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ESG Report 2020





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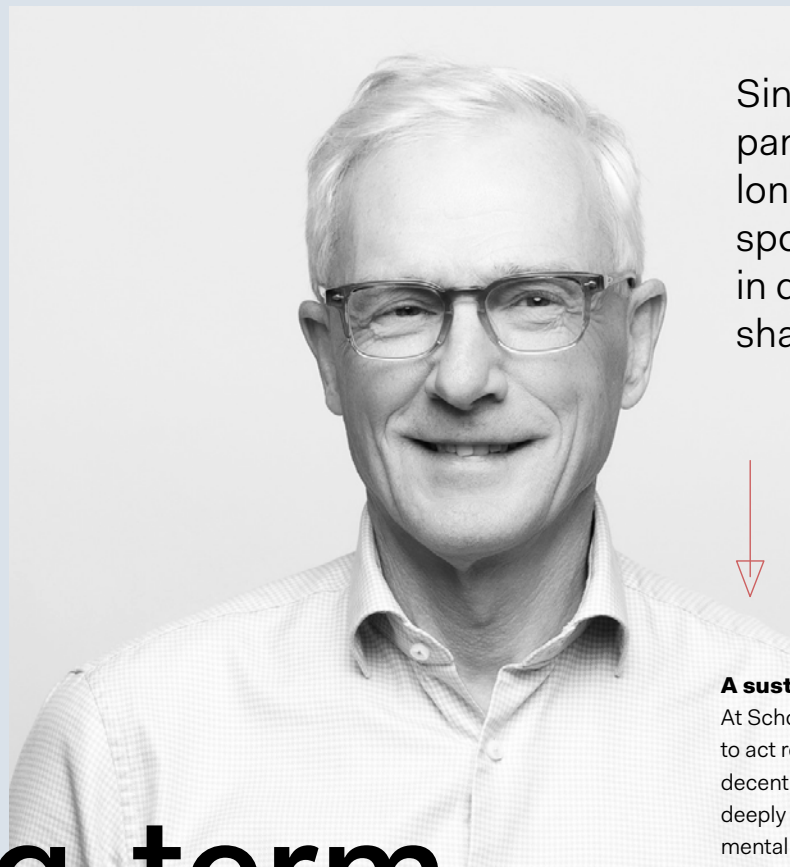
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### Statutory report on corporate responsibility pursuant to section 99a of the Danish Financial Statements Act

This ESG report constitutes the Schouw & Co. Group's report on corporate responsibility for the 2020 financial year provided in accordance with section 99a of the Danish Financial Statements Act. The report's statutory sections also include our reports on diversity pursuant to section 107d and gender composition pursuant to section 99b of the Danish Financial Statements Act. The publication is a translation of the Danish ESG report 2020. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

## A word from the CEO



Since Schouw & Co. was founded in 1878, the company has evolved by being trustworthy and taking a long-term perspective. We firmly believe that a responsible approach and profitability go hand in hand in developing the company and creating value for the shareholders of Schouw & Co.

### A sustainable journey

At Schouw & Co., we've always endeavoured to act responsibly and to create value in a decent and trustworthy manner. It's been deeply embedded in our DNA and a fundamental part of developing the business, also long before governance, the UN SDGs and the climate debate became top of the agenda.

During the past many years, we've consistently taken steps to reduce our energy consumption, we've improved working conditions for our employees around the globe, and we've had a good and responsible management culture. We've always prioritised doing things right.

We improve our ESG reporting on an ongoing basis. Last year, we issued our first group-wide ESG report, and this year we've compiled

more and better data. We plan to follow it up by steadily developing, professionalising and systematising our reporting, and we'll increasingly provide an actual structure to the efforts we've made and initiatives we've pursued over the past several years in order to anchor our approach even more firmly in our portfolio businesses.

### A joint responsibility

We'll work tirelessly to improve on our climate and environmental impact, labour conditions and governance. This commitment is a crucial part of the everyday routines of our managers and employees, who all contribute and shoulder their part of the responsibility.

At Schouw & Co., we are committed to conducting ourselves in a proper and trustworthy manner. We believe that results are created by people who by conducting themselves responsibly contribute to securing our common future. ✂

**Jens Bjerg Sørensen, President and CEO**  
Aarhus, 05 March 2021

# Long-term responsibility



# ESG – A stronger agenda

Over the years, the work on corporate responsibility has become increasingly formalised as society's demands have increased in relation to the standards of reporting on various focal areas. At Schouw & Co., we have long had corporate responsibility as an important part of our strategy, with efforts and targets being developed and applied across the Group.

During 2020, we have compiled better data, which provides us with a broader basis for managing and targeting our ESG efforts. In other words, we support ESG as a stronger agenda, but this is nothing new to us:

The founder of Schouw & Co. and his two immediate successors, Hans and Svend Hornsyld, were closely connected on a per-

sonal level and together they developed the business over a period of 83 years. Although Schouw & Co. has been a limited liability company since 1911, these long-standing personal relationships gave the company the characteristics of a family business with a long-term perspective and responsibility as the dominant features.

The charitable foundation Direktør Svend Hornsylds Legat is still an influential shareholder in Schouw & Co., and we strive consistently to be among the best to create value in a decent and trustworthy manner.



# ESG highlights in 2020

## SIGNIFICANT EVENTS

The coronavirus pandemic was clearly a dominant event of 2020. ESG efforts were first and foremost focused on securing our employees' health and safety, and subsequently on maintaining as near-normal operations as possible.

### ENVIRONMENTAL FACTORS

(E)

BioMar established a new production facility in Tasmania, in part by reusing infrastructure at a disused industrial park.

BioMar converted to certified power sourced from wind turbines at its factory in Scotland.

Fibertex Personal Care is installing solar panels on a 10,000m<sup>2</sup> area on the roof of its factory in Malaysia.

HydraSpecma is building new regional headquarters in Sweden designed according to the latest climate standards.

Borg Automotive started to reuse pallets in the UK and is introducing less resource-intensive packaging types in Poland.

### SOCIAL FACTORS

(S)

BioMar became an active member of the Nordic Business Network for Human Rights which is facilitated by the Danish Institute for Human Rights.

BioMar supported local communities in Chile, Ecuador, Costa Rica and Russia, including with food, medical equipment and educational activities.

Fibertex Nonwovens and GPV added new policies against sexual harassment to their existing codes of conduct.

Fibertex Nonwovens began work on a global health & safety policy.

### GOVERNANCE

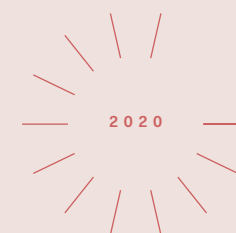
(G)

Fibertex Personal Care implemented a new supplier management concept in Denmark and Malaysia.

Fibertex Personal Care has continuously improved procedures for personal data protection and has now introduced a new annual cycle of the work.

HydraSpecma began implementing a new central HR system.

The Group's businesses have endeavoured to increase awareness of the whistle-blower system which Schouw & Co. has established and which can be used to report on all units of the Group in all countries.



REVENUE  
**21.3**  
DKKBN

**1.6 %**  
REVENUE GROWTH

EBITDA  
**2,209**  
DKKM

**13.2%**  
EBITDA GROWTH



# Overview

Schouw & Co. is a listed industrial conglomerate. We own and develop B2B business in various sectors and industries.

At the end of 2020, we had six different companies in our portfolio which had been acquired since 1988, when we first launched our strategy of composing a diversified portfolio of leading Danish industrial businesses.

We have had the businesses in our portfolio for an average of 16 years, and we compose the portfolio from a 'best ownership' principle.

We have never acquired a business for the purpose of reselling it, and we believe businesses develop best when focused on long-term growth and development.

# 128

**years in packaging**

During its first 128 years in business, Schouw & Co. mainly manufactured packaging materials, such as paper bags and milk cartons.

# 183

**years old**

The company was founded by Victor Schouw in 1878 in the rear building of a property located in the Copenhagen district of Nørrebro.

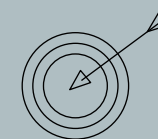
# 33

**years as a conglomerate**  
Since 1988, Schouw & Co. has been involved in many different businesses and industries.

# 60

manufacturing facilities in 29 countries

**Our purpose:**  
Enabling long-term and responsible transformation



Schouw & Co. is headquartered in Aarhus, Denmark, and operates 60 manufacturing facilities in 29 countries through its businesses

- BioMar**  
Denmark, Norway, Scotland, France, Spain, Greece, Turkey, Chile, Costa Rica, Ecuador, China and Australia
- Fibertex Personal Care**  
Denmark, Malaysia, Germany and the USA
- Fibertex Nonwovens**  
Denmark, France, Czech Republic, Turkey, South Africa, the USA and Brazil
- GPV**  
Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico
- HydraSpecma**  
Denmark, Sweden, Finland, the UK, Poland, China, India, the USA and Brazil
- Borg Automotive**  
Denmark, the UK, Poland, Belgium and Spain

+	REVENUE	EBITDA	ROIC
	<b>21.3</b>	<b>2.2</b>	<b>15.3 %</b>
	DKKBN	DKKBN	

# Our Board of Directors and Executive Management



**Chairman**  
Jørn Ankær Thomsen

Born 1945. Elected to the Board in 1982. Current term expires in 2022.

LL.M., University of Copenhagen. Attorney and of counsel, Gorrissen Federspiel Law Firm. Mr Ankær Thomsen has special expertise in legal matters, including company law and capital markets, and in strategy, financial reporting, treasury and finance, as well as mergers and acquisitions. Member of the company's audit committee and chairman of the company's nomination and remuneration committee. Jørn Ankær Thomsen is not considered to be independent.



**Deputy Chairman**  
Jørgen Wisborg

Born 1962. Elected to the Board in 2009. Current term expires in 2021.

MSc, Aarhus School of Business and LEAP, Leadership Programme, Insead, France. CEO of OK a.m.b.a. Mr Wisborg has special expertise in management and sales as well as in strategy, business development, financial reporting, treasury and finance. Chairman of the company's audit committee and member of the company's nomination and remuneration committee. Jørgen Wisborg is considered to be independent.



**Board member**  
Kjeld Johannesen

Born 1953. Elected to the Board in 2003. Current term expires in 2023.

Business diploma (HD), Marketing economics, Copenhagen Business School and a professional board member. Mr Johannesen has special expertise in management, production and sales as well as in strategy, business development and international business relations. Kjeld Johannesen is not considered to be independent.



**President**  
Jens Bjerg Sørensen

Born in 1957, Appointed in 2000.

Business graduate, Niels Brock Business College, Business diploma (HD), Marketing economics, Copenhagen Business School, IEP – Insead Executive Programme, Insead, France.



**Board member**  
Agnete Raaschou-Nielsen

Born 1957. Elected to the Board in 2012. Current term expires in 2024.

PhD, University of Copenhagen and a professional board member. Ms Raaschou-Nielsen has special expertise in business development and acquisitions, macroeconomics, emerging markets, as well as international production, sales and marketing. Member of the company's audit committee and of its nomination and remuneration committee. Agnete Raaschou-Nielsen is considered to be independent.



**Board member**  
Hans Martin Smith

Born 1979. Elected to the Board in 2017. Current term expires in 2021.

M.Sc. (Economics) Aarhus University and Senior Vice President, regional CFO, Vestas Northern & Central Europe. Mr Smith has special expertise in finance, business development, strategy, M&A, capital markets and investor relations. Hans Martin Smith is considered to be independent.



**Board member**  
Kenneth Skov Eskildsen

Born 1973. Elected to the Board in 2018. Current term expires in 2022.

Business training from Aarhus Business College and managing director of Givesco Bakery A/S. Mr Eskildsen has special expertise in international business relations, accounting and economics as well as sales and production, including specifically in foods. Kenneth Skov Eskildsen is not considered to be independent.



**Vice President**  
Peter Kjær

Born in 1956, Appointed in 1993.

BSc, Electronic Engineering, Engineering College of Aarhus, Business diploma (HD), Marketing economics, Aarhus School of Business, MBA from IMD, Lausanne, Switzerland.

# Our business model

Schouw & Co. is a diversified industrial conglomerate consisting of the parent company and six wholly-owned subsidiaries. The portfolio companies are run as focused sub-groups each with their own organisation, management and subsidiaries, and all enjoy extensive operational autonomy with operational responsibilities allocated to local managements.

More than half of the Group's operations are located in Europe, but it also has extensive operations in other parts of the world. High quality standards are a hallmark throughout the Group, and the ambition is to apply uniform standards to all production activities no matter where a production unit is located.

