

AH Industries

Corporate Social Responsibility Report 2013

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FOREWORD – BY OUR CEO

In our CSR Report for 2012, we wrote *“Despite the challenging market conditions, our commitment to CSR remains strong”*. The same is true for the year of 2013.

The year 2013 has for AH Industries, been characterised by continuous challenging market conditions. Even so, most business units have managed to deliver a positive development, while other business units have been challenged. To further improve the service to the customers, an adjustment of the organisation has been decided and implemented. The purpose of such adjustment is to optimise our business in order for AH Industries to continuously perform as a long-term sustainable organisation and partner to our customers. Even with much attention required towards the organisational adjustment, our commitment to CSR has remained strong, and supports the manifestation of AH Industries as a sustainable solutions partner.

At AH Industries, CSR means to do business in a responsible manner, balancing our financial, social and environmental responsibility. This balance of responsibility is an integrated part of strategy and every-day activities. Each day we do our best to earn our position as a sustainable solutions partner.

Our main focus during 2013 has been to establish a strengthened foundation for our work within CSR. Central for the year of 2013 is our signing to the UN Global Compact, and thereby our commitment to support the ten business principles within Human Rights, Labour standards, Environment, and Anti-corruption. Moreover, as part of a stronger foundation, we have undergone a materiality assessment in order to identify the most relevant CSR issues and activities to work with and report on. Supporting the materiality assessment and reporting of data, we have implemented a global data platform which enables a central data management of global data, provided by local primary source of information.

The year of 2013 also encompassed a focus on ethical and responsible business behaviour expected of both our employees and suppliers. The frame for this focus is the launch of our Internal Code of Conduct and our Supplier Code of Conduct.

Throughout the coming year, AH Industries will undergo significant change in the form of relocation and merger of sites – all with the purpose of establishing a competitive and long term sustainable organisation. Therefore, our CSR focus throughout the coming year will be characterised by upholding and nursing the strong foundation that we build during 2013. Our work within the field of CSR is an on-going journey, and we will do our utmost to continuously establish a strengthened CSR platform.

By this report I reaffirm AH Industries continued support of the ten business principles of the UN Global Compact in the areas of Human Rights, Labour Standards, Environment, and Anti-corruption. We describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

We intend to provide an open insight to the progress we have made as well as the challenges we are faced with related to our work with corporate social responsibility.

Knud Andersen
CEO, AH Industries A/S

ABOUT THE REPORT

This report is part of Management's Review in our annual report, and refers to the year of 01.01.2013 – 31.12.2013. The report encompasses data from the companies of AH Industries Holding A/S. This is the second report of its kind within AH Industries. The report is based on data, which has been collected through our group CSR&HSE data platform. Throughout the past year we have been working on a strengthened data management platform combining quantitative and qualitative data, encompassing the entire Group, globally. The platform enables a central data management of global data, provided by local primary source of information.

August 2013, AH Industries signed the UN Global Compact. Our signing to the UN Global Compact officially states our support to the ten principles within Human Rights, Labour Standards, Environment and Anti-corruption. Thus, this report also serves as our Communication on Progress Report (COP Report). An overview of primary COP elements encompassed by this CSR report is to be found at page 15.

Moreover, the report is inspired by the Global Reporting Initiative Guidelines, (GRI4), for which reason this report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. During 2013, we have undergone a materiality assessment with the purpose to identify the most material and relevant CSR issues for AH Industries to focus on, work with, and report on. The process of this materiality assessment is framed by the GRI4 Reporting Guidelines and founded on an analysis encompassing stakeholder expectations, internal group policies as well as the ten business principles from the UN Global Compact. The result is an overview of identified issues and indicators for us to prioritise.

A list of Standard Disclosures and Indicators from the GRI Sustainability Reporting Guidelines is to be found at page 16. This list of Indicators encompassed by the report is cross-referenced with the ten principles of the UN Global Compact.

AH Industries has a significant impact on business partners, employees, owners, the environment and society. This report is part of our related responsibility to communicate openly about our CSR effort to our stakeholders.

ORGANISATIONAL FACTS

AH Industries is a manufacturer within the wind turbine industry and the industry of cement and minerals. Geographically AH Industries is located in Denmark, Germany, USA, and China. Our organisational activities cover the areas of; Head Office functions, Sales, Production, Sourcing/Logistics, and Value engineering. As of 31.12.2013 we employ a total of 428 employees, globally. The below chart presents a factual overview.



