



# Barritskov Holding

Sustainability Report 2018



CONSOLIDATED



Barritskov Holding ApS

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CEO: Thomas Harttung

Auditors: EY

# Content

Letter to our stakeholders	4
Reporting approach	5
Our company	6
Governance, ethics & anti-corruption	12
Environment & climate	15
Social topics	22
Appendix (Code of Conduct)	25

# Letter to our stakeholders

Barritskov Holding along with Aarstiderne and our other subsidiaries are rooted in a mindset we are passionately committed to. We believe in sustainability through ecological consciousness, innovation, quality, and a collaborative mindset. These values and principles are the essential ingredients in our approach. They have taken us to where we are today and will continue to guide our work.



I am pleased to present our Sustainability Report for 2018.

As one of the pioneers of the modern-day ecology movement, sustainability is in our DNA.

The seeds for our flagship subsidiary, Aarstiderne were sown in 1996 when I started a small organic community garden to give customer direct access to honest and fresh organic vegetables.

Today, Aarstiderne has embraced e-commerce, manages a large international supply chain and delivers organic food products to more than 70,000 subscribing households, who share our passion for ecology and the joy of healthy organic food of high quality. True to the beginnings, but at a much larger scale.

Barritskov Holding and its subsidiaries have evolved into a diverse business ecosystem based on sustainable principles. In the primary sector, Barritskov Holding and Krogerup Avlsgaard manage 685 hectares of organic agriculture and 350 hectares of FSC-certified forests. Engaging in secondary sector activities, Kølster Malt & Øl produces premium organic beer, and BeyondCoffee spearheads closed loop/circular economy principles by growing mushrooms on organic coffee grounds. The retail business of Aarstiderne dominates our tertiary sector activities, while Social Action exclusively delivers professional services specializing in sustainability through behavioural modification.

Our growth and the general momentum of corporate sustainability over the past years bring about an important realization.

When sustainability is at the core of your business, it can be tempting to regard compliance matters and the more formalistic side of corporate sustainability as a distraction from the “actual sustainability activities” - especially for smaller emerging companies. However, a more explicit approach to sustainability in the form of compliance considerations, external reporting, and data-driven management systems - internally and for the supply chain - are indeed necessary and meaningful elements in corporate sustainability.

Going forward, it is our ambition to further professionalize our approach to corporate sustainability - while staying true to our sustainability roots. The report at hand is part of that journey.

Thomas Harttung

CEO | Barritskov Holding ApS



# Reporting approach

This sustainability report reflects a collective view of corporate sustainability (corporate social responsibility; “virksomhedens samfundsansvar”) for Barritskov Holding ApS and its active subsidiaries, BeyondCoffee ApS, Krogerup Avlsgaard A/S, Kølster Malt & Øl ApS, Social Action ApS, Thomas Hartung A/S and Aarstiderne A/S.

Thomas Hartung A/S functions as a corporate management company and provider of professional and financial services to the Barritskov Holding corporation. As such, Thomas Hartung A/S is only included in this report implicitly and with respect to governance matters.

Green Carbon was set up in 2006 to develop and commercialize carbon sequestration in terrestrial ecosystems. It was closed down in 2013 but it is currently in the process of being reopened. For this reason, Green Carbon A/S has been excluded from the scope of this report. Other subsidiaries that are inactive and not relevant in a sustainability context (such as pure holding companies with only minority interests) are also not included in this report.

The report should be considered in the context of the consolidated 2018 annual financial report for Barritskov Holding ApS and is - technically - an extension of the Management’s Review (“Ledelsesberetningen”) in the financial report.

For the purpose of ensuring valid and balanced disclosure, a wide-perspective materiality principle has been applied, by which financial, as well as sustainability-related factors, have been considered for each subsidiary. As a result, sustainability matters pertaining to Aarstiderne A/S predominate in this report.

