

**DANISH CROWN**



**SUSTAINABILITY PROGRESS REPORT  
2014/15**



**IT'S ALL  
ABOUT  
FOOD**

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# A message from our CEO

## Part of a Global System

All of us expect a lot from our global food system, as we should. We need it to provide safe, nutritious and affordable food for everyone, and we want confidence that food is farmed, processed and distributed responsibly. It's not surprising, then, that questions are being raised about the system's ability to feed a growing global population, the health effects of today's diets, the technologies used to grow and process food, and implications for human rights, animal welfare and the environment.

In the Danish Crown Group, we are committed to making decisions that have a positive impact on our business and the communities in which we operate. 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 we are working hard to disseminate best practice internationally.

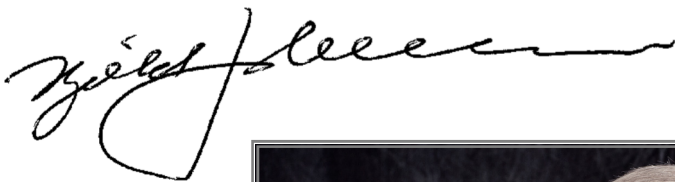
As a cooperative owned by Danish farmers, Danish Crown is constantly reminded of our obligations and responsibility towards our surroundings; a responsibility which is underlined by our position as one of the largest companies in Denmark and one of the largest meat processing businesses in the world.

## We support Global Compact

Danish Crown joined the United Nations Global Compact in 2011, an important initiative to promote ethical business practices. As a participant, we are committed to aligning the 10 basic principles of the Global Compact to our corporate strategy. The progress being made to fulfil the strategy's objectives is described in this report.

This year, we have taken the opportunity to create a new governance structure to manage corporate responsibility issues across the group. A new Sustainability Coordinator has been appointed to run projects and share best practice across the group, and a newly formed Sustainability Steering Group will help inform and monitor our progress.

Looking ahead, I believe we have implemented a number of initiatives, both globally and locally, that will help us to build resilience into our business, thereby preparing us for future growth in an environment of heightened global challenges.



*Kjeld Johannesen, Group CEO*

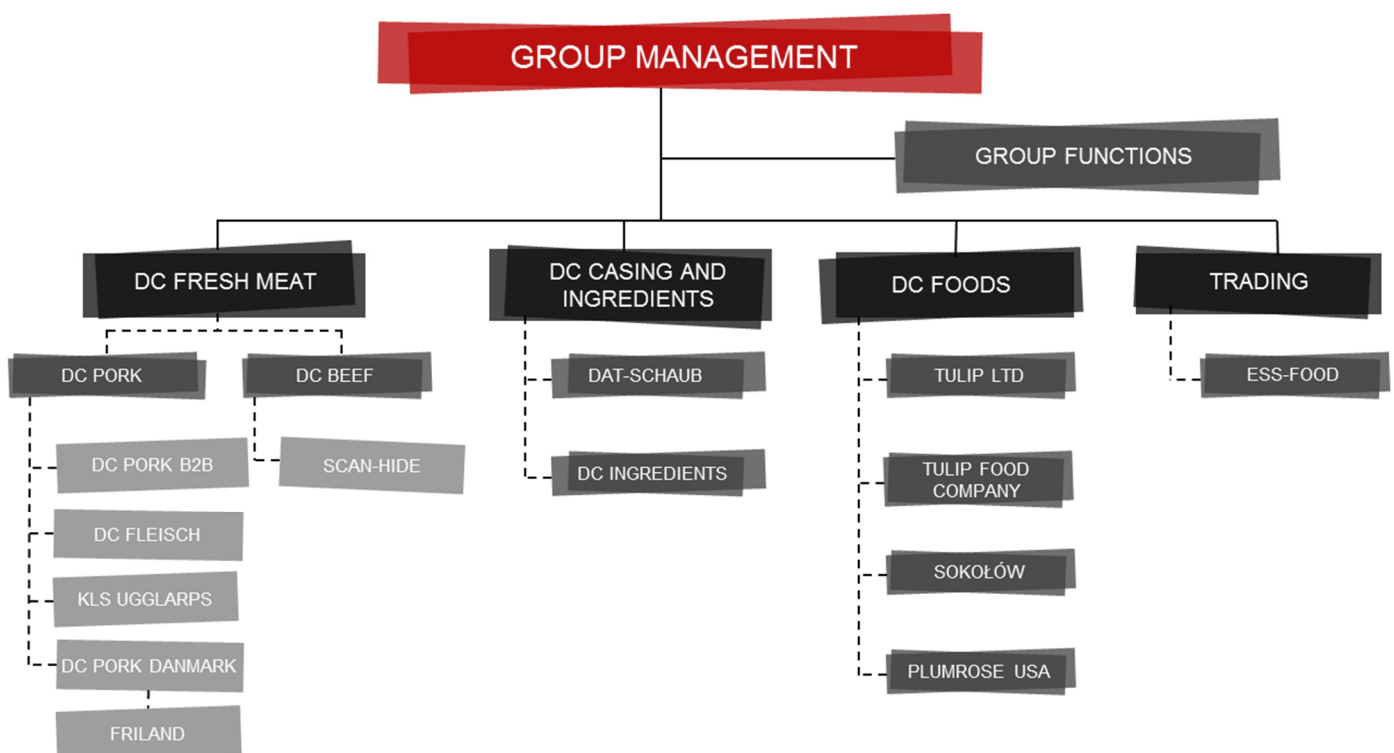


# About Danish Crown

The Danish Crown group is a global meat processing company and among the largest in its field.

The group is the World's largest pork exporter and Europe's largest pork processor (DC Pork). DC Foods is Europe's largest meat processing company and DC Beef is a significant player in the European beef market. Group turnover is app. DKK 59 billion with a workforce of approximately 26,000 employees.

Danish Crown is a limited company but is owned by the cooperative society 'Leverandørselskabet Danish Crown AmbA' which has an elected board consisting of cooperative members. The board of the limited company also includes employee representatives and external members.



## Strong history in the Danish cooperative movement

**1887**

First cooperative slaughterhouse is founded



**1990**

Merger leads to formation of Danish Crown

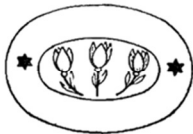


**DANISH CROWN**

**2002**

International growth through acquisitions

1885 1890 1895 1900 1905 1910 1915 1920 1925 1930 1935 1940 1945 1950 1955 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015



Tulip starts selling bacon to the UK

**1912**



Sector consolidation commences

**1960**

Merger with  
Vestyske  Slagtenier

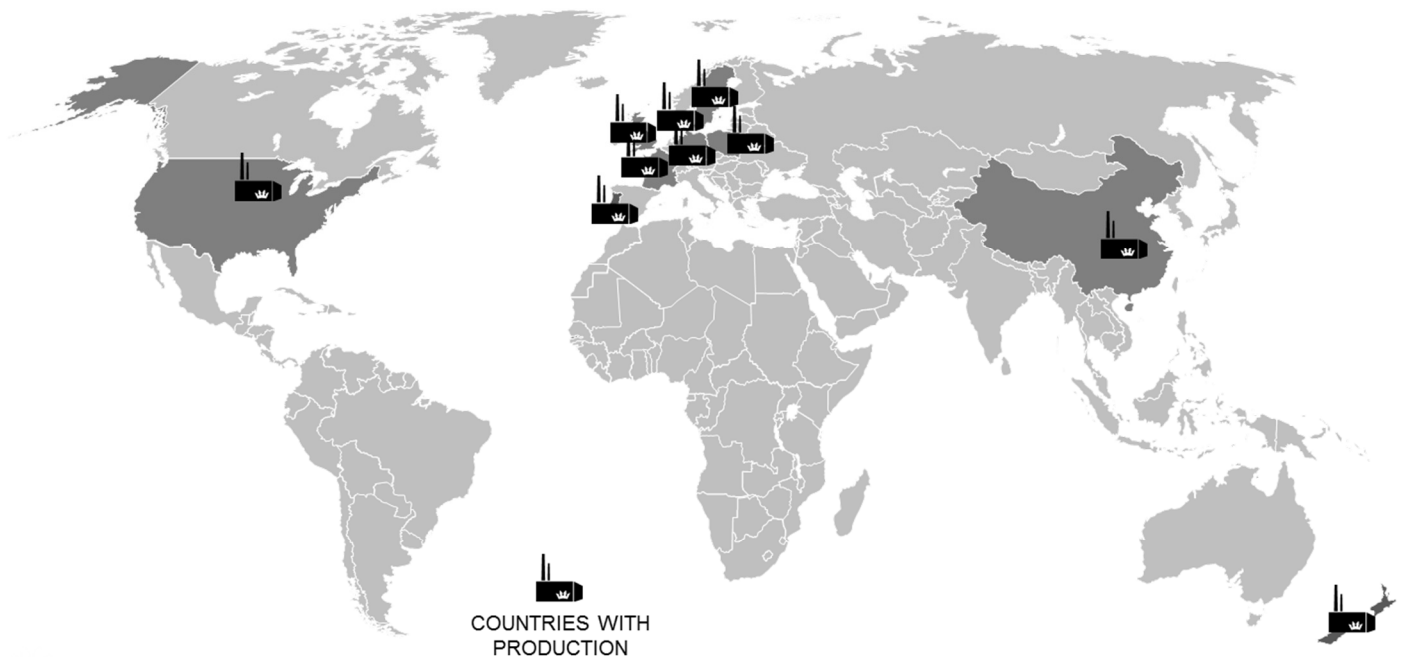
**1998**



**2001**

**DANISH CROWN**

## DC production



**DANISH CROWN**



SUPPLIERS



SLAUGHTERING / DEBONING



B2B / TRADING



PROCESSING



END-USER



# Our Responsible Business Strategy

Danish Crown is among Europe's leading food producers. Within all parts of the supply chain, Danish Crown is committed to operating in a sustainable way. For a number of years, Danish Crown has placed a special focus on addressing our key sustainability issues, including looking after our people by reducing the number of accidents at work, improving our processes and technologies to reduce our impact on the environment, developing safe and healthy products and setting up strict requirements for animal welfare. As the group expands, we are working hard to share this best practice across the whole business. We recognise our impacts along the supply chain, from farm to fork.



