

CHR HANSEN

*Improving food & health*

# CORPORATE SOCIAL RESPONSIBILITY 2013/14

COMMUNICATION ON PROGRESS

Microbial  
Solutions

# Letter to our stakeholders

Chr. Hansen's strategy, Nature's No. 1, puts clear priority on CSR: natural resources play an explicit role in the business strategy and corporate social responsibility plays an integral role in the execution of the overall strategy. In 2013/14 new CSR goals were introduced to reflect this priority.

## **HUMAN CAPITAL**

Creating a safe, stimulating and motivating working environment for our employees remains a key focus area to ensure the future success of Chr. Hansen. Our biennial employee satisfaction survey was conducted this year with a good overall result, although slightly below that from 2011/12. The findings in the survey are used across the organization to work on increasing motivation and satisfaction among our employees.

Health and safety is at the core of Chr. Hansen's business. We believe that each and every accident can and should be avoided, and it is encouraging that the lost-time incident frequency fell from 8 per million working hours in 2012/13 to 4 in 2013/14. However, absence per incident increased from 15 to 20 days driven by few specific incidents. We will in the coming years focus on how to further improve the health and safety of our employees.

## **IMPROVING FOOD & HEALTH**

Through innovation, we contribute to the availability of safe, healthy and nutritious products globally. At every step of the value chain we provide solutions that aim at protecting the consumer and nature's scarce resources while promoting sustainable business.

This is also true for our own operations. There was, however, a minor decrease in water, energy and CO<sub>2</sub> efficiency in 2013/14, mainly related to the expansion of fermentation capacity in Copenhagen and suboptimal production processes ahead of the expansion.

Our commitment to the UN Global Compact principles is unchanged as is our commitment to secure a sustainable business model for both ourselves and our customers. As a member of the Global Compact, Chr. Hansen is committed to supporting and advancing its 10 principles within our sphere of influence. This includes making the principles part of our day-to-day operations and promoting the principles in relations with stakeholders such as suppliers, consumers and customers.

## **Cees de Jong**

President & CEO

# Managing sustainability

Chr. Hansen signed up to the UN Global Compact in September 2009, and sustainability and CSR are reflected in its policies and positions set by the Board of Directors.

The policies and positions are linked to the business through the Company's strategy, ambitions and operational goals. They are implemented through procedures integrated into the management system of the Company.

## Linking policies and ambitions

	<b>Ambitions</b>	<b>Content</b>
Quality & Product Safety	Protecting consumers	<p>Chr. Hansen wants to meet or exceed its customers' expectations regarding product quality and services. This is why the Company applies risk identification and risk management, and requires 100% traceability on all products. Product alerts are handled quickly to prevent or eliminate potential adverse impacts.</p> <p>Chr. Hansen provides useful, accurate and complete information about its products to ensure that consumers have sufficient information to avoid an accidental allergic reaction from consuming the Company's products.</p>
Business Integrity	Improving resource efficiency and reducing impact on climate change	<p>Chr. Hansen respects and complies with applicable local and international rules, regulations and other stipulations such as standards and stakeholder requirements.</p> <p>Chr. Hansen conducts business with due respect to the society in which it operates. The Company is committed to continuous improvement, preventive actions and efficient utilization of resources, and respects and operates according to the UN Convention on Biodiversity.</p> <p>Chr. Hansen supports the UN Guiding Principles on Business and Human Rights, i.e. respect for human rights and fair labor standards such as freedom of association, equal rights, decent working time and remuneration.</p> <p>Chr. Hansen does not accept or tolerate bribes in any form, whether directly or indirectly, and the Company abides by the rules of fair dealing and fair competition. Chr. Hansen also supports international standardization and does the utmost to respect third parties' valid IP rights.</p>
People, Knowledge & Organization	Developing employees and promoting diversity and inclusion	<p>Chr. Hansen is committed to continuously improving both the physical and psychological working environment to ensure that employees operate in a safe working environment. It is the Company's ambition to help people remain employable throughout their career, and Chr. Hansen provides an attractive working environment with opportunities to develop and generate results.</p> <p>Chr. Hansen wants to ensure a diverse workforce and has a sharp focus on inclusion based on the key elements of respect, intercultural competencies and inclusive leadership.</p> <p>Chr. Hansen follows legal and industry standards for reward practices, and provides terms and conditions of employment reflecting the effort and performance of its employees and their value to the Company.</p>
Sourcing & Finance	Contributing to sustainable business development	<p>Through strategic sourcing and cooperation with suppliers, Chr. Hansen conducts responsible supply chain management in relation to product safety and product security as well as sustainability and social responsibility. The Company approves and monitors suppliers to ensure compliance with requirements.</p> <p>Chr. Hansen recognizes tax as a cost of doing business, and the Company ensures correct tax payment in accordance with the local legislation applicable for each Chr. Hansen entity.</p>
Communication	Stakeholder engagement	<p>Corporate communication is used both strategically and operationally to ensure strategically managed and organized stakeholder management, engagement and relationship building. Chr. Hansen believes that successful communication depends on mutual understanding and cooperation.</p>

