



# CSR REPORT 2018

## MARIUS PEDERSEN HOLDING A/S

35846735



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**Extent of the CSR report**

The CSR report covers all Danish activities within Marius Pedersen Group.

**Primary activities**

We consider waste as a new resource.

We collect all types of waste, solid as liquid waste, from waste producers, and work constantly to be in control of as much as possible of the value adding chain of waste – from collecting waste to selling secondary resources – with respect of adding value to our customers and our owners.

**Group activities include:**

- Sorting, treatment and handling a series of different types of recyclable waste at our own waste management facilities.
- Trading of recyclable waste in the context of Circular Economy.
- Providing services concerning handling of waste and recyclables from the client to final recycling, utilization, or disposal – that is consulting, renting of equipment, transport service, sludge service, management reporting and other types of reporting for clients within trade, industrial production, institutions, households and municipal recycling stations.
- In addition the Group operates contractor business and furthermore owns companies in Denmark, the Czech Republic and Slovakia primarily handling environmental activities.

The CSR report covers the period: 01.01.2018 – 31.12.2018

### 1.0 Introduction

The CSR report 2018 concerning Marius Pedersen Group is a continuation of the environmental report that Marius Pedersen Group has issued previous years.

2018 is the first year where all CSR topics are compiled in a separate report that includes the topics:

- Environment and Climate
- Human Rights and Human Resources
- Health and Safety
- Anti Corruption

The CSR report only regards Danish companies within the Group. The intention of the Group is where possible to include companies in Czech Republic and Slovakia in the future.

As a leading Danish environmental Group within the industry of waste treatment and recycling we consider waste as a valuable resource.

The Group’s activities cover environmental services related to transforming waste into a resource and further development of Circular Economy.

Marius Pedersen Group keeps a focus on Circular Economy with the aim to reduce waste and improve recycling and to consider products from a cradle to cradle perspective.

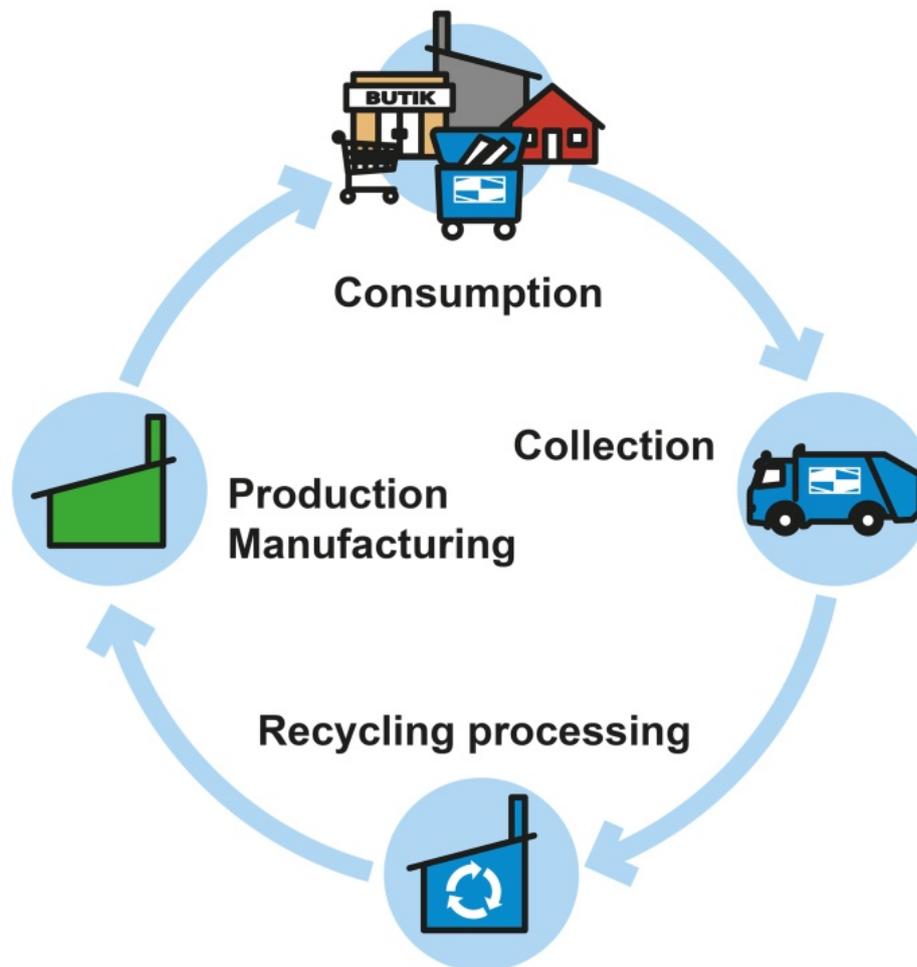
The CSR report reflects how the values of the Group are translated into activities and performance concerning the topics of the Report and how we continue focusing on Corporate Social Responsibility in the Group.

