

FRONTMATEC

UN global compact communication on progress report



Letter from CEO

“We, Frontmatec, are constantly looking for new ways to improve and progress, and we are well on the way to achieving our 2025 targets to reduce our own CO₂ emissions and assist our main suppliers in reducing their emissions”



I am pleased to confirm that Frontmatec Group ApS reaffirms its support of the Ten principles of the United Nation Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In 2020, Frontmatec continued to enable our customers to implement automation solutions in meat processing - by introducing new automated machines and technologies.

Many of our core products have been enhanced and improved to ensure reduction of material usage without compromising efficiency.

Within our ITEC Hygiene business, we have taken it upon ourselves to respond to the COVID-19 crisis, that has marked the year in so many ways, by developing and introducing new hygiene concepts for use in a much wider public area than the food industry we normally serve.

We are also working on a Connected Service solution - which through real-time analytics will assist to provide optimizations in operations, savings on energy and consumables, and will reduce downtime.

We, Frontmatec, are constantly looking for new ways to improve and progress, and we are well on the way to achieving our 2025 targets to reduce our own CO₂ emissions and assist our main suppliers in reducing their emissions. In 2021 we will again review our goals concerning energy and water, which will give us valuable insights into our strengths, capabilities, and

limitations. As a result, we are refining our objectives, making them more precise and transparent. We look forward to sharing more about this in 2021, including a detailed road map for each of these ambitions.

A key focus in Frontmatec is also our people – as the Frontmatec people are at the core of our offerings.

I am immensely proud of the Frontmatec people, and also the focus that we have to increase the proportion of women in the company's leadership. Having said that, there is always room for improvement. Looking ahead, we are ramping up our ambitions and building a new plan which will be implemented during 2022, covering a broader range of diversity parameters.

I only started as Frontmatec CEO in December 2020 – but I am really proud to be working for Frontmatec. Not just because of the purpose of our company, but because of the contributions that all Frontmatec employees make every day towards our customers in getting the most out of their precious raw material and minimize food from being wasted during production. Securing higher yield means feeding more people using the same amount of raw material and in doing so, we play our part towards a more sustainable world.

I hope you will find this report interesting.

A handwritten signature in black ink, appearing to read 'Allan JF Kristensen'.

Allan JF Kristensen
CEO, Frontmatec Group, COP for 2020

About Frontmtec

Frontmtec 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. We are the highly experienced partner to the global food industry on whom customers count for every step of the journey – from the initial design phase to the after sales service.

With our 1150 employees, a global production footprint and presence in 10 countries, we utilize our knowledge on local market requirements and preferences to develop the best possible solutions for our customers.

Headquartered in Kolding, Denmark with production facilities in Denmark, Romania, Canada, China, UK and Germany, we serve our global customer base through a network of sales partners in addition to our own sales and service offices in Denmark, Germany, Poland, France, Spain, Netherlands, Russia, China, Canada and USA.

Regardless of it being a complete turn-key project or a single machine, we always adhere to the same key design criteria:

- **Animal welfare**
Our solutions for live animal handling must ensure respectful treatment without causing unnecessary harm or discomfort
- **Ergonomics**
Our equipment must be intuitive and easy to operate to protect the health and safety of the workers
- **Hygiene**
All our equipment must be easy to clean to ensure the highest possible hygienic standard with minimum risk of contamination
- **Meat quality**
Our solutions must ensure the best possible meat quality in every step of the process
- **Safety**
Safety is essential in our design whether it is in relation to people, animals, operations or food processing
- **Yield optimization**
Our solutions should always obtain the best possible yield and reduce any raw material from going to waste



Frontmtec automatic transport of primal cuts hanging on christmas trees with RFID tags for traceability. Automatic and ergonomic unloading of primals, a task that is particular strainful when done manually.

Business units

As a global turnkey solution provider in the food processing industry, Frontmatec offers a wide portfolio of products and services that require geographical adaption to market demands. To best support our customers and provide solutions with impact, Frontmatec has structured its operations into 7 business units:

HYGIENE AND STUNNING

ITEC[®]
FRONTMATEC HYGIENE

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

FRONTMATEC
accles & SHELVOKE

World leading manufacturing of cartridge powered captive bolt stunning tools.

ROBOTICS

AIRA
ROBOTICS

Global robotic solutions for kill line applications

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 AMERICAS

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.

CONTROL AND 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.

SERVICE AND SPARE PARTS

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

Our business and sustainability

Food and meat in particular is a precious resource that has a major impact on the global sustainability.

