



BY APPOINTMENT TO
THE ROYAL DANISH COURT

HARBOE

CSR REPORT 2019/2020

REPORT ON CORPORATE SOCIAL RESPONSIBILITY, SEE SECTIONS 99 A AND 99 B
OF THE DANISH FINANCIAL STATEMENTS ACT (ÅRSREGNSKABSLOVEN)

ACCOUNTABILITY AND RESPONSIBILITY AT HARBOE

Business-driven corporate social responsibility and management values for Harboes Bryggeri A/S for the 2019/2020 financial year

At Harboe, we focus on sustainability in the company's growth and development. Our long-term success depends on our ability to add value to the company and the surrounding community.

We aim to achieve our financial goals with respect for the communities in which we operate, while at the same time meeting the demands made on us by our consumers, customers, employees and shareholders.

We want our activities to help make a positive difference throughout the value chain – in terms of both human rights, labour standards and environmental footprint.

Our activities comprise Harboes Bryggeri A/S in Skælskør, Denmark, and Darguner Brauerei GmbH in Dargun, Germany. In the course of the year, our Estonian brewery AS Viru Õlu was restructured, and its production has been reduced to a minimum.

Our two large breweries in Denmark and Germany build on strong values, which are at the core of our business strategy.

We have a long-term perspective, and when making our investment decisions, we ensure that we always meet the requirements placed on us as a responsible company.

We have a targeted approach to reducing our environmental footprint, and we aim to create attractive and healthy workplaces for our employees; at the same time, we are constantly engaged in providing high-quality products to our customers.

In 2019/2020, we stepped up our CSR efforts, and at workshops and management meetings we conducted analyses to identify the areas of our value chain with the greatest potential for future impact on our surroundings, maximising our positive impact and minimising our negative impact, to pinpoint where we get the maximum possible value from our initiatives.

Our focus is on the areas identified as having the greatest negative impact, and based on this year's baseline figures, we will set targets for reductions in:

- Energy
- Carbon emissions
- Water
- Materials consumption



“ WE AIM TO CREATE ATTRACTIVE AND HEALTHY WORKPLACES FOR OUR EMPLOYEES

We also aim to set the bar higher for areas in which the company can demonstrate a positive impact:

- Diversity and inclusion (D&I)
• Diversity at all levels
• Workplaces
• Partnership with the local community

In 2019/2020, we set up an independent organisation to be responsible for sustainability and CSR.

Our sustainability agenda is anchored with the company’s Board of Directors, with active leadership from senior management.

In April 2020, the company also signed up to the UN Global Compact.

In the 2020/2021 financial year, based on the UN Global Compact and the UN Sustainable Develop-

ment Goals (SDGs), sustainability will be further embedded into our core business.

Sustainability is part of our everyday business and must be integral to our overall financial, strategic and operational goals.

We have identified the SDGs and underlying sub-goals that will be included as focus areas over the coming years.

In this year’s CSR report, we will present the SDGs to be prioritised in 2020/2021.

For each area, goals will be set for the next financial year, based on the UN Global Compact, the SDGs and the reported baseline figures.

We are looking forward to making sustainability a more active part of our everyday business, engaging with our stakeholders and with a high level of employee engagement.

This will help us take our sustainability strategy to the next level, and ensure that we will continue to be seen as an attractive company.

Wishing you a happy read!

B. Griese
Bernhard Griese
Chairman of the Board of Directors



Søren Malling
Søren Malling
CEO



HIGHLIGHTS – THE HARBOE GROUP

2

Divisions: BEVERAGES INGREDIENTS

DKK 1,414 million
Revenue for 2019/2020

Founded in
1883



600-plus
employees



Represented in selected markets on

5 continents



3
breweries

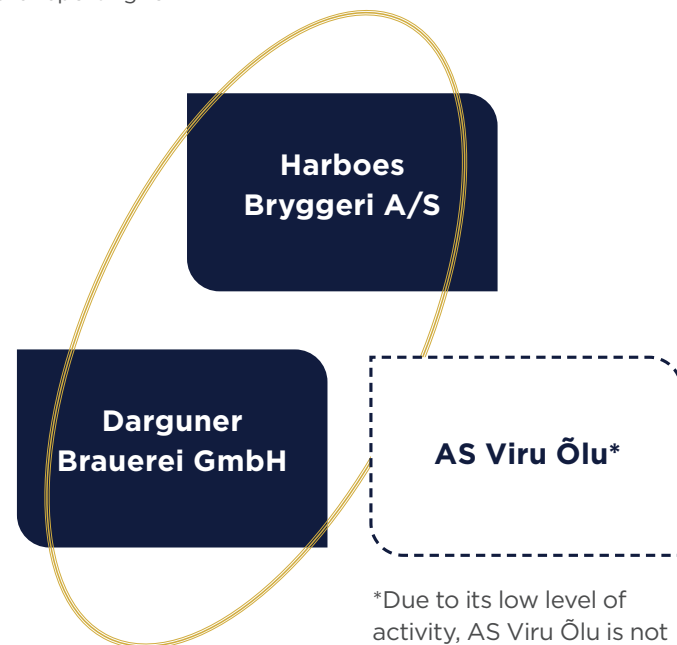


CORE BUSINESS

Harboes Bryggeri A/S is listed on the stock exchange and is the parent of the Harboe group.

The group's business is brewery activities, comprising the production and sale of beer, soft drinks, malt beverages and malt-based ingredients.

In this report, we are reporting for:



*Due to its low level of activity, AS Viru Õlu is not included in this report.



HARBOE IN BRIEF

Harboe is an international beverage manufacturer with breweries in Denmark and Germany.

Harboe is a Danish company with a strong international platform.

Harboe is Denmark's third largest brewery and with our German subsidiary - Darguner Brauerei GmbH - we produce and market our beverages and malt-based ingredients in a number of markets globally.

Harboes Bryggeri A/S is listed on Nasdaq Copenhagen, and the Harboe family have been co-owners and led the company since 1883.

