



CHR HANSEN

Improving food & health

CORPORATE SOCIAL RESPONSIBILITY 2014/15

COMMUNICATION ON PROGRESS

Letter to our stakeholders

With Chr. Hansen's business strategy, Nature's No. 1, we have a vision of enabling the wider adoption of natural ingredients and bioscience solutions to address important global challenges within food, health and agriculture. As a result, we consider social responsibility an integral part of our company's purpose: it is about the solutions we offer to the world and it is about the manner in which we deliver them.

APPLYING NATURE TO ADDRESS GLOBAL CHALLENGES

As a supplier to the food, health and agricultural industries, Chr. Hansen is working closely with its customers and partners to find innovative solutions to meet the needs of a growing global population for safe, healthy and nutritious products. At Chr. Hansen, we believe we have the insight and technology to become part of the solution, and we consider this a fundamental part of our social contribution and our license to grow in the future.

During 2014/15, we took several steps to further advance the adoption of natural ingredients in addressing some of the challenges the world faces in relation to agriculture, food and health. In our animal health business, we saw an increased interest in new solutions and concepts to meet the demand for natural alternatives to antibiotic growth promoters; we made further advances with our first natural plant protection product, Nemix C™, offering Brazilian sugarcane farmers an alternative to chemicals; and we initiated a new research collaboration to accelerate progress in next-generation bacteria with potentially beneficial health impacts. Most importantly, these investments are not something we do on the side – it is what we do every day, and it is an integrated part of our Company's core purpose.

INTEGRITY AND RESPONSIBILITY REMAIN AT OUR CORE

At Chr. Hansen, we remain committed to conducting our business with the highest standards of integrity. We have worked systematically with the integration of the United Nations Global Compact principles since 2009, and we are committed to driving continuous improvement on social, environmental, ethical and governance dimensions and disclosing progress to all relevant stakeholders.

During 2014/15, we saw notable improvements in a number of areas which we consider material, both to our business and to our stakeholders. One such area is our commitment to food safety throughout the value chain, where we achieved an important

milestone with all production sites now certified to the internationally recognized food safety standard FSSC 22000. With the majority of Chr. Hansen's products ending up in food, beverages or dietary supplements, we have a significant responsibility to ensure that our products are safe for consumption. At the same time, our strong performance in this area gives us an advantage in global markets where attention to food safety is not always the norm. Going forward, attention to food safety will continue to be a critical focus area and an important part of Chr. Hansen's value proposition.

Another important development during 2014/15 was the continued success of our behavior-based safety initiatives first launched in 2012 to address a safety performance level that was not acceptable. For the fourth year in a row, we have seen a measurable improvement in lost-time incidents. This must not lead to complacency, and we will continue to work hard at getting our systems, processes and culture right until we reach zero accidents.

Finally, following a decrease in our Environmental Performance Indicators (EPIs) last year compared to the base year (2012/13), we saw an improvement in our energy, CO₂ and water efficiency. With these improvements, our EPIs are back at the same level as in 2012/13 with further progress needed to reach our long-term targets for 2019/20.





LOOKING AHEAD

With upcoming developments such as the climate negotiations in Paris and the adoption of the United Nations' new Sustainable Development Goals for 2030, we expect to see more opportunities for companies to leverage their core capabilities and technologies in addressing important social challenges. During 2014/15, we will assess, and potentially adjust, the strategic direction set out in our core business strategy, Nature's No. 1. Likewise, we will review our long-term responsibility targets and ambition level to ensure alignment and integration with the core strategy.

Cees de Jong
President & CEO

In brief

Chr. Hansen signed up to the UN Global Compact in September 2009 and is committed to advancing the 10 principles within its sphere of influence. This Communication on Progress is divided into four responsibility areas inspired by the 10 principles and the issues most material to Chr. Hansen and its stakeholders. The diagram below illustrates how these responsibility areas are anchored in Chr. Hansen's policies and positions and provides an overview of Chr. Hansen's long-term goals and key performance indicators as well as the main developments in 2014/15.

