

AH Industries

Corporate Social Responsibility Report 2014



At AH Industries we set high standards for responsible business behavior and we expect the same of suppliers. As of 2013, AH Industries is a UN Global Compact participant and supports the ten principles within Human Rights, Labor, Environment, and Anti-corruption.

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Foreword – By our CEO

At AH Industries, 2014 has been a year characterised by much activity, changes and development. As I mentioned in last year's Corporate Social Responsibility Report, significant change and development was planned for 2014. Change and development, primarily in the form of relocation and merger of sites – all with the purpose of establishing a cost leadership and securing a platform for long term sustainable partnership to our customers.

August 2013, we signed the UN Global Compact and thereby officially support the 10 principles within Human Rights, Labour, Environment and Anti-corruption. UN Global Compact serves as our mainframe for our Corporate Social Responsibility (CSR) work, anchored with our CSR policy.

Working dedicatedly with CSR makes sense to our stakeholders as well as our business. During 2014, we have worked to uphold the strong foundation that we build during 2013, as well as further develop our CSR work by strengthening the implementation of CSR with core business processes, activities and culture.

In the following, I will take the opportunity to emphasise some of the CSR highlights from 2014.

Group Risk Assessment

Management Group signed the Code of Conduct

Performed the first CSR supplier audits by 3rd party auditor

Implementation of a global Group level KPI project

CSR introduction for employees, globally

Going forward, we will continue our focus on responsible business conduct and implementation of our Code of Conduct, internally as well as within our supply chain. Moreover, our CSR policy will be reviewed to ensure continued alignment with our development as well as set guidance.

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 face related to our work with corporate social responsibility.

Each day we do our best to earn our position as a sustainable business partner.

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 01.01.2014 – 31.12.2014. The report encompasses data from the companies of AH Industries Holding A/S.

This is the third report of its kind at AH Industries. The report is based on data, which has been collected through our group CSR&HSE data platform.

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 20.

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.

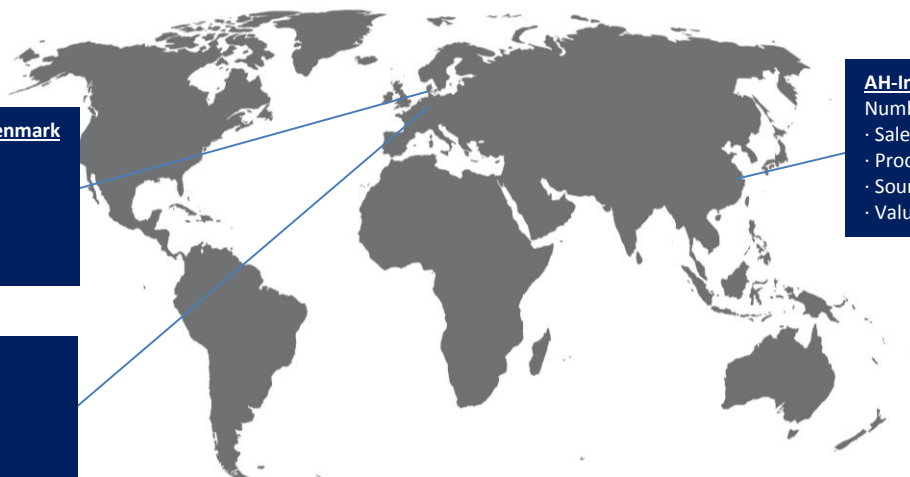
During 2013, a materiality assessment was performed with the purpose to identify the most material and relevant CSR issues for AH Industries to focus on, work with, and report on. The process of this materiality assessment is framed by the GRI4 Reporting Guidelines and founded on an analysis encompassing stakeholder expectations, internal group policies as well as the ten business principles from the UN Global Compact.

A list of Standard Disclosures and Indicators from the GRI Sustainability Reporting Guidelines is to be found at page 20. This list of Indicators encompassed by the report is furthermore 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. Our Group is based on HQ, and the Business Units, Heavy Parts, Small Parts, Site Solutions and Industrial Solutions. Geographically AH Industries is located in Denmark, Germany, and China. Our organisational activities cover the areas of; Head Office functions, Sales, Production, Sourcing, Logistics, and Value engineering. As of 31.12.2014, we employ a total of 391 employees, globally.



