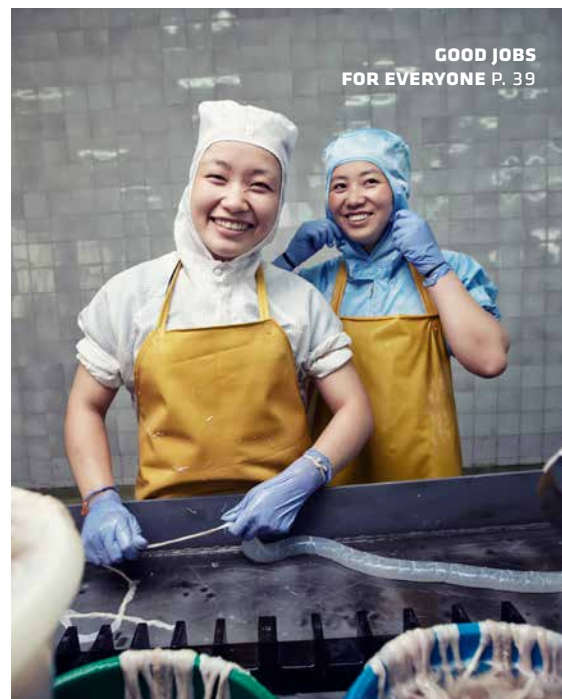




**DANISH CROWN**

CSR report 2016/17





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# DANISH CROWN BUSINESS MODEL

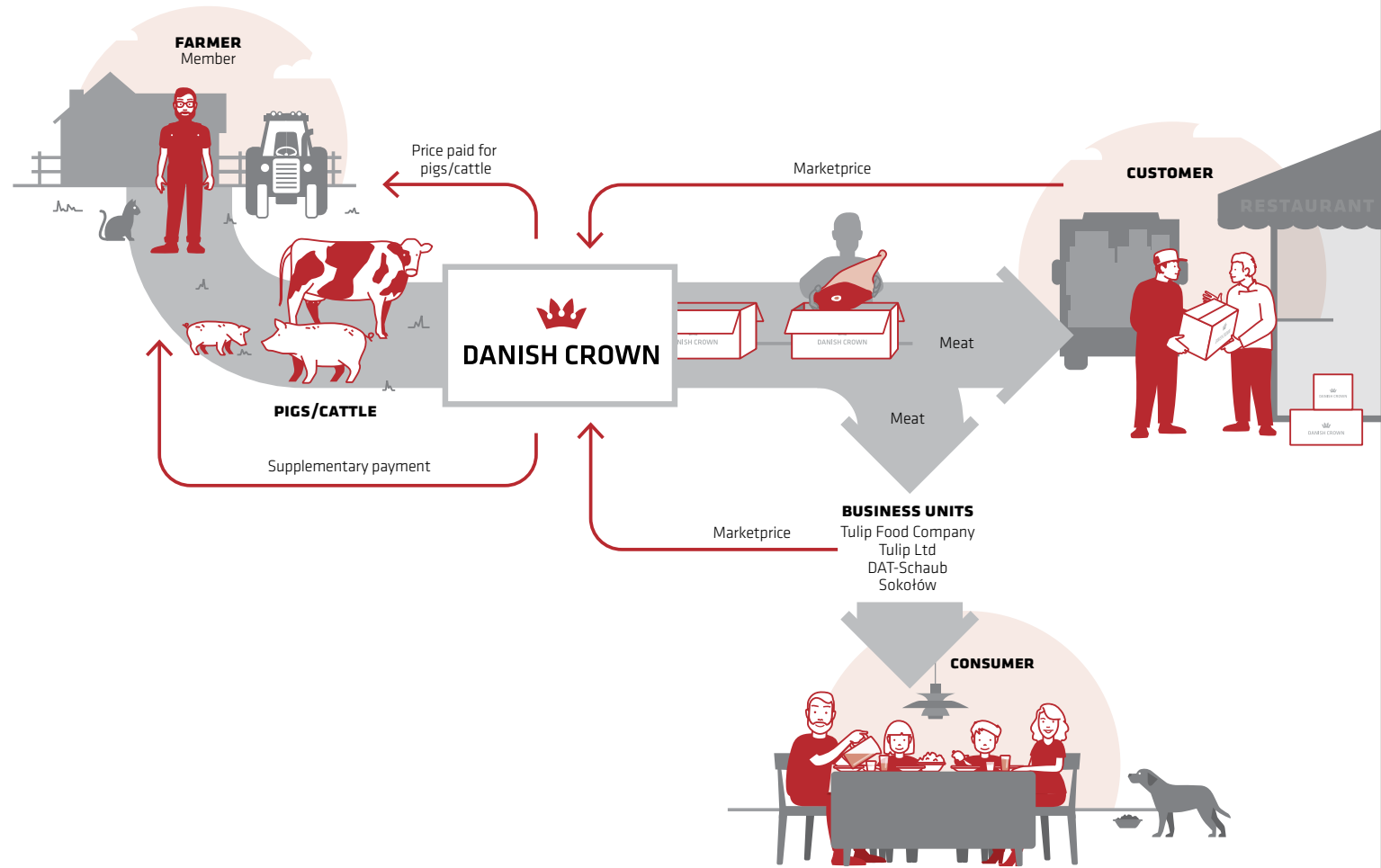
Danish Crown is a global food company originating from Denmark. The company is a cooperative society with limited liability, 100 per cent owned by the Danish farmers who supply pigs and cattle to the company.

Danish Crown slaughters the animals supplied by its cooperative members, and sells the meat to customers in Denmark and in more than 130 other countries worldwide. A large proportion of the meat is used as raw materials by Danish Crown's own processing companies: Tulip Food Company, DAT-Schaub, Tulip Ltd and Sokołów.

The prices paid to our farmers reflect the market price of meat at all times.

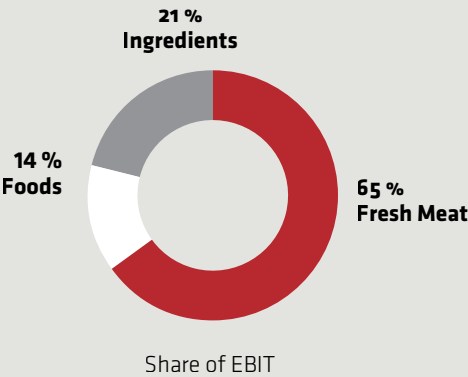
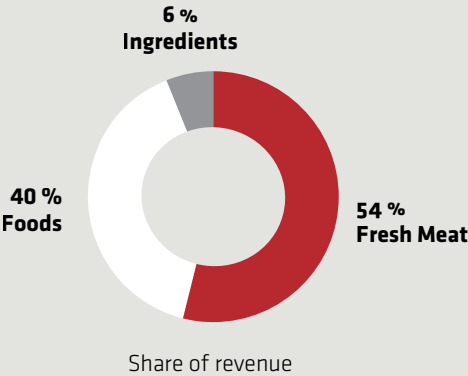
The business units process the raw materials into products such as bacon, cold cuts, salami, pizza toppings, snacks, sausages, soups, ready meals and canned products and sell them in local markets or in the global market.

Following the closing of the accounts at the end of the year, the profit from the sale of meat and processed products is paid out to the suppliers in Denmark who are cooperative members and thereby owners of Danish Crown.



# 62 billion

Revenue in DKK



# 940,000

Processed products in tonnes

# 7,166

Cooperative members

# 21 million

Delivery: Pigs and sows

# 0.7 million

Delivery: Cattle

# 25,307

Employees

## OUR BRANDS



## OUR CSR PURPOSE

Danish Crown is among the largest meat processing companies in the world, and thus holds an important corporate social responsibility. We strive to live up to this responsibility throughout the Group by managing our business in a profitable and sustainable way and by integrating social, environmental and ethical considerations in our production and processes.

We are committed to lead a sustainable development of our business and ensure high food safety, high quality products, limited resource consumption, and continuous sustainable development throughout the value chain and in dialogue with our stakeholders.

Danish Crown is a signatory to UN Global Compact and fully support the UN Guiding Principles on Business and Human Rights.

# WELCOME TO OUR CSR REPORT

Danish Crown's Corporate Social Responsibility Report explains and illustrates our commitment to respecting the people and protecting the environment in the communities in which we operate, internally and in our relations with our business partners.

**T**his report describes our contribution to the realisation of the ten principles of the UN Global Compact and shows the progress in 2016/17 of our efforts to integrate our responsibilities within human rights, labour, the environment and anti-corruption into our business strategy, policies and processes.

Our obligation under section 99a of the Danish Financial Statements Act to report on our social responsibility effort is fulfilled with this report. It represents our new sustainability strategy and CSR policy and our activities for the past year.

### Reporting Scope

This year's report marks a new strategic take-off and paradigm for Danish Crown's focus on CSR and sustainability. We have evaluated the expectations to our business from our stakeholders and find the time right to develop a new sustainability strategy and CSR policy to better support our business strategy and meet the expectation from our stakeholder and the world around us. Therefore, the report marks our first initiatives in this direction. The figures in

the report are a continuation of last year in the areas where we consider the measures relevant also going forward. Our intention is to build a new intention is to build a new governance and KPI structure in the years to come in order to ensure solid documentation and monitoring of our efforts and progress.

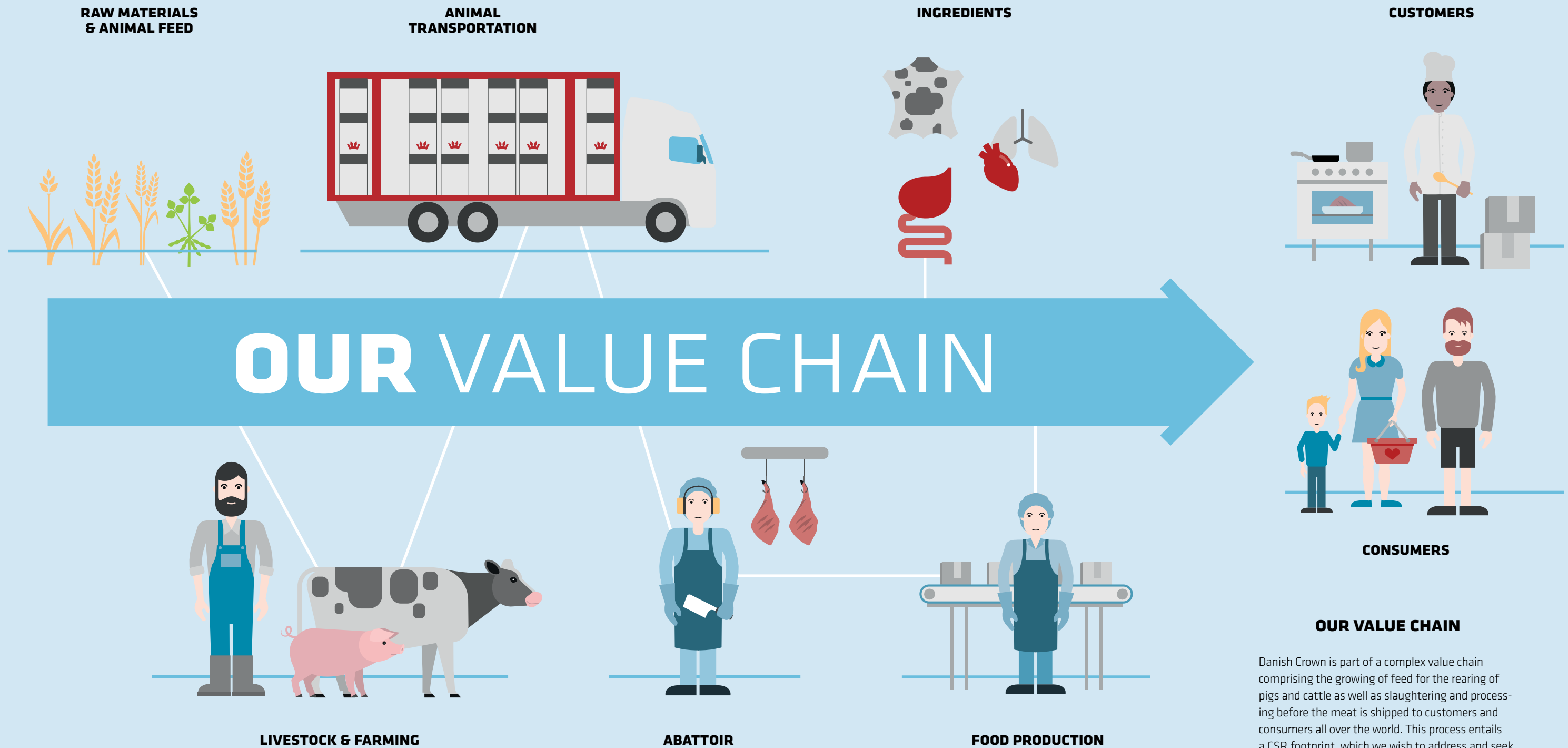
### Reporting period

The Danish Crown CSR report is published in November on an annual basis. This report covers the financial year 2016/17 from 1 October 2016 to 30 September 2017. The previous report was published in November 2016.

