



Sustainability Report 2017/18

COMMUNICATION ON PROGRESS

CHR HANSEN

Improving food & health

SUSTAINABILITY REPORT 2017/18

CONTENTS

INTRODUCTION

Letter to our Stakeholders	3
----------------------------	---

OVERVIEW

Commercial Goals and Highlights	4
Operational Goals & Highlights	5
Sustainability Board Chart	6

COMMERCIAL GOALS

Sustainable Products	8
----------------------	---

OPERATIONAL GOALS

Workplace Responsibility	10
Climate and the Environment	12
Business and Product Integrity	14
Human Rights and Responsible Sourcing	16

KEY FIGURES

Performance	17
-------------	----

APPENDICES

1. Policies and Systems	19
2. Legal Requirements	20
3. Limited Assurance Statement	21

INTRODUCTION

LETTER TO OUR STAKEHOLDERS

TAKING THE SEAT

In June 2018, I took over the leadership of Chr. Hansen. I'm honored to begin my journey in a company with such a clear purpose and commitment to contribute to a better world through the UN Global Goals for Sustainable Development (UN Global Goals).

It's a pleasure to meet and interact with so many engaged employees who are all passionate about what we're able to do and I'm truly excited about where this can take us.

SUSTAINABILITY AS OUR BUSINESS MODEL

Chr. Hansen is uniquely positioned to address global challenges through our strong microbial platform and our capabilities in developing natural solutions.

This year, we took an important step towards ensuring that sustainability is truly an integral part of our business by updating our corporate strategy. Now called Nature's no. 1™ – Sustainably, this is a clear signal to all stakeholders that Chr. Hansen is driven by business opportunities that support a more sustainable future. Our annual product portfolio assessment shows an improvement of one percentage point, and 82% of our revenue contributes to the UN Global Goals. The applied methodology and calculation is reviewed by the audit company PwC.

I'm proud to see Chr. Hansen ranked among the top 100 most sustainable companies in the world by the Canadian magazine and research firm, Corporate Knights. This is a direct result of the significant positive impact we have through our products.

During the year, we've been actively engaging with external stakeholders on measuring impact against the UN Global Goals and we continuously look for ways to enhance our reporting. This year, Chr. Hansen took the Chair of the newly established UN Global Compact Denmark Network, which will allow us to continuously engage with and learn from other companies.

MORE FOCUS ON SUSTAINABILITY IN OUR DAILY WORK

Chr. Hansen has four operational focus areas: Workplace Responsibility; Climate and the Environment; Business and Product Integrity; and Human Rights and Responsible Sourcing, with 2022 targets defined for each area. During the year, actions were taken to strengthen the internal processes and define new initiatives to support the targets. An important step was taken to strengthen data collection and quality for Environment, Health and Safety (EHS) figures.

Most significantly was the development on waste handling as we exceeded our 2022 target of recycling 40% of solid waste. For diversity, the percentage of diverse corporate management teams increased significantly from 66% to 78% moving us closer to the target of reaching 80%.

We continue our support and commitment to the UN Global Compact and its ten principles. This report outlines the policies, systems and processes we have in place to manage and mitigate social, environmental and ethical risks.

LOOKING AHEAD

Our company purpose is to address global challenges with our core products within food and health. We focus on the areas where we can have the highest impact, which are: to reduce food waste, to create healthier food products and cultures that improve human health and to contribute to more sustainable agriculture.

We will continue to improve, but I am proud of what we have achieved so far and the positive impact we are already making.

Mauricio Graber
President & CEO



OVERVIEW

COMMERCIAL GOALS AND HIGHLIGHTS

The table below presents progress on our long-term commercial targets and their link to the UN Global Goals.

	 Better farming	 Good health	 Less waste
UN Global Goals	 UN Global Goal 2 Zero hunger	 UN Global Goal 3 Good health and well-being	 UN Global Goal 12 Responsible consumption and production
Long-term targets	Expand reach of natural plant solutions to 25m hectares of farmland (2025)	Launch 6 new products with a documented health effect (2022)	Reduce global yogurt waste with 1.2m ton (2022)
Progress on targets*	6.7m hectares treated with natural solutions Chr. Hansen continues to advance traction of plant health solutions in existing and new markets	Three products launched During the year, Chr. Hansen launched ProKids, a culture containing LGG®, the world's best documented probiotic strain, for children's drinking yogurt	400,000t reduction in yogurt waste Chr. Hansen conducted an independent consumer study to investigate consumer acceptance to extended shelf life

*) Accumulated since base year 2015/16

OVERVIEW

OPERATIONAL GOALS AND HIGHLIGHTS

The table below presents the targets and progress for Chr. Hansen's operational goals and how these align with the ten principles of the UN Global Compact.

