on working environment	0 fatalities as a result of industrial accidents
		<b>Work-related accidents</b> (No target)	Focus on working environment  Strengthening the organisation	28 reported work-related injuries and accidents leading to absence
		<b>Absence due to work-related accidents</b> (No target)	Focus on working environment	51 days of absence due to work-related accidents per 1,000 days worked
		<b>Near misses</b> (No target)	Training to improve reporting	89 near misses (work-related injuries and accidents) reported in-house
		<b>Working environment smiley</b> 5 out of 5 locations are awarded a green Working Environment Smiley	Special focus on working environment  Strengthening the organisation	4 out of 5 locations are awarded a green Working Environment Smiley
Discrimination Employment conditions	Tolerant workplace  <b>Policy</b> Employees' Rights Policy  Human Rights Policy	<b>Special positions</b> (No target)	Encourage all personnel managers to create special positions	7 flexijobs (2 in administration and 5 in production/supply chain)  9 apprenticeships
		<b>Gender distribution on the board of directors</b> At present, 25 % of the board is female (1 out of 4) (target by end 2022)	Focus on female candidates to the board	0 % of board members are female (0 of the 4)
		<b>Gender distribution in executive management</b> 40 % in executive management is female (2 out of 5)	Focus on female candidates to managerial positions	40 % in executive management is female (2 out of 5)
Employment conditions Safety at work Health at work	Employee development  <b>Policy</b> Employees' Rights Policy	<b>Job satisfaction</b> At least at market level (65 %)	Conduct employee satisfaction survey (Ennova)	72 % job satisfaction (measured end 2017). Target figure for the industry in the same year was 65 %
		<b>Education and training</b> Education for salaried and hourly-paid staff (as needed)	Establish educational goals for employees  Industrial skills development (IKUF) training  Launched internal project management course	856 hours of external training (salaried staff)  3,130 hours of industrial skills development (IKUF) training for hourly-paid staff (45 employees)

## GOALS 2019

Risks	Focus Areas	Target(s)	Planned Actions
Safety at work Health at work	Occupational health and safety  <b>Policy</b> Employees' Rights Policy	<b>Fatalities</b> 0 fatalities as a result of industrial accidents	Focus on working environment  Strengthening the organisation
		<b>Work-related accidents</b> 21 work-related injuries and accidents with absence reported (25 % reduction)	Focus on working environment  Strengthening the organisation
		<b>Absence due to work-related accidents</b> 38 days of absence due to work-related accidents per 1,000 days worked (25 % reduction)	Focus on working environment
		<b>Near misses</b> 100 reported in-house near misses (work-related accidents and injuries)	Training to improve reporting
		<b>Working environment smiley</b> All five locations are awarded a green Working Environment Smiley	Focus on the working environment
Discrimination Employment conditions	Tolerant workplace  <b>Policy</b> Employees' Rights Policy  Human Rights Policy	<b>Special positions</b> 7 flexijobs 9 apprenticeships	Encourage all personnel managers to create special positions
		<b>Gender distribution on the board of directors</b> 25 % of board members are female (1 out of 4)	Focus on female candidates to the board
		<b>Gender distribution in executive management</b> 40 % in executive management is female (2 out of 5)	Unchanged
Employment conditions Safety at work Health at work	Employee development  <b>Policy</b> Employees' Rights Policy	<b>Job satisfaction</b> Job satisfaction at least 72 %	Conduct employee satisfaction survey (Ennova)
		<b>Education and training</b> Education for salaried and hourly-paid as needed	Goals established for employees' training  Conduct industrial skills development (IKUF) training  Launch internal project management course

## RESPONSIBLE CORPORATE GOVERNANCE

At Kohberg, we have a strong focus on responsibility and transparency. We do our utmost to act with decency and respect for our stakeholders at all times. We are proud that we are consistently on the right side of the law, e.g. in marketing, competition and combating corruption.

