

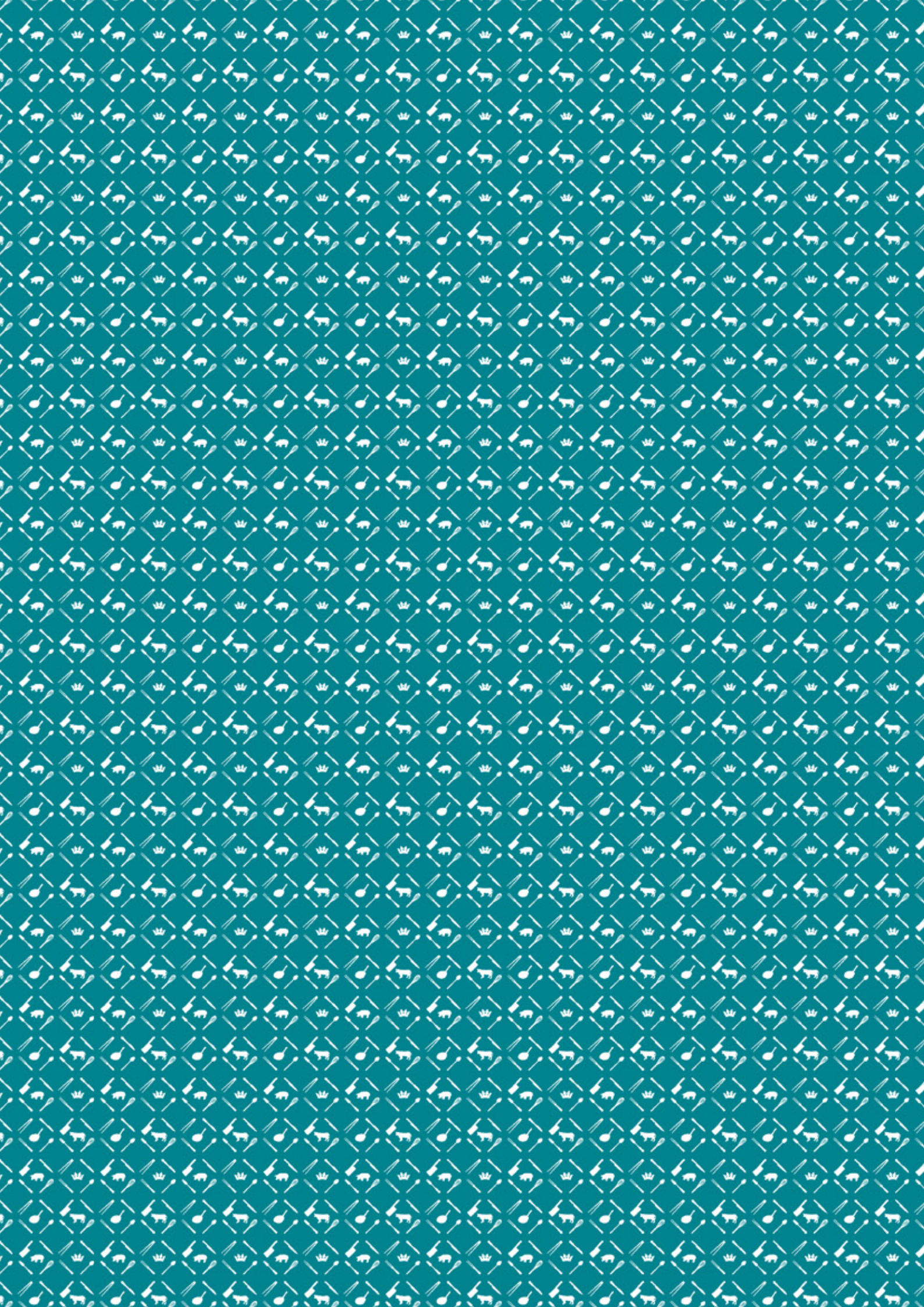
UN

GLOBAL

COMPACT

PROGRESS REPORT

2011/12



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MANAGEMENT'S CSR REVIEW

Danish Crown is one of Denmark's biggest companies and therefore an important part of Danish society.

For a food company like Danish Crown, CSR is particularly important in relation to the company's employees, in relation to the animals received for slaughter, in relation to the environmental and climatic impacts of its activities and in relation to food safety.

Following the adoption of the DC2015 strategy plan, Danish Crown's CSR policy has been introduced as a management tool in all group companies.

Today, Danish Crown has activities in many countries around the world which are characterised by considerable cultural diversity and widely differing labour market conditions. In 2011, the company introduced regular reporting within the CSR area, so that the reporting and the quality of the key figures is continually being improved as part of the implementation of the company's CSR policy.

In 2011/12, Danish Crown's CSR policy was rolled out to a far greater extent than previously. Joining UN Global Compact in 2011 meant that the group's first CSR progress report was published in June 2012. The group's CSR policy was incorporated into the DC2015 strategy plan from 2009 and communicated to the group's subsidiaries. The task of integrating CSR in the daily

routines across the group has thus been launched. The present report, the group's second CSR report, will reflect how the UN Global Compact guidelines are being integrated in the company to promote socially responsible behaviour.

In practice, our support for the UN Global Compact is expressed through the formulation of a climate strategy and the continued implementation of measures to reduce our impact on the environment and climate. In relation to the company's employees, the company is focusing more on occupational injuries and job satisfaction and well-being. The purchasing function is incorporating CSR and UN Global Compact principles when negotiating contracts and conducting supplier audits. In addition, a number of projects are being undertaken relating to healthy foods and food safety as well to the UN Global Compact's other principles.

Throughout the entire value chain, Danish Crown's chief priority is to ensure proper and decent conditions for animals, people and the environment. Danish Crown has considerable experience at helping employees who have been made redundant find new work, setting animal welfare standards and improving technology for the sake of the environment. The strategic focus within this area will ensure a high degree of responsibility and propriety within future CSR activities.

Kjeld Johannesen
Group CEO





ABOUT DANISH CROWN

Since 2010, all operating activities in the Danish Crown group have been carried out in limited companies. The primary slaughtering activities take place in the parent company Danish Crown A/S, which is still wholly owned by Leverandørselskabet Danish Crown AmbA. Leverandørselskabet Danish Crown AmbA follows traditional democratic principles in Danish agricultural cooperatives. Among other things, this means that the company is wholly owned by Danish farmers and that the company focuses on the interests of its cooperative members.

RESULTS

In 2011/12, Danish Crown realised a growth in sales, primarily as a result of higher prices, improved exchange rates and the acquisition of new companies. The competitive situation remains tough, but the company succeeded in returning a profit almost on a par with last year's result. In 2011/12, the settlements paid to the suppliers were again at a competitive level.

PRIMARY ACTIVITIES IN 2011/12

Danish Crown's strategy plan DC2015 includes a goal of creating a more balanced company. This goal was to be realised, for example, through consolidating the company's presence in the main markets in northern Europe while at the same time increasing the processing activities in the subsidiaries. So far, the slaughterhouse DC Fleisch in Germany has been acquired in 2010/11, and in 2011/12 many resources have been allocated to optimising operations. In addition, supplementary processing activities have been acquired in the UK. Work on building a new processing factory has started in the US. In Poland, a new slicing factory has been built. And in Denmark, a new cattle slaughterhouse is taking shape in southern Jutland. The Danish Crown subsidiary DAT-Schaub has invested in a US company for integrating with an existing enterprise.

COMPANY STRUCTURE

Danish Crown's primary activity is the slaughter and sale of the pigs and cattle supplied by members. In recent years, the processing activities have grown considerably. The reason is a desire to ensure a more stable sales platform and to bring the added value derived from the processing activities home to the cooperative members in Denmark.

The slaughtering of the animals supplied by members takes place in the fresh meat divisions DC Pork and DC Beef. Processing activities fall under DC Foods, which comprises the subsidiaries Tulip Food Company, Tulip Ltd, Plumrose USA Inc. and the partly owned Sokołów S.A. Tulip Ltd and Sokołów S.A. also slaughter animals supplied by non-members.

The subsidiaries have independent profiles with their own boards of directors, executive boards, defined key markets, brands and products. There is emphasis on decentralised management, with central coordination and strategic development of the group's combined activities.

COOPERATIVE OWNERS

Danish Crown is owned by 9,031 cooperative members in Denmark. Of these, 3,479 members supplied pigs, sows or both for slaughter, while 6,077 supplied cattle. The number of cooperative members is continually declining, as has been the trend for the past many trends. This is the result of structural developments in Danish agriculture, where a decreasing number of farmers are producing more; there were 9,577 members in 2010/11, while in 2011/12 there were 546 fewer.

DANISH CROWN'S CSR POLICY

Danish Crown's CSR policy was drawn up for the first time in the strategy plan DC2015, where it reads as follows:

As a global player, the Danish Crown group recognises a growing need and desire for a CSR policy as such – it is a concept that is becoming increasingly important both in Denmark and on the international scene. For example, the new Danish Financial Statements Act requires that CSR is included in annual reports. Therefore, a proper CSR strategy for the Danish Crown group has been prepared with the title "It's all about decency".

Today, Danish Crown is part of a global community, a position that puts it under certain obligations. Social responsibility has been on our agenda for many years and, while respecting cultural differences, we are constantly working to disseminate best practice internationally.