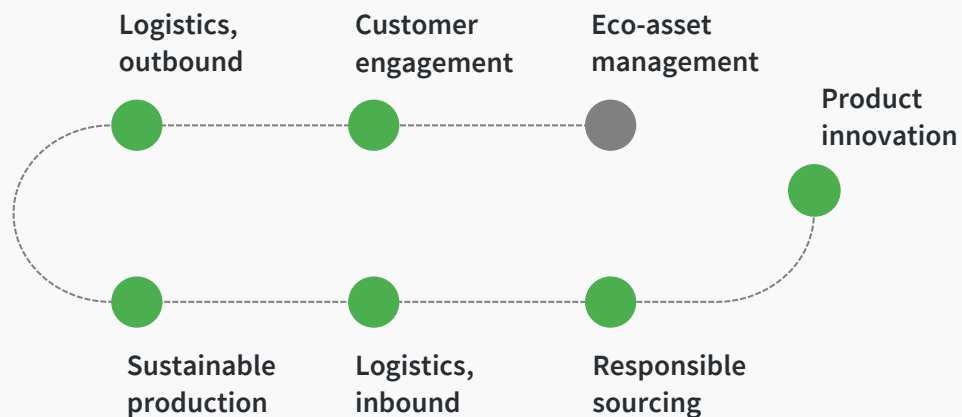
The 2018 sustainability report for Barritskov Holding ApS has been established in accordance with the Danish Financial Statements Act, § 99a.

The Barritskov Holding corporation corresponds to the accounting class, “Large C” and is therefore required to report on corporate social responsibility under the Danish Financial Statements Act, § 99a. In 2018, Aarstiderne A/S did exceed the threshold limits of the “Large C” accounting class but has not done so for two consecutive years and therefore remains a “Medium C” company, not required to report according to § 99a. However, excluding Aarstiderne A/S corporate structure, Barritskov Holding ApS would not have been subject to § 99a.



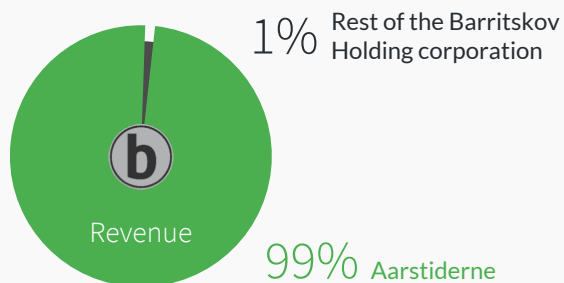
# Our Business Ecosystem

Barritskov Holding and its subsidiaries undertake a diverse set of business activities. However, at a conceptual level, these activities can be described within the same unified framework consisting of the elements: Eco-asset management, product innovation, responsible sourcing, sustainable production, logistics, and consumer engagement (among which certain overlaps occur).




## Aarstiderne drives the business

In terms of the level of activities and span across different types of actives, Aarstiderne drives the vast majority of business in the Barritskov Holding corporation (please refer to the consolidated 2018 financial report for Barritskov Holding ApS).



- 
**Eco-asset management**  
 Management of land, ecosystem services, and building facilities management
- 
**Product innovation**  
 Development of product and service concepts and specific market offerings
- 
**Responsible sourcing**  
 Sustainable supply chain management and on-going procurement
- 
**Sustainable production**  
 Production (including farming) , preparation, handling storage, and packaging of goods
- 
**Logistics**  
 Supply planning and execution og freight and distribution
- 
**Customer engagement**  
 Marketing, sales, consumer information, education & dialog

## Outline of key activities across the Barritskov Holding corporation

	Eco-asset management	Product innovation	Responsible sourcing	Sustainable production	Logistics	Customer engagement
Barritskov	Management of land for organic agriculture and forestry	-	-	Organic forestry and agriculture		B2B sales
Beyond Coffee	-	Kits to grow mushrooms of coffee grounds	(See Logistics)	Growing of mushrooms on coffee grounds	Collection of organic coffee grounds from partners	Physical retail and e-commerce
Krogerup Avlsgaard	Management of land for organic agriculture; building facilities management	-	-	Organic agriculture	-	B2B sales
Kølster Malt & Øl	-	Speciality beers	Hops and yeast	Malt and beer production	-	B2B sales
Social Action	-	Development of concepts and software to promote sustainable behaviour	-	-	-	B2B and B2G consulting services
Aarstiderne	-	Food box concepts and recipes	Organic farm products, fish and packaging	Food processing in the Det Grønne Værksted, storage facilities and preparation of food boxes	Balance supply-planning; inbound freight; outbound distribution with own vans	Flagship store retail, B2B and B2C subscription-based e-commerce; events and campaigns



# Kølster malt & beer



## Self-sufficient with raw materials

Kølster Malt & Øl is a unique brewery for many reasons. Self-sufficiency is a priority, and every year, the company becomes more self-sufficient. As of 2019, the only imported ingredients are the hops, which are imported from northern Germany.

