

# CSR 2019 REPORT

VEJLE 2020

*fertin*  
Pharma

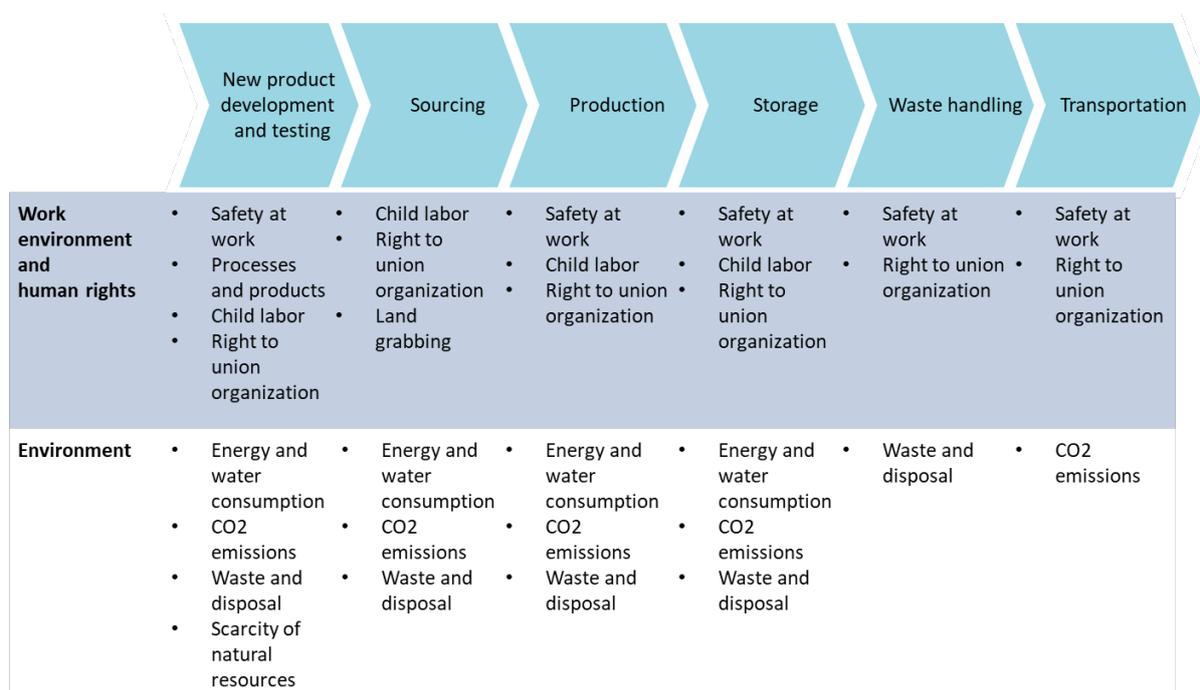


Based on its global business structure, Fertin Pharma strives to manage and develop its business and meet strategic challenges in an economically and socially responsible manner.

Manufacturing is primarily located in Denmark, supported by two smaller manufacturing units located in Goa, India and Langley, Canada, respectively. Product development and manufacturing is based on a well-developed global network of external suppliers and sub-contractors, and products are exported globally, primarily to continents such as Europe, Asia, and North America.

### Primary CSR elements of the company’s business model

Whether you consider the company's flow of products through the value chain in Denmark or abroad, the flow will be as indicated below and with the same social and environmental impact:



The framework for behaviour in Fertin Pharma’s business model consists of the general governing rules for conduct, supported by the two core values, **credibility** and **commitment**, as out-lined in the Group’s formal “**Code of Conduct**”. Furthermore, Fertin Pharma also requires that external supplier and sub-contractors adopts and comply this formal rule-set.

### Environment

As a company, Fertin Pharma continues to do its utmost to ensure that all business practices are performed in compliance with current environmental legislation.

