

# FRONTMATEC

UN global compact communication  
on progress report





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## **Statement from Frontmatec management**

As a leading provider of advanced food processing equipment, we are aware of our impact on the global sustainability. We acknowledge we have an active part to play in feeding the growing global population, while using less resources. Our contribution towards this goal is to continuously design and develop solutions that maximizes the yield of each raw material and eliminate meat that could be used for human consumption from going to waste.

Our path towards this goal is through intensified R&D in automation; introducing new technologies, such as robots and artificial intelligence. Not only does it provide a higher yield and increases the food safety inside the meat plants, it also improves ergonomics for the operators with less heavy lifting and repetitive work, thereby increasing the health and safety levels inside the meat plants.

Food safety is also a global concern, which we take seriously and are actively working to improve. We do this through developing hygiene solutions for food plants and by applying sound design principles in all our work with a continued focus on ergonomics and easy to clean equipment with minimum risk of cross contamination.

With increased focus on automation, we are becoming a much more data driven company that is offering smart and increasingly intelligent solutions.

We want Frontmatec to be a company where people are safe at work; and not just in Frontmatec locations, but equally at the plants where we provide our solutions.

Frontmatec will continue to work with the ten principles and in this report, you can read about how we work with sustainability and our contribution to the UN Sustainability Development Goals.

## **Frontmatec Executive Group Management**

# About Frontmatec Group ApS

Frontmatec Group delivers customized solutions of the highest quality based on years of experience and true craftsmanship. The company is the highly experienced partner that customers count on for every step of the journey – from the initial design phase to the after sales service.

Key design criteria across all our business units are:

- Animal welfare
- Ergonomics
- Hygiene
- Meat quality
- Yield optimization

Given the diversity of the combined product portfolio and differences in geographical market requirements, Frontmatec has structured its operations into the following business units:

#### MEAT SOLUTIONS EUROPE

High-quality slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle (incl. calves) and sheep for the European market.

#### MEAT SOLUTIONS NORTH AMERICA

High-quality slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle (incl. calves) and sheep for the North American market.

#### MEAT SOLUTIONS CHINA

High-quality slaughter lines, cutting and deboning lines and logistics solutions for pigs, cattle (incl. calves) and sheep for the Chinese market.

#### AFTER SALES

Global after sales services spanning from spare part sales to customized service contracts.

#### HYGIENE

**ITEC**  
FRONTMATEC HYGIENE

Hygiene systems, ergonomic work aids, automatic systems, by-product systems.

#### CAPTIVE BOLT STUNNING

**FRONTMATEC**  
accles & shelvoke

World leading manufacturing of cartridge powered captive bolt stunning tools.

#### ROBOTICS

**AIRA**  
ROBOTICS

Global robotic solutions for kill line applications.

#### CONTROLS & INSTRUMENTS

Online measuring systems for pig and cattle carcass grading for advanced yield management and quality control.

Identification systems and touch panels for harsh environment.

Complete software solutions for the operation and optimization of food processing facilities.

# Human rights principles

## Principle 1

**Businesses should support and respect the protection of internationally proclaimed human rights; and**

## Principle 2

**Make sure that they are not complicit in human right abuses**

## Continued support for human rights

Frontmatec respects human rights and supports the UN Guiding principles on Human Rights. Frontmatec has not made huge changes to the Human Rights due diligence, and will continue focusing on the work with GDPR. During 2020, we will assess other fields where we can make a positive impact on our work with Human Rights.

Frontmatec still has the same goals in regards to human rights. We want Frontmatec to be a company where employees want to come and work for us, build a career here and at the same time, feel safe.

Externally we also have a huge focus on Human Rights, since we are a supplier to the global food industry and see ourselves as an enabler to help feed the world with animal protein. With an increasing global population, the demand for protein will continue to rise.

This is a challenge, as agriculture and food production are major contributors to greenhouse gasses. We are pleased to see that many of our customers have launched ambitious sustainability programs and we want to contribute for them to reach their targets.

We do this through automation and development of innovative solutions that optimizes the yield. Doing so we get 'more from less' – in principle, more people can be fed from the same production level when the output is fully utilized and less goes to waste.