	 ENVIRONMENTAL SUSTAINABILITY	 BUSINESS & PRODUCT INTEGRITY	 WORKPLACE RESPONSIBILITY	 STAKEHOLDER ENGAGEMENT
UN GLOBAL COMPACT PRINCIPLES	<ul style="list-style-type: none"> Principles 7-9 	<ul style="list-style-type: none"> Principles 1-2 Principle 10 	<ul style="list-style-type: none"> Principles 1-6 	<ul style="list-style-type: none"> Cross-cutting (all principles)
POLICIES & POSITIONS	<ul style="list-style-type: none"> Business integrity policy Environment and biodiversity position 	<ul style="list-style-type: none"> Business integrity policy Quality & product safety policy Anticorruption position Product safety position 	<ul style="list-style-type: none"> Business integrity policy People, knowledge and organization policy Health and safety position Corporate social responsibility position 	<ul style="list-style-type: none"> Business integrity policy Communication policy Corporate governance policy Sourcing position
LONG-TERM AMBITIONS	<ul style="list-style-type: none"> Increase in energy and water consumption and CO₂ emissions must not exceed 50% of growth in production by 2019/20 (compared to 2012/13) Recycle at least 50% of waste by 2019/20 	<ul style="list-style-type: none"> FSSC 22000 certification of all production sites by 2015/16 	<ul style="list-style-type: none"> Employee satisfaction and motivation above industry benchmark in every survey Lost-time incidents below 3 per million working hours by 2015/16 80% of corporate management teams to meet diversity criteria by 2019/20 	<ul style="list-style-type: none"> Responsible sourcing methodology fully implemented by 2019/20
KEY FIGURES	<ul style="list-style-type: none"> Energy footprint Water footprint CO₂ footprint Waste and by-products Environmental compliance 	<ul style="list-style-type: none"> Consumer protection Ethics 	<ul style="list-style-type: none"> People statistics Diversity & inclusion Human capital development Occupational health & safety 	<ul style="list-style-type: none"> Responsible sourcing
STRATEGIC AND OPERATIONAL HIGHLIGHTS	<ul style="list-style-type: none"> Improvements in energy, water and CO₂ performance indicators compared to 2013/14. Further progress needed to reach long-term targets Benefits emerging from partnerships on energy and recycling of biomass 	<ul style="list-style-type: none"> FSSC certification completed for all production sites 245 employees completed anticorruption training Six whistleblower cases substantiated and dealt with 	<ul style="list-style-type: none"> Reduction in lost-time incident frequency for fifth consecutive year Development of new strategy and initiatives to strengthen global talent base and enhance regional training activities Good progress on diversity in corporate management teams and Board of Directors 	<ul style="list-style-type: none"> New scientific collaboration to advance next-generation bacteria for improved health 87% of direct suppliers approved under Chr. Hansen's Supplier Guiding Principles Chr. Hansen ranked in top 15th percentile by FTSE4Good index

Long-term ambitions

Chr. Hansen has introduced a number of operational targets rooted in a threefold ambition to improve food and health, reduce environmental footprint and develop and engage people and society. Recognizing that corporate social responsibility is a continuous improvement process rather than a static goal, Chr. Hansen assesses its ambition level and performance against targets on an ongoing basis to ensure alignment with the core business strategy and expectations of the Company's key stakeholders.



ENVIRONMENTAL SUSTAINABILITY

50%

Increase in energy and water consumption must not exceed 50% of production growth by 2019/20 (base year: 2012/13)

50%

Increase in CO₂ emissions must not exceed 50% of production growth by 2019/20 (base year: 2012/13)

50%

of waste to be recycled by 2019/20

PROGRESS IN 2014/15: Improvements in energy, CO₂ and water efficiency and waste recycling percentage compared to 2013/14. Further progress is needed to reach long-term environmental targets.



WORKPLACE RESPONSIBILITY

Above benchmark

Employee satisfaction and motivation above industry benchmark in every survey (biannual)

80%

80% of corporate management teams to meet diversity criteria by 2019/20

<3

Lost-time incidents below 3 per million working hours by 2015/16

PROGRESS IN 2014/15: Improvements in diversity of management teams and lost-time incidents compared to last year. Employee satisfaction not measured in 2014/15.



BUSINESS & PRODUCT INTEGRITY

100%

All production sites to be FSSC-certified by 2015/16

PROGRESS IN 2014/15: All remaining production sites were certified during 2014/15. Target is now met.