The obsession with self-sufficiency is really about providing the best possible conditions for true organic production and for brewing great beer.

## Champion of organic produce

CEO of Kølster, Per Kølster, is the chairman of “Økologisk Landsforening” (the Danish National Association for organic production), which is the main interest group for organic producers in Denmark. Kølster is also the only Demeter-certified brewery in Denmark.

## Always striving for excellence

Kølster Malt & Øl seeks to maintain and expand their position in the high-quality beer market by upholding the level of quality as well as innovating new types of specialty beers.

## World-class water efficiency

The total water consumption relative to beer volume produced is approximately 1.25:1 at Kølster Malt & Øl. It has been a key priority to improve this ratio by means of better equipment and improved brewing techniques. The typical ratio for larger breweries is 3:1.





### Growing delicacies from the trash

What has the barista's trash got to do with fresh organic mushrooms? For BeyondCoffee, everything! Located in Copenhagen with a retail store and a small production facility, BeyondCoffee collects organic-only coffee grounds from local cafes and companies. The nutrition-rich coffee grounds turn out to be a perfect substrate for growing mushrooms.

### Five-star local

A number of chefs from high-end Copenhagen restaurants are among the loyal customers of BeyondCoffee. For these gastronomy connoisseurs, the attraction of BeyondCoffee lies in the ability to get local and fresh organic farm products - in the middle of the city. The mushroom soup has never been smoother.

### Closed-loop production of oyster mushrooms

The concept of the circular economy is not only embedded in the business model of BeyondCoffee but is also the main topic of educational initiatives offered by the firm. BeyondCoffee works to promote the circular economy principles and offers lectures, workshops, and kits for growing mushrooms at home or in the workplace. Since the company was founded, new waste streams have been utilized as an input for the mushrooms production - e.g. coffee husks from the roasting process of coffee and sawdust from sawmills.

BeyondCoffee engages in partnerships to promote and develop the concept of circular economy and currently participate in the Circular Construction Challenge funded by Realdania. Here, the company's role is to produce mycelium substrate, which can be turned into biodegradable building material. By ensuring sustainable consumption and production patterns BeyondCoffee actively supports the realization of the UN's Sustainable Development Goal regarding "Responsible consumption and production" (#12).



# Our sustainability focus

Being a corporation based on sustainability, our sustainability activities mirror our the business activities. Our development in conventional business terms is therefore closely related to our sustainable development. However, to provide a more explicit perspective, we consider corporate sustainability according to the following topics:

Governance, Ethics & Anti-corruption

Environment & Climate

Human Rights & Employment

Society & Consumers

From a materiality perspective – due to the dominant role that Aarstiderne plays in the Barritskov Holding Corporation– the environmental topic plays a prominent role for us and is our key focus topic.

Furthermore, we include under the governance topic our general management of sustainability. For these reasons, the Governance topics run across all aspects of activities.

The social topics concerning human rights & employment and society & consumers are certainly important, but also areas, in which we face less risk of adverse events and where we have a lesser opportunity to make a profound positive difference (beyond the indirect effects from our engagement in environmental matters).

## United Nations Sustainable Development Goals

We embrace the 2030 Agenda for Sustainable Development, adopted by all United Nations in 2015. While all of the 17 goals are of critical importance, the goals concerning Responsible Consumption & Production (#12), Good Health & Well-being (#3), Decent Work & Economic Growth (#8), Climate Action (#13), and Life on Land (#15) are of particular relevance to our activities.




