

UN GLOBAL COMPACT REPORT

2020



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

DANÆG

• SINCE 1895 •

WELCOME TO OUR 2020 UN GLOBAL COMPACT REPORT

We are in a time of great changes. The production of food and drink has increasingly been on the world's agenda, with climate, environment and health being topics that are discussed everywhere.

At the DANÆG Group, we clearly see an increasing interest in finding more sustainable solutions in our area of business. As a supplier to customers in approx. 50 countries, we try hard to ensure that our products and our production are at the highest possible level in all aspects.

For the DANÆG Group, working with sustainability is a change and learning process, where we constantly try to move in a more sustainable direction in the form of implementing several concrete initiatives across our entire value chain.

2019 has been a positive year for progress on the corporate social responsibility within the DANÆG Group. With several new initiatives, combined with further development of existing CSR projects, we 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 in more details.

Examples of these are the launch of the first climate compensated eggs in both Sweden and Denmark, Kronägg AB being the first ISO 14.001 certified company within the group, and new exciting partnerships within innovation.

At a more overall level, we are pleased to confirm that the DANÆG Group continues the support of Compact Principles. The Principles are incorporated throughout the business operations, with an aim to ensure that the DANÆG Group 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.

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 - particularly regarding the principles of the UN Global Compact.

In our annual report, we will document our year 2019 activities, and highlight CSR activities in focus for year 2020.

We hope you will enjoy the report!

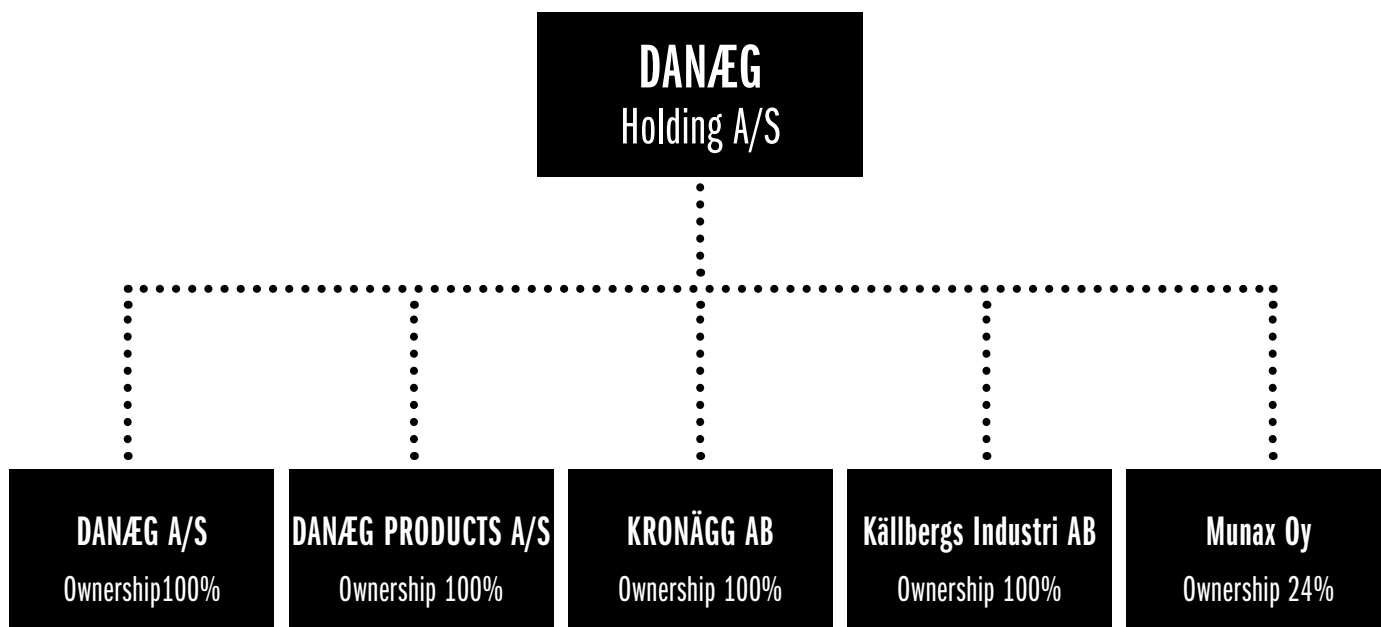


Best regards
Jann Døllerup Vig Jensen

A handwritten signature in blue ink that reads "Jann Døllerup Vig Jensen". The signature is written in a cursive, flowing style.



THE DANÆG GROUP



Market leading in Scandinavia within eggs

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.

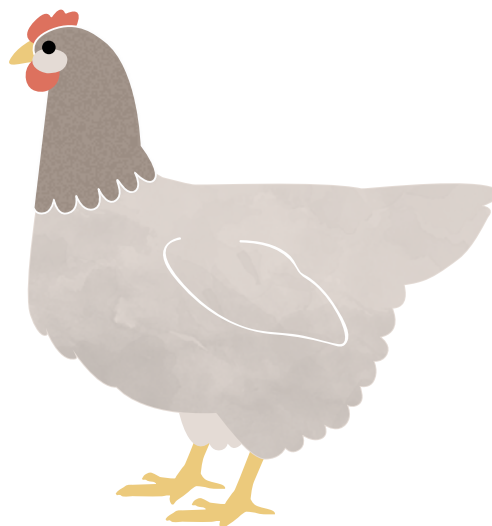
We are involved in activities in Denmark and Sweden employing approximately 300 people divided on four different production facilities.

The turnover in the DANÆG Group is DKK 1.22 billion (EUR 163,5 million). Furthermore, The DANÆG Group has become 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 a large part of the products are also sold all around the world. Today, the DANÆG Group is exporting to more than 50 countries.





