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# UNITED NATIONS GLOBAL COMPACT

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DANÆG AMBA

COMMUNICATION ON PROGRESS  
REPORT 2014

## **Support of the UN Global Compact**

During 2013, the Danæg Group has increased its focus on Corporate Social Responsibility and as a result of that, we are proud to be an active part of the UN Global Compact from the first half of year 2013.

As a member of Un Global Compact, we believe that our business fully incorporates the ten principles of the UN Global Compact in our everyday operations. Furthermore, we have the full support from our board to bring CSR into focus – particular regarding the principles of Un Global Compact. Hence, we are looking forward to making further progress of our CSR projects in the future.

Through our support of the UN Global Compact, we hope to move forward the agenda on performance related to human rights, labour rights, the environment and the battle against corruption.

In this first report, we would like to highlight our present work with CSR, especially with focus on the ten principles of the UN Global Compact. In addition to that, we will present specific projects with specific targets that we are going to work with now and in the near future.

As a market leader within our category, both in Sweden and Denmark, and with an increasing export, we want to participate actively in increasing the attention on corporate social responsibility.

Danæg Amba



Jan Gerber, CEO



# The company – Danæg A.m.b.a.

## **Danæg A.m.b.a. – The Danæg Group**

The Danæg Group was established in 1895 and is a co-operative in the egg category. The group is owned by 83 Danish and Swedish egg producers (70%) and by the DLG Group (30%) which is one of the largest agricultural companies in Europe.

The Danæg Group is involved in activities in Denmark and Sweden employing approximately 300 people, divided on four different production facilities. The turnover in the Danæg Group is DKK 1.2 billion (EUR 160 million).

## **Activities in Denmark and Sweden**

In Denmark, the activities are concentrated around the two production facilities of Danæg Denmark. The first production is an egg packaging facility located in Christiansfeld; the second is an egg processing facility producing and selling liquid eggs, boiled eggs, pancakes, etc. This facility is located in Roskilde, close to Copenhagen.

In Sweden, the Danæg Group also has both an egg packaging facility and an egg processing facility; Kronägg AB, located in Perstorp, close to Helsingborg; and Källbergs Industri AB, located in Töreboda, which is highly specialized in producing dried egg products. The locations of the four production facilities are indicated on the map below.



# Danæg Amba and Corporate Social Responsibility

Corporate social responsibility is not a new concept within the Danæg Group; for a number of years, the Group has been involved in many different CSR activities. To a wide extent, these have been based on series of separate and isolated activities rather than on a more overall group CSR strategy.

Examples of activities in which the Danæg Group or companies within the Group are or have been involved:

## **The Environment:**

- A strategic choice of using many local and national suppliers and business partners.
- Wide focus on optimization of logistics and transportation – both when collecting eggs from our producers and in relation to distribution of finished products to our customers.
- Investments in production facilities with higher efficiency and reduced environmental effects.
- Involvement in organic science project with focus on creating a higher level of own-produced feed for the organic egg producers.
- Expanded use of recycled packaging both for raw materials and finished products.
- Pre-sorting of waste.
- All company cars are diesel-powered.
- A very high level of email correspondence.
- Recycling of printer refills.
- One of the Group companies has participated in the worldwide concept of “Earth hour”
- Etc.

## **Social involvement:**

- Financial support and cooperation with a number of interest organisations in Denmark and Sweden: Rosa Bandet (Breast cancer), BRIS (Children’s Rights), Hjerteforeningen (Heart diseases & health), Økologisk Landsforening (the Organic Association in Denmark), etc.

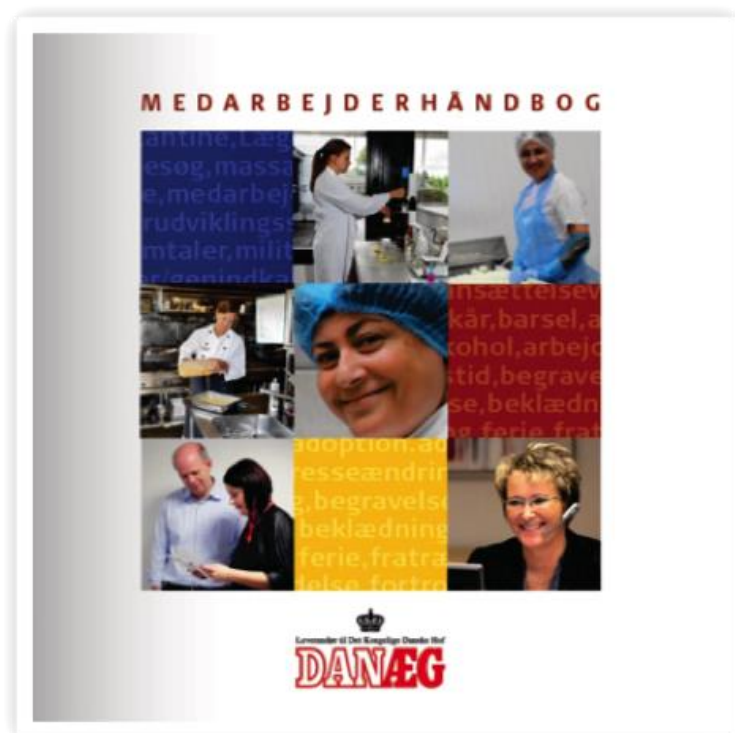
### Health:

- The Danæg Group is involved in different branch activities with the main purpose of enhancing the health-related qualities of eggs.
- Health in our everyday work at the Danæg Group including activities like: free fruit for all employees, job rotation, investment in production equipment for removal of heavy lifts, smoking-stop course, corporate participation in various company sports activities, etc.

