

CSR REPORT 2020



MARIUS PEDERSEN HOLDING A/S

CVR.NR. 35846735

www.mariuspedersen.dk

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Extent of the CSR report

The CSR report covers the Danish activities within Marius Pedersen A/S.

Primary activities

We consider waste as a new resource and collect all types of waste, solid as well as liquid waste, from waste producers. We continually aim to control as many aspects of the value chain of waste as possible – from collecting waste to selling secondary resources – to add value to our customers and our owners.

Group activities include:

- Sorting, treatment and handling of different types of recyclable waste at our own waste management facilities.
- Trading of recyclable waste in the context of Circular Economy.
- Providing services on 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 owns companies in Denmark, the Czech Republic and Slovakia primarily handling environmental activities.

The CSR report covers the period: 01.01.2020 – 31.12.2020

1.0 Introduction

The CSR report for 2020 includes the topics:

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

The CSR report only covers the Danish activities within Marius Pedersen A/S.

As a leading Danish 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 resources and development of the Circular Economy.

Marius Pedersen Group has a strong focus on Circular Economy with the aim to reduce waste and improve recycling and contribute to products in a cradle to cradle perspective.

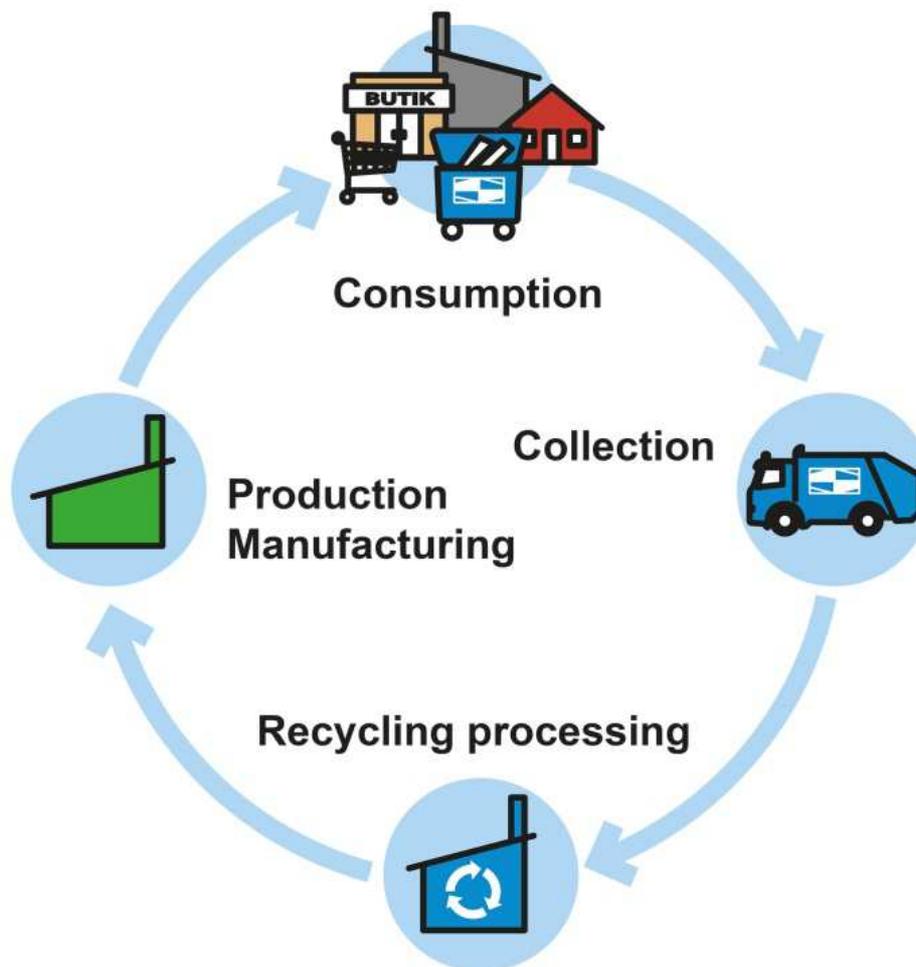
The CSR report reflects how the values of the Group are translated into activities and performance concerning the topics of the Report and describe our focus on Corporate Social Responsibility in the Group.

Key Values of the Group

- Productivity
- Responsibility
- Reliability

The Key values illustrate how we act in our relations with customers, suppliers, employees and other stakeholders.