# Sustainability

## AMBITIONS FOR 2019/20

Chr. Hansen focuses on strategic corporate social responsibility (CSR) projects which support the execution of the Nature's No. 1 strategy. The Company's vision is to improve food and health, reduce its environmental footprint, and develop and engage people and society. This vision is supported by a number of ambitions and operational goals.

The ambitions and operational goals were updated in 2013/14, and the base year has been reset to 2012/13:

### Protecting consumers

- FSSC 22000 certification of all production sites by 2015/16

### Improving resource efficiencies

- Increase in water and energy consumption must not exceed 50% of growth in production volume by 2019/20 (compared to 2012/13)
- Recycle at least 50% of waste by 2019/20

### Reducing impact on climate change

- Increase in CO<sub>2</sub> emissions must not exceed 50% of growth in production volume by 2019/20 (compared to 2012/13)

### Developing employees

- Employee satisfaction and motivation above industry benchmark in every survey
- Lost-time incidents below 3 per million working hours by 2015/16

### Promoting diversity and inclusion

- 80% of corporate management teams meeting diversity criteria

### Contributing to sustainable business development

- CSR sourcing principles fully implemented by 2019/20

See our film Responsibility from farm to fork at [www.chr-hansen.com](http://www.chr-hansen.com)

## OUTLOOK 2014/15

In 2014/15, Chr. Hansen will improve and cement partnerships to create shared value across the value chain. Focus will be maintained on fulfilling the new ambitions and goals through activities that sustain these.

The next steps in responsible sourcing and anticorruption will be implemented, as will new initiatives to safeguard consumer interests and reduce resource consumption. The training program to increase safety will continue, and initiatives to sustain employee development will be taken.

An important task going forward is to continue ensuring

transparent and evidence-based documentation of material issues related to the Company's impact throughout the value chain from farm to fork.

Read about the link between the sustainability ambitions and goals and the Company's policies in "Managing Sustainability, page 3." Chr. Hansen's overall performance against the existing goals is presented under "Progress on sustainability ambitions for 2019/20, page 8."

## CSR STARTS WITH INNOVATION

During 2013/14, Chr. Hansen initiated a qualitative mapping of its innovation activities. According to the mapping more than 25% of all innovation projects have a significant CSR impact, either by improving processes at customers or in Chr. Hansen's own production setup or by improving end products to the benefit of the final consumer. Several of the products launched in 2013/14 within Cultures & Enzymes, Health & Nutrition and Natural Colors are examples of this, such as full-flavor ripening cultures for improved flavor in cheese without extra ripening time, wine cultures managing the malolactic fermentation in grape juice, which reduces resource consumption, and the Company's health and nutrition concepts. See our film Improving food and health at [www.chr-hansen.com](http://www.chr-hansen.com)

## PROTECTING CONSUMERS

### Product safety

The majority of Chr. Hansen's products are sold to the food and life science industries. Most products are components in customers' end products that are consumed as food, beverages or dietary supplements. Consequently, product safety is of the utmost importance. Chr. Hansen's customers as well as consumers and authorities demand high-quality products, and it is a major strategic risk for the Company if the safety of its products does not meet these expectations.

To ensure the highest product safety, Chr. Hansen has an extensive quality assurance and food safety program covering the entire value chain, from the sourcing of raw materials until the finished products are delivered to customers. The risk assessment performed in the food safety program includes an evaluation of the use of our products in customers' end products.

Chr. Hansen's food safety program is certified according to

internationally recognized food safety standards. All production sites are either ISO 22000 or FSSC 22000 certified, and central product development functions are certified according to ISO 22000.