### Welcome to our dialogue

We invite you to get a first impression and glance at our new sustainability strategy in the CSR report, which marks a new beginning for us.

Please add any feedback to [sustainability@danishcrown.com](mailto:sustainability@danishcrown.com)



### OUR VALUE CHAIN

Danish Crown is part of a complex value chain comprising the growing of feed for the rearing of pigs and cattle as well as slaughtering and processing before the meat is shipped to customers and consumers all over the world. This process entails a CSR footprint, which we wish to address and seek to mitigate as much as possible.

With the group's new sustainability strategy, we will in future assume active and joint responsibility for all parts of the value chain from farm to fork.

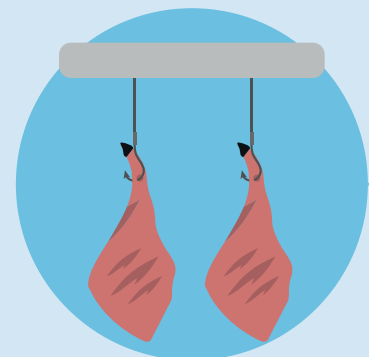


# HOW WE CONTRIBUTE TO SOCIETY

We want to help feed a growing world population with sustainable meat and protein solutions. While doing so, we contribute actively to supporting and developing the communities that we are part of.



**BILLIONS FOR WELFARE** Danish Crown is part of a complex value chain which employs many people in the whole process, and which contributes significantly to the welfare of the countries in which we are active. In Denmark, Danish Crown alone accounts for 4 pct. of the country's export earnings, equating to a total of 24 billion DKK a year and a significant contribution to the public welfare in Denmark.



**BILLIONS OF MEALS** Every day we produce almost 8 million kilos of meat corresponding to 9 billions meals annually. Thus, we are responsible for delivering vital protein, nutrients and great-tasting food to people all over the world, from fresh meat to sausages, evening meals, cold cuts, bacon, fastfood, long-life canned products and meal solutions for restaurants and the foodservice sector.



**THOUSANDS OF JOBS** Every day, almost 25,000 people go to work at Danish Crown. In addition in Denmark, a further 10,000 people are indirectly employed in agriculture and a large number of support industries such as mechanical engineering, construction, feedstuffs production, technology, raw material production and consultancy.



**A COOPERATIVE BASED ON DEMOCRACY** Danish Crown is a cooperative society with limited liability, and we are owned by just over 7200 farmers. Based on the principle of 'one man, one vote', the cooperative is a democratic institution in Danish society. This is a tradition we uphold. And it means that it is ultimately the owners who decide on the strategic development of Danish Crown.



**OUR FOOTPRINT** In the process of contributing to efficient food production based on pork and beef meat products, we borrow and use the planet's resources. Our activities imply a social and environmental footprint on our surroundings, which we strive to minimise and take responsibility for.



**SOCIAL INTEGRATION** Our workplaces are often situated in rural areas near small towns where we contribute both to their survival and creating growth. 48 pct. of our employees are unskilled workers, we employ more than 79 different nationalities, and we are committed to creating jobs for people on the edge of the labour market.



**WE WANT TO DO BETTER** Through partnerships and investments in R&D, we strive to make our products and processes more sustainable. We are, for example, working to reduce the use of antibiotics by pig producers, mitigate the climate impact of our production and improve animal welfare.

# LETTER FROM THE CHAIRMAN

## IT'S ALL ABOUT FOOD AND BEING RESPONSIBLE

**A**s a company owned by farmers, we are obliged to manage our part of the food chain responsibly. Doing things properly is a deeply rooted tradition in Danish farming, and today Danish Crown operates one of the most efficient and value-adding food value chains in the world.

In order to further secure our place in the world, we must continue to develop and deliver the products which customers and consumers demand. In addition to tasty and healthy foods, both customers and society are increasingly demanding new answers from us on issues such as sustainability from farm to fork.

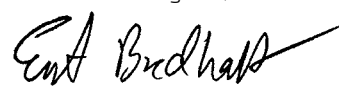
Sustainability has been our focus area for many years, but with our new sustainability strategy we launch a structured development plan to ensure that we develop further in this direction, so that together we can meet customer wishes and maintain their confidence.

As a cooperative, our company is a strong democracy, and all our well over 7,200 cooperative members are involved in setting the course for the future. This means that we always need to balance the interests of individual farmers and our business with those of society and consumers. The resulting dynamism constantly driving us to new solutions and answers to global challenges.

The production of pigs without the use of antibiotics is one example of our continual development work, a new animal welfare label for pigs is another, and on the farms, highly energy-efficient housing units are now being built to limit carbon emissions. At the same time, we are working closely with researchers to develop new knowledge and new technologies which in the long term can pave the way for sustainable solutions for the benefit of consumers.

I do know this: Being a major player in the food business calls for non-stop development in all parts of our value chain. Our 'licence to operate' is granted to us by consumers, and this is something which we must never forget as farmers and as a company.

Best regards,



**Erik Bredholt**  
Chairman,  
Danish Crown



# LETTER FROM THE CEO

## FEEDING THE WORLD

**T**he global food supply is under pressure. Demographic developments, which are already leading to changes in consumption patterns, and significant climate changes that we have probably only seen the beginning of, are creating an unprecedented pressure on the Earth's natural resources.

As a food producer and supplier of meat to the global market, we are naturally fully aware of this development. We want to play an active role in addressing some of the major challenges associated with food and meat production.

While the demand for meat products is stagnating in the West, it is growing rapidly in Asia and Africa. We have a huge responsibility to supply consumers all over the world with healthy, tasty and responsibly produced foods. And we are keenly aware that we are borrowing and using society's common resources to do this.

I am therefore pleased to present Danish Crown's new sustainability strategy, which we call 'Feeding the world'. With our new strategy, we accelerate our commitment to integrating sustainability into our business and into our

products. We know that there are still many dilemmas to be solved. And we know that we cannot do it alone. Therefore, we are inviting our owners, employees and other stakeholders to work with us to tackle the challenges and realise the potentials.

We are ready to discuss and explore new paths in our cooperation to ensure quality food products for consumers based on sustainable processes, which at the same time create value for the farmers that own Danish Crown, and for the thousands of families whose livelihoods are closely associated with our business.

I am looking forward to unfolding our new sustainability strategy in the coming years.

Best regards,



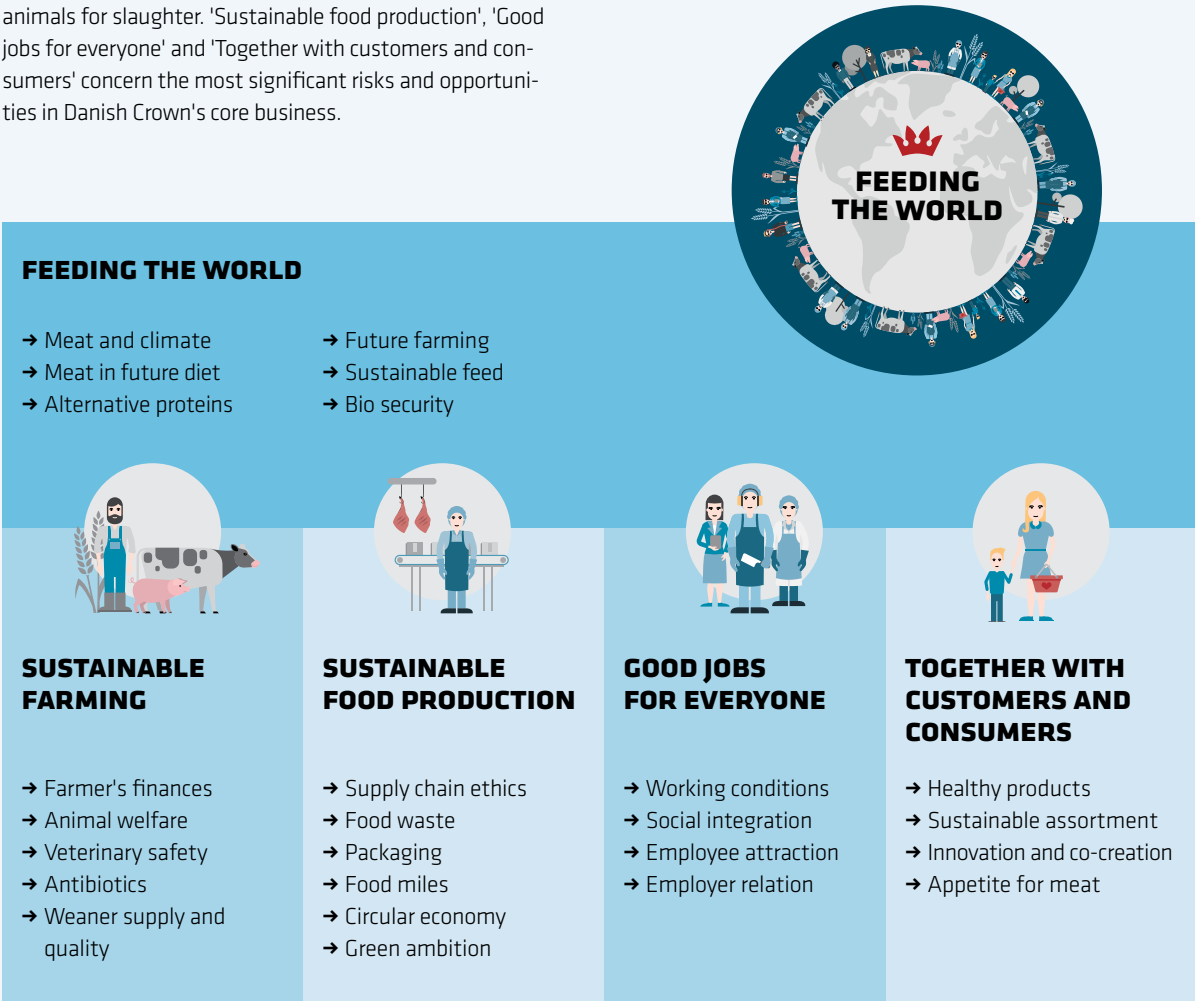
**Jais Valeur**  
Group CEO,  
Danish Crown

# OUR MATERIALITY ISSUES

**In the past year**, we have carefully mapped our challenges within the field of CSR. We have analysed all our business areas and involved external stakeholders in pinpointing what they see as our most important CSR challenges. Based on this analysis, we have identified the most important CSR issues and the ones which are most critical to both Danish Crown and our stakeholders.