The fifth and sixth generations of the family currently serve on the senior management team and have a controlling influence among the company's close to 5,000 shareholders.

Our company is based on strong values, which serve as the foundation for everything we do.

We are rooted locally and play an active role in the local communities in which we operate.

Our local rooting means that we are able to recruit qualified and highly motivated employees, who help to ensure that Harboe is an attractive and stable workplace.

“ VISION

We care and we are passionate about creating the best products for our customers. Agility, innovation and accountability help us create sustainable value

CSR POLICIES AND SYSTEMS

We have defined policies and procedures for the focus areas we will report on in this year's CSR report.

Our CSR efforts are based on legislation, international standards, industry guidelines and our ethical guidelines.

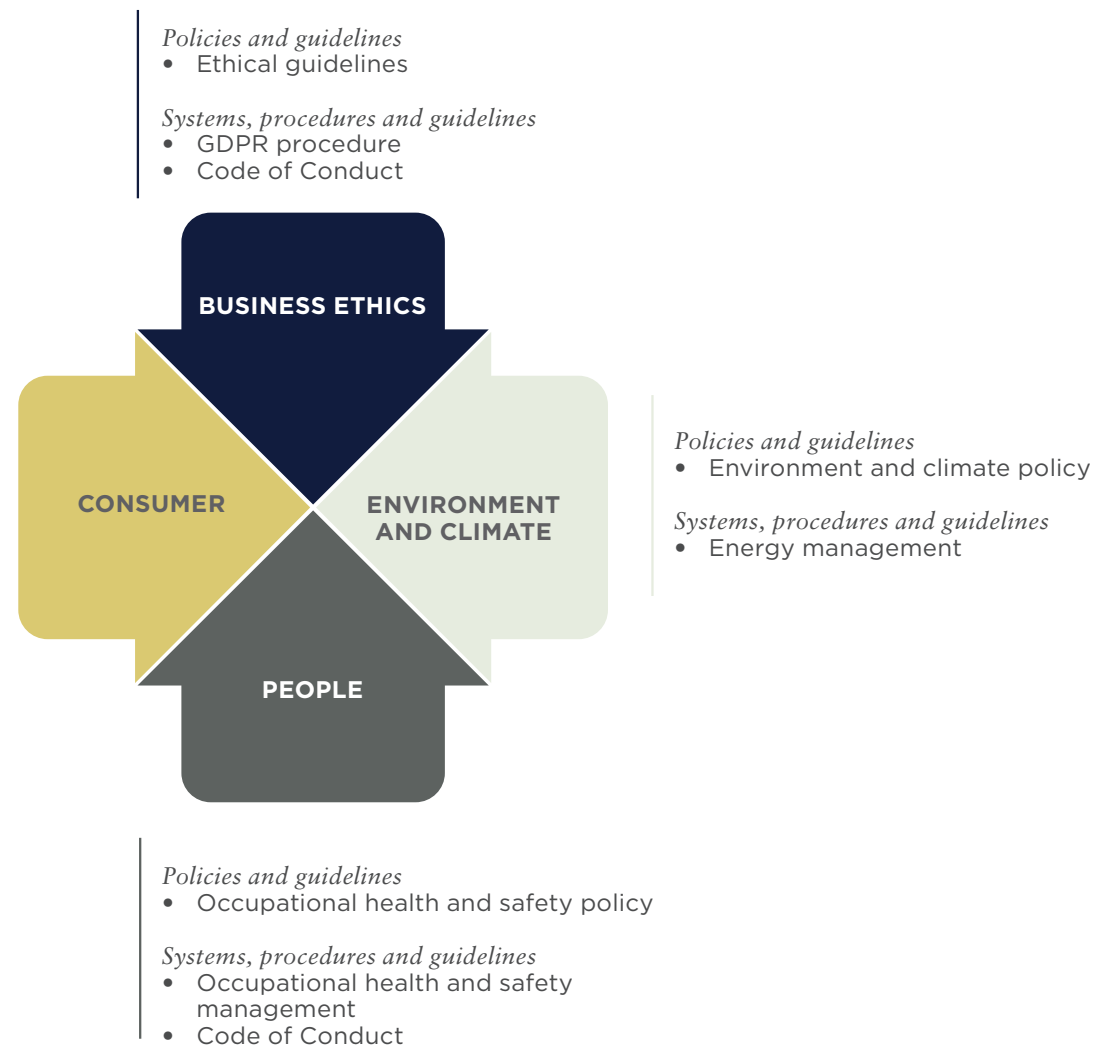
Our commitment to the UN Global Compact will help to further formalise our CSR efforts, including continued development of our CSR policies and underlying systems.

The CSR policy covers focus areas in Business ethics, Climate and environment, People and Consumer.

The policies build on efficient resource utilisation in all parts of the value chain and minimisation of risks from our activities.

The CSR policy has been revised in 2019/2020 and been approved by the Board of Directors and the Board of Executives.

- Policies and guidelines*
- Quality and CSR policy
- Systems, procedures and guidelines*
- GFSI-approved standard for all reported companies



SUSTAINABLE CORPORATE SOCIAL RESPONSIBILITY

This CSR report covers the 2019/2020 financial year and is a report on policy and sustainable corporate social responsibility as well as diversity, see sections 99 a and 99 b of the Danish Financial Statements Act.

During the financial year, Harboe has continued its efforts to develop well-defined and transparent CSR documentation.

THE UN GLOBAL COMPACT

As part of our continued sustainability efforts and commitments, we decided to sign up to the UN Global Compact in 2020.

In 2020/2021, the 10 UN Global Com-

pact Principles will be incorporated into our business and form the basis of our activities, thereby continuously supporting our efforts.

The 10 UN Global Compact Principles are part of our goals for future actions to ensure that developments are structured.

We have set short-term targets until 2022. We are embarking on a data-driven journey.

