



Danish Crown

# Sustainability report 2019/20



## About the report


The Sustainability Report constitutes Danish Crown's annual Communication on Progress to the UN Global Compact and covers the financial year 2019/20 from 1 October 2019 to 30 September 2020. The report describes our sustainability strategy and activities for the past year in the areas that are most material to Danish Crown and our stakeholders.

The report is an integral part of the management's review of the Danish Crown Annual Report 2019/20, and this report constitutes our report on corporate responsibility and Management's gender composition in accordance with sections 99a and b of the Danish Financial Statements Act.

As part of our reporting obligations, we also issue a Statement on Modern Slavery Act 2019/20, which is available at [danishcrown.com/sustainability-report](http://danishcrown.com/sustainability-report).

We welcome any comments, suggestions or questions you may have with respect to our report, strategy and results. Please send your feedback to: [sustainability@danishcrown.com](mailto:sustainability@danishcrown.com).

Stay updated on [danishcrown.com/sustainability](http://danishcrown.com/sustainability), and follow Danish Crown on Facebook, LinkedIn and Instagram (Klimamåltid).

 <p>COMMUNICATION ON PROGRESS</p>	<p>This is our <b>Communication on Progress</b> in implementing the Ten Principles of the <b>United Nations Global Compact</b> and supporting broader UN goals.</p> <p>We welcome feedback on its contents.</p>
--	---



# Contents

Chairman's report	4
Group CEO's report	5
COVID-19: When crisis management becomes the new normal	6
Our business	8

---

## Sustainability strategy and governance 10-15

Our sustainability strategy	11
Strategic milestones	12
Our contribution to the SDGs	13
Sustainability governance	14
Material sustainability issues	15

---

## Sustainable transition 16-37

Healthy and safe food	17
Combating climate change	18
Farmers follow the Climate Track	20
Sustainable management of agricultural land	24
Nothing should go to waste	26
Efficient energy utilisation	28
Sustainable packaging	30
Efficient water utilisation	31
The market for sustainable meat	32
Job creation and inclusion	34
A safe and healthy workplace	36

## Responsible business conduct 38-47

Women in management	39
Animal welfare	40
Less waste water and waste	41
Respecting human and labour rights	43
Supply Chain management	44
Fighting corruption	45
Responsible partnerships and public affairs	46
Responsible tax	47

---

## Data and reporting principles 48-51

Activity overview	49
Indicator overview	50
Data definitions	51



# Agriculture taking responsibility for sustainable development

Danish Crown is a cooperative owned by Danish Farmers that takes the lead in showing the way to sustainable meat production. Last year, our Danish pig producers were the first to sign up to our sustainability programme, the Climate Track, while cooperative members who produce 'Dansk Kalv' joined the programme this year. We are focused on reducing the climate and environmental impact of our farms, and progress is monitored by an independent agency. This is how we have created a strong foundation for agriculture's sustainability journey. Based on our experience to date, we are now in the process of expanding the programme to all Danish Crown's suppliers of slaughter animals in Denmark, Sweden and Poland.

I am very proud of our members' great support for the Climate Track. It demonstrates that we as a cooperative are united in continuing to push our agricultural production forward into the future – driven by enthusiastic individual farmers and supported by the community and foundations we provide at Danish Crown. Together, we face a future with high demand for sustainable food, and we want to be at the forefront with the best solutions.

Naturally, the COVID-19 crisis has also been a major issue for agriculture this year. As farmers, we are dependent on Danish Crown being able to continually maintain production and distribution, even when the

market changes. When the crisis erupted, Danish Crown's proactivity and agility were crucial to us being able to maintain stable agricultural production.

“  
**I am very proud of our members' great support for the Climate Track.**  
 ”

## Professional agriculture is the most sustainable

Making global agriculture both sustainable and efficient is an urgent task in order to feed the world's growing population. With the values and methods Danish agriculture is built on, we are equipped to take on the task. We know that Denmark has one of the most climate-efficient agricultural sectors in the world. We are now adding sustainable knowhow and new solutions to our daily operations as a supplement to the resource-efficiency, food quality and high-tech approach that are already part of daily operations at our farms. Running a modern agriculture is a substantial management task, and here again our members are world class. We will use this experience to promote sustainability internationally as well.

There are still a lot of challenges ahead. One of them is imported soy, which is an important source of protein in feed. Danish Crown has launched an ambitious target stating that the feed used by our cooperative members should be produced responsibly by 2025. This is an important step, and we farmers are looking forward to getting responsibly produced soy onto our farms. Moreover, it is important that Denmark contributes with sustainable protein to feed, which is why we are following research into alternative protein sources with great interest – and in fact the first production facilities for extracting grass protein show promising results.

The Danish government's Climate Partnership for the Food and Agriculture Sector has in the past year highlighted important areas of focus that can help us achieve the national climate goals. One of them is to follow carbon-rich, lowland areas. While it may go against a farmer's common sense to let land remain uncultivated, following can, for environmental reasons, make sense with a view to reducing CO<sub>2</sub> emissions from land use.

## From farm to fork

The agricultural sector wishes to actively participate in developing sustainable food and to get close to the customer. Danish Crown's campaign for the Climate Controlled Pig concept makes the farmers' climate efforts visible all the way to supermarket coolers, which gives us pride in our profession. We are now showing customers that they can choose meat from farmers who participate in the Climate Track and work resolutely with sustainability. Similarly, our relaunch of the 'Dansk Kalv' concept addresses consumer interest in locally produced products with high standards of animal welfare. It underlines how the choices consumers make are ultimately the key to how quickly the sustainable transition will progress.

Erik Bredholt, Chairman





# Sustainable progress at a time of uncertainty

I realised this was serious when country after country around the world had to go into lockdown because of COVID-19. At Danish Crown, we were prepared for various scenarios, but no-one could predict what the crisis would mean in practice. From day one, we had an uncompromising approach to maintaining a secure supply of food to the market and ensuring there was enough food for everyone. It was therefore crucial that we protected production and essential internal functions, such as logistics and procurement, and naturally also our employees, against infection. We shifted into crisis management mode immediately, and I am convinced this is the reason we managed to successfully keep COVID-19 at bay, although we of course have not totally avoided infection. I am proud of our employees' COVID-19 efforts – we have proven you can count on Danish Crown when it matters.

2019/20 has in every way been an unusual year, as the COVID-19 crisis has impacted the entire market and demanded a great deal of management's attention. Looking at where we are now, however, I am quite satisfied with the progress we have made in our sustainability work. We have successfully transformed sustainability from a vision into concrete actions, so our journey now includes the entire organisation. We now think sustainability into decisions, marketing initiatives, product development and investments in our value chain, and we work to realise this every day.

## We take responsibility and lead the way

The UN Sustainable Development Goals and the principles of the Global Compact are fundamental to the way we run and develop our business. We also firmly believe that many of the solutions can be achieved through partnerships, and we wish to lead a sustainable transition throughout our value chain and in meat production generally. This year, I had the pleasure of chairing the Danish government's Climate Partnership for the Food and Agriculture Sector, where 27 companies and organisations have together developed recommendations for specific climate solutions for the sector. Partnerships are also the route through which we have taken important steps towards resolving the complex challenges associated with the import of responsible soy for feed. And not least, it is in partnership with our owners that we run the Climate Track, which is our sustainability programme for agriculture.

Consumer requirements and wishes regarding sustainability are advancing rapidly around much of the world. Meat will remain under pressure, and we must continue to develop products that align with the new dietary habits and expectations of a good meal. Meat has to win on its own terms and not attempt to resemble something it is not. Meat is an important food that contributes nutrient value and enjoyment, and we want to guard that while at the same time strengthening sustainable meat production.

## Good jobs are the key to the future

I am concerned that we as a large company with personnel in many countries also support labour market reforms that ensure decent conditions for employees. We are very much focused on creating safe and healthy workplaces and preventing attrition of our employees. We have also supported political discussions in Denmark for a more flexible pension system where early retirement does not require physical or mental deterioration. In my opinion, we all have the right to a life where you can both lift your grandchildren and play with them.

Likewise, we have engaged in the debate in Germany on employment conditions for staff contracted via a third party, and we have considered our own use of contract staff in production. These are efforts we will carry forward into 2020/21, and which are also a central aspect of running a sustainable food production business.

“  
**We have successfully transformed sustainability from a vision into concrete actions.**  
 ”

I firmly believe we will emerge from the COVID-19 crisis stronger and having acquired a great deal of learning and experience that we can use to accelerate the sustainable transition of our company. Even COVID-19 has not dented the interest in sustainability, either among ourselves, our customers, suppliers or other stakeholders.

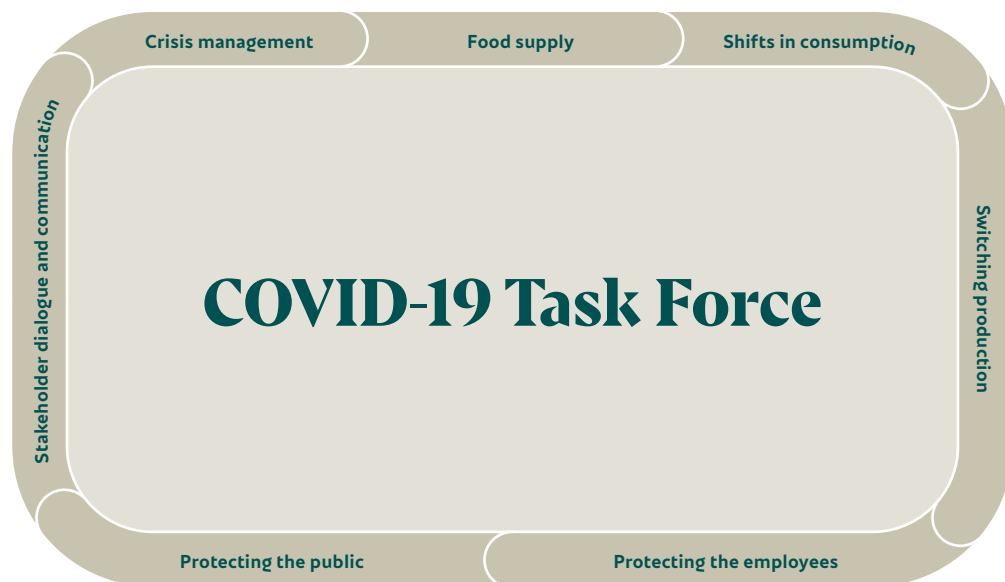
Jais Valeur, Group CEO





# When crisis management becomes the new normal

The COVID-19 pandemic was this year's dominating and most unpredictable issue, and it turned our daily workday upside down and demanded our full attention. Overall, we are proud of how we managed the COVID-19 crisis, though we are learning a great deal along the way. All our employees deserve much praise for their sense of responsibility and flexibility. They have ensured an ongoing food production while much of the rest of the population has been sent home.



## Crisis management

We had already established an internal COVID-19 task force by February 2020, with representatives from HR, health and safety, production, food safety, sustainability and communication.

Since then, the task force has held daily meetings and together with senior management ensured that we have kept one step ahead and reacted quickly and effectively, so we could maintain a stable supply to our markets and protect our employees and production.

## Food supply

Food shortages at times of crisis can lead to hoarding and ultimately pose a safety risk. From day one, we focused 100 per cent on ensuring that our well-developed distribution systems could keep supplying the global market unhindered despite the difficulties COVID-19 caused for our large-scale production.

## Shifts in consumption

The food service market collapsed from one day to the next, as hotels, restaurants and canteens fully or partially shut down in many countries. At the same time, our planning and logistics were challenged by a sharp increase in demand from retailers, where consumers were mass-buying basic foods like minced beef, cold cuts and canned food as well as classic meat cuts for their freezers.

## Switching production

We successfully switched production at record speed. The large volumes we normally sell to the food service sector were packaged and adjusted to the needs of retailers. We isolated factories from visitors and protected our logistics function to avoid infection spreading through the lifeblood of our business. We kept up production all the way to May before we too were hit by infections in two of our production facilities in Germany.

We were therefore well prepared to tackle the situation when we were subsequently hit hard in our

Danish abattoir in Ringsted, which we were forced to close for nine days. We have also experienced brief outbreaks and increased sick leave in a number of departments across a few other production facilities without having to shut down the entire production process.

## Protecting employees

We have constantly followed the latest guidelines from national authorities on how best to protect our employees. We have very high standards of hygiene throughout the food production process and employees are well-used to using hand sanitiser as part of their daily routine.

That is a major reason why the coronavirus did not spread earlier or more widely at Danish Crown. We have also introduced temperature checks when meeting for work and mask use along with systematic COVID-19 testing of production personnel. Our administrative staff have worked from home and come to the office in teams as the infection rate allowed.

## Protecting the public

We closely monitor localised outbreaks and when necessary initiate local measures to prevent the infection spreading. We also have strict rules for when infected employees should self-isolate. This applies, not least, to our many employees who commute to work in Danish Crown in another country than their homeland, and who live together close to their workplace when they work for Danish Crown.

## Stakeholder dialogue and communication

Knowledge of the pandemic is crucial if we are to avoid spreading the virus, and we have engaged in frequent and detailed dialogues with the authorities so we can take the most effective precautions. We have also been in close contact with suppliers of personal protective equipment (PPE) and have frequently and openly communicated about the measures we take to employees, local communities and customers.



## → Danish Crown COVID-19 Test Strategy

We aim to protect our employees by implementing our Best Practice Testing Strategy. This provides security and the power to take action.



### Screening

#### Initial safety barriers

Screening is one of the measures we have introduced that aims to minimise the number of COVID-19-infected persons who enter Danish Crown premises.



### Detection

#### Identification of virus

Detection involves the fixed testing programmes we use to identify and confirm cases of COVID-19 on our premises. This can be done through random sampling or by testing entire factories or departments.



### Encapsulation

#### Reduce the spread of infection

Through dialogue with confirmed patients, we identify those employees who have come into contact with and are potentially infected with the virus. We always use interviews for determining individual contacts and a data sheet to quickly contain the virus.



### Management

#### Rapid response

Management involves the actual steps we take to prevent the spread of COVID-19 on our premises and to get our employees tested. We have pre-set procedures that ensure we can act quickly and effectively when we identify a COVID-19 case.



### Recovery

#### Return to work

Recovery refers to the criteria for determining whether an infected employee can return to work at Danish Crown. We always comply with the recommendations of health authorities.



Photo: Jakob Schjødt-Pedersen, TV Syd

## Coronavirus outbreak at Ringsted abattoir

In late July 2020, our Danish abattoir in Ringsted experienced what turned out to be a serious outbreak of COVID-19 among its employees. It was the Danish authorities who informed us that an employee was infected. We were informed on a Sunday, and through efficient contact-tracing managed to ensure that none of the employee's close contacts met up for work on Monday, but instead were urged to self-isolate and get tested. Unfortunately, the infection turned out to have already spread to not only close contacts but also the close contacts' immediate colleagues and their circle of friends and family.

We worked closely with the Danish authorities from day one, and together firmly believed we could isolate the infection through an intensive testing programme. Unfortunately, the virus continued to spread quickly, mainly due to many employees having close contact after work through their choice of housing, shared transport and social life. After fighting the virus for two weeks, the abattoir in Ringsted was shut down. All employees were instructed to self-isolate and were tested three times over a period of ten days. By doing this we successfully broke the chain of infection and could reopen the abattoir after nine days.

## Help to local communities in Poland

Lockdowns due to COVID-19 have particularly affected vulnerable groups like the elderly. In Poland, we have a long tradition of engaging with local communities where we have production facilities. Through our Sokołów's Comes to Help action, we have provided food relief to elderly citizens in cooperation with Caritas Polska and the Foundation for the Memory of the Heroes of the Warsaw Uprising. We have also donated food to charities and sourced Personal Protective Equipment (PPE) for local hospitals. In total, Sokołów has donated more than 20 tonnes of food and more than DKK 500,000 to PPE purchases.

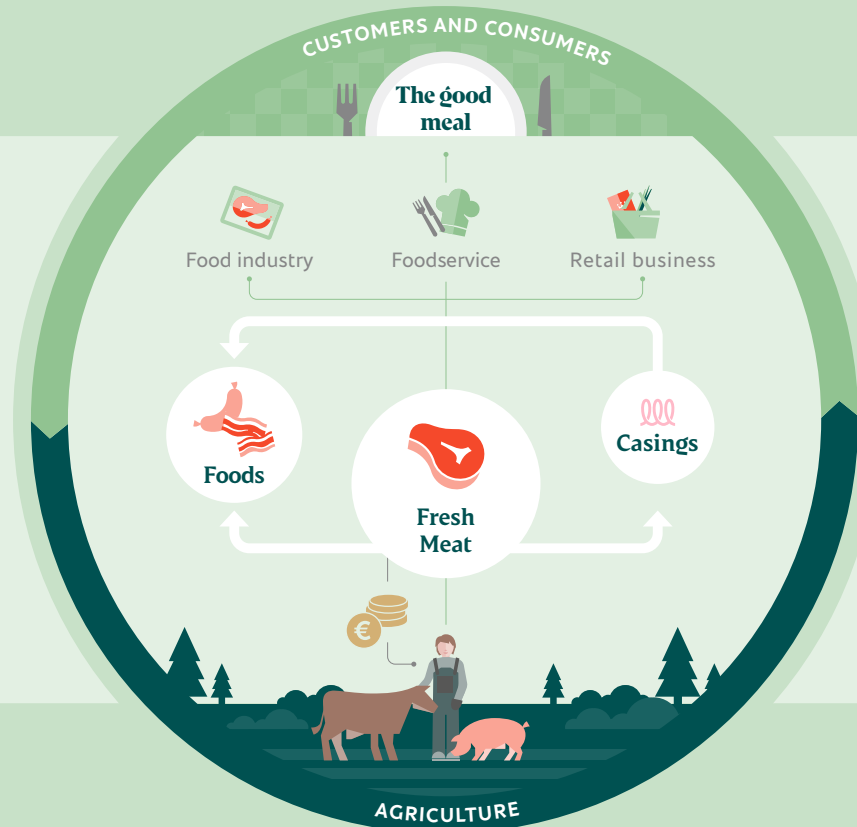




# Our business

Danish Crown is a global food company headquartered in Denmark. We are one of the world's largest exporters of pork and organic meat and among the top five producers of beef in Europe. We are owned by 5,900 Danish farmers, and as a cooperative we have an obligation to receive the pigs and cattle that our cooperative members supply.

We also slaughter livestock from farmers in Sweden, Poland and Germany. We sell fresh and processed meat via our various brands along with a series of by-products to customers in more than 130 countries. Strong customer relationships ensure that products deriving from our farmers' livestock are sold at the highest prices on the global markets.



## Foundation

### Natural resources

Our food production is dependent on having large areas for agriculture, which makes use of the earth's natural resources, especially for the production of feed.

### Technology and knowhow

Our production must be driven by ever cleaner technology and the latest knowledge to ensure sustainability, resource efficiency and high levels of food safety.

### Qualified workforce

We are dependent on having a qualified workforce to run our business and develop innovative and sustainable foods.

### Stakeholder dialogue

Ongoing dialogue with authorities and opinion shapers is crucial if we are to secure good operating conditions for our business and make a positive contribution to society.