## Governance

This year, we have also taken the opportunity to create a new governance structure to manage corporate responsibility issues across the group. A new CSR Coordinator has been appointed to run CSR projects and share best practice across the group, and a newly formed CR Steering Group will monitor and review:

- ⇒ the Company's management of corporate responsibility across all DC companies, making appropriate recommendations to the Board on corporate responsibility matters;
- ⇒ the effectiveness of the Group's strategy for, and management of, material sustainability issues;
- ⇒ the Group's sustainability plans and activities; and
- ⇒ the effectiveness of CSR governance.

## Priorities

The group CSR strategy was updated in 2013 in connection with the current business strategy DC2018. The CSR strategy sets a number of concrete goals within each of the key areas that have the greatest significance to our business and our stakeholders: animal welfare, human rights, working environment, environment and climate, food safety and health, responsible supplier management and corruption and bribery. Within all areas, Danish Crown has set long term goals for us to assess our performance against. We have shaped our priorities around three key pillars.





## People

Health & Safety

Well-being

Human Rights

Community



# Health & Safety

The health and safety of our employees is a high priority for the Danish Crown Group. The company is committed to prevent accidents at the workplace and to reduce the number of repetitive strain injuries. For several years, Danish Crown has been working actively to reduce the number of accidents. Positive results have been achieved through continuously focusing on improving the workplace. We ensure that all employees have the best possible personal protection gear at their disposal, and they are instructed in how to perform the work in a safe and responsibly manner, while receiving regular training and instruction. New technology that can completely remove the risk of accidents for the individual employee is tested, tried and introduced where practically and financially possible.

Our health & safety management systems ensure that the group follows uniform procedures for handling health and safety issues and continuously improve the working environment. Danish Crown's employees are involved in the work via occupational health and safety organisations and groups that are continually being trained and updated on the latest working environment know-how.

## Objectives 2013-2018:

- ⇒ That all factories reduce the number of accidents at work that lead to a full day of absence. At company or division level, the aim is to reduce the number of work-related accidents by 20 per cent.
- ⇒ That all factories reduce the absence due to illness percentage. At company or division level, the aim is to reduce absence due to illness by 30 per cent.
- ⇒ To minimise the number of daily lifts for employees by introducing new technology, expedient workplace design and correct working instructions & to ensure that all work functions are performed as ergonomically correct as possible.
- ⇒ To motivate and inspire employees to adopt healthy exercise and eating habits and to ensure health initiatives at all workplaces
- ⇒ To minimise noise levels through the introduction of new technology, the effective maintenance of production equipment and noise-reducing work routines and behaviour.

## Case Study: Noise Reduction

Danish Crown has been focused on a major project to reduce noise levels.

All of DC Pork's, DC Beef's and Tulip Food Company's factories in Denmark have been involved in the project, which aimed to reduce the level of noise to a maximum of 85 dB for all functions. Except for very few specific areas where the authorities have recognized that it is not possible to reach the 85 dB, we have been successful in reaching the target for all of our Danish employees. Reaching the target has been very complicated and has required a lot of investment, as it has been a challenge to reduce the level of noise without having to compromise with the tough requirements for food safety.

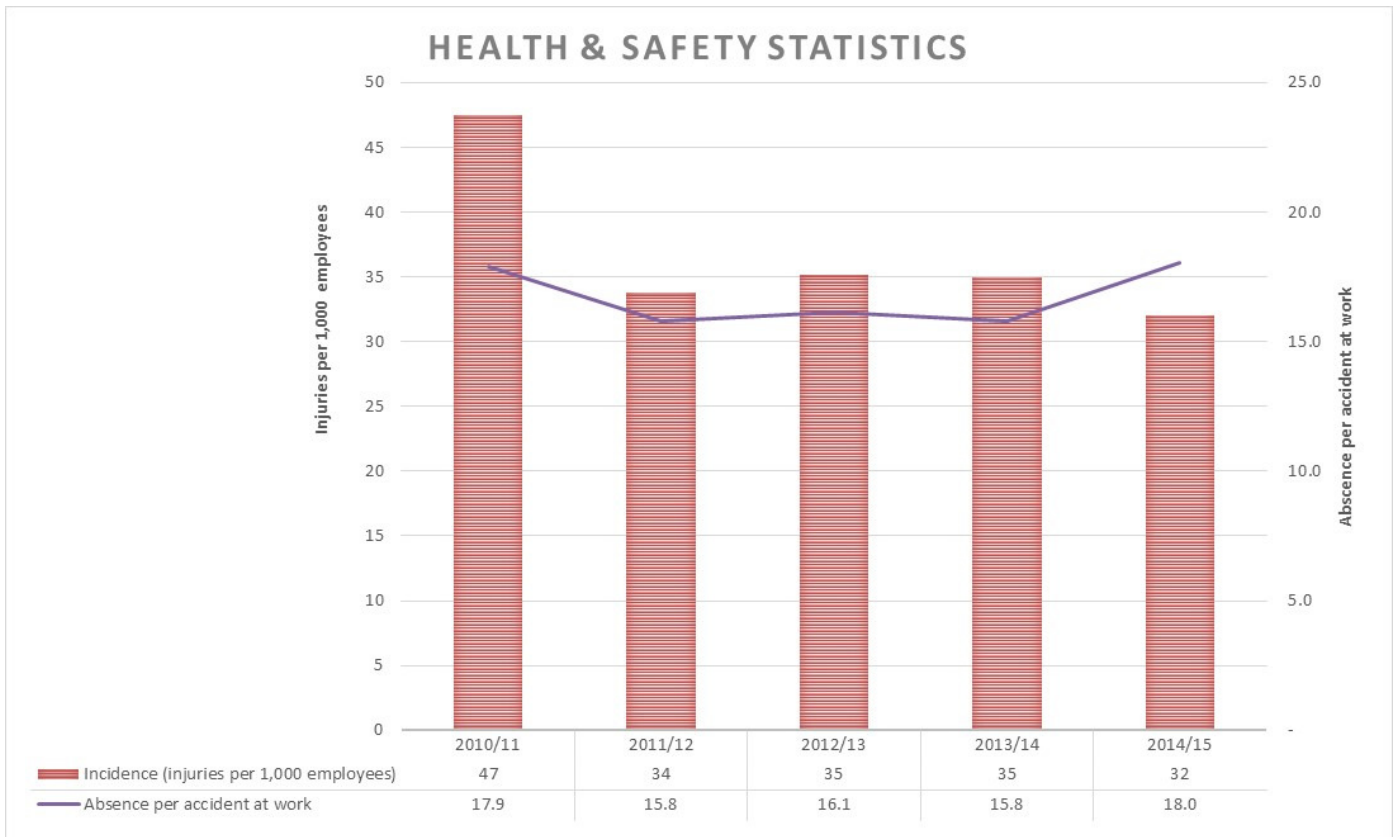




## Our Progress

Health & Safety performance is measured in the number of lost time accidents occurring, converted to an incidence rate, based on injuries per 1,000 employees. The incidence rate has shown a good improvement, with a reduction from our base year (2010/11) of 32.6% and a reduction from the last financial year of 8.4%.

The rate of absence per accident has seen a marked increase (absence has increased and at the same time incidents have decreased). This is caused by a reduction in the overall number of minor accidents, but absence levels remaining, consistent therefore increasing the average absence per accident.



## Case Study: Reward for Fewer Work Accidents

**Three of Plumrose USA's plants received awards for their work on improving safety to employees and reducing the number of accidents.**

Among the companies receiving recognition were Plumrose USA's plants in Booneville, Elkhart and Council Bluffs to the satisfaction of Dave Schanzer, CEO Plumrose USA. "We are naturally proud of the results we have achieved in bringing down the number of work accidents but we will not be satisfied until all our plants are awarded the highest level. In future we will therefore focus even more on the importance of avoiding accidents among others through education of our employees".