For more information about the UN Global Compact, please visit:

www.unglobalcompact.org



RESPONSIBILITY FOR THE SUSTAINABILITY STRATEGY

As part of our new sustainability strategy, we have established a sustainability steering group.

With key competencies across the organisation, the steering group will be in charge of implementing the new strategy, which is anchored with senior management.

Based on our baseline figures for 2019/2020, the steering group will set

targets towards 2022 and launch necessary actions for the coming years.

Relevant functions will be responsible for the day-to-day implementation of the sustainability strategy and the underlying initiatives and policies to ensure sustainable developments. Overall strategic issues will be discussed and agreed with the company's Board of Executives and Board of Directors.



BUSINESS-DRIVEN CORPORATE SOCIAL RESPONSIBILITY

THE UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) were adopted by heads of state and government at the 2015 UN summit. The SDGs have been adopted by 193 UN member nations.

The SDGs came into effect on 1 January 2016 and will provide the framework for sustainable development for both people and our planet towards 2030.

The SDGs are 17 specific goals and 169 sub-goals.

The SDGs provide a new definition of sustainability – a strategic reference framework.

Harboes Bryggeri A/S endorses the SDGs, and they will be an integral part of the company's strategy.

Our prioritisation of the SDGs is based on a review of all SDGs, sub-goals and indicators.

Based on Harboe's value chain analysis, we have identified the SDGs where, through its activities, Harboe can make the biggest real difference by minimising its negative impact and maximising its positive impact to provide the greatest value to society.



Based on our priorities, we have identified the following four SDGs and underlying sub-goals:

SDG 6: Clean water and sanitation
SDG 8: Decent work and economic growth

SDG 12: Responsible consumption and production
SDG 13: Climate action

THE HARBOE VALUE CHAIN - A VALUABLE DIFFERENCE



With its sustainability strategy, Harboe wants to make a positive impact on the communities in which we operate.

Our business model incorporates a value chain ranging from the supply of core raw materials and production through delivery of finished products to our customers, positive consumer experiences and, finally, responsible recycling or disposal of the packaging after use. We utilise critical resources throughout the value chain, and we want this use to be as efficient and sustainable as possible - while at the same time ensuring high quality and value in all parts of the value chain.



Our CSR efforts are rooted in our value chain, focusing on areas in which we can maximise the positive impact and minimise the negative impact of our activities. Our reporting is based on everything that happens within Harboe.

RAW MATERIALS AND SUPPLIERS



VALUE CREATION

Ensuring responsible sourcing by

- Carefully selecting suppliers
- Ensuring that our suppliers comply with our ethical guidelines
- Strengthening our procurement procedures
- Supervising our suppliers by conducting audits or through third parties
- Continued partnership with our suppliers to ensure continuous development

HARBOE'S BREWERIES



VALUE CREATION

Reducing energy consumption and emissions by

- Setting targets for carbon emissions
- Maximising the utilisation of raw materials, water and energy
- Having energy management in place

Reducing waste by

- Optimising our consumption of raw materials and materials
- Exploring options for wastewater reduction
- Reducing our water consumption
- Optimising our utilisation of by-products from the production process through recycling

Continuously optimising working conditions

- Having occupational health and safety management in place
- Ensuring job satisfaction
- Enhancing the skills and competencies of our employees

CHALLENGES AND RISKS

- Managing suppliers that are several steps away from us in the value chain represents a challenge
- Given that we receive materials produced outside the EU, we are faced with increased risk of human rights violations, corruption, bribery and food fraud

CHALLENGES AND RISKS

- The production of beer, soft drinks and malt extracts is highly water- and energy-intensive
- Increased environmental impacts due to our product portfolio
- More packaging pattern requirements have resulted in manual work processes
- Shortage of qualified labour



CUSTOMERS

VALUE CREATION

Improving efficiency by

- Developing sustainable product solutions
- Improving efficiency in the utilisation of raw materials and materials throughout the production process

Ensuring food safety

- Preventing food safety issues through supplier and quality management
- Complying with applicable food safety and labelling legislation

Reducing food waste

- Operating as a just-in-time/lean production facility
- Developing new sustainable ingredients that are designed to extend the shelf life of the products in which they are used



CONSUMERS

VALUE CREATION

Our products can help address some of the negative health and environmental impacts otherwise associated with beverages.

Ensuring that consumers are informed by

- Choosing packaging solutions that ensure good product quality and safety, but do not contain unwanted substances
- Ensuring proper product labelling with information to enable consumers to make informed choices about calorie and alcohol content
- Working with sustainable packaging that is included in the Danish deposit return system
- Developing and launching new lower-calorie products, while ensuring that flavour and high quality are maintained







CHALLENGES AND RISKS

- Food production is raw materials, materials and energy-intensive
- Ingredients may be contaminated during transport
- Social media has led to increased attention on suppliers, and supplier management is key to preventing food scandals

CHALLENGES AND RISKS

- Packaging is an important part of our products, and changes and adjustments happen very quickly
- Changes in consumer trends

BASED ON OUR VALUE CHAIN ANALYSIS, WE HAVE PREPARED AN OVERVIEW OF OUR PRIORITY FOCUS AREAS AND RELATED GOALS

	ENVIRONMENT AND CLIMATE	PEOPLE	CONSUMER	BUSINESS ETHICS
Goals	<p>Reducing carbon emissions, energy and water consumption</p> <p>Maximising the utilisation of raw materials, water and energy</p> <p>Reducing wastewater</p> <p>Optimising our utilisation of by-products from the production process through circular initiatives</p> <p>Focusing on sustainable packaging</p>	<p>Ensuring job satisfaction</p> <p>Enhancing the skills and competencies of our employees</p> <p>Reducing absence due to illness or injury</p> <p>Ensuring qualified labour and diversity</p>	<p>Increasing the level of health-based information included on the labelling of all beers and soft drinks</p> <p>Focusing on sustainable packaging</p>	<p>Complying with applicable laws and requirements</p> <p>Code of Conduct for employees and suppliers</p> <p>Supporting a well-functioning and inspirational local community and being visible and active players</p> <p>Supporting the local community through sponsorships in sports, culture and education in the community</p>
Link to the UN Sustainable Development Goals (SDGs)				



ENVIRONMENT AND CLIMATE

Environment and climate are cornerstones of Harboe's accountability and sustainability approach.