## From raw materials to B2B products

The Group generates most of its revenue from automated or advanced production processes, in which the Group's businesses turn sourced raw materials into products that are resold to customers who then manufacture end products.

## Sale of value-added components

The remaining part of the consolidated revenue primarily derives from technical trading and processing operations, in which the Group's businesses handle or process sourced components before reselling them to OEM customers.



The management of Schouw & Co.: Pictured from left to right: Erik Weimar Rasmussen, CFO, Jens Bierg Sørensen, CEO, Peter Kjær (Vice President) and Kasper Okkels (Vice President Business Development, Strategy & IR).

Schouw & Co. creates long-term value by exercising active and inspiring ownership of leading Danish industrial businesses.

## Procurement of raw materials and components

The Group sources a limited number of different raw materials that mainly include marine and vegetable raw materials and oil-based products generally supplied in large quantities from internationally recognised suppliers.

On the other hand, the Group buys components in very large volumes from many different suppliers worldwide. Generally, these products are manufactured by recognised

technical manufacturers that meet high quality standards.

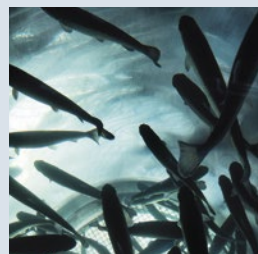
## Sales

The Group sells its products to professional customers which either use the products or incorporate them in end products. Most of the process production is sold in large volumes to a limited number of customers. The Group does not sell directly to consumers and only sells to public sector customers to a very limited extent. ❌



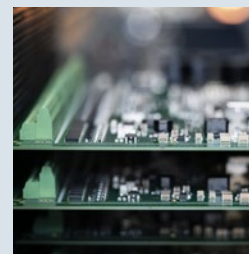
# Our businesses

The six companies in our portfolio operate in very different industries.



## BioMar

BioMar is one of the world's largest manufacturers of quality feed for fish and shrimp farmed in either salt or freshwater aquaculture. BioMar creates value through innovation and product development and applies its many years of experience and know-how about nutrition, environmental conditions and production technology to make efficient and sustainable feed.



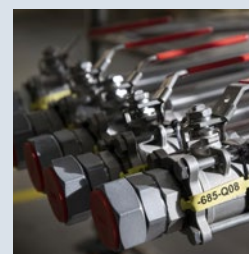
## GPV

GPV is a leading European EMS (Electronics Manufacturing Services) company. GPV manufactures electronics, mechanics, cable harnessing and mechatronics (combination of mechanical technology, electronics and software). GPV's solutions are used in customer end products, including in medical equipment, transport and cleantech.



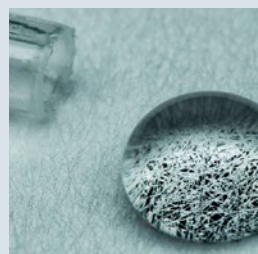
## Fibertex Personal Care

Fibertex Personal Care is one of the world's five largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry. These nonwoven materials are used by global brand names to manufacture diapers, sanitary towels and incontinence products. The company is also a market leader in direct printing on nonwoven textiles.



## HydraSpecma

HydraSpecma is a manufacturing, trading and engineering company specialising in Power & Motion whose core business is hydraulic components and systems for industry and the aftermarket. The company's solutions form part of wind turbines, lorries, contractors' equipment and industrial plants from world-renowned manufacturers.



## Fibertex Nonwovens

Fibertex Nonwovens is among the world's leading manufacturers of special-purpose nonwovens, i.e. fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The processed materials are used in cars, the construction industry and for filtration solutions, often to replace heavier and more environmentally harmful alternatives.



## Borg Automotive

Borg Automotive is Europe's largest independent automotive remanufacturing company. The company receives defective parts which are remanufactured and sold in the B2B market, such as brake callipers, turbochargers, starters and alternators. Borg Automotive has a strong market position and a sustainable business model based on the circular economy.



# BioMar

BioMar is one of the world's largest manufacturers of quality feed for the fish and shrimp farming industries.



# 11.6

Revenue in 2020: DKK 11.6bn



Presence of 16 factories in 12 countries

# 2005

Schouw acquired an initial ownership interest in 2005 and has had full ownership since 2008



One in five fish farmed in Europe or Chile is raised on feed from BioMar

# 40

BioMar produced feed to 40 different species of fish and shellfish

# Setting the right priorities

We shall never forget 2020. Reality exceeded even our worst nightmares, and no one could have foreseen the global coronavirus pandemic and the impact it would have.

It is in times like these that setting the right priorities and making the right choices become absolutely crucial – and when heading a company, you must ask yourself what the number one priority is for your business.

At BioMar, we had decided on the answer to that question long before Covid-19 forced its way into our lives. Our response is that 'results are created by people', because we rely on our people for our results. In other words, 'People first' is the guideline that charts our course, and I feel privileged to be part of an organisation that truly lives by that mantra.

## A link in the food value chain

As one of the world's largest producers of fish and shrimp feed, we are part of the essential value chain to ensure reliable supplies of food. This means our factories have been subject to fewer restrictions than other manufacturing businesses. While this has a positive side, it also means that we must honour the responsibility to exert additional caution and protect our staff, suppliers and customers.

Early in the year, therefore, we decided to close our factories to external visitors, restrict internal access, train our employees and, of course, tighten our hygiene precautions. In this context, it turned out to be a huge advantage that most of our production facilities are highly automated, but all our employees have also proved capable of shouldering additional responsibility, and I am impressed by how well we have performed.

## Local responsibility

BioMar operates sixteen factories across twelve countries, and it is remarkable how different the various national authorities have tackled the pandemic. In northern Europe, the resources available to support society through the crisis have been extensive, but for countries in other continents, conditions have been very different.

In response, we came up with the 'Neighbouring Communities – COVID-19 Support' project, which involved making healthcare, food and educational resources available to local communities. Chile and Ecuador are among the countries hardest hit, and we supplied healthcare equipment to local authorities,



food supplies to local organisations as well as educational and training materials.

Our contributions were but small, but together with other companies, organisations, and governmental organisations, we hope to make a difference. If we all take responsibility and show public spirit, I am sure we can overcome this challenge together, creating value and positive change from the crisis that has blighted 2020. ✂



# Harvesting marine resources sustainably

The oceans offer vast resources that are essential to mankind, but these resources will only last if we are careful not to disrupt the fragile ecosystems of our seas. BioMar is contributing to solving this complex challenge.

'Fish' may well be one of the most important and most sustainable answers to the question on what we will need to feed the growing global population. While the oceans are still teeming with vast quantities of fish, wild fish can no longer adequately cover our food requirements. This situation raises a need for industrial fish farming, also known as aquaculture:

"Very few people are aware that we already eat more farmed than wild fish. This is both a positive and value-creating trend, provided it is done in a sustainable manner. Contributing to a sustainable global aquaculture industry is therefore one of the most important objectives of our business," explains Vidar Gundersen, Global Sustainability Director at BioMar.

## Call for battle against phosphorus

In other words, BioMar devotes a large proportion of its time on researching and developing sustainable solutions. One of the company's most promising research projects aims to reduce the emissions of phosphorus generated by fish farming, and the first products developed as a result of this process are now ready to be rolled out to customers:

"Phosphorus is a nutrient that both plants and fish depend on. However, too much phosphorus can lead to algal blooms, which in turn reduces the oxygen content in the water, damaging the living conditions of fish and other marine life," explains Gundersen, and he continues:

"We're working tirelessly to develop new feed concepts that will keep the environmental impact on the aquatic environment to a minimum. We're currently ready to launch Blue IMPACT™, a product with a reduced phosphorus content compared to traditional fish feed.



Wilmer Edwin Zambrano Lopez, ATC operator, Ecuador

This will enable increased fish production without increasing phosphorus emissions."

The first feed series, Blue IMPACT™ AQUA, was developed in close cooperation with a number of fish farming companies. This feed contains 20 percent less phosphorus and enables increased protein digestibility in fish:

"We expect a lot from this new product series, initially for customers in the Baltic Sea region and eventually in other parts of the world. Blue IMPACT™ AQUA is one of the latest innova-

tions, positioning BioMar as a market leader in sustainable aquaculture. We must take care when harvesting marine resources, and it's important that we're constantly taking new steps in the right direction," he concludes.

BioMar is also working on a large number of other research projects that aim to enhance the properties of feed products. Targets include sustainability profile, improved growth rates and lower feed conversion ratio, meaning decreasing the amount of feed needed to produce a kilo of fish. ✂

Paola Valdivieso Pinzón, R&D Assistant, BioMar, Ecuador



DID YOU KNOW...

The EPA and DHA omega 3 fatty acids are what make salmon and shellfish such a healthy and nourishing source of protein. Thanks to innovation and collaboration BioMar is now able to produce feed with microalgae, the original source of omega 3.



# Fibertex Personal Care

Fibertex Personal Care is one of the world's largest producers of nonwovens for the hygiene industry.



# 2.1

Revenue in 2020: DKK 2.1bn



Operations in Denmark, Germany, Malaysia and the USA

# 2002

Wholly owned by Schouw & Co. since 2002



Manufactures and prints on spunbond nonwovens

# 9

Ninth nonwovens production line scheduled for installation in 2021

# Sustainability

I often think about what kind of world we are leaving for our children and grandchildren. It should be an essential objective for any person, any business and any society to leave the planet in a better state than we found it. I see this as both a personal responsibility and a responsibility I'm in a position to contribute to fulfilling in my capacity as CEO of Fibertex Personal Care.

## Can plastics be sustainable?

We are doing a lot of things right. We're constantly creating better working conditions for our employees, we're reducing the number of industrial accidents, we're combatting corruption and we're consistently reducing energy consumption at our production sites. In 2020, we even became the world's first nonwovens manufacturer to be certified to ISCC Plus, one of the most ambitious supply chain certifications for the use of circular and bio-based materials.

However, all that does not alter the fact that as a nonwovens manufacturer, we have very high energy consumption and that we use oil-

based plastics. We have asked ourselves many times if we can end our reliance on oil-based products. Like many others, we have tested various alternatives over the years, but so far unsuccessfully.

That is why we decided several years ago to embrace plastics rather than being ashamed of using such types of materials, because we also know that the diapers and incontinence products we produce have huge benefits for so many people. For example, the improved hygiene resulting from the use of our diapers has a hugely positive effect in less developed countries. Quite simply, the materials we produce are best suited for the purpose, even if they are oil-based.

## We aim to lead the industry

Plastics and microplastics in our oceans along with global CO<sub>2</sub> emissions have come high on the agenda all over the world. Recent trends in this area have been quite remarkable. The increased awareness has an extremely positive effect, in part because it affects the entire value chain within our industry. In fact, it is helping to legitimise our efforts to push the limits of sustainability.

All production processes affect the environment to some degree, but we must all do our



best to reduce the impact as much as possible. At our end, we currently have more active initiatives than ever before, both on our own accord and through EDANA, our European industry organisation. Sustainability is at the top of our agenda, and we're not afraid to be a frontrunner in our industry with the motto 'Sustainable is possible'. In fact, we see it as an obligation. ✂

**Mikael Staal Axelsen**  
CEO, Fibertex Personal Care

# ESG gives a competitive edge

Fibertex Personal Care continued to work on the 'Sustainable is possible' mindset during 2020. The company made substantial investments, ranging from R&D into new products and production methods to employee development and social issues.

## A sustainable value chain

One of the biggest milestones achieved is the ISCC Plus certification, which Fibertex Personal Care is the first nonwovens manufacturer in the world to achieve. ISCC is short for International Sustainability and Carbon Certification, and ISCC Plus is an ambitious supply chain certification in the use of circular and bio-based materials. The certification is based on a system that enables tracking the consumption of resources through the value chain and, not least, their sustainability characteristics.

"We're very proud that we've been ISCC Plus certified. We have a clear objective to be a frontrunner, and we are absolutely confident

that others will follow. A certification like this gives us a distinct competitive edge, and it enables us to influence the development of our industry," says Mette Due Søgaaard, QA & Sustainability Director with Fibertex Personal Care, and she continues:

"Our certification reflects our continual focus on seeking new and sustainable solutions. Our mindset is "Sustainable is possible", and in this case our focus on rethinking our supply chain of raw materials really paid off.

## How we prevent plastic waste

In 2020, Fibertex Personal Care also played an active part in Operation Clean Sweep, a global voluntary initiative to avoid plastics waste. Initially, the company's two largest production sites, in Denmark and Malaysia, participated.