	 Workplace Responsibility	 Climate and Environment	 Business and Product integrity	 Human Rights and Responsible Sourcing
UN Global Compact	Principles 1 - 6	Principles 7 - 9	Principle 10	Cross-cutting (All principles)
Long-term targets, 2022	Lost Time Incident Frequency LTIF of ≤ 1.8 80% diverse corporate management teams	20% energy and water efficiency improvement* 25% CO ₂ efficiency improvement* 40% of waste recycled	100% of all employees completed e-learning in Code of Conduct	On site sustainability assessments of high risk suppliers
Progress on targets	LTIF: 2.46 Diverse corporate management teams: 78 %	Energy efficiency: 9% improvement* Water efficiency: 6% improvement* CO ₂ efficiency: 22% improvement* Waste: 42% recycled	99% completed e-learning in Code of Conduct	Supplier Requirements for Sustainability updated Training of QA auditors planned

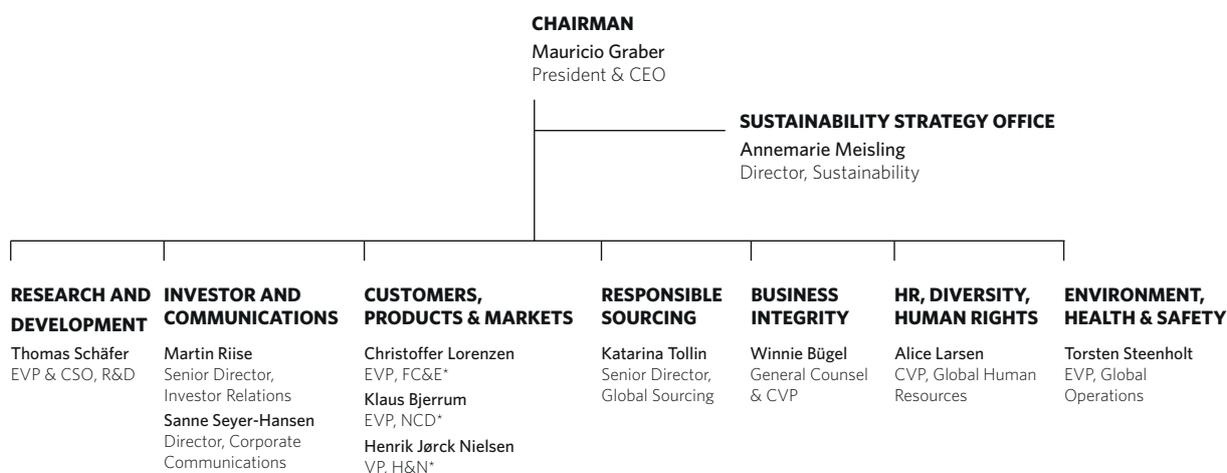
*) Since base year 2013/14

OVERVIEW

SUSTAINABILITY BOARD CHART

PURPOSE OF THE BOARD

Chr. Hansen's Sustainability Board is responsible for ensuring ownership, involvement and commitment from the entire business in defining, prioritizing and executing Chr. Hansen's sustainability objectives and activities.



* FC&E = Food Cultures & Enzymes NCD = Natural Colors Division H&N = Health & Nutrition

COMMERCIAL GOALS
**SUSTAINABLE
PRODUCTS**

GROWING OUR FUTURE. NATURALLY



6.7M HECTARES TREATED WITH NATURAL SOLUTIONS*

3 PRODUCTS WITH A DOCUMENTED HEALTH EFFECT LAUNCHED*

400,000 TON REDUCTION IN YOGURT WASTE*

*SINCE BASE YEAR 2015/16

82% of our products contributes to the UN Global Goals. We focus on the areas where our products have the highest impact: Good health, less waste and better farming.

COMMERCIAL GOALS

SUSTAINABLE PRODUCTS

CONTRIBUTION TO THE UN GLOBAL GOALS

In 2016/17, Chr. Hansen conducted a full mapping of its product portfolio to document its contribution to the UN Global Goals. This year, the figure has increased from 81% to 82%, meaning that 82% of Chr. Hansen's gross revenue contribute to the UN Global Goals. The applied methodology and calculation is reviewed by the international audit company PwC. See appendix 3 for the assurance statement.

