

Environmental, Social and Governance (ESG) information for investors

2020/21

Additional ESG information

Chr. Hansen's sustainability site <https://www.chr-hansen.com/en/sustainability> contains information on Chr. Hansen's sustainability strategy, commitments, solutions and reporting. This document supplements the information on the website, as some investors require more detailed information. The document is not an exhaustive overview. Therefore, please direct additional requests for information to Director and Head of Sustainability and ESG, Camilla Lercke (dkcale@chr-hansen.com).

Table of Contents

1	Environment	6
1.1	Environmental management systems	6
1.1.1	Environmental audits	6
1.1.2	Effluent management	6
1.1.3	Water risk management	6
1.1.4	Certifications: ISO 14001.....	7
1.1.5	Air emission programs	7
1.2	Energy	8
1.2.1	Certification ISO 50001	8
1.2.2	Energy use reduction targets	8
1.2.3	Energy use by source	8
1.2.4	Position on climate change	9
1.2.5	Greenhouse gas emission reduction targets and action plans	9
1.3	Water	9
1.3.1	Water efficiency	9
1.3.2	Freshwater quality	9
1.3.3	Freshwater use inventories.....	9
1.4	Transport.....	10
1.4.1	Efficient transport logistics	10
1.4.2	Fleet management:.....	10
1.4.3	Modes of transportation.....	10
1.5	Environmental supplier standard.....	11
1.6	Soil and biodiversity management in agricultural production	11
1.6.1	Measures to promote sustainable soil and biodiversity management in agricultural production along the value chain	12
1.7	Waste	12
1.7.1	Hazardous waste.....	12
1.7.2	Biowaste.....	12
1.8	Climate risk.....	12
1.9	Position on GMO (Genetically Modified Organisms).....	13
1.10	Packaging	13

1.10.1	Measures to reduce the impact of packaging.....	13
1.11	Impacts of the product portfolio	14
1.11.1	Strategy shift.....	14
1.11.2	Strategy to minimize food waste	14
1.11.3	Increase of soil yield and plant health	14
1.11.4	Improve animal health.....	14
2	Social	15
2.1	Staff.....	15
2.1.1	Human rights.....	15
2.1.2	Freedom of association and collective bargaining.....	15
2.1.3	Equal opportunities and non-discrimination	15
2.1.4	Equal opportunities and diversity	16
2.2	Health and Safety.....	18
2.2.1	Emergency Response Program	19
2.2.2	Contractor Safety Program	20
2.2.3	Occurrence of fatal accidents	20
2.2.4	Workplace flexibility and working time reduction.....	20
2.2.5	Dependence care and special leave.....	20
2.2.6	Staff benefits.....	20
2.2.7	Employment security and types of employment.....	20
2.2.8	Position on non-regular employment.....	21
2.2.9	Training and Education	21
2.3	Suppliers.....	21
2.3.1	Compliance with supplier standard with regard to labor rights and working conditions ..	22
2.3.2	Measures to enable key suppliers to safeguard labor rights and ensure working conditions	23
2.4	Human rights, policies and standards.....	23
2.4.1	Supplier standard on human rights	23
2.4.2	Human rights due diligence procedures	23
2.5	Community engagement	24
2.6	Sustainability Reporting.....	25
2.7	Measures to ensure and promote animal welfare	25

2.8	Impacts of the product portfolio	Error! Bookmark not defined.
2.8.1	Strategy shift	Error! Bookmark not defined.
3	Governance and Business Ethics.....	25
3.1	Relations with governments and influence on public policy	25
3.1.1	Policy on political contributions.....	25
3.2	Sustainability Board	26
3.3	Sustainability and governance	26

1 Environment

1.1 Environmental management systems

Chr. Hansen's position on environment and environmental management systems is integrated in the Sustainability Position, which is available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>. The Value Chain Management on each site meets on a quarterly basis to follow up on ongoing activities, targets, training requirements etc. Relevant focus groups have been established on each site such as Waste Focus Groups involving core users from waste producing departments.

1.1.1 Environmental audits

Chr. Hansen undergoes regular internal environmental audits from the ISO 14001 standard. In relation to external audits, Chr. Hansen is audited annually by BVC on the ISO 14001 certification (see section 1.1.4 for more) and is subject to a Dangerous Goods audit in Denmark.

1.1.2 Effluent management

If any spills occur, the Environmental Coordinator is contacted, and an Incident Report is generated. The Environmental Coordinator contacts the relevant authorities if it is a significant spill. If there are any written orders from the authorities, the Environmental Coordinator will report it as an Environmental violation in SAP.

We report annually on all environmental violations in our Annual report and sustainability data sheet, which are available at: <https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure> and <https://www.chr-hansen.com/en/investors/reports-and-presentations>

Initiatives to reduce wastewater

Site	Initiative
Roskilde (Denmark)	Soft water installation and reverse Osmosis introducing less wastewater
Arpajon (France)	Simplified water supply for mixing not rejecting water to sewer and Full effect of CIP (Clean In Place) optimization (Last flush for first rinse)

1.1.3 Water risk management

Chr. Hansen recognizes the risks posed by water scarcity. A water scarcity mapping was conducted in FY17 by our Environment, Health & Safety department. Several initiatives (see initiatives to reduce wastewater above) have been initiated and are supported by top management. During FY18 Chr. Hansen placed increased focus on our production sites in South America and every production site in Chr. Hansen is evaluated on monthly basis on water metrics by GOLT (Global Operations Leadership Team). Additionally, quarterly meetings are held between local and global 'Go Green' project groups (see section 1.2.1) to

review target development and optimization. According to the World Resource Institute's mapping of countries with high levels of water stress, Chr. Hansen currently does not have any production site in any region with high level of water stress.