**The most important issues** have been grouped into five main tracks which are set out in the group's new sustainability strategy. 'Feeding the world' describes the main challenges for which we need new answers to the long-term development of our business. 'Sustainable farming' is about the risks and opportunities which are particularly important in our cooperation with our owners and other suppliers of animals for slaughter. 'Sustainable food production', 'Good jobs for everyone' and 'Together with customers and consumers' concern the most significant risks and opportunities in Danish Crown's core business.

**The process** has included dialogues with NGO's in fields such as climate change, animal welfare, working conditions, ethical trade and organic farming, and we have interviewed a number of customers in Denmark and in the UK about their expectations and wishes regarding our CSR focus. Their input has been a pivotal element in analysing what is important to our company, and their signals have resulted in a change of course in Danish Crown – from focusing on our responsibilities in the slaughtering-to-consumer process to assuming responsibility for the entire value chain from farm to fork.



# HOW WE BUILD THE CSR PLATFORM

The Danish Crown sustainability strategy defines our CSR focus and our commitment to run a profitable and sustainable business.

**O**ur new strategy is guided by the materiality assessment of our impact and risks in relation to human rights, social and employee matters, the environment and climate, anti-corruption and bribery. In this process, we have engaged our business partners and stakeholders to learn from their experience with sustainable farming and production, and to test how our strategy may be aligned with their needs and interest in sustainable developments within meat processing.

A core element of the sustainability strategy is our support for the UN Sustainable Development Goals (SDG's). We have focused our support on specific SDG's which are of particular relevance to our business activities, give us an opportunity to contribute to safe and healthy workingconditions, and engaging with customers and consumers. We are especially proud of our contribution to achieving food safety and improving nutrition through our products.

To integrate the sustainability strategy goals in our daily operations, we have adopted a new CSR policy, creating the organisational framework for realising our strategy. The policy sets out our CSR efforts and targets and helps us manage our materiality issues and risks in relation to human rights, social and employee matters, the environment and climate, anti-corruption and bribery.

Our CSR efforts thus ensure compliance with section 99 a and b of the Danish Financial Statement Act. All our efforts

are aligned with the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

We know that transforming our CSR targets into sustainable results and positive impacts for our customers and employees as well as integrating CSR in our daily operations require a proactive approach. At the same time, we are convinced that focusing on our customers and consumers and helping them embark on a sustainable journey with us is vital for our endeavours. To achieve this, we are planning several actions in the coming years to promote sustainable meat processing in safe and healthy surroundings, and to strengthen our CSR dialogue internally, but also in our relations with our suppliers and external stakeholders impacted by our business operations and products.

The implementation of our new strategy will be guided by internationally acknowledged targets and indicators. We thus apply and are inspired by indicators from the Global Reporting Initiative Standards 2016 (GRI), the GRI G4 Food Processing Sector Disclosures (2010), and the SDG targets and indicators from the SDG Compass Inventory of Business Indicators as a framework for monitoring and measuring the results and impacts of our sustainability strategy and CSR efforts.

From 2017/18, measuring of our CSR results will form part of our daily tasks throughout the group. A baseline is built through 2018-2021 that will allow us to measure our progress over time and respond to changes with effective actions.

## OUR CSR PLATFORM





# OUR NEW SUSTAINABILITY STRATEGY

In 2016/17, Danish Crown prepared a new sustainability strategy, which was approved by the Supervisory Board and the Executive Board. The sustainability strategy defines the overall focus areas, goals and actions for the coming years.

For many years, we have worked systematically with corporate social responsibility. As a cooperative owned by farmers, our values and heritage are deeply ingrained in good agricultural and food production practices with a special focus on areas such as food safety, the environment, animal welfare and the working environment.

However, given the significant global population growth, climate change and the increasing pressure on the Earth's resources, we are acutely aware that the fundamental conditions for our operations are changing in a number of ways.

At group level, we have therefore decided that our focus on sustainability must embrace the entire value chain from farm to fork under the heading 'Feeding the world'.

The strategy is divided into five main tracks, which support the UN Sustainable Development Goals and enable us to take action on the issues identified in the materiality analysis. The structure ensures that sustainability is high on the agenda throughout our value chain and encourages collaboration across the organisation to achieve the strategic goals.

As an important element of the corporate strategy, all business units have concurrently developed their own sub-strategies, setting out their particular contribution to the overall vision of 'Feeding the world'. In this way, we ensure that our commitments are coordinated, and that the initiatives we will launch over the next few years will contribute value both to our business and society in the business areas and markets in which we operate. Progress will be based on the challenges and market conditions specific to the various business units.

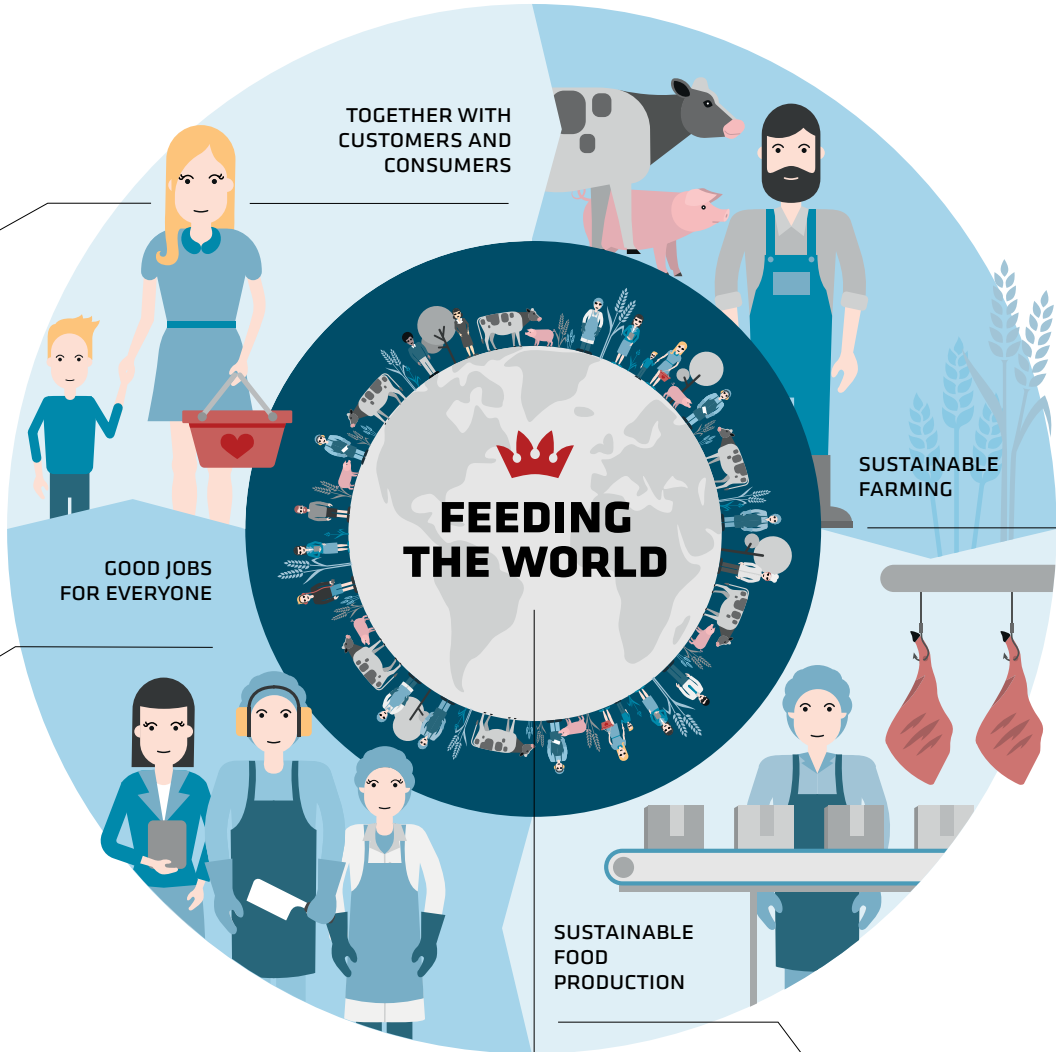
3
GOOD HEALTH AND WELL-BEING

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

**PURPOSE:** We will earn customers' and consumers' confidence and preference with healthy, safe and responsible products, and via dialogue.

8
DECENT WORK AND ECONOMIC GROWTH

**PURPOSE:** We will attract and retain people with good jobs and opportunities for everyone.



2
ZERO HUNGER

13
CLIMATE ACTION

15
LIFE ON LAND

**PURPOSE:** We will build a strong future for our farmers.

2
ZERO HUNGER

17
PARTNERSHIPS FOR THE GOALS

**PURPOSE:** We will find a way to feed the world with sustainable meat and protein solutions.

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

**PURPOSE:** We will operate a sustainable, efficient and high-performing food production.

## CSR governance

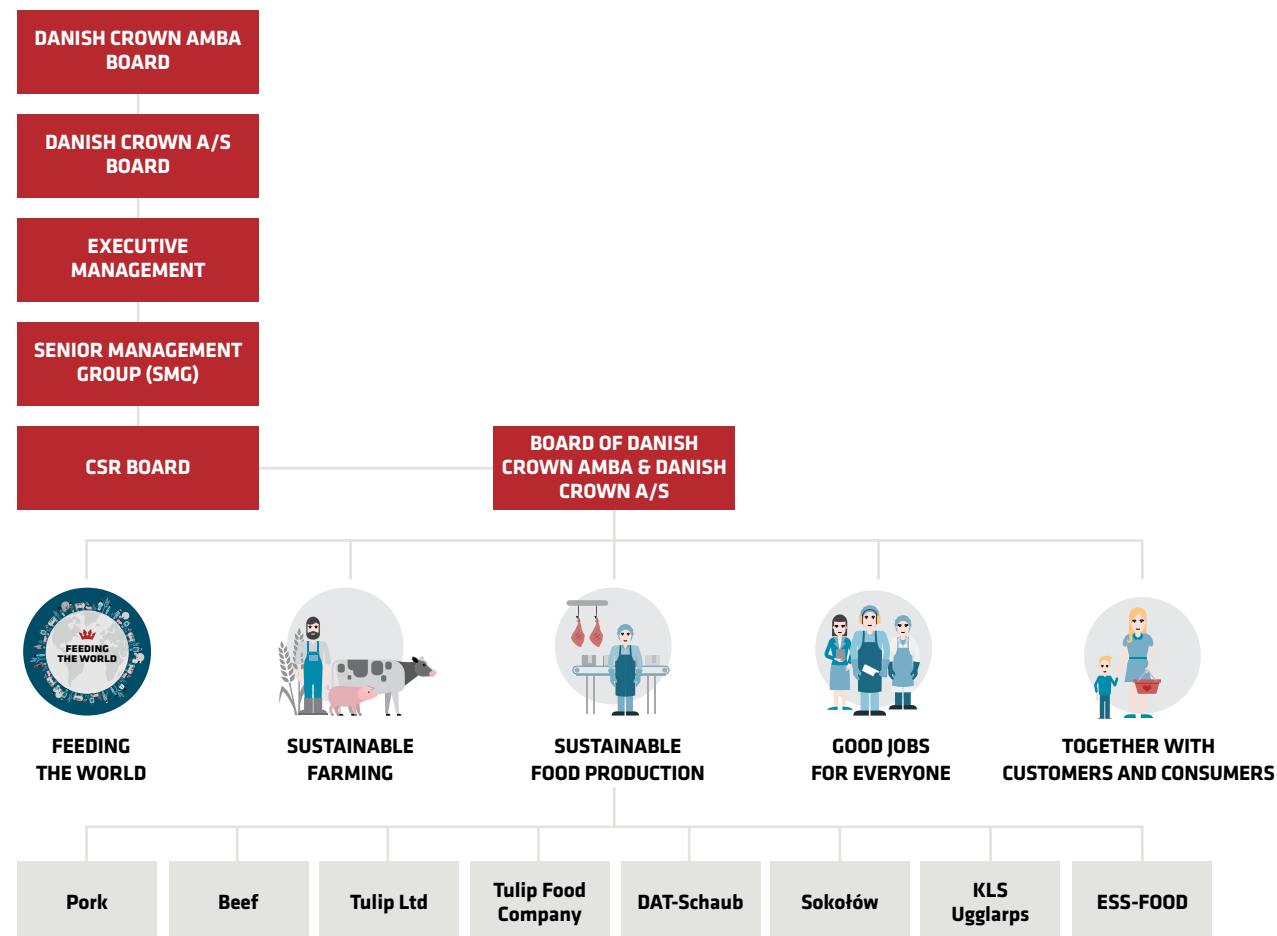
A new CSR governance structure has been developed to secure the progress and implementation of the strategy on group level and in all business units. To lead the work a Director Group Sustainability has been recruited.