"At Fibertex Personal Care, we handle more than 100,000 tonnes of plastic granulate every year. It is extremely important that we minimise our use of plastic granulate so it doesn't end up in the natural environment. Supporting



Mohd Redzuan bin Mohd Issa, Production Technician, Malaysia

Operation Clean Sweep makes a lot of sense to us," says Søgaaard.

## Valuable effort to combat the coronavirus

The world was struck by a serious pandemic in 2020. After being discovered in China, the coronavirus spread to all other countries worldwide, triggering immense demand for face masks and PPEs in general. Nonwovens is one of the best materials for absorbing and filtrating bacteria, so the entire nonwovens industry converted much of its production capacity for this purpose during the year.

"We see it as our public duty to support the production of essential PPEs during the coronavirus crisis. Previously, producing nonwovens for PPEs was merely a minor niche area, but its importance increased enormously in 2020. Nonwovens are used for everything from face masks to one-piece body suits," explains Søgaaard, and she expects the consumption of PPEs will remain high in 2021.

She adds that Fibertex Personal Care will step up the work on six selected SDGs, and that it's the huge efforts and commitment of the company's employees that drive forward the initiatives. ✂



Muhammad Asrul Fazli Bin Abdul, Senior Print Specialist, Malaysia

# INNOWO PRINT MY LINE 2



### DID YOU KNOW...

Innovation and product development is a key expertise at Fibertex Personal Care. Materials for diapers of the future are developed at our sites in Denmark and Malaysia, and more and more of them demand certified circular or bio-based raw materials.

# Fibertex Nonwovens

Fibertex Nonwovens is a leading manufacturer of advanced and value-creating nonwovens solutions.



# 1.8

Revenue in 2020: DKK 1.8 bn



Operations in Europe, Africa, North and South America

# 2002

Wholly owned by Schouw & Co. since 2002



Products are used in cars and for wipes, face masks and filtration solutions

# 70

Products sold in over 70 countries worldwide

# Health and well-being

I have had the pleasure of working in non-wovens since the late 1980s when I got my first job with Fibertex. Over a period of more than 50 years, it has evolved into a high-tech performance material, and nonwovens made yet another breakthrough during 2020. At least, that is what it felt like for our company when the coronavirus pandemic triggered a dramatic increase in demand for PPEs and disinfectants for the healthcare sector.

Many people know nonwovens as geotextiles or as a component used in cars. Today, however, nonwovens can also be used for many other purposes, such as filtering micro or nanoparticles. For example, nonwovens may be designed for various types of face mask, such as to protect doctors or patients in critical situations, but everyday face masks will typically also contain nonwovens.

## Transitioning production

Demand surged already early in the year. Healthcare authorities all over the world became aware that they had insufficient stocks of face masks, protective suits and other PPEs, and a large number of companies were ordered to convert their productions. At Fibertex Nonwovens, we have been develop-

ing advanced products for the healthcare sector for several years, so we were able to convert production at our factories relatively quickly to help remedy the situation. We also began to work across our global organisation on developing new products. In 2020, we became a supplier to one of the world's largest manufacturers of respiratory protective devices, which actually makes me quite proud.

Manufacturing nonwovens for healthcare purposes is part of the value chain that is helping to mitigate the crisis, and for that reason, we were not subject to the restrictions that were imposed on other manufacturing businesses. In return, we were obliged to take extra precautions to protect our employees, and I am impressed by the efforts and the commitment that our employees have shown all over the world. I believe that everybody at Fibertex Nonwovens have felt that they made a difference and that we helped save lives.

## The world has become a better place

The coronavirus crisis has shown us that the world can unite when we are challenged by a common enemy. That makes me believe that one of the positive effects of the pandemic will be a greater focus on integrity and public spirit.



Integrity, responsibility and credibility are some of the key values that have always been at the heart of Fibertex Nonwovens. Today, we can see that our values are being increasingly appreciated by our customers and stakeholders. It has become a prerequisite for running a business, and that trend will benefit the necessary sustainable transition. ✂

**Jørgen Bech Madsen**  
CEO, Fibertex Nonwovens

# Green transition of global production

The green transition of the global production apparatus is well under way, and Fibertex Nonwovens' products play a key role in many different industries, because nonwovens can replace a large number of environmentally damaging products.

Global emissions, for example of CO<sub>2</sub>, have come to play an important role on the agenda at the United Nations and in large parts of the world in recent years. At COP21 held in Paris in 2015, 196 countries agreed to a new climate convention intended to limit the emissions of greenhouse gases, partly through a green transition. Several other important initiatives have been launched in the years that followed, including the EU's Green Deal, which charts the course for making Europe climate-neutral by 2050:

"It's difficult to point to one specific reason as to why climate has now become a joint, omnipresent item on the global agenda. Rather, it's likely a combination of factors all pointing in the same direction, but either way it is some-

thing we welcome and support wholeheartedly," says Lars Bertelsen, COO at Fibertex Nonwovens.

## More eco-friendly materials

In different ways, Fibertex Nonwovens has taken part in the green transition for decades. The company's products have played a part in passenger cars becoming lighter, in making the production of wind turbine blades efficient, and in achieving significantly better performance in air filtration for industry and for personal comfort through the use of the latest in nanotechnology.

"Nonwovens is a fantastic product that can be designed for a large number of different properties. It can replace other, less eco-friendly materials; that is, materials that may have a greater environmental footprint, require the use of more raw materials or their properties are generally less beneficial. Nonwovens can be used for a variety of purposes, and we see huge potential in the ongoing green transition," he continues.



J.P. Fallaw, Assistant Operator – Needlepunch, Greenville, USA

## Green transition in-house

Fibertex Nonwovens has also commenced a green transition, because the production of nonwovens also has an environmental impact. The production process is very energy-intensive, so the company is consistently working on new initiatives to reduce energy consumption. In addition, Fibertex Nonwovens is working to find a way for biodegradable fibres to replace the oil-based plastic products that have traditionally formed part of nonwovens production:

"Climate change has always been high on our agenda and an important aspect of our DNA.

Our products are not just part of the green transition in other industries. For example, we're currently working on a project that can make some of our products biodegradable. We've had a good working relationship with the Danish carpetmaker Egetæpper on developing cradle-to-grave products," he continues.

In 2020, Fibertex Nonwovens completed the roll-out of an in-house code of conduct and a supplier code of conduct that will chart the course for the further development of the company and its supply chain towards becoming even more sustainable. ✂

Britt Bumgarner, Lab Technician – Spunlace, Greenville, USA

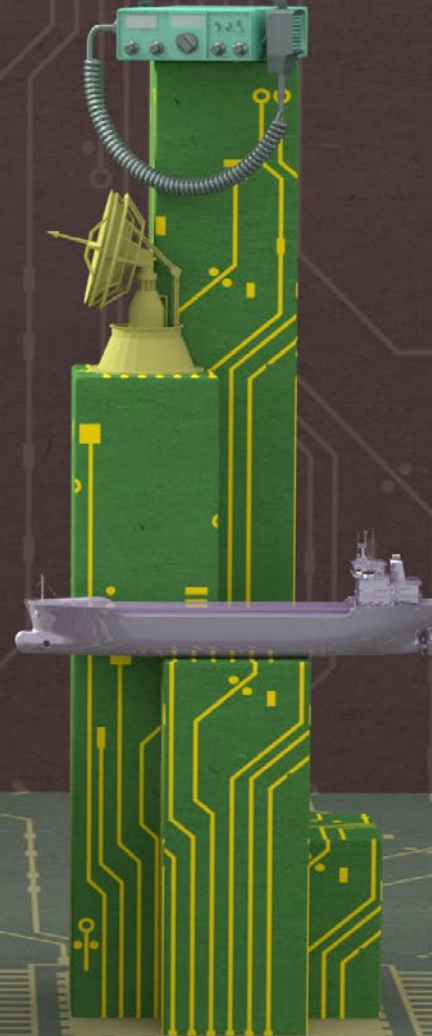
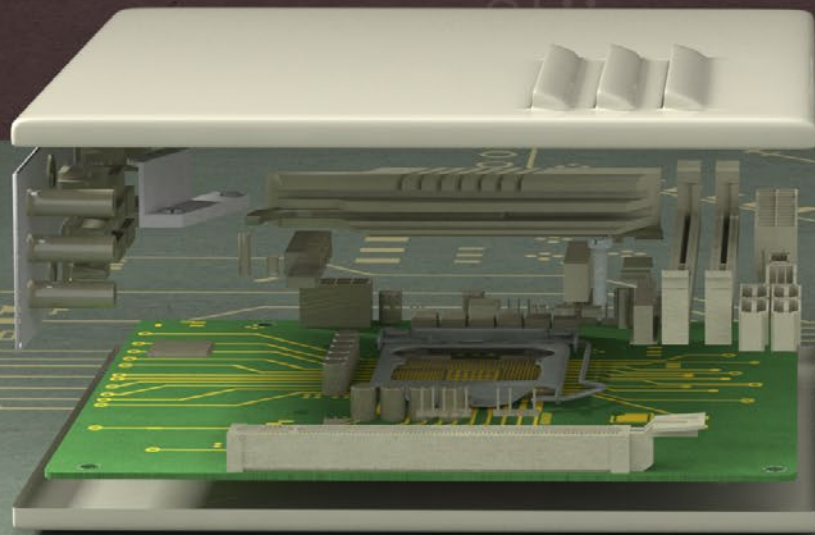


DID YOU KNOW...

Fibertex Nonwovens' factory in Greenville in the USA manufactures top quality wipes for disinfection, cleaning and various other purposes. The company is replacing plastic-based raw materials with sustainable alternatives, such as viscose or cotton, in an increasing number of its products.

# GPV

GPV is one of Europe's top-10 EMS businesses.



# 2.9

Revenue in 2020: DKK 2.9 bn



13 factories in Europe, Asia and Mexico

# 2016

Wholly owned by Schouw & Co. since 2016



Manufactures electronics, mechanics, cable harnessing and box-build for global customers

# 36

36 percent of products have been on the market for less than two years

# A sustainable path

We can probably agree it's no exaggeration that 2020 turned out very differently to what we or anybody else had expected. The global coronavirus pandemic changed the foundation for running a business, and our ability to implement a transition was put to the test.

The most important test we faced was striking a balance between giving top priority to the safety of our employees while still keeping the wheels turning, if at all possible. The potential closure of one of our factories due to an infection outbreak would not just be detrimental to GPV. It would also impact our employees, their families, the local community as well as our customers and suppliers. I'm sure that everybody was fully aware of how serious that would have been. Everyone behaved with appropriate caution, wanting to live up to our joint responsibility. If just one single unfortunate employee was infected, it would have forced us to send 1,200 colleagues home for two weeks.

## Part of a critical value chain

At GPV, we are usually not part of a value chain critical to keeping society running. So when in the second quarter, we received a giant order from a US-based manufacturer of ventilators, we were suddenly faced with a task that

was critical for COVID-19 patients all over the world. Quite simply, we felt that suddenly we would be helping to save lives.

We won the order due to our strong reputation in the industry, and everyone teamed up to deliver it as quickly and efficiently as possible. We produced and delivered the order in record time, and I think this is one of the things we will all remember when we look back on 2020.

## Giant strides

At GPV, 2020 was not just the year of the coronavirus. It was also the year when we took several important steps to operating more sustainably, both internally at GPV and externally in cooperation with our customers. An increasing number of the projects we design and the products we deliver solve challenges involving sustainability.

Internally, we have held a global competition among our employees to identify projects that can boost energy savings and automation. We received 31 proposals and no less than 17 of these have been implemented, either at specific plants or at all our 13 sites.



Our wide range of activities means that we are involved in a large number of industries, but we have particular exposure to medtech, transport, industry and cleantech. Many of our customers in these sectors have set ambitious ESG targets, and we play a key role in helping them to achieve those targets. I am very proud of that, and it bears witness to the brand we have built across countries and continents. ✂

# Sustainability is part of our DNA

Sustainability is nothing new to GPV. It is a fundamental aspect of our corporate culture which has evolved over many years, and it is absolutely crucial to the way GPV operates. Integrity was key to how we operate at GPV long before sustainability became all the rage, says Thomas Bæk, the company's Director of Strategy and Business Development and he continues:

"We have customers all over the world, and our people work on three different continents. That means it's a challenge to guarantee all our customers the same excellent experience, top-level service and consistent high quality. However, we achieve that at GPV by having common rules, values and a firm position on integrity. Implementing this approach, we all share the same responsibility."