STAKEHOLDER ENGAGEMENT

Full implementation

Responsible sourcing methodology for key suppliers to be fully implemented by 2019/20

PROGRESS IN 2014/15: Responsible sourcing methodology under development. Approval of direct suppliers on quality, sourcing and responsibility criteria up from 84% to 87% by end of 2014/15.

Environmental sustainability

Chr. Hansen is committed to creating more with less, both in its own operations and through solutions that enable customers to improve yield and efficiency. As a result, Chr. Hansen works systematically to reduce the environmental impact of its production and business processes as well as the application of its products.

IMPROVED ENERGY, CO₂ AND WATER FOOTPRINT

In 2014/15, there was an improvement in the Company's energy, water and CO₂ performance indicators (EPIs) of 5%, 4% and 13%, respectively. The main contributing factors include the successful ramp-up of new fermentation capacity, further consolidation of the Company's global production facilities, and targeted energy efficiency projects. As an example, Chr. Hansen's partnership with the Danish energy company DONG Energy resulted in measurable energy and CO₂ savings at the Company's biggest production site in Copenhagen, with learnings since applied at other sites. With these improvements, the EPIs are back to the same level as the base year (2012/13) with further improvements needed to reach Company targets for 2019/20.

For more information, see "Tapping into the energy saving potential" in the CSR section of www.chr-hansen.com

FROM WASTE TO VALUE

Chr. Hansen improved its solid waste recycling rate from 25% to 28% during 2014/15, in part due to site-specific initiatives aimed at enabling better waste sorting. Additional steps were also taken to advance the conversion of liquid waste from Chr. Hansen's

fermentation processes into new value streams in collaboration with local industries, farmers and authorities. At Chr. Hansen's production site in France, all fermentation waste is now recycled as biological fertilizer for local agriculture, following investments in local storage capacity. In Denmark, Chr. Hansen contributed to the establishment of a new biogas plant which will convert the liquid waste from its largest production location into clean energy and biological fertilizers to the benefit of local residents and farmers.

For more information, see "A new model for sustainable energy supplies" in the CSR section of www.chr-hansen.com

OUTLOOK

During 2015/16, Chr. Hansen will continue to focus on realizing efficiency gains from new investments. Strategic partnerships which can help deliver on Chr. Hansen's operational and environmental objectives will likewise continue to be a focus, namely within renewable energy, energy efficiency and water consumption.

HIGHLIGHTS

ENVIRONMENTAL
SUSTAINABILITY



5%

improvement in energy efficiency
compared to 2013/14

4%

improvement in water efficiency
compared to 2013/14

13%

improvement in CO₂ efficiency
compared to 2013/14

Business & product integrity

At the core of Chr. Hansen's business is a commitment to excellence and integrity in the way the Company does business. As a supplier to the global food and life science industry, Chr. Hansen's top priority is to deliver products that are safe for human consumption.

TRUSTED PRODUCTS: AN IMPORTANT MILESTONE

The majority of Chr. Hansen's products are sold to the food and life science industries and consumed as food, beverages or dietary supplements. Consequently, product safety is of the utmost importance. During 2014/15, Chr. Hansen reached its 100% FSSC implementation target one year ahead of time. This means that all products supplied by Chr. Hansen are delivered from sites with certified management systems to ensure adequate attention to consumer safety at all stages of the product lifecycle. Further, additional steps were taken to increase agility and speed of response to food safety issues in the form of a new crisis management program.

RAISING AND RESOLVING GRIEVANCES

Chr. Hansen has implemented a whistleblower system, which gives a means of reporting possible violations of laws and/or Group policies. Since its implementation in October 2013, 10 complaints have been registered through the whistleblower system and other reporting mechanisms, of which four were registered in 2014/15. All complaints have been investigated, and corrective action taken in six cases where the claims were substantiated.

Chr. Hansen continuously encourages employees and external stakeholders such as suppliers and customers to use the system.

To access the whistleblower mechanism, see the CSR section of www.chr-hansen.com

CONTINUOUS AWARENESS ON ANTICORRUPTION

Chr. Hansen continued its anticorruption training program during 2014/15, with 245 new employees completing the Company's anticorruption course and 95 employees in high-risk regions completing in-person training sessions. To date, more than 1,200 employees have completed Chr. Hansen's anticorruption program, which is a core component of its anticorruption awareness efforts.