We, as a leading provider of advanced food processing equipment, are fully aware of this and we want to be an active part of helping to feed the growing global population, while using less resources. Our contribution towards this goal is to continuously design and develop solutions that maximize the yield of each raw material and prevent meat that could be used for human consumption from going to waste.

Within each Frontmatec business unit, our continuous R&D focus is pushing our product innovations to become even better in numerous aspects that support sustainability. Here are some examples:

Meat Solutions

Working in meat plants is a tough job and many countries have a very high staff turn-over. It impacts the efficiency and adds to yield loss each time a cut is not fully accurate. It is also highly labor intensive. Often operators are working in close proximity of each other, which poses a serious health risk as seen during the COVID-19 pandemic where several meat plants

were forced to temporarily shut-down due to COVID-19 outbreaks amongst their employees.

The impact of this has in some cases caused meat shortages; a critical food supply situation that can have severe national consequences. For the industry it has fueled a drive towards further automation and robotization of the production processes. This is an area where Frontmatec has devoted its main R&D expenditures and during 2020 we released several products that relieve the strain from the operators.

Example: The Automatic Rib Puller is a robotic solution that replaces the need for manual cutting of the ribs – a task that is especially tough on operators. Using a vision system to create a precise 3D model of each belly side, the robot makes an individual and accurate cut every single time. When combined with other Frontmatec equipment and the Frontmatec Value Grading® technology, a highly optimized automatic belly/ribs line can be achieved.



Frontmatec Automatic Rib Puller in operation. Replaces the manual physical demanding task of pulling ribs with a robot for improved yield.



Our business and sustainability

Instruments

Our range of grading instruments for modern slaughterhouses allows for a better utilization of each carcass based on market requirements.

Furthermore, in some markets, grading of carcasses is used to compensate the farmers ensuring that they are being given a fair price based on commercial value of each individual carcass.

Hygiene

With the outbreak of COVID-19, we have seen a lot of improvised entry solutions for access to shops, public buildings etc. Often providing false security due to low quality and easy to avoid.

Using our expertise in hygienic staff entry system for the global food industry, we have developed several solutions to be used outside our normal market.

One example is a mobile hygiene sluice, which is a fool-proof entry system that can be easily installed where required e.g. public offices, hospitals, supermarkets etc. It combines contact less hand disinfection, remote measuring of body temperature and vision detection of facemask with 3-arm turnstile that will allow people access when the access criteria has been met.

Our business and sustainability

Controls

The wide offering of our MES, SCADA, industrial IT and automation solutions are not only aimed towards the meat industry. Our solutions are to high degree tailor-made to the wastewater and utilities industries securing the green transition of critical infrastructure.

In our projects for the energy sector, we are very focused on eliminating the usage of the very potent SF6 gasses.

Example: Complete control and electrical installation for a new 5,5MW NH3 heat pump in Brædstrup, Denmark, including transformers and coupling equipment free of SF6 gasses to help reduce usage of natural gas by 80% and reducing the emission of CO₂ from the plant by 5000 tons a year.

After Sales Service

A well optimized and productive plant needs to be well maintained and serviced to secure the best possible conversion of input in the form of utilities, man-power and raw material to the maximum output. This is not only in the best economical interest of the plant owner but also for the environment to keep producing with as low an impact as possible.

We have a long established service partnership with our customers and are continuously developing new concepts and solutions to ensure the production runs at its absolutely best. Example, implementing smart glasses to aid local service crews remotely in real-time thus avoiding travel that have been restricted by COVID-19.



Brædstrup district heating plant to whom Frontmatec has supplied control and S2 SCADA for efficient operation of this state-of-the-art green energy plant.

Our commitment to sustainability

Frontmatec has been member of UN Global Compact since 2017

We have been committed to support the Ten principles of the United Nation Global Compact in the areas of Human Right , Labour, Environment and anti-Corruption.

Our work with sustainability and support to the Ten principles have been reflected in our "communication on progress" report. In our COP report for 2019 we committed ourselves to KPI's and targets within Human Right, Labour, Environment and anti-Corruption with an aim to have a better understanding of our impact -

but unfortunately 2020 made us reflect on our engagement - a year where the whole world will remember for COVID-19 impact.

