



---

# UNITED NATIONS GLOBAL COMPACT

---

DANÆG Holding A/S

COMMUNICATION ON PROGRESS  
REPORT 2015

## Support of the UN Global Compact

With the membership of the UN Global Compact in the first half of year 2013, the Danæg Group has established a more structured and a more focused approach towards the work with corporate social responsibility.

In the Danæg Group, working with CSR is a natural and integrated part of doing business. By focusing on a number of internal and external aspects of CSR in our business, we believe that we can contribute to society, to the environment, to the consumers, etc. in a positive way.

As a member of the 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 – particularly regarding the principles of the UN Global Compact.

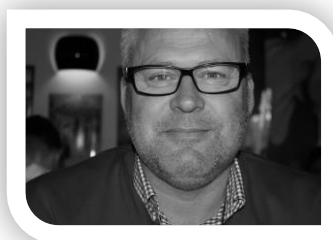
As the new CEO from 1 November 2014 I am pleased to experience that the Danæg Group is already making an engaged effort to integrate CSR in our daily business. This trail is marked, and it is my clear intension to go further down this trail with new ideas and new projects. With the position as market 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.

In this second UN Global Compact report we would like to highlight our present work with CSR, especially with focus on major activities performed in 2014. 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.

By means of a 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 Holding A/S

Jann Dollerup Vig Jensen, CEO



# The company – Danæg Holding A/S

## **Danæg Holding A/S – The Danæg Group:**

The Danæg Group was established in 1895 and is a co-operative in the egg category.

The group is owned by 73 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 1.3 billion (EUR 175 million).

## **Activities in Denmark and Sweden:**

In Denmark, the activities are concentrated around the two production facilities of Danæg Denmark. The first production facility 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 Danæg Group is selling its products to all distribution channels, including retail, food service, catering, industry, etc. The main markets are within Scandinavia but also a large part of the products produced in the egg processing industry are sold all around the world.



# Danæg Holding and Corporate Social Responsibility in 2014

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.

Examples of activities in which the Danæg Group or companies within the Group are or have been involved in 2014 are:

## 1. Social involvement - 2014:

**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)
- **Kræftens Bekæmpelse** (Cancer)
- **Økologisk Landsforening** (the Organic Association in Denmark)
- **Sponsorship of various sports teams and sports activities**
- **Etc.**



Kræftens Bekæmpelse



Vi støtter den gode sag



# Danæg Holding and Corporate Social Responsibility in 2014

## 2. The Environment - 2014:

- 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 - **further plans are in progress for 2015**
- Investments in production facilities with higher efficiency and reduced environmental effects - **further plans are in progress for 2015**
- High level of own-produced feed at the egg farmers – both in Denmark and in Sweden
- 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.
- Etc.



# Danæg Holding and Corporate Social Responsibility in 2014

## 3. Health - 2014:

- The Danæg Group is involved in different branch activities with the main purpose of enhancing the health-related qualities of eggs.
- Consumer information & marketing campaigns with focus on eggs, protein, and vitamins. Note: Eggs are often called “super food” due to the many positive health aspects of the egg.
- Launch of a health concept within shell eggs on the Swedish retail market – Aktiva. Famous, Swedish athletes were used to enhance the health messages of the concept.



- 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 (including running and bike riding),
  - Various health-related activities in each of the companies within the Danæg Group
  - Etc.
- At the more overall level and in close relation to mental and psychical health of the employees, The Danæg Group has developed an employee manual which covers many relevant everyday issues for our employees. These are: employee rights, safety rules, pension & insurance, smoking rules, quality & hygiene, maternity rules, holiday rules, etc. All new employees get a presentation of the manual and receive a hand-out copy.

# Danæg and the ten principles of the UN Global Compact

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

In 2013, we made an internal analysis of the relationship between our way of doing business today and the ten principles of the UN Global Compact. This assessment has been updated in 2014.

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 updated 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 could 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 – 2014.**

	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	Low	Covered by legislation and our management guidelines
	2. and make sure that they are not complicit in human rights abuses	Low	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	Low	Covered by legislation and our management guidelines
	4. the elimination of all forms of forced and compulsory labour	Low	Covered by legislation and our management guidelines
	5. The effective abolition of child labour	Low	Covered by legislation and our management guidelines
	6. and the elimination of discrimination in respect of employment and occupation	Low	Covered by legislation and our management guidelines
<b>Environment</b>	7. Business should support a precautionary approach to environmental challenges	Medium	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. <b>Large investments planned in 2015 within this area.</b>
	8. undertake initiatives to promote greater environmental responsibility	Medium	
	9. and encourage the development and diffusion of environmentally friendly technologies	High	
<b>Anti-corruption</b>	10. Business should work against all forms of corruption, including extortion and bribery.	Low	Covered by legislation and our management guidelines

As a result of the internal assessment, we are pleased, **also in 2014**, to inform that Danæg Holding A/S, works within the guidelines of the ten principles of the UN Global Compact today.