We aim to minimise our impact on the global climate and our local environment.

We will apply a targeted approach to energy savings and responsible consumption of the resources we use.

Harboe is working systematically to reduce the resources used in the company's production process, and we have defined overall goals within a number of areas.

The overall goals are listed in the overview on page 11.

We implemented various optimisation projects in 2019/2020, and there are more to come in 2020/2021.

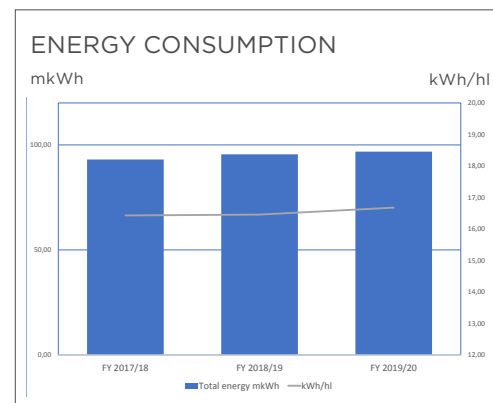
EXAMPLES OF CARBON EMISSION DILEMMAS

- Smaller packaging sizes increase the carbon emission per unit.
- Flexibility and readiness for packaging types.

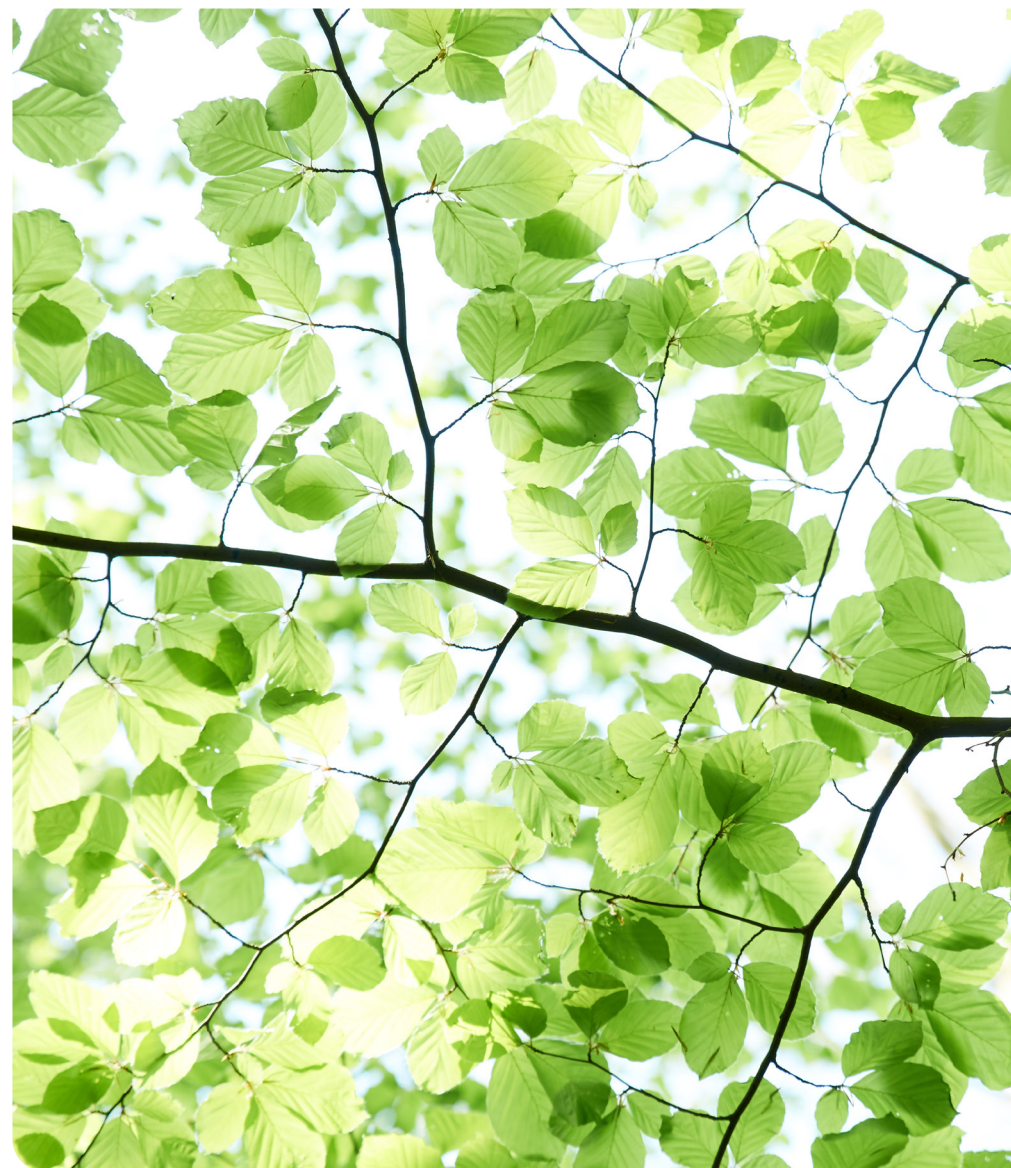
We also launched a vehicle policy, providing incentives for more eco-friendly company car choices.

ENERGY, CARBON AND WATER

Continued changes in the product mix, with a larger share of production being made up of energy-intensive products in the ingredients segment, offset the effects of previous years' investments in reducing energy consumption. In this context, it is still positive that the energy consumption is constant.



In 2019/2020, a major investment was made to enable us to reduce both our energy consumption and carbon emissions, starting in the next financial year. We received energy subsidies for this investment.





In addition, various optimisation and maintenance investments were made, which between them will further reduce our resource consumption, including minimise wastage.