With our general focus on ecosystems and on establishing a direct link between organic production and consumers in a responsible way, we consider (in our context) the goal concerning Responsible Consumption & Production as a general area, where Life on Land and Climate Action primarily concern the production-side, where Good Health and Well-being primarily relate to the consumer-side, and where Decent Work & Economic Growth relates to our efforts in connecting the product- and consumer-sides.



# Governance, ethics & anti-corruption

Stewardship of the Big Ecosystem



# Governance, ethics, & anti-corruption

Governance concerns the stewardship of our business and sustainability ecosystems. It's about the fundamental mechanisms to ensure that we act responsibly in agreement with legal requirements, and that we conduct our business in an ethical way. Anti-corruption is a natural part of this topic, albeit not something that we encounter.

## General

Our basic and general governance structures are continually subject to review in connection with the audit of our financial report, where our systems have been found satisfactory.

Pertaining to the general governance of the Barritskov Holding corporation, our subsidiary, Thomas Harttung A/S plays a special role as a management company concerning corporate business matters and in connection with business activities within Barritskov Holding ApS. Thomas Harttung A/S also provides financial professional services to subsidiaries in the Barritskov Holding corporate structure.

Thomas Harttung A/S is governed by a board consisting of four independent non-executive directors. The company's legal form as an "A/S" ("aktieselskab") places a set of specific governance requirements on the company as per the Danish Companies Act.

*“Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance”*

Ban Ki-moon, former Secretary-General of the UN

## Policies

To provide a set of fundamental guidelines to govern our sustainability activities, we have established a Code of Conduct (see Appendix). Our Code of Conduct is applicable to all companies in the Barritskov Holding corporate structure as well as to selected suppliers of our subsidiaries. At the time of writing, the Code of Conduct is in draft form, but a final version is expected to take effect in 2019.

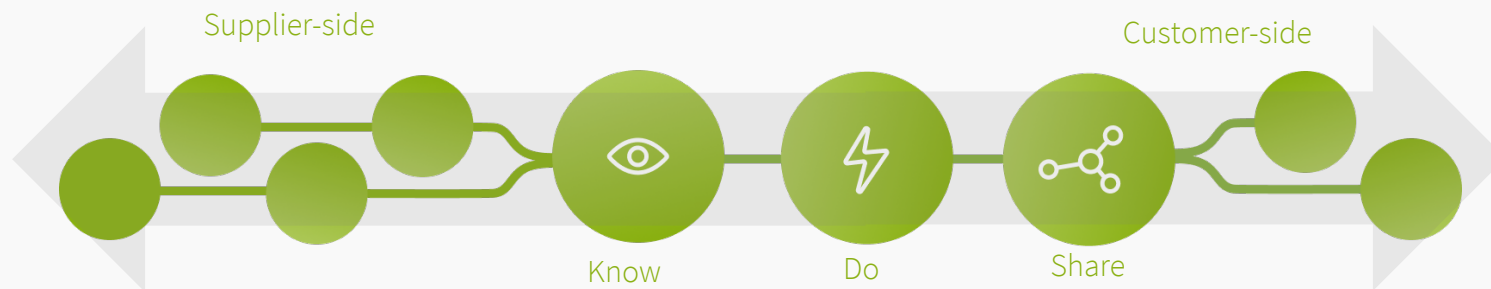
Our Code of Conduct is inspired by UN's Ten Guiding Principles, ISO 26000, and EU's Directive on Non-financial Reporting (implemented in Denmark as Årsregnskabslovens §99a). The Code of Conduct contains a set of sustainability-related principles (the "strategic commitment") intended to guide our general approach to sustainability.

To facilitate the implementation of the principles described in our Code of Conduct we have also included a "tactical commitment" in our Code of Conduct. This essentially outlines the basics of a sustainability management system. The tactical commitment involves a commitment to establish policies, set goals, take action and measure results. The tactical commitment laid down in our Code of Conduct also requires consideration of risks and acting on any incidents (adverse events). These practices apply across the sustainability topics of Governance, Ethics & Anti-corruption; Environment & Climate; Human Rights & Employment; and Society & Consumers.