1.1.4 Certifications: ISO 14001

ISO 14001 is an international standard for environmental management. Chr. Hansen's facilities in Avedoere, Graasten, Roskilde, Hoersholm (Denmark), Milwaukee (US), Arpajon (France) and Valinhos (Brazil) are ISO 14001 certified.

1.1.5 Air emission programs

Chr. Hansen is committed to reduce air emissions. All major production sites in Chr. Hansen have environmental approvals dictating threshold values for air emission parameters. Approvals are reviewed on a regular basis by authorities.

Identification and initiatives for reduction of air emissions

Air emission parameters are identified according to the use of raw materials and auxiliaries and the energy users (e.g. boilers). An initiative to reduce air emissions is to apply filters according to the threshold values for each emission component.

Targets to reduce air emissions

Air emissions are not a significant environmental aspect for Chr. Hansen due to the characteristic of Chr. Hansen's production processes.

Deadlines to reduce air emissions

Deadlines are set with authorities and regulated according to approvals.

Air emission monitoring

Chr. Hansen is in compliance with air emission threshold values due to initial accredited measurements. We have filter control jobs on defined intervals and all energy use equipment is measured on defined intervals.

Direct emissions of SO_x, NO_x, VOC and Particular Matters

The direct emissions of SO_x, NO_x, NMVOC and PM₁₀ of Chr. Hansen have been calculated considering the propane, butane and flask gas (LPG), the natural gas and the fuel oil used. The results can be seen in the below table:

Emission	2017	2018	2019	2020	2021
SO_x	5.60	1.62	1.22	1.25	1.50
NO_x	30.07	29.97	29.87	27.39	22.05
NMVOC	0.98	1.06	1.07	0.98	0.77
PM₁₀	0.58	0.39	0.37	0.34	0.30

The huge decrease in the SOx emissions is due to the increase in the natural gas use and the decrease in the usage of LPG and fuel oil.

1.2 Energy

Renewable energy programs

In 2020 Chr. Hansen entered a new ambitious 10-year agreement with the organization Better Energy – a Power Purchase Agreement (PPA). Through the partnership, Chr. Hansen commits to purchase electricity from renewable sources corresponding to the use of 15,000 households, covering 100% of the electricity need for all of Danish sites. In FY 2020/21, our site in Nienburg entered into an agreement to purchase green electricity from the local industrial park supplier through renewable energy certificates. This brings us up to 61% of our global electricity consumption is based on renewables. We have set a goal that by 2025 we will run all our global operations 100% on renewable electricity, and we are currently investigating how to scale to more markets. This information is available in the latest integrated annual report: <https://www.chr-hansen.com/en/investors/reports-and-presentations>

Moreover, Chr. Hansen’s production site in Graasten has installed solar panels on the roof. In 2018/19 242,279 MWH were produced, out of which 61,642 MWH was sold back to the grid.

1.2.1 Certification ISO 50001

The ISO 50001 is an international standard for energy management. Chr. Hansen sites in Pohlheim and Nienburg, Germany, are ISO 50001 certified.

Chr. Hansen has launched a global ‘Go Green’ project in which all energy consumption at Chr. Hansen production sites will be reviewed for further energy optimization. The aim of ‘Go Green’ (Global Reduction in Environment & Energy Number) is to have a combined environment and energy management system ensuring environmental targets are fulfilled. The project aids in sharpening the focus on energy management and reducing the environmental impact throughout production. The project helps sites to identify and mitigate risks and invest in energy efficient solutions. Quarterly meetings are held between local and global ‘Go Green’ project groups to review target development and optimization.

1.2.2 Energy use reduction targets

This information is available in the latest integrated annual report:

<https://www.chr-hansen.com/en/investors/reports-and-presentations>

1.2.3 Energy use by source

This information is available in the latest integrated annual report:

<https://www.chr-hansen.com/en/investors/reports-and-presentations>

And in the Sustainability Data sheet:

<https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

1.2.4 Position on climate change

We are committed to fight climate change and have embarked on an ambitious decarbonization journey that will future-proof Chr. Hansen for a low carbon future.

This information is available in our Sustainability Position:

https://cdn.chr-hansen.com/_/media/files/chrhansen/home/investors/policies-and-charters/policies-and-positions/position---sustainability.pdf?rev=627a68c5c57d477d97ad281fe4e2e9ee

1.2.5 Greenhouse gas emission reduction targets and action plans

Chr. Hansen has joined the Science Based Targets Initiative to limit global temperature rise, and commits to set ambitious carbon emission reduction targets. We have in the past year mapped our entire value chain to account for all scope 1, 2 and 3 carbon emissions, serving as the foundation to set the most accurate and ambitious targets. We expect to announce our Science-Based Targets in the first half of the financial year 2021/22.

This information is available in the latest integrated annual report:

<https://www.chr-hansen.com/en/investors/reports-and-presentations>

1.3 Water

1.3.1 Water efficiency

Chr. Hansen has established water consumption related goals to obtain a 20% energy and water efficiency improvement by 2022. For more information visit:

<https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

1.3.2 Freshwater quality

The quality of freshwater resources is defined by Quality Assurance and Control and monitored regularly in regard to food safety. All Chr. Hansen production sites are FSSC 22000 certified (A standard for Food Safety Management) which also covers issues regarding quantity and distribution, quality and accessibility of freshwater resources.