OUTLOOK

During 2015/16, Chr. Hansen will launch a new Code of Conduct to support employees and managers in understanding their day-to-day ethics and compliance responsibilities. The Code of Conduct will be followed up with a new e-learning program for all employees. With FSSC certifications now in place for all production sites, there will be additional focus on creating a strong product safety mindset and culture throughout the full value chain.

HIGHLIGHTS

BUSINESS &
PRODUCT INTEGRITY



100%

of production sites FSSC certified

245

employees completing anticorruption training in 2014/15

1,200+

employees completing anti-corruption training since launch of program in 2011/12

Workplace responsibility

Chr. Hansen strives to be an attractive workplace by providing a fair, respectful, inclusive, safe and healthy work environment. As knowledge is critical to Chr. Hansen's business, there is a strong focus on continuously building and expanding the knowledge base by actively developing employees' skills.

CONTINUED PROGRESS ON SAFETY AT WORK

Chr. Hansen's lost-time incident frequency decreased from four per million working hours in 2013/14 to three in 2014/15. Since 2010/11, the lost-time incident frequency has been reduced by 75%, and the Company is on track to meet the target of fewer than three incidents per million working hours by 2015/16. A key reason for this development is the continuous focus on behavior-based safety, with the majority of Chr. Hansen's production sites now covered and more than 5,000 training hours invested in the program since 2011/12.

HUMAN CAPITAL DEVELOPMENT

Competency development is key to the future success of Chr. Hansen and a constant focus area. During 2014/15, Chr. Hansen initiated several activities to further strengthen the talent base. A new talent management strategy was approved, with a number of specific initiatives to follow in the years to come. Efforts were also made to strengthen regional training activities and expand the reach of the Company's training platform, CH Academy.

DIVERSITY AND INCLUSION

Since the development of Chr. Hansen's diversity strategy and objectives in 2012, there has been progress on several diversity dimensions. During 2014/15, Chr. Hansen's management teams became more diverse for the fourth consecutive year, with 77% of management teams now including at least one woman and one non-local. On the other hand, there was a lack of progress in relation to women and non-Danes in key positions.

Chr. Hansen's Board of Directors added one woman and one non-local during 2014/15, thereby meeting the target to have at least two women and one non-local by 2016/17. With the achievement of the gender diversity target, the Board has set a new goal of minimum three women by 2019/20.

For more information about Chr. Hansen's diversity & inclusion objectives, see the CSR section of www.chr-hansen.com

OUTLOOK

During 2015/16, efforts will be made to strengthen the focus on health & safety across the global organization by applying best practices and learnings identified during the past years. Further, a mid-term review of the Company's diversity targets and progress will be conducted with a view to strengthening performance in the coming years.

HIGHLIGHTS

WORKPLACE
RESPONSIBILITY



75%

reduction in lost-time incident frequency (LTIF) from 2010/11 to 2014/15

77%

of management teams meeting diversity criteria

5,000+

training hours invested in behavior-based safety since launch of program

Stakeholder engagement

Chr. Hansen engages regularly with a wide range of external stakeholders – including customers, suppliers and academia – to find solutions to global challenges within food, health and agriculture. Likewise, Chr. Hansen engages with stakeholders on an ongoing basis to promote transparency on social, environmental, ethical and governance issues.

SCIENTIFIC COLLABORATIONS

Chr. Hansen has a long tradition of collaborating with leading universities and is currently engaged in more than 35 research partnerships in more than 10 countries. In 2014/15, the Company took additional steps to this end by establishing a new research collaboration with three leading universities aimed at accelerating progress in next-generation bacteria to address global health challenges.

For more information, see “A new frontier in global health” in the CSR section of www.chr-hansen.com

ENGAGING WITH KEY SUPPLIERS

Chr. Hansen’s commitment to responsible business practices also extends to its suppliers. By the end of 2014/15, 87% of direct suppliers have been approved on quality, social responsibility and sourcing criteria. The remaining suppliers have either been terminated or are in the process of being approved or subjected to additional risk assessments. During 2014/15, Chr. Hansen also continued its efforts to pass on expertise to selected raw material suppliers to its Natural Colors Division to help raise standards and improve farm yields.