AH-Industries A/S – HQ – Denmark

Number of employees 221

- Sales
- Production
- Sourcing/Logistics
- Value engineering

AH-Industries - Germany

Number of employees 28

- Sales
- Production

AH-Industries – China

Number of employees 142

- Sales
- Production
- Sourcing/Logistics
- Value engineering

Gender composition at AH Industries, as of 31.12.2014.

AH Industries, Organisation	Number	Percentage
Male	328	83.89%
Female	63	16.11 %
AH Industries, Management¹		
	Number	Percentage
Male	60	86,96 %
Female	9	13,04 %
AH Industries Management Group²		
	Number	Percentage
Male	6	85.71%
Female	1	14.29%
AH Industries, Board³		
	Number	Percentage
Male	7	100%
Female	0	0%

Employee turnover at AH Industries, 2014.

Employee Hires (Group)	Age <30	Age 30-40	Age 40-50	Age 50-60	Age 60-70	Age >70
Female	2	2	3	1	0	0
Male	39	13	14	11	1	0
Employees Leaving (Group)						
	Age <30	Age 30-40	Age 40-50	Age 50-60	Age 60-70	Age >70
Female	1	4	3	4	0	0
Male	34	27	25	7	3	0

Employee turnover rate: 24.29 %.⁴

The following three schemes illustrate the number of employees leaving AH Industries during 2014, split on business units, geographically.

Employees leaving AH Industries, China - Ningbo.

Employees Leaving (China)	Age <30	Age 30-40	Age 40-50	Age 50-60	Age 60-70	Age >70
Female	1	1	1	0	0	0
Male	24	11	4	0	0	0

The employee turnover in China is affected by employees leaving due to natural cause, such as end of contract and employees seeking new opportunities.

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

² Management Group is CEO, CFO, Business Unit Directors and Senior Quality Manager.

³ Not including staff-elected board members.

⁴ Employee turnover rate calculation: Employees leaving during year/ total workforce by 01.01.2014 *100

Employees leaving AH Industries, Germany - Leipzig.

Employees Leaving (GE)	Age <30	Age 30-40	Age 40-50	Age 50-60	Age 60-70	Age >70
Female	0	0	0	0	0	0
Male	0	4	1	0	0	0

Employees leaving AH Industries, Denmark – All DK business units.

Employees Leaving (DK)	Age <30	Age 30-40	Age 40-50	Age 50-60	Age 60-70	Age >70
Female	0	3	2	4	0	0
Male	10	12	20	7	3	0

The employee turnover in Denmark reflects the organizational development, primarily characterized by relocation and merger of sites, completed throughout 2014.

Our Foundation for Corporate Social Responsibility

At AH Industries, CSR is anchored at our CSR department, with reference to our CEO. By 2013, we are a member of UN Global Compact, supporting, Human Rights, Labour Standards, Environment and Anti-corruption. 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 foundation for CSR 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. 2014, all Business Units passed recertification by 3rd party.

Our Understanding of Corporate Social Responsibility

AH Industries regards CSR as an important part of our business, as do our stakeholders, who continuously increase requirements regarding our CSR engagement.



At AH Industries, CSR means to do business in a responsible manner, balancing our financial, social and environmental responsibility – also known as the Triple Bottom Line. This balance of responsibility is an integrated part of strategy and every-day activities.

We prioritize and perform responsible and ethical business conduct and have set a high standard for responsible business behaviour expected by employees and suppliers.

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

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 the 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.*

Code of Conduct

Supporting our CSR Policy, 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 UN's Universal Declaration on Human Rights⁵ and the conventions of the International Labour Organization (ILO), as well as UN Global Compact.

Human Rights and Labor Standards

With root in our Internal Code of Conduct and our Supplier Code of Conduct, it is a matter of course, at AH Industries, to support and comply with internationally proclaimed Human Rights 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.

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.