## Goals & Initiatives

In accordance with our Code of Conduct, we are in the process of strengthening our formal sustainability management system. Conceptually this system is based on a “Know Do Share” playbook. By this, we understand “Know” as knowing and collaborating with our suppliers. “Do” concerns our internal cycle of continual sustainable development, illustrated as a “Do cycle”. “Share” is about transparency and disclosure of our sustainability data.

Acquiring structured supply chain data on a continual basis is no trivial challenge, and we are currently looking into digital technologies that can support our sustainability management system, including our sustainable supply chain management.



We currently manage sustainability in our supply chain by means of ad hoc surveys and annual visits

Our ambition is to empower our suppliers by improved sustainability practices, while at the same time enable us to access supply chain intelligence on a continual basis.



# Environment & Climate

Ecosystem action



# Environment & Climate

The Environment & Climate aspect of sustainability are strongly tied to our ecology mindset and to our key business activities. We are therefore especially committed to driving our sustainable development in this area.

## General

Without exception, the business concept of all operational subsidiaries in the Barritskov Holding Corporation involves “care for the environment” – not just as an important aspect, but as an integrated part of the business model. Even our subsidiary Social Action (a consultancy without any direct physical interaction with natural resources and the environment), derives the majority of its business from advisory projects with the ultimate objective of caring for the environment or taking climate action.

## Policies

Together with our Code of Conduct, our policies define our tactical focus. Furthermore, our policies provide guidance and set the direction for our sustainable development.

### ORGANIC ONLY

We pursue an “organic only” policy pertaining to all key materials, products, and practices that are an integral part of the company’s business model.

Furthermore, we ensure adequate documentation to qualify the organic status.



### MINIMIZE NEGATIVE IMPACT

We are committed to continually consider the environmental and climate impact of our key activities and to continually seek creative solutions to reduce any such negative effects. This especially concerns minimizing our consumption of negative-impact materials and energy.

*“To waste, to destroy our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed.”*

Theodore Roosevelt (1908), 26th president of the United States





## CARBON FOOTPRINT

Further to our “minimize negative impact” policy , we are committed to systematically quantify our climate impact. We do this by accounting for our carbon footprint on a quarterly basis.

Our carbon accounting should provide us with actionable information. We therefore track our carbon emissions to direct and indirect factors that we have a reasonable degree of control over.

This carbon accounting policy only applies to our non-SME operating subsidiaries (i.e. currently only Aarstiderne).

### CASE Certified forestry

We embrace environmental protection and biodiversity. All forestry activities in Barritskov Holding are therefore certified by the Forest Stewardship Council (FSC). By this, we can guarantee that our wood comes from controlled sources and that it can be traced back to a certified forest area – and that our forests ,in general, are managed in a sustainable manner. The certification ensures that no more wood is cut down than the forest can reproduce, no logging that could endanger protected species takes place, and the rights of local communities living in the surroundings are respected. Moreover, care is taken that FSC-certified forests are managed in compliance with the applicable national and international regulations.

Our efforts in sustainable forest management directly support the realization of the UN’s Sustainable Development Goal regarding “Life on Land” (#15).



## Carbon footprint accounting scope

1

### SCOPE 1

Outbound distribution  
(company vans)

2

### SCOPE 2

Procured energy  
Electricity  
Oil & diesel  
Gas  
Refrigerants

3

### SCOPE 3

Inbound logistics  
Packaging materials  
Paper  
Business travel  
Commuting

Ref: GHG Protocol



### CASE Closed-loop to reduce waste and save fuel

Aarstiderne's wooden delivery boxes have a limited service life. Rather than ending up as waste, Aarstiderne collects the boxes and use them as fuel instead of oil. This led to a 68% reduction of oil and agro-diesel consumption over the course of a single year.

Oil & diesel consumption  -68% from 2014 to 2015

### CASE Serious about minimum impact

BeyondCoffee has worked with a local printshop to ensure that the ink applied for printing on their packaging is 100% natural and without hazardous chemicals

GOAL  
Carbon footprint  -3% from 2018 to 2019



### Goals

Our goals are derived from our policies and reflect our specific ambitions concerning the future effect of our policies.