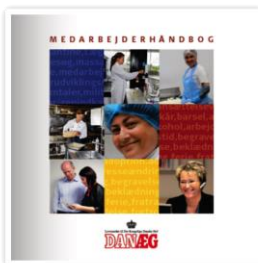
In the potential and relevance assessment all principles within '**Human rights**', '**Labour rights**' and '**Anti-corruption**' were assessed as high performance based on the fact that they are covered by both our management guidelines as well as the legislation in low-risk countries.



# “Human rights”, “Labour rights” and “Anti-corruption”

As examples of our focus on ‘Human rights’, ‘Labour rights’ and ‘Anti-corruption’, we would like to highlight:

- Danæg Holding signed the “Call to action” in 2014 – “A Call from Business to Governments to Address Corruption and Foster Good Governance”
- A very high level of Scandinavian and North European business partners - countries with a low corruption rate in general.
- 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.
- Etc.



The employee manual of the Danæg Group

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 in the nearest future as for these principles.

To illustrate our focus on these three areas, we would like to highlight present performance and new initiatives that are directly or indirectly related to them. In 2015, we expect to initiate the following activities:

Target	Outcomes		
	2014	2015	2016
<b>1: Employee satisfaction survey:</b>  To perform an anonymous employee satisfaction survey.  The first analysis is expected to be launched in the first half of 2015 and will be performed as a digital questionnaire	Prepare an employee satisfaction survey among all employees  <b>Result in 2014: a strong set-up has been developed and is now ready to be implemented in 2015</b>	To perform the first employee satisfaction survey  To create action plans and targets for improving employee satisfaction	Afterwards, the survey will be performed on a yearly basis – and action plans will be made and implemented.
<b>2: “Code of conduct”:</b>  Development of a formal set-up for Danæg “code of conduct”.  Today, we work more informally with overall management guidelines in relation to “code of conduct”-elements	Development of a formal set-up for Danæg “code of conduct”.  <b>Result in 2014: The Danæg “Code of conduct” is expected to be implemented by the end of January 2015</b>	Implementation of Danæg “code of conduct”	Implementation of Danæg “code of conduct”
<b>3: Financial support and cooperation with various interest organisations and sponsorships in Denmark and Sweden:</b>  The Danæg Group companies involved in these activities are especially Kronägg AB and Danæg A/S.  In 2013, the two companies sponsored financial support for an amount of DKK 500.000 (EUR 67.000).  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.	Financial support to interest organisations in Denmark and Sweden: DKK 600.000 (EUR 80.000).  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.  <b>Result in 2014: Financial support to interest organisations in Denmark and Sweden: DKK 669.000 (EUR 89.000).</b>	Financial support to interest organisations in Denmark and Sweden: DKK 700.000 (EUR 94.000 ).  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.	Financial support to interest organisations in Denmark and Sweden: targets will be settled during 2015.

# “The Environment”

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 the following points:**

- Huge focus on optimization of transportation between the egg producers, the production facilities and the customers.
- A huge part of the materials used for production and distribution are purchased from local suppliers.
- Close to 80% of all products are sold within Scandinavia – with Germany as our largest export market.
- Expanded use of recycled packaging material – both for the collection of eggs from the farmers and for finished products.
- A large part of the feed used in the egg production is produced by the farmer himself.
- 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:



Target	Outcomes		
	2014	2015	2016
<b>4: Sourcing:</b>  Today, we have a high focus on using local/Scandinavian suppliers for all our group activities.  The level in 2013 was 87,73 % of the total group sourcing (measured in quantity)	At least 90% of our total sourcing should come from local / Scandinavian suppliers  <b>Result in 2014: New agreements with Scandinavian suppliers – Level in 2014: 92,74 %</b>	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.	Project development and board acceptance of the investment  <b>Result in 2014: the board has accepted the large investments – the project is going to be implemented in 2015.</b>	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.  <b>Adjustment to report in 2013:</b> Due to major changes in Danæg's transportation system, it is not possible to focus on average transportation in kilometres per ton in 2015 and 2016	The development of a new and optimized transport system.  <b>Results in 2014:</b>  <b>1. All transportation is delivered by one supplier - a local company – who delivers eggs to the customers on the way out – and collects eggs from the producers on the way home.</b>  <b>2. The supplier has reduced his speed limit to max. 80 km/h</b>  <b>3. Increased centralization of egg production close to the production facility</b>	<ul style="list-style-type: none"> <li>- Further centralization of egg production close to the production facility</li> <li>- Reduction of eggs produced far away from the production facility</li> <li>- Increased production in the area close to Christiansfeld</li> <li>- Targets for 2016 are developed in 2015</li> </ul>	Targets are developed in 2015

# Final statement

**2014 has been a good year for the Danæg Group in relation to CSR – this development is a great wish to continue in 2015.**

As a final statement, we would like to express our positive mind towards an increased focus for the Danæg Group in 2014 in relation to corporate social responsibility.

It has been a positive experience for us to work with CSR in 2014. Our new and more structured way of working with CSR has shown us that we are already involved in a large number of proactive initiatives; often activities that are a part of our daily business routines. However, the increased focus on CSR has also indicated that improvements can be made by means of a more concentrated and strategic approach towards this area of our business.

Therefore, we look forward to presenting our annual Communication on Progress (COP) in the years to come – with the next report ready in February 2016.

Best regards,

The Danæg Group