EGGS ARE THE HEART OF THE DANÆG GROUP

An introduction to eggs

Across borders, the egg is one of the most important basic ingredients in the consumer diet. Eggs can be used in so many ways that the taste of eggs can vary from the fine, mild and light to the very saturating and demanding. And the egg can be used throughout the whole day - all year round

An egg is by nature a marvelous creation where a thin shell protects and stores a very valuable food. An egg is the perfect little package with an average-size about 60 grams depending on the breed and the age of the hen.

An egg basically consists of three parts: a shell, an egg white and an egg yolk.

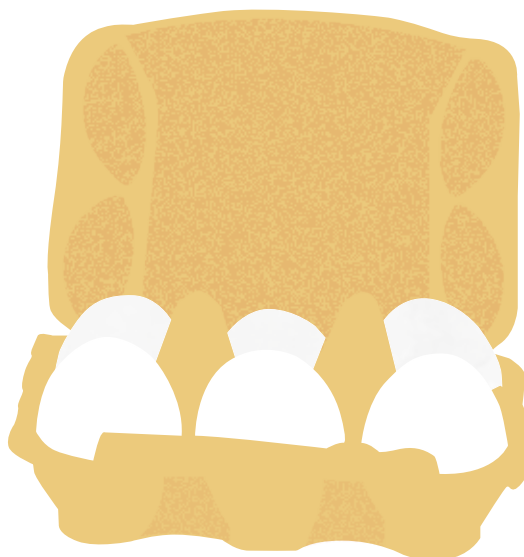
The shell is built of 8-10,000 pores, which ensure that oxygen can penetrate, and CO₂ and other gases can escape. The shell represents about 10 % of the weight of the egg and consists mainly of calcium carbonate and calcium phosphate. The shell's thickness and thus the strength depend on egg size, breed, the age of the hen, and feed composition.

The egg white represents approx. 60 % of the weight of the egg and consists of 88 % water and 12 % dry matter, primarily protein. The yolk has a much lower water content than the egg white, just under 50 %. The yolk represents about 28 % of the weight of the egg and consists of approx. 2/3 fat and 1/3 protein

Eggs are a very good source of inexpensive, high-quality protein. More than half of the protein of an egg is found in the egg white, which also includes vitamin B2 and lower amounts of fat than the yolk. Eggs are rich sources of selenium, vitamin D, B6, B12 and minerals such as zinc, iron and copper.

Egg yolks contain more calories and fat than the whites. They are a source of fat-soluble vitamins A, D, E and K and lecithin, the compound that enables emulsification in recipes such as hollandaise or mayonnaise.

Eggs are regarded as a 'complete' source of protein as they contain all nine essential amino acids, the ones we cannot synthesize in our bodies and must obtain from our diet.





MEET TWO OF OUR EGG PRODUCERS

From dairy cattle to egg production

When you look around the beautiful landscape, it is not difficult to understand why Henrik Pihl Winterø and his wife Karoline decided to settle on Funen in the middle of Denmark. Along the country road, classic manor houses struggle with thatched roof houses about being the loveliest in the area. However, it was a small white bridge in the garden at Aalundgaard, which should be decisive for Henrik's new career as an egg producer.

Henrik grew up on a cattle farm in Langeland and has always worked with dairy cattle. In year 2013, he posted an ad in an industry magazine for agriculture, where he was looking for a cattle farm in the process of a succession. Helge Strandgaard Hansen - a DANÆG producer for many years -, however, had completely different plans for Henrik.

Since 1975, Helge had owned Aalundgaard, and in 2013 he was ready to see his egg production taken over by the next generation. Therefore, Helge called Henrik and tried to sell him the idea of replacing dairy cattle with hens. Henrik was not that keen about the idea, but one day his wife Karoline went by Aalundgaard and when she saw the white bridge in the garden, she fell in love with the place, and then persuaded Henrik to visit Helge.

Helge spoke well for his cause and the same year Henrik started as farm manager. In this way, Henrik became an active part of the farm conversion from cage to barn egg production and spent the next three years noticing if he and Aalundgaard was a good match. They did match and in 2017, Henrik and Karoline finally took over Aalundgaard from Helge.

But egg production is not the only activity on Aalundgaard. In addition to the barn egg production with 36.000 hens, Henrik also focus on breeding of 18,000 chickens. Henrik is very positive about having his own breeding, because - as he puts it - the quality of his eggs is no better than the quality of all the sub-elements, which are part of egg production, such as breeding and feeding.

For the same reason, Henrik grows a large part of the hens' feed. Behind the main house, Henrik grows wheat, oats and triticale (a cross between wheat and rye) for his hens. This means that the feed for his barn hens consists of 40% home grown, local feed supplemented with DLG feed mix.

Despite his few years of experience, Henrik has been praised with the great title as the Egg Ambassador of the Year at the Poultry Congress in 2019, being recognized as " (...) a good ambassador for both the egg industry, but also for agriculture as a whole ". Furthermore, Henrik won "the young farmer of the year" award in Denmark in the fall of 2019.



From the West Coast of Sweden

The estate is beautifully located in the small village of Rävinge outside Getinge in Halland. All around are small farm shops, cafes and places where you can buy handicrafts, meats, berries, jams and other good products from local producers.

The first thing you see when you come to Stomgården is the hens roaming freely on large fields outside the farm. Here, the third generation Bengtsson, Mattias and his wife Kristina, run organic egg production and grain cultivation.