For more information, see “Passing on expertise to local suppliers” in the CSR section of www.chr-hansen.com

TRANSPARENCY AND DISCLOSURE

In addition to the annual Communication on Progress, Chr. Hansen discloses information about social, environmental, ethical and governance issues via global reporting platforms such as SEDEX, Eco-Vadis and the Carbon Disclosure Project as requested by customers, investors and other stakeholders. During 2014/15, Chr. Hansen was ranked in the top 15th percentile among its peers in the global FTSE4Good Index, a leading global investor ranking which benchmarks companies on environmental, social and governance performance.

OUTLOOK

In 2015/16, Chr. Hansen will continue to explore relevant partnerships and engagements with external stakeholders based on issues of importance to society as well as to the Company.

HIGHLIGHTS

STAKEHOLDER
ENGAGEMENT



35+

research partnerships in
more than 10 countries

87%

of direct suppliers approved by
end of 2014/15

top 15th

percentile in the FTSE4Good Index

Key figures

During 2014/15, a review of Chr. Hansen's key performance indicators was conducted to improve the quality and relevance of the nonfinancial data presented in the Communication on Progress. As a result, the list of KPIs has been refined, and selected accounting policies have been updated. The overview below presents the remaining indicators and the change in performance from the previous financial year.



ENVIRONMENTAL SUSTAINABILITY

	Unit	2014/15	2013/14
Energy footprint			
Total EPI – energy	EPI	100	95
Average EPI – energy (% improvement)	%	5	(5)
Total energy consumption	MWh	183,027	182,298
Water footprint			
Total EPI – water	EPI	101	97
Average EPI – water (% improvement)	%	4	(3)
Total water consumption	m ³	1,219,135	1,249,298
CO₂ footprint			
Total EPI – CO ₂	EPI	100	87
Average EPI – CO ₂ (% improvement)	%	13	(13)
Total CO ₂ emitted	Tons	69,481	77,396
Waste and by-products			
Recycled biomass	Tons	76,474	67,402
Solid waste	Tons	3,919	3,682
Solid waste recycled	%	28	25
Total wastewater	m ³	850,902	898,685
Environmental compliance			
Environmental violations	Number	4	7



BUSINESS & PRODUCT INTEGRITY

	Unit	2014/15	2013/14
Consumer protection			
Product safety retrievals	Number	4	4
Product safety audit findings	Number	10	17
Ethics			
Training in anticorruption	%	39	41



WORKPLACE RESPONSIBILITY

	Unit	2014/15	2013/14
People statistics			
Total number of employees	Number	2,651	2,605
Average number of employees (FTEs)	Number	2,573	2,510
Employee turnover	%	12	11
Rate of absence	%	2	2
Diversity & inclusion			
Gender – all employees (male/female)	%	58/42	58/42
Gender – managers (male/female)	%	64/36	65/35
Gender – key positions (male/female)	%	82/18	81/19
Nationality – key positions (Danes/non-Danes)	%	63/37	59/41
Diverse teams	%	77	69
Board of Directors (male/female/non-local)	%	71/29/57	83/17/50
Human capital development			
Training days per employee	Days	3.4	3.1
Satisfaction & motivation	Score	-	74
Loyalty	Score	-	82
Occupational health & safety			
Lost-time incidents (LTIs)	Number	15	17
Frequency of LTIs per million working hours	Number	3	4
Severity (days away per LTI)	Days	25	20



STAKEHOLDER ENGAGEMENT

	Unit	2014/15	2013/14
Responsible sourcing			
% of direct suppliers approved	%	87	84

1. Energy footprint



ACCOUNTING POLICIES

All energy used is registered based on direct meter readings or invoices and reported in MWh. Fuel consumption does not include transportation. The energy EPI is calculated on the basis of

production volume and/or product activity and indexed using 2012/13 as the base year (100). An increase in the energy EPI indicates an improvement.

	Unit	2014/15	2013/14*	2012/13	2011/12	2010/11
Total EPI - energy	EPI	100	95	100	94	89
Average EPI - energy (% improvement)	%	5	(5)	6	5	7
Total energy consumption	MWh	183,027	182,298	173,226	170,110	169,452

* The energy EPI and total energy consumption numbers have been restated for 2013/14 due to a reporting error.