**Developments in 2013/14**

By the end of August 2014, 13 production sites had achieved FSSC 22000 certification. One remaining site in China is expected to follow in 2014/15.

There were four product retrievals in 2013/14, compared to six in 2012/13. None of the retrievals related to food safety; all related to product performance, for example wrong color or density.

Through various mitigating activities, the risk of product safety incidents is considered to have been reduced.

**IMPROVING RESOURCE EFFICIENCIES**

Energy, water and CO<sub>2</sub> emission efficiency per unit produced decreased by 5%, 3% and 13% respectively, compared to 2012/13. The decrease was mainly related to production bottlenecks in connection with the expansion of the fermentation capacity for cultures. Initiatives to improve efficiencies will be implemented during 2014/15.

**New tool helps reduce transport-related CO<sub>2</sub>**

Chr. Hansen addresses effects from production from a variety of angles. A new calculator tool streamlines mapping and reporting of Chr. Hansen’s transport carbon footprint. Smarter and more sustainable transport systems save fuel and energy and result in lower transport costs – to the benefit of Chr. Hansen’s production as well as its customers.

**Sustainable utilization of biomass**

Chr. Hansen has substituted commercial fertilizers with the by-product eluate from the fermentation process for several years. In 2013/14, Chr. Hansen entered into a partnership with Solroed Bioenergy, which will increase utilization of biomass further from 2015 by combining the continued use of the eluate as fertilizer in agricultural production with carbon-neutral energy production from methane.

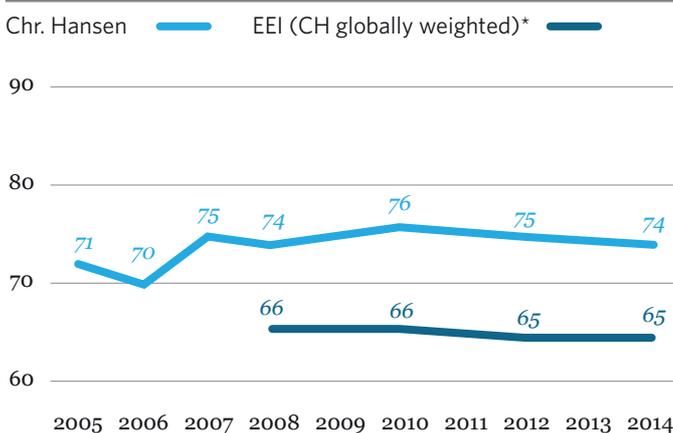
**DEVELOPING EMPLOYEES**

**Human capital**

Attracting and retaining the best employees and new talents will remain crucial if Chr. Hansen is to continue to excel. Human knowledge is critical to Chr. Hansen’s business, and there is a strong focus on continuously building and expanding the knowledge base by actively developing employees’ key skills.

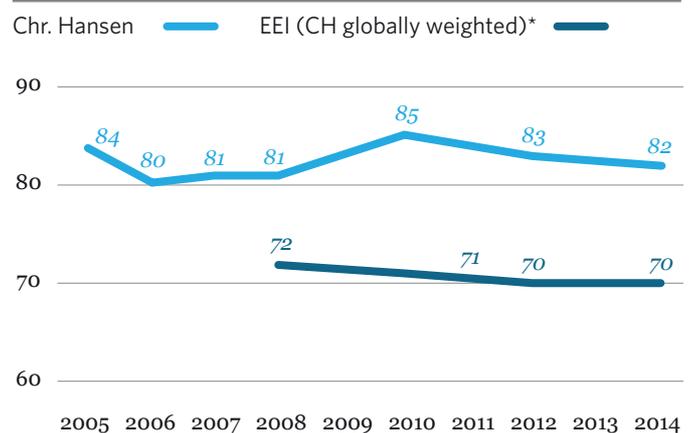
The Company employs a large number of scientists and other experts in their fields. Developing their skills and knowledge is an important part of building competencies globally. It is, however, equally essential to integrate these highly qualified employees into the day-to-day business and help them become better at converting their expertise into business value.

**EMPLOYEE SATISFACTION & MOTIVATION**



\* Some questions in the Chr. Hansen survey differ from the EEI (an international representative annual survey conducted by Ennova).

**EMPLOYEE LOYALTY**



\* Some questions in the Chr. Hansen survey differ from the EEI (an international representative annual survey conducted by Ennova).