#### Key Values of the Group

- Productivity
- Responsibility
- Reliability

The Key values illustrate how we, within the Group, act in our relations to customers, suppliers, colleagues and the rest of our surroundings. They also describe our approach to all tasks – big and small.





## 2.0 Marius Pedersen Group

### 2.1 Corporate Social Responsibility

From the full spectrum of general CSR topics available, we primarily choose to work with topics that are particularly relevant to our industry, assessed in terms of our main impacts and the importance of those topics to our shareholders. However all topics are described according to Danish Financial Statements Act § 99a and covers the Group's activities in Denmark.

In order to promote environmental and safety conscience in general the Group is educating and creating awareness among its employees for them to take responsibility for environment, health and safety.

### 2.2 Owner structure

Entreprenør Marius Pedersens Fond is sole shareholder of the Group.

The CSR report only regards Danish companies within the Group.

### 3.0 CSR Policy

The CSR policy covers the Danish activities of the Group.

Marius Pedersen Group wants to comply with the principles of the UN Global Compact. We want to encourage the basic human rights, employee rights, anti-corruption and the environment. For that reason, the management has prepared the following CSR policy, which provides the basis for our work with CSR.

#### **Human rights**

Marius Pedersen Group supports and respects the international declared human rights, and does not take measures which violate other people's human rights. We offer the employees a safe and healthy work environment in accordance with existing legislation.

#### **Child labour**

Marius Pedersen Group ensures that all employees are older than 13 years old, that employees between 13 and 15 years only perform light work and for a maximum of two hours a day and that employees under the age of 18 do not perform dangerous work or work at night. The Group is aware of and respects the prohibition of child labour and ILO conventions, UN conventions and EU directives as incorporated into Danish law.

#### **Labour rights**

Marius Pedersen Group recognises the employees' right to freedom of association and collective bargaining. Child labour and discrimination against employees due to any status recognised by international law are not accepted. Employees are remunerated in accordance with the Danish wage and employment conditions. The Group meets the standards of ILO conventions, as incorporated into Danish legislation including ILO94.

#### **Education and well-being**

Marius Pedersen Group offers continuing education that strengthens the employees' academic and social skills. The reason for this is that the employees through education can ensure their opportunities in the labour market, as well as to strengthen their work profile. Furthermore, Marius Pedersen Group educates both students and trainees.

The Group emphasises the working environment in daily work, both in terms of the physical and mental work environment. The great working environment is evaluated on the basis of measurements of employee satisfaction, data of absence due to illness, numbers of occupational accidents etc. This is followed up with focus on each employee, along with health insurance services.

#### **Differential treatment / discrimination**

Marius Pedersen Group ensures that there is no discrimination in the company as a result of gender, race, skin colour, religion or belief, political opinion, sexual orientation, national origin, social origin, ethnic origin, age or disability. This also applies with regard to employment, dismissal, transfer, promotion, salary determination, employment conditions or competence development. All decisions regarding recruitment, promotion, dismissal, pay and other working conditions are based on relevant and objective criteria. The Group is aware of and respects the prohibition of differential treatment, and meets the demands in the ILO conventions and EU directives, as incorporated into Danish law.

#### **Anti-corruption**

Marius Pedersen Group neither offers, receives, requests to receive or approve any form of corruption, nor accept blackmail or bribery for improperly affecting officials, judges of business partners.