Chr. Hansen's main sources of energy are natural gas, electricity and district heating, with the energy mix unchanged for 2014/15. Despite an increase in production volumes, total energy consumption remained stable during the year, giving a 5%

improvement in the EPI compared to 2013/14. This improvement is largely a result of capacity expansions and moving production volumes to more energy-efficient production units.

2. Water footprint



ACCOUNTING POLICIES

Water comprises all sources and utilizations: products, noncontact cooling water, steam and domestic water. The source of the water may be the municipal water supply, a private water supply, groundwater or surface water. Water volumes are reported in cubic meters on the basis of metered intake or invoices.

At some production sites, noncontact cooling water is either re-injected into the groundwater reservoir or released into surface water. As the noncontact cooling water is not contaminated with

either products or chemicals, and there is no net consumption, this source is not included in the calculation of water consumption.

The water EPI is calculated on the basis of production volume and/or product activity and indexed using 2012/13 as the base year (100). An increase in the energy EPI indicates an improvement.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Total EPI - water	EPI	101	97	100	87	95
Average EPI - water (% improvement)	%	4	(3)	13	(8)	11
Total water consumption	m ³	1,219,135	1,249,298	1,256,993	1,268,630	1,112,729

Total water consumption decreased by 2.4%, while the water EPI improved by 4% compared to 2013/14.

3. CO₂ footprint



ACCOUNTING POLICIES

Emissions of CO₂ from Chr. Hansen's energy consumption and consumption of cooling agents are recorded and compiled.

Emissions are calculated in tons. The conversion factors are based on the principles stipulated in the Greenhouse Gas Protocol combined with peer-reviewed life cycle-based figures or nationally recognized key figures in the countries where our sites are located.

The CO₂ EPI is calculated on the basis of production volume and/or product activity and indexed using 2012/13 as the base year (100). An increase in the energy EPI indicates an improvement. Emissions from transportation are not included.

	Unit	2014/15	2013/14*	2012/13	2011/12	2010/11
Total EPI - CO ₂	EPI	100	87	100	83	81
Average EPI - CO ₂ (% improvement)	%	13	(13)	17	2	-
Total CO ₂ emitted	Tons	69,481	77,396	66,359	74,099	71,601

* The CO₂ EPI and total energy consumption have been adjusted due to a reporting error in 2013/14.

Following a spill of cooling agents which led to an above-average increase in CO₂ emissions in 2013/14, performance was restored during 2014/15, with the CO₂ EPI improving by 13% and total CO₂

emissions reduced by 10% compared to 2013/14. The CO₂ improvement achieved in 2014/15 was in part a positive side effect of energy efficiency improvements (see "Energy footprint").

4. Waste and by-products



ACCOUNTING POLICIES

Waste and by-products comprise wastewater, recycled biomass and solid waste.

Wastewater discharge comprises wastewater from production and other activities. All wastewater is emitted to public wastewater treatment plants. The water discharge is measured in cubic meters by flow meters at some sites, especially the large sites, and

estimated at other sites on the basis of incoming water volume (which is measured in cubic meters by metered intake).

Recycled biomass, which is a by-product from production, is measured as the weight produced and reported for recycling in tons. Recycling applications include liquid fertilizer, liquid feed and fuel for energy production.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Recycled biomass	Tons	76,474	67,402	60,300	50,351	49,806
Solid waste	Tons	3,919	3,682	4,051	3,554	3,408
Solid waste recycled	%	28	25	21	20	21
Wastewater	m ³	850,902	898,685	919,993	946,500	822,102

4. Waste and by-products

The percentage of solid waste recycled improved from 25% to 28% during 2014/15 as a result of improved access to local recycling facilities at several sites. Of the remaining solid waste, 40% goes to landfill, 31% is incinerated and 1% is disposed of as hazardous waste.

The amount of recycled biomass from Chr. Hansen's global production increased by 13% in 2014/15. A large share of this increase is a result of increased production at Chr. Hansen's largest fermentation plant in Copenhagen, where the entire biological waste stream is recycled as fertilizer and renewable energy.