For the coming year, investments have been planned to help further reduce our energy consumption, carbon emissions and water consumption as well as optimise our raw material utilisation.

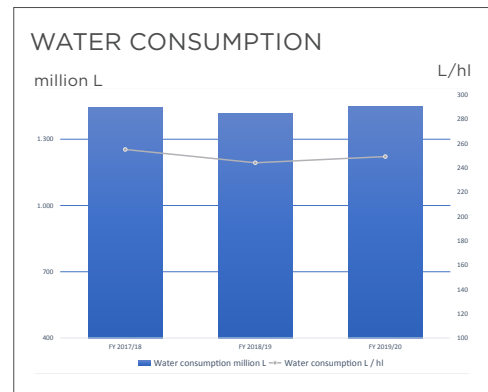
Moreover, an energy management system will be launched at Harboes Bryggeri A/S in Skælskør in accordance with the ISO 50001 guidelines – a system that has already been implemented at Darguner Brauerei, Germany.

The implementation of this system will provide a detailed and cost-effective data basis which, in combination with increased monitoring, will ensure a strong foundation for setting KPIs for future reporting.

Part of the water supplies to Harboes Bryggeri A/S in Skælskør are obtained from the company's own bores. The same applies to Darguner Brauerei GmbH in Germany.

The water supplies of both breweries are supplemented by water from municipal water works.

None of the production facilities are located in water-stressed areas, but Harboe has a constant focus on the use of water resources and on investments to ensure efficient utilisation of water, including recycling of water in the production process.



Wastewater is also a focus area. The brewery in Skælskør has its own high-capacity water treatment plant, and in Dargun water is discharged to a municipal water treatment plant. Both breweries have collection reservoirs, meaning that the discharge can be adjusted to suit the capacity of the treatment plant.

USE OF RESOURCES

Investments help reduce the use of raw materials and consumables, and in addition our efforts in this field are underpinned by continuous process



PERFORMANCE 2019/2020

- Optimisation project to raise awareness of water consumption. This project will be carried on in 2020/21 with a view to reducing water consumption
- Launch of a vehicle policy, providing incentives for more eco-friendly company car choices
- A major investment was made to enable us to reduce both our energy consumption and carbon emissions, starting in the next financial year

SCHEDULED ACTIVITIES UNTIL 2022

- Energy Management Team
- Process optimisation
- Partnership with consultancy firm to reduce water consumption
- Use of recyclable plastics and reduction of the consumption of plastics where possible, including also reduction of secondary packaging



optimisation and management systems across the supply chain.

Throughout the value chain, focus is on wastage, and a large amount of our production residue is either processed and refined by the company or sold to external companies to be used, for instance, in biogas plants.

PRODUCT PACKAGING

A very large portion of the company’s products are sold in disposable packaging, PET bottles and cans.

The products are predominantly sold in countries with well-established deposit and return systems.

In Denmark, we are part of a highly efficient deposit and return system, Dansk Retursystem, with a return rate exceeding 90%.

Dansk Retursystem aims to create a closed circulatory system in which all PET packaging may be used in recycled plastic for new PET packaging.

In Germany, the return rate of disposable packaging is currently approx. 70%, but the goal is to achieve a substantially higher return rate. Beverage packaging forms part of the deposit and return systems of both countries, either as recyclables or for reuse. This reduces the total carbon footprint for this part of the resource use.

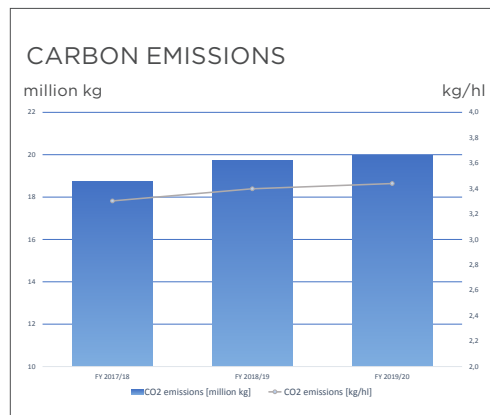
When operating in countries with no return systems for disposable packaging, we as producers are dependent on the willingness of each country to establish an infrastructure to enable responsible collection and recycling.

CARBON FOOTPRINT

A large proportion of the carbon footprint of breweries is derived outside the company.

This report is based only on our own carbon emissions. In recent years, our carbon footprint has remained constant relative to volumes produced and changed product mix.

Following the most recent investments made and scheduled investments for the next two years, we expect to see a reduction in our overall carbon footprint.



PEOPLE



At Harboes Bryggeri A/S, we strive to be a good and attractive workplace and carry on the values that have been ingrained in our company for six generations.

These values are at the heart of our day-to-day management, where happy and engaged employees are vital to our success.

We are committed to creating a dynamic working environment that inspires new ideas and with a shared aspiration to achieve results.

We focus on proper and versatile training for both new and existing employees to develop their skills and competencies. We are committed to team development and have seen how greater responsibility has increased motivation and job satisfaction.

To ensure the group's constant optimisation of routines and processes, all employees must have the skills and competencies needed to perform the tasks that are part of their responsibilities.

The management focuses on correct and timely training of new employees and on correct use of the skills and competencies available for the benefit of the employee and the company alike. In

the event of a shortage of skills and competencies in parts of the organisation, Harboe will look into the possibilities of skills and competency development of existing employees before hiring new ones.

Developing each employee's skills and competencies is very valuable to the company. So it is also important to retain employees, and thereby the knowledge and experience they accumulate over time.

Through interviews, we seek to identify each employee's skills, competencies and aspirations and define development plans to form the basis of further training and development.

Both our companies have employees with many years of seniority and experience – qualities that, in combination with unique loyalty, are key elements in our future development.

In the recruitment of new employees, the primary focus is on professional and personal qualifications, but another priority is to focus on creating a diversified workplace with equal conditions and opportunities for all employees, regardless of gender, nationality, religion or age. This provides for a dynamic environment with professionally founded discussions and sharing of experience in all areas of the group.