#### **Environment and waste as resources**

Marius Pedersen Group is ISO 14001 certified and has a declared environmental policy which helps to ensure compliance with applicable legislation and to prevent and minimise adverse environmental impacts. Thus measures are taken to reduce energy consumption and greenhouse gas release as well as to reduce consumption of, for example, fuel and other resources. At Marius Pedersen Group, we take extraordinary responsibility for the recycling and recovery of the resources in the waste due to our business activities. We develop market and run sustainable concepts for all types of customers, being that customers and partners can optimise their waste situation and create value by ensuring recycling of resources in the waste within the scope of Circular Economy.

## 4.0 Environmental Policy

The Environmental policy covers the Danish activities of the Group.

For Marius Pedersen Group the consideration for the environment is a fundamental and integrated part of the business foundation, and we strive to promote this consideration by including the environment in all parts of our business operations. As a basis for this, the management has prepared the following environmental policy.

Marius Pedersen Group undertakes to:

- continuously assess the company's total and new activities to reduce its environmental impact
- promote environmental awareness in general by educating the employees and increase environmental consciousness, and thereby the employees at Marius Pedersen Group involve environmental considerations in their daily work and thereby jointly take responsibility for the Group's environmental impact and prevention of this
- encourage customers and business associates to choose systems or products that ensure maximum recycling and economize natural resources. We create visibility regarding customer's waste production and support optimum recycling in the service we offer
- continuously assess the significant environmental impacts of the company's operations, and on this basis, select and establish relevant environmental goals. Through our environmental management system, we will register and document that the goals are met and perform an annual evaluation of goals and objectives
- take precautions to protect the environment from adverse effects of business activities and to provide the necessary contingency plans for preventing unintentional events
- comply with the environmental legislation as well as the applicable regulatory requirements at any time, and possibly other obligations that apply to our activities
- practice energy audits in accordance with applicable regulatory requirements
- have an open dialogue with the surroundings regarding the Group's environmental conditions and visualize the environmental policy externally



### 5.0 Environment and Climate

Marius Pedersen Group is in the business of waste management and recycling. Reduction of negative environmental impact is a core part of the Group’s activities due to the nature of the business.

The Group’s activities cover environmental services related to transforming waste into a resource. Marius Pedersen Group keeps a focus on Circular Economy with the aim to reduce waste and improve recycling and to consider products from a cradle to cradle perspective.

The Group continuously evaluates the total activities with focus on constantly reducing the environmental impact. Business relations are also encouraged to choose systems or products that secure the highest possible amount of recycling or reduction in the use of natural resources.

The activities in Denmark within waste management are covered by ISO 9001 and ISO 14001 certificates and during 2018 the new versions of the ISO standards ISO9001:2015 and ISO 14001:2015 have been implemented.

Marius Pedersen Group has identified

- fuel (diesel) and
- electricity

as the main resources being used during collection, transport and handling of waste products and the consumption of these resources leads to an environmental impact.

In accordance with the environmental objectives the consumption of fuel and electricity is monitored and actions are taken towards reducing the environmental impact from the activities.

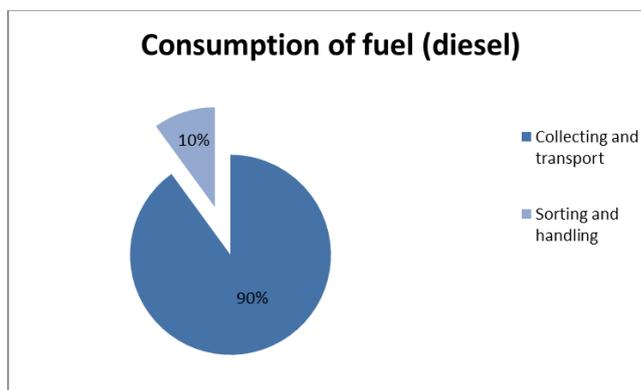
#### 5.1 Activities and performances

The Group is actively working to promote the environmental policy:

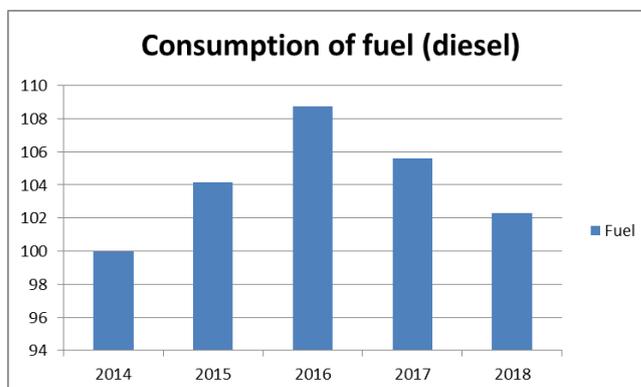
The Group’s environmental organisation works dedicated towards improving the environmental performance. It is an ongoing process, connected to the authorizations and dealing with deviations and causal explanation.

