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# **BCHG Holding A/S**

Lautrupsgade 7, DK-2100 Copenhagen Ø

## **Annual Report for 2019**

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CVR No 38 24 67 12

The Annual Report has been presented and adopted at the Annual General Meeting of the Company on 19 August 2020

Michael Wejp-Olsen



**pwc**

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## Management's Statement

The Board of Directors and Executive Board have today considered and adopted the Annual Report of BCHG Holding A/S for the financial year 1 January - 31 December 2019.

The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of BCHG Holding A/S (the "Parent Company" and of the Parent Company and its subsidiaries (collective the "Group"), of the results for the year and of the financial position of the Group and the Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

We recommend that the Annual Report be adopted by the Annual Shareholders' Meeting.

Copenhagen, 10 July 2020

### Executive Board

Johan Ewald Lorentzen  
CEO

Henrik Gram  
CFO

### Board of Directors

David Robson Overby  
Chairman

Mette Kapsch

Johan Ewald Lorentzen

Henrik Gram

Michael Dano Andersen  
Staff Representative

# Independent Auditor's Report

To the Shareholders of BCHG Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of BCHG Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as cash flow statement for the Group ("financial statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review (page 9 -12).

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

## **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 10 July 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Torben Jensen  
State Authorised Public Accountant  
mne18651

Claus Carlsson  
State Authorised Public Accountant  
mne29461

## Company Information

### **The Parent Company of the Group**

BCHG Holding A/S  
Lautrupsgade 7  
DK-2100 Copenhagen Ø

CVR no: 38 24 67 12

Financial period: 1 January - 31 December

Financial year: 4<sup>th</sup> financial year

Municipality of reg. office: Copenhagen

### **Board of Directors**

David Robson Overby (Chairman)  
Mette Kapsch  
Johan Ewald Lorentzen  
Henrik Gram  
Michael Dano Andersen (Staff Representative)

### **Executive Board**

Johan Ewald Lorentzen  
Henrik Gram

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Consolidated Financial Statements**

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein, the Consolidated Financial Statements of ALFI Mark Trust are not published.

## Financial Highlights

### Group

	2019	2018	2017	2016*
	DKK '000	DKK '000	DKK '000	DKK '000
<b>Income statement</b>				
Revenue	892,243	959,225	953,776	131,416
Gross profit	385,372	422,639	440,713	50,612
Depreciation and amortisation	(58,134)	(58,448)	(67,569)	(13,009)
Profit before financial items	(9,406)	37,837	215,192	(13,275)
Financial income and expenses	(14,693)	(11,600)	(31,816)	(4,911)
Profit before tax	(24,099)	26,237	183,376	(18,187)
Net profit for the year	(19,954)	18,284	119,674	(15,453)
<b>Balance sheet</b>				
Balance sheet total	1,665,298	1,639,809	1,623,783	2,970,805
Equity	627,086	590,960	561,560	983,460
Production property	433,465	431,059	431,059	427,015
Hotel property	0	0	0	1,433,365
Investment property	745,446	745,127	745,127	744,203
Credit institution	613,946	597,383	627,287	1,487,497
<b>Cash flows</b>				
<i>Cash flows from:</i>				
Operating activities	8,004	67,939	71,570	2,769
Investing activities	(128,063)	(69,461)	811,837	(68,060)
Financing activities	71,923	(29,904)	(776,861)	97,093
Change in cash and cash equivalents	(48,136)	(31,426)	106,546	31,802
No of employees	751	740	705	642
<b>Ratios</b>				
Gross margin	43%	44%	46%	39%
Solvency ratio	38%	36%	35%	33%
Return on equity	(3)%	3%	15%	2%
Book value per share of nominal 0.01 (DKK)	2,622	2,702	2,567	5,696

For definitions of financial ratios, see under accounting policies.

\*The financial highlight for 2016 covers 2 months of operation.



## Management's review

The consolidated financial statements of BCHG Holding A/S for 2019 has been prepared in accordance with the provision of the Danish Financial Statement Act applying to large enterprises of reporting class C.

It is the fourth financial year for the Company. The Company was founded on 12<sup>th</sup> December 2016 through a demerger of Bellakvarter A/S with effect from 31<sup>st</sup> October 2016.

The Consolidated Financial Statements comprise subsidiaries from the date on which control is transferred to the group and until the date on which the control ceases.

Our Responsible Hospitality Report for 2019 is included as supplementary reporting.

### Main activity

The Company's primary activity is to own and make investments. Currently through the subsidiary BC Hospitality Group A/S with activities in the hospitality area and the real estate subsidiary BCHG Properties A/S.

BC Hospitality Group A/S operates Copenhagen Marriott, AC Hotel Bella Sky Copenhagen, Bella Center Copenhagen activities through long term lease agreements of the properties and Crowne Plaza Copenhagen Tower through a management agreement.

BCHG Properties A/S owns the Bella Center Copenhagen property leased by BC Hospitality Group A/S.

### Development in the year

In 2019 the efforts to sharpen and improve the Group's operational and financial performance was prioritized. In a growing and very competitive hotel market in the Capital region, the organization must adapt accordingly.

As a contributing result of the business outlook being challenging, management implemented a revised and downsized organization during the autumn of 2019.

Another decision was ending the planned involvement in the opening of Hilton Copenhagen. During 2019 it became clear that the owner, ATP Ejendomme A/S had run a tender process which was not back-to-back with the cooperation agreement with BCHG and the underlying Hilton Brand Standards, and BCHG was not willing to cover the resulting budget overrun.

The most significant changes in development in 2019 compared to previous years, concerns AC Hotel Bella Sky Copenhagen and CIFF (Copenhagen International Fashion Fair). Due to different market related factors, the results for 2019 were unfortunately not as expected.

As a consequence of extensive price increases from our supplier, and to improve quality and customer satisfaction, it was decided to insource the housekeeping functions at AC Hotel Bella Sky with effect from July 2019. The implementation of housekeeping was resource demanding in many aspects, thus affecting the result, but successful from an operational and quality point of view, and overall, at a lower cost than the costs proposed by the supplier.

On the positive side the congress activities were fully in line with budget expectations, thus supporting the investment in the new congress facilities. The positive result provides financial security for the investment in the future.

In May 2018 the largest strategic investment in Bella Center Copenhagen for decades, announced as the construction of the new 14.000m<sup>2</sup> Congress Hall and supporting areas was commenced.

In April 2021 the new venue will be ready and consist of 7,000 m<sup>2</sup> Multi-Purpose Arena and Congress Hall, supported by a further 7,000 m<sup>2</sup> area.

It goes without saying the new congress facilities will support Copenhagen to continue to be a World leading congress destination.

### **Results for the year**

Gross profit was positive at DKK 385.4 million for 2019, compared to gross profit of DKK 422.6 million in 2018. Consolidated revenue amounted to DKK 892.2 million for 2019 compared to DKK 959.2 million for 2018.

The gross profit margin was 43.2%, compared to 44.1% for 2018.

BC Hospitality Group also operates Crowne Plaza Copenhagen Towers and including this revenue, consolidated revenue totalled DKK 1,061.9 million for 2019, compared to DKK 1,132.5 in 2018.

### **Hosting Moments That Matter**

It is an established fact that BC Hospitality Group is a leader in the Danish hospitality industry. Our purpose is as always to be strongly committed and obligated to operate with ongoing focus on creating outstanding guest experiences based on our core values: Mutual Respect, Winning Spirit, Service Heroes and Responsible Hospitality - all encapsulated in Hosting Moments That Matters.

The business is developed within four focus areas: Focus on customers, improve financials and administration, live out responsible hospitality and enhance our team.

In total, BC Hospitality Group welcomed app. 938,000 guests in 2019, app. 608,000 of whom stayed at the hotels.

The three hotels in the group also this year proved their popularity with two hotels in top 20 and one in top 40 out of 128 Copenhagen hotels. AC Hotel Bella Sky Copenhagen underwent a renovation of the ground floor including the guest reception area during 2019 resulting in a hotel with an even more welcoming appearance once the construction work was finalized.

Our own book fair “Bogforum 2019” in November was a great success with a record breaking number of visitors: Almost 40,000 came by Bella Center Copenhagen during the three days, the highest number in the event’s 27 years long history and proving words and the good story are valid and relevant as ever.

### **Careers That Matter**

The employees are the heart of our business and our onwards success strongly depends our ability to attract the right people and ensure they stay.

The launch of the “BCHG Sales Academy” and increased participation in change, leadership and teamwork programs resulted in almost a doubling of internal training activities from 2018 to 2019: A total of 13,039 training hours and 2,909 participants speak for itself.

### **Initiatives and acknowledgements**

The challenges facing our global community can only be achieved through partnerships and collaborations. In late spring 2019 CEO Allan L. Agerholm therefore joined the International Tourism Partnership (ITP) a global platform for leading hotel companies with a common commitment to sustainability and social responsibility.

Furthermore, an emphasis of, and a testament to, the positive results the Group achieved so far was the invitation to Allan L. Agerholm to join the Danish government’s Climate- partnership as representative for the tourism industry.

### **Investments**

An ambitious task concerning implementation of the new IT platform D365 took place in 2019. The new platform will simplify and optimize the workflow in all processes from selling and planning to and execution of events.

Concurrently with developing the residential property areas in Bellakvarter, BC Hospitality Group’s new logistics center saw the light of day. An investment of DKK 21 million enabling execution of congresses and events even more smooth and efficient in respect of the surrounding neighbours.

Furthermore, we are prepared and ready to handle a large increase in activity when our new congress facilities are ready in spring 2021.

### **Focus on sustainability**

As Denmark’s leading hospitality company, we are in the business of enhancing human connections creating a positive ripple effect through communities all over the world.

Our strategic approach to Responsible Hospitality is built on a “do-no-harm” concept: we always adhere to laws, regulations and certifications. We develop our business by identifying opportunities that allow us to use sustainability as a driver in our activities being commercial and operational. Last but not least we actively advocate for positive change in our community.

Partnerships are extremely important for us in all aspects: In corporation with the NGO (Association New Danes) and LO Hovedstaden we established Job School a course for citizens with non-Western backgrounds f.inst. refugees and dependent on welfare benefit. The goal was to assist and prepare them for a job in our organization through language school and practical training. In June we had the pleasure and privilege to welcome 14 of the original 21 participants as new colleagues in our Housekeeping department.

For the second year we launched a youth project encouraging young people to choose a vocational education focused on gastronomy and service. It is a huge challenge and as a response we partnered with a local school, Højdevangens Skole in order to increase the interest for our industry among young students.

Our own sustainability conference Responsible Hospitality Day inspiring and advocating for sustainable change in our industry was a tremendous success. 2019 was the third edition and we went from 90 participants in 2018 to 240 in 2019.

Our Responsible Hospitality report is included in this Annual Report, summarizing all activity, partnerships and initiatives in 2019. The report is also available at [www.responsiblehospitality.dk](http://www.responsiblehospitality.dk)

### **Statement of corporate social responsibility in accordance with section 99(a) of the Danish Financial Statement Act.**

As regards the statement of corporate social responsibility by section 99a of the Danish Financial Statements Act, reference is also made to the above-mentioned CSR report "Responsible Hospitality Report 2019".

### **Statement regarding the underrepresented gender in accordance with section 99(b) of the Danish Financial Statement Act.**

In accordance with section 99b of the Danish Financial Statements Act, BCHG Holding Group is required to report on diversity in the composition of the Board of Directors and gender representation at other executive levels of BCHG Holding A/S.

In 2018 the Board of Directors was extended by one member and since the composition is 1 woman and 3 men. Also, the Group had not obtained equal representation on the other executive levels (group executive and management levels). Both members of Executive Board are men. When choosing between equally qualified candidates, the diversity among the Board of Directors and Executive Board will be taken into consideration. However, the aim to increase the representation of the underrepresented gender, must not rank above the other competency requirements in the nomination of board candidates. The Group goal is to obtain equally representation of gender in the Board of Directors and Executive Board within the next coming years.

### **Outlook**

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 2.

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any judgement with significant uncertainty, see also note 2.

### **Subsequent events**

Except as mentioned above under Outlook and in note 2 no other events which materially affect the assessment of the Annual Report has occurred after the balance sheet date.

## Income Statement of 1 January – 31 December

Group	Note		
		2019 DKK '000	2018 DKK '000
Revenue	3	892,243	959,225
Cost of goods sold		(151,747)	(166,660)
Other external costs		<u>(355,124)</u>	<u>(369,926)</u>
<b>Gross profit</b>		<b>385,372</b>	<b>422,639</b>
Staff expenses	4	(328,040)	(326,329)
Revaluations		(1,243)	0
Other operating income/expenses, net		(7,361)	(25)
Depreciation and amortisation	5	<u>(58,134)</u>	<u>(58,448)</u>
<b>Profit before financial income and expenses</b>		<b>(9,406)</b>	<b>37,837</b>
Financial income	6	1,551	2,165
Financial expenses	7	<u>(16,244)</u>	<u>(13,765)</u>
<b>Profit before tax</b>		<b>(24,099)</b>	<b>26,237</b>
Tax on profit for the year	8	<u>4,145</u>	<u>(7,953)</u>
<b>Net profit for the year</b>		<b><u>(19,954)</u></b>	<b><u>18,284</u></b>

## Balance Sheet 31 December - Assets

Group	Note		
		2019 DKK '000	2018 DKK '000
<b>Assets</b>			
Goodwill	9	21,501	22,823
Intangible assets under construction	10	<u>13,266</u>	<u>0</u>
<b>Intangible assets</b>		<b><u>34,767</u></b>	<b><u>22,823</u></b>
Leasehold improvements	11	44,370	34,899
Equipment	12	74,342	90,032
Production properties	13	433,465	431,059
Investment properties	14	745,446	745,127
Tangible assets under construction	15	<u>81,777</u>	<u>9,148</u>
<b>Tangible assets</b>		<b><u>1,379,400</u></b>	<b><u>1,310,265</u></b>
Deposits		<u>64,503</u>	<u>65,827</u>
<b>Financial assets</b>		<b><u>64,503</u></b>	<b><u>65,827</u></b>
<b>Non-current assets</b>		<b><u>1,478,670</u></b>	<b><u>1,398,915</u></b>
Inventories		5,298	5,113
Trade receivables		64,420	79,191
Receivables from group enterprises		18,833	1,398
Other receivables		29,282	44,014
Derivative financial instruments		0	395
Prepaid expenses		10,009	3,861
Cash and cash equivalents		<u>58,786</u>	<u>106,922</u>
<b>Current assets</b>		<b><u>186,628</u></b>	<b><u>240,894</u></b>
<b>Total assets</b>		<b><u>1,665,298</u></b>	<b><u>1,639,809</u></b>

## Balance Sheet 31 December – Liabilities and Equity

Group	Note		
		2019 DKK '000	2018 DKK '000
<b>Liabilities and equity</b>			
Share capital	16	23,921	21,871
Other reserves		114,696	99,287
Retained earnings		<u>488,469</u>	<u>469,802</u>
<b>Equity</b>		<b><u>627,086</u></b>	<b><u>590,960</u></b>
Credit institutions	17	513,885	553,094
Provision for deferred tax	18	204,719	194,576
Deposits		14,904	14,532
Other liabilities		<u>4,990</u>	<u>0</u>
<b>Non-current liabilities</b>		<b><u>738,498</u></b>	<b><u>762,202</u></b>
Credit institutions	17	100,061	44,289
Trade payables		40,836	97,352
Prepayments received from customers		73,700	70,114
Deposits		11,709	20,032
Other payables		<u>73,408</u>	<u>54,860</u>
<b>Current liabilities</b>		<b><u>299,714</u></b>	<b><u>286,647</u></b>
<b>Total liabilities and equity</b>		<b><u>1,665,298</u></b>	<b><u>1,639,809</u></b>