At the more overall level, The Danæg Group has developed an employee manual which covers many relevant everyday issues for our employees. These are: expected behaviour of Danæg employees, employee rights, safety rules, pension & insurance, smoking rules, quality & hygiene, maternity rules, holiday rules, etc. All new employees are presented to the manual and recieved a hand-out copy.

With the new membership of the UN Global Compact it is our intention to work even more concentrated and structured with CSR in order to demonstrate to our internal and external stakeholders that the Danæg Group is a responsible and active member of the society. We strongly believe that every attempt, small and large, to incorporate CSR-activities into our daily business is a strong set-up for all parties.

By means of a new and more focused approach towards CSR we expect the targets that we set up for our CSR activities to be met with involvement and enthusiasm by employees, customers, suppliers, etc.



# Danæg and the ten principles

## Internal assessment according to the ten principles of the UN Global Compact – and future targets.

In the beginning of our process of working with the UN Global Compact we made an internal analysis of the relationship between our way of doing business today and the ten principles of the UN Global Compact. The assessment consisted of answering specific related questions for each area covered by the UN Global Compact and thereby providing a picture of potential for increasing our performance with regard to corporate social responsibility.



The results of the internal assessment are illustrated in Table 1 along with the improvement targets set in relation to the results. In Table 1, green indicates a current high performance with limited potential for further improvement; yellow indicates that practices can be enhanced; and red indicates the main practices which should be improved. It is important to note that the assessment was performed qualitatively according to the potential of increasing performance and not as a specific performance assessment. In practice this means that red can still indicate a good performance compared to other companies.

**Table 1: Internal assessment of Danæg and the ten principles of the UN Global Compact.**

	UN Global Compact principles	Risk/impact	Activity & set-up
<b>Human rights</b>	1. Business should support and respect the protection of internationally proclaimed human rights	<b>Low</b>	Covered by legislation and our management guidelines
	2. and make sure that they are not complicit in human rights abuses	<b>Low</b>	Covered by legislation and our management guidelines
<b>Labour rights</b>	3. Business should uphold the freedom of association and the effective recognition of the right	<b>Low</b>	Covered by legislation and our management guidelines
	4. the elimination of all forms of forced and compulsory labour	<b>Low</b>	Covered by legislation and our management guidelines
	5. The effective abolition of child labour	<b>Low</b>	Covered by legislation and our management guidelines
	6. and the elimination of discrimination in respect of employment and occupation	<b>Low</b>	Covered by legislation and our management guidelines
<b>Environment</b>	7. Business should support a precautionary approach to environmental challenges	<b>Medium</b>	In relation to environmental issues, The Danæg Group works within the frames of legislation and our own management guidelines. However, the task of improving our efforts within environmental issues is of great importance to us, including elements like optimization of production (both in relation to the production of eggs and the production at our production facilities), distribution, packaging, etc.
	8. undertake initiatives to promote greater environmental responsibility	<b>Medium</b>	
	9. and encourage the development and diffusion of environmentally friendly technologies	<b>High</b>	
<b>Anti-corruption</b>	10. Business should work against all forms of corruption, including extortion and bribery.	<b>Low</b>	Covered by legislation and our management guidelines

As a result of the internal assessment, we are pleased to inform that Danæg Amba to a wide extent works within the guidelines of the ten principles of the UN Global Compact today.

In the potential and relevance assessment all principles within ‘**Human rights**’, ‘**Labour rights**’ and ‘**Anti-corruption**’ were assessed as high performance based on the fact that they are covered by both our management guidelines as well as the legislation in low-risk countries.



**As examples of that, we would like to highlight:**

- All our production units are located in Denmark and Sweden.
- All employees are working under Danish or Swedish legislation.
- We have a system between the Danæg Group and our employees based on trust, decentralization and a high level of participation. As an important part of this system, every employee has at least twice a year a structured and open dialogue with their direct superior about aspects related to working conditions, social climate, etc.
- Education and various employee benefits are also important aspects of the system between the Danæg Group and the employees.
- A very high level of Scandinavian and North European business partners - countries with a low corruption rate in general.
- Etc.



Even though there is a high level of performance within 'Human rights', 'Labour rights' and 'Anti-corruption', we recognize the importance of creating further improvements as for these principles.