Anti-Corruption

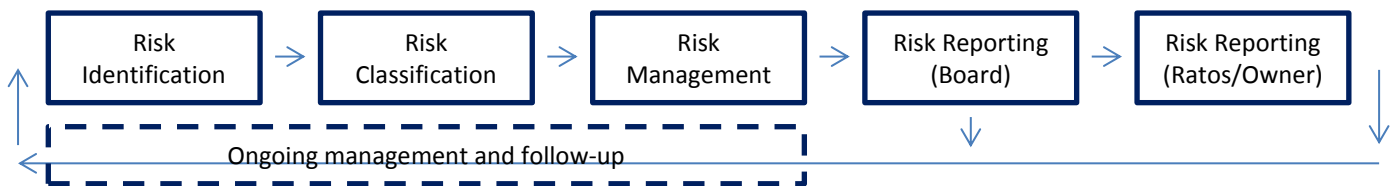
Our Internal Code of Conduct and our Supplier Code of conduct state our group policy of zero-tolerance for corruption. Thus, our Internal Code of Conduct and our Supplier Code of conduct are the basis for positive development and improvement with regard to anti-corruption.

⁵ 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.

Group Risk Assessment

During 2014, we strengthened our risk management by implementing a systematic risk management process, encompassing compliance with Code of Conduct, internally as well as within our supply chain. Exposure to risk is part of doing business. The challenge, therefore, is to manage, control, reduce or eliminate identified risks.

At AH Industries, we find that an updated and active risk matrix is essential to perform risk management aimed towards our most material and factual risks. In order to maintain an updated risk matrix, we designed our risk management process as an on-going annual process, to be integrated within our management at Group level as well as Business Unit level. Our risk management process is structured around five main steps.



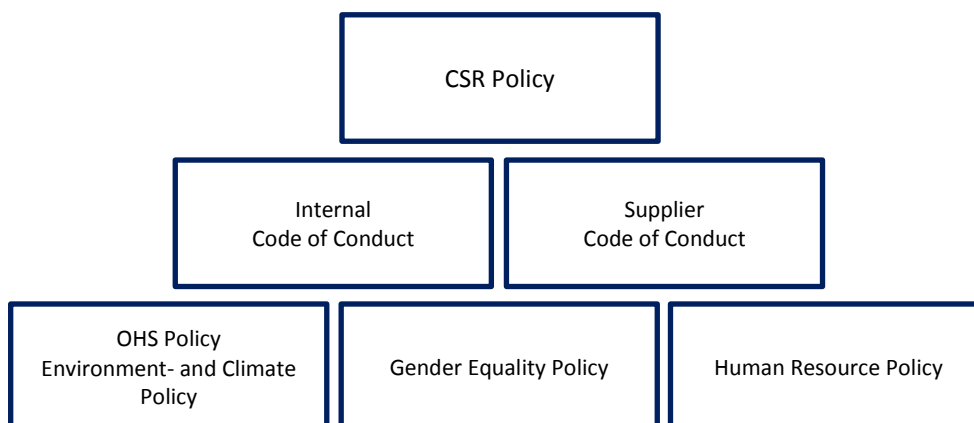
Anti-corruption risk assessment

Supporting our Group Risk Assessment we perform independent anti-corruption risk assessment. The first assessment was performed in 2013. The result was a low risk profile. Based on the risk profile, an anti-corruption program was implemented. The anti-corruption risk assessment will be reviewed during 2015.

Corporate Social Responsibility Reporting 2014

Our CSR policy is put into practice, mainly through our Code of Conduct, Occupational Health and Safety policy, Environment- and Climate policy, Human Resource policy, and our policy on Equal Opportunity.

AH Industries' CSR framework, aligned with UN Global Compact.



In the following sections, each of the main topics from the CSR Policy, **Employees, Diversity, Environment- and Climate** and **Suppliers** will be reported on by *Practice, Group Objectives and Progress, and Future Focus*.

Employees – In Practice

Health and Safety

At AH Industries we prioritise our employees as one of our most important resources, and we consider safety to be a core issue. We believe that attention towards employee health and safety improves 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 activities within Health and Safety is structured mainly by our OHSAS 18001 certified Health and Safety management system, and manifested through our Health and Safety policy. The policy describes how AH Industries work to prevent industrial injuries and work-related illnesses. AH Industries and our occupational health and safety organization work proactively to ensure that no work-related situations at AH Industries expose our employees to danger or endanger their health. The risk of personal injuries or work related illnesses must be minimized and possible causes identified and eliminated through preventive actions. We educate and motivate our employees to actively take part in the occupational health and safety work and responsibility.