## Case Study: Robots do the heavy lifting

### Robots have taken over the hard physical work at Danish Crown in Blans

Every day between 120 and 130 tons of bacon is salted each day. This has been done by hand for a number of years but in 2015 two robots took over the job. According to Operator Michael Jespersen, the robots are among the most modern available, and Danish Crown in Blans is the first factory in Europe to use them. This has taken 10 people away from this demanding role. However, the 10 employees affected have been offered positions within other departments, so no one has suffered a job loss as a result. "It is very hard to work in the curing department, as a lot of heavy lifting is part of the job. Today this lifting is done by robots, which is a big advantage for the employees".



# Well-being

## Our Commitments

Danish Crown puts massive focus on monitoring the wellbeing of our employees. We train our managers to be aware of factors influencing the wellbeing of the employees. A precondition for Danish Crown's business development is committed, quality-conscious and result oriented employees who meet customer demands and wishes. This requires the continual development of the employees' competencies and constructive cooperation across the organisation. Competence development is also an important element in implementing Danish Crown's policy of ensuring a more equal distribution of men and women at all management levels.

## Objectives 2013-2018:

- ⇒ To strengthen the efforts being made to ensure high job satisfaction, including measures to prevent stress and bullying.
- ⇒ To ensure the positive development of staff motivation and commitment throughout the entire group.
- ⇒ To gear the organisation for the future with respect to business succession and to attract and retain competent employees while also increasing diversity in the filling of management positions throughout the group.
- ⇒ To increase focus on internationalisation while increasing knowledge-sharing and exploiting synergies across companies and national boundaries.

### Case Study: Equipped for Life

Tulip Ltd have developed a major programme regarding the health and wellbeing. Our 'Equipped for Life' (EFL) programme is built on best practice advice and covers health, education, personal development and how we link with local communities. Our annual plan is issued to every employee; themes are run for different months, linking into national campaigns. While our Occupational Health team provide advice and mini health check ups to support on issues such as weight loss and smoking cessation. Successes from this programme include:



- Our absence levels have dropped by 0.5% in 6 months – projected at 1% in the year – that's a drop in 17,000 absence days in a 12 month period.
- We have achieved a success rate of over 50% of colleagues signing up to our rewards discount scheme at sites across our UK operation.
- An average 556 colleagues actively participate in the Tulip lotto on a regular basis, winning over £1000's of prize money as well as raising an equal amount for worthy causes.
- 128 Tulip colleagues have taken advantage of our discounted gym membership scheme in the last 12 months.
- 280 colleagues have taken up the cycle to work scheme.

## Our Progress

As Danish Crown continues to grow internationally the group puts increased focus on cooperation between employees from different companies. To strengthen relations Danish Crown has created new international forums concerning innovation and purchasing, and planned initiatives includes stronger and more focused cooperation on subjects such as energy consumption, water and waste. This is a task which will be headed by Danish Crowns newly appointed CSR Coordinator.

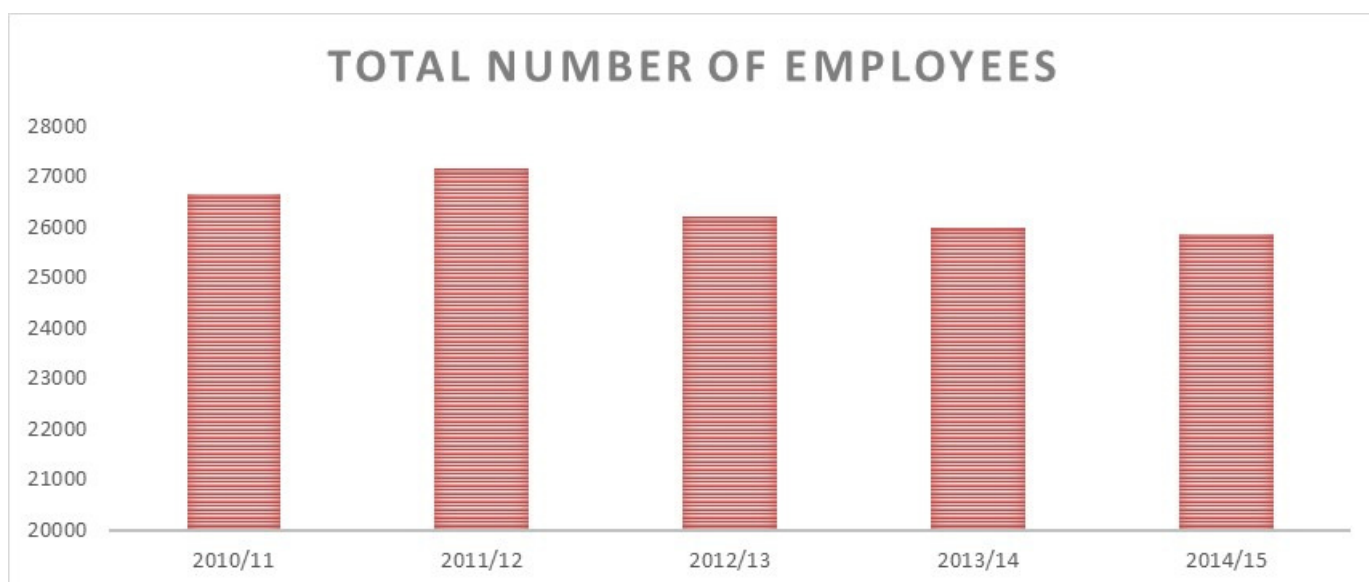
Danish Crown also carries out a staff survey "DC Check" on a regular basis, thereby gaining input on working conditions and satisfaction with management. The number of employees participating in DC Check has been expanded, making it much easier for Danish Crown to point out where to focus in order to improve working conditions. During the last survey, 36% of employees across the group received the questionnaire.

# DC CHECK EMPLOYEE SURVEY



Another important focus of Danish Crown is the recruitment and education of new employees as well as succession planning concerning management positions. Concerning new employees, Danish Crown cooperate with a number of educational institutions, and a number of companies within the Danish Crown Group employ apprentices as part of the groups responsibility towards society.

In 2014/15 a planned succession programme was carried out. This included 176 critical positions within DC pork, DC Beef and Tulip Food Company. The process has also been carried out for top management positions at Plumrose USA, ESS-Food and DAT-Schaub. As part of the process, relevant education is offered towards employees appointed to be successors to current managers.



	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of employees (FTE) - Average	26,655	27,178	26,231	25,980	25,873
Total number of employees leaving (FTE)	5,025	4,945	4,738	4,771	5,339
Number of employees leaving the Group - in %	19%	18%	18%	18%	21%

The share of women within management positions continues to steadily rise and stands at 28% for financial year 2014/15.



### Case Study: Tulip extends apprenticeship scheme

**Tulip Ltd launched a nationwide search for the next generation of butchers, engineers and technical specialists as it expands its industry-leading apprenticeship programme.**

Tulip has extended its apprenticeship scheme to include additional functions following the success of its original programme, which has been running for four years. The business offered 24 butchery, 15 engineering and five technical apprenticeships at various locations across its UK operation to start in the autumn and was keen to hear from young people looking for real career and development opportunities.

Tulip's Group Learning & Development Manager Ally Patterson explained: "We have been working in partnership with the Department for Business, Innovation & Skills together with the Department of Education and other industry leaders over the last few years to develop the Trailblazers standard, which offers candidates relevant formal qualifications to support them in building a career in the food industry. Candidates are assessed throughout their apprenticeship to ensure that they learn the knowledge and relevant skills in their chosen career. For butchery apprentices there is an independent assessment at the end of the programme on knowledge, skills and behaviours, which is a brand new concept introduced via the Trailblazer standard, which will help improve standards across the industry."

# Human Rights

## Our Commitments

Danish Crown recognises and protects relevant international human rights, including labour rights. We want to ensure that human rights are not violated at Danish Crown companies, and we demand the same of all our business partners.

Objectives for the strategy period:

- ⇒ To incorporate due diligence processes for human rights in existing management systems.
- ⇒ To explore the possibilities of establishing an appropriate system for handling of grievances.

## Our Progress

Danish Crown put a lot of focus on human rights, both regarding how the companies within the Danish Crown Group treat their own employees and the group's ability to influence suppliers to focus on human rights.

All of Danish Crowns contracts for suppliers require that suppliers obligate themselves to live up to the human rights as defined by the UN Global Compact in order to become a Danish Crown supplier. Work on human rights internally in the group include equal opportunity for employees regardless of gender, race, sexual orientation or other personal matters.

### Case Study: Refugees integrated at Danish Crown

**In cooperation with local authorities, Danish Crown is set to help refugees find a job in Denmark**

In September 2015, Danish Crown in Blans opened the gate for a group of refugees, which will hopefully lead to an ordinary job at the company. To begin with, 16 refugees have been offered to take part in the program, which has been created in cooperation with the employment agency of the town of Sønderborg. For 26 weeks they will help the refugees to get ready for a job at Danish Crown, including help to get the language necessary to work at the factory as well as to gain the skills required to do the job.