Gender composition at AH Industries.

AH Industries, Organisation			
Gender	Number	Percentage	
Male	365	85%	
Female	63	15%	
AH Industries, Management ¹			
Gender	Number	Percentage	
Male	65	80.2%	
Female	16	19.8%	
AH Industries, Board ²			
Gender	Number	Percentage	
Male	7	100%	
Female	0	0%	

¹ Management is defined by having employee responsibility and/or a title of Manager, Supervisor, Director and above.

² Not including staff-elected board members.

OUR FOUNDATION FOR WORKING WITH CORPORATE SOCIAL RESPONSIBILITY

In December 2011, our Corporate Social Responsibility department was established. The purpose of this organisational setup, with an individual CSR department, is to emphasise the importance of CSR as an integral part of our business. Central for the year of 2013 is our signing to the UN Global Compact, and thereby our commitment to support the ten business principles within Human Rights, Labour standards, Environment, and Anti-corruption.

Corporate Social Responsibility Policy

The foundation for our business integrated approach to CSR takes root in our group CSR policy. The purpose of the policy is to communicate AH Industries' understanding of and opinion on CSR - and to ensure for this to be reflected at all levels of the organisation as well as with the organisation's relation with society and stakeholders. The CSR policy encompasses these four main topics: Employees, Diversity, Environment and Climate, and Suppliers.

Employees – *We work to secure our employees a safe and healthy working environment proactively preventing industrial injuries and work related injuries.*

Diversity - *We are a diverse workplace with room for all types of employees no matter sex, religion, ethnic/social background, political view, age or sexual orientation. Being a diverse workplace also means that we hire disabled people and people with reduced ability to work.*

Environment and Climate – *We have an active Environment and Climate policy and continuously initiate energy and environmental improvements. Simultaneously we work to prevent pollution and other environmental hazards from our production facilities.*

Suppliers – *We secure safety in our supply chain by demanding of our suppliers that they act in compliance with UN Global Compact through our Code of Conduct.*

The CSR policy is put into practice mainly through our group policies; Occupational Health and Safety policy, our Environment- and Climate policy, and our Code of Conduct documents for employees and suppliers. These policies are summed up below. Moreover, as of 2013, a policy on Gender Equality supports the CSR policy³.

Occupational Health and Safety Policy

AH Industries considers a well-functioning work environment to be an important prerequisite to achieve a good result for our organisation as well as for our employees. This is why we prioritise our employees' safety, health, and well-being. Our Occupational Health and Safety organisation, which is represented both by managers and employees, work continuously to ensure a healthy and safe working environment for our employees, through a proactive work environment effort. At AH Industries our employees represent a mix of cultures, and we implement the different opinions and attitudes towards improving our physical and psychological work environment in order to reduce the level of sickness absence. Moreover, we strive to maintain and make room for employees, who due to illness, physical, psychological, or social reasons are not able to perform in their previous position. We educate and motivate our employees to actively take part in the occupational health and safety work and responsibility.

³ With reference to Danish legislation and The Danish Financial Statements Act, we have implemented a policy on Gender Equality, which is accounted for and reported on in the section on "Employees and Diversity".

The Occupational Health and Safety policy is, for the reporting period 01.01.2013 – 31.12.2013, supported by the following objectives⁴:

- Sickness absence at maximum 3.3 %
- Number of accidents with absence is annually reduced by 50 %, while striving for our ultimate goal of zero accidents
- A minimum of 200 registered nearby misses

By 01.01.2014, the Occupational Health and Safety policy is supported by the following objectives:

- 0 severe accidents
- A minimum of 200 registered nearby misses

Environment- and Climate Policy

As a manufacturer in the wind turbine and cement and minerals industry we strive to make continuous improvements to make our production facilities as environmentally friendly as possible. As a minimum, AH Industries lives up to local environmental legislation, and we expect the same of our suppliers. We have an environmental committee, represented by managers and employees, who work to ensure continuous improvements through a structured environment action-plan. In other words, we take precautionary measures to control and prevent risk for accidents, pollution and other environmental strain caused by our production facilities. All employees at AH Industries are introduced to the Environment- and Climate policy and are involved in the environmental work whenever it is found relevant. Openness and a will to cooperate is expected and exhibited at all enquiries regarding environmental considerations related to our products or production facilities.