## Statement of Changes in Equity

### Group

	Share Capital DKK '000	Other reserves DKK '000	Retained earnings DKK '000	Total equity DKK '000
<b>At 1 January 2018</b>	21,871	88,171	451,518	983,460
Revaluation property	0	15,957	0	15,957
Interest rate swap	0	(4,841)	0	(4,841)
Net profit for the year	<u>0</u>	<u>0</u>	<u>18,284</u>	<u>18,284</u>
<b>At 31 December 2018</b>	<b><u>21,871</u></b>	<b><u>99,287</u></b>	<b><u>469,802</u></b>	<b><u>590,960</u></b>
<b>At 1 January 2019</b>	21,871	99,287	469,802	590,960
Share capital increase	2,050	0	53,309	55,359
Revaluation property	0	15,409	0	15,409
Interest rate swap	0	0	(14,688)	(14,688)
Net profit for the year	<u>0</u>	<u>0</u>	<u>(19,954)</u>	<u>(19,954)</u>
<b>At 31 December 2019</b>	<b><u>23,921</u></b>	<b><u>114,696</u></b>	<b><u>488,469</u></b>	<b><u>627,086</u></b>



## Cash Flow Statement 1 January – 31 December

Group	Note	2019	2018
		DKK '000	DKK '000
<b>Profit before financial income and expenses</b>		<b>(9,406)</b>	<b>37,837</b>
Adjustments for income statement items without cash effect	22	66,738	58,473
Change in working capital	23	<u>(33,638)</u>	<u>(19,074)</u>
<b>Cash flow from operating activities before financial items</b>		<b><u>23,694</u></b>	<b><u>77,236</u></b>
Financial income received		1,551	2,165
Financial expenses paid		(16,244)	(13,765)
Taxes		<u>(997)</u>	<u>2,303</u>
<b>Cash flow from operating activities</b>		<b><u>8,004</u></b>	<b><u>67,939</u></b>
Purchase of intangible assets		(13,266)	0
Purchase of tangible assets		(120,027)	(70,857)
Sale of tangible assets		<u>5,230</u>	<u>1,396</u>
<b>Cash flow from investing activities</b>		<b><u>(128,063)</u></b>	<b><u>(69,461)</u></b>
Capital increase		55,360	0
Repayment of mortgage		(35,729)	(29,904)
Credit facilities		52,292	0
Dividend paid		<u>0</u>	<u>0</u>
<b>Cash flow from financing activities</b>		<b><u>71,923</u></b>	<b><u>(29,904)</u></b>
<b>Change in cash and cash equivalents</b>		<b>(48,136)</b>	<b>(31,426)</b>
Cash and cash equivalents at 1 Januar		<u>106,922</u>	<u>138,348</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>58,786</u></b>	<b><u>106,922</u></b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>58,786</u>	<u>106,922</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>58,786</u></b>	<b><u>106,922</u></b>

## Notes to the Financial Statements

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## **Note 1 – Going concern**

Following the outbreak of Covid-19, the Group has experienced a significant slowdown in hotel and conference activities after the end of the financial year.

The result of the above is that the Group's liquidity is expected to be very tight during 2020. The Group's ability to continue operations depends on a number of uncertainties, among other things; the prevalence of Covid-19, the temporal extent of restrictions that affect business activities, economic aid packages, and the speed at which the economy recovers after COVID-19.

As a result of these factors, there is uncertainties that can raise doubt about the Group's ability to continue operations. Management has obtained loan from the Group's bank under Vækstfonden's scheme for financing for companies affected by COVID-19 amounting to DKK 100 million as well a subordinated loan from the majority shareholder of the Group of DKK 30 million. Furthermore, Management has entered into agreements with the owners of the properties which the Group rents and carry out its business from. Rent payments will now be based on a percentage of relevant revenue above a threshold in the period up to 1 January 2024 at the latest. In addition, the Group has used other Danish compensation schemes for salary compensation and fixed cost compensation and expects to continue to use schemes available or take necessary action to reduce costs. Based on available compensations schemes and possibilities to make further cost reduction if needed, Management consider that the available funds and remaining credit facility as of 10 July 2020, including the new loans, will be adequately up to and beyond 31 December 2020. Management therefore submits the annual report on the basis of continued operations.

## **Note 2 – Subsequent events**

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company and the Group.

Consequently, the assessments of impairment indications and fair value adjustments made by Management at 31 December 2019 are based on the future cash flows expected by Management at 31 December 2019, which may differ from the cash flows expected by Management at the time of adoption of the Annual Report, see comments in the Outlook section of the Management's Review.

To date, the Group has been negatively impacted by the effects of COVID-19 as several customers have halted a number of existing and new conferences. Moreover, the Company has been negatively impacted by the significant decline in business activities, and consequently, Management decided to lay-off approximately 300 employees. Furthermore, it has been decided to close-down AC Hotel Bella Sky temporary. AC Bella Sky is expected to be open again from September 2020.

COVID-19 has caused a significant decline in the Group's revenue of more than 80% compared to last year, since 9 March 2020. The reason for this is that the Company's customers have cancelled a number of existing orders, and that orders have stopped coming in. Many of the Company's customers have indicated that they will continue conferences at a later point in time, but COVID-19 will have significant negative impacts on the Group's revenue and earnings in 2020.

Management is monitoring developments closely. Naturally, Management will make an effort to recapture any lost revenue later in the year. At this time, it is not possible to calculate the size of the negative COVID-19 impact.

In connection with the new loan and agreements entered into with the owners of the properties that the Company rent and carry out its business from, further mortgage pledges of DKK 20 million has been issued against other fixtures and fittings, tools and equipment.

	<u>2019</u> DKK '000	<u>2018</u> DKK '000
<b>Note 3 – Revenue</b>		
<b>Geographical segments</b>		
Denmark	<u>892,243</u>	<u>959,225</u>
	<b><u>892,243</u></b>	<b><u>959,225</u></b>
<b>Business segments</b>		
Hotel	387,268	398,902
Area & Entry	217,730	252,656
Technique & Services	93,237	110,081
Food & beverage	<u>194,008</u>	<u>197,586</u>
	<b><u>892,243</u></b>	<b><u>959,225</u></b>
<b>Note 4 – Staff expenses</b>		
Wages and salaries	289,759	285,472
Pensions	24,076	23,705
Social security costs	6,600	5,722
Other staff related costs	<u>7,605</u>	<u>11,430</u>
	<b><u>328,040</u></b>	<b><u>326,329</u></b>
<b>Average number of employees</b>	<b><u>751</u></b>	<b><u>740</u></b>
<b>Note 5 – Depreciation and amortisation</b>		
Goodwill	1,322	1,232
Leasehold improvements	3,191	3,222
Equipment	33,854	33,243
Production and hotel properties	<u>19,767</u>	<u>20,751</u>
	<b><u>54,134</u></b>	<b><u>58,448</u></b>

	<b>2019</b> DKK '000	<b>2018</b> DKK '000
<b>Note 6 – Financial income</b>		
Other financial income	<u>1,551</u>	<u>2,165</u>
	<b><u>1,551</u></b>	<b><u>2,165</u></b>
<b>Note 7 – Financial expenses</b>		
Interest on long-term debt	13,309	13,032
Lease obligations	199	270
Other financial expenses	<u>2,736</u>	<u>463</u>
	<b><u>16,244</u></b>	<b><u>13,765</u></b>
<b>Note 8 – Tax on profit for the year</b>		
Tax on profit	(12,133)	997
Change in deferred tax	<u>10,143</u>	<u>10,091</u>
	<b><u>(1,990)</u></b>	<b><u>11,088</u></b>
can be allocated as follows:		
Tax on profit/loss for the year	(4,145)	7,953
Tax on equity movements	<u>2,155</u>	<u>3,135</u>
	<b><u>(1,990)</u></b>	<b><u>11,088</u></b>
<b>Note 9 – Goodwill</b>		
<b>Costs</b>		
At 1 January	25,545	25,545
Additions	<u>0</u>	<u>0</u>
At 31 December	<u>25,545</u>	<u>25,545</u>
<b>Depreciation</b>		
At 1 January	2,722	1,491
Amortisation for the year	<u>1,322</u>	<u>1,231</u>
Depreciation at 31 December	<u>4,044</u>	<u>2,722</u>
<b>Carrying amount at 31 December</b>	<b><u>21,501</u></b>	<b><u>22,823</u></b>

	<b>2019</b> DKK '000	<b>2018</b> DKK '000
<b>Note 10 – Intangible Assets under construction</b>		
<b>Costs</b>		
At 1 January	0	0
Additions	<u>13,266</u>	<u>0</u>
At 31 December	<u>13,266</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>13,266</u></b>	<b><u>0</u></b>

**Note 11 – Leasehold improvements**

<b>Costs</b>		
At 1 January	76,901	56,511
Additions	12,693	21,379
Disposals	<u>(39,410)</u>	<u>(989)</u>
At 31 December	<u>50,184</u>	<u>76,901</u>
<b>Accumulated depreciation</b>		
At 1 January	42,002	38,829
Depreciation for the year	3,191	3,222
Disposals	<u>(39,379)</u>	<u>(49)</u>
At 31 December	<u>5,814</u>	<u>42,002</u>
<b>Carrying amount at 31 December</b>	<b><u>44,370</u></b>	<b><u>34,899</u></b>

**Note 12 – Equipment**

<b>Costs</b>		
At 1 January	221,615	200,819
Additions	20,366	39,943
Disposals	<u>(21,198)</u>	<u>(19,147)</u>
At 31 December	<u>220,783</u>	<u>221,615</u>
<b>Depreciation</b>		
At 1 January	131,583	117,097
Depreciation for the year	33,854	33,243
Disposals	<u>(18,996)</u>	<u>(18,757)</u>
Depreciation at 31 December	<u>146,441</u>	<u>131,583</u>
<b>Carrying amount at 31 December</b>	<b><u>74,342</u></b>	<b><u>90,032</u></b>

	<b>2019</b> DKK '000	<b>2018</b> DKK '000
<b>Note 13 – Production properties</b>		
<b>Halls/Auditoriums/Meeting facilities</b>		
<b>Costs</b>		
At 1 January	580,915	581,018
Additions	10,311	0
Disposals	<u>(19,693)</u>	<u>(103)</u>
At 31 December	<u>571,533</u>	<u>580,915</u>
<b>Revaluation</b>		
At 1 January	99,813	78,959
Revaluation	<u>19,756</u>	<u>20,854</u>
At 31 December	<u>119,569</u>	<u>99,813</u>
<b>Depreciation</b>		
At 1 January	249,669	228,918
Depreciation for the year	19,767	20,751
Depreciation on disposals for the year	<u>(11,799)</u>	<u>0</u>
Depreciation at 31 December	<u>257,637</u>	<u>249,669</u>
<b>Carrying amount at 31 December</b>	<b><u>433,465</u></b>	<b><u>431,059</u></b>

### **Production property**

The fair value of production property as of 31 December is determined by discounting expected cash flows expected 31 December 2019 by a discount rate of 6.9% (2018: 7.4%) and does not take into consideration potential impact of Covid-19. Income from production comprises income from events, including a specific projection of rent, additional sales as well as catering split up into fairs, meetings, conferences, conventions, concerts, company events etc.

### **Sensitivity – value adjustment of production property**

Value adjustment of property depends on the development in the discount rate, expected cash flow and expected growth rate.

In the case of production activity, a change in the discount rate of +/- 0.25 percentage point, or a permanent change in results before tax of +/- DKK 2.5 million will affect the assessment value by +/- DKK 25-30 million and +/- DKK 60 million, respectively. The sensitivity related to fluctuations in the growth rate of +/- 0.25 percentage point affects the assessment value by +/- DKK 10-15 million.

	<u>2019</u> DKK '000	<u>2018</u> DKK '000
<b>Note 14 – Investment properties</b>		
<b>Costs</b>		
At 1 January	389,767	389,370
Additions	<u>1,562</u>	<u>397</u>
At 31 December	<u>391,329</u>	<u>389,767</u>
<b>Value adjustments</b>		
At 1 January	355,360	355,757
Revaluation	<u>(1,243)</u>	<u>(397)</u>
At 31 December	<u>354,117</u>	<u>355,360</u>
<b>Carrying amount at 31 December</b>	<b><u>745,446</u></b>	<b><u>745,127</u></b>

**Note 15 – Tangible Assets under construction**

<b>Costs</b>		
At 1 January	9,148	0
Additions	<u>72,629</u>	<u>9,148</u>
At 31 December	<u>81,777</u>	<u>9,148</u>
<b>Carrying amount at 31 December</b>	<b><u>81,277</u></b>	<b><u>9,148</u></b>

**Note 16 – Equity**

Share capital at 1 January	21,871	21,871
Capital increase	<u>2,050</u>	<u>0</u>
<b>Share capital at 31 December</b>	<b><u>23,921</u></b>	<b><u>21,871</u></b>

The share capital consists of 23,920,863.71 shares of a nominal value of DKK 0.01. No shares carry any special rights.



	<b>2019</b> DKK '000	<b>2018</b> DKK '000
<b>Note 17 – Long-term debt</b>		
<b>Credit institutions</b>		
After 5 years	294,817	382,892
Between 1 and 5 years	<u>219,068</u>	<u>170,202</u>
Long-term part	513,885	553,094
Within 1 year	<u>100,061</u>	<u>44,289</u>
Financial obligations at amortised cost at 31 December	<u><u>613,946</u></u>	<u><u>597,383</u></u>

**Note 18 – Provision for deferred tax**

Intangible fixed assets	(9,128)	(6,322)
Tangible fixed assets	(926,195)	(886,361)
Receivables	2,480	3,297
Other timing differences	<u>2,303</u>	<u>4,948</u>
	<u>(930,540)</u>	<u>(884,438)</u>
Provision for deferred tax 22%:	<u>204,719</u>	<u>(194,576)</u>
Provision for deferred tax 31 December	194,576	184,485
Deferred income tax recognised in income statement and on equity	<u>10,143</u>	<u>10,091</u>
<b>Deferred tax 31 December</b>	<u><u>204,719</u></u>	<u><u>194,576</u></u>

**Note 19 – Collateral**

The following assets have been provided as collateral for debt to credit institutions:

Production and investment, carrying amount	<u>1,178,911</u>	<u>1,176,186</u>
	<u><u>1,178,911</u></u>	<u><u>1,176,186</u></u>

**Note 20 - Contingent liabilities and other financial obligations**

**Rental and lease obligations as of 31 December**

Within 1 year	128,376	131,145
Between 1 and 5 years	507,811	508,620
After 5 years	<u>2,862,762</u>	<u>3,007,608</u>
	<u><u>3,498,762</u></u>	<u><u>3,647,373</u></u>
Rent expenses charged to the income statement during the year	131,076	135,842
Lease expenses charged to the income statement during the year	2,134	2,529

## Note 20 - Contingent liabilities and other financial obligations, continued

### Joint Taxation

The Solstra Investments A/S' Group's Danish companies are jointly and severally liable for tax on the jointly taxed incomes subject to joint taxation, etc. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes.

Moreover, the group companies are jointly and severally liable for Danish Withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Company's liability.

### Other contingent liabilities

The Group has the obligation to perform maintenance of rented hotel buildings, both interior and exterior. There is the risk that one of the hotel buildings may require replacement of part of the facade. For the time being, it is not possible to evaluate and conclude the extent of the replacement. The Group expects that the main contractor will cover expenses related to the replacement

## Note 21 – Related party transactions

The Group is controlled by Bella Solstra A/S.

Related parties are considered to be the Board of Directors, key management, Solstra Investments A/S and Solstra Investments A/S' subsidiaries.

The Group has had transactions with shareholders related to intercompany receivables and payables and administrative services. The Group and Company have chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(7) of the Danish financial Statements Act.

## Note 22 – Cash flow statement, Adjustments for income statement items without cash effect

	2019 DKK '000	2018 DKK '000
Revaluations	1,243	0
Other operating income, net	7,361	25
Depreciation, amortisation and impairment losses ns on sales	<u>58,134</u>	<u>58,448</u>
	<u><b>66,738</b></u>	<u><b>58,473</b></u>

## Note 23 – Cash flow statement, change in working capital

Change in inventories	(185)	(1,121)
Change in receivables	20,375	(24,395)
Change in trade payables, etc.	<u>(53,828)</u>	<u>6,442</u>
	<u><b>(33,638)</b></u>	<u><b>(19,074)</b></u>

## **Note 24 – Accounting policies for the Financial Statements**

The Annual Report of the Group for 2019 has been prepared in accordance with the Danish Financial Statements Act applying to presentation of Annual Reports of large enterprises of reporting class C.

### **Presentation currency and functional currency**

The Annual Report is presented in Danish kroner. The functional currency is Danish kroner.