2.0 Marius Pedersen Group

2.1 Corporate Social Responsibility

From the full spectrum of CSR topics we have chosen to work primarily with the topics that are particularly relevant to our industry, assessed in terms of our main impacts and the importance to our shareholders. The topics are described according to Danish Financial Statements Act § 99a and covers the Group's activities in Marius Pedersen A/S.

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

2.2 Owner structure

Entreprenør Marius Pedersens Fond is sole shareholder of the Group.

3.0 CSR Policy

Marius Pedersen Group strives to comply with the principles of the UN Global Compact. We support basic human rights, employee rights, anti-corruption efforts and environmental protection. Therefore, the management team has drawn up the following CSR policy, which provides the basis for our work with CSR.

Human rights

Marius Pedersen Group supports and respects the universal 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 applicable legislation.

Child labour

Marius Pedersen Group ensures that all employees are more than 13 years old, and that employees between 13 and 15 years of age only perform light work and for a maximum of two hours a day. Employees under the age of 18 do not perform dangerous work or work at night. The Group 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 to strengthen the employees' academic and social skills to support their opportunities in the labour market, as well as strengthen their work profile. Furthermore, Marius Pedersen Group educates both students and trainees.

The Group strives to provide a safe and healthy working environment, both in terms of the physical and mental well-being. The working environment is evaluated on the basis of measurements of employee satisfaction, data on absence due to illness, numbers of occupational accidents etc. This is followed up with a 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, religion or belief, political opinion, sexual orientation, national origin, social origin, ethnic origin, age or disability. This also applies for 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 or 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 emissions as well as to reduce consumption of, for example, fuel and other resources. At Marius Pedersen Group, we take responsibility for the recycling and recovery of resources in waste due to our business activities. We develop the market and offer sustainable concepts for all types of customers. We support customers and partners in optimizing their waste situation and create value by ensuring recycling of resources in waste as part of a Circular Economy approach.

4.0 Environmental Policy

The Environmental policy covers the Danish activities of Marius Pedersen A/S.

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

Marius Pedersen Group undertakes to:

- continuously assess the company's total activities to reduce its environmental impact
- promote environmental awareness in general by educating the employees and increase environmental consciousness to ensure that employees at Marius Pedersen Group take into account 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 save natural resources. We create visibility regarding customers' waste production and support optimum recycling in the services 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 our business activities and provide the necessary contingency plans for preventing unintended events
- comply with the environmental legislation and the regulatory requirements at any time, and other obligations that apply to our activities
- practice energy audits in accordance with applicable regulatory requirements
- have an open dialogue with our stakeholders regarding the Group's environmental conditions and communicate the environmental policy externally



5.0 Environment and Climate

As Marius Pedersen Group is in the business of waste management and recycling, reduction of negative environmental impacts is a core part of the Group's activities.

The Group's activities cover environmental services related to transforming waste into a resource. Marius Pedersen Group focuses on the Circular Economy and aims to reduce waste and improve recycling and emphasize the cradle to cradle perspective for products.

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

The activities in Denmark within waste management are ISO 9001 and ISO 14001 certified.

Marius Pedersen Group has identified

- fuel 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

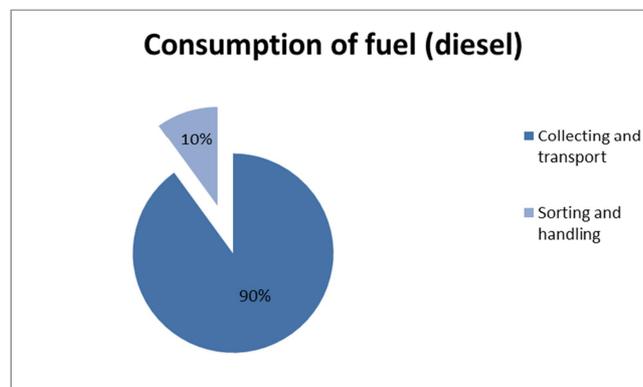
The Group is actively working to promote the environmental policy:

The Group's environmental organisation is dedicated towards improving the environmental performance. It is an ongoing process, related to the authorizations and dealing with deviations and root cause analysis.