## Value creation

### Fair payment for meat

Most of Danish Crown's earnings are paid back to our cooperative members and owners during the year through regular settlements and annual supplementary payments.

### Meals for consumers

By maintaining high levels of supply security and food safety we ensure millions of high-quality meals for consumers in most parts of the world.

### Sustainability from farm to fork

We lead the way towards making food production sustainable and involve our entire value chain in the process.

### Local workplaces

We create jobs both directly and indirectly around the world and contribute locally to upgrading the qualifications of our workforce.



**Agriculture** leads the way and ensures good animal welfare, healthy livestock and works towards sustainable agriculture.



**Fresh Meat** slaughters pigs and cattle and prepares meat sold as fresh meat around the world.



**Foods** processes fresh meat into high-quality foods, such as cold cuts and ready meals, for customers and consumers around the world.



**Casings** produces natural and artificial casings for food production and supplies products to the pharmaceutical industry.

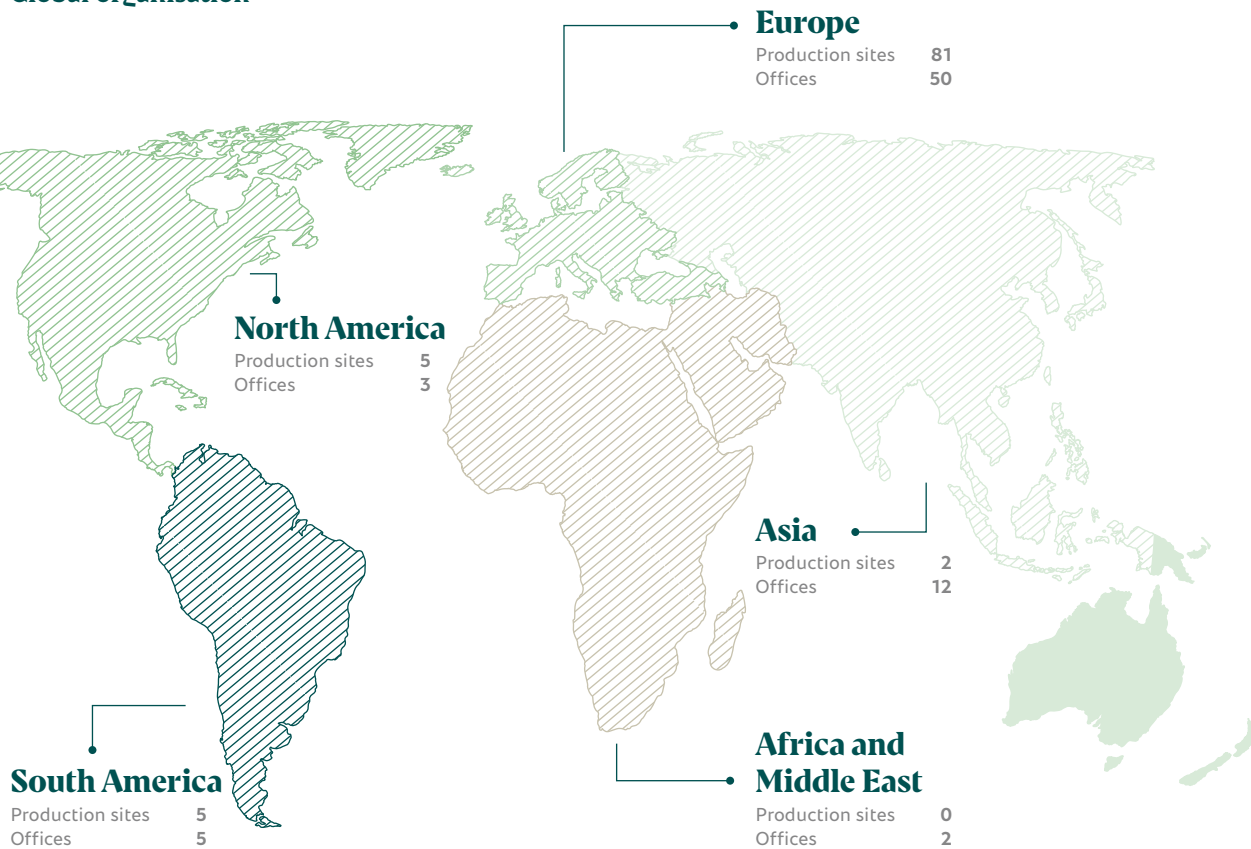


**Customers and consumers** in the food industry, foodservice and retail business use our meat and food products to create the good meal.





## Global organisation



We have a total of 93 production sites, including separate warehouses, in 17 countries and 72 offices all over the world. Most of our 23,000 employees work at production sites in Europe.

The largest business unit in Fresh Meat is Danish Crown Pork, which has pig abattoirs and factories in Denmark, Germany, the UK, France and China, while the business unit Danish Crown Beef has cattle abattoirs and factories in Denmark and Germany. Fresh Meat also comprises ESS-FOOD, which trades and distributes fresh and frozen foods all over the world.

Foods covers Danish Crown Foods, which has factories in Denmark, Germany, the Netherlands and Sweden. Foods also

comprises KLS Ugglarp, which has abattoirs and processing factories in Sweden, and the Polish activities in Sokolów, which slaughters pigs and cattle, processes fresh meat and produces a large number of processed meat products. It also comprises Friland, which produces and sells organic beef and pork.

Casings consists of DAT-Schaub, which has activities at pig abattoirs in Denmark, Germany, Sweden, Poland, the UK, France, Spain, the USA, China and Brazil. DAT-Schaub also has sorting facilities in Portugal and China and heparin factories in Germany and the USA.

## Slaughter animals



## Global revenue





# Sustainability strategy and governance

Strategy | Strategic milestones | UN Sustainable Development Goals | Governance | Materiality



# Our sustainability strategy

We take the lead in the efforts to ensure a sustainable transition of food production and are prepared to challenge ourselves, the industry and customers.

Meat is a natural component of many people's diet worldwide and an important source of protein. However, meat production also has a major impact on Earth's resources and contributes to climate change, which is an issue we need to address. This is a fundamental challenge for all meat producers, including Danish Crown.

Our overall ambition is to become the world's most sustainable and successful meat producer. We still have a long way to go, and our sustainability strategy addresses the main challenges we need to overcome to ensure the long-term, sustainable development of our business.

The strategy builds on five main target areas that set the direction for our contribution to the UN 2030 Agenda for Sustainable Development. The strategy involves our entire value chain from farm to fork. To succeed with our strategy, all links of the chain must contribute to changing our ways; farmers, food producers, customers and consumers.



## Feeding the world

Every day, we deliver vital proteins and nutritionally balanced and tasty foods to millions of people worldwide. The need for food will continue to increase. In 2050, the world population is expected to approach 10 billion. This is nearly 2 billion more people than today, and the UN foresees a 100 per cent increase in demand for protein.

**Our ambition:** We will find new ways to feed the world with sustainable meat and protein through collaboration and partnerships in our value chain.



## Sustainable farming

For generations, our cooperative members have taken good care of their livestock and surrounding ecosystems, thus protecting their livelihood. They are currently the front runners in resource-efficient and sustainable livestock production. However, agriculture still accounts for the vast majority of the environmental and climate impact from meat production.

**Our ambition:** We aim to secure a strong future for farmers and promote sustainable livestock production within planetary boundaries.



## Sustainable food production

Our food production is based on a high level of food safety and efficient resource utilisation supportive of the circular bio-economy. We process most of the slaughter animals into food and ensure that the rest is used for the production of medicines, feed and biogas, among other things. This is decisive in terms of reducing the carbon footprint of food production.

**Our ambition:** We will operate a sustainable, efficient and high-performing food production, setting high standards for ourselves and for our suppliers.



## Good jobs for everyone

We are a diverse and socially inclusive workplace. Our employees represent no less than 80 different nationalities, more than 80 per cent of our staff work in production, and more than 60 per cent are unskilled workers. As the work they perform can be physically demanding and risky, we do everything we can to prevent accidents and work-related illnesses.

**Our ambition:** We will attract and retain people with good jobs and equal opportunities for everyone, creating safe and healthy workplaces.



## Together with customers and consumers

Together with customers from the retail business, foodservice and the food industry and with consumers, we are constantly developing new food concepts, and we offer a wide product range and a number of specialty products. In this way, we contribute to more sustainable consumption, to consumers eating a responsible amount of meat and to reducing food waste.

**Our ambition:** We will earn customers' and consumers' confidence and meet their needs for healthy, safe and responsible food.



# Strategic milestones

We will regularly set strategic milestones and define targets which we consider particularly important with a view to fulfilling our sustainability strategy. We have described our progress towards achieving these targets under the individual topics in the report.

## 100

per cent of our suppliers of slaughter animals in Denmark, Sweden and Poland have joined our sustainability programme, the Climate Track in 2023

## 50

per cent reduction of greenhouse gas emissions per kg meat by 2030 relative to 2005

## 40

per cent reduction of water consumption per kg meat by 2030 relative to 2020

## 100

per cent responsibly produced soy used for feed at our Danish suppliers of slaughter animals by 2025

## 90

per cent of our packaging materials consist of recyclable materials, and 50 per cent will consist of recycled materials in 2023

## 20

is the maximum annual frequency of lost time accidents at our sites in 2025. Sites, which have reached the goal must achieve another 20 per cent reduction by 2025.

## 20

per cent higher annual intake of apprentices in 2025 relative to 2018

## 100

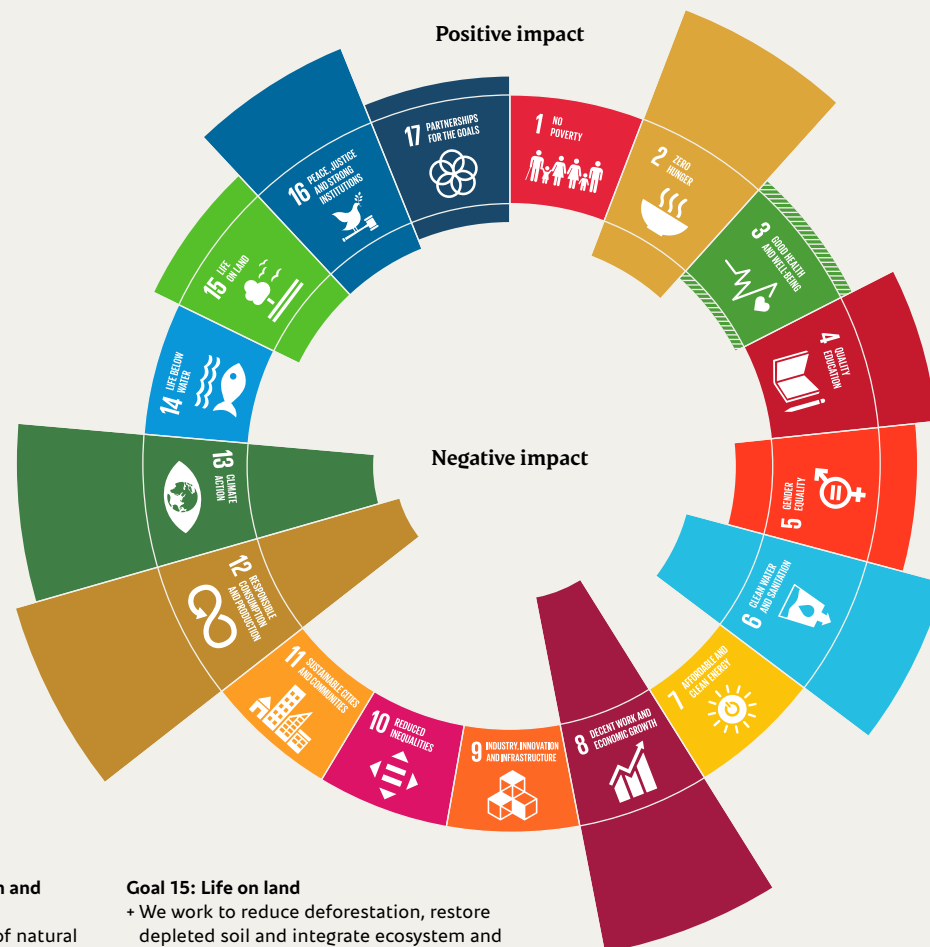
per cent of our European production facilities have implemented One Management System by 2024



# Our contribution to the SDGs

In spring 2020, we conducted a further review of our contribution to the UN Sustainable Development Goals (SDGs) and the underlying targets in order to reassess our options for strengthening our positive contribution and minimising the risk of negative impacts within our sphere of influence. We considered both our own activities upon which we have a direct influence, and our activities indirectly impact the SDGs throughout our value chain. We used SDG Lens, a self-assessment tool developed by DNV GL (leading, independent certification body).

As well as confirming our previous mapping of our contribution to the SDGs, the review also uncovered two new SDGs that our activities impact, namely Goal 5: Gender equality, and Goal 16: Peace, justice and strong institutions. Examples of targets we support are highlighted under the individual themes in this report.



## Goal 2: Zero hunger

- + We supply safe and nourishing food to much of the world and promote sustainable agricultural practices in our supply chain.
- Climate change due to our food production may affect agriculture and food supplies.

## Goal 3: Good health and well-being

- + We help strengthen the capacity of countries with respect to early warnings and the management of health risks in connection with pandemics.
- Our production methods are labour-intensive, which increases the risk of infections spreading.

## Goal 4: Quality education

- + We offer both young people and adults the chance to acquire work skills and so contribute to increasing the qualifications of our workforce.

## Goal 5: Gender equality

- + We ensure equal leadership opportunities for women at all levels in our organisation.
- Our abattoirs and food production facilities are dominated by men, as is agriculture.

## Goal 6: Clean water and sanitation

- + We increase water efficiency in our food production processes, develop solutions for the safe recycling of water and limit pollution of water resources.
- Our agricultural and food production processes consume large volumes of water, which strains water resources.

## Goal 8: Decent work and economic growth

- + We create economic growth and decent jobs, protect workers' rights, and create a safe and stable working environment.
- Working at our factories entails an increased risk of accidents, occupational injury and work-related illnesses.

## Goal 12: Responsible consumption and production

- + We strive to make efficient use of natural resources, reduce our environmental impact, limit food waste and promote sustainable consumption.
- Our food production process and society's consumption patterns strain natural resources and the environment.

## Goal 13: Climate action

- + We work to improve the ability of our food production process to adapt to climate change and to reduce the climate impact of our entire value chain.
- Our food production process contributes considerably to greenhouse gas emissions, particularly from agriculture.

## Goal 15: Life on land

- + We work to reduce deforestation, restore depleted soil and integrate ecosystem and biodiversity values into agriculture.
- Our food production is dependent on having large areas for agriculture, which makes use of the earth's natural resources and harms biodiversity.

## Goal 16: Peace, justice and strong institutions

- + We use our influence to promote human rights and do not tolerate any form of corruption or bribery in our value chain.

## Goal 17: Partnerships

- + We run and participate in partnership projects that develop new solutions to ensure the sustainable transition of food production.

## Note: Goal 3

We recognise our positive and negative influence on the handling of pandemics (such as COVID-19), although this is not shown in the SDG Lens assessment.



# Sustainability governance

We regularly strengthen our foundation and governance structure in our sustainability efforts to ensure that we run our business responsibly and can realise our strategic ambitions.

To Danish Crown, complying with internationally recognised principles for corporate responsibility is a prerequisite for operating a healthy and profitable business and also a foundation for realising our ambition of becoming the world's most sustainable and successful meat producer. Through our policies and management processes, we aim to implement these principles within

our business and supply chains, and we regularly assess the sustainability risks and opportunities facing our business and activities.

### Strengthened governance structure

Strategic decisions impacting the entire group are discussed by our Senior Management Group (SMG), which defines our strategic direction, prioritises our initiatives and reports to our Board of Directors on progress towards our 2030 climate goal and 2050 climate vision. Sustainability thus ranks high on the management agenda, and environmental and health and safety considerations are included in all major investment decisions made by the group.

To further strengthen our governance structure in the field of sustainability, in 2020 we have integrated sustainability initiatives in our existing Supply Chain Board and Commercial Board with high-level representatives from the individual specialist areas in our business units. Furthermore, we have set up a new Sustainable Farming Board, which is to ensure the implementation of our sustainability strategy among farmers. This helps ensure a quick and smooth decision-making process, and together with our Group COO the three boards are responsible for implementing our sustainability strategy and ensure progress towards our 2030 climate goal. The first meeting is scheduled for October 2020.

Our sustainability expertise is grouped in our sustainability team, which in 2020 was extended with additional employees and skills within EHS compliance and sustainable farming. The team is in charge of our sustainability projects together with the business units, communicates internally and externally about our initiatives and performance and also reports regularly to SMG on opportunities and challenges impacting our progress.

In 2019/20, we continued our efforts to increase the quality of our sustainability data, and we plan to launch a number of new indicators in the coming years. Reliable data are paramount to measure progress in our sustainability efforts and support our decision-making processes.

### New whistleblower scheme

We established a new whistleblower scheme in April 2020. The scheme represents a safe channel for all group employees, board members, customers, suppliers and other collaboration partners to report suspicion of criminal or unethical issues such as law violations or incidents conflicting with our Code of Conduct. Available in more than 25 languages, the scheme is an internet-based portal hosted by an independent third party. This offers the whistleblower the possibility of anonymity, ensuring compliance with applicable rules on protection of personal data.