The farm has had hens since the 1930s when Mattias's grandfather and grandmother began renting the farm from the church. At that time, there were also dairy cows and pigs in the yard. When Mattias's parents took over the farm in the 1960s, they wanted to focus on hens and cereal cultivation - and the other animals were sold off. "I've had hens throughout my whole childhood so when I took over the farm in 2002 it was natural to continue", says Mattias.

Today, Mattias has 18,000 organic chickens in a relatively newly built stable. He enjoys the organic production form for several reasons. "Demand for organic eggs is increasing and the hens are very good. The hens go outdoors from April to October, preferably longer if the weather permits. However, they do not like snow, moisture and rain" says Mattias.

Although there is twice as much work with organic hens compared to cage egg production, the benefits clearly outweigh the extra working hours. "When I started with the first organic hens it was very hand-picking of the eggs. Young hens lay their eggs where they sit before, they learn the routine to lay in the nest", says Mattias. "It takes about 5-6 weeks before they have really learned it", he continues.

"Some of the hens have also found a corner where they were happy to lay their eggs. They sounded in a special way with the effect that they also attracted other hens. So, I had to be inventive and add shovels, brushes and other equipment in order to make sure that they did not think it was too nice to lay the eggs there", laughs Mattias.

Mattias also produces grain such as wheat, oats, barley and beans used for the feed of the hens. He also has his own mill to be able to grind the grain to the feed. "I feel it is better to refine the feed myself. In addition, I also mix in beans in the feed, something I'm probably the only one to do in Sweden", he concludes.



EGGS IN A CLIMATE CONTEXT

How sustainable are eggs?

Eggs are in season all year round, and a quick omelet with leftovers from the fridge is a delicious and good way to avoid food waste. But how sustainable are eggs really? This question was discussed passionately by Kronägg in Sweden and they decided to find an answer. Therefore, they became involved in a research project with RISE Research Institutes of Sweden, which would reveal that eggs are doing quite well in the CO2 accounts.

FOOD AND CLIMATE IMPACT

More consumers are beginning to focus on food as an important source of the total CO2 emissions in a country. When eating a piece of meat or drinking a glass of milk, both foods contribute with a climate impact. Typically, the climate impact is measured in the number of kilos of food produced, however to compare various foods, RISE Research Institutes of Sweden, developed a new method when they investigated the climate impact of eggs in relation to the nutrient content.

LOWER CLIMATE EFFECTS THAN GRAIN

In her mission to investigate how sustainable eggs are, Elinor Hallström - researcher at Rise Research Institutes of Sweden - analyzed 16 different foods based on the climate impact per 100 grams of protein and nutrient density of vitamins and minerals. Often you measure how much CO2 is emitted by the production of 1kg of a food, for example beans, and assess the climate impact of the beans.

Since there is a huge difference in how much protein food contains, Hallström was also interested in analyzing how many CO2 emissions were produced in 100 grams of protein from each of the 16 foods. Hallström found that when looking at the protein content in the foods studied, eggs have a lower climate impact per 100 grams of protein than both nuts, lamb, rice, cheese, pork, milk and grain (graph 1).

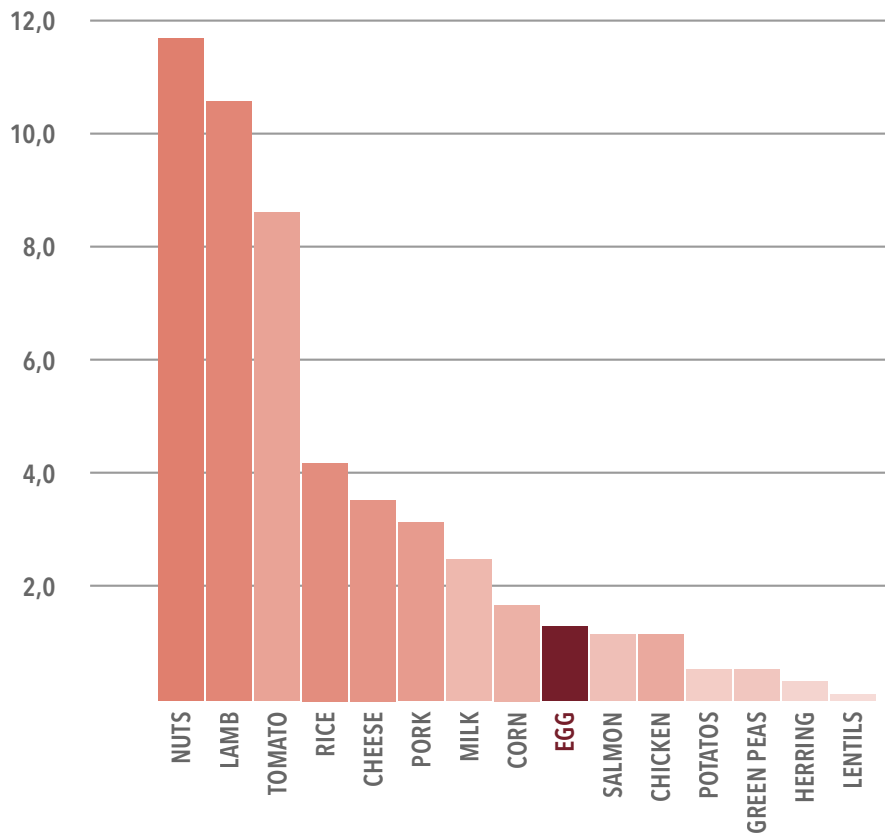
Eggs contain important vitamins

Since humans need many different vitamins and minerals in their diet, Hallström also investigated CO2-emission in relation to the nutrient density (graph 2). Hallstrom discovered, that eggs, because of their content of e.g. iron, phosphorus, magnesium, Lecithin, Vitamin A, Vitamin D, Vitamin B and Vitamin E have a lower climate impact than all the foods examined, except from lentils, herring, potatoes and green peas.