“We want to play our part and give a group of refugees the possibility to work and provide for themselves. This is very much in line with the fact that we since December 2014 have been successful in creating jobs for people formerly living of social benefits”, explains Factory Manager, Ole Carlsen. “Out of the 86 participants, 41 have been employed, and we will of course continue our efforts at helping people formerly receiving social benefits back on to work, along with our effort to help integrate refugees”.

### Case Study: New challenges for former Tulip employees

**After the closure of Tulip Food Company's factory in Faaborg the company has been successful in helping most of the employees on with their career**

December 19<sup>th</sup> 2014 saw the closing of Tulip Food Company's factory in Faaborg, and in September 2015 the closure of the factory was followed by the closure of the job bank, which had the mission of helping as many of the employees from Faaborg to move their career in the right direction after the closure.

Manager of the job bank, former shop steward Morten Jensen, was happy to inform that only six out of the 63 people formerly employed at Tulip in Faaborg were unclear of their future, when the job bank closed.

“It means that more than 90% of our former colleagues have moved on. This once again underlines the value of having a job bank and shows that we have a lot of success when it comes to helping colleagues that have lost their job”, said Morten.



# Community



## Case Study: Live like a pig

**Danish Crown held an auction over the right to live in a genuine pigsty! The result was 246.000 DKK, which was donated to the Child Cancer Foundation.**

For a number of years, Danish Crown has given visitors at the Danish music festival 'Smukfest' in Skanderborg the possibility to spend the festival in a genuine pigsty. The organic pig huts have been modified to provide luxury accommodation for two legged creatures. Besides the special sleeping arrangements, the guests are also treated with food from Danish Crown and a lot of entertainment, and as a result there is a lot of interest in the 15 huts.

This year however, the interest was even bigger, meaning the 15 huts were sold at a record price of 246.000 DKK, which was handed over to the Child Cancer Foundation.

## Case Study: Food for thought and thought for food

As one of the UK's leading food producers, Tulip Ltd engagement in food charities is a no-brainer. Under its sustainability plan "Growing Responsibly", the company has made a commitment to support action on food poverty. Several sites, are already involved in donating food and making a significant difference to their local communities.

For a number of reasons, including insufficient shelf-life or a packaging issue, our factories end up with food that cannot be sold to our primary customers. Tulip Bodmin has been supporting St Austell and WadeBridge



Food Banks since 2010. Nigel Colston takes up the story: "Things started in small way when a number of tinned meat products were sent to our site as samples for a meeting and things grew from there. We've also found other charities that need our support, including the Devon and Cornwall Food Association with whom we have recently formed a partnership. They help vulnerable people in our local community by providing food and cookery skills. We also support STAK (St Austell Community Kitchen), which provides meals at heavily subsidised prices. In fact, Glen Curtis, one of our trainers, recently revealed that when he was very young and living on his own for the first time, he found himself with a tough choice of buying food or paying rent. STAK had provided a hot meal for him for a few weeks while he sorted himself out."



# Planet

Animal Welfare

Energy

Water

Waste

# Animal Welfare

## Our Commitments

How animals are treated on the farms, during transport and in the slaughterhouse is of primary importance to us. Danish Crown meets all statutory animal welfare requirements and also sells a wide selection of products that meet special consumer requirements with respect to quality and animal welfare.

Our Danish pig suppliers must comply with a Code of Practice for animal welfare on their farms. Similar schemes are found in the UK, and we continuously investigate the possibility of introducing similar schemes in other slaughtering units.

Danish Crown has a special responsibility for ensuring that the collection, unloading and slaughtering of animals are carried out as gently as possible and performed within reasonable time limits. Employees engaged in handling live animals therefore receive special training so they understand the animals' behaviour and physique. Danish Crown also strives to make the time of transportation from farmer to slaughterhouse as short as possible.

Objectives 2013-2018:

- ⇒ To increase the number of pigs subject to higher animal welfare requirements.
- ⇒ To initiate the development and implementation of certification schemes for groups of cattle suppliers.
- ⇒ To extend animal welfare training to staff working in the pens at all the slaughterhouse units and to enhance animal welfare through equipping the pen areas accordingly.

## Our Progress

Among the initiatives taken within the last financial year is an increased interest for more health control, where Danish Crown offers the suppliers a unique possibility to get information about individual sows delivered for slaughter at Danish Crown in Skærbæk. This gives the farmer an opportunity to react much faster, if the wellbeing or health of the animals from the specific farm is declining. Concerning cattle, Danish Crown has taken a new initiative to support cross breeding of Jersey cows and meat cows in order to make it financially attractive to raise the calves of Jersey cattle.

Looking at organic and free range production our efforts in 2014/15 have to a large degree revolved around increasing the number of organic pigs slaughtered within the Danish Crown Group. The organic part of DC Pork, Friland, has taken a number of initiatives to increase the number of organic pigs, including financial support towards farmers bringing new organic sows into production. This has been a very successful initiative, however the impact within the financial year 2014/15 has been very small, as it takes time from new sows being introduced to the first pigs being ready for slaughter.



## Case Study: Friland attracts new sows

**The increased need for more organic meat means that Friland has chosen to give a cash reward to farmers increasing the number of organic sows at their farm**

European consumers huge appetite for organic products means that there is a shortage of organic pig meat. As Europe's biggest supplier of organic meat this is also challenging Friland, and during 2014/15 the company frequently turned down customers, because the available volume of meat did not align with demand. As a result, Friland has taken two new initiatives in order to expand the production of organic pigs in Denmark. "We have chosen to take a very unusual step, but this underlines that we are facing some very unusual challenges. We are facing a great need for new organic piglets, and as a result we have chosen to provide cash support to farmers increasing the number of sows and thereby also the number of piglets", explains CEO of Friland, Henrik Biilmann.

### Help with funding

Friland allocated 2 million DKK which is given as establishment grants when farmers increase the number of organic sows. The scheme became active on May 1<sup>st</sup>. Besides the cash reward for new sows Friland also offers to finance new organic sows. "We have experienced that some banks are reluctant towards lending money to farmers, which is slowing down the growth of organic meat. However Friland is convinced that organic pig farming will be a profitable business in the future, and as a result we have chosen to offer help finance the cost of establish or increasing production of organic sows", says Henrik Biilmann.





### **Case Study: Antibiotic Free Production of Pigs**

**As of December 1<sup>st</sup> five Danish Crown suppliers began trials raising pigs without using any antibiotics**

Denmark is among leading countries with the smallest use of antibiotics in pig production. Danish Crown is focused on taking responsibility and further decreasing the use of antibiotics, in close cooperation with the company's owners. As a result, five farmers from the island of Bornholm set up a trial production of pigs without the use of antibiotics.

Along with the farmers, experts have closely followed the trials to ensure there is no impact on animal welfare. The production of pigs without antibiotics is more expensive for the farmer, due to increased control with the pigs, which calls for extra employees. One of the goals with the trials was to find out if there is demand for these pigs, and so far Danish Crown has been able to find customers. As a result Danish Crown decided to expand the trial so more suppliers now raise pigs without the use of antibiotics.



# Energy

## Our Commitments

Danish Crown focuses on the overall climate change impact of our products. We are therefore working to reduce the environmental impact of the group's activities. Efforts being made to reduce energy consumption at our facilities are concentrated on the most energy-intensive processes. The temperature in Danish Crown's factories is critical to food safety, and consequently process cooling for rooms and for freezing products is the primary source of energy consumption.

Objectives 2013-2018:

- ⇒ That all factories reduce energy consumption to the group's best practice level. At company or division level, the aim is to reduce energy consumption by 3% per year per ton of finished products.
- ⇒ To explore the possibilities and savings potential of investing in renewable energy or selling surplus energy from production.
- ⇒ To implement carbon footprint projects within key product categories in partnership with the retail trade.

## Case Study: Full focus on energy savings

**Different Danish Crown facilities work closely together on how to reduce energy. This is also the case at Danish Crown's biggest slaughtering facility in Horsens, where a number of projects are helping to drive down energy use.**

Reducing energy consumption is key to Danish Crown, and the company has carried out a number of projects in 2014/15, which has resulted in a reduction of energy at several thousand MW/h. Along with other projects Danish Crown in Horsens reuses the heat from emissions, resulting in a significant reduction of the energy usage for heating of water for cleaning. The two biggest projects carried out in Horsens give a combined reduction of energy usage of 4.500 MW/h per year, which equals the energy usage of nearly 1.000 Danish households with two adults.

"We completed a number of projects, and besides optimizing the heat recovery and savings from recovery from capacitors, we have been able to reduce energy consumption throughout the facility. Another example is a reduction of energy usage of 970 MW/h from heat recovery from scalding cabins, an optimization of the suction system coming from replacing compact air injectors with vacuum pumps, just as all fluorescent lamps are replaced by LED lighting", explains Engineer Gregor Kaster.