BETTER FARMING (UN GLOBAL GOAL 2)

Chr. Hansen contributes to a more sustainable agricultural practice through plant probiotics and silage inoculants. The natural plant probiotics enable farmers to improve productivity while creating a more sustainable agricultural practice. Silage inoculants are used to ferment forage for livestock. It prevents the forage from decomposing and preserves nutritional value, while reducing amounts wasted.

Plant health solutions experienced increased traction in South America especially in sugar cane production. The geographical expansion continues, and the products are increasingly being used for new crops, such as soy beans. Sales of silage inoculants also experienced growth, adding to the aim of promoting sustainably grown food and crops.

Chr. Hansen continues to work closely with CARE Denmark on a Danida-funded partnership with the aim of promoting sustainable agricultural practices in Kenya by creating access to natural plant protection. The project is still in its early stages and will take form in the coming years.

During 2017/18, progress was made towards the 2025 target as the two solutions were applied across 3.2 million hectares. Since the base year 2015/16, a total of 6.7 million hectares have been treated with Chr. Hansen's natural solutions.

GOOD HEALTH (UN GLOBAL GOAL 3)

Chr. Hansen contributes to global health through its probiotics and healthy food ingredients.

This year, Chr. Hansen launched the ProKids concept for tasty probiotic children's drinking yogurt. The yogurt contains LGG®, the world's best documented strain, which has shown to support normal immune function in children. The launch of ProKids brought the total number of health products launched since 2015/16 to three.

During 2017/18, initial steps were taken to prepare a study on the impact of probiotics on public health expenditures, which will be conducted next year.

LESS WASTE (UN GLOBAL GOAL 12)

Chr. Hansen's bioprotective cultures can delay spoilage in fermented dairy products like yogurt. Keeping yogurt fresh for longer results in extended shelf life and reduces food waste.

In 2017/18, Chr. Hansen continued its efforts to reduce food waste. Together with a research organization, the Company conducted an independent consumer study in Germany to investigate how extending shelf life affects consumer acceptance. Blind sensory tests documented how there was no difference in consumers' liking of a yogurt with standard shelf life and one with seven days additional shelf life. The study also showed that the consumer purchase intention was influenced positively and even favored the yogurt with longer shelf life if consumers were presented with information about the food waste reduction potential. The results reinforce the ambition to continue to reduce food waste in yogurt, and to activate this opportunity even further at customer level.

Chr. Hansen is well on track to meet its target for reducing global yogurt waste. With a reduction of 170,000 tons in 2017/18, Chr. Hansen has reduced food waste in yogurt by 400,000 tons, one third of the target since the base year 2015/16.

FOCUS AREAS 2018/19

In 2018/19, Chr. Hansen will work to incorporate sustainability more formally in the pipeline assessment, allowing for sustainability to become an even more decisive factor in product development.

OPERATIONAL GOALS
**WORKPLACE
RESPONSIBILITY**

TOGETHER IN DIVERSITY



2.46 LOST TIME INCIDENT FREQUENCY

78% DIVERSE CORPORATE MANAGEMENT TEAMS

2 WOMEN AND 4 NON-LOCALS IN THE BOARD OF DIRECTORS

In Chr. Hansen we are passionate about improving food and health, based on high engagement and a strong sense of responsibility for ourselves and each other. A diverse and inclusive culture is instrumental for our future success, and the journey continues.

OPERATIONAL GOALS

WORKPLACE RESPONSIBILITY

ENGAGEMENT MATTERS

High engagement is key to future business success and fortunately the 2018 Engagement Matters survey shows strong progress. For the second straight year, Chr. Hansen outperformed Gallup's benchmark in terms of increasing the score. Progress was seen across all focus areas.

Engagement levels have in particular increased for operators and skilled workers. The number of highly engaged teams increased from 28% to 48%, clearly reflecting the overall positive trend for employee engagement in Chr. Hansen.

During 2017/18, Chr. Hansen launched its first global leadership development program: CONNECT. It is a week-long program, which marks a substantial investment in leadership development in Chr. Hansen. The philosophy of CONNECT is to encourage personal and unique ways of leading others and driving the power to succeed together as leaders. In 2017/18, 150 leaders attended the program and feedback received was very positive.

DIVERSITY

A diverse and inclusive culture is instrumental for Chr. Hansen to realize the full potential of the strategy. To guide the Company towards a more diverse workforce, a number of objectives and targets have been defined, reflecting gender, age, nationality, and different levels of seniority. One way of working towards greater diversity is addressed in the CONNECT leadership program by encouraging personal leadership styles.