We strives to minimize environmental and climate impact by:

- Screening new investments related to new machinery and buildings for environmentally friendly technologies and ensuring the implementation of these, where it is beneficial for the company and financially feasible.
- Continuously assessing the utilization of raw materials and utilities in order to minimize waste and the consumption of electricity, water and natural gas
- Ensuring that waste, sewage and dangerous chemicals are disposed in an environmentally feasible manner.

Based on the company's assessment, the primary focus areas related to environmental and climate impact has been identified as:

Environment	Climate
<ul style="list-style-type: none"> <li>• Consumption of natural resources and generation of waste fractions</li> <li>• Water consumption and sewage generation in regards to process related activities.</li> <li>• Air emissions (unrelated to GHGs) of fragrance compounds used in process related activities.</li> </ul>	<p>The emission of Green House Gasses (GHGs) from:</p> <ul style="list-style-type: none"> <li>• Burning of fossil, fuels used to generate electricity and heat.</li> <li>• Incineration of waste.</li> </ul>

### Consumption of electricity, natural gas and water

Optimization of the consumption of water, electricity and natural gas has been a key focus during 2019. To further improve understanding of the company's consumption patterns, a project has been launched to upgrade the software platform (EnergyKey) used to collect and manage data from electricity, water and natural gas meters, and to install an additional number of electricity meters at key locations to improve the data collection.

Consumption Category	Unit	2018	2019
Electricity	kWh per kg product	7,91	7,65
	KWh pr. year	25.387.367	26.129.262
Water	m <sup>3</sup> per kg product	0,034	0,030
	m <sup>3</sup> pr. year	108.982	103.950
Natural gas	m <sup>3</sup> pr. kg product	0,49	0,48
	m <sup>3</sup> pr. year	1.571.839	1.637.455

CO <sub>2</sub> emissions	Unit	2018	2019
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Danish Site	Ton CO <sub>2</sub> e pr. kg product	0.0030	0.0028
	Ton CO <sub>2</sub> e per year	9.500	9.649

As the effects of global climate change are becoming ever more apparent, it is important for Fertin Pharma to reduce its CO<sub>2</sub> footprint as much as possible. In order to achieve this several projects have been evaluated in 2019 and are to be initiated during 2020.

In 2019 Fertin Pharma has focused on the continuation of the projects identified in 2018 in order to reduce the company's impact on the environment. Our ongoing partnership with Steffca A/S has identified additional insulation projects to omit energy loss by heat dissipation from steam pipes and CIP (cleaning in place) utilities and the main heating distribution system. During 2019 Fertin Pharma has installed Steffca's removable insulation padding at one of our cleaning in place (CIP) stations, which has yielded a total saving of 33.170 kWh per year.

The remaining uninsulated CIP installations are going to be evaluated in 2020. In addition, Steffca A/S has identified a potential saving of roughly 291.342 kWh in the main heating distribution at Dandyvej 19, which is expected to be implemented during the course of 2020.



*Steffca removable insulation padding mounted on pipes at CIP station.*

In 2019, the company has initiated a project to install of a second industrial scale heat pump at our Utility Central. The project is formed in a partnership with EBAS and Johnson Controls Denmark, and will materially reduce the companies CO<sub>2</sub> emissions by collecting excess heat from an electrical powered cooling compression unit. The heat pump has an expected coefficient of performance (COP) value in the range of 3.73 to 3.93, a heat output capacity of up to 1.713 kW and is planned to be fully commissioned in October, 2020. We expect realize full potential from the investment from 2021 and onwards.