5. Environmental compliance



ACCOUNTING POLICIES

Breaches of regulatory terms and conditions as specified in environmental permits, for example accidental spills or excess emissions, are reported only where separate notification of

the authorities is required or where a notice of violation is received from the authorities.

	Unit	2014/15	2013/14*	2012/13	2011/12	2010/11
Environmental violations	Number	4	7	-	-	-

* The accounting policy for environmental violations has been revised in 2014/15. As a result, the number of violations for 2013/14 has been restated in accordance with the new policy.

Of the four violations received or reported this year, three can be characterized as minor and relate to wastewater and odor. One larger violation occurred during 2014/15 as the result of spilled biological material from Chr. Hansen's manufacturing facility in

France into a local river. The spill was stopped immediately after the source was identified, and precautionary measures have been taken. Investigations with the local authorities are ongoing.

6. Consumer protection



ACCOUNTING POLICIES

The effectiveness of Chr. Hansen's procedures and systems to ensure adequate attention to the safety and protection of consumers is monitored through product safety retrievals and product safety audit findings.

Product safety retrievals are defined as incidents where Chr. Hansen's products are retrieved from customers due to poor quality, legal or regulatory noncompliance, or potential or actual food safety risks. Product retrievals are recorded on the day the decision was made to retrieve.

Product safety audit findings are defined as nonconformities raised by Bureau Veritas Certification (BVC) during an ISO 9001, ISO 22000 or FSSC 22000 audit, which indicate a serious breach in our food safety management systems. If the final BVC audit report has not been received at the time of the reporting, the number (and type) of nonconformities mentioned at the audit exit meeting is used.

6. Consumer protection

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Product safety retrievals	Number	4	4	6	3	5
Product safety audit findings	Number	10	17	32	30	0

The number of product safety retrievals remained at the same level as last year. Of the four retrievals, one had potential food safety implications while the remainder related to quality issues. The positive trend in product safety audit findings since 2013/14

continued in 2014/15. The majority of the findings in 2014/15 related to documentation and recording rather than errors in production processes or operational practices.

7. Ethics



ACCOUNTING POLICIES

Chr. Hansen's Legal Affairs department records the number of employees trained in anticorruption and anti-trust policies and procedures for business functions that need to be especially aware of legal requirements and the Company's commitments, such as

Sourcing, Sales and Finance. The KPI reflects the number of employees who have completed Chr. Hansen's online anti-corruption course as a percentage of total employees. Trained employees that have left the Company within the financial year are deducted from the numbers.

	Unit	2014/15	2013/14	2012/13	2011/12*	2010/11
Training in anticorruption	%	39	41	41	35	-/-

* The accounting policy for anticorruption training has been revised in 2014/15, and so the numbers from 2011/12 and subsequent years have been restated.

Since 2011/12, 1,241 employees have completed Chr. Hansen's e-learning training on anticorruption, 245 of whom completed the program during 2014/15. The decrease in employees trained during 2014/15 compared to 2013/14 is a result of trained people

leaving the Company. During the year, 95 people were also trained in person, namely in high-risk regions where the risk of corruption has been evaluated as high.

8. People statistics



ACCOUNTING POLICIES

Number of employees is the total number at year-end. All employees paid directly by the Company are included in the headcount. The number of employees is also expressed in full-time equivalents (FTEs) based on a yearly average.

Employee turnover is calculated as an accumulated percentage at the end of the financial year. The calculation is based on the number of employees who were dismissed or voluntarily left the Company during each month compared to the total number of

employees per month. Temporary employees are not included in this number.

Rate of absence is the number of days employees have been absent due to own illness compared to the number of possible annual working days (240). Absence due to illness of children or relatives and maternity/paternity leave is not included.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Total number of employees	Number	2,651	2,605	2,525	2,472	2,360
Average number of employees (FTEs)	Number	2,573	2,510	2,510	2,425	2,411
Employee turnover	%	12	11	12	10	13
Rate of absence	%	2	2	2	2	2

Employee turnover increased slightly compared to 2013/14 but remains within acceptable levels. Of the employees who left the

Company, 8% left voluntarily and 4% involuntarily. The rate of absence remained stable at 2%.