As well as serious implications on people's health, COVID-19 has significantly impacted businesses and the economy and will do so for some time to come. This does not mean that companies like ours should not focus on sustainability, on the contrary COVID-19 has proven why committing to sustainability is so important; e.g. during the pandemic, Human

Right – (healthcare, security, safe work places,) Health, safety and wellbeing became central to the resiliency and sustainability discussion in a way that it has never occurred before.

Additionally, the role of partnerships; nobody can deal with a pandemic on their own. The only responsible course of action is to learn from COVID-19 to make the supply chains, employees, our planet and stakeholders, more strong to future consequences and changes.

Therefore we have changed our whole assessment, priority, focus and work with sustainability.

We have learned the hard way that we must do more to contribute to a better day-to-day business; better impact towards our stakeholders, suppliers and customers; better impact in the business society and our community; always be recognized as a respectful, trustworthy and responsible business partner; and be a work place where people want to work.





Sustainability focus areas

In 2021 we commit ourselves to work more dedicated with sustainability. We have created a sustainability committee and a program that will improve the work with sustainability across

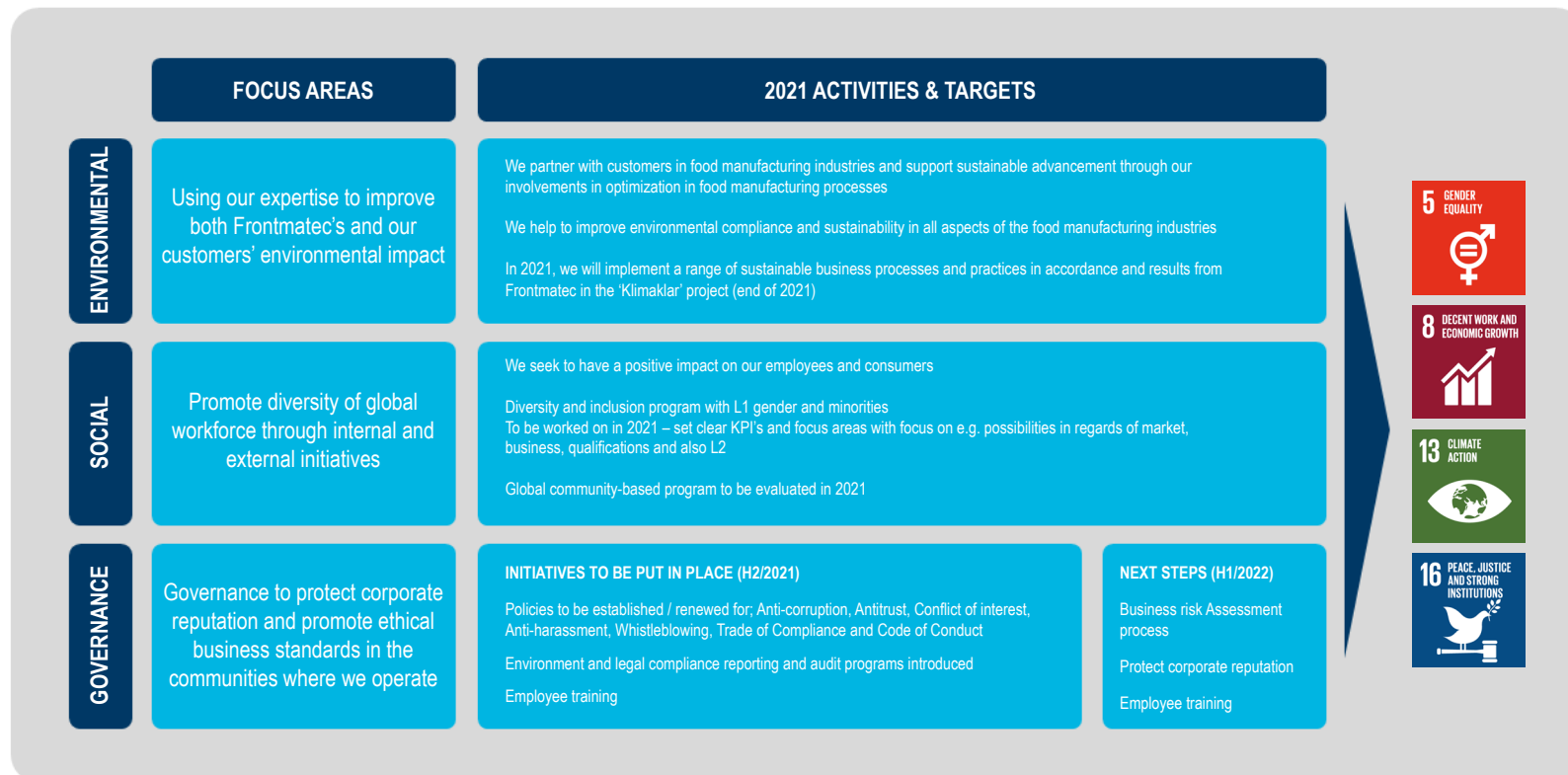
our divisions. The committee is made up by the Executive Management Group with participation from legal and marketing departments. The final sign-off is done by the Board of Directors.