A CSR Board has been established by the Group Executive Board to own the Danish Crown's sustainability strategy and ensure that the CSR efforts form an integral part of how the business operates. The CSR Board supports the development and strategic implementation of the sustainability strategy. The CSR Board consists of the Group CFO, CEO's from two business units, SVP HR, VP Group Communications and Director, Group Sustainability.

## Commitment to UN Sustainable Development Goals

Our CSR ambition is to contribute to the fulfillment and promotion of the UN 2030 Sustainable Development Goals (SDG's). We believe that Danish Crown is in a position to positively influence the realisation of the SDG's and are guided by this framework in determining our CSR goals. We have carefully analysed the 17 goals and selected the ones where we can make the biggest difference. To achieve our goals, we will work actively with the SDG's, targets and indicators identified in the SDG Compass Inventory of Business Indicators.

## GOVERNANCE STRUCTURE



Alfred Staberg

# NEW CSR POLICY

We have developed a new CSR policy, which will contribute to translating our five strategic focus areas into practice and activities throughout the group and in our supply chain. The policy ties the UN Sustainable Development Goals to our CSR commitments, and helps to integrate the ten UN Global Compact principles into our daily practice.

The planning of our CSR commitments and the associated KPI's, risk assessments, due diligence processes and comply with the provisions of section 99a of the Danish Financial Statements Act and the United Nations Guiding Principles on Business and Human Rights.

With the new policy, we also create the foundation for meeting the requirements of the UK Bribery Act and the UK Modern Slavery Act. The policy will provide a framework and set targets for future activities, and will be rolled out in the organisation from the 2017/18 financial year.

The CSR policy is an overall policy including our coming focus on the following:

- Human Rights
- Labour Rights
- Climate and environment
- Anti-corruption
- Partnerships and dialogue with stakeholders
- Grievance Mechanisms
- Governance structure and CSR organisation
- Documentation, CSR reporting and communication



In a world at 10 billion people to feed in 2050 we see a big responsibility and opportunity for Danish Crown to deliver sustainable meat as part of a healthy diet. Therefore, our sustainability strategy is centered around our role in Feeding The World.

Li Yong Shan & Liang Kai Lin

# FEEDING THE WORLD





## FEEDING THE WORLD

In 2050, our planet will have to feed almost 10 billion people. The massive urbanisation and a growing middle class place new demands on food production.

**A**nalyses from the Food and Agriculture Organisation of the United Nations (FAO) estimate that we will see a twofold increase in the demand for protein by 2050 due to population growth and changed dietary habits.

At the same time, climate change is going to change the conditions for agricultural production in many countries. In some places, the climate is getting warmer, allowing more and new crops to be grown. In other parts of the world, climate change will make it difficult to farm the land at all.

As a food company, these challenges are all around us, and we accept our shared responsibility for finding new solutions that can feed more people in a sustainable manner and with less of an impact on the world's resources.

### Need for entirely new solutions

Under the heading 'Feeding the world', we have made the global challenges facing the agricultural sector and meat-based foods one of the primary focus areas in Danish Crown's new sustainability strategy. With this strategy track, we want to:

- **Take** a long-term approach to working with challenges and opportunities
- **Seek** partnerships and cooperation with external researchers, scientists and stakeholder organisations to contribute to creating new knowledge and solutions
- **Find** systemic solutions that can help us make significant developmental advances.
- **Support** our owners and suppliers with new knowledge, know-how and technology to enable them to take more of the many small steps which are already driving us in a more sustainable direction every day.



Wu Cun Wen, Deng Xiang Fu, Wang Han Yu, Bian Wan Qing, Tong Gui Guo

### ACTIVITIES 2016/17

- **New** CSR policy and sustainability strategy developed and approved by Danish Crown Supervisory Board and Executive Board.
- **New** Director, Group Sustainability appointed.
- **New** CSR governance structure approved.
- **Dialogue** with a number of NGO's, customers and other external stakeholders as part of materiality analysis and new sustainability strategy.
- **Research** projects with external partners to develop sustainable solutions.

### PLANNED INITIATIVES

- **Further** strategic programme to be developed, including indicators and KPI's.
- **Implement** new CSR policy and strategy throughout the organisation.
- **Continue** investing in R&D that contribute to innovative, sustainable solutions.
- **Increase** cooperation with stakeholders on sustainable development and know-how.

### PURPOSE

We will find a way to feed the world with sustainable meat and protein solutions.

### UN SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

#### Goal 2: Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



#### Commitment: Target 2.4

By 2030, Danish Crown contributes to ensure sustainable food production systems and to implementing resilient agricultural practices that increase productivity and production, help maintain ecosystems, strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and progressively improve land and soil quality.

#### Goal 17: Partnerships for the goals

Revitalise the global partnership for sustainable development.



#### Commitment: Target 17.17

Danish Crown seeks to encourage and promote effective public, public-private and civil society partnerships, building on experience and resourcing strategies of partnerships.

### EXTRACT FROM OUR CSR POLICY

We are committed to leading a sustainable development of our business and ensure a high level of food safety, high-quality products, limited resource consumption and continuous sustainable development throughout our value chain and in our dialogue with our stakeholders.

We respect the human rights to health, well-being and access to adequate food for all in our own operations and in our relations with our business partners.



Jan Bohn, operations manager  
at Stovgaard



#### CASE

### NEW RESEARCH PROJECT ON ANTIBIOTIC-FREE REARING OF ANIMALS (ABF)

There is a general need to develop a solid knowledge base about rearing animals without antibiotics. Danish Crown is therefore heading a new research project, which was launched in summer 2017 with the aim of increasing the production of slaughter pigs reared without the use of antibiotics. The project will, among other things:

- Gather information and encourage the use of ABF methods by means of an ABF manual for pig producers
- Develop a concept for early diagnosis and prevention of diseases requiring antibiotic treatment
- Map and reduce the risk of cross-contamination between treated/non-treated animals
- Handle special-risk pigs in need of antibiotic treatment from birth

The project, which was launched in July 2017, is financed by the Green Development and Demonstration Programme (GUDP) and runs until 2021. The project is carried out in cooperation with researchers from DTU, Technical University of Denmark, the University of Copenhagen, SEGES and Statens Serum Institut, Denmark.



#### CASE

### HEADING FOR ECO-FRIENDLY PORK

Pork 4.0 is an ambitious research project initiated by Danish Crown to collect and document the environmental impact of pork from farm to supermarket.

*"We want to be able to offer consumers even more eco-friendly and climate-friendly pork," says Charlotte Thy, who is heading the project at Danish Crown. "With the project, we are giving farmers a tool for controlling the complete spectrum of environmental impacts. The tool gathers all environmental data in one place, making it easy for farmers to keep an eye on and mitigate the environmental impacts of their activities. At the same time, we can ensure that consumers are properly informed about the environmental impact of producing one kilogram of pork."*

Environmental data are already being collected and documented, both by farmers and Danish Crown. The project creates a single database for all the relevant data. Individual farmers can extract data about their own production with a view to documenting and improving their environmental efforts. They can also compare their own data with data from other farmers, and be inspired to do things differently. The company obtains a complete

overview of all the environmental data, and can offer consumers an insight into the environmental and climate impacts from the meat they eat.

*"There are a lot of myths and stories about the environmental and climate change impacts of eating meat," says Charlotte Thy. "The project will provide us with more well-founded answers and evidence for discussing future production methods and the composition of our diet based on documented facts. In the long term, we may even have an eco-labelling scheme for pork, but that is not going to happen soon. Right now, we must first and foremost get a grip on the data."*

For the farmers, the environmental data include, for example, fertiliser and feed production, water and energy consumption in cattle houses and pig buildings as well as emissions and discharges to the surroundings. For Danish Crown, the project also comprises environmental data from its slaughtering and processing activities, chilling and cold storage as well as distribution to customers.

The project is financed through the pool for the Green Development and Demonstration Programme (GUDP), and is carried out in cooperation with researchers and consultants from Aarhus University, SEGES and Statens Serum Institut, Denmark.



#### CASE

### WATER SAVINGS: PROGRESS ON DRIP PROJECT TO REACH GOAL OF SAVING 15–30%

Danish Crown is involved in a public-private multi-stakeholder project called DRIP (Danish partnership for Resource and water efficient Industrial food Production). The long-term ambition of DRIP is to reduce water consumption in industrial food production by 15-30 pct. through the gradual implementation of water-saving measures.

The project is still in the initial phase of creating baseline and insights that can deliver the year-on-year savings. As part of this, the past year has seen a detailed mapping of the water consumption at our Danish facilities in Horsens, Aalborg, Esbjerg and Vejle.

At the same time, we have prepared a risk and HACCP assessment concept to be used on up-cycled water to ensure food safety throughout the production.



Danish Crown is owned by the Danish farmers. For more than 125 years we have worked closely together to develop a high quality livestock production built on modern technology, science, tradition and deep understanding of the animals. Now we take the next step together and dedicate a strategic focus on sustainable farming.

Henrik Kjær, Farmer  
Nordvestgaard, Denmark

# SUSTAINABLE FARMING





## SUSTAINABLE FARMING

Animal feed, breeding and rearing of animals and veterinary health are some of the main issues expressed by our stakeholders in the materiality analysis.

**W**ith a strategic track dedicated to sustainable farming in the new sustainability strategy, we take an important step forward together with our owners and suppliers in the agricultural sector. We will use the strengths of our cooperative to facilitate and promote cooperation in the value chain and create a sustainable future for our industry and our business.

### Win-win for farmers and business

Our cooperative owners expect Danish Crown to ensure that the price they receive for the animals they supply is as high as possible, while at the same time delivering a return on the capital which has been invested in the company through generations. This is a focus of all our business units.

The value created by Danish Crown's activities in its business units worldwide is paid out to our farmer owners as supplementary payments in connection with the closing of the annual accounts. Danish Crown's strategic objective is to increase the price paid to our farmer owners for their animals by 0.60 DKK per kilogramme compared to our competitors in Germany, France, the Netherlands and Spain.

In this context, our sustainability strategy sets out a common direction for the development of products, technologies and processes that supports our business strategy demanded by customers and the world around us.

### Dilemmas, challenges and unanswered questions

As we operate in a value chain with an impact on the environment and society, we are faced with many relevant questions. Over the years, we have found answers to quite a few of the big questions, while others are still unanswered, and new ones turn up all the time. The list of classic dilemmas relating to agricultural production includes:

- Ensure the supply of pigs and cattle for slaughter to Danish Crown through high payments to farmers. Including balancing investments in the development of strongly competitive and sustainable solutions with the objective of paying the highest prices for the slaughter animals supplied by farmers.
- Communicate market expectations to individual suppliers and thus ensuring joint development.
- Maximise use of the whole carcass. Including the balancing of significant global differences in customer needs and demands.
- Ensure a future for quality meat in a world characterised by growing pressure on available resources.
- Ensure that the world around us is sufficiently informed to be able to understand the mechanisms of food production. Including how we produce enough to feed as many people as possible in the world with meat.
- Develop sustainable solutions for responsible food production, while at the same time ensuring that production is profitable for our owners.



