



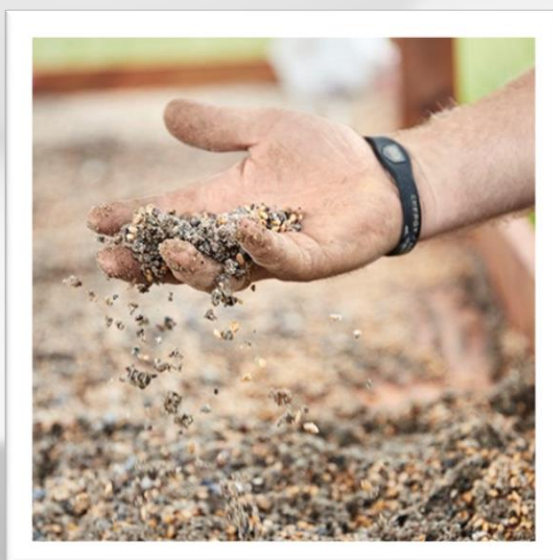
Purveyor to H.M. The Queen of Denmark's household

DANÆG

PURE INSPIRATION

UNITED NATIONS GLOBAL COMPACT

DANÆG Holding A/S



COMMUNICATION ON PROGRESS
REPORT 2018

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Welcome to our 2018 UN Global Compact report

Dear Reader,

It is my pleasure to present our 2018 corporate social responsibility (CSR) report.

2017 was a year of steady progress on the corporate social responsibility front for the Danæg Group. As the market leader in Scandinavia with the category of eggs, we have a long history of working with CSR.

Danæg has always been in front when it comes to high standards of quality and food safety. We therefore also consider it to be our natural responsibility to set standards within the area of CSR.

For us, CSR is an expression of commitment and respect for the society, we are an active part of – and we believe that through small and larger initiatives, we can contribute to make a positive difference.

I am pleased to confirm that the Danæg Group continues the support of Compact Principles, in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The Principles are incorporated throughout the businesses operations, with an aim to ensure that Danæg is a positive force in the communities in which we operate.

Our achievements in progressing the principles of the Compact during the last year are presented in this report.

From a more overall perspective, it motivates us to be a part of an initiative, which has the support of an impressive participant number

of 12.869 companies and organisations worldwide (as of mid December 2017). It is also very positive to see that within the food and beverage industry, a good number of Scandinavian companies have decided to work actively with The Ten Principles of the UN Global Compact. For us, this highlights that CSR today is an incorporated part of the Scandinavian business culture within the industry.

As a member of the UN Global Compact, we believe that our business fully incorporates The Ten Principles of the UN Global Compact in our everyday operations. Furthermore, we have the full support from our board to carry our CSR commitment to new standards within the Danæg Group – particularly regarding the principles of the UN Global Compact.

In our annual report, we will document our year 2017 activities, and highlight CSR activities in focus for year 2018.

Danæg Holding A/S



A handwritten signature in blue ink, reading "Jann Dollerup Vig Jensen". The signature is fluid and cursive, written on a white background.

Jann Dollerup Vig Jensen,
CEO, Danæg Holding

2. The company – The Danæg Group

Market leading in Scandinavia within eggs:

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

The Danæg Group is owned by 67 Danish and Swedish egg producers (50 %) and DLG (50%), which is one of the largest agricultural companies in Europe.



We are involved in activities in Denmark and Sweden employing approximately 300 people divided on four different production facilities. The turnover in the Danæg Group is DKK 1.2 billion (EUR 161 million).

Furthermore, The Danæg Group has become part owner of the Finish company, Munax OY in year 2015.

Production facilities in Denmark and Sweden.

In Denmark, the activities are concentrated around the two production facilities. The first production facility is an egg packaging facility located in Christiansfeld; the second is an egg

processing facility producing and selling liquid eggs, boiled eggs, pancakes, etc. This facility is located in Roskilde, close to Copenhagen.

In Sweden, the Danæg Group also has both an egg packaging facility and an egg processing facility; Kronägg AB, located in Perstorp, close to Helsingborg; and Källbergs Industri AB, located in Töreboda, which is highly specialized in producing dried egg products.

The Danæg Group is selling its products to all distribution channels, including retail, food service, catering, industry, etc. The main markets are within Scandinavia but also a large part of the products are sold all around the world. Today, The Danæg Group is exporting to more than 50 countries.



2. The company – The Danæg Group

Eggs are extremely exciting!

When we ask the consumers how they feel about eggs, their answers are very often the same:
“We simply love eggs!!”

But why are eggs so popular? According to the consumers eggs are: **well tasting, healthy, easy to use in many dishes, popular by the whole household, and not expensive to buy compared to other food articles.** And these are just some of the positive statements from the consumers!