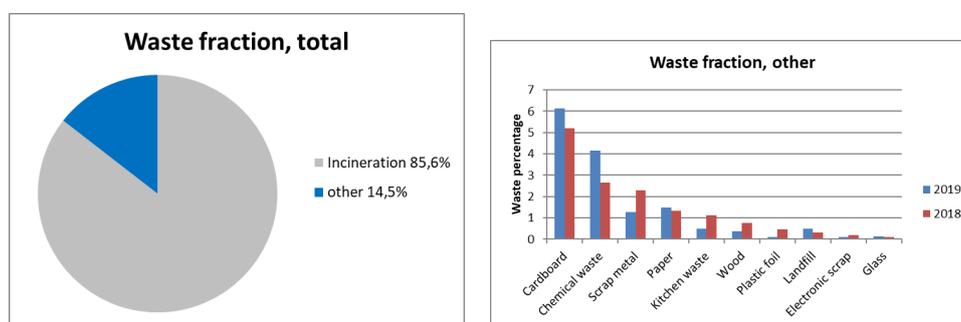
#### **Reduction of emissions and odours**

During 2019, Fertin Pharma has installed a new carbon filter system at the production facility at Fertinvej 5, Vejle to further reduce odour emissions from our production processes. The system has proven to be very efficient removing up to 99% retention. Annual measurements performed by Force Technology will provide data so Fertin Pharma will be able to monitor the future performance of the carbon filter system onwards.

### Waste for disposal

As with the previous year, the waste fraction distribution remains stable. The overall waste amount is slightly less in 2019 compared to 2018, which is in good accordance with a higher product output and no major building projects. The primary, notable differences can be found in the waste fractions: wood, metal, kitchen waste and cardboard. Fertin Pharma will continue its efforts to reduce mixed waste fractions and maximize recycling wherever possible.

The following graphs and tables depict the total waste amount generated from the Danish sites in 2019.



Waste type	2018		2019	
	Metric Ton	%	Metric Ton	%
Incineration	1.151.9	85,55	1.079.0	85,29
Cardboard	70.2	5,22	77.5	6.13
Chemical waste	35.7	2,65	38.6	4,14
Scrap metal	30.8	2,29	15.9	1,26
Paper	18.0	1,34	18.7	1,48
Kitchen waste	15.1	1,13	6.2	0,49
Wood	10.3	0,77	4.7	0,37
Plastic foil	6.0	0,45	1.5	0,12
Landfill	4.2	0,32	6.4	0,5
Electronic scrap	2.6	0,19	1.3	0,1
Glass	1.2	0,09	1.5	0,12

Waste type	2018		2019	
	Metric Ton	%	Metric Ton	%
Total	1.346,5		1.265,5	

## Policy on social and employee relations, including compliance with human rights

### Human rights

It is the policy of Fertin Pharma to comply with national legislation on conditions relating to employment and remuneration and to also comply with the ILO Convention as well as comply with the ETI Base Code. This means that we have good systems in place to secure our employees' freedom of expression, freedom of organization and to negotiate collectively.

The development of our employees' skills is an integral part of our personnel policy, and a framework exists for the preparation of a skill matrix for all areas.

### Employee relations

Our employees are the Group's most important asset and are a prerequisite for Fertin Pharma being able to continue its development and growth. In order to address potential risks related to attraction and retention of a highly qualified workforce, we continuously focus on work climate and job satisfaction, supported by a formalized dialogue-based quarterly survey. By the end of 2019, the rating of our work climate was at 3.95 (5 being the best). The equivalent rating for 2018 was 3.90.

In 2015, we began a management trainee programme for employees who wish to take on personnel management and have the desire and ambition eventually to take on a management position. The candidates completed the full course in December 2018. In 2019, 12 new candidates started a 3-year program.

All appointed and hired managers mandatorily attends the "Fertin Way of Leadership" internal training program, which provides them with clear guidance on what is expected of managers in Fertin Pharma as well as provides them with a uniform and concrete toolbox to support them in their daily work.