Søren Christensen, farmer from Kibæk, Denmark

### ACTIVITIES 2016/17

- **Establishment** of international procurement network for live animals.
- **Evaluation** of existing Farmer Code of Practice.
- **Development** of mobile technology for farmers to increase data quality and livestock management.
- **Dialogue** with farmer on sustainable farming.
- **Focus** on social responsibility in farming through owner communication.

### PLANNED INITIATIVES

- **Develop** updated Farmer Code of Practice.
- **Further** strategic programme to be developed, including indicators and KPI's.
- **Further** increase dialogue with farmers on sustainable farming.

### PURPOSE

We will build a strong future for our farmers.

### UN SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

#### Goal 2: Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



#### Commitment: Target 2.4

By 2030, Danish Crown contributes to ensure sustainable food production systems and to implementing resilient agricultural practices that increase productivity and production, help maintain ecosystems, strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and progressively improve land and soil quality.

#### Goal 13: Climate Action

Take urgent action to combat climate change and its impacts.



#### Commitment: Target 13.1

Danish Crown will contribute to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

#### Goal 15: Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



#### Commitment: Target 15.6

Danish Crown seeks to promote fair and equitable sharing of the benefits arising from the utilisation of genetic resources and promote appropriate access to such resources, as internationally agreed.

### EXTRACT FROM OUR CSR POLICY

We create a new platform for setting targets for a substantial reduction of waste and efficient use of natural resources from farm to fork. We will address the need to ensure sustainable consumption and for sustainable farming through protecting, restoring and promoting sustainable use of terrestrial ecosystems.



CASE

**ANIMAL WELFARE: EUROPEAN AWARD FOR FRILAND**

This year's European Corporate4Animals Award went to Friland in recognition of the company's efforts over the past 25 years to ensure better animal welfare in the production of FRILANDSGRIS® and FRILAND organic pigs. The award is presented by Eurogroup for Animals, the European association of animal welfare organisations.

*"Animal welfare is high on the agenda both for our Friland farmers and for everybody else working for and with Friland. The award is a pat on the back for the special efforts which we put into animal welfare on a daily basis, and we are very proud to receive it,"* says Friland CEO Henrik Biilmann. Each year, the Corporate4Animals Award showcases a company that has made a special effort to improve animal welfare in Europe.



Peder Rasmussen



CASE

**ENERGY SAVINGS: SMARTER STIES**

For Peder Rasmussen, who farms north of Aarhus, Denmark, a focus on reducing energy use in a new pig building helps to reduce costs and improve animal welfare. He is confident it will improve profitability in the long run, too. Through the use of features like natural ventilation, automatic feeders, mechanical manure removal systems and LED lighting, he expects to reduce energy consumption by 60 pct. compared to his old buildings.

*"By treating just 10 pct. of the air, we can remove 60 pct. of the ammonia. That in itself equates to enormous energy savings and cost reductions,"* says Peder Rasmussen, who completed construction of the new building for 5,000 finishers in July. A hybrid ventilation system has been installed in the new sties that combines floor suction with natural ventilation through open windows in the rooftop.

*"If I had gone for a building with more traditional systems, I might have saved 15 pct. in upfront costs,"* he says. *"But my reduced energy bills will make up for that in no time. At the same time, the high ceilings and natural light combined with the other solutions help create a better and cleaner indoor climate for the pigs."*

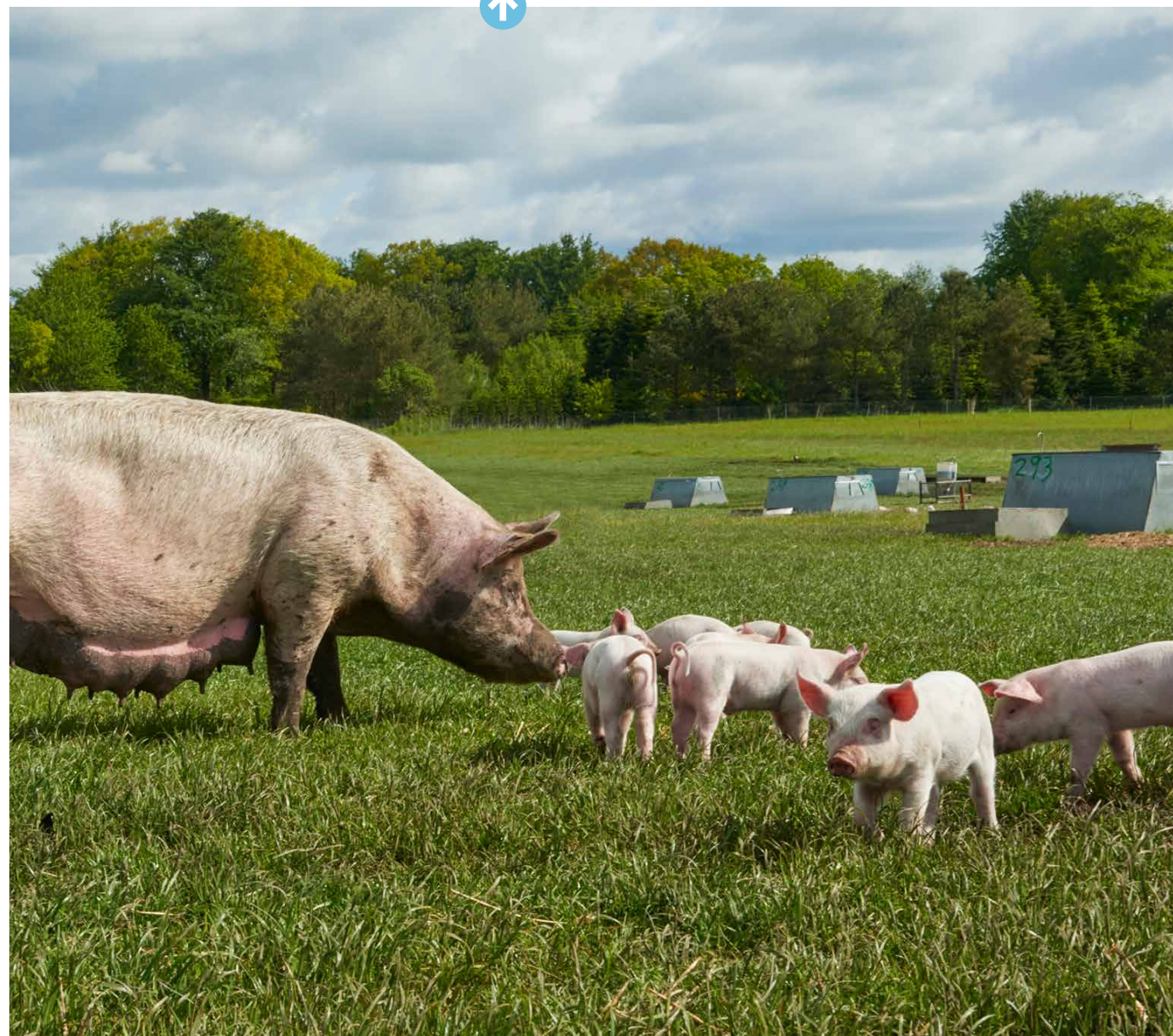
CASE

**HEALTH REDUCED USE OF ANTIBIOTICS**

Danish and Swedish pig producers use far fewer antibiotics than producers in the rest of Europe. In Denmark, the use of critically important antibiotics has almost stopped completely, and farmers have even found ways of completely avoiding the use of antibiotics in the production of pigs for slaughter. At the same time, consumers are increasingly demanding meat from pigs which have been reared completely without antibiotics.

*Today, Danish Crown slaughters approx. 7,000 antibiotics-free pigs a week, which are sold mainly in Denmark, Italy, Germany, the US and Australia. The aim is to double this number in the coming years.*

*"Producers can and are keen to produce these special pigs. Our job is now to optimise sales,"* says Søren Tinggaard, VP, Pork Export Strategy & Marketing.





**Magnus Larsson and his daughter Kim Larsson** are the fourth and fifth generation of butchers from the same family in our abattoir in Dalsjöfors, Sweden. Magnus heads the abattoir as our plant manager. Kim started working in weekends, and after completing high school she worked full time as a butcher to learn the profession from scratch. Today she works as our expedition & shipping manager in the plant.

# SUSTAINABLE FOOD PRODUCTION





# SUSTAINABLE FOOD PRODUCTION

CSR has been part of the daily work of all business units for decades, especially when it comes to food safety as well as environmental issues and reducing our resource consumption.

With our new group sustainability strategy, this year we have created a common basis for making coordinated progress in our CSR activities across countries, markets and functions.

## Environment and climate

We have continued our local focus on environmental and climate improving activities in each business unit throughout the year. Some of our main activities have been:

- **Responsible procurement and supplier management**  
During the financial year, we have established a global procurement function in Danish Crown. We have thus created the basis for a more structured approach to responsible procurement and supplier management. We have carried out materiality and stakeholder analyses of our procurement activities, and based on these analyses, we prepare to further involve them in our efforts to respect human rights and labor rights. We apply a systematic approach designed to identify and handle risks locally, and to document the steps taken to eliminate and reduce the risks. By this we especially seek to contribute to the abolition of child labor, forced labor and slavery, and to combat discrimination.

Through a newly amended Supplier Code of Conduct we will require suppliers in all parts of the supply chain to adopt policies and procedures to respect human rights and labor rights and set up a system for assessing, handling and reporting on the risks for infringing such rights. Suppliers are also required to align with local legislation related to climate and environmental standards, and to refrain from corruption and bribery.

The new Danish Crown standards on responsible sourcing will be implemented stepwise until 2021.

- **Sustainable packaging solutions**  
All business units with consumer-oriented products have worked with the development of sustainable packaging, which is a strong driver for the retail trade. Danish Crown Beef is already heavily involved in cooperating on tomorrow's packaging solutions, and similar initiatives are being launched by Tulip Ltd and KLS Ugglarps.
- **Preparing for new ISO 14001 standard**  
Danish Crown Pork has been certified according to the ISO 14001 standard since 2005. In 2016/17, we have prepared for an upgrade to the revised version of the standard, which, among other things, includes stricter requirements for life-cycle assessments, stakeholder involvement and risk analysis.

## ACTIVITIES 2016/17

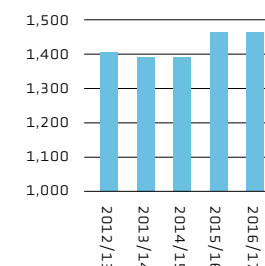
- **Global** procurement function with focus on responsible supplier management established.
- **New** Supplier Code of Conduct prepared.
- **Local** initiatives on sustainable packaging.
- **Implementation** of new ISO 14001 standard in Denmark prepared.
- **Continuous** development of improved environmental solutions in the production.

## PLANNED INITIATIVES

- **Further strategic** programme to be developed, including indicators and KPI's.
- **Special program** for waste, packaging and energy to be defined.

## TOTAL ENERGY CONSUMPTION

1000 MWH



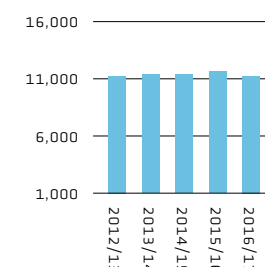
## ENERGY CONSUMPTION / PRODUCED VOLUME

MWH PER PRODUCED TON



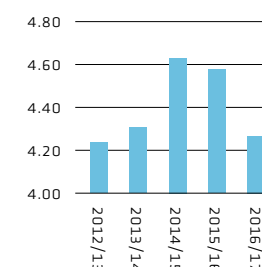
## TOTAL WATER CONSUMPTION

1000 M³



## WATER CONSUMPTION / PRODUCED VOLUME

M³ PER PRODUCED TON



## PURPOSE

We will operate a sustainable, efficient and high performing food production.