The Environment- and Climate policy is supported by the following objective⁵:

- Implementation of a minimum of two environmental improvements, annually.

As will be described in the section on “Environment”, our production setup does not enable a group objective to reduce our total CO2 emission. It is found that local improvement projects at our sites are best suitable for our organisation. The section on “Environment”, further illustrates energy efficiency as a core interest for local improvement projects.

- For 2013, the total purchase of electricity was: 1184872 kWh.

Also usage and recycling of material is an area of concern.

- In 2013, 14.717 tons of metal scrap was recycled.

Lastly, we have had no significant environmental spills and we have received no sanctions for failure to comply with laws and regulations concerning environment and product responsibility.

Since 2012, all AH Industries companies, globally, have been certified according to OHSAS 18001 (Occupational Health and Safety Standard) as well as to ISO 14001 (Environmental Standard). In other words, this means that we, as an integrated part of our CSR effort and in accordance with our existing global ISO 9001 certification of our Management system, have established a well-functioning global HSE organisation. At AH Industries, evaluations regarding environment and occupational health and safety are, as far as possible, included equally to other evaluations and considerations in the foundation for major decisions, investments and expansions.

⁴ Objectives are reported on in the section on “Employees and Diversity”.

⁵ Objective is reported on in the section on “Environment”.

Code of Conduct

Lastly, our requirements and expectations regarding our own behaviour as well as the behaviour of suppliers are stated in our Internal Code of Conduct and Supplier Code of Conduct. Both documents are composed in compliance with the UN Global Compact and thus support the areas of Human Rights, Labour Standards, Environment, and Anti-corruption.

During 2013, our previous group Code of Conduct was subject for a significant process of revision. The document was updated on content, and split into an Internal Code of Conduct and a Supplier Code of Conduct. The process began with an analysis of the Code of Conduct documents, set forth by our most significant customers, and signed by AH Industries. This analysis resulted in an overview of issues and requirements given the most attention amongst our customers. These issues are implemented and prioritised as part of the new Code of Conduct documents. Moreover, the Code of Conduct documents are composed in compliance with UN Global Compact, UN's Universal Declaration on Human Rights and the conventions of the International Labour Organization (ILO).

The result is two new Code of Conduct documents, directed specifically to employees and suppliers. Moreover, the documents are aligned with stakeholder expectations, including the owner of AH Industries, Ratos, as well as Code of Conduct expectations from our most significant customers. Specifically, this means, that alignment has been established throughout the value chain, concerning the demands set towards AH Industries from customers and the demands that AH Industries expects of suppliers.

The following will account for our policy on Human Rights, Labour Standards, Environment, and Anti-corruption encompassed by our Code of Conduct documents.

Human Rights and Labour Standards

With root in our Code of Conduct documents, it is a matter of course, at AH Industries, to support and comply with internationally proclaimed Human Rights⁶ and Labour Standards. We are geographically represented through own sites and suppliers in countries where compliance with Human Rights and Labour Standards is not a given. Thus, we work actively to support and comply with Human Rights and Labour Standards both internally at AH Industries as well as through dialogue with our suppliers.

Our Internal Code of Conduct was implemented at all sites and introduced to all employees during fall 2013. Implementation of and compliance with the Internal Code of Conduct is supported by a screening of all sites encompassed by AH Industries group. As part of our annual data collection process, all sites are screened through a requirement to report on risk and preventive actions related to discrimination, forced labour, child labour, violation of employee right to exercise freedom of association and collective bargaining. At no site, is there identified risk related to any of the above areas. All sites comply with international and national legislation as well as the requirements stated in our Internal Code of Conduct. No complaints and/or incidents of human rights and/or labour standards have been filed.

Moreover, proactively our site in China has implemented preventive measures, to ensure continuous compliance with Human Rights and Labour standards. At our Chinese site we have no employees under the age of 18 and salary level is higher than the minimum wage stipulated by local authority. Employees can work overtime, only if they chose to so voluntarily. They have established an employee committee with representatives who, on behalf of all employees, discuss policies, rules or other issue with management. Lastly there is a suggestion box for employees to freely express their opinion.

⁶ With reference to Danish legislation and The Danish Financial Statements Act, our Code of Conduct encompasses and communicates our respect and support of the protection of internationally proclaimed Human Rights. We will remedy violations in case we become involved in violations of human rights.