To illustrate our focus on these three areas, we would like to highlight new initiatives that are directly or indirectly related to them. In 2014, we expect to launch the following activities:



Target	Outcomes		
	2014	2015	2016
<p><b>1: Employee satisfaction survey:</b></p> <p>To perform an anonymous employee satisfaction survey.</p> <p>The first analysis is expected to be launched in the first half of 2015 and will be performed as a digital questionnaire</p>	<p>Create a strong corporate set-up for a employee satisfaction survey among all employees within the Danæg Group.</p>	<p>To perform the first employee satisfaction survey</p> <p>To create action plans and targets for improving employee satisfaction</p>	<p>Afterwards, the survey will be performed at a yearly basis – and action plans will be made and implemented.</p>
<p><b>2: “Code of conduct”:</b></p> <p>Development of a formal set up for Danæg “code of conduct”.</p> <p>Today, we work more informal with overall management guidelines in relation to “code of conduct”-elements</p>	<p>Development of a formal setup for Danæg “code of conduct”.</p> <p>Implementation of Danæg “code of conduct”</p>	<p>Implementation of Danæg “code of conduct”</p>	<p>Implementation of Danæg “code of conduct”</p>
<p><b>3: Financial support and cooperation with interest organisations in Denmark and Sweden:</b></p> <p>The Danæg Group companies involved in these activities are especially Kronæg AB and Danæg A/S.</p> <p>Present activities with the following interest organisations: <b>Rosa Bandet</b> (Breast cancer), <b>BRIS</b> (Children’s Rights), <b>Hjerteforeningen</b> (Heart diseases &amp; health), <b>Økologisk Landsforening</b> (the Organic Association in Denmark),</p> <p>In 2013, the two companies sponsored financial support for an amount of DKK 500.000 (EUR 67.000).</p> <p>Beside the financial support, the companies also supported the interest organisations with different activities, including the use of special packaging designs and sales campaigns as mean for promoting and creating attention for the interest organisations.</p>	<p>Financial support to interest organisations in Denmark and Sweden: DKK 600.000 (EUR 80.000).</p> <p>Development of various support activities, including the use of special packaging designs and sales campaigns as mean for promoting and creating attention for the interest organisations, etc.</p>	<p>Financial support to interest organisations in Denmark and Sweden: DKK 700.000 (EUR 94.000 ).</p> <p>Development of various support activities, including the use of special packaging designs and sales campaigns as mean for promoting and creating attention for the interest organisations, etc.</p>	<p>Financial support to interest organisations in Denmark and Sweden: targets will be settled during 2014.</p>

The work with the environmental issues stated in the ten principles of the UN global compact is of great importance to the company. As mentioned previously in this report, the Danæg Group already works with a number of environmental issues and activities.

However, the work of improving environmental issues is a dynamic and on-going effort that requires attention on all elements of the value chain of the Danæg Group.

As a company involved in a category that is widely based on volume production, the focus on environmental issues is integrated in many aspects of our everyday work.

**For example we would like to highlight that:**

- Close to 80% of all products are sold within Scandinavia – with Germany as our largest export market.
- A huge part of the materials used for production and distribution are purchased from local suppliers.
- Expanded use of recycled packaging material – both for the collection of eggs from the farmers and for finished products
- Etc.

In order to improve our efforts regarding the environment, we have established a number of different projects within our value chain. We would like to present some of our targets that we are going to focus on in the next years:



	Outcomes		
Target	2014	2015	2016
<b>4: Sourcing:</b>  Today we have a high focus of using local/Scandinavian suppliers for all our Group activities.  The level in 2013 was 87,73 % of the total Group sourcing	At least 90% of our total sourcing should come from local / Scandinavian suppliers	At least 90% of our total sourcing should come from local / Scandinavian suppliers	At least 90% of our total sourcing should come from local / Scandinavian suppliers
<b>5: Production:</b>  The Swedish Group company, Källbergs Industries AB, is trying to reduce the energy consumption in their production significantly.  In order to do so, large investments are required.  The target is to implement an energy reducing investment within the next two years.	Project development and board acceptance of the investment	Implementation of the energy-reducing investment  Set up targets for reduction of energy in the production for the future	Follow-up on targets for reduction of energy in the production
<b>6: Distribution:</b>  The Danish Group company, Danæg A/S, is collecting eggs from the producers on a daily basis.  In order to reduce the transportation level, the company has developed a new transportation system that optimizes the entire process which should lead to a reduction in the overall transportation for the company.	The development of a new and optimized transport system.  Based on the new system, it will be possible to set up targets for average transportation in kilometres per ton egg.  2014 will be the starting point for setting up targets for 2015 & 2016	Average transportation in kilometres per ton egg.  (Target is developed in 2014)	Average transportation in kilometres per ton egg:  (Target is developed in 2014)

# Final statement

## **Internal assessment according to the ten principles of the UN Global Compact – and future targets.**

As a final statement, we would like to express our positive mind towards an increased focus for the Danæg Group in relation to corporate social responsibility including our new membership of the UN Global Compact.

It has been a very good experience for us to work with CSR in a new and more structured way. The entire process has shown us that we are already involved in a large number of proactive initiatives in relation to CSR, but has also indicated that improvements can be made by means of a more concentrated and strategic approach towards this topic.

We are looking forward to present our annual Communication on Progress (COP) in the years to come.