## UN SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

### Goal 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns.



### Commitment: Target 12.2

By 2030, Danish Crown will achieve sustainable management and efficient use of natural resources.

## EXTRACT FROM OUR CSR POLICY

### Climate and environment

Danish Crown supports a sustained and systematic approach to environmental challenges and is committed to take action to combat climate change.

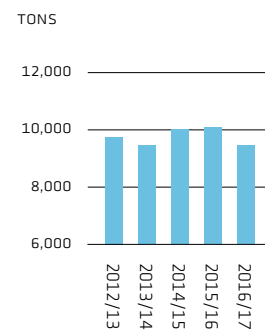
### Human rights

In all Danish Crown operations and activities, we respect human rights and avoid infringing the human rights of involved individuals.

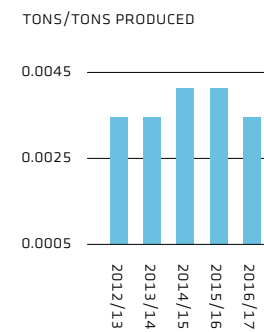
### Anti-corruption

As a responsible company, Danish Crown works against corruption in all its forms. This includes compliance with legislation and collective agreements on fair wages, rest and leisure, equal remuneration for men and women, anti-discrimination and equal opportunities in access to employment and career.

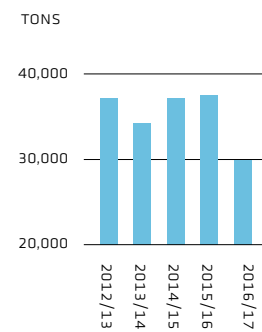
#### TOTAL TOC IN WASTE WATER



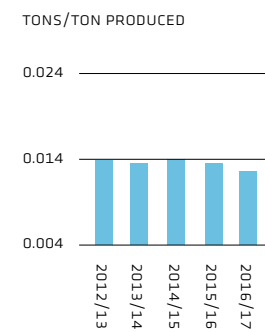
#### TOC IN WASTE WATER / PRODUCED VOLUME



#### TOTAL NON-ORGANIC WASTE



#### NON-ORGANIC WASTE



#### CASE

### CLIMATE: NEW GAS BOILER SAVES CO<sub>2</sub> IN POLAND

The production of meat is energy-intensive, especially due to the need for cooling during processing. Therefore, the Danish Crown facilities are in the process of a green transition towards environmentally friendly energy sources and improved energy efficiency. At the Sokołów plant in Poland, the old coal boiler has been replaced by a new gas boiler. And that is not all. The new gas boiler cogenerates power and heat.

*The new boiler has resulted in a number of improvements. We save on CO<sub>2</sub>, we emit less flue gas to the surrounding environment, and we save money by being able to generate power as well as heat at our own premises,"* says Stanisław Wierzbicki, Vice President of Production and Development in Sokołów S.A.

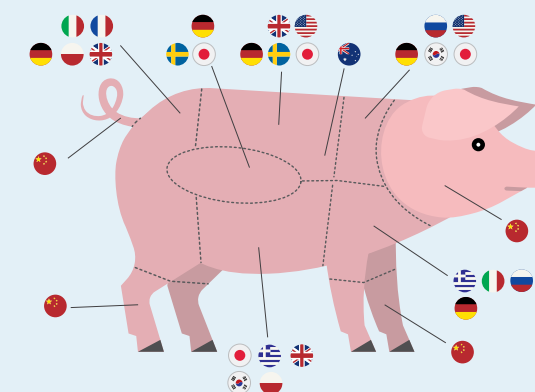
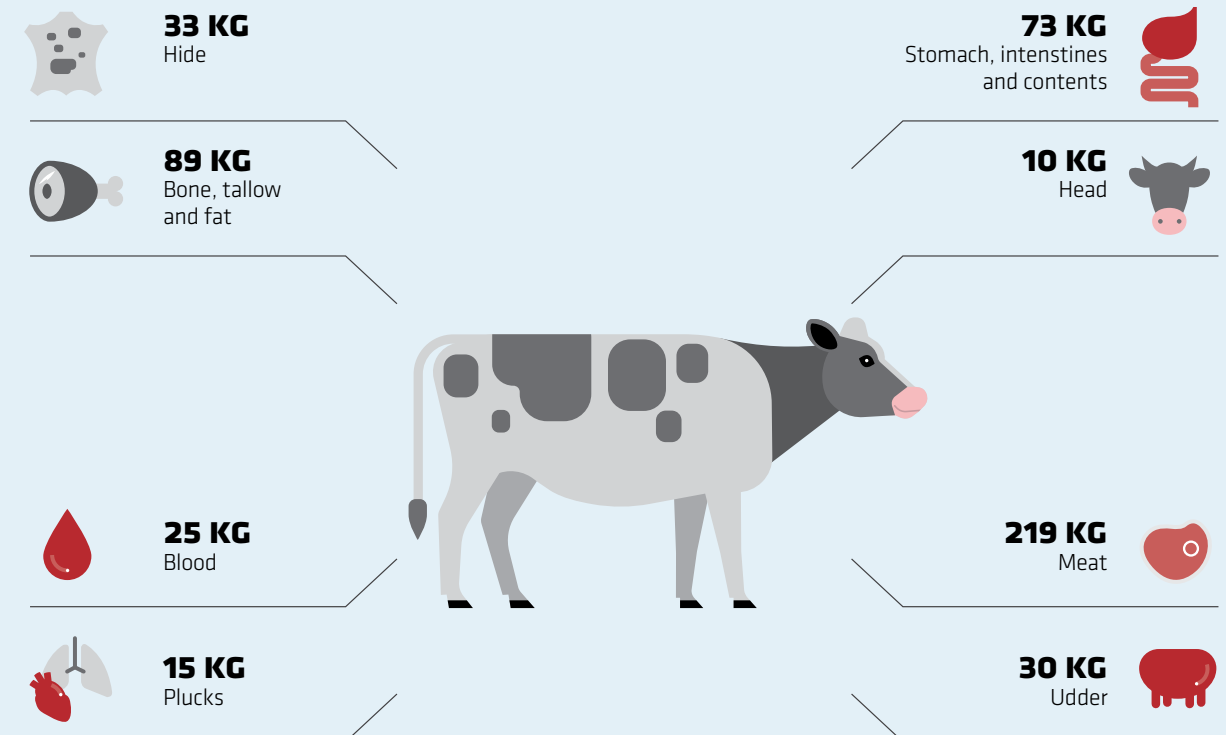
The gas boiler was installed in 2016 and has already returned substantial savings. In the first year, CO<sub>2</sub> emissions from the plant was reduced by 69 pct. The next energy renovation steps will include heat recovery, thermos-modernisation of buildings and energy installations as well as the implementation of ISO 50001 Energy Management at the factory.

#### CASE

### CIRCULAR ECONOMY: MAXIMISED USE OF RAW MATERIALS

Deriving the full value from all parts of the slaughter animals is of decisive importance to our competitiveness and thus to the finance of our cooperative members.

Through a complex optimisation system, all parts of cattle and pig are sold at the highest price, and all parts of the animals are used, so that nothing goes to waste.



**A pig** is normally cut up into 30-150 pieces and sold all over the world. In the past year, Pork alone has had exports to 74 countries. Ensuring that all parts of the animals are sold every single day of the year – and even at the best possible price – is therefore an extremely complex process.



With 26.000 employees all over the world we offer good jobs for everyone, and we will increase our focus on different career opportunities for all. Here Yin Kong and Fang Wu are working in our casing factory Yancheng, China.

# GOOD JOBS FOR EVERYONE





## GOOD JOBS FOR EVERYONE

**O**ur employees are our most important resource, and one of the five main tracks in the sustainability strategy is all about providing good jobs for all our employees. We create jobs in rural districts, and job opportunities for both skilled and unskilled workers. Through a number of targeted programmes, we have also helped people outside the workforce return to the labour market after a period on public benefits.

It is our ambition to: provide good jobs for everyone, ensure healthy and safe workplaces and respect the right of workers to just and favourable work conditions. Ensure diversity and social inclusion in our workforce.

### Major strategic focus on employees

During the year, the group's HR function has initiated a number of cross-organisational initiatives as well as internal knowledge sharing as a way of establishing a uniform approach to the Danish Crown way of working. For example, an HR Partner structure has been implemented, which means that all business units now have access to knowledge and expertise about both strategic and operational HR issues.

Another big change in the year has been the introduction of a new title structure for the group. The purpose of the new title structure was to clearly define levels of responsibility, while at the same time clarifying career opportunities and paths for employees. It is important to establish uniform structures which can ensure that all managers have the skills and resources needed to make a personal success of their job and help the group realise its strategic targets.

### Greater focus on occupational health and safety

Even though we are increasingly using robot technology and investing in high-tech auxiliary equipment, the slaughtering, cutting and deboning of pigs and cattle is a physically demanding job. As shown by the materiality analysis, there is scope for further improvements when it comes to our working environment and to accidents at work. The number of accidents at work has decreased in the past three years, but is still too high.

We still need to invest in technology which can reduce the strain on employees and increase our focus on the importance of using safety equipment and complying with safety instructions in our daily work. We are now seeing the effects of an increased focus among both employees and managers.

### Increased workforce with social integration

In recent years, we have developed our knowledge and skills in working with social integration of refugees, people on social benefits and others at the edge of the labour market. It is a development track which we expect to develop further and implement in other parts of the group, in close cooperation with local authorities, job centres and local educational institutions.

### Human rights

When acquiring and establishing activities in new countries, we conduct a risk assessment of human rights, anti-corruption and the environment as an integral part of the general

### ACTIVITIES 2016/17

- **Good jobs for everyone** has been designated as one of five core areas in our sustainability strategy.
- **Establishment** of new group HR function and SVP Global HR member of the management.
- **Professionalised** HR organisation with HR partners in all business units.
- **Initiated** implementation of the EU General Data Protection Regulation with full compliance on employee data.
- **Mapping** of physical ailments associated with working in production in Denmark.
- **Targeted** efforts to integrate people on the edge of the labour market, including job creation for refugees.
- **Assessment** for labour rights in new factory in China
- **Development** of group-wide leadership principles.
- **New** recruitment policy to support diversity at all management defined.
- **Improved** physical working environment, project 'Slagter kend din krop' (Body knowledge for abattoir workers), initially in Denmark, then internationally.

### PLANNED INITIATIVES

- **Further strategic** programme to be developed, including indicators and KPI's
- **Continue** to work for diversity in management.
- **Implement** group-wide leadership principles.
- **Strengthen** relations and dialogue between management and union representatives.
- **Increase** social integration initiatives across the group

### PURPOSE

We will attract and retain people with good jobs and opportunities for everyone.

### UN SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

#### Goal 8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



#### Commitment: Target 8.8

Danish Crown will protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

### EXTRACT FROM OUR CSR POLICY

#### Labour rights

Danish Crown is committed to ensure healthy and safe workplaces for our employees and thus respect their right to just and favourable conditions of work.

- **We** ensure fair wages, rest and leisure, equal remuneration, anti-discrimination and equal opportunities.
- **We** work to prevent corruption in all its forms.

business risk analysis associated with such a project. Danish Crown is in the process of implementing the provisions of the EU General Data Protection Regulation in the company for the purpose of ensuring the protection of employee data.