## Assessment, policy and goals

In 2018, the focus was General Data Protection Rules and has been in 2019 where we have our focus on remaining areas within GDPR.

In the 2018 COP, we have stated that we wanted to conduct Binding Corporate Rules ["BCR"], but, after a more specific due diligence, Frontmatec has chosen to focus on a different approach and create intercompany data processing agreements between the Frontmatec entities.

The policies regarding GDPR made and implemented during 2018 are still in place, and are updated once a year if needed. We also make sure all new employees are aware of the policies and our goal is that all employees conduct their work in content with our GDPR principles. Therefore our goal is to maintain our work on an ongoing basis and make sure that all entities are involved.

In 2019, we acquired a new company in Spain and started up a new production factory in Romania. Frontmatec is focused on implementing the GDPR program in these entities as well.

Frontmatec has the high focus on GDPR in regard of the negative impact any breach of noncompliance can have for our business; not only in an economical way but also in regards to reputation towards our customers, business partners and mostly our employees' safety in regard of their personal data. The goal is to have a better structure and governance on Frontmatec Group level.

Furthermore, during a legal due diligence, we have found out that one of Frontmatec entities acquired in 2018 did not pay minimum wage or overtime for overtime work conducted. Frontmatec management reacted promptly on this noncompliance and rectified the noncompliance issue immediately. For us, it is important that all employees are treated correct and fairly also in regard of payment for their work and effort.

## Implementation and what remains to be done

Already in 2018 and through 2019, Frontmatec has published and actively informed the employees on the work with GDPR.

In the entities in Denmark, a GDPR team has been established, making sure to provide day-to-day need awareness regarding GDPR and rights and responsibilities of employees. Never the less, the GDPR team shall

assist the employees in regard of sorting, deleting and storing personal data and make sure that agreements with third parties are in place.

During 2020, the GDPR team shall extend to all other entities in Frontmatec where GDPR is a mandatory regulation.

Furthermore, during 2020, the Frontmatec compliance team will assess other fields in Frontmatec business where Human Rights are of importance and evaluate if any actions needs to be conducted in this matter. This includes an assessment of our third parties relations, etc.

On an external basis, Frontmatec will continue the automation and development of innovative solutions that optimizes the yield and hereby contributes to zero hunger in the world.

## Measurement of outcomes

In 2019, the goal for Frontmatec was that all employees have been introduced to GDPR policies and understands the importance of it and their rights in connection with processing of their personal data. This is still a goal, and as stated above, Frontmatec is setting up a GDPR team that will on a day to day basis make sure all employees are aware and understand the content of Frontmatec GDPR policies. Therefore, GDPR awareness is still a major focus area and will continue to be on an ongoing basis.

# Labor rights principles

## Principle 3

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;

## Principle 4

The elimination of all forms of forced and compulsory labor

## Principle 5

The effective abolition of child labor; and

## Principle 6

The elimination of discrimination in respect of employment and occupation

High engagement in developing a healthy workplace and a high responsibility as a company is a key factor to a strong and successful business.

## Assessment, policy and goals

In 2019, the goal for Frontmatec was to keep the low percentage on sickness among employees and during 2019 to reduce lost hours caused by work related injuries pr. 1 million hours by 10 %.

After closer evaluation, Frontmatec has chosen to focus on the numbers in a different way, as stated below.

Frontmatec takes safety very seriously and a good environment is the main task in day-to-day business. Given that, we will work to set acceptable KPI to work with as follows:

Action	KPI	Status	Target 2020
Monitoring the overall sickness absence	The overall sickness absence must be at or below 2.0% (sickness days as percentage of total number of workdays)	2.48%	<2.0%



Action	KPI	Status	Target 2020
Monitoring the overall lost hours caused by work related injuries pr. 1 million hours	The overall lost hours caused by work related injuries pr. 1 million hours must be lower than 7000 hours	7209 hours	<7000 hours

This will be done by ongoing evaluations and improvement at the production site where an improvement is needed and can contribute to a safer working environment.

It is the intention of Frontmatec to obtain the applicable rules and norms about both physical and psychological work environment.