## Our sustainability platform

### Commitments →

- The UN Sustainable Development Goals (SDGs) and 2030-agenda for Sustainable Development.
- UN Global Compact
- UN Guiding Principles on Business and Human Rights

### Vision & strategy →

- 2050 vision: Climate-neutral (net zero) meat production
- Sustainability strategy

### Policies →

- Code of Conduct
- CSR policy
- Anti-corruption policy
- Diversity and inclusion policy
- Animal welfare policy
- Code of Practice for suppliers of sows and pigs
- Supplier Code of Conduct

### Management processes →

- Sustainability programme for sustainable pig and cattle production: The Climate Track
- Environmental and occupational health and safety management system in the group (under development)
- Stakeholder forum: MEAT2030

### Reporting

- Annual Report
- Sustainability Report (Global Compact Communication on Progress)
- Statement on Modern Slavery Act
- Whistleblower scheme
- Report on responsible soy consumption

See our policies and reports on [danishcrown.com/foundation](https://danishcrown.com/foundation)



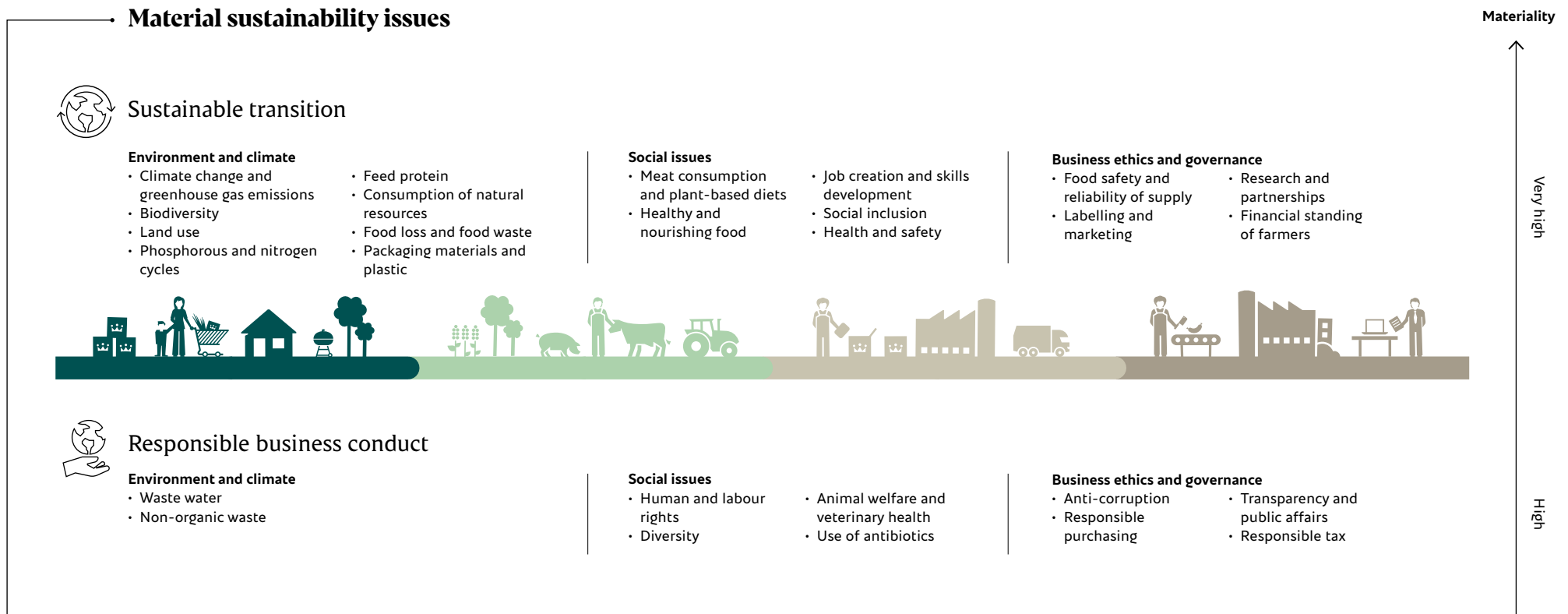
# Material sustainability issues

We take responsibility for addressing issues that constitute significant risks for people, the environment or society throughout our value chain.

Every year, we assess the material sustainability issues in our value chain and use the results to prioritise our future efforts and the topics in our sustainability report. We consider which social, environmental, ethical and governance risks and opportunities arise from our business model and determine their significance for our stakeholders and for our business. We base our assessment on insight from our stakeholders, scientific reports and sustainability trends, our obligations and the results of our risk assessments. In addition to an internal

hearing process, in 2020 we also consulted with external stakeholders in our materiality assessment.

On our journey to become the world's most sustainable and successful meat producer, we report on our significant sustainability issues on two levels: Those issues where we drive the sustainable transition and contribute to systemic change in the food industry, and those issues that we address through principles for responsible business conduct and good practice.





# Sustainable transition

Food safety | Climate | The Climate Track | Land use | Food loss  
Energy | Packaging | Water | Meat consumption | Job creation | Health & safety





# Healthy and safe food

As a food company, we undertake a critical societal function. COVID-19 has put renewed focus on the importance of being able to maintain supplies of healthy and safe food around the world.



## 400+

employees work with food quality and safety, control inspections and traceability in Denmark alone.



## 1,100,000+

laboratory analyses and tests of products and production equipment annually as a part of our self-checks in Denmark alone.



## 6,000+

food inspections from authorities at all our abattoirs and facilities annually in Denmark alone.

COVID-19 has clearly demonstrated how interconnected and mutually dependent we are in a globalised world. While access to high-quality food, food safety and information on origin and nutritional value is something we take for granted in many countries, supplies and interaction between authorities, producers and the retail business were put into a new perspective in 2020.

The COVID-19 crisis has highlighted our critical societal function and the importance of an effective supply chain and flexible production. Throughout the crisis, we have maintained full reliability of supply in all our markets, dedicating all resources to preventing COVID-19 from spreading among our employees. At the same time, we have successfully adapted our production almost overnight to very comprehensive and quick changes in sales patterns from foodservice to retail business and secured deliveries from farm to fork.

Generally, pigs nor cattle are susceptible to the COVID-19 virus. According to the WHO and the Danish Veterinary

and Food Administration there have been no reported cases of infected pigs nor cattle as per September 2020.

### High standards of safety and control

Our position in the global market depends on high standards of food safety and quality in our production and products. The quality of our products starts at the farms and the abattoirs, where diligence and respect for the animals are decisive for us to be able to produce high-quality meat and live up to the requirements for animal welfare, veterinary health and food safety. In this context, traceability is a key factor, and we have robust systems with 100 per cent traceability to the farmer for the animals we slaughter, and we also have strict self-check programmes based on HACCP (Hazard Analysis and Critical Control Points) to identify potential food hazards. The food control undertaken by the authorities in Denmark ranks among the strictest in the world, both at the farms and the abattoirs, see page 40. In addition, we have defined clear procedures for potential product recalls and for information to the public.

### Pork without drug residue

Years of dedicated breeding have resulted in healthy and strong pigs which are resistant to disease. However, antibiotics are often required to combat disease, and excessive use may cause animals and humans to develop

resistance. We engage in ongoing dialogue with our farmers about limiting the use of antibiotics to a minimum, and the use of antibiotics in Danish and Swedish livestock is currently among the lowest in the world. If slaughter animals are treated with antibiotics, the farmer must record the treatment, label the animal and observe the retention period before sending the animal to be slaughtered. For some types of antibiotics, the retention period is up to 30 days. At the abattoir, we frequently test the pigs randomly for any antibiotic residues to ensure that our pork is free of antibiotic residues. Furthermore, in Denmark and Poland we produce special pigs reared without the use of antibiotics, see page 33.

Lastly, the ability to keep highly contagious diseases from entering Denmark is one of the basic conditions of our export agreements worldwide. Consequently, we pay great attention to the development of African swine fever (ASF), which has never been found in Denmark. In Poland, unfortunately, ASF is widely spread. Our Polish business unit Sokolów, which slaughters pigs for the domestic market in Poland, complies with the strict EU directives in the area, which are monitored and enforced by the Polish veterinary inspection. Recently, the first case of ASF was registered in south-eastern Germany, and we are monitoring the situation closely.



### Our ambition

We want to maintain high standards of food safety in our production and products, ensure clear labelling and minimise product recalls.



### Our contribution to the SDGs

We support target 2.4. by supplying safe and nourishing food all over the world and promoting sustainable agricultural practices in our supply chain, and target 3.3 by contributing to fighting infectious diseases.



# Combating climate change

By 2050, all meat from Danish Crown must be climate-neutral (net zero). With this ambition, we support the European Green Deal and contribute to a sustainable transition of food production.

The climate challenges and mounting pressure on natural resources as well as a growing need for food are some of the greatest global challenges of our time. Net zero emissions of greenhouse gases by 2050 is imperative to be able to limit the global warming to 1.5 degrees (Celsius) in accordance with the recommendations of the UN Intergovernmental Panel on Climate Change (IPCC).

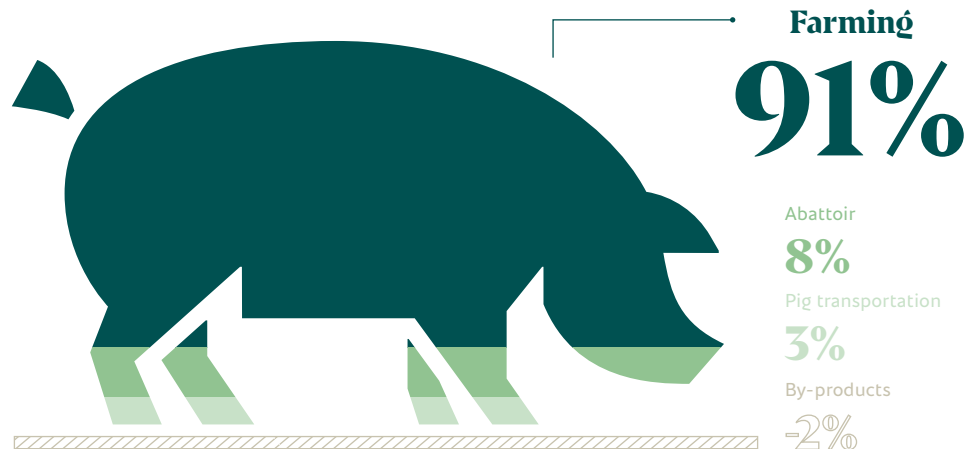
Climate-neutrality by 2050 is therefore also a key part of realising the European Green Deal, which is to make the EU economy more sustainable. A broad majority of the Danish parliament has already decided that Denmark must be climate-neutral by 2050 and has defined an ambitious goal of reducing Denmark's combined greenhouse gas emissions by 70 per cent relative to

1990 emissions by 2030. Transitioning to a climate-neutral society will be a huge task involving all sectors. In November 2019, the Danish government therefore set up 13 climate partnerships with representatives from the Danish business community in order for them to propose how the individual sectors may contribute to resolving the climate challenges. Our Group CEO Jais Valeur was appointed to chair the Climate Partnership for the Food and Agriculture Sector and has brought our experience to the partnership.

Together with our cooperative members, we acknowledge that meat production is a substantial contributor to greenhouse gas emissions. Already in March 2019, we therefore launched a climate vision of climate-neutral meat production by 2050. Our first milestone is to reduce the carbon footprint from meat production by 50 per cent by 2030 relative to 2005, which is the benchmark year for the emission reduction obligations Denmark has towards the EU. We are working to calculate our reductions relative to 1990 on the parameters for which we have data, and we expect our calculations will show that our reduction goal is on a level with the national climate goal.

Moreover, we are currently developing our methods for life-cycle assessments (LCA) so that by the end of the next financial year we will have new calculations of the environmental footprint of our pork, veal and beef production both in Denmark, Sweden, Poland and Germany. Against this background, we will define science-based targets so that from 2021 we can document our progress against the climate goal.

With our climate ambition, we emphasise our commitment to ensure sustainable meat production. We know it will require radical changes to agriculture and to human diets, and it is still uncertain which solutions will be the most suitable and efficient for our industry. Only by joining forces across sectors and industries can we develop new, innovative and sustainable solutions that will enable us to feed more people while consuming fewer of the world's resources.



## CO<sub>2</sub> emissions from feed to abattoir

Since 2005, the carbon footprint of Danish farmers and our abattoirs has been reduced by around 25 per cent per kg pork. This has been verified by a life-cycle assessment (LCA) of how the carbon footprint of pork production has developed in Denmark in the period from 2005 to 2016. The assessment was performed by Aarhus University for Danish Crown and includes the entire value chain from feed production until the pig is slaughtered and the meat is ready for further processing.

It also shows that more than 90 per cent of the climate impact from the production of Danish pork originates from the pig's time on the farm. The collaboration with our cooperative members and other suppliers of slaughter animals is one of the key initiatives on our shared journey towards climate neutrality. Source: \*Grisekød – produktivitet og miljøpåvirkning år 2005 vs 2016 – table 6', Department of Agroecology, Aarhus Universitet, 2019.



### Our ambition

By 2030, we will reduce the carbon footprint of our meat production by 50 per cent. Our vision is to achieve climate-neutral meat production by 2050 (net zero).

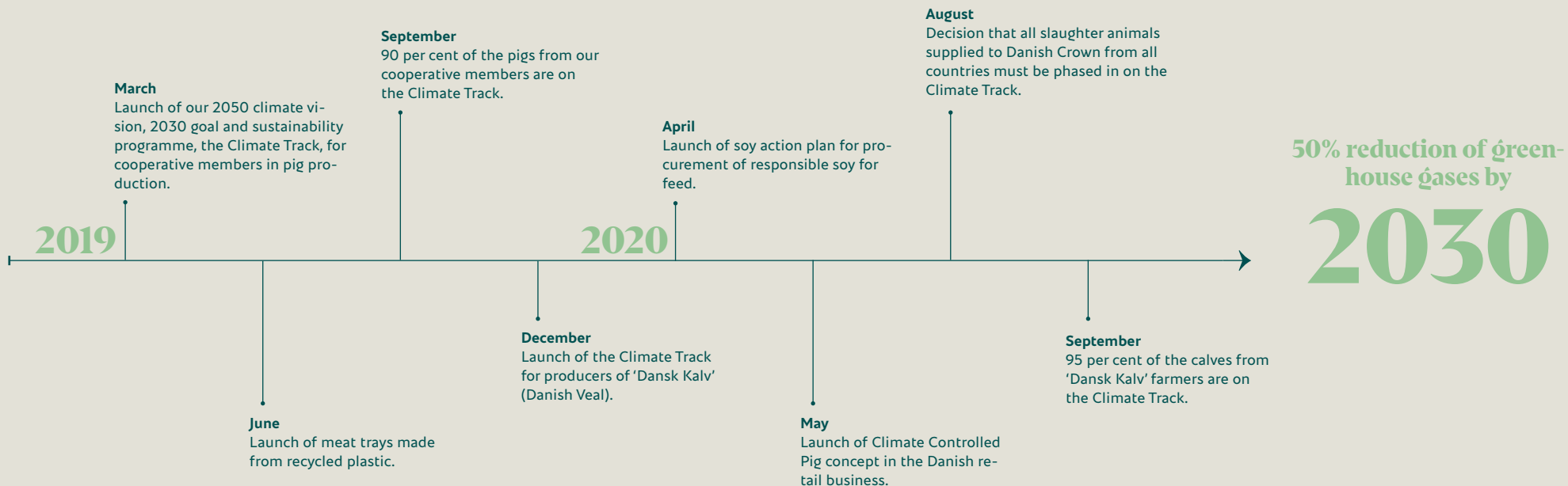


### Our contribution to the SDGs

We support targets 13.1 and 13.2 by strengthening the resilience of our food production and its ability to adapt to climate change and by integrating initiatives against climate change throughout our value chain.



## Strategic milestones met in 2019 and 2020



### → The journey towards the 2030 goal

We have started the journey which involves our entire value chain from farm to fork and have already achieved important milestones. To succeed, all links of the chain must contribute to changing the ways things are done; farmers, food producers, retail chains, suppliers and consumers. We will regularly enter into new partnerships and launch new projects in the period until 2050

and will be flexible and responsive so that we learn from each other's experience.

Some farms and business units will achieve results faster than others and will generate new knowledge and innovative solutions that may help us achieve progress.



# Farmers follow the Climate Track

Our cooperative members are working with dedication to achieve sustainable meat production. Producers of pigs and of 'Dansk Kalv' have both already made great progress on the Climate Track and set new goals.



## Our ambition

We want to certify 100 per cent of our suppliers of slaughter animals in Denmark, Sweden and Poland according to our sustainability programme, the Climate Track, by 2023



## Our contribution to the SDGs

We support targets 2.4 and 12.2 by promoting sustainable food production systems and resilient agricultural practices as well as sustainable management of natural resources.

The Climate Track is Danish Crown's sustainability programme for the journey towards sustainable meat production at our farms. The first step along the way is a certification according to Danish Crown's own sustainability standard, where the farmer commits to making a dedicated effort to meet Danish Crown's climate vision and climate goal of reducing its carbon footprint by 50 per cent by 2030.

Although we call the programme the Climate Track, it is about more than reducing our climate impact. As part of the certification, the farmer defines three-year targets for the farm's improvements in a number of areas relating to the environment, animal welfare and social responsibility. As part of this process, each farmer defines a baseline for CO<sub>2</sub> emissions per pig reared, which allows the farmers to assess performance against their own targets. The

certification is carried out by Baltic Control, an independent body. Baltic Control also audits the certified farmers at least every three years, assessing progress towards meeting the 2030 goal. This audit comprises specific climate parameters which form the basis of the marketing of the Climate Controlled Pig concept.

The sustainability programme was initially developed for pig production, and in September 2019 we had certified the 950 Danish cooperative members who deliver 90 per cent of the pigs for our Danish abattoirs, corresponding to approximately 10.5 million pigs a year. The Danish cooperative members who deliver the remaining 10 per cent of the pigs will be certified by the end of 2020. Our approximately 4,000 other suppliers of slaughter pigs in Poland, Germany and Sweden will join the Climate Track in 2023. Combined, they deliver about 7.5 million pigs a year.

## Examples of sustainability parameters on the Climate Track

In addition to contributing to climate change, significant environmental impacts from live-stock production include the emission of nitrogen and phosphorous, which puts pressure on the limits for eutrophication and acidification of the ecosystems. The Climate Track's focus on feed efficiency, ammonia evaporation, manure handling and tillage is therefore also about reducing the farmers' negative impact on the nitrogen and phosphorus cycles.

### Climate and environment

- CO<sub>2</sub> reduction
- Feed efficiency
- Ammonia evaporation and odour
- Resource optimisation
- Feed content: crude protein, phosphorous and zinc
- Local sources of protein
- Reduced tillage
- Manure handling
- Biogas

### Energy

- Energy technologies, renewable energy and heating supply

### Animal welfare and antibiotics

- Diseases and mortality
- Use of medication, including antibiotics

### Social responsibility

- Workplace assessments
- Employment contract
- VAT and tax
- The Climate Track

The producers of 'Dansk Kalv' are the first cooperative members in cattle production who have joined the Climate Track. 'Dansk Kalv' is our quality programme for veal production that has a strong focus on animal welfare – and which we further improved in 2019 so that the farms can now also obtain a sustainability certificate. Once we have reached the goal of certifying our 137 producers of 'Dansk Kalv' at the beginning of 2021, we will start including our approximately 100 suppliers of young bulls in the programme, and we expect to certify the first suppliers in 2021. In 2019/20, calves accounted for 38 per cent of the slaughter cattle at our Danish cattle abattoirs, while dairy cattle and beef cattle accounted for 32 and 21 per cent, respectively. The remaining 8 per cent was cattle from organic production and Friland.



## → Pig farmers are well underway

For decades, our cooperative members have been making a dedicated effort to reduce the climate and environmental impact from their pig production. Focus has been and remains on feed consumption and slurry handling, which are large items in the farms' climate accounting.

In particular, optimising the feeding of the pigs has contributed to reducing the carbon footprint per kg pork quite considerably since 2005. The better the pigs can utilise the nutrients in their feed, the lower the

climate impact because the pigs eat less feed to gain a kilogramme.

Cooperative members have also worked to increase the proportion of locally produced feed. Up to 80 per cent of the feed is now produced locally, and that goes for more or less all grain. The rest of the feed consists of about 2 per cent minerals and about 18 per cent proteins, such as extracted rape seed, ground sunflower seed and ground soy. Imported ground soy is still an important protein source, but soy also accounts for a significant share of the carbon footprint of meat. Read more about soy on page 25.