Sustainability focus areas

Our focus will be those areas where we can see that we can have the biggest impact and where we believe we can make improvements and positive changes.

Our focus areas are as follows:



Targets 2021

As mentioned, we committed ourselves to specific targets in COP for 2019. We have chosen not to elaborate on these, because we want to take our work with sustainability to a higher level. We want to make our work more structured and transparent with targets and results having a positive impact on our business and on our surroundings as a responsible business partner. The KPIs that we will work on are as follows:

Environmental

CO₂ emissions, scope 1

Definition: Direct emissions resulting from the company's own combustion of fuels and materials.

Formula: Green House Gas (GHG) emissions are calculated for each combusted fuel/material. When all emissions are calculated, they are normalised to CO₂-equivalents.

Unit: Metric tonnes

Definition and formula source: Nasdaq - FSR report (ESG key figures in the annual report); GHG protocol

CO₂ emissions, scope 2

Definition: Indirect emissions resulting from the energy used to produce electricity, district heating, or district cooling, which the company has purchased for its use.

Formula: Scope 2 emissions are calculated per country per bought MWh of electricity, and/or GJ of district heating/cooling. When all emissions are calculated, they are normalised to CO₂. Be aware, the use of electricity, district heating, and district cooling must be collected per country, as there

are significant differences in the emissions of CO₂, therefore the converters are different per country.

If the company is buying renewable energy (wind, solar, geothermal, etc.), then, in principle, there are no emissions from these sources, thus these do not impact on scope 2

If the company is selling electricity, this should not be deducted from the bought electricity, but can be reported additionally.

Unit: Metric tonnes

Definition and formula source: Definition and formula source: Nasdaq - FSR report (ESG key figures in the annual report); GHG protocol.

Diversity

Gender diversity, Management

Definition: According to the Danish Financial Statements Act, the company defines the management layers to be included, but it could for instance be SVPs and Executives.

Formula: Gender Diversity, Management = ((Women in Management)/(All FTEs in Management)) * 100



Unit: Percentage

Definition and formula source: Nasdaq - FSR report (ESG key figures in the annual report)

Gender diversity, Board

Formula: Gender Diversity, Board = ((Women Board members)/(All board members)) * 100

Unit: Percentage

Gender diversity,

Formula: Gender Diversity = ((Women FTEs + Women Temporary Workers)/(Full-Time Workforce)) * 100

Unit: Percentage

People

Sickness, absence days per FTE

Definition: Number of full days all own employees are sick and not on job, compared to number of FTEs. Maternity/paternity leave not to be included. Does not include temporary workers

Formula: Sickness Absence = (Number of sick days for all FTEs for the period)/(Total FTEs)

Unit: Days per FTE

Definition and formula source: Nasdaq - FSR report (ESG key figures in the annual report)

Rate of recordable work-related injuries

Definition: Work-related injury that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness

Formula: (Number of recordable work-related injuries / Number of hours worked) * 200,000

Unit: Numbers

Definition and formula source: GRI Standard 403-9

Environmental targets 2021

Frontmatec has not in any previous report been working with CO₂ emissions and have no measurements for 2020 and subsequently no results. However, it is a major focus area and we want to increase our impact not only for our business reputation but also to help our customers achieving a greener approach to their business activities.

Our major customers have a large impact on CO₂ and the environment. To be able to assist them in a positive way, during 2021 we will make an assessment on CO₂ emissions Scope 1 and Scope 2 by being part of the "Kimaklar" project. We have decided to invest and dedicate our time and effort to established a valuable base for our future work.

Behind the project are Confederation of Danish Industry, Manufacturing Industry and the Danish Industry Foundation in collaboration with competent partners; Axcelfuture, Global Compact Network Denmark, Aalborg University and Viegand Maagøe. As part of the project we will get expert help to lay out a plan for how our business units and not least our products and services can become climate-friendly. An important part of the project is also to provide us with tools that will enable us to document that we are making a real contribution to the climate. This is a key

factor in having an impact on greener development in the business.