All applicable safety rules must be kept, not only when working within Frontmatec, but also when working with customers and other business partners. All entities have a local work environment and security handbook, and emergency response plans.

Our equipment is compliant with the safety and legal requirements of the countries it is marketed. This includes both mechanical and electrical, with declaration of conformity such as CE. Equipment comes with a full operator manual with safety measures described for both machine description, operator usage, maintenance and cleaning.

To meet future challenges, our industries and infrastructure must be upgraded. For this, Frontmatec launched an innovation campaign in 2019.

During the campaign, Frontmatec was looking to harvest the potential from the whole organization, and give everyone, regardless of organizational unit, department and location, the opportunity to contribute with ideas that will further develop the processes in slaughtering, cutting, deboning and trimming, within both pork and beef. Since it was a very ambitious campaign with a tight deadline, selected people were active participants, but Frontmatec encouraged all, who had ideas they believe could become future products or solutions to attend.

The innovation campaign was also instrumental in implementing a new global R&D process, elevating new innovations across all our business units using a common process with a clear governance structure. It has proved highly efficient in bringing cross-functional and cross-border teams together for development of new innovative solutions.

# Environment

## Principle 7

**Business should support a precautionary approach to environmental challenges**

## Principle 8

**Undertake initiatives to promote greater environmental responsibility**

## Principle 9

**Encourage the development and diffusion of environmentally friendly technologies**

## Assessment, policy and goals

We will comply with environmental legislation, including through ongoing training and monitoring.

We will work systematically to continually improve environmental performance, to reduce our impact on the environment and to promote greater environmental responsibility.

Frontmatec continues the work with Environment principles by minimizing the transport cost and pollution in this matter by providing company cars for employees to use free, and made it an obligation for employees to travel together in every situation possible.

Furthermore, to minimize unnecessary traveling by car, train, airplane etc. Frontmatec employees use online meetings on a regular basis, so we in that way can have meetings online internally and with customers whenever possible and whenever a face-to-face meeting is not necessary.

Frontmatec also works together with the suppliers to ensure that our products are compliant with the REACH and RoHS obligations and that no harmful substances are exposed to the consumers and the workers handling the products throughout the supply chain.

Frontmatec also develops products to ensure that no animals suffer any harm during production of our products.

Slaughtering animals is a necessity to provide protein for an increasingly growing population. However, it must be done with respect and without causing stress and pain to the animals.

At Frontmatec, animal welfare is a top priority. Not only in respect of the animal but also in delivering a high quality meat product. Healthy and stress free animals are the most critical components for quality meat. Frontmatec slaughtering solutions are based on the highest possible animal welfare, from the point of arrival to the slaughter plant, to the point of rendering the animal dead.

For pigs, we promote group handling in the lairage area, resting pens with access to water and an automatic drive system to guide groups of pigs to the CO2 stunner. Here they will be transferred into a controlled area of CO2 concentration where they will quickly become unconscious and not feel being put to death by sticking and de-bleeding.

## Implementation and what remains to be done

In 2019, we implemented KPI's for use of water, use of electricity and use of heating. Unfortunately, the measurement was not successful and misleading due to many internal changes on a Group level during 2019.

One of the companies moved the location in the middle of the year, and at the same time reducing the production level. Meanwhile, on a Group level, Frontmatec had an acquisition of a company and established another production location.

Now the Frontmatec focus is the production, the Products, and their impact on environment. Moreover, the high focus on animal welfare and developing solutions to increase the welfare as much as possible in every step possible.

# Anti-corruption principles

## Principle 10

**Business should work against corruption in all its forms, including extortion and bribery**

## Assessment, policy and goals

Frontmatec still means what was stated in our 2018 COP. Frontmatec recognizes Corruption and Bribery as barriers to sustainable development and free trade, and we support all work against corruption, including extortion and bribery.

## Implementation and what remains to be done

Frontmatec has implemented a policy regulating the zero tolerance approach Frontmatec has. It is important to state that Frontmatec acknowledges small business gifts and reasonable entertainment (including meals) are acceptable ways to build relationships and generate goodwill between business partners, but shall be carried out in a transparent manner and according to Frontmatec guidelines.