**Developments in 2013/14**

The average number of training days per employee was 3.1 in 2013/14, a small increase compared to 2012/13.

The biennial employee satisfaction survey was conducted in 2013/14. The overall satisfaction and motivation score decreased slightly from 75 in 2011/12 to 74, but is still above the industry benchmark of 65. Employee turnover was 11%, of which 6 percentage points were voluntarily, and this is considered an acceptable level. Read more at [www.chr-hansen.com](http://www.chr-hansen.com)

The risk related to attracting and retaining the best employees and new talents is considered to be stable.

**Health & safety**

Chr. Hansen is committed to continuously improving both the physical and psychological workplace so that employees experience a safe working environment. The Company has implemented several initiatives to underline the importance of a safe working environment. Monitoring and follow-up of incidents have been strengthened from departmental level to the Executive Board.

All major production sites have implemented or are in the process of implementing measures to increase awareness of safe behavior and of the importance of assuming responsibility for both one's own safety and the safety of others. Read more at [www.chr-hansen.com](http://www.chr-hansen.com)

**Developments in 2013/14**

The lost-time incident frequency decreased from 8 per million working hours in 2012/13 to 4 in 2013/14. The decrease is a direct effect of the behavior-based safety program, under which more than 60% of Chr. Hansen's employees have now been trained. Read more at [www.chr-hansen.com](http://www.chr-hansen.com)

With these continued efforts to train employees in behavior-based safety, the risk of health & safety incidents is considered to have been reduced.

**PROMOTING DIVERSITY AND INCLUSION**

Chr. Hansen ensured alignment of standards and procedures as well as global guidelines on diversity and inclusion for processes related to, among others, recruiting and appointing successors. These procedures and guidelines are now being adapted to local needs and legislative requirements.

**Developments in 2013/14**

The Company's diversity goal for the Board of Directors to have at least one woman and one non-local by the end of 2016 was met in 2013/14. The Board now includes three non-locals and one woman. The Board of Directors has decided to raise the goal for the number of women from 1 to 2 by the end of 2016.

The proportion of non-Danes in key positions was 41%, while the proportion of female managers in key positions increased by 1 percentage point to 19%. 69% of corporate management teams now include at least one non-local and one woman, up from 63% in 2012/13.

The 2014 employee satisfaction survey results included specific measurement of diversity and inclusion. More than 80% of employees find that diversity regarding gender, age and nationality is valued in their department.

Read more about Chr. Hansen's D&I strategy and goals at [www.chr-hansen.com](http://www.chr-hansen.com)

**CONTRIBUTING TO SUSTAINABLE BUSINESS DEVELOPMENT**

Responsibility for human rights, labor standards and environmental issues starts with Chr. Hansen and its employees, but extends into the supply chain.

In line with Chr. Hansen's Supplier Guiding Principles, vendors are assessed and approved regarding product safety and CSR issues (human rights, labor standards, environment and anticorruption) prior to sourcing. From a risk perspective, vendors of direct materials (raw materials and food contact materials) are prioritized.

**Developments in 2013/14**

The Company has assessed 84% of suppliers of direct material so far (approved or terminated). More than 89% of Chr. Hansen's high-risk vendors among its direct spend have now been approved, and the remainder are either in progress or have been subject to additional risk assessments.

Chr. Hansen's focus is now on implementing responsible sourcing of both direct and indirect materials. The Company will spend 2014/15 further developing methodologies, tools and guidelines in order to start this process.

Read more about Chr. Hansen's responsible approach to sourcing and its engagement in the SUBBIZ Kenya multi-stakeholder CSR program at [www.chr-hansen.com](http://www.chr-hansen.com).

**Business ethics**

Chr. Hansen was ranked as the fourth-best company in the NASDAQ OMX Copenhagen C20 index by Transparency International. The companies were rated based on their anticorruption program, organizational transparency and reporting of key financial figures on a country-by-country basis.

All employees with commercial responsibilities, corresponding to 40% of total staff, have been trained in anticorruption and competition laws and procedures. All new employees with commercial responsibilities receive training, with retraining planned for every fifth year. Distributors and agents will be integrated into this program in 2014/15.

**Developments in 2013/14**

In October 2013, Chr. Hansen implemented a whistleblower system, which gives all employees (and external stakeholders) a means of reporting possible violations of laws and/or Group policies.