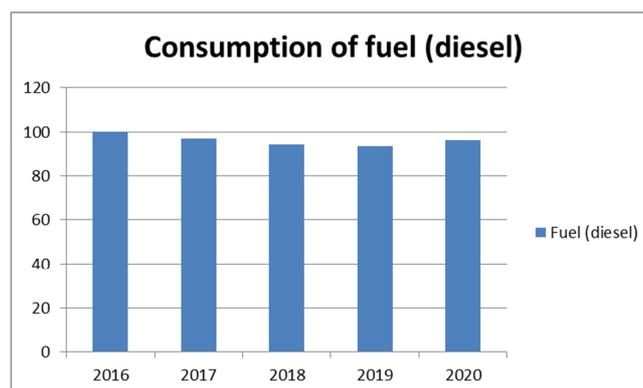
Fuel (diesel)

The consumption of diesel accounts for the main environmental impact at Marius Pedersen Group. 90% of the total diesel consumption is used for the daily collection

and transport of waste fractions. The remaining 10% of diesel consumption 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 2016 to 2020 there is an overall decrease in the consumption of fuel per ton of waste. This decrease is due to a focus on route planning and route optimisation in each of the local Marius Pedersen departments and investments in new equipment. The increased consumption in 2020 can be explained by a decrease in the total amount of waste – most probably due to Covid-19.

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.

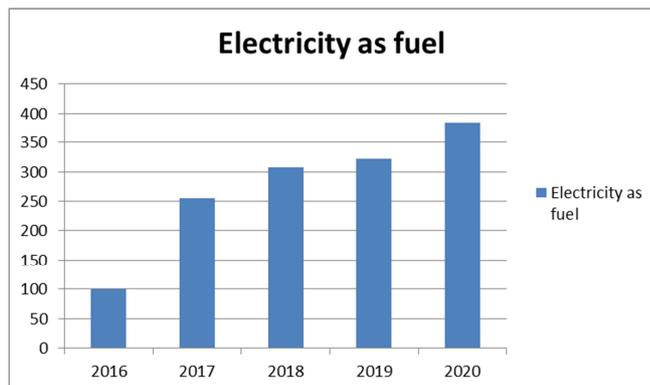
Introduction of alternative or sustainable fuel types

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 this area.

Over the past years Marius Pedersen Group has further explored the area of alternative and sustainable fuel types, and in 2020 the total fleet includes:

- 24 trucks driven by a combination of biogas and electricity
- 13 trucks driven by biodiesel - a sustainable alternative to traditional diesel



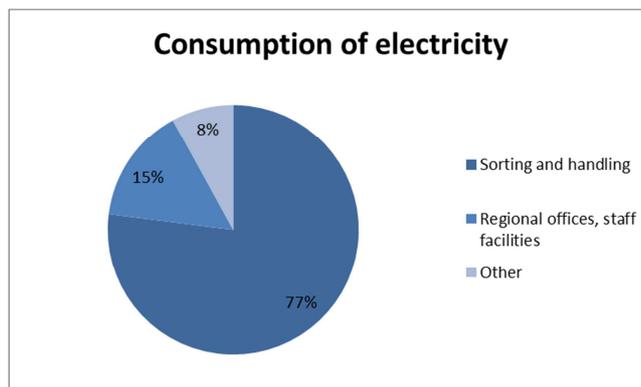
Electricity

The electricity consumption is monitored to minimise the energy consumption and environmental impact from handling products at our facilities.

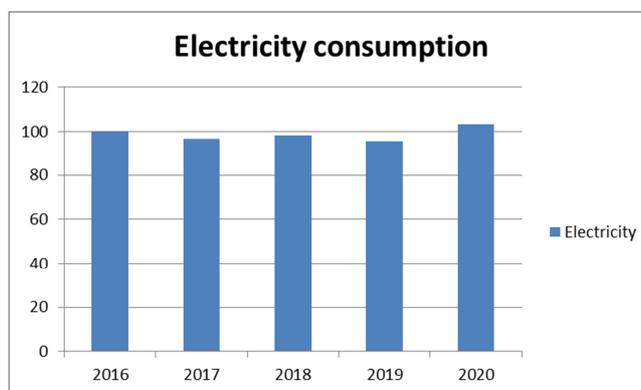
The consumption of electricity at Marius Pedersen Group can be categorized into the following categories

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

The following chart shows that electricity for sorting and handling accounts for the main consumption.