Frontmatec will still continue the work against corruption including extortion and bribery, and during 2020 the main focus is to make an assessment of the business, business partners and recognize, if any, business areas exposed to high risk. This will help and improve the work against bribery, etc.

## Measurement of outcomes

In 2018, measurements have been conducted, and based on the measurement, the outcome company goal for 2019 was as follows:

Zero confirmed incidents in whistleblowing scheme.

Frontmatec can state that there has been no cases/incidents in the whistleblowing scheme. For Frontmatec, this is a very positive outcome, but this does not mean Frontmatec will stop working for the fight against corruption, including extortion and bribery.

# Legal requirements

Reference to section 99a of the Danish Financial Statements Act

## Section reference

### 99A Readers Guide

#### Sustainability definition - Section 99a (1)

Frontmatec reports on all areas of the sustainability definition, including human rights, employee relations, environmental and climate impact and measures to fight corruption.

#### Human rights principles

In regard of Human Right principles Frontmatec is fo-cused on having focus on being open and accommodating workplace and hereby respect human rights. Frontmatec is an international workplace, and we can in no way accept discrimination based on race, religion, gender, age, disability or any other kind. The risk is that discrimination would affect our ability to retain and at-tract employees as well as damage our reputation.

During 2018, there have been no reporting of non-compliant behavior and management is not aware of such.

#### Labor rights Principles

Frontmatec is an international workplace with production sites in different parts of the world. Having strong focus on work environment the main concern is this matter is having serious work related injuries at our productions site due to lack of security and similar. It is important that our employees feel safe during their work at Frontmatec. Health and safety as well as workers councils have a significant role in maintaining and further develop this area. Implementation of KPI measurement is another approach im-

plemented to track situations/development regarding work related injuries. Not focusing heavily on security and other relevant approach can have negative impact on the ability to maintain our dedicated work force, which would affect the production and business in general.

### **Environment**

At Frontmatec, we are aware of our environmental obligations, though the assessment is that this is a low risk area due to the nature of our production and business. Any breach of the environmental legislation could harm our reputation and our business.

### **Anti-Corruption principles**

Having strong focus on compliance in this important matter it is the assessment that the related risk is low. The primary risk for Frontmatec is that our employees engages directly or indirectly in bribery and/or corruption. Frontmatec is an International company with enti-ties located in various parts of the world and where business and execution of projects are, in some matters conducted at places where bribery and corruption is more common. When Frontmatec conducts its business, there is a zero tolerance and Frontmatec will not in any situation accept corruption and/or bribery. Besides the negative consequences for the local society corruption and/or bribery could harm Frontmatec's reputation and its business. Therefore, Frontmatec ensures that employees are trained, assesses risk when conducting business and are aware of how important it is to avoid any situation of non-compliance.

## **Description of policies - Section 99a (2)**

Frontmatec has the following policies in place:

### **CSR policy**

In Frontmatec, we want to add value and take responsibility for the way our business affect society at the same time delivering the best top quality equipment and services to our customers. Fundamentally, we want to behave responsibly as individuals and as a company.

The CSP policy constitutes the framework for our activities and for our profile as an attractive employer and business partner.

### **Supplier Code of Conduct**

Frontmatec has a history of working closely with suppliers. Our procurement teams build relationships with suppliers, ensuring that they provide the best value in regards to quality, delivery and costs.

Frontmatec is committed to adhere to the UN Global Compact, the world's largest sustainability initiative, integrating ten principles in the areas of human rights, labor, the environment and anti-corruption into its operations. Moreover, we are committed to advancing the Compacts ten principles in our sphere of influence, including the supply chain.

Our Supplier Code of Conduct outlines the expectations we have to our business partners in regards to the ten principles.

### **Fraud Prevention Policy**

To ensure a safe conduction of payment, and secure fraud handling from 3rd partied. All employees on high level have signed a documented accepting implementation and awareness of the policy.

# Legal requirements

Reference to section 99a of the Danish Financial Statements Act

## Section reference

### 99A Readers Guide

## Description of policies - Section 99a (2) *continued*

### Anti-corruption and anti-bribery policy

In Frontmatec, it is our policy to conduct all of our business in an honest and ethical manner. We take zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. In order to maintain a high level of integrity and credibility in all our external relationships, we have adopted this policy.