Our Supplier Code of Conduct was also launched and implemented during fall 2013. The implementation of and compliance with the Supplier Code of Conduct is supported by a screening of suppliers, encompassing a self-assessment questionnaire where suppliers report on compliance with Humans Rights and Labour Standards, including issues of health and safety, discrimination, salary, remuneration and leave, working hours, child labour, forced labour, freedom of association and collective bargaining.

Our supplier screening process and implementation of the Supplier Code of Conduct is described in more detail in the section on “Suppliers”.

At no point, including the year 2013, have we been involved in complaints or cases about human rights impacts. We have had no incidents of discrimination involving employees or external stakeholders.

Environment

Our Internal Code of Conduct and Supplier Code of Conduct require of AH Industries and suppliers to comply with all environmental legislation to protect the environment.

Stated by our Code of Conduct, AH Industries and suppliers endeavor to utilize environment management systems to:

- Reduce the amount of waste and emissions into the air, ground and water.
- Handle chemicals in an environmentally responsible manner.
- Handle, store and dispose of hazardous waste in an environmentally responsible manner.
- Contribute to reusing and recycling materials and products.
- Implement environment friendly technologies.

Also, product safety is encompassed by the Code of Conduct, requiring for products manufactured by AH Industries and suppliers to comply with all laws and regulations relating to product safety.

Anti-corruption

Furthermore, we believe that we must take a clear stand against corruption. Our Internal Code of Conduct and our Supplier Code of conduct state our group policy of zero-tolerance for corruption. Thus, our Internal Code of Conduct and our Supplier Code of conduct are the basis for positive development and improvement with regard to anti-corruption.

During the first half of the year, AH Industries was subject for a group risk assessment within the field of anti-corruption, encompassing all sites. The result of the risk assessment was a low risk within the field of corruption. As part of the risk assessment process, a mapping of anti-corruption activities was identified, corresponding to the identified risk level.

At AH Industries, we have had no incidents of corruption.

Last but not least, at AH Industries, it is a matter of course to comply with legislation and regulation in general, at a local, national, and global level. During 2013, we have had no cases of non-compliance with laws and regulation of any kind.

At AH Industries, our CSR goal is for all employees and suppliers to act in accordance with our Code of Conduct. The Internal Code of Conduct encompasses a reporting structure for incidents of non-compliance.

Why work with CSR?

AH Industries regards CSR as an important part of our business and day-to-day activities, as do our stakeholders, by whom we are increasingly met with requirements regarding our CSR engagement. Therefore, at AH Industries, our business integrated approach to CSR is regarded as an opportunity to create shared value; meaning value for AH Industries, our stakeholders as well as for society. In our opinion, the advantages of a business integrated approach to CSR are many. Listed below are, what we consider to be, some of the most significant advantages.

- Risk management related to social, environmental, and financial perspectives
- Meeting demands from stakeholders and gaining strengthened competitiveness
- Strengthened image and reputation as being a responsible company
- Cost savings

REPORTING ON OUR CSR POLICY – GROUP OBJECTIVES

At the following pages, the report presents our work with CSR, structured after the topics from our CSR policy; Employees and Diversity, Environment and Climate, and Suppliers. Each main section will present a brief introduction covering our main focus, followed by quantitative and qualitative reporting of group objectives. Lastly, each section presents our identified future focus areas and objectives.

EMPLOYEES AND DIVERSITY

Our focus

At AH Industries we prioritise our employees as one of our most important resources. Attention towards employee health and safety improve the quality of life of individual employees and their families to the benefit of our local societies. Legal compliance is ensured through awareness, operational control and monitoring as well as internal audits as support of the external audits by a third party organisation.

Our work within this area is mainly structured within the framework of our OHSAS 18001 certified Occupational Health and Safety management system, and manifested through related group policies.

Safety is a core issues concerning our employees at AH Industries. The Occupational Health and Safety policy is, for the reporting period 01.01.2013 – 31.12.2013, supported by the following objectives:

- Sickness absence at maximum 3.3 percent
- Number of accidents is annually reduced by 50 %, while striving for our ultimate goal of zero accidents
- A minimum of 200 registered nearby misses

By 01.01.2014, the Occupational Health and Safety policy is supported by the following objectives:

- 0 severe accidents
- A minimum of 200 registered nearby misses

All new employees take part in mandatory introduction, encompassing an introduction to Health, Safety and Environment (HSE). The HSE introduction covers our Occupational Health and Safety policy, our Environment policy and the related HSE organizational set-up, working to make sure that we, as a minimum, meet all legislative requirements and standards and ensures a safe workplace for our employees. Moreover, all new white collar employees take part in a CSR introduction.