# Progress on sustainability ambitions for 2019/20

Chr. Hansen's ambitions and operational goals, set by the Executive Board, are summarized in the table below showing progress on ambitions for 2019/20. For more information on policies, activities and management systems regarding CSR, see [www.chr-hansen.com/about-us/csr](http://www.chr-hansen.com/about-us/csr).

Ambitions 2019/20		Goal accomplished	Goal not accomplished
			
<b>Improve food and health</b>	<b>Ambition</b> Protecting consumers		
	<b>Operational goals</b> FSSC 22000 certification of all production sites by 2015/16		
<b>Reduce environmental footprint</b>	<b>Ambition</b> Improving resource efficiencies		
	<b>Operational goals</b> Increase in water and energy consumption must not exceed 50% of growth in production volume by 2019/20 (compared to 2012/13)		
	Recycle at least 50% of waste by 2019/20		
	<b>Ambition</b> Reducing impact on climate change		
	<b>Operational goals</b> Increase in CO <sub>2</sub> emissions must not exceed 50% of growth in production volume by 2019/20 (compared to 2012/13)		
<b>Develop and engage people and society</b>	<b>Ambition</b> Developing employees		
	<b>Operational goals</b> Employee satisfaction and motivation above industry benchmark in every survey		
	Lost-time incidents below 3 per million working hours by 2015/16		
	<b>Ambition</b> Promoting diversity and inclusion		
	<b>Operational goals</b> 80% of corporate management teams meeting diversity criteria		
	<b>Ambition</b> Contributing to sustainable business development		
	<b>Operational goals</b> CSR sourcing principles fully implemented by 2019/20		

# 1 Environmental performance indicators



## ACCOUNTING POLICIES

Chr. Hansen monitors environmental performance using environmental performance indicators (EPIs). Each EPI is

calculated on the basis of production volume and/or product activity and indexed using 2012/13 as the base year (100). An increase in an EPI indicates an improvement.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total EPI - Water	EPI	97	100	87	95	84
Average EPI - Water (% improvement)	%	(3)	13	(8)	11	(3)
Total EPI - Energy	EPI	96	100	94	89	82
Average EPI - Energy (% improvement)	%	(5)	6	5	7	8
Total EPI - CO <sub>2</sub>	EPI	87	100	83	81	81
Average EPI - CO <sub>2</sub> (% improvement)	%	(13)	17	2	-	10

Overall environmental performance decreased in 2013/14. The decrease was mainly related to production bottlenecks in connection with the expansion of fermentation capacity for cultures.

# 2 Raw materials, chemicals and packaging materials



## ACCOUNTING POLICIES

Raw materials, chemicals and packaging materials comprise materials for production, cleaning and packaging of products. They do not include water used in products. Consumption is

calculated when the material first enters production. It is recorded by weight in tons. Chemicals, including cleaning agents, are registered based on the purchased amount by weight.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Raw materials	tons	41,082	39,587	36,508	38,802	38,150
Chemicals/auxiliary materials	tons	55,469	50,576	50,355	47,750	42,053
Packaging materials	tons	12,029	11,059	10,864	11,155	10,258

Consumption of raw materials, chemicals/auxiliary materials and packaging materials increased by 4%, 10% and 9% respectively. The increases were driven by an expected change in product mix and more flexible packaging solutions.

## 3 Energy



### ACCOUNTING POLICIES

All energy used is registered based on direct meter readings or invoices and reported in MWh. Fuel consumption does not include transportation.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total energy consumption	MWh	181,389	173,266	170,110	169,452	167,082
Electricity	MWh	69,202	67,075	64,888	63,572	62,721
District heating	MWh	10,590	11,296	11,092	10,845	10,580
Natural gas	MWh	88,329	81,355	81,357	83,123	81,161

Total energy consumption for the Group increased by 5%. Expansion activities in production impacted overall energy performance.

Chr. Hansen aims to keep energy consumption constant while increasing production output – producing more with less. It is expected that Chr. Hansen will make up the lost ground in 2014/15 when the new production lines are up and running.

The energy consumption pattern was unchanged. The most significant change was a 9% increase in gas consumption, the main reason for which was the increased need for heating due to weather conditions in the US.

## 4 Water



### ACCOUNTING POLICIES

Water comprises all sources and utilizations: products, non-contact cooling water, steam and domestic water.