The green agenda is a high priority for the Danish business community and several of the large Danish companies belong to the world elite when it comes to sustainability. Already today, several large companies demand that their suppliers are sustainable and work to measure and lower their climate footprint. However, very few including Frontmatec can not live up to the requirements immediately. We have lack or no data on our climate footprint, we lack knowledge about climate and sustainability and not least lack the resources to realize the desire to become climate-friendly.

In this way, we can and will in future become part of the world's most sustainable companies.

The project aims to make it easier for us in the manufacturing industry to become climate conscious subcontractors for their major customers.

The starting point is the so-called Science Based Targets (SBTs), which are a method for measuring and reporting on climate footprints,

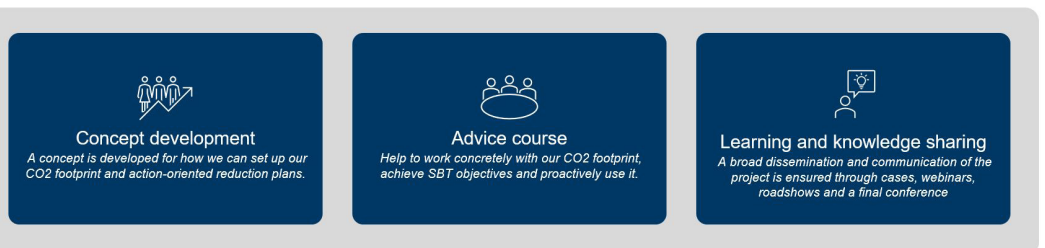


where companies commit themselves to meeting the Paris Agreement's climate objectives.

reduction plan with recommendations for measures that will be able to reduce our CO₂ emissions.

The project will develop a climate plan for us with a calculation of our current CO₂ footprint as well as a

The project consists of 3 phases:



Diversity targets 2021

As a global organization with offices in Europe, North America and China, our employees share a high degree of geographical, ethnical, cultural, religious and professional diversity, who are all brought together by their passion for the industry.

In our previous work with sustainability, we have not had focus on diversity. Going forward we will change this and have it as a key focus area, starting with an analysis on how we can improve and embrace diversity.

We agree with the fact that diversity adds value across multiple areas. The more representation, inclusion and engagement there is in the workplace, the stronger the outcome. As the number of stakeholders grows for global businesses, so does their need to account for, and incorporate these diverse areas.

The distribution of female and male employees in Frontmatec is highly skewed toward a surplus of male individuals. Globally, there are 50 men employed for every four women in Frontmatec.

In 2021, we commit ourselves to work with diversity

and make an analysis with our L1 employees (top level management), also looking into gender diversity sitting in the boards, and setting clear KPI targets.

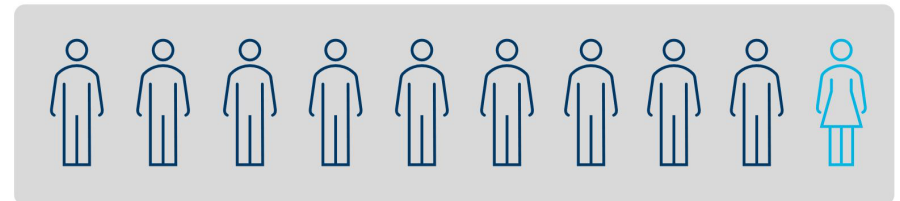
Also, in connection to gender diversity and diversity in general we acknowledge and respect any form of diversity across all our site in different countries and on different continents.

This makes us a great work place to work. We believe that any kind of diversity contributes to new ideas and that employees learning from each other is of great benefit. Furthermore, we believe that different perspectives whether it is in connection with business development, collaboration, cultural aspects or something completely different, leads to better problem-solving, expansion of our our mindset and ways of thinking.

In order for Frontmatec to stay competitive we shall be able to attract the best employees, and this can only be done if we can show candidates that all employees at Frontmatec can feel safe in the work environment without having to pay special attention to one's religion, culture, feelings or the like. We want to make sure that managers in interviews use techniques that creates a fair and equal assessment of female and male candidates, because we acknowledge that there is lack of diversity between man and female employees within Frontmatec Group.