### Development of employee skills

In 2015, Fertin Pharma initiated implementation of TWI (Training Within Industry) for employees directly involved in production throughout the value chain. The TWI concept is based on a proven training concept developed by the US Army during WW2, aiming at securing higher quality in execution of repetitive procedures with low tolerance for variance. TWI training means looking in-depth at areas, critical to the value chain of Fertin Pharma, amongst others. Hence, TWI training is implemented as a supplement to existing training, with the aim to:

- improve and develop the quality of our processes,
- strengthen and increase skills of our employees, and
- secure knowledge sharing across the organization

## Health and Safety

It is essential for Fertin Pharma to comply with the present legislation and relevant national guidelines, within the areas in which we operate.

Fertin Pharma strives to maintain and develop a safe and healthy working environment in which employees thrive without the risk of being injured. Since 2016 all employees have to undergo mandatory safety training.

Through our formalized procedures, we strive to anchor a culture around continuous improvements within general work environment and safety.

Several new initiatives have been launched in 2019 to improve the overall health and safety strategy at Fertin Pharma. Firstly, a new chemical safety management system was acquired in order to generate a more detailed chemical database. The database will enable a more detailed inventory as well as the ability to evaluate chemical mixtures and perform updates more easily than the previous system. Work place instructions will be substituted by chemical risk assessments, which in turn should present relevant chemical safety information in a more user friendly format.

Ensuring that all work safety representatives are well trained is essential to maintain a competent Health and Safety organization. During December 2019, all work safety representatives at Fertin Pharma participated in a specially tailored work safety competency course from CRECEA A/S. The course activity was a huge success and Fertin Pharma's main Health and Safety Organization will continue to monitor the need for future specialized course activity.

In the summer of 2019 Fertin Pharma has initiated an evaluation process of all manual lifting operations in the production lines. The purpose of the mapping is to identify all unhealthy lifting operations and initiate action plans to hinder physical attrition and work related injuries. So far several areas have been identified and the corresponding mitigating actions have been initiated.

## Diversity

Fertin Pharma strives to attract highly skilled employees to support a high-performance organization. In addition, we seek the promotion of gender equality among managers, at all levels in the organization. We ensure this through both recruitment and succession planning.

In 2019, the distribution of genders was as shown below:

Employee group	No. of men in %	No. of women in %
Executive management (5 men and 1 women)	83	17
Management generally	54	46
Workers in manufacturing	56	44
Other staff	41	59

Employee group	No. of men in %	No. of women in %
Total	47	53

The Board of Directors consists of two women and four men; all appointed based on their specific and relevant industry knowledge. Currently, it has not been possible to attract a sufficient number of female candidates with sufficient industry knowledge to match a more evenly gender distribution in the Board. However, the company still strives to bring the gender distribution in line with the distribution on the rest of the organization of 60/40 in 2024.

The aim of promoting diversity and gender equality among managers at all levels is to ensure that different groups of employees can have a career without experiencing cultural, geographical, gender-based or organizational barriers.

### **Policy on anti-corruption, bribery and human rights**

It is the policy of Fertin Pharma to participate in fighting corruption and bribery. Our assessment is that the highest potential exposure and risk would be related to our global corporation with external partners.

To manage the potential risks, we ensure that our external partners acknowledge and respect the Fertin Pharma's "Code of Conduct". Internally, all Fertin Pharma employees are trained and formally has agreed to adhere to this policy. The training is revisited on an annual basis. In 2019, all new employees conducted the training.

As a further effort in fighting corruption and bribery, we have established an external "whistle blower" arrangement, which may be used by anyone who experiences events that violate Fertin Pharma's "Code of Conduct".

As an integrated part of the policy both Fertin Pharma and our external suppliers globally adhere to human rights.

Specifically, to mitigate the risk that our suppliers are violating human rights, including the use of child labour or not complying with local labour rights - as stated in our "Code of Conduct" - our Quality department has conducted a planned number of audits during 2019. All audits were carried out without any major remarks.

### **Policy on land grabbing**

It is the policy of Fertin Pharma not to participate in, be responsible for or in any way be associated with any actions which may be deemed as "land grabbing".