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



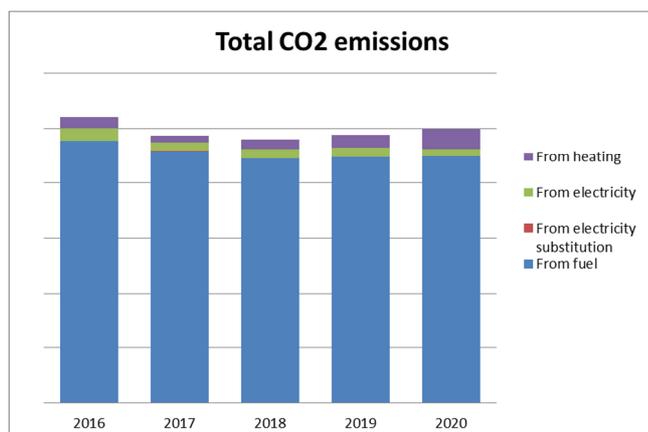
After a period of decreasing electricity consumption in 2016 – 2019, 2020 shows an increase, which can be explained by new electronic equipment and changes in the types of waste received at our facilities.

In order to focus on the electricity consumption for handling and preparation of waste, the Group has set OEE (Overall Equipment Efficiency) targets for our baler equipment which are considered to comprise a significant part of the total electricity consumption.

CO₂ emissions

The Group's consumption of resources (diesel, electricity and heating) leads to emissions of CO₂, CO, NO_x and SO₂ that have a negative impact on the climate. In this report we focus on the emission of CO₂.

The diagram below shows the development in CO₂ emissions over the past 5 years.



Over the five-year period from 2016 to 2020 there is a decrease in the total CO₂ emissions, which can be considered a positive environmental impact. However emissions have increased in 2020 mainly caused by an increased heating consumption.

The fuel consumption represents around 90% of the total CO₂ emissions and it is the area of greatest interest for future reduction targets and plans for investments and improvement.

Environmental Approvals

In accordance with the environmental objectives the Group's activities are operated in accordance with the environmental authorizations. Annual evaluation meetings were conducted in 2020 for each facility and relevant actions are taken in order to continuously ensure compliance.

5.2 Risks concerning Climate and Environment

The Group focuses on reducing its 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 a negative impact on the environment due to the CO₂ emissions, which is why the target is to reduce impact. We handle these risks by measuring the consumption data and focus on development in 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.
- Introduction of electricity, biogas, biodiesel or other sustainable fuels as a substitute for conventional fuel
- Route optimization including digitalisation and use of visual tools in order to monitor driving patterns
- Drivers are trained in fuel efficient driving

Examples of our current initiatives include:

- Substitution of 180.000 liters fossil diesel with HVO-diesel annually.
- Replaced two diesel material handlers with electrical models
- Invested in nine electric forklift trucks

The Group will continue its focus on reducing environmental impacts and will establish targets which encourage a continued reduction of environmental impact.

Further the Group's recycling activities in 2020 are estimated to have contributed to reduce our customers' CO₂-emissions by at least 160.000 tons CO₂ by recycling their waste.

6.0 Human Rights, Human Resources and Anti-Corruption

6.1 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 minimized by:

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

6.2 Risks concerning Anti-corruption

The risk of corruption is considered to be low as operations take place only in Denmark which the Transparency International Corruption Perceptions Index scores as one of the least corrupt countries globally. Each month in connection with the process of financial closing controls are performed to ensure that no incidents have occurred. Furthermore, external audits are performed annually.

The risk and handling of the risk regarding employees receiving gifts is addressed in the Group's gift policy.

The Group supports and respects universal 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' rights to 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 the Group is in compliance with all agreements and applicable legislation. The Group also comply with the conventions of ILO which are incorporated into Danish legislation including ILO94.

6.3 Activities and performance in 2020

Through development and retention of the employees' knowledge and skills, the HR function ensures a high level of efficiency. This promotes the development of innovative products and services and enhances the Group's competitiveness in selected markets.

- The necessary qualifications are ensured through a targeted education of the employees, as well as through cooperation with external partners e.g. knowledge institutions.
- In 2020 102 drivers attended "the 5-year statutory driver's training".
- In 2020 11 white-collar employees attended an internal project management programme.
- In 2020 the number of trainees was 26, including both blue- and white-collar positions.
- The Group employs people on flexible job contracts in 2020 this type of job accounted for 11 persons.
- The employees are thoroughly introduced to new tasks when they are hired or transferred.
- Every year white-collar employees attend employee development interviews with their manager. These interviews result in individual action plans dealing with competence development and job satisfaction. The interviews have been carried out successfully in 2020.
- Individual training and seminars are attended by employees at all levels.