9. Diversity and inclusion



ACCOUNTING POLICIES

Data are calculated as the number of employees within each category (e.g. gender and nationality) at the end of the financial year. Diverse teams are corporate management teams, reporting to vice president level and above, that include at least one woman

and one non-local. The percentage of diverse teams is calculated at the end of the financial year. The composition of the Board of Directors is calculated at the end of the financial year.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Gender - all employees (male/female)	%	58/42	58/42	59/41	60/40	61/39
Gender - managers (male/female)	%	64/36	65/35	66/34	68/32	-/-
Gender - key positions (male/female)	%	82/18	81/19	82/18	83/17	-/-
Nationality - key positions (Danes/non-Danes)	%	63/37	59/41	60/40	60/40	-/-
Diverse teams	%	77	69	63	46	-/-
Board of Directors (male/female/non-local)	%	71/29/57	83/17/50	100/0/50	-/-/-	-/-/-

9. Diversity and inclusion

During 2014/15, Chr. Hansen's corporate management teams became more diverse for the fourth consecutive year, with 77% of the Company's management teams now including both genders and more than one nationality, compared to a target of 80%. The Board of Directors added one woman and one non-local during 2014/15 in line with the target for 2016/17 to have at least two

women and one non-local on the Board of Directors. A new gender diversity target has therefore been set, which is to have at least three women on the Board of Directors by 2019/20. Conversely, there was a decrease in the percentage of women and non-Danes in key positions due to employee turnover.

10. Human capital development



ACCOUNTING POLICIES

Employee satisfaction, motivation and loyalty are measured in the biannual employee satisfaction survey. All employees with a seniority of three months or more and who are not on leave of absence participate in the survey. Temporary employees are

included if they have a contract of more than six months. Overall employee "satisfaction and motivation" and "loyalty" are measured.

The average number of days of training per employee per year is recorded locally in individual training records.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Training days per employee	Days	3.4	3.1	3	3.1	2.6
Satisfaction & motivation	Score	-	74	-	75	-
Loyalty	Score	-	82	-	83	-

The biannual employee survey was not conducted in 2014/15. As a result, no numbers have been reported for employee satisfaction & motivation and loyalty. The average number of training days per

employee increased to 3.4 in 2014/15, representing a total of 8,870 training days across the global organization.

11. Occupational health & safety



ACCOUNTING POLICIES

The number of lost-time incidents (LTIs), defined as accidents resulting in more than one day's absence from work, and the incident type are recorded. The LTI frequency is calculated as incidents resulting in more than one day's absence per million working hours, excluding sickness, maternity/paternity leave and

holidays. A decrease in the frequency is an improvement. The severity of incidents is measured as the number of days away from work per incident and/or the number of days expected away. Only days away registered within the year the incident occurred are included in the severity KPI.

11. Occupational health & safety

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
Lost-time incidents (LTIs)	Number	15	17	34	39	46
Frequency of LTIs per million working hours	Number	3	4	8	10	12
Severity (days away per LTI)	Days	25	20	15	9	9

The number of lost-time incidents decreased by two compared to 2013/14, and the lost-time incident frequency is now close to reaching the target for 2015/16 of fewer than three per million working hours. The primary incident types are strains, sprains and overstretching, which account for 47% of all injuries. The severity

of incidents has increased since the base year; however, part of this trend can be attributed to improved reporting practices. During 2014/15, there were six incidents with absence of more than 20 days.

12. Responsible sourcing



ACCOUNTING POLICIES

Chr. Hansen differentiates between direct and indirect vendors when onboarding suppliers. Direct suppliers are those that supply Chr. Hansen with raw materials, traded goods or food contact materials, or perform part of our production on our behalf (toll manufacturers). As a result, direct suppliers are subject to a more

stringent approval process as detailed in Chr. Hansen's Supplier Guiding Principles. Responsible sourcing progress is measured as the percentage of direct suppliers that have been approved on sourcing, quality and corporate social responsibility dimensions.

	Unit	2014/15	2013/14	2012/13	2011/12	2010/11
% of direct suppliers approved	%	87	84	-	-	-

By the end of 2014/15, 87% of direct suppliers had been granted the status of "approved" or "conditionally approved", with the remaining suppliers either terminated or subjected to additional approval steps.