DIVERSITY AT ALL LEVELS

Breweries are traditionally male-dominated businesses when it comes to production, process and warehousing. This impacts the gender composition of the company as a whole and is reflected in the overall gender distribution, with men accounting for about 80% of employees. See page 22.

In other group functions, the gender balance is more even. See the table on this page.

With a view to ensuring a more equal gender balance on Harboes Bryggeri A/S's senior management body, Harboe's Board of Directors has set the target that one third of the members of the Board of Directors should be women following the company's annual general meeting in 2021.

The Board of Directors will continue its discussions on its future composition and decide how best to meet the target for the proportion of women on the Board of Directors.

In our company in Denmark, we see great diversity of nationalities across the company's departments. Despite linguistic and cultural differences, all employees benefit - both professionally and personally.

We are a regionally-based, responsible company with strong roots in the local community, and we are aware of our

contribution to diversity and inclusion, also from a social perspective.

Both production facilities in Denmark and Germany want to help train the next generation of qualified employees. To this end, the organisation across the board is committed to hiring trainees and apprentices. In the past year, we have had 17 trainees and apprentices in the company.

At Harboe, we want to be an inclusive company and therefore offer to include a number of special-needs employees in both internship and job training programmes, also for subsequent permanent employment.

HEALTH AND SAFETY

Providing a healthy and safe working environment features high on Harboe's agenda as a manufacturing company. We are committed to strengthening occupational health and safety across our organisations.

We focus on employee health and on minimising risks we as a company can influence. The brewery in Skælskør has been certified in accordance with the OHSAS 18001 standard for occupational health and safety since 2011.

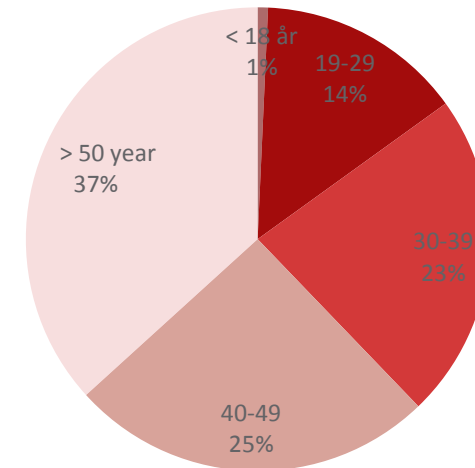
In early 2021, we will migrate to ISO 45001, which will provide the basis for uniform guidelines to apply to the entire Harboe group in future.

The occupational health and safety organisation has established a structured approach to our health and safety initiatives. As it has turned out that workplace accidents are often triggered by unsafe behaviour, the current focus is on ensuring, through information and inclusion of employees, that everyone

assumes co-responsibility for their own occupational health and safety and that of their colleagues.

Through ongoing implementation of safety measures and follow-up on near-misses, we seek to minimise the risk of occupational injuries.

EMPLOYEE DISTRIBUTION IN HARBOE GROUP



■ < 18 year ■ 19-29 ■ 30-39 ■ 40-49 ■ > 50 år

TOTAL NUMBER OF EMPLOYEES OF THE HARBOE GROUP 2019/2020: 560*

	DISTRIBUTION	WOMEN/MEN
Board of Executives	1%	0/3
Management	2%	3/7
Other employees	98%	101/446

*Data for reported companies

ABSENCE DUE TO ILLNESS

For several years, absence due to illness has been decreasing for the company in Skælskør, but in recent years, absence due to illness for the group as a whole has been increasing. To address this issue, employees with long-term absence will be offered an interview. A more targeted approach, encouraging active dialogue during the interviews, will ensure that the employee has the necessary support. Based on this, we aim to reduce absence due to illness.

However, in next year's specification of absence due to illness, COVID-19 must be taken into account. The rise in absence due to illness in Denmark for 2019/2020 is due to an increase in the number of long-term absence cases (> 30 days of absence due to illness) as a result of serious non-work related illness.

WELLBEING

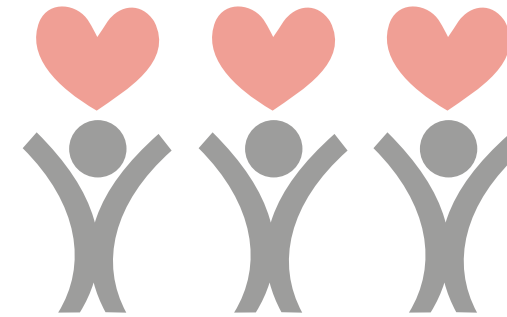
Harboe emphasises general employee health and wellbeing, as this helps to create a good environment for each employee. In future, employee satisfaction

surveys will be used more actively to promote motivation.

For several years, many employees in Skælskør have taken up the health check offer, which is mandatory for night-shift workers, but is offered to all employees every other year. In 2020, all employees will be offered health checks, and we expect many employees to take up this offer. In Dargun, employees are also offered regular health checks, which form the basis for advice to the employee in the performance of their duties, considering health aspects and the employee's position, including shift work.

These checks will ensure that the employee is offered the proper aids to help reduce the risk of injuries and work-related absence.

We still focus on ensuring that the employee restaurants in both Denmark and Germany provide healthy, balanced and nutritious food to all employees. The employee restaurants also enable employees to meet and form relations across departments and national borders.



PERFORMANCE 2019/2020

- We have introduced personal security alarms with motion sensors in Denmark
- We have developed our on-boarding process
- We have focused on interviews with employees with long-term absence due to illness

SCHEDULED ACTIVITIES AFTER 2020/2021

- Conduct employee satisfaction survey
- Conduct workplace assessments (WPAs) in Skælskør
- Conduct project manager training for all relevant employees in the group
- Supplementary training courses for relevant employees at a local educational institution
- Focus on near-misses and potential accidents and preventive measures in this respect and implement a common approach
- Implement common guidelines for absence due to illness
- Optimise the on-boarding process, focusing on structure and allocation of responsibilities

CONSUMER



HEALTH

Harboe is aware of the global health challenges, and the World Health Organization (WHO) describes the challenges of obesity and related disorders such as cardio-vascular diseases, cancer, diabetes and alcohol abuse as the results of excessive intake of food and drinks.