To further support diversity in the organization, Chr. Hansen will develop quarterly diversity dashboards that will enhance awareness of diversity at division level.

During the year, the number of women at manager level and in key positions increased in total numbers. However, as the total workforce also increased, the ratio remains stable at 39% and 22%, respectively.

In 2017/18, the number of diverse corporate management teams increased from 66% to 78%, moving Chr. Hansen closer to its target of reaching 80% diverse teams. Reflecting a growing global organization, the positive trend towards more non-Danes in key positions continued in 2017/18, where the ratio increased by 3 percentage points.

The gender division across the Board of Directors in Chr. Hansen Holding remained stable. Similar to last year, the Board achieved equal gender representation as defined under Danish law¹. The Board of Directors maintains the target of having a least three female board members elected by the shareholders by 2022, as well as strong diversity of skills, experience and nationality.

The boards of directors in other, Denmark based Chr. Hansen companies² remained stable with an equal gender representation under Danish law¹.

HEALTH AND SAFETY

Chr. Hansen continues the positive path for creating a safe working environment in accordance with the strategy of reaching "Two in Twenty" with a zero-accident mindset.

The Lost Time Incidents Frequency continued to improve, from 2.50 last year to 2.46 in 2017/18. The main reason for the positive performance was a continued focus of creating a safety mindset using globally implemented safety concepts and systems. At the same time, the number of LTIs for external contractors improved from 4 to 1.

Chr. Hansen continues to work with its global safety concept, Take 5, which was launched last year. It reminds people to take a moment to assess the situation and the immediate work environment before beginning the work. In its simple form, this is about activating the mind before the hands to reduce the risk of preventable incidents. The concept has been rolled out across all Chr. Hansen sites.

FOCUS AREAS 2018/19

Several employee-centered initiatives will be launched in the coming year. The leadership program, CONNECT-U will be rolled out to the 450 people managers at the level below the first 150 leaders. In addition, a new Culture model has just launched, which will drive a common language and understanding for employees.

¹ See the Danish Business Authority's Guide on target figures and policies for the gender composition of management at <https://erhvervsstyrelsen.dk>

² This applies to Chr. Hansen A/S and Chr. Hansen Natural Colors A/S.

OPERATIONAL GOALS
CLIMATE AND ENVIRONMENT

SMART(ER) SOLUTIONS



42% SOLID WASTE RECYCLED
22% CO₂ EFFICIENCY IMPROVEMENT*
9% ENERGY EFFICIENCY IMPROVEMENT*
*SINCE BASE YEAR 2013/14

Chr. Hansen works for a more sustainable future. Therefore, we have launched the global Go Green project to sharpen our focus on energy management and reduction of the environmental impact of our operations.

OPERATIONAL GOALS

CLIMATE AND THE ENVIRONMENT

STRENGTHENING THE GO GREEN PROJECT

Chr. Hansen has defined a Global Go Green project to ensure that the environmental targets are fulfilled. The project sharpens the Company's focus on energy management and work to reduce environmental impact through its operations. The project has now been running for more than a year and has set forth a global approach for evaluating environmental performance, setting targets and conducting projects.

This year, important steps were taken to strengthen the organization around Go Green. The governance structure was finalized and local environment and energy organizations with local Go Green managers were established. This enables global coordination across production sites to continuously evaluate performance and ensure that environmental considerations are considered in business decisions.

To ensure close monitoring of Chr. Hansen's performance on energy and environment, improvements were made to the process and quality of the EHS data. This includes adding extra resources to ensure a high level of data quality and integrity.

Chr. Hansen continued to work towards certification to the environmental management system ISO 14001. The process is running according to plan. During 2017/18, two of the largest sites, Milwaukee and Arpajon, were certified to the standard.

IMPROVING OPERATIONAL PERFORMANCE

Chr. Hansen experienced an overall positive trend on all environmental targets.

The amount of solid waste recycled increased by 9 percentage points to 42%, which is above the 2022 target. As a result, the target will be reassessed going forward. Most sites are showing increased waste recycling percentages. This progress is driven by the global initiative "waste to resource", which has resulted in improved waste handling and reporting at the sites. Several plastic fractions have been taken out of the waste stream for individual recycling purposes. Another example is from Milwaukee where disposable lab coats are sent to a business partner for reuse, rather than being thrown out.

During the year the amount of wastewater generated increased due to increased water usage and cleaning of equipment.