### Learning from each other

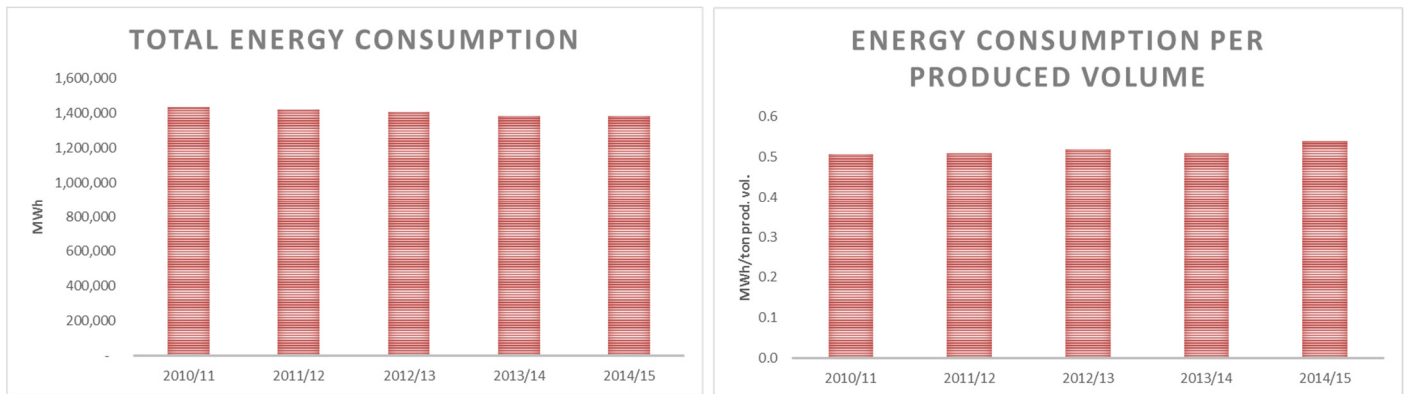
Among future projects expected to result in a significant energy reduction is the drying of production rooms after cleaning. New moisture analyzers have been installed, making it possible to calculate the exact amount of energy necessary to dry the rooms before starting production. Gregor Kaster underlines that this is just examples of the necessity of constantly monitoring and reducing energy consumption; "The focus on consumption of energy and water has increased significantly for a number of years. We are held accountable on our KPI's which makes the task of reducing consumption much more visible".

This is not only the case for Danish Crown in Horsens, but for all Danish Crown facilities. Cooperation on reductions in consumption have become much more important. "We learn by visiting different facilities and exchanging experiences on energy projects. An energy portal has been created, which is used to share good ideas and success stories to make sure that good ideas do not go to waste. However we can still improve, and one way to do that is to include even more companies within the group" says Gregor Kaster.

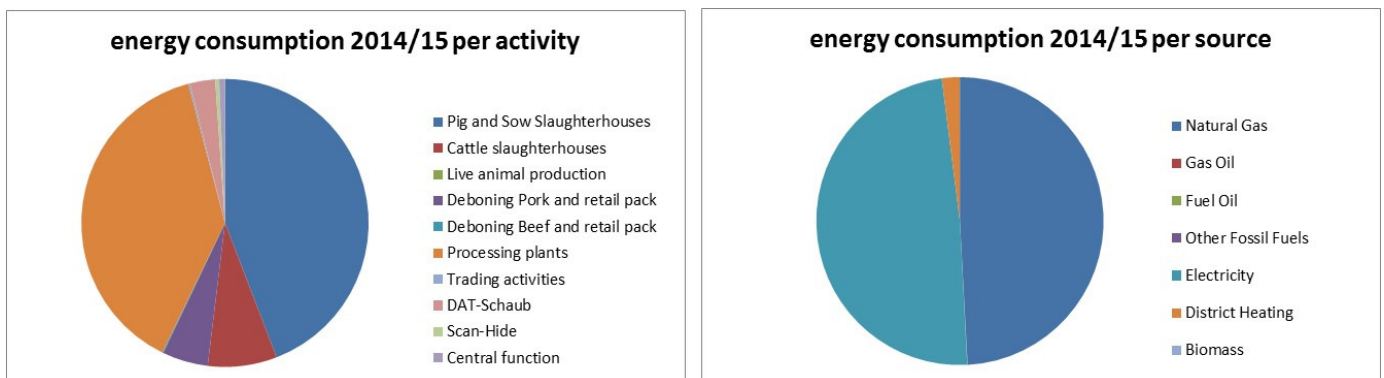
## Our Progress

Our efforts have focused on individual site energy management projects to work towards a 3% year-on-year improvement. We measure both overall carbon emissions and energy emissions. Carbon emissions include electricity use, fuel use (including natural gas and propane), refrigerant usage, as well as nitrogen and carbon dioxide gases. Overall carbon emissions have reduced, both in terms of absolute performance and ratio performance per produced volume of products.

Specifically focusing on energy, overall energy consumption has increased from the previous financial year, and our ratio performance per volume produced has also increased due to a reduction in production levels. Total energy use increased by 0.1% on the previous year, a reduction in 3.7% since FY2010/11. Energy use per produced volume has increased 5.8% on the previous year, predominantly due to a reduction in overall production volumes and a change in the type of products being produced which use more energy in manufacturing.



The pig and sow slaughterhouses consumed 44 per cent of the total energy consumption in Danish Crown, followed by the processing plants consuming 40 per cent of the energy consumption. The energy consumption per produced volume is higher in the processing plants, because of many energy intensive processes, compared to other activities in Danish Crown. The processes include curing, smoking, roasting, deep-frying and cooking. The energy consumption in relation to deboning, cutting and retail packing is low, both in total and per produced volume, compared to the slaughterhouses and processing plants.



Despite focus in this area, our progress does not match our targeted improvement. Individual projects have led to significant improvements at an individual site level, but the overall trend requires further action to address this issue.

## Our Commitments

Danish Crown uses water to clean our production facilities, for disinfection, and to cook our products. Some of the water evaporates in connection with cooling, cleaning and drying, but most is discharged as wastewater. We are continually looking to reduce the company's water consumption and the volume of organic material, which is discharged to the drains. These efforts include changing behaviour as well as implementing technical solutions.

Objectives 2013-2018:

- ⇒ That all factories reduce water consumption to the group's best practice level. At company or division level, the aim is to reduce water consumption by 3 per cent per year per ton of finished products.
- ⇒ That all factories reduce the drain discharged volume to the group's best practice level. At company or division level, the aim is to reduce the volumes by 10 per cent per ton of product produced.
- ⇒ To explore the possibilities for and savings potential of reusing water for other processes.



## Case Study: Water Consumption @ Danish Crown

**In partnership with other food companies, technology providers, universities and knowledge providers, Danish Crown aim to reduce water consumption by 15-30 percent.**

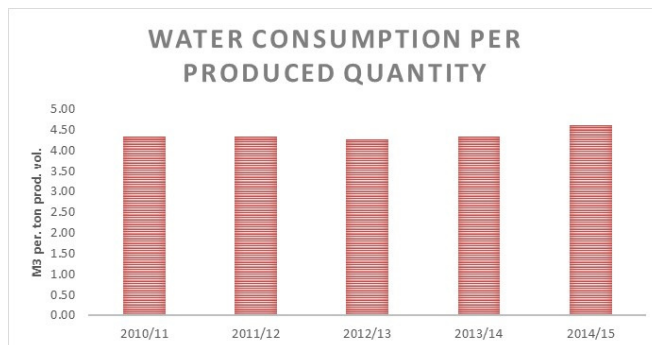
Lack of access to clean drinking water is among the biggest challenges at a global level. As a result the use of water resources must be carefully managed. Danish Crown are participating in a new project, where Innovation Fund Denmark will invest 50 million DKK in new technology, which can help reduce water consumption. Since the 1980's, Danish slaughtering facilities have worked hard to reduce water consumption. Within the last couple of years however it has been very hard to identify new sustainable ways of reducing water consumption further. This means that we need a huge technological leap forward and a shift in the way we think about water consumption. The partnership has been named INNO + VIP (Water efficient Industrial Production). The project will run for five years from 2015 to 2020.

## Our Progress

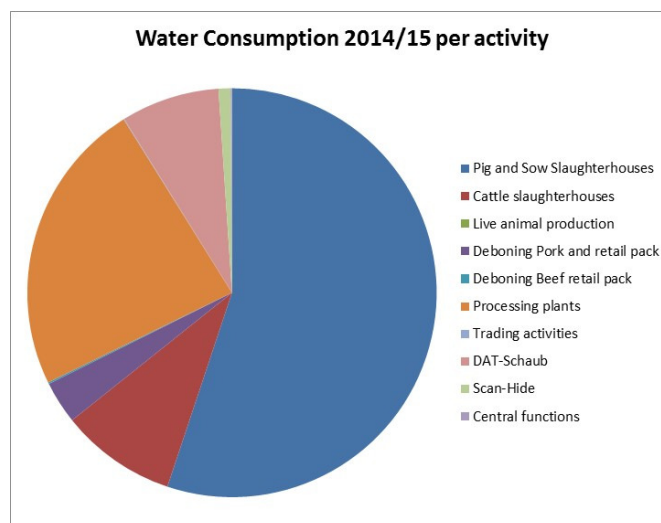
Our efforts have focused on individual site water management projects to work towards a 3% year on year improvement. In absolute terms (m3), water use decreased from our base year by 3.4%, but increased on the previous financial year by 1.0%.