1.3.3 Freshwater use inventories

All Chr. Hansen's freshwater use is monitored in our SAP database. Our total water consumption is available in the latest Sustainability Data sheet available at:

<https://www.chr-hansen.com/en/sustainability/reporting-and-rankings>

1.4 Transport

1.4.1 Efficient transport logistics

Chr. Hansen has measures to ensure efficient transport logistics. Globally, our Logistics team makes sure that our inventories are optimized properly and that distribution from our inventories is optimized. The logistics team makes use of our Supply Planning Program in order to be as efficient as possible. We demand that our transport suppliers use route planning. Without compromising Food Safety, we always ship as directly as possible and try to consolidate.

Within Global Logistic, Chr. Hansen continuously works to reduce air freight as mode of transportation and ship as sea freight, where it makes economic sense and is logistically possible. We have an internal goal to measure Chr. Hansen's performance. Furthermore, we have a new mapping geo-tool, so we easier can identify new areas of potential improvements. In the sourcing phase, we require A-class carriers to insure high quality and the newest and most environmental friendly transport equipment (Trucks etc.). Chr. Hansen requires the suppliers to have a sustainability program, that we review on a quarterly and annual basis.

1.4.2 Fleet management:

Chr. Hansen has certain rules on environmental aspects regarding fleet management. Corporate fleet cars should be classified as a "A" or better on the emissions scale. Moreover, we have implemented an incentive program that economically favors car users that choose electric vehicles, hybrids or smaller cars : <http://bilviden.dk/Energi-og-miljo/Energiklasser.aspx>.

1.4.3 Modes of transportation

We have high expectations to our suppliers in relation to environment and sustainability issues which is included in our standard contracts with direct suppliers. We continuously evaluate and monitor our supply chain from sustainability and environmental parameters and strive to improve.

In our Annual report 2020/21 it is stated: Chr. Hansen has submitted its climate targets for validation by the Science Based Targets initiative. As part of the preparation, Chr. Hansen has ensured organizational anchoring and outlined specific actions in a climate roadmap that will guide our decarbonizing journey across our operations and across our entire value chain. As a result of the process of setting Science Based Targets we have updated our overall ambitions from a 1.5° C commitment to a more general commitment to Science Based Targets. We expect to communicate our targets and climate program later this year."

For more information see the latest Sustainability data sheet:

<https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

1.5 Environmental supplier standard

Our Supplier Requirements for Sustainability outlines our expectations to suppliers, including references to human rights and more specific issues such as forced and child labor, working time and remuneration, freedom of association, collective bargaining and health and safety. In our Supplier Requirements for Sustainability we state:

“Chr. Hansen is committed to being accountable to all of our stakeholders. We strive to be good members of society by actively assuring a sustainable development and respecting all local and international regulations and/or legislation. We expect that our suppliers will contribute to this effort by adhering to the following principles: *Environment*: Suppliers shall comply with all applicable environmental laws and regulations, including the upholding of applicable permits and authorizations. Suppliers shall continuously strive to improve environmental performance. Any change to the product specification or manufacturing process that may have an adverse impact on environment, employee health, product quality, or food safety must be communicated to Chr. Hansen as soon as reasonably possible. *Manufacturing Environment*: *Waste Management*: Suppliers shall establish a program to manage waste collection and disposal to prevent product contamination, pest attraction and hazards to public health. Waste material containers shall be clearly identified for their intended purpose and remain covered when not in use. *Chemical Control*: Suppliers shall have a chemical control program in place including approved chemical list, Safety Data Sheets (SDS), inventory control and procedures for preparation and use. Chemicals used where there is a potential for product contact, including boiler chemicals and lubricants, must be food grade.”

Furthermore, we state; “The supplier shall maintain registration and/or authorization for manufacturing of all relevant materials and services as per local regulations. This also includes any relevant local permits for environment and occupational health and safety”.

Chr. Hansen will favor suppliers which adhere to our commitments on corporate social responsibility and will not deliberately employ or collaborate with stakeholders who violate the herein mentioned principles. The principles are included in our standard contracts for direct material suppliers.

Our Supplier Requirements for Sustainability are available at: https://cdn.chr-hansen.com/_media/files/chrhansen/home/about-us/policies-and-positions/business-integrity/supplier-requirements-for-sustainability.pdf?rev=4d94b63e152a44a69dbd44791350e53c

1.6 Soil and biodiversity management in agricultural production

In our Position on Sustainability it is stated: "We respect and operate in accordance with the globally recognized principles on utilization of genetic resources according to the UN Convention on Biological Diversity." In our Sustainability Strategy our target on Better farming is that 25 million Ha. of farmland has increased their productivity using natural solutions in 2025. Please see our sustainability strategy and targets at: <https://www.chr-hansen.com/en/sustainability/targets-and-governance>

All positions are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

1.6.1 Measures to promote sustainable soil and biodiversity management in agricultural production along the value chain

Please see our Natural Plant Health division on our natural solutions to promote sustainable soil and biodiversity in agricultural production at: <https://www.chr-hansen.com/en/plant-health/products>

In Chr. Hansen 2017 initiated a DANIDA-funded project in Kenya with NGO CARE Denmark introducing our natural plant protection solution, NEMIX® C. Read about it in our latest sustainability report at: <https://www.chr-hansen.com/en/sustainability/reporting-and-disclosure>

1.7 Waste

1.7.1 Hazardous waste

Chr. Hansen is a global bioscience company that develops natural solutions for the food, nutritional, pharmaceutical and agricultural industries. We develop and produce cultures, enzymes, probiotics and plant protection for a rich variety of foods, confectionery, beverages, dietary supplements and animal feed. In addition to its existing business areas, Chr. Hansen is leading the development of new microbial solutions for human health. Our primary source of hazardous waste is acid and alkaline residual products from food production.

Chr. Hansen is committed to reducing hazardous waste by reducing use of raw materials classified according to CLP regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (the 'CLP Regulation'). As a consequence, all new raw materials and auxiliaries shall go through an environmental approval flow. This initiative is applied to all Chr. Hansen's sites globally.