## Green transition also digital

GPV works with several major international players to promote the green transition by producing electric modules or complete solutions

for their products. Sometimes, green transition and digital transformation are claimed to be opposites, but in our perspective at GPV, it is more a matter of mutual dependence.

"The green transition was created on an ideological foundation by people and businesses that recognised the need for change early on. The technology that will support the transition has seen fantastic developments, and manufacturers are better able to support the need than ever before, in part because several of its elements have been digitalised. For example,

development, production and maintenance are based on much larger data volumes today, compiled through electronic solutions. At GPV, we're proud of being part of this trend," Bæk explains.

## Proper conditions for employees

With sales, procurement and production units in nine countries and employees from many more cultures, diversity is a key characteristic of GPV's employees who through their different views and ideas help to create the best solutions for the customers.



Viktorija Shandyba, Assembly worker, Denmark

It is absolutely fundamental for GPV that all employees are treated with decency and employed on equal terms. Accordingly, two episodes of offensive behaviour reported by employees in 2020 were thoroughly investigated. Management decided to supplement the existing code of conduct with additional communication distributed to all levels of GPV which emphasised that GPV condemns all kinds of discrimination and offensive conduct.

## New ambitious targets

GPV defined a number of ambitious targets in 2016, including to bring down the number of industrial accidents and to reduce energy consumption. At the time, the company had 6.9 lost-time injuries (LTI) per one million working hours, and a target was set to reduce that by 50 percent by 2020. We achieved this target already in 2019 when the figure had dropped to 2.4.

Therefore, GPV is now defining new targets:

"Our experience shows that if we all work towards common goals, we'll succeed beyond all expectations. This is true of our sustainability targets and most recently during the coronavirus crisis, we can take pride in how we collaborated to solve the many challenges. That means we're not afraid to set new ambitious targets for the coming years. We're looking at a broad range of ESG-related targets," he concludes. ✂





Tharukage Hiruni Apsara, Production Associate, Sri Lanka

DID YOU KNOW...

The more than 3,600 employees at GPV all enjoy the same high standards for health and safety and respect for diversity. The factory in Sri Lanka begins every year with a ceremony led by a Buddhist lama, a Catholic priest and a Hindu pujari blessing the factory and its employees.

# HydraSpecma

Market-leading specialist within hydraulic solutions

# 2.0

Revenue in 2020: DKK 2.0 bn



Production facilities in 12 countries in Europe, Asia and South America

# 1988

Wholly owned by Schouw & Co. since 1988



More than a century's experience with hydraulics

# 5

Manufactures more than five million hydraulic hoses every year



# A new world unfolding

There have been some remarkable changes to the world we operate in during the eight years I have been with HydraSpecma. Particularly the last few years, the attitude to ESG-related issues has changed a great deal, and we're seeing positive effects from that at HydraSpecma.

Financial performance remains top of the agenda for many businesses, but ESG and integrity are becoming ever more important. It's become much less acceptable to turn a profit at the expense of others or to the detriment of the natural environment. You might think that it's been like that for many years, but there are still many examples where heads of procurement get their bonuses based on whether stocks and materials are bought at the lowest possible prices with no consideration for ESG.

## From an immature to a mature global industry

At HydraSpecma, we've benefitted more than most from recent years' developments. A big part of our growth in the noughties and the tens was driven by Denmark's wind turbine adventure. Our company has evolved within the sphere of world-leading wind turbine know-how, and we've been subcontractors to the largest Danish wind turbine manufacturers for many years. Initially, this was an immature industry, but it has become a multi-billion

euro industry, and Danish companies are still among the frontrunners globally.

We would not be where we are today without the Danish wind turbine industry. We have helped pioneer hydraulic solutions for wind turbines, and our global expansion was driven by the globalisation of the Danish wind turbine industry. That has enabled us to build new relationships and develop new skills in a wide range of industries, and today we have operations in the Nordic region, Poland, the UK, China, India, Brazil and the USA.

## Honouring our Nordic heritage

Having a Nordic background is gradually becoming an ever-greater advantage when companies around the world are looking for new suppliers. In the future, procurement managers will increasingly be measured on compliance and on the ESG efforts of appointed suppliers. We're already seeing this trend with several of our customers, as many of them have drawn up guidelines for compliance with ESG requirements in their overall evaluation of our bids for their orders.

However, we cannot rely on our reputation and just rest on our laurels. We must consistently aim for ever higher standards and to achieve these, we need the will and commitment of everyone across the organisation. We face these important decisions on a daily basis. For



example, we may sometimes get an "offer" to have our goods move faster through customs in distant markets, but there can be no doubt that we must consistently and firmly decline such offers.

I have every confidence that these positive developments will continue, and the 2020s look to become the most sustainable decade in recent memory. That will benefit Danish businesses and, not least, HydraSpecma. ✂

# Sustainable development

Sustainable production may be likened to a huge wheel that's been set in motion and needs to gather momentum in the years ahead. According to HydraSpecma, it's important to keep in mind that perfect solutions may not be available yet. Instead, the winners of the green transition will be those who manage to take many small steps in collaboration with their customers rather than expecting one giant stride to solve all issues in one fell swoop.

"We're all aware of the importance of the green transition, and that we must work together to develop industrial production that will minimise our impact on the natural environment and climate. However, it's also important to accept that we don't yet know all the phases we'll have to go through to get there. The technology simply doesn't exist yet," explains Daniel Andreasen, Head of Group Strategy & CSR at HydraSpecma.

## Hybrids are low-hanging fruit

According to Andreasen, electrification is one example of a final goal that's not yet possible

to achieve when it comes to heavy-duty and challenging assignments. Electric power cannot replace the extreme power that hydraulics can provide for heavy-duty industrial production, for example, or for large contractor equipment. Instead, there'll be some intermediate phases with hybrid machinery that'll combine electric and hydraulic power.

"Undoubtedly, hybrids will be an important intermediate stage for the next ten or fifteen years.. An example of a hybrid might be the electrification of a machine's propulsion, while the heavy-duty work functions would still rely on hydraulics. This is low-hanging fruit, and it's the most efficient way to include green transition in our industry over the coming years," Andreasen continues.

He adds that HydraSpecma is currently running several projects for customers where parts of the product are electrified, while the hydraulics necessary for the rest of its functions are optimised:



"We want to be frontrunners and to have the latest know-how when our customers seek our advice in this field. We must be able to apply electrification in a meaningful way, and we need to know the importance of energy optimisation, not least if energy becomes battery-driven," he points out.

## Ambitious goals to reduce CO<sub>2</sub> emissions by 2030

For HydraSpecma, 2020 was the year of a new baseline value for the company's CO<sub>2</sub> emissions. The main emphasis in recent years has been on reducing energy consumption.

"We're currently compiling data, so we can get a more precise understanding of our climate footprint. The result is a whole new baseline for our efforts going forward, but it's also given us a better overview of what we need to do over the next ten years in order to reach our goal. This exercise has the commitment and active participation of all our employees. At the same time, it'll help us build knowledge that we can use when advising our customers," he concludes. ✂



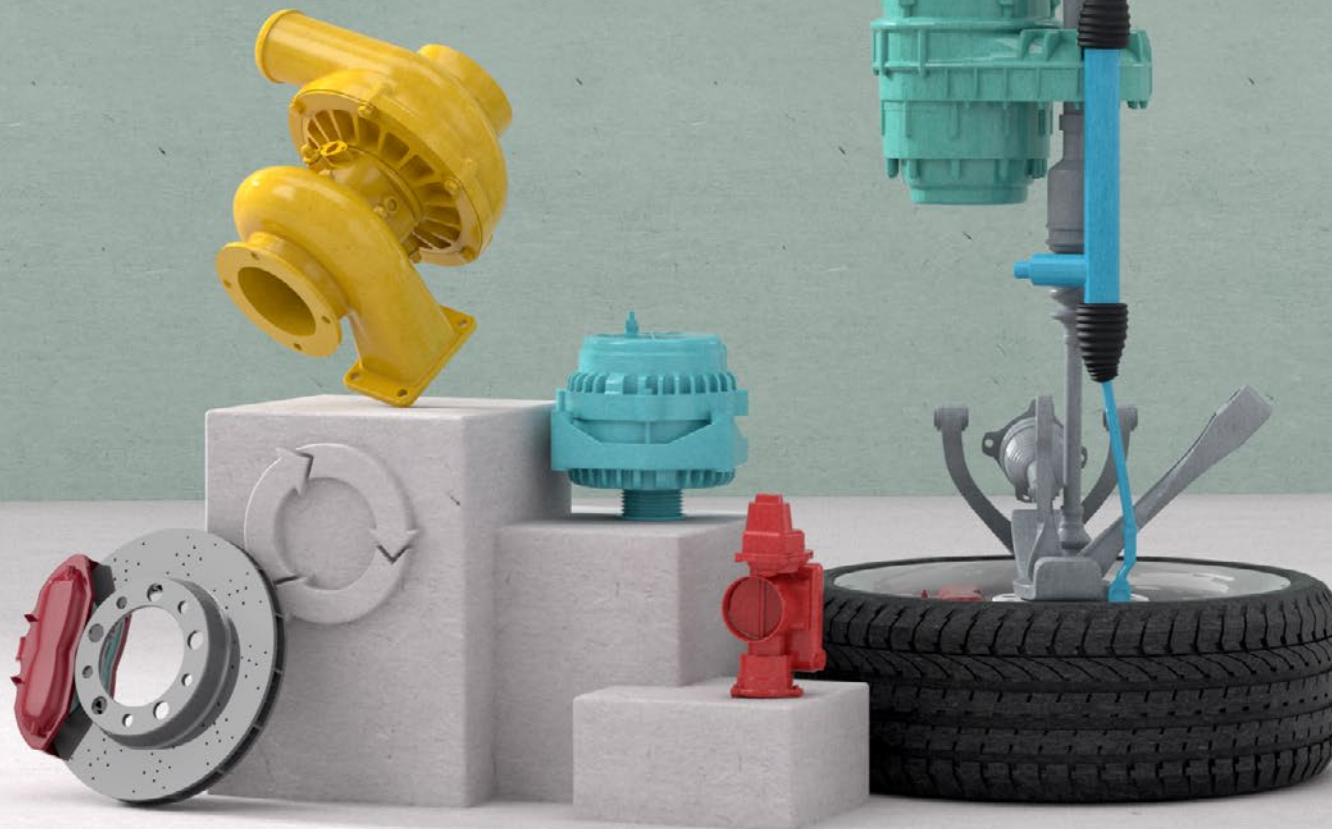
Dennis Tang Pedersen, Tubebender, Skjern, Denmark

DID YOU KNOW...

HydraSpecma has supplied hydraulic components to the wind turbine industry for more than thirty years. Systems and solutions have become increasingly advanced and complex in recent years, accompanied by tough demands on quality and documentation.

# Borg Automotive

Europe's largest independent automotive remanufacturing company.



# 0.9

Revenue in 2020: DKK 0.9 bn



Production facilities in Poland, the UK and Spain; sales throughout Europe

# 2017

Wholly owned by Schouw & Co. since 2017



Remanufacturing is the essence of circular economy

# 2

Remanufactures more than two million products annually

# Green transition

For many years, the automotive industry has been one of Europe's most important sectors. But the industry is challenged and like many other sectors, it's in the midst of a green transition. This is where Borg Automotive plays a key role.

It's now forty-five years ago that our company was started at a small auto repair shop in Denmark. I often wonder if they realised back then how visionary they were. Reconditioning spare parts for cars isn't something we invented, but we've played a part in making remanufactured spare parts a full-fledged alternative to factory-fresh parts. We've industrialised remanufacturing, and we've implemented quality assurance to such an extent that a remanufactured core is considered to be at least as good as a new part.

You might say that the greater the business volume we get at Borg Automotive, the more circular the European car fleet becomes. Europe has about 280 million cars on the road today, and a large proportion of them has one or more parts replaced every year. A crucial point here is whether those spare parts are

factory fresh and shipped to Europe from China, or if they are remanufactured from defective spare parts from Europe and reused. At Borg Automotive, we remanufacture two million cores per year, and for each of them, we use up to 85% less energy than it takes to produce a new part. In addition, remanufacturing saves raw materials, reduces freight and eliminates the environmental impact of scrapping cars.

## Intending to grow to twice our size by 2025

We'd like to contribute even more to the green transition, so we're currently in the process of expanding the scope of our business. In fact, our ambition is to grow it fivefold by 2025. We took the first big step in September 2020 when we signed a deal to acquire Turbo Motor Inyección, a Spanish company specialising in the remanufacture of turbochargers. The transaction has given us a seventh leg as well as access to a large customer base in southern Europe, where we can also market our other products, i.e. brake callipers, starters, alternators, etc.