In addition to safety, we find it important to have a continuous focus on employee well-being, satisfaction and not least employee development. Therefore, our Human Resource policy is supported by the following activities.

- Employee development interview
- Employee satisfaction survey
- Workplace assessment

Every second year, odd years, employees have an employee development interview with their manager. The purpose of this interview is to follow and support the development of the individual employee. Moreover, every second year, even years, all employees are invited to take part in an employee satisfaction survey. The results of this study is followed by a process, where all departments work attentively to improve identified focus areas, while also maintaining a continued effort within already successful areas.

The purpose of such a study is to establish a foundation for continued development, ensuring for all departments to function effectively, leading to improved employee satisfaction and thereby a balanced and effective workplace. Last but not least, all sites undergo a workplace assessment according to national legislation.

During 2013, we have launched a policy on Gender Equality⁷ with the purpose to further career development for men and women on an equal basis. The ambition of the owners and Board of Directors is to have a balanced gender composition.

The policy on Gender Equality focuses on Mid-level Managers⁸, as the first management level at AH Industries. The group of Mid-level Managers represent the first step of potential management development within the three management levels of Mid-level Managers, Directors, and the Executive Board. It is expected that a focus on management development, beginning at Mid-level Management, will have a natural effect on the gender distribution at all management levels.

AH Industries is part of an industry dominated primarily by male employees. Thus, in order to attract and develop female employees, equally qualified to male employees, and thereby obtain a more balanced gender composition, the policy is supported by the following activities.

- Annual seminar for Mid-level Managers. The seminar is carefully designed to encompass management issues relevant for our industry and organisation, while simultaneously expected to motivate female employees to pursue a management career and to develop within our management levels.
- Annual evaluation of recruitment process, to ensure gender neutrality in recruitment platforms, as well as language and tone of recruitment material.

It is the expectation that the above activities will lead to a more balanced gender composition of the management at AH Industries.

The policy on Gender Equality is supported by the following objective:

- By 2016, the Board of Directors aim for the female board members to represent a minimum of 20 %, and by 2019 it is the aim that female board members represent a minimum of 40 %.

Reporting 2013

Reporting on group objectives for the year 2013

At AH Industries, much focus has been placed on the topic of safety as a means to avoid work accidents. At group level, all units have focus on and work actively with registration of near misses as an important activity, from which we can learn much about safety and thereby prevent actual work accidents. More specifically, such a strategic follow-up structure for registration of near misses means that our employees identify potential risks and implement solutions before the risks cause actual accidents.

With reference to the objectives, encompassed by our Occupational Health and Safety policy, the following is reported:

- Sickness absence rate of 3.35 %

⁷ With reference to Danish legislation and The Danish Financial Statements Act, we have implemented a policy on Gender Equality.

⁸ Mid-level Managers are defined by title of either Manager or Supervisor.

- 155 registrations of near miss incidents
- Unfortunately, we have not been able to reduce the number of work accidents with absence according to our objective⁹. We have had a total of 28 work accidents with absence.

Below chart illustrates an overview of number of work accident with absence, divided by site and gender.

Gender	Site			
	Denmark	Germany	China	USA
Male	10	6	12	0
Female	0	0	0	0

The majority of accidents from the above statistics are small cuts, causing absence due to the risk of infection. We have had zero fatal accidents.

With reference to the objective encompassed by our policy on Gender Equality, the following is reported:

- The gender distribution within AH Industries' Board of Directors is 100 % men and 0 % women¹⁰.

Future focus areas

Safety will continue to be a core issues concerning our employees at AH Industries. Throughout 2013, we have been working dedicated to identify the best possible definition and management of work accidents. The result is a focus on severity of accidents, which has led to a revision of the reporting process of accidents as well as group objectives. By 01.01.2014, accidents are rated by a risk matrix and identified as a low risk, medium risk, or high risk accident. A high risk accident is classified as being severe, and preventive action, to reduce the risk of recurrence of the accident, is to be taken immediately.