We support the industry's responsibility initiatives and the authorities' guidelines. We ensure that consumers can make an informed choice of products through our labelling and our website.

Harboe participates in innovation partnerships, the focus of which is to reduce the calorie content of new beverages and develop new non-alcoholic beers.

To further a healthy lifestyle, Harboe supports sporting and cultural events, especially in the local community, through sponsorships.

Harboe aims to provide good, sustainable products to consumers and customers, while at the same time providing a variety of products suitable for every occasion where our products are consumed.

Our products are to provide energy, be used for refreshment and quench thirst.

We are committed to meeting consumer requirements and trends, and sales of reduced-calorie products are growing in the soft drinks market.

Therefore, we are continuously developing and launching new reduced-calorie products, while ensuring that flavour and high quality are maintained.

ORGANIC

People increasingly focus on the raw materials used, seeking organic products. In recent years, Harboe has been developing its product range and is now able to offer a wide range of organic products in soft drinks, beer and malt-based ingredients.

Our organic products are labelled to enable consumers to choose our organic alternatives and have assurance that the products meet regulatory requirements in the market in question.

RAW MATERIALS

When it comes to our malt-based ingredients, requirements for the cultivation of raw materials are in special



focus. For several years, we have been able to supply products grown without the use of glyphosate (Roundup) and without straw-shortening agents, guaranteed to be grown on fields where the use of sludge from municipal purification plants is not permitted.

CLEAN LABEL

Today's customers not only require clean label ingredients; they also expect



ingredients to add properties to the output, improve the nutritional value and enhance the sustainability footprint of the end products.

For a long period of time, Harboe Ingredients has been working to offer the food industry processed products that support the clean label concept and add functionality to the manufactured finished goods, but also, as a new feature, enhance the sustainability footprint of the products.

FOOD SAFETY

The breweries are certified according to the IFS standard. Many European retailers require the suppliers in their supply chain to be IFS-certified. IFS is an international standard, which can also be applied to suppliers outside Europe. The IFS standard applies to suppliers at all levels of the food chain.

Requirements are related to a quality management system and to the HACCP system (Hazard Analysis and Critical Control Points).

Through compliance with the requirements of the IFS standard and the ongoing work with our suppliers, we will ensure that we always supply products of high and consistent quality. We



require our suppliers to be certified to a recognised Global Food Safety Initiative (GFSI) standard. Our quality certifica-

tion is a recognised GFSI standard, and we will seek to attain and maintain certification at the highest level.

PERFORMANCE 2019/2020

- Calorie labelling of beer with > 1.2% alcohol sold in the EU
- Development of new malt-based ingredient for the food industry which enhance the sustainability footprint of products
- Collection of CSR data for all suppliers
- Development of new organic beer range

SCHEDULED ACTIVITIES AFTER 2020/2021

- Continue labelling all soft drinks with energy content information
- Continue calorie labelling all beers sold in the EU
- Develop new reduced-calorie beverages
- Optimise the complaints procedure

BUSINESS ETHICS



At Harboe, business ethics are an integral and important part of our values. Our accountability and responsibility are key to our sustainable growth, comprising all parts of the business and at the heart of all business decisions we make.

Our Code of Conduct is approved by the senior management, and our managers are responsible for embedding the values in our culture and business – but all employees play an important part in their implementation. Our ethical standards must be further specified in policies, processes, standards and norms.

Harboe's commitment to the UN Global Compact will underpin our continued work on ethical principles and guidelines throughout the value chain, with particular focus on:

Human rights, bribery and corruption, child labour, labour standards and environmental accountability and responsibility. These guidelines are at the heart of our work on the Code of Conduct for employees and suppliers.

We are not aware of instances in which our employees have violated these policies.

CODE OF CONDUCT – EMPLOYEES

In 2020, Harboe has developed and introduced a Code of Conduct for the entire organisation.

In 2020/2021, initiatives will be launched to ensure that our ethical standards are communicated to all employees.

Our ethical standards will be updated regularly and be communicated via our employee intranet. They will be part of the regular on-boarding training programme for all new employees.

Our Code of Conduct provides guidelines to our employees on how to conduct themselves in relation to, for instance, legal compliance, bribery and corruption, money laundering, conflicts of interest, fraud, protection of personal data, human rights and labour standards, health, environment and climate as well as communications.

CODE OF CONDUCT – SUPPLIERS

Harboe's primary suppliers are based in the EU and, accordingly, subject to the same legal and ethical obligations. Countries subject to sanctions adopted by the EU are deselected.

We are committed to responsible sourcing, and our goal is to ensure that

our suppliers also uphold our ethical standards. During the past year, questionnaires were sent to suppliers to eliminate the risk of food fraud and food scandals. Our suppliers' food safety has been evaluated and will form part of our future work of including further relevant aspects of CSR.

So in 2020/2021, our supplier management efforts will be stepped up, and in addition to food fraud issues, a Code of Conduct for suppliers will be rolled out, which will be an integral part of our supplier contracts.

THE LOCAL COMMUNITY

Harboe is deeply rooted in the local communities in which our two breweries are located.

PERFORMANCE FOR 2019/2020

- Development of a Code of Conduct for employees
- Harboe has entered into a close partnership with ZBC in Slagelse
- Signed up to the UN Global Compact

SCHEDULED ACTIVITIES AFTER 2020/2021

- Roll-out the Code of Conduct in the Harboe group
- Develop the Code of Conduct for suppliers
- Assess all suppliers against the guidelines set out in the Code of Conduct





Both Harboes Bryggeri in Skælskør and Darguner Brauerei in Dargun are located in small local communities.

