

# UN GLOBAL COMPACT REPORT

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2019



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

**DANÆG**

• SINCE 1895 •

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# WELCOME TO OUR 2019 UN GLOBAL COMPACT REPORT

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Dear reader,

Another year has passed, and therefore it is our pleasure to present our 2019 corporate social responsibility (CSR) report.

2018 has been a positive year for progress on the corporate social responsibility for the DANÆG Group. With a number of new initiatives combined with further development of existing CSR projects, I believe that we have reached a new level within our CSR activities in the last year.

Some of the new initiatives will be highlighted in this report, both as a part of our overall CSR input, but also as specific cases, where the various CSR activities will be described more detailed. Examples of these are our involvement in Vasaloppet (the oldest cross-country ski race in the world) as an official supplier, the launch of a number of innovative protein products (incl. bars and powder - both based on eggs) and a new and updated version of our very important employee manual.

At a more overall level, I am pleased to confirm that the DANÆG Group continues the support the UN Global Compact Principles. 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 of course 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 13.314 companies from more than 160 countries (as of mid November 2018).

It is also very positive to note that strong Scandinavian traditions of working with CSR are well documented in the list of participating companies. In Denmark 369 companies participate, and in Sweden the number is 293. For us, this highlights that CSR today is an incorporated part of the Scandinavian business culture and an area that is only expected to grow stronger in the years to come.

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 2018 activities, and highlight CSR activities in focus for year 2019.



Best regards  
Jann Dollerup Vig Jensen

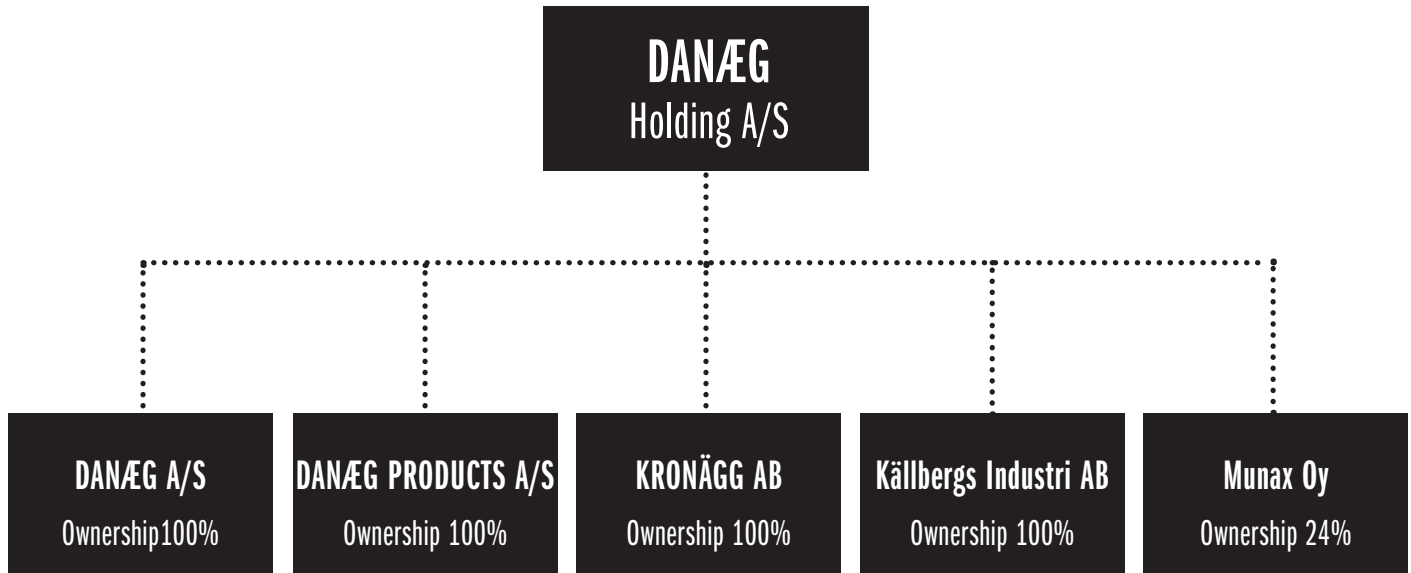




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# THE DANÆG GROUP

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## Production facilities in Denmark and Sweden

The DANÆG Group was established in 1895 as a co-operative within the egg category. The DANÆG Group is owned by its 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.

Furthermore, The DANÆG Group became part owner of the Finish company, Munax OY in year 2015.

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.







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# DANÆG AND THE UN GLOBAL COMPACT

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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, 2018.

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 has 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: UN GLOBAL COMPACT PRINCIPLES AND THE RELATED CSR-RISKS**

	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	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 have been implemented in the recent years - and a number of new projects are planned in 2019 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

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# CSR EFFORTS IN 2018

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In year 2018, the DANÆG Group has 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 1.000.000 DKK (134.000 EUR).