In the Danæg Group, we try to inspire the consumers to use eggs in many ways – both within our products but also with an on-going development of new recipes where the egg plays an important part. Examples of some of our latest recipes:



Raspberry pie with red meringue



Soft boiled egg with bread sticks



Hay smoked eggs

3. The Danæg Group and The Ten Principles of the UN Global Compact

Since the first half of year 2013, the Danæg Group has been affiliated with the principles of the UN Global Compact, including the development of an annual COP (Communication On Progress) report.

The COP report describes how companies continually improve and develop policies and actions in accordance with the UN's 10 principles of a more responsible and sustainable world.

At the Danæg Group, COP is part of the company's CSR report, which you can read below.

In 2014, we made our first internal analysis of the relationship between our way of doing business today and The Ten Principles of the UN Global Compact. This assessment has been updated by December, 2017.

The assessment consisted of answering specific related questions for each area covered by the UN Global Compact and thereby providing a picture of potential for increasing our performance with regards to CSR.

Much have happened during the past 4 years, and the Danæg Group has continuously increased our commitment to CSR and The Ten Principles of the UN Global Compact.

The updated results of the internal assessment are illustrated in Table 1 along with the improvement targets set in relation to the results.

In Table 1, green indicates a current high performance with limited potential for further improvement; yellow indicates that practices can be enhanced; and red indicates the main practices which could be improved.

It is important to note that the assessment was performed qualitatively according to the potential of increasing performance and not as a specific performance assessment. In practice this means that subjects marked with red can still indicate a good performance compared to other companies.



Table 1: Internal assessment of Danæg and The Ten Principles of the UN Global Compact – 2017

	UN Global Compact principles	Risk/ impact	Activity & set-up
Human rights	1. Business should support and respect the protection of internationally proclaimed human rights	Low	Covered by legislation and our management guidelines
	2. Make sure that they are not complicit in human rights abuses	Low	Covered by legislation and our management guidelines
Labour rights	3. Business should uphold the freedom of association and the effective recognition of the right	Low	Covered by legislation and our management guidelines
	4. Elimination of all forms of forced and compulsory labour	Low	Covered by legislation and our management guidelines
	5. Effective abolition of child labour	Low	Covered by legislation and our management guidelines
	6. and the elimination of discrimination in respect of employment and occupation	Low	Covered by legislation and our management guidelines
Environment	7. Business should support a precautionary approach to environmental challenges	Medium	In relation to environmental issues, the Danæg Group works within the frames of legislation and our own management guidelines. However, the task of improving our efforts within environmental issues is of great importance to us, including elements like optimization of production (both in relation to the production of eggs and the production at our production facilities), distribution, packaging, etc. Large investments has been implemented in year 2016 and 2017 - and a number of new projects are planned in 2018 within the various companies in the Danæg Group
	8. Undertake initiatives to promote greater environmental responsibility	Medium	
	9. Encourage the development and diffusion of environmentally friendly technologies	High	
Anti-corruption	10. Business should work against all forms of corruption, including extortion and bribery.	Low	Covered by legislation and our management guidelines

As a result of the internal assessment, we are pleased, **also in 2017**, to inform that the Danæg Group works within the guidelines of The Ten Principles of the UN Global Compact today.

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

4. The Danæg Group and CSR in 2017

Sponsorship & Cooperation:

In year 2017, the Danæg Group have been involved in a wide number of CSR activities, including new initiatives as well as continued activities from previous years.

On a yearly basis we are involved in sponsorships and cooperation at a level of 700.000 DKK (94.000 EUR)

Examples of activities for 2017 are **financial support and cooperation** with a number of **interest organisations** in Denmark, Sweden, and internationally:

- **Un Global compact** (The world's largest corporate sustainability initiative)
- **Scleroseforeningen** (Sclerose - Denmark)
- **Danske Hospitalsklowne** (Danish Hospital Clowns)
- **Ronald McDonald børnefond** (Child carefond)
- **BRIS** (Children's Rights - Sweden)
- **Økologisk Landsforening** (the Organic Association in Denmark)
- **Kids Aid Danmark** (supporting ill and weak children at hospitals)

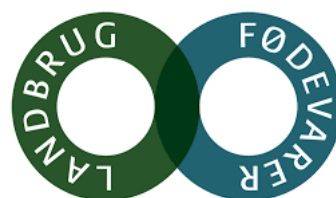


4. The Danæg Group and CSR in 2017

Sponsorship & Cooperation:

We are also involved in a number of sponsorships of different **sport activities**, **school projects**, **food projects** and **general social activities** – especially within the local areas of the various companies within the Danæg Group. These activities can involve financial support as well as access to different egg products - often with focus on children, families or elderly people.