It's all about decency. Both in relation to the company's employees, in relation to the live animals received for slaughter, in relation to the environmental and climatic impacts of the company's activities and in relation to supplying safe food products to consumers worldwide.

Today, the Danish Crown group has some of the most modern production facilities in the world. Getting to this stage has involved the implementation of new technology which to a very large extent puts more focus on safety at work, repetitive strain injury, the environment, climate change and animal welfare.

Danish Crown has activities in many countries around the world which are characterised by considerable cultural diversity and widely differing labour market conditions. Consequently, some parts of the company have come a longer way than others in terms of implementing social responsibility in their operations.

The starting point for Danish Crown's CSR strategy is participation in the UN Global Compact. Global Compact is a voluntary initiative aimed at establishing a partnership between the UN and the international business community with a view to promoting corporate social responsibility in a global context. Global Compact is based on ten principles:

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Businesses should uphold the elimination of all forms of forced and compulsory labour
5. Businesses should uphold the effective abolition of child labour
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

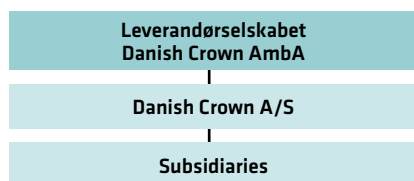
Companies joining the UN Global Compact initiative must draw up an annual progress report – or Communication on Progress – to be published together with their annual reports.

The annual progress report focuses increasingly on the group's activities within the three business areas DC Pork, DC Beef and DC Foods. Under the individual business areas a description is provided of special activities which show the progress being made within the CSR area. The increased focus on group activities has meant that several of the group's key subsidiaries refer in their own annual reports to the group's CSR report and policy. The DAT-Schaub group is one example. These subsidiaries and their operating units are included in the group figures and descriptions which form the basis of the CSR report.

In the coming years, Danish Crown will strengthen its CSR activities; this will include describing and disseminating CSR policies for its subsidiaries in Denmark and abroad as well as the establishment of follow-up and reporting procedures. Participation in the UN Global Compact initiative involves working actively to ensure progress within the individual areas – it is not about providing an ultimate guarantee of complete compliance within all areas.

CORPORATE GOVERNANCE IN DANISH CROWN

The primary parent of the Danish Crown group is a cooperative company, but the group is also organised as a public limited company with Danish Crown A/S as the secondary parent. In the 2011/12 financial year, all shares in Danish Crown A/S were owned by the cooperative parent.



CORPORATE GOVERNANCE IN LEVERANDØRSELSKABET DANISH CROWN AMBA

Leverandørselskabet Danish Crown AmbA is a primary cooperative owned by the majority of the company's Danish suppliers of animals for slaughter and managed with reference to its Articles of Association and accepted Danish cooperative principles. At the end of 2011/12, Leverandørselskabet Danish Crown AmbA had 9,031 cooperative members.

The corporate governance of Leverandørselskabet Danish Crown AmbA focuses on the cooperative's overall objective of selling member deliveries in the best possible way. Furthermore, the corporate governance aims to develop responsible and genuine cooperation with the company's other stakeholders.

The **Board of Representatives** is the supreme governing body of Leverandørselskabet Danish Crown AmbA and currently consists of 202 representatives elected by the cooperative members and 21 representatives elected by the employees. Members of the Board of Representatives are elected at local district meetings for a period of three years at a time by and among the company's cooperative members. The two district meetings which are normally held a year are also used to inform members about the company, including the annual report. In addition, the dialogue with the cooperative members takes place on an ongoing basis, primarily via electronic weekly newsletters.

The Board of Representatives receives general information about the current state of the company and quarterly reports with financial statements and comments on the group's business activities, which are elaborated on further at the meetings. The Board of Representatives receives information about or adopts, based on a recommendation from the Board of Directors, matters of significance to the group, including its strategy plan, capital structure, annual report, distribution of profit and amendments to the Articles of Association.

The **Board of Directors** of Leverandørselskabet Danish Crown AmbA is in charge of the overall management of the company and elects a chairman and a vice-chairman once a year. The Board of Directors consists of fifteen members, of whom ten are elected at regional electoral meetings by and from among the members of the Board of Representatives. Two independent members are elected by the Board of Representatives upon the recommendation of the Board of Directors, and three members are elected from among the company's employees. All members of the Board of Directors are elected for three years at a time. As regards members elected by the cooperative members, not all members are elected in the same year.

The Executive Board reports regularly to the Board of Directors on the company's financial position through monthly and quarterly reports. Moreover, budgets, large investments, strategy plans and annual reports are presented to the Board of Directors for consideration and adoption. The company's business risks are regularly assessed and reported on, and the Board of Directors considers the company's risk management and control systems on an annual basis.

CORPORATE GOVERNANCE IN DANISH CROWN A/S AND THE GROUP IN GENERAL

The corporate governance of Danish Crown A/S and its subsidiaries focuses on optimising the value creation from the group's Danish and foreign business activities. The purpose is to generate the largest possible return in the short and long term as well as to increase the value of the group. The corporate governance also focuses on developing positive relations with the company's customers, employees, members and other stakeholders, as reflected, among other things, in a written CSR policy.

The **Board of Directors** of Danish Crown A/S is elected by Leverandørselskabet Danish Crown AmbA as the sole shareholder and has in 2011/12 had the same size, composition, chairman and vice-chairman as the Board of Directors of Leverandørselskabet Danish Crown AmbA. However, an analysis of the future composition of the Board of Directors has been initiated with a view to strengthening the business focus and the competencies of the board members as well as clarifying the division of work between the limited company Danish Crown A/S and the cooperative. Members of the Board of Directors are elected for one year at a time.

The Board of Directors holds regular meetings with the company's auditors in connection with the presentation of the annual report and the auditors' records. Moreover, the Board of Directors meets with the auditors without the Executive Board being present. In 2011/12, the Board of Directors set up an audit committee, which reports to the Board of Directors.

The Executive Board reports regularly to the Board of Directors on the company's financial position through detailed monthly and quarterly reports. Moreover, budgets, large investments, strategy plans and annual reports are presented to the Board of Directors for adoption. The company's business risks are regularly assessed and reported on, and the Board of Directors considers the company's risk management and control systems on an annual basis.

The **boards of directors and executive boards** of the individual subsidiaries have been composed to meet individual requirements, but with a general focus on precise reporting lines and the delegation of decentralised and market-based responsibilities for results and development such that group activities are primarily coordinated at the strategic level. All transactions between the group's business units are conducted on an arm's length basis.

In the large companies, the boards of directors and executive boards are primarily composed of members of the Board of Directors and Executive Board of Danish Crown A/S and, to an increasing extent, independent board members possessing expertise within the various relevant business areas.

FOOD SAFETY AND HEALTH

FOOD SAFETY

As a food-producing business, Danish Crown depends on the trust that customers and consumers have in its products. Food safety is therefore a high priority and is integrated in the group's internal quality programmes. Food safety is regulated through legislation, and Danish Crown is therefore subject to official hygiene and health requirements from Denmark and the EU as well as those of a number of non-EU countries which place special demands. Moreover, customer-specific requirements regarding food safety must be met.

Danish Crown exports and sells foods to countries in the world with the highest food safety standards and the most demanding customers. It is thus necessary to ensure that the group generally meets the highest hygiene and health standards. Food safety and hygiene are regularly checked and optimised. This takes place by means of:

1. Danish Crown's internal control procedures, which have been approved in advance by the authorities
2. Daily inspections by the authorities at the production site before production start
3. Checks by external inspection authorities of our procedures with reference to HACCP, IFS, BRC and USDA certifications
4. Reviews and checks of special requirements made by customers
5. Systematic registration of and follow-up on complaints
6. Food safety is an integrated part of the group's product development and supplier selection processes.

Due to the high degree of automation at the slaughterhouses, a special concern is the prevention of cross-contamination. The slaughtering process is continually monitored to ensure that products leaving the slaughterhouse are safe for human consumption.

The quality and safety of the group's products is given extremely high priority. Consequently, we are continuously working to improve internal procedures to guarantee the highest possible level of food safety for the sake of consumers.

This is done both through internal audits and cooperation with the authorities, which regularly inspect our production sites to ensure that all procedures comply with the regulatory requirements laid down for food production.

More than 95 per cent of production takes place on facilities certified by an independent third party in accordance with the requirements and rules applicable in the countries where the products are marketed. Danish Crown's facilities are primarily certified on the basis of the following standards: GRMS (Global Read Meat Standard), SQF (Safe Quality Food), IFS (International Food Standard) and BRC (British Retail Consortium).

The IFS and BRC standards have become more exacting during the past financial year, so it is now harder to obtain these certifications. Therefore, the Danish Crown companies have further developed their quality assurance activities, and all facilities certified according to the two standards have fulfilled the new and stricter requirements, thereby maintaining certification at the highest level.

In addition to internal audits and audits conducted in connection with certifications, Tulip's production is regularly inspected by customers and the authorities through announced and unannounced visits; these have all been satisfactory for all parties in the 2011/12 financial year.