Our cooperative members have also become better at handling slurry. By ensuring that slurry is discharged more quickly from stables to the slurry tanks and that the tanks are covered, thereby minimising open-air exposure, greenhouse gas emissions are reduced significantly. When the slurry is spread on the fields, it is also infiltrated into the soil as quickly as possible both to limit greenhouse gas emissions and to reduce the loss of nitrogen. Last, but not least, many farmers send the slurry for degasification at biogas plants. This further reduces the climate impact from the farms while also providing green energy to many Danish homes. Furthermore, the farmers in return receive degassed slurry, which reduces odour nuisance in connection with slurry spreading, and which plants can more easily absorb nitrogen from. This means they need less commercial fertiliser, which is good both for the climate and the farmer's finances.



**2,59**  
feed units per kg gain  
for pigs on the Climate  
Track in 2019/20

Read more on page 50

## CO<sub>2</sub> emissions from certified farms on the Climate Track

Total emission and reduction in kg CO<sub>2</sub> eq per pig  
(2016 baseline, average for farms certified as of September 2020)

	2016	2019	2020	2022 target
Feed consumption	/	6.8	6.4	14.9
Slurry for biogas	/	2.1	1.9	3.0
Slurry acidification	/	0.7	1.0	0.9
Slurry discharge	/	6.5	6.0	6.8
Total CO <sub>2</sub> reduction	/	16.0	15.2	25.6
Total CO <sub>2</sub> emission	239	223	223.8	213.4

Sources: 1) Grisekød – produktivitet og miljøpåvirkning år 2005 vs 2016 – table 1 & 3. Departement of Agroecology, Aarhus Universitet 2019. 2) Climate Track Sustainability Programme, ongoing audits by Baltic Control from September 2019 – September 2020.

Since 2005, certified pig farmers have reduced their CO<sub>2</sub> emissions by around 23.2 per cent on average. The target for 2022 is a 30 per cent reduction.

In 2019, the emission had decreased to 223 kg CO<sub>2</sub> eq, while in September 2020 it had increased slightly to 223.8 kg CO<sub>2</sub>. The reason is that the smallest herds (50 per cent owners, 10 per cent pigs) are now on the Climate Track. These have a much lower feed efficiency per pig and do not use the latest technology.

Assuming the supply of pigs from the Climate Track remains at 10.5 million per year in 2022, the farmers will, when they have achieved their 2022 targets, contribute with total savings of 100 tonnes of CO<sub>2</sub> eq per day. By comparison, a Danish household emits approximately 14.5 tonnes annually.

### New app functionality to monitor initiatives

We are in the process of developing an application to collect and calculate sustainability data from pig production. The tool will improve farmers' possibilities of monitoring and adjusting their sustainability initiatives. Initially, the farmers can report their feed consumption once a week and see a calculation of feed efficiency, allowing them to regularly adjust their feeding and optimising weight gain. Higher feed efficiency is one of the most important initiatives with respect to reducing the carbon footprint and is also of great importance to the farmer's finances. From 2021, the tool will comprise all the parameters of the Climate Track and be available to all our cooperative members and farmers in Denmark, Sweden, Poland and Germany.

The tool will also strengthen the dialogue between Danish Crown and the farmers with respect to possibilities of improving the sustainability initiatives. The tool is a part of the increased digitalisation and precision management in the agricultural sector, which is crucial for ensuring sustainable agricultural production.



## Anders Peter makes his own feed

Anders Peter Jensen produces around 1,250 slaughter calves every year. The farm's climate accounting for 2019 shows that the carbon footprint is already noticeably lower than the average for 'Dansk Kalv': the farm's total CO<sub>2</sub> emissions were about 8 kg of CO<sub>2</sub> eq per kg meat. Among other things, Anders Peter has achieved the relatively low CO<sub>2</sub> emission by feeding his animals in four phases carefully adjusted to the calves' development and need for nutrients. This means both that valuable nutrients in the feed are not lost and that a smaller field area is required to produce the feed relative to

the growth of the calves. Anders Peter makes all his own feed mixtures with up to 70 per cent grain from his own fields. Imported ground soy account for approximately 17 per cent of the feed, and he hopes that it will one day be possible to replace the soy protein with horse beans from his own fields. The farm's climate impact has also been reduced by collecting and transporting deep litter from the farm for biogas production. See the full story on [danishcrown.com/farmers](https://danishcrown.com/farmers).

## Jens Gudike has achieved the 2022 target

Jens Gudike Fly Christensen produces around 20,000 slaughter pigs every year. The farm's climate accounting shows that the total CO<sub>2</sub> emissions in 2019 was 209.7 kg CO<sub>2</sub> eq per pig. That is substantially below the average of the certified farms on the Climate Track and also already lower than the average 2022 target. As a result, Jens has defined an even more ambitious target for 2022 – reducing emissions to 199.9 kg eq CO<sub>2</sub> per pig. Jens has achieved most of the CO<sub>2</sub> reduction by discharging slurry once a week directly from the stables into tankers, which transport the slurry to a biogas production facility. The rest of the CO<sub>2</sub> reduction is due to feed optimisation. The pigs are fed every six hours and thus get hungry before they are fed. This has resulted in an increase in daily weight gain for the pigs with the same volume of feed. See the full story on [danishcrown.com/gudike](https://danishcrown.com/gudike).





## → Producers of 'Dansk Kalv' taking the lead

We are very aware that the production of veal and beef has a climate impact. However, the climate impact varies greatly, depending on which production system the meat comes from – including whether the meat originates from beef cattle or dairy cattle. The reason is that dairy cattle are also a source of dairy products, which means the meat has a much lower carbon footprint compared to when cattle are raised solely for meat production. If consumers want milk, yoghurt and cheese, this production will also supply dairy cattle and bull calves for slaughtering so that the meat is utilised rather than going to waste.

With an average of 10.4 kg CO<sub>2</sub> per kg meat, 'Dansk Kalv' is the cattle production in the Danish market with the lowest carbon footprint. This has been documented in a life-cycle assessment (LCA) that Danish Crown carried out in collaboration with Aarhus University and DTU in Denmark in 2015. The carbon footprint from beef cattle is in fact up to four times higher. Conversely, grazing beef cattle contributes more positively to the biodiversity. However, the carbon footprint from 'Dansk Kalv' is still larger than for a large number of other food products.

For many years, producers of 'Dansk Kalv' have been frontrunners in the effort to reduce the environmental and climate impact from cattle production. Like the pig farmers, they have focused on optimising feeding and on

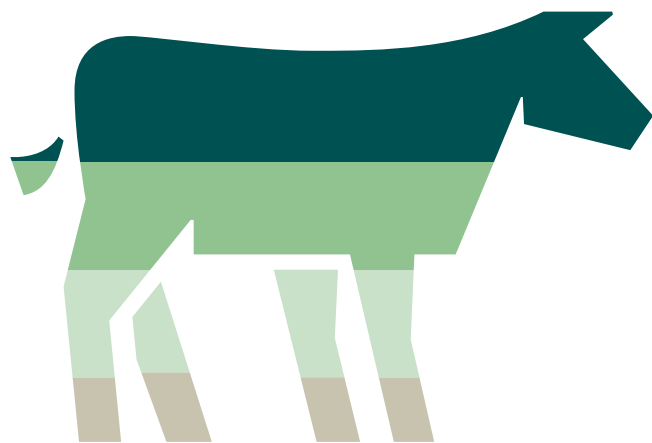
improving their handling of farmyard manure and utilising both slurry and deep litter for biogas production.

The main reason why cattle have a larger carbon footprint is the natural gas methane which is produced in their rumen when they digest the feed and released when they burp. The greenhouse effect of methane is about 25 times stronger than CO<sub>2</sub>. Consequently, farmers are working to change the feed composition to reduce the amount of rumen gas so that the animals release less methane.

Since breed is important with respect to the climate impact of calves, several slaughter calf producers cooperate with Danish Crown and Danish scientists in the Future Beef project to reduce the climate impact from calf breeding. The project is currently developing a method to identify beef cattle bulls that produce cross-breed calves, which are also named gastro calves from 'Dansk Kalv' that utilise the feed more efficiently, yield more meat and emit less methane. The project will be completed in 2023 and is expected to lead to a substantial reduction in CO<sub>2</sub> emissions from the production of 'Dansk Kalv'.

Danish Crown is also participating in another research project that has developed a new feed ingredient which can enhance digestion and neutralise the production of methane in cattle rumens and thereby reduce methane emissions by up to 40 per cent. This could also be a giant step on the way to (net) climate-neutral meat production by 2050. The project is subsidised by Innovation Fund Denmark and is expected to be completed in 2024.

## CO<sub>2</sub> emission from 'Dansk Kalv' on the Climate Track



Digestion  
**35%**

We are well underway to certify the producers of 'Dansk Kalv' and to calculate a baseline for CO<sub>2</sub> emissions. Our calculations for the first 117 calf farmers show an average of 9.8 kg eq CO<sub>2</sub> per kg meat. This is a reduction of about 6 per cent relative to the calculated average for 'Dansk Kalv' in 2015 of 10.4 kg eq CO<sub>2</sub> per kg meat.

Feed production  
**25%**

Manure handling  
**25%**

The calculations confirm that the calves' digestion results in the largest contribution to CO<sub>2</sub> emissions and that feed consumption and manure handling are also key focus areas in the work to reduce the carbon footprint.

Feed utilisation  
**15%**



# Sustainable management of agricultural land

Meat production makes use of large areas of land for the production of feed. Together with our cooperative members we are working to increase meat production while at the same time disturbing arable land and natural values as little as possible.

Forests cover around 30 per cent of the earth's land area and are important habitats for millions of species of animals and plants, a key source of clean air and water and crucial to combating climate change. Yet, more and more forest is being cleared around the world to make room for agriculture. The sustainable transition of food production therefore involves both halting deforestation and increasing production on existing agricultural areas without harming arable land, biodiversity, the climate and the environment.

Denmark is an agricultural country where almost two thirds of the land is cultivated, making it one of the most intensely farmed countries in the world. With its very high yields per hectare, Danish agriculture points the way to sustainable food production that can feed the world's growing population while making room for nature and forests. Grain production accounts for around 54 per cent of land use in Denmark followed by grass and green feed with around 28 per cent. Approximately 80 per cent of the Danish grain harvest is used as feed in pig and cattle production, where the grain

constitutes the bulk of the feed. To achieve the right nutritional value the feed also has to contain protein in the form of rape seed, sunflower seed or ground soy. Soy is currently one of the most protein-rich crops per hectare, but also makes a substantial contribution to meat's carbon footprint.

## Crops tailored to climate zones

Sustainable land use in agriculture is very much about which crops are best suited to which climate zones. Denmark is better suited to the production of starch-rich crops like wheat, barley and potatoes rather than to the production of protein crops like soy and sunflowers. Hence, it makes sense for Denmark to cultivate starch-rich crops and export any surplus while importing protein crops from areas with a continental climate.

Danish farmers could consider growing other protein crops, like horse beans or peas, but the yield per hectare is lower, which results in greater land use compared to importing, plus growing these legumes risks increased leaching of nitrogen. Hence, a kilogram of pork produced using only Danish feed would currently require a greater area of land than a kilogram of pork produced with crops from different geographical areas and climate zones.

Grass as a protein source for single-stomach animals is technically challenging but also interesting in Denmark, as this would enable farmers to produce large volumes of protein per hectare and so increase self-sufficiency in protein without increasing the land use for producing a kilogram of pork. Moreover, grass production can potentially reduce the use of pesticides and nitrogen leaching. However, the cost per kilogram of grass protein is currently very high, so a great deal of research lies ahead of us. Danish Crown is part of the Dansk Protein Innovation partnership and participates in the Bio Value research project, which is seeking to find a profitable method of extracting grass protein. The project's first test plant commenced operations in September 2020, and will initially be able to produce for the organic

segment of our value chain. The next, larger plant is also under development.

## Fallowing of carbon-rich, low-lying land

Sustainable land use also involves considering the robustness of the soil type. This applies both to the soil's ability to utilise and retain nutrients and also to bind carbon. Some agricultural areas could potentially sustain more intensive cultivation, while others should be left fallow.

Ploughing peat soils, in particular, is a significant source of greenhouse gas emissions, as the soil type has a high carbon content. Researchers estimate that greenhouse gas emissions from carbon-rich, low-lying land account for around 39 per cent of total emissions from Danish field cultivation and that potentially up to half of this land could be expediently excluded from normal use. As well as limiting CO<sub>2</sub> emissions, this would also benefit biodiversity and reduce the loss of nitrogen to aquatic environments.

Fallowing carbon-rich, low-lying land is one of the recommendations of the Climate Partnership for the Food and Agriculture Sector, which our Group CEO, Jais Valeur, chairs. The climate partnership's recommendation is conditional on farmers being compensated financially for fallowing low-lying areas.

## No-till cultivation

For many of our cooperative members, efforts to improve agricultural soils and increase biodiversity also encompass reduced soil tillage. This method of cultivation involves dispensing with ploughing and disturbing the soil as little as possible, so that the soil is covered by crops or plant material for most of the year. This method of cultivation also requires varied crop rotation. Around one third of the field area used by farmers on the Climate Track is cultivated using reduced tillage, and in 2020/21 we plan to develop and test various biodiversity concepts for our members and suppliers in Denmark and Sweden.



### Our ambition

We aim to promote the sustainable management of agricultural land in Denmark and ensure that imported feed, including soy, is responsibly produced.



### Our contribution to the SDGs

We support targets 15.2, 15.3 and 15.9 by resisting deforestation, restoring depleted soils and integrating ecosystems and biodiversity values into farm operations.





## → Imports of responsibly produced soy

By 2025, all slaughter animals from Danish Crown's Danish suppliers will be fed on ground soy from producers who are able to document that their production is sustainable and that rainforest or other vulnerable natural ecosystems have not been deforested to create space for the areas on which the soy is grown. That is the objective of the soy action plan we launched in April 2020. This sends a clear signal to producers, customers and consumers that we will only buy responsibly produced soy and want greater transparency in the supply chain.

Most of the soy used in Denmark is imported from South America. About two thirds of the soy is grown in areas that have been cultivated agricultural land for many years, but over the past 20-30 years, soy production has led to deforestation of rainforest and other vulnerable natural ecosystems. As only a small share of soy supplies is produced on deforested land, there is plenty of responsible soy. Unfortunately, it is not possible to import soy that comes with a guarantee that it has not been produced on deforested land, and we want to help change that. It will take some time, but we are confident that a market for segregated soy can be established by 2025, so that the soy our suppliers feed their animals is produced responsibly on original agricultural land.

### The market as a lever

Even though Danish imports of soy for feeding purposes only account for 0.25 per cent of global soy production, Danish Crown is committed to playing an active role in driving developments. We do this by supporting programmes with a potential to drive the overall market towards responsible soy.

To that end, we work with FEFAC (European Feed Manufacturers' Federation) and according to their guidelines for responsible soy. Starting in October 2020, we require our cooperative members to start feeding their pigs with FEFAC-certified soy and gradually increase the share to 100 per cent by 2025. We also demand improvements of

the criteria maintained by FEFAC. We expect FEFAC to implement an unambiguous and broadly-recognised deforestation policy by 2025 that sets out clear guidelines for the prevention of both legal and illegal deforestation which are third party-verified and ensure full traceability throughout the chain. Soy production must simply not result in the clearing of forests or conversion of other natural ecosystems with a high preservation value. Until the supply lines for responsible soy have been established, from 2020 Danish Crown will buy credits to compensate for the soy consumption of our food processing companies and our suppliers of slaughter animals. Such credits are purchased from Roundtable on Responsible Soy (RTRS), a certification programme supporting the production of responsible soy and certifying that no illegal or legal deforestation has taken place in vulnerable forest areas.



## Credit purchases

Until the supply lines for responsible soy have been established, Danish Crown will buy credits to compensate for the soy consumption of our food processing companies and our Danish suppliers of slaughter animals.

We also work to establish a Danish industry solution in which the entire food industry commits to only importing FEFAC-certified soy by 2025. Lastly, we are a member of the Danish Alliance for Responsible Soy, working with retailers, other food producers, NGOs and authorities to ensure that all Danish soy imports are produced responsibly.



↑ Denmark imports about 1.7 million tonnes of ground soy a year. This corresponds to approximately 0.5 per cent of global soy production. 50 per cent of soy imports are used for pig feed, while the other half is used in other food production. This means that some 0.9 million tonnes of soy are used for pig feed in Denmark, and that the consumption only accounts for 0.25 per cent of global soy production.



# Nothing should go to waste

Our ability to use the whole slaughter animal and minimise waste is of great importance to the environmental and climate impact of our production. It is also crucial to running a sound business.

Circular and bio-based solutions are the cornerstone of our sustainability efforts. This approach is crucial to our ability to tackle climate change, restore ecological balance and provide sufficient food for the world's growing population.

Our business builds on the production of food products from healthy animals and on not letting any animal life go to waste. Our strategy to minimise food waste builds on three focus areas: First, we take great care to use as much as possible of the slaughter animal for nourishing food. Our pig abattoirs process some 84 per cent of the pig for food, and our cattle abattoirs utilise more on average 95 per cent of the animal for food and other purposes.

Secondly, we make sure that the inedible parts of the animal form part of a circular biosystem in which they are processed into feed or used for a number of other purposes, such as production of medicines, fertiliser or biogas. Biogas produced from residual products provides enough green energy to heat many homes.

And last, but not least, we support the value chain in fighting food waste.

In each of our focus areas, we are working full speed to define targets and draw up action plans for our business units. Through the initiative Denmark against Food Waste, we have signed up for the target to reduce food waste by 50 per cent by 2030 in Denmark.

## Bacon is never left over

In 2020, we identified the primary sources of and reasons for food waste. This analysis showed that meat does not generally involve much waste. Since meat is relatively expensive, most people typically do not buy and cook more than they eat. However, the risk of food waste is greater in some product categories than in others. Refrigerated products such as cold cuts are the food items that are most often thrown out. This may have to do with packaging sizes and short storage lives. Fresh meat and frozen food, on the other hand, are rarely tossed into the bin. Other products with limited food waste are canned goods. They have long storage lives and are very rarely thrown out. Moreover, canned

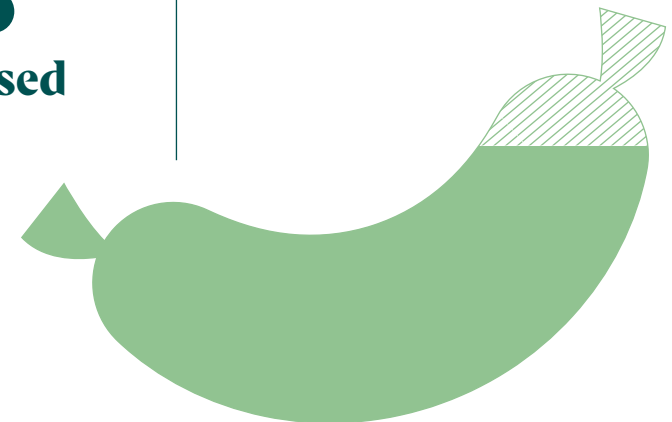
goods are often based on cuts that are difficult to sell as fresh food because not many people know how to cook them. As such, canned goods contribute to reducing food waste. And then there is bacon, which has a long storage life and is almost never left over.