### Fuel (diesel)

The consumption of diesel is the main environmental impact at Marius Pedersen Group and 90% of the total diesel consumption is used for the daily collection and transport of waste fractions from customers. The remaining 10 % of diesel is used at the facilities for sorting and preparation of waste before recycling, energy recovery or landfilling at suitable and approved partners.



The diagram below shows the indexed development in diesel consumption per ton of waste (liter/ton).



In the period from 2014 to 2016 there is an increased consumption of fuel per ton of waste, but in 2017 this development changed and has continued the positive development in 2018. The decrease is due to increased focus on route planning and route optimisation in each of the local Marius Pedersen departments and investments in new equipment. Furthermore to reduce the fuel consumption, trucks are having speed limiter and engine stop mechanisms installed and the drivers are trained in fuel efficient driving as a

part of the driver’s education at the statutory qualification course every 5 years.

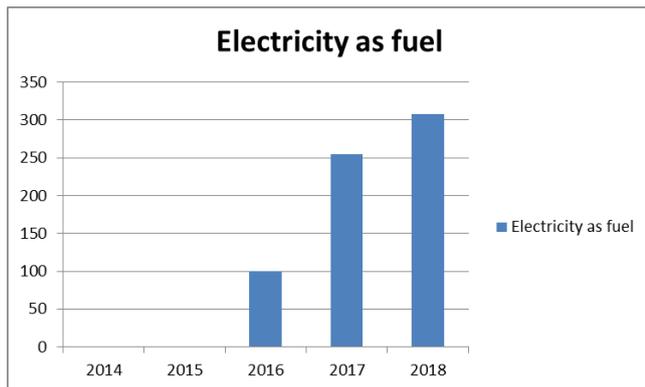
Within the organisation the fuel consumption is also monitored on department and truck-level leading to local and individual focus on fuel efficient driving routines.

**Electricity as fuel**

Since 2016 Marius Pedersen Group has introduced transport equipment which is fully or partly driven by electricity instead of diesel.

The diagram below shows the indexed electricity consumption within the area.

Over the next years Marius Pedersen Group will explore further in the area of alternative fuel types like electricity or sustainable fuel and hence substitute the use of conventional diesel.



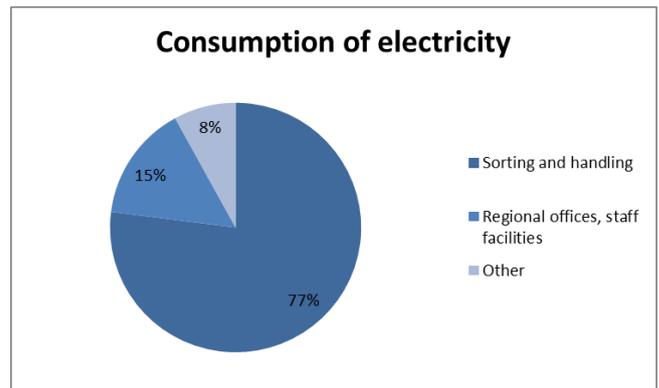
**Electricity**

To effect the environment with least possible impact and minimise the energy consumption while handling products on our facilities, the electricity consumption is monitored.

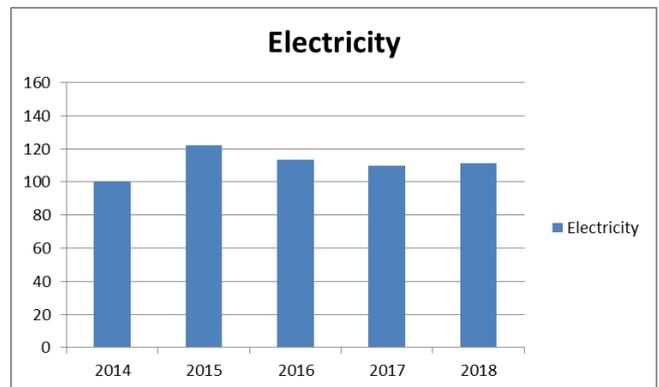
The consumption of electricity at Marius Pedersen Group can be categorized into the following categories

- Electricity for sorting and handling of waste at our facilities (production)
- Electricity for offices and staff facilities
- Electricity for other purposes (eg. central administration)

The following pie chart shows that electricity for sorting and handling is of main interest.