An important aspect of the food safety work is identifying any product contamination/defects before products leave production and are shipped to the customers. This has been another focus area in the financial year, and the total volume of recalls was more than halved in 2011/12 to 38 tonnes, which corresponds to 0.001 per cent of the company's total tonnage.

NUTRITION AND HEALTH

The Danish Crown group is aware of its responsibilities with regard to consumer health, and efforts are continuously being made to reduce the salt and fat content of its products. In 2011/12, the share of products living up to national or international nutritional standards increased yet again from 100,000 to almost 104,000 tonnes.

It is Danish Crown's intention to increase the number of products living up to official nutritional recommendations in the coming years. Therefore, the group is working actively with national and international authorities and organisations to prepare recommendations on, e.g., the salt and fat contents in a number of product groups, taking into account factors such as healthy eating, shelf-life and taste.

The companies in the Danish Crown group have also completed several large projects in the financial year which are all designed

to reduce the salt content of certain product groups. The work has primarily taken place at the processing companies, which use most salt to ensure reliable shelf-lives and the consistency of processed products.

Again this year, the Danish Crown group's work with the company's products has been noticed by external business partners and independent players such as the American Heart Association, which has its logo on 75 per cent of Plumrose USA's luncheon meat products to indicate that they live up to the association's requirements for nutritionally correct products.

Moreover, Tulip Food Company's efforts to produce more user-friendly packaging have not gone unnoticed – the company has received the Danish Rheumatism Association's prestigious 'Mobilepris' for developing packaging which is easier to open for people with rheumatism or impaired functionality in their fingers.



ENVIRONMENT AND CLIMATE

ENVIRONMENTAL POLICY

As a leading food producer, the Danish Crown group acknowledges its environmental responsibilities and endeavours to protect the environment and the climate in connection with its operations and the continued development of the company through systematic efforts and the careful employment of resources.

The set of environmental values adopted by Danish Crown is translated into the policy outlined below:

- Focus on minimising the consumption of resources and the environmental impact of its activities
- Motivate, train and actively involve all relevant employees in the day-to-day environmental efforts
- Use and develop management tools which are intended to optimise and document the employment of resources,

environmental efforts and environmental performance to ensure continuous environmental improvements

- Actively consider the impact of the company's products on the climate and work to minimise the impacts attributable to the group's activities
- Encourage other links in the value chain to promote climate considerations in relation to the company's products
- Reduce the use of unnecessary packaging and additives in dialogue with the company's customers to minimise the environmental impact to the greatest possible extent
- Open and constructive dialogue must be developed with the public regarding relevant environmental factors, for example in relation to the individual companies' neighbours and surroundings.

CLIMATE STRATEGY

The focus in recent years on whether greenhouse gases affect the global climate has made it necessary to consider greenhouse gas emissions in the development of society, industry and the markets. Danish Crown is aware of its responsibility for assisting in reducing the harmful effects of its activities on the climate.

Danish Crown views climate change concerns as an integrated part of its environmental efforts, and climate change has therefore been incorporated into Danish Crown's environmental policy. Danish Crown considers the impact of its products on the climate and works to minimise the impact of its own activities and those of the rest of the value chain so that climate change considerations prevail throughout the entire value chain.

In cooperation with industry organisations and the outside world, efforts are focused on:

- Developing new methods for mapping the impact of meat production on climate change

- Developing technologies, processes and logistics to minimise the climate change impact from the stable door to the group's customers
- Involving customers in developing new climate-friendly products and packaging, and
- Involving cooperative members and suppliers in the work to promote climate change considerations in raw materials, additives and services.

Widespread cooperation is important to tackling these challenges as Danish Crown is unable to change the situation on its own. Therefore, it is vital that priority is given to this area in the form of public research resources so that the necessary progress can be made. It is, of course, also important to assess the entire meat production value chain, and take steps where the scope for improvement is greatest.

IMPACT OF DANISH PORK ON CLIMATE CHANGE

Danish pig production is among the most efficient in the world, which has a bearing on its climatic impact. Feed consumption per kilogramme of pig meat produced in Denmark is lower than in many other countries.

Danish Crown is one of the world's biggest pig meat exporters, with products being exported to both European and overseas markets. Danish pork sold in, for example, the UK is transported significantly further than English pork. However, the impact

of transport on climate change is far less than the impact of feed consumption, and the overall impact of Danish pork on the climate is therefore lower.

WATER AND WASTE WATER

Water is an important resource in connection with slaughtering and processing. Cold water is used for cleaning non-production premises while hot water is used for cleaning production rooms, for disinfection, scalding of pigs and cooking products. Water evaporates in connection with cooling, cleaning and drying, but most of the water is discharged as waste water.

At the pig slaughterhouses, targeted efforts are being made to reduce water consumption and improve the quality of discharged waste water. In the 2011/12 financial year, many projects have been initiated. Generally speaking, the projects have involved changing employee behaviour as well as technical measures.

The behavioural measures include efforts to reduce nozzle sizes, optimise water consumption for cleaning and inform key staff members of the development in water consumption within defined areas. These measures have increased focus on water consumption, so that it is now lower. The initiative also comprises carriers who wash their vehicles after having unloaded live animals for slaughter.

At the pig slaughterhouses in Sweden, the UK, Germany and Poland, water consumption has been reduced as a result of a large number of initiatives, including the exchange of standards among local slaughterhouses and the sharing of experience across borders. In Sweden, water consumption per quantity of fresh meat produced has thus been reduced by 25 per cent over the past four years. In the UK, Tulip Ltd's slaughterhouses have reduced their water consumption by 20 per cent. In Poland, Sokołów's slaughterhouses have reduced their water consumption by approx. 7 per cent; several of these plants engage in a combination of fresh meat and processing activities.

In Germany, the slaughterhouse activity in Essen has reduced its water consumption by 13 per cent since it was taken over in January 2011. The group continues to focus on this issue, and in 2011/12 consumption at the German slaughterhouses did not deviate significantly from that of the Danish slaughterhouses. At DAT-Schaub's European production units, water consumption per quantity produced has also decreased.

At the cattle slaughterhouses, efforts have primarily concentrated on technical solutions, and secondarily on behavioural measures. Technical solutions include new sterilisers in the slaughter line and a change of the nozzle size of cleaning hoses. At the facilities which are due to close in connection with the establishment of the new cattle slaughterhouse in Holsted, Denmark, the initiatives implemented have primarily been behavioural measures.

The foreign cattle slaughterhouses in Germany, Sweden and Poland are also focusing on reducing water consumption. In the past four years, the largest reduction in water consumption has been achieved by the Polish cattle slaughterhouses, while consumption at the German and Swedish slaughterhouses has been relatively constant. The three slaughterhouses are not readily comparable as the scope of the processing activities varies from one country to another.

The processing activities comprise the activities of Tulip Ltd, Tulip Food Company, Plumrose USA and Sokołów. For the group as a whole, water consumption has been decreasing slightly. In 2011/12, Tulip Ltd successfully implemented a pilot project for reducing water consumption at one of its large facilities. This project will now be implemented at the company's other facilities.

ENERGY AND THE CLIMATE

Energy and resource savings as well as the recycling of biological waste have been a strategic focus area for the pig slaughterhouses for more than two decades. In this context, DC Pork has primarily worked with technical measures.

At the foreign pig slaughterhouses, several energy consumption measures have also been implemented, resulting in a reduction in both energy consumption and CO₂ emissions. The biggest decrease in energy consumption and CO₂ emissions at the foreign pig slaughterhouses can be seen in the UK, where the transition to natural gas has resulted in a 20 per cent reduction in CO₂ emissions; this trend can also be observed in the Polish slaughterhouses. The German slaughterhouse in Essen, which Danish Crown acquired in 2011, has also cut its energy consumption and CO₂ emissions since the takeover.

In particular, the optimisation of cooling systems, including the operation of condensers and compressors, has paid off. Work is now going into mapping no-load losses in production lines and insulating hot-water pipes. Vacuum suction apparatus used for

lifting in the packing department has been replaced by smaller devices which may be turned off individually as opposed to previously where one apparatus operated several lifting devices whether these devices were running or not. Furthermore, cold stores are closed down at weekends, and efforts are being made to change employee behaviour.

At the cattle slaughterhouses, new hot-water tank control systems have been introduced, and compressors and circulation pumps have been replaced.

In the processing companies, energy consumption has been slightly reduced, while CO₂ emissions remain constant. The responsibility for environmentally and energy-friendly measures as well as the promotion of CSR is increasingly being handled in cooperation with the retail sector. In this connection, Tulip Ltd has received several awards for its work on such measures from its business partners. Plumrose has joined the latest standards in this area as well as CSR programmes involving the reporting of environmental data to the public authorities.

CHEMICALS

Cleaning and hygiene is very important to food safety, and most of the chemicals used by the group are used for the daily cleaning of the facilities. For several years, the group has worked to reduce the use of the most frequently used disinfectant – sodium hypochlorite – which may have an impact on aquatic organisms. The disinfectant is effective and difficult to do without, but its use can be reduced, and one facility has phased it out completely.

At several Danish slaughterhouses, sodium hypochlorite has been partly substituted by a product less harmful to the environment. The substitution takes place gradually as experience with the new disinfectant is gained.

The experience gained by the Danish slaughterhouses will be shared with the foreign slaughterhouses.