The Occupational Health and Safety policy is, for the reporting period 01.01.2014 – 31.12.2014, supported by the following objectives:

- 0 severe accidents
- A minimum of 200 registered near miss incidents

Beginning of January 2014, we launched and implemented a global Group level Key Performance Indicator (KPI) project, where two of the identified KPIs are related to and support our Health and Safety policy and objectives.

The Health and Safety KPIs are formulated:

- Reduction of total number of accidents with 50% over a three year period, 2014-2016
- Increase of near miss registrations by 25 pcs per year in the period 2014-2016 (2014, 200 registrations. 2015, 225 registrations. 2016, 250 registrations)

The KPIs are based on data from 2013. Both of the KPIs are formulated as group objectives; however, they are also broken down at Business Unit level in order for all our Business Units to know what is expected by them individually in support of the Group objective.

Compliance with Code of Conduct

AH Industries operates its business in a responsible manner and we want to contribute to sustainable development, as well as maintain and strengthen our high degree of integrity and credibility.

Good and ethical business behaviour is expected from all employees at AH Industries. Our Code of Conduct, which is an ethical set of rules, communicates what is expected of all employees in relation to ethical business behaviour and anti-corruption. Our Code of Conduct also serves as our policy on Human Rights and communicates our respect and support of the protection of internationally proclaimed Human Rights.

Proactively our Business Unit in China has implemented preventive measures, to ensure continuous compliance with Human Rights and Labour standards. At our Chinese Business Unit 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. Moreover, 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.

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, white collar employees take part in a CSR introduction, covering the topics of our Code of Conduct.

Employees - Group Objectives and Progress

Health and Safety

At group level, all Business Units 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 systematic follow-up structure for registration of near misses means that our employees identify potential risks and implement solutions before the risks lead to accidents. Our effort to improve safety at our workplaces is paying off, with positive trends in both the number and severity of accidents.

Below chart illustrates the development in Group objective, at Group level.

Health and Safety Objective Cf. Health and Safety Policy	2013 Objective	2013 Realized	2014 Objective	2014 Realized
Severe accidents	N/A ⁶	N/A	0	1
Near miss registrations	200	155	200	299

In 2014 we experienced an accident where an operator squeezed a finger while craning a part. The accident is categorized as severe because the operator is permanently injured at the outmost joint of one finger. At no point have we experienced a fatal accident.

Below chart illustrates the development in accidents with absence, at Group level.

Overview of accidents with absence Group Level	2013	2014
Accidents with absence, Group level	28	14

Below chart illustrates the development in accidents with absence, at Business Unit level.

Overview of accidents with absence Divided by Geographic Business Units	2013	2014
Denmark	10	9
Germany	6	2
China	12	3

Below chart illustrates performance on Health and Safety KPIs, at Group level.

Health and Safety KPI	2013 Base year	2014 KPI
Reduction of total number of accidents with 50% over a three year period 2014-2016	N/A	Performance better than KPI ✓
Increase of near miss registrations by 25 pcs per year in the period 2014-2016	N/A	Performance better than KPI ✓

⁶ By 2014, objective on reduction of accidents was reformulated to focus on severity.

Below chart illustrates development in sickness absence rate, at Group level.

Development in Sickness Absence	2013	2014
Sickness Absence	3.35%	2.74%

Compliance with Code of Conduct

As a central part of the implementation of the Code of Conduct, all members of the Management Group have signed the Code of Conduct – leading the way with a good example.

Our Code of Conduct is available in relevant languages for all employees at AH Industries. Our Code of Conduct has, in Denmark, been implemented as part of a hand-out-kit with documents for new employees. These documents are further introduced at our Group Introduction Programme, also for new employees in Denmark. A general Introduction to CSR as well as an introduction to our Code of Conduct was performed for all white collar employees at our Business Units in Germany and China.

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 Code of Conduct.

Below chart illustrates development in filed complaints and/or incidents regarding non-compliance with human rights and/or labour standards.

Incidents of con-compliance with human rights and/or labour standards	2013	2014
Complaints and/or incidents of human rights and/or labour standards filed	0	0

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

Our Code of Conduct informs of a reporting guidance for reporting incidents and/or suspicion of non-compliance with the Code of Conduct.

Below chart illustrates development in cases of confirmed incidents of non-compliance with our Code of Conduct.