### **Recognition and measurement**

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Translation policies**

A functional currency is determined for the enterprise. The functional currency is the currency used in the primary economic environment in which the enterprise operates. Transactions in other currencies than the functional currency are on initial recognition translated to the functional currency at the exchange rates prevailing at the date of the transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

### **Consolidation policies**

The Consolidated Financial Statements comprise all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

The subsidiaries' financial statements have been prepared in accordance with the same accounting policies as applied by the Parent Company. Where differences between the accounting policy in the subsidiary and the Parent Company have occurred, on top postings have been made to eliminate these differences.

The Consolidated Financial Statements have been prepared based on the financial statements of the individual enterprises by combining items of a uniform nature and subsequently eliminating intercompany income and expenses, balances, shareholdings, dividends as well as realised and unrealised profits and losses on transactions between the consolidated enterprises. Unrealised losses are eliminated in the same way as unrealised profits to the extent that no impairment takes place.

## **Income statement**

### **Revenue**

Revenue primarily consists of income from hotel rooms; conferences; rental income from booths; other rental income; income from setting up and arranging booths and meeting facilities; electricity, IT, tele and AV deliveries; services (parking, security, inspection of tickets etc.), as well as restaurant and catering services.

Revenue from sale of goods is recognised at the time of holding the event or meeting. Revenue from delivery of services is recognised at the rate of delivering the service. Revenue from sale of properties is recognised when delivery has taken place. Work in progress is recognised based on percentage of completion method. Revenue is determined less VAT, charges, payments to co-suppliers and discounts.

### **Cost of goods sold**

Cost of goods sold comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance etc. as well as operation, administration and management of factories.

### **Value adjustment of investment property**

The Group's investment property is measured at fair value and the value adjustments are recognised in the income statement.

### **Depreciation and impairment losses**

Depreciation of property, plant and equipment is calculated on a straight-line basis based on cost and below assessment of the expected useful lives of the assets:

	<u>Useful life (years)</u>
Production buildings	100
Exhibition and convention centres, auditoriums etc.	10-50
Other fixtures and operating equipment	1-15

Leasehold improvements are depreciated over the remaining lease term. Land and investment property are not depreciated.

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Depreciation is determined in consideration of the asset's residual value and reduced by any impairment losses. The residual value is determined at the date of acquisition and is assessed annually. If the residual value exceeds the carrying amount of the asset, depreciation ceases. Property, plant and equipment are derecognised on disposal or when no economic benefits are expected to flow

to the Group in connection with use or disposal of the asset. Any gains or losses arising on derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the income statement on derecognition of the asset.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest, dividends, realised exchange adjustments, amortisation of mortgage loans as well as repayment under the on-account taxation scheme.

### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year less the portion of tax related to changes in equity. Current and deferred tax attributable to changes in equity is recognised directly in equity. The Group is jointly taxed with group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation).

Jointly taxed companies which have paid too much tax are compensated as a minimum according to applicable rates for interest reimbursement by the administration company, just as jointly taxed companies with outstanding tax as a maximum pay a charge in accordance with applicable rates for interest charges to the administration company.

### **Balance sheet**

#### **Intangible assets**

Goodwill acquired is measured at costs less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years. Impairment test of goodwill are performed on yearly basis.

#### **Tangible assets**

Tangible assets comprise leasehold improvements, fixtures and operating equipment, properties as well as assets in course of construction.

#### ***Leasehold improvements and fixtures and operating equipment***

Leasehold improvements as well as fixtures and operating equipment are measured at original acquisition cost plus subsequent additions less accumulated depreciation and impairment losses. The acquisition cost of combined assets is divided into separate components that are depreciated individually if the useful life of each component varies. Subsequent expenses, e.g. from replacing components in an asset, are recognised in the carrying amount of the asset in question when it is probable that the occurrence of costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet and the carrying amount is transferred to the income statement. All other expenses for ordinary repairs and maintenance are recognised in the income statement as incurred.

Leasehold improvements and other equipment is measured at purchase cost less accumulated depreciation and any accumulated impairment losses.

### ***Properties***

Properties are in the balance sheet divided into investment properties and production properties. Investment properties comprise show rooms and office leases. Production properties comprise auditoriums, meeting facilities and halls.

Investment property and production property are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

### ***Impairment test***

An impairment test is carried out in terms of leasehold improvements, fixtures and operating equipment if there are indications of impairment. The impairment test is performed for each asset and group of assets, respectively. The assets are written down to the higher of the asset's or group of assets' value in use and net selling price (recoverable amount) if this is lower than the carrying amount.

### ***Finance leases***

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

### ***Inventories***

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables equals landed cost. The net realisable value of inventories is calculated as the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

### ***Receivables***

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions are determined on the basis of an individual assessment of the receivables that are estimated to be risky.

### ***Equity***

Distributable reserves are transferred to retained earnings as they are considered free reserves. Included in Other reserves/retained earnings is the hedging reserve that includes changes in the fair value of derivatives classified and qualifying as cash flow hedges. Proposed dividend is presented as a separate item under equity. Dividend is recognised as a liability at the time of declaration. Purchase and sale of own shares are recognised directly in equity under distributable reserves.

## **Dividend**

Dividend distribution for the year proposed by Management is disclosed as a separate equity item.

## **Provisions**

Provisions are recognised when – in consequence of an event occurred before or on the balance sheet date – the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## **Taxes payable and deferred tax**

Current tax liabilities are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Deferred tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, except for temporary differences arising on the date of acquisition of assets and liabilities and which neither affect profit/loss nor the taxable income.

In cases where determination of the tax base may be performed based on different taxation rules, deferred tax is measured based on Management's intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognised under long-term assets at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Adjustment is made of deferred tax concerning elimination of unrealised intercompany profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## **Financial debts**

Financial debts are recognised initially as the proceeds received net of transaction expenses occurred. Subsequently, interest-bearing debt is measured at amortised cost determined based on the effective interest rate at the time of borrowing. Remaining debt is measured at amortised cost, corresponding to nominal debt outstanding.

The amortisations from the original loans have been transferred to the new loans together with the new amortised costs, and will be amortised over the term of the new loans.

## **Derivative financial instruments**

Derivative financial instruments, including cash flow hedges through interest rate swaps after tax, are recognised at fair value. Amortisation and changes in the fair values of derivative financial instruments are recognised on equity until the hedged transaction expires. If the hedged transaction results in an asset or a liability, the accumulated market value adjustment is recognised in the cost of the asset or liability, and if the transaction results in an income or a cost, the accumulated market value adjustment is recognised under financial items in the income statement together with the hedged item.

## **Cash flow statement**

The cash flow statement shows the cash flows for the year, changes for the year in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are presented indirectly and are calculated as the net profit/loss for the year adjusted for changes in non-cash operating items, changes in working capital, paid financial items and paid corporation tax.

Cash flows from investing activities comprise payments in connection with purchase and sale of property, plant and equipment as well as securities attributable to investing activities.

Cash flows from financing activities comprise dividend distribution to shareholders, capital increases and reductions as well as raising of loans and repayment of interest-bearing debt.

Cash and cash equivalents comprise "Cash at bank and in hand" and short-term securities with an insignificant risk of value changes that can readily be turned into cash.

## **Financial ratios**

### ***Gross margin:***

Gross profit (contribution margin) / Revenue \* 100

### ***Solvency ratio:***

Equity/Assets \* 100

### ***Return on equity:***

Net profit for the year/Average equity \* 100

### ***Book value per share:***

Equity/outstanding shares of nominal 0.01



## **Note 25 – Significant accounting estimates and assessments**

On application of the Group's accounting policies as described in note 24, Management is required to perform assessments and use estimates as well as prepare assumptions for the carrying amount of assets and liabilities, which cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. Actual outcome may differ from these estimates.

The performed estimates and underlying assumptions are reassessed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the change takes place and in future accounting periods if the change has an effect on both current and subsequent accounting periods.

In connection with the practical application of the described accounting policies, Management has performed the following significant accounting assessments which have had an effect on the financial statements.

### **Fair value adjustment of properties**

Investment and production properties are measured at fair value. Value adjustment of investment properties are charged to the income statement and value adjustment of production properties are charged to equity.

At the end of each reporting period, Management updates their assessment of the fair value of each property, taking into account the most recent market conditions and independent valuation reports. Management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, Management considers information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income and a capitalisation rate derived from an analysis of market evidence.

The measurements contain several elements based on Management's estimate of current market conditions, including discount rate, capital structure and growth rate. For a detailed description of estimated assumptions and sensitivity analysis, please refer to current asset notes.

Fair value measurements are performed unchanged based on the capitalised value of Management's statement of expected annual cash generated from operations in a going concern context based on the required market rate of return.

### **Capital structure**

Management anticipates to have sufficient liquidity at its disposal to support the Group's ordinary activities, payment of the Group's financial commitments and ordinary investments and consequently, the financial statements are presented under the going concern assumption. The cash resources have been determined in accordance with available operating and cash budgets for the Group approved by the Board of Directors.

# Income Statement of 1 January – 31 December

## Parent Company

	Note	<u>2019</u>	<u>2018</u>
		DKK '000	DKK '000
<b>Gross profit</b>		<u><b>(428)</b></u>	<u><b>(801)</b></u>
<b>Profit before financial income and expenses</b>		<b>(428)</b>	<b>(801)</b>
Financial income	A	0	1,804
Financial expenses	B	<u>(238)</u>	<u>(373)</u>
<b>Profit before tax</b>		<u><b>(666)</b></u>	<u><b>630</b></u>
Tax on profit for the year	C	<u>110</u>	<u>(255)</u>
<b>Net profit for the year</b>		<u><u><b>(556)</b></u></u>	<u><u><b>375</b></u></u>

## Balance Sheet 31 December - Assets

### Parent Company

	Note	2019	2018
		DKK '000	DKK '000
<b>Assets</b>			
Investment in subsidiaries	E	573,945	450,945
<b>Financial assets</b>		<b>573,945</b>	<b>450,945</b>
<b>Non-current assets</b>		<b>573,945</b>	<b>450,945</b>
Other receivables		91	91
Cash at bank and in hand		521	68,778
<b>Current assets</b>		<b>612</b>	<b>68,869</b>
<b>Total assets</b>		<b>574,557</b>	<b>519,814</b>

## Balance Sheet 31 December – Liabilities and Equity

### Parent Company

	Note	2019	2018
		DKK '000	DKK '000
<b>Liabilities and equity</b>			
Share capital	F	23,921	21,871
Retained earnings		548,367	495,614
<b>Equity</b>		<b>572,288</b>	<b>517,485</b>
Trade payables		0	699
Payables to group enterprises		1,974	1,508
Other payables		295	122
<b>Current liabilities</b>		<b>2,269</b>	<b>2,329</b>
<b>Total liabilities and equity</b>		<b>574,557</b>	<b>519,814</b>

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Penneo document key: 5Y1X4-UX5EW-51MST-PIF15-PNN4P-3YUFY

## Statement of Changes in Equity

### Parent Company

	Share capital DKK '000	Share premium DKK'000	Retained earnings DKK '000	Total equity DKK '000
At 1 January 2018	21,871	0	495,239	517,110
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>375</u>	<u>375</u>
<b>At 31 December 2018</b>	<b><u>21,871</u></b>	<b><u>0</u></b>	<b><u>495,614</u></b>	<b><u>517,485</u></b>
<b>At 1 January 2019</b>	<b>21,871</b>	<b>0</b>	<b>495,614</b>	<b>517,485</b>
Capital increase	2,050	53,309	0	55,359
Transfer		(53,309)	53,309	0
Net profit/loss for the year	<u>0</u>	<u>0</u>	<u>(556)</u>	<u>(556)</u>
<b>At 31 December 2019</b>	<b><u>23,921</u></b>	<b><u>0</u></b>	<b><u>548,367</u></b>	<b><u>572,288</u></b>

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Penneo document key: 5Y1X4-UX5EW-51MST-PIF15-PNN4P-3YUJY

# Notes to Financial Statement

## Parent Company

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**Note A – Going concern**

See note 1 on the consolidated financial statements.

**Note B – Subsequent events**

See note 2 in the consolidated financial statements.

**Note C – Financial income**

Interest received from Group enterprises

	<b>2019</b> DKK '000	<b>2018</b> DKK '000
	<u>0</u>	<u>1,804</u>
	<u><b>0</b></u>	<u><b>1,804</b></u>

**Note D – Financial expenses**

Other financial expenses  
Interest, Group enterprises

Other financial expenses	163	373
Interest, Group enterprises	<u>75</u>	<u>0</u>
	<u><b>238</b></u>	<u><b>373</b></u>

**Note E – Tax on profit for the year**

Tax on profit

Tax on profit	<u>110</u>	<u>(255)</u>
	<u><b>110</b></u>	<u><b>(255)</b></u>

**Note F – Distribution of profit**

Retained earnings

Retained earnings	<u>(556)</u>	<u>375</u>
	<u><b>(556)</b></u>	<u><b>375</b></u>

## Note G – Investments in subsidiaries

Cost at 1 January	450,945	275,865
Additions for the year	<u>123,000</u>	<u>175,080</u>
<b>Cost at 31 December</b>	<b><u>573,945</u></b>	<b><u>450,945</u></b>
<b>Carrying amount at 31 December</b>	<b><u>573,945</u></b>	<b><u>450,945</u></b>

### Investments in subsidiaries are specified as follows:

<b>Name/place of registered office</b>	<b>Share capital</b>	<b>Votes and ownership</b>	<b>Equity</b>	<b>Net profit/loss for the year</b>
	DKK '000		DKK '000	DKK '000
BC Hospitality Group A/S	1,000	100%	219,695	(23,493)
BCHG SPV ApS	50	100%	14	(18)
BCHG Properties A/S	1,190	100%	345,359	15,617

## Note H – Equity

The share capital consists of 23,920,863.71 shares of a nominal value of DKK 0.01. No shares carry any special rights.

## Note I – Contingent liabilities and other financial obligations

### Guarantee obligations

The Company is guarantor with primary liability for whatever amount BC Hospitality Group A/S and BCHG Properties A/S may owe Nordea Danmark in the future, including interest and expenses in the event of default.

### Joint Taxation

The Solstra Investments A/S' Group's Danish companies are jointly and severally liable for tax on the jointly taxed incomes subject to joint taxation, etc. for 2019. The total amount is disclosed in the Annual Report of Solstra Investments A/S, which is the administration company for joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish Withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes may increase the Company's liability.



## Note J - Related parties

Related parties are considered to be the Board of Directors, Key management, Solstra Investments A/S and Solstra Investments A/S' subsidiaries.

### Controlling interest

	<u>Basis</u>
Alshair Fiyaz, Monaco	Ultimate owner
ALFI Mark Trust, Liechtenstein	Ultimate parent company
Markerina Investments Ltd., Cyprus	Intermediate parent company
Solstra Holdings Cyprus Ltd., Cyprus	Intermediate parent company
Solstra Investments A/S, Copenhagen	Intermediate parent company
Bella Solstra Holding A/S, Copenhagen	Intermediate parent company
Bella Solstra A/S, Copenhagen	Immediate parent company, holding 84,6 % of the votes in the Company.

### Transactions

The Company has had transactions related to intercompany receivables and payables. Interests from group enterprises are disclosed in the income statement and note C and D.

### Consolidated Financial Statements

The Company is included in the Consolidated Financial Statements of Solstra Investments A/S and the ultimate parent company ALFI Mark Trust, Liechtenstein. As a result of the legislation in Liechtenstein the Consolidated Financial Statements are not published.

<u>Name</u>	<u>Place of registered office</u>
Solstra Investments A/S	Copenhagen

## **Note K – Accounting policies for the Parent Company**

### **Basis of Preparation**

The Annual Report of the Parent Company BCHG Holding A/S has been prepared in accordance in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Parent Company Financial Statements for 2019 are presented in DKK thousand.

### **Recognition and measurement**

Revenue is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### **Income statement**

#### **Gross profit**

Gross profit comprise external income and expenses for the year relating to the entity's core activities.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish affiliated companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

### **Balance sheet**

#### **Investments in subsidiaries**

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

**Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

**Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on account taxation scheme are recognised in the income statement in financial income and expenses.