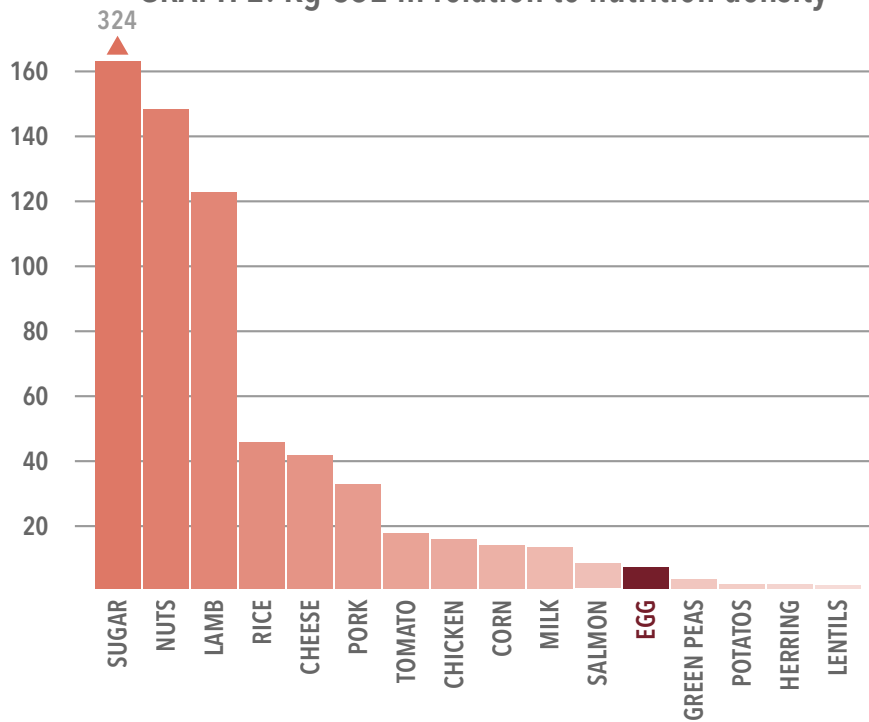
In other words, at a time when consumers are worried about the impact of food on the climate, the report shows that eggs in many ways are very beneficial to put in the shopping basket



GRAPH 1: Kg CO2 per 100 grams of protein



GRAPH 2: Kg CO2 in relation to nutrition density



DANÆG AND THE UN GLOBAL COMPACT

The UN Global Compact's mission is to mobilize a global movement of businesses to create a better world. They do this, among other things, based on 10 Principles that all member companies undertake to live by.

Since 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 for 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 2019.

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 6 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.



COMPANY POLICY:

- The Danæg Group must comply with UN conventions and principles, which among other things are defined in the UN Global Compact.
- We must work on sustainable principles and seek solutions that take into account human and environmental conditions.
- We undertake to pay particular attention to the issues that concern the local community around our companies and the countries from which we buy various materials from.
- We distance ourselves from all forms of bribery and corruption, both with our own employees and with the suppliers with whom we work.
- The Danæg Group demands a high level of food safety, and we aim to produce high quality products every time.
- We support and respect the enforcement of international human rights rules and ensure that, as a company or through our activities, we are not responsible for any human rights violations.
- Health and safety in the workplace are given high priority, among other things by offering health activities, continuous competence development and training.
- We will offer fair wages, insurance schemes, senior schemes and of course follow applicable agreements and rules.

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

CSR EFFORTS IN 2019

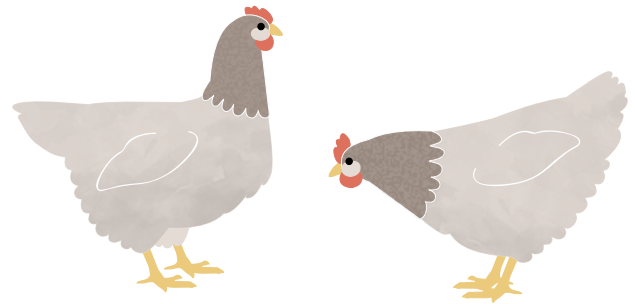
CSR - A PART OF OUR CORPORATE DNA

The DANÆG Group continuously strives to strengthen our commitment to create more sustainable development within our business area. This is done both in the form of more overall initiatives, larger investments and a stronger focus on the Group's overall CSR efforts, but also by creating improvements in everyday life, where even minor adjustments can contribute to a positive development.

In the coming pages, we will highlight that the DANÆG Group focuses on CSR throughout our whole value chain. Furthermore, we will present examples of initiatives we have worked with in 2019. Some projects have started during the year and are expected to continue for several years, while other initiatives have been completed during the year.

The first initiatives we will present are selected cases, where we will explain in more detail about the initiatives. Subsequently, we will focus more broadly on the entire business and provide a number of concrete examples of how we work with CSR in our everyday life and in our daily operations.

We find inspiration for our overall CSR efforts in both the 10 Principles of the UN Global Compact, as well as in the UN 17 Sustainable Development Goals, which also have a great impact on daily work.