Examples of activities for 2018 are financial support and cooperation with a number of interest organisations in Denmark, Sweden, and internationally:

## **BRIS**

Childrens' Rights in Sweden

## **Kost & Näring**

Swedish association working with food in the public sector

## **Danske Hospitalsklovne**

Danish Hospital Clowns

## **UN Global Compact**

The world's largest corporate sustainability initiative

## **Økologisk Landsforening**

The Organic Association in Denmark

## **Landbrug og Fødevarer**

The Danish Agriculture & Food Council





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## Danish Hospital Clowns

Danish Hospital Clowns is a charity association that was founded in 2003. Their headquarter is located in Copenhagen, but they work on a national basis every day to make a positive difference for children going through a difficult time in life. As a clown association their most important task is to create a safe and positive experience for a hospitalized child. The hospital clown brings smile and joy to children and their families when it is needed the most.

The Hospital Clown transforms the hospital room into a heart room full of fun and magic, and together with the child creates a universe where everything is possible. The clown is a colorful and familiar friend who can open up the child's desire for play, but also has time to talk about thoughts and concerns that may occur with a hospitalization. The Hospital Clown is a safe hand to hold when life hurts.

Their work is only possible with donations from private individuals, foundations and sponsors. At DANÆG, we believe that the work of Danish Hospital Clowns is very unique and special. Therefore, we are very pleased to be a main sponsor of Danish Hospital Clowns.

Read more about the Danish Hospitals Clowns:  
<https://danskehospitalsklovne.dk/>



## Sport activities

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.



## Vasaloppet

Vasaloppet is the world's oldest and largest ski race. The race was inspired by a notable journey made by King Gustav Vasa when he was fleeing from Christian II's soldiers in 1520.

The first race was held in 1922 and the classic 90 km stretch from Berga by in Sälen to Mora was, for a long time, the only Vasaloppet race. Today there are sixteen different races; cycling, running and cross-country skiing, that together attract 100,000 registered participants every year. All these races run along the historic stretch between Sälen and Mora.

Rigorous training and careful preparation is needed to complete this 90 km challenge. It is a race with classic technique along a magical landscape, followed by two million television viewers in Sweden alone.

In year 2018, Kronägg was both a sponsor and an official supplier for Vasaloppet for the first time. It was a great experience - also for the cool employees from the DANÆG Group who participated in the race!

At Vasaloppet, Kronägg also presented their new product line, "Helt Ärligt", of protein powder based on egg - with a lot of positive feedback!



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## Food activities

The DANÆG Group is also active within various food activities in both Scandinavia and on an international level, including participation in a large number of food fairs, sponsorship of various food events, cooperations with external partners where egg products are donated to people in need, etc.

Furthermore, the DANÆG Group also sponsors the Danish national pastry team, who compete at a very high international level. In the team, some of the best pastry makers in Denmark are working with on-going development within the field of pastry.

In 2018, companies in the DANÆG Group have sponsored two very popular television programs with various egg products. In Denmark, DANÆG A/S sponsored "Sukkertoppen", which is a program where twelve professional teams compete in making the best cakes and desserts. In Sweden, Kronägg sponsored "Det store Tårtslaget", where eight passionate amateurs compete about winning the trophy in the competition. Both television programs have very high viewer rating and are seen as very inspirational for consumers in general.



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## The environment

In the DANÆG group, we have made a strategic choice to use many local and national suppliers and business partners.

Investments and initiatives in production facilities increase efficiency and reduce environmental effects. In 2018, a large number of small and large investments have been made in both Denmark and Sweden in order to improve production while minimizing the effect on the environment. Examples of this are:

- Investments in LED light in production
- Recycling of water from production for heating of production facilities
- Recycling of egg trays from farmers to Danæg A/S and Kronägg AB (Egg packing stations)

In 2018, Källbergs has taken several measures to minimize emissions to the environment. The largest investment was to improve the purification process of the discharge to Källbergs. Through this investment, Källbergs has gone from chemical treatment to natural purification steps to neutralize PH and bacteria in emissions. The same set-up has also been implemented in the two Danish companies – and Kronägg AB is also working with ambitious activities within this area.

- Wide focus on optimization of logistics and transportation - including the employment of an logistic expert, adjustment of packaging size in order to optimize transportation, etc.
- High level of self-produced feed at the egg farmers – both in Denmark and in Sweden.
- On-going focus on being certified within high international quality standards, environmental standards etc.
- Pre-sorting of waste at an extensive level is implemented in all companies with on-going new activities.

- Again Kronägg has participated in Earth Hour, arranged by WWF
- Co-operation with “Fødevarebanken”. The Food Bank is a non-profit organization that combats food waste and food poverty in Denmark by donating collected food products from the industry to people in need.
- In year 2019, both Källbergs and Kronägg will use 100 % renewable energy – “Go Vatten” (water based) - within the international standards of Guarantees of Origin.