At the Danish cattle slaughterhouses, efforts have gone into reducing the number of plastic containers for chemicals by using larger containers instead. This reduces the risk of accidents in connection with handling.

Furthermore, the processing facilities have tried to reduce the chemicals used for cleaning, and the consumption of such chemicals per quantity produced has been reduced by 8 per cent over the past four years.

WASTE

The challenge is to view waste as a resource, and the management of waste affects the way it can be converted into a renewable resource. Several years of carefully recording waste types and economy have provided new knowledge about waste types, waste management and the potential of waste. Based on the knowledge acquired, Danish Crown and Tulip Food Company have entered into new contracts with external providers of waste management services. The purpose is to professionalise Danish Crown's waste management, thereby leading to the recycling and reuse of even more waste.

All companies in the Danish Crown group are striving to increase the sorting of reusable waste fractions, primarily plastic and cardboard. However, there has also been considerable focus on iron and metal – an area with a significant tonnage where the right sorting is vital for recycling.

In many of the group's foreign subsidiaries, a number of measures relating to the environment, resource efficiency and waste have also been implemented.

BY-PRODUCTS

The company strives to exploit as much of the animals supplied for slaughter as possible for food products. Waste is reduced by processing parts of the animals that were previously used for energy production into food products. Both from a resource and a financial point of view, it is important to optimise the use of all parts of the animal. By exploiting differences in the various food cultures around the world strategically, much more of the

pig and cattle can be sold and used for human consumption while reducing the loss of animal proteins. The by-product area has been turned into a separate business area with a view to strengthening resource optimisation and identifying new markets and alternative uses for the waste products which are currently being destroyed.

FOOD WASTE

Food waste has an environmental impact throughout the production chain. Considerable attention has been devoted to this type of waste in recent years; it has been called one of the main invisible contributors to climate change. It has been shown that most of the waste comes from households and professional

kitchens. Last year, Danish Crown joined the Danish Ministry of the Environment's charter against food waste and launched a number of activities aimed at reducing waste in the company's own production, but also the waste generated by professional kitchens and consumers.

ENVIRONMENTAL KEY FIGURES FOR DANISH CROWN'S SLAUGHTERHOUSES IN DENMARK

Danish Crown has identified a number of key figures as being the most important for activities involving food production based on animal raw materials. A number of these figures are presented below for Danish Crown's slaughterhouses in Denmark.

Environmental key figures for the foreign slaughterhouse are covered to some extent in previous sections. In the next few years, work will be done to expand data gathering and key figure calculations to cover all companies in the group.

The key figures are divided into the following categories:

- Pig slaughterhouses with appurtenant cutting and processing activities
- Sow slaughterhouses
- Cattle slaughterhouses with appurtenant cutting and processing activities.

All the key figures are calculated relative to the total volumes of finished products produced. This means that, in calculating the key figures, many of the variations between the individual facilities are evened out. The explanations for the key figures are therefore of a general nature.

The key figures do not include consumption and emissions from DAT-Schaub's departments at the slaughterhouses.

KEY FIGURES FOR ENERGY CONSUMPTION

Danish Crown has been implementing environmental improvements for many years, which also have a bearing on the company's climate change impact. Significant progress has been achieved through targeted benchmark programmes and development projects.

Figure 1 shows a continuing downward trend in energy consumption for the pig slaughterhouses. The relative consumption for sow slaughterings increased in 2011/12, primarily because the number of pigs being slaughtered decreased by 10 per cent without it being possible to reduce energy consumption accordingly. This also applies to the cattle slaughterhouses, where much of the increase is due to a slight decrease in deliveries from 2010/11 to 2011/12.

Figure 2 shows the distribution of energy consumption by energy type. The distribution between electricity and heating is almost equal. Heating consumption is a net specification

as approx. 65,000 MWh of heating is recovered at the Danish plants which is not included in the figures. However, in relation to the preceding years there has been a significant change as CO₂-neutral fat is no longer used for heating production. Instead, natural gas is used to a considerable extent.

Strategic efforts are being made to reduce energy consumption, and these are initially focusing on the most energy-intensive processes such as power for process cooling. Initiatives include the ongoing optimisation of condenser pressure and air separators in existing cooling plants and the heat recovery systems which have been installed. The temperature at Danish Crown's facilities is a critical factor for ensuring food safety, and process cooling for rooms and freezing of products are the primary energy consumers. To maintain high food safety standards, stricter drying requirements in production halls have been introduced, and it has thus been necessary to enlarge cooling and drying capacity.

FIGURE 1
INDEXED DEVELOPMENT IN ENERGY CONSUMPTION

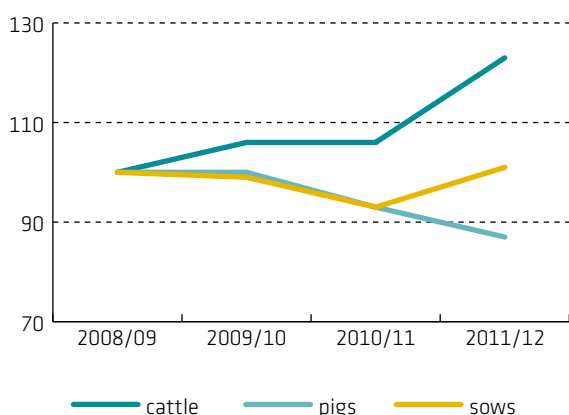
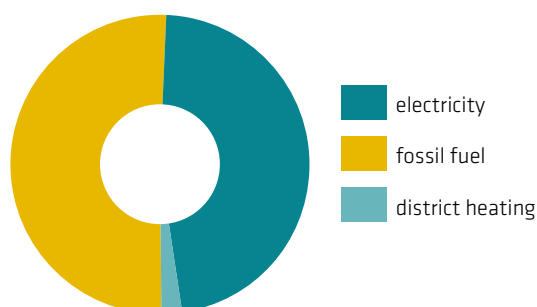


FIGURE 2
DISTRIBUTION OF ENERGY CONSUMPTION



CLIMATE

Large industrial cooling systems are able to use various refrigerants. Many cooling systems use synthetic refrigerants; these are powerful greenhouse gases which can have an adverse impact on the environment. In Denmark, Danish Crown almost only ever uses ammonia as a refrigerant, which has a limited climatic impact. Knowledge about cooling system operations is shared with subsidiaries in countries where ammonia is not traditionally used as a refrigerant.

The calculated CO₂ emissions stem from burning fossil fuels for heating, stunning animals, gas for packing, electricity and district heating. The development in emissions is shown in figures 3 and 4.

Figure 3 shows the distribution of total emissions between the three types of slaughterhouses. The pig slaughterhouses account for the highest levels of activity and thus also the highest emissions. Figure 4 shows CO₂ emissions per tonne of finished product.

The processing plants have higher emissions than the slaughterhouse as many products are boiled and roasted, which requires a lot of hot water and rapid cooling, with many of the products also being frozen.

FIGURE 3
TOTAL CO₂ EMISSIONS

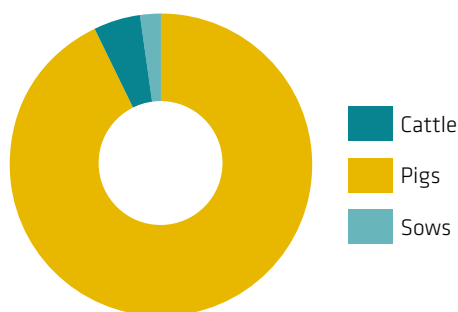
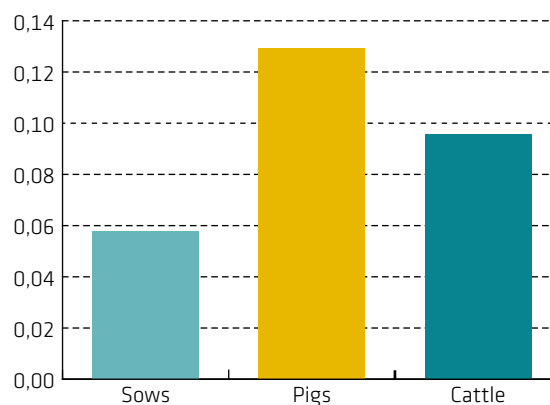


FIGURE 4
CO₂ EMISSIONS PER TONNE FINISHED PRODUCTS



KEY FIGURES FOR WATER CONSUMPTION AND ORGANIC WASTE IN THE WASTE WATER

Figures 5 and 7 show the indexed development in water consumption and discharges of organic matter with the waste water. For many years, water consumption at the pig and sow slaughterhouses has been decreasing. This is attributable to two main factors. Most production sites have set up so-called water and energy-saving committees, which are constantly seeking to implement environmental-technological improvements. Initiatives are being launched which are aimed at changing people's attitudes. In addition, the possibilities for investing in plant and equipment etc. are being explored, such as installing meters to monitor consumption, auto-closing valve systems etc.

At the cattle slaughterhouses, water consumption has increased due to the fact that more water is being used for cleaning and because of a slight decrease in finished product volumes.