DANÆG'S VALUE CHAIN AND CSR

We have a strategical objective to focus on our CSR responsibilities throughout our whole value chain, including both internal and external aspects. Examples of this are:

- We expect from our suppliers, that they commit themselves 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 2019 close to 85% of our suppliers (in numbers: 617 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%.
- We have completed a process of securing our egg producers' commitment - in both Denmark and Sweden - to the national egg sectors industry code. Through this code and thorough audits, we secure 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 established a very ambitious advisory board, where internal know-how was combined with highly acknowledged external experts, in order to set the frames for future production of eggs and egg products. "Danæg's advisory board is acting as an independent advisory committee with the purpose of guiding the Danæg Group about egg production in the future, including important aspects like animal welfare, production development, management, etc. Now after two years, we are very pleased with the work of the advisory board. A number of initiatives have already been implemented, and new ambitious initiatives for year 2020 are also planned", says Group CEO Jann Dollerup Vig Jensen.
- And also, within areas like production, marketing & communication, innovation, QA, transportation, etc., CSR is an integrated part of both our overall strategy and our daily business.



Kronägg AB & ISO 14001

ISO 14.001 is the international standard that specifies requirements for an effective environmental management system (EMS). It provides a framework that an organization can follow, rather than establishing environmental performance requirements.

It can be used by any organization that wants to improve resource efficiency, reduce waste, and reduce costs. Using ISO 14.001 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved.

ISO 14.001 is suitable for organizations of all types and sizes, be they private, not-for-profit or governmental. It requires that an organization considers all environmental issues relevant to its operations, such as air pollution, water and sewage issues, waste management, soil contamination, climate change mitigation and adaptation, and resource use and efficiency. Like all ISO management system standards, ISO 14.001 includes the need for continual improvement of an organization's systems and approach to environmental concerns.

Read more about ISO 14.001: <https://www.iso.org/iso-14001-environmental-management.html>

Kronägg AB is the first company within the DANÆG Group to achieve ISO the 14.001 certification - and it is a result of focused work with various environmentally friendly actions made by Kronägg during the last couple of years. After thorough preparation, Kronägg achieved the ISO 14.001 certification in June 2019 reduce the greenhouse effect.



Kronägg and climate-neutral eggs in Sweden

Climate and sustainability are becoming increasingly important for all of us, not least when it comes to choosing food. The egg has a low climate impact in relation to the high nutritional content, which is largely because the hens are skilled at converting feed into finished foods. By choosing the right kind of food - food produced in a climate-efficient way - the consumer can make an important contribution to reduce the greenhouse effect.

Together we have a great responsibility to reduce our climate footprint as much as possible. That's why we started by identifying and calculating emissions from production to store. We have already improved our climate focus by using recyclable materials in packaging, installation of renewable energy supply in our packaging plants and made investments in climate-efficient logistics. However, this does not prevent us from continuing to make the eggs even more climate friendly.

That is why we are proud to inform that if the Swedish consumers choose to buy eggs marked with our climate symbol on the packaging, they can be sure that the eggs are 100% climate compensated - all the way through the production chain.

What does it mean that the eggs are 100% climate compensated? On the next pages we will try to give you a more detailed insight into how the concept of climate compensation works.

Food accounts for about a quarter of Sweden's total emissions of greenhouse gases if you count all emissions from soil to table.

By identifying our emission sources and determining how large they are, we can reduce the levels as far as possible to finally compensate for the climate-impacting emissions we cannot remove.

1. IDENTIFY AND QUANTIFY

Identifying and calculating the amount of climate-impacting gases emitted from the production on the farm until the eggs come to the store shelves. Here we look at the entire production chain, from consumption of raw materials, feed production, energy consumption, to packaging and transport.

Identifying and quantifying are fundamental, because we receive information to where our emissions occur and how large they are in the various stages of our production.

2. REDUCE

It is important to constantly improve and reduce the emissions. This applies, for example, to feed production, reducing emissions on the farms and at the packaging station, etc.

Today we work with advanced environmental programs with energy savings, green logistics projects and green electricity - and significant progress is already made.

Other areas that have been improved are: Cartons and packaging of 100% recycled pulp, the feed production - especially with focus on soy, reduce feed waste, improved animal health, optimization of transportation, etc.

3. CLIMATE COMPENSATION

This is how we compensate: Climate compensation mainly arises from various climate projects in developing countries such as energy efficiency, development of clean and renewable energy, tree planting and forest conservation. (Grafik med engelsk tekst)

We compensate climate in three certified projects in Peru, India and Madagascar.



Denmark's first CO₂-neutral eggs

With consideration of the environment, there are many good reasons to put eggs in the shopping cart. In collaboration with Dansk Cater - a large Danish Food Service wholesaler - we have made it easier for restaurants, canteens and hotels to choose Danish, sustainable foods. The carbon dioxide emitted by the production of the eggs, we climate-compensated by supporting climate-positive projects.

In Foodservice, wholesalers find that the buyers at Danish hotels, restaurants and canteens give high priority to the climate, when shopping for food. We saw this growing interest in climate-friendly foods, as an obvious opportunity to launch Denmark's first 100% climate-compensated eggs. Fortunately, Dansk Cater joined the idea and the project was launched in September 2019.



The projects we support

We have chosen to support three certified projects, where our contribution is controlled and monitored by Zero Mission, a Swedish specialist in assisting companies with climate strategies, climate calculations and climate compensation.

1. Peru, Madre de Dios - conservation of rain forest

The project has a main target of helping and protecting the Amazon rainforest. The yearly amount paid from various projects makes it possible to patrol and monitor an area corresponding to over 100,000 hectares. At the same time, it contributes to social initiatives and increased entrepreneurship, which creates alternative sources of income for the local population.

Furthermore, the project includes an improvement of the infrastructure and assistance and support for education for the residents of the area.

The ambition is to monitor the native flora with its total of over 120 different tree species, including mahogany, figs and cedar, and to protect the biodiversity of the rain forest where red-listed animal species such as the jaguar, red crab monkey and tapir still live freely. The project is certified by VCS and CCB.