BC HOSPITALITY GROUP

# 2019

## BC HOSPITALITY GROUP RESPONSIBLE HOSPITALITY REPORT

**BC**  
HOSPITALITY  
GROUP

**BELLA ·  
CENTER**  
COPEN  
HAGEN

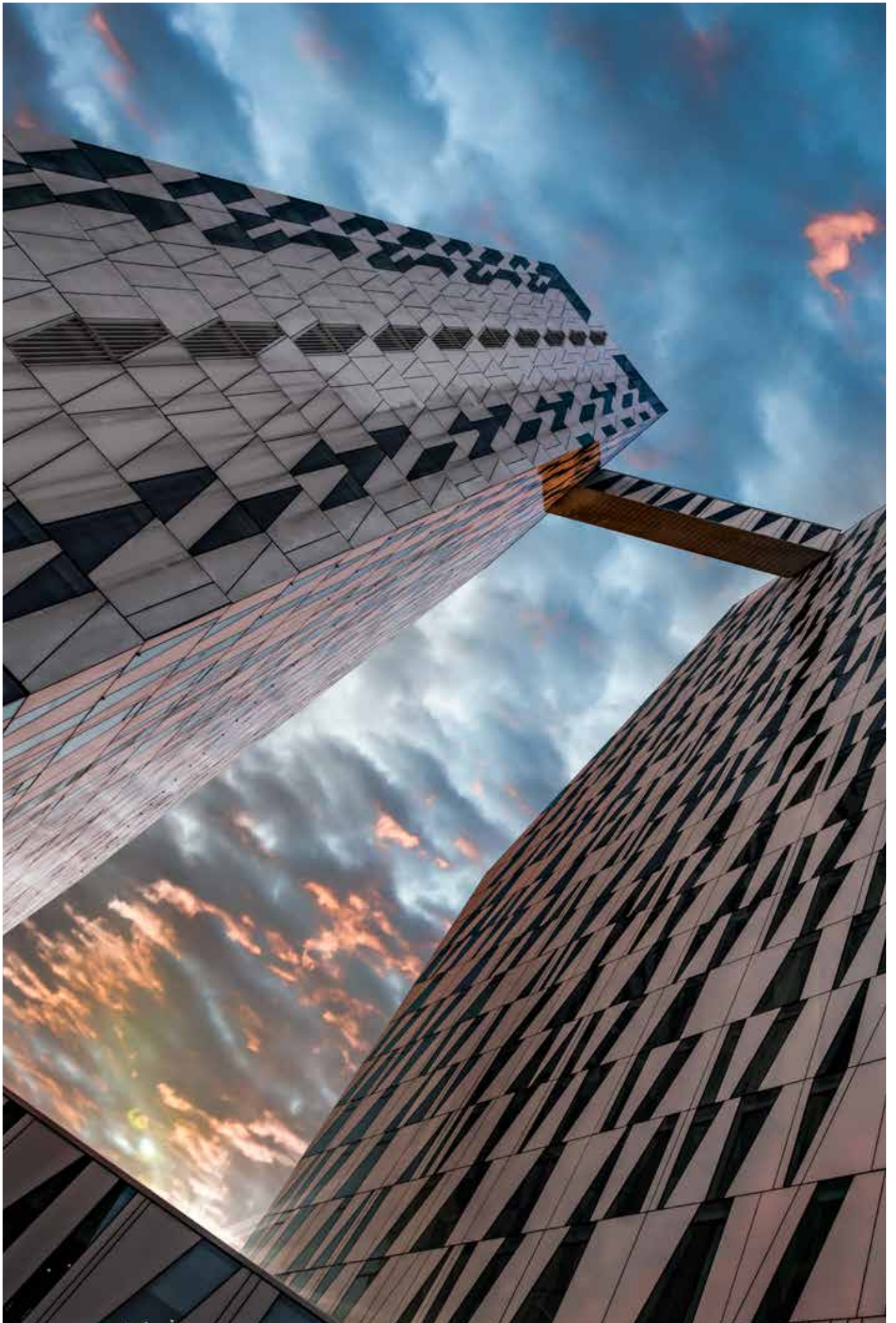
  
**CROWNE PLAZA**  
AN IHG® HOTEL  
COPENHAGEN TOWERS

  
**MARRIOTT**  
COPENHAGEN

  
**AC HOTEL BELLA SKY**  
COPENHAGEN

**Comwell**  
CONFERENCE CENTER  
COPENHAGEN

**CIFF**



# ABOUT THIS REPORT

This report covers the 2019 activities relating to Responsible Hospitality in all business units of BCHG Holding A/S group (BC Hospitality Group). The report follows the financial year, 1 January 2019 - 31 December 2019.

The report is prepared in accordance with sections §99a and §99b of the Danish Financial Statements Act. It complies with ISO 14001 and DS 49001, as Crowne Plaza Copenhagen Towers is certified by these standards.

The content of this report is based on relevant matters regarding the activities of BC Hospitality Group and its main stakeholders. Material content is based on the company's strategic objectives, consultations with stakeholders and material issues at industry and local political levels. Furthermore, its reporting is also aligned with the GRI Sustainability Reporting Standards 2016: Core option, the United Nations Global Compact and the Sustainable Development Goals.

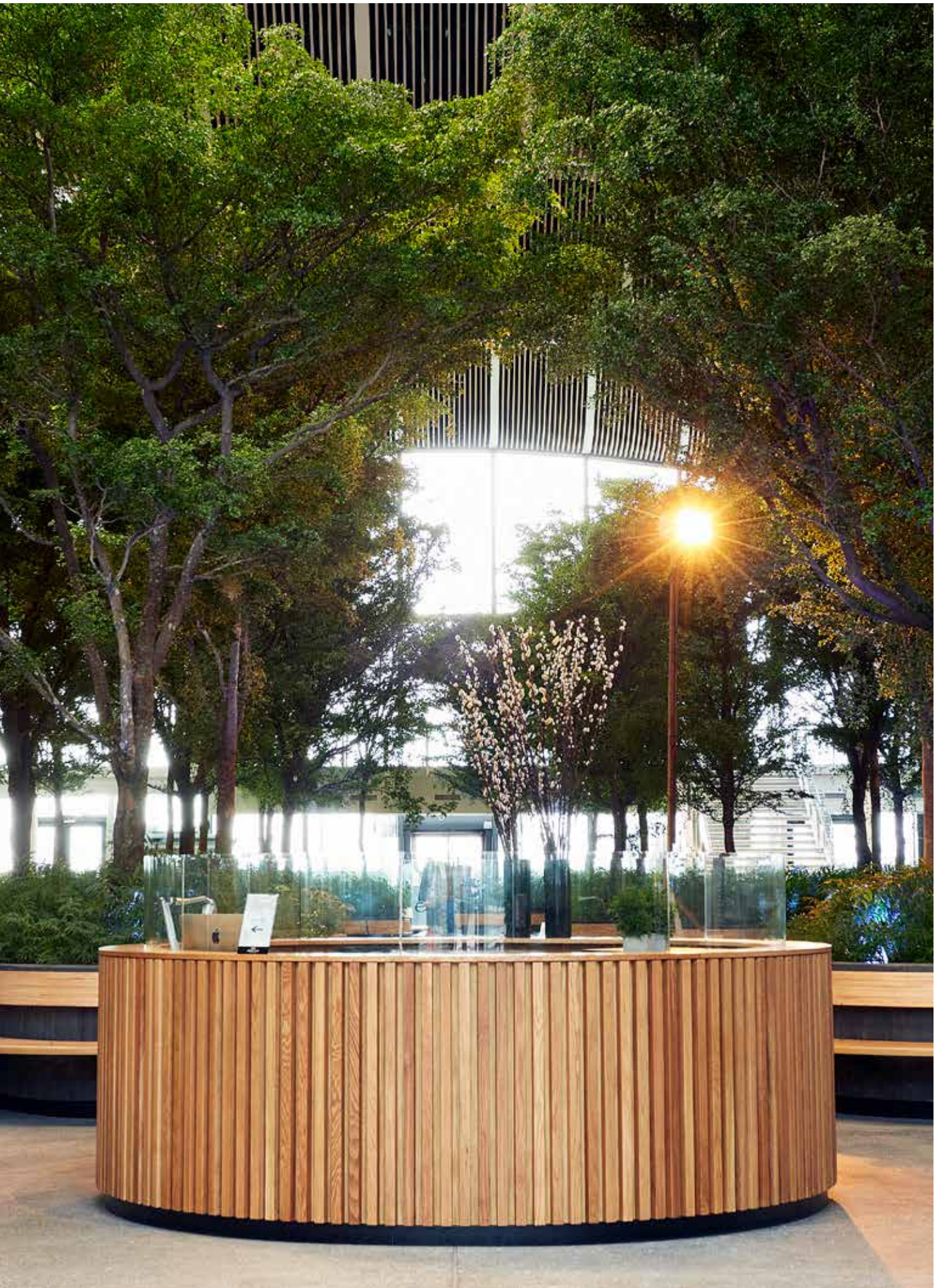
The report presents data and figures for the three hotels forming part of BC Hospitality Group: Copenhagen Marriott, Crowne Plaza Copenhagen Towers and AC Hotel Bella Sky Copenhagen. It also covers the Group's congress venue, Bella Center Copenhagen, which includes Comwell Conference Center Copenhagen, CIFF/CIFF Showrooms and International House.

Previous Responsible Hospitality reports are available at [www.bchospitalitygroup.dk](http://www.bchospitalitygroup.dk)

For further information regarding this report, please contact Ms. Mireille Jakobsen, Group Responsible Hospitality Manager ([mij@bchg.dk](mailto:mij@bchg.dk)).

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Allan L. Agerholm

# STATEMENT

## FROM THE CHIEF HOSPITALITY OFFICER

2019 was in large parts defined by our necessary efforts to sharpen and improve the Group's operational and financial performance. It was also a year with several success stories that give reason to a promising outlook for our organization.

The hotel market in the Capital region continues to grow increasingly competitive, and we must continuously adapt and change accordingly and such external factors coupled with disappointing performance rates within some of our own key business areas, led to the difficult, but necessary decision, to release several highly valued colleagues.

Among our successes, we are pleased to report a very high satisfaction rate among the one million guests we hosted during 2019. Another positive development was the commencement of the new Congress Hall at Bella Center Copenhagen. Set to be the largest of its kind in Northern Europe and enabling us with new opportunities to attract business, the hall is effectively a cornerstone of our future and Capital Region as an attractive and competitive destination for International Congresses and Events. This is an ideal time for laying the foundation for considerable growth while maintaining our core values and commitments to quality and Responsible Hospitality.

We have a strong belief that every event, service or action leave lasting imprints with the millions of people we engage with. This year, we were particularly proud to witness the growth of our staff. We are very pleased to report a doubling in the number of participants engaging in our Learning & Development platform, BC Academy. A platform that provides them with valuable career development and personal growth opportunities.

The most urgent challenges facing our global community can only be achieved through partnerships and collaborations. This is why we have chosen to join the International Tourism Partnership (ITP), a global platform for leading hotel companies sharing a common commitment to sustainability and social responsibility. Alongside our internal goals we now also adhere to the four ITP goals on human rights, carbon emissions, water usage and youth employment.

Our climate ambitions remain on track. In just three years, we have successfully reduced our energy consumption by 30% and CO2 emissions by more than 37% since 2016.

As a testament to the positive results we have achieved so far, I am very proud to have been invited to join the Danish government's Climate-partnership as a Chairman partnerships tourism engagement. This coalition of appointed business leaders will help identify key initiatives that will help the Danish government to achieve its 70% CO2 reduction target by 2030.

As we move forward, our commitment to the UN Global Compact and the Sustainable Development Goals remains intact. I invite you to read all about our most recent efforts and activities in this report.

Sincerely,



Allan L. Agerholm,  
Chief Hospitality Officer / CEO

# ABOUT BC HOSPITALITY GROUP

BC Hospitality Group is one of Denmark's leading hospitality companies. We provide an extensive range of services within the hotel, conference, exhibition and catering industries to clients from all over the world. Our client base covers the public and private sectors as well as businesses and leisure guests. The owner of BC Hospitality Group and Crowne Plaza Copenhagen Towers (which operates under two different CVR numbers) is Solstra Capital Partners, a private equity investment firm.

We offer a total of 1,584 hotel rooms, 162 meeting and conference rooms, and approximately 200,000 m<sup>2</sup> of event space with the capacity to host up to 30,000 people. BC Hospitality Group and all of its business units are located in Copenhagen where we employ some 2,000 team members. This year we've had approximately 940,000 guests at our hotels and venues.

In 2019, we discontinued our collaboration with ATP Real Estate on the construction of Hilton Copenhagen City in central Copenhagen. While this co-operation came to a very disappointing discontinuation, we remain confident that the near future holds more opportunities to follow our key strategy: running exceptional hotels of high international standards under international hotel brands.

We have also begun construction on our new congress hall in Bella Center Copenhagen, marking the biggest strategic development of the venue in three decades. This 14,000 m<sup>2</sup> addition will consist of a large congress hall seating 7,000 persons in addition to a flexible area of 7,000 m<sup>2</sup>. The inauguration is set for April 2021 and will significantly expand the congress capacity of BC Hospitality Group and the city of Copenhagen, further strengthening the city's capabilities to attract international events and congresses.

In September 2019, Niam, a Swedish private property owner, acquired Copenhagen Towers from Solstra Capital Partners. The handover of the property has had no direct effect on daily operations, as BC Hospitality Group continues to be the main operator.

In 2020, CIFF is set to launch C+ in partnership with Copenhagen Fashion Summit, the world's most influential platform for sustainability in fashion. C+ will be a unique business space for sustainable innovation within the fashion sector. It will also have the effect of turning CIFF into a full-service provider.

At C+, companies will gain access to innovative solution providers that can help start or boost their sustainability journey while also growing their business. A matchmaking tool facilitates scheduled meetings with 100 solution providers. This is coupled with an inspirational stage program with relevant panel discussions on sustainable business in fashion. In sum, C+ is a hands-on, plug-n-play tool for companies to discover and implementable solutions to accelerate the industry's sustainability practices.

#### **Bella Center Copenhagen**

Scandinavia's largest exhibition and congress center

#### **Comwell Conference Center Copenhagen**

Denmark's largest conference center

#### **AC Hotel Bella Sky Copenhagen**

The largest design hotel in the Nordic region

#### **Crowne Plaza Copenhagen Towers**

Denmark's leading hotel within sustainability

#### **Copenhagen Marriott**

Copenhagen's premiere five-star hotel

#### **CIFF**

Northern Europe's leading fashion fair

#### **CIFF Showrooms**

16,611 m<sup>2</sup> of permanent leasehold tenancies

#### **International House**

Bella Center Copenhagen's serviced offices



## **OUR PURPOSE**

We strive to be the leading hospitality company in Denmark by hosting moments that matter. This is our purpose and it encompasses our approach to everything that we do.

## **OUR MISSION**

I AM THERE FOR YOU

We are **stewards of hospitality**.

For the guests we serve and the people we work with. We know that nothing can be undone, that moments are temporary but with the potential to live forever. We genuinely do our best to **seize these moments** and create a positive impact.

## **OUR VALUES**

Mutual Respect

Winning Spirit

Service Heroes

# HOSTING MOMENTS THAT MATTER

---

We are hosts and stewards of hospitality. For the guests that we serve as well as the people we work with. This is a privilege with great responsibilities, and we strive to turn each interaction into a special moment. Hospitality is the business of 'live' as nothing can be undone. Moments are temporary but memories will live forever. We do our best to create positive impacts - for us, for our guests and our society.



“At BC Hospitality Group we place Responsible Hospitality at the heart of everything we do, operating a profitable business while practicing, inspiring and advocating for sustainable change. We do this at every level, from self-initiated efforts in finding innovative new solutions, to supporting significant collaborative initiatives to help build a better future for all.”

- Allan Agerholm, Chief Hospitality Officer



# RESPONSIBLE HOSPITALITY

As Denmark's leading hospitality company, we are in the business of enhancing human connections that create a positive ripple effect through communities all over the world. And we host moments that matter by living out Responsible Hospitality.