Diversity

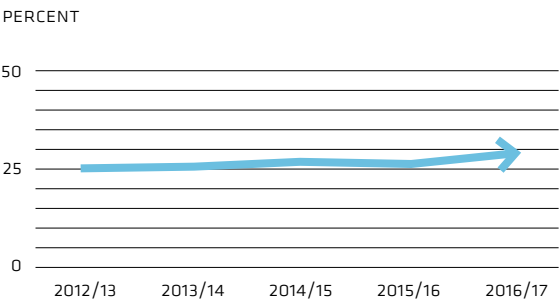
As a company, Danish Crown is one of the most diverse and socially inclusive companies in the Danish and European labour markets when it comes to production workers.

Our diversity agenda is a strategic priority, which is about ensuring that as an organisation we benefit from the positive effects of having a diverse workforce in terms of educational background, gender and nationality as well as cultural affiliation.

Danish Crown's results as a diverse and inclusive company have, among other things, been achieved through a number of targeted processes and initiatives which have successfully helped people who have been outside the labour market for an extended period to return to the labour market as valued Danish Crown employees. Similarly, as a company we have succeeded in helping refugees find work, and we have won considerable political recognition for our focused efforts. This has been done in close cooperation with the relevant local authorities and job centres. As a result, a total of more than 79 different nationalities are represented in our workforce, while we are working to further improve gender diversity across our employee groups.

Our focus on strengthening diversity in the company will continue. In the next few years, Danish Crown will focus even more on ensuring that the diversity that exists at employee level is also reflected in our entire governance structure – up to and including senior management level. A number of initiatives have therefore already been launched to support this work.

SHARE OF WOMEN IN MANAGEMENT POSITIONS



The company is currently transforming the Danish part of the organisation with a view to making it more global. Among other things, we are offering to assess our employees' English language skills, followed by an offer of English lessons, if required. The purpose of this is to better be able to ensure cooperation between employees from our various business units – but also to build and have access to a more diverse international pool of talents who can help develop our business in our 4WD strategy.

In the coming years, the group is increasing its focus on human resource development with the aim of attracting and retaining as diverse a talent base as possible – through targeted competency development.

A clear recruitment policy has also been defined requiring that both genders must be represented among the top three candidates for a job.

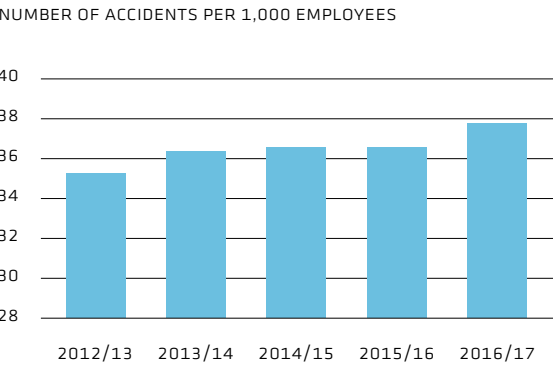
The graph on the left handside shows that the share of women in management positions in the company has been slightly increasing in recent years.

The group has strengthened its HR organisation in the past year. This will help to ensure that the necessary initiatives are implemented in the local business units and across the group.

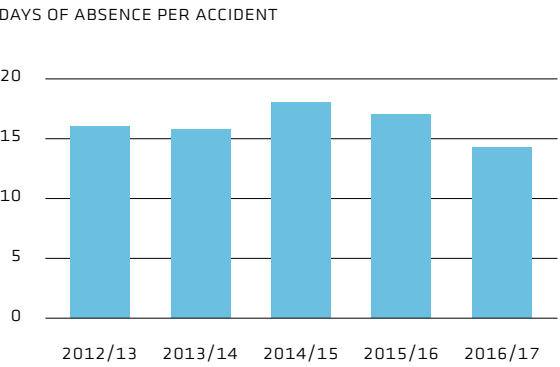
The ratio of men and women on the supervisory boards of Leverandørselskabet Danish Crown AmbA, Danish Crown A/S, Tulip Food Company A/S, DAT-Schaub A/S, ESS-FOOD A/S, Scan-Hide A.m.b.a. and SPF-Danmark A/S, which are covered by section 99b of the Danish Financial Statements Act, shows that these efforts are necessary as only three out of the seven companies meet the locally defined targets. There are no women on the Supervisory Board of Leverandørselskabet Danish Crown AmbA, which does not live up to the target of 10 pct. female representation. For several of the companies, the real challenge is the gender balance among Danish Crown's owners. The targets for 2021 have not been met in the past year either because no board members have been replaced, or because it has unfortunately not been possible to attract candidates with the right skills.

During the year, Danish Crown has decided to participate in the new 'Gender Diversity Roundtable Denmark' initiative. The purpose is to identify actionable steps to advance gender diversity in management teams in Denmark. We are one of 15 members of the roundtable, established on the initiative of UN Women Nordic Office and the Boston Consulting Group. The members of the roundtable come from the private sector, the Danish universities as well as a wide range of societal member organisations.

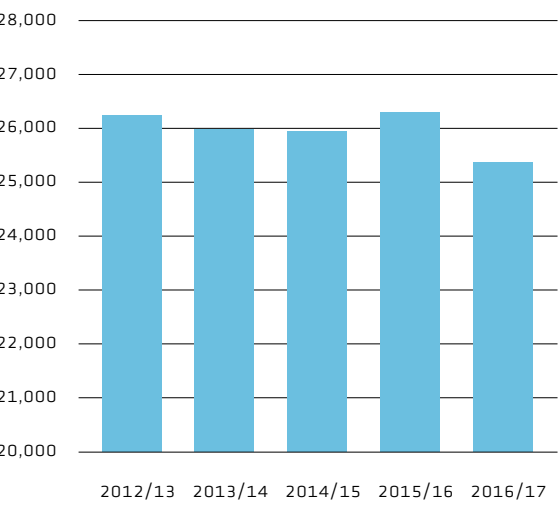
FREQUENCY OF ACCIDENTS AT WORK



ABSENCE DUE TO ACCIDENTS AT WORK

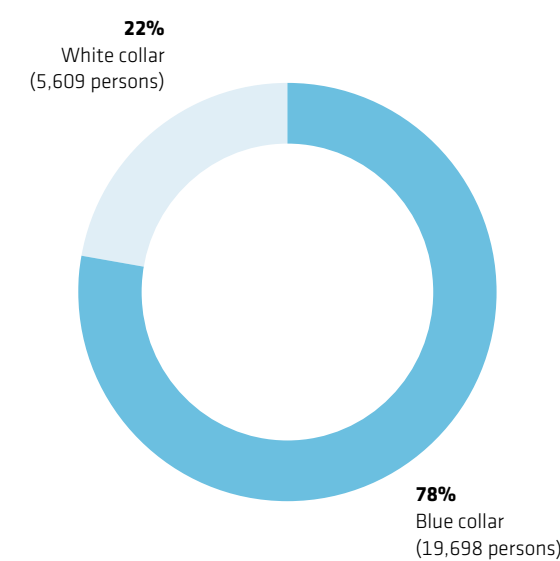


TOTAL NUMBER OF EMPLOYEES

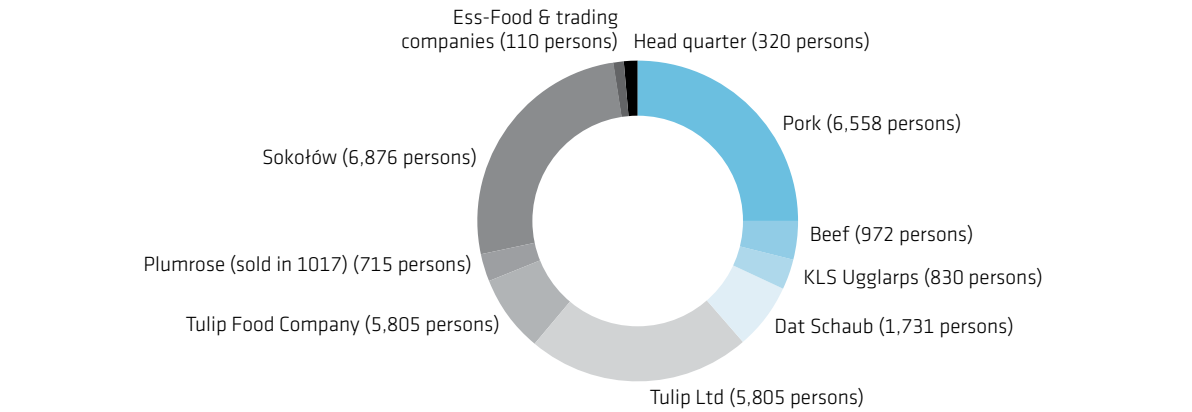


(Total number of employees – Full Time Equivalent (FTE) average)

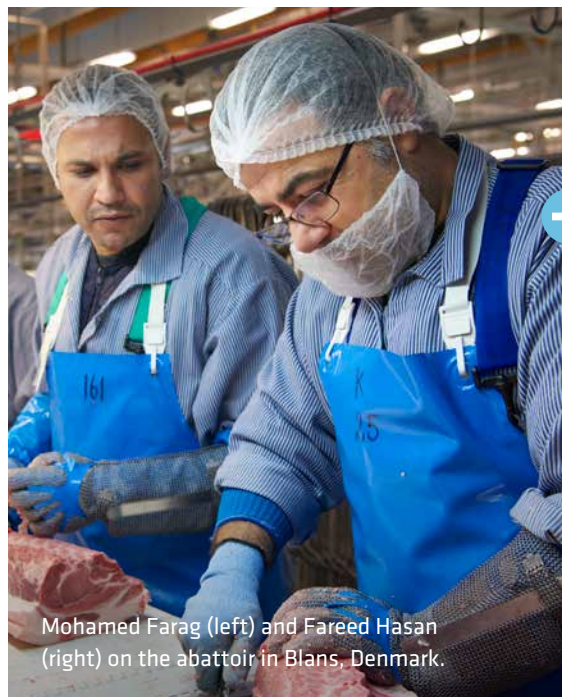
SHARE OF BLUE AND WHITE COLLAR EMPLOYEES



EMPLOYEES PER BUSINESS UNIT







Mohamed Farag (left) and Fareed Hasan (right) on the abattoir in Blans, Denmark.

## CASE

### CREATION OF LOCAL JOBS: 47 UNSKILLED WORKERS EMPLOYED AT THE SÆBY ABATTOIR

In 2016/17, Danish Crown received 600,000 more pigs than the year before. This has increased the number of jobs at the Danish abattoirs by almost 250. At the Sæby Abattoir alone, 47 new colleagues had their first day of work in August, most of them unskilled. Recruitment of the new colleagues took place in close cooperation with the local Job Center, specialized in helping unemployed people find their next job. 37 of the newly employed people came from different kinds of social security, while ten immigrants became self-supporting, full-time workers.

"We are continuously on the look-out for new people, and as a company we want to help open new doors to unskilled people, who get a chance to enter the labour market through training programs at our different production lines", says Leif Brøndum Nielsen, Factory Manager at the Danish Crown facilities in Sæby.

There is a need to recruit more workers for the Sæby abattoir, and the local Job Center is right now recruiting the next 30 people, scheduled to start at the end of 2017.

## CASE

### INTEGRATION: REFUGEES GET PERMANENT JOBS AFTER TRAINING AT DANISH CROWN

For several years, Danish Crown has helped a number of refugees get a job in Denmark in close cooperation with municipalities and local job centers. The refugees are typically employed as part of so-called language-training programs that run for three to six months. After the training program has ended at Danish Crown, two out of three of the trainees have secured a permanent position compared to only 15 percent in the country as a whole.

During 2016/17, more than 30 refugees have exchanged the training program with permanent positions at the abattoirs in Blans, Ringsted and Sæby.