Therefore we will in 2021 make an assessment on following topics:

- Market analysis in regard of diversity within our core of business
- Analysis of diversity in all our companies do distinguish if there is lack of diversity in general or in specific areas of our business
- Analyze our possibilities of improvement in this area



In general we have few women in our company, at the moment the numbers are as follows:
Gender diversity $((\text{Women FTEs Women Temporary Workers}) / (\text{Full-Time Workforce})) \times 100 = 8,1\%$

People targets 2021

The people in Frontmatec are the cornerstone of our business.

We believe that ensuring a healthy, safe and inspiring work environment will not only benefit our employees but also help our organization grow and prosper.

Throughout 2021, we will conduct a thorough assessment of how Frontmatec impacts the wellbeing of our employees and understand how we can do more to support, guide, and develop our employees. We will assess the attention given to personnel and professional development in the organization with a people centric focus that allows our employees to grow and find even more joy in the work that they do.

A key factor in this will be to look at the skills and tools our leaders have available when working with their employees and understand how we can ensure that each employee is supported in both their professional and private life. We also want to ensure that new members of the Frontmatec family are well received by assessing how we conduct our onboarding programs through levers such as corporate guidelines or coaching of leaders.

With this, we strive to achieve a high employee retention rate, and will throughout 2021 use the KPI of Full-Time Workforce to monitor the overall development of employments in Frontmatec. Full-

time workforce is better to use when comparing company-requirements for manpower as in contrast to the simple FTEs, since temporary workers are also included and thereby securing comparability between companies with higher and lower degrees of using temporary workforce.

Social

Frontmatec is a congregation of many companies with a deep roots to their local communities. Communities that we are not just part of ourselves, but also encompasses our families and friends.

That is why we in Frontmatec want to give our continued support to our local communities. Whether it is for culture, safety, social events, fighting illness and deceases such as cancer and obesity or helping our vulnerable citizens.

Safety and health

The safety and health of our employees is of utmost importance in Frontmatec, and with the arrival of COVID-19, it has been even more important to ensure that we can provide a safe work environment for our employees and their families. This has been ensured by our various business units, who have put numerous initiatives in place to safeguard everyone in Frontmatec against COVID-19 and to minimize the



impact that it has on their daily work. Such initiatives include:

- Frequent communication regarding COVID-19 related guidelines from Frontmatec as well as local authorities
- Established a 'working-from-home' policy for all non-production critical employees that allows them to stay within their homes in order not to expose themselves, or others, to the potential risk of COVID-19
- Offer our employees to get tested as part of their working hours
- In selected sites with a high number of production-critical employees present on-site, we have issued guidelines that ensures our employees receive a COVID-19 test once per week, which they can take during working hours
- We made company cars available for employees who are taking tests during working hours
- We have installed cleansing stations around our office locations
- Limited access to external visitors, suppliers or candidates
- Established guidelines and restrictions in our community areas such as meeting rooms and cafeterias
- Provided our employees with on-site eating options that allow for social distancing
- More frequent cleaning of our office locations
- Instated policies that require employees, when not sitting at their desks, to wear masks which we provide for them
- We have provided our travelling employees with COVID-19 kits to bring with them
- We have offered our travelling employees accommodation when being obligated to go into quarantine
- We have delivered groceries to employees who are in quarantine

We will continue to offer support and guidelines to our employees throughout the pandemic, but also in other areas not related to COVID-19 to ensure the health and safety of our people, which we will monitor through the KPIs pertaining to Sickness Absence Days per FTE and Rate of recorded work-related injuries. The targets for our ongoing work with this will be set throughout 2021.

Governance

Governance is an important part of our work with sustainability

Governance is important in regard of our daily business and approach towards customers, stakeholders, employees and business market in general .

It is important to us that we are recognized as an honest and respectful partner, which is why we want to increase transparency, update internal systems of practice, controls and procedures. This will put us in a position to make effective decisions, comply with the law, and meet the needs of external stakeholders in relation to bribery and corruption, tax, sanctioned countries and internal control.