Non-compliance with Code of Conduct	2013	2014
Confirmed non-compliance with Code of Conduct	0	1

The confirmed incident of non-compliance with our Code of Conduct was a case of internal fraud towards AH Industries. The confirmed incident was responded to with zero tolerance, leading to an end in cooperation. Moreover, internal processes have been reviewed and strengthened where appropriate.

Employees – Future Focus

Health and Safety

With reference to our objective stated in our Occupational Health and Safety Policy, the following is reported as objective for reporting period 01.01.2015 – 31.12.2015.

- 0 Severe accidents
- 225 Near miss registrations

The above Group objective is supported by our KPI project 2014-2016

- Reduction of total number of accidents with 50% over a three year period 2014-2016
- Increase of near miss registrations by 25 pcs per year in the period 2014-2016 (2014, 200 registrations. 2015, 225 registrations. 2016, 250 registrations)

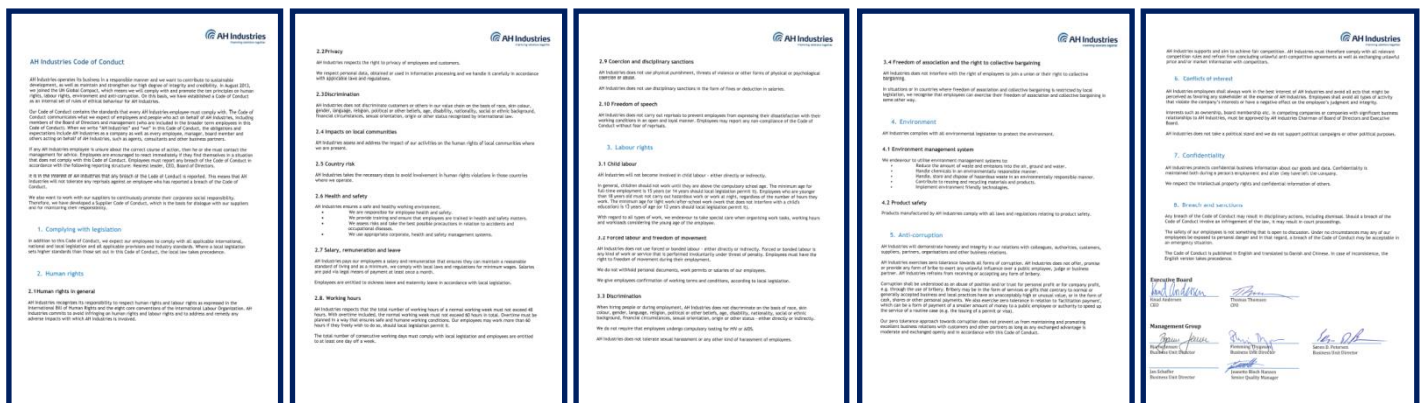
Compliance and progress in respect of our OHSAS 18001 certified Occupational Health and Safety Management system is evaluated by an external audit company that performs audit every sixth months. Moreover, compliance and progress is monitored by top management at the annual Management Review.

Compliance with Code of Conduct

With reference to our Code of Conduct, the following is reported as objective for reporting period 01.01.2015 – 31.12.2015.

- Code of Conduct document is integrated with Employee Development Dialogue
- Strengthening of our Internal compliance by implementation of a Whistle-blower system

Figure 1- AH Industries Code of Conduct



Diversity – In practice

Diversity and Equal Opportunity

AH Industries is a diverse workplace with room for all types of employees no matter sex, religion, ethnic/social background, political view, age or sexual orientation. 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 and/or have reduced ability to work.

During 2013, we 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 management levels of Mid-level Managers, Senior 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
- Annual evaluation of recruitment process, to ensure gender neutrality

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 %

In addition to our policy on Equal Opportunity, our Human Resource policy is our main foundation for our focus on employee well-being, satisfaction and employee development.

Our Human Resource policy is supported by the following activities.

- Employee Development Dialogue (EDD)
- Employee Satisfaction Survey
- Workplace Assessment

Every second year, odd years, employees have an Employee Development Dialogue with their manager. The purpose of this Dialogue 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 this combination and synergy between the Employee Development Dialogue and the Employee Satisfaction Survey 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 workplace assessment according to national legislation.

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.

Diversity – Group Objectives and Progress

Diversity and Equal Opportunity

With reference to the policy on Gender Equality, the following development is reported for the reporting period 01.01.2014 – 31.12.2014.