With reference to the Occupational Health and Safety policy, as of 01.01.2014, our objective for the coming year is as follow:

- 0 severe accidents
- A minimum of 200 registered nearby misses

With reference to the policy on Gender Equality, our objective is as follows:

- By 2016, the Board of Directors aim for the female board members to represent a minimum of 20 %, and by 2019 it is the aim that female board members represent a minimum of 40 %.

Compliance and progress in respect of our OHSAS 18001 certified Occupational Health and Safety Management system is evaluated by an external audit company that performs audit every sixth months. Moreover, compliance and progress is monitored by top management at the annual Management Review.

⁹ C.f. CSR report 2012, it was the intention to report on this objective measured in accident frequency. However, during 2013 we have been working on identifying and measuring work accidents with a focus on severity for which reason the objective is reported on by the actual figure.

¹⁰ Not including staff-elected board members.

ENVIRONMENT AND CLIMATE

Our focus

At AH Industries, we work systematically to prevent, minimize and remedy adverse environmental impacts of our activities. Legal compliance is ensured through awareness, operational control and monitoring as well as internal audits as support of the external audits by a third party organisation.

Our activities within this field is structured mainly by our ISO 14001 certified Environmental management system, and manifested through our Environment- and Climate policy. Our Environment- and Climate policy is supported by the following objective.

- Implementation of a minimum of two environmental improvements, annually.

Reporting 2013

Reporting on group objectives for the year 2013

At AH Industries we work to ensure continuous improvements e.g. within energy efficiency. Nonetheless, our production setup and mix of products does not allow for us to setup objectives of reduction on purchase of electricity in kWh. In other words, a high kWh purchase is considered a good indicator for a busy production. Therefore, our Environment policy does not encompass a quantitatively measured group level objective to lower the total amount of purchased electricity in kWh, or to lower the total amount of CO2 emissions. Instead we continuously focus on implementing environmental improvement projects, including energy efficiency, chemical management, reduction of emissions, waste management, at site level. The below reporting from a Danish site is an example of such a local improvement project, within energy efficiency.

With reference to the objective encompassed by our Environment- and Climate policy, the following three improvement projects have been implemented during 2013.

Denmark

- Low energy light source has been implemented at a production site in Denmark. Payback time is estimated to a year.

China

- Installation of oil mist filters on CNC machines. The filter reduces both emission and air pollution of oil mist while machining the casting parts. In other words, the oil mist filters have a positive effect both on the working environment as well as the surrounding environment.
- Installation of central management system for the cutting fluid and water mixture. The central management system ensures a stabilized fluid and water consistency, which further reduces the fluid leakage during handling and using.

In addition to the above environmental improvement projects, our previous CSR report further set a goal for our Danish sites to have a software program for chemical management implemented. This objective too

has been realised, and all Danish sites manage chemicals via the software program, which allows for a more efficient management, encompassing compliance of various black-lists and REACH.

Lastly, the previous CSR report also set the objective for a global data platform, encompassing environmental data, to be implemented. As previously described, this data platform has been implemented at all sites encompassed the AH Industries group.

With reference to our “shared value” understanding of CSR, our environmental activities create value for the environment as well as for AH Industries. To illustrate: Installation of energy efficient light sources reduce the amount of kWh purchased, leading to a lowering of CO2 emissions, while at the same time reducing costs for AH Industries.

In sum, our environmental work ensures for our activities to have the smallest possible impact on the environment while at the same time generate cost savings for AH Industries. No administrative or judicial sanctions for failure to comply with environmental laws and regulations have been received.

Future focus areas

With reference to our Environment- and Climate policy and Environment management system, it is our goal to implement a minimum of two environmental improvements annually, at group level.

Moreover, the optimisation process described by our CEO, mainly affecting our Danish sites with relocation and merger of production sites, furthers a strong focus on responsible environment management, related to all steps of this process.

Compliance and progress in respect of our ISO 14001 certified Environmental Management system is evaluated by an external audit company that performs audit every sixth months. Moreover, compliance and progress is monitored by top management at the annual Management Review.

SUPPLIERS

Our focus

AH Industries is a global organisation, with both group units and business partners located all over the world. A global organisational presence furthers the need for a set of guidelines as a shared framework for responsible business conduct and ethical behaviour.