Energy efficiency improved from 7% to 9% in 2017/18. Major projects focusing on an energy-efficient use of process and utility equipment were initiated in France, Italy, Germany and the US. At the production site in Gråsten, solar panels were installed. In addition to these focused projects, Chr. Hansen took the initiative to upgrade lighting systems to LED. This will take place on a global scale now and in the coming years.

The CO₂ efficiency also improved during the year from 17% to 22%, primarily driven by improvements in energy efficiency and decrease in use of cooling agents.

Scope 3 CO₂ emissions from transportation improved slightly compared to last year because of reduced use of air freight.

Water efficiency improved from 5% to 6% in 2017/18. This was due to water saving projects in Brazil and Peru, areas where water scarcity is a reality. The projects are focused on reusing water from production processes. Similar projects have been initiated at other larger production sites.

Two environmental violations were recorded this year. One was resolved while corrective actions are ongoing for the other, however the environmental impact is minor.

FOCUS AREAS 2018/19

Priorities for 2018/19 will be to continue the path towards ISO 14001 certification at the remaining production sites.

The Go Green program will continue to develop and ensure that Chr. Hansen invests in environmentally sustainable solutions and projects.

OPERATIONAL GOALS BUSINESS AND PRODUCT INTEGRITY

DELIVERING SAFE PRODUCTS



99% EMPLOYEES COMPLETED CODE OF CONDUCT E-LEARNING

ALL SITES FSSC CERTIFIED

1 CASE REPORTED THROUGH THE WHISTLEBLOWER

Every day, more than one billion people enjoy a product that contains a Chr. Hansen ingredient. That puts a huge responsibility on our shoulders; a responsibility we are proud to live up to 24/7/365.

OPERATIONAL GOALS

BUSINESS AND PRODUCT INTEGRITY

BUSINESS ETHICS

Chr. Hansen is committed to ensuring fair, transparent and ethical standards of business conduct anywhere in the world, and the Company maintains a strict zero tolerance policy towards corruption and bribery. Chr. Hansen operates across industries and geographical contexts where risks to business integrity may vary.

This year, Chr. Hansen rolled out a new Code of Conduct e-learning module to all employees, covering among other themes: Anticorruption and whistleblowing. This is an important step towards ensuring compliance across the organization. 99% of all active employees had completed the training at the end of the financial year. Since the training cycle follows the calendar year the completion rate is expected to reach 100%.

To ensure a high level of business integrity, it is critical that third parties acting on behalf of Chr. Hansen work according to the Company's policies and guidelines. Chr. Hansen therefore continues to strengthen the processes for engaging third parties, building on the third-party management framework launched last year. Focus during 2017/18 was on identifying how to best move forward and on developing specific initiatives that will be rolled out during the next financial year.

ENCOURAGING STAKEHOLDERS TO RAISE CONCERNS

Chr. Hansen encourages employees and external stakeholders to raise concerns either through the whistleblower hotline or directly with Management. This year, one case was reported through the whistleblower hotline. The case has been investigated and concluded unsubstantiated.

DELIVERING SAFE PRODUCTS

A top priority for Chr. Hansen is that the customers can trust us to deliver safe, high-quality products. All production sites are certified to the food safety standard FSSC 22000. To ensure that Chr. Hansen maintains the high food safety standard, Bureau Veritas conducts, on average, an audit every other week at a Chr. Hansen site.

Two product retrievals were carried out during the year. A product retrieval is a situation where a product is withdrawn, but where there has been no regulatory requirement to remove the product. It is therefore not directly related to the health and safety of consumers, but it is a question of quality and functionality of the product.

In 2017/2018 more site audits compared to previous years were conducted due to expanded coverage of our certification. There were 11 food safety related findings for which follow-up actions have been defined. Most of the findings were related to internal documentation issues rather than product related issues.

FOCUS AREAS 2018/19

Chr. Hansen will continue to focus on maintaining a high-level of business integrity by ensuring continuous training and information to employees. A priority for the year ahead is to strengthen the process for managing third parties.

OPERATIONAL GOALS
**HUMAN RIGHTS AND
RESPONSIBLE SOURCING**

SOURCING DIRECTLY FROM NATURE



RANKED NO. **66TH** MOST
SUSTAINABLE COMPANY IN
THE WORLD BY CORPORATE
KNIGHTS

RANKED AMONG TOP **5%**
PERFORMERS EVALUATED
BY ECOVADIS

2 SMETA AUDITS CONDUCTED

We keep a strict eye on our suppliers to ensure that they act responsibly in terms of food safety, quality and sustainability – and not least, respect human rights.