The diagram below shows the indexed development in the total electricity consumption per ton of waste (kWh/ton).



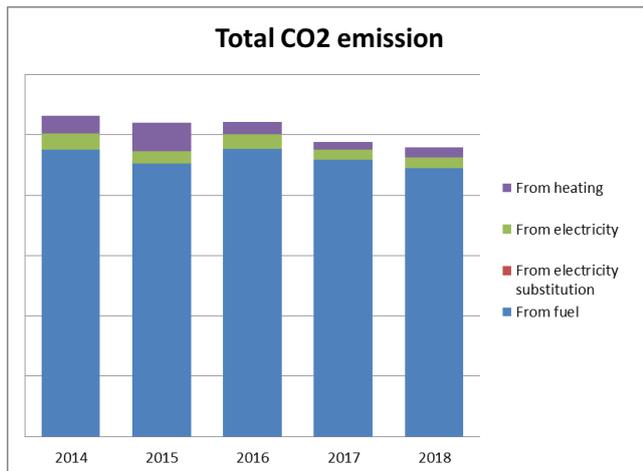
The diagram shows a decreasing tendency in electricity consumption from 2015 to 2018 however, in 2018 there is a small increase, which can be explained by new electronic equipment and changes in the types of waste received at our facilities.

In order to focus on the electricity consumption for handling and preparation of waste, the Group has set OEE (overall equipment efficiency) figures for baler equipment which are considered to constitute a significant part of the total electricity consumption.

**CO<sub>2</sub> emission**

The Group’s emission has a negative impact on the climate and the consumption of resources (diesel, electricity and heating) leads to an emission of CO<sub>2</sub>, CO, NO<sub>x</sub> og SO<sub>2</sub> and in this report, the focus is on the emission of CO<sub>2</sub>.

The diagram below shows the development in CO<sub>2</sub> emission over the past 5 years.



Over the five year period from 2014 to 2018 there is a decrease in the total CO<sub>2</sub> emission and hence a positive environmental impact. There is an increased emission from heating in 2018 which is caused solely by a temporary oil burner installation during a re-building phase in one of the sorting facilities. Stabilised conditions are re-established and district heating is in place as of January 2019.

It is important to notice that the fuel consumption represents more than 80 % of the total CO<sub>2</sub> emission and hereby it is an area of great interest for future objectives and plans for investment and improvement.

### Environmental Approvals

In accordance with the environmental objectives it is ensured that the Group's activities are operated in accordance with the environmental authorizations. Annual evaluation meetings were conducted in 2018 for each separate facility and relevant actions are taken in order to continuously ensure compliance.

## 5.2 Risks concerning Climate and Environment

The Group has its focus on reducing impact on the environment. The main risk factors are identified as:

- Fuel consumption for transport
- Energy consumption at sorting facilities

Both fuel consumption and energy consumption have an impact on the environment due to CO<sub>2</sub> emission, which is why the target is to reduce impact. As described we handle these risks by focusing and closely measuring the consumption. If a negative development is observed, the cause is analysed and action is taken.

As described in the previous section the following actions are taken:

- Investment in new and energy efficient machinery
- Introducing electricity as substitute for fuel
- Route optimization including digitalisation and use of visual tools in order to monitor driving patterns
- Drivers are trained in fuel efficient driving

The Group will continue promoting the environment in the organisation and establish objectives and targets which encourages a continued reduction of environmental impacts.

### 6.0 Human Rights, Human Resources and Anti Corruption

The Group support and respect internationally declared Human Rights and Labour Rights. The Group's CSR policy specifically covers human resources as well as health and safety issues. It is of great importance to the Group to be able to attract and retain the right employees. Due to the low unemployment rate this is a focus area that is strengthened through branding of Marius Pedersen Group, training programmes and cooperation with educational institutions.