We report annually on our waste, including hazardous waste in our sustainability report, which is available at: <https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

1.7.2 Biowaste

In 2020 Chr. Hansen committed to 100% circular management of biowaste by 2025. This commitment ensures that 100% of our biowaste streams are recirculated for other purposes. Currently, most of our waste is used to produce biogas or fertilizers. This information is available in the latest annual report: <https://www.chr-hansen.com/en/investors/reports-and-presentations>

1.8 Climate risk

In 2021, Chr. Hansen started reporting in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). An example of that is the Avedøre Holme site where Chr. Hansen has allocated substantial resources to analyze the risk in partnership with its insurance carriers, external advisors and municipal authorities. This information is available in the latest annual report:

<https://www.chr-hansen.com/en/investors/reports-and-presentations>

1.9 Position on GMO (Genetically Modified Organisms)

On our website, we state: “Genetically-modified organisms (GMOs) are organisms whose genetic material has been altered using genetic engineering techniques. Many food and medical enzymes and additives such as citric acid, fructose, lipases and Fermentation-Produced Chymosins are produced using GMO technology because of higher production efficiency, highly controlled product quality and in some cases also due to certifications. Although (most) enzymes and additives are produced with the assistance of GM technology, the products are not themselves genetically modified and are separated from the GM production organism. As a result, all Chr. Hansen enzymes are considered GMO-free. In any case, care needs to be taken with regards to the labeling of the final food products, as in some countries local laws or voluntary standards limit the use of enzymes produced with GMO. One example is the ‘Ohne Gentechnik’ which does not allow the use of GMO produced enzymes according the German legislation”. In our GMO Position, we state: “Within Chr. Hansen GM techniques are only used in production of certain enzymes and in basic research work. As a standard for our global products and raw materials, we strive to be always in compliance with EU regulation on GM techniques and labeling, as we believe the EU regulation currently is the strictest in the field. The raw materials that are used by Chr. Hansen for manufacturing are in compliance with applicable local regulations, as are our products. None of our products require labeling in the markets in which they are sold. We always provide our customers with relevant information about our products and manufacturing processes, and Chr. Hansen is continuously monitoring the regulatory development in the GM technique area.” See our position on GMO here: https://cdn.chr-hansen.com/_media/files/chrhansen/home/about-us/policies-and-positions/quality-and-product-safety/position---gmo.pdf?rev=a08981ab1d244eb89edf1efecd7f7ff4

1.10 Packaging

1.10.1 Measures to reduce the impact of packaging

Chr. Hansen’s packaging materials are one of the areas where we add extra focus on ensuring recyclability, especially of plastic-based components. Although an important and ubiquitous material, the million tons of plastic litter that end up in the oceans every year is one of the most visible and alarming signs of the challenge to properly design and enable proper reuse of the material. With millions of tons of products leaving Chr. Hansen sites each year, Chr. Hansen commit to being part of the solution for ensuring recyclability of our main packaging materials. Chr. Hansen commit to 100% key packaging materials recyclable. A commitment to ensure that all our key packaging material is recyclable.

Chr. Hansen are currently conducting feasibility studies for alternative material choices. When it comes to our waste streams, the majority of this is composed by biowaste, which is primarily eluate, a bi-product from our culture production. This is still rich in nutrients and are therefore of value when we pass it on for alternative production flows, where it is transformed to for example biogas or fertilizers.

Please see our target and performance on waste reduction in the latest Sustainability data sheet which is available at: <https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

1.11 Impacts of the product portfolio

Chr. Hansen has set ambitious targets on sustainable agriculture, food waste reduction and promotion of health and well-being using our product portfolio. Chr. Hansen's sustainability strategy is available at: <https://www.chr-hansen.com/en/sustainability/targets-and-governance/our-contribution-to-the-un-global-goals>

1.11.1 Strategy shift

Chr. Hansen has embarked on a journey to map all our products against the UN Global Goals for Sustainable Development (UN Global Goals) in order to map our impact and revenue from sustainable products. The process was initiated in 2017 where we mapped Chr. Hansen's entire product portfolio of more than +3,000 products. The analysis concluded that 81% of Chr. Hansen's revenue contributes to sustainable development and the UN Global Goals (2, 3 and 12). In FY2020/21 the figure was 82%. There is a process in place to review this annually and have it validated by a third-party on an annual basis. It is expected that new products will continue to contribute to this figure, as such, it is expected this percentage will continue to rise. Please see our report and read about our methodology at: <https://www.chr-hansen.com/en/sustainability/targets-and-governance/our-contribution-to-the-un-global-goals>

1.11.2 Strategy to minimize food waste

Our Sustainability strategy describes our target on food waste, which is to reduce global yogurt waste by 2 million tons by 2025. Please see our sustainability strategy and targets at: <https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

Our food waste agenda is centered around Chr. Hansen's food cultures with better bioprotective effect that can extend the shelf life of fermented milk products such as yogurt.

1.11.3 Increase of soil yield and plant health

Our Plant Health products are a natural way to protect plants and crops and can contribute to improved crop yield and yield stability. Please see more information at: <https://www.chr-hansen.com/en/plant-health/products>

1.11.4 Improving animal health

In Chr. Hansen we work continuously to develop new product that enable farmers to produce the high quality, sustainable and safe food that the world demand. Our products increase the digestibility and feed efficiency, and enhance nutrient preservation between others. Please see more information at: <https://www.chr-hansen.com/en/animal-health>

2 Social

2.1 Staff

2.1.1 Human rights

Chr. Hansen respects human rights, as defined in the International Bill of Human Rights and expects our suppliers, business partners and other parties directly linked to our operations and products to do the same. We support the UN Guiding Principles on Business and Human Rights and carry out a due diligence process to identify, prevent and mitigate human rights risks throughout our operations and business relationships.