#### ORGANIC ONLY

We wish to expand our notion of "organic" by only using meat from grass-fed cattle. In 2019, we will take the first steps in this direction by entering into specific partnership concerning grass-fed cattle.

#### MINIMIZE NEGATIVE IMPACT

In 2019, we will reduce our consumption of packaging materials relative to our revenue.

Also, in 2019, we will reduce our internal generation of packhouse waste relative to revenue.

#### CARBON FOOTPRINT

In 2019, we will reduce our carbon footprint relative to revenue by 3%



## Results

### CARBON FOOTPRINT

CO <sub>2</sub> emission [t]	2017	2018
Inbound freight	2,462	2,680
Energy	994	1,083
Outbound distribution	1,033	737
Packagin & paper	604	668
Other	487	531
<b>Total</b>	<b>5,580</b>	<b>5,699</b>



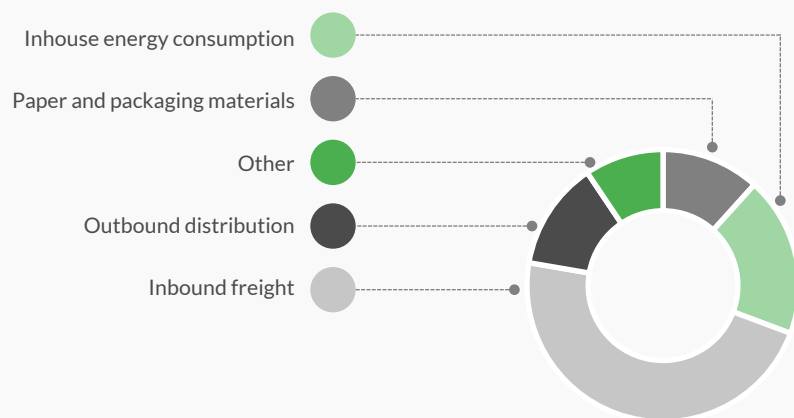
### CARBON FOOTPRINT DISTRIBUTION

In 2018, the carbon-footprint for Aarstiderne is by far dominated by inbound freight (47%), which in turn is almost exclusively driven by truck-haul emissions.

After inbound freight, the carbon foot-print from in-house energy consumption takes a 2<sup>nd</sup> place accounting for 19%. The in-house energy carbon footprint is driven by electricity consumption, primarily required for cooling farm products at the storage facility.

The 3<sup>rd</sup> largest source of carbon emission is paper & packaging materials, which account for 11.7%.

This analysis does not express impact performance as such but does imply where a reduction focus should potentially be directed, i.e. inbound freight.



Distribution of revenue-normalized carbon emissions for Aarstiderne 2018

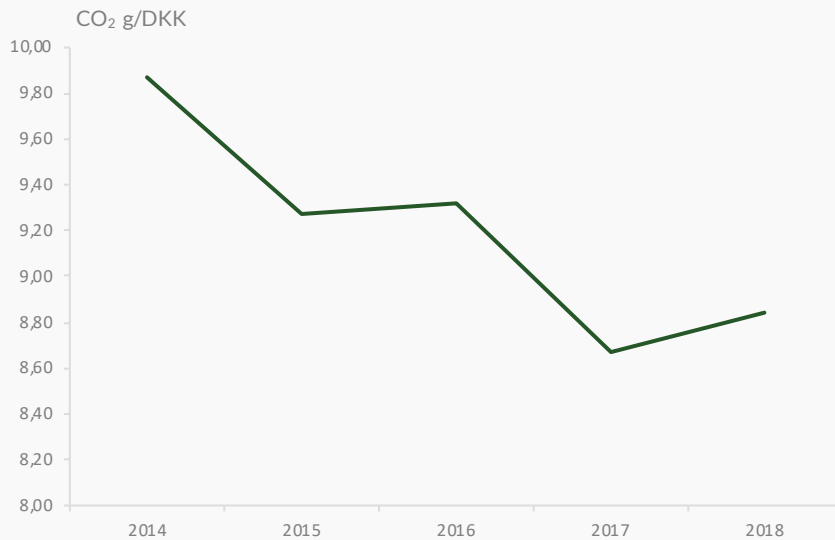


RESULT

Carbon footprint



-10% from 2014 to 2018



Development in total revenue-normalized carbon emissions for Aarstiderne

Please note: y-axis starts at 8 Kg CO<sub>2</sub>/DKK to amplify changes for illustration purposes