The source of the water may be the municipal water supply, a private water supply, groundwater or surface water. Water volumes are reported in cubic meters on the basis of metered intake or invoices.

At some production sites, non-contact cooling water is either re-injected into the groundwater reservoir or released into surface water.

As the non-contact cooling water is not contaminated with either products or chemicals, and there is no net consumption, this source is not included in the calculation of water consumption.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total water consumption	m <sup>3</sup>	1,249,298	1,256,993	1,268,630	1,112,729	1,148,072
Potable water	m <sup>3</sup>	1,034,684	1,022,533	1,068,709	908,956	943,581
Groundwater	m <sup>3</sup>	214,614	234,461	199,921	203,773	204,491

Total water consumption decreased by 1%.

## 5 Wastewater



### ACCOUNTING POLICIES

Wastewater discharge comprises wastewater from production and other activities. All wastewater is emitted to public wastewater treatment plants.

The water discharge is measured in cubic meters by flow meters at some sites, especially the large sites, and estimated at other sites, based on incoming water volume (which is measured in cubic meters by metered intake).

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total wastewater	m <sup>3</sup>	898,685	919,993	946,500	822,102	815,898

Wastewater discharge decreased by 2.3%.

## 6 Biomass



### ACCOUNTING POLICIES

Biomass, which is a by-product from production, is measured as the weight produced and reported in tons. It is utilized as liquid fertilizer, liquid feed or fuel for energy production.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Recycled biomass	tons	67,402	60,300	50,351	49,806	52,951

Biomass increased by 12%. Chr. Hansen continues to increase the utilization of by-products from production as liquid fertilizer.

## 7 Waste



### ACCOUNTING POLICIES

Waste is the registered volume of solid waste broken down by fraction and disposal method. The fractions and disposal methods are defined by Chr. Hansen and include recycled waste

(in a number of subfractions such as paper and cardboard), hazardous waste, waste for incineration and waste for landfill.

Waste is recorded based on weighing at the recipient or invoicing from the authorized waste handler.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total recycled waste	tons	926	855	708	727	689
Recycling	%	25	21	20	21	21
Incineration	tons	1,035	1,032	909	905	1,017
Landfill	tons	1,690	2,141	1,864	1,684	1,568
Hazardous waste	tons	31	23	73	93	79
Solid waste	tons	3,682	4,051	3,554	3,408	3,352

Solid waste decreased by 9%. The total amount of waste recycled increased by 8%.

## 8 Emissions of greenhouse gases



### ACCOUNTING POLICIES

Emissions of CO<sub>2</sub> from Chr. Hansen's energy consumption and consumption of cooling agents are recorded and compiled.

Protocol combined with peer-reviewed life cycle-based figures or nationally recognized key figures in the countries where our sites are located.

Emissions are calculated in tons. The conversion factors are based on the principles stipulated in the Greenhouse Gas

Emissions from transportation are not included.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
CO <sub>2</sub>	tons	76,713	66,359	74,099	71,601	65,692

CO<sub>2</sub> emissions increased by 16%, due mainly to higher energy consumption as a result of expanded production.

## 9 Instances of environmental non-compliance



### ACCOUNTING POLICIES

Breaches of regulatory limits and accidental spills are measured as the number of breaches/spills reported to the authorities or notices of violation received. Environmental complaints are

the number of complaints received (be it in person, by phone or in writing) from stakeholders (authorities, neighbors, employees, NGOs).

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Violations	Number	58	45	42	37	34
Complaints	Number	-	-	-	6	2

Chr. Hansen received three notices of violations of regulatory requirements from authorities in 2013/14. These related to wastewater discharge and were dealt with in cooperation with the authorities concerned.

Chr. Hansen recorded an additional 55 non-compliances, including accidental spills that were reported to authorities. The majority of these related to excess nutrient concentrations (mainly BOD, N and P), pH or temperatures above the wastewater discharge permit limit, including accidental product releases, while four related to handling of waste, and five to emissions to air (NO<sub>x</sub> emissions and odors).

No adverse effects from the non-compliances indicated above have been observed.

The increase in the number of violations is primarily a result of the increased focus on reporting incidents.

The company received no environmental complaints from stakeholders in 2013/14.

## 10 People



### ACCOUNTING POLICIES

Number of employees is the total number at year-end. All employees directly paid by the company are included in the headcount. The number of employees is also expressed in full-time equivalents (FTEs).