Examples of other sponsorships and cooperation in 2017 are:



4. The Danæg Group and CSR in 2017

The Environment:

- A strategic choice of using **many local and national suppliers** and business partners.
 - **Close to 80% of all products are sold within Scandinavia** – with **Germany as our largest export market**.
 - Investments and initiatives in production facilities increasing efficiency and **reducing environmental effects**. In 2017, a large number of small and large investments have been made in both Denmark and Sweden in order to maximize production while minimizing the use of energy etc.
 - In 2017, Källbergs has made a **large investment** in optimizing their total **drain system**.
 - **New set-up for delivery of shell eggs from Danæg A/S to Danæg Products** without use of external transporter.
 - Wide focus on **optimization of logistics and transportation** - 2 large projects have been implemented; one in Denmark, where all products produced to the Swedish market are gathered in one warehouse; and one in Sweden, where about **90 % of all shell eggs products are delivered to central warehouses** in stead of delivery to each single supermarket.
 - On-going focus on **being internationally**
- certified within quality standards, environmental standards** etc. Most recently we are proud that **our Swedish company Kronägg has received the ISO 14001 “environment management” certification**, which is now being implemented. Also in 2016 Källbergs received the **FSSC 22000 “Food Safety System” certification**.
- **High level of own-produced feed at the egg farmers** – both in Denmark and in Sweden.
 - **Pre-sorting of waste at an extensive level**. Is implemented I all companies within the Danæg Group with on-going new activities
 - Kronägg has again **participated in Earth Hour**, arranged by **WWF**
 - Etc.



4. The Danæg Group and CSR in 2017

Health:

- **Eggs are among one of the most healthy and nutritious basic food products in the world.** Often eggs are referred to as “**super food**” due to its many health elements .
- The consumption of eggs in our home markets, Denmark and Sweden is on a high level in comparison with international levels. In **Denmark**, the **yearly consumption per capita is about 248 eggs** (shell eggs & food products containing eggs), where as the level in **Sweden is about 220 eggs**.
- We **pack and distribute approximately 3,3 million shell eggs every day in Denmark and Sweden** to consumers in Scandinavia and for export. In **Finland**, Munax OY packs and distributes close to **1 million shell eggs a day**.
- In recent years, The Danæg Group has on going **been involved in a number of different activities to inform the consumers** about the good qualities of the egg – both on a **company level**, but also in **close cooperation with the national egg associations in Denmark and Sweden**.
- In order to get the consumers even more involved in the use of eggs, the Danæg Group develops a **large number of new, inspiring recipes every year** – often with the focus that **it is easy to create a delicious meal that is healthy, very nutritious and at a low price**.
- The launch of new shell egg concepts, liquid eggs and various egg products is also an important focus area to the Danæg Group. These products can be launched in both **retail, food service and catering**. One example is the

forthcoming launch in the beginning of 2018, where protein powder based on eggs are launched - first in Sweden, and then afterwards in Denmark and other countries.



4. The Danæg Group and CSR in 2017

Labour:

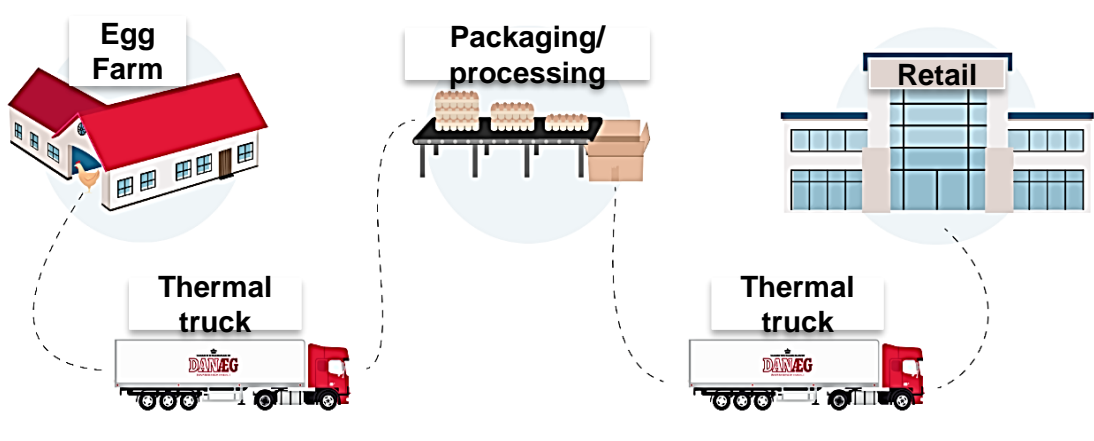
- In the Danæg Group, we have a **working structure and corporate culture based on trust, decentralization and a high level of employee participation.**
- As of mid 2016 we have **hired a HR Manager to maintain and develop all HR activities in the Danæg Group and take care of our employees' interests.** In 2017, the HR Manager has been educated also to work as a **certified coach.**
- **Every employee has at least twice a year a structured and open dialogue with their direct superior** about aspects related to working conditions, social climate, personal development, etc.
- Establishment of a **new HR database**, where leaders can find all relevant documents regarding the employees that they are responsible for.
- **High focus on communication** – latest improvement is the development of an **new magazine** for both employees and external partners about latest news from the Danæg Group
- **Education and various employee benefits** (social arrangements, free coffee/the, Christmas and anniversary presents, etc.) are also important aspects of working in the Danæg Group.
- At the more overall level, we have developed **an employee manual** which covers many relevant everyday issues for our employees. These are: employee rights, safety rules, pension & insurance, smoking rules, quality & hygiene, maternity rules, holiday rules, etc. All new employees get a **presentation of the manual and receive a hand-out copy.**
- **Health is also an important part of our everyday work** - including initiatives like: **Free fruit for all employees, Job rotation, Health insurance** (mainly paid by the company), Investment in production equipment for **removal of heavy lifts**, Corporate participation in various company **sports activities, modern ergonomically correct office furniture** (height adjustable tables and chairs, etc), **Various health-related activities and actions** in each of the companies within the Danæg Group.
- A number of employees at Danæg Products have successfully been involved in an internal **"Loss weight" project** organized by the HR Manager.
- **Etc.**



4. The Danæg Group and CSR in 2017

Value chain CSR:

- We have a **strategical objective to branch our CSR responsibilities throughout the whole aspect of our value chain**, through collaboration with our external partners.
- As a crucial part of this, we expect from our suppliers, that they agree to our Code of Conduct and The Ten Principles of the UN Global Compact. **This initiative has been implemented throughout 2016 and 2017, and so far close to 70% of our suppliers (in numbers: 495 suppliers) have signed and verified their compliance to our Code of Conduct** in their supplier contracts. Our ambition is that even more of our suppliers will comply to this during 2018.
- We are also proud to announce, that we have **completed a progress of securing our egg producers' commitment – in both Denmark** and Sweden - **to the national egg sectors industry code** . Through this code we secure through audits, that our producers meet the requirements of the code, e.g. within areas such as **quality management, animal welfare, environmental requirements as well as tracking and documenting every step of their production**.
- In 2017, the Danæg Group has established a very **ambitious advisory board**, where internal know-how is combined with highly acknowledged external experts, about setting the frames for future production of eggs and egg products.



5. CSR plans for year 2018

The Danæg Group – plans for year 2018:

In year 2018, the Danæg Group will continue its large focus on CSR and CSR related activities. Examples of CSR activities planned for 2018 are:

- **Financial support and cooperation** with various organizations in Scandinavia and internationally – target: The Danæg Group expect to use the same amount (approx. 94.000 EUR) in financial support and cooperation with various interest organizations
- **Primarily sourcing from local/Scandinavian suppliers** – target: at least 90 % of our total sourcing should com from local /Scandinavian suppliers
- **Production:** We will have a huge focus on **reducing energy consumptions** in all companies within the Danæg Group. Large investments have been made in recent year – and a number of new energy reducing activities are planned for year 2018
- Performing an anonymous **employee satisfaction survey** among all employees at the Danæg Group
- **Close cooperation with the new ambitious advisory board** about setting the frames for future production of eggs and egg products
- Organize a number of **social activities** for the employees at the Danæg Group
- An many other CSR proactive activities!



6. Final statement

Year 2017 has set the frames for an interesting and positive journey for the Danæg Group in relation to CSR. We have developed our CSR strategy further into an integrated part of our organization, and expect to continue our dedicated focus on this important matter in year 2018.

As a final statement, we would like to express our positive mind towards our participation in the UN Global Compact. At an overall level, we receive a lot of positive feedback from both internal and external stakeholders for our work within CSR. We take this feedback as an indication that we are on the right track – and as a motivation for finding more and new ways of dealing with CSR matters in the future.

By the end of year 2017, we finished our new strategy, **“Ready for the next level”**, where we have defined **our strategic path for the years 2018-2021**. As an important focus area, CSR is integrated in a large number of our future activities within the whole value chain of the Danæg Group.

Therefore, we look forward to presenting our annual Communication on Progress (COP) in the years to come.

Best regards,

The Danæg Group