Our strategic approach to Responsible Hospitality is built on a 'do-no-harm' concept, meaning we always adhere to laws, regulations and our certifications. Secondly, we develop our business by identifying opportunities that allow us to use sustainability as a driver in our commercial and operational activities. Thirdly, we actively advocate for positive change in our community. We do this to inspire change and to learn from others.

Our strategy is divided into five focus areas: Careers that Matter, Partnerships that Matter, Make Products Matter, Conserving Resources that Matter and Healthy Living Matters.





## THE GLOBAL GOALS

For Sustainable Development



### SDG: 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development.



### SDG: 13

Take urgent action to combat climate change and its impacts.



### SDG: 12

Ensure sustainable consumption and production patterns.



### SDG: 8

Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all.

# SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) comprise the central element of the 2030 Agenda for Sustainable Development. The 17 SDGs provide targets and guidelines to effectively end poverty, protect the planet, and ensure peace and prosperity for all.

BC Hospitality Group has identified four material goals most relevant to our organization. Our greatest positive impact can be made regarding SDG 8 and 17 that relate to 'Diversity and equal opportunity', 'Job creation' and 'Partnerships'. Our biggest negative impact relates to SDG 12 and 13, concerning issues such as Waste, Sustainable sourcing and Energy & Carbon. While all the goals are interlinked, we believe that we need to prioritize in order to maximize our overall contribution.





# **PARTNERSHIPS** THAT MATTER

We perceive all stakeholders as potential partners with whom to forge and maintain active dialogues. This allows us to identify challenges as well as opportunities that are relevant to our business. We adapt our engagements to the issues and stakeholders at hand. This strategy is essential to running a successful company like ours.

Our partnerships take many forms and are developed across sectors and industries. Our hotels and venues stimulate the economy of Copenhagen and its surrounding communities by attracting and accommodating business and leisure travelers. Through our venues and exhibitions, we host and create events that also enrich our community culturally. We provide hundreds of jobs and work with local organizations, municipalities and educational institutions to make a positive difference.

We actively pursue partnerships anywhere we see an opportunity to collaborate on sustainable change.

## **CREATE OPPORTUNITIES FOR LOCAL EMPLOYMENT AND SKILL DEVELOPMENT**

We help integrate unemployed and marginalized persons into the job-market.

## **ENCOURAGE THE PROFESSIONAL DEVELOPMENT OF YOUTHS**

We wish to promote and encourage education about our industry through corporation with schools and institutes of higher learning.

## **COLLABORATE ON AND PROMOTE SUSTAINABLE TOURISM AND EVENTS**

We wish to foster a more responsible sector through constructive dialogue and collaborations on an industry and political level.

## **LEAD BY EXAMPLE**

We advocate for sustainable business practices and conditions, and seek insights for self-improvement. We want to build and strengthen supplier partnerships across the value chain while taking responsibility for the impact our business has on society, the environment and our surroundings.



## SKILL DEVELOPMENT & JOB OPPORTUNITIES

As a major hospitality company, we employ a diverse workforce in terms of educational backgrounds. One of the biggest risks facing our organization and our industry as a whole is a shortage of qualified work candidates. Unfortunately, the Danish labor market only predicts this risk to increase in the years to come. BC Hospitality Group has always been proactive in creating jobs and skill-developing opportunities for those on the margins of the Danish labor market. These efforts only grow more vital in light of the exponential growth our industry is facing.

As a result, we have intensified this strategy in 2019 as it not only cultivates new talents for our organization but also helps disadvantaged individuals become part of our industry. Close partnerships with local municipalities and Job Centers is key for this to succeed.

## JOB SCHOOL

During the summer of 2019, AC Hotel Bella Sky Copenhagen faced a significant challenge. Insourcing the housekeeping department in a hotel with 811 rooms meant we needed to attract approximately 150 qualified colleagues. We decided to use this opportunity to help people in difficult situations to enter the labor market through the provision of training courses and up-skilling programs.

We joined the partnership Sammen Om Virksomhedsrettet Integration together with the NGO, Forening Nydanske (Association New Danes), and LO Hovedstanden, as well as regional Job centers. Our target group was citizens with non-Western backgrounds dependent on welfare benefits. Many of the participants had never held permanent employment, were refugees or had extraordinary difficulties entering the Danish labor market.

The training course consisted of a combination of practical, classroom and language training. All participants received special mentors, dedicated to supporting them on their journey towards a permanent position. In June we were extremely pleased to welcome 14 of the original 21 participants as new permanent colleagues in our Housekeeping department.

## YOUTH PROJECT

In Denmark, we struggle with encouraging young people to choose a vocational education focused on gastronomy and service. As a response, we partnered with the local school, Højdevangens Skole, on giving young students the possibility to learn more about hospitality careers in a very hands-on manner. This was the second year we did this.

We are taking a series of steps to ensure the long-term sustainability of our organization by making local youths more aware of the diverse and exiting career opportunities that await within hospitality. By including them in our daily business operations, the students get to break down stereotypes, meet role models and discover how their future careers might unfold, if they decide to pursue this field of interest. By spending one day a week over a period of four months at one of our hotels or other venues each student gains hands-on experience with both gastronomy, hospitality and sustainability.

The program concluded with a 'Master Chef' competition, a joint event with our supplier Unilever, who helped with providing products and guidance for the students. Groups were instructed to cook a sustainable two-course vegetarian meal for six prominent judges who also evaluated on table settings.

## RESPONSIBLE HOSPITALITY DAY

As one of Denmark's leading hospitality companies, hosting nearly one million guests annually, we want to inspire and advocate for sustainable change in our industry. In the month of September, we hosted our 3rd annual Responsible Hospitality Day at Hotel Crowne Plaza Copenhagen Towers. This year's theme was "The Sustainable Guest Experience". Responsible Hospitality Day is a non-profit conference for the hospitality industry and other stakeholders, developed and hosted by BC Hospitality Group.

The conference consists of talks, debates, case studies and sustainable networking sparking constructive discussions on the role of sustainability in creating positive guest experiences. The conference ended by a presentation from the managing director of International Tourism Partnership (ITP) Madhu Rajesh about the importance of entering partnerships in creating a viable impact in the industry.

This year, we nearly tripled the number of participants from 90 to 240. We are extremely proud of the traction this event has gained and hold great hopes for the collective difference we can make in our industry as a result.







## BOOK FORUM

At our annual book fair, Bogforum, we want to open the world of literature to people of all ages. We create a vibrant and personal meeting between the readers, authors, publishers, politicians, newspapers. With nearly 40,000 visitors in 2019, the fair is more popular and relevant than ever before.

We noted a growing demand for family tickets. Likely a result of our increased focus on presenting children's literature in new and exciting ways. Studies show that the reading skills of children and young adults in Denmark have never been poorer. At Bogforum, we aim to making reading fun and exciting to young readers through different initiatives. It is our sincere hope these activities will have some effect in improving these unfortunate statistics. We also partner with surrounding schools to engage local students with difficult socio-economic backgrounds to discover the joys and benefits of reading.

Lastly, we teamed up with several charities during Bogforum. These include 'Read for Life' in which publishers can donate surplus children's books to vulnerable families as Christmas presents. We also partnered with Save the Children who received the proceeds from the sale of earmarked products.

# INTERNATIONAL TOURISM PARTNERSHIP

In 2019 we entered into a partnership with the International Tourism Partnership (ITP). ITP is a global sector-led organization, bringing together the world's most powerful hotel companies in an alliance focused on a single ambition: to lead the industry through example with clear and quantifiable commitments to improved sustainability. ITP provides members with a non-competitive platform for leaders to share ideas, build relationships and work together on making the industry more responsible. Its members believe that the hotel industry can and should be a force for good and make positive contributions to the United Nations' Sustainable Goals and to the COP21 climate agreement. ITP works on the thematic areas in which the sector can achieve the highest impact: youth and employment, water usage, human rights, carbon footprint and labor standards.



International  
Tourism  
Partnership



# OTHER PARTNERSHIPS

## ENGAGING OUR LOCAL COMMUNITY

In 2019 we once again opened our doors to our neighbors during the annual cultural festival Ørestad Kulturdag. Activities included guided tours of AC Hotel Bella Sky Copenhagen and Crowne Plaza Copenhagen Towers. Our chefs provided tastings while sharing insights into our work with sustainability, food waste and exciting new gastro concepts. Visitors were invited to enjoy the breathtaking views of their local neighborhoods from the 20th and 23rd floors.

We also invited neighbors to the free event, The taste of Crowne Plaza, during the month of November. Here, our partners and suppliers shared some of the great food and beverage products we serve our guests every day.

In 2019, we have worked with different charities contributing either donations or facilitating accommodation for smaller charity events. One of these activities was a children's Christmas event for the Ronald McDonald House where we decorated Christmas cookies, made Christmas decorations and brought gifts donated by LEGO. Many of our team members also donated Christmas gifts to children in need through the Salvation Army.

## CHILDREN'S COOKING SCHOOL

This year we once again hosted 2 children's cooking schools - one during spring and one in the fall. 16 children aged 8-12 were activated at each session and together with our professional chefs they were introduced to food handling and preparation, sustainability and food waste. The children are in the kitchen for 3 hours where they are tasked to create a menu made by our chefs.

The meal is then enjoyed by the children and their parents and the chefs.



## CHARITY FOOD RUN (STOP SPILD LOKALT)

BC Hospitality Group supports the local charitable organization Stop Spild Lokalt with their handout of surplus food from supermarkets to those in need. Both during Easter and Christmas we put our facilities and resources at Bella Center Copenhagen at their disposal to facilitate this remarkable event. Stop Spild Lokalt is Denmark's largest initiative organizing food distribution on 23 and 24 December, collecting more than 200 tons of food nationwide. Approximately 30 tons of this food was distributed at Bella Center Copenhagen.



## LITTLEBIGHELP

At the LittleBigHelp charity gala that took place at Crowne Plaza Copenhagen Towers in November, its organization raised a record sum of DKK 2.4M. LittleBigHelp is an NGO working with vulnerable children and families in West Bengal, India. 22 projects directly support over 1,100 vulnerable children and adults each day, indirectly affecting more than 1,300 families. BC Hospitality Group was once again the main sponsor donating facilities, the evening's menu, staff as well as event production.





# CAREERS THAT MATTER

People are at the heart of our business and our continued success strongly depends on our ability to attract and retain the right people. We need to offer meaningful work as well as a motivating environment that allows for everyone to grow and develop their profession through stimulating assignments. We are committed to good corporate governance. This means that we operate in accordance with applicable laws and regulations, and that we adhere to all appropriate ethical business standards.

## **CORPORATE GOVERNANCE AND ETHICS**

We want to operate with integrity and with the highest standards in oversight, ethics and compliance.

## **ATTRACT THE BEST TALENT**

We want to recruit the most qualified and suitable professionals to foster an attractive brand image.

## **INVEST IN LEARNING AND DEVELOPMENT OPPORTUNITIES**

We want to encourage leaders and employees to pursue professional growth and support them in developing or learning new skills.

## **FOSTER A DIVERSE AND INCLUSIVE CULTURE**

We want to create an environment of trust, built on mutual respect and collaboration.

# GOVERNANCE

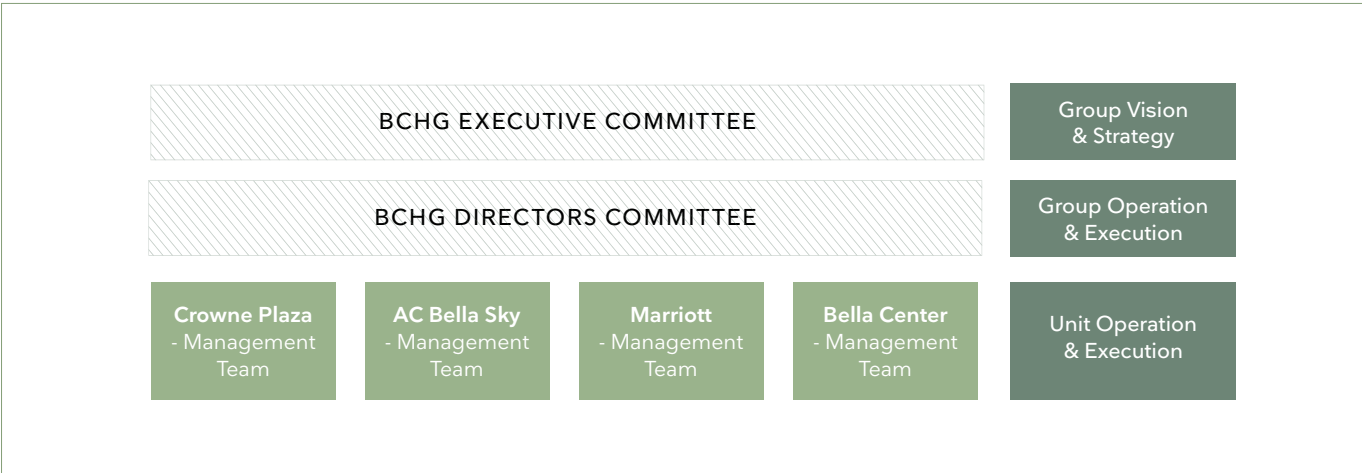
## HUMAN RIGHTS

In the past year, BC Hospitality Group has reaffirmed its commitment to human rights by initiating the implementation of the UN Guiding Principles on Business and Human Rights. This included conducting an impact assessment in 48 key areas where human rights are at a potential risk. The impact analysis highlighted that our main risk areas relate to healthy and safe working conditions as well as the right to not be discriminated or harassed. We will of course continue to implement preventive and mitigating initiatives, for example by creating a greater awareness among employees about their own and others' rights.

A new Human Rights Policy has also been prepared and approved, obligating us to respect the human rights of our workforce. Ongoing steps relate to improving those areas where further actions are needed including engaging with our key stakeholders on those issues. In 2020, we plan to conduct a similar analysis in the areas of anti-corruption and the environment and updating our policies in those areas.

## NEW GOVERNANCE STRUCTURE

In 2019, our Chief Hospitality Officer introduced a new governance structure for BC Hospitality Group. The aim is to increase strategic focus, ensure optimal execution, strengthen communication and knowledge sharing, foster collaboration across departments and units, as well as ensuring more effective meetings.





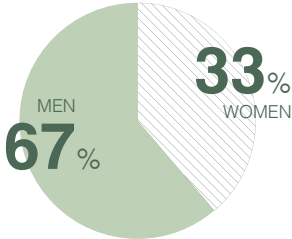
## GENDER DISTRIBUTION IN OUR BOARDS & COMMITTEES

BC Hospitality Group strives to achieve equal gender representation within our boards, departments, committees and management teams. While we still haven't reached our own ambition yet, things are indeed moving in the right direction. With this positive trend in mind, we currently do not find it necessary to initiate additional policies or specific initiatives on the matter.

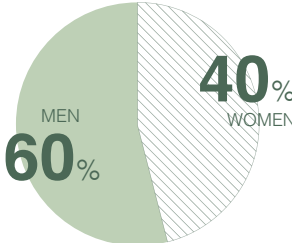
## ANTI-CORRUPTION

Our organization does not tolerate corruption in any form and this is embedded in our Business Integrity Policy, as well as several other specific policies for our staff in this area. Our Supplier Code of Conduct also requires our suppliers to actively work against corruption. This year we have continued to work actively with our whistleblowing scheme called 'What's on your mind', where employees can report any issues anonymously to the management. There have not been reported any serious incidents related to anti-corruption. In the year to come we plan to review our current policies relating to anti-corruption to determine if any changes are deemed necessary.