2.1.2 Freedom of association and collective bargaining

In the Sustainability Position it is stated that Chr. Hansen adheres to the UN Global Compact and the Ethical Trading Initiative Base Code, which builds on the ILO Declaration. Please also see our Code of Conduct on maintaining respect and integrity in our work environment.

Chr. Hansen's Whistleblower hotline enables permanent, temporary, and contract employees, suppliers, business partners and other stakeholders to report on any concerns that could have a major impact on our business, such as criminal activity, financial crimes, bribery, corruption, unfair competition, environmental pollution, violence and sexual harassment.

The Whistleblower Hotline is externally available at: <http://www.chr-hansen.com/en/whistleblower>

All policies are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

In Denmark, Chr. Hansen A/S is a member of the Confederation of Danish Industries and has signed "Industriens Overenskomst" and "Industriens Funktionæroverenskomst" for technical salaried employees and laboratory technicians. As a supplement to the collective agreements, there are local agreements covering e.g. shift arrangements in specific parts of the production and distribution. Employees covered by the agreements will have it clearly described in their contracts.

2.1.3 Equal opportunities and non-discrimination

As stated above, our Position on Sustainability addresses Chr. Hansen's commitment to respecting human rights and ensuring non-discrimination.

Chr. Hansen is committed to ensuring equal opportunity. The Policy on People, Knowledge & Organization states: "We want to ensure a diverse workforce in relation to gender, nationality and age in order to strengthen the Company's ability to attract the entire talent pool". We will not discriminate between gender, race, religion or other personal convictions but always employ the people best skilled for a particular job. In addition, please consult our Code of Conduct on "A workplace free of harassment and discrimination".

2.1.4 Equal opportunities and diversity

This information is available in our position on Diversity & Inclusion. All policies are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

Openness, inclusion and diversity are instrumental to realize Chr. Hansen's vision to improve food and health. Only through an inclusive and open culture will Chr. Hansen be able to realize its full potential in tomorrow's business environment. Chr. Hansen has 4 major focus areas.

1. **Diverse workflow:** Experience, background, education, age, nationality and gender are important parts of the diversity foundation for an engaging environment and delivering business results.
2. **Inclusive workplace:** We strive to create an inclusive workplace valuing individual differences in our workforce, making everyone feel accepted and respected regardless of age, race, color, sexual/religious orientation or disability.
3. **Equal opportunities:** We strive to create a work environment that provides employees with equal development, career opportunities, and pay. We work to address unconscious bias in our effort's secure equal opportunities.
4. **Unique leaders:** We encourage unique leadership styles to create the best possible team engagement.

Chr. Hansen's Board of Directors has approved the company's diversity policy and targets, including long-term objectives. Our targets for 2025 are described below:

- **Min 3 share holder elected Board member of each gender**
- **60% Diverse Corporate Management Teams**
- **30% Women in Directors+**
- **1:1 ratio between female employees and female managers**
- **Decrease the gap in gender Gender Pay defined as the difference in average earnings between the male and female workforce (currently at 6.2%)**
- **Retain 90% of employees under 30 years of age minimum three years after hire**

There are also two additional targets that are not part of the Board governed diversity targets but are part of our overall ESG agenda.

- **Being in the top 25% in our Engagement Survey using Peakon's global database**
- **All new employees introduced to our Culture model within the first 6 months**

To ensure the right leadership focus on the diversity targets, diversity remains a component of the remuneration of the Executive Board and the other members of the Corporate Leadership Team.

Chr. Hansen has been working on strengthening the on-boarding process of employees with diverse background. This initiative has enabled us to recruit and attract qualified specialists and scientists to further drive business growth.

Our global recruitment process ensures that we employ and attract a diverse workforce and ensures an equal amount of female and male candidates. Below, the process is visualized.

In Chr. Hansen we have the following procedures when hiring:

	SVP-Director	Senior Manager-Manager	Global Specialist	Specialist/Other Academics	Laboratory Technician/Operator
Candidates of both gender in the final interview	✓				
Candidates of both gender on the short list of candidates	✓	✓	✓		
Stakeholder from other EVP/CVP area than Hiring Manager in the process	✓	✓	✓		
1-2 round of interviews					✓
Case presentation	✓				
English Assessment*	✓	✓	✓		
Psychometric testing	✓	✓	✓	✓	
Manager's manager interview	✓	✓	✓	✓	
Reference check**	✓	✓	✓	✓	

The employees are Chr. Hansen's most important asset. This means that we must continually strive to be able to attract the right employees who will be able to contribute to reaching Chr. Hansen's overall goals and strategy. It is important to take into account how new joiners can live up to our values where some of the key words are ambition, passion, responsibility, teamwork and honesty.

2.1.4.1 Human capital development

At Chr. Hansen, we place great importance to employee development, which is key to our continued success. An important tool to ensure that we continually develop our employees is the Performance Development Interview. All employees must complete an annual Performance Development Interview (PDI) with their immediate manager resulting in an Individual Development Plan. The Performance Development Interview is mandatory.

The purpose of the PDI is to ensure that:

- Every employee knows and understands the connection between their own tasks, the goals in the unit and the corporate strategy.
- the qualifications and competences of each employee are used and developed in the best possible way – to the benefit of Chr. Hansen as well as the employee

To ensure consistency worldwide, the global ePDI system should be used by all employees and managers in Chr. Hansen when conducting the annual PDI. The global ePDI form is available in 13 languages. The general User Guidelines and the Quick Guide are also translated into the 13 languages.