## Optimising waste streams

We are also studying organic waste in a waste optimisation project in which our sustainability team is working with our procurement function in developing new, innovative processes for more environmentally friendly and cheaper handling of our waste streams. Circular solutions and the potential for using better materials are also examined as part of the project. For instance, we currently use many tonnes of sawdust as bedding in our animal transport vehicles and expect to replace it with straw bedding that can be used for biogas production and afterwards as fertiliser for new straw.

Lastly, our projects to improve the utilisation of waste streams at abattoirs and factories are also part of these efforts. Read more on page 41.

**84%**  
of the pig is used  
for food



### Our ambition

We want to reduce waste to as close to zero as possible by utilising all resources and developing circular processes that ensure recycling.



### Our contribution to the SDGs

We support target 12.3 by minimising food waste in our production and supply chains.



# 95%

**utilised on average**

**Most of the slaughter cattle is used for food, and the inedible parts are used for a number of other purposes across the world.**



# Efficient energy utilisation

Investment in energy-saving technologies, increased electrification and environmentally correct driving are some of the measures we have taken to reduce the climate footprint from our production and transport.



**Our ambition**  
We want to reduce energy consumption in our production and logistics.

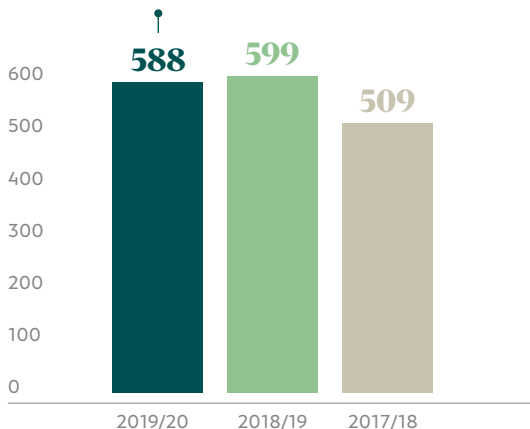


**Our contribution to the SDGs**  
We support target 12.2 by ensuring sustainable management and efficient use of natural resources.

## Energy

consumption in kWh per tonne produced

41% of our energy consumption is covered by natural gas and 40% by electricity from the grid. Renewable energy accounts for about 5%, and other energy sources include oils, district heating and transport fuel.



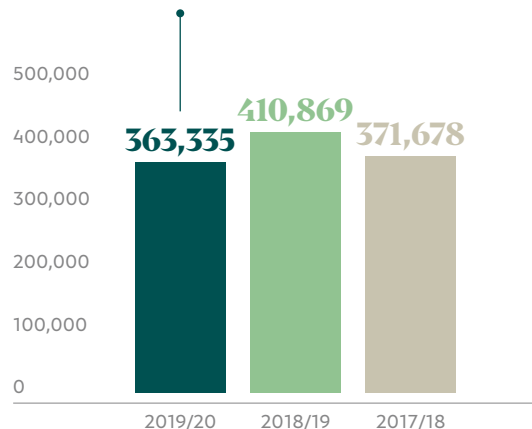
Energy consumption for production and transport per produced volume fell by just under 2 per cent in 2019/20 relative to 2018/19 due to a decrease in our total energy consumption by just under 5 per cent. The decrease was primarily attributable to a decline of about 75 per cent in our consumption of natural gas (LPG) at our factory in Teterow, Germany, because the factory has stopped slaughtering pigs and therefore does not use gas for, among other things, singeing furnaces.

Note: Please note that these figures are revised compared to figures included in our Sustainability Report 2018/19 and CSR report 2017/18. More details can be found on page 50.

## CO<sub>2</sub> emissions

in tonnes (scopes 1 and 2)

61% of our CO<sub>2</sub> emissions derives from our abattoirs, while 23% derives from our processing factories. Emissions from refrigerants and diesel in total account for about 5%.



Total CO<sub>2</sub> emissions from our production and transport decreased by a little over 10 per cent in 2019/20 compared with 2018/19. In addition to the lower consumption of natural gas (LPG) at the factory in Teterow, the decrease was primarily due to the transition to renewable energy at our production sites in Sweden, Germany and Denmark, where a larger share of the electricity procured is now green power.

### Heat recovery and electrification

Abattoirs and meat processing are energy-intensive – the most energy-consuming processes being cooling, ventilation, heating and compressed air. In recent decades, our abattoirs and factories have focused continually on optimising their energy consumption by streamlining processes and procuring new energy-efficient production equipment. All our production sites have managers in charge of energy consumption who meet regularly to follow up on ongoing projects and exchange experience and ideas so that best practice is gathered and shared across the group.

Recovery of surplus heat from cooling systems and air compressors was a key focus area in 2019/20, and at several of our abattoirs and factories in Denmark, Poland and Sweden, up to 30 per cent of the heat supply is recovered heat, which is used, among other things, to heat cleaning water. Our German abattoir in Essen has received a grant from the German government for a large-scale heat recovery project in which 1.5 MWh waste heat from singeing furnaces is used for central heating and service water heating. About 50 per cent of the waste heat can be recycled, which contributes to relieving the pressure on the existing gas boilers and to reducing CO<sub>2</sub> emissions. The project will be kicked off in mid-2021.

However, to be able to reduce CO<sub>2</sub> emissions from abattoirs and factories by 50 per cent, it is crucial that we transition to renewable energy in the form of wind power, solar power and biogas. Here, electrification is a key focus area with measures including, for instance, replacing gas boilers for heat generation by electric boilers or heat pumps. We have already installed a few low-temperature heat pumps for heating of cleaning water, but to realise our climate goal, we also need to install high-temperature heat pumps for heat generation. To that end, Danish Crown is a partner in a Danish project working to develop high-temperature heat pumps with natural refrigerants for sustainable process heating. The project will be carried out between 2020 and 2024, and we will be able to test equipment on an ongoing basis.



In Sweden, KLS Ugglarps is making a dedicated effort to transition to 100 per cent renewable energy and has committed to the Fossil-free Sweden project, an initiative launched by the Swedish government. As a result, since 2019, all production facilities in Sweden have only purchased green power, and by end-2020, we will have installed solar panels in at least one factory. Moreover, we are working to become co-owners of existing solar parks in Sweden.

### → Sustainable logistics

Danish Crown handles more than 50 per cent of all live pig transports for our abattoirs in Denmark. Over the past several years, we have trained our own drivers in environmentally correct driving and gathered data for driving patterns and fuel consumption, which has enabled us to gradually improve transport efficiency. We are currently in the process of developing an action plan for how to reduce the carbon footprint from transport throughout our supply chain. As part of these efforts, we will in 2020/21 establish a system for collecting CO<sub>2</sub> data from our logistics suppliers and establish a baseline and define targets for reducing CO<sub>2</sub> emissions from the transportation of our products.

Working together with our suppliers, we are already in the process of identifying transport solutions with a lower climate impact. KLS Ugglarps aims to transition to 100 per cent fossil-free transport in Sweden by end-2021. In 2020, one of KLS Ugglarps' major haulage contractors purchased natural gas (LNG)-powered cars, and another of our carriers has transitioned 100 per cent to biodiesel.

In addition, our German factory in Essen has purchased two LNG cars and two refrigerated semi-trailers that are driven by the truck while driving and only use diesel when being parked. In order to further reduce diesel consumption, we are planning, in collaboration with a supplier, to test a new type of refrigerated semi-trailer with a dynamo on one of its shafts that generates enough power for the refrigerator so that the cooling can continue for 6-8 hours after the trailer has been parked.



# 40%

of our combined transports  
in Sweden are fossil-free

↑ In December 2019, we replaced 20 black refrigerated semi-trailers with white semi-trailers. Measurements show that colour has a significant effect on how hot the trailer gets during the summer and thus on the amount of energy used for cooling. It is estimated that the change of colour has reduced energy consumption by up to 30 per cent.



# Sustainable packaging

We use large amounts of packaging for our products and have for several years worked to develop innovative and sustainable packaging solutions.

Our meat trays are produced from 80 per cent recycled plastic and are recyclable.



In 2019/20, we have worked on a Group strategy for sustainable packaging, and we have defined principles in this area that can support our business units in working locally to develop better solutions. Our aim is to develop packaging solutions that are innovative, provide value for customers and strengthen our brand without compromising food safety or product quality. As we are prioritising this work, we are focused on changing the packaging where the environmental impact is greatest based on amounts and material types, and we will require life-cycle-assessments for all packaging from our suppliers.

Where possible, we base our packaging solutions on recycled materials. We also endeavour to use mono-materials that ensure the packaging can be recycled. In contrast, we do not focus on biodegradable materials, as in our view the degradation of existing materials does not happen quickly enough to really be sustainable. Many of our materials are made of plastic, which is necessary if we are to supply fresh and safe food and minimise food waste. As far as possible, we use plastic packaging that can be recycled, or where the plastic material can be reprocessed and recycled into new products.

## Focus on plastic packaging

In 2018/19, we replaced 55 million meat trays in

Denmark with less environmentally harmful meat trays made from at least 85 per cent recycled plastic. This initiative reduces the consumption of new plastic by nearly 1,000 tonnes every year and could halve CO<sub>2</sub> emissions per tray if the tray is recycled to new trays. However, recycling is conditional on the trays being collected, and sorting plastic is currently not possible for households in many Danish municipalities. Danish Crown has therefore joined the Partnership for Circular Food Trays together with several large Danish retail chains, a large packaging manufacturer and the City of Copenhagen. In 2019/20, the Partnership ran a pilot project collecting and recycling around 5 million trays in Copenhagen. That equates to around 43 tonnes of plastic and more than 100 tonnes of CO<sub>2</sub> eliminated – or the daily CO<sub>2</sub> emissions from around 3,250 Danes.

The Partnership's ambition is to establish a closed circuit for all Danish food trays. Going forward to 2025, the goal is to ensure at least 10,000 tonnes of trays are recirculated every year, thus saving the climate 25,000 tonnes of CO<sub>2</sub> emissions.

Danish Crown Beef developed two new climate-friendly packaging solutions for veal and beef in 2019/20 that cut plastic consumption markedly: The Tube, which uses

around 85 per cent less plastic than a traditional meat tray; and paper-skin packaging, which requires around 70 per cent less plastic than normal skin-packs. Moreover, the new packaging materials extend the shelf-life of the meat considerably and so also contribute to limiting food waste.

Danish Crown Foods has in 2019/20 tested a new packaging material for bacon that consists of 70-75 per cent recycled mono-material plastic, which makes the packaging 100 per cent recyclable. We expect to use the packaging material for both bacon cubes and sliced bacon from October 2020. We have also developed a solution that minimises the air-space in bacon cube packets, meaning we can further reduce the consumption of plastic and at the same time pack and transport more units at a time.

Furthermore, we are in the process of changing the packaging material throughout the Mou soup and soup meatballs range to a recyclable foil, so the packaging can be sorted and recycled. This encompasses foil for more than 10,000 tonnes of ready meals. We have already reduced the amount of packaging so that we only use around 8 g of foil per kg soup.



## Our ambition

We will ensure that 90 per cent of our packaging materials consist of recyclable materials, and 50 per cent will consist of recycled materials in 2023.



## Our contribution to the SDGs

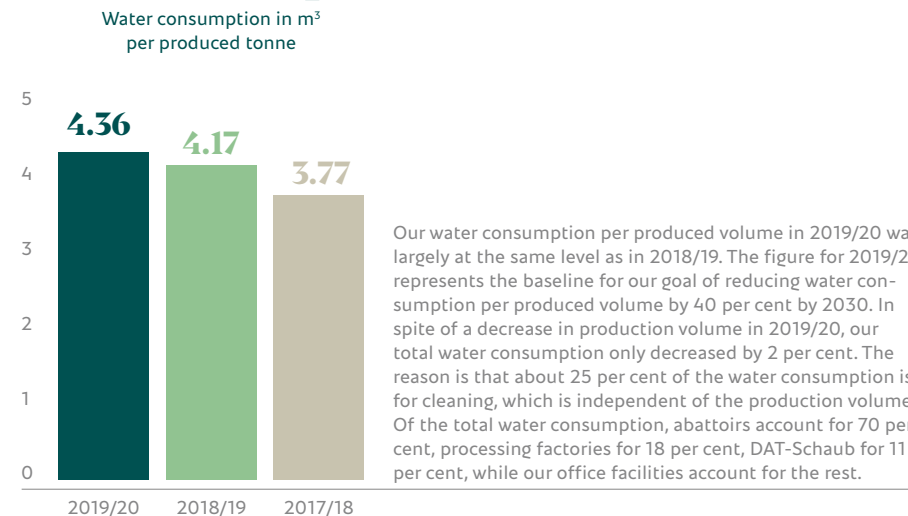
We support target 12.2 by ensuring sustainable management and efficient use of natural resources.



# Efficient water utilisation

The food industry is one of the most water-consuming industries in Denmark and globally. We are participating in the development and testing of technologies that could help food companies produce more with less water.

## Water consumption



Our water consumption per produced volume in 2019/20 was largely at the same level as in 2018/19. The figure for 2019/20 represents the baseline for our goal of reducing water consumption per produced volume by 40 per cent by 2030. In spite of a decrease in production volume in 2019/20, our total water consumption only decreased by 2 per cent. The reason is that about 25 per cent of the water consumption is for cleaning, which is independent of the production volume. Of the total water consumption, abattoirs account for 70 per cent, processing factories for 18 per cent, DAT-Schaub for 11 per cent, while our office facilities account for the rest.

Danish Crown has since 2015 participated in the Danish partnership for Resource and water-efficient Industrial food Production (DRIP). This is a public-private partnership comprising food companies, technology providers, universities and research institutes, and aims to develop technologies that can help reduce the consumption of freshwater and increase the use of treated process water without compromising food quality and food safety. The goal is to reduce the amount of water used in Danish food production by 15-30 per cent.

### First full-scale plant on the way

Danish Crown's most important DRIP project is underway at our Danish pig abattoir in Horsens. Here we have been testing a pilot plant for the past two years which, with the help of filtration techniques, ozone flotation and UV technology, can treat process water from abattoir robots. To ensure that bacteria are not transferred from one pig to the next, all abattoir robots are rinsed and sterilised after each pig – a process that accounts for roughly 10 per cent of the abattoir's total water consumption. Extensive testing in all possible operational

situations has documented that process water can be bacterially purified to drinking water quality so it can be used in other parts of the production process, and in November 2020 we plan to begin establishing a full-scale plant.

Saving one litre of water per pig at the Horsens abattoir adds up to around five million litres of water a year that does not have to be discharged as wastewater. All Danish Crown's pig abattoirs in Denmark have the same design and layout, so there is a significant potential for savings if the solution is implemented at all our abattoirs. We will move ahead with this when the plant in Horsens has been running at full-scale for some time and any operating adjustments have been made. We will also examine the possibilities of using the same technology with other water-consuming processes.

### New pilot project launched

Also under the auspices of DRIP, we initiated a pilot project in 2019/20 investigating the options for optimising the water and energy efficiency of autoclave

operations at our Danish food factory in Vejle, which is one of the world's largest producers of canned meat. Water is used when the filled cans are boiled in the autoclave and for the cooling towers when the cans have to be cooled again. We have considered various scenarios where the boiling water is treated and reused to wash the closed cans externally prior to entering the autoclave and also for the soaking of used equipment. Moreover, there is considerable potential in reusing some of the energy from the cooling process to heat the next boil up of water. We have also conducted a risk assessment that demonstrated the solution could be implemented without the risk of compromising food safety.

The pilot project allowed us to improve water efficiency in autoclave operations by the equivalent of around 10 per cent of the factory's total water consumption. This was in part due to a 50 per cent reduction in water consumption to operate the cooling tower. Furthermore, the establishment of a heat-recovery system could cut energy consumption for hot water by around 40 per cent. We expect to establish a full-scale plant in 2021.



### Our ambition

We aim to reduce our consumption of freshwater and increase our use of treated recycled water without compromising food safety or quality.



### Our contribution to the SDGs

We support targets 6.3 and 6.4 by increasing water-use efficiency and increasing recycling and safe re-use.



# The market for sustainable meat

Market support for sustainably produced meat is crucial to the pace of the sustainable transition. We see high quality meat as a natural part of a balanced and healthy diet.

More and more customers and consumers are asking for sustainable food, and the climate and environmental impact of meat production is attracting increasing attention. We expect that these trends will be reflected in the official dietary recommendations of ever more countries. We support climate-friendly dietary habits and view sustainably produced meat of high quality as an important source of protein and a natural supplement to plant-based foods in a balanced and healthy diet.

In 2019/20, the market has welcomed our food concepts and new launches that promote consideration for the climate, animal welfare, organics and locally produced ingredients. We have also experienced an increased willingness to pay for these sustainability parameters across several markets – which is a positive development for our business and also crucial to upping the pace of transition to sustainable food production.

Whereas price and quality are important purchasing parameters around the world, we have noted that sustainability is understood differently from country to country, and that interest in sustainability varies between

different customer segments. Hence, we have to focus on different aspects of sustainability when we endeavour to stimulate demand for sustainable food. It is therefore important that our sales force is equipped to engage in dialogue with different customer segments about sustainability and our product range, and in 2019/20 we have run a series of sales seminars focusing on this.

We are also constantly developing new food concepts together with our customers across retail, food service and the food industry, and we do our utmost to accommodate the market's expectations for the food we supply.

## COVID-19 affecting meat consumption

Lockdowns across our markets have led to changes in consumption patterns in 2019/20. For example, the food service market, which includes the restaurant business, has been particularly challenged in several countries, which has squeezed our customers and demanded a great deal of flexibility in our production. At the same time, consumers have demonstrated a clear preference for well-known products and dishes, which in the retail sector has been manifest as increasing sales of minced beef, etc. From a Danish perspective, we have also seen that COVID-19 has prompted an increased focus on healthy, safe and Danish food, which has been positive for sales of our Climate Controlled Pig and 'Dansk Kalv' concepts.

Finally, the latest forecast from the UN Food and Agriculture Organisation (FOA) points to a decline in meat production and consumption worldwide in 2020. In addition to a fall in global private consumption during the COVID-19-pandemic, this is attributable to outbreaks of African swine fever in China and the Western world's increased consumption of plant-based food, driven mainly by climate considerations.

But while the consumption of meat is declining in certain countries and consumer segments, an increasing population means there will continue to be a large market for meat, and our ambition is to be the preferred supplier of sustainable meat products to the global market.



## Dialogue and partnerships create progress

The seed for our forum for stakeholder dialogue on the road to sustainable meat was planted at our MEAT2030 conference in 2018. Since then, we have continued the dialogue and explored new ideas and partnerships connected with sustainable agriculture, transparent value chains and promoting consumer demand for more sustainable meat. This has inspired us to develop new concepts and brands, which are to contribute to promoting the sustainable development of our meat production.

In 2020, we have in Denmark launched the Climate Controlled Pig concept and re-launched 'Dansk Kalv' in collaboration with our customers. Also in 2020, we engaged with the World Business Council for Sustainable Development (WBCSD) and the initiative 'Food Reform for Sustainability and Health', which aim to find business-driven solutions for the food industry's transformation in collaboration with other global actors. Our follow-up MEAT2030 conference should have been held in September 2020, but due to COVID-19 we have decided to postpone the conference to 2021.



### Our ambition

We will work together with our customers and other stakeholders to move consumption in a sustainable direction.