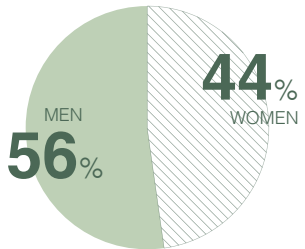
BC HOSPITALITY GROUP BOARD OF DIRECTORS:



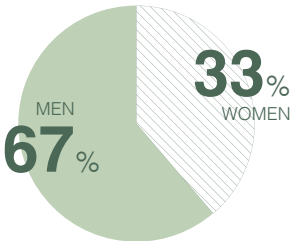
BC HOSPITALITY GROUP EXECUTIVE COMMITTEE:



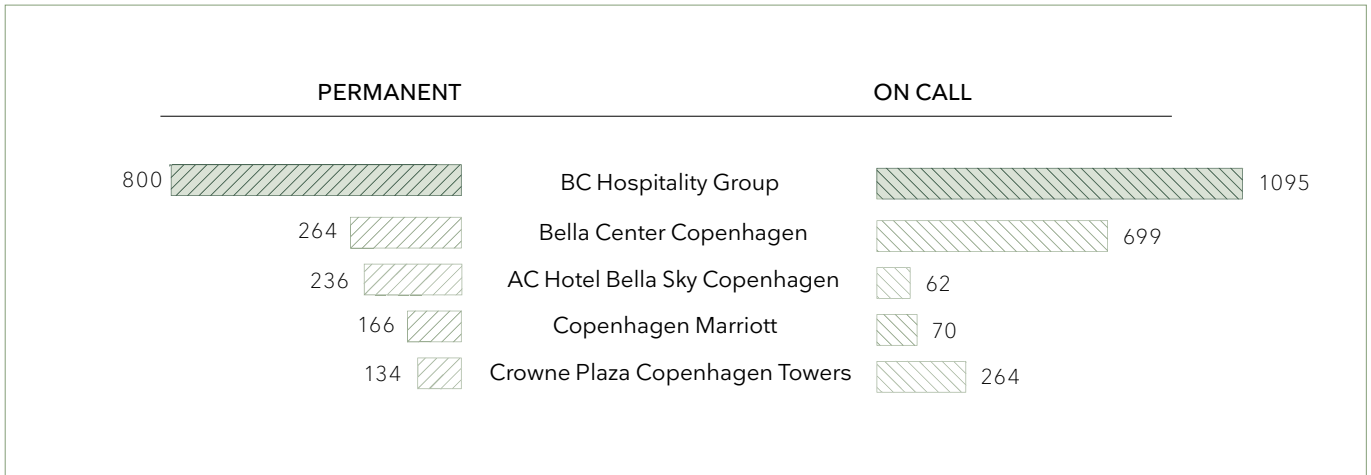
BC HOSPITALITY DIRECTORS COMMITTEE:



CROWNE PLAZA COPENHAGEN TOWERS BOARD OF DIRECTORS:

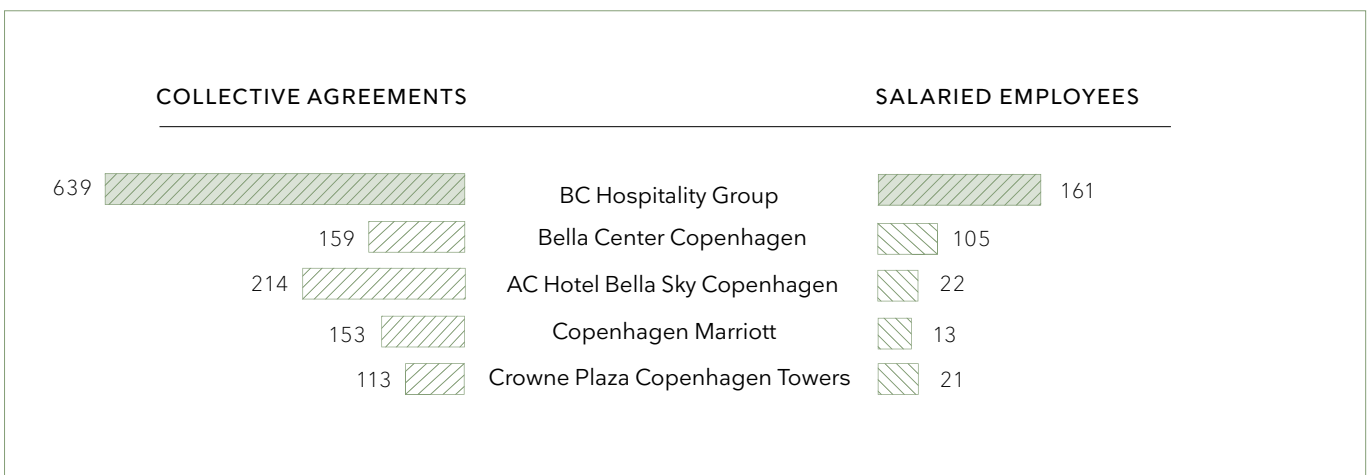


## EMPLOYEE DEMOGRAPHIC



## COLLECTIVE AGREEMENTS

The figure below shows the share of employees covered by or members of collective agreements as well as the share of salaried employees in each of our business units, covered by The Employers' and Salaried Employees Act (Funktionærloven). We seek to create the best possible working conditions for our employees, actively trying to steer clear of disputes and maintaining a peaceful corporation within the workplace. We also encourage our employees to elect trade union representatives. Currently, there are three representatives at BC hospitality Group representing three different trade unions.

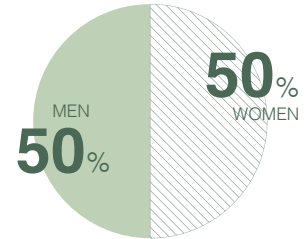


# INCLUSION, DIVERSITY & EQUALITY

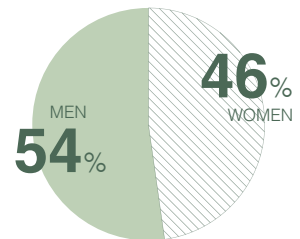
We are proud to employ and serve people with truly diverse backgrounds and find it imperative to foster and facilitate inclusive environments. We consider our diversity a strength that sparks innovation and a dynamic work environment. In our recruitment and team creations, we use personality tests to ensure that colleagues complement each other, and that we create diverse and inclusive teams. This is the core of our 'One Team' strategy. We recruit and promote individuals solely based on their suitability for the job and encourage applications from individuals regardless of race, color, ethnic or national origin, gender, sexual orientation, age, religion, marital status or disability unrelated to the role.



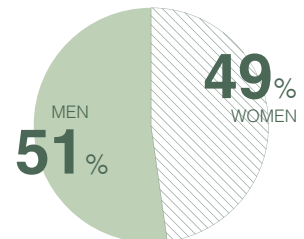
BC HOSPITALITY GROUP



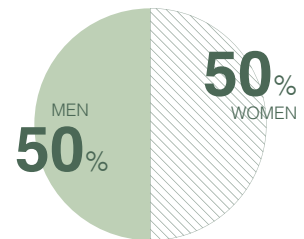
AC HOTEL BELLA SKY  
COPENHAGEN



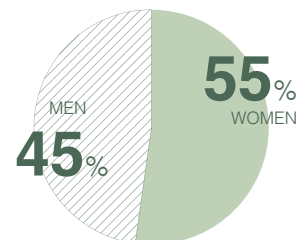
BELLA CENTER COPENHAGEN



CROWNE PLAZA  
COPENHAGEN TOWERS



COPENHAGEN MARRIOTT



#### NO. OF NATIONALITIES

BC Hospitality Group	74
Crowne Plaza Copenhagen Towers	33
Copenhagen Marriott	41
AC Hotel Bella Sky Copenhagen	54
Bella Center Copenhagen	26

#### AGE DISTRIBUTION

	Over 50 years	30-50 years	Under 30 years
BC Hospitality Group	12%	62%	26%
Bella Center Copenhagen	19%	64%	17%
AC Hotel Bella Sky Copenhagen	3%	55%	42%
Copenhagen Marriott	7%	72%	21%
Crowne Plaza Copenhagen Towers	22%	54%	24%



## COPENHAGEN PRIDE

With diversity a part of our DNA, BC Hospitality Group was once again a proud sponsor of Copenhagen Pride 2019. Our contribution included hotel accommodation to festival organizers coming from out of town. We also took active part in the parade spending a day welcoming and paying tribute to diversity. Such activities are part of efforts to create a work environment in which each individual feel included and valued regardless of sexual orientation, religion, gender or cultural background. As one of Denmark's largest hospitality companies, we carefully consider the ways our business affects society. And we want to lead by example, both locally and globally, in proving that an inclusive work environment is of benefit to any organization.

# LEARNING AND DEVELOPMENT

## BC ACADEMY

For the 4th year running, BCHG Academy is offering and administering in-house as well as external training and development activities for all permanent employees. Training covers the entire employee lifecycle and works from an inside-out perspective. We believe that culture is the ultimate competitive advantage and that it is shaped by leaders and employees at every level of the organization. For this reason, our training programs seek to encourage employees to bring both great character and competence to their work and leadership style.

We develop our employees and leaders at three levels: Leading Myself, Leading Others, and Leading Leaders. Our aim is to give everyone the adequate tools to transform themselves, their teams, and their organizations by modeling the highest levels of personal and interpersonal effectiveness.

## TRAINING OVERVIEW 2019

The establishment of an internal Learning & Development team has almost doubled training activities across all units:

Our employees have received a total of 13,039 training hours during 2019 compared to 8,667 hours in 2018 with an average number of 4 training hours per FTE. A total of 2,909 employees have participated in training activities in 2019 compared to 1,432 in 2018. This increase is largely due to the launch of BCHG Sales Academy as well as increased participation in our Change, Leadership and Teamwork (PI) programs.

Like previous years, the gender balance with regards to training activities is very equal for BC Hospitality Group as a whole, with slight variations across units.

It is a general aim to increase flexibility within our training methodology to better suit both current and coming generations. In 2019, we introduced gamification as a means to increase awareness and understanding of effective change processes. We will also continue to increase on-demand training offerings in order to enable our employees to engage in learning when and where it suits them.

The internal trainings had an NPS score of 84.97% in 2019, which is well above our goal of 50%. The NPS score is a strong validator of the quality and relevance of our training offerings.

DEVELOPMENT FROM 2018-2019

Training Hours

Participants

	Training Hours	Participants
2018	8.669	1.432
2019	13.039	2.909

GENDER DISTRIBUTION IN TRAINING ACTIVITIES

Women

Men

	Women	Men
BC Hospitality Group	52%	48%
Crowne Plaza Copenhagen Towers	49%	51%
Copenhagen Marriott	57%	43%
AC Hotel Bella Sky Copenhagen	49%	51%
Bella Center Copenhagen	56%	44%



## **TALENT OPTIMIZATION**

In 2018, we introduced the “Careers That Matter” workshop to strengthen awareness among our employees about the opportunity to create their own Personal Development plan. Today, almost 200 employees have participated in a “Careers That Matter” session, and currently more than 10% is actively working on their personal development plan.

A pilot of our 9-box talent review tool for key succession planning was conducted at Copenhagen Marriott in Q1 of 2019 and is now ready to launch in all units in 2020.

We have used behavioral assessments from Predictive Index for recruitment purposes for several years. In the past year we expanded the usage of his tool to also include job profiling as well as personal, leadership and team development.

In 2018, we discontinued the traditional annual performance reviews in favor of our new WinWin-agreements and continuous conversations tools, both of which have been integrated into our new People Platform. These tools will also be integrated into MS Teams, making the dialogue about our goals, objectives and key results a natural part of our daily work.

## **APPRENTICESHIPS**

At BC Hospitality Group we provide apprenticeships and work experience opportunities for students in collaboration with various educational institutions. In 2019, we also launched our Apprenticeship academy, which consists of 8 modules to complete. The purpose of the Apprenticeship Academy is (1) to foster a stronger relationship between student apprentices, (2) increase awareness of career opportunities across all units, (3) strengthen students’ personal development and efficiency, (4) increase retention once their apprenticeships are completed. During the past year, we had the pleasure of 38 apprentices and 13 student internships across our units.







# MAKE PRODUCTS MATTER

We strive to build a supply chain that is as transparent as possible. Meaning, we want to know how the products we buy are grown, made and sourced. All in efforts to maximize and improve our positive impacts - and eradicate any negative activities. Our mission is to source sustainable, high-quality products that add value to our guests and customers.

## **SUSTAINABLE SOURCING PRACTICES & PRODUCTS**

We want to support the development of a strong local supply chain to help reduce the effects of climate change and strengthen socio-economic development. We are a large player with a multitude of international stakeholders and global responsibilities. However, we care for our local environment and acknowledge our own immediate impact, which is why a large share of our food products come from local growers.

## **BUILD A BETTER FOOD EXPERIENCE**

We want to offer an assortment of food and beverages that support a healthy lifestyle and stem from sustainable sources. Through our sourcing practices we also seek to foster the advancement of biodiversity, animal welfare, sustainable fishing practices and reducing animal proteins with a high carbon footprint.

# BUILD A BETTER FOOD EXPERIENCE

## SUPPLIER CODE OF CONDUCT

In addition to delivering high quality products, we expect our suppliers to actively work towards continued sustainable development. As a minimum, we expect suppliers to adhere to laws and regulations, as well as other minimum requirement regarding human rights and labor rights, environmental practices and anti-corruption. As we are in the process of updating our company policies in these areas, we expect to revise our supplier terms in the year to come.

## SUSTAINABLE PROTEINS

At BC Hospitality Group we want to reduce our use of animal proteins by 30% by 2021. In 2019, we managed a reduction of 14% across the group. The reasoning behind this move is twofold: We want to move towards more plant-based menus; and we want to reduce the use of beef in our menus due to its considerable impact on CO2 emissions.

One of the steps we took to meet this goal was to exclude beef from the canteen at Bella Center Copenhagen as well as at Comwell Conference Center Copenhagen. To ensure a smooth and effortless transition, towards more plant-based gastronomy, our skilled chefs have been on research and inspirational tours. They also attend regular knowledge sharing events with peers and experts in the industry. In the year to come we will place more focus on re-thinking our food concepts and investigating the market for new products and suppliers.



ANIMAL PROTEIN REDUCTION  
GOAL: 30% REDUCTION

2019

BC Hospitality Group	14%
Crowne Plaza Copenhagen Towers	11%
Copenhagen Marriott	5%
AC Hotel Bella Sky Copenhagen	16%
Bella Center Copenhagen	23%



ORGANIC FOOD SHARE (KG)

2018

2019

BC Hospitality Group	33%	34%
Crowne Plaza Copenhagen Towers	35%	32%
Copenhagen Marriott	28%	28%
AC Hotel Bella Sky Copenhagen	33%	40%
Bella Center Copenhagen	35%	33%

## LOCAL SIMPLY TASTES BETTER

In BC Hospitality Group we serve just under 2 million meals annually and know that we have a profound responsibility to support sustainable food production. Local and seasonal produce is grown in optimum conditions and freshly delivered to us soon after harvest. This supports our commitment of providing high quality and sustainable food experience to our guests.

### PORK

Animal welfare is of the utmost importance to us, which is why we support local farmers and buy meat from healthier and happier animals. Our pork comes from the small farm, Henriksfäldts Gård situated in Glemmingebro, Sweden, very close to our hotels. We buy the whole animal and use everything - nose to tail.

### BREAD

FoodPeople is located just 5 kilometers from BC Hospitality Group's headquarters. Sustainability and local responsibility are fundamental to their business and were the first to convert entirely to organic production. Similar to BC Hospitality Group the company has a diverse business with many nationalities and a close cooperation with the local community regarding inclusion efforts for unemployed, challenged young people as well as refugees.

### HONEY

Bybi (City Bee) is a local socio-economic company that focus on including refugees and different marginalized people in the honey production. The beehives are actually located on our rooftops at Bella Center Copenhagen, and in 2019 the 400,000 bees produced some 331 kilos of honey. The honey is free from pesticides and pollution from the air, and we put it to good use in our confectionary.

### BEEF

Despite our reduction of beef menu offerings, we still serve beef for our guests. To remain as sustainable as possible, we source excellent meat from dairy cows through an innovative collaboration with the welfare-producer, Rævhede.

Instead of slaughtering their dairy cows once they stop producing milk, they are instead treated as beef cattle until they reach optimal maturity. The result is a high-quality meat and animal welfare of the highest standards, with a much lower CO2 impact compared to traditional beef cattle.

## MILK AND DAIRY PRODUCTS

Øllingegaard Mejeri is a dairy farm situated in Northern Zealand producing over 60 different organic dairy products. The raw milk comes from 7 different nearby farms ensuring very short transportation times. All of their suppliers plant herbs in the fields providing a greater biodiversity. In addition, these herbs provide a better tasting forage for the cows, which also bring better flavor to the milk.

## VEGETABLES

Our vegetable supplier, Sør is a value-based farm producing organic vegetables in the Northern part of Zealand. The company offers a broad selection of organic vegetables from their own produce and from a handful of other organic vegetables farmers. They only produce high quality seasonal vegetables, which is due to the minerals in the ground and our seasons and weather, the most traditional Danish vegetables.