CARBON FOOTPRINT DEVELOPMENT OVER TIME (TOTAL)

Considering the development of the total revenue-normalized carbon footprint of Aarstiderne since the inception of the carbon accounting practice in 2008, a net reduction of 10% can be observed over a period of 4 years.

This is a satisfactory development and can be attributed to our continued and deliberate effort at reducing our negative environmental and climate impact.

The reduction has not been even, and notably, a 2% surge in Aarstiderne's total revenue-normalized carbon footprint occurs from 2017 to 2018. From 2015 to 2016, we also saw a departure from the general downward trend in carbon emissions. However, the increase in 2016 was significantly smaller than the current increase.

RESULT

Carbon footprint



+2% from 2017 to 2018



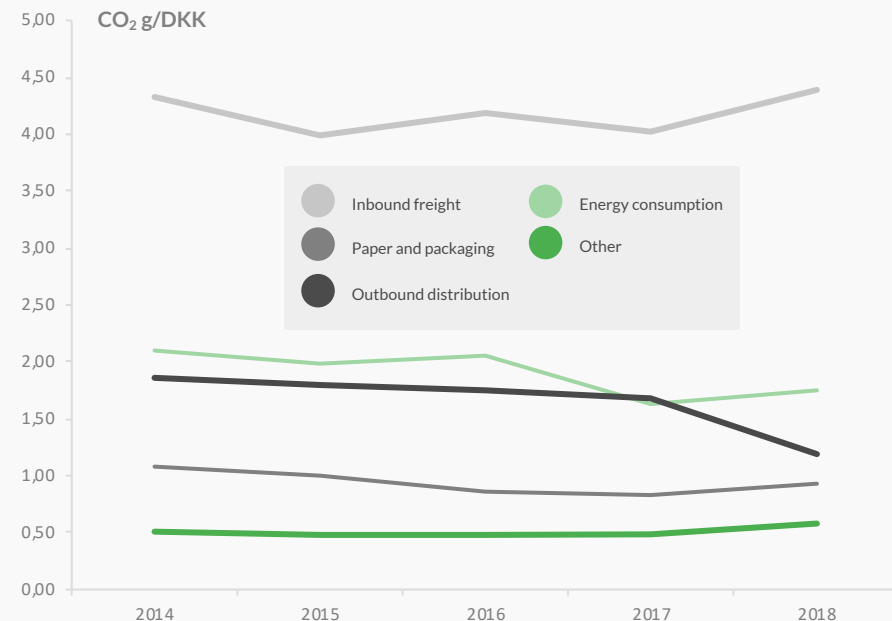
## CARBON FOOTPRINT DEVELOPMENT OVER TIME (SOURCES)

Turning to the development of the revenue-normalized carbon footprint for Aarstiderne broken down into the individual source factors, it is emerging that inbound freight drives the increase in total carbon emissions from 2017 to 2018. Carbon emissions from inbound freight increased by 9% from 2017 to 2018.

On the positive side, we see a strong reduction in carbon emissions from outbound distribution by a full 30% from 2017 to 2018.

Due to its less dominant position in our over-all carbon footprint-mix, the profound reduction in emissions from outbound distribution is not adequate to compensate for the increase in carbon emissions from inbound freight, leading to the aforementioned total increase of 2% from 2017 to 2018.

The unfavourable development in carbon emissions from inbound freight are due to supply-side factors (import ratio), while the favourable development in carbon emissions from outbound distribution is likely a result of demand-side factors such as changes in consumption patterns.



Development in revenue-normalized carbon emissions for Aarstiderne broken down to main factors of carbon footprint



## ISOLATING THE EFFECTS (AARSTIDERNE)

If all other carbon factors had remained constant at 2017 level, the 2017-2018 change in emissions from **inbound freight** would have resulted in a **+4%** change in the total carbon footprint from 2017 to 2018.