All employees on high level have signed a documented accepting implementation and awareness of the policy.

### Sanctions policy

The Frontmatec Group is committed to conducting its business in accordance with all applicable legal and regulatory requirements. The Frontmatec Group strives to operate with integrity and to maintain the highest ethical standards. The primary objective of this Policy is for Frontmatec Group to maintain a sanctions policy in order to meet its obligations under the Sanctions Obligations or Sanctions Laws and Regulations effective in relevant jurisdictions of business operations of the Frontmatec Group.

This Policy applies to all employees, which includes permanent and interim employees, management, executive management and any person who re-



presents the Frontmatec Group in any way.

### **Sexual harassment policy**

The purpose of this policy is to make it clear to everyone that Frontmatec Group and its companies [Frontmatec] are clearly distancing themselves from sexual harassment. Sexual harassment is illegal and nobody should be exposed to it. This policy provides guidelines for prevention and action should sexual harassment occur. Sexual harassment is considered any form of unwanted verbal, nonverbal or physical behavior with sexual undertones and discrimination for the purpose or effect of violating a person's dignity, in particular by creating threatening, hostile, degrading, humiliating or unpleasant climates.

### **General data protection policy, processing of employees personal data**

The purpose of the policy is to inform the employees about their rights and how Frontmatec collects, process and disclose personal data in connection with, during and after the employment.

Frontmatec wants to protect and respect other natural persons' fundamental rights and freedoms, including natural persons' right of protection of their personal data.

### **Sustainability definition - Section 99a (2)(2)**

Reference is made to sections of every principle stated above.

### **System and "due diligence process" Section 99a (2)(3)**

For all policies Frontmatec makes on an ongoing basis an assessment stating minimum requirements.

Where it is required, eg. Anti-Bribery, Suppliers, Sanctions a 3rd party's due diligence is conducted.

Continually a training and awareness is conducted to relevant employees in regard of anti-bribery, Fraud, sanction, GDPR and other relevant matters. All policies are supported by Frontmatec whistleblower solution. Reference is made to the introduction part – letter to our stakeholders.

### **Work with sustainability - Section 99a (2)(4)**

Reference is made to sections of every principle stated above.

### **Business model - Section 99a (3)(1)**

Reference is made to the introduction part of the report – Letter to our stakeholders.

### **Key risk - Section 99a (3)(2)**

A description of the key risks (if any) has been stated into each of the relevant sections.

### **KPI's - Section 99a (3)(3)**

Reference is made to report and KPI's stated above in the report.

### **Means of reporting - Section 99a (5)**

Frontmatec has decided to provide a separate sustainability report, which is available for download from the website at:

[https://www.frontmatec.com/media/4987/frontmatec-cop\\_2019.pdf](https://www.frontmatec.com/media/4987/frontmatec-cop_2019.pdf)

# Our fundamental beliefs

Frontmatec and all its employees share a common set of beliefs that defines us as a business. It describes the approach of both management and each individual towards our customers, business partners and colleagues across organizational and national borders.

## What we deliver

We deliver customized solutions of the highest quality based on years of experience and true craftsmanship. We are the highly experienced partner that customers count on for every step of the journey – from the initial design phase to the after sales service. Time is of the essence – we react promptly and professionally when dealing with any issues.