In ratio terms against volume produced, water use (m3/tonne) increased by 6.7% on the previous year. This is predominantly due to a reduction in overall tonnages produced.



The pig and sow slaughterhouses consume 55% of the total water consumption in the Danish Crown group, followed by the processing activities (23%). Water consumption per produced volume, however, is lower in the slaughterhouses than in the processing plants. The processing plants not only use water for cleaning according to meet high safety and sanitation standards. They also use water in the product processing such as cooking and curing.



Despite focus in this area, our progress does not match our targeted improvement. Individual projects have led to significant improvements at an individual site level, but the overall trend requires further action to address this issue.



# Chemical Usage

## Our Commitments

Most of the chemical products are used for cleaning at the plants, which is crucial for food safety. Danish Crown is continually working to reduce the use of cleaning chemicals and to replace environmentally harmful substances with more environment-friendly alternatives, where this can be done without compromising food safety.

Objectives for 2013-2018:

- ⇒ That all factories reduce the consumption of classified substances (excluding refrigerants) to the group's best practice level. At company or division level, the aim is to reduce the use of classified substances by 20%.
- ⇒ That all factories reduce the emission of refrigerants to the atmosphere to the group's best practice level. At company or division level, the aim is a 50% reduction.

## Case study: Significant Chemicals Savings in Ringsted

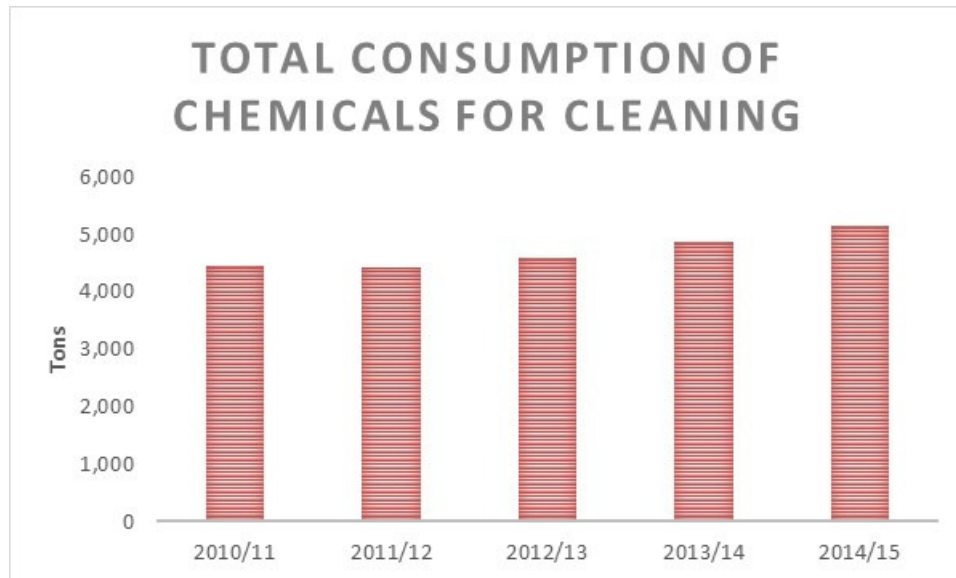
**The use of chemicals at the DC Pork flotation system in Ringsted, Denmark, has been reduced by more than 60 percent and now other plants are next.** A research trip to the Netherlands to draw inspiration from waste water treatment now results in markedly reduction of the use of chemicals at the Danish Crown flotation system in Ringsted. In a flotation system chemicals are added in the form of polymers that bind to the organic matter in waste water. Previously polymers were supplied to the Ringsted abattoir in liquid form in tanks where the active matter had been pre-mixed with water to be added to the waste water. Now however Danish Crown receives the polymer in powder form.

This means that we have been able to reduce the use of chemicals for waste water cleaning from 23 to 8 tonnes, says Senior Manager Sustainability, Charlotte Thy. Together with a colleague she coined the idea of replacing polymers from floating to solid form during a research trip to the Netherlands. "Quickly we realised savings because when we mix the polymers with water ourselves we achieve optimal effect of the active matter. This is because the effect is continuously reduced when the polymer is mixed with water", Charlotte Thy explains. Apart from the significant reduction in the use of chemicals, the negative environmental impact of the transportation is also reduced when the polymer is mixed at the abattoir because water is not included in the road transportation. It is therefore in every way a change that pays off both financially and environmentally and it is therefore the plan to extend the project to other plants.

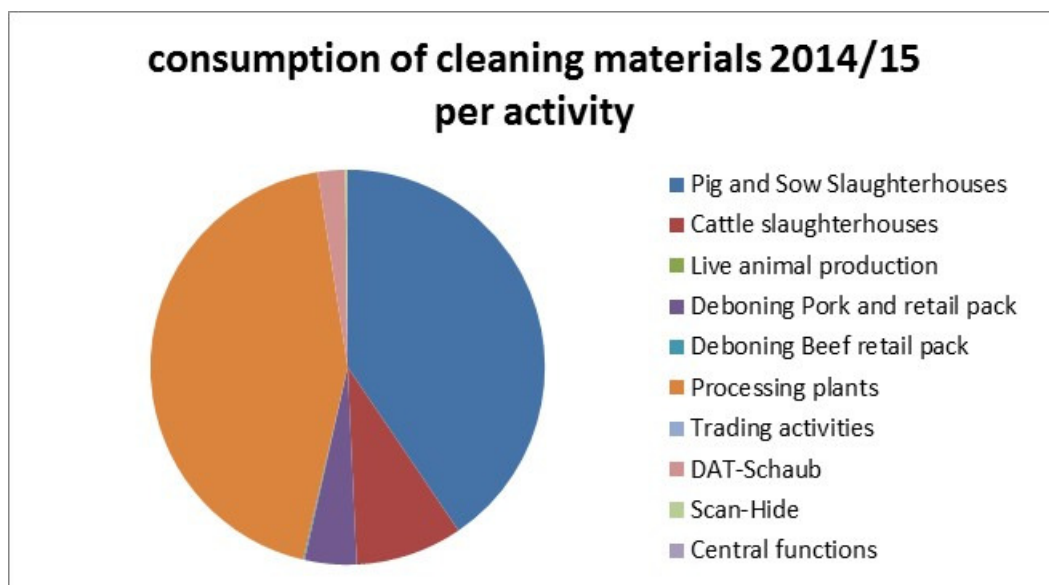


## Our Progress

The total usage of cleaning chemicals has risen 5.4% on the previous year. Additional hygiene requirements have meant an overall increase in the level of cleaning required to maintain high food standard practices, although the increase may also be due to different reporting methods in each part of the business.



Cleaning chemicals are mainly used at the food processing plants and at the pig and sow slaughterhouses in regards to food safety. 44% of the consumption is within the processing plants, while 41% is used in the pig and sow slaughterhouses, including deboning, cutting and retail pack activities.





# Waste

## Our Commitments

Waste is a resource, and the method of handling it largely determines whether it can be recycled. Danish Crown is focusing efforts on increasing the degree to which waste is sorted into recyclable waste fractions. This applies to plastic and cardboard. We also want to use as much of the animal as possible for food. By strategically exploiting the differences that exist in global food cultures, we can sell more of the pig and the cattle for consumption, thereby reducing the loss of animal proteins.

### Objectives 2013-2018:

- ⇒ To increase the use of biological waste, including the use of animal byproducts, sludge and fertilizer.
- ⇒ To increase the proportion of waste which is reused, while taking account of the collection systems and recycling options in the various countries.
- ⇒ To implement two to three projects on food waste per company per year.
- ⇒ To implement two projects on minimising packaging each year for the slaughterhouses and five projects per year for the processing companies.

### Case Study: Save Our Bacon

Due to the size and diversity of Tulip Ltd's operation, the business recognised it could have a significantly positive impact on the sustainability of the UK's food manufacturing industry as a whole, and set about putting in place a range of initiatives across its operation to, wherever possible, reduce or eliminate waste throughout the supply chain.

Adapting a holistic approach in tackling waste the company developed its 'Growing Responsibly' strategy which acknowledges the necessity for the business to continue to grow, whilst putting in place a framework that would allow this to happen in a sustainable way. Tulip's 'Save Our Bacon' initiative which involves all elements of the company's supply chain, quite literally from field to fork, is a great example of how seriously the business is taking its commitment to growing responsibly.

Working in partnership with WRAP and the Co-op, Tulip has adopted a problem-solving approach to reduce waste and improve resource efficiency by utilising the principles of 'lean thinking' by determining what the end customer perceives as value and then developing a Value Stream Map (VSM) to analyse the value added and non-value added tasks and activities along the whole supply chain. The initiative's objective was to identify, quantify and eliminate or minimise the non-value added tasks and make recommendations to be implemented across the industry to improve efficiency. Pig feed and more specifically crop growth represents the most significant hotspot for waste. To date this has delivered a hugely significant 15% reduction in waste, with further savings still to come, and due to the success of this project we are in the process of rolling the initiative out across all of our manufacturing facilities.