2.1.4.2 Organizational review

The Organization Review (OR) is an annual, mandatory and global process that is rolled out using a bottom-up principle. The objective is for managers to reflect upon their business, their organization and their people to ensure the ability to deliver on the business goals and our corporate strategy, Nature's No. 1 Sustainably. The documentation of those reflections is cascaded upwards in the organization ending at CLT level where an overall Chr. Hansen OR takes place.

Chr. Hansen has an ambitious corporate strategy that we, as an organization, need to deliver on in a changing and competitive market. Therefore, we need to constantly focus on developing our business, organization and people to make sure that we are fit and capable of delivering on our strategy.

Below is a model of our organizational review.



All positions and policies are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

2.2 Health and Safety

In 2016/17, the Environment, Health & Safety (EHS group) launched a global 'Take 5' campaign to define our safety DNA in Chr. Hansen, and to help employees to consider key safety aspects before and after the work is completed and to ensure a safety mindset across Chr. Hansen. The campaign includes a package with instructions of roll out material and presentations explaining the 'Take 5' campaign, which was sent out to all site EHS managers and plant directors globally, along with links to an intranet article explaining the campaign.

2.2.1 Emergency Response Program

In Chr. Hansen, we have clear protocols and local emergency response plans at all sites reflecting the local regulation. Below is an example of a protocol for our Avedoere Site in Copenhagen, Denmark:

Task	Performing/responsible
First aid	Department manager
Evacuation	Department manager
Fire – receipt of fire panel and feedback	Fire watch (responsible fire watch)
Sealing of area	OHS manager Safety coordinator
Contact to the deputy leader	OHS manager Safety coordinator
Contact to the police, Danish Working Environment Authority and other authorities	OHS manager Safety coordinator
Orientation of environmental authorities	Environmental management
Contact to the press, internal, external stakeholders and the like and also neighbors	Site manager Corporate communications
Completion of emergency response <ul style="list-style-type: none"> • Completion of rescue preparedness • Orientation of the site and CLT • Reporting to the reporting system 	(Site manager) OHS manager Safety coordinator (Environmental management)
Reporting work accident (EASY)	OHS manager
Ongoing contact with the injured party as a result of a work accident	Department manager
Subsequent processing and evaluation of efforts	OHS manager (Environmental management)
Emergency drills	OHS manager (Safety coordinator)
Update and evaluation of emergency plan	OHS manager
Implementation and refreshment of emergency plan	Department manager

2.2.2 Contractor Safety Program

As with emergency response programs, our Contractor Safety Programs are developed and managed locally at all Chr. Hansen's sites.

2.2.2.1 Contractor Safety Requirements Procedure

Chr. Hansen has a Contractor Safety Requirements procedure outlining implementation of safety and clear roles and its responsibilities when hiring a contractor.

The Contractor personnel are routinely used to provide a wide variety of on-site and /or in-plant services. In general, contractor personnel are not familiar with Chr. Hansen processes, material hazards, plant safety rules and procedures, or plant emergency procedures. This procedure establishes safety, health, environmental and fire protection requirements for contractor personnel to follow.

The procedure applies to any contractor performing work on-site at any Chr. Hansen facility.

2.2.3 Occurrence of fatal accidents

Chr. Hansen has no reported fatal accidents within the last five years. The same applies to contractor fatalities.

2.2.4 Workplace flexibility and working time reduction

Chr. Hansen recognizes that employee's priorities and ambition level develop over time and we support the needs and interests in various life stages. In our Position on Reward and Remuneration we state: "We use both financial and non-financial remuneration and reward elements to appraise individual performance and motivate extraordinary efforts".

All positions and policies are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

2.2.5 Dependence care and special leave

We offer support in accordance with local standards.

2.2.6 Staff benefits

Minimum 75% of employees are covered by Health Care insurance for e.g. medical or physical support. We generally offer occupational pension plans which covers around 75% of employees.

2.2.7 Employment security and types of employment

In our Position on Organizational Excellence we state: "Chr. Hansen aims at reducing organizational barriers to achievement of business results. To perform our best in an ever-changing and increasingly global market our organization must encourage cross-divisional and cross-country co-operation. We need to have a flexible and change-ready organization which develops and supports our internal capacity to work effectively and reach our objectives".

All positions and policies are available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

In case of redundancy, we follow the applicable notice periods and we adhere to local rules of terminations and redundancies and offer outplacement services when relevant.

2.2.8 Position on non-regular employment

In Chr. Hansen we primarily hire full time employees. 3 % of Chr. Hansen employees globally are hired on temporary contracts (including trainees and substitutes). The remaining 97% are permanent employees.

2.2.9 Training and Education

Training programs and results are evaluated minimum once a year at the personal development interview.

Please see our Competence Development Position at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

2.3 Suppliers

In our Sustainability Position, Chr. Hansen outlines the social and environmental standards that all stakeholders, including suppliers and business partners are expected to follow. The position is applicable to all employees and relevant stakeholders of Chr. Hansen, including suppliers. The position was updated with a new section on adequate management systems and strengthened support to the UN Guiding Principles on Business and Human Rights. Chr. Hansen will favor suppliers who practice the same principles and will not deliberately employ or collaborate with stakeholders who violate the herein mentioned principles.

Our Supplier Requirements for Sustainability are Chr. Hansen's expectations to our suppliers that will be used for evaluating and auditing our vendors as part of Chr. Hansen's Vendor Management process. These principles are a global standard for Chr. Hansen and are based on international standards such as ISO 9001, FSSC 22000, ISO 26000, UN Global Compact and other UN treaties and conventions. Chr. Hansen's Supplier Requirements for Sustainability are aligned with the core conventions of The International Labor Organization (ILO). The principles are included in our standard contracts for direct material suppliers and are as such binding obligations for the supplier to follow.