Responsible supplier management is a central part of our corporate responsibility. At AH Industries, we want to collaborate with our suppliers in an on-going effort to promote their social responsibility. To achieve this, we have established a Supplier Code of Conduct, which forms the basis of dialogue and control with our suppliers with regard to responsibility. The Supplier Code of Conduct is composed in compliance with the UN Global Compact and our support of the ten business principles within Human Rights, Labour Standards, Environment, and Anti-corruption. In other words, our Supplier Code of Conduct communicates a requirement for our suppliers to comply with and support of internationally proclaimed Human Rights and labour standards, endeavour to utilize environmental management systems, and lastly to support and comply with a zero-tolerance policy on corruption.

Furthermore, as explained in more detail in a previous section¹¹, the Supplier Code of Conduct encompasses stakeholder expectations and requirements in order to establish alignment throughout the value chain.

The implementation of the Supplier Code of Conduct was initiated during 2013, as part of the following process. Primary suppliers¹² to AH Industries have undergone a risk assessment screening, in order to identify suppliers most relevant to be included in our first CSR screening of suppliers. The risk assessment process had two steps:

- Evaluation of strategic business importance
- Evaluation of risk of Code of Conduct violation

Suppliers identified through this risk assessment have been invited to take part in a CSR screening, based on a screening tool, which is in alignment with the issues of the Supplier Code of Conduct. As part of the CSR screening, the suppliers are asked to sign the Supplier Code of Conduct. Results of screening reports will determine the need for an actual CSR/Code of Conduct audit at the respective suppliers.

The Supplier Code of Conduct was developed during the first half of the year. During the following months the implementation process was planned and the actual implementation process at suppliers was initiated by November 2013.

Reporting 2013

Reporting on group objectives for the year 2013

- Number of suppliers that have completed the CSR screening: 8
- Number of screening reports which gave reason for a CSR audit: 0
- Number of suppliers that have signed the Supplier Code of Conduct: 11

Future focus areas

Responsible supplier management will continuously be a focus area for AH Industries. Forward going risk assessment of primary suppliers will take place annually, and identified suppliers will be invited to take part in the CSR screening as well as asked to sign the Supplier Code of Conduct. Our long term ambition is for all primary suppliers to have signed the Supplier Code of Conduct.

¹¹ "Code of Conduct".

¹² Suppliers to production.

UN GLOBAL COMPACT – COP SPECIFIC OVERVIEW

With reference to our UN Global Compact membership, the following chart illustrates an overview of COP specific elements of the CSR report, within Human Rights, Labour Standards, Environment, and Anti-corruption. Reference is made to page number of the relevant headline, and solely to primary pages. Thus, supplementary information on the four issues is included at other pages, as illustrated by the below chart, cross-referencing the UN Global Compact issues with GRI indicators.

UN Global Compact			
	Assessment, Policy, Goals	Implementation	Outcome
	Page	Page	Page
Human Rights	6	6 & 13	6 & 14
Labour Standards	4 & 6	6 & 9 & 13	6 & 10 & 14
Environment	5 & 7	12 & 13	5 & 14
Anti-corruption	7	7 & 13	7 & 14

OVERVIEW OF STANDARD DISCLOSURES AND INDICATORS (GRI4)

The following two charts present an overview of GRI Standard Disclosures and GRI Indicators encompassed by our CSR report 2013. The indicators are, where possible, cross-referenced with the ten business principles encompassed by the UN Global Compact.

Standard Disclosures.

GRI Standard Disclosures	Reporting at page
G4 – 1	1
G4 – 3	2
G4 – 4	3
G4 – 5	3
G4 – 6	3
G4 – 10	3
G4 – 17	2
G4 – 18	2
G4 – 24	2 & 6
G4 – 28	2
G4 – 30	2
G4 – 56	6

Indicators.

GRI Indicators	UN Global Compact Principle	Reporting at page
G4 – ECO01		2
G4 – EN03	7,8,9	5
G4 – EN23	7,8,9	5
G4 – EN24	7,8,9	5
G4 – EN29	7,8,9	5, 13
G4 – LA06	6	9
G4 – HR03	1,2,6	6, 14
G4 – HR04	1,2,3	6
G4 – HR05	1,2,5	6
G4 – HR06	1,2,4	6
G4 – HR12	1,2	6, 14
G4 – SO03	10	7, 14
G4 – SO05	10	7, 14
G4 – SO08		7
G4 – PRO02		7