### Our contribution to the SDGs

We support targets 12.1 and 17.17 by encouraging sustainable consumption and production patterns and by participating in effective partnerships.





## → A sustainable product range

Based on our passion for producing the best food from the farmers' good raw materials, we continually develop new food concepts with a sustainability profile. In addition to animal products, this also includes plant-based

products, which Danish Crown Foods, Sokołów and KLS Ugglarps regularly launch in their markets to accommodate flexitarian, vegetarian or vegan consumers.



### Climate Controlled Pig

In May 2020, we launched the Climate Controlled Pig concept, which is now sold in about 90 per cent of the Danish retail business. Climate Controlled Pig means the pork derives from a farm which is on the Climate Track and therefore is subject to an independent control, which ensures that the farmer is working actively to reduce the farm's carbon footprint. By 2023, all our suppliers of slaughter animals in Denmark, Sweden and Poland will be on the Climate Track so that we can also offer the concept in other markets.



### Pigs reared without antibiotics

Since 2015, we have marketed meat from Danish antibiotic-free (ABF) pigs. The main difference from conventional production methods is prevention rather than cure. However, a conventional pig treated with antibiotics when reared has no residuals left in its body when it is slaughtered. Although sales have been affected by COVID-19, we take a positive view of the future as several markets are showing an interest in the ABF concept. These markets include Poland, where Sokołów in May 2020 in cooperation with a retail customer introduced meat from pigs reared without the use of antibiotics.



### Plant-based products

Sokołów's 'Z Gruntu Dobre' range of plant-based products now comprises pastes, pies, spreads, cold cuts and ready meals. This is good news for Polish consumers, who want to reduce their meat consumption. In August 2020, Danish Crown Foods, Europe's largest bacon producer, launched a plant-based bacon alternative in Denmark under the Tulip brand in order to expand the range of meat product alternatives. The product will also be launched in Norway and Sweden, and later in other European countries.



### Organic beef and pork

Friland was established in Denmark in 1992 and has, since 1999, been part of the Danish Crown Group. Today, Friland is the world's largest organic meat company with exports to countries all over the world, supplying meat to both the retail business, foodservice market and food industry. In 2019/20, sales in the Danish retail business were stable with increasing interest in the export markets.



### Good lives for calves

The 'Dansk Kalv' concept is a quality programme requiring for a high level of animal welfare throughout the life of the calf. We relaunched the concept in the spring of 2020 in Denmark to meet consumer interest in locally produced products with good animal welfare, and since then sales have increased by 65 per cent. The programme ensures that the calves have healthy and natural feed with no antibiotic growth stimulators, that they are reared in loose housing systems are regularly inspected by a veterinarian and are loaded quickly and gently and have a short transport time to the abattoir.



### Animal welfare labelled meat

We are one of the largest suppliers of products with an animal welfare label and have contributed to developing the Danish consumer label Better Animal Welfare governed by the state. The label was introduced in 2017 for pork, and we are pleased that in 2020 it was developed to also include beef and veal. The label is available in three variants with one, two or three hearts. The more hearts, the better animal welfare – and the higher the price point. And Danish Crown only has products with two or three hearts in our product range.



# Job creation and social inclusion

We are a diverse workplace and contribute to the communities in which we are present by creating jobs and employing unskilled workers and people on the edge of the labour market.

Despite the COVID-19 outbreak and the resulting economic slowdown, we have been able to navigate the crisis and retain our employees. Most of our employees work in the production units in Denmark, Poland, China, Germany, Sweden, France and Portugal with more than 60 per cent of our hourly-paid employees being unskilled workers. While most of our employees are men, 80 nationalities are represented on our work force, and the abattoir in Horsens alone employs more than 45 different nationalities. Moreover, most of our production sites are located in rural districts where we contribute to society by creating jobs.

We also offer jobs to people on the edge of the labour market, and in 2019/20 we continued our specific efforts to integrate refugees, war veterans and long-term unemployed people into our work force. That way, we help people gain a foothold in the labour market and contribute to solving a societal challenge. For Danish Crown, this creates commitment within the organisation and helps us recruit the manpower we need.

## Motivated and satisfied employees

Our employees are key to the results we generate, and their motivation and commitment are crucial to our ability to realise our goals. Every other year, we measure employee satisfaction by means of our CHECK survey. The survey also provides insights into how to best promote commitment, motivation and job satisfaction.

2020 was the first year in which we conducted the survey across the group, and 88 per cent of the respondent employees participated. Motivation and satisfaction are at an average 70.4 per cent, four percentage points above the average for companies with a comparable employee composition. While the level is slightly down from 2018, the figures are not directly comparable as the 2018 survey did not comprise the whole group. We systematically follow up on survey results and aim to improve our score by at least two percentage points by 2023. For more information see our Annual Report 2019/20.

## Good jobs for everyone

We believe that our diverse work force makes us more creative, productive and attractive as an employer, and we use this position actively to attract new employees. However, prejudices about career opportunities in our line of business are deep-rooted, and like many other businesses, we are facing challenges in terms of recruiting staff and tough competition for talent. Against this background, stepping up our efforts to communicate to prospective employees what Danish Crown stands for, we launched our 'Better Food. Brighter Future' campaign in 2019/20. The campaign communicates our ambitions in relation to both sustainable food production and talent development for the benefit of individual employees and the sustainable transition.

Working at our abattoirs and factories is physically demanding, and this presents a special challenge in terms of attracting and retaining employees. In an effort to ensure good job fits and retain new employees, we drew up competence profiles in Denmark in 2019/20 for use in connection with our dialogue with local job

centres and recruitment in general. We also use contract staff, often from Eastern European countries. In Denmark, the employment relationship is a matter directly between the employee and Danish Crown, and employees are covered by a Danish collective agreement, whereas in countries such as Poland, Sweden and Germany we have for several years hired contract staff through third parties. We plan to limit the use of the latter form of employment, see page 43.



Gitte Ferslev Pedersen, social worker, Danish Crown

## New start with a subsidised job

In Denmark, we employ a social worker who assists employees and managers in case of illness or serious occupational injuries. We work together to find a good solution that will retain the employee or otherwise assist him or her. One example is Mogens, who has been employed with Danish Crown since 1982. He first joined the production unit and then moved on to the department for work studies in Horsens, Denmark. Mogens became critically ill in January 2017 but was able to return to work in June 2019 to work ten hours a week. Unfortunately, he fell ill again shortly after and was unable to perform his duties. Mogens had the option of retiring on account of his reduced working capacity but wanted to maintain his connection with Danish Crown. He therefore now works two hours a week in a new subsidised job in Horsens.



### Our ambition

We want to attract and retain employees through attractive jobs, equal opportunities for all and continuous skills upgrading.



### Our contribution to the SDGs

We support targets 4.4, 8.5 and 8.6 by offering youth and adults the chance to acquire work skills and by creating jobs and decent work.



## → Skills upgrading for everyone

Our efforts to motivate and involve managers and employees alike include offers of ongoing learning and skills upgrading.

In 2020, we launched a programme involving more than 2,500 managers, setting out to take the group's management quality to a higher level and promote employee satisfaction. A little more than 700 managers have completed the programme, which will be rolled out in the period until 2022.

With a view to offering customised training programmes for hourly-paid workers, we conducted a skills and motivation evaluation at our Danish production sites in 2019/20. It showed that 75 per cent of our hourly-paid workers want to undergo supplementary training, but also that a good deal of them lack basic Danish-language, arithmetic and IT skills. From January 2021 to June 2021, we will therefore be offering a number of practice-oriented courses in these subjects and special classes for dyslexic employees. We intend to use the experience gained to adjust the programme and subsequently roll it out across the group.



## Practice-oriented courses

We offer courses in basic Danish-language, arithmetic and IT skills and special classes for dyslexic employees.

### Investing in apprentices

We assume a special responsibility for making young people aware of the career opportunities offered by the food industry. Among other things, we are behind the new Danish butcher training programme with training in health and safety, sustainability and prevention of injuries



# ↑20%

## higher annual intake of butcher apprentices in 2025 relative to 2018

as part of the curriculum. We also participate in the Danish Skills Championship, profiling our butcher and automatic control technician apprentices as role models.

We employ a total of 250 apprentices at Danish Crown, about half of them in Denmark. This means that in 2019/20, we outperformed our target of increasing our annual intake of apprentices by 15 per cent in 2020 relative to 2018. A contributing factor to this was the tripartite agreement concluded by the Danish government in May 2020, which made it possible to receive grants from Arbejdsgivernes Uddannelsesbidrag (AUB). Against this background, we have set up an additional 15 butcher apprenticeships and five auto mechanic apprenticeships.

We are especially focusing on butcher apprentices and on increasing the number of adult apprentices. The goal is to take on 25 per cent adult apprentices, which we succeeded in doing in 2019/20. Another centre of attention is the gender composition of our apprentices, which is currently 28 per cent female apprentices in Pork, Beef, DAT-Schaub and Danish Crown Foods. Especially the gut cleaner programme in DAT-Schaub is attracting women.

Unfortunately, attracting qualified apprentices has proven a challenge in recent years. In 2020, we will therefore

allocate part of the grant from Arbejdsgivernes Uddannelsesbidrag (AUB) to increase awareness of our apprenticeships and career opportunities in the industry.

### The leaders of the future

Through our international Graduate Programme, we enrol new high-level education graduates in a two-year programme, in which we build on their academic competence and develop the skills required to become a future people manager or project manager or even to fulfil a role that may not exist at Danish Crown today. As part of the programme, the candidates work in one of our business units outside their home country for a period of eight months and are guaranteed a job in the group after completing the programme.

While the programme is a success, we have unfortunately not succeeded in reaching our 2020 target of a 50/50 split in terms of gender and Danish/international profiles among the seven candidates enrolling on the programme in September 2020. We are therefore extending the target to include 2021 and also aim to increase the proportion of international students in the years ahead as part of our long-term efforts to increase diversity in the management team of Danish Crown, see page 39.



# A safe and healthy workplace

Knives, robots, vehicles and heavy lifting are a fixed part of our hourly-paid workers' day-to-day work and involve a special risk of work accidents and work-related illnesses that we go to great lengths to minimise.

We are committed to providing a safe and healthy workplace for all our employees. Our health and safety organisation systematically addresses occupational health and safety issues, and it is an integral part of our 'One Management System', which will be implemented globally towards 2023, see pages 12 and 41.

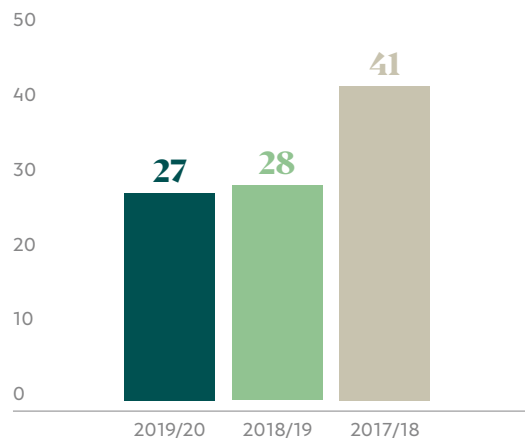
The management system integrates existing environmental and occupational health and safety management systems and formalises the work across geographies to ensure uniform registration of preventive measures, fire and security controls, work accidents, etc. We continually strive to become better at predicting and preventing

health and safety issues and set ambitious targets to minimise the number of work accidents.

Our occupational health and safety efforts took a twist in 2020 as a result of the COVID-19 pandemic. Right from the start, we launched a number of measures to protect our employees from becoming infected at work and to maintain our ability to produce food in a responsible manner. We have furloughed vulnerable employees with sick pay and focused on containing the spread of the virus among our employees, and we invariably comply with the most recent regulatory instructions, see page 6.

## Lost-time accidents

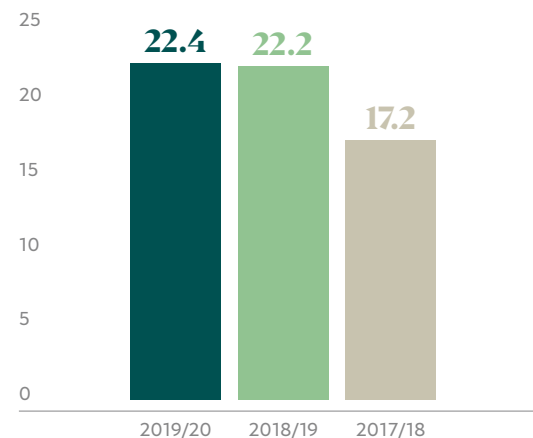
Frequency of lost-time accidents (number of accidents per 1.000 FTE)



Despite COVID-19, the frequency of lost-time accidents fell from 28 to 27. This is not least due to the efforts in Danish Crown Beef, where the frequency of lost time accidents was reduced significantly in 2019/20.

## Absence due to lost-time accidents

Average days of absence per accident



Because COVID-19 infection related to work at Danish Crown must be reported as accidents at work, the number of days of absence per accident in 2019/20 was unfortunately on a level with 2018/19.



### Our ambition

We want to provide a safe and healthy workplace for all our employees, and we proactively take responsibility for our own and others' safety, health and well-being.



### Our contribution to the SDGs

We support target 8.8. by protecting labour rights and providing a safe and secure working environment for everyone.



### Occupational safety campaign

The workplace culture is crucial to the safety of our employees, and our management team is leading the way towards maintaining a strong health and safety culture. This includes ensuring that safety instructions are available and easy to understand for all employees.

Before the COVID-19 pandemic really began to affect the group, we updated our occupational health and safety policy and launched Safety First, a Danish occupational safety campaign encouraging our employees to proactively take responsibility for the working environment. We managed to roll out the first stage and have already delivered positive results in, for instance, Danish Crown Beef, where the incidence rate has dropped from 39 to 16 after the campaign. We will continue the campaign in 2020/21, and the group will continue on the road to an incidence rate of 20 and aim for further reductions if it reaches its goal of 20.

### Special focus on attrition

Work-related illnesses typically arise after years of exposure, and work instructions, workplace layouts, production patterns, robot technologies and other high-tech ancillary equipment are important tools to reduce the strain on and attrition of our employees.

In 2019/20, we stepped up our efforts to test and implement new automation solutions designed to reduce heavy lifting and monotonously repeated work and thus make the working day easier for our employees. We are also planning to further digitalise data collection with a view to gathering more production data and making better use of it. However, COVID-19 has put the roll-out of the data system in Germany on hold until 2020/21.

In Denmark, we now have two psychomotor therapists treating employees with muscular and skeletal disorders (MSD) and assisting with expert evaluations of workplace layouts and preventive measures. To learn more about the incidence of MSD among our employees, we launched a screening programme covering all our

Danish business units in 2019/20, and we intend to use the findings to plan a special MSD initiative in 2020/21.

In addition, in an effort to retain them in the labour market, we have successfully completed retraining programmes for employees who are or are at risk of becoming worn out. In Denmark, we use the retraining scheme supported by the Danish Agency for Labour Market and Recruitment. Retraining programmes are individual and may include guidance, vocational supplementary training and trainee periods. Unfortunately, the COVID-19 situation and the lockdown of educational institutions in 2020 have obstructed the commencement and completion of programmes.

In Denmark, we also assist worn-out employees in their dialogue with the authorities on being awarded senior pension. Under the new rules on senior pension, which took effect in 2020, individuals with up to six years to state retirement pension age can apply for senior pension if they can demonstrate reduced working capacity and long-term labour market inclusion.

At Danish Crown, flexible retirement from the labour market is not just about being allowed to stop working if you are worn out. Therefore, we also support the Danish government's ambition to create a more flexible pension system. Lastly, we are very pleased to note that health and safety is part of the new Danish 2020-2023 collective agreement for abattoirs, see page 46.



## Safety campaign

In Denmark, we have run a major campaign setting out to bring everyday occupational safety into focus.



### Testing Exoskeletons

Physically demanding work is one of the main drivers of MSD (musculoskeletal disorders) and early retirement from the labour market. Working at an abattoir is shoulder-intensive due to repetitive movements and heavy work involving raising the arms. Although we have launched a large number of ergonomic measures to reduce shoulder straining at our Danish abattoirs, some work functions remain where straining could be reduced by means of mechanical exoskeletons. An exoskeleton is a mobile mechanical metal skeleton supporting the body and giving the person carrying it increased strength by means of a spring system.

Studies of mechanical exoskeletons have shown a straining reduction of up to 40 per cent in connection with lifting and working above shoulder level. However, effects have primarily been evaluated over a short period of time in lab studies with a limited number of participants. Against this background, we have launched a pilot project in 2020 to study the use of mechanical exoskeletons at our Ringsted abattoir over a two-year period. The project has received financial support from the Danish Working Environment Research Fund and will be carried out by Dansk Ramazzini Center in collaboration with work medical clinics in Denmark and Canada.



# Responsible business conduct

Women in management | Animal welfare | Waste water and waste | Human rights

Supply Chain management | Anti-corruption | Partnerships | Tax



# Women in management

The agricultural, abattoir and food production industries are traditionally dominated by men, and Danish Crown is no exception. However, we believe that a more even distribution between men and women in management and the organisation as a whole will lead to better decisions and results and make us more robust. Increasing the number of women in the organisation is therefore a main priority for us.

## Our approach

We believe that diversity in our management supports sustainable solutions. In accordance with the Recommendations on Corporate Governance, our Board of Directors has approved our diversity and inclusion policy, which also sets out goals for diversity at our various management levels and among candidates and apprentices, see page 35. Our goals cover both gender and nationality as we wish to enhance diversity on both parameters. Our approach to diversity comprises – but is not limited to – age, gender, sexual orientation, ethnicity, nationality, culture, religion, physical ability, education and skills.

Our efforts to increase the proportion of women in management are focused on attracting and retaining women and ensuring that we do not pass over half the labour market talent pool. We try to avoid unconscious bias in our recruitment processes, for instance by wording our job adds very carefully and requiring at least one of the last three candidates for executive positions to be a woman. Furthermore, we continuously monitor

developments at our various management levels and across the group and our business units.

## Our progress

The proportion of women in executive positions is stable at 38.1 per cent, which does not reflect our activities to increase that number. It is a challenge to attract external women managers to our locations, but through initiatives like our graduate programme we hope to create a pipeline of women candidates.

We are also pleased to note that we reached our goal of 20 per cent women on the Board of Directors of Danish Crown A/S already last year. Two out of the ten members elected by the general meeting are women, and we plan to set new goals in 2021. On the other hand, we have yet to attract women to the Board of Directors of Danish Crown AmbA. Our goal is 10 per cent women by 2025. The Board of Directors of our cooperative consists of ten members elected from among our owners, most of whom are men. As a result of more men joining the group, the proportion of women among our Top 50

managers has fallen slightly from 8 per cent to 7 per cent. We hope to reverse the trend and maintain our requirement that at least one of the three last candidates for executive positions must be a woman.

In an effort to put a stop to some of the prejudices about “women in male professions”, we brought the subject into focus in our Danish staff magazine in 2020. Among other things, we profiled female abattoir, gut cleaning and automatic control technician apprentices to emphasise that the way to an executive position at Danish Crown begins early and that we must actively address gender equality in and across the entire organisation. All experience shows that such role models are needed to attract more women. Therefore, we are pleased to note a positive development among our future leaders in the Graduate Programme, with 43 per cent of the graduates enrolling in the programme being women in both 2019 and 2020, compared with 20 per cent in 2018. We are confident that our measures will eventually enhance gender diversity across the organisation.