Employee turnover is calculated as an accumulated percentage at the end of the financial year. The calculation is based on the

number of employees who were dismissed or voluntarily left the Company during each month compared to the total number of employees per month. Temporary employees are not included in this number.

Rate of absence is the number of days employees have been absent due to own illness compared to the number of possible annual working days (240). Absence due to illness of children or relatives and maternity/paternity leave is not included.

## 10 People

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total number of employees (end of year)	Number	2,605	2,526	2,472	2,360	2,303
Full-time equivalents (FTEs) (end of year)	Number	2,545	2,489	2,448	2,337	2,268
Employee turnover	%	11	12	10	13	9
Rate of absence	%	2	2	2	2	2

The number of employees increased by 3% to 2,605 at the end of the year, equal to 2,545 FTEs.

The average number of FTEs in 2013/14 was 2,510. The employee turnover rate decreased to 11% (voluntary 6.3%, involuntary 4.2%), which lies within the target range of 10-15%.

## 11 Diversity & Inclusion



### ACCOUNTING POLICIES

Data are calculated as the number of employees within each category (e.g. gender and nationality) at the end of the financial year.

Diverse teams are corporate management teams, reporting to vice president level and above, that include at least one woman and one non-local.

The percentage of diverse teams is calculated at the end of the

financial year.

The composition of the Board of Directors is calculated at the end of the financial year.

Inclusion is measured in the employee satisfaction survey (see section on employee satisfaction). The inclusiveness index is based on seven indicators in the questionnaire.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Gender - All employees (male/female)	%	58/42	59/41	60/40	61/39	61/39
Gender - Managers (male/female)	%	65/35	66/34	68/32	-/-	-/-
Gender - Key positions (male/female)	%	81/19	82/18	83/17	-/-	-/-
Nationality - Key positions (Dane/non-Dane)	%	59/41	60/40	60/40	-/-	-/-
Diverse teams	%	69	63	46	-	-
Board of Directors (male/female/non-local)	%	83/17/50	100/0/50	-/-/-	-/-/-	-/-/-

## 11 Diversity & Inclusion

The Company's diversity goal for the Board of Directors of having at least one woman and one non-local by the end of 2016 was met in 2013/14. The Board now includes three non-locals (50%) and one woman (17%).

The proportion of non-Danes in key positions was 41%, while the proportion of female managers in key positions increased by 1 percentage point to 19%. 69% of corporate management teams

now include at least one non-local and one woman, up from 63%.

## 12 Training and performance development interview



### ACCOUNTING POLICIES

The average number of days of training per employee per year is recorded locally in individual training records.

<b>Training</b>	Unit	<b>2013/14</b>	2012/13	2011/12	2010/11	2009/10
Total number of training days	Days	8,067	7,497	7,711	6,106	5,578
Training days per employee	Days	3.1	3.0	3.1	2.6	2.4

<b>Performance development interviews</b>	Unit	<b>2013/14</b>	2012/2013	2011/2012	2010/2011	2009/2010
Total	%	90	96	88	94	88

The number of training days globally increased by 7.6%, or 570 days. The total number of training days is 3.1 per employee, which is an increase on 2012/13. The increase in training days was driven by a large increase in training activities in the Americas. The training numbers reflect a strong focus on training and development, which will continue in the years to come.

In the biennial employee satisfaction survey employees are asked whether they have had a performance development interview (PDI) within the last year.

The result of the employee satisfaction survey shows that a total of 90% of employees globally have had a PDI with their immediate manager. This number is at a high level and above industry benchmarks. It should be noted that employees appointed in November onward have not had an official PDI with their immediate manager.

## 13 Employee satisfaction



### ACCOUNTING POLICIES

An employee satisfaction survey is conducted at least every second year. All employees with a seniority of three months or more and who are not on leave of absence participate in the

survey. Temporary employees are included if they have a contract of more than six months. Overall employee “satisfaction and motivation” and “loyalty” are measured, as is quality of managers.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Satisfaction & motivation	Score	74	-	75	-	76
Loyalty	Score	82	-	83	-	85
Managers (sterling manager/weak manager)	%	45/10	-/-	44/9	-/-	45/8

The biennial employee satisfaction survey was conducted in 2013/14.

The overall satisfaction and motivation score decreased slightly to 73.7 from 74.7 in 2011/12 but is still at a very high level and well above the industry benchmark of 65.

