

UK Modern Slavery Statement 2017/18

Introduction This statement is published in accordance with the requirements of the UK Modern Slavery Act. It sets out the steps taken by Chr. Hansen to prevent modern slavery and human trafficking in its supply chains during financial year 2017/18.

Statement **Our business and supply chain**

- Chr. Hansen is a global bioscience company that develops natural solutions for the food, nutritional, pharmaceutical and agricultural industries. Chr. Hansen employs more than 3,300 people across 30 countries, and has production sites in Brazil, Czech Republic, China, Denmark, France, Germany, Italy, Peru, and the United States of America.
- Chr. Hansen develops and produces cultures, enzymes, probiotics, plant protection and natural colors for a rich variety of foods, confectionary, beverages, dietary supplements and animal feed. Chr. Hansen's colors originate from natural sources such as berries, roots and seeds.

Assessment of risk in our supply chain

- The industry and business of Chr. Hansen is generally associated with a low risk for modern slavery. The majority of Chr. Hansen's suppliers provide highly technical products and are located in countries associated with low-risk of modern slavery. The suppliers to Natural Colors are, however, often located in emerging markets, where the risk to human rights is higher.
- The number of this type of supplier is small and the suppliers are limited to one geographical area. To address the inherent higher social risk associated with the industry and geographical context, the local Category Managers work closely with the suppliers to build local capacity and improve standards, quality and yield of their businesses. These long-term supplier relations are highly valuable for both parties.

Policies

- Our [Sustainability Position](#) outlines the social and environmental standards that Chr. Hansen expects all its stakeholders to follow, including suppliers and business partners. The Position includes Chr. Hansen's support to the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the Ethical Trade Initiative's Base Code, an internationally recognized code of labor practice, based on the Conventions of the International Labor Organization.

- A key component in our collaboration with our direct material suppliers is our [Supplier Requirements for Sustainability](#), covering Chr. Hansen's requirements to suppliers in terms of social, environmental and ethical business conduct. The principles are included in our standard contracts for direct material suppliers. The principles clearly state that "suppliers shall ensure that all employees work out of their own free will. Any kind of forced or compulsory labor shall not be tolerated. Employees shall be free to leave employment after reasonable notice."

Due diligence processes

- To manage potential and actual risks in the supply chain, all direct suppliers must be approved as a part of the Vendor Approval Management process, prior to signing a contract. As part of this process, potential suppliers must answer a Vendor Approval Questionnaire (VAQ). The VAQ includes questions on certifications, standards, and general practice on environmental and social issues. Where Chr. Hansen sources directly from farmers, a targeted VAQ is developed, which includes more detailed questions concerning their social and environmental performance, including workers' ability to freely leave the site and adequate working hours. Based on the VAQ response and the risk level of the supplier, a risk assessment is conducted to further add insights to the supplier performance.
- Chr. Hansen actively monitors and collaborates with its direct suppliers to ensure they understand and are able to follow our requirements. This process involves regular supplier visits by sourcing managers. All high risk direct suppliers, including suppliers of color pigments with origin in South or Central America and APMEA (excluding AUS, NZ, JPN), are audited every 3rd year.

Access to remedy

- Chr. Hansen's Whistleblower hotline enables all stakeholders, including temporary, permanent and contract employees, suppliers and business partners to report any illegal or unethical misconduct of serious or sensitive concern, including human rights violations. The Whistleblower Hotline is available at www.chr-hansen.com.

Internal capacity and accountability

- Chr. Hansen documents and shares our performance at SEDEX (the Supplier Ethical Data Exchange). Third party 4 pillars SEDEX Members Ethical Trade Audits (SMETA) are conducted at our own sites at regular intervals.
- To ensure our sourcing managers and internal auditors are equipped to assess actual or potential adverse impacts towards workers in our supply chain, training in social and environmental supply chain risks and best practices are carried out regularly.

Assessment of effectiveness (KPIs)

- To assess the effectiveness of the efforts, Chr. Hansen closely monitors that all high-risk suppliers are assessed from a sustainability perspective. Chr. Hansen is currently looking into identifying an appropriate KPI to measure progress.
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Approved

Date 22/10-2018

On behalf of the Corporate Leadership Team

Søren Westh Lonning
Chief Financial Officer
Chr. Hansen A/S