The volume of discharged organic matter, measured as the total amount of carbon bound in an organic compound (TOC), has generally increased. However, this does not include the pig

slaughterhouses. For the cattle slaughterhouses, it is primarily due to the increased water consumption which means more water flowing out of the production halls during slaughtering and cleaning. For Tulip Food Company's facilities, the primary reason is a slight increase in the concentration in the discharged waste water. However, this does not necessarily equate to a bigger environmental impact as the organic matter often makes a positive contribution to the purification process at the municipal sewage treatment plants.

Figures 6 and 8 compare the distribution of water consumption and TOC discharges per tonne of finished products. The TOC discharge is fairly equally distributed between the pig and cattle slaughterhouses.

FIGURE 5
INDEXED DEVELOPMENT IN WATER CONSUMPTION

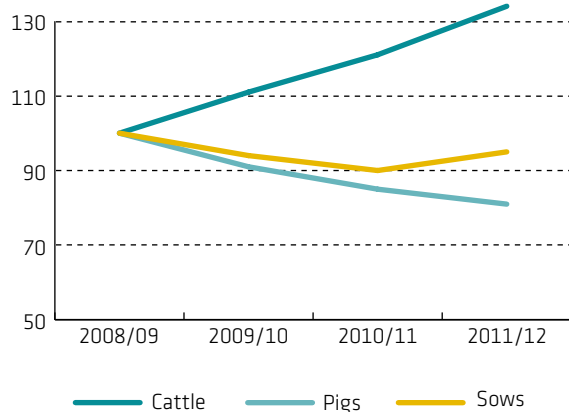


FIGURE 6
WATER CONSUMPTION PER TONNE OF FINISHED PRODUCTS

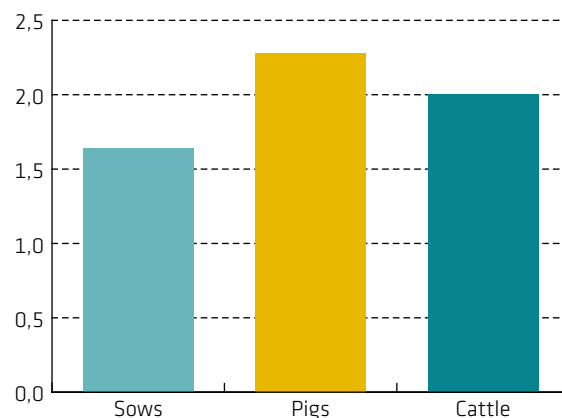


FIGURE 7
INDEXED DEVELOPMENT IN TOC DISCHARGE

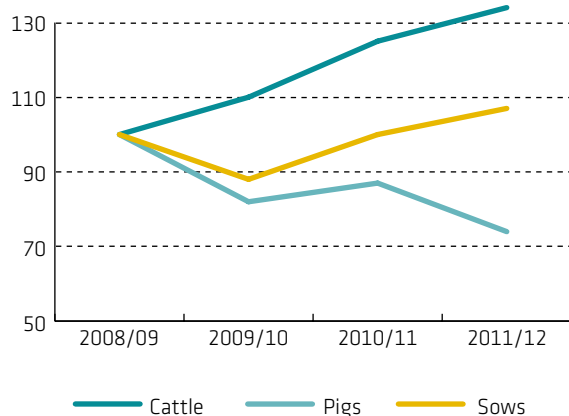
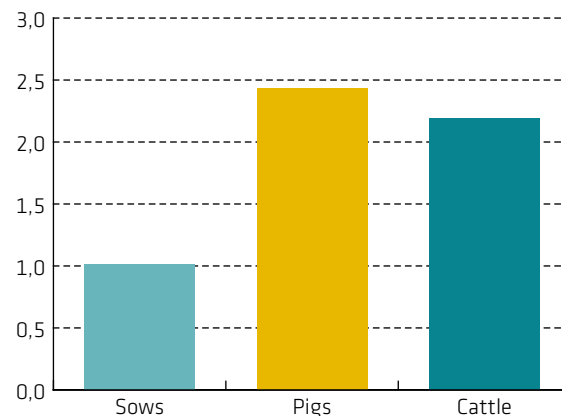


FIGURE 8
TOC DISCHARGE PER TONNE OF FINISHED PRODUCTS



CLEANING CHEMICALS

The waste water will contain small volumes of cleaning agents; cleaning is an important process for maintaining high hygiene standards at the facilities. Acidic and alkaline cleaning agents are used for cleaning. After cleaning, disinfectants are used, including acetic acid and sodium hypochlorite.

Figure 9 shows that reduction in the use of cleaning chemicals over the past three years has continued for the pig slaughterhouses while there has been an increase at the sow and cattle slaughterhouses. The use of cleaning chemicals is determined by the number of facilities, their size and their equipment. The bigger the production at the facility, the smaller the volume of

cleaning chemicals used per produced quantity. For sows, the increase is primarily due to more focus on cleaning hygiene and thereby stricter requirements as regards the use of cleaning agents.

FIGURE 9
DEVELOPMENT IN THE USE OF CLEANING CHEMICALS

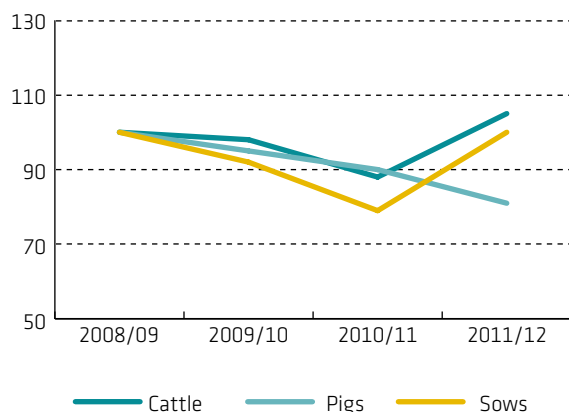
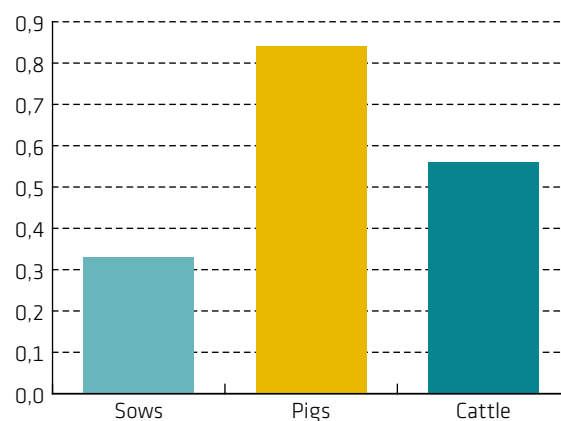


FIGURE 10
CLEANING CHEMICALS PER TONNE OF FINISHED PRODUCTS



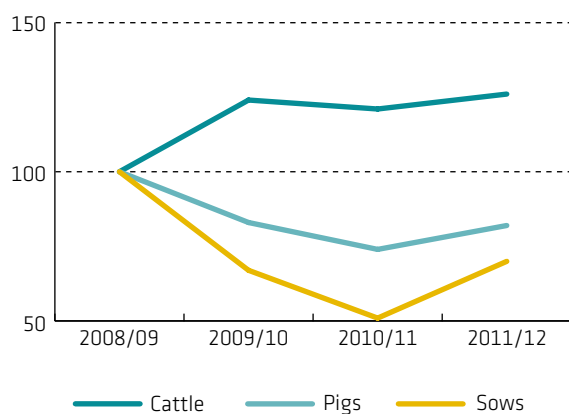
WASTE

The level of and development in volumes of non-organic waste can be illustrated as follows:

The graphs in figure 11 show a very non-uniform development in waste volumes. An increase in the volumes of non-organic waste does not necessarily reflect a negative development. The waste volume comprises both the recyclable fraction (cardboard, plastic, wood, metal, concrete etc.) and waste which is burned or

deposited in landfill sites. When changes are made to buildings or machinery, the volumes of concrete and metal waste can increase dramatically. These fractions therefore have a significant impact on the overall development. Generally, efforts are being made to increase the volume of reusable waste which is sorted at source such as plastic, wood, cardboard etc. The volume of reusable waste is included in the figures.

FIGURE 11
DEVELOPMENT IN NON-ORGANIC WASTE



ENVIRONMENTAL KEY FIGURES FOR DC FOODS (PROCESSING ACTIVITIES)

DC Foods comprises the subsidiaries Tulip Food Company, Tulip Ltd and Plumrose USA Inc. as well as Danish Crown's joint venture company in Poland, Sokołów S.A. The companies primarily produce cold cuts, sausages, bacon, salami and similar processed foods. Tulip Ltd and Sokołów also engage in slaughterhouse activities.

The companies strive to ensure that their production activities protect the environment and the climate to the greatest possible extent. The previous general section on environmental key figures describes a number of initiatives in the group's processing companies.

Tulip Ltd and Sokołów's activities within slaughterhouse operations make comparing the key figures difficult, and therefore the combined figures for DC Foods are shown.

Over the four-year period, the produced volumes have increased by 10 per cent. In the same period, natural gas and electricity consumption have increased by 3 per cent. Thus, there has been a significant improvement in energy productivity – less energy used per produced quantity. The consumption of fuel oil and other fossil fuels has also decreased. Likewise, natural gas consumption has decreased over the past year, primarily at the Danish processing facilities.