Our Supplier Requirements for Sustainability more specifically outline our expectations for suppliers, including references to human rights and more specific issues such as forced and child labor, working time and remuneration, freedom of association and collective bargaining, environment and health & safety.

Prior to signing a contract, all direct suppliers must be approved as part of our Vendor Approval Management process. This is described more thoroughly below. As part of this process, potential suppliers have to answer a Vendor Approval Questionnaire (VAQ) covering principles within sustainability and quality and food safety. For more information on vendor management and the vendor approval process, please see: <https://www.chr-hansen.com/en/about-us/sourcing/vendor-management> and for information about our category management, please see: <https://www.chr-hansen.com/en/about-us/sourcing/category-management>. For our Supplier Requirements for Sustainability please see: <https://www.chr-hansen.com/en/about-us/sourcing/purchase-terms-and-conditions>

We operate in accordance with the requirements of the UK Modern Slavery Act. Our UK Modern Slavery Act statement sets out the steps taken by Chr. Hansen to prevent modern slavery and human trafficking in its supply chains. Please see our UK modern slavery act statement at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

In addition, please consult our Position on sourcing which is available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

2.3.1 Compliance with supplier standard with regard to labor rights and working conditions

In our Supplier Requirements for Sustainability it is clearly stated that “suppliers shall ensure that all employees work out of their own free will. Any kind of forced or compulsory labor shall not be tolerated. Employees shall be free to leave employment after reasonable notice.”

A key component in our collaboration with our direct material suppliers is our Supplier Requirements for Sustainability, covering principles within Corporate Social Responsibility, Quality, Food safety, and Regulatory compliance. The principles are included in our standard contracts for direct material suppliers.

To manage potential and actual risks in the supply chain, all direct suppliers must be approved as a part of the Vendor Approval Management process, prior to signing a contract. As part of this process, potential suppliers have to answer a Vendor Approval Questionnaire (VAQ). The VAQ includes questions on certifications, standards, and general practice on environmental and social issues. Where Chr. Hansen sources directly from farmers, a targeted VAQ is developed, which includes more detailed questions concerning their social and environmental performance, including workers’ ability to freely leave the site and adequate working hours. Based on the VAQ response and the risk level of the supplier, a risk assessment is conducted to further add insights to the supplier performance.

If audits reveal findings which cause concern, they are reported in our Vendor Audit SOP-system. We always raise non-conformities and follow up on corrective action with instructions on how to mitigate potential or actual risks. In case of a very poor score, we will perform a follow-up audit, which seldom occurs.

Our Whistleblower hotline enables all internal and external stakeholders to report illegal or unethical misconduct or serious or sensitive concerns.

Read about our Vendor Approval process at: <http://www.chr-hansen.com/en/about-us/sourcing/vendor-management>. For further information, see our Supplier Requirements for Sustainability, our UK Modern Slavery Act statement and other mentioned positions and policies at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>. Our Whistleblower hotline is available at: <http://www.chr-hansen.com/en/whistleblower>

2.3.2 Measures to enable key suppliers to safeguard labor rights and ensure working conditions

Our supplier Category Managers work closely with suppliers to build local capacity and improve standards, quality and yield of their businesses. These long-term supplier relations are highly valuable for both parties.

We actively monitor and collaborate with our direct suppliers to ensure they understand and are able to follow our requirements. This process involves regular supplier visits by sourcing managers. All high-risk direct suppliers are audited every 3rd year. During audits we visit changing rooms for workers and check protection equipment etc., in order to ensure that working conditions at the suppliers are within a Chr. Hansen standard.

Approximately 98% of all audits are conducted on site, and Chr. Hansen only conducts desktop audits based on self-assessment if traveling to the country is not safe because of health reasons.

To ensure our sourcing managers and internal auditors are equipped to assess actual or potential adverse impacts towards workers in our supply chain, training in social and environmental supply chain risks and best practices was initiated in 2016.

2.4 Human rights, policies and standards

The Sustainability Position outlines Chr. Hansen's support to the UN Guiding Principles on Business and Human Rights, our respect for human rights as defined in the International Bill of Human Rights, and for the Ethical Trade Initiative's Base Code on labor practices. Chr. Hansen expects our suppliers, business partners and other parties directly linked to our operations to do the same.

The Sustainability Position applies to all internal and external stakeholders of Chr. Hansen. It was approved in 2016 by the Board of Directors, and is publicly available at: <http://www.chr-hansen.com/en/investors/governance/policies-and-charters>

Chr. Hansen is also a member of the UN Global Compact in which principle 1 and 2 cover a commitment to respect internationally recognized human rights and to avoid complicity in their violation.

Chr. Hansen's Whistleblower hotline enables all stakeholders, including temporary, permanent and contract employees, suppliers and business partners to report any illegal or unethical misconduct of serious or sensitive concern, including human rights violations.

The Whistleblower Hotline is externally available at: <http://www.chr-hansen.com/en/whistleblower>

2.4.1 Supplier standard on human rights

Please see section 2.3

2.4.2 Human rights due diligence procedures

Chr. Hansen has carried out an annual due diligence process to identify, prevent and mitigate human rights risks throughout our operations and business relationships.

Identify and prevent

In order to identify and assess potential and actual adverse impacts on human rights, Chr. Hansen conducts an annual human rights due diligence. Based on a value chain and stakeholder approach, potential and actual human rights risk scenarios are identified and rated in terms of their respective likelihood of occurring and impact.

