



# Statutory corporate social responsibility statement for the 2012 financial year, cf. section 99a of the Danish Financial Statements Act

(This statement forms part of management's review in H+H International A/S's annual report for the accounting period 1 January to 31 December 2012)

This corporate social responsibility (CSR) statement for the 2012 financial year is covered by the auditors' report in H+H International A/S's annual report for 2012.

## WRITTEN CSR POLICIES

H+H has a long tradition of sound ethical conduct and ensuring good working environment and sustainability in its operations. As such, H+H has worked on CSR for many years in practice, despite not having formal, consistent CSR policies across the Group's companies. Action has been taken individually in the various countries on the basis of local legislation, trends and, to some extent, traditions.

In 2012, H+H International A/S continued implementing general Group-wide CSR policies covering both H+H International A/S and its subsidiaries in H+H's stated focus areas for CSR activities, namely the environment, health & safety and business ethics. These focus areas have been chosen on the basis of their particular relevance to, and possible impact on, both society and H+H.

H+H International A/S drew up Group-wide policies on supply chain management, fair competition and anti-corruption in 2011. These policies were refined in 2012 and will be developed further in 2013 and supplemented with additional policies in the aforementioned CSR focus areas of the environment, health & safety and business ethics.

The policy on supply chain management, *H+H Code of Conduct for Suppliers*, was drawn up in October 2011. Its requirements are designed to ensure that suppliers' employees have acceptable working conditions and that suppliers conduct their business in an ethically responsible manner. Suppliers are also required to ensure that their suppliers in turn satisfy the same requirements with regard to their operations and employees. More specifically, the requirements aim to ensure that suppliers act appropriately and responsibly with regard to the environment, provide safe and healthy working conditions for their employees, and conduct their business in a legal and ethically acceptable manner.

The policies on fair competition and anti-corruption, *H+H Competition Law Compliance Policy* and *H+H Anti-Corruption Compliance Policy*, were drawn up in September 2011. Their requirements are designed to ensure that every H+H company and its employees comply with relevant competition legislation and do not engage in corruption when dealing with customers, suppliers, authorities and other third parties. More specifically, the policies provide not only a general explanation of legislative requirements but also concrete and realistic 'dos and don'ts' and checklists anchored in an aircrete manufacturer's reality.

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## FROM WORDS TO ACTIONS

*H+H Code of Conduct for Suppliers* is used when concluding purchasing agreements with suppliers of goods and services to all or part of the H+H Group. The code is to be included as an appendix to these agreements, which require the supplier to comply with the standards set out in the code and give H+H the right to verify compliance at any time. The plan is for the use of the code to be developed and expanded in 2013, so that smaller and purely local agreements with suppliers serving just one H+H company also contain requirements for suppliers and their suppliers in turn with regard to working conditions for their employees and ethical business conduct.

Once drafted, *H+H Competition Law Compliance Policy* and *H+H Anti-Corruption Compliance Policy* were presented and discussed at length at a workshop attended by all of the subsidiaries' managing directors. The aim of this kick-start process was partly to enable the Executive Board of H+H International A/S to emphasise the tone at the top with regard to competition law and corruption, and partly to prepare the subsidiaries' managing directors for their role in implementing the policies locally at the subsidiaries. As a result of the H+H Group's transition to a functional structure in 2013, the implementation of these policies at subsidiaries was postponed until 2013. The same applies to work on identifying and training a compliance officer at each subsidiary to serve as a central point of contact and coordinator for H+H International A/S when it comes to implementing, monitoring and reporting on the CSR policies.

The subsidiaries' management will naturally also be involved in local work on the policies on an ongoing basis in 2013 and be required to meet various objectives for work on CSR.

## RESULTS OF CSR POLICIES

The effects of the policies on compliance with competition law and anti-corruption will probably not be visible or particularly concrete, but will manifest themselves indirectly through H+H not engaging in anti-competitive behaviour or corruption. In the case of the policy on supply chain management, however, one more obvious consequence of a supplier failing to meet the requirements made by H+H in a purchasing agreement could be that H+H terminates the agreement if dialogue with the supplier on future compliance with H+H's requirements proves unsuccessful.

When it comes to the environment, further action was taken in 2012 to reduce energy consumption. It was possible to cut average energy consumption per cubic metre of aircrete produced by 6.5% relative to 2011. H+H is also working actively to lower the consumption of lime and cement in production, and the company's Russian factory managed not to increase its total consumption of these two materials despite supplier failure making it necessary to use lime of a lower quality, which would otherwise have resulted in increased lime consumption.

As H+H's first Group CSR policies were not drawn up until autumn 2011, it is still too early to be able to report more specifically on the results or effects achieved. However, awareness at the subsidiaries of the importance of familiarity and compliance with the Group CSR policies has without doubt increased, although it should be noted here that several of the subsidiaries already had local policies in several CSR areas and were therefore already aware of these issues.