The Group acknowledges the employees freedom of association and collective agreements. Child labour and discrimination of employees are not accepted. All employees are being paid according to Danish terms and conditions of employment. The HR department oversees that all agreements and legislation are complied with. The Group also follows the conventions of ILO that are incorporated into Danish legislation including ILO94.

#### 6.1 Activities and performance in 2018

Through development and maintenance of the employees' knowledge and skills, the HR function of the Group ensures a high level of efficiency. This promotes creation of innovative products and services and their capability to be competitive in the selected markets.

- The necessary qualifications are ensured through a purposive education of the employees, as well as through cooperation with external parties, among these knowledge institutions.
- In 2018 94 drivers have been attending "every 5 year statutory driver's education".
- In 2018 white collar employees have been attending seminars in Excel and customer service.
- There are trainees employed within the Group, both blue and white collar. In 2018 the number of trainees is 19.
- The Group employs people in flexible jobs. In 2018 the headcount was 7.

- The employees are thoroughly being introduced to new tasks when they are hired or transferred.
- Every year white collar employees are attending employee development interviews with their manager. These interviews result in individual action plans dealing with competency development and job satisfaction. These have been carried out successfully in 2018.
- Individual training and seminars are attended by employees at all levels.

#### 6.2 Risks concerning Human Rights and Human Resources

The Group has identified recruitment and retention of employees as the main risk factor concerning human rights and employee conditions. We do not consider the risk to be significant neither in extent nor in probability; however activities are performed as described above.

Furthermore the risk of using child labour or violation of legislation and collective agreement is secured by:

- information at all management levels
- review of employment contracts
- availability of a central HR function

#### 6.3 Anti Corruption

The Group has a policy not to offer, receive or accept any sort of corruption or bribery. The Group has actively published a gift policy and has established a hierarchy of invoice approval and uses double approval of payments. Controls are incorporated into the general financial controls and have not given any reason of concern in 2018.

#### 6.4 Risks concerning Anti Corruption

The risk of corruption is considered to be low as operation takes place only in Denmark which scores high on the corruption index. Each month in the process of financial closing controls are performed to control that no incidents have occurred. Furthermore external audits are performed annually.

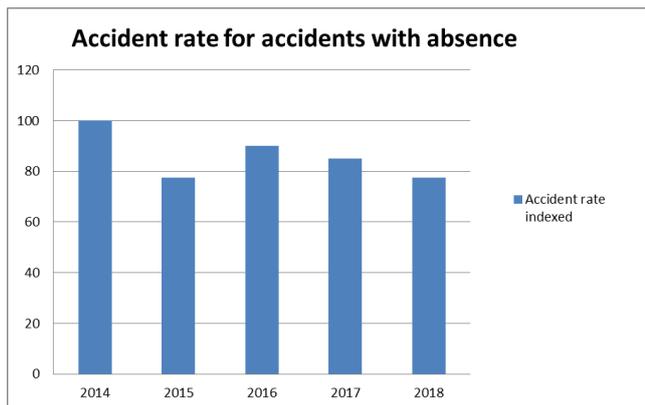
The risk of employees receiving gifts is addressed by the gift policy.

## 7.0 Health and Safety

The Group’s activities are performed in accordance with Danish safety legislation. The Group is actively working to promote the health and safety policy in order to keep a good workplace both concerning employee’s job satisfaction and efficient and safe operations.

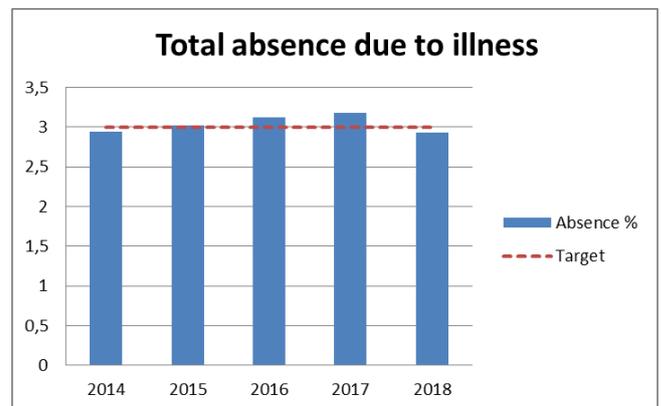
### 7.1 Activities and performance in 2018

- Work related accidents are systematically registered and the causes are analysed. When necessary actions are taken in order to prevent future accidents. In 2018 the accident rate for accidents with absence has decreased compared to 2017. The below diagram also shows a significant decrease over the past 5 years.