It's important to note that we expect to grow the business of our product range by 10% to 15% over each of the next five years. In other words, we intend to outperform the overall market for turbocharger replacements, and



we have a clear ambition to take market share from factory-fresh turbochargers for the benefit of the green transition.

I'm proud to be playing a part in driving the green transition in one of Europe's most important industry sectors, and I feel privileged to contribute to expanding it on a daily basis. ✂

**Kim Kruse Andersen**  
CEO, Borg Automotive

# Growing the circular economy

Borg Automotive is trending for growth, and in recent years, the company has focused on getting ready for both organic growth and integration of acquisitions in an effort to help grow Europe's circular economy.

Large parts of the business sector are underway with the green transition. Some have been working on it for several years, while others are just beginning. Not so at Borg Automotive. The business model has been based on the circular economy even since the company was founded in 1975, and there's no exaggeration in saying that the company's values and culture favour the circular mindset.

## Employees the top priority

Borg Automotive remanufactures about two million cores every year and is Europe's largest independent automotive remanufacturing company. The plan is to build on that position in the coming years, and preparations for that move have long been underway.

"We've implemented a large number of initiatives to professionalise our organisation and our manufacturing processes. For example, we've spent the past two or three years documenting all the processes and procedures of our ERP system and our catalogue platform in order to be able to quickly and easily implement our best practise across all factory sites. That also goes for the latest addition to our family, Turbo Motor Inyección," explains Sten Højland, Director of Compliance at Borg Automotive.

Højland is in charge of a full range of ESG initiatives, and employee satisfaction is one area that both he and the company consider to be very important:

"Employee satisfaction is at the heart of everything we do, because it benefits our employees, our company and our customers. Through various proactive initiatives, we've successfully lifted employee satisfaction, reduced sickness absence and staff turnover, while also achieving greater efficiency and



Marcin Parada - Electromechanic, Poland

improved quality standards. Obviously, you don't get results from day one, but at Borg Automotive we dare take a long-term view. A fundamental value of our strong corporate culture is that we're more 'farmers' than 'hunters'."

## Gentle method gives competitive edge

Concurrently with the organisational improvements, Borg Automotive is consistently working to optimise work processes in production. The more competitive the remanufactured cores are, the more sustainable the European car fleet becomes. Borg Automotive is currently implementing a new and more gentle method in the remanufacturing of aluminium cores:

"Many brake callipers are made of aluminium, which is a soft metal that's easily damaged when cleaned. Many of our competitors choose to replace parts of brake callipers with new components, but that means they forfeit part of the benefit," explains Højland, and he continues:

"Together with a Danish company, we've developed a new and gentler cleaning method that allows us to reuse more of the brake callipers we take in. At the same time, our customers get a much cleaner product, so there's no question about the quality of the remanufactured core, and that's extremely important to us," he concludes. ✂



Jakub Rutecki, Electromechanic, Poland



DID YOU KNOW...

Borg Automotive operates two factories in Poland with a total of almost 1,300 employees. Remanufacturing is good for the environment, and the consumption of energy and water is a mere one-fifth of the corresponding manufacturing of new car parts.



# Actions and results in 2020



At Schouw & Co., our core ambition is to run a sound and responsible business with a long-term perspective. The Group's businesses have traditionally worked on the aspects of corporate responsibility that have been most relevant to the individual company, and their reporting has been based on their specific core stakeholders, typically big customers or community or public-authority stakeholders.

In 2016, the Group's businesses drafted a joint set of general policies on corporate responsibility. The next step was to set up a CR strategy house that provided the foundation for the Group's CR efforts, and each of the six businesses selected individual performance indicators with defined targets for 2020. The individual performance indicators were particularly focused on reducing energy consumption and waste volumes, increasing recycling and, not least, improving work safety. During the intervening years, the businesses have regularly reported on their individual performance indicators, and this year, we can report on the results of these efforts.

The table on page 39 provides a simple presentation of each company's results, mainly consisting of indexed values showing relative developments over time. In most cases, the businesses have succeeded in meeting their individual targets, while in others, they failed for various reasons, such as major changes to their business activities. Whether or not the targets were met in absolute figures, there's little doubt that the ongoing measurements and the efforts derived have provided valuable awareness of the important ESG journey that our Group, and society at large, will have to make in the coming years.

Recent years' ESG efforts across the Group have provided a solid base from which to define a more comprehensive field of performance indicators for our future efforts. On page 40, we introduce the new data structure that will be the baseline for future years' measurements. On pages 35 to 38, we review the specific actions and results for 2020 of each of the businesses in the four general CR areas of human rights, social issues and labour conditions, anti-corruption and business ethics, and climate and the environment. ❌

# Human rights

ACTIONS AND RESULTS IN 2020

Schouw & Co. operates businesses in many different countries around the world, but regardless of which country we operate in, we endeavour to observe human rights and to treat our employees with dignity and respect.

With the aid of a major cross-organisation project, we implemented a new structure for our work on human rights in 2017–2018, in which our individual companies identified and described in detail the potential negative impacts they might have on human rights, both in relation to our own employees and also in their relationships with suppliers, customers and the surrounding community. The businesses considered how they could monitor and reduce potentially negative impacts.

This project gave the Group's businesses a good platform from which to evaluate subsequent developments and identify new potential risks. In 2020, the Group expanded these activities, but did so within existing areas of activity, so the general risk exposure for the Group is considered to be unchanged. As a result, the work on human rights in 2020 mainly continued previous efforts. Below are selected examples of the specific actions and the results achieved by the individual businesses.

The coronavirus pandemic has had implications on a global scale that may have affected

the general human rights situation in certain countries. Some of the Group's businesses responded by launching initiatives in local communities, but those initiatives are described in the section on social issues and labour conditions.

**BioMar** is a global business committed to operating in a manner that may inspire others. Emphasis is on safeguarding human rights and taking advantage of a diversified workforce. Aiming to step up its focus on human rights even further, BioMar decided in 2020 to become an active member of the Nordic Business Network for Human Rights, which is facilitated by the Danish Institute for Human Rights and whose membership base includes a large number of prominent Nordic companies. Through this membership, BioMar expects to share experiences on best practices and shared ambitions.

BioMar doesn't accept discrimination or harassment and always strives to be impartial in its decision-making. Gender diversity in management is a particular area of focus at BioMar, and the proportion of women in management positions was increased for the fourth consecutive year. In 2020, the proportion of women in management exceeded the general proportion of women in the company overall. However, female representation in the uppermost tiers of management is still

relatively low, though diversity is quite high on the executive team in the sense that thirteen different nationalities are represented.

**Fibertex Personal Care** thoroughly reviewed and tightened its supplier management processes in 2019, including by implementing a new and expanded Supplier Code of Conduct. In addition to the Code of Conduct, the improved supplier management includes procedures for evaluating existing suppliers and for approving new suppliers. The new supplier management concept was implemented in Denmark and Malaysia in 2020, and implementation will continue in 2021 at the sites in Germany and the United States.

Fibertex Personal Care has consistently worked to apply good procedures for protecting personal data since the General Data Processing Regulation (GDPR) took effect. In 2020, the internal procedures were reviewed to clarify the ongoing work on GDPR. Fibertex Personal Care aims to treat data on all employees, whether or not they are EU citizens, in a way that takes into account the right of the individual to a secure and respectful treatment of their personal data. Work has begun to align procedures at all locations in order to ensure that personal data is processed in a uniform manner.

**Fibertex Nonwovens** aims to promote a diverse organisation where the employees are able to apply and develop their skills in the best possible way free from discrimination of any kind. The company continued its efforts to promote human rights during 2020 and focused particularly on launching initiatives that can ensure uniform global treatment in prioritised areas even though the scope for running a business varies from country to country. All employees have the opportunity to call attention to potential issues, without necessarily having to take it up with their immediate superiors. Employees may contact a well-defined HSE unit or use the more formalised whistle-blower system.

**The other businesses** have continued their work from previous years of applying the Group's policy on human rights, mainly in their own business units, but also upstream in the supplier chain.

# Social issues and labour conditions

ACTIONS AND RESULTS IN 2020

At Schouw & Co., we believe that results are created by people. We aim to be a responsible employer and to provide proper employment conditions, healthy and safe working conditions and a motivational working environment for our employees.

In 2020, however, the coronavirus pandemic gave a whole new perspective on our work on social issues and labour conditions. Several of the Group's businesses were classified as critical industry which implied a special obligation to ensure employee health and safety so operations could continue. In several countries, the pandemic had such a severe impact on society that businesses had to take on special obligations in their local communities. The cases referred to below are selected examples on actual actions taken and results achieved by the individual Schouw & Co. businesses.

**BioMar** was categorised as critical industry of importance to food production. The company's production units were exempt from restrictions, but in return BioMar had to take on the heavy responsibility of protecting its employees' health and safety. Thorough risk assessments were made and extensive safety precautions were taken in close dialogue with trade organisations and employees. The measures taken were extremely successful, and BioMar managed to maintain near-normal

operations throughout the year. The added focus on health and safety has also had a positive impact on lost-time injuries, which is currently at its lowest in a decade.

BioMar is acutely aware that its responsibility extends beyond its own workforce. In the battle against the coronavirus pandemic, BioMar has supported local communities at several of its factory locations around the world, mainly in Chile, Ecuador, Costa Rica and Russia where support included food, medical equipment and educational activities.

**Fibertex Personal Care** was exempt from restrictions during the coronavirus pandemic, being a supplier to the hygiene industry. This prompted the company to pay extra attention to employee health and safety, especially for employees manning critical functions requiring a physical presence, leading to the implementation of a number of practical safety measures. The company has also developed alternative solutions to promote well-being and social cohesion during the period, as ordinary social activities were restricted due to the pandemic.

Recent years' downward trend in lost-time injuries (LTI) continued in 2020. In order to further reduce LTI, focus in 2020 was on promoting a sound safety culture and making technical improvements at the factory sites.

**Fibertex Nonwovens** had a particular focus on maintaining safe working conditions during the coronavirus pandemic with the ambition that all employees in all production units should feel safe when doing their jobs. It was important to keep production running at a high level, as a large proportion is used in products for the healthcare sector. Strict internal procedures have been implemented since the pandemic broke out. For example, external visits are now kept to a minimum, and Fibertex Nonwovens has drawn up a Prevention Guide setting out guidelines for employees and visitors.

At the factories in the Czech Republic, the USA, Turkey, Brazil and South Africa, the company has implemented dedicated safety campaigns in recent years with a view to reducing the number of occupational injuries, and in 2020, it introduced new security measures for visitors at all factory sites. In addition, Fibertex Nonwovens began work on a global health & safety policy, which will be implemented in early 2021.

**GPV** added to its focus on working conditions in 2020, starting the implementation of uniform follow-up procedures on health and safety across all production sites, including reporting procedures in order to implement preventive actions and secure learning. Obviously, the coronavirus pandemic had a very

noticeable impact on 2020, and GPV took extensive steps to safeguard health and safety while also supporting local communities near its factories in vulnerable countries.

**HydraSpecma** began implementing a new central HR system in 2020 to support the ongoing development of its HR processes. Naturally, focus in 2020 was also on taking the necessary precautions to ensure safe operations during the coronavirus pandemic and on the well-being of the many employees who were forced to work from home during these unprecedented times.

Production at **Borg Automotive** is characterised by many manual processes that are not easily automated. As a result, there is an inherent risk of industrial injuries, and even though all lost-time injuries in 2020 were of a less serious nature, the company performs a thorough investigation and root cause analysis for every incident in order to take action to prevent similar incidents in the future. The company also implemented a number of initiatives to protect its employees from COVID-19 infection, including by reorganising work stations and office space to facilitate physical distancing.



# Anti-corruption and business ethics

ACTIONS AND RESULTS IN 2020

Over the years, Schouw & Co. has built a reputation as a company maintaining a high degree of integrity and ethical conduct. We combat all forms of corruption, including bribery and facilitation payments.

Schouw & Co.'s vision is to be among the best to create value in a proper and decent manner, and this vision is firmly anchored in the way Schouw & Co. does business.

## Codes of conduct

Anti-corruption and business ethics are considered fundamental requirements, and all Group businesses are expected to meet the same high standards. Each company has drawn up and implemented detailed codes of conduct and the day-to-day work on anti-corruption and business ethics is largely to maintain the high standards.