2. India, Khasi Hills - green energy exchange

We support India's very first forest conservation project, certified according to the Plan Vivo standard. In one of the wettest places in the world, the project aims to support the reconstruction of degraded forests and to preserve existing ones. The Khasi Hills area is a global "hotspot" for biodiversity. The forest is so high up in the mountains that it is often called "cloud forest".

Again, this is about preventing deforestation and helping to reduce the extreme poverty among the local population. One initiative is to reduce the need for firewood, which results in two positive effects, fewer trees need to be cut, while reducing the area's pollution, which benefits public health in the area.

3. Madagascar - green energy exchange

Madagascar is one of the world's poorest countries, and the hunt for new agricultural land, timber and firewood are threatening the unique national ecosystem. According to WWF, about 90 percent of the island was covered by forest at the beginning of the 20th century. Today, only 10 percent remain.

This Gold Standard certified project aims to replace the needs for wood by replacing traditional wood and coal-fired stoves with 10 different types of efficient stoves, which are powered by solar energy, among other things. To date, 164,000 ovens have been produced and installed, resulting in 135 permanent jobs. Furthermore, 7 training centers have been built and over 1,270,000 tons of firewood have been saved. In this way, the project contributes to 10 of the UN's 17 sustainability goals.



Innovation partnership for healthy food

Innovation Partnership is an initiative established as a result of the Danish government's new strategy for healthier food and meals to the consumers.

The partnership is organized by Danish Veterinary and Food Administration (Foedevarestyrelsen - FVST) and involves more than 135 strong partners within retail, foodservice, food producers (+95 food companies), health care organizations, interest organizations, educational and research institutions, etc.

The mission of the partnership is to make it easier for the consumers to make a healthy choice when buying food. The partnership is therefore working on creating a greater selection of healthier products with a lower content of fat, sugar or salt and to increase the consumers' intake of whole grains, fish and vegetables.

From a more practical level, The Innovation Partnership has the following objectives:

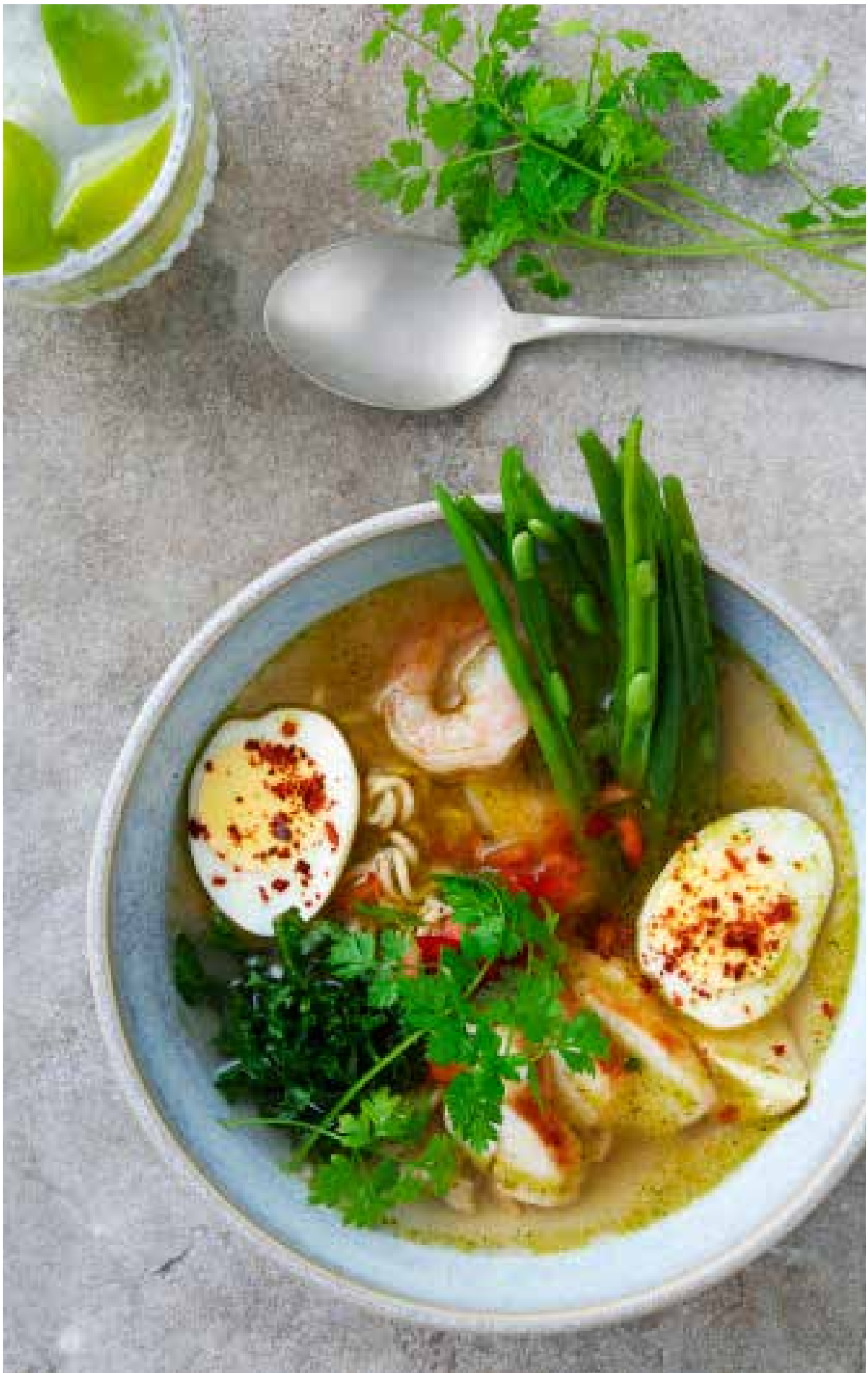
- Promote the development of healthier and tasty foods
- Work to make healthy choices the easy choices for the consumers
- Disseminate and highlight the healthier foods - including keyhole-labeled products particularly
- Use innovation, accessibility and communication as the tools to meet the objectives

The various actors in the partnership will take care of at least one or more of the following areas of action:

- Increase supply and availability of healthier foods and meals
- Product innovation with more whole grains, fish and vegetables in all categories
- Product innovation with less salt, sugar and / or saturated fat
- Increase marketing and communication efforts for healthier foods and meals
- Influence consumers' awareness of the importance of food for the good and healthy life

DANÆG Products A/S and DANÆG A/S are representing the DANÆG Group in the Innovation Partnership - and participate in the groups "Dairy and eggs" and "Meals".