Our Code of Conduct is a key document. It matches our corporate values, and functions as a set of ethical rules for managers and employees alike. We oppose any infringement of internationally adopted human rights and we are obliged to meet - and expect our suppliers to comply with - local laws and regulations. Furthermore, we comply with all legislative requirements regarding employees' rights and we ensure that Kohberg and our suppliers act responsibly with regard to the environment and climate. Finally, our suppliers are obliged by our Code of Conduct to desist from corruption in all its forms.

We are currently writing and updating a range of policies, which will be completed and approved in 2019. These are an Environment and Climate Policy, Employees' Rights Policy, Human Rights Policy and Anti-corruption Policy. We will also upgrade our Gender Diversity Policy.



## SUPPLIER MANAGEMENT

### RISK ASSESSMENT OF SUPPLIERS

Each year, we assess all our ingredients, suppliers of packing and wholesale goods and selected service providers. In connection with this risk assessment, all the suppliers and providers investigated in 2018 were approved as no breaches were found. Kohberg uses the Safe Food Fraud tool in connection with an annual Food Fraud Self-assessment of all suppliers of ingredients. We select certain suppliers for audits, which will be conducted in 2019.

### SUPPLIER CODE OF CONDUCT

All suppliers of ingredients, packaging and wholesale goods have signed our Supplier Code of Conduct. Signature is imperative. Without a signature, we do not allow the supplier to deliver to our company. In 2018, suppliers who had signed the Supplier Code of Conduct supplied 57 % of external purchases by volume. During 2019, we will examine whether it might be relevant to introduce an obligation for other categories of suppliers to sign our Supplier Code of Conduct and conduct annual self-assessment.

## FAIRNESS

### DECENT AND HONEST MARKETING PRACTICES

Kohberg is a responsible company. We act fairly and responsibly throughout the value chain and this includes marketing the Kohberg brand and our bread and Danish pastries. Our marketing campaigns are always decent, honest and truthful. We meet every legal requirement and we respect the principles of fair competition. In 2018, relevant members of staff were taught competition law and compliance (via e-learning). New employees will attend a similar training course, if relevant.

— ” —  
At Kohberg, we have a strong focus on responsibility and transparency. We do our utmost to act with decency and respect for our stakeholders.

## EVERYONE HAS ACCESS TO OUR WHISTLE BLOWER SCHEME

Every employee at Kohberg Bakery Group A/S has access to and is entitled to comment on conditions at the company, if they discover something they believe is objectionable or illegal. Their concern could be related to e.g. food safety, product quality, integrity or legality. An employee who wishes to comment on conditions at the company simply sends an email to the HR department, who is obliged to keep the whistleblower's identity secret when processing the case.



# RESPONSIBLE CORPORATE GOVERNANCE



## ANNUAL RESULTS 2018

Risks	Focus Areas	Target(s)	Action	Results
All risks	Supplier management <b>Policy</b> Human Rights Policy Employees' Rights Policy	<b>Supplier risk assessment</b> 70 % of purchase volume (DKK) is sourced from risk-assessed suppliers	All suppliers of ingredients, packaging and wholesale goods, and selected service providers have been assessed	72 % of purchase volume (DKK) is sourced from risk-assessed suppliers
	Climate Policy Environment Policy Anti-corruption Policy	<b>Signing the Supplier Code of Conduct</b> 50 % of purchase volume (DKK) is sourced from suppliers who have signed the SCoC	All suppliers of ingredients, packaging and wholesale goods have signed	57 % of purchase volume (DKK) is sourced from suppliers who have signed the SCoC
		<b>Supplier self-assessment</b> 50 % of purchase volume (DKK) is sourced from suppliers who have completed a self-assessment	All suppliers of and ingredients, packaging and wholesale goods have completed a self-assessment	57 % of purchase volume (DKK) is sourced from suppliers who have completed a self-assessment
Unfair marketing Corruption Distortion of competition	<b>Fairness</b> <b>Policy</b> Anti-corruption Policy Human Rights Policy	<b>Fair marketing</b> 0 breaches of marketing legislation	Relevant employees have undergone competitive compliance training	0 breaches of marketing legislation
		<b>Anti-corruption</b> 0 breaches of anti-corruption legislation	Focus on anti-corruption	0 breaches of anti-corruption legislation
		<b>Fair competition</b> 0 breaches of competition legislation	Relevant employees have undergone competitive compliance training	0 breaches of competition legislation
All risks	<b>Openness</b> <b>Policy</b> Anti-corruption Policy Human Rights Policy	<b>CSR Report</b> CSR Report published	Collected CSR data and published CSR Report	CSR Report 2017 published