CO₂ emissions per produced quantity have also been steadily decreasing throughout the period, partly as a result of higher energy efficiency but also due to the increasing use of natural

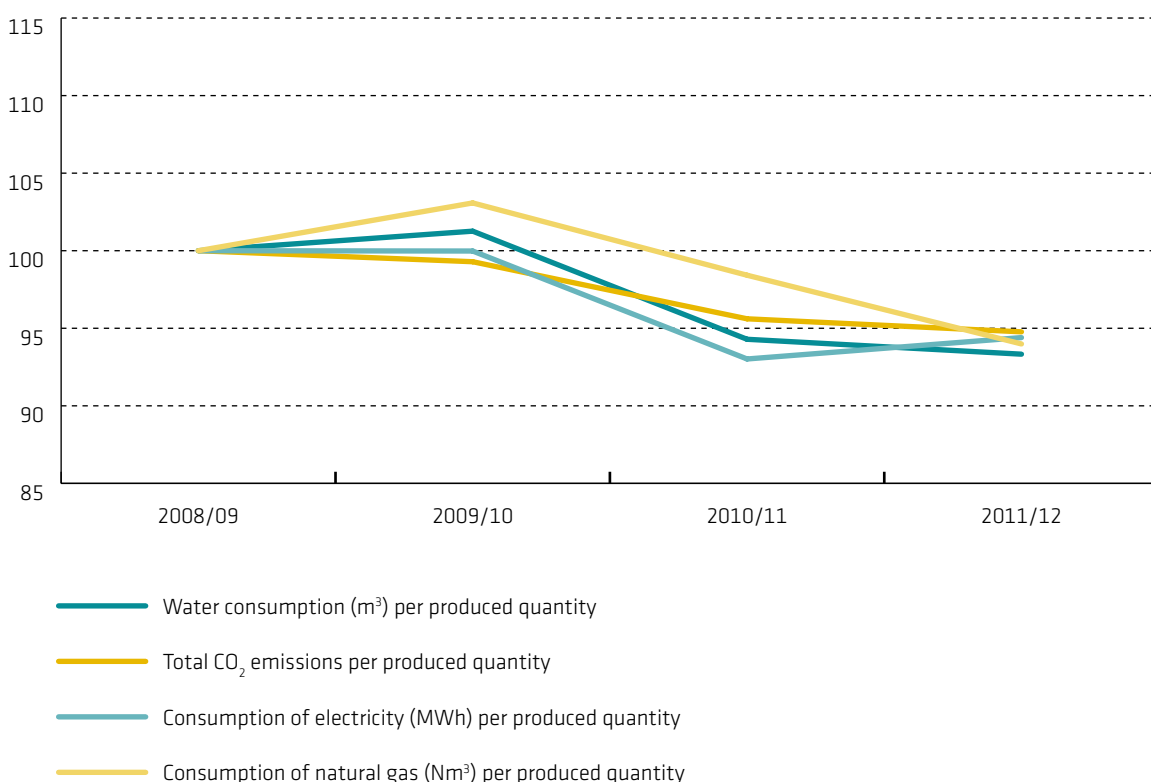
gas. It should be noted that the decrease has been strongest in the UK and Polish slaughterhouse divisions – whereas CO₂ emissions from the traditional processing facilities have basically been constant.

The processing facilities have bigger emissions per tonne of finished products than the slaughterhouses. This is because these plants boil and roast the products, which then have to be rapidly cooled and sometimes frozen. Moreover, the heating consumption is almost unrelated to production as boiling processes, for example, require the same amount of heating irrespective of volumes.

Water consumption per produced quantity has also decreased throughout the period as a result of numerous measures within this area. In 2011/12, Tulip Ltd successfully implemented a pilot project aimed at reducing water consumption at one of its large facilities. This project will now be implemented at the company's other facilities.

In the processing companies, energy consumption has been slightly reduced, while CO₂ emissions remained constant. The responsibility for environmentally and energy-friendly measures as well as the promotion of CSR is increasingly being handled in cooperation with the retail sector. In this connection, Tulip Ltd has received several awards for its work on such measures from its business partners. Plumrose has joined the latest standards in this area as well as CSR programmes involving the reporting of environmental data to the public authorities.

FIGURE 12
ENERGY KEY FIGURES FOR DC FOODS



RAW MATERIALS AND ANIMAL WELFARE

Danish Crown's raw materials constitute supplies of animals from cooperative members in Denmark as well as the production or purchase of animals in Sweden, Poland, Germany and the UK. In 2011/12, Danish Crown slaughtered 21.6 million pigs and 547,000 cattle. The Danish pig producers must live up to Danish Crown's Code of Practice. Similar programmes have been established in Germany and the UK, although the standards are adapted to the individual countries.

CODE OF PRACTICE (COP)

In 2002, Danish Crown introduced a code of practice which Danish pig suppliers are obliged to follow and which concern the suppliers' forms of production and treatment of animals. The CoP lists requirements for ensuring food quality, including requirements concerning the use of medicine, feed and infection control. Requirements are also imposed on the ways in which the pigs are treated on the farms to ensure proper animal welfare. At the same time, the CoP includes a description of control measures and sanctions in the event of the rules being breached. The CoP is a valuable tool which states what Danish Crown expects of its suppliers and which also documents the quality of the raw materials for customers. The CoP makes it possible for Danish Crown to realise the added market value of the higher standards in markets where customers share these preferences.

ANIMAL WELFARE

Danish Crown's primary raw materials are animals for slaughter, and we demand that the animals are treated decently on the farms and during transport to the slaughterhouse and in connection with herding and stunning so as to prevent unnecessary suffering. Danish Crown requires the company's Danish suppliers of pigs to comply with a Code of Practice. Similar requirements are imposed on carriers transporting pigs to the Danish slaughterhouses. In the UK, suppliers for the BQP concept are subject to similar requirements, and in 2011/12 the company received a special award for implementing a policy for high animal welfare standards. In the other countries, certifications are continuously being improved while the frequency of audits is steadily increasing. As for cattle, similar rules have been introduced in connection with the Danish Veal concept, and these rules will gradually be imposed on other supplier categories.

Danish Crown has a special responsibility for the animals during transport and slaughtering. The collection, transport and unloading of animals for slaughter must be as gentle as possible and must be performed within reasonable time limits. Consequently, the group has prepared a special Code of Practice for the transportation of animals, which also includes requirements for the use of suitable vehicles. Moreover, Danish Crown imposes

training requirements on the operators who perform this work. This applies not only in Denmark, but also in the other countries in which Danish Crown has slaughtering activities.

The suppliers of live animals for Danish Crown's companies in Denmark and abroad are characterised by a high level of diversity. Some farms are small hobby-like undertakings, while others are large-scale and intensive production units. All suppliers must live up to our requirements regarding decent animal welfare, for which reason audit programmes for the suppliers of live animals to Danish Crown have been set up.

Danish Crown's animal welfare principles have been implemented with due regard to local legislation and local norms. New experience is continuously being gained as regards the best ways of ensuring the welfare of animals during transporting and slaughtering. Such experience is exchanged among the group companies, contributing to ongoing improvements in animal welfare.

It is deemed that the group adheres to sound animal welfare practices when looking at reported deviations, best practice in the industry and the number of remarks received from the authorities.

ALTERNATIVE PRODUCTS

Danish Crown wants to give producers and consumers a choice by promoting the sale of alternative food products which have been produced subject to special requirements as regards animal welfare and the environmental impact of production. In Denmark, many of these activities take place in Friland, where suppliers are able to supply organic pigs and cattle as well as free-range pigs and cattle. Danish Crown also produces, slaughters, processes or markets products from organic animals or animals which have been reared outdoors in Sweden and the UK.

In DC Pork and DC Beef, similar production concepts have been conceived which go a step further than the high Danish standards within a number of areas to do with animal welfare and feed.

DALEHEAD

In the UK, Tulip Ltd's subsidiary Dalehead produces organic and free-range pigs and lambs at 250 farms. The animals are sold to the UK supermarket chain Waitrose, which makes a number of animal welfare requirements that go beyond UK and European legislation. Waitrose also imposes certain requirements with regard to slaughtering and meat processing quality. Production therefore takes place at dedicated facilities. Dalehead is the UK's biggest pig producer.



PURCHASING

To ensure that Danish Crown's activities have the least possible impact throughout the value chain, the company imposes certain requirements on its suppliers.

Suppliers are selected according to a number of criteria. In addition to documenting their compliance with applicable legislation, each supplier must:

- Respect and support UN Global Compact
- Implement a food safety system
- Continuously reduce their negative environmental impacts
- Maintain high quality standards at all times
- Maintain high reliability of delivery at all times.

These criteria have been incorporated into the framework agreement (FWA) regulating the trade between large suppliers and Danish Crown. The FWA was introduced in 2009/10 and has since then been revised and extended to include several companies in the group.

In general, the FWA must be used for suppliers of consumables which will come into direct contact with foods. The FWA is also used when a supplier's annual trade with the Danish Crown group exceeds DKK 1 million. The table below shows the number of specific supplier agreements which have been based on the FWA since its introduction.