6.4 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 approvals and uses double-approval of payments. Controls are incorporated into the general financial controls and have not given any reason for concern in 2020.

7.0 Health and Safety

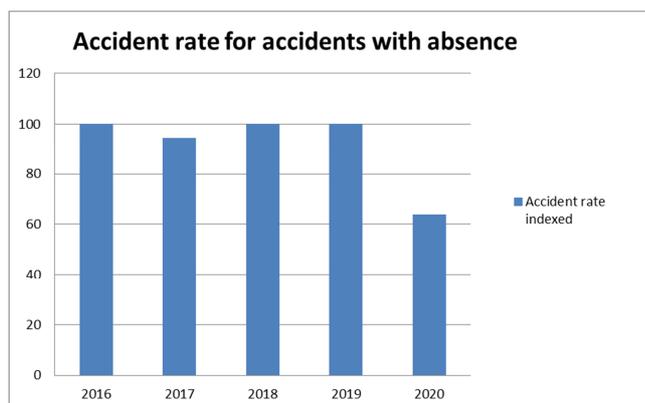
The Group's activities are performed in accordance with Danish safety legislation and in compliance with the Group's health and safety policy. The Group is continuously promoting the health and safety policy in order to keep a good and safe workplace concerning employees' job satisfaction as well as efficient and safe operations.

All employees are equipped with personal protective equipment (PPE) including but not limited to work wear, safety shoes and helmets where needed and in compliance with legal requirements.

Since the beginning of the Covid-19 pandemic, we have also provided appropriate PPE to protect employees and customers from spreading the virus.

7.1 Activities and performance in 2020

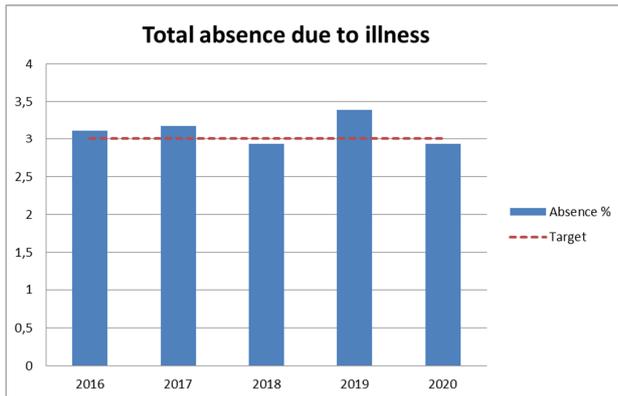
- Work-related accidents are systematically registered and the causes are analysed. In 2020 the rate for accidents with absence has declined significantly compared to 2019. The improvement is most likely due to the increased focus on health and safety issues and is the result of the work within the national safety council and our many local safety groups over many years.



- Employees are continuously instructed and trained in safe behaviour as well as potential hazards and risks of the work they are to carry out.

- Every year a plan is prepared concerning competency development within the safety organisation. In 2020 the focus areas were primarily continuation of our initiatives from 2019:
 - Evaluation and continuous focus on the internal procedure for introduction and instruction of all employees to ensure the desired safety culture in our operations.
 - A thorough examination of accidents, meaning that all accidents are evaluated by the safety committee. This task aims to challenge all local safety groups on the quality of the root cause analysis completed within the groups. This is to ensure that adequate and necessary preventive action is taken to avoid similar accidents in the future.
 - Specific high-risk operations have been identified and further safety instructions will help address the challenges.
 - A safety culture measurement was successfully performed as planned in 2020 and the results were subsequently used in group exercises and sessions, in order to pinpoint areas of action and targets for the health and safety plan in the years to come.
 - Concept and thoughts of Vision Zero have been introduced within management and will be further implemented in our management plan for health and safety for all regions.

- The target for absence due to illness is maximum 3%. In 2020 the percentage was 2,93%. Individual interviews are being conducted with employees with high absence with the purpose of reducing their absence. Statistics of absence are being evaluated at department level on a monthly and quarterly basis.



- The Group offers the employees psychological 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 and for top management. The Group continuously engages in improving processes, standardising procedures and securing registration of work accidents. This risk is considered significant for the individual but not for the operations in general.

We will continue promoting health and safety within the organisation.