## GOALS 2019

Risks	Focus Areas	Target(s)	Planned Actions
All risks	Supplier management <b>Policy</b> Human Rights Policy Employees' Rights Policy Climate Policy Environment Policy Anti-corruption Policy	<b>Supplier risk assessment</b> 72 % of purchase volume (DKK) is sourced from risk-assessed suppliers	Select suppliers for audit Risk assessment
		<b>Signing the Supplier Code of Conduct</b> 57 % of purchase volume (DKK) is sourced from suppliers who have signed SCoC	Obtain signatures Evaluate if more purchasing categories shall sign SCoC
		<b>Supplier self-assessment</b> 57 % of purchase volume (DKK) is sourced from suppliers who have completed a self-assessment	All suppliers of ingredients, packaging and wholesale goods shall complete a self-assessment Evaluate if more purchasing categories shall complete a self-assessment
Unfair marketing Corruption Distortion of competition	<b>Fairness</b> <b>Policy</b> Anti-corruption Policy Human Rights Policy	<b>Fair marketing</b> 0 breaches of marketing legislation	Train relevant employees in competitive compliance (e-learning)
		<b>Anti-corruption</b> 0 breaches of anti-corruption legislation	Focus on anti-corruption
		<b>Fair competition</b> 0 breaches of competition legislation	Train relevant employees in competitive compliance (e-learning)
All risks	<b>Openness</b> <b>Policy</b> Anti-corruption Policy Human Rights Policy	<b>CSR Report</b> CSR Report 2018 published	Collected CSR data and published CSR Report 2018



## KPI - DEFINITIONS

### ENVIRONMENTALLY SUSTAINABLE CONSUMPTION

#### CONSUMPTION OF RESOURCES

##### PROCESS WASTE

Process waste from ingredients - from purchase to finished product (as a percentage of total production in tons)

##### FOOD WASTE

Food waste from finished products - from packing of product for sale compared to total products sold (in tons).

#### ENERGY CONSUMPTION

##### Diesel consumption

Number of kilometres per litre consumed diesel by our own trucks.

#### POLLUTION

##### Particulate emissions

Percentage of our own trucks that comply with most stringent EU fuel economy regulations.

### GOOD FOOD PRODUCTS

#### FOOD SAFETY

##### BRC certification

Number of locations awarded BRC food safety certification.

##### Elite Smiley

Number of locations awarded an Elite Smiley (awarded by the Danish Veterinary and Food Administration via third-party audit)

##### Audits

Number of internal BRC audits conducted on own sites.

#### HEALTHY FOOD PRODUCTS

##### Glyphosate

Percentage of flour and grain products purchased that are glyphosate-free.

##### Plant growth regulators

Percentage of flour and grain products purchased that are free of plant growth regulators.

##### The Whole Grain Logo

Percentage the total number of products that bear the Whole Grain logo.

##### The Nordic Keyhole label

Percentage of the total number of products that bear the Nordic Keyhole label.

#### SUSTAINABLE INGREDIENTS

##### Eggs

Percentage of eggs purchased (kg) that are not from battery hens.

##### Palm oil

Share of RSPO (Roundtable for Sustainable Palm Oil) -certified palm oil.

##### Organic

Percentage of the total number of products that are certified organic products.

### A GOOD PLACE TO WORK

#### OCCUPATIONAL HEALTH AND SAFETY

##### Fatalities

Number of fatalities resulting from work-related accidents.

##### Work-related accidents

Number of reported work-related accidents and injuries leading to absence.

##### Absence due to work-related accidents

Number of days of absence due to work-related accidents per 1,000 days worked.