"The refugees show great motivation, maybe due to the fact that we have job openings for them at the end of the training. We normally say that if people are fit and motivated, we can teach them the rest", says Ole Carlsen, factory manager at the Blans abattoir, which employs 32 different nationalities.

At Group level, Danish Crown employs almost 79 different nationalities, and the effort to support diversity and help more refugees into the Danish labour market continues.

## CASE

### GENDER EQUALITY: FIRST FEMALE ABATTOIR MANAGER IN SWEDEN

With the appointment of Marlies Gumpert, Sweden has its first female plant manager. Marlies took over as manager of the abattoir in Hörby in December 2016. She is responsible for 145 employees and the slaughtering of almost 2,000 cattle and lambs a week.

"At KLS Ugglarps, we work actively with gender equality and diversity. We want to fully exploit the potential of all our employees. It is important for us that the labour market offers equal opportunities for all irrespective of their background, gender or nationality," says Jonas Tunestål, CEO at KLS Ugglarps, which owns the abattoir in Hörby.

Besides Sweden Danish Crown has female plant managers in Poland and UK.



Employees doing exercises at our abattoir in Bonnetable, France.

## CASE

### IMPROVED WORKING ENVIRONMENT: LESS DISCOMFORT AND IMPROVED QUALITY OF LIFE

Working at an abattoir is hard work. It involves heavy lifting and monotonous repetitive work. At Danish Crown, we want to take the lead when it comes to developing the physical working environment and prevent injuries and reduced quality of life.

We have therefore launched the development project 'Slagter kend din krop' (Body knowledge for abattoir workers) in close cooperation with the employees in Danish Crown Pork, the Danish Food and Allied Workers' Union NNF and the Confederation of Danish Industry.

In 2016/17, we mapped the problems relating to the physical working environment through a questionnaire-based survey among the employees at our Danish abattoirs. The employees were very keen to participate, and 35 pct. completed the survey. The survey showed that just over 50 pct. suffer from pain in their shoulders, while 30 pct. have experienced lower back pain. Furthermore, the survey shows that 25 pct. sometimes or often have to take painkillers in order to be able to go to work.

Based on the results, the occupational health and safety organisations at the facilities have now started to prepare local action plans. In the first half of 2017, the employees at the individual facilities have been given a free rein to try different initiatives.

"We have decided to invite the employees locally to come up with solutions that can improve the physical working environment. We are going to pool all the good ideas and identify the best, which we will then be sending out for mutual inspiration, so that we can learn from each other. For example, a very inspiring idea has come from our factory in France, where the lines stop every other hour, and everybody does stretching exercises to prevent injuries. The result is that the employees feel less tired and are in less pain," explains Director Global Health & Safety Morten Pedersen, Danish Crown.

In the coming years, working positions etc. will be a new focus area, and the occupational health and safety organisation will perform a total of 12 'safety walks' a year, focusing on muscular-skeletal problems in order to raise awareness of the physical working environment and prevent injuries. The survey will be repeated in two years' time so as to be able to measure any improvements.



**Young people learn how to cook healthy food on Facebook**

It is easy and quick to choose fastfood or ready meals. Not at least when you are young and without a lot experience in cooking food. Danish Crown Beef started an initiative to teach young people how to cook easily. On Facebook Danish Crown Beef and users share everything from recipes to practical instructions in for form of eg. the grill timer to a perfectly cooked steak and a number of other short videos making it easy and fun to cook.

"We wish to make the young people smarter when it comes to cooking a nice an healthy meal at home. And at the same time we would like to enter into a dialogue with our surroundings about beef and alle the activities we continue to work on to offer consumers responsibly produced high quality meat," says Finn Klostermann, CEO of Danish Crown Beef.

# TOGETHER WITH CUSTOMERS AND CONSUMERS





## TOGETHER WITH CUSTOMERS AND CONSUMERS

The group's 4WD business strategy has defined the overall objective of strengthening our position in the consumer market, among other things by focusing on special products such as antibiotics-free pigs, welfare pigs and organic pigs and cattle.

**T**hese are products with special, sustainable properties which are in demand among consumers and in society. We are therefore working to strengthen our position in this market. In accordance with the group strategy, we must also constantly seek to create added value for our customers.

As part of this strategy, we are focusing on high-value segments, high-value customers and high-value pork and beef products. This strategic focus supports our objective of offering sustainable products developed in close cooperation with our customers.

### Dilemmas in sales

Many farmers are keen to supply special pigs which meet consumer wishes with regard to animal welfare, healthy living, the environment, climate etc.

The production of special pigs entails increased costs, and the market must therefore contribute to covering these costs. Sales are complicated by the fact that we must sell all parts of the pig, and that the different parts are usually sold in different markets with different requirements.

Consumers in the domestic market may have preferences for organic, free-range pigs or animal welfare labelled pigs, but it may be difficult to recover the additional cost of producing those pigs when many parts of the animal are sold in more distant markets.

However, this should not stop us from driving developments in a more sustainable direction. We have therefore dedicated a separate track for this in the sustainability strategy, in which we want to involve customers and consumers in the development of future meals that focus on healthy living, sustainability and great taste experiences.

### Privacy and data protection

The trust of customers and consumers is of vital importance for our business. We aim at building trust through our products and dialogues, and see effective protection of our customers' personal data as an integrated part of this effort.

In 2017, we have initiated a process to implement the new requirements in the EU General Data Protection Regulation in our organisation.



Ryan Miller, Matthew Thomson,  
Richard McCollom

### ACTIVITIES 2016/17

- **Increased** production of special pigs based on consumer wishes
- **Launch** of animal welfare label in Denmark
- **Increased** cooperation with customers on speciality products based on sustainable parameters
- **New** packaging solutions to reduce food waste and resource consumption launched in several business units.

### PLANNED INITIATIVES

- **Further strategic** programme to be developed, including indicators and KPI's

This encompasses:

- Completion of a comprehensive dataflow mapping in all our business units.
- Preparation of a group policy on data protection of internal and external personal data including processes and action plans.
- Preparation of internal training of key persons and functions related to ensure fulfillment of the policy.

### PURPOSE

We will earn customer's and consumer's confidence and preference with healthy, safe and responsible products via a dialogue.

### UN SUSTAINABLE DEVELOPMENT GOALS AND TARGETS

**Goal 3: Good Health and Well-being**  
Ensure healthy lives and promote well-being for all at all ages.



#### Commitment: Target 3.D

By 2030, Danish Crown contributes to strengthening the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

#### Goal 12: Responsible Consumption and Production

Ensure sustainable consumption and production patterns.



#### Commitment: Target 12.5

By 2030, Danish Crown will substantially reduce waste generation through prevention, reduction, recycling and reuse.

#### Commitment: Target 12.8

By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

### EXTRACT FROM OUR CSR POLICY

We respect the human rights to health, well-being and access to adequate food for all.

We actively participate, through membership of various organisations, in developing ways of reducing the inevitable environmental and social impacts of our production activities. As part of these efforts, we engage in and promote effective public, public-private and civil society partnerships.

We ensure compliance with human rights related legislation and have particular focus on privacy and data protection throughout the group.

## CASE

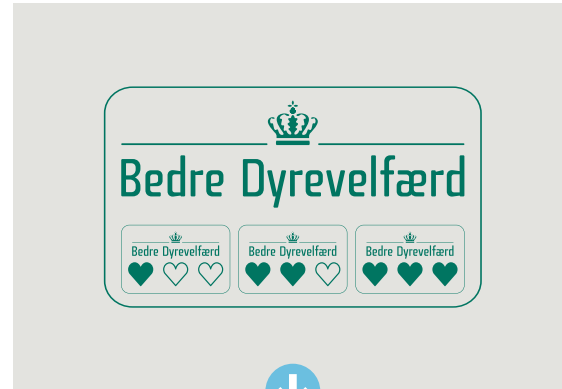
### PROMOTING ETHICAL TRADING

Together with a number of retailers and food suppliers, Tulip UK has formed the Food Industry Network for Ethical Trading. The network seeks to create aligned processes in response to Supplier Code of Conduct requirements.

*"Today, we are faced with many different requirements and*

*Ten retailers and 15 suppliers take an active part in the Food Industry Network for Ethical Trading which addresses aspects ranging from labour rights and human rights to issues around land displacement and impacts on communities.*

*processes from our customers who are deeply concerned about responsible sourcing issues. This means that we constantly find ourselves responding to requirements rather than putting forward a proactive approach that can benefit everybody. In the first phase of the network collaboration, we work to create common risk assessment tools and to establish processes to implement the tools in all types of companies from single farmers to bigger companies like Tulip,"* says Andy York, Responsible Sourcing Manager at Tulip Ltd.



## CASE

### NEW CONSUMER LABEL TO PROMOTE ANIMAL WELFARE

At the end of May 2017, a new Danish animal welfare label was launched with Danish Crown as the primary supplier. With one, two or three hearts for animal welfare on the packaging, consumers are free to choose the price and animal welfare levels they want. The label has been extremely well received, and during the first three months accounted for 25 pct. of Tulip's fresh pork sales in Denmark.

Seven out of ten consumers in Denmark think about animal welfare when shopping for food. The welfare pig has therefore got off to a good start. We have for some time seen growth in sales of both FRILANDSGRIS® and our organic meat products which meet the strictest animal welfare standards (three hearts). With one and two hearts, we now offer animal welfare in more affordable prices ranges. Our sales of pork with one and two hearts already account for 15 pct. of total retail sales. No tail docking is allowed on pigs which carry the label, and the animals must be given straw for rummaging and stimulation. Finally, sows must be allowed to move around freely in the farrowing pen for a number of days after farrowing.

The welfare label was developed in close cooperation between the Ministry of Environment and Food of Denmark, animal welfare organisations, retailers, stakeholder organisations and Danish Crown. The animal welfare label was initially introduced for fresh pork. It will subsequently be rolled out for processed products, other types of meat, eggs and dairy products.



## CASE

### SUSTAINABLE MANUFACTURING PLATFORM, MANUFACTURE 2030

In the UK, one of our retail customers, The Co-op, has launched an online platform to help suppliers make a difference on energy, water and waste and to work collaboratively to gather data. Tulip Ltd has been involved from the start and chairs the Manufacture 2030 Co-op Advisory Board.

The channel is an online platform where suppliers can have a conversation about what is on their minds as regards sustainability and environmental management, including

best practice and questions. The Manufacture 2030 Co-op Advisory Board is the go-to sounding board for ideas and development of the Co-op Channel M2030, and members are the voice of suppliers. The channel is proving invaluable for sharing best practice across the industry.

In another cooperation project with The Co-op, Tulip is also sharing an undergraduate resource this year to work on 'food policy' projects of mutual benefit.



# UN GLOBAL COMPACT INDEX

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	BUSINESSES SHOULD	DANISH CROWN EXAMPLE	PAGE
Human rights	1. support and respect the protection of internationally proclaimed human rights	→ Our CSR platform	16
		→ Our sustainability strategy	17
	2. make sure that they are not complicit in human rights abuses	→ Our CSR policy	20
		→ Feeding the world	24
		→ Sustainable food production	35-36
		→ Together with customers and consumers	49-52
Labour	3. uphold the freedom of association and the effective recognition of the right to collective bargaining	→ Our CSR platform	16
		→ Our sustainability strategy	17
		→ Our CSR policy	20
	4. the elimination of all forms of forced and compulsory labour	→ Good jobs for everyone	41-46
	5. the effective abolition of child labour		
Environment	7. support a precautionary approach to environmental challenges	→ Our value chain	9
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Anti-corruption	8. undertake initiatives to promote greater environmental responsibility	→ Sustainable farming	29-32
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Anti-corruption	10. work against corruption in all its forms, including extortion and bribery	→ Our CSR platform	16
		→ Our sustainability strategy	17
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THE GLOBAL COMPACT

COMMUNICATION ON PROGRESS

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.