The sustainability committee will ensure adequate and consistent approach to business continuity and corporate reputation protection across all regions and sites in order to manage and mitigate business risks and crisis management. Therefore the following targets are in place

for H/2 2021 and H1/2022:

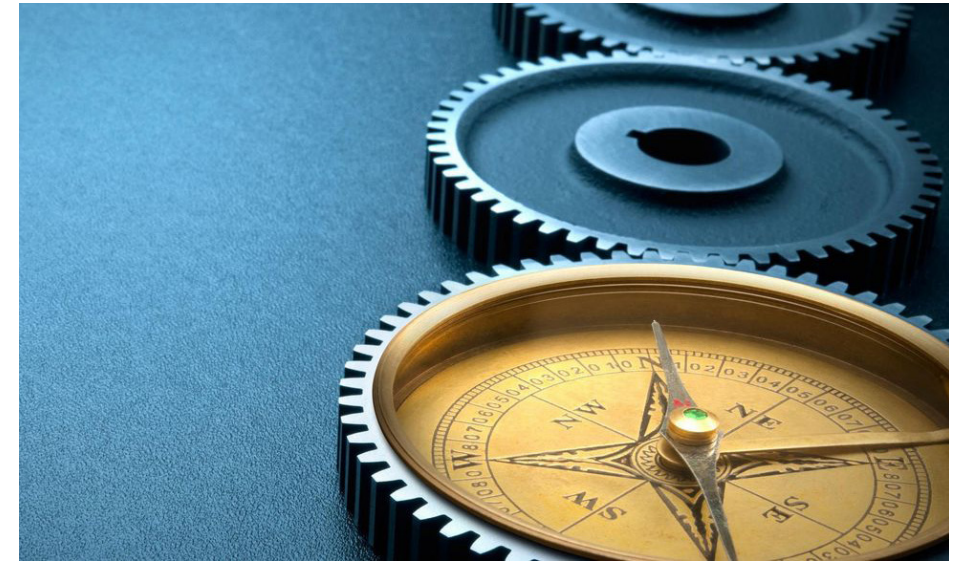
Initiatives to be put in place H2/2021:

- Policies to be established/renewed for; Anti-Corruption, Antitrust, Conflict of interest, Anti-harassment, Whistleblowing, Trade Compliance, Code of Conduct.
- Environment and legal compliance reporting and audit programs introduced. ("Klimaklar project")
- Employee Training

Next steps H1/20222

- Business Risk Assessment Process
- Process to protect Corporate Reputation
- Employee training

By developing a structured compliance and governance program we want to make sure that our customers can



expect high-quality solutions that are innovative and at the forefront of technology, yet thoroughly tested and highly reliable to ensure minimum downtime and maximum productivity. Now therefore our vision is also to make sure that we uphold reputation of our Customers, Business Partners & our organization by ensuring ethics, integrity and full compliance with laws and regulations.

The Frontmatec Group Management's mission is to promote Frontmatec Group Compliance Program as an integrated part of Frontmatec Group culture and business.

Moreover, we wish to encourage all employees to show ethical behavior in connection with any part of business within Frontmatec Group and at the same time comply with laws and proscribed regulations.



Anti-Corruption

We have since 2018 committed principle ten

We still continue the work against corruption including extortion and bribery and our main focus is to make 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.

In 2020 measurements have been conducted, and based on the measurement the outcome company goal for 2020 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 it is a very positive outcome, but this does not mean Frontmatec will stop working against corruption including extortion and bribery.

We will by the end of 2021 implement EU Whistleblower Protection Directive in order to create a new standard for whistleblower protection. By

these means employees will have a more secure and possible approach for reporting any concern they may have. The core feature of this directive is protection for whistleblowers. The employees will be protected from dismissal, degradation and other discrimination.

A better and more secure approach for any whistleblower will help us have a better governance structure in matters such as tax fraud, money laundering or public procurement offences, environmental protection, public health and consumer and data protection.

With these safeguards the EU is signaling to whistleblowers that they have nothing to fear while encouraging individuals to report on company infringements.

Even though the directive is an EU legislation, it is important for us that all our employees at all our sites feel safe and have the possibility to report any infringements they might know about or any concerns they may have in regard of any illegal act.

Legal requirements

Reference to section 99a of the Danish Financial Statements Act

Sustainability definition - section 99a (1)

COP2020 is an integral part of Frontmatec Group business review as stated in the annual report for January 1 - December 31, 2020. 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 focused on being an 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 attract employees as well as damage our reputation.

During 2020, there have been no reporting of non-compliant behavior and management is not aware of such.

Labour 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 in this matter is having no 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 implemented 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. We will continue to offer support and guidelines to our employees throughout the pandemic, but also in other areas not related to COVID-19 to ensure the health and safety of our people, which we will monitor through the KPIs pertaining to Sickness Absence Days per FTE and Rate of recorded work-related injuries. The targets for this will be set throughout 2021 for our ongoing work

Environment

At Frontmatec, we are aware of our environmental

obligations, and we will therefore through 2021 focus on CO2 emission by participating in Klimaklar project.