## Gender diversity on boards and in management

Management level	Gender diversity target	2019/20 status
Board of Directors of Leverandørselskabet Danish Crown AmbA	10% in 2025	0%
Board of Directors of Danish Crown A/S	20% in 2021	20%
Executive Board	33% in 2025	0%
Top 50 leaders	30% in 2030	7%



### Our ambition

We will build a stronger platform for women in management, and we have defined goals for diversity at our various management levels.



### Our contribution to the SDGs

We support target 5.5 by providing equal opportunities for leadership at all decision-making levels.



# Animal welfare

Healthy, thriving animals are a cornerstone of our business, and we work according to the steadfast principle that any animal used in our production must be treated well throughout its life. Besides, animals welfare generally yields better and more meat.

## Our approach

Our animal welfare policy is based on the globally recognised five freedoms defined by the Animal Welfare Committee (AWC). The policy applies to all markets, the production of both pork and beef and all Danish Crown brands. It defines our position on important animal welfare issues such as tying up and the use of boxes and farrowing pens, routine tail docking, teeth clipping or grinding, castration, transport, cloning and the use of genetically modified animals, growth promoters and antibiotics, rooting material and pre-slaughter anaesthetisation. Animal welfare requirements are also set out in our Code of Practice for cooperative members, which lays down minimum requirements to be met by suppliers of pigs and sows to Danish Crown, in separate Codes of Practice for haulage contractors in Denmark and Sweden and in our general Code of Conduct for suppliers.

EU animal welfare legislation sets out common minimum requirements covering all markets. We also comply with national legislation, industry standards and customer-specific welfare programmes that sometimes go

beyond EU requirements. We market a range of special products produced according to high animal welfare standards, such as 'Dansk Kalv', organic beef and pork and pork from pigs reared without the use of antibiotics (ABF). We also contribute to the development of labelling schemes, such as Better Animal Welfare, the Danish state-driven animal welfare label, see page 33.

In addition to complying with EU animal welfare legislation, Denmark and Sweden operate a three-step control process: Self-checks, which are carried out by specially trained farm and abattoir staff; veterinary controls with state-employed veterinarians monitoring the entire process from rearing of the animals at the farms to inspections of individual animals at the abattoir; and unannounced external controls performed by relevant authorities and customers.

The controls include the use of medicines, which is monitored closely at the farms and is always subject to approval by the affiliated veterinarians. Even though the use of antibiotics in livestock farming in Denmark and Sweden is among the lowest in the world, we work continuously to reduce it even further.

Our internal network of animal welfare managers and veterinarians works across the group to ensure a common approach to these issues. Moreover, all employees handling livestock at our Danish and Swedish abattoirs complete an animal welfare training programme every three years.

As regards animal transport, we comply with European standards and also have separate Codes of Practice for transporters of pigs, sows and cows in Denmark and Sweden. In addition to complying with national legislation, the requirements of which are stricter than those laid down by the EU, we also require our transporters to ensure quick, gentle and short transportation times from farm to abattoir.

## Our progress

In 2019/20, we worked at developing a certification programme for animal welfare at our abattoirs and preparing the abattoirs for the programme. The programme covers all the animal types we slaughter, thus covering both pigs and cattle. We have developed a baseline based on self-auditing against EU legislation and a benchmarking programme measuring our performance against customers with special animal welfare requirements. We expect to finish the certification programme in the course of 2020/21 and to start implementing it shortly after.

In 2020/21, we will also update our animal welfare strategy and policy based on our most recent knowledge and experience with respect to solving animal welfare challenges, drawing, in particular, on experience from Sweden, a leader in that field with the most stringent animal welfare requirements in the market.



## International recognition

We have won international recognition for our approach to animal welfare. In April 2020, we were ranked Tier 2, the second highest level, in the Business Benchmark for Farm Animal Welfare (BBFAW) Report 2019, the leading global measure of farm animal welfare disclosure in food companies. The report ranks 150 global food companies across 37 animal welfare criteria covering all animal types.

The Benchmark ranks Danish Crown among the companies that have made farm animal welfare an integral part of their business strategy. The main reasons given for this ranking were increased transparency in relation to our management approach and practices on promoting animal welfare and veterinary health.



### Our ambition

We will promote the well-being of the animals and their natural behaviour during all phases of production from farm to transport and slaughtering.



### Our contribution to the SDGs

We support target 2.4 by promoting sustainable food production systems and implementing resilient agricultural practices.



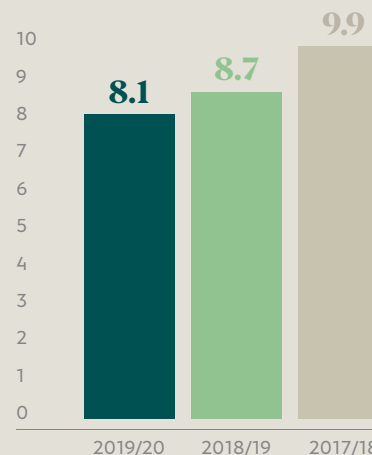


# Less waste water and waste

Our production activities generate waste water with a high content of organic material, and reducing the organic load in waste water is therefore a key element of our efforts to optimise resource consumption and limit our environmental impact. The same applies to our initiatives to minimise non-organic waste.

## COD in waste water

kg of COD per tonne produced



COD (Chemical Oxygen Demand) expresses the volume of organic material in waste water from our abattoirs and processing factories. In 2019/20, COD per produced volume fell by 7 per cent compared with 2018/19, and it is our assessment that this is due to a combination of our initiatives to reduce food waste, implement cleaner technologies and improve wastewater treatment.

### Our approach

Our efforts to reduce the environmental impact of waste water and non-organic waste are an integral part of our environmental management systems that ensure continuous improvements at our production sites. Targets and action plans for the environmental efforts of the individual abattoirs and factories are defined on the basis of the rules and regulations governing environmental issues in the countries in question and the environmental performance already achieved.

We are also in an ongoing dialogue with customers and suppliers on how to reduce the use of unnecessary packaging and excipients and use the least environmentally harmful excipients in our production. Our efforts to optimise the use of energy and water are described on page 28 and page 31, respectively, and our initiatives to minimise food loss and organic waste are described on page 26.

### Our progress

Our Danish abattoirs in Danish Crown Pork and

factories and Sokołów's factories in Poland have been certified according to the ISO 14001 environmental standard for a number of years. In 2020, we started implementing an integrated environmental and health and safety management system, 'One Management System', at all our production facilities in Denmark and Sweden, and by end-2023, the system will be rolled out to all our production sites across the world. The system may be certified according to both ISO 14001 and ISO 45001.

We are continuously working to identify new ways to reduce the organic content of waste water (COD) from our production and cleaning processes. In 2019/20, we tested a new method to remove grease from the waste water stemming from meat ball production at our factory in Esbjerg, Denmark. Meat balls are cooked in boilers that are continuously fed with water, and today, the overflow is mixed with the rest of the waste water. The new method allows the grease to be separated and collected so that it can be used for production of biogas or biodiesel. The grease removal tank will be installed in

autumn 2020 and will be able to collect some 700 kg of grease a day. This method presents a huge potential insofar as it can be used for our many other grease-containing waste streams.

Our production sites collect as much as possible of the non-organic waste for recycling or reuse. About two thirds of the combustible waste from our Danish abattoirs and factories is plastic waste, but 90 per cent of the plastic waste is either mixed types of plastic or contaminated with meat juice and therefore unsuitable for reuse in the current Danish systems. However, we are working to find buyers that are able to reuse the plastic currently sent to the incinerator plant. In spring 2020, we sent 6,000 outworn plastic transport boxes from our factory in Herning, Denmark, to a company that recycles the plastic into, among other things, refuse bags, pallets and dustbins. We are currently examining whether other parts of our plastic waste, in particular worn-out conveyor belts, cutting mats and plastic cores from foil, can be put to similar use. In Denmark alone, we collect more than 65,000 PE plastic cores a year.



### Our ambition

Our approach to environmental challenges builds on the precautionary principle, and we are continually working to reduce our environmental footprint.



### Our contribution to the SDGs

We support targets 12.4 and 12.5 by handling chemicals in an environmentally responsible manner, reducing the release of harmful substances to air, water and soil and reducing waste generation through prevention, recycling and reuse.



## Reusing pallets

New ways of recycling and reusing waste are also an area of interest in our cross-organisational waste optimisation project, see page 26.

As part of this project, our abattoir at Blans, Denmark, is working with a local supplier on recycling broken wood pallets. Instead of turning the pallets into wood chips, they are repaired and recycled. Today, ten out of 11 pallets are repaired, and the few pallets that are non-recyclable are used to repair other pallets. In 2019/20, more than 10,000 pallets were sent for recycling, and in 2020/21, we will look into the possibility of implementing similar programmes at our other production sites.



## Responsible demolition of old factories

Over the past 20 years, we have concentrated production at fewer but larger factories in Denmark and demolished more than 20 shut-down factories. In 2019/20, we demolished a factory at Skive and part of a factory at Esbjerg, Denmark. We also commenced demolition of a factory at Sdr. Borup near Randers, Denmark, as part of the construction of the group's new headquarters.

Before we demolish a factory, we carefully analyse the content of unwanted substances in the building materials, such as PCB, asbestos and heavy metals, that may pose a health and safety risk and impede environmentally responsible reuse of the building materials.

Based on this analysis, we conduct a so-called environmental rehabilitation of the buildings, removing all unwanted substances and leaving only the clean concrete, steel and brick buildings. These buildings are then demolished and crushed to allow the materials to be reused for other building and construction projects. Typically, 90-95 per cent of the building materials are reused. In addition, we check the sites for soil contamination, typically from old oil tanks and cinders from when coal was used as fuel. The land is cleaned up so as to make it safe to use again, and the contaminated soil is taken for soil decontamination or to special disposal sites.



# Respecting human and labour rights

Millions of people around the world are affected by our business activities. It is our responsibility to continuously improve the way in which we deliver healthy and safe food products and promote human rights and labour rights in-house and in our global supply chain.

## Our approach

Our Code of Conduct for managers and employees, our CSR policy and our Supplier Code of Conduct all build on the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact. Together with our production sites, our HR organisation develops and handles processes and approaches that support our endeavours to ensure decent work for all, freedom of association, equal opportunities, protection against discrimination and healthy and safe workplaces, see page 36

In the ongoing evaluation of our compliance with international sustainability principles, we use Sedex's data platform and performance and risk assessment tools. These tools help us ensure acceptable working conditions and comply with specific human rights.

As regards our suppliers, we require them to sign our Supplier Code of Conduct. We also require them to respect human rights and labour rights further on in their chain and encourage them to join Sedex. We also

engage in ongoing dialogue with our cooperative members on the rights of their employees, and our sustainability programme, the Climate Track, also includes workplace assessments and conditions of employment at farms.

If our employees or external parties suspect non-compliance with our code of conduct and obligations, they can report it via our whistleblower scheme, see page 14. Lastly, as part of our reporting obligations in the UK, we publish an annual Statement on Modern Slavery Act, in which we account for our efforts to limit the risk of modern slavery in our value chain.

## Our progress

Following up on our work with Sedex in 2018, we evaluated our performance in 2020, extending the evaluation to cover 58 of our 93 production sites across our business units. Sedex changed its risk assessment approach in 2020, but the launch of their new risk tool has been delayed and we await the final assessment results. However, a preliminary analysis shows that new measures such as our anti-corruption policy have already had a positive impact. Moreover, the analysis confirms that our production sites abide by fundamental labour rights as set out in International Labour Organization (ILO) conventions insofar as 75 per cent have a union representative on their staff and 90 per cent have an occupational health and safety manager with specialist knowledge of occupational health and safety. When the final results are available, they will form part of an in-depth analysis of potential risks of negative impacts on human rights and labour rights to be conducted in 2020/21. We intend to repeat the Sedex risk assessment in 2021/22.

As for many other food producers, access to labour is a challenge for us. This is the case in all our production countries, but we are particularly challenged in Poland, Sweden and Germany, where through several years, up to 80 per cent of our staff has from time to time been contract staff hired via a third party. The largest proportion of third-party contract staff is found in Germany,

where our contract staff typically comes from Eastern Europe. We are very aware of the risk of modern slavery in our supplier chain and continuously monitor third-party employment of contract staff. In 2019/20, we did not observe any issues of concern in the course of our supervision, which comprises both accommodation and employment conditions, including pay, while we naturally also keep a watchful eye on the risk of COVID-19 infection among employees and contract staff, see page 6.



## From contract employee to permanent employee in Germany

Wanting to reduce the number of third-party contract staff, we launched a pilot project in Germany in late 2019 involving the permanent employment of 150 people at our abattoir in Essen, which has a total production staff of more than 1,100. Subsequently, in August 2020, the German parliament adopted a bill to prohibit the use of third-party contract staff. The reasons given for the prohibition, which takes effect in January 2021, relate, among other things, to contract staff accommodation. We have supported the bill all along, although it will pose a challenge to our production, especially during peak seasons, and we will use the lessons learned from the pilot project to comply with the prohibition. In 2020/21, we will also examine the possibilities of utilising our experience in other countries where we hire contract staff via third parties.



### Our ambition

We respect international conventions on human rights and labour rights, and we strive to mitigate any negative effects on human rights and labour rights in our organisation and our value chain.



### Our contribution to the SDGs

We support targets 8.5, 8.7, 8.8 and 16.2 by offering decent work, combating modern slavery, protecting labour rights and providing a safe and stable working environment.



# Responsible supply chain management

As a global food company, Danish Crown works closely with suppliers and business partners all over the world. It is our responsibility to ensure that consideration is shown for animal welfare, food safety as well as environmental and social conditions across our supplier chain.

## Our approach

Our Supplier Code of Conduct defines the minimum requirements to be met by our suppliers of goods and services. It is based on compliance with applicable national and international legislation and recognised international standards on animal welfare, food safety, environmental, human rights and labour rights and anti-corruption. Reflecting our commitment to comply with the UN Global Compact principles and the UN Guiding Principles on Business and Human Rights, the code sends a clear message that we want to work with suppliers who maintain responsible business conduct and can help us meet our sustainability targets.

We expect our suppliers to adopt policies and implement management systems aligned with their size and business type and to make demands further on in their supply chain. At the same time, we reserve the right to audit our suppliers, and we encourage them to join Sedex, a data platform for responsible sourcing in global supply chains.

We have also drawn up a separate Code of Practice for our cooperative members that lays down minimum

requirements to be met by suppliers of pigs and sows to Danish Crown, and our haulage contractors are subject to special requirements.

## Our progress

Among the suppliers handled by our group procurement function, we are in the process of implementing our Supplier Code of Conduct, which we launched in 2019. In accordance with our commitment to comply with the strictest food safety and quality standards for our products, we focus especially on suppliers of food ingredients and other products which are either used directly in or are in contact with our food products, as well as on logistics.

At the end of 2019/20, more than 750 suppliers, covering about 30 per cent of the purchases made at group level, had endorsed our Supplier Code of Conduct. The goal is for 85 per cent to have endorsed our requirements in 2020/21 and 90 per cent in 2021/22. We are currently in dialogue with a few of our suppliers regarding our endorsement of their own codes. All suppliers of meat to Danish Crown Foods have accepted the code.

Going forward, based on our digital platform, suppliers can only make an agreement with our group procurement function if they have accepted our Supplier Code of Conduct. Lastly, in 2019/20, we defined requirements regarding imports of responsibly produced soy for our food production, see page 25.

With a view to further developing our strategy work concerning responsible supply chain management, our procurement function is working closely with our sustainability team. Efforts included test audits with cross-referencing of sustainability and quality audits. We will use the lessons learned to develop our audit programme for the coming years and as input in defining risk categories and strengthening risk assessments of our suppliers. In 2020/21, we plan to strengthen the implementation through staff training in our sourcing function and to define baselines for the various areas and product categories.



## Requiring higher standards for drivers

In 2018, we were involved in a case concerning potential violation of human and labour rights among our haulage contractors. In response to this, Danish Crown and three Danish haulage contractors adopted a declaration on health, safety and rights for transport sector employees, which currently applies to about 80 per cent of Danish Crown's external road transports in Europe. Drivers are guaranteed better accommodation, as also stated in the report entitled "Menneskerettighederne – sådan går det med de største danske virksomheders due diligenceindsats og rapportering" published by Danish NGO Danwatch in August 2020. Moreover, the mobility package adopted by the EU in July 2020 includes additional measures to improve working conditions for EU drivers and protect them against social dumping.



## Stepping up due diligence efforts for Brazil

ESSFOOD, our trading company, sells and distributes fresh and frozen food products all over the world. In February 2020, ESSFOOD drew criticism for distributing meat from a Brazilian abattoir without being provided with a guarantee for its origin. The abattoir had been accused of having sold meat from cattle farmers who had been fined for illegal deforestation.

We have acted on criticism and are in the process of strengthening our due diligence processes in connection with reselling. The first step is to ensure that ESSFOOD's suppliers in Brazil accept our Supplier Code of Conduct. Secondly, we will audit selected suppliers as soon as the COVID-19 outbreak allows. We have ended our collaboration with the abattoir in question, which was a minor supplier to ESSFOOD.



## Our ambition

We will integrate environmental, social and ethical considerations into our business operations and through our value chain by making demands on our suppliers.



## Our contribution to the SDGs

We support target 12.6 by encouraging suppliers and business partners to adopt sustainable practices.



# Fighting corruption

As we sell our products in more than 130 countries, maintaining integrity and transparency in all our activities across geographies and cultures is critical to our credibility. Therefore, combating corruption in all its forms is the responsibility of all the group's managers and employees.

## Our approach

We work according to international principles for combating corruption and bribery, and our anti-corruption policy and relating guidelines apply to all employees in the countries in which we do business. Our expectations with regard to ethical business conduct are laid down in our Code of Conduct for managers and employees and reiterated in our Code of Conduct for suppliers. We also expect our suppliers to require their suppliers to contribute actively to combating corruption and bribery.

Our anti-corruption policy is based on a preliminary in-house analysis of the main risks affecting Danish Crown, and we continuously expand our risk analyses regarding corruption and bribery in our organisation to prevent violations. In addition, at our production sites, we use Sedex tools, see page 43, for evaluating in-house awareness of our rules.

With a view to promoting a corporate culture that complies with anti-corruption rules, we provide guidelines in Danish, English, Chinese, Polish and German and

customise our education and training programmes to fit the duties discharged by our employees. We also encourage our employees and external partners to notify us if they suspect non-compliance with the rules. One way to do this is via our whistleblower scheme, see page 14.

## Our progress

In 2019/20, we rolled out our anti-corruption policy and introduced in-house guidelines for gifts, travels and hospitality and for how to avoid bribery. These measures have been followed up by clear communication from management regarding our expectations, and a new anti-corruption e-learning module has been added to our compliance programmes. In addition to regular training of relevant employees, we plan to integrate the

training into our onboarding process for new employees in the course of 2020/21.