- Employees are instructed and trained in safe behaviour as well as potential hazards and risks of the work they are to carry out. This is an ongoing process in the departments.
- Relevant protective equipment is available to employees where appropriate.
- The health and safety representatives are representing the geography and activity of the Group. Every year a plan is prepared concerning competency development within the work safety environment organisation. In 2018 the focus areas were;
  - Evaluation and continuous focus on the internal procedure for introduction and instruction of all employees in

- order to insure the desired safety culture in our operations
- New work descriptions for the contracting activities including new health and safety checklists and safety instruction.
- Our existing contingency plan and the training of employees in fire prevention and protection as well as firefighting on a daily basis.
- New health and safety training program for all employees within the health and safety organisation; a program to be implemented within 2019.
- The target for absence due to illness is maximum 3%. In 2018 the percentage is 2,93% which is satisfactory. Individual interviews are being conducted with employees with high absence with the purpose of reducing their absence. Statistics of absence are being evaluated on quarterly basis at department level.



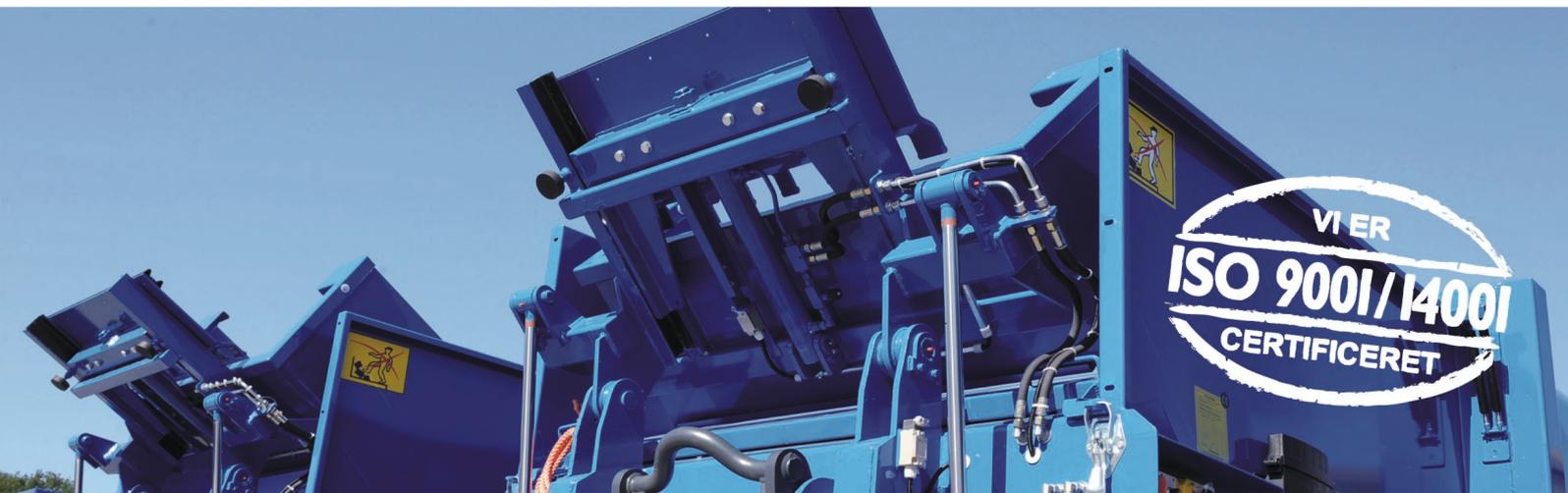
- The Group offers the employees psychologic counselling through external partners - both as preventive and immediate help.
- The Group has a contingency plan that is followed in case of emergencies.

### 7.2 Risks concerning health and safety

The most considerable risk concerning health and safety is work related accidents. This remains a main focus area both within the safety organisation as well as in top management. The Group continuously engages in improving processes, standardising procedures and securing registration of work accidents. This risk is to be considered significant for the individual but not for the operations in general.

All employees are equipped with personal protective equipment including but not limited to work wear, safety shoes and helmets where appropriate.

We will continue promoting health and safety within the organisation.



**Marius Pedersen**