The project aims to make it easier for us in the manufacturing industry to become climate-conscious subcontractors for their major customers. The starting point is the so-called Science Based Targets (SBTs), which is a method for measuring and reporting on climate footprints, where companies commit themselves to meeting the Paris Agreement's climate objectives.

The project will develop a climate plan for us with a calculation of our current CO2 footprint (Scope 1 and Scope 2) as well as a reduction plan with recommendations for measures that will be able to reduce our CO2 emissions.

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 engage directly or indirectly in bribery and/or corruption.

Frontmatec is an international company with entities 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 are 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 following policies in place:

CSR policy:

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

Legal requirements

Reference to section 99a of the Danish Financial Statements Act

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

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 document 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 represents 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, processes and discloses 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.

Governance - 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/will be conducted.

Continuous a training and awareness will be conducted to relevant employees in regard of

Legal requirements

Reference to section 99a of the Danish Financial Statements Act

anti-bribery, Fraud, sanction, GDPR and other relevant matters.

All policies are supported by the whistleblower solution.

Reference is made to the introduction part – letter to our stakeholders.

System and “due diligence process” - section 99a (2) (3)

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

Continuous training and awareness will be conducted to relevant employees in regard of anti-bribery, Fraud, sanction, GDPR and other relevant matters.

All policies are supported by the whistleblower solution.

Reference is made to the introduction part – letter to our stakeholders.

Sustainability - section 99a (2) (4)

Reference is made to report in general.

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.

KPIs - 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 will be made available for download from the website.

Diversity

Diversity is something we have not had focus on in our earlier work with sustainability but is something we have decided to have more clear focus on and to analyze how we can improve and embrace diversity.

We agree with the fact that diversity adds value across multiple areas. The more representation, inclusion and engagement there is in the workplace, the stronger the outcomes. As the number of stakeholders grows for global businesses, so too does their need to account for and incorporate these diverse areas.

In 2021, we commit ourselves to work with diversity and make an analysis with our L1 employees (top level management), also looking into gender diversity sitting in the boards, and setting clear KPI targets. Reference is made to section in the COP regarding KPIs in general.

At the moment we have 0 % women included in our top level which is defined as directors and SVP.

In general we have few women in our company, at the moment only 8,1 % of the employees in Frontmatec are women.

The distribution of female and male employees in Frontmatec is highly skewed toward a surplus of male individuals. Globally, there are 50 men employed for every four women in Frontmatec.

Also, in connection to gender diversity and diversity in general we shall through 2021 set clear targets for the KPI, because we acknowledge and respect any form of diversity across all our site in different countries and on different continents.

This makes us a great work place to work. We believe that any kind of diversity contributes to new ideas and that employees learning from each other is of great benefit. Furthermore, we believe that different perspectives whether it is in connection with business development, collaboration, cultural aspects or something completely different, leads to better problem-solving, expansion of our our mindset and ways of thinking.

Therefore we will in 2021 make an assessment on following topics:

- Market analysis in regard of diversity within our cure business
- Analysis of diversity in all our companies to distinguish of there is a lack of diversity in general or in specific areas of our business
- Analyze our possibilities of imprpvement in this area and policy settings

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.

Barcelona, Spain

Phone: +34 936 438 00

E-mail: barcelona@frontmatec.com**Beckum, Germany**

Phone: +49 252 185 070

E-mail: beckum@frontmatec.com**Birmingham, UK**

Phone: +44 121 313 3564

E-mail: birmingham@frontmatec.com**Kansas City, MO, US**

Phone: +1 816 891 2440

E-mail: kansascity@frontmatec.com**Kolding, Denmark**

Phone: +45 763 427 00

E-mail: kolding@frontmatec.com**Moscow, Russia**

Phone: +7 495 424 9559

E-mail: moscow@frontmatec.com**Rijssen, the Netherlands**

Phone: +31 886 294 000

E-mail: rijssen@frontmatec.com**Shanghai, China**

Phone: +86 215 859 4850

E-mail: shanghai@frontmatec.com**Skive, Denmark**

Phone: +45 975 250 22

E-mail: skive@frontmatec.com**Smørum, Denmark**

Phone: +45 445 037 00

E-mail: smoerum@frontmatec.com**St. Anselme, QC, Canada**

Phone: +1 418 885 4493

E-mail: quebec@frontmatec.com**Tandslet, Sydals, Denmark**

Phone: +45 744 076 44

E-mail: tandslet@frontmatec.comfrontmatec.com