Eggs and seaweed in symbiosis

Within UN 17 Sustainable Development Goals, sub-objective 8.4 is about promoting sustainable production and growth without environmental degradation. In line with this, in 2019 we entered a creative partnership with Nordisk Tang to develop organic mayonnaise with nutritious, environmentally friendly seaweed harvested on the Danish and Norwegian coasts.

In 2018, we added an innovation department to our organization with the goal of creating sustainable, economic growth through innovative partnerships. Since then, the department has launched many delicious products, but we are especially proud of the results of the collaboration, we have had with Bjarne and Kristian from Nordic Tang.

IT'S NOT ALL GOLD THAT SHINES

As a father and son, Bjarne and Kristian Ottesen not only share blood, but also a strong passion for seaweed from the Nordic seas. The idea of getting seaweed on the dining tables came about when Bjarne - as president of the non-profit organization Green Cross Denmark - visited some of Africa's seaweed forests and realized the great nutritional and environmental benefits that seaweed can bring to people.

At the same time, Kristian had fallen in love with the unique taste profile of the seaweed after living in Asia for almost a decade. Together, they decided to make this sustainable commodity - considered by many to be garbage - a high-value food. For Bjarne and Kristian, there is no doubt that seaweed is gold in disguise.

PARTNERSHIP ON A JOINT MISSION

When we met Bjarne and Kristian, they - with products like seaweed pesto, seaweed mustard and even seaweed beer in the assortment - were already well on their way to revolutionizing the Danes' view of seaweed. The couple's passion for the raw material and their strong mission to make seaweed for everyday dining in the Nordic region quickly became apparent in our innovation department.

As a result, in close cooperation, we developed three organic mayonnaises with an extra content of egg yolks and various flavored seaweed varieties, such as seaweed truffle and sugarcane. We are excited to be able to add three more high-quality products to our own and Nordic Tang's product range and look forward to entering into more strategic partnerships with local, forward-looking companies over the next few years.

In the coming years, we expect to initiate another 2-3 local partnerships that combine economic growth and sustainable production.





Sponsorship and cooperation

In year 2019, the DANÆG Group has been involved in a wide number of sponsorship and cooperations. On a yearly basis we are involved in sponsorships and cooperations at a level of 900.000 DKK (120.000 EUR).

Examples of activities for 2019 are financial support and co-operation with a number of interest organisations in Denmark, Sweden, and internationally:

UN GLOBAL COMPACT

The world's largest corporate sustainability initiative

DANSKE HOSPITALSKLOVNE

Danish Hospital Clowns

BRIS

Childrens' Rights in Sweden

TEAM RYNKEBY

Support to children with cancer in Denmark

BARNCANCER FONDEN

Support to children with cancer in Sweden

DANSK FOLKEHJÆLP

Support to vulnerable groups in both Denmark and abroad

ØKOLOGISK LANDSFORENING

The Organic Association in Denmark

LANDBRUG & FØDEVARER

The Danish Agriculture & Food Council

The logo for BRIS, consisting of the word "BRIS" in a bold, orange, sans-serif font.

TEAM RYNKEBY

Team Rynkeby is a European charity cycling team that cycles to Paris every year to raise money for children with critical illnesses and their families.

Team Rynkeby was founded in 2002 when 11 exercise riders from the Danish juice producer Rynkeby Foods decided to cycle to Paris to see the end of the Tour de France race.

Rynkeby Foods was the main sponsor of the trip, but other companies also supported the project. In fact, the participants in history's very first Team Rynkeby team were so good at getting sponsorships that there was a profit of DKK 38,000 when the team returned to Denmark a good week later.

Today, Team Rynkeby consists of 2,100 exercise bike riders and 550 aides spread across 57 local teams from Denmark, Sweden, Finland, Norway, Faroe Islands, Iceland, Germany and Switzerland.

The Danæg Group is involved in Team Rynkeby in several ways. Danæg A/S is a "Gold sponsor" contributing with financial support to a local team, and this year, Källbergs has donated money to Team Rynkeby instead of buying Christmas presents for employees and external partners

In 2019, Team Rynkeby donated 79.3 million (10.6 million EUR) DKK to organizations that help children with critical illnesses - of which DKK 29.4 million (3,9 million EUR) were donated to the Children's Cancer Foundation and the Children's Lung Fund in Denmark.



SPONSORSHIPS

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 2019 are:



BRIS

BRIS, Children's Rights in Society, is one of Sweden's leading children's rights organizations with the main mission of creating a better society for children in Sweden. With the Convention on the Rights of the Child, BRIS supports children in vulnerable situations, mobilizes society and influences decision-makers for a society where every child knows their rights and where the rights of the child are respected.

Kronägg fully supports the mission of BRIS, and the two partners have throughout the years established a strong collaboration that has been very rewarding for both Kronägg and BRIS.