	Total number of agreements concluded with suppliers of consumables	No. of agreements concluded with suppliers of consumables on FWA terms	% of agreements for the supply of consumables based on FWA terms
2009/10	132	65	49 %
2010/11	145	106	73 %
2011/12	143	136	95 %

As can be seen from the above, since 2009/10 there has been a substantial increase in the number of FWA-based supplier agreements. The increase shows that Danish Crown has imposed stricter terms when renewing contracts. The number of supplier agreements has grown in the period, and so the increased FWA coverage is not due to a reduction in the number of supplier agreements.

The FWA stipulates that Danish Crown – or a competent and independent third party at Danish Crown's request – may carry out audits of both suppliers and their sub-suppliers.

The decision as to which suppliers to audit is based on a systematic review where food safety, the supplier's level of certification and, for example, CSR policy are assessed. Concurrently, the suppliers' reliability of delivery, number of complaints etc. are assessed. Moreover, ensuring a good geographical spread is a key priority, for which reason Asian, European, Middle Eastern and Danish suppliers are audited.

The purpose of supplier audits is to inspire and acknowledge local initiatives which exceed statutory requirements and to identify potential focus areas. Supplier audits not only look at the supplier's implemented CSR policy and food safety methods, but may also be extended to comprise documentation and quality and environmental management systems.

The table below shows the development in the number of audited suppliers:

Financial year	No. of audited suppliers
2008/09	48
2009/10	43
2010/11	69
2011/12	72

In case of material deviations, the suppliers are asked to draw up and implement action plans to rectify the situation. Danish Crown will subsequently conduct regular follow-up to establish whether the action plans are being realised. In the 2011/12 financial year, cooperation with one supplier has been discontinued as a result of the audit. The contract was terminated by Danish Crown as a result of inadequate implementation of the established action plans.

As a direct consequence of the supplier audits carried out, several suppliers have decided to join UN Global Compact and/or introduce a certified food safety system.



THE WORKPLACE

HR

The driving force behind and the precondition for the commercial development of the Danish Crown group is a dedicated staff focused on quality and results.

The employees must, at all times, be conscious of their own efforts and the fact that constructive cooperation across the organisation is decisive to meeting all customer requirements and wishes.

The Danish Crown group wants to be perceived as an attractive workplace. Therefore, the management focuses on ensuring:

- Employment of well-qualified staff for all positions
- A high level of motivation in all departments

- Relevant professional and personal development for all employees.

In 2011/12, the average number of employees in the group was 24,066, working in 23 countries.

Danish Crown keeps a constant eye on its staff turnover as an indication of the employees' motivation and commitment. Despite the increased focus on streamlining and restructurings in the period, the group has realised a 0.3 per cent decrease in staff turnover.

	2009/10	2010/11	2011/12
Avg. no. of employees	23,305	23,557	24,066
No. of resigned employees	4,522	4,604	4,615
% of resigned employees	19.4 %	19.5 %	19.2 %

EMPLOYEE AND MANAGER SURVEYS

Every other year, the group carries out various employee surveys. Up until the next survey in 2013, the group is using the results from the 2011 survey constructively. Action plans have been prepared at all levels of the organisation. The plans have been prepared by the managers and their employees jointly to ensure that the individual department's action plan contributes to the positive development of that department.

A new performance appraisal interview system for salaried employees was launched in 2010/11, and in 2011/12 it was introduced in a number of Danish and foreign subsidiaries.

The group's HR wheel is helping to support a targeted focus on motivation, commitment and business understanding at all levels in the organisation.

TARGETED COMPETENCY DEVELOPMENT

EMPLOYEE DEVELOPMENT

The ongoing development of the group's competencies is a precondition for its positive development. In order to ensure the necessary development for the individual employee, Danish Crown focuses on the dialogue between employees and managers in the day-to-day management work as well as through performance appraisal interviews. Based on this dialogue, any necessary professional and personal development is initiated.

Based on the performance appraisal interviews, in the above-mentioned companies each employee was found to have an average of one and a half 'development wishes'. Development needs have been identified within 23 different areas, from specific vocational development needs and general IT and language needs to needs within different areas of personal development. During the period, internal training activities have been initiated based on specific competency needs.

MANAGEMENT DEVELOPMENT

The day-to-day management is a very important precondition for ensuring motivated and dedicated employees. Therefore, focus is on the development and training of managers through-

out the group. In 2011/12, 255 managers participated in various management development programmes, corresponding to an increase of 29 per cent compared to the year before. In the coming period, the group will continue to focus on the training of managers at all levels.



1. People Snapshot

Check (every second year)
Measurement → Sept.
Result + Action plan → Nov.



2. People Dialogue

Performance Appraisal
→ Dec. Jan. Feb.



3. People Overview → Feb. Mar.

Spotlight - Management tool
Performance, Personal Flexibility
and Management



4. People Development

Academy/Management development
Other courses
Coaching/Sparring
Teambuilding
Department development
On-the-job training

WORKING CONDITIONS

Danish Crown has drawn up a CSR charter for working conditions. This is published on the DC website, incorporated in the DC2015 strategy plan and presented at management meetings for all divisions and subsidiaries in the group. Moreover, the CSR charter has been presented and discussed at meetings in the group's liaison committees, both in Denmark and internationally. This will regularly be followed up on, both in relation to Danish Crown's own employees and in connection with supplier audits.

In addition to working conditions, the CSR charter covers Danish Crown's human rights, child labour and anti-corruption policies. The charter can be found in full at the following link: Danish Crown's CSR charter.

Danish Crown strives to ensure that individual employees enjoy ordered working conditions and terms of employment. We focus on both the physical and psychological working environment and on providing safe and functional workplaces at all times. A num-

ber of initiatives have contributed to improving the well-being of employees, training and cooperation for the benefit of individual employees and Danish Crown.

The Danish Crown group gives high priority to safety and health for all employees, and our aim is to have a workplace that is healthy and free from danger for everyone.

Danish Crown is dedicated to reducing and preventing accidents at work. We are actively involved in reducing repetitive strain injuries. This is done in the planning of work routines and through the introduction of new technology, including an increased level of automation.

The proactive approach to health and safety for the group's employees means that Danish Crown meets or exceeds the requirements set out in applicable legislation, rules and regulations in the countries in which it operates.

WORKING ENVIRONMENT

Improving the working environment is important for Danish Crown as accidents, repetitive strain injuries and mental strains can have serious consequences for employees. Improvements are achieved by sharing experience among facilities and companies, among other things. In this way, best practice is used to improve the working environment.

A number of activities were launched during the financial year to reduce the occupational risks which lead to accidents at work, repetitive strain injury and thereby disease. The most important activities are mentioned below:

Accidents at work

In recent years, efforts have gone into reducing the frequency of work-related accidents in the group. These efforts have reduced the number of accidents across the group companies.

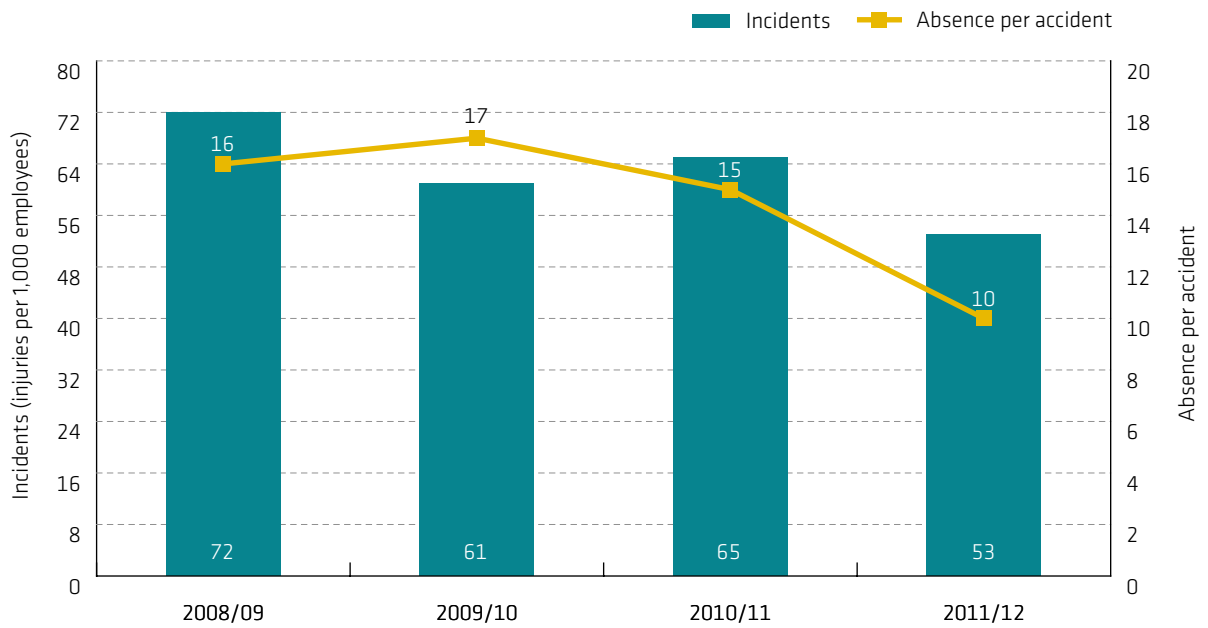
The number of accidents in DC Fresh Meat has decreased significantly. The largest decreases, however, are seen in DC Foods where all units have recorded a decline in the number of accidents at work and accident-related absence. Tulip Ltd in particular has achieved a large decrease in the number of accidents from 2008/09 to 2011/12. At Plumrose, the number of accidents has also decreased significantly compared to last year.