OPERATIONAL GOALS

HUMAN RIGHTS AND RESPONSIBLE SOURCING

PROGRESSING ON RESPONSIBLE SOURCING

Prior to becoming a supplier to Chr. Hansen, all direct suppliers go through an approval process, in which areas such as food safety, quality and sustainability are assessed. This is not just to keep our own house in order, but also to encourage our suppliers to act responsibly.

An updated responsible sourcing plan was presented during the year. It outlines how resources will be focused on the suppliers associated with the highest risks to people and the environment. Among the initiatives is regular training of sourcing employees and quality auditors to ensure that these groups can spot violations of the supplier requirements when visiting suppliers. The next training session is scheduled for the beginning of the next financial year.

Chr. Hansen also updated its Supplier Requirements for Sustainability, which clearly define the Company's expectations to its suppliers. Chr. Hansen is in the process of integrating these requirements in contracts with vendors of direct materials, i.e. materials and goods that are directly related to our production.

CONTINUED SUPPORT FOR HUMAN RIGHTS

Chr. Hansen respects human rights and supports the UN Guiding Principles on Business and Human Rights. The key changes made this year to the human rights due diligence, are in terms of a strengthened approach to supplier management.

The overall result of the assessment is similar to last year: The industry and location of Chr. Hansen's activities are generally associated with a low risk of negative human rights impacts. The main risks are at the raw agricultural material suppliers in developing countries, due to the inherent human rights risks of the industry and the geographical context. However, Chr. Hansen primarily sources processed goods and only has a small number of this type of supplier.

Another important element in the responsible sourcing program is Chr. Hansen's close collaboration with suppliers. This year, Chr. Hansen visited a long-term supplier of annatto in the Ivory Coast to document the impact of the collaboration. The partnership creates jobs in the local community, which spurs local economic development. The local project works closely with agronomists who ensure sustainable and good agricultural principles (GAP).

TRANSPARENCY AND DISCLOSURES

Chr. Hansen is not only dedicated to ensuring responsible sourcing practices but also to ensuring that the Company itself is a responsible supplier to its customers.

The largest production sites undergo external SMETA audits on a regular basis. In addition, Chr. Hansen documents its sustainability performance and management approach externally against global reporting platforms such as SEDEX, EcoVadis, FTSE, OEKOM, Sustainalytics, and the Carbon Disclosure Project.

FOCUS AREAS 2018/19

Chr. Hansen will continue to strengthen and develop the responsible sourcing program over the coming years.

KEY FIGURES PERFORMANCE³

COMMERCIAL PERFORMANCE	2017/18	2016/17	2015/16	2014/15	2013/14
REVENUE CONTRIBUTION TO THE UN GLOBAL GOALS					
Gross revenue contribution, %	82	81	-	-	-
BETTER FARMING					
Farmland treated with natural solutions, ha.	3.2m	1.3m	2.2m	-	-
Accumulated ha. (since base year 2015/16)	6.7m	3.5m	2.2m	-	-
GOOD HEALTH					
Products with a documented health effect, no.	1	1	1	-	-
Accumulated no. of products (since base year 2015/16)	3	2	1	-	-
FOOD WASTE					
Yogurt waste reduction, tons	170,000	130,000	100,000	-	-
Accumulated tons (since base year 2015/16)	400,000	230,000	100,000	-	-
ENVIRONMENTAL PERFORMANCE					
ENERGY⁴					
Total energy consumption, MWh	201,313	186,152	171,671	167,619	166,502
Energy efficiency, relative to base year 2013/14, %	9	7			
WATER⁴					
Total water consumption, m ³	1,505,165	1,309,398	1,181,699	1,133,743	1,129,212
Water efficiency, relative to base year 2013/14, %	6	5			
CO₂ FOOTPRINT⁴					
Total Scope 1 CO ₂ e emitted, tons	24,845	24,541	21,453	22,837	24,339
Total Scope 2 CO ₂ e emitted, tons	25,909	23,942	24,830	24,336	24,665
Total Scope 3 CO ₂ e emitted, tons	87,877	88,140	63,255	62,255	54,526
Total CO ₂ e emitted, tons	138,631	136,624	109,538	109,428	103,530
CO ₂ efficiency, relative to base year 2013/14 (Scopes 1 + 2), %	22	17			
WASTE⁴					
Recycled biomass, tons	99,337	90,009	82,680	76,474	67,402
Recycled solid waste, %	42	33	23	20	23
Solid waste, tons	4,418	3,974	3,176	3,130	3,170
Hazardous waste, % of solid waste	1	1	1	1	1
Wastewater, m ³	1,113,337	884,523	839,117	832,664	875,588
ENVIRONMENTAL VIOLATIONS					
Environmental violations, no.	2	0	3	4	7
BUSINESS & PRODUCT INTEGRITY					
PRODUCT SAFETY					
Product retrievals, no.	2	2	3	4	4
Product safety audit findings, no.	11	8	9	10	17
BUSINESS INTEGRITY					
Participation rate in Code of Conduct training, %	99	100	100	94	92

³ Accounting policies for the KPIs are available at <https://www.chr-hansen.com/en/sustainability/reporting-and-disclosure>.