## GLOBAL NECESSITIES

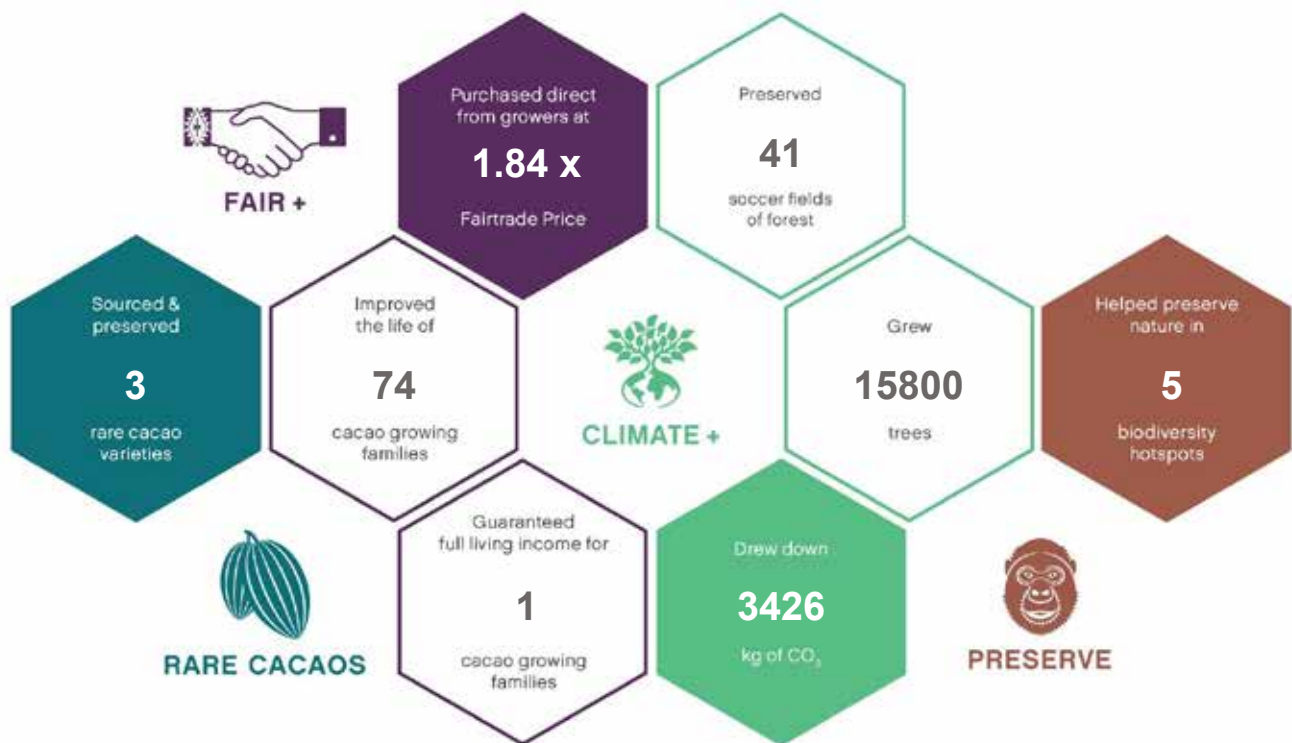
As a food provider in Scandinavia, it's challenging to provide a varied food assortment solely with local produce. The only current solution is partnering with global suppliers to ensure a variety of fresh and healthy products. When we select our global suppliers, we actively work on ensuring traceability, transparency and trust.

## CHOCOLATE

Our chocolate supplier, Original Beans, sources sustainable and delicate chocolate that supports many different sustainability projects worldwide. Its supply chain is climate-positive through a regenerative business model and the company's One Bar:One Tree project. For each chocolate bar eaten, somewhere on the planet a new tree is planted. The reforestation project protects endangered wildlife in collaboration with local conservation programs and farmers.

## BCHG Chocolate Foodprint 2019

Through the purchase of **1098 kg** Original Beans chocolate  
BCHG supported...



On our own we show that it's possible to regenerate what we consume.  
Together, we preserve nature in all its rarity. #Taste the rare and preserve it





## COFFEE

Coffee is a central product in our business. We use Orang Utan Coffee, an organic and sustainable high-quality coffee that's grown in a protected natural resort in Sumatra, Indonesia. The project supports the local sustainable growers to cultivate organic coffee and the protection of wildlife and their precious natural habitats.

## SEAFOOD

At BC Hospitality Group we steer clear of purchasing seafood from the WWF red list. We source our salmon from Hidden Fjord in the Faroe Islands. The company produces some of the safest fish products in the world. The salmon is raised in the wild without the use of antibiotics or hormones. Each growth phase is natural, and each step of the process has been customized to provide the most ideal, stress-free environment resulting in first-class quality.

## TEA

Our supplier Tea2You is a British importer of organic and Fairtrade-certified high-land tea from the best tea estates in Darjeeling, Assam and Nepal. Here, they work closely with the locals co-developing their unique blends and flavors. The tea is packed in single bags saving 50% on paper use and without the use of a metal clip.



# CONSERVING RESOURCES THAT MATTER

Every year, we host hundreds of thousands of guests at our venues and hotels. Due to our size, we have the power to integrate sustainable solutions that make a real difference. We work hard to improve our efficiency within energy, water usage and our procurement practices. The reduction, elimination or circulation of waste products is also crucial. We have to ensure our business practices and buildings are not only fit for the future, but that they also support healthy and productive environments for our guests and employees. Our efforts are documented in our DS 49001, ISO 14001 and Green Key certifications.

## **MANAGE RESOURCE USAGE AND COSTS**

Implement tracking and monitoring on resource use to improve operational efficiency. Manage and reduce carbon emissions

## **WORK TOWARDS ELIMINATING, REDUCING OR CIRCULATING WASTE**

We focus on reducing food waste and other waste such as plastics.



# REDUCE FOOD WASTE

Reducing food waste is an integral part of responsible hospitality. As one of the largest hospitality operators in Denmark we serve approximately 2 million meals each year. While it is not always possible to measure the specific amount of food that is served and wasted, it is uncontested that too much food goes to waste on a global basis. Internally, we take a proactive approach to reducing food waste. Not only to secure food resources but also to reduce our climate footprint as food waste is a source of unnecessary greenhouse gas emissions.

In 2019, we introduced additional initiatives to reduce food waste within BC Hospitality Group. New waste measurement system: Innovative technology from Winnow to increase data accuracy and further reducing our waste production. This new system allows us to measure all foods, which decreases the risk of overproduction.

## TOO GOOD TO GO

We also collaborate with Too Good To Go, an organization fighting food waste with an app that connects hungry users to outlets with unsold, surplus food. During 2019, we have expanded our collaboration to include all hotels in BC Hospitality Group. In 2020, we hope to save 2,500 meals via the app.

## FOOD DONATIONS

We continued our work with several different organizations, including Det Runde Bord, to ensure that the food we might have left from large events can be given to the homeless or others in need in our local community.

## TAKE HOME BOXES

Employees at Bella Center Center Copenhagen are encouraged to take home leftover lunch from the canteen, free of charge.

## NEW BUFFET PLATE SIZES

To reduce the risk of food waste, we switched dinner plates for smaller lunch plates in the canteen. The change also helped kitchen staff in optimizing their food production.

## FOOD WASTE TO BIOGAS

Leftovers from plates are sorted, grinded, collected and converted into biogas. The gas is used for electricity and heating in local homes and powering local busses in Copenhagen. While this solution doesn't reduce the amount of food waste being generate, it does ensure that any waste is put to good use.

WASTE CONSUMPTION

Landfill

Recycled

Waste to biogas

BC Hospitality Group	2%	16%	82%
Crowne Plaza Copenhagen Towers	1%	9%	89%
Copenhagen Marriott	1%	19%	81%
AC Hotel Bella Sky Copenhagen	1%	16%	83%
Bella Center Copenhagen	4%	19%	77%



# SHIFT TOWARDS CIRCULARITY

## REDUCING SINGLE-USE PLASTIC

Single use plastics hurt the environment, and it's an issue of great concern which we share with many of our guest. In 2019, we executed a complete assessment of our internal use of single use plastics. The insights from this assessment will help us taking the steps to reduce our usage in a manner that is feasible and responsible.

One obvious step was to eliminate the use of disposable plastic straws in 2019. Normally, our guests use approximately 100,000 straws per year. Upon request we instead offer eco-friendly alternatives.

In the coming year, we will be addressing another major sustainability issue, as we phase out single-use amenity bottles and replacing them with large bulk size dispensers. We expect to eliminate the use of nearly 1 million small plastic bottles annually, reducing our plastic waste generation in this area by 85%. This will amount to saving approx. 14 tons of single-use plastics every year.

## UPCYCLING

Upcycling as a way of creating new usages for items otherwise considered waste, is an integral part of our practices BC Hospitality Group. One major example is the very construction of Crowne Plaza Copenhagen Towers. Here, wood waste from window frames, old doors, floors and scaffolding was used to create modern wall panels, while the floor was made from upcycled concrete. Lobby furniture was also made from upcycled materials.

We are constantly working on innovative ways to integrate big and small upcycling solutions in our operations. Currently, we are working on new ways to reuse our linen, in a collaboration with our linen-service provider, De Forenede Dampvaskerier. Whether it's used tablecloths, towels, sheets or pillowcases; we believe these materials still have value. Tablecloths are sewn into chefs' jackets while plastic items can perhaps be replaced with textile alternatives. These small steps, coupled with recycling and reducing our waste from the start, will help address the global pollution crisis and curb waste in landfills.

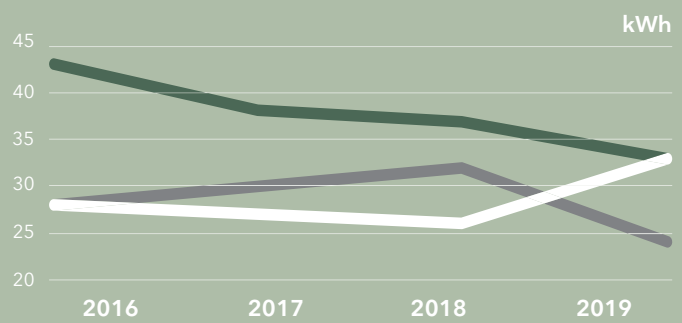
# ENERGY AND CARBON

The landmark Paris Agreement and the United Nations Sustainable Development Goals provide both a framework and an urgent call to action against building-related emissions. The hotel industry accounts for around 1% of global greenhouse gas (GHG) emissions.

There is a need for our industry to set science-based carbon reduction targets to reduce its greenhouse gas emissions per room (across all hotel operations) by 66% by 2030 (compared to 2010 levels), and by 90% by 2050 to align with the Paris Agreement. We take this call to action seriously and it is our intention to set science-based targets for our units in the course of the year to come. We will continue our efforts to reduce our climate impact in all operations. And we will do so through energy efficiency, reducing our carbon footprint and sharing best practices with our industry peers.

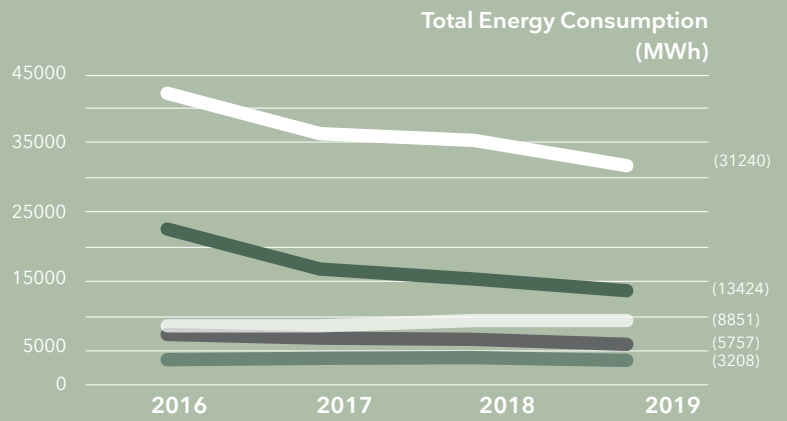
**ENERGY INTENSITY ACROSS HOTELS**  
(ENERGY CONSUMPTION PER GUEST NIGHT)

- Crowne Plaza Copenhagen Towers
- AC Hotel Bella Sky Copenhagen
- Marriot Copenhagen



**TOTAL ENERGY CONSUMPTION BY BUSINESS UNIT**

- BC Hospitality Group
- Crowne Plaza Copenhagen Towers
- AC Hotel Bella Sky Copenhagen
- Marriot Copenhagen
- Bella Center Copenhagen



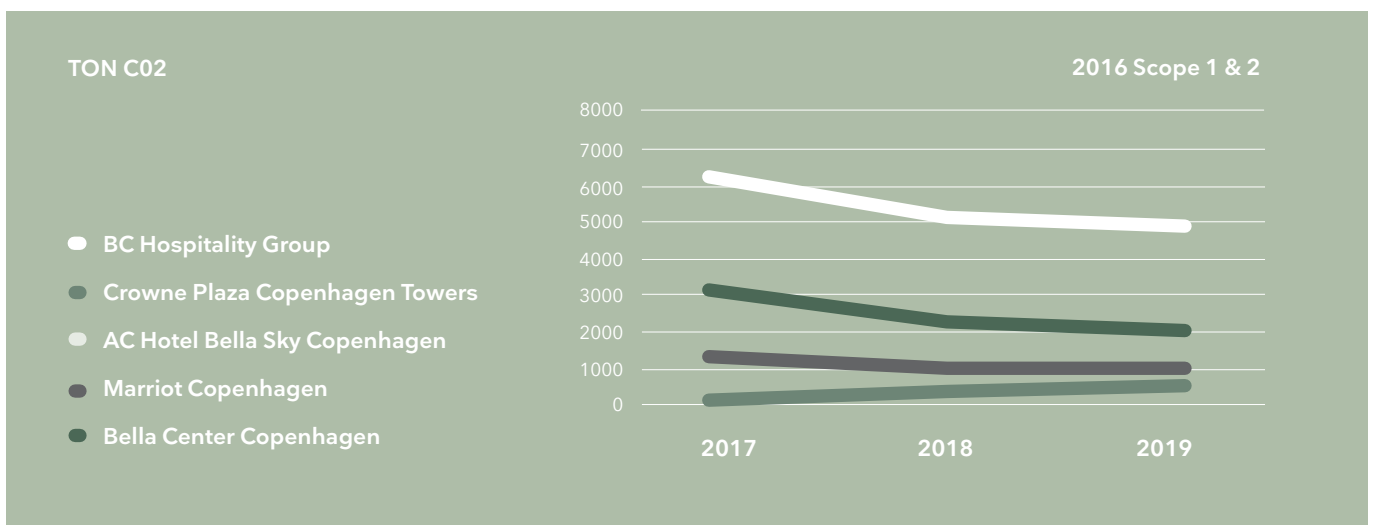


# WATER

A large amount of our water consumption comes from laundry and housekeeping. We work actively with our suppliers to identify sustainable solutions that will reduce our consumption and also favor those laundry and linen suppliers who are serious about reducing their environmental footprint.

In 2019, we have spared nearly 209M liters of ground water from contamination by pesticides and fertilizers by purchasing organic food.

TOTAL WATER USAGE BY BUSINESS UNIT	Total Water (m <sup>3</sup> )		Usage per guest night (m <sup>3</sup> )	
	2018	2019	2018	2019
<b>BC Hospitality Group</b>	<b>24548</b>	<b>23623</b>		
Crowne Plaza Copenhagen Towers	28988	29302	0.22	0.22
Marriot Copenhagen	39464	37392	0.22	0.21
AC Hotel Bella Sky Copenhagen	57427	59119	0.24	0.20
Bella Center Copenhagen	24548	23623		









# HEALTHY LIVING MATTERS

Health, safety and security are integral parts of the services provided by BC Hospitality Group. We aim to operate on the highest health and safety standards. The security and safety of our customers, guests and employees are top priorities and handled accordingly.

## **IMPROVE HEALTH AND WELLBEING**

We help employees live healthier lives through education and support, and we are pleased to offer healthy lifestyle options for our guests.