All Group businesses work to ensure that their employees stay updated on their company's code of conduct. GPV used e-learning to update its employees in 2020, while other companies updated their people by other means. The Schouw & Co. Group has exposure to many countries and different cultures where views on how to run a business may differ widely. Obviously, our businesses are fully aware of this, and they all make concerted efforts to ensure that we act in a trustworthy manner and with integrity at all our units anywhere in the world.

Some of our businesses have revised and tightened their internal guidelines to prevent sexual harassment. In 2020, Fibertex Nonwovens and GPV both added new policies on this issue to their existing codes of conduct.

## Supplier codes of conduct

Our businesses' internal codes of conduct are an important prerequisite for our operations, but the companies also have a duty to inspire suppliers and business partners to apply similar high standards. Fortunately, the nature of the Group's operations means that most of its suppliers are professional businesses that have implemented good standards themselves.

Nevertheless, our businesses operate with specific supplier codes of conduct which are updated regularly to reflect developments in their business and other matters. They go to great lengths to ensure that all suppliers and business partners conduct their businesses correctly in compliance with legislation and generally accepted standards.

All the Group's businesses worked on this issue during 2020, including not least on following up on the development of procedures and compliance by suppliers and business partners. For example, BioMar evaluates all suppliers on working conditions and potential violations of human rights, although most evaluations in 2020 were made virtually.

BioMar also prepared an update of its supplier code of conduct to new standards with greater emphasis on ESG in 2021. As a second concrete example, Fibertex Personal Care implemented a new supplier management concept in 2020, including a new and expanded supplier code of conduct at the factories in Denmark and Malaysia, and implementation will continue in 2021 at the sites in Germany and the United States.

## Whistleblower system

At Schouw & Co., we want to promote openness and responsibility in everything we do, and we want to foster an open culture based on dialogue in which everyone is free to speak up without any risk of reprisals. This means that employees at the Group's businesses should feel safe in contacting management if they wish to bring up an issue.

However, we will always respect an employee's feelings, if anyone would prefer to raise an issue anonymously. Consequently, Schouw & Co. established a whistle-blower system in 2019, enabling all employees and other stakeholders to submit anonymous reports based on knowledge of – or a reasonable suspicion of – serious and unacceptable conditions or unlawful acts related to the Schouw & Co. Group. The whistleblower system is managed by the Group's parent company. It is accessible in all relevant languages and can be used to report on all units of the Group in all countries.

Obviously, getting the benefits of a whistleblower system requires broad awareness of the scheme. As a result, we endeavoured to increase awareness of the whistleblower system across the Group during 2020, hoping it may become a valuable addition to the direct access to management.

# Climate and the environment

## ACTIONS AND RESULTS IN 2020

Schouw & Co.'s portfolio companies are to a wide extent involved in large-scale processing of commodities, and we recognise the environmental impact of our production processes. Our policy on climate and the environment goes hand in hand with good business acumen. We work to protect the environment and to reduce gradually our consumption and emissions relative to our production output.

All the Group's companies focus on minimising their climate and environmental footprint, typically by reducing consumption and emissions or by increasing recycling. Below are selected examples of the specific actions taken and the results achieved by the individual businesses.

**BioMar** reused existing infrastructure (roads, drainage, foundations, etc.) when constructing its new production facilities in a disused industrial park in Wesley Vale, Tasmania, thereby requiring fewer resources to build the plant.

BioMar continued to focus on enhancing its energy efficiency in 2020. However, the company's performance was impacted by volume changes during the initial phase of the coronavirus pandemic in combination with reduced start-up volumes on the new production lines in Australia and Ecuador, and the improvements achieved did not translate into improved efficiency for the year. In August, the

facility in Scotland converted from conventional sources of energy to certified power from wind turbines, which is expected to reduce the site's future annual CO<sub>2</sub> emissions by more than 30%. In addition, BioMar set up a working group of key personnel charged with developing a long-term strategy for the efforts to reduce emissions.

In 2019, **Fibertex Personal Care** implemented a more sustainable logistics solution with a major plastics supplier that will see transports by sea rather than by road. The company has looked into the potential for more sustainable logistics solutions with other suppliers and in 2021 expects to replace additional road transports with rail.

In Denmark and Germany, Fibertex Personal Care is certified to the ISO 50001 energy management standard, and is strongly focused on reducing its energy consumption in both countries. Specific steps taken in 2020 included insulation of processing equipment and replacement of motors and pumps. In addition, a potential project involving waste heat is taking shape, as the company is investigating the possibility of working together with Aalborg Forsyning, a local utility. Also, in 2020, Fibertex Personal Care became the first nonwovens manufacturer to be certified to the ISCC Plus standard, enabling it to manufacture and sell products with a lower CO<sub>2</sub> footprint.

In 2020, Fibertex Personal Care began the installation of more than 4,000 solar panels on the roof of its factory in Nilai, Malaysia. The solar panels cover an area of about 10,000 m<sup>2</sup> and are expected to produce about 2,600 MWh of green power to be consumed by the factory.

Reducing its resource consumption and the environmental impact of its products and processes at all production units is an ongoing task at **Fibertex Nonwovens**. Specific results in 2020 include the reduction of idle consumption of its ventilation system in the production, adjusting the flue of a thermo-setting kiln and the continued replacement of conventional fluorescent lighting with LED lighting. In addition, the factory in Denmark was recertified to the ISO 50001 standard on energy management in 2020.

Fibertex Nonwovens' Danish operations have been certified to the ISO 14001 environmental management standard for nearly two decades. Its factories in France, the Czech Republic, Turkey and Brazil are also certified to the ISO 14001 standard. In the USA, preparations for ISO 14001 certification of the Ingleside factory began in 2020, but for practical reasons, the certification is not expected to be implemented until in 2022.

**GPV** continued to work on reducing its consumption of water and energy in 2020,

achieving the expected savings in both areas. Like other of the Group's businesses, GPV is certified to the ISO 14001 environmental management standard, and the company takes a systematic approach to improving its performance in this area, including by increasing the recycling of waste materials.

**HydraSpecma** worked to establish a new model for recording and reporting on its consumption and emissions that can provide a foundation for future action plans for improvements in this areas. In addition, HydraSpecma has converted its largest facility from gas heating to district heating. It is currently building new regional headquarters in Sweden based on the latest climate standards, which will also help to improve its climate footprint, once the new site replaces the existing facility.




**Borg Automotive's** business model is based on the circular economy. Borg Automotive remanufactures used automotive spare parts, which has an extremely positive effect on the environment by requiring fewer resources. The notion of recycling and reduced consumption is also reflected in Borg Automotive's day-to-day operations. Current efforts in this context include reusing pallets in the UK rather than disposing of them at landfill sites or having them incinerated, installing energy-saving lighting in Denmark and the UK and introducing less resource-intensive packaging types in Poland.

# Targets and results 2016–2020

The accounting policies used are listed under each table

## BioMar



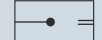
### Index

	2016	2017	2018	2019	2020	2020 target
 CO <sub>2</sub> emissions	100	98	94	91	91	<80
 Lost-time injury rate	100	70	55	77	33	<22
 Packaging recycled	>99%	>99%	>99%	97%	97%	100%

**CO<sub>2</sub> EMISSIONS** CO<sub>2</sub>e according to IEA data in kilos per tonne of feed produced (indexed) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed) **PACKAGING RECYCLED** Share (in kilos) collected in 3R programme (reuse/recycle/recover) (indexed).

## Fibertex Personal Care




### Index

	2016	2017	2018	2019	2020	2020 target
 Reduced energy-consumption (MWh)	0	1,090	2,800	5,550	6,700	>5,000
 Lost-time injury rate	100	73	64	64	45	<80
 Leadership Training Quota	71%	85%	88%	96%	96%	>90%

**ENERGY REDUCTION** Calculated annual savings on completed projects (MWh) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed) **LEADERSHIP TRAINING QUOTA** Calculated share of relevant employees (%)

## Fibertex Nonwovens




### Index

	2016	2017	2018	2019	2020	2020 target
 Energy consumption	n/a	100	89	91	88	<96
 Lost-time injury rate	n/a	100	70	54	84	<90
 Waste volumes	n/a	100	93	83	78	<96

**ENERGY CONSUMPTION** Consumption of kWh per kilo of material produced (indexed) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed) **WASTE VOLUMES** Waste materials in kilos per kilo of materials produced (indexed)

## GPV



### Index

	2016	2017	2018	2019	2020	2020 target
 Energy consumption	100	87	84	64	70	<90
 Lost-time injury rate	100	133	77	35	28	<50
 Water consumption	100	104	95	79	70	n/a

**ENERGY CONSUMPTION** Consumption of kWh per DKK million in revenue (indexed) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed) **WATER CONSUMPTION** Consumption in m<sup>3</sup> per DKK million in revenue (indexed).

## HydraSpecma




### Index

	2016	2017	2018	2019	2020	2020 target
 Energy consumption	100	108	91	79	80	<90
 Lost-time injury rate	100	124	184	93	69	<65

**ENERGY CONSUMPTION** Consumption of kWh per DKK million in revenue (indexed) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed)

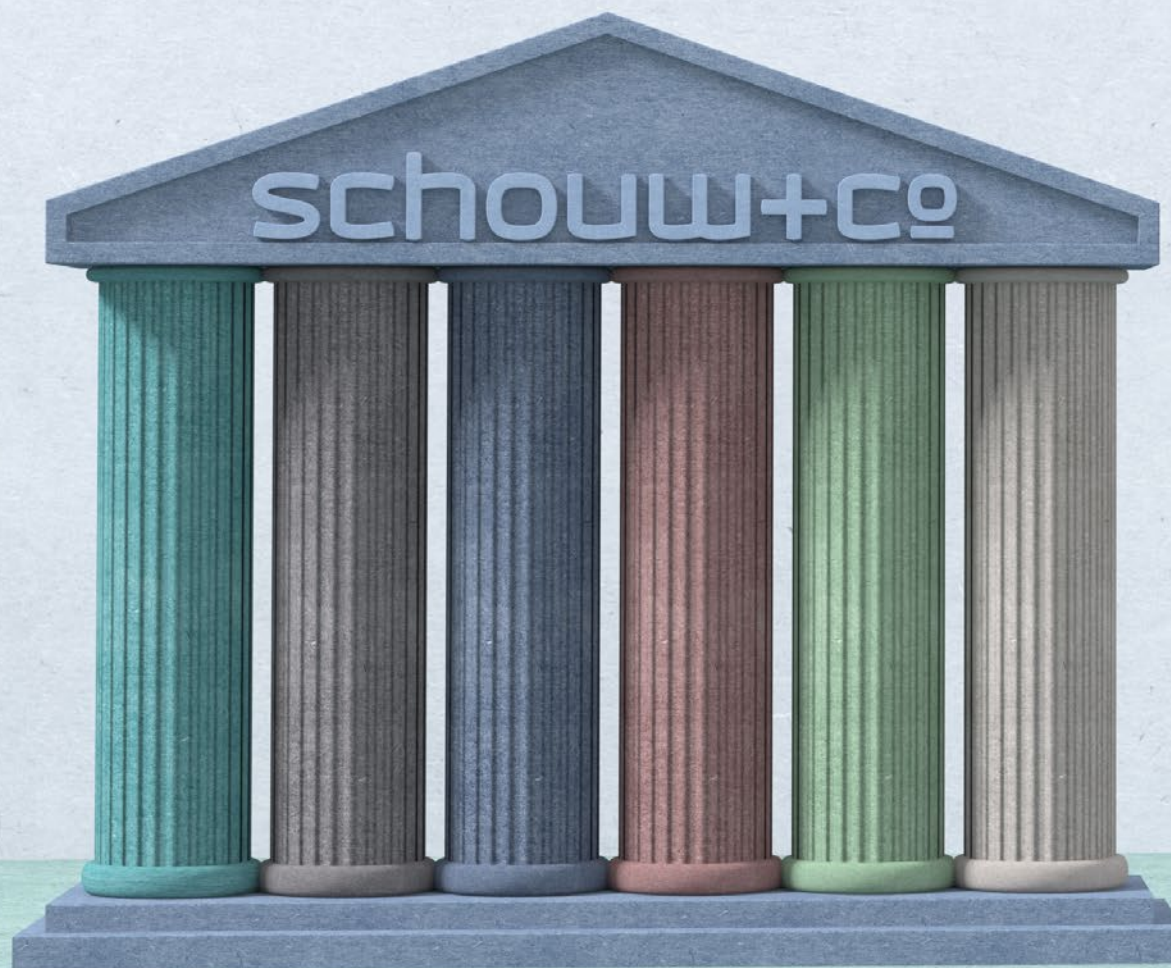
## Borg Automotive

### Index

	2016	2017	2018	2019	2020	2020 target
 Electricity consumption	n/a	100	102	110	128	<93
 Lost-time injury rate	n/a	100	124	94	112	<85
 Consumption of packaging materials	n/a	100	96	97	88	<94

**ELECTRICITY CONSUMPTION** Consumption in kWh per unit produced (indexed) **LOST-TIME INJURY RATE** Number of industrial accidents per million hours worked (indexed) **CONSUMPTION OF PACKAGING MATERIALS** Consumption in grams per unit produced (indexed)

# A new beginning – a basis for renewed efforts



## Strategy for our CR efforts

When the companies of the Schouw & Co. Group adopted a general set of corporate responsibility policies in 2016, Schouw & Co. set up a CR strategy house to provide the basis for the Group's long-term CR efforts.