⁴ For NCD, the calculation method has been changed from comparing utility use with kg of sold products to site specific production units. The new method is more accurate and better reflects production efficiency. The change effects our overall corporate KPIs progress. The KPI performance has therefore been recalculated from the base year 2013/14.

WORKPLACE RESPONSIBILITY	2017/18	2016/17	2015/16	2014/15	2013/14
PEOPLE STATISTICS					
Total number of employees	3,304	3,111	2,852	2,651	2,605
Average number of employees (Full-Time Equivalents)	3,151	2,940	2,708	2,573	2,510
Employee turnover, %	12	12	10	12	11
Rate of absence, %	2	2	2	2	2
DIVERSITY AND INCLUSION					
Gender - all employees (male/female), %	58/42	58/42	58/42	58/42	58/42
Gender - managers (male/female), %	61/39	61/39	61/39	64/36	65/35
Gender - key positions (male/female), %	78/22	78/22	78/22	82/18	81/19
Nationality - key positions (local/non-local), %	75/25	76/24	77/23	75/25	73/27
Nationality - key positions (Dane/non-Dane), %	54/46	57/43	59/41	63/37	59/41
Diverse teams ⁵ , %	78	66	69	77	69
Board of Directors - (male/female/non-local) ⁶ , %	71/29/57	71/29/71	71/29/57	71/29/57	83/17/50
OCCUPATIONAL HEALTH AND SAFETY					
Lost Time Incidents (LTIs)	14	13	19	16	17
Frequency of LTIs per million working hours (LTIF)	2.46	2.50	4.00	3.52	4.00
Severity (days away per LTI)	9	5	10	28	20
Fatalities	0	0	0	0	0

⁵ Defined as corporate management teams reporting to vice president level and above that include at least one woman and one non-local.

⁶ These numbers apply to the Board of Directors in Chr. Hansen Holding. Two of the seven shareholder-elected members of the Board of Directors at Chr. Hansen Holding are women. At both Chr. Hansen A/S and Chr. Hansen Natural Colors A/S, one of the three shareholder-elected members is a woman.

APPENDIX

1. POLICIES AND SYSTEMS

The table below describes the policies and systems in place to manage each operational target⁷

	 Workplace Responsibility	 Climate and Environment	 Business and Product integrity	 Human Rights and Responsible Sourcing
Policies & positions	People, Knowledge & Organization Policy Position on Health and Safety Diversity objectives	Sustainability position	Business Integrity Policy Anticorruption Position Product Safety Position	Sustainability Position Supplier Requirements for Sustainability
Systems and due diligence processes	Global safety assessments and minimum requirements Engagement Matters Survey	Environmental & energy assessment ISO 14001 certification (8 sites) and ISO 50001 certification (2 sites)	Third party due diligence process Mandatory e-learning FSSC 22000 certification (all sites)	Vendor management system SMETA audits Human rights due diligence process

⁷ See legal requirements in the Danish Financial Statements Act in Appendix 2.

APPENDIX

2. LEGAL REQUIREMENTS

Reference to section 99a and 99b of Act no. 738 regarding changes to the Danish Financial Statements Act, June 1. 2015.