If all other carbon factors had remained constant at 2017 level, the 2017-2018 change in emissions from **outbound distribution** would have resulted in a **-6%** change in the total carbon footprint from 2017 to 2018.

# Social topics

Humans in the ecosystem



# Social factors

While the environment & climate topic is our key sustainability priority, the social aspects of sustainability, human rights & employment, and society & consumers are indeed topics we focus on passionately, albeit in a less formalized way and predominantly as embedded in our culture.

## Human rights

Barritskov Holding and all its subsidiaries respect and support human rights in all forms as defined in UN's Universal Declaration of Human Rights.

Specifically, as our Code of Conduct echoes, we oppose any form of forced labour and child labour.

Fortunately, we have not encountered any human rights violations, but maintain an awareness of any issues. This also applies to conditions in our supply chain and is one of the reasons why we visit all our suppliers every year.

## CASE Getting work

BeyondCoffee is strongly engaged in their local community. The company offers work for the residents of a local shelter, "Håndlangernes Arbejdsfællesskab", an affiliate to the charity, Kirkens Korshær. The residents of the shelter typically face challenges in the conventional labour market. In return for their work, they receive meal tickets. The typical work undertaken involves various manual tasks, such as cleaning buckets used for collecting coffee grounds.

## Employment matters

In entrepreneurial start-ups, each individual plays a significant role in defining the company. For this reason, a strong company-employee bonds typically emerge and a culture of mutual trust and shared purpose characterizes the workplace. This is the case for all companies in the Barritskov corporation – even for companies that have grown out of the start-up category.

Having said that, Aarstiderne is in the process of establishing a formal employee satisfaction survey framework, expected to be in operation in 2019.

Moreover, we are committed to ensuring a healthy and safe work environment as well as fair employment conditions in accordance with industry practice – in all Barritskov Holding companies as well as in our supply chain.

## TRAINING

Aarstiderne has established the Aarstiderne Academy as an internal institution to facilitate employee development through training. In 2018, 398 employees participated in a total of 1,805 hours of training at Aarstiderne Academy.







# Appendix

Code of Conduct

# Code of Conduct

This Code of Conduct warrants and describes a commitment to conduct business in a sustainably way and with integrity. The Code of Conduct is inspired by UN's Ten Guiding Principles, ISO 26000, and EU's Directive on Non-financial Reporting

## Strategic Commitment

### GOVERNANCE & ETHICS

- I. Respect laws, regulations and nationally ratified treaties in jurisdictions, in which we operate in.
- II. Take an active stance against corruption in all forms and remain committed to fair business practices.

### ENVIRONMENT & CLIMATE

- III. Care for the environment and adhere to the principles of ecology.
- IV. Continually seek to minimize negative climate impact, especially carbon emissions.

### HUMAN RIGHTS & EMPLOYMENT

- V. Respect human rights in all forms and support their protection.
- VI. Prohibit forced labour, child labour or any form of forced bonded labour.
- VII. Ensure healthy and safe work environment as well as fair employment conditions in accordance with local regulations and industry practice.

### SOCIETY & CONSUMERS

- VIII. Exhibit responsibility with respect to consumers.
- IX. Uphold the values of transparency by making impact data freely available and sharing appropriate information with relevant stakeholders.
- X. Promote positive relations with the local community.



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## Tactical Commitment

Manage the areas of governance & ethics,, environment & climate, human rights & employment, and society & consumers diligently, continually and systematically, including undertaking the managerial activities listed in the following.

- A. Establish policies and practices
- B. Identify and continually monitor relevant metrics (quantitative indicators)
- C. Set goals
  - I. Quantitative targets based on applied Metrics
  - II. Qualitative goals, well-defined and time-based
- D. Identify and assess risks
- E. Plan and execute initiatives
- F. Register and respond to incidents (adverse events)

Moreover, for the tactical activities listed above:

- a. Maintain records and disclose to relevant stakeholders
- b. Involve relevant employees and co-workers
- c. Engage supply chain partners