## Health

Eggs are among 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 245 eggs (shell eggs & food products containing eggs), where as the level in Sweden is 235 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 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 of this is the launch this year of a brand new and exciting concept of protein powder and protein bars based on eggs.

For more information about the protein concept:  
<http://www.heltärligt.se/>

Furthermore, DANÆG A/S also arranged a successful fitness summer camp, where consumers could find inspiration and motivation for workout, food, etc. – all organize by Sidsel Godsk, who is a personal trainer and a fitness expert.

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## Labour

In the DANÆG Group, we have a working structure and corporate culture based on trust, decentralization and a high level of employee participation.

Once a year, each employee has a structured and open dialogue with their direct superior about aspects related to working conditions, social climate, personal development, etc.

We have a HR database in accordance with GDPR regulations, where leaders can find all relevant documents regarding the employees that they are responsible for.

We value communication. For instance, we have a magazine for both employees and external partners about latest news from the DANÆG Group. The magazine is named "Æggehviden" ("Knowledge of eggs").

We have various education and employee benefits, for instance numerous social arrangements every year, 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 just updated our employee manual. The employee manual 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 receive the manual

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), 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.

In 2018 we have made large investments in making various parts of our production facilities more automatic, including investments in production equipment for removal of heavy lifts.

We have management training for the leaders in Kronägg and Källbergs with an external organisation consultant.

## Human rights

The DANÆG group has the upmost respect and support for the internationally proclaimed human rights. This issue is both covered by the legislation and furthermore ensured by our own management guidelines.

The DANÆG group does everything possible to make sure that we are not involved in human rights abuses by acting in accordance with the current legislation on the subject and covering this in our management guidelines and Code of Conduct. To our knowledge, both the DANÆG group and all suppliers are fully compliant, and no breach has been detected during 2018.





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## 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 our suppliers to act according to our Code of Conduct and The Ten Principles of the UN Global Compact. This initiative has been implemented since 2016, and by the end of year 2018 close to 75% of our suppliers (in numbers: 537 suppliers) have signed and verified their compliance to our Code of Conduct in their supplier contracts. Within areas like transportation, packaging, egg suppliers and suppliers of trading goods the percentage is 100 %. Our ambition is that even more of our total scale of suppliers will comply to this during 2019.

We are also proud to announce, that we have completed a program for 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.

All these implementations help us mitigate the risk of corruption and bribery in relations to both our suppliers and the egg producers. We strive to ensure that both we as a company, our suppliers and our egg producers act in accordance with both our Code of Conduct and the current legislation. Anti-corruption and bribery are also covered in our management guidelines which furthermore ensure that the DANÆG group acts in accordance with all current legislation.

Last year, the DANÆG Group established a very ambitious advisory board, where internal know-how is combined with highly acknowledged external experts, with the purpose of setting the frames for future production of eggs and egg products.

In 2018, an external expert from the advisory board has conducted a welfare screening at all the Danish egg producers in the Danæg Group. The screening was informative and created a lot of important know how about production set-up and production management.

Furthermore, the advisory board has recommended that all outdoor facilities for the hens in Denmark should be planted with trees, bushes , etc. This advice has already been implemented by the Danish egg producers.



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# CSR PLANS IN 2019

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- Financial support and cooperation with various organizations in Scandinavia and internationally. In 2019, the DANÆG Group expects to use approximately the same amount as in 2018 for financial support and cooperation with various interest organizations. A number of CSR contracts of long term relationships have already been signed for the year 2019.
- Primarily sourcing from local/Scandinavian suppliers. In a world, where internationalization is a significant element of the total sourcing, it is still our target that at least 90 % of our total sourcing should come 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 years – and a number of new energy reducing activities are already planned for year 2019.
- HR: Continue to integrate company values in our daily work. A number of various HR activities are planned for next year, including a number of social activities, opportunities for education, etc. for all employees at the DANÆG Group.
- Close cooperation with the advisory board about setting the frames for future production of eggs and egg products. The first two years with the board have been very productive – and we are looking forward to even more input for the future.



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# FINAL STATEMENT

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Year 2018 has been another step on an interesting and positive journey for the DANÆG Group in relation to CSR. Our focus on CSR is constantly growing, and today corporate social responsibility is an integrated part of both our business strategy and our daily work within the organization.

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 2018, we have ended the work of first year with our strategy “Ready for the next level”, where we have defined our strategic path for the years 2018-2021.

The first year of the strategy has been successful in number of ways, including our work with CSR. We expect this development to continue and we have a number of new activities planned to back up these expectations.

We look forward to presenting our annual Communication on Progress (COP) in the beginning of 2020.

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