SECTION 99A REFERENCE	READER'S GUIDE
Sustainability definition Section 99a	Chr. Hansen reports on all areas of the sustainability definition, including human rights, employee relations, environmental and climate impact and measures to fight corruption.
Business model Section 99a (2) (1)	See "Sustainability as our business model" on page 3.
Governance Section 99a, (2) (2)	See "Sustainability governance" on page 6.
Systems and "due diligence processes" Section 99a, (2) (3)	See "Systems and due diligence processes" in the overview section on page 19.
Key risks Section 99a, (2) (4)	A description of the key risks has been integrated into each of the relevant chapters, for example environmental risks in the chapter on climate and environment.
KPIs Section 99a, (2) (5)	See long-term goals in the overview sections on pages 4-5 and a five-year progress report under "Key figures" on pages 17-18.
Results Section 99a, (2) (6)	See "Progress on targets" and "Strategic highlights" in the overview sections on pages 4-5, a detailed description in the relevant chapters, and performance of each area under "Key figures" on pages 17-18.
Means of reporting Section 99a, (4) (1,2)	Chr. Hansen has decided to provide a separate sustainability report, which is available for download from the website at http://www.chr-hansen.com/en/sustainability/reporting-and-disclosure .
SECTION 99B REFERENCE	READER'S GUIDE
Policy for increasing the share of the underrepresented gender Section 99b, (2)	A description of the policy for increasing the share of the underrepresented gender at other management levels, how this is put into actions and an assessment of the achieved results on page 10.
Target figure for the supreme management body Section 99b (3)	Status and target for the underrepresented gender at the supreme management body on page 10.

APPENDIX

3. LIMITED ASSURANCE STATEMENT

Independent practitioner's limited assurance report on the 2017/18 contribution of Chr. Hansen A/S to the UN Global Goals.

TO THE STAKEHOLDERS OF CHR. HANSEN A/S

We have been engaged by Chr. Hansen A/S to obtain limited assurance on the Company's 2017/18 revenue contribution to the UN Global Goals (Sustainable Development Goals (SDGs no. 2, 3 and 12)) as stated on page 17 in the 2017/18 Chr. Hansen A/S Sustainability Report. The impact on the SDGs of Chr. Hansen A/S products is consolidated in terms of percentage of gross revenue in support of the selected SDGs. Chr. Hansen A/S has mapped its entire product portfolio and concluded that 82% of its gross revenue has a positive impact on one or more of UN SDGs number 2, 3 and 12.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the defined methodology and applied criteria including reporting scope, assumptions and estimations made when defining and consolidating gross revenue for sold products with positive impact on one or more of the UN SDGs number 2, 3 and 12. The methodology and criteria applied appear from the Sustainability Accounting Principles on the Company's website www.chr-hansen.com/en/sustainability/reporting-and-disclosure. The Management of Chr. Hansen A/S is responsible for deciding on these suitable criteria, assumptions and estimations applied in the calculation and consolidation. Furthermore, Management is responsible for ensuring that the preparation of the statement is in accordance with the stated criteria and defined methodology. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation such that the information is free of material misstatements, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PwC applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is, based on the procedures we have performed and the evidence we have obtained, to express a limited assurance conclusion on the Company's 2017/18 revenue contribution to the UN Global Goals (SDGs no. 2, 3 and 12) as stated on page 17 in the 2017/18 Chr. Hansen A/S Sustainability Report. We conducted our limited assurance engagement in accordance with International Standards on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000). The standard is issued by the International Auditing and Assurance Standards Board, and requires that we plan and perform this engagement to obtain limited assurance whether the subject matter is free from material misstatement. A multidisciplinary team including assurance practitioners, an engineer and a Ph.D. in international development studies conducted this engagement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Chr. Hansen A/S and the use of defined criteria and methodology as the basis for the preparation of the the Company's 2017/18 revenue contribution to the UN Global Goals (SDGs no. 2, 3 and 12). In addition, it involves assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation.

APPENDIX

The procedures we performed were based on our professional judgment and comprised inquiries regarding preparation of product data sheets, assessment of calculations, assumptions and estimations, and assessment of underlying documentation. During our work, we have conducted interviews and shown meetings with key individuals at Chr. Hansen A/S responsible for sales and for preparation of product data sheets, product-specific data as well as for consolidation and calculations. We have assessed that consolidated gross revenue per product, taking into consideration customer discounts, align with the audited net revenue in the 2017/18 Annual Report. In addition, during the interviews, we have assessed whether principles for selection and inclusion of products in the calculations are conservative in nature when considering impacts during use.

LIMITED REVIEW CONCLUSION

Based on our work, nothing has come to our attention causing us to believe that the Chr. Hansen A/S 2017/18 revenue contribution to the UN Global Goals (SDGs no. 2, 3 and 12) as stated on page 17 in the 2017/18 Chr. Hansen A/S Sustainability Report has not been prepared, in all material respects, in accordance with the applied criteria and methodology as described in the Sustainability Accounting Principles at www.chr-hansen.com/en/sustainability/reporting-and-disclosure.

Hellerup, October 15, 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Allan Knudsen
State Authorised Public Accountant

Jens Pultz Pedersen
M.Sc.(Eng.)