Likelihood is defined as the weighted probability of a risk scenario occurring in a specific country or geographical context and industry. Each scenario is rated on a scale from 1 to 5, ranging from 1 being “highly unlikely to occur” and 5 being “almost certain will occur”.

The impact of a risk scenarios is assessed in terms of four weighted criteria: Involvement, focusing on Chr. Hansen’s role in the scenario; Responsibility, outlining if this is an inherent industry risk or something Chr. Hansen is single-handedly responsible for; Number of people affected; and Reversibility, which take into account how easy it is to make up for the adverse impact.

Together, the likelihood and impact scores provide the level of severity for each scenario, which is used to prioritize actions of mitigation.

Mitigate and track

For each risk scenario identified, existing actions of mitigation are described in the due diligence tool. Likelihood is initially based on country and industry risk. In order to ensure that the assessment reflects the situation of Chr. Hansen, the likelihood score is adjusted for mitigating actions in place, e.g. policies, procedures and management systems.

Based on the identification of actual and potential risk scenarios, the rating of impact and likelihood and the adjustment for existing mitigating actions in place provides a prioritized list of risk scenarios with the highest residual severity.

Remedy

Chr. Hansen’s Whistleblower hotline enables all stakeholders, including temporary, permanent and contract employees, suppliers and business partners to report any illegal or unethical misconduct of serious or sensitive concern, including human rights violations. The Whistleblower Hotline is externally available at: <http://www.chr-hansen.com/en/whistleblower>

Chr. Hansen has defined clear roles and governance to ensure that high severity scenarios are acted upon by the relevant internal stakeholders.

In addition to this, please see our UK Modern Slavery Act statement, which is available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

2.5 Community engagement

Chr. Hansen does not have a global strategy in terms of community engagement. It is responsibility of each region to promote and carry out initiatives on its sites. Some examples of these initiatives are:

- From 2022 FY we have all NA sites planning localized seasonal activities (North America)

- Salvation Army Food Hamper Appeal (Australia)
- Malaysia white flag movement (Malaysia)
- Caring for children with autism (China)
- Packing and distribution of food hampers to underprivileged families (Singapore)

2.6 Sustainability Reporting

We openly disclose our performance and progress to our key stakeholders both on financial and non-financial performance indicators. Every year, we report on progress in line with the UN Global Compact principles for responsible business practices, and we regularly submit information about our performance to customers and investors via global reporting platforms, such as the Carbon Disclosure Project, EcoVadis, SEDEX and FTSE4Good.

The direct gross revenue contribution to the UN Sustainable Development Goals is estimated to 82% and is reviewed by PwC. Chr. Hansen is in compliance with rules and regulation of the Danish GAAP.

All Sustainability Reports are available at: <https://www.chr-hansen.com/en/sustainability/reporting-and-rankings/reporting-and-disclosure>

2.7 Measures to ensure and promote animal welfare

Chr. Hansen has sustainable products that promote animal welfare. Please see our solution on probiotics for poultry, swine and cattle and read about our silage inoculants on: <http://www.chr-hansen.com/en/animal-health>

3 Governance and Business Ethics

3.1 Relations with governments and influence on public policy

Please consult our Position on Tax and other information on this subject which is available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>. Please also see our annual report available at: <https://www.chr-hansen.com/en/investors>

3.1.1 Policy on political contributions

Chr. Hansen requires its contracted business associates to act in a manner consistent with the Group's policies for political activities in the services they carry out on its behalf. Before entering into a business relationship, Chr. Hansen shall approve distributors/agents and intermediaries and all distributors/agents and intermediaries shall sign the Groups Position on anti-corruption.

Chr. Hansen is not allowed to make financial contributions to political parties or political causes. We are member of industry associations that engage on regulatory matters on behalf of the industry.

Please consult additional information available at: <http://www.chr-hansen.com/en/investors/governance/corporate%20governance>

Please see our Position on anti-corruption which is available at: <https://www.chr-hansen.com/en/about-us/policies-and-positions>

3.2 Sustainability Board

Chr. Hansen's Sustainability Board is responsible for ensuring ownership, involvement and commitment from the core business in defining, prioritizing and executing Chr. Hansen's Sustainability strategy and activities.

The Sustainability Board has full mandate to approve or reject incoming proposals in place of the Corporate Leadership Team (CLT). The Chairman of the Board may choose to elevate issues of more significant nature to the CLT and/or the Board of Directors.

The Board meets 3 times per year. Board members are to attend all meetings or nominate an appropriate substitute in due time upon agreement with the Secretariat. Members of the Board are appointed by the Chair of the Sustainability Board with a view to ensure coverage from all relevant corporate functions as well as from the divisions and regions.

The Board is headed by Chr. Hansen's Chief Executive Officer, and includes members from the sustainability office, investor and media relations, customers, products and markets, responsible sourcing, business integrity, HR, human and labor rights, as well as environment, health and safety.

The Board secretariat is to schedule all meetings and nominate agenda items for approval to the Chair of Board. Pre-reads for each agenda items will be circulated in advance of the meeting and the Secretariat acts as meeting facilitator.

3.3 Sustainability and governance

Sustainability is an integral part of Chr. Hansen's strategy, purpose, culture and product offering. Chr. Hansen's Board of Directors recognizes this, and we have therefore decided to enhance our oversight on ESG by fiscal year 2022. Chr. Hansen's purpose and strategy centers around a quest to 'Grow a better world. Naturally'. With the launch of the 2025 Strategy in 2020, we introduced the ESG component to constitute 20% of the Corporate Leadership team's short-term incentive. We have taken this approach because we believe that a strategic focus on climate, diversity, safety and employee engagement is a prerequisite for staying competitive, attracting the brightest minds and delivering strong business results.