The effort to develop and improve managers’ skills is paying off, as measured by the employee satisfaction survey. The percentage of “sterling managers” increased from 44% to 45% in 2013/14, which is also equal to the “best-in-class” benchmark.

## 14 Occupational health & safety



### ACCOUNTING POLICIES

The number of lost-time incidents (LTIs), defined as accidents resulting in more than one day’s absence from work, and the incident type are recorded. The LTI frequency is calculated as incidents resulting in more than one day’s absence per million

working hours, excluding sickness, maternity/paternity leave and holidays. A decrease in the frequency is an improvement.

The severity of incidents is measured as the number of days away from work per incident.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Lost-time incidents (LTIs) (1)	Number	17	34	39	46	34
Frequency of LTIs per million working hours		4	8	10	12	9
Severity (days away per LTI)	Days	20	15	9	9	12
Occupational illnesses	Number	7	8	11	9	8
Violations	Number	1	2	0	1	0
Complaints	Number	0	0	1	0	1

1) Away from work more than one day.

## 14 Occupational health & safety

The lost-time incident frequency (LTIF) decreased from 8 per million working hours in 2012/13 to 4 in 2013/14.

Chr. Hansen had no fatal or serious accidents during the year. Contusions and strains remain the primary incident types. Severity, measured as days away per incident, increased from 15 in 2012/13 to 20 in 2013/14, driven by few specific incidents.

The reduction in LTIF is a direct effect of the behavior-based safety program, within which more than 60% of Chr. Hansen's employees have now been given training.

With these continued efforts to train employees in behavior-based safety, the risk of health & safety incidents is considered to

have been reduced. The Executive Management together with line managers and employees are all involved in sustaining the effort.

Chr. Hansen received one notice of violation of health & safety regulatory requirements from authorities in 2013/14. The violation related to a scalding injury to the feet of a mechanic while emptying a steam pipe. The mechanic has no health issues. The notice has been dealt with in cooperation with the authorities concerned, and there are no outstanding claims.

## 15 Ethics



### ACCOUNTING POLICIES

Chr. Hansen's Legal Affairs department records the number of employees trained in anticorruption and antitrust policies and procedures for business functions that need to be especially

aware of legal requirements and the Company's commitments, such as Sourcing, Sales and Finance.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Training in anticorruption and antitrust policies	%	39	36	35	19	19

The picture was unchanged from 2012/13. All relevant employees, including new ones, have now been trained, corresponding to 39% of the entire staff of the Company.

## 16 Quality and product safety



### ACCOUNTING POLICIES

Defined as non-conformities raised by Bureau Veritas Certification (BVC) during an ISO 9001, ISO 22000 or FSSC 22000 audit which indicate a serious breach in our food safety management systems.

If the final BVC audit report has not been received at the time of the reporting, the number (and type) of non-conformities mentioned at the audit exit meeting is used.

## 16 Quality and product safety

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Product safety audit findings	Number	17	32	30	0	0
Customer complaints per 1,000 orders	Number	27	27	24	-	-

Chr. Hansen was not disapproved in any audit during 2013/14, and the number of product safety audit findings from the external certification body (Bureau Veritas Certification) decreased significantly from 2012/13 to 2013/14. The product safety audit findings are monitored by Corporate Quality and

evaluated together with the divisions to ensure globally harmonized continuous improvement in our product safety programs.

The number of customer complaints measured per 1,000 orders was unchanged.

## 17 Product retrievals



### ACCOUNTING POLICIES

Defined as incidents where Chr. Hansen products are retrieved from customers due to poor quality, legal or regulatory non-compliance or potential or actual food safety risks. Product

retrievals are recorded on the day the decision was made to retrieve.

	Unit	2013/14	2012/13	2011/12	2010/11	2009/10
Total	Number	4	6	3	5	6
Product safety (recall)	Number	0	0	0	1	0
Quality(2)	Number	3	6	2	4	4
Regulatory non-compliance	Number	1	0	1	0	0

2) Quality-related recalls do not implicate risks to consumers.

There were four product retrievals in 2013/14, compared to six in 2012/13. None of the retrievals related to food safety; all related to product performance, for example wrong color or density.

by dedicated Action Advice Committees that ensure 100% coordination and harmonization in all markets.

All incidents that could lead to a product retrieval are managed