## How we work

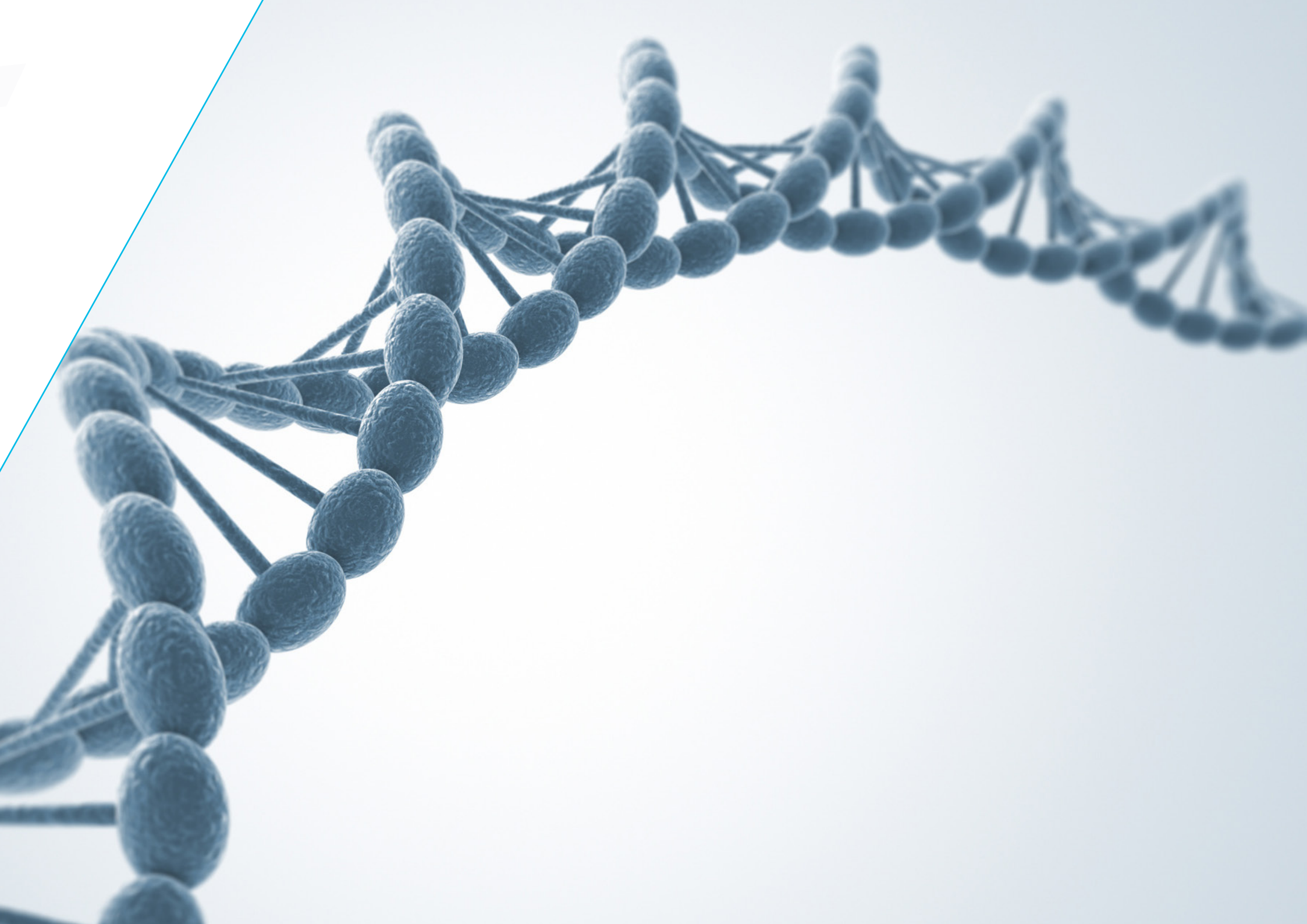
Our culture is based on a strong work ethic and an unyielding dedication to the customer. We are a proud and flexible team that is closely knit and we keep our feet on the ground. We possess an unrivaled expertise of our industry and each one of us takes our responsibility for our deliveries seriously.

## Our promise

Our customers can expect high quality solutions that are innovative and at the forefront of technology, yet thoroughly tested and highly reliable to secure minimum down-time and maximum productivity. We deliver to our promise – every time.

## Our heritage

Our business is built on in-depth knowledge of the fields we work in and long-term relations with our customers. Quality, dedication, reliability, and personal service run in our blood.



# FRONTMATEC

Frontmatec develops world-leading customized solutions for automation in the food industry, other hygiene sensitive industries and the utilities industry. We are especially renowned for our high-quality systems for the entire value chain of the meat industry – from carcass grading, slaughter lines, cutting and deboning lines, hygiene systems and control systems, to logistics and packaging.

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