The CR strategy house has a traditional design with the Group's policies and systems as its base and with two CR areas – human rights and anti-corruption and business ethics – as fundamental requirements for the Group.

The columns of the CR House comprise the CR areas of social issues and labour conditions along with climate and the environment, areas in which the portfolio companies are given considerable autonomy in determining what is most relevant for their particular business.

Lastly, the roof of the CR strategy house represents the general vision for responsibility, for which Schouw & Co. wants to be among the best to create value in a proper and decent manner by committing itself and its businesses to taking responsibility and acting sustainably, while also creating a motivational working environment.



# A new beginning – a basis for renewed efforts

## Meaningful data

For a focused business, it makes very good sense to assess specific data for consumption of materials, energy, water, etc. A precise measurement of consumption can be made relative to production output, for example in tonnes, square metres, units or other relevant reference. Sometimes good references from similar production outputs may even be available for comparison purposes.

It may be difficult for a diversified conglomerate like Schouw & Co. to assess consolidated consumption values, and often revenue will be the only common value to express production outputs across diverse companies. Nor will there typically be meaningful references available with which to compare consolidated figures.

If, for example, an energy-intensive process production were measured in combination with a pure trading company, a potential shift in weighting between the two operations would affect the resulting consolidated consumption values. A situation could well arise where all businesses of the conglomerate reduce their relative energy consumption, while the consolidated consumption would still increase due to a shift in the relative weighting of the businesses.

Nevertheless, the only feasible method is to show the figures as they are. This provides a performance indication for each business, and

over time, it shows the relative performance of the businesses. The consolidated figures will then merely reflect the sum of the parts.

## A new frame of reference

The companies of the Group joined forces in 2020 to define a new frame of reference for their continued efforts on ESG. They found inspiration for the project in Nasdaq's ESG Reporting Guide 2.0, which proposes ten performance indicators for each of the three general ESG areas: Environmental (E), Social (S) and Corporate Governance (G).

Using this as our starting point, we defined a number of performance indicators for the three ESG areas, which are presented in the following pages. For most of the indicators, detailed figures and information are provided for each of the six portfolio businesses, while a few performance indicators are relevant only at group level.

In particular, the Environmental area contains a lot of data, which we have aimed to present as fairly as possible. We have done that by compiling actual consumption data from production units and offices worldwide, meaning that this reporting reflects the same consolidation values as shown in the consolidated annual report. For certain smaller units with limited consumption, the data provided may be estimates. On account of the large number of units and their different geographical locations, the figures will initially be subject

to some degree of uncertainty, but with practical experience and improved calculation conventions, the data precision is expected to improve over time.

Reporting on consumption and emissions in the Environment area are currently limited to Scope 1 (process emissions and combustion on own fixed installations) and Scope 2 (procurement of electric power and district heating). Based on a materiality assessment and for comparison purposes, consumption and emissions from own means of transport are not included because most of the Group's transports are performed by third parties. In preparing the reporting, we sought inspiration from the Greenhouse Gas Protocol, and in the calculation of emissions, we used emission factors from the IEA (International Energy Agency).

## Dynamic reporting

The reporting provided in the following pages makes up the data we are able to calculate for 2020, and which can be used as a baseline for assessing potential improvements in the coming years. The data are presented without historical data and initially without defined targets, but obviously with the implied expectation that all our businesses will report substantial improvements over the coming years.

ESG reporting is still in its infancy, unlike traditional financial reporting for which well-established practices based on internationally

recognised principles have evolved over many years. Many different organisations and other stakeholders have their own views on how ESG reporting should ideally be made. Many of their preferences involve high complexity and are often better suited for a focused business rather than a diversified conglomerate.

We anticipate that generally recognised practices on ESG reporting will evolve gradually over the coming years, and we expect to adapt our reporting accordingly over a period of time. In the meantime, we will first and foremost endeavour to measure and report on the data we believe will have the most value for our businesses in their efforts to ensure long-term sustainability in their operations. ✂

# Environmental reporting 2020



	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra- Specma	Borg Automotive	Group
<b>Revenue (DKKm)</b>	<b>11,649</b>	<b>2,118</b>	<b>1,791</b>	<b>2,887</b>	<b>1,977</b>	<b>871</b>	<b>21,273</b>
Alternative business specific output scaling factor (tonnes)	Feed products 1.362.195	Nonwovens and print 150.413	Nonwovens and fiber 75.860	n/a	n/a	n/a	n/a
<b>Total amount of CO<sub>2</sub> equivalents, scope 1* and 2 (tonnes)</b>	<b>80,961</b>	<b>86,482</b>	<b>40,704</b>	<b>9,207</b>	<b>1,653</b>	<b>3,689</b>	<b>222,713</b>
CO <sub>2</sub> equivalents, scope 1 (tonnes)	60,905	3,884	12,839	815	377	473	79,293
CO <sub>2</sub> equivalents, scope 2 (tonnes)	20,056	82,597	27,866	8,392	1,276	3,216	143,420
Total CO <sub>2</sub> equivalents per DKK million of revenue (tonnes)	7.0	40.8	22.7	3.2	0.8	4.2	10.5
Total CO <sub>2</sub> equivalents per alternative output scaling factor (tonnes)	0,06	0,57	0,54	n/a	n/a	n/a	n/a
<b>Total amount of energy consumed, scope 1* and 2 (MWh)</b>	<b>382,935</b>	<b>189,784</b>	<b>160,938</b>	<b>26,278</b>	<b>10,098</b>	<b>8,413</b>	<b>778,613</b>
Amount of energy directly consumed, scope 1 (MWh)	262,546	19,086	62,900	3,350	1,733	2,337	351,951
Amount of energy indirectly consumed, scope 2 (MWh)	120,390	170,698	98,038	22,928	8,366	6,076	426,662
Total amount of energy consumed per DKK million of revenue (MWh)	32.9	89.6	89.9	9.1	5.1	9.7	36.6
Total amount of energy consumed per alternative output scaling factor (MWh)	0.3	1.3	2.1	n/a	n/a	n/a	n/a
<b>Total amount of water consumed, (m<sup>3</sup>)</b>	<b>669,978</b>	<b>193,815</b>	<b>210,385</b>	<b>94,299</b>	<b>12,457</b>	<b>18,596</b>	<b>1,199,720</b>
<b>Company follows a formal environmental policy</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company follows a specific waste, energy, and/or recycling policy</b>	⊕	⊕	⊕	⊕	⊖	⊕	n/a
<b>Company uses a recognised energy management system</b>	⊖	⊕	⊖	⊕	⊖	⊖	n/a
<b>Board of Directors oversees and/or manages climate-related risks</b>	Formalisation is ongoing						
<b>Senior Management Team oversees and/or manages climate-related risks</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕

\* Scope 1 does not include transportation

Group figures also include parent company

# Social reporting 2020



	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra- Specma	Borg Automotive	Group
<b>LTI frequency rate (number of lost time injuries per million hours worked)</b>	<b>3.0</b>	<b>9.8</b>	<b>19.8</b>	<b>1.9</b>	<b>8.2</b>	<b>12.0</b>	<b>6.6</b>
CEO total compensation relative to FTE average total compensation							<b>51.2</b>
Male average compensation relative to female average compensation	1.0	0.7	1.4	1.8	1.1	1.3	<b>1.7</b>
Average no. of employees	1,377	745	1,019	3,611	1,161	1,466	9,393
Employee turnover for full-time employees	7%	13%	17%	24%	15%	17%	17%
Employee turnover for part-time employees	15%	19%	9%	6%	14%	9%	8%
Proportion of female employees	21%	17%	23%	60%	22%	35%	38%
Proportion of women in senior management and executive-level positions	8%	29%	11%	11%	11%	17%	14%
Proportion of women in managerial positions	20%	34%	20%	34%	17%	16%	25%
Proportion of part-time employees	3%	2%	1%	8%	2%	3%	5%
Proportion of temporary workers (e.g. contractors or consultants)	9%	1%	1%	3%	11%	3%	4%
<b>Company follows a policy against discrimination and sexual harassment</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company follows a health &amp; safety policy</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company follows a policy against child and forced labour</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>The policy against child and forced labour also covers suppliers and vendors</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company follows a human rights policy</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Human rights policy also covers suppliers and vendors</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕

Group figures also include parent company

# Governance reporting 2020



	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra- Specma	Borg Automotive	Parent company
Proportion of board seats * occupied by women	0%	0%	0%	0%	0%	0%	17%
Proportion of committee seats * occupied by women	n/a	n/a	n/a	n/a	n/a	n/a	33%
Proportion of board seats* occupied by independents	25%	0%	0%	50%	0%	60%	50%
<b>CEO is prohibited from serving as board chair</b>	⊕	⊕	⊖	⊕	⊕	⊕	⊕
<b>Vendors or suppliers required to follow a Code of Conduct</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Proportion of suppliers which formally have certified their compliance with the code	100%	92%	80%	42%	60%	77%	n/a
<b>Company follows an anti-corruption and business ethics policy</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Proportion of relevant workforce which formally has certified its compliance with the policy	Formalisation is ongoing						
<b>Company follows a Data Privacy policy</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company taken steps to comply with GDPR rules</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company publishes a sustainability or ESG report **</b>	⊕						⊕
<b>ESG data is included in regulatory filings</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company focuses on specific UN Sustainable Development Goals (SDGs)</b>	⊕	⊕	⊕	⊕	⊕	⊕	⊕
<b>Company set targets and report progress on the UN SDGs</b>	⊕	⊖	⊖	⊖	⊖	⊖	⊖

\* Limited to members elected by the general meeting at the end of 2020

\*\* All our businesses are included in the Group's ESG Report

# Policies and guidelines

On account of the decentralised structure of the Schouw & Co. Group, each business has an individual responsibility to comply with the Group's policies. A number of internal guidelines on relevant ESG issues have been drawn up in support of this obligation. Brief summaries of these internal guidelines are provided below.

Area	Main content	
<b>Environmental factors</b>		(E)
Climate and the environment	▶ We aim to protect the environment and to reduce, on an ongoing basis, our emissions relative to our production output.	
Value chain	▶ We aim to reduce our overall environmental impact in the value chain relative to our output	
Energy and emissions	▶ We aim to reduce our energy consumption and CO <sub>2</sub> emissions relative to our output.	
Water	▶ We aim to reduce our water consumption relative to our output.	
Materials	▶ We aim to improve our materials utilisation.	
Waste and recycling	▶ We aim to reduce our waste volumes and increase recycling relative to our output.	
<b>Social factors</b>		(S)
Human rights	▶ We endeavour to observe human rights and to treat our employees with dignity and respect.	
Anti-discrimination	▶ We do not tolerate discrimination or harassment based on religion, race, skin colour, gender, disability, age, sexual orientation, political views or any other forms of harassment.	
Child labour	▶ We do not tolerate child labour. We do not employ children under the age of 15 or children who are subject to compulsory school attendance, unless there are exceptional circumstances that make it fully justifiable and even then only to a very limited extent.	
Forced labour	▶ We do not permit the use of forced work or work which is otherwise compulsory or performed involuntarily or under threat of punishment.	
Health and safety	▶ We strive to ensure sound and safe working conditions and to take the necessary precautions to prevent injury.	
Right to organise	▶ We respect our employees' freedom of association and right to organise and bargain collectively.	
Diversity	▶ We have a published policy on ensuring relevant diversity.	
GDPR	▶ We process personal data carefully and in accordance with applicable laws.	
<b>Governance</b>		(G)
Business ethics	▶ We endeavour to behave with integrity and demonstrate ethical conduct. We appreciate longstanding business relationships and value fair competition.	
Anti-corruption	▶ We actively oppose all forms of corruption, including bribery and facilitation payments.	
Whistleblower system	▶ We have an established whistleblower system for all companies of the Group, in which everyone is free to speak up without any risk of reprisals.	
Communication policy	▶ We aim for all communication to accurately reflect the general perception of the Group and its credibility, while at the same time ensuring that the Group fulfils all formal disclosure requirements.	
Financial information	▶ We prepare annual and interim reports in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.	
Taxation	▶ We take a responsible approach to tax payments with a view to ensuring compliance with national and international rules.	
Insider trading	▶ We have well-established internal rules designed to ensure appropriate processing of inside information and prevent insider trading.	
Risk management	▶ We endeavour to ensure that material risks are considered in a qualified decision-making process for the purpose of determining which risks may be considered acceptable, which risks should be reduced/hedged and which risks must be eliminated.	
Crisis management	▶ We endeavour to prevent potential crises, and the Group's businesses are required to establish policies and business procedures to ensure that any potential crisis situation is dealt with in the best possible way.	
IT security	▶ To a wide extent, the Group's businesses run separate IT systems and therefore define appropriate policies on IT security, with due consideration for their specific circumstances.	

pursuant to section 99a of the Danish Financial Statements Act

# Corporate responsibility policies and risk assessments

Schouw & Co.'s corporate responsibility policies have been in place since 2016. They involve the fields of human rights, social issues and labour conditions, anti-corruption and business ethics together with climate and the environment. The Group's policies on corporate responsibility forms the framework for a common approach by our employees in respect of our values and our objective of ensuring sustainable and responsible conduct. The policies describe a number of guidelines and general expectations we have to each other, and it summarises how we should conduct ourselves in our respective roles as employees and as an employer. The policy is based on the Ten Principles of the UN Global Compact.