"We, at Kronägg, are incredibly pleased with our collaboration with BRIS and we feel proud that we can participate and help Sweden's children and young people to create a better life. In many cases, the work of BRIS is the difference between hope and despair for young people", says Kronägg's Director, Bengt G Andersson.

"BRIS does a fantastic good and important job for our youth and if Kronägg can help with financial support and communication on our egg boxes, then it is very positive", he continues.

"We are very pleased with the collaboration with Kronägg and the BRIS eggs. The project has exceeded our expectations and the success of this CSR project shows the strength when two strong brands carry out a professional collaboration with clear goals and objectives," says Thomas Örnebjär, Sponsor Manager at BRIS.

Read more at BRIS' website: www.bris.se



The environment

- Ongoing 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 14.001 "environment management" certification, and further companies within the DANÆG Group is expected to be certified in 2020.
- A strategic choice of using many local and national suppliers and business partners - of which 85 % have signed a cooperation contract with the Danæg Group that they comply to the Ten Principles of the UN Global Compact.
- Investments and initiatives in production facilities increasing efficiency and reducing environmental effects. In 2019, 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:
 - New breaking plants in both Denmark and Sweden - with reduced energy consumption
 - New containers for liquid egg products - possible to fold and reuse after consumption
 - New palletizing equipment for liquid eggs products in bottles - improving efficiency
 - New laser printers - save paper for labels and ink
 - Etc.
- All egg trays for retail and Food Service are made of 100 % recycled materials - both pulp/paper and plastic
- Improved set-up for cleaning in production at Källbergs - incl. new cleaning equipment and cleaning products with improved environmental effect.
- Wide focus on optimization of logistics and transportation - including the employment of a logistic expert, adjustment of packaging size in order to optimize transportation, etc.
- High level of own-produced feed at the egg farmers - both in Denmark and in Sweden.
- Comprehensive waste sorting - carried out in all th Group companies. Examples are:
 - Sustainable dispose of plastic waste (plastic wrap/ plastic pallets / dividers / plastic trays, etc.) from production
 - Eggshells from breaking plants are disposed as fertilizers for agriculture
 - Waste sorting in kitchen and office facilities in the companies, incl. separating cardboard / paper, glass and food waste. At the same time, we have phased out disposable plastic cutlery
- Kronägg has again participated in WWF's Earth Hour (Note: the world's largest environmental event and it is about people around the world showing their commitment to the environment by turning off the light for an hour every year).
- Cooperation 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 socially vulnerable children, young people and adults.
- Both Källbergs and Kronägg use 100 % renewable energy - "Go Vatten" (water based) - within the international standards of Guarantees of Origin.



Labour

- In the DANÆG Group, we have a working structure and corporate culture based on trust, decentralization and a high level of employee participation.
- At DANÆG we strive to treat everyone equally, which also applies when recruiting new employees. We want to attract the best qualified candidates regardless of gender, religion, race, disability etc. We are diverse and represent approx. 12 different nationalities just in the Danish part of the group, which corresponds to approx. 8% of our workforce having a different background than Danish.
- 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 HR database with respect of GDPR regulations, where leaders can find all relevant documents regarding the employees that they are responsible for.
- High focus on communication - incl. a magazine for both employees and external partners about latest news from the DANÆG Group. The magazine is named "ÆGGEHVIDEN" ("Knowledge of eggs").
- Education and various employee benefits - numerous social arrangements every year, free coffee/the, Christmas and anniversary presents, etc. are also important aspects of working in the Danæg Group.
- In the DANÆG Group, we see it as an obligation to help develop and secure future competences. In 2019, we have hired several new apprentices in areas, where we have not had apprentice in the past., e.g. in sales and marketing and in the field of production. For 2020, our goal is to recruit a number of apprentices, which corresponds to 3% of the workforce in the DANÆG Group.
- At the more overall level, last year, we 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 get a presentation of the manual and receive a hand-out copy.
- Employee satisfaction survey has been conducted in several companies within the DANÆG Group - incl. close dialogue with the staff on results and development of action plans for further improvements.
- 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 2019 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.



CSR PLANS IN 2020

In year 2020, the DANÆG Group will continue its large focus on CSR and CSR related activities. Examples of CSR activities planned for 2020 are:

- Integrate CSR activities in the celebration of the Danæg Group's 125th anniversary
- ISO 14.001 certification of DANÆG A/S and DANÆG Products A/S in first half of year 2020. Källbergs Industri AB is expected to work with ISO 14.001 in second half of 2020
- 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 2020.
- Increasing use of green and renewable energy - is already at a high level, but new actions are planned in 2020 to make further progress.
- Financial support and cooperation with various organizations in Scandinavia and internationally. In 2020, The DANÆG Group expect to use the ap proximately same amount as in 2019 in financial support and cooperation with various interest organi zations. A number of CSR contracts of long-term relationships have already been signed for the year 2020.
- 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 of employees, conducting employee satisfaction analysis, hiring new apprentices, etc.
- Close cooperation with the advisory board about setting the frames for future production of eggs and egg products - with expected focus on animal wel- fare, sustainability and Food safety.
- The purchasing department have had major focus on sustainable packaging solutions in recent years. An area that is also expected to be in focus in 2020.
- Reducing food waste by further improvements in production planning, customer dialogue and opti- mization in production.
- And many other CSR proactive activities!



FINAL STATEMENT

In relation to CSR, the last year has been another step on an interesting and positive journey for the Danæg Group. 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 2019, we have ended the work of the second year with our strategy "Ready for the next level", where we have defined our strategic path for the years 2018-2021.

The first two years of the strategy have been successful in a 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 for next year.

We look forward to presenting our annual Communication on Progress (COP) in year 2021.



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

DANÆG

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