Equal opportunity/Women in Management	2013 Number	2013 Percentage	2014 Number	2014 Percentage
Women in Management position ⁹ (Total number of Managers 2014, 69)	16	19.8%	9	13,04 %
Women in Management group ¹⁰ (Management Group of 7 Top Managers)	0	0%	1	14.29%
Women in Board of Directors ¹¹ 2016 objective: 20% female board members 2019 objective: 40% female board members	0	0%	0	0%

Supporting the objective of the policy on Equal Opportunity, the following activities are reported for the reporting period 01.01.2014 – 31.12.2014.

Management Seminar	2013	2014
Managers at Management Seminar	9	8
Annual evaluation of recruitment process	Completed ✓	Completed ✓

With reference to our Human Resource policy, the following development is reported for the reporting period 01.01.2014 – 31.12.2014.

Human Resource activities	2013	2014
Employee Development Dialogue	Completed ✓	Planned 2015
Employee Satisfaction Survey	Planned 2014	Completed ✓
Workplace Assessment, cf. local legislation	Completed ✓	Completed ✓

The Employee Satisfaction Survey was performed beginning of 2014. The Employee Satisfaction Survey response rate was increased from 67,6% to 88% compared to the last survey.

At AH Industries we want to make our organization the best possible workplace for our employees. The Employee Satisfaction Survey is one of the tools we use to achieve this. The results of the survey provided us with an overview of focus areas to be improved as well as already successful areas to nurse and maintain. Moreover, the survey provides information on our management performance in general, as well as for each individual manager. In order to provide each individual manager with the opportunity to develop best possible, the survey was followed by individual follow-up with all managers. Our Human Resource

⁹ Management is defined by having employee responsibility and/or a title of Manager, Supervisor, Director and above.

¹⁰ Management Group is CEO, CFO, Business Unit Directors and Senior Quality Manager.

¹¹ Not including staff-elected board members.

department assisted managers in understanding the result of the survey as well as to operationalize the result by identifying activities related to areas of improvement.

Diversity – Future Focus

Diversity and Equal Opportunity

With reference to the policy on Gender Equality, the following is reported as objective for reporting period 01.01.2015 – 31.12.2015.

- 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 %.

The following activities will support our objective on Equal Opportunity.

- Annual seminar for Mid-level Managers
- Annual evaluation of recruitment process, to ensure gender neutrality

With reference to our Human Resource Policy, the following is reported as objective for reporting period 01.01.2015 – 31.12.2015.

- Employee Development Dialogue



Environment and Climate – In Practice

Environment- and Climate

At AH Industries, we work systematically to prevent, minimize and remedy adverse environmental impacts of our activities. Our activities within this field is structured mainly by our ISO 14001 certified Environmental management system, and manifested through our Environment- and Climate policy.

The policy describes how AH Industries, as a manufacturer in the wind turbine and cement and minerals industries strive to make continuous improvements to make our production facilities as environmentally friendly as possible. We have implemented an active environmental policy and we work hard to minimize environmental hazards from our factories.

We have established an environmental committee where both manager and employees are appointed and elected as representatives. We will as a minimum comply with the local environmental legislation in the countries in which we operate and we require the same from our suppliers through our Code of Conduct. In the future we wish to expand our efforts and create close partnership with our customers on making environmental improvements in production and product development. Our goal is to contribute to making the end product as environmentally friendly as possible.

At our current state, it is found that local improvement projects at our Business Units are best suitable for our organisation. Thus, we continuously focus on implementing environmental improvement projects, including energy efficiency, chemical management, reduction of emissions, waste management, at Business Unit level.

Our Environment- and Climate policy is supported by the following objective.

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

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.

Lastly, 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.

Environment and Climate - Group Objectives and Progress

Environment- and Climate

With reference to the Group objective encompassed by our Environment- and Climate policy, the following improvement projects are reported for the reporting period 01.01.2014 – 31.12.2014.

Objective	Business Unit	Status
Implementation of intelligent light and heat system	Small Parts, Denmark	Completed ✓
Implement solutions to responsible disposal of fluid	Heavy Parts, Denmark	Completed ✓

Development within additional Environmental Indicators, reported for the reporting period 01.01.2014 – 31.12.2014.