##### Near misses

Number of near misses (work-related accidents and injuries) reported in-house.

##### Work Environment Smiley

Number of locations awarded a green Working Environment Smiley.

#### TOLERANT WORKPLACE

##### Special positions

Number of active flexijobs and apprenticeships

##### Gender distribution on the board of directors

Number of seats held by women in the board of Kohberg Bakery Group A/S.

##### Gender distribution in executive management

Number of women in executive management team at Kohberg Bakery Group A/S. The team comprises CEO, CFO, Sales Director, Production Director and HR Director.

#### EMPLOYEE DEVELOPMENT

##### Job satisfaction

Total score (percentage) in employee satisfaction survey carried out every second year by Ennova.

##### Education and training

Number of hours training for salaried and hourly-paid employees.

### RESPONSIBLE CORPORATE GOVERNANCE

#### SUPPLIER MANAGEMENT

##### Supplier risk assessment

Percentage of purchase volume (DKK) sourced from risk-assessed suppliers.

##### Signed Supplier Code of Conduct

Percentage of purchase volume (DKK) sourced from suppliers who have signed the SCoC.

##### Supplier self-assessment

Percentage of purchase volume (DKK) sourced from suppliers who have completed a self-assessment.

#### FAIRNESS

##### Fair marketing

Number of legal decisions for breach of marketing legislation reached or caused by Kohberg Bakery Group A/S..

##### Anti-corruption

Number of legal decisions for breach of anti-corruption legislation reached or caused by Kohberg Bakery Group A/S.

##### Fair competition

Number of legal decisions for breach of competition legislation reached or caused by Kohberg Bakery Group A/S.

#### OPENNESS

n/a

## UNITED NATIONS GLOBAL COMPACT

Until this year, we at Kohberg Bakery Group based our programme of CSR activities on the principles of the United Nations Global Compact. We focused on two principles: People & Health, and Environment & Climate.

Every area associated with Human Rights, Employees' Rights and Anti-corruption was rated as "satisfactory" as these areas are covered by our Code of Conduct and legislative requirements in "low-risk countries". We strive to reduce our impact on the environment and climate, and consider our efforts to these ends to be largely "green". We are aware of our environmental responsibilities and therefore believe that we must continue to focus on them.

In this report, we address the ten principles of the United Nations Global Compact as follows:

	Principle	Pages
1	The company supports and respects the protection of internationally proclaimed human rights.	8-11, 14-15, 22-25
2	The company makes sure it is not complicit in human rights abuses.	8-11, 14-15, 22-25
3	The company upholds the freedom of association and the effective recognition of the right to collective bargaining.	18-21, 22-25
4	The company supports measures to eliminate all forms of forced and compulsory labour.	18-21, 22-25
5	The company upholds the effective abolition of child labour.	18-21, 22-25
6	The company upholds the elimination of discrimination in respect of employment and occupation.	18-21, 22-25
7	The company supports a precautionary approach to environmental challenges.	18-21, 22-25
8	The company undertakes initiatives to promote greater environmental responsibility.	18-21, 22-25
9	The company promotes the development and diffusion of environmentally friendly technologies.	18-21, 22-25
10	The company is opposed to corruption in all its forms, including extortion and bribery.	22-25

## COMPANY PROFILE

#### ORGANISATION

Company name	Kohberg Bakery Group A/S
Website URL	<a href="http://www.kohberg.com">www.kohberg.com</a> <a href="http://www.kohberg.dk">www.kohberg.dk</a>
Headquarters	Kernesvinget, 6392 Bolderslev, Denmark
Ownership	Koff A/S (100 %)
Number of employees	550

#### REPORT

Report period	1/1 2018 - 31/12 2018
Reporting practices	This report is drawn up in accordance with Articles 99a and 99b of the Danish Financial Accounting Act. The report comprises information regarding all companies in the Kohberg Bakery Group A/S.

#### GOVERNANCE

The contact person with regard to this report and the person generally responsible for CSR is CFO Stine Aare Jensen ([staj@kohberg.com](mailto:staj@kohberg.com))



*Kohberg*

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