## **ENSURE THE SAFETY AND SECURITY OF OUR GUESTS AND EMPLOYEES**

We set and maintain very high standards for food safety and quality. We strive to maintain a safe workplace with zero accidents and injuries and ensure a safe experience for our guests and employees at all of our venues. We protect privacy and confidentiality and comply with all relevant laws and regulations.

# EMPLOYEE HEALTH

We believe that good health contributes to a good life - work life included. And that a good work life contributes to a better overall productivity in the workplace. This is why we also promote healthy lifestyles to our employees.

We wish to promote physical and mental wellbeing with initiatives that reduce and alleviate sickness. Our health strategy is ambitious and aimed at healthy employees and those unfortunate to be facing an illness. Some of our tools include workplace evaluations in addition to personal and professional development schemes. We offer health insurance, check-ups for senior colleagues and employees working nights. We also offer company sports associations and events, discount on gym memberships, yoga classes and massage therapy - just to name a few. We want to create an environment that supports a healthy lifestyle and healthy habits. In 2019, our running club was present at three different races: DHL, Royal Run and Ørestadsløbet.

## NO-SMOKING POLICY

In January 2020 we are introducing a new non-smoking policy, which is fully in-line with our dedication to be an attractive workplace with a dedicated focus on health and general well-being. All employees are offered free smoking cessation courses during working hours. We also offer nicotine patches for a period of two months after a smoking cessation course.

## HEALTH INSURANCE

All salaried employees with more than 6 months of company-seniority and an 8+ hour workweek are covered by the company's private health insurance agreement with Pension Danmark or Dansk Sundhedssikring. Salaried employees are covered by The Employers' and Salaried Employees' Act. This contains provisions regarding notice periods, severance pay, unauthorized dismissals, expulsion, illness, competition clauses, bonus, maternity, paternity and pregnancy leave, among others.

## SICK LEAVE

Illness hurts on a personal level as well as our organization, so the well-being of everyone is a shared concern. We have committed ourselves to actively reducing staff sick leave and to provide even better opportunities for employees to stay healthy.

ABSENCE DUE TO ILLNESS %	2018	2019
BC Hospitality Group	3,9%	3,8%
Crowne Plaza Copenhagen Towers	3,8%	4,6%
Marriot Copenhagen	4,5%	4,8%
AC Hotel Bella Sky Copenhagen	4,6%	4,1%
Bella Center Copenhagen	2,7%	2,8%



MR. FARZAD

# OCCUPATIONAL HEALTH AND SAFETY

## HEALTH & SAFETY COMMITTEE

The Health & Safety Committee believes that a well-functioning working environment comes from mutual dialogue and cooperation between management and employee. An important step to strengthen its important purpose was the merger of the Works Committee with the Health and Safety Committee.

## ANTI-HARASSMENT CAMPAIGN

In our 2019 Human Rights impact analysis, one of the potential risks was the risk of workplace harassment. Therefore, we initiated an awareness campaign on harassment and sexual harassment in the workplace.

## NEW ONLINE WORK ENVIRONMENT PLATFORM

2019 has also seen the launch of our new online work environment portal. This platform strives to provide a clear overview of the policies of our working environment at BC Hospitality Group and the initiatives put forward in order to ensure a healthy work environment. For that purpose, we use this online portal, which is updated continuously and can be accessed through our employee app.

OCCUPATIONAL INJURIES	No. of accidents registered	
	2018	2019
BC Hospitality Group	33	39
Bella Center Copenhagen & AC Hotel Bella Sky Copenhagen	20	19
Crowne Plaza Copenhagen Towers	8	17
Marriot Copenhagen	5	3

THE PORTAL INCLUDES, AMONG OTHER THINGS:

- Workplace evaluations (APV), results and plans of action
- Important information about the use of chemical products
- Policies regarding work environment, smoking, pregnancy, sexual harassment, harassment, and others.
- Sick leave statistics
- Contact details of the Health & Safety committee

We strive to foster a healthy work environment, and long and healthy work through active involvement and using the knowledge we have for doing good.





## DATA PRIVACY

Everyone has their right to have their personal data protected. We actively adhere to data privacy laws and constantly review our procedures in order to align them with requirements set out by the European Union's General Data Protection Regulation (GDPR). During 2019, we have invested many resources in updating policies, procedures, providing training sessions, running awareness campaigns and internal audits in improving our data privacy to an even higher standard.

## SAFETY AND SECURITY

Through our inhouse Safety and Security Academy, we train our employees to live out our Safe Space Program, which is built around the statement 'See something? Do something!'. Based on the employee's position, their training covers important issues such as Fire Safety, First Aid and Security Attendant Training. Our BC Academy also covers human trafficking, conflict understanding and management, handling of confrontations etc. During 2019, we launched a new campaign focused on fire and evacuation, where we amongst other things created a series of short films to support staff training.

We review our procedures as often as possible and have an extensive risk assessment tool in place. With thorough risk assessment, we customize the most optimal security solutions for each individual event. In addition, we have a close collaboration with authorities and government officials to ensure the highest level of security for our guests who come with many different needs and requirements.

## FOOD SAFETY

Our chefs and Food and Beverage managers constantly reinforce the principles of food safety - a top priority within our organization. All business units in BC Hospitality Group have only received elite smileys and exceptional reports from the Danish Ministry of Environment and Food. All of our units comply with food and safety rules and regulations.

We encourage our guests to ask about allergenic ingredients pertinent to them. We also label and pack our food and beverage with full description of ingredients.



# APPENDIX

## HUMAN RIGHTS POLICY

### INTRODUCTION

BC Hospitality Group is one of Denmark's leading businesses in the hotel, conference, exhibition and hospitality industry. In addition to delivering the best possible service to our guests and customers, we are dedicated to contributing to sustainable, social, environmental and economic development. We call this Responsible Hospitality. Fundamental to our Responsible Hospitality approach is respecting Human Rights.

### SCOPE

Human rights are the basic rights and freedoms that all people are entitled to. At BC Hospitality Group, we recognize and acknowledge that we have the responsibility to respect Human Rights across all our operations. Our commitment to respecting Human Rights applies to all BC Hospitality Group employees.

We expect our business partners, such as suppliers and other parties directly linked to our operations, to adhere to this overarching commitment and to adopt similar policies within their own businesses. These supplier expectations are outlined in our Supplier Code of Conduct.

Our commitment is based on internationally recognized Human Rights Principles as described by the International Bill of Human Rights as well as The International Labor Organization Declaration on Fundamental Principles and Rights at Work. On the basis of the UN Guiding Principles on Business and Human Rights (UNGPs) of the United Nations Human Rights Council, we commit to our human rights responsibilities and due diligence in our operations.

### OUR COMMITMENT

We have identified specific actions necessary to fulfill our commitment by assessing the actual and potential impact of our business activities. Based on this assessment we have particular focus on the following impacts:

#### HEALTH & SAFETY

At BC Hospitality Group, we are committed to providing a safe and healthy environment. This means ensuring that only the highest standards of health and safety are maintained for the benefit of all our stakeholders. Our employees and business partners are responsible for understanding and complying with all applicable safety and health laws and guidelines. In addition, every person has a clear duty to identify and respond to health and safety risks and security concerns and take every reasonable precaution to avoid the possibility of injuring himself or putting other persons at risk.

## NON-DISCRIMINATION & HARASSMENT

BC Hospitality Group embraces diversity in all aspects of our business. We commit to providing a workplace free of harassment with equal opportunities and treatment, and not to discriminate against employees or potential employees in our hiring and employment practice, on the basis of race, color, gender, religion, age, social and civil status, physical or mental disability, sexual orientation or any other protection established by applicable law or regulation.

In addition, our operations affect other aspects of human rights, including but not limited to the right to privacy, just and favorable working conditions and forced labor.

We will support our employees in understanding human rights and how we may adversely impact human rights.

## GRIEVANCE MECHANISMS

BC Hospitality Group values and respects honest and open communication. All stakeholders hold the rights to raise questions or concerns through direct enquiries such as email, phone or social media channels.

Employees may ask questions or raise concerns regarding human rights impacts to their immediate manager or People & Culture representative. We also provide anonymous channels to report unethical behavior such as our 'What's on your mind' mailbox.



## GOVERNANCE

Our commitment to respecting Human Rights is integrated in our organization through our company values and our Group Policies. We understand that the respect of Human Rights is a dynamic process, which means that we will continuously seek to review and improve our commitment in accordance to the expectations of our stakeholders.

In our annual Responsible Hospitality Report, we communicate our progress in implementing the UN Guiding Principles and we report on how we address severe human rights impacts that we may cause, contribute or be directly linked to.

The policy is approved by members of the Executive Committee and must be reviewed regularly in order to ensure its continued adequacy and relevance in accordance to the UN Guiding Principles.

## ENVIRONMENTAL POLICY

- We will continue to improve our environmental performance and we will implement environmentally friendly solutions, wherever it makes economic and environmental sense without compromising the experience of quality and comfort at our hotels and venues.
- We will make the most efficient use of resources (energy, water and other natural resources) and promote conservation and savings wherever possible and practical.
- We will incorporate environmental considerations, including animal welfare into our actions and procurement decisions.
- We will raise awareness of environmental matters among our employees and stakeholders.
- We will optimize our waste reduction through reusing materials where possible, recycling and limiting our use of hazardous materials where economical and suitable alternatives are available.
- We will monitor, record and benchmark our environmental performance on a regular basis.

# BUSINESS INTEGRITY POLICY

- We conduct our operations in accordance with the principles of fair competition and will abide by applicable laws and regulations.
- We will in all dealings with business partners, seek to preserve the highest standards of integrity, objectivity, fairness, efficiency, courtesy and professionalism and will look to them to set similar standards.
- We will apply a zero-tolerance approach with respect to corruption, extortion and bribery.
- We will not accept any personal gifts, gratuities, premiums or other incentives when choosing suppliers. We prefer incentives expressed in acceptable business terms, e.g. quality, service and price.
- We will only purchase goods and services, which support the business purposes of BC Hospitality Group.
- We will aim to ensure that the best value for money is being obtained and that its resources are being used to the greatest benefit.
- We will work towards a system of ensuring that our suppliers and business partners are environmentally responsible, are not complicit in any violations of human rights or labor rights and do not participate in or permit corruption in any of its forms.





## GRI CONTENT INDEX:

INDICATOR	DISCLOSURE	LOCATION OF DISCLOSURE	ADDITIONAL REFERENCE
102-1	Name of the organization	About this report	
102-2	Activities, brands, products, and services	About BC Hospitality Group	
102-3	Location of headquarters	About BC Hospitality Group	
102-4	Location of operations	About BC Hospitality Group	
102-5	Ownership and legal form	About BC Hospitality Group	
102-6	Markets served	About BC Hospitality Group	
102-7	Scale of the organization	About BC Hospitality Group Careers That Matter	Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group
102-8	Information on employees and other workers	Careers That Matter Partnerships That Matter	UNGC Principle 6 SDG 8
102-10	Significant changes to the org. and its supply chain	About BC Hospitality Group Make Products Matter	
102-11	Precautionary principle or approach	Make Products Matter Conserving Resources that Matter	
102-12	External Initiatives	About this report Responsible Hospitality	
102-13	Membership of associations	Responsible Hospitality	
102-14	Statement from senior decision-maker	Statement from the CEO	
102-16	Values principles, standards, norms of behaviour	Responsible Hospitality	UNGC Principle 10 / SDG 16
102-18	Governance structure	Careers that matter	Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group
102-40	List of stakeholder group	Responsible Hospitality	
102-41	Collective bargaining agreements	Careers that matter	UNGC Principle 3 / SDG 8
102-42	Identifying and selecting stakeholders	Responsible Hospitality	
102-43	The organization's approach to stakeholder engagement	Responsible Hospitality	
102-44	Key topics and concerns raised through stakeholder engagement	Responsible Hospitality Careers that matter Partnerships That Matter	
102-45	Entities included in the consolidated financial statements		Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group
102-46	Defining report content and topic boundaries	Responsible Hospitality	
102-47	List of material topics	Responsible hospitality	
102-50	Reporting period	About this report	
102-51	Reporting cycle	About this report	
102-52	Date of the most recent report	About this report	
102-53	Contact point for questions regarding the report	About this report	



102-54	Claims of reporting in accordance with the GRI Standards	About this report	
102-55	GRI Content index	GRI Content index	
102-56	External Assurance		No external assurance
103-1	Explanation of the material topic and its Boundary	Careers that matter Partnerships that matter Conserving Resources That Matter Making Products matter Healthy Living Matters Appendix	
103-2	The management approach and its components	Careers that matter Partnerships that matter Conserving Resources That Matter Making Products matter Healthy Living Matters Appendix	SDG 1, 5, 8 UNGC Principle 1
103-3	Evaluation of the management approach	Careers that matter Partnerships that matter Conserving Resources That Matter Making Products matter Healthy Living Matters Appendix	
201-1	Direct economic value generated and distributed		Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group SDG 8, 9
201-3	Defined benefit plan obligations and other retirement plans		Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group
201-4	Financial assistance received from government		Annual Financial Reports for Crowne Plaza Copenhagen Towers & BC Hospitality Group
202-1	Entry Level Wage		There is no legally stipulated minimum wage in Denmark. Wage rates are specified in accordance with collective agreements. UNGC Principle 6 / SDG 1, 5
302-1	Energy consumption within the organization	Conserving Resources That Matter	UNGC Principle 7, 8 SDG 7, 8, 12, 13
302-3	Energy intensity	Conserving Resources That Matter	UNGC Principle 7, 8 SDG 7, 8, 12, 13
302-4	Reduction of energy consumption	Conserving Resources That Matter	UNGC Principle 8, 9 SDG 7, 8, 12, 13
303-1	Water withdrawal by source	Conserving Resources That Matter	UNGC Principle 7, 8 SDG 6
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Conserving Resources That Matter	UNGC Principle 8 SDG 6, 14, 15
305-01	Direct (Scope 1) GHG emissions	Conserving Resources That Matter	GC Principle 7, 8 SDG 3, 12, 13, 14, 15
305-02	Energy indirect (Scope 2) GHG emissions	Conserving Resources That Matter	UNGC Principle 7, 8 SDG 3, 12, 13, 14, 15

306-2	Waste by type and disposal method	Conserving Resources That Matter	UNGC Principle 8 SDG 3, 12, 15
308-1	New suppliers that were screened using environmental criteria	Make Products Matter	
402-1	Minimum notice periods regarding operational changes		Collective agreements with: 3F, HK, DI Faglærte Overenskomst. The Employers' and Salaried Employees' Act. UNGC Principle 3 / SDG 8
403-1	Occupational health and safety management system	Healthy Living Matters	
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities.	Healthy Living Matters	SDG 3
403-4	Health and safety topics covered in formal agreement with trade unions		Covered by collective agreements with 3F, HK, DI Faglærte Overenskomst. SDG 8
404-1	Average hours of training per year per employee	Careers that matter	UNGC Principle 6 SDG 4, 5, 8
404-2	Programs for upgrading employee skills and transition assistance programs	Careers that matter	SDG 4, 8
405-1	Diversity of governance bodies and employees	Careers that matter	UNGC Principle 6 SDG 5, 8
406-1	Incidents of discrimination and corrective actions taken		No incidents. UNGC Principle 6 SDG 5, 8, 16
410-1	Security personnel training in human rights policies or procedures	Healthy Living Matters	UNGC Principle 1
412-2	Employee training on human rights policies or procedures	Careers that matter Healthy Living Matters	UNGC Principle 1
413-1	Operations with local community engagement, impact assessments, and development programs.	Partnerships that matter	UNGC Principle 1,6 SDG 4, 8, 10, 17
414-1	New suppliers that were screened using social criteria	Make Products Matter	UNGC Principle 2 SDG 5, 8
416-1	Assessment of the health and safety impacts of product and service categories	Healthy Living Matters	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No incidents
417-1	Requirements for product and service information and labelling	Healthy Living Matters	SDG 2, 12
417-2	Incidents of non-compliance concerning product and service information and labelling		Non incidents SDG 2
417-3	Incidents of non-compliance concerning marketing communications		No incidents
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No incidents SDG 16
419-1	Non-compliance with laws & regulations in social & economic area		No incidents SDG 16

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