Further to adopting the corporate responsibility policies, Schouw & Co. has performed a collective risk assessment of these corporate responsibility areas. The Group expanded its business operations in 2020, but did so within existing areas of activity, so the general risk exposure is unchanged. The principal risks are described below in the context of the policy applying to each individual CR area.

# Corporate responsibility policies and risk assessments

## pursuant to section 99a of the Danish Financial Statements Act

### Human rights

Schouw & Co. operates in a number of different countries worldwide. Regardless of which country we operate in, we endeavour to observe human rights and to treat our employees with dignity and respect. We support and respect the protection of internationally proclaimed human rights as set out in the UN Universal Declaration of Human Rights and in the declarations and recommendations of the ILO.

Schouw & Co. has performed a general risk assessment in relation to human rights. The Group has operations in many different countries, including some that may be defined as high-risk countries. The production units of our portfolio companies generally operate on a very similar basis, and we strive to uphold the same high standards at all production units, regardless of geographical affiliation. The latter is believed to contribute to reducing the risk of adverse human rights impacts.

### Social issues and labour conditions

At Schouw & Co., we believe that results are created by people. We aim to be a responsible employer and to provide proper employment conditions, healthy and safe working conditions and a motivational working environment for our employees.

Schouw & Co. has performed a general risk assessment in relation to social issues and labour conditions. At Schouw & Co., we believe our employees constitute our most important asset. As a result, we consider risks relating to social issues and labour conditions to be of material importance. The large proportion of automated production and the handling of many different technical products make heavy demands on our employees' qualifications and skills. In Europe as well as in all of our other countries of operation, we generally employ skilled labour and well-trained employees who acquire the necessary skills by undergoing teaching and training, thereby enabling our portfolio companies to comply with their quality and safety standards. This contributes to ensuring and maintaining a high level of health and safety, and constant efforts are made to minimise risks in this field.

### Anti-corruption and business ethics

Over the years, Schouw & Co. has built a reputation as a company maintaining a high degree of integrity and ethical conduct. We combat all forms of corruption, including bribery and facilitation payments.

Schouw & Co. has performed a general risk assessment in relation to corruption and business ethics. Schouw & Co.'s vision is to be among the best to create value in a proper and reliable manner by committing ourselves and our businesses to taking responsibility and acting sustainably in all the countries we operate in.

Based on the Group's general business model and its long-standing tradition for responsible business operations, this area is not assessed to constitute a significant risk, with the exception of the inherent risk that not all employees – and especially not new employees – may be aware of the Group's policy. Hence, appropriate provision of information is required to ensure that Schouw & Co.'s high standards are maintained.

### Climate and the environment

Schouw & Co.'s portfolio companies are to a wide extent involved in large-scale processing of commodities, and we recognise the environmental impact of our production processes. Our policy on climate and the environment goes hand in hand with good business acumen. We work to protect the environment and to reduce our emissions continuously relative to our production output.

Schouw & Co. has performed a general risk assessment in relation to climate and the environment. Due to the extensive use of oil-based products and marine raw materials and the considerable consumption of energy for processing purposes, this area is considered to make up a significant risk for the majority of the Group's businesses.

It is inherent to and an integral part of the Group's business model that we seek to optimise consumption of raw materials and minimise the volume of waste in an effort to reduce the relative volume of energy consumed, reducing the impact on climate and the environment and lowering the relative volume of greenhouse gas emissions. Going forward, our individual companies will maintain their focus on improving their performance in terms of climate and the environment.

# Report on the company's diversity policy

## pursuant to section 107d of the Danish Financial Statements Act

### Diversity at Schouw & Co.

In January 2019, the Board of Directors of Schouw & Co. adopted a policy for ensuring relevant diversity at the company's management levels as published on the company's website: [www.schouw.dk/cg2020](http://www.schouw.dk/cg2020). The policy explicitly applies to Schouw & Co., and given the moderate size of the company's organisation and the resulting simple management structure, the use of the term "management levels" refers only to the Board of Directors and the Executive Management.

The purpose of this policy is to increase and safeguard value creation in Schouw & Co. through a responsible focus on relevant diversity at the company's management levels as a supporting factor for diversity, breadth of competencies and for enhancing dialogue, knowledge sharing and risk management.

Schouw & Co. strives to have diversity in the company's management levels that will ensure a broad range of competencies, views and experiences. Broad representation of educational and business backgrounds, age and gender as well as both national and international experience at the management levels is a big priority. The company aims to ensure, among other things, that its members possess adequate collective knowledge, professional skills and experience to be able to understand the Company's activities and the risks associated with them.

The policy is supplemented by "Competency profile for the Board of Directors of Schouw &

Co." which is also available from the company's website and which sets out the general qualifications and competencies that are taken into account when members are elected to the company's Board of Directors.

The policy is reviewed and reassessed by the Board of Directors once a year, most recently in November 2020 when the review did not give rise to any changes.

No changes were made in 2020 to the company's Board of Directors or its Executive Management.

### Diversity across the Group

The intentions of the policy inherently apply to the entire Group, and the main points of the policy have therefore been communicated to the group companies by way of internal

guidelines that specify the following, among other things:

The company will always want to have the Group's management positions filled by the most qualified candidates. The fundamental component in any job appointment is a competence assessment that is based on the assignments and the context in which the new manager will perform his/her role.

Moreover, in any appointment, whether made in-house or externally, the emphasis should be on diversity, including gender distribution, to the widest possible extent. In its targets and efforts on diversity, Schouw & Co. aims to attract a diversified group of applicants for management positions in the Group and to avoid barriers of opinion and assumptions (whether or not deliberate) that would restrict diversity or counteract equal employment or career opportunities, regardless of age, seniority, gender, ethnicity or other factors.

Historically, the efforts to increase diversity in the Group have centred on improving the gender distribution, as was also the case in 2020. The detailed report on actions and results can be found in the following report prepared in accordance with section 99b of the Danish Financial Statements Act. ✕

This stately historic mansion located at Chr. Filtenborgs Plads 1 in Aarhus, Denmark serves as Schouw & Co.'s corporate headquarters. In addition to being the workplace of the parent company's 14 employees, the location is very often used for meetings by all of the Group's portfolio companies.

CHR. FILTENBORGS PLADS





# Report on Management's gender composition

## pursuant to section 99b of the Danish Financial Statements Act

### Targets for management's gender composition

In 2017, the Board of Directors of Schouw & Co. set the following targets for the gender composition of its management: For the measurement period from 1 April 2017 to 31 March 2021, the target is to increase the number of female board members of the parent company Schouw & Co. from one member currently, equal to at least 14%, to at least two members, equal to at least 28%. A target has also been set for the Group that all of its Danish reporting class C companies should have at least one female board member, equal to at least 20%. At the start of the measurement period, none of these companies had female board members. No changes were made in 2020 to the composition of the Board of Directors of Schouw & Co. The Board still has six members, one of whom is female.

The Group has seven Danish companies in the relevant reporting class: They are BioMar Group A/S, BioMar A/S, Fibertex Personal Care A/S, Fibertex Nonwovens A/S, GPV International A/S, HydraSpecma A/S and Borg Automotive Holding A/S, each of which have traditionally had from three to five shareholder-elected board members. At the beginning of 2020, these boards of directors had no female board members. As part of management succession in HydraSpecma in 2020, the resigning CEO, who is male, was elected to the board of directors. In addition, a male board member with special competencies and insights considered to be relevant for the business area was elected to the board of directors

of HydraSpecma at the end of 2020. No other new board appointments were made in the portfolio companies in 2020.

In January 2021, the Board of Directors of Schouw & Co. decided to retain the targets for the gender composition of its management for the measurement period running from 1 April 2021 to 31 March 2025.

### Policy for increasing the proportion of the underrepresented gender

The policy to ensure relevant diversity at the company's management levels sets out the objective criteria for job appointments. The purpose of the policy is also to promote a desired development in cases where the composition of senior managers is not aligned with the company's general employee mix, and it specifies as follows:

Schouw & Co. is aware that the ratio of women at senior management levels in the Group is proportionately lower than the gender composition of the Group's employees in general. As a result, the Schouw & Co. Group's portfolio companies will make a special effort to create a framework to support the career development of individual female employees, for example through networks, mentoring schemes or other specific initiatives that may help individual employees gain management experience. The Schouw & Co. Group's portfolio companies must also make a dedicated effort to ensure the best possible female representation among candidates being considered for management positions.

At the beginning of the current measurement period, there were no women among the registered executives of the Group's Danish reporting class C subsidiaries, and no new appointments were made in 2020 other than the in-house recruitment of a male CEO in connection with management succession in HydraSpecma. The situation is different at the broader management levels of the Group, as the proportion of women among senior managers is much more reflective of the general employee mix. In several of the portfolio companies, the proportion of female senior managers was higher than or in line with the company's general employee composition. In recent years, the Group has measured the proportion of women among senior managers and all employees of the Group in a more structured manner as can be seen from the table below.

The Group's portfolio companies are aware of and aim to comply with the intentions of the general policy to the extent that this is possible without violating their own specific internal policies, serving the purpose of demonstrating that the companies do not discriminate. The Group has previously had an international talent development programme, which had a large proportion of female participants, but due to the coronavirus situation, the programme could not be run in 2020.

The parent company Schouw & Co. is of a modest size. The organisation consists of several experts in senior management positions, some of which are female. However, they are not included in the table, as the definition of management is based on a formal direct management responsibility for other employees. ❌

### Proportion of women among staff and management

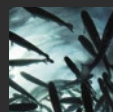
	2020	2019	2018	2017	2020	2019	2018	2017
	Management				All employees			
■ Parent company Schouw & Co.	20%	20%	20%	20%	43%	43%	38%	33%
■ BioMar	20%	22%	19%	19%	21%	20%	20%	20%
■ Fibertex Personal Care	34%	32%	31%	29%	17%	16%	15%	15%
■ Fibertex Nonwovens *	20%	26%	25%	27%	23%	23%	24%	23%
■ GPV	34%	32%	26%	28%	60%	62%	55%	57%
■ HydraSpema	17%	18%	18%	16%	22%	23%	23%	21%
■ Borg Automotive	16%	14%	13%	11%	35%	38%	35%	31%

\* Method of calculation changed in 2020.



RELEVANT LINKS

To know more about our portfolio businesses, go to their respective websites



**BioMar**  
[www.biomar.com](http://www.biomar.com)



**Fibertex Personal Care**  
[www.fibertexpersonalcare.com](http://www.fibertexpersonalcare.com)



**Fibertex Nonwovens**  
[www.fibertex.com](http://www.fibertex.com)



**GPV**  
[www.gpv-group.com](http://www.gpv-group.com)



**HydraSpecma**  
[www.hydraspecma.com](http://www.hydraspecma.com)



**Borg Automotive**  
[www.borgautomotive.com](http://www.borgautomotive.com)



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**schouw+co**

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