As a company, we have both the opportunity and the responsibility to make a contribution to sustainable development and engage in activities that benefit our employees.

A well-functioning and inspirational environment is essential to the everyday work life for us and our employees, and we want to be visible and active players.

Besides the financial contribution in the form of taxes from our business activities and our employees' personal taxes, we support local sports activities, cultural events and charities that help make our community an attractive place to live and work.

We make our knowledge available and promote dialogue about education and business opportunities in the local community.

We work closely with municipal authorities and engage in constructive dialogue about ideas on how to foster dynamic local environments.

FOCUS ON EDUCATION, KNOWLEDGE SHARING AND CULTURE

For many years, Harboe has prioritised making its knowledge available to citizens,

associations, students and schools through various activities. This helps create dialogue about education and business opportunities in the local community. In the past year, our visitors' centre has proved valuable in this context, and we have been able to host more events and functions for local clubs, organisations, associations and schools than previously. Moreover, it has been possible to organise a number of internal and external events during which we have had the opportunity to talk about the group and our work. We hope that such events will allow us to provide a better insight into Harboe's history and the values underlying all of our activities.

Each year, our company takes on a number of trainees and interns – both students from primary and secondary school and students in higher education programmes – for shorter or longer periods of time. This gives the young trainees and interns insight into the job opportunities in a manufacturing company and gives the students the opportunity to test theory in practice through the sharing of knowledge with their colleagues at Harboe. Again this year, we have had the pleasure of meeting talented young people who have taken an interest in Harboe and in working with our products. This especially applies to the development and quality department, where students

from, for instance, DTU (Technical University of Denmark) have been involved in several projects. Harboe actively uses the results post-partnership and wishes to exchange ideas with students which they are able to use afterwards.

Harboe has entered into a close partnership with ZBC (technical and vocational school) in Slagelse – a partnership that has led to inspirational and productive relations with students. This is important and will help to sustain Harboe's ability to attract young talents for future jobs.

SPONSORSHIPS AND LOCAL PARTNERSHIPS

Harboe's Bryggeri A/S has strong local roots, and we have a long tradition of supporting local clubs, associations and initiators that help to provide a good framework for leisure activities and culture in our local community.

Harboe prioritises community initiatives and this year, once again, sponsored a number of sports activities, cultural events and charities, the purpose being to support the business, generate positive media coverage of the company and the local community and make a difference to our employees and their families.

Both existing and new partnerships have helped to focus on good local initiatives and events that have enjoyed the support of the local community, but also of people coming from far away to participate. At the same time, Harboe has enjoyed considerable positive exposure, and we have promoted dialogue about our company. This has helped to generate positive media coverage of the company as well as the local community, but also the municipality in general, thus making a difference for the inhabitants, our employees and their families.



CSR - HIGHLIGHTS

PEOPLE

	2019/20	2018/19	2017/18	
OCCUPATIONAL HEALTH AND SAFETY				
Workplace accidents - total	21	12	16	
EMPLOYEE ENGAGEMENT				
Absence due to illness %	6.4	5.9	5.2	
Total number of employees	560	538	545	
DIVERSITY				
Share of women/men on the Board of Directors as at 30 April 2020	Number	0/5	1/5	1/5
Gender distribution of employees				
Women %	19	20	19	
Men %	81	78	81	
Gender distribution of employees at management level				
Women %	27	36	23	
Men %	73	64	77	

ENVIRONMENT AND CLIMATE

SALES FIGURES		FY 2019/20	FY 2018/19	FY 2017/18
Sales volume	million hl	5.81	5.81	5.67
CLIMATE AND ENVIRONMENT DATA				
Electricity purchased	GWh	33.0	33.4	31.6
Natural gas	GWh	63.3	61.7	61.2
Oil	GWh	0.5	0.4	0.2
TOTAL ENERGY CONSUMPTION		96.8	95.5	93.1
Carbon emissions from production				
	million kg CO ₂	20.0	19.7	18.7
Total water consumption	million L	1,448	1,418	1,446
Total wastewater discharge	million hl	8.1	8.3	8.1
RELATIVE PRODUCTION FIGURES				
Energy	kWh/hl	16.7	16.5	16.4
Carbon emissions	kg CO ₂ /hl	3.4	3.4	3.3
Water consumption	L/hL	249	244	249

NOTES

NOTE 1: PREPARATION

Harboes Bryggeri A/S has prepared a CSR reporting overview with information about roles and responsibilities, goals, activities, requirements for reporting and documentation and requirements for KPI development with detailed information. Due to its low level of activity, AS Viru Õlu is not included in this report.

NOTE 2: ENVIRONMENT AND CLIMATE DATA

Harboes Bryggeri A/S has been working with environmental performance for several years, albeit without including this data in CSR reporting. This means that data is available, and figures are shown from 2017/2018 until 2019/2020. In future, 2019/2020 will be used as Harboes Bryggeri A/S's baseline. Data is presented as described in note 1.

The consumption of water and energy, respectively, has remained fairly stable throughout the period despite product mix changes, where sales of higher energy consumption products are not seen for the period due to ongoing investments and improvements. Calculations of energy and water consumption have been performed in accordance with the ESG recommendations provided in the financial highlights in the annual report.

For the first time, we are reporting on total carbon emissions per hl of product sold. Here, a rising trend is seen and to address this issue, we have invested in equipment to reduce total carbon emissions. Calculations of carbon emissions are in accordance with the ESG recommendations provided in the financial highlights in the annual report.

NOTE 3: PEOPLE

Harboes Bryggeri A/S has been collecting data on workplace accidents and absence due to illness for several years. In accordance with note 1, data is shown for the period 2017/2018 to 2019/2020. The trend in the group's number of workplace accidents and absence due to illness, respectively, explains our increased focus on this area.

The gender diversity distribution for the company as a whole and in terms of the management group shows a clear difference: most employees in production are men, while more women are seen in the management group.



BY APPOINTMENT TO
THE ROYAL DANISH COURT

HARBOE

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