Environmental Topic	2013	2014
Total purchase of electricity, kWh ¹²	8.644.288	8.296.578
Metal scrap for recycling, tons	14.717	14.003
Significant environmental spills	None	None
Sanctions for failure to comply with laws and regulations concerning environment	None	None
Sanctions for failure to comply with laws and regulations concerning product responsibility	None	None

Environment and Climate – Future Focus

Environment- and Climate

With reference to the objective encompassed by our Environment- and Climate policy, the following improvement projects are reported as objective for reporting period 01.01.2015 – 31.12.2015.

Objective	Concerned Business Unit
Optimization of waste management	All Business Units, DK
Implementation of intelligent management of light	Site Solutions, DK
Implementation of energy efficient lights source	Heavy Parts Office, DK

With reference to our business integrated “shared value” understanding of CSR, we aim to ensure 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 aim to ensure for our activities to have the smallest possible impact on the environment while at the same time generate cost savings for AH Industries.

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.



¹² kWh for 2013 has been corrected from CSR report 2013

Suppliers – In Practice

Responsible Supplier Management

AH Industries is a global organisation, with 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. Our Supplier Code of Conduct communicates a requirement for our suppliers to comply with and support 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.

Suppliers - Group Objectives and Progress

Responsible Supplier Management

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 Environmental requirements, support of Anti-corruption, 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.

Below chart will illustrate progress within our work with responsible supplier management.

Objective/Progress	2013	2014
Number of suppliers that have signed the Supplier Code of Conduct	11	13
Number of suppliers that have participated in the CSR screening	8	11
Number of screening reports which gave reason for a CSR audit	0	0
Number of suppliers that have gone through a CSR audit	0	2
Number of supplier cooperation ended based on identified non-compliance with our Supplier Code of Conduct	0	0

Suppliers – Future Focus

Responsible Supplier Management

With reference to our Supplier Code of Conduct, the following is reported as objective for reporting period 01.01.2015 – 31.12.2015.

- CSR evaluation (screening and/or audits) of selected suppliers
- CSR issues integrated within supplier evaluation form, for supplier audits performed by AH Industries
- Supplier Code of Conduct is integrated with standard supplier contract documents
- Our long term ambition is for all primary suppliers to have signed the Supplier Code of Conduct

At AH Industries, it is a matter of course to comply with legislation and regulation in general, at a local, national, and global level. We have received no sanctions for failure to comply with laws and regulations during the reporting period

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 figure 4, cross-referencing the UN Global Compact issues with GRI indicators.

Figure 2 - Overview of COP specific elements of the CSR Report

UN Global Compact			
	Assessment, Policy, Goals	Implementation	Outcome
	Page	Page	Page
Human Rights	7 & 9	9	9 & 18
Labour Standards	7 & 9 & 13	9 & 13 & 18	10 & 14 & 18
Environment	16 & 18	16 & 18	16 & 18
Anti-corruption	7 & 18	9 & 18	10 & 18

Overview of Standard Disclosures and Indicators (GRI4)

The following chart presents an overview of GRI Standard Disclosures encompassed by our CSR report 2014.

Figure 3 - Overview of GRI Standard Disclosures

GRI Standard Disclosures	Reporting at page
G4 – 1	2
G4 – 3	3
G4 – 4	3
G4 – 5	3
G4 – 6	3
G4 – 10	4
G4 – 17	3
G4 – 18	3
G4 – 24	3
G4 – 28	3
G4 – 30	3
G4 – 56	7

The following chart presents an overview of GRI Indicators encompassed by our CSR report 2014. The indicators are, where possible, cross-referenced with the ten business principles encompassed by the UN Global Compact.

Figure 4 - Overview of GRI Indicators

GRI Indicators	UN Global Compact Principle	Reporting at page
G4 – ECO01		3
G4 – EN03	7,8,9	16
G4 – EN23	7,8,9	16
G4 – EN24	7,8,9	16
G4 – EN29	7,8,9	16
G4 – LA01	6	4
G4 – LA06	6	10
G4 – HR03	1,2,6	11,18
G4 – HR04	1,2,3	9,10,18
G4 – HR05	1,2,5	9,10,18
G4 – HR06	1,2,4	9,10,18
G4 – HR12	1,2	11
G4 – SO03	10	8
G4 – SO05	10	11
G4 – SO08		19
G4 – PRO02		17