"I felt that we hadn't quite broke through the 'ceiling' at management level fully as the environmental programme threw up the age old question 'how do we get all our people to buy into this?'. By using lean techniques, followed up by providing detailed training for all our staff to allow them to become involved in problem solving, has been a great success. The process has been informative, engaging, thought provoking and fun which made it memorable, resulting in people wanting to be part of a change at both site and at home, which is a 'win-win' for everyone" says Neil Taylor, Tulip Site Manager – Tipton.

## Case Study: Tulip bid to cut food waste

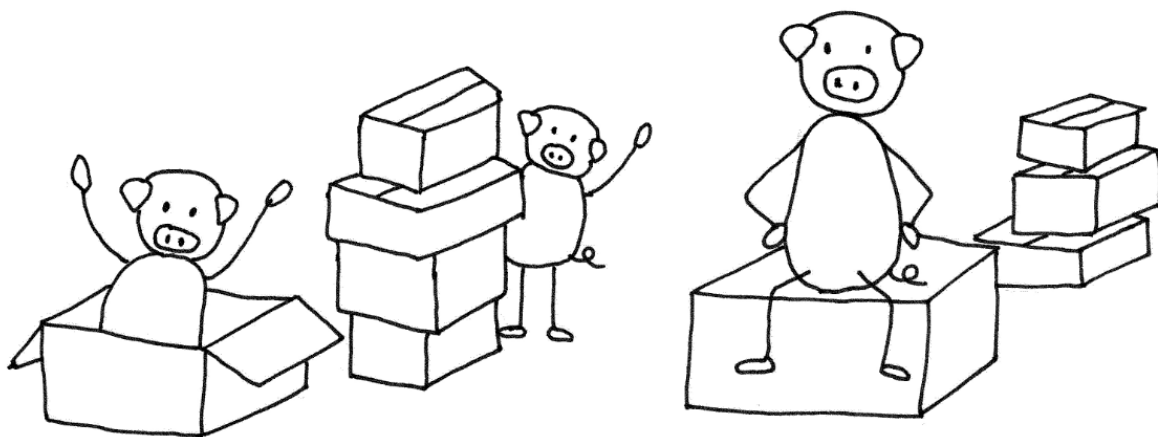
**Tulip Ltd is the first UK manufacturer to offer a chilled, gas flushed, label re-sealable packaging format, which it believes will help in reducing food waste.**

The new packaging should make it easier for consumers across the country to use just the right amount of chilled cooked meats they require at any given time, in an easy to use format. Matt Richards, Tulip's Packaging Innovation Manager explains; "We believe we're the first UK food manufacturer to offer a label re-sealable, gas flushed, chilled packaging format which we're confident will prove a huge success with busy consumers, as it offers them a convenient way of using just the right amount of product they need at any given time, they can then re-seal the pack for later use.

"The new packaging is convenient and simple to use, it should help to reduce food waste as traditionally consumers discard original packaging once it has been opened recovering unused product with film wrap and, invariably, forgetting to note the use by date. With the new format the use by date remains clearly visible, allowing consumers to make an informed choice and taking the guesswork out of whether they should use the rest of the contents."

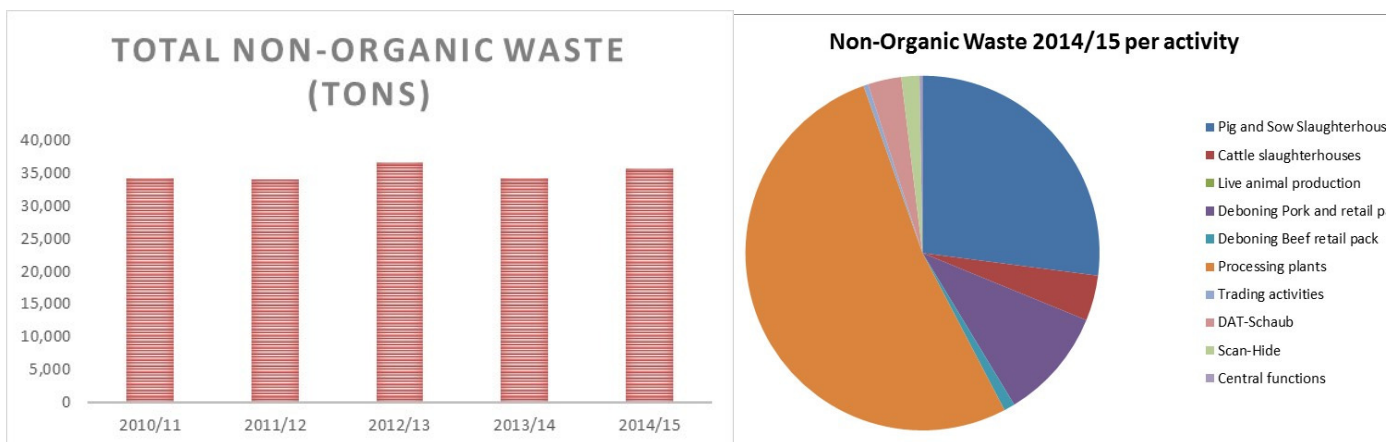
Andy Wright, Tulip's Corporate Responsibility manager added "We've made a commitment as part of our corporate responsibility plan to tackle supply chain food waste. This project is a great example of us delivering on that commitment."

Commenting on Tulip's initiative Dr. Richard Swannell, Director Sustainable Food Systems WRAP said, "Food packaging has two important roles, to protect food in transit and to help prolong the life of the food within. This second function is important, and the new initiative from Tulip shows how innovative packaging can help give shoppers as much time as possible to eat food, by helping it stay fresher for longer."

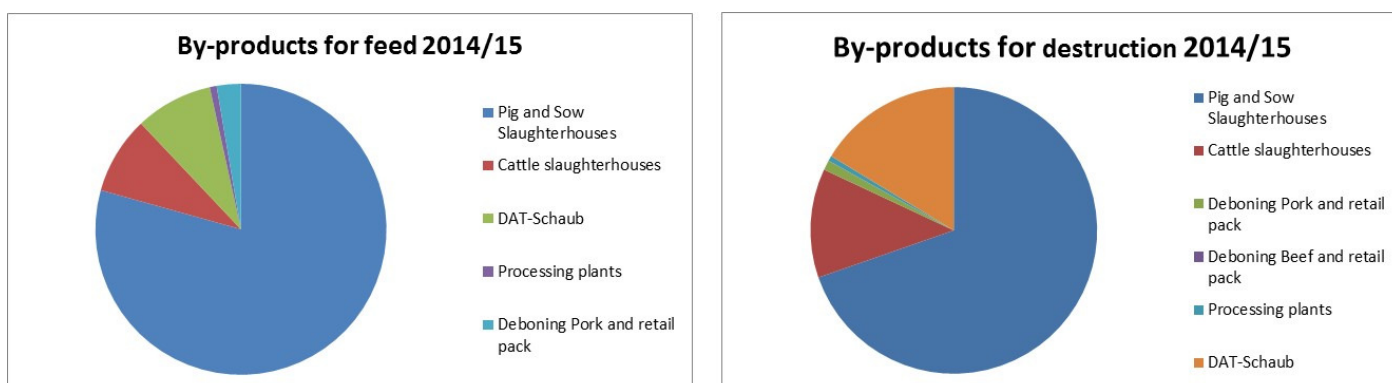


## Our Progress

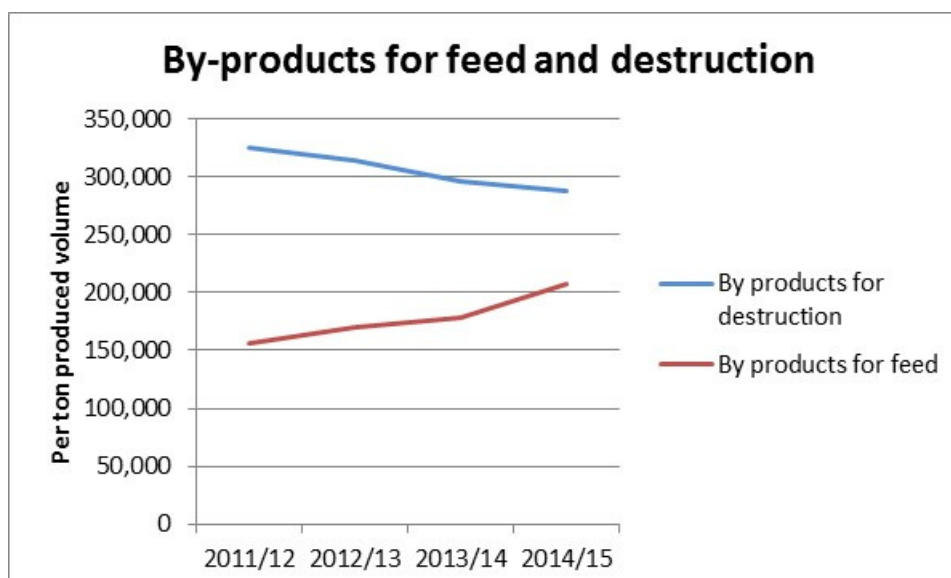
Non-organic waste is generated mainly through redundant packaging, either transit packaging or product packaging. This is mainly plastic and cardboard. The vast majority of this waste will be recycled. Total non-organic waste levels have increased by 5.4% on the previous year. The processing plants cover 52% of the non-organic waste volume, while the pig and sow slaughterhouses including deboning, cutting and retail pack activities cover 27%.