Overall, there has been a significant decrease in the number of accidents at work across the companies in the group.

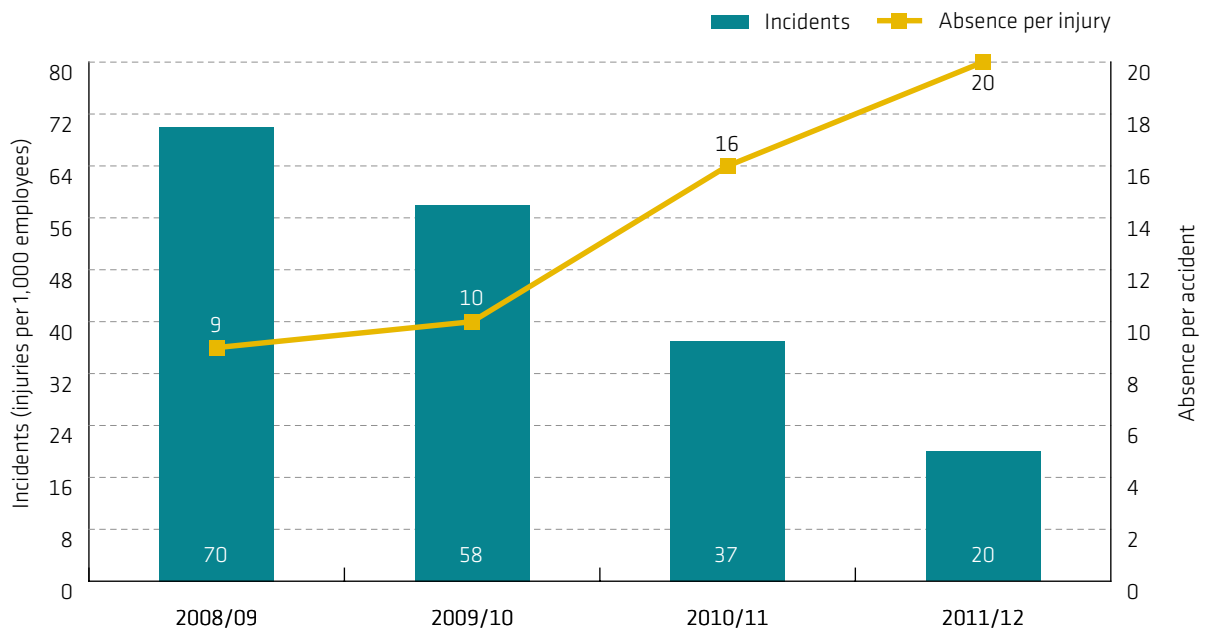
FOR DANISH CROWN GROUP:



FOR DANISH CROWN'S FRESH MEAT DIVISIONS:



FOR DANISH CROWN'S PROCESSING DIVISIONS (DC FOODS):



Danish Crown has been working intensely for several years to reduce the number of accidents at work, and the results are speaking for themselves with a dramatic decrease in accident numbers.

However, the number of absence days per accident has not decreased correspondingly in 2011/12. Consequently, Danish

Crown is now following up on the working environment groups' analysis and prevention of accidents to ensure that serious accidents also see a decline.

Repetitive strain injury

As regards workplace routines which lead to repetitive strain injury, the group companies have been working for some time to identify and minimise these strains. The most important challenges relate to noise and manual processes, specifically lifting and repetitive routines.

Danish Crown is constantly working to improve the health of its employees and their ability to return to work after injuries or long-term sick leave.

DC Life

All employees at the group's Danish facilities have access to the health portal DC Life, a development project tailored to the needs of Danish Crown employees. It enables the employees to set up their own exercise and diet targets, and it contains healthy recipes, running and walking routes and other ideas on how employees can adopt a healthier lifestyle. The portal also contains industry-specific muscle-building exercises and microbreak exercises.

The DC Life portal is offered for free to all employees and their families with a view to promoting a healthy lifestyle for the entire family. The portal can be used just as actively as, for example, Facebook, i.e. you can form relevant friendships, set up running and walking groups and exchange experience. The aim of the DC Life portal is, of course, to increase employees' motivation to live healthier lives both at work and at home. The portal is updated regularly with news, trends and good ideas.

DC Life health project:

The aim of the DC Life health project is to get employees to assume responsibility for their own health and well-being and thereby ensure better working lives and leisure time, but also to give Danish Crown the knowledge it needs to offer the right health-related initiatives to its employees to prevent repetitive strain injury.

Fit for Life project:

In the spring, Danish Crown's management decided to start working with the National Research Centre for the Working Environment on the implementation of a large research project which is to increase knowledge on whether muscle-building exercises can reduce arm and shoulder pain in slaughterhouse workers. The project has been implemented at DC Fåborg and DC Herning.

Danish Crown expects a lot from the research project, the results of which are expected to be ready at the beginning of 2013. If the project shows that targeted muscle-building exercises can prevent pain and reduce the number of repetitive strain injuries for employees, it may, together with the DC Life project, pave the way for completely new and healthy initiatives for the employees.

Psychological working environment

A poor psychological working environment may result in absence due to sickness, increased staff turnover and lasting damage. Danish Crown does not accept a poor psychological working environment and is thus working to identify and reduce the mental strains to which the employees are exposed.

For example, the employee and manager surveys which have been conducted identified problems with bullying at some workplaces. Consequently, during the year, a number of employees who had actively participated in bullying were dismissed.

Working environment level:

The pig and sow slaughterhouses in Denmark are certified and therefore covered by the OHSAS 18001 working environment standard. This ensures ongoing accreditation and improvements to the working environment.

The DC Beef and Tulip Food Company facilities in Denmark are not certified according to working environment standards. The Danish Working Environment Authority has conducted risk-based inspections, focusing on accidents, the psychological working environment and ergonomics. In addition, the authority has checked all working environment requirements. The inspection showed that the working environment at the facilities was at the highest level, and that green smileys would therefore be awarded.

Noise and acoustics

Noise levels are a considerable challenge at the facilities. The increased degree of automation, which, among other things, contributes to reducing strains on our employees, has led to higher noise levels in several places. Consequently, work is being done to reduce noise levels, both centrally by the group's technical department and locally through measures planned and implemented at the individual facilities.

Food production companies often face problems with high noise levels due to technical requirements concerning the choice of floor, ceiling and wall materials. Danish Crown is working actively to reduce the general strain caused by noise and acoustics on the individual employee.

Consequently, efforts are continually being made by the group's technical department to mitigate noise levels as well as through various initiatives being introduced at the facilities. Last year, a Danish project was launched to cut noise levels at the facilities. This resulted in an acoustics industry agreement being signed between the Confederation of Danish Industry, the trade union NNF and the Danish Working Environment Authority.

The numerous food safety and hygiene requirements imposed on the food industry thwart attempts to meet noise level requirements. With the industry agreement, Danish Crown is able to take a targeted approach to reducing noise in all areas.

At the moment, noise levels are being mapped in detail at all the Danish facilities. The noise to which all employees are exposed on a daily basis has been mapped, and action plans are being prepared for all the factory departments setting out initiatives that can reduce noise levels for the individual employee.

HUMAN RIGHTS

In step with increasing internationalisation and the establishment of activities in new countries, it is necessary to ensure compliance with internationally recognised human rights. A culture will be fostered which ensures that the diversity which is already found in the organisation will be further developed as a natural consequence of the fact that the group is changing from being a Danish company with exports to an international enterprise.

In 2010/11, Danish Crown drew up a CSR charter which, among other things, describes the company's attitude to human rights. The charter is published on the DC website, incorporated in the

DC2015 strategy plan and presented at management meetings for all divisions and subsidiaries in the group. Moreover, the CSR charter has been presented and discussed at meetings in the group's liaison committees, both in Denmark and internationally. Regular follow-ups will be conducted. The charter will also be incorporated into the update of the Danish Crown group strategy, which will start in spring 2013.

The full CSR charter can be found at the following link: [Danish Crown's CSR charter](#).

ANTI-CORRUPTION

Danish Crown holds the view that bribery in connection with business or other activities is not acceptable under any circumstances. No instances of bribery were observed in 2011/12. The work to prevent bribery will continue, in step with the increasing focus on the issue, among other things given the roll-out of the UN Global Compact and national initiatives.

In 2011/12, the Bribery Act was adopted in the UK. The act is expected to have a knock-on effect in many countries. In particular, when establishing activities in countries where practices differ from those in Denmark there will be more focus on anti-corruption. This applies to both the business as a whole and to sales and purchasing, which several years ago updated their strategy in this area to reflect modern ethical standards.

Compliance with national rules is ensured in all markets.

As previously mentioned, in 2010/11 Danish Crown drew up a CSR charter which, among other things, makes clear the company's stance on anti-corruption. The charter is published on the DC website, incorporated into the DC2015 strategy plan and presented at management meetings for all divisions and subsidiaries in the group. Moreover, the CSR charter has been presented and discussed at meetings in the group's liaison committees, both in Denmark and internationally. This will be subject to regular follow-up. The charter will also be incorporated into the update of the Danish Crown group strategy, which will start in spring 2013.

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