Our Sedex analysis conducted in early summer 2020 showed that 68 per cent of the participating production sites were aware of our anti-corruption policy, which we consider satisfactory given that the policy is still being rolled out.

In 2020/21, we will also draw up in-house guidelines for other areas covered by our policy and for possible grey areas, including donations, sponsorships and contact with public authorities. At the same time, we will keep a watchful eye on our activities in China and carefully assess the risk of corruption there.



## Our ambition

We do not tolerate corruption or bribery, and we work actively to comply with and support anti-corruption and anti-bribery legislation.



## Our contribution to the SDGs

We support target 16.5 by working to eliminate corruption and bribery in all their forms.



**Danish Crown  
is committed to  
fighting corruption**

## Anti-corruption campaign

In January, we ran an internal campaign throughout the group to increase employee awareness of risks of corruption of our activities.



# Responsible partnerships and public affairs

We have many stakeholders around the world, and we seek dialogue and influence in areas that impact our business, just as we take responsibility for the areas affected by our activities. Openness and trust are the key to creating results that benefit both our company and society.

## Our approach

The food industry often attracts attention, and we are occasionally met with strong opinions about our company. Constructive and respectful dialogue based on facts is therefore crucial to our "license to operate" and our role as a socially conscious actor. Creating and maintaining trusting relations requires that we keep our promises, that we listen and learn from our cooperation with others, and that we involve and respect our stakeholders' input when we formulate our opinions and make decisions.

To formalise our approach to collaboration and dialogue with the society around us and our stakeholders, we have developed a number of policies and a code of conduct. These, together with communication and training, help ensure that we act as one across our group and cultures and protect our reputation and brand.

## Our progress

Our Code of Conduct, which was introduced in April 2019, has served as the foundation for the development of our new whistle-blower scheme, see page 14, and our

communications policy, which was approved in September 2020. The policy includes guidelines for public affairs to clarify our expectations for our lobbying work and ensure that we avoid conflicts of interest. The policy, for example, makes clear that we wish to put our versatile skills and broad experience positively into play in initiatives and partnerships that can contribute to the sustainable transition of both our company and society generally.

As part of our development and transition, we often enter partnerships with research institutes, and therefore in March 2020 we launched a standard for the group's research projects. This standard is to ensure that our engagement complies with the principles for independent research. The standard is thus a natural response to the criticism in the Danish media in summer 2019 of our collaboration with Aarhus University and the Danish Agriculture and Food Council on the climate impact of beef and veal.

Of particular relevance for our work with sustainable food production, we have in 2019/20 intensified our

work to create industry solutions for the import of responsible soy, see page 25, and in March 2020 we became a member of the World Business Council for Sustainable Development (WBCSD). Together with other global actors in the food industry, we participate in WBCSD's initiative 'Food Reform for Sustainability and Health', which aims to find business-driven solutions for the industry's transformation, and we are working closely together on our upcoming MEAT2030 conference in 2021, see page 32.

We are also satisfied with the outcome of the Danish government's tripartite agreement on extraordinary help for trainees, apprentices and companies, see page 35, and with the collective agreement negotiations for 2020-2023 (OK20). OK20 was agreed between the food sector trade union NNF and the employer organisation Dansk Industri for the slaughtering area in spring 2020. For the first time ever, employee health and welfare has been incorporated into the agreement itself, with a section on health and safety. Also worth noting is that a protocol on the green transition has been included. This places focus on further developing the company's ability to adapt and innovate, including competences and regularly increasing qualifications, so employees and managers are equipped to collaborate on sustainability. Here, and as can often be the case, we use our experience from Denmark and pass it on to the other countries we operate in.

Finally, the climate agenda attracted much attention internationally in 2019/20, and in Denmark our Group CEO Jais Valeur took on the chairmanship of the Climate Partnership for the Food and Agriculture sector, see pages 4, 5 and 18. He is also continuing in the government's Green Business Forum with leading representatives from the Danish business community.

More recently, in August 2020, Jais Valeur also took on a role as chair of the Danish government's restart team for the food industry, which aims to guide the industry as carefully as possible through the export challenges and opportunities that COVID-19 offers.



## Our ambition

We will act with integrity and reliability in all activities where we seek to influence and practise public affairs.



## Our contribution to the SDGs

We support target 17.17 by encouraging and participating in effective partnerships between companies, authorities, researchers and civil society.



# Responsible tax

We run a global business and make a considerable contribution to society in the form of tax payments in many countries. We recognise that tax payments are important for welfare and social development. We are responsible and open on tax matters.



### Our ambition

We aim to ensure we comply with our tax obligations in the countries where we have activities, while balancing our tax expenses in a responsible way based on commercial considerations.



### Our contribution to the SDGs

We support the SDGs through our tax payments and accept the international tax reforms that emerge from international organisations like the OECD and EU.

### Our approach

We view openness and responsibility in relation to tax matters as crucial to our credibility, and our tax policy lays down the guidelines that apply to tax matters at Danish Crown. The guidelines are founded on Danish Crown's activities being driven by commercial decisions.

Paying the correct amount of tax on time and where the value is created is fundamental for us. We place our activities and investments where they make commercial sense, and where there is an opportunity to compete on equal terms in the industry.

We recognise tax as an expense on an equal footing with other business expenses, which is why tax payments are considered in all important business decisions. To ensure a reasonable level of tax payments for Danish Crown, we focus on identifying, addressing and mitigating potential tax risks. We regularly assess our processes and controls to ensure we comply with national and international tax standards that are relevant for our business. Moreover, we emphasise having an open

## Tax payment contributions

### Denmark

<b>Danish Crown's cooperative members</b>		→ Income tax → VAT and duties		→ Personal taxes
<b>Leverandørselskabet Danish Crown AmbA</b>		→ Wealth tax		
<b>Danish Crown Danish activities</b> 11,540 employees 35 locations		→ Taxes → VAT and duties		→ Personal taxes

### Rest of the World

11,456 employees 130 locations		→ Corporation tax → VAT and duties		→ Personal taxes
-----------------------------------	--	---------------------------------------	--	------------------

dialogue and we work to build and maintain good relations with the tax authorities in the countries where we have activities.

### Our progress

To be transparent on tax matters we published our tax policy in March 2019. Our tax policy has applied since 2016, and we regularly prepare internal operational guidelines covering the contents of the policy, and we are in continual dialogue with our internal partners to ensure the policy is adhered to.

### Our contribution through taxes

As a cooperative, Danish Crown's activities give rise to various types of tax payments in the countries where we have activities.

As a Danish-based Group whose parent company is a cooperative owned by Danish farmers, we are subject to the rules on taxation of cooperatives.

The key task of the cooperative is to ensure the highest value for the livestock our farmers supply, while creating opportunities for growth. We make regular payments to the farmers for the livestock they supply, while the majority of Danish Crown's annual earnings are paid out to cooperative members as a supplementary payment that is thus taxed at the level of the individual cooperative member. Hence, only a small share of annual earnings are consolidated in Danish Crown for future operations and business.

Danish Crown's owners, the Danish farmers, pay income tax in Denmark. Taxation of Leverandørselskabet Danish Crown AmbA reflects that tax liability is mainly with the owners, which is why cooperative company tax in Denmark is a capital gains tax based on equity.

In addition, our activities incur personal taxes on the salaries paid to the roughly 23.000 employees we have around the world. Likewise, corporate tax, VAT and duties are paid in connection with our regular operations.



# Data and reporting principles

Activity overview | Indicator overview | Data definitions





# Activity overview

Strategic focus areas	Feeding the world	Sustainable farming	Sustainable food production	Good jobs for everyone	Together with customers and consumers	Compliance and sustainability governance
Key activities 2019/20	<ul style="list-style-type: none"> <li>Maintain reliability of supply to the global market during COVID-19 pandemic.</li> <li>Strengthen data quality and calculation methods for lifecycle assessments of pork, veal and beef.</li> <li>Develop action plan for importing responsibly produced soy.</li> <li>Chair the Danish government's Climate Partnership for the Food and Agricultural sector.</li> <li>Participate in the World Business Council for Sustainable Development's initiative 'Food Reform for Sustainability and Health'.</li> </ul>	<ul style="list-style-type: none"> <li>Include all pig cooperative members in our sustainability programme the Climate Track.</li> <li>Expand the Climate Track to encompass cattle production and include the producers of the 'Dansk Kalv' concept in the programme.</li> <li>Develop a function in the existing app to collect and calculate sustainability data from pig production.</li> <li>Participate in research projects to reduce methane emissions from cattle production through breeding and feed composition.</li> </ul>	<ul style="list-style-type: none"> <li>Train our own drivers in environmentally friendly driving.</li> <li>Utilise recovered surplus heat from cooling systems and air compressors in Denmark, Sweden and Poland.</li> <li>Continue transition to 100 per cent renewable energy for production and transport in Sweden.</li> <li>Develop new water-saving technology as a pilot project.</li> <li>Develop programme for animal welfare certification of abattoirs.</li> </ul>	<ul style="list-style-type: none"> <li>Protect employees against outbreaks of COVID-19 at work.</li> <li>Update health and safety policy.</li> <li>Launch Danish health and safety campaign.</li> <li>Screen for musculoskeletal disorders (MSD) among employees in Denmark and launch pilot project on using mechanical exoskeletons.</li> <li>Conduct skills assessment in Denmark and develop customised training programme for the group's production employees.</li> <li>Implement pilot project in Germany focused on reducing the number of third-party contract staff.</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategy for sustainable packaging.</li> <li>Launch our Climate Controlled Pig concept, reinforce the 'Dansk Kalv' concept and introduce plant-based products to provide consumers with a greater choice of sustainably based purchasing options.</li> <li>Determine sources of food waste and develop a food-waste strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen our governance structure within sustainability.</li> <li>Establish a whistleblower scheme.</li> <li>Update research on our contribution to the UN Sustainable Development Goals and their underlying targets.</li> <li>Conduct a Sedex risk assessment of our production sites.</li> <li>Prepare a strategy for responsible supply chain management, including testing the integration of sustainability and quality audits.</li> <li>Roll out anti-corruption policy, guidelines and training.</li> <li>Launch communication policy and standards for the group's research projects and public affairs.</li> </ul>
Planned activities 2020/21	<ul style="list-style-type: none"> <li>Hold MEAT2030 conference.</li> <li>Implement soy action plan, including purchasing RTRS (Roundtable on Responsible Soy)-certified soy and working with FEFAC on improving the guidelines for responsible soy.</li> <li>Complete lifecycle assessments of the environmental footprint of pork, veal and beef from farm to fork.</li> <li>Sign up to 'Science Based Target initiative'.</li> </ul>	<ul style="list-style-type: none"> <li>Include suppliers of slaughter pigs across more countries in our sustainability programme: The Climate Track</li> <li>Strengthen governance of Danish Crown's sustainability programme, The Climate Track.</li> <li>Continue to include cooperative members who produce 'Dansk Kalv' and begin to include suppliers of young bulls and dairy cattle in the sustainability programme.</li> <li>Increase the use of responsibly produced soy in the feed mixes of our cooperative members.</li> <li>Update our animal welfare strategy and policy.</li> <li>Develop and test biodiversity concepts for cooperative members and suppliers of slaughter animals in Denmark and Sweden.</li> </ul>	<ul style="list-style-type: none"> <li>Develop plan for sustainable transport in our value chain and establish baseline for CO<sub>2</sub> reduction.</li> <li>Investigate opportunities for increased electrification and participate in development project to test high temperature heat pumps for sustainable process heat.</li> <li>Identify new uses for the non-edible parts of slaughter animals.</li> <li>Establish full-scale plant for recycling process water and initiate new pilot project to test water-saving technology.</li> <li>Improve the implementation of certification programme for animal welfare at abattoirs.</li> </ul>	<ul style="list-style-type: none"> <li>Develop MSD (musculoskeletal disorder) initiative based on screening of employees in Denmark.</li> <li>Roll out training programme for production staff in Denmark and tailor the programme to the entire group.</li> <li>Continue to ramp up our efforts to attract more apprentices, and female and international job candidates and managers for the group.</li> <li>Increase our efforts to reduce the number of third-party contract staff and ensure decent conditions of employment.</li> </ul>	<ul style="list-style-type: none"> <li>Launch initiatives to fight food waste at the retail and consumer levels.</li> <li>Implement our packaging strategy and develop new, sustainable packaging solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Update CSR policy.</li> <li>Implement integrated environmental and occupational health and safety management system at all production sites in Denmark and Sweden.</li> <li>Develop an ethics policy for data, including use of customer and behavioural data.</li> <li>Further analyse specific potential risks of negative impact human and labour rights in our value chain.</li> <li>Continue to implement our Supplier Code of Conduct among direct suppliers and develop our audit framework.</li> <li>Strengthen internal knowledge-sharing on sustainability at our production sites.</li> </ul>



# Indicator overview

KPI	Unit	ESG	2019/20	2018/19	2017/18	2016/17	2015/16
Animals: Organic, free-range and raised without antibiotics	Number of animals		846,000	785,000	765,000	380,000	310,000
Feed efficiency <sup>1</sup>	Feed units per kg gain, all Danish pigs			2.63	2.66	2.70	2.70
	Feed units per kg gain for pigs on the Climate Track		2.59				
CO <sub>2</sub> emissions	Tonnes CO <sub>2</sub>	*	363,335	410,869 <sup>3</sup>	371,678 <sup>2&amp;3</sup>	380,673 <sup>2</sup>	416,417 <sup>2</sup>
Energy consumption	MWh	*	1,380,923	1,452,121 <sup>3</sup>	1,240,331 <sup>3</sup>	1,290,117	1,412,413
	kWh per produced tonne	*	588	599	509	512	630
Water consumption	1,000 m <sup>3</sup>	*	10,238	10,437	10,379	10,028	10,800
	m <sup>3</sup> per produced tonne	*	4.36	4.17	3.77	3.98	4.82
COD in waste water	kg per produced tonne		8.1	8.7	9.9	12.2	13.4
Lost time accidents	Number of accidents per 1,000 FTEs	*	27	28	41	35	38
Absence due to lost-time accidents	Average days of absence per accident	*	22.4	22.2	17.2	18.7	17.5
Women in management positions	%	*	38.1	37.8	28.0	27.9	25.8

Note:

<sup>1</sup> For the CSR Report 2015/16 and the Sustainability Report 2018/19 we have used the average for all Danish Pigs. For 2019/20 figures derive from the Climate Track.

<sup>2</sup> For these years, some parts of Scope 1 and Scope 2 are not included.

<sup>3</sup> Due to inaccuracies in previous years' data calculations there figures are revised compared to figures in previous years Sustainability Reports:

Energy consumption and carbon emissions included in Sustainability Report 2018/19 were reported app 121,394 MWh and respectively 2,004 tonnes too low.

Energy consumption and carbon emissions included in CSR Report 2017/18 were reported app 269,351 MWh respectively 69,379 tonnes too high.

\* KPIs marked \* are recognised and reported more or less in accordance with the recommendations of FSR – Danish Auditors, Nasdaq and the Danish Finance Society in the publication "ESG key figures in the annual report", released in June 2019. Small differences in accounting principles may occur.

## Reporting scope and reporting principles

Data in the sustainability report cover the accounting period from 1 October 2019 to 30 September 2020 to the best possible extent. The legal entities included correspond to the entities included in the annual report (see the annual report for a description of inclusion principles and a complete list of companies). Enterprises acquired or established during the reporting period are included in the data from the date of acquisition or establishment. Enterprises divested or closed down are included in the data until the date of divestment or closure. The date of divestment is the date when control of the enterprise passes to a third party.

The basic principles for data management and reporting are unchanged relative to last year, when the work procedures and data definitions were updated. This sustainability report is largely inspired by the Global Reporting Initiative (GRI) Standards, however without meeting the in-accordance criteria. Some of the data included in the report are approximate figures based on calculations for slightly different periods. Material changes relative to prior years' reported data or to calculation principles or methods are described in the data definition.



# Data definitions

Sustainability figure	Unit	Definition
Animals: Organic, free-range and raised without antibiotics	Number of animals	Total number of animals slaughtered which were raised organically, as free-range and/or without antibiotics.
Feed efficiency (based on reference feed efficiency for comparable pig growth intervals)	Feed units per kg gain all Danish Pigs	Figures derive from SEGES: 'Country average for productivity, Pig production Denmark 2018.
	Feed units per kg gain pigs on the Climate Track	Figures derive from the Climate Track.
CO <sub>2</sub> emissions	Tonnes CO <sub>2</sub>	Total CO <sub>2</sub> emissions (scope 1 and scope 2) from natural gas, gas oil, fuel oil, gasoline, other fossil fuels, diesel, petrol, electricity, district heating and steam, liquified and compressed gas, dry ice, vacuum-packaging, anaesthesia and refrigerant losses. Calculations are primarily based on specific CO <sub>2</sub> factors for each location. Where these are not available, the latest official CO <sub>2</sub> factors from IEA (the International Energy Agency) are used.
Energy consumption	MWh	Total consumption of fossil and renewable energy sources: natural gas, gas oil, fuel oil, gasoline, other fossil fuels, diesel, petrol, electricity, district heating and steam, liquified and compressed gas, biomass energy, other alternative energy and own production of renewable energy.
	kWh per produced tonne	<b>Content in numerator:</b> Total energy consumption. <b>Content in denominator:</b> Volume of produced products in tonnes.
Water consumption	1,000 m <sup>3</sup>	Total consumption of water from all sources: Groundwater, surface water, (including collected rain water), sea water, water from municipality facilities and other external vendors, own wells or water collections. Bottled water purchased for drinking is not included.
	m <sup>3</sup> per produced tonne	<b>Content in numerator:</b> Total water consumption <b>Content in denominator:</b> Volume of produced products in tonnes.
COD in waste water per produced volume	kg per produced tonne	<b>Content in numerator:</b> Total tonnes of COD in waste water. <b>Content in denominator:</b> Volume of produced products in tonnes.
Lost time accidents	Number of accidents per 1,000 FTEs	<b>Content in numerator:</b> Number of work-related accidents An accident is recorded when it occurs during working hours and causes at least one day of absence after the day of the accident. Accidents during travel to/from work are generally not included. Both permanent and temporary employees at Danish Crown are included. Employees working for and managed by Danish Crown's contractors and subcontractors are not included. <b>Content in denominator:</b> Number of 1,000 FTEs.
Absence due to lost-time accidents	Average days of absence per accident	<b>Content in numerator:</b> Total workdays of absence due to lost-time accidents excluding the day of the accident. If an accident causes more periods of absence, all days of absence are included. Absence within the reporting period due to accidents in previous periods are not included. <b>Content in denominator:</b> Number of lost-time accidents.
Women in management positions	% of all management positions	A manager is defined as an employee with managerial responsibility for other employees.
Full-Time Equivalents (FTEs)	No.	One FTE is equivalent to one employee working full-time (according to the employment hours in the countries where we operate).

Data and figures are derived directly from the Annual Report 2019/20.



Leverandørselskabet Danish Crown AmbA | Marsvej 43, DK-8960 Randers | +45 89 19 19 19  
sustainability@danishcrown.com | danishcrown.com | CVR no. 21643939