Byproducts for feed come from the slaughterhouses, 79% from the pig- and sow slaughterhouses, 9% from the cattle slaughterhouses and 9% from DAT-Schaub. Byproducts for destruction mainly derive from slaughterhouses. The pig and sow slaughterhouses deliver 70% of the total volume, while 16% comes from DAT-Schaub and 12% from the cattle slaughterhouses. The remaining 2 per cent is from the deboning and processing activities.



The volume of byproducts for destruction is still higher than the volume of byproducts for feed, but the difference in volume between the two categories has been reduced as Danish Crown companies have taken new initiatives in order to improve utilisation of raw materials.





# Product

Food Safety

Health

Procurement

## Our Commitments

The quality and safety of the group's products are given extremely high priority. We impose strict requirements in regards to cleaning, our own checks and traceability, and are continually working to improve our internal procedures.

More than 95 per cent of production takes place at facilities certified by independent third parties 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 Red Meat Standard), SQF (Safe Quality Food), IFS (International Food Standard) and BRC (British Retail Consortium).

In addition to our own checks and external auditing in connection with the certifications, our products are checked by local authorities as well as by our customers. Danish Crown requires that our European suppliers meet EU food safety requirements. We are also working to ensure that non-EU suppliers meet these requirements. An important aspect of food safety is identifying any product contamination/defects before products leave production and are shipped to customers. This principle is guarded by a strict own control system that identifies potential food safety issues. If a potential food safety risk is discovered the product will be deemed unfit for human consumption and either used for animal feed or destroyed. Should the product have left the production sites, Danish Crown has established a procedure for recalling products and informing the public about the risks if a product presents a potential risk to the consumers.

Objectives 2013-2018:

- ⇒ To keep product recalls at the lowest possible level.
- ⇒ To register and follow up on complaints.

## Our Progress

Massive numbers of tests were carried out in 2014/15 in order to ensure food safety. During the financial year a total of 279 ton of finished products were recalled due to food safety concerns. At the same time, Danish Crown has looked into other methods of testing the company's products, with the aim of getting the final results earlier, thereby reducing the risk of contaminated meat reaching the consumers. In that regard Danish Crown has carried out trials with a new way of testing for traces of antibiotics, which mean that DC Pork and DC Beef have significantly reduced the time it takes to identify traces of antibiotics in meat.

### Case Study: New way of testing strengthens food safety

**In 2015 Danish Crown began using a new multi chemical way of testing for traces of antibiotics on a trial basis. In 2016 this way of testing will become permanent.**

Fast and correct results of testing are crucial, when talking food safety. Danish Crown continuously strives to improve testing and obtain correct results even faster. Both became a lot easier in 2015, as Danish Crown began using a new way of testing through multi chemical analyses, which is used to test for traces of antibiotics in meat from pigs and cattle. This way of analyzing is significantly more expensive than the methods formerly used for testing, which means that the number of analyses will be reduced. However the multi chemical analyses has the huge advantage, that traces of a wide range of antibiotics will be found, while former tests only found traces of a predetermined range of antibiotics.

The new way of testing will become permanent in 2016 at all slaughtering facilities within DC Pork and DC Beef. As the new way of testing is much faster and much more precise than the former way of testing, the multi chemical analyses also strengthens Danish Crown position as one of the most reliable food producers in the world regarding food safety.

# Health

## Our Commitments

Danish Crown wishes to play our part in improving consumer health, and every year we launch new products where focus is both on flavour and on fat and salt content. We will ensure that our products carry nutritional labelling so that consumers have a genuine choice. Consumer preferences and demands vary at different markets, and we therefore supply products tailored to different tastes and economies.

Objective 2013-2018:

- ⇒ To offer products that meet the official nutritional recommendations within as many different product categories as possible.

## Our Progress

The companies within the group constantly work on new product development focused on nutrition and the reduction of fat and salt. In the financial year 2014/15 103 projects concerning nutrition were concluded, and of those 103 projects 89 turned out successful, while 14 were closed without reaching the results intended. An additional 70 projects were still running by the end of the financial year.



## Case Study:

### Danepak bacon - same great taste, now with 30% less salt

**Bacon experts, Danepak, the UK's biggest bacon brand, have launched their new lower salt bacon.**

Made with 30% less salt than standard bacon, Danepak will be the first brand in the UK to use an innovative curing process from manufacturer. The bacon, produced by Tulip Ltd, features Iposol, a solution of water and sea salt developed by Iposol GMBH. This cutting edge process results in great tasting bacon that's 30% lower in salt and is better on the heart. Developed by food experts, this secret process is set to make one of Britain's best-loved foods healthier without compromising on its mouth-watering taste. The great tasting bacon will be of interest to bacon lovers, foodies and the health conscious.





## Case Study: Sokolow launch initiatives to help diabetics

**As part of a new campaign launched by Coalition for Diabetics, Sokolow has entered the battle to provide better opportunities for diabetics**

More than 3 million Polish people suffer from diabetes. This means that a healthy diet is crucial for their well being. Sokolow has chosen to contribute to a new campaign launched by Coalition for Diabetes, part of which is to inform diabetics with more knowledge about the right diet. "Our aim is very simple. We want to make it easier to live with diabetes. Diabetes is the first non-infectious disease which the World Health Organization considers an epidemic of twenty-first century. This clearly indicates the need for more knowledge about how to live a life with diabetes" explains Communication Manager at Sokolow, Aleksandra Chalimoniuk.

### Part of the innovation process

Sokolow aim to make it easier for diabetics to buy food, by developing dishes which are developed specifically to meet the need of diabetics. "Sokolows mission is to meet the demands and needs of the consumers. As a lot of people suffer from diabetes it is crucial to Sokolow to develop products, which are suited for people suffering from diabetes. As a result most of our recent developments take the nutritional needs of diabetics into consideration. One example of this is our recent line of beef products, sold under the name Uczta Qulinarna" explains Quality Director of Sokolow, Dr. Antoni Gibowicz.

# Procurement

## Our Commitments

Suppliers of consumables and subsidiary materials that come into direct contact with foods must, as a minimum, comply with the principles of the UN Global Compact, of continuously reducing their negative environmental impacts and have a food safety system. Danish Crown is incorporating these requirements in a Framework Agreement (FWA) as and when we conclude new agreements and renegotiate contracts.

All future agreements will also require suppliers to comply with the UK Bribery Act. We assess whether our suppliers are complying with the requirements in connection with the annual Supplier Risk Assessments, and we carry out audits of suppliers where, in our view, it is necessary to raise competence levels. The purpose of the supplier audits is to identify potential focus areas and to inspire suppliers to do more in the area of responsible business. If audits reveal significant discrepancies, we demand that suppliers draw up action plans that we will continually follow-up on.

As part of the dialogue with suppliers, we encourage them to establish their own due diligence processes. This will help prevent them from having a negative impact on the CSR principles, and to handle such an impact if it occurs.

Danish Crown is operating in several markets, where corruption and facilitation payments can occur. We do not accept either corruption nor facilitation payments, even if non-payment can lead to a significant delay or other inconvenience for the company or our employees. We are actively working to prevent facilitation payments, and our policy is being impressed on all employees through regular risk analysis, particularly in regions where facilitation payments are widespread.

### Objectives 2013-2018:

- ⇒ To implement the bribery and corruption policy in Danish Crown and affiliated companies.
- ⇒ To incorporate sustainability in all supplier contracts for all companies.
- ⇒ To carry out an ongoing assessment of the method and scope of the Supplier Risk Assessment, including the dissemination of the method to relevant companies.

## Our Progress

Danish Crown carries out an on-going evaluation of our suppliers. To standardise this process, a common procedure of supplier risk assessment has been taken into use within all group companies, with the exception of Plumrose USA and ESS-FOOD, which has not yet started to use the common supplier risk assessment.

When assessing suppliers, areas such as the suppliers quality management system, environmental management system and CSR policy is taken into account. This includes guiding principles, ethics of negotiation, bribery, conflict of interest, travel and entertainment, gifts, rebate on private purchasing from suppliers and general guidance and concerns. Each of these areas are described thoroughly in the Danish Crown procurement Code of Practice.

The companies within the Danish Crown Group continuously monitor transactions in order to make sure that corruption or facilitation payments do not occur in any transaction. During the financial year 2014/15 Danish Crown have not experienced any attempt to break the rules made by Danish Crown concerning these areas. As the group has not become aware of any violation of the rules set regarding corruption and facilitation payments the progress is considered acceptable.